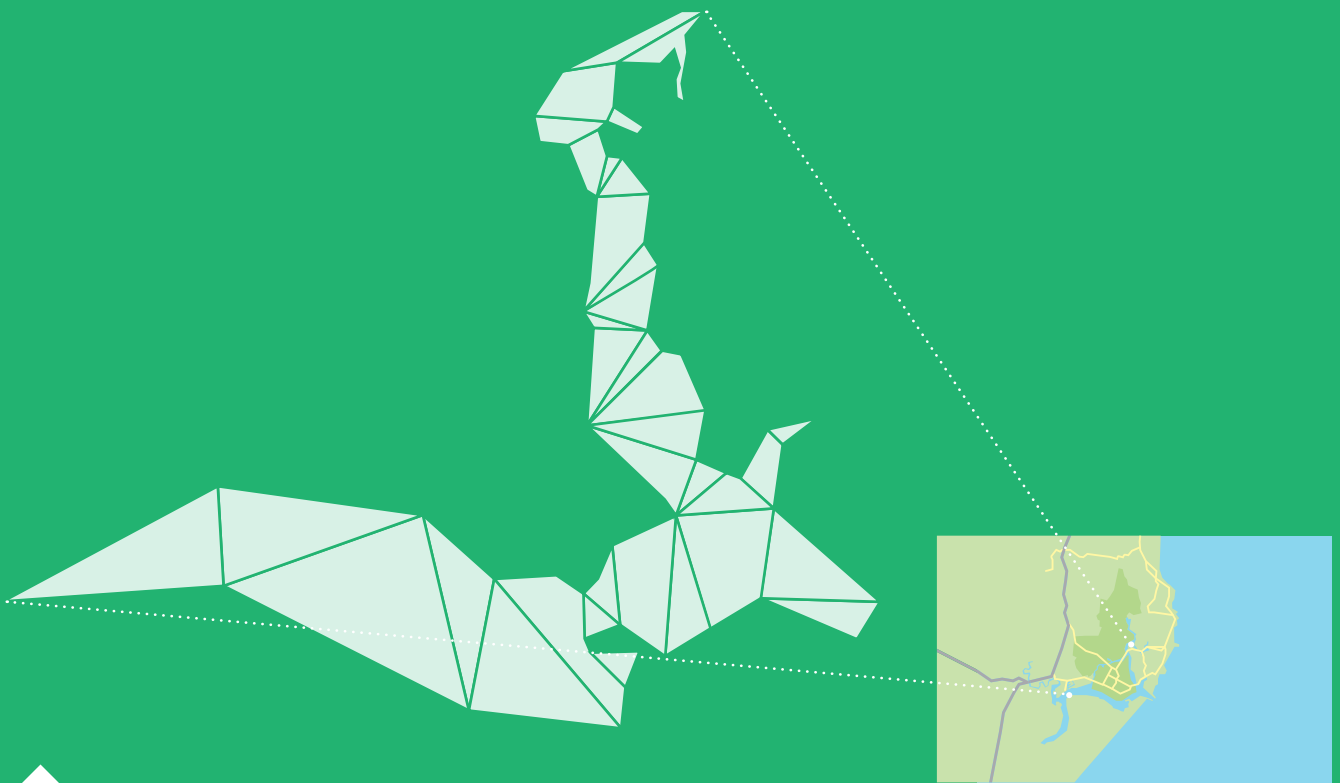




our asset management plans explained

OUR COMMUNITY OUR FUTURE

our community our future



Our design rationale for this document is based on a conceptual interpretation of its contents. To symbolise the strategic community approach, we have used segmented shapes to represent the elements of the community that fit into the geographic focus – Ballina. Together, the shapes form the Ballina River map. Every element impacts on the challenges, direction and ultimately the future of its entire form – our community. We hope you enjoy the journey and the view.



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01:

background

Ballina Shire Council is one of the biggest employers in the region with 340 employees and the responsibility for planning, developing and maintaining \$1.55 billion worth of infrastructure (assets).



Stewardship of Assets

Ballina Shire Council, as a community leader, is the custodian and trustee of public assets and has to account effectively for and manage the assets for which it is responsible.

We need to look at the long-term and cumulative effects of our decisions to leave a positive legacy for generations to come.

