



DERWENT VALLEY COUNCIL

# Derwent Valley Council

## ASSET MANAGEMENT STRATEGY





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NAMS.PLUS Asset Management

The Institute of Public Works Engineering Australasia.

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## EXECUTIVE SUMMARY

This Asset Management Strategy is prepared to assist the Council in improving the way it delivers services from infrastructure including bridges, buildings, open space, plant, roads, footpaths and stormwater. These infrastructure assets have a replacement value of approximately \$168 million.

The Asset Management Strategy enables the Council to show:-

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

Adopting this asset management strategy will assist the council in meeting the requirements of national sustainability frameworks, the *Local Government Act 1993* and providing services needed by the community in a financially sustainable manner.

The Asset Management Strategy is prepared with the intention of initiating a review of the Council's service delivery practices, financial sustainability indicators, asset management maturity and fit with the council's vision for the future outlined in the Derwent Valley Council Strategic Plan 2011-2015 and any reviews of this document. It is acknowledged that the planning period for the current Strategic Plan has now passed. It is the intention of the Council to begin planning for the adoption of a new Council Strategic Plan next financial year.

This Asset Management Strategy outlines an asset management improvement plan detailing a program of tasks to be completed and resources required to bring the Council to a minimum 'core' level of asset maturity and competence.

## STRATEGY OUTLOOK

1. The organisation is capable of maintaining the current level of service to its residents and visitors, provided that a responsible and sustainable approach is taken by the Council to asset management and investment into the future.
2. The organisation's current asset management maturity is below 'core' level and investment is needed to improve information management, lifecycle management, service management, accountability and direction.

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<sup>1</sup> LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.



## ASSET MANAGEMENT STRATEGIES

NO	STRATEGY	DESIRED OUTCOME
1	Move from Annual Budgeting to Long Term Financial Planning.	The long term implications of Council services are considered in annual budget deliberations.
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
3	Develop Long Term Financial Plan covering 10 years, incorporating Asset Management Plan, expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
5	Review and update Asset Management Plans and Long Term Financial Plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
6	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is clearly defined.

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NO	STRATEGY	DESIRED OUTCOME
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.

## ASSET MANAGEMENT IMPROVEMENT PLAN

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

REF	TASK	RESPONSIBILITY	TARGET DATE
1	Road condition survey of Derwent Valley Council road assets	Contractor	Apr 2017
2	Creation of Asset Management Policy	Council	May 2018
3	Creation of Asset Management Strategy	Contractor and Council	May 2018
4	Revaluation of road assets	Contractor and Council	May 2018
5	Creation of Capital Renewal Plan for road assets based on 2017 condition assessment and recent road revaluation	Contractor and Council	May 2018
6	Creation of Asset Management Plan for Transport	Contractor and Council	May 2018
7	Commence planning for the valuation and drafting of a Stormwater Asset Management Plan	Contractor and Council	Nov 2018
8	Commence planning for the condition assessment, revaluation and drafting of a Building Asset Management Plan	Contractor and Council	Nov 2018
9	Continuation and improvement of Councils' asset management systems and data to enable optimised evidence-based decision making	Council	Ongoing

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## 1. INTRODUCTION

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

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

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

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

- A strategic longer-term plan covering, as a minimum, the term of office of the Councillors and:-
  - bringing together Asset Management and Long Term Financial Plans,
  - demonstrating how Council intends to resource the plan, and
  - consulting with communities on the plan.
- Annual budget showing the connection to the strategic objectives, and
- Annual report with:-
  - explanation to the community on variations between the budget and actual results,
  - any impact of such variances on the Strategic Longer-Term Plan,
  - report of operations with review on the performance of the Council against strategic objectives.<sup>4</sup>

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

- Asset management policy;
- Strategy and planning;
  - Asset management Strategy;
  - Asset Management Plan;
- Governance and management arrangements;
- Defining levels of service;
- Data and systems;

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<sup>2</sup> LGPMC, 2009, Framework 2 Asset Planning and Management, p 2.

<sup>3</sup> LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 2-3.

<sup>4</sup> LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 4-5.

