

Buildings Asset Management Plan
January 2023



RESTORE & THRIVE

ARMIDALE
Regional Council

QUALITY CONTROL		
OUR PURPOSE	Together, proud to deliver to the highest possible standards for ARC in all we do	
KEY DIRECTION	Strong Region (Engagement and Responsibility)	
GOAL	S2 - Strong governance and leadership that supports our region to grow and prosper	
STRATEGY	S2.2 - Ensure that strategic directions are informed by, and with, the community and stakeholders and are delivered effectively, and in consideration of available resources	
RESPONSIBLE OFFICER	Coordinator Strategic Infrastructure Planning	
REVIEW DATE	2024	
DATE	ACTION	RESOLUTION No
September 2022	PWA – First Draft finalised	N/A
October 2022	PWA – Second Draft finalised	N/A
12/10/2022	ARC – Draft reviewed and complete	N/A
21/10/2022	ARC – Documents endorsed by COAS	N/A
TBC	Council - Public Exhibition	TBC
TBC	Council - Adoption	TBC
NOTES	Nil	

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1. EXECUTIVE SUMMARY

1.1 Purpose of the Plan

This Asset Management Plan (AMP) details information about Armidale Regional Council's facilities infrastructure assets with actions required to provide an agreed level of service to ensure safety, security and compliance with legislation in the most cost-effective manner while outlining associated risks. The plan defines the services to be provided, how the services are provided and what funds are required over the 2022-2032 year planning period. The AMP will link to Council's Long-Term Financial Plan (LTFP) which typically considers a 10 year planning period.

The AMP aligns with the Strategic Asset Management Plan (SAMP), which:

- Contains the longer term high level strategic initiatives that the organisation must take, in order to execute its asset management strategy, and
- Provides direction for development of asset management plans.

1.2 Asset Description

This plan covers the infrastructure assets that provide facilities services. This comprises of:

- Aged care,
- Child care,
- Airport,
- Library,
- Rental properties,
- Recreation services,
- Community services, and
- ARC facilities.

The above infrastructure assets have replacement value estimated at \$118.2 million.

1.3 Levels of Service

The allocation of the planned budget in this Plan, is based on the assumption that a permanent Special Rate Variation (SRV) of 50% for the General Fund is not achieved over three years commencing in 2023-2024 financial year.

No SRV funding beyond 2022-23 will result in a reduction in both operational and capital expenditure from 2023/24. Without the SRV Council will have to start managing decline, which means levels of service may be reduced, impacting operations, maintenance and capital expenditure.

Council is not generating enough income to invest in its infrastructure. If it doesn't secure additional income from an SRV, it will have no choice but to free up existing funds by cuts to operational services

as part of a 'managed decline' strategy. This is not Council's preferred option as service cuts will have significant impact on the community.

The main service consequences for Council's infrastructure assets from 2023-2024 will be: ¹

- Operational service levels will require significant reductions and/or removal of services,
- Core maintenance service levels may remain underfunded,
- The condition of infrastructure will deteriorate with reduced maintenance activities,
- Capital works will be reduced as funding will be limited,
- The infrastructure renewal backlog will increase and it will cost more in the long run to return assets to the agreed service level, and
- Disposing of property, and decommissioning community buildings and facilities.

1.4 Future Demand

The factors influencing future demand and the impacts they have on service delivery are created by:

- Regulations and legislation changes,
- Population growth,
- Council financial sustainability,
- Technology,
- Climate change/environmental sustainability,
- Community expectations, and
- Lack of investment in the Facilities Portfolio.

These demands will be addressed using a combination of managing and/or upgrading existing assets and providing new assets when needed. Demand management practices may also include a combination of non-asset solutions, insuring against risks and managing failures.

1.5 Lifecycle Management Plan

1.5.1 What does it cost?

The forecast lifecycle costs necessary to provide the services covered by this AMP includes operation, maintenance, renewal, acquisition, and disposal of assets. Although the AMP may be prepared for a range of time periods, it typically informs a Long-Term Financial Planning period of 10 years. Therefore, a summary output from the AMP is the forecast of 10 year total outlays, which for the buildings asset class is estimated at \$39 million or \$3.9 million on average per year.

¹ From Resourcing Strategy, p 65.

1.6 Financial Summary

1.6.1 What we will do

Estimated available funding for the 10 year period is \$34.3 million or \$3.43 on average per year as per the Long-Term Financial plan or Planned Budget. This is 88% of the cost to sustain the current level of service at the lowest lifecycle cost.

The reality is that only what is funded in the long-term financial plan can be provided. The Informed decision making depends on the AMP emphasising the consequences of Planned Budgets on the service levels provided and risks.

The anticipated Planned Budget for buildings assets leaves a shortfall of \$470,000 on average per year of the forecast lifecycle costs required to provide services in the AMP compared with the Planned Budget currently included in the Long-Term Financial Plan. The forecast lifecycle costs and planned budgets is shown in figure 1.6.1.

Figure 1.6.1: Forecast Lifecycle Costs and Planned Budget

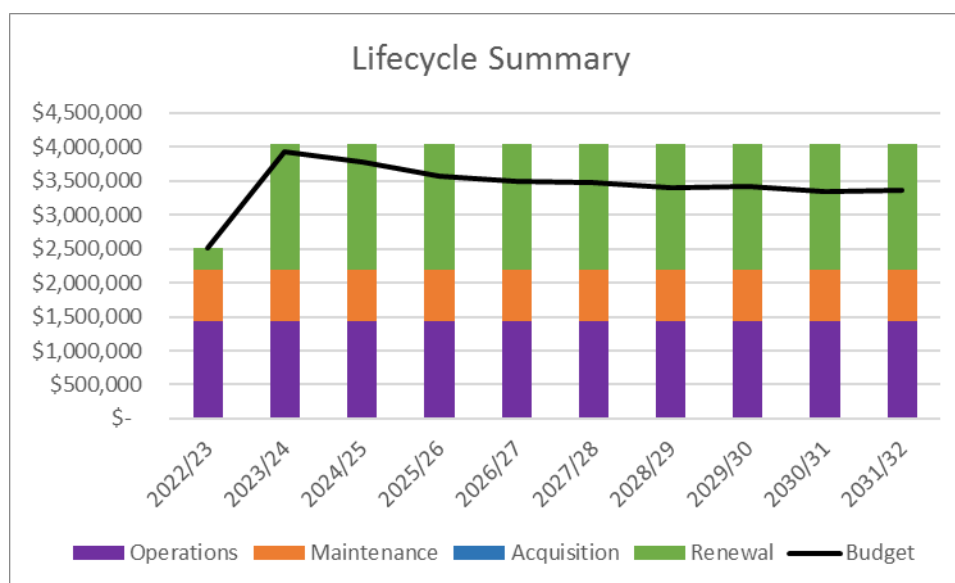


Figure values are in 2022 dollar value.

We plan to provide facilities asset services for the following:

- Operation, maintenance and renewal of building assets to meet service levels set by Council in annual budgets, and
- Capital upgrades and major renewal work within the 10-year planning period.

1.6.2 What we cannot do

There are some operations and maintenance activities and capital projects that are unable to be undertaken within the next 10 years unless the SRV is adopted. These include:

- Fully fund capital upgrades and replacements,
- Mitigate all risks,
- Meet maintenance requirements of any new assets that are acquired by donation or as a result of a transfer of responsibility,
- Increase the levels of operations, maintenance and renewal activities to achieve industry benchmark ratios,
- Maintain the current level of fees for the preschool, airport, home support service, and
- Maintain the current level of commercial and community lease fees.

1.6.3 Managing the risks

Our present budget levels are insufficient to continue to manage risks in the medium term.

The main risk consequences are:

- Facilities will need to prioritise maintenance and renewal works to components that have a very high safety risks and defer work components with low to medium safety risks. This will mean that any community complaints on these components and additional request for services will not be attended to and deferred due to the lack of funds.

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

- Regular monitoring and condition inspections,
- Minor repairs and preventative maintenance if required.

1.7 Asset Management Planning Practices

Key assumptions made in this AMP are:

- That a permanent SRV of 50% for the General Fund has not been achieved over three years to provide a budget that will maintain the optimum and compliant service levels required,
- Budgets have been allocated based on the best available data on assets.

Assets requiring renewal are identified from either the asset register or an alternative method.

- The timing of capital renewals based on the asset register is applied by adding the useful life to the year of acquisition or year of last renewal,
- Alternatively, an estimate of renewal lifecycle costs is projected from external condition modelling systems and may be supplemented with, or based on, expert knowledge.

The Alternate method was used to forecast the renewal lifecycle costs for this AMP.

This AMP is based on a medium level of data confidence.

