

19.2.1 May 2023



FLINDERS
COUNCIL

Long-Term Asset Management Plan & Strategy

2021-2031

Adopted: 28 June 2021

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1. Overview of the Asset Management Strategy and Plan

1.1 Background

Flinders Council owns, leases, and maintains a broad range of assets comprising of: Roads, Bridges and Traffic infrastructure, Airport Infrastructure (including runways), Stormwater Infrastructure, Buildings and Facilities, Plant, and equipment (including Furniture and Fittings), Waste Infrastructure and Land assets.

The municipality of Flinders Island is classified as a very remote area and geographically separated from the Tasmanian mainland. As an Island, the harsh maritime conditions increase the servicing and maintenance requirements to retain the asset's useful lives, and therefore pose additional costs.

Flinders 'Very Remote' status directly results in the requirement for Council to hold a large portfolio of assets to service and maintain:

- a large network of road infrastructure;
- an Airport, which is the prime access to the Island; and
- Community assets such as buildings, galleries, parks and gardens, halls, and a museum.

With such a small population of approximately 1000 people, Council relies heavily on grant funding to support the maintenance and renewal of assets and infrastructure.

1.2 Council's Goals, Objectives and Assumptions

The main guiding principles and assumptions, that were used to prepare the Asset Management Strategy and Plans, focused on the following objectives:

- Identification of major assets and sub-classes, with detailed review of their useful economic lives and life cycles, to determine realistic timeframes for replacement, and ensure that Council's focus of expenditure is aligned to the most relevant asset classes.
- Ensuring that priority needs of Council are addressed, and that the Asset Management Plan is aligned with the financial affordability of Council in the next ten years.
- Evaluation of the replacement costs to ensure future predictions are robust, and reliable.
- Understanding the nature of the maintenance and service deliveries to ensure that Council can meet its long-term asset expectations.
- Application of benchmarks to give weighting to the assumptions driving the Plan and Strategy.
- Assessing the asset condition, based on physical assessments, historical evidence-based assumptions, and third-party assessments.
- Major infrastructure upgrades such as the Airport Runways and Road Pavements, will be supported through grant funding, and the Airport Runway will seek 100% Grant funding. The Financial Strategy has not made provision for future upgrading of the Airport Runways.
- Projects are only included in the Long-Term Asset and Financial Management Plan's when funding and costs are reasonably assured and committed to by Council.

1.3 Council's Asset Management Strategies to ensure the objectives are achieved

- **Grant Lobbying:** For major infrastructure upgrades such as the Airport Runways and Road Pavements, Council will be actively seeking State and Federal Grant funding to support such large capital outlays.

In 2020 the Airport Long Runway was upgraded at a cost of \$3.6 million and Council managed to secure 100% Grant Funding for this upgrade.

The Palana Road upgrade has been listed as a priority project for the last four years, and recently in 2021, Council has been advised by the Tasmanian State Government, that \$2 million will be awarded to the Council for the upgrade of the Palana Road. The Flinders Island Marine and Safe Harbour Project(FIMASH) has been awarded \$3 million to build a rockwall and jetty at Lady Barron. The Palana Road and FIMASH Projects have not been included in the Asset and Financial Plan as only projects that are reasonably assured and committed by Council have been included.

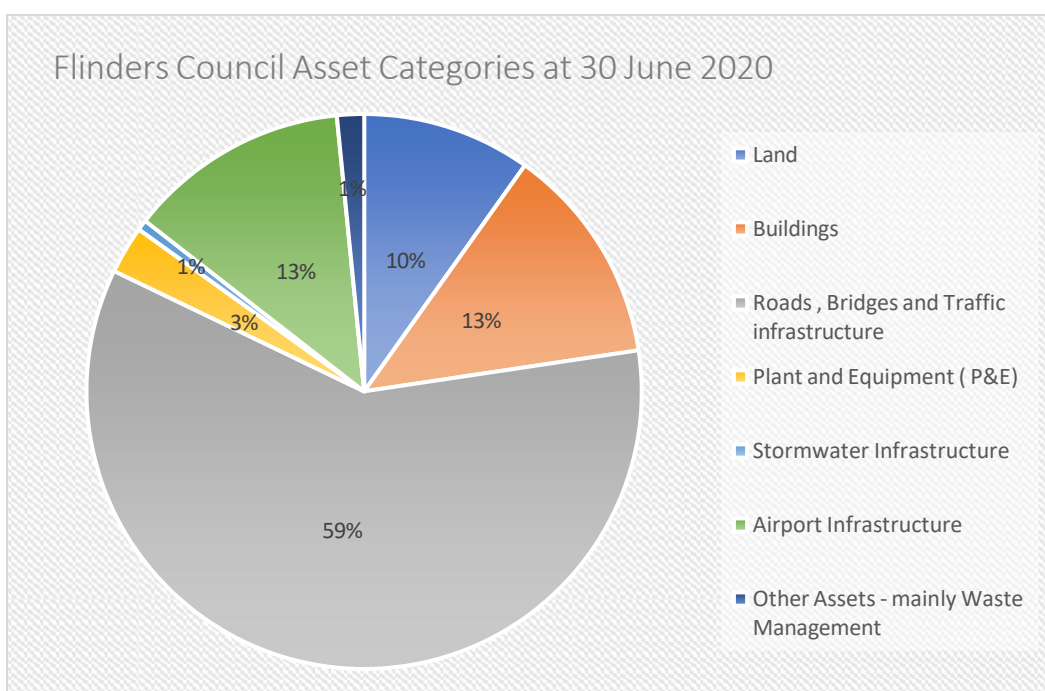
- **Plant & Machinery:** In depth analysis has been undertaken of the existing Council Plant and Equipment, but further work will be undertaken over the next year to identify efficiency gains and opportunities that will have positive effects on the asset management program.
- **State Growth Works and TasWater:** Council to negotiate with State Growth for an economically viable model to undertake works that do not adversely impact on its capacity to undertake core business.
- **Useful Economic Lives of Assets:** Future work will be performed to provide condition reports across the road network, so as to refine the useful economic lives under the High, Medium and Low category roads, and assess the depreciation useful economic lives for consistency and accuracy.
- **Revaluations of Assets:** Council aims to ensure that assets are revalued at required intervals to ensure accuracy of data.
- **Independent Assessments:** Council will continue to utilise skilled independent consultants to review and assess major infrastructure areas such as Airport, Roads, Land, and Waste. This is to ensure legislation requirements, and standards are achieved and maintained.
- **Asset and Risk Analysis:** Council has developed an in-house Asset Management modelling tool which has been used to assess the assets and complete the Long-Term Asset Management Plan and Strategy. The model will be continually reviewed and improved to ensure reliability of the forecasted data.

2. Classes of Assets

At the 30th of June 2020 the assets totalled \$76 million at Fair Value / \$53 million at Book Value. The extent of future cash outlays on the extensive range of assets is a burden on cash reserves. The Asset Management Plan has assessed all asset categories, and provided a strategic approach to address our priority needs over the next ten years, to best maintain and replace our existing asset base, whilst striving to meet operational cash sustainability. The asset management plan has applied current replacement cost plus 3% Consumer Price Index (CPI).

FLINDERS COUNCIL Classification 1	ASSET RENEWAL PLAN 2021 to 2031 Classification 2	Closing Cost at 30 June 2020	Closing Accum Depreciation at 30 June 2020	Closing Book Value at 30 June 2020
		000's	000's	000's
Airport Infrastructure	Airport Infrastructure	8,308	1,432	6,877
Roads	Roads, Bridges and Traffic	40,619	13,947	26,672
Bridges	Roads, Bridges and Traffic	6,791	2,545	4,246
Drainage	Stormwater Infrastructure	452	122	330
Footpaths & Cycleways	Roads, Bridges and Traffic	1,456	608	849
Land Under Roads	Land	2,053	-	2,053
Buildings	Buildings	4,700	330	4,370
FF - Art Work	Plant and Equipment (P&E)	14	-	14
Fixtures, Fittings & Furniture	Plant and Equipment (P&E)	59	18	41
Furniture & Fittings	Plant and Equipment (P&E)	167	155	12
Land	Land	3,197	-	3,197
Land Improvements - Quarries	Buildings	155	36	119
Leasehold Improvement	Buildings	403	46	356
Leasehold Improvements at Replacement Cost	Buildings	2,063	84	1,980
Plant & Equipment	Plant and Equipment (P&E)	4,207	2,794	1,413
Recreation, Leisure and Community Facilities	Other Assets	307	32	276
Waste Management	Other Assets	565	88	477
Work In Progress	Roads, Bridges and Traffic	92	-	92
TOTAL ASSETS		75,608	22,236	53,373

ASSET CATEGORIES - Classification 2	Value at 30 June 2020 in 000s	%
Land	5,250	13%
Buildings	6,829	59%
Roads, Bridges and Traffic Infrastructure	31,766	3%
Plant and Equipment (P&E)	1,480	1%
Stormwater Infrastructure	330	13%
Airport Infrastructure	6,877	2%
Other Assets - mainly Waste Management	840	
TOTAL	53,372	100%



3. Infrastructure Revaluation Schedule

Council measures and recognises assets at fair value on a recurring basis, and undertakes periodic revaluations to recognise the fluctuations and ensure replacement costs are realistic. The table below indicates the next scheduled revaluation dates.

Asset Class	Last Date Performed	Next Scheduled Date
Land		
Land - Property at fair value	30th June 2017	30th June 2023
Land- Under Roads	30th June 2020	30th June 2027
Buildings	30th June 2017	30th June 2023
Roads, Bridges and Traffic Infrastructure		
Roads	30th June 2017	30th June 2023
Bridges	30th June 2014	30th June 2021
Stormwater Infrastructure	30th June 2014	30th June 2021
Airport Infrastructure	30th June 2018	30th June 2023

4. Asset Useful Economic Lives

The Useful Economic Life of an Asset is the expected period of time during which an asset remains useful and it may differ to its actual physical life. The table below outlines the 'Useful Economic Lives applied for Depreciation' as compared to the expected 'Council applied Useful Economic Lives as used for the Asset Forecast'.

