ASSET MANAGEMENT PLAN

Cloncurry Shire Council

Buildings and Other Structures

Cloncurry Shire Council

Document Control	Asset Management Plan				
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V1.12	Nov 2022	Draft Plan for IPWEA Pro Cert Course	AR	PK	
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The entity can choose either template to write/update their plan regardless of their level of asset management maturity and in some cases may even choose to use only the Executive Summary.

This Asset Management Plan may be used as a supporting document to inform an overarching Strategic Asset Management Plan.

Contents

1.0 EXECUTIVE SUMMARY

1.1 The Purpose of the Plan

This Asset Management Plan (AM Plan) details information about infrastructure assets with actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The plan defines the services to be provided, how the services are provided and what funds are required to provide over the 20 year planning period. The AM Plan will link to a Long-Term Financial Plan which typically considers a 10-year planning period.

1.2 Asset Description

This plan covers Buildings and Other Structures, a suite of assets that provide a range services such as shelters, sporting and recreational activities, civic and administration functions, commercial operations (e.g. Airport, Saleyards, childcare), residential accommodation, , public amenities,, and other general facilities associated with the above (e.g., fencing, lighting etc.).

In this AMP, the Buildings and Other Structures network comprise:

Buildings:

Administration	Aged Care	Child Care	Commercial
Community	Residential	Tourism	Sport & Recreation
Public Amenities	Sheds	Portables	Other

Other Structures:

Grandstands	BBQ facilities	Shade structures	Playgrounds
Landscaping	Lighting	Signage	Solar
Weighbridges	Waste Management	Irrigation	Open Space
Art works	Commercial	Community	Sport & Recreation
Sheds	Washdown Bay	Fencing	Stables

The above infrastructure assets have an estimated replacement value of **$83,121,394** as at 30 June 2023.

1.3 Levels of Service

The allocation in the planned budget is sufficient to continue providing existing services at current levels for the planning period.

The main service consequences of the Planned Budget are:

(1) Current service levels can be maintained.

(2) Larger acquisitions and upgrades will need to be funded with significant external co-contributions.

1.4 Future Demand

The factors influencing future demand and the impacts they have on service delivery are created by:

(1) Population growth (in-fill and new subdivisions in Cloncurry, mining accommodation in Dajarra)

(2) Regulation (e.g., impact of any animal welfare requirements on saleyard infrastructure/services, pound infrastructure, chemical storage requirements)

(3) Population attraction and retention (keeping up with expectations/competition in relation to sport and recreational offerings)

(4) Tourism attraction and growth (keeping up with expectations/competition to ensure Cloncurry offers competitive tourism experiences). Upgrading signature tourism facilities

(5) Level of mining activity, particularly as this relates to impacts on airport and accommodation requirements

These demands will be approached using a combination of managing existing assets, upgrading existing assets and providing new assets to meet demand. Demand management practices may also include a combination of non-asset solutions, insuring against risks and managing failures.

(1) Productive and efficient utilisation of existing assets to enhance service potential (e.g., scheduling of FIFO charter flights through the airport)

(2) Expansion of asset base to meet future increasing demand (e.g., new residential subdivisions)

(3) Timely servicing and maintenance of assets to maintain operability continuously.

1.5 Lifecycle Management Plan

1.5.1 What does it Cost?

The **forecast** lifecycle costs necessary to provide the services covered by this AM Plan includes operation, maintenance, renewal, acquisition, and disposal of assets. Although the AM Plan may be prepared for a range of time periods, it typically informs a Long-Term Financial Planning period of 10 years. Therefore, a summary output from the AM Plan is the forecast of 10-year total outlays, for which the Buildings and Other Structures are estimated at $62.898 million or $6.289 million on average per year. This figure does not account for any specific major upgrades to JFP, the Airport, or the Saleyards, all of which are the subject of current master-planning exercises. Instead, an annual average acquisition budget of $2m per annum from 2025 on has been adopted.

1.6 Financial Summary

1.6.1 What we will do

Estimated available funding for the 10 year period is $56.625 million or $5.66 million on average per year as per the Long-Term Financial plan or Planned Budget. This is 90.03% of the cost to sustain the current level of service at the lowest lifecycle cost.

The infrastructure reality is that only what is funded in the long-term financial plan can be provided. The Informed decision making depends on the AM Plan emphasising the consequences of Planned Budgets on the service levels provided and risks.

The anticipated Planned Budget for Buildings & Other Structures leaves a shortfall of $0.627 million on average per year of the forecast lifecycle costs required to provide services in the AM Plan compared with the Planned Budget currently included in the Long-Term Financial Plan. This is shown in the figure below.

Forecast Lifecycle Costs and Planned Budgets

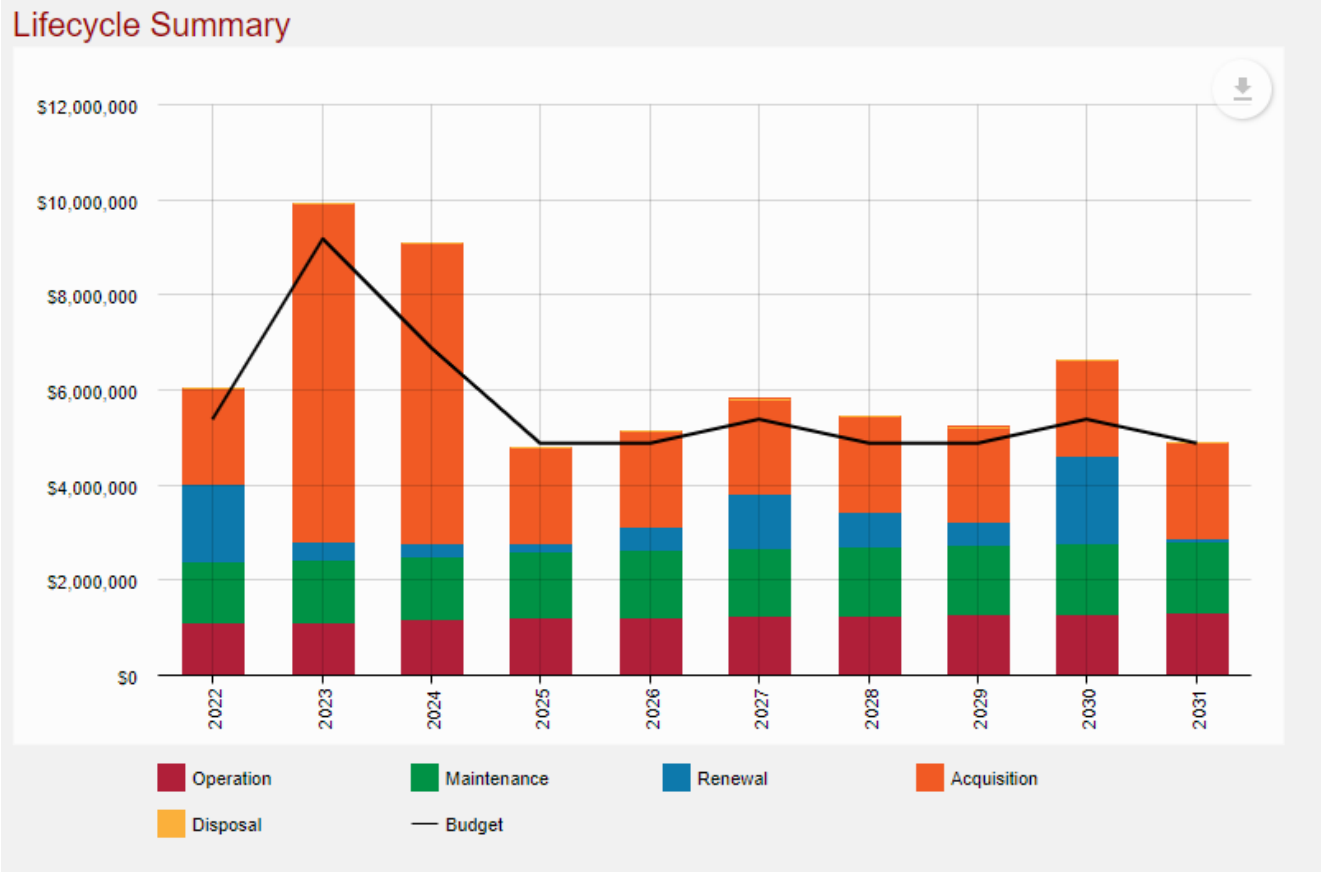


Figure Values are in current dollars.

We plan to provide Buildings & Other Structures services for the following:

1. Operation, maintenance, renewal and acquisition of the following asset classes to meet service levels set by Cloncurry Shire Council in annual budgets:

Buildings:

Administration	Aged Care	Child Care	Commercial
Community	Residential	Tourism	Sport & Recreation
Public Amenities	Sheds	Portables	Other

Other Structures:

Grandstands	BBQ facilities	Shade structures	Playgrounds
Landscaping	Lighting	Signage	Solar
Weighbridges	Waste Management	Irrigation	Open Space
Art works	Commercial	Community	Sport & Recreation
Sheds	Washdown Bay	Fencing	Stables

2. Major renewals/acquisitions within the 10-year planning period as outlined below.

- Perkins Street – Housing Subdivision (Council Housing Project) for ~$10m (funded)
- Chinaman Creek Recreation Area Upgrade for $2.4 million (funded)
- Curry Kids Early Learning Centre Upgrade for ~$10m (funded)
- Chinaman Creek Dam Pathway Project for ~$3.5m (funded)
- Scarr Street Revitalisation Project (CBD Upgrade) for ~$18m (funding to be confirmed)[1]
- Cloncurry Saleyards Upgrades (progressive elements, funding to be confirmed)
- John Flynn Place / Cultural Precinct Upgrades (figure to be confirmed)
- Renewal or replacement of William Presley Place (figure to be confirmed)
- Cloncurry Grandstands – various renovations & Improvements for $1 million (funded)
- Cloncurry Airport Upgrades (lighting, electrical, hangars etc. Figure to be confirmed)

1.6.2 What we cannot do

Council can maintain existing services levels associated with its Building & Other Structures assets on the basis that it can continue to access external funding to progress acquisitions and upgrades. In the absence of external funding, Council's ability to deliver the following projects will be impacted:

- Scarr Street Revitalisation Project (CBD Upgrade)
- John Flynn Place / Cultural Precinct Upgrades
- Cloncurry Saleyards Upgrades
- Renewal or replacement of William Presley Place
- Cloncurry Airport Upgrades (non-transport infrastructure elements)
- Additional housing subdivisions
- Additional Industrial subdivisions

1.6.3 Managing the Risks

Our present budget levels are sufficient to continue to manage risks in the medium term, subject to the quantum of acquisitions and upgrades endorsed by Council and Council's ability to access external funding as successfully as it has in the past.

The main risk consequences are:

(1) Functional failures causing a complete interruption to service deliveries

(2) Injuries and harm to users

(3) Deterioration of service quality due to ageing of assets

(4) Loss of service due to failed assets

(5) High interest rates

We will endeavour to manage these risks within available funding by:

(1) Adoption of low-cost strategies in asset replacements and renewals,

(2) Sourcing grant funding for any asset replacement that could meet eligibility criteria,

(3) Reprioritising capital expenditure based on client needs, asset conditions, service criticality etc.

(4) Forging strategic alliances with other regional organisations (e.g. mining companies) for investment in projects that need substantial capital outlays. Whilst the Council share the risks and rewards of the asset

[1] This project contains elements from each of Council's asset management classes, including Buildings & Other Structures (shade, shelter, solar, signage, artwork, furniture, comms): ~$7m-$8m, Transport (footpaths, roads, stormwater, kerb and channel): ~$6m-$7m; Utilities (Water, Sewer, Power): ~$2m.

ownership and operation with the partnering organisation, the community has access to the services which could not have been provided without such joint partnerships.

1.7 Asset Management Planning Practices

Key assumptions made in this AM Plan are:

(1) There are manageable increases in the demand for services over the planning horizon.

(2) Inflation and time value of the funds (i.e. opportunity cost or real rate of return) are ignored.

