Minute No. 341.2023

CENTRAL COAST COUNCIL

STRATEGIC ASSET MANAGEMENT PLAN

Central Coast Council

November 2023

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1.1	30/10/2023	Councillor Workshop for Review	MW	Council	
1.2	20/11/2023	Ordinary Council Meeting	MW	Council	Council

Contents

EXECUTIVE SUMMARY

Context

Central Coast Council is responsible for the acquisition, operation, maintenance, renewal and disposal of an extensive range of physical assets with a replacement value of $647 million.

These assets include land, buildings, parks, recreation areas, roads, footpaths, drainage systems, parks and recreation, buildings and facilities and waste management and associated operating assets and provide service essential to our community's quality of life.

This Strategic Asset Management Plan (SAMP) encompasses the following asset classes as prescribed in the *Local Government Act 1993*:

- Active Recreation
- Bridges
- Buildings
- Drainage
- Footpaths
- Parks and Open Space
- Roads

This Strategic Asset Management Plan takes the Focus Areas in our Term Plan, develops the asset management objectives, principles, framework and strategies required to achieve our Term Plan. The SAMP summarises activities and expenditure projections from individual asset management plans to achieve the asset management objectives.

Current situation

Our aim is to continue to progress towards 'core' maturity for asset management activities and continue maturity improvement where the benefits exceed the costs. Improvement tasks with costs and target dates have been identified and documented in Table 8.2.

What does it Cost?

Operating Outlays (excluding depreciation)

The projected operating outlays necessary to provide the services covered by this SAMP includes operation and maintenance of existing assets over the 10 year planning period is $22m average per year.

Capital Outlays

The projected required capital outlays including renewal/replacement and upgrade of existing assets and acquisition of new assets over the 10 year planning period is $9.9M on average per year.

We have balanced the projected expenditures in the SAMP with financial outlays in the Long-Term Financial Plan (LTFP) involving:

- Adjusting service levels so they are affordable and prioritised.
- balancing service performance, risk and cost in a trade-off of projects and initiatives
- considering the impact of trade-offs and accepting the service and risk consequences
- borrowings of $2m to finance $1m for strategic land acquisition and $1m for stormwater infrastructure upgrade in 2023/2024

Council has identified a potential $20m asset renewal need currently not provided for in Council's current Long-term Financial Plan. The Long-term Financial Plan will be updated prior to setting next year's budget.

What we will do

Our aim is to provide the services needed by the community in a financial sustainable manner. Achieving financial sustainability requires balancing service levels and performance with cost and risk.

It will not be possible to meet all expectations for services within current financial resources. We will continue to engage with our community to ensure that needed services are provided at appropriate levels of service at an affordable cost while managing risks.

What is currently unfunded?

We do **not** have enough funding to provide all services at the desired service levels or provide new services. Major initiatives and projects that are not provided for in the next ten years under the Long-term Financial Plan funding levels are:

- Forth River erosion control $140,000
- Industrial Drive extension $1,250,000
- Main Road - East Penguin Street lighting underground $500,000
- Main Road, Penguin - CBD streetscape $500,000

- Main Road, Penguin - underground power $500,000
- Maskells Road/Industrial Drive/Bass Highway intersection $1,250,000
- Reibey Street, Ulverstone - CBD streetscape $2,000,000
- Castra Road (30km widen) $7,800,000
- Cuprona Road (River Avenue to Albert Road widen) $2,600,000
- Forth Road (Turners Beach to Forth Road widen 3km) $2,600,000
- Preston Road (18km widen) $4,680,000
- Loongana/Cradle Mountain Link Road $26,000,000
- Loyetea/Loongana Link Road $13,000,000
- Forth to Turners Beach Shared Pathway $1,700,000
- Gables Park $110,000
- Penguin Road, Lonah $30,000,000
- Penguin to Lonah $1,500,000
- Preservation Drive - 1 Lyle Street to Hogarth Road $100,000
- Commuter parking $60,000
- Multi-storey car park $3,000,000
- North Motton Recreation Ground $40,000
- Off street car parking, Penguin $300,000
- Parking Control Systems $500,000
- River Park $100,000
- Strategic Land Purchases $1,000,000
- Sulphur Creek $100,000
- CBD Upgrades/Rearrangements $500,000

Managing the Risks

There are risks associated with providing the service and not being able to complete all identified initiatives and projects. We have identified major risks as:

- Asset failure due to poor condition
- Increase in lifecycle costs for future years.
- Non-compliance, not meeting current standards and regulations
- Assets not meeting user requirements
- Accelerated aging and general deterioration of assets.

We will endeavour to manage these risks within available funding by:

- Identifying critical assets and services and prioritising funding in a way that minimises risk
- Reviewing the long Long-term Financial Plan to put greater emphasis on renewal funding of critical assets
- Increase inspections and management of assets nearing end of life

Confidence Levels

This SAMP is based on Medium level of confidence information.

The Next Steps

The actions resulting from this asset management plan are:

- implement the improvement plan in Section 8.2
- improve consultation methods to increase awareness of service cost pressures Council is facing
- investigate actions to extend the life of assets without affecting performance and risk
- review asset renewal and replacement options to reduce service delivery lifecycle costs
- identify critical and non-critical services and assets and prioritise budgets to ensure critical services and assets are maintained
- identify assets and services that are surplus to the communities needs

2. ASSET MANAGEMENT STRATEGY

2.1 Asset Management System

Asset management enables an organisation to realise value from assets in the achievement of organisational objectives, while balancing financial, environmental and social costs, risk, quality of service and performance related to assets.[1]

An asset management system is a set of interrelated and interacting elements of an organisation to establish the asset management policy and asset management objectives, and the processes, needed to achieve those objectives. An asset management system is more than 'management information system' software. The asset management system provides a means for:

- coordinating contributions from and interactions between functional units within an organisation,[2] and
- consistent application of the asset management processes to achieve uniform outcomes and objectives.

The asset management system includes:

- The asset management policy
- The asset management objectives
- The strategic asset management plan
- The asset management plans, which are implemented in
    - operational planning and control
    - supporting activities
    - control activities
    - other relevant processes.[3]

The asset management system fits within the organisation's strategic planning and delivery process as shown in Figure 1.

[1] ISO, 2014, ISO 55000, Sec 2.2, p 2

[2] ISO, 2014, ISO 55000, Sec 2.5.1, p 5

[3] ISO, 2014, ISO 55002, Sec 4.1.1, p 2.

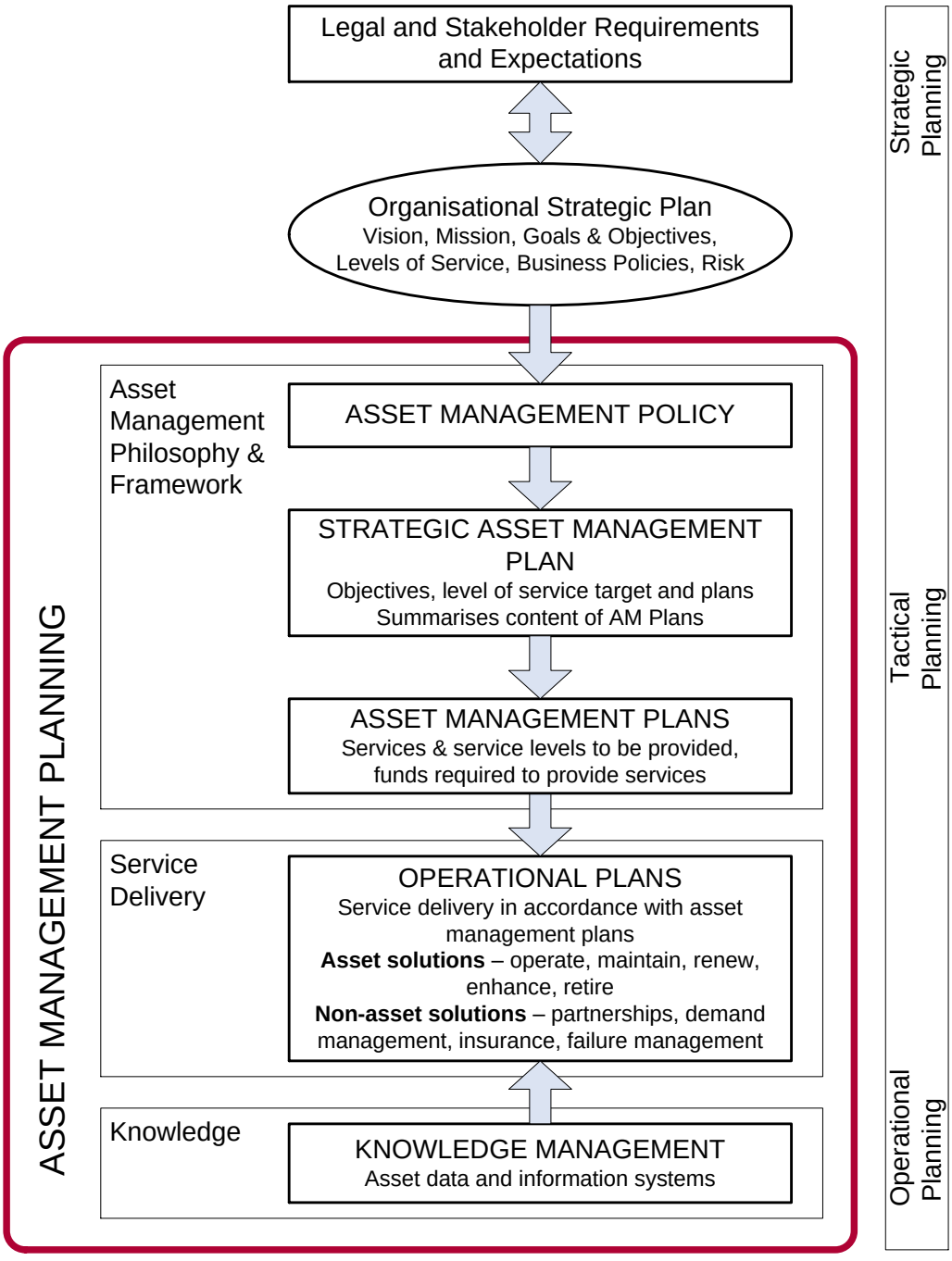


Figure 1: Strategic Asset Management Plan fit in Planning Process

2.1.1 Asset Management Policy

The asset management policy sets out the principles by which the organisation intends applying asset management to achieve its organisational objectives.[4] Organisational objectives are the results the organisation plans to achieve, as documented in its Strategic Plan. Our adopted asset management policy is available from our web site https://www.centralcoast.tas.gov.au/wp-content/uploads/2021/05/Asset-Management-Policy-2021.pdf

[4] ISO, 2014, ISO 55002, Sec 5.2, p 7.

2.1.2 Asset Management Objectives

The asset management objectives developed in Section 2.4.3 provide the essential link between the organisational objectives and the asset management plan(s) that describe how those objectives are going to be achieved. The asset management objectives transform the required outcomes (product or service) to be provided by the assets, into activities typically described in the asset management plans. Asset management objectives should be specific, measurable, achievable, realistic and time bound (i.e. SMART objectives).[5]

2.1.3 Strategic Asset Management Plan

This strategic asset management plan is to document the relationship between the organisational objectives set out in the Central Coast Council Our Place – Our Future Term Plan 2023-2026 and the asset management (or service) objectives and define the strategic framework required to achieve the asset management objectives.[6]

The asset management objectives must be aligned with the organisation's strategic objectives set out in its term plan.

This strategic asset management plan encompasses the following asset classes as prescribed in the *Local Government Act 1993*:

- Active Recreation
- Bridges
- Buildings
- Drainage
- Footpaths
- Parks and Open Space
- Roads

The strategic asset management framework incorporates strategies to achieve the asset management objectives. The strategies are developed in 4 steps:

- What assets do we have?
- Our assets and their management considering condition
- Where do we want to be?
- How will we get there?[7]

2.1.4 Asset Management Plans

Supporting the strategic asset management plan are asset management plans for major service/asset categories. The asset management plans document the activities to be implemented and resources to be applied to meet the asset management objectives. The strategic asset management plan summarises the key issues from the following asset management plans:

- Active Recreation
- Bridges
- Buildings
- Drainage
- Footpaths
- Parks and Open Space
- Roads

[5] ISO, 2014, ISO 55002, Sec 6.2.1, p 9.

[6] ISO, 2014, ISO 55002, Sec 4.1.1, p 2.

[7] LGPMC, 2009, Framework 2, Sec 4.2, p 4.

The Strategic Asset Management Plan is part of the organisation's strategic and annual planning and reporting cycle as shown in Table 2.1.

Table 2.1: Strategic Asset Management Plan within the Planning and Reporting Cycle

	Plan	Planning Cycle	Performance Reporting	Reporting Method
Strategic Planning	4 year Term Plan	4-10 years	Organisational Objectives	Annual Report
	10 year Long-term Financial Plan		Financial Indicators	
	Strategic Asset Management Plan Asset Management Plans		Asset Management Objectives	
Operational Planning	4 year Operational Plan	4 years	Operational Objectives incorporated into Annual Plan	Annual Report
Annual Planning & Budget	Annual Plan & Budget	Annual	Annual Objectives Budget Objectives	Annual Report Monthly Reports to Council
	Departmental/Directorate Work Plans		Work Plan Objectives	Monthly Reports to Council
	Individual Work Plans		Work Plan Objectives	Performance Reviews

2.2 What Assets do we have?

We manage a lot of assets to provide services to our community. The assets provide the foundation for the community to carry out its everyday activities, while contributing to overall quality of life.

