Building Asset Management Plan 2023-2028

Mount Alexander Shire Council

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1 OVERVIEW

Mount Alexander Shire Council is responsible for managing 276 buildings and minor structures across many locations that support the delivery of many services for the community. These buildings range in age, quality, and function and vary from simple shelters and storage sheds through to amenity blocks, libraries, office blocks, and community centres.

The management of the organisation's buildings requires prudent coordination of our technical and operational resources. This Asset Management Plan provides for the management of building assets throughout their life cycle from acquisition or construction, routine maintenance, through to refurbishment or disposal.

1.1 Purpose

The Building Asset Management Plan outlines how the organsiation will sustainably plan, develop and maintain community infrastructure in line with agreed levels of services within available resources.

1.2 Scope

This Asset Management Plan covers all buildings that are owned by Council and non-Council buildings that are located on land that is not owned by Council (e.g., Crown land) but Council is the appointed Committee of Management. The assets covered are shown in Table 1.

Asset Group	Inventory	Fair Value Replacement Cost	Fair Value Depreciated Replacement Cost
Community facilities including public halls, community centres, library, museum, former courthouses, neighbourhood centres, caravan parks and kindergartens.	65	$41,171,502	$20,138,692
Sports pavilions, swimming pool facilities and key recreation assets	85	$17,906,715	$7,471,898
Public toilets and amenities such as BBQ shelters	50	$2,934,382	$1,302,686
Buildings to support Council operations and service delivery including Civic Centre, Town Hall, depots, transfer station and Maternal and Child Health	31	$11,762,094	$5,600,690
Minor structures such as rotundas, sporting shelters and minor sheds.	45	$444,898	$193,396
Total	**276**	**$74,219,591**	**$34,707,362**

Table 1 - Assets Covered by this Plan – values as of 30 June 2022

This plan excludes community facilities where the organisation has no active involvement. For example, a public hall or sports club that is located on Crown Land where a community group has been appointed as the Committee of Management directly by the Department of Energy, Environment and Climate Action.

The plan details information on the organisation's building assets and outlines the management approach to:

- Describing and aligning the assets to services.
- Managing the future demand for assets to achieve and maintain financial sustainability.
- Optimising the lifecycle management of assets (achieving service demand at lowest lifecycle cost).
- Resource (operating and capital) requirements to operate the asset portfolio in alignment with levels of service over a 20-year planning period.
- Continual improvement in the management of the assets and performance monitoring.

1.3 Plan Framework

This Asset Management Plan has been prepared using good practice guidance from the *ISO55000 - Asset Management standard, International Infrastructure Management Manual* and has been developed based on existing processes, practices, data, and standards.

The Asset Management Plan will be reviewed at a minimum every five years (in line with the building condition audit) in order to inform the development of the Council Plan and the Financial Plan 2022/2023-2032/2033.

This Asset Management Plan is prepared under the direction of Council's vision, mission, strategic directions, and strategies.

Council's vision is:

Working together for a healthy, connected shire.

Relevant Council objectives, strategies, and actions can be found in the Council Plan 2021-25. Details on the specific actions that the organisation will implement to address these objectives are outlined in Council's Annual Plans. The development of the Building Asset Management Plan has been informed by and aligns with Council's Asset Management Policy and Asset Plan.

The organisation will continuously exercise their duty of care to ensure public safety in accordance with the infrastructure risk management plan prepared in conjunction with this Asset Management Plan. Figure 1 shows the hierarchy of plans and policy that influence and inform this Asset Management Plan.

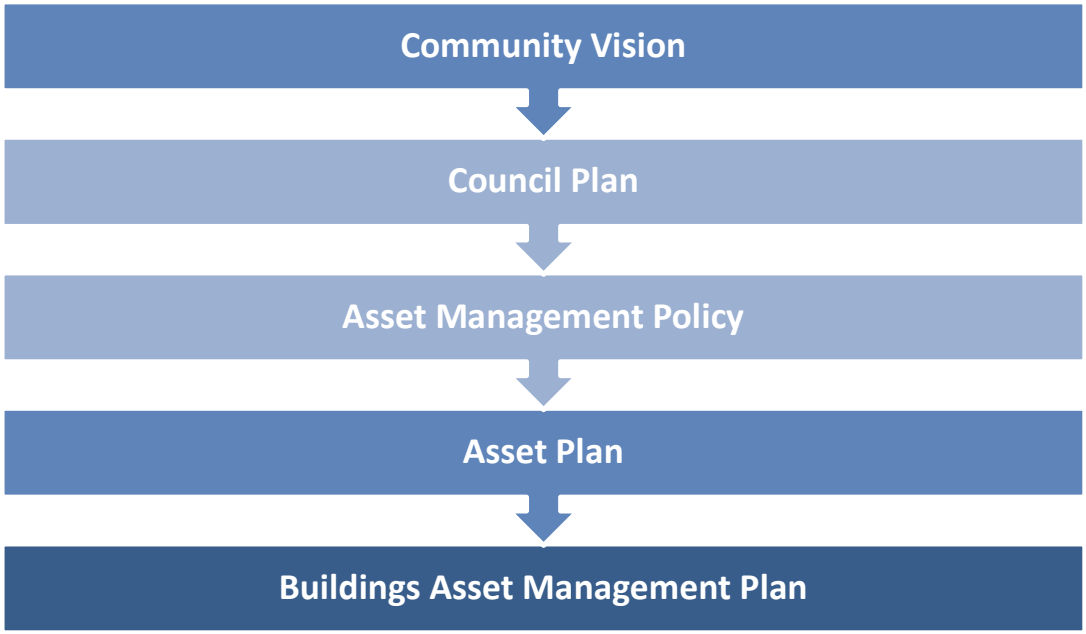

Figure 1 - Asset Management Document Relationship

There are many legislative requirements relating to the management of the organisation's building assets. These include:

Legislation	Requirement
Local Government Act 2020	Sets out role, purpose, responsibilities and powers of Council including the preparation of a financial plan supported by asset management plans for sustainable service delivery.
Building Act 1993	Victorian building policy
Building Regulations 2018	Victorian building regulations and standards
National Construction Code	Code of Practice relevant for all building design and construction but subservient to Victorian Act and Regulations
All relevant Australian Standards and Codes of Practice	Referenced in the Building Code of Australia as amended. Covers design, demolition, painting, pest management, electrical installations, plumbing, design and access for mobility and virtually every aspect of building construction and management
Crown Land Reserves Act 1978	Requires that tenancy agreements must be in place for groups occupying facilities on Crown land
Disability Discrimination Act 1992	To ensure that persons with disabilities have the same rights as the rest of the community (including access to premises).
Environment Protection Act 2017	Provides a legislative framework for aspects such as noise, sustainability, landfills, septic tank systems, etc.
Occupational Health and Safety Act 2017	To provide a working environment that is safe, and, as far as practicable, without risk to health

Legislation	Requirement
Occupational Health and Safety Regulations 2017	Provides for health and safety in relation to workplaces and hazards, activities, and things at workplaces.
Occupational Health and Safety Codes of Practice	Codes of practice provide practical guidance for any person placed under obligation by the OH&S Act or its Regulations
Heritage Act 2017	Protection of historic buildings, structures, and precincts
Children's Services Act 1996 and Children's Services Regulations 2020	Licensing and regulation of Children's services. Security, safety, hygiene, facilities, rooms and area, toilet & washing facilities, other requirements for buildings

Table 2 - Legislative Requirements

1.4 Key Stakeholders

Our assets are utilised by a broad cross-section of the community.

The stakeholders in the management of the organisation's buildings are many and often their needs are wide-ranging. The relevant key stakeholders are as follows, but not limited to:

- General public
- Community/user groups/hirers
- Committees of Management General public
- Councillors
- Council staff
- Other level of government and government departments
- Licensees
- Lessees
- Employees / volunteers
- Visitors
- Contractors and/or suppliers
- Insurers

The organisation's stakeholders in the lifecycle management of building assets are detailed in below.

