



TOWNSVILLE CITY COUNCIL

STRATEGIC ASSET MANAGEMENT PLAN

2024-2025

townsville.qld.gov.au

OUR VISION

A globally connected community
driven by lifestyle and nature

OUR PURPOSE

Grow Townsville



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Acknowledgement of Country

Townsville City Council acknowledges
the Wulgurukaba of Gurambilbarra and
Yunbenun, Bindal, Gugu Badhun and Nywaigi
as the Traditional Owners of this land.

We pay our respects to their cultures, their
ancestors and their Elders, past, present and
all future generations.

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1. EXECUTIVE SUMMARY

Townsville City Council provides vital infrastructure services that facilitate and grow the local economy. These services necessitate council to manage large numbers of complex, long-life assets. Council is responsible for the acquisition, operation, maintenance, renewal, and disposal of an extensive range of assets valued at over \$8B. These assets are categorised into 11 asset portfolios, which are Water, Wastewater, Resource Recovery, Stormwater, Information Communication Technology (ICT), Fleet, Buildings and Facilities, Open Space, Coastal, Transport and Community & Cultural. These asset portfolios provide essential services for the community.

Council's Strategic Asset Management Plan (SAMP) provides a clear framework for strategic asset decision-making that aligns with organisational requirements and the goals set out in the Corporate Plan. This supports Council's vision of "A globally connected community driven by lifestyle and nature". It has been developed to be consistent with:

- legislative and regulatory obligations as Council is governed by the principles of the Local Government Act 2009;
- sustainable development and management of assets, infrastructure planning and effective service delivery;
- current standards for Asset Management Systems; and
- the existing management systems and frameworks of Council.

Council aims to understand the requirements of the ratepayers, community, businesses, and visitors to the region and to operate to deliver the required functionality, Levels of Service and compliance requirements in a sustainable manner over the whole life of the infrastructure assets.

Today, like many Australian communities, Council's assets are aging and require significant ongoing maintenance. The community is growing, and expectations are increasing, as well as the demand for new and improved services. The assets are also vulnerable to climate change impacts. Due to inflationary pressures, community expectations of Levels of Service, the cost to renew or build new assets to meet these Levels of Service, will also increase substantially in the long term. It is important that investment decisions on infrastructure are based on the whole of life approach to determining the cost of owning and managing infrastructure.

Council's strategic approach is to leverage the Asset Management (AM) Framework to streamline and align the delivery of infrastructure services to meet community requirements, and to provide effective control and governance to realise value through managing risk and opportunity. This ensures the ability to balance cost, risk and levels of service (LoS). Asset Management is critical to the overall performance of Council, in delivering services to the Townsville community, and provides the key link between processes, strategies and systems.

This SAMP recognises the foundations already in place at Council, with respect to Asset Management, but it also looks further ahead to ensure Council has a well-planned and achievable approach to city development, through responsible asset planning and delivery.

The Asset Management System Model illustrates the key components of Council's Asset Management System and how they relate. The Asset Management Framework provides the essential information that enables business practices and schematically presents the asset investment planning and life cycle management with a Continuous Improvement focus. The Asset Management Framework and Asset Management System (AMS) combine to enable effective Asset Management practices that deliver on Council's commitment to ensuring the city's future sustainable growth across all Asset Portfolios.

List of Abbreviations

AM	Asset Management
AMP	Asset Management Plan
AMS	Asset Management System
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
ERP	Enterprise Resource Planning
GIS	Geographical Information System
ICT	Information Communication Technology
IM	Information Management
ISO 55001	ISO 55001: Asset Management - Management System – Requirements
LoS	Levels of Service
LGIP	Local Government Infrastructure Plan
LTFF	Long Term Financial Forecast
OPEX	Operational Expenditure
SAMP	Strategic Asset Management Plan

2. INTRODUCTION

Council is committed to the vision of ‘A globally connected community driven by lifestyle and nature’ and to deliver the required functionality, Levels of Service and compliance requirements to create a sustainable future for the community.

Everything Council does is underpinned by five core values:



Figure 2.1: Council's SERVE values

Council has direct responsibility for funding, day-to-day management and service delivery of infrastructure assets that must be maintained and operated to provide continuous, safe, efficient service to the community. This SAMP outlines how Council can deliver services, maintain assets, and achieve its strategic objectives in a financially sustainable manner in the short, medium, and long term.

Day-to-day AM includes routine inspection, maintenance and repair of infrastructure assets to provide services while ensuring the health and safety of the Community and Council staff. Medium to longer term activities include the monitoring, planning, creation, renewal and disposal of assets. Ageing assets can require significant on-going maintenance, and this must be balanced against the need to provide new assets and services for our growing community.

2.1. Scope

This SAMP provides guidance on all Council assets, which are grouped into 11 asset portfolios.

Figure 2-2 shows each asset portfolio replacement value as a percentage of the total asset value. The transport asset portfolio represents the highest replacement cost (35% of total council assets) followed by the water assets (26% of total council assets).

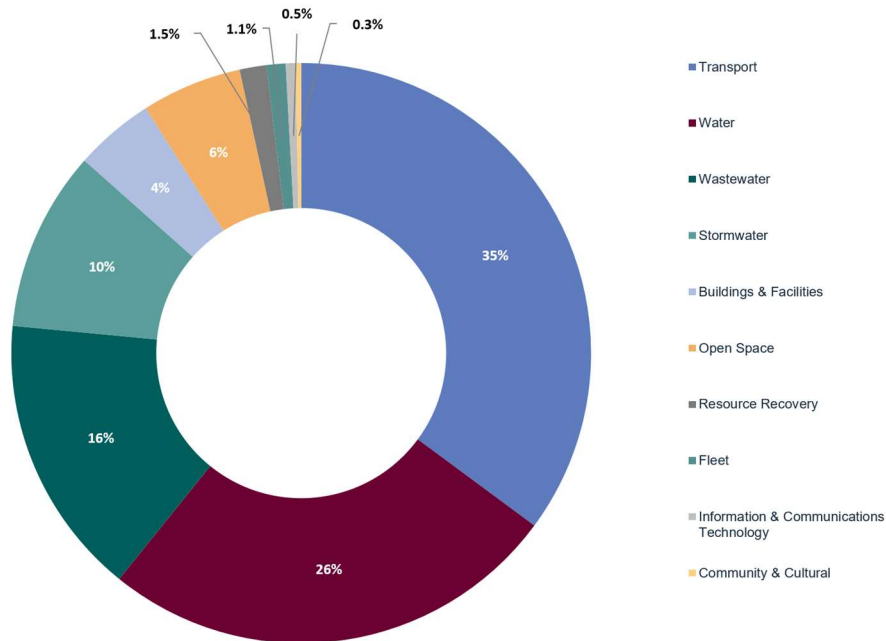


Figure 2-2: Asset Portfolio value as a percentage of the total replacement value of assets

*No financial value associated with the Coastal asset portfolio at present

2.2. Purpose and Objective of SAMP

The SAMP provides a framework for the effective management and control of our infrastructure assets to achieve a balance of cost, risk, and Levels of Service for delivery to the community. It ensures we continue to provide safe spaces and places for our community to enjoy, as well as contributing to the appearance of our city and meeting the objectives of our Corporate Plan.

The SAMP also describes the asset-based activities that Council proposes to undertake over the medium to long term in delivering its goals and vision and providing services to the community through its assets. This SAMP includes 10 years of asset renewal projections, in alignment with Council's Long Term Financial Forecast (LTFF). The SAMP also presents the current state of Council's AM Framework, data and systems, highlighting identified gaps and continuous improvement activities.

