



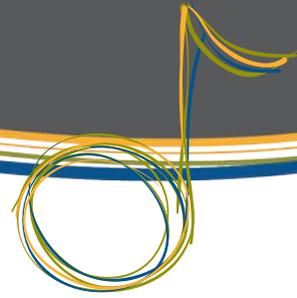
KEYCHANGE 2017 – 2027

ASSET MANAGEMENT STRATEGY

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CONTENTS

Executive Summary	4
1. Introduction	10
1.1 Legislative reform	11
1.2 Asset management planning process	13
2. What Assets do we have?	13
3. The Organisation's assets and their management?	18
3.1 State of the assets	18
3.2 Life cycle cost	20
3.3 Asset Management Working Group	22
3.4 Financial & asset management core competencies	23
3.6 Strategy outlook	24
4. Where do we want to be?	25
4.1 Council's Vision, Mission, Goals and Objectives	25
4.2 Asset Management Policy	25
4.3 Asset management vision	25
5. How will we get there?	26
6. Asset Management Improvement Plan	27
Tables	
Table 1: Assets used for providing services	13
Table 2: Financial status of the assets	18
Table 3: Life cycle indicators	21
Table 4: Asset management strategies	26
Table 5: Asset Management Improvement Plan	27
Figures	
Figure 1: Asset replacement of Council assets	19
Figure 2: Asset Consumption Ratio	20
Figure 3: Core asset management maturity	24



EXECUTIVE SUMMARY

This Asset Management Strategy is prepared to assist Council improve the way it delivers services from infrastructure including buildings, pools and other venues, horticulture and recreation, stormwater, transport, airport, depots, plant and fleet, waste, waste water and water. These infrastructure assets have a replacement value of \$1,871,860,000.

The Asset Management Strategy is to enable Council to:

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

Adopting this Asset Management Strategy will assist Council in providing services needed by the community in a financially sustainable manner whilst meeting the requirements of national sustainability frameworks, the NSW Local Government Act 1993 and the Local Government (General) Regulation 2005.

The Asset Management Strategy is prepared following a review of Council's service delivery practices, financial sustainability indicators, asset management maturity and against Council's vision for the future outlined in Keychange 2017-2027. The Strategy outlines an asset management improvement plan detailing a program of tasks to be completed and resources required to bring council to a minimum 'core' level of asset maturity and competence.

Strategy outlook

1. The organisation is, with further work on reducing costs and directing savings realised towards asset management, is able to maintain current service levels for the next 10 years.
2. The organisation, with further work on reducing costs and directing savings realised towards asset management, is able to fund current infrastructure life cycle costs at current levels of service and available revenue.
3. The organisation's current asset management maturity is below 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

¹ LGPMC, 2009, Framework 2 Asset Planning and Management, p 4.

ASSET MANAGEMENT STRATEGIES

No	Strategy	Desired Outcome	Comply
1	Move from annual budgeting to long term financial planning	The long term implications of Council services are considered in annual budget deliberations.	
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.	
3	Develop 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 Council services.	
4	Incorporate year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.	
5	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.	
6	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in annual reports.	Financial sustainability information is available for Council and the community.	
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.	
8	Report on Council's resources and operational capability to deliver the services needed by the community in the annual report.	Services delivery is matched to available resources and operational capabilities.	 Contained within the Resourcing Strategy

ASSET MANAGEMENT STRATEGIES

No	Strategy	Desired Outcome	Comply
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.	
10	Implement an improvement plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.	
11	Report six monthly to Council by Audit Committee/GM on development and implementation of Asset Management Strategy, AM Plans and Long-Term Financial Plans.	Oversight of resource allocation and performance.	

 comply  partial  still to comply

ASSET MANAGEMENT IMPROVEMENT PLAN

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

Practice Area	Recommendations and Comments	Priority 1 = High 2 = Moderate 3 = Low
Data & Systems	Implement a data improvement plan in line with the improvement plan in the Asset Management Plans.	1 – High
Annual Report	Use NAMSPLUS3 to implement state of the assets reporting to correct special schedule 7 and note 13 a with the following scenarios: Asset Register - Use NAMSPLUS3 form 2 and KMS optimizer model (an advanced module that can calculate special schedule 7 and note 13A from Asset Management Plan data) Correct SS7 in 2 stages – <ul style="list-style-type: none"> • first an improved estimate using latest version of NAMSPLUS (now NAMSPLUS3 / AssetVision Predictive Modelling) • then from asset register based on revaluation. 	1 – High
Asset Management Strategy	Update improvement program in the Asset Management Strategy to align with this maturity assessment.	1 – High
Asset Management Strategy	Improve the confidence of service level trends and reporting to clearly communicate the service level and risk trends for the balanced resourcing strategy scenario.	1 – High

Practice Area	Recommendations and Comments	Priority 1 = High 2 = Moderate 3 = Low
Asset Management Strategy	<p>Complete a Knowledge Management Strategy that includes an updated skills audit to determine skills needed to implement Technology One works, asset management system and the interaction with NAMSPLUS3 advanced modelling tools. The Knowledge Management Strategy should identify all inputs, reports, data, business processes and systems used to achieve and maintain target maturity</p> <p>High priority – Tech One Asset System needs to interact with NAMSPLUS / AssetVision to provide all advanced modelling functions to update asset management plans/strategies/predictive models and service level based works programs. This means no additional software is needed other than the Tech One works and assets system. NAMSPLUS/AssetVision can provide pavement management and works optimization functions linked to GIS. The Knowledge Management Strategy will look at benefits costs and risk of options including.</p> <ul style="list-style-type: none"> a) How Techone will interact with NAMSPLUS in the future. b) NAMSPLUS / AssetVision provides the tools to update AMPs and provide works programs linked to AMPs and GIS c) NAMSPLUS / AssetVision provides the tools for pavement management modeling and optimization d) The linking of NAMSPLUS with the asset register and GIS etc etc needs to be documented in a knowledge management strategy – what system does what. <ul style="list-style-type: none"> i. GIS ii. Asset Register (tech one) iii. Works orders and service requests (tech one) iv. Financial reporting and capitalisation (tech one) v. Special Schedule 7 Calculation (NAMSPLUS / AssetVision) Pavement Management Modeling (NAMSPLUS / AssetVision) vi. Asset Management Plan update (NAMSPLUS / AssetVision) vii. Service Level viii. Works programs linked to Asset Management Plans (NAMSPLUS / AssetVision) 	1 - High
Evaluation	Combine the outstanding tasks in this maturity assessment and section 8.2 in each Asset Management Plan and provide a prioritised Asset Management Improvement Project. Asset Management Group to get it done within available resources.	1 - High

