

District Council of Kimba



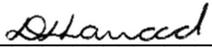
2021-30 Infrastructure & Asset Management Plan





Infrastructure & Asset Management Plan 2021-30

This document has been endorsed and approved for use by:



Debra Larwood
Chief Executive Officer

10th June 2020

Date

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1. Executive Summary

This section is intended to give the reader a snapshot of the key items that are covered by this plan.

The plan covers the following four categories of assets:

- Transportation Assets
- Buildings & Structures
- Plant & Equipment
- Other Assets

1.1 Asset Values

The current replacement costs of the entire stock of each classification of asset listed above are as follows:

• Transportation Assets	\$ 30.4M
• Buildings & Structures	\$ 10.1M
• Plant & Equipment	\$ 4.9M
• Other Assets	\$ 6.4M
Total Current Replacement Costs	\$ 52.8M

1.2 Forecast Capital Expenditure on Infrastructure, Property & Equipment for the next ten Years

The forecast total cost per asset category for the next 10 years in relation to replacing existing assets is:

• Transportation Assets	\$ 6.4M
• Buildings & Structures	\$ 0.9M
• Plant & Equipment	\$ 2.9M
• Other Assets	\$ 0.9M
10 Year cost of replacing existing	\$ 11.1M

1.3 Forecast Expenditure of New Capital Items for the next ten years

Various new capital items that total \$570k have been included in the Annual Budget 2020-21. These have been funded primarily from the drought communities grant program.

No new assets have been identified for construction over the next ten years other than those included in the 2020-21 Annual Budget.

2. Introduction

2.1 Background

The requirement to have an asset management plan is outlined in the following extract from the Local Government Act 1999

122—Strategic management plans

- (1a) A council must, in conjunction with the plans required under subsection (1), develop and adopt—
- (a) a long-term financial plan for a period of at least 10 years; and
 - (b) an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years,
- (and these plans will also be taken to form part of the council's strategic management plans).

Asset management planning is a comprehensive process to ensure delivery of services from infrastructure is provided in a financially sustainable manner.

An asset management plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost effective manner. The Plan defines the services to be provided, how the services are provided and what funds are required to provide the services.

This asset management plan is to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding needed to provide the required levels of service.

The asset management plan is to be read with the following associated planning documents:

- District Council of Kimba Strategic Plan 2021-25
- District Council of Kimba Long Term Financial Plan 2021-30
- District Council of Kimba Annual Business Plan & Annual Budget 2020-21

2.2 The Purpose of Asset Management

The Council exists to provide services to its community. Some of these services are provided by infrastructure assets. Council has acquired infrastructure assets by 'purchase', by contract, construction by council staff and by donation of assets constructed by developers and others to meet increased levels of service.

Council's goal in managing infrastructure assets is to meet the required level of service in the most cost effective manner for present and future consumers.

The key elements of infrastructure asset management are:

- Taking a life cycle approach,
- Developing cost-effective management strategies for the long term,
- Providing a defined level of service and monitoring performance,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices.

2.3 Council Strategy

Vision

Driving innovative and accountable leadership for a vibrant, sustainable Kimba.

Mission

The District Council of Kimba is committed to bettering the lives of residents and ratepayers through leadership, advocacy and the high-quality delivery of services and programs that improve the social and economic standing of our community.

Council have identified the following strategic objectives as outlined in its Strategic Management Plan 2021-25.

Provide relevant and sustainable community services

Provide relevant and sustainable asset services

Build local business capacity

Be transparent, accountable & financially sustainable

Strive to increase population levels

Develop and support sustainable environmental strategies

Having an appropriate quality and sized inventory of assets to deliver the various services that flow from these strategies is critical. This plan identifies these assets and ensures appropriate service standards, maintenance and renewal programs are in place so as to ensure the assets are able to provide the expected level of service. Strategic Objective # 2 and its associated principal activities are particularly relevant to the IAMP.

Strategic Objective # 2: Provide relevant and sustainable asset services

Principal Activities:

- 1. Identify and improve the existing range and level of asset services*
- 2. Demonstrate that Councils' asset management plans are financially sustainable*
- 3. Collaborate with neighbouring Councils in relation to asset sharing and procurement*
- 4. Negotiate with EPLGA for Special Local Road funding directed at roads with regional significance*
- 5. Lobby other levels of government to improve quality of state and federal roads*

2.4 Asset Management Plan Framework

Key elements of the plan are

- Levels of service
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how the organisation will manage its existing and future assets to provide the required services
- Financial summary – what funds are required to provide the required services.
- Monitoring – how the plan will be monitored to ensure it is meeting the organisation's objectives.
- Asset management improvement plan

2.5 Information Flow Requirements and Processes

The key information flows *into* this asset management plan are:

- Council strategic and operational plans,
- Service requests from the community,
- Network assets information,
- The unit rates for categories of work/materials,
- Current levels of service, expenditures, service deficiencies and service risks,
- Projections of various factors affecting future demand for services and new assets acquired by Council,
- Future capital works programs,
- Financial asset values.