Ballina Shire has an enormous responsibility for planning, developing and maintaining billions of dollars' worth of infrastructure (assets). That is no easy task considering our community assets are ageing and moving to a point where they need to be renewed or replaced. Not just our roads, but demand on our water supply systems, playgrounds and community buildings increase with coastal migration and development.

Infrastructure is the foundation of our community. It's a term that can mean many things to many people. But at a community level it represents all the essential services that residents may take for granted; for example footpaths, public toilets, sewage and waste management right through to regional airports, playgrounds and even our libraries, gallery and community centres.

Ballina Shire Council faces the following challenges in respect to managing its assets:

- meeting the increasing demand for new and upgraded infrastructure
- optimising the management and use of infrastructure
- ensuring financial sustainability.

There has been a rapid change for demand for Council services but no rapid change in the way local government acquires revenue. The prevailing roads, rates, rubbish tag still represents core business but council's responsibilities have broadened to include a number of new 'human' services such as libraries, recreation centres, cultural and recreation issues. These new services are consuming the expenditure once reserved for traditional services and infrastructure maintenance.

Well maintained infrastructure is crucial to our local economic stability, public safety and a high quality of life. Sustainability is about meeting present needs without comprising the capabilities of future generations to meet theirs: Delivering services, building futures and enhancing lifestyles for the long term.

Asset management is the framework that allows Council to meet its objectives of providing and maintaining the infrastructure required for the community now and into the future.