This document forms the AM Strategy for Council. It is intended to link the Corporate Plan to the management of the infrastructure assets, in a manner which:

- is optimised and sustainable in terms of whole-of-life;
- assists in the delivery of the Council's overall Vision, Corporate Plan and Goals;
- appropriately considers how the organisation will establish and achieve current and future demand via the management of the condition and performance of the asset base;
- builds strong stakeholder engagement and leadership for informed and robust AM decision making processes to support the functionality and sustainability of the AMS;

- develops the decision-making process that considers organisational roles (people), competency and engagement and process management with risk management for Council when managing assets and delivering services to the community; and
- appropriately considers the necessary current and future AM capabilities of Council, in terms of people, processes, systems, equipment and data to achieve the identified outputs and objectives.

The purpose of this SAMP is to:

- Describe the role of the AMS in supporting achievement of the AM Objectives, linkage for appropriate LoS, and meeting legislative requirements while balancing cost and risk;
- Document information that specifies how organisational objectives have been realised as AM Objectives; and
- Inform the approach for developing Asset Management Plans (AMPs).

3. ORGANISATIONAL CONTEXT AND STAKEHOLDERS

Council operates in accordance with the AM Framework, external legislation and industry practice, and multiple internal policies, procedures, and organisational management framework. These influence the Council AM operational activities and decision making. In addition, stakeholders (both internal and external) play an important role in this process.

3.1. Organisational Objectives

Organisational objectives are short-term and medium-term goals that Council seeks to accomplish. These objectives play a large part in developing policies and determining the allocation of resources.

3.1.1. Corporate Plan

Council's Corporate Plan sets out high level strategic plans and goals for Townsville and the surrounding region, much of which is common to the 11 asset portfolios, including information about population, growth expectations, social composition, and community engagement.

Council has published its Corporate Plan with the following Vision and Purpose statements:

Vision

A globally connected community driven by lifestyle and nature.

Purpose

Grow Townsville.

Council has also adopted five key goals.

- A city that connects you to what you need at the time you choose.
- A circular economy that advances business and moves towards zero waste.
- The hub for modern industry
- A sustainable destination that embraces and participates in the arts, sports, events, and recreational activities.
- A leading centre of education, training, and research commercialisation.

3.1.2. Townsville City Plan

The Townsville City Plan has been prepared in accordance with the Planning Act 2016, as a framework for managing development in a way that advances the purpose of the Act. In seeking to achieve this purpose, the planning scheme sets out Council's intention for the future development in the planning scheme area, over the next 25 years.

3.2. Understanding Community Perspective

Many people directly use and rely on infrastructure assets in their daily activities. In addition, Council's stakeholders include a wide range of people and groups who, although not using the assets directly, have shared or competing interests in how Council manages these assets. Therefore, understanding community and stakeholder perspective is crucial so that infrastructure assets can be managed effectively.

Council's Community Engagement Strategy recognises the importance of community input in developing and delivering better services. The strategy enhances the involvement of community, community-based agencies, and local business in Council's decision-making processes so that decisions will more likely reflect community issues

and interests and ensure well integrated solutions. Community consultation contributes significantly to the development of Asset Management Policy and the establishment of asset management programs and budgets. Council's initiatives to continuously monitor customer satisfaction and align asset provision with service delivery are:

- Continue to consult with the community through surveys and workshops.
- Monitor Levels of Service and improve work practices as required.

3.3. Queensland's Legislative Framework

The Local Government Act 2009 and the Local Government Regulations 2012 set out the accountability framework for local governments in Queensland. They are "principle based" legislation and are founded on five local government principles. All principles are of equal importance.

The local government principles are:



Being broad in nature, the local government principles allow councils to develop processes and procedures well-adapted for their own unique and diverse circumstances.

3.4. Leadership and Accountability

Council leadership is provided by four main divisions as outlined below.



Figure 3-1: Council Organisation

3.5. SAMP and Executive responsibility

Strategic AM planning is a key corporate activity that must be driven by Executive to ensure alignment with the AM Policy, AM Framework and associated budgetary objectives. For strategic AM to generate maximum impact, Executive should ensure that:

- Ownership, control, accountability, responsibility, and reporting requirements for assets are established, relevant, clearly communicated and implemented;
- AM Information Systems are maintained at a level that meets the requirements for asset information, decision making and reporting requirements;
- An effective asset performance evaluation/reporting and continuous improvement program is in place; and
- Ongoing development and review of the SAMP to promote the viability and long-term use of assets is in line with Council's Corporate Plan and Goals.

3.6. Asset Management Roles and Responsibilities

Council's AM teams sit within the Engineering and Asset Infrastructure Planning section, which is responsible for the custodianship of Council's infrastructure assets. These teams are responsible for the AM Policy, AM Framework, AMS, SAMP, asset data and renewal planning, in consultation with other teams.

This relationship and the responsibilities of Council staff and Councillors as they relate to AM activities and decision making is shown in Figure 3-2.

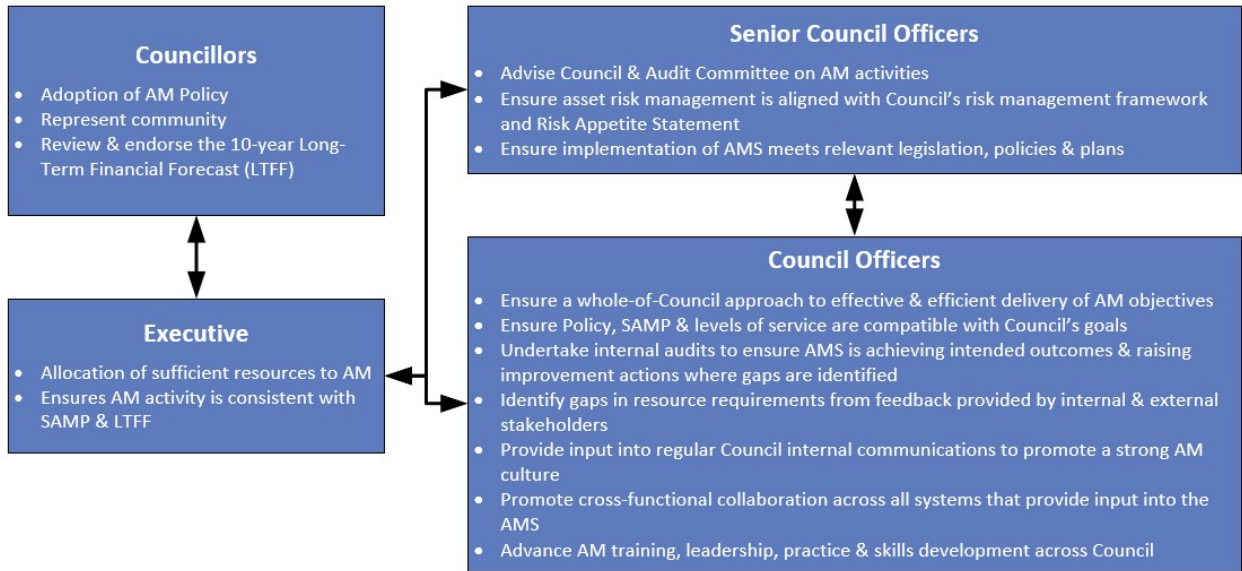
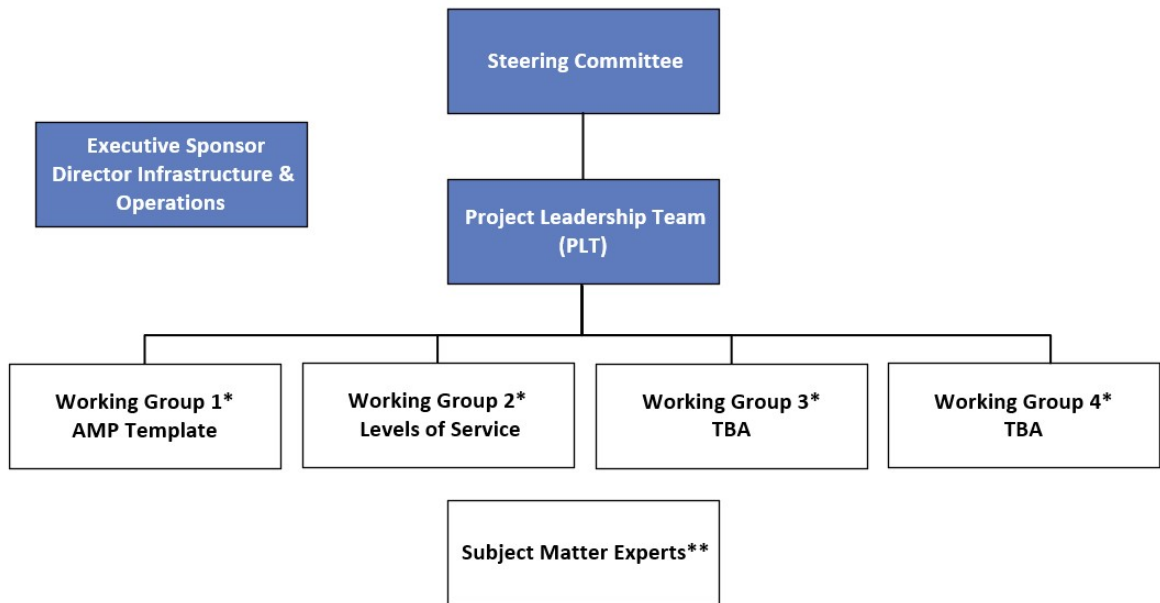