The key information flows *from* this asset management plan are:

- The projected Works Program and trends,
- The resulting budget and long term financial plan expenditure projections,
- Financial sustainability indicators.

These will impact the long term financial plan, annual budget and departmental business plans and budgets.

2.6 Importance of accurate asset management data to long term financial sustainability

Financial asset data has two types of use. Firstly, it is used to calculate depreciation in the Statement of Comprehensive income (Operating Statement) as well as the fair value of Property, Plant & Equipment in the Statement of Financial Position (Balance Sheet). The second use for financial asset data is to determine how much an asset will cost to replace and which year it is likely to need to be replaced.

In summary the financial statements use the financial data to report current consumption of assets and current values and also use the data from a future perspective when preparing asset management renewal programs.

Depreciation is one of the largest numbers in the operating statement, fair value of Property, Plant & equipment is the largest value in the balance sheet and the capital renewal expenditure (as contained in the asset management capital renewal programs) are the usually the most material cash outflows contained in the Long Term Financial Plan. There is an obvious connection between these items and long term financial sustainability.

If the asset data that underpins the depreciation charge, fair value and the asset renewal expenditure is inaccurate then Council will by default also have an inaccurate assessment of its future likely levels of financial sustainability.

Up to date data is essential as situations change over time, hence the need to update the asset management renewal programs only a timely basis and at least on an annual basis as part of the legislatively required review of the Long Term Financial Plan.

3. Levels of Service

This plan has been prepared on the assumption that current service standards are adequate to meet the expectations of the community. Further to this the LTFP indicates that Council is in a strong, financially sustainable position. Accordingly, scenario analysis has not been undertaken at this stage to determine the relative increases or decreases in costs associated with providing increased or decreased service ranges and levels.

Future iterations of this plan intend to comprehensively record the range and levels of both operating services as well as asset services. This then provides Council with solid decision making data to analyse the impact of various scenarios on Councils long term financial position where services are increased or decreased should the need arise at a future time.

Service levels will be defined in two terms:

3.1 Community Levels of Service

Relate to the service outcomes that the community wants in terms of safety, quality, quantity, reliability, responsiveness, cost effectiveness and legislative compliance.

Community levels of service measures used in the asset management plan are:

Quality	How good is the service?
Function	Does it meet users' needs?
Safety	Is the service safe?

3.2 Technical Levels of Service

Supporting the community service levels are also technical measures of performance. These technical measures relate to the allocation of resources to service activities that the council undertakes to best achieve the desired community outcomes.

Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services such as opening hours, cleansing frequency, mowing frequency, etc.
- Maintenance – the activities necessary to retain an assets as near as practicable to its original condition (e.g. road patching, unsealed road grading, building and structure repairs),
- Renewal – the activities that return the service capability of an asset up to that which it had originally (e.g. frequency and cost of road resurfacing and pavement reconstruction, pipeline replacement and building component replacement),
- Upgrade – the activities to provide an higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

4. Future Demand Forecast

Factors affecting demand include population change, changes in demographics, seasonal factors, vehicle ownership, consumer preferences and expectations, economic factors, agricultural practices, environmental awareness, etc.

The view taken in the preparation of this plan as well as the LTFP is that there will be minimal shifts either upwards or downwards in current population levels. Should this change over time then both the AMP & LTFP will need to be updated.

5. Routine Maintenance Plan

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

Maintenance includes reactive, planned and specific maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions.

Planned maintenance is repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, 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.

Specific maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, etc. This work generally falls below the capital/maintenance threshold but may require a specific budget allocation.

Current maintenance expenditure levels are considered to be adequate to meet required service levels. Future revision of this asset management plan will include linking required maintenance expenditures with required service levels.

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

6. Types of Capital Expenditure. Renewal / Replacement vs New / Upgrade

Renewal expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential.

e.g. Resheeting a road to its previous width & depth.

Renewal will be undertaken using 'low-cost' renewal methods where practical. The aim of 'low-cost' renewals is to restore the service potential or future economic benefits of the asset by renewing the assets at a cost less than replacement cost.