- Skills and processes; and
- Evaluation.<sup>5</sup>

The Asset Management Strategy is to enable the Council to show:-

- how its asset portfolio will meet the service delivery needs of its community into the future;
- to enable Council's Asset Management Policies to be achieved; and
- to ensure the integration of Council's asset management with its Long Term Strategic Plan.<sup>6</sup>

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

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

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

## 1.1 LEGISLATIVE REFORM

The *Local Government Act 1993* – Section 70D states that:-

1. A council is to prepare an Asset Management Strategy for the municipal area.
2. An Asset Management Strategy for a municipal area is to –
  - a. be consistent with the Strategic Plan for the municipal area; and
  - b. contain at least the matters that are specified in an order made under section 70F (of the *Local Government Act 1993*) as required to be included in an Asset Management Strategy.

*Section 70F of the Local Government Act 1993 can be accessed by clicking on the following link*  
[http://www.thelaw.tas.gov.au/tocview/index.w3p;cond=;doc\\_id=95%2B%2B1993%2BAT%40EN%2B20141007150000;histon=;prompt=;rec=;term](http://www.thelaw.tas.gov.au/tocview/index.w3p;cond=;doc_id=95%2B%2B1993%2BAT%40EN%2B20141007150000;histon=;prompt=;rec=;term)

## 1.2 ASSET MANAGEMENT PLANNING PROCESS

Asset management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an

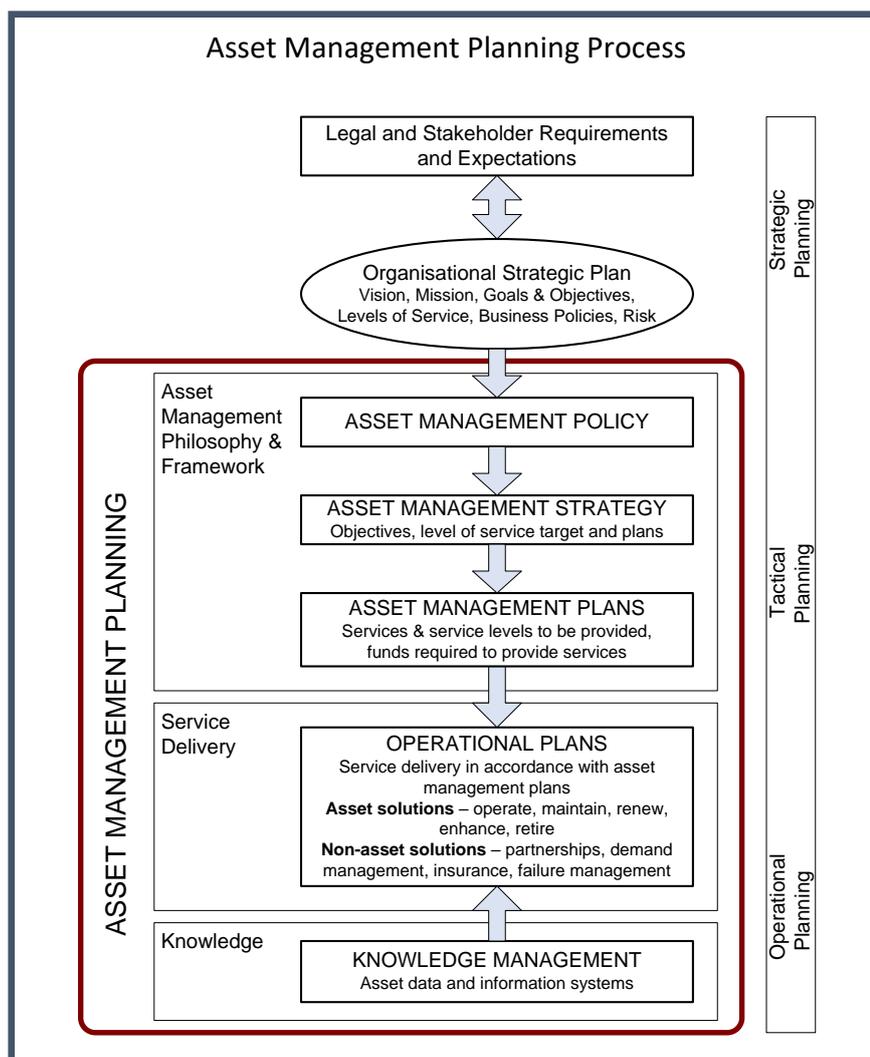
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<sup>5</sup> LGPMC, 2009, *Framework 2 Asset Planning and Management*, p 4.