Figure 3-2: AM Roles and Responsibilities

3.7. Governance

In order to ensure adequate governance over the AM Framework and AMS the governance structure shown in Figure 3-3 has been implemented.



*Working Group subject areas are determined by the PLT and then agreed with the Steering Committee, these will change over time as the focus areas change
**Subject Matter Experts will be included in working groups as required

Figure 3-3: AM Governance

3.8. Stakeholders

3.8.1. Internal Stakeholders

Specific internal stakeholders of the AMS and their respective roles and responsibilities were outlined in Section 3.6. In general, these stakeholders fall into the following four key areas:

- Councillors: Responsible for the setting of the Council's strategic direction including the vision, purpose and goals and the approval of the AM Policy.
- Executive: Responsible for the operational implementation of the Council's strategic direction including the vision, purpose and goals and the approval of the AM Policy, AM objectives and Community Levels of Service.
- Senior Council Officers: Responsible for the development and implementation of the AMPs and operational plans to deliver the asset and operational Levels of Service.
- Council Officers: Responsible for the implementation of the AMPs and operational plans.

Internal stakeholder groups engagement is achieved through a variety of formal and informal communication channels including email, meetings, workshops, and formal AM training.

3.8.2. External Stakeholders

The community (residents and visitors) are the primary external stakeholders in the AMS and the main beneficiaries of the services. They also contribute the bulk of the operating funds through rates, utilities, charges, and fees. There are other groups with external stakeholder interests including:

- Goods and services providers to Council
- The Federal Government
- The Queensland State Government
- Financial Institutions, Insurers, Regulatory Authorities
- Developers

The Department of State Development and Infrastructure administers the Local Government Act 2009 which stipulates various Council obligations, duties, and administrative requirements. The Department also ensures that activities at the local level are aligned with the Queensland State Government's local and regional priorities. Council's management is audited by the Government Audit Office and Queensland Treasury sets out the accountability and reporting requirements.

Additionally there are many Regulations governing Council activities which are administered by various State and Federal Government Departments. These can be specific to the Asset Portfolios and as such are not detailed here.

Developers rely on Council to provide guidance and planning approvals that ensure the desired Levels of Service are delivered in new developments. It is common practice that developers contribute infrastructure assets (e.g. water and wastewater infrastructure, roads, drainage, footpaths, parks, and lighting) to Council when new developments are commissioned. These assets expand the asset base which Council manages.

Visitors are stakeholders as they not only use Council infrastructure but also support the viability of the community through spending, which in turn creates employment in both the private and local Government sectors.

4. ASSET MANAGEMENT FRAMEWORK

4.1. Asset Management Framework

The intent of Council's AM Framework is to:

- Link the Corporate Plan and goals with the AM Policy and AM objectives;
- Link organisational goals with the Levels of Service that the assets should deliver; and
- Guide the AM priorities, the work required on the assets to achieve those levels of service and the finances needed to support that work.

