

# ASSET MANAGEMENT STRATEGY



Version 2

June 2016

Document Control

Document Control		NAMS.PLUS Asset Management <a href="http://www.ipwea.org/namsplus">www.ipwea.org/namsplus</a>		 	
Document ID: 140527 nams.plus3 core am strategy template v1.1					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	Jan. - May 2016	First Draft – based on revised AMP	GRO		
2	May 2016	Peer review - VL			

NAMS.PLUS Asset Management

The Institute of Public Works Engineering Australasia.

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## Table of Contents

Contents.....	i
Tables i	
Figures i	
Executive Summary.....	1
1. Introduction .....	6
1.1 Legislative reform .....	7
1.2 Asset Management Planning Process.....	9
2. What Assets do we have? .....	9
3. Council’s Assets and their management?.....	12
3.1 State of the Assets .....	12
3.2 Asset Condition .....	124
3.3 Life Cycle Cost .....	177
3.4 Asset Management Structure .....	22
3.5 Corporate Asset Management Team.....	24
3.6 Financial & Asset Management Core Competencies.....	25
3.7 Strategy Outlook .....	27
4. Where do we want to be? .....	28
4.1 Community Expectations.....	28
4.2 Council’s Vision, Mission, Goals and Objectives .....	27
4.3 Asset Management Objectives .....	29
4.4 Asset Management Policy.....	31
4.5 Asset Management Vision .....	31
5. How will we get there? .....	34
6. Asset Management Improvement Plan .....	35
6.1 Status of Asset Management Prcatices .....	34

## Tables

Table 1: Assets used for providing Services.....	9
Table 2: Financial Status of the Assets.....	12
Table 3: Life Cycle Cost for Council Services .....	18
Table 4: Life Cycle Expenditure for Council Services .....	19
Table 5: Life Cycle Indicators.....	20
Table 6: Goals and Objectives for Infrastructure Services.....	30
Table 7: Asset Management Strategies .....	34
Table 8: Asset Management Improvement Plan .....	35

## Figures

Figure 1: Asset Replacement Values.....	<b>Error! Bookmark not defined.</b>
Figure 2: Asset Consumption Ratio.....	14
Figure 3: Asset Condition Profile.....	15
Figure 4: Core Asset Management Maturity .....	26

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## Executive Summary

This asset management strategy is prepared to assist council is improving the way it delivers services from infrastructure including roads, bridges, footpaths, stormwater drainage, parks and recreation, buildings and facilities and waste management. These infrastructure assets have a replacement value of \$425M

The asset management strategy is to enable Council to show:

- how its asset portfolio will meet the service delivery needs of its community into the future,
- enable Council's asset management policies to be achieved, and
- ensure the integration of Council's asset management with its long term strategic plan.<sup>1</sup>

Adopting this asset management strategy will assist council in meeting the requirements of national sustainability frameworks, Local Government Act 1993 (Tas) and providing services needed by the community in a financially sustainable manner.

The asset management strategy is prepared following a review of the council's service delivery practices, financial sustainability indicators, asset management maturity and fit with council's vision for the future outlined in the Central Coast Strategic Plan 2014-2024. The strategy outlines an asset management improvement plan detailing a program of tasks to be completed and resources required to bring council to a minimum 'core' level of asset maturity and competence.

### Strategy outlook

1. Council has developed a range of 'Technical Levels of Service' that reflects the current activities to provide a range of services and infrastructure to the community. The cost of meeting these 'Levels of Service' have been built into the Council's Long-term Financial Plan.
2. Further development of 'Levels of Service' needs to be undertaken on ALL services that Council provide to the community, to ensure sustainability and determine if we have the ability to fund current infrastructure lifecycle costs at current levels of service and available revenue.
3. The organisation's current asset management maturity is at 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.
4. Further clarification of the long term service level sustainability is required, and this strategy discuss the organisational management maturity improvements required to attain a higher level of confidence in assessing the long term position.
5. In accordance with Local Government Act sustainability ratio's the Council are in a sustainable position although a 'gap' has been identified in renewal funding. The scale of the 'gap' does not indicate unsustainability. However, it does indicate further work is required **to identify strategies to reduce** the gap.

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<sup>1</sup> LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

The Central Coast Asset Management Policy contains a 'renew before new' as a principle and this is taken into account when prioritisation of a project is considered in the budget process, thus focussing on the long term sustainability of the council.

Council uses FAG grants to fund the capital works program therefore long term sustainability is enhanced by providing these funds. Council also use rates funds to fund reserves that provide capital for our asset renewals/reseals etc.6. Council is committed to ensuring that it focuses primarily on asset renewals and will prioritise funding to address infrastructure that is not providing a suitable level of service.

6. Council has committed to ensuring that it focuses on asset renewals and will prioritise funding to address infrastructure that is not providing a suitable level of service.
7. Based on the Replacement Cost and the Depreciated Replacement Cost the Councils assets 73% of the council's assets are relatively new or in 'as new condition' suggesting assets have been responsibly maintained and renewed/replaced in accordance with sound business practice

### Asset management strategies

Strategies to enable the objectives of the Strategic Plan, Asset Management Policy, Long-term Financial Plan and Asset Management Vision to be achieved are detailed in the table below.

The strategies will be delivered through the implementation of a range of improvement actions. Such actions have been identified in the Asset Management Maturity Audit and within the asset management plans.

No	Strategy	Desired Outcome
1	Move from Annual Budgeting to Long Term Financial Planning	The long term implications of Council services are considered in annual budget deliberations.
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
3	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
5	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
6	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.

7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 3 years.	Improved financial and asset management capacity within Council.
11	Report six monthly to Council by Audit Panel/GM on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.
12	Undertake the biennial community satisfaction surveys to determine what is important to the community and how they see Council is performing.	Determine where the Council can improve in the provision of services.
13	Undertake community consultation to determine the community's ability to pay for service and the Level of Service they are willing to accept and are will to pay for.	Understand what the community want and at what level they want and what they are willing to pay for.

### Asset management improvement plan

The program of tasks and resources required to achieve a minimum 'core' asset management maturity was developed in the asset management strategy. The tasks and program are shown below.

**Table 9: Asset Management Improvement Plan**

Ref	Task	Responsibility	Resources	Timeline
1	<b>Asset Register</b> Assess remaining life of all assets on a priority basis and align with up to date performance data and knowledge. Once a renewal program has been determined for a particular year a condition assessment is required to determine if the asset does actually require renewal.	Infrastructure Services	Staff time	Annually
2	<b>Forward Projections</b> Ensure funding models reflect the resources required meeting the timely renewal of existing assets and those identified and implemented under the Strategic Plan	Infrastructure Services	Staff time	Annually

3	<b>Dashboards</b> Production of 1 <sup>st</sup> cut Service Level Dashboards (snap shot of the asset service activity)	Infrastructure Services	Staff time	2016/2017
4	Review of useful lives and replacement rates	Infrastructure Services	Staff time	Annually
5	<b>Levels of Service</b> Review and document Active Recreation and Open Space Service Levels. Establish a framework for establishing Levels of Service	Infrastructure Services /Community Services	Staff time	2016/2017
6	<b>Asset Management Plans</b> Revision of the Asset Management Plans based on the adopted budgets. Documenting and communicating what is not being done that needs to be done and any consequences of this.	Infrastructure Services	Staff time	Annually
7	Development and adoption of formal service levels (including maintenance intervention levels)	Infrastructure Services /Community Services	Staff time	1-3 years
8	<b>Infrastructure Risk Management Plan</b> Develop to provide framework within which 'critical' risks are identified and risk treatment plans, actions and funding required work programs. The review of risk is an on-going, iterative process and the framework will need to be refined as the maturity of Council's asset management practices increase over time. Those risk identified as 'Very High' or 'High' should then be transferred to the Council's Strategic Risk Register.	AM Team	Staff time	1-4 years
9	As the maturity of our approach to asset management increases, the process of refining Council's Levels of Service (LoS) should involve consultation with the community (e.g. "we require this LoS <u>and</u> recognise the cost of having it")	AM Team/ General Manager	Staff time + Consultancy	1-4 years
10	Implement an improvement plan to realise advanced maturity for the financial and asset management competencies within 3 years. Need to consider succession planning for the Asset Management program.	Infrastructure Services	Staff time + Training	3 years
11	Undertake componentisation of the building assets to enhance the renewal program and funding requirements	Infrastructure Services	Staff time	2 years
12	Undertake further actions to increase the asset management maturity for the Levels of Service and evaluation elements.	Infrastructure Services	Staff time	Ongoing
13	Develop a strategy to review the resale cycle to	Infrastructure	Staff time	2 Years

	determine the optimal cycle to be adopted based on the road asset hierarchy. This is to be based on local knowledge of the road network and also will reduce the possibility of pavement failures due to poor seals.	Services		
14	Ensure the 10 year plans are compiled accurately to reflect renewals, upgrade and new expenditure and the allocation of that expenditure over asset categories	All/Organisational Services	Staff time	2 Years

## 1. Introduction

Assets deliver important services to communities. A key issue facing local governments throughout Australia is the management of ageing assets in need of renewal and replacement.

