KING ISLAND COUNCIL

ASSET MANAGEMENT STRATEGY

Responsible Officer: General Manager

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1 INTRODUCTION

1.1 Background and Context

Assets play a critical role for King Island Council (the Council) in the management and delivery of services to the community.

Effective asset management relies on the right data and processes, providing the right information to ensure our councillors and executive management are empowered to make the right decisions at the right time.

Unfortunately, due to various legacy issues, including limited resources and lack of processes and procedures, the Council, like many similarly sized councils, has experienced long standing under investment in its assets from a relatively low knowledge base of corresponding data and information.

The Council has recognised that the significant under investment in its infrastructure assets in recent times combined with limited and reducing funding base, is leading towards the "perfect storm" for its assets. Ageing infrastructure, combined with areas of both growing and declining population creates a substantial challenge for its' infrastructure managers, and subsequently the community. We are now in the process of addressing this. Better, more accurate information is the cornerstone to improving the Council's asset management practices.

This Asset Management Strategy is designed to:

- provide a link to the Asset Management Policy;
- outline current legislative requirements;
- highlight best practice in asset management;
- assess the current state of the Council's assets;
- consider future demands and levels of service;
- develop strategies to improve future asset management practices;
- examine implementation issues; and,
- confirm accountability and responsibility.

1.2 Asset Management Policy

The Asset Management Policy defines the intention and methodology for asset management of the Council and includes our approach to managing our assets in support of fulfilling the Council's core obligations and ensuring maximum value is obtained from asset investment and operation.

We aim to deliver affordable, resilient and reliable services to our community and for King Island that will:

- Provide high quality services;
- Protect and enhance the environment;

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- Optimally and sustainably manage our assets; and
- Support King Island's community and economy now and in the future.

1.3 Asset Management Strategy

The Asset Management Strategy has four strategic goals that link it to the Asset Management Policy and our Vision.

1. Put the King Island community's' priorities at the heart of everything we do;
2. Make effective, risk-based decisions based on strong evidence;
3. Deliver capital and operational interventions safely and efficiently; and
4. Work collaboratively across King Island and the supply chain to ensure that we all succeed.

We will adhere to best practice asset management processes and systems consistent with ISO 55001:2014 Asset Management, and compliant with relevant legislative and statutory requirements including *the Local Government Act 1993*.

Over time we will build capability and capacity and become more effective in the management of our assets.

This Asset Management Strategy relates to the Long-Term Financial Plan 2018-28.

1.4 Legislation Review

The Council has specific obligations under current legislation including Local Government Act 1993 (Tasmania) and the Tasmanian Local Government Asset Management Policy.

Under the **Local Government Act 1993 (Tasmania)**, the function of the Council is to:

a. provide for the health, safety and welfare of the community;
b. represent and promote the interests of the community;
c. provide for the peace, order and good government of the municipal area.

In performing its functions, the Council is required to *consult, involve and be accountable to the community.*
In addition, the Council is responsible for a broad portfolio of assets and *may acquire, hold, dispose of and otherwise deal with property. Assets include; any real or personal property; any estates or interests in any real or personal property; and any rights, obligations or liabilities.*

Under the **Tasmanian Local Government Asset Management Policy**, the Council is tasked with the development of an asset management framework that comprises:

- *an asset management policy;*
- *asset management plans for major asset classes; and*
- *a long-term financial plan.*

The implementation of this integrated framework should improve the integration of long-term financial planning and asset management within the Council.

Infrastructure assets are critical for the effective and efficient delivery of the Council's overall service delivery. *As many Council assets are considered intergenerational, a failure to act now, for the future, will result in an increased financial burden on rate payers in years to come.*
The timely planning and responsibility for these assets requires *strong and informed councillor and executive oversight to achieve and maintain sustainable outcomes*.
Informed decision is based on a full life cycle of each asset.
Crucial data requirements include:

- *a complete register of all assets owned by the Council;*
- *an accurate assessment of the condition of current assets;*
- *an analysis of the risk factors involved with each asset or asset class; and*
- *the demand forecasting or community expectations in regard to the asset.*

The figure below provides an overview of the integration of asset management with the Council's broader planning and resourcing. *Asset strategies should specifically be linked with:*

- *budgetary processes to integrate the capital and recurrent resource allocation;*
- *strategic and annual plans and work to meet objectives of these plans; and*
- *council planning processes and non-asset strategies to ensure council policy service delivery needs are met.*

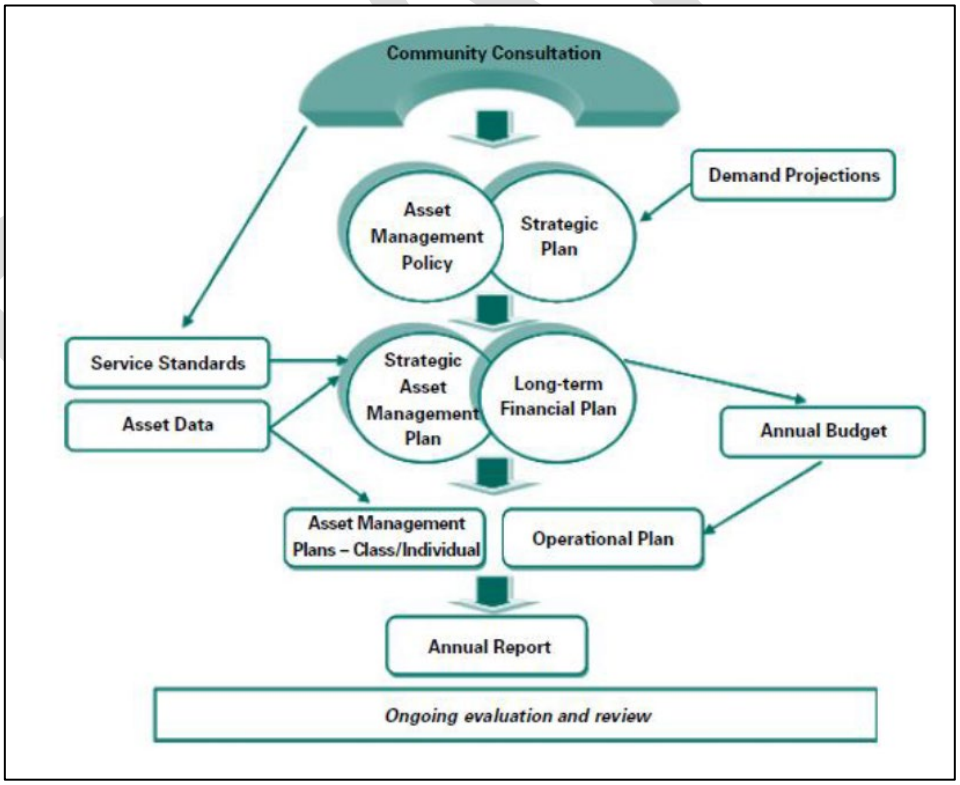

Figure 1: Integration of asset management with broader council planning

Ref: Tasmanian Local Government Asset Management Policy

1.5 Asset Management Best Practice

The Council refers to The Institute of Publics Works Engineering Australasia (IPWEA), for best practice guidance for local government asset management practices.

