

***Tatiara***  
*the good country*

Tatiara District Council

# **Buildings**

## Asset Management Plan

Version 3c November 2020



Document Control					
Document ID:Building AMP2020v3.docx					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	18/09/2019	Initial Draft – For Council Consideration	Mike Coppins Asset Manager	Aaron Hillier Director Infrastructure & Operations	Council
2	16/09/2020	Review for Council Workshop	AM	Aaron Hillier Director Infrastructure & Operations	
3	30/11/2020	Revised Maintenance & Renewal Program	AM	Aaron Hillier Director Infrastructure & Operations	

## TABLE OF CONTENTS

1. EXECUTIVE SUMMARY .....	iii
2. INTRODUCTION .....	1
2.1 Background .....	1
2.2 Goals and Objectives of Asset Management .....	2
2.3 Plan Framework .....	3
2.4 Core and Advanced Asset Management .....	3
2.5 Community Consultation .....	3
3. LEVELS OF SERVICE .....	4
3.1 Customer Research and Expectations .....	4
3.2 Legislative Requirements .....	4
3.3 Current Levels of Service .....	4
3.4 Desired Levels of Service .....	6
4. FUTURE DEMAND .....	6
4.1 Demand Forecast .....	6
4.2 Changes in Technology .....	6
4.4 New Assets for Growth .....	7
5. LIFECYCLE MANAGEMENT PLAN .....	7
5.1 Background Data .....	7
5.2 Risk Management Plan .....	9
5.3 Routine Maintenance Plan .....	9
5.4 Renewal/Replacement Plan .....	11
5.5 Creation/Acquisition/Upgrade Plan .....	13
5.6 Disposal Plan .....	14
6. FINANCIAL SUMMARY .....	14
6.1 Financial Statements and Projections .....	14
6.2 Funding Strategy .....	17
6.3 Valuation Forecasts .....	18
6.4 Key Assumptions made in Financial Forecasts .....	18
7. ASSET MANAGEMENT PRACTICES .....	18
7.1 Accounting/Financial Systems .....	18
7.2 Asset Management Systems .....	18
7.3 Information Flow Requirements and Processes .....	19
7.4 Standards and Guidelines .....	19
8. PLAN IMPROVEMENT AND MONITORING .....	19
8.1 Performance Measures .....	19
8.2 Improvement Plan .....	20
8.3 Monitoring and Review Procedures .....	21
REFERENCES .....	21
APPENDICES .....	22
Appendix A Projected 10-year Capital Renewal Works Program .....	23
Appendix B Budgeted Expenditure Accommodated in LTFP .....	25

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## 1. EXECUTIVE SUMMARY

### Context

The fundamental purpose of this Buildings Asset Management Plan is to improve Council's long-term strategic management of its infrastructure assets on behalf of the community. This is the first comprehensive review of the Buildings Asset Management Plan.

Council's goal in managing building assets is to meet the required level of service in the most cost effective manner, meet legislative requirements and maintain building infrastructure to support sustainable communities in the Tatiara.

Tatiara District Council has building assets located in the townships across the municipality. This Plan provides long-term strategies for the replacement, upgrading and management of the social, economic and environmental risks associated with the operation of these assets.

### Building Assets

The building asset network comprises:

Buildings and Structures	
Asset Type	Quantities
Buildings	35
Sheds	17
Shelter	27
Fencing	15
Bridges	6
Other Structures	30
Heritage Buildings and Structures	
Asset Type	Quantities
Buildings	8
Shed	12
Shelter	8
Fencing	1
Other Structures	8

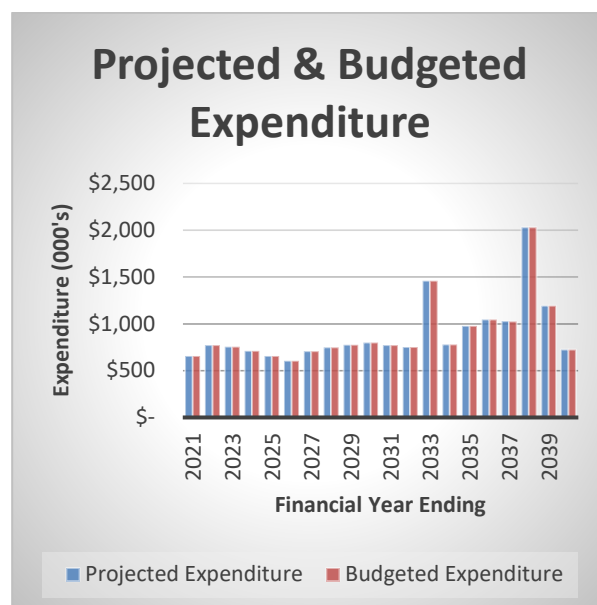
These infrastructure assets have a replacement value of \$38,832,000.

### What does it Cost?

The projected cost to provide the services covered by this Asset Management Plan includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$7,196,000 or \$720,000 per year. For the period of this plan

expenditure for asset renewal is minimal with large spikes in future years.

Council is not able to provide the current level of service in the medium to long term without increasing spending on renewals. Projected and budgeted expenditure are shown in the graph below.



### What we will do

Council plans to provide building infrastructure for the following:

- Operation, maintenance, renewal and upgrade of buildings and structures to meet service levels set by council in annual budgets.

### Managing the Risks

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

- Aging building infrastructure
  - Public safety risks
  - Non-compliance with regulations and standards
- We will endeavour to manage these risks within available funding by:
- Identifying assets in poor condition
  - Reactive repairs
  - Regular inspection and testing of buildings and services

### The Next Steps

The actions resulting from this asset management plan are:

- Continue to monitor the condition of building and structure assets
- Long term financial planning for asset renewals and upgrades
- Renewal/Replacement of assets

## Questions you may have

### What is this plan about?

This asset management plan covers the infrastructure assets that serve the Tatiara Community's building infrastructure needs. These assets include buildings in townships across the Council area.

### What is an Asset Management Plan?

Asset management planning is a comprehensive process to ensure delivery of services from infrastructure is provided in a financially sustainable manner.

An asset management plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost effective manner. The Plan defines the services to be provided, how the services are provided and what funds are required to provide the services.

### Is there a funding shortfall?

Current data and information indicates that the current funding of Council's Building assets is inadequate to ensure their long-term sustainability.

Aging building infrastructure is expected to cause spikes in capital expenditure when this infrastructure reaches the end of its useful life.

### What options do we have?

Current data indicates that Council is not well positioned to fund the current service levels provided by building infrastructure, therefore it is imperative that future renewal, upgrade and maintenance regimes are optimised to ensure rate payers are receiving building infrastructure services at the lowest possible price. This can be done by ensuring the following:

1. Improving asset knowledge so that data accurately records the asset inventory, how assets are performing and when assets are not able to provide the required service levels,
2. Improving our efficiency in operating, maintaining, replacing existing and constructing new assets to optimise life cycle costs,
3. Identifying and managing risks associated with providing services from infrastructure,
4. Making trade-offs between service levels and costs to ensure that the community receives the best return from infrastructure,
5. Identifying assets surplus to needs for disposal to make savings in future operations and maintenance costs
6. Consulting with the community to ensure that building infrastructure services meet community needs and are affordable.

## 2. INTRODUCTION

### 2.1 Background

This asset management plan is to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding needed to provide the required levels of service.

The asset management plan is to be read with Council's Asset Management Policy, Asset Management Strategy and the following associated planning documents:

- Strategic Management Plan – The Strategic Management Plan provides a focus for Council's service delivery over a three-year period
- Planning and Design Code – The planning and design code has two purposes. Firstly, it sets our objectives to guide the type and location of future developments across the Council areas. Secondly, it provides the detail for the assessment of individual development proposals through the establishment of a network of zones together with detailed criteria against which development application are assessed.
- Long Term Financial Plan – This plan outlines all aspects of the key financial strategy objectives and commitments. Since financial resources are limited, the long term financial plan will both inform and interpret the Strategic Management Plan
- Annual Budget – The Budget details resources needed to deliver services on an annual basis. In addition, it outlines the service delivery programs and projects of the Council and details performance measures (both financial and non-financial) in which the efficiency and effectiveness of the service delivery can be gauged.