Road Useful Lives are based on historical knowledge of road wear and tear, existing traffic numbers, and does not account for future changes to traffic volumes and types of vehicles.

Recent reports from Pitt and Sherry Consulting (2018) have been used to form the basis for the expected lives of the Sealed Pavements of Palana and Memana roads, and identified that approximately 50% of the pavements would require reconstruction within 20 years. In 2020, an independent roads consultant, was used to inspect and assess the condition of the roads and the quality of the material; the general consensus being that the materials used in the pavements (extracted from our quarries) was of good condition.

Very little information exists to benchmark the Useful Lives, however, a review was conducted by Tonkin Consultancy in 2014, of 31 councils in South Australia. The results were published in a report 'Infrastructure Asset Useful Lives - Local Government Association of SA -2014'.

The survey published the following, which has been used to benchmark the reasonableness of Flinders Council's Useful Economic Lives:

Road Type	Useful Economic Lives - MIN	Useful Economic Lives - MAX	Useful Economic Lives - AVG	Quality of Material	Traffic Use	Flinders Applied Useful Lives
Resheeting Unsealed Road - High Road Use	10	31.5	19	Good		14
Resheeting Unsealed Road - High Road Use	10	26	16	Poor		
Resheeting Unsealed Road - Med Road Use	12	40	24	Good		19
Resheeting Unsealed Road - Med Road Use	8	32	20	Poor		
Resheeting Unsealed Road - Low Road Use	20	50	31	Good		25
Resheeting Unsealed Road - Low Road Use	20	40	27	Poor		
Resealing - Sealed Road	15	30	21	N/A	Normal	20
Resealing - Sealed Road	15	25	19	N/A	Heavy	
Pavement - Sealed Road	20	85	68	N/A	Normal	50
Pavement - Sealed Road	20	90	52	N/A	Heavy	

Future work will be performed to provide condition reports across the road network, so as to refine the useful economic lives under the High, Medium and Low category roads.

Asset Category	Category of Road	Useful Economic Life applied for Depreciation	Council applied Useful Economic Lives for Asset Forecast	Quantification of Asset	Quantification of Asset - description
Resheeting	High-Use	10 years	14 years	50	Kms
Resheeting	Medium-Use	10 years	19 years	104	Kms
Resheeting	Low-Use	10 years	25 years	124	Kms
Resealing	High-Use	15 years	20 years	75	Kms
Resealing	Medium-Use				
Reconstruction - Sealed	High-Use	50 years	50 years	75	Kms
Reconstruction - Unsealed	All-Use	100 years	100 years	278	Kms
Bridges - Guard rails		40 years	40 years	29	Bridges
Bridges - Super structure		80 years	80 years	29	Bridges
Bridges - Substructure		80 years	80 years	29	Bridges
Footpaths and Cycleways - Kerb		50 - 60 years	50 - 60 years	8.45	Kms
Footpaths and Cycleways - Footpath concrete		40 years	40 years	3.7	Kms
Footpaths and Cycleways - Footpath bitumen		20 years	20 years	1.6	Kms
Stormwater pipe and pits		100 years	100 years		Length of Pipe 2500kms/ Qty 93 pits
Airport Infrastructure - Runways & Taxiway Pavement - Foam Stabilised		30 years	30 years	1.7	Kms
Airport Infrastructure - Runways & Taxiway Pavement		30 years	30 years	1.2	Kms
Airport Infrastructure - Runways and Taxiway Bituminous Seal		15 years	15 years	2.9	Kms
Plant & Equipment		5 - 15 years	5 - 15 years	various	
Recreation Leisure & Community Facilities		15 years	15 years	various	
Waste Management - Landfill site works		50 years	50 years	various	
Waste Management - Waste Cells		3 years	3 years	as required	

5. Land - Council owned Land

Land was valued utilising the municipal valuations undertaken by the Office of the Valuer General as at June 2017. The valuation of Land is at Fair Value based on the highest and best use permitted by relevant land planning provisions.

Flinders Council has identified that there is a need to review the use of land assets held by Council, and whether some of these assets may be released for public sale, to aid future funding or achieve better utilisation of community resources.

Land Under Roads: Council recognised the value of Land Under Roads it controls at Fair Value. Land Under Roads was revalued at 30 June 2020.

In 2012, an Airport Masterplan was developed to provide strategic direction for the Airport site, and future opportunities were identified in the masterplan. Some of these included development of commercial and private hangars, fuel storage and a potential industrial precinct areas. Future strategies in respect of Airport Land utilisation will need to be reviewed alongside Councils' assumptions in respect of the Airport Runway assets.

An independent review has been conducted in prior years, which identified that there is a shortage of available and affordable housing on the Island. From the analysis table below of Property at Fair Value, there is very limited scope for Council to utilise its Land assets to support future strategies to improve the housing shortage.

Land - Property at Fair Value	3197
Land - Under Roads	2053
Total Land	5250

Land - Property at Fair Value:	3,197
Airport	430
Cape Barren	58
Cemeteries	147
Communications Facility	19
Crown Section 12	448
Depot	170
Gallery	16
Halls	94
House	104
Lady Barron Tennis Courts	83
Museum	70
Public Open Space	249
Public Toilets	122
Quarries	685
Tip and Transfer Stations	372
Whitemark Lagoon	42
Whitemark Tennis Courts	90

6. Buildings and Improvements

6.1 Buildings Valuation

The Fair Value of Buildings was determined by the Officer of the Valuer General at 30th June 2017.

FLINDERS COUNCIL Classification 1	ASSET RENEWAL PLAN 2021 to 2031 Classification 2	Closing Cost at 30 June 2020	Closing Accum Depreciation at 30 June 2020	Closing Book Value at 30 June 2020
		000's	000's	000's
Buildings	Buildings	4,700	330	4,370
Land Improvements - Quarries	Buildings	155	36	119
Leasehold Improvement	Buildings	403	46	356
Leasehold Improvements at Replacement Cost	Buildings	2,063	84	1,980
TOTAL BUILDINGS, IMPROVEMENTS AND LEASEHOLD IMPROVEMENTS		7,321	496	6,825

Closing Cost at 30 June 2020

Description	Buildings	Land Improvements - Quarries	Leasehold Improvements - at Replacement Cost	Leasehold Improvements at Fair Value	Total
Airport buildings	1,909,703				1,909,703
Art Gallery	39,956				39,956
Boat ramps				117,766	117,766
Cemetery	6,000				6,000
Council Main Office & Halls	12,369		1,976,056		1,988,425
Emita Hall	465,186				465,186
Holloway Park				120,720	120,720
House - Robert St	230,000				230,000
House Martin St	141,000				141,000
Lady Barron Memorial Hall	667,565				667,565
Lady Barron Tennis Court	52,500				52,500
Memorial Emita	15,318				15,318
Museum Emita	210,000				210,000
P&G Bakery Park	6,000				6,000
Public Toilets	61,417		87,274	164,107	312,798
Quarry Canns Hill	45,000	111,712			156,712
Quarry Lughrata	40,000	43,407			83,407
Quarry Manns Pitt	10,000				10,000
Whitemark Showgrounds	245,664				245,664
Whitemark Tennis Courts	20,000				20,000
Whitemark Waste Site	102,500				102,500
Works Office Depot	273,193				273,193
Works SES buildings	146,245				146,245
Closing Cost at 30 June 2020	4,699,616	155,119	2,063,330	402,593	7,320,657

Written Down Value at 30 June 2020

Description	Buildings	Land Improvements - Quarries	Leasehold Improvements - at Replacement Cost	Leasehold Improvements at Fair Value	Total
Airport buildings	1,777,552				1,777,552
Art Gallery	34,608				34,608
Boat ramps				106,492	106,492
Cemetery	5,596				5,596
Council Main Office & Halls	12,266		1,896,905		1,909,171
Emita Hall	421,430				421,430
Holloway Park				103,834	103,834
House - Robert St	214,826				214,826
House Martin St	131,373				131,373
Lady Barron Memorial Hall	639,988				639,988
Lady Barron Tennis Court	48,965				48,965
Memorial Emita	13,266				13,266
Museum Emita	195,858				195,858
P&G Bakery Park	5,596				5,596
Public Toilets	55,145		82,909	145,806	283,860
Quarry Canns Hill	42,300	78,198			120,498
Quarry Lughrata	37,600	40,803			78,403
Quarry Manns Pitt	9,340				9,340
Whitemark Showgrounds	230,911				230,911
Whitemark Tennis Courts	18,653				18,653
Whitemark Waste Site	95,779				95,779
Works Office Depot	257,387				257,387
Works SES buildings	121,129				121,129
Written Down Value at 30 June 2020	4,369,569	119,001	1,979,815	356,131	6,824,516

Buildings and facilities were physically inspected and reviewed in detail in 2018.

The main principles applied during this assessment included (but are not limited to):

- Health and Safety considerations;
- Avoidance of asset deterioration;
- Committed obligations e.g. work required to complete / comply with a grant conditions;
- Age of asset and expected useful life; and
- Physical identification of major assets and their subcomponents.

6.2 Strategies for future Building and Infrastructure acquisitions

In past years, there has been a significant amount of grant funding to upgrade halls and buildings, therefore the asset maintenance program for the next ten years requires very little capital upgrades in this area. In more recent years, Council has received Federal Government funding to repair and maintain community facilities, which will continue into 2022.

Buildings and Facilities of Council span a wide range of assets as listed below. The upkeep and maintenance of these assets include regular cleaning, adhoc repairs and maintenance, ongoing replacement of fixtures and fittings, and intermittent capital upgrades to buildings, which are normally part grant funded.

The ten year program aims to maintain and upgrade existing council assets, and does not account for any new asset acquisitions.

