



City of
LAUNCESTON

Strategic Asset Management, an Inconvenient Truth?

M. Skirving & R. Langdon.

International Public Works Conference

25-29 August 2019

An Inconvenient Truth?



Brief overview of the City of Launceston Corporate Planning Project

Project Span - Key Outputs

Focus on our Strategic Asset Management Plan

Key metrics – Organisational profile

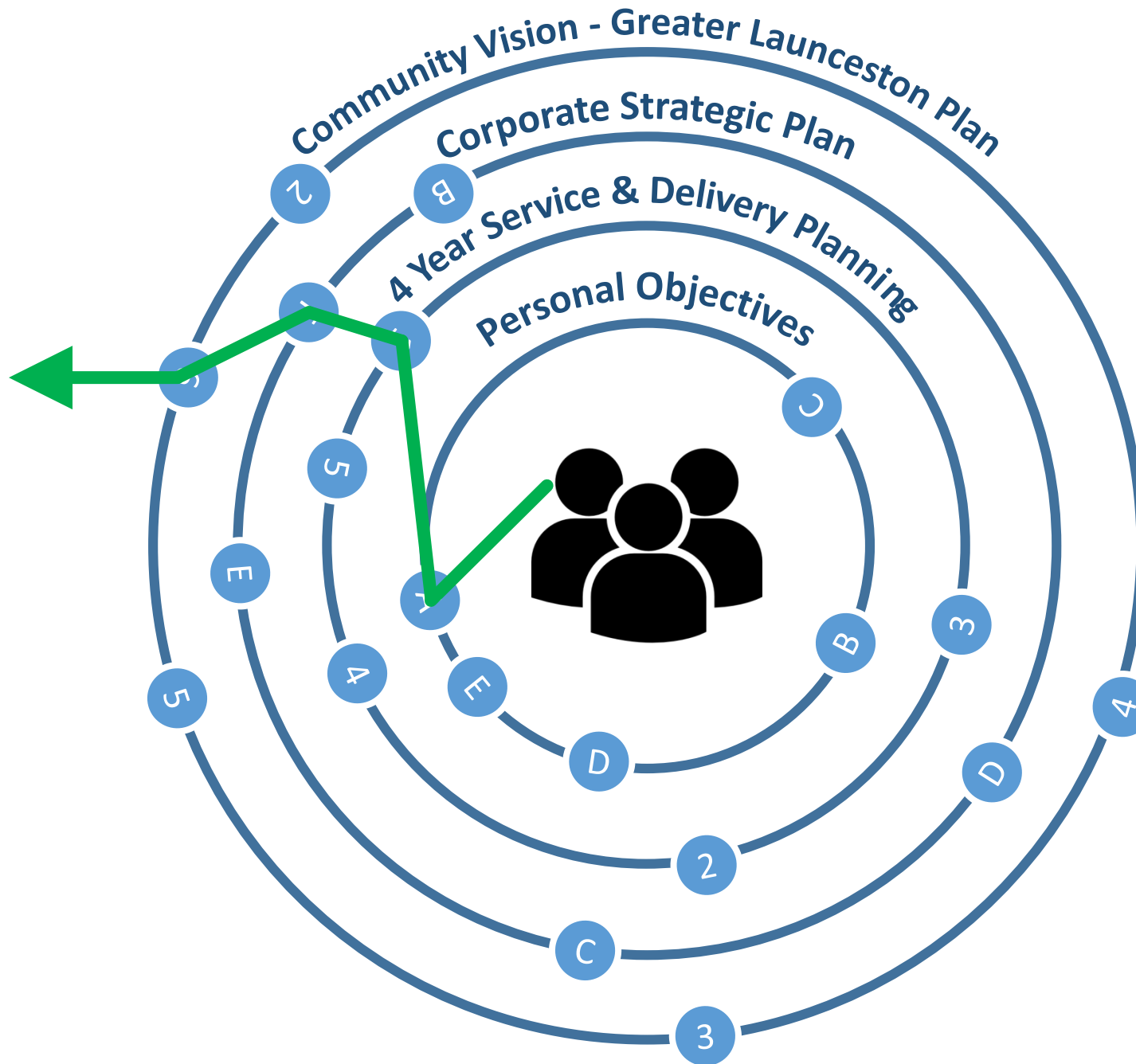
Approach to the development of our SAMP and some of the tools and systems that we utilised

