# Buildings

## Asset Management Plan 2022

FINAL DRAFT

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# Contents

# Acknowledgement of country

Moyne Shire Council acknowledges the traditional owners and custodians of the lands, waterways and country we live in.

We recognise and respect their diversity, resilience, and the ongoing place that Aboriginal and Torres Strait Islander people hold in our communities.

We pay our respects to the Elders past, present and emerging, and commit to working together in the spirit of mutual understanding, respect and reconciliation.

# 1. Introduction

## 1.1. Purpose

This Buildings Asset Management Plan (BAMP) details information about relevant infrastructure assets, with actions required to provide an agreed level of service in the most cost-effective manner whilst managing associated risks.

Covering a 10-year planning period, the BAMP defines the services to be provided, how services are provided, how assets will be managed and the resources required. The BAMP will link to Council's Long-Term Financial Plan (LTFP). This also covers a 10-year planning period.

The BAMP should be read in conjunction with other Moyne Shire asset and strategic planning documents, namely Asset Plan 2022 and Asset Management Policy 2022. Other key documents that should also be referenced include:

- My Moyne, My Future 2040
- 2021-2025 Council Plan
- Long Term Financial Plan
- Relevant Master Plans, Structure Plans and Precinct Plans
- Asset condition audits and reports
- Asset upgrade or renewal plans.

## 1.2. Corporate framework

### 1.2.1. Vision and goals

The BAMP is prepared under the direction of Moyne Shire Council's vision, goals and objectives.

*The people of Moyne embrace the region's extraordinary cultural and ecological country. Our fertile volcanic plains and pristine coast are the pride of Victoria's southwest.*

*From coast to country, our connected and vibrant communities are active stewards, working meaningfully towards the protection and advancement of environment, history, social and economic vitality for present and future generations.*

My Moyne, My Future 2040 presents the community aspirations to support this Vision Statement under four pillars: Place, Environment, People and Economy. These aspirations and pillars (Figure 1) are reflected in the 2021-2025 Council Plan. Along with Asset Plan 2022, the BAMP supports the implementation of these two important strategic documents.


***Figure 1 - My Moyne My Future 2040 pillar priorities***

### 1.2.2. Council Plan strategies

Key 2021-2025 Council Plan strategies and that the BAMP responds to include:

- Utilising existing facilities and buildings that represent viable opportunities for investment or repurposing.
- Fostering partnerships with community groups, agencies and service providers to develop multi-purpose, adaptable facilities to maximise co-use, co-management and mutual benefits.
- Partnerships that increase the use and function of, and investment in, community assets.
- Protection of the coastline and coastal communities from the impacts of climate change and extreme weather events.
- Identifying land and assets that could support light industrial investment for small business, industrial parks, innovation and business hubs.
- Enhancing the visitor experience through place-making, activation, streetscape and visitor amenity improvements.
- Investigating the shortage of childcare services in locations of critical and immediate need.

# 2. Goals and objectives for asset ownership

Council's goal for managing infrastructure assets is to meet the defined level of service in the most cost effective manner for present and future residents, visitors and users. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance.
- Managing the impact of growth through demand management and infrastructure investment.
- Taking a lifecycle approach to developing cost-effective management strategies for the long term that meet the defined level of service.
- Identifying, assessing and appropriately controlling risks.
- Linking to the LTFP that identifies required, affordable forecast costs and allocations.

Key elements of the planning framework are:

- Levels of service – specifies the services and levels of service to be provided.
- Risk management.
- Future demand – how this will impact future service delivery and how this is to be met.
- Lifecycle management – how to manage existing and future assets to provide defined levels of service.
- Financial summary – what funds are required to provide the defined services.
- Asset management practices – how we manage provision of the services.
- Monitoring – how the BAMP will be monitored to ensure objectives are met.
- Asset management improvement plan – how we improve asset management processes.

# 3. Moyne building assets

## 3.1. Summary profile

The BAMP covers the infrastructure assets that provide opportunities for residents and visitors to socialise, have access to local and convenient amenities and facilities, to learn, to operate businesses and host external organisations and local services, deliver Council services and administration, visitor accommodation and a range of other services and uses.

The building infrastructure asset portfolio includes:

- Moyne Shire municipal administration and service delivery
- Community halls and libraries
- Kindergartens, childcare centres and senior citizens centres
- BBQ shelters, other shelters / gazebos
- Pavilions, stadiums and club rooms not covered in the Open Space, Sport and Recreation Asset Management Plan
- Public toilets, kiosks / change rooms at pools and recreation reserves
- Various storage, shedding and workshops
- Fencing, water tanks and other miscellaneous structures.

## 3.2. Hierarchy

The current asset hierarchy establishes the nature, role and function of building assets and level of importance in terms of use, demand and purpose. The hierarchy is used for asset planning, resourcing, financial investment and determining the service level that can be expected from a particular asset.

For buildings, Council uses a weighted hierarchy system as shown in Table 1.

***Table 1 - Moyne Shire building hierarchy***

| Measure | Description |
|---|---|
| 1. Building usage | Frequency, demand, nature and importance |
| 2. Activity risk | If the building is poorly maintained, is the safety risk high due to activities undertaken in building? |
| 3. Service failure | Consequences of service failure due to poorly maintained building |
| 4. Prominence | Location of building and image of Council / service from building |
| 5. Legal/regulations | Legal / regulatory requirements in relation to building standards applicable to service |

Hierarchy listings include examples shown in Table 2 below.

***Table 2 - Example of building hierarchy assessments***

| | Usage | Risk | | | | Scores | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Category** | **Usage Score** | **Activity Risk** | **Service Failure Consequence Score** | **Prominence** | **Legal/ Regulations** | **Total Score** | **Weighted Score** | **Usage/Risk Level** | **Hierarchy Level** |
| Municipal Offices (Primary Buildings) | 5 | 3 | 5 | 5 | 3 | 21 | 4.20 | High | A |
| Swimming Pools | 4 | 5 | 2 | 3 | 4 | 18 | 3.55 | High | A |
| Preschools (Primary Buildings) | 3 | 3 | 3 | 3 | 5 | 17 | 3.50 | High | A |
| High Use Caravan Amenity Blocks | 4 | 3 | 4 | 4 | 2 | 17 | 3.35 | High | A |
| Sports Stadiums | 4 | 5 | 2 | 3 | 3 | 17 | 3.30 | High | A |
| Prominent High Use Public Toilets | 4 | 2 | 4 | 4 | 2 | 16 | 3.20 | High | A |
| High Use Maternal & Child Health Offices | 3 | 2 | 2 | 3 | 3 | 13 | 2.60 | High | A |
| Senior Citizens Clubs | 2 | 2 | 2 | 3 | 3 | 12 | 2.35 | High | A |
| Gazebos, Shelters | 3 | 1 | 1 | 2 | 1 | 8 | 1.60 | Low | C |

Outcomes from the assessment are used to determine:

- Safety / condition inspection frequency
- Tolerable defect limits for each building category
- Defect response times

This hierarchy is also used as *part* of the decision making approach for Council and community for the planning, development, management, investment and / or rationalisation for existing and new building assets.