BUILDINGS & FACILITIES CATEGORIES		
Category 1	Category 2	Facility Description
Buildings & Facilities Council Buildings	TMTCO - Council Office	Main Council Office, with public access to Visitor Information Centre, Community Development and Development Services.
Buildings & Facilities Council Buildings	TMTWB - Works Buildings	Works Depot sheds and outbuildings; Plant and Equipment housing and maintenance.
Buildings & Facilities Council Buildings	TMTWO - Works Office	Works Depot house/office.
Buildings & Facilities Halls	TMTFAEC1 - FAEC Hall	Whitemark FAEC public hall, Rose Garden Room and Memorial; For use by Council and Community for meetings and events.
Buildings & Facilities Halls	TMTLH1 - Lady Barron Hall	Lady Barron Memorial public hall. Used by Community and Council for meetings and events. It also has a section designated for the gym.
Buildings & Facilities Houses	TMTH1 - Robert Street	House - Council rented staff accommodation.
Buildings & Facilities Houses	TMTH3 - Martin Street	House - Council rented staff accommodation.
Buildings & Facilities Other	TMTAG - Art Gallery	Whitemark - Leased to Furneaux Community Arts. Building maintained by Council.
Buildings & Facilities Other	TMTMAC1 - Maintenance - Child Care Centre	Whitemark - Leased to Northern Children's Network. Building maintained by Council.
Buildings & Facilities Other	TMTMU1 - Museum Building	Emita Museum, Council maintains the exhibition building and lawn mowing. The Furneaux Historical Research Association Inc. maintains the Artifact Buildings and upkeeps the gardening.
Buildings & Facilities Public Toilets	TMTPT1 - Public Toilets- All 4	Public Toilets at Whitemark Foreshore, Yellow Beach, Killiecrankie and Lady Barron Tennis Courts (and all include showers).
Buildings & Facilities Recreation Facilities	TMTMAH1 - Maintenance - Holloway Park	Lady Barron Holloway Park utilised by Community groups. Leases provided to Lapidary Club, and Furneaux Maritime History Association Inc. (FMHA). Building maintained by Council.
Buildings & Facilities Recreation Facilities	TMTMAK1 - Maintenance- All BBQs	Barbeques are at Whitemark Foreshore, Yellow Beach, Killiecrankie, Allports, and Council cleans and provides gas for the free BBQs.
Buildings & Facilities Recreation Facilities	TMTMAS1 - Maintenance - Whitemark Showgrounds	Whitemark Showgrounds utilised by the Community for a range of recreational activities, e.g. Annual Show; Pony Club; Junior Football; Lions Club Market; Community Shed and various events.
Buildings & Facilities Recreation Facilities	TMTMAS2 - Maintenance - Emita Sports Ground	Emita Sports Club utilised by the Community for a range of recreational activities, e.g. Twilight Cricket; Emita Sports Day; School Holiday Programs; various events.
Buildings & Facilities Recreation Facilities	TMTMAT1 - Maintenance - Tennis Courts Lady Barron	Public Space for Community exercise.
Buildings & Facilities Recreation Facilities	TMTWG1 - Whitemark Gym	Lions Club Building is leased to Council for the purpose of providing a gym in the Whitemark township.
Buildings & Facilities Recreation Facilities	CDVLBGYM - Lady Barron Community Gym	Lady Barron hall is utilised to provide a gym space in the Lady Barron township.
Buildings & Facilities Recreation Facilities	Library (not owned by Council)	Island Library; Not a Council-Owned asset, however historic practice is to maintain some of the exterior building maintenance and public toilets.
Airport Buildings	AIROB1 - Airport - Office Buildings	Airport Depot sheds and office.
Airport Terminal	AIRTB1 - Airport - Terminal Building	Airport Terminal leased to Sharp Airlines and Flinders Island Car Rentals. Building is maintained by Council.
Roads & Streets Boat Ramps	TMTMAB1 - Maintenance - Boat Ramps	Main boat ramps include: Whitemark, Palana and Port Davies.
Emita Monument Cemetery	Emita Cenotaph Grounds and Niche Wall	ANZAC Memorial. Cemetery grounds and Niche Wall for placing ashes.
Works SES buildings	SES Buildings	State Emergency Services (SES) meeting room and sheds, to house SES vehicles and equipment.
Whitemark Tennis Courts	Whitemark Tennis Court	Redundant tennis court, with expressions of interest released in June 2021 for potential sale.
Whitemark Waste Site Bakery Park	Waste Site improvements P&G Bakery Park	Waste Site improvements - sheds. Shade structure.

7. Roads, Bridges and Traffic Infrastructure (Footpaths and Cycleways)

The Roads, Bridges and Traffic infrastructure comprise 59% of the total Council assets. Individual asset management plans have been developed to address Council's priority needs over the next ten years, using condition assessments, benchmarking, and independent asset inspections.

7.1 Roads

7.1.1 Road Overview

Council categorises its road infrastructure as rural roads and then further subcategorises these into sealed and unsealed roads. A further classification is used to determine the High, Medium and Low use roads, to determine the road Useful Economic Life.

All road segments are divided into Formation, Pavement and Surface components. Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

The present condition of the road network is in reasonably good shape, and the resealing program is ahead of schedule. The 2021/2022 Budget Estimates has reviewed the resourcing levels to ensure the basic maintenance schedule of the Roads and Streets can be achieved.

Capital Category and Classification of Road Works.

Category 1	Category 2	Category 3 Traffic Use
Sealed	Formation; Pavement; Surface	High-Use
Unsealed	Formation; Pavement; Surface Resheet	High-Use; Med-Use; Low- Use

Maintenance Category and Classification of Road Works.

Category 1	Category 2	Category 3 Traffic Use
Sealed	Bitumen Patching; Edge breaks; Gravel shoulder edging; Slashing; Herbicide spraying; Roadside guideposts and signage; drainage works.	High-Use
Unsealed	Potholing; Grading; Slashing; Herbicide spraying; Roadside guideposts and signage; drainage works.	High-Use; Med-Use; Low- Use

Road Network

Sealed Road Network

	High-Use	Medium-Use	Low-Use	Total
Sealed (Bitumen) Kms	75	0	0	75
No of Roads	33	0	0	33
Main Roads based on length of road	Palana, Lackrana and Memana, Lucks, Melrose, Bluff, Port Davies, Thule, Franklin Parade, Barr Street.			
State owned, managed by Council	State Growth Road - Lady Barron (28 km)			28

Unsealed Road Network

	High-Use	Medium-Use	Low-Use	Total
Unsealed (Gravel)	51	104	125	279
No of Roads	3	17	20	40
Main Roads based on length of road	Coast, Palana, Trousers Point.	Fairhaven, Melrose, North East River, Wingaroo, Memana gravel.	Five Mile, Thule, Big River, Edens, Logan, Lagoon, Boat Harbour, Wallinippi, Reedy Lagoon, Summers, Summer	



7.1.2 Roads Program - Planned Expenditure

The long-term roads capital and operational program below has been aligned to the expected useful lives of assets, and to ensure the Roads to Recovery and Financial Grant Assistance conditions have been met.

FLINDERS COUNCIL Classification 1	Roads, Bridges and Traffic Infrastructure program 2021 to 2031 Classification 2	Classification 3	Total 10 years 000's	Number of Kms
Roads	Roads, Bridges and Traffic Infrastructure	Capital	4,761	
Roads Formation	Construction		-	
Roads Pavement	Reconstruction		1,005	10
Roads Surface Sealed	Reseals		1,688	24
Roads Surface Unsealed	Resheeting		2,068	96
Bridges	Roads, Bridges and Traffic Infrastructure	Capital	197	
Drainage	Stormwater Infrastructure	Capital	-	
Footpaths & Cycleways	Roads, Bridges and Traffic Infrastructure	Capital	112	
Land Under Roads	Land	Capital	-	
TOTAL CAPITAL COSTS			5,070	130
Maintenance Program Costs excl depreciation	Roads, Bridges and Traffic Infrastructure	Operations	6,109	
TOTAL OPERATIONAL COSTS			6,109	
TOTAL ROAD PROGRAM			11,179	

Roads Capital Maintenance Program

The projected capital expenditure for the next ten years on Roads is \$4.8 million, which includes CPI of 3%.

Capital Road Program for ten year period 2021 to 2031

Asset Category	Cost per Km \$	Planned for ten year period 2021 to 2031 in Value (including 3% CPI) \$	Planned for ten year period 2021 to 2031 in Kms	Annual average Kms	Annual average Kms benchmark	% Achieved
Resheeting	\$18,800	2,067,583	96.5	9.6	13.0	74%
Resealing	\$60,000	1,688,200	24.4	2.4	3.8	65%
Reconstruction - Sealed	\$90,000	1,005,000	9.6	1.0	1.7	57%

- **Resheeting**

Resheeting applies to gravel roads only, and is the replenishing of gravel for unsealed surfaces. Gravel is obtained from our quarries, and it is assumed that materials are consistent across the ten year period. Council has scheduled resheeting works evenly throughout the ten year period, in alignment with the asset management requirements and the financial cash management plans.

The Unsealed Road network is approximately 279km, and 14 years is applied on High-Use roads, 19 years on Medium-Use roads and 25 years on Low-Use roads.

The resheeting program allows for 74% of the target kilometres(kms). This means that the focus will be on the high and medium use roads in the next ten years. The cost per km for resheeting is calculated at \$18,800, based on an average of 6000 square metres (sqm).

The benchmark over the total network of 279 km applies a mean average of 21 years to give an average of 13 km a year.

- **Resealing**

Resealing is performed inhouse, and consists of applying a spray seal of bitumen and aggregate. Labour and material costs are assumed to be consistent across the ten year period.

The cost per km for resealing is calculated at \$60,000, based on an average of 6000 sqm. The total kms planned for the ten year period is 24.4 km and includes 10 kms to be allotted to reconstruction sealing.

The benchmark takes the total network of 75km and divides it by an average of 20 years useful economic life, as applied by the asset forecast, to achieve an expected 3.8 average kms.

- **Reconstruction**

The cost per km for reconstruction is calculated at \$90,000, based on an average of 6000 sqm. The total kms planned for the ten year period is 9.6 km. The reconstruction requires specialist contractors to stabilise the pavements, prior to sealing (which is done inhouse - see resealing above).