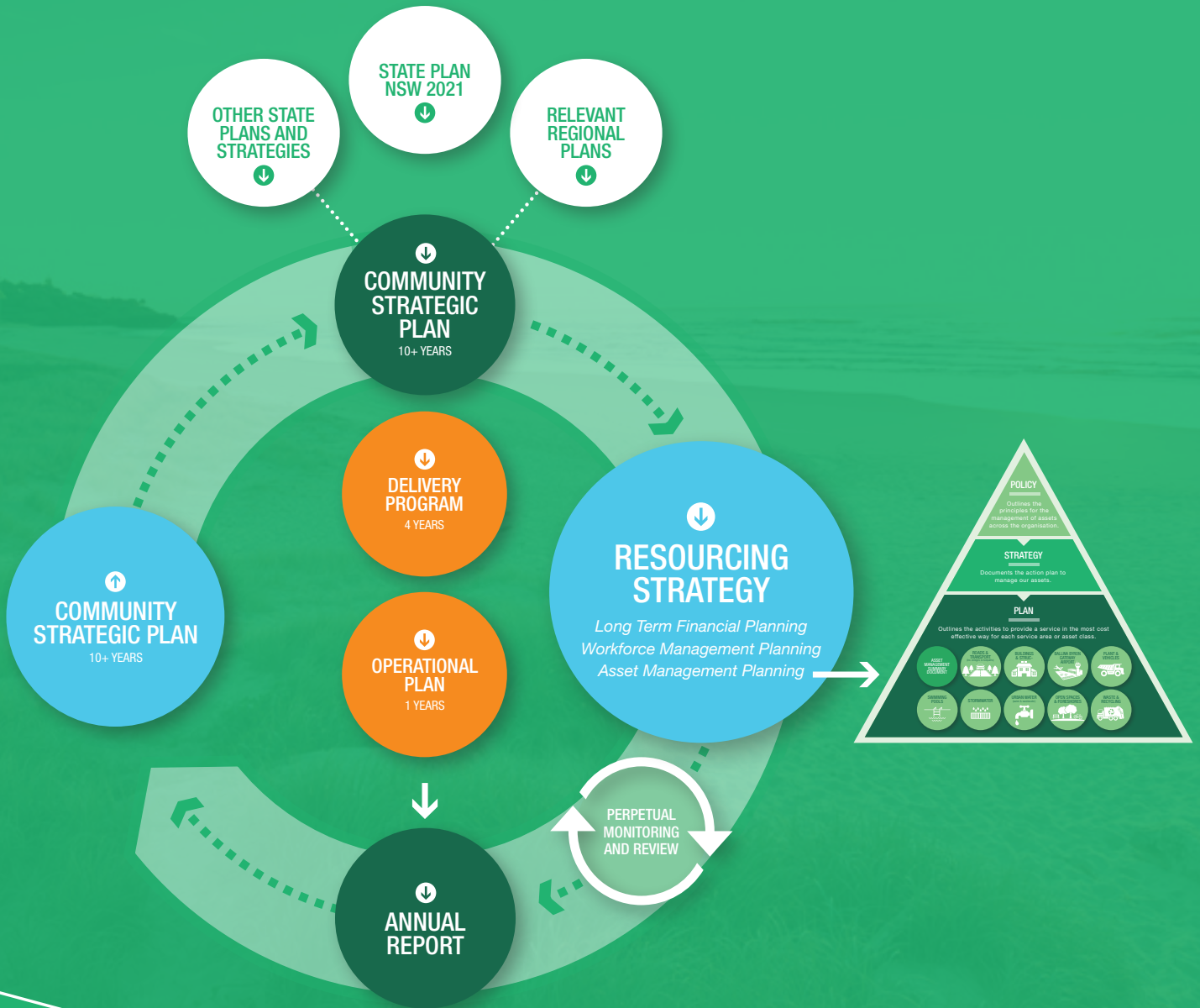


“Well maintained infrastructure is crucial to our local economic stability, public safety and a high quality of life.”

02:

an integrated approach

Councils are required to prepare a ten year Resourcing Strategy to identify the resources needed to implement their Community Strategic Plan, Delivery Program and Operational Plan. The Resourcing Strategy consists of Asset Management Plans (AMPs), the Workforce Plan and the Long Term Financial Plan (LTFP).



03:

asset management planning framework

The Asset Management Framework is a set of documents to drive the implementation of asset management in a way that is aligned with the strategic objectives of Council.

Our framework includes an Asset Management Policy, Strategy and a set of Plans.



04:

asset life cycle

Lifecycle asset management encompasses all practices and management strategies from asset planning to asset disposal. With the objective to look at the long-term cost, rather than short-term savings, when making decisions.



Typically the capital cost for new infrastructure is only a portion of the whole of life costs. Consideration needs to be given to the ongoing maintenance and renewal costs.

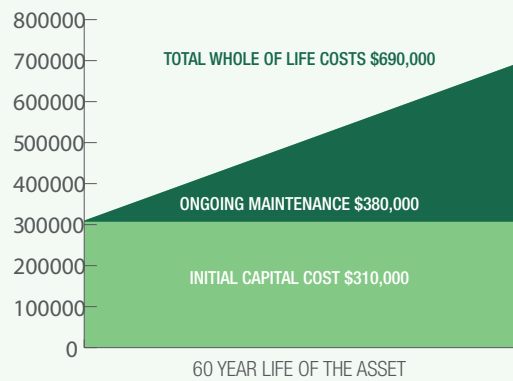


An example to demonstrate the principle of whole of life costs for a capital road project in this example:

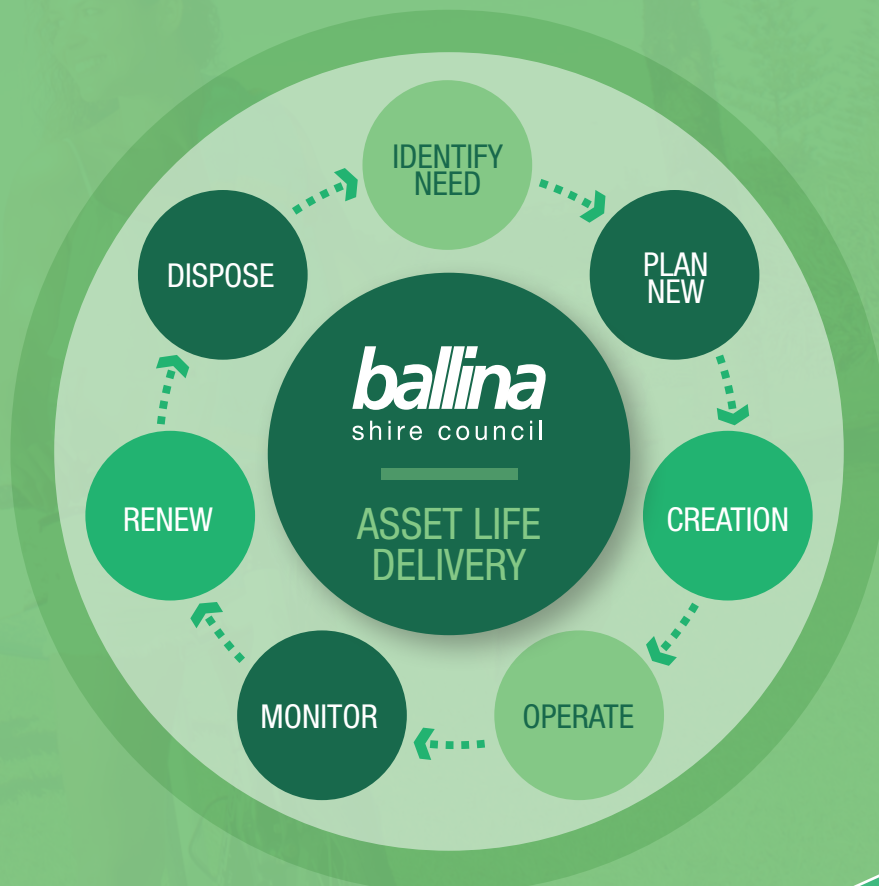
Initial capital cost to construct a section of rural road = **\$310,000**
(45% of whole of life costs)