(3) The timing and value of capital renewals is based on the asset register (applied by adding the useful life to the year of acquisition or year of last renewal).

(4) The Asset Register method was used to forecast the renewal lifecycle costs for this AM Plan. The Asset Register is based on the valuation as at 30 June 2023 (comprehensive review).

This AM Plan is based on a reliable level of confidence in information.

1.8 Monitoring and Improvement Program

The next steps resulting from this AM Plan to improve asset management practices are:

Task	Task	Responsibility	Resources Required	Timeline	Status
1	A comprehensive revaluation including asset condition assessments to be completed.	CEO & ELT Finance Manager	$75,000	Jun 23	Completed
2	Completion of Perkins Street Sub-division	CEO Director Projects	~$10m	Jun 24	In progress
3	Completion of Child Care Upgrade	CEO Director Projects	~$10m	Oct 25	In progress
4	Completion of Grandstands project	CEO Director Projects	~$1.2m	Dec 23	Completed
5	Completion of Scarr Street Revitalisation Project (CBD Upgrade)	CEO Director Projects	~$15-18m	Dec 26	Detailed Design
6	Completion of CCTV upgrade and integration project	CEO Corporate Services	$430,000	Feb 24	Completed
7	Formalise service levels for recreation / garden assets	Elected members CEO & ELT	Internal costs	Dec 23	Completed
8	Completion of Airport Masterplan to confirm future asset renewal and upgrades at airport precinct (Cloncurry). E.g., airport terminal, lighting and electrical systems, hangars etc.	Elected members CEO & ELT	$750,000	Jun 23	Completed
9	Completion of Saleyards Masterplan to confirm future asset renewal and upgrades at Saleyards precinct (Cloncurry). E.g., load out facilities, shelter, weighbridges, washdown bays etc.	Elected members CEO & ELT	~$200,000	Jun 23	Completed
10	Completion of JFP & Sport and Recreation Grounds Masterplan to confirm future asset renewal, upgrades and disposals at the Sport and Rec precinct. E.g., irrigation, grandstands,	Elected members CEO & ELT	~$200,000	Aug 23	In progress Dec 24
11	Completion of master-planning processes for other key Council precincts as required. E.g., Equestrian Centre, Cemetery	Elected members CEO & ELT	$150,000	Dec 24	Not commenced
12	Council to determine future use of key sites: ▪ Existing childcare facility once new centre is online	Elected members CEO & ELT	$50,000	Jun 24	Application to purchase

Task	Task	Responsibility	Resources Required	Timeline	Status
	▪ William Presley Place				
13	Utilisation of Reflect/Recover to manage asset data on Buildings and Other Structures, with an initial focus on Council accommodation and facilities	ELT Asset Engineer	Part of existing retainer	Dec 23	Ongoing
14	Improved allocation of housing costs within Council's operational budget, noting the impact of Council's remuneration	Director Corporate Services	Internal costs	Feb 24	Completed
15	1-3 maintenance program developed for Council accommodation (including STAGs)	Manager Infrastructure	Internal Costs + $40,000	Jun 23	Rolling delivery
16	1-3 year maintenance program for other Council facilities developed and implemented	Manager Infrastructure	Internal Costs + $40,000	Feb 24	Rolling delivery

2.0 Introduction

2.1 Background

This AM Plan communicates the requirements for the sustainable delivery of services through management of assets, compliance with regulatory requirements, and required funding to provide the appropriate levels of service over the planning period.

The AM Plan is to be read with the Cloncurry Shire Council planning documents. This should include the Asset Management Policy and Asset Management Strategy, where developed, along with other key planning documents:

(1) Corporate and Operational Plans

(2) Long Term Financial Forecast

The infrastructure assets covered by this AM Plan include Buildings and Other Structures throughout the Shire, the vast majority of which are in Cloncurry. For a detailed summary of the assets covered in this AM Plan refer to Table in Section 5.

These assets are used to provide a wide range of services including governance, administration, sporting and entertainment (public halls), commercial operations (e.g. Saleyards and Airports), tourism, community services (i.e. library, swimming pools, aged care and childcare), amenities (public toilets, change rooms and BBQ facilities), accommodation (e.g. staff housing and commercial accommodation) and the like.

The infrastructure assets included in this plan have a total replacement value of **$83.124 million**.

Key stakeholders in the preparation and implementation of this AM Plan are shown in Table 2.1.

Table 2.1: Key Stakeholders in the AM Plan

Key Stakeholder	Role in Asset Management Plan
Elected Members	▪ Represent needs of community/shareholders via setting of suitable service levels. ▪ Allocate resources to meet planning objectives in providing services while managing risks. ▪ Ensure service delivered in a sustainable manner.
CEO	Manage the delivery of the organisation's objectives to ensure that the asset management policy and strategy are being implemented.
Directors	To ensure that financial, asset and community sustainability are embedded in decision making in relation to asset acquisitions, replacements, renewals, disposals, and any relevant operational/ maintenance programs.
Infrastructure & Environment	▪ Develop annual and medium-term operation and maintenance programs, ▪ Seek continual improvement in asset maintenance and operations, ▪ Key stakeholder in asset acquisition, renewal, replacement and disposal decisions. ▪ Provide regular reporting on the compliance of services, ▪ Provision of reporting on the performance of the service against budget, ▪ Manage relationship with various Regulators.
Projects	▪ Coordinate CapEx prioritisation processes. ▪ Deliver CapEx projects in line with Project Assessment Framework and Project Management Framework.
Procurement	▪ To ensure Asset Management principles are embedded into RFQ and RFT processes for asset acquisitions, replacements, renewals, disposals and any relevant operational/maintenance arrangements. ▪ Work with Infrastructure and Environment to maintain inventory of critical spares.
Corporate Services	▪ Coordinate and provide assistance with budgetary processes. ▪ Provide assistance and guidance on monthly reporting.
Work Health & Safety	▪ Provide oversight and guidance in relation to fulfilling PCBUs WHS obligations.
External consultancies	▪ Engineering/environmental: provide subject matter expertise where required to inform asset management processes, practices and decisions. ▪ Engineering/environmental/architectural: provide advice, support, design, quantity surveying etc. ▪ Valuers: provide guidance on rental costs, acquisition prices etc.

Our organisational structure for service delivery from infrastructure assets is **NOT incorporated here**.

2.2 Goals and Objectives of Asset Ownership

Our goal for 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:

(1) Providing a defined level of service and monitoring performance,

(2) Managing the impact of growth through demand management and infrastructure investment,

(3) Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,

(4) Identifying, assessing and appropriately controlling risks, and

(5) Linking to a Long-Term Financial Plan which identifies required, affordable forecast costs and how it will be allocated.

Key elements of the planning framework are

(1) Levels of service – specifies the services and levels of service to be provided,

(2) Risk Management,

(3) Future demand – how this will impact on future service delivery and how this is to be met,

(4) Lifecycle management – how to manage its existing and future assets to provide defined levels of service,

(5) Financial summary – what funds are required to provide the defined services,

(6) Asset management practices – how we manage provision of the services,

(7) Monitoring – how the plan will be monitored to ensure objectives are met,

(8) Asset management improvement plan – how we increase asset management maturity.

Other references to the benefits, fundamentals principles and objectives of asset management are:

(1) International Infrastructure Management Manual 2015 [2]

(2) ISO 55000[3]

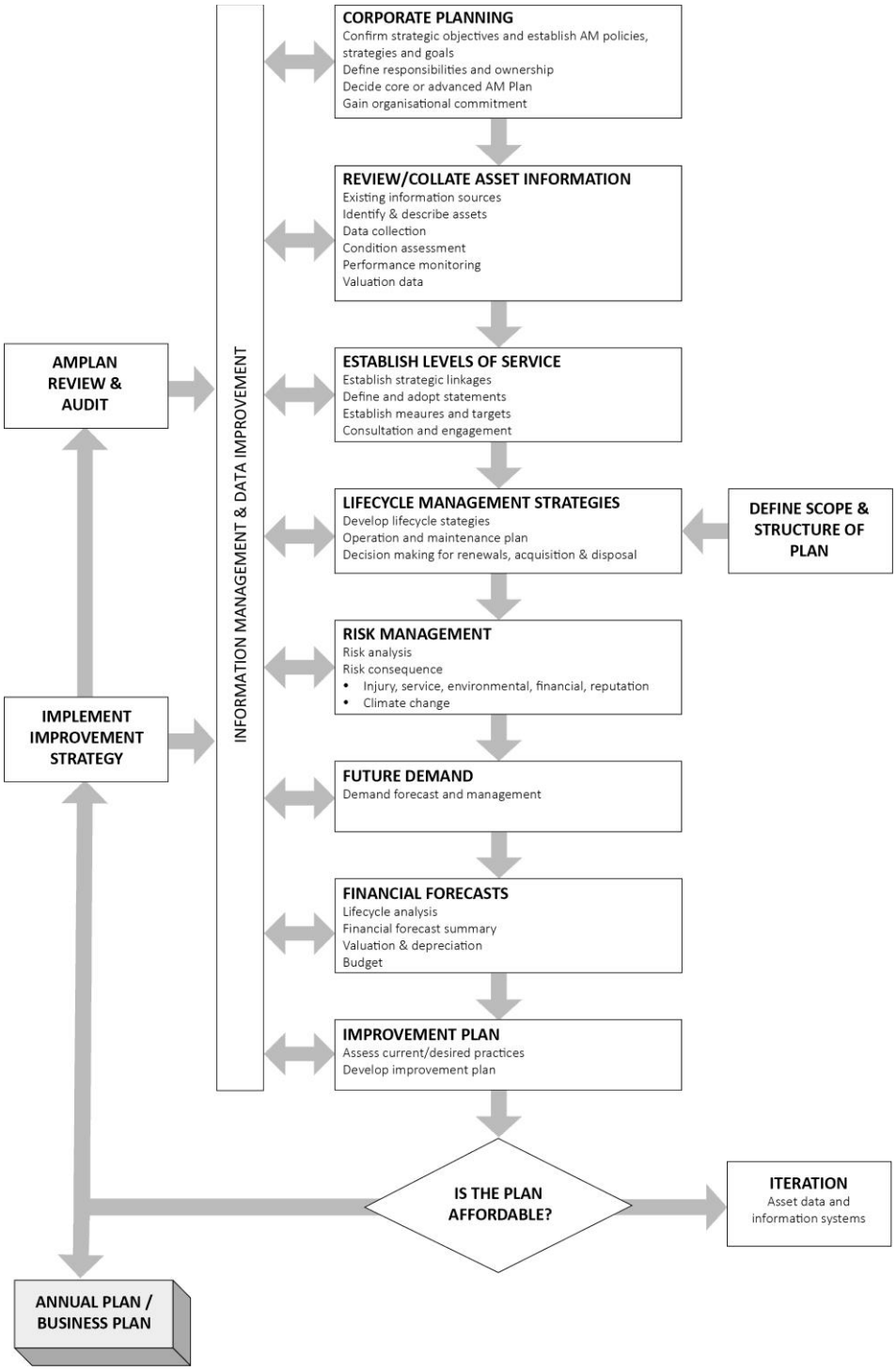
A road map for preparing an AM Plan is shown on the next page.

[2] Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2| 13

[3] ISO 55000 Overview, principles and terminology

Road Map for preparing an Asset Management Plan

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



3.0 LEVELS OF SERVICE

3.1 Customer Research and Expectations

This AM Plan is prepared to facilitate consultation prior to adoption of levels of service by the Council. Future revisions of the AM Plan will incorporate customer consultation on service levels and costs of providing the service. This will assist the Council and stakeholders in matching the level of service required, service risks and consequences with the customer's ability and willingness to pay for the service.

3.2 Strategic and Corporate Goals

This AM Plan is prepared under the direction of the Cloncurry Shire Council's vision, mission, goals and objectives.

Our vision is:

Cloncurry: a growing Shire renowned for its friendliness and prosperity, for its outstanding communities, lifestyle, and endless opportunities.