Role	Responsible Officer
Owner	Director Infrastructure and Development
Client	Manager Parks Recreation and Community Facilities
Planning Renewal	Manager/Coordinator responsible for the service delivery assigned to the building, in partnership with the Buildings Project Coordinator
Design	Building Projects Coordinator in partnership with the Manager/Coordinator who is responsible for the service delivery assigned to the building
Construction	Building Projects Coordinator
Operation	Building Projects Coordinator
Maintenance	Building Projects Coordinator
Asset Accounting	Asset Management and Systems Coordinator
Acquisition Disposal	Director Infrastructure and Development

Table 3 – Organisation Stakeholders in the Lifecycle Management of Building Assets

1.4.1 Community Asset Committees

Community Asset Committees are established by Council to assist with the everyday operation and management of a number of Council owned community facilities including recreation reserves, sports stadiums, public halls, etc.

Community Asset Committees are formally established under the provisions of Section 66 of the *Local Government Act 2020* and each committee is governed by the same legal requirements as Council.

Community Asset Committees directly manage community property and facilities on behalf of Council. To support Community Asset Committees to do their work, the organisation provides maintenance funding and other support.

Being part of a Community Asset Committee allows community members to play a key role in managing and maintaining the facilities they use, giving a sense of community ownership.

2 LEVELS OF SERVICE

Levels of Service is the defined quality of service of an asset and can be seen as a response to stakeholder values and expectations. Levels of service are further supplemented by organisational measures such as the Council Plan and the Annual Budget.

In developing the levels of service outlined in this Asset Management Plan, we have given due regard to the following:

Community Requirements *(Customer Expectations)*	These are the expectations of the customers/community. These expectations (quality) must be balanced with the community's ability and desire to pay (balancing risk, cost, and performance).
Strategic Goals and Objectives *(Strategic Drivers)*	The lifecycle management of assets (service offered by assets, service delivery mechanism and specific levels of service that the organisation wishes to achieve) will be consistent with goals and objectives stated in the Community Vision, Council Plan, Asset Management Plan and the Asset Management Policy.
Legislative Requirements *(Mandatory Requirements)*	These are the objectives and standards that must be met, set by legislation, regulations, Codes of Practice, and Council by-laws that impact the way assets are managed.
Industry Standards and Guidelines *(Operating Requirements)*	Design and construction standards and guidelines that provide the principles and minimum design standards for an asset.

Table 4 - Key Levels of Service Drivers

2.1 Current and Target Levels of Service

Current and target levels of service and associated performance measures are outlined inTable 5. These are based on current statutory obligations, organisational goals, current accepted industry standards and the historic interpretation of customer expectations of service levels.

A number of the performance measures refer to the annual Local Government Community Satisfaction Survey. The organisation participates in this annual survey which measures community views towards, and satisfaction with, the services delivered by the organisation.

The performance measures also refer to the Building Functionality Index. This index will be delivered as part of the improvement plan and will help to gauge and measure at what rate building facilities satisfy stakeholder and operational demands.

Stakeholder Value	Level of Service Objective	Performance Measure Process	Current Performance	Target Performance (in 4 years)
Community Levels of Service				
Quality	Buildings are clean, inviting and are free from major defects and faults including vandalism and graffiti related issues.	Annual local government community satisfaction survey - recreational facilities	61	70
		Annual local government community satisfaction survey - community and cultural	69	70
	Buildings are maintained to an acceptable condition.	Percentage of building assets in 'Condition 4 – Fair' or better.	97.6%	98%
Function	Facilities are fit for purpose and satisfy stakeholder and operational demands	Building Functionality Index *(to be developed)*	Future measure	Average score of 3.0 across portfolio.
Technical Levels of Service				
Responsiveness	Timely response to maintenance and repairs service request	Percentage of building maintenance requests responded to within target response times.		
		Urgent – Reviewed and scheduled response within 3 business days	Future measure	95%
		Standard – Reviewed and scheduled response within 7 business days	Future measure	95%
		Upgrades and special requests – Responded to within 15 business days	Future measure	95%
Quality	Buildings are free from major defects and faults	The average number of customer requests received for maintenance each month over a calendar year.	50	45
Availability	Facilities are available to service the needs of users.	Percentage of buildings available for use during operating times and not subject to unforeseen closures of more than 10 days, in accordance with the	98%	99%

Stakeholder Value	Level of Service Objective	Performance Measure Process	Current Performance	Target Performance (in 4 years)
		classification in the Functional Hierarchy: Buildings (see Table 9)		
Function	Buildings are accessible for users of all abilities.	Percentage of upgrades or new works that comply with the Disability (Access to Premises – Buildings) Standard 2010.	100%	100%
Reliability	Buildings are regularly inspected, and works are programmed based on risk assessment.	Condition inspections - Percentage of buildings in portfolio that will be assessed under an independent condition audit every 5 years.	95%	98%
		Maintenance inspections – Number of planned building maintenance inspections completed as scheduled	Future measure	12 per year
Safety	Provide safe suitable facilities free from hazards	Percentage of required Essential Fire Safety Measure inspections completed annually.	100%	100%
		Asbestos audit completed and register updated every 5 years.	100%	100%
Affordability	Provide service in a cost-effective manner	Percentage of building maintenance budget expended annually	98%	99%
		Percentage completion of planned maintenance activities completed each year.	95%	99%

Table 5 - Levels of Service

3 FUTURE DEMANDS

The Asset Management Plan must forecast the needs and demands of the community in the future and outline strategies to develop the assets to meet these needs.

3.1 Demand Forecasts and Impact on Assets

The present position and projections for demand drivers, and their potential impacts on future service delivery and use of assets is identified and documented in the following sections.

Demand Factor	Projection	Impact on Assets
Population change	Mount Alexander's population in 2021 is 20,253 (ABS census 2021). This is forecast to grow to 21,853 by 2031.	Population growth will bring about an increase in the scale and demand for services and facilities.
Demographic change	Close to 37% of the shire's population is over the age of 60 (Census 2021). The proportion of older people in the community is expected to increase in coming years.	Increased numbers of older people in the community will mean that it is critical that our buildings are accessible so that equity is preserved.
Community expectations	It is anticipated that community expectations and desire for higher asset and service standards will continue to escalate.	Our existing infrastructure may not be suitable for purpose over the longer term.
Climate change	Highly variable climate and increased frequency and intensity of extreme rainfall and storm events.	Accelerated degradation of assets and reduced useful life expectancy. Increased lifecycle costs.
Increasing costs	Limited revenue growth to fund increasing costs for all operations and services including asset provision and maintenance.	▪ Decreased ability to fund timely renewal and upgrade of poor/very poor condition assets. ▪ Increased need for maintenance and repairs.
Ageing infrastructure	The organisation has a legacy whereby building assets, based on their age profile, will require renewal or rehabilitation in the near term in order to maintain basic service levels.	Without adequate funding the declining condition of our building assets will result in reduced levels of service and increased risk of failure.
Tourism	Mount Alexander Shire has a strong and growing visitor economy. This is expected to continue into the future. According to Tourism Research Australia average tourism growth in Victoria between 2020/21 and 2025/26 is expected to be 10.6%.	There will be an increased demand for tourism facilities that are provided by the organisation, such as public toilets, venues, functional Visitor Information Centres, caravan parks.

Table 6 - Demand Drivers, Projections, and Impact on Services

3.2 Demand Management Strategy

Demand management is not intended to reduce the scope or standard of services provided by an asset, but rather, it is concerned with aligning demand or expectation of service provided by an asset with the available resources to ensure that genuine needs are met, and community benefit is maximised.

Demand management components include:

Service Impact from Demand	Demand Management Activities
Increase in demand for services	▪ Facilities will need to be adapted towards multiuse spaces to respond to and accommodate evolving and increasing demands. ▪ New facilities may be required to meet gaps in demand.
Improved access to services required	▪ Progressively upgrade existing building access and ensure new and upgraded buildings comply with the *Disability Discrimination Act 1992* and *Premises Standards 2010*.
Changing community preferences and expectations	▪ Develop affordable levels of service when consulting with the community. ▪ Develop meaningful strategies to guide future planning of buildings and facilities.
Increased maintenance and renewal costs	▪ Prepare long term building maintenance and renewal programs according to priorities and funding availability. ▪ Divestment of underperforming and under-utilised assets and exploiting non asset based service solutions to reduce ongoing costs.