<sup>6</sup> LGPMC, 2009, *Framework 2 Asset Planning and Management*, p 4.

economically optimal way. In turn, affordable service levels can only be determined by assessing Council's financial sustainability under scenarios with different proposed service levels.

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



<sup>7</sup> IPWEA, 2009, AIFMG, Quick Guide, Sec 4, p 5.

## 2. WHAT ASSETS DO WE HAVE?

Council uses infrastructure assets to provide services to the community. The range of infrastructure assets and the services provided from the assets is shown in Table 1.

ASSET CLASS	DESCRIPTION	SERVICES PROVIDED
Roads	Assets included road pavement, road surface, kerb and channel, footpaths, cycle ways, driveways, retaining walls, and street furniture.	Transportation of goods and services from production to market and to consumers. Movement of people around the Council area for business, education, recreation and leisure.
Bridges	Bridges (pedestrian and vehicular), jetties, boardwalks, viewing platforms and major culverts (as per Grants Commission definition).	Provides for the safe passage of vehicles and pedestrians. Designed to permit the safe passage of storm and flood flows.
Buildings	Public buildings, operational installations, cultural, recreational facilities and leased buildings.	Supports the delivery of a range of services and infrastructure to the community. Facilitates a large range of culture and community activities.
Furniture and Fittings	Generally movable internal furnishings which are carried at cost on Council's balance sheet.	Supports and enables services provided to the community and the administration of Council.
Open Space	A range of parks, reserves, sporting facilities.	Provide undeveloped and developed open spaces for the community to use for a range of purposes.
Plant and Equipment	Plant and equipment used to support the operational activities of Council.	Support the provision of a range of services to the community.
Stormwater	Asset include stormwater drainage pits, manholes, pipes, headwalls and gross pollutant traps.	The stormwater network is designed to safely capture and transport stormwater away from areas of living, recreation and transportation.

**Table 1: Assets used for providing Services**

### 3. THE ORGANISATION'S ASSETS AND THEIR MANAGEMENT?

#### 3.1 STATE OF THE ASSETS

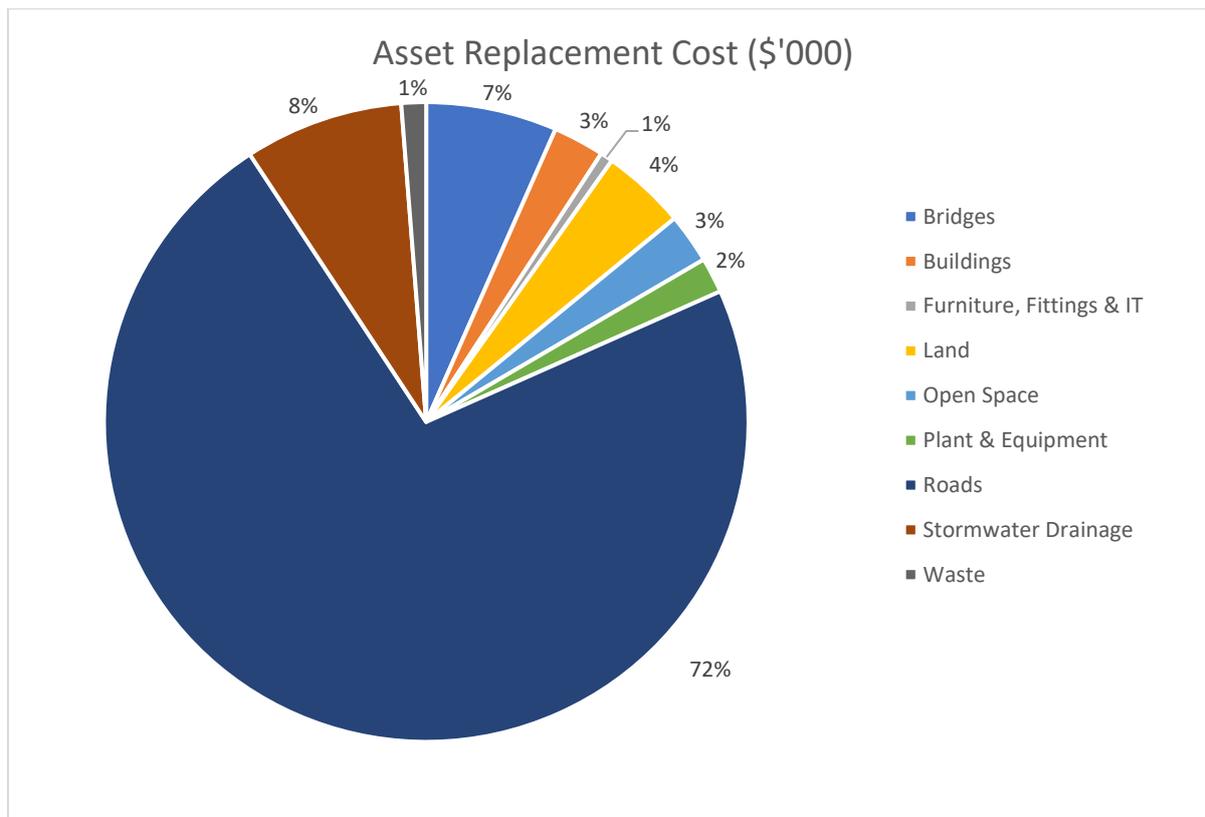
The financial status of the organisation's assets is shown in Table 2.

