

MOORABOOL SHIRE COUNCIL ASSET MANAGEMENT STRATEGY 2017-2021





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Document Control

VERSION	ADOPTED BY	DATE ADOPTED
1.0	Moorabool Shire Council	4 April 2018

Executive Summary

1.1 Purpose of the Strategy

“A better service, not a better asset, is a key indication of successful asset management.”¹

The purpose of this Asset Management Strategy is to provide a framework that assists Council to deliver sustainable and effective services and the necessary actions to improve its AM capabilities.

In a local government context the term Asset Management encompasses the various actions undertaken by Council to ensure that its assets are efficiently planned, delivered, managed and reviewed in a cost effective and sustainable manner.

1.2 Strategic Asset Management

Strategic Asset Management (SAM) is a key component in the monitoring of council’s long-term sustainability.

Sound Strategic Asset Management relies on the provision and implementation and consistent use of systems, processes and documentation to ensure that the organisations asset management practices support the provision of strategic information on the funding needs of infrastructure assets and guides long-term financial sustainability.

Strategic Asset Management (SAM) commences with the identification and analysis of community demands for services. The primary focus of SAM is to achieve the optimal delivery of services through the efficient and effective management of assets. This outcome will be supported by comprehensive strategic plans that address capital investment, operation and maintenance of existing and new assets as well as the rationalisation and disposal of surplus assets.

SAM is a process of logic used to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over their entire lives. In simplest terms, SAM is about the way in which Council looks after its assets, both on a day-to-day basis (i.e. maintenance and operations) and in the medium to long term (i.e. strategic and forward planning).

Council will approach SAM by focusing on ensuring that our assets are capable of providing services, of an agreed quality, in a sustainable manner, for present and future generations. This is not necessarily a matter of spending more money but instead spending money wisely in a targeted approach to achieve the service levels that the community both needs and can afford.

¹ Dept. of Treasury and Finance, Victoria

1.3 Asset Management Tools

The Assetic SAM (MyData and MyPredictor) system was purchased in 2012. These databases, combined with Councils GIS system, provides the platform for managing Council's Infrastructure Assets. The software provides a central asset register, asset valuations, depreciation, condition and inventory attributes, document management and has built in functionality which enables Council to perform budget optimisation, up to 100 year prediction modelling, financial projections and capital works programming.

1.4 Councils Asset Stock

Council has over \$500 million in identified infrastructure assets.

Table 1: Sum Total of Council Infrastructure Assets Value as of 30 June 2017

All Asset Classes	Total Replacement Cost (TRC)	Written Down Value (WDV)	Asset Health (WDV/TRC)	Annual Depreciation	Average Useful Life (Years)
Totals	\$513,970,645	\$411,372,214	80.7%	\$7,259,022	70

1.5 The Health of Council's Assets

Whilst the overall asset health indicator (table 1) is just above 80% it should be noted that building assets have an asset health rating of 58.1%. This means that the overall Building asset portfolio is over 40% consumed.

Ensuring the health of the assets is maintained at a level acceptable to the community relies on an appropriate level of funding as identified in the four asset management plans that have been generated corresponding to the following asset groups:

- Transport
- Water and Drainage
- Open Space
- Buildings & Structures

Monitoring the health of Council assets is a crucial function and regular condition assessments aligned to financial revaluations must continue to be funded as a nondiscretionary recurrent cost within the budget. Accordingly Council is currently in a reasonably sound position however it must carefully manage its infrastructure assets to ensure they are sustainable into the future.

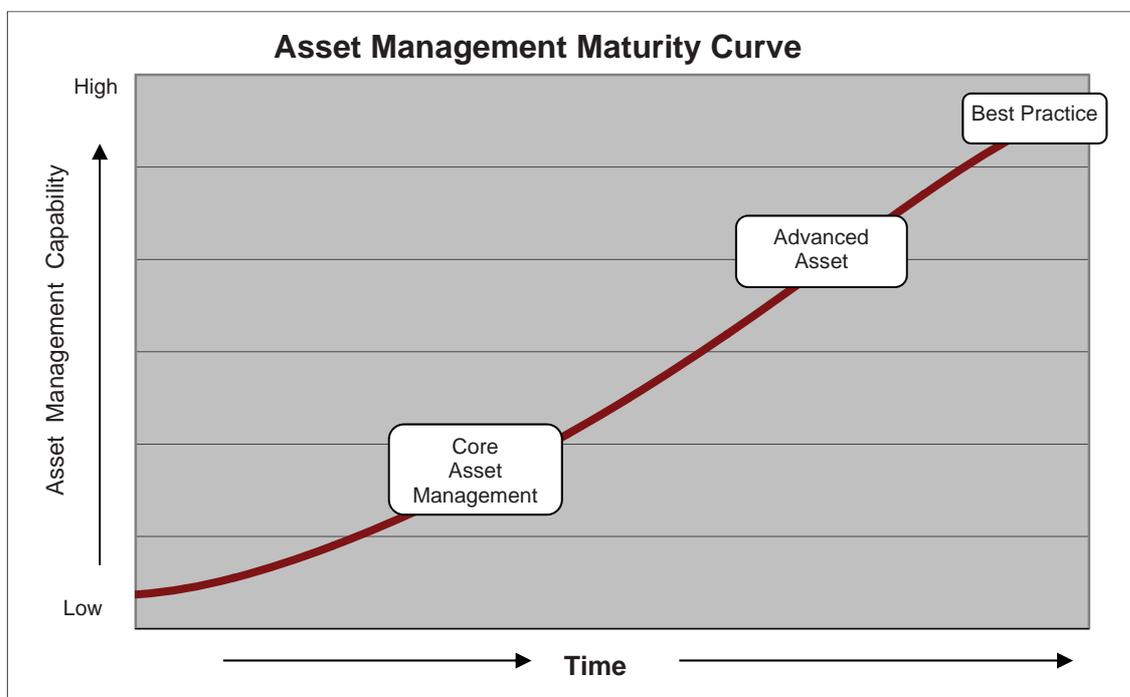
1.6 Asset Management Maturity

In 2010 a National Asset Management Assessment Framework (NAMAF) was developed to enable councils to assess the maturity of their asset management approach against the requirements of the framework.

Over the past 7 years, Council has aligned with the Municipal Association of Victoria (MAV) Step Program to undertake continuous improvement of Councils Asset Management processes and practices and achieve Core Maturity as defined by the NAMAF.

The NAMAFA outlines a list of actions that must be completed if core maturity is to be achieved as follows. These are set out in eleven (11) key elements.

- Inclusion of Asset Management Functions in Councils Strategic Long Term Plan
- Consideration of Asset Management in Councils Annual Budget
- Inclusion of Asset Management Processes in the Annual Report
- Development and Adoption of an Asset Management Policy
- Development of the Asset Management Strategy
- Development of Asset Management Plans for all core Asset Groups
- Details of how Asset Management affects Governance and Management
- Defined Level of Services for Councils Business Units
- Implementation of Data Systems and Management Tools to aid Asset Management Practices
- Acquisition of Skills and Knowledge to Drive Asset Management Processes
- Evaluation Methods for Assessing effectiveness of Asset Management Systems and Practice



SECTION 2

Introduction

2.1 Purpose of the Asset Management Strategy

The objective of this Asset Management Strategy (AMS) is to;

- Report on the current maturity of Strategic Asset Management at Moorabool Shire Council;
- Develop a structured set of actions to enable Council to achieve sound and appropriate asset management practices.