Infrastructure assets such as roads, drains, bridges, water and sewerage and public buildings present particular challenges. Their condition and longevity can be difficult to determine and is subject to judgement and assumptions. Financing needs can be large, requiring planning for large peaks and troughs in expenditure for renewing and replacing such assets. The demand for new and improved services adds to the planning and financing complexity.<sup>2</sup>

The creation of new assets also presents challenges in funding the ongoing operating and replacement costs necessary to provide the needed service over the assets' full life cycle.<sup>3</sup>

The national frameworks on asset planning and management and financial planning and reporting endorsed by the Local Government and Planning Ministers' Council (LGPMC) require councils to adopt a longer-term approach to service delivery and funding comprising:

- A strategic longer-term plan covering, as a minimum, the term of office of the councillors and:
  - bringing together asset management and long term financial plans;
  - demonstrating how council intends to resource the plan; and
  - consulting with communities on the plan.
- Annual budget showing the connection to the strategic objectives, and
- Annual report with:
  - explanation to the community on variations between the budget and actual results;
  - any impact of such variances on the strategic longer-term plan;
  - report of operations with review on the performance of the council against strategic objectives.<sup>4</sup>

Framework 2 Asset Planning and Management has seven elements to assist in highlighting key management issues, promote prudent, transparent and accountable management of local government assets and introduce a strategic approach to meet current and emerging challenges.

- Asset management policy,
- Strategy and planning,
  - asset management strategy,
  - asset management plan,
- Governance and management arrangements,
- Defining levels of service,
- Data and systems,
- Skills and processes, and

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<sup>2</sup> LGPMC, 2009, Framework 2 Asset Planning and Management, p 2.

<sup>3</sup> LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 2-3.

<sup>4</sup> LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 4-5.

- Evaluation.<sup>5</sup>

The asset management strategy is to enable Council to show:

- how its asset portfolio will meet the service delivery needs of its community into the future;
- to enable Council's asset management policies to be achieved; and
- to ensure the integration of Council's asset management with its long term strategic plan.<sup>6</sup>

The objective of the Asset Management Strategy is to establish a framework to guide the planning, construction, maintenance and operation of the infrastructure essential for council to provide services to the community.

The goal of asset management is to ensure that services are provided:

- in the most cost effective manner,
- through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets,
- for present and future consumers.

Asset Management Plans have been prepared for the following key asset classes:

Roads

Car Parks

Footpaths and Recreational Pathways

Bridges

Stormwater

Buildings and Facilities

Waste Management

Active Recreation

Open Space and Parks (incl. Playgrounds)

## **1.1 Legislative reform**

Local Government in Tasmanian are required to undertake their asset planning and reporting activities in accordance with the Local Government Act 1993 (Tas.). The Act requires that Council's prepare a Long-term Strategic Asset Management Plan (LTSAMP) for the municipal area. This LTSAMP is to relate to all assets that are within a class of assets specified in order under section 70F (3) to be major assets.

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<sup>5</sup> LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

<sup>6</sup> LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

The LTSAMP is to have a time frame of 10-year period. Central Coast AMP's have a time horizon of 20 years.

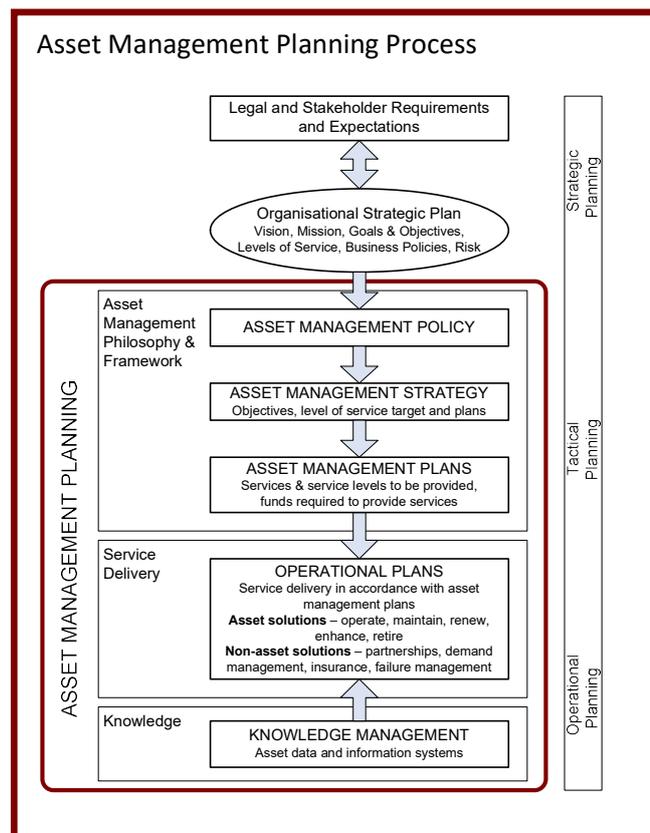
A LTSAMP for the municipal area is to:

- a. be consistent with the strategic plan for the municipal area; and
- b. Refer to the Long-term Financial Plan (LTFP); and
- c. Contain at least the matters that are specified in an order made under section 70F as required to be included in a LTSAMP.

## 1.2 Asset Management Planning Process

Asset management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an economically optimal way. In turn, affordable service levels can only be determined by assessing Council’s financial sustainability under scenarios with different proposed service levels.

Asset management planning commences with defining stakeholder and legal requirements and needs, incorporating these needs into the organisation’s strategic plan, developing an asset management policy, strategy, asset management plan and operational plans, linked to a long-term financial plan with a funding plan.<sup>7</sup>



## 2. What Assets do we have?

Council uses infrastructure assets to provide services to the community. The range of infrastructure assets and the services provided from the assets is shown in Table 1.

**Table 1: Assets used for providing Services**

Asset Class	Description	Services Provided
Roads	Urban Sealed Roads = 136.83 km Urban Unsealed Roads = 0.33 km Rural Sealed Roads = 407.79 km Rural Unsealed Roads = 121.69 km  <b>TOTAL = 666.64 km</b>	Roads assets provided by Central Coast are used to support transportation and are an important to the community and economic activities of the region

<sup>7</sup> IPWEA, 2009, AIFMG, Quick Guide, Sec 4, p 5.

Asset Class	Description	Services Provided
Buildings and Facilities	Active Recreation = 76 Recreation Centres = 6 Public Halls and Buildings = 22 Housing = 50 Cultural Amenities = 2 Public Amenities = 78 Administration Centre = 3 Caravan Parks = 23 Depots = 13 Child Care = 3 Visitor Services = 2 Cultural Activities = 9 Open Space and Parks = 7 Emergency Services = 2 Cemeteries = 1 Swimming pool and waterslide = 3  <b>TOTAL = 300</b>	The buildings and facilities provided by Central Coast are used to support the administration, operations, sport, passive and social activities of the community. Also includes structure such as the Anzac Park steps, Shrine of remembrance, Merv Wright fountain among others.
Footpaths and Recreational Pathways	Footpath Area 1 - Arterial or 0.5km of CBD = 31.40km FP Area 2 - Through Roads Non Arterial = 58.54km FP Area 3 - Cul-de-sacs and No Through = 43.46km Recreational Pathways = 11.95km  <b>TOTAL = 145.35km</b>	The pathway assets provided by Central Coast are used to support the community and visitors in moving around the area.
Bridges	Bridges = 72	Bridge assets provided by Central Coast are used to support transportation and are an important to the community and economic activities of the region
Open Space	Open Space and Parks = 95 Playgrounds = 34	Provides for and promotes recreation and healthy lifestyles. Facilitates community and healthy lifestyles
Active Recreation	Recreation Grounds = 12	Provides for and promotes recreation and healthy lifestyles. Facilitates sports, community and healthy lifestyles.
Stormwater	Stormwater Mains = 138.59 km Stormwater Manholes = 2,478 Stormwater Headwalls = 233 Stormwater Pits = 1,916	The drainage network provided by Central Coast is used to support public health and is important to the community
Waste Management	Resource Recovery Centre = 1 Waste Transfer Stations = 3	Provides for the collection and disposal of rubbish.
Car Parks	Car Parks (including recreation areas) = 47	Car Park assets provided by Central Coast are used to support transportation and are an

		important to the community and economic activities of the region
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### 3. The Council's Assets and their Management?