Table 2.2: Assets covered by this Plan

Asset Class/Category	Dimension
Active Recreation	153 assets
Bridges	87
Buildings	269
Carparks	153
Drainage	11,546 assets
Footpaths	168.3km
Parks and Open Space	473 assets
Roads	682.8km

2.3 Our Assets and their management

2.3.1 Asset Values

The infrastructure assets covered by this strategic asset management plan are shown in Table 2.3.1. These assets are used to provide services to the community.

Table 2.3.1: Assets covered by this Plan

Asset Class/Category	$ Gross Replacement Cost *	$ Carrying Value	$ Annual Depreciation
Active Recreation	7,834,815	5,199,885	235,086
Parks and Open Space	16,721,722	10,021,245	471,815
Drainage	51,190,772	30,958,398	514,105
Bridges	33,857,820	18,400,898	555,234
Footpaths	52,220,788	32,261,388	787,080
Buildings	168,943,856	104,853,152	1,786,718
Roads	317,030,112	247,698,496	3,226,228
TOTAL	**647,799,872**	**449,393,472**	**7,576,266**

Note* Use best estimate of buildings valued at market value and plant and equipment valued at cost, where available.

Figure 2 shows the gross replacement value of our assets.

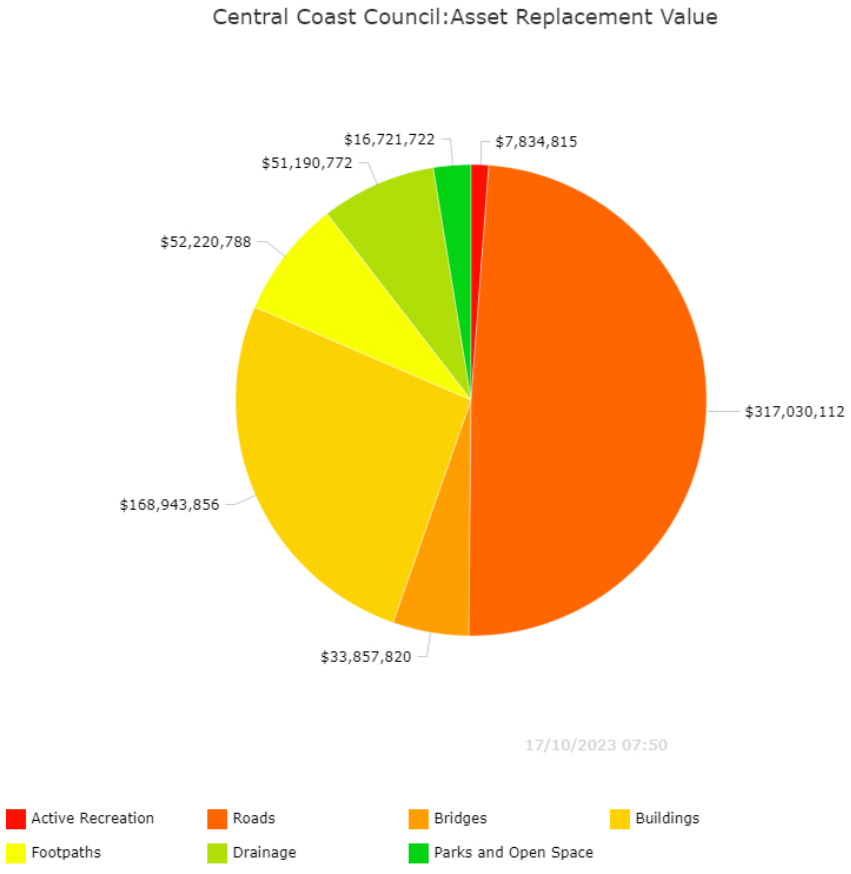


Figure 2: Asset Replacement Values

Section 2.3 demonstrates the significance of Central Coast Council's investment in infrastructure. An objective for this SAMP is to demonstrate how value is to be obtained from the $647 million investment in providing services to the community. The investment in infrastructure is being consumed at $7.5 million per annum.

2.3.2 Asset Condition, Function and Capacity

Our State of the Assets Report monitors the performance of the assets under three community service indicators:

- condition/quality – how good is the service?
- function - does it meet users' needs?
- capacity/utilisation – is the service usage appropriate to capacity?

Central Coast Council currently has reliable data on condition/quality on the assets as shown in Figure 3. Function and capacity community service indicators are included in section 8.2 Improvement Plan.

Figure 3 shows the state of the assets as a percentage of their replacement value.

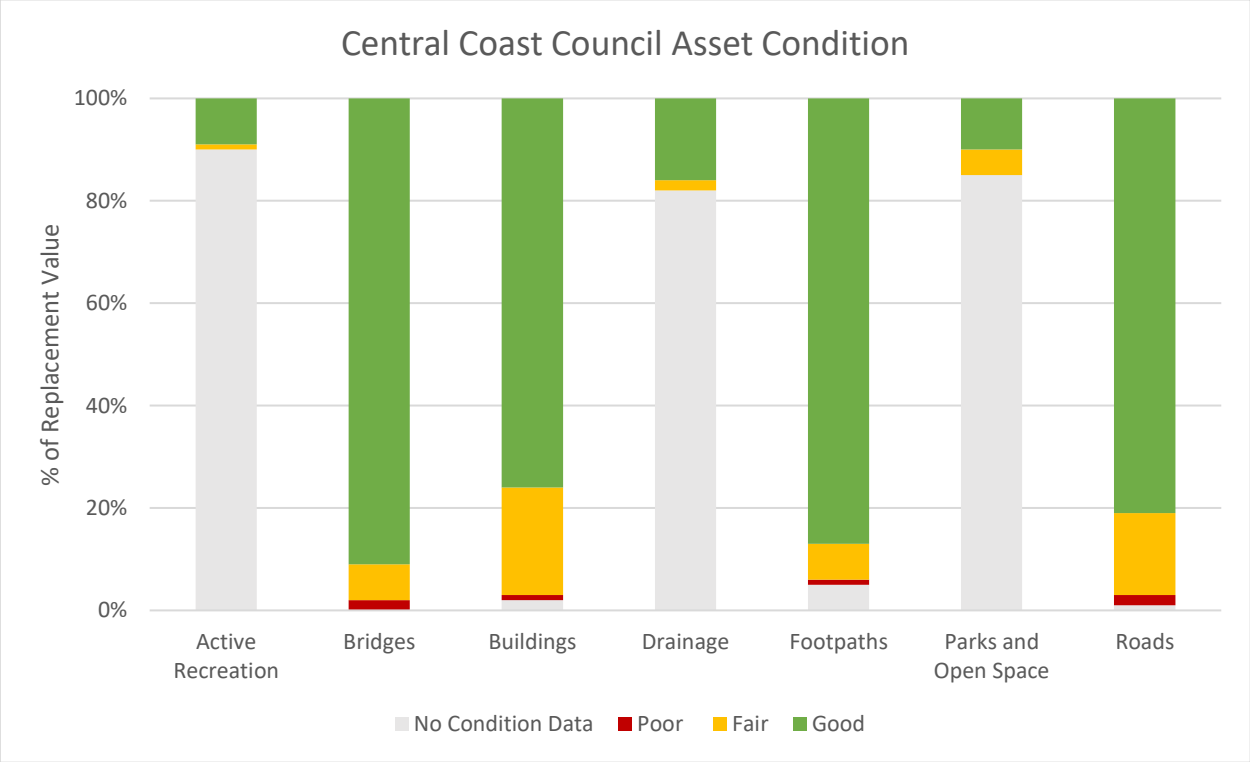


Figure 3: State of the Assets

Figure 3 shows the assessment of performance of assets under condition (quality)community service indicators. Good performance is shown by the green bars. Poor performance is shown by the red bars. The grey bars show the assets for which no service performance measure is available. Effort will need to be placed on understanding the condition of assets as well as assessing capacity and function which has only been undertaken on bridge assets.

2.3.3 Lifecycle Costs

Lifecycle costs (or whole of life costs) are the average annual costs that are required to sustain the service levels over the longest asset life. Lifecycle costs include operation and maintenance expenditures plus asset consumption (depreciation). Life cycle costs can be compared to lifecycle expenditure to give a comparison of current expenditures to lifecycle costs of services.

Lifecycle expenditures include operation and maintenance expenditures (excluding depreciation) plus capital renewal expenditure. The capital renewal component of lifecycle expenditure can vary depending on the timing of asset renewals.

The lifecycle costs and expenditures averaged over the 10-year planning period are shown in Table 2.3.3.

Table 2.3.3: Asset Lifecycle Costs

Asset Class/Category	Lifecycle Cost ($/yr)	Lifecycle Expenditure ($/yr)	Lifecycle Expenditure Indicator
Bridges	1,239,628	993,394	80.14
Drainage	1,549,671	1,066,626	68.83
Footpaths	2,069,737	1,505,107	72.72
Parks and Open Space	4,026,837	3,417,541	84.87
Buildings	4,433,937	2,402,256	54.18
Active Recreation	5,633,704	4,915,417	87.25
Roads	10,714,691	9,488,215	88.55
TOTAL	**29,668,205**	**23,788,556**	**80.2**

Total lifecycle expenditure may reasonably be higher/lower than lifecycle costs in periods of above/below average asset renewal/replacement activity. The lifecycle indicator is a measure of estimated need over the long-term. It is dependent on the age profile of the assets, with older assets expected to have a higher LC indicator and newer assets a lower LC indicator. Due to the relative age of Council's infrastructure the ongoing funding of lifecycle costs will have negative impacts on service levels and increase the risk of asset failure. It is important for Council to strategically manage these risks which largely result from the focus on prioritising the expansion of assets and services at the cost of renewing and maintaining existing services. of Section 5.4 gives a more accurate indicator of renewal/replacement funding needs over the period of the SAMP.

2.3.4 Asset Management Indicators

An asset management objective is to provide the services that the community needs at the optimum lifecycle cost in a financially sustainable manner. Figure 4 shows the projected operation, maintenance, acquisition, renewal expenditure balanced with financial outlays in the 10 year Long-term Financial Plan. Some activities and/or projects have been deferred to subsequent years to allow further consideration of service level needs and financing options.

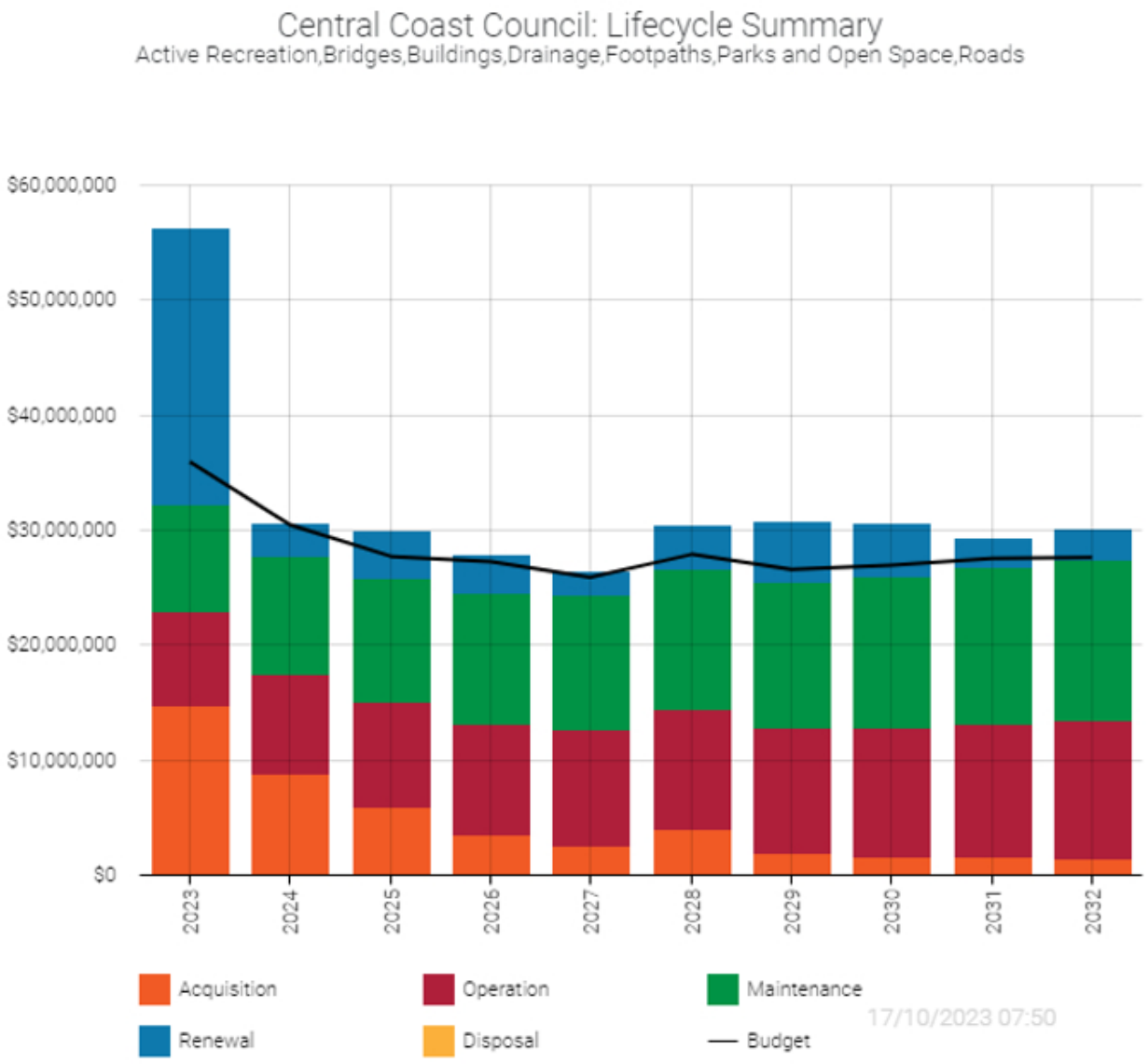


Figure 4: Projected Operating and Capital Expenditure

The purpose of this strategic asset management plan is to develop the strategies to achieve the asset management objectives through balancing of asset service performance, cost and risk.