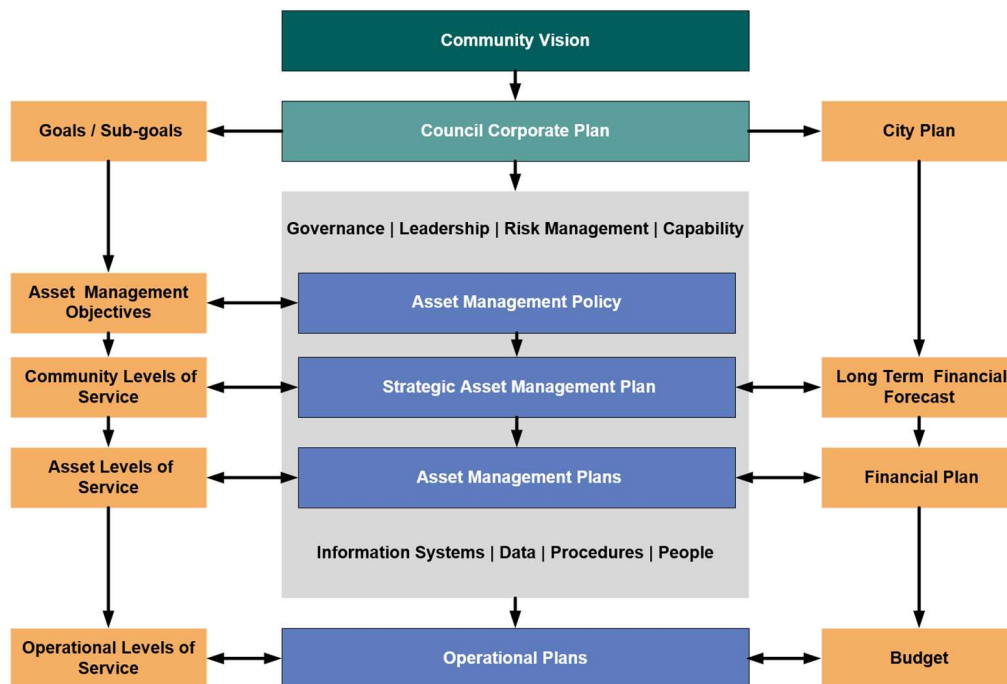


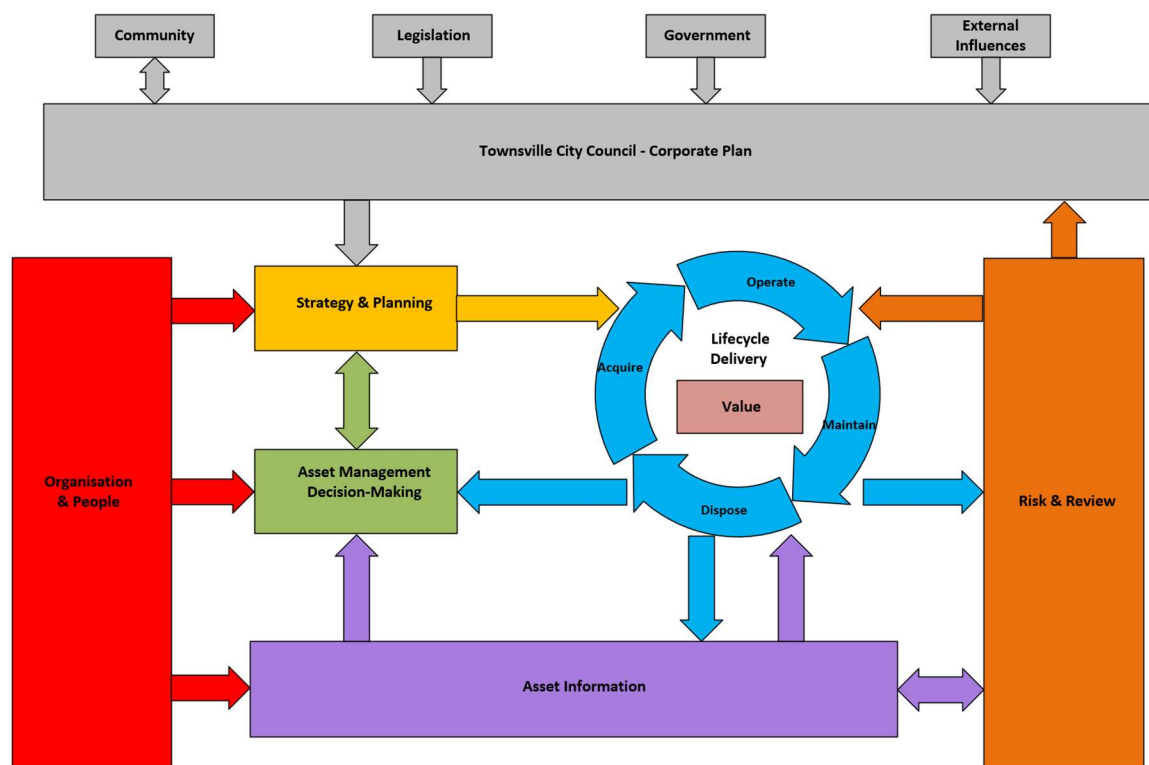
Figure 4-1: Council Asset Management Framework

In summary, this framework (Figure 4-1) aims to ensure that a systematic approach to AM delivers prudent and efficient outcomes that meet both the corporate plan and AM objectives.

4.2. Asset Management System Model

The purpose of the AMS Model is to articulate the key components of an AMS and how they inter-relate. Council's AMS Model aligns with the principles of ISO55001 and is adapted from the conceptual model from the Institute of Asset Management. Council's AMS Model is shown in Figure 4-2.

It is also important to note that the AMS is part of a suite of management systems and processes used by Council.



Customised from the Institute of Asset Management Conceptual Asset Management Model

Figure 4-2: Council Asset Management System Model

4.3. Council Asset Management Policy

Council AM Policy is currently undergoing review in accordance with the Administrative Directive for the Development of Council Policies, Associated Procedures and Administrative Directives. This Policy will then be adopted by Council. Once adopted the CEO, Directors, General Managers, Team Managers, and AM Staff are responsible for ensuring this policy and associated documents are understood and adhered to by all staff.

The policy intent is summarised as:

The Townsville City Council (Council) commit to sustainably managing all council-owned assets in line with good asset management practices in order to maximise the value of the services that they provide for the community.

The management of assets and service will be achieved by:

- Governance, including an Asset Management Steering Committee to co-ordinate and implement specific asset management improvement initiatives, ensuring alignment with overall service delivery.
- Developing and maintaining a long-term Strategic Asset Management Plan and Asset Management Plans;
- A continuous improvement approach through leadership, cross functional integration, effective communication, capability development, collaboration and influencing culture.

4.4. SAMP Alignment

Council's AM Framework in Figure 4-1, provides guidance to assist Council and community to plan for the future. It is a continuous systematic process, which includes how all elements related to the management of assets including community engagement, come together to identify intended future outcomes and monitor and report on the progress of outcomes.

The SAMP has a pivotal role in the AM document hierarchy. It links corporate goals to AM objectives, and outlines the high level, strategic actions that are required to ensure that the AM objectives are achieved. In turn, this ensures that the Council AM activities are contributing effectively to the achievement of overall goals. The SAMP also provides guidance for the development of Levels of Service, and the more detailed AMPs for achieving them.

5. LEVELS OF SERVICE

5.1. Levels of Service Background

The purpose of AM is to realise value from assets and achieve the desired balance of cost, risk, and performance in community service delivery. This manifests in agreed Levels of Service which are described from both a high-level community outcome perspective, and an asset and operational perspective.

To understand community stakeholder expectations that are reflected in the AM Objectives, Community Sentiment Surveys are undertaken periodically. The surveys are based on a Council developed methodology to ensure consistency of results and to reflect changes in community expectations that are tracked over time. In addition to the community survey, the community can interact with Council through various channels such as the Customer Experience Teams, The Office of the Mayor and Divisional Councillors, Council's public website, the Have Your Say Townsville Platform and various social media platforms.

Council is currently documenting the Levels of Service that will provide consistent and quality services to the community.

Levels of Service provide a line of sight from the goals and sub goals in the Corporate Plan through to the operational Levels of Service which define and measure elements such as maintenance requirements and service intervals.

5.1.1. Asset Management Objectives

The Asset Management Objectives, at an organisational level, are created to deliver the community services and the needs of the community Figure 5-1. These objectives were established to reflect the Corporate Plan where Council commits to delivering quality services to facilitate sustainable growth through inspired leadership, community engagement and sound financial management. Council is governed by the principles of the Local Government Act 2009 of sustainable development and management of assets and infrastructure and delivery of effective services. These requirements feed down into AMPs for delivery, within the available budget and resources, and ensuring that appropriate Levels of Service are achieved.

Community



Community Basic Needs



Activity Types



Assets



Asset Portfolios



Asset Portfolios



Figure 5-1: Services provided to the Community

AM objectives define how we enable the Asset Management Policy through the asset management system and processes. Council has strategic AM objectives as follows:

- Integrated long-term planning to manage existing and future assets, in order to achieve the desired balance of cost, risk, and performance (LoS) in delivering services for the community.
- Life cycle management of assets to ensure long term financial sustainability.
- Risk and evidence-based decision making to ensure AM principles and practices are used in all aspects of asset planning.
- Community, Asset and Operational levels of service understood and managed to support service delivery in a sustainable and resilient manner.
- Continuous improvement across all AM practices and processes.
- Roles and responsibilities are clearly defined throughout the asset lifecycle
- Asset data, information and technology is valued, managed and used to support evidence based decision making
- Safety, Sustainability and Climate Resilience consideration for all elements of the assets life cycle.
- Management of assets to ensure compliance with all required legislation and acts and demonstrated social responsibility.

5.2. Impact of External and Internal Factors

Council takes into consideration the following external and internal factors which influence the strategic AM planning and objectives:

5.2.1. External

- **Legislative and Regulatory Environment:** Legislation may explicitly require AM plans, practices or systems to be best met by adopting AM principles. This in turn may inform minimum requirements for AM service levels and customer requirements and thus the LoS.
- **Commercial Environment:** Council arrangements and funding mechanisms may affect the scope of AM and its focus within Council. Customer pricing and charges and Council's financial position / capacity are also other key components.
- **Economic Environment:** The economy, internal economic efficiency, and resource availability.
- **Social Environment:** Societal benefits and balancing benefits and impacts for the community.
- **Natural Environment:** Limiting adverse impacts on the environment such as climate change.

5.2.2. Internal

- **Corporate Direction:** As defined in the Corporate goals and plan.
- **Business Frameworks:** These include Risk Management Framework, commitment to AM and change management practices.
- **Financial and Funding Strategies:** These include application of financial management principles, funding constraints and budgets and consideration of asset lifecycle costs.

The above factors influence how AM is conducted to meet the demands of rapidly changing societal, political, legislative, and business environments.

