

Task	Task Description	YTD Actuals	YTD Commitments	TOTAL YTD ACTUALS
<b>Asset: 0037950 - RD# 7175</b>		<b>2,662.91</b>	<b>-</b>	<b>2,662.91</b>
OP.032796	Zolner Rd	720.28	-	720.28
		<b>720.28</b>	<b>-</b>	<b>720.28</b>
<b>Maintenance - Roads - 2019/20 Total</b>		<b>4,586,298.68</b>	<b>75,119.93</b>	<b>4,661,418.61</b>
<b>Works Project: 005726 - Maintenance - Stormwater Network 2019/20</b>				
<b>Asset: 0052820 - STORMWATER PIPE</b>				
OP.035288	Gooyong St - Clear Blocked RCP	7,766.49	8,280.00	16,046.49
		<b>7,766.49</b>	<b>8,280.00</b>	<b>16,046.49</b>
<b>Maintenance - Stormwater Network 2019/20 Total</b>		<b>7,766.49</b>	<b>8,280.00</b>	<b>16,046.49</b>
<b>Works Project: 005735 - Roads Operations - 2019/20</b>				
<b>Asset: 0032550 - Wondai Charlestown R</b>				
OP.032520	Wondai Charlestown Road Call out	423.26	-	423.26
		<b>423.26</b>	<b>-</b>	<b>423.26</b>
<b>Roads Operations - 2019/20 Total</b>		<b>423.26</b>	<b>-</b>	<b>423.26</b>
<b>Subtotal</b>		<b>4,637,829.81</b>	<b>83,399.93</b>	<b>4,721,229.74</b>

**Work Orders Not Linked to Assets**

OP.028479	South Slashing	14.49		14.49
OP.028490	NanangoTownship Street Sweeping	812.32		812.32
OP.028492	Murgon Township Street Sweeping	575.40		575.40
OP.028498	Kingaroy Township Street Sweeping	2,525.46		2,525.46
OP.031212	Sullivan's Pit - Recoveries	12,148.51		12,148.51
OP.031367	Gravel Reheet - Blackbutt Showground	1,240.74		1,240.74
OP.031551	Unnamed Road Private Works	5,644.35		5,644.35
OP.031737	Bunya Highway - Hydro Mulching	845.27		845.27
OP.031990	Roads Administration	193,336.18		193,336.18
OP.031991	Roads Technical	241,150.28		241,150.28
OP.032000	On Call Allowance	37,455.18		37,455.18
OP.032015	Miscellaneous Activities	28,668.70		28,668.70
OP.032032	North Slashing	102,497.30		102,497.30
OP.032035	Central Slashing	94,583.63		94,583.63
OP.032037	South Slashing	60,736.61		60,736.61
OP.032126	Kingaroy Street Sweeping	62,061.88		62,061.88
OP.032138	Banners	2,910.39		2,910.39
OP.032139	Road Inspections	97,355.01		97,355.01
OP.032141	Wondai Street Sweeping	17,518.24		17,518.24
OP.032142	Murgon Street Sweeping	20,946.91		20,946.91
OP.032143	Wooroolin Street Sweeping	1,187.06		1,187.06
OP.032144	Nanango Street Sweeping	19,766.10		19,766.10
OP.032145	Blackbutt/Benarkin Street Sweeping	9,122.24		9,122.24
OP.032146	Tingoora Street Sweeping	2,166.19		2,166.19

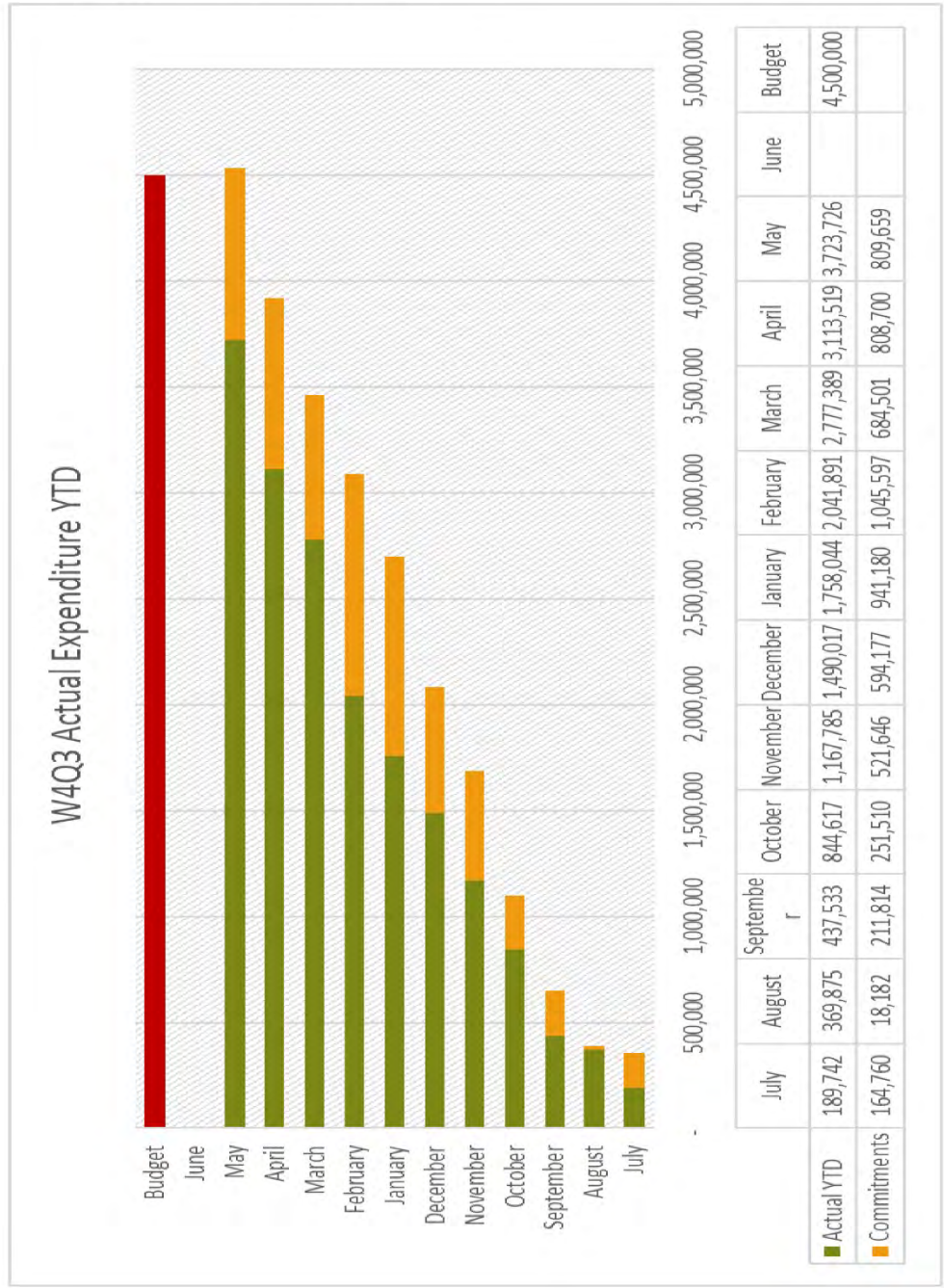
Task	Task Description	YTD Actuals	YTD Commitments	TOTAL YTD ACTUALS
OP.032147	Crawford/Memerambi Street Sweeping	1,025.57		1,025.57
OP.032149	Kumbia/Maidenwelli Street Sweeping	3,249.28		3,249.28
OP.032150	Proston/Hivesville Street Sweeping	5,144.71		5,144.71
OP.032157	Bridges Technical	323.75		323.75
OP.032158	Stormwater Administration	232.35		232.35
OP.032225	Chinchilla Wondai Rd - Rural Addressing	133.58		133.58
OP.032350	Horne Lane - Rural Addressing	32.81		32.81
OP.032352	Bullcamp Road (Mylett), Rural Addressing	123.50		123.50
OP.032353	Stretton Drive - Rural Addressing	123.42		123.42
OP.032376	Majors Road - Rural Addressing	66.76		66.76
OP.032517	Foggy's Pit Fencing	4,400.00		4,400.00
OP.032524	Roads Surveillance Audit	2,443.23		2,443.23
OP.032525	Ellesmere Rd - Rural Addressing	307.04		307.04
OP.032528	RACAS - hire and installation	25,000.00		25,000.00
OP.032580	Boat Mountain Road - Rural Addressing	100.15		100.15
OP.032665	Rates & Utility Charges	6,159.84		6,159.84
OP.032707	Bus Shelter Repair Markwell St Kingaroy	3,180.00		3,180.00
OP.032711	Software - Maintenance Management	61,180.00		61,180.00
OP.032745	Old Dip Road - Rural Addressing	165.61		165.61
OP.032834	Neighbourhood watch signs x3	551.14		551.14
OP.032844	Pioneer Park Footbridge close access	297.03		297.03
OP.032861	Baconfest VMS Board	587.06		587.06
OP.032971	Kitoba Road - Rural Addressing	99.20		99.20
OP.033007	Bridge Inspections	32,791.49		32,791.49
OP.033050	Burra Burra Road Telstra Damage	13,162.46		13,162.46
OP.033064	Butler Drive, Proston Rural Addressing	99.20		99.20
OP.033065	Old Rifle Range Road Rural Addressing	99.20		99.20
OP.033067	Old Esk North Road - Rural Addressing	99.20		99.20
OP.033068	Ryans Road - Rural Addressing	99.20		99.20
OP.033069	Mercer Springater Road Rural Addressing	99.20		99.20
OP.033091	Infra Recovery Manual & DRFA Preparednes	10,780.00		10,780.00
OP.033113	Ironpot Rd Review Draft Conditions	1,664.00		1,664.00
OP.033115	Contract Law Documents & Training	27,674.59		27,674.59
OP.033120	Braziers Road RUNNYMEDE Rural Addressing	98.81		98.81
OP.033123	Nanango Brooklands Road Rural Addressing	99.20		99.20
OP.033124	Brocklehurst Road WATTLE Rural Address	99.20		99.20
OP.033175	Mercer Springate Road - Rural Addressing	99.20		99.20
OP.033205	L1 SP310021 - Unnamed Road DURONG	71.90		71.90
OP.033240	Training & Conferences Roads & Drainage	12,718.90		12,718.90
OP.033249	Carrolls Pit - Recoveries	-69,808.15		69,808.15
OP.033266	Kumbia Road ELLESMERE - Rural Addressing	132.59		132.59
OP.033296	Mobile Phone Devices	708.18		708.18
OP.033420	Kassulke Rd - Rural Addressing	98.81		98.81
OP.033477	Nanango New Office Supplies	7,339.61		7,339.61
OP.033575	Repair SBRC access to Saleayrd and water	491.87		491.87
OP.033614	Home St/Ham St Tingoora Street Light	413.64		413.64
OP.033628	Johnstown Road JOHNSTOWN - Rural Addre	158.25		158.25
OP.033660	Tom Smith Drive - Rural Addressing	99.19		99.19
OP.033716	Birt Road CORNDALE - Rural Addressing	105.28		105.28
OP.033718	Brazier Road, Runnymede Rural Addressing	104.88		104.88
OP.033722	Unproductive Works	8,999.97		8,999.97
OP.033723	Stationery	327.00		327.00



Task	Task Description	YTD Actuals	YTD Commitments	TOTAL YTD ACTUALS
OP.033737	Rural Addressing	105.27		105.27
OP.033770	Anita Road BLACKBUTT - Rural Addressing	138.27		138.27
OP.033813	Gore St Murgon Kerb Ramps 19/20 Costs	1,355.72		1,355.72
OP.033814	SafeSt Crawford State School 19/20 Costs	774.45		774.45
OP.033822	Murgon Footpath Asphalt from Stage 1	847.93		847.93
OP.033857	Subscriptions, Memberships, Registration	2,439.25		2,439.25
OP.033930	Burnett street - Flashing lights	6,540.30		6,540.30
OP.033932	Utilities	6,723.22		6,723.22
OP.033936	Koy Close MANYUNG - Rural Addressing	104.49		104.49
OP.033967	Chinchilla Wondai Rd - Rural Addressing	106.06		106.06
OP.034031	Burtons Lane Road Repairs	8,681.19		8,681.19
OP.034065	Red Hill Road - Rural Addressing	105.27		105.27
OP.034067	Greenwood Ck Rd - Rural Addressing	105.27		105.27
OP.034217	Wooroolin Concrete Footpath Slabs	12,365.36		12,365.36
OP.034219	Edenvale Sth Rd - Rural Addressing	105.27		105.27
OP.034361	Software License Subscription & Renewal	3,750.00		3,750.00
OP.034488	D'Aguilar Hwy - Rural Addressing	86.23		86.23
OP.034500	Spraypave Murgon Footpath Stage 1	8,400.00		8,400.00
OP.034543	Diggings Road - Rural Addressing	104.89		104.89
OP.034545	Twin Bridges Pit - Recoveries	-29,592.00		-29,592.00
OP.034608	Old Esk rd - Tree removal	529.76		529.76
OP.034638	Kingaroy Depot - Bore Installation	1,201.43		1,201.43
OP.034725	Forest View Drive BROOKLANDS	38.11		38.11
OP.034726	Susan Crescent PROSTON	38.13		38.13
OP.034962	Small Plant Replacement	13,950.27		13,950.27
OP.035013	Diggings Road - Rural Addressing	104.25		104.25
OP.035061	Rural Addressing - 248 Boat Mountain Roa	908.12		908.12
OP.035074	Greens Rd - Rural Addressing	358.38		358.38
OP.035088	Rural Addressing - Butler Drive PROSTON	104.01		104.01
OP.035089	Rural Addressing Ellesmere Road ELLESMER	104.15		104.15
OP.035105	Rural Addressing - Greenhills Drive	104.15		104.15
OP.035106	Rural Addressing - Duffs Boundary Road	104.12		104.12
OP.035107	Rural Addressing - Malar Crescent BOOIE	104.15		104.15
OP.035108	Rural Addressing - Kimlin Street	104.01		104.01
OP.035112	Rural Addressing - Tim Dwyer Road	104.26		104.26
OP.035127	Beitzel Road-Rural Addressing	104.26		104.26
OP.035262	2431 Kingaroy Cooyar Road BROOKLANDS C	116.06		116.06
OP.035269	Ten Chain Pit - Recoveries	-11,353.71		-11,353.71
OP.035375	Rural Addressing - Nanango Brooklands Ro	106.20		106.20
OP.035389	Lanigan Road GLAN DEVON	490.41		490.41
OP.035413	Rural Addressing	169.59		169.59
OP.035435	Rural Addressing-Bunya Highway TINGOORA	106.52		106.52
OP.035438	Rural Addressing- Wattle Camp Road	106.31		106.31
OP.035439	Rural Addressing-309 Kearneys Road HALY	158.84		158.84
OP.035449	Nanango Brooklands - Rural Addressing	6.30		6.30
	<b>Subtotal</b>	<b>1,210,235.86</b>	<b>-</b>	<b>1,210,235.86</b>
	<b>Grand Total</b>	<b>5,848,065.67</b>	<b>83,399.93</b>	<b>5,931,465.60</b>

### 9.0 Works for Queensland

The Works for Queensland total budget is \$4.5m. To-date, \$3.724m of actuals has been spent with a further committed cost of \$809k identified.





Project Code	Project Description	July 2018	Aug 2018	Sept 2018	October 2018	November 2018	December 2018	January 2019	February 2019	March 2019	April 2019	May 2019	Comm. Limits	1919 Project Total Available
100906	WA023 - Murgon Swimming Pool	84,228.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	84,228.00
009007	WA023 - Murgon Swimming Pool	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
009008	WA023 - Murgon Swimming Pool	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
009009	WA023 - Murgon Swimming Pool	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
009010	Sub Total	84,228.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	84,228.00
100908	WA023 - New Soil Lab Dust Extracts	0.00	0.00	22.73	14,076.00	6,904.65	10,306.04	10,306.04	5,054.76	13,316.32	0.00	0.00	0.00	58,811.40
009110	Sub Total	0.00	0.00	22.73	14,076.00	6,904.65	10,306.04	10,306.04	5,054.76	13,316.32	0.00	0.00	0.00	58,811.40
100907	WA023 - Winton Sportground	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	236.00	69,016.00	0.00	69,252.00
009111	Sub Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	236.00	69,016.00	0.00	69,252.00
100908	WA023 - Winton Heritage Museum & VIC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
009112	Sub Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100909	WA023 - Durong Hall Improvements	650.00	0.00	0.00	0.00	0.00	0.00	0.00	648.00	0.00	14,683.03	0.00	0.00	16,003.76
009113	Sub Total	650.00	0.00	0.00	0.00	0.00	0.00	0.00	648.00	0.00	14,683.03	0.00	0.00	16,003.76
100970	WA023 - GR - Claydon Inverliffe Rd	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
009114	Sub Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100971	WA023 - GR - Murgon CBD Footpath Resurfacing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
009115	Sub Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100972	WA023 - DW - Brisbane Street Drainage Imp	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
009116	Sub Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100973	WA023 - Town Entry Signage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
009117	Sub Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100974	WA023 - Murgon Park Council	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
009118	Sub Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100975	WA023 - Madheim Trail Upgrade	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
009119	Sub Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total		168,741.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	168,741.71





## 7.6 Procurement Policy Review - June 2020

### Document Information

**ECM ID** 2686006

**Author** Strategic Procurement Coordinator

**Endorsed By** General Manager Finance and Corporate

**Date** 3 June 2020

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### Précis

Local Governments must have regard to sound contracting principles as part of its system of financial management. As par to this system the attached Procurement Policy has been prepared for Council consideration.

### Summary

Council conducts its procurement and contracting activities to advance the strategic priorities and the outcomes of the Corporate plan whilst achieving value for money with probity and accountability. In doing so, Council must meet its legislative obligations under the *Local Government Act 2009* and the *Local Government Regulation 2012*. A Procurement Policy is an important element in risk management.

Council must prepare and adopt a procurement policy including details of the principles that the Council will apply in the financial year for purchasing goods and services, and review its procurement policy annually. (*Local Government Regulation 2012 Section 198*).

### Officer's Recommendation

That the South Burnett Regional Council Procurement Policy – *Statutory-007* be adopted as presented.

### Financial and Resource Implications

Part of ongoing operations and annual budgets for the best use of financial resources and the receipt of goods fit for purpose.

### Link to Corporate/Operational Plan

EXC1 Effective financial management: Ensure Council's financial management planning is based on realistic, sustainable, equitable policies and practices.

EXC2 Effective corporate management: Deliver governance that provides sound organisational management and complies with relevant legislation; Appropriately resource the organisation to deliver Council's strategic objectives; and Deliver corporate business solutions that meet corporate and customer needs.

## **Communication/Consultation (Internal/External)**

It is expected that the Procurement Policy will be subject to further consideration by Council as part of the ongoing implementation of the Strategic Procurement Plan.

## **Legal Implications (Statutory Basis, Legal Risks)**

Compliance with the *Local Government Act 2009* and the *Local Government Regulation 2012*. Advice was received from McCullough Robertson Lawyers.

## **Policy/Local Law/Delegation Implications**

Delegations are in place to assist in the implementation of the objectives of the Procurement Policy.

## **Asset Management Implications**

Will assist in the construction or acquisition of fit for purpose assets.

## **Report**

Council conducts its procurement and contracting activities to advance the strategic priorities and the outcomes of the Corporate plan whilst achieving value for money with probity and accountability. In doing so, Council must meet its legislative obligations under the *Local Government Act 2009* and the *Local Government Regulation 2012*. A Procurement Policy is an important element in risk management.

Council must prepare and adopt a procurement policy including details of the principles that the Council will apply in the financial year for purchasing goods and services, and review its procurement policy annually. (*Local Government Regulation 2012 Section 198*).

The procurement policy sets out the sound contracting principles (*Chapter 4, Section 104*, of the *Local Government Act 2009*), which Council will follow and apply to all procurement activities undertaken by Council and its Staff. Council officers exercising an administrative authorisation to spend from approved budgets must do so in alignment with the procurement policy.

The procurement policy includes a review of the local preference definition to encourage the development of local business and industry in alignment with *Chapter 4, Section 104 (3)* of the *Local Government Act 2009*.

The local preference clause has undergone a review to enable Council to consistently achieve procurement outcomes that supports its corporate objectives and the local economy. The local preference definitions have been developed to guide officers in recognising the physical presence of suppliers within the council area and the social and economic benefits from inviting offers from the local marketplace.

The changes also include a review of the purchasing quotation thresholds to encourage the development of local business and industry. Council has reviewed the purchasing thresholds to enable it to consistently achieve procurement outcomes that supports its corporate objectives. The purchasing thresholds have been developed to guide officers in choosing the most appropriate procurement strategy to invite offers from the marketplace for different thresholds for goods/services at their estimated total expenditure.

Degree of business risk and relative expenditure has been combined to produce the new purchasing thresholds.



Council has reviewed the overall scope and objectives of the policy balancing the objectives around the Sound Contracting principles and legislative framework. The procurement principles have been strengthened to ensure that Council considers risk, secures the appropriate contract protections and the appropriate procurement methodology is selected to meet council objectives whilst also meeting Local Preference obligations when procuring goods and services

An additional clause has been added which references Council's Procurement obligations during the Caretaker period of Local Government Elections, along with the overall flow of the document to ensure clauses and references align appropriately with each section

The Procurement Policy has therefore been amended for Council consideration. The policy has been specifically formulated to support the needs of Council to achieve the long term Strategic Procurement Plan.

Included in the below Table are the amendments to the Procurement policy

<b>Scope, Objectives &amp; Principles - Document Flow</b>	The procurement policy scope, objectives and principles now provide more detail on council's procurement obligations along with a review of the document structure to ensure smooth and consistent flow of terminology and references.
<b>Section 5.3 Local Preference</b>	This section has outlined what Council considers to be local. This clause provides an assessable measurement that can be utilised in recognition of the physical presence of the supplier within the Council area, as well as the demonstrated and/or actual accompanying social and economic benefits that this provides to council.
<b>Section 5.3.1</b>	Council has reviewed the purchasing thresholds to enable it to consistently achieve procurement outcomes that supports its corporate objectives.
<b>Section 5.8 Local Government Elections</b>	Details Council obligations regarding procurement during the Caretaker period of Local Government Elections



POLICY CATEGORY-NUMBER: Statutory-007

POLICY OWNER: Finance

ECM ID: 2686006

MINUTE NUMBER:

ADOPTED:

## Procurement Policy

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### 1. POLICY STATEMENT

This policy establishes the procurement principles South Burnett Regional Council ('Council') will follow and applies to all procurement processes and activities undertaken by Council, including purchasing, ordering, quotations, tendering, contracting and disposals. The policy has been developed to enable Council to carry out all its procurement in accordance with the prescribed legislative framework, to meet all of its statutory obligations and to achieve the desired outcomes of the Corporate and Operational Plans.

To do so it will apply the sound contracting principles and practices. It will apply the ethics principles of integrity and impartiality, promoting the public good, commitment to the system of government and accountability and transparency. Lastly it will provide framework for the development and implementation of streamlined systems, practices and controls for efficient, effective and economic financial performance management.

### 2. SCOPE

Procurement is the framework, the rules, and procedures, by which a Council obtains an effective supply of the required goods and services. It seeks to align with the organisational strategy rather than just process orders and acquire goods and services.

To be effective, a good procurement function should provide to its organisation the following outcomes:

- Provide protection to the organisation and staff through the use of robust systems and procedures;
- Provide efficiencies of cost and process;
- Provide quality goods and reliable services;
- Support budget processes by enabling timely delivery of goods and services and reducing over supply errors;
- Allow improved communication and understanding between the organisation and its supplier base;
- Contribute to financial sustainability;
- Provide some controlled flexibility with regard to the organisations particular circumstances;
- Reduce the risk of conflicts of interest and unethical or illegal behaviours.



This policy applies to all Council officers involved in procurement activities; this includes employees, contractors and Councillors. The policy applies to all procurement processes and activities undertaken by Council, including purchasing, ordering, quotations, tendering, contracting and disposals. Prior to undertaking procurement, the Council officer should ensure that the goods or services required are not available from existing supply and contract arrangements.

Council officers are required to adequately test the local market for each procurement activity ensuring that local suppliers are provided a fair and reasonable opportunity to tender for Council business opportunities.

It is the responsibility of the Council officer involved in the procurement process to understand the meaning and intent of this policy.

### **3. POLICY OBJECTIVES**

Council's purchasing activities aim to achieve advantageous procurement outcomes by:

- a) promoting value for money with probity and accountability; and
- b) ensuring procurement methodology provides "fit for purpose" goods and services and mitigates organisational risk; and
- c) advancing Council's economic, social and environmental policies; and
- d) providing reasonable opportunity for competitive local businesses that comply with relevant legislation to supply to Council; and
- e) promoting compliance with relevant legislation.

All Council purchases must be carried out in compliance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

In order to ensure the Council objectives are met, officers are required to:

- a) preserve Council's integrity in the procurement and/or purchasing process to ensure that Council acts and remains beyond reproach in all dealings;
- b) abide by Council's Code of Conduct and all other applicable policies, instructions and guidelines;
- c) adhere to the Sound Contracting Principles as stipulated under the *Local Government Act 2009* and the *Local Government Regulation 2012* (including *Section 198* and *Chapter 6* of the *Local Government Regulation 2012*).

### **4. BACKGROUND AND/OR PRINCIPLES**

#### **4.1. Procurement Principles**

Council officers must have regard to the following procurement principles in all purchasing activities. Council is committed to ensuring that its procurement is carried out in accordance with the relevant probity and accountability obligations in accordance with the prescribed legislative framework, and to meet all of its statutory procurement obligations.

The following procurement principles apply to all Council procurement activities prior to going to market:

- a) an appropriate scope and specification of the goods and services required is developed;
- b) the material risks involved for each procurement activity are identified; and
- c) the appropriate contract and procurement methodology is selected to the satisfaction of Council, ensuring Council obtains what it is seeking to procure and provides appropriate risk management and protections for Council with reference to the risks identified for the particular procurement activity.

Council seeks to engender strong competition at a local industry level for supply of goods and services. Whilst Council officers are encouraged to give consideration to, and provide a fair and reasonable opportunity for, local industry to tender for Council business, officers are

to ensure that the planning process and documentation (including the tender documents and specification) for the procurement is fit for purpose and maintains compliance within the legislative framework and appropriately manages the Council's material risks.

In particular, officers should balance the focus on locally sourced suppliers with Council's other objectives, including the non-price criteria identified below.

Council will:

- a) seek to achieve a minimum number of local industry invites to quote/tender being issued (where appropriate) in accordance with Purchasing Quotation Table 5.3.1
- b) ensure that the contractors it engages are capable of fulfilling their contractual obligations by assessing the scope, risks, and contract methodology for each procurement activity and still offer value for money;
- c) strengthen the non-price criteria by recognising the physical presence of a supplier within the local government area, as well as demonstrated and/or accompanying social and economic benefits that this provides to Council, such as:
  - creation of new and/or maintenance of existing local employment opportunities;
  - more responsive and readily available service support;
  - encouragement for the relocation of established businesses from outside the region to physically enter, establish and maintain a physical presence ongoing in, the region; and
  - provide credible feedback to encourage Local Suppliers to earn more Council business, supporting economic growth within the local area.

All Council officers must conduct their procurement activities with the utmost probity, propriety, transparency, defensibility and accountability. Council officers who perform procurement activities are responsible, and obligated to account for their procurement actions and are accountable to their superiors for their procurement decisions.

#### **4.2. Sound Contracting Principles Legislative Framework**

All purchasing is represented in a contractual arrangement of one form or another and is governed by contract and other laws and legislative frameworks. All purchasing must have regard to the five (5) Sound Contracting Principles detailed in *section 104(3) of the Local Government Act 2009*. These principles are:

1. Value for money; and
2. Open and effective competition; and
3. Development of competitive local business and industry; and
4. Environmental protection; and
5. Ethical behaviour and fair dealing.

While regard must be had to each principle, Council is not required to give equal consideration to each principle. The weight of regard may depend on the particular procurement.

##### **4.2.1. Value for Money**

Council must achieve the best return and performance for the money being spent. Council will harness its purchasing power to achieve the best value for money. The concept of value for money is not restricted to price alone. The value for money assessment must include the consideration of:

- a) contribution to the advancement of council's priorities;
- b) fitness for purpose, quality, services and support in accordance with industry standards;
- c) whole-of-life costs including costs of acquiring, using, maintaining and disposal;
- d) protection of Council contract interests including warranties and statutory compliance with applicable and relative Acts and Regulations;
- e) technical compliance issues;
- f) risk exposure and mitigation;



- g) the value of any associated environmental benefits.

#### **4.2.2. Open and Effective Competition**

The principle of open and effective competition considers the use of transparent, open and unbiased purchasing processes so that current and potential Council suppliers, contractors and the public have confidence in the outcomes of the purchasing process. This involves adequately testing the market to ensure all options and suppliers are considered equally.

Suppliers wishing to conduct business with Council will be given every opportunity to do so, subject to them satisfying Council's requirements and relevant evaluation criteria. This may include, but not be limited to, demonstrated technical ability, environmental impact, company profile, professional references, extent of local industry participation, quality assurance and whole of life cost.

#### **4.2.3. Development of Competitive Local Business and Industry**

Council encourages the development of competitive local businesses within the South Burnett Regional Council area. Where price, performance, quality, suitability, service and other evaluation criteria are comparable, the following areas should be considered in evaluating offers:

- a) retention of existing and creation of new local employment opportunities;
- b) more readily available servicing support;
- c) more convenient communications for contract management;
- d) economic growth within the South Burnett Regional Council area.

#### **4.2.4. Environmental Protection**

Council promotes environmental protection through its purchasing procedures. In undertaking any purchasing activities Council will:

- a) promote the purchase of environmentally friendly goods and services that satisfy value for money criteria; and
- b) foster the development of products and processes of low environmental and climatic impact; and
- c) provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
- d) encourage environmentally responsible activities.

#### **4.2.5. Ethical Behaviour and Fair Dealing**

Council officers involved in purchasing are to behave with impartiality, fairness, openness, transparency, integrity and professionalism in their discussions and negotiations with suppliers and their representatives. Any Council officer will immediately disclose any activity which constitutes or may constitute a conflict of interest which may be likely to compromise the ability of the supplier to perform their legal obligations under the supply agreement.

Council has established an environment in which ethical conduct is expected, encouraged and supported with no tolerance for corrupt conduct, fraudulent activities or maladministration. Risk management principles and matching fraud and corruption prevention measures are applied across all areas to protect the Council (Fraud and Corruption Prevention Management Policy).

#### **4.3. Workplace Health and Safety**

Council is committed to providing a safe and healthy work environment for its employees, contractors, volunteers, labour hire employees performing work on behalf of Council and visitors to Council premises and worksites in accordance with the Workplace Health and Safety Policy.

All Council officers are expected to adhere to the following key outcomes in relation to procurement activities:

- a) establishing and maintaining a corporate system to ensure compliance of all contractors and suppliers align with the workplace health and safety legislative requirements, Australian standards and/or procedures;
- b) ensuring all contractors and/or suppliers provide documentary evidence that they or the product they supply complies with relevant legislation, codes of practice and/or Australian Standards;
- c) ensuring all foreseeable health and safety risks associated with potential procurements are identified;
- d) ensuring specifications comply with the relevant legislation; and
- e) ensuring Council's operational obligations with regards to workplace health and safety contract performance monitoring and management are actioned under the contract.

#### 4.4. Conflicts of Interest

A conflict of interest is any activity that would create a conflict between personal interests and the interests of Council. Council officers engaged to any extent of the procurement function must be free of interests and/or relationships that are, actually or potentially, adverse or detrimental to the interests of Council.

It is essential that any conflict of interest whether actual, perceived or potential is addressed at the earliest stages of a procurement activity.

Council officers participating in procurement and contracting activities must comply with the requirements of the Council's Employee Code of Conduct Policy, Employee Conflict of Interest Policy, Fraud and Corruption Prevention Management Policy, and the Gifts and Benefits Policy

#### 4.5. Pre-Qualified Supplier Register

To facilitate the purchasing process in compliance with the procurement principles, Council has established a Pre-Qualified Supplier Register and Category Panel arrangements. The register is a list of suppliers who have been assessed by Council as having the technical, financial and managerial capability necessary to deliver identified services on time and in accordance with agreed standards and requirements. The Pre-Qualified Supplier Register is subject to the Tender Consideration Plan, adopted by Council by resolution under *Section 230 of the Local Government Regulation 2012*. The Tender Consideration Plan allows Council the flexibility to review the Pre-Qualified Supplier Register and the ability to better manage its Panel Arrangements for the supply of goods and services.

Council has established the following categories of supply as Pre-Qualified Supplier Registers. The registers will be refreshed at the same time each year allowing new suppliers to apply and existing suppliers to update pricing and service offerings.

- Dry Hire (September)
- Wet Hire (September)
- Road Making & Quarry Materials (September)
- Civil Works (April)
- Trade Services (April)
- Electrical Works (April)
- Pest Management (April)

In establishing a register of pre-qualified suppliers, Council recognises that:

- It must determine that the preparation and evaluation of submissions would be costly and time consuming if it invited submissions every time the goods and/or services were required; or
- It is critical to a successful outcome that the experience and financial viability of a supplier or contractor be assessed according to the requirements of the local government once only; or
- There are specific pre-conditions to the offer to supply goods and/or services; or
- There is a need or desire to develop the specific capabilities of the businesses within the local region; or

- The supplier of goods or services require considerable security considerations; or
- It will still ensure value for money by testing the market through quotations.

#### **4.6. Panel Arrangements (Established Arrangement)**

All registers of Pre-Qualified Suppliers are established as standing offer arrangements for a period of two (2) years, with an option of a further two (2) years and one (1) year extension to be exercised at Council's absolute discretion, including annual reviews.

A standing offer arrangement is an agreement subject to specified terms and conditions whereby the purchaser may agree to purchase specific services from the vendor for a specified period on an "as and when" required basis. Suppliers are not guaranteed any work or business from Council.

### **5. GENERAL INFORMATION**

#### **5.1. Delegations**

##### **5.1.1. Delegations – Council Employees**

The Financial Delegation Register for Council employees is held within the Social and Corporate Performance Branch. A copy of the Financial Delegations can be found on Council's Intranet.

##### **5.1.2. Delegation Reserved for Council**

Contracts that are \$200,000 and above exclusive of GST that progressed through public tender must be approved by Council. Contracts that are exempt from public tender shall be approved based on Council's Financial Delegation Register.

##### **5.1.3. Delegation to the Chief Executive Officer**

Pursuant to *Section 257(1)(b) of the Local Government Act 2009*, the Council resolves to delegate to the Chief Executive Officer the power to make, amend or discharge a contract in accordance with *Section 238(2) of the Local Government Regulation 2012* for:

- any contractual arrangement with a person (in respect of one contractual arrangement or cumulatively for all contractual arrangements) that is, or is expected to be, worth \$200,000 (exclusive of GST) or more in a financial year with that person; or
- any contractual arrangement with a person that is, or is expected to be, worth \$200,000 (exclusive of GST) or more over the proposed term of the contractual arrangement.

#### **5.2. Purchasing Thresholds**

Procurement can only be undertaken by authorised employees as detailed in the financial delegation register. For low value and easy to secure purchases, consideration of total cost of ownership and associated risks will determine the appropriate market approach.

##### **5.2.1. Medium-Sized Contractual Arrangement**

A contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$15,000 or more but less than \$200,000 in a financial year, or over the proposed term of the contractual arrangement.

##### **5.2.2. Large-Sized Contractual Arrangement**

A contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$200,000 or more in a financial year, or over the proposed term of the contractual arrangement

#### **5.3. Local Preference**

Council officers are encouraged to give consideration to, and provide a fair and reasonable opportunity for, Local Suppliers to tender for Council business opportunities. Officers are to ensure that the planning process and documentation (including tender documents and

specification) for each procurement is fit for purpose and does not seek to disadvantage Local Suppliers.

Council officers must invite the minimum Local Supplier quotations (where appropriate) in accordance with Purchasing Quotation Table 5.3.1 below. Where the minimum quotations cannot be achieved (including for availability, capability, experience or otherwise) this should be documented in accordance with Council’s procurement exception form.

Quotes and offers will be assessed having regard to the five (5) Sound Contracting Principles (to be considered in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*), the relevant Council officer will make a decision to purchase from a supplier or provider based on the Council’s documented supplier evaluation criteria and a systematic weighting will be applied to all quotes or offers received. This will be assessed on a case by case basis and the weighting will be expressed as a percentage which reflects the relative importance of each criterion for the relevant Procurement. Where a Local Supplier has been unsuccessful, Council officers are to provide feedback to the supplier upon request to engender strong competition at a local industry level.

Council may make a documented decision to purchase from a Local Supplier offering a higher price margin, using the following guideline for acceptable price variances if the total value for money assessment is within the approved project budget:

- 10% for goods and services under \$50,000; or
- 5% for goods and services over \$50,000 up to \$200,000.

Therefore, in this policy statement, a “local supplier” is a supplier that:

- is beneficially owned and operated by persons who are residents of the local government area of council and pay rates; or
- is a registered business or individual that has a principle place of business within the local government area of council; or
- has a place of business within the local government area of council which solely or primarily employs persons who are residents or ratepayers of the local government area of council.

**5.3.1. Purchasing Quotation Table**

Established Arrangements				Non Established Arrangements			
\$ Value (excluding GST)	Minimum Quotation Requirement	Procurement Method	Award/Contract Method	\$ Value (excluding GST)	Minimum Quotation Requirement	Procurement Method	Award/Contract Method
From \$0.00 to \$2,000	No quote required and seek to source locally (where available)	<ul style="list-style-type: none"> <li>• Verbal</li> <li>• Written</li> </ul>	Corporate Card/Purchase Order	From \$0.00 to \$2,000	No quote required and seek to source locally (where available)	<ul style="list-style-type: none"> <li>• Verbal</li> <li>• Written</li> </ul>	Corporate Card/Purchase Order
From \$2,001 to \$5,000	Minimum 1 written quote (Minimum quotes to include Local Suppliers available when using SBRC Arrangements)	Request for Quote. (10 days) <ul style="list-style-type: none"> <li>• Felix Marketplace</li> <li>• Vendor Panel</li> </ul>	Purchase Order	From \$2,001 to \$14,999	Minimum 2 written quotes (Minimum quotes to include Local Suppliers where available)	Request for Quote. (10 days) <ul style="list-style-type: none"> <li>• Felix Marketplace</li> <li>• Website</li> <li>• LG Tenderbox</li> </ul>	Purchase Order
From \$5,001 to \$14,999	Minimum 2 written quotes (Minimum quotes to include Local Suppliers available when using SBRC Arrangements)	Request for Quote. (10 days) <ul style="list-style-type: none"> <li>• Felix Marketplace</li> <li>• Vendor Panel</li> </ul>	Purchase Order				



Established Arrangements				Non-Established Arrangements			
From \$15,000 to \$199,999	<b>(Medium Size Contract)</b> Minimum 3 written quotes (Minimum quotes to include Local Suppliers available when using SBRC Arrangements)	Request for Quote. (21 days) • Felix Marketplace • Vendor Panel	Purchase order	From \$15,000 to \$199,999	<b>(Medium Size Contract)</b> Minimum 3 written quotes required. (Minimum quotes to include Local Suppliers where available)	Request for Quote. (21 days) • Felix Marketplace • Website • LG Tenderbox	Purchase Order and/or Public Tender at Council's discretion
Over \$200,000	<b>(Large Size Contract)</b> Minimum 3 written quotes. (Minimum quotes to be include Local Suppliers available when using SBRC Arrangements) and signed off by the CEO	Request for Quote. (21 days) • Felix Marketplace • Vendor Panel	Purchase Order	Over \$200,000	<b>(Large Size Contract)</b> Public Tender Subject to a minimum 21 Days Public Open Period	Public Tender (21 days) • Website • LG Tenderbox	Public Tender to be awarded by Council

*\*Established Arrangement - being Local Buy Contracts, State Government Contracts, and existing SBRC Administered (Contract) Prequalified, Preferred Contractor or approved Contractor Lists. This section is subject to the Local Government Regulation 2012 Division 3 – Exceptions*

### 5.3.2. Purchases \$200,000 and Above

Section 228 of the *Local Government Regulation 2012* requires that Council invite tenders before making a contract for the carrying out of work, or the supply of goods and/or services involving a cost that is, or expected to be, \$200,000 (exclusive of GST) or more in a financial year or over the proposed term of the contractual arrangement.

The invitation must be made by an advertisement in newspapers circulating generally in Council's local government area (LGA) and allow at least 21 days from the day of the advertisement for the submission of tenders.

Details of all contracts of \$200,000 and over must be provided to relevant Finance Staff for inclusion to the Contracts Register.

Records of tenders received must be kept on file for the period of time outlined in the Retention and Disposal Schedules for Local Government as published by the Queensland State Archives.

### 5.4. Exceptions

Council officers responsible for purchasing goods and/or services are required to adhere to the purchasing thresholds and quotation requirements set out in table 5.3.1 for all Procurement processes subject to the following exceptions outlined in this section 5.4.

The following categories of supply are also exempt from Council's purchasing thresholds in table 5.3.1:

- Accommodation;
- Travel / Flights; and
- Conference Bookings.

#### 5.4.1. Legislative Exceptions

Division 3 under Chapter 6 of the *Local Government Regulation 2012* specifies when Council is exempt from the requirement to seek written tenders or quotations:

**s230** – Exception if quote or tender consideration plan prepared

Council may enter in to a medium-sized contractual arrangement or large-sized contractual arrangement without first inviting written quotes or tenders if the Council:

- a) decides by resolution to prepare a quote or tender consideration plan; and

- b) prepares and adopts the plan.

**s231 – Exception for contractor on approved contractor list**

Council may enter in to the contract without first inviting written quotes or tenders if the contract is made with a person who is on an approved contractor list (for the Council, this means the Pre-Qualified Supplier Register).

**s232 – Exception for a register of pre-qualified suppliers**

Council may enter in to a contract without first inviting written quotes or tenders if the contract is entered in to with a supplier from a register of pre-qualified suppliers that is made in compliance with the following sub-sections:

- a) the preparation and evaluation of invitations every time the goods or services are needed would be costly; or
- b) the capability or financial capacity of the supplier of the goods or services is critical; or
- c) the supply of the goods or services involves significant security considerations; or
- d) a precondition of an offer to contract for the goods or services is compliance with particular standards or conditions; or
- e) the ability of local business to supply the goods or services needs to be discovered or developed.

The Council has developed the Pre-Qualified Supplier Register for this purpose

**s233 – Exception for a preferred supplier arrangement**

Council may enter in to a contract without first inviting written quotes or tenders if the contract is entered in to with a preferred supplier under the preferred supplier arrangement. This section applies for contractual arrangements for goods or services if Council:

- a) needs the goods or services either in large volumes or frequently; and
- b) is able to obtain better value for money by accumulating the demand for the goods or services; and
- c) is able to describe the goods or services in terms that would be well understood in the relevant industry.

**s234 – Exception for LGA arrangement**

Council may enter in to a contract for goods and services without first inviting written quotes or tenders if the contract is entered in to under the LGA arrangement. An LGA arrangement is an arrangement that has been entered in to by

- a) Local Government Association Queensland Limited (LGAQ); or
- b) a company registered under the *Corporations Act 2001*, if LGAQ is its only shareholder.

**s235 – Other exceptions**

Council may enter in to a contractual arrangement without first inviting written quotes or tenders if:

- a) Council resolves it is satisfied that there is only one (1) supplier who is reasonably available; or
- b) Council resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for the Council to invite quotes or tenders; or
- c) a genuine emergency exists; or
- d) the contract is for the purchase of goods and is made by auction; or
- e) the contract is for the purchase of second-hand goods; or
- f) the contract is made with, or under an arrangement with a government agency.

When assessing the most effective method of obtaining goods and/or services, Council officers should consider the administrative and price costs to Council of seeking tenders or quotations

independently, and the reduction of these costs which can be achieved by the use of the Pre-Qualified Supplier Register Panels or Local Buy arrangements.

#### **s236 – Exception for valuable non-current asset contracts**

In accordance with the *Local Government Regulation 2012*, the apparent value threshold for non-current assets other than real estate set by Council shall be \$5,000 (excluding GST). The *Local Government Regulation 2012* provides that Council cannot enter into a valuable non-current asset contract unless it invites written tenders for the contract, or offers the non-current asset for sale by auction. There are exceptions in section 236 of the *Local Government Regulation 2012* that may apply.

Additional Council guidelines for the disposal of valuable non-current assets is outlined in the Disposal of Assets Policy.

The authorised process for the disposal of valuable non-current assets of Council's interests in real property can be found in the Disposal of Council Real Estate Policy.

#### **5.4.2. Procurement Exception Form**

In the event that a Procurement process requires the application of an exception under the *Local Government Regulation 2012* and/or from this Procurement Policy, a Procurement Exception Form must be submitted and approved by the department Manager with appropriate financial delegation. A reason why a procurement process requires the exception must be documented and recorded. Such reasons could include:

- purchase exceeding delegation limit;
- purchase exceeding thresholds with insufficient quotes;
- supplier used outside of council contract;
- scope of work exceeded 10% more than the original estimate;
- *Chapter 6, Part 3, Section 235* of the *Local Government Regulation 2012*, including:
  - a genuine emergency exists
  - contract is made with, or under an arrangement with, a government agency.

The Exception Form must be submitted and approved by the Chief Executive Officer for:

- purchases exceeding \$200,000 without inviting tenders.  
(*Chapter 6, Part 5, Section 238* of the *Local Government Regulation 2012* – Entering in to a contract under a delegation)

#### **5.5. Local Buy**

Local Buy is the LGAQ contracts and tenders service company. Established in 2001, Local Buy facilitates business relationships with local government and their suppliers. Local Buy's core business is the creation of contractual arrangements for goods and services that can be used by Queensland Councils, aggregating the demand for these goods and services to achieve better pricing and conditions, and eliminating the need for Councils to establish their own supply contracts.

#### **5.6. Payment Terms**

The following outlines the various methods that can be used to effect payment when procuring Council's requirements.

##### **5.6.1. Corporate Credit Card**

Council encourages the use of its Corporate Credit Cards for the following reasons:

- simplified purchasing and payment procedures;
- improved payment performance to suppliers;
- provision of support to Local Suppliers;
- more effective cash management; or
- enhanced service delivery to customers.

### 5.6.2. Purchasing and Orders

The term "purchasing" refers to the process of ordering and receiving goods and services, and does not generally drive policy decisions or developing Procurement strategy.

Purchase order forms are not required for the following purchases, but relevant authorisations are required on the invoice documentation:

- |                                       |                                     |
|---------------------------------------|-------------------------------------|
| 1. Australia Post                     | 7. Investments                      |
| 2. Acts and Regulations               | 8. Subscriptions                    |
| 3. Local Authorities                  | 9. Freight                          |
| 4. Telephone / Communication Accounts | 10. Conference Registrations        |
| 5. Utilities (Electricity etc)        | 11. Items purchased from Petty Cash |
| 6. Queensland Treasury Corporation    |                                     |

A purchase order must be created and issued to the supplier for all purchases that are not procured via the corporate credit card or listed above.

All Council officers must complete the required areas on the purchase requisition to justify the requirement. Any additional documents which will further detail and support the request are to be attached. Upon completion of the Purchase Requisition and within the purchasing officers' financial delegation will a Purchase Order be issued to a supplier.

All invoices for payment are to be emailed direct to [accounts@southburnett.qld.gov.au](mailto:accounts@southburnett.qld.gov.au)

Invoicing Requirements:

- Suppliers Identity
- Australian Business Number (ABN)
- Description of Goods or Services Supplied, Quantity and Price
- Total GST Amount
- Date of Issue
- Purchase Order Number

Council's payment terms are 30 days from end of month and it is preferable that a monthly statement be provided to ensure accurate reconciliation of outstanding invoices.

### 5.6.3. Variations

From time to time, a contract will require a variation. Approval to vary a purchase order can only be given by the financial delegate who originally approved the expenditure of the funds covered by the order. If the revised total value of the purchase order over the proposed term of the contract exceeds or cumulatively exceeds the financial delegation of the original financial delegate, then the variation must be approved by an officer with sufficient delegation. That financial delegate must also have direct control of the funds being expended.

A Contract and Purchase Order Variation Form must be completed for variations which exceed 10% of the original purchase value and be approved by the relevant department Manager with appropriate financial delegation.

The Council may seek to have appropriate contractual rights to direct a supplier in writing to amend, increase, decrease, omit or change the quality, timing character or method of performing the supply or to execute additional work. It is important that contract documentation seeks to provide for this and other appropriate rights (e.g. to engage other contractors to performed omitted or deducted work) to reduce the risk of a variation directed by the Council invalidating the contract. This should be considered as part of the Procurement process and advice obtained accordingly.

### 5.7. Termination of Contracts

All contracts entered in to by Council should aim to contain a provision entitling Council to:

- a) Terminate for convenience; and



- b) Terminate for a breach or non-performance

Council must follow the procedures specified in the contract to terminate that contract and obtain advice before exercising such rights.

#### **5.8. Local Government Elections**

Legislation places limits during the caretaker period before quadrennial local government elections on publishing election material and making major policy decisions. This ensures that there are no significant policy decisions made near the end of a council term that binds future elected councils.

During the caretaker period, councillors are prohibited from making major policy decisions, including in relation to procurement activities such as:

- entering in to a contract greater than \$200,000 or 1% (whichever is greater) of the local government's net rate and utility charges (as stated in the local government's audited financial statements included in the local government's most recently adopted annual report);
- significant procurement activities, such as establishing preferred supplier arrangements, or establishing exceptions to obtaining quotes or tenders when entering into a contract.

Council will prepare for the caretaker period by planning to make major policy decisions before or after the election period. However, unforeseeable events can result in a local government having to make major policy decisions during the caretaker period. In accordance with the *Local Government Act 2009* and advice from the Department of Local Government, Racing and Multicultural Affairs, if there are exceptional circumstances, then local governments can apply to the Minister for approval if:

- the need for the decision was unforeseeable;
- the decision is essential to the functioning of the local government;
- the decision cannot wait until the end of the caretaker period; and
- the decision is in the public interest.

#### **6. DEFINITIONS**

**Council** means South Burnett Regional Council.

**Council officer** means Persons involved in procurement activities including employees, Councillors and contractors

**Financial Delegation Register** means the Register of employees who have approved delegation for the purpose of purchasing goods and/or services.

**LGA Arrangement** means the use of Local Buy or State Government Purchasing Arrangements.

**Local Supplier** means a supplier that:

- is beneficially owned and operated by persons who are residents of the local government area of Council and pay rates; or
- is a registered business or individual that has a principle place of business within the local government area of Council; or otherwise
- has a place of business within the local government area of council which solely or primarily employs persons who are residents or ratepayers of the local government area of Council.

**Procurement** means the entire process by which all classes of resources (human, material, facilities and services) are obtained. This can include the functions of planning, design, standards determination, specification writing, and selection of suppliers, financing, contract administration, disposals and other related functions.

**Purchasing** means the acquisition process for goods, services and capital projects through purchasing, leasing and licensing and this expression extends to standing offer or similar arrangements by which terms and conditions of purchase are determined.

**Pre-Qualified Supplier** means a supplier who has been assessed by Council as having the technical, financial and managerial capacity necessary to deliver goods and/or services on time and in accordance with agreed requirements. The process is fulfilled by initially inviting tenders to establish pre-qualified suppliers.

**Supplier** means an enterprise known to be capable of supplying required goods and/or services. It includes manufacturers, stockists, resellers, merchants, distributors, consultants and contractors.

**7. LEGISLATIVE REFERENCE**

*Local Government Act 2009*  
*Local Government Regulation 2012*  
*Corporations Act 2001*

**8. RELATED POLICIES/PROCEDURES**

Corporate Card Policy  
 Corporate Card Procedure  
 Disposal of Assets Policy  
 Disposal of Council Real Estate Policy  
 Employee Code of Conduct Policy  
 Employee Conflict of Interest Policy  
 Fraud and Corruption Prevention Management Policy  
 Gifts and Benefits Policy  
 Workplace Health and Safety Policy

**9. NEXT REVIEW**

June 2021

**10. VERSION CONTROL**

Version	Revision Description	Approval Date
1	Development of Policy	August 2018
2	Review of Policy	20 February 2019
3	Review of Policy	11 December 2019
4	Review of Policy	17 June 2020

Mark Pitt PSM  
**CHIEF EXECUTIVE OFFICER**

Date:

## 7.7 Investment Policy 2020/2021

### Document Information

**ECM ID** 2688430

**Author** Manager Finance

**Endorsed By** General Manager Finance and Corporate

**Date** 21 May 2020

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### Précis

To adopt the Investment Policy 2020/2021.

### Summary

Section 104 of the *Local Government Act 2009* (the Act) requires local governments to establish a system of financial management to ensure it is financially sustainable. One of three policies required in the system of financial management is the Investment Policy and is particularly mentioned at Section 104(5)(c)(i) of the Act. These policies must be regularly reviewed and updated, as necessary.

Section 191 of the *Local Government Regulation 2012* outlines the requirements of the Investment Policy.

“(2) *The investment policy must outline -*

- (a) *the local government’s investment objectives and overall risk philosophy; and*
- (b) *procedures for achieving the goals related to investment stated in the policy”.*

The following policy has been reviewed and developed for Council consideration and will be reviewed annually or amended, as required.

### Officer's Recommendation

That the South Burnett Regional Council Investment Policy 2020/2021 – *Statutory-009* be adopted as presented.

### Financial and Resource Implications

Return from investments is one of Council’s revenue sources. Prudent management of investments will help improve Council’s financial performance.

### Link to Corporate/Operational Plan

EXC1.1 Ensure Council’s financial management planning is based on realistic, sustainable, equitable policies and practices.

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### **Communication/Consultation (Internal/External)**

Investment decisions are based on operational liquidity and cash flow projections. The investment portfolio is presented as part of Finance's meeting reports to Council on a monthly basis.

### **Legal Implications (Statutory Basis, Legal Risks)**

Investment management guidelines stipulated in the policy meet the requirements of the *Statutory Bodies Financial Arrangements Act 1982* (SBFA) and its regulation. Appropriate standards and guidelines are referred to for the management of investment and capital risks.

### **Policy/Local Law/Delegation Implications**

The policy stipulates the authority for Council's investment portfolio management. It is subject to regular review, as necessary.

### **Asset Management Implications**

Cash flow management impacts on the availability of funds for capital expenditure.





POLICY CATEGORY-NUMBER: Statutory-009

POLICY OWNER: Finance

ECM ID:

MINUTE NUMBER:

ADOPTED:

## Investment Policy

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### 1. POLICY STATEMENT

#### 1.1. Ethics and Conflicts of Interest

##### 1.1.1. Prudent Person Standard

The standard of prudence is to be used by Investment Officers when managing the portfolio. Investments will be managed with the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons. This includes having in place appropriate reporting requirements that ensure the investments are reviewed and overseen regularly.

Investment Officers are to manage the portfolios not for speculation, but for investment and in accordance with the principle of this policy. Investment Officers are to avoid any transaction that might prejudice South Burnett Regional Council (Council). They will consider the safeguarding of capital and the achievement of income objectives when making an investment decision.

##### 1.1.2. Conflicts of Interest

The Investment Officer shall refrain from personal activities that would conflict with the proper execution and management of Council's Investment Portfolio and declare to the Chief Executive Officer any conflict of interest that may arise. This includes activities that would impair the Investment Officer's ability to make impartial decisions.

##### 1.1.3. Delegation of Authority

Authority for implementation of this policy is delegated by Council to the Chief Executive Officer in accordance with the *Local Government Act 2009, Section 257(1)(b)* – Delegation by Local Government. Authority for the day-to-day management of Council's Investment Portfolio is to be delegated by the Chief Executive Officer to the Manager Finance and subject to regular reviews with the Chief Executive Officer and General Manager Finance and Corporate.

### 2. SCOPE

For the purpose of this policy, investments are defined as financial or monetary arrangements that are undertaken or acquired to generate income or favourable future returns and pertain to

the cash investments of Council. This policy applies to the investment of all surplus cash funds held by Council.

### **3. POLICY OBJECTIVES**

#### **3.1. Investment Objectives**

To set guidelines and boundaries for the investment of Council surplus cash balances which meet the requirements of the *Statutory Bodies Financial Arrangements Act 1982* (SBFA) and its *Regulation*, support Council's investment and risk philosophy and provide a sequential process to be followed in undertaking investment activities.

Investment activities will focus on preservation of capital, liquidity, and return.

##### **3.1.1. Preservation of Capital**

Preservation of capital shall be the principal objective of the investment portfolio. Investments are to be performed in a manner that seeks to ensure security of principal of the overall portfolio. This would include managing credit and interest rate risk within given risk management parameters and avoiding any transactions that would prejudice confidence in Council.

##### **3.1.2. Credit Risk**

The Investment Officer will evaluate and assess credit risk prior to investment.

##### **3.1.3. Interest Rate Risk**

The Investment Officer shall seek to minimise the risk of a change in the market value of the portfolio due to a change in interest rates.

##### **3.1.4. Maintenance of Liquidity**

The Investment Officer shall maintain sufficient liquidity to meet all reasonable anticipated operational cash flow requirements of Council.

##### **3.1.5. Return on Investments**

The portfolio is expected to achieve a market average rate of return and take into account Council's risk tolerance.

### **4. BACKGROUND AND/OR PRINCIPLES**

The intent of this document is to outline Council's policy and guidelines regarding the investment of surplus cash funds, with the objective of maximising earnings within the approved investment guidelines and ensure the security of funds invested.

### **5. GENERAL INFORMATION**

#### **5.1. Portfolio Implementation**

##### **5.1.1. Authorised Personnel**

The Manager Finance and delegated Investment Officers are authorised to invest Council's operational funds in investments consistent with this policy and legislation.

##### **5.1.2. Internal Controls**

The General Manager Finance and Corporate of Council shall establish internal controls and processes that will ensure investment objectives are met and that the investment portfolios are protected from loss, theft or inappropriate use.

The internal controls will address the following:

- control of collusion;
- separate the transaction authority from accounting and record keeping;
- clearly delegate authority to Investment Officers;

- compliance and oversight of investment parameters;
- reporting of breaches; and
- safekeeping of records.

## 5.2. Investment Parameters

### 5.2.1. Funds Available for Investment

For the purposes of this policy, funds available for investment are the cash or cash equivalent funds available at any time excluding any moneys held by Council in trust on behalf of external parties.

The funds available for investment should match the cash flow needs of Council allowing for working capital requirements. The investment strategy takes into account the Council's operating needs. Once the Manager Finance has determined that the cash flow forecast is achievable and can meet operational requirements, then the surplus cash funds may be invested for a specified term.

It is the responsibility of the Manager Finance to assess the cost of direct investment management by Council relative to the return generated. This should be compared with the cost of investing funds with a capital guaranteed cash fund for example the Queensland Treasury Corporation (QTC) Capital Guaranteed Cash Fund.

A minimum of \$5 million is to be invested in a capital guaranteed cash fund or an approved cash management product. Category 1 investment power allows for investment with QTC Capital Guaranteed Cash Fund or Queensland Investment Corporation (QIC)s Cash Fund without further approval.

### 5.2.2. Authorised Investments

Council is allocated category 1 investment powers under the *Statutory Bodies Financial Arrangements Regulation 2019*. Without specific approval from Council or the Treasurer, local governments with category 1 investment power are limited to those prescribed by Part 6 of the SBFA, which include:

- interest bearing deposits
- QIC Cash Fund, and
- QTC Capital Guaranteed Cash Fund, debt offset facility, fixed rate deposit (up to 12 months and QTC Working Capital Facility)

### 5.2.3. Prohibited Investments

This policy prohibits any investment carried out for speculative purposes. The following investments are prohibited by this policy:

- derivative based instruments (excluding floating rate notes);
- principal only investments or securities that provide potentially nil or negative cash flow;
- stand-alone securities issued that have underlying futures, options, forward contracts and swaps of any kind; and
- securities issued in non-Australian dollars.

### 5.2.4. Portfolio Investment Parameters and Credit Requirements

The following table shows the credit ratings and counterparty limits for Council:

Short Term Rating (Standard and Poor's) or equivalent	Individual Counterparty Limit	Total Limit (Max % of Portfolio)
A1+	30%	100%
A1	15%	50%
A2 – Financial Institutions only	10%	30%

A3 – Financial Institutions only	5%	10%
Unrated	Nil	Nil
QIC/QTC Pooled Cash Management Fund	100%	100%

A Financial Institution is defined as an authorised deposit taking institution within the meaning of the *Banking Act 1959 (Cwlth), Section 5*.

It is noted that for the purpose of this above portfolio investment parameter, the percentage limits apply effective from the date of purchase as a percentage of the total value of the portfolio.

#### 5.2.5. Maturity

The maturity structure of the portfolio will reflect a maximum term to maturity of one year and includes an interest rate reset of no longer than six (6) months (185 days).

#### 5.2.6. Liquidity Requirement

Given the nature of the funds invested, no more than 20 percent of the investment portfolio will be held in non-liquid securities and at least \$5 million of the portfolio is to be on call or will mature within 0-7 days.

#### 5.2.7. Approved Lists

The Manager Finance shall prepare and maintain the following approved counterparty lists for the investment of funds:

- Approved Banks; and
- Approved Credit Unions.

#### 5.2.8. Breaches

Any breach of this policy is to be reported to the Chief Executive Officer and General Manager Finance and Corporate, if required, rectified as soon as practicable. The Finance Portfolio Councillor will report any breach that needs to be rectified to Council at the next meeting.

Where Council holds an investment that is downgraded below the minimum acceptable rating level, as prescribed under Regulation for the investment arrangement, Council shall within 28 days after the change becomes known to the local government, either obtain Treasurer's approval for continuing with the investment arrangement or sell the investment arrangement (including, for example, withdrawing a deposit).

#### 5.2.9. Safekeeping of records

Each transaction will require written confirmation by the bank. All security documents will be held by Council.

#### 5.2.10. Dealers and Brokers

All transactions undertaken on behalf of the investment portfolio will be executed by Council directly. This policy prohibits dealings with securities brokers.

### 5.3. Investment Guidelines

Council's investment portfolio should be realisable, without penalty, in a reasonable timeframe. The term to maturity of Council's fixed term investments should not exceed one (1) year. The Manager Finance may reduce these maturity limits to a shorter period.

Treasury and Council approval is required for investments with a period of greater than 12 months. This means approval is required from Council prior to submission to the Treasurer for approval.

#### 5.3.1. Short Term Debt Ratings

Short term refers to investments with an initial maturity of less than one (1) year.



Standard and Poor's short term ratings or equivalents to Moody's and Fitch.

	Standard & Poor	Moody's	Fitch
Superior	A1+	P-1	F1+
	A1		F1
Strong	A2	P-2	F2
Acceptable	A3	P-3	F3

#### 5.4. Reporting

The Manager Finance will prepare a detailed report to be included in the monthly finance meeting reports which includes an evaluation of the transactions, performance and compliance of the investment portfolio. The report will include:

- interest rate of all deposits;
- list of all deposits and the Financial Institution where held;
- maturity date
- dollar amount invested.

On an annual basis, this policy will be reviewed and amended, where required; any amendments are to be approved by Council prior to the implementation of the revised investment policy.

#### 6. DEFINITIONS

**At Call** means where the investment can be redeemed and the money invested can be retrieved by the investor from the financial institution within 30 days without penalty.

**Capital Guaranteed** means An investment fund that guarantees return of the full capital value of the investment.

**Category 1** means Investment power that permits a local government to invest in a range of highly secure investments either at call or for a fixed time of not more than one (1) year.

**Conflict of Interest** means A situation where an official's private interests may benefit from decisions or actions that they are entrusted to take.

**Investment Officer** means Individual responsible for the management of the investment portfolio. Could be an employee of Council.

**Investment Portfolio** means Pool of investments held by Council.

**Market Risk** means The risk that the value of an investment will decrease due to movements in market factors such as interest rates, foreign exchange rates, equity prices and commodity prices.

**Preservation of Capital** means an investment strategy with the primary goal of preventing losses in an investment's total value. In modern portfolio theory terms, it refers to a guaranteed investment of principal, which would provide a return of at least inflation.