Figure 4 shows the results of balancing of service performance, risk and cost in the asset management plans and long-term financial plan to achieve an agreed and affordable position on service level and costs. This includes additional borrowings to finance urgent and critical renewal and new capital works in years 2023/2024, a potential $20m asset renewal need currently not provided for in Council's current Long-term Financial Plan.

2.3.5 Opportunities and Risks

We have identified opportunities relevant to the services included in this strategic asset management plan including:

- Open Space Recreational Planning to assist in defining a prioritised and sustainable network of open space assets.
- When discussing with community their ideas for new assets and services seek to understand what services and assets they might consider to reduce/dispose of to fund the new assets and services.
- Increase focus on improving asset register data quality by involving operations and maintenance, asset management and engineering staff in asset revaluations through professional judgement to influence the revaluation especially the condition assessment of assets nearing end of life.

Relevant risks to the strategic asset management plan in the future are:

- Continued expansion of the new asset base without strategic leadership in managing renewals and increased service levels and risk.
- Reduction of Financial Assistance Grants and/or Roads to Recovery Funding.
- Uninformed community expectations for increased service delivery.
- Ongoing impacts from COVID-19 pandemic.
- Population decline and aging effecting community's capacity to pay for services/increased levels of service.
- Climate change impacting on development and maintenance of infrastructure in coastal and flood affected areas.

Infrastructure risk management plans for these and other relevant risks are summarised with risk management activities and resource requirements incorporated in the relevant asset management plans.

2.3.6 Asset and Financial Management Maturity

We have taken steps to improve our asset and financial management performance including assessing our asset management maturity against the 3 Frameworks of the Local Government Financial Sustainability Nationally Consistent Frameworks. Our target is to maintain 'core' maturity with the Frameworks. Figure 5 shows Central Coast Council's maturity assessment and target 'core' and 'advanced' maturity scores for the eleven elements of the National Frameworks for asset and financial management.

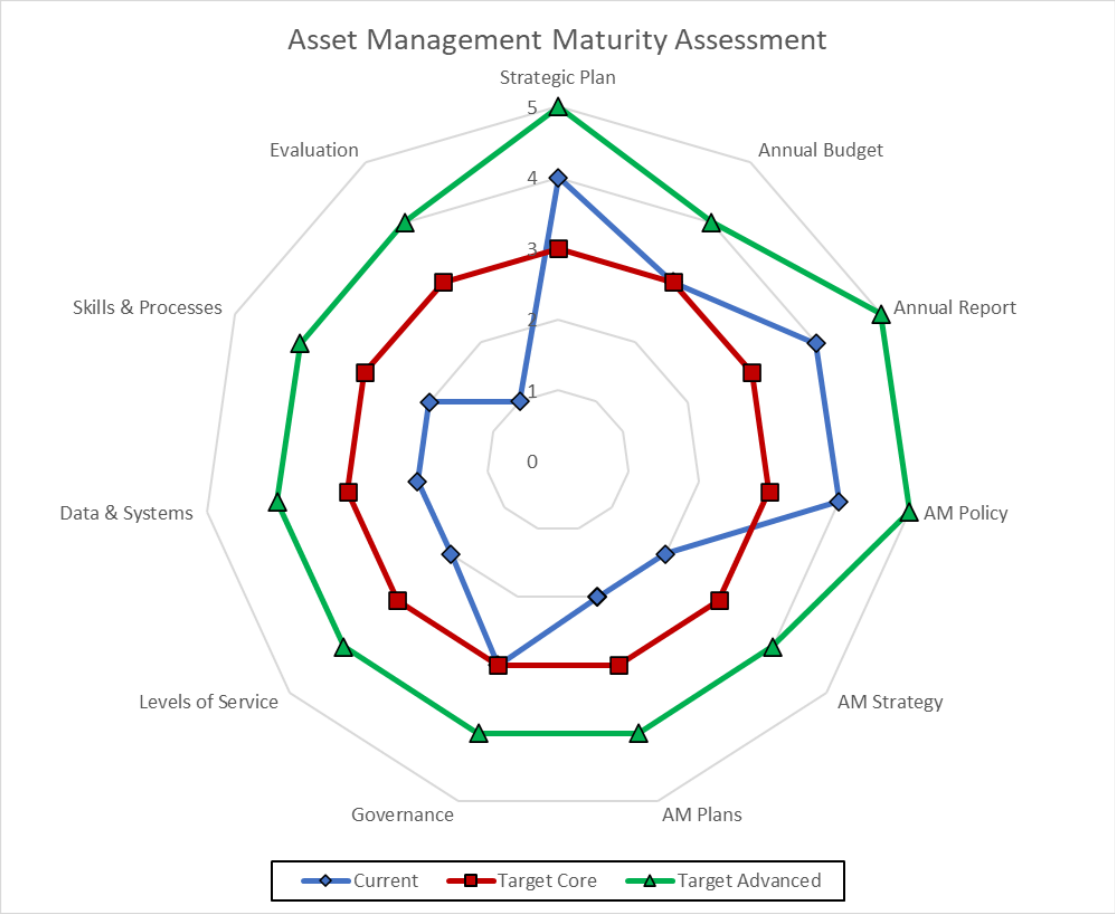


Figure 5: Maturity Assessment

Improvement in 'core' maturity is indicated by movement of the blue ◆ (current maturity) line to the red ■ ('core' maturity) and green line ▲ (desired or aspirational target maturity).

Improvement in maturity is indicated by movement of the blue (current maturity) line to the red (target maturity) and green line (advanced maturity).

Elements with low maturity scores are:

- Evaluation
- Skills and Processes
- Data and Systems
- Levels of Service
- AM Plans
- AM Strategy

Tasks to improve asset and financial management maturity are prioritised and included within the Improvement Plan shown in Section 8.2.

2.3.7 Strategy Outlook

1. We cannot maintain current levels of service for the next ten years based on current knowledge and projections in AM Plans and Long-term Financial Plan. This is due to increased operating expenses from new assets and inflation increasing at a rate greater than operating revenue.

2. Council's commitment to renewals needs to be demonstrated throughout the annual budgeting process to ensure its long-term commitments are delivered and align to the principles outlined in the Asset Management Policy 2021.

3. Investment in resources to develop a robust asset data register which is the foundational knowledge of the asset management system and allows the whole organisation to meet the asset management requirements of the *Local Government Act 1993*.

4. Implement the improvement plan in Section 8.2 to ensure that Central Coast Council invests in the items that will assist in managing risk and improving financial sustainability through cost effective levels of services deliver for our community.

2.4 Where do we want to be?

2.4.1 Community Expectations

We acknowledge from past experiences that community expectations for service levels are increasing. We need to further engage with the community through community surveys and other project specific engagement. 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.

Council's last community satisfaction survey in 2015 rated Council's financial performance as the most important issue for the community which supports the need for ongoing and increasing leadership of the community's financial sustainability. While this community survey data is now eight years old customer request information indicates that the community expectations of Council is growing at a rate greater than that currently provided. Further and targeted engagement will be required to ensure the community understand the financial challenges and then can support Council in choosing which services will be prioritised.

2.4.2 Organisational Focus Areas

The organisation focus areas are developed in the Central Coast Council Our Place – Our Future Term Plan 2023-2026 under Vision, Mission and Our Pillars as shown below.

Vision

Tasmania's Central Coast, a natural tapestry with space to grow.

Mission

We are committed to nurturing a safe, happy, healthy community through creating opportunities that enhance the liveability of our region. Our Council will continuously improve delivery of projects and services with accountability and pride.

Our Pillars

Our Organisation, Quality of Life, Growth, Transport and Connectivity and Our Environment.

The organisation focus areas developed for priority are shown in Table 2.4.2.

Table 2.4.2: Our Pillars and Focus Areas

Our Pillars	Focus Areas
Our Organisation	• Organisational Culture • Accountability • Identity • Delivery
Quality of Life	• Facilities and Sport • Education & Diversity • Parks, Cultural Activities & the Arts • Health
Growth	• Economic Development • Tourism • Strategic & Sustainable Development • Regional Collaboration
Transport and Connectivity	• Roads • Parking • Connectivity & Access
Our Environment	• Waste Management • An Energy Efficient Region • Our Physical Environment • Our Natural Environment

2.4.3 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 performance targets and timelines are shown in Table 2.4.3 and will be included in operational and capital works plans.

Table 2.4.3: Asset Management Objectives

Our Pillar	Asset Management Objective	Action	Performance Target & Timeline
Our Organisation Quality of Life Transport and Connectivity Our Environment	Provide services that are safe and valued by the community	Ensure regular asset inspections are undertaken and hazards rectified. Inspection frequency should consider asset failure consequence, asset condition and legislative requirements. Use asset revaluations to gather better data on assets nearing end of life to enable better management of assets that are nearing failure.	2024/2025 Annually
Our Organisation Quality of Life Growth Transport and Connectivity	Ensure our community remains in control of our finances and that our financial sustainability is improving	Ensure adequate levels of renewal funding is provided, in line with reporting benchmarks for sustainability. Take a leadership approach for any necessary service reductions that result from the provision of new/upgraded assets.	2024/2025 2023/2024

Our Pillar	Asset Management Objective	Action	Performance Target & Timeline
Our Organisation Transport and Connectivity Our Environment	Asset risks are managed in a prioritised and strategic manner	Develop a list of essential/non-essential services, undertake initial assessment of asset criticality and use this information during financial planning and budgeting to ensure adequate funding is provided to areas that represent great risk.	2025/2026
Our Organisation Quality of Life Growth Transport and Connectivity Our Environment	Ensure investments in new/upgraded assets are strategic and will yield genuine and significant benefits to the community	Refine the project selection process to focus more on the outcomes that will be created, "the why" rather than "the what". Include in all new/upgrade projects an assessment of where the additional operational costs will come from (ie areas for service reduction).	2024/2025
Our Organisation Quality of Life Growth Transport and Connectivity Our Environment	Our community understands our operating environment	Develop and implement a community engagement plan regarding the increasing costs and levels of service.	2024/2025

Note: Development of Asset Management Objectives is a requirement of ISO 55001. The Asset Management Objectives shown in Tables 2.4.3 are those to be achieved to deliver the agreed level of service performance while managing risk and cost. The Asset Management Objectives are identified and developed in our Term Plan.

All actions and tasks to achieve the asset management objectives are included within operational and capital works plans discussed in Sections 5.3 – 5.6.

2.5 Asset Management Vision

To ensure the long-term financial sustainability of the organisation, 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, we aspire 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 future, in the most cost-effective and fit for purpose manner.

In line with Central Coast Council's Asset Management Policy 2021, the objectives of the strategic asset management plan are to:

- Ensure that the Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
- Safeguard the Council's assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Create an environment where all Council employees take an integral part in overall management of the Council's assets by creating and sustaining asset management awareness throughout the organisation by training and development.
- Ensure compliance with legislative requirements for asset management.
- Ensure resources and operational capabilities are identified, and responsibility for asset management is allocated.
- Demonstrate transparent and responsible asset management processes that align with demonstrated best practice.
- Continuous improvement and to seek innovative ways of meeting service delivery requirements.
- Ensure risk management is considered.

Strategies to achieve this position are outlined in Section 2.6.

2.6. How will we get there?

The strategic asset management plan proposes strategies to enable the organisational objectives and asset management policies to be achieved.

Table 2.6: Asset Management Strategies

No	Strategy	Desired Outcome
1	More frequent referral to long term financial management strategy rather than just annual budget.	Long term financial planning drives budget deliberations and the long term implications of all services are considered in all financial decision making.
2	Report our financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against organisational objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
3	Develop and maintain a Long-term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide our services.
4	Review and update asset management plans, strategic asset management plan and Long-term Financial Plan 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.
5	Develop and maintain a risk register of operational and service delivery risks showing current risk levels, risk management treatments and report regularly to Council on current high level risks.	Risk management of operational and service delivery risks is an integral part of governance.
6	Ensure Council decisions are made from accurate and current information in asset registers, on service level performance and 'whole of life' costs.	Improved decision making and greater value for money. Areas where service reductions are to be obtained to fund new initiatives identified by Council.
7	Report on our 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.
8	Implementation of Council's Asset Management Policy	Responsibility for asset management at all levels including Councillor's.
9	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 the organisation.
10	Report six monthly to Council by Audit Committee on development and implementation of strategic asset management plan, Asset Management Plans and Long-term Financial Plan.	Oversight of resource allocation and performance.