Practice Area	Recommendations and Comments	Priority 1 = High 2 = Moderate 3 = Low
Strategic Plan	<p>Show desired trends for service level performance indicator.</p> <p>Strategic Plan should identify any areas where service levels will be reduced. The special Schedule 7 and Note 13A shows that this is likely and service level expectation in CSP and annual reports need to align. If there are insufficient funds service levels will go down.</p>	2 – Moderate
Asset Management Strategy	Annual review of LTFP and update AMPs to ensure renewal projections align with the budget and delivery program.	2 – Moderate
Asset Management Strategy	Provide a consolidated “state of the assets” report for asset quality, function and capacity showing % by value poor/very poor, fair, good/V good. Section 2.3 of the current Asset Management Strategy already provides the analysis for quality.	2 – Moderate
Asset Management Plans	Update service level targets to show quality, function and capacity/ safety targets and actuals, to enable monitoring and reporting of service trends. For example report % poor / fair / good for each by asset value or area. Quality reporting is already done in some of the current asset management plans. Implement a data improvement plan based on NAMSPLUS2 scenario models. This should be done in conjunction with the revaluation of civil infrastructure.	2 – Moderate
Governance & Management	Asset management group implement the prioritised improvement plan and report any high risks to Executive / Audit Committee.	2 – Moderate
Governance & Management	Clearly communicate the affordable target service levels for the balanced resourcing strategy and to improve the confidence levels of the underlying models using NAMSPLUS2 and linked advanced modelling tools. (KMS optimizer and strategy dashboard)	2 – Moderate
Levels of Service	Review community service levels and reporting metrics so that service level trends can be reported. For example % Poor / % Fair / % Good by value or area as a community measure would provide trend reporting and link to technical service levels such as PCI, cracking, IRI/roughness, condition, water pressure, water quality etc.	2 – Moderate
Data & Systems	Document consistent condition assessment manual for each asset group as an appendix to the Asset Management Plan(s).	2 – Moderate

Practice Area	Recommendations and Comments	Priority 1 = High 2 = Moderate 3 = Low
Data & Systems	Document, track and report service level trends that link service levels in AMPs with performance indicators in the community strategic plan.	2 – Moderate
Data & Systems	All service level data should show current and affordable target service levels based on the balanced resourcing strategy. Additional targets based on sustaining or improving current level of service should be added as data improves.	2 – Moderate
Evaluation	Service level review for overall community service trends.	2 – Moderate
Annual Budget	Include a statement in the budget explanation that makes clear what the implications are for ongoing service levels. Show renewal and upgrade/new in the annual budget and the future impacts of upgrade/new for future review. See example format in the appendix.	3 - Low
Asset Management Policy	Annual review to ensure Council's decision-making is consistent with the Asset Management Policy	3 - Low



1. INTRODUCTION

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

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

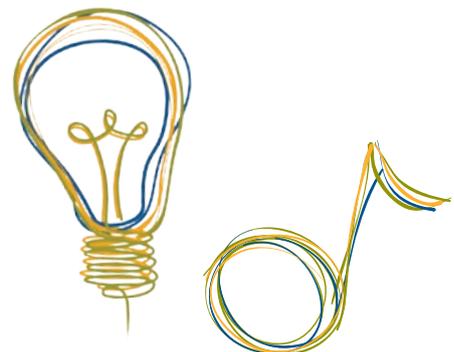
The creation of new assets also presents challenges in funding the ongoing operating and replacement costs necessary to provide the needed service over the assets' full life cycle.³

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

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

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

- Asset Management Policy,
- Strategy and planning,
 - asset management strategy,
 - asset management plan,
- Governance and management arrangements,
- Defining levels of service,
- Data and systems,
- Skills and processes, and
- Evaluation⁵



² LGPMC, 2009, Framework 2 Asset Planning and Management, p 2.

³ LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 2-3.

⁴ LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 4-5.

⁵ LGPMC, 2009, Framework 2 Asset Planning and Management, p 4.

The Asset Management Strategy is to enable Council to show:

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

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

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

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

1.1 LEGISLATIVE REFORM

Local councils in NSW are required to undertake their planning and reporting activities in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2005. The Act provides that the Deputy Director General (Local Government), Department of Premier and Cabinet can issue guidelines that must be followed by local councils when undertaking their planning and reporting activities.

An Integrated Planning and Reporting Manual has been developed to provide councils with information and guidance to assist their transition to the new planning and reporting framework.

In particular, local governments will effectively plan for future sustainability through longer-term planning by developing 10 year plans, publishing these and reviewing progress annually. The community and the State then have the best information available to judge progress against the plan, and local governments can make necessary adjustments.

COMMUNITY STRATEGIC PLAN

These plans outline the local government's vision for the community. In line with the commitment to principles rather than prescription in the legislation, the content of the plan and the method of community engagement will be decided by individual local governments.

LONG-TERM FINANCIAL PLANS

A valuable tool for local governments when managing their finances is to implement a longer-term financial plan to include an investment policy, a debts policy, procurement policy and a revenue policy.

⁶ LGPMC, 2009, Framework 2 Asset Planning and Management, p 4.