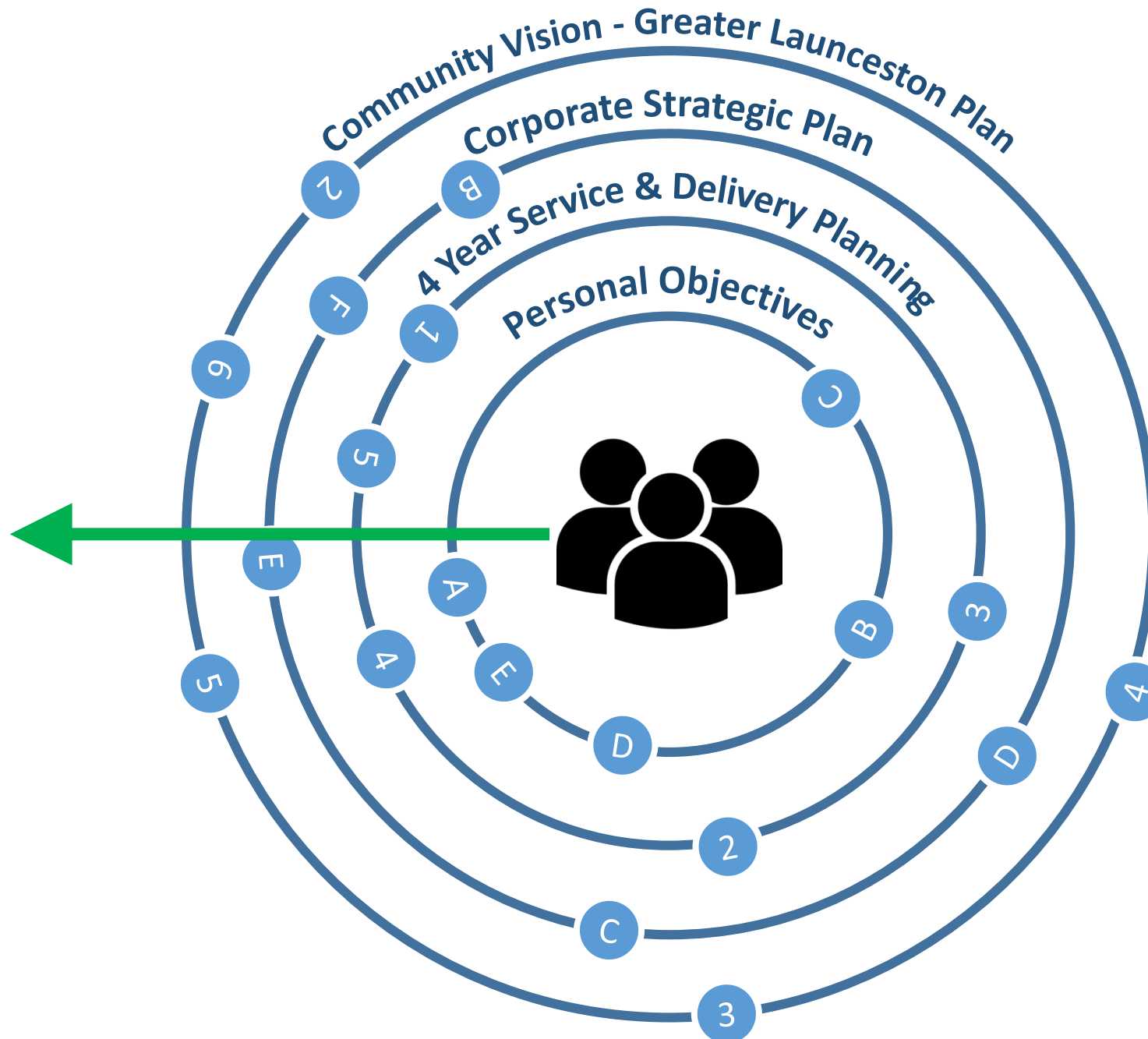
SAMP alignment to strategic priorities – Asset investment decision making tools

