Asset Management

Narration Script

Huon Valley Council | Candidate and Councillor Knowledge Series

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Slide 1 — Title — Asset Management

Welcome to Asset Management, part of the Huon Valley Council Candidate and Councillor Knowledge Series.

Council holds a portfolio of roads, bridges, stormwater, footpaths, buildings, parks, marine facilities and fleet worth around four hundred and fifty million dollars. Managing it is the largest single financial responsibility Council has.

This module covers what the Act requires, what Council's strategy says, and the decisions that will come to Councillors as a result.

Slide 2 — Before You Begin

Asset management is not a technical subject that belongs to engineers. It is where most of Council's money goes, and it produces some of the hardest decisions a councillor will face.

It is a councillor function. Section 28(2)(b) gives councillors, acting collectively, the function of determining and monitoring the application of policies, plans and programs for the efficient and effective management of assets.

The Act requires four documents that work together — an asset management policy, a strategy, a long-term strategic asset management plan, and a long-term financial management plan that must refer to the asset plan.

Council adopted a new one in 2026, the combined Asset Management Strategy and Long-Term Strategic Asset Management Plan covering 2026 to 2036.

And it asks something of councillors. The Strategy commits Council to a fewer, better assets philosophy. That means consolidation, and consolidation means saying no to some things and letting go of others.

Slide 3 — What the Act Requires

The Act requires four documents, and each one has to point at the others. That interlocking is the whole design.

The asset management policy, under section 70C, must be consistent with the strategic plan and must guide the development of both the long-term asset plan and the long-term financial plan.

The asset management strategy, under section 70D, consistent with the strategic plan and containing at least the matters specified in an order made by the Minister.

The long-term strategic asset management plan, under section 70B. At least ten years, relating to all assets in the classes the Minister has specified as major, consistent with the strategic plan, and referring to the long-term financial management plan.

The Order defines the major classes: roads, bridges and traffic infrastructure; stormwater; buildings; and any other class except land representing five per cent or more of the asset base.

All of it is reviewed at least every four years under section 70E, and published on the website within one month under section 70G, staying there until replaced.

Slide 4 — One Document, Two Requirements

Council's 2026 Strategy is a single document satisfying both section 70D and section 70B, and the reasoning is worth knowing.

The content required by the two instruments substantially overlaps. Both require an outline of assets and services, condition and financial information, management strategies and standards, and an improvement program.

So they were combined. Two separate documents would duplicate the same asset, condition and financial information, adding administrative burden and creating a real risk of the two falling out of alignment over time.

Compliance was mapped rather than assumed. The Strategy contains a consolidated assessment mapping the document against every content requirement of the Order, clause by clause.

Some areas are recorded as met with room to improve — per-class condition detail, reporting the service levels actually achieved, and the costed pipeline of expansion areas. Each is supported by specific dated actions in the improvement plan. That candour tells councillors far more than a table claiming full compliance everywhere.

Slide 5 — What Council Owns

Council's portfolio is worth around four hundred and fifty-one million dollars at gross replacement cost, and it is consumed at roughly six point eight million dollars a year.

The classes are roads and car parks, bridges, stormwater, footpaths and kerb, buildings, parks and open space, plant and fleet, and marine facilities.

Roads and car parks are by far the largest class by replacement cost, followed by buildings and bridges. Together those three are about eighty-five per cent of portfolio value, and carry the highest confidence data.

Two figures are worth distinguishing. Gross replacement cost is what it would take to rebuild today. Written down value is what remains after depreciation, around two hundred and sixty-three million of the four hundred and fifty-one.

Depreciation is the annual bite — around six point eight million a year. That is the cost of simply owning what Council already owns, before anything new is built.

And condition is rated one to five. One is excellent, three is good needing minor maintenance, five is unserviceable. Most classes currently sit better than grade three.

Slide 6 — The Challenge

Here is the argument the Strategy makes, and it does not soften it. Maintaining the portfolio at current service levels will become unaffordable and unsustainable.

The number is stark. Maintaining four hundred and fifty-one million dollars in assets will require at least one hundred and eighty million over the next decade, just to hold current service levels. And every new asset Council acquires adds permanently to that burden.

The Valley's settlement pattern makes it harder — high infrastructure costs relative to population, no economies of scale, assets serving very small populations, and pressure for urban-level services in rural areas. Projected population growth adds to that rather than relieving it.

This is not only a Huon Valley problem. The Australian Local Government Association estimates a national shortfall of one billion dollars a year just to keep local roads in their existing condition.

And there is a legacy. Assets built with grant funds. Infrastructure serving declining populations in some areas while others grow. Facilities built to outdated standards. Multiple small facilities where a consolidated alternative could serve better. And assets acquired without adequate consideration of whole-of-life costs.

None of that is a criticism of past decisions. It is the accumulated result of many reasonable ones, and it now has to be managed.

Slide 7 — Fewer, Better Assets

The Strategy's central commitment is a fewer, better assets philosophy — a deliberate shift from maintaining the existing inventory towards investing in infrastructure that serves the community's current and future needs.

In practice that means prioritising quality and affordability over quantity, embracing strategic consolidation, placing community liveability at the centre of asset decisions, and focusing on outcomes rather than simply maintaining assets because they exist.

Three scenarios were modelled. Business as usual, maintaining everything at current service levels and acquiring at the historical rate. Managed decline, reducing service levels across the portfolio. And strategic consolidation, which is the recommended path — a liveability-based portfolio review, consolidating low-value assets over ten years, and redirecting the savings to priority assets.

Here is what it asks of councillors. Consolidation is not an abstract idea. It means specific assets, in specific places, with communities attached to them. The hall that serves twelve people a month. The road that costs more to maintain than the properties on it contribute in rates.