2.7 Asset Management Improvement Plan

The tasks required achieving a 'core' financial and asset management maturity are shown in priority order in the asset management improvement plan in Section 8.2

2.8. Consequences if actions are not completed

There are consequences for the Council if the improvement actions are not completed. These include:

- Premature asset failure of critical assets and services costing the community more money than necessary.
- Not achieving strategic and organisational objectives.
- Not achieving financial sustainability for the organisation's operations and potentially losing control of our own destiny.
- Increased risks to infrastructure service delivery and meeting community needs if not appropriately managed.
- We may not be able to accommodate and/or manage changes in demand for infrastructure services.
- Not appropriately responding to climate change impacts, increasing costs to the community.
- Decline in community satisfaction.

3. LEVELS OF SERVICE

3.1 Consumer Research and Expectations

The expectations and requirements of internal stakeholders will be considered in the preparation of asset management plans summarised in this strategic asset management plan. Council currently uses reporting on customer requests to help inform stakeholder expectation and requirements. Future widespread community survey's may be undertaken again to assist in understanding community sentiment on key services and priorities.

3.2 Organisational Focus Areas

Sections 2.4.2 and 2.4.3 of this strategic asset management plan reported the organisational focus areas from the Term Plan and asset management objectives.

The organisational and asset management objectives provide focus for the community and technical level of service tables in Section 3.4.

3.3 Legislative Requirements

We have to meet many legislative requirements including Australian and State legislation and State regulations. These are detailed in the respective asset management plans.

3.4 Levels of Service

Service levels are defined in three ways, customer values, customer levels of service and technical levels of service.

Customer Values indicate:

- what aspects of the service is important to the customer,
- whether they see value in what is currently provided and
- the likely trend over time based on the current budget provision

Customer Levels of Service measure how the customer receives the service and whether the organisation is providing value.

Customer levels of service measures used in the asset management plan are:

Quality/condition How good is the service?

Our current and projected community levels of service for the services will be shown in the asset management plans.

The community level of service measures provide information on our performance on service delivery. They can indicate areas of possible over and under servicing and potential for reallocation of resources to maximise community value.

Technical Levels of Service - Supporting the community service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities that the organisation undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance.

Technical service measures are linked to annual budgets covering:

- Operation – the regular activities to provide services such as availability, cleansing, mowing, etc.
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition (e.g. road patching, unsealed road grading, building and structure repairs),
- Renewal – the activities that return the service capability of an asset similar to that which it had originally (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement) or to a lower service level,

- Acquisition – the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

Service managers plan, implement and control technical service levels to influence the customer service levels.[8]

Together the community and technical levels of service provide detail on service performance, cost and whether service levels are likely to stay the same, get better or worse.

Our current and projected community levels of service for the services will be shown in the asset management plans.

Tables summarising the current and desired technical levels of service for services are shown in Appendix A.

Note: The Tables in Appendix A summarise the agreed sustainable position where trade-offs between service performance, risk and cost have been agreed by the Council following consultation with the community.

[8] IPWEA, 2011, IIMM, p 2.22

4. FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include population change, changes in demographics, seasonal factors, climate change, vehicle ownership rates, consumer preferences and expectations, government decisions, technological changes, economic factors, agricultural practices, environmental awareness, etc.

4.2 Demand Forecast

The present position and projections for demand drivers that may impact future service delivery and utilisation of assets were identified and are documented in Table 4.3.

4.3 Demand Impact on Assets

The impact of demand drivers that may affect future service delivery and utilisation of assets are shown in Table 4.3.

Table 4.3: Demand Drivers, Projections and Impact on Services

Demand Drivers	Present Position	Projection	Impact on Services
Population	23,360 – Census 2021	Municipal population growth of 6.4% since 2016.	Increased level of services and community capacity to pay for maintenance and renewal.
Demographics	Aging population	Population continues to age with an increased proportion of persons over 60 years of age.	Increased importance on mobility access features and services.
Sea Change	Popularity of rural living and associated hobby farms has increased in recent times	Increased demand for coastal recreation access.	Increased expectation of high 'urban' quality services resulting in higher costs.
Agricultural Practices	Yield increases through farming efficiencies. Utilisation of wider farm machinery & more general access vehicles used for transport of goods from farm	Increase in localised transport traffic, with requirements for wide roads, and for restricted access vehicles to service farms.	Increasing requirement for improvements in the Transport network.
Timber Industry	Large proportion of municipality devoted to commercial forestry	Localised increases in heavy vehicle movements at harvest time. Expected to remain the same.	Requirement for increased maintenance and/or earlier capital renewal/upgrade in the Transport network.
Industry	Scattered throughout community	Encourage more consolidation through better planning.	Allocate and maintain appropriate freight routes including possible road upgrade requirements.
Climate Change	Changing weather patterns and increased coastal erosion over recent years	Trending toward increased seasonal extremes.	Increasing levels of maintenance work to maintain current standards of service.
Tourism	Coach visits, local events	Increase in events and tourism generally.	Increased requirement for provision of Tourist friendly services and facilities
Land Use	Council's planning scheme maintains control of areas of future development	Facilitation of new domestic subdivisions	Increased access to new subdivisions may create pressure to increase existing service levels
Public health	Increasing	More diversity in types of activity, greater focus on healthy lifestyle pursuits available all seasons	Broader functionality of current facilities walking tracks, exercise points, indoor facilities
Decline in committees and volunteer involvement	Many building facilities run by volunteer committee	Greater demand for Council involvement	Rationalisation of assets

Demand Drivers	Present Position	Projection	Impact on Services
Safety Standards	Becoming more stringent	Ongoing revision of current safety standards requiring compliance	Some existing assets not in line with updated standards
Increasing demand	Some open spaces and reserves are passively managed by Council and there is an increase in expectation and desire for volunteer involvement	Greater demand for Council leadership on natural resource management	Traditional maintenance activities may need to be revised

4.4 Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures[9]. Examples of non-asset solutions include providing joint services from existing infrastructure such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified for demand management are shown in Table 4.4.

Table 4.4: Demand Management Plan Summary

Service Impact	Demand Management Plan
Population Capacity of the community to pay for maintenance and renewal.	• Continue to investigate alternate renewal treatments and multi-use arrangements to maximise service benefits from existing infrastructure. • Optimise maintenance, renewal, and upgrade practices.
Demographics Increased importance on mobility access features and services.	• Continue to review and develop service levels and asset management plans to ensure accessibility to all community members in line with changing needs.
Sea Change Increased expectation of high 'urban' quality services resulting in higher costs.	• Continue to monitor environmental changes and evaluate community needs. • Clearly communicate service levels to the community. • Lobby for increased developer contributions. • Revise planning controls to increase population density.
Agricultural Practices Increasing requirement for improvements in the Transport network.	• Prioritisation of the network to ease travel to main roads across the municipality. • Ensure service levels facilitate the 'directing' of traffic to favoured routes. • Where appropriate, institute load limits & traffic control devices to avoid the necessity to upgrade construction.
Timber Industry Requirement for increased maintenance and/or earlier capital renewal/upgrade in the Transport network.	• Investigate partnership and user pays agreements with forestry industry for use of Council transport network
Industry Allocate and maintain appropriate freight routes including possible road upgrade requirements.	• Encourage industry to be near State controlled roads. Ensure service levels facilitate the 'directing' of traffic to favoured routes. • Where appropriate, institute load limits & traffic control devices to avoid the necessity to upgrade construction. • Review and implement the "B-double" network.

[9] IPWEA, 2015, IIMM, Sec 2.3.6, p 2|53.

Service Impact	Demand Management Plan
Climate Change Increasing levels of maintenance work to maintain current standards of service.	• Schedule long-term capital works program. • Investigate cooperating with adjacent councils to achieve economies of scale and cost savings. • Investigate new and innovative methods of construction, operation, maintenance and renewal. • Consider retreat/defend strategies for vulnerable assets. Consider methods & costs of erosion mitigation
Tourism Increased requirement for provision of Tourist friendly services and facilities.	• Continue to monitor and evaluate community needs. • Schedule long-term capital works program.
Land Use Increased access to new subdivisions may create pressure to increase existing service levels	• Prioritisation of network to allow travel to main roads across the municipality.
Planning Scheme Changes Push to duplicate or modernise urban facilities, increase levels of service, cater for larger seasonal events.	• Continue to review and develop service levels and asset management plans to ensure community needs are met. • Clearly communicate service levels to the community
Public Health Awareness Broader functionality of current facilities walking tracks, exercise points, indoor facilities	• Investigate alternate uses of existing facilities in line with changing community needs.
Decline in Volunteer Involvement Rationalisation of assets	• Assessment of ongoing requirements, including possible disposal of under-utilised infrastructure
Safety Standards Some existing assets not in line with updated standards	• Continual monitoring of relevant standards. Instigate upgrades with new works where possible. • Replace/upgrade existing infrastructure to meet current standards.
Natural Resource Management Traditional maintenance activities may need to be revised	• Review natural resource management models and methods for partnering with community groups. • Value adding to regional wide project initiatives.

4.5 Asset Programs to meet Demand

New assets constructed/acquired by the organisation are discussed in Section 4.5.

Acquiring these new assets will commit the organisation to fund ongoing operation, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operation, maintenance and renewal costs in Section 5.

5. LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how the organisation plans to manage and operate the assets at the agreed levels of service (summarised in Section 3) while optimising life cycle costs and managing risks.

5.1 Background Data

5.1.1 Physical parameters

The assets covered by this strategic asset management plan are shown in Tables 2.2 and 2.3.1.

5.1.2 Asset capacity and performance

The organisation's services are generally provided to meet design standards where these are available.

Asset capacity and performance is monitored for three community service measures at the end of the reporting period for condition (quality), function and capacity/utilisation in a *State of the Assets* report. The state of the assets is shown in Figure 3.

5.2 Routine Operation and Maintenance Plan

Operation includes regular activities to provide services such as public health, safety and amenity, e.g. cleansing, routine asset inspections, grass mowing and street lighting.

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

5.2.1 Operation and Maintenance Plan

Operation activities affect service levels including quality and function, such as cleanliness, appearance, etc., through routine asset inspections, grass mowing frequency, intensity and spacing of street lights and cleaning frequency and opening hours of building and other facilities.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating, e.g. road patching but excluding rehabilitation or renewal.

Maintenance expenditure levels need to increase to meet the service delivery expectations of the community and maintain Council's increasing and aging asset base. Without increased funding for maintenance and operations service levels will reduce over time. Council will take a risk-based approach to prioritise its limited resources to assets that are used by a greater number of the community and produce higher levels of community benefit. The service consequences and service risks will be identified and service consequences highlighted in the respective Asset Management Plan and service risks considered in Council's Risk Management Plan.

5.2.2 Operation and Maintenance Strategies

We will operate and maintain assets to provide the defined level of service to approved budgets in the most cost-efficient manner. The operation and maintenance activities include:

- Develop a list of essential and non-essential services and use this to support managers to prioritise budgets towards essential services.
- Scheduling our resources with increasing efficiency to deliver the current levels of service
- Identifying areas where >80% of maintenance and operational activities are reactive and focusing on implementing a more strategic and planned approach
- Maintain a current infrastructure risk register for assets that present Very High risks associated with providing services from infrastructure assets and reporting risk management options to Council
- Review workforce skills base and implement training and development to meet required operation and maintenance needs
- Review asset utilisation and customer demand management options

- Maintain a current hierarchy of critical assets and required operation and maintenance activities.
- Develop and regularly review appropriate emergency response capability

5.2.3 Summary of future operation and maintenance expenditures

Future operation and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 7. The forecast expenditures (shown in Appendix B) have not been accommodated in the organisation's Long-term Financial Plan. Note that all costs are shown in current dollar values (i.e. real values) and assumes an annual CPI projection of 3% annually.