The IPWEA International Infrastructure Management Manual (2015) identifies the two key concepts that explain the purpose and the scope of Asset Management (AM) as;

1. The objective of asset management is to meet the required level of service, in the most cost-effective manner, through the management of assets for present and future customers. As highlighted by ISO 55000, good AM is about achieving best value through the right balance between cost, risk and performance.
2. Lifecycle asset management encompasses all practices associated with considering management strategies as part of the asset lifecycle. The objective is to look at lowest long-term cost (rather than short-term savings) when making decisions.

We will follow the IPWEA Asset Management process (shown below) which comprises three main sections including: Understand Requirements; Lifecycle Planning; and, Asset Management Enablers. The process relies on the following: maintaining data on assets; understanding asset condition; assessing their suitability for use; assessing the risks, effects and benefits; develop specific Maintenance plans; and, management, acquisition and allocation of appropriate resources.

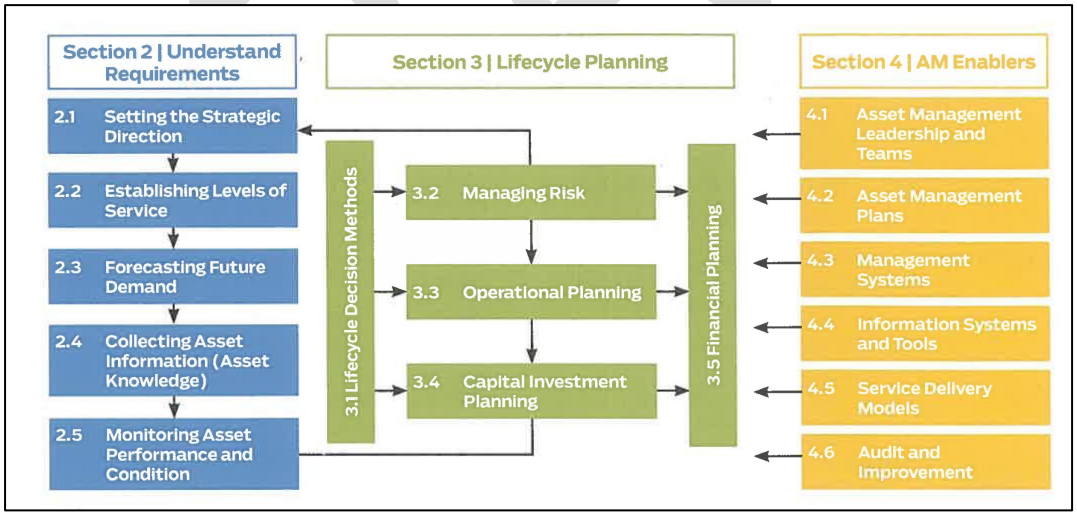

Figure 2: Asset Management Process

Ref: The Institute of Public Works Engineers Australia (IPWEA)

2 OUR ASSETS

2.1 What assets do we have?

The range of assets owned by the Council is summarised in the following table.

Asset Class	Description *	Services Supported
1. Roads	Assets include road pavements and surfaces, footpaths, kerbs, verges, culverts, signage and street furniture.	Transportation and movement of people, goods and services for business, education, recreation and leisure.
2. Airport	Assets include passenger terminal, storage sheds, runway pavement and base, aprons (sealed and unsealed), carparks, access road, signage and lighting.	The provision of air access for passengers and freight services to and from the island for tourism, economic development and general community wellbeing.
3. Property	Property assets include land, buildings, facilities jetty, quarries and waste management.	Provision of a range of services relating to community wellbeing, economic development, tourism, infrastructure maintenance and waste management.
4. Parks and Recreation	A range of parks, reserves, sporting facilities and recreation spaces, including sports fields, passive recreation facilities, seats, picnic tables	Provision of undeveloped and developed spaces for the community to use for a range of organised and unorganised purposes and activities.
5. Fleet and Plant	Light fleet, minor and major plant (<$10k and >$10k respectively)	Supports the provision of all services relating to infrastructure, property, administration and ranger.
6. Information and communications technology (ICT)	A range of information and communications technology including telephones, enterprise software, storage and audio-visual systems.	Supports the management of information and data for the effective administration of the Council and communication with internal and external stakeholders.
7. Heritage Assets	Monuments and memorials.	Provide a memorial to recognise those who have lost their lives over the years.
8. Bridges	Bridges	Transportation and movement of people, goods and services for business, education, recreation and leisure.
9. Stormwater Drainage	Stormwater drainage (pits, pipes channels and headwalls).	Transportation and movement of people, goods and services for business, education, recreation and leisure.
10. Waste Management	Charles Street waste transfer station.	Controlled access site for disposal of waste.
11. WIP	Works in progress	

* Specific detailed inclusions below.
Note: The Council maintains all assets it owns plus some owned by State Government e.g. road verges.

ROADS
Road pavements - Port Road, Main Road and first half of Don Kendell to Morrison Avenue and Morrison Avenue (State Growth). Footpaths are all Council owned. Kerbs are also Council owned. Verges on State Growth Roads are only maintained by the Council. Bridges are Council owned, except on State Growth on Roads (3 in total - Egg Lagoon, Pass River and Pegarah). Culverts and drainage are Council owned except State Growth. Permanent signage is Council owned except signage on State Roads. Street furniture is all Council owned. Lighting is not a Council asset, we pay Hydro to maintain the lights.

AIRPORT
Airport including the terminal and associated buildings surrounding it.

PROPERTY
All buildings. Currie Lighthouse. Boat Ramp at Quaratine Bay. Naracoopa Jetty. Charles Street Waste Transfer Station. Op Shop in Grassy. Quarries at Parenna, South Pit, North Pit and Millwood.

PARKS AND RECREATION
Parks, reserves, sporting facilities and recreation spaces. Jaycee Playground Equipment. Currie Oval Complex. Camp Creek Reserve. Lighthouse and Museum. Grassy Recreation Ground

FLEET AND PLANT
Light fleet, minor and major plant (<$10k and >$10k respectively). Library Park - Skate Park

HERITAGE ASSETS
Monuments and memorials mainly in Currie (6) with one in Naracoopa (1).