New works are those works that create a new asset that did not previously exist, or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs.

e.g. Installing a CWMS for the first time

New assets and upgrade/expansion of existing assets are identified from various sources such as councillor or community requests, proposals identified by strategic plans or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop a preliminary estimate.

It is possible for capital expenditure to be a combination of renewal as well as upgrade.

e.g. the replacement of a road that was initially was a 6 metre wide sheeted surface with an 8 metre width sheeted surface can be considered part replacement and part upgrade.

The important point to understand is that if Council is not able to replace its existing assets in a timely manner then new assets should not be built unless less essential. By building new assets Council is effectively building new liabilities as the assets usually don't generate revenue (e.g. roads) cannot be sold and will need to be maintained and eventually replaced.

7. Transportation Assets

7.1 Description

Transportation assets include sealed roads, unsealed roads, footpaths, kerb and guttering. These assets have a total current replacement cost of \$30.4M.

The unsealed road network forms a significant portion of the Transport assets category.

7.2 Forecast Capital Expenditure on Transportation Assets:

The following table summarises the annual forecast renewal costs by transportation asset sub class. The estimates are based on Councils current asset data. These will be reviewed on an annual basis as part of the Annual Business Planning process.

Year Ending 30 June:	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000
Road Resheeting	403	389	473	479	400	400	400	400	400	400
Road Resealing	608	280	195	100	100	100	100	100	100	100
Footpath, Kerb & Guttering	65	40	40	40	40	40	40	40	40	40
Total Transportation p.a.	2,675	1,224	1,283	964	1,025	1,205	1,302	680	675	1,075

7.3 Unsealed Network Road Hierarchy

Each road in the sheeted road network is allocated to a level within a hierarchy based on that roads' level of strategic significance. The higher the level in the hierarchy then the higher the associated service level.

Service levels are an important mechanism available to Council to influence its long term financial sustainability. There is a connection with capital outlays, as the higher the service level then the greater the cost per kilometre to resheet or construct. Accordingly, by amending the specifications or the number of kilometres of road in a particular category of road Council has the ability to increase or decrease future capital expenditure levels upwards or downwards.

Service levels also impact on depreciation calculations. In general, the lower the category rating then the longer is the total useful life of the section of road and accordingly the lower the depreciation charge. Further to this the lower the category the lower is the cost of construction.

Finally, service levels also determine volume of road maintenance required which impacts on the level operating expenditure included in the budget.

The Council have adopted the following classifications as set out in its unsealed roads policy:

Category 1: Main (Sheeted)

These include only the major roads within the Council area that serve as local arterial roads. These roads can be described as major re-sheeted arterial roads and include freight, social and tourism usage.

Category 2: Secondary (Sheeted)

These include roads that link to the major arterial roads and sealed road network. Predominantly carrying local traffic for both freight and social usage, with sheeted sections along their length.

Category 3: Tertiary (Formed)

These include roads that can be described as formed natural surface roads with sections of sheeted material in some areas. Provide farm gate access as well as freight and social usage. Provide access to rural residences currently being used.

Category 3A: Residential access (Sheeted)

These roads include upgrades to residential access on properties that are currently lived in. Council has a schedule which is being undertaken to ensure all lived in properties are all weather access.

Category 4: Farm gate access (Formed)

These include roads that are unformed and provide farm gate access, property access and carry only local traffic, predominantly landholders. Can be used for social and freight routes.

Category 5: Tracks/road reserves (Unformed)

These include remainder of undeveloped road reserves within the district boundary. At the time of adoption of this policy it is Councils intention to not further develop this network due to the budgetary constraints.

Size of unsealed road network:

Cat 1 - 103kms / Total Useful Life 32 years

Cat 2 - 250kms / Total Useful Life 36 years

Cat 3A - 18kms / Total Useful Life 70 years

Total Sheeted network - 371kms

Cat 3 & Cat 4 formed roads – 507kms

7.4 Sheeted Network Road Construction and Maintenance – Service Standards

Council will endeavour to bring to and maintain each category road to the following standards outlined below. This will be subject to budget provisions and climatic conditions.