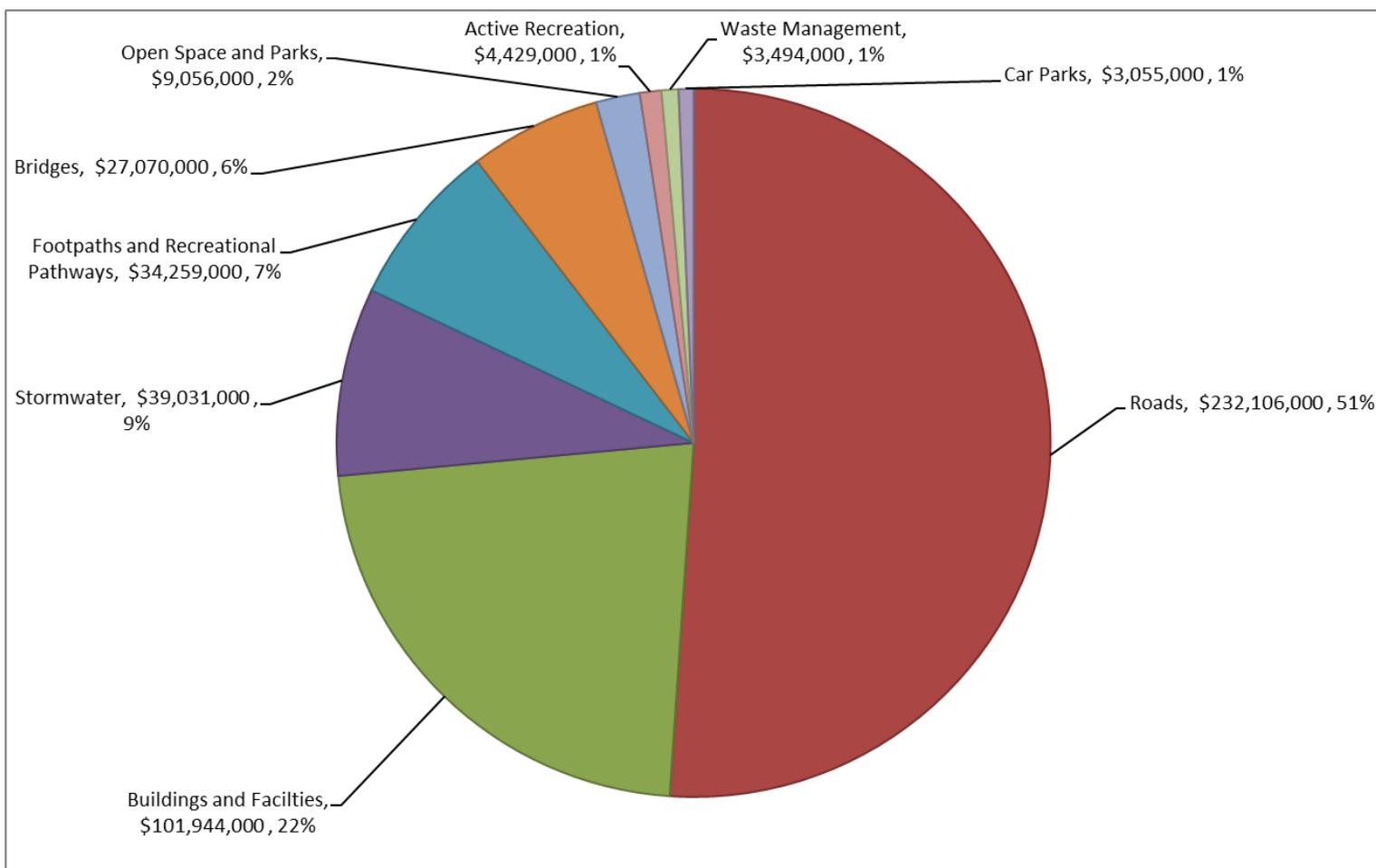
#### 3.1 State of the Assets

The financial status of the organisation's assets is shown in Table 2. At the end of June 2015, the total replacement value of council controlled assets was calculated at \$425.5M with a Depreciated Replacement Cost of \$332.3M and Annual Asset Consumption (Depreciation) amount of \$4,95M

**Table 2: Financial Status of the Assets**

Asset Class	Replacement Cost	Accumulated Depreciation	Depreciated Replacement Cost	Depreciation Expense
Roads (Urban and Rural)	\$232,106,000	\$40,090,000	\$192,016,000	\$2,037,000
Buildings and Facilities	\$101,944,000	\$36,027,000	\$65,917,000	\$972,000
Stormwater	\$39,031,000	\$13,837,000	\$25,194,000	\$452,000
Footpaths and Recreational Pathways	\$34,259,000	\$11,605,000	\$22,654,000	\$525,000
Bridges	\$27,070,000	\$12,196,000	\$14,831,000	\$420,000
Open Space and Parks (Incl. Playgrounds)	\$9,056,000	\$3,788,000	\$5,268,000	\$270,000
Active Recreation	\$4,429,000	\$2,570,000	\$1,859,000	\$131,000
Waste Management	\$3,594,000	\$788,000	\$2,806,000	\$86,000
Car Parks	\$3,055,000	1,346,000	\$1,709,000	\$57,000
<b>Total</b>	<b>\$454,544,000</b>	<b>\$122,247,000</b>	<b>\$332,254,000</b>	<b>\$4,950,000</b>

Figure 1 shows the Replacement Cost of Council's assets in graphical form by asset class.



**Figure 1: Asset Replacement Values**

Asset Management Plans have been developed for the following asset categories:

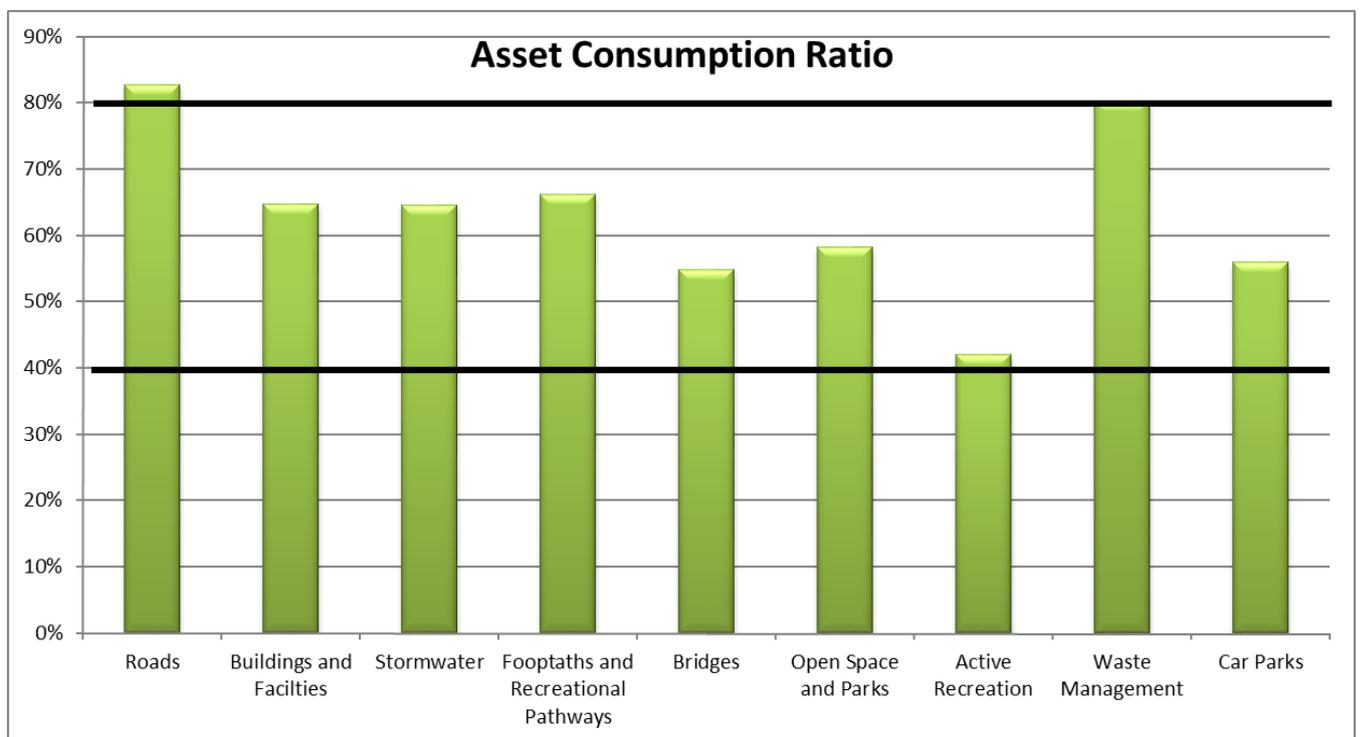
- Roads (Urban and Rural)
- Buildings and Facilities
- Stormwater
- Footpaths and Recreational Pathways
- Bridges
- Open Space and Parks (Incl. Playgrounds)
- Active Recreation
- Waste Management
- Car Parks

The asset consumption ratios of Council’s assets (average proportion of ‘as new’ condition left in assets) are shown in Figure 2. The ratio seeks to highlight the aged condition of council’s assets and measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement costs.