6. ASSET MANAGEMENT PLANNING APPROACH

Sustainable management of Council infrastructure assets requires managing assets across their complete lifecycle. This is done through consideration of demand and growth forecasts, Levels of Service, risk, condition management, environmental, social and governance management. Council's approach to AM planning ensures that optimal operational and financial decisions are made for the delivery of sustainable services, reducing the asset risk exposure in line with the Corporate Risk Appetite Statement, and achieving financial sustainability.

6.1. Asset Management Plans

AMPs are prepared for each asset portfolio and also at the relevant asset level in the portfolio.

Each AMP will include provision for capital, renewal, operational and maintenance works to provide infrastructure meeting community expectations for agreed levels of service. The AMPs will outline processes and principles used to plan capital, renewal and maintenance works within asset portfolios and prioritise capital works in and across the asset portfolios. This information impacts the Council's LTFF and the annual budget business plans.

The AMPs are currently undergoing revision with a revised template aligning to the Asset Management System Model.

The revised AMPs will include documentation including:

- **Current state of the assets** – what Council owns, what portfolio is valued at and its most recent assessed condition and performance.
- **Levels of Service** – outlining the levels of service that are applicable to the assets included in that AMP and the current performance against them.
- **Future demand** – how this will impact on future service delivery and how this is to be met.
- **Risk Management** – understanding of the risk profile of the asset portfolio / class / type and how this changes with investment and over time.
- **Asset Lifecycle Management** - how Council will optimise the management including maintenance and renewal of its existing and future assets to provide the required sustainable services.
- **Financial Summary** – this includes the forward prioritised capital and operational expenditure.

- **Improvement Plan** – improvements around the understanding of the asset portfolio / class / type and also the AM systems and processes used particular to that AMP.

The information linkages to the AMPs include:

- asset register data on location, size, age, value, condition, and remaining life of the assets,
- the unit rates for classes of work / resources and materials,
- performance relative to levels of service,
- projections of factors affecting future demand for services,
- correlations between maintenance and renewal including asset condition / service performance models,
- data on new assets developed or acquired by Council,
- data on assumed works programs and trends,
- works delivery practices including the outsourcing options,
- the resulting budget, valuation, and depreciation projections,
- lifecycle analysis data,
- risk, performance, and cost data.

This information feeds into the Council's long-term financial forecast, Corporate plan, annual budget and departmental business plans and budgets.

6.2. Long Term Planning

6.2.1. Local Government Infrastructure Plan (LGIP)

The Local Government Infrastructure Plan (LGIP) is a long-term, forward plan for trunk infrastructure to service the future growth of the Townsville local government area. Council's LGIP was originally adopted in 2017.

The LGIP forms Part 4 and Schedule 3 of the Townsville City Plan. It includes growth assumptions and desired standards of service (DSS). The Townsville LGIP identifies trunk infrastructure for:

- water supply
- sewerage
- roads
- footpaths and cycle ways
- public open space and land for community facilities.

Regular reviews and amendments to the LGIP identify trunk infrastructure requirements for upgrades and delivery to appropriate standards, when and where it is needed in the most cost-effective way.

An interim amendment to the LGIP was undertaken in 2019 and included updates to the growth projections comparable to the 2018 edition of the Queensland Government Statisticians Office (QGSO) projections. The 2019 interim amendment also included updates to the infrastructure service strategies.

6.2.2. Demand Management Planning

AMPs describe the drivers affecting the future demand of each asset portfolio. The analysis of external drivers that impact the demand shows the types of assets needed to provide the required service and the increase of capacity or performance required from the existing assets. New or amended legislative requirements are integrated periodically to maintain the Levels of Service of the existing assets or prompt upgrade/renewal of the assets to meet the new demand. The key drivers affecting the future demand are:

- Regulation
- Population growth
- Economic factors
- Community preferences and expectations
- Technological changes
- Climate change

Council meets the demand for new services through a combination of managing existing assets, upgrading existing assets and acquiring new assets. This also includes non-asset solutions, insuring against risks and managing failures.

Public consultation and measurement of current Levels of Service are crucial for Council's demand management planning. Through the continuous monitoring of Levels of Service, Council addresses any service deficiencies that arise through the activities of its programs of works.

6.3. Decision Making Criteria

Asset investment decision making across asset portfolios balances competing demands for limited funds. Council considers the following factors to decide investment priorities for both capital and operational funding:

- Critical assets and benefits to the Community
- Meeting legislated requirements
- Managing safety and risk
- Financial sustainability
- Alignment with the Strategic Plan
- Maintaining agreed Levels of Service for existing and contributed assets
- Delivering increased Levels of Service / new assets where appropriate

6.4. Capital Investment Strategy

Asset investment strategies are specific to each asset portfolio. The capital works within all asset portfolios including renewal and rehabilitation of existing assets or the creation of new assets in the capital works program, depends on optimising the relationship between performance (LoS), cost, and risk.

6.5. Maintenance Strategy

The maintenance strategy comprises of preventative, corrective and reactive maintenance. The objectives of the strategy are developed based on the following:

- Assets are maintained to perform at the required Levels of Service during their life cycle. This can mean reducing service disruptions, and breach and/or loss of licence due to failure for some assets. Other assets may be run to fail assets and therefore the maintenance strategy is reactive only.
- Critical areas and risks are identified and managed
- Information is gathered to assist future decision making and budgeting

The strategy recognises that all assets do not need to be maintained to the same standards. The appropriate standard, condition auditing and frequency of servicing/maintenance are determined through assessing criticality (in conjunction with the risk assessment framework), function, ability and ease of bringing back to service following a failure and utilisation requirements.

6.6. Asset Condition Assessment

Assets need to be managed in a way that ensures they continue to provide the required Levels of Service and disruptions to the community are minimised.

Council undertakes asset condition assessment at various intervals depending on the asset portfolio to determine their remaining useful life and to prioritise future operational and capital works. By undertaking regular inspections, Council is also able to understand at what rate assets are deteriorating and is then able to monitor the effectiveness of maintenance and renewal activities in reaching the expected useful life of assets.

6.7. Risk Management

Council has adopted an Enterprise-Wide Risk Management Policy to manage business, project and operational activities and decisions. The Strategic Enterprise-Wide Risk Management Framework is the means through which these are coordinated. Risk is proactively managed in accordance with ISO 31000:2018 Risk Management Guidelines and related standards such as Compliance Programs (AS 3806:2006), and Compliance Management Systems – Guideline.

Council's Strategic Enterprise-Wide Risk Management Framework includes commentary on its risk appetite, acknowledging that risk-based decision making to support the achievement of strategic objectives should be tailored to each major risk type. Council has set specific risk parameters against major functions/risk categories to operate within tolerable ranges. Council has established acceptable risk level, determined with the guidance of Risk Appetite Statement (RAS) and the cost of treating the risk weighed against the opportunity for creating or protecting value. A report is provided to the Audit & Risk Committee quarterly.

Council-wide strategic and operational risk assessments are managed by the Legal Services section through a risk register with responsible risk owners across the organisation. The AM Teams continue to assess risk to feed into decision making relating to Council's assets and any new and emerging risks are monitored.

6.8. Asset Disposal Strategy

Council is committed to ensuring that disposal of assets is carried out in accordance with the relevant probity and accountability obligations prescribed in legislation and to meet all its statutory obligations. All Council disposals comply with the five (5) Sound Contracting Principles detailed in the Local Government Act 2009 Chapter 4, Section 104(3). These principles are:

- Value for money;
- Open and effective competition;
- Development of competitive local business and industry;
- Environmental protection; and
- Ethical behaviour and fair dealing.

An Asset Disposal Manual for all asset portfolios is currently being developed.

7. CURRENT STATE OF ASSETS

Council owns and manages a diverse asset portfolio, with a replacement value in excess of \$8 billion. Assets are divided into portfolios that comprise of Transport, Water, Wastewater, Resource Recovery, Buildings & Facilities, Fleet, Stormwater, Open Space, ICT, Coastal, Community & Cultural.