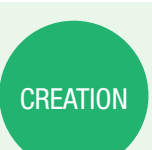
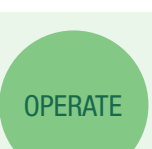
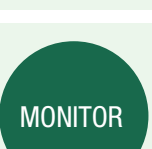
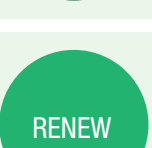
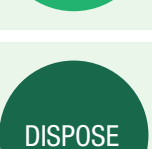
Ongoing maintenance for the 60-year life of the asset = **\$380,000**
(55% over the life of the road)

Total whole of life costs = \$690,000



Note: Different upfront costs on different classes of assets. For example Open Spaces and Reserves have a higher operations and maintenance component costs as compared to roads which have higher capital upfront cost.



 <p>IDENTIFY NEED</p>	<p>→ The need for the service provided by the assets is determined by looking at the goals of council, the needs of customers now and into the future, plus legal and regulatory requirements.</p>
 <p>PLAN NEW</p>	<p>→ Confirm the service is required and ensure the best solution is found to meet the need.</p>
 <p>CREATION</p>	<p>→ Provide or improve an asset where benefits can reasonably be provided beyond the year of outlay.</p>
 <p>OPERATE</p>	<p>→ Day-to-day running and upkeep of assets. Costs are significant for short-lived assets.</p>
 <p>MONITOR</p>	<p>→ Ability of asset to meet service levels, and condition reflects the physical state of the asset. Asset condition and performance drive future programs.</p>
 <p>RENEW</p>	<p>→ Significant upgrade or replacement of an asset or component to restore the asset to its required condition and performance.</p>
 <p>DISPOSE</p>	<p>→ When the service is no longer required or when the asset becomes less economical than other methods of delivery the service.</p>

Financial Management

Asset management requires the recognition of all lifecycle costs associated with asset ownership and supports cost-effective decision making.

05:

asset planning

Council understands what it needs to spend to look after what we already own, before we know what we can afford on new projects. We need to assess if new projects will add value and community benefits greater than the long term annual cost to maintain them.

Developing Asset Management Plans is a logical four step process:

STEP 1: IDENTIFY INVENTORY AND SERVICE LEVELS

What we already own and the service standard we intend to target. Estimate the costs to maintain those assets and meet that standard of service.

STEP 2: PREDICT FUTURE DEMANDS

Consider increased demand for services, development growth and impact due to changes in population.

STEP 3: PREPARE LIFE CYCLE MANAGEMENT PLAN

Prepare a life cycle management plan for all the assets that we own. Knowing where the assets are in their life cycle diminishes the risk of hitting the wall of unexpected expenditure when assets start failing.

STEP 4: RISK AND FINANCIAL PROJECTIONS

Risk and financial projects become essential in determining which assets are most important to our community, its needs and safety. Which assets are at risk and what is the impact on our community if the assets no longer provide the services that our community needs.

▼
Council needs to understand the cost to maintain its existing assets before it can consider investing in new projects.