## 3.3. Building assets valuation

The best available estimate of the value of Moyne building assets is shown below.

- Replacement cost (current / gross) $47,721,915
- Depreciable amount $41,088,212
- Depreciated replacement cost[1] $31,738,748
- Annual depreciation $661,937

New or gifted assets will add to operations and maintenance needs in the longer term. These assets will require additional funds for maintenance and future renewal, as well as add to depreciation forecasts.

## 3.4. Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the BAMP, namely:

- Asset renewal funding ratio (proposed renewal budget for the next 10 years / forecast renewal costs for next 10 years), and
- Medium-term forecast costs/proposed budget (over 10 years of the planning period).

## 3.5. Key stakeholders

There are a number of stakeholders and communities involved in the planning, management and investment in Moyne's building assets. These include:

- Councillors, Council officers and contractors
- Community committees of management and Community Asset Committees
- State Government departments and agencies
- Licensees and lessees
- Various service providers
- User groups and associations
- Families, residents and visitors
- Utility providers
- Developers and investors
- Festival and event organisers

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

## 3.6. Considerations and influences

Building use and demand is reflective of social, economic, cultural, environmental and technological trends. Differing population and demographic profiles in communities, changes in socialisation activities and community volunteering, greater mobility, trends in technology for work, business and social activities, ageing of buildings and assets, building codes and standards, and greater need for building safety and accessibility compliance all have an influence on asset management for buildings.

- Many Council building assets have high heritage and / or community legacy values. Building use, purpose, functionality and location imperatives have changed over time and, in some cases / locations, buildings were developed along pre-amalgamation shire boundaries and service areas. This has led to geographical areas of "over-supply" in some locations, with some buildings having very limited or single uses.
- Development or rationalisation of buildings in certain locations will need to take into account community legacies, heritage importance and implications, and community access to other buildings and services with the locality or district. Rationalisation will also need to consider forecast purpose and uses, and opportunities for co-share and partnership management of consolidated facilities.
- Use and re-use of buildings and associated land parcels may be subject to existing planning scheme policies, land use zonings, caveats or user agreements. These existing conditions will be assessed as part of any change of use or rationalisation.
- Building renewal and upgrades are having to meet higher levels of legislative, regulatory and compliance standards. This can include density limits, accessibility, environmental health, emergency management and building design and construction codes. These compliance issues are leading to increased costs for building renewal, upgrades and construction.
- Economic conditions and construction industry cost trends are having impacts on procurement and build costs. Costs of materials, labour, professional services and contracted skills are increasing. In addition, the broader national growth trend in infrastructure and construction is significantly constraining supply of skills, workers and contractors. Cost escalations are impacting on building costs across the whole life cycle of planning, development and ongoing maintenance. This escalation trend is forecast to continue over the short to medium term at a minimum.
- Like many rural shires, there are differing rates of population growth and changes in social demographic profiles within communities. This differential has implications for planning and allocating funds and investment to where there is evident demand, or where rationalisation of building assets does not adversely or significantly impact on acceptable levels for service.

- Volunteers and community committees of management have been an important governance structure for management of a range of buildings. Community volunteering capacity, given a broad ageing profile of the population, volunteer fatigue and difficultly in attracting new volunteers, is expected to impact on the sustainability of this governance structure, with particular implications in the short to medium term.
- Climate change, extreme weather and emergency events can impact on building condition, function and service levels. Future building works and construction design will need to respond to these environmental factors.

In order to plan for investment in existing and future building provision, Council will consider community need and access to experiences that the various buildings in this broad asset portfolio can provide. This will be in addition to the desired standards of service.

Consideration must be given to the social, demographic and cultural characteristics of a community or area to determine building supply, design, function and purpose to meet need and demand within the resourcing capacity of Council and community. It should be recognised that not every locality will necessarily have access to a community building directly within their community.

# 4. Building provision and service levels

An important part of asset management is to connect service levels, demand and risk and focus investment where improvement to asset condition will address these elements.

## 4.1. Condition

Building condition is currently monitored through targeted inspections, responses to customer service requests, building condition audits, risk audits, and some asset committee reporting. Based on future budget provision, condition will be formally monitored through a 4-yearly program of condition audits and regular risk assessments. Condition is measured using a 1 – 5 grading system as detailed in Table 3.

***Table 3 - Asset condition and data grading***

| Condition grading | Description | Data confidence | Description |
|---|---|---|---|
| **1** | **Very good**. Only planned maintenance required | **A** | **Highly reliable**. Sound data, records and / or audits |
| **2** | **Good**. Minor maintenance required plus planned maintenance | **B** | **Reliable**. Sound data, records and / or audits with some shortcomings or gaps. |
| **3** | **Fair**. Significant maintenance required with some areas of renewal and upgrades | **C** | **Uncertain**. Data incomplete or, limited in scale |
| **4** | **Poor**. Significant maintenance and renewal and / or upgrades required | **D** | **Very uncertain**. Unconfirmed data based on verbal reporting or estimates or out of date data. |
| **5** | **Very poor**. Physically unsound or no longer fit for purpose. Beyond reasonable or achievable rehabilitation. | | |

The current condition grade for averaged over all building assets across the shire have been assessed as “Fair” as shown in Table 4.

***Table 4 - Building condition profile***

| Asset class | Condition grade | Data confidence | Comments |
|---|---|---|---|
| Buildings | 3 - Fair | B – Reliable | Condition audit completed in 2020. However, proactive maintenance inspections are rarely undertaken and generally instigated through customer requests. |

# 5. Levels of service for building assets

Service levels are defined in three ways: **customer values, customer levels of service and technical levels of service**. Council has completed an assessment of the levels of service against these three themes to inform future planning, management and funding for building infrastructure assets across the shire. Detail of these assessments are presented in Appendix A – Service levels.