Strategic goals have been set by Cloncurry Shire Council. The relevant goals and objectives and how these are addressed in this AM Plan are summarised in Table 3.2 (over page).

Table 3.2: Goals and how these are addressed in this Plan

Goal	Strategy	Measures
1. Investing in Our Communities, People and Lifestyles		
1.1 Sport & Recreation (facilities and events)	The availability, suitability and affordability of accommodation is a key component of population attraction and retention.	▪ Community satisfaction ▪ Community wellbeing indicators
1.2 Housing & Accommodation	The availability, suitability and affordability of accommodation is a key component of population attraction and retention.	▪ Housing availability • Housing affordability
2. Building and Maintaining Our Infrastructure - Our infrastructure is strategically planned and well maintained to ensure the delivery of quality services to our community and to facilitate growth opportunities where viable.		
2.1 Asset management framework and capabilities	Council develops, implements, and maintains an effective and compliant asset management framework.	Asset Management Plans in place and updated for all asset classes
2.2 Asset investments: transport, utilities, buildings, sport and recreation, plant, and fleet	Council manages, maintains, renews, and upgrades assets in line with relevant plans, policies, strategies, budgets and in line with relevant funding program requirements	▪ Whole of Life Costing embedded in all asset investment decisions. ▪ Operating surplus ratio
2.3 Efficient and effective services	Council invests in projects and initiatives that improve efficiencies in service delivery while achieving the same or a higher level of service.	▪ Operating Surplus Ratio
4. Effective & Inclusive Governance - Council decision-making processes are efficient, effective, transparent, and inclusive. Decision-making promotes and balances the long-term sustainability of our community, our environment, our assets, and our finances. As an organisation, we are committed to quality customer service and continuous improvement.		
5.4 Sustainability	Council's budgeting and investment decisions ensure Council's continued financial sustainability	• Financial sustainability ratios
5.8 Disaster Management	Minimise the impact of natural disasters and ability to recover from natural disasters and support the community for rapid recovery including support of the Local Disaster Management Group	• Disaster Management Plan • Betterment/Resiliency projects delivered

3.3 Legislative Requirements

There are many legislative requirements relating to the management of assets. Legislative requirements that impact the delivery of the Buildings and Other Structures services are outlined in Table 3.3.

Table 3.3: Legislative Requirements

Legislation	Requirement
Local Government Act 2009 – Sec. 102, Part3 of Chapter 4	The need to prepare a long-term asset management plan
Local Government Regulation 2012 – sec 167 & 168, Div 2	The need to prepare the Long-term Asset Management Plan for at least 10 years, outlining proposed strategies, estimated lifecycle costs of renewing, upgrading and extending in alignment with the Long-term Financial Forecast
Residential Tenancies and Rooming Accommodation Act 2008	Outlines the rights and responsibilities of tenants and property managers/owners in residential renting
Building Act 1975, Building Regulation 2006, Building Code of Australia, Plumbing and Drainage Act 2018, Building Fire Safety Regulation 2008, Electrical Safety Act 2002, Queensland Development Code	Details building policy, regulations, and technical provisions
Disability Discrimination Act 1992	To ensure persons with disabilities have equitable rights and access to services.
Childcare codes, guidelines, quality frameworks	Provide the compliance framework in which childcare / early childhood education must take place, including requirements around built assets and minimum acceptable conditions/standards.
Queensland Heritage Act 1992	Establishes a framework for registration and protection of places of local and statewide significance

3.4 Customer Values

Service levels are defined in three ways, customer values, customer levels of service and technical levels of service.

Customer Values indicate:

(1) what aspects of the service is important to the customer,

(2) whether they see value in what is currently provided and

(3) the likely trend over time based on the current budget provision

Table 3.4: Customer Values

Service Objective: Our infrastructure is strategically planned and well maintained to ensure the delivery of quality services to our community and to facilitate growth opportunities where viable: Buildings & Other Structures			
Customer Values	**Customer Satisfaction Measure**	**Current Feedback**	**Expected Trend Based on Planned Budget**
Facilities are clean	Customer feedback	Low # of complaints	Expected to remain low.
Facilities are accessible	Opening hours Facilities are available	Low # of complaints	Expected to remain low.
Facilities are safe	No Council-caused issues or incidents	Very low # of incidents/near misses.	Expected to remain low.
Facilities are comfortable – e.g., Air conditioning & Lighting	No. of customer complaints	Low # of complaints	Expected to remain low.
Facilities are affordable	No. of bookings	Low # of complains	Expected to remain low.

3.5 Customer Levels of Service

The Customer Levels of Service are considered in terms of:

Condition How good is the service … what is the condition or quality of the service?

Function Is it suitable for its intended purpose …. Is it the right service?

Capacity/Use Is the service over or under used … do we need more or less of these assets?

In Table 3.5 under each of the service measures types (Condition, Function, Capacity/Use) there is a summary of the performance measure being used, the current performance, and the expected performance based on the current budget allocation.

These are measures of fact related to the service delivery outcome (e.g. number of occasions when service is not available or proportion of replacement value by condition %'s) to provide a balance in comparison to the customer perception that may be more subjective.

Table 3.5: Customer Level of Service Measures are provided on the following page.

Type of Measure	Level of Service	Performance Measure	Current Performance	Expected Trend Based on Planned Budget
Condition	Condition Assessments	Condition Rating based on IPWEA model: staff in association with valuers, independent experts (1 to 5)	Buildings: Best Condition:25% Very Good :39% Good : 7% Satisfactory : 8% Poor :21% Other Structures: Best Condition :62% Very Good 17% Good :21%	With substantial volume of resources invested in asset renewal, replacement and upgrades, current ratings are expected to remain constant or improve.
	Confidence levels		Medium Even though ratings come from valuers who performed only a desktop asset revaluation for all asset categories, high level confidence is dependent on a comprehensive revaluation onsite by the valuer.	High Confidence level will be elevated with a comprehensive revaluation to be conducted by the valuer onsite during 2022-23
Function	Functional Assessments	Functional Rating based on IPWEA model: staff in association with valuers, independent expert (1 to 5)	Buildings: Best Condition: 25% Very Good :39% Good : 7% Satisfactory : 8% Poor :21% Other Structures: Best Condition: 62% Very Good :17% Good :21%	With substantial volume of resources invested in asset renewal, replacement and upgrades, current ratings are expected to remain constant or improve.
	Confidence levels		Low These are ratings following a desktop valuation. Functional ratings seem to replicate conditional ratings.	High Confidence level will be elevated with a comprehensive revaluation to be conducted by the valuer onsite.

Capacity	Capacity Assessments	Capacity utilisation Rating from the Valuer – 1 to 5	Buildings: Best Condition: 25% Very Good :39% Good : 7% Satisfactory : 8% Poor :21% Other Structures: Best Condition: 62% Very Good :17% Good :21%	With substantial volume of resources invested in asset renewal, replacement and upgrades, current ratings are expected to remain constant or improve.
	Confidence levels		Low These are ratings by the Valuer following a desktop valuation. Functional ratings seem to replicate conditional ratings. So, data validity must be very low.	High Confidence level will be elevated with a comprehensive revaluation to be conducted by the valuer onsite.

3.6 Technical Levels of Service

Technical Levels of Service – To deliver the customer values, and impact the achieved Customer Levels of Service, are operational or technical measures of performance. These technical measures relate to the activities and allocation of resources to best achieve the desired customer outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

(4) **Acquisition** – the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

(5) **Operation** – the regular activities to provide services (e.g. opening hours, cleansing, mowing grass, energy, inspections, etc.

(6) **Maintenance** – the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. road patching, unsealed road grading, building and structure repairs),

(7) **Renewal** – the activities that return the service capability of an asset up to that which it had originally provided (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement),

Service and asset managers plan, implement and control technical service levels to influence the service outcomes.[4]

Table 3.6 shows the activities expected to be provided under the current 10 year Planned Budget allocation, and the Forecast activity requirements being recommended in this AM Plan.

[4] IPWEA, 2015, IIMM, p 2|28.

Table 3.6: Technical Levels of Service

Lifecycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
TECHNICAL LEVELS OF SERVICE				
Acquisition	New or upgraded facilities: ▪ are matched to community demand or regulatory requirement; ▪ are well scoped and planned for; ▪ allow good opportunity for well scoped and accurately costed grant funding application and project advocacy.	Community consultation Project Assessment Framework followed Maturity of projects submitted for grant funding Combination of acquisition/upgrade projects	Good PAF is being followed for majority of major projects Applications for grant funding have appropriate level of design. Issues remain with scope and cost In progress. Scale of acquisition/upgrades will become evident during 2022-23 and 2023-24	Good PAF is being followed for majority of major projects Projects planned well in advance to allow for grant application and advocacy to ensure higher proportion of grant funding
Acquisition	Project delivery	Cost, Time, Quality indicators met for all projects	PAF followed for major projects Grant funding secured for major projects Budget challenges identified prior to commencement of projects	Delivery of the following during the 10 year time horizon of this plan ▪ Scarr Street Revitalisation Project (CBD Upgrade) ▪ Perkins Street – Housing Subdivision ▪ Chinaman Creek Recreation Area Upgrade ▪ Curry Kids Early Learning Centre Upgrade ▪ Cloncurry Saleyards Upgrades ▪ John Flynn Place / Cultural Precinct Upgrades ▪ Renewal or replacement of William Presley Place ▪ CCTV upgrade and replacement program

Lifecycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
Operation	Buildings and facilities meet user needs (all services operational)	Inspection frequency	Periodic based on nature of building / facility	Periodic based on nature of building / facility
	Buildings and facilities are clean	Cleaning frequency	High use buildings and facilities cleaned regularly, lower use buildings and facilities as appropriate	High use buildings and facilities cleaned regularly, lower use buildings and facilities as appropriate
Maintenance	Buildings and facilities are suitably maintained to deliver intended service	Reactive and planned maintenance completed as scheduled / as required	Proportion of reactive maintenance is too high	Increase forward planning and proportion of planned maintenance activities
Renewal	Buildings and facilities meet users' needs	Condition rating of buildings	<5% with Poor condition rating (by value)	<5% with Poor condition rating (by value)
		Budget	$3,000,000	$ 4,000,000.00
Disposal	Asset disposal	Buildings and Other Structures disposed of in line with disposal plan	No current disposal plans for major assets such as childcare or William Pressley Place	Establish a Disposal Plan for the Planning Period commencing 2023-24

Note: * Current activities related to Planned Budget.

** Expected performance related to forecast lifecycle costs.

It is important to monitor the service levels regularly as circumstances can and do change. Current performance is based on existing resource provision and work efficiencies. It is acknowledged changing circumstances such as technology and customer priorities will change over time.

4.0 FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include things such as population change, regulations, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices, environmental awareness, etc.

4.2 Demand Forecasts

The present position and projections for demand drivers that may impact future service delivery and use of assets have been identified and documented.

4.3 Demand Impact and Demand Management Plan

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.3.

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

Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this AM Plan.

Table 4.3: Demand Management Plan

Demand driver	Current position	Projection	Impact on services	Demand Management Plan
Population Growth	~3700 residents	Expected to increase at ~3% per annum.	The increase creates additional demand for infrastructure, services, utilities, and consumables.	Expansion of the asset portfolio to fulfill increasing demand for services.
Mining, Agriculture, manufacturing & construction with vast resource bases and lands	There is a considerable level of activity in all these industries contributing $ 610 million annually (2017)	Subject to global metal prices and industry prospects, a steady growth can still be expected in the long run.	Expansion raises the demand for agricultural produce, roads, housing, services, leisure and entertainment (e.g. Gym & pubs).	Reliable data must be collected and analysed to model the future demand and long-term/medium-term plans made to expand service deliveries to match future demand. Other measures can focus on increasing efficiency in service delivery, upskilling labour force, starting up commercial enterprises (e.g. fuel pods and retails), and restructuring existing enterprises (e.g. Airport) to maximise returns, increasing service delivery levels.
Climate Change	Impacts from storms and droughts currently managed effectively.	Severe weather events can unfold more frequently.	It could have a direct impact on services through damages / destruction to various assets.	Making new assets built or acquired more resilient to extreme weather events (e.g. steel frames for buildings, concreting footpaths and better drainages to mitigate flooding impacts) as well as tapping opportunities from climate change to add value to the regional economy (e.g. Solar/wind

Demand driver	Current position	Projection	Impact on services	Demand Management Plan
				farms, green agriculture and carbon farming).