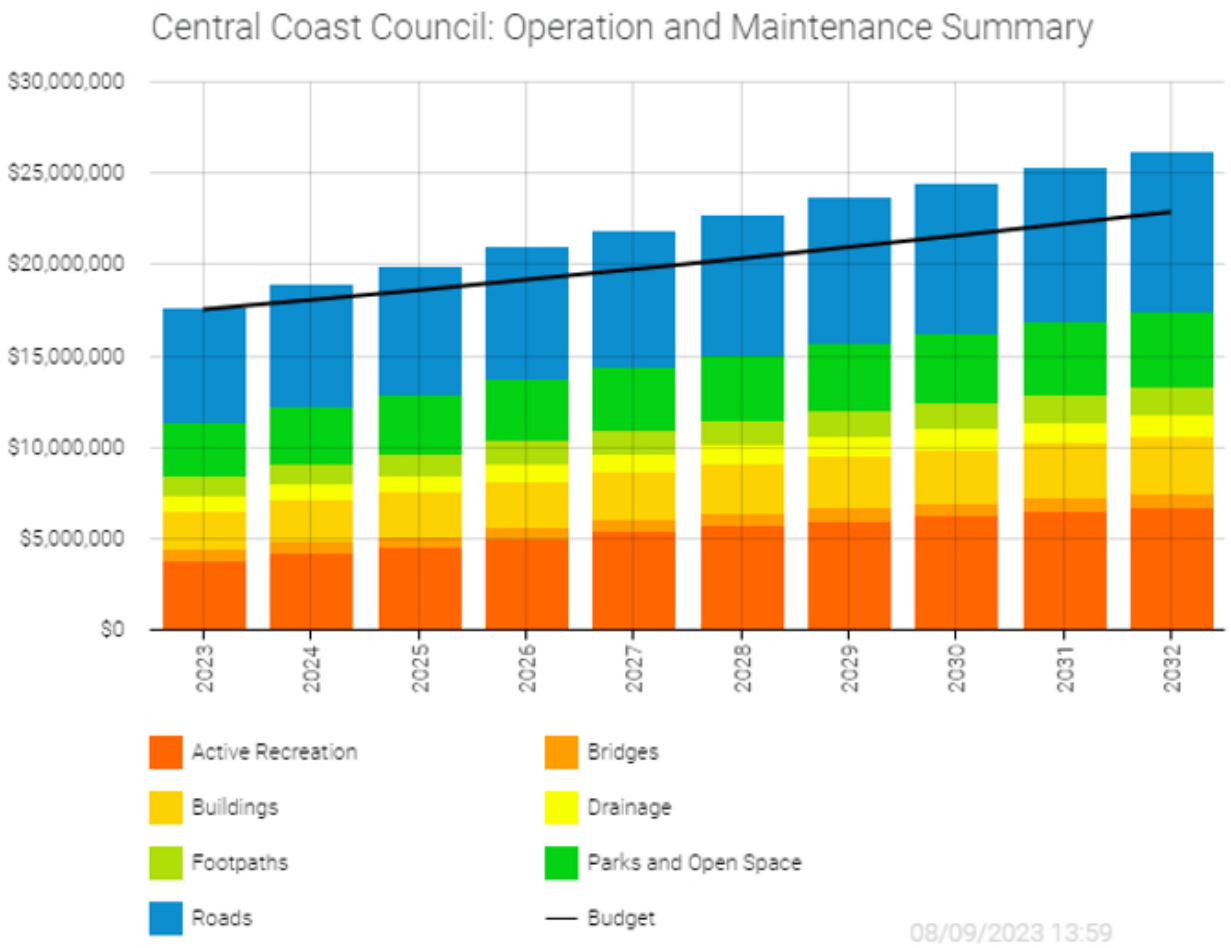


Figure 7: Projected Operation and Maintenance Expenditure and LTFP Outlays

The consequences of deferred maintenance, i.e. works that are identified for maintenance and unable to be funded are to be included in the risk assessment and analysis in the Risk Management Plan.

5.3 Renewal/Replacement Plan

Renewal and replacement expenditure is major work which does not increase the asset's service potential but restores, rehabilitates, replaces or renews an existing asset to its original or lesser required service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

5.3.1 Renewal and Replacement Strategies

We will plan to increase capital renewal funding to levels which will sustain essential services, minimise infrastructure service risks and provide safe infrastructure networks by:

- Renew before new; reviewing the LTFP and provide additional funding by reducing the extent of upgrade/new projects or increasing rates to fund renewal projects to maintain service levels for essential assets and services.
- Limiting new/upgrade projects to projects that have demonstrated strategic need and benefit and outline where service reductions are to occur to fund new costs.
- Not renewing assets that no longer provide community benefit and diverting funds to asset renewals that are essential/provide greater community benefit.
- Using *more efficient* renewal methods (cost of renewal is less than replacement) using a risk based approach wherever possible.
- Maintain a current infrastructure risk register for assets that present a Very High risks associated with providing services from infrastructure assets and reporting risk management options to Council.
- Review workforce skills base and implement training and development to meet required construction and renewal needs.
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required.

Renewal ranking criteria

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. replace a bridge that has a 5t load limit), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. roughness of a road).

Capital renewal and replacement priorities are indicated by identifying assets or asset groups that:

- Have a high consequence of failure linked to a 'Poor' condition rating.
- Have a high utilisation and loss of service would have a significant impact on a large portion of the community.
- Have the highest average age relative to their expected lives and are critical to the ongoing delivery of essential services.
- Have high operational or maintenance costs, and
- Where replacement with modern equivalent assets would yield material savings.

5.3.2 Summary of future renewal and replacement expenditure

Projected future renewal and replacement expenditures are forecast to increase over time as the asset stock ages. The forecast expenditures have not been accommodated in the organisation's long-term financial plan as shown in Fig 8. Note that all amounts are shown in real values.

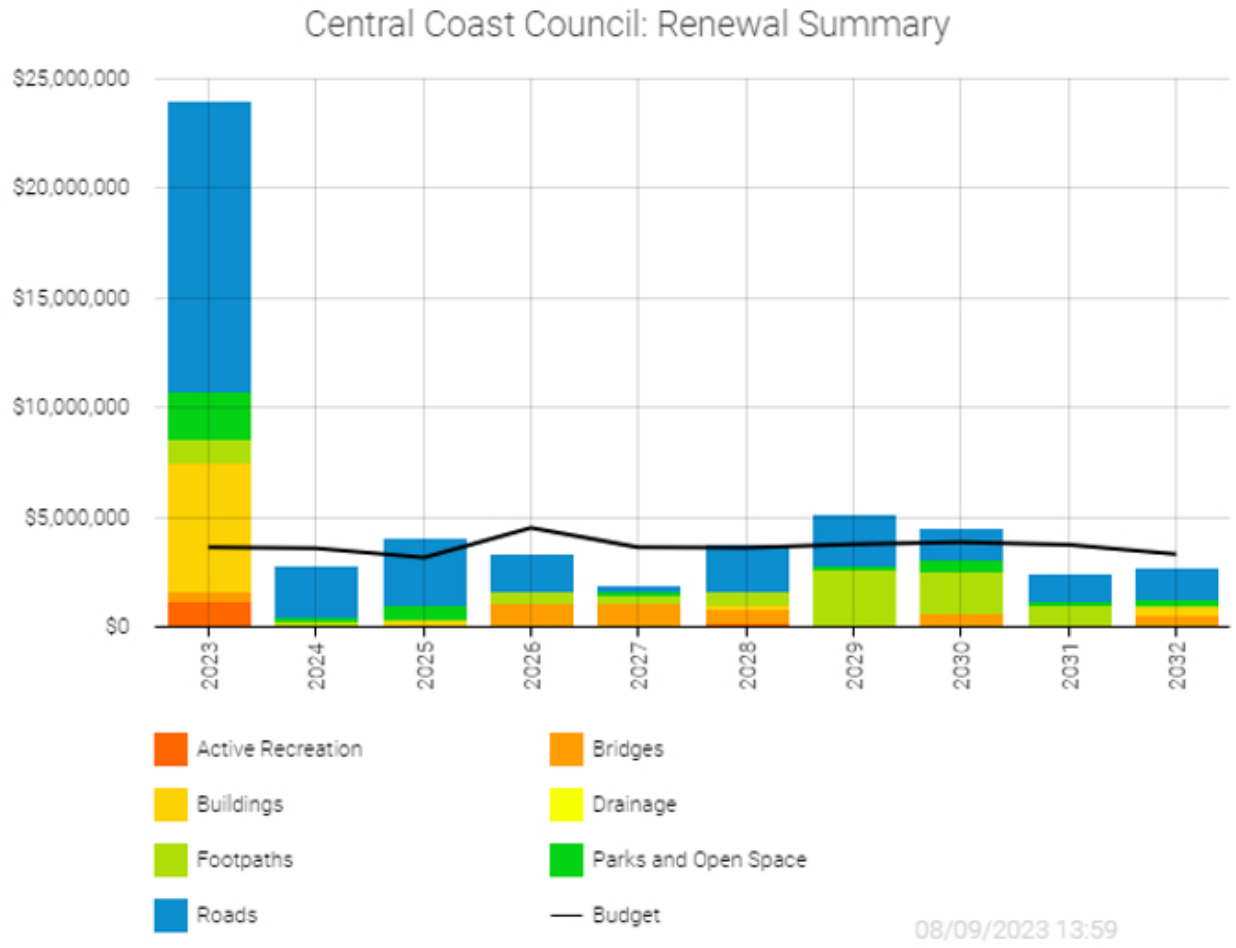


Fig 8: Projected Capital Renewal and Replacement Expenditure and LTFP Outlays

Where renewal projections are based on estimates of asset useful lives, the useful lives are documented in the relevant asset management plan(s). Projected capital renewal and replacement programs are shown in Appendix C.

As demonstrated in Figure 8 Council's renewal budgets are well below the required levels to maintain current levels of service. The Council asset register data is displaying a potential $17m shortfall over 10 years in projected capital renewal expenditure. Field asset validation/condition assessments are yet to occur to verify the renewal profile.

5.4 Creation/Acquisition/Upgrade Plan

New works are those works that create a new asset that did not previously exist, or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to the organisation from land development. These assets from growth are discussed in Section 4.5.

5.4.1 Selection criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as councillor or community requests, proposals identified by strategic plans or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop a preliminary renewal estimate. Proposals are assessed and ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in the respective asset management plans. Council needs to place greater emphasis on understanding how new/upgrade initiatives will be funded in the long term. While external grants often fund the initial construction the ongoing operating, maintenance and renewal costs are funded by the ratepayer. Identification of what services will be reduced to fund proposed increases in services will assist in managing risk and the financial implications of expanding Council's assets and services.

5.4.2 Capital Investment Strategies

We will plan capital upgrade and new projects to meet level of service objectives by:

- Assessing each project to determine a prioritisation score.
- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner.
- Undertake project scoping for all upgrade and new projects to identify:
    - The needs and benefits and why the service can't be provided through existing assets or through non-asset options
    - the project objectives and success measures
    - the range of options, estimated capital and life cycle costs for each option that could address the service deficiency
    - the services that will be reduced to fund the increased service costs associated with the new/upgraded asset
    - management of risks associated with alternative options
    - and evaluate the options against relevant evaluation criteria, and
    - select the best option to be included in new/upgrade programs
- Review current and required skills base and implement training and development to meet required construction and project management needs.
- Review management of capital project management activities to ensure we are obtaining best value for resources used.

5.4.3 Summary of future upgrade/new assets expenditure

Projected upgrade/new asset expenditures and estimated long-term financial plan outlays are summarised in Fig 9. The forecast expenditure have not been accommodated in the organisation's Long-term Financial Plan. The projected upgrade/new capital works program is shown in Appendix D. All amounts are shown in real values.

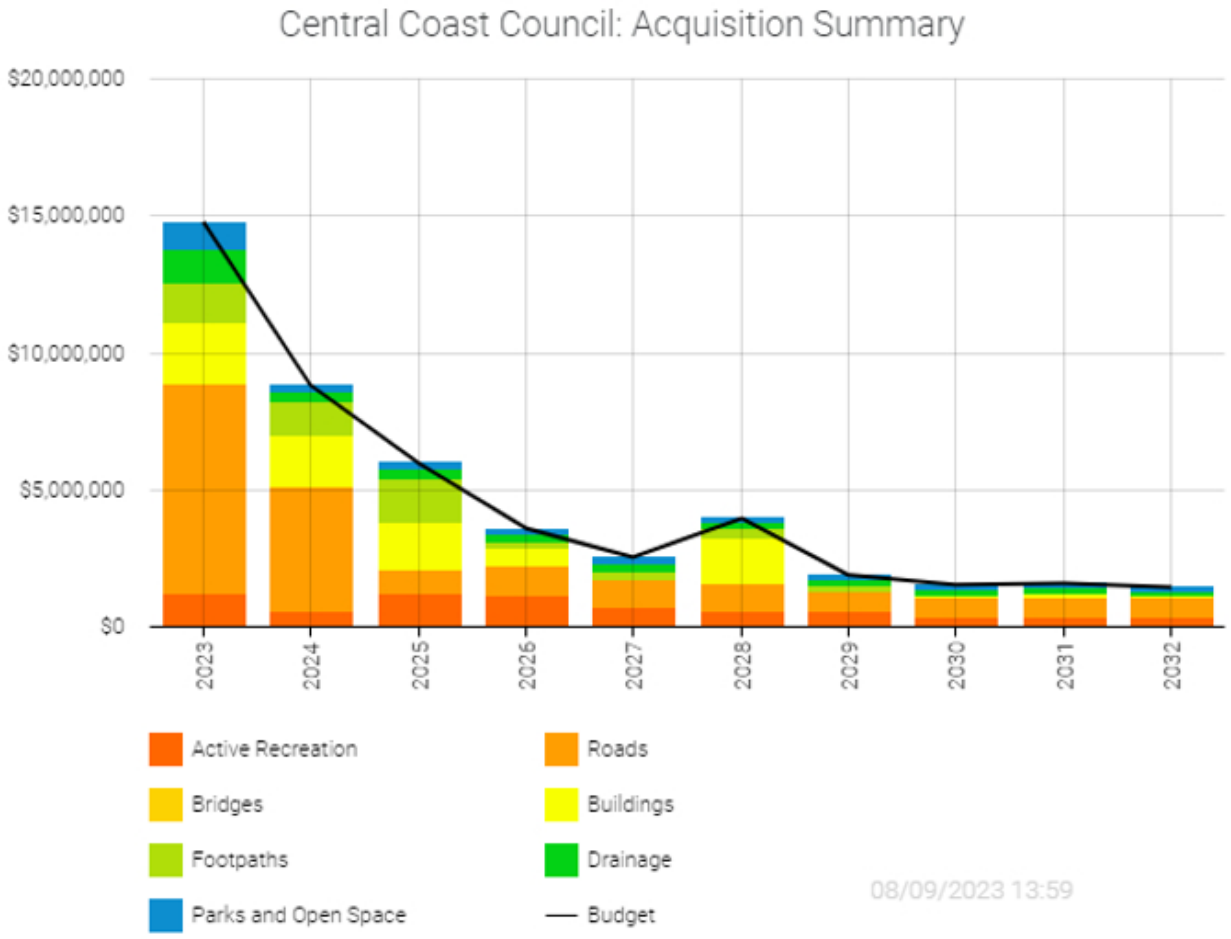


Fig 9: Renewal Asset Expenditure and Budget

The projected upgrade and new assets program includes borrowings to fund the Bertha Street Outfall project in 2022/2023. Council's LTFP places a significant focus on asset expansion to provide new services to the community. These new initiatives are contributing to the limited funding available for renewals and the operation and maintenance of existing assets. Increased and ongoing strategic leadership will be required to effectively manage the service level reductions that result from the significant expenditure required to fund the new assets and services.