Table 7 - Demand Management Strategies

3.3 Climate Change Adaptation Strategies

The impacts of climate change have the potential to have a significant impact on the assets that the organisation manages and the services that are provided.

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 asset and services provided, as will how the organisation responds to and manages these impacts.

As a minimum, the organisation will consider both how to manage existing assets given the potential impacts of climate change and how to create resilience to climate change in any new works or acquisitions. Opportunities that have been identified to date to manage the impacts of climate change on existing assets are shown in Table 8.

Climate Change Description	Projected Change	Potential Impact on Assets and Services	Management
Temperature	Higher maximum temperatures, lower minimum temperatures	Increased energy consumption to maintain usability of buildings	▪ Implement energy efficiency measures in buildings. ▪ Increased use of renewable energy resources.
Storm intensity	Increase rainfall and wind intensity during storm events	Damage to assets due to extreme weather events	▪ Increased monitoring of assets ▪ Review maintenance. frequencies for critical activities such as gutter cleaning, etc. ▪ Maintain insurance policies. ▪ Put protection measures in place prior to a storm event.

Table 8 - Managing the Impact of Climate Change on Assets

The way in which new assets are constructed should recognise that there is opportunity to build in resilience to the impacts of climate change. Building resilience has a number of benefits including:

- Assets will be able to withstand the impacts of climate change.
- Services can be sustained.
- Assets that can endure the impacts of climate change may potentially lower the life-cycle cost and reduce their carbon footprint.
- Potentially increasing asset life and protecting financial investment returns.

4 LIFECYCLE MANAGEMENT PLAN

Lifecyle asset management includes all management options and strategies as part of the asset lifecycle from planning to disposal. The objective of managing the assets in this manner is to look at long-term cost impacts when making asset management decisions.

The asset lifecycle includes the following phases that an asset passes through during its life:

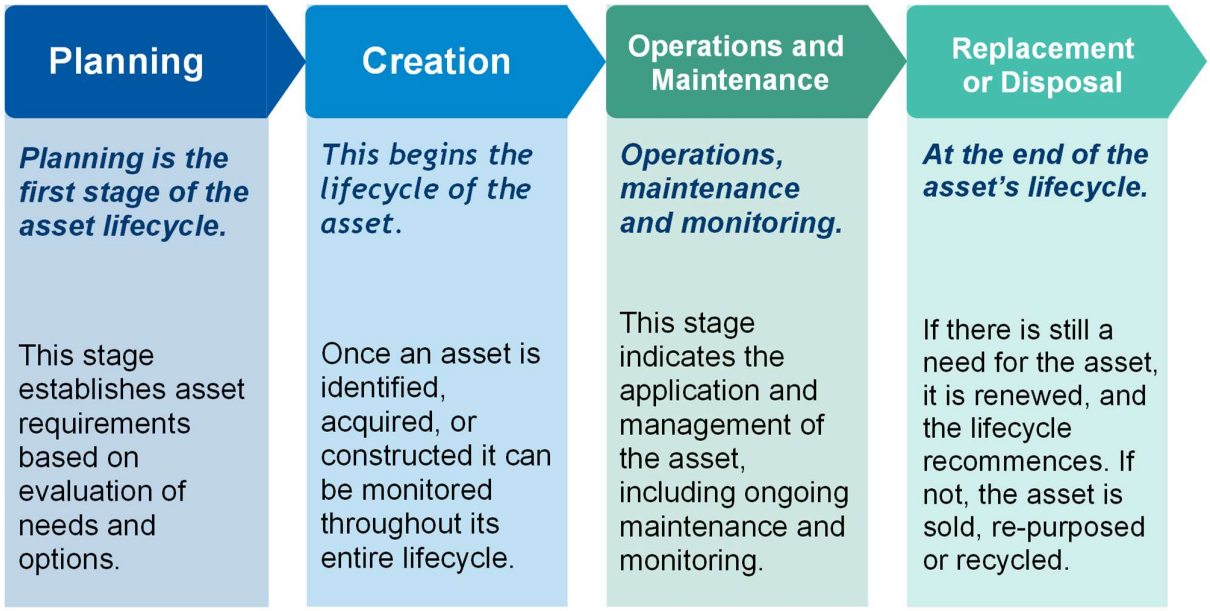

Figure 2 - Asset Lifecycle

Through prudent and efficient lifecycle management, our goal is to meet our agreed levels of service in the most cost-effective manner.

4.1 Asset Planning

4.1.1 Functional Hierarchy

The organisation's buildings are classified according to a hierarchy in terms of their specific function, demand, capacity, use patterns, and potential risk. The hierarchy classification is used to assist in prioritising works programs and intervention responses to remedy defects.

In the management of building and structure assets, higher quality standards and quicker response times are given to the more important buildings and structures in the portfolio. Such prioritisation is an essential part of providing the expected level of service across the entire asset portfolio at the lowest total cost.

To provide rigour for prioritisation decisions, an asset hierarchy applicable to buildings and structures has been developed. Set out in Table 9 are the five hierarchy levels that are used.

Classification	Functional Definition
A - High	▪ Very high use ▪ Significance at municipal level ▪ Critical to Council operations and service delivery ▪ Key heritage or icon ▪ Must meet stringent special requirements - high level of presentation *Example: Civic Centre, Town Hall, Library, kindergartens, and Depot*
B - Medium	▪ High use – open to the public on a regular basis ▪ Significance at town level ▪ Important to Council operations or service delivery ▪ Need to meet special requirements *Example: Community halls, recreation pavilions*
C - Low	▪ Low use – Open to the public only 1 day or as required on an hourly basis ▪ Significance at locality level ▪ Non-critical to Council operations or supports service delivery ▪ Ancillary to main function ▪ Can operate under basic conditions *Example: Minor reserve buildings*
D - Very Low	▪ Very low use open to public or short durations only ▪ Significance at locality level ▪ Non-critical to Council operations or service delivery ▪ Ancillary to main function ▪ Can operate in very basic conditions *Examples – storage facilities, sheds, and shelters.*
E – Minor or Obsolete	▪ Not used by public ▪ Exceeds nominated level of service ▪ Exceeds Committee of Management requirements or capacity to replace it. ▪ Not critical to the service being delivered *Example: Unused sheds, structures, etc.*

Table 9 - Functional Hierarchy: Buildings

4.1.2 Building Componentisation

Buildings are complex assets that consist of a range of different components each with varying useful lives.

Condition scores have been derived for the building component groups shown in Table 10 as applicable to each building.

Component Group	Description
Structure	Structural walls and roof frame. Electrical, plumbing and transport services have also been included within this component. Structure is further defined as 'Long Life' (e.g., masonry walls, concrete floors, steel or solid timber roof frames), and 'Short Life' (e.g. timber/metal cladding, timber floor)
External Finishes	External cladding, window frames and windows, fascia, external doors, etc
Internal Finishes	Internal walls (plaster covered stud walls, etc), internal ceilings, and floor coverings.
Fixtures	Plumbing fixtures, fixed cabinetry, light fittings, partitions, internal glazing and doors, etc.
Roof Cladding	Roof cladding and roof plumbing (i.e., gutters, downpipes, etc).

Component Group	Description
Mechanical Services	Comprises packaged systems, split systems, mechanical ventilation ducts, etc.

Table 10 - Building Components

4.1.3 Asset Condition

Asset condition is a measure of the health of an asset and is a key consideration in determining remaining useful life, as well as predicting how long it will be before an asset needs to be repaired, renewed, or replaced. Asset condition is also an indicator of how well it can perform its function. Condition data is valuable for developing long term funding scenarios for strategic planning of the organisation's budget.

All building assets are condition rated at a component level. The scores are then aggregated and weighted to give an overall building condition score. The organisation uses a 0 to 6 condition rating system as shown in Table 11.

Condition Rating	Description	
0	New	Maximum level of remaining service potential
1	Excellent	Not new but in excellent condition and providing a high level of service.
2	Good	Showing some ageing but in good condition and providing an adequate level of service.
3	Moderate	Aged but providing an adequate level of remaining service potential; may need some maintenance attention
4	Fair	Low level of remaining service potential. Should be included in the Capital Works Plan or the maintenance renewal program for renewal or replacement in medium-term.
5	Ageing	No longer providing an acceptable level of service. If remedial action is not taken in the short term, the asset will need to be closed or decommissioned. A high likelihood exists of the asset failing in the short term.
6	Failed	At the end of its useful life and needs attention (renewal) and closed to the public immediately until that time.