**Yield** means the annual rate of return on an investment.

#### 7. LEGISLATIVE REFERENCE

*Banking Act 1959 (Cwth)*

*Local Government Act 2009*

*Local Government Regulation 2012*

*Statutory Bodies Financial Arrangements Act 1982*

*Statutory Bodies Financial Arrangements Regulation 2019*

**8. RELATED POLICIES/PROCEDURES**

Revenue Policy  
 Revenue Statement  
 Debt Recovery Policy

**9. NEXT REVIEW**

May 2021

**10. VERSION CONTROL**

Version	Revision Description	Approval Date
1	Policy Development	21 July 2010
2	Schedule Review	13 July 2011
3	Schedule Review	11 July 2012
4	Schedule Review	3 July 2013
5	Schedule Review	25 July 2014
6	Schedule Review	29 June 2015
7	Schedule Review	27 June 2016
8	Schedule Review	26 June 2017
9	Schedule Review	25 June 2018
10	Schedule Review	12 June 2019
11	Schedule Review	

Mark Pitt PSM  
**CHIEF EXECUTIVE OFFICER**

Date:

## 7.8 Debt Policy 2020/2021

### Document Information

**ECM ID** 2689374

**Author** Manager Finance

**Endorsed By** General Manager Finance and Corporate

**Date** 26 May 2020

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### Précis

Local Governments must prepare a Debt Policy as part of its system of financial management. The attached Debt Policy has been prepared for Council consideration.

### Summary

Section 104 of the *Local Government Act 2009* requires Local Governments to establish a system of financial management to ensure it is financially sustainable. One of three policies required in the system of financial management is the Debt Policy and is particularly mentioned at section 104(5) (c) (ii) of the *Local Government Act 2009*. These policies must be regularly reviewed and updated.

The *Local Government Regulation 2012* at section 192 requires the Debt Policy to be prepared and adopted for a financial year. The policy must state the new borrowings for the current financial year and the next nine (9) financial years.

The following Debt Policy has therefore been reviewed and developed for Council consideration. The proposed borrowings for the current year plus the next nine (9) financial years have been formulated to support the financial needs of Council to achieve the long-term Asset Management Plan.

All new borrowings have been factored into the long-term financial forecast.

### Officer's Recommendation

That South Burnett Regional Council Debt Policy – *Statutory 010* be adopted as presented.

### Financial and Resource Implications

Debt Service Payments as well the liabilities for all current and new borrowings have been factored into Council's Long-Term Financial Forecast and the 2020/2021 Budget. The operation and maintenance costs of the assets have been included in the long term financial forecast.

### Link to Corporate/Operational Plan

EXC1 Effective financial management – ensure Council's financial management planning is based on realistic, sustainable, equitable policies and practices.

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### **Communication/Consultation (Internal/External)**

It is expected that the identified projects would be subject to further consideration by Council taking into account community expectations, need and financial sustainability. The forward identified borrowings may change in line with Council's strategic priorities.

### **Legal Implications (Statutory Basis, Legal Risks)**

Borrowings are subject to a further and separate assessment by the Queensland Treasury Corporation (QTC) and the Department of Local Government, Racing and Multicultural Affairs.

### **Policy/Local Law/Delegation Implications**

The Debt Policy is consistent with the Long-Term Financial Forecast and the 2020/2021 Budget.

### **Asset Management Implications**

The identified projects for the forward borrowing program will have ongoing asset management implications, depreciation, renewal as well as operation and maintenance. These implications will be managed through the long-term Asset Management Plans.





POLICY CATEGORY-NUMBER: Statutory-010

POLICY OWNER: Finance

ECM ID: 2689374

MINUTE NUMBER:

ADOPTED:

## Debt Policy

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### 1. POLICY STATEMENT

South Burnett Regional Council (Council) recognises that loan borrowings (debt) for capital works are an important funding source and that the full cost of infrastructure should not be borne entirely by present day ratepayers and should also be contributed to by future ratepayers who will also benefit. Whilst recognising the importance of loan borrowings, Council will seek to reduce dependence on borrowings in order to minimise the impact on rating increases needed to fund the debt servicing and redemption.

Generally, Council will only borrow funds for the purpose of acquiring assets, improving facilities or infrastructure and/or substantially extending the useful life of income generating assets (e.g. water, sewerage, waste).

### 2. SCOPE

This policy is effective from the date of Council's resolution and will apply to the financial year from 1 July 2020 to 30 June 2021. The policy applies to all of Council's departments and provides guidance on the current financial year and the following nine (9) financial year's borrowing programs.

### 3. POLICY OBJECTIVES

The purpose of establishing a Debt Policy is to:

- Provide a comprehensive view of Council's long term debt position and the capacity to fund infrastructure growth for the South Burnett;
- Increase awareness of issues concerning debt management;
- Enhance the understanding between Councillors, community groups and Council staff by documenting policies and guidelines;
- Demonstrate to government and lending institutions that Council has a disciplined approach to borrowing.

### 4. BACKGROUND AND/OR PRINCIPLES

Section 192 of the *Local Government Regulation 2012* requires a Local Government's Debt Policy to state the details of new borrowings planned for the current financial year and the next

nine (9) financial years and the period over which the local government plans to repay existing and new borrowings.

*Section 104 (5)(c)(ii)* of the *Local Government Act 2009* (the Act) requires a local government to develop a Debt Policy as part of its financial management system. The Act also defines Council as a statutory body and subsequently Council's borrowing activities continue to be governed by the *Statutory Bodies Financial Arrangements Act 1982* (SBFA).

#### **4.1. Purpose of the Borrowings**

Council restricts borrowings to expenditure on identified capital projects that are considered by Council to be of the highest priority, and which cannot be funded from other sources of revenue. In no circumstances should Council borrow funds to finance recurrent expenditure or the operational activities of Council.

#### **4.2. Roles and Responsibilities**

Pursuant to *Section 192* of the *Local Government Regulation 2012* (the Regulation) detail of the proposed borrowing for the current year and the future 9 years will be prepared annually as part of the budget process.

All borrowings shall be obtained through Queensland Treasury Corporation (QTC) with applications outlining proposed borrowings to be forwarded for approval to the Minister responsible for Local Government. Council shall continue to use the full range of QTC's fund management services in order to enhance the Council's loan/redemption procedures to meet Council's policy criteria.

Credit reviews will be undertaken periodically by QTC on behalf of the Minister for Local Government.

Loan proceeds will be drawn down subject to cash flow requirements annually so as to minimise interest expense.

#### **4.3. Asset Management**

The Regulation requires Councils to effectively plan and manage their infrastructure assets, focusing particularly on ensuring the sustainable management of the assets mentioned in the local government's asset register. This may require Council to consider borrowings to fund identified priority infrastructure projects.

#### **4.4. Risk Management**

Council is committed to the management of risk so it is important that management policies, procedures and practices are in place to minimise Council's exposure to risk. Council will take into account the adopted Enterprise Risk Management Framework, Long-Term Financial Forecast and relevant Financial Sustainability Ratios and Measures.

#### **4.5. Loan Repayment Terms Proposed for New Loans**

Roads	10 - 20 years
Waste	15 – 20 years dependent on asset
Water	15 – 20 years
Sewerage	15 – 20 years
General	between 6 and 20 years dependent on asset

The borrowing term will not exceed the life of the asset to which it relates, in order to apportion costs on an equitable basis over future generations of ratepayers. Spreading the cost of these capital projects over a long-term will minimise the revenue impact on the community, as well as addressing the need and cost benefit of providing for infrastructure development immediately to meet expected future demographic needs.

Where borrowing is constrained, borrowings for infrastructure that provides a return on capital will take precedence over borrowings for other assets.

Where capital expenditure is deferred from one year to the next, the drawdown of approved loan funds will be reviewed to minimise interest expense.

Council will maintain close scrutiny of its level of debt to ensure its relevant financial sustainability indicators will not exceed the minimum limits recommended by QTC.

All external borrowings will be raised at the most competitive rates available, in accordance with the requirements of the State Government with the QTC the primary provider of loan funding.

When seeking long-term funding for the construction of infrastructure assets, Council will, wherever possible, use cash which is restricted for specific purposes as determined by Council.

Debt Service Payments for existing and new debt will be repaid to the QTC Debt Pool annually in advance in September each year.

#### **4.6. Proposed New Borrowings**

Council does not intend to borrow any money in the current financial year however, has planned borrowings of \$31.8 million over the following nine (9) financial years for the following identified projects:

##### Kingaroy Trunk Infrastructure Upgrades

The Kingaroy Trunk Infrastructure Upgrade projects are earmarked to:

- improve water supply system performance;
- reliability;
- ensure adequate customer levels of service are met;
- increase water supply distribution volumes to cater for current demand and future growth;

##### Gordonbrook Dam Wall Upgrade

This project is required to:

- meet legislative obligations under the *Water Supply (Safety and Reliability Act) 2008* and Dam Safety Condition DS 16 – Dam Upgrade to Minimum AFC Requirement's;
- increase the spillway capacity or dam infrastructure in order to achieve the Acceptable Flood Capacity (or 1 in 10,000 year event).

This project is not to increase the overall storage volume or height of the dam itself, but to provide adequate spillway capacity to prevent dam failure under extreme flood conditions.

##### Murgon Wastewater Treatment Facility

Murgon Wastewater Treatment Plant is nearing the end of its useful life with multiple assets requiring upgrades or improvements. This is necessary to ensure continual adequate wastewater treatment and water quality results under the current licence conditions. Upgrades will allow improved treatment capabilities and will also allow for recycling of wastewater.

#### **4.7. Loan Drawdowns**

QTC and the Department of Local Government, Racing and Multicultural Affairs approve proposed borrowing for a particular financial year. In order to minimise finance costs, loan drawdowns should be deferred as long as possible after taking into consideration Council's overall cash flow requirements.

#### **4.8. Existing Loans**

Existing loans will continue to be discharged at the initial repayment terms and interest rates, unless the repayment terms are altered by the QTC or if surplus funds become available, and it is advantageous to Council, apply excess cash reserves towards early repayment of debts.

**5. GENERAL INFORMATION**

Projected Borrowings 2020/2021-2029/2030 can be found in **Attachment A**.

**6. DEFINITIONS**

Loan Drawdowns refers to the time at which the loan is funded from QTC and provided to Council.

Current Financial year refers to the year 1 July 2020 – 30 June 2021.

**7. LEGISLATIVE REFERENCE**

*Local Government Act 2009*

*Local Government Regulation 2012*

*Local Government Financial Management (Sustainability) Guideline 2013*

*Statutory Bodies Financial Arrangements Act 1982*

*Statutory Bodies Financial Arrangements Regulation 2019*

**8. RELATED POLICIES/PROCEDURES**

Investment Policy

Revenue Policy

Revenue Statement

Asset Management Policy

Enterprise Risk Management Framework

**9. NEXT REVIEW**

June 2021



**10. VERSION CONTROL**

Version	Revision Description	Approval Date
1	Policy Development	21 July 2010
2	Schedule Review	13 July 2011
3	Schedule Review	11 July 2012
4	Schedule Review	3 July 2013
5	Schedule Review	25 July 2014
6	Schedule Review	29 June 2015
7	Schedule Review	27 June 2016
8	Schedule Review	26 June 2017
9	Schedule Review	25 June 2018
10	Schedule Review	12 June 2019
11	Schedule Review	17 June 2019

Mark Pitt PSM  
**CHIEF EXECUTIVE OFFICER**

Date:

**Attachment A**

**Proposed 10 year Borrowing Schedule**

<b>Borrowing Schedule 2021 - 2030</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2025/2026</b>	<b>Total</b>
<b>Water</b>				
Kingaroy Trunk Infrastructure Upgrades	\$ 5,000,000			\$ 5,000,000
Gordonbrook Dam Wall Upgrade		\$ 11,800,000		\$ 11,800,000
<b>Waste Water</b>				
Murgon Waste Water Treatment Facility			15,000,000	\$ 15,000,000
<b>Total Loan Borrowings</b>	<b>\$ 5,000,000</b>	<b>\$ 11,800,000</b>	<b>\$ 15,000,000</b>	<b>\$ 31,800,000</b>

**8. Portfolio - Roads & Drainage**

**8.1 Roads & Drainage Portfolio Report**

**Document Information**

**ECM ID** 2689174

**Author** Cr Gavin Jones

**Date** 12 June 2020

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**Précis**

Roads & Drainage Portfolio Report

**Summary**

Cr Jones presented his Roads & Drainage Portfolio Report to Council.

**Officer's Recommendation**

That Cr Jones's Roads & Drainage Portfolio Report to Council be received.

## **8.2 Asset Management plans for the Transport, Building, NRM and Parks, Waste, Wastewater and Water asset classes**

### **Document Information**

**ECM ID 2692941**

**Author Principal Engineer Infrastructure Planning**

**Endorsed  
By Manager Infrastructure Planning  
General Manager Infrastructure**

**Date 9 June 2020**

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### **Précis**

Asset Management plans for the Transport, Building, NRM and Parks, Waste, Wastewater and Water asset classes.

### **Summary**

Asset Management Plans have been developed to assist Council with balancing the financial, operational and risk constraints on the delivery of services to the community.

The Asset Management Plans cover the following items around delivering outcomes for the community:

- Financial planning and management
- Service planning and management
- Asset planning and management
- Data and information management

The various asset plans set out to demonstrate that Council is at or approaching a 'Core' status in asset management maturity for the various asset classes.

### **Officer's Recommendation**

That Council adopt the following Asset Management Plans:

- Transport Asset Management Plan
- Building Asset Management Plan
- NRM and Parks Asset Management Plan
- Waste Asset Management Plan
- Wastewater Asset Management Plan
- Water Asset Management Plan

### **Financial and Resource Implications**

The asset management plans are required to form part of Council's long term financial forecast. Council has undertaken comprehensive revaluations for all of its asset classes over the past two (2) years to provide an accurate assessment of cost to the organisation. Council has a number of

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financial indicators to report on and to assist the Queensland Audit Office with understanding each Council's corporate sustainability. Section 169 (5) of the *Local Government Regulation 2012* and in particular the Asset Sustainability Ratio (>90% per annum) is a mechanism to observe that Councils are investing depreciation near equivalent to asset replacement cost per year.

In addition, these plans also set out various financial and resource guidance for future decision making affecting Council operations including:

- Long term Opex and Capex programs;
- Improvement Plans which will link to operational plans; and
- Various strategic actions for management of Councils assets.

### **Link to Corporate/Operational Plan**

INF1 – Infrastructure that meets our communities needs

EXC1 – Effective financial management

### **Communication/Consultation (Internal/External)**

The development of these asset management plans has been undertaken by the relevant asset managers and workshopped with the whole of Council at its briefing on the 3 June 2020.

It is proposed in Council's Improvement Plans to undertake a community engagement strategy, seeking inputs from end users of delivered services. This will then assist Council's asset managers in understanding where the development of service and financial investment are directed towards the right assets in order to maximise their value to the community

### **Legal Implications (Statutory Basis, Legal Risks)**

The *Local Government Act 2009* requires Council to abide by the following relevant principle: *'Sustainable development and management of assets and infrastructure, and delivery of effective services;'*

Under Sections 167 and 168 of the *Local Government Regulations 2012*, Council is required to undertake the development of long-term asset management plans for a minimum of a ten (10) year period.

### **Policy/Local Law/Delegation Implications**

Council's policy is current, as it updated its *Asset Management Policy* in June 2019.

### **Asset Management Implications**

These Asset Management plans assist Council and its asset managers to manage the Councils assets in an efficient and financially responsible manner.

### **Report**

Council has invested significant resources in recording, mapping and updating its respective asset registers over the past two (2) years. Condition assessments have been inspected by multiple internal and external resources to assist with gaining an accurate representation and subsequently reporting on its asset classes.

Asset managers across Council have developed long term capital expenditure programs to assist with understanding their upcoming projects and their respective financial values. These values will assist with Council’s long term financial forecast which must state the respective expenditure for renewing, upgrading and extending the assets useful lives. The various classes have all been the subject of comprehensive revaluations to meet the Queensland Audit Office requirements, as well as gaining confirmation on the value of Council’s assets.

The template for these Asset Management Plans (AMP’s) are based on the industry standard *Institute of Public Works Engineering Australasia’s NAMS+* template incorporating principles of the international standard for Asset Management (ISO 55000).

An overview of the AMP’s seek to balance the operational, financial and corporate interest in assets and are reported under the following headings in Figure 1:

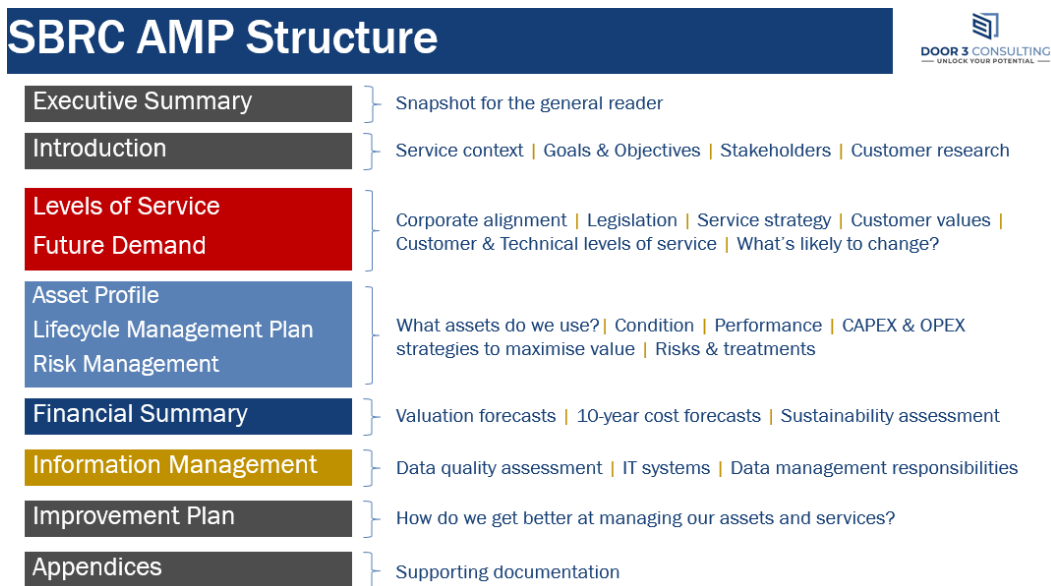
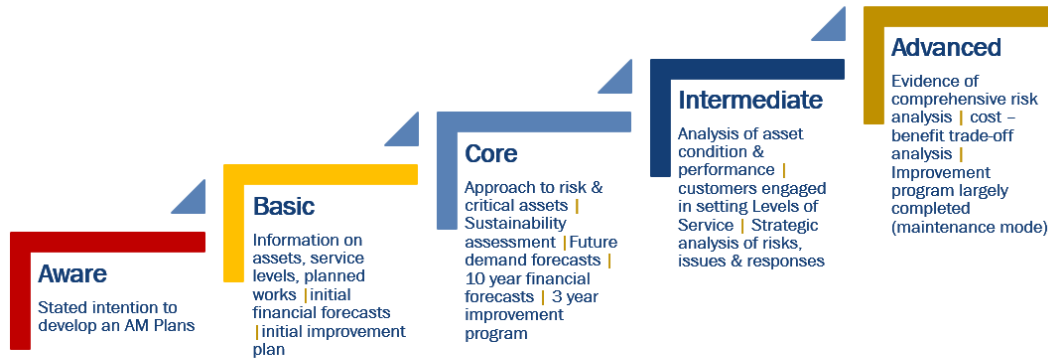


Figure 1: Asset Management Plan Structure

This Council is in its infancy for asset management and has not had accurate plans for its asset classes historically. These plans are a vital step in advancing the information for Council and the community on the condition and value of its assets. These plans will empower the Council to provide strategic direction across the different classes and assist them with understanding where the needs of the community are based. Each asset management plan has an improvement program which has various actions required to assist in the areas of data, governance, people, process and technology. These improvement programs will assist with strategic development through its links with Council’s Operational Plan.

These AMP’s are set out where each asset class is at in relation to the maturity matrix in Figure 2. The Transport and Water and Wastewater AMP’s are at a ‘Core’ level with the Waste, NRM and Parks and Building AMP’s at a ‘Basic’ level approaching ‘Core’. An item of improvement for this Council is to advance our maturity from a ‘Basic’ level towards having a strategic understanding of our assets under the ‘Intermediate’ and ‘Advanced’ banners.

# AMP Maturity Levels



Source: International Infrastructure Management Manual 2015 (p. 4|21)

Figure 2: Asset Management Maturity

In summary acknowledging the resources and time invested into developing the plans and understanding the items detailed in our respective Improvement Plans for each asset class, it is recommended that Council adopt the following Asset Management plans effective as at June 2020.

- Transport Asset Management Plan
- Building Asset Management Plan
- NRM and Parks Asset Management Plan
- Waste Asset Management Plan
- Wastewater Asset Management Plan
- Water Asset Management Plan

## Attachments

1. Transport Asset Management Plan
2. Building Asset Management Plan
3. NRM and Parks Asset Management Plan
4. Waste Asset Management Plan
5. Wastewater Asset Management Plan
6. Water Asset Management Plan



## ASSET MANAGEMENT PLAN

### Transport (Roads and Drainage)

10 June 2020

PO Box 336 Kingaroy Qld 4610 Phone 07 4189 9100 Facsimile 07 4162 4806

Email: [info@southburnett.qld.gov.au](mailto:info@southburnett.qld.gov.au) [www.southburnett.qld.gov.au](http://www.southburnett.qld.gov.au)

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## Document Control

Transport (Roads and Drainage) Asset Management Plan					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1.01	15/08/2019	Draft for Consultation	Darren Shepherd (Shepherd Services)		
1.02	03/09/2019	Meet and discussed Minor Changes	Darren Shepherd		
1.03	10/09/2019	Approved for consultation and distribution	Darren Shepherd	Aaron Meehan	
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### Notes

1. Primary number changes to Versions (e.g. V1.00 to V2.00) will be made when the document undergoes its regular review and when significant changes are made to standards and guidelines for inspections, intervention levels or works.
2. Secondary number changes (V1.00 to V1.01) will apply to minor amendments that do not materially impact the documents and are intended only to clarify or update issues.
3. This template is based on the 2019 NAMSPLUS template purchased from the Institute of Public Works Engineering Australasia.





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## Abbreviations

The following abbreviations are used in this document:

<b>AMP</b>	Asset Management Plan
<b>ABS</b>	Australian Bureau of Statistics
<b>DTMR</b>	Department of Transport and Main Roads
<b>FWP</b>	Forward Works Plan
<b>LCC</b>	Life Cycle Cost
<b>LCE</b>	Life Cycle Expenditure
<b>LoS</b>	Levels of Service
<b>LRRS</b>	Local Roads of Regional Significance
<b>IRI</b>	International Roughness Index
<b>SBRC</b>	South Burnett Regional Council
<b>QAO</b>	Queensland Audit Office
<b>PI</b>	Performance Indicator
<b>RACAS</b>	Road Asset Condition Assessment System
<b>R2R</b>	Roads to Recovery
<b>RUL</b>	Remaining Useful Life
<b>SL</b>	Service Level
<b>TIDS</b>	Transport Infrastructure Development Scheme
<b>VRACAS</b>	Virtual RACAS Software
<b>TAMMP</b>	Transport Asset Maintenance Management Plan



## 1.0 EXECUTIVE SUMMARY

### 1.1 The Purpose of the Plan

This plan covers the Council assets that provide road transport services.

The purpose of this plan is to document the current and required actions to sustainably provide Council-approved levels of service in the most cost-effective manner while appropriately managing the associated risks.

The plan sets out:

- What road-related services Council provides, to whom, and to what level.
- The whole-of-life costs of the assets used to deliver these services.
- The constraints, risks, challenges, opportunities, and options associated with the delivery of these services.
- The forecast level of funding required to sustainably deliver current levels of service over the life of this plan (10 years).

### 1.2 Service Overview

Road transport services included in this AMP are:

- Construction, maintenance and operation of:
  - Council-owned or managed sealed and unsealed roads (including kerbs and floodways)
  - Pathways within the road reserve (pedestrian and shared)
  - Bridges and major culverts
  - Urban stormwater drainage
  - Rural road drainage

Transport services excluded from this AMP are:

- Construction, maintenance and operation of:
  - Aerodromes
  - Pathways outside of the road reserve
  - Any Department of Transport and Main Roads (DTMR) roads.

### 1.3 Legislative Requirements

The pieces of legislation that regulate and inform how we deliver road transport services are shown [here](#).



#### 1.4 Asset Description

Council has a large and complex road network comprised of the following assets:

Table 1: Road Transport Asset Summary as at 30 June 2019

Asset Category	Quantity	Current Replacement Value	Accum. Depreciation	Written Down Value
Sealed Roads	1,413 km	431,742,203	128,936,067	302,806,135
Unsealed Roads	1,582 km	105,564,305	7,447,891	98,116,414
Floodways <sup>1</sup>		9,385,559	3,213,020	6,172,539
Stormwater drainage	58.5km	55,139,754	2,540,400	52,599,354
Kerb <sup>2</sup>	269 km			
Pathways	56 km	13,838,382	5,267,915	8,570,467
Bridges and major culverts	54	26,594,300	6,630,380	19,963,921
Traffic management devices		10,522,023	186,039	10,335,984
<b>Total value:</b>		<b>652,786,526</b>	<b>154,221,712</b>	<b>498,564,814</b>

Roads and drainage make up 56% of the Current Replacement Value (CRV) of Council's asset base.

#### 1.5 Levels of Service

Levels of Service for roads are determined by Council's [Road Hierarchy](#) which informs Council's *Road Design and Construction Standards*.

Council does not have complete Levels of Service defined for its road-related services. However, it has developed a draft *Transport Asset Maintenance Management Plan* (TAMMP) that guides road maintenance planning and action.

The TAMMP defines the [Technical Levels of Service](#) Council aspires to deliver.

#### 1.6 Future Demand

The South Burnett region had an estimated population of 32,747 in 2016. Using the medium series population projections<sup>3</sup> provided by the Queensland Government Statistician's Office (QGSO), it is estimated that the region's population will reach approximately 36,342 persons by the year 2036.

The other [drivers of demand](#) for road transport services considered in this plan were:

- The regulatory environment.
- Technological change.
- Environmental factors (e.g., climate change).
- Regional economic development.

<sup>1</sup> Quantity included in roads

<sup>2</sup> Valued as part of the road

<sup>3</sup> QGSO Population Projections 2016-2041





Change in demand is viewed as an influencing factor in the provision of Council's road transport services over the next 10 years. Consequently, Council will manage this demand through a combination of:

- Implementing the draft *Transport Asset Maintenance Management Plan* to manage existing road assets better.
- Executing the [strategies](#) put in place to maximise the value of Council's road and drainage services.
- Community consultation around levels of service.
- Engaging in strategic regional and economic planning with neighbouring Councils.

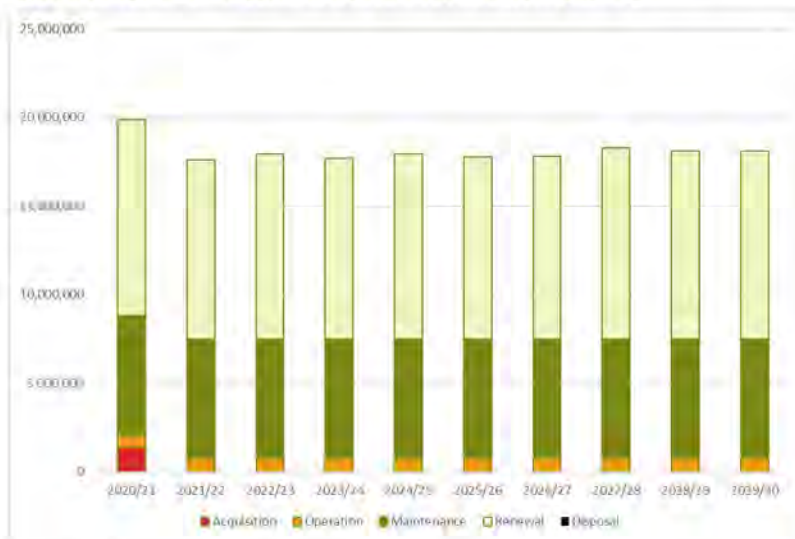
**1.7 Asset Lifecycle Management Plan**

**1.7.1 What does it cost to provide the current level of service?**

The forecast lifecycle costs necessary to provide the services covered by this Asset Management Plan includes operation, maintenance, renewal, acquisition, and disposal of assets.

Over the 10-year life of this plan, the total cost of providing road and drainage services is estimated to be approximately **\$181 Million** or about **\$18.1 Million** on average per year.

*Figure 1: Road and Drainage Whole of Life Asset Cost Forecast 2020/30*



**1.7.1.1 Operations and Maintenance (OPEX)**

The distinction between Operations and Maintenance is discussed [here](#). Asset Disposal is discussed [here](#).

**Maintenance**

The average annual maintenance cost for roads and drainage works is approximately **\$6.74 Million** per annum, which represents 1.2% of the gross replacement cost of these assets.

**Operations**

The average annual operations cost for roads and drainage works is approximately **\$749,000** per annum, which represents 0.1% of the gross replacement cost of these assets.



### 1.7.1.2 Capital (CAPEX)

Council takes an 'asset lifecycle' approach to managing its assets. This approach involves planning for asset [Acquisition](#) and [Renewal](#).

#### Renewals

Council's 10-year CAPEX program indicates that planned asset renewal for road transport assets is approximately **\$104.88 Million** over the next 10 years.

The average annual asset renewal cost for roads and drainage works is approximately **\$10.5 Million** per annum, which represents 1.6% of the gross replacement cost of these assets.

The breakup of the CAPEX program by Asset Type and Year is shown in the [Capital Investment Forecast](#) section.

#### Acquisitions

Planned new assets and upgrades for roads and drainage over the next 10 years are estimated to be approximately **\$1.36 Million**. It should be noted that the 10-year CAPEX program only forecasts asset acquisitions in 2020/21. The reasons for this are explained [here](#).

#### Disposals

[Asset Disposals](#) are currently treated as a OPEX expenditure. Council intends to review its [Work Category Definitions](#) to better align with the Australian Accounting Standards. It is expected that asset Disposals will be classified as OPEX expenditure.

Council is not currently planning to dispose of significant quantities of road and drainage assets.

## 1.8 Financial Summary

The reality is that only what is funded in the long-term financial plan (currently under development) can be provided.

The emphasis of this Asset Management Plan is to communicate the consequences of not being able to fund future Road Transport services and to explain the implications of that.

### 1.8.1 What we will do

Council will continue to provide the road transport services set out in this plan at the [levels of service](#) specified by Council provided that the forecast funding requirements are met.

### 1.8.2 What we cannot do

We cannot construct new road and drainage assets (or upgrade existing ones) without appropriate levels of funding. This includes maintenance and operations funding for the life of the new/ upgraded assets.

We cannot provide a level of service higher than that identified in the draft Transport Asset Maintenance Management Plan (TAMMP) without additional (and on-going funding).

### 1.8.3 Managing the Risks

Our present budget levels appear sufficient to continue to manage the risks associated with the road and drainage services in the medium term (5 years). However, in the longer-term (7 – 10 years), the shortfall in asset renewal funding compared with asset depreciation is likely to impact on the quality of road transport services.

The main risk consequences are:

- Deterioration of Council's road networks in the mid – long term.
- Increased occurrence and severity of road defects.





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

- Monitoring the condition and performance of our road and drainage assets.
- Improving our asset management maturity, especially around whole-of-life cost management and better asset lifecycle planning.

### 1.9 Asset Sustainability Assessment

The average [Asset Renewal Funding Ratio](#) for road and drainage assets over the next 10 years is **97%**.

The State target is 90%, so Council is expected to exceed this benchmark.

Anecdotally, Council appears to have an [unfunded maintenance backlog](#) for road and drainage assets, but this is yet to be quantified. This issue has been noted in the [AMP Improvement Plan](#).

On balance, it appears that Council's road transport services are financially sustainable based on current levels of service and funding, provided that the current level of external funding is maintained.

### 1.10 Asset Management Practices

#### Asset and Services Data Quality

The [quality of the data](#) relied upon for forecasts and projections contained in this Asset Management Plan is rated as **B** on the IPWEA [data confidence grading scheme](#).

#### Asset Information Management Systems

The [software applications](#) used to manage Council's roads and drainage asset data include:

*Table 2: Road and Drainage Software Applications*

Product	Purpose
<b>TechnologyOne</b>	Financial Management System Asset Management System Customer Request System Document Management
<b>MapInfo</b>	Geographical Information System (GIS)
<b>RACAS</b>	Road Asset Condition Assessment System

These applications are deemed generally fit-for-purpose. However, Council is implementing an interim mobile Work Order Management system (REFLECT) while it continues to explore options around the implementation of the *TechnologyOne* mobility solution for Work Orders. Council does not have a Strategic Asset Management system for asset lifecycle modelling.

### 1.11 Monitoring and Improvement Program

The next steps resulting from this asset management plan to improve asset management practices are shown [here](#). The key elements of this improvement plan are:

- Approve and implement the draft *Transport Asset Maintenance Management Plan* (TAMMP).
- Implement the interim mobile Work Order Management System (REFLECT).
- Resolve the issues around the calculation of asset depreciation so the Asset Renewal Sustainability Ratio can be calculated with confidence.



- Undertake a review of the road network and apply the new (draft) Road Hierarchy.
- Record and report on expenditures, with separate costs for operations, maintenance and capture capital expenditures as new, renewal or upgrade.
- Perform detailed surveys of pathway, stormwater drainage, bridge and major culvert assets and map into the GIS ready for the next revaluation.
- Develop a forward works program for asset renewals based on the analysed survey condition ratings for pathways and stormwater drainage.
- Review the methodology for determining remaining life, with detail assessment for assets requiring renewal in the medium term (next 10-20 years).
- Perform a comprehensive asset revaluation and review of depreciation for pathways and stormwater drainage.
- Undertake regular (3-year maximum interval) road condition assessments.



**2.0 Introduction**

**2.1 Background**

This Asset Management Plan (AMP) communicates Council's approach to (and requirements for) the sustainable delivery of road transport services.

Delivery of road transport services involves:

- Road asset and associated infrastructure, lifecycle management and planning.
- Capital works program development and delivery.
- Planned and reactive maintenance prioritisation and action.
- Road corridor management.

Council provides a large and diverse local road network that services the entire South Burnett region.

This AMP covers the assets that make up that network, namely:

- Sealed and unsealed roads
- Bridges and major culverts
- Stormwater drainage assets
- Kerbs
- Pathways
- Traffic management assets (roundabouts, traffic signals etc.)

Figure 2: South Burnett Region



The assets included in this plan have a total replacement value of **\$652,786,526** as at 30 June 2019.

A detailed profile of the assets covered in this Asset Management Plan is shown [here](#).

Council's road transport services are currently at a 'Core' level of [asset management maturity](#).

However, on-going investment and support are needed to improve our asset lifecycle and information management practices for these services.

This investment will enhance the quality of future iterations of this plan.

The AMP should be read in conjunction with other Council planning documents, specifically:

- Asset Management Policy (2019)
- Asset Management Strategy (2018)
- Transport Asset Maintenance Management Plan (TAMMP) *draft*





## 2.2 Goals and Objectives of Asset Ownership

Our goal in managing assets is to sustainably meet the Council-defined level of service (as amended from time to time) in the most cost-effective manner while adequately controlling risk.

The key elements of effective infrastructure asset management are:

- Defining a financially sustainable level of service that meet the needs of the community.
- Developing cost-effective, long-term management strategies for services.
- Taking an asset lifecycle approach to maximise the value of assets over their service life.
- Identifying, assessing and appropriately controlling risks.
- Monitoring the performance of Council's assets and services.
- Managing the impact of growth through both demand management and appropriate levels of infrastructure investment.
- Linking asset management activities to long-term financial planning so Council can identify what is required, and how it will be funded.

## 2.3 Planning framework

Key elements of the asset management planning framework needed to deliver on these goals are:

- Levels of service – specifies the services and levels of service to be provided,
- 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 the 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 2015<sup>4</sup>
- ISO 55000<sup>5</sup>

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<sup>4</sup> Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2| 13

<sup>5</sup> ISO 55000 Overview, principles and terminology



## 2.4 Core and Advanced Asset Management Planning

The *International Infrastructure Management Manual* defines five levels of asset management maturity.

Figure 3: Asset Management Maturity Levels<sup>6</sup>



The content of this plan indicates Council's Road Transport services are at a **Core** level of asset maturity.

The concepts of 'core' and 'advanced asset management' are discussed in Section 4.2.1 of the *International Infrastructure Management Manual 2015*. As a 'core' Asset Management Plan, this document includes:

- a review of strategic trends facing the Council and potential impacts on the asset stock, asset condition and performance against key indicators;
- long term financial forecasts for the 10-years 2019/20 to 2029/30;
- an assessment of the financial sustainability of the assets included in this plan; and
- an improvement plan for managing the assets.

However, the following caveats should be noted about the quality of information contained in this plan:

- This plan is based on the best available road transport asset information, but the quality of this data is [variable](#).
- Council has not identified its future new asset or asset upgrade requirements for this asset class beyond 2021.
- This plan represents Council's first attempt at forecasting its long-term financial requirements (CAPEX and OPEX) for this asset class.

Notwithstanding these caveats, the benefits of this plan are:

- It will assist Council to make informed decisions about its transport infrastructure;
- It documents Council's current methodology for managing the transport assets across the asset lifecycle;
- It identifies opportunities for improvement in the way Council operates and manages its road network;

<sup>6</sup> International Infrastructure Management Manual 2015 (p. 4|21)





- It documents Council's plan for improving its management practices of transport assets;
- It provides an initial assessment of the financial sustainability of the current road transport levels of service.
- Future versions of the plan will contain refined asset lifecycle cost forecasts based on improved asset data.

**2.5 Stakeholders**

Key stakeholders in this asset management plan are shown below:

*Table 3: Key Stakeholders in the Asset Management Plan*

Key Stakeholder	Role in Asset Management Plan
Councillors	<ul style="list-style-type: none"> <li>• Represent the needs of community and service level expectations.</li> <li>• Stewards of the community's assets.</li> <li>• Set organisation's risk appetite.</li> <li>• Set sustainable levels of service that meet community needs, by balancing levels of service, cost and risk considerations.</li> <li>• Endorsement of the asset management policy and plans.</li> <li>• Ensure the organisation is financially sustainable.</li> </ul>
Chief Executive Officer (CEO)	<ul style="list-style-type: none"> <li>• Overall responsibility for developing an asset management policy, plans and procedures and reporting on the status and effectiveness of asset management within Council.</li> <li>• Allocate resources to meet the organisation's objectives in providing services while managing risks;</li> <li>• Ensuring the organisation is financially sustainable</li> </ul>
Asset Management Group	<ul style="list-style-type: none"> <li>• Custodian of the corporate asset register and ensuring the asset valuations are accurate;</li> <li>• Preparation of asset sustainability and financial reports incorporating asset depreciation in compliance with current Australian accounting standards;</li> <li>• Asset Management System and Geographic Information System development and administration;</li> <li>• Develop 10 Year Capital Works Plans and budgeting;</li> <li>• Ensure funds are invested appropriately to ensure best value for money is delivered to the community;</li> <li>• Develop the maintenance standards deployed and Council's ability to meet technical and community levels of service.</li> </ul>
Staff	<ul style="list-style-type: none"> <li>• Verify the size, location and condition of assets;</li> <li>• Provide local knowledge detail on all infrastructure assets</li> <li>• Capital Works, Operation and Maintenance management to meet agreed levels of service;</li> <li>• Liaison internally with the Senior Management Team concerning asset prioritisation and planning.</li> </ul>



Key Stakeholder	Role in Asset Management Plan
The community (residents, businesses, property owners, developers)	<ul style="list-style-type: none"> <li>• Be aware of service levels and costs;</li> <li>• Participate in consultation processes;</li> <li>• Provide feedback on services.</li> </ul>
State and Federal Government	<ul style="list-style-type: none"> <li>• Provide Leadership in promoting Best Practice Asset Management;</li> <li>• Facilitate Training and Education;</li> <li>• Recognising the importance of LG Assets to the community and provide funding;</li> <li>• and other assistance to sustain.</li> </ul>

Council's organisational structure for service delivery for road transport assets is detailed below.

Figure 4: Infrastructure Division: Transport Related Functions



## 2.6 Customer Research and Expectations

Council currently gauges customer satisfaction and expectations around road transport levels of service through:

- Analysis of customer service requests.
- Gathering stakeholder feedback during community Listening Tours.

Future revisions of the asset management plan will incorporate customer consultation on service levels and costs of providing the service. This will assist the Council in matching the necessary level of service, service risks and consequences with the customer's ability and willingness to pay for the service.



### 3.0 LEVELS OF SERVICE

#### 3.1 Strategic and Corporate Goals

This asset management plan is prepared under the direction of the South Burnett Regional Council vision, mission, goals and objectives as set out in the *Corporate Plan 2018/19 to 2022/23*.

Our organisational mission is:

***South Burnett Region, working together building a strong, vibrant and safe community***

Council has articulated five strategic priorities in the Corporate Plan 2018-2023:

- Enhancing our Community
- Growth and Opportunity
- Our Environment
- Infrastructure
- Organisational Excellence

Our vision for infrastructure is:

***The provision of quality services and infrastructure for our community that is planned, provided and managed on sound asset management principles***

Below are our of our goals and objectives for road transport assets as well as how these are addressed in the asset management plan.

*Table 4: Road Transport Service Goals<sup>7</sup>*

Goal	Objective	How Goal and Objectives are addressed in the Asset Management Plan
<b>INF1</b> Infrastructure that meets our communities needs	INF1.1 - Provide and maintain road infrastructure as per sustainable asset management practices	<ul style="list-style-type: none"> <li>▪ Optimise the delivery of the approved Capital Works and asset maintenance programs.</li> <li>▪ Maximise the value of our network through effective asset lifecycle management and planning.</li> </ul>

<sup>7</sup> From the Corporate Plan 2018 - 2023





### 3.2 Legislative Requirements

Legislative requirements that impact the delivery of the road transport service are outlined below.

Table 5: Legislative Requirements

Legislation	Requirement
Local Government Act 2009 & Local Government Regulation 2012	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.
Transport Infrastructure Act 1994	To provide public access to roads, to classify roads, to act as the local road authority, to carry out certain functions, e.g. road works and to regulate activities on public roads.
Work Health and Safety Regulation 2011	Sets out roles and responsibilities to secure the health, safety and welfare of persons at work.
AS 1742 (Traffic)	To ensure compliance and uniformity with traffic control devices.
Australian Road Rules	To ensure compliance and uniformity with road rules in the State and elsewhere in Australia
The Australian Accounting Standards	The Australian Accounting Standards Section 27 (AAS27) requires that assets be valued, and reported in the annual accounts, which also includes depreciation value (i.e. how fast are these assets wearing out).
Environmental Protection Act 1994	Sets out guidelines for land use planning and promotes sharing of responsibilities between various levels of government in the state.
Civil Liability Act 2003 and Civil Liability Regulation 2014	To manage negligence, elements of a claim, duty of care, standard of care and causation and to address the requirements of sections 35 and 37.

### 3.3 Service Strategy

#### 3.3.1 Maintenance Strategy<sup>8</sup>

Over the past two years, Council has undertaken a data collection and asset condition assessment of the entire road transport network. Using this data, Council has developed a new strategic asset management approach for unsealed network renewals and maintenance to support a sound investment strategy.

Several asset lifecycle management models have been created from the asset and condition data to ensure a balanced program that achieves long-term financial sustainability and a significant reduction in the asset maintenance backlog.

Council has also developed a draft *Transport Asset Maintenance Management Plan* (TAMMP) to articulate its technical levels of service for Roads and the design, construction and maintenance standards that underpin the new service standards.

Council has adopted a new road maintenance strategy that involves:

<sup>8</sup> Adapted from the 2018-19 Annual Report p.76



- increasing its resheeting program substantially over the next 3 years to increase gravel coverage; and
- introducing a new two-tier road maintenance program.

Council's new maintenance program has established a service target for unsealed roads, namely:

- every formed road will be graded at least once a year through either resheeting, heavy formation grade or patrol grading.

The maintenance program allows for regular programming at least 3 months in advance which is available to the public on Council's website at all times.

This approach has significantly reduced customer complaints through:

- The implementation of proactive maintenance and quarterly grading programs.
- Allowing the heavy formation program to target roads that have gravel and can be restored to remove significant defects and ensure that drainage functions effectively.
- Enabling Council officers to efficiently respond with accurate information about when works are likely to occur.

These initiatives will ensure more timely maintenance provides continued protection of the road network and gives the community level of service that it can clearly see and rely upon.

### 3.3.2 Asset Acquisition and Renewal Strategy

Council's Road asset acquisition and renewal strategy can be summarised as:

- Prioritise the renewal of existing assets over new assets, guided by the 90% [asset sustainability ratio](#) target set by the Queensland government.
- Develop prioritisation mechanisms for asset replacement and upgrade programs to make the order of work more transparent to staff and the community.
- Attempt to fund the road asset renewal budget to an amount equivalent to annual asset depreciation over the life of the CAPEX program (10 years).
- Focus on improving the unsealed road network, particularly through gravel resheeting.
- Continue asset data collection and condition assessment to inform asset maintenance and renewal prioritisation.
- Review the Road hierarchy to ensure road levels of service are both fit-for-purpose and financially sustainable.

### 3.4 Customer Values

Service levels for these services are currently based on Council's draft *Transport Asset Management Maintenance Plan (TAMMP)*.

In future, Council intends to include customer values when setting levels of service, specifically:

- what aspects of our transport services are important to the customer.
- The customers' perception of value-for-money of Council's transport services.

This information will be included in future iterations of this Asset Management Plan.





### 3.5 Customer Levels of Service

Customer Levels of Service are **external measures** that focus on **how the customer experiences the service**. They exist to express the value of the service in customer terms.<sup>9</sup>

Customer Levels of service are usually framed in terms of:

- |                     |   |
|---------------------|---|
| <b>Function</b>     | What is the 'job to be done' by the service? This what the customer needs/ wants it to do?                    |
| <b>Quality</b>      | How 'good' is the service from the customer's perspective? Do they think the service is good value for money? |
| <b>Capacity/Use</b> | How often does the customer use the service? Is it available when they need it?                               |

Customer Levels of Service should inform Council's internal [Technical Levels of Service](#).

Council has not formally defined its Customer Levels of Service. Consequently, they will be developed for future iterations of this Asset Management Plan.

### 3.6 Known Customer Service Issues

The following customer service issues have already been identified for this service:

#### 3.6.1 Critical Issues:

- No known critical issues (i.e., that affect human health and safety)

#### 3.6.2 Chronic Issues:

- Time delays in addressing reported problems on the road maintenance backlog. This is a function of resourcing (i.e., there is only so much we can do within the annual budget).

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<sup>9</sup> IPWEA, 2015, IIMM, p 2|28.



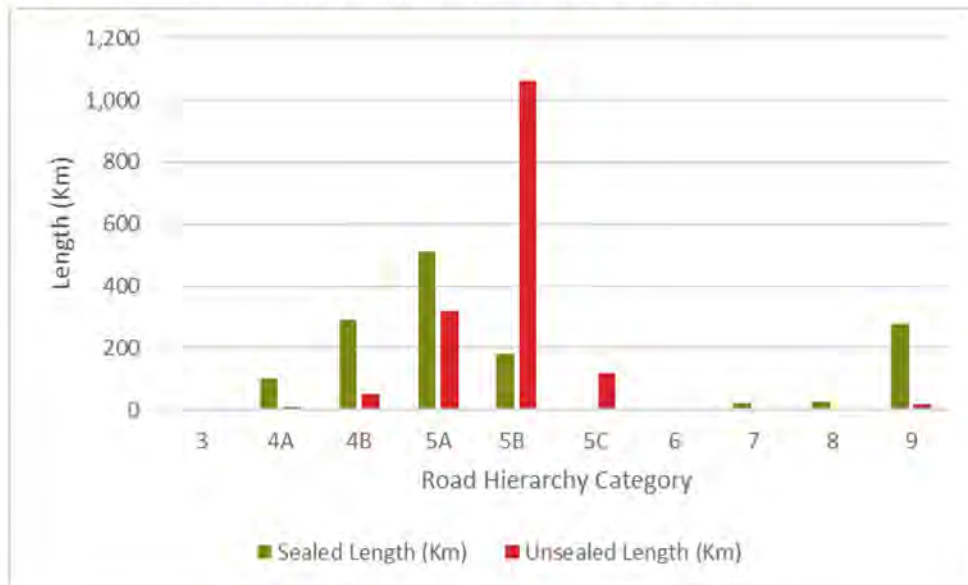
### 3.6.3 Service Hierarchy

Council uses a hierarchical road classification system to determine levels of service. Road construction, renewal and maintenance standards are based on the function of the road. Council is in the process of reviewing its Road Hierarchy. The distribution of Council's road network under the current hierarchy is shown below. Details of both the current and proposed Road Hierarchies are shown in [Appendix B](#).

Table 6: SBRC Road Classification Hierarchy Distribution as at 30 June 2019

Class	Road Type	Sealed Length (m)	Unsealed Length (m)
3	Rural Arterial Road	3,150	-
4A	Principal Rural Road	101,896	8,083
4B	Rural Collector	288,487	52,577
5A	Rural / Rural Residential Access	511,567	319,255
5B	Minor Rural Access	180,577	1,064,019
5C	Unformed Roads	1,288	118,462
6	Urban Arterial Roads	2,413	-
7	Urban Collector Roads	22,322	-
8	Urban Feeder Roads	24,936	33
9	Urban Local Roads	276,556	19,265
<b>Total road length (m):</b>		<b>1,413,192</b>	<b>1,581,694</b>

Figure 5: Road Network Distribution by Road Type and Hierarchy as at 30 June 2019





**3.7 Technical Levels of Service**

Technical Levels of Service are **internal measures** that focus on Council's **performance of activities** required to meet Customer Levels of Service. Technical Levels of Service exist to monitor progress towards achieving desired customer outcomes and demonstrating effective performance.<sup>10</sup>

The table below shows the activities expected to be provided under the current Planned Budget allocation, and the Forecast activity requirements being recommended in this Asset Management Plan.

**3.7.1 Sealed Roads**

*Table 7: Technical Levels of Service: Sealed Roads*

Key Performance Measure	Level of Service	Performance Measure	Performance Target	Current Performance
<b>COMPONENT – SURFACE</b>				
Maintain A Sound Running Surface Cost-Effectively While Only Servicing Roads When Required.				
Asset Condition	Sealed surface condition maintained to provide an adequate running surface	Defect % by Area for the following defects. Stripping Cracking	Surface enrichment is based on intervention criteria: <u>Criteria A:</u> Intervention if % of Surface Defects >50% by Area (stripping and cracking-fix before the pavement is exposed). <u>Criteria B:</u> IRI >9 and % Pavement Defects >60% to avoid resurfacing a failing pavement and surface defects is not greater 50% by area to avoid pavement rehab of a new seal.	Condition 1=33% of total network, which is a great % in condition 1. Condition 9&10=2% of total network and are to be renewed in year 1 and is planned.
Delivery Measure		Cost/yr	Council have developed a 10-year program based on the assigned service levels.	Current spend \$2.49m, and Service Level is generally being met based on current spend.
Safety	Remove hazards	Respond to complaints or rolling inspection program	In accordance with SBRC Transport Asset Maintenance Management Plan (TAMMP)	No Available data

<sup>10</sup> IPWEA, 2015, IIMM, p 2|28.





Key Performance Measure	Level of Service	Performance Measure	Performance Target	Current Performance
<b>COMPONENT – PAVEMENT (including KERB as these are generally renewed with pavements)</b>				
Maintain A Structurally Sound Road Pavement Cost-Effectively While Only Servicing Roads When Required.				
Condition Measure	Sealed Pavement. Condition maintained to provide an adequate running surface	Defect % by Area for the following defects. Rutting Failures And International Roughness Index	Criteria: $\geq$ IRI 9 and % of Pavement Defects $>60\%$ (rutting and failure)	Total of 17km met that criteria with another 28km that are expected to meet that criteria in the next 5 years.
Delivery Measure		Annual Cost	Council have developed a 10-year program based on the assigned service levels.	Average from 3 yrs. Pavement rehabilitation spend \$511 k. There are gaps in funding, yet Council have committed to funding the future program of works.
Safety	Remove hazards	Respond to complaints or rolling inspection program	In accordance with SBRC Transport Asset Maintenance Management Plan (TAMMP)	No Available data

### 3.7.2 Unsealed Roads

Table 8: Technical Levels of Service: Unsealed Roads

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>COMPONENT – SURFACE (GRADING)</b>				
Maintain an Adequate Running Surface Condition Cost-Effectively While Only Servicing Roads When Required.				
Condition Measure	Graded km per Road Class (based on Modelling tool and IRI intervention)	Measure in terms of International Roughness Index	Criteria: Intervention for Roughness Condition $\geq$ IRI 8 before engaging full maintenance. Transitioning to condition methodology in the SBRC Transport Asset Maintenance Management Plan (TAMMP) for	Average IRI in February 2018 was 6.2 and in July 2019 was 5.92. Indicating that council are improving the maintenance on unsealed roads.



Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
			programmed maintenance	
Delivery Measure	Graded km (based on Modelling tool and IRI intervention)	Modelling Tool determines the estimate km that would be graded to meet Condition criteria.	1,464 km per year	Achieved 100% of grading.
Delivery Measure	Cost		Total \$2.5M to achieve an IRI of 9 and better.	\$2.7m achieved in 2018/19.
Safety	Remove hazards	Based on visual guideline and procedure for repair time frames	In accordance with SBRC Transport Asset Maintenance Management Plan (TAMMP)	No available data.
<b>COMPONENT – PAVEMENT (RESHEETS)</b>				
Maintain A Gravel Pavement for Wet Weather Access Within Funding Restraints.				
Condition Measure (subgrade a measure of wet weather accessibility)	Adequate Wet weather access	Assessed as % of Gravel Material visually presented by Length	Council plan to fund 50% in this plan. Some of the improvements have come via the external funding that has assisted council in achieving 72%.	Survey result of current Gravel Coverage by Length as % Class 4A=99% Class 4B=87% Class 5A=77% Class 5B=52% Class 5C=68% Class 5D=68% Class 9A=83% Class 9B=73% Average is 74%
Delivery Measure	Cost	Cost per year (Measure of cost-effectiveness)	\$3.2M/year is estimated to obtain following Gravel Coverage;  Class 4A=50% Class 4B=50% Class 5A=50% Class 5B=30%	\$6.1m is budgeted for 2019/20. Council is injecting significant funding to meet the proposed service levels.
Safety	Remove hazards	Based on visual guideline and	In accordance with SBRC Transport Asset Maintenance	No data available





Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
		procedure for repair timeframes	Management Plan (TAMMP)	

### 3.7.3 Pathways

Table 9: Technical Levels of Service: Pathways

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>COMPONENT – PATHWAYS</b>				
Service Description: Council to provide accessible and safe pedestrian facilities.				
Condition Measure	Council to provide accessible and safe pedestrian facilities	Footpath assessments are completed on an annual rolling inspection program focussing on the development of a prioritised works program.	Using a condition rating process as described <a href="#">here</a> . Future works are for condition 9 & 10. Isolated failures should be repaired immediately.	Recommend pathways inspections every 2 years.
Delivery Measure	Council to provide accessible and safe pedestrian facilities	Annual Cost	Council have developed 10-year program based on the assigned service levels.	Current spend \$100 k, and Service Level is being met based on current spends.
Safety	Remove hazards	Respond to complaints or rolling inspection program	In accordance with SBRC Transport Asset Maintenance Management Plan (TAMMP)	No Available data

### 3.7.4 Stormwater Drainage

Table 10: Technical Levels of Service: Stormwater Drainage

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>ALL COMPONENTS</b>				
Maintain an adequate drainage network to support the road surface				
Condition Measure	Maintain an adequate drainage network to support the road surface condition so vehicles can pass over the road	Structural integrity, via annual visual inspections of the oldest asset stock, to produce	Using a condition rating process as described <a href="#">here</a> . Future works are for condition 9 & 10.	Current 2019 survey is being analysed.



Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
	under normal weather conditions.	forward works program.		
Delivery Measure		Annual Costs	Once the current survey data is analysed, the Council staff intend to model renewals and program works based on condition.	No record of spending.  Suggest reviewing condition and valuation data.
Safety	Remove hazards	Respond to complaints or rolling inspection program	In accordance with SBRC Transport Asset Maintenance Management Plan (TAMMP)	No Available data



### 3.7.5 Bridges and Major Culverts

Table 11: Technical Levels of Service: Bridges and Major Culverts

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>ALL COMPONENTS</b>				
Maintain an adequate Bridge or major drainage structure to support the road surface condition so vehicles can pass over the road under normal wet weather conditions.				
Condition Measure	Maintain an adequate bridge structure to support the road surface condition so vehicles can pass over the road under normal weather conditions.	Structural integrity, via visual inspections to produce forward works program.	Refer to level 2 inspection reports performed 2019.	Refer to level 2 inspection reports performed 2019.  All structures are managed per the TAMMP and the <i>DTMR Structures Inspection Manual</i> .
Delivery Measure		Annual Costs	Expenditure in accordance with the SBRC Structure Management Plan.	No Available data
Safety	Remove hazards	Respond to complaints or rolling inspection program	In accordance with SBRC Transport Asset Maintenance Management Plan (TAMMP)	No Available data



## 4.0 FUTURE DEMAND

### 4.1 Demand Drivers

The drivers of demand for transport services that were considered in the development of this plan are:

- Population change
- The regulatory environment
- Technological change
- Environmental factors (e.g., climate change)
- Economic factors (e.g., regional development)

Other drivers of demand not considered in the development of this iteration of the plan:

- Demographic change
- Customer preferences and expectations

These drivers may be considered in future iterations of the AMP.

The primary driver of demand for transport services is population growth.

### 4.2 Demand Forecasts

#### 4.2.1 Population Change

The South Burnett region had an estimated population of 32,747 in 2016<sup>11</sup>. Using the medium series, the projected population will reach approximately 36,342 persons by the year 2036.

Total future population growth over the next 20 years is predicted to be 3,595 persons (11%).

Table 12: South Burnett Population Growth Estimates 2016-41 (QGSO)

Projected Population				Average Annual Change (Medium Series)	
Year	Low Series	Medium Series	High Series	Number	%
2016	32,747	<b>32,747</b>	32,747		
2021	32,799	<b>33,017</b>	33,255	<b>270</b>	0.82%
2026	33,422	<b>34,170</b>	34,955	<b>1,153</b>	3.49%
2031	34,009	<b>35,295</b>	36,650	<b>1,125</b>	3.29%
2036	34,469	<b>36,342</b>	38,320	<b>1,047</b>	2.97%
2041	34,720	<b>37,107</b>	39,643	<b>765</b>	2.11%

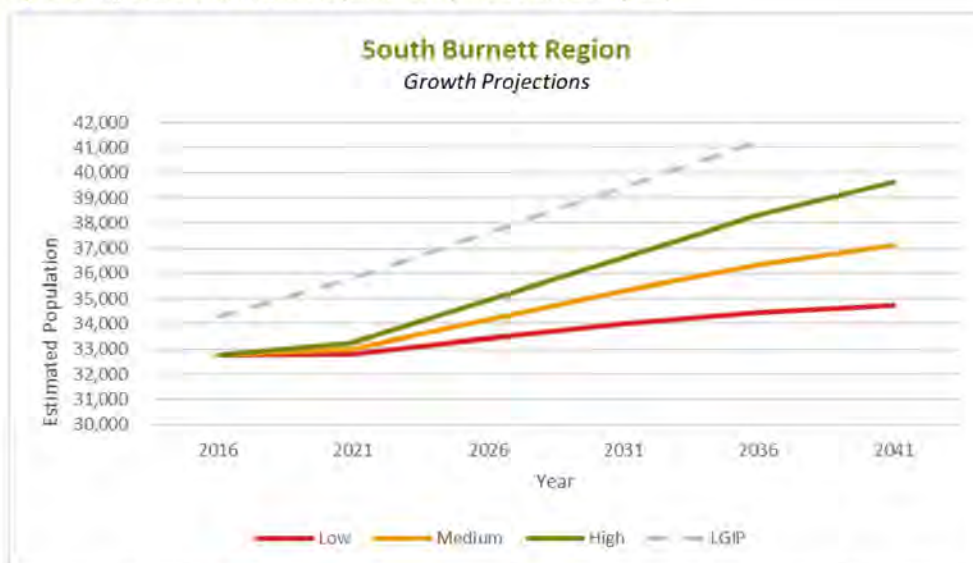
During the preparation of this plan, it was noted that the statistical projections from the Queensland Government Statistician's Office (QGSO) were significantly different from those used in the development of Council's *Local Government Infrastructure Plan (LGIP)*.

<sup>11</sup> 'Projected population by local government area, Queensland, 2016 to 2041' Queensland Government Statistician's Office.





Figure 6: Regional Growth Projections (2016 – 2041): QGSO and LGIP (ABS)



It appears that the LGIP used data directly from the 2016 Census undertaken by the ABS. As the QGSO website makes clear, there are several problems with using the raw Census data for population projection, so we have chosen to use the QGSO data.

Notwithstanding this, we have noted this issue in the [AMP Improvement Plan](#).

#### 4.3 Demand Impact and Demand Management Plan

Since changes in demand for road services is viewed as influencing this class of assets over the next 10 years, Council plans to manage demand through a combination of:

- Implementing the draft *Transport Asset Maintenance Management Plan* to manage existing road assets better.
- Executing the [strategies](#) put in place to maximise the value of Council's road and drainage services.
- Community consultation around levels of service.
- Engaging in strategic regional and economic planning with neighbouring Councils.

#### 4.4 Asset Programs to meet Demand

Council's plan for renewing its existing transport asset base is discussed [here](#).

Any new transport assets required to meet demand may be acquired, constructed donated by third parties (e.g., property developers).

The planned new asset and upgrades for the next 10 years to cater for future demand projections and service requirements are discussed [here](#).

It should be noted that acquiring new assets will commit Council to ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required.





Forecasts will be developed for future asset construction, operations, maintenance and renewal costs for inclusion in the long-term financial plan. Refer to the [Lifecycle Management Plan](#) and [Financial Summary](#) sections of this plan for details.

**4.5 Climate Change and Adaption**

The impacts of climate change can have a significant impact on our assets and services. In the context of the Asset Management Planning process, climate change can be considered as both a driver of future demand and as a risk.

The degree to which climate change impacts on an asset will depend on the asset’s location, function and resilience.

In planning for the future, we need to consider:

- how to manage the effect of climate change impacts on our existing assets; and
- how to create climate change resilience into any new works or acquisitions.

Opportunities identified to date for management of climate change impacts on existing assets are shown in the table below.

*Table 13: Managing the Impact of Climate Change on Assets*

Climate Change Description	Projected Change	Potential Impact on Assets and Services	Management
Increased frequency and severity of storm events	Increasing number of declared disaster events.	Increased service disruption due to road damage or obstruction. Increased road and drainage maintenance requirements. Shorter useful life of road-related assets. Increased asset impairment expense.	Increased focus on planned and preventative maintenance.

Additionally, how we construct new assets should recognise that there is an opportunity to build in resilience to climate change impacts. Buildings resilience will have benefits:

- Assets will withstand the impacts of climate change.
- Services can be sustained.
- 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 iterations of this plan.

**4.6 Technological Change**

Technological change is likely to increasingly impact on Transport services over the life of this plan.

The key information technology changes we see impacting on Transport assets are discussed [here](#).

In addition, Council is currently exploring opportunities to use new road construction and maintenance technologies, including increasing the use of recyclable road construction materials.



It is unlikely that autonomous vehicles will have an impact on the life of this plan. However, Council will monitor developments in this space because of the impact they would have on Council's transport network.



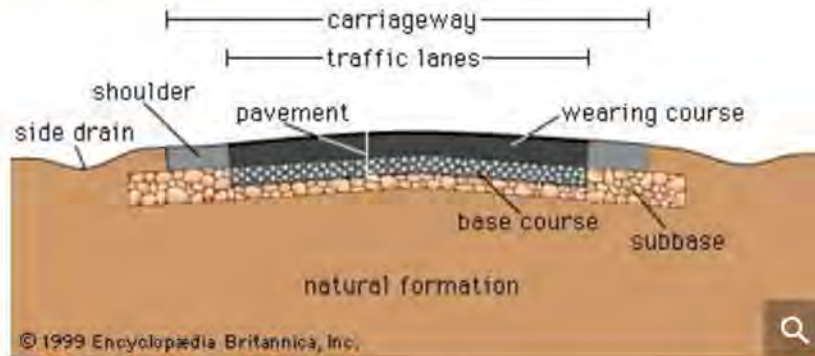
## 5.0 ASSET PROFILE

### 5.1 Asset Hierarchy

An asset hierarchy provides a framework for structuring data in an information system to assist in collection of data, reporting information and making decisions.

The common asset components of a road are shown below:

Figure 7: Road Asset Components<sup>12</sup>



The road asset hierarchy below includes all the asset categories and components used by Council for asset planning and financial reporting.