LONG-TERM ASSET MANAGEMENT PLANS

The Community Strategic Plan provides a vehicle for expressing long-term community aspirations. However, these will not be achieved without sufficient resources – time, money, assets and people – to actually carry them out. The Resourcing Strategy consists of three components:

- Long-term Financial Planning
- Workforce Management Planning
- Asset Management Planning.

The Resourcing Strategy is the point where Council assists the community by sorting out who is responsible for what, in terms of the issues identified in the Community Strategic Plan. Some issues will clearly be the responsibility of Council, some will be the responsibility of other levels of government, and some will rely on input from community groups or individuals. The Resourcing Strategy focuses in detail on matters that are the responsibility of the council and looks generally at matters that are the responsibility of others.

Achieving and maintaining sustainability in Local Government requires consideration of services, service levels, associated costs and associated risks.



1.2 ASSET MANAGEMENT PLANNING PROCESS

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

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

2. WHAT ASSETS DO WE HAVE?

Council uses infrastructure assets to provide services to the community. The range of infrastructure assets, the division/directorate with responsibility for those assets and the division/directorate responsible for maintaining those assets is shown in Table 1.



Table 1: Assets used for providing Services

Asset Class	Description	Owned By	Maintained By
Buildings - Corporate	Community, cultural, commercial and leisure facilities with the exception of those buildings and associated structures owned and administered by other Directorates and/or divisions	Regional Services	Corporate Buildings
Buildings - Corporate	Aquatic facilities and associated buildings	Regional Services	Horticulture and Recreation
Buildings - Community	Tourist information centres	Office of the General Manager	Corporate Buildings

⁷ IPWEA, 2009, AIFMG, Quick Guide, Sec 4, p 5.

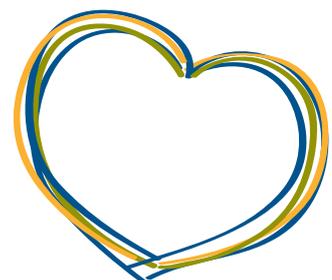
Asset Class	Description	Owned By	Maintained By
Buildings – Business and Community Directorate	Buildings at the following locations Tamworth Regional Entertainment and Convention Centre, Capitol Theatre, Tamworth Town Hall, Australian Equine and Livestock Events Centre,	Business and Community Directorate	Business and Community Directorate
	Internal roads and carparks eg TRECC carpark	Road Infrastructure	Operational Services
	Sewer pump stations at AELEC	Business and Community Directorate	Business and Community Directorate
Airport	Airside runways, taxiways, aprons and open space	Airport	Airport
	ILS	Airport	Airport
	Open space in airport precinct	Airport	Airport
	Airside Roads	Airport	Airport
	All other roads	Road Infrastructure	Operational Services
	Airport water reticulation mains and associated infrastructure	Water and Waste Directorate	Water and Waste Directorate
	Airport sewer reticulation mains and associated infrastructure	Water and Waste Directorate	Water and Waste Directorate
	All buildings and associated infrastructure	Airport	Airport Corporate and Governance provide some maintenance on request

Asset Class	Description	Owned By	Maintained By
Infrastructure – roads, bridges, footpaths	Roads, bridges, pathways, cycleways, traffic facilities, and associated assets	Road Infrastructure	Operational Services
Infrastructure – stormwater drainage	Underground pipe and pit network, open channels, detention basins and stormwater quality improvement devices	Road Infrastructure	Operational Services
	Levees	Road Infrastructure	Operational Services
	Kerb and gutter	Road Infrastructure	Operational Services
Infrastructure – Horticulture and Recreation	Sporting grounds, parks, passive recreation areas, playgrounds and cemeteries	Horticulture and Recreation	Horticulture and Recreation
	Sports Dome	Horticulture and Recreation	Horticulture and Recreation
	Lockable buildings and/or connected to power	Horticulture and Recreation	Operational Services
	Netball and basketball courts at the Sports Dome	Regional Services	Horticulture and Recreation
	Access roads	Road Infrastructure	Operational Services
	Drainage through parks either overland or underground	Road Infrastructure	Operational Services
	Footpaths - all types where they cross a park	Road Infrastructure	Operational Services
	Cycleway on CBD levee bank	Road Infrastructure	Operational Services



Asset Class	Description	Owned By	Maintained By
Infrastructure – Water Supply	Storage dams, trunk supply mains, treatment plants, pumping stations, service reservoirs, reticulation network and water services including at the Tamworth Regional Airport.	Water and Waste Directorate	Water and Waste Directorate
	Buildings and associated structures	Water and Waste Directorate	Water and Waste Directorate
	Internal roads and carparks	Water and Waste Directorate	Water and Waste Directorate
	Property purchased for some purpose associated with water supply - e.g. Paradise Dungowan	Water and Waste Directorate	Property Section
Infrastructure – Sewer	Reticulation network, pumping stations, rising mains, trunk mains, treatment plants, and effluent reuse systems including at the Tamworth Airport.	Water and Waste Directorate	Water and Waste Directorate
	Buildings and associated structures	Water and Waste Directorate	Water and Waste Directorate
	Internal roads and carparks	Water and Waste Directorate	Water and Waste Directorate
	Property purchased for some purpose associated with sewer - e.g. 339 Duri Dungowan Road.	Water and Waste Directorate	Property Section

Asset Class	Description	Owned By	Maintained By
Infrastructure – Waste Management	Garbage, green waste, recycling, commercial and public bins, transfer stations and landfill disposal areas.	Water and Waste Directorate	Water and Waste Directorate
	Buildings and associated structures	Water and Waste Directorate	Water and Waste Directorate
	Carparks	Water and Waste Directorate	Water and Waste Directorate
	Internal road	Water and Waste Directorate	Water and Waste Directorate
Plant and Fleet	Large and small plant, commercial and fleet vehicles	Plant and Fleet	Plant and Fleet
	Depots including carparks, roads, sealed areas, hardstand areas and all buildings	Plant and Fleet	Plant and Fleet



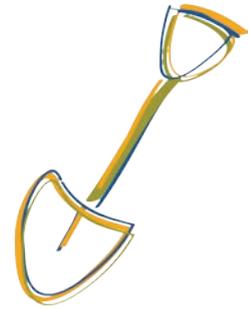
3. THE ORGANISATION'S ASSETS AND THEIR MANAGEMENT?



