Overall Asset Management Plan

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EXECUTIVE SUMMARY

The Moira Shire Council is custodian of an extensive range of community assets that contribute to facilitate delivery of its services to the community.

Typical Council infrastructure assets within local government are roads, bridges, drainage, footpaths, parks and recreation facilities, waste disposal facilities, plant and equipment.

Strategic directions may be implemented, whereby the service levels or a particular asset group may be increased or decreased, depending on the competing priorities of Council and the expectations of the community. The means by which Council achieves the delivery of such strategies is the process of 'asset management'.

Council has developed a Strategic Resource Plan (SRP) which sets out the financial framework to meet Council's strategic objectives over the next ten years. To achieve the outcomes a greater focus is being placed on asset management.

1   INTRODUCTION

1.1   Legislative Basis for the Plan

The Moira Shire Council Asset Management Plan (referred to hereafter as the 'Plan') has been prepared in accordance with the following Acts, Regulations & Codes of Practice:

·   Local Government Act, 1989
·   Local Government (Best Value Principles) Act 1999

1.2   Purpose of the Asset Management Plan (AMP)

The purpose of the Asset Management Plan (AMP) is to establish the processes for operations, maintenance, renewal, refurbishment and upgrade of assets under the management of the Moira Shire Council based on meeting a level of service.

It also sets the relevant standard in relation to discharge of duties in the performance of asset management functions.

In doing this, it will achieve compliance with the Local Government Act, 1989.

1.3   Scope of the Plan

This AMP has been set up to meet the objectives of Council's Asset Management Policy.

The assets covered by the Asset Management Plan are identified below

- Kerb and channel
- Footpaths
- Gravel roads
- Sealed roads
- Formed roads
- Bridges & major culverts
- Swimming pools
- Buildings
- Waste management facilities
- Parks & gardens
- Recreation reserves

      (all written)

- Storm water assets
- Pumps (drainage & raw water)
- Irrigation systems
- Saleyards
- Levee banks
- Aerodrome
- Public lighting
- Signs

      (to be written)

- Indoor furniture
- Computer Assets
- Heavy plant
- Light plant
- Small plant & tools

      (to be written)

1.4   Background

Moira Shire Council encompasses a geographic area of 4,057 square kilometres and is home to a population in excess of 28,000 people.

The Shire encompasses the major centres of Cobram, Yarrawonga, Numurkah, and Nathalia as well as eighteen (18) smaller towns and communities, supported by a diverse agricultural base.

The development of a Strategic Resource Plan (SRP) in accordance with Section 126 of the Local Government Act (1989) has provided the focus for Council to seek to improve the way in which it manages the assets under its control.

1.5 Plan Format

The prime guidance used for development of Council's Asset Management Plans is the International Infrastructure Management Manual (IIMM) developed jointly by the NZ National Asset Management Steering Group and the Institute of Public Works Engineering of Australia. This manual is highly recognised around the world as one of, if not the leading Infrastructure Management Manual for public works authorities such as municipal councils.

Levels of Service Inputs:
Legislative
Strategic
Environmental/Heritage
Community
Political
Financial

Decision Tools:
AM System/GIS
Data
Processes
Analysis

Define Levels of Service
Section 3

Demand Management
Section 4

Risk Management
Section 5

Develop Asset Life Cycle Management Plans
Section 6
Physical Parameters
Ownership Function
Asset Capacity/Performance
Condition Assessment & Valuation
Development of Work Programs, both Maintenance and Renewal
New Assets & Disposal of Assets

Financial Management Issues
Section 7

AM Practices, Performance Monitoring & Improvement
Section 8

The IIMM recommended structure for an Infrastructure AM Plan is the basis for the Moira Shire Council Asset Management Plan.

While this structure has been adopted by many AM organisations in Australia and New Zealand, and is recommended by the Municipal Association of Victoria it is noted that there is no ideal structure.

Diagram 1.5 illustrates the Plan's structure.

Diagram 1.5 – Structure of AM Plan

1.6 Key Stakeholders

The key stakeholder groups of the community who are both users of Council's physical assets and/or are affected by it include:

- The community in general;
- S86 committees who have a management responsibility for some Council assets
- Emergency agencies (Police, Fire, Ambulance, VICSES);
- Utility agencies that utilise the road reserve for their infrastructure (Water, sewerage, gas, electricity, telecommunications);
- Council as custodian of the asset;
- State & Federal Government that provide support funding to assist with management of Council's assets.

1.7 Legislative Requirements

1.7.1 Local Government Act - Non-Feasance

The removal of non-feasance from the Local Government Act for roads has increased the profile of asset management within local government.

Within Australia, the "law of negligence" is a fault-based system where a person who carelessly causes injury or loss to another person should compensate that person. In 2000, the High Court ruled that this should also apply to an authority (including Local Government) that does not maintain its assets to an appropriate standard and is therefore subject to the law of negligence.

To address this issue the State Government has introduced the Road Management Act, in the roads area.

1.8 Rationale for Asset Ownership

Authorities such as municipal councils exist principally to supply various core and non-core services that meet the needs of their communities. The type of services provided, and how they are provided depends on the level of service required by the community.