4.4 Asset Programs to meet Demand

The new assets required to meet demand may be acquired, donated or constructed. Additional assets are discussed in Section 5.4.

Acquiring new assets will commit the Council to ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs for inclusion in the long-term financial plan (Refer to Section 5).

4.5 Climate Change Adaptation

The impacts of climate change may have a significant impact on the assets we manage and the services they provide. In the context of the Asset Management Planning process climate change can be considered as both a future demand and a risk.

How climate change impacts on assets will vary depending on the location and the type of services provided, as will the way in which we respond and manage those impacts.[5]

As a minimum we consider how to manage our existing assets given potential climate change impacts for our region.

Risk and opportunities identified to date are shown in Table 4.5.1

Table 4.5.1 Managing the Impact of Climate Change on Assets and Services

Climate Change Description	Projected Change	Potential Impact on Assets and Services	Management
Increased severity and frequency of storm events.	Increase in number of declared disaster events	Impact on release to land programming Shorter useful life of assets. Increased service disruption due to power outage and flood inundation. Increased asset impairment expense.	Increase release to land area. Invest to increase asset resilience where appropriate. Commitment to planned and preventative maintenance. Seek release to water allowance in Environmental Authority.

Additionally, the way in which we construct new assets should recognise that there is opportunity to build in resilience to climate change impacts. Building resilience can have the following benefits:

(8) Assets will withstand the impacts of climate change.

(9) Services can be sustained; and

(10) Assets that can endure may potentially lower the lifecycle cost and reduce their carbon footprint

Table 4.5.2 on the next page summarises some asset climate change resilience opportunities.

[5] IPWEA Practice Note 12.1 Climate Change Impacts on the Useful Life of Infrastructure

Table 4.5.2 Building Asset Resilience to Climate Change

New Asset Description	Climate Change impact These assets?	Build Resilience in New Works
Building resilience to heatwaves.	Major.	Forestation, structural changes to buildings (e.g. high roof & natural ventilation) and green spaces.
Building resilience to drought.	Major.	Rainwater harvesting and vegetation around the building to recharge ground water.
Building resilience to cyclones & strong winds.	Major.	Reshaping building (e.g. optimum aerodynamic orientation and multiple sloped roofs).

The impact of climate change on assets is a new and complex discussion and further opportunities will be developed in future revisions of this AM Plan.

5.0 LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how the Council plans to manage and operate the assets at the agreed levels of service (Refer to Section 3) while managing life cycle costs.

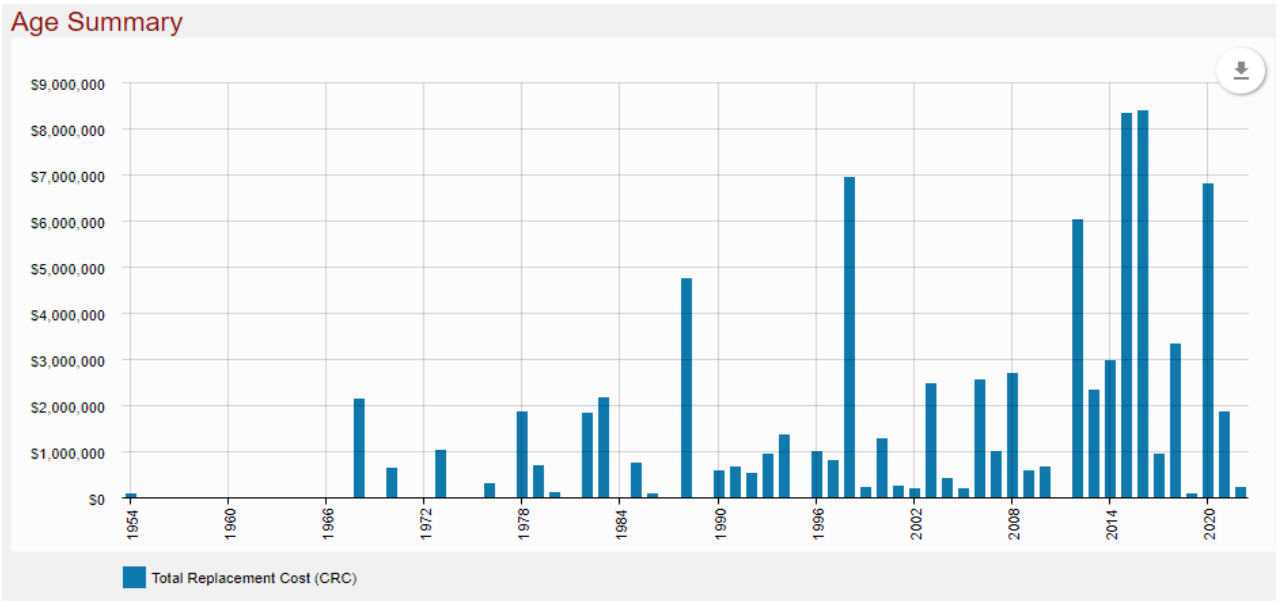
5.1 Background Data

5.1.1 Physical parameters

The assets covered by this AM Plan are shown in Table 5.1.1. The age profile of the assets included in this AM Plan are shown in Figure 5.1.1.

Table 5.1.1: Assets covered by this Plan

Asset Category	Dimension	Replacement Value
Buildings	Multiple	$61,984,174
Other Structures	Multiple	$21,137,219
TOTAL		**$83,121,393**



All figure values are shown in current day dollars.

From the above graph, it's evident that most of assets were built/acquired post year 2000. This indicates the Council's ability to manage replacements in a timely manner.

5.1.2 Asset capacity and performance

Assets are generally provided to meet design standards where these are available. However, there is insufficient resources to address all known deficiencies. Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

Table 5.1.2: Known Service Performance Deficiencies

Location	Service Deficiency
Housing and accommodation	William Pressley Place not functional Difficult to meet the demands /desire to provide accommodation that is suitable, available, affordable
John Flynn Place	Facility no longer meets community / customer expectations
Multiple – Cloncurry	Audio-visual capability/functionality lacking
Saleyards	Perception of need to improve shade at facility to stay ahead of the animal welfare regulatory curve
Asset awareness	A comprehensive assessment of ratings (Conditions, Function, Capacity utilisation and Criticality) need to be performed to uncover all issues associated with assets.

The above service deficiencies were identified from discussion with Infrastructure department.

5.1.3 Asset condition

Condition is currently monitored mostly annually as a part of asset revaluation process.

Condition is measured using a 1 – 5 grading system[6] as detailed in Table 5.1.3. It is important that a consistent approach is used in reporting asset performance enabling effective decision support. A finer grading system may be used at a more specific level, however, for reporting in the AM plan results are translated to a 1 – 5 grading scale for ease of communication.

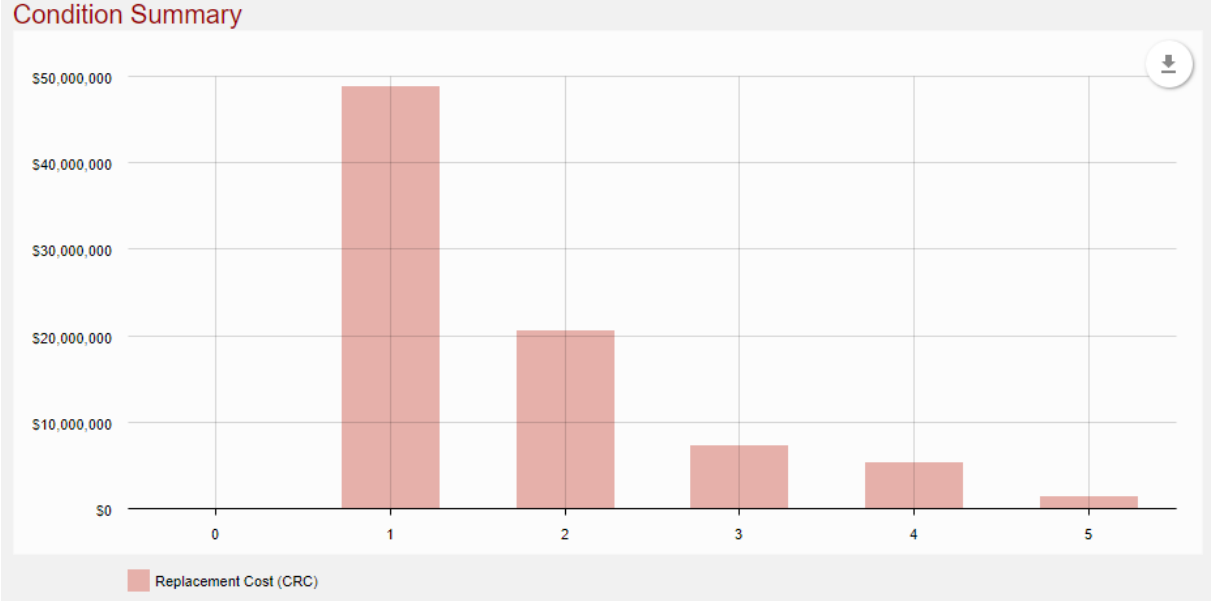
Table 5.1.3: Condition Grading System

Condition Grading	Description of Condition
1	**Very Good**: free of defects, only planned and/or routine maintenance required
2	**Good**: minor defects, increasing maintenance required plus planned maintenance
3	**Fair**: defects requiring regular and/or significant maintenance to reinstate service
4	**Poor**: significant defects, higher order cost intervention likely
5	**Very Poor**: physically unsound and/or beyond rehabilitation, immediate action required

The condition profile of our assets is shown in Figure 5.1.3.

[6] IPWEA, 2015, IIMM, Sec 2.5.4, p 2|80.

Figure 5.1.3: Asset Condition Profile



As shown in the above graph, a majority of assets is in top condition, owing to persistent and high level of renewal and replacements as they reach the end of the useful economic life.

Confidence levels of these information are low as they are derived from a desktop valuation done by the Valuer.

All figure values are shown in current day dollars.

5.2 Operations and Maintenance Plan

Operations include regular activities to provide services. Examples of typical operational activities include cleaning, street sweeping, asset inspection, and utility costs.

Maintenance includes 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. Examples of typical maintenance activities include pipe repairs, asphalt patching, and equipment repairs.

The trend in maintenance budgets are shown in Table 5.2.1.

Table 5.2.1: Maintenance Budget Trends

Year	Maintenance Budget $
2021/22	2,844,867
2022/23	2,022,650
2023/24	2,427,180

Maintenance budget levels are considered to be adequate to meet current service levels, but will need to increase to meet service levels associated with additional acquisitions. Where maintenance budget allocations are such that they will result in a lesser level of service, the service consequences and service risks have been identified and are highlighted in this AM Plan and service risks considered in the Infrastructure Risk Management Plan.

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

Asset hierarchy

An asset hierarchy provides a framework for structuring data in an information system to assist in collection of data, reporting information and making decisions. The hierarchy includes the asset class and component used for asset planning and financial reporting and service level hierarchy used for service planning and delivery.

The service hierarchy is shown is Table 5.2.2.