3.1 STATE OF THE ASSETS

The financial status of the organisation's assets is shown in Table 2.

Category	Figures taken from AMP version	Current Replacement Cost \$'000	Residual Value \$,000	Depreciable Amount \$,000	Depreciated Replacement Cost \$,000	Annual Depreciation Expense \$,000
Buildings	1617_S1_V1	\$78,986	\$16,434	\$62,551	\$45,920	\$938
AELEC and Entertainment Venues	S3_V1	\$56,746	\$16,586	\$40,160	\$39,380	\$2,553
Horticulture and Recreation	1617_S1_V2	\$37,418	\$0	\$37,418	\$28,816	\$974
Stormwater	1617_S1_V3	\$163,413	\$0	\$163,413	\$113,403	\$1,560
Transport	1617_S1V3	\$674,385	\$0	\$674,384	\$493,111	\$10,833
Aquatic facilities	1617_S1_V2	\$17,609	\$0	\$17,609	\$6,723	\$324
Public amenities	1617_S1_V1	\$12,445	\$0	\$12,445	\$8,431	\$369
Sports Dome	1617_S1_V1	\$10,731	\$3,415	\$7,316	\$8,607	\$331
Airport	S1V1 Jan 2017	\$94,044	\$0	\$94,044	\$32,107	\$1,352
Fleet depots	S1V2 Jan 2017	\$9,113	\$2,000	\$7,113	\$6,464	\$133
Plant and Fleet	S1V7 Jan 2017	\$32,080	\$6,863	\$25,217	\$14,039	\$2,597
Waste Water	S1V7 Jan 2017	\$301,146	\$74,135	\$227,011	\$234,877	\$5,421
Waste	S3V5	\$8,133	\$0	\$8,133	\$6,000	\$192
Water	S1V7 Jan 2017	\$375,611	\$40,523	\$375,611	\$211,981	\$4,662
Total		\$1,871,860	\$159,957	\$1,752,425	\$1,249,864	\$32,240



CURRENT REPLACEMENT COST %

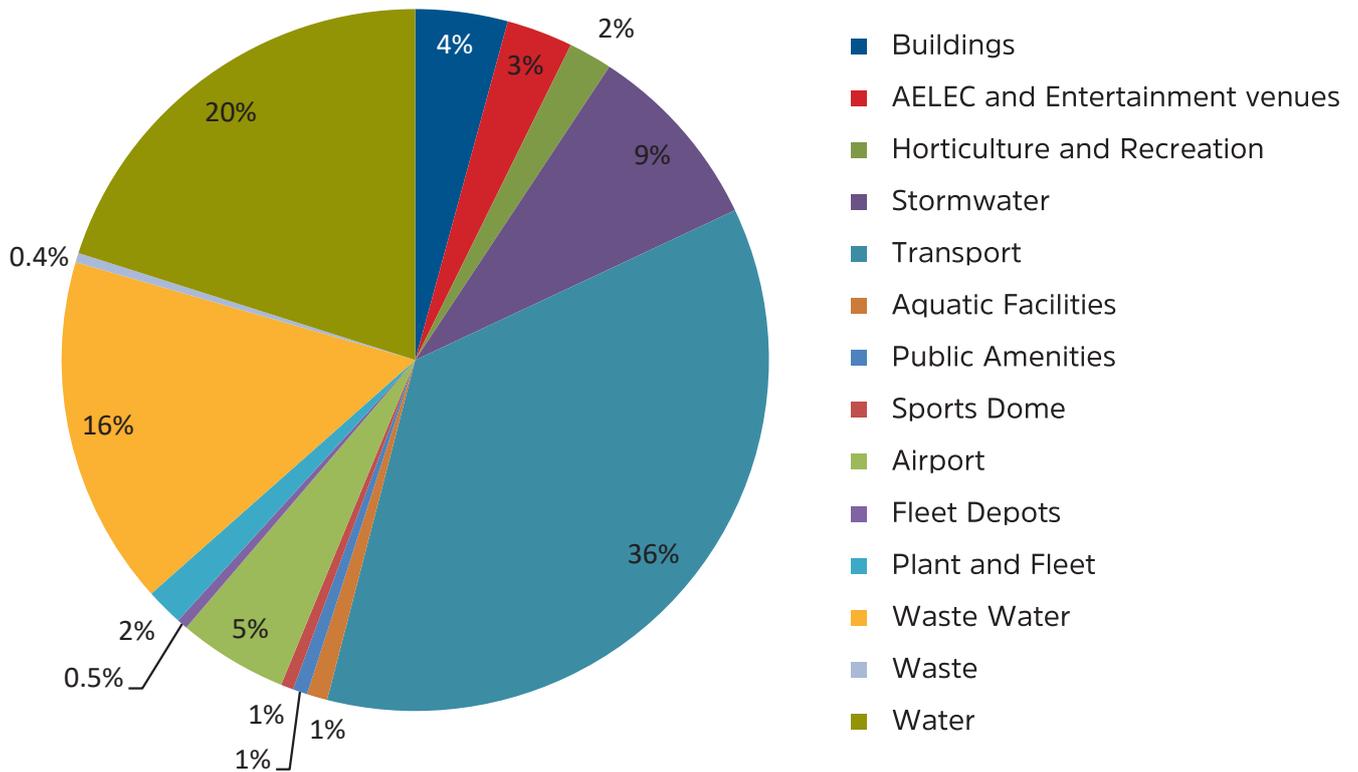


Figure 1: Asset Replacement of Council assets

The asset consumption ratios of Council's assets are shown in Figure 2.