BRIDGES
A number of bridges exists around the island, which Council maintain.

STROEMWATER DRAINAGE
Stormwater drainage (pits, pipes channels and headwalls) around the island.

WASTE MANAGEMENT
The Charles Street Waste Transfer Station known as the “tip” is a controlled site available only under Council supervision. Disposal requirements are pre planned with Council.

WIP
Works in progress.

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2.2 Financial state of our assets

The financial value of our assets is highlighted in the table below.

ASSET CLASSES	Replacement Cost	Residual Value	Depreciable Amount	Depreciated Replacement Cost	Depreciation Expense
1. Roads	$ 69,549,029	$ 38,284,894	$ (31,264,135)	$ 38,284,894	$ (680,105)
2. Property	$ 7,415,719	$ 6,238,027	$ (1,177,692)	$ 6,238,027	$ (62,651)
3. Parks & Recreation	$ 880,080	$ 558,094	$ (321,987)	$ 558,093	$ (14,813)
4. Fleet and Plant	$ 4,243,953	$ 1,845,002	$ (2,398,950)	$ 1,845,003	$ (231,541)
5. ICT	$ 290,044	$ 58,541	$ (231,503)	$ 58,541	$ (18,642)
6. Airport	$ 18,152,393	$ 10,942,418	$ (7,209,975)	$ 10,942,418	$ (418,491)
7. Heritage Assets	$ 56,500	$ 25,545	$ (30,955)	$ 25,545	$ (565)
8. Bridges	$ 7,627,707	$ 3,534,392	$ (4,093,315)	$ 3,534,392	$ (133,349)
9. Drainage	$ 2,056,894	$ 676,142	$ (1,380,751)	$ 676,143	$ (25,472)
10.Waste Mgnt	$ 672,452	$ 543,770	$ (128,683)	$ 543,769	$ (12,560)
Total Works in Progress	$ 256,187	$ 256,187	$ -	$ 256,187	$ -
	$ 111,200,958	$ 62,963,012	$ (48,237,946)	$ 62,963,012	$ (1,598,189)

The comparative replacement cost of our assets is highlighted in the figure below.

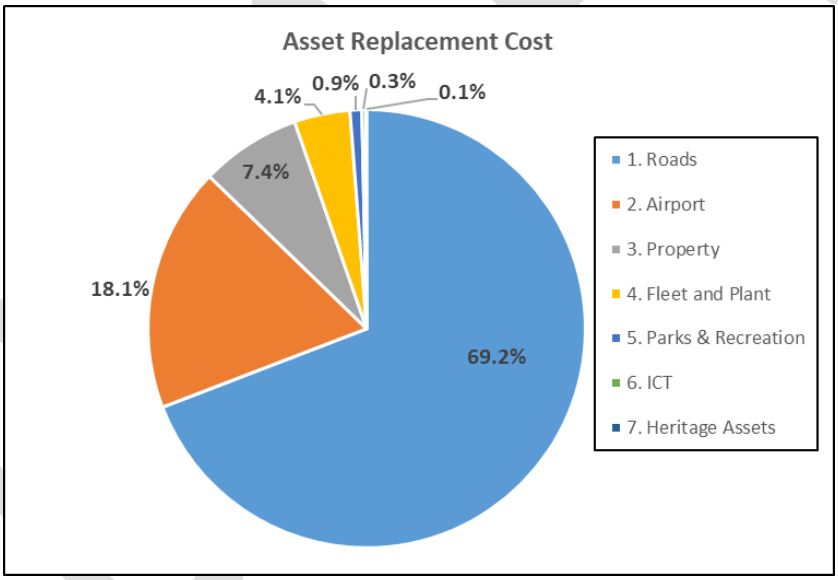

Figure 3: Asset Replacement Cost

Ref: King Island Council

The asset consumption ratio is defined as the average proportion of "as new" condition left in an asset and is calculated as the residual value divided by the replacement value.

The following figure presents the asset consumption ratio for the Council's assets.

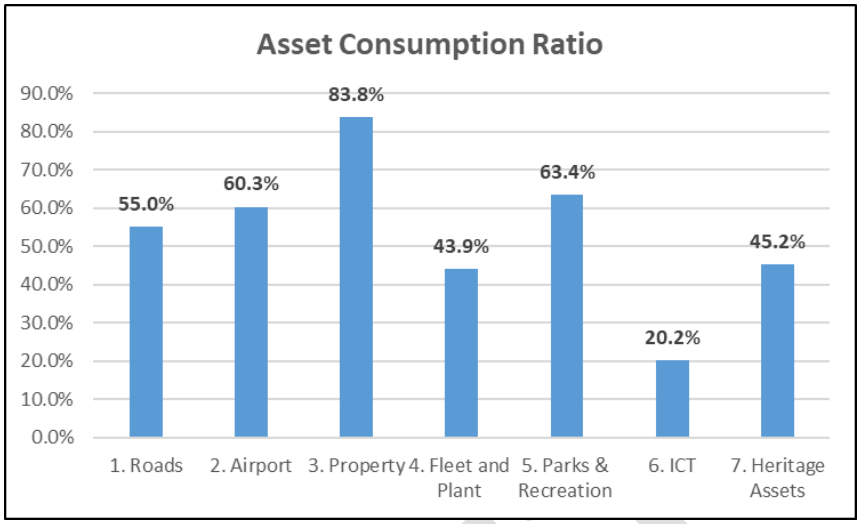

Figure 4: Asset Consumption Ratio

Ref: King Island Council

Action: Align financial reporting and asset management reporting formats.

2.3 Physical state of our assets

We do not have detailed information available for all asset classes. We are working to address this and to continuously improve the amount and quality of data.

Action: Improve the amount and quality of data by 2020.

ROADS

Road assets comprise roads pavement, kerb and channel, footpaths, verges and stormwater drainage. Overall, the roads and associated assets are considered to be in reasonable condition. Some older assets may appear old and tired but are generally functional and meet current demand needs. None of these assets have yet undergone a formal rating process as part of this Asset Management Strategy.

Urban roads, some with and some without kerb and channel, or kerb only, exist in the townships of Currie, Grassy and Naracoopa. Rural sealed roads comprise both sealed and unsealed pavements in a range of widths as well as unsealed pavements.

Paved footpaths are generally located in the townships of Currie, Grassy and Naracoopa. The surface types comprise a range, from plain concrete to decorative segmental pavers. These assets are generally considered to be functional and meeting current demand needs.