Figure 8: SBRC Road Asset Hierarchy

Asset Category	Asset Sub-category
Sealed Roads	Surface-Primer Seal
	Surface-Spray Seal
	Sub-base
	Base
	Surface (Concrete)
	Surface (Asphalt)
	Formation
Unsealed Roads	Surface
	Base
	Formation
Kerbs	Kerb

<sup>12</sup> <https://www.britannica.com/technology/road/The-modern-road> (retrieved 13/05/2020)



Asset Category	Asset Sub-category
Pathways	Pathways - Pedestrian
Stormwater Drainage	Covers, Inlets and Outlets
	Stormwater Drainage - Pipes
Bridges & Major Culverts	Road Bridge
	Major Culvert
	Pedestrian Bridge
Traffic Management Devices	Median
	Roundabout
	Pedestrian Crossing

## 5.2 Asset Quantities and Values

Council's road transport assets are valued at fair value (cost to replace service capacity) and depreciated using the straight-line method over their useful lives.

The value of the road transport assets as at 30 June 2019 are shown below.

Current (Gross) Replacement Cost **\$ 652,786,526**

Depreciated Replacement Cost<sup>13</sup> **\$ 498,564,814**

Annual Depreciation **\$ 10,268,533**

These values are comprised of the following components:

Table 14: Road Transport Asset Valuation Summary as at 30 June 2019

Asset Category/ Sub-category	Qty	Current Replacement Cost (\$)	Written Down Value (\$)	Annual Depreciation (\$)
Sealed Roads				
Sealed Surface	1,413,192 m	\$75,715,010	\$44,896,286	\$3,025,315
Sealed Pavements	1,413,192 m	\$269,921,692	\$181,915,049	\$2,874,385
Sealed Formation		\$62,900,590	\$62,900,590	\$0
Unsealed Roads				
Unsealed Pavements	1,581,694 m	\$43,286,013	\$35,838,123	\$3,091,858
Unsealed Formation		\$62,278,292	\$62,278,292	\$0
Bridges   Major Culverts		\$26,594,300	\$19,963,921	\$279,418
Major Culverts	29			

<sup>13</sup> Also reported as Written Down Value, Carrying or Net Book Value.





Asset Category/ Sub-category	Qty	Current Replacement Cost (\$)	Written Down Value (\$)	Annual Depreciation (\$)
Bridges	22			
Pedestrian Bridges	3			
Stormwater Drainage		\$55,139,754	\$52,599,354	\$306,332
Covers, Inlets & Outlets	2,522			
Pipe	58,445 m			
Floodways		\$9,385,559	\$6,172,539	\$115,495
Traffic Management Devices		\$10,522,023	\$10,335,984	\$87,684
Pathways		\$13,838,382	\$8,570,467	\$125,470
Kerb		\$23,204,911	\$13,094,211	\$362,577
<b>Grand Total</b>		<b>\$ 652,786,526</b>	<b>\$ 498,564,814</b>	<b>\$ 10,268,533</b>

This asset class was revalued in June 2019 and the following changes were noted in the Valuer's report:

1. The Current Replacement Cost (CRC) for this asset class **increased by 5.7%**. This was predominately due to:
  - a. An increase in unit rates and road segment width areas being rebuilt as Council is improving the accuracy of its asset attributes.
2. The Written Down Value (WDV) for this asset class **decreased by 8.38%**. This is predominately due to:
  - a. A full visual assessment of the network which affects remaining life and thus the fair value.
3. The Annual Depreciation Expense **increased by 34.97%** which is a reflection in of the service levels selected and their relationship with useful life by SBRC for major asset types of sealed surfaces and pavements and unsealed pavement.



### 5.3 Asset Useful Lives

#### 5.3.1 Typical Asset Useful Lives

Road transport asset lives were last reviewed in 2019.<sup>14</sup>

These typical useful lives were developed through modelling, assessment and engineering methodology. Standardising useful lives across this asset class has improved the accuracy of remaining useful life estimates.

Table 15: Typical Useful Lives for Road Transport Assets

Asset Category	Asset Sub-category	Typical Useful Life (Years)
Sealed Roads	Surface-Primer Seal	64
	Surface-Spray Seal	15
	Sub-base	192
	Base	64
	Surface (Concrete)	80
	Surface (Asphalt)	25
	Formation	1000
Unsealed Roads	Surface	0
	Base	14
	Formation	1000
Kerbs	Kerb	64
Pathways	Pathways - Pedestrian	120
Stormwater Drainage	Covers, Inlets and Outlets	180
	Stormwater Drainage - Pipes	180
Bridges & Major Culverts	Road Bridge	100
	Major Culvert	100
	Pedestrian Bridge	80
Traffic Management Devices	Median	120
	Roundabout	120
	Pedestrian Crossing	120

<sup>14</sup> Road Transport Asset Revaluation



**5.3.2 Remaining Useful Lives**

There is a relationship between asset useful life and some of the major service levels chosen by council. For road assets, service levels relate to the condition of the road and are measured differently for each asset type.

**5.3.2.1 Sealed Road Surfaces**

For sealed road surfaces, the remaining useful life is related to the percentage of the surface area affected by cracking and stripping.



During the 2019 Road Revaluation, the consultants advised that the percentage of defects and asset useful life relationship generally looks like the table below.

Useful Life	Surface Defects by % Area
10	'0-10
11	'10-20
12	'20-30
13	'30-40
14	'40-50
15	'50-60
<b>16</b>	<b>'60-70</b>
17	'70-80
18	'80-90
19	'90-100

Council has chosen percentage defects >50 with an associated useful life of 15 years. The average among councils in the region is about 15 years. With the best at 12 years the worst at 19 years.

**5.3.2.2 Sealed Road Pavement**

For sealed road pavement, the remaining useful life is related to the percentage of the pavement area affected by rutting and failures.



During the 2019 Road Revaluation, the consultants advised that the percentage of defects and asset useful life relationship generally looks like the table below.

Useful Life	Pavement Defects by % Area
30	'0-10
35	'10-20
40	'20-30
45	'30-40
50	'40-50
55	'50-60
60	'60-70
65	'70-80
70	'80-90
75	'90-100

Council has chosen % >60 with an estimated life of 64 years. The average among councils is 60-70% with the best at 40-50% defects the worst at 90-100% defects.

**5.3.2.3 Unsealed Road Pavement**

For unsealed pavement, the remaining useful life is related to the area of subgrade (visually logged instances of subgrade) appearing in the road.



During the 2019 Road Revaluation, the consultants advised that the percentage of defects and asset useful life relationship generally looks like the table below.





Useful Life	% Subgrade
7	0
8	10%
9	20%
10	30%
12	40%
14	50%
18	60%
23	70%
35	80%
70	90%

Council has chosen 50% of gravel coverage is acceptable (this is the service level), and therefore the useful life is between 12-18 years.

The average gravel coverage among similar councils is 30-40%.

#### 5.4 Asset Age Profile

An age profile of the assets included in this Asset Management Plan could not be developed because the Date of Construction data is unreliable.

Table 16: Count of Road Assets by Year of Construction<sup>15</sup>

Asset Type	None	2013	2014	2015	2016	2017	2018	Total
Sealed Roads	2,030	9,829	157	999	1,429	1,246	84	15,774
Unsealed Roads	1,024	2,152	83	374	318	372	30	4,353
Bridges   Other Structures		22	1	7	8	14	2	54
Floodway	124	631	5	107	86	111	4	1,068
Pathways	473							473
Stormwater Drainage		2,155	70	257	827	663	41	4,013
Traffic Management Devices	1	17	12	33	81	146	1	291
<b>Grand Total</b>	<b>3,652</b>	<b>14,806</b>	<b>328</b>	<b>1,777</b>	<b>2,749</b>	<b>2,552</b>	<b>162</b>	<b>26,026</b>

This issue has been noted in the [AMP Improvement Plan](#).

<sup>15</sup> The Year of Construction was obtained from the 2019 Road Revaluation data. It appears this data was created for the purposes of the revaluation and does not reflect the actual age of the assets.



## 5.5 Asset condition

Asset condition is measured using the 0 (new) – 10 (failed) grading scheme shown below.

Table 17: Road Asset Condition Rating Scheme

Condition Rating	Description	% Asset Remaining <sup>16</sup>
0	Brand New	100
1	Near new with no visible deterioration	90
2	Excellent overall condition early stages of deterioration.	80
3	Very good overall condition with obvious deterioration evident.	70
4	Good overall condition, obvious deterioration, serviceability impaired very slightly.	60
5	Fair overall condition, obvious deterioration, some serviceability loss.	50
6	Fair to poor overall condition, obvious deterioration, some serviceability loss.	40
7	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30
8	Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal.	20
9	Extremely poor condition, severe serviceability problems, renewal required immediately.	10
10	Failed asset, no longer serviceable. Should not remain in service.	0

Road transport asset condition is currently monitored in several ways:

### 5.5.1 Sealed and Unsealed Roads (including Floodways)

As part of the comprehensive asset valuation process and as an input to asset management planning, electronic roads survey using the Road Asset Condition Assessment System (RACAS) with condition monitoring was undertaken of all Council's roads assets.

The RACAS system is a device that is mounted to a vehicle which captures 3 critical elements designed for road mapping and condition assessment, namely:

- GPS coordinates
- High definition photographic images at 10 to 15m intervals
- IRI (International Roughness Index) rating scores at the photo location

<sup>16</sup> Based on estimated delivery of future economic benefit.



Once captured, the RACAS data/photos are visually assessed by experienced road condition assessors utilising the RACAS Defect Logging Guidelines. The defects are logged and compiled with the IRI roughness data to compute a condition rating per segment.

The RACAS calculates the roughness of a running surface using electronic assessments. The measurements have a direct relationship to driver speed and comfort. The smoother the road, the faster and safer the user can travel over the road from one location to another. For example, a newly sealed road would normally rate an IRI value of 2. An unsealed road after grading would rate 3 to 4.

SBRC started the RACAS capture in January 2018 with defect logging performed in mid-2018 and condition modelling and performed soon after. The road mapping into segments was performed for the valuation into the financial asset register with the GIS registers under construction as at June 2019.

Figure 9: International Roughness Index (IRI)

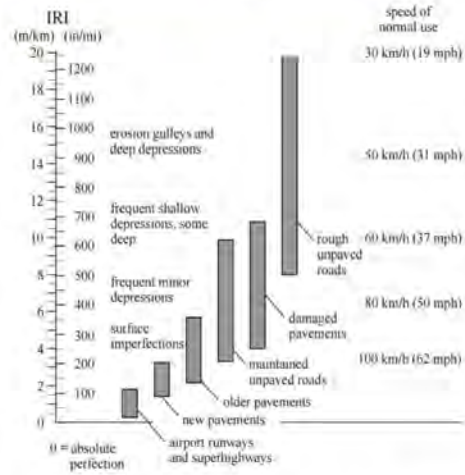
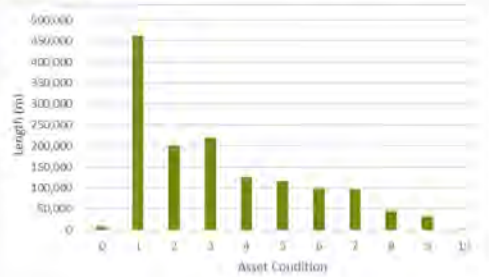
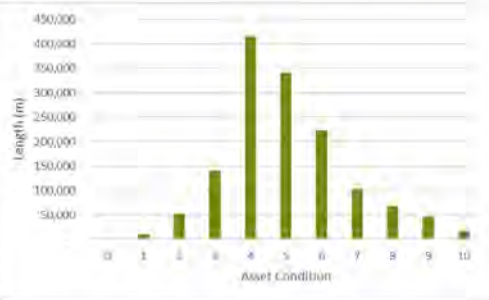


Table 18: Sealed Road Condition as at 30 June 2019

Surface Condition	Total (m)	% of Network
0	9,465	0.7%
1	462,257	32.7%
2	202,012	14.3%
3	219,998	15.6%
4	126,481	9.0%
5	117,037	8.3%
6	99,080	7.0%
7	96,493	6.8%
8	44,891	3.2%
9	33,703	2.4%
10	1,775	0.1%
<b>Total</b>	<b>1,413,192</b>	<b>100.0%</b>



Pavement Condition	Total (m)	% of Network
0	-	-
1	9,635	0.7%
2	52,544	3.7%
3	140,811	10.0%
4	415,515	29.4%
5	339,919	24.1%
6	222,107	15.7%
7	102,412	7.3%
8	68,195	4.8%
9	45,371	3.2%
10	16,683	1.2%
<b>Total</b>	<b>1,413,192</b>	<b>100.0%</b>



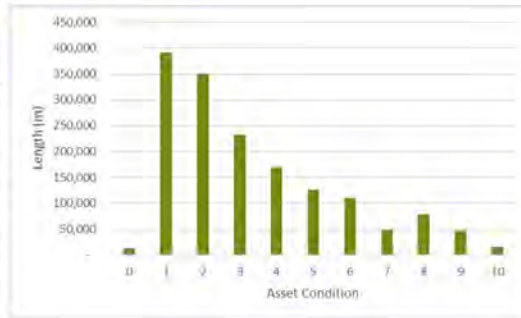
For unsealed roads, the RACAS defect logger was used to visually assess unsealed roads for instances of subgrade coming through the gravel base pavement. These defects were converted to a gravel coverage percentage to compute a condition score per segment





Table 19: Unsealed Road Pavement Condition as at 30 June 2019

Pavement Condition	Total (m)	% of Network
0	13,683	0.9%
1	390,735	24.7%
2	350,392	22.2%
3	232,042	14.7%
4	169,685	10.7%
5	126,270	8.0%
6	110,555	7.0%
7	49,096	3.1%
8	77,568	4.9%
9	46,207	2.9%
10	15,461	1.0%
<b>Total</b>	<b>1,581,694</b>	<b>100.0%</b>

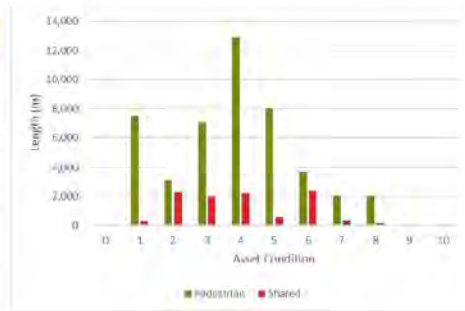


### 5.5.2 Pathways

Fresh mapping (aerial photography) and inspection condition data was collected in March 2019 to inform the valuation process. The inspections were carried out utilising the Fulcrum web application to confirm widths, type and the overall condition. This data was employed as the register for pathways. These inspections were then used to compute a condition score per segment.

Table 20: Pathway Condition as at 30 June 2019

Condition	Pedestrian	Shared	Total (m)	% of Network
0	-	-	-	-
1	7,537	344	7,881	13.9%
2	3,092	2,314	5,406	9.5%
3	7,044	1,986	9,030	15.9%
4	12,862	2,157	15,019	26.5%
5	8,039	593	8,632	15.2%
6	3,723	2,373	6,096	10.8%
7	2,065	408	2,474	4.4%
8	1,991	201	2,192	3.9%
9	-	-	-	-
10	-	-	-	-
<b>Total</b>	<b>46,353</b>	<b>10,376</b>	<b>56,729</b>	<b>100.0%</b>







**5.5.3 Stormwater Drainage**

Council engaged a consultant to perform surface pick-up of pits, manholes and headwalls and string pipelines between these structures as best they could from the surface.

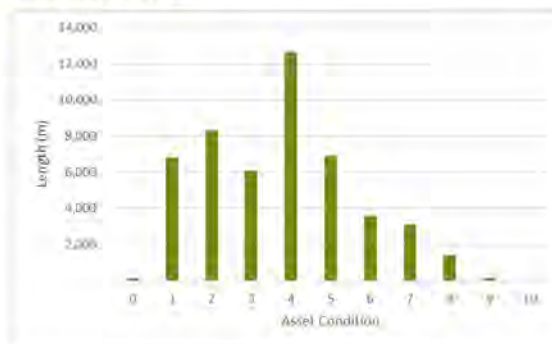
From there, a 5% sample was inspected via CCTV to provide a condition score. This was deemed sufficient for the valuation process. However, Council continued the stormwater capture to include 100% CCTV of all the underground pipelines to determine size and conditions.

Once this data is analysed, (early 2020) Council intends to model asset renewal requirements and program works based on condition.

This sample set of inspection results will be used to compute a condition score per length.

*Table 21: Stormwater Drainage Asset Condition as at 30 June 2019*

Condition	Total (m)	% of Network
0	139	0.3%
1	6,792	13.8%
2	8,328	16.9%
3	6,110	12.4%
4	12,621	25.7%
5	6,870	14.0%
6	3,570	7.3%
7	3,130	6.4%
8	1,437	2.9%
9	187	0.4%
10	-	-
<b>Total</b>	<b>49,184</b>	<b>100.0%</b>



Minor crossroad culverts in the rural areas were valued as an allowance in the road assets. It is also the intention of the Council staff to capture these assets before the next comprehensive revaluation.

**5.5.4 Bridges and Major Culverts**

SBRC supplied the valuation process with Level 2 bridge inspection reports for 54 structures. These reports confirmed the dimensions and condition ratings that built the valuation.

The 2016 Department of Main Roads regulations for major structure inspections state that major structures are classified as:

- 1200mm diameter Steel Pipes
- 1800mm diameter RCP Pipes
- 1800mm x 1500mm RCBC culverts
- Any bridge structures

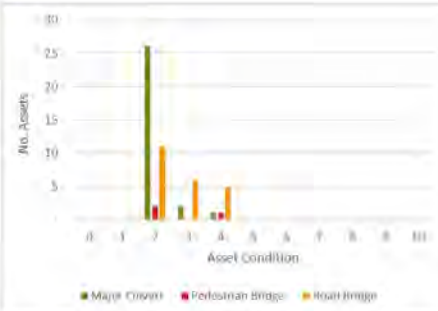
Examples of condition scores are not necessary in this case as the level 2 inspection reports contain photo details of bridge components and the condition rating system utilised to prepare the above condition scores.

Utilising the system as mentioned above of level 2 inspection for the bridges and major culvert assets, they are summarised in the table below:



Table 22: Bridge & Major Culvert Condition as at 30 June 2019

Condition	Major Culvert	Pedestrian Bridge	Road Bridge	Grand Total
0	-	-	-	-
1	-	-	-	-
2	26	2	11	39
3	2	-	6	8
4	1	1	5	7
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	-	-
9	-	-	-	-
10	-	-	-	-
<b>Total</b>	<b>29</b>	<b>3</b>	<b>22</b>	<b>54</b>



The improvement for next revaluation would be for council to utilise RACAS playback and build a fresh list of Major Structures to confirm the existing register before performing level 2 inspections on any additional assets.

**5.5.5 Kerbs**

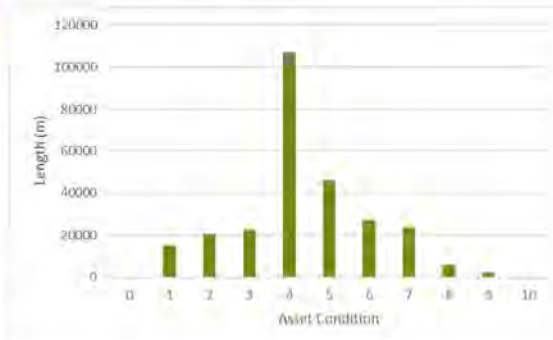
The kerbs at SBRC are generally renewed in line with the base pavement assets.

Therefore, the kerb assets have the same condition score as the base pavement for each segment.

The RACAS system was utilised to capture the kerb locations to build the register. These inspections were used to compute a condition score per segment.

Table 23: Kerb Condition as at 30 June 2019<sup>17</sup>

Condition	Total (m)	% of Network
0	0	-
1	14,912	5.5%
2	20,470	7.6%
3	22,501	8.4%
4	107,114	39.7%
5	46,071	17.1%
6	27,226	10.1%
7	23,516	8.7%
8	5,580	2.1%
9	2,215	0.8%
10	0	-
<b>Total</b>	<b>269,605</b>	<b>100.0%</b>



**5.6 Asset Utilisation**

The utilisation of Council's road network is monitored via the calculation of Annual Average Daily Traffic (AADT) counts for each road in the network. Physical measurement devices are installed on road segments, and the actual traffic counts over a defined time period are measured.

Data collected from AADT counters is analysed in condition with asset condition data to assess whether roads are experiencing higher or lower levels of traffic than usual.

<sup>17</sup> This data is assumed based on the condition adjoining road pavement.



## 5.7 Asset Capacity and Performance

### 5.7.1 Capacity

Council does not currently perform road network capacity modelling because the underlying data is not in a fit state to do so.

This issue has been noted in the [AMP Improvement Plan](#).

### 5.7.2 Asset Performance

Council's asset performance standards for road assets are defined in the draft *Transport Asset Maintenance and Management Plan* (TAMMP).

When the TAMMP is approved, Council will develop a performance monitoring regime to inform prioritisation and investment decisions.

Currently, assets are generally provided to meet the design standards set out in the TAMMP. However, there are insufficient resources to address all known deficiencies.

Locations where deficiencies in service performance are shown in the table below.

*Table 24: Known Service Performance Deficiencies*

Location	Service Deficiency
Region-wide	Council has a prioritised maintenance backlog. Staff do their best to address this, but substantially reducing the backlog would require significant additional funding
Region-wide	Council has a significant number of road seals with narrow seal widths. Narrow seal widths exacerbate edge breaks and reduce the useful life of the seals.
Region-wide	Council does not currently have the resources to clean rural road culverts regularly.

The above service deficiencies were identified from feedback from the Works Supervisors.

### 5.7.3 Asset Performance Trends

The performance of Council's road network is directly affected by major developments. Recent developments like the wind farm, Swickers upgrade and the opening of the new Bunnings store at Kingaroy have directly impacted the network.

Since Council wants to encourage regional economic development, this trend is likely to continue.





## 5.0 LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how South Burnett Regional Council intends to manage and operate road assets at the defined [levels of service](#) while managing life cycle costs.

### 6.1 Operations and Maintenance Plan

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.

Maintenance is either planned or reactive. All maintenance is carried out in accordance with response levels of service detailed in the draft *Transport Asset Maintenance Management Plan*. SBRC road maintenance activity includes:

- Patching potholes on sealed roads.
- Shoulder repairs on sealed roads.
- Grading unsealed roads.
- Repairing scours along and across roadways.
- Slashing road shoulders.
- Sweeping urban streets.
- Install and maintain road signage and line marking for road safety

Operations include regular activities to provide services. Examples of typical operational activities include cleaning, street sweeping, asset inspection, and utility costs. SBRC road maintenance activity includes:

- Removing fallen trees and branches off roadways and footpaths.
- Any other cost that cannot be capitalised and is not defined as maintenance.

The average historical annual OPEX expenditure for road transport assets over the past three years has been approximately **\$5.70 million**.

*Table 25: Average Historical OPEX Expenditure by Asset Category*

Asset Component	3 Years Avg. Annual Expenditure (\$)	% of Total OPEX	% of Replacement Costs
Sealed Roads	1,380,923	24%	0.21%
Unsealed Roads	3,812,162	67%	0.58%
All Other	480,294	8%	0.07%
<b>Total</b>	<b>5,673,379</b>	<b>100%</b>	<b>0.87%</b>

In 2019-20, Works' OPEX budget rose substantially to **\$8.06 million**. The bulk of this additional money was provided to address historical maintenance backlog issues within the road network.

[Future OPEX expenditure](#) is forecast to remain at 2019-20 levels over the life of this plan (10 years) in order to meet the current levels of service specified by Council.





Council does not currently separate its road Operations and Maintenance costs. So, the trend in maintenance budgets has to be estimated<sup>18</sup> using a pro-rata calculation based on a notional split of historical and forecast OPEX budgets.

Table 26: Maintenance Budget Trends

Year	Estimated Maintenance Budget \$
2018-19	5,106,000
2019-20	6,745,000
2020-21	6,745,000

Current maintenance budget levels are considered adequate to meet current service levels, but Works will still have a maintenance backlog list that needs to be addressed.

**This maintenance backlog is unfunded.**

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. They are highlighted in this Asset Management Plan and service risks considered in the Council's *Risk Management Plan*.

## 6.2 Renewal Plan

Renewal is major capital work which does not significantly change the service potential of the asset, but restores, rehabilitates, replaces or renews it to its original service potential. Asset renewal should (generally speaking) not increase future maintenance costs.

Work over and above, restoring an asset to its original service potential is considered an upgrade. Upgrades are considered [asset acquisitions](#) because they trigger additional future operations and maintenance costs.

Council performs asset renewal activities on the following types of road assets:

- Sealed and unsealed road networks (including kerbs and floodways)
- Pathways
- Bridges and major culverts
- Urban stormwater drainage

Council estimates road asset renewal requirements by assessing the condition of the assets and estimating the remaining useful life in each asset. The typical useful lives of assets used when forecasting asset renewal requirements are shown [here](#).

Both the typical and remaining useful lives for road and drainage assets are deemed accurate because they were last reviewed as part of the 2019 Road asset revaluation project.

### 6.2.1 Renewal ranking criteria

Asset renewal is typically undertaken to either:

- Ensure the reliability of existing assets; or

<sup>18</sup> Based on the Operations and Maintenance split shown [here](#).



- To ensure assets are of sufficient quality to meet the service requirements.<sup>19</sup>

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.
- Have potential to reduce life cycle costs by replacement with a modern equivalent asset that would provide the equivalent service.<sup>20</sup>

Council does not currently have a formal ranking system to determine renewal priorities within each year of the CAPEX program.

The need for a standardised capital project prioritisation methodology has been noted in the [AMP Improvement Plan](#).

### 6.3 Summary of historical renewal costs

The amount spent on road asset capital works for the last three years taken from Council's forward works plan is approximately **\$11.40 million** (this includes some new and upgrades).

### 6.4 Summary of future renewal costs

The total road and drainage asset renewal requirements identified in the 10-year CAPEX program is approximately **\$104.9 Million**. The expected renewal spend by year is shown [here](#).

Of note is the asset renewal forecast for 2020/21, which is approximately **\$12.4 million**. This is a 'one-off' amount intended to partially address the historical backlog of road asset renewals. The average renewal expenditure required over the life of this plan (10 years) is approximately **\$10.6 million** per annum.

As part of the 2019 road asset revaluation project, Council's projected road renewal requirements were estimated based on asset condition modelling (RACAS modelling). These estimates indicate that the current road renewals budget forecast in the 10-Year CAPEX Program may exceed Council's actual road asset renewal requirements.

Notwithstanding this, current estimates indicate that the level of asset renewal contained in the CAPEX program is below the 90% target set by the Queensland government for the [Asset Renewal Funding Ratio](#).

Since there have been changes to the asset valuation and depreciation calculation methods since the road revaluation was performed, further investigation is required to determine an appropriate level of investment in future road renewals.

This issue has been noted in the [AMP Improvement Plan](#).

### 6.5 Acquisition Plan

'Acquisition' refers to new assets that add service capacity to the road network or activity that upgrades or improves an existing asset beyond its existing service capacity. Acquisitions may be the result of growth, demand, social or environmental needs.

Council constructs or acquires road assets for the following:

- Sealed and unsealed road networks (including kerbs and floodways)

<sup>19</sup> IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

<sup>20</sup> Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.





- Bridges and major culverts
- Urban stormwater drainage
- Pathways

The [Service Strategy](#) is currently focused on asset renewal. This strategy constrains the amount of road and drainage asset acquisition Council expects in the foreseeable future.

The total road and drainage asset acquisition requirements identified in the 10-year CAPEX program is **\$1.365 Million**.

#### 6.5.1 Selection criteria

Proposed new Road assets and upgrades are identified by the Manager Works and recorded in the 10-year CAPEX program. These projects are reviewed to verify that they are essential to the Council's needs. Verified proposals are then scheduled in the Future Works Program.

Council does not currently have a formal capital project prioritisation framework for new or growth road projects. The development of a standardised capital project prioritisation methodology has been noted in the [AMP Improvement Plan](#).

#### 6.5.2 Summary of future asset acquisition costs

The 10-year CAPEX program shows the growth in Council's road and drainage asset base through the asset additions undertaken this year and scheduled for 2020/21.

*Table 27: Road and Drainage Asset Acquisition Values 2019-2030*

	Replacement Value
Current Replacement Value as at 30/06/2019	652,786,526
Forecast Acquisitions - 2019/20	1,829,831
Forecast Acquisitions – 2020/21	1,365,765
<b>Total Forecast Replacement Value:</b>	<b>655,982,122</b>

No road or drainage capital acquisitions are currently forecast after 2020/21. The reasons for this are explained in the [CAPEX Investment Forecast](#).

When Council commits to new/ upgraded assets, it must be prepared to fund the additional future operations, maintenance and renewal costs that come along with these assets. They must also account for future depreciation when reviewing long term sustainability.

Expenditure on new assets and services in the capital works program will be accommodated in the long-term financial plan, but only to the extent that there is available funding.

#### 6.6 Disposal Plan

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

Except for the assets listed below, Council has no plans to dispose of any road and drainage assets.

*Table 28: Assets Identified for Disposal*

Asset	Reason for Disposal	Timing	Disposal Costs	Annual OPEX Savings
Ennis Bridge (timber)	End of life	2020	\$90,000	Not known



## 7.0 RISK MANAGEMENT PLANNING

Council's Risk Management Framework is set out in the *Risk Management Policy*. The framework is based on the International Standard ISO 31000:2018 Risk management – Principles and guidelines.

The purpose of risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services, in accordance with the principles set out in ISO 31000:2018.

Risk Management is defined in ISO 31000:2018 as: 'coordinated activities to direct and control with regard to risk'<sup>21</sup>.

An assessment of risks<sup>22</sup> associated with transport service delivery has identified the significant risks that may result in loss or reduction in service, personal injury, environmental impacts, a 'financial shock', reputational impacts, or other consequences.

### 7.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service.

Failure modes may include physical failure, collapse or essential service interruption.

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.

The criticality of each road is reflected in its categorisation within Council's [road hierarchy](#).

The higher the categorisation, the more critical the road is. The lower the categorisation, the less chance there is of an alternate route.

### 7.2 Infrastructure Resilience Approach

Since roads are network assets, any part of a road that unavailable for use takes the road out of service. To accommodate this, road designers build redundancy into the road network (i.e., alternative routes). The lower the categorisation, the less chance there is of an alternate route.

The design standards for each road classification are contained in the *Transport Asset Maintenance Management Plan* (TAMMP).

Both the TAMMP and Council's *Disaster Management Plan* focus network resilience efforts on single points of failure in high order roads because of their impact upon the entire road network.

<sup>21</sup> ISO 31000:2009, p 2

<sup>22</sup> Community Risk Register & Treatment Plan 2019-20





**7.3 Risk Assessment**

A generalised model for risk management process used is shown in the figure below.

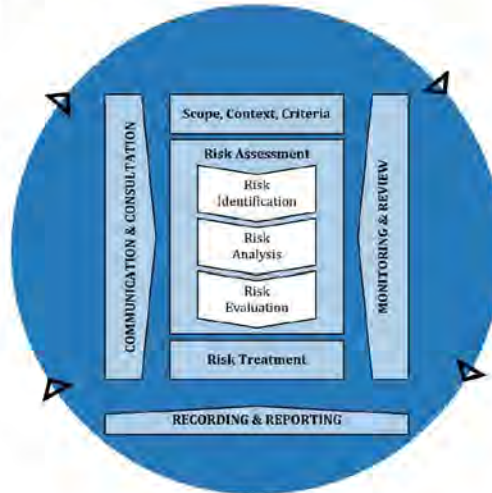
It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The 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.

Risks identified for Transport services form part of the draft *Transport Asset Maintenance Management Plan (TAMMP)*.

High order risks are recorded in Council's *Risk Management Plan*.

Figure 10: ISO 31000 Risk Management Process



**7.4 Risk Treatment**

Risk treatments identified for Waste services form part of the draft *Transport Asset Maintenance Management Plan (TAMMP)*.

**7.5 Service and Risk Trade-Offs**

The decisions made in adopting this Asset Management Plan are based on the objective to achieve the optimum benefits from the available resources while controlling for risk.

**7.5.1 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:

- Widespread upgrade works (specifically sealing of unsealed roads)

**7.5.2 Service trade-off**

Road transport maintenance and construction activity are triaged (prioritised) in accordance with Council's service priorities.

If there is forecast work (particularly maintenance and renewal activity) that cannot be undertaken due to available resources, the work is placed on the Works Maintenance or Renewal backlog lists. Works attempts to clear these backlog lists as soon as resources allow. However, the delay in actioning work often results in service consequences for users. These service consequences include:

- Road closures.
- Inability to travel at the designated speed limit some (or all) of the time.
- The need to take an alternate (often longer) route to the driver's destination.



### 7.5.3 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:

- Accelerated degradation of Council's road assets (particularly unsealed roads).



### 8.0 FINANCIAL SUMMARY

This section contains the financial requirements resulting from the information presented in the previous sections of this Asset Management Plan.

#### 8.1 Long-Term Financial Forecast

Council does not currently have a Long-Term Financial Forecast (LTFF), but one is under development. This issue is noted in the AMP [Improvement Plan](#).

#### 8.2 Forecast costs for long term financial plan

This plan identifies the whole-of-life costs by [work category](#) required to provide the specified levels of service for road-related assets over the life of this plan (10 years).

These [forecast costs](#) are shown in current year dollars.

Table 29: Forecast Asset Lifecycle Costs 2020-30 for Long Term Financial Plan

Year	Forecast Acquisition	Forecast Operation	Forecast Maintenance	Forecast Renewal	Forecast Disposal	Total
2020/21	1,365,765	749,362	6,744,258	11,016,202	-	19,875,587
2021/22	-	749,362	6,744,258	10,128,087	-	17,621,707
2022/23	-	749,362	6,744,258	10,455,453	-	17,949,073
2023/24	-	749,362	6,744,258	10,204,017	-	17,697,637
2024/25	-	749,362	6,744,258	10,440,499	-	17,934,119
2025/26	-	749,362	6,744,258	10,275,898	-	17,769,518
2026/27	-	749,362	6,744,258	10,310,139	-	17,803,759
2027/28	-	749,362	6,744,258	10,787,923	-	18,281,543
2028/29	-	749,362	6,744,258	10,631,237	-	18,124,857
2029/30	-	749,362	6,744,258	10,631,237	-	18,124,857
<b>Total</b>	<b>1,365,765</b>	<b>7,493,620</b>	<b>67,442,580</b>	<b>104,880,692</b>	<b>-</b>	<b>181,182,657</b>

Figure 11: Planned CAPEX and OPEX Comparison







### 8.3 Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the asset management plan 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 the next 10 years), and
- medium-term forecast costs/proposed budget (over 10 years of the planning period).

#### 8.3.1 Medium-term – 10 year financial planning period

The Whole of Life Cycle Cost<sup>23</sup> (WLCC) for Council's roads and drainage assets over the life of this plan (10 years) is estimated at an average of **\$17.9 Million** per annum.

Table 30: Roads and Drainage Whole of Life Cycle Costs 2020/30

Year	Operations	Maintenance	Renewal <sup>24</sup>	Disposal	Total
2020/21	749,362	6,744,258	11,016,202	-	18,509,822
2021/22	749,362	6,744,258	10,128,087	-	17,621,707
2022/23	749,362	6,744,258	10,455,453	-	17,949,073
2023/24	749,362	6,744,258	10,204,017	-	17,697,637
2024/25	749,362	6,744,258	10,440,499	-	17,934,119
2025/26	749,362	6,744,258	10,275,898	-	17,769,518
2026/27	749,362	6,744,258	10,310,139	-	17,803,759
2027/28	749,362	6,744,258	10,787,923	-	18,281,543
2028/29	749,362	6,744,258	10,631,237	-	18,124,857
2029/30	749,362	6,744,258	10,631,237	-	18,124,857
<b>Total:</b>	<b>7,493,620</b>	<b>67,442,580</b>	<b>104,880,692</b>	<b>-</b>	<b>179,816,892</b>

#### 8.3.2 Asset Renewal Funding Ratio

Asset depreciation attempts to indicate how fast an asset is wearing out so that its fair value at any point in its lifecycle can be calculated. Still, it does not represent the actual consumption of an asset's service potential.

A better financial measure of asset sustainability is the level of expenditure on asset replacement as a percentage of asset depreciation. This is known as the Asset Renewal Funding Ratio (ARFR)<sup>25</sup>.

The Queensland state government has set an ARFR target at 90% for all local government authorities' assets.

Council's average ARFR over the next 10 years is **97%**.

<sup>23</sup> Sum of operations, maintenance, renewal and disposal costs.

<sup>24</sup> Based on 2020/30 CAPEX Program

<sup>25</sup> AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.

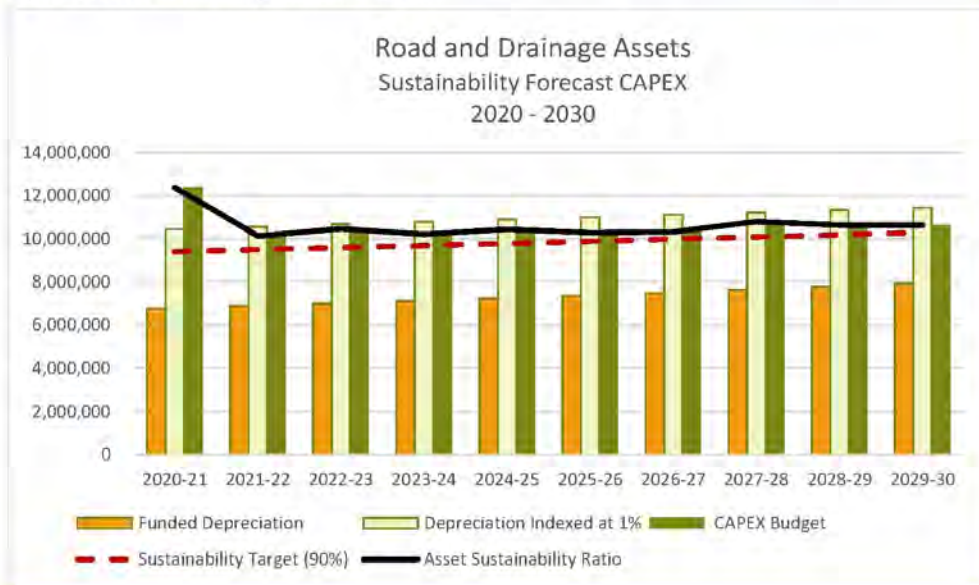




Table 31: Road and Drainage Asset Renewal Funding Ratio 2020-30

Year	Estimated Annual Depreciation <sup>26</sup>	Forecast Asset Renewal Budget <sup>27</sup>	ARFR Target	Difference	ARFR %
2020-21	10,452,159	11,016,202	9,406,943	1,929,808	118%
2020-22	10,556,681	10,128,087	9,501,013	-428,594	96%
2022-23	10,662,248	10,455,453	9,596,023	-206,795	98%
2023-24	10,768,870	10,204,017	9,691,983	-564,853	95%
2024-25	10,876,559	10,440,499	9,788,903	-436,060	96%
2025-26	10,985,325	10,275,898	9,886,792	-709,427	94%
2026-27	11,095,178	10,310,139	9,985,660	-785,039	93%
2027-28	11,206,130	10,787,923	10,085,517	-418,207	96%
2028-29	11,318,191	10,631,237	10,186,372	-686,954	94%
2029-30	11,431,373	10,631,237	10,288,235	-800,136	93%
<b>Total</b>	<b>109,352,713</b>	<b>104,880,692</b>	<b>98,417,441</b>	<b>-3,106,256</b>	<b>Avg. 97%</b>

Figure 12: Asset Sustainability Forecast 2020-30



<sup>26</sup> Source: Full Cost Recovery Tool Roads 2020-21. Note: the indexation (CPI) for this figure was adjusted from 2.5% to 1.7% to enable comparison with the 2020-21 Capital Works Program.

<sup>27</sup> Source: 2020-21 Capital Works Program.



### **8.3.3 Observations**

1. Current levels of service are financially sustainable for the life of this AMP, provided that current levels of external funding are maintained.

### **8.3.4 Implications**

1. Council's ability to maintain current levels of service for road transport services is dependent on continued external funding.

### **8.3.5 Caveat**

1. Since the level of external funding is not known beyond the three-year Forward Works Program, the current level of funding has been assumed for the life of this plan.
2. The ARFR is sensitive to changes in depreciation. Depreciation for this asset class is large.

In view of the above, the need for a review of the methodology for calculating depreciation has been identified in the [AMP Improvement Plan](#).



### 8.4 Funding Strategy

This plan communicates the funding required to deliver the specified levels of service for roads, along with the risk associated with not funding to the required level. Council's financial strategy describes how Council will fund its services.

Council's strategy for funding the lifecycle costs of road assets is contained in Council's budget, 10-year CAPEX program and the long-term financial plan<sup>28</sup>.

The current strategy for funding the capital costs associated with its road network is to use a combination of Grants, Reserves and loans.

The detail about the mix of funding is shown in the 10-year CAPEX program.

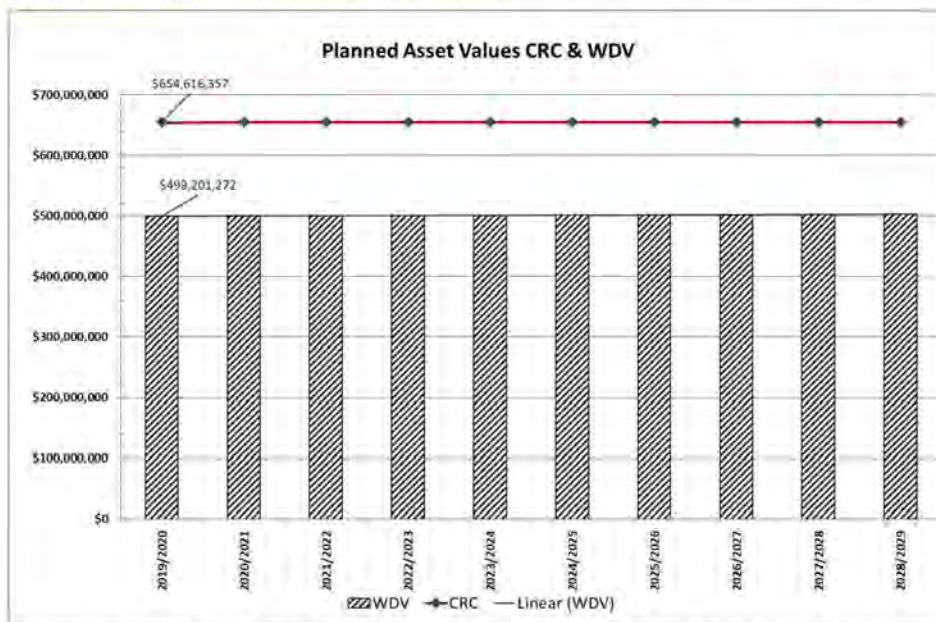
### 8.5 Valuation Forecasts

Between 2019 and 2030, Council is expected to add approximately **\$1.3 million** to the asset value of its road transport assets through asset acquisition.

The [summary of future asset acquisition costs](#) indicates that this will increase the Current Replacement Value (CRV) of Council's road and drainage asset base to approximately **\$656 million** (0.49% increase) as additional assets are added.

The 2019 Roads Revaluation Report indicates that the Written Down Value (WDV) is forecast to increase by approximately \$1.77 million compared to the current \$498 million.

Figure 13: Asset Values from Planned CAPEX (10 Years)



Additional assets add to the operations and maintenance needs in the longer term. Most additional assets will also require future renewals.

Council's focus for the road service is currently on the renewal of its existing assets. Asset acquisitions (new and upgraded assets) have been forecast for the first two years of the 10-year CAPEX program. However, asset acquisitions beyond 2022 will be decided upon by

<sup>28</sup> Currently under development





Council on a case-by-case basis. The 10-year CAPEX program is refreshed annually to reflect any changes.

### 8.6 Key Assumptions Made in Financial Forecasts

In compiling this Asset Management Plan, it was necessary to make some assumptions. Key assumptions made in this Asset Management Plan are:

- That the OPEX budget will remain stable (in real terms) over the life of this plan (10 years). We have used the 2020-21 OPEX budget amount as our baseline.
- That the 90% - 10% split of OPEX expenditure between Maintenance and Operations respectively is reasonably accurate.<sup>29</sup>
- That the 2020-30 CAPEX program reasonably reflects Council's investment focus for the life of this plan (10 years).
- That the forecast [rate of depreciation](#) of road assets is correct.

### 8.7 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this Asset Management Plan are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on an A - E level scale<sup>30</sup> in accordance with the table below.

Table 32: Data Confidence Grading System

Confidence Grade	Description
A. Highly reliable	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. Reliable	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. Uncertain	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. Very Uncertain	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. Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this Asset Management Plan is shown in the table below.

<sup>29</sup> The OPEX split between Operations and Maintenance was made by the Manager Works as part of the development of this AMP.

<sup>30</sup> IPWEA, 2015, IIMM, Table 2.4.6, p 2|71.





Table 33: Data Confidence Assessment for Data used in Asset Management Plan

Data	Confidence Assessment	Comment
Demand drivers	B	Population growth was the primary quantifiable driver identified. Other drivers were not quantified.
Growth projections	B	QGSO projections are the most reliable population forecasts available. Other growth drivers were either not available or not quantifiable.
Acquisition forecast	B	Based on the CAPEX program, which only identifies asset acquisitions for the first two years of this plan. Asset acquisitions in the out-years will be decided by Council.
Operation forecast	B	OPEX forecasts exist for the life of this plan (10 years), but there is no split between Maintenance and Operations. <a href="#">Assumptions</a> had to be made about this split.
Maintenance forecast	B	OPEX forecasts exist for the life of this plan (10 years), but there is no split between Maintenance and Operations. <a href="#">Assumptions</a> had to be made about this split.
Renewal forecast		
- Asset values	B	Roads data is excellent (i.e., based on 2019 Roads Revaluation). Some <a href="#">questions</a> have been raised about the accuracy of the 10-year asset depreciation methodology for roads.
- Asset useful lives	B	Roads data is excellent (i.e., based on 2019 Roads Revaluation).
- Condition modelling	B	Roads data is excellent (i.e., based on 2019 Roads Revaluation).
Disposal forecast	A	Based on the CAPEX program. Council does not generally dispose of road assets. Any future disposals resulting from asset swaps with DTMR cannot be known at this point.

The estimated confidence level for (and reliability of) the data used in this Asset Management Plan is B.



## 9.0 INFORMATION MANAGEMENT

### 9.1 Asset Information Management Systems

#### 9.1.1 Asset Register

Council uses *TechnologyOne* as its corporate asset management system. The asset register is part of this solution. The *TechnologyOne* asset register holds both structured non-spatial asset data and financial information about the assets (e.g., valuations).

#### 9.1.2 GIS

Council uses the MapInfo geographical information system (GIS) to store structured spatial information about its road transport assets. The GIS is also used to capture and display spatial data (e.g., cadastral, topographic and aerial features).

The mobile mapping functions of the GIS are used for managing programmed inspections and generation of high priority defect lists for work orders.

#### 9.1.3 Records Management System

Council uses the *TechnologyOne* Records Management solution to capture, store and organise unstructured documents (e.g., letters, reports, etc.).

Design and As Constructed drawings are stored in a shared network drive (G:/ drive).

#### 9.1.4 Customer Request System

Council uses *TechnologyOne* to record and manage all Customer Requests or complaints.

#### 9.1.5 Work Management System

Council uses *TechnologyOne* as its operational asset management system. The works management system is part of this solution, but Council has not fully implemented it.

Council is implementing a third-party work order management solution (REFLECT) as an interim solution while it continues to explore options around the implementation of the *TechnologyOne* mobility solution for Work Orders.

Determining the level and method of integration between REFLECT and *TechnologyOne* as part of the interim solution implementation.

#### 9.1.6 Asset Condition | Defects Monitoring

Council uses the RACAS asset condition monitoring solution from Shepherd Services to measure the condition of its roads and identify defects.

This information is uploaded into the GIS and Asset Register for asset management planning purposes.

#### 9.1.7 Financial Management System

Council uses *TechnologyOne* as its corporate financial management system. It records and stores and reports on all financial and business operations. *TechnologyOne* is used for the entire spectrum of financial activity, including:

- General Ledger
- Job costing
- Procurement
- Inventory



- HR and payroll

Data is entered into (or generated within) the system from source documentation (e.g., staff timesheets for payroll transactions or purchase orders for goods and services).

Technology One also generates all statutory and financial management reports that are available to all levels of staff and elected representatives.

#### 9.1.8 ICT Infrastructure Platform

Council's ICT platform (i.e., network, servers and computing devices) meets Infrastructure Division's requirements for transport-related services.

There is some latency in the Wide Area Network (WAN) link between Kingaroy and Nanango, but these are not deemed significant at this stage. A redundant NBN link has been established to avoid a single point of failure.

There are some telecommunications connectivity and performance issues within the region that may affect future field mobility solutions. However, these are a function of the telecommunication providers' network coverage rather than Council's ICT infrastructure.

#### 9.1.9 Systems Fitness-for-Purpose Assessment

The information systems Council uses to manage Road transport assets are fit-for-purpose, except for:

- Work Management/ mobility solution
- Strategic asset management solution (forecasting and modelling)

Infrastructure is currently implementing the REFLECT work order management/ mobility product as an interim solution while it investigates the options around the current *TechnologyOne* Work Order Management (WOM) offering.

Council performs most of its strategic asset management (forecasting and modelling) activities in spreadsheets. The requirement for a Strategic Asset Management and modelling solution is noted in the AMP [Improvement Plan](#).

### 9.2 Asset Data Management

#### 9.2.1 Accounting and financial data sources

This asset management plan utilises accounting and financial data. The source of this data is the *TechnologyOne* enterprise application suite.

#### 9.2.2 Financial Management Data Requirements

Council accounts for its road and drainage assets in accordance with the applicable Australian Accounting Standards to reflect their fair value.

##### 9.2.2.1 Asset Valuation

For valuation purposes, Council divides its Assets into the following Asset Classes:

- Land
- Buildings<sup>31</sup>
- Plant & Equipment

<sup>31</sup> Historically, this Asset Class included all buildings and other structures. Council is currently in the process of separating its Waste Management and Parks | NRM buildings and other structures from its Property | Building assets.





- Roads, Drainage & Bridges
- Water
- Sewerage
- Other Infrastructure

Council's infrastructure assets (including roads and drainage) are non-current assets. Consequently, their accounting treatment is as follows:

- Buildings, plant and equipment, infrastructure, and other assets which have limited useful lives are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.
- Each class is valued in its entirety to reflect its fair value.
- Council uses independent external valuers to undertake the valuation process.
- These assets are depreciated on an annual basis.
- Estimates of remaining useful lives are made on a regular basis.
- Depreciation rates and methods are reviewed annually.
- Where infrastructure assets have separately identifiable components that are subject to regular replacement, these components are assigned distinct useful lives, and a separate depreciation rate is determined for each component.
- Road earthworks (formation) are not depreciated.

Verification of the completeness of Council's Asset Register was undertaken as part of the 2019 Road and Drainage Revaluation. Where there are known issues with asset register data, they have been noted in the [AMP Improvement Plan](#).

#### **9.2.2.2 Capitalisation of Assets**

Each class of assets have been recognised as per Council's Asset Management Policy – Main Plan, the threshold limits detailed have applied when identifying assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Council does not capitalise street trees and street furniture as individually they are low-value items which fall well below Council's capitalisation threshold for infrastructure assets.

#### **9.2.2.3 Asset Depreciation**

Council's infrastructure assets are non-current assets, and their depreciation will be treated as follows:

- Buildings, plant and equipment, infrastructure, and other assets which have limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis. Depreciation rates and methods are reviewed annually.
- Where infrastructure assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values, and a separate depreciation rate is determined for each component.
- Road earthworks (formation) are not depreciated.





### 9.2.3 Work Category Definitions

Council's Finance Department is currently reviewing work category definitions to support more consistent reporting of activity. We expect the following work categories to be implemented:

Table 34: Work Category Definition

Work Type	Work Category	Description
<b>CAPEX</b>	New/ Expansion	Expenditure, which creates a new asset to meet additional service level requirements, e.g. new building, road, etc.
	Renewal/ Refurbishment	Expenditure on an existing asset, which, restores, rehabilitates, replaces existing asset to its original capacity, e.g. resurfacing of roads.
	Upgrade	Expenditure, which enhances an existing asset to provide a higher level of service, e.g. widening of road seal.
<b>OPEX</b>	Maintenance	Recurrent expenditure, periodically or regularly required as part of the anticipated schedule of works required keeping assets operating, edge road patching.
	Operations	Recurrent expenditure or regular activities to provide public health, safety and amenity, e.g. street sweeping, grass mowing, street lighting, cost of supply from utilities, such as water, electricity etc.
	Disposal	Expenditure related to the disposal of an asset.

The development of a standardised method for allocating asset-related costs has been identified in the AMP [Improvement Plan](#).

With the introduction of this cost hierarchy classification of assets, particularly with road assets, the general Ledger's Chart of Accounts ideally should be structured as soon as practicable to allocate funds to specific key maintenance activities in order to monitor expenditure.

These allocations can be monitored by Council through the budget process and management reporting to ensure the community is getting the best from its assets.

Any work undertaken needs to be fully costed against these allocations.

### 9.2.4 Asset Management Data Requirements

Electronically stored data is vital to sound management of assets. It is used for several purposes and for development of rolling works programs based on priority of needs. These programs are then used for strategic financial modelling for the organisation.

#### 9.2.4.1 Asset management data sources

The primary source of road and drainage asset and activity data is the *TechnologyOne* enterprise application suite. *TechnologyOne* data is augmented with other asset-related data stored in:

- MapInfo (GIS)
- Shared network drives (Drawings)
- Spreadsheets (asset forecasting and modelling data)



## 9.2.5 Data Management Roles and Responsibilities

### 9.2.5.1 Asset Data Manager

The manager of the asset will determine the extent of additional information required in order to manage, maintain and report on infrastructure assets to ensure optimal asset function and asset lifecycle as well as management.

### 9.2.5.2 Asset Section

Asset Section staff are responsible for ensuring the updating and maintaining of the asset data to meet the organisational operational and financial requirements in delivering efficient and effective asset management.

This means ensuring that inspection data and information from Works Orders, is entered into the system when appropriate. Assistance may well be required for undertaking data installation into the system. However, the Asset Officers are responsible for ensuring its integrity.

It should be noted that procedures for Works Orders are still in development, and there is no formal system currently in place. However, it is an aim to have a functioning Works Order system to support sound asset management.

## 9.2.6 Data Quality Assessment

An assessment of the quality of the data used in the compilation of this AMP is shown [here](#).

A comprehensive revaluation of road transport assets was undertaken in 2019. Council's road asset data is of generally good quality. The exceptions are:

- Rural road culvert asset attribute and condition data
- Some bridge, pathway and stormwater drainage data are out of date.

These issues are noted in the [AMP Improvement Plan](#).

## 9.3 Technological Change

The following technology changes expected over the life of this plan (i.e. 10 years) will help improve Council's management of Transport assets.

*Table 35: Technological Change: Transport Asset Information Management*

Technology	Expected Change
Remote sensing, monitoring and control	It is expected that remote sensing, monitoring and control systems will become cheaper and more prevalent over the life of this plan (i.e., 10 years). If this occurs, it will enable Council to collect asset performance data more frequently and less expensively (i.e., without having to conduct physical site inspections).
Mobility solutions for field staff	It is expected that field staff will be able to capture and use spatial, non-spatial and unstructured asset data in the field. It also assumed that mobility solutions will also improve job costing and timekeeping.
Integration of data sources	The current trend towards the integration of spatial, non-spatial and unstructured asset and service data within Council is likely to accelerate. This will provide Council with a more holistic view of its assets.
External data sharing	Council will be able to link its data with other Councils and government departments for planning, benchmarking and reporting purposes.
Drones	It is expected that in future, drones will play an increased role in asset survey and monitoring.





## 10.0 PLAN IMPROVEMENT AND MONITORING

### 10.1 Status of Asset Management Practices

Asset management maturity of Council's Road Transport services is currently assessed as being at a **Core** level.

### 10.2 Improvement Priorities

Transport asset management improvement priorities are:

- Approval and implementation of the *Transport Asset Maintenance Management Plan* (TAMMP).
- Implementation of a Work Order Management system (including a mobility solution to support asset management activities in the field).
- Development of 10-year prioritised replacement and upgrade programs for all transport asset areas (roads, bridges, kerb & channel, floodways, footpaths).
- Continual improvement of Asset Management Plan components, specifically:
  - Asset lifecycle costing
  - Service levels
  - Asset data collection and condition assessments

### 10.3 Key Performance Indicators (Improvement)

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

- The pace at which Council continues developing its evidence-based decision-making capabilities around Transport services.
- Whether Council implements of asset and financial data improvements that improve the visibility, accuracy and consistency of Transport asset lifecycle costs.
- The degree to which the detailed multi-year works programs, budgets, business plans and corporate structures take into account the trends identified in this Asset Management Plan.
- The degree to which the existing and projected service levels and service consequences, risks and residual risks are incorporated into future Strategic Plans and other associated plans.



#### 10.4 Improvement Plan

The following activities have been identified to improve the asset management maturity of Road Transport services.

Table 36: Road Transport Asset Management Improvement Plan

ID	Element	Action	Lead	Linked To	Time Horizon	Estimated Cost	Comments
1	Governance	Annual review to identify opportunities for available grant funding for road projects to narrow the funding gaps	Asset Management Steering Committee		On-going		
2	People	Incorporate training and skills development into recommended knowledge management strategy.	Asset Management Steering Committee		On-going		
3	Data	Undertake a review of road network and apply standardised Road Hierarchy.	Manager Works		On-going		
4	Data	Complete planned inspections – major components only, i.e. Major culverts/bridges (yearly program), pathways, Load limits on bridges if required.	Manager Works		On-going		
5	Data	Record and report on expenditures, with separate costs for operations, maintenance and capture capital expenditures as renewal or upgrade.	Asset Management Steering Committee		On-going		
6	Data	Review methodology for determining remaining life, with detail assessment for assets requiring renewal in the medium term (next 10-20 years).	Asset Management Steering Committee		On-going		

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ID	Element	Action	Lead	Linked To	Time Horizon	Estimated Cost	Comments
7	Governance	Approve and implement the Transport Asset Maintenance Management Plan (TAMMP)	Manager Works		3 - 6 months		
8	Process	Develop a standardised asset renewal prioritisation methodology to inform asset renewal planning.	Asset Management Steering Committee		3 - 6 months		
22	Data	Review the method for depreciation forecasting to improve the quality of the Asset Sustainability Ratio (ASR) calculations	Finance		3 - 6 months		
23	Data	Develop a Long-Term Financial Forecast (LTFF) for transport assets that balances projected revenue and expenditure for a 10-year period.	Finance		3 - 6 months		
9	Data	During project identification stage include financial impacts of new work (i.e. asset write-offs, depreciation impact and possible maintenance implications of doing the work).	Manager Infrastructure Planning		3 - 6 months		
10	Data	Start componentising construction jobs into appropriate assets as per a defined Asset Accounting Manual specifically to standardise the process of capitalising the completed works within the GIS system and the Financial System.	Manager Infrastructure Planning		3 - 6 months		

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ID	Element	Action	Lead	Linked To	Time Horizon	Estimated Cost	Comments
11	Technology	Implement REFLECT mobile Work Order Management System	Manager Works		3 - 6 months		
24	Governance	Scope the extent of the road and drainage maintenance backlog and develop a strategy to address it.	Manager Works		6 - 12 months		
12	Data	Undertake regular (3-year maximum interval) road condition assessments (using RACAS) and analyse using VRACAS.	Manager Infrastructure Planning		6 - 12 months		
13	Data	Review planned renewals yearly and update the 10-year work program with the first 2 years as a fixed list of works.	Manager Works		6 - 12 months		
14	Data	Review job costing for maintenance and renewal activities (by road): - gravel resheeting and pit management are renewals for unsealed roads. - reseals and heavy patching are renewals for sealed roads. - Measure performance against assigned service levels.	Asset Management Steering Committee		6 - 12 months		
15	Data	Detailed survey of pathway, SWD and Bridge   Major Culvert assets mapped into GIS ready for the next revaluation with conditions.	Manager Infrastructure Planning		6 - 12 months		

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ID	Element	Action	Lead	Linked To	Time Horizon	Estimated Cost	Comments
		length and type (and diameters for SWD).					
16	Technology	Implement improvements to REFLECT collection forms to capture defects and condition/failure data.	Manager Works		6 - 12 months		
17	Technology	Ensure that the GIS system is the point of truth for all assets and run automated scripts on a regular interval into the financial system to check they match.	Manager Infrastructure Planning		6 - 12 months		
18	Data	Perform a comprehensive survey to be completed of the rural crossroad culverts (minor culverts).	Manager Infrastructure Planning		12 - 24 months		
19	Data	Develop a forward works program for pathway, SWD and Bridge   Major Culvert asset renewals based on the analysed survey condition ratings.	Manager Works		12 - 24 months		
20	Data	Perform comprehensive revaluation of Pathway and SWD assets and review of depreciation.	Manager Works		12 - 24 months		
21	Data	Continue to improve and maintain a comprehensive register of all assets and required attributes for managing them in the GIS: - Undertake an audit of road components.	Manager Infrastructure Planning		12 - 24 months		

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ID	Element	Action	Lead	Linked To	Time Horizon	Estimated Cost	Comments
		<ul style="list-style-type: none"><li>- Complete analysis of map data and audit asset data. Utilise RACAS data for initial review.</li><li>- Ensure all infrastructure is captured.</li></ul>					



### 10.5 Monitoring and Review Procedures

This asset management plan will be reviewed bi-annually (every two years). This review shall include, but not be limited to a review of:

- Asset details, condition, performance and utilisation.
  - Changes in the overall condition of Council's road asset portfolio.
  - Levels of service achieved.
  - Accuracy and reliability of road-related financial forecasts.
- The transport Capital Works Development Program.
- Recommendations for amendments.

#### 10.5.1 Audit Review Process

Council will implement internal business processes to ensure that:

- Changes to transport assets are captured and then recorded in Council's asset management information systems in an accurate, consistent and timely manner.
- Condition assessments and maintenance inspections are conducted in accordance with Council's asset management guidelines.
- Works programs are developed in accordance with agreed prioritisation criteria.
- Transport-related asset expenditure is correctly allocated between CAPEX and OPEX in accordance with Council's guidelines.

#### 10.5.2 Reviewing Maintenance Management Performance

Part of the annual budget process is to review asset performance following delivery of the maintenance program. Actual expenditures are compared to those budgeted, and any significant variances are analysed with any necessary remedial action accounted for in the new budget.

Effectiveness of the various maintenance activities is reviewed to ensure that they are delivering what is required to keep the asset performing at the required level of service.

Part of this process is to determine whether it is effective to continue performing maintenance on an asset, whether the asset requires rehabilitation, renewal or upgrading or disposal.

#### 10.5.3 Reporting Asset Achievements

Council's Annual Report is the vehicle that is used by Council to report asset management achievements, including:

- Performance against program delivery targets.



## 11.0 REFERENCES

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## Appendix A: Glossary

The following terms defined/ described to clarify concepts referred to in this document.

Table 37: Glossary

Term	Description
Asset Condition Assessment	The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset to determine the need for some preventative or remedial action.
Asset Management	The combination of management, financial, economic, engineering and other practices applied to physical assets to provide the required level of service in the most cost-effective manner.
Asset Management Plan	A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to provide specified level of service. A significant component of the plan is a long-term cash flow projection for the activities.
Asset Renewal	Replacement or rehabilitation to original size and capacity of a road or drainage asset or the component of the asset. Renewals are "capitalised" so that the cost can be depreciated over the future life of the asset.
Core Asset Management	Asset management which relies primarily on the use of an asset register, maintenance management systems, job/resource management, condition assessment and defined levels of service, to establish alternate treatment options and long-term cash flow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than risk analysis and optimised renewal decision making).
Infrastructure Assets	Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally, the components and hence the assets have long lives. They are fixed in place and are often have no market value.
Level of Service	The defined service quality for a particular service against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost).
Life Cycle Cost	The life cycle cost (LCC) is the average cost to provide the service over the longest asset life cycle. It comprises annual maintenance and asset consumption expense, represented by depreciation expense. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.
Life Cycle Expenditure	The Life Cycle Expenditure (LCE) is the actual or planned annual maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to Life Cycle Cost to give an initial indicator of life cycle sustainability.
Maintenance and Renewal Sustainability Index	Ratio of estimated budget to projected expenditure for maintenance and renewal of assets over a defined time (e.g. 5, 10 and 15-years).