The BAMP will facilitate future consultation on service levels. Future revisions will incorporate customer consultation on service levels and costs of providing the service. This will assist Council and stakeholders to assess the level of service required, service demand, risks and consequences. Decisions for investment will consider Council's and the community's capacity and willingness to pay for diverse services across this large asset portfolio.

## 5.1. Customer values

Customer values shown in Table 9 in Appendix A – Service levels indicate:

- The aspects of the service which are important to the community
- Whether there is value in what is currently provided
- The likely trend over time based on the current budget provision.

### 5.1.1. Customer values summary

- Many building assets are linked to historical and sentimental attachment or have an historical legacy from pre-amalgamation
- Investment and funding will be targeted to high/multi-use facilities
- In some circumstances, DDA compliance requirements are cost prohibitive to renewal works
- Service levels have and will continue to decrease based on current renewal allocations

## 5.2. Customer levels of service

The levels of service that can be provided from or by an asset are based on the following three asset features:

- **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?

### 5.2.1. Customer levels of service summary

- Provide buildings and services that are clean, visually acceptable and fit for purpose
- Greater requirements for investment in buildings, facilities and amenities that align to DDA, gender and age legislation and design principles
- The current 10 year LTFP has a flat-line renewal budget that will not meet renewal demands based on modelling
- The renewal gap will increase without additional budget allocations to meet current and forecast requirements
- Ensure all assets are functional and available for use with an understanding that supply and inflation costs are rising and this is increasing the renewal gap and ability to complete works.

## 5.3. Technical levels of service

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:

- **Acquisition** – the activities to provide a higher level of service (e.g. new decking for social activities, additional storage or a hall extension, or a new service that did not exist previously, such as a new building, new BBQ shelter or new disabled toilet facilities).
- **Operation** – the regular activities to provide services (e.g. opening hours, cleaning, mowing grass, utility costs, inspections, etc.).
- **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. painting, fire safety checks, general building and structure repairs).
- **Renewal** – the activities that return the service capability of an asset up to that which it had originally provided (e.g. toilet refurbishment, guttering replacement, signage replacement).

Service and asset managers plan, implement and control technical service levels to influence the service outcomes. 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 trends and external influences such as technology and customer priorities will change over time.

### 5.3.1. Technical service levels summary

- Whole-of-life cost analysis to be conducted prior to any Council acquisition of an asset, or provided by an asset grantor to Council to review prior to works or asset purchase occurs.
- Acquisition must analyse rationalisation of other assets within the local area and consider combined use.
- Works from service requests are attended to within developed timeframes based on risk to public and the asset, and are based on available Council budget.
- Renewal activities need to be linked to evidence of function, purpose and use.

More details on the customer and technical levels of service are presented in Appendix A – Service levels.

## 5.4. Service levels budget commentary

The following table shows the activities expected to be provided under the current 10-year planned budget allocation, and the forecast activity requirements being recommended in the BAMP.

***Table 5 - Service levels budget summary***

| Current budget allocations | Recommended budget considerations |
|---|---|
| **Acquisition** | |
| No acquisition funding has been allocated in the current annual budget or the LTFP. Building acquisitions are subject to specific budget bids to Council or external grants sourced on a case-by-case basis | Future acquisition funding should be based on strategic priorities through the project and investment pipeline recommended in Asset Plan 2022. |
| Only officer-based costs are included in annual business unit staffing budget and no allowance made for legal or other professional fees | Acquisition costs need to be incorporated in project scoping when included in the project pipeline. |
| Not measured/not in LTFP | Include in LTFP based on priorities and available evidence. |

| Current budget allocations | Recommended budget considerations |
|---|---|
| **Operation and maintenance** | |
| Allocation for minor works included in annual budget.<br><br>Allocation for Council contribution for community hall committees for minor operational and maintenance expenses included in current annual budget | Whole-of-life costs and maintenance to be included in asset planning and ongoing operational budgets.<br>Inclusion of strategic planning proposals for inclusion in annual budget and LTFP<br>No change to allocation policy for minor expenses but Hall Committees need to consider other sources of funding. |
| Community Assistance Fund budget available to community groups for renewal, upgrades and equipment purchases | Review of Community Assistance Fund allocation for minor equipment purchases simplified and reduced requirement for co-contribution from applicant.<br>Future community-driven asset renewal will require a co-contribution or a budget bid to Council under the capital works budget. Other sources of community funding will be encouraged. |
| Operational budget approved by Council | Budget reviewed to ensure consistent level of service all year round. Budget bids to address operational service gaps. |
| Maintenance aligns to Council approved budget. | Maintenance budget needs to reflect ageing building components within the asset.<br>Maintenance budget needs to address the significant backlog of existing maintenance requests and future works bids.<br>Resource a proactive maintenance inspection program. |
| **Renewal** | |
| Current renewal budget cannot meet renewal demand in accordance with condition data. | Renewal budget needs to reflect asset condition inspection data/evidence and resource a rolling program of proactive condition inspections. |
| Renewal budget for specific and identified projects included in annual budget and in some cases in the LTFP | Whole-of-life cost analysis to be conducted prior to any asset renewal project.<br>Greater requirements for investment in higher usage buildings that align to DDA, gender and age legislation and design principles. |
| **Rationalisation** | |
| Ad-hoc not included in LTFP | Asset disposal forecast to be included in annual Council budget and LTFP.<br>Fund the proposed Asset Plan 2022 Asset Rationalisation Plan. |

# 6. Lifecycle management plan

## 6.1. Financial management

### 6.1.1. Forecast financial summary

The BAMP 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.

***Table 6 - Summary of financial asset forecasts over the 10-year planning period ($Ms)***

| Cost item | Current budget | Estimated forecast | Financial gap |
|---|---|---|---|
| Total asset spend | $10.696 | $43.965 | $33.269 |
| Operations, maintenance and renewal | $10.690 | $17.805 | $6.845 |
| Acquisition | $0.006 | $26.25 | $26.24 |

BAMP assets have an estimated replacement value of approximately $48 million.