The Strategy puts it this way: this is not about doing more with less, it is about doing the right things exceptionally well. Councillors will be the ones explaining that distinction.

Slide 8 — Three Dimensions

Condition alone gives an incomplete picture, and this is one of the more useful ideas in the Strategy.

Condition is the physical state of the asset. Functionality is whether it is doing the job it exists to do, for the people who use it. And serviceability is whether it can be operated and maintained reliably — breakdowns, rising reactive maintenance, obsolescence, and what users are saying.

All three matter because each addresses a different aspect of performance. An asset can be in good condition but have poor functionality, like a well-maintained building that is simply too small. Or in adequate condition but poor serviceability, breaking down repeatedly despite the repairs.

The Strategy's own examples make the point better than any definition. An as-new but undersized stormwater pipe that limits subdivision upstream. Dated change rooms crowded by football and soccer clubs year round. Gravel roads that attract hundreds of vehicles daily and need quarterly regrading.

Every one of those assets would pass a condition inspection. None is serving the community as well as it should.

Slide 9 — Liveability as the Decision Tool

Asset decisions are assessed against the Liveability Framework, not against technical criteria alone. That connection is deliberate and it matters.

The reason is straightforward. If criticality is determined purely by engineering measures, the assets that get priority are the ones that are technically worst, not the ones that matter most to the community. Embedding the Liveability Framework changes what criticality means.

Three questions are asked of every asset. Capacity — how many people does it serve, and how does that compare with the cost of providing it? Quality — what is the whole-of-life cost, and what standard does it deliver? And function — which liveability outcome does it contribute to, and how well?

Those questions apply to acquisition, renewal, upgrade and consolidation alike.

For a councillor, this is the practical link between the Liveability Framework and the money. When a proposal to build, renew or dispose of an asset arrives, those three questions are fair to ask, and the Strategy expects them to be answered.

Slide 10 — Paying for It

The Strategy is fully integrated with the Long-Term Financial Plan, and it commits to a funding floor.

That floor is renewal funded at depreciation levels as a minimum. In plain terms, Council commits to replacing what it consumes each year. Fall below that and the portfolio is quietly running down, whatever the budget papers say.

The integration is an annual cycle rather than a one-off alignment, so the renewal requirement and the funding available stay connected.

Capital works are delivered through a rolling three-year cycle, with the ten-year program updated annually and the year-by-year detail in the renewal program, the Long-Term Financial Plan and the annual budget.

Maintenance is delivered at affordable service levels, with defined intervention levels and response timeframes, proactive programming, work-order tracking and transparent reporting.

And the Policy requires future lifecycle costs to be reported and considered in all decisions about new services and assets, and upgrades to existing ones. A councillor asked to approve a new asset is entitled to ask what it will cost to keep for the next fifty years.

Slide 11 — The Implementation Plan

The Strategy is delivered through an implementation plan of fifty task elements over ten years, and its status is a governance point worth understanding properly.

The elements sit under four goals, set by the Strategy's objectives and a maturity assessment of Council's practice. Strategic consolidation. A levels of service framework. Managing risk and resilience, including climate risk. And asset management process management, including closing data gaps.

Each element carries a responsible officer, a target date, a resourcing basis, a priority rating, and a measurable success measure, so delivery can be tracked, reported and audited. Each is rated must have, should have or good to have.

Now the governance point. Council adopted the implementation plan, but adopted it with each of its actions to be assessed individually against the resource levels and priorities of the organisation. It is a prioritised programme of intent, not a funding commitment.

An action is delivered only once incorporated into Council's Annual Plan. The Asset Management Group assesses each year which elements are feasible, and brings those forward. Actions that cannot be resourced are rescheduled within the ten-year horizon.

That distinction matters. A councillor who reads the plan as a promise will be disappointed. A councillor who reads it as a queue will understand why the Annual Plan is where it becomes real.

Slide 12 — What Councillors Do

The Policy sets the boundary, and it follows the same pattern as risk management and policy development.

Councillors adopt the Asset Management Policy, the Strategy and the Long-Term Strategic Asset Management Plan, and review them at least every four years under section 70E.

Councillors allocate the resources. The Policy says Council is responsible for ensuring resources are appropriately allocated to ensure sustainable service delivery, and section 28(2)(e) says the same thing in different words.

Councillors provide high level oversight of delivery. High level is the operative phrase — which culvert gets replaced this month is not a councillor decision.

Ask the whole-of-life question of every proposal to build, upgrade or accept an asset, including gifted assets from subdivisions, which do not always generate net revenue. What does this cost to keep, and for how long?

And carry the consolidation conversation. The Chief Executive Officer develops and implements the framework, and the Asset Management Group oversees capital proposals and delivery. But when a community learns its hall is under review, it is a councillor who will be asked to explain why fewer, better is the right answer.

Slide 13 — Five Things to Remember

Five things to take away.

One. Assets are a councillor function. Section 28(2)(b) puts policies for the efficient and effective management of assets with councillors acting collectively, and section 70E brings them back for review every four years.

Two. Owning costs money before anything new is built. Around six point eight million dollars a year is consumed across the portfolio, and at least one hundred and eighty million over the decade just to hold current service levels.

Three. Fewer, better assets. Strategic consolidation with community liveability at the centre \u2014 prioritising quality and affordability over quantity.

Four. Condition is only one third of the picture. Functionality and serviceability matter equally, and an asset can pass a condition inspection while completely failing the community it serves.

Five. The Implementation Plan is a queue, not a promise. Adopted and prioritised, but delivered only as individual actions are assessed against resources and incorporated into the Annual Plan.