

# Norfolk Island Regional Council

## Fleet Asset Management plan



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## **1.0 Executive summary**

### **What is this plan about?**

This asset management plan covers all Fleet that are owned and or insured by the Norfolk Island Regional Council and are used in the delivery of services to the people of Norfolk. These assets are as tabulated in Table 5.3

### **What is an Asset Management Plan?**

Asset management planning is a comprehensive process to ensure services are delivered in a financially sustainable manner. Asset management plan details information about assets including actions required to provide an agreed level of service in the most cost effective manner. The Plan defines the services to be provided how the services are provided and what funds are required to provide the services

### **Why there is a funding shortfall?**

Most of the Council's fleet assets were brought second hand under the Administration of Norfolk Island and has resulted in very high maintenance and operations costs. Many of these assets have passed their useful life and require replacement, services from the assets are decreasing and maintenance costs are increasing. Council's present funding levels are insufficient to continue to provide existing services at current levels in the medium term.

### **What options do we have?**

Resolving the funding shortfall involves several steps:

1. Improving asset knowledge so that data accurately records the assets inventory at component level, when assets are not able to provide the required service levels,
2. Improving our efficiency in operating, maintaining, renewing the replacing existing assets to optimise life cycle costs
3. Identifying and managing risks associated with providing services from fleet assets
4. Making a trade-off between service levels and costs to ensure that the community receives the best return from assets
5. Identifying assets surplus to needs for disposal to make saving in future operations and maintenance costs
6. Consulting with the community to ensure that services and costs meet community needs and are affordable
7. Developing partnership with other bodies or contract out, where available to provide services
8. Seeking additional funding from governments and other bodies to better reflect a "whole of government" funding approach to services

### **What happens if we don't manage the shortfall?**

Council will keep and maintain the current level of service for assets, however it is likely council will defer asset upgrade projects unless new sources of revenue are found.

### **What can we do?**

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

## What can you do?

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

## 2. Introduction

### 2.1 Background

This asset management plan is to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding needed to provide the required levels of service over a 20 year planning period.

The asset management plan follows the format for AM Plans as recommended in International Asset Management Manual.

The asset management plan is to be read with Council's Asset Management Policy, Asset Management Strategy and the following associated planning documents:



### 2.2 Norfolk Island Community and Strategic Plan

This plan is initiated by, and is owned by the community. To ensure that aspirations are realised a concerted effort from all sectors of the community is required to ensure its effectiveness

The plan contains a vision for Norfolk Island and recommends strategic objective and future directions. Due to uncertainty of funding arrangement of this newly formed council significant challenges lay ahead in the next 10 year plan cycle. The community will need to raise revenue to meet the services and infrastructure requirements. The community plan identifies council's role in realisation of a sustainable future on this Island.

### 2.3 Plan framework

- Levels of service – specifies the services and levels of service to be provided by council
- Future demand – how this will impact on future service delivery and how this is to be met

- Life cycle management – how we will manage our existing and future assets to provide defined levels of service
- Financial summary – what funds are required to provide the defined services
- Asset Management practices
- Monitoring – how the plan will be monitored to ensure it is meeting the organisation’s objectives
- Asset management improvement plan

## 2.4 Core and advanced Asset Management

This asset management plan is prepared as a “core” asset management plan over a 10 year planning period. It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a “top down “approach where analysis is applied at the network level.

## 2.5 Community Consultation

This ‘core’ asset management plan is prepared to facilitate community consultation initially through feedback on public display of draft asset management plans prior to adoption by the council. Future revision of the asset management plan will incorporate community consultation on service levels and costs of providing the service. This will assist the council and the community in matching the level of service needed by the community, service risks and consequences with the community’s ability and willingness to pay for the service

## 3. Levels of service

### 3.1 Customer Research and Expectations

The council has not carried out any detailed research on customer expectations with regards its services. This will be investigated for future updates of the asset management plan.

### 3.2 Community levels of service

Relate to the service outcomes that the community wants in terms of safety, quality, quantity, reliability, responsiveness, cost effectiveness and legislative compliance

Community levels of service ensures used in the asset management plan are

- Safety                Is the service safe?
- Quality              How good is the service?
- Function             Does it meet user’s needs?

