

2017/18

BUILDINGS
ASSET MANAGEMENT PLAN



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The Institute of Public Works Engineering Australasia.

www.ipwea.org/namsplus

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1. EXECUTIVE SUMMARY

What is the purpose of the plan?

This Asset Management Plan sets out the level of service the Wagga Wagga City Council provides the community in relation to the buildings network. It uses financial information and technical asset data compared with the service levels to identify funding shortfalls associated with managing the assets.

What does the plan cover?

The plan covers the building network, which has a current replacement cost of \$134,491,302. These assets enable people to hold community meetings, access services, run community markets and a wide range of community interest groups. They also are used to support Council's operations. These community buildings include rural fire sheds, community halls, sports grounds facilities, the civic centre, cultural buildings, storage sheds, operational buildings and public toilets.

What does it cost?

The total cost to maintain the network and renew and upgrade assets as identified in the plan is estimated to be \$38,413,023 over the next 10 years. This includes the following:

- \$156,000 to condition assess the network,
- \$21,599,300 to maintain the buildings,
- \$3,147,096 to renew buildings in condition 4 and 5,
- \$2,030,000 to renew elements of the Civic Theatre and the Civic Centre,
- \$2,314,758 to upgrade 10 amenities blocks, and
- \$9,165,869 to build a multipurpose stadium.

What is the challenge?

Wagga Wagga City Council is like many local governments, it manages assets on behalf of the community worth in excess of a billion dollars. There is an ever increasing emphasis on local governments to provide the community with services needed in a financially sustainable manner. The challenge for local government is there are limited finances and assets are ageing, requiring replacement and there is continuous demand for new and enhanced services and assets.

What is the budget?

The following table shows how much funding is available in the Long Term Financial Plan compared to the estimated cost of managing the assets to meet the service levels in this asset management plan.

Activity	Funding Level
Condition assessment of the network	0%
Maintain the buildings	65%
Renew buildings in condition 4 and 5	0%
Renew elements at the Civic Centre and Civic Theatre	100%
Upgrade 10 amenities	100%
Construct new multipurpose stadium	100%

What is Wagga Wagga City Council doing?

Council will continue to:

- maintain, renew and upgrade buildings to meet service levels set by annual budgets,
- deliver the current level of maintenance across the buildings network, and
- prioritise the renewal of existing buildings based on condition data and the budgets in the Long Term Financial Plan.

What are the consequences?

There are maintenance and capital activities unable to be undertaken within the next 10 years given the current budgets. They are:

- condition assessments and therefore renewal plans based on accurate data,
- maintenance of buildings to the extent recommended in this asset management plan, and
- renewal of buildings in condition 4 and 5.

What is the next step?

The next important step is to develop solutions for the renewal and maintenance funding shortfalls for buildings.

Questions you may have

What is an Asset Management Plan?

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

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

What is this plan about?

This asset management plan covers the buildings assets that serve the Wagga Wagga local government area's community needs. These assets enable people to hold community meetings, access services, run community markets and a wide range of community interest groups. They also are used to support Council operations. These community buildings include rural fire sheds, community halls, sports grounds facilities, the civic centre, cultural buildings, storage sheds, operational buildings and public toilets.

What options do we have?

Resolving the funding shortfall involves several options:

1. Improving asset knowledge so that data accurately records the asset inventory, how assets are performing and when assets are not able to provide the required service levels
2. Improving our efficiency in operating, maintaining, renewing and replacing existing assets to optimise life cycle costs
3. Identifying and managing risks associated with providing services from infrastructure
4. Making trade-offs between service levels and costs to ensure that the community receives the best return from infrastructure
5. Identifying assets surplus to needs for disposal to make saving in future operations and maintenance costs
6. Consulting with the community to ensure that buildings services and costs meet community needs and are affordable
7. Developing partnership with other bodies, where available to provide services
8. Seeking additional funding from governments and other bodies to better reflect a 'whole of government' funding approach to infrastructure services.
9. Seek to raise additional funding through a Special Rate Variation lodged with IPART.

What happens if we don't manage the shortfall?

It is likely that we will have to reduce service levels in some areas unless new sources of revenue are found. For buildings, the service level reduction may include prolonging planned refurbishments or not seeing the building meeting their planned useful life due to limited maintenance. It could also see the cost of managing the asset base increase as refurbishment is required instead of maintenance.

What can we do?

We can develop options, costs and priorities for future buildings services. We can consult with the community to plan for future services to match community service needs with the ability to pay for services and maximise community benefits against costs.

What can you do?

We will be pleased to consider your thoughts on the issues raised in this asset management plan and suggestions on how we may change or reduce the mix of services to ensure that the appropriate level of service can be provided to the community within the available funding.

Glossary

Annual service cost (ASC)

- 1) Reporting actual cost
The annual (accrual) cost of providing a service including operations, maintenance, depreciation, finance/opportunity and disposal costs less revenue.
- 2) For investment analysis and budgeting
An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operations, maintenance, depreciation, finance/ opportunity and disposal costs, less revenue.

Asset

A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

Asset category

Sub-group of assets within a class hierarchy for financial reporting and management purposes.

Asset class

A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.

Asset condition assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Asset hierarchy

A framework for segmenting an asset base into appropriate classifications. The asset hierarchy can be based on asset function or asset type or a combination of the two.

Asset management (AM)

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

Asset renewal funding ratio

The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an asset management plan for the same period [AIFMG Financial Sustainability Indicator No 8].

Average annual asset consumption (AAAC)*

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

Borrowings

A borrowing or loan is a contractual obligation of the borrowing entity to deliver cash or another financial asset to the lending entity over a specified period of time or at a specified point in time, to cover both the initial capital provided and the cost of the interest incurred for providing this capital. A borrowing or loan provides the means for the borrowing entity to finance outlays (typically physical assets) when it has insufficient funds of its own to do so, and for the lending entity to make a financial return, normally in the form of interest revenue, on the funding provided.

Capital expenditure

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital expenditure - expansion

Expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to a new group of users. It is discretionary expenditure, which increases future

operations and maintenance costs, because it increases the organisation's asset base, but may be associated with additional revenue from the new user group, eg. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

Capital expenditure - new

Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operations and maintenance expenditure.

Capital expenditure - renewal

Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it generally has no impact on revenue, but may reduce future operations and maintenance expenditure if completed at the optimum time, eg. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

Capital expenditure - upgrade

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operations and maintenance expenditure in the future because of the increase in the organisation's asset base, eg. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.

Capital funding

Funding to pay for capital expenditure.

Capital grants

Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

Capital investment expenditure

See capital expenditure definition.

Capitalisation threshold

The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.

Carrying amount

The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

Class of assets

See asset class definition.

Component

Specific parts of an asset having independent physical or functional identity and having specific attributes such as different life expectancy, maintenance regimes, risk or criticality.

Core asset management

Asset management which relies primarily on the use of an asset register, maintenance management systems, job resource management, inventory control, condition assessment, simple risk assessment and defined levels of service, in order to establish alternative treatment options and long-term cashflow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than detailed risk analysis and optimised decision-making).

Cost of an asset

The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, including any costs necessary to place the asset into service. This includes one-off design and project management costs.

Critical assets

Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than noncritical assets.

Current replacement cost (CRC)

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 technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

Deferred maintenance

The shortfall in rehabilitation work undertaken relative to that required to maintain the service potential of an asset.

Depreciable amount

The cost of an asset, or other amount substituted for its cost, less its residual value.

Depreciated replacement cost (DRC)

The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Depreciation / amortisation

The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

Economic life

See useful life definition.

Expenditure

The spending of money on goods and services. Expenditure includes recurrent and capital outlays.

Expenses

Decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or increases in liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Fair value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arms length transaction.

Financing gap

A financing gap exists whenever an entity has insufficient capacity to finance asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current financing gap means service levels have already or are currently falling. A projected financing gap if not addressed will result in a future diminution of existing service levels.