Reconstruction of Palana Road and Memana Road uses the assessment as indicated in the Pitt and Sherry report. For all other sealed roads we have assumed that a similar estimate would apply as the pavement materials are consistent.

The benchmark applies the 2018/19 Pitt and Sherry report for Palana and Memana Road, which recommended that 50% reconstruction should be completed within 20 years. Bitumen Roads excluding Streets is 75km, so this would be 1.7km a year.

Roads Operational Maintenance Program

The projected operational maintenance expenditure for the next ten years on Roads is \$6.1 million, which includes CPI of 3%. This includes the additional 'Local Roads and Community Infrastructure Grant' (LRCI) funding for road maintenance of \$597k, which is budgeted in 2021/22 and 2022/23.

Sealed Road Network - Operational Maintenance Program

	High-Use	Medium-Use	Low-Use	Total
Sealed (Bitumen) Kms	104	0	0	104
Operational Maintenance				
Pothole, patch	2-4 times a year	N/A	N/A	
Edge Breaks	1 times a year (once a year)	N/A	N/A	
Shoulder Edging	0.5 times a year (half the bitumen roads a year)	N/A	N/A	
Slashing	0.5 times a year (half the bitumen roads a year)	N/A	N/A	
Herbicide Spraying	1 times a year (once a year)	N/A	N/A	

Unsealed Road Network - Operational Maintenance Program

	High-Use	Medium-Use	Low-Use	Total
Unsealed (Gravel)	51	104	125	279
Operational Maintenance				
Grade	3-5 times a year	1-2 times a year	0.5-1 times a year	
Pothole	3-5 times a year	1-2 times a year	0.5-1 times a year	
Slashing	0.5 times a year	0.25 times a year	0.25 times a year	
Herbicide Spraying	1 times a year	1 times a year	1 times a year	

7.1.3 Road Grants

Council receives a Roads to Recovery Grant which averages \$300k per annum, and also allocates 28% of the Financial Assistance Grant to the roads program.

In addition to the above grants, Council actively seeks further grant funding to assist the roads program. In 2022/23 the Council will be utilising the LRCI Grant of \$ 597k over two years to focus on increasing the maintenance of 'Low Priority' roads in the upcoming years. 50% of this grant has been included in the 2021/2022 Budget Estimates.

Council have placed the Palana Road on the priority list for upgrade, and the Tasmanian State Government has awarded \$2 million towards the reconstruction of the Palana Road. This has not been included in the LTAMP as yet and will be included when funds and costs are reasonably assured and committed to by Council.

7.2 Bridges

Bridge Infrastructure consists of 29 bridges. All the bridge structures have been converted from timber to concrete.

The guard rails on bridges were not meeting the required standards so the long-term strategy is to upgrade all the guard rails. The capital program plans to complete this exercise by 2023. Council has spent \$240k on the guard rail upgrade program between 2018 and 2020, and the program is near completion as at 30 June 2021.

In January 2021, the Bowmans Creek Bridge on Lackrana Road failed due to an extreme weather event, which took out the bridge foundation. The bridge will be reconstructed in 2021 using emergency grant funding.

The asset model is based on requirements due to age and does not account for unforeseen events.

Bridges are scheduled for revaluation at 30 June 2021, and general ongoing maintenance on bridges is based on bi-annual bridge inspections by AusSpan.

7.3 Footpaths and Cycleways (includes kerb and channel)

Footpaths have an average useful economic life of 40 years and kerbs have an estimated life between 50 and 60 years. Although no footpath works are flagged in the next 10 years, the program allows for minor essential repairs. Council will seek grant infrastructure opportunities to upgrade the footpath network in future years if required. Concrete Footpaths are only in the townships of Whitemark and Lady Barron, and in recent years (2018/2019) Council has spent \$150k on upgrading Footpaths and Cycleways (which includes a bitumen cycleway in Whitemark to the School). Very little capital upgrades are required in the next ten years.

A **Pedestrian Crossings** survey was completed by a Brighton Council Engineer (in approximately 2015), who identified the Pedestrian Crossings in Whitemark did not meet the current regulatory standards. In 2018 the Council commenced a strategy to improve the Pedestrian Crossings in Whitemark and Lady Barron which was scheduled for completion in 2023. Council has completed approximately 75% of crossings by June 2021, and the balance is on track for completion.

Kerbs and Gutters: in prior years 2018/2019, Council spent \$70k on additional Kerbs and Gutters in Whitemark and Lady Barron, and the planned expenditure for essential replacement of existing Kerbs and Gutters is \$100k.

8 Stormwater

Stormwater Infrastructure consists of pipes and pits in the townships of Whitemark and Lady Barron. The useful life of the assets is approximately 100 years, and therefore there are no planned upgrades in the next ten years. Stormwater assets have a book value of \$330k at 30 June 2020, and are due for revaluation at 30 June 2021. Physical evaluation of Stormwater pipes has indicated drainage issues, which require further investigation in the short to medium term.

Stormwater Infrastructure

Stormwater Infrastructure	Pipe in meters	Pits Quantity
Lady Barron township	1700	52
Whitemark township	800	41
Total	2500	93

9 Airport Infrastructure

Flinders Island, as the largest and most inhabited of the Furneaux Group of islands, is highly dependent on its airport. The airport is wholly owned and operated by Flinders Council, which has the smallest rate base in Tasmania. The highly regulated asset, with ever changing legislative demands places an enormous burden on Council.

The **Airport sustainability** has been questioned and reviewed by previous councils, and there was hope that it could be possible to achieve sustainability. Unfortunately, with recent expenditure outlays on the Airport Long Runway, such a myth has been dispelled, as the \$3.6 million upgrade required 100% grant funding, with Council's inability to fund major infrastructure costs.

User fee increases to maintain normal operations are predicted at 3% for three years, and an ongoing 5% a year. User fee income does not contribute towards the capital upgrades of the runways. If Council attempted to recoup the costs of the runways, this would see significant increases in the Regular Passenger Transport (RPT) flight costs, which would have detrimental consequences for the RPT and smaller charters. We believe this method is not considered tenable given the adverse effects this will have on the price of airline tickets and Council's desire to improve on the affordability of access to the Island.

The airport has two runways - Long Runway just recently upgraded, and a Short Runway which will be in need of upgrade in approximately year 2033. Future upcoming upgrades of the Short Runway and ongoing smaller upgrades to the Long Runway are expected to be \$4 million. Council's inability to provide for this funding therefore requires 100% funding from either the Federal Government, State Government or both.

Assumption: The Long-Term Asset Management Plan assumes that 100% grant funding will be achieved from either the Federal Government, State Government or both, to support the Airport Runway Infrastructure. All other Airport Infrastructure which includes the Terminal Building, Plant and Equipment, will be included in the Asset Management Plan.

The Long-Term Financial Management Plan has allocated the **normal operational maintenance costs**, which average approximately \$460k per annum, towards the Airport operational and servicing requirements, and nil capital expenses are projected for the next ten years.

AIRPORT INFRASTRUCTURE

Written Down Value at 30 June 2020	Long Runway	Short Runway and Aprons	Taxiways	Total
Airport Runway Formation	1,197	756		1,953
Airport Runway Pavement	2,802	659	434	3,895
Airport Runway Surface	647	306	76	1,028
Total	4,646	1,721	510	6,877

Replacement Value at 30 June 2020	Long Runway	Short Runway	Taxiway and Apron	Total
Airport Runway Formation	1,197	756		1,953
Airport Runway Pavement	2,818	1,798	543	5,158
Airport Runway Surface	654	417	126	1,197
Total	4,669	2,971	669	8,308
Segment Length in Kms	1720	1070	155	2945



10 Waste Infrastructure

10.1 Council Planned Expenditure

Waste Infrastructure is at present mainly related to site infrastructure works at the Whitemark Landfill, which include sheds and road works. Future Waste Infrastructure will also include the construction of Lined Waste Cells, as explained below in the Waste Strategy.

Council has planned to spend on average \$303k per annum (as per the Budget 2020/21 expenditure), to manage the Island's waste, and the Capital requirements have a predicted expenditure of \$435k over the next ten years.

10.2 Council Waste Strategy

Council's Waste Strategy has been developed to comply with strict environmental regulations, workplace health and safety legislation, and to ensure longevity of the landfill site.




The previous Council Waste Strategy identified a need to reduce the amount of waste going into Landfill, otherwise Council would require a new site in under ten years. The prior strategy aimed to 'bale collected household bins and deposit them in lined cells'. This strategy has been revised, due to the high estimated costs of bin collection, and the inability to monitor waste streams destined for the baler.

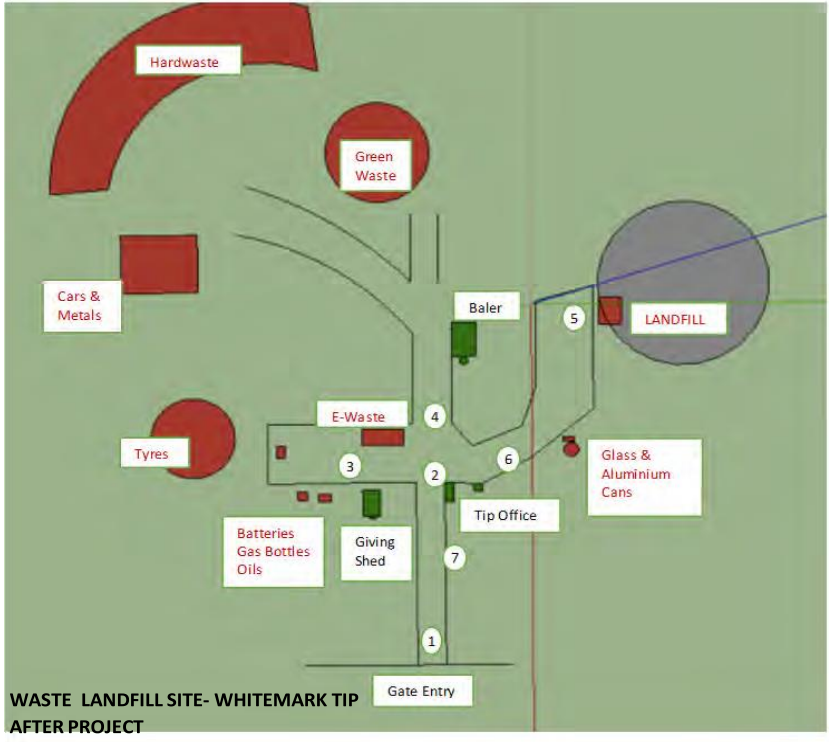
The current waste strategy aims to:

- Sort waste at the Whitemark Landfill and the transfer stations, to enable the baler to operate without risk of contamination;
- Restrict public access at the landfill and transfer stations, to avoid contamination, and address public health and safety needs;
- Build lined cells and a leachate management pond, to comply with environmental regulations;
- Bale segregated waste streams, to limit the volume of waste going into the cell.