In regional areas, the means for some service delivery is through Council ownership of assets. In the future Council may be able to support private sector developers/landowners in the provision of infrastructure through development of various components of the road network, in accordance with engineering standards and planning objectives.

1.9 Linkages to Key Corporate Strategies, Plans & Systems

The Asset Management Plan is a vital component of Council's overall strategic planning process. It links to the following Key Corporate Strategies, Plans & Systems as shown in the following diagram:

Specifically linkages include:
- Council Plan 2007/08 to 2010/11 – the Council Plan establishes objectives, strategies and actions for a four-year period with a focus on those actions scheduled for the coming year
- Strategic Resource Plan 2007/08 to 2016/17 – the Strategic Resource Plan examines the various financial strategies that will determine the amount of funding and other resources Council will have available to meet long term objectives.
- Council Budget – the Council budget is established based on meeting the objectives of the Council Plan and Strategic Resource Plan.
- Contracts – The service levels, strategies and information requirements contained in the AM plans are translated into contract specifications and reporting requirements.
- By-Laws, standards and policies – These tools for asset creation and subsequent management are needed to support AM tactics.
- Business Plans – These service levels policies, processes and budgets defined in AM plans are incorporated into business plans as activity budgets, management strategies and performance measures.
- Asset Management Policy and Strategy.
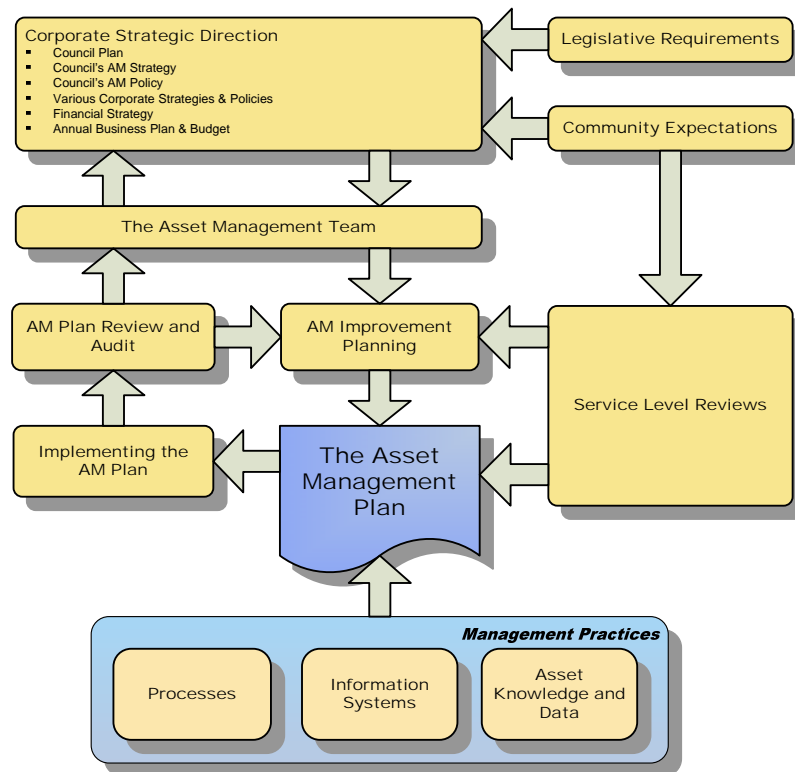
Diagram 1.9 – Key Plan Linkages

1.10 Basic & Advanced Asset Management

Guidance in the development process of this Plan has been taken from the International Infrastructure Management Manual, IIMM, as well as participation in the Municipal Association of Victoria's STEP Program.

The International Infrastructure Management Manual defines *Basic Asset Management* as asset management, which relies primarily on the use of an asset register, maintenance management systems, job/resource management, inventory control, condition assessment and defined levels of service, in order to establish alternative treatment options and long-term cash flow predictions.

Advanced Asset Management (AAM):   Asset Management employs predictive modelling, risk management and optimised decision-making techniques to establish life-cycle treatment options and related long term cash flow predictions.

Moira Shire Council is implementing practices which will take it further along Advanced Asset Management.

2   ASSET FUNCTION & LEVELS OF SERVICE

2.1   Background to Levels of Service

The 'level of service' is the defined service quality for a particular activity or service area against which service performance can be measured. They provide the basis for the life cycle management strategies and works programme identified within the AMP.

The levels of service will be used:
- to inform customers of the proposed type and level of service to be offered;
- to identify the costs and benefits of the services offered;
- to enable customers to assess suitability, affordability and equity of the services offered;
- as a measure of the effectiveness of the AM Plan, and;
- as a focus for the AM strategies developed to deliver the required level of service

The levels of service are based on:
- Community Research and Expectations
- Information gathered from customers on expected quality and cost of services
- Strategic and Corporate Goals
- Legislative Requirements
- Legislation, Regulations, Environmental Standards and Industry and Australian Standards that impact on the way assets are managed.
- Design Standards and Codes of Practice
- Australian Design Standards also provide the minimum design parameters for infrastructure delivery.