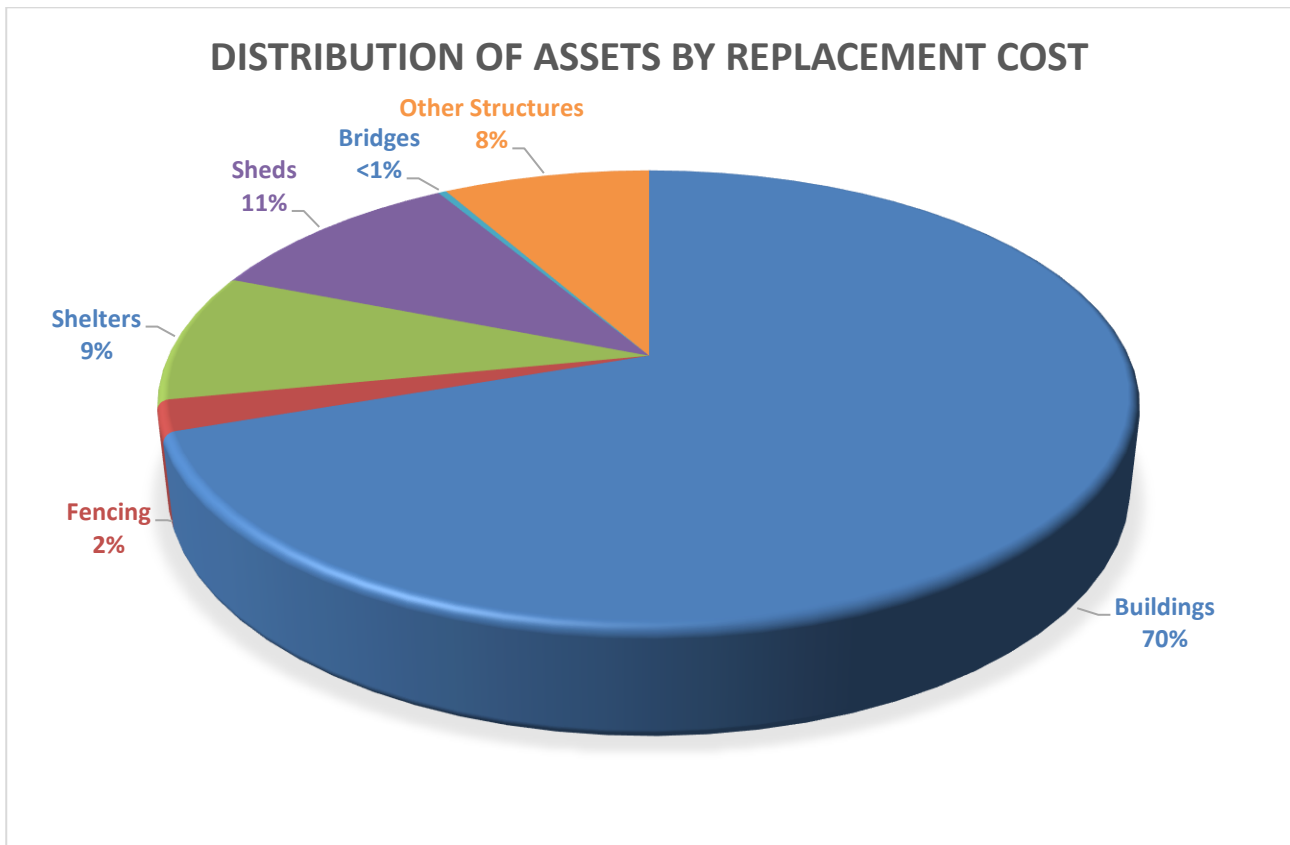
The infrastructure assets covered by this asset management plan are shown in Table 2.1.

**Table 2.1: Assets covered by this Plan**

Asset category	Count/Length	Replacement Value
Buildings	35	\$22,772,000
Sheds	17	\$749,000
Shelters	27	\$1,197,000
Fencing	15	\$1,699,000
Bridges	6	\$70,000
Other Structures	30	\$4,694,000
Heritage Buildings	8	\$4,412,000
Heritage Sheds	12	\$2,598,000
Heritage Shelters	8	\$292,000
Heritage Fencing	1	\$220,000
Other Heritage Structures	8	\$129,000
<b>TOTAL</b>		<b>\$38,832,000</b>

Valuation as at 30 June 2020

**Figure 1: Distribution of Building Assets by Replacement Value**



## 2.2 Goals and Objectives of Asset Management

The Council exists to provide services to its community. Some of these services are provided by infrastructure assets. Council has acquired infrastructure assets by 'purchase', by contract, construction by council staff and by donation of assets constructed by developers and others.

Council's goal in managing infrastructure assets is to meet the required level of service in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Taking a life cycle approach,
- Developing cost-effective management strategies for the long term,
- Providing a defined level of service and monitoring performance,
- Understanding and meeting the demands of growth through demand management and infrastructure investment,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices.<sup>1</sup>

The goal of this asset management plan is to:

- Document the services/service levels to be provided and the costs of providing the service,
- Communicate the consequences for service levels and risk, where desired funding is not available, and
- Provide information to assist decision makers in trading off service levels, costs and risks to provide services in a financially sustainable manner.

This asset management plan is prepared under the direction of Council's vision, mission, goals and objectives.

<sup>1</sup> IPWEA, 2006, *IIMM* Sec 1.1.3, p 1.3.



Council's vision is:

***"Shaping a sustainable future by realising the potential of our people and region"***

Relevant goals and objectives and how these are addressed in this asset management plan are shown in Table 2.2.

**Table 2.2: Organisation Goals and how these are addressed in this Plan**

Theme	Strategic Goal	Strategy	How Goal and Objectives are addressed in AMP
Theme 2 - Built and Natural Environment	Provide appropriate infrastructure that support our district's growth	<ul style="list-style-type: none"><li>• Prepare and maintain infrastructure asset management plans</li></ul>	This AMP includes a 10-year priority based asset maintenance and replacement program for building and structure assets.

### **2.3 Plan Framework**

Key elements of the plan are

- Levels of service – specifies the services and levels of service to be provided by council.
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how the organisation will manage its existing and future assets to provide the required services
- Financial summary – what funds are required to provide the required services.
- Asset management practices
- Monitoring – how the plan will be monitored to ensure it is meeting the organisation's objectives.
- Asset management improvement plan

### **2.4 Core and Advanced Asset Management**

This asset management plan is the first comprehensive review of the original Buildings Asset Management Plan. It is prepared as a 'core' asset management plan in accordance with the International Infrastructure Management Manual<sup>2</sup>. It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

### **2.5 Community Consultation**

This 'core' asset management plan is prepared to facilitate community consultation initially through feedback on public display of draft asset management plans prior to adoption by Council. Future revisions of the asset management plan will incorporate community consultation on service levels and costs of providing the service. This will assist Council and the community in matching the level of service needed by the community, service risks and consequences with the community's ability to pay for the service.

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<sup>2</sup> IPWEA, 2006.

### 3. LEVELS OF SERVICE

#### 3.1 Customer Research and Expectations

Council has not carried out any research on customer expectations. This will be investigated for future updates of the asset management plan.

#### 3.2 Legislative Requirements

Council has to meet many legislative requirements including Australian and State legislation and State regulations. Relevant legislation is shown in Table 3.2.