7.1. Asset Portfolio Summary

In 2022-23, Council collected 6.4 million bins, diverted 102,255 thousand tonnes from landfill, processed 22,223 megalitres of wastewater, treated 40,760 megalitres of water, serviced 1,844 kilometres of roads and 593 kilometres of footpaths and maintained 369 parks. The following figure (Figure 7-1) summarises the Council asset portfolio as of 15th February 2024.

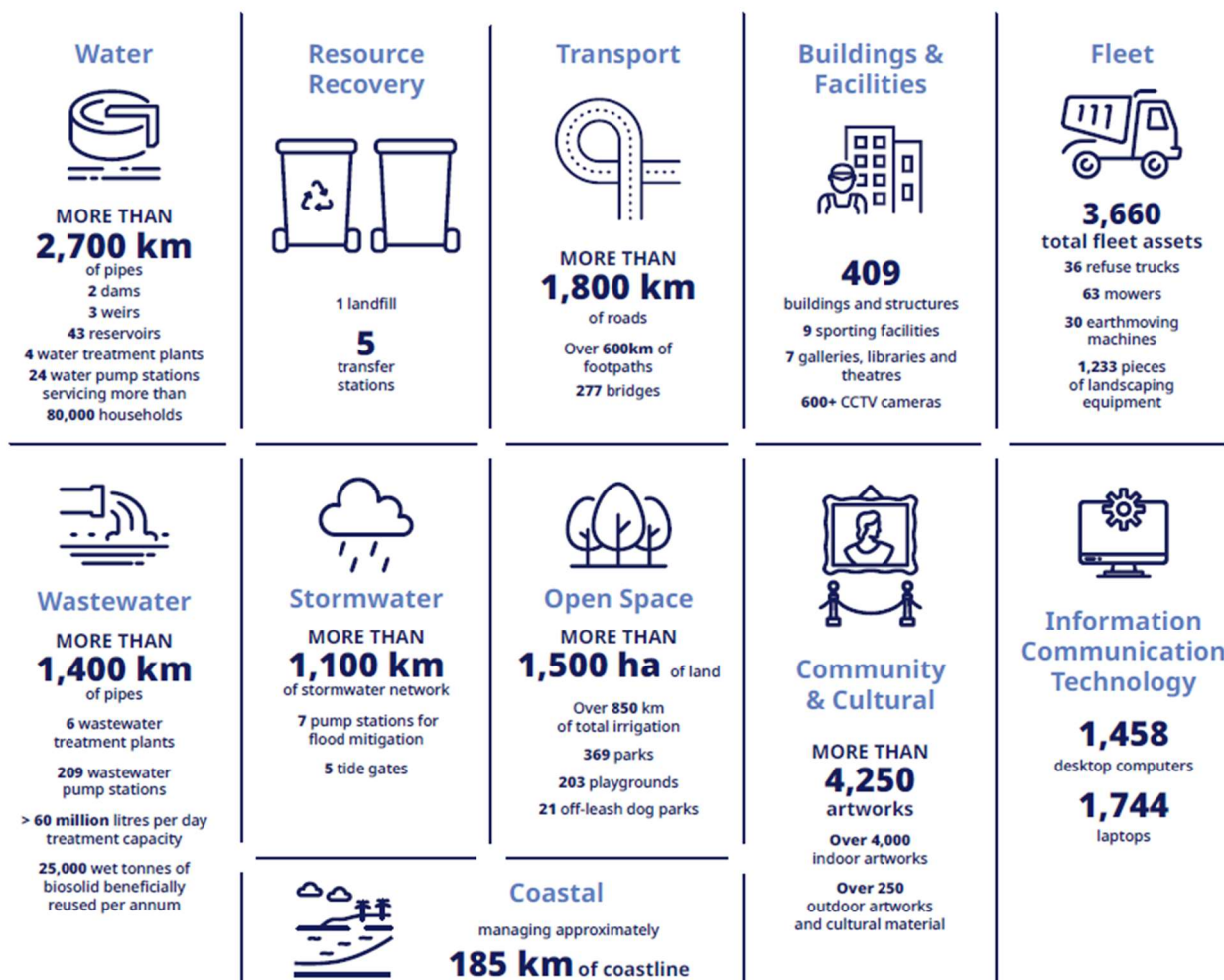


Figure 7-1: Council asset portfolio summary

The replacement value of commissioned assets covered by this SAMP as of 15 February 2024 are shown below. (Note this value is subject to change and dependent on factors including asset revaluation, renewal, upgrades, disposals and donated assets).

Table 7-1: Council asset portfolio replacement value at 15th February 2024

Asset Portfolio	Replacement Value (\$000)	% of total value
Transport	\$2,888,497,461	35.13%
Water	\$2,111,016,928	25.67%
Wastewater	\$1,290,864,309	15.70%
Stormwater	\$826,646,859	10.05%
Buildings & Facilities	\$365,130,783	4.44%
Open Space	\$460,107,206	5.60%
Resource Recovery	\$122,235,255	1.49%
Fleet	\$87,715,132	1.07%
Information Communication Technology	\$44,912,266	0.55%
Community & Cultural	\$25,618,348	0.31%
Coastal*	\$0	0%
Total	\$8,222,744,547	100%

*No financial value associated with the assets at present

7.1.1. Performance Monitoring

Asset performance is measured against Levels of Service and relevant targets. Areas of continual improvement, alignment with stakeholder requirements, and defined responsibility and processes for measurement, recording and reporting are also included where relevant. Levels of Service for each asset portfolio will be identified in the revised AMPs.

7.2. Asset Data

Council collects, maintains, and analyses a large amount of information across its asset portfolios. Council's asset data is stored, managed, and maintained in an Asset Register within Council's enterprise AM Information System. The Asset Register records available information for the asset portfolio, condition, value, size, and age of individual assets.

Council's enterprise Geographical Information System (GIS) is utilised in conjunction with the Asset Register. GIS enables mapping, visualisation, spatial analysis and querying of asset data. An example of GIS based asset visualisation is shown in Figure 7-2.

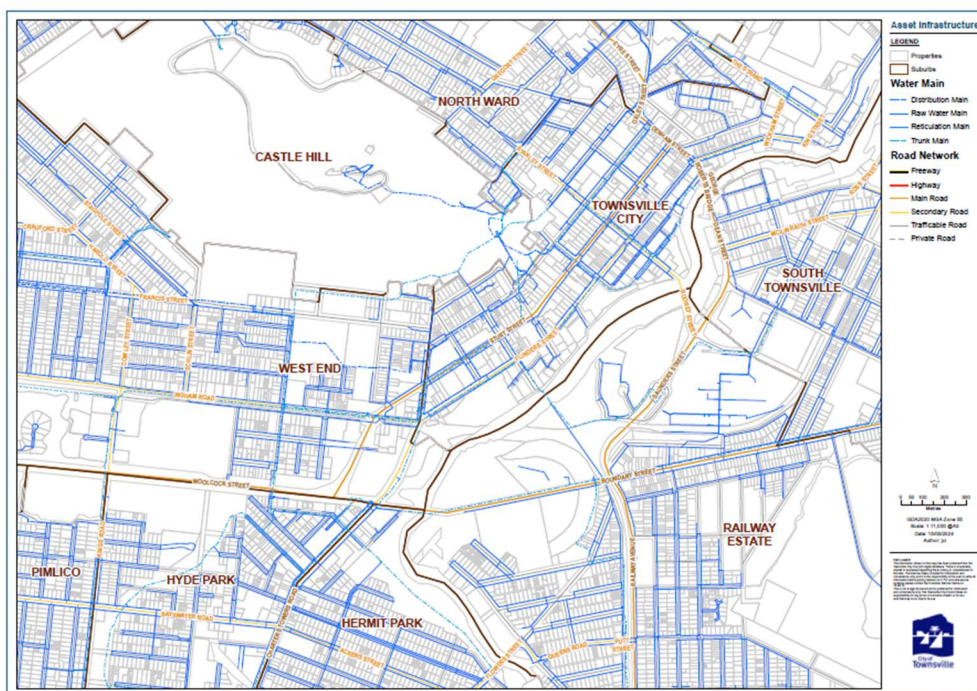


Figure 7-2: Council's GIS layout

The information from the Asset Register and GIS sources are used in multiple AM decision making and reporting areas including the development of capital programs, long-term forecasting, asset valuation and depreciation, and local government wide legislated reporting. Council AM decision making is a combination of 'top down' inputs from the policies, strategies, and AM Policy, and a 'bottom up' approach which includes the analysis of available asset and condition data, performance data, risk management, forecasting and predictive modelling.