Technical levels of service – Supporting the community service levels are operational or technical measure of performance. These technical measures relate to the allocation of resources to service activities that the organisation undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance.

Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services such as opening hours, cleaning frequency, etc

- Maintenance- The activities necessary to retain an assets as near as practicable to an appropriate service condition
- Renewal – Renewal to maintain assets for maintaining the service levels
- Upgrade – the activities to provide an higher level of service

Asset management plan, implement and control technical service levels to influence the customer service levels our current service levels are detailed in the following table

**Current and desired service levels**

<b>Key Performance Measure</b>	<b>Level of service</b>	<b>Performance measure process</b>	<b>Desired level of service</b>	<b>Current level of service</b>
<b>Quality</b>	Provide quality services to the frontline department	Customer requests and or complaints	To be maintained to meet the needs of frontline workers	
<b>Function</b>	Ensure facilities meet user expectations	Customer request and or complaints	Ensure that all fleet are fit for purpose	Planned and maintenance will come into existence after 1 July 2017
<b>Operations</b>	Ensure that all functions are consistently presented in a tidy and well maintained condition suited to their intended purpose	Customer notification and complaints	Regular maintenance	Provision and operations currently meets user expectations
<b>Maintenance</b>	Compliance with legislation and standards to be phased in by July 2019 subject to funds for upgrade	Customer notification / complaints	Customer notifications and complaints	



### 3.4 Desired levels of service

Indications of desired levels of service are obtained from community consultations/ engagement. Further community consultation through the public exhibition period of this asset management plan to develop levels of service that are financially sustainable and meet community expectations

## 4 Future Demand

### 4.1 Demand drivers

Factors affecting demand include population change, changes in demographics, seasonal factors, rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices, environmental awareness, and divestment or outsourcing of services..

### 4.2 Demand forecast

There is expected to be little change in demand due to population growth. The Norfolk Island regional council's population has seen up's and down's and has averaged to a stable figure as indicated in the table from Australian Bureau of Statistics.

## 5. Lifecycle Management Plan

The lifecycle management plan details how council plans to manage and operate the assets at the agreed levels of service while optimising life cycle costs

### 5.1 Asset condition rating

Condition is measured using a 1-5 grading system as detailed

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

### 5.2 Asset capacity and performance

The council's services are generally provided to meet the expectations of the community at par with the levels set up by the former entity 'Administration of Norfolk Island'

Assets	Service Deficiency
All fleet	Since the Administration operated under their own codes, all Fleet do not conform to Australian standards. Start-up capital is needed to bring all Fleet assets to levels as accepted in Australia. In the meantime NIRC will aim to maintain the assets to the old standards and keep them functional until such time when the funding will be available