The levels of service provide guidance for the scope of current and future services offered, the manner of the service delivery and define the specific levels of service, which the Organisation wishes to achieve.

The service levels are divided into two types:
- Operations based; and
- Community based

Operations based levels of service relate to the technical and maintenance standards and the outputs the customer receives in terms of:
- Service Standards;
- Maintainability;
- Reliability and Performance;
- Responsiveness;
- Capacity;
- Environmental Impacts; and
- Cost/affordability.

Community based levels of service relate to the function of the service provided and how the customer receives the service in terms of:
- Service Quality & Appearance;
- Safety;
- Legislative Requirements;
- Responsiveness to Requests;
- Empathy (understanding, individual attention); and
- Assurance (knowledge, courtesy, trust, confidence)

2.2   Maintenance Standards/Levels of Service

Moira Shire has a duty of care to the community, to maintain all assets for which it is responsible in a safe condition and to specified maintenance targets that meet community expectations having regard to relevant government policies, and available funds.

The Level of Service (LOS) specifies the requirements for management of the municipal public asset. The LOS takes into account:

- Community views and values,
- Industry standards,
- The need to provide facilities that are safe for all users, and
- Ability of Council to fund maintenance activities.

2.3   Current Levels of Service

Current levels of service have been based on what it is assumed that the customer expects. With the tightening of the rural economy over recent decades, levels of service are driven by available budget funding and based on historic practices rather than looking to the future.

The levels of service will be refined over a period of time to match the expectation of customers; this requires a clear understanding of customer needs, expectations, preferences and their willingness to pay for any increase in the levels of service that they require.

2.4   Desired Levels of Service

As a requirement of Council's Asset Management Policy, the Local Government Act 1989, Council will continue to review maintenance of and renewal rates for infrastructure assets, to ensure that assets can function safely at a standard acceptable to the community.

In order to maintain a "reasonable" and "acceptable" level of service, Council, in consultation with the community, will continually review the existing "levels of service" so that they can be incorporated into the Asset Management Plan for particular asset types.

2.5   Community Consultation

2.5.1   Groups Consulted

Meetings are held upon request by community groups or the relevant Council officers. A program is to be developed to present Asset Management Plans to the public and discuss appropriate levels of service; revised levels of service will be included in a review of plan.

2.6   Strategic and Corporate Goals

2.6.1   Moira Annual Budget Process

Funding for an asset must compete against other assets and a wide range of other services provided by Council.

When allocating funds to an asset during the budget process Council aims to:

- ensure that all extreme and high risk defects are attended;
- ensure that the asset survives until the predicted life of the asset type is achieved while providing an appropriate level of service
- move towards the desired level of service

Draft budgets and supporting documentation is prepared in December of each year. Council adopts the final budget by June.
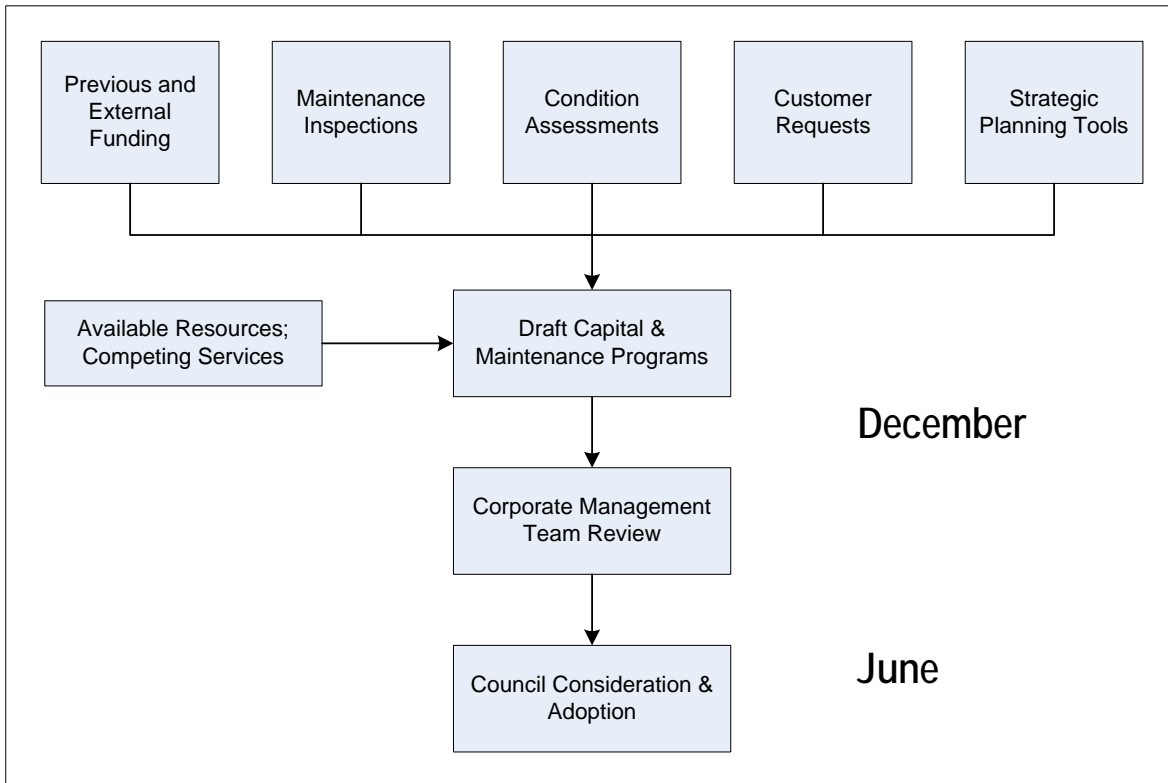
Figure - Budget process

All works must be resourced from the budget when it is adopted.