Annual Asset Consumption Ratio

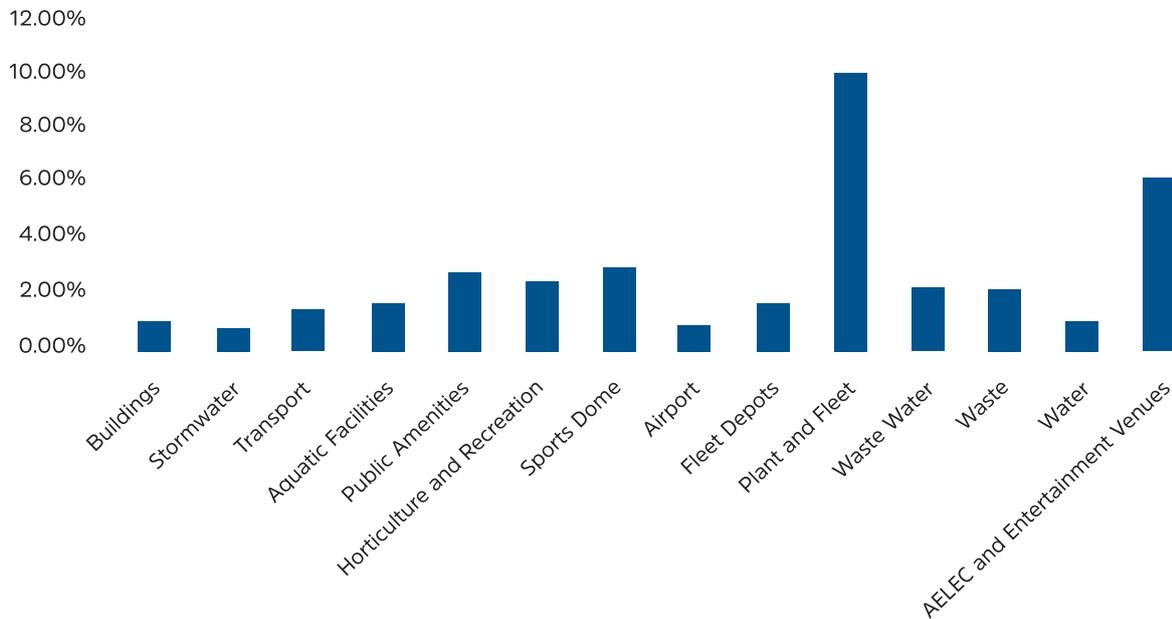


Figure 2: Asset Consumption Ratio

In some asset areas Council does not have sufficient information to provide holistic reports on asset conditions. This is one of the key areas of improvement over the next 12 months

3.2 LIFE CYCLE COST

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense). The life cycle costs in Table 3 comprise average operations, maintenance expenditure plus asset consumption expense, represented by depreciation expense projected over 10 years. The life cycle Cost does not indicate the funds required to provide the service in a particular year.

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than the life cycle cost, this indicates that assets are wearing out faster than they are being renewed. This would be reflected in asset renewal ratios provided in financial plans of less than the benchmark 100%.

While this gap may indicate that the current position is unsustainable and council will be faced with a growing backlog of asset maintenance, the timing issues mentioned above should also be considered. Where asset renewal expenditure is only required infrequently and operating results allow funds to be set aside for the future works, the longer term situation may still be satisfactory.

The Long-Term Financial Plan shows that the water, waste, wastewater and airport funds are able to maintain surplus operating results for the period and should be able to meet required expenditure. The average operating result for the General Fund (excluding waste, airport and fleet operations) is a deficit of around \$4m. This indicates that the gap for related general fund assets in table 3 of around \$9m is covered to a degree.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing service to their communities in a financially sustainable manner.

A shortfall between life cycle cost and life cycle expenditure gives an indication of the life cycle gap to be addressed in the asset management and long term financial plan.

The life cycle cost, life cycle expenditure, life cycle gap and life cycle indicator for services covered by this asset management plan is summarised in Table 3.

Table 3: Life Cycle Indicators

Service	AMP Version	Life Cycle Cost (LCC) average (\$/yr) for the next 10 years	Life Cycle Expenditure (LCE) average (\$/yr) for the next 10 years	Life Cycle Gap *average (\$/yr) for the next 10 years	Life Cycle Indicator (LCE/LCC)
Buildings	1617_S1_V1	\$ 3,608,000	\$ 3,405,000	-\$203,000	0.94
AELEC and Entertainment Venues	S3V1	\$ 7,305,000	\$ 4,947,000	-\$2,358,000	0.68
Horticulture and Recreation	1617_S1_V2	\$ 7,531,000	\$ 6,248,000	-\$1,283,000	0.83
Stormwater	1617_S1_V3	\$ 2,410,000	\$ 1,019,000	-\$1,391,000	0.42
Transport	1617_S1V3	\$ 31,822,000	\$ 29,460,000	-\$2,362,000	0.93
Aquatic facilities	1617_S1_V2	\$1,029,000	\$813,000	-\$216,000	0.79
Public amenities	1617_S1_V1	\$ 879,000	\$ 497,000	-\$382,000	0.57
Sports Dome	1617_S1_V1	\$1,130,000	\$453,000	-\$677,000	0.4
Airport	S1V3 Feb 2017	\$4,009,000	\$2,414,000	-\$1,595,000	0.86
Fleet depots	S1V2 Jan 2017	\$509,000	\$509,000	\$0	1.00
Plant and Fleet	S1V7 Jan 2017	\$ 8,829,000	\$ 9,582,000	\$753,000	1.09
Wastewater	S1V7 Jan 2017	\$ 14,136,000	\$ 10,788,000	-\$3,317,000	0.76
Waste	S3V5	\$ 6,191,000	\$ 6,094,000	-\$97,000	0.98
Water	S1V7 Jan 2017	\$ 14,429,000	\$ 12,680,000	-\$1,749,000	0.88
All services		\$103,817,000	\$88,909,000	-\$15,480,000	0.85

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

Data for table above is sourced from NAMS PLUS 3 **Report 3 - Section 6.1 Sustainability**

Council will need a continued focus on improving operating results through expenditure and revenue reviews to enable the sustainable maintenance of the current level of public assets and infrastructure.