Term	Description
Performance Measure	A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.
Reactive Maintenance	Unplanned repair work carried out in response to service requests and management/supervisory directions.
Planned Maintenance	Repair work that is identified and managed through the customer requests system. These activities include inspections, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.
Rate of Annual Asset Renewal	A measure of the rate at which assets are being renewed per annum expressed as a percentage of depreciable amount (capital renewal expenditure/ depreciable amount).
Reactive Maintenance	Unplanned repair work carried out in response to service requests & management / supervisory directions.
Recurrent Expenditure	Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operating and maintenance expenditure.
Remaining Life	The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining life is economic life (also useful life).
Renewal Expenditure	Major works which do not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential.
Upgrade/Expansion Expenditure	Work over and above, restoring an asset to original service potential.
Useful Life (also economic life)	Either:(a) the period over which an asset is expected to be available for use by an entity, or (b) the number of production or similar units expected to be obtained from the asset by the entity. It is the estimated time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council.
New Assets	Activities that create a road or drainage asset that did not exist previously or extend an asset beyond its original size or capacity. New assets are also "capitalised", but they increase the asset base rather than restore its capacity to perform.





**Appendix B: Road Hierarchies**

Council is in the process of reviewing its Road Hierarchy. Council's current road hierarchy is as follows:

Table 38: SBRC 2017 Road Hierarchy (Approved)

Class	Road Type	Purpose	AADT <sup>32</sup>	Speed	Commercial Use?	School Bus Route?
3	<b>Arterial</b>	Roads that are not Highways or Main Roads whose main function is to convey through traffic and provide transport links: <ul style="list-style-type: none"> <li>Between important centres and the Highways and Main Roads; or</li> <li>Between important centres which have a significant economic, social, tourism or recreation role (e.g. tourism and resource development).</li> </ul>	>2,000			
4A	<b>Rural Collector</b>	Roads whose main function is the collection and distribution of traffic from local areas to the wider road network, including access to abutting properties with an AADT of 500-2,000 (guide only).	500 - 2,000			
4B	<b>Rural Feeder</b>	As for Rural Collector Major but with a lower service function with an AADT of 100-500 (guide only).	100 - 500			
5A	<b>Rural Access</b>	Roads with an AADT of 25-100 (guide only) whose primary function is: <ul style="list-style-type: none"> <li>To provide access to rural residences and properties; or</li> </ul>	25 - 100			

<sup>32</sup> Annual average daily traffic count



Class	Road Type	Purpose	AADT <sup>32</sup>	Speed	Commercial Use?	School Bus Route?
		<ul style="list-style-type: none"> <li>To provide exclusively for one activity or function (e.g. access to national parks, dam access, mining or forestry).</li> </ul>				
5B	<b>Lower Order Access</b>	As for Rural Access Primary but with an AADT of <25 (guide only).	<25			
5C	<b>Access Track</b>	Access to yards or non-occupied properties. Mostly these roads are not maintained by Council and reviewed each road case by case.				
6C	<b>Sub Arterial</b>	As for Major Arterial but with an AADT of <10,000 (guide only)	<10,000			
7	<b>Urban Collector</b>	Roads with an AADT of 3 –6,000 (guide only) whose primary function is to: <ul style="list-style-type: none"> <li>Complete the major road network across the metropolitan area and carry intra-urban traffic and/ or commercial and industrial traffic; or</li> <li>Form part of a regularly spaced road network supplementary to the principal urban road network.</li> </ul>	3,000 – 6,000			
8	<b>Urban Feeder</b>	Roads with an AADT of 750-3,000 (guide only) whose main function is to: <ul style="list-style-type: none"> <li>Collect &amp; distribute traffic from local areas to the broader road network, including access to abutting properties.</li> </ul>	750 - 3,000			
9A	<b>Urban Street</b>	Roads with an AADT of 150-750 (guide only) which connect to any of the higher category roads and whose main function is to: <ul style="list-style-type: none"> <li>Provide access to residences and properties; or</li> </ul>	150 - 750			



Class	Road Type	Purpose	AADT <sup>32</sup>	Speed	Commercial Use?	School Bus Route?
		<ul style="list-style-type: none"> <li>Provide exclusively for one activity or function.</li> </ul>				
9B	Access Place	As for Street but with an AADT of <150 (guide only)	<150			



The proposed Road Hierarchy contained in the draft *Transport Asset Maintenance Management Plan (TAMMP)* is shown below:

Table 39: SBRC Draft 2020 Road Hierarchy

Class	Road Type	Purpose	AADT <sup>33</sup>	Speed	Commercial Use?	School Bus Route?
4A	Rural Collector	Roads whose main function is the collection and distribution of traffic from local areas to the wider road network, including access to abutting properties. Provides connectivity between local roads of significance or state-controlled roads.	500 - 5,000	> 60km/hr	Significant	
4B	Rural Collector	As for Rural Collector Major but with a lower service function. Primary road to multiple access roads. Connectivity between local roads of significance or state-controlled roads	150 - 500	> 60km/hr	Some	
5A	Rural Access	Roads with an AADT of up to 150 (guide only) whose main function is: <ul style="list-style-type: none"> <li>Access to properties</li> <li>These could be formation only, gravel or sealed roads.</li> </ul>	≤ 150	≥ 60km/hr	Potential for commercial trip generation	Possibly
5B	Lower Order Access	As for Rural Access (5A) with the following exceptions: <ul style="list-style-type: none"> <li>Have an AADT of &lt;25 (guide only)</li> <li>Non bus route</li> </ul>	< 25	≥ 60km/hr	Potential for commercial trip generation	No
5C	Access Track	Access tracks provide very low volume access to rural properties with little to no seasonal commercial use. They are not to be school bus			little to no seasonal commercial use	No

<sup>33</sup> Annual average daily traffic count (guide only)





Class	Road Type	Purpose	AADT <sup>23</sup>	Speed	Commercial Use?	School Bus Route?
		<p>routes and instead pick up/set down areas are generally where the formed track joins the rural access road.</p> <ul style="list-style-type: none"> <li>• Access to &lt;5 properties or lawful dwellings</li> <li>• Non-bus route</li> <li>• Access to yards or non-occupied properties</li> <li>• May or may not be named</li> </ul> <p>These roads are not regularly maintained by Council but could have periodic maintenance which is outside of the regular grading program.</p>				
5D	Unformed Reserves	<p>Unformed road reserves and non-maintained reserves being:</p> <ul style="list-style-type: none"> <li>• Unformed</li> <li>• Non-inspected, non-maintained</li> <li>• Reserve may be named for emergency services identification only</li> </ul>				
7	Urban Collector	<p>Roads whose primary function is to:</p> <ul style="list-style-type: none"> <li>• Complete the major road network across the local areas and to carry intra-town traffic; or</li> <li>• Form part of a regularly spaced road network supplementary to the principal urban road network.</li> </ul>	> 750			
8	Urban Feeder	<p>Roads whose main function is to:</p> <ul style="list-style-type: none"> <li>• Collect &amp; distribute traffic from local areas to the wider road network, including access to abutting properties.</li> </ul>	> 150 & < 750			



Class	Road Type	Purpose	AADT <sup>23</sup>	Speed	Commercial Use?	School Bus Route?
9	Urban Access	<p>Roads which connect to any of the higher category roads and whose main function is to:</p> <ul style="list-style-type: none"> <li>• Provide access to residences and properties; or</li> <li>• Provide exclusively for one activity or function</li> </ul>	< 150			
10	Urban	<p>Parking lanes/areas on State-controlled roads not owned or maintained by the State.</p>				
Parking Lanes		<p>Road infrastructure contained within SBRC owned property or SBRC managed property which is not within a road reserve. Example of roads in this category include:</p> <ul style="list-style-type: none"> <li>• Internal airport roads</li> <li>• Cemetery access</li> <li>• Dam recreation facility internal roads</li> <li>• Carparks on freehold land</li> </ul>				



### Appendix C: CAPEX Investment Forecast

The following data comes from the 10-year CAPEX Program. The following assumptions were made when compiling this program:

- No major contributed assets will be received over the life of this plan (10 years).
- No major asset disposals will occur over the life of this plan (10 years).
- Council's current focus on road asset renewal will be maintained.
- The demand for new and growth assets cannot be forecast beyond the life of the current 3-year Capital Works Program. Consequently, no provision for growth assets was made in the out-years.
- The growth rate (CPI) used for forecasting is 1.7% per annum for the life of the plan. This is different from the CPI used to forecast future depreciation (1.0%).

In the context of the table below:

- 'Constructed' means new assets.
- 'Growth' means upgrades to existing assets.
- 'Contributed' assets are those donated to Council (e.g., by property developers or other levels of government).

Table 40: CAPEX Forecast Summary

Year	Construct	Contributed	Growth	Renewal	Disposal	Total
2020/21	388,000	-	977,765	11,016,202	-	12,381,967
2021/22	-	-	-	10,128,087	-	10,128,087
2022/23	-	-	-	10,455,453	-	10,455,453
2023/24	-	-	-	10,204,017	-	10,204,017
2024/25	-	-	-	10,440,499	-	10,440,499
2025/26	-	-	-	10,275,898	-	10,275,898
2026/27	-	-	-	10,310,139	-	10,310,139
2027/28	-	-	-	10,787,923	-	10,787,923
2028/29	-	-	-	10,631,237	-	10,631,237
2029/30	-	-	-	10,631,237	-	10,631,237
<b>Total</b>	<b>388,000</b>		<b>977,765</b>	<b>104,880,692</b>		<b>106,246,457</b>

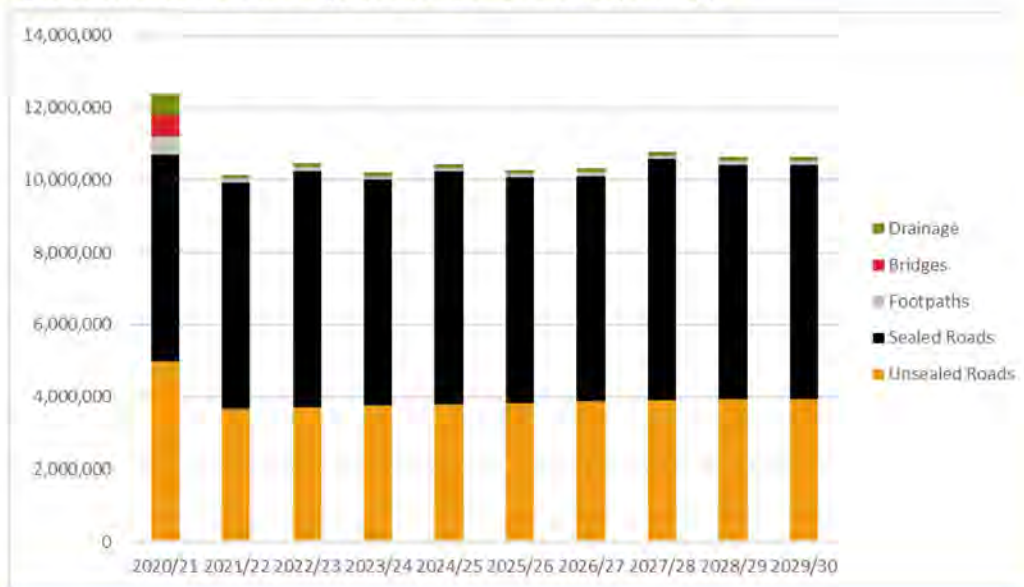


The distribution of the 10-year CAPEX program by Asset Type is as follows:

Table 41: 2020-30 CAPEX Renewal Forecast by Asset Type

Year	Unsealed (Gravel Resheeting)	Sealed (Bitumen Resealing & Rehab)	Footpaths	Bridges	Drainage	Total
2020/21 <sup>34</sup>	5,000,000	5,689,167	512,000	570,000	610,800	12,381,967
2021/22	3,672,360	6,253,727	101,000	-	101,000	10,128,087
2022/23	3,709,084	6,542,369	102,000	-	102,000	10,455,453
2023/24	3,746,174	6,251,843	103,000	-	103,000	10,204,017
2024/25	3,783,636	6,448,863	104,000	-	104,000	10,440,499
2025/26	3,821,472	6,244,426	105,000	-	105,000	10,275,898
2026/27	3,859,687	6,238,452	106,000	-	106,000	10,310,139
2027/28	3,898,284	6,675,639	107,000	-	107,000	10,787,923
2028/29	3,937,267	6,477,970	108,000	-	108,000	10,631,237
2029/30	3,937,267	6,477,970	108,000	-	108,000	10,631,237
<b>Total</b>	<b>39,365,231</b>	<b>63,300,426</b>	<b>1,456,000</b>	<b>570,000</b>	<b>1,554,800</b>	<b>106,246,457</b>

Figure 14: 2020-30 Road and Drainage CAPEX Program Distribution by Asset Type



<sup>34</sup> CAPEX Program Version 2 as at 15 May 2020





### Appendix D: Operations and Maintenance Forecast

It is difficult to forecast operations and maintenance expenditure requirements beyond the next two years with any degree of certainty. However, the following assumptions have been made:

- That the 2020/21 operations budget (i.e., \$7,493,620) is a reasonable starting point for this forecast.
- That the split of historical OPEX expenditure is approximately 90% maintenance and 10% operations.
- That Works operations and maintenance budgets will remain relatively stable over the life of this plan.

Table 42: OPEX Forecast Summary

Year	Operation Forecast	Maintenance Forecast	Total OPEX
2020/21	749,362	6,744,258	7,493,620
2021/22	749,362	6,744,258	7,493,620
2022/23	749,362	6,744,258	7,493,620
2023/24	749,362	6,744,258	7,493,620
2024/25	749,362	6,744,258	7,493,620
2025/26	749,362	6,744,258	7,493,620
2026/27	749,362	6,744,258	7,493,620
2027/28	749,362	6,744,258	7,493,620
2028/29	749,362	6,744,258	7,493,620
2029/30	749,362	6,744,258	7,493,620
	<b>7,493,620</b>	<b>67,442,580</b>	<b>74,936,200</b>





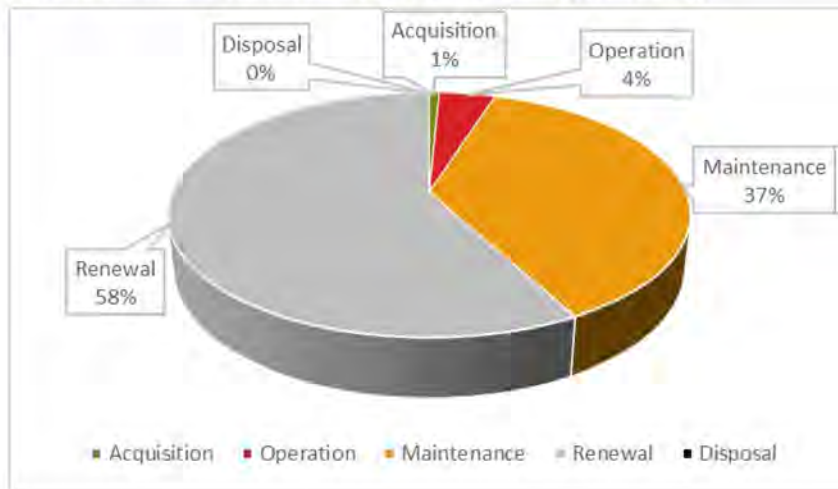
**Appendix E: Cost Forecast Summary by Lifecycle Activity**

Refer to the 10-year [CAPEX](#) and [OPEX](#) forecasts for the assumptions underpinning these estimates.

Table 43: 10 Year Cost Forecast Summary by Lifecycle Activity

Year	Acquisition	Operation	Maintenance	Renewal	Disposal	Total
2020/21	1,365,765	749,362	6,744,258	11,016,202	-	19,875,587
2021/22	-	749,362	6,744,258	10,128,087	-	17,621,707
2022/23	-	749,362	6,744,258	10,455,453	-	17,949,073
2023/24	-	749,362	6,744,258	10,204,017	-	17,697,637
2024/25	-	749,362	6,744,258	10,440,499	-	17,934,119
2025/26	-	749,362	6,744,258	10,275,898	-	17,769,518
2026/27	-	749,362	6,744,258	10,310,139	-	17,803,759
2027/28	-	749,362	6,744,258	10,787,923	-	18,281,543
2028/29	-	749,362	6,744,258	10,631,237	-	18,124,857
2029/30	-	749,362	6,744,258	10,631,237	-	18,124,857
<b>Total</b>	<b>1,365,765</b>	<b>7,493,620</b>	<b>67,442,580</b>	<b>104,880,692</b>	<b>-</b>	<b>181,182,657</b>

Figure 15: Distribution of 2020-30 CAPEX and OPEX Programs by Work Category





## ASSET MANAGEMENT PLAN

### Buildings

10 June 2020

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## Document Control

Buildings Asset Management Plan					
Ver.	Date	Revision Details	Author	Reviewer	Approver
0.01		First draft	Owen Harvey (CT Management)	Leanne Petersen	
0.02	25/05/2020	Second draft	Owen Harvey	Leanne Petersen	
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0.05	10/06/2020	Update of lifecycle costs and improvement plan	John Gorman	Leanne Petersen	

### Notes

1. Primary number changes to Versions (e.g. V1.00 to V2.00) will be made when the document undergoes its regular review and when significant changes are made to standards and guidelines for inspections, intervention levels or works.
2. Secondary number changes (V1.00 to V1.01) will apply to minor amendments that do not materially impact the documents and are intended only to clarify or update issues.
3. This template is based on the 2019 NAMSPLUS template purchased from the Institute of Public Works Engineering Australasia.



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## Abbreviations

The following abbreviations are used in this document:

<b>AMP</b>	Asset Management Plan
<b>ABS</b>	Australian Bureau of Statistics
<b>FWP</b>	Forward Works Plan
<b>LCC</b>	Life Cycle Cost
<b>LCE</b>	Life Cycle Expenditure
<b>LoS</b>	Levels of Service
<b>SBRC</b>	South Burnett Regional Council
<b>QAO</b>	Queensland Audit Office
<b>PI</b>	Performance Indicator
<b>RUL</b>	Remaining Useful Life
<b>SL</b>	Service Level



## 1.0 EXECUTIVE SUMMARY

### 1.1 The Purpose of the Plan

This plan covers the Building assets that support the provision of services to Council and the Community.

The purpose of this plan is to document current and required actions to sustainably provide Council-approved levels of service in the most cost-effective manner while appropriately managing the associated risks.

The plan sets out:

- What Buildings Council provides, to whom and to what level.
- The whole-of-life costs of the assets used to deliver these services.
- The constraints, risks, challenges, opportunities and options associated with delivery of these services.
- The level of funding required to sustainably deliver current levels of service for the foreseeable future.

### 1.2 Service Overview

Services included in this AMP are:

- Construction and maintenance services
  - Buildings
  - Other Structures (under Buildings Group responsibility)

Buildings related to the following services are excluded from this AMP are:

- Construction and maintenance services related to:
  - NRM & Parks
  - Waste Management
  - Water and Wastewater

### 1.3 Legislative Requirements

The pieces of legislation that inform and control how we deliver this service are shown [here](#) (Section 3.2).

### 1.4 Asset Description

Council's Buildings portfolio is comprised of the following assets:

*Table 1: Building Asset Summary as at May 2020*

Asset Category/ Sub-category	Qty	Current Replacement Cost (\$)	Written Down Value (\$)	Annual Depreciation (\$)
Amenities Blocks	76	10,191,000	6,611,556	196,974
Community Facilities (General)	71	22,257,715	12,360,849	518,294
Community Halls	13	19,539,000	9,348,460	469,335
Heritage Buildings	22	4,174,180	1,755,254	99,755



Asset Category/ Sub-category	Qty	Current Replacement Cost (\$)	Written Down Value (\$)	Annual Depreciation (\$)
Housing	41	4,071,400	2,135,674	100,462
Industrial	7	3,020,400	1,676,921	51,326
Minor Buildings	172	6,905,803	4,010,033	143,940
Municipal Buildings	55	21,865,541	11,786,082	506,824
Other Structure	102	4,961,004	3,303,836	115,839
Sporting Facilities	58	28,614,287	15,254,886	677,390
<b>Grand Total</b>		<b>\$ 125,600,330</b>	<b>\$ 68,243,552</b>	<b>\$ 2,880,139</b>

This asset class makes up 13% of total asset gross value of the 2018-19 reported Council's total asset stock.<sup>1</sup>

### 1.5 Levels of Service

Council does not have formal Levels of Service defined for its Buildings or Other Structures, but it must ensure that all Statutory requirements are met including:

- Building Code and associated Australian Standards Compliance
- WH&S Legislated requirements
- Environmental Waste Disposal

Buildings Levels of Service are currently being developed and are discussed [here](#) (Section 3.0).

The main challenge facing the Building Asset class is that current maintenance and renewals are potentially underfunded, and the levels of service required of the buildings will decrease in time. Development of the Levels of Service and a Buildings Hierarchy will assist in prioritising maintenance and renewals and ensuring that available funding is utilised to focus on those buildings that are of most importance to Council and the Community in terms of service delivery.

### 1.6 Future Demand

South Burnett and the surrounding region had an estimated population of 32,747 in 2016. Using the medium series population projections<sup>2</sup> provided by the Queensland Government Statistician's Office (QGSO), it is estimated that the region's population will reach approximately 36,342 persons by the year 2036.

The other drivers of demand for Buildings are:

- The regulatory environment, including mandating higher energy efficiency targets for new buildings.
- National Construction Code requirements becoming more onerous.

<sup>1</sup> South Burnett Regional Council 2018-19 Annual Report (p.119)

<sup>2</sup> QGSO Population Projections 2016-2041





- A shift in community attitudes and expectations around buildings, including expectations of more air-conditioned spaces.
- Environmental factors (e.g., climate change).
- Regional economic development.
- Technological change.
- Changes in community needs which are reflected in buildings required for different functions.

Consequently, change in demand is viewed as an influencing factor in the provision of Council’s Buildings over the next 20 years.

These 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 include non-asset solutions, insuring against risks and managing failures.

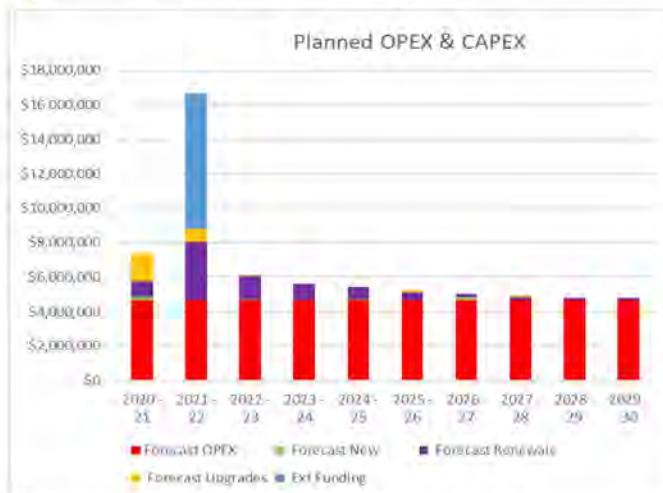
- Educating and consulting with the South Burnett community.
- Engaging in strategic planning with the State government and neighbouring Councils (shared facilities).
- Monitor utilisation of facilities to determine priorities for renewals.

**1.7 Asset Lifecycle Management Plan**

**1.7.1 What does it cost to provide the current level of service?**

The forecast lifecycle costs necessary to provide the services covered by this Asset Management Plan includes operation, maintenance, renewal, acquisition, and disposal of assets over the 10-year planning period is \$65,887,300 or \$6.6 Million on average per year.

Figure 1: 10 Year Cost Projections for Buildings



**1.7.1.1 Operations and Maintenance (OPEX)**

**Maintenance**

Reactive maintenance (breakdowns) is currently the norm, with little or no planned or scheduled maintenance occurring.





Additionally, Council has a significant buildings maintenance backlog due to a lack of maintenance funding in previous years.

The recent buildings condition assessment and 10 year maintenance identification will form the basis for a future planned maintenance program.

This issue is noted in the [AMP Improvement Plan](#) (Section 10.4).

#### Operations

Most of the costs associated with the management of Council's Buildings are operational in nature (i.e., maintenance and operation of Buildings).

Council does not currently separate Buildings Operations and Maintenance costs, but it intends to do so in future to enable more effective asset lifecycle planning.

Council does not currently benchmark OPEX expenditure against other similar size Councils.

This issue is noted in the [AMP Improvement Plan](#) (Section 10.4).

#### 1.7.1.2 Capital (CAPEX)

Council takes an 'asset lifecycle' approach to managing its assets. This approach involves planning for asset [Acquisition](#) (Section 6.5), [Renewal](#) (Section 6.2), and [Disposal](#) (Section 6.6).

#### Renewals

Council's 10-year planned asset renewal forecast for Buildings assets is approximately \$16.5 Million over the next 10 years, which is 13% of the gross replacement cost. Current observations are:

- SBRC are significantly underfunding maintenance and renewals for the Buildings portfolio and are on average, 57.4% of the annual depreciation of the asset class.
- Maintenance is almost entirely reactive ('break/fix'), with little or no planned or cyclical maintenance

#### New and Upgrade Capital Works

Planned new and upgrade Buildings works over the next 10 years totals approximately \$3.11 Million This amounts to a 2.5% increase on current replacement cost.

### 1.8 Financial Summary

Based on the current Long-Term Financial Forecast, the current levels of service for Buildings are not financially sustainable.

#### 1.8.1 What we will do

The reality is that only what is funded in the long-term financial plan can be provided. The emphasis of the Asset Management Plan is to communicate the consequences that this will have on the service provided and risks, so that decision making is informed.

The 2019 asset condition and 10 year maintenance assessment identified that SBRC are underfunding maintenance and renewals in most years.

The anticipated, planned budget leaves a shortfall of \$442,768 on average per year of the forecast lifecycle costs required to provide services in the Asset Management Plan compared with planned budget currently included in the Long-Term Financial Plan.

The average shortfall is higher if the Kingaroy Pool refurbishment planned for 21-22 is discounted from the proposed renewals.

In order to prioritise expenditure, it is recommended that Council utilises the Building Hierarchy and Levels of Service plus the risk scoring of maintenance to set future budgets.

This issue is noted in the [AMP Improvement Plan](#).



**1.8.2 What we cannot do**

We currently do **not** allocate enough budget to sustain these services at the specified standard.

Works and services that cannot be provided under present funding levels are:

- Renewal of existing building assets and sub-elements as they reach the end of their useful lives.

**1.8.3 Managing the Risks**

Our present budget levels are sufficient to continue to manage risks in the short term.

The main risk consequences are:

- Decreasing levels of service that the buildings can support.
- Increasing backlog maintenance.

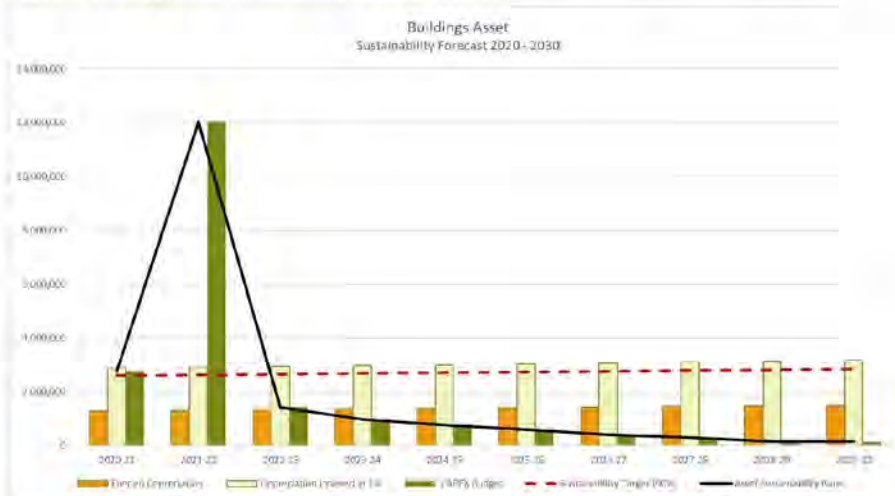
We will endeavour to manage these risks within available funding by:

- Prioritising maintenance by risk as identified in the 2019 condition assessment.
- Develop and implement the buildings hierarchy framework to prioritise future maintenance and renewals on those buildings assessed as being of higher priority to the Council and the Community.

**1.9 Asset Sustainability Assessment**

Council's [Asset Renewal Funding Ratio](#)<sup>3</sup> for Buildings assets is 57.4% the target set by the State government is 90%. This result indicates that Council's current service levels for Buildings are not sustainable in the medium term (10 years).

Figure 2: Buildings Asset Sustainability Forecast 2020-30



All figure values are shown in current (real) dollars.

<sup>3</sup> AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.



### 1.10 Asset Management Practices

Assets requiring renewal/replacement are identified by analysing asset condition. The method used is described [here](#) (Section 6.2).

Key observations about Council's asset management practices for Buildings are:

- Council is significantly underfunding maintenance.
- Maintenance is almost entirely reactive ('break/fix'), with little or no planned or cyclical maintenance.
- Council is not renewing its Building assets at the rate their service potential is being consumed.

The consequences of this behaviour are that buildings are likely to deteriorate over the medium term (10 years) resulting in the delivery of lower levels of service than is currently the case.

### 1.11 Monitoring and Improvement Program

The next steps required to improve asset management practices are shown [here](#) (Section 10.4). The key elements of this improvement plan are:

- Confirm new asset hierarchies.
- Develop and confirm the Buildings Hierarchy and prioritise the levels of service.
- Develop priority and budget for renewals and maintenance based on hierarchy and risk.
- Split maintenance and renewals out of capital budget and further split maintenance into reactive and preventative maintenance.
- Develop a capital works prioritisation framework for new and upgrade Building projects





## 2.0 Introduction

### 2.1 Background

This Asset Management Plan communicates:

- the requirements for the sustainable delivery of Buildings and Other Structures that support services through management of assets, risk and compliance with regulatory requirements; and
- the required funding to provide the specified levels of service over the long-term planning period.

The Asset Management Plan should be read in conjunction with other Council planning documents, namely:

- Asset Management Policy (2019)
- Asset Management Strategy (2018)
- Corporate Plan

It is also informed by the following industry guides:

1. International Infrastructure Management Manual 2015<sup>4</sup>
2. ISO 55000<sup>5</sup>

Council owns, maintains and provides a significant number of buildings and other structures that support the provision of a wide range of services to the community. Property Group manage and maintain buildings for Council and to enable the provision of services to the entire South Burnett region.

This Asset Management Plan covers the major asset types that make up Council's Property portfolio. These assets include:

- Community Facilities
- Community Halls
- Heritage Buildings
- Housing
- Municipal Buildings
- Sporting Facilities
- Amenities
- Minor Buildings/Structures

Figure 3: South Burnett Region



<sup>4</sup> Refer to Section 2.1.3 of the International Infrastructure Management Manual (IIMM) 2015 for details.

<sup>5</sup> ISO 55000 Overview, principles and terminology





A detailed profile of the assets covered in this Asset Management Plan is shown [here](#) (Section 5.0).

The infrastructure assets included in this plan have a total replacement value of **\$125,600,330**.

**2.2 Goals and Objectives of Asset Ownership**

Our goal in managing assets is to sustainably meet the defined level of service (as amended from time to time) in the most cost-effective manner while adequately controlling the risks associated with delivering those services.

The key elements of buildings asset management are:

- Providing a range of buildings that support the provision of services at a defined level of service and monitoring performance;
- Managing the impact of growth/changing community requirements through demand management and infrastructure investment;
- Taking a lifecycle approach to developing 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, affordable forecast costs and how it will be allocated.

**2.3 Planning framework**

Council’s Asset Management Planning framework<sup>6</sup> helps deliver on both waste management and asset management goals.

Key components of the asset management planning framework are:

*Figure 4: Asset Management Planning Framework Considerations*

Planning Consideration	Purpose
Levels of Service	<ul style="list-style-type: none"> <li>▪ Specify what services and levels of service will be provided.</li> </ul>
Future Demand	<ul style="list-style-type: none"> <li>▪ Forecast how future change will impact on service delivery and how any additional costs associated with this will be met.</li> </ul>
Lifecycle Management	<ul style="list-style-type: none"> <li>▪ Plan how to best manage existing and future assets to provide the specified levels of service.</li> </ul>
Financial Forecasting	<ul style="list-style-type: none"> <li>▪ Identify the level and timing of funding required to provide the specified levels of service over the life of this plan (10 years).</li> </ul>
Asset Management Practices	<ul style="list-style-type: none"> <li>▪ Identify how we deliver services and manage our assets over their lifecycle to maximise their value to Council.</li> </ul>
Performance Monitoring	<ul style="list-style-type: none"> <li>▪ Identify how this plan will be monitored to ensure our objectives are met.</li> </ul>
Improvement Planning	<ul style="list-style-type: none"> <li>▪ Plan to reach the appropriate level of asset management maturity for this asset class.</li> </ul>

<sup>6</sup> Refer to Council’s Asset Management Policy for details



## 2.4 Core and Advanced Asset Management Planning

The *International Infrastructure Management Manual* defines five levels of asset management maturity.

Figure 5. Asset Management Maturity Levels<sup>7</sup>



The content of this plan indicate Council's Buildings are at a **Basic** level of asset maturity but is developing towards a **Core** level. The evidence for this is:

- Council has long-term financial forecasts for renewals, new and that supports upgraded Buildings for the period from 2020/21 to 2030/31.
- Council has performed an asset audit, condition assessment and revaluation of all its building assets and other structures.
- Council is in the process of restructuring and cleaning its Buildings asset register and linking this data to their GIS.
- Council has developed a structured and timed asset management improvement plan for Buildings (this plan).
- Council has performed an initial assessment of the financial sustainability of the assets included in this plan based on the information available at this time.

Notwithstanding the above, the benefits of this plan are:

- It will assist Council to make informed decisions about Buildings, costs and risks.
- It documents Council's current methodology for managing Buildings assets across their respective lifecycles.
- It identifies opportunities to improve the way that Council operates and manages its Buildings.
- It provides an initial assessment of the financial sustainability of the current Buildings levels of service.

On-going investment and support are required to improve our asset lifecycle and information management practices for Buildings. The key improvements required are listed in the [Improvement Plan](#) section (Section 10.4). This investment will improve the quality of future iterations of this plan.

<sup>7</sup> International Infrastructure Management Manual 2015 (p. 4|21)





An initial attempt has been made at forecasting future Buildings OPEX and CAPEX requirements. However, the following caveats should be noted about the quality of information contained in this plan:

- Council does not currently have a structured asset data hierarchy and data model for Buildings assets to support analysis and modelling but is on the process of developing this.
- Council does not separate its OPEX expenditure into Maintenance and Operations.
- The split of assets between Buildings and NRM & Parks needs to be reviewed and confirmed.

A proposed Buildings Asset Hierarchy is shown in [Appendix G](#).

Future versions of the plan will contain refined asset lifecycle cost forecasts based on improved asset data.

### 2.5 Stakeholders

Key stakeholders in this Asset Management Plan are shown below:

*Table 2: Key Stakeholders in the Asset Management Plan*

Key Stakeholder	Role in Asset Management Plan
Councillors	<ul style="list-style-type: none"> <li>• Stewards of the community's resources and assets.</li> <li>• Represent the needs of community and service level expectations.</li> <li>• Endorse asset management policy and plans.</li> <li>• Ensure the organisation is financially sustainable.</li> </ul>
Chief Executive Officer (CEO)	<ul style="list-style-type: none"> <li>• Overall responsibility for developing an asset management policy, plans and procedures and reporting on the status and effectiveness of asset management within Council.</li> <li>• Allocate resources to meet the organisation's objectives in providing approved levels of service while managing risks;</li> <li>• Ensuring the organisation is financially sustainable.</li> </ul>
Asset Management Group	<ul style="list-style-type: none"> <li>• Custodian of the corporate asset register for Building assets and ensuring the asset valuations are accurate;</li> <li>• Preparation of asset sustainability and financial reports incorporating asset depreciation in compliance with current Australian accounting standards;</li> <li>• Asset Management System and Geographic Information System development and administration;</li> <li>• Develop 10 Year Capital Works Plans and budgeting;</li> <li>• Ensure approved funds are applied appropriately to ensure best value for money is delivered to the community;</li> <li>• Develop the maintenance standards required, so Council meets the specified technical and community levels of service.</li> </ul>
Staff	<ul style="list-style-type: none"> <li>• Verify the size, location, condition and performance of assets.</li> <li>• Provide local knowledge/history about Buildings assets.</li> </ul>



Key Stakeholder	Role in Asset Management Plan
	<ul style="list-style-type: none"> <li>Perform Capital Works, Operation and Maintenance activities as directed to meet agreed levels of service;</li> <li>Liaison internally with the Senior Management Team around asset activity prioritisation and planning.</li> </ul>
The community (residents, businesses, property owners), Developers, Consultants/Contractors) Facility Users, Lessees/Tenants, SES Volunteers	<ul style="list-style-type: none"> <li>Be informed of service levels, risks and associated costs.</li> <li>Participate in consultation processes.</li> <li>Provide feedback on the quality and value for money of Council's services.</li> </ul>
State and Federal Government	<ul style="list-style-type: none"> <li>Provide Leadership in promoting Best Practice Asset Management.</li> <li>Recognising the importance of local government assets to the community.</li> <li>Contribute funding to support the provision, maintenance and renewal of community assets.</li> </ul>

Our organisational structure for service delivery for Buildings and Other Structures assets is detailed below.

Figure 6: Buildings Related Functions



**2.6 Customer Research and Expectations**

Council currently gauges customer satisfaction and expectations around Buildings levels of service through:

- Analysis of customer service requests.





- Gathering stakeholder feedback during community Listening Tours.

Future revisions of the Asset Management Plan will incorporate other customer consultation mechanisms around on service levels and costs of providing the service. This will assist the Council in matching the service types, levels, risks and consequences with the community's ability and willingness to pay for these services.



### 3.0 LEVELS OF SERVICE

#### 3.1 Strategic and Corporate Goals

This Asset Management Plan has been prepared in accordance with the South Burnett Regional Council vision, mission, goals and objectives as set out in the *Corporate Plan 2018/19 to 2022/23*.

Our organisational mission is:

***South Burnett Region, working together building a strong, vibrant and safe community***

Council has articulated five strategic priorities in the Corporate Plan 2018-2023, namely:

- Enhancing our Community
- Growth and Opportunity
- Our Environment
- Infrastructure
- Organisational Excellence

Buildings support a wide arrange of Council services. Council's vision for this priority is:

***Building a vibrant, healthy, supportive and inclusive community***

Our goals and objectives for Building assets (and how these are addressed in this Asset Management Plan) are summarised below.

*Table 3: Property Services Goals<sup>8</sup>*

Goal	Objective	How Goal and Objectives are addressed in the Asset Management Plan
<b>EC2 Sustainable community groups</b>	EC2.1 – Encourage and support community organisations to enhance their sustainability	Identify and support good building maintenance practices in council maintained facilities through efficient and effective asset management practices
<b>EC3 An active, safe and healthy community</b>	EC3.1 – Facilitate the implementation of Council's Sport and Recreation Plan	Ensure efficient and effective asset management practices are in place for sports and recreation facilities
	EC3.2 – Enhance community culture through the support of initiatives and the provision of community facilities	Ensure efficient and effective asset management practices are in place for sports and community facilities

<sup>8</sup> From the Corporate Plan 2018 - 2023



### 3.2 Legislative Requirements

Legislative requirements that impact the delivery of the Buildings Assets are outlined below.

Table 4: Legislative Requirements

Legislation	Requirement
Local Government Act 2009 & Local Government Regulation 2012	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.
Work Health and Safety Regulation 2011	Sets out roles and responsibilities to secure the health, safety and welfare of persons at work.
Australian Accounting Standards	Comply with national accounting standards in relation to how Council's assets are valued and reported in its financial accounts.
Environmental Protection Act 1994	Sets out guidelines for land use planning and promotes sharing of responsibilities between various levels of government in the state.
Civil Liability Act 2003 and Civil Liability Regulation 2014	To manage negligence, elements of a claim, duty of care, standard of care and causation and to address the requirements of sections 35 and 37.
National Construction Code	Defines design requirements for buildings and linkages to Australian Standards across all aspects of building standards. NCC changes affect major renovations as well as new buildings. Refers to AS1428 Design for Access and Mobility standards. Defines energy efficiency targets for new buildings.
Building Act 1975 Building Regulation 2006 Building Fire Safety Regulations 2008 Disability Services Act 2006 Disability Services Regulation 2006 Disability (Access to Premises – Buildings) Standards 2010 Electrical Safety Act 2002 Electrical Safety Regulation 2013 Environment Protection Act 1994 Housing Act 2003 Housing Regulation 2015 Land Act 1994 Land Regulation 2009 Residential Services (Accreditation) Act 2002	Various Acts and Regulations that also inform and shape the Buildings Asset Management Planning process and set minimum standards and service levels in several significant areas.





Legislation	Requirement
Residential Services (Accreditation) Regulation 2002	
Residential Tenancies and Rooming Accommodation Act 2008	
Residential Tenancies and Rooming Accommodation Regulation 2008	

### 3.3 Service Strategy

#### 3.3.1 CAPEX Strategy

The rationale for Buildings is that they support service delivery for other council services. As a result, Buildings do not generally have an overall service strategy, and CAPEX needs are a response to other service strategies generating future demands. Capex planning, therefore, is a response to maintaining current service levels and or upgrades/new as other services require buildings/other structures.

#### 3.3.2 OPEX Strategy

At present, the OPEX strategy is to main current levels of service as initiated by customer and building user requests. The intent is to develop levels of service linked to a Buildings Hierarchy, and this will inform the future OPEX strategy.

This issue has been noted in the [AMP Improvement Plan](#) (Section 10.4).

### 3.4 Customer Levels of Service

The Customer Levels of Service are considered in terms of:

- Quality** 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 underused? Do we need more or less of these assets?

The table below summarises typical performance measures being indirectly used, the current performance, and the expected performance based on the current funding level.

These are measures of fact related to service delivery outcomes (e.g. the number of occasions when service is not available, asset condition, percentages of Very Poor/Poor/Average/Good/Very Good). These indicators provide a balance in comparison to the customer perception that may be more subjective.

The intent is to develop levels of customer service linked to a Buildings Hierarchy, and this will inform the future OPEX and CAPEX strategies.

This issue has been noted in the [AMP Improvement Plan](#) (Section 10.4).

Table 5: Customer Level of Service Measures

Customer Levels of Service		
Type of Measure	Level of Service Expectations/Outcomes	Current Performance Measure
Location	Easy to find, (physical location as well as clear signage and marking).	Customer feedback >80% satisfaction level



Customer Levels of Service		
Type of Measure	Level of Service Expectations/Outcomes	Current Performance Measure
		Measure Utilisation and compare to what is an appropriate utilisation for catchment and usage
<b>Features</b>	Offer a range of civic and public services for the community as necessary. Style reflects usage and is attractive to the occupants and users	Customer feedback >80% satisfaction level Measure Utilisation and compare to what is an appropriate utilisation for catchment and usage
<b>Distribution</b>	Aligned with population and demand.	Convenience for the community as measured by customer feedback
<b>Accessibility</b>	Well located to offer convenient access for the total community.	Accessible for all of the community
<b>Functionality</b>	May cater for individual services or a mixture of public, community and civic services.  Space and design match needs.  Internal layout is practical and fit for purpose. The building is welcoming, clearly signed plus directional indicators as required	Customer feedback >80% satisfaction level Measure Utilisation and compare to what is an appropriate utilisation for catchment and usage
<b>Security</b>	Community and staff feel safe and confident accessing building and services.	Measure customer, user feedback Customer feedback >99% satisfaction level
<b>Heating/Cooling</b>	Building is maintained at a comfortable temperature and conditions appropriate to the building usage	Measure customer, user feedback Customer feedback >90% satisfaction level
<b>Image and Character</b>	Stand-out buildings reflect the image and character of the precinct – may include historical buildings. Any graffiti is removed	Condition of facilities – (Within agreed intervention condition score for hierarchy level  Customer feedback >80% satisfaction level



**3.4.1 Service Hierarchy**

Council is utilising a building hierarchy to enable the development of differential levels of service for its buildings and facilities. This will then be used to better optimise future maintenance and renewal planning.

The Building hierarchy is a function of the building utilisation, occupancy, heritage value and impact on council operations and the community. The details on the hierarchy methodology are included in Appendix I

The hierarchy scale is a five-point scale ranging from low importance buildings (level 5) through to high importance to the community and/or buildings supporting critical services (level 1).

This means in terms of budgeting and asset Management planning; buildings rated as Level 1 are given higher priority than a level 2 - 5 building, for example.

It also means that higher importance and critical facilities must be funded or other solutions found to provide the level of service council has agreed (or needs) to deliver.

*Table 6: Buildings Service Hierarchy*

Category	Description	Examples
<b>Level 1</b>	High usage/importance/profile site/building, substantial infrastructure. Allows provision of essential services. These buildings are the most critical to Council operations and the community	Major Administration Centres Regional Customer Service Centres IT Buildings, Communication Facilities Regional Community Centres Key Tourism Facilities Major sporting facilities Buildings containing key Essential Services
<b>Level 2</b>	Medium usage sites/buildings utilised by the local community and operational council buildings	Key Depots Swimming Pools Town community halls Sporting Facilities Civic Centres Buildings containing Essential Services Libraries Airport Terminal
<b>Level 3</b>	Sites/Public Buildings with limited/local use. Buildings built for a specific purpose with limited variety of use.	Housing/Accommodation Amenities in tourist/higher use public areas Local/Rural Community Halls





Category	Description	Examples
		Sport & Recreational facilities Minor depot facilities Local Sporting facilities, PCYC Museums, Art Galleries, Heritage Homestead Saleyards
<b>Level 4</b>	Sites/Buildings with low usage and/or limited access and that have a specific use.	Amenities (level 4) Minor Depot Buildings Minor Sporting Facilities (Seasonal demand) or low usage Hangars Showgrounds Local low use community facilities
<b>Level 5</b>	Low use buildings - to be monitored to identify potential problems. Future consideration for usage or disposal	Amenities (level 5) Low impact/low use facilities /structures

Council recognises the need to balance stakeholder demand for new and upgraded facilities while concurrently maintaining appropriate and sustainable levels of service on its existing facilities. Consequently, Council intends to use the tables described above to define appropriately differentiated levels of service. Whether assets will be hierarchically or non-hierarchically differentiated depends on the nature of the asset.

Types of assets that are expected to have hierarchically defined levels of service:

- Amenities
- Administration/Customer Service Centres
- Depot Facilities
- Community halls
- Civic Centres
- Sport and Recreational facilities
- Swimming pools

Types of assets that are expected to have non-hierarchically defined levels of service include:

- Rental Properties, Houses/Units
- Disaster management buildings

The distribution of Council's building assets is shown below.

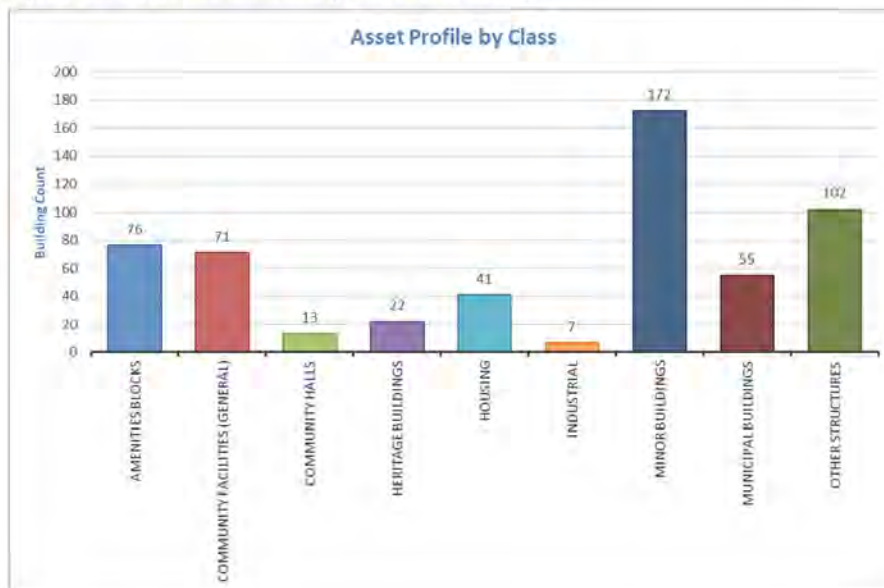


Table 7: SBRC Buildings Asset Distribution as at Nov 2019

Service Group	Asset Type	Quantity
Buildings	Amenities Blocks	76
	Community Facilities (General)	71
	Community Halls	13
	Heritage Buildings	22
	Housing	41
	Industrial	7
	Minor Buildings	172
	Municipal Buildings	55
	Other Structures	102
	Sporting Facilities	58
Total (by Number):		<b>617</b>

In the above count, the minor buildings category examples are shelters, huts, sheds, small buildings, carports, bus stop shelters. Other structures include other minor assets such as fencing, lighting and carparks.

Figure 7: Building Asset Distribution by Class as at Nov 2019





### 3.5 Technical Levels of Service

**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.

Service and asset managers plan, implement and control technical service levels to influence the service outcomes.<sup>9</sup>

#### 3.5.1 Technical Activities

The table below shows the activities expected to be provided under the current Planned Budget allocation, and the Forecast activity requirements being recommended in this Asset Management Plan.

#### 3.5.2 Buildings

Table 8: Technical Levels of Service: Buildings

Performance Measure Category	Level of Service Expectations/Outcomes	Current Performance Measure
<b>Statutory Level of Service</b>		
<b>Quality</b>	Buildings are sufficiently free from defects that result from a non-compliance with the National Construction Code at the time of construction	Condition of facilities – (Within agreed intervention condition score for hierarchy level All identified non-compliances are rectified within the timelines specified in the Service Level Agreement (future document)
<b>Service Function</b>	Buildings are functional and support the delivery of the required services and within the respective classification of the building and related Australian Standards	Customer feedback >80% satisfaction level
<b>Capacity</b>	Buildings are configured to meet Building Classification requirements and meet all fire safety-related codes relevant to each building	100% compliance
<b>Safety</b>	Compliance with the NCC Code (at time of construction) Compliance with the requirements of Workplace Health & Safety legislation	Nil Injuries due to hazards All identified non-compliances are rectified within the timelines specified in the Service Level Agreement (future document)
<b>Accessibility and Availability</b>	Facilities comply with relevant basic accessibility standards relative to building function	Accessible facilities comply with standards at the time of construction
<b>Environmental</b>	Compliant with Trade Waste and EPA requirements	100% compliance

<sup>9</sup> IPWEA, 2015, IIMM, p 2|28.





Performance Measure Category	Level of Service Expectations/Outcomes	Current Performance Measure
<b>Functional Level of Service</b>		
<b>Quality</b>	Fit for purpose	Condition of facilities – (Within agreed intervention condition score for hierarchy level Customer feedback >80% satisfaction level
<b>Service Function</b>	Buildings are functional and support the delivery of the required services	Customer feedback >80% satisfaction level
<b>Capacity</b>	Buildings are configured to meet Building Classification requirements and meet all fire safety-related codes relevant to each building	100% compliance Customer feedback >80% satisfaction level
<b>Safety</b>	Facilities are safe and free from hazards	Nil Injuries due to hazards All identified non-compliances are rectified within the timelines specified in the Service Level Agreement (future document)
<b>Accessibility and Availability</b>	Facilities comply with relevant basic accessibility standards relative to building function	Accessible facilities comply with standards at the time of construction
<b>Sustainability/Affordable</b>	The use of energy and water in buildings is controlled to reduce running costs and the impact on the environment	Measure electricity and water consumption costs and benchmark against like Councils/organisations
<b>Environmental</b>	The use of energy and water in buildings is controlled to reduce running costs and the impact on the environment and reduce the carbon footprint	Measure electricity and water consumption costs and benchmark against like Councils/organisations
<b>Technical Level of Service</b>		
<b>Quality</b>	Buildings are sufficiently free from defects that result from a non-compliance with the National Construction Code at the time of construction	Condition of facilities – (Within agreed intervention condition score for hierarchy level All identified non-compliances are rectified within the timelines specified in the Service Level Agreement (future document)
<b>Service Function</b>	Buildings are functional and support the delivery of the required services	Customer feedback >80% satisfaction level Review functionality as part of building inspections at intervals identified in the Service Level Agreement (future document)
<b>Capacity</b>	Utilisation of building is appropriate for the types of services supported	Review utilisation as part of building inspections at intervals



Performance Measure Category	Level of Service Expectations/Outcomes	Current Performance Measure
		identified in the Service Level Agreement (future document)
<b>Safety</b>	Compliance with the NCC Code (at time of construction)	100% of Inspections carried out in time and recorded into logbooks and the annual report prepared
	Rectification works are completed within the timelines specified in Appendix A.	100% compliance
	Rectification works requiring renewal funding are assessed under the capital renewal Program within x days of being identified	100% compliance
	Asbestos Assessments carried out	Carried out on all buildings identified on the asbestos register and all identified risk items rectified
<b>Accessibility and Availability</b>	Buildings available to provide the designated service during the prescribed hours of operation	Availability >95% of the time
<b>Sustainability/Affordable</b>	To provide an appropriate and cost-effective building maintenance service	Maintenance >1% of replacement value across all facilities 70% Preventative Maintenance 30% Reactive Maintenance
<b>Environmental</b>	Compliant with Trade Waste Requirements and EPA requirements	100% compliance
	Compliant with WH&S requirements for the management of asbestos-containing materials in Council Buildings	100% compliance
	Appropriate Energy efficiency measures are adopted as part of building renewals and upgrades	100% compliance



## 4.0 FUTURE DEMAND

### 4.1 Demand Drivers

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

### 4.2 Demand Forecasts

#### 4.2.1 Population Change

South Burnett and the surrounding region had an estimated population of 32,747 in 2016<sup>10</sup>. Using the medium series, the projected population will reach approximately 36,342 persons by the year 2036.

Total future population growth over the next 20 years is predicted to be 3,595 persons (11%).

Table 9: South Burnett Population Growth Estimates 2016-41 (QGSO)

Projected Population				Average Annual Change (Medium Series)	
Year	Low Series	Medium Series	High Series	Number	%
2016	32,747	<b>32,747</b>	32,747		
2021	32,799	<b>33,017</b>	33,255	<b>270</b>	0.82%
2026	33,422	<b>34,170</b>	34,955	<b>1,153</b>	3.49%
2031	34,009	<b>35,295</b>	36,650	<b>1,125</b>	3.29%
2036	34,469	<b>36,342</b>	38,320	<b>1,047</b>	2.97%
2041	34,720	<b>37,107</b>	39,643	<b>765</b>	2.11%

### 4.3 Demand Impact and Demand Management Plan

Council is currently developing a regional economic development strategy and strategic regional plans with Wide Bay Burnett Regional Organisation of Councils. This AMP will be refreshed following the completion of these documents.

The impact of demand drivers that may affect future service delivery and use of building assets are shown in the table below.

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.

Some opportunities identified to date for demand management are shown in the table below sourced from the Sport & Recreation Infrastructure & Strategic Plan 2018-2028. Other sources need to be added as plans are developed over time. A new Community Plan will be

<sup>10</sup> 'Projected population by local government area, Queensland, 2016 to 2041' Queensland Government Statistician's Office.





prepared in 2021, which will inform this asset class of future demands. Further opportunities will be developed in future revisions of this Asset Management Plan.

Table 10: Demand Management Plan

Location	Item	Source
Nanango, Murgon & Wondai Pools	Upgrades to Pools	Sport & Recreation Infrastructure & Strategic Plan 2018-2028
Murgon Sports Ground	Lighting Upgrades	
Bjelke – Petersen Recreation Reserve	Upgrades to Carparking	

Table 11: Demand Management Drivers

Demand Driver	Projected Change	Impacts on Service & Planned Actions
<b>Statutory Requirement Changes</b>	<p><b>Workplace Health and Safety Act</b></p> <p>Defines the requirements for ensuring that Council provides (and maintains) a safe workplace for all council staff and other users</p>	<p>Council legal responsibilities to maintain a safe workplace and ensure it can demonstrate that "reasonable" steps were undertaken and documented.</p> <p>Ensure that Maintenance is carried out on identified WH&amp;S building risk items.</p>
	<p><b>National Construction Code</b></p> <p>NCC Compliance - Defines design requirements for buildings and linkages to Australian Standards across all aspects of building standards.</p> <ul style="list-style-type: none"> <li>NCC changes affect major renovations as well as new buildings</li> <li>Refers to AS1428 Design for Access and Mobility standards – Cost implication to bring current buildings to latest access to premises requirements</li> <li>Defines energy efficiency targets for new buildings</li> </ul>	<p>All new buildings and major refurbishments will require compliance with current NCC code. Noting that there are increased costs associated with building construction to meet code requirements.</p> <p>Risk manage accessibility issues in current buildings and plan upgrades as deemed necessary based on risk and utilisation.</p>



Demand Driver	Projected Change	Impacts on Service & Planned Actions
	<p><b>Residential Tenancies and Rooming Accommodation Act –</b></p> <p>Provides requirements for conduct and operation of rental and leased accommodation</p> <ul style="list-style-type: none"> <li>Lease Agreements - Community and Sports Organisations define all parties rights and obligations under the agreements.</li> <li>Inspections and maintenance obligations are tied into these agreements</li> </ul>	<p>Increased responsibilities on landlords.</p> <p>Ensure agreements including maintenance responsibilities are clearly defined to mitigate against potential future claims on Council</p>
<p><b>Technology Trends</b></p>	<p>Increased emphasis towards lower carbon emissions and better energy efficiency design and operation (Green Star, Nabers, NCC Section J</p>	<p>New buildings are required to incorporate them at increased capital cost to the buildings but lower operational costs</p>
	<p>Increased use of networked computer monitoring and management of Building Services, i.e. air conditioning, electricity usage, shade controls, lighting etc</p>	<p>Ability to remote monitoring and control of building services to lower energy costs.</p>
	<p>Increased usage of solar power grid connected electricity generation to offset electricity usage, and the next trend is the onsite storage of power via battery systems</p>	<p>Increased installation of solar power and battery systems on major buildings. Increased maintenance but lower operational costs</p>
<p><b>Social Trends</b></p>	<p>Changes in social behaviours mean that demands on Council Services and buildings changes over time</p>	<p>Usage and demand for community facilities such as Community Halls, tennis courts and some other sports facilities is decreasing over time</p> <p>Review utilisation of facilities and consider options for future use.</p> <p>Libraries functions are changing due to technology/internet impacts.</p> <p>Re-design and refit to suit community requirements</p>



Demand Driver	Projected Change	Impacts on Service & Planned Actions
<b>Community Expectations</b>	Rising community expectations are likely to drive demand for upgrades to existing community facilities and provision of facilities in closer proximity to residential areas	Review LGIP requirements and monitor community feedback
	Increased reliance on tourism will continue to raise expectations of higher levels of service and regular renewals/upgrades to facilities in designated tourism spots	Monitor stakeholder and community feedback and make adjustments to maintenance and renewal programs as required.
	Increased demand for air-conditioned spaces	Increased capital and operational costs

**4.4 Asset Programs to meet Demand**

The new assets required to meet demand may be acquired, donated or constructed. The planned new asset and upgrades for the next 10 years to cater for future demand projections and service requirements are discussed [here](#) (Section 6.5).

It should be noted that acquiring new assets will commit Council to ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. Future operations, maintenance and renewal costs are identified here for inclusion in the long-term financial plan. Refer to the [Lifecycle Management Plan](#) (Section 5.7.3) and [Financial Summary](#) sections of this plan for details (Section 8.0).

**4.5 Climate Change and Adaption**

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

As a minimum, we should consider both how to manage our existing assets given the potential climate change impacts, and then also how to create resilience to climate change in any new works or acquisitions.

Opportunities identified to date for management of climate change impacts on existing assets are shown in the table below.

*Table 12: Managing the Impact of Climate Change on Assets*

Climate Change Description	Projected Change	Potential Impact on Assets and Services	Planned Actions
Increased frequency and severity of storm events	Increasing number of declared disaster events.	Increased service disruption due to buildings/structures damage or ingress of	Increased focus on planned and preventative maintenance, particularly external shells, roofing & guttering.





Climate Change Description	Projected Change	Potential Impact on Assets and Services	Planned Actions
		stormwater runoff. drainage maintenance	

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

- Assets will withstand the impacts of climate change
- Services can be sustained
- Assets that can endure may potentially lower the lifecycle cost and reduce their carbon footprint
- The table below summarises some asset climate change resilience opportunities.

Table 13: Building Asset Resilience to Climate Change

New Asset Description	Climate Change impact These assets?	Build Resilience in New Works
Building Design	Lower carbon emissions	Integrate requirements into designs and specifications for new renewals/new works

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

#### 4.6 Technological Change

The impacts of climate change can 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.



## 5.0 ASSET PROFILE

### 5.1 Asset Hierarchy

An asset hierarchy provides a framework for structuring data in an information system to assist in collection of data, reporting information and making decisions. The hierarchy includes the asset class and component used for asset planning and financial reporting and service level hierarchy used for service planning and delivery.

Council does not have a formal Building asset hierarchy. A proposed Building Asset Hierarchy assessment is contained in [Appendix G](#).

This issue has also been noted in the [AMP Improvement Plan](#) (Section 10.4).

### 5.2 Asset Quantities and Values

Council's Building assets are valued at fair value (cost to replace service capacity) and depreciated using the straight-line method over their useful lives.

The best available estimate of the value of the Buildings assets are shown below.

Current (Gross) Replacement Cost	<b>\$ 125,600,330</b>
Depreciated Replacement Cost <sup>11</sup>	<b>\$ 68,243,550</b>
Annual Depreciation	<b>\$ 2,880,140</b>

These values are comprised of the following components:

*Table 14: Buildings Asset Valuation Summary as at May 2020<sup>12</sup>*

Asset Category/ Sub-category	Qty	Current Replacement Cost (\$)	Written Down Value (\$)	Annual Depreciation (\$)
Amenities Blocks	76	10,191,000	6,611,556	196,974
Community Facilities (General)	71	22,257,715	12,360,849	518,294
Community Halls	13	19,539,000	9,348,460	469,335
Heritage Buildings	22	4,174,180	1,755,254	99,755
Housing	41	4,071,400	2,135,674	100,462
Industrial	7	3,020,400	1,676,921	51,326
Minor Buildings	172	6,905,803	4,010,033	143,940
Municipal Buildings	55	21,865,541	11,786,082	506,824
Other Structure	102	4,961,004	3,303,836	115,839
Sporting Facilities	58	28,614,287	15,254,886	677,390

<sup>11</sup> Also reported as Written Down Value, Carrying or Net Book Value.

<sup>12</sup> Source: Shepherd Services Buildings and Land Revaluation May 2020-V8b



Asset Category/ Sub-category	Qty	Current Replacement Cost (\$)	Written Down Value (\$)	Annual Depreciation (\$)
Grand Total	617	\$ 125,600,330	\$ 68,243,552	\$ 2,880,139

This asset class was revalued in May 2020. The above valuation data was extracted from the overall valuation report and represents the Buildings Asset Class only and excludes NRM & Parks, Waste and Water/Wastewater assets.

### 5.3 Asset Useful Lives

#### 5.3.1 Typical Asset Useful Lives

As part of the preparations for the 2020 Buildings and Other Structures Asset Revaluation, the use of prescribed standards for useful lives was assessed. Standardising useful lives across this asset class has improved the accuracy of remaining useful life estimates.

These typical useful lives were developed through modelling, assessment and the application of engineering experience to Council's local conditions.

Table 15: Typical Useful Lives for Buildings Assets

Asset Category	Asset Sub-category	Average Useful Life (Years)
Buildings	Building Components - External Services	40
	Building Components - Fitout	20
	Building Components - Floor Coverings - Carpet	10
	Building Components - Floor Coverings - Tiles	40
	Building Components - Floor Coverings - Timber	80
	Building Components - Floor Coverings - Vinyl	50
	Building Components - Roof Cladding - Concrete	60
	Building Components - Roof Cladding - Other	40
	Building Components - Services (Plant)	40
	Building Components - Sub Structure - Concrete	100
	Building Components - Sub Structure - Steel	120
	Building Components - Sub Structure - Timber	60
	Building Components - Super Structure - Brick	100
	Building Components - Super Structure - Concrete	120
	Building Components - Super Structure - Steel	150





Asset Category	Asset Sub-category	Average Useful Life (Years)
	Building Components - Super Structure - Timber	80
	Building Components - Wall Finishes External	80
	Building Components - Wall Finishes Internal	25
	Carport	50
	Fence - Brick and Steel Gates	80
	Fence - Metal Construction	25
	Fuel Depot - Whole	50
	Garage	50
	Grandstand - Including Tiered seating	80
	Hardstand - Concrete	80
	Pavilion	55
	Shade sail Shelter	55
	Storage Shed	55
	Swimming Pool	50
	Swimming Pool - Pumps and Fittings	15
	Tennis Court - Playing Surface - Bitumen	30

### 5.3.2 Remaining Useful Lives

There is a relationship between asset useful life and some of the major service levels chosen by council. For Building assets, service levels relate to the condition of the asset and are measured differently for each asset type.