**Table 3.2: Legislative Requirements**

Legislation	Requirement
Local Government Act 1934 and 1999	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long-term financial plan supported by asset management plans for sustainable service delivery.
Local Government (Financial Management and Rating) Amendment Act 2005	Impetus for the development of a Strategic Management Plan, comprising an (Infrastructure) Asset Management Plan and Long-term Financial Plan
Environmental Protection Act 1993	This Act places a 'duty of care' on people not to undertake activities that will cause environmental harm.
Work Health and Safety Act 2012 and regulations 2012	An Act to provide for the health, safety and welfare of persons at work.
Building Code of Australia	This Code provides the minimum necessary requirements for safety, health, amenity and sustainability in the design and construction of new buildings (and new building work in existing buildings) throughout Australia.
Planning, Development and Infrastructure Act 2016	An Act to provide for planning and regulate development in the State; to regulate the use and management of land and buildings; to make provision for the maintenance and conservation of land and buildings where appropriate; and for other purposes.

#### 3.3 Current Levels of Service

Council has defined service levels in two terms.

**Community Levels of Service** relate to the service outcomes that the community wants in terms of safety, quality, quantity, reliability, responsiveness, cost effectiveness and legislative compliance.

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

Quality	How good is the service?
Function	Does it meet users' needs?
Safety	Is the service safe?

**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 council undertakes to best achieve the desired community outcomes.

Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services such as electricity costs, etc.
- Maintenance – the activities necessary to retain an asset as near as practicable to its original condition (eg inspections, pressure cleaning, etc),

- Renewal – the activities that return the service capability of an asset up to that which it had originally (eg roof replacement),
- Upgrade – the activities to provide a higher level of service (eg replacing a component with a larger size) or a new service that did not exist previously.

Council's current service levels are detailed in Table 3.3.

**Table 3.3: Current Service Levels**

Key Performance Measure	Level of Service Objective	Performance Measure Process	Desired Level of Service	Current Level of Service
<b>COMMUNITY LEVELS OF SERVICE</b>				
Quality	To provide safe, clean and accessible buildings	Customer service complaints relating to safety, accessibility and cleanliness.	To be determined	
Function	The ease of parking, directional signage, and experience at a facilities	Customer service complaints relating to parking, signage and experience at facility.	To be determined	
Capacity/Utilization	Capacity is matched to user's need	Customer service complaint relating to over or under capacity.	To be determined	
Environment/Safety	Compliance with OH&S legislation	Customer reported incidents	To be determined	
<b>TECHNICAL LEVELS OF SERVICE</b>				
Operations	Servicing and management	Constancy of cleaning and inspections	Annual	Compliant
Maintenance	Respond to service requests and provide scheduled maintenance Buildings meet legislative standards	Reactive service requests and scheduled maintenance is completed within reasonable time frames  Budget	To be collated  \$275,000	0 service requests  \$275,000
Renewal	Buildings meets users needs Accessible to people with physical challenges	Renewals comply with standards  Budget	System components are economically replaced within operating life cycles Critical buildings will provide wheelchair access  As required	     As required

Upgrade/New	Construction of new buildings	Adequate building facilities for community needs		
		Budget	\$0	\$0

### 3.4 Desired Levels of Service

At present, indications of desired levels of service are obtained from various sources including residents' feedback to Councillors and staff, service requests and technical standards. Council has yet to quantify some desired levels of service. This will be done in future revisions of this asset management plan.

## 4. FUTURE DEMAND

### 4.1 Demand Forecast

Factors affecting demand include population change, changes in demographics, seasonal factors, vehicle ownership, consumer preferences and expectations, economic factors, agricultural practices, environmental awareness, etc.

Demand factor trends and impacts on service delivery are summarised in Table 4.1.

**Table 4.1: Demand Factors, Projections and Impact on Services**

Demand factor	Present position	Projection	Impact on services
Population	Bordertown 2953 Keith 1355 Mundulla 436 Wolseley 180 District Total 6620 (2016 census)	Population estimates are projected to reduce slightly to 5995 within the district over the period 2016 – 2031 (SA Planning Panel)	Nil
Demographics		Aging population – over 70s will increase by >20% in the period 2016 - 2031 (SA Planning Panel)	Greater need for access for people with disabilities
Legislative Requirements/Design Standards	New facilities constructed and maintained according to current legislation	Increased design standards	Increased construction and maintenance cost
Heritage	A number of heritage buildings and structures are included in this asset management plan	More heritage buildings and structures may be gifted to Council	Higher operations and maintenance costs due to age

### 4.2 Changes in Technology

Technology changes are forecast to have little effect on the delivery of services covered by this plan in the short term, however the following table highlights areas that technology is likely to have an impact on service delivery in the medium to long term.

Technology changes forecast to affect the delivery of services covered by this plan are detailed in Table 4.2.

**Table 4.2: Changes in Technology and Forecast effect on Service Delivery**

Technology Change	Effect on Service Delivery
Developments in condition assessment technology	Improved condition assessment methodology at a lower cost
Improvements in service efficiency at reduced power consumption	Improved replacement techniques and lower replacement costs

#### 4.4 New Assets for Growth

The new assets required to meet growth will be acquired free of cost from land developments and constructed/acquired by Council.

Future developments based on Council's development plan and previous developments are estimated to be limited.

### 5. LIFECYCLE MANAGEMENT PLAN

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

#### 5.1 Background Data

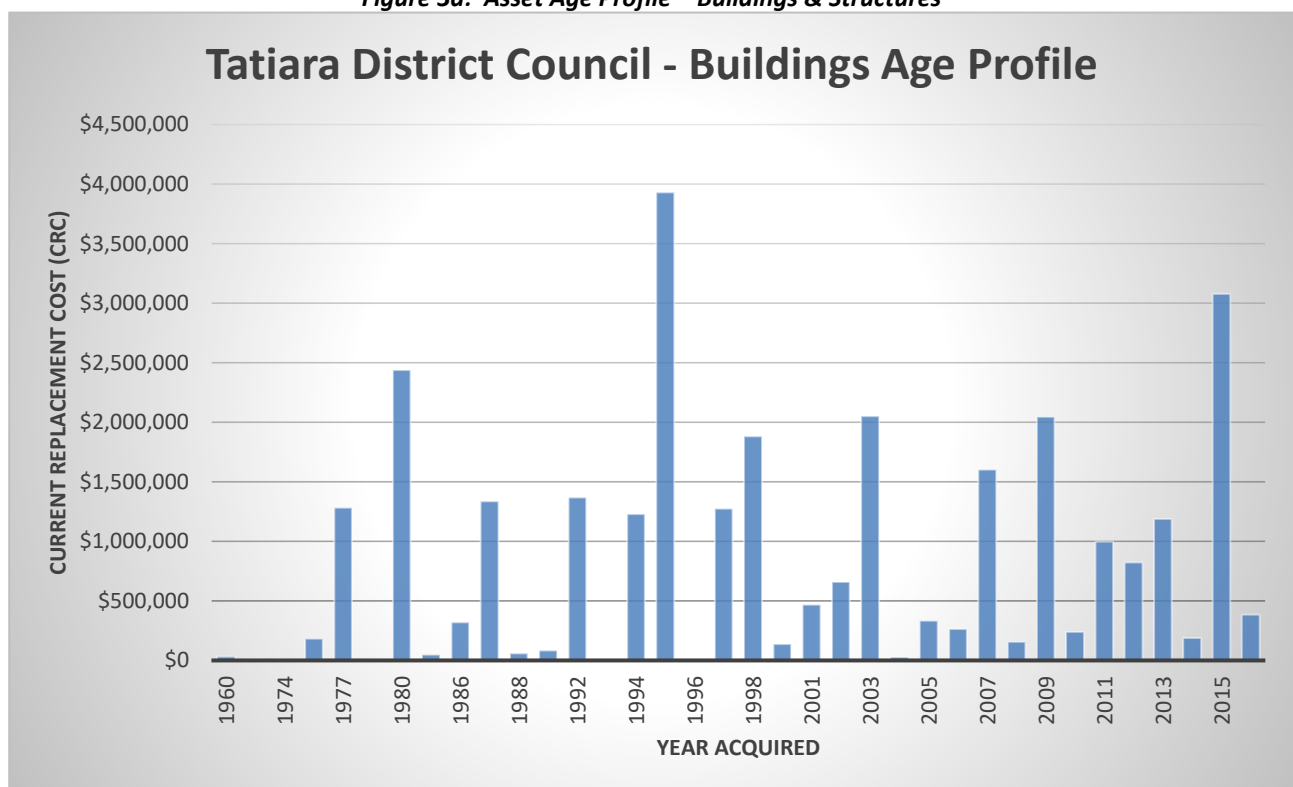
##### 5.1.1 Physical parameters

The assets covered by this asset management plan are shown in Table 2.1.