Increased ability on the part of Council to strategically manage its assets ensures that a sustainable community is achievable and able to be maintained in a manner that delivers viable social, economic and environmental outcomes.

The key benefits of implementing this Asset Management Strategy are:

- Ability to provide better outputs with fewer resources by better aligning our resources and needs;
- Ability to understand what state our assets are in and the ability to assess how our maintenance and capital renewal practices impact this;
- Having a key set of actions that will allow us to manage the provision of these assets into the future at the lowest long-term cost;
- Determine funding requirements for asset maintenance, renewal, upgrade and expansion consistent with achieving service delivery; and
- The ability to clearly define what service levels we can deliver to our customers, the community and users.

2.2 Key Benefits of the Strategy Implementation

The key benefits for Council in improving current asset management practices through implementation of an Asset Management Strategy are:

- Proactive management of assets through their life cycle driven by focus on service delivery
- Optimised sustainability through cost-effective management of asset lifecycles
- Understanding of the cost of adopted Levels of Service
- Improved stakeholder participation
- Availability of documented and integrated processes allowing improved asset management and financial planning
- Availability of consistent and reliable data across asset groups
- Ability to monitor asset performance and respond accordingly

- Implement tools to enhance analysis and facilitate determination of future funding requirements to deliver adopted levels of service
- Demonstrating sound governance of the Council's assets
- Ability to respond to the changing drivers within the industry.

SECTION 3

Background

3.1 Community Profile

Moorabool Shire is a fast-growing peri-urban municipality nestled between Melbourne, Geelong and Ballarat. It offers residents picturesque surrounds with the vibrancy of an active, growing community.

The Moorabool Shire comprises more than 2,110 square kilometres and is made up of 64 localities, hamlets and towns. More than 74% of the Shire comprises water catchments, state forests and national parks.

Moorabool Shire is positioned along the major road and rail transport corridors between Melbourne and Adelaide.

Moorabool's eastern boundary is located just 40km west of Melbourne's CBD and extends westwards to the City of Ballarat municipal boundary. The Shire straddles Victoria's Western Highway and has excellent transport access to Melbourne, Ballarat and Geelong. Bacchus Marsh is equidistant to Melbourne and Avalon airports and close to the sea ports of Geelong and Melbourne.

Moorabool Shire has faster population growth than the national and Victorian average, and in 2016 Moorabool's population grew by 2%. Bacchus Marsh's population grew by 3%.

Part of the Peri-Urban Group of Rural Councils, Moorabool Shire faces the significant financial challenge in funding the growth from its rates base.

For instance, Moorabool is responsible for maintaining and building a road network that stretches the equivalent distance from Melbourne to Newcastle. However, Moorabool has less than one third of the rates revenue that regional city Councils can access to fund its road construction and maintenance requirements.

The population of the Shire is estimated to increase by 65% between 2016 and 2041 to 53,270. The majority of growth during this period will come from the new estates in Maddingley which are forecast to increase by over 200% during this same period.

More than half the population lives in Bacchus Marsh and surrounds (18,585) (2016). The Shire's second largest population can be found in and around Ballan (3,001).

The Shire's unprecedented and sustained growth presents significant infrastructure challenges for both existing renewal gap funding and new infrastructure to cater to the growing population's needs and expectations.

When considering future growth of Moorabool Shire, Council has identified three key residential locations where most of that growth will occur. These locations – Bacchus Marsh, Ballan and Gordon – already have established infrastructure to accommodate new growth. As part of the Moorabool 2041 (Small Towns and Clusters Settlement Strategy) framework, Council is also consulting in reference to the growth opportunities with other settlements such as Wallace and Bungaree.

3.2 How Moorabool Defines Strategic Asset Management

Strategic Asset Management (SAM) is a process of logic used to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over their entire lives. In simplest terms, Strategic Asset Management is about the way in which Council looks after its assets, both on a day-to-day basis (i.e. maintenance and operations) and in the medium to long term (i.e. strategic and forward planning).

Figure 3 below, illustrates the typical lifecycle of an asset and associated asset management functions from planning for the need to create an asset through to its ultimate disposal including audit and review of performance of that asset.



[Figure 3 - Asset Lifecycle Diagram](#)

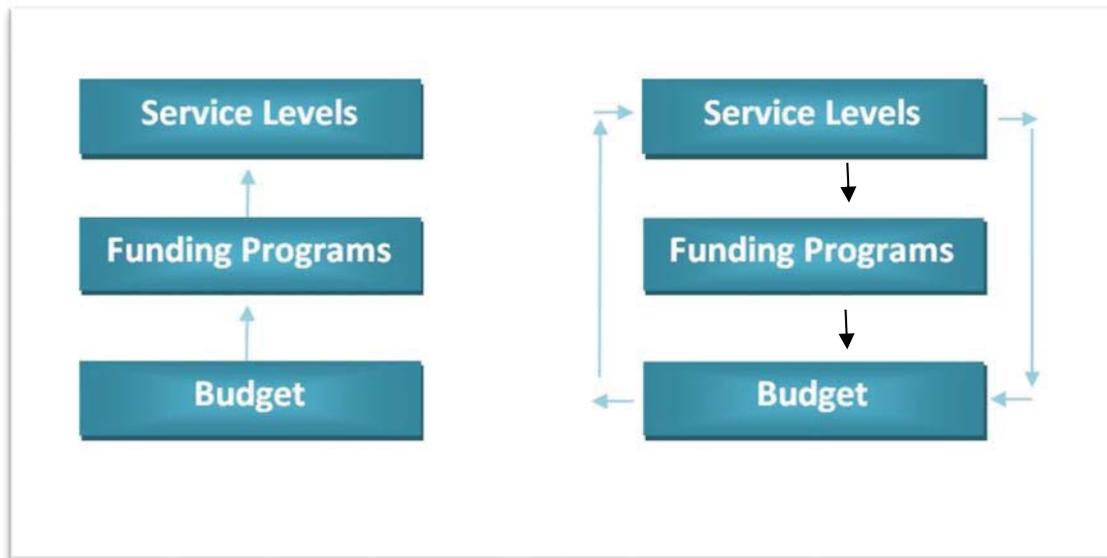
The approach of Strategic Asset Management (SAM) is to focus on ensuring that the assets can support the services, to an agreed quality, in a sustainable manner, for present and future communities. This is not merely a matter of spending more money but instead is about spending money wisely in a targeted manner to achieve the service levels that the community both needs and can afford.

Historically, asset management decisions have been budget driven and as such the resultant service level delivered by the asset is an outcome. All too often this approach leads to a lack of linkage between service delivery and financial planning.

Figure 4 defines historical Asset Management frameworks and the framework for SAM.

The three noteworthy differences here are:

- Budget and Service Level form a feedback loop as each is dependent on the other.
- SAM allows the optimal Service Level to be adopted for the available Budget **with an** understanding of the predicted outcomes.
- The adopted Service Level drives the required Funding Programs and thus remains connected to the Budget.



[Figure 4 - Budget Driven Asset Management VS. Strategic Asset Management](#)

3.3 Alignment with the Local Government Act (Vic) 1989

In relation to their infrastructure assets and services, the Local Government Act Vic 1989 and regulations require Councils to comply with best value principles (s. 208). Strategic Asset Management practices will assist Council with the fulfilment of its obligations as a key SAM output is to have in place sound asset management plans and service plans that are linked into the Council Plan and long-term financial planning processes. A revised Local Government Act is proposed to come into effect in 2018. The Draft Local Government Act includes requirements for Asset Management that will need to be considered when the legislation comes into effect.