Table 5.2.2: Asset Service Hierarchy

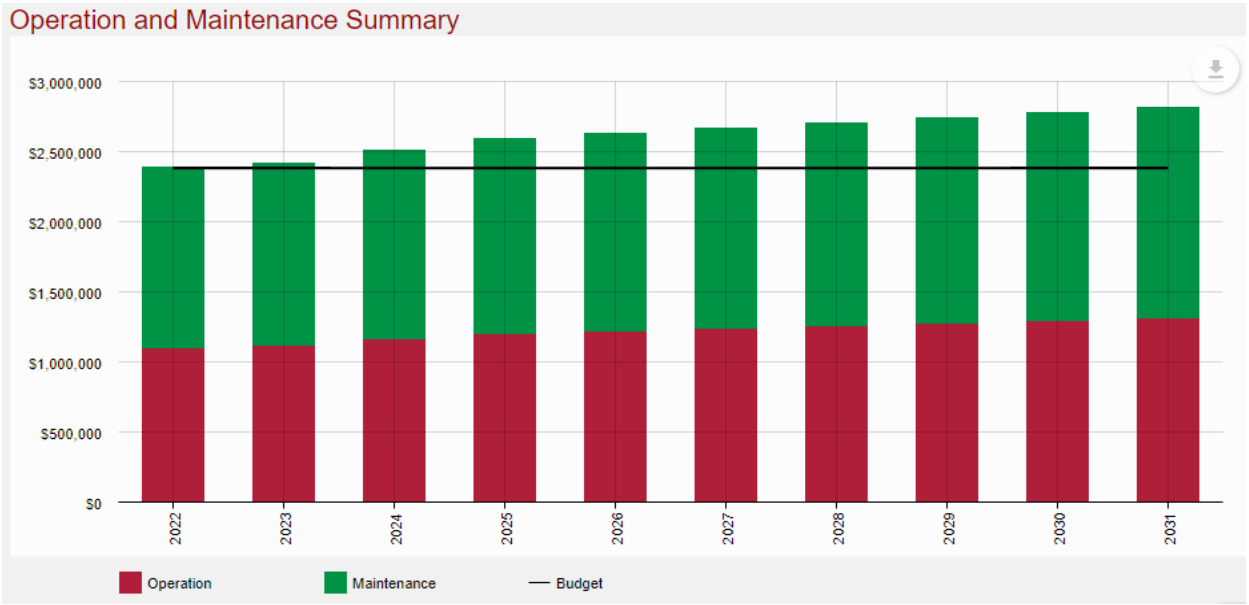
Service Hierarchy	Service Level Objective
Buildings	
Based on use: Administration, Aged Care, Child Care, Commercial, Community, Portable, Residential, Shed, Sporting, Ablution, Tourism and Other.	To make the asset fit and proper for the intended use.
Based on componentisation: Sub-structure, Super structure, Roof, Fittings, Services, External services and Finishes.	To support with renewal and maintenance by customising economic useful life.
Other Structures	
Based on use: Art works, BBQ facilities, Commercial, Community, Fencing, Grandstand, Irrigation, Landscaping, Lighting, Open space, Playground, Shed, Signage, Sporting, Stables, Washdown bay, Waste Mgmt, Weighbridge and Other.	To make the asset fit and proper for the intended use.

Summary of forecast operations and maintenance costs

Forecast operations and maintenance costs are expected to vary in relation to the total value of the asset stock. If additional assets are acquired, the future operations and maintenance costs are forecast to increase. If assets are disposed of the forecast operation and maintenance costs are expected to decrease. Figure 5.2 shows the forecast operations and maintenance costs relative to the proposed operations and maintenance Planned Budget.

Figure 5.2: Operations and Maintenance Summary

Please see overleaf.



All figure values are shown in current day dollars.

The current budget levels are adequate to fund both operational and maintenance expenditure for the first few years. Thereafter, a small deficit exists. This deficit can easily be made good by some savings or additional funding to be sourced elsewhere.

At present, there is no need for deferral of any maintenance works except towards the end of the planning horizon unless the expected funding deficit could not be fixed.

5.3 Renewal Plan

Renewal is major capital work which does not significantly alter the original service provided by the asset, but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is considered to be an acquisition resulting in additional future operations and maintenance costs.

Assets requiring renewal are identified from the following approach in the Lifecycle Model.

Asset Register data to project the renewal costs (current replacement cost) and renewal timing (acquisition year plus updated useful life to determine the renewal year), or

The typical useful lives of assets used to develop projected asset renewal forecasts are shown in Table 5.3. Asset useful lives were last reviewed on June 30, 2022.

Table 5.3: Useful Lives of Assets

Asset (Sub)Category	Useful life
Buildings	
Sub-structure, Super structure, Roof, Finishes, Fittings, Services and External services.	Years: 60, 60, 50, 30, 30, 40 and 60 respectively.
Other Structures	
Art works, BBQ facilities, Commercial, Community, Fencing, Grandstand, Irrigation, Landscaping, Lighting, Open space, Playground, Shed, Signage, Sporting, Stables, Washdown bay, Waste Mgmt, Weighbridge and Other.	Years: 100, 15, 40, 30, 30, 40, 40, 60, 30, 40, 20, 50, 30, 40, 30, 40, 84, 25 and 50 respectively.

The above useful lives for asset sub-categories are based on averages and actual life spans for sub-categories vary.

The estimates for renewals in this AM Plan were based on the asset register method.

5.3.1 Renewal ranking criteria

Asset renewal is typically undertaken to either:

(1) Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. servicing and eventual replacement of cattle weighbridge), or

(2) To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. condition of a playground).[7]

It is possible to prioritise renewals by identifying assets or asset groups that:

(3) Have a high consequence of failure,

(4) Have high use and subsequent impact on users would be significant,

[7] IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

(5) Have higher than expected operational or maintenance costs, and

(6) Have potential to reduce life cycle costs by replacement with a modern equivalent asset that would provide the equivalent service.[8]

The ranking criteria used to determine priority of identified renewal proposals is detailed in Table 5.3.1.

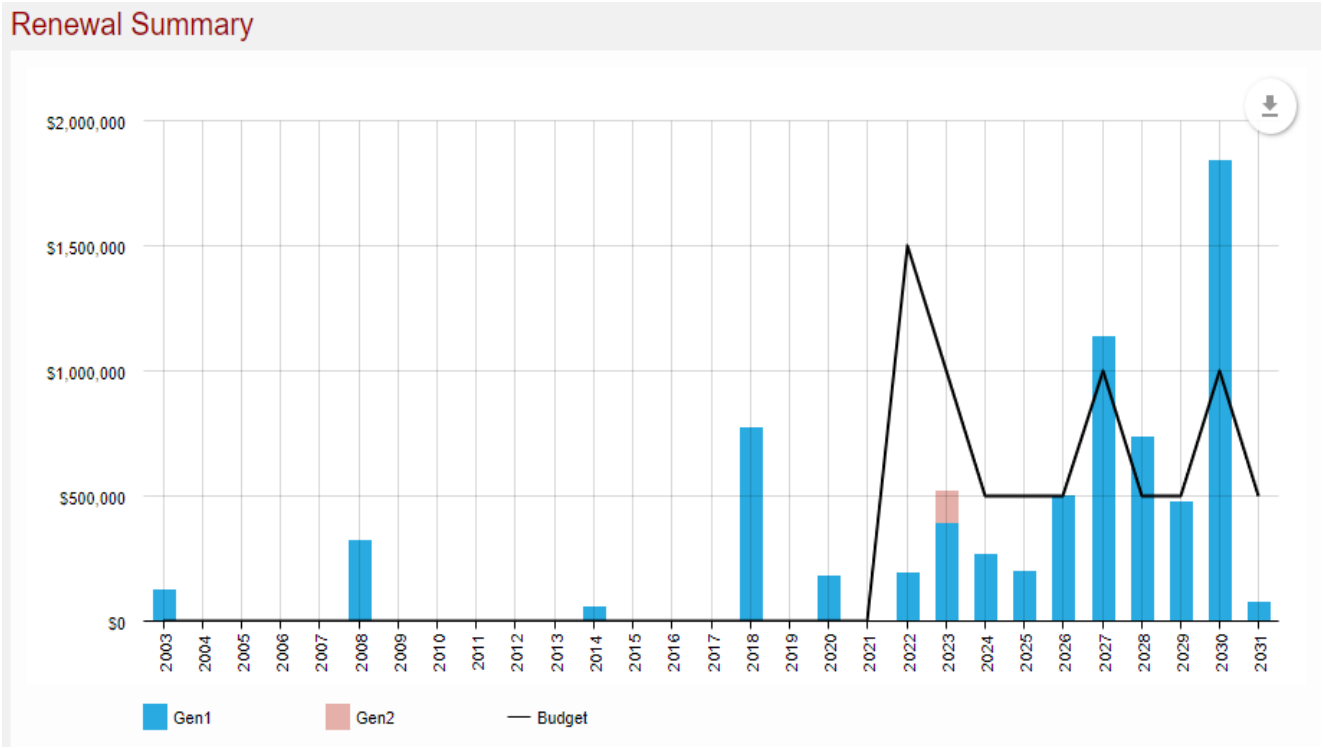
Table 5.3.1: Renewal Priority Ranking Criteria

Criteria	Weighting
Asset condition	10-30%
Asset criticality	10-30%
Impact on operating costs (whole of life costs)	10-30%
Impact on service level commitments	10-30%
Availability of grant funding	10-30%
Total	**100%**

5.4 Summary of future renewal costs

Forecast renewal costs are projected to increase over time if the asset stock increases. The forecast costs associated with renewals are shown relative to the proposed renewal budget in Figure 5.4.1. A detailed summary of the forecast renewal costs is shown in Appendix D.

Figure 5.4.1: Forecast Renewal Costs



All figure values are shown in current day dollars.

[8] Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.

As per the above graph, an enormous amount of renewal expenditure occurs in year 2030. However, the surplus renewal expenditure budget in the first 5 years is available to cover the deficit towards the end of the planning horizon. Gen 2 asset renewal ($124,000) occurs in year 2023 meaning the second renewal happening during the planning horizon of the Asset management plan.

Both annual budget and forecast renewal expenditure are quite volatile across years due to different assets reaching their useful economic life in different years.

The confident levels of information are moderate as useful economic life assessments are based on the Valuer's desktop valuations.

Any requirements for deferral of asset renewals are very unlikely due to existence of adequate budget levels.

5.5 Acquisition Plan

Acquisition refers to upgrades or improvements to an existing asset beyond its existing capacity. They may result from growth, demand, social or environmental needs. Assets may also be donated to the Council.

5.5.1 Selection criteria

Proposed acquisition of new assets, and upgrade of existing assets, are identified from various sources such as community requests, proposals identified by strategic plans or partnerships with others. Potential upgrade and new works should be reviewed to verify that they are essential to the Entities needs. Proposed upgrade and new work analysis should also include the development of a preliminary renewal estimate to ensure that the services are sustainable over the longer term. Verified proposals can then be ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in Table 5.5.1.