Tatiara District Council's building and structure assets are located across the district townships. The operating environment varies between sites with areas of different soil types impacting on asset useful lives, and predicted replacement costs.

The age profile of the assets included in this AM Plan is shown in Figure 3a & 3b.

**Figure 3a: Asset Age Profile – Buildings & Structures**



### 5.1.2 Asset capacity and performance

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

Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

**Table 5.1.2: Known Service Performance Deficiencies**

Location	Service Deficiency	Treatment

The above service deficiencies were identified from field inspections, and maintenance and callout records.

### 5.1.3 Asset condition

Asset condition data has not been captured for the infrastructure covered by this plan, however, it is impossible both economically and practically to capture condition information for all underground pipe assets, therefore, a sample of these assets need to be assessed and their condition extrapolated across the network. As further information becomes available it will be included in this document.

Condition is measured using a 1 – 100 rating system as detailed in Table 5.1.3.

**Table 5.1.3: IIMM Description of Condition**

Condition Rating	Description
10	Very good condition: Only planned maintenance required.
30	Good: Minor maintenance required plus planned maintenance.
50	Fair: Significant maintenance required.
70	Poor: Significant renewal/upgrade required.
90	Very poor: Unserviceable.

Council has carried out condition assessments on both the pump stations and the pipe network.

#### 5.1.3.1 Building & Structure Condition

Where possible, condition is monitored in accordance with recommended service and maintenance standards. Condition is also monitored during planned and unplanned reactive maintenance.

### 5.1.4 Asset valuations

The value of assets recorded in the asset register as at 30<sup>th</sup> June 2020 covered by this asset management plan is shown below. Assets were last comprehensively revalued at 30<sup>th</sup> June 2018.

Current Replacement Cost	\$31,180,804 (Not including heritage buildings and structures)
Depreciable Amount	\$31,180,804
Depreciated Replacement Cost	\$14,604,660
Annual Depreciation Expense	\$754,156 (Further componentisation results in a reduction to \$591,546 when the fit-out useful life (UL) of 15 years is replaced with Flooring UL of 20 years and Fittings UL of 40 years)

Council's sustainability reporting reports the rate of annual asset consumption and compares this to asset renewal and asset upgrade and expansion.

Asset Consumption (Depreciation/Depreciable Amount)	2.42% (1.90% refined componentisation)
Asset renewal (Capital renewal exp/Depreciable amount)	1.50%
Annual Upgrade/New (Capital upgrade exp/Depreciable amount)	0.02%

Council is currently renewing assets at 1.50% of the rate they are being consumed and increasing its asset stock by approximately 0.02% each year over a 10 year period and 0% in the first year of this plan.

To provide services in a financially sustainable manner, Council will need to ensure that it is renewing assets at the rate they are being consumed over the medium-long term and funding the life cycle costs for all new assets and services in its long term financial plan.

## 5.2 Risk Management Plan

An assessment of risks associated with service delivery from infrastructure assets has identified critical risks that will result in loss or reduction in service from infrastructure assets or a 'financial shock' to the organisation. 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.

Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the Infrastructure Risk Management Plan are summarised in Table 5.2.

**Table 5.2: Critical Risks and Treatment Plans**

Service or Asset at Risk	What can Happen	Risk Rating (VH, H, M, L)	Risk Treatment Plan	Associated Costs
Fire in a building or structure	Buildings and structures structurally damaged Loss of life or buildings	H	Maintenance program to exercise fire hydrants at buildings Annual fire drills to ensure staff are familiar with emergency evacuation procedures	M
Disability Access	Prevent access to public facilities	M	Regular inspection program to identify lack of access	M
Air Conditioning	Lack of regular maintenance can reduce air quality and failure can lead to health stress on vulnerable citizens	M	Regular maintenance program	L

## 5.3 Routine Maintenance Plan

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.

### 5.3.1 Maintenance plan

Maintenance includes reactive, planned and specific maintenance work activities.

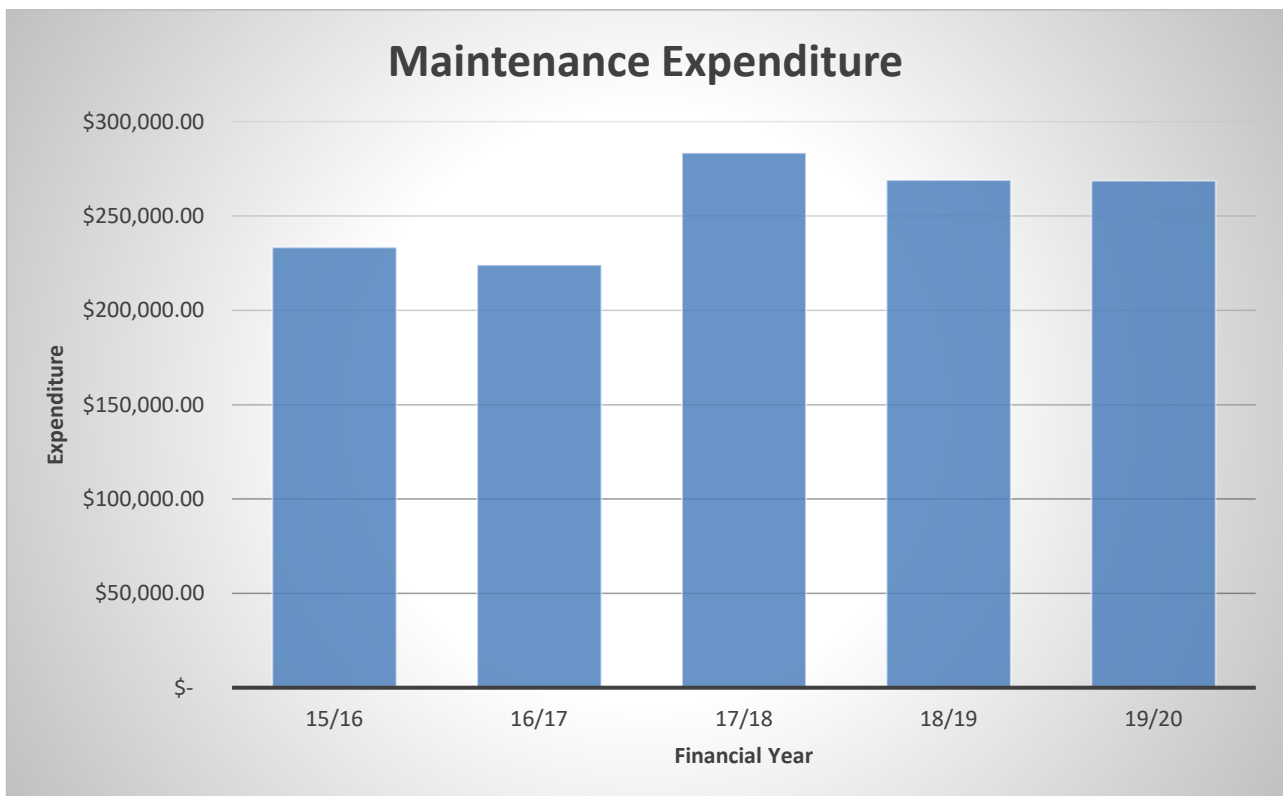
Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions.

Planned maintenance is repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Specific maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, etc. This work generally falls below the capital/maintenance threshold but may require a specific budget allocation.

Actual past maintenance expenditure is shown in Figure 9.

**Figure 9: Maintenance Expenditure Trends**



Assessment and prioritisation of reactive maintenance is undertaken by operational staff using experience and judgement. Due to the aging infrastructure, unplanned maintenance is expected to increase over time before building and structure assets are replaced.