The forecast operations, maintenance and renewal costs over the 10 year planning period is $1,780,500 on average per year. *Note, these calculations exclude acquisition costs.* The current actual budget for operations, maintenance and renewal is $1,069,000 on average per year, giving a 10-year funding shortfall of $711,500 per year. This indicates that 60% of the forecast costs needed to provide the services documented in the BAMP have been allowed for in the current LTFP.

Estimated total available funding for all building renewal, upgrade, acquisition, operations and maintenance for the 10-year period is $10,696,000, or $1,069,600 on average per year as per the LTFP. This is 24% of the cost needed to sustain the current level of service at the lowest lifecycle cost.

The anticipated planned budget for all building asset investment leaves a shortfall of $3,326,900 on average per year of the forecast lifecycle costs required to provide services in the BAMP compared with the planned budget currently included in the LTFP.

The current infrastructure reality is that only what is funded in the long-term financial plan can be provided. Informed decision making depends on the BAMP providing an understanding of the consequences of planned budgets versus forecast requirements on the service levels desired and strategies to address the renewal and investment gap.

### 6.1.2. Funding ratios

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next 10 years we expect to have 49% of the funds required for the optimal renewal of assets.

***Table 7 - Forecast costs (outlays) for the LTFP ($Ms)***

| Year | Acquisition | Operation | Maintenance | Renewal |
|---|---|---|---|---|
| 2022 | $0.350 | $0.202 | $0.200 | $1.369 |
| 2023 | $0.550 | $0.202 | $0.200 | $1.840 |
| 2024 | $0.150 | $0.352 | $0.200 | $0.376 |
| 2025 | $12.200 | $0.202 | $0.200 | $1.296 |
| 2026 | $0.150 | $0.202 | $0.200 | $1.557 |
| 2027 | $1.200 | $0.202 | $0.200 | $2.080 |
| 2028 | $0.150 | $0.352 | $0.200 | $1.610 |
| 2029 | $0.800 | $0.202 | $0.200 | $1.294 |
| 2030 | $0.500 | $0.202 | $0.200 | $1.095 |
| 2031 | $10.200 | $0.202 | $0.200 | $0.968 |
| **TOTAL** | **$26.250** | **$2.320** | **$2.000** | **$13.485** |

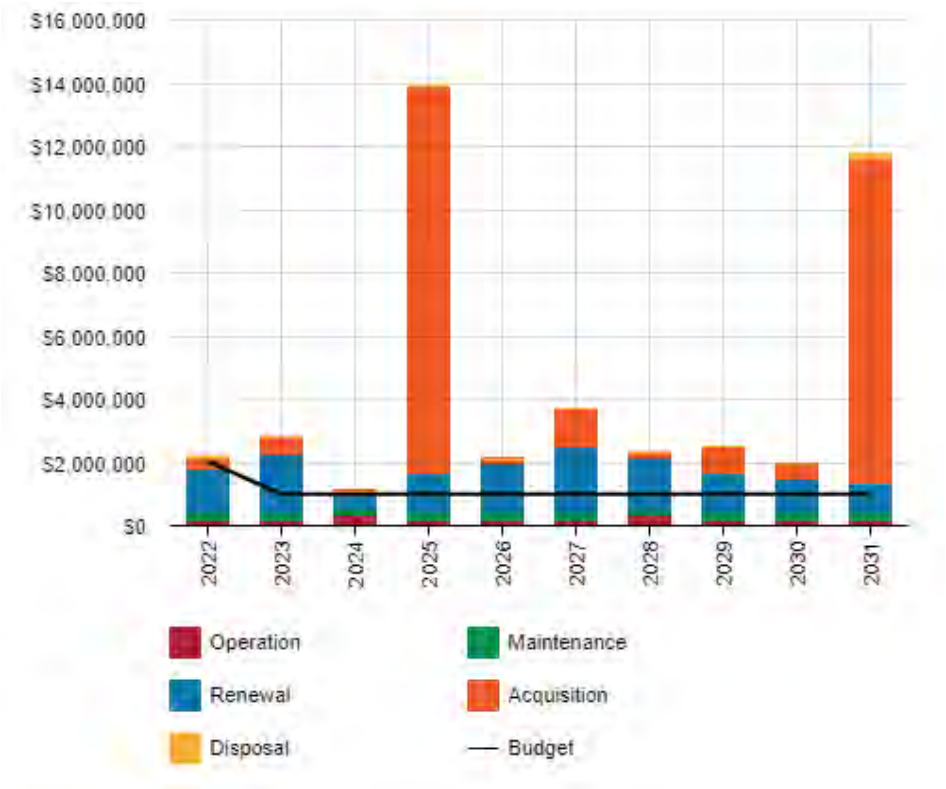


***Figure 2 - Forecast lifecycle costs and planned budgets***

The key factors that contribute to these lifecycle costs include:

- Renewal of assets based on condition inspection data from 2020.
- Condition and / or age of a number of buildings that were:
    - Fit-for-purpose at the time of construction but do not meet current compliance requirements
    - Were not built to building standards, such as some community-led projects
    - No longer meet current standards and service levels or have reached functional end-of-life
    - Where replacement or rationalisation is more cost effective than renewal.
    - For example Belfast Aquatics, Surf Life Saving Club, some VicPark facilities and a range of community halls
- Hierarchy A buildings (high use and prominence) that would not be considered for rationalisation but require significant renewal or upgrades. For example:
    - Reardon Theatre restumping and other renewal requirements
    - Koroit Theatre renewal
    - Port Fairy Railway Goods shed renewal and repurposing

  - Shire-wide DDA and accessibility improvements, IT equipment and connectivity and environmental improvements.
- Acquisition projects that have been identified include:
  - A new depot facility
  - Opportunities for service improvements and efficiencies through consolidation of Council service centres into an integrated community service hub
  - New preschool facility for Mortlake in partnership with the Department of Education
  - Public toilets renewals including Sackville Street and Sandy Cove
  - New Macarthur community hub through consolidation of existing building assets.
- Renewal backlog that is compounding renewal investment and resourcing.
- Increasing costs for contractors, supplies and services and cost escalations from lead times for permits, appointment of contractors through procurement and project delivery.
- Population growth and changing the demand for buildings, their function and purpose.
- Increased compliance, insurance and risk management requirements leading to higher costs for facilities, resourcing, inspections and accessibility treatments.
- Accessibility to heritage advisory, construction and renewal skills and the cost of heritage compliance through Heritage Victoria.