Table 11 - Condition Rating System

The condition grading system follows good practice guidance as provided by various industry standards including the *International Infrastructure Management Manual.*

Condition data for buildings is recorded in Council's asset register and is used for renewal modelling, capital works planning, and financial reporting.

The organisation strives to maintain a condition score rating of 0 to 3 on all buildings. Intervention is considered when a building receives a condition rating of 4 or higher, in line with the classification in the Functional Hierarchy – Buildings (see Table 9).

Figure 3 summarises the condition of the organisation's building and structure assets at an overall building level.

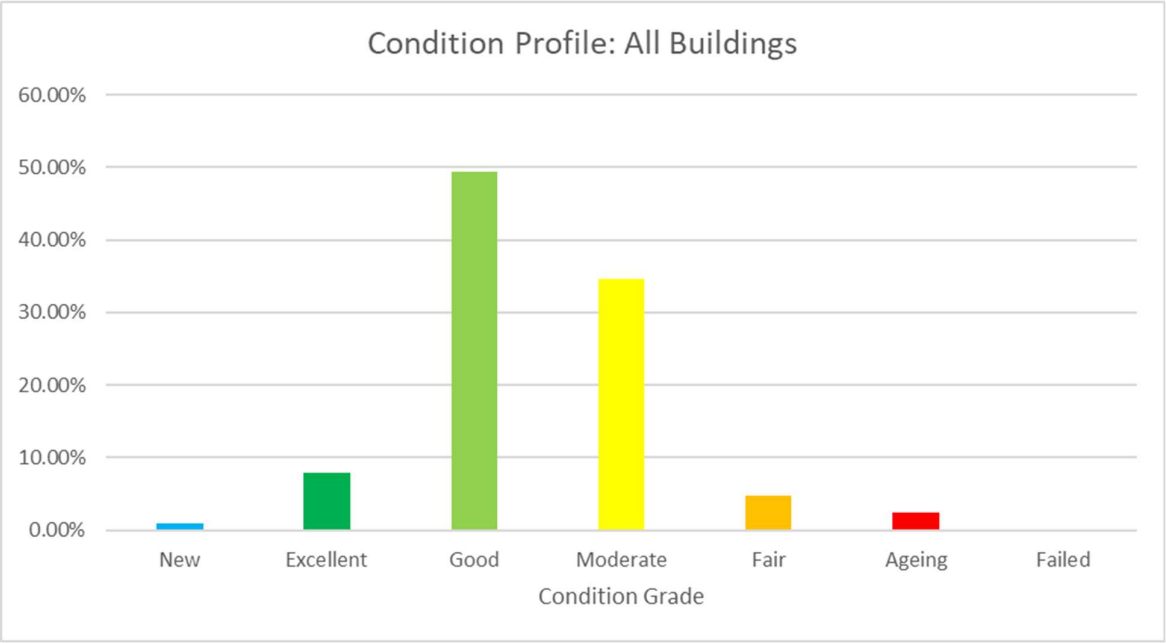

Figure 3 - Condition Profile: Buildings, 2021

What does this mean?

The results of the 2021 condition audit (figure 3) indicate that the overall performance of the organisation's building portfolio is generally in line with expectations for a large rural shire with a wide spectrum of building types and ages.

Buildings are generally in a good condition. This demonstrates that the organisation has been managing the maintenance and renewal of its building assets in an effective manner to date. Fixtures, roof cladding, and external finishes are recognised as being building components that are furthest through their lifecycle. Maintaining or renewing these components may be a focus in the short term to preserve the integrity of its buildings.

4.2 Asset Capacity and Functionality

Asset capacity is the ability of an asset to provide a specific service. Functionality, or fit-for-purpose, is how suitable an asset is for delivering that service. These two parameters provide a means of judging the value of a building based on service delivery potential now and into the future.

Condition is not the only consideration as to the suitability of a building for any particular use. A building's ability to accommodate the number of people wanting to use it and provide the required features and facilities is key. It is common that to meet these latter needs, building extensions and/or upgrades will be triggered well before the condition deteriorates to the level that renewal is required. For this reason, it is important to track the capacity and functionality of each building in addition to its condition scoring. This is contained within the improvement plan to be addressed within the next five years.

4.3 Operations and Maintenance Plan

Operations and maintenance plans are designed to enable existing assets to operate to their service potential over their useful life. This is necessary to meet service standards, achieve target standards and prevent premature asset failure or deterioration.

4.3.1 Operations and Maintenance Arrangements

Maintenance of the organisation's buildings is coordinated and delivered by the Buildings and Projects team with the assistance of various qualified and experienced tradespeople.

Assessment and prioritisation of maintenance is undertaken by operational staff using experience and available asset condition information and aligns with available budgets and resources.

Community Asset Committees assist with the everyday operation and management of a number of community facilities, including undertaking various maintenance activities.

Assigning responsibilities for the maintenance and repair of buildings the organisation owns or controls can be complex. Table 12 summarises these responsibilities according to building control type.

Building Control Type	Maintenance Responsibility
Council Owned	Council – Buildings and Projects team
Council Controlled	Council – Buildings and Projects team
Leased or Licensed	Refer to Lease or Licence for details of responsibility
Use by Agreement (e.g., Community Asset Committees)	Refer to Agreement for details of responsibility

Table 12 - Building Maintenance Responsibilities

4.3.2 Maintenance Standards

The organisation's operational maintenance program includes reactive defects which require repair to restore functionality or address deterioration of a building component (e.g. repairing damaged doors or partitions, plumbing repairs, broken light fittings, broken windows, etc).

Cyclical maintenance, including maintenance of essential safety measures, are works or activities that need to be undertaken on a programmed basis (e.g. painting, gutter cleaning, etc), to satisfy compliance requirements, arrest the rate of deterioration of buildings and building components, or maintain Levels of Service.

The standard of work for repair and maintenance of buildings is aligned to Levels of Service and the Functional Hierarchy - Buildings. All materials used in the maintenance and repair of buildings comply with all relevant Australian Standards and the National Construction Code.

4.3.3 Inspections

The effective planning and competent management of the building portfolio is reliant on the collection of maintenance and performance related information through disciplined and regular inspections of the whole portfolio.

The organisation's inspection activities can be grouped into the following categories based on definition and purpose:

Inspection Type	Description	Current Status	Inspection Frequency
Essential Safety Measures	Inspection of Essential Safety Measures including hydrants, sprinklers, extinguishers, etc.	As per occupancy permit - managed by facility managers (if there is one (e.g. kindergartens)	As per occupancy permit or Building Surveyor's determination

Inspection Type	Description	Current Status	Inspection Frequency
Automatic Doors	Scheduled inspections and maintenance of automatic sliding and automatic swing operated doors.	As per occupancy permit	As per occupancy permit
Mechanical	Scheduled inspections of Heating, Ventilation and Air Conditioning equipment.	As per occupancy permit	As per occupancy permit
Planned Inspections	Visual assessment for hazards or maintenance issues that do not meet the organisation's levels of service.	Completed as a one off at same time as condition inspections undertaken by external consultants	Ad hoc - not currently undertaken as a regular activity
Reactive Inspections	Initiated by requests for maintenance received from users.	Received via the Customer Request Management System CRMS, and committee's directly	As required.
Condition Inspections	Systematic inspection and identification and recording of the physical and functional adequacy of assets.	Completed by external consultants. Last condition audit completed in late 2021.	Once every 5 years in line with revaluation of asset class
Asbestos Inspections	An asbestos audit undertaken by a competent person to record Asbestos Containing Materials in of the organisation's buildings.	Details of identified Asbestos Containing Materials are maintained in the organisation's Asbestos Register. Asbestos register was last updated in 2021	Audit must not be greater than 5-years-old

Table 13 - Asset Inspection Type Summary

4.3.4 Future Operation and Maintenance Costs

Future operation and maintenance costs for the next 20 years are shown in Figure 4.