It is calculated by dividing the Depreciated Replacement Costs by the Current Replacement Cost of Infrastructure assets and is expressed as a percentage.

If Local Government is responsibly maintaining and renewing/replacing its assets in accordance with a well prepared asset management plan, then the fact that its Asset Consumption Ratio may be relatively low and/or declining should not be cause for concern - providing it is operating sustainably.

**Figure 2: Asset Consumption Ratio**



The indicative target range is between 40% and 80%. The majority of assets have close to/or above 50% of life remaining with the overall combined Asset Consumption Ratio of 73%

The greatest proportion of assets in dollar terms are road based assets which are relatively new ‘on average’ at 83% and the buildings and facilities asset at 65%, these assets should be providing a relatively high level of service. The high ratio for roads is a reflection of the reseal program.

The remaining assets with less than 50% of their life remaining ‘on average’ are car parks and they account for only 0.7% of the total asset stock in dollar terms. Council would be experiencing fair to

poor levels of service with some failures not uncommon with these conditions. This is reflective of the funding allocated to the renewal of car park assets over the years.

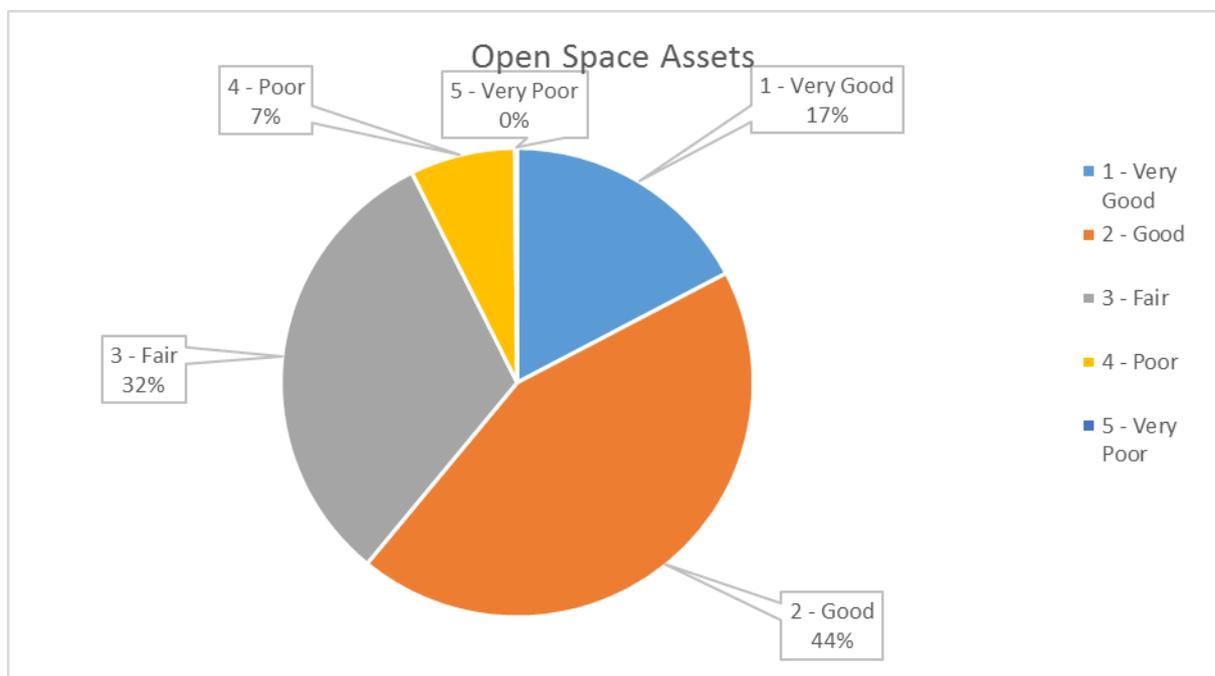
If this is not the case and service levels are not as indicated above, **the useful life of the assets may not reflect the reality of the assets services performance and remaining life.**

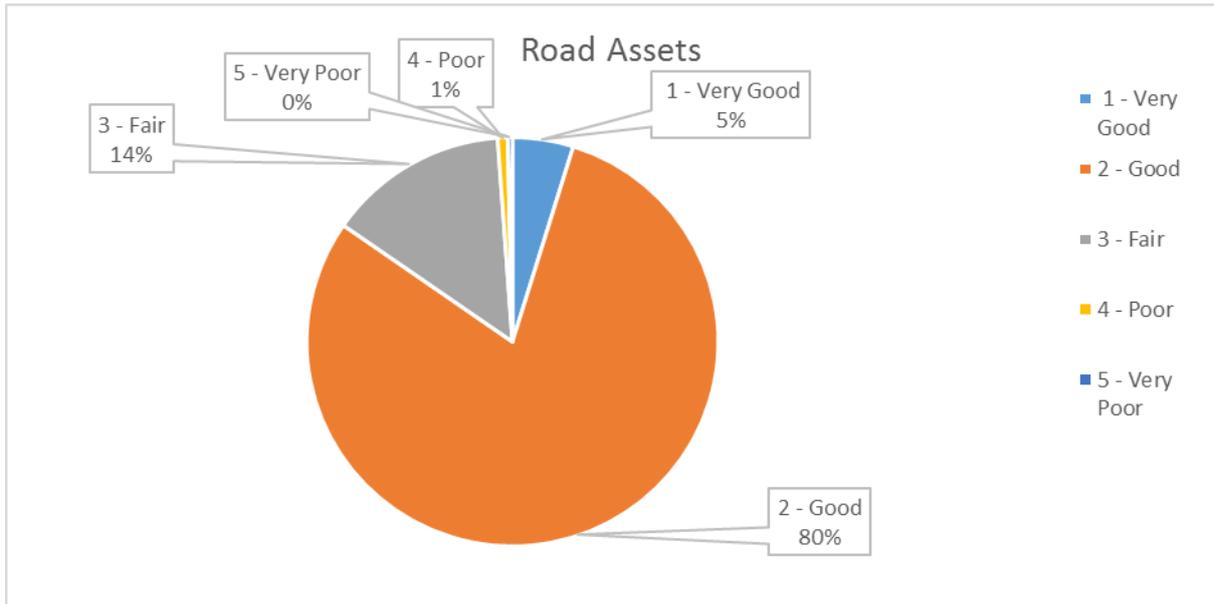
### 3.2 Asset Condition

At present, detailed condition information is only available for a small number of assets classes. Work is ongoing to progressively capture relevant data to assist in forward works' programming and asset renewal.

The condition of Road and Open Space asset is shown below.

The condition of Council's assets is shown in Figure 3.





**Figure 3: Asset Condition Profile**

Below are comments on each of the asset classes.

**Transport (Roads, Bridge and Footpath) Assets:**

Generally, transport assets are in relatively good condition. Many concrete assets such as footpaths and kerb and channel are relatively old and aesthetically may look poor to fair but from a functional perspective continue to provide a suitable level of service.

A comprehensive assessment of retaining wall is currently under way and the results will be reported in future plans.

Using the existing asset data, the backlog or service gap (or those assets that have passed their 'notional' life but still have remaining service life left and this has been reflected in the asset register by extending those lives) in the renewal of road surfaces has been identified and is non-existent however with the current level of funding the reseal lifecycle is getting longer and in some cases has reached as high as 29 years.