Discuss some of the inconvenient truths we encountered

What surprised us – Lessons learnt









Inspired City of Launceston

Our cultural roadmap 2018 - 2022

Purpose: We are a progressive organisation, working with our community to create a positive future for Launceston.



Our people matter



We care about our community



We bring an open mind



We go home safe and well

Vision: Inspired people, working together to create the best outcomes for our community.



Figure 1.1 - 100% Performance Culture, n=49

Focus Areas	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Jul-Sep 2020	Oct-Dec 2020	Jan-Mar 2021	Apr-Jun 2021	➔ Apr 2022
Leveraging OCI / OEI	Current action planning completed in teams	Implementation underway Watercooler page created, with content including themed action plan	Cross-Directorate sharing of early wins	Celebrating wins, improvements and successes		Revisit / develop cultural action plans		Set up for OCI/OEI surveying (August)	Complete OCI/OEI surveying (Sep) Debrief results with EMT/SMT, then our people	Learnings from OEI review identified and actions / changes implemented from this		Repeat OCI/OEI process Apr 2022
Embedding Values & Behaviours	PES updated with new values and behaviours Values in Action: XMas Messaging	Commence recruitment process review Values Roadshow #1 - Safety	Commence developing and testing team-specific behaviours	Scope the values project Commence values-based recruitment	Review performance evaluation and integrate values and behaviours into processes organisationally	Commence 'living our values' workshops across the organisation.	Performance Discussions completed with new values and behaviours	Identify Values Champions and conduct values alignment audit			Performance Discussions completed with new values and behaviours	
Culture Conversations <i>(how we connect)</i>		Reinforce constructive culture messaging through OAP		Develop 'Inspired CoL' key messages and Comms Plan	Develop internal comms approach / framework	Introduce culture conversations tools	Revisit culture conversations tools	Continue processes				
Leadership Transformation	EMT finalise current Leadership Component in Nov	LSI for Councillors commences	Strategic Councilor/EMT/SMT Meetings continue	Develop and implement Leadership Capabilities and Framework (including 'New Leaders' Toolkit)		Tender for Leadership Transformation Component LSI (or similar) with remaining frontline leaders. EMT / SMT retest, deepen understanding, create and continue personal action plans						
Leveraging Leadership <i>(EMT, SMT, + '3 Tier' Mgmt.)</i>	Continue roll-out of DiSC within teams	Continue to embed LSI learnings				Commence facilitated broad-based leadership capability development sessions within Networks and across Teams, transitioning participants into mentors / coaches / highly effective leaders. Content to include Setting and Communicating Expectations, Having Difficult Conversations and Performance Management as priorities.						
Investing in Our People	Implement expanded EAP Continue roll-out of DiSC within teams		Progress centralisation of study assistance	Commence Leading Through Change workshops (Aug)	Consider and progress any learnings from the OAP	Review current learning and development offerings	Develop employee capabilities	Develop organisation-wide Learning & Development Plan	Check in on role clarity + variety	Continue L&D program		
Influencing our Cultural Capability <i>(how we do things)</i>	LEAN Skills Funding application	3 x BALT9 projects commenced, including 'Values-Based Recruitment' for cultural fit	Two-day Safety Circle for Leaders program held Commence Lean Leader Program	Framework and model to support and facilitate Organisational Agility developed		Cascading roll-out of our key cultural principles (Continuous Improvement, Agility, Safety Circle)		Continuation of key cultural principles				
Organisational Alignment	Induction Module review	Commence organisational conversation (OAP)	Consider organisational feedback	Identify priority items and commence change process for roll-out of Networks and Virtual Teams (eg develop framework and toolkit)		Develop Systems and Process Improvement Plan Implement framework to support new ways of working	Continue policy / procedure / system review	Continue to assess effectiveness of OAP changes and share learnings				
	Activating Change				Embedding and Accelerating Change				Consolidating Change			