5.5 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in the respective asset management plans summarised in this strategic asset management plan.

Currently Council has no documented strategy to dispose of any assets. A strategy will need to be developed to allow for adequate funding to be allocated to the new assets and services Council is proposing to provide over the next 10 years. There is significant opportunity to divest or dispose of assets that are no longer valued by the community in the way they once were and also with the provision of new assets.

5.6 Service Consequences and Risks

The organisation has prioritised decisions made in adopting the asset management plans summarised in this strategic asset management plan to obtain the optimum benefits from its available resources.

The asset management plans are based on balancing service performance, cost and risk to provide an agreed level of service from available resources in our long-term financial plan.

5.6.1 Unfunded initiatives and projects

There are some operation and maintenance initiatives and capital projects that have been unfunded for the next 10 years. These are shown in Appendix E. The major initiatives and projects include:

- Sealed Road resealing at recommended frequencies.
- Gravel Road resheeting at recommended frequencies.
- Major capital new/upgrade projects as detailed in Appendix E.
- Maintenance and operations of lower use facilities due to funding required to operate new and upgraded services/assets.

5.6.2 Service consequences

Operation and maintenance initiatives and capital projects that have been deferred will maintain or create service consequences for users. The major service consequences include:

- Increased travel times and vehicle damage due to failed pavements
- Increased customer dissatisfaction with road network
- Deferral of major new projects will enable Council to better manage its current services however new services won't be available as desired by some parts of the community.
- Reduced service levels will become more visible as funding is shifted to fund new initiatives.

5.6.3 Risk consequences

The operation and maintenance initiatives and capital projects that cannot be undertaken may maintain or create risk consequences for the organisation. The major service risks include:

- Increased risk or sealed road pavement failure resulting in rougher roads and higher costs to restore service to the community.
- Asset failure increasing risk to the community in asset utilisation.
- Reduced accessibility and increased roughness of unsealed road network.
- Community expectations need to be managed.
- As service levels reduce risk management of genuine safety issues that may emerge will be required.

These risks have been included with the infrastructure risk management plan summarised in the relevant asset management plan and risk management plans actions and expenditures included within projected expenditures.

6. RISK MANAGEMENT PLANNING

The purpose of infrastructure risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2009 Risk management – Principles and guidelines.
Risk Management is defined in ISO 31000:2009 as: 'coordinated activities to direct and control with regard to risk'[10].
An assessment of risks[11] associated with service delivery will identify critical risks that will result in loss or reduction in service from infrastructure assets or a 'financial shock'. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluate the risks and develop a risk treatment plan for those risks that are deemed to be non-acceptable.

6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Similarly, critical failure modes are those which have the highest consequences.
Examples if failure mode could include:

- Physical failure, collapse
- Essential service interruption

Critical assets have been identified and their typical failure mode and the impact on service delivery are summarised in Table 6.1:

Table 6.1 Critical Assets

Critical Asset(s)	Failure Mode	Impact
Council Office & Depot	Building Collapse, Fire, Pandemic	Loss of frontline services
Coastal Outfalls	Outlet Blockage due to sand movement or inundation.	Risk of flooding to property upstream of blockage during rain events
Council Owned Bridges	Flooding	Community cut off with no other access
Council Childcare Building	Building Collapse, Fire, loss of power	Loss/reduction in childcare services

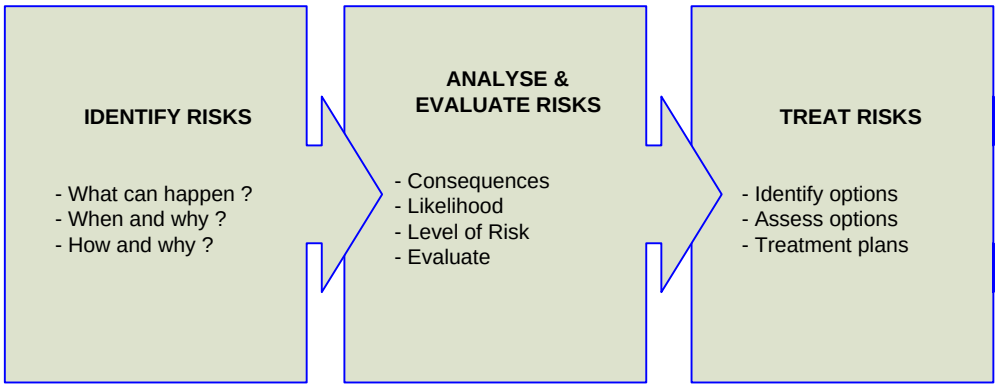
By identifying critical assets and failure modes an organization can ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

6.2 Risk Assessment

The risk management process used in this project is shown in Figure 6.2 below.
It is an analysis and problem solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.
The process is based on the fundamentals of the ISO risk assessment standard ISO 31000:2009.

[10] ISO 31000:2009, p 2
[11] Central Coast Risk Management Framework

Figure 6.2 Risk Management Process – Abridged



The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

An assessment of risks[12] associated with service delivery from infrastructure assets will identify the critical risks that will result in significant loss, 'financial shock' or a reduction in service.

Critical risks are those assessed with 'Very High' (requiring immediate corrective action) and 'High' (requiring corrective action) risk ratings identified in the Infrastructure Risk Management Plan. The residual risk and treatment costs of implementing the selected treatment plan is shown in Table 6.2. It is essential that these critical risks and costs are reported to management and Council.

Table 6.2: Critical Risks and Treatment Plans

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *
Central Coast Office Air conditioner	Units have commenced failure due to aging life. Not meeting heating/cooling building standards.	H	Schedule Long-term Financial Plan replacement program.	M
Central Coast Office Power failure	Loss of power and service to our community.	H	Generator installed and tested monthly.	L
Coastal outfalls	Urban flooding.	H	Design and construct outfalls to meet service levels.	M
Playgrounds	Equipment failure. Injury to children.	M	Inspection schedule as per AS 4686 Scheduled Long-term Financial Plan renewal program.	L

[12] Central Coast Risk Management Framework
[i] IPWEA, 20015, IIMM, Sec 3, p9.

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *
Systems inadequate for effective management of infrastructure assets	Systems inadequate for effective management of infrastructure assets	M	Asset Management Plans. Staff knowledge and experience. Asset Management Strategy and Policy. Building and Facilities Process Review	L
All	Financial constraints Reduced ability to provide services. Failure of infrastructure assets due to lack of maintenance. Assets that don't meet community expectations.	M	Asset Management Strategy and Policy Strategic Financial Plan Whole of life costings as a pre-requisite before investment in new assets . Continuous Improvement Program . Investigate other income sources to supplement asset renewal	L
All	Ageing assets contributing to increased maintenance and replacement cost. Assets that don't meet community expectations. Increased risk and liability	M	Asset Management Plans. Monitoring of existing asset investment and performance of all infrastructure assets. Recreation Grounds Review. Review Councils assets to identify assets that are surplus to Councils anticipated future needs for disposal.	M

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *
All	Failure to adapt to changing climate conditions leading to damage assets, financial loss and adverse impacts on flora/fauna and natural ecosystems.	H	Implement controls within the Tasmanian Planning Scheme. Climate Change Action Plan 2019. Natural Resource Management Plan 2023 Monitoring of Planet Footprint program. Controls applied through Emergency Risk Register	M

Note * The residual risk is the risk remaining after the selected risk treatment plan is implemented.

6.3 Infrastructure Resilience Approach

The resilience of our critical infrastructure is vital to the ongoing provision of services to customers. To adapt to changing conditions we need to understand our capacity to "withstand and given level of stress or demand" and to respond to possible disruptions to ensure continuity of service.

Resilience is built on aspects such as robustness, response and recover planning, financial capacity and crisis leadership.

We do not currently formally measure our resilience in service delivery. This will be included in future iterations of the SAMP.

6.4 Service and Risk Trade-Offs

The decisions made in adopting this strategic asset management plan are based on the objective to achieve the optimum benefits from the available resources.

6.4.1 What we cannot do

There are some operation and maintenance activities and capital projects that are unable to be undertaken within the next 10 years. Council will balance requests for increased service levels and new assets with the community's capacity to pay. Council may not maintain service standards in unforeseen extraordinary circumstances.

6.4.2 Service trade-off

If there is forecast work (Operation, maintenance, capital renewal, upgrade / new) that cannot be undertaken due to available resources, then this will result in service consequences for users. These include:

- Lower standard of service in some areas.
- Some roads will continue to exhibit functional deficiencies.
- Disruption of service provision.
- Increased maintenance costs to keep assets in service that are overdue for renewal.

6.4.3 Risk trade-off

The operation and maintenance activities and capital projects that cannot be undertaken may maintain or create risk consequences. These include:

- Potentially dissatisfied customers.
- Periodic increased reactive maintenance requirement on affected assets.
- Lower travelling speeds and/or greater risk of road accidents through driver inattention on road sections with identified functional deficiencies.
- Risk of asset failure and/or loss of service.
- Increased risk to asset users.

These actions and expenditures are considered and included in the forecast costs, and where developed, the Risk Management Plan.

7. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this strategic asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

7.1 Financial Indicators and Projections

Asset Renewal Funding Ratio

The Asset Renewal Funding Ratio indicates whether projected capital renewal and replacement expenditure are able to be financed in the long-term financial plan. It is calculated by dividing the projected capital renewal expenditure shown in the AM Plans by the estimated capital renewal budget provided in the long-term financial plan. Over the next 10 years, we are forecasting that we will have 68.34% of the funds required for the optimal renewal and replacement of assets.

7.2 Funding Strategy

The funding strategy to provide the services covered by this strategic asset management plan and supporting asset management plans is contained within Council's 10 year Long-term Financial Plan.

The funding strategy was developed in conjunction with the AM Plans and long-term financial plan. We recognise that we are unable to meet all service demand, have reviewed all service needs and demands and agreed on a trade-off of projects and initiatives to balance service performance, risk and costs. Council will consider borrowing to fund long term assets. Servicing of the borrowings is accommodated within the Long-term Financial Plan.

7.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by the organisation and from assets constructed by land developers and others and donated to the organisation. Figure 10 shows the projected replacement cost asset values over the planning period in real values.

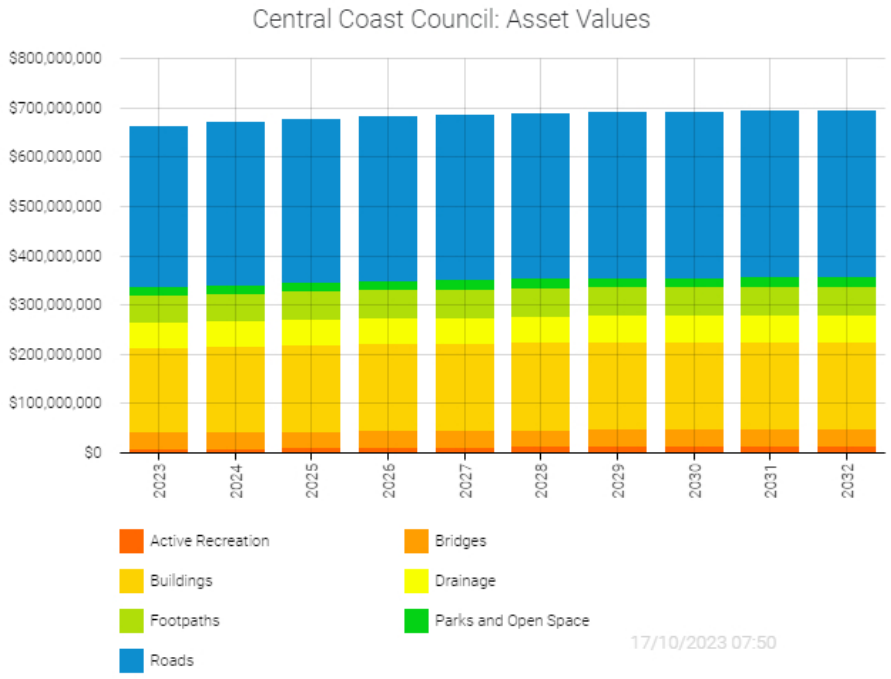


Figure 10: Projected Asset Values

The depreciated replacement cost will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets. Forecast of the assets' depreciated replacement cost is shown in Figure 11. The depreciated replacement cost of contributed and new assets is shown in the darker colour and in the lighter colour for existing assets.[13]