5a. Developing Asset Management Plans

←
STEP 1:
What we already own and the service standard we intend to target. Estimate the costs to maintain those assets and meet that standard of service.



→
STEP 2: Consider increased demand for services, development growth and impact due to changes in population.

←
STEP 3:
Prepare a life cycle management plan for all the assets that we own. Knowing where the assets are in their life cycle diminishes the risk of hitting the wall of unexpected expenditure when assets start failing.



→
STEP 4: Risk and financial projects become essential in determining which assets are most important to our community, its needs and safety. Which assets are at risk and what is the impact on our community if the assets no longer provide the services that our community needs.

06:

what we own

6a. Value of our assets



* see note

*As at June 2018 - net amount and excludes depreciation.

6b. Assets as of 30 June 2018

ASSET MANAGEMENT PLAN	REPLACEMENT COST	WDV (FAIR VALUE)	DEPRECIATED VALUE	ANNUAL DEPRECIATION
Ballina Byron Gateway Airport	\$50,142,810.71	\$36,775,254.89	\$13,367,555.82	-\$864,247.08
Buildings & Structures	\$315,777,865.95	\$258,058,406.40	\$57,719,459.55	-\$2,968,276.81
Open Spaces & Reserves / Foreshore	\$21,937,549.46	\$13,825,584.18	\$8,111,965.28	-\$526,968.66
Plant & Vehicles	\$18,190,139.08	\$6,981,462.87	\$11,208,676.21	-\$1,681,546.66
Swimming Pools*	\$0.00	\$0.00	\$0.00	\$0.00
Stormwater	\$129,482,571.38	\$82,288,750.39	\$47,193,820.99	-\$1,518,926.27
Road & Transport	\$629,467,490.28	\$506,865,720.65	\$122,601,769.63	-\$6,608,391.17
Urban Water	\$396,896,815.00	\$282,370,661.76	\$114,526,153.24	-\$4,945,905.05
Waste & Recycling	\$12,349,428.21	\$1,945,300.95	\$10,404,127.26	-\$302,542.84
TOTAL	\$1,574,244,670.07	\$1,189,111,142.09	\$385,133,527.98	-\$19,416,804.54

*Swimming Pools were depreciated to \$0 as of 30 June 2018 in preparation of new infrastructure

06:

what we own cont.

6c. Are we renewing our assets at the required rate?

BUILDINGS & INFRASTRUCTURE RENEWALS RATIO (%)

This ratio assesses the rate assets are renewed against the rate they are depreciating. The benchmark is greater than 100%.

ASSETS RENEWALS
DEPRECIATION, AMORTISATION AND IMPAIRMENT



PROJECTED RATIOS →



INFRASTRUCTURE BACKLOG RATIO %

This ratio shows infrastructure backlog against the total value of council's infrastructure. The benchmark is less than 2%.

COST TO BRING ASSETS TO SATISFACTORY CONDITION
VALUE OF ASSET



PROJECTED RATIOS →



ASSET MANAGEMENT RATIO %

This ratio compares actual against required asset maintenance. A ratio above 100% means we are investing enough to prevent the backlog from growing.

ACTUAL ASSET MAINTENANCE
REQUIRED ASSET MAINTENANCE



PROJECTED RATIOS →



NOTE:

* Benchmarks set by the Office of Local Government. Ratios are based on the General Fund. Projected Ratios are provided as at 4 April 2019 and are subject to change.

07:

what asset management plans do we have?

There are nine classes of assets we have Asset Management Plans for:

- URBAN WATER
- WASTE AND RECYCLING
- ROAD AND TRANSPORT
- STORMWATER
- SWIMMING POOLS
- PLANT AND VEHICLES
- OPEN SPACES AND RESERVES / FORESHORE
- BUILDINGS AND STRUCTURES
- BALLINA BYRON GATEWAY AIRPORT.



Every four years Asset Management Plans are reviewed.

Outlines the activities to provide a service in the most cost effective way for each service area or asset class.



Every year the Asset Management Strategy is reviewed.

Documents the action plan to manage our assets.



Every three years the Asset Management Policy is reviewed.

Outlines the principles for the management of assets across the organisation.

→ These documents can be viewed on Council's website ballina.nsw.gov.au (search Asset Management).