Heritage asset

An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

Impairment Loss

The amount by which the carrying amount of an asset exceeds its recoverable amount.

Infrastructure assets

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, eg. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no separate market value.

Investment property

Property held to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

Key performance indicator

A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.

Level of service

The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

Life Cycle Cost *

1. **Total LCC** The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
2. **Average LCC** The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises average operations, maintenance expenditure plus asset consumption expense, represented by depreciation expense projected over 10 years. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

Life Cycle Expenditure

The Life Cycle Expenditure (LCE) is the average operations, maintenance and capital renewal expenditure accommodated in the long term financial plan over 10 years. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of affordability of projected service levels when considered with asset age profiles.

Loans / borrowings

See borrowings.

Maintenance

All actions necessary for retaining an asset as near as practicable to an appropriate service condition, including regular ongoing day-to-day work necessary to keep assets operating, eg road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

- **Planned maintenance**

Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

- **Reactive maintenance**

Unplanned repair work that is carried out in response to service requests and management/ supervisory directions.

- **Specific maintenance**

Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.

- **Unplanned maintenance**

Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance expenditure *

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

Materiality

The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

Modern equivalent asset

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is

capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques.

Net present value (NPV)

The value to the organisation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from eg the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

Non-revenue generating investments

Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Council, eg. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

Operations

Regular activities to provide services such as public health, safety and amenity, eg street sweeping, grass mowing and street lighting.

Operating expenditure

Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, eg power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

Operating expense

The gross outflow of economic benefits, being cash and non cash items, during the period arising in the course of ordinary activities of an entity when those outflows result in decreases in equity, other than decreases relating to distributions to equity participants.

Operating expenses

Recurrent expenses continuously required to provide a service, including power, fuel, staff, plant equipment, maintenance, depreciation, on-costs and overheads.

Operations, maintenance and renewal financing ratio

Ratio of estimated budget to projected expenditure for operations, maintenance and renewal of assets over a defined time (eg 5, 10 and 15 years).

Operations, maintenance and renewal gap

Difference between budgeted expenditures in a long term financial plan (or estimated future budgets in absence of a long term financial plan) and projected expenditures for operations, maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

Pavement management system (PMS)

A systematic process for measuring and predicting the condition of road pavements and wearing surfaces over time and recommending corrective actions.

PMS Score

A measure of condition of a road segment determined from a Pavement Management System.

Rate of annual asset consumption *

The ratio of annual asset consumption relative to the depreciable amount of the assets. It measures the amount of the consumable parts of assets that are consumed in a period (depreciation) expressed as a percentage of the depreciable amount.

Rate of annual asset renewal *

The ratio of asset renewal and replacement expenditure relative to depreciable amount for a period. It measures whether assets are being replaced at the rate they are wearing out with capital renewal expenditure expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

Rate of annual asset upgrade/new *

A measure of the rate at which assets are being upgraded and expanded per annum with capital upgrade/new expenditure expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

Recoverable amount

The higher of an asset's fair value, less costs to sell and its value in use.

Recurrent expenditure

Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operations and maintenance expenditure.

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining useful life

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.

Renewal

See capital renewal expenditure definition above.

Residual value

The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revenue generating investments

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, eg public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

Risk management

The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

Section or segment

A self-contained part or piece of an infrastructure asset.

Service potential

The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

Service potential remaining

A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's potential to provide services that is still available for use in providing services (Depreciated Replacement Cost/Depreciable Amount).

Specific Maintenance

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacement of air conditioning equipment, etc. This work generally falls below the capital/ maintenance threshold and needs to be identified in a specific maintenance budget allocation.

Strategic Longer-Term Plan

A plan covering the term of office of councillors (4 years minimum) reflecting the needs of the community for the foreseeable future. It brings together the detailed requirements in the Council's longer-term plans such as the asset management plan and the long-term financial plan. The plan is prepared in consultation with the community and details where the Council is at that point in time, where it wants to go, how it is going to get there, mechanisms for monitoring the achievement of the outcomes and how the plan will be resourced.

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

- (a) the period over which an asset is expected to be available for use by an entity, or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council.

Value in Use

The present value of future cash flows expected to be derived from an asset or cash generating unit. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Source: IPWEA, 2009, Glossary

Additional and modified glossary items shown *

2. INTRODUCTION

Community Strategic Plan

The vision for the future from the Community Strategic Plan 2040 is “in 2040 Wagga Wagga will be a thriving, innovative, connected and inclusive community on the Murrumbidgee. Rich in opportunity, choice, learning and environment. Wagga is a place where paths cross and people meet.”

To ensure we achieve this community vision, we need to begin to embed elements of it in today’s planning. Four key words have been chosen by the community to be used as guiding principles in planning for our future. These four principles are – Thriving, Innovative, Connected and Inclusive.

In the Community Strategic Plan the community came up with a number of priorities which are really important. These have been categorised into 5 strategic directions for the city. Asset management fits into the environment strategic direction and relates to the objectives of:

- we plan for the growth of the city, and
- we create and maintain a functional, attractive and health promoting environment.

This Asset Management Plan relates to the outcomes of:

- we have sustainable urban development, and
- we create and maintain a functional, attractive and health promoting built environment.

The strategies from the Community Strategic Plan addressed in this asset management plan are:

- provide and maintain appropriate infrastructure and services that support current and future needs,
- maintain infrastructure assets, and
- implement asset management planning.

Fit for the Future

A Fit for the Future council is one that is:

- sustainable,
- efficient,
- effectively manages infrastructure and delivers services for communities, and
- has the scale and capacity to engage effectively across community, industry and government.

IPART in October 2015 deemed Wagga Wagga City Council ‘fit for the future’ as a stand-alone council, based on the actions and strategies identified in Council’s improvement proposal submitted to IPART in June 2015. The action plan outlines how Council is committed to a number of key improvement strategies to meet five of the benchmarks and trend towards the remaining two benchmarks by 2019/20. The improvement proposal can be accessed online at www.wagga.nsw.gov.au/fitforthefuture.

The key improvement strategies have included targeted efficiency (service) reviews of \$800,000 annually and increased revenue targets of \$300,000. Council will direct these funds towards the renewal of infrastructure and maintenance of assets, which will assist in reducing the infrastructure backlog.

A key consideration in Council’s decision-making as part of this improvement plan is the ongoing commitment to improving our financial position and sustainability. This includes maintaining and improving the working funds result as well as achieving a balanced or preferably a surplus budget each financial year.

2.1 Background

This asset management plan is to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate the funding required to provide the necessary levels of service over a 10 year planning period.

The asset management plan follows the format for asset management plans recommended in Section 4.2.6 of the International Infrastructure Management Manual¹.

The scope of this asset management plan is buildings managed by Wagga Wagga City Council with a current replacement cost of \$134,491,302 (source Wagga Wagga City Council General Purpose Financial Statements for year end 30 June 2016).

2.2 Goal of Asset Management

Wagga Wagga City Council exists to provide services to its community. Some of these services are provided by infrastructure assets. We have acquired infrastructure assets by 'purchase', by contract, construction by Council and by dedication of assets constructed by developers and others, to meet increased levels of service.