Elements requiring external support

INTEGRATED CORPORATE PLANNING FRAMEWORK

ENABLERS

- » WHS
- » CI and Lean
- » Engagement Framework
- » Project Management
- » AM Framework
- » Integrated Planning Framework and Toolkit
- » Risk Management Framework
- » Contractor Management
- » Cultural Development Roadmap
- » City of Launceston Values
- » Shared Expectations and Accountability
- » Workforce Planning
- » Change Management (People and Process)



OUTPUTS & OUTCOMES

- » KPIs – Business Outcomes and Community Outcomes
- » Quarterly Reports
- » Annual Report
- » End of Term Report
- » Learnings / Successes
- » Corporate Planning Calendar – Timelines
- » Workforce Planning including:
 - Succession
 - Transition
 - Talent Management
 - Training and Development

LONG TERM FINANCIAL PLAN



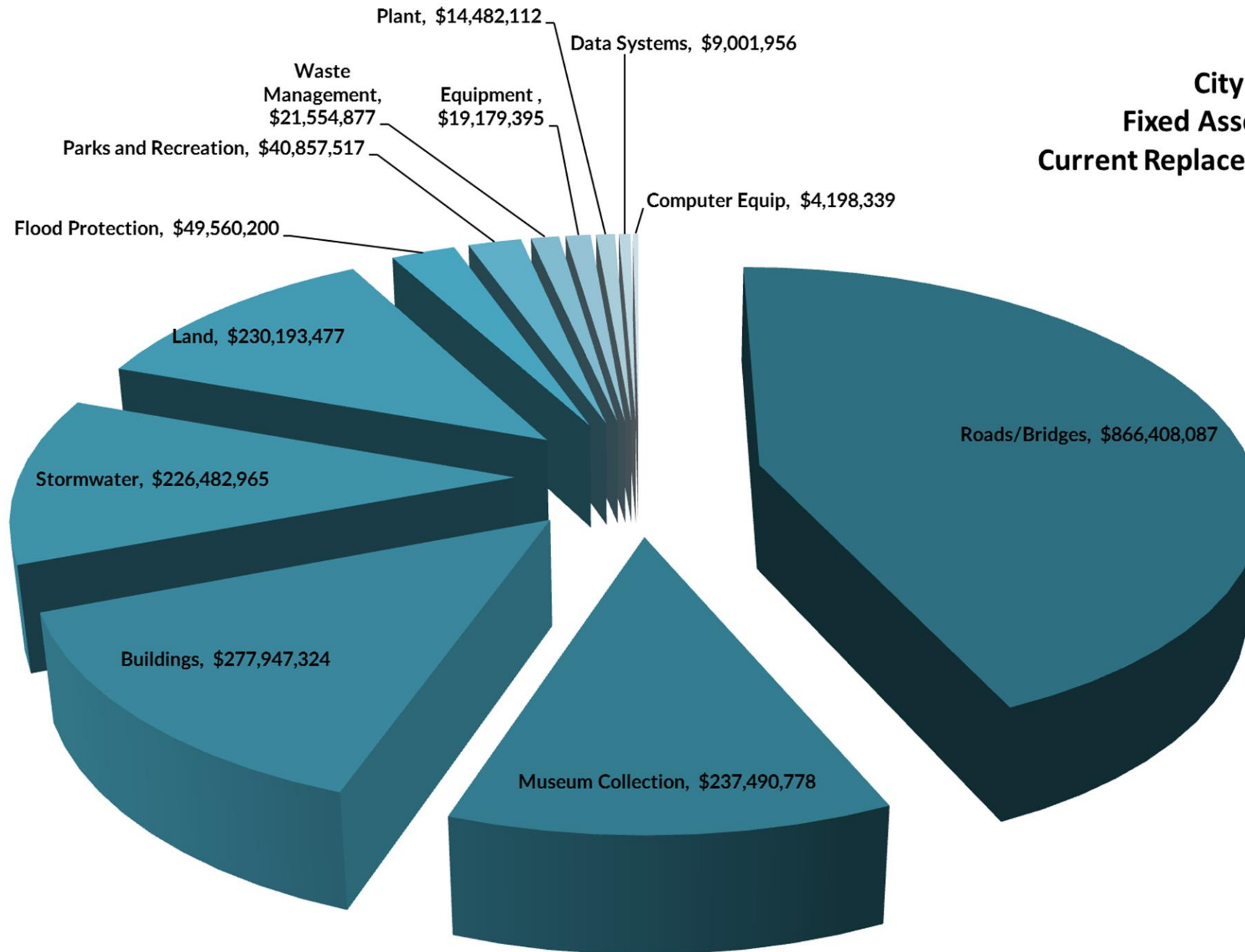
CORPORATE STRATEGIC PLAN



STRATEGIC ASSET MANAGEMENT PLAN



**City of Launceston
Fixed Assets Register by Class
Current Replacement Cost to 30 June 2017**



so, what were the “truths” we had to face ...

This work **is not** about managing assets, it's about providing services to our community ...

AM practice is not a technical endeavour with specialist activities occurring in isolation – and separate from our organisational strategic objectives

Community engagement regarding asset and service level decisions and investment/divestment planning is hard work

Funding “shiny new things” at the expense of maintaining existing assets is always a temptation

GLP Key Directions	City of Launceston Corporate Plan Strategic Themes	Priority Goals	Asset Management Objectives	Measures and Targets