3   FUTURE DEMAND

3.1   Demand Forecast

The following statistical data on growth for Moira Shire has been sourced from the Department of Sustainability & Environment, Victoria in Future 2004.

Growth Projections	1996	2001	2006	2011	2021	2031
Actual Residential Population	25,856	26,810	28,761			
Average annual increase percentage		0.7%	1.4%			
Estimated annual increase percentage				0.8%	1.5%	1.3%
Estimated Occupied Private Dwellings	9,886	10,626	11,462	12,400	14,303	15,780
Estimated annual increase percentage		1.5%	1.6%	1.6%	3.1%	2.1%

Moira Shire has been experiencing growth over recent years; the figures show around 1.4% per annum based on 5-year population growth periods. This is expected to place demands on Council for new assets in the medium term.

Potential development of new commercial and industrial sites may also generate significantly increased volumes of light and heavy vehicles on specific roads. With the generation of new jobs within the community, the impact of increased maintenance on those roads can cause a significant financial burden to all ratepayers if these organizations or developments are not considered in the overall management of the road and infrastructure network.

Businesses & industries that are traffic generators include:

- *Farm Forest Plantation and harvesting – log trucks, intensive but finite duration each harvest;*
- *Grain storage & wine production – trucks, intensive but seasonal;*
- *Changes in cropping practices;*
- *Changes to the dairy Industry - more intensive beef programs*
- *Quarries – regular truck usage;*
- *Tourist buses*

3.2   Demand Management Planning

Demand management planning provides alternatives to the creation of new assets in order to meet demand. It also examines ways of modifying customer demands so that the utilisation of existing assets is maximised and the need for new assets is deferred or reduced.

For instance, Council's current funding of the road network asset management is under continual pressure and any new developments need to be considered in the overall funding assessment. New developments which generate additional traffic should be given serious consideration, with a funding balance being established between a general rate increase for the additional maintenance burden or alternatively a reallocation of funds or development contributions.

Planning controls that introduce road use levies for specific road users (such as gravel haulers & timber trucks) or industry controlled levies that are directed by that industry towards maintenance of the roads under pressure may become part of the Councils management to ensure that the existing, and future, road network continues to function successfully.

With time, the community may seek higher levels of service than currently provided; therefore Council, will review existing levels of service to ensure

- Levels of service meet community expectations (via community consultation)
- Levels of service can be maintained financially and operationally.

3.3 Demand Management Strategy

Council's long-term financial strategy has been developed via the 10 year Capex program. It is evident that Council can readily fund current renewal demand. Future renewal funding demands will increase; the amount of this increase will be monitored as condition assessments are done and asset lives and degradation curves are refined. Hence continuing assessment of Council's sustainability will be made.

If it is identified that the Shire is living beyond its means, then serious consideration will have to be given to the levels of service provided and alternative means of funding.

It is important that there is community input into any proposal to downgrade any levels of service, as there may well be impacts on the community of which Council is unaware.

At the same time, the community may well be strong advocates of the process if it can see a minimisation of maintenance costs arising from users groups that may be contributing little or nothing to the community which bears the cost.

4 ASSET PORTFOLIOS

4.1 Background Data

4.1.1 General Information

Moira Shire operates an Asset Management System utilising Conquest Data Management Systems to ensure that the asset is capable of functioning as it was built to function and that it continues to meet the needs and expectations of the community.

Council's Asset Management System includes an asset register that enables the necessary information to be recorded such as the location, type, classification, condition, age, configuration and quantity of the asset together with a history of the assets including any additions, deletions and changes to the local road asset.

The asset management system records details of the valuation of the asset (e.g. replacement value, depreciation) in accordance with relevant accounting standards and enables the Council to develop a long term asset management financial plan based on deterioration rates and life expectancy using age and condition of the individual local asset.

The asset register within the Asset Management System is an integral component of Council's overall records management system as it enables Council to comply with the evidentiary provisions and maintain records of defects or other matters that have required refurbishment, renewal, repair or maintenance as part of the custodianship of Council's assets.

4.2 Asset Management Data, Processes & Strategies

Several areas that are vital to managing the asset include:

Asset data: Information on the actual physical details of the assets including quantity, dimensions, age, condition, cost to provide, replacement cost, useful life span, etc. It must be appropriate for the required purpose, reliable and accessible.

Information systems: This includes all the data information systems necessary to competently manage the asset. Key systems include the corporate accounting system, asset information system, geographic information system and public request system. Ideally, data should be input once only into one of these systems and be accessible through other systems through interfacing.