Our goal in managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- providing a defined level of service and monitoring performance,
- managing the impact of growth through demand management and infrastructure investment,
- taking a whole of life lifecycle approach to developing cost-effective management strategies for the long-term, that also meet the defined level of service,
- identifying, assessing and appropriately controlling risks, and
- having a long-term financial plan which identifies required, affordable expenditure and how it will be financed.²

2.3 Plan Framework

Key elements of the plan are:

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

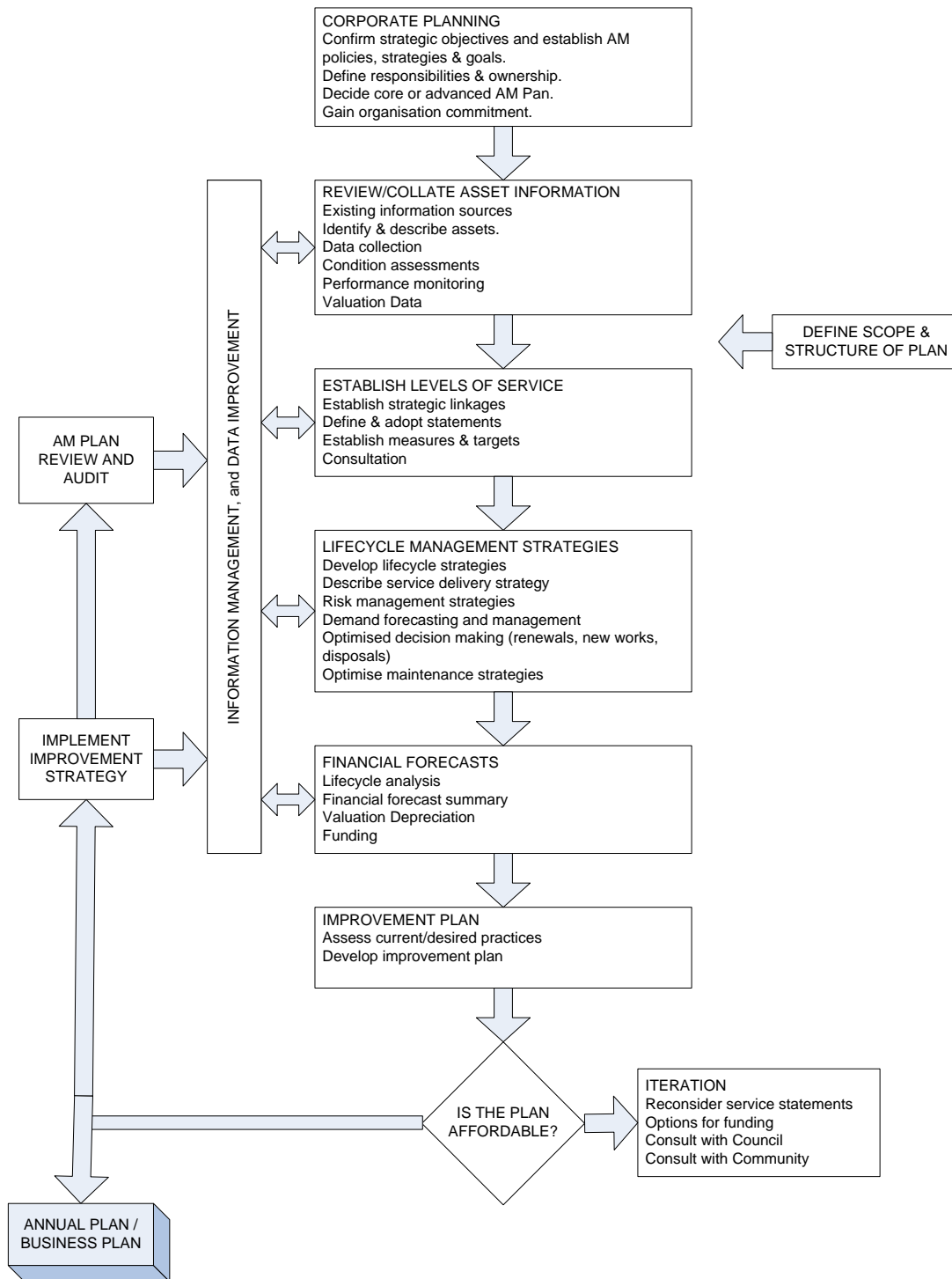
A road map for preparing an asset management plan is shown in Figure 1 below.

¹ IPWEA, 2011, Sec 4.2.6, *Example of an Asset Management Plan Structure*, pp 4 | 24 – 27.

² Based on IPWEA, 2011, IIMM, Sec 1.2 p 1 | 7.

Figure 1: Road Map for preparing an Asset Management Plan

Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11.



2.4 Community Consultation

During the community consultation for the Community Strategic Plan in 2016 we heard about the importance of community buildings from the people who participated. These buildings are important to our community as they facilitate events and activities, which encourage connection to places and to people. They create local precincts, which then form part of the community’s identity. We heard that the amenity of the buildings is important to our community because when buildings are well maintained and presentable they can be readily utilised.

The community highlighted the importance of accessibility to the precincts and the buildings within them. People raised the need to refurbish community buildings to improve accessibility; this included providing disabled access and also included the provision of female change room facilities at sports grounds to encourage participation.

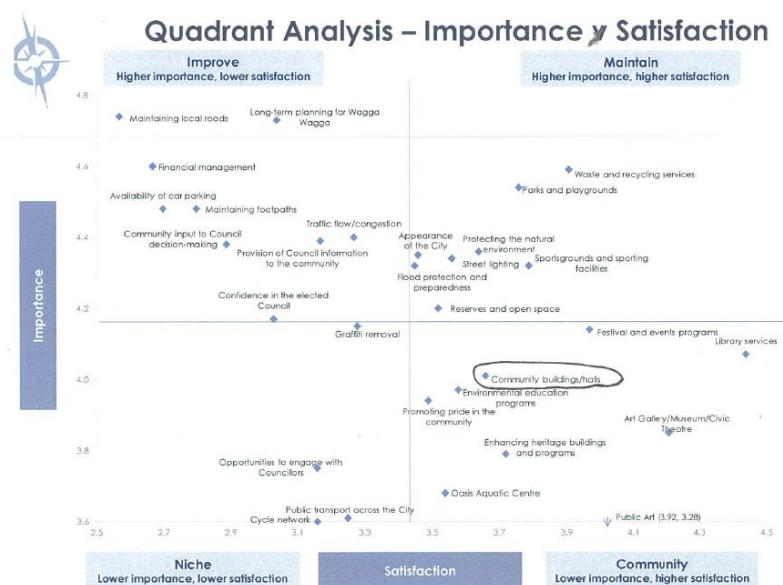
3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

Wagga Wagga City Council has conducted local government satisfaction surveys since 2006. This telephone based survey samples residents on their level of satisfaction with Council’s services and the importance of these services.

In the 2015 survey, community buildings and halls rated in the lower importance/higher satisfaction quadrant as shown below in Figure 2. The quadrant analysis is a useful tool for planning future directions. It combines the stated needs of the community and assesses the current performance of Council in relation to these needs.

Figure 2: Quadrant analysis from community survey, importance vs satisfaction



Source: http://www.wagga.nsw.gov.au/__data/assets/pdf_file/0010/38944/Report-Wagga-Wagga-Community-15-11-23.pdf

Points worth noting from the surveys for community buildings are:

2015	Long term planning for Wagga was rated as a high priority
2012	<ul style="list-style-type: none"> • Presentation of Wagga Wagga City Council’s facilities was rated high in the survey • Satisfaction with the management of the Wagga Wagga City Council’s buildings was rated as medium, as was the presentation of public facilities
2009	<ul style="list-style-type: none"> • The Civic Theatre was rated in the top five performing areas • Public toilets were rated in the lowest five performing assets in the survey • Public toilets were on the list of the top five gaps, where importance is high and performance is low

3.2 Levels of Service

Community Levels of Service - Measure how the community receives the service and whether Wagga Wagga City Council is providing community value. Community levels of service measures used in the asset management plan are:

- Condition How good is the service?
- Capacity/Utilisation Is the service over or under used?

Wagga Wagga City Council’s community service levels are detailed in Table1.

Table 1: Community Levels of Service

Service Attribute	Service Objective	Performance Measure Process	Current Performance of Total Network
COMMUNITY OUTCOMES			
We look after and maintain our community assets			
Condition	Buildings in condition 4 and 5 are refurbished as planned	Condition ratings 2013	Condition 1 – 55.7%* Condition 2 – 9.5% Condition 3 – 26.9% Condition 4 – 7.3% Condition 5 – 0.5% (source Special Schedule 7 June 2016)
Capacity/Utilisation	Buildings across the network are used	Utilisation ratings 2016 developed via internal review 2016	Estimated 85% of buildings are used at least weekly (including operational and storage buildings)

* Condition is rated as described below.