### 5.3 Physical parameters

The Fleet covered by this asset management plan are shown below in table

Asset	Details
Mower	"KUBOTA" Model L2900 (Rego: AC-34) Ride on mower (1997)
Tractor	"FORD" Model 5000 4WD Tractor (1972) Rego A-16
Tractor	"FORD" Model 5600 4WD Tractor (1972) Rego A-6
Trailer	Trailer for Roadliner
Trailer	Trailer Lincoln W/Power
Truck	"DAIHATSU" Model Delta 2T Tipper truck Rego:
Ute	"NISSAN" Model Navara dual cab Ute
Ute	"NISSAN" Model Navara Utility (2008)
Ute	MISUBISHI Pajero 1991
Ute	"MAZDA" Model B2500 Utility (1996)
Ute	"MAZDA" Model B2600 Utility 2 door (Rego: A-93) 215,077 kilometres
Vehicle	"HONDA" Model Civic Shuttle (Rego A-98) - 1990
Truck	MAZDA E2500 Truck 1997
Light Comm	"MAZDA" Model Titan single cab chassis truck (1997)
Plant	"SCORPIAN" Model V-Twin, 9.0HP screw compressor on trailer - 2004
Truck	Mazda Titan
Light Comm	Diahatsu Tipper 4 x 4
Vehicle	"MITSUBISHI" Model Lancer Station Wagon (rego A-112) 1998
Vehicle	"TOYOTA" Model Runner Wagon (Rego A-56) 1991
MC	"YAMAHA" Model XT Trail Bike 1994 (Rego: AC-027)
Light Comm	"TOYOTA" Model Town Ace (1994) (Rego: A-22) 1.5 tonne utility truck with "HIAB" Model 1.35 tonne lift
MC	"SUZUKI" Model Trail Bike (AC 024) -
MC	"HONDA" Model postie bike (Rego: AC-40)
MC	"HONDA" Model post bike (Rego: AC-41) 2005
MC	"HONDA" Postie Bike (Rego: AC-43)
MC	"HONDA" Model postie bike (Rego: AC-44)
Plant	"VERMEER" Model 1250BC S/N IVRC14138P100413 mobile chipper on trailer ( Rego AC-31) 1680 hours
Plant	"TCM" Model 700 series 35 diesel forklift, 1,500kg lift capacity (Rego: AC-37) (1998)
Plant	Mobile "CATERPILLAR" model generator SR4 alternator, 120KVA (30 years) (Rego: AC-39) on dual axle trailer
Plant	"KOMATSU" Model SK714 wheel bobcat (2002) - Telecom (Rego AC 045)
Plant	"COATS HIRE" "JLG" Model mobile lighting tower (2005) (Rego: AC-48) and (Rego: AC-47) x 2
Plant	"COATS HIRE" "JLG" Model mobile lighting tower (2005) (Rego: AC-48) and (Rego: AC-47) x 2

Trailer	Trailer dual axle plant trailer (Rego: A-C1) with loading ramps
Truck	"HINO" Model FM (Rego: A-55) 6 x 4 flat truck with fitted "REDMOND GARY" Model cherry picker mode TF16M, S/N: L173 (2016) SWL 325KG
Truck	"MITSUBUSHI" Model FK45 (1987) Rego: A-84, flat bed truck, 8 tonne
Truck	"HINO" Model Dutro truck with attached work kits/boxes, 2007, rego: A-87
Truck	"FORD" Model Trader (Rego: A-9) model 0409 single cab flat tray truck with work lockers cabinet - circa 1990's
Ute	"MITSUBUSHI" Model L200 dual cab Ute, 4WD (Rego: A-111) - 1998
Ute	"HOLDEN" Model Commodore Ute (Rego: A-86)
Vehicle	"TOYOTA" Corolla Station Wagon (Rego A-100) - Approx 1994
Vehicle	"HOLDEN" Rodeo space cab (Rego: A-43)
Vehicle	"MAZDA" Model Bongo (Rego: A-94) 4WD Tipper (2000)
Plant	"ROSENBAUR" Model aviation rescue truck (Rego: A-101)
Plant	"ROSENBAUR" Model aviation rescue truck (Rego: A-102)
Plant	"ISUZU" Model FY FTS, 13,000gvm (2002) fire truck (Rego: A-32)
Plant	"ISUZU" Model FY FTS, 13,000gvm (2002) fire truck (Rego: A-33)
Ute	MITSUBISHI Dual Cab Strada 1992
Vehicle	"MAZDA" Model Bongo (Rego: A-61)
Light Comm	"TOYOTA" Model dyna 150 1.5 tonne truck (1992) 104,494 kilometres - (Rego A-31)
Light Comm	"TOYOTA" Model Hilux 3.0D Utility (Rego: A-66) 106,417 kilometres
Plant	"CATERPILLAR" Model D6 Dozer (Rego: AC-10) 1970's
Plant	"CATERPILLAR" Model Crawler 931 - Unbranded model mini dozer, truck mounted with grab attachment -
Polaris	"POLARIS" Model 500 Big Bosh 6x6 ATV with Trailer, 2,622 hours (1999) - AC-036
Tractor	"KUBOTA" Model M803DT, S/N: 72759 4WD tractor (1998) (Rego: A-11), 2,108 hours with unbranded 7 foot slasher attachment
Tractor	"KUBOTA" Model M6800 Tractor (Rego: A-60) 917 hours (2002) with rear older 6 foot slasher attachment
trailer	Unbranded single axle plant trailer (Rego: A-C18)
Trailer	Trailer - Diesel
Truck	"MAZDA" Model T5300 2 tonne truck (Rego: A-81) 90,592 kilometres
Ute	"MAZDA" Model Bravo dual cab utility (Rego: A-35) 203,486 kilometres
Ute	"MITSUBUSHI" Model Triton twin cab Ute (Rego: A-47) - 1990
Truck	MAZDA E2500 truck 1997
Light Comm	NISSAN 1 Tonne Truck
Trailer	Trailer Locally made
truck	"MITSUBUSHI" Model canter cab truck with fitted stainless steel fuel/water tank approx 5000 litre, 83,350kms, (Rego: A-53) with powered pump - 1996
Ute	"TOYOTA" Model Hilux single cab Ute, Rego: A-34, (1995) with tray built from Norfolk Pine (1 tonne)
ute	"TOYOTA" Model Hilux 4x4 Ute (Rego A-42)
Vehicle	"TOYOTA" Model Corolla Station Wagon (Rego A-73) 1996
Tractor	KUBOTU tractor Mower
Trailer	Trailer
Truck	MAZDA Titan Truck 2003
Forklift	"TOYOTA" Model diesel forklift 2003 (Rego: A-26) Mode 02-7f=FD30 ROPS, with 3,0 tonne lift attachment
Vehicle	"TOYOTA" Model land cruiser (Rego: A-117) 100,848kms, 4WD Ute (1995)
Ute	MAZDA Ute white 1996
Vehicle	"MITSUBUSHI" Model Strada dual cab 4WD (Rego: A-58) 1997
Vehicle	"TOYOTA" Corolla Station Wagon (Rego A-27) - Approx 1995 model
Vehicle	Ford Model A Truck (Veteran)