Given these trends and demands, we currently do not allocate enough budget to sustain current services at the proposed standard or to provide potential new services, facilities and assets.

## 6.2. Demand management

The factors influencing future demand and the impacts they have on service delivery include:

- Council and community priorities as detailed in My Moyne, My Future 2040 and the 2021-2025 Council Plan.
- Demand planning and management based on population and demographic growth and change both across the shire and within individual communities and localities – this also includes seasonal population patterns.
- Usage trends, purpose, age and condition of assets and Council and community capacity and resources to manage, renew and maintain assets.
- 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.
- Council, community and stakeholders will need to plan and manage assets that support the needs and services of residents in areas of greatest need and growth. Asset investment will need to be based on criticality, usage, safety and future demand.
- Community capacity and resources to act as custodians and managers of assets and facilities will need to be assessed and determined in partnership with the community.

To respond to these demand factors, assets and facilities will need to be developed that are adaptable (future-proofed), have multi-uses and multi-users. This will reflect the changing, broad and diverse community demographics and needs, and address community asset and resource sustainability.

Consideration will be given to:

- Council's overall asset portfolio, including critical infrastructure needs of communities and the region
- Funding and budget policies
- Development of new asset investment and management partnerships and service collaborations with either public or private entities
- Asset rationalisation and consolidation.

The historical context of some building and structure assets will need to be considered under Council asset policy setting, and processes put in place to acknowledge and retain the importance of community assets as their use or retention is determined or changed.

Asset design, renewal and development will need to incorporate features, equipment and materials that reduce the impact of climate and weather.

## 6.3. Risk management

To manage risks in the medium term, budget levels will need to increase. The main risk consequences are:

- Building assets not funded to standard and not meeting user requirements and lack of resources for maintenance and inspections
- Rising maintenance costs due to current renewal allocations and processes
- Regulatory non-compliance including EPA, environmental health and accessibility
- Lack of specialised skills in community groups required to manage and maintain community assets
- Ageing infrastructure and assets leading to user risks, higher operating costs and higher maintenance, renewal or upgrade costs
- Storm, flood and other weather and emergency events.

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

- Inspect building assets for suitability and ensure required standards are met and preventative maintenance is identified for assets at risk of failure or where low use / demand is identified
- Increased oversight of community groups and improvements to community governance and reporting practices
- Monitoring utilisation and future trends so that user requirements are anticipated and identify opportunities for consolidation or rationalisation
- Renewing buildings and equipment at an optimised time to give lowest lifecycle cost.

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.

An assessment of risks 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 includes 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.

## 6.4. Critical assets

Critical assets are defined as those which have a high consequence of failure causing significant loss, service interruption, and inconvenience to users.

Critical assets have been identified and along with their typical failure mode, and the impact on service delivery, are detailed in Table 18 in Appendix B – Buildings risk assessment. Failure modes may include physical failure, collapse or essential service interruption.

### 6.4.1. Summary of critical asset risks

- Maintenance costs increasing due to inadequate renewal program
- Vandalism, storm and flood damage
- Regulatory non-compliance
- Variances in community governance skills, knowledge and capacity
- Capacity and resources of community groups to adequately operate facilities

Future identification of critical assets and failure modes will enable Moyne Shire Council to ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

## 6.5. Maintenance and operations

Operations include regular activities to provide services. Examples of typical operational activities include cleaning, asset inspections, 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 guttering repairs, painting, grounds upkeep, equipment replacement and repairs and damage repairs.

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 3 shows the forecast operations and maintenance costs relative to the proposed operations and maintenance planned budget. The forecast is a flat-line allocation across the LTFP and does not reflect inflation, future growth, demands and trends for Moyne building asset renewal, upgrades and acquisition.

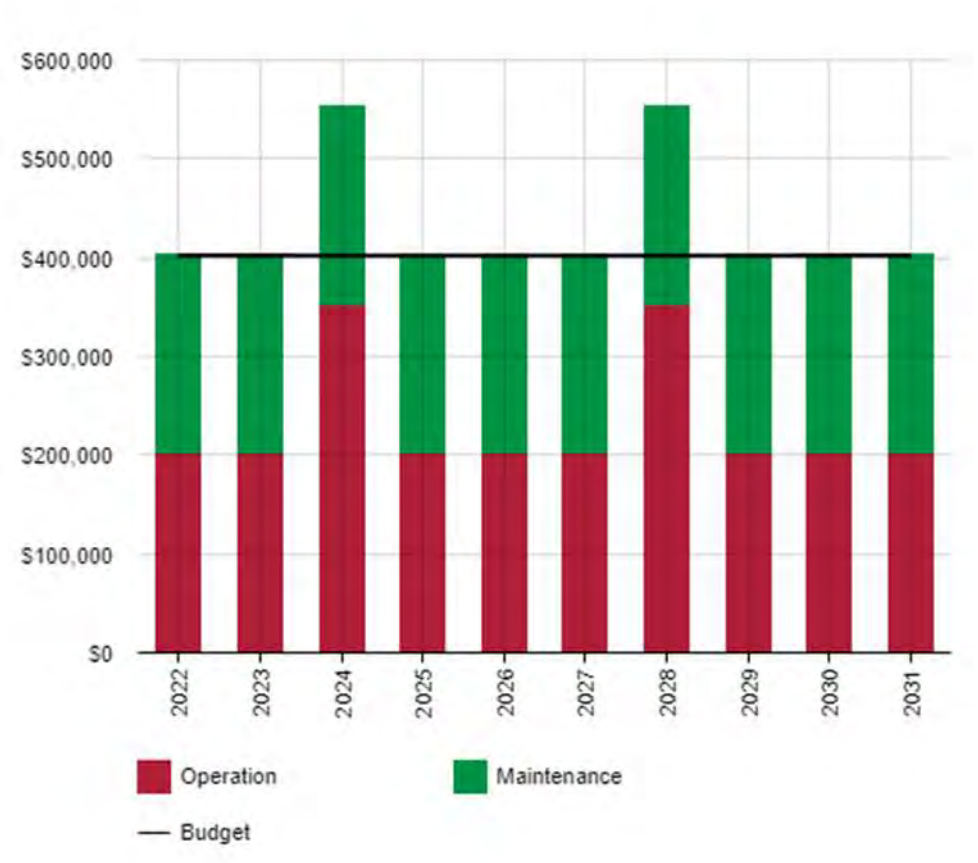


***Figure 3 – Buildings operations and maintenance summary***

## 6.6. Renewal management

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. Asset renewal is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. structural repairs to key buildings, roofing or footpath works); or
- Ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. condition of community kitchen facilities, heating and cooling or accessible paths and equipment).