1	Excellent: only planned maintenance required
2	Good: minor maintenance required plus planned maintenance
3	Average: significant maintenance required
4	Poor: significant renewal/rehabilitation required
5	Very Poor: physically unsound and/or beyond rehabilitation

3.3 Technical Levels of Service

Technical Levels of Service - Supporting the community service levels are the operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities that Wagga Wagga City Council undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance. Technical service measures are linked to annual budgets covering:

- maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition (eg road patching, unsealed road grading, building and structure repairs),

- renewal – the activities that return the service capability of an asset to that which it had originally (eg road resurfacing and pavement reconstruction, pipeline replacement and building component replacement),
- upgrade – the activities to provide a higher level of service (eg widening a road, sealing an unsealed road, replacing a pipeline with a larger size, redesigning toilet blocks) or a new service that did not exist previously (eg a new stadium).

Table 3 shows the technical levels of service targets, the methodology we will use to measure our performance, the current performance and funding levels of these targets based on the Long Term Financial Plan 2017/18 compared to the estimated required budget to meet the service levels. The estimated required budget figures are based on replacement values reported in Wagga Wagga City Council's financial statements of 2016 and the unit rates developed in the last revaluation of the buildings in 2016.

Table 2- Technical Levels of Service

Service Attribute	Service Objective	Activity Measure Process	Current Performance	Estimated Required Budget	Current Budget as per the Long Term Financial Plan June 2017/18*	Current Funding Ratio (Current Budget/Required Budget)**
Maintenance	Undertake building condition assessment	Condition of buildings is assessed biennially, with 2 external condition assessment being conducted in the next 10 years	Last condition inspection was conducted 2013	\$156,000 for 10 years	\$0	0%
	Maintain buildings in response to their condition	Projected maintenance costs based on current replacement costs (CRC) are: Buildings in condition 1 - 1% of CRC Buildings in condition 2 - 1.5% of CRC Buildings in condition 3 - 2.5% of CRC Buildings in condition 4 - 3% of CRC Buildings in condition 5 - 3% of CRC		\$2,159,930 per year	\$1,412,477 per year	65%
Renewal	Buildings in condition 4 and 5 are refurbished as planned	Develop a refurbishment plan based on 30% of the current replacement cost for buildings in condition 4 and 5		\$3,147,096 (based on Special Schedule 7 data)	\$0	0%
Renewal – Civic Centre and Civic Theatre	Provide a vibrant civic precinct	Replace air-conditioning in the civic theatre foyer and at the civic centre, renew the lift in the civic theatre	Renewal project plans developed	\$2,030,000 for 10 years	\$2,030,000 for 10 years	100%
Upgrade/New	Upgrade toilet blocks across the local government area	10 toilet buildings have been identified for upgrade (Bolton Park, Anderson Oval, Frenchs Fields, Kessler Park, Forrest Hill Oval, Uranquinty Sports Grounds, Jubilee/Connolly Park, Gissing Oval, Tarcutta Public Convenience and Apex Park)		\$2,314,758	\$2,314,758	100%
	Provide facilities to the community as required	Equex Multi-Purpose Stadium construction		\$9,165,869 (as per Long Term Financial Plan - currently budgeted for delivery in 2016/17)	\$9,165,869 (as per Long Term Financial Plan - currently budgeted for delivery in 2016/17)	100%

*Scenario 1, what we would like to do based on asset register data

**Scenario 2, what we should do with existing budgets

4. FUTURE DEMAND

4.1 Demand Drivers

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

Demand for infrastructure is generated predominantly through either an increased utilisation of existing infrastructure brought about by the factors above or the requirement for new infrastructure to meet the needs of growth in new development.

The demand created by these two circumstances requires analysis to consider the ramifications to existing infrastructure networks and the ability of these networks to cope with the increased infrastructure. This analysis applies in all cases ranging from new subdivisions creating an increased load on existing networks, to changes in existing areas leading to increasing or decreasing utilisation and demand on infrastructure assets.

4.2 Demand Management Plan

Demand for new services will be managed through a combination of managing and maintaining existing assets, upgrading of existing assets and providing new assets. Demand management practices include non-asset solutions, insuring against risks and managing failures.

The planning for infrastructure due to demand is a constant process of review and assessment of existing infrastructure and its ability to cope with increasing demand, versus the need to augment with new infrastructure.

Demand on infrastructure is created through increased utilisation generated from a growing population and changing patterns of behaviour, ranging from social demographics to transport options and solutions. Often this increasing demand will stem from urban or residential growth increasing the utilisation of a range of community infrastructure.

5. LIFECYCLE MANAGEMENT PLAN

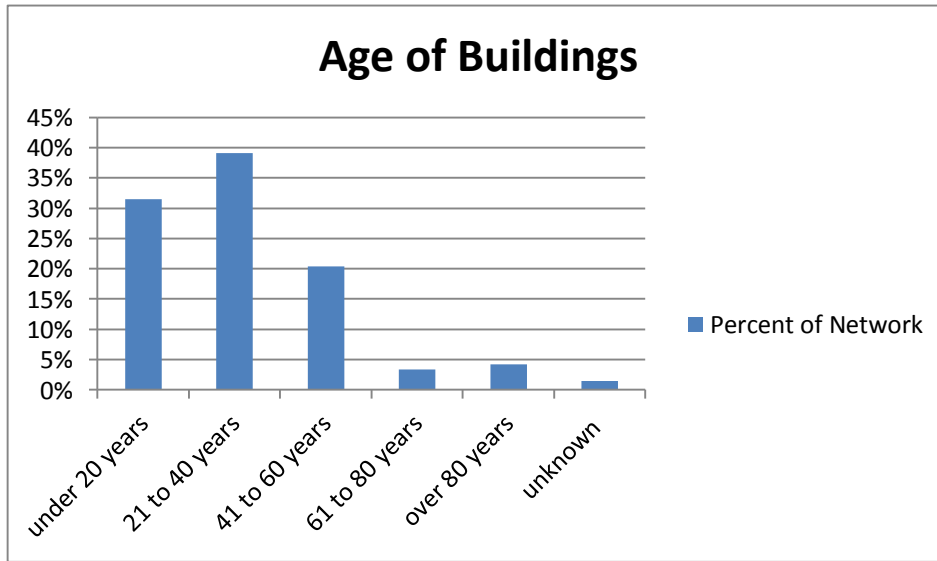
5.1 Background Data

5.1.1 Physical parameters

Wagga Wagga City Council manages a portfolio of buildings on behalf of the community. These buildings include toilets, club houses, community halls, childcare centres, storage sheds, operational buildings, the Civic Centre, Civic Theatre and Museum. These buildings enable a wide range of services to be offered to the community, providing the infrastructure to allow people to meet and connect with each other.

The age profile of buildings is shown in Figure 3.

Figure 3: Asset Age Profile



Source: Wagga Wagga City Council’s asset register MyData December 2016

As shown in Figure 3 the majority of buildings in the network are less than 60 years of age, with approximately a third being under 20 years of age.

5.1.2 Asset condition

Condition is rated against a scale of 1 to 5 as per Table 3 below.