### 5.4 Asset Age Profile

Council Buildings asset data does not lend itself to the generation of an age profile. The age profile of the buildings assets will be included in future updates.

This issue has been noted in the [AMP Improvement Plan](#) (Section 10.4).



### 5.5 Asset condition

Asset condition is measured using the 0 (new) – 10 (failed) grading scheme shown below.

Table 16: Buildings Asset Condition Rating Scheme

Condition Rating	Description	% Asset Remaining <sup>13</sup>
0	Brand New	100
1	Near new with no visible deterioration	90
2	Excellent overall condition early stages of deterioration.	80
3	Very good overall condition with obvious deterioration evident.	70
4	Good overall condition, obvious deterioration, serviceability impaired very slightly.	60
5	Fair overall condition, obvious deterioration, some serviceability loss.	50
6	Fair to poor overall condition, obvious deterioration, some serviceability loss.	40
7	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30
8	Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal.	20
9	Extremely poor condition, severe serviceability problems, renewal required immediately.	10
10	Failed asset, no longer serviceable. Should not remain in service.	0

Buildings asset condition are currently monitored via Council officer periodic safety inspections and via cyclic condition assessments:

#### 5.5.1 Buildings Condition Assessments

In 2019, Council performed a comprehensive condition assessment of its Buildings and Other Structures.

The distribution of buildings assets by overall condition score as well as by sub-components by condition is shown in the tables and charts below.

There are a slightly different number of assets noted in the condition profiles due to the recent adjustments of assets between Buildings, NRM & Parks and Waste Buildings assets. Once the final asset split is confirmed, this will be updated to reflect the actual building assets.

<sup>13</sup> Based on estimated delivery of future economic benefit.



Table 17: Overall Building Condition as at Dec 2019

Condition Score	Number of Buildings	% of Building Number
0	1	0.1%
1	66	9.4%
2	58	8.3%
3	99	14.1%
4	171	24.4%
5	144	20.5%
6	91	13.0%
7	48	6.8%
8	16	2.3%
9	8	1.1%
10	0	0.0%
<b>TOTAL</b>	<b>702</b>	<b>100.0%</b>



The above indicates that 44% of the total buildings and other structures are at condition 5 or worse, indicating that the overall portfolio is in average condition. There are 24 buildings/structures that are considered to be at, or above intervention level.

The following tables are condition profiles of the major building components.

Table 18: Substructure Condition as at Dec 2019

Condition Score	Number of Buildings	% of Building Number
0	0	0.0%
1	34	8.9%
2	40	10.5%
3	78	20.5%
4	88	23.1%
5	90	23.6%
6	33	8.7%
7	11	2.9%
8	7	1.8%
9	0	0.0%
10	0	0.0%
<b>TOTAL</b>	<b>381</b>	<b>100.0%</b>

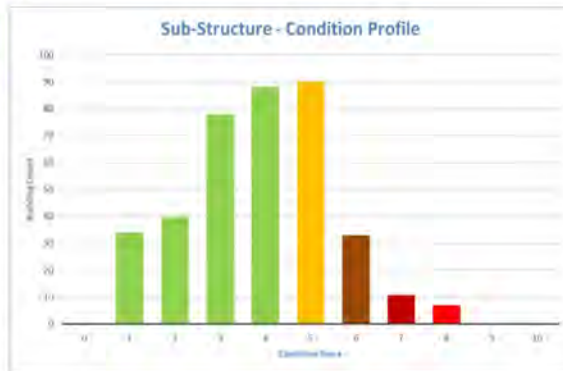






Table 19: Roof Cladding Condition as at Dec 2019

Condition Score	Number of Buildings	% of Building Number
0	0	0.0%
1	28	6.5%
2	31	7.2%
3	39	9.1%
4	89	20.8%
5	123	28.7%
6	70	16.4%
7	32	7.5%
8	13	3.0%
9	3	0.7%
10	0	0.0%
<b>TOTAL</b>	<b>428</b>	<b>100.0%</b>

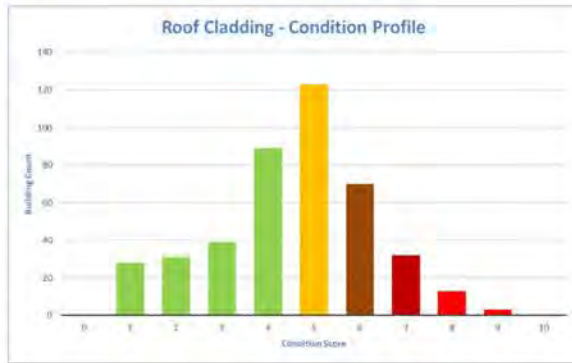


Table 20: Super Structure Condition as at Dec 2019

Condition Score	Number of Buildings	% of Building Number
0	1	0.2%
1	69	10.5%
2	49	7.5%
3	115	17.5%
4	143	21.8%
5	133	20.2%
6	72	11.0%
7	52	7.9%
8	14	2.1%
9	9	1.4%
10	0	0.0%
<b>TOTAL</b>	<b>657</b>	<b>100.0%</b>



Table 21: External Finishes Condition as at Dec 2019

Condition Score	Number of Buildings	% of Building Number
0	0	0.0%
1	18	6.1%
2	20	6.8%
3	24	8.1%
4	63	21.4%
5	73	24.7%
6	59	20.0%
7	26	8.8%
8	10	3.4%
9	2	0.7%
10	0	0.0%
<b>TOTAL</b>	<b>295</b>	<b>100.0%</b>





Table 22: Internal Finishes Condition as at Dec 2019

Condition Score	Number of Buildings	% of Building Number
0	1	0.4%
1	12	5.2%
2	17	7.4%
3	22	9.6%
4	65	28.4%
5	58	25.3%
6	40	17.5%
7	9	3.9%
8	4	1.7%
9	1	0.4%
10		0.0%
<b>TOTAL</b>	<b>229</b>	<b>100.0%</b>



Table 23: Floor Coverings Condition as at Dec 2019

Condition Score	Number of Buildings	% of Building Number
0	1	0.5%
1	9	4.5%
2	23	11.6%
3	32	16.1%
4	37	18.6%
5	41	20.6%
6	29	14.6%
7	18	9.0%
8	7	3.5%
9	2	1.0%
10		0.0%
<b>TOTAL</b>	<b>199</b>	<b>100.0%</b>

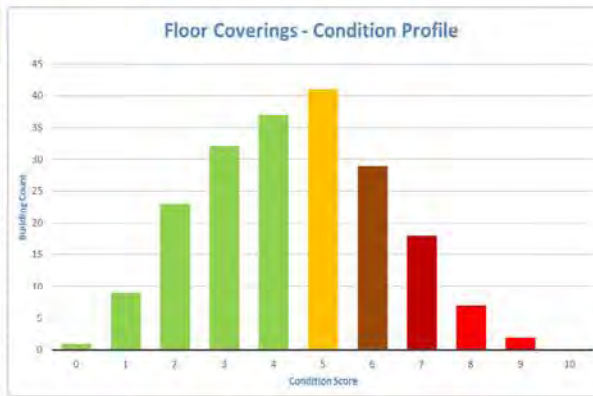


Table 24: Fittings Condition as at Dec 2019

Condition Score	Number of Buildings	% of Building Number
0	1	0.5%
1	5	2.3%
2	26	12.0%
3	28	12.9%
4	41	18.9%
5	49	22.6%
6	33	15.2%
7	26	12.0%
8	5	2.3%
9	3	1.4%
10		0.0%
<b>TOTAL</b>	<b>217</b>	<b>100.0%</b>

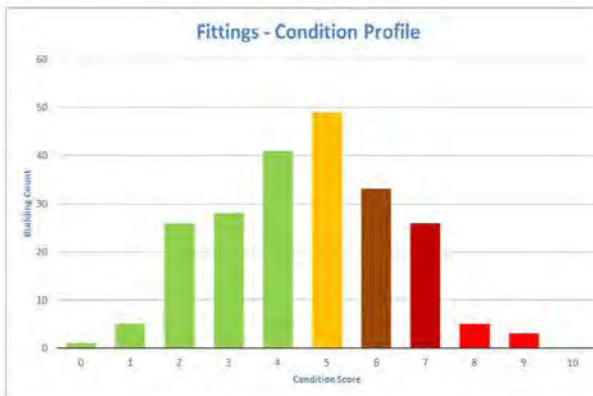




Table 25: Building Services Condition as at Dec 2019

Condition Score	Number of Buildings	% of Building Number
0		0.0%
1	11	3.7%
2	20	6.7%
3	37	12.3%
4	81	27.0%
5	79	26.3%
6	51	17.0%
7	16	5.3%
8	4	1.3%
9	1	0.3%
10		0.0%
<b>TOTAL</b>	<b>300</b>	<b>100.0%</b>



The condition profiles of the building components identifies that external finishes, roof claddings and fit-outs are those components in worse condition overall. This is not unusual given that the building envelopes are most exposed to environmental wear and tear. Fitouts have a shorter life and deteriorate due to the impact of use by occupants.

**5.6 Asset Utilisation**

Data for building utilisation is generally not widely available at present. Some usage data is available such as records of bookings for hire of community and sporting facilities, library patronage and swimming pool numbers. Anecdotal evidence is that patronage of the following is decreasing and need to be monitored in future in regards to future prioritisation of maintenance, renewals and disposal strategies.

- Tennis Courts and Clubs
- Community Halls

**5.7 Asset Capacity and Performance**

**5.7.1 Capacity**

At present, there are no identified capacity issues with Council's buildings. More recent buildings have been designed and funded with an identified function and capacity as part of the pre-design processes and brief development.

**5.7.2 Asset Performance**

Assets are generally provided to meet design standards where these are available. However, there are insufficient resources to address all known deficiencies. Locations where deficiencies in service performance are detailed in the table below.

Table 26: Known Service Performance Deficiencies

Location	Service Deficiency
Kingaroy Council Admin Building	Airconditioning renewal is required in some locations and requires reconfiguring to suit fit-out and providing adequate cooling capacity in summer.
Mondure Hall	Building is at end of life, and current layout does not meet community needs or is Code compliant.





Location	Service Deficiency
Kingaroy Swimming Pool Complex	Complex assets are nearing end of life and require refurbishment and upgrading to meet community needs and be fully functional.
Wondai Showgrounds	Grandstand has structural deficiencies.

The above service deficiencies were identified from Council inspections

### 5.7.3 Asset Performance Trends

The recent condition assessment has identified that overall the Council Building assets are in average condition. The 2019 condition assessment was the first portfolio-wide inspection, so there is no historical data available for trend analysis prior to this date. The data will be utilised for future trend analysis over repeated condition inspection cycles.



## 6.0 LIFECYCLE MANAGEMENT PLAN

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

### 6.1 Operations and Maintenance Plan

Operations include regular activities to provide services. Examples of typical building operational activities include:

- Security
- Access (keys and locks)
- Plumbing
- Electrical
- Cleaning/ hygiene services
- Electricity consumption monitoring
- Environmental control
- Fire and safety control
- Pest control

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. Examples of typical maintenance activities include:

- Painting
- Building repairs (including vandalism rectification)

The historical expenditure for the last three years from operations and maintenance job costing is summarised below:

*Table 27: Average Historical OPEX Expenditure by Asset Type*

Asset Type	3 Years Avg. Annual Expenditure (\$)	% of Total OPEX	% of Replacement Costs
Buildings	\$4,624,430		3.68%
<b>Total</b>	<b>\$4,624,430</b>		

Average annual OPEX expenditure is approximately \$4,624,430.

Future annual OPEX expenditure is based on a proposed budget of \$3,819,260

The trend in operations/maintenance budgets are shown in the table below.

*Table 28: Ops/Maintenance Budget Trends*

Year	Ops/Maintenance Budget \$
2018/19	\$5,264,134
2019/20	\$4,789,900
2020/21	\$3,819,259



Maintenance budget levels are considered to be adequate to meet projected service levels, which may be less than or equal to current 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. They are highlighted in this Asset Management Plan and service risks considered in the Infrastructure Risk Management Plan.

Assessment and priority of reactive maintenance is undertaken by staff using experience and judgement. In future, the management accessed under the recent condition assessment has been risk-rated to assist in prioritising maintenance, and the data is stored in the Delta S maintenance management system.

#### 6.1.1 Summary of forecast operations and maintenance costs

At present, Council does not separately identify maintenance expenditure from renewal budgeting due to historical reasons for funding under Capital Expenditure requirements. As a recommended improvement action is that building, operational costs be determined individually by building so that future benchmarking can be undertaken. In addition, reactive and preventative (cyclic) maintenance be separately identified so that the maintenance can be optimised in the future.

This issue has been noted in the [AMP Improvement Plan](#) (Section 10.4).

#### 6.2 Renewal Plan

Renewal is a significant capital work. While it does not significantly alter the original service provided by the asset, it restores, rehabilitates, replaces or renews an existing asset to its original service potential. Asset renewal should not increase future maintenance costs.

Work over and above, restoring an asset to original service potential is considered to be an acquisition or upgrade which will result in additional future operations and maintenance costs.

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).

South Burnett Regional Council uses the second method, i.e., projected long-term renewals are determined using recent asset condition assessments.

The typical useful lives of assets used to develop projected asset renewal forecasts are shown [here](#) (Section 5.3.1). Buildings asset useful lives were last reviewed on as part of the 2020 Buildings asset revaluation project.

The development of a standardised asset renewal requirements estimating methodology has been noted in the [AMP Improvement Plan](#) (Section 10.4).

#### 6.2.1 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. replacing a bridge that has a 5 t load limit), or





- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. condition of a playground).<sup>14</sup>

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.<sup>15</sup>

Council does not currently have formal ranking criteria to determine renewal priorities for Buildings assets. The development of a standardised asset renewal prioritisation methodology has been noted in the [AMP Improvement Plan](#) (Section 10.4).

**6.3 Summary of historical renewal costs**

Council has not historically forecast asset renewal requirements for Buildings assets, nor has it separately recorded renewal expenditure related to these assets.

**6.4 Summary of future renewal costs**

The amount budgeted for Building asset renewals for 2020/21 is \$944,000 (including NRM & Parks building assets).

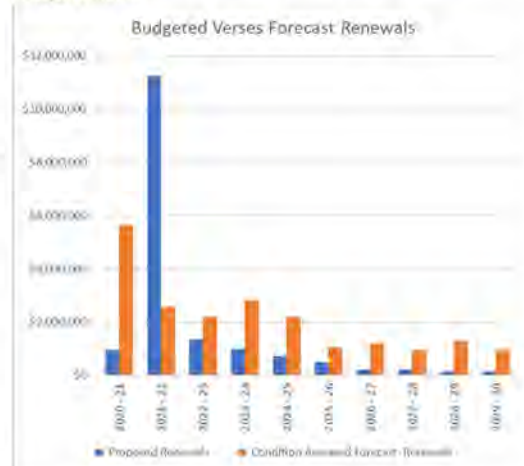
Forecast renewal costs are projected to decrease over time, assuming that backlog maintenance is undertaken. The table/chart below shows the forecast costs associated with renewals relative to the proposed renewal budget. The large amount budgeted for the 21-22 year is associated with the Kingaroy Pool renewals project which will require external or loan funding.

All figure values are shown in current (real) dollars.

Discounting the Kingaroy Pool replacement project, SBRC are underfunding renewals in most years. In order to prioritise expenditure, it is recommended that Council utilises the Building Hierarchy and Levels of Service plus the risk scoring of maintenance to set future budgets.

Council is focused predominately on asset renewals and strengthening its asset registers and systems to be able to confidently state its planned renewal position. This means that as our asset systems mature, we will need to review forward works programs on an ongoing basis.

Figure 8: Budgeted Renewals -v- Forecast Renewal Requirements



<sup>14</sup> IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

<sup>15</sup> Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.

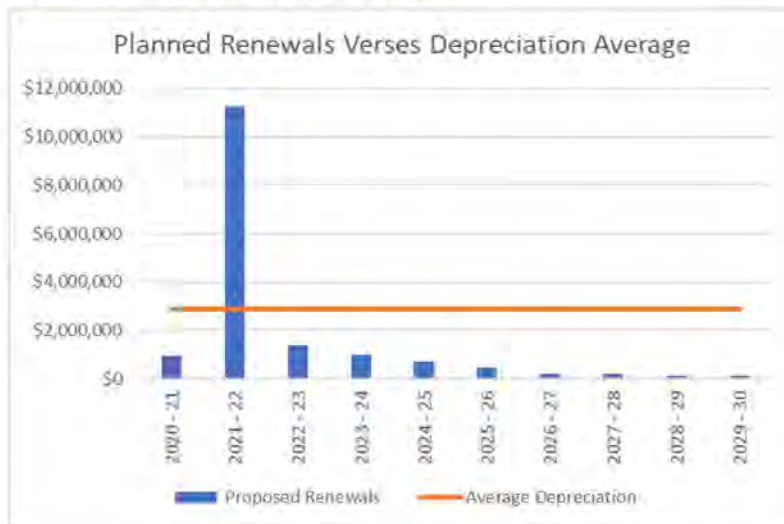


Total planned renewals (forward works program) spending is approximately \$16,532,350 over the next 10 years, which is 13.16% of the gross replacement cost. The majority of these renewals are:

- Pool Related Renewal Projects
- Housing – Nanango
- Admin Building – Kingaroy
- Showgrounds – Various Locations
- PCYC – Murgon
- Community Halls – Various Locations
- Sporting Facilities – Various Locations
- Depots – Various Locations

The average annual renewals planned is \$1,653,235. This is 57.4% of the average annual depreciation of \$2,880,139 for buildings. This indicates that Council is significantly under-investing in Buildings renewals and the levels of service for these buildings will potentially lessen over time.

Figure 9: Planned Renewals versus Depreciation



The renewal averages for the next 10-years 2019/20 to 2029/30 are displayed below.

### 6.5 Acquisition Plan

Acquisition reflects are new assets that did not previously exist or works which will upgrade or improve an existing asset beyond its current service capacity. Acquisitions may be the result of growth, demand, social or environmental needs. Assets may also be donated to Council by developers or other levels of government.

#### 6.5.1 Selection criteria

Proposed upgrade of existing assets, and new 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 Entities 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 the table below.

Council has yet to adopt a formalised section process for upgrading and acquisition and construction of new building assets. The development of a standardised selection prioritisation methodology has been noted in the [AMP Improvement Plan](#) (Section 10.4).

### 6.5.2 Summary of future asset acquisition costs

When Council commits to upgrading or new assets, they must be prepared to fund future operations, maintenance and renewal costs. They must also account for future depreciation when reviewing long term sustainability.

Table 29: Buildings Acquisition Forecast 2020-30

Year	CAPEX Acquisitions	Purpose
2020/21	90,000	Reverse Osmosis water system for the theatre (CSD) for sterilisation.
	40,000	Wondai Showgrounds Grandstand Replacement - construction and engineering plans
	820,000	Mondure Hall - replace with new purpose-built building
	15,000	Wondai Archive Room - firewall
	40,000	Compactus for Wondai Archive Room
	790,000	Kingaroy Swimming Pool Refurbishment
2021/22	500,000	Swimming Pool Refurbishment
	10,000	Sound system upgrade - Wondai Town Hall.
	7,500	21 & 22 Appin Place - Install security screens
2022/23	600,000	Wondai Showgrounds Grandstand Replacement - construction
2022/23	45,000	Compactus for Wondai Archive Room
2023/24		
2024/25	60,000	Compactus for Wondai Archive Room
2025/26		
2026/27	190,000	Mondure Tennis Courts Amenities
2027/28		
2028/29		
<b>Total:</b>	<b>3,207,500</b>	

When reviewing the long-term impacts of asset acquisition, it is useful to consider the cumulative value of the acquired assets being taken on by Council. The annual value of all acquisition work, including assets that are constructed and contributed shown in the chart below:





Figure 10: Planned Buildings New and Upgrade Costs



All figure values are shown in current (real) dollars.

Expenditure on new assets and services in the capital works program will be accommodated in the long-term financial plan, but only to the extent that there is available funding.

Add discussion about the forecast acquisition costs compared to the proposed upgrade new budget. Comment on any apparent trends and highlight significant projects. Highlight about the impact of new assets, e.g. acquiring these new assets will commit the funding of ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required.

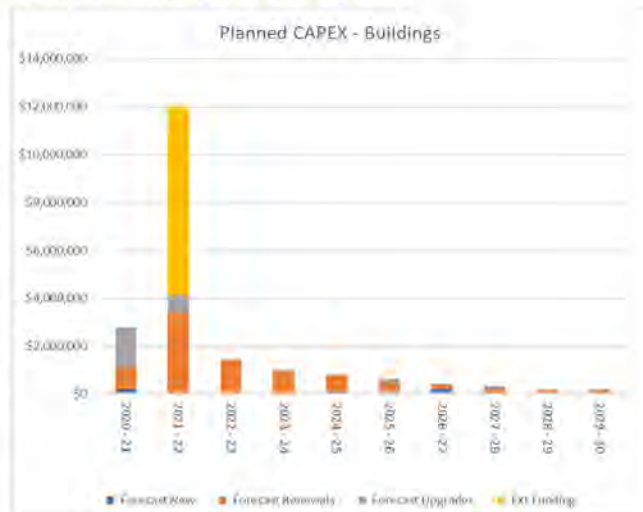
**6.5.3 Summary of asset forecast costs**

The financial projections from this asset plan are shown in the diagram below. These projections include forecast costs for acquisition, maintenance, renewal, and disposal. These forecast costs are shown relative to the proposed budget.

The bars in the graphs represent the forecast costs needed to minimise the life cycle costs associated with the service provision. The proposed budget line indicates the estimate of available funding. The gap between the forecast work and the proposed budget is the basis of the discussion on achieving balance between costs, levels of service and risk to achieve the best value outcome.

All figure values are shown in current (real) dollars.

Figure 11: Planned Capex For Buildings



**6.6 Disposal Plan**

Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and



disposal are shown in the table below. A summary of the disposal costs (and estimated reductions in the annual operations and maintenance costs) are also outlined in the table below. Any costs or revenue gained from asset disposals is included in the long-term financial plan.

*Table 30: Assets Identified for Disposal*

Asset	Reason for Disposal	Timing	Disposal Costs	Annual OPEX Savings
Kingaroy Airport - Bunkhouse storage shed	Poor condition and no longer used	2019-20	N/A	Nil



**7.0 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’<sup>16</sup>.

SBRC is gradually introducing a Building Hierarchy (a five-level category scale) which incorporates a risk component to measure the failure impact/criticality. The matrix is based on the SBRC Corporate Risk Matrix.

**7.1 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 in the table below. Also listed are their typical failure mode and the impact on service delivery. Failure modes may include physical failure, collapse or essential service interruption. The following have been identified as key building assets (Level 1) under the draft building hierarchy.

*Table 31: Critical Assets*

Critical Assets	Failure Mode	Impact
Kingaroy - Lady Bjelke-Peterson Community Hospital	Loss of service or equipment	Loss of medical services/contamination could have Health & Safety as well as community impacts due to the loss of local services
Kingaroy - Glendon Street - ICT Office	Loss of service and/or damage to ICT infrastructure	Critical ICT infrastructure for Council-wide operations
Kingaroy Council Administration Building	Loss of use of all or part of building by damage or service loss.	Loss of key Council facility/interruptions will impact on the delivery of services/operations to community and across Council.
Kingaroy Economic development, Library and finance	Loss of use of all or part of building by damage or service loss.	Loss of key Council facility/interruptions will impact on the delivery of services/operations to community and across Council.
Nanango - Nanango Council Office	Loss of use of all or part of building by damage or service loss.	Loss of key Council facility/interruptions will impact on the delivery of services/operations to community and across Council.

<sup>16</sup> ISO 31000:2009, p 2





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.

**7.2 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', 1 and to respond to possible disruptions to ensure continuity of service.

Resilience is built on aspects such as response and recovery planning, financial capacity, climate change and crisis leadership.

We do not currently measure our resilience in service delivery. This will be included in future iterations of the Asset Management Plan.

**7.3 Risk Assessment**

The risk management process used is shown in the figure 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. This process is based on the fundamentals of International Standard ISO 31000:2018<sup>17</sup>.

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.

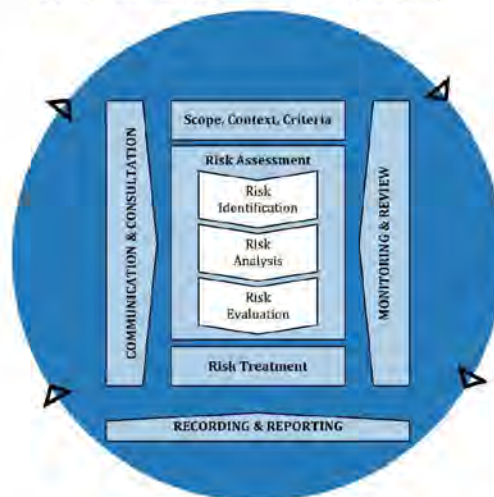
An assessment of risks<sup>18</sup> associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a 'financial shock', reputational impacts, or other consequences.

**7.4 Risk Treatment**

Building Assets consist of multiple components which all have differing functions, different materials and useful lives. The major mitigation and least-cost strategy is to ensure that preventative maintenance activities are in place and are programmed at an appropriate to suit the type of risk and at a service, level dictated by the Building Hierarchy.

SBRC undertakes programmed maintenance for legislated compliance for fire protection services, emergency lighting, EWIS, HVAC and air conditioning systems.

Figure 12 Risk Management Process (Abridged)



<sup>17</sup> Source: ISO 31000:2018, Figure 1, p9

<sup>18</sup> SBRC Corporate Risk Plan



In addition, the following reactive maintenance items, designated as higher risk items, were identified as part of the 2019 Condition Assessment.

Table 32: Risk Management Treatment – Maintenance Items

Building Name	Problem	Action	Est. Cost	Risk Rating
Bjelke-Petersen Dam - Kiosk - Yallakool Tourist Park	No wheel chair access to Kiosk	Provide Threshold. Rubber Ramps for door way	\$200.00	H-75
Bjelke-Petersen Dam - Toilets - Male & Female - Located by Ten	Stringers and treads rotted.	Replace steps to male toilet	\$2,400.00	H-75
Bjelke-Petersen Dam - Villa 1	Ground around concrete eroding	Construct a retaining wall two metres back from	\$5,000.00	H-75
Cloyna Hall - Cloyna Hall	Deteriorating timber and no longer meets code	Replace ramp for disability access to building	\$12,000.00	H-75
Ficks Crossing - Chelmsford House - Ficks Crossing Camp Ground	You can here water running between walls.	Remove s/steel panel to access water pipes to ascertain water leak.	\$600.00	H-75
Murgon - MURGON SHOWGROUNDS - Open sided storage shelter	Structure coming to the end of it's life span	Remove and replace structure	\$35,000.00	H-75
Murgon - Murgon Swimming Pool	Missing tiles west end	Replace missing tiles	\$320.00	H-75
Murgon - Murgon Swimming Pool	Broken tile corner of starter block	Replace broken tiles	\$420.00	H-75
Murgon - Murgon Swimming Pool Lower storage shed	electrical lead left on	Provide post and external power point and remove	\$1,500.00	H-80
Murgon - Murgon Swimming Pool Toddler shade sail	Hole in sail	Remove shade sail and have it repaired	\$450.00	H-75
Wondai - Toilet Block	fascia rotting	Fix metal corner capping to protect timber from	\$250.00	H-75
Wondai Showgrounds Race Callers Box	Timber treads rotting	Replace treads on stairs	\$2,880.00	E-80

## 7.5 Service and Risk Trade-Offs

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

### 7.5.1 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 have not as yet been fully identified.

### 7.5.2 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. These service consequences include:

- Disruption to building users and activities being carried on within the buildings

### 7.5.3 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:

- Possible harm to building users (WH&S Breaches).
- Lower levels of services potential due to building failures or restrictions of usage.





## 8.0 FINANCIAL SUMMARY

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

### 8.1 Long-Term Financial Forecast

Council's is currently developing a Long-Term Financial Forecast (LTFF) for the next 10 years.

Since this information is not currently available, it is not possible to compare future forecast asset lifecycle costs to the LTFF.

### 8.2 Forecast costs for long term financial plan

This Asset Management Plan identifies the forecast operations, maintenance and renewal costs required to provide an agreed level of service to the community over a 10 year period. Forecast costs are shown in 2019/20 current year dollars.

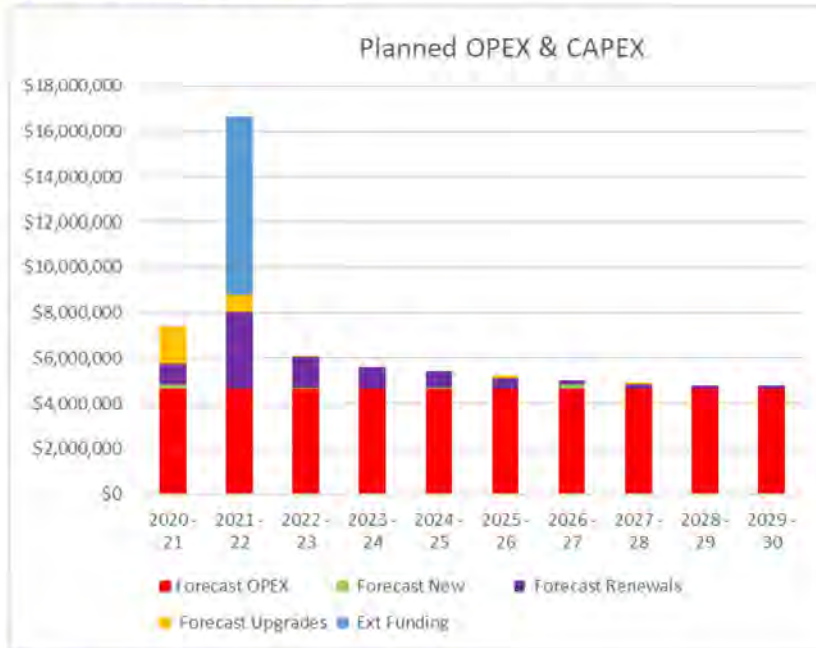
Table 33: Forecast Asset Life Cycle Costs for Long Term Financial Plan

Year	Forecast OPEX	Forecast Acquisition (New)	Forecast Renewals	Forecast Upgrades	Forecast Disposal
2020/21	\$4,624,430	\$185,250	944,000	\$1,640,250	\$0
2021/22	\$4,624,430	\$0	11,261,400	\$772,100	\$0
2022/23	\$4,624,430	\$45,000	1,374,950	\$18,050	\$0
2023/24	\$4,624,430	\$0	998,000	\$0	\$0
2024/25	\$4,624,430	\$60,000	721,000	\$0	\$0
2025/26	\$4,624,430	\$0	500,000	\$100,000	\$0
2026/27	\$4,624,430	\$190,000	219,000	\$0	\$0
2027/28	\$4,624,430	\$0	210,000	\$100,000	\$0
2028/29	\$4,624,430	\$0	154,000	\$0	\$0
2029/30	\$4,624,430	\$0	150,000	\$0	\$0
<b>Total:</b>	<b>\$46,244,300</b>	<b>\$480,250</b>	<b>\$16,532,350</b>	<b>\$2,630,400</b>	<b>\$0</b>





Figure 13. Planned OPEX & CAPEX



**8.3 Sustainability of service delivery**

There are two key indicators of sustainable service delivery that are considered in the Asset Management Plan 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 the next 10 years), and
- medium-term forecast costs/proposed budget (over 10 years of the planning period).

**8.3.1 Medium-term – 10 year financial planning period**

The 10-year forecasting process is currently linked to depreciation forecasts. It needs to be clearly driven more closely by maintenance and renewals requirements as a function of agreed levels of service and building hierarchy.

**8.3.2 Asset Renewal Funding Ratio**

The Asset Renewal Funding Ratio (ARFR) indicates whether Council is replacing its assets as fast as it is consuming their service potential. The annual Asset Renewal Funding Ratio target set by the State government is 90%.

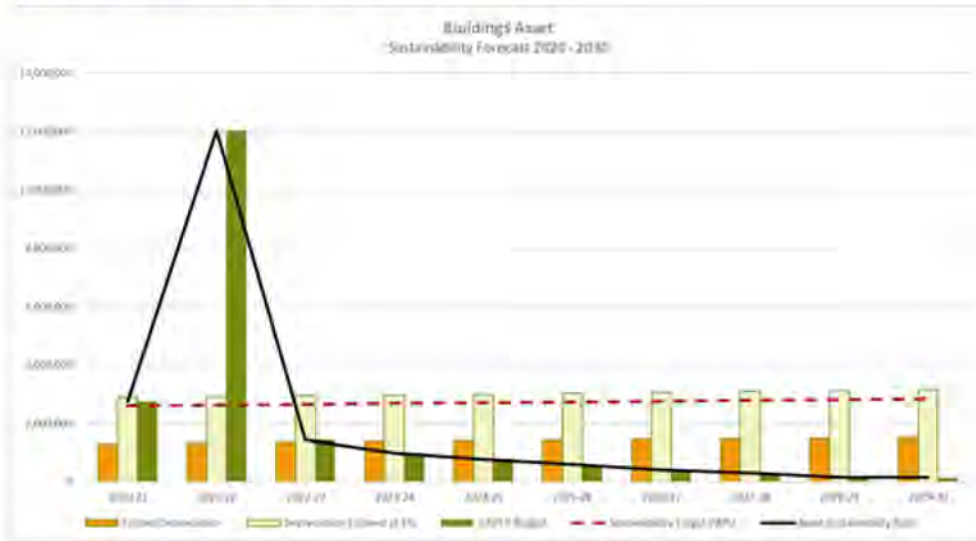
Council’s Asset Renewal Funding Ratio<sup>19</sup> for Buildings assets is: 57.4%

The current ARFR indicates that, over the next 10 years, planned renewals are well below the level required to sustainably manage these assets. Over time, this is to likely result in a degradation of the current service levels.

<sup>19</sup> AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.



Figure 14: Asset Sustainability & Planned Renewals



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

**8.3.3 Observations**

Key observations about the financial forecasts for Buildings Assets are:

- Building asset renewal expenditure is (on average) 57.4% of the annual depreciation of the asset class when the State benchmark is 90%.
- The current Capital Works Program has a short-term focus (i.e., 2-3 years) and has not identified sufficient renewal projects in the out years.
- SBRC are significantly underfunding maintenance
- Maintenance is almost entirely reactive ('break/ fix'), with little or no planned or cyclical maintenance.

**8.3.4 Implications**

The current levels of service for Buildings are not financially sustainable.

If the current trend continue, the overall condition profile of the buildings portfolio will decrease and the levels of service provided will decrease.

Future renewal and maintenance requirements are expected to increase significantly as these assets wear out prematurely.

**8.4 Funding Strategy**

The proposed funding for assets is outlined in the Council's budget and long term financial plan.

The financial strategy of the entity determines how funding will be provided. In contrast, the Asset Management Plan communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.



**8.5 Valuation Forecasts**

Over the next 10-years, Council is expected to add approximately \$3,110,650 to the value of its Buildings assets. This will increase the current replacement cost to approximately \$128,710,980 as these additional assets are added.

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.

**8.6 Key Assumptions Made in Financial Forecasts**

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

Key assumptions made in this Asset Management Plan are:

- Valuation Data is assumed to be accurate, and the data was split between the new designated asset classes of Buildings, NRM and Parks, Waste, Water and Wastewater.
- Renewals and Maintenance Forecasting was extracted from the 2019 CTMG condition assessments and maintenance forecasts
- Opex Data was provided by SBRC
- Capex Data was provided by SBRC

**8.7 Forecast Reliability and Confidence**

The forecast costs, proposed budgets, and valuation projections in this Asset Management Plan are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on an A - E level scale<sup>20</sup> in accordance with the table below.

*Table 34: Data Confidence Grading System*

Confidence Grade	Description
A. Highly reliable	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 ± 2%
B. Reliable	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 ± 10%
C. Uncertain	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 ± 25%

<sup>20</sup> IPWEA, 2015, IIMM, Table 2.4.6, p 2|71.





Confidence Grade	Description
D. Very Uncertain	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. Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this Asset Management Plan is shown in the table below.

Table 35: Data Confidence Assessment for Data used in Asset Management Plan

Data	Confidence Assessment	Comment
Demand drivers	C	Demand drivers for the Building Class are derived from the various services that require buildings to support service delivery. There are limited strategic service delivery plans available to support the identification of service needs across the board.
Growth projections	B	SBRC has access to a number of services and needs to agree on a specific data source
Acquisition forecast	C	Forecasting of new assets needs to have more process in terms of capital works prioritisation and business case processes
Operation forecast	C	Pro-rata split of 2020-21 OPEX budget based on account type. More granular costing detail not available
Maintenance forecast	C	Pro-rata split of 2020-21 OPEX budget based on account type. More granular costing detail not available
Renewal forecast - Asset values	B	Recent data is available for 2019 condition assessment and maintenance identification
- Asset useful lives	B	Reliance was on recent Valuation data
- Condition modelling	A	Recent data is available for 2019 condition assessment and maintenance identification
Disposal forecast	C	Disposal of assets needs to have a clear process in terms of identification and business case process.

The estimated confidence level for and reliability of data used in this Asset Management Plan is considered to be C.



## 9.0 INFORMATION MANAGEMENT

### 9.1 Asset Information Management Systems

#### 9.1.1 Asset Register

Council uses *TechnologyOne* as its corporate asset management system. The asset register is part of this solution. The *TechnologyOne* asset register holds both structured non-spatial asset data and financial information about the assets (e.g., valuations).

#### 9.1.2 GIS

Council uses the MapInfo geographical information system (GIS) to store structured spatial information about its Building assets. The GIS is also used to capture and display spatial data (e.g., cadastral, topographic and aerial information).

#### 9.1.3 Records Management System

Council uses the *TechnologyOne* Records Management solution to capture, store and organise unstructured documents (e.g., letters, reports, etc.).

Design and As Constructed drawings are stored in a shared network drive.

#### 9.1.4 Customer Request System

Council uses *TechnologyOne* to record and manage all incoming Customer Requests or complaints.

#### 9.1.5 Work Management System

Buildings Group is utilising Delta S Maintenance Management System to maintain maintenance data, develop works programs and Works Order generation. This an interim solution until Council implements a cross-Council asset management solution.

#### 9.1.6 Work Category Definitions

Council's Finance Department is currently reviewing work category definitions to support more consistent reporting of activity. We expect the following work categories to be implemented:

Table 36: Work Category Definition

Work Type	Work Category	Description
CAPEX	New/ Expansion	Expenditure, which creates a new asset to meet additional service level requirements, e.g. new building, road, etc.
	Renewal/ Refurbishment	Expenditure on an existing asset, which, restores, rehabilitates, replaces existing asset to its original capacity, e.g. resurfacing of roads.
	Upgrade	Expenditure, which enhances an existing asset to provide a higher level of service, e.g. widening of road seal.
OPEX	Maintenance	Recurrent expenditure, periodically or regularly required as part of the anticipated schedule of works required keeping assets operating, edge road patching.
	Operations	Recurrent expenditure or regular activities to provide public health, safety and amenity, e.g. street sweeping, grass mowing, street lighting, cost of supply from utilities, such as water, electricity etc.
	Disposal	Expenditure related to the disposal of an asset.





The development of a standardised method for allocating asset-related costs has been identified in the AMP [Improvement Plan](#).

#### **9.1.7 Financial Management System**

Council uses *TechnologyOne* as its corporate financial management system. It records and stores and reports on all financial and business operations. *TechnologyOne* is used for the entire spectrum of financial activity, including:

- General Ledger
- Job costing
- Procurement
- Inventory
- HR and payroll

Data is entered into (or generated within) the system from source documentation (e.g., staff timesheets for payroll transactions or purchase orders for goods and services).

Technology One also generates all statutory and financial management reports that are available to all levels of staff and elected representatives.

#### **9.1.8 ICT Infrastructure Platform**

The Delta S system is located on a local Desktop and is based on MS Access. The mobile field solution is a windows based tablet which is synced to the desktop program to upload field-collected data.

#### **9.1.9 Systems Fitness-for-Purpose Assessment**

The information system used to manage buildings assets is fit-for-purpose because it enables the following:

- Recording and storing of attributes to identify individual asset clearly;
- Define relationship (components) within and between assets;
- Enables customisation including description fields;
- Provides Capital, maintenance and condition-based reports (either customised or delivered by manipulating the database);
- Provides an Export selected data; and
- This system will assist in determining asset information for long-term capital and maintenance funding requirements to ensure that assets do not fall below their nominated minimum asset condition rating.

### **9.2 Asset Data Management**

#### **9.2.1 Accounting and financial data sources**

This Asset Management Plan utilises accounting and financial data. The source of this data is the *TechnologyOne* enterprise application suite.

#### **9.2.2 Financial Management Data Requirements**

##### **9.2.2.1 Asset Valuation**

In accordance with Accounting Standard AASB1041, Council is required to account for all its assets, including the value of current and non-current assets in financial reports thereby identifying to the community the level of investment in assets. These assets are then depreciated on an annual basis to reflect the community usage of its infrastructure assets.





Council splits its Assets into classes for valuation purposes. Council asset classes are:

- Land
- Buildings
- Plant & Equipment
- Roads, Drainage & Bridges
- Water
- Sewerage
- Other Infrastructure

Each class is valued in its entirety to reflect its fair value. Council uses independent external valuers to undertake the valuation process. Verification of the completeness of Council's Asset Register will be conducted as part of the development of the Individual Asset Plans.

#### **9.2.2.2 Asset Depreciation**

Council's infrastructure assets are non-current assets, and their depreciation is treated as follows:

- Buildings, plant and equipment, infrastructure, and other assets which have limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis. Depreciation rates and methods are reviewed annually.
- Where infrastructure assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values, and a separate depreciation rate is determined for each component.

#### **9.2.2.3 Capitalisation of Assets**

Each class of assets have been recognised in accordance with Council's Asset Management Policy. The asset recognition thresholds detailed in the policy have applied when recognising Building assets unless otherwise stated here.

#### **9.2.2.4 Asset management data sources**

This Asset Management Plan also utilises asset management data. The primary source of this data is the *TechnologyOne* enterprise application suite.

TechnologyOne data is augmented with other asset-related data stored in:

- MapInfo (GIS)
- Shared network drives (Drawings)
- Spreadsheets (asset modelling data)

#### **9.2.3 Asset Management Data Requirements**

Electronically stored data is vital to sound management of assets. It is used for several purposes and for development of rolling works programs based on priority of needs. These programs are then used for strategic financial modelling for the organisation.



## 9.2.4 Data Management Roles and Responsibilities

### 9.2.4.1 Asset Data Manager

The manager of the asset will determine the extent of additional information required in order to manage, maintain and report on infrastructure assets to ensure optimal asset function and asset lifecycle as well as management.

### 9.2.4.2 Asset Section

Asset Section staff are responsible for ensuring the updating and maintaining of the asset data to meet the organisational operational and financial requirements in delivering efficient and effective asset management.

This means ensuring that inspection data and information from Works Orders, is entered into the system when appropriate. Assistance may well be required for undertaking data installation into the system. However, the Asset Officers are responsible for ensuring its integrity.

It should be noted that procedures for Works Orders are still in development, and there is no formal system currently in place. However, it is an aim to have a functioning Works Order system to support sound asset management.

## 9.2.5 Data Quality Assessment

A key issue with collecting and storing this information is the recognition that it must be kept up-to-date. Obsolete data can produce meaningless information when efforts are made to use it for works programming and financial modelling.

As there may be a prohibitive cost to data collection, it is essential that consideration be given to collecting and storing only that data which will be useful to management needs.

## 9.3 Technological Change

The following technology changes are expected over the life of this plan (i.e. 10 years). These changes will help improve Council's management of Buildings assets.

*Table 37: Technological Change: Buildings Asset Information Management*

Technology	Expected Change
Remote sensing, monitoring and control	It is expected that remote sensing, monitoring and control systems will become cheaper and more prevalent over the life of this plan (i.e., 10 years). If this occurs, it will enable Council to collect asset performance data more frequently and less expensively (i.e., without having to conduct physical site inspections).
Integration of data sources	The current trend towards the integration of spatial, non-spatial and unstructured asset and service data within Council is likely to accelerate. This will provide Council with a more holistic view of its assets.
External data sharing	Council will be able to link its data with other Councils and government departments for planning, benchmarking and reporting purposes.
Drones	It is expected that in future, drones will play an increased role in asset survey and monitoring.



## 10.0 PLAN IMPROVEMENT AND MONITORING

### 10.1 Status of Asset Management Practices<sup>21</sup>

The current level of asset management maturity is Basic.

### 10.2 Improvement Priorities

Buildings asset management improvement priorities are:

- Formalise and confirm asset data structures, including:
  - Asset hierarchy
  - Asset data model
  - Asset work types and cost structures
- Develop asset recognition (capitalisation) and revaluation thresholds for Buildings assets.
- Develop a capital works project prioritisation framework for Buildings assets.
- Include asset renewal requirements in the CAPEX program.
- Load the latest asset data into Council's Asset Registers and GIS.
- Integrate Council's non-spatial (asset register) and spatial (GIS) asset data for Buildings
- Split out maintenance from renewals and further segregate into reactive and preventative maintenance

### 10.3 Key Performance Indicators (Improvement)

The effectiveness of this Asset Management Plan can be measured in the following ways:

- The degree to which the required forecast costs identified in this Asset Management Plan are incorporated into the long-term financial plan.
- The degree to which the detailed multi-year works programs, budgets, business plans and corporate structures take into account the 'global' works program trends provided by the Asset Management Plan.
- The degree to which the existing and projected service levels and service consequences, risks and residual risks are incorporated into the Strategic Plan and associated plans.
- Progress towards the achievement of Council's Asset Renewal Funding Ratio target (this target is currently 0.9).

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<sup>21</sup> ISO 55000 Refers to this the Asset Management System





**10.4 Improvement Plan**

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

Table 38: Buildings Asset Management Improvement Plan

ID	Activity	Expected Benefit	Timing
1	Continue to develop the Buildings hierarchy framework, identify and confirm buildings against each Level. Obtain Council support for it.	Implementation of the framework will enable Council to commence prioritising maintenance and renewals to suit budget constraints	Dec 2020
2	Utilising the Building hierarchy, set maintenance and response times	This will enable maintenance to be linked to established set levels of service and assist in prioritising ongoing expenditure on buildings	Dec 2020
3	Review planned renewals and update the 10-year work program by prioritising based on the hierarchy and risk.	This will enable clearer decision making on allocation of expenditure and also decision making.	Annually
4	Record and report on expenditures, with separate costs for operations, maintenance and capture capital expenditures as renewal or upgrade.  Identify and separate Preventative and Reactive Maintenance activities and costs	Maintenance expenditure can be better optimised once costings are known for ratio of Reactive Versus Preventative Maintenance (Ideally approx. 30:70)	June 2021
5	Measure and record Building Utilisation noting that there are different type of measures depending on building function & use.	This will enable underutilised buildings to be identified to enable future building re-use/rationalisation options to be considered	Ongoing



ID	Activity	Expected Benefit	Timing
6	Buildings/structures identified as being at condition 7 and above as part of any disposal /re-use reviews should be reviewed against identified renewals/maintenance costs	Poor condition assets with higher maintenance, renewal costs need to be reviewed as part of re-use/rationalisation options for these buildings	June 2020
7	Implement a capital works decision-making process across Council and develop business case templates for new and upgrade projects as part of the formal process. Include expected maintenance (life cycle impacts) for upgrades/new projects.	Improved rigour in Capex expenditure and decision-making process across Council.	Sept 2020
8	Maintain data in Building Maintenance Management System (Delta S) to support decision making and reporting.	Build a more accurate asset register ready for the next comprehensive revaluation of the building assets	Ongoing
9	Confirm new asset hierarchy for buildings and other structures	Enables more consistent recording in the finance system for reporting and valuation processes	Sept 2020
10	Ensure that regular planned condition assessments are carried out and recorded in Delta S	Up to date base data is critical for informed decision making	Ongoing but at minimum, every 3 years
11	Review and update AMP as new data and processes are identified/implemented to ensure that it reflects Councils practices	More consistent approach across Council, better data and improved decision making	Ongoing, but at least annually
12	Start componentising construction jobs into appropriate assets as per a defined Asset Accounting Manual specifically to standardise	Build a more accurate asset register ready for the next comprehensive revaluation of the building assets	July 2020



ID	Activity	Expected Benefit	Timing
	the process of capitalising the completed works within Delta S and the Financial System.		
13	Develop a valuation plan and methodology for determining component lives and remaining lives, with detail assessment for assets requiring renewal in the medium term (next 1-20 years) to ensure more consistency in Valuations in future	More consistent valuations and depreciation in future	June 2021
14	Ensure that the Delta S system is the point of truth for all maintenance management and run automated scripts on a regular interval into the financial system to check they match noting that Tech One Finance is the point of truth for all asset records and finance data	Consistent and more accurate financial management and reporting	Ongoing



### 10.5 Monitoring and Review Procedures

This asset management plan will be reviewed bi-annually. This review shall include, but not be limited to:

- Condition and performance of assets:
  - Changes in overall condition;
  - Levels of service achieved;
  - Financial forecasts;
  - Validation of estimated costs for asset works.
- Progress on Capital Works Development Program;
- Recommendations for amendments;
- The performance and appropriateness of asset documents, including:
  - Asset Management Policy;
  - Asset Management Strategy;
  - Individual Asset Management Plans;
  - Individual Asset Class Specifications.

#### 10.5.1 Audit Review Process

Council will implement an audit process to ensure:

- Assets are recorded accurately within Council's asset management system;
- Condition assessments and maintenance inspections are conducted in accordance with Council's Individual Asset Class Specifications frequency, methodology and criteria;
- Works programs are developed according to relevant criteria;
- Works are completed as per Council's Individual Asset Specifications;
- Completed works are recorded in the asset management system; and
- Expenditure is correctly allocated between capital and maintenance in accordance with Council's guidelines.

#### 10.5.2 Reviewing Maintenance Management Performance

Part of the annual budget process is to review asset performance following delivery of the maintenance program. Actual expenditures are compared to those budgeted, and any significant variances are analysed with any necessary remedial action accounted for in the new budget.

Effectiveness of the various maintenance activities is reviewed to ensure that they are delivering what is required to keep the asset performing at the required level of service.

Part of this process is to determine whether it is effective to continue funding maintenance or in fact that the particular asset or asset component requires rehabilitation, renewal or upgrading or even being downgraded.





### **10.5.3 Reporting Asset Achievements**

Council's Annual Report is the vehicle that is used by Council to report asset management achievements of maintenance and refurbishment and renewal strategies against planned targets and programs to the community.



## 11.0 REFERENCES

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## Appendix A: Glossary

The following terms defined/ described to clarify concepts referred to in this document.

Table 39: Glossary

Term	Description
Asset Condition Assessment	The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset to determine the need for some preventative or remedial action.
Asset Management	The combination of management, financial, economic, engineering and other practices applied to physical assets to provide the required level of service in the most cost-effective manner.
Asset Management Plan	A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to provide specified level of service. A significant component of the plan is a long-term cash flow projection for the activities.
Asset Renewal	Replacement or rehabilitation to original size and capacity of a road or drainage asset or the component of the asset. Renewals are "capitalised" so that the cost can be depreciated over the future life of the asset.
Core Asset Management	Asset management which relies primarily on the use of an asset register, maintenance management systems, job/resource management, condition assessment and defined levels of service, in order to establish alternate treatment options and long term cash flow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than risk analysis and optimised renewal decision making).
Infrastructure Assets	Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally, the components and hence the assets have long lives. They are fixed in place and are often have no market value.
Level of Service	The defined service quality for a particular service against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost).
Life Cycle Cost	The life cycle cost (LCC) is the average cost to provide the service over the longest asset life cycle. It comprises annual maintenance and asset consumption expense, represented by depreciation expense. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.





Term	Description
Life Cycle Expenditure	The Life Cycle Expenditure (LCE) is the actual or planned annual maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to Life Cycle Cost to give an initial indicator of life cycle sustainability.
Maintenance and Renewal Sustainability Index	Ratio of estimated budget to projected expenditure for maintenance and renewal of assets over a defined time (e.g. 5, 10 and 15-years).
Performance Measure	A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.
Reactive Maintenance	Unplanned repair work carried out in response to service requests and management/supervisory directions.
Scheduled Maintenance	Maintenance carried out in accordance with a routine maintenance schedule, e.g. scheduled maintenance grading.
Planned Maintenance	Repair work that is identified and managed through the customer requests system (Dataworks). These activities include inspections, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.
Rate of Annual Asset Renewal	A measure of the rate at which assets are being renewed per annum expressed as a percentage of depreciable amount (capital renewal expenditure/ depreciable amount).
Reactive Maintenance	Unplanned repair work carried out in response to service requests & management / supervisory directions.
Recurrent Expenditure	Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operating and maintenance expenditure.
Remaining Life	The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining life is economic life (also useful life).
Renewal Expenditure	Major works which do not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential.
Upgrade/Expansion Expenditure	Work over and above, restoring an asset to original service potential.



Term	Description
Useful Life (also economic life)	<p>Either:(a) the period over which an asset is expected to be available for use by an entity, or (b) the number of production or similar units expected to be obtained from the asset by the entity.</p> <p>It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council.</p>
New Assets	<p>Activities that create a road or drainage asset that did not exist previously or extend an asset beyond its original size or capacity. New assets are also "capitalised", but they increase the asset base rather than restore its capacity to perform.</p>



**Appendix B: Acquisition Forecast**

Describe the assumptions and include relevant information relating to the Acquisition Forecast.

*Table 40: Acquisition Forecast Summary*

Year	Constructed	Contributed	Growth
2020/21	\$2,295,000		
2021/22	\$617,500		
2022/23	\$45,000		
2023/24	\$0		
2024/25	\$60,000		
2025/26	\$0		
2026/27	\$190,000		
2027/28	\$0		
2028/29	\$0		
<b>Total:</b>	<b>\$3,207,500</b>		





### Appendix C: Operation Forecast

Describe the assumptions and include relevant information relating to the Operation Forecast.

Table 41: Operation Forecast Summary

Year	Operation Forecast	Additional Operation Forecast	Total Operation Forecast
2019/20	\$4,789,900	\$0	\$4,789,900
2020/21	\$3,819,260	\$0	\$3,819,260
2021/22	\$0	\$0	\$0
2022/23	\$0	\$0	\$0
2023/24	\$0	\$0	\$0
<b>Total:</b>	<b>\$8,609,160</b>	<b>\$0</b>	<b>\$8,609,160</b>

The estimates are based on data extracted from Council financial reports for Opex expenditure for the various Business units associated with Buildings as of May 2020. The amounts require confirmation based on the assumptions made with some expenses excluded as they were not assessed as being directly related to operational costs for the respective building asset.



**Appendix D: Operations/Maintenance Forecast**

Describe the assumptions and include relevant information relating to the Maintenance Forecast.

*Table 42: Ops/Maintenance Forecast Summary*

Year	Ops/Maintenance Budget \$
2018/19	\$5,264,134
2019/20	\$4,789,900
2020/21	\$3,819,259
<b>Total:</b>	<b>\$13,873,293</b>

Note that maintenance costs are included as CAPEX expenditure and are included in the renewals budgets.

It is recommended that maintenance be separately identified from other Capex expenditures, i.e. from renewals and further, be split up into reactive and preventative maintenance so that maintenance can be better optimised in accordance with appropriate best practice for maintenance management.



**Appendix E: Renewal Forecast Summary**

Describe the assumptions and include relevant information relating to the Renewal Forecast.

*Table 43: Renewal Forecast Summary*

Year	Renewal Forecast	Renewal Budget
2020 - 21	\$5,661,090	\$944,000
2021 - 22	\$2,587,400	\$11,261,400
2022 - 23	\$2,205,440	\$1,374,950
2023 - 24	\$2,826,080	\$998,000
2024 - 25	\$2,187,500	\$721,000
2025 - 26	\$1,062,410	\$500,000
2026 - 27	\$1,222,690	\$219,000
2027 - 28	\$947,760	\$210,000
2028 - 29	\$1,308,450	\$154,000
2029 - 30	\$951,210	\$150,000
<b>Total:</b>	<b>\$20,960,030</b>	<b>\$16,532,350</b>

Renewals forecast is based on the 2019 condition assessment maintenance identification. The forecast is based on the adjusted buildings 10 yr. capital works submitted a budget as of May 2020





### Appendix F: Budget Summary by Lifecycle Activity

Describe the assumptions and include relevant information relating to the Planned Budget estimates.

Table 44: Budget Summary by Lifecycle Activity

Year	Forecast OPEX	Forecast Acquisition (New)	Forecast Renewals	Forecast Upgrades	Forecast External Funding	Forecast Disposal
2020 - 21	\$4,624,430	\$185,250	\$944,000	\$1,640,250	\$0	\$0
2021 - 22	\$4,624,430	\$0	\$3,401,400	\$772,100	\$7,860,000	\$0
2022 - 23	\$4,624,430	\$45,000	\$1,374,950	\$18,050	\$0	\$0
2023 - 24	\$4,624,430	\$0	\$998,000	\$0	\$0	\$0
2024 - 25	\$4,624,430	\$60,000	\$721,000	\$0	\$0	\$0
2025 - 26	\$4,624,430	\$0	\$500,000	\$100,000	\$0	\$0
2026 - 27	\$4,624,430	\$190,000	\$219,000	\$0	\$0	\$0
2027 - 28	\$4,624,430	\$0	\$210,000	\$100,000	\$0	\$0
2028 - 29	\$4,624,430	\$0	\$154,000	\$0	\$0	\$0
2029 - 30	\$4,624,430	\$0	\$150,000	\$0	\$0	\$0
<b>Total:</b>	<b>\$46,244,300</b>	<b>\$480,250</b>	<b>\$8,672,350</b>	<b>\$2,630,400</b>	<b>\$7,860,000</b>	<b>\$0</b>



**Appendix G: Proposed Building Hierarchy**

**BUILDING HIERARCHY**

The Building hierarchy is a function of the building utilisation, occupancy, heritage value and failure impacts. The hierarchy scale is a five point scale ranging from low importance buildings (level 5) though to high importance to the community and/or buildings supporting critical services (level 1). The intent of developing a building hierarchy to enable the development of differential levels of service for buildings and facilities and therefore optimise maintenance and renewal expenditures according to the defined service levels. For example Level 1 buildings will have higher priority than say buildings assessed as being Levels 2-5.

Category	Description	Examples
Level 1	High usage/important/profile site/building, substantial infrastructure. Allows provision of critical services. These buildings are the most critical to Council operations and the community.	Major Administration Centres /Libraries Buildings containing key Critical Services eg TTC/Coms
Level 2	Medium usage sites/buildings utilised by the local community and operational council buildings	Key Depots Swimming Pools Town community halls Sporting Facilities Key Tourism Facilities Buildings containing Essential Services (e.g. courts)
Level 3	Sites/Public Buildings with limited/local use. Buildings built for a specific purpose with limited variety of use.	Housing/Accommodation Amenities in tourist/higher use public areas Local/Rural Community Halls Showgrounds Minor depot facilities Local Sporting facilities Salesyards/Dips
Level 4	Sites/Buildings with low usage and/or limited access and that have a specific use.	Amenities (level 4) Minor Depot Buildings Minor Sporting Facilities (Seasonal demand) or low usage Local low use community facilities
Level 5	Low use buildings – to be monitored to identify potential problems. Future consideration for usage or disposal	Amenities (level 5) Low impact/low use facilities/structures



**BUILDING HIERARCHY SCORING CRITERIA**

**Building Hierarchy** – the hierarchy is a function of the building utilisation, occupancy, failure impact/criticality and heritage significance.