Processes: This involves the various processes to analyse and evaluate the data from the above systems to produce relevant management reports and works programs.

Strategies: Implementation strategies for organisational management, including contractual, people and resource issues, are essential to ensure that the asset management process overall is conducted in a sound and competent manner.

The following chart illustrates the relationship
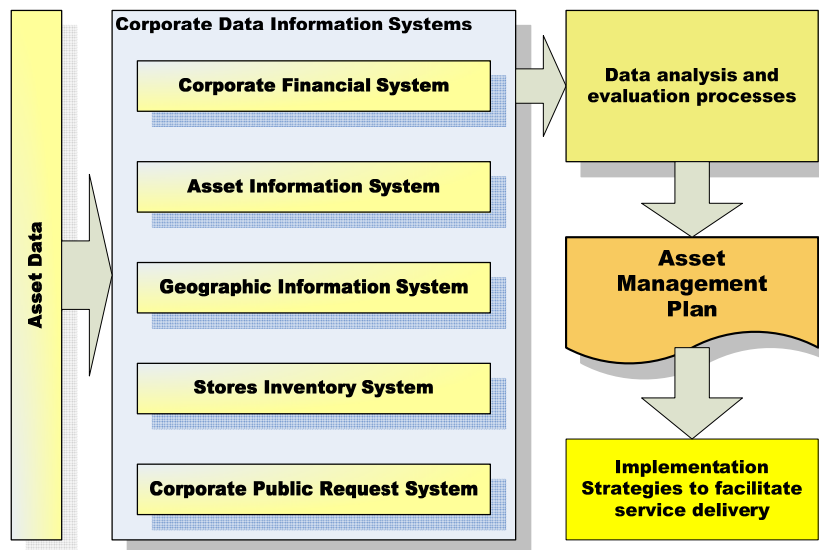
4.2.1 Condition Assessments

In order to manage all the assets effectively, up to date valuations and condition assessments need to be carried out. To this end, revaluations and condition assessments are to be carried out every 3 years (maximum).

These are carried out either internally by staff or externally by contract depending on the staff availability and skill level. A copy of the condition assessment and revaluations program is attached.

4.2.2 Conquest

Moira Shire Council utilises the **Conquest Asset Management System** as the knowledge database to manage its assets.

This is the database that stores relevant asset information, including the Road Register and other information that is important in managing the road assets.

Conquest records financial and physical attributes of assets. It is used for maintenance reporting, work orders, defect & condition recording and reporting. It includes custom built reporting & programming of works.

Data recorded for roads includes location by name, construction material, width and thickness as well as condition assessment that is undertaken on a regular basis.

Each asset is given a unique identifier in the Conquest database that can also be applied to any other database, such as Council's Geographical Information System (GIS), where it is listed. A sequential number is allocated to each asset when it is created in the database.

The extent of data to be recorded in the database will be that identified by the organisation as important to its management needs.

4.2.3 MIDAS

The majority of Council's asset types have been mapped on a GIS database, using Moira Integrated Data Access System (MIDAS) and MapInfo. Some additional work is required in this area to complete the project, and maximise the benefit of this system.

5   RISK MANAGEMENT

5.1   Risk Assessment Principles and Process

Council's risk assessment process utilises principles established in the Australian & New Zealand **Risk Management Standard AS/NZS 4360:2004** and also follows principles outlined in the 2002 document from Civic Mutual Plus **"Road Reserve Risk Management – Statement of Principles"**.

The overall objectives of a formal risk management approach are to:

- outline the process by which Council manages risk associated with its assets, so that all risks can be identified and evaluated in a consistent manner,
- identify operational and organisational risks at a broad level,
- identify and analyse Council's liability associated to Risk,
- prioritise the risks to identify the highest ones to be addressed in the short to medium term,
- determine the most appropriate option for minimising Council's exposure to financial and physical loss inclusive of Community Assets under the control of Council,
- allocate responsibility for managing risks to specific staff to improve accountability,
- encourage the identification and reporting of potential risks,
- promote and support Risk Management practices within the Organisation, and
- protect Council's corporate image as being a professional, responsible and ethical Organisation.

The following chart shows the overview of the risk management process as outlined in the above Standard which is the basis of Council's process.
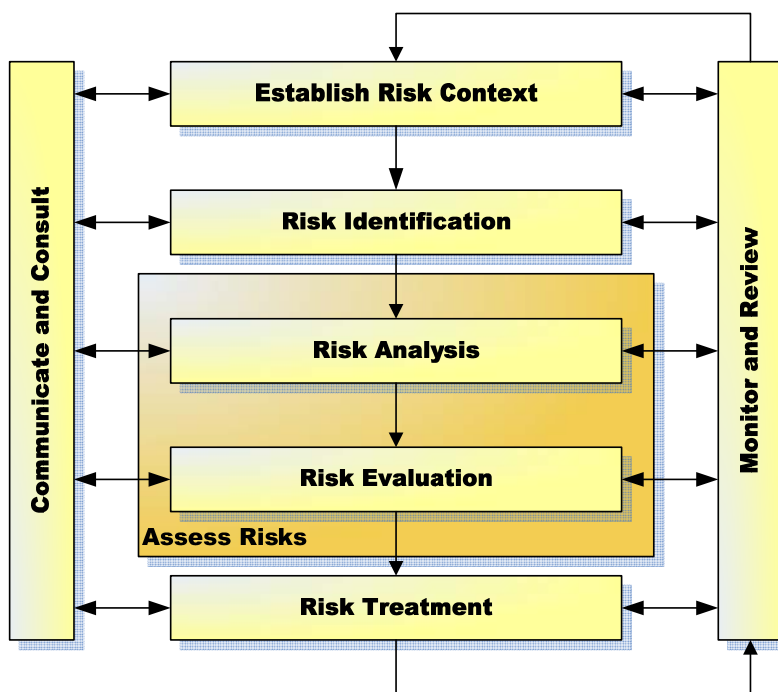