Tractor	"INTERNATIONAL" Model (Rego: A-79) 4WD - model 685 tractor (1984) with 3,145 hours, upgraded engine and gear box with bucket attachment
Ute	"SUZUKI" Model utility (Rego: A-91) with timber tray, 1 Tonne - 1985
Vehicle	MAZDA Demio Hatch 2003 Silver colour
Vehicle	HYUNDAI Sonata Sedan 2004 (Rego A68)
Vehicle	"HYUNDAI" Model Sonata Sedan 2001 (Rego A-83) - 2001
Vehicle	"TOYOTA" Model Corolla Station Wagon (Rego A-74) 1997
Vehicle	"TOYOTA" Corolla Station Wagon (Rego A-44) - Approx 1995
Vehicle	HYUNDAI Sonata Sedan 1999
Vehicle	"TOYOTA" Model Town ace 1992 (Rego: A-21) Van , 81,000 kilometres
Forklift	"TOYOTA" Model FBRE13 Forklift, 3.5 tonne lift capacity
Vehicle	"TOYOTA" Model Van 1995 (rego A-118)
truck	"FORD" Model Cargo 1313 (Rego: A-75) Tipper Truck with hydraulic 12.mm tipper balance attachment at rear
Vehicle	TOYOTA Landcruiser Prado
Plant	"BOBCAT" Model 753 wheel loader Bobcat, S/N: 515843963 (Rego: A-18) with bucket attachment
Plant	"BOBCAT" Model S205 (Rego:AC-29) (2003) - Shared with Telecom
Plant	"CATERPILLAR" Model 12G Motor Grader, PIN: 3WC01517 (1999) (Rego: AC-49)
Plant	"DYNAPAC" Model Foot Padded Vibration roller (circa 1991) (Rego: A-37)
Plant	"FULTON HOGAN" Model Paver Coat Spreader "The Little Buck" (Rego AC 007)
Plant	"HINO" Tar spray tanker truck (Rego: A-106) with max 3,000 litre hot capacity and minimum 1,200 litre cold capacity, stainless steel tank and equipment
Plant	"VOLVO" Model L50D Front End Wheel Loader (Rego: A-107) PIN: L5OODP7O267 with 1.2m <sup>3</sup> bucket attachment (2003)
Plant	GALLION Grader 503
Plant	SAKAI Roller
Trailer	Forklift
Trailer	Unbranded single axle water cart trailer (Rego: AC-7) with 2,000kg - 500 litre
Truck	"HINO" model tipper truck (Rego: A-10) ( Circa 1990's) with 2 ft. sides
Truck	"ISUZU" Model 4 x 2 single cab tipper truck (Rego: A-64) with fitted "SHINMAYWA" Model DR8-17S tipper body and sides at 2 foot 165,600Kms Circa 2006
Truck	"MAZDA" Model T3500 Flat Tray Truck, 4 tonne, ( 1989) Rego: A-113
Truck	Ford Cargo truck
Truck	MAZDA T4600 4 tonne dump truck
Truck	MAZDA Titan Truck 1995
Truck	Patching Truck
Plant	Norman 65E Turbo grader 110hp
Plant	SAKAI Roller TS160-2 Multi Tyre roller
Plant	SAKAI Roller TS160-2 Multi Tyre roller
Bus	"TOYOTA" Model Coaster Bus (Rego A-114) - 1993
Bus	TOYOTA School Bus 1988
Light Comm	NISSAN ute 1995
Forklift	"TCM" Model diesel forklift, 1,500kg lift capacity and forklift hydraulic attachment (Rego: A-17) 1998
Vehicle	"TOYOTA" Model Light Ace (Circa 1990's) Rego: A-99
Plant	"DITCH WITCH" Model 3700DD, S/N: 3R0612, 1448 hours (1998) Rego: A-36 - Shared with Telecom
Trailer	Trailer - Ditch Witch
Truck	"MAZDA" Model T4600 tray truck, Rego: A-5, 144,919 kilometres, flat tray fitted with "HIAB" Model 06T crane (1999) 1.8 tonne capacity
Vehicle	"TOYOTA" Model Carig 4 x4 Station Wagon (Rego A-12) 1998