Hierarchy Criteria						
Occupied Buildings						
UTILISATION		OCCUPANCY		IMPACT	HERITAGE VALUE	HIERARCHY
How many days per year is the building used?	How long is a typical visit or use?		How many persons occupy the facility on days of use?	What is the impact of failure of the building? How critical is the facility?	Does the building have heritage significance?	Level 1 – Most Important Level 5 – Least Important
5 = > 260 days a year or 5 days a week 4 = 208 days a year or 4 days a week 3 = 156 days a year or 3 days a week 2 = 104 days a year or 2 days a week 1 = 52 days a year or 1 day or less a week	Typical visit duration 1 = Full Day 2 = 1/2 Day 3 = Short Visit	Usage = Days of use X Typical visit duration	Average full day or 1/2 day occupancy on days of use 5 = > 50 on days of use 4 = 35 to 49 on days of use 3 = 20 to 34 on days of use or > 50 short visits 2 = 5 to 19 on days of use or < 50 short visits 1 = < 5 on days of use	Impact on the community and/or council if the building was non-functional 5 = Catastrophic (Council wide) 4 = Major (Town & surrounding district) 3 = Moderate (Town only) 2 = Minor (Building User Group only) 1 = Insignificant (No Impact)	Heritage Significance to the Community 2 = Significant Heritage Value 1 = Minor Heritage Value 0 = No Heritage Value	Level 1 Buildings = 13 to 15 Level 2 Buildings = 10 to 12.5 Level 3 Buildings = 7 to 9.5 Level 4 Buildings = 4 to 6.5 Level 5 Buildings = 1 to 3.5
Non-Occupied Buildings (Operational Buildings: ie plant rooms, pump stations etc.)						
UTILISATION / OPERATION		OCCUPANCY		IMPACT	HERITAGE VALUE	HIERARCHY
How many days per year is the building used?	Operational Duration = 2 (default score)		Unoccupied Building - Default Score is 0	What is the impact of failure of the building on operations? Does the building house critical plant?	Does the building have heritage significance?	Level 1 – Most Important Level 5 – Least Important
5 = 365 days a year or 7 days a week 4 = 208 days a year or 4 days a week 3 = 156 days a year or 3 days a week 2 = 104 days a year or 2 days a week 1 = 52 days a year or 1 day or less a week	Typical operational duration Duration = 2 (default score)	Usage = Days of use X Default visit duration	Insert 0 assuming building is non-occupied. Default score is 0.	Impact on the community and/or council if the building was non-functional 5 = Catastrophic (Council wide) 4 = Major (Town & surrounding district) 3 = Moderate (Town only) 2 = Minor (Building User Group only) 1 = Insignificant (No Impact)	Heritage Significance to the Community 2 = Significant Heritage Value 1 = Minor Heritage Value 0 = No Heritage Value	Level 1 Buildings = 13 to 15 Level 2 Buildings = 10 to 12.5 Level 3 Buildings = 7 to 9.5 Level 4 Buildings = 4 to 6.5 Level 5 Buildings = 1 to 3.5



**Impact on the Community and/or Council if the building was non-functional**

5	Catastrophic overall impact on delivery of services
4	Major impact on delivery of services to some towns & around regional
3	Moderate impact on delivery of services, affects an area town
2	Minor impact on delivery of services, affects a single town or group of towns
1	Impact on delivery of services

**CRITICALITY / IMPACT SCORING**

Consequence	Rating	Operational / Governance & Legal	Financial	Reputation / Community Impact	People	Property and Infrastructure	Environmental
Catastrophic	5	Complete closure of services, critical to the community	Complete loss of assets, critical to the community	Complete loss of reputation, critical to the community	Complete loss of people, critical to the community	Complete loss of property and infrastructure, critical to the community	Complete loss of environmental services, critical to the community
Major	4	Significant disruption to services, critical to the community	Significant loss of assets, critical to the community	Significant loss of reputation, critical to the community	Significant loss of people, critical to the community	Significant loss of property and infrastructure, critical to the community	Significant loss of environmental services, critical to the community
Moderate	3	Disruption to services, critical to the community	Loss of assets, critical to the community	Loss of reputation, critical to the community	Loss of people, critical to the community	Loss of property and infrastructure, critical to the community	Loss of environmental services, critical to the community
Minor	2	Minor disruption to services, critical to the community	Minor loss of assets, critical to the community	Minor loss of reputation, critical to the community	Minor loss of people, critical to the community	Minor loss of property and infrastructure, critical to the community	Minor loss of environmental services, critical to the community
Insignificant	1	Minimal disruption to services, critical to the community	Minimal loss of assets, critical to the community	Minimal loss of reputation, critical to the community	Minimal loss of people, critical to the community	Minimal loss of property and infrastructure, critical to the community	Minimal loss of environmental services, critical to the community



**Example Output – Levels 1 & 2 Buildings**

Building Name	SBRC Asset Class	Overall		CTMS Building Classification	Visits	Duration	Occupancy	Impact	Heritage Significance	Calculation	Hierarchy Level
		Building Condition Score	Score								
Kingaroy - Glendon Street - ICT Office		4		Municipal Buildings	5	2	0	5	0	15	Level 1
Kingaroy Council Administration Building		5		Municipal Buildings	5	1	5	5	1	16	Level 1
Kingaroy Economic Development, Library and finance		3		Municipal Buildings	5	1	5	4	0	14	Level 1
Nanango - Nanango Council Office		5		Municipal Buildings	5	1	5	3	0	13	Level 1
Kingaroy - Lady Belle-Peterson Community Hospital		5		Community Facilities (General)	5	1	3	4	0	12	Level 2
Kingaroy - Lady Belle-Peterson Community Hospital laundry building		6		Community Facilities (General)	5	1	3	4	0	12	Level 2
Kingaroy Depot - Mechanical Workshop		4		Municipal Buildings	5	1	2	3	0	10	Level 2
Kingaroy Depot - Stores, Soil Lab and Foreman's offices		4		Municipal Buildings	5	1	2	3	0	10	Level 2
Kingaroy SES - Building		5		Community Facilities (General)	3	2	2	3	0	11	Level 2
Kingaroy Town Hall		6		Community Halls	4	0.6	4	4	0	10.4	Level 2
Murgon - Old Council Offices		6		Municipal Buildings	5	1	3	3	0	11	Level 2





**Appendix H: Condition Assessment – Maintenance Risk Prioritisation**

Maintenance items identified during the condition assessment process were risk assessed and rated on consequence and likelihood. The individual scores were then multiplied together, and the score is ranked via a matrix based on AS/NZS ISO 31000 Risk Management Standard. The Risk Assessment Risk Impact matrix utilised to assess the impact of defects was the SBRC Corporate Risk Table, as shown below:

Consequence	OHS	Financial Impact	Legal & Regulatory	Environmental	Infrastructure	Asset, Property and Utilities	Human Resources	Fraud & Corruption	Service Delivery	Reputation/ Political
Insignificant	No injury	Less than \$5,000	Minor compliance issues. No legal action against Council	Little impact. Best or non-hazardous transient damage	Meets all current & foreseeable regulation. No damage/loss	Fully operational, no downtime	Staff issues cause negligible impact of day to day service delivery. Limited impact on staff morale	Risk of complaint. No legal action against Council. No breach of legislation	Negligible impact on quality of service. Brief interruption for several hours IT - Individual user experiencing fault for <= 1 working day but still operational	Issue promptly resolved. No effect. Single complaint
Minor	First aid treatment	\$5,000 to <= \$50,000	Isolated complaint, cause threat of legal action with penalty up to \$50,000. Minor delay to compliance with legislation	Minor damage or contamination. Residue or temporary pollution	Meets all current regulations with some modifications will meet future regulation. Minor loss/damage	Downtime up to 1 day per year, still maintained with early signs of wear and tear	Staff issues cause several days interruption of day to day service delivery. Minimal impact on staff morale	Criminal offence. Minor loss to Council. \$1,000 Asset. <= \$500 Cash	Service delivery affected but quality maintained. Require staff restriction. Intermittent service interruption from a day but not more than a week. IT - Individual user experiencing faults and not operational for > 1 to <= 2 working days IT - Group experiencing faults and not operational for <= 4 working hours IT - Organisation experiencing faults and not operational for <= 1 working hour	Minor local community concern manageable through good public relations
Moderate	Medical treatment. Loss Time Injury. Rehabilitation. - Return to work Plan	\$50,000 to <= \$200,000	Significant level of compliance cause high threat of legal action with penalty up to \$200,000. Moderate delay to compliance with legislation	Moderate impact on the environment. Damage requiring restitution or internal clean up	Meets all current regulation but does not meet foreseeable regulation. Short - medium term loss of key assets and infrastructure. Moderate damage	Up to 3 days out of service per year. Functions normally with early signs of wear	Staff issues cause failure to deliver minor strategic objectives and temporary/recoverable failure of day to day service delivery. Moderate impact on staff morale	Breach of the Legislation. Criminal offence. Risk of Moderate loss to Council. <= \$1,000 Asset. >= \$500 Cash	Service delivery and quality temporarily impacted. Temporary out sourcing of service. Intermittent service interruption for a week. IT - Individual user experiencing faults and not operational for > 2 working days to <= 3 working days IT - Group experiencing faults and not operational for > 4 to <= 4 working hours IT - Organisation experiencing faults and not operational for > 1 to <= 4 working hrs	Loss of reputation with extensive local media coverage. QAO and/or Information Commissioner involvement
Major	Serious injuries	\$200,000 to \$1,000,000	Civil and/or criminal law suit against Council with penalty up to \$1,000,000. Major delay to compliance with legislation	Severe environmental impact. Minor breach of legislation. Significant contamination requiring third party clean up.	Meets some current regulations but does not meet foreseeable regulation. Widespread, short- medium term loss of infrastructure. Significant damage	Up to 5 days out of service per year. Functions only with high level maintenance	Staff issues cause widespread failure to deliver several major strategic objectives and long term failure of day to day service delivery. Significant impact on staff morale	Breach of the Legislation. Criminal offence. Risk of Major loss to Council. <= \$20,000	Service delivery at risk of cessation. Prolonged and extensive out sourcing. Long term failure causing lengthy service interruption. IT - Organisation experiencing faults and not operational for > 4 to <= 24 working hours	Loss of reputation with extensive State/Regional media coverage. CCC involvement
Catastrophic	Death	More than \$1,000,000	Civil and/or criminal law suit against Council with penalty >= \$1,000,000. Unable to comply with legislation	Widespread environmental damage. Major breach of legislation. Extensive contamination requiring third party intervention	Does not meet current or future regulation. Wide spread, long term loss of substantial key assets and infrastructure. Extensive damage	Not functioning, immediate replacement required	Staff issues cause continuing failure to deliver essential services. Highly significant impact on staff morale	Breach of Legislation. Criminal offence. Risk of Significant loss to Council. >= \$50,000	Service delivery terminated. Permanent out sourcing of service. Removal of key revenue generation. IT - Organisation experiencing faults and not operational for > 4 to <= 24 working hours	Permanent loss of reputation with extensive national media coverage. Loss of power and influence restricting decision making capabilities



SBRC Likelihood/Consequence Matrix is as below:

Likelihood	Consequences Table B (1)				
	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Almost Certain</b> Is expected to occur a number of times in the next year.	L-15	M-35	H-75	E-85	E-100
<b>Likely</b> Will probably occur on one occasion in the coming year. 20%-90% probability the event will occur in the next year.	L-10	M-30	H-65	E-80	E-85
<b>Unlikely</b> Could occur at some time. 5% probability the event will occur in the next year.	L-10	L-25	M-35	H-70	H-80
<b>Rare</b> May occur only in exceptional circumstances	L-5	L-20	M-30	H-60	H-75

The overall risk rating is the multiplication of Consequence x Likelihood and then assessed as per the above risk ratings, L5 to E-100.



## **ASSET MANAGEMENT PLAN**

### **Natural Resource Management & Parks**

30 May 2020

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## Document Control

NRM & Parks Asset Management Plan					
Ver.	Date	Revision Details	Author	Reviewer	Approver
0.01		First draft	Owen Harvey (CT Management)	Greg Griffiths	
0.02	25/05/2020	Second draft	Owen Harvey	Greg Griffiths	
0.03	27/05/2020	Revisions for May 2020 AMP review	John Gorman (Door 3 Consulting)	Phil Herron	
0.04	30/05/2020	Inclusion of stakeholder feedback	John Gorman		

### Notes

1. Primary number changes to Versions (e.g. V1.00 to V2.00) will be made when the document undergoes its regular review and when significant changes are made to standards and guidelines for inspections, intervention levels or works.
2. Secondary number changes (V1.00 to V1.01) will apply to minor amendments that do not materially impact the documents and are intended only to clarify or update issues.
3. This template is based on the 2019 NAMSPLUS template purchased from the Institute of Public Works Engineering Australasia.





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## Abbreviations

The following abbreviations are used in this document:

<b>AMP</b>	Asset Management Plan
<b>ABS</b>	Australian Bureau of Statistics
<b>FWP</b>	Forward Works Plan
<b>LCC</b>	Life Cycle Cost
<b>LCE</b>	Life Cycle Expenditure
<b>LoS</b>	Levels of Service
<b>SBRC</b>	South Burnett Regional Council
<b>QAO</b>	Queensland Audit Office
<b>PI</b>	Performance Indicator
<b>RUL</b>	Remaining Useful Life
<b>SL</b>	Service Level





## 1.0 EXECUTIVE SUMMARY

### 1.1 The Purpose of the Plan

This plan covers the assets that provide Natural Resource Management & Parks (NRM & Parks) services.

The purpose of this plan is to document current and required actions to sustainably provide Council-approved levels of service in the most cost-effective manner while appropriately managing the associated risks.

The plan sets out:

- What NRM & Parks services Council provides, to whom and to what level.
- The whole-of-life costs of the assets used to deliver these services.
- The constraints, risks, challenges, opportunities and options associated with delivery of these services.
- The level of funding required to sustainably deliver current levels of service for the foreseeable future.

### 1.2 Service Overview

Services included in this AMP are:

- Construction and maintenance services for:
  - Parks & Reserves
  - Cemeteries
  - Town road verge mowing (entrances etc.)
  - Tourist Parks (Lake Boondooma & Yallakool)
  - Rest Areas
  - Road Reserves and Stock Routes
  - Natural Area Reserves
  - Rail Trails (2)
  - Skate Parks
  - Sealed Walk, Cycle and Exercise Tracks
  - Saleyard and Livestock Dips
  - Airports (CASA Certified)

NRM & Parks services exclude from this AMP are:

- Construction and maintenance services related to:
  - Waste Management
  - Buildings (General)
  - Water and Wastewater

### 1.3 Legislative Requirements

The pieces of legislation that inform and control how we deliver this service are shown [here](#) (Section 3.2).



#### 1.4 Asset Description

Council's NRM & Parks are comprised of the following assets:

Table 1: NRM & Parks Asset Summary as at May 2020

Asset Category/ Sub-category	Qty (No.)	Current Replacement Cost (\$)	Written Down Value (\$)	Annual Depreciation (\$)
Aerodromes	<b>Kingaroy</b> Runway 48000 sqm Taxiway 3000 sqm Fencing 7056 m Handstand/sealed Surface 22,300 sqm <b>Wondai</b> Taxiway 4200 sqm Fencing 250 m	\$ 5,859,877	\$ 4,343,808	\$ 116,764
Community Facilities (General)	14	\$ 841,186	\$ 592,492	\$ 15,588
Dam Roads	Sealed Roads 17,133 sqm	\$ 1,014,754	\$ 572,564	\$ 18,214
Industrial	2	\$ 81,900	\$ 48,173	\$ 1,569
Minor Buildings	147	\$ 4,540,894	\$ 2,296,102	\$ 96,668
Municipal Buildings	6	\$ 444,642	\$ 293,598	\$ 11,237
Other Structures	278	\$ 13,083,553	\$ 9,688,661	\$ 371,146
Rail Trail	10 Bridges 159 Culverts 43.06 km sealed 8.08 km Unsealed	\$ 1,954,666	\$ 1,632,648	\$ 72,239
Sporting Facilities	6	\$ 578,273	\$ 274,924	\$ 7,655
<b>TOTAL:</b>	<b>522</b>	<b>\$ 22,539,868</b>	<b>\$ 15,399,162</b>	<b>\$ 594,316</b>

This asset class makes up 2.52% of the total Current Replacement Value of Council's total infrastructure asset stock.<sup>1</sup>

#### 1.5 Levels of Service

Council has some formal Levels of Service defined for its NRM & Parks Assets, and must ensure that all Statutory requirements are met including:

- Building Code and associated Australian Standards Compliance
- WH&S Legislated requirements
- Environmental Waste Disposal

<sup>1</sup> South Burnett Regional Council 2018-19 Annual Report (p.119)



Levels of Service are currently being developed and are discussed [here](#) (Section 3.0).

The main challenge facing the NRM & Parks Asset class is that current maintenance and renewals are potentially underfunded and the levels of service required of the assets will decrease in time. Further development of the Levels of Service and the Parks Hierarchy will assist in prioritising maintenance and renewals and ensuring that available funding is utilised to focus on those assets that are of most importance to Council and the Community in terms of service delivery.

### 1.6 Future Demand

South Burnett and the surrounding region had an estimated population of 32,747 in 2016. Using the medium series population projections<sup>2</sup> provided by the Queensland Government Statistician's Office (QGSO), it is estimated that the region's population will reach approximately 36,342 persons by the year 2036.

The other drivers of demand for NRM & Parks are

- LGIP Identified Open Space and Parks Infrastructure growth
- SBRC Sports and Recreation Strategic Plan

These 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 include non-asset solutions, insuring against risks and managing failures.

- Educating and consulting with the South Burnett community.
- Engaging in strategic planning with the State government and neighbouring Councils (shared facilities).
- Monitor utilisation of facilities to determine priorities for renewals.

### 1.7 Asset Lifecycle Management Plan

#### 1.7.1 What does it cost to provide the current level of service?

The forecast lifecycle costs necessary to provide the services covered by this Asset Management Plan includes operation, maintenance, renewal, acquisition, and disposal of assets over the 10-year planning period is \$63,303,850 or \$ 6,330,385 on average per year.

*Table 2: 10 Year NRM & Parks Cost Summary as at May 2020*

Year	Forecast OPEX	Forecast Acquisition (New)	Forecast Renewals	Forecast Upgrades	Forecast Disposal
2020/21	\$5,846,435	\$43,000	\$294,500	\$0	\$0
2021/22	\$5,846,435	\$0	\$163,250	\$84,750	\$0
2022/23	\$5,846,435	\$91,000	\$298,000	\$29,000	\$0
2023/24	\$5,846,435	\$0	\$380,000	\$100,000	\$0
2024/25	\$5,846,435	\$0	\$380,000	\$100,000	\$0
2025/26	\$5,846,435	\$0	\$472,000	\$100,000	\$0

<sup>2</sup> QGSO Population Projections 2016-2041





Year	Forecast OPEX	Forecast Acquisition (New)	Forecast Renewals	Forecast Upgrades	Forecast Disposal
2026/27	\$5,846,435	\$0	\$444,000	\$100,000	\$0
2027/28	\$5,846,435	\$0	\$476,000	\$100,000	\$0
2028/29	\$5,846,435	\$0	\$484,000	\$100,000	\$0
2029/30	\$5,846,435	\$0	\$500,000	\$100,000	\$0
<b>TOTAL:</b>	<b>\$58,464,350</b>	<b>\$134,000</b>	<b>\$3,891,750</b>	<b>\$813,750</b>	<b>\$0</b>

### 1.7.1.1 Operations and Maintenance (OPEX)

#### Maintenance

Most of the costs associated with the management of Council's NRM & Parks assets are operational in nature (i.e., maintenance and operation of Open Space and Parks).

Council does not currently separate Operations and Maintenance costs, but it intends to do so in future to enable more effective asset lifecycle planning.

Council does not currently benchmark OPEX expenditure against other similar size Councils. This issue is noted in the [AMP Improvement Plan](#) (Section 10.4).

#### Operations

Reactive maintenance (breakdowns) is currently the norm, with little or no planned or scheduled maintenance occurring. The recent buildings condition assessment and 10 yr maintenance identification will enable this to be developed in future.

### 1.7.2 Capital (CAPEX)

Council takes an 'asset lifecycle' approach to managing its assets. This approach involves planning for asset [Acquisition](#) (Section 6.5), [Renewal](#) (Section 6.2), and [Disposal](#) (Section 6.6)

#### Renewals

Council's 10-year planned asset renewal forecast (forward works program) for NRM & Parks assets is approximately \$3,891,750 over the next 10 years, which is 17.3% of the gross replacement cost. Current observations are:

- SBRC are significantly underfunding maintenance and renewals for the NRM & Parks portfolio and are on average 65.5% of the annual depreciation of the asset class.
- Maintenance is almost entirely reactive ('break/ fix'), with little or no planned or cyclical maintenance

#### New and Upgrade Capital Works

Planned new and upgrade NRM & Parks works (forward works program) over the next 10 years totals approximately \$734,000. This amounts to a 3.3% increase on current replacement cost.

## 1.8 Financial Summary

### 1.8.1 What we will do

The reality is that only what is funded in the long-term financial plan can be provided. The emphasis of the Asset Management Plan is to communicate the consequences that this will have on the service provided and risks, so that decision making is informed.



The 2019 asst condition and 10-year maintenance assessment identified that SBRC are underfunding maintenance and renewals in most years.

The anticipated, planned budget leaves a shortfall of \$114,567 on average per year of the forecast lifecycle costs required to provide services in the Asset Management Plan compared with planned budget currently included in the Long-Term Financial Plan.

In order to prioritise expenditure, it is recommended that Council utilises the Parks and Open Space Hierarchy and Levels of Service plus the risk scoring of maintenance to prioritise and set future budgets.

### 1.8.2 What we cannot do

We currently do **not** allocate enough budget to sustain these services at the specified standard.

Works and services that cannot be provided under present funding levels are:

- Renewal of existing assets and sub-elements as they reach the end of their useful lives.

### 1.8.3 Managing the Risks

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

The main risk consequences are:

- Decreasing levels of service that the assets can support.
- Increasing backlog maintenance

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

- Prioritising maintenance by risk as identified in the 2019 condition assessment.
- Develop and implement the existing parks and open space hierarchy framework to prioritise future maintenance and renewals on those assets assessed as being of higher priority to the Council and the Community.

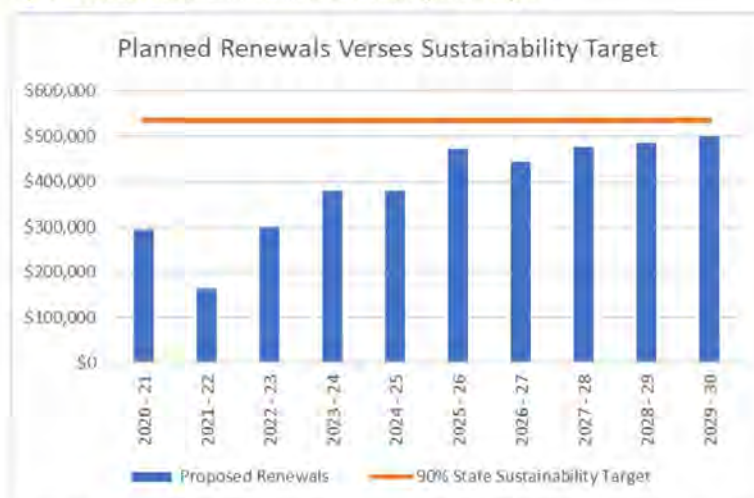
### 1.9 Asset Sustainability Assessment

Based on current levels of service and funding, this service not financially sustainable in the medium term (i.e., next 10 years).

The diagram below shows that planned asset renewal expenditure is expected to be below the target of 90% of depreciation.



Figure 1: Asset Renewal Investment Forecast Against Target



This chart shows the average annualised amounts for renewals, and the State's sustainability target 90% of depreciation and renewals are running at an average of 65.5%.

#### 1.10 Asset Management Practices

Our systems to manage our NRM & Parks assets include:

- *Delta S* Buildings Maintenance Management System
- *TechnologyOne* asset management system and financial management systems
- *MapInfo* geographical information system (GIS)

Assets requiring renewal/replacement are identified by analysing asset condition. The method used is described [here](#) (Section 6.2).

#### 1.11 Monitoring and Improvement Program

The next steps required to improve asset management practices are shown [here](#) (Section 10.4). The key elements of this improvement plan are:

- Confirm new asset hierarchies
- Confirm the existing Parks and Open Space Hierarchies and prioritise levels of service
- Develop priority and budget for renewals and maintenance based on hierarchy and risk
- Split maintenance and renewals out of capital budget and further split maintenance into reactive and preventative maintenance
- Develop a capital works prioritisation framework for new and upgrade NRM and Parks projects.





**2.0 Introduction**

**2.1 Background**

This Asset Management Plan communicates:

- the requirements for the sustainable delivery of Natural Resource Management & Parks that support services through management of assets, risk and compliance with regulatory requirements; and
- the required funding to provide the specified levels of service over the long-term planning period.

The Asset Management Plan should be read in conjunction with other Council planning documents, namely:

- Asset Management Policy (2019)
- Asset Management Strategy (2018)
- Corporate Plan
- LGIP (2019)

It is also informed by the following industry guides:

- International Infrastructure Management Manual 2015<sup>3</sup>
- ISO 55000<sup>4</sup>

**2.2 Service Overview**

Council owns and maintains open spaces, parks, playgrounds and recreational facilities that provide services to the entire South Burnett region.

This Asset Management Plan covers the major asset types that make up Council's NRM & Parks network/portfolio. These assets are used to provide recreational services to the community.

A detailed profile of the assets covered in this Asset Management Plan is shown [here](#) (Section 5.0).

The infrastructure assets included in this plan have a total replacement value of \$22.54 Million.

*Figure 2: South Burnett Region*



<sup>3</sup> Refer to Section 2.1.3 of the International Infrastructure Management Manual (IIMM) 2015 for details.

<sup>4</sup> ISO 55000 Overview, principles and terminology



Council's asset management maturity in relation to its NRM & Parks services is currently at a basic level. On-going investment and support are required to improve our asset lifecycle and information management practices for these services. This investment will improve the quality of future iterations of this plan.

### 2.3 Goals and Objectives of Asset Ownership

Our goal in managing assets is to sustainably meet the defined level of service (as amended from time to time) in the most cost-effective manner while adequately controlling the risks associated with delivering those services.

The key elements of NRM & Parks 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 developing 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, affordable forecast costs and how it will be allocated.

### 2.4 Planning framework

Council's Asset Management Planning framework<sup>5</sup> helps deliver on Council's Parks and Natural Resource Management service goals.

Key components of the asset management planning framework are:

Figure 3: Asset Management Planning Framework Considerations

Planning Consideration	Purpose
Levels of Service	<ul style="list-style-type: none"> <li>▪ Specify what services and levels of service will be provided.</li> </ul>
Future Demand	<ul style="list-style-type: none"> <li>▪ Forecast how future change will impact on service delivery and how any additional costs associated with this will be met.</li> </ul>
Lifecycle Management	<ul style="list-style-type: none"> <li>▪ Plan how to best manage existing and future assets to provide the specified levels of service.</li> </ul>
Financial Forecasting	<ul style="list-style-type: none"> <li>▪ Identify the level and timing of funding required to provide the specified levels of service over the life of this plan (10 years).</li> </ul>
Asset Management Practices	<ul style="list-style-type: none"> <li>▪ Identify how we deliver services and manage our assets over their lifecycle to maximise their value to Council.</li> </ul>
Performance Monitoring	<ul style="list-style-type: none"> <li>▪ Identify how this plan will be monitored to ensure our objectives are met.</li> </ul>
Improvement Planning	<ul style="list-style-type: none"> <li>▪ Plan to reach the appropriate level of asset management maturity for this asset class.</li> </ul>

<sup>5</sup> Refer to Council's Asset Management Policy for details



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

- International Infrastructure Management Manual 2015<sup>6</sup>
- ISO 55000<sup>7</sup>

## 2.5 Core and Advanced Asset Management Planning

The *International Infrastructure Management Manual* defines five levels of asset management maturity.

Figure 4: Asset Management Maturity Levels<sup>8</sup>



The content of this plan indicate Council's Parks & NRM services are at a **Basic** level of asset maturity but is developing towards a **Core** level. The evidence for this is:

- Council has long-term financial forecasts for renewals, new and that supports upgraded NRM & Parks assets for the period from 2020/21 to 2030/31.
- Council has performed an asset audit, condition assessment and revaluation of all its Parks related building and other structures assets.
- Council is in the process of restructuring and cleaning its NRM & Parks asset register and linking this data to their GIS.
- Council has developed a structured and timed asset management improvement plan for NRM & Parks (this plan).
- Council has performed an initial assessment of the financial sustainability of the assets included in this plan based on the information available at this time.

Notwithstanding the above, the benefits of this plan are:

- It will assist Council to make informed decisions about NRM & Parks assets, costs and risks.
- It documents Council's current methodology for managing these assets across their respective lifecycles.
- It identifies opportunities to improve the way that Council operates and maintains its NRM & Parks assets.

<sup>6</sup> Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2 | 13

<sup>7</sup> ISO 55000 Overview, principles and terminology

<sup>8</sup> International Infrastructure Management Manual 2015 (p. 4|21)





- It provides an initial assessment of the financial sustainability of the current NRM & Parks assets levels of service.

On-going investment and support are required to improve our asset lifecycle and information management practices for NRM & Parks assets. The key improvements required are listed in the [Improvement Plan](#) section (Section 10.4). This investment will improve the quality of future iterations of this plan.

An initial attempt has been made at forecasting future NRM & Parks OPEX and CAPEX requirements. However, the following caveats should be NRM & Parks assets noted about the quality of information contained in this plan:

- Council does not currently have a structured asset data hierarchy and data model for NRM & Parks assets to support analysis and modelling but is on the process of developing this.
- Council does not separate its OPEX expenditure into Maintenance and Operations.
- The split of assets between Buildings and NRM & Parks needs to be reviewed and confirmed.

Future versions of the plan will contain refined asset lifecycle cost forecasts based on improved asset data.

The financial implications of providing the specified levels of service into the future are also provided in a separate spreadsheet model that accompanies this Asset Management Plan.

However, the following caveats should be noted about the quality of information contained in this plan:

- The data in the 10-year capital works plan needs to be reconciled with the proposed splitting of the asset classes between buildings and NRM & Parks assets
- Condition assessment data of the aerodrome runways, taxiways, lighting and windsocks are required to be included in future predicted renewals and maintenance.

Future versions of the plan will contain refined asset lifecycle cost forecasts based on improved asset data.

## 2.6 Stakeholders

Key stakeholders in this Asset Management Plan are shown below:

*Table 3: Key Stakeholders in the Asset Management Plan*

Key Stakeholder	Role in Asset Management Plan
Councillors	<ul style="list-style-type: none"> <li>• Stewards of the community's resources and assets.</li> <li>• Represent the needs of community and service level expectations.</li> <li>• Endorse asset management policy and plans.</li> <li>• Ensure the organisation is financially sustainable.</li> </ul>
Chief Executive Officer (CEO)	<ul style="list-style-type: none"> <li>• Overall responsibility for developing an asset management policy, plans and procedures and reporting on the status and effectiveness of asset management within Council.</li> <li>• Allocate resources to meet the organisation's objectives in providing approved levels of service while managing risks;</li> <li>• Ensuring the organisation is financially sustainable.</li> </ul>

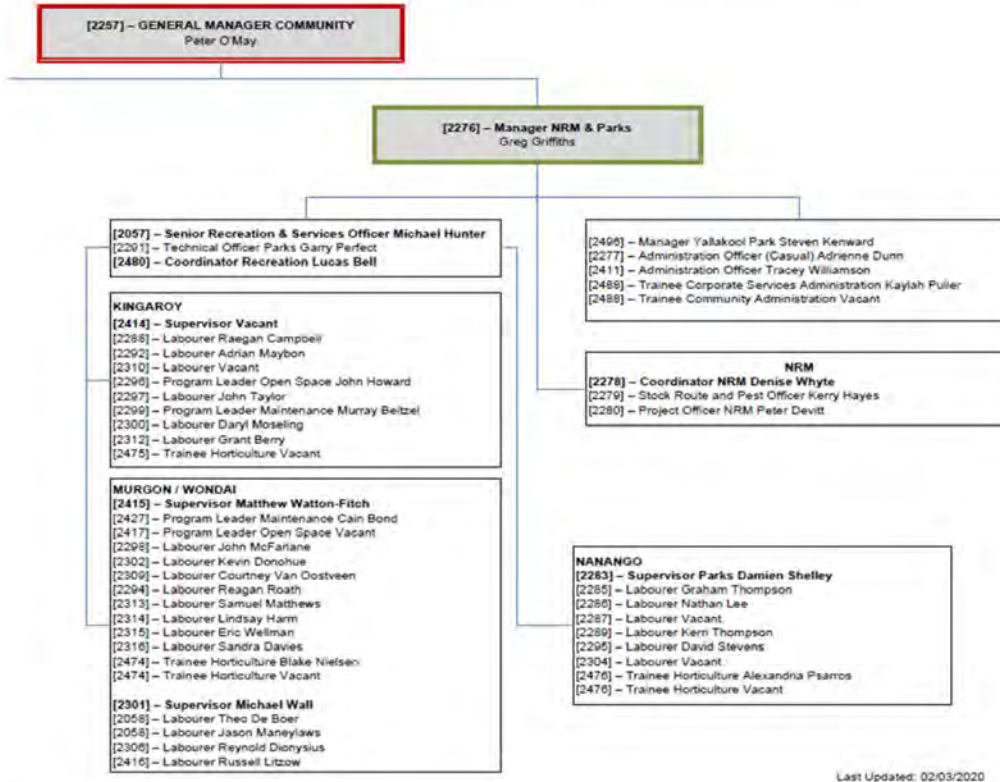


Key Stakeholder	Role in Asset Management Plan
Asset Management Group	<ul style="list-style-type: none"> <li>• Custodian of the corporate asset register for NRM &amp; Parks assets and ensuring the asset valuations are accurate;</li> <li>• Preparation of asset sustainability and financial reports incorporating asset depreciation in compliance with current Australian accounting standards;</li> <li>• Asset Management System and Geographic Information System development and administration;</li> <li>• Develop 10 Year Capital Works Plans and budgeting;</li> <li>• Ensure approved funds are applied appropriately to ensure best value for money is delivered to the community;</li> <li>• Develop the maintenance standards required, so Council meets the specified technical and community levels of service.</li> </ul>
Staff	<ul style="list-style-type: none"> <li>• Verify the size, location, condition and performance of assets.</li> <li>• Provide local knowledge/history about NRM &amp; Parks assets.</li> <li>• Perform Capital Works, Operation and Maintenance activities as directed to meet agreed levels of service;</li> <li>• Liaison internally with the Senior Management Team around asset activity prioritisation and planning.</li> </ul>
The community (residents, businesses, developers) Facility Users, Lessees/Tenants, Volunteers	<ul style="list-style-type: none"> <li>• Be informed of service levels, risks and associated costs.</li> <li>• Participate in consultation processes.</li> <li>• Provide feedback on the quality and value for money of Council's services.</li> </ul>
State and Federal Government	<ul style="list-style-type: none"> <li>• Provide Leadership in promoting Best Practice Asset Management.</li> <li>• Recognising the importance of local government assets to the community.</li> <li>• Contribute funding to support the provision, maintenance and renewal of community assets.</li> </ul>



Our organisational structure for service delivery for Natural Resource Management & Parks assets is detailed below.

Figure 5: NRM & Parks Related Functions



## 2.7 Customer Research and Expectations

Council currently gauges customer satisfaction and expectations around Natural Resource Management & Parks levels of service through:

- Analysis of customer service requests.
- Gathering stakeholder feedback during community Listening Tours.

Future revisions of the Asset Management Plan will incorporate customer consultation mechanisms around on service levels and costs of providing the service. This will assist the Council in matching the service types, levels, risks and consequences with the community's ability and willingness to pay for these services.





### 3.0 LEVELS OF SERVICE

#### 3.1 Strategic and Corporate Goals

This Asset Management Plan has been prepared as per the South Burnett Regional Council vision, mission, goals and objectives as set out in the *Corporate Plan 2018/19 to 2022/23*.

Our organisational mission is:

***South Burnett Region, working together building a strong, vibrant and safe community***

Council has articulated five strategic priorities in the Corporate Plan 2018-2023, namely:

- Enhancing our Community
- Growth and Opportunity
- Our Environment
- Infrastructure
- Organisational Excellence

Our vision for Council's NRM & Parks assets are encompassed by the following:

- ***Building a vibrant, healthy, supportive and inclusive community***
- ***A sustainable environment, proactively and responsibly managed in partnership with the community for future generations***

Our goals and objectives for NRM & Parks assets (and how these are addressed in this Asset Management Plan) are summarised below.

Table 4: NRM & Parks Service Goals<sup>9</sup>

Goal	Objective	How Goal and Objectives are addressed in the Asset Management Plan
ENV1 Our region's environmental assets are promoted, protected and enhanced	ENV1.1 - Protect and enhance the diverse array of Council controlled natural assets	Identify and support good maintenance practices in council maintained natural assets through efficient and effective asset management practices
	ENV1.2 - Promote and improve Council's natural resource management and bio-security activities	Identify and support good maintenance practices in council maintained natural assets through efficient and effective asset management practices
EC3 An active, safe and healthy community	EC3.1 - Facilitate the implementation of Council's Sport and Recreation Plan	Ensure efficient and effective asset management practices are in place for sports and recreation facilities and parks

<sup>9</sup> From the Corporate Plan 2018 - 2023



### 3.2 Legislative Requirements

Legislative requirements that impact the delivery of the NRM & Parks services are outlined below.

Table 5: Legislative Requirements

Legislation	Requirement
Local Government Act 2009 & Local Government Regulation 2012	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.
Work Health and Safety Regulation 2011	Sets out roles and responsibilities to secure the health, safety and welfare of persons at work.
Australian Accounting Standards	Comply with national accounting standards in relation to how Council's assets are valued and reported in its financial accounts.
Environmental Protection Act 1994	Sets out guidelines for land use planning and promotes sharing of responsibilities between various levels of government in the state.
Civil Liability Act 2003 and Civil Liability Regulation 2014	To manage negligence, elements of a claim, duty of care, standard of care and causation and to address the requirements of sections 35 and 37.
National Construction Code	Defines design requirements for buildings and linkages to Australian Standards across all aspects of building standards. NCC changes affect major renovations as well as new buildings. Refers to AS1428 Design for Access and Mobility standards.
Building Act 1975 Building Regulation 2006 Building Fire Safety Regulations 2008 Disability Services Act 2006 Disability Services Regulation 2006 Disability (Access to Premises – Buildings) Standards 2010 Electrical Safety Act 2002 Electrical Safety Regulation 2013 Environment Protection Act 1994 Land Act 1994 Land Regulation 2009 CASA Regulations	Various Acts and Regulations that also inform and shape the park structures, pathways, access design process and set minimum standards and service levels in several significant areas.  There are separate specific regulations by the Civil Aviation Safety Authority (CASA) regarding the operations and maintenance regimes for the aerodromes.





**3.3 Service Strategy**

**3.3.1 CAPEX Strategy**

CAPEX is driven by the Local Government Infrastructure Plan (LGIP) and the Sports and Recreation Strategy over the longer term. In the shorter term, the strategy is constrained by Budget limitations and the need for renewals.

**3.3.2 OPEX Strategy**

At present, the OPEX strategy is to main current levels of service as initiated by customer and parks, recreational facility user requests. The intent is to improve the existing levels of service linked to the Parks and Open Space Hierarchies, and this will inform the future OPEX strategy.

This issue has been noted in the [AMP Improvement Plan](#) (Section 10.4).

**3.4 Customer Levels of Service**

The Customer Levels of Service are considered in terms of:

- Quality**            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 underused? Do we need more or less of these assets?

The table below summarises the performance measure being used, the current performance, and the expected performance based on the current funding level.

These are measures of fact related to service delivery outcomes (e.g. the number of occasions when service is not available, asset condition). These indicators provide a balance in comparison to the customer perception that may be more subjective.

*Table 6: Parks and Open Space Level of Service Measures – Customer and Technical Levels of Service<sup>10</sup>*

Planning Standard	Community Outcome
Provide a connected and accessible network of parks, open space, and community facilities that meets the needs of Councils residents and visitors.	<ul style="list-style-type: none"> <li>• Provides opportunities for access and increased usage of open space, recreational and community facilities.</li> <li>• Provides for an appropriate balance of land uses and ensures high levels of amenity in the urban form.</li> <li>• Provides a basis for a healthy and active community.</li> </ul>
Ensure strong linkages and where possible co-location of existing and future parks, open space and community facilities.	<ul style="list-style-type: none"> <li>• Ensures utilisation of existing and future assets while maintaining maximum access.</li> <li>• Makes economically efficient use of land owned by the Community.</li> </ul>
Provide a preferred level of development or embellishments to public parks, commensurate with the range of activities envisaged.	<ul style="list-style-type: none"> <li>• Provides safe open space embellishments that meet the needs of the community by providing a range of facilities for social activities and/or fitness/recreational pursuits.</li> </ul>

<sup>10</sup> Source – SBRC - LGIP





	<ul style="list-style-type: none"> <li>Ensures activities are met and contained within designated areas - reducing potential off-site impacts to other more sensitive areas in the region.</li> <li>Maximises the use of the land and provides the basis for a healthy community.</li> </ul>
Ensure that existing and future parks, open space and community facilities with significant natural environmental, waterway or cultural heritage value are managed appropriately.	<ul style="list-style-type: none"> <li>Protects and enhances items of cultural interest in the Local government for the benefit of current and future communities in the area.</li> <li>Provides a basis for tourism opportunities.</li> <li>Protection of the natural landscape ensures maintenance of the quality of air, water and land resources, reducing negative impacts requiring amelioration.</li> </ul>
Design Standard	Community Outcome
Public parks and land for community facilities areas are provided in accordance with the standard of provision (minimum park size) defined in Council's Public Parks and Land for Community Facilities design criteria, and where identified as per the Plans for Trunk Infrastructure – Public Parks and Land for Community Facilities.	<ul style="list-style-type: none"> <li>Provides a standard of service consistent with community expectations.</li> <li>Land and facilities are developed to optimise layout and use.</li> <li>Facilities are provided in close proximity to the residents of the Local government and provide for a range of active and passive pursuits.</li> </ul>
Access to public parks and land for community facilities are to be in accordance with Council's Public Parks and Land for Community Facilities design criteria.	<ul style="list-style-type: none"> <li>Provides community access to a range of park, open space and community facilities.</li> </ul>
Land characteristics including shape, road frontage and gradient are in accordance with the desired land characteristics defined in Council's Public parks and land for community facilities design criteria.	<ul style="list-style-type: none"> <li>Topography does not reduce or interfere with amenity and recreation use.</li> </ul>
Flood immunity for public parks and land for community facilities are achieved in accordance with Council's Public Parks and Land for Community Facilities design criteria.	<ul style="list-style-type: none"> <li>Ensure adequate provision of safe, accessible and usable facilities.</li> </ul>
Public park embellishments are provided in accordance with: <ul style="list-style-type: none"> <li>the type and purpose of public park as identified below;</li> <li>Plans for Trunk Infrastructure – Public Parks and Land for Community Facilities.</li> </ul>	<ul style="list-style-type: none"> <li>Offers a range of park types that are suitability embellished to meeting their purpose within the park hierarchy.</li> </ul>



### 3.4.1 Service Hierarchy

Council is utilising a parks hierarchy based on the LGIP to enable the development of differential levels of service for its parks, other space assets and facilities. This will then be used to optimise future maintenance and renewal planning better.

The hierarchy is a differential one and is linked to the asset type. Further details on the hierarchy methodology are contained in the LGIP.

The hierarchy scale is utilised to set mowing and garden maintenance frequencies and also sets the level of embellishments for the parks/open spaces.

This means in terms of budgeting and asset Management planning, parks and open space areas at the higher classifications are given higher priority than lower-level similar asset types.

It also means that higher importance and critical facilities must be funded or other solutions found to provide the level of service council has agreed (or needs) to deliver.

*Table 7: SBRC Parks and Open Space Hierarchy <sup>11</sup>*

Classification	Hierarchy
<b>Recreation Park</b>	Local Town Regional
<b>Sports Park</b>	Local Town Specialised Private
<b>Other Open Space</b>	Undeveloped Utility Camping

Council recognises the need to balance stakeholder demand for new and upgraded facilities while concurrently maintaining appropriate and sustainable levels of service on its existing facilities. Consequently, Council intends to use the tables described above to define appropriately differentiated levels of service. Whether assets will be hierarchically or non-hierarchically differentiated depends on the nature of the asset. The distribution of Council's NRM & Parks assets is shown below.

*Table 8: SBRC NRM & Parks Asset Distribution as at May 2020*

Asset Type	Quantity
Parks & Reserves	126.5 ha
Cemeteries, Open Space	116.2 ha
Town road verge mowing (entrances etc.)	225.83 ha
Tourist Parks (Lake Boondooma & Yallakool)	2
Major Cemeteries	5

<sup>11</sup> Source: SBRC LGIP



Asset Type	Quantity
Minor Cemeteries	8
Rest Areas	4
Road Reserves and Stock Routes	3200km
Natural Area Reserves	4
Rail Trails (2)	71 km
Skate Parks	6
Sealed Walk, Cycle and Exercise Tracks	2
Saleyards	1
Livestock Dips	4
Airports (CASA Certified)	2
Airfield	1

### 3.5 Technical Levels of Service

**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 meet the desired customer outcomes and demonstrate effective performance.

Service and asset managers plan, implement and control technical service levels to influence the service outcomes.<sup>12</sup>

#### 3.5.1 Technical Activities

The following inform the technical levels of service for NRM and Parks and are sourced from the LGIP, which drives service provision requirements for this asset class.

#### 3.5.2 Rate of Land Provision

Table 9: Technical Levels of Service: Open Space – Recreation Park Provision

Open space type	Provision rate (ha/1000 people)		
	Local	Town	Regional
Recreation park	0.5	1.2	0.6
Sports park	0.5	0.7	n/a

Table 10: Technical Levels of Service: Open Space – Accessibility Provision

Infrastructure type	Local	Town	Regional
Recreation parks	1 km	3 km in urban areas	Local government area

<sup>12</sup> IPWEA, 2015, IIMM, p 2|28.





Infrastructure type	Local	Town	Regional
Sports parks	Located in, or on the edge, of urban areas. Higher scale and specialised sports facilities service the whole region and users travel significant distances.		
Land for community facilities	Local government area		

Table 11: Technical Levels of Service: Minimum characteristics of each park

Characteristic	Recreation parks			Sports parks	
	Local	Town	Regional	Local	Town
Minimum size of open space	0.5 ha of usable space	2 ha of usable space	6 ha of usable space	Minimum 3 ha	Minimum of 6 ha
Shape of land	Preferred shape for a park is square or rectangular with the sides no greater than 2:1 ratio			A square or rectangular shape is considered most efficient to maximise the area available for playing fields. Fields and courts to be as close to north-south configuration as possible.	
Minimum desired flood immunity for parks	At least 25% of total area above Q50 with main activity areas above Q100	At least 25% of total area above Q50 with main activity areas above Q100	At least 50% of total area above Q50 with main activity areas above Q100 and free of hazards	Free of hazards. 90% of land above Q20. Fields/courts above Q50. Facilities above Q100.	Free of hazards. 90% of land above Q20. Fields/courts above Q50. Built facilities above Q100.
Maximum desired grade	Average grade of 1:10 for 80% of the usable open space. To facilitate wheelchair access to parks, areas with a grade of 1:33 will also be provided where possible. Variable topography is satisfactory for the remaining area.		Average grade of 1:20 for main use areas, 1:50 for kick about areas, and variable topography for remainder	Minimum grade of 1:50 for all playing surfaces, self-draining	Laser levelling to a maximum gradient of playing surface 1:100
Road frontage and visibility	Approximately 50% of the park perimeter to have direct road frontage (preferable)			Approximately 50% of the park perimeter to have direct road frontage (preferable)	
Linkage	Links to existing open space (preferable)			Sports parks are clustered (preferable)	
Vegetation	Fertile soil of at least 75-100mm, fully grassed				



Table 12: Technical Levels of Service: Embellishments

Embellishment Standard	Recreation Parks			Sports Parks	
	Local	Town	Regional	Local	Town
Playground (activity node)	✓	✓	✓	✓	✓
Wheeled recreation device activity node (skate park)		✓			
Shade trees clustered near activity nodes	✓	✓	✓	✓	✓
Lighting	✓	✓	✓	✓	✓
Internal pathways and paving	✓	✓	✓	✓	✓
Bicycle racks		✓	✓	✓	✓
Shade structures	✓	✓	✓	✓	✓
Tap/bubbler	✓	✓	✓	✓	✓
Bench seating	✓	✓	✓	✓	✓
Electric BBQ		✓	✓		
Picnic shelters		✓	✓		
Bins	✓	✓	✓	✓	✓
Toilets		✓	✓	✓	✓
Internal road and car parking				✓	✓
Clubhouse				✓	✓
Spectator facilities				✓	✓
Sports fields				✓	✓
Sports courts				✓	✓



## 4.0 FUTURE DEMAND

### 4.1 Demand Drivers

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

### 4.2 Demand Forecasts

#### 4.2.1 Population Change

South Burnett and the surrounding region had an estimated population of 32,747 in 2016<sup>13</sup>. Using the medium series, the projected population will reach approximately 36,342 persons by the year 2036.

Total future population growth over the next 20 years is predicted to be 3,595 persons (11%).

Table 13: South Burnett Population Growth Estimates 2016-41 (QGSO)

Projected Population				Average Annual Change (Medium Series)	
Year	Low Series	Medium Series	High Series	Number	%
2016	32,747	<b>32,747</b>	32,747		
2021	32,799	<b>33,017</b>	33,255	<b>270</b>	0.82%
2026	33,422	<b>34,170</b>	34,955	<b>1,153</b>	3.49%
2031	34,009	<b>35,295</b>	36,650	<b>1,125</b>	3.29%
2036	34,469	<b>36,342</b>	38,320	<b>1,047</b>	2.97%
2041	34,720	<b>37,107</b>	39,643	<b>765</b>	2.11%

### 4.3 Demand Impact and Demand Management Plan

Council is currently developing a regional economic development strategy and strategic regional plans with Wide Bay Burnett Regional Organisation of Councils. This AMP will be refreshed following the completion of these documents (where relevant).

The impact of demand drivers that may affect future service delivery and use of assets are shown in the table below.

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 as informed by the LGIP. Demand management practices can include non-asset solutions, insuring against risks and managing failures.

Opportunities identified to date for demand management are shown in the table below.

Further opportunities will be developed in future revisions of this Asset Management Plan.

<sup>13</sup> 'Projected population by local government area, Queensland, 2016 to 2041' Queensland Government Statistician's Office.



Table 14: Demand Management Plan<sup>14</sup>

Map reference	Trunk infrastructure	Estimated timing	Establishment cost*
PLCF 084	Regional Recreation Park - Memorial Park (Implement the master plan)	2019	\$470,210
PLCF 085	Local Sports Park - Bjelke Petersen Recreation Reserve (Implement the master plan)	2021	\$824,720
PLCF 086	Regional Recreation Park - Lake Boondooma (Implement the master plan)	2022	\$569,920
PLCF 087	Local Sports Park - Bjelke Petersen Recreation Reserve (Implement the master plan)	2023	\$384,800
PLCF 088	Local Recreation Park - Senior Citizens Park (Upgrade internal pathways)	2022	\$93,600
PLCF 089	Local Recreation Park - Rotary Park (Develop new youth play node)	2023	\$326,820
PLCF 090	Local Recreation Park - Pioneer Park (Implement the master plan)	2024	\$244,920
PLCF 091	Local Recreation Park - Lions Park Nanango (Upgrade children's playground)	2023	\$197,860
PLCF 092	Town Recreation Park - Rotary & Youth Park (Implement the master plan)	2020	\$340,600
PLCF 093	Local Recreation Park - Dingo Creek Bicentennial Park (Develop nature play node and wheeled recreation device facility)	2025	\$195,000
PLCF 094	Town Sports Park - Sundstrup Park (New shelter and seating)	2028	\$23,400
PLCF 095	Regional Recreation Park - Coomba Falls - Maidenwell (Implement the master plan)	2027	\$109,850
PLCF 096	Regional Recreation - Recreation corridor (Implement the master plan)	2024	\$614,900
<b>TOTAL:</b>			<b>\$4,396,000</b>

#### 4.4 Asset Programs to meet Demand

The new assets required to meet demand may be acquired, donated or constructed. The planned new asset and upgrades for the next 10 years to cater for future demand projections and service requirements are discussed [here](#). (Section 6.5).

It should be noted that acquiring new assets will commit Council to ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is

<sup>14</sup> Source SBRC LGIP



required. Future operations, maintenance and renewal costs are identified here for inclusion in the long-term financial plan. Refer to the [Lifecycle Management Plan](#) (Section 5.6.3) and [Financial Summary](#) sections of this plan for details (Section 8.0).

**4.5 Climate Change and Adaption**

The impacts of climate change can 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 will impact on assets can vary significantly depending on the location and the type of services provided, as will how we respond and manage those impacts.

As a minimum, we should consider both how to manage our existing assets given the potential climate change impacts, and then also how to create resilience to climate change in any new works or acquisitions.

Opportunities identified to date for management of climate change impacts on existing assets are shown in the table below.

*Table 15: Managing the Impact of Climate Change on Assets*

Climate Change Description	Projected Change	Potential Impact on Assets and Services	Planned Actions
Increased frequency and severity of storm events	Increasing number of declared disaster events.	Increased service disruption due to structures damage or ingress of stormwater runoff. drainage maintenance	Increased focus on planned and preventative maintenance.

Additionally, how we construct new assets should recognise that there is an opportunity to build in resilience to climate change impacts. Building resilience will have several benefits, including:

- Assets will withstand the effects of climate change
- Services can be sustained
- Assets that can endure may potentially lower the lifecycle cost and reduce their carbon footprint
- The table below summarises some asset climate change resilience opportunities.

*Table 16: NRM & Parks Asset Resilience to Climate Change*

New Asset Description	Climate Change impact These assets?	Build Resilience in New Works
Vegetation Design	More climate extremes and more severe droughts	More drought-tolerant species and resilient recreation assets.

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



#### 4.6 Technological Change

The impacts of climate change can 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.





## 5.0 ASSET PROFILE

### 5.1 Asset Hierarchy

An asset hierarchy provides a framework for structuring data in an information system to assist in collection of data, reporting information and making decisions. The hierarchy includes the asset class and component used for asset planning and financial reporting and service level hierarchy used for service planning and delivery.

### 5.2 Asset Quantities and Values

Council's NRM & Parks assets are valued at fair value (cost to replace service capacity) and depreciated using the straight-line method over their useful lives.

The best available estimate of the value of the NRM & Parks assets are shown below.

Current (Gross) Replacement Cost	<b>\$ 22,539,868</b>
Depreciated Replacement Cost <sup>15</sup>	<b>\$ 15,399,162</b>
Annual Depreciation	<b>\$ 594,316</b>

These values are comprised of the following components:

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<sup>15</sup> Also reported as Written Down Value, Carrying or Net Book Value.

Table 17: NRM & Parks Asset Valuation Summary as at May 2020.<sup>16</sup>

Asset Category/ Sub-category	Qty (No.)	Current Replacement Cost (\$)	Written Down Value (\$)	Annual Depreciation (\$)
Aerodromes	Kingaroy Runway 48000 sqm Taxiway 3000 sqm Fencing 7056 m Handstand/sealed Surface 22,300 sqm			
	Wondai Taxiway 4200 sqm Fencing 250 m	\$ 5,859,877	\$ 4,343,808	\$ 116,764
Community Facilities (General)	14	\$ 841,186	\$ 592,492	\$ 15,588
Dam Roads	Sealed Roads 17,133 sqm	\$ 1,014,754	\$ 572,564	\$ 18,214
Industrial	2	\$ 81,900	\$ 48,173	\$ 1,569
Minor Buildings	147	\$ 4,540,894	\$ 2,296,102	\$ 96,668
Municipal Buildings	6	\$ 444,642	\$ 293,598	\$ 11,237
Other Structures	278	\$ 13,083,553	\$ 9,688,661	\$ 371,146
Rail Trail	10 Bridges 159 Culverts 43.06 km sealed 8.08 km Unsealed	\$ 1,954,666	\$ 1,632,648	\$ 72,239
Sporting Facilities	6	\$ 578,273	\$ 274,924	\$ 7,655
<b>TOTAL:</b>	<b>522</b>	<b>\$ 22,539,868</b>	<b>\$ 15,399,162</b>	<b>\$ 594,316</b>

This asset class was revalued in May 2020. The above valuation data was extracted from the overall valuation report and represents the NRM & Parks Asset Class only and excludes Buildings, Waste and Water/Wastewater assets.

### 5.2.1 Typical Asset Useful Lives

As part of the preparations for the 2020 NRM & Parks Asset Revaluation, the use of prescribed standards for useful lives was assessed. Standardising useful lives across this asset class has improved the accuracy of remaining useful life estimates. These typical useful lives were developed through modelling, assessment and the application of engineering experience to Council's local conditions.

<sup>16</sup> Source: Shepherd Services Buildings and Land Revaluation May 2020-V8b



Table 18: Typical Useful Lives for NRM &amp; Parks Assets

Asset Category	Asset Sub-category	Average Useful Life (Years)
	Large Shadesail Shelter - Size - 100 to 150m2	55
	Lighting - Pole and Lights - Floodlights	40
	Lighting - Single Luminair - Solar	40
	Medium Shadesail Shelter - Size - 20 to 50m2 - Including Medium Play Equipment	50
	Miscellaneous - Electrical and Water Outlets for Campervans	25
	Miscellaneous - Raised Town Clock	100
	Miscellaneous - Water Feature - Large	20
	Netball Courts - Playing Surface (Concrete)	80
	Pathway - Asphalt	25
	Pathway - Brick Pavers	60
	Pathway - Concrete	80
	Pathway - Paving	60
	Pathway - Timber	60
	Pedestrian Bridge - Timber	80
	Picnic Tables - Composite Construction	15
	Picnic Tables - Concrete	80
	Picnic Tables - Metal	15
	Picnic Tables - Metal with Umbrellas	15
	Picnic Tables - Timber	15
	Play Equipment	15
	Play Equipment - Softfall - Small	15
	Retaining Wall - Rock	75
	Retaining Wall - Stone	75
	Retaining Wall - Timber	75
	Road Culvert - RCBC 600 x 300	80





Asset Category	Asset Sub-category	Average Useful Life (Years)
	Runway, Taxiway, Apron - Sealed - Formation	1000
	Runway, Taxiway, Apron - Sealed - Pavement	64
	Runway, Taxiway, Apron - Sealed - Spray Seal	16
	Runway, Taxiway, Apron - Sealed Surface (Asphalt)	25
	Sealed Apron and Runway - Subbase	192
	Airside Features - Windsock	20
	Airside Features - Lighting - Kingaroy	20
	Airside Features - Lighting - Wondai	20
	Retaining Wall - Stone	75
	Retaining Wall - Timber	75
	Road Culvert - RCBC 600 x 300	80
	Barbeque	30
	Seating - Bench Seating	15
	Walking Track - Gravel	15
	Walking Track - Stairs - Replas & Steel	60

### 5.2.2 Remaining Useful Lives

There is a relationship between asset useful life and some of the major service levels chosen by council. For NRM & Parks assets, service levels relate to the condition of the asset and are measured differently for each asset type.

### 5.3 Asset Age Profile

The quality of Council's Parks & NRM asset data does not support the production of an age profile since the date of construction was not captured in most instances.

### 5.4 Asset condition

Asset condition is measured using the 0 (new) – 10 (failed) grading scheme shown below.



Table 19: NRM &amp; Parks Asset Condition Rating Scheme

Condition Rating	Description	% Asset Remaining <sup>17</sup>
0	Brand New	100
1	Near new with no visible deterioration	90
2	Excellent overall condition early stages of deterioration.	80
3	Very good overall condition with obvious deterioration evident.	70
4	Good overall condition, obvious deterioration, serviceability impaired very slightly.	60
5	Fair overall condition, obvious deterioration, some serviceability loss.	50
6	Fair to poor overall condition, obvious deterioration, some serviceability loss.	40
7	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30
8	Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal.	20
9	Extremely poor condition, severe serviceability problems, renewal required immediately.	10
10	Failed asset, no longer serviceable. Should not remain in service.	0

NRM & Parks asset condition is currently monitored in several ways:

- Aerodromes are regularly inspected as per CASA requirements.
- Other assets are currently monitored via Council officer periodic safety inspections and via cyclic condition assessments.

#### 5.4.1 NRM & Parks Condition Assessment

In 2019, Council performed a comprehensive condition assessment of its Building and Other Structures. The distribution of NRM & Parks assets by overall condition score and sub-components condition scores is shown below.

<sup>17</sup> Based on estimated delivery of future economic benefit.



Table 20: Overall NRM &amp; Parks] Condition as at Jan 2020

Condition Score	Number of Assets	% of Asset Number
0	0	0.0%
1	142	17.3%
2	175	21.3%
3	163	19.8%
4	190	23.1%
5	81	9.9%
6	43	5.2%
7	17	2.1%
8	7	0.9%
9	3	0.4%
10	1	0.1%
<b>TOTAL</b>	<b>822</b>	<b>100.0%</b>



### 5.5 Asset Utilisation

Data for Parks and Natural assets usage is not currently captured.

This issue has been noted in the [AMP Improvement Plan](#).

### 5.6 Asset Capacity and Performance

#### 5.6.1 Capacity

At present, there are no identified capacity issues with Council's NRM & Parks assets.

#### 5.6.2 Asset Performance

Assets are generally provided to meet design standards where these are available. However, there are insufficient resources to address all known deficiencies. Locations, where deficiencies in service performance are known, are detailed in the table below. The assets were assessed as being in poor condition, and service performance is adversely affected.

Table 21: Known Service Performance Deficiencies

Location	Service Deficiency
Boondooma Dam Lookout - Tennis Courts	Poor condition
Coolabunia Saleyards - Water tanks x 2 concrete	Poor condition
Kingaroy - Glendon street carpark - Softfall in playground	Poor condition
Murgon - M'gon Skate Pk playground shade structure	Poor condition
Nanango Cattle dip and yards	Poor condition
Nanango Lions Park - Miners display	Poor condition
Proston Lions Park - Shelter	Poor condition
Wondai - Cattle Stalls	Poor condition
Wondai - Cattle Stalls ( west)	Poor condition





Location	Service Deficiency
Kingaroy - Mt Wooroolin Park - Lookout BBQ	Poor condition

The above service deficiencies were identified from inspections carried out in January 2020.

### 5.6.3 Asset Performance Trends

The recent condition assessment has identified that overall, the Council NRM & Parks assets are in good condition. The 2019-20 condition assessment was the first portfolio-wide inspection, so there is no historical data available for trend analysis prior to this date. The data will be utilised for future trend analysis over repeated condition inspection cycles.



## 5.0 LIFECYCLE MANAGEMENT PLAN

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

### 6.1 Operations and Maintenance Plan

Operations include regular activities to provide services. Examples of typical Parks and NRM operational activities include:

- Cleaning of amenities, airports, public areas
- Clearing of public area bins
- Inspections (playgrounds, park and open space area infrastructure)
- Pest control
- Stock route water facilities management
- Management of stock route grazing and travel permits
- Animal/ wandering stock control
- Street and park tree management

Maintenance consists of 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. Examples of typical maintenance activities include:

- Mowing/ slashing/ trimming/ green waste removal for parks, cemeteries and open spaces
- Weed control
- Tree pruning
- Garden bed maintenance
- Fuel load management
- Saleyard maintenance

The historical expenditure for the last three years from operations and maintenance job costing is summarised below:

*Table 22: Average Historical OPEX Expenditure by Asset Type*

Asset Type	3 Year Avg. Annual Expenditure (\$)	% of Total OPEX	% of Replacement Costs
1005 - Aerodromes	121,062.56	2.1%	
1006 - Clearing Dips	11,679.99	0.2%	
1007 - Coolabunia Saleyards	122,797.34	2.1%	
1008 - Yallakool Tourist Park	240,194.49	4.1%	
1009 - Lake Boondooma Tourist	247,483.51	4.2%	
1034 - Murgon Caravan Park	11,344.33	0.2%	
1100 - Rural Services	1,040,809.33	17.8%	
1101 - Regional Parks & Gardens	2,729,879.00	46.7%	



Asset Type	3 Year Avg. Annual Expenditure (\$)	% of Total OPEX	% of Replacement Costs
1102 - Public Conveniences	267,190.33	4.6%	
1103 - Regional Rest Areas	20,192.00	0.3%	
1104 - Cemeteries	306,277.05	5.2%	
1105 - Regional Rail Corridors	284,173.00	4.9%	
1137 - NRM & Parks Administration	443,352.00	7.6%	
<b>TOTAL:</b>	<b>\$ 5,846,434.94</b>		<b>25.9%</b>

Average annual OPEX expenditure over 10 years is approximately \$5,846,435. The trend in ops/maintenance budgets are shown in the table below.

Table 23: Ops/Maintenance Budget Trends

Year	Ops/Maintenance Budget \$
2016/17	\$5,941,363
2017/18	\$6,057,379
2018/19	\$5,540,562
<b>TOTAL:</b>	<b>\$17,539,304</b>

Concise, accurate maintenance data is not available as Council does not separate maintenance from renewals and other costs.

This issue has been identified in the [AMP Improvement Plan](#).

Maintenance budget levels are not considered to be adequate to meet projected service levels.

Assessment and priority of reactive maintenance is undertaken by staff using experience and judgement. In future, the maintenance assessed under the recent condition assessment has been risk-rated to assist in prioritising maintenance, and the data is stored in the Delta S maintenance management system.

**6.1.1 Summary of forecast operations and maintenance costs**

At present, Council does not separately identify maintenance expenditure from renewal budgeting due to historical reasons for funding under Capital Expenditure requirements.

As a recommended improvement action is that operational costs be determined individually by asset type so that future benchmarking can be undertaken. Additionally, reactive and preventative (cyclic) maintenance be separately identified so that the maintenance can be optimised in the future.

These issues have been noted in the [AMP Improvement Plan](#) (Section 10.4).

**6.2 Renewal Plan**

Renewal is a significant capital work. While it does not alter the original service provided by the asset, it restores, rehabilitates, replaces or renews an existing asset to its original service potential. Asset renewal should not increase future maintenance costs.





Work over and above restoring an asset to original service potential is considered to be an acquisition or upgrade which will result in additional future operations and maintenance costs.

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).

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).

South Burnett Regional Council uses the second method (i.e., projected long-term renewals are determined using recent asset condition assessments).

The typical useful lives of assets used to develop projected asset renewal forecasts are shown [here](#) (Section 5.2.1). NRM & Parks asset useful lives were last reviewed on as part of the 2020 Buildings and Other Structures asset revaluation project.

The development of a standardised asset renewal requirements estimating methodology has been noted in the [AMP Improvement Plan](#) (Section 10.4).

### 6.2.1 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. replacing a bridge that has a 5 t load limit), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. condition of a playground).<sup>18</sup>

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.<sup>19</sup>

Council does not currently have formal ranking criteria to determine renewal priorities for NRM & Parks assets. The development of a standardised asset renewal prioritisation methodology has been noted in the [AMP Improvement Plan](#) (Section 10.4).

### 6.3 Summary of historical renewal costs

Council has not historically forecast asset renewal requirements for NRM & Parks assets, nor has it separately recorded renewal expenditure related to these assets

### 6.4 Summary of future renewal costs

The amount budgeted for NRM & Parks asset renewals for 2020-21 is \$294,500 (excluding NRM & Parks building assets).

<sup>18</sup> IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

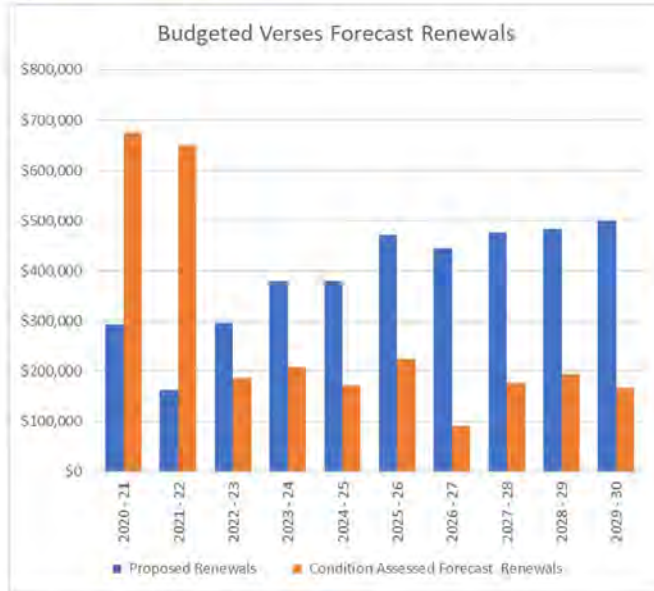
<sup>19</sup> Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.



Forecast renewal costs are projected to increase gradually over time, assuming that backlog maintenance is undertaken.

The table/chart below shows the forecast costs associated with renewals (identified from 2019 Condition Assessment) relative to the proposed renewal budget.