### 5.3.2 Standards and specifications

Maintenance work is carried out in accordance with the following Standards and Specifications.

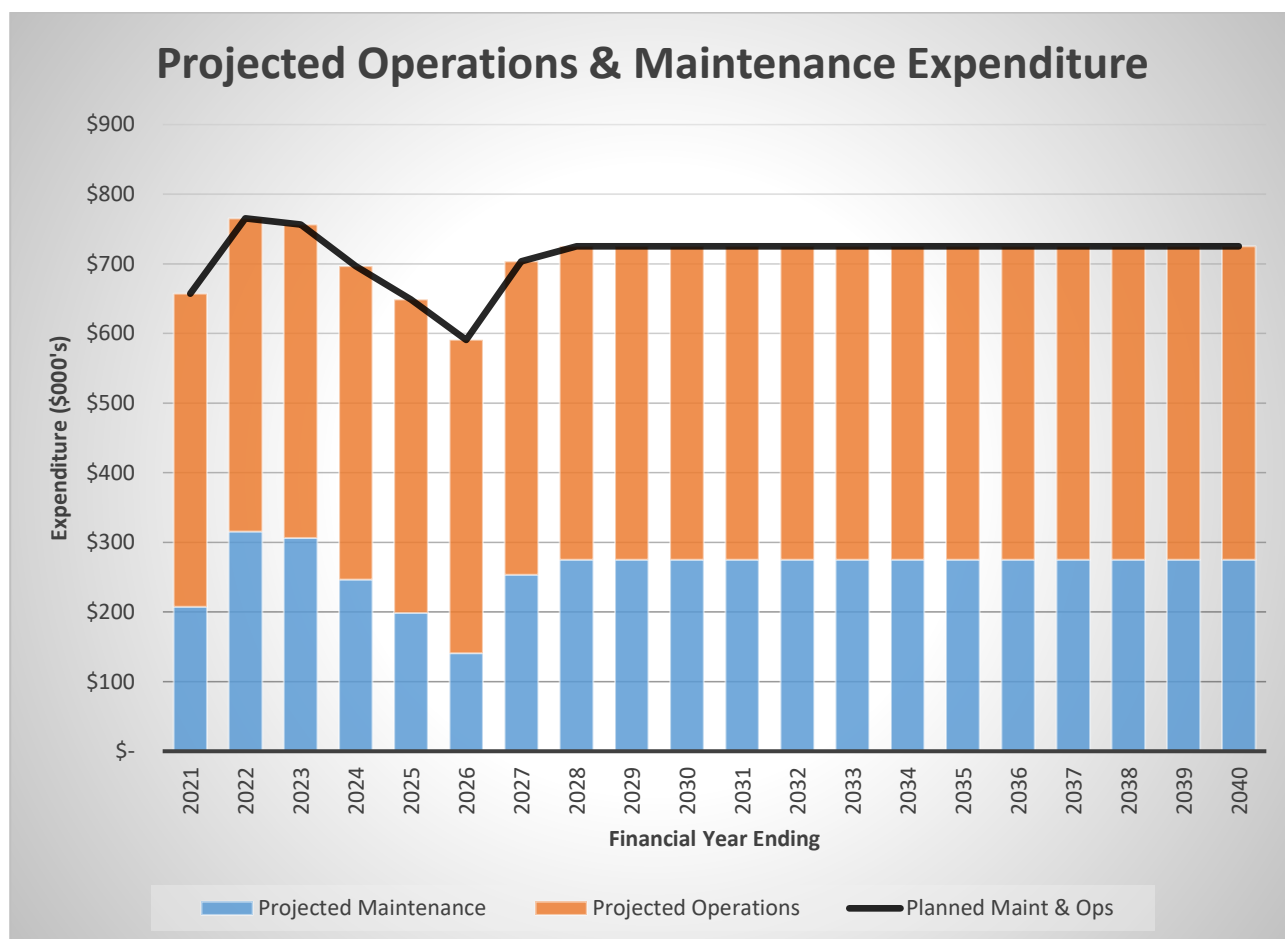
- Building Code of Australia
- Operation and Maintenance Manuals

### 5.3.3 Summary of future operations and maintenance expenditures



Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 10. Note that all costs are shown in 2019/20 financial year dollar values.

**Figure 10: Projected Operations and Maintenance Expenditure**



Deferred maintenance, ie works that are identified for maintenance that are unable to be funded or resourced are included in the risk assessment process in the infrastructure risk management plan.

Maintenance is funded from the operating budget and grants where available. This is further discussed in Section 6.2.

## 5.4 Renewal/Replacement Plan

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

### 5.4.1 Renewal plan

Assets requiring renewal are identified from one of three methods provided in the 'Expenditure Template'.

- Method 1 uses Asset Register data to project the renewal costs for renewal years using acquisition year and useful life, or

- Method 2 uses capital renewal expenditure projections from external condition modelling systems (such as Pavement Management Systems), or
- Method 3 uses a combination of average *network renewals* plus *defect repairs* in the *Renewal Plan* and *Defect Repair Plan* worksheets on the 'Expenditure template'.

Method 1 was used for this asset management plan.

The ranking criteria used to determine priority of identified renewal proposals is detailed in Table 5.4.1.

**Table 5.4.1: Renewal Priority Ranking Criteria**

Criteria	Weighting
Perceived Risk Factor	30
Condition	40
Design Capacity	30
<b>Total</b>	<b>100%</b>

Renewal will be undertaken using 'low-cost' renewal methods where practical. The aim of 'low-cost' renewals is to restore the service potential or future economic benefits of the asset by renewing the assets at a cost less than replacement cost.

Examples of low-cost renewal include relining of a swimming pool rather than demolish and replace.

#### 5.4.2 Renewal standards

Renewal work is carried out in accordance with the following Standards and Specifications.

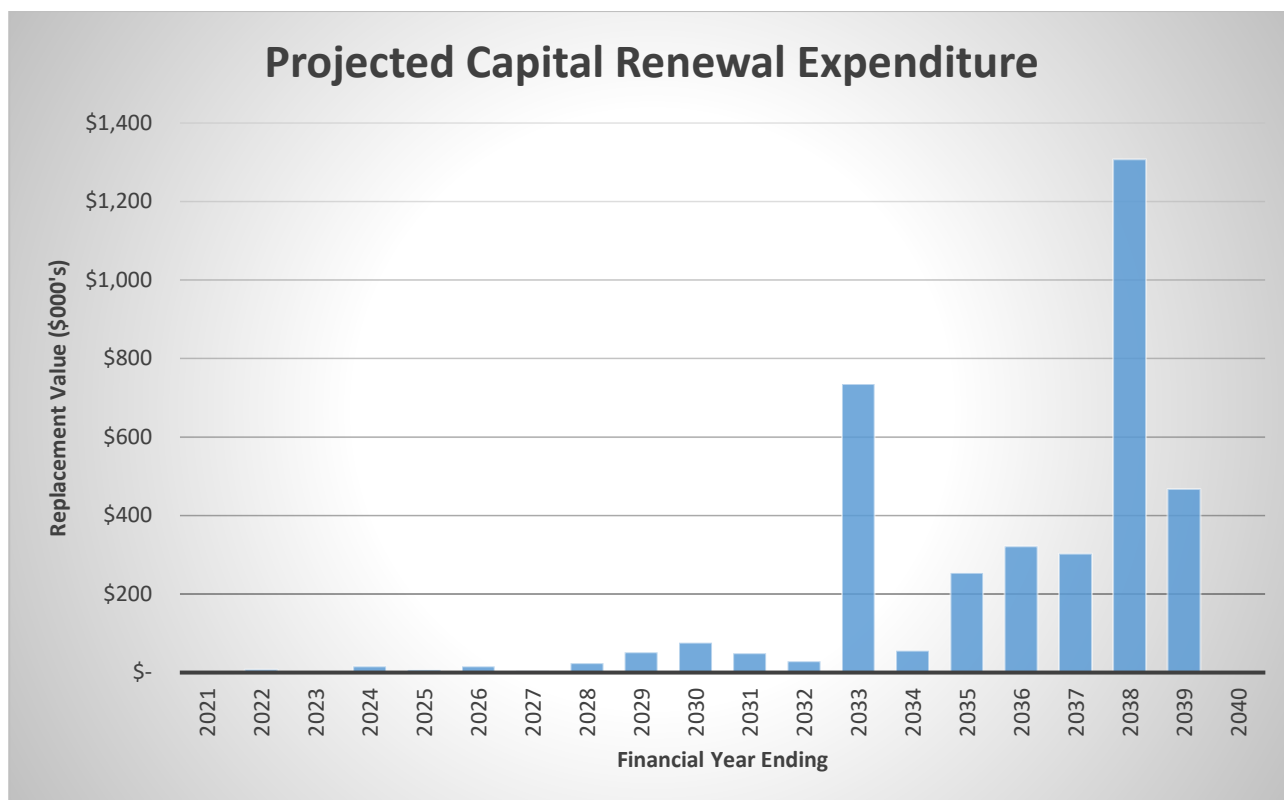
- Building Code of Australia
- Council's engineering design standards
- Local Government Association of South Australia Guidelines and Design Requirements