Vehicle	"NISSAN" Model Vanette (A-28) Telecom Resprayed - 2004
Vehicle	"TOYOTA" Model Carig 4 x4 Station Wagon (Rego A-46) 1998
Vehicle	Mitsubishi Delecia Van 2000
Vehicle	"TOYOTA" Model Carig 4 x4 Station Wagon (Rego A-69) 1998
Vehicle	"TOYOTA" Model Hilux dual cab 2.7 4WD petrol (A-77) 2002 model
Truck	"MAZDA" Model Titan tipper truck (1988) (Rego: A-24) 136,700km
Forklift	"TOYOTA" Model diesel forklift (Rego: A-8) 62-6FD3o, 1995, 2,500kg lift capacity, ROPS
Plant	"BOBCAT" Model S160 loader bobcat
Truck	"ISUZU" Model single cab tipper truck - 8 Tonne, 1986 (Rego: A-70)
Ute	"TOYOTA" Model Hilux single cab (Rego: A-65) 51,174km (2002)
Forklift	"TCM" Model 700 series diesel forklift, 1,500kg lift capacity and forklift hydraulic attachment (Rego: A-40) -1998
Light Comm	MAZDA Bongo Truck 1995 white
MC	"HONDA" Model CT110 Postie bike (Rego: AC-42)
Mower	"KUBOTA" Model L2900 Ride on Mower 4WD, 1997, 72"inch cut (Rego: AC-33) 4,813 hours
Plant	"LINCOLN" Model Weldan Power 230+ Electric welder on trailer (Rego: AC-8)
Trailer	Mower Trailer
Trailer	Unbranded model single axle fuel box trailer (Rego: AC-30) with approximately 500 litre capacity and manual hand pump - 1995
Ute	"MAZDA" Model space cab utility 4WD (Rego: A-13)
Vehicle	"FORD" Model Falcon Hearse vehicle, 4,510kms (Rego A-2)
Mower	"KUBOTA" Model F2880 (2009) ride on mower 60"inch cut deck
Mower	"KUBOTA" Model GR2110 (2009) ride on mower 48"inch cut deck
Mower	"KUBOTA" Model G1900 diesel Ride on mower, 2,722 hours, 48"inch deck, 4WD
mower	"JOHN DEERE" Model x 300 ride on mower 42" inch cut deck
Trailer	Single axle fuel trailer approximately 500L (1990) not in use (5%)
Trailer	Steel frame single axle workshop trailer (No Rego)