3.4 Alignment with MAV “STEP” Program

In 2010 a National Asset Management Assessment Framework (NAMAF) was developed to enable councils to assess the maturity of their asset management approach against the requirements of the framework.

Over the past 7 years, Council has aligned with the Municipal Association of Victoria (MAV) Step Program to undertake continuous improvement of Councils Asset Management processes and practices and achieve Core Maturity as defined by the NAMAF. Council is no longer an active participant of the MAV “STEP” Program.

Achievement of 100% Core Maturity is the current priority for Council and this is detailed in Section 6 to this strategy. The NAMAF list of actions that must be completed if core maturity is to be achieved as follows;

- Inclusion of Asset Management Functions in Councils Strategic Long Term Plan
- Consideration of Asset Management in Councils Annual Budget
- Inclusion of Asset Management Processes in the Annual Report
- Development and Adoption of an Asset Management Policy
- Development of the Asset Management Strategy
- Development of Asset Management Plans for all core Asset Groups
- Details of how Asset Management affects Governance and Management
- Defined Level of Services for Councils Business Units
- Implementation of Data Systems and Management Tools to aid Asset Management Practices
- Acquisition of Skills and Knowledge to Drive Asset Management Processes
- Evaluation Methods for Assessing effectiveness of Asset Management Systems and Practice

3.5 Alignment with the International Infrastructure Management Manual (IIMM)

Generally regarded as the guiding reference for 'best practice' in Strategic Asset Management, the IIMM provides a key reference source for the development of an Asset Management Strategy, Policy and Planning and Asset Management Plans. Future iterations of this strategy may also consider alignment to newly published ISO 55000 standards for asset management, which is now incorporated in the most recent versions of industry and associated references such as the IIMM (2015).

3.6 Alignment with the Road Management Plan (RMP)

The RMP details Councils process for meeting statutory compliance in accordance with the Road Management Act (Vic) 2004. The plan also provides the community with an overview of how Council presently manages its road infrastructure assets, provides a structure for managing the assets and addresses practices for managing statutory obligations and claims under the act. This Asset Strategy considers the requirements of the RMP.

3.7 Relationship of Asset Management Strategy to Asset Management Plans

The objective of this Asset Management Strategy (AMS) is to assess the current strengths and weaknesses of Council competency in relation to its asset management practices and identify a path forward that will allow Council to fulfil the objectives of the National Framework and the Local Government Act.

In a hierarchy of documents, this AMS is separate to and sits above the four Asset Management Plans. The Asset Management Plans are reviewed on a regular basis and cover;

- Transport Assets (roads, footpaths; kerbs, bridges and ancillary assets i.e. signs and traffic control devices)
- Open Space Assets (active and passive reserves, furniture, fences and gates, play equipment and play surfaces)
- Water and Drainage Assets (pits, pipes, gross pollutant traps and culverts)
- Building and Structures (Civic centres, halls, Libraries, sheds, pergolas, shade sails and other outdoor structures)

The emphasis of the above AMPs is on the management of the classes and categories of infrastructure assets using the best knowledge and management techniques available to Council at the time. Asset Management Plans are “living documents” that need to be revised from time-to-time to keep pace with the improvements in Council’s asset management practices and to update the asset and financial information.

3.8 Service Centric Approach to Asset Management

This AMS is a commitment to adopting a service centric approach based on Strategic Asset Management (SAM). The key to SAM is successive layers of knowledge and decisions. This illustrated by the Strategic Asset Management Pyramid shown at Figure 5 which shows a best-practice service-centric asset management planning mechanism.



Figure 1 - Strategic Asset Management Pyramid

Asset Provision – Layer 1: The foundation of SAM is an understanding of the asset portfolio in terms of its physical attributes and its condition, capacity and functionality as shown by the Provision layer in Figure 5. Council’s corporate Asset Management System MyData currently holds the data, information and attributes that form the footprint of Council’s asset stock.

Service Responsiveness – Layer 2: The Responsiveness layer is, in effect, a corporate decision matrix that consists of the planned actions to retain the assets at the desired level of usability over their planned life. The key focus is on the type intervention (minor repairs, major renewal, replacement, etc.) and the trigger for action (condition, capacity, functionality, etc.).

Service Reliability – Layer 3: The decision matrix in the Responsiveness layer will determine asset performance outcomes which are characterised by the Reliability layer. This is best viewed as the asset performance as seen and experienced by those using and depending on the assets.

Cost of Delivery – Layer 4: The top of the pyramid is Cost and this is determined by decisions in the layers below. Applying the Service Driven Framework results in an active pyramid where the Provision, Responsiveness and Reliability are tuned to give optimal outcomes for an affordable cost.

3.9 Regulatory Control of Asset Management

In addition to the obligations in the Local Government Act 1989 (Vic) to manage the community’s assets and provide adequate services to the community, there are other regulatory requirements that the Council must comply with.

3.9.1 Australian Accounting Standards

The following Australian Accounting Standards apply to Local Government:

- AASB 116 Property, Plant & Equipment – prescribes requirements for recognition and depreciation of property, plant and equipment assets.
- AASB 136 Impairment of Assets – aims to ensure that assets are carried at amounts that are not in excess of their recoverable amounts.
- AASB 1021 Depreciation of Non-Current Assets – specifies how depreciation is to be calculated.
- AAS 1001 Accounting Policies – specifies the policies for recognition of assets and depreciation.
- AASB 1041 Accounting for the reduction of Non-Current Assets – specifies the frequency and basis of calculating depreciation and revaluation basis used for assets.
- AAS 1015 Accounting for acquisition of assets – method of allocating the value to new assets on acquisition.
- AAS 27 Financial reporting by Local Government.
- AAS 1010 Recoverable Amounts of Non-Current Assets – specifies requirement to test the reasonableness of valuations.

3.9.2 Other Acts and Regulations

In managing infrastructure assets, there are numerous other legislative requirements that need to be considered. Typical among these include:

- Disability Discrimination Act 1992
- Road Management Act 2004
- Occupational Health and Safety Act 2004 and Regulations 2017(Vic)
- Environmental Protection Act
- Building Act and Regulations

These legislative requirements are taken into consideration at a more detailed level in each Asset Management Plan.

SECTION 4

Asset Management Tools, Data Capture and Reporting

4.1 Asset Management System

In 2013 Council invested in the MyData and MyPredictor Asset Management System. This database, combined with Council's GIS system MapInfo provides the platform for managing Councils Asset Register. The software has built in functionality which enables Council to predict and model asset management regimes which in turn enables managers to implement innovative and effective processes in achieving SAM outcomes.

The Asset Register currently holds details of Councils major infrastructure assets including Transport, Drainage, Bridges, Building & Structures and Open Space assets. Since the implementation of MyData, Councils Asset Management Skills and Systems have matured and it has ensured that collation of all authoritative data sets at one single point of truth will enable seamless integration for conducting all Asset Management functions.

4.2 Maintenance Management System

In 2017, after completing a detailed evaluation, Asset Edge was selected to provide the Maintenance Management System. This will provide a solution utilising Samsung Tablets to enable electronic inspections and work orders, with full field functionality and integration with Council's CRM and Asset Systems. Implementation started in July 2017 and is intended to be fully functional by June 2018.

4.3 Data Capture

Data capture is undertaken by digitally recording assets and is a core function of Councils Asset Management Team. This is done by way of site inspection, aerial mapping and review of approved subdivisional plans. This data can be viewed through MapInfo and Exponaire and is uploaded into the asset register to enable financial management, predictive modelling and civil works planning to occur.