In 2020/21 Council has commenced the waste project utilising \$130k LRCI Grant funding and \$160k own source funds to construct the infrastructure required for the strategy. Below slides, show the changes that will take place at the Whitemark Landfill site in the upcoming years.

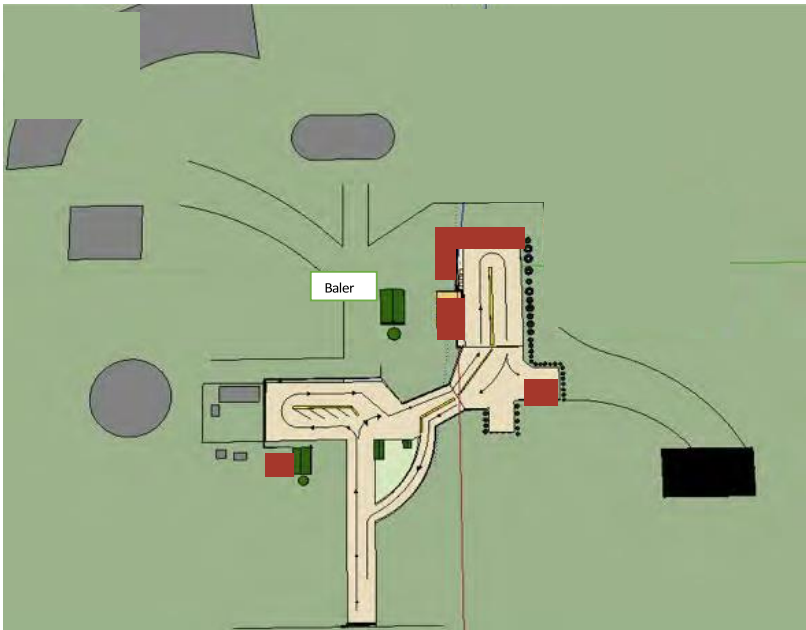
**WASTE LANDFILL SITE- WHITEMARK TIP
BEFORE PROJECT**

-  WASTE AREAS ACCESSIBLE TO PUBLIC
-  WORK SHEDS
-  Road Markings for Points of Reference



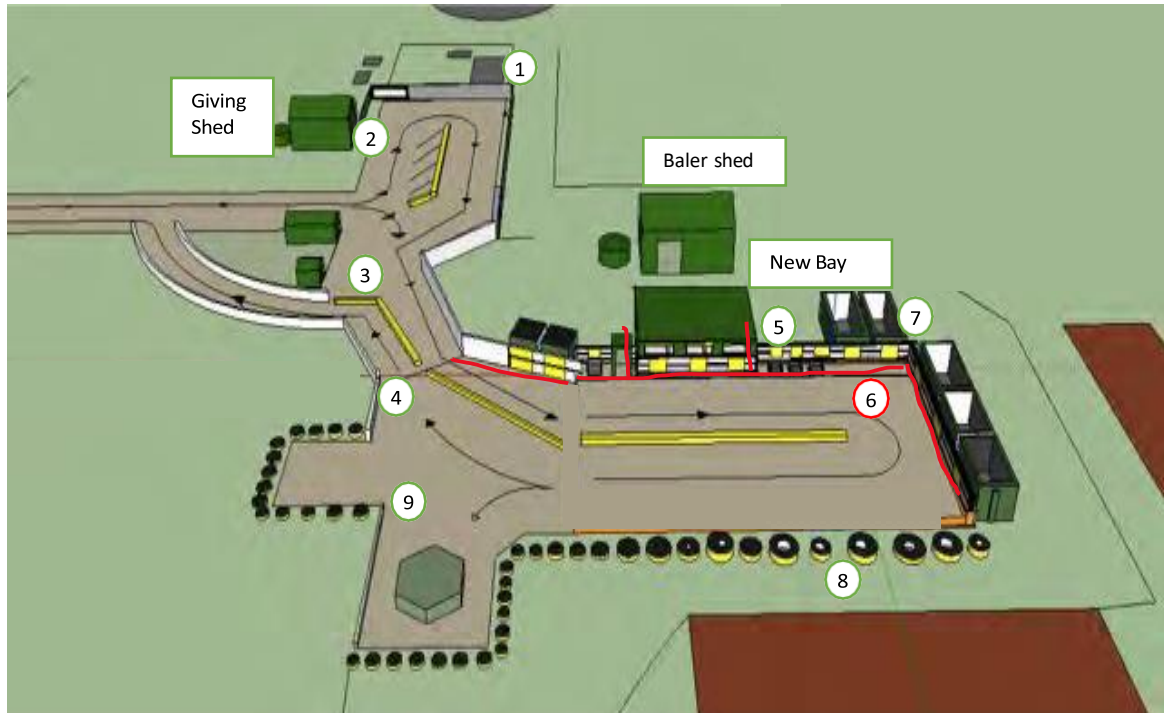
**WASTE LANDFILL SITE- WHITEMARK TIP
AFTER PROJECT**

-  WASTE AREAS ACCESSIBLE TO PUBLIC **NOW CONTAINED**
-  WORK SHEDS
-  Designated access roads for public use



Waste access has been significantly restricted by fencing off areas and creating a new waste deposit area; and new access roadways.

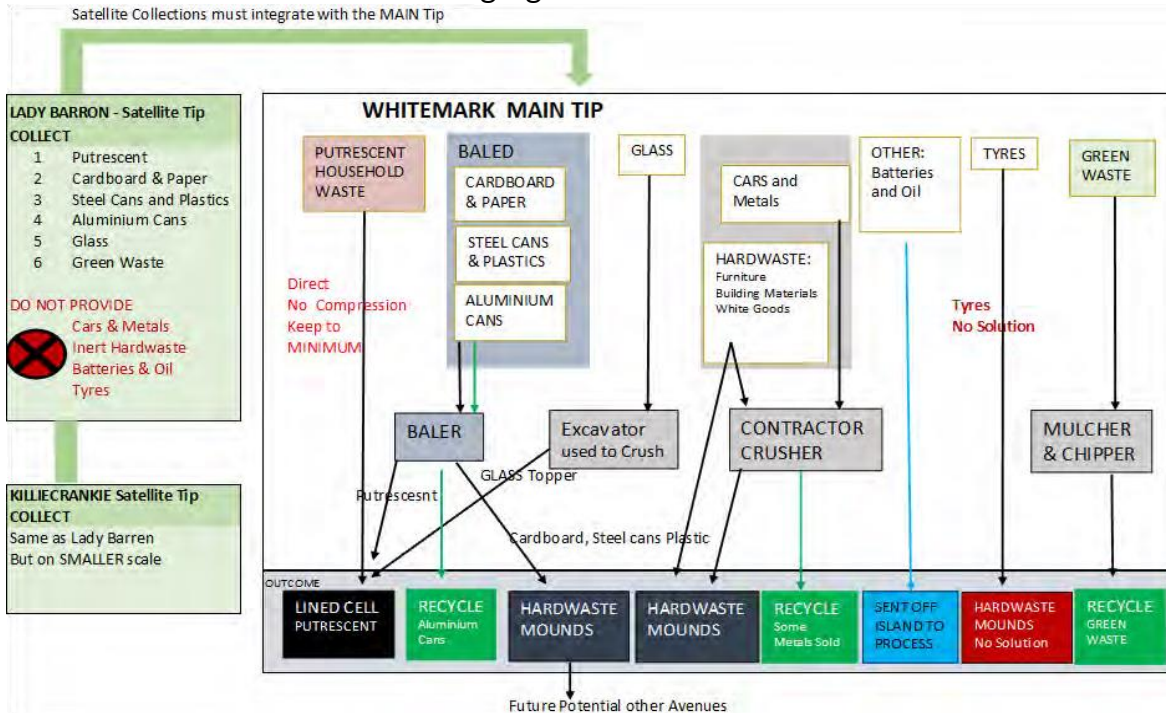
BELOW INFRASTRUCTURE CHANGES:



LEGEND FOR INFRASTRUCTURE:

- ① Fencing off work areas from public access areas.
- ② Creation of safe carparking area for public, adjacent to Giving Shed.
- ③ Vehicular Road Safety Railing and Signage to direct traffic.
- ④ Creation of new access roadways to ensure safe movement of traffic.
- ⑤ Pedestrian Safety Barrier Rail and Waste Signage.
- ⑥ Retained Wall.
- ⑦ Waste bins repainted to remove old signage and prevent rusting.
- ⑧ Tyre wall to prevent access to old Landfill pit. Pit to be filled in.
- ⑨ New areas for Green Waste.

Table below shows the intended segregated Waste Streams of Council and treatments.



10.3 Waste Assumptions

The new waste strategy has forecast \$435k capital expenditure in the next ten years, for initial infrastructure to set up the waste collection stations and ongoing building of lined cells. The number of lined cells required is based on an assumed level of waste streams which affect the tonnage going into Landfill, as per slide below.