ASSET CLASS	REPLACEMENT COST (\$000)	DEPRECIABLE AMOUNT (\$000)	DEPRECIATED REPLACEMENT COST (\$000)	DEPRECIATION EXPENSE (\$000)
Bridges	14,892	6,684	8,208	254
Buildings	3,797	688	3,109	72
Furniture, Fittings, IT	1,057	915	142	59
Land	7,785	0	7,785	0
Open Space	2,803	591	2,212	54
Plant & equipment	2,886	2,051	835	206
Roads	119,245	42,404	76,841	1,668
Stormwater Drainage	13,139	6,767	6,372	182
Waste	2,214	1,163	1,051	92
<b>Total</b>	<b>167,818</b>	<b>61,263</b>	<b>106,555</b>	<b>2,587</b>

**Table 2: Financial Status of the Assets**

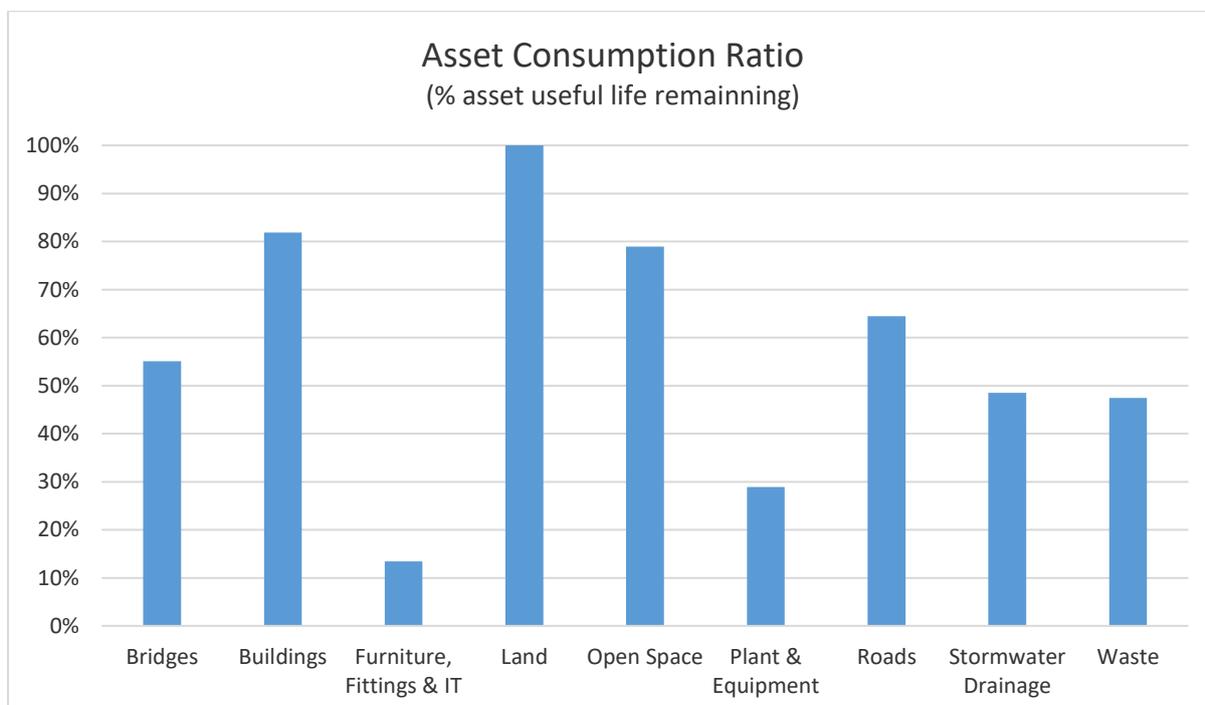
\* Figures do not include WIP or leased assets