Table 3: Condition Grading Model

Condition Grading	Description of Condition
1	Excellent: only planned maintenance required
2	Good: minor maintenance required plus planned maintenance
3	Average: significant maintenance required
4	Poor: significant renewal/rehabilitation required
5	Very Poor: physically unsound and/or beyond rehabilitation

From 2017 onwards, each element of a building listed below will be condition rated during assessments:

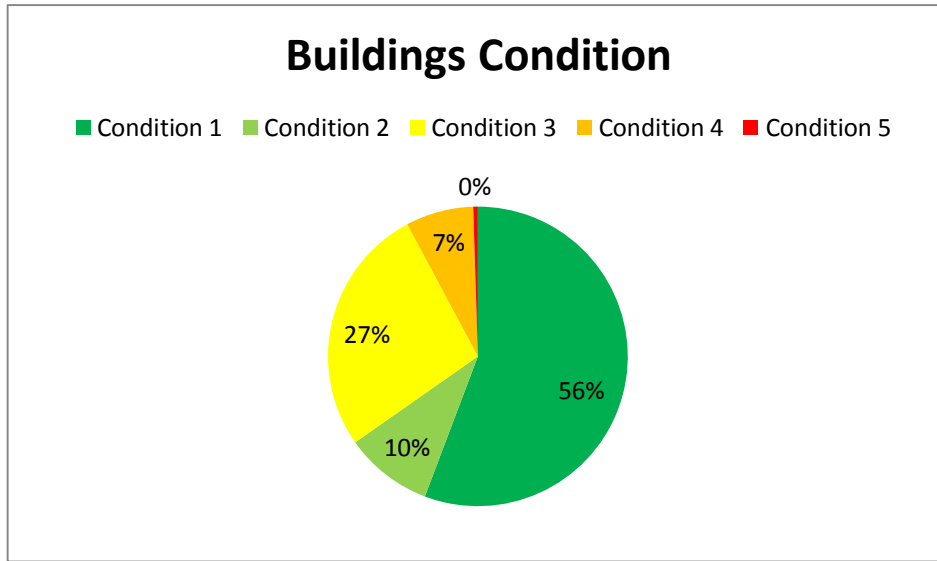
- structure,
- external façade,
- internal facilities – kitchen, bathroom, floor, walls, fitouts and fittings,
- services – fire, mechanical, hydraulics, electrical, transport and security, and
- site surrounds.

Condition assessments are planned to be conducted every 2 years. The last condition assessment was undertaken in 2013 and assessed the overall facade, walls, floors and roof. This data was used to produce the current refurbishment plan for buildings. The condition assessment process has been reviewed as part of the development of this asset management plan and aims to provide more detailed information to inform refurbishment plans and required budgets.

The plan proposes that buildings are condition assessed every 2 years, with an external review to be carried out every 6 years, with 2 occurring in the next 10 year planning period. The plan proposes the other year’s assessment will be undertaken by qualified internal resources.

The current condition profile of our assets is shown in Figure 4.

Fig 4: Asset Condition Profile



Source: Special Schedule 7 of Wagga Wagga City Council’s General Purpose Financial Statements 30 June 2016

As shown in the graph above the majority of buildings in the network are in an average condition or above.

5.1.3 Asset valuations

The value of the building assets (specialised and non-specialised) reported in Note 9 of the Wagga Wagga City Council General Purpose Financial Statements for the year ended 30 June 2016 covered by this asset management plan is shown below. Assets were last revalued in 2013 and are valued at fair value replacement cost.

Fair Value	\$134,491,302
Depreciable Amount	\$109,783,590
Written Down Value	\$79,967,250
Annual Depreciation Expense	\$3,534,099

Useful lives were reviewed in 2013 by an external valuer.

Various ratios of asset consumption and expenditure have been prepared to help guide and gauge asset management performance and trends over time. Below there are two ratios, this first shows the depreciation expense over the depreciable amount of the asset category and the second indicates how much is allocated to renew each asset category based on the current budget in the Long Term Financial Plan compared to the depreciable amount.

Rate of Annual Asset Consumption (Depreciation/Depreciable Amount)	3.2%
Rate of Annual Asset Renewal (Capital renewal expenditure/depreciable amount)	1.8%

In relation to the above rate of annual asset renewal ratio, it is important to note the renewal budget for buildings in the Long Term Financial Plan is allocated to specific capital projects in the Civic Centre and at the Civic Theatre. There is no budget in the Long Term Financial Plan to refurbish buildings rated in condition 4 and 5.

5.1.4 Historical Data

Historically the condition and extent data for buildings has been stored in Wagga Wagga City Council's asset management system and the financial data is stored in Council's financial system. This is scheduled to change with the next revaluation of the buildings asset category due in June 2018.

5.2 Infrastructure Risk Management Plan

An assessment of seven risk factors has been conducted by Council staff in 2016 for community buildings. The ratings used a three point system from high to low and the factors rated are as follows:

- impact of failure on life, community and property,
- usage,
- loss of service,
- community expectation and political backlash from failure of the building to provide service,
- security and vandalism potential,
- cost of failure, and
- site function.

These risk rating indicators have been used to inform the importance of buildings relative to each other and has identified high risks associated with buildings for Council. These high assets are as follows:

- Civic Centre,
- Bob Osborne Skills Centres,
- Wagga Wagga City Council depot buildings,
- Livestock Marketing Centre,
- Robertson Oval buildings, and
- airport buildings.

5.3 Maintenance Plan

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again. Reactive maintenance is unplanned and in response to customer requests. Assessment and prioritisation of reactive maintenance is undertaken by Council staff using experience and judgement.

Maintenance is required to ensure buildings reach their intended useful life. The requirement to maintain assets increases as the asset decreases in condition. In 2017, the required annual maintenance budget of the buildings network is based on a percentage of the current replacement cost of each building and varies depending on condition. How this money is to be allocated depends on the requirements of each individual building.

The projected maintenance cost for buildings in:

- condition 1 is 1% of the current replacement cost,
- condition 2 is 1.5% of current replacement cost,
- condition 3 is 2.5% of current replacement cost, and
- condition 4 and 5 is 3% of current replacement costs.

It is important to note there are additional operational costs which are associated with the day to day running of the building. These are not included in the above percentages.

Current maintenance expenditure and budget levels are not considered to be adequate to meet projected maintenance costs outlined above. The maintenance budget would need to increase by an estimated 34% based on the data from Special Schedule 7 to meet the service level.

In addition there is a need to conduct regular condition assessments of the buildings network. This plan requires condition assessments to be undertaken by a suitably qualified external resource every 6 years, with 2 being conducted during the next 10 year planning period. The estimated required budget for this is \$156,000 for the next 10 years. As at June 2017 there is currently no budget in the Long Term Financial Plan for this activity.

Asset Hierarchy

Asset data for community buildings is currently captured in Council's asset register at the buildings level. While condition ratings will be done on components of the buildings, it is the intention to keep the data at this level in the short to medium term.

During the development of the asset management plan, the importance of each building in myData was assessed against seven ratings criteria. This assessment considered the utilisation of the building, if the users could find another venue if it wasn't available, the consequences of failure, the likelihood of vandalism, the type of usage, the cost of failure and the impact on Council and the community's reputation if it was to fail. This data will be used to prioritise works on the buildings network and needs to be added to the asset register.

Critical Assets

Critical assets are those assets which have a high consequence of failure but not necessarily a high likelihood of failure. By identifying critical assets Council can target and refine investigative activities, maintenance plans and capital expenditure plans at the appropriate time.

Operations and maintenances activities may be targeted to mitigate critical assets failure and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels. Based on the risk assessment done in 2016, the following buildings are considered critical:

- Civic Centre,
- Bob Osborne Skills Centre – Local Emergency Management Response,
- Wagga Wagga City Council airport buildings,
- Livestock Marketing Centre buildings, and
- Wagga Wagga City Council depot buildings.