<p>GLP Direction: To foster creative and innovative people and industries.</p> <p>GLP Direction: To promote the economic development of Northern Tasmania.</p>	<p>2. We Facilitate Prosperity by seeking out and responding to opportunities for growth and renewal of our regional economy.</p> <p>We use our influence and resources to deliver the foundations for ongoing economic development.</p> <p><i>We want Launceston to be the heart of a thriving regional economy.</i></p>	<p>2.1 To actively market the City and Region and pursue investment.</p> <p>2.2 To facilitate direct investment in the local economy to support its growth.</p> <p>2.3 To provide an environment that is conducive to business and development within the municipality</p> <p>2.4 To promote tourism and the development of a quality tourism offering for Launceston</p> <p>2.5 To promote and attract national and international events and support the sector to ensure a diverse annual events calendar.</p> <p>2.6 To understand and support the establishment and growth of creative industries in Launceston.</p> <p>2.7 To take a strategic approach to development sites within the municipality to maximise public benefits of development and investment</p>	<p>To develop a lifecycle assessment approach to the provision of infrastructure, with an aim to minimise the whole-of-life cost of assets while maximising the service that is delivered</p> <p>To optimise the service potential of Council assets by maximising utilisation, supporting flexible and alternate usage, and encouraging shared access to new and existing assets</p> <p>To investigate opportunities to balance the long-term affordability of assets with short term desirability, changing user group demands and future community needs</p> <p>To investigate alternate asset investment strategies and revenue generation opportunities associated with Council service provision</p>	<p>Implement and use asset investment analysis and business case tools for all CAPEX projects above \$1M for 2019/20 Budget Process</p> <p>Expand the utilisation of the Asset Investment Analysis tool to assess projects above \$500k for 2020/21 Budget process and future years</p>