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

- A high consequence of failure
- High use and subsequent impact on the broader community would be significant
- Higher than expected operational or maintenance costs
- Potential to reduce life cycle costs by replacement with a modern equivalent asset that would provide the equivalent service.

**Error! Reference source not found.**Estimated renewal forecasts for building assets that i ncludes renewal, upgrades and / or acquisition of high cost assets are shown in Figure 4 and Table 8, and as summarised in section 6.1.1.

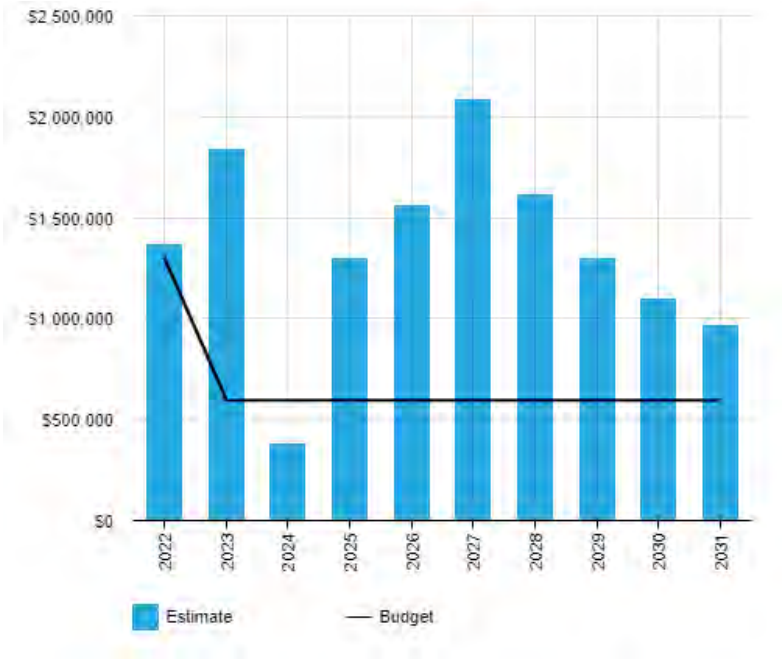


***Figure 4 – Future building asset estimated renewal forecasts***

***Table 8 - Renewal forecast summary ($Ms)***

| Year | Renewal Forecast | Renewal Budget |
|---|---|---|
| 2022 | $1.369 | $1.303 |
| 2023 | $1.840 | $0.597 |
| 2024 | $0.376 | $0.597 |
| 2025 | $1.296 | $0.597 |
| 2026 | $1.557 | $0.597 |
| 2027 | $2.080 | $0.597 |
| 2028 | $1.610 | $0.597 |
| 2029 | $1.294 | $0.597 |
| 2030 | $1.095 | $0.597 |
| 2031 | $0.968 | $0.597 |
| **Total** | **$13.485** | **$6.676** |

The forecast estimates show a renewal funding gap of $6.809m over the 10-year period.

The building renewal program is formulated as follows:

- Works identified in the adopted LTFP
- Interrogation of the data from the 2020 Building Condition Audit including:
    - Predictive modelling to generate a draft 10-year building renewal plan
    - Use of officer knowledge of historical issues and professional judgement to modify the 10-year building renewal plan
- Annual reviews of the building renewal items are either brought forward or pushed back based on criticality and need
- The priority of the work is based on building hierarchy, previous defects and visual inspection by Council officers or contractors

Council applies condition-based life-cycle degradation profiles to accurately model the future condition and service levels for assets that were included in the condition audit program.

The BAMP has extended this analysis through consideration of adopted master plans and other strategies, community priorities from a range of consultation activities, top-line assessment of buildings not included in the 2020 audit, and review of more recent building renewal and upgrade projects that have an influence on future renewal forecasts and resourcing.

## 6.7. Expansion, upgrade, acquisition and new asset management

These actions represent a new asset that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, demand, social or environmental needs. Assets may also be donated to Council through gifts, development contributions and relinquishing of an asset by another asset owner to Council.

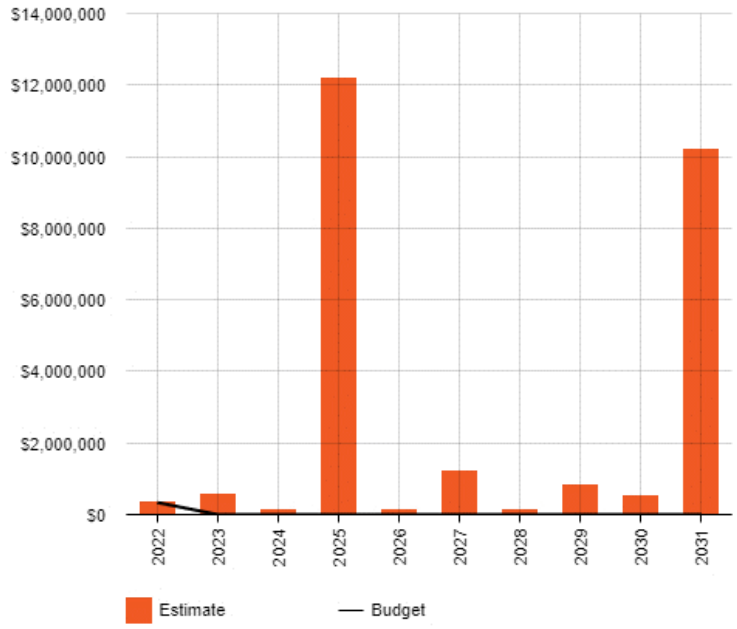


***Figure 5 – Forecast estimated building asset acquisition***


***Figure 6 – Estimated acquisition summary building assets***

Like renewal costs and forecasts, Figure 5 and Figure 6 show the estimated acquisition forecasts for building assets as summarised in section 6.1.1. These include:

- Municipal depot and administration facilities
- Compliance and environmental works to building assets across the shire
- Upgrades to buildings to maintain and meet service levels
- Public toilet replacement and other new community amenity facilities such as shelters and BBQs.