7.3. Asset Key Focus Areas

To understand some of the key focus areas and challenges within and across asset portfolios, a number of internal stakeholders came together to discuss the larger issues either present today or on the horizon. The summary of this assessment is included below.

7.3.1. Summary of Key Focus Areas Across Asset Portfolios

Some of the key focus areas across asset portfolios currently being considered are:

- Replacement costs – Post covid impacts and high inflation are leading to higher replacement costs, combined with a lower availability of local construction and service providers
- Changing demographics – current spike in occupancy rates due to housing crisis however over the longer term as the community continues to age, a lower occupancy rate is expected to be seen
- Aging infrastructure – as much of the infrastructure was developed at similar times this leads to renewals coming at similar timings, consideration of staging and spreading investment is required with good understanding of condition and performance required
- Community safety and vandalism impacts are increasing concerns and lead to reactive expenditure
- Technology is developing at a rapid pace, many more technologies are now becoming cost effective and are expected to be able to bring many aspects into asset management practices over the coming years.
- Future workforce understanding is required, as working conditions and technology develops, so will the workforce

7.3.2. Mega-Trends in the Asset Management Community

The following have been identified in industry as the nine mega-trends impacting the asset management community and hence organisations such as Council. These factors are all considerations in developing the Asset Portfolio AMPs.

- Trend 1: Climate Change, Net-Zero, and Sustainability
- Trend 2: Resilience, Futureproofing and Risk Management
- Trend 3: Environmental, Social and Corporate Governance (ESG)
- Trend 4: Equity and Social Justice (ESJ)
- Trend 5: Societal Well-Being
- Trend 6: Sustaining Delivery Capability – Human Capital, Outsourcing and the Supply Chain
- Trend 7: Digital, Data Transparency and Disruptive Technologies
- Trend 8: Cyber and Physical Security - Critical Infrastructure is the Modern Battleground
- Trend 9: Infrastructure Deficit, Asset Modernisation and Changing Service Requirements

8. ASSET INVESTMENT

Council follows the financial sustainability terms stated in Section 104 (2) of the Local Government Act 2009 which states that "A Local Government is financially sustainable if the Local Government is able to maintain its financial capital and infrastructure capital over the long term". The importance of AM to the financial sustainability of the Council is reinforced by the Local Government Act 2009.

Each year, Council spends a significant proportion of its budget renewing the existing assets and acquiring new assets. The purpose of asset management is to ensure assets are managed to achieve the desired balance of cost, risk, and Levels of Service for the community.

8.1. Funding Strategies

The funding strategy to provide the services covered by this SAMP and supporting AMPs is contained within the organisation's 10-year LTFF. Current funding strategies include:

- Allocating budgets on a year-by-year basis as required by assets requiring renewal in that year, including the deferral of renewal when there are insufficient funds available.

8.2. Financial Approval Process

The annual funding approval process is implemented in a number of steps as outlined and shown in Figure 8 1.

- The 10-year capital plan is developed with input from the assets, finance and service provider groups while taking the LTFF into account;
- The draft optimised program is forwarded to the Council Executive for further refinement and approval;
- Following Council Executive approval, the program is presented to Council for feedback. A final document is prepared as part of annual budget adoption by Council;
- The adopted budgets are established as projects within the financial management system;
- The LTFF is updated to account for the adopted annual works program.

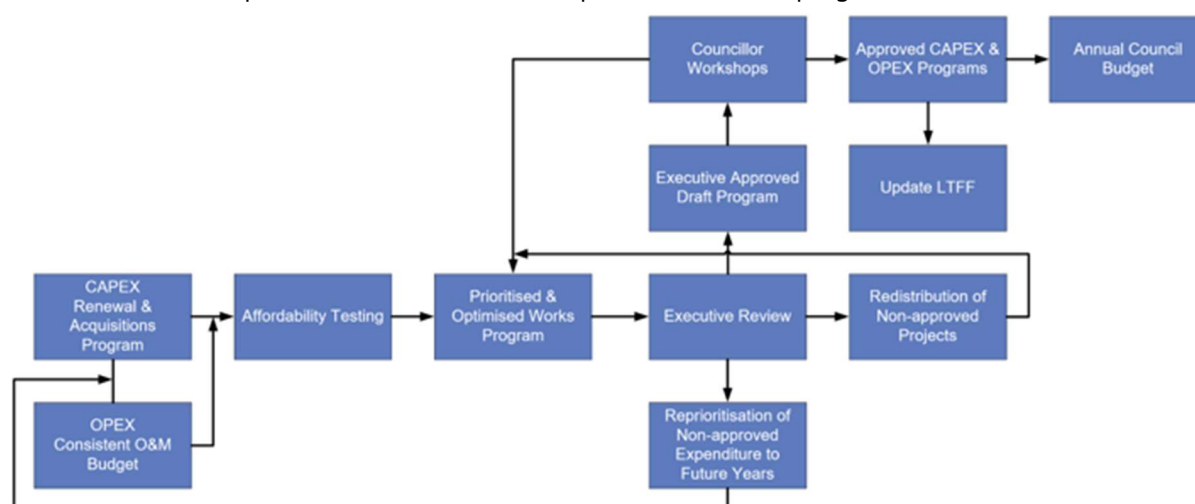


Figure 8-1: Funding Approval Process

8.3. Valuation Forecasts

In accordance with AASB116 Property Plant and Equipment, all non-current physical assets measured at fair value must be comprehensively revalued by a suitably qualified person at least once every five years. Where indicators exist that the asset class has experienced a significant and volatile change in value since the last reporting period, all assets in that class should be considered for specific appraisal, if practicable.

It is the responsibility of the General Manager Commercial & Financial Services and General Manager Engineering & Asset Infrastructure Planning to:

- Coordinate asset revaluations in line with the Queensland Audit Office requirements. Council carries out the revaluation of the infrastructure assets at different intervals for different asset classes.
- Asset revaluation results are reviewed and agreed by the ELT.
- Ensure that the carrying value for large asset classes do not materially differ from the fair value as at that financial year's reporting date. This includes material change in an asset's condition and useful life.

Council acknowledges fully depreciated assets can still be in use. This provides an indication that Council's applied depreciation does not reflect the pattern in which the asset's future economic benefits are being consumed. In accordance with State Government guidelines, Council does not re-life assets and credit depreciation but holds the asset at nil written down value.

8.4. Annual Expenditure

Below is the forecast expenditure for the next 10 years. This excludes donated assets. The expenditure decreases after FY 2025 and 2026 at the conclusion of some major projects.