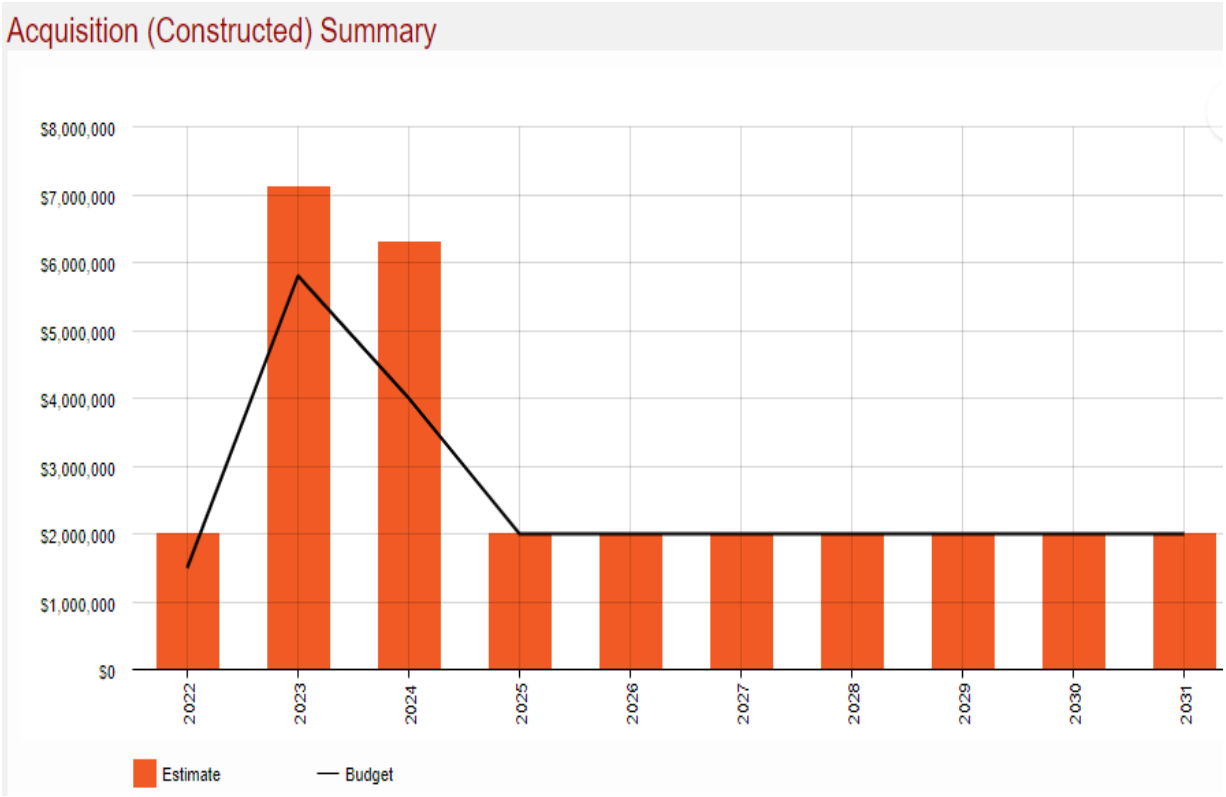
Table 5.5.1: Acquired Assets Priority Ranking Criteria

Criteria	Weighting - %
Criticality	30
Exposure to risks	25
Continuance of current service levels	20
Affordability	15
Community response	10
Total	**100%**

Summary of future asset acquisition costs

Forecast acquisition asset costs are summarized in Figure 5.5.1 and shown relative to the proposed acquisition budget. The forecast acquisition capital works program is shown in Appendix A.

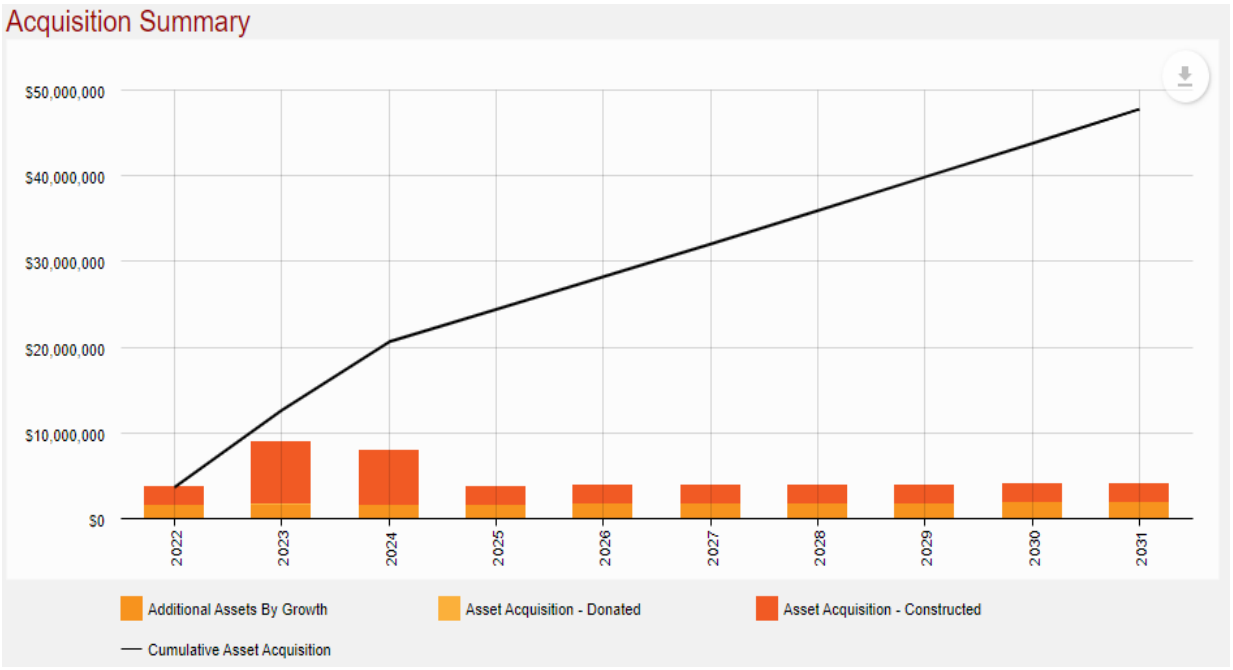
Figure 5.5.1: Acquisition (Constructed) Summary



All figure values are shown in current day dollars.

When an Entity commits to new assets, they must be prepared to fund future operations, maintenance and renewal costs. They must also account for future depreciation when reviewing long term sustainability. When reviewing the long-term impacts of asset acquisition, it is useful to consider the cumulative value of the acquired assets being taken on by the Entity. The cumulative value of all acquisition work, including assets that are constructed and contributed are shown in Figure 5.5.2.

Figure 5.5.2: Acquisition Summary



All figure values are shown in current dollars.

Expenditure on new assets and services in the capital works program will be accommodated in the long-term financial plan, but only to the extent that there is available funding.

All planned capital expenditures on acquisitions are fully funded with grants and internal revenue, hence no deficit anticipated.

5.6 Disposal Plan

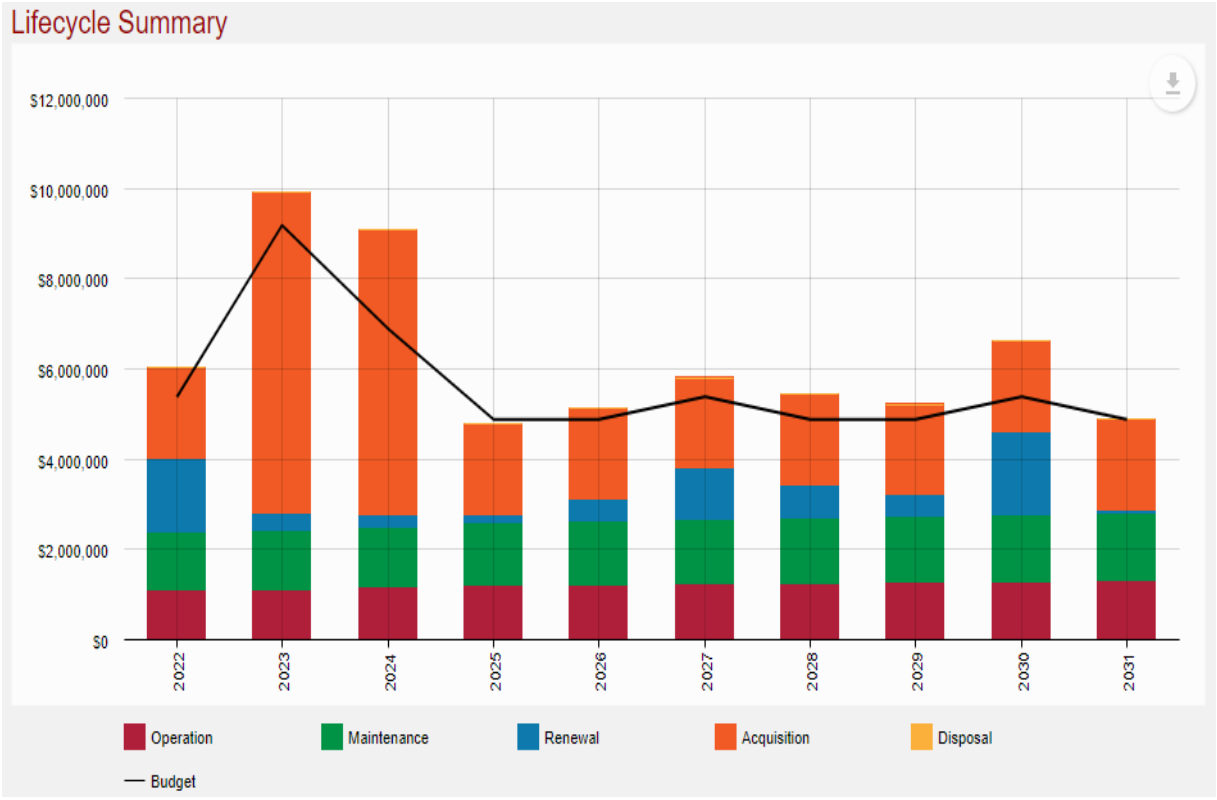
Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation. Currently, there are no planned disposals of building or other structures.

Alternatively, when these assets reach useful economic life, they will be renewed or upgraded. Some assets under other structures such as lightings, electricals, floor tilings, water pumps, filters, sheds and fencings will be replaced with a full disposal. However, for these assets, it is not practicable to estimate the disposal costs which are deemed very insignificant.

5.7 Summary of asset forecast costs

The financial projections from this asset plan are shown in Figure 5.7.1. These projections include forecast costs for acquisition, operation, maintenance and renewal. These forecast costs are shown relative to the proposed budget.
The bars in the graphs represent the forecast costs needed to minimise the life cycle costs associated with the service provision. The proposed budget line indicates the estimate of available funding. The gap between the forecast work and the proposed budget is the basis of the discussion on achieving balance between costs, levels of service and risk to achieve the best value outcome.

Figure 5.7.1: Lifecycle Summary



All figure values are shown in current day dollars.

Comparing the forecast lifecycle costs and the available budgets, a gap of a moderate size exists in the first 3 years, 2030. This gap will be matched with the following proposed strategies.

(1) Re-prioritising capital projects based on urgency, risk and service potential,

(2) Sourcing external funding such as grants and contributions,

(3) Considering other sources of funding such as borrowings, internal reserves and Rates/charges.

6.0 RISK MANAGEMENT PLANNING

The purpose of infrastructure risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2018 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2018 as: 'coordinated activities to direct and control with regard to risk'[9].

An assessment of risks[10] associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a 'financial shock', reputational impacts, or other consequences. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluation of the risks and development of a risk treatment plan for those risks that are deemed to be non-acceptable.

6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Critical assets have been identified and along with their typical failure mode, and the impact on service delivery, are summarised in Table 6.1. Failure modes may include physical failure, collapse or essential service interruption.

Table 6.1 Critical Assets

Critical Asset(s)	Failure Mode	Impact
Admin Centre - Precinct	Structural failure	Serious impact on service levels provided to community and stakeholders
St Andrews Gdn Settlement Flats	Structural failure	Serious impact on Aged Care Service
Curry Kids Early Learning Centre	Structural failure	Serious impact on ability to provide childcare services
Saleyards	Disease	Serious impact on cattle trading
Staff Houses	Structural failure	Serious impact on operations management and delivery.
Lighting at Aerodrome & Airports	Electrical failure	Serious impact on aviation services.

By identifying critical assets and failure modes an organisation can ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

6.2 Risk Assessment

The risk management process used is shown in Figure 6.2 below.

It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of International Standard ISO 31000:2018.