Figure 1 shows the replacement values of Council's assets.



**Figure 1: Asset Replacement Values**

The asset consumption ratios of Council's assets (average proportion of 'as new' condition left in assets) are shown in Figure 2.

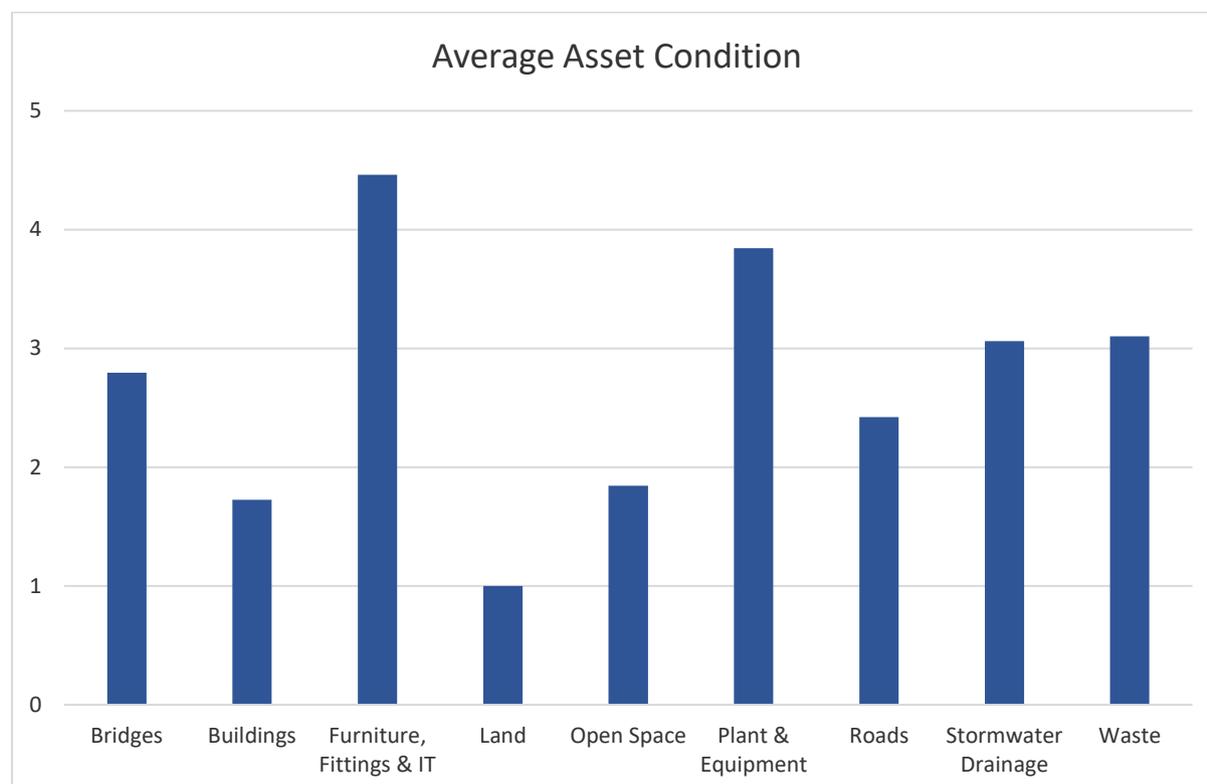


**Figure 2: Asset Consumption Ratio**

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According to figure 2 Derwent Valley Council assets have a significant amount of useful life remaining. The average asset condition for all Derwent Valley asset classes is 2.6 (where 1 = 'new condition' and 5 = 'requires renewal'). Therefore, on average Derwent Valley assets are approximately half way through their useful lives.

The condition of Council's assets is shown in Figure 3.



**Figure 3: Asset Condition Profile**

### 3.2 LIFE CYCLE COST

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this Asset Management Plan is shown in Table 3.

ASSET CLASS	OPERATIONS and MAINTENANCE (\$'000)	DEPRECIATION P/A (\$'000)	LIFE CYCLE COST (\$'000)
Bridges	381	254	635
Buildings	460	72	532
Furniture, Fittings & IT	0	59	59
Land	0	0	0

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ASSET CLASS	OPERATIONS and MAINTENANCE (\$'000)	DEPRECIATION P/A (\$'000)	LIFE CYCLE COST (\$'000)
Open Space	1,230	54	1,284
Plant & Equipment	0	206	206
Roads	2,570	1,668	4,238
Stormwater Drainage	415	182	597
Waste	1,164	92	1,256
<b>Total</b>	<b>6,219</b>	<b>2,587</b>	<b>8,806</b>

**Table 3: Life Cycle Cost for Council Services**

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operating, maintenance and capital renewal expenditure in the previous year. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the start of the plan is shown in Table 4.