Chart: Risk Management Overview

5.2 Council's Risk Management Framework

5.2.1 Responding to Emergencies

In an emergency situation, Council operates in accordance with its commitments documented in the Municipal Emergency Management Plan (MEMPlan).

A 24 hour, 7 day per week, 52 week per year After Hours Emergency Service (AHES) is operated by Council. Through this, Council operations personnel can be activated at any time.

5.2.2 Contingency Planning

The General Manager – Infrastructure & Environment has delegated authority to undertake works that may arise as a consequence of unanticipated conditions.

In order to manage all the assets effectively, up to date valuations and condition assessments need to be carried out. To this end, revaluations and condition assessments are to be carried out every 3 years (maximum).

These are carried out either internally by staff or externally by contract depending on the staff availability and skill level. A copy of the condition assessment and revaluations program is attached.

6 ACQUISITION PLAN

6.1 Creation/Acquisition/Augmentation Plan

Moira Shire Council is cognisant of the difficulty for funding existing infrastructure, both maintenance and renewals; therefore Council is very cautious about undertaking creation of new assets.

Provision of new works fall into the following categories depending upon the extent and type of works:
- Council funded, or
- Developer funded as part of subdivisional development, or
- Contribution to the cost by either the developer and/or Council.

Where possible, developers of new subdivisions are required, as part of the development approvals process, to provide the basic infrastructure to the standard appropriate for that development.

There are occasions when Council is required to upgrade an asset because of changed usage requirements. In such instances, the project is scrutinised closely by officers and is dealt with as part of the annual budget process.

New operational costs may be required for new infrastructure. These additional costs should be included in the overall cost of the project when the project is being evaluated.

7 OPERATIONS & MAINTENANCE

7.1 Work Category Definitions

Operations:

Asset operation has no effect on asset condition but is necessary to keep the asset appropriately utilised. Operational expenditure is not distinguished from maintenance expenditure in Council's financial system. Such costs include the electricity costs for street-lighting.

Routine Maintenance:

Maintenance is the day to day work required to keep assets operating at required service levels, and falls into two broad categories:

- Planned (proactive) Maintenance: Proactive inspection and maintenance works planned to prevent asset failure.
- Unplanned (reactive) Maintenance: Reactive action to correct asset malfunctions and failures on an as required basis (i.e. emergency repairs).

Maintenance includes all repairs/maintenance which are not classified as renewals.

Renewals:

- The renewal and rehabilitation of existing assets to their original size and capacity, or,
- The replacement or reconstruction of the entire component of the asset with the equivalent size or capacity, or,
- The replacement/reconstruction component of the capital works which increase the capacity of the assets (that portion of the work which restores the assets to their original size and capacity).

Renewals expenditure includes the following:

- Resurfacing, rehabilitation or reconstruction of roads
- Resurfacing of footpaths
- Replacement of major structures such as bridges and retaining walls or their components, streetlight components such as poles, brackets and lights, and street furniture such as bus shelters and litter bins.

New Works:

Projects (including land purchase) for the extension or upgrading of assets required to cater for growth or additional levels of service, including:

- Works which create an asset that did not exist in any shape or form, or
- Works which improves an asset beyond its original size or capacity, or
- Upgrade works which increase the capacity of an asset, or
- Works designed to produce an improvement in the standard and operation of the asset beyond its original capacity.

Asset Disposal:

Costs associated with the removal or disposal of decommissioned assets.

8 RENEWALS / REPLACEMENT

Moira Shire Council is committed to using the MAV Step Program to more effectively manage all asset types. Information required for MAV Step is

- Asset life
- Replacement value
- Condition assessments

From this information MAV Step provides a forecast of the annual renewal demand for various asset types over the next 20 years.

8.1 Renewal

As mentioned above, renewal works fall into the following categories:

- **Rehabilitation:** Involves the repair of a short length of road that has prematurely failed or is close to doing so. This rehabilitation work does not provide for a planned increase in the operating capacity or design loading. It is intended to enable the road to meet the current standards of service. This section will be replaced when the road is eventually replaced.

- **Renovation:** Involves work that increases the strength of the existing base course by a stabilisation process (such as use of a bitumen, cement or lime stabiliser) then re-compacting the base course material. As for rehabilitation, renovation does not provide for a planned increase in the operating capacity or design loading, simply enabling the road to meet the current standards of service.