5.3.1 Operations and Maintenance Strategies

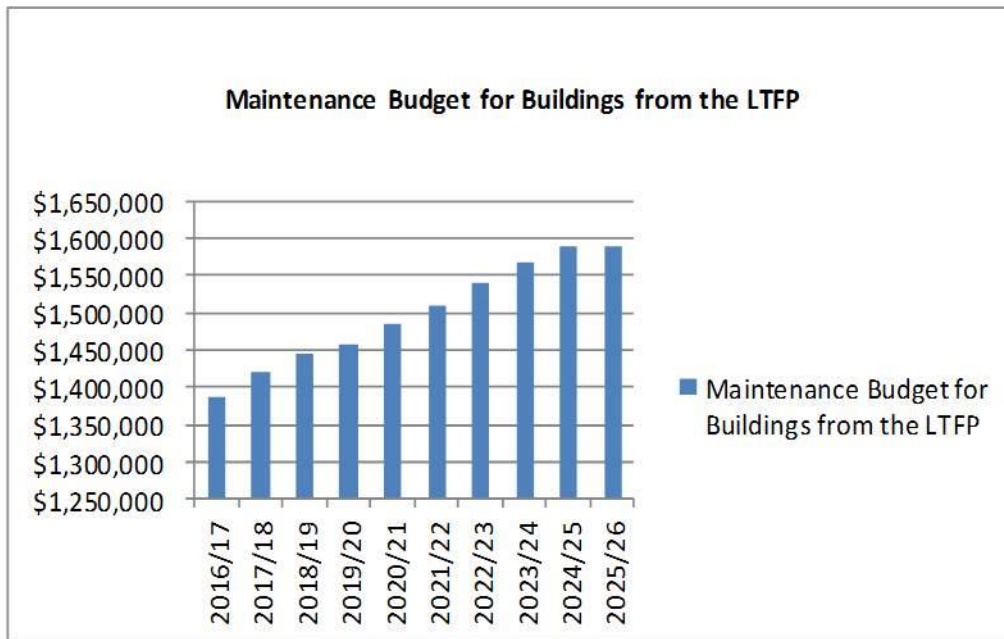
The organisation will operate and maintain assets to provide the defined level of service to approved budgets in the most cost-efficient manner. The operation and maintenance activities include:

- scheduling operations activities to deliver the defined level of service in the most efficient manner,
- undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes. Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (50 – 70% planned desirable as measured by cost),
- maintain a current infrastructure risk register for assets and present service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council,
- review current and required skills base and implement workforce training and development to meet required operations and maintenance needs,
- review asset utilisation to identify underutilised assets and appropriate remedies, and over utilised assets and customer demand management options,
- maintain a current hierarchy of critical assets and required operations and maintenance activities,
- develop and regularly review appropriate emergency response capability, and
- review management of operations and maintenance activities to ensure Council is obtaining best value for resources used.

5.3.2 Summary of future maintenance expenditures

Figure 5 shows the current maintenance budgets for buildings as per the Long Term Financial Plan.

Figure 5: Maintenance Expenditure as per the Long Term Financial Plan



In the Long Term Financial Plan the maintenance budget for the buildings network is \$14,124,769 or \$1,412,477 per year. The annual projected required maintenance budget is \$2,175,530 based on the service levels for maintenance in this plan. This results in an estimated average annual shortfall of \$763,053 (based on the data from Special Schedule 7, 30 June 2016 and the Long Term Financial Plan as at June 2017).

5.4 Refurbishment and Renewal Plan

Renewal and replacement expenditure is major work which does not increase the asset’s design capacity but restores, rehabilitates, replaces or renews an existing asset to its original or lesser required service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

5.4.1 Refurbishment and renewal plan

In 2017 the refurbishment plan for buildings is based on condition. Buildings with a condition 4 and 5 will be listed for refurbishment, at a cost of 30% of their current replacement cost (based on data from Wagga Wagga City Council’s General Purpose Financial Statements for the year end 30 June 2017, Special Schedule 7).

In addition to the above plan there is significant capital expenditure identified in the current Long Term Financial Plan which renews the air-conditioning in the Civic Theatre and the Civic Centre. It renews the lifts in the Civic Centre and refurbishes the foyer of the Civic Theatre. It also provides funding to construct solar panels on the Civic Centre.

The useful life of buildings was included and the last revaluation in 2013. The useful life ranges from 40 to 60 years.

5.4.2 Renewal and Replacement Strategies

Wagga Wagga City Council will plan refurbishment projects to meet level of service objectives and minimise infrastructure service risks by:

- planning and scheduling refurbishment projects to deliver the defined level of service in the most efficient manner,
- undertaking project scoping for all capital renewal and replacement projects to identify:
 - the service delivery ‘deficiency’, present risk and optimum time for refurbishment;
 - the project objectives to rectify the deficiency;

- the range of options, estimated capital and life cycle costs for each options that could address the service deficiency;
- and evaluate the options against evaluation criteria adopted by Council; and
- select the best option to be included in capital renewal programs,
- using ‘low cost’ renewal methods (cost of renewal is less than replacement) wherever possible,
- maintain a current infrastructure risk register for assets and service risks associated with providing services from infrastructure assets and reporting very high and high risks and residual risks after treatment to management and Council,
- review current and required skills base and implement workforce training and development to meet required construction and renewal needs,
- maintain a current hierarchy of critical assets and capital renewal treatments and timings required, and
- review management of capital renewal and replacement activities to ensure tis obtaining best value for resources used.

Renewal ranking criteria

It is possible to get some indication of capital renewal and replacement priorities by identifying assets or asset groups that:

- have a high consequence of failure,
- have a high utilisation and subsequent impact on users would be greatest,
- the total value represents the greatest net value to Wagga Wagga City Council,
- have the highest average age relative to their expected lives,
- are identified in the asset management plan as key cost factors,
- have high operational or maintenance costs, and
- where replacement with modern equivalent assets would yield material savings.³

The ranking criteria used to determine priority of identified buildings refurbishment is detailed in Table 5below.

Table 5: Refurbishment Priority Ranking Criteria

Criteria	Weighting
Impact of failure on life, community and property	25%
Usage	25%
Loss of service	10%
Community expectation and political backlash from failure of the building providing the service	10%
Cost of failure	10%
Site function	10%
Security and vandalism potential	10%
Total	100%

5.4.3 Summary of future renewal and replacement expenditure

In the Long Term Financial Plan the renewal budget for the buildings network is \$2,030,000. This is allocated to renewal of the air conditioning and lift at the Civic Centre, the construction of solar panels at the Civic Centre and renewing the air conditioning at the Civic Theatre. It is estimated this funding is adequate.

For other buildings in the portfolio there is no renewal budget identified in the Long Term Financial Plan. The estimated annual projected required renewal budget for buildings is \$314,710 (based on data Special Schedule 7 data,

³ Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3|66.

30 June 2016 and the refurbishment plan above). This results in an estimated shortfall of \$314,710 per year (in 2017 dollars).

5.5 Creation/Acquisition/Upgrade Plan

New works are those works that create a new asset that did not previously exist, or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to Wagga Wagga City Council from land development.

The Long Term Financial Plan includes the upgrade plan for buildings includes the upgrade of 10 amenities blocks and the construction of a multipurpose centre in the City. The value of these works is \$11,480,627 (as per the Long Term Financial Plan). There is \$9,165,869 budgeted for the construction of a multi-purpose stadium and \$2,314,758 budgeted for amenities block upgrades.

5.5.1 Selection criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as Councillors or community requests, proposals identified by strategic plans or partnerships with other councils.