4.3.1 Mobile Data Capture

Council currently uses paper-based systems with some externalised data capture undertaken digitally via mobile systems. Moving forward, digital data capture will be the main method for all future data capture. This will ensure easy and efficient transfer of information to the Asset Register and integration with Council's GIS system.

4.4 Asset Management Responsibility

The responsibility for all data capture and management of the asset register sits with the Asset Manager and their Team.

Moorabool Shire Council seeks to engage all business units, as service providers in day to day management of their asset base. To this end, a responsibility matrix for the management of council assets has been developed to ensure a clear understanding by the organisation of the various

responsibilities in asset and financial management. Figure 5 provides an overview on those roles and responsibilities. This document may drive the need to increase the capability of the team or supply skilled asset management/data capture resources to the business units.

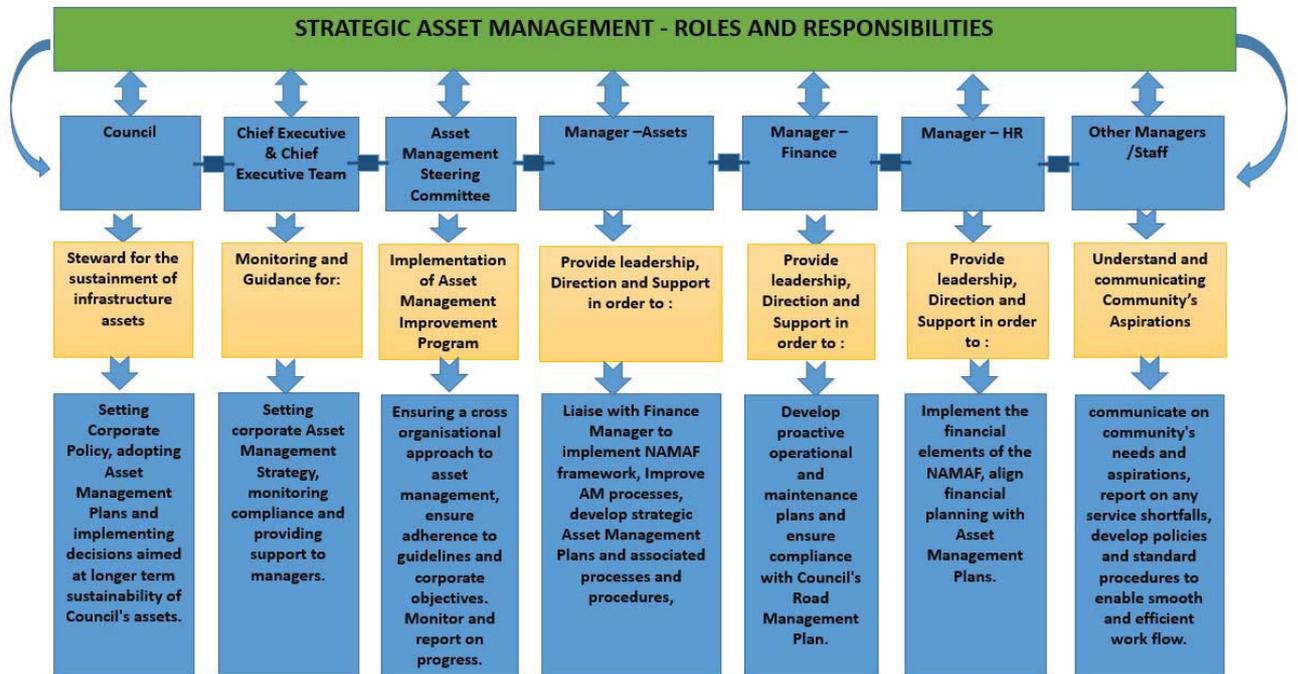


Figure 6: Strategic Asset Management - Roles and Responsibilities

SECTION 5

Current Position and Status of Asset Planning

5.1 Councils Asset Stock

Moorabool Shire Council has responsibility for a portfolio of assets with a replacement value of approximately \$500 million. The assets managed by Council include;

Asset Category	Includes
Transport	Roads; Kerbs; Bridges; Footpaths; Ancillary assets i.e. Signs and Traffic control devices
Open Space	Open Space Infrastructure Open Space amenities and furniture Fences & Gates Play Equipment Play Surfaces
Water and Drainage	Pits; Pipes, Gross Pollutant Traps Culverts
Buildings & Structures	Buildings Sheds Pergolas Shade Sails Other

[Table 2- Asset Categories](#)

The above list indicates the array of infrastructure that Council manages and has responsibility for. It is critical for the long-term sustainability of the assets that Moorabool Shire Council engages in practices that optimise the asset's useful lives for the benefit of the community. They provide the foundation on which the community carries out its everyday activities whilst contributing to our overall quality of life.

The challenge of asset management is to understand the way Council's assets perform over time and how they can be maintained in a "fit for purpose" condition, given that many cannot be seen and/or were built many years ago.

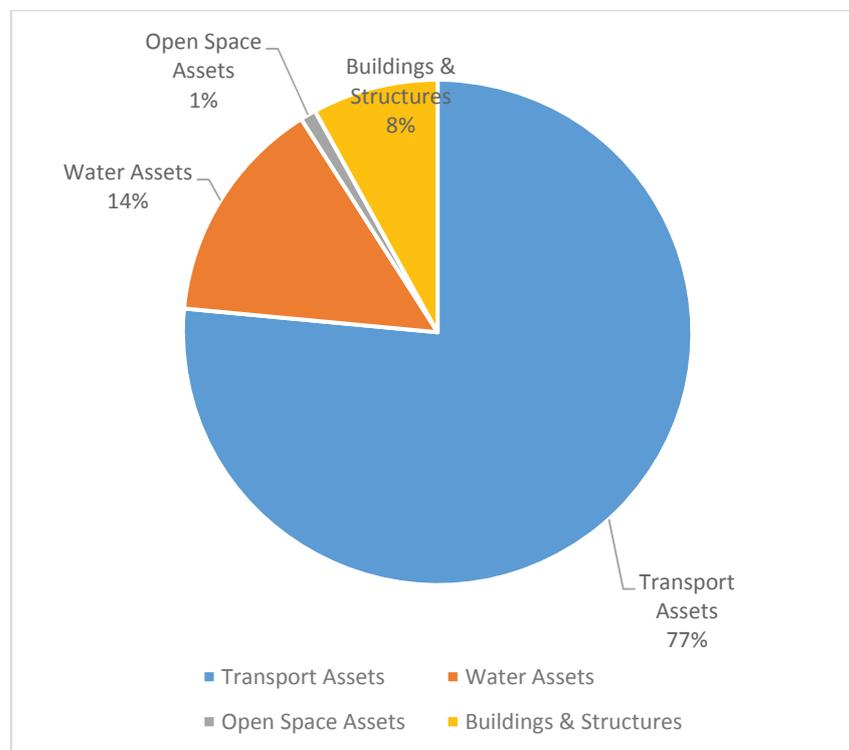
5.2 Asset Stock and Replacement Costs

Table 3 sets out the Replacement Values as at 30 June 2017 of the major infrastructure asset categories that Council is responsible for:

Asset Category	Replacement Value
Transport	\$390,030,467
Open Space	\$5,134,970
Water and Drainage	\$73,909,062
Buildings & Structures	\$44,896,146
TOTAL	\$513,972,645

[Table 3 - Assets covered by this plan 30 June 2017](#)

Figure 7 shows the distribution of the Replacement Values by Asset Category.