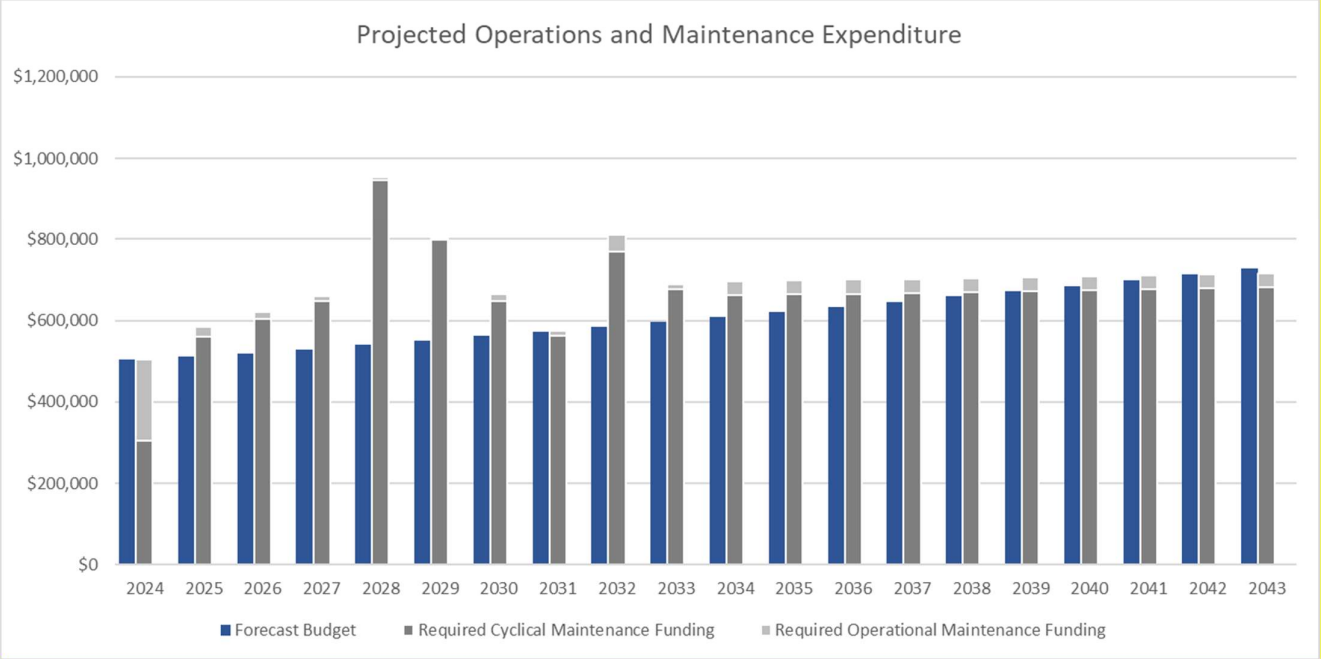

Figure 4 - Projected Operations and Maintenance Expenditure

What does this mean?

The forecast maintenance expenditure requirements comprise two components: operational maintenance and cyclical maintenance.

Figure 4 outlines the forecast operations and maintenance expenditure requirements and forecast budget allocations. The building operations and maintenance budget for 2022/2023 is $504,000. The forecast facility operations and maintenance allocations have been assumed to increase in line with the Financial Plan 2022/2023-2032/2033.

The total operations and maintenance budget over the next 20-years starting 2023/2024 is $12.1 million. The required operations and maintenance funding has been predicted to be approximately $13.9 million. This amount has been calculated from the costings provided for the various maintenance items identified from the 2021 building condition audit. The results indicate that the organisation is projected to underfund maintenance and operations over the next 20 years by an average of **$**90,000 per annum / 17 percent underfunded annually.

The current funding allocations, may result in the deferment of cyclical works and potentially other operational activities. If left unaddressed this may lead to lower levels of service as the condition of buildings and their components deteriorate more rapidly. Funding allocations made for building maintenance and operations will be adjusted to ensure that they are sufficient to deliver current levels of service and forecast maintenance needs.

The peaks in required cyclical maintenance funding needed in 2027 and 2028 are reflective of the lifecycle of a number of building components which require maintenance during this period (e.g. changeover of split systems, sanding and sealing of timber floors, etc). The current building maintenance funding allocations will be adjusted to smooth out future peaks in demand by prioritising maintenance items over future years. The 2021 Building Condition Assessment identifies specific details of maintenance items that need to be addressed including an estimate of cost and recommended timing.

It is important to recognise that additional maintenance tasks will inevitably arise over the forecast period, and there will need to be budget provision for these works in addition to the funding set aside for the operational maintenance tasks recognised.

4.4 Renewal/Replacement Plan

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

Work over and above restoring an asset to original service potential is an upgrade/expansion or new work expenditure resulting in additional future operations and maintenance costs.

Assets requiring renewal are identified using a combination of an analysis of the long term financial needs at a portfolio level and asset information to identify specific assets requiring renewal at a project level.

4.4.1 Renewal Strategy

Renewal strategies are based on assessing a range of factors to ensure the appropriate level of investment is targeted at the optimum time to ensure assets remain fit for purpose and that renewal plans are efficient and effective. The factors considered include the following:

- Criticality - assets with the greatest consequence due to failure
- Maintenance and/or failure history (i.e. when do ongoing maintenance works become uneconomical)

- Age of building
- Expected life
- Remaining useful life
- Condition of building asset components
- Geographical grouping
- Demand and use patterns
- Timing in relation to linked asset renewal plans

The organisation's infrastructure renewal demand forecasts are developed through predictive analysis using the condition data from the building audit completed in 2021. These forecasts are subject to continual review and updated as new information (e.g. condition assessments) becomes available.

Renewal work is carried out in accordance with the current standards and specifications for building works described elsewhere in the Asset Management Plan.

4.4.2 Renewal Prioritisation

In general, renewal works are prioritised and planned by assessing the following considerations:

- Safety issues
- Physical condition
- Risk and asset criticality
- Community/user feedback
- Location and use type and patterns

The renewal and replacement priority ranking Criteria will be formalised and included in a future version of this Asset Management Plan as detailed in the Table 22 – Improvement Plan.

4.4.3 Future Renewal and Replacement Expenditure

Renewal demand and expenditure forecasts for the assets covered by this plan are summarised in Figure 5. These forecasts have been extrapolated from existing finance data and are presented as long-term projections to provide input into the Financial Plan 2022/2023-2032/2033.

The following graph shows a comparison between the:

- Level of funding required to renew the organisation's building assets to achieve its technical level of service objectives; and
- The amount of funding which the organisation is projected to commit to renewing these assets.