WASTE MODEL ASSUMPTIONS					
Assumptions	Field	% Total Waste per Annum (Tonnes)	Baled (tonnes)	Chipped/ Mulch (tonnes)	Land Fill Cell (tonnes)
1a Annual household waste is computed as per ABS; and converted it to average per person- 593 tonnes a year based on 1010 people	Tonnes a year based on 1001 people		545		
1b Additional visitor waste is assumed to increase average by 16% (assumes 8000 visitors contributes 1 week waste each)	Visitor Waste		87		
Total	Total Household Waste		632		
2a 50% of waste is Organic Stream (ORG -green waste & foodscraps & cardboard)	Organic Stream green waste & foodscraps & cardboard	50%	316		
2b 50% is Plastic, Glass and Packaging and Cans stream (PGPC)	PGPC - Plastics Packaging and Cans	50%	316		
3a 30% of Organic waste food scraps is put into lined cell	Food scraps & meat scraps	30%	95		95
3b 25% of Organic green waste - chipped / mulched	Green Waste	25%	79	79	
3c 45% of Organic green waste - cardboard, baled not put in cell	Cardboard	45%	142	142	
4a 33% of PGPC stream is glass - used as capper for cell	PGPC - Glass	20%	63		63
4b 50% of PGPC is Plastics and Packaging - to be Baled - not put into the cell	PGPC - Plastics & Packaging	50%	158	158	
4c 17% of PGPC is Other (sanitary) Landfill - goes straight into the cell	PGPC - Other Landfill	30%	95		95
	Tonnes		632	300	253
				48%	40%

11 Plant and Equipment

Plant replacement and maintenance is affected by the Island's 'Very Remote' disadvantage, where Council is required to hold and maintain expensive, under-utilised plant and machinery.

Hiring local contract plant and equipment is a more expensive option and less flexible, and therefore it is used in limited circumstances, where it is not practicable for Council to use its own resources.

Leasing options, have few gains to be achieved as larger, more expensive machines are purchased second hand (realising cost savings) because of the lower utilisation of assets on Flinders Island. For the small to medium sized assets like vehicles and smaller trucks, the option to lease is not viable as it would be more expensive, and most likely prohibitive due to remoteness.

Council has planned to spend approximately \$4 million to replace aging plant and equipment in the next ten years. The useful life of major plant and equipment is extended through continuous maintenance and lower operational hours. The replacement of plant and equipment has been aligned to the ability of Council to fund the acquisitions.

FLINDERS COUNCIL		Total
Classification 1		planned 10 year Capital expenditure
Plant & Equipment		3,966
Plant & Equipment	Airport Plant	381
Plant & Equipment	Airport Tractor	98
Plant & Equipment	Airport Vehicles	77
Plant & Equipment	Waste Baler	6
Plant & Equipment	Excavator	132
Plant & Equipment	General	355
Plant & Equipment	Graders	767
Plant & Equipment	Loader/Backhoe	428
Plant & Equipment	Mowers	13
Plant & Equipment	Roller	96
Plant & Equipment	Sweeper	35
Plant & Equipment	Tipper Trucks	840
Plant & Equipment	Tractors	150
Plant & Equipment	Trailers	180
Plant & Equipment	Vehicles	262
Plant & Equipment	Waste TipTrucks	144

12 Recreation, Leisure and Community Facilities

Recreation, Leisure and Community assets comprise Playgrounds and the Whitemark Exersite (outdoor gym) area. These were new and upgraded assets which utilised 50% grant funding in 2018/2019. There are no plans for any further capital upgrades in the next ten years, and these areas will be maintained under the operational budget.

13 Fixtures Furniture and Fittings

Fixtures, Furniture and Fittings, as indicated in the table below, consist of various categories. The main assets in this segment relate to Computer hardware and software.

The Computer assets require upgrading to ensure assets are functioning reliably and security of data is maintained. Information Technology (IT), is constantly changing, with an ever- increasing need to keep abreast with the demands of cyber security.

In January 2021, Council has changed its IT Support Provider, and will be working towards improving the network reliability and security in the short to medium term. The long-term future strategic work will need to review and improve Council's Financial and Asset Management programs to gain better efficiencies.

Fixtures, Fittings and Furniture	Original Cost	Written Down Value at 30 June 2020
	000's	000's
IT Software and Hardware	154	32
Fixtures	26	2
Furniture	16	5
Other Equipment	29	14
Paintings and Artwork	14	14
Total Fixtures Fittings and Furniture	239	67

14 Future Potential Asset Acquisitions

The following projects have not been included in the Financial and Asset Management Plans, and will only be included when funds and costs are reasonably assured and committed to by Council.

14.1 Safe Harbour - Lady Barron

In 2019/20, the Federal Government awarded \$3 million for the construction of a Safe Harbour at Lady Barron. The project is currently being scoped to submit for grant approval. The grant has been submitted on the 15th June 2021, and the project, if approved, will commence in January 2022.

Based on previous estimates on the project, the impact on depreciation is estimated to be \$74k per annum (based on depreciated useful economic lives of between 30 and 50 years). The Replacement Cost at the end of its depreciated life is, however, expected to be much lower, as most of the rock wall will not require full replenishment after 50 years. The provision for replacement is therefore estimated at \$20k per annum (as compared to the depreciation of \$74k per annum). The facility would require some minor maintenance to ensure safety of the road/jetty. Council anticipates full grant funding for future upgrades.

14.2 Reconstruction of the Palana Road

The Palana Road Priority Project, aims to extend the current State Growth Road to form the main transport backbone for Flinders Island. The project is to 'Reconstruct and seal Palana Road, and then transfer ownership to the State Government.

The Palana Road has a 29 km stretch of unsealed road. If the grant is secured, this would allow approximately 10 km of the unsealed road to be sealed.

The Tasmanian State Government has awarded \$2 million towards the reconstruction of the Palana Road in May 2021.

14.3 Veterinary Facilities

In May 2021, State Government committed \$980k for the provision of Veterinary Facilities on Flinders Island.

15 Asset Planned Expenditure

15.1 Capital Planned Expenditure

The planned expenditure for the upcoming ten years focuses heavily on the road program, and the replacement of aging plant and machinery. The Replacement Costs in the table below include 3% CPI.

The previous strategic focus concentrated on the acquisition of new infrastructure (such as quarry's, public toilets, and contribution to the major Telstra upgrade). Grant and Council funding was channeled towards improving the community's halls and facilities, and in 2020/21 the LRCI grants of \$298k and \$225k allowed for further upgrades to buildings and facilities.

The Airport has no planned infrastructure in the upcoming ten years, as major upgrades to the Long Runway, Taxiway and Lights were recently completed in June 2020 at a cost of \$3.6 million, which was 100% grant funded. The next major infrastructure upgrade will be the Short Runway, which is predicted to be due for upgrade in 2033. The ten year strategy has not made provision for the Short Runway upgrade.

FLINDERS COUNCIL Classification 1	ASSET RENEWAL PLAN 2021 to 2031 Classification 2	Total 10 years
		000's
Airport Infrastructure	Airport Infrastructure	
Roads	Roads, Bridges and Traffic Infrastructure	4,760
Bridges	Roads, Bridges and Traffic Infrastructure	197
Drainage	Stormwater Infrastructure	-
Footpaths & Cycleways	Roads, Bridges and Traffic Infrastructure	112
Land Under Roads	Land	-
Buildings	Buildings	207
FF - Art Work	Plant and Equipment (P&E)	-
Fixtures, Fittings & Furniture	Plant and Equipment (P&E)	46
Furniture & Fittings	Plant and Equipment (P&E)	368
Land	Land	-
Land Improvements - Quarries	Buildings	-
Leasehold Improvement	Buildings	-
Leasehold Improvements at Replacement Cost	Buildings	-
Plant & Equipment	Plant and Equipment (P&E)	3,966
Recreation, Leisure and Community Facilities	Other Assets	4
Waste Management	Other Assets	435
Work In Progress	Roads, Bridges and Traffic Infrastructure	
TOTAL ASSETS		10,096

15.2 Operational Planned Expenditure

Council provides for the operational repairs and maintenance for each department, via the annual Budget Estimates. The budget process evaluates the labour and material resources each year to ensure service levels can be achieved. The extract below with highlighted areas in orange, show the departments which relate to Councils' asset management. In Budget Year 2021/22, Council plans to spend a total of \$2.3 million to upkeep the maintenance and deliver the service requirements for Airport, Buildings, Parks & Gardens, Plant, Quarries, Roads & Streets, and Waste Management. These costs include Council labour costs, and any known grants available.

Council's LTFMP has planned similar ongoing costs, which will vary from year to year with grant funding achieved. The Budget 2021/22 has been used as a base budget to project the Long-Term Financial and Asset Management Plans.

Budget 2021/22 - Appendix 3 - Departmental Expense Analysis

	2020/21 Predicted year End	2019/20 Budget	2020/21 Budget COVID Year	2021/22 Budget	Notes
	000's	000's	000's	000's	
Airport	(357)	(428)	(357)	(460)	
Buildings & Facilities	(444)	(132)	(444)	(350)	Note 1
Community Economic Development	(171)	(209)	(171)	(178)	
Corporate	(1,274)	(1,181)	(1,175)	(1,290)	
Depot	(130)	(128)	(130)	(138)	
Governance	(563)	(604)	(563)	(608)	
Parks & Gardens	(123)	(96)	(123)	(133)	
Planning & Development	(536)	(402)	(536)	(537)	
Plant - Plant Expenses	(213)	55	(213)	(224)	
Private Works	(223)	(453)	(223)	(474)	
Quarries	33	65	33	29	
Roads & Streets	(489)	(409)	(489)	(833)	Note 2
Waste Management	(291)	(185)	(291)	(303)	
Depreciation	(1,632)	(1,602)	(1,632)	(1,720)	
Total Operational excluding Telstra Project	(6,414)	(5,708)	(6,314)	(7,219)	
TELSTRA Operational Project	(5)	(350)	(5)	0	
Total Operational including Telstra Project	(6,419)	(6,058)	(6,319)	(7,219)	

Budget Notes:

1 - The increase in Building and Facilities costs relate to the Local Roads and Community Infrastructure LRCI Grant funding applied for in Budget 2020/21 (\$298k), and \$225k to be applied for in Budget 2021/2022.

2 - Roads and Streets increase relates to LRCI Grant for 50% of \$597k to be recognised in Budget 2021/22, and 50% recognised in Budget 2022/23.