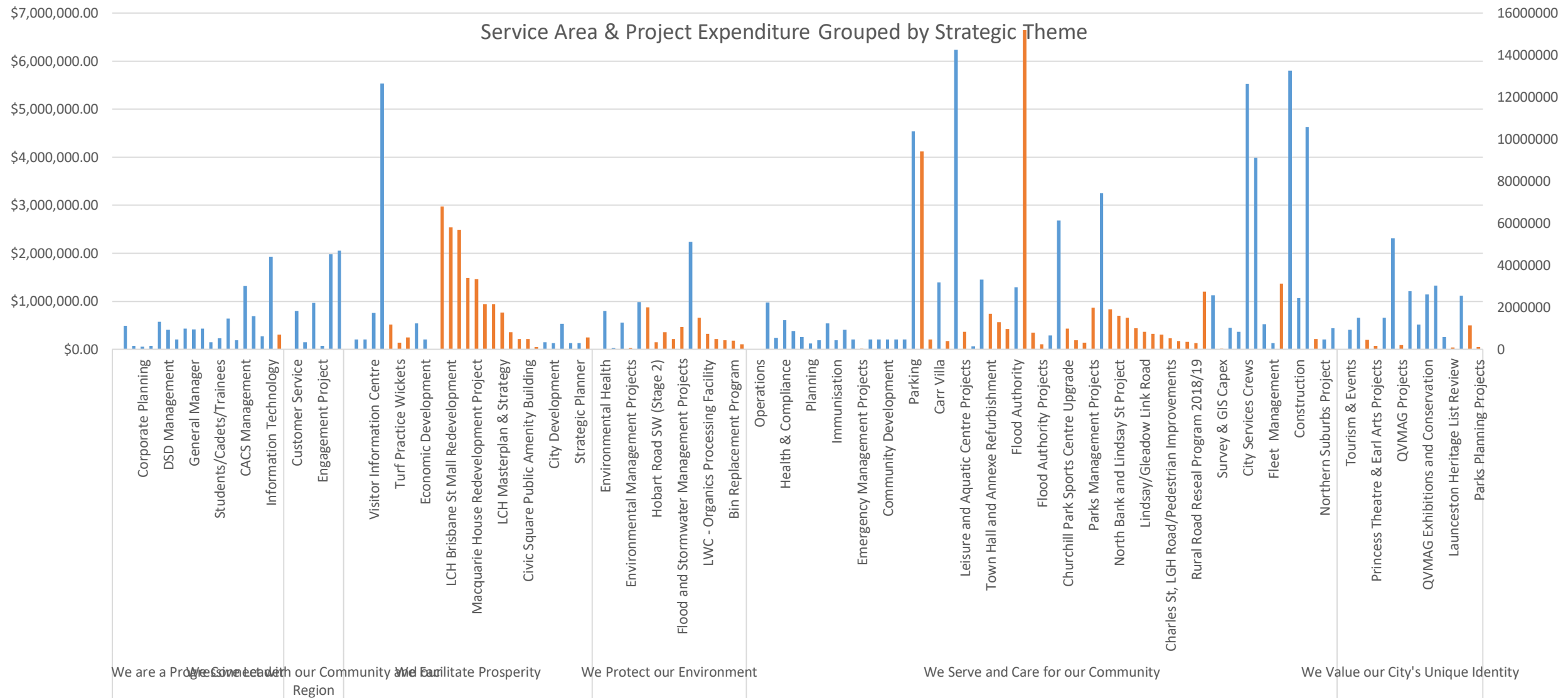
We **did not need more asset data**, but we did need the right tools and strategic thinking to fit our organisational circumstance ...

“ Look at how many rows of data I have in my spreadsheet! ”

“ My data cleansing processes are better than your data cleansing processes! ”

Data sets, or policy and regulatory hierarchies had been weaponised in the pursuit of control or resources (or both!)

Some of the standardised AM and Financial reporting and analysis tools had blinded us to some of the challenges we faced





Scenario Base Case Projected 0% Growth

This scenario includes all projects in the proposed capital program, with the budget tracking CPI.

Upgrade/New Test Project \$14,000,000 Asset Class: IT Year Acquired: 2021

Test Project Department	Capital Cost of Project	Expected Avg. Life of Assets (Years)	Additional Yearly Operations Expense	Additional Yearly Maintenance Expense	Additional Depreciation Expense	Additional Operations to 2038	Additional Maintenance to 2038	Additional Depreciation to 2038	Capital as % of Total Cost to 2038	Capital as % of Expected Life Cost	Capital as % of 