Integral kerb and channel and kerb-only exist in many locations, located in the townships of Currie, Grassy and Naracoopa. These assets exist in roads and car parking

areas. These assets are generally considered to be functional and meeting current demand needs.

Verges and nature strips in urban roads in and around the townships of Currie, Grassy and Naracoopa are generally considered to be functional and meeting current demand needs.

Bridges and culverts are generally in good condition. These assets are surveyed annually by external specialists and critical works are then identified and planned. In 2018/19 Council proposes to replace the deck on the Stricklands Lane Bridge as a priority action.

Stormwater drainage assets comprising pits, pipes culverts and soakage drains are generally considered to be functional and meeting current demand needs.

Signage assets are in generally fair condition. By observation some of these assets are in poor condition and require replacement as a priority action, as Council's funds permit.

Street Lighting is currently managed by Tas Hydro on Council's behalf. Council pays for this service.

Estimates of the useful life of new road-related assets are as set out in the following table:

Roads - Component Asset Life		
COMPONENT	**DESCRIPTION**	**Useful Life (Yrs)**
Urban Road - Flexible Pavement	Granular pavement	100
Urban Road - Wearing Course	Bitumen wearing course	20
Rural Road – Gravel Pavement	Gravel pavement	10
Rural Road – Flexible Pavement		100
Rural Road – Wearing Course	Bitumen wearing course	20
Road - Signs	Regulatory Signs	7
Road - Rigid Pavement	Concrete pavement	120
Footpath - Bitumen	Bitumen footpath	20
Footpath - Concrete	Concrete footpath (not tree affected)	80
Footpath - Segmental Paver	Segmental paver footpath (Sand Base)	20
Footpath - Segmental Paver	Segmental paver footpath (Concrete Base)	50
Kerb & Channel - Concrete	All concrete kerb and gutter types	100
Kerb-Only	Concrete Kerb-Only	100
Traffic Management Devices	Traffic Management Devices	40
Street Furniture	Street Furniture (In Road Reserve)	40

Stormwater - Component Asset Life		
COMPONENT	**DESCRIPTION**	**Useful Life (Yrs)**
Pipe-Hdpe	High Density Polyethylene Pipe	100
Pit-Masonary	Brick, Rendered, And Besser Block Pit	100
Pit-Precast Conc	Precast Concrete Pit	100

Pit-Cast Insitu Conc	Cast Insitu Concrete Pit	100
Pit Lid-Cast Iron	Cast Iron Pit Lid	100
Pit Lid-Conc	Concrete Pit Lid	100
Grate-Cast Iron	Cast Iron Grate	100
Grate-Galvanised	Galvanised Steel Grate	80
Lintel-Conc	Concrete Lintel	80
Lintel-Precast Conc	Precast Concrete Lintel	80
Step Irons-Galvanised	Galvanised Step Irons	80
Pit Baskets	Polymer Mesh Pit Baskets	100
Pump Station	Pump Station	50
Channel/ Table Drain-Swale-Grass	Swale-Grass Channel	100
Channel-Concrete Base	Concrete Base Channel	100
Channel-Concrete Wall	Concrete Wall Channel	100
Channel-Concrete Cover	Concrete Cover Channel	100
Culvert-Concrete Base	Concrete Base Culvert	150
Culvert-Concrete Superstructure	Concrete Superstructure Culvert	150
Flood Mitigation	Training Walls, Levees	150
Urban Road - Flexible Pavement	Granular Pavement	100

The aims of Council's Capital Works Program include:

1. The timely replacement of aging and damaged infrastructure assets; and
2. Improvements to existing assets, for example, by strengthening and sealing identified unsealed road pavements in accordance with agreed criteria.

Action:

It is recommended that Council considers:

1. Preparation of a program of data collection to obtain better information about all assets by December 2020;
2. Developing criteria to prioritise the strengthening and sealing of gravel road assets;
3. Agreeing a costed and achievable long-term program to strengthen and seal priority gravel roads; and,
4. Developing a long-term asset replacement program for other infrastructure assets.

AIRPORT

King Island Airport has been recently surveyed and assessed with some specialist tests geotechnical testing undertaken ahead of proposed assessments of pavement strength of the sealed aprons, taxiways and main runway.

The results of this investigation will help to inform the proposal to expand the Airport to accommodate larger aircraft.

Replacement of some of the pavement is expected to be required within the timeframes of this document (10 years).

PROPERTY

Buildings are surveyed regularly by external specialists and condition assessments and valuations have been obtained. As part of this process, asbestos in buildings has been identified and recorded.

Action:

It is recommended that Council considers continuing to collect better information about these assets and the condition of building components with the aim to develop a proactive maintenance and renewal program.

PARKS AND RECREATION

Recreation areas include:

1. Currie Race Course and Show Ground
2. Currie Sports field, playground, picnic area and the area men's and women's public toilets.

Parks and Recreation Assets - Component Asset Life		
Component	**Description**	**Useful Life (Yrs)**
Bbq's	Brick/Stone Housing	25
	Metal Housing	25
Bollards	All types	50
Concrete Pad	Concrete	100
Drinking Fountain	All types	50
Edging	Concrete	70
	Timber	50
Fencing	All types	30
Flag Poles	All types	30
Flood Lighting - Luminaire	-	20
Flood Lighting - Post	Galvanised Posts	60
	Timber Posts	60
Football Posts	Aluminium	40
	Timber	40
Footpaths/Walkways	Bitumen	25
Same as per Roads	Concrete	80
	Decomposed Granite	10
	Pavers On Concrete	50
	Pavers On Sand	20
Gates	All types	30
Grassed Area	Turf	60
Hand Rails	Galvanised Hand Rails	30
Hard Stand Areas	Bitumen	25
	Concrete	80
	Decomposed Granite	10

As Above	Pavers On Concrete	50
	Pavers On Sand	20
	Rubber	15
	Stone	100
	Timber	50
Irrigation	-	20
Litter Bins	Stainless Steel	30
	Timber	30
Netball Posts	Galvanised	40
	Timber	40
Park Lighting - Luminaire	-	20
Park Lighting - Post	Cast Iron	80
	Galvanised Posts	60
	Timber Posts	60
Picnic Pallet	Aluminium	40
	Timber	40
Picnic Shelters	Composite Shelter	40
	Concrete Shelters	40
	Metal Shelters	40
	Treated Timber Shelters	40
Planter Box	Concrete	80
	Metal	30
Planting Area	Ground Cover	60
	Mulch	60
	Shrubs	60
	Soil	60
	Trees	100
Plaques	Aluminium	40
	Brass	70
	Bronze	100
	Stainless Steel	70
Play Equipment	Play Module	15
	See Saw	15
	Space Nets	15
	Spring Toy	15
	Swing	15
Porous Paving	Aggregate	10
	Wet-Pour Rubber	15
Practice Nets	Galvanised Wire Enclosure	30
Public Art	-	100
Retaining Walls	Concrete	80
	Masonry	80
	Stone Wall	100
	Treated Timber	40
Rock Pools	Concrete	80
Rotunda	Timber Or Composite	60
Safety Ramp	Concrete	80
	Timber	60