In basic term the Council has 1.173M sq. m. of sealed roads. Based on a 20 year reseal cycle and the current reseal rate the funding required is \$1.12M. The proposed budget for reseals in 2016/2017 is \$0.95M thus contributing to the increase in seal lives. The consequence of this that the seals start to deteriorate and breakdown and allow penetration into the pavement causing defects and failures which are then costlier to repair.

A strategy needs to be developed to review and determine the optimal reseal cycle based on the road asset hierarchy.

Road pavements comprise the majority of asset value and are long life assets. Renewal demand is non-existent at this point in time. There will be localised sections of road pavements, however, that

will require renewal for reasons other than life, this could be such things as logging and agricultural uses.

It is clear though that continued investment in transport assets is necessary to ensure service levels are maintained.

Council regular inspection regime has identified that the bridge asset stock is in a sound condition and the long term replacement program is in place and funded through the LTFP.

### **Building and Facility Assets:**

There are no significant issues with the Council buildings and facilities that are impacting on the intended use of the facilities.

With over 300 buildings and facilities with a replacement value of \$100M there are challenges that need to be addressed so that user needs can continue to be met into the future.

The level of funding for buildings and facilities maintenance will need to increase as the asset stock ages and the maintenance requirements become more onerous.

Theoretically if buildings are provided with the necessary amount of maintenance and the components renewed when necessary they will last for almost forever.

The leases for buildings need to be reviewed and consistency introduced as those buildings leased by third parties are not receiving the amount of maintenance required and at some stage council will need to undertake the maintenance to ensure the buildings can perform their function.

### **Stormwater:**

Generally, the stormwater network performs well and observations from field and technical staff would suggest that the current condition of the network and associated assets is fair to good, with limited current issues to address.

The challenge for the stormwater network is for it to be extended to service areas with known deficiencies and also increasing the capacity to allow for high intensity rainfall events due to the effects of climate change.

### **Open Space, Reserves and Cemeteries:**

The asset management plan has identified a small renewal backlog for open space assets.

Further inspection of the assets may find that these can be eliminated as they are primarily related to the suitability of the useful life originally chosen for the various asset types. i.e. the life value chosen did not reflect the service life.

However, it should be noted that there is still some ageing asset stock and appropriate funding of asset renewal will need to remain to maintain current service levels.

### **Waste Management:**

The vast majority of waste assets are located the Resource Recovery Centre at Lobster Creek Road and support the receiving, processing and disposal/transfer of waste.

In the main the assets are relatively recent in construction and present no significant issues for Council from an asset management perspective. The issue with waste management is the continuing operational costs involved.

#### **Plant and Equipment:**

Council has 10-year plant replacement program and has established desirable replacement cycles for a range of plant. The amount allocated to the plant replacement has increased over the last few years however the replacement of some items of plant have been deferred due to matching the replacement with the utilisation of the assets. A review of the asset lives is ongoing.

While this can be managed in the short term, operating outside the established replacement cycles in the longer term may lead to a replacement backlog. This can depend on the operational requirements at the time but some resultant impacts can mean reduced operating capacity, plant breakdowns, production inefficiencies and lower trade values for plant.

### **3.3 Life Cycle Cost/Expenditure/Indicators**

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life.

Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense).

The life cycle cost for the services provided by Council as at 30 June 2015 and covered in this asset management strategy are shown in Table 3.

**Table 3: Life Cycle Cost for Council Services**

Service	Previous Year Expenditure		Previous Year Depreciation Exp.	Life Cycle Cost (\$/yr)
	Operations	Maintenance		
Roads (Urban and Rural)	\$164,000	\$1,563,000	\$2,037,000	\$3,764,000
Buildings and Facilities	\$306,000	\$700,000	\$972,000	\$1,978,000
Drainage	\$12,000	\$144,000	\$452,000	\$608,000
Footpaths and Recreational Pathways	\$0,000	\$123,000	\$525,000	\$648,000
Bridges	\$30,000	\$60,000	\$420,000	\$510,000

Open Space and Parks (Incl. Playgrounds)	\$269,000	\$1,068,000	\$270,000	\$1,607,000
Active Recreation	\$102,000	\$366,000	\$131,000	\$599,000
Waste Management	\$3,316,000	\$15,000	\$86,000	\$3,417,000
Car Parks	\$0,000	\$27,000	\$57,000	\$84,000
<b>All Services</b>	<b>\$4,199,000</b>	<b>\$4,066,000</b>	<b>\$4,950,000</b>	<b>\$13,215,000</b>

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision.

Life cycle expenditure includes operating, maintenance and capital renewal expenditure in the previous year or preferably averaged over the past 3 years. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure for the services provided by Council as at 30 June 2015 and covered in this asset management strategy are shown in Table 4.

**Table 4: Life Cycle Expenditure for Council Services**

Service	Previous Year Expenditure		Capital Renewal Exp (\$/yr)*	Life Cycle Exp (\$/yr)
	Operations	Maintenance		
Roads (Urban and Rural)	\$164,000	\$1,563,000	\$1,952,745	\$3,679,745
Buildings and Facilities	\$306,000	\$700,000	\$586,145	\$1,592,145
Drainage	\$12,000	\$144,000	\$108,062	\$264,062
Footpaths and Recreational Pathways	\$0,000	\$123,000	\$331,381	\$454,381
Bridges	\$30,000	\$60,000	\$363,513	\$453,513
Open Space and Parks (Incl. Playgrounds)	\$269,000	\$1,068,000	\$118,647	\$1,455,647
Active Recreation	\$102,000	\$366,000	\$67,514	\$535,514
Waste Management	\$3,316,000	\$15,000	\$160,736	\$3,491,736
Car Parks	\$0,000	\$27,000	\$268,503	\$295,503
<b>All Services</b>	<b>\$4,199,000</b>	<b>\$4,066,000</b>	<b>\$3,964,030</b>	<b>\$12,222,246</b>

\* Actuals – 3-year Average (12/3 to 14/15)

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term.

**If the life cycle expenditure is less than the life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.**

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing service to their communities in a financially sustainable manner. This is the purpose of the AM Plans and Long-term Financial Plan.

A shortfall between life cycle cost and life cycle expenditure gives an indication of the life cycle gap to be addressed in the Asset Management Plans and Long-term Financial Plans.

The life cycle gap and life cycle indicator for services covered by this asset management plan is summarised in Table 5.

**Table 5: Life Cycle Indicators**

Service	Life Cycle Cost (\$/yr)	Life Cycle Expenditure (\$/yr)	Life Cycle Gap * (\$/yr)	Life Cycle Indicator
Roads (Urban and Rural)	\$3,764,000	\$3,679,745	-\$84,255	98%
Buildings and Facilities	\$1,978,000	\$1,592,145	-\$385,855	80%
Drainage	\$608,000	\$264,062	-\$343,938	43%
Footpaths and Recreational Pathways	\$648,000	\$454,381	-\$193,619	70%
Bridges	\$510,000	\$453,513	-\$56,487	89%
Open Space and Parks (Incl. Playgrounds)	\$1,607,000	\$1,455,647	-\$151,353	91%
Active Recreation	\$599,000	\$535,514	-\$63,486	89%
Waste Management	\$3,417,000	\$3,491,736	\$74,736	102%
Car Parks	\$84,000	\$295,503	\$211,503	352%
<b>All Services</b>	<b>\$13,215,000</b>	<b>\$12,229,030</b>	<b>-\$992,745</b>	<b>92.5%</b>

Note: \* A life cycle gap is reported as a negative value.

***It should be clearly understood that the above tables are a reflection of the situation as at 30 June 2015 and will vary from year to year and are significantly influenced by the forecast of capital renewal, the planned expenditure and actual expenditure on capital renewals. Actual expenditure against planned expenditure can vary due to carry overs, change in project scope etc.***

Renewal expenditure is major work which does not increase the assets design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Works over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

At Central Coast the combined Life Cycle Gap is **estimated at \$992,745 per year or 7.5% of the total life cycle cost** reflecting the current renewal investment is less than the current asset depreciation.

The asset classes that need some further commentary are Buildings and Facilities, Drainage, Footpaths and Recreational Pathways and Open Space and Parks.

### **Buildings and Facilities**

The current lifecycle expenditure for building assets is 80% of the life cycle costs. There is a lifecycle shortfall of **-\$385,855**.

The current service standards for Council's asset are considered appropriate, so the challenge in bridging the lifecycle gap is related to renewal spending,

Whilst there is an identified gap in renewal associated with the buildings and facilities more thoroughness needs to be put around the renewal spend and the split up of the expenditure.