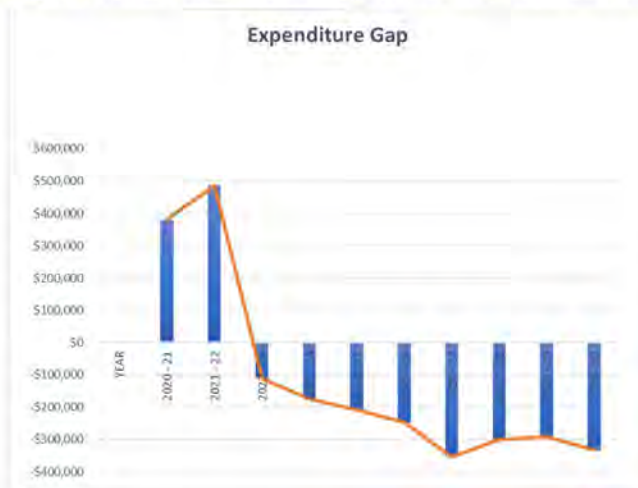
Figure 6: Forecast Renewals



All figure values are shown in current (real) dollars.

The recent condition assessment did not include an assessment of runways or taxiways. Also, amenities buildings were extracted out of the NRM asset class and included in Buildings.

Figure 7: Forecast Versus Modified Budgeted Renewals – Expenditure Gap





The above indicators that Council may be over-investing in renewals in the latter years but until a complete review of the recent new asset split between Buildings and NRM & Parks to confirm whether some additional renewal works needs to be allocated in the buildings portfolio. In addition, several budget lines in the latter years are lump sums and need to be refined to ensure that they accurately reflect actual renewal needs.

'Planned' long-term renewals expenditure taken from Council's forward works plan that is based on factors such as available funding, community expectations and the like. SBRC has developed a comprehensive 10-year plan based on their Asset Management Strategy and Policy.

Council is focused predominately on asset renewals and strengthening its asset registers and systems to be able to confidently state its planned renewal position. This means that as our asset systems mature, we will need to review forward works programs on an ongoing basis.

Total planned renewals (forward works program) spending is approximately \$3,891,750 over the next 10 years, which is 17.3% of the gross replacement cost.

Figure 8: Planned Renewals versus Sustainability Index and Depreciation



The renewal averages for the next 10-years 2019/20 to 2029/30 are displayed below.

Figure 9: Average Planned & Projected Long-Term Renewals and Sustainability







This chart shows the average annualised amounts for renewals, and the State's sustainability target 90% of depreciation and renewals are running at an average of 65.5%.

## 6.5 Acquisition Plan

Acquisition reflects are new assets that did not previously exist or works which will upgrade or improve an existing asset beyond its current service capacity. Acquisitions may be the result of growth, demand, social or environmental needs. Assets may also be donated to Council by developers or other levels of government.

### 6.5.1 Selection criteria

Proposed upgrade of existing assets, and new 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 Entities 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 the table below.

Council has yet to adopt a formalised selection process for upgrading and acquisition and construction of new NRM & Parks assets. The development of a standardised selection prioritisation methodology has been noted in the [AMP Improvement Plan](#) (Section 10.4).

### 6.5.2 Summary of future asset acquisition costs

When an Entity commits to new assets, they must be prepared to fund future operations, maintenance and renewal costs. They must also account for future depreciation when reviewing long term sustainability.

Table 24. NRM & Parks Acquisition Forecast 2020-30

Year	CAPEX Acquisitions	Purpose
2020 - 21	28,000	Construction and landscaping of a new columbarium wall in the Blackbutt cemetery
	15,000	Kingaroy pathways & carpark connection
2021 - 22		
2022 - 23	91,000	Murgon Skate Park
2023 - 24	100,000	Cemetery Upgrades
2024 - 25	100,000	Cemetery Upgrades
2025 - 26		
2026 - 27	100,000	Cemetery Upgrades
2027 - 28	100,000	Cemetery Upgrades
2028 - 29	100,000	Cemetery Upgrades
2029 - 30	100,000	Cemetery Upgrades
<b>TOTAL:</b>	<b>734,000</b>	



When reviewing the long-term impacts of asset acquisition, it is useful to consider the cumulative value of the acquired assets being taken on by the Entity. The cumulative value of all acquisition work, including assets that are constructed and contributed shown in the chart below:

Figure 10. Planned Upgrades and Renewals



All figure values are shown in current (real) dollars.

Expenditure on new assets and services in the capital works program will be accommodated in the long-term financial plan, but only to the extent that there is available funding.

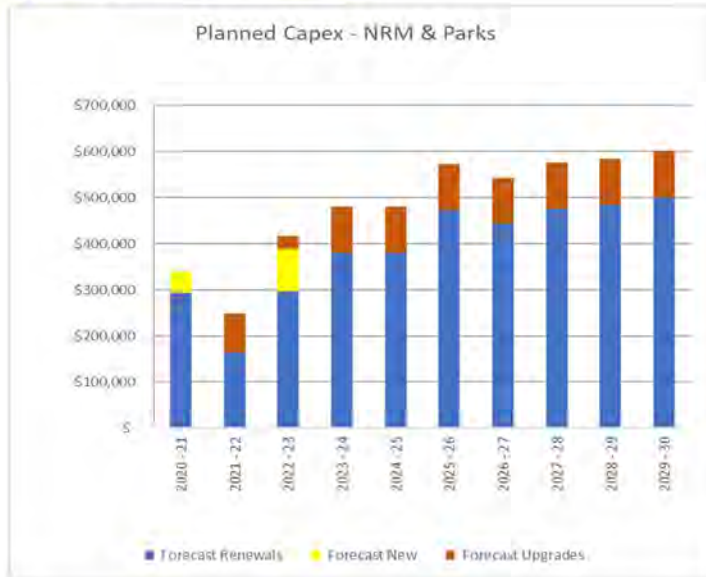
### 6.5.3 Summary of asset forecast costs

The financial projections from this asset plan are shown in the diagram below. These projections include forecast costs for acquisition, operation, maintenance, renewal, and disposal. These forecast costs are shown relative to the proposed budget.

The bars in the graphs represent the forecast costs needed to minimise the life cycle costs associated with the service provision. The proposed budget line indicates the estimate of available funding. The gap between the forecast work and the proposed budget is the basis of the discussion on achieving balance between costs, levels of service and risk to achieve the best value outcome.



Figure 11: Planned Capex for NRM & Parks



All figure values are shown in current (real) dollars.

Add discussion about the forecast costs compared to the proposed budget. Comment on any apparent trends and highlight significant projects.

**6.6 Disposal Plan**

Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation. At this stage, there are no identified disposals or demolitions identified for NRM & Parks.





**7.0 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’<sup>20</sup>.

An assessment of risks<sup>21</sup> 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.

**7.1 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 in the table below. Also listed are their typical failure mode and the impact on service delivery. Failure modes may include physical failure, collapse or essential service interruption.

*Table 25: Critical Assets*

Critical Assets	Failure Mode	Impact
Kingaroy Aerodrome	Failure of Runway or Pilot Activated Lighting Systems	Failure of Asset or risk to aircraft safety
Wondai Aerodrome	Failure of Runway or Pilot Activated Lighting Systems	Failure of Asset or risk to aircraft safety

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.

**7.2 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’, 1 and to respond to possible disruptions to ensure continuity of service.

Resilience is built on aspects such as response and recovery planning, financial capacity, climate change and crisis leadership.

Our current measure of resilience is shown in the table below, which includes the type of threats and hazards and the current measures that the organisation takes to ensure service delivery resilience.

We do not currently measure our resilience in service delivery. This will be included in future iterations of the Asset Management Plan.

<sup>20</sup> ISO 31000:2009, p 2

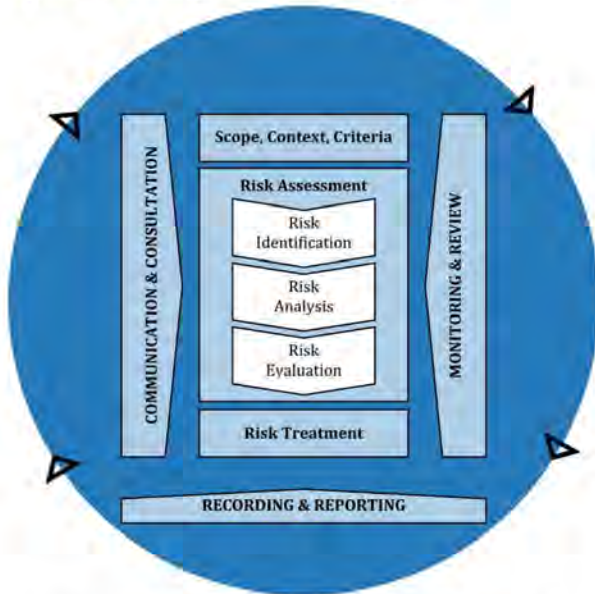
<sup>21</sup> SBRC Corporate Risk Management Plan



**7.3 Risk Assessment**

The risk management process used is shown in the figure 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. This process is based on the fundamentals of International Standard ISO 31000:2018<sup>22</sup>.

Figure 12: Risk Management Process (Abridged)



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<sup>23</sup> 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.

**7.4 Risk Treatment**

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

<sup>22</sup> Source: ISO 31000:2018, Figure 1, p9

<sup>23</sup> SBRC Corporate Risk Management Plan



Table 26: Risks and Treatment Plans

Service or Asset at Risk	What Can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk <sup>24</sup>	Treatment Costs
Kingaroy Aerodrome	Failure of Runway or Pilot Activated Lighting Systems	VH	Ongoing testing and inspections in accordance with CASA Rules	L	
Wondai Aerodrome	Failure of Runway or Pilot Activated Lighting Systems	VH	Ongoing testing and inspections in accordance with CASA Rules]	L	
Playgrounds	Injuries from faulty equipment	H	Regular Playground inspections	L	
Pathways, trails, walkways	Injuries from Trips and falls]	H	Ongoing inspection program and maintenance]	L	

### 7.5 Service and Risk Trade-Offs

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

#### 7.5.1 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 have not as yet been fully identified.

#### 7.5.2 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:

- Possible harm to parks and open space users (WH&S Breaches).
- Lower levels of services potential due to parks and facilities failures or restrictions of usage.

<sup>24</sup> The residual risk is the risk remaining after the selected risk treatment plan is implemented.





## 8.0 FINANCIAL SUMMARY

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

### 8.1 Long-Term Financial Forecast

Council's Long-Term Financial Forecast for this asset class is as follows:

### 8.2 Forecast costs for long term financial plan

This Asset Management Plan identifies the forecast operations, maintenance and renewal costs required to provide an agreed level of service to the community over 10 years.

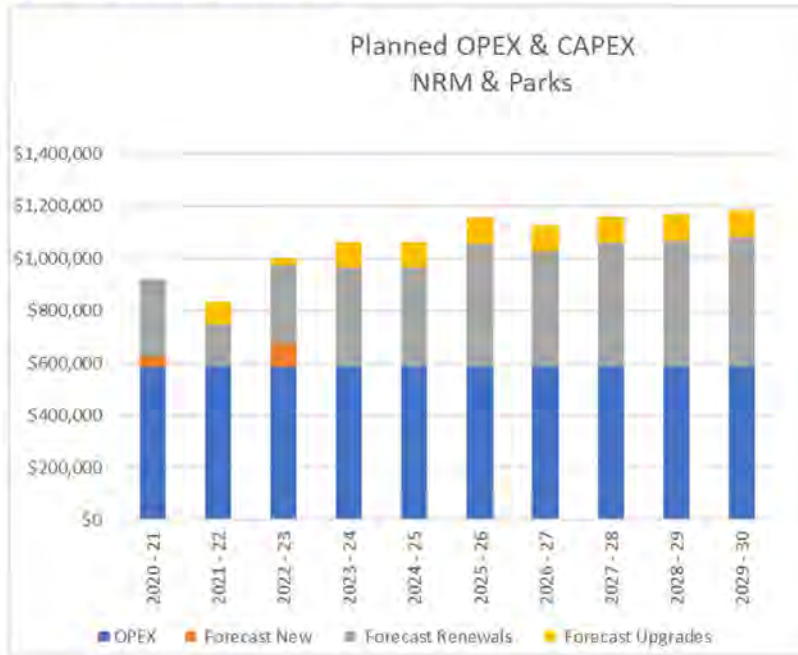
Forecast costs are shown in 2020-21 real values.

Table 27: Forecast Costs for Long Term Financial Plan

Year	Forecast OPEX	Forecast Acquisition (New)	Forecast Renewals	Forecast Upgrades	Forecast Disposal
2020/21	\$5,846,435	\$43,000	\$294,500	\$0	\$0
2021/22	\$5,846,435	\$0	\$163,250	\$84,750	\$0
2022/23	\$5,846,435	\$91,000	\$298,000	\$29,000	\$0
2023/24	\$5,846,435	\$0	\$380,000	\$100,000	\$0
2024/25	\$5,846,435	\$0	\$380,000	\$100,000	\$0
2025/26	\$5,846,435	\$0	\$472,000	\$100,000	\$0
2026/27	\$5,846,435	\$0	\$444,000	\$100,000	\$0
2027/28	\$5,846,435	\$0	\$476,000	\$100,000	\$0
2028/29	\$5,846,435	\$0	\$484,000	\$100,000	\$0
2029/30	\$5,846,435	\$0	\$500,000	\$100,000	\$0
<b>TOTAL:</b>	<b>\$58,464,350</b>	<b>\$134,000</b>	<b>\$3,891,750</b>	<b>\$813,750</b>	<b>\$0</b>



Figure 13: Planned CAPEX and OPEX



**8.3 Sustainability of service delivery**

There are two key indicators of sustainable service delivery that are considered in the Asset Management Plan 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 the next 10 years), and
- medium-term forecast costs/proposed budget (over 10 years of the planning period).

**8.3.1 Medium-term – 10 year financial planning period**

The 10-year forecasting process is currently linked to depreciation forecasts. It needs to be driven more closely by maintenance and renewals requirements as a function of agreed levels of service and parks and open spaces hierarchy.

**8.3.2 Asset Renewal Funding Ratio**

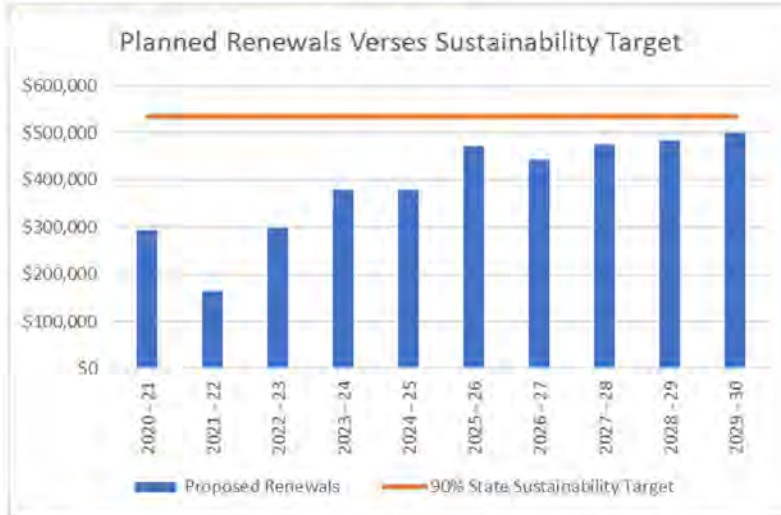
Asset Renewal Funding Ratio<sup>25</sup> 65.5%

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next 10 years, we expect to have 65.5% of the funds required for the optimal renewal of assets. Predictions for planned renewals over the next 10 years are illustrated in against the asset sustainability target set by the State (i.e., 90% of asset class depreciation). The planned renewals are above the sustainability columns indicating asset sustainability over time will likely result in maintaining current service levels.

<sup>25</sup> AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.



Figure 14: Asset Sustainability & Planned Renewals



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

**8.3.3 Observations**

Key observations about the financial forecasts for NRM & Parks Assets are:

- SBRC are significantly underfunding maintenance and renewals for the NRM & Parks portfolio and are on average 65.5% of the annual depreciation of the asset class.
- Maintenance is almost entirely reactive ('break/fix'), with little or no planned or cyclical maintenance

**8.3.4 Implications**

The implications of this is that the overall condition profile of the NRM & Parks assets will decrease and will affect levels of service and also future renewals and maintenance requirements will increase

**8.4 Funding Strategy**

The proposed funding for assets is outlined in the Entity's budget and long term financial plan.

The financial strategy of the entity determines how funding will be provided. In contrast, the Asset Management Plan communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.

**8.5 Valuation Forecasts**

Over the next 10-years, Council is expected to add approximately \$134,000 (new) and \$813,750 (asset upgrades) to the value of its NRM & Parks assets. This will increase the current replacement cost to approximately \$23,487,618 (4.2%).





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.

### 8.6 Key Assumptions Made in Financial Forecasts

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

Key assumptions made in this Asset Management Plan are:

- Valuation Data is assumed to be accurate, and the data was split between the new designated asset classes of Buildings, NRM & Parks, Waste, Water and Wastewater.
- Renewals and Maintenance Forecasting was extracted from the 2019 CTMG condition assessments and maintenance forecasts
- Opex Data was provided by SBRC
- Capex Data was provided by SBRC

### 8.7 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this Asset Management Plan are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on an A - E level scale<sup>26</sup> in accordance with the table below.

Table 28: Data Confidence Grading System

Confidence Grade	Description
A. Highly reliable	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. Reliable	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. Uncertain	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. Very Uncertain	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. Unknown	None or very little data held.

<sup>26</sup> IPWEA, 2015, IIMM, Table 2.4.6, p 2|71.



The estimated confidence level for and reliability of data used in this Asset Management Plan is shown in the table below.

Table 29: Data Confidence Assessment for Data used in Asset Management Plan

Data	Confidence Assessment	Comment
Demand drivers	B	Demand drivers for the NRM& Parks Class are derived from the SBRC LGIP. There are also strategic service delivery plans available to support the identification of some service needs.
Growth projections	B	SBRC has access to several services and needs to agree on a specific data source
Acquisition forecast	C	Forecasting of new assets needs to have more process in terms of capital works prioritisation and business case processes
Operation forecast	C	Pro-rata split of 2020-21 OPEX budget based on account type. More granular costing detail not available
Maintenance forecast	C	Pro-rata split of 2020-21 OPEX budget based on account type. More granular costing detail not available.
Renewal forecast - Asset values	B	Recent data is available for 2019 condition assessment and maintenance identification. Reliance was on recent Valuation data
- Asset useful lives	B	Reliance was on recent Valuation data
- Condition modelling	B	Recent data is available for 2019 condition assessment and maintenance identification. Data for aerodrome infrastructure has not collected for renewal/maintenance planning
Disposal forecast	C	Disposal of assets needs to have more process in terms of identification and business case processes

The estimated confidence level for and reliability of data used in this Asset Management Plan is considered to be **C+**.





## 9.0 INFORMATION MANAGEMENT

### 9.1 Asset Information Management Systems

#### 9.1.1 Asset Register

Council uses *TechnologyOne* as its corporate asset management system. The asset register is part of this solution. The *TechnologyOne* asset register holds both structured non-spatial asset data and financial information about the assets (e.g., valuations).

#### 9.1.2 GIS

Council uses the MapInfo geographical information system (GIS) to store structured spatial information about its NRM & Parks assets. The GIS is also used to capture and display spatial data (e.g., cadastral, topographic and aerial information).

#### 9.1.3 Records Management System

Council uses the *TechnologyOne* Records Management solution to capture, store and organise unstructured documents (e.g., letters, reports, etc.).

Design and As Constructed drawings are stored in a shared network drive.

#### 9.1.4 Customer Request System

Council uses *TechnologyOne* to record and manage all incoming Customer Requests or complaints.

#### 9.1.5 Work Management System

NRM & Parks utilising Delta S Maintenance Management System to maintain maintenance data, develop works programs and Works Order generation. This an interim solution until Council implements a cross-Council asset management solution.

#### 9.1.6 Work Category Definitions

Council's Finance Department is currently reviewing work category definitions to support more consistent reporting of activity. We expect the following work categories to be implemented:

Table 30: Work Category Definition

Work Type	Work Category	Description
CAPEX	New/ Expansion	Expenditure, which creates a new asset to meet additional service level requirements, e.g. new building, road, etc.
	Renewal/ Refurbishment	Expenditure on an existing asset, which, restores, rehabilitates, replaces existing asset to its original capacity, e.g. resurfacing of roads.
	Upgrade	Expenditure, which enhances an existing asset to provide a higher level of service, e.g. widening of road seal.
OPEX	Maintenance	Recurrent expenditure, periodically or regularly required as part of the anticipated schedule of works required keeping assets operating, edge road patching.
	Operations	Recurrent expenditure or regular activities to provide public health, safety and amenity, e.g. street sweeping, grass mowing, street lighting, cost of supply from utilities, such as water, electricity etc.
	Disposal	Expenditure related to the disposal of an asset.





The development of a standardised method for allocating asset-related costs has been identified in the [AMP Improvement Plan](#) (Section 10.4).

#### **9.1.7 Financial Management System**

Council uses *TechnologyOne* as its corporate financial management system. It records and stores and reports on all financial and business operations. *TechnologyOne* is used for the entire spectrum of financial activity, including:

- General Ledger
- Job costing
- Procurement
- Inventory
- HR and payroll

Data is entered into (or generated within) the system from source documentation (e.g., staff timesheets for payroll transactions or purchase orders for goods and services).

Technology One also generates all statutory and financial management reports that are available to all levels of staff and elected representatives.

#### **9.1.8 ICT Infrastructure Platform**

The Delta S system is located on a local Desktop and is based on MS Access. The mobile field solution is a windows-based tablet which is synced to the desktop program to upload field-collected data.

#### **9.1.9 Systems Fitness-for-Purpose Assessment**

The information system used to manage NRM & Parks assets is fit-for-purpose because it enables the following:

- Recording and storing of attributes to identify individual asset clearly;
- Define relationship (components) within and between assets;
- Enables customisation including description fields;
- Provides Capital, maintenance and condition-based reports (either customised or delivered by manipulating the database);
- Provides an Export selected data; and
- This system will assist in determining asset information for long-term capital and maintenance funding requirements to ensure that assets do not fall below their nominated minimum asset condition rating.

### **9.2 Asset Data Management**

#### **9.2.1 Accounting and financial data sources**

This Asset Management Plan utilises accounting and financial data. The source of this data is the *TechnologyOne* enterprise application suite.

#### **9.2.2 Financial Management Data Requirements**

##### **9.2.2.1 Asset Valuation**

In accordance with Accounting Standard AASB1041, Council is required to account for all its assets, including the value of current and non-current assets in financial reports thereby identifying to the community the level of investment in assets. These assets are then depreciated on an annual basis to reflect the community usage of its infrastructure assets.



Council splits its Assets into classes for valuation purposes. Council asset classes are:

- Land
- Buildings
- NRM & Parks
- Plant & Equipment
- Roads, Drainage & Bridges
- Water
- Sewerage
- Other Infrastructure

Each class is valued in its entirety to reflect its fair value. Council uses independent external valuers to undertake the valuation process. Verification of the completeness of Council's Asset Register will be undertaken as part of the development of the Individual Asset Plans.

#### **9.2.2.2 Asset Depreciation**

Council's infrastructure assets are non-current assets, and their depreciation is treated as follows:

- Buildings, plant and equipment, infrastructure, and other assets which have limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis. Depreciation rates and methods are reviewed annually.
- Where infrastructure assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values, and a separate depreciation rate is determined for each component.

#### **9.2.2.3 Capitalisation of Assets**

Each class of assets have been recognised in accordance with Council's Asset Management Policy. The asset recognition thresholds detailed in the policy have applied when recognising NRM & Parks assets unless otherwise stated here.

#### **9.2.2.4 Asset management data sources**

This Asset Management Plan also utilises asset management data. The primary source of this data is the *TechnologyOne* enterprise application suite.

TechnologyOne data is augmented with other asset-related data stored in:

- MapInfo (GIS)
- Shared network drives (Drawings)
- Spreadsheets (asset modelling data)

### **9.2.3 Asset Management Data Requirements**

Electronically stored data is vital to sound management of assets. It is used for several purposes and for development of rolling works programs based on priority of needs. These programs are then used for strategic financial modelling for the organisation.





## 9.2.4 Data Management Roles and Responsibilities

### 9.2.4.1 Asset Data Manager

The manager of the asset will determine the extent of additional information required in order to manage, maintain and report on infrastructure assets to ensure optimal asset function and asset lifecycle as well as management.

### 9.2.4.2 Asset Section

Asset Section staff are responsible for ensuring the updating and maintaining of the asset data to meet the organisational operational and financial requirements in delivering efficient and effective asset management.

This means ensuring that inspection data and information from Works Orders, is entered into the system when appropriate. Assistance may well be required for undertaking data installation into the system. However, the Asset Officers are responsible for ensuring its integrity.

It should be noted that procedures for Works Orders are still in development, and there is no formal system currently in place. However, it is an aim to have a functioning Works Order system to support sound asset management.

## 9.2.5 Data Quality Assessment

A key issue with collecting and storing this information is the recognition that it must be kept up-to-date. Obsolete data can produce meaningless information when efforts are made to use it for works programming and financial modelling.

As there may be a prohibitive cost to data collection, it is essential that consideration is given to collecting and storing only that data which will be useful to management needs.

## 9.3 Technological Change

The following technology changes are expected over the life of this plan (i.e. 10 years). These changes will help improve Council's management of NRM & Parks assets.

Table 3 1: Technological Change: NRM & Parks Asset Information Management

Technology	Expected Change
Remote sensing, monitoring and control	It is expected that remote sensing, monitoring and control systems will become cheaper and more prevalent over the life of this plan (i.e., 10 years). If this occurs, it will enable Council to collect asset performance data more frequently and less expensively (i.e., without having to conduct physical site inspections).
Integration of data sources	The current trend towards the integration of spatial, non-spatial and unstructured asset and service data within Council is likely to accelerate. This will provide Council with a more holistic view of its assets.
External data sharing	Council will be able to link its data with other Councils and government departments for planning, benchmarking and reporting purposes.
Drones	It is expected that in future, drones will play an increased role in asset survey and monitoring.





## 10.0 PLAN IMPROVEMENT AND MONITORING

### 10.1 Status of Asset Management Practices<sup>27</sup>

The current level of asset management maturity is Basic.

### 10.2 Improvement Priorities

NRM & Parks asset management improvement priorities are:

- Formalise and confirm asset data structures, including:
  - Asset hierarchy
  - Asset data model
  - Asset work types and cost structures
- Develop asset recognition (capitalisation) and revaluation thresholds for NRM & Parks assets.
- Develop a capital works project prioritisation framework for NRM & Parks assets.
- Include asset renewal requirements in the CAPEX program.
- Load the latest asset data into Council's Asset Registers and GIS.
- Integrate Council's non-spatial (asset register) and spatial (GIS) asset data for NRM & Parks
- Split out maintenance from renewals and further segregate into reactive and preventative maintenance

### 10.3 Key Performance Indicators (Improvement)

The effectiveness of this Asset Management Plan can be measured in the following ways:

- The degree to which the required forecast costs identified in this Asset Management Plan are incorporated into the long-term financial plan.
- The degree to which the detailed multi-year works programs, budgets, business plans and corporate structures take into account the 'global' works program trends provided by the Asset Management Plan.
- The degree to which the existing and projected service levels and service consequences, risks and residual risks are incorporated into the Strategic Plan and associated plans.
- Progress towards the achievement of Council's Asset Renewal Funding Ratio target (this target is currently 90% of annual depreciation).

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<sup>27</sup> ISO 55000 Refers to this the Asset Management System



#### 10.4 Improvement Plan

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

Table 32: NRM & Parks Asset Management Improvement Plan

ID	Activity	Expected Benefit	Timing
1	Review the current LGIP and ensure that the current growth demand projections are accurate and reflect the agreed population growth figures	This will ensure that growth and demand projections are accurate	Dec 2020
2	Utilise the Parks hierarchy, set maintenance, mowing frequencies and response times	This will enable maintenance to be linked to established set levels of service and assist in prioritising ongoing expenditure on Parks	Dec 2020
3	Review planned renewals and update the 10-year work program by prioritising based on hierarchy and risk.	This will enable clearer decision making on allocations of expenditure and also decision making.	Annually
4	Record and report on expenditures, with separate costs for operations, maintenance and capture capital expenditures as renewal or upgrade.  Identify and separate Preventative and Reactive Maintenance activities and costs	Maintenance expenditure can be better optimised once costings are known for ratio of Reactive Versus Preventative Maintenance (Ideally approx. 30:70)	June 2021
5	Measure and record Parks, natural area Utilisation noting that there are different type of measures depending on asset function & use.	This will enable underutilised parks and areas to be identified to allow for future asset re-use/rationalisation options to be considered	Ongoing

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ID	Activity	Expected Benefit	Timing
6	Assets/structures identified as being at condition 7 and above as part of any disposal /re-use reviews should be reviewed against identified renewals/maintenance costs	Poor condition assets with higher maintenance, renewal costs need to be reviewed as part of re-use/rationalisation options for these assets	June 2020
7	Implement a capital works decision-making process across Council and develop business case templates for new and upgrade projects as part of the formal process. Include expected maintenance (life cycle impacts) for upgrades/new projects.	Improved rigour in Capex expenditure and decision-making process across Council.	Sept 2020
8	Maintain data in the Maintenance Management System (Delta S) to support decision making and reporting.	Build a more accurate asset register ready for the next comprehensive revaluation of the assets	Ongoing
9	Confirm and document asset hierarchy for NRM & Parks and other structures	Enables more consistent recording in the finance system for reporting and valuation processes	Sept 2020
10	Ensure that regular planned condition assessments are carried out and recorded in Delta S	Up to date base data is critical for informed decision making	Ongoing but at minimum, every 3 years
11	Review and update AMP as new data and processes are identified/implemented to ensure that it reflects Councils practices	More consistent approach across Council, better data and improved decision making	Ongoing, but at least annually
12	Start componentising construction jobs into appropriate assets as per a defined Asset Accounting Manual specifically to standardise	Build a more accurate asset register ready for the next comprehensive revaluation of the assets	July 2020

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ID	Activity	Expected Benefit	Timing
	the process of capitalising the completed works within Delta S and the Financial System.		
13	Develop a valuation plan and methodology for determining component lives and remaining lives, with detail assessment for assets requiring renewal in the medium term (next 1-20 years) to ensure more consistency in Valuations in future	More consistent valuations and depreciation in future	June 2021
14	Ensure that the Delta S system is the point of truth for all maintenance management and run automated scripts on a regular interval into the financial system to check they match noting that Tech One Finance is the point of truth for all asset records and finance data	Consistent and more accurate financial management and reporting	Ongoing





### 10.5 Monitoring and Review Procedures

This asset management plan will be reviewed bi-annually. This review shall include, but not be limited to:

- Condition and performance of assets:
  - Changes in overall condition;
  - Levels of service achieved;
  - Financial forecasts;
  - Validation of estimated costs for asset works.
- Progress on Capital Works Development Program;
- Recommendations for amendments;
- The performance and appropriateness of asset documents, including:
  - Asset Management Policy;
  - Asset Management Strategy;
  - Individual Asset Management Plans;
  - Individual Asset Class Specifications.

#### 10.5.1 Audit Review Process

Council will implement an audit process to ensure:

- Assets are recorded accurately within Council's asset management system;
- Condition assessments and maintenance inspections are conducted in accordance with Council's Individual Asset Class Specifications frequency, methodology and criteria;
- Works programs are developed according to relevant criteria;
- Works are completed as per Council's Individual Asset Specifications;
- Completed works are recorded in the asset management system; and
- Expenditure is correctly allocated between capital and maintenance in accordance with Council's guidelines.

#### 10.5.2 Reviewing Maintenance Management Performance

SBRC has developed an NRM & Parks Asset Maintenance Management Plan that defines the maintenance service and standard levels for NRM & Parks assets.

Part of the annual budget process is to review asset performance following delivery of the maintenance program. Actual expenditures are compared to those budgeted, and any significant variances are analysed with any necessary remedial action accounted for in the new budget.

Effectiveness of the various maintenance activities is reviewed to ensure that they are delivering what is required to keep the asset performing at the required level of service.

Part of this process is to determine whether it is effective to continue funding maintenance or in fact that the particular asset or asset component requires rehabilitation, renewal or upgrading or even being downgraded.



### **10.5.3 Reporting Asset Achievements**

Council's Annual Report is the vehicle that is used by Council to report asset management achievements of maintenance and refurbishment and renewal strategies against planned targets and programs to the community.



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## Appendix A: Glossary

The following terms defined/ described to clarify concepts referred to in this document.

Table 33: Glossary

Term	Description
Asset Condition Assessment	The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset to determine the need for some preventative or remedial action.
Asset Management	The combination of management, financial, economic, engineering and other practices applied to physical assets to provide the required level of service in the most cost-effective manner.
Asset Management Plan	A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to provide specified level of service. A significant component of the plan is a long-term cash flow projection for the activities.
Asset Renewal	Replacement or rehabilitation to original size and capacity of a road or drainage asset or the component of the asset. Renewals are "capitalised" so that the cost can be depreciated over the future life of the asset.
Core Asset Management	Asset management which relies primarily on the use of an asset register, maintenance management systems, job/resource management, condition assessment and defined levels of service, to establish alternate treatment options and long term cash flow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than risk analysis and optimised renewal decision making).
Infrastructure Assets	Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally, the components and hence the assets have long lives. They are fixed in place and are often have no market value.
Level of Service	The defined service quality for a particular service against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost).



Term	Description
Life Cycle Cost	The life cycle cost (LCC) is the average cost to provide the service over the longest asset life cycle. It comprises annual maintenance and asset consumption expense, represented by depreciation expense. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.
Life Cycle Expenditure	The Life Cycle Expenditure (LCE) is the actual or planned annual maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to Life Cycle Cost to give an initial indicator of life cycle sustainability.
Maintenance and Renewal Sustainability Index	Ratio of estimated budget to projected expenditure for maintenance and renewal of assets over a defined time (e.g. 5, 10 and 15-years).
Performance Measure	A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.
Reactive Maintenance	Unplanned repair work carried out in response to service requests and management/supervisory directions.
Scheduled Maintenance	Maintenance carried out as per a routine maintenance schedule, e.g. scheduled maintenance grading.
Planned Maintenance	Repair work that is identified and managed through the customer requests system (Dataworks). These activities include inspections, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.
Rate of Annual Asset Renewal	A measure of the rate at which assets are being renewed per annum expressed as a percentage of depreciable amount (capital renewal expenditure/ depreciable amount).
Reactive Maintenance	Unplanned repair work carried out in response to service requests & management / supervisory directions.
Recurrent Expenditure	Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operating and maintenance expenditure.
Remaining Life	The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining life is economic life (also useful life).



Term	Description
Renewal Expenditure	Major works which do not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential.
Upgrade/Expansion Expenditure	Work over and above, restoring an asset to original service potential.
Useful Life (also economic life)	<p>Either:(a) the period over which an asset is expected to be available for use by an entity, or (b) the number of production or similar units expected to be obtained from the asset by the entity.</p> <p>It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council.</p>
New Assets	Activities that create a road or drainage asset that did not exist previously or extend an asset beyond its original size or capacity. New assets are also "capitalised", but they increase the asset base rather than restore its capacity to perform.





**Appendix B: Acquisition Forecast**

Describe the assumptions and include relevant information relating to the Acquisition Forecast.

*Table 34: Acquisition Forecast Summary*

Year	CAPEX Acquisitions	Contributed	Growth
2020/21	43,000		
2021/22			
2022/23	91,000		
2023/24	100,000		
2024/25	100,000		
2025/26			
2026/27	100,000		
2027/28	100,000		
2028/29	100,000		
2029/30	100,000		
<b>TOTAL:</b>	<b>734,000</b>		



### Appendix C: Operations/Maintenance Forecast

Describe the assumptions and include relevant information relating to the Operation/Maintenance Forecast.

*Table 35: Operation/Maintenance Forecast Summary*

Year	Total Ops/Maintenance Forecast
19/20	\$5,846,435
20/21	\$5,846,435
21/22	\$5,846,435
22/23	\$5,846,435
23/24	\$5,846,435
<b>TOTAL:</b>	<b>\$29,232,175</b>

Note that maintenance costs are included as Capex expenditure and are included in the renewals budgets. It is recommended that maintenance be separately identified from other Opex/Capex expenditures, i.e. from renewals and further, be split up into reactive and preventative maintenance so that maintenance can be better optimised in accordance with appropriate best practice for maintenance management.



### Appendix D: Renewal Forecast Summary

Describe the assumptions and include relevant information relating to the Renewal Forecast.

Table 36: Renewal Forecast Summary

Year	Renewal Forecast	Renewal Budget
2020/21	\$675,330	\$294,500
2021/22	\$649,590	\$163,250
2022/23	\$187,650	\$298,000
2023/24	\$207,180	\$380,000
2024/25	\$171,900	\$380,000
2025/26	\$224,230	\$472,000
2026/27	\$91,550	\$444,000
2027/28	\$177,200	\$476,000
2028/29	\$194,020	\$484,000
2029/30	\$167,430	\$500,000
<b>TOTAL:</b>	<b>\$2,746,080</b>	<b>\$3,891,750</b>

Note that renewal forecast information is not included as aerodrome infrastructure condition data and maintenance assessment has been undertaken. This will be included in the next review of this plan.

The renewal forecast is based on the 2019 Condition Assessment of Buildings and Other Structures.





### Appendix E: Budget Summary by Lifecycle Activity

Describe the assumptions and include relevant information relating to the Planned Budget estimates.

Table 37: Budget Summary by Lifecycle Activity

Year	Acquisition	Forecast Upgrades	Renewal	Operation	Disposal
2020/21	\$43,000	\$0	\$294,500	\$5,846,435	\$0
2021/22	\$0	\$84,750	\$163,250	\$5,846,435	\$0
2022/23	\$91,000	\$29,000	\$298,000	\$5,846,435	\$0
2023/24	\$0	\$100,000	\$380,000	\$5,846,435	\$0
2024/25	\$0	\$100,000	\$380,000	\$5,846,435	\$0
2025/26	\$0	\$100,000	\$472,000	\$5,846,435	\$0
2026/27	\$0	\$100,000	\$444,000	\$5,846,435	\$0
2027/28	\$0	\$100,000	\$476,000	\$5,846,435	\$0
2028/29	\$0	\$100,000	\$484,000	\$5,846,435	\$0
2029/30	\$0	\$100,000	\$500,000	\$5,846,435	\$0
<b>TOTAL:</b>	<b>\$134,000</b>	<b>\$813,750</b>	<b>\$3,891,750</b>	<b>\$58,464,350</b>	<b>\$0</b>



## ASSET MANAGEMENT PLAN

### Waste Services

10 June 2020

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## Document Control

Waste Asset Management Plan					
Ver.	Date	Revision Details	Author	Reviewer	Approver
0.01	11/05/2020	First draft	John Gorman (Door 3 Consulting)	Craig Patch	
0.02	18/05/2020	Second draft	John Gorman	Craig Patch	
0.03	20/05/2020	Third draft	John Gorman	Craig Patch	
0.04	27/05/2020	Revisions for May 2020 AMP review	John Gorman	Craig Patch	
0.05	10/06/2020	Updated AMP Improvement Plan   minor amendments to report	John Gorman	Craig Patch	

### Notes

1. Primary number changes to Versions (e.g., V1.00 to V2.00) will be made when the document undergoes its regular review and when significant changes are made to standards and guidelines for inspections, intervention levels, or works.
2. Secondary number changes (V1.00 to V1.01) will apply to minor amendments that do not materially impact the documents and are intended only to clarify or update issues.
3. This template is based on the 2019 NAMSPLUS template purchased from the Institute of Public Works Engineering Australasia.





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## Abbreviations

The following abbreviations are used in this document:

<b>AMP</b>	Asset Management Plan
<b>ABS</b>	Australian Bureau of Statistics
<b>FWP</b>	Forward Works Plan
<b>LCC</b>	Life Cycle Cost
<b>LCE</b>	Life Cycle Expenditure
<b>LoS</b>	Levels of Service
<b>SBRC</b>	South Burnett Regional Council
<b>QAO</b>	Queensland Audit Office
<b>QGSO</b>	Queensland Government Statistician's Office
<b>PI</b>	Performance Indicator
<b>RUL</b>	Remaining Useful Life
<b>SL</b>	Service Level





**1.0 EXECUTIVE SUMMARY**

**1.1 The Purpose of the Plan**

This plan covers the assets that provide Waste services.

The purpose of this plan is to document the current and required actions to sustainably provide Council-approved levels of service in the most cost-effective manner while appropriately managing the associated risks.

The plan sets out:

- What Waste services Council provides, to whom, and to what level.
- The whole-of-life costs of the assets used to deliver these services.
- The constraints, risks, challenges, opportunities, and options associated with the delivery of these services.
- The forecast level of funding required to sustainably deliver current levels of service over the life of this plan (10 years).

**1.2 Service Overview**

Council provides a range of waste-related services in accordance with the Waste Management Framework articulated in the *Waste Management Strategy 2015 - 2022*.

*Table 1: Waste Management Framework<sup>1</sup>*

Strategy Vision Focus	Services Involved
<b>Waste Avoidance, Minimisation &amp; Reuse</b>	<ul style="list-style-type: none"> <li>▪ Community waste education</li> </ul>
<b>Collection Services</b>	<ul style="list-style-type: none"> <li>▪ 240L kerbside general waste wheelie bin (Domestic &amp; Commercial)</li> <li>▪ Street &amp; park litter bin collection</li> </ul>
<b>Waste Transfer and Disposal Facilities</b>	<ul style="list-style-type: none"> <li>▪ Transfer stations</li> <li>▪ Landfill sites</li> <li>▪ Legacy landfill management</li> </ul>
<b>Resource Recovery</b>	<ul style="list-style-type: none"> <li>▪ Recycling                             <ul style="list-style-type: none"> <li>▪ Construction and Demolition Waste</li> <li>▪ Green Waste</li> <li>▪ Scrap Metal</li> </ul> </li> <li>▪ Monitoring of potential alternative waste treatment technologies</li> </ul>

As part of this service, Council provides:

- a [network of waste management facilities](#) that service the entire region.
- Weekly kerbside waste collection services within [designated waste collection areas](#).

Commercial bulk waste container services are not discussed in this plan because Council does not provide these services.

<sup>1</sup> *Waste Management Strategy 2015 - 2022*



### 1.3 Legislative Requirements

Council waste services must be carried out in accordance with the Environmental Authority for Waste Disposal issued by the Queensland government.

The pieces of legislation that regulate and inform how we deliver our Waste services are shown [here](#).

### 1.4 Asset Description

The assets Council uses to deliver its waste services are:

*Table 2: Waste Asset Summary as at 30 April 2020*

Asset Category	Quantity	Current Replacement Value	Accum. Depreciation	Written Down Value
Municipal Buildings	24	549,219	212,279	336,939
Minor Buildings	11	429,471	137,410	292,061
Other Structure	153	2,702,288	842,144	1,860,143
<b>Total value:</b>		<b>3,680,977</b>	<b>1,191,834</b>	<b>2,489,144</b>

A more detailed breakdown of these assets is shown [here](#).

Prior to the 2020 revaluation, waste assets were reported as part of the Buildings asset class. In 2018-19, the Buildings asset class represented 13% of the gross value of Council's asset stock<sup>2</sup>.

Waste assets represent approximately 2% of the gross replacement value of all Building assets in the 2020 revaluation.

### 1.5 Levels of Service

Council does not have formal Levels of Service defined for its Transfer Stations, landfill, or resource recovery services, but it must comply with the conditions of its Environmental Authority.

Council's current levels of service for Waste services are:

*Table 3: Current Waste Service Levels*

Service	Level of Service
<b>Collection Services</b>	<ul style="list-style-type: none"> <li>▪ Weekly kerbside waste collection service (240-litre wheelie bin) provided to premises in the major urban areas and other designated collection areas.</li> <li>▪ The contractor is subject to the Levels of Service specified in the Waste Collection Services Contract:               <ul style="list-style-type: none"> <li>▪ Bins for new services delivered within 2 days of notification by Council.</li> <li>▪ ≤1 missed service per 1000 services.</li> <li>▪ Missed services responded to within 24 hours of notification.</li> <li>▪ Repair/ replace damaged mobile or bulk bins within 2 days of notification.</li> <li>▪ Response to customer complaints within 2 days of notification.</li> </ul> </li> </ul>

<sup>2</sup> South Burnett Regional Council 2018-19 Annual Report (p.119)



Service	Level of Service
<b>Waste Transfer   Disposal Facilities</b>	<ul style="list-style-type: none"> <li>Compliance with Environmental Authority conditions</li> </ul>
<b>Resource Recovery</b>	<ul style="list-style-type: none"> <li>Compliance with Environmental Authority conditions</li> </ul>

The main challenges facing Waste Services are:

- Maintaining a sufficient number of skilled and experienced staff to be able to maintain appropriate levels of service.

### 1.6 Future Demand

South Burnett and the surrounding region had an estimated population of 32,747 in 2016. Using the medium series population projections<sup>3</sup> provided by the Queensland Government Statistician's Office (QGSO), it is estimated that the region's population will reach approximately 36,342 persons by the year 2036.

The other drivers of demand for waste services are:

- The regulatory environment.
- A shift in community attitudes and expectations around waste services.
- Environmental factors (e.g., climate change).
- Regional economic development.
- Technological change.
- The existence (or not) of viable markets for recyclables.

Consequently, change in demand is viewed as an influencing factor in the provision of Council's Waste services over the next 20 years.

Change in service demand will be managed through a combination of:

- Implementing Council's *Waste Management Strategy 2015 – 2022*.
- Educating and consulting with the South Burnett community.
- Engaging in strategic planning with the State government and neighbouring Councils.

<sup>3</sup> QGSO Population Projections 2016-2041





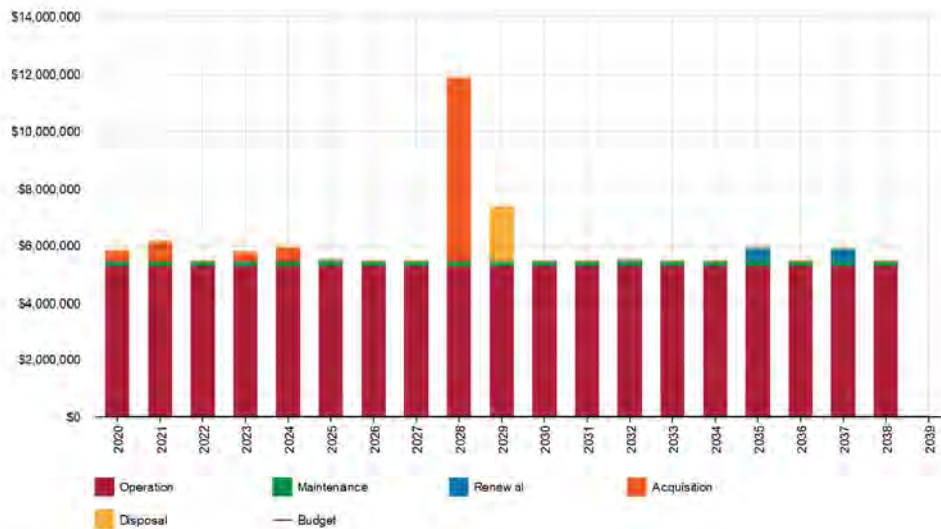
**1.7 Asset Lifecycle Management Plan**

**1.7.1 What does it cost to provide the current level of service?**

The forecast lifecycle costs necessary to provide the services covered by this Asset Management Plan includes operation, maintenance, renewal, acquisition, and disposal of assets.

Over the 10-year life of this plan, the total cost of providing waste services is estimated to be **\$64,476,650** or about **\$6.5 Million** on average per year.

*Figure 1: 20 Year Cost Projections for Waste Services*



**1.7.1.1 Operations and Maintenance (OPEX)**

Most of the costs associated with the management of Council's Waste services are operational in nature (i.e., maintenance and operation of waste services). The distinction between Operations and Maintenance is discussed [here](#).

Council does not currently separate Waste Operations and Maintenance costs, but it intends to do so in future to enable more effective asset lifecycle planning. For the purposes of this plan, an [estimated split](#) of Operations and Maintenance was performed based on historical account data.

Council does not currently benchmark OPEX expenditure against other similar size Councils.

This issue is noted in the [AMP Improvement Plan](#).

**Operations**

Operations account for approximately 97% of annual OPEX expenditure. These includes:

- Kerbside waste collection services.
- Operation of Council's waste transfer stations and landfills.
- Monitoring of historical landfill sites.



### Maintenance

Approximately 3% of annual OPEX expenditure is directed to asset maintenance activities. Reactive maintenance (breakdowns) is currently the norm, with little or no planned or scheduled maintenance occurring.

Council does not currently benchmark its CAPEX expenditure against other similar size Councils. This issue is noted in the [AMP Improvement Plan](#).

#### 1.7.1.2 Capital (CAPEX)

Council takes an 'asset lifecycle' approach to managing its assets. This approach involves planning for asset [Acquisition](#), [Renewal](#), and [Disposal](#).

### Renewals

Council's 10-year CAPEX program does not contain any provision for the planned renewal for Waste assets. The lack of asset renewal planning prevents the calculation of the [Asset Renewal Funding Ratio](#), which is a key measure of the financial sustainability of a service.

This issue has been noted in the [AMP Improvement Plan](#).

### Acquisitions

Planned [new and upgrade Waste works](#) (forward works program) over the next 10 years totals approximately **\$10,186,950**. This amounts to a **277% increase** on the current replacement cost of Council's waste [asset base](#). However, the bulk of this future investment is related to asset types that are not currently accounted for in Council's asset register (i.e., landfill sites, drainage trenches, and transfer station sites).

### Disposals

Asset Disposals is currently treated as a CAPEX expenditure, but Council intends to review its [Work Category Definitions](#) to better align with the Australian Accounting Standards. It is expected that asset Disposals will be reclassified as OPEX expenditure.

## 1.8 Financial Summary

Without a Long-Term Financial Forecast, it is not possible to assess whether the forecast asset lifecycle costs for Waste services are sustainable.

The reality is that only what is funded in the long-term financial plan (currently under development) can be provided.

The emphasis of this Asset Management Plan is to communicate the consequences of not being able to fund future Waste services and to explain the implications of that.

### 1.8.1 What we will do

Council will continue to provide the [Waste management services](#) set out in this plan at the [levels of service](#) specified by Council.

### 1.8.2 What we cannot do

We currently do **not** allocate enough budget to sustain these services at the specified standard. Works and services that cannot be provided under present funding levels are:

- Renewal of existing assets as they reach the end of their useful lives.

### 1.8.3 Managing the Risks

Our present budget levels appear sufficient to continue to manage risks associated with the Waste service in the medium term (10 years). However, in the longer-term (20 years), the lack of asset renewal funding is likely to impact on Waste services.

The main risk consequences are:





- Increased occurrence and severity of unplanned service outages.

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

- Monitoring the condition and performance of our waste assets.
- Improving our asset management maturity, especially concerning whole-of-life cost management and better maintenance planning.

### 1.9 Asset Sustainability Assessment

Based on current levels of service and funding, it is not possible to assess whether Council's waste management service is financially sustainable in the medium term (i.e., next 10 years).

The [OPEX](#) and [CAPEX](#) strategies indicate that waste service is sustainable, but the lack of asset renewal funding prevents the calculation of the [Asset Renewal Funding Ratio](#).

This issue has been noted in the [AMP Improvement Plan](#).

### 1.10 Asset Management Practices

Waste Management Services' level of [asset management maturity](#) of currently assessed as **Basic**.

This Asset Management Plan is assessed as being **Basic approaching Core**.

Recommendations for improving Waste Management Services' level of asset management maturity are shown in the [AMP Improvement Plan](#).

### 1.11 Information Management

#### Asset and Services Data Quality

The [quality of the data](#) relied upon for forecasts and projections contained in this Asset Management Plan is rated as **C+** on the IPWEA [data confidence grading](#) scheme.

It should be noted that landfill and airspace (two of the largest cost drivers and risk factors for this service) are not currently managed as assets.

This issue has been noted in the [AMP Improvement Plan](#).

#### Asset Information Management Systems

The [software applications](#) used to manage Council's Waste asset and services data include:

*Table 4: Waste Services Software Applications*

Product	Purpose
<b>TechnologyOne</b>	Financial Management System Asset Management System
<b>MapInfo</b>	Geographical Information System (GIS)
<b>i-Weigh</b>	Waste management system

These applications are deemed generally fit-for-purpose.

### 1.12 Asset Management Improvement Program

Waste Services' asset management improvement priorities are:

- Rationalise Waste asset data structures, including:
  - Asset hierarchy
  - Asset data model





- Asset work types and cost structures
- Develop asset recognition (capitalisation) and revaluation thresholds for Waste assets.
- Develop a capital works project prioritisation framework for Waste assets.
- Include asset renewal requirements in the CAPEX program.
- Load the latest asset data into Council's Asset Registers and GIS.
- Integrate Council's non-spatial (asset register) and spatial (GIS) asset data for Waste services.
- Implement a Work Order Management system (including a mobility solution to support asset management activities in the field).

The full list of improvement activities is contained in the [AMP Improvement Plan](#).



**2.0 Introduction**

**2.1 Background**

The purpose of this Asset Management Plan (AMP) is to:

- Communicate Council’s plan to sustainably deliver Waste services, manage the associated risks, and meet its regulatory compliance obligations.
- Estimated the funding required to provide current levels of service over the life of this plan (i.e., 10 years).
- State whether Council’s Waste services are financially sustainable, and if not, articulate the current funding gap along with options to address the gap.

This AMP is informed by the following Council planning documents:

- Corporate Plan 2018/19 - 2022/23
- Waste Management Strategy 2015 - 2022
- Asset Management Policy (2019)
- Asset Management Strategy (2018)

It is also informed by the following industry guides:

- International Infrastructure Management Manual 2015<sup>4</sup>
- ISO 55000<sup>5</sup>

**2.2 Service Overview**

Council is responsible for providing environmentally responsible and efficient waste management services to the community through the provision of:

- Waste collection
- Waste treatment
- Resource recovery

Delivering these services involves:

- The provision and maintenance of a network of waste management facilities.
- A weekly domestic and commercial kerbside waste collection service based on 240-litre wheelie bins within designated waste collection areas.

Figure 2: South Burnett Region



<sup>4</sup> Refer to Section 2.1.3 of the International Infrastructure Management Manual (IIMM) 2015 for details.

<sup>5</sup> ISO 55000 Overview, principles and terminology



Council's waste services are underpinned by a portfolio of assets. These assets have a current replacement value<sup>6</sup> of **\$3,680,977**. A detailed profile of the assets covered in this Asset Management Plan is shown [here](#).

Since the delivery of waste services have public health and safety implications, Council's waste services operate under an Environmental Authority issued by the Queensland government. Council must comply with and regularly report against the conditions in that Authority.

Council must also comply with a range of other State and Commonwealth [legislation, regulations, and guidelines](#).

Consequently, Council's risk appetite around waste services is conservative while still supporting effective and efficient waste management operations.

### 2.3 Waste Management Goals

Council has the following goals<sup>7</sup> concerning its waste services:

- Provide community waste education.
- Provide cost-effective, safe, environmentally responsible & efficient waste collection operations.
- Provide an appropriate network of waste transfer and disposal facilities.
- Provide responsible management of waste facilities.
- Provide landfills to meet the region's long-term waste disposal needs.
- Provide opportunities to reduce waste to landfill.

### 2.4 Goals and Objectives of Asset Ownership

Council utilities over \$3 million of assets to deliver its waste services.

The overarching goal in managing these assets is to sustainably meet Council specified levels of service in the most cost-effective manner while adequately controlling for risk.

Our asset management objectives are:

- To specify appropriate and sustainable levels of service.
- To develop cost-effective management strategies based on a whole-of-life asset management approach.
- To identify, assess, and appropriately manage service-related risk.
- To balance asset, service, risk, and long-term financial planning so to maximise the value of waste-related assets.
- To effectively manage the impacts of growth and change on our Waste services over the life of this plan (i.e., 10 years).

### 2.5 Planning framework

Council's Asset Management Planning framework<sup>8</sup> helps deliver on both waste management and asset management goals.

Key components of the asset management planning framework are:

<sup>6</sup> As per the 2020 Buildings revaluation

<sup>7</sup> Waste Management Strategy 2015 – 2022 | p.2

<sup>8</sup> Refer to Council's Asset Management Policy for details





Figure 3: Asset Management Planning Framework Considerations

Planning Consideration	Purpose
Levels of Service	<ul style="list-style-type: none"> <li>Specify what services and levels of service will be provided.</li> </ul>
Future Demand	<ul style="list-style-type: none"> <li>Forecast how future change will impact on service delivery and how any additional costs associated with this will be met.</li> </ul>
Lifecycle Management	<ul style="list-style-type: none"> <li>Plan how to best manage existing and future assets to provide the specified levels of service.</li> </ul>
Financial Forecasting	<ul style="list-style-type: none"> <li>Identify the level and timing of funding required to provide the specified levels of service over the life of this plan (10 years).</li> </ul>
Asset Management Practices	<ul style="list-style-type: none"> <li>Identify how we deliver services and manage our assets over their lifecycle to maximise their value to Council.</li> </ul>
Performance Monitoring	<ul style="list-style-type: none"> <li>Identify how this plan will be monitored to ensure our objectives are met.</li> </ul>
Improvement Planning	<ul style="list-style-type: none"> <li>Plan to reach the appropriate level of asset management maturity for this asset class.</li> </ul>

2.6 Core and Advanced Asset Management Planning

The *International Infrastructure Management Manual* defines five levels of asset management maturity.

Figure 4: Asset Management Maturity Levels<sup>9</sup>



The content of this plan indicate Council’s Waste services are at a **Basic** level of asset maturity but are approaching a **Core** level. The evidence for this is:

- Council has developed (and is implementing) a comprehensive plan for the future of Waste services (i.e., *Waste Management Strategy 2015 – 2022*).
- Council has long-term financial forecasts for new and upgraded Waste services for the period from 2020/21 to 2030/31 that supports this strategy (but does not currently forecast asset renewal requirements for Waste service assets in its 10-year CAPEX program).

<sup>9</sup> International Infrastructure Management Manual 2015 (p. 4|21)



- Council has performed an asset audit, condition assessment and revaluation of all its building assets (including Waste services buildings and other structures).
- Council is in the process of restructuring and cleaning its Buildings asset register and linking this data to their GIS.
- Council has developed a structured and timed asset management improvement plan for Waste services (this plan).
- Council has performed an initial assessment of the financial sustainability of the assets included in this plan based on the information available at this time.

Notwithstanding the above, the benefits of this plan are:

- It will assist Council to make informed decisions about Waste services, costs and risks.
- It documents Council's current methodology for managing Waste assets across their respective lifecycles.
- It identifies opportunities to improve the way Council operates and manages its Waste services.
- It provides an initial assessment of the financial sustainability of the current Waste levels of service.

On-going investment and support are required to improve our asset lifecycle and information management practices for Waste services. The key improvements required are listed in the [Improvement Plan](#) section. This investment will improve the quality of future iterations of this plan.

An initial attempt has been made at forecasting future Waste OPEX and CAPEX requirements. However, the following caveats should be noted about the quality of information contained in this plan:

- Council does not currently have a structured asset data hierarchy and data model for Waste services assets to support analysis and modelling.
- Council does not separate its OPEX expenditure into Maintenance and Operations.
- The 10-year CAPEX program does not account for asset renewal requirements.

Future versions of the plan will contain refined asset lifecycle cost forecasts based on improved asset data.

**2.7 Stakeholders**

Key stakeholders in this Asset Management Plan are shown below:

*Table 5: Key Stakeholders in the Asset Management Plan*

Key Stakeholder	Role in Asset Management Plan
<b>Councillors</b>	<ul style="list-style-type: none"> <li>▪ Represent the needs of community and service level expectations.</li> <li>▪ Stewards of the community's assets.</li> <li>▪ Set organisation's risk appetite.</li> <li>▪ Set sustainable levels of service that meet community needs, by balancing levels of service, cost and risk considerations.</li> <li>▪ Endorsement of the asset management policy and plans.</li> <li>▪ Ensure the organisation is financially sustainable.</li> </ul>



Key Stakeholder	Role in Asset Management Plan
<b>Chief Executive Officer (CEO)</b>	<ul style="list-style-type: none"> <li>▪ Overall responsibility for developing asset management policy, plans and procedures and reporting on the status and effectiveness of asset management within Council.</li> <li>▪ Allocate resources to meet the organisation's objectives in providing approved levels of service while managing risks.</li> <li>▪ Ensuring the organisation is financially sustainable.</li> </ul>
<b>Asset Management Group</b>	<ul style="list-style-type: none"> <li>▪ Custodian of the corporate asset register for Waste assets and ensuring the asset valuations are accurate.</li> <li>▪ Preparation of asset sustainability and financial reports, incorporating asset depreciation in compliance with current Australian accounting standards.</li> <li>▪ Asset Management System and Geographic Information System development and administration.</li> <li>▪ Develop 10 Year Capital Works Plans and budgeting.</li> <li>▪ Ensure approved funds are applied appropriately to ensure best value for money is delivered to the community.</li> <li>▪ Develop the maintenance standards required, so Council meets the specified technical and community levels of service.</li> </ul>
<b>Staff</b>	<ul style="list-style-type: none"> <li>▪ Verify the size, location, condition and performance of assets.</li> <li>▪ Provide local knowledge/history about Waste assets.</li> <li>▪ Perform Capital Works, Operational and Maintenance activities as directed to meet specified levels of service.</li> <li>▪ Liaison internally with the Senior Management Team around asset activity prioritisation and planning.</li> </ul>
<b>The community (residents, businesses, property owners), Developers, Consultants/Contractors)</b>	<ul style="list-style-type: none"> <li>▪ Be informed of service levels, risks and associated costs.</li> <li>▪ Participate in consultation processes.</li> <li>▪ Provide feedback on the quality and value for money of Council's services.</li> </ul>
<b>State and Federal Government</b>	<ul style="list-style-type: none"> <li>▪ Provide Leadership in promoting Best Practice Asset Management.</li> <li>▪ Recognising the importance of local government assets to the community.</li> <li>▪ Contribute funding to support the provision, maintenance and renewal of community assets.</li> </ul>





**2.8 Service Delivery Structure**

The organisational structure and resourcing for delivering waste services is shown below.

Figure 5: Waste Management Functions and Staffing



**2.9 Customer Research and Expectations**

Council developed its *Waste Management Strategy 2015 – 2022* in 2015. As part of that process, Council invited public comment on the draft strategy (including current and proposed levels services). The draft strategy was open to public comment for 28 days. All feedback received during the consultation period was considered before the strategy was finalised.

Council currently gauges customer satisfaction and expectations around Waste services through:

- Analysis of customer service requests and complaints.
- Gathering stakeholder feedback during community Listening Tours.

Future revisions of the Asset Management Plan will incorporate other customer consultation mechanisms around service levels and the costs of service provision. This will assist the Council in matching the service types, levels, risks and consequences with the community's ability and willingness to pay for these services.



### 3.0 LEVELS OF SERVICE

#### 3.1 Services

Council waste services are set out in the *Waste Management Strategy 2015 - 2022*.

Table 6: Waste Management Framework

Strategy Vision Focus	Services Provided
<b>Waste Avoidance, Minimisation &amp; Reuse</b>	<ul style="list-style-type: none"> <li>▪ Community waste education</li> <li>▪ Management of illegal dumping on public land</li> </ul>
<b>Collection Services</b>	<ul style="list-style-type: none"> <li>▪ 240L kerbside general waste wheelie bin (Domestic &amp; Commercial)</li> <li>▪ Street &amp; park litter bin collection</li> </ul>
<b>Waste Transfer and Disposal Facilities</b>	<ul style="list-style-type: none"> <li>▪ Transfer stations</li> <li>▪ Landfill sites</li> <li>▪ Legacy landfill management</li> </ul>
<b>Resource Recovery</b>	<ul style="list-style-type: none"> <li>▪ Recycling               <ul style="list-style-type: none"> <li>▪ Construction and demolition waste</li> <li>▪ Green waste</li> <li>▪ Scrap metal</li> </ul> </li> <li>▪ Monitoring of potential alternative waste treatment technologies</li> </ul>

#### 3.2 Alignment with Strategic and Corporate Goals

This AMP is informed by (and aligned with) Council's vision, mission, goals and objectives as set out in the *Corporate Plan 2018/19 to 2022/23*.

Our organisational mission is:

***South Burnett Region, working together building a strong, vibrant and safe community***

Council has articulated five strategic priorities in its Corporate Plan:

- Enhancing our Community
- Growth and Opportunity
- Our Environment
- Infrastructure
- Organisational Excellence

Waste management forms part of the Environment priority. Council's vision for this priority is:

***A sustainable environment, proactively and responsibly managed in partnership with the community for future generations***

In the Corporate Plan, Council's waste management services are aligned with this vision via the following objectives and goals.