08:

levels of service

Levels of service are key business drivers and influence asset management decisions. Level of service statements describe the outputs Council intends to deliver to our customers and stakeholders.

Levels of service typically relate to service attributes such as quality, reliability, responsiveness, sustainability, accessibility and cost.

Community vs Technical levels of service

Community levels of service focus on how customers receive the service and what they would expect from the service, while **technical** levels of service focus on more technical criteria and quantitative measurements of the service.

Community Levels of Service

look at how the community receives the service and whether Council is providing value to the community. Community levels of service measures used in the asset management plan are:

→ **Quality**

How good is the service?

→ **Function**

Does it meet users' needs?

→ **Capacity/Utilisation**

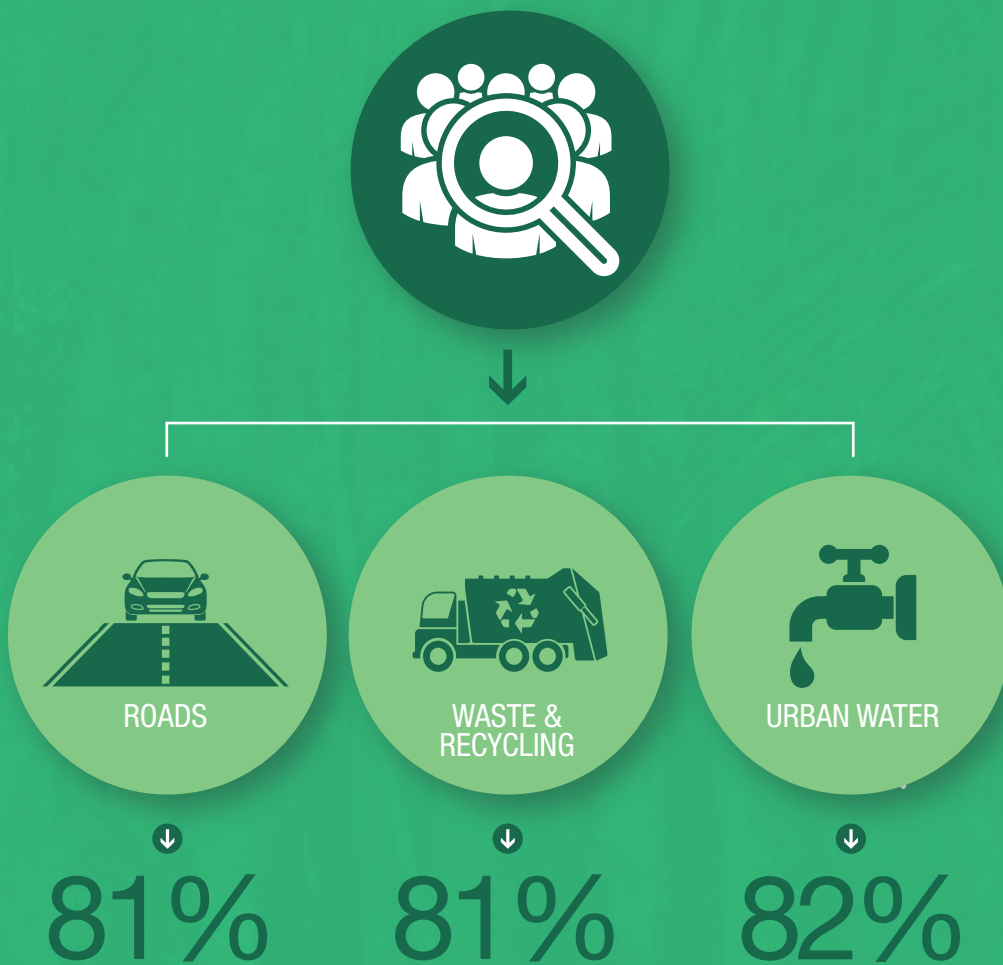
Is the service over or under used?

Technical Levels of Service

support the community service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities that Council undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance.

Some levels of service are bound to Australian and NSW legislative requirements that Council must fully conform to under particular licencing agreements while others are desirable to which Council sets targets to achieve annually.