3.3 ASSET MANAGEMENT WORKING GROUP

Council has developed a 'whole of organisation' approach to asset management through the establishment of a cross directorate Asset Management Working Group. The benefits of a corporate wide approach include:

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

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

Phase 1

- strategy development and implementation of asset management improvement program,

Phase 2

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

Phase 3

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

The current staff on Council's Asset Management Working Group are

Name	Role	Alternate
Bruce Logan	Chair	
Peter Resch	Oversight	
Chris Weber	Oversight	
James Mcloughney	Corporate Assets Coordinator	
Nathan Morgan	Water, Sewer and Waste Assets	Helen Rhodes
George Shearman	Plant and Fleet	
Anna Russell	Transport, Corporate buildings, Horticulture & Recreation, Aquatic facilities, Sports dome and Drainage Assets	Thomas Baxter & Greg Tapper
Richard Squires	Business Improvement and IT	Joanne Yeo/Tracey Rolls
Joe Bagster	GIS	
Sherrill Young	Finance Michael Gould, Rick Sanderson	
Mike Rowland	AELEC	
Peter Ross	Entertainment Venues	
Julie Stewart	Airport Assets	
Julia Farina	IP&R	

3.4 FINANCIAL & ASSET MANAGEMENT CORE COMPETENCIES

The National Frameworks on asset planning and management, and financial planning and reporting define 10 elements. 11 core competencies have been developed from these elements⁸ to assess 'core' competency under the National Frameworks. The core competencies are:

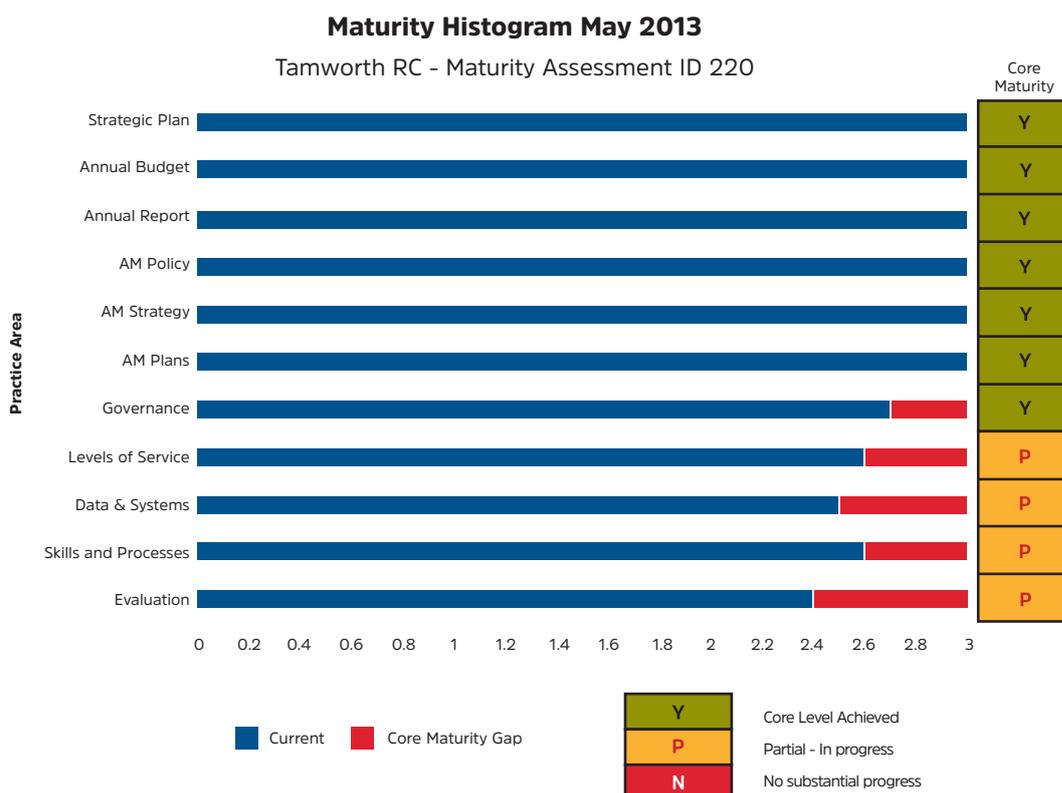
Financial planning and reporting

- Strategic Longer Term Plan
- Annual Budget
- Annual Report

Asset Planning and Management

- Asset Management Policy
- Asset Management Strategy
- Asset Management Plan
- Governance & management
- Levels of service
- Data & systems
- Skills & processes
- Evaluation

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



⁸ Asset Planning and Management Element 2 Asset Management Strategy and Plans divided into Asset Management Strategy and Asset Management Plans competencies.