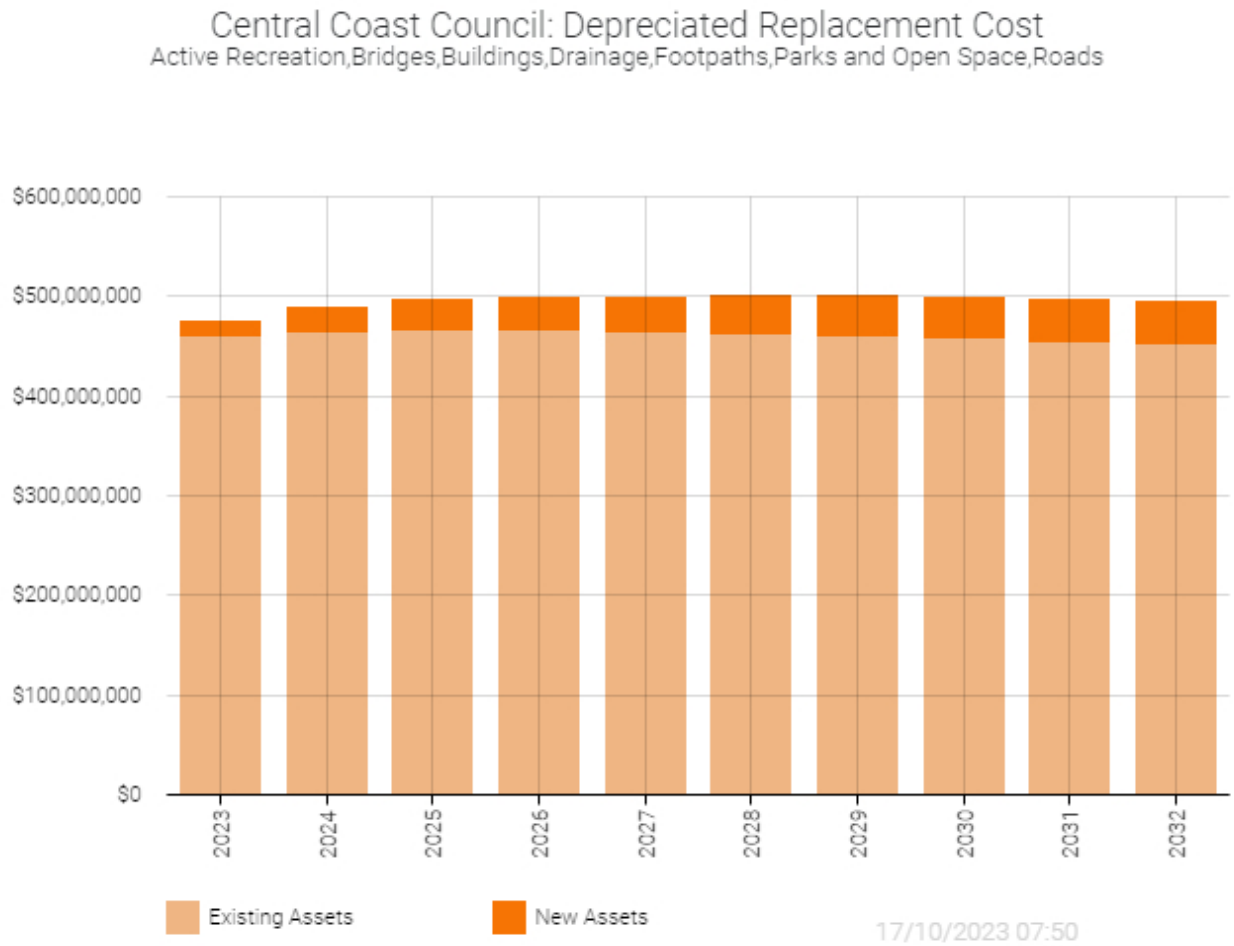


Figure 11: Projected Depreciated Replacement Cost

An increase in the projected depreciated replacement cost (carrying value) of infrastructure assets indicates that the organisation is maintaining/increasing its infrastructure capital in aggregate. The projection for new and contributed assets is shown by the darker colour. A decrease indicates that aggregate infrastructure capital is being eroded.

Figure 11 indicates that we are not maintaining our infrastructure capital over the 10 year period. This is generally due to the relatively low investment in renewals. In some classes such as buildings and open space investment in the renewal of assets that are now surplus to requirements due to the provision of new assets is not warranted and disposal should be pursued. However, for assets with relatively short lives such as unsealed road pavements and road surfacing the unfunding of renewals will result in significant service level reductions, increased risks an increasing customer dissatisfaction.

[13] Note; Fair Value for buildings valued at market value is shown as DRC

7.4 Key Assumptions made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this strategic asset management plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this asset management plan and risks that these may change are shown in Table 6.4.

Table 6.4: Key Assumptions made in Strategic Asset Management Plan and Risks of Change

Key Assumptions	Risks of Change to Assumptions
Current estimates of replacement cost and useful life of infrastructure assets are accurate.	May affect future depreciation and renewal costs.
Operating budget expenditure levels as at year 1 remain unchanged over life of plan (in real dollar terms)	Increases or decreases will impact revenue projections and other financial management strategy considerations accordingly.
There will be no external market fluctuations to cost inputs over the life of the plan.	May affect future operational and capital costs of service delivery.
Current service levels will remain constant for the life of the plan.	Raising or lowering service levels (e.g. maintenance intervention levels) are likely to increase or decrease operating and maintenance expenditure projections accordingly.
Legislative compliance requirements will remain constant over the life of the plan.	Changes in legislation and regulations may increase operating and maintenance expenditure projections.

7.5 Forecast Reliability and Confidence

The expenditure and valuations projections in this strategic asset management plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management.

The estimated confidence level for and reliability of data used in this strategic asset management plan is shown in Table 6.5.

Table 6.5: Data Confidence Assessment for AM Plans summarised in Strategic AM Plan

AM Plan	Confidence Assessment
Active Recreation	Low
Bridges	High
Buildings	Medium
Drainage	Low
Footpath	High
Parks and Open Space	Low
Roads	Medium

Over all data sources, the data confidence is assessed as medium confidence level for data used in the preparation of this strategic asset management plan. While the overall confidence level in Council's asset data varies it is of sufficient quality to determine that without a significant refocus on renewals in the LTFP service levels will reduce over time.

Actions to mitigate the adverse effects of data quality are included within Table 7.2 Improvement Plan.

8. PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices

Major changes to asset management practices identified in this plan are:

- Development of strategic service reduction plan to support the management of services resulting from the significant asset and service expansion program outlined in the Long-term Financial Plan.
- Greater focus on Asset Management as an enabler of efficient service provision rather than a compliance based approach.

8.2 Improvement Plan

The asset management improvement tasks identified from an asset management maturity assessment and preparation of this strategic asset management plan are shown in Table 7.2.

Table 7.2: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Review and evaluate the asset register and outstanding renewals	Infrastructure Services	GIS/Asset Management Officer/Asset Services Officer	30 June 2025
2	Review asset lives and confirm community is supportive of proposed level of service (current planned life >100 years)	Infrastructure Services	GIS/Asset Management Officer	30 June 2025
3	Create a central register of masterplans/strategies etc including detail of the capital and ongoing operational costs associated with each document. Workshop with Council the extent to which these masterplans and strategies should be included in the Long-term Financial Plan.	General Manager	Executive Services Officer	30 June 2024
4	As part of annual budget process ensure that any new assets include lifecycle operational/maintenance costs or propose service level changes in other areas/assets.	All	All	30 June 2024
5	Update the condition assessment and asset inspections processes to capture more detailed information on assets approaching end of life to inform renewal forecasting and Long-term Financial Plan.	Infrastructure Services	Asset Services Officer	30 June 2024
6	Form an Asset Management Team (AMT) to provide strategic oversight to the Asset Management Working Group (AMWG) and foster increased ownership and accountability of Asset Management at all levels of the organisation.	General Manager	General Manager, Director Community Services, Director Corporate Services, Director Infrastructure Services, Manager Asset Services, Manager Corporate Services	30 June 2024
7	Form a working group to increase the shared ownership, accountability and knowledge of AM across the organisation. This group should lead the improvement initiatives and report to the AMT.	Asset Management Team (AMT)	TBC.	30 June 2024
8	Develop and adopt the Asset Management Plans for the asset classes included in this Strategic Asset Management Plan.	Infrastructure Services	Asset Services Officer	30 June 2024

8.3 Monitoring and Review Procedures

The strategic asset management plan has a life of one year (Council budget cycle) and is due for complete revision and updating annually.

8.4 Performance Measures

The effectiveness of the strategic asset management plan can be measured in the following ways:

- The degree to which the required projected expenditures identified in this strategic asset management plan are incorporated into the organisation's long term financial plan.
- The degree to which 1-5 year works programs, budgets, business plans and organisational structures take into account the works program trends provided by the summarised asset management plans.
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the organisation's Strategic Plan and associated plans.
- The Asset Renewal Funding Ratio achieving the target of 90 - 100%.

9. REFERENCES

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Central Coast Council, 'Annual Plan and Budget'

Central Coast Council, 'Long-term Financial Plan 2023-2033'

Central Coast Council, 'Asset Management Maturity Assessment'

Central Coast Council, 'Strategic Risk Register 2023'

10. APPENDICES

Appendix A	Levels of Service Summaries for Services
Appendix B	Projected 10 year Operation and Maintenance Expenditures
Appendix C	Projected 10 year Capital Renewal and Replacement Works Program
Appendix D	Projected 10 year Renewal Works Program
Appendix E	Unfunded Capital Works Proposals

Appendix A Summary Technical Levels of Service

Current technical service levels for all asset classes are summarised in the Table A1 below

Table A1: Summary Technical Levels of Service

Lifecycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
Acquisition (new/upgrade)	Service Aim	Drawn from masterplans and significant developments	Currently all identified upgrade works from major developments and council-initiated masterplans are scheduled to be funded	All identified upgrade works from major developments and council-initiated masterplans are funded
		Unplanned acquisitions	Not funded	Would increase current lifecycle cost without furthering the service aim
Operations	Service Aim	Annual Budget	Current budget funds estimated operation costs	All operation costs are met
Maintenance	Service Aim	Annual Budget	Current budget funds stated maintenance intervention levels	Stated maintenance intervention levels are met
Renewal	Service Aim	Annual Budget	Asset Renewal Funding Ratio of 100%	Service Aim
Disposal	Service Aim	Annual Budget	Annual Budget	Service Aim

Appendix B Projected Operation and Maintenance Expenditure

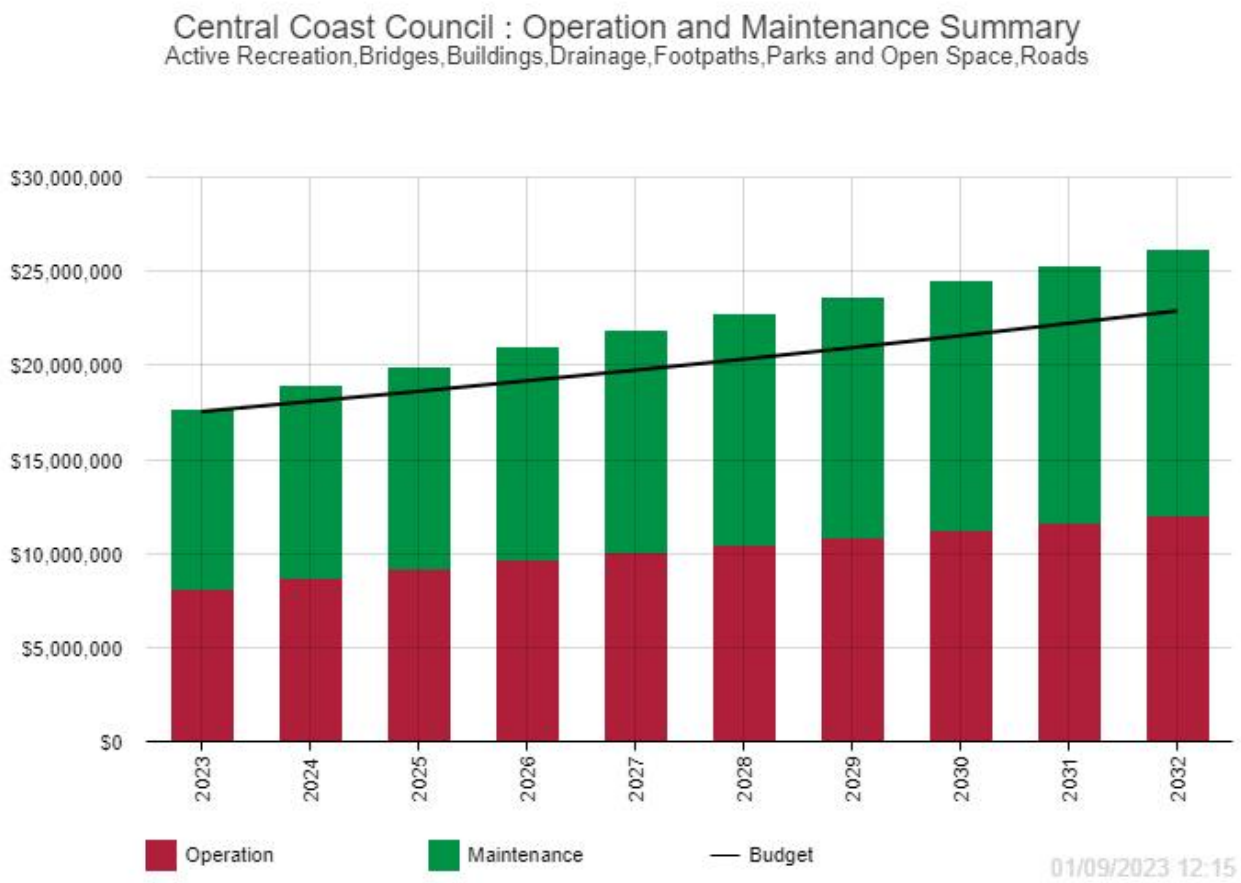
Projected operation and maintenance expenditures included in the Long-Term Financial Plan are shown below in Table B.1. Figures are based on existing services levels an allowance for the additional expenditure required to fund new assets.