[Figure 7 - Distribution of Asset Classes covered by this plan as at 30 June 2017](#)

5.3 Asset Condition Monitoring, Valuation and Re-Valuation

Moorabool Shire Council is experiencing fast growth and development and as such it is critical to ensure that our assets will continue to meet the needs of the community and to understand the value of assets to effectively implement strategic asset practices.

Council's Valuation and Revaluation Policy defines the adopted methodology and specifies the guidelines in relation to Council's asset's valuations and revaluations. Council's assets are valued in accordance with legislative and industry requirements and guidelines.

A detailed condition assessment and componentisation of the Buildings Asset Class is being undertaken in 2017/2018.

5.4 Levels of Service

Moorabool Shire Council has four separate Asset Management Plans for each of the major infrastructure asset classes plus a General overarching document as Part A. All parts will be reviewed in 2018/19. The Level of service (LoS) statements will form the cornerstone of these plans as they guide the management of Council’s assets. For each major asset category, the Levels of Service are defined by a Technical and Community level of Service perspective.

5.5 Understanding the Health of Council’s Assets

By understanding the condition of Council’s assets and the various types of distresses that affect them, Council can utilise this data to assist in maintaining the level of service the community desires; in the context of affordability, provide intergenerational benefits; and minimise the risk of asset failure.

Ideally, the health of an asset portfolio is best assessed using a numerical scoring scheme that allows for comparison between individual assets and for forecasts to be made of future asset performance and budget requirements.

In line with internationally accepted good practice, the most commonly used method of understanding asset health is to use a numerical scoring system that starts with 0 or 1 for new and near new assets and has values that increase up to 5 or 10 as the asset condition deteriorates. Table 4 below sets out Moorabool Shire Council’s Asset Condition Scoring Structure that uses a 0 to 6 range. The descriptions are a general guide to assist in understanding the meaning of each score. Moorabool Shire Council has adopted a 0-6 scheme across all asset groups and these are documented in separate internal Business Process Manuals.

Condition Rating	Description	Description
0	New Asset	A Brand New Asset
1	Excellent Condition	Inspection in accordance with Council and Legislative Requirement and Only Cyclic Maintenance Required
2	Very Good	Minor Maintenance Required in Addition to Cyclic Maintenance
3	Good	Moderate Maintenance Required in Addition to Cyclic Maintenance
4	Average	Significant Maintenance Required. Capital Renewal or upgrade may be required within the next 5 years
5	Poor	Significant renewal/upgrade required within the following 2 years
6	Very Poor	End of Life provides no service potential

[Table 4 - Asset Condition Scores](#)

Table 5 sets out a detailed assessment based on the financial asset valuations as at 30 June 2017. With the overall infrastructure asset portfolio having an average of 80% of their useful life remaining (as determined by written down value), Council is currently in a reasonably sound position.

The figures in the table below represent the average scores for each asset group. Individual assets can be close to failure which potentially could severely impact on sections of the community.

Asset Group	Total Replacement Cost (TRC)	Written Down Value (WDV)	Asset Health (WDV/TRC)	Annual Depreciation	Average Useful Life (Years)
Transport	\$390,030,467	\$327,100,598	83.9%	\$5,583,683	70
Water and Drainage	\$73,909,062	\$55,967,818	75.7%	\$793,868	93
Open Space	\$5,134,971	\$2,228,691	43.4%	\$124,222	41
Building and Structures	\$44,896,146	\$26,075,107	58.1%	\$757,249	59
Totals	\$513,970,645	\$411,372,214	80.7%	\$7,259,022	70

Table 5 - Asset Health Assessment based Asset Valuations as at 30 June 2017

Whilst this overall average is good it is important to look at specific asset categories to assess any issues that may exist.

Although the overall asset health indicator above is just above 80% it should be noted that the important building assets have an asset health rating of 58.1%. This means that the overall Building asset portfolio is over 40% consumed. A full condition audit and componentisation of this asset category is being carried out in the last quarter of 2018. This should provide a much more accurate picture of the state of this category.

5.6 Asset Management Competency

Achieving best practice, Strategic Asset Management is a journey. Council's current status on that journey is measured via an Asset Management Competency scorecard (NAMAF). (See Section 5.7 below)

A mature organisation's Strategic Asset Management practices are characterised by the following attributes:

- We know what we own or have responsibility or legal liability for.
- We have recorded these assets in a register down to an identifiable level and our valuations are reported at a component level.
- We monitor the condition, functionality, capacity, performance, utilisation and costs of assets down to the managed component level and aggregate this data up to give outputs of cost and performance at the portfolio levels.
- We understand and have recorded the current levels of service in terms of reliability, repeatability and quality of service as well as our responsiveness to any asset failures.
- We understand the likely future levels of service required based on population growth, demographic changes and community expectations.
- We understand the long term (10 years plus) funding needs of our municipality to meet customer expectations in both capital and maintenance expenditure.
- We monitor and report on the condition, performance and functionality of our assets against prescribed service levels and regulatory requirements.

- We have uniform processes across our whole organisation for the evaluation of any investment in:
 - Capital works
 - Maintenance
 - Operations
- We have a consistent method of developing annual needs based budgets.
- We regularly report and compare actual performance against planned performance – costs, service levels and responsiveness.

5.7 Measuring Councils Asset Management Maturity

The National Asset Management Assessment Framework (NAMAF) scorecard is used to determine where Moorabool Shire Council is on its Strategic Asset Management journey. The NAMAF scorecard is illustrated in Figure 5. Each category is scored against a set list of questions that seek to audit council AM knowledge and functions.

Overall, Council is well placed on its Strategic Asset Management journey. Specific actions have been undertaken by Council to obtain CORE Asset Management Competency as measured by the industry standard NAMAF.