5.5.2 Capital Investment Strategies

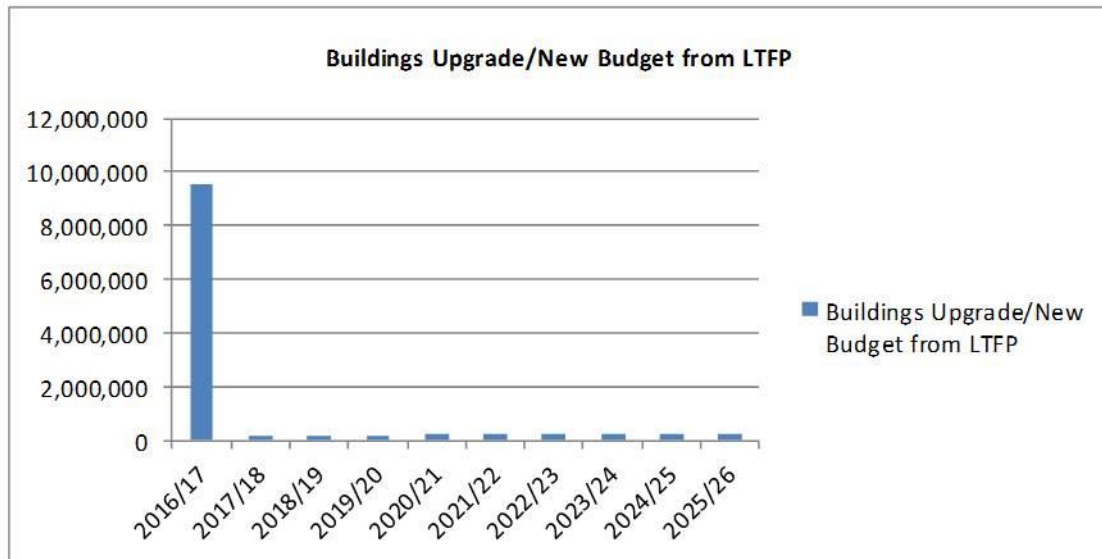
Wagga Wagga City Council will plan capital upgrade and new projects to meet level of service objectives by:

- planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner,
- undertake project scoping for all capital upgrade/new projects to:
 - identify the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset;
 - identify the project objectives to rectify the deficiency including value management for major projects;
 - identify the range of options, estimated capital and life cycle costs for each options that could address the service deficiency;
 - identify management of risks associated with alternative options;
 - evaluate the options against evaluation criteria adopted by Council; and
 - select the best option to be included in capital upgrade/new programs,
- review current and required skills base and implement training and development to meet required construction and project management needs, and
- review management of capital project management activities to ensure Council is obtaining best value for resources used.

5.5.3 Summary of future upgrade/new assets expenditure

Upgrade/new asset expenditure (as identified in the Long Term Financial Plan as at June 2017) is summarised in Figure 6. The current upgrade/new capital works program is shown in Appendix A. All amounts are shown in real values (2016 dollars).

Figure 6: Projected Capital Upgrade/New Asset Expenditure as per the Long Term Financial Plan



Source: Council’s Long Term Financial Plan June 2017

5.6 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are:

- commercial building in Johnson Street,
- Wagga City Aero club, old clubhouse, and
- house at Nurrang Street.

It should be noted there is no budget identified to dispose of the Wagga City Aero Club’s clubhouse.

5.7 Service Consequences and Risks

This asset management plan includes two scenarios. They are explained below:

Scenario 1 – What we would like to do based on asset register data (included in Table 3 as the estimated required budget and the service objective)

Scenario 2 – What we should do with existing budgets and identifying level of service and risk consequences (ie what are the operations and maintenance and capital projects we are unable to do, what is the service and risk consequences associated with this position).

A third scenario will be developed after consideration of the above scenarios across all asset categories included in the asset management framework.

Scenario 3 – What we can do and be financially sustainable with asset management plans matching long-term financial plans.

The development of Scenario 1 and Scenario 2 asset management plans provides the tools for discussion with Council and community on trade-offs between what we would like to do (Scenario 1) and what we should be doing with existing budgets (Scenario 2) by balancing changes in services and service levels with affordability and acceptance of the service and risk consequences of the trade-off position (Scenario 3). Scenario 3 will be included in future revisions of this plan.

5.7.1 What we cannot do

Based on the funding levels available in the current Long Term Financial Plan, there are some maintenance activities and capital projects that are unable to be undertaken within the next 10 years. These include:

- external condition assessment of the network,
- refurbishment of buildings in condition 4 and 5, and
- not being able to maintain buildings to the extent which is proposed in this asset management plan.

5.7.2 Service consequences

Based on the funding levels in the current Long Term Financial Plan, maintenance activities and capital projects that cannot be undertaken will have service consequences for users. These include:

- renewal and maintenance plans will not be developed on current and accurate data if condition assessments are not undertaken,
- buildings in condition 4 and 5 will not be refurbished and will either remain in service or in severe cases need to be removed from service, and
- lack of maintenance activity can accelerate the deterioration of the asset.

5.7.3 Risk consequences

Based on the funding levels in the current Long Term Financial Plan, operations and maintenance activities and capital projects that cannot be undertaken may maintain or create risk consequences for Council. These include:

- if condition assessments are not undertaken decisions about the network will be based on out of date, or incorrect or incomplete data,
- buildings may not reach their intended useful life due to lack of maintenance,
- buildings rated in condition 4 and 5 will not be refurbished, resulting in further deterioration and increase risk, and
- buildings will decrease in condition at a faster rate due to a lack of maintenance, leading to higher maintenance and potentially refurbishment costs.

6. FINANCIAL SUMMARY

6.1 Sustainability of Service Delivery

Asset Renewal Funding Ratio⁴ 39%

The Asset Renewal Funding Ratio is the most important indicator and reveals that over the next 10 years, Wagga Wagga City Council is forecasting that it will have 39% of the funds required for the optimal renewal and refurbishment of buildings in the network.

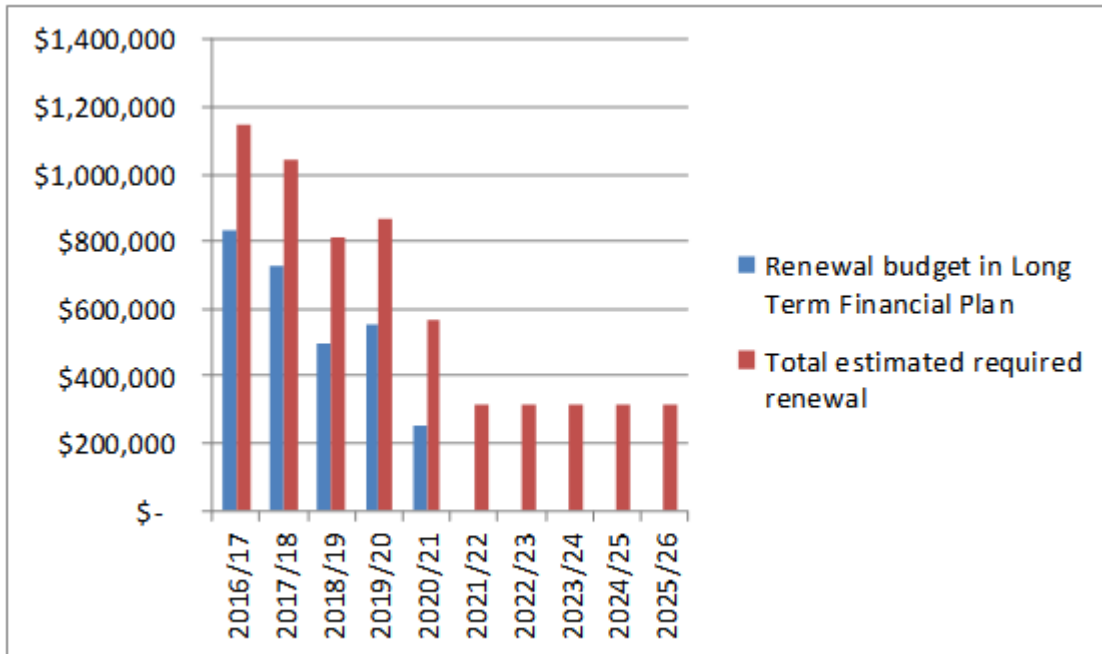
The projected capital renewal expenditure required over the 10 year planning period is \$517,710 on average per year. The average annual budget for renewal of the buildings assets included in this plan according to the Long Term Financial Plan (as at June 2017) is \$203,000 producing shortfall of \$398,210 per year. This indicates that Council expects to have 39% of the projected expenditures needed to fund this renewal plan in the asset management plan.