16 Asset Ratios

16.1 Asset Sustainability Ratio

Calculation:
$$\frac{\text{Capital expenditure on replacement or renewal of existing assets}}{\text{Annual depreciation expense}}$$

This ratio approximates the extent to which assets managed by Council are being replaced, as these reach the end of their useful lives. It is calculated by measuring capital expenditure on renewal or replacement of assets, relative to depreciation expense. Expenditure on new or additional assets is excluded (and as such has not been included in the planned forecast).

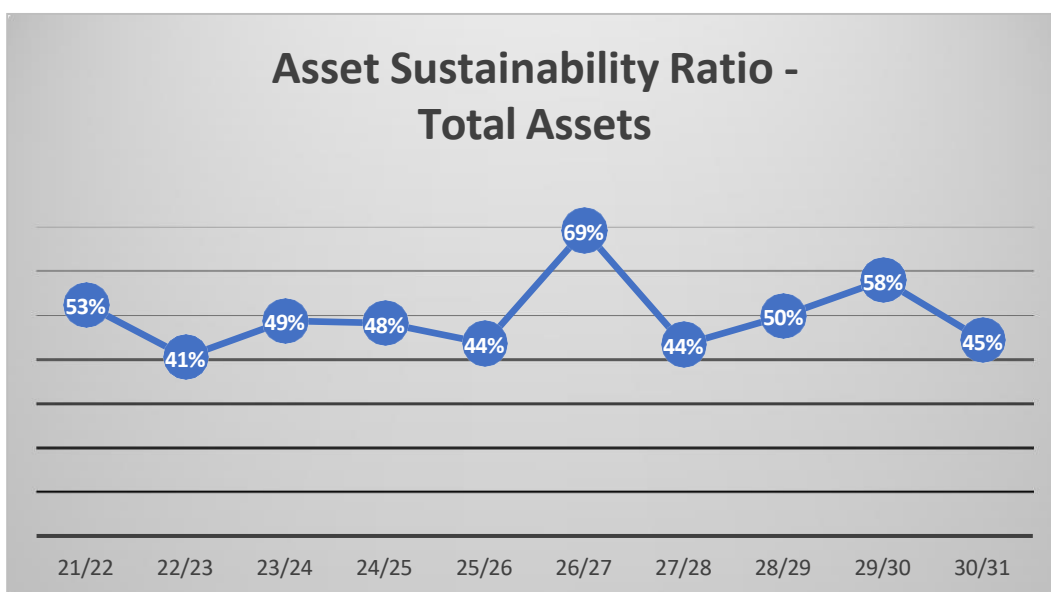
Depreciation expense represents an estimate of the extent to which the assets have been consumed during that period. Measuring assets at fair value is critical to the asset sustainability ratio calculation of a valid depreciation expense value. As the useful life calculated for the depreciation of the road assets is considerably different to the projected useful economic lives applied for the asset forecast, the upcoming years will need to review and align the asset management useful economic lives applied for the purpose of depreciation.

The purpose of this ratio indicates whether a Council is replacing or renewing existing assets at the same rate that its overall asset stock is wearing out.

The standard is met if the ratio is 90% or greater.

Historical ratios indicate that Council has been operating between 254% and 35% over the last four years 2017 to 2020 (as per the Annual Financial Reports), and the significant fluctuation is a result of large asset replacements such as the Airport Long Runway, which have skewed the ratios.

The projected ratios indicate that Council will operate between 53% and 45% over the next ten years, with a fluctuating trend. Spiking in the forecast relates mainly to the prediction for Road Pavement renewal at varying intervals.



The Asset Sustainability Ratio declines from 53% to 45% over the next ten years. Overall it is normal to expect that the ratio will fall gradually over time as 57% of the total asset worth relates to road pavements and bridge structures, which have very long useful lives (50 to 100 years). More than half of the pavement assets relate to unsealed roads, which rarely require replacement, due to the resheeting program continually topping the pavement up. Another reason for the decline is that the Useful Lives of road assets used in the depreciation model, differ to the estimated Useful Lives applied in the asset forecast model; for example, Resheeting depreciates at 10 years but the economic lives are 14 years for High-Use roads, 19 years for Medium-Use roads and, 25 years for Low-Use roads.

16.2 Asset Renewal Funding Ratio

Calculation:
$$\frac{\text{Projected capital funding outlays}}{\text{Projected capital expenditure funding}}$$

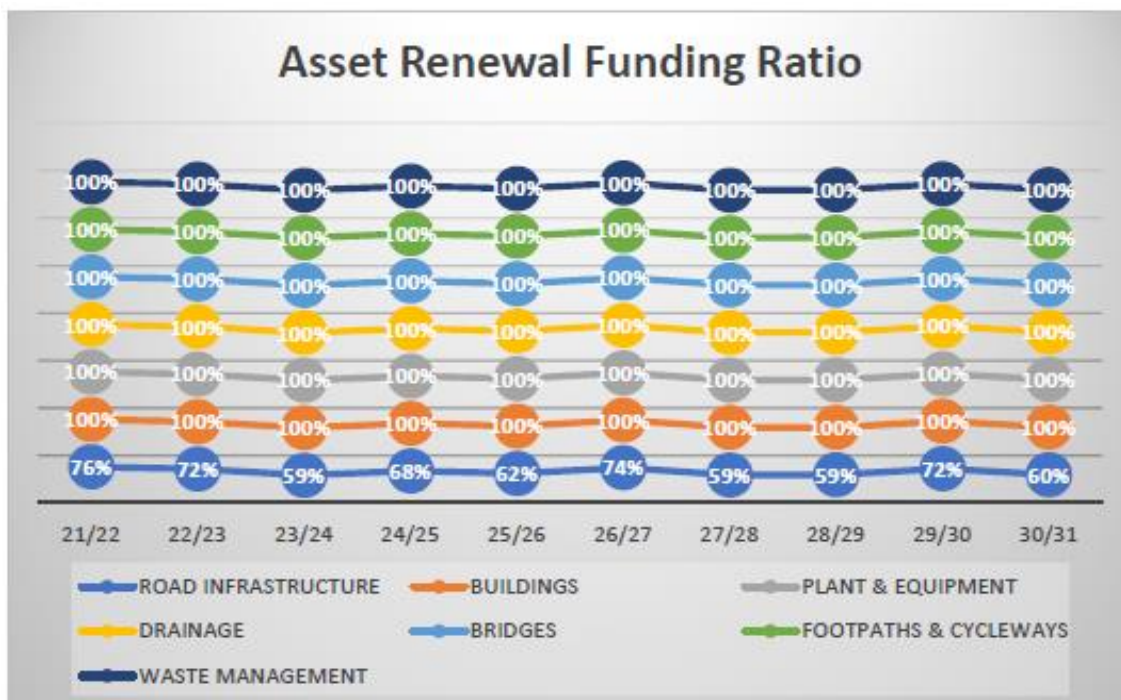
This ratio indicates whether Council has the financial capacity to fund asset renewal as required, and can continue to provide existing levels of services in future, without additional operating income, or reductions in operating expenses.

The purpose of this ratio, is to measure the ability of Council to fund its projected asset renewal / replacements in the future.

The standard is met if the ratio is between 75% and 95%.

Historical ratios indicate that Council has been operating at 100% over the last four years. This is because no long-term asset management benchmark was in place in prior years.

The projected ratios indicate that the majority of Council classes will operate at a 100% to the plan over the next ten years, with the exception of the Roads and the Airport.



Airport

Airport has not been calculated, as no asset infrastructure is required for the next ten years. The next major capital infrastructure in this class is the Short Runway, which is projected to cost \$4 million in 2033. Council has assumed that all major airport infrastructure will be 100% grant funded, and no provisions are made in the financial model for the future upgrade of this asset.

Roads

The asset renewal ratio is based on the benchmark applied for each category of road (i.e. Resheeting, Reconstruction and Resealing). The ratio declines in the roads class from 76% to 60% over the next ten years due mainly to Council's cash requirements. Over the next ten years, Reconstruction of roads is averaging 57% renewal of best practice (as per Pitt and Sherry recommendation); Resealing is forecasting an average of 65% renewal, and Resheeting is forecasting 74% renewal.

The above program, does not account for any additional funding that Council is currently seeking in respect of upgrading the Palana Road. Additional works through grant funding will increase the renewal %. Council is confident that it can achieve some major upgrades in the roads segment through Government lobbying.

16.3 Asset Consumption Ratio

Calculation:
$$\frac{\text{Depreciated replacement cost}}{\text{Current replacement cost}}$$

This ratio seeks to highlight the aged condition of Council's physical assets. If Council is responsibly maintaining and renewing / replacing its assets in accordance with a well prepared asset management plan, then the fact that its Asset Consumption Ratio may be relatively low and/or declining should not be cause for concern – providing it is operating sustainably.

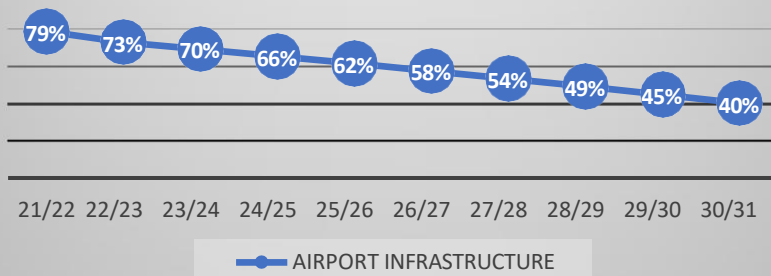
This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.

The standard is met if the ratio is 50% or greater.

Historical ratios indicate that Council has been operating between 66% and 69% over the last four years.