#### 5.4.3 Summary of projected renewal expenditure

Projected future renewal expenditures are forecast to increase over time as the asset stock ages. The costs are summarised in Figure 11. Note that all costs are shown in 2020 financial year dollar values.

The projected capital renewal program is shown in Appendix B.

**Figure 11: Projected Capital Renewal Expenditure**



Renewals are to be funded from capital works programs and grants where available. This is further discussed in Section 6.2.

## 5.5 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 Council from land development. These assets from growth are considered in Section 4.4.

### 5.5.1 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 estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in Table 5.5.1.

**Table 5.5.1: Upgrade/New Assets Priority Ranking Criteria**

Criteria	Weighting
Design Capacity	40%
Perceived Risk	40%
Condition	20%
<b>Total</b>	<b>100%</b>

### 5.5.2 Standards and specifications

Standards and specifications for new assets and for upgrade/expansion of existing assets are the same as those for renewal shown in Section 5.4.2.

### 5.5.3 Summary of projected upgrade/new assets expenditure

There are no projected upgrade/new asset expenditures included in this Asset Management Plan. Moving forward these will be considered on a case-by-case basis and will largely be reliant on grant funding sources becoming available.

New assets and services are to be funded from capital works program and grants where available. This is further discussed in Section 6.2.

## 5.6 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation

There are no assets identified for disposal.

## 6. FINANCIAL SUMMARY

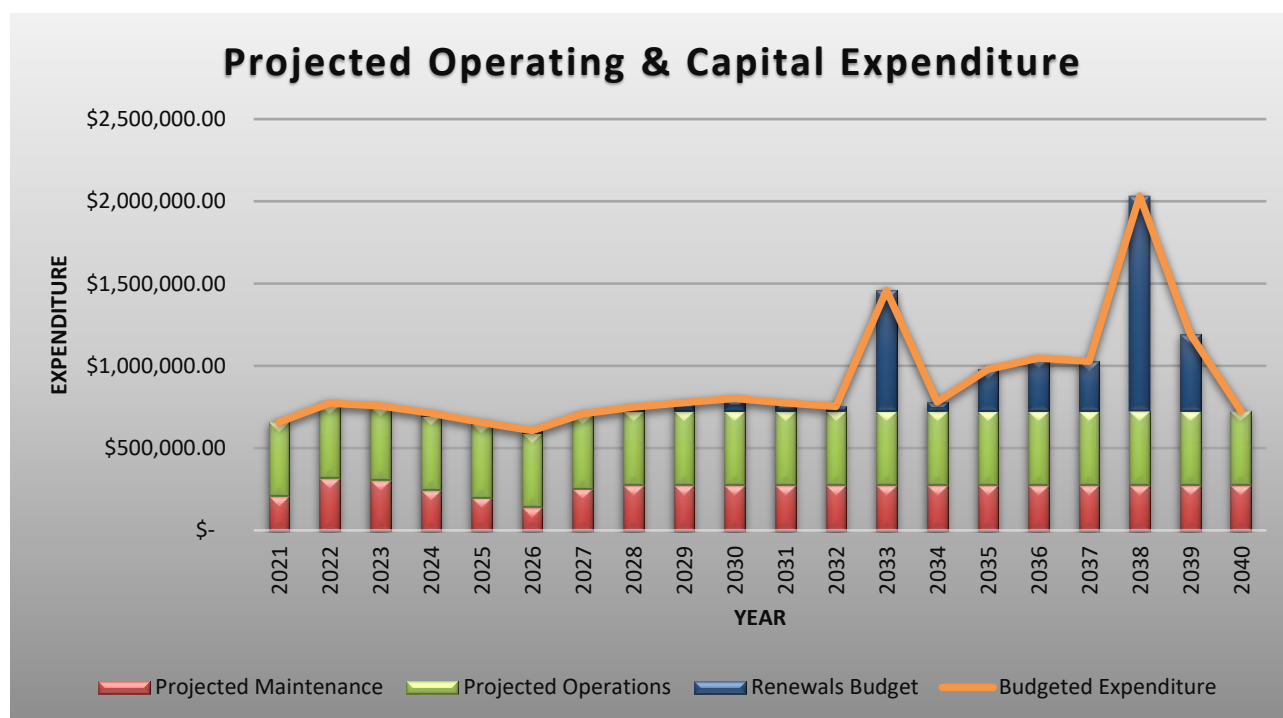
This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset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

### 6.1 Financial Statements and Projections

The financial projections are shown in Figure 13 for projected operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets), net disposal expenditure and estimated budget funding.

Note that all costs are shown in 2020 financial year dollar values.

**Figure 13: Projected Operating and Capital Expenditure and Budget**



#### 6.1.1 Financial sustainability in service delivery

There are three key indicators for financial sustainability that have been considered in the analysis of the services provided by this asset category, these being long term life cycle costs/expenditures and medium term projected/budgeted expenditures over 5 and 10 years of the planning period.

### ***Long term - 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 operations and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan is \$1,249,000 per year (operations and maintenance expenditure plus depreciation expense in year 1).

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operations, maintenance and capital renewal expenditure in year 1. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the start of the plan is \$657,000 (operations and maintenance expenditure plus budgeted capital renewal expenditure in year 1).

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap.

The lifecycle gap covered by this asset management plan is -\$592,000 per year (-ve = gap, +ve = surplus).

Life cycle expenditure is 53% of life cycle costs giving a life cycle sustainability index of 0.53.

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

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing services to their communities in a financially sustainable manner. This is the purpose of the asset management plans and long term financial plan.

### ***Medium term – 10 year financial planning period***

This asset management plan identifies the projected operations, maintenance and capital renewal expenditures required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

These projected expenditures may be compared to budgeted expenditures in the 10 year period to identify any funding shortfall. In a core asset management plan, a gap is generally due to increasing asset renewals for ageing assets.

The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is \$720,000 per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$720,000 per year giving a 10 year sustainability indicator of 1.00. This indicates that Council has allocated 100% of the projected expenditures needed to provide the services documented in the asset management plan.

### ***Medium Term – 5 year financial planning period***

The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$711,000 per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$711,000 per year. This is 100% of projected expenditures giving a 5 year sustainability indicator of 1.00.

Providing services from infrastructure in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and funding to achieve a financial sustainability indicator of 1.0 for the first year of the asset management plan and ideally over the 4 year life of the AM Plan.

Figure 14 shows the projected asset renewals in the 20 year planning period. The projected asset renewals are compared to budgeted renewal expenditure in the capital works program and capital renewal expenditure in year 1 of the planning period in Figure 14.