Customer Infrastructure Priorities

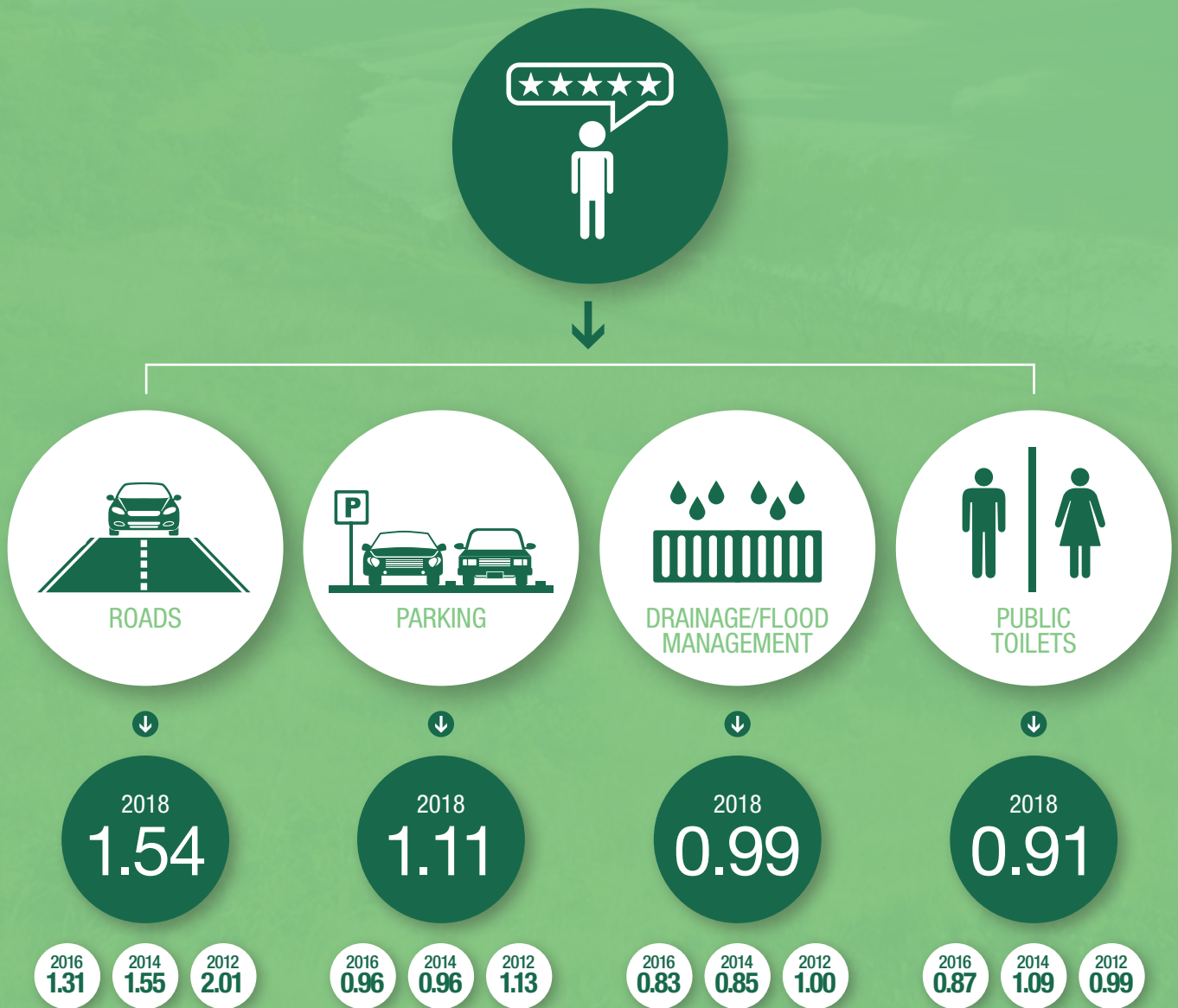


Micromex data November 2018.

Customer Satisfaction

$$\text{importance} - \text{satisfaction} = \text{performance gap}$$

Our performance gap is the difference between the importance level of a service or facility, and the satisfaction level of that service or facility. The top four performance gaps for assets are below. The figure is out of a score of five. The smaller the number, the better we are performing.



Micromex data November 2018.



ballina
shire council

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