ASSET CLASS	OPERATIONS & MAINTENANCE EXP (\$'000/YR)	CAP RENEWAL EXP (\$'000/YR)	LIFE CYCLE EXP (\$'000/YR)
Bridges	381	0	381
Buildings	460	483	943
Furniture, Fittings & IT	0	73	73
Land	0	0	0
Open Space	1,230	445	1,675
Plant & Equipment	0	0	0
Roads	2,570	2,045	4,615
Stormwater Drainage	415	225	640
Waste	1,164	0	1,164
<b>Total</b>	<b>6,219</b>	<b>3,271</b>	<b>9,490</b>

**Table 4: Life Cycle Expenditure for Council Services**

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than the life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing service to their communities in a financially sustainable manner. This is the purpose of the Asset Management Plans and Long Term Financial plan.



A shortfall between life cycle cost and life cycle expenditure gives an indication of the life cycle gap to be addressed in the Asset Management and Long Term Financial Plan.

The life cycle gap and life cycle indicator for services covered by this Asset Management Plan is summarised in Table 5.

ASSET CLASS	LIFE CYCLE COST (\$/YR)	LIFE CYCLE EXPENDITURE (\$/YR)	LIFE CYCLE GAP * (\$/YR)	LIFE CYCLE INDICATOR
Bridges	635	381	-254	60%
Buildings	532	943	411	177%
Furniture, Fittings & IT	59	73	14	NA
Land	0	0	0	NA
Open Space	1,284	1,675	391	130%
Plant & Equipment	206	0	-206	0%
Roads	4,238	4,615	377	109%
Stormwater Drainage	597	640	43	107%
Waste	1,256	1,164	-92	93%
<b>Total</b>	<b>8,806</b>	<b>9,490</b>	<b>684</b>	<b>108%</b>

**Table 5: Life Cycle Indicators**

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

Table 5 indicates that overall, at current expenditure levels, a gap does not exist in relation to Derwent Valley Council assets. This indicates that (based on budget expenditure for 2017/2018) Council is appropriately funding the renewal of its assets.