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Seats & Benches	Aluminium	30
	Stainless Steel	70
	Timber	40
Shade Cover/Sail	Hip Roof	15
	Hyper Sail	15
Shade Structure	Frame	30
	Galvanised Posts	30
Signage	Name Signs	20
	Notice Boards	20
	Regulation Signs	20
	Way Finding Signs	20
Softfall	Sand	8
	Mulch	4
Steps	Brick	80
	Concrete	80
	Stone	100
	Timber	60
Tree Guards	Aluminium	40
	Timber	40
Walls	Concrete	80
	Masonry	80
	Stone Wall	100
	Treated Timber	40

Action: It is recommended that Council considers continuing to collect better information about these assets and the condition of the various components with the aim to develop a proactive maintenance and renewal program.

FLEET AND PLANT

Traditionally, the fleet has been in poor condition, with most plant and machinery in a state of disrepair and poorly selected for the usual tasks and activities. It is essential that plant is serviceable and safe. The existing operational fleet is subject to regular breakdowns resulting in interruptions to the services which these items support. It is of a high priority to get all items onto a regular replacement cycle to ensure their age and condition does not exceed reasonable industry standards.

Council's plant fleet includes:

1. Light fleet comprising sedans, and utilities vehicles.
2. Minor plant comprising small mower, edgers, whipper snippers, hedge trimmers and combinations of these.
3. Major plant comprising trucks, rollers, excavator, grader, tractors, implements, loaders, large mowers, etc.

A full schedule of existing plant together with a replacement and procurement programs is included in Appendix A. This schedule is intended to provide for the timely replacement of plant so as to optimise maintenance costs.

Action: It is recommended that Council considers increasing the funding for plant replacement to a level which will optimise lifecycle costs and to maintain the service levels for the activities which these plant items support.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

A range of information and communications technology including telephones, enterprise software, storage and audio-visual systems that support the management of information and data for the effective administration of the Council and communication with internal and external stakeholders.

HERITAGE ASSETS

Monuments and memorials are generally in good condition and well maintained. Most are in Currie (6) with 1 on Naracoopa.
No planned works has been identified in the next 10 years.
No new heritage assets have been planned.
The table below summarises the physical state of the assets in terms of Condition, Capacity and Functionality. It also considers confidence in the data used in the assessment and planning.

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SUMMARY

Asset Class	Condition	Capacity	Functionality	Confidence in Data
1. Roads				
Roads				**Medium**
Footpaths				**Medium**
Kerbs/Verges				**Medium**
Bridges & Culverts				**Medium**
Drainage				**Medium**
Signage				**Low**
2. Airport				
Runway, taxiway, etc				**High**
Airport buildings and carpark etc				**High**
3. Property				
Land				**Medium**
Buildings				**Medium**
Quarries				**Medium**
Waste Management				**Medium**
4. Parks and Recreation				
Parks				**Medium**
Recreation				**Medium**
5. Fleet and Plant				
Light Fleet				**Medium**
Minor Plant <$10K				**Medium**
Major Plant >$10K				**Medium**
6. Information and Communications Technology (ICT)				
Information Communications and Technology				**Medium**
7. Heritage assets				
Monuments and memorials				**High**

Key / legend

Category	Description	Rating	Explanation
Condition:	The actual physical and technical state of the asset.		100% - 95% (or up to 5% may need Capital Intervention)
Capacity:	The ability of the infrastructure to meet demand.		94% - 90% (or up to 10% may need Capital Intervention)
Functionality:	The ability of the physical infrastructure to meet service program delivery needs.		<90% (or greater than 10% may need Capital Intervention).

Confidence in Data

Rating	Explanation
High	Council has supporting data or information to support the assessment.
Medium	Council has some supporting data or information and the assessment is largely based in professional
Low	Council has little or no supporting data or information and the assessment is based on professional

Action: Confirm the summary assessments above and improve the data confidence.

2.4 Levels of Service Maturity Index

Our level of service maturity was assessed against the IPWEA Levels of Service Maturity Index. Our self-assessment of our current performance is between ***Aware*** and ***Basic***. Our target is ***Core*** across all activities within 3 years.

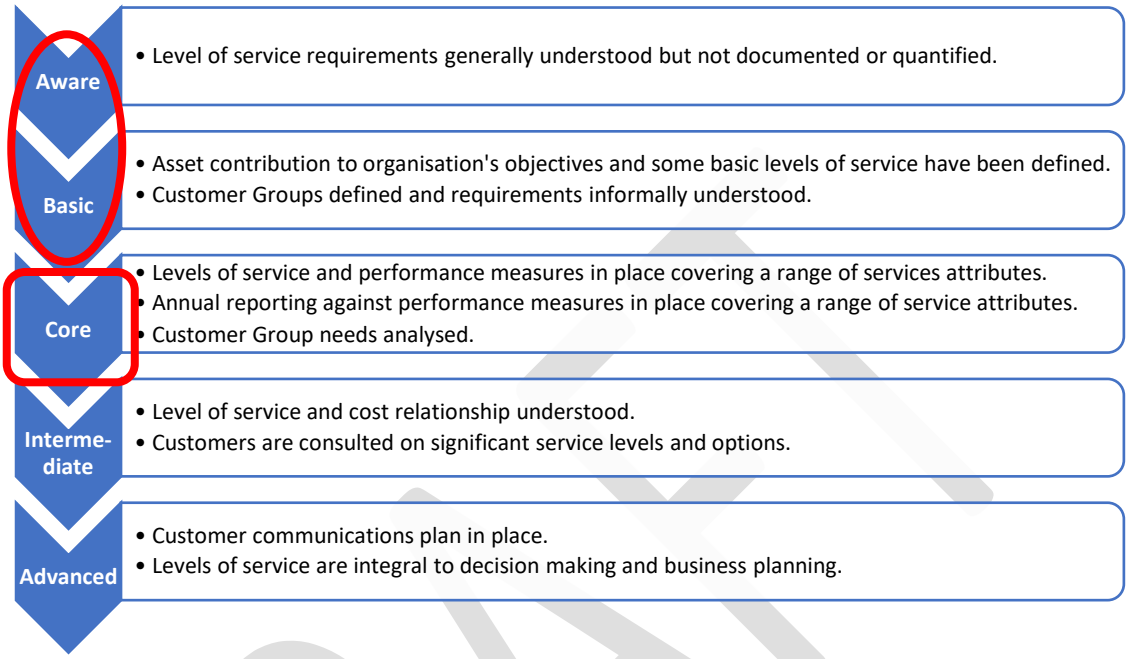

Figure 5: Levels of Service Maturity Index

Ref: IPWEA International Infrastructure Management Manual (2015)

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3 WHERE WE WANT TO BE

3.1 Strategic Direction

Council has adopted the following Strategic Direction in the Strategic Plan 2016 – 2020 (version 12 updated August 2016).