[9] ISO 31000:2009, p 2

[10] REPLACE with Reference to the Corporate or Infrastructure Risk Management Plan as the footnote

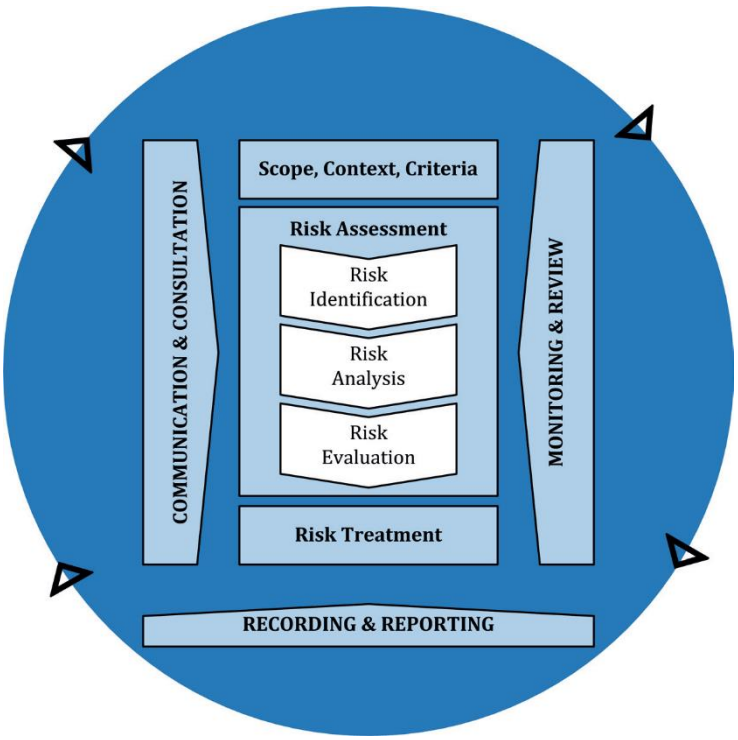


Fig 6.2 Risk Management Process – Abridged
Source: ISO 31000:2018, Figure 1, p9

The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, development of a risk rating, evaluation of the risk and development of a risk treatment plan for non-acceptable risks.

An assessment of risks[11] associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a 'financial shock', reputational impacts, or other consequences.

Critical risks are those assessed with 'Very High' (requiring immediate corrective action) and 'High' (requiring corrective action) risk ratings identified in the Infrastructure Risk Management Plan. The residual risk and treatment costs of implementing the selected treatment plan is shown in Table 6.2. It is essential that these critical risks and costs are reported to management and the Council.

Table 6.2: Risks and Treatment Plans

Please refer to the table overleaf.

[11] REPLACE with Reference to the Corporate or Infrastructure Risk Management Plan as the footnote

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Curry Kids Early Learning Centre	Aging facility required to close due to difficulties meeting strict codes for child care operations	High	Build new facility in 2024 for opening in 2025.	Low	~$8m
Cloncurry Saleyards	Equipment failure, asset condition or regulatory change impact on ability to provide services and maintain revenue streams	High	Progressive upgrade to facility: rail load out, weighbridge, shade etc.	Low	>$3m

Note * The residual risk is the risk remaining after the selected risk treatment plan is implemented.

6.3 Infrastructure Resilience Approach

The resilience of our critical infrastructure is vital to the ongoing provision of services to customers. To adapt to changing conditions we need to understand our capacity to 'withstand a given level of stress or demand', and to respond to possible disruptions to ensure continuity of service.

Resilience recovery planning, financial capacity, climate change risk assessment and crisis leadership.

Our current measure of resilience is shown in Table 6.3 which includes the type of threats and hazards and the current measures that the organisation takes to ensure service delivery resilience.

Table 6.3: Resilience Assessment

Threat / Hazard	Assessment Method	Current Resilience Approach
Catastrophic weather events	A record of past weather events, structural integrity, emergency plans and etc.	Medium
Lack of external funding for renewals and upgrades	Reviewing capital expenditure decisions, AMP, Cause – Effect analysis and etc.	Low
Network failures/cyber-attacks.	Back-up procedures, plan B, Business continuity plan and virus/scam protection software	High

6.4 Service and Risk Trade-Offs

The decisions made in adopting this AM Plan are based on the objective to achieve the optimum benefits from the available resources.

6.4.1 What we cannot do

There are some operations and maintenance activities, and capital projects that are unable to be undertaken within the next 10 years. These include:

(1) Major asset upgrades such as switching to modern saleyards facilities,

(2) Application of 4th generation technologies such as Artificial intelligence (AI), Robotic process Automation (RPA), Customer Relationship Management (CRM) and the like.

(3) Avoidance of reliance on grants for capital funding. Grants form a significant source of funding for capital expenditure. The Council will not be able to self-generate adequate funding for asset renewal, acquisition and upgrades in the foreseeable future.

6.4.2 Service trade-off

If there is forecast work (operations, maintenance, renewal, acquisition or disposal) that cannot be undertaken due to lack of resources, then this will result in service consequences for users. These service consequences include:

(1) Inability to achieve a major shift in service delivery standards,

(2) Lengthening queue for some services. E.g. Aged Care and Childcare.

(3) Unanticipated interruptions to services deliveries. E.g. Aquatic centre and amenities.

(4) An undue delay in restoring services following a break-down.

(5) Productivity of assets may impair.

6.4.3 Risk trade-off

The operations and maintenance activities and capital projects that cannot be undertaken may sustain or create risk consequences. These risk consequences include:

(1) Injuries and financial losses from malfunctioning and service interruptions. E.g. building collapse and a major break down in the Saleyard facilities.

(2) Loss of reputation and community confidence in the Council,

(3) Regulatory breeches leading to litigation. E.g. a lawsuit by a community member who suffers physically or financially as a result of an operations failure.

(4) An intervention by an external organisation to take over the services or operations the Council has failed to conduct satisfactorily. E.g. waste management and water services.

(5) The risk of obsolescence and outmodedness resulting from lack of service/facility upgrades and modernisation.

These actions and expenditures are considered and included in the forecast costs, and where developed, the Risk Management Plan.

7.0 FINANCIAL SUMMARY

This section contains the financial requirements resulting from the information presented in the previous sections of this AM Plan. The financial projections will be improved as the discussion on desired levels of service and asset performance matures.

7.1 Financial Sustainability and Projections

7.1.1 Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the AM Plan for this service area. The two indicators are the:

(6) asset renewal funding ratio (proposed renewal budget for the next 10 years / forecast renewal costs for next 10 years), and

(7) medium term forecast costs/proposed budget (over 10 years of the planning period).

Asset Renewal Funding Ratio

Asset Renewal Funding Ratio[12] 103%

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next 10 years we expect to have 103% of the funds required for the optimal renewal of assets.

The forecast renewal work along with the proposed renewal budget, and the cumulative shortfall, is illustrated in Appendix D.

Medium term – 10-year financial planning period

This AM Plan identifies the forecast operations, maintenance and renewal costs required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

This forecast work can be compared to the proposed budget over the first 10 years of the planning period to identify any funding shortfall.

The forecast operations, maintenance and renewal costs over the 10 year planning period is $6,289,838 on average per year.

The proposed (budget) operations, maintenance and renewal funding is $5,662,556 on average per year giving a 10 year funding shortfall of $ 627,282 per year. This indicates that 90.03% of the forecast costs needed to provide the services documented in this AM Plan are accommodated in the proposed budget. Note, these calculations exclude acquired assets.

Providing sustainable services from infrastructure requires the management of service levels, risks, forecast outlays and financing to achieve a financial indicator of approximately 1.0 for the first years of the AM Plan and ideally over the 10 year life of the Long-Term Financial Plan.

7.1.2 Forecast Costs (outlays) for the long-term financial plan

Table 7.1.2 shows the forecast costs (outlays) required for consideration in the 10 year long-term financial plan.

Providing services in a financially sustainable manner requires a balance between the forecast outlays required to deliver the agreed service levels with the planned budget allocations in the long-term financial plan.

A gap between the forecast outlays and the amounts allocated in the financial plan indicates further work is required on reviewing service levels in the AM Plan (including possibly revising the long-term financial plan).

We will manage the 'gap' by developing this AM Plan to provide guidance on future service levels and resources required to provide these services in consultation with the community.

[12] AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.

Forecast costs are shown in 2022-dollar values.

Table 7.1.2: Forecast Costs (Outlays) for the Long-Term Financial Plan

Year	Acquisition	Operation	Maintenance	Renewal	Disposal	Budget
2022	2,000,000	1,100,000	1,282,556	1,638,601	0	5,382,556
2023	7,100,000	1,118,312	1,300,868	397,729	0	9,182,556
2024	6,300,000	1,163,041	1,345,597	266,397	0	6,882,556
2025	2,000,000	1,203,204	1,385,760	200,329	0	4,882,556
2026	2,000,000	1,222,040	1,404,596	497,455	0	4,882,556
2027	2,000,000	1,241,053	1,423,609	1,137,703	0	5,382,556
2028	2,000,000	1,260,246	1,442,802	732,058	0	4,882,556
2029	2,000,000	1,279,623	1,462,179	477,626	0	4,882,556
2030	2,000,000	1,299,188	1,481,744	1,841,990	0	5,382,556
2031	2,000,000	1,318,943	1,501,499	71,638	0	4,882,556

7.2 Funding Strategy

The proposed funding for assets is outlined in the Entity's budget and Long-Term financial plan.

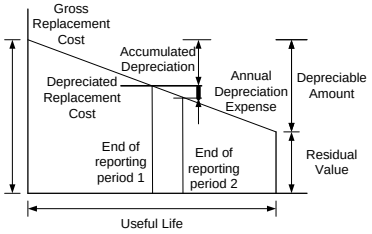
The financial strategy of the entity determines how funding will be provided, whereas the AM Plan communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.

7.3 Valuation Forecasts

7.3.1 Asset valuations

The best available estimate of the value of assets included in this AM Plan are shown below. The assets are valued at fair value or replacement value.

Replacement Cost (Current/Gross)	$ 83,121,404
Depreciable Amount	$ 83,121,404
Depreciated Replacement Cost[13]	$ 50,835,856
Depreciation	$ 2,099,282



7.3.2 Valuation forecast

Asset values are forecast to increase as additional assets are supplemented to the service delivery.

Additional assets will generally add to the operations and maintenance needs in the longer term. Additional assets will also require additional costs due to future renewals. Any additional assets will also add to future depreciation forecasts.

However, this increase in asset volume and values has an adverse impact on financial sustainability of the entity unless revenue will increase proportionately to cover the additional lifecycle costs

7.4 Key Assumptions Made in Financial Forecasts

In compiling this AM Plan, it was necessary to make some assumptions. This section details the key assumptions made in the development of this AM plan and should provide readers with an understanding of the level of confidence in the data behind the financial forecasts.

Key assumptions made in this AM Plan are:

[13] Also reported as Written Down Value, Carrying or Net Book Value.

(1) Inflation is ignored,

(2) Useful economic life spans of assets are accurate and reflect current service potential embodied in them,

(3) Current consumptions patterns remain unchanged,

(4) No considerable technological advancements obsoleting the assets are anticipated,

(5) Gross replacement values are based on market price of similar assets available in market at the time of replacement.

(6) Fair values are based on the lower of Net realisable/Replacement value and Value in Use.

(7) Valuations comply with relevant Financial Reporting Standards (AASB's), QLD Local Government Act 2009 and QLD Local Government Regulation 2012.

(8) All indices used in fair valuation are accurate & do not alter materially in the planning horizon of the AMP.

(9) Disposal costs are ignored.

7.5 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this AM Plan are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on a A - E level scale[14] in accordance with Table 7.5.1.

Table 7.5.1: Data Confidence Grading System

Confidence Grade	Description
A. Very High	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate ± 2%
B. High	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate ± 10%
C. Medium	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated ± 25%
D. Low	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy ± 40%
E. Very Low	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 7.5.2.

Table 7.5.2: Data Confidence Assessment for Data used in AM Plan

Data	Confidence Assessment	Comment
Demand drivers	Medium.	Data extracted from secondary sources that have compiled projections a few years ago.
Growth projections	Medium.	Data extracted from secondary sources that have compiled projections a few years ago.
Acquisition forecast	High	Based on capital expenditure budget – 2022/23 with adjustments for years thereafter.

[14] IPWEA, 2015, IIMM, Table 2.4.6, p 2|71.

Operation forecast	High	Based on actual financial data for last two years.
Maintenance forecast	High	Based on actual financial data for last two years.
Renewal forecast - Asset values	Medium	Based on Valuer's desktop valuation done in 2022.
- Asset useful lives	Medium	Based on Valuer's desktop valuation done in 2022.
- Condition modelling	Medium	Based on Valuer's desktop valuation done in 2022.
Disposal forecast	Not Applicable	Not Applicable

The estimated confidence level for and reliability of data used in this AM Plan is considered to be medium.