The building assets need to be componentised so that a more robust renewal program and funding requirements determined rather than considering the buildings as a whole with a notional useful life.

### **Drainage**

The current lifecycle expenditure for drainage assets is 36% of the lifecycle costs. There is a lifecycle shortfall of **-\$343,398**.

There is an amount of \$452,000 in depreciation expense associated with drainage assets and an annual renewal expenditure in 2014/2015 of \$65,000. There was \$53,646 expended on new assets.

As the drainage asset are long life assets with, in general, a life of 100 years and the first of the identified renewals due in 2040 the expenditure on drainage is focussed on extension of the existing network or addressing flood issues.

Due to this drainage is not seen as a concern however additional funding will be required into the future.

### **Footpaths and Recreational Pathways**

The current lifecycle expenditure for footpaths and recreation pathways assets is 56% of the lifecycle costs. There is a lifecycle shortfall of **-\$193,619**.

There is an amount of \$525,000 in depreciation expense associated with footpath and recreational pathways assets and an annual renewal expenditure in 2014/2015 of \$236,765. There was \$5,158 expended on new assets

Depreciation is the amount the asset is being consumed in each year however for the next ten years the renewal requirements for footpaths and recreational pathways is \$60,000 per year. The amount expended in 2014/2015 is over and above that amount due to a perception of the network being in average to poor condition. As the footpath network are long life assets there is more renewal required in the 10-20 year time frame and this is being planned for.

### **Open Space and Parks**

The current lifecycle expenditure for footpaths and recreation pathways assets is 90% of the lifecycle costs. There is a lifecycle shortfall of **-\$151,353**

There is an amount of \$270,000 in depreciation expense associated with footpath and recreational pathways assets and an annual renewal expenditure in 2014/2015 of \$106,066. There was \$116,786 expended on new assets.

This mainly due to the condition assessments being made on those assets that are due for renewal and decision being taken that they have some economic life left.

Annual asset renewal demand for a given time period may be less than or greater than the annual depreciation provision. This will depend on the service performance of the assets and the actual performance of the assets within the overall asset stock life.

By continually reviewing the asset lives, as more information about the asset is obtained, this can impact on the depreciation amount required.

At this point in time the key areas for focus are those that are being funded at less than 90% of their lifecycle costs, these are buildings and facilities, drainage and active recreation.

Redirection of some of the asset with a lifecycle expenditure over 100% could assist in addressing more urgent demands.

Council needs to commit to funding the renewal demand of the assets base and to provide additional funding to address the backlog, to ensure that the various assets meet the expectations of the community and comply with the standards and legislation of the day.

If the appropriate renewal funding is not made available over time asset condition will deteriorate, leading to more service requests and increasing 'risky' operating environment within which to manage.

The difficulty is the depreciation expense is seen as a recurrent budget cost and the renewal program costs are seen as a capital expense.

The recurrent budget is based on rates income and this can be increased to suit the requirements however the renewal funding is from 'FAG' grants.

Two options are to increase rate revenue and put towards capital renewal or reduce the amount of new assets constructed which allows an increase in renewal spend.

In conjunction with the challenge of renewal, there is an acknowledged **Service Gap** in a number of asset classes. **The Service Gap applies to those assets that have passed their 'notional' economic life and should have been renewed but with closer inspection still have life or service remaining. Obviously these assets are still performing their service function but need to be monitored to ensure this is the case and they do not reach a stage where they become a safety or risk issue.**

**The service gap will vary from year to year.**

The Council also has a **Service Gap** of approx. \$273,000.

This is made up of Active Recreation (\$35k), Footpaths and Recreational Pathways (\$45k) and Open Space (\$190k).

The largest amount is in Open Space and Parks and more particularly the playgrounds and with the budget allocations in 2015/2016 and 2016/2017 this will be reduced considerably.

Based on the existing roads asset register and a reseal life of between 19 and 26 years for road there is **no service gap**.

This **Service Gap** is to be considered when establishing renewal programs and a strategy put in place to address but is not a major concern and is managed on a year by year basis. As the knowledge of assets, their lives and condition this service gap will be reduced to an even more manageable position.

### 3.4 Asset Management Structure

Position	Role
Councillors	Ensure councils asset management policy and principles are applied to relevant decision making. Provide appropriate resources to maintain and renew infrastructure assets  Ensure LTFP is reviewed and updated annually
Audit Panel	Has oversight of the LTFP and Asset Management processes. Ensures it is in place and working.
General Manager	To ensure the Council's infrastructure is maintained and operated in accordance with Council's adopted policies and procedures and in accordance with relevant legislation.
Director Infrastructure Services	Overall control of AM and operational objectives
Director Organisational Services	Responsible for the development, implementation and review of the LTFP and Financial services input to the AM process.
Director Community Services	Manages the service deliver from the majority of Council's facilities.
Assets and Facilities Group Leader	Manages the Asset Management program and the review of the asset management plans and strategic asset management plan

Construction and Maintenance Group Leader/Engineering Group Leader	Responsible for the design, construction and maintenance of the council infrastructure.
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Throughout the organisation a range of staff provide support to the appropriate management of assets and implementation of Council’s Asset Management Policy and Strategy.

### 3.5 Corporate Asset Management Team

A ‘whole of organisation’ approach to asset management can be developed with a corporate Asset Management Team. The benefits of a corporate Asset Management Team (AMT) include:

- demonstrate corporate support for sustainable asset management,
- encourage corporate buy-in and responsibility,
- coordinate strategic planning, information technology and asset management activities,
- promote uniform asset management practices across the organisation,
- information sharing across IT hardware and software,
- pooling of corporate expertise
- championing of asset management process,
- wider accountability for achieving and reviewing sustainable asset management practices.
- compliance with legislative requirements.

The role of the Asset Management Team will evolve as the organisation maturity increases over several phases.

#### Phase 1

- strategy development and implementation of asset management improvement program,

#### Phase 2

- asset management plan development and implementation,
- reviews of data accuracy, levels of service and systems plan development,

#### Phase 3

- asset management plan operation
- evaluation and monitoring of asset management plan outputs
- ongoing asset management plans review and continuous improvement.
- compliance with legislative requirements

The current position of Council’s Asset Management Team is as follows:

- General Manager
- Director Community Services
- Director Infrastructure Services
- Director Organisational Services
- Assets and Facilities Group Leader
- Engineering Group Leader

- Finance Group Leader

### **3.6 Financial & Asset Management Core Competencies**

The National Frameworks on Asset Planning and Management and Financial Planning and Reporting define 10 elements. 11 core competencies have been developed from these elements<sup>8</sup> to assess 'core' competency under the National Frameworks. The core competencies are:

#### Financial Planning and Reporting

- Strategic Longer Term Plan
- Annual Budget
- Annual report

#### Asset Planning and Management

- Asset Management Policy
- Asset Management Strategy
- Asset Management Plan/s
- Governance & Management
- Levels of Service
- Data & Systems
- Skills & processes
- Evaluation

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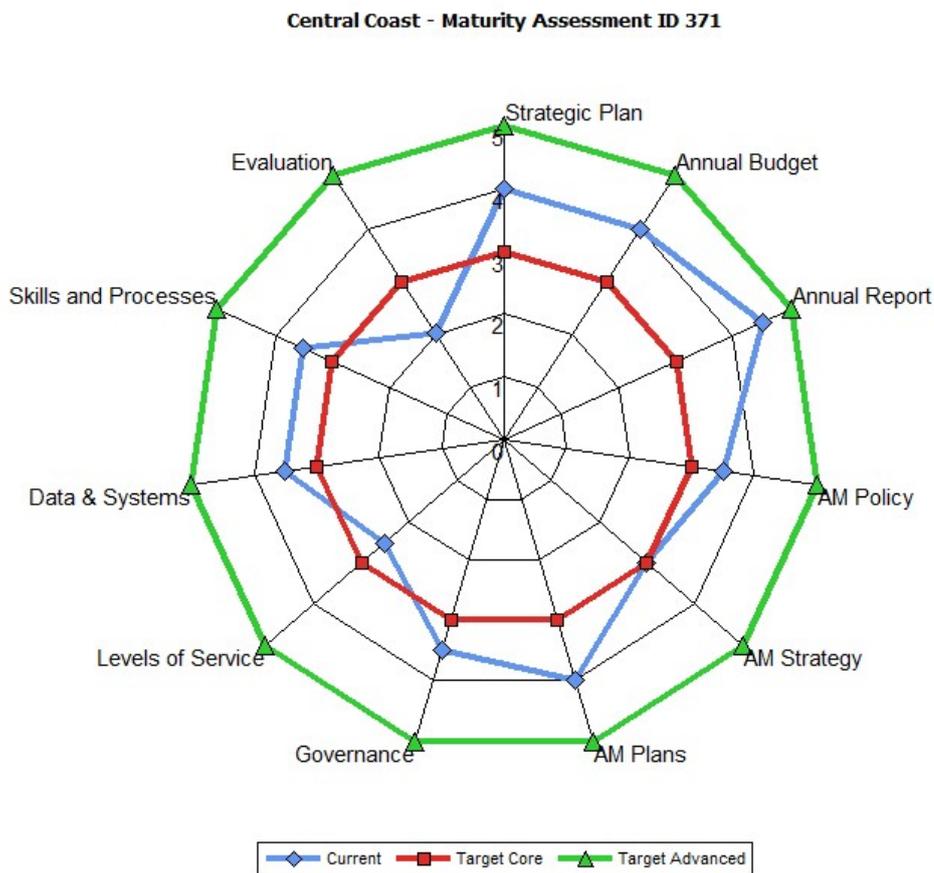
<sup>8</sup> Asset Planning and Management Element 2 *Asset Management Strategy and Plans* divided into Asset Management Strategy and Asset Management Plans competencies.