### 6.7.1. Selection criteria

Proposed expansion, upgrade and / or acquisition of new 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 programs.

## 6.8. Rationalisation management

Rationalisation includes any activity associated with the consolidation, decommissioning and / or disposal including sale, demolition or relocation.

Building assets identified for possible decommissioning and disposal in the short to medium will be identified and considered as part of a proposed Asset Rationalisation Plan (Asset Plan 2002 recommendation) to be completed 2022-2023.

Costs or revenue gained from asset disposals will be included in the LTFP under a proposed Asset Rationalisation Policy as part of the Rationalisation Plan. Development of building rationalisation criteria will form part of BAMP implementation.

# 7. Financial strategy

The critical basis for the BAMP funding strategy is to manage and reduce the overall renewal, investment and resourcing gaps identified in section 6. There are a number of mechanisms that Council can apply to support future financial planning and asset funding.

- Consider a developer contribution / levy for investment in community buildings and amenities.
- Review fees and charges for relevant building assets and move towards a full cost recovery model.
- Smooth renewal demand by investing in proactive maintenance and renewal and invest in a rolling program of asset condition audits to better understand existing liabilities and future asset investment.
- Prioritise addressing and reducing the building maintenance and renewal backlog over the short to medium term.
- Maximise the market value of an asset prior to sale and allow for proceeds of sale to be used to address the building renewal gap.
- Reinvest a proportion of a local asset sale into a local community asset that is multi-functional or deliver benefits to the broader community.
- Identify opportunities for commercial and entrepreneurial uses of building assets that can provide a new source of revenue and ensure that lease arrangements align to market rates and value.

# 8. Improvement plan

The next steps summarise BAMP asset management practices improvements:

- Building assets are designed and effectively maintained through strategic planning and alignment to Asset Plan 2022.
- Facilities will be strategically planned to offer diversity of choice to reflect community demographics and need.
- Council will apply building design, construction and sustainability space standards to investment, development and embellishments for the development of Design and Construction Standards and Guidelines.
- Allocation of resources for the provision of building assets will be strategic, effective and equitable, aligning with the capacity of Council and community to deliver.
- Acquisition and disposal decisions will be based on Asset Plan 2022 and specific building asset acquisition and decision-making criteria, provision standards and the proposed Asset Rationalisation Plan and Policy.
- Up to date licence and lease agreements (or equivalent) and improved governance and reporting requirements are put in place for community-based committees which manage Council assets.

It is important for Council to identify areas of the BAMP and planning process that require future improvements to ensure effective asset management and informed decision making.

In support of the recommended improvement actions in Asset Plan 2022, the following improvement plan has been created for the BAMP.

## 8.1. Strategic governance

- Review how property is managed across lifecycle processes and review associated governance and statutory processes and policy including sales, inspections, licences and leases and address key policy gaps.
- Contribute to the development of the organisation’s new asset project management framework and once adopted, implement for asset planning and delivery.
- Implement financial strategy recommendations (section 7).

## 8.2. Asset management

- Implement and resource proactive maintenance inspections for routine works and establish a program of rolling condition audits reporting.
- Develop process flows and procedures for project activities, documentation and reporting.
- Identify the resources and systems needed to improve the delivery of renewal and upgrade projects under a Capital Projects line of responsibility. This will:
  - ensure compliance with Council's approved design standards
  - deliver effective reporting of project information
  - enable accurate updating and currency of Council's official register of assets.

## 8.3. Risk

- Develop summary continuity plans for buildings of strategic importance or service criticality.

## 8.4. Business process and systems

- Building development and design guidelines will be developed for internal and external users and that align to Council's asset principles and objectives including environmental, OH&S, cultural, gender, and accessibility strategies and that will support cost and maintenance efficiencies.
- Review current building hierarchy structure to better align to and inform levels of service and review and improve building classification to better support maintenance practices and reporting requirements.

## 8.5. Capacity building

- Ensure relevant building and construction skills are applied to Council construction projects and that projects are planned and managed, utilising the skills and responsibilities of business units.
- Undertake a four-yearly community satisfaction survey as part of BAMP monitoring and continuous improvement for building asset management across the organisation.

# 9. Monitoring and review

The BAMP 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. Monitoring and review process will include:

- Establishment of an internal Working Group comprising of key asset managers and staff to undertake integrated monitoring and reporting on Asset Plan 2022 and the BAMP.
- Provision of an annual State of the Assets Report for Councillors, the organisation and community including reference to the BAMP.
- Reviewing achievement of BAMP service level targets or barriers to achieving targets.

Reviews will 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 LTFP or will be incorporated into the LTFP once completed.

Whilst the BAMP has a 10-year horizon, it has a maximum life of 4 years and is due for complete revision and updating by October following each Council election.

## 9.1. Performance measures

The effectiveness of the BAMP can be measured in the following ways:

- The degree to which the required forecast costs identified in the BAMP are incorporated into the long-term financial plan.
- 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 BAMP.
- 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.
- The asset renewal funding ratio achieving the organisational target.

# 10.References

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# 11. Appendix A – Service levels

***Table 9 - Customer levels of service - Customer values***

| Customer values | Satisfaction measure | Current feedback | Planned budget trend |
|---|---|---|---|
| Provide a place for community to gather or provide local amenity and services. | Number of service requests<br>Number of applications to CAFs<br>Community acknowledgements | Some communities lack a Council community facility<br>Community aspirations through facility development plans | Potential hall rationalisation may result in decrease in customer satisfaction<br>Investment and funding will be targeted to high/multi use facilities<br>DDA compliance requirements prohibit renewal works<br>Service levels may decrease based on current renewal allocations. |
| Building assets are linked to historical and sentimental attachment. | Number of applications to CAFs | Some building assets with a low or decline in use<br>Sale/disposal of assets are emotional based on sentimental attachments | Trend to continue based on current trend. |

***Table 10 - Customer levels of service - Condition***

| Level of service | Performance measure | Current performance | Trend Based on Planned Budget |
|---|---|---|---|
| Provide buildings and services that are clean, visually acceptable and fit for purpose | Service requests<br>Condition audits | Work requests completed on a reactive cycle.<br>Works are programmed on a 10-year renewal cycle | Current 10 year LTFP has flat-line budget which won't meet renewal demands based on modelling<br>Renewal gap will increase without increased budget allocation to meet current requirements. |