### 3.3 ASSET MANAGEMENT STRUCTURE

POSITION	ROLE
Councillors	To ensure Council's Asset Management Policy and principles are applied to relevant decision making. Provide appropriate resources to maintain and infrastructure assets.
General Manager	To ensure that Council's infrastructure is maintained and operated in accordance with Council's adopted policies and procedures and in accordance with the relevant legislation.
Executive Manager Corporate and Community Services	Responsible for the development, implementation and review of the Financial Management Strategy and Financial Services input into the Asset Management process.

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POSITION	ROLE
Executive Manager Infrastructure and Development Services	Responsible for the implementation and review of Asset Management process, management of asset systems and data (including collection), coordination of condition assessments, development of Asset Management processes and the design and programming of Capital and Operational Works Program.
Works Manager	Responsible for coordinating Council's Works Program and ensuring construction/work standards comply with Asset Management Policy, Plans and Strategy.

### 3.4 CORPORATE ASSET MANAGEMENT TEAM

A 'whole of organisation' approach to asset management can be developed with a corporate asset management team. The benefits of a corporate asset management team include:-

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

The role of the asset management team will evolve as the organisation maturity increases over several phases.

#### Phase 1

- strategy development and implementation of asset management improvement program.

#### Phase 2

- Asset Management Plan development and implementation;
- reviews of data accuracy, levels of service and systems plan development.

#### Phase 3

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

Currently a formal Council asset management team does not exist within the organisation. However, Derwent Valley Council Officers and Contractors do meet to discuss a range of matters (including) asset management particularly when preparing annual budgets, considering asset investment and at end of financial year.



### 3.5 FINANCIAL AND ASSET MANAGEMENT CORE COMPETENCIES

The National Frameworks on Asset Planning and Management and Financial Planning and Reporting define 10 elements. Eleven core competencies have been developed from these elements<sup>8</sup> to assess 'core' competency under the National Frameworks. The core competencies are:-

#### Financial Planning and Reporting

- Strategic Longer Term Plan
- Annual Budget
- Annual Report

#### Asset Planning and Management

- Asset Management Policy
- Asset Management Strategy
- Asset Management Plan
- Governance and Management
- Levels of Service
- Data and Systems
- Skills and processes
- Evaluation

Council will reach 'core' level asset management maturity by completing the steps outlined in 'table 8' of this document.

### 3.6 STRATEGY OUTLOOK

1. The organisation is capable of maintaining the current level of service to its residents and visitors, provided that a responsible and sustainable approach is taken by Council to asset management and investment into the future.
2. The organisation's current asset management maturity is below 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

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<sup>8</sup> Asset Planning and Management Element 2 *Asset Management Strategy and Plans* divided into Asset Management Strategy and Asset Management Plans competencies.



#### 4. WHERE DO WE WANT TO BE?

##### 4.1 COUNCIL'S VISION, MISSION, GOALS, OBJECTIVES AND VALUES

Council has previously adopted a Plan for the future in its Strategic Plan – the Derwent Valley Strategic Plan 2011 – 2015.

The Council's plan is to:-

To work with the community to build upon their plans, ideas and imagination and help, where possible, to bring these ideas to life.

- *To be a place that is safe and physically, culturally and socially healthy with economic wellbeing in partnership with others,*
- *To continue managing the municipality in the best interests of our residents and encouraging their participation in the decisions that affect their lives.*

Council's purpose or reason for existence is set out in its adopted Direction and Guiding Principles:-

Our Direction

*These three elements will guide our actions:-*

- *Ensuring the inclusion of all individuals within community settings and activities*
- *Providing services that reflect tolerance, fairness and equity*
- *Committing to openness, communication and collaborative relationships.*

Guiding Principles

- *We respect the individual, whilst valuing differences and diversity*
- *We are committed to openness, communication, participation and building relationships to gain unity and find common ground on issues*
- *We value tolerance, fairness and equity for all sections of the community*

The Strategic Plan sets goals and objectives to be achieved in the planning period. The goals set out where the organisation wants to be. The objectives are the steps needed to get there. Goals and objectives relating to the delivery of services from infrastructure are shown in Table 6.