- **Reconstruction:** Involves reconstructing the road base to provide a new asset with the equivalent size or capacity (i.e. does not provide for a planned increase to the operating capacity or design loading). Some minor increase in capacity may result from the process of renewal, but a substantial improvement is needed before system development is considered to have occurred.

8.1.1 Renewal Strategy

The general renewals strategy is to rehabilitate or replace assets when justified by assessing:

- **Risk:** The risk of failure and associated financial and social impact justifies action (e.g. impact and extent of resulting inability to achieve access along the road, probable extent of damage to business, and any health risk arising from the impediment to access).

- **Asset performance:** Renewal of an asset when it fails to meet the required level of service. Non-performing assets are identified by the monitoring of asset reliability, capacity and efficiency during planned maintenance inspections and operational activity.

  Indicators of non-performing assets include:
  - constant closures due to impassability;
  - roughness causing damage to vehicles and produce;
  - risk to safety is rated high on an increasing frequency

- **Economics:** It is no longer economic to continue repairing the asset (i.e., the annual cost of repairs exceeds the annualised cost of renewal) and/or the poor condition of the asset is having a deleterious effect on an adjacent asset (eg a leaking roof is damaging the structure of a building).

Condition standards have been standardized so that when an asset has 2% to 5% of its life remaining (up to 6 months to 4 years), it is assessed to be at Condition 8. This has been adopted as Council's intervention level, as it reflects Council's current practice which allows an asset to remain in service as long as possible before renewing it. Hence assets are renewed just before any of the following occurs

    a. their condition causes significant damage to adjoining assets
    b. the risks associated with their use cannot be controlled by maintenance
    c. the annual repair cost becomes excessive.

Intervention levels and hence renewal demand forecasts are currently not based on appearance or community attitudes.

Typical examples are shown below

Kerb Channel Asset at Condition 6
(Kerb damaged but still functioning; no risk to road users
and adjoining pavement not effected by the condition of the
kerb and channel)

Kerb Channel Asset at Condition 8
(Kerb and channel damaged; adjoining pavement
deteriorating because water cannot flow away)

8.1.2   Renewal Plan

The annual review of the strategic asset renewal/replacement needs, undertaken through the Asset Management System, provides the input for the development of the annual capital renewal/replacement works program for consideration with the annual budget.

During the renewal/reconstruction process some of the existing assets can be recycled or reused, while some may have to be removed from the site as they are of no further use. Council's asset records are adjusted to reflect the change in asset value as a result of reconstruction and the creation of a 'new' asset with a higher value than the one replaced. That component which is reused may have a residual value.

9   DISPOSALS

Consideration of disposal of an asset is initiated when

- The economic life of the asset has expired, or
- Its service specification is no longer relevant (i.e. technical obsolescence), or
- When the need for the service provided by the asset has disappeared

Disposal of an asset will occur only after approval of the Corporate Management Team has been obtained.

To enable assets to be disposed of appropriately, Council will

- Prepare detailed asset disposal procedures and identify and communicate the preferred arrangements for disposals to relevant staff;
- Ensure that Asset Management Plans for the various asset classes, contain information and consideration of the future disposal of items in that class;
- Prepare and evaluate proper costing to support the selection of the most cost effective disposal methods;
- Engage experts to value the asset, determine methods of sale and develop the terms of contract and to assist in preparing the contract (particularly for complex and non-standard disposals) to minimise the exposure to risk;

Appropriate means of disposal may include:

- Public auction
- Public tender
- Transfer to another entity
- Sale to another entity
- Sale to staff
- Trade-in
- Scrap

To determine the correct means of disposal, the following matters should be considered:

- Nature of the asset (i.e. a specialised asset or common item)
- Potential market value
- Other intrinsic value of the asset (i.e. cultural / heritage aspects etc)
- Location
- Size or volume
- Trade-in value
- Ability to support wider Government programs
- Environmental considerations
- Market conditions
- Asset (useful) life

A fuller discussion of Asset Disposal is provided in Council's Asset Management Guidelines for the Disposal of Assets.

10 FINANCIALS

10.1 Key Assumptions in Financial Forecast

The purpose of outlining key financial assumptions is to enable users of this document, particularly of the financial components, to understand the background, limitations and accuracy of various forecasts and conclusions made. In time, as more detailed information becomes available, such forecasts and conclusions may need amending. This will be easier to undertake if the background to current forecasts and conclusions is evident.

The following assumptions have been made:

- Renewal projections are based on asset lives which have been determined from an analysis of current asset performance;
- Renewal estimates are based on current replacement values;

10.1.1 Asset Valuations

Valuation of the Shire's infrastructure assets is in accordance with the Australian Accounting Standards for Financial Reporting using the following methodology & approach.

- Basis for calculating valuations is the asset data currently held in Council's existing database within Conquest.
- Replacement values have been determined from current construction costs determined via contract schedule of rates on the basis of the cost of replacing the asset with modern materials that provide the equivalent service in terms of capacity to the user.

Asset valuations have been determined on the actual unit replacement cost prevailing at the time of valuation taking into consideration existing site conditions, existing asset condition and costs associated with extraction and utilisation of the old asset.

