

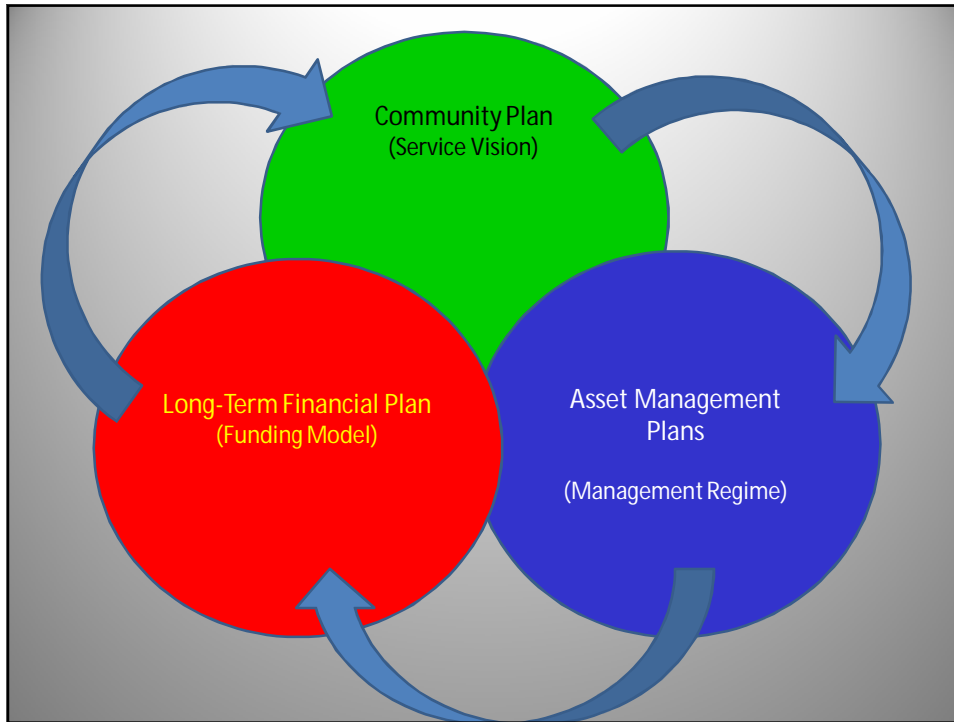
Core Asset Management Plans *THE "MUST HAVES"*



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Core Asset Management Plans

- **Local Government Act – 2009**
 - Stronger Emphasis on Financial Viability
 - Linking Community Needs and Asset-Driven Services
 - Councils (need) to Understand Costs of Service Provision
 - Push to Ensure Sustainability of Existing Services
- **Community Plan (10 years+)**
- **Asset Management Plans (10 years+)**
- **Long Term Financial Plan (10 years+)**
 - Reporting/Benchmarking across the State



Core Asset Management Plans

- Core Asset Management Plans for major infrastructure assets
 - originally scheduled for 31st Dec 2010
- Department of Local Government & Planning
 - Revised date due to delay in funding support for smaller councils
 - Milestone for Core AM Plans now 30th Sept 2011
- Advanced Plans – ????

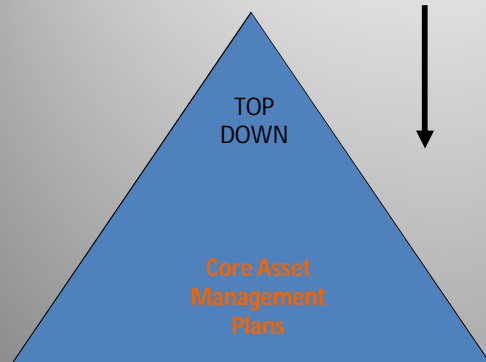
Core Asset Management Plans

- So what constitutes a core plan?
- What do we need in our plans by the 30th Sept?



Core Asset Management Plans - Development

- Core Asset Management Plans – top down approach – **Sept 2011**



Systems / knowledge approach

- Based on what we know
- Current financial & physical data
- Uses current levels of service (not desired)
- Inconsistent data sets a major constraint
- Provides a base to move forward
- **Detailed improvement plan**

Core Asset Management Plans

- Above all, *Be Pragmatic*.....
- What can be achieved by 30th Sept.....
- Focus on the most important outputs.....
- Identify necessary improvements.....