Our VISION: King Island – 'A place of opportunity, lifestyle, and beauty.'

Our GUIDING PRINCIPLES:

The King Island Council will be known for its Visionary Thinking and Strategic Leadership.

We are a Council with a shared vision who work with and for the local community.

We work by the following principles:

1. Cohesive decision making – with the strength to review decisions
2. Valuing our independent views – and recognising that healthy respectful debate can lead to better decisions
3. Being agile, flexible and professional in responding to emerging issues
4. Driving decisions through informed input and engagement with stakeholders
5. Communicating decisions in an open and transparent way
6. Being 'one team' and standing by group decisions

Our STRATEGIC OBJECTIVES:

1. Community Wellbeing

Create a sustainable, resilient and adaptable community; through utilising community development strategies.

- Development. To identify, improve and support community development strategies that generate benefits for the community of King Island.
- Engagement. To engage with our community through collaborative consultation, information sharing and seeking input that informs our decisions

2. Infrastructure & Facilities

Support our population and future growth through public infrastructure, services, land use and development strategies that create a connected, sustainable and accessible community.

- Assets. Review and develop plans and processes with relevant stakeholders
- Transport. To advocate for fit for purpose freight and transport services (sea and air) for the island's economy and accessibility.
- Airport. To implement the Airport Master Plan.

- Communications. To support the island's telecommunications and business development in line with the national framework.

3. Tourism, Marketing and Events

Sustainable promote, develop and support the growth of King Island's tourism.

- Tourism. To support the growth of Tourism on King Island.

4. Economic Development

Achieve economic viability through facilitating economic development that supports appropriate and sustainable growth.

- Business Development. Achieve economic viability through facilitating economic development that supports appropriate and sustainable growth.
- Economic Development. Facilitate local economy opportunities for business development and employment opportunities.

5. Natural Environment.

Our island's unique natural and built environment are sustainably respected and cared for.

- Environment. Ensure our Island's natural and built resources are protected in ways that sustain our economic, environmental and social development.

6. Governance and Organisational Development.

- Provide high quality professional governance, advocacy and leadership together with effective administration of Council resources.
- Advocacy and Leadership. To improve the economic, social, and environmental wellbeing of the King Island municipality.
- Governance. Provide consistent, accountable, transparent and effective governance of the King Island Council.
- Financial Management. Provide long term financial viability planning for the municipality.
- Employee Development. To develop skilled, experienced, motivated and accountable staff

Our VALUES

- These are the values that will guide our choice and behaviour as we seek to implement our Vision for the area:
- Equality amongst all
- Unity – we are in this together
- Recognition, Appreciation and Acknowledgment
- Communication and Consultation
- Our workplace environment – A great place to work

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3.2 Risk Management

The Council is committed to building the principles of risk management into its decision making.

Asset management is a critical area to embed the risk management processes defined in the Risk Management Policy and Risk Management Strategy documents.

We define risk as "the impact of uncertainty upon our objectives". Accordingly, we are creating a risk culture that is embedded throughout the organisation to enable us to understand and manage uncertainty.

As it is impossible to know whether, when, or where risk events may occur, we must build resilience in our infrastructure. This includes; physical robustness of the assets, the level of redundancy, and the management of interdependencies between assets and organisations.

We also comply with the processes and practices of the international standard for risk management AZ/NZS ISO 31000:2018 ("ISO 31000") which have been adopted and recommended by IPWEA.

The Council's Material Risk categories that directly involve Asset Management include; asset management, environmental, community engagement, and economic development. The related actions identified in the Material Risk Report (September 2018) specifically comprise:

- Development and effective implementation of a robust asset management policy, strategy and review system.
- Development and effective implementation of a robust environmental management policy, strategy, compliance system and review process.
- Develop and implement an appropriate community engagement strategy, plan and process, consistent with best practice.
- Education program for planners and community re the panning process and implications of approval.

Risk management issues will be detailed and documented in each of the individual asset class management plans.

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3.3 Asset Management Team

Asset Management is an integrated process, bringing together skills, expertise, and activities of people with information about a community's physical assets and finances so that informed decisions can be made, supporting sustainable service delivery.

The Asset Management team therefore relies on inputs from people in the following positions

- General Manager
- Director of Infrastructure
- Director Corporate and Community Services
- Assets and Projects Engineer
- Accountant
- Development Services Officer
- Economic Development Officer
- Communications, Tourism and Events Officer
- Depot Officer
- Ranger

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4 LOOKING FORWARD

The Council has established the following critical areas to consider for the future:

Demographics: population trends and forecasts household size, structure, and ownership; age groups, ageing population,

Climate Change: impact of changing climate (rainfall, coastline, ecosystems, etc); trends, impact and mitigation; and energy policy.

Demand: historic, future and demand management; alignment of workforce management plan; potential industries (mining, abattoir, tourism (sports and other), associated jobs; and efficiency opportunities.

Technology: internet, cloud, data usage, smart cities, artificial intelligence and machine learning; automated vehicles; integration of technology in plant and equipment.

Levels of Service and Support: review current levels of service and support, survey community perceptions / expectations; and plan desired levels for the future.

Action: Develop a comprehensive view of the future, plan levels of service and support, test with the community and refine.

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5 COMPETING TENSIONS

Strategic changes create tensions within the organisation. Recognising these tensions and articulating them as part of our strategy, helps ensure that we focus on managing them.

5.1 Continuing Tensions

The following tensions are existing tensions within the organisation that are expected to continue through the next asset management cycle.

- **Introduction of new structured approach to asset management.** The new approach requires us to play to each other's existing strengths (i.e. technical, financial, administration, etc) to work together effectively and develop the new skills and capabilities required to improve our asset management practices to the standards that we set.

- **Limited Resources.** We are a small team with a corresponding budget and are responsible for a broad range of services. We must operate efficiently individually and especially collectively to ensure that we are successful.