## 5.4 Asset valuations

The value of assets recorded in the asset register as of 30 of June 2016 as summarised below

Current replacement cost	\$9,319,530.30
Annual Depreciation Expense per year (16)	\$ asset past it's useful life

## 5.5 Fleet Risk Management Plan

An assessment of risks associated with service delivery from Fleet assets has identified critical risks that will result in loss or reduction in service from these assets. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks

Critical risks, being those assessed as "Extreme" requiring immediate corrective action. These risks are reported to management and council on a regular basis in a changing legislative frame work while going from an independent Administration to becoming a regional council of the NSW state

## 5.6 Routine operations and Maintenance plan

Operations include regular activities to provide services such as public health, safety and amenity, eg routine maintenance on assets and regular inspection. Routine maintenance is the regular on-going work

that is necessary to keep assets operating, including instances where portions of asset fail and need immediate repair to make the asset operational again. From here on the council will lease assets rather than acquire assets, this will reduce the demand on various positions and lift productivity

## 5.7 Critical Assets

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

The council will investigate the possibility of moving towards leasing assets and this will reduce losses with critical asset failure

## 5.8 Standards and specifications

All work will be carried out in accordance with the Administration of Norfolk Island methods since the absence of a Start-up capital has made it impossible to bring all the assets up to the Australian Standards. This capital is estimated to be millions of dollars. The grants process is competitive and more often, requires a contribution from the council for every dollar received from the commonwealth in grants. NRIC does not have such funding to contribute a percentage in grants process. But strategically we will be aiming to meet the following regulation/standards in future subjected to the availability of funding from commonwealth

- Work Health and Safety Act & regulations
- Australian Standards
- All relevant council policies and
- Other regulatory requirements

## 5.9 Summary of future operations and maintenance expenditures

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock. As the council will be moving towards leasing the assets and disposing the old assets. Estimating the future costs at this stage will be unreliable

## 5.11 Capitalisation Threshold

Asset capitalisation threshold

**Operations**                      operational Budget

- Service delivery management including condition assessment, defect inspections and management systems
- Supervision
- Premises cleaning, etc
- Utility costs

**Maintenance & Repair**

**Capitalise if value > \$10,000**

- Reactive maintenance to fleet assets(component replacement and repairs to facilities and structures)
- Programmed maintenance ( servicing of fleet at regular intervals)
- Replacing facilities and structures
- Partial replacement of plant and equipment (water pumps etc)

#### **Capital Renewal**

- New assets
- Upgrade assets

#### **Capitalise**

### **5.12 Renewal/ replacement Plan**

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

### **5.13 Renewal plan**

Council's Asset Renewal Plan is the programmed renewal dates of assets which are used to predict expenditure requirement within the long term financial plan. The current residual life of the asset identifies the date of renewal

Early defect identification by condition assessment may enable major maintenance works to extend the asset life before renewal is required

### **5.14 Renewal and replacement strategies**

The organisation will plan to move away from owning fleet assets and rely on asset leasing which will be booked as expenditure:

Using 'low cost' renewal methods (cost of renewal is less than replacement) wherever possible, Maintain a current risk register for assets and service risks associated with providing services from assets and reporting very high and high risks and residual risks after treatment to management and council

Review current and required skills base and implement workforce training and development to meet required construction and renewal needs,

Maintain a current hierarchy of critical assets and capital renewal treatments and timings required Review management of capital renewal and replacement activities to ensure council is obtaining best value for resources used.