Core Asset Management Plans

ASSET GROUPS TO BE INCLUDED.....IF MANAGED BY YOUR COUNCIL

- Buildings (Community)
- Buildings (Corporate)
- Recreation Facilities
- Roads /Transport network
- Stormwater /Drainage network
- **Flood mitigation network**
- Water supply network
- Sewerage network
- Bridges (timber and concrete)
- Wharves, piers, jetties and pontoons
- **Bus/Road tunnels**
- Waste landfill
- Retaining Walls, Sea and River Walls, Canals
- Off-Road Footpaths
- Bikeways
- Beaches
- Natural reserves
- Urban parks and streetscapes

Core Asset Management Plans

PRIORITY AREAS

- Asset Inventory – what we own and manage
- Consider Forecast Growth / Increased Demand
- Capital Renewal Forecast - 10 yrs
- Recurrent Expenditure Forecast - 10 yrs
- Risk Assessment / Risk Mitigation
- Improvement Plan – Action Plan

Core Asset Management Plans

• ASSET INVENTORY

- Register of Physical Assets
- Up-to-date and Accurate as Possible
- Use All Available Datasets
- Tap into Local Knowledge
- “*Ground Truth*” where Practical
- Focus on “*High Value*” & “*High Risk*” Assets
- Consider Forecast Growth

Core Asset Management Plans

• **FORECAST GROWTH**

- Consider Population Growth
- Consequential Growth in the Asset base?
- Consider Increased Use of Assets (What Impacts?)
- Is Growth or Demand Shire-Wide or in "Pockets"?
- What Potential Impact will Growth have on Resources?
 - \$\$\$, People, Equipment
- Will it Trigger Training Needs?
- Depot Locations / Response Times Affected?
- Other Implications?

Core Asset Management Plans

• **10 yr CAPITAL RENEWAL FORECAST**

- Consider Asset Condition
- Existing Programs (eg. Reseal / Rehab)
- Current Asset Performance
- "Custom & Practice"
- Historical Trends
- Regulatory Compliance
- Other Drivers?

• **Compare to Existing 5-10 yr Capital Program**

Core Asset Management Plans

- **10 yr Recurrent Expenditure Forecast**

- Made up of Operations and Maintenance Demands
- Review Historical Maintenance / Operational \$\$\$s
- Identify any obvious and existing gaps in activities
- Develop Forecast Based on Existing Asset Base
- Consider "Forced Changes" in Operations
- Consider Forecast Growth in the Asset Base
- Extrapolate budgets to establish increases in \$\$\$s

Core Asset Management Plans

- **RISK ASSESSMENT / MITIGATION**

Review Assets for Obvious Risks

- Regulatory / Legislative Risk (non-compliance)
- Public Liability Risk (safety and performance)
- Financial Risk (e.g. inappropriate maintenance)
- Reputational Risk (perceived standard of assets)
- Performance Risk (continuity of supply of service)

Core Asset Management Plans

IMPROVEMENT PLAN

- Consider Outstanding Improvement Tasks
- Prioritise the Activities
- Note Details in the Improvement Plan
- Consider the *"Who, How & By When"*
- Be Realistic with Milestones
- Activities Monitored by AM Steering Committee

Core Asset Management Plans

"NICE TO HAVES"

- Comprehensive Maintenance Plans
- Detailed Asset Condition Data (high value /high risk assets first)
- Finalised Risk Inspection Schedules
- Complete Standards & Specifications for all Assets
- Fully Operational Asset Data Systems & Processes
- Updated Financial Attributes (lives and residuals)

Core Asset Management Plans

- *And Lastly.....* Consider the Financial Ratios using Best Available Data

Core Asset Management Plans

Asset Management Ratios

- **Asset Sustainability Ratio**
 - Planned Capital Expenditure (as a % of) Depreciation Expense
 - Indicates whether Council is renewing or replacing non-current infrastructure assets at the same rate that total infrastructure assets are wearing out.
 - Acceptable range greater than 90% - 110%
 - Currently –??%
- **Asset Consumption Ratio**
 - Written Down Value of Assets (as a % of) Current Replacement Value
 - Indicates the current written down value of Council's depreciable assets relative to their "as new" value in current dollars
 - Acceptable range between 40% and 80%
 - Currently – ??%