- **Different departments are driven by different priorities.** Recognising that the whole organisation owns the assets, it is essential that we work together to effectively plan, deliver, operate and maintain those assets. It is critical, that we reconcile different directorates and priorities, which are exacerbated by parts of the organisation controlling different types of budgets (i.e. Opex and Capex), in a transparent and professional manner.

- **Limited asset data and information.** Information is the foundation for effective asset management. We need to improve our information gathering and knowledge management to facilitate effective and timely decision making.

- **Compliance, risk and innovation.** Following tried and tested practices whilst innovating seems a contradiction. However, we need to comply with the legal standards and best practice procedures whilst we test ideas and continue to manage risk. To succeed we need to find a comfortable balance of all three to manage our assets and introduce innovative solutions where appropriate.

- **Thorough planning versus forward visibility.** Thorough planning, evidence-based decisions, and innovation, take time. Yet, we need to make decisions as soon as possible to provide forward visibility for our delivery team and supply chain partners. We need to understand uncertainty in sufficient detail to find an acceptable balance to facilitate effective decision making with some flexibility to adapt to emerging information, data and priorities.

5.2 Emerging Tensions

The following tensions are expected to emerge through the next asset management cycle.

- **Decision Making.** As more information and data is gathered relating to asset performance and public engagement is increased, decision making will become increasingly complex trying. Stakeholder engagement will become increasingly important when considering how to deliver future options that meet compliance standards, community expectations and the constraints of expected ongoing budget limitations. Long term financial planning is critical.

- **Long term direction vs short term information.** As we begin to receive an increasing amount of *real-time* information and seek to have the best service possible for our customers and community, there will be a temptation to react as we receive the information. This will likely increase our Opex spending, affect cost / benefit calculations and reduce, stretch our resources and reduce efficiency. How this information is best utilised will likely cause tension.

- **Capital costing.** Capital costing processes and accuracy must be improved to provide an accurate and reliable forward view of our work. This will be linked to our Long-Term financial Plan and our Resource Plan and will improve our organisational knowledge and overall judgement and result in effective management of existing assets and procurement of new assets.

5.3 Managed Tensions

The tension below has been known by the organisation for some time and is now being managed.

- **Lack of Investment.** Ongoing lack of investment over many years driven by the previous "reactive" culture. Has been reversed predominantly by new leadership mantra driven by the General Manager. This proactive approach needs to be maintained.

Our challenge is to work with these tensions, and others that may not be specifically defined above, and managing them, whilst delivering our strategy.

Action: Review competing tensions and plan mitigation actions.

6 ASSET MANAGEMENT STRATEGIES

The four strategic goals for Asset Management, as identified in the Asset Management Policy, should be referred to when considering Asset Management improvement strategies and initiatives. They comprise:

1. Put the King Island community's' priorities at the heart of everything we do;
2. Make effective, risk-based decisions based on strong evidence;
3. Deliver capital and operational interventions safely and efficiently; and
4. Work collaboratively across King Island and the supply chain to ensure that we all succeed.

These should be considered in the context of the six Strategic Objectives (detailed in section 3.1) as highlighted in the headings below:

1. Community Wellbeing
2. Infrastructure & Facilities
3. Tourism, Marketing and Events
4. Economic Development
5. Natural Environment.
6. Governance and Organisational Development

	Strategy	Responsible	Target date	Budget
1.	Develop Asset Management Plans for each individual asset class.	GM / Dir Inf	Q1 2019	Internal and external resources.
2.	Centralise and maintain up to date knowledge of our assets and their features within a comprehensive database.	Dir Inf	2019	Internal
3.	Investigate the condition of assets in each category at specified regular intervals to enable effective planning timeframes for each category.	Dir Inf	2019	Internal
4.	Implement procedures to periodically assess and appraise the relevance of assets in terms of their current ability to customer service and community needs.	Dir Inf & Dir CCS	2019	Internal
5.	Asses and record risks linked with assets and feature key risks into maintenance plans. Assess and record risks linked with assets and feature key risks into maintenance plans. Assess any environment, social and financial effects of operation of assets.	Dir Inf & Dir CCS	2019	Internal

6.	Devise annual maintenance plans based on condition survey results considering specific recommendations arising from Community Strategic Plan and budget constraints.	Dir Inf	2019	Internal
7.	Formulate financial and human resource plans to the delivery of maintenance programs.	GM	2019	Internal
8.	Publish an annual state of our assets report and a 5-year asset renewal plan that aligns with Council's Strategic Plan and 10-year Financial Plan.	GM, Dir CCS & Dir Inf	2019	Internal
9.	Introduce data collection, management and sharing processes and practices.	GM	2019	Internal
10.	Consider measuring and reporting on leading sustainability metrics including energy use, GHG emissions, waste, and water use, to better inform the Council and the broader community on the impact of service delivery and explore opportunities to reduce this impact.	GM, Dir CCS & Dir Inf	2019	Internal
11.	Publish key asset/project decisions and the reasons for the decisions.	GM, Dir CCS	2019	Internal
	From Material Risk Report (Sept 18) …Summary table.			
12.	Asset management. Develop and effectively implement a robust asset management policy, strategy and review system.	GM	2019	Internal and external
13.	Environmental. Develop and effectively implement a robust environmental management policy, strategy, compliance system and review process.	GM	2019	Internal and external
14.	Community engagement. Develop and implement an appropriate community engagement strategy, plan and process, consistent with best practice.	Dir CCS	2020	Internal and external
15.	Economic development. Develop and roll out an education program for planners and community regarding the planning process and implications of approval.	GM	2021	Internal and external

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7 ASSET MANAGEMENT PRACTICES

In order to improve our Asset Management Maturity Index from the current "Aware /Basic" to "Core" status, we need to achieve the levels highlighted in the following table. Refer to the IPWEA IIMM Guide ("How far do we take it?") for more detailed information and explanations.