Council’s maturity assessment for the core competencies is detailed in Appendix A and summarised in Figure 4. The current maturity level is shown by the blue bars. The maturity gap to be overcome for Council to achieve a core financial and asset management competency is shown by the red bars.

Over time steps have been taken to improve the asset and financial management capabilities including assessing our asset management maturity against the three Frameworks of the Local Government Financial Sustainability - National Consistent Frameworks. The initial target is to achieve ‘Core’ (3) maturity. A maturity audit was last undertaken in 2009 and the Central Coast Council was shown at that time to have not reached a level of ‘Core’ Maturity.

The graph shown below is for May 2016 and it can be seen that a level of ‘Core’ maturity (3) has been reached or exceeded on most elements except for ‘Levels of Service’ and ‘Evaluation’ and these have been identified in the improvement plan.

The green line is an ‘Advanced’ level of maturity and this is a level that Council should be striving to achieve over the next few years.



**Figure 4: Core Asset Management Maturity**

The maturity score from 0 - 5 with 3.0 being ‘Core’ maturity assessment and 5.0 ‘Advanced’ maturity,

### 3.7 Strategy Outlook

1. Council has developed a range of 'Technical Levels of Service' that reflects the current activities to provide a range of services and infrastructure to the community. The cost of meeting these 'Levels of Service' have been built into the Council's Long-term Financial Plan.
2. Further development of 'Levels of Service' needs to be undertaken on ALL services that council provide to the community to ensure sustainability as it is not certain we have the ability to fund current infrastructure lifecycle costs at current levels of service and available revenue.
3. The organisation's current asset management maturity is at 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.
4. Further clarification of the long term service level sustainability is required, and this strategy discusses the organisational management maturity improvements required to attain a higher level of confidence in assessing the long term position.
5. In accordance with Local Government Act sustainability ratio's the Council are in a sustainable position although a 'gap' has been identified in renewal funding. The scale of the 'gap' does not indicate unsustainability. However, it does indicate further work is required on narrowing that gap.

The Central Coast Asset Management Policy has 'renew before new' ### and this is taken into account when prioritisation of project is considered in the budget process, thus focussing on the long term sustainability of the council.

Council uses FAG grants to fund the capital works program therefore long term sustainability is enhanced by providing these funds. Council also use rates funds to fund reserves that provide capital for our asset renewals/reseals etc.

6. Council has committed to ensuring that it focuses on asset renewals and will prioritise funding to address infrastructure that is not providing a suitable level of service.
7. Based on the Replacement Cost and the Depreciated Replacement Cost the Councils assets 73% of the council's assets are relatively new or in 'as new condition' suggesting assets have been responsibly maintained and renewed/replaced in accordance with sound business practice

## **4. Where do we want to be?**

### **4.1 Community Expectations**

It is critical to be able to assess community expectations of service levels. Community engagement is necessary to ensure that informed decisions are made on future levels of service and costs and that service and risk consequences are known and accepted by stakeholders.

While the Community Satisfaction Survey undertaken in 2015 represents a definite step in this direction, it only represents a snapshot in time. Further efforts are required in this area and the service level dashboards will be an important tool as our level of community engagement develops.

In the meantime, it is assumed that the community expectations for service levels are generally consistent with current levels of service.

### **4.2 Council's Vision, Mission, Goals and Objectives**

The organisational objectives are developed in the Central Coast Strategic Plan 2014-2024 under vision, values and priority areas as shown below.

#### ***Central Coast – Living our potential***

*We are a vibrant, thriving community that continues to draw inspiration and opportunities from its natural beauty, land and people connected by a powerful sense of belonging*

#### ***Organisational Values***

##### **Integrity**

We will behave ethically by:

- Communicating in an open, honest and genuine manner
- Meeting both the spirit and intent of the law
- Doing what I say I do

##### **Initiative**

We seek out new and better ways of doing what we do by:

- Being innovative and learning focused
- Being open to change
- Constructively challenging established ways when improvements are possible

##### **Accountability**

We take responsibility for our actions and behaviour by:

- Taking ownership of my role and learning from my actions
- Acknowledging my actions can impact and influence outcomes
- Always endeavouring to do things right the first time

## Respectful

We value diversity and appreciate others by:

- Treating other with sensitivity and dignity
- Recognising and appreciating others skills and experience
- Being open to others ideas and points of view
- Giving and receiving constructive feedback

## Professional

We provide reliable, quality service in the best interest of the community by:

- Taking pride in our work
- Remaining objective in all interactions
- Work efficiently to give the best service we can with the resources available
- Being accountable for the skills required for our positions and maintaining these competencies

## Customer focus

We consider the needs of the community by:

- Responding openly and in a timely manner
- Being proactive and using my initiative to achieve outcomes
- Caring about safety and well-being of other around me
- Engaging with those in the community affected by a decision
- Recognising others needs for different types of communications

## **Priority Areas**

**Shape of the Place:** When planning for a vibrant and liveable place, it is important to focus on this shape – planning, precincts, opens spaces, the physical environment and augmenting these to highlight the distinctiveness of Central Coast

**A Connected Central Coast:** Seeks to enhance connectivity both within Central Coast and the region – how people move from place to place, how accessible places are, and how people connect with each other and services.

**Community Capacity and Creativity:** Develop capacity and cultivates a culture that values and showcases creativity, encourages community based solutions, stimulates innovation and supports innovators in order to achieve quality opportunities and outcomes.

**The Environment and Sustainable Infrastructure:** Sustaining built infrastructure and the natural environment by encouraging innovation and investment in Central Coast

**Council Sustainability and Governance:** A leading Council that is well governed and managed and engages effectively with its community

The Strategic Plan sets goals and objectives to be achieved in the planning period. The goals set out where the organisation wants to be. The objectives are the steps needed to get there. Strategic Priority Areas and Organisational Objectives relating to the delivery of services from infrastructure are shown in Table 6.

**Table 6: Strategic Priority Areas and Organisational Objectives**

Strategic Priority Area	Organisational Objectives
1. The Shape of the Place	1.1 Improve the value and use of open space
	1.2 Conserve the physical environment in a way that ensures we have a healthy and attractive community
2. A Connected Central Coast	2.1 Provide for a diverse range of movement patterns
3. Community Capacity and Creativity	3.3 Cultivate a culture of creativity in the community
4. The Environment and Sustainable Infrastructure	4.1 Invest in and leverage opportunities from our natural environment
	4.3 Develop and manage sustainable built infrastructure
	4.4 Contribute to the preservation of the natural environment
5. Council sustainability and governance	5.2 Improve service provision
	5.3 Improve Council's financial capacity to sustainably meet community expectations
	5.5 Strengthen local-regional connections

### 4.3 Asset Management Objectives

The asset management objectives (or strategies) translate the organisational objectives into the required service outcomes to be provided by infrastructure assets and activities described in the asset management plans. Actions to achieve the asset management objectives with the performance targets and timelines are shown in Table 7.