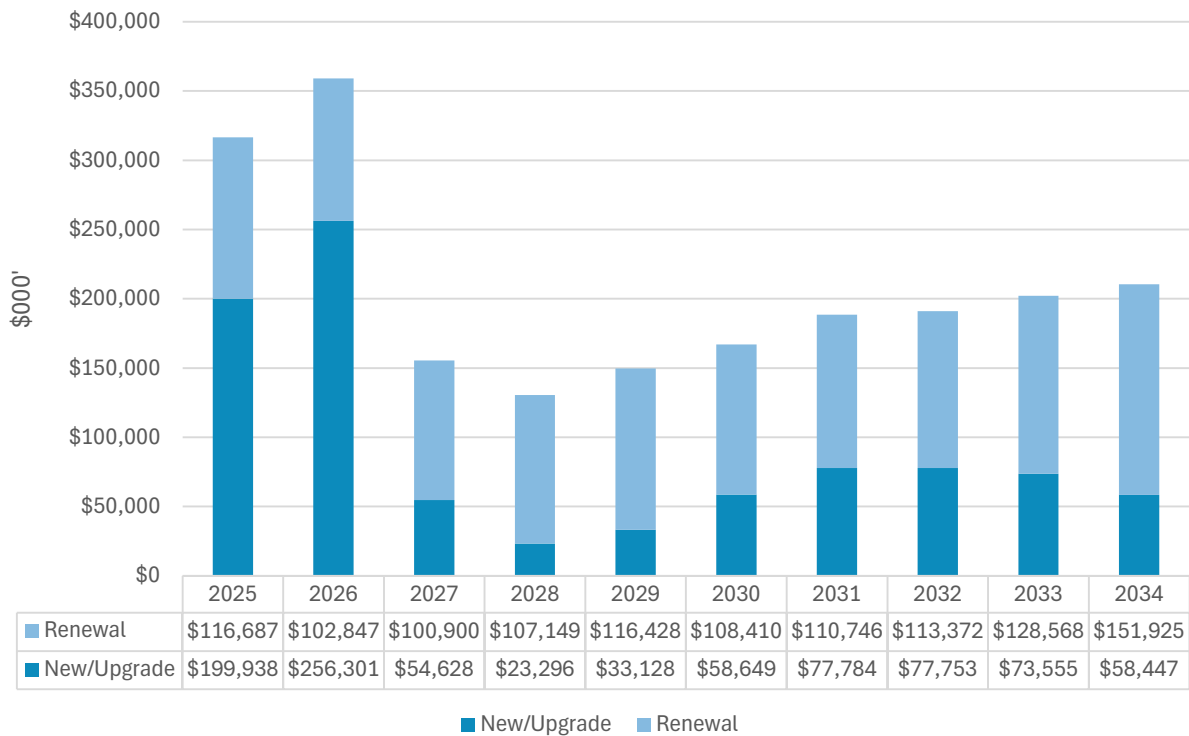


Figure 8-2: Council Annual Asset Expenditure Forecast (10 years)

The following are the financial sustainability measures for the Queensland local government sector, to be calculated and published by every council as part of their annual statutory financial reporting process.

Table 8-1: Financial Sustainability Measures

#	Type	Measure	Rationale
1	Financial Capacity	Council Controlled Revenue Ratio [^]	Capacity to generate revenue internally
2	Financial Capacity	Population Growth Ratio* [^]	Population growth/decline pressures on council
3	Operating Performance	Operating Surplus Ratio	Holistic overview of council operating performance
4	Operating Performance	Operating Cash Ratio	Cash operating performance (less depreciation and other non-cash items)
5	Liquidity	Unrestricted Cash Expense Cover Ratio	Unconstrained liquidity available to council
6	Asset Management	Asset Sustainability Ratio	Capital renewals program performance
7	Asset Management	Asset Consumption Ratio	Extent to which assets are being consumed
8	Asset Management	Asset Renewal Funding	Asset replacement program performance
9	Debt Servicing Capacity	Leverage Ratio	Ability to repay existing debt

**Data source - ABS category number 3235.0 (Population by Age and Sex, Regions of Australia) This ratio is calculated for the previous financial year i.e., FY2022-23 will report FY21-22 population growth. The Department will advise the councils of the figures to use for this ratio.*

***The transition periods for the Asset Renewal Ratio for council groupings can be found in the Asset Renewal Funding Ratio section.*

[^] The Council-Controlled Revenue Ratio, Population Growth Ratio, and Asset Renewal Funding Ratio are contextual measures, which are published but not audited.

To normalise the impacts of one-off events, all ratios with the exception of the unrestricted cash expense cover ratio and the asset renewal funding ratio are reported on a five-year average basis, as well as a single-year result. This will provide more context about the long-term trend of these ratios.

The Queensland Audit Office (QAO) will audit measures 3, 4, 5, 6, 7, and 9, regardless of their grouping. These measures highlight the core council financial sustainability areas of operating performance, liquidity, asset management and debt servicing capacity.

9. CONTINUOUS IMPROVEMENT AND KEY INTERFACES

Performance and efficiency of the Asset Management Framework and Asset Management System is monitored, measured, analysed, evaluated and auditable. This evaluation:

- Identifies external / internal issues that are relevant to the Asset Management System
- AM performance nonconformities
- Opportunities for continual improvement
- Changes in the Risk Profile

9.1. Project Interfaces

The following are 2 key Council wide projects that integrate with asset management systems and processes and therefore are key focus areas for the asset management teams over the next 2 years.

Enterprise Resource Planning solution replacement project

The council is embarking on a new project to replace the enterprise resource planning (ERP) solution to act as the information back bone to support the council's current and future strategic outcomes. In order to be ready to embrace a new solution the asset information and systems and processes must be well understood and clearly documented in order to enable a successful integration.

Information Management Project.

Council has embarked on an Information Management (IM) Project aimed at enhancing TCC's IM Maturity. The objective is to foster effective connectedness that respects the customer and adheres to IM requirements. To accomplish this, a Council-wide IM Framework – IM Project has been initiated.

The project is designed to deliver tangible benefits incrementally, ensuring stakeholders are involved in the change process, know what to expect and are informed at each stage of transformation. The project delivery roadmap and the future operating model are designed to support sustainable and scalable growth, further improving the experience of TCC and the community.

9.2. Asset Management Maturity Uplift Project

Council has adopted a continuous improvement approach that establishes and nurtures a 'whole-of-organisation' culture focused on best practice in AM.

In order to best facilitate this approach, an AM Maturity Assessment has been carried out. This determined the current state of Council AMS for all asset portfolios with respect to the requirements of ISO55001:2014. It also provided recommendations in order to improve current asset management practices.

To take forward the recommendations, an Asset Management Maturity Uplift Project has been launched. This project will provide Council with a solid foundation to:

- Build and improve AM capability
- Maximise the value of infrastructure assets
- Better understand, manage and mitigate risks associated with assets within Council's risk appetite
- Improve evidence based decision making based on criticality and risk-based optimisation of investment across asset portfolios
- Improve performance and reliability resulting in more capacity and better service delivery to the community
- Improve governance, legislative compliance, community trust and stakeholder confidence
- Some key areas of continuous improvement over the next 2 years are summarised below:

- Alignment of individual AMPs to this SAMP
- Development of an Asset Management Glossary in order to standardise language and terms across Council
- Review, development, and implementation of Levels of Service across the whole hierarchy
- Asset information review and updates in order to best facilitate the successful rollout of Project Connect

9.3. SAMP Review

The SAMP is a medium to long-term document and has a general time horizon of 10 years. However, it is also essentially that the SAMP is regularly reviewed and updated to ensure that it contains current asset portfolio and condition data, risks and mitigations are current and that continuous improvement initiatives are up to date. The review period for the SAMP is set to a maximum of five yearly with minor reviews as detailed in Figure 9-1 below.

As the SAMP must have alignment with the Corporate Plan the next revision will be in 2 years' time in order to coincide with the next revision of the Corporate Plan in 2026.



Figure 9-1: Planning Horizon of SAMP

10. DOCUMENT CONTROL

Document Status	Final
Prepared by	Engineering and Asset Infrastructure Planning
Document Custodian	General Manager – Engineering and Asset Infrastructure Planning
Revision	1
Issue Date	26/06/2024
Next Revision Due	June 2026
Approved by	Full Council



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