Table B1: Planned Operational and Maintenance

Year	Projected Annual Operation Expense	Projected Annual Maintenance Expense
2023	$8,098,719	$9,442,381
2024	$8,715,272	$10,170,344
2025	$9,164,976	$10,676,543
2026	$9,640,589	$11,239,335
2027	$10,072,961	$11,773,130
2028	$10,453,941	$12,244,674
2029	$10,868,386	$12,715,456
2030	$11,240,010	$13,169,684
2031	$11,600,914	$13,605,844
2032	$11,972,958	$14,053,270
TOTAL	**$101,828,726**	**$119,090,661**

Figure B.1 shows the projected operation and maintenance costs against the projected budget. Projected costs factor in the costs associated with the additional expenditure required to operate and maintain the new and upgraded assets proposed in the LTFP. Projected costs currently do not allow for increases in service costs due to inflation and other factors, costs which will increase these costs further. Funding of operation and maintenance costs comes directly through charges paid for by the community which typically increase at a rate less than inflation and other costs that affect service delivery. This results in reduction of service levels over time as the cost of service provision is increasing at a rate greater than income, this is then compounded by the need to fund the operation and maintenance of new/upgraded assets. Further and ongoing review of the Long Term Financial Plan and Asset Management Plans is required to develop more sustainable operation and maintenance funding strategies.

Figure B1: 10 Year Operation and Maintenance Summary



Appendix C Projected Capital Renewal/Replacement Program

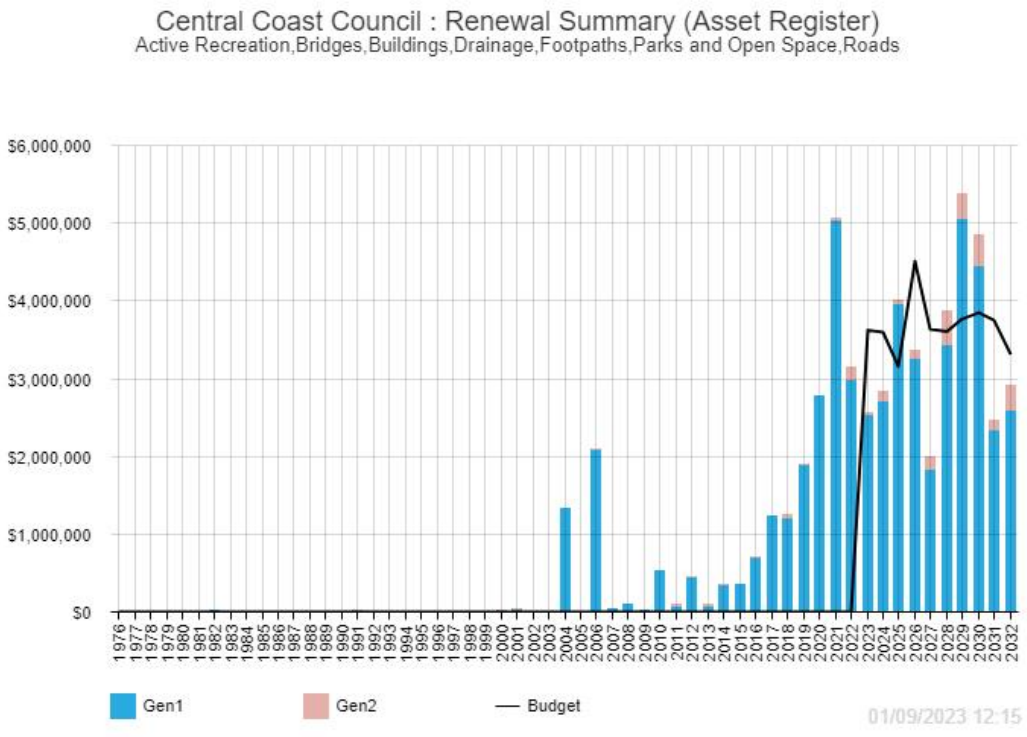
The capital renewal program outlined in Table C.1 and Figure C1 is based on asset data within Council's asset register. This data is considered to provide a reasonable representation of renewal requirements based on:

- The data was based on Council's financial asset register which undergoes annual auditing and is the best available digital data Council currently has.
- Council's annual renewal expenditure is less than 1% of asset values, this means that on average assets will be over 100 years before they are renewed.
- New assets that have been constructed since 2021 will not require renewal within the next 10 years.

Table C.1 Asset Renewal Summary

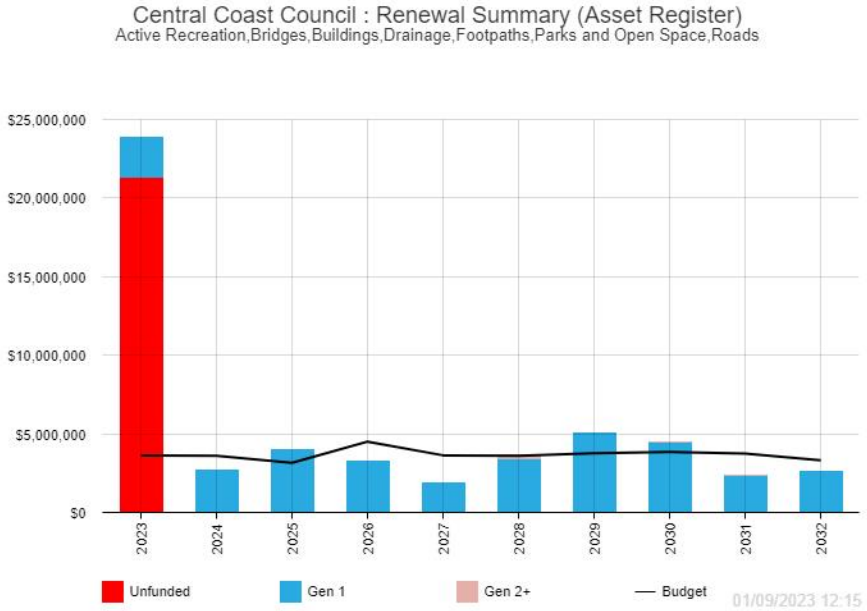
Year	Forecast Renewal	Planned Renewal Budget	Annual Renewal Budget Shortfall	Cumulative Renewal Budget Shortfall
2023	$23,872,132	$3,623,000	-$20,249,132	-$20,249,132
2024	$2,717,285	$3,595,500	$878,215	-$19,370,916
2025	$3,968,221	$3,158,000	-$810,221	-$20,181,136
2026	$3,259,838	$4,508,000	$1,248,162	-$18,932,976
2027	$1,845,989	$3,633,000	$1,787,011	-$17,145,964
2028	$3,720,033	$3,605,500	-$114,533	-$17,260,496
2029	$5,060,664	$3,765,500	-$1,295,164	-$18,555,660
2030	$4,457,226	$3,848,000	-$609,226	-$19,164,888
2031	$2,350,464	$3,750,000	$1,399,536	-$17,765,352
2032	$2,594,647	$3,310,000	$715,353	-$17,049,998
TOTAL	**$53,846,499**	**$36,796,500**	**-$1,705,000**	**-$17,049,998**

Figure C.1 Asset Renewal Summary



As can be seen in Figure C.2 there are a significant number of unfunded renewals within the next 10 years. Unfunding renewals has a direct impact on service levels and risk. Within the unfunded renewals there is over $11m of road resurfacing works. Not undertaking regular resurfacing roads exposes the pavement to moisture and results in premature failure of the pavement. The likelihood of potholes also increases when surfacing works are not undertaken on a regular basis. Unless Council develops a more appropriate funding plan its road network will deteriorate at an increasing rate over time.

Figure C.2 Renewal Summary



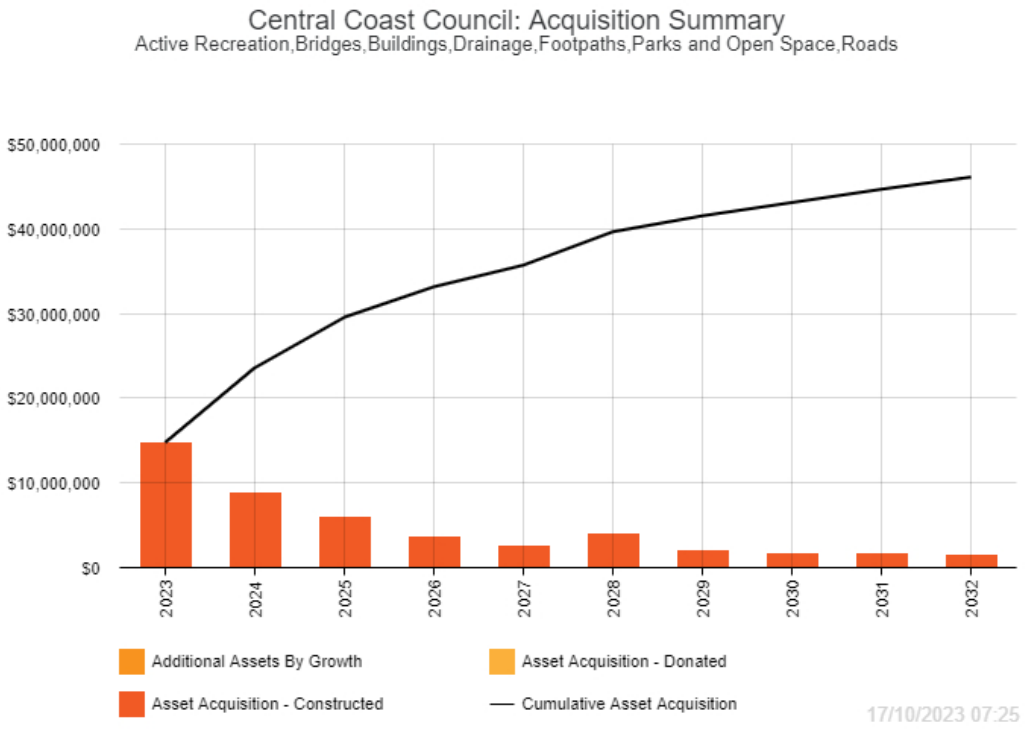
Appendix D Projected Acquisition Works Program

As shown in Table D.1 and Figure D.1 Council has defined a bold expansion plan to grow its assets base to provide increased services to the community. These services will require operational and maintenance funding which will need to come from additional revenue from rates and charges or service level reductions in other areas. Council will need to make strategic adjustments to asset and service provision to accommodate for this growth otherwise the risk of failure of critical assets and services may result in significant and unintended consequences.

Table D.1 Capital Acquisition Plan and Resultant Costs

Year	Capital Acquisition Forecast	Operation Cost of New Assets	Maintenance Cost of New Assets	Total O&M Cost of new assets	Cumulative Total O&M Cost of new assets
2023	$14,776,654	$373,591	$444,691	$818,282	$818,282
2024	$8,831,000	$199,454	$214,429	$413,883	$1,232,165
2025	$5,960,000	$217,855	$262,270	$480,125	$1,712,290
2026	$3,588,500	$166,881	$224,256	$391,137	$2,103,427
2027	$2,541,000	$107,526	$152,720	$260,246	$2,363,673
2028	$3,956,000	$132,785	$142,393	$275,178	$2,638,851
2029	$1,889,000	$81,514	$115,987	$197,501	$2,836,352
2030	$1,541,500	$62,093	$87,772	$149,865	$2,986,217
2031	$1,591,500	$64,267	$88,587	$152,854	$3,139,071
2032	$1,446,500	$64,267	$88,587	$152,854	$3,291,925
TOTAL	**$46,121,654**	**$1,470,234**	**$1,821,692**	**$3,291,925**	**$3,291,925**

Figure D.1 Cumulative Asset Acquisition Summary



Appendix E Unfunded Capital Works Proposals

As outlined in appendix D Council has committed to a significant amount of asset acquisition. Beyond this, a further $101.810 million of projects have been identified. Council has not prioritised these projects.

- Forth River erosion control $140,000
- Industrial Drive extension $1,250,000
- Main Road - East Penguin Street lighting underground $500,000
- Main Road, Penguin - CBD streetscape $500,000
- Main Road, Penguin - underground power $500,000
- Maskells Road/Industrial Drive/Bass Highway intersection $1,250,000
- Reibey Street, Ulverstone - CBD streetscape $2,000,000
- Castra Road (30km widen) $7,800,000
- Cuprona Road (River Avenue to Albert Road widen) $2,600,000
- Forth Road (Turners Beach to Forth Road widen 3km) $2,600,000
- Preston Road (18km widen) $4,680,000
- Loongana/Cradle Mountain Link Road $26,000,000
- Loyetea/Loongana Link Road $13,000,000
- Forth to Turners Beach Shared Pathway $1,700,000
- Gables Park $110,000
- Penguin Road, Lonah $30,000,000
- Penguin to Lonah $1,500,000
- Preservation Drive - 1 Lyle Street to Hogarth Road $100,000
- Commuter parking $60,000
- Multi-storey car park $3,000,000
- North Motton Recreation Ground $40,000
- Off street car parking, Penguin $300,000
- Parking Control Systems $500,000
- River Park $100,000
- Strategic Land Purchases $1,000,000
- Sulphur Creek $100,000
- CBD Upgrades/Rearrangements $500,000