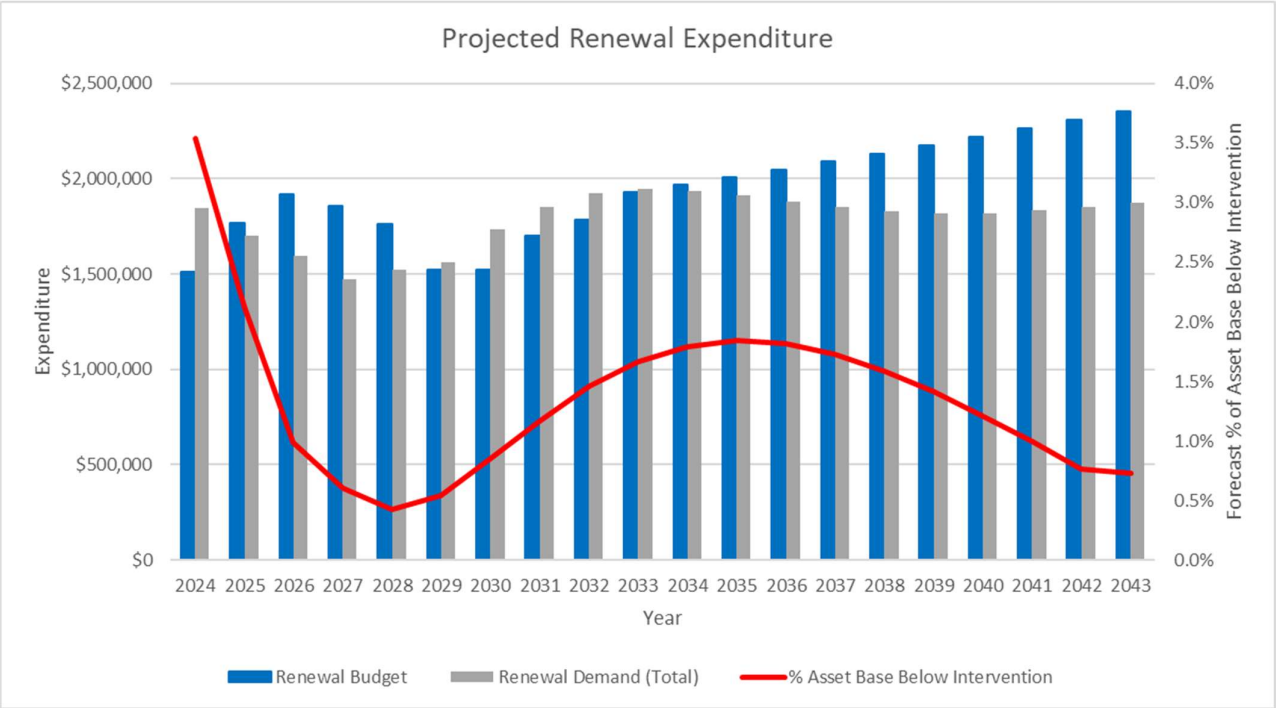

Figure 5 - Projected Capital Renewal and Replacement Expenditure

What does this mean?

Future renewal budgets include allocations for various asset types including buildings, playground equipment, sports lighting, etc. To ensure that only expenditure directed towards buildings is recognised in this Asset Management Plan, the amounts shown in the forward estimates have been reduced by 20%. An organisational review of the structure of capital works budgeting will be undertaken so that expenditure by building sub-asset class and expenditure type are clearly identifiable. As the Financial Plan 2022/2023-2032/2033 only covers a period of 10 years, the renewal has been assumed to escalate by 2% per annum between years 11 and 20 to cover the horizon of this Asset Management Plan.

According to the projections, the total allocation for building renewal over the next 20 years is $38.9 million. Based on the latest building condition data (2021), the total expenditure required to renew buildings for the same period is predicted to be $35.8 million. This means that there is a surplus of approximately $3.1 million over the 20 year period or $154,000 per annum.

The red line shown in Figure 5 represents the percentage of building components that are in an inferior condition than the intervention standard or condition at which an asset is renewed (i.e. those components in either 'Ageing' or 'Failed' condition). The condition intervention used for the renewal projections made in this Asset Management Plan are detailed in Table 11.

Based on the results of the 2021 building condition audit, the current percentage of building components by value requiring renewal is 3.5%. By 2043, this percentage reduces to 0.7%. This is by virtue of the organisation exceeding its minimum renewal liabilities over the forecast period.

The movement in the percentage of the asset base over intervention is directly correlated to the amount the organisation contributes towards funding the projected renewal demand each year. Underfunding of renewal, results in a decline in the condition of the portfolio while allocating more funding than needed leads to improving condition.

Figure 6 shows the change in the distribution of condition for the organisation's buildings based on the forecast funding regime and the projections made beyond that. This indicates that the general condition of buildings will improve overall. The percentage of the organisation's buildings in 'Fair' or better condition in 2024 is 97.6 percent. At the end of the forecast period (2043), this increases to 100 percent highlighting an increase in basic service standards.

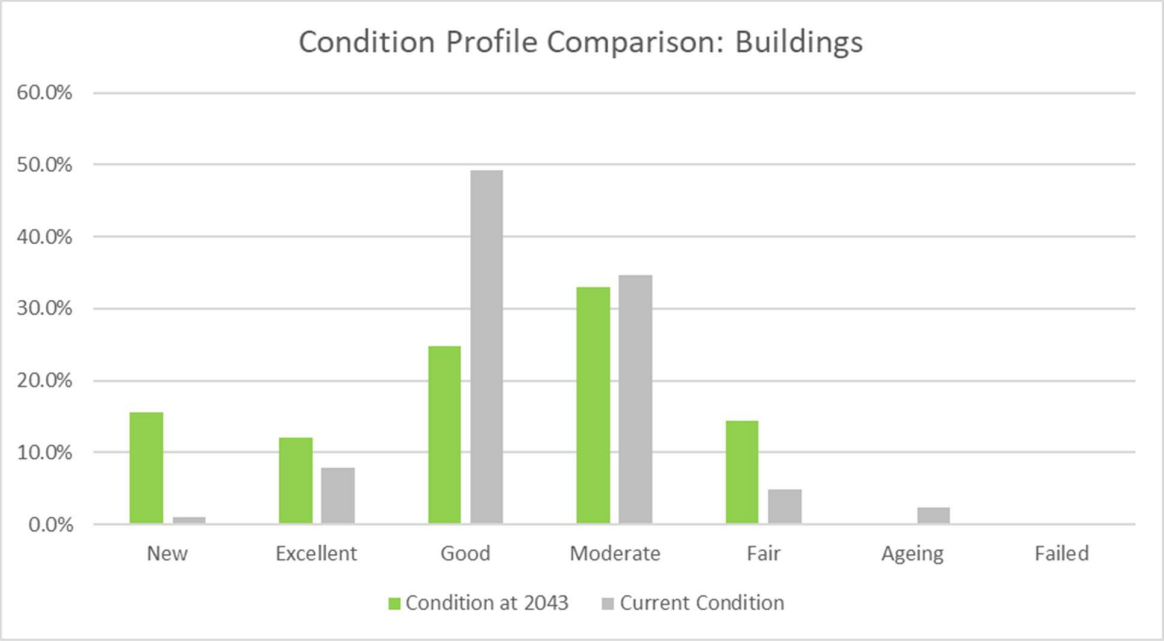

Figure 6 - Condition Distribution Change: Buildings

4.4.4 Renewal Modelling Assumptions

The analysis to determine future asset renewal requirements is based on the best available information held at this time. The future funding forecasts will be revised and refined to best represent the performance of the asset base as the maturity of the organisation's asset management practices improves.

These renewal funding projections are based on the following assumptions:

- The renewal costs are based on the asset data register as of 30 June 2021.
- Asset quantities within the asset register are assumed to be correct.
- Modelled outcomes are derived using the Moloney Renewal Model and are therefore subject to the limitations of that model and data is used in it. This includes assumed performance of each asset type and trigger intervention standards.
- Useful lives have been derived from industry benchmarks and are assumed to be a reasonable estimate of the life of each asset type.
- Condition scores have been derived from the condition audit completed in 2021.
- Intervention standards are based on technical levels of service and may not reflect community expectations.
- All projections are in present dollar value.
- There is no growth in asset base.
- Future renewal funding levels are derived from the Financial Plan 2022/2023-2032/2033. Where project specific information is not indicated it has been assumed that the total capital allocation for buildings also includes non-building related allocations. The total allocation for each year has been reduced by 20 percent so that only building related expenditure is included in the renewal analysis.

- These projections only represent future asset renewal requirements at an overall network level.

The following variables have been used in calculating the long-term renewal projections:

Asset Type	Model Variable and Input Value				
	Useful Life	Condition Profile	Asset Degradation Profile	Renewal Condition	Returned Asset Condition
Building – Long Life Structure	100	From 2021 Condition Audit	Standard	Condition 4 (Fair)	Condition 0 (New)
Building – Short Life Structure	60	From 2021 Condition Audit	Standard	Condition 4 (Fair)	Condition 0 (New)
Building - Fitout	30	From 2021 Condition Audit	Standard	Condition 4 (Fair)	Condition 0 (New)
Building - Mechanical Services	25	From 2021 Condition Audit	Standard	Condition 4 (Fair)	Condition 0 (New)
Building - Roof	45	From 2021 Condition Audit	Standard	Condition 4 (Fair)	Condition 0 (New)

Table 14 - Renewal Modelling Variables

4.5 Creation/Acquisition/Upgrade Plan

New works are those works that create a new asset that did not previously exist or works that upgrade or improve an asset beyond its existing capacity or performance in response to changes in supply needs or customer expectations. Within the context of buildings, new asset or upgrade creation includes:

- Those works that create a new asset that did not exist in any shape or form (e.g. building a new community facility).
- Works which improve an existing asset beyond its existing capacity or performance.
  - An extension to an existing building.
  - Sustainability improvement projects.
  - Accessibility upgrades.