**Table 7: Asset Management Objectives**

Asset Management Objectives	Action	Performance Target & Timeline
<b>Organisational Objective:</b>	<b>1.1 Improve the value and use of open space</b>	
1.1.1 Staged implementation of the Dial Sports Complex Master Plan	Implement Stage 1 of the Dial Sports Complex Master Plan	Project to be completed on time and within budget. Completion by the start of the 2020 football season or sooner
1.1.2 Refurbish the Merv Wright Memorial	Undertake the refurbishment of the fountain	Completed

	Fountain		
1.1.3	Investigate feasibility for the development of an off-road criterion track at River Park	Mersey Valley Devonport Cycling Club have arranged for preliminary design and are pursuing funding sources	TBD
<b>Organisational Objective: 1.2 Conserve the physical environment in a way that ensures we have a healthy and attractive community</b>			
1.2.1	Identify and develop resources to promote energy-efficient urban design and development of community infrastructure	Investigate and report on the options for promotion of energy-efficient urban design and development of community infrastructure	Project to be completed on time and within budget
1.2.2	Continue to develop the Central Coast shared pathways network	Continue implementation depending on available funding	Project to be completed on time and within budget. Dependant of funding
<b>Organisational Objective: 3.3 Cultivate a culture of creativity in the community</b>			
3.3.1	Review Council venue management plans to improve promotion of venues for major community, sporting and corporate events	Review Council venue management plans and develop promotion plan	Project to be completed on time and within budget.
<b>Organisational Objective: 4.1 Invest in and leverage opportunities from our natural environment</b>			
4.1.1	Upgrade of Leven River embankments	Undertake and assessment of the Leven River Embankments	Project Completed within Budget.
<b>Organisational Objective: 4.3 Develop and manage sustainable built infrastructure</b>			
4.3.1	Conduct a review of all Council/ community operational assets	Review and report on all Council/community operational assets	Project to be completed on time and within budget.
4.3.4	Improve recreational amenities and play equipment in Council's foreshore parks	In accordance with the Central Coast Open Space and Recreation Plan 2012-2022	Project to be completed on time and within budget
4.3.7	Proactively seek/optimize grant funding opportunities to invest in assets	Develop and prioritise and report investment opportunity options considering lifecycle costs	Project to be completed on time and within budget
4.4.2	Develop a strategy to mitigate the impacts of climate change on Council's assets	Investigate and report on the impacts of climate change on asset services	Project to be completed on time and within budget

4.4.5	Work with and support land and river care and other groups to improve environmental outcomes around our waterways and public spaces	Support and encourage environmental groups within Central Coast	Project to be completed on time and within budget
<b>Organisational Objective: 5.2 Improve service provision</b>			
5.2.1	Continue program of business unit service and process reviews	Review and report on service business unit performance	Project to be completed on time and within budget
5.2.2	Develop service levels for all services delivered by Council	Develop service levels for all services provided and update asset management planes	Service levels developed and asset management plans updated

#### 4.4 Asset Management Policy

Council's Asset Management Policy defines the council's vision and service delivery objectives for asset management in accordance with the Strategic Plan and applicable legislation.

The asset management strategy is developed to support the asset management policy and is to enable council to show:

- how its asset portfolio will meet the affordable service delivery needs of the community into the future;
- enable Council's asset management policies to be achieved; and
- ensure the integration of Council's asset management with its long term strategic plans.

#### 4.5 Asset Management Vision

To ensure the long-term financial sustainability of Council, it is essential to balance the community's expectations for services with their ability to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, Council aspires to:

Develop and maintain asset management governance, skills, process, systems and data in order to provide the level of service the community need at present and in the futures, in the most cost-effective and fit for purpose manner.

In line with the vision, the objectives of the asset management strategy are to:

- ensure that the Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council's financial sustainability,
- safeguard Council's assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets,

- adopt the long term financial plan as the basis for all service and budget funding decisions,
- meet legislative requirements for all Council's operations,
- ensure resources and operational capabilities are identified and responsibility for asset management is allocated,
- provide high level oversight of financial and asset management responsibilities through Audit Panel/GM reporting to Council on development and implementation of Asset Management Strategy, Asset Management Plan and Long Term Financial Plan.

Strategies to achieve this position are outlined in Section 5.

## 5. How will we get there?

The Asset Management Strategy proposes strategies to enable the objectives of the Strategic Plan, Asset Management Policy and Asset Management Vision to be achieved.

**Table 7: Asset Management Strategies**

No	Strategy	Desired Outcome	
1	Move from Annual Budgeting to Long Term Financial Planning	The long term implications of Council services are considered in annual budget deliberations.	
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.	
3	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.	
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.	
5	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.	
6	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.	
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.	
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.	
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.	
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 3 years.	Improved financial and asset management capacity within Council.	
11	Report annually to Council by Audit Panel/GM on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.	

12	Undertake the biennial community satisfaction surveys to determine what is important to the community and how they see Council is performing.	Determine where the Council can improve in the provision of services.	
13	Undertake community consultation to determine the community's ability to pay for service and the Level of Service they are willing to accept and are will to pay for.	Understand what the community want and at what level they want and what they are willing to pay for.	

## 6. Asset Management Improvement Plan

### 9.1 Status of Asset Management Practices

Central Coast Council is committed to sustainable service delivery into the future. To this end Council has made significant progress in recent times towards improving the maturity level of its asset management practices. Whilst Central Coast have reached a level of 'core' maturity and to be able to demonstrate long term financial sustainability, we must progress beyond the 'core' level of maturity for some of the performance elements relating to asset and financial management.

A strategic and coordinated, organisation wide approach to asset management and service delivery is critical. This is achieved through the integration of the organisations Long-term Financial Plan (LTFP), with its Strategic Asset Management Plan (SAMP) to inform Councils ongoing resourcing decisions via the annual budget process.

In this way Council can provide a *transparent, accountable and evidence-based* approach to the provision of value-for-money services while at the same time communicating service levels and risk consequences of various scenarios as it engages with the community to identify agreed service levels.

The asset management improvement tasks identified from the asset management plans and maturity assessment and preparation of the strategic asset management plan are shown in Table 8.

**Table 9: Asset Management Improvement Plan**

Ref	Task	Responsibility	Resources	Timeline
1	<b>Asset Register</b> Asses remaining life of all assets on a priority basis and align with up to date performance data and knowledge	Inf. Services	Staff time	Annually
2	<b>Forward Projections</b> Ensure funding models reflect the resources required meeting the timely renewal of existing assets and those identified and implemented under the Strategic Plan	Inf. Services	Staff time	Annually

3	<b>Dashboards</b> Production of 1 <sup>st</sup> cut Service Level Dashboards (snap shot of the asset service activity)	Inf. Services	Staff time	2016/2017
4	Review of useful lives and replacement rates	Inf. Services	Staff time	Annually

5	<b>Levels of Service</b> Review and document Active Recreation and Open Space Service Levels. Establish a framework for establishing LoS	Inf. Services	Staff time	2016/2017
6	<b>Asset Management Plans</b> Revision of the Asset Management Plans based on the adopted budgets. Communicate any consequences of funding decisions on service levels and service risk	Inf. Services	Staff time	Annually
7	Development and adoption of formal service levels (including maintenance intervention levels)	Inf. Services	Staff time	
8	<b>Infrastructure Risk Management Plan</b> Develop to provide framework within which 'critical' risks are identified and risk treatment plans, actions and funding required work programs. The review of risk is an on-going, iterative process and the framework will need to be refined as the maturity of Council's asset management practices increase over time. Those risk identified as 'Very High' or 'High' should then be transferred to the Council's Strategic Risk Register.	AM Team	Staff time	1-4 years
9	As the maturity of our approach to asset management increases, the process of refining Council's Levels of Service (LoS) should involve consultation with the community (e.g. "we require this LoS <u>and</u> recognise the cost of having it")	AM Team	Staff time + Consultancy	1-4 years
10	Implement an improvement plan to realise advanced maturity for the financial and asset management competencies within 3 years			3 years
11	Undertake componentisation of the building assets to enhance the renewal program	Inf. Services	Staff time	2 years
12	Undertake further actions to increase the asset management maturity for the Levels of Service and evaluation elements.	Inf. Services	Staff time	Ongoing
13	Develop a strategy to review the reseal cycle to determine the optimal cycle to be adopted based on the road asset hierarchy. This is to be based on local knowledge of the road network and also will reduce the possibility of pavement failures due to poor seals.	Inf. Services	Staff time	2 Years

14	Ensure the 10 year plans are compiled accurately to reflect renewals, upgrade and new expenditure and the allocation of that expenditure over asset categories	All	Staff time	2 Years
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