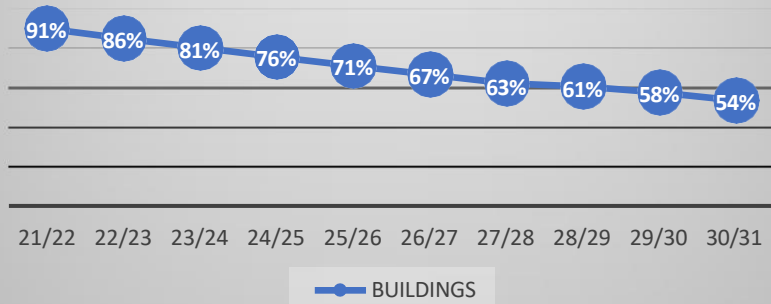
The projected ratios indicate that Council will operate at varying percentage rates, across the different classes over the next ten years.

Asset Consumption Ratio - Airport



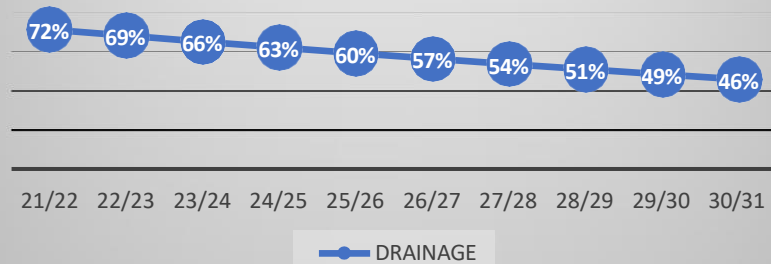
Airport
The ratio declines from 79% to 40% over the next ten years, as a recent major upgrade on the Long Runway was completed in June 2020, and the next major upgrade on the Short Runway is not due until 2033.

Asset Consumption Ratio - Buildings



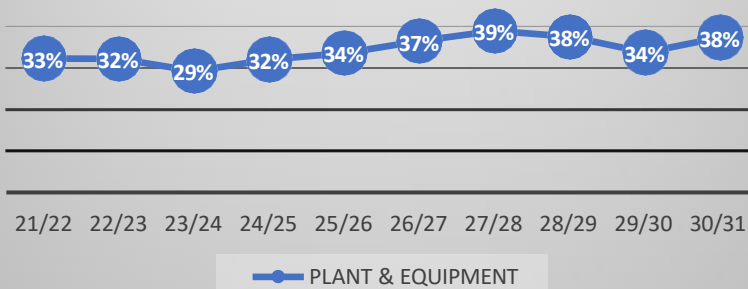
Buildings
The ratio declines from 91% to 54% over the next ten years. Recent years have had significant upgrades and improvements to Buildings and Facilities, and therefore no major expenditure is required for the next ten years.

Asset Consumption Ratio - Drainage



Drainage
The ratio declines from 72% to 46% over the next ten years. The expected useful life for Stormwater pipes and pits is 100 years, and as such the ratio will decline over time, where no expected replacements are required.

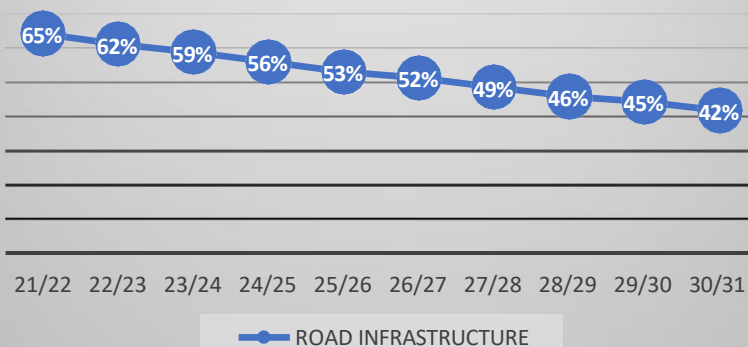
Asset Consumption Ratio - Plant & Equipment



Plant and Equipment

The ratio increases from 33% to 38% over the next ten years. Council has an extensive range of plant and equipment, due to being very remote. The useful life of major plant and equipment is extended through continuous maintenance, and due to low operational hours. Due to Council cash constraints, the replacement of assets has been aligned to the ability of Council to fund the acquisitions. Though the ratio is low, Council are working to improve it over the next ten years.

Asset Consumption Ratio - Roads



Roads

The ratio declines from 65% to 42% over the next ten years. The major reason for the decline, is due to the high proportion of road assets being the road pavement (which represents approximately 50% of road assets), which have a 50 to 100 year lifespan. More than half of the pavement assets relates to unsealed roads, which rarely require replacement, due to the resheeting program continually topping the pavement up. Another reason for the decline is that the useful lives of road assets used in the depreciation model, differs to the estimated useful economic life as per the asset forecast model; for example, Resheeting depreciates at 10 years but the useful economic lives are 14 years for High-Use roads, 19 years for Medium-Use roads and, 25 years for Low-Use roads.

17 Asset Life Cycle and Condition of Assets

17.1 Asset Life Cycle

The lifecycle of the asset gives an indication of the condition of the asset. Although good regular maintenance can prolong the use of an asset, the percentage of life consumed provides a reliable measure to predict where Council should focus future spending.

The lifecycle of the main categories of assets has been calculated using the Council applied useful economic lives of the assets, as per section 7.1.3.

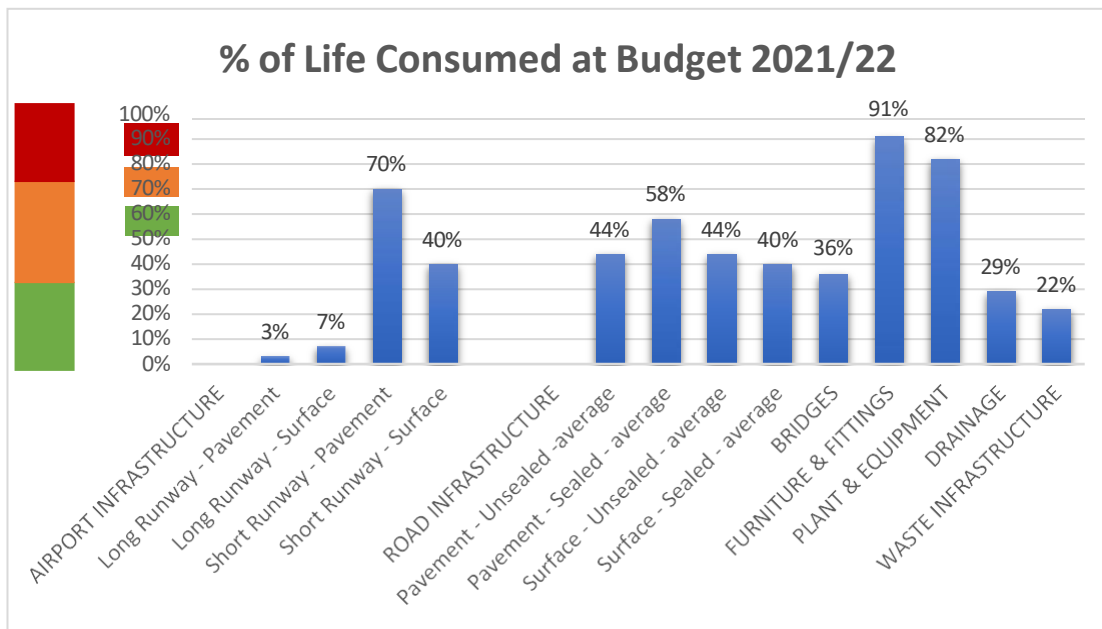
The Buildings category has been excluded from the table below, as major upgrades and repairs alter the true lifecycle of the asset.

The lifecycle percentage has been assessed using a risk barometer as indicated on the graph.

High Risk: Plant and Equipment and Furniture and Fittings.

Medium Risk: Road Infrastructure and Airport Short Runway.

Low Risk: Airport Long Runway, Drainage, Bridges and Waste Infrastructure.



17.2 Condition of Assets Rating

The major category of assets has been rated using a barometer of 'Very Good, Good, Fair and Poor'. The rating has been applied using local knowledge of the assets and analysis of the history of works performed to maintain and upgrade those assets. Future work will refine the rating condition for all major categories of assets.

CONDITION DESCRIPTION	
VERY GOOD	Recently acquired asset, or asset performs to a very high standard
GOOD	Good condition with no indicators of future obsolescence.
FAIR	Aged and in fair condition, providing an adequate level of service. No signs of immediate or short-term obsolescence.
POOR	Will need to renew, upgrade or dispose in the near future. Signs of obsolescence is evident.

CONDITION OF ASSETS - FOR MAIN CATEGORIES VERY GOOD / GOOD / FAIR / POOR	
Category Type	Condition
AIRPORT INFRASTRUCTURE	
Long Runway - Pavement	VERY GOOD
Long Runway - Surface	VERY GOOD
Short Runway - Pavement	GOOD
Short Runway - Surface	GOOD
ROAD INFRASTRUCTURE	
Pavement - Unsealed - average	GOOD
Pavement - Sealed - average	GOOD / FAIR
Surface - Unsealed - average	GOOD
Surface - Sealed - average	GOOD
BRIDGES	GOOD / FAIR
FURNITURE & FITTINGS	FAIR / POOR
PLANT & EQUIPMENT	FAIR
DRAINAGE	GOOD
WASTE INFRASTRUCTURE	VERY GOOD
BUILDINGS	VERY GOOD

18 Summary of Improvements in the next ten years

The Asset Management Strategy and Plan aims to deliver a number of improvements in the next ten years. Below are some of these improvements:

- Providing a framework that aligns to the Financial Management Plan to allow for the replacement of aging Plant and Equipment;
- Reviewing the condition of the road network to refine the predicted useful economic lives;
- Utilisation of LRCI grants to boost the Road maintenance program and the Buildings maintenance program;
- Setting achievable targets to replace Road Infrastructure, whilst adhering to Roads to Recovery Grant conditions;
- Maintaining the standard of Plant and Equipment to meet Health and Safety requirements;
- Focus on core Council activities to ensure best utilisation of resources;
- Focus on priority needs, to manage cash constraints;
- Development of an in-house Asset Management tool to allow for future analytical work to find better efficiency gains;
- Focus on upgrading the Information Technology Systems in the short and medium term, so as to improve the security of Council data systems;
- Construction of Waste Sorting Station and Landfill Cell, to improve the Community's treatment of waste.



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