Providing services from infrastructure in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and financing to achieve a financial indicator of approximately 1.0 for the first years of the asset management plan and ideally over the 10 year life of the Long Term Financial Plan.

⁴ AIFMG, 2012, Version 1.3, Financial Sustainability Indicator 4, Sec 2.6, p 2.16

Figure 7 shows the projected asset renewal and replacement expenditure over the 10 years of the asset management plan. The projected asset renewal and replacement expenditure is compared to renewal and replacement expenditure in the Long Term Financial Plan.

Figure 7: Projected and LTFP Budgeted Renewal Expenditure



Source: Council’s Long Term Financial Plan June 2017 and the estimated required budgets in this asset management plan

A gap between projected asset renewal/replacement expenditure and amounts accommodated in the Long Term Financial Plan indicates that further work is required on reviewing service levels in the asset management plan (including possibly revising the Long Term Financial Plan). This will be considered in the first year of this asset management plan with the development of Scenario 3, what we can do and be financially sustainable with asset management plans matching the Long Term Financial Plan.

In the meantime, we will manage the ‘gap’ by developing this asset management plan to provide guidance on future service levels and resources required to provide these services, and review future services, service levels and costs with the community.

6.2 Forecast Reliability and Confidence

The data confidence is assessed as low confidence level for data used in the preparation of this asset management plan. This rating has been given as the last revaluation of the asset data was in 2013 and there is currently two asset registers for buildings, once used to manage the assets and the other used for financial statements.

7. PLAN IMPROVEMENT AND MONITORING

7.1 Status of Asset Management Practices

7.1.1 Accounting and financial systems

Wagga Wagga City Council uses the Assetic asset management system, particularly the myData platform. When the buildings are revalued in 2018 the plan is to include the financial data in the system. The financial statements will then be developed using the myData system. All capitalisation will then need to be captured in the system.

Accountabilities for financial systems

The asset management financial system is the responsibility of the Financial Sector of Council, in particular the Manager Finance.

Accounting standards and regulations

Council's financial reporting must comply with Australian equivalents to International Financial Reporting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act (1993) and Regulations and the Local Government Code of Accounting Practice and Financial Reporting.

Capital/maintenance threshold

Council's capitalisation threshold is detailed in Note 1 of Wagga Wagga City Council's Financial Statements annually.

Required changes to accounting financial systems arising from this Asset Management Plan

When the buildings asset category is revalued in 2018 all data will be captured in the asset register in myData.

7.1.2 Asset management system

Wagga Wagga City Council uses assetic to manage the asset data for buildings. Data captured in the system includes extent data, condition data, inspection results and insurance values.

Asset registers

Currently financial data and extent and condition data are managed in two registers. This is scheduled change when buildings are to be revalued in 2018.

Buildings are also captured on Council's insurance schedule. This schedule is reviewed annually against the asset register in myData prior to the policy being renewed.

Linkage from asset management to financial system

As at 2017 there is no linkage between the financial system and the asset register in myData.

Accountabilities for asset management system and data maintenance

The responsibility of the asset management system is the responsibility of the Financial Sector of Council in particular the Manager Information and Customer Service. The responsibility of managing the asset data is the responsibility of the Commercial Sector of Council, in particular the Manager Project Operations.

Required changes to asset management system arising from this Asset Management Plan

The asset register myData will be used to capture the increased detail of condition inspections in the future. With the revaluation the extent data of the buildings network will be reviewed.

7.2 Improvement Plan

The information in this asset management plan is based on asset data from Council's condition data as reported in Special Schedule 7. To improve the overall quality of the plan the data needs to be updated and expanded to include other important factors which impact on the risk each asset poses the community and Council. This data will relate to utilisation and the function of the building.

The asset management improvement plan generated from this asset management plan is shown in Table 6.

Table 6: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Finalise the review of the condition inspection regime and condition rate buildings	Manager Operations	Budget for external review	June 2018
2	Review the extent, condition and financial data (unit rates and useful lives) as part of the revaluation of buildings in 2018	Manager Operations, Manager Finance and Manager City Strategy	Budget for external revaluation	June 2018
3	Refine refurbishment rates	Manager Operations	Staff time	Dec 2017
4	Review refurbishment list and identify buildings to be considered for disposal	Manager Operations	Staff time	Dec 2017
5	Audit buildings for compliance with the Disability Action Plan legislation and develop costings for works required			
6	Review insurance values of buildings	Manager Audit Risk and Governance	Following revaluation	Jan 2019
7	Audit usage rates of community buildings	Manager Operations	Staff time	Dec 2017
8	Refine the projected required annual maintenance costs for buildings	Manager Operations	Staff time	Dec 2017
9	Capture operational costs for buildings and include required costs in the asset management plan	Manager Operations	Staff time	Dec 2017
10	When endorsed use the Growth Strategy, the revised Section 94 Plan and Recreation and Open Space Strategy to inform future demand forecasts and service deficiencies	Manager City Strategy	Strategies developed	Dec 2017
11	Develop a criteria and rating process for prioritisation of the construction new assets	Manager Operations	Staff time	Dec 2017
12	Develop a third funding scenario for the renewal and maintenance of buildings and identify the required budget to be considered in the development of the Long Term Financial Plan	Manager Operations, Manager City Strategy and Manager Finance	Sustainable futures group required to develop scenario. Community consultation required to recommend a scenario. Budget is required to implement this.	June 2018
13	Develop future valuation forecasts for buildings	Manager Finance	data	Dec 2017

7.3 Monitoring and Review Procedures

This asset management plan will be reviewed during annual budget planning processes and amended to recognise any material changes in service levels and/or resources available to provide those services as a result of budget decisions.

The asset management plan will be updated annually to ensure it represents the current service level, asset values, projected maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into Wagga Wagga City Council's Long Term Financial Plan.

The asset management plan has a life of four years (Council election cycle) and is due for complete revision and updating within eight months of each Council election.

7.4 Performance Measures

The effectiveness of the asset management plan will be measured in the following ways:

1. the gap between actual and targeted levels of service at any point in time,
2. the degree of synchronisation between the asset management plan and the Long Term Financial Plan,
3. the degree of integration between the asset management plan and the Delivery Program/Operational Plan,
4. the level of execution of the identified actions in the plan, and
5. the degree the assessed level of risk to Council in each asset category reduces over time.

8. REFERENCES

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM

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Wagga Wagga City Council, Long Term Financial Plan 2017/18

Wagga Wagga City Council, Community Strategic Plan 2017

10. APPENDICES

Appendix A Upgrade Capital Works List

Asset
Community Amenities – Uranquinty Sportsground
Community Amenities – Bolton Park
Community Amenities – Anderson Oval
Community Amenities – Frenchs Field
Community Amenities – Kessler Park
Community Amenities – Forest Hill Oval
Community Amenities – Jubilee/Connolly
Community Amenities – Gissing Oval
Community Amenities – Tarcutta Public Convenience
Community Amenities – Apex Park
Multipurpose Stadium

NB the above list is not the planned order of delivery

Appendix B Abbreviations

AAAC	Average annual asset consumption
AM	Asset management
AM Plan	Asset Management Plan
ARI	Average recurrence interval
ASC	Annual service cost
BOD	Biochemical (biological) oxygen demand
CRC	Current replacement cost
CWMS	Community wastewater management systems
DA	Depreciable amount
DRC	Depreciated replacement cost
EF	Earthworks/formation
IRMP	Infrastructure risk management plan
LCC	Life cycle cost
LCE	Life cycle expenditure
LTFP	Long Term Financial Plan
MMS	Maintenance management system

PCI	Pavement condition index
RV	Residual value
SoA	State of the Assets
SS	Suspended solids
vph	Vehicles per hour
WDCRC	Written down current replacement cost

questions? comments?
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