All valuations and asset counts have been fully documented to provide a clear audit trail that is evident through to the accounting entries in the general Ledger.

The replacement value of each asset is carried out is reviewed annually. Where a change in the replacement value is material, revaluation of the assets will be carried out; alteration of the asset condition may not be applicable.

10.1.2 Program for Condition Audits & Valuations

Program for Condition Audits and Valuations							
Condition Audits		condition assessment	**yr 0809**	**yr 0910**	**yr 1011**	**yr 1112**	**yr 1213**
sealed roads	contractor	all		Feb-10		worst 20%	
footpaths	contractor	all		Dec-09			Dec-12
playgrounds	contractor	all	Apr-09			Apr-12	
bridges	contractor	all			Dec-10		
major culverts	contractor	all			Dec-10		
land	contractor	all - values		sample		Nov-11	
gravel roads	in house	all	Jul-08		Jul-10		Jul-12
k&c	in house	all	Mar-09			Mar-11	
buildings	in house	all			Feb-11		
levee banks	in house	all		Apr-10			Apr-13
town drainage		by age only					
culverts & floodways	in house	sample	Feb-09				
pools	in house	all		Apr-10			Apr-13
saleyards	in house	all		Apr-10			Apr-13
aerodrome	in house	all		Apr-10			Apr-13
transfer stations	in house	all		Apr-10			Apr-13

On a number of asset classes, Council only has a broad scale to assess condition, typically
- Excellent (90%)
- Good (70%)
- Moderate (50%)
- Fair (30%)
- Poor (10%)

These have been used in the past with a % of asset life remaining to calculate accumulated depreciation and written down value.

In subsequent years, these assets have been depreciated (by 1% per annum for 100 year life assets). When it is time to reassess the asset condition be field inspection, it is not possible to provide an assessment of 67% (3 years depreciation for an asset which had been classified as good). Instead, it is now recognised that the above classes provide a range of % life remaining. Subsequent condition inspections should identify that an asset is in good condition, implying a remaining life between 80% and 60%. Hence the asset life which has depreciated to 67% is accurate and no condition assessment revaluation is required.

10.1.3 Capitalisation Threshold

A threshold of $2,000 has been set for the capitalisation of assets. At budget time, projects of less than $2,000 will be classified as operating expenses. Where individual assets are purchased with capital funds for less than $2,000 or where capital works of less than $2,000 are done on an asset, the expenditure will be expensed.

11 MONITORING AND IMPROVEMENT PROGRAM

This first edition of the Asset Management Plan uses levels of services & intervention levels that have existed over recent years.

It is intended that the Asset Management Plan be updated periodically to reflect changes to management of the road network. It is to be a 'living' document that should always reflect as closely as practicable actual practices used in managing the network.

Community will be consulted on the levels of service so that the asset management plan can be reviewed as scheduled in the Asset Management Plan Strategy (to be finalised).

12 INDIVIDUAL PLANS FOR ASSET TYPES

Individual plans for each asset type are currently being developed. When completed they will be attached as appendices to this document.

- Footpaths
- Kerb & Channel
- Roads
- Bridges & Major Culverts
- Council Enterprises (saleyards & aerodromes)
- Swimming Pools
- Drainage (Levee banks, storm water pipes & pits, drainage pumps)
- Buildings (incl public halls, toilets)
- Waste management facilities & services
- Plant
- Recreation reserves
- Indoor Assets (furniture, computers)
- Other (street lights, furniture, signs)

The format of the individual plans will reflect the format of this Overall Asset Management Plan.

13 REFERENCES, STANDARDS & GUIDELINES

Key standards, manuals & guidelines include:

- International Infrastructure Management Manual (IIMM) 2002, IPWEA.
- Sustaining Local Assets – Policy Statement 2003, DVC
- Accounting for Infrastructure Assets – Guidelines 2003, DVC
- Australian Accounting Standard AAS27
- Risk Management Standard, AS/NZS 4360:1999 & 2004 Editions
- MAV Asset Management Improvement STEP Program – Road Asset Management Plan Framework 2003.
- Civic Mutual Plus (CMP) Draft Road & Path Maintenance Manual 2001.
- CMP Road Reserve Risk Management Statement of Principles 2002.
- Proposed Ministerial Code of Practice (Working Draft) – Road Management Plans, June 2004.

14 COUNCIL DOCUMENTS, POLICIES & PROCEDURES

Relevant Council engineering drawings & standards for design & construction are listed in the Road Asset Management System and Road Maintenance Management Service Agreement.

Other relevant Moira Council documents, Policies & Procedures include:

- Council Plan 2009/10 to 2012/13
- Asset Management Policy
- Asset Management Defects Assessment Methodology

15 ATTACHMENTS

Appendix 1 – Individual Asset Plans

1.1	-	Footpaths
1.2	-	Kerb & Channel
1.3	-	Local Roads
1.4	-	Bridges
1.5	-	Public Toilets
1.6	-	Public Swimming Pools
1.7	-	Transfer Stations
1.8	-	Parks & Gardens
1.9	-	Buildings
1.10	-	Public Halls
1.11	-	Recreation Reserves