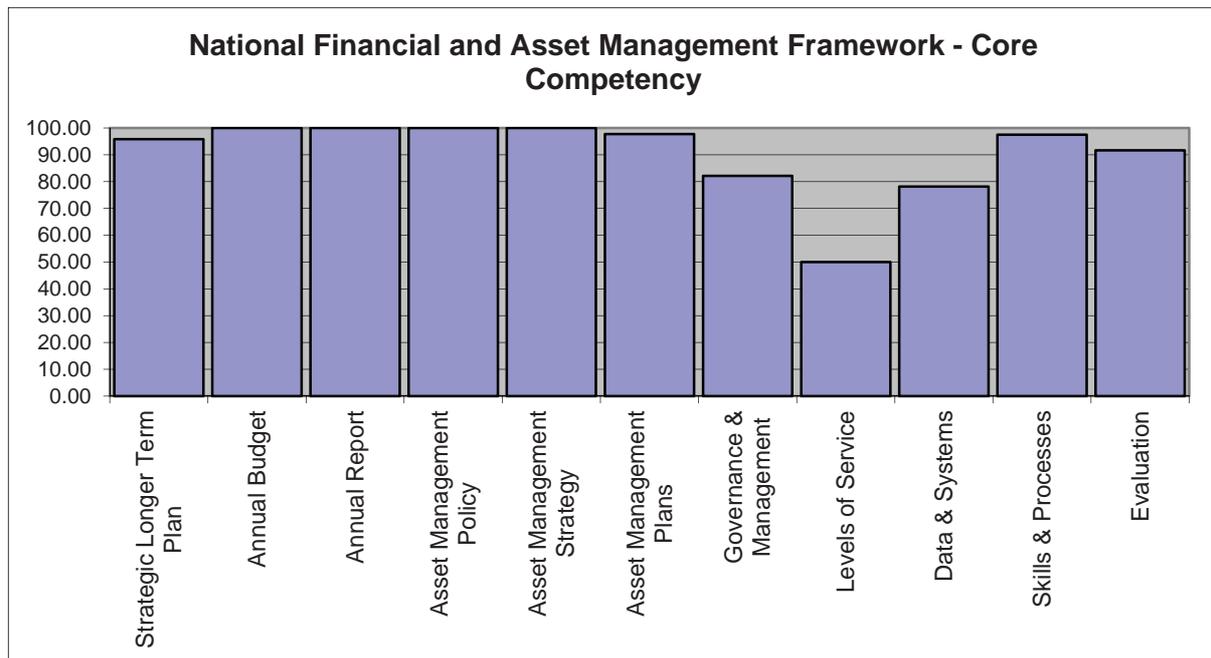


Figure 7- NAMAF Score Card as at December 2015

5.8 Snapshot of Asset Management Issues Facing Council

This Strategy has highlighted several activities and associated Asset Management Issues facing MSC. In our journey toward core maturity Councils Asset Management practices have matured and many achievements have been accomplished, however several key areas are still to be met.

Moorabool Shire Council must ensure that it manages all assets on a lifecycle basis, with full knowledge of the social, environmental and financial costs, benefits and risks associated with the asset. The lifecycle model noted at section 3.2 of this strategy must consider each phase of an asset's life from the planning phase through to disposal.

Moorabool Shire Council is experiencing a rate of growth of 2.8% per annum based on 2016 census data. Accordingly, the rate of infrastructure development will remain proportionally high and handover, acceptance and management of the data will remain a key function of the Asset Management Team. Capability and capacity of the Asset Management Team will need continual assessment.

In line with the rate of expansion and growth Council will experience a dramatic shift in renewal and replacement funding, this combined with decreases in Government Funding, rate capping and growing expectation of the ratepayer will all be key considerations in efficient and effective management of the Asset Portfolio.

As part of the Rate Capped environment in Victoria, Council obtained a rate cap variation in 2016 which was directed mainly to Infrastructure renewal and will continue to consider the option of a further rate cap variations in the future to ensure it is in a position to address the renewal demand and capital assets associated with growth.



SECTION 6

Lifecycle Management

6.1 Renewal Demand

As the condition of assets deteriorates over time, there becomes a point where Council needs to intervene and renew the asset before it gets to a point where it is non-functional, a safety hazard and the community is requesting its replacement.

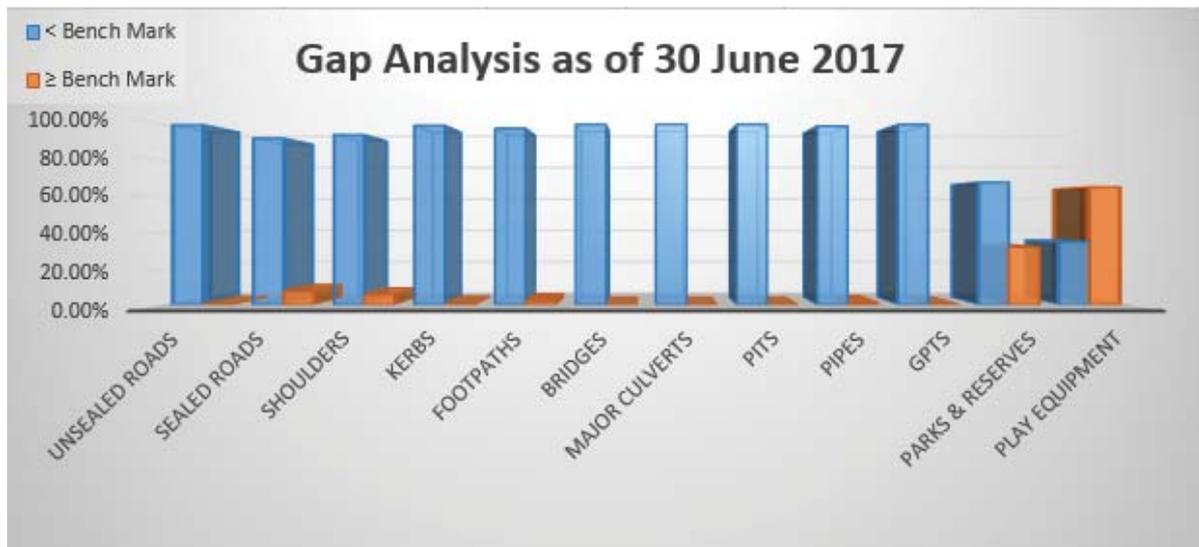
Strategic long-term renewal analysis has been undertaken using the predictive modelling tool MyPredictor including reasonable intervention points.

A review of the Renewal Demand has identified that approximately \$11M of asset infrastructure exceeds the set intervention level.

GAP REPORT AS OF 30 JUNE 2017						
Asset Category	Asset Class	Intervention Bench Mark	Bench Mark	Bench Mark	Capital Gap	Renewal
Transport Assets	Unsealed Roads	4	99.73%	0.27%	\$	58,569.50
	Sealed Roads	4	92.33%	7.67%	\$	8,381,401.86
	Shoulders	4	94.30%	5.70%	\$	385,230.83
	Kerbs	4	99.46%	0.54%	\$	86,948.18
	Footpaths	4	98%	2%	\$	373,587.31
	Bridges	4	100.00%	0.00%	\$	-
	Major Culverts	4	100.00%	0.00%	\$	-
Drainage Assets	Pits	4	99.94%	0.06%	\$	9,016.60
	Pipes	4	99.00%	1.00%	\$	16,037.15
	GPTs	4	99.97%	0.03%	\$	-
Open Space/Park Infrastructure	Parks & Reserves	4	68.00%	32.00%	\$	252,683.52
	Play Equipment	3	34.70%	65.30%	\$	1,461,438.00
Total Renewal Gap					\$	11,024,912.94
NOTE: Culverts and Buildings Condition Data- Not included in this summary						

Table 6: Gap report as of 30 June 2017

This is the identified capital renewal gap that currently exists. Further analysis indicates that this gap will increase into the future if appropriate funding is not available for the required renewals.



A clear funding methodology is required now to guide how Council will tackle this long-term sustainability issue. Strategies for addressing this are outlined in section 6.3 of this document.

6.2 Long Term Financial Plan (LTFP)

The LTFP must include all Maintenance, Operational, Renewal, Upgrade, Expansion and New (MORUEN) costs associated with sustainable asset management of infrastructure assets.

The maintenance and operational costs can be derived from experience and industry benchmarking. The renewal cost is derived from predictive modelling using asset inventory, condition profile, brownfield replacement rates, useful life and the identified point of renewal intervention.

The upgrade, expansion and new costs associated with infrastructure assets will be identified by the managers of the various services being delivered to the community.

All identified MORUEN costs over the next 10 years will be incorporated in the relevant Asset Management Plans. These costs will be included in the financial section of the asset Management plan which must be mirrored in Council's Long Term Financial Plan.

6.3 Lifecycle Costs

6.3.1 Renewal Demand

Analysis of renewal demand has shown that around \$11million worth of assets have deteriorated past point of nominated intervention (table 6).

The current level of funding set out in the Long Term Financial Plan does not meet the identified annual renewal cost.

The situation is not sustainable and a strategy is required to address the decline and ensure existing assets are maintained and renewed to meet the desired level of service to the community.