**Figure 14: Projected and Budgeted Renewal Expenditure**

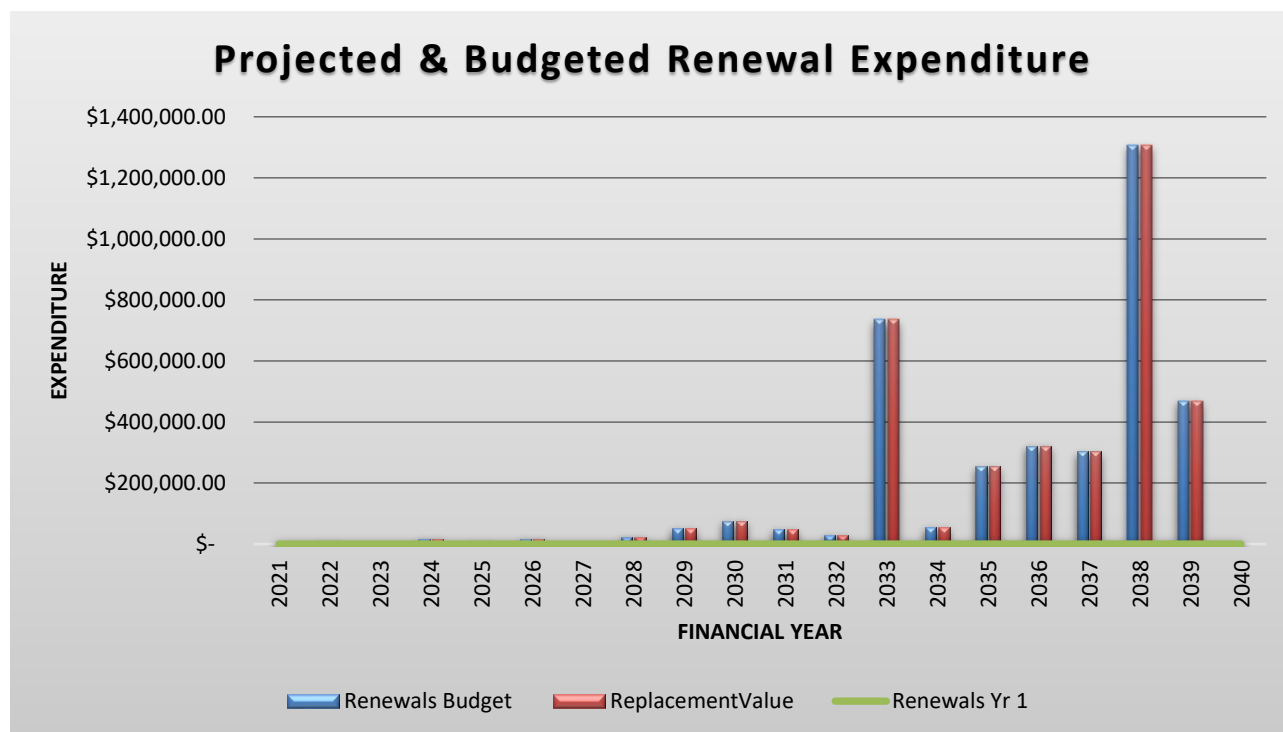


Table 6.1.1 shows the shortfall between projected and budgeted renewals

**Table 6.1.1: Projected and Budgeted Renewals and Expenditure Shortfall**

Year	Renewals Budget	ReplacementValue	Renewal Financing Shortfall (-gap + surplus)	Cumulative Shortfall (-gap + surplus)
2021	\$0	\$0	\$0	\$0
2022	\$7,392	\$7,392	\$0	\$0
2023	\$0	\$0	\$0	\$0
2024	\$15,508	\$15,508	\$0	\$0
2025	\$6,572	\$6,572	\$0	\$0
2026	\$16,014	\$16,014	\$0	\$0
2027	\$4,500	\$4,500	\$0	\$0
2028	\$23,686	\$23,686	\$0	\$0
2029	\$51,844	\$51,844	\$0	\$0
2030	\$76,221	\$76,221	\$0	\$0
2031	\$48,856	\$48,856	\$0	\$0
2032	\$28,700	\$28,700	\$0	\$0
2033	\$735,511	\$735,511	\$0	\$0
2034	\$55,500	\$55,500	\$0	\$0
2035	\$253,785	\$253,785	\$0	\$0

2036	\$321,771	\$321,771	\$0	\$0
2037	\$302,534	\$302,534	\$0	\$0
2038	\$1,307,361	\$1,307,361	\$0	\$0
2039	\$467,356	\$467,356	\$0	\$0
2040	\$0	\$0	\$0	\$0

*Note: A negative shortfall indicates a funding gap, a positive shortfall indicates a surplus for that year.*

Providing services in a sustainable manner will require matching of projected asset renewals to meet agreed service levels with planned capital works programs and available revenue.

A gap between projected asset renewals, planned asset renewals and funding indicates that further work is required to manage required service levels and funding to eliminate any funding gap. Currently Tatiara District Council does not have a funding gap in the next 12 years but this becomes a significant amount over the following 10 year period.

The table above indicates that Council has not allocated sufficient funds in its long term budget to renew assets as required.

#### 6.1.2 Expenditure projections for long term financial plan

Table 6.1.2 shows the projected expenditures for the 10-year long term financial plan.

Expenditure projections are in current (non-inflated) values. Disposals are shown as net expenditures (revenues are negative).

**Table 6.1.2: Expenditure Projections for Long Term Financial Plan (\$000)**

Year	Operations	Maintenance	Projected	Projected	Disposals
			Capital Renewal	Capital Upgrade/New	
2021	\$450,000	\$207,280	\$0	\$0	\$0
2022	\$450,000	\$315,350	\$7,392	\$0	\$0
2023	\$450,000	\$306,270	\$0	\$0	\$0
2024	\$450,000	\$246,740	\$15,508	\$0	\$0
2025	\$450,000	\$198,710	\$6,572	\$0	\$0
2026	\$450,000	\$140,730	\$16,014	\$0	\$0
2027	\$450,000	\$253,650	\$4,500	\$0	\$0
2028	\$450,000	\$275,000	\$23,686	\$0	\$0
2029	\$450,000	\$275,000	\$51,844	\$0	\$0
2030	\$450,000	\$275,000	\$76,221	\$0	\$0

*Note: All projected expenditures are in 2020 dollar values*

## 6.2 Funding Strategy

Projected expenditure identified in Section 6.1 is to be funded from general revenue.

### **6.3 Valuation Forecasts**

Asset values are forecast to increase slightly as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council.

### **6.4 Key Assumptions made in Financial Forecasts**

This section details the key assumptions made in presenting the information contained in this 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 are:

- It is assumed that the remaining useful life of buildings and structures are as recorded in the asset register and the condition is commensurate with their age profile
- All predicted financial figures are based on 2020/21 rates are not adjusted by inflation for the particular year of work

Accuracy of future financial forecasts may be improved in future revisions of this infrastructure and asset management plan with improved data.

## **7. ASSET MANAGEMENT PRACTICES**

### **7.1 Accounting/Financial Systems**

#### **7.1.1 Accounting and financial systems**

Council's financial accounting system is IT Vision's SynergySoft System

#### **7.1.2 Accountabilities for financial systems**

Director Corporate & Community Services is responsible for the accounting and financial system

#### **7.1.3 Accounting standards and regulations**

Council's accounting practices comply with the Local Government Act 1999 and the Local Government (Financial Management) Regulations and applicable accounting standards. Council is also subject to regular independent audits of its accounting systems and practices

#### **7.1.4 Capital/maintenance threshold**

Council has an Asset Capitalisation and Materiality Policy that states the capitalisation threshold for building infrastructure is \$10,000.

#### **7.1.5 Required changes to accounting financial systems arising from this AM Plan**

Investigate options to link or more easily transfer data from the financial system to the asset management system.

### **7.2 Asset Management Systems**

#### **7.2.1 Asset management system**

Councils uses Assetfinda to manage building and structures asset information

#### **7.2.2 Asset registers**



Asset registers are maintained in the asset management system Assetfinda and the spatial data is maintained in ESRI ArcMap. These two systems are directly integrated.

#### 7.2.3 Linkage from asset management to financial system

Currently there is no link from the asset management systems to the financial system.

