



ASSET MANAGEMENT PLAN

LAND IMPROVEMENTS



Document Control		 			
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	August 2021	First Version - RMAC	CAM	DCGO, PM	DCGO

This Plan shall be reviewed and updated upon completion of the cyclic Condition Audit and Revaluation of Land improvements Asset Class every 3 years or amended when required when associated changes occur including:

- Annual budget changes result in a material impact to the plan, including the Long-Term Financial Plan.
- Finalisation of the 10-year capital works program.
- Changes to service levels.
- Figures and graphs used in this plan are derived from inputs entered in to NAMS+.

Abbreviations:

CAM – City Assets Manager

DCGO – Director City Growth and Operations

PM – Project Manager

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1. EXECUTIVE SUMMARY

1.1 The Purpose of the Plan

As the second largest and fastest growing city in the Northern Territory, the City of Palmerston (Council) has \$754million in assets under its management as of 30 June 2021.

Asset Management Plans aim to:

- Mitigate Council's Strategic Risk relating to long term sustainability.
- Ensure consistent asset management across Council.
- Identify asset management issues and scenarios that may impact upon Council's financial position.
- Detail information about infrastructure assets including actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks.
- Define the services to be provided, how the services are provided and what funds are required to provide the services over a 10-year planning period.
- Ensure infrastructure is safe for use and the community receive value for money for their investment in community assets.
- Provide detailed asset data and data analysis to inform Council's Long-Term Financial Plan (LTFP).

Summary Findings

As of 30 June 2021, asset sustainability ratio for land improvements is 92% which indicates that City of Palmerston is replacing 92% of its existing asset base with capital renewals as the assets reach the end of their useful life. Council has asset sustainability benchmark of 100%.

City of Palmerston's Assets Consumptions Ratios rate is 50%. A measure between 60% and 75% indicates that the assets are being maintained, renewed and replaced at a responsible rate.

1.2 Asset Description

This Asset Management Plan (AM Plan) covers the assets that provide land improvements infrastructure across City of Palmerston. Land improvements asset category provides the community with infrastructure and services that are enjoyed by all members of our community across all Council open spaces.

This AM Plan covers a total of 1,684 land improvements asset components with the majority belonging to the following asset categories:

- Open Space
- Civil Infrastructure
- Irrigation Systems
- Water
- Recreation and Artworks

1.3 Levels of Service

It is an objective of the City of Palmerston Community Plan that our infrastructure is fit for purpose. This requires that our infrastructure is maintained and managed through adaptive innovative approaches to meet multiple community uses and needs. Levels of service to achieve this include:

- Providing land improvements in quality condition.
- Providing safe and compliant land improvements
- Provide regular upkeep of land improvements.
- Deliver, maintain, and manage infrastructure to current or higher standards to meet changing community needs.
- Manage the resources land improvements use in environmentally sustainable way.

Council is working towards improving service levels through the implementation of condition assessments in lieu of the current age-based methodology for intervention activities which will enable service levels to be better defined.

1.4 Future Demand

The main demands for new services are created by:

- Community expectations on appropriate infrastructure, safety, sustainability, and service levels.
- Economic demand due to increasing asset portfolio, economic pressures, asset age and CPI increases.
- Increase in environmental awareness and considerations.
- Population growth and new subdivisional activity, development of existing land and planning strategies.

Changing demands will be managed through a combination of existing assets, upgrading existing assets and providing new assets supported by non-asset solutions, such as insuring against risks and managing failures. Demand management planning activities occur on an ongoing basis and include:

- Continue to monitor and provide input into development controls and guidelines for the requirements of effective land improvements.
- Monitor, assess and implement measures to meet increased demand for environmentally sustainable asset management.
- Monitoring community feedback, trends and assess expectations against existing levels of service and available resources with consideration to budget.

1.5 Managing Risk

To gain confidence in the risk management position of the assets, cyclic condition audits and inspection practices have been identified as requiring improvement.

The management of risk is facilitated by:

- Improving condition data of existing infrastructure to develop renewal and upgrade programs.
- Continual improvements in asset data capture, maintenance, and management to ensure budgets are adequate.
- Identify efficiencies in using available funding.
- Taking opportunities to progressively increase funding levels over a period of 5 to 10 years with a view to establishing adequate cash backed reserves to meet future requirements.

1.6 Financial Summary

Gross Replacement Cost:	\$35,808,172
Depreciable Amount:	\$35,808,172
Depreciated Replacement Cost: ¹	\$17,782,778
Annual Average Asset Consumption:	\$1,261,708

The combined annualised depreciation for the assets included in the AMP is \$1,317,178. This can be further broken into the following financial classes in line with the LTFP of Irrigation \$628,166 and Parks and Reserves \$689,012

The current combined allocation for Operating and Maintenance activities is \$3,696,653 per annum.

The LTFP anticipates expenditure totalling \$12,100,000 over the 10-year period for renewals.

Total projected funding for the 10-year planning period is \$50,951,099 or \$5,095,109.9 on average per year which is estimated to meet the realistic cost to operate, maintain and renew land improvements at the present service levels.

1.7 Monitoring and Improvement Program

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

- Cyclic reviews of AM Plan following asset revaluation and condition audit (2021/2022) to ensure the latest financial and condition data can be utilised (no later than August following a revaluation).

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