1.8 Monitoring and Improvement Program

The next steps resulting from this AMP to improve asset management practices are:

- A Levels of Service (LoS) Framework will be adopted which includes defined Customer and Technical LoS and performance measures so levels of service can be assessed and used to inform asset management planning and expenditure investment. Customer LoS and Technical LoS information will be included in future iterations of this AMP,
- A region-wide inventory of assets will be carried out to capture all data on assets. This, as well as all data recorded in the Assets database will be consolidated to link with financial information. Council is investigating various models of Enterprise Asset Management Software that have the ability to consolidate or link financial and non-financial data on all asset classes so a complete inventory of assets is maintained. This will enable assets and finance departments to access one single repository of asset information, track and monitor asset condition, ensure transparency in planning processes and plan evidence based investments. Asset registers will be used to inform the next LTFP cycle to inform future iterations of this AMP,
- Council is currently undertaking an organisational re-structure to address resource planning. Resources will be allocated and staff will be appropriately trained to lift capability in asset management,
- The Asset Management Policy will be updated and AM Framework will be established. This will be used to inform future iterations of the AMP,
- Formal asset lifecycle management processes and systems will be implemented to improve asset management planning. This will be used to inform future iterations of the AMP,
- Formal AM planning processes will be established across each asset group to ensure consistency in information included in the AMP,
- Customer satisfaction surveys will be undertaken to inform development of the LoS performance measured in the AMP,
- Consistent processes for asset condition assessments will be established and asset performance monitoring will be implemented to monitor, report and inform investments in future LTFP cycles and iterations of this AMP,
- Formal processes for prioritisation of investments in acquisition, operations, maintenance, renewals and capital upgrades will be established to inform development of long term forward works program for the LTFP and the future iterations of this AMP, and
- AMPs will be used in the future to drive expenditure in assets so the information used to develop programs of work must be evidence based with a high degree of accuracy to justify the need for the investment. Council will specify their standard requirements for future AMPs.

2. INTRODUCTION

2.1 Background

This AMP communicates the requirements for the sustainable delivery of services through management of assets, compliance with regulatory requirements, and required funding to provide the appropriate levels of service over the planning period.

The AMP is to be read with the Armidale Regional Council's planning documents. This should include the Asset Management Policy and Asset Management Strategy, where developed, along with other key planning documents:

- Integrated Planning Framework which includes Advancing Our Region Your Community Plan 2022-2032,
- Resourcing Strategy which includes the Workforce Management Plan and Asset Management Strategy 2022, and
- The Strategic Asset Management Plan (SAMP).

Council undertook an Asset Management Maturity Assessment in July 2022. Based on a 55 (Core) target maturity level score, Council's overall AM maturity score is 32 (Basic) – i.e. minimum level processes and practices in place with a Maturity Gap of 23 points. The variance between the current and target score is 41%.

Council aims to lift its capability in asset management by addressing the gaps in AM practices identified in the Assessment. The Improvement Plan in the SAMP, contains 30 recommended improvement actions for Council achievable within 1-2 year period.

Infrastructure assets covered by this AMP include all facilities assets and have a total replacement value of \$118.2 million. These assets are used to provide services such as Aged Care, Child Care, Airport, Library, rental properties, recreation services and community services.

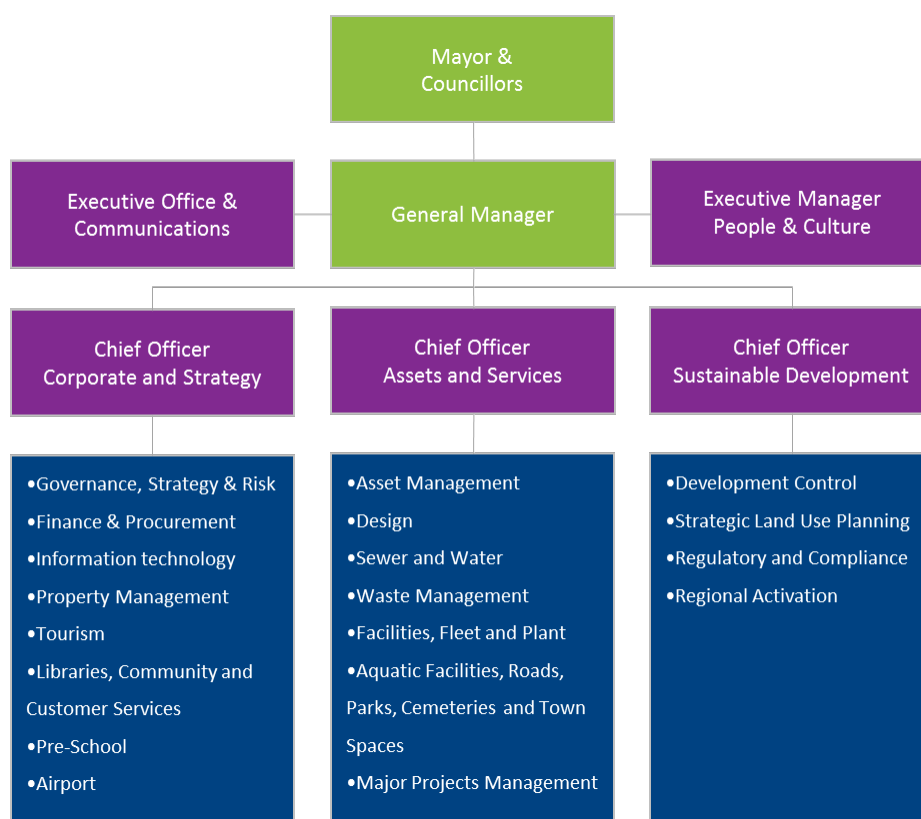
Key stakeholders in the preparation and implementation of this AMP are shown in Table 2.1.

Table 2.1: Key Stakeholders in the AMP

KEY STAKEHOLDERS	ROLE IN AMP
Councillors	<ul style="list-style-type: none"> • Represent needs of community, • Allocate resources to meet the organisation's objectives in providing services while managing risks, • Ensure organisation is financial sustainable.
General Manager	<ul style="list-style-type: none"> • Ensures ARC is aligned with the organisation's infrastructure services requirements and community expectations, • Allocate resources to meet the organisation's objectives in providing services while managing risks.
Chief Officer Assets and Services	<ul style="list-style-type: none"> • Overall responsibility for Asset Management, • Ensure funds are invested appropriately to ensure best value for money is delivered to the community,

KEY STAKEHOLDERS	ROLE IN AMP
	<ul style="list-style-type: none"> • Provide leadership in influencing decision making processes related to Asset Management.
Manager Plant & Facilities	<ul style="list-style-type: none"> • Provide Leadership for effective Asset Management, • Ensuring Asset Management services are provided in accordance with Corporate Plan and organisation priorities, • Ensure the customer experience and services are a high priority, • Responsible for preparing budget submissions in accordance with the AMP, • Manages the regulatory requirements and safety management system, • Ensures the overall programme proposed in the AMP is achievable and is aligned with the organisation's service requirements and the LTFP.
Team Leader - Facilities	<ul style="list-style-type: none"> • Delivering nominated renewal, upgrade projects, • Ensure assets are safe, secure, clean and well maintained, • Ensure environment issues are managed.
Assets Team and Asset Owners	<ul style="list-style-type: none"> • Preparation of AMP, • Responsible for reviewing and keeping AMP up to date, • Responsible for keeping asset data up to date, • Maintenance of corporate software.
Finance Team	<ul style="list-style-type: none"> • Maintenance of corporate software, • Financial accounting for assets.
State and Federal Government	<ul style="list-style-type: none"> • Promote Best Practice Asset management, • Recognises the importance of LGA Assets to the community and provide funding and other assistance to sustain.
Community	<ul style="list-style-type: none"> • Be aware of levels of service and costs, • Participate in consultation processes, • Provide feedback on services.
Crown lands	<ul style="list-style-type: none"> • Seek funding opportunities where they achieve Community Plan Goals and Strategies or agreed priorities.
Local Area Committees	<ul style="list-style-type: none"> • Support recognised local groups and advocate on behalf of the community to seek grants and project manage upgrades of local facilities and infrastructure.

Our organisational structure for service delivery from infrastructure assets is detailed below:



2.2 Goals and Objectives of Asset Ownership

Our goal for managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost effective manner for current and future population. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to develop compliant and cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Linking to a Long-Term Financial Plan which identifies required and affordable forecast costs and how they will be allocated.

Key elements of the planning framework are:

- Stakeholder engagement,
- Levels of service – specifies the services and levels of service to be provided,
- Risk Management,
- Future demand – how this will impact on future service delivery and how this is to be met,

- Lifecycle management – how to manage its existing and future assets to provide defined levels of service,
- Financial summary – what funds are required to provide the defined services,
- Asset management practices – how we manage provision of the services,
- Monitoring – how the plan will be monitored to ensure objectives are met,
- Asset management improvement plan – how we increase asset management maturity.

Other references to the benefits, fundamentals principles and objectives of asset management are:

- International Infrastructure Management Manual 2015²
- ISO 55000³

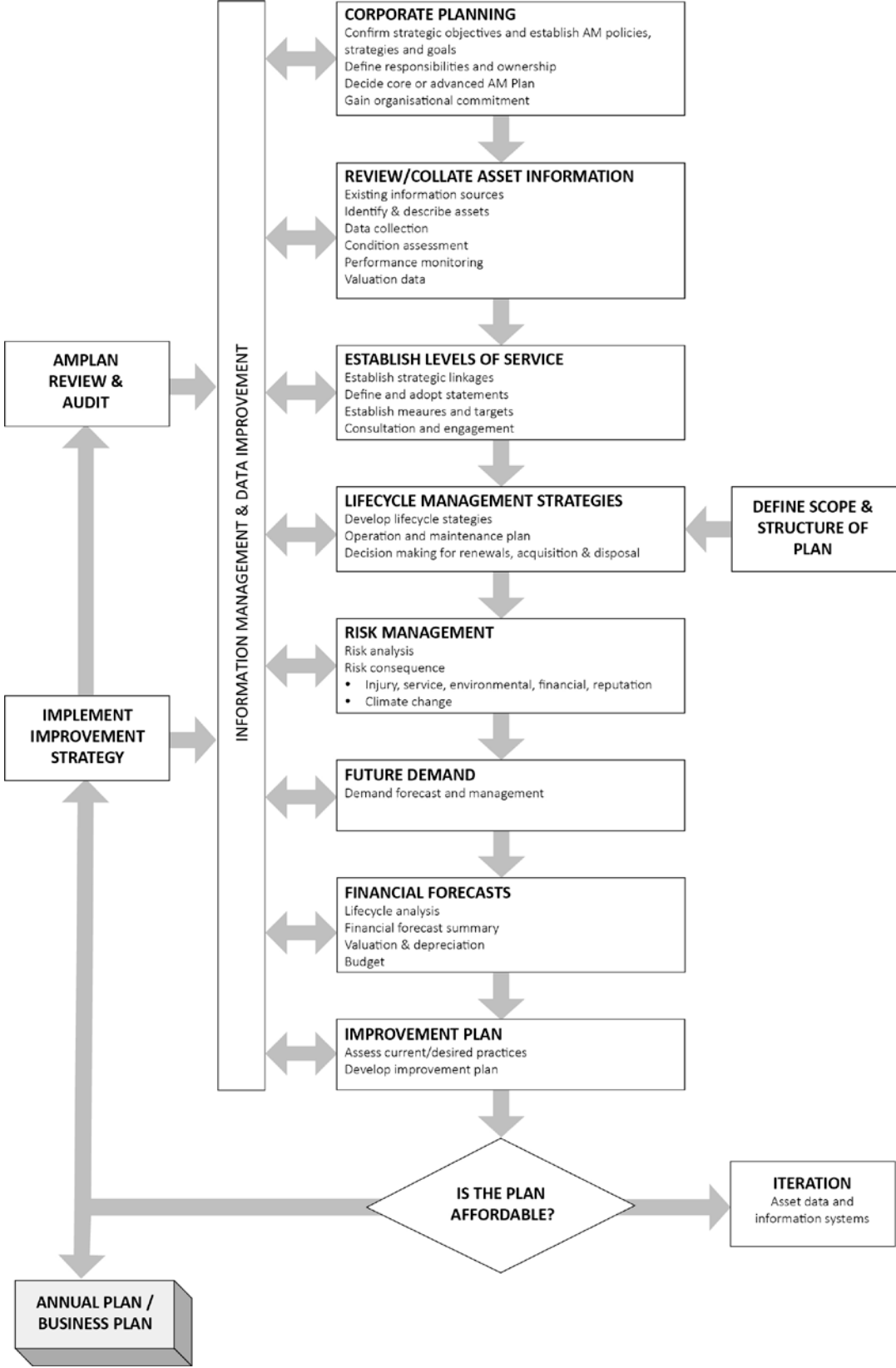
² Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2| 13

³ ISO 55000 Overview, principles and terminology

A road map for preparing an AMP is shown below.

Road Map for preparing an Asset Management Plan

Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11



3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

This AMP is prepared to facilitate consultation prior to adoption of levels of service by the Armidale Regional Council. Management plays an important role in ensuring Council delivers the agreed levels of service to the community by allocating budgets that are informed by levels of service requirements to enable delivery of those projects that have been investigated and assessed to be of high risk to people or property. The latest community satisfaction survey level on ARC facilities is shown in Table 3.1.

Table 3.1: Community Satisfaction Survey Levels

PERFORMANCE MEASURE	OVERALL SATISFACTION LEVEL (%)
Sport Facilities	60
Libraries	54
Council Pools	50
Arts, culture & Heritage facilities & service	50
Community Information	23
Child Care	19
Youth Facilities	16

3.2 Strategic and Corporate Goals

This AMP is prepared under the direction of the Community vision, mission, goals and objectives.

Our vision is:

'We want a harmonious region which celebrates diversity and uniqueness of our communities, provides opportunities for all people to reach their potential, encourages engagement without environment, cultures and lifestyles while supporting growth, opportunity and innovation.'

This AMP is prepared to meet Council's purpose, visionary goal and values.

Council's purpose is:

'Together, we are proud to deliver to the highest possible standards for ARC in all that we do.'

Council's visionary goal is:

'As a result of having a high performing team, by January 2023 we will be connected across the organisation with aligned priorities.'

Council's values are:

- Inclusion
- Wellbeing
- Transparency
- Commitment

Strategic goals have been set by Council in Advancing our Region Your Community Plan 2022-2032 and the State of The Environment Report. The Community Plan has six key pillars and within each Pillar are two goals (G1 & G2) – which are the key community aspirations that Council seeks to achieve. The AM objectives are aligned with the goals of each Pillar. The Pillars are as follows:

- P1: Thriving Region – Economy and Vision
- P2: Connected Region – Transport and Technology
- P3: Future Region – Sustainability and Resilience
- P4: Liveable Region – Places and Spaces
- P5: Enriched Region – Community and Culture
- P6: Strong Region – Engagement and Responsibility

Strategic goals have been set in Advancing Our Region Your Community Plan 2022-2032. A summary of how they are addressed in this AMP is shown in table 3.2.

Table 3.2: Goals and how these are addressed in the Asset Management Plans

GOALS	AM OBJECTIVES	HOW GOALS AND OBJECTIVES ARE ADDRESSED IN THE AMP	
P1, G1. A strong economy, sustainable growth and opportunity	AMO 2. Increase the level of maintenance and renewal activities to achieve the industry benchmark renewal ratio of $\geq 100\%$.	A program of works that reflects an increase in the level of maintenance and renewal activities.	
P1, G2. A destination of choice, renowned for its beauty, heritage and unique attractions		This is a Plan that will address the renewals backlog over time to extend the life of the assets, and increase maintenance activities to ensure the assets continued operation.	
P2, G1. Quality infrastructure that makes it safe and easy to travel around our region		AMO 3. Apply lifecycle principles to asset management decisions	A Plan that applies lifecycle principles in the development of the program of works
P2, G2. Transport and technology that enable connectivity both locally and outside the region			

GOALS	AM OBJECTIVES	HOW GOALS AND OBJECTIVES ARE ADDRESSED IN THE AMP
<p>P3, G1. A flourishing natural environment that is protected and enhanced</p> <p>P3, G2. A clean, green, and responsible region</p> <p>P4, G1. Public spaces and infrastructure that facilitate health, community connections and opportunities</p>		<p>for asset maintenance, renewals and capital upgrades.</p> <p>While this Plan requires an increase in investment in asset maintenance and renewals, the lifecycle approach will ensure Council is making informed decisions on its investment and achieve the value for money from its investment in the long term.</p> <p>A lifecycle approach to asset management will also help Council achieve the financial sustainability over time.</p>
<p>P4, G2. Proactive, responsible, and innovative regional planning that grows us sustainably</p> <p>P5, G1. Access to the services and support that facilitate quality of life</p> <p>P5, G2. A proud, inclusive and cohesive community that celebrates our region in all its diversity and culture</p>	<p>AMO 4. Ensure the levels of service and infrastructure agreed with the community are consistently maintained.</p>	<p>A Plan that meets the community levels of service expectations.</p> <p>While the Levels of Service measures have yet to formally adopted and agreed with the community, this Plan, has been developed with the aim of achieving a consistently high levels of service.</p>
<p>P6, G1. An informed and activity engaged community that builds partnerships and shapes its future.</p>	<p>AMO 1. Lift capability in asset management by 41% within 1-2 years.</p>	<p>This Plan has been developed in parallel with the establishment of an AM Framework and planned improvements in AM practice areas to lift capability in delivering asset management services.</p>
<p>P6, G2. Strong governance and leadership that supports our region to grow and prosper.</p>	<p>AMO 5. Lift capability and capacity of the workforce to meet the long term service commitments to the community.</p>	<p>This is a Plan that is responsive to the needs of the community.</p> <p>This Plan is informed by the Council's Workforce Management Plan, which addresses the need to improve workforce capacity and capability to enable Council to efficiently and effectively manage its assets and meet its long term service commitments to the community.</p>

3.3 Legislative Requirements

There are many legislative requirements relating to the management of assets. Legislative requirements that impact the delivery of facilities services are outlined in Table 3.3.

Table 3.3: Legislative Requirements

LEGISLATION	REQUIREMENT
Local Government Act NSW (2002, amended 2009)	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.
NSW Security Act 1997 and Regulations 2016.	Apply Chain of Evidence and other controls to the management and operation of the City Safe CCTV program.
Building Code of Australia	To apply all appropriate building and structural requirements to council facilities in regards to new constructions, upgrades and alterations and maintenance.
NSW State Records Act 1998	The proper use, storage and access of documents generated and received in relation to the Facilities Portfolio business and operations.
Australian Standards	To be applied in all new constructions, upgrades and alterations and maintenance of building structures.
Environmental Planning and Assessment Act 1979	Fire Safety regulations and appropriate accesses for public buildings.
Environmental Protection Act 1994	Application of licences for the operation of livestock selling complexes and the like.

3.4 Customer Values

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

Customer Values indicate:

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

Community consultation has been undertaken for the preparation of the new long term community strategic plan and outcomes of the consultation and the values have been defined as follows:

What customer love and value about our region:

1. Our Natural Environment – our climate, seasons, natural beauty, Wildlife and National Parks.
2. Our Location – Halfway between Sydney and Brisbane, and a short drive to the Coast.
3. Our Community – The people diversity and volunteers that make up our community.
4. Parks and Playgrounds – Our many beautiful outdoor spaces including parks, gardens and local playgrounds.

5. Arts and Culture and Heritage – Beautiful architecture, local history and the many arts organisations, events and performances in the region.
6. Education and Training – Long established university, TAFE digital hub, and variety of local schools.