To address this funding shortfall Council will adopt the following strategic approach:

- adopt an acceptable level of 2% of assets outside the intervention benchmark
- identify the annual capital renewal costs over the next 10 years based on the acceptable level of assets outside the intervention benchmark
- include the identified annual capital renewal costs in the annual report
- Undertake detailed asset and financial modelling scenarios, including the need for Rate Cap variations directed specifically at the renewal funding gap and backlog. Scenarios should consider the fund ability over ten, fifteen and twenty year periods.
- increase capital renewal funding over a ten, fifteen or twenty year period, based on priorities identified through community engagement and service planning, to meet the identified annual capital renewal costs including elimination of the existing backlog.
- Plan to breach the renewal gap over a manageable time frame, between 10 to 20 years.

It should be noted that as Council's asset inventory continues to grow and condition data matures as a result of ongoing condition audits, this will provide an improved overview of Council's infrastructure assets and will assist determining future renewal demands more accurately

SECTION 7

Strategic Actions

7.1 Short Term Projects

As noted in Section 5.5, Moorabool Shire Council is well placed on its Strategic Asset Management journey. However, the journey is far from finished.

In the short-term Council has given a high-level priority to this objective and numerous activities have been completed or are in progress to meet the requirements of the program. This has included the development of Council's Asset Management Plans, Strategy and Policy. This process has highlighted an extensive list of improvement actions to drive improvements in asset data, condition assessment and management. These outputs should now drive the agenda and direction for the Asset Management Working Group and Asset Manager over the life of that plan and this strategy.

Appendix 1 Identifies the improvement actions required from the NAMAf scorecard and Asset Management Plans.

7.2 Medium and Long Term Projects

Upon obtaining Core NAMAf Competency the MAV is strongly encouraging Councils to strive for Advanced Competency Status. Advanced competency demonstrates that all the Elements within the National Asset Management Assessment Framework have been met at an 'Advanced' level. Council recognises the importance of implementing the best possible Asset Practices to meet its objectives and evaluation shall be undertaken to determine the validity of seeking 'Advanced' status. Following completion of the above outputs it is recommended that Council review its asset management direction and determine the benefit of pursuing advanced asset practices beyond those listed.

SECTION 8

Strategy Review

Any Strategy must be a dynamic document, reflecting and responding to changes over time. This Strategy will be reviewed;

1. Immediately following the Council adoption of revised Asset Management Plans; and/or
2. As a minimum by June the year after a Council election.

SECTION 9

References

- Local Government Act 1994, Victoria
- Council Plan – Moorabool Shire Council Plan 2017-2021
- International Infrastructure Management Manual (2015)

SECTION 10
Appendices

Appendix 1; Asset Management Improvement Actions

Action No	CATEGORY	CRITERIA	TASK	DESCRIPTION	RESPONSIBLE UNIT	TIMELINE
1	BUILDINGS & STRUCTURES	Data Improvement.	Improved handover of assets	Develop and implement procedure to formally receive and handover assets ensuring accurate provision of data.	Infrastructure/ Assets and Projects unit	2017/18
2	BUILDINGS & STRUCTURES	Data Improvement.	Componentisation of Building assets	Historical building data treated the building as one item. Current accounting standard requires that Buildings are componentised so that cost is distributed to each component. Componentisation details are as of the Valuation and Revaluation policy.	Infrastructure/ Assets unit	2017/18
3	BUILDINGS & STRUCTURES	Data Improvement.	Additional asset information for leased and licenced assets.	Review and incorporate lease and maintenance agreements into Asset Register	Infrastructure/ Assets unit	2018-19
4	BUILDINGS & STRUCTURES	Data Transfer.	Transfer of Building assets to the new asset register; myData/Assetic.	Transfer of building data from excel spreadsheets to Council's adopted Asset Register system, myData/Assetic.	Infrastructure/ Assets	2017/18
5	BUILDINGS & STRUCTURES	Service Delivery	Improved service output.	Investigate advances to enhance LOS outputs/maintenance expenditure. Document findings in future BAMP	Community Development unit, Infrastructure/ Assets unit	2018-19
6	BUILDINGS & STRUCTURES	Service Planning	Classification and Hierarchy	Develop classification and hierarchy for Building assets based on functionality and usage in order to guide future service planning.	Infrastructure/ Assets unit	2017-18
7	BUILDINGS & STRUCTURES	Service Planning	Review of service plan.	Develop and review a service plan based on asset function and capacity in consideration with the community's growth and development	Community Development unit, Infrastructure/ Assets unit	2018-19

Action No	CATEGORY	CRITERIA	TASK	DESCRIPTION	RESPONSIBLE UNIT	TIMELINE
8	BUILDINGS & STRUCTURES	Service Planning.	Strategic asset modelling.	Develop Predictive Models to inform capital improvement (renewal and upgrade) projects	Infrastructure/ Assets unit	2018-19
9	BUILDINGS & STRUCTURES	Service Provision.	Improved documentation and planning.	Develop and document maintenance service levels with regard to all buildings assets owned or maintained by Council	Community Development unit, Infrastructure/ Assets unit	2019-20
10	WATER AND DRAINAGE	Asset Data	Improve data quality	Review asset data and establish subclasses for all assets in this category to better document quantity, value and maintenance activities	Infrastructure/ Assets unit	2019-20
11	WATER AND DRAINAGE	Asset Register	Improve data quality.	Improve quality of stormwater assets handover data from new developments to provide greater detail in reporting outcomes for all subclasses. A SPEC	Infrastructure/ Assets unit	2019-20
12	WATER AND DRAINAGE	Capital Investment.	Service Planning	Review capital program with regards to required renewal, upgrade or expansion of pipe and pit assets	Infrastructure/ Assets unit	2019-20
13	WATER AND DRAINAGE	Condition Assessment.	Condition audits	Conduct a condition survey of all drainage assets.	Infrastructure/ Assets unit	2019-20
14	WATER AND DRAINAGE	Maintenance	Maintenance demand and budget.	Review the maintenance program (routine inspection maintenance expenditure) and reassess.	Infrastructure/ Assets unit	2019-20
15	WATER AND DRAINAGE	Service Planning	Reassess Levels of service.	Analyse current and future demand requirements for storm water assets to guide future planning.	Infrastructure/ Assets unit	2019-20

Action No	CATEGORY	CRITERIA	TASK	DESCRIPTION	RESPONSIBLE UNIT	TIMELINE
16	NAMAF	Advanced Maturity/ Reporting	Performance Assessment	The Annual Report includes a performance assessment of progress towards achieving the goals and strategic objectives of the Strategic Longer Term Plan.	Infrastructure/Assets & Unit	2018-19
22	NAMAF	Advanced Maturity/ Annual Budget	Coordination and Integration	Renewal budget from AMPs Renewal plan to be transferred to LTFP	Infrastructure/Assets & Unit	2018-19
23	NAMAF	Advanced Maturity/Annual Budget	Coordination and Integration	The Annual Budget financial ratios (liquidity, debt, underlying operating position) align with the Council's Long Term Financial Plan.	Infrastructure/Assets & Unit	2018-19
17	NAMAF	Core Maturity/ Data & Systems	Integrated maintenance system and asset management System.	Information on the behaviour of assets during intervals between condition surveys will be available and included in the register's data base for more efficient LTFP.	Infrastructure/ Assets & Operations units	2019-20
18	NAMAF	Core Maturity/ Governance and Management	Staff Structure & Position Description	The staff structure and position descriptions clearly define asset management functions, responsibilities and skill requirements for managing all asset classes.	Infrastructure/ Assets Unit	2018-19
19	NAMAF	Core Maturity/ Levels of Service	Community consultation	Council has undertaken the process of defining, quantifying and documenting current community levels of service and technical levels of service, and costs of providing the current levels of service across all assets categories.	Infrastructure/Assets Unit	2019-20