Category 1: (Sheeted)

Generally constructed to the following standards:

- Formation width 12 metres including side drains
- Sheeted width 9 metres
- Sheeted material thickness 150mm
- Sheeted material – local rubble gridded or crushed

Maintain the following standards dependant on seasonal conditions and traffic movements:

- 3-4 grades per year
- Repair surface damage as required
- Drainage cleaned as required
- Signage replaced as required

Category 2: (Sheeted)

Generally constructed to the following standards:

- Formation width 10 - 12 metres including side drains
- Sheeted material width 9 metres

- Sheeted material thickness 120mm
- Sheeted material – local rubble gridded or crushed

Maintained the following standards dependant on seasonal conditions and traffic movements:

- 2-3 grades per year
- Repair surface damage as required
- Drainage cleaned as required
- Signage replaced as required

CATEGORY 3 & 3A: (Formed / Sheeted)

Generally constructed to the following standards:

- Carriageway formed to a width of 10 - 12 meters where practical
- Sections of carriageway may be of sheeted material dependant on individual use
- Sheeted material width 8 metres
- Sheeted material thickness 100mm
- Sheeted material – local rubble gridded

Maintained the following standards dependant on seasonal conditions and traffic movements:

- 1-2 grades per year
- Repair surface blowouts
- Drainage cleaned as required
- Signage replaced as required

Category 4: (Formed)

Generally constructed to the following standards

- Unformed width 8 - 10 metres
- Minimal drainage

Maintained the following standards dependant on seasonal conditions

- Minimal attention
- 0-1 grades per year

Category 5: Tracks/road reserves (Unformed)

These include remainder of undeveloped road reserves within the district boundary.

This category of road is not maintained by Council.

7.5 Sealed Road Network

Councils sealed road network is comparatively smaller than its unsealed road network. The sealed road network is separated into two categories being:

- Township (14kms)
- Rural (87kms)

Annual allocations vary from year to year with road priorities being determined with reference to a comprehensive condition assessment report from a qualified engineer, Daryl Matters. The treatments used vary from road to road dependent upon the level of strategic significance as well as the pre-existing structure of the road.

8. Buildings & Structures

8.1 Asset Class Description & Value

Buildings include Council owned buildings such as the depot, administration, town hall, health centre, country fire service and staff accommodation. Structures include items such as playground equipment, shelters for picnic areas, seating, fencing and sheds. This class of asset has a current replacement cost of \$10.1M.

8.2 Forecast Capital Expenditure on Buildings & Structures:

Council staff undertook a review of Councils significant buildings and have made the following forecasts in relation to building renewal requirements over the next ten years:

Year Ending 30 June:	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000
KPMV-Buildings	120	-	-	120	-	-	120	-	-	120
Town Hall - Roof upgrade	-	-	-	-	-	-	150	-	-	-
CEO Residence	-	-	20	-	25	-	-	-	-	-
Town Hall Upgrade Stage 2	246	-	-	-	-	-	-	-	-	-
Total Buildings & Structures	366	-	20	120	25	-	270	-	-	120

The requirement to undertake any significant work on buildings and structures are reviewed on an annual basis, with appropriate amounts being included in the Annual Budget as required.

The operating budget also contains an allocation of funding to cater for the ongoing annual maintenance requirements of these buildings

9 Plant & Equipment

9.1 Asset Class Description & Value

Plant & Equipment are a significant class of asset and include large pieces of equipment such as graders and tractors as well as the small fleet of Council cars and utilities. The current replacement cost of this class of assets as recorded in the financial statements is \$4.9M.

9.2 Forecast Capital Expenditure on Plant & Equipment:

Council's plant & equipment replacement program has been used to populate the following table. The amounts below have been funded in the relevant year of the Long Term Financial Plan 2021-30:

Year Ending 30 June:	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000
John Deere 770 Grader	320	-	-	-	-	-	-	-	-	-
CAT 120M Grader	-	-	-	-	350	-	-	-	-	-
CAT 12M Grader	-	-	-	-	-	-	-	-	-	320
Kubota 5470	20	-	-	50	-	-	-	-	-	-
CAT Backhoe loader	-	160	-	-	-	-	-	-	-	-
Combination Roller	-	-	70	-	-	-	-	-	-	-
Woolford Roller	-	-	-	-	-	-	-	-	80	-
Roller	-	-	-	-	-	-	-	80	-	-
Vibration Loader	-	-	180	-	-	-	-	-	-	-
CAT D7R Dozer	-	-	-	-	-	500	-	-	-	-
Mack Vision	-	-	250	-	-	-	-	-	-	-
Mack Fleet liner	250	-	-	-	-	-	-	-	-	-
Izuzu Compactor	-	-	-	50	-	-	-	-	-	-
Mack Water Tanker	-	-	-	-	-	-	300	-	-	-
Road Sweeper	-	200	-	-	-	-	-	-	-	-
Izuzu Tipper	-	-	-	-	-	40	-	-	-	-
Skidsteer Loader	-	-	-	-	-	-	60	-	-	-
Holden Colorado 4x4 S429BBK	30	-	-	-	-	-	30	-	-	-
Holden Colorado 4x4 S079BEP	30	-	-	-	-	-	30	-	-	-
Toyota Prado	35	-	35	-	35	-	35	-	35	-
Ford Ranger Dual Cab	-	35	-	40	-	40	-	40	-	40
Toyota Camry	17	-	-	-	-	-	17	-	-	-
Izuzu _ Town Ute	-	-	-	35	-	-	-	-	-	35
Izuzu - Dual Cab	-	-	-	-	-	30	-	-	-	-
Izuzu - Workshop	-	-	-	-	-	35	-	-	-	-
Holden Van	-	-	-	-	15	-	-	-	-	-
Hi-Ace Bus	-	60	-	-	-	-	-	-	-	-
Kubota Mower	-	-	-	30	-	-	-	-	-	-
Toro Ground Master	-	-	-	-	40	-	-	-	-	-
Komatsu Forklift	-	40	-	-	-	-	-	-	-	-
Minor plant replacement	-	20	20	20	20	20	20	20	20	20
Total (gross) Plant & Equipment	702	515	555	225	460	665	492	140	135	415

9.3 Forecast Trade in values on Plant & Equipment Disposals:

The table included in section 9.2 above represents the gross amount that would be payable if no plant were traded in as part of the replacement purchase.

The table that follows estimates the trade in value that has been factored into the long term financial plan.

Year Ending 30 June:	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
John Deere 770 Grader	80	-	-	-	-	-	-	-	-	-
CAT 120M Grader	-	-	-	-	70	-	-	-	-	-
CAT 12M Grader	-	-	-	-	-	-	-	-	-	80
Case MX Tractor	-	-	-	-	-	-	-	-	-	-
Kubota 5470	5	-	-	10	-	-	-	-	-	-
CAT Backhoe loader	-	50	-	-	-	-	-	-	-	-
Combination Roller	-	-	10	-	-	-	-	-	-	-
Woolford Roller	-	-	-	-	-	-	-	-	5	-
Roller	-	-	-	-	-	-	-	5	-	-
Vibration Loader	-	-	50	-	-	-	-	-	-	-
CAT D7R Dozer	-	-	-	-	-	300	-	-	-	-
Mack Vision	-	-	50	-	-	-	-	-	-	-
Mack Fleetliner	30	-	-	-	-	-	-	-	-	-
Izuzu Compactor	-	-	-	5	-	-	-	-	-	-
Mack Water Tanker	-	-	-	-	-	-	50	-	-	-
Road Sweeper	-	20	-	-	-	-	-	-	-	-
Izuzu Tipper	-	-	-	-	-	5	-	-	-	-
Skidsteer Loader	-	-	-	-	-	-	25	-	-	-
Holden Colorado 4x4 S429BBK	18	-	-	-	-	-	18	-	-	-
Holden Colorado 4x4 S079BEP	18	-	-	-	-	-	18	-	-	-
Toyota Prado	35	-	35	-	35	-	35	-	35	-
Ford Ranger Dual Cab	-	30	-	30	-	30	-	30	-	30
Toyota Camry	14	-	-	-	-	-	14	-	-	-
Izuzu _ Town Ute	-	-	-	15	-	-	-	-	-	15
Izuzu - Dual Cab	-	-	-	-	-	20	-	-	-	-
Izuzu - Workshop	-	-	-	-	-	15	-	-	-	-
Holden Van	-	-	-	-	3	-	-	-	-	-
Hi-Ace Bus	-	30	-	-	-	-	-	-	-	-
Kubota Mower	-	-	-	3	-	-	-	-	-	-
Toro Ground Master	-	-	-	-	5	-	-	-	-	-
Kubota RTV	5	-	-	-	-	-	-	-	-	-
Komatsu Forklift	-	5	-	-	-	-	-	-	-	-
Total Trade in estimates	205	135	145	63	113	370	160	35	40	125

10 Other Assets

10.1 Asset Class Description & Value

The current replacement cost of this class of assets as is \$6.4M.

This class of assets includes the following significant assets:

- Office Furniture & Equipment
- Community Wastewater Management Systems
- Stormwater Drainage
- Sundry other assets

10.2 Forecast Capital Expenditure on Other Assets for the next 10 years

Council has allocated in its long term financial plan an average of \$100 k per annum for the renewal of various components of these assets