Our community's 2032 vision for our Region (ranked in priority order):

1. Economically robust
2. Environmentally sustainable
3. Led through good governance
4. Strong tourism sector
5. A cohesive community

What the community wants improved in our Region (ranked in priority order):

1. Transport and Infrastructure
2. Environmental Sustainability
3. Economic Development
4. Shopping
5. Tourism

3.5 Customer Levels of Service

The Customer Levels of Service are considered in terms of:

- **Condition** How good is the service ... what is the condition or quality of the service?
- **Function** Is it suitable for its intended purpose Is it the right service?
- **Capacity/Use** Is the service over or under used ... do we need more or less of these assets?

In Table 3.5 under each of the service measures types there is a summary of the performance measure being used, the current performance, and the expected performance based on the current budget allocation.

Table 3.5: Community Levels of Service/ Values

SERVICE ATTRIBUTE	SERVICE OBJECTIVE	PERFORMANCE MEASURE PROCESS	CURRENT PERFORMANCE	EXPECTED POSITION IN 10 YEARS BASED ON CURRENT LTFP
COMMUNITY OUTCOME: Liveable Region - Public spaces & Infrastructure that facilitates Health, Community Connection & Opportunity				
Accessibly	Well defined access.	Buildings entrance / exit are clear and adequate to users. Appropriate weather protection in place.	80% Compliance	100% Compliance
Accessibly	Conforming to disable access standards.	Relevant codes. No obstructions	80% Compliance	100% Compliance
Health and Safety	BWOF held (where required). Identified hazards are responded.	Building Warrant of fitness or any required certification. The use of internal reporting prioritising and follow up systems.	70% Compliance Quarterly Inspections to 60% of properties.	100% Compliance Quarterly inspections to 100% of properties.
Public Safety	To provide a system of surveillance for the CBD and other specified areas for the safety of residents and visitors.	Provide 3 working day turn around to CCTV image requests for Police investigations.	80% compliance rates	80% compliance rates
Quality	The provision of a maintenance and a minor contracts (cleaning – hygiene – security) service for council buildings.	Progressive short and medium term maintenance is carried out with minimal disruption to staff and the public. Urgent matters within 24 hours, and others within 10 working days.	80% Compliant levels	80% Compliance Levels
Quality	All upgrades, alterations and maintenance complies with relevant codes, is conducted by qualified trades' people and incorporates advances in technology.	Compliance with relevant codes and standards.	100% Compliance	100% Compliance

3.6 Technical Levels of Service

To deliver the customer values, and impact the achieved Customer Levels of Service, are operational or technical measures of performance. These technical measures relate to the activities and allocation of resources to best achieve the desired customer outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

- **Acquisition** – the activities to provide a higher level of service (e.g. upgrading equipment) or a new service that did not exist previously (e.g. a new building)

- **Operation** – the regular activities to provide services (e.g. opening hours, cleansing, mowing grass, energy, inspections, etc).
- **Maintenance** – the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. building and structure repairs)
- **Renewal** – the activities that return the service capability of an asset up to that which it had originally provided (e.g. replacement building components).

Table 3.6 shows the activities expected to be provided under the current 10 year planned budget allocation, and the forecast activity requirements being recommended in this AMP. The proposed position is to be agreed by the Council, following by community consultation, trade-off of levels of service performance and costs and risk within available resources in the long-term financial plan.

Table 3.6: Technical Levels of Service

SERVICE ATTRIBUTE	SERVICE OBJECTIVE	ACTIVITY MEASURE PROCESS	CURRENT PERFORMANCE*	DESIRED FOR OPTIMUM LIFECYCLE COST **	AGREED SUSTAINABLE POSITION ***
Operations	Building assets and surrounds are presented in a clean, safe and hygienic state.	Staff Activity Procedures.	As per procedures	As per procedures	Daily
	Venues set up as per client requirements. Conditions of Use enforced. Venue reinstated at completion of function.	Outlook Booking Schedule.	As per booking schedule	As per booking schedule	As required per booking schedule
	Building access system databases and registers maintained.	Salto Card Access. Provide access controls and audit trails. Maintain in line with On boarding and Off boarding.	Bi-monthly	Monthly	Monthly
	Asset condition inspections conducted quarterly and meet user needs.	As per quarterly inspection schedule.	All building assets inspected as per inspection schedule	SPM Assets database updated regularly	All building assets inspected as per inspection schedule
	All building security and property protection systems	Security System Access Registers.	Bi-Monthly	Monthly	Monthly

SERVICE ATTRIBUTE	SERVICE OBJECTIVE	ACTIVITY MEASURE PROCESS	CURRENT PERFORMANCE*	DESIRED FOR OPTIMUM LIFECYCLE COST **	AGREED SUSTAINABLE POSITION ***
	maintained and certified.	Provide access controls and audit trails. Maintain in line with On boarding and Off boarding.			
	All building public safety provisions maintained and certified.	Annual Fire Safety and Essential Services.	Minor contract for this service	Contract renewed/reviewed every 3 years	Contract renewed/reviewed every 3 years
Maintenance	Respond to requests for maintenance.	Reactive/routine service completed within required response time.	80%	80%	80%
		Budget	\$500K per year		
Upgrade/New	All buildings	Condition rating 3 or better.	Condition rating moving towards 4-5	Condition rating between 1-3	Condition rating 3
		Budget	\$560K per year over 10years	\$2 m per year over 10 years	\$1,865,000 per year over 10 years

Note: * Current activities and costs (currently funded).

** Desired activities and costs to sustain current service levels and achieve minimum life cycle costs (not currently funded).

*** Activities and costs communicated and agreed with the community as being sustainable (funded position following trade-offs, managing risks and delivering agreed service levels and approval of a SRV rate increase).

4. FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include things such as demographic change, regulations, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, environmental awareness, etc.

4.2 Demand Forecasts

The present position and projections for demand drivers that may impact future service delivery and use of assets have been identified and documented in Table 4.3.

4.3 Demand Impact and Demand Management Plan

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

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

Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this AMP.

Table 4.3: Demand Management

DEMAND DRIVERS	PRESENT POSITION	PROJECTION	IMPACT ON SERVICES
Regulation	Currently complying with core regulation requirements in relation to Fire and Safety and accessibility.	Building are aging and some requiring major works impacting on the structure. To ensure the building meet current standards will incur significant cost and impact on the use of the building asset.	Some building asset are heritage listed and require DA approval for any structural / moderate work that will impact on the building appearance. The cost and complexity of bringing these types of building assets up to modern standard will have to be reviewed on a case by case basis.
Population Growth	Predicted population growth with the potential to increase revenue through fees and charges	Slow growth over the next ten years in rural communities.	Better utilisation potential for multiple user groups.

DEMAND DRIVERS	PRESENT POSITION	PROJECTION	IMPACT ON SERVICES
Education	Joint venture with UNE – Business Hub Rural halls utilised by state funded educational child care business operator.	Opportunity to consolidate building to educational based users.	Impact may be negligible in the next 5 years.
Demand Substitution	Some buildings have low utilisation, are in poor condition with peppercorn leases (i.e. lease not reflected the value of the property) that have limited capacity.	Building will become non-compliant.	Some services will need to consolidate to appropriate buildings and facilities.

4.4 Asset Programs to meet Demand

New assets required to meet demand may be acquired, donated or constructed. Acquiring new assets will commit the Council to ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs for inclusion in the long-term financial plan. However, no new assets were planned for facilities in the LTFP.

4.5 Climate Change Adaptation

The impacts of climate change may have a significant impact on the assets we manage and the services they provide. In the context of the Asset Management Planning process climate change can be considered as both a future demand and a risk.

How climate change impacts on assets will vary depending on the location and the type of services provided, as will the way in which we respond and manage those impacts. ⁴

As a minimum we consider how to manage our existing assets given potential climate change impacts for our region. ⁵

Risk and opportunities identified to date are shown in Table 4.5.

⁴ IPWEA Practice Note 12.1 Climate Change Impacts on the Useful Life of Infrastructure

⁵ Council has yet to develop asset resilience strategies for its assets.

Table 4.5 Managing the Impact of Climate Change on Assets and Services

CLIMATE CHANGE DESCRIPTION	PROJECTED CHANGE	POTENTIAL IMPACT ON ASSETS AND SERVICES	MANAGEMENT
Higher / recurrent rainfall events	High rainfall and increasing rainfall days annually. Rainfall more frequent causing recurrent flood events.	Drainage systems may not have sufficient capacity to manage flood events. Potential flooding events can result in damage to buildings and property assets.	Develop new strategies to manage flood events and prevent overflows.
Temperature variation	Warmer summer and colder winters	Large temperature variations are causing extreme temperature conditions which will impact on thermal comfort of buildings.	Renew or upgrade building environmental systems to ensure these adapt to temperature variations.

Additionally, the way in which we construct new assets should recognise that there is opportunity to build in resilience to climate change impacts. Building resilience can have the following benefits:

- Assets will withstand the impacts of climate change,
- Services can be sustained, and
- Assets that can endure may potentially lower the lifecycle cost and reduce their carbon footprint.

The impact of climate change on assets is a new and complex discussion and further opportunities will be developed in future revisions of this AMP.

5. LIFECYCLE MANAGEMENT PLAN

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

5.1 Background Data

5.1.1 Physical parameters

This AMP includes building assets comprising of aged care, child care, airport, library, rental properties, recreation services and community services. It has a current replacement cost of \$118.2 million. Currently, there is no single asset register that includes all assets in this asset group. This is an improvement action for this AMP.