#### 7.2.4 Accountabilities for asset management system and data

Asset Manager is responsible for the asset management systems and its associated data.

#### 7.2.5 Required changes to asset management system arising from this AM Plan

- Continuously review the accuracy and currency of asset information

### 7.3 Information Flow Requirements and Processes

The key information flows *into* this asset management plan are:

- Council strategic and operational plans,
- Service requests from the community,
- Network assets information,
- The unit rates for categories of work/materials,
- Current levels of service, expenditures, service deficiencies and service risks,
- Projections of various factors affecting future demand for services and new assets acquired by Council,
- Future capital works programs,
- Financial asset values.

The key information flows *from* this asset management plan are:

- The projected Works Program and trends,
- The resulting budget and long term financial plan expenditure projections,
- Financial sustainability indicators.

These will impact the Long Term Financial Plan, Strategic Longer-Term Plan, annual budget and departmental business plans and budgets.

### 7.4 Standards and Guidelines

Standards, guidelines and policy documents referenced in this asset management plan are:

- Tatiara District Council Asset Management Policy
- Tatiara District Council Asset Management Strategy

## 8. PLAN IMPROVEMENT AND MONITORING

### 8.1 Performance Measures

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

- The degree to which the required cash flows identified in this asset management plan are incorporated into the organisation's long term financial plan and Community/Strategic Planning processes and documents,
- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the asset management plan;

## 8.2 Improvement Plan

The improvement plan generated from the previous version of this plan and the status is shown in table 8.2.

**Table 8.2: Improvement Plan**

Task No	Task	Responsibility	Resources Required	Timeline	Status	Comments
1	Record Capital expenditure as capital renewal and capital upgrade/new expenditure	DCCS	Staff time		Complete	
2	Review accuracy and currency of technical asset register	AM	Staff time	Ongoing	Largely complete	
3	Develop link from the technical asset register to the financial asset register or develop a single corporate asset register	AM, DCCS, FM	Staff time		Complete	A single database within Assetfinda is used for the technical and financial register
4	Development of complaints register for monitoring service levels and customer satisfaction	DDES	Staff time		Complete – further refinement needed	
5	Review chart of accounts to improve records of operation and maintenance (reactive & planned) cost and reporting	AM	Staff time	30/06/2021	No started	
6	Improve asset valuations and renewal costs	AM	Staff time	Ongoing	Complete - ongoing	Engage external engineering firm to develop unit rates

The asset management improvement plan generated from this asset management plan is shown in Table 8.3.

**Table 8.3: Improvement Plan**

Task No	Task	Responsibility	Resources Required	Timeline
1	Carry out condition assessment of buildings to improve the estimated useful lives and maintenance requirements	DDES	Staff time	
2	Improve asset valuations and renewal costs	AM	Staff time	Ongoing

3	Develop a separate Bordertown Caravan Park asset management plan to cover this significant asset	AM, DDES, FM	Staff time	
4	Improve capture of maintenance activities	AM, DIO	Staff time	ongoing
5	Improve capture of customer complaints	AM, Records Officer	Staff time	

### 8.3 Monitoring and Review Procedures

This asset management plan will be reviewed during annual budget preparation and amended to recognise any material changes in service levels and/or resources available to provide those services as a result of the budget decision process.

The Plan has a life of 4 years and is due for revision and updating within 2 years of each Council election.

### REFERENCES

Tatiara District Council Strategic Plan 2016-2020

Tatiara District Council Annual Business Plan and Budget 2019/20

IPWEA, 2015, *International Infrastructure Management Manual*, Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au](http://www.ipwea.org.au).

IPWEA, 2008, *NAMS.PLUS Asset Management* Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au/namsplus](http://www.ipwea.org.au/namsplus).

IPWEA, 2015, *Australian Infrastructure Financial Management Guidelines*, Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au/AIFMG](http://www.ipwea.org.au/AIFMG).

IPWEA, 2011, *Asset Management for Small, Rural or Remote Communities* Practice Note, Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au/AM4SRRC](http://www.ipwea.org.au/AM4SRRC).

## **APPENDICES**

Appendix A      Projected 10-year Capital Renewal Works Program

Appendix B      Budgeted Expenditure Accommodated in LTFP

## Appendix A Projected 10-year Capital Renewal Works Program

AssetId	Location	Description	Asset Sub Type	Replacement Year	Renewal Cost (\$)	Useful Life (Years)
<b>2022</b>						
154	Bordertown Wetlands	Footbridge	Bridge	2022	\$7,392.33	30
<b>2024</b>						
131	Bordertown Transfer Station	Chemical Tin Enclosure	Fencing	2024	\$12,707.83	25
14.4B	Tatiara District Memorial Pool Complex	Storeroom/ First Aid	Flooring	2024	\$2,800.00	15
<b>2025</b>						
19	Tatiara District Memorial Pool Complex	Mini Basketball Ring	None	2025	\$6,571.53	20
<b>2026</b>						
141	Keith Transfer Station	Shed	Shed	2026	\$12,484.50	30
108	Padthaway Cemetery	Pump Shed	Shed	2026	\$3,123.75	30
<b>2027</b>						
13.4B	Tatiara District Memorial Pool Complex	Bordertown Amateur Swimming Clubrooms	Flooring	2027	\$4,500.00	15
<b>2028</b>						
20	Tatiara District Memorial Pool Complex	Playground	None	2028	\$15,236.10	20
89.4B	Keith Lions Club Park	Toilet Block Kth Lions Pk	Flooring	2028	\$750.00	20
118.4B	Keith Swimming Centre	Change Rooms/ Canteen Keith	Flooring	2028	\$7,700.00	20
<b>2029</b>						
6.3	Bordertown Senior Citizens Centre	Senior Citizens Centre	Roof Cladding	2029	\$29,464.12	40
107	Moot-Yang-Gunya Swamp	Footbridge	Bridge	2029	\$10,874.06	30
8	Bordertown Road Safety School	Shed	Shed	2029	\$11,505.56	30
<b>2030</b>						
46	TDC Bordertown Works Depot	Shade House	Shelter	2030	\$10,428.26	20
105	Mundulla Cemetery	Mobile Canopy	Shelter	2030	\$14,812.87	20
97	Keith Cemetery	Mobile Canopy	Shelter	2030	\$14,812..37	20
136.4	Western Flat Hall	Hall	Flooring	2030	\$5,450.00	20
138.4	Bangham Recreation Ground	Toilet Block	Flooring	2030	\$750.00	20

AssetId	Location	Description	Asset Sub Type	Replacement Year	Renewal Cost (\$)	Useful Life (Years)
15.4	Tatiara District Memorial Pool Complex	Plant Room	Flooring	2030	\$4,900.00	20
140	Keith Transfer Station	Chemical Tin Enclosure	Fencing	2030	\$13,817.01	25
29.4	Apex Park	Toilet Block	Flooring	2030	\$6,100.00	20
54.4	Bordertown Caravan Park	Shower Room/ Toilets	Flooring	2030	\$500.00	20
62.4	Bordertown Recreation Lake	Toilet Block	Flooring	2030	\$400.00	20
81.4	Keith Heritage Park	Toilet Block	Flooring	2030	\$2,800.00	20
98.4	Wolseley Toilet Block	Toilet Block	Flooring	2030	\$1,450.00	20

## Appendix B Budgeted Expenditure Accommodated in LTFP

### Tatiara DC - Report 7 - LTFP Expenditure Projections (Buildings 2020)

Projected Expenditure	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Capital Expenditure on Renewal/Replacement of existing assets	\$0	\$7,392	\$0	\$15,508	\$6,572	\$16,014	\$4,500	\$23,686	\$51,844	\$76,221
Capital Expenditure on Upgrade/New assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operational cost of existing assets	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
Maintenance cost of existing assets	\$207,280	\$315,350	\$306,270	\$246,740	\$198,710	\$140,730	\$253,650	\$275,000	\$275,000	\$275,000
Operational cost of New assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance cost of New assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Disposal of Surplus Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All dollar values in (\$'000)'s										