Maturity Spider May 2013

Tamworth RC - Maturity Assessment ID 220

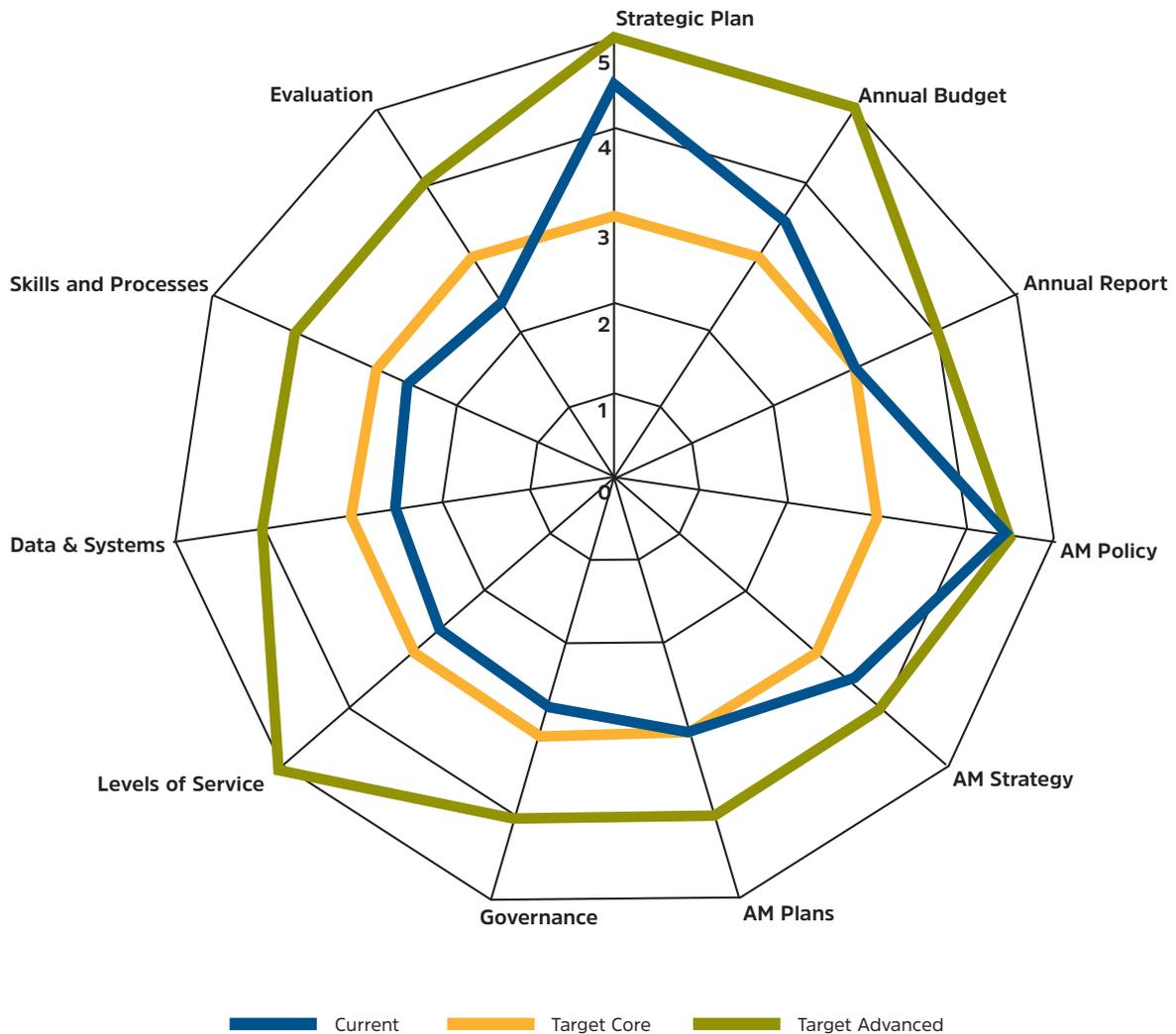


Figure 3: Core Asset Management Maturity

3.6 STRATEGY OUTLOOK

1. The organisation is, with further work on reducing costs and directing savings realised towards asset management, is able to maintain current service levels for the next 10 years.
2. The organisation, with further work on reducing costs and directing savings realised towards asset management, is able to fund current infrastructure life cycle costs at current levels of service and available revenue.
3. The organisation's current asset management maturity is below 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

4. WHERE DO WE WANT TO BE?

4.1 COUNCIL'S VISION, MISSION, GOALS AND OBJECTIVES

Council has adopted a Vision for the future in the Council Strategic Plan - "A region of opportunity and prosperity – a place to call home."

4.2 ASSET MANAGEMENT POLICY

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

The Asset Management Strategy is developed to support the asset management policy and is to enable Council to show:

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

4.3 ASSET MANAGEMENT VISION

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

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

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

- ensure that the Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council's financial sustainability,
- safeguard Council's assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets,
- adopt the long term financial plan as the basis for all service and budget funding decisions,
- meet legislative requirements for all Council's operations,
- ensure resources and operational capabilities are identified and responsibility for asset management is allocated,
- provide high level oversight of financial and asset management responsibilities through Audit Committee/ CEO reporting to council on development and implementation of Asset Management Strategy, Asset Management Plan and Long Term Financial Plan.

Strategies to achieve this position are outlined in Section 5.

5. HOW WILL WE GET THERE?

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

Table 4: Asset Management Strategies

No	Strategy	Desired Outcome	Comply
1	Move from annual budgeting to long-term financial planning	The long-term implications of Council services are considered in annual budget deliberations.	
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.	
3	Develop Long-Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.	
4	Incorporate year 1 of Long-Term Financial Plan revenue and expenditure projections into annual budgets.	Long-term financial planning drives budget deliberations.	
5	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.	
6	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in annual reports.	Financial sustainability information is available for Council and the community.	
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.	
8	Report on Council's resources and operational capability to deliver the services needed by the community in the annual report.	Services delivery is matched to available resources and operational capabilities.	 Contained within the resourcing strategy

Table 4: Asset Management Strategies

No	Strategy	Desired Outcome	Comply
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.	
10	Implement an improvement plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.	
11	Report six monthly to Council by Audit Committee/GM on development and implementation of Asset Management Strategy, AM Plans and Long-Term Financial Plans.	Oversight of resource allocation and performance.	

 comply  partial  still to comply

6. ASSET MANAGEMENT IMPROVEMENT PLAN

The tasks required to achieve a 'core' financial and asset management maturity are shown in priority order in Table 5.