5.1.2 Asset age profile

The SPM database holds a registry of building component data which includes data on date acquired for individual components of the buildings e.g. downpipes, gutters, roofing, air-conditioning. It does not hold data on construction dates of the buildings themselves, so age data cannot be provided for this AMP. Construction dates will need to be captured in a region-wide exhaustive inventory of assets, which is an improvement action for Council. Once construction dates are available, an Age Profile Graph can be provided in future revisions of this AMP.

5.1.3 Asset capacity and performance

Assets are generally required to meet design standards where available. However, there is insufficient resources to address all known deficiencies. No known service performance deficiencies have been identified for this AMP which is included as an improvement action.

5.1.4 Asset condition

A condition assessment for buildings was conducted in June 2021. Assets were condition rated according to the IIMM condition rating scale as shown in Table 5.1.3.

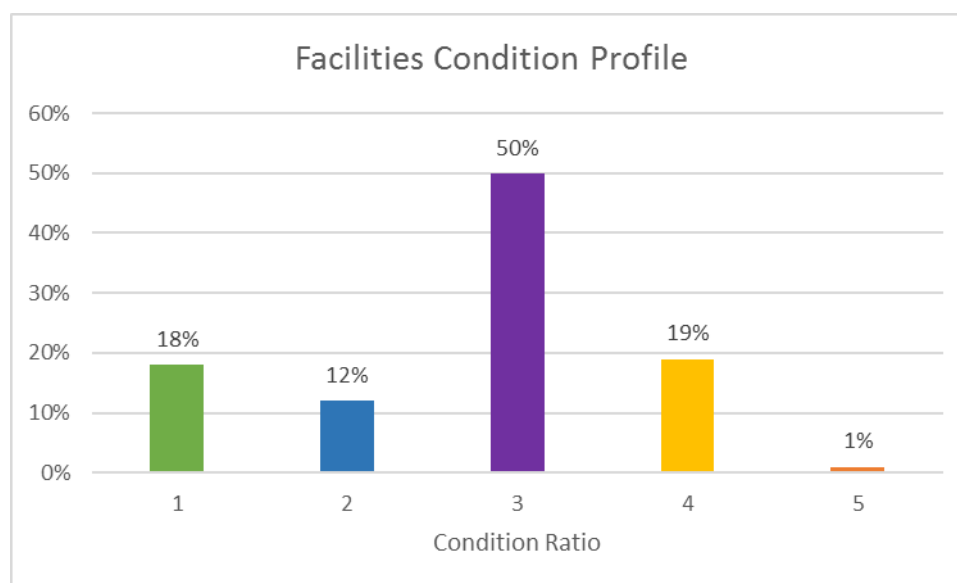
Condition is measured using a 1 – 5 grading system⁶ as detailed in Table 5.1.4. It is important that a consistent approach is used in reporting asset performance enabling effective decision support. A finer grading system may be used at a more specific level, however, for reporting in the AMP results are translated to a 1 – 5 grading scale for ease of communication.

⁶ IPWEA, 2015, IIMM, Sec 2.5.4, p 2|80.

Table 5.1.4: Condition Grading System

CONDITION GRADING	DESCRIPTION OF CONDITION
1	Very Good: free of defects, only planned and/or routine maintenance required
2	Good: minor defects, increasing maintenance required plus planned maintenance
3	Fair: defects requiring regular and/or significant maintenance to reinstate service
4	Poor: significant defects, higher order cost intervention likely
5	Very Poor: physically unsound and/or beyond rehabilitation, immediate action required

The condition profile of facilities assets is reported in ARC's annual financial statement as a percentage of gross replacement cost. According to the latest financial statement from June 2021, the condition of facilities infrastructure assets is shown in Figure 5.1.4.

Figure 5.1.4: Asset Condition Profile

As identified in the Asset Management Maturity Assessment Report, Council does not have a centralised asset register. Data is held in separate locations and there is no clear and regulated audit trail between data sets. As a consequence, condition ratings used for operational purposes do not match condition ratings for financial reporting purposes distorting the condition ratings. The condition ratings provided are aligned with Council's financial reporting requirements however Council inspections and operational feedback is indicating that the condition of most of Council's asset classes are lower than indicated. The condition ratings for this asset class are an example of that trend.

5.2 Operations and Maintenance Plan

Operations include regular activities to provide services. Examples of typical operational activities include cleaning, asset inspection, and utility costs. These should be programmed or planned.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating. An examples of typical maintenance activities includes equipment repairs.

The trend in maintenance budgets is shown in Table 5.2.

Table 5.2: Maintenance Budget Trends

YEAR	MAINTENANCE BUDGET
FY 2020-2021	\$1,265,000
FY 2021-2022	\$1,078,000
FY 2022-2023	\$758,000

Maintenance budget levels are considered to be inadequate to meet projected service levels. Where maintenance budget allocations are such that they will result in a lesser level of service, the service consequences and service risks have been identified and are highlighted in this AMP and service risks considered in the Infrastructure Risk Management Plan.

Assessment and priority of reactive maintenance is undertaken by staff using experience and judgement.

5.2.1 Asset hierarchy

An asset hierarchy is a logical index of all equipment, machines, and components, and how they work together. It is critical for understanding how action on one asset affects other assets, establishing a parent-child relationship amongst multiple assets. Building and understanding the asset hierarchy is critical to efficiently track, schedule, and identify the root causes of problems.

The asset hierarchy is unavailable and is an improvement action for this AMP. However, facilities have a service hierarchy, which is shown in Table 5.2.1.

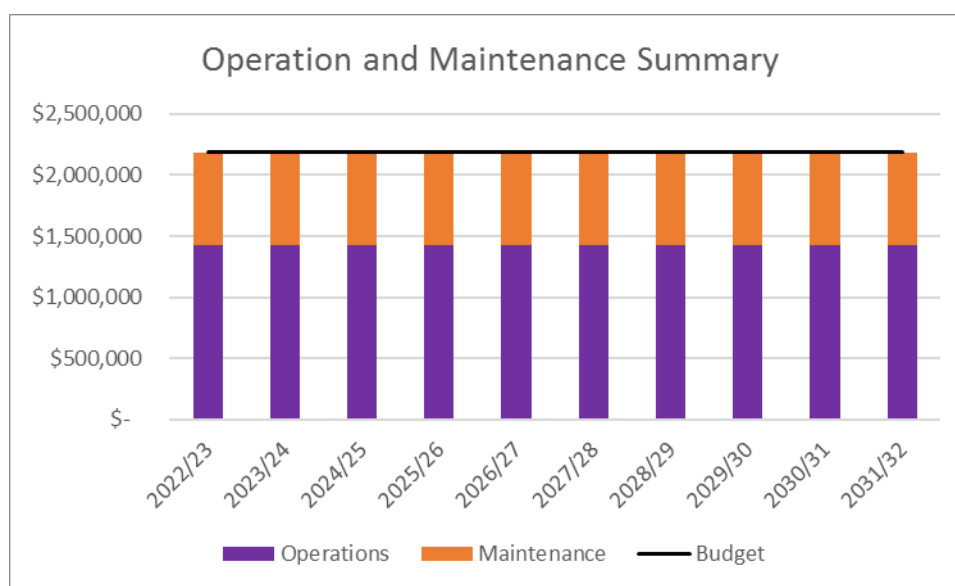
Table 5.2.1: Asset Service Hierarchy

Service Hierarchy	Service Level Objective
Non Critical Responses	As needed
Faults – maintenance and repairs	Respond to service request within standard response time of 3 working days and urgent response within 24 hours.

5.2.2 Summary of forecast operations and maintenance costs

Forecast operations and maintenance costs are expected to vary in relation to the total value of the asset stock. If additional assets are acquired, the future operations and maintenance costs may increase. If assets are disposed of the forecast operation and maintenance costs are expected to decrease. Figure 5.2.2 shows the forecast operations and maintenance costs relative to the proposed operations and maintenance Planned Budget.

Figure 5.2.2: Operations and Maintenance Summary



All forecast values are shown in 2022 dollar value.

5.3 Renewal Plan

Renewal is major capital work which does not significantly alter the original service provided by the asset, but restores, rehabilitates, replaces or renews an existing asset to its original service potential.

Assets requiring renewal are identified from one of two approaches in the Lifecycle Model.

- The first method uses Asset Register data to project the renewal costs (current replacement cost) and renewal timing (acquisition year plus updated useful life to determine the renewal year), or
- The second method uses an alternative approach to estimate the timing and cost of forecast renewal work (i.e. condition modelling system, staff judgement, average network renewals, or other).

The typical useful lives of assets used to develop projected asset renewal forecasts are shown in Table 5.3.

Table 5.3: Useful Lives of Assets

ASSET (SUB) CATEGORY	USEFUL LIFE
Masonry/concrete	80-100 years
Metal Cladding	60 years
Gyprock	40 years
Timber	60 years
Paint	10 years
Footpaths	20 years
Carpets/Vinyl	10 Years
Electrical	20 Years
Plumbing	40 Years
Cabinetry	15 Years
Air Conditioning	20 Years
Retaining structures	80 years

The estimates for renewals in this AMP were based on the alternate method.

5.3.1 Renewal ranking criteria

Asset renewal is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. renovate buildings), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. condition of a building).⁷

It is possible to prioritise renewals by identifying assets or asset groups that:

- Have a high consequence of failure,
- Have high use and subsequent impact on users would be significant,
- Have higher than expected operational or maintenance costs, and
- Have potential to reduce life cycle costs by replacement with a modern equivalent asset that would provide the equivalent service.⁸

The ranking criteria used to determine priority of identified renewal proposals is detailed in Table 5.3.1.