There are occasions when the organisation is required to upgrade an asset because of changing demand or use requirements. In such instances, the project is scrutinised closely by officers and is considered as part of the annual budget planning process.

As new projects are brought forward for consideration with the annual budget, they will also have an assessment of these ongoing operational (recurrent) costs presented as part of the overall project cost projections.

4.5.1 Selection Criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as Councillor / Director or community requests, proposals identified by strategic plans or partnerships with other organisations. Verified proposals are ranked by priority and available funds are scheduled in future works programmes. The prioritisation of asset improvement works is undertaken in accordance with the following criteria to ensure alignment with the organisation's strategic direction and to deliver maximum and affordable community benefits.

Criteria	Weighting
Social benefit	20%
Organisational benefit	15%
Environmental impacts	20%
Fit with Council Plan	10%
Financial Impacts	30%
Strategic Links	5%
Total	**100%**

Table 15 – New Assets Priority Ranking Criteria

As with replacements and renewals, where new assets are created, they are designed using all relevant design codes, Australian Standards, and the National Construction Code.

The organisation aims to use materials that achieve the greatest asset life and are climate resilient and environmentally sustainable, while trying to minimise maintenance costs.

4.5.2 Future New Assets Expenditure

When Council considers discretionary capital expenditures for new assets, it is essential to establish the consequential recurring operational and maintenance costs that will occur once the new or upgraded assets become operational. Understanding life cycle costs is part of being fully informed of future liabilities. Upon completion of the construction of a new asset, the organisation allocates an annual operational budget of 1.25 percent of the total construction costs for ongoing maintenance.

Future acquisition allocations have been derived using the Financial Plan 2022/2023 -2032/2033. Similar to projected renewal expenditure, amounts allocated have been reduced by 20 percent to ensure that any non-building related expenditure is excluded from this Asset Management Plan. As the Financial Plan 2022/2023-2032/2033 only covers a period of 10 years, the renewal has been assumed to escalate by 2 percent per annum between years 11 and 20 to cover the horizon of this Asset Management Plan.

The allocation towards the upgrade or new buildings over the next 20 years totals $6.32 million. This figure is based on resolutions made by Council and currently does not include upgrades outlined in the Camp Reserve Master Plan or the Campbells Creek Master Plan. This figure will be adjusted periodically to reflect future resolutions of Council. Further work is required to understand what long term investment is needed to upgrade or improve buildings, including the development of a long term capital works program. These improvements should be guided by the organisation's service strategies and other technical assessments of building performance.

Further analysis of future building upgrades and new asset needs is also indicated by the community building survey undertaken in April 2022. The findings from this survey indicate that while the organisation's buildings are performing well under basic service levels according to their condition, the community expects to be able to have access to contemporary facilities. This should be one of the drivers of long term investment strategies while also recognising its environmental goals.

The timing and priority of these works may be dependent on overall facility needs or the timing of other works such as renewal or building refurbishment and should be factored into the longer term planning of buildings.

4.6 Summary of Asset Expenditure Requirements

The financial projections from this Asset Management Plan are shown in Figure 7.

This covers the full lifecycle costs over the next 20 years to sustain current levels of service. Note that all costs are shown in real values.

The bars in the graphs represent the anticipated budget needs required to achieve lowest lifecycle costs, the budget line indicates the funding that is forecast to be available.

The gap between these informs the discussion on achieving the balance between services, costs, and risk to achieve best value outcomes.

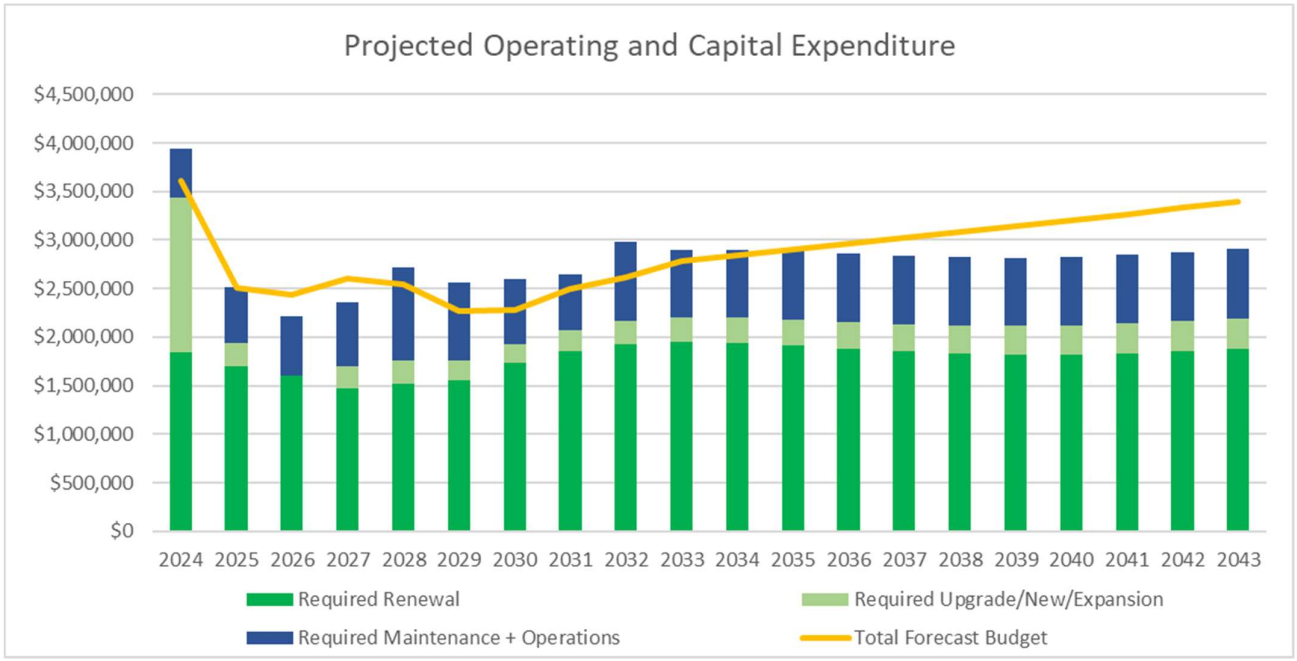

Figure 7 - Projected Operating and Capital Expenditure

Table 16 shows the total lifecycle costs required for the sustainable management of Council's building assets.

Year	Renewal	Upgrade/New/ Expansion	Maintenance and Operations
2024	$1,843,796	$1,592,800	$504,935
2025	$1,703,912	$232,000	$583,885
2026	$1,597,922	$0	$619,973
2027	$1,471,947	$224,000	$659,017
2028	$1,523,122	$240,000	$953,903
2029	$1,560,554	$196,000	$803,908
2030	$1,733,256	$196,000	$664,297
2031	$1,854,032	$216,000	$574,091
2032	$1,922,110	$244,800	$810,671
2033	$1,945,941	$260,800	$687,927
2034	$1,938,296	$266,016	$695,967
2035	$1,912,498	$271,336	$697,899
2036	$1,880,211	$276,763	$699,869
2037	$1,850,400	$282,298	$701,878
2038	$1,829,013	$287,944	$703,928
2039	$1,819,064	$293,703	$706,018
2040	$1,820,991	$299,577	$708,150
2041	$1,833,197	$305,569	$710,325
2042	$1,852,739	$311,680	$712,544
2043	$1,876,047	$317,914	$714,807
Total	**$35,769,047**	**$6,315,201**	**$13,913,992**

Table 16 – Building Asset Lifecycle costs

What does this mean?

The forecast projections made for lifecycle costs and available budget allocations are based on information from the asset data and the Financial Plan 2022/2023-2032/2033.

The projections indicate the organisation is projected to make sufficient funding available over the next 20 years to deliver basic service levels for its building portfolio.

The spike in required upgrade / new / expansion for 2024 reflects the grant funding and Council budget allocated totalling $1.7 million to deliver a new all gender sports pavilion in Maldon.