	Initiative	Responsible
1.	**Section 2. Understanding and defining requirements** • Define and document AM system scope. • Define Customer Groups and informally understand their requirements. • Establish levels of service and performance measures covering a range of service attributes. • Report annually against performance targets. • Analyse Customer Group needs. • Forecast demand based on robust projection of primary demand factor (e.g. population growth) and extrapolation of historical trends. • Understand and document risk associated with demand change. • Consider demand management initiatives. • Compile sufficient information to complete asset valuations (basis attributes, replacement cost and asset age/life) to support prioritisation of work programs. Valuations should have a 'C' to 'B' grade data confidence 10+ year financial forecasts based on current AM outputs. • Hold metadata as appropriate. • Establish suitable condition and performance information to be used to plan maintenance and renewals to meet over the short term.	GM, Dir Inf & Dir CCS
2.	**Section 3. Lifecycle Planning** • Recognise and incorporate corporate prioritise in decision making • Apply formal decision-making techniques (MCA/BCA) to major projects and programs using criteria based on the Council's AM objectives. • Identify critical assets and high risks. • Document risk management strategies for critical assets and high risks. • Assess current resilience level and identify improvement opportunities. • Ensure operations organisational structure is in place and roles assigned. • Identify capital investment projects during annual budget process. • Establish a schedule for proposed projects for the next 3-5 years. • Identify projects from a wide range of sources and collate into a project register.	GM, Dir Inf & Dir CCS

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	• Rank the importance of the capital projects based on a prioritisation framework.	
3.	**Section 4. Asset Management Enablers** • Ensure that position descriptions incorporate AM roles. • Establish AM coordination processes. • Leadership to provide ownership and support for AM activities. • Establish an awareness of AM across most of the organisation. • Ensure that organisational structures support AM activities. • Define AM objectives with consideration of strategic context. • Describe approach to risk and critical assets, top-down condition and performance assessment, future demand forecasts, description of supporting AM processes, 10-year financial forecasts, 3 year AM improvement plan. • Document, monitor and review critical AM processes that meet the requirements of ISO 55001. • Develop asset registers that enable hierarchical reporting (at component to facility level). • Enable customer request tracking and planned maintenance functionality. • Develop systems to enable manual reports to be generated for valuation and renewal forecasting. • Define core functions. • Develop procurement policy and strategy. • Establish internal service level agreements with primary internal service providers and contracts for primary external service providers. • Identify and agree AM improvement actions and identify and allocate appropriate staff. • Assess current and future AM performance and identify gaps to drive AM improvement actions including objectives, timeframes, deliverables, resource requirements and responsibilities.	GM, Dir Inf & Dir CCS

As detailed in section 2.3, the following tables summarises specific recommendations for Council to consider:

	Recommendation	Responsible
1.	**Roads** • Preparation of a program of data collection to obtain better information about all assets by December 2020; • Developing criteria to prioritise the strengthening and sealing of gravel road assets; • Agreeing a costed and achievable long-term program to strengthen and seal priority gravel roads; and,	GM, Dir Inf & Dir CCS

	• Developing a long-term asset replacement program for other infrastructure assets.	
2.	**Property** • Continuing to collect better information about these assets and the condition of building components with the aim to develop a proactive maintenance and renewal program.	GM, Dir Inf & Dir CCS
3.	**Parks and Recreation** • Continuing to collect better information about these assets and the condition of building components with the aim to develop a proactive maintenance and renewal program.	GM, Dir Inf & Dir CCS
4.	**Fleet and Plant** • Increasing the funding for plant replacement to a level which will optimise lifecycle costs and to maintain the service levels for the activities which these plant items support.	GM, Dir Inf & Dir CCS

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8 RELATED DOCUMENTS

This document sits within the context of the wider King Island Council strategy, vision and mission. More specific strategies and plans are described in the following documents.

- Strategic Plan
- Asset Management Policy
- Individual Class Asset Management Plans (to be developed)
- Long Term Financial Plan
- Workplace Health and Safety Policy and Commitment
- Risk Management Policy and Strategy
- Operational Plan
- Resourcing Plan

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9 GLOSSARY OF TERMS

Term	Definition
Asset Management (AM)	The systematic and coordinated activity and practices of an organisation to optimally and sustainably deliver on its objectives through the cost-effectiveness lifecycle management of assets. Or, ISO 55000: Coordinated activity of an organisation to realise the value of its assets.
Asset Capacity	The ability of infrastructure assets to meet demand (current and future).
Asset Condition	The actual physical state of the asset.
Asset Functionability	The ability of a physical infrastructure asset to meet service program delivery needs.
Asset Register	A record of asset information, typically held in a spreadsheet, database or software system, including asset attribute data such as quantity, type and construction costs.
Balanced Scorecard (BSC)	BSC evaluates non-financial performance measures (typically relating to the strategic goals of the organisation) as well as financial performance measurements to provide a more 'balanced' view of performance.
Benefit Cost Analysis (BCA)	BCA can be used to assess the relative (marginal) costs and benefits of increasing or reducing current performance, or investing in a new project. A BCA is particularly relevant to the public sector, were the aim is to improve the public good.
Capex	Capital expenditure. Expenditure associated with new capital projects to improve or enhance the councils' assets.
Critical Assets	Those assets which have a high consequence of failure.
Depreciation	The systematic allocation of the depreciable amount of an asset over its useful life. Depreciation is a measure of how much of the value of an asset has been used, in the provision of its related service, as measured at regular intervals over its Useful Life. Essentially, how an asset is 'used up' or consumed over time. Depreciation expense is part of the cost of providing the future economic benefits and it is expensed along with other charges like maintenance through Council's charging system to the Annual Financial Statement.

Discounted Cash Flow (DCF)	DCF is a methodology whereby future cash flows that occur the analysis period are discounted to present values and then summed to yield the present value (PV) of the timestream of costs or benefits.
Leadership	A process of guiding and maximising the efforts of a team towards the achievement of a shared vision.
Lifecycle asset management	Lifecycle asset management encompasses all practices associated with considering management strategies as part of the asset lifecycle. The objective is to look at lowest long-term cost (rather than short term savings) when making decisions
Multi-Criteria Analysis (MCA)	MCA is a decision technique that considers more than one criterion (not just monetary units) in order to rate alternative(s) or asset(s). It is commonly used where important benefits and costs are both quantitative and qualitative in nature. MCA can be a practical way of logically and systematically assessing options against a number of different criteria, but it does have some limitations.
Net Present Value (NPV) Analysis	NPV Analysis is one of the most basic forms of economic analysis and considers only the lifecycle of the asset, or investment alternative. It typically includes only financial costs; it is effectively the sum of all costs expected through the lifecycle.
Opex	Operating expenditure. Expenditure associated with activities related to operations.
Program	A collection of related projects that can be managed together to help King Island Council achieve its goals.
Project	A temporary endeavour to create a unique product or service. Projects are different from on-going operations in the organisation because, unlike operation, projects have a distinct beginning &end.
Replacement Cost	The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a new modern equivalent asset with the same economic benefits allowing for differences in the quantity and quality of output and in operating costs.
Risk-Based Decisions	The Risk-based decision approach prioritises higher risk assets or projects for investment. Some organisations take a purely risk-driven approach to making decisions.