⁷ IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

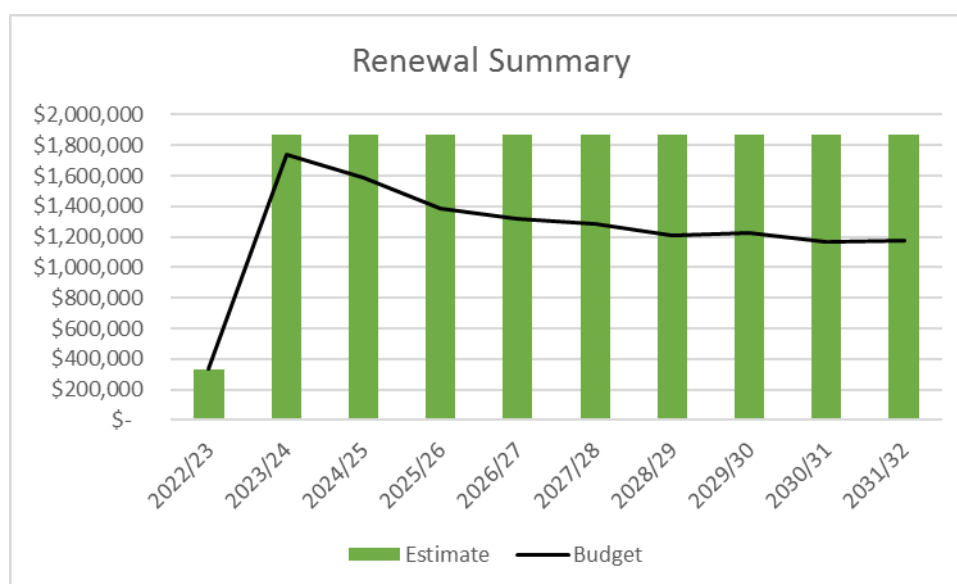
⁸ Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.

Table 5.3.1: Renewal Priority Ranking Criteria

CRITERIA	WEIGHTING
Age and Condition	25%
Asset Hierarchy	25%
Safety	25%
Fit for Purpose	25%
Total	100%

5.3.2 Summary of future renewal costs

Forecast renewal costs are projected to increase over time if the asset stock increases. The forecast costs associated with renewals are shown relative to the proposed renewal budget in Figure 5.3.2. A detailed summary of the forecast renewal costs is shown in Appendix C.

Figure 5.3.2: Forecast Renewal Costs

All forecast values are shown in 2022 dollar value.

As at 30 June 2021, the buildings and infrastructure asset renewal ratio was at 43.35% which is way below the industry benchmark of $\geq 100\%$. Council's Long Term Financial Plan (LTFP) 2022-2032 also forecasts an asset renewal average ratio over the next ten years of 58% in the planned budget. Council can only fully fund renewals if a permanent SRV of 50% is achieved as forecasted.

5.4 Acquisition Plan

Acquisition reflects new assets that did not previously exist or works that will upgrade or improve an existing asset beyond its current capacity. It may be a result of growth, demand, social or environmental needs. Assets may also be donated to ARC.

5.4.1 Selection criteria

Proposed acquisition of new assets, and upgrade of existing assets, are identified from various sources such as community requests, proposals identified by strategic plans or partnerships with others. Potential upgrade and new works should be reviewed to verify that they are essential to the Council needs. Proposed upgrade and new work analysis should also include the development of a preliminary renewal estimate to ensure that the services are sustainable over the longer term. Verified proposals can then be ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in Table 5.4.1.

Table 5.4.1: Acquired Assets Priority Ranking Criteria

CRITERIA	WEIGHTING
Priority service need	50%
Fit for Purpose	25%
Community Expectations	25%
Total	100%

5.4.2 Summary of future asset acquisition costs

There are no forecast asset acquisition costs reported in the LTFP.

5.5 Disposal Plan

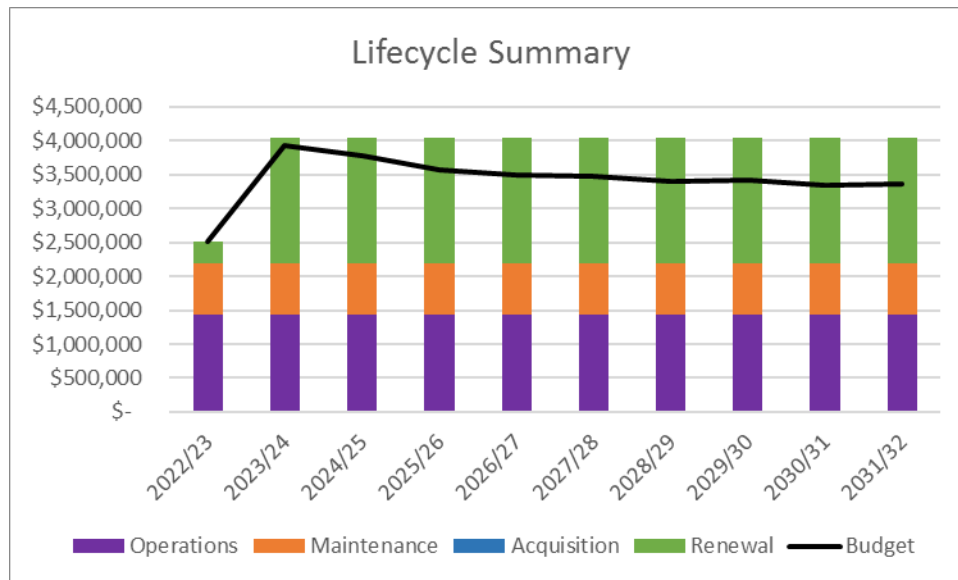
Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation. There are no forecast disposals in LTFP 2022-2032, however Council is preparing a divestment strategy and outcomes will be incorporated in the next review of this AMP.

5.6 Summary of asset forecast costs

The financial projections of this AMP are shown in Figure 5.6 and detailed in Appendix A. These projections include forecast costs of acquisition, operation, maintenance, renewal, and disposal. The forecast costs are displayed in relation to the proposed budget.

The forecast costs are represented by the bars, while the proposed budget line indicates the estimated available funding (no SRV) for the next 10 years. The gap between the forecast and the proposed budget is the basis of the SRV proposal to meet the financial need to cover all projects planned for the next 10 years.

Figure 5.7: Lifecycle Summary



All forecast values are shown in 2022 dollar value.

The proposed budget for the projects included in the 10-year planning corresponds to the expected costs, since all projects presented are essential to keep facilities assets operating, as well as its level of service. If there are new acquisitions, renewals, or changes to the 10-year plan, these will be added to future updates of this AMP.

6. RISK MANAGEMENT PLANNING

The purpose of infrastructure risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2018 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2018 as: ‘coordinated activities to direct and control with regard to risk’.⁹

An assessment of risks associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a ‘financial shock’, reputational impacts, or other consequences. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluation of the risks and development of a risk treatment plan for those risks that are deemed to be non-acceptable.

6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Critical assets have been identified and along with their typical failure mode, and the impact on service delivery, are summarised in Table 6.1. Failure modes may include physical failure, collapse or essential service interruption.

Table 6.1: Critical Assets

CRITICAL ASSETS	CRITICAL FAILURE MODE	OPERATIONS & MAINTENANCE ACTIVITIES
Armidale Civic Administration Building	Natural Disaster, Fire/Arson, Terrorism	Business Operations
Guyra Civic Administration Building	Natural Disaster, Fire/Arson, Terrorism	Business Operations

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

⁹ ISO 31000:2009, p 2

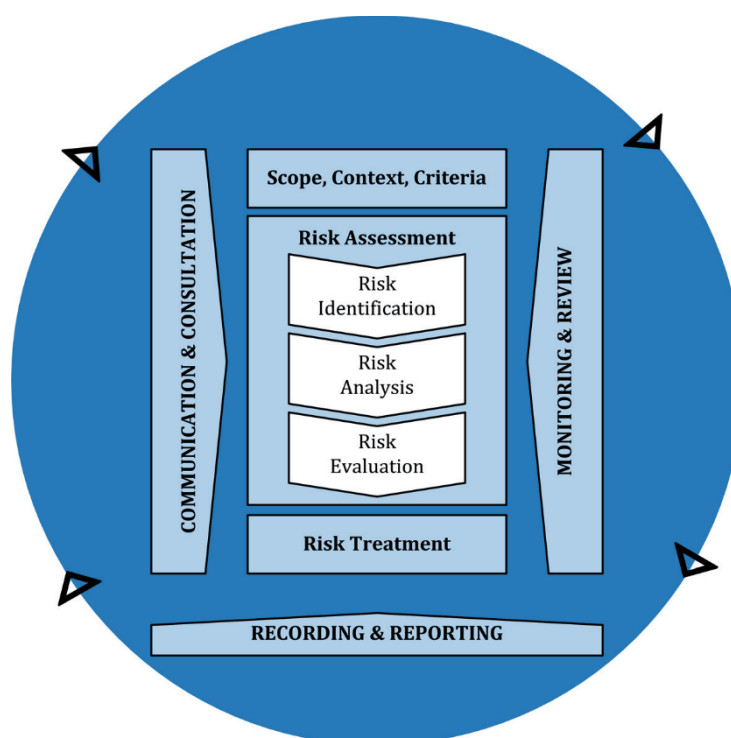
6.2 Risk Assessment

The risk management process used is shown in Figure 6.2 below.