8.0 PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices[15]

8.1.1 Accounting and financial data sources

This AM Plan utilises accounting and financial data. The source of the data is

(1) Financial Accounting Ledger,

(2) Valuer's desktop revaluation for 2022,

(3) Planning documents including Long Term Financial Forecast, Budget and Annual Report,

(4) Demographic and other information from Australian Bureau of Statistics (ABS).

8.1.2 Asset management data sources

This AM Plan also utilises asset management data. The source of the data is Asset register and Valuer's revaluation reports..

8.2 Improvement Plan

It is important that an entity recognise areas of their AM Plan and planning process that require future improvements to ensure effective asset management and informed decision making. The improvement plan generated from this AM Plan is shown in Table 8.2.

Table 8.2: Improvement Plan

Task	Task	Responsibility	Resources Required	Timeline	Status
1	A comprehensive revaluation including asset condition assessments to be completed.	CEO & ELT Finance Manager	$75,000	Jun 23	Completed
2	Completion of Perkins Street Sub-division	CEO Director Projects	~$10m	Jun 24	In progress
3	Completion of Child Care Upgrade	CEO Director Projects	~$10m	Oct 25	In progress
4	Completion of Grandstands project	CEO Director Projects	~$1.2m	Dec 23	Completed
5	Completion of Scarr Street Revitalisation Project (CBD Upgrade)	CEO Director Projects	~$15-18m	Dec 26	Detailed Design
6	Completion of CCTV upgrade and integration project	CEO Corporate Services	$430,000	Feb 24	Completed
7	Formalise service levels for recreation / garden assets	Elected members CEO & ELT	Internal costs	Dec 23	Completed
8	Completion of Airport Masterplan to confirm future asset renewal and upgrades at airport precinct (Cloncurry). E.g., airport terminal, lighting and electrical systems, hangars etc.	Elected members CEO & ELT	$750,000	Jun 23	Completed
9	Completion of Saleyards Masterplan to confirm future asset renewal and upgrades at Saleyards precinct (Cloncurry). E.g., load out facilities, shelter, weighbridges, washdown bays etc.	Elected members CEO & ELT	~$200,000	Jun 23	Completed
10	Completion of JFP & Sport and Recreation Grounds Masterplan to confirm future asset	Elected members CEO & ELT	~$200,000	Aug 23	In progress Dec 24

[15] ISO 55000 Refers to this as the Asset Management System

Task	Task	Responsibility	Resources Required	Timeline	Status
	renewal, upgrades and disposals at the Sport and Rec precinct. E.g., irrigation, grandstands,				
11	Completion of master-planning processes for other key Council precincts as required. E.g., Equestrian Centre, Cemetery	Elected members CEO & ELT	$150,000	Dec 24	Not commenced
12	Council to determine future use of key sites: ▪ Existing childcare facility once new centre is online ▪ William Presley Place	Elected members CEO & ELT	$50,000	Jun 24	Application to purchase
13	Utilisation of Reflect/Recover to manage asset data on Buildings and Other Structures, with an initial focus on Council accommodation and facilities	ELT Asset Engineer	Part of existing retainer	Dec 23	Ongoing
14	Improved allocation of housing costs within Council's operational budget, noting the impact of Council's remuneration	Director Corporate Services	Internal costs	Feb 24	Completed
15	1-3 maintenance program developed for Council accommodation (including STAGs)	Manager Infrastructure	Internal Costs + $40,000	Jun 23	Rolling delivery
16	1-3 year maintenance program for other Council facilities developed and implemented	Manager Infrastructure	Internal Costs + $40,000	Feb 24	Rolling delivery

8.3 Monitoring and Review Procedures

This AM Plan will be reviewed during the annual budget planning process and revised to show any material changes in service levels, risks, forecast costs and proposed budgets as a result of budget decisions.

The AM Plan will be reviewed and updated annually to ensure it represents the current service level, asset values, forecast operations, maintenance, renewals, acquisition and asset disposal costs and planned budgets. These forecast costs and proposed budget are incorporated into the Long-Term Financial Plan or will be incorporated into the Long-Term Financial Plan once completed.

The AM Plan has a maximum life of 4 years and is due for complete revision and updating within 4 years of Council election.

8.4 Performance Measures

The effectiveness of this AM Plan can be measured in the following ways:

(5) The degree to which the required forecast costs identified in this AM Plan are incorporated into the long-term financial plan,

(6) The degree to which the 1-5 year detailed works programs, budgets, business plans and corporate structures consider the 'global' works program trends provided by the AM Plan,

(7) The degree to which the existing and projected service levels and service consequences, risks and residual risks are incorporated into the Strategic Planning documents and associated plans,

(8) The Asset Renewal Funding Ratio achieving the Organisational target (this target is often 90 – 100%).

9.0 REFERENCES

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

(10) IPWEA, 2015, 3rd edn., 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM

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(12) IPWEA, 2015, 2nd edn., 'Australian Infrastructure Financial Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/AIFMM.

(13) IPWEA, 2020 'International Infrastructure Financial Management Manual', Institute of Public Works Engineering Australasia, Sydney

(14) IPWEA, 2018, Practice Note 12.1, 'Climate Change Impacts on the Useful Life of Assets', Institute of Public Works Engineering Australasia, Sydney

(15) IPWEA, 2012, Practice Note 6 Long-Term Financial Planning, Institute of Public Works Engineering Australasia, Sydney, https://www.ipwea.org/publications/ipweabookshop/practicenotes/pn6

(16) IPWEA, 2014, Practice Note 8 – Levels of Service & Community Engagement, Institute of Public Works Engineering Australasia, Sydney, https://www.ipwea.org/publications/ipweabookshop/practicenotes/pn8

(17) ISO, 2014, ISO 55000:2014, Overview, principles and terminology

(18) ISO, 2018, ISO 31000:2018, Risk management – Guidelines

(19) Corporate and Operational Plans – Cloncurry Shire Council

(20) Long Term Financial Forecast – Cloncurry Shire Council,

(21) Budget and Annual Report.

10.0 APPENDICES

Appendix A Acquisition Forecast

A.1 – Acquisition Forecast Assumptions and Source:
Assumptions made include

(1) Inflation is ignored,
(2) Data confidence levels are at least moderate,
(3) The growth rate assumed is constant throughout the planning horizon.

A.2 – Acquisition Project Summary
Some of the major projects included in the Forecast lifecycle acquisition costs include

(1) General buildings replacement
(2) Perkins Street
(3) New Housing
(4) Grandstands
(5) Curry Kids

A.3 – Acquisition Forecast Summary

Table A3 - Acquisition Forecast Summary

Year	Constructed	Contributed	Growth
2022	2,000,000	1,662,428	5.75%
2023	7,100,000	1,845,677	5.75%
2024	6,300,000	1,732,590	5.75%
2025	2,000,000	1,767,242	5.75%
2026	2,000,000	1,802,587	5.75%
2027	2,000,000	1,838,639	5.75%
2028	2,000,000	1,875,411	5.75%
2029	2,000,000	1,912,920	5.75%
2030	2,000,000	1,951,178	5.75%
2031	2,000,000	1,990,202	5.75%
Total	**29,400,000**	**18,378,874**	

Appendix B Operation Forecast

B.1 – Operation Forecast Assumptions and Source

Assumptions made include

(1) Inflation is ignored,

(2) Data confidence levels are at least moderate,

(3) The growth rate assumed is constant throughout the planning horizon.

B.2 – Operation Forecast Summary

Table B2 - Operation Forecast Summary

Year	Operation Forecast	Additional Operation Forecast	Total Operation Forecast
2022	1,100,000	18,312	1,100,000
2023	1,100,000	44,728	1,118,312
2024	1,100,000	40,163	1,163,041
2025	1,100,000	18,836	1,203,204
2026	1,100,000	19,013	1,222,040
2027	1,100,000	19,193	1,241,053
2028	1,100,000	19,377	1,260,246
2029	1,100,000	19,565	1,279,623
2030	1,100,000	19,756	1,299,188
2031	1,100,000	19,756	1,318,943
Total	**11,000,000**	**238,699**	**12,205,650**

Appendix C Maintenance Forecast

C.1 – Maintenance Forecast Assumptions and Source

Assumptions made include

(1) Inflation is ignored,

(2) Data confidence levels are at least moderate,

(3) The growth rate assumed is constant throughout the planning horizon.

C.2 – Maintenance Forecast Summary

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Table C2 - Maintenance Forecast Summary

Year	Maintenance Forecast	Additional Maintenance Forecast	Total Maintenance Forecast
2022	1,282,556	18,312	1,282,556
2023	1,282,556	44,728	1,300,868
2024	1,282,556	40,163	1,345,597
2025	1,282,556	18,836	1,385,760
2026	1,282,556	19,013	1,404,596
2027	1,282,556	19,193	1,423,609
2028	1,282,556	19,377	1,442,802
2029	1,282,556	19,565	1,462,179
2030	1,282,556	19,756	1,481,744
2031	1,282,556	19,756	1,501,499
Total	**12,825,560**	**238,699**	**14,031,210**

Appendix D Renewal Forecast Summary

D.1 – Renewal Forecast Assumptions and Source

Assumptions made include

(1) Inflation is ignored,
(2) Data confidence levels are at least moderate,
(3) The growth rate assumed is constant throughout the planning horizon.

D.2 – Renewal Project Summary

(1) Cloncurry Sale Yard – capital renewals
(2) Chinaman Creek Rec. Area Upgrade
(3) Florence Car Park Rectification Works
(4) Dajarra Airport – Airstrip Resealing

D.3 – Renewal Forecast Summary

Table D3 - Renewal Forecast Summary

Year	Renewal Forecast	Renewal Budget
2022	1,638,601	1,500,000
2023	397,729	1,000,000
2024	266,397	500,000
2025	200,329	500,000
2026	497,455	500,000
2027	1,137,703	1,000,000
2028	732,058	500,000
2029	477,626	500,000
2030	1,841,990	1,000,000
2031	71,638	500,000
Total	**7,261,526**	**7,500,000**

D.4 –Renewal Plan

Over the ten-year period, Renewal budget is sufficient to fund all renewals, despite shortfalls and surpluses arising in individual years.

Renewals are based on the current replacement value of the assets and revised remaining useful lives. Annual forecast renewals are volatile and so are annual renewal budgets adjusted to suite to financial commitment requirements.

Appendix E Disposal Summary

There are no disposal costs relating to Buildings and Other Infrastructure. This will be updated following Council's next iteration of the Building and Other Infrastructure AMP, particularly when Council has a clear line of sight on what to do with William Presley Place and any other aging infrastructure.

Appendix F Budget Summary by Lifecycle Activity

All budget allocations shown below are based on the following assumptions.

(1) Budget allocations include all sources of funds such as internal funding, grants, contributions and borrowings,

(2) Time value and opportunity costs are ignored,

(3) Funds are readily available when required,

(4) Any shortfalls in a year can be carried forward and setoff against surpluses in the following years without need to defer expenditure.

Table F1 – Budget Summary by Lifecycle Activity

Year	Acquisition	Operation	Maintenance	Renewal	Disposal	Total
2022	5,382,556	1,100,000	1,282,556	1,500,000		9,265,112
2023	9,182,556	1,100,000	1,282,556	1,000,000		12,565,112
2024	6,882,556	1,100,000	1,282,556	500,000		9,765,112
2025	4,882,556	1,100,000	1,282,556	500,000		7,765,112
2026	4,882,556	1,100,000	1,282,556	500,000		7,765,112
2027	5,382,556	1,100,000	1,282,556	1,000,000		8,765,112
2028	4,882,556	1,100,000	1,282,556	500,000		7,765,112
2029	4,882,556	1,100,000	1,282,556	500,000		7,765,112
2030	5,382,556	1,100,000	1,282,556	1,000,000		8,765,112
2031	4,882,556	1,100,000	1,282,556	500,000		7,765,112
Total	**56,625,560**	**11,000,000**	**12,825,560**	**7,500,000**		**87,951,120**