For the organisation to increase the level of confidence in the forecast lifecycle costs estimated in this Asset Management Plan, focus needs to be placed on monitoring service levels and long term investment needs in building improvements. It is expected that improvements will primarily be required to enhance building accessibility and to make them more energy efficient to help the organisation reach its goal of carbon neutrality by 2025.

Funding for capital improvements in the organisation's buildings is reliant on receipt of external funding from other levels of government. While the organisation has been successful in securing grant funding in the recent past, withdrawal or reduction in these funding programs does present a risk and may impact the way Council invests in its buildings in the future. Alternative revenue streams may need to be explored to fund the management of the organisation's buildings.

4.7 Disposal Plan

This includes activity associated with disposal of decommissioned assets including sale, demolition, or relocation.

There is currently no policy in place to dispose of buildings and other structures and decommissioning of existing facilities is undertaken on an as needs basis. We will develop a disposal policy – this is included in the improvement plan for this asset management plan and will consider building condition and surplus of buildings.

5 FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this Asset Management Plan. The financial forecasts made will be refined as further information becomes available on desired (or target) levels of service and current and projected future asset performance.

5.1 Long Term Financial Planning

This Asset Management Plan identifies the projected operations, maintenance, capital renewal, and capital improvement expenditures required to provide current levels of service over the next 20 years.

Key Financial Performance Indicators for Current Projected Funding	
Total Lifecycle Costs over next 20 years (projected demand)	**$55,998,240**
Total Lifecycle Budget over next 20 years	**$57,303,372**
Total Lifecycle Funding Surplus	**$1,305,132**
Average Lifecycle Funding Surplus per annum	**$65,257**
Percentage Lifecycle Funding Being Met	**102%**

Table 17 – Key Financial Performance Indicators for Current Projected Funding

The total lifecycle costs for the organisation's buildings over the next 20 years are estimated to be $55.9 million or $2.79 million on average per year.

The estimated lifecycle budget for the same period is $57.3 million or $2.87 million on average per year. This gives a funding surplus of $65,257 on average each year. This indicates that 102% of the projected costs to provide the services documented in this Asset Management Plan are forecast to be funded over the next 20 years.

The modelling undertake for this Plan has identified that we have sufficient forecasted funding allocations to maintain and renew our building portfolio over the next 20 years. It is important to maintain the forecasted level of funding and for adjustments to be made when required between the maintenance and operations and renewal budget accounts to balance out any forecast surplus and deficit. It is also important to maintain the total level of funding, despite an overall surplus, as this will be required to cover inflation and market increases in the cost of materials and labour.

5.2 Funding Sources

Funding for assets is provided from Council's annual budget and external funding opportunities.

The organisation uses several different funding allocations to maintain, renew and improve its buildings. These are:

Activity	Funding Source
Maintenance and Operations	▪ Organisation's own source funds ▪ Community donations and in kind works ▪ Rent and other user charges.
Renewal	▪ Organisation's own source funds ▪ Community donations and in kind works ▪ Rent and other user charges
Capital Improvement (i.e. new, upgrade, and expansion	▪ Organisation's own source funds ▪ Council reserves (e.g., Energy and Water Reserve) ▪ External grant opportunities ▪ Developer contributions and donated assets ▪ Community donations and in kind works

Table 18 - Funding Sources

5.3 Key Assumptions Made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this Asset Management Plan. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this Asset Management Plan are:

- Financial projections are forecast on present day dollars as at 30 June 2022.
- Staffing needs are resourced adequately.
- Current levels of service reflect community needs.
- Future funding levels are derived from the Financial Plan 2022/2023-2032/2033.
- No known legislative changes or other influences that will impact on or demand a change in level of service and associated funding throughout the period of the plan.
- Provision for new works is based on phased implementation of new and upgrade needs to meet future demand.
- Projected renewal required to achieve overall asset condition grade of 'Fair" or better.
- The annual budget for renewal capital works will approximately equal annual depreciation costs.

5.4 Forecast Reliability and Confidence

The expenditure and valuations projections in this Asset Management Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a five level scale in accordance with Table 19.

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%
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 ± 40%
E - Unknown	None or very little data held.

Table 19 - Data Confidence Grading System

The overall 'confidence level' of the financial projections is rated as 'B- Reliable', based on a high level assessment of the following key factors contributing to the Asset Management Plan quality with Table 20.

Quality Attribute	Assessment Grade
Levels of Service and Performance Measures	B
Demand forecast analysis and projections	B
Performance data (asset degradation)	B
Condition data	A
Asset inventory data	B
Risk management	B
Financial Plan 2022/2023-2032/2033	C
Overall Assessment	**B**

Table 20 - Overall Confidence Level Rating

Future Capital Works Budgets for buildings include allocations for various other land improvements such as playground equipment, sports lighting, etc. While assumptions have been made to make sure that expenditure directed towards buildings is recognised in this Asset Management Plan a review of Financial Plan 2022/2023-2032/2033 will be undertaken so that funding allocated for different asset classes can be readily recognised.

The implementation of other improvement actions identified in Section 6 will result in increased levels of confidence in future revisions of this Asset Management Plan.

6 PLAN IMPROVEMENT AND MONITORING

6.1 Status of Asset Management Practices

The organisation currently uses the following corporate information systems for recording relevant asset data and information:

Module	System
Customer Request Management	▪ TechOne
Financial/Accounting	▪ TechOne
Records Management	▪ HP Content Manager
Mapping (GIS)	▪ Intra Maps
Asset Register	▪ Assetic
Strategic Asset Management	▪ Assetic Predictor
Mobile Solutions	▪ To be implemented
Works Management	▪ Assetic and HP Content (for recording information)

Table 21 - Overview of Corporate Systems

The asset management information system underpins asset management capacity and capabilities and is a key source of information for decision making, coordination of operations, and performance reporting.

6.2 Improvement Plan

The asset management improvement plan generated from this Asset Management Plan is shown in Table 22.

IMPROVEMENT PLAN								
Item No.	**Task**	**Priority**	**Resource Type**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
1	Continue to collect and refine building asset data suitable to inform strategic and operational analysis and decisions. Also include whole of building considerations in future data collection activities (e.g., condition, capacity, function, sustainability)	Ongoing	Internal/ External	✓	✓	✓	✓	✓
2	Review current funding allocations made to building maintenance and operations to ensure that it is sufficient to deliver current levels of service and forecast maintenance needs.	Ongoing	Internal	✓	✓	✓	✓	✓
3	Develop a project-based 5 year rolling Capital Works Program for renewals, upgrades and new works for buildings and integrate with the Financial Plan 2022/2023-2032/2033.	High	Internal	✓	✓	✓	✓	✓
4	Develop a criticality framework for the organisation's assets and apply to the building portfolio to inform lifecycle management decisions.	Medium	Internal	✓	✓			
5	Develop roles and responsibilities matrix for the management of buildings.	High	Internal	✓				
6	Document buildings maintenance processes	Ongoing	Internal	✓	✓	✓	✓	✓
7	Develop and implement a periodic building inspection process to proactively assess maintenance needs and safety issues.	Medium	Internal		✓	✓		

IMPROVEMENT PLAN								
Item No.	**Task**	**Priority**	**Resource Type**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
8	Review the structures of the capital works budget so that expenditure by asset class and expenditure type are clearly identifiable.	High	Internal	✓	✓	✓	✓	✓
9	Formalise the management of scheduled/cyclic maintenance activities for buildings. This may include implementation of the Assetic maintenance and mobile modules to support planning for buildings and to enhance data capture and activity tracking.	Medium	Internal/ External		✓	✓		
10	Review current and future levels of service, in particular inclusion of Customer Satisfaction Survey results as a performance measure	Medium	Internal			✓		
11	Develop a Building Functionality Index to gauge and measure at what rate building facilities satisfy stakeholder and operational demands.	Medium	Internal		✓	✓		
12	Develop and adopt a Disposal Policy to guide the disposal of building assets where required.	Medium	Internal	✓				

Table 22 - Improvement Plan

This version of the asset management plan has been developed based on existing processes, practices, data, and standards.

The organisation is committed to striving towards best asset management practices and it is recognised that this asset management plan will need to be updated periodically to reflect changes to management of our assets.