***Table 11 - Customer levels of service - Function***

| Level of service | Performance measure | Current performance | Trend based on planned budget |
|---|---|---|---|
| Ensure all assets are functional and available for use | Service requests | Minimum of 80% of facilities are available for use at any one time | Current 10 year LTFP has flat-line budget which won't meet functional demands based on modelling<br>Supply and inflation costs are rising and this is increasing the renewal gap and ability to complete works. |

***Table 12 - Customer levels of service - Capacity***

| Level of service | Performance measure | Current performance | Trend based on planned budget |
|---|---|---|---|
| Variances of use across all asset classes | Usage surveys<br>Cleaning contracts<br>Service requests<br>Facility bookings<br>CoM minutes<br>Licence agreements | Evidence to indicate some facilities are under-utilised<br>Evidence to indicate some facilities are under capacity due to increased level or change of use. | Increased focus on multi-use facilities to meet the needs of changing customer base. |

***Table 13 - Technical levels of service - Acquisition***

| Purpose of activity | Activity measure | Current performance | Recommended performance |
|---|---|---|---|
| To meet changing community and corporate needs | Number of new assets | Strategic plan priorities and key directions account for future acquisition activities. | Increased focus on evidence based decision making.<br>Whole-of-life cost analysis to be conducted prior to any acquisition of an asset, including gifted assets.<br>Acquisition must analyse rationalisation of other assets within local area and consider combined use. |

***Table 14 - Technical levels of service – Operation***

| Purpose of activity | Activity measure | Current performance | Recommended performance |
|---|---|---|---|
| Meet expectations of users | Service requests<br>Complaints<br>Councillor feedback | Reactive services provided to meet expectation of users within available budgets | All complaints, feedback and / or service requests to go through Council's corporate systems.<br>Develop a service level agreement for building services. |

***Table 15 - Technical levels of service – Maintenance***

| Purpose of activity | Activity measure | Current performance | Recommended performance |
|---|---|---|---|
| To maintain the building in a reasonable and safe condition for its intended use | Service requests<br>Building work orders<br>Incident reporting | Maintenance is purely reactive due to current staffing levels and funding availability. Outside of traditional asset management best practice. | Works from service requests attended to within developed timeframes based on risk to public and asset. |

***Table 16 - Technical levels of service – Renewal***

| Purpose of activity | Activity measure | Current performance | Recommended performance |
|---|---|---|---|
| To maintain the integrity of the building structure for its intended use | Building condition audits<br>Service requests | Renewal activity requirements cannot be met with available budgets | Renewal activities linked to function, purpose and use |

***Table 17 - Technical levels of service – Rationalisation***

| Purpose of activity | Activity measure | Current performance | Recommended performance |
|---|---|---|---|
| Rationalisation of buildings to better realise usage of available Council resources | Utilisation and activity type<br>Cost/benefit<br>Re-investment of funds | Ad-hoc approach<br>Not driven by utilisation data<br>Political influences can affect decision making | Transparent and evidence based process.<br>Moyne Shire Council Community Engagement Policy<br>Condition data of assets |

# 12. Appendix B – Buildings risk assessment

***Table 18 - Risk assessment summary***

| Risk | Timing | Possible cause | Controls | Risk treatment |
|---|---|---|---|---|
| Maintenance costs increasing due to inadequate renewal program | Anytime in the future | Underfunding Inadequate information | Reactive maintenance works undertaken when identified | Continue to improve data. Maintenance is managed appropriately at an operational level. Future planning improvements can be made by documented service level risks and utilisation of these in establishing future maintenance priorities. |
| Vandalism | Anytime now | Vandalism | Community feedback. Inspections | Regular condition inspections |
| Recreation assets not to standard/not meeting user requirements | Anytime in the future | Substandard/obsolete assets, change in sporting trends. Insufficient maintenance | Change of season inspections/audits | Monitor utilisation and future trends so that user requirements are anticipated. |
| Storm and flood damage | Anytime now | Extreme weather events | Natural disaster funding | Inspect recreation assets for suitability against required standards. |
| Public health / environmental issues | Anytime now | Significant impact on environmental compliance | Inspections | Inspect recreation assets for suitability against required standards. |
| Recreation facilities not funded to meet user requirements | Anytime now | Insufficient maintenance or renewal, change in trends | Change of season inspections/audits | Monitor utilisation and future trends so that user requirements are anticipated. |
| Regulatory non-compliance | Anytime now | Failure to adhere to legislation | Staff training, access to legal advice, auditing and reporting processes | Ensure staff are aware of legislative requirements and adhere to them through staff training. |

| Risk | Timing | Possible cause | Existing controls | Risk treatment |
|---|---|---|---|---|
| EPA non-compliance | Anytime now | Failure to meet EPA requirements | Staff training, legal advice, policies and procedures | Ensure staff are aware of legislative requirements and adhere to them through staff training. |
| Governance issues | Anytime now | Failure to develop and maintain a positive relationship with the community | Communication policies and procedures, strategic plans, community engagement meetings, surveys | Increase oversight of community groups. |
| Building failure | Anytime now | Lack of maintenance and lack of inspections | Reactive maintenance, ESM audits, condition inspections | Continue to improve data Maintenance is managed appropriately at an operational level. Future planning improvements can be made by documented service level risks and utilisation of these in establishing future maintenance priorities. |
| Lack of internal auditing | Anytime now | Not adequately auditing workplaces | Internal audit policy, Workplace Inspection Policy | Training in policies and procedures |
| Lack of resources | Anytime now | Staff loss | Workforce plan | Identify gaps and risks in workforce plan |
| Community group dissatisfaction | Anytime now | Lack of community group engagement and failure to manage expectations around rationalisation/shared usage | Community group consultation | Monitor utilisation so that requirements are anticipated |
| Poor community governance | Anytime now | Lack of proper process/procedure documenting meetings, works etc. | Council requires community groups to submit documentation | Increase oversight of community groups |

| Risk | Timing | Possible cause | Existing controls | Risk treatment |
|---|---|---|---|---|
| Community groups unable to adequately operate facilities | Anytime now | Lack of specialised skills in community groups required to operate specialised equipment | Community groups required to provide proof of training | Require community groups to provide proof of training required to operate specialised equipment and facilities. |

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