Table 5: Asset Management Improvement Plan

Practice Area	Recommendations and Comments	Priority 1 = High 2 = Moderate 3 = Low
Data & Systems	Implement a data improvement plan in line with the improvement plan in the Asset Management Plans.	1 – High
Annual Report	Use NAMSPLUS3 to implement state of the assets reporting to correct special schedule 7 and note 13 a with the following scenarios: Asset Register - Use NAMSPLUS3 form 2 and KMS optimizer model (an advanced module that can calculate special schedule 7 and note 13A from Asset Management Plan data) Correct SS7 in 2 stages – <ul style="list-style-type: none"> • first an improved estimate using latest version of NAMSPLUS (now NAMSPLUS3 / AssetVision Predictive Modelling) • then from asset register based on revaluation. 	1 – High
Asset Management Strategy	Update improvement program in the Asset Management Strategy to align with this maturity assessment.	1 – High
Asset Management Strategy	Improve the confidence of service level trends and reporting to clearly communicate the service level and risk trends for the balanced resourcing strategy scenario.	1 – High



Practice Area	Recommendations and Comments	Priority 1 = High 2 = Moderate 3 = Low
Asset Management Strategy	<p>Complete a Knowledge Management Strategy that includes an updated skills audit to determine skills needed to implement Technology One works, asset management system and the interaction with NAMSPLUS3 advanced modelling tools. The Knowledge Management Strategy should identify all inputs, reports, data, business processes and systems used to achieve and maintain target maturity</p> <p>High priority – Tech One Asset System needs to interact with NAMSPLUS / AssetVision to provide all advanced modelling functions to update asset management plans/strategies/predictive models and service level based works programs. This means no additional software is needed other than the Tech One works and assets system. NAMSPLUS/AssetVision can provide pavement management and works optimization functions linked to GIS. The Knowledge Management Strategy will look at benefits costs and risk of options.</p> <ul style="list-style-type: none"> e) How Techone will interact with NAMSPLUS in the future. f) NAMSPLUS / AssetVision provides the tools to update AMPs and provide works programs linked to AMPs and GIS g) NAMSPLUS / AssetVision provides the tools for pavement management modeling and optimization h) The linking of NAMSPLUS with the asset register and GIS etc etc needs to be documented in a knowledge management strategy – what system does what. <ul style="list-style-type: none"> ix. GIS x. Asset Register (tech one) xi. Works orders and service requests (tech one) xii. Financial reporting and capitalisation (tech one) xiii. Special Schedule 7 Calculation (NAMSPLUS / AssetVision) Pavement Management Modeling (NAMSPLUS / AssetVision) xiv. Asset Management Plan update(NAMSPLUS / AssetVision) xv. Service Level xvi. Works programs linked to Asset Management Plans (NAMSPLUS / AssetVision) 	1 – High
Evaluation	Combine the outstanding tasks in this maturity assessment and section 8.2 in each Asset Management Group and provide a prioritised Asset Management Improvement Project. Asset Management Group to get it done within available resources.	1 – High



Practice Area	Recommendations and Comments	Priority 1 = High 2 = Moderate 3 = Low
Strategic Plan	<p>Show desired trends for service level performance indicator.</p> <p>Strategic Plan should identify any areas where service levels will be reduced. The special Schedule 7 and Note 13A shows that this is likely and service level expectation in CSP and annual reports need to align. If there are insufficient funds service levels will go down.</p>	2 – Moderate
Asset Management Strategy	Annual review of LTFP and update AMPs to ensure renewal projections align with the budget and delivery program.	2 – Moderate
Asset Management Strategy	Provide a consolidated “state of the assets” report for asset quality, function and capacity showing % by value poor/very poor, fair, good/V good. Section 2.3 of the current Asset Management Strategy already provides the analysis for quality.	2 – Moderate
Asset Management Plans	Update service level targets to show quality, function and capacity/ safety targets and actuals, to enable monitoring and reporting of service trends. For example report % poor / fair / good for each by asset value or area. Quality reporting is already done in some of the current asset management plans. Implement a data improvement plan based on NAMSPLUS3 scenario models. This should be done in conjunction with the revaluation of civil infrastructure.	2 – Moderate
Governance & Management	Asset management group implement the prioritised improvement plan and report any high risks to Executive / Audit Committee.	2 – Moderate
Governance & Management	Clearly communicate the affordable target service levels for the balanced resourcing strategy and to improve the confidence levels of the underlying models using NAMSPLUS3 and linked advanced modelling tools. (KMS optimizer and strategy dashboard)	2 – Moderate
Levels of Service	Review community service levels and reporting metrics so that service level trends can be reported. For example % Poor / % Fair / % Good by value or area as a community measure would provide trend reporting and link to technical service levels such as PCI, cracking, IRI/roughness, condition, water pressure, water quality etc.	2 – Moderate
Data & Systems	Document consistent condition assessment manual for each asset group as an appendix to the Asset Management Plan(s)	2 – Moderate

Practice Area	Recommendations and Comments	Priority 1 = High 2 = Moderate 3 = Low
Data & Systems	Document, track and report service level trends that link service levels in AMPs with performance indicators in the community strategic plan.	2 – Moderate
Data & Systems	All service level data should show current and affordable target service levels based on the balanced resourcing strategy. Additional targets based on sustaining or improving current level of service should be added as data improves.	2 – Moderate
Data & Systems	Complete risk registers for each asset group AMP. Any residual high risks should be listed in AMPs and the highest risks in each AMP should be in the corporate risk register and reported to executive/council/audit committee.	2 – Moderate
Evaluation	Service level review for overall community service trends.	2 – Moderate
Annual Budget	Include a statement in the budget explanation that makes clear what the implications are for ongoing service levels. Show renewal and upgrade/new in the annual budget and the future impacts of upgrade/new for future review. See example format in the appendix.	3 – Low
Asset Management Policy	Annual review to ensure Council's decision-making is consistent with the Asset Management Policy	3 – Low



ACKNOWLEDGEMENTS

Tamworth Regional Council acknowledges the Kamilaroi People, the traditional owners and custodians of the lands in our region and we pay respect to the Elders both past and present.

We would also like to thank the thousands of residents that responded to our community engagement activities and provided us with open and robust feedback.

FEEDBACK

If you have any further queries about the engagement process or the ongoing delivery of the Community Strategic Plan 2017-2027, please contact us on (02) 6767 5555, or 1300 733 625 within the Tamworth region during office hours, or email trc@tamworth.nsw.gov.au