It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of International Standard ISO 31000:2018.

Figure 6.2: Risk Management Process – Abridged



Source: ISO 31000:2018, Figure 1, p9

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

An assessment of risks associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a 'financial shock', reputational impacts, or other consequences.

Critical risks are those assessed with 'Very High' (requiring immediate corrective action) and 'High' (requiring corrective action) risk ratings identified in the Infrastructure Risk Management Plan.¹⁰ The

¹⁰ An Infrastructure Risk Management Plan has yet to be developed in accordance with Council's Risk Policy. This is an improvement action for Council.

residual risk and treatment costs of implementing the selected treatment plan is shown in Table 6.2. It is essential that these critical risks and costs are reported to management and the Council.

Table 6.2: Risks and Treatment Plan

SERVICE OR ASSET AT RISK	WHAT CAN HAPPEN	RISK RATING (VH, H)	RISK TREATMENT PLAN	RESIDUAL RISK*	TREATMENT COSTS
Building assets	Electrical Failure	H	Reactive maintenance - Renewal/Replacement	Low	< \$50,000
Building assets	Plumbing Failure	H	Reactive maintenance - Renewal/replacement	Low	< \$50,000
Building Assets	Structural Failure	H	Renewal/Replacement	Low	> \$300,000
Building Assets	Fire Event	H	Renewal/Repairs	Low	> \$200,000
Building Assets	Malicious Damage	H	Repairs	Low	< \$100,00
Building Assets	Weather Event	H	Repair/Replacement	Low	> \$500,000
CCTV	Malicious Damage	H	Replace	Low	< \$5,000

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

6.3 Infrastructure Resilience Approach

The resilience of our critical infrastructure is vital to the ongoing provision of services to customers. To adapt to changing conditions we need to understand our capacity to 'withstand a given level of stress or demand', and to respond to possible disruptions to ensure continuity of service. Resilience recovery planning, financial capacity, climate change risk assessment and crisis leadership have yet to be undertaken and developed by Council.

ARC currently do not measure resilience in service delivery. This will be included in future iterations of the AMP.

6.4 Service and Risk Trade-Offs

The decisions made in adopting this AMP are based on the objective to achieve the optimum benefits from the available resources.

6.4.1 What we cannot do

There are some operations and maintenance activities and capital projects that are unable to be undertaken within the next 10 years. These include:

- Fully fund capital upgrades and replacements,
- Mitigate all risks,

- Meet maintenance requirements of any new assets that are acquired by donation or as a result of a transfer of responsibility cannot be funded under current budgets of this LTFP period,
- Increase the levels of operations, maintenance and renewal activities to achieve industry benchmark ratios,
- Maintain the current level of fees for the preschool, airport, home support service, and
- Maintaining the current level commercial and community lease fees.

6.4.2 Service trade-off

If there is forecast work (operations, maintenance, renewal, acquisition or disposal) that cannot be undertaken due to available resources, then this will result in service consequences for users.

6.4.3 Risk trade-off

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

- We will need to prioritise maintenance and renewal works to components that have a very high safety risks and defer work components with low to medium safety risks.

These actions and expenditures are considered and included in the forecast costs.

7. FINANCIAL SUMMARY

This section contains the financial requirements resulting from the information presented in the previous sections of this AMP. The financial projections will be improved as the discussion on desired levels of service and asset performance matures.

7.1 Financial Sustainability and Projections

7.1.1 Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the AMP for this service area. The two indicators are the:

- Asset renewal funding ratio (proposed renewal budget for the next 10 years / forecast renewal costs for next 10 years), and
- Medium term forecast costs/proposed budget (over 10 years of the planning period).

7.1.2 Asset Renewal Funding Ratio

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next 10 years we expect to have $\geq 100\%$ of the funds required for the optimal renewal of assets.

The forecast renewal work along with the proposed renewal budget is illustrated in Appendix C.

7.1.3 Medium term – 10 year financial planning period

This AMP identifies the forecast operations, maintenance and renewal costs 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.

This forecast work can be compared to the proposed budget over the first 10 years of the planning period to identify any funding shortfall.

The forecast operations, maintenance and renewal costs over the 10 year planning period is \$39 million, while the budget for the same period is \$34.3 million. This creates a shortfall of \$4.7 million over the 10 year planning period. This indicates that 88% of the forecast costs needed to provide the reduced services documented in this AMP are accommodated in the proposed budget.

Providing sustainable services from infrastructure requires the management of service levels, risks, forecast outlays and financing to achieve a financial indicator of approximately 1.0 for the first years of the AMP and ideally over the 10 year life of the Long-Term Financial Plan.

7.1.4 Forecast Costs (outlays) for the long-term financial plan

Table 7.1.4 shows the forecast costs (outlays) required for consideration in the 10 year long-term financial plan.

Providing services in a financially sustainable manner requires a balance between the forecast outlays required to deliver the agreed service levels with the planned budget allocations in the long-term financial plan.

A gap between the forecast outlays and the amounts allocated in the financial plan indicates further work is required on reviewing service levels in the AMP (including possibly revising the long-term financial plan).

We will manage the gap by developing this AMP to provide guidance on future service levels and resources required to provide these services in consultation with the community.

Table 7.1.4: Forecast Costs (Outlays) for the Long-Term Financial Plan

YEAR	ACQUISITIONS	OPERATIONS	MAINTENANCE	RENEWALS	DISPOSAL	TOTAL
2022	\$0	\$1,428,000	\$758,000	\$332,607	\$0	\$2,518,607
2023	\$0	\$1,428,000	\$758,000	\$1,866,983	\$0	\$4,052,983
2024	\$0	\$1,428,000	\$758,000	\$1,866,983	\$0	\$4,052,983
2025	\$0	\$1,428,000	\$758,000	\$1,866,983	\$0	\$4,052,983
2026	\$0	\$1,428,000	\$758,000	\$1,866,983	\$0	\$4,052,983
2027	\$0	\$1,428,000	\$758,000	\$1,866,983	\$0	\$4,052,983
2028	\$0	\$1,428,000	\$758,000	\$1,866,983	\$0	\$4,052,983
2029	\$0	\$1,428,000	\$758,000	\$1,866,983	\$0	\$4,052,983
2030	\$0	\$1,428,000	\$758,000	\$1,866,983	\$0	\$4,052,983
2031	\$0	\$1,428,000	\$758,000	\$1,866,983	\$0	\$4,052,983
TOTALS	\$0	\$14,280,000	\$7,580,000	\$17,135,454	\$0	\$38,995,454

Forecast costs are shown in 2022 dollar values.

7.2 Funding Strategy

The proposed funding for assets is outlined in Council's budget and Long-Term financial plan.

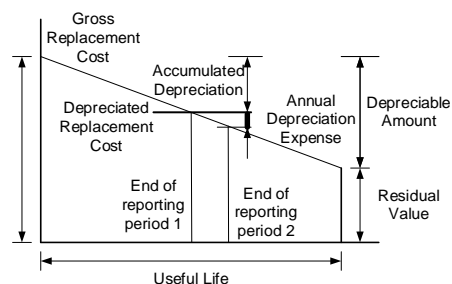
The financial strategy of the entity determines how funding will be provided, whereas the AMP communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.

7.3 Valuation Forecasts

7.3.1 Asset valuations

The best available estimate of the value of assets included in this AMP are shown below. The assets are valued at fair value at cost to replace service capacity:

Replacement Cost (Current/Gross)	\$118,233,000
Depreciable Amount	\$58,617,000
Depreciated Replacement Cost ¹¹	\$59,616,000
Depreciation	\$3,194,000



7.3.2 Valuation forecast

Asset values are forecast to increase as additional assets are added to the service.

Additional assets will generally add to the operations and maintenance needs in the longer term. Additional assets will also require additional costs due to future renewals. Any additional assets will also add to future depreciation forecasts.

7.4 Key Assumptions Made in Financial Forecasts

In compiling this AMP, it was necessary to make some assumptions. This section details the key assumptions made in the development of this AMP and should provide readers with an understanding of the level of confidence in the data behind the financial forecasts.

Key assumptions made in this AMP are:

- That a permanent SRV of 50% for the General Fund has not been achieved over three years to provide a budget that will maintain the optimum service levels required,
- Budgets have been allocated based on the best available data on assets.

7.5 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this AMP are based on the best available data. For effective asset and financial management, it is critical that the information is

¹¹ Also reported as Written Down Value, Carrying or Net Book Value.

current and accurate. Data confidence is classified on an A - E level scale¹² in accordance with Table 7.5.1.

Table 7.5.1: Data Confidence Grading System

CONFIDENCE GRADE	DESCRIPTION
A. Very High	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B. High	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C. Medium	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D. Low	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E. Very Low	None or very little data held.

The estimated confidence level for and reliability of data used in this AMP is shown in Table 7.5.2.

Table 7.5.2: Data Confidence Assessment for Data used in AMP

DATA	CONFIDENCE ASSESSMENT	COMMENT
Demand drivers	B	Based on local corporate knowledge and Central government projections
Growth projections	B	Based on Central government projections
Operations expenditures	B	Council records
Maintenance expenditures	B	Assets condition assessment 2021 by SPM Building Plus
Projected Renewal		
- Asset values	C	Asset residual as insured
- Asset useful lives	B	Accurate data on useful and utilisation
- Condition modelling	B	Condition based on Inspector's reports - SPM
Disposal expenditures	B	Based on Inspector's reports - SPM

The estimated confidence level and reliability of data used in this AMP are considered medium confidence.