#### **Renewal ranking criteria**

Asset renewal and replacement is typically undertaken to either

- Ensure the reliability of the existing assets to deliver the service it was constructed to facilitate
- To ensure the asset is of sufficient quality to meet the service requirement

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

- Have a high consequence of failure
- Have a high utilisation and subsequent impact on users would be greatest
- The total value represents the greatest net value to the organisation
- Have the highest average age relative to their expected lives
- Are identified in the AM Plan as key cost factors
- Have high operational or maintenance costs, and
- Where replacement with modern equivalent assets would yield material savings

### **5.15 Summary of future renewal and replacement expenditure**

Projected future renewal and replacement expenditures associated with the fleet is going to decrease as the council moves away from owning assets and start leasing. The demand will be known after the workload on the newly formed council is consolidated

### **5.16 Creation/ Acquisition / Upgrade plan**

New fleet purchase will be limited to buying vehicles that are not available on the island and extremely useful to carry out council operations.

### **5.17 Summary of future upgrade/ new assets expenditure**

From here on we will be leasing most of the fleet and not buying it so the future expenditure will be clear by next financial year

### **5.18 Disposal Plan**

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in table below together with estimated revenue. These assets will be further reinvestigated to determine the required levels of service and see what options are available for alternate service delivery, if any. Any revenue gained from asset disposals is accommodated in the organisation's long term financial plan.

## **6. Financial Summary**

This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance



## **6.1 Financial Statements and projections**

The financial projections will not be known until the council has consolidated the workload across its departments and the fleet requirements to be known by early next financial year

## **6.2 Sustainability of service delivery**

There are two key indicators for service delivery sustainability that have been considered in the analysis of the service provided by this asset category, these being

- Long term life cycle costs / expenditure
- Medium term projected / budgeted expenditure over 10 years of the planning period

### ***Long term – life cycle cost***

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense).

### ***Medium term- 10 year financial planning period***

The asset management plan identifies the projected operations, maintenance, and capital renewal expenditures 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 service in a sustainable manner

These projected expenditures may be compared to budgeted expenditures in the 10 year period to identify any funding shortfall. In a core asset management plan, a gap is generally due to increasing asset renewals for ageing assets.

At this stage it will be unrealistic to estimate these expenditures

## **6.3 Funding Strategy**

After the council accepts and agreement with the community on service levels, an appropriate to ensure ongoing financial sustainability projected expenditures are accommodated in the organisation's 10 year term financial plan

## **6.4 Valuation forecasts**

As the council will move away from buying assets this will not be required for only a few assets that we may acquire.

## **6.5 Key Assumptions made in Financial Forecasts**

The key assumptions made in presenting the information contained in this asset management plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts

Key assumptions made in this asset management plan are:

- The asset condition rating are a representation of the overall asset data base and based on a desktop analysis and experience by Council Staff involved with the assets through inspections, maintenance and capital improvements.
- The age of the assets recorded in Council's Asset Management database are a true representation of the actual construction date

- The National Standard useful life of assets predicts the true useful life

## **7. Plan Improvement and Monitoring**

### **7.1 Accounting and financial systems**

Council employs the Authority enterprise Business system provided by CIVICA.

### **7.2 Accountabilities for financial systems**

The Chief Financial Officer is responsible for the control of council's accounting systems

### **7.3 Accounting standards and regulations**

Australia accounting standards (AASB) Local Government, code of accounting practice and financial reporting, Council's accounting policy, the local government Act (LGA) and regulations

### **7.4 Capital/ maintenance threshold**

The aim of the capitalisation policy is to set a capitalisation threshold above which assets are required to be recorded by council in its financial statements. The process for this is the capitalisation process and is achieved by the recording of the capital cost of the acquisition of assets into Council's financial system and then into the asset management system.

### **7.5 Asset Management system**

Council is in the process of installing the conquest asset management module of the Authority enterprise business system provided by CIVICA

### **7.6 Asset Registers**

Asset registers linked to the council land register are to be reviewed and further developed as part of the improvement program for this Asset Management Plan

## **8.0 Maintenance response levels of service**

Reactive maintenance is unplanned repair work carried out in response to service request and management/ supervisory directions

### **8.1 projected 10 years capital upgrade and new works program**

NIRC is currently completing an audit of all assets. The resultant condition reports will be used to complete the 10 year capital upgrade and new works programme. This programme is scheduled for completion in February, 2017.