Table 7: Waste Service Goals<sup>10</sup>

Strategic Goal	Strategic Objective	How Goal and Objectives are addressed in the Asset Management Plan
<b>ENV2</b> Environmentally responsible and efficient waste management	<b>ENV2.1</b> Provide efficient and effective waste management services	This AMP documents how Council provides efficient and effective Waste services as per the Waste Management Strategy.

### 3.3 Legislative Requirements

State and Commonwealth legislative requirements regulate how Council manages its waste services. Health and safety, environmental protection, climate change, resource recovery and recycling are all key areas that must be considered, planned for and addressed as part of the delivery of waste services.

State and Commonwealth legislation and policy that apply to the waste service are:

Table 8: Legislative and Policy Requirements

Legislation   Policy	Requirement
National Waste Policy	Overarching federal document providing direction to the states for future waste planning and change, with specific interest on resource recovery.
Environmental Protection Act 1994 (QLD)	Queensland's legislative framework to protect Queensland's environment while allowing for ecologically sustainable development. Sets out guidelines for land use planning and promotes the sharing of responsibilities between various levels of government in the state. <ul style="list-style-type: none"> <li>▪ Landfills must be licensed/registered by the State Department of Environment of Science (DES).</li> <li>▪ The planning, location and design of a waste facility must be approved by DES.</li> <li>▪ The day to day operations of a waste facility are controlled by the conditions imposed in Council's licence/registration.</li> </ul>
Local Government Act 2009 (QLD) Local Government Regulation 2012	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.
Waste Reduction and Recycling Act 2011 (QLD)	Minimise the disposal of waste by through waste avoidance measures and the recovery, re-use and recycling of waste. Minimise the overall impact on the environment of waste generation and disposal. Requirement for local government to prepare a waste reduction and recycling plan.
Work Health and Safety Regulation 2011 (QLD)	Sets out roles and responsibilities to secure the health, safety and welfare of persons at work.

<sup>10</sup> From the Corporate Plan 2018 - 2023





Legislation   Policy	Requirement
Queensland Waste Avoidance and Resource Productivity Strategy 2014 – 2024	Sets objectives and guiding principles for waste avoidance and resource use/ recovery.
Australian Accounting Standards	Comply with national accounting standards concerning how Council's assets are valued and reported in its financial accounts.
Civil Liability Act 2003 and Civil Liability Regulation 2014	To manage negligence, elements of a claim, duty of care, standard of care and causation and to address the requirements of sections 35 and 37.

### 3.4 Service Strategy

Council's *Waste Management Strategy 2015 – 2022* sets out a strategic Waste Management Framework with six goals.

Table 9: SBRC Strategic Waste Management Goals

Focus Area	Strategic Goal	
Waste avoidance, minimisation and reuse	1	Provide community waste education.
Waste collection services	2	Provide cost-effective, environmentally responsible and efficient waste collection operations.
Waste transfer and disposal facilities	3	Provide an appropriate network of waste transfer and disposal facilities.
	4	Provide responsible management of waste facilities.
	5	Provide landfill air space to meet the regions long term waste disposal needs.
Resource recovery	6	Provide opportunities to reduce waste to landfill.

This strategy informs all CAPEX and OPEX planning for waste services.

#### 3.4.1 CAPEX Strategy

The bulk of Council's waste management assets are located at waste management facilities. The *Waste Management Strategy 2015 – 2022* provides the future direction for Council's waste services, namely:

- Establish a network of waste transfer stations to enable it to progressively close the minor landfills and transition to larger regional landfills.
- Ultimately transition to one 'super landfill' to service the entire South Burnett region.

The establishment of the waste transfer station network is mostly completed. This has resulted in the closure of many small, non-compliant rural trench landfills.

Moving to a single, regional landfill will further reduce operating costs without negatively affecting the user experience of the service. However, due to the cost and complexity of this transition; it is expected to take up to fifteen (15) years to complete.



In the interim, Council is managing the CAPEX requirements of its waste facilities on a site-by-site basis as per Service Profiles defined in its the Waste Management Strategy. This approach involves running some assets to failure while periodically renewing or upgrading others to achieve the objectives of the strategy.

**3.4.2 OPEX Strategy**

Waste management services are labour intensive and have relatively higher operating costs and lower capital costs compared to other asset classes.

Council’s waste management OPEX strategy is focused on maximising resource utilisation and optimising operating costs while protecting environmental values.

*Waste Collection*

Council has a statutory obligation to provide domestic waste services. In 2015 it was deemed too expensive to provide a weekly kerbside waste collection service across the entire region. Consequently, Council adopted a waste collection approach that:

- Retained the servicing of street and park bins in-house.
- Outsourced the kerbside collection of domestic and commercial waste.
- Limits the types of bins collected to 240-litre wheelie bins.
- Limits the kerbside waste collection service to properties generally within designated waste collection areas. However, Council does provide some voluntary services where economically viable.

Figure 6: SBRC Designated Waste Collection Areas



There were **764,034** waste collection services performed during the last financial year.







Table 10: Waste Service Categories

Waste Category	Details
<b>RECYCLABLE WASTE</b>	All recyclable material must be left in the designated area Recyclable material must be free of contaminants, e.g. glass bottles to be washed
<b>FEES APPLY</b>	Asbestos Construction & Demolition Waste Commercial & Industrial Waste Household Hazardous Waste Paint Tyres
<b>NO FEES APPLY</b>	Domestic Green Waste (clean vegetation only) Domestic General Waste
<b>MULCH KINGAROY &amp; NANANGO</b>	Green waste mulch is available to the public free of charge every Monday (excluding public holidays) between 10 am and 12 pm. Special arrangements can be made for truckloads - Please contact Council on 4189 9100 if you require this service. For Health and Safety reasons, Council must load the mulch into trailers.
<b>LOCKED FACILITY</b>	Keys are available from the Kingaroy Customer Service Centre

### Resource Recovery

#### Green Waste

Council receives Green Waste at the Kingaroy and Nanango waste facilities, which was then subsequently mulched to produce green waste mulch. This green waste mulch was provided free of charge to the public.

#### Recycling

Considering South Burnett's small population and geographical dispersion, it is not viable to recycle all recyclable items. The only items that are currently economically viable to recycle are:

- Scrap steel,
- Waste oil
- Batteries.

Notwithstanding this, Council has adopted a watching brief on new technologies that may make resource recovery more financially viable in the future.

#### E-waste

Federal legislation encourages the increased collection and reprocessing of some types of waste such as used e-waste (computers and TV's). SBRC's experience to date with this initiative is that private contractors focus exclusively on the larger populated centres.

#### Waste to Energy

The Local Government Association Queensland (LGAQ) has been very active in facilitating conversations about waste to energy. Council's Waste Services section continues to monitor developments in this area to inform Council's future waste decisions and to ensure that should this technology become economically and practically available for Council.



### Kerbside Recycling

In 2015, Council explored options around the provision of a kerbside recycling service, but it was deemed cost-prohibitive at that time.

As a lower-cost alternative, Council reviewed and enhanced the range of recycling options available at its transfer stations and waste facilities.

### 3.5 Customer Values

Service levels for waste services are currently based on regulatory requirements and Council's capacity to fund these requirements.

In future, Council intends to include customer values when setting levels of service, specifically:

- what aspects of the waste service are important to the customer.
- The customers' perception of value-for-money of Council's waste services.

This information will be included in future iterations of the Asset Management Plan.

### 3.6 Customer Levels of Service

Customer Levels of Service are **external measures** that focus on **how the customer experiences the service**. They exist to express the value of the service in customer terms.<sup>11</sup>

Customer Levels of service are usually framed in terms of:

<b>Function</b>	What is the 'job to be done' by the service? Is this what the customer needs/wants it to do?
<b>Quality</b>	How 'good' is the service from the customer's perspective? Do they think the service is good value for money?
<b>Capacity/Use</b>	How often does the customer use the service? Is it available when they need it?

Customer Levels of Service are required to inform Council's internal [Technical Levels of Service](#).

Although Council has previously consulted the community about waste services as part of the development of the *Waste Management Strategy 2015 – 2022*, it did not formally define Customer Levels of Service.

This issue has been noted in the [AMP Improvement Plan](#).

### 3.7 Known Customer Service Issues

The following customer service issues have been identified around waste services.

#### 3.7.1 Critical Issues:

- There are currently no critical customer service issues identified for waste services.

#### 3.7.2 Chronic Issues:

##### *Waste Collection*

- Break-down of Council's waste fleet and equipment that disrupts service.
- Composition of waste.

<sup>11</sup> IPWEA, 2015, IIMM, p 2|28.



### Waste Management Facilities

- We are seeing increased illegal dumping at our sites (especially unmanned sites), which has public health and safety implications.
- Leachate into groundwater sources.
- Increased use of remote facilities by people from outside the region.
- Facility users not following directions and abusing the facilities.

### Resource Recovery

- Contamination of green waste reduces the volume of mulch we can make available to the community.

### 3.7.3 Service Hierarchy

The mix and levels of service provided by each of Council's waste management sites are shown in the site profiles<sup>12</sup> within the *Waste Management Strategy 2015 – 2022*.

Council's waste management facilities are categorised as follows:

Table 11: SBRC Waste Management Site Types

Facility Type	Characteristics	Quantity
Landfill Sites	<ul style="list-style-type: none"> <li>▪ Strategic assets with <b>defined lives</b> that are managed by formal Closure Plans.</li> <li>▪ The <b>defined life can be extended</b> as a result of increased recycling and/or reducing the amount of waste going to landfill.</li> <li>▪ It is the <b>available airspace capacity within a landfill that has the intrinsic value</b> associated with the asset, not the landfill infrastructure or the buried waste (unless electricity generation from gas production is involved/considered).</li> <li>▪ Landfill sites <b>operate under a State-issued Environmental Licence</b> which sets out the operational requirements and specifies a cap on the volume of waste that is permitted to be disposed of at a particular landfill per year.</li> <li>▪ <b>Long development lead-times</b> due to strict regulation and community opposition (e.g., 7 - 10 years).</li> </ul>	4
Transfer Stations	<ul style="list-style-type: none"> <li>▪ A waste transfer station exists to: <ul style="list-style-type: none"> <li>▪ <b>Amalgamate smaller loads of waste</b> into larger, more efficient loads for transfer to another site.</li> <li>▪ <b>Provide a safer customer environment</b> than a landfill.</li> <li>▪ Provide customers with a <b>permanent waste disposal site</b> that has lower environmental impacts and operating costs compared to a landfill.</li> <li>▪ Provide opportunities for the <b>collection of reusable and recyclable items</b>.</li> </ul> </li> </ul>	13

<sup>12</sup> Waste Management Strategy 2015-2022 | p. 19 - 35





Facility Type	Characteristics	Quantity
	<ul style="list-style-type: none"> <li>Transfer stations are long-term waste management assets located within a clearly defined user catchment area.</li> </ul>	
<b>Resource Recovery Facilities</b>	<ul style="list-style-type: none"> <li>Council provided customers who self-transport waste to a Transfer Station or Landfill with <b>recycling facilities</b> for green waste, steel, cardboard, reusable items, oil, batteries, construction and demolition waste and household hazardous waste.</li> <li>There are also dedicated <b>Material Recovery Facilities (MRF's)</b> where kerbside collected recyclables are sorted and consolidated for sending to markets.</li> </ul>	
<b>Waste Treatment Facilities</b>	<ul style="list-style-type: none"> <li>Waste treatment facilities such as <b>composting and incineration and fixation for hazardous waste substances</b> and alternative waste treatment technologies (e.g., waste to energy) typically require a large feedstock or a large critical mass to be economically viable.</li> <li>In regional Queensland there is not the population base sufficient to support such initiatives.</li> </ul>	0
Total number of waste management sites:		<b>17</b>

### 3.8 Technical Levels of Service

Technical Levels of Service are **internal measures** that focus on Council's **performance of activities** required to meet Customer Levels of Service. Technical Levels of Service exist to monitor progress towards achieving desired customer outcomes and demonstrating effective performance.<sup>13</sup>

#### 3.8.1 Waste Collection

Table 12: Technical Levels of Service; Landfill Sites

Key Performance Measure	Level of Service	Performance Measure	Performance Target	Current Performance
<b>Provide cost-effective, environmentally responsible and efficient waste collection operations.</b>				
Performance	Weekly wheelie bin collection in designated collection areas.	Percentage of missed collections / total services	≤1 per 1000 services	Good
	Timely clearance of public place bins.	Percentage of missed collections / total services	Public Place Bins collected at least twice weekly	Good
Safety	None to Minimal workplace accidents	Workplace accidents	As per contract (external) As per Council policies (internal)	Acceptable

<sup>13</sup> IPWEA, 2015, IIMM, p 2|28.



Key Performance Measure	Level of Service	Performance Measure	Performance Target	Current Performance
Cost	Cost-effective waste collection	Cost per service	As per contract (external) As per Operational Budget (internal)	Acceptable

### 3.8.2 Landfill Sites and Transfer Stations

Table 13: Technical Levels of Service: Landfill Sites

Key Performance Measure	Level of Service	Performance Measure	Performance Target	Current Performance
<b>Provide an appropriate network of waste transfer and disposal facilities.</b>				
Performance	Compliance with Environmental Authority for Waste Disposal	Periodic DES Audits	Passed Audit/ No significant non-Compliance issues	Good
Safety	Minimal workplace accidents	Workplace accidents	As per Council policies (internal)	Acceptable
Condition	Assets in a fit-for-purpose state	Asset condition score	<5% assets beyond renewal/ replacement intervention level	Good. No assets beyond intervention level.
<b>Provide responsible management of waste facilities.</b>				
Safety	Effective management of landfill leachate	Groundwater quality	As per Environmental Authority	Acceptable
	Effective site supervision	Incidence of illegal dumping at waste facilities.	No/minimal illegal dumping at Council waste sites	Increased illegal dumping
<b>Provide landfill air space to meet the regions long term waste disposal needs.</b>				
Performance	Compliance with Environmental Authority for Waste Disposal	Periodic DES Audits	Passed Audit/ No significant non-Compliance issues	Acceptable
<b>Provide opportunities to reduce waste to landfill.</b>				
Performance	Reduction in the amount of waste going to landfill	Annual tonnage of waste per head of population going into landfill	Recycling offerings at all waste sites.	Acceptable



## 4.0 FUTURE DEMAND

### 4.1 Demand Drivers

The drivers of demand for waste services considered in the development of this plan:

- Population change
- The regulatory environment
- Technological change
- Environmental factors (e.g., climate change)

Other drivers of demand for waste services not considered in the development of this iteration of the plan:

- Demographic change
- Customer preferences and expectations
- Economic factors
- Agricultural practices

These drivers may be considered in future iterations of the AMP.

### 4.2 Demand Forecasts

#### 4.2.1 Population Change

South Burnett and the surrounding region had an estimated population of 32,747 in 2016<sup>14</sup>. Using the medium series, the projected population will reach approximately 36,342 persons by the year 2036.

Total future population growth over the next 20 years is predicted to be 3,595 persons (11%).

Table 14: South Burnett Population Growth Estimates 2016-41 (QGSO)

Projected Population				Average Annual Change (Medium Series)	
Year	Low Series	Medium Series	High Series	Number	%
2016	32,747	<b>32,747</b>	32,747		
2021	32,799	<b>33,017</b>	33,255	<b>270</b>	0.82%
2026	33,422	<b>34,170</b>	34,955	<b>1,153</b>	3.49%
2031	34,009	<b>35,295</b>	36,650	<b>1,125</b>	3.29%
2036	34,469	<b>36,342</b>	38,320	<b>1,047</b>	2.97%
2041	34,720	<b>37,107</b>	39,643	<b>765</b>	2.11%

<sup>14</sup> 'Projected population by local government area, Queensland, 2016 to 2041' Queensland Government Statistician's Office.





#### 4.3 Demand Impact and Demand Management Plan

As a result, changes in demand is viewed as influencing Waste services over the next 20 years.

These will be managed through a combination of:

- Implementing Council's *Waste Management Strategy 2015 – 2022*.
- Community consultation.
- Engaging in strategic planning with neighbouring Councils.

Council is currently developing a *Regional Economic Development Strategy* with Wide Bay Burnett Regional Organisation of Councils. Future iterations of this plan will be updated with any demand impacts arising from that plan.

Opportunities identified to date for demand management are shown in the table below. Further opportunities will be developed in future revisions of this Asset Management Plan.

#### 4.4 Asset Programs to meet Demand

The *Waste Management Strategy 2015 – 2022* sets out Council's plan to meet these challenges.

Council's waste management planning also takes into consideration the detailed calculations contained in the *Landfill Rehabilitation Estimate Report (2017)*.

The planned changes in the Waste asset base to support the Strategy are discussed [here](#).

It should be noted that new and upgraded assets will commit Council to ongoing operations, maintenance and renewal costs for the life of these assets.

Estimated future operations, maintenance and renewal costs are identified in this AMP.

These estimates are provided for inclusion in the long-term financial plan when the quality of the data underpinning the estimates is deemed suitable by Finance.

Please refer to the [Lifecycle Management Plan](#) and [Financial Summary](#) sections of this plan for a discussion about these estimates.

#### 4.5 Climate Change and Adaption

Council does not have a formal Climate Change Policy but accepts that changes in climate will affect the performance and longevity of its assets. The following opportunities have been identified for managing climate change on Waste assets.

Table 15: Managing the Impact of Climate Change on Assets

Climate Change Description	Projected Change	Potential Impact on Assets and Services	Planned Actions
Storm events	Increased frequency and severity of storm events	<ul style="list-style-type: none"> <li>▪ Increased service disruption due to road damage or obstruction.</li> <li>▪ Increased asset maintenance requirements Waste management sites.</li> <li>▪ Shorter useful life of waste-related assets.</li> <li>▪ Increased asset impairment expenses.</li> </ul>	



Additionally, Council acknowledges that any new Waste assets we construct need to be resilient in the face of climate change. This will have several benefits for Council, namely:

- Increasing the value realised from these assets (i.e., the ability to withstand climate change and the deliver required levels of service over a longer timeframe).
- Decreased service outages due to climate-related impacts.
- Potentially lower whole of life costs of assets (i.e., less maintenance and renewal).
- Potentially smaller carbon footprint.

The table below summarises some asset climate change resilience opportunities identified for waste assets.

Table 16: Building Asset Resilience to Climate Change

New Asset Description	Climate Change impact on these assets	Build Resilience in New Works
Landfill sites	Potential flooding events.	Design future landfill and transfer station infrastructure to withstand predicted maximum flood levels.
Transfer station assets	Fire damage.	Minimise the amount of transfer station infrastructure at each site. Purchase fire-resistant transfer station assets as part of a future asset renewal program.
Access roads, car parks and hardstand areas	Water inundation. Fire damage.	Develop more resilient design and construction standards.

The impact of climate change on assets is a new and complex area for discussion that will be developed in future iterations of this Asset Management Plan.

#### 4.6 Technological Change

Technological change is likely to increasingly impact on the delivery of Waste services over the life of this plan.

The key information technology changes we see impacting on Waste services are discussed [here](#).

In addition, Council is monitoring technological developments around energy production and waste transport, treatment and recycling technologies because they may make the management of Waste services more efficient and provide Council with additional, financially viable recycling opportunities.



## 5.0 ASSET PROFILE

### 5.1 Asset Hierarchy

An asset hierarchy provides a framework for structuring data in an information system to assist with data collection, reporting and decision making.

Council does not currently have a formal asset hierarchy for waste assets. Consequently, we have categorised waste assets by asset type and location for this plan.

A formal asset hierarchy will be developed for future iterations of this AMP.

### 5.2 Asset Quantities and Values

Council's Waste assets are valued at fair value (cost to replace service capacity) and depreciated using the straight-line method.

Waste assets included in the Buildings and Other Structures revaluation undertaken in 2020. At the time of writing, this revaluation had not been formally accepted by Council; therefore, the values are 'draft' values only.

Current (Gross) Replacement Cost **\$ 3,680,977**

Depreciated Replacement Cost<sup>15</sup> **\$ 2,489,144**

Annual Depreciation **\$ 85,700**

These values are made up of the following asset types:

Table 17: Waste Asset Valuation Summary as at 30 April 2020 (DRAFT)

Asset Type   Component	No.	Qty.	UNOM <sup>16</sup>	GRV (\$)	WDV (\$)	Annual Depr. (\$)
Bin				-	-	-
Bin (10 m3)	20		ea.	-	-	-
Bin (27 m3)	38		ea.	-	-	-
Bin Structure	1	1	ea.	107,107	74,975	2,142
Boom Gate	2	2	ea.	37,616	32,331	1,505
Container	1	1	ea.	-	-	-
Fence	13	6,445	m	821,443	552,172	32,858
Gate and Camera Container	1	1	ea.	3,000	2,100	120
Ground Water Monitoring Bore	48	48	ea.	813,516	570,961	11,622
Hardstand	9	1,727	m <sup>2</sup>	379,994	254,098	4,780
Portable toilet	2	2	ea.	-	-	-
Retaining Wall	8	307	m	101,329	73,229	1,714

<sup>15</sup> Also reported as Written Down Value, Carrying or Net Book Value.

<sup>16</sup> Unit of Measure





Asset Type   Component	No.	Qty.	UNOM <sup>16</sup>	CRV (\$)	WDV (\$)	Annual Depr. (\$)
Roads and Car Parks						
Formation	8	15,530	m <sup>2</sup>	127,191	127,191	-
Pavement	8	15,530	m <sup>2</sup>	444,779	286,171	6,950
Seal	8	15,530	m <sup>2</sup>	239,668	147,009	10,653
Kerb	1	90	m	7,746	6,197	121
Security Camera	1	1	ea.	5,467	4,920	304
Shelter (Large)	1	1	ea.	22,952	16,066	459
Shelter (Medium)	7	7	ea.	91,806	52,788	1,836
Shelter (Small)	4	4	ea.	18,361	9,640	367
Site Office	3	3	ea.	208,650	132,145	4,173
Storage Shed (Large)	3	4	ea.	122,408	76,505	2,448
Storage Shed (Small)	12	12	ea.	73,445	37,946	1,469
Weighbridge	1	1	ea.	54,500	32,700	2,180
<b>Grand Total</b>	<b>190</b>			<b>3,680,977</b>	<b>2,489,144</b>	<b>85,700</b>

This asset class was revalued in April 2020, and the Valuer's report has not been finalised. However, the following issues are noted:

1. An additional 110 waste assets were found during the current revaluation that were not previously recognised in Council's Building Asset Register.

The list of assets used to compile the 2020 Buildings and Other Structures valuation was originally compiled in 2019 as part of an asset condition audit. Council has a high degree of confidence that the waste assets identified are correct.



### 5.3 Asset Condition

Council measures asset condition using the eleven-point rating system.

Table 18: SBRC Asset Condition Rating Scheme

Condition Rating	Description	% Asset Life Remaining <sup>17</sup>
0	Brand New	100
1	Near new with no visible deterioration	90
2	Excellent overall condition early stages of deterioration.	80
3	Very good overall condition with obvious deterioration evident.	70
4	Good overall condition, obvious deterioration, serviceability impaired very slightly.	60
5	Fair overall condition, obvious deterioration, some serviceability loss.	50
6	Fair to poor overall condition, obvious deterioration, some serviceability loss.	40
7	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30
8	Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal.	20
9	Extremely poor condition, severe serviceability problems, renewal required immediately.	10
10	Failed asset, no longer serviceable. Should not remain in service.	0

Council has set the Retirement Intervention Condition Level<sup>18</sup> (RICL) for waste assets at 8. However, not all waste assets are automatically renewed or replaced when they reach their RICL because:

- Some assets will be run to failure in accordance with the *Waste Management Strategy 2015 – 2022*.
- Some assets can still safely deliver an adequate level of service at level 8 or 9 (e.g., the chipseal hardstand at Home Creek). In these cases, the asset will be left in service until it no longer provides an adequate level of service.

Similarly, some assets will become functionally or technically obsolete before they reach their RICL.

Having regard for this, we have set a target of no more than 5% of waste assets being beyond their RICL at any point in time, but this is just a guide. The asset's ability to safely and adequately deliver service will guide asset renewal and replacement decisions.

In preparation for the 2020 revaluation of Buildings and Other Structures, a comprehensive assessment of the condition of Council's waste assets was performed in 2019. A summary of that assessment is shown [here](#).

<sup>17</sup> Based on estimated delivery of future economic benefit.

<sup>18</sup> This is the point at which Council would generally renew the asset.



## 5.4 Asset Useful Lives

### 5.4.1 Typical Asset Useful Lives

As part of the preparations for the 2020 Buildings Asset Revaluation, the use of prescribed standards for useful lives was assessed. Standardising useful lives across this asset class has improved the accuracy of remaining useful life estimates and the subsequent forecasting of asset renewal/ replacement.

The typical useful lives shown below are the product of modelling, assessment and the application of engineering experience to Council's local conditions.

*Table 19: Typical Useful Lives for Waste Assets*

Asset Category	Asset Sub-category	Average Useful Life (Years)
Bin		-
Bin Structure		50
Container		-
Fence		25
Gate and Camera Container		25
Ground Water Monitoring Bore		70
Hardstand	Chip Seal	64
	Concrete	80
Portable toilet		-
Retaining Wall		50
Roads and Car Parks	Formation	1,000
	Pavement	64
	Kerb	64
	Seal (Asphalt)	25
	Seal (Spray Seal)	16
Security Camera		18
Shelter (Large)		50
Shelter (Medium)		50
Shelter (Small)		50
Site Office		50
Storage Shed (Large)		50





Asset Category	Asset Sub-category	Average Useful Life (Years)
Storage Shed (Small)		50
Weighbridge		25
Boom Gate		25

#### 5.4.2 Remaining Useful Lives

For Waste assets, remaining asset life is generally correlated to its current condition. The below shows the number of assets at each condition level with an estimate of their remaining useful life provided by the Valuer.

Table 20: Waste Assets: Condition and Remaining Useful Life

Asset Type	Useful Life (Years)	Asset Condition	Remaining Useful Life (Years)	Total
Bin	-	2	-	1
		3	-	6
		4	-	26
		5	-	15
Bin Structure	50	3	35	1
Container	-	5	-	1
Fence	25	1	22	1
		2	20	3
		3	18	5
		4	15	2
		5	12	1
		8	5	1
Gate and Camera Container	25	3	18	1
Ground Water Monitoring Bore	70	1	63	1
		3	49	46
		4	42	1
Hardstand (Chipseal)	64	8	13	1
Hardstand (Concrete)	80	3	56	3
		4	48	2
Hardstand (Unknown)	80	2	64	1
		3	56	1
		4	48	1



Asset Type	Useful Life (Years)	Asset Condition	Remaining Useful Life (Years)	Total	
Portable toilet	-	5	-	2	
Retaining Wall (Block)	50	3	35	1	
		4	30	2	
Retaining Wall (Concrete)	50	2	40	1	
Retaining Wall (Timber)	50	3	35	1	
		80	2	64	2
		3	56	1	
Roads   Car Parks (Formation)	80	1	0	1	
		2	0	2	
		3	0	1	
		4	0	2	
		5	0	1	
		6	0	1	
Roads   Car Parks (Kerb)	64	2	51	1	
Roads   Car Parks (Pavement)	64	1	58	1	
		2	51	2	
		3	45	1	
		4	38	2	
		5	32	1	
		6	26	1	
Roads   Car Parks (Seal - Asphalt)	25	4	15	1	
Roads   Car Parks (Seal - Spray Seal)	16	1	14	1	
		2	13	2	
		3	11	1	
		4	10	1	
		5	8	1	
		6	6	1	
Security Camera	18	1	16	1	
Shelter (Large)	50	3	35	1	
Shelter (Medium)	50	1	45	1	
		2	40	1	
		3	35	1	
		4	30	1	



Asset Type	Useful Life (Years)	Asset Condition	Remaining Useful Life (Years)	Total
		5	25	1
		6	20	1
		7	15	1
Shelter (Small)	50	4	30	2
		5	25	1
		6	20	1
Site Office	50	3	35	1
		4	30	2
Storage Shed (Large)	50	3	35	2
		6	20	1
Storage Shed (Small)	50	3	35	1
		4	30	3
		5	25	6
		6	20	1
		7	15	1
Weighbridge	25	4	15	1
Boom Gate	25	1	22	1
		3	18	1
<b>Grand Total</b>				<b>190</b>

### 5.5 Asset Condition Profile

A condition profile of Council's waste is shown below.





Figure 9: Waste Assets by Replacement Value and Condition as at 30/04/2020



The asset condition profile indicates that (taken as a whole) Council's waste assets are in good condition. There is natural variation between the sites, but only two assets are at the nominated [RICL](#) (<1% of Current Replacement Value):

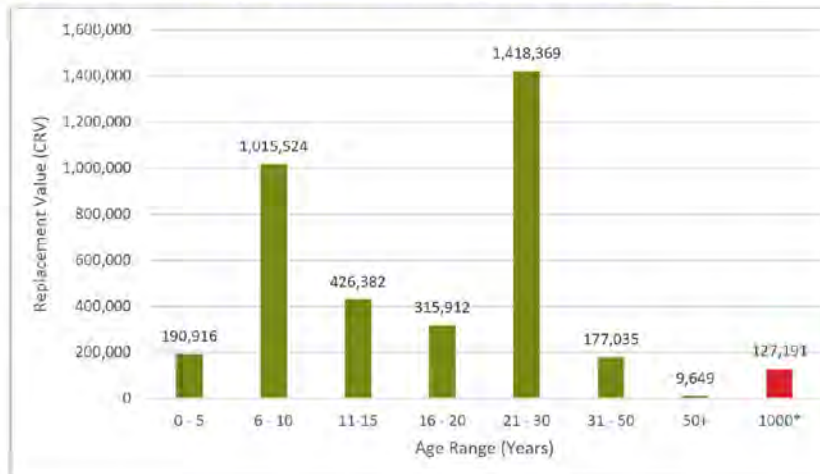
- Home Creek Refuse Station: chipseal hardstand
- Kingaroy Refuse Tip (Luck Road): chicken-wire fencing

The Valuer estimated that both these assets have more than 5 years' remaining useful life.

### 5.6 Asset Age Profile

The age profile of the assets included in this Asset Management Plan is shown below.

Figure 10: Waste Assets by Replacement Value and Age Range as at 30/04/2020





Please note that the 1000-year column relates to Formation assets within Roads and Car Parks. Under the asset valuation methodology, these assets have been fully depreciated, so their age is the same as their Useful Life. Since these assets represent around 3.5% of the total replacement value of the Waste Asset Class, they were left in for completeness.

The asset life and condition data indicate that (as a whole) Council's waste assets are in good condition with substantial service life remaining.

The two peaks in the chart indicate that a substantial investment in waste assets was made 20 – 30 years ago, and again 6 -10 years ago, which corresponds with the implementation of the *Waste Management Strategy 2015 – 2022*. The peaks in both the asset condition and asset age charts indicate the need for careful management so that Council avoids a 'wall of renewals' as these assets reach the end of their useful lives.

### **5.7 Asset Utilisation**

Waste services does not currently measure asset utilisation. This issue has been noted in the [AMP Improvement Plan](#).

### **5.8 Asset Capacity and Performance**

#### **5.8.1 Capacity**

Waste services does not formally measure asset capacity. Anecdotal evidence from staff indicates that asset capacity is acceptable for current needs. This issue has been noted in the [AMP Improvement Plan](#).

#### **5.8.2 Asset Performance**

Waste services does not formally measure asset performance. This issue has been noted in the [AMP Improvement Plan](#).

#### **5.8.3 Asset Performance Trends**

Waste Services has identified that there are higher servicing costs with unmanned sites where illegal dumping and graffiti/ damage regularly occur.



## 5.0 LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how South Burnett Regional Council plans to manage and operate its Waste assets at the [specified levels of service](#) at the lowest whole-of-life cost while controlling for risk.

### 6.1 Operations and Maintenance Plan

Operations Expenditure (OPEX) is divided into Operations and Maintenance.

Operations include regular activities to provide services. Examples of waste operational activities are:

- Waste collection
- Waste recycling
- Waste disposal

Maintenance includes all actions necessary to retain Waste assets as near as practicable to their appropriate service condition. These activities include:

- Waste plant repairs
- Waste plant servicing
- Vandalism repairs to waste structures

Council does not currently have separate operations and maintenance budgets. However, an analysis<sup>19</sup> of total OPEX expenditure for 2018-21 indicates Operations accounts for more than 90% of total OPEX spend.

*Table 21: Average Historical OPEX Expenditure by Type*

OPEX Type	2018/19 Actuals	2019/20 YTD Actuals (10 months)	2020/21 Proposed Budget
Maintenance	458,801	116,454	154,019
Operations	4,225,582	4,311,639	5,274,951
<b>Total</b>	<b>4,684,383</b>	<b>4,428,093</b>	<b>5,428,970</b>
Maintenance	10%	3%	3%
Operations	90%	97%	97%

The Manager Environment and Waste advised that Council changed weighbridge software vendors in 2018/19, and that might account for the above-average expenditure on maintenance in that year.

The average annual OPEX expenditure (Waste) is approximately **\$ 5,142,355**.

Beyond the 2020/21 budget, there are no forward estimates of OPEX expenditure requirements.

Council does not currently have separate Operations and Maintenance budgets. Therefore, it is not possible to determine in Council's current maintenance spend is adequate to meet projected service levels.

This issue has been noted in the [AMP Improvement Plan](#).

<sup>19</sup> The level of confidence on this analysis is low because we are dealing with a mixture of actual costs and forward estimates. In addition, an assumed 85% Operational -15% Maintenance split of labour costs was required because there was no way of telling which transactions are operations or maintenance.





Council does not have a formal triage mechanism to prioritise reactive maintenance activity. Assessment and prioritisation of reactive maintenance jobs is undertaken by staff on a -case-by-case basis based on experience and judgement.

This issue has been noted in the [AMP Improvement Plan](#).

Council does not currently benchmark the performance of its Waste management operations and maintenance against other similar-sized Councils.

This issue has been noted in the [AMP Improvement Plan](#).

## 6.2 Renewal Plan

Renewal is major capital work which does not significantly change the service potential of the asset, but restores, rehabilitates, replaces or renews it to its original service potential. Asset renewal should (generally speaking) not increase future maintenance costs.

Work over and above, restoring an asset to its original service potential is considered an upgrade which will result in additional future operations and maintenance costs.

At the time of writing, the 10-year CAPEX program for Waste does not contain any estimated renewals forecasts. This is partly due to SBRC having no reliable Waste asset condition and valuation data until very recently (April 2020).

An initial attempt has been made at developing a Waste asset renewal model for this AMP using the Asset Lifecycle Model within NAMSPLUS. Asset Register data was loaded into NAMSPLUS to project the renewal costs (current replacement cost) and renewal timing (acquisition year plus updated useful life to determine the renewal year).

The typical useful lives of assets used are shown [here](#). The Waste asset useful lives were last reviewed on as part of the 2020 Buildings asset revaluation project.

The development of a standardised asset renewal requirements estimating methodology has been noted in the [AMP Improvement Plan](#).

### 6.2.1 Renewal ranking criteria

Asset renewal is typically undertaken to either:

- Ensure the reliability of existing assets; or
- To ensure assets are of sufficient quality to meet the service requirements.<sup>20</sup>

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.
- Have the potential to reduce life cycle costs by replacement with a modern equivalent asset that would provide the equivalent service.<sup>21</sup>

Council does not currently have formal ranking criteria to determine renewal priorities for Waste assets. The development of a standardised asset renewal prioritisation methodology has been noted in the [AMP Improvement Plan](#).

<sup>20</sup> IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

<sup>21</sup> Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.



### 6.3 Summary of historical renewal costs

Council has not historically forecast asset renewal requirements for Waste assets, nor has it separately recorded renewal expenditure related to these assets.

### 6.4 Summary of future renewal costs

There is no budgeted amount for Waste asset renewals in 2020, nor is there any provision for asset renewal in the *Waste CAPEX Budget 2020-30*.

Forecast renewal costs are projected to increase over time as the service potential of these assets is consumed. The table below shows the forecast costs associated with renewals relative to the proposed renewal budget.

Table 22: Forecast Waste Asset Renewal Shortfall<sup>22</sup>

Year	Forecast Renewal	Planned Renewal Budget	Annual Renewal Budget Shortfall	Cumulative Renewal Budget Shortfall
2020	0	0	0	0
2021	0	0	0	0
2022	0	0	0	0
2023	0	0	0	0
2024	0	0	0	0
2025	22,898	0	-22,898	-22,898
2026	4,950	0	-4,950	-27,848
2027	0	0	0	-27,848
2028	7,854	0	-7,854	-35,702
2029	0	0	0	-35,702
2030	7,830	0	-7,830	-43,532
2031	10,948	0	-10,948	-54,480
2032	30,713	0	-30,713	-85,193
2033	18,170	0	-18,170	-103,363
2034	7,283	0	-7,283	-110,646
2035	466,062	0	-466,062	-576,708
2036	5,467	0	-5,467	-582,175
2037	459,541	0	-459,541	-1,041,716
2038	0	0	0	-1,041,716
2039	0	0	0	-1,041,716
	<b>1,041,716</b>	<b>0</b>	<b>-1,041,716</b>	<b>-1,041,716</b>

<sup>22</sup> NAMPLUS SBRC Waste Asset Lifecycle Model v1. All values are shown in current year dollars.





Deferred renewal (assets identified for renewal and not scheduled in capital works programs) should be included in the risk analysis process in the risk management plan. However, they are not currently in that plan. This issue has been noted in the [AMP Improvement Plan](#).

## 6.5 Acquisition Plan

'Acquisition' refers to new assets that add service capacity to the asset network/portfolio or activity that upgrades or improves an existing asset beyond its existing service capacity. Acquisitions may be the result of growth, demand, social or environmental needs.

### 6.5.1 Selection criteria

Proposed new Waste assets and upgrades are identified by the Manager Environment and Waste and recorded in the 10-year CAPEX program. Proposed upgrades and new works are reviewed to verify that they are essential to the Council's needs. Verified proposals can then be ranked by priority and available funds and scheduled in future works programmes.

The priority ranking criteria used for new/ upgraded Waste assets is shown below.

Table 23: Acquired Assets Priority Ranking Criteria

Criteria	Weighting
Regulatory requirements	50%
Alignment with the Waste Management Strategy 2015 - 2022	30%
Operational efficiency	20%
<b>Total</b>	<b>100%</b>

### 6.5.2 Summary of future asset acquisition costs

When Council commits to upgrading or adding new assets, they must be prepared to fund future operations, maintenance and renewal costs in addition to the capital acquisition costs.

Table 24: Waste Asset Acquisition Forecast 2020-30

Year	CAPEX Acquisitions	Purpose
2020 - 21	350,000	Maidenwell Transfer Station to be established 2020/2021. However, issues with siting location. Public consultation recommended over community preferred location.
2021 - 22	674,383	Leachate collection trenches at Kingaroy & Nanango Landfills.
2022 - 23	-	
2023 - 24	306,151	Kingaroy Transfer Station extension.
2024 - 25	500,000	Murgon & Wondai (combined or separate) Transfer Station(s)
2025 - 26	-	
2026 - 27	-	
2027 - 28	-	
2028 - 29	6,420,714	Future Bulk Waste Transfer Station is starting in 2028/2029 over 2 financial years (\$1.9M in 2029/2030).
<b>Total:</b>	<b>8,251,248</b>	





**6.6 Disposal Plan**

Disposal includes any activity associated with the disposal of a decommissioned asset including the sale, demolition or relocation. Council’s *Waste Management Strategy 2015 – 2022* foreshadows significant consolidation of Waste assets over the life of this plan (10 years). This is borne out by the projects proposed in the 2020-30 CAPEX Program.

*Table 25: Waste Asset Disposal Forecast 2020-30*

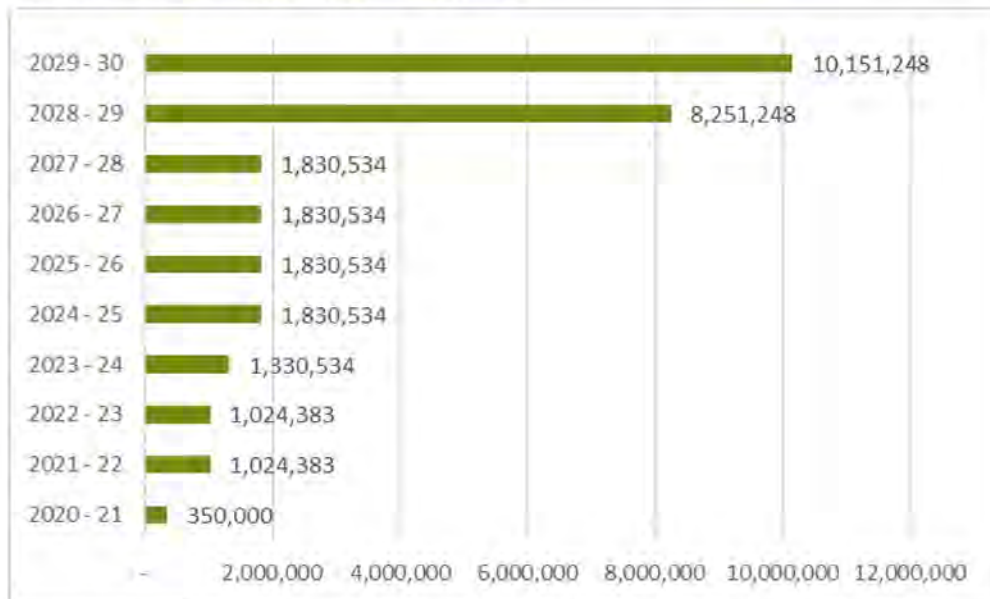
Year	CAPEX Disposals	Purpose
2029 - 30	1,900,000	First major landfill (Kingaroy) closure & capping presently expected.
<b>Total:</b>	<b>1,900,000</b>	

During 2018/19, Council continued to progress capping of its various old closed Legacy Landfill sites, with a particular focus on the Malar, Booie and Burrandowan Road sites.

**6.6.1 Summary of future asset acquisition and disposal costs**

The cumulative value of all future planned Waste asset acquisition and disposal projects is shown below:

*Figure 11: Cumulative Waste CAPEX Expenditure 2020-30<sup>23</sup>*



Council’s 2020-30 CAPEX Program indicates that the Waste projects shown above will be fully funded from Reserves (subject to Council’s on-going budgetary approval).

<sup>23</sup> Note: this includes \$1.9M for the first major landfill (Kingaroy) closure & capping presently expected in 2029-30. The CAPEX program does not currently contain any asset renewal estimates.



## 7.0 RISK MANAGEMENT PLANNING

Council's Risk Management Framework is set out in the *Risk Management Policy*. The framework is based on the International Standard ISO 31000:2018 Risk management – Principles and guidelines.

The purpose of risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services, per the principles set out in ISO 31000:2018.

Risk Management is defined in ISO 31000:2018 as: 'coordinated activities to direct and control with regard to risk'<sup>24</sup>.

An assessment of risks<sup>25</sup> associated with Waste service delivery has identified the significant risks that may result in loss or reduction in service, personal injury, environmental impacts, a 'financial shock', reputational impacts, or other consequences.

### 7.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service.

Failure modes may include physical failure, collapse or essential service interruption.

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.

Council's critical waste services are identified in the *Waste Services Pandemic Business Continuity Plan (2020)*. However, individual assets have not been identified.

This issue has been noted in the [AMP Improvement Plan](#).

### 7.2 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 is built on aspects such as response and recovery planning, financial capacity, climate change and crisis leadership.

Council has developed a Business Continuity Plan for Waste services, but we do not currently measure our resilience in service delivery. This will be included in future iterations of the Asset Management Plan.

<sup>24</sup> ISO 31000:2009, p 2

<sup>25</sup> Community Risk Register & Treatment Plan 2019-20





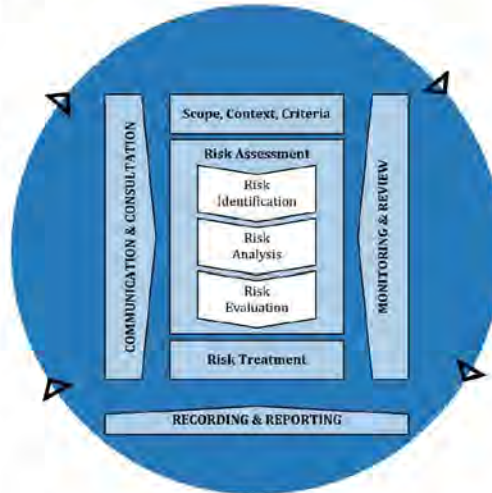
**7.3 Risk Assessment**

A generalised model for risk management process used is shown in the figure 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 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.

Risks identified for Waste services form part of the *Community Risk Register & Treatment Plan 2019-20*. There has been no separate risk assessment of Waste assets.

Figure 12: ISO 31000 Risk Management Process



**7.4 Risk Treatment**

Risk treatments identified for Waste services form part of the *Community Risk Register & Treatment Plan 2019-20*. There has been no separate risk assessment of Waste assets.

**7.5 Service and Risk Trade-Offs**

The decisions made in adopting this Asset Management Plan are based on the objective to achieve the optimum benefits from the available resources while controlling for risk.

**7.5.1 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:

- Provision of a kerbside waste service outside of [designated waste collection areas](#).
- Provision of a kerbside recycling service.
- Recycling of materials other than scrap steel, waste oil, batteries and green waste.
- Generation of energy from waste.

**7.5.2 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. These service consequences include:

- Disruption to waste collection and management services

**7.5.3 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:

- Environmental harm.
- Prosecution or fine for non-compliance DES Environmental Authority.





## 8.0 FINANCIAL SUMMARY

This section contains the financial requirements resulting from the information presented in the previous sections of this Asset Management Plan. The financial projections will be improved as the underlying asset data improves, and levels of service are refined.

### 8.1 Long-Term Financial Forecast

Council's is currently developing a Long-Term Financial Forecast (LTFF) for the next 10 years.

Since this information is not currently available, it is not possible to compare future forecast asset lifecycle costs to the (LTFF).

This issue has been noted in the [AMP Improvement Plan](#).

### 8.2 Forecast costs for long term financial plan

This Asset Management Plan identifies the forecast operations, maintenance and renewal costs required to provide the currently specified level of service over 10 years. These [forecast costs](#) are shown in current year dollars.

Table 26: Forecast Asset Lifecycle Costs 2020-29 for Long Term Financial Plan

Year	Forecast Acquisition	Forecast Operation	Forecast Maintenance	Forecast Renewal	Forecast Disposal
2020 - 21	350,000	5,274,951	154,019	0	0
2021 - 22	674,383	5,274,951	154,019	0	0
2022 - 23	0	5,274,951	154,019	0	0
2023 - 24	306,151	5,274,951	154,019	0	0
2024 - 25	500,000	5,274,951	154,019	0	0
2025 - 26	0	5,274,951	154,019	22,898	0
2026 - 27	0	5,274,951	154,019	4,950	0
2027 - 28	0	5,274,951	154,019	0	0
2028 - 29	6,420,714	5,274,951	154,019	7,854	0
2029 - 30	0	5,274,951	154,019	0	1,900,000
	<b>8,251,248</b>	<b>52,749,510</b>	<b>1,540,190</b>	<b>35,702</b>	<b>1,900,000</b>

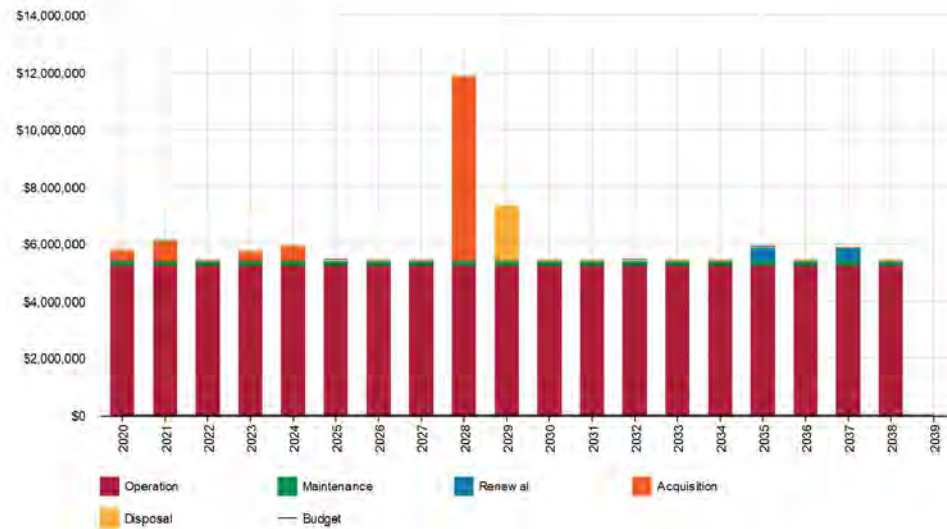


It should be noted that, although asset renewals are only forecast to be \$35,702 in the first 10 years, there is a projected 'wall of renewals' in the next 9 years.

Table 27: Forecast Asset Lifecycle Costs 2030-38

Year	Forecast Acquisition	Forecast Operation	Forecast Maintenance	Forecast Renewal	Forecast Disposal
2030 - 31	0	5,274,951	154,019	7,830	0
2031 - 32	0	5,274,951	154,019	10,948	0
2032 - 33	0	5,274,951	154,019	30,713	0
2033 - 34	0	5,274,951	154,019	18,170	0
2034 - 35	0	5,274,951	154,019	7,283	0
2035 - 36	0	5,274,951	154,019	466,062	0
2036 - 37	0	5,274,951	154,019	5,467	0
2037 - 38	0	5,274,951	154,019	459,541	0
2038 - 39	0	5,274,951	154,019	0	0
	<b>0</b>	<b>47,474,559</b>	<b>1,386,171</b>	<b>1,006,014</b>	<b>0</b>

Figure 13: Planned CAPEX and OPEX<sup>26</sup>



<sup>26</sup> Generated using NAMSPLUS



### 8.3 Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the Asset Management Planning:

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

#### 8.3.1 Medium-term – 10 year financial planning period

The current 10-year CAPEX Program contains provisions for asset acquisition and disposal in accordance with Council's *Waste Management Strategy 2015 – 2022*. However, it does not address the [forecast asset renewal requirements](#) for this service.

This issue is noted in the [AMP Improvement Plan](#).

#### 8.3.2 Asset Renewal Funding Ratio

The Asset Renewal Funding Ratio indicates whether Council is replacing its assets as fast as it is consuming their service potential. The annual Asset Renewal Funding Ratio target set by the State government is 90%.

Since Council is not currently budgeting to cover the forecast asset renewal for Waste assets in its 10-year CAPEX program, the **Asset Renewal Funding Ratio**<sup>27</sup> is presently 0%

The forecast year-on-year asset renewal cost for Waste services (and the cumulative shortfall) is illustrated [here](#).

#### 8.3.3 Observations

Key observations about the financial forecasts for Waste services are:

1. Council does not currently plan or budget for the renewal of Waste assets.
2. The Waste service is focused on operations with only 3% of OPEX forward budgets notionally allocated to maintenance.
3. Maintenance is almost entirely reactive ('break/fix'), with little or no planned or cyclical maintenance.

#### 8.3.4 Implications

The implications of this situation are:

1. If nothing is done about funding asset renewals into the future, the assets will degrade, and services are likely to be impacted. However, the impact on service is not likely to be significant over the life of this plan (i.e., the next 10 years).
2. However, by 2037 Council will be facing a '[wall of renewals](#)' for Waste assets estimated at more than \$1 million.
3. The lack of asset renewal, coupled with the lack of planned maintenance, will see asset degradation accelerate.
4. As a result, it is expected that unplanned service outages will be common.

### 8.4 Funding Strategy

The proposed funding for assets is outlined in Council's budget, 10-year CAPEX program and long-term financial plan.

<sup>27</sup> AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.





The financial strategy of the entity determines how funding will be provided. In contrast, the Asset Management Plan communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.

The current strategy for funding future Waste assets capital expenses is to use Council Reserves.

**6.5 Valuation Forecasts**

The Current Replacement Cost (CRC) of Council's Waste asset portfolio is approximately \$3.68 Million.

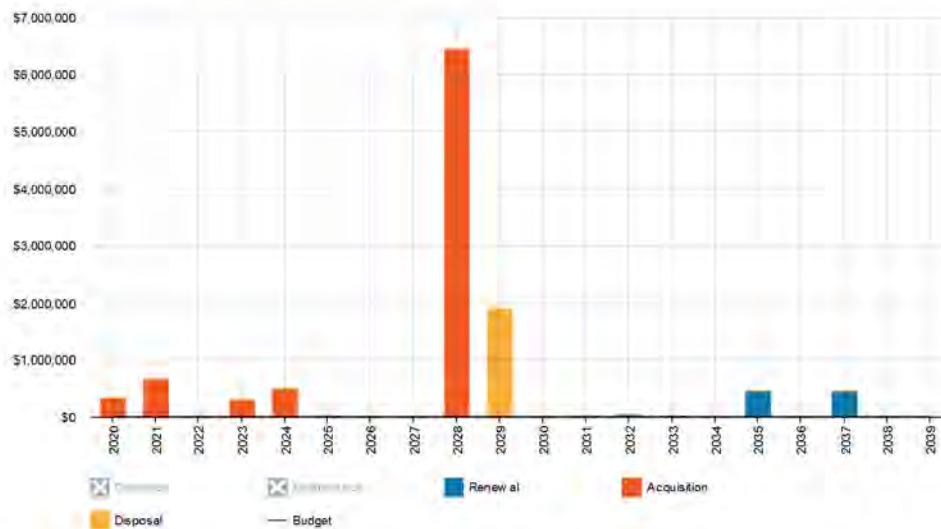
Forecasting the future valuation of the Waste asset base is difficult because:

- Landfill and airspace assets are not currently included in the CRC valuation.
- Landfill assets are included in the 10-year CAPEX program.

These issues are noted in the [AMP Improvement Plan](#).

Be that as it may, Over the next 10-years Council is expecting to add approximately \$8.25 Million<sup>28</sup> to the value of its Waste assets

*Figure 14: Waste 10-Year CAPEX by Cost Type*



If all above the CAPEX acquisitions are recognised as financial assets, Current Replacement Cost of Waste assets will nearly triple to approximately \$11.93 Million.

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.

<sup>28</sup> This figure does not factor in the \$1.9M disposal cost in the 2029/30 CAPEX program for the retirement and capping of the Kingaroy landfill.



### 8.6 Key Assumptions Made in Financial Forecasts

In compiling this Asset Management Plan, it was necessary to make some assumptions. Key assumptions made in this Asset Management Plan are:

- That the OPEX budget will remain stable (in real terms) over the life of this plan (10 years). We have used the 2020-21 OPEX budget amount (\$5.27 Million) as our baseline.
- That the 97% - 3% split of OPEX expenditure between Operations and Maintenance respectively is reasonably accurate.<sup>29</sup>
- That the NAMSPLUS asset renewal calculations are reasonable.<sup>30</sup>
- That the 2020-30 CAPEX program reasonably reflects Council's investment focus for the life of this plan (10 years).

### 8.7 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this Asset Management Plan are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on an A - E level scale<sup>31</sup> in accordance with the table below.

Table 28: Data Confidence Grading System

Confidence Grade	Description
A. Highly reliable	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. Reliable	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. Uncertain	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. Very Uncertain	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. Unknown	None or very little data held.

<sup>29</sup> The OPEX split between Operations and Maintenance was made by analysing the 2019-20 expenditure accounts and assigning each account to either Operations or Maintenance.

<sup>30</sup> NAMSPLUS allows the loading of an Asset Register with Condition and Useful Life data. It then calculates asset renewal requirement by Year, but the method of calculation is not known.

<sup>31</sup> IPWEA, 2015, IIMM, Table 2.4.6, p 2|71.



The estimated confidence level for and reliability of data used in this Asset Management Plan is shown in the table below.

*Table 29: Data Confidence Assessment for Data used in the Asset Management Plan*

Data	Confidence Assessment	Comment
Demand drivers	B	Population growth was the primary quantifiable driver. The <i>Waste Management Strategy</i> was used as the basis for this data.
Growth projections	B	QGSO projections are the most reliable population forecasts available. Other growth drivers were either not available or not quantifiable.
Acquisition forecast	A	Based on the CAPEX program and aligned with the <i>Waste Management Strategy</i> .
Operation forecast	C	Pro-rata split of 2020-21 OPEX budget based on account type. More granular costing detail not available.
Maintenance forecast	C	Pro-rata split of 2020-21 OPEX budget based on account type. More granular costing detail not available.
Renewal forecast		
- Asset values	B	Based on 2020-21 Buildings revaluation. This is still a draft.
- Asset useful lives	B	Based on 2020-21 Buildings revaluation. This is still a draft.
- Condition modelling	A	Based on 2019 Buildings asset condition audit.
Disposal forecast	A	Based on the CAPEX program and aligned with the <i>Waste Management Strategy</i> .

The estimated confidence level for (and reliability of) the data used in this Asset Management Plan is considered to be C+.





## 9.0 INFORMATION MANAGEMENT

### 9.1 Asset Information Management Systems

#### 9.1.1 Waste Management Software

Council uses waste management software to measure the weight of waste arriving at waste landfills. This information is used to:

- Calculate costs for commercial operators
- Calculate landfill tonnages required for statutory reporting.

In 2019, Council replaced its *Mandalay* weighbridge software with *iWeigh*. This has significantly reduced Council's annual licensing costs for waste management software.

#### 9.1.2 Asset Register

Council uses *TechnologyOne* as its corporate asset information management system. The asset register is part of this solution. The *TechnologyOne* asset register holds both structured non-spatial asset data and financial information about the assets (e.g., valuations).

Waste assets currently form part of the Buildings asset register.

#### 9.1.3 GIS

Council uses the *MapInfo* geographical information system (GIS) to store structured spatial information about its Waste assets. The GIS is also used to capture and display spatial data (e.g., cadastral, topographic and aerial information).

Council's waste facilities are recorded in the GIS. Work is currently underway to load the asset data captured as part of the 2020 Buildings revaluation into the GIS as well.

#### 9.1.4 Records Management System

Council uses the *TechnologyOne* Records Management solution to capture, store and organise unstructured documents (e.g., letters, reports, etc.) related to its waste management activities.

Design and As Constructed drawings for waste facilities are stored on a Council's shared network server(s) in G/ Drive.

#### 9.1.5 Customer Request System

Council uses *TechnologyOne* to record and manage all incoming Customer Service Requests or complaints.

#### 9.1.6 Work Management System

Council does not currently have a corporate Work Management System. Waste related Customer Service Requests are managed through the Customer Request System. All other work requests are managed manually.

The need for an effective Work Management System has been noted in the [AMP Improvement Plan](#).

#### 9.1.7 Work Category Definitions

Council's Finance Department is currently reviewing work category definitions to support more consistent reporting of activity. We expect the following work categories to be implemented:



Table 30: Work Category Definition

Work Type	Work Category	Description
<b>CAPEX</b>	New/ Expansion	Expenditure, which creates a new asset to meet additional service level requirements, e.g. new building, road, etc.
	Renewal/ Refurbishment	Expenditure on an existing asset, which, restores, rehabilitates, replaces existing asset to its original capacity, e.g. resurfacing of roads.
	Upgrade	Expenditure, which enhances an existing asset to provide a higher level of service, e.g. widening of road seal.
<b>OPEX</b>	Maintenance	Recurrent expenditure, periodically or regularly required as part of the anticipated schedule of works required keeping assets operating, edge road patching.
	Operations	Recurrent expenditure or regular activities to provide public health, safety and amenity, e.g. street sweeping, grass mowing, street lighting, cost of supply from utilities, such as water, electricity etc.
	Disposal	Expenditure related to the disposal of an asset.

The development of a standardised method for allocating asset related costs has been identified in the [AMP Improvement Plan](#).

#### 9.1.8 Financial Management System

Council uses *TechnologyOne* as its corporate financial management system. It records, stores and reports on all financial and business operations. *TechnologyOne* is used for the entire spectrum of financial activity, including:

- General Ledger
- Job costing
- Procurement
- Inventory
- HR and payroll

Data is entered into (or generated within) the system from source documentation (e.g., staff timesheets for payroll transactions or purchase orders for goods and services).

*TechnologyOne* is also used to generate most of the statutory and management reporting.

#### 9.1.9 ICT Infrastructure Platform

Council's ICT platform (i.e., network, servers and computing devices) meet Waste Services' requirements.

There are some connectivity issues at remote sites, but these relate more to the telecommunication providers' networks than Council's ICT infrastructure.

#### 9.1.10 Systems Fitness-for-Purpose Assessment

The information systems used to manage Waste assets are fit-for-purpose because:

- Waste services operations are supported by our own software (i-Weigh).





- This software isn't integrated with Council's TechnologyOne platform. However, for what Waste Services pay in yearly subscription fees compared to an alternative integrated solution, any manual input is presently cost-effective.
- TechnologyOne is labour intensive to set up and maintain. However, this is the corporate solution and, therefore, it is unlikely that Waste Services will change.

## 9.2 Asset Data Management

### 9.2.1 Accounting and financial data sources

This Asset Management Plan utilises accounting and financial data sourced from:

- the TechnologyOne enterprise application suite.
- Data collected in relation to the 2020 Buildings asset revaluation.

### 9.2.2 Financial Management Data Requirements

#### 9.2.2.1 Asset Valuation

In accordance with Accounting Standard AASB1041, Council is required to account for all its assets, including the value of current and non-current assets in financial reports thereby identifying to the community the level of investment in assets. These assets are then depreciated on an annual basis to reflect the community usage of its infrastructure assets.

Council splits its Assets into classes for valuation purposes. Council asset classes are:

- Land
- Buildings
- Plant & Equipment
- Roads, Drainage & Bridges
- Water
- Sewerage
- Other Infrastructure

Each class is valued in its entirety to reflect its fair value. Council uses independent external valuers to undertake the valuation process.

Verification of the completeness of Council's Buildings Asset Register was undertaken before the commencement of the 2020 Buildings asset revaluation. This found significant discrepancies in relation to all Building assets.

Regarding Waste assets, the review found:

- 190 assets/ asset components that were not previously recorded in Council's Buildings asset register. These assets have a Current Replacement Value of \$2,515,574.

The differences between the Financial Asset Register and the 2019 Building Asset Condition Audit and 2020 Building Asset Revaluation are currently being investigated.

The need to reconcile and update the Financial Asset Register with the latest asset, condition and valuation data has been noted in the [AMP Improvement Plan](#).

#### 9.2.2.2 Asset Depreciation

Most of Council's waste assets are non-current assets, and their depreciation is treated as follows:





- Buildings, plant and equipment, infrastructure, and other assets which have limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects the consumption of the service potential embodied in those assets.
- Estimates of remaining useful lives are made on a regular basis.
- Depreciation rates and methods are reviewed annually.
- Where waste assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values, and a separate depreciation rate is determined for each component.

#### **9.2.2.3 Capitalisation of Assets**

Each type of Waste asset that meets Council's financial asset recognition threshold has been recognised in Council's Asset Register.

Bins, containers, and portable toilets are below the asset capitalisation threshold; therefore, they do not qualify as financial assets. Consequently, these assets were identified but not valued as part of the 2020 Buildings asset revaluation.

Please note that the 'Formation' components of road and car park assets have been valued, but they have been fully expensed, and therefore they are not being depreciated.

The need for defined asset recognition (capitalisation) and revaluation thresholds is also noted in the [AMP Improvement Plan](#).

#### **9.2.2.4 Asset management data sources**

This Asset Management Plan utilises asset management data from a range of sources. The primary source of this data is the *TechnologyOne* enterprise application suite.

*TechnologyOne* data is augmented with other asset-related data stored in:

- MapInfo (GIS)
- Shared network drives (Waste technical drawings are stored on G:/ drive)
- Spreadsheets (2019 asset condition assessment, 2020 Building asset revaluation and asset modelling data)

### **9.2.3 Asset Management Data Requirements**

Electronically stored data is vital to sound management of assets. It is used for several purposes, including the development of rolling works programs based on priority of needs. These programs are then used for strategic financial modelling for the organisation.

### **9.2.4 Data Management Roles and Responsibilities**

#### **9.2.4.1 Asset Data Manager**

The Manager Environment and Waste Services will determine the extent of additional information required to manage, maintain and report on Waste assets to ensure optimal asset function and lifecycle management.

#### **9.2.4.2 Asset Management Team**

Until recently, Waste services didn't have an Operational Asset Register. Finance recognised assets that met the asset capitalisation threshold, but this was only a sub-set of Waste assets.

Discussions are continuing between Waste, Finance and the Asset Management Team about roles and responsibilities for maintenance of the Operational Asset Register and who