Action No	CATEGORY	CRITERIA	TASK	DESCRIPTION	RESPONSIBLE UNIT	TIMELINE
20	NAMAF	Core Maturity/ Service Planning	Integrated LTTP and reactive maintenance operations	Restructuring within the Infrastructure Unit aims at integration between the day to day maintenance activities and long term capital improvement activities.	Infrastructure/Assets Unit	2019-20
21	NAMAF	Core Maturity/ Skills and Processes	Training	Council provides ongoing training programs for councillors, council management and officers on key asset management topics.	Infrastructure/Assets Unit	2019-20
24	OPEN SPACE- Passive & Active Spaces	Asset Register	Create Inventories of Sub Class Assets for Maintenance Purposes.	Migrate and audit asset data for subclasses not included in this OSAMP including park furniture, bollards, bins, signage and artwork.	Asset Manager, Parks and Recreation Coordinator. Maintenance Manager.	2018/19
25	OPEN SPACE- Passive & Active Spaces	Service Planning	Understanding community's expectations.	Collaborate with the community development unit to allow for feedback from community consultation processes and research findings to determine service targets.	Strategic Planning, Parks and Gardens and Assets	2020-21
26	OPEN SPACE- Passive & Active Spaces P	Maintenance Agreements and maintenance modelling.	Reassess current practices.	Review existing open space maintenance agreements and assess for risk, asset capacity, functionality and relative benefit to the community. Formally document existing and ongoing agreements and link to Asset Management System	Infrastructure/ Assets unit	2020-21
28	OPEN SPACE- Playgrounds and Play equipment	Condition Assessment	Review current condition assessment practices	Consider using the yearly inspection services with the condition assessment, compliant with IPWEA Practice Note 10.1, to allow flow on of data from inspections to the register's database to help drive renewal projects.	Infrastructure/ Assets unit	2020-21

Action No	CATEGORY	CRITERIA	TASK	DESCRIPTION	RESPONSIBLE UNIT	TIMELINE
29	OPEN SPACE-Playgrounds and Play equipment.	Register	Improve inventory	Improve current inventory of play equipment and add any missing items.	Infrastructure/ Assets unit	2018/19
30	OPEN SPACE-Playgrounds and Play equipment.	Renewal and Upgrade	Coordination with strategic Moorabool Shire Recreation and Open Space documents	Set renewal and upgrade modelling in Predictor in accordance Moorabool Shire Community Development Strategy 2015-2021.	Infrastructure/ Assets unit	2020-21
31	OPEN SPACE-Playgrounds and Play equipment.	Service Planning and maintenance budget	Review current reactive maintenance activities and re access.	Ascertain total maintenance expenditure on playgrounds and aim to integrate some maintenance activities in the CIP program.	Infrastructure/ Assets unit	2017/18
32	OPEN SPACE-Sports Fields and Courts.	Renewal Planning	Condition Assessment	Develop and Implement a condition assessment model to drive renewal planning and budgeting.	Infrastructure/ Assets unit	2020-21
33	TRANSPORT/ General	Register-Data Quality	Improve the quality of handover project information for all Capital Improvement Projects(CIP)	Council is working toward refining and improving the quality information handed over from CIP projects before entering data into the register's database.	Infrastructure/ Assets & Projects units	2017-18
34	TRANSPORT/ General	Register-Data Quality	Handover of data from newly gifted assets.	Council is a registered A-Spec member, working towards a digital handover of As Constructed Plans for all new developments. Submitting data in A-Spec format is now integrated in the requirements of the statement of compliance for all developments signed off after 2009.	Infrastructure/ Assets & Projects units	2017/18
35	TRANSPORT/ General	Register-Data Transfer	Transfer of "Other" register from spreadsheets to Council's adopted Asset Register system myData	The "Other" register is a register that contains assets not previously recognised in Council's Asset Registers, usually because of grey areas within the capitalisation policy.	Infrastructure/ Assets unit	2017-18

Action No	CATEGORY	CRITERIA	TASK	DESCRIPTION	RESPONSIBLE UNIT	TIMELINE
36	TRANSPORT-Ancillary Assets	Condition Assessment-Signs	Condition Survey for capitalised large signs and noticeboards.	Undertake condition assessment of Large Signs and Noticeboards across the municipality. Apply condition data to register.	Infrastructure/ Assets unit	2018/19
37	TRANSPORT-Ancillary Assets	Condition Assessment-TCDs	Validation of Condition Data	Undertake condition assessment of TCDs across the municipality. Apply condition data to register.	Infrastructure/ Assets unit	2018-19
39	TRANSPORT-Ancillary Assets	New Registers - Signs	Create an inventory for Large Signs and Noticeboards (i.e. gateway signs)	These resided in the past in "Other" register. A new Signs register will be created.	Infrastructure/ Assets unit	2018/19
40	TRANSPORT-Ancillary Assets	New Registers - TCDs	Create an inventory for Traffic Control Devices(TCDS)	TCDs used to reside in "Other" register. A new TCDs register will be created and all TCDs will be transported to it.	Infrastructure/ Assets unit	2018-19
42	TRANSPORT-Bridges	Asset Lifecycle Modelling	Improved CIP modelling for LTFP for bridge assets.	Council invested in 2013 in a Predictor modelling software for LTFP. This system enables detailed treatment based different funding model options. These will be developed at a bridge component level.	Infrastructure/ Assets unit	2018-19
45	TRANSPORT-Bridges	Service Targets	Service targets.	Analyse and quantify community satisfaction survey to understand acceptance of current levels of service or any proposed shift in service levels in accordance with funding allocations.	Infrastructure/ Assets unit	2018-19
47	TRANSPORT-Kerbs	Condition Assessment and Maintenance Funds-	Validation of Condition Assessment Methods and Funds Allocation	Validate kerbs condition data and update the asset register. Review funding allocated to maintenance of kerbs across the network	Infrastructure/ Assets unit	2018-19
48	TRANSPORT-Roads	Asset Lifecycle Modelling	Improved CIP modelling for LTFP for road assets	Council invested in 2013 in a myPredictor modelling software for LTFP. This system enables detailed treatment based different funding models options for all road assets including Footpaths and Shoulders.	Infrastructure/ Assets unit	2018-19

Action No	CATEGORY	CRITERIA	TASK	DESCRIPTION	RESPONSIBLE UNIT	TIMELINE
49	TRANSPORT-Roads	Classification and Hierarchy	Finalise classification and hierarchy attributes in accordance with adopted Capitalisation Policy and the Road Management Plan.	MyData/Assetic contains additional classification fields and attributes: Sub Class, Type and Sub. These should be finalised in a way that best supports reporting requirements.	Infrastructure/ Assets unit	2017/18
50	TRANSPORT-Roads	Condition Assessment	Improved condition assessment method and methodology.	Review and confirm the condition assessment matrix for road surface, road pavement and shoulder in time for the next condition audit	Infrastructure/ Assets unit	2017/18
51	TRANSPORT-Roads	Technology	Road design and construction method	Keep up to date with technological advances in road asset construction and maintenance and their application on current programs.	Infrastructure/ Assets & Projects units	2018-19



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