<b>STRATEGY</b>	<b>OBJECTIVES</b>
To maintain the standard of the Municipality's infrastructure assets	<ul style="list-style-type: none"> <li>• Continue to plan, manage and where required, co-ordinate their infrastructure assets to ensure safe and reliable services for residents and visitors.</li> <li>• Asset inventories and management programs are to be maintained and updated.</li> <li>• Our road hierarchy policy will be utilised to ensure roads are kept up to standard.</li> </ul>

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STRATEGY	OBJECTIVES
To maintain high standards in the provision of all Council services in line with community needs, Council's policies and regulatory requirements	<ul style="list-style-type: none"> <li>• Continue to monitor and, where required, improve the standard, efficiency and effectiveness of services provided by the Council.</li> <li>• Audit the requirements of external services provided directly by Council (such as the Child Care Centre) and work with them to identify their needs into the future.</li> <li>• Council's Road Hierarchy Policy will be utilised to ensure roads are kept up to standard.</li> </ul>
To improve transport and access in the Municipality	<ul style="list-style-type: none"> <li>• Review and, where appropriate, work with those responsible to develop alternative forms of transport.</li> <li>• Support the development of rail systems for freight as well as encouraging rail and river travel for tourists.</li> <li>• Where possible and practicable, to purchase and utilise motor vehicles that have a relatively small carbon footprint.</li> </ul>
To develop partnerships relevant stakeholders on the development, management and maintenance of services in the Municipality.	<ul style="list-style-type: none"> <li>• To ensure that when developing the Spatial Plan for the area that business and regular users of High Street and surrounds are consulted and invited to submit ideas for enhancement of the area.</li> <li>• To work with business in the area to reinvigorate the shopping precinct.</li> </ul>
To develop partnerships with business in the area and particularly in High Street and its immediate surrounds with a view to reinvigorating the business district.	<ul style="list-style-type: none"> <li>• To ensure that when developing the Spatial Plan for the area that business and regular users of High Street and surrounds are consulted and invited to submit ideas for enhancement of the area.</li> <li>• To work with business in the area to reinvigorate the shopping precinct.</li> </ul>

**Table 6: Strategies and objectives for Infrastructure Services**

## 4.2 ASSET MANAGEMENT POLICY

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

The Asset Management Strategy is developed to support the Asset Management Policy and is to enable Council to show:



- how its asset portfolio will meet the affordable service delivery needs of the community into the future,
- enable Council's Asset Management Policies to be achieved, and
- ensure the integration of Council's asset management with its Long Term Strategic Plans.

### 4.3 ASSET MANAGEMENT VISION

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

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

In line with the vision, the objectives of the Asset Management Strategy are to:

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

Strategies to achieve this position are outlined in Section 5.

## 5. HOW WILL WE GET THERE?

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

NO	STRATEGY	DESIRED OUTCOME
1	Move from Annual Budgeting to Long Term Financial Planning.	The long term implications of Council services are considered in annual budget deliberations.

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NO	STRATEGY	DESIRED OUTCOME
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
3	Develop Long Term Financial Plan covering 10 years incorporating asset Management Plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
5	Review and update Asset Management Plans and Long Term Financial Plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
6	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is clearly defined.
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.

**Table 7: Asset Management Strategies**



## 6. ASSET MANAGEMENT IMPROVEMENT PLAN

The tasks required to achieve a 'core' financial and asset management maturity are shown in priority order in Table 8.

REF	TASK	RESPONSIBILITY	TARGET DATE
1	Road condition survey of Derwent Valley Council road assets	Contractor	Apr 2017
2	Creation of Asset Management Policy	Council	May 2018
3	Creation of Asset Management Strategy	Contractor	May 2018
4	Revaluation of road assets	Contractor and Council	May 2018
5	Creation of Capital Renewal Plan for road assets based on 2017 condition assessment and recent road revaluation	Contractor and Council	May 2018
6	Creation of Asset Management Plan for Transport	Contractor	May 2018
7	Commence planning for the valuation and drafting of a Stormwater Asset Management	Contractor and Council	Nov 2018
8	Commence planning for the revaluation and drafting of a Building Asset Management	Contractor and Council	Nov 2018
9	Continuation and improvement of Council asset management systems and data to enable optimised evidence-based decision making	Contractor and Council	Ongoing

**Table 8: Asset Management Improvement Plan**