¹² IPWEA, 2015, IIMM, Table 2.4.6, p 2 | 71.

8. PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices¹³

8.1.1 Accounting and financial data sources

This AMP utilises accounting and financial data. The source of the data is Technology One and SPM Building Plus.

8.1.2 Asset management data sources

This AMP also utilises asset management data from Council asset records.

8.2 Improvement Plan

It is important that an entity recognise areas of their AMP and planning process that require future improvements to ensure effective asset management and informed decision making. The improvement plan generated from this AMP is shown in Table 8.2.

Table 8.2: Improvement Plan

#	TASKS	RESPONSIBILITY	RESOURCES REQUIRED	TIMELINE
1	Investigate and document service deficiencies of all facilities assets and document in future iterations of this AMP	Facilities Manager	Facilities Manager, contractors	2022-24
2	Carry out resilience assessment of facilities and formalise some resilience strategies for adoption by Council. Document in future iterations of this AMP	Facilities Manager	Facilities Manager, contractors	2022-24
3	Prepare Infrastructure Risk Management Plan in accordance with Council's Risk Policy and risk management procedures. Plan to be informed by the assessment of risks of the facilities asset class.	Facilities Manager	Facilities Manager, contractors	2022-24
4	Adopt a Levels of Service Framework which include defined Customer and Technical LoS and performance measures and incorporate in future iterations of this AMP.	Facilities Manager	Assets, Facilities Manager	2022-24

¹³ ISO 55000 Refers to this as the Asset Management System

#	TASKS	RESPONSIBILITY	RESOURCES REQUIRED	TIMELINE
5	Council to invest in Enterprise Asset Management Software that links assets data with financial information. The assets department needs to take ownership of the system, record and manage asset data and activities, and maintain complete and accurate inventory of assets. Incorporate in next AMP update.	Chief Officer Assets and Services	Finance and corporate management	2022-24
6	Allocate resources and train staff to lift capability in asset management. Define roles and responsibilities to manage assets, systems and monitor development and implementation of the AMP.	Corporate management	Assets, finance and corporate management	2022-24
7	Communicate asset valuation results to designated asset planners so these can be used to inform planning of renewal activities in forward works program. Monitor AMP implementation.	Assets	Assets and finance	2022-24
8	Update Asset Management Policy and establish AM Framework. Incorporate in next AMP update.	Assets	Assets, finance and corporate management	2022-24
9	Establish asset lifecycle management processes and set up systems to implement life cycle approaches in asset management planning. Incorporate in future iterations of this AMP.	Assets, finance and corporate management	Assets, finance and corporate management	2022-24
10	Establish standard asset management planning processes across the organization to ensure consistency in the information generated within each department.	Assets, finance and corporate management	Assets, finance and corporate management	2022-24
11	Carry out customer satisfaction surveys to inform the development of levels of service performance measured by Council.	Communications	Communications, Assets and Facilities Manage	2022-24
12	Establish formal processes to assess asset condition and asset performance monitoring. These will be used to plan investments in the LTFP and future iterations of this AMP.	Facilities Manager, assets	Assets and finance	2022-24
13	Set up formal processes for prioritisation of investments in acquisition, operations, maintenance, renewals and capital upgrades to inform development of long term forward works program for the LTFP and incorporate in the next iteration of this AMP.	Assets, finance and corporate management	Assets, finance and corporate management	2022-24

#	TASKS	RESPONSIBILITY	RESOURCES REQUIRED	TIMELINE
14	AMPs in the future will be used to drive expenditure in assets so the information used to develop the works programs must be evidence based with a high degree of accuracy to justify the need for the investment. Council must set their standard requirements for AMPs.	Assets, finance and corporate management	Assets, finance and corporate management	2022-24

8.3 Monitoring and Review Procedures

This AMP will be reviewed during the annual budget planning process and revised to show any material changes in service levels, risks, forecast costs and proposed budgets as a result of budget decisions.

The AMP will be reviewed and updated annually to ensure it represents the current service level, asset values, forecast operations, maintenance, renewals, acquisition and asset disposal costs and planned budgets. These forecast costs and proposed budget are incorporated into the Long-Term Financial Plan or will be incorporated into the Long-Term Financial Plan once completed.

The AMP has a maximum life of 4 years and is due for complete revision and updating within 2 years of each Armidale Regional Council election.

8.4 Performance Measures

The effectiveness of this AMP can be measured in the following ways:

- The number of complaints and requests for service,
- The number of issues resolved,
- The response time to address issues and complaints, and
- The change in backlog, asset maintenance and renewal ratios.

9. REFERENCES

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- ISO, 2014, ISO 55000:2014, Overview, principles and terminology
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- Armidale Regional Council, Advancing Our Region Community Strategic Plan 2022-2032
- Armidale Regional Council, Engineering Code Design Specification 2016
- Armidale Regional Council, Long Term Financial Plan Budgets 2022-2032
- Armidale Regional Council, Resourcing Strategy 2022

10. APPENDICES

10.1 Appendix A - Expenditure Forecast 2022-2032

FACILITIES

10 Year forecast 2022-2032

ACTIVITY	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Total 10 Years
OPERATIONS & MAINTENANCE											
<i>Operations</i>	\$ 1,428,000	\$ 1,428,000	\$ 1,428,000	\$ 1,428,000	\$ 1,428,000	\$ 1,428,000	\$ 1,428,000	\$ 1,428,000	\$ 1,428,000	\$ 1,428,000	\$ 14,280,000
<i>Maintenance</i>	\$ 758,000	\$ 758,000	\$ 758,000	\$ 758,000	\$ 758,000	\$ 758,000	\$ 758,000	\$ 758,000	\$ 758,000	\$ 758,000	\$ 7,580,000
Sub-total Operations & Maintenance	\$ 2,186,000	\$ 2,186,000	\$ 2,186,000	\$ 2,186,000	\$ 2,186,000	\$ 2,186,000	\$ 2,186,000	\$ 2,186,000	\$ 2,186,000	\$ 2,186,000	\$ 21,860,000
RENEWALS											
<i>All facilities assets</i>	\$ 332,607	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 17,135,454
Sub-total Renewals	\$ 332,607	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 1,866,983	\$ 17,135,454
UPGRADE & NEW											
<i>All facilities assets</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-total Upgrade & New	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 2,518,607	\$ 4,052,983	\$ 4,052,983	\$ 4,052,983	\$ 4,052,983	\$ 4,052,983	\$ 4,052,983	\$ 4,052,983	\$ 4,052,983	\$ 4,052,983	\$ 38,995,454

10.2 Appendix B - Acquisition Project Summary

There are no forecast acquisitions in LTFP 2022-2032.

10.3 Appendix C - Renewal Project Summary

YEAR	ITEM	PROJECT DESCRIPTION	ESTIMATE 000'
2022	1	Facilities renewals	\$233
	2	Armidale Library Roof	\$100
	3	Community Facilities	\$138
	4	Community Halls	\$26
	5	Council Services	\$55
	6	Recreational facilities	\$51
	7	Rental properties	\$121
	8	Show Ground - Crown lands	\$189
2022	TOTAL		\$913
2023	1	Community Facilities	\$253
	2	Community Halls	\$71
	3	Council Services	\$40
	4	Recreational facilities	\$238
	5	Rental properties	\$62
	6	Show Ground - Crown lands	\$97
2023	TOTAL		\$761
2024	1	Community Facilities	\$341
	2	Community Halls	\$83
	3	Council Services	\$481
	4	Recreational facilities	\$471
	5	Rental properties	\$135
	6	Show Ground - Crown lands	\$89
2024	TOTAL		\$1,600
2025	1	Community Facilities	\$421
	2	Community Halls	\$114
	3	Council Services	\$297
	4	Recreational facilities	\$422
	5	Rental properties	\$310
	6	Show Ground - Crown lands	\$110
2025	TOTAL		\$1,674
2026	1	Community Facilities	\$700
	2	Community Halls	\$90
	3	Council Services	\$615
	4	Recreational facilities	\$343
	5	Rental properties	\$582
	6	Show Ground - Crown lands	\$212
2026	TOTAL		\$2,542
2027	1	Community Facilities	\$522
	2	Community Halls	\$90
	3	Council Services	\$859
	4	Recreational facilities	\$683
	5	Rental properties	\$276
	6	Show Ground - Crown lands	\$215
2027	TOTAL		\$2,645
2028	1	Community Facilities	\$847
	2	Community Halls	\$153
	3	Council Services	\$758
	4	Recreational facilities	\$260
	5	Rental properties	\$381
	6	Show Ground – Crown lands	\$580

2028	TOTAL		\$2,979
2029	1	Community Facilities	\$181
	2	Community Halls	\$174
	3	Council Services	\$295
	4	Recreational facilities	\$170
	5	Rental properties	\$311
	6	Show Ground - Crowns lands	\$194
2029	TOTAL		\$1,325
2030	1	Community Facilities	\$587
	2	Community Halls	\$274
	3	Council Services	\$762
	4	Recreational facilities	\$371
	5	Rental properties	\$193
	6	Show Ground - Crown lands	\$216
2030	TOTAL		\$2,403
2031	1	Community Facilities	\$456
	2	Community Halls	\$569
	3	Council Services	\$460
	4	Recreational facilities	\$444
	5	Rental properties	\$556
	6	Show Ground - Crown lands	\$144
2031	TOTAL		\$2,629

10.4 Appendix D - Disposal Summary

No forecast disposals in LTFP 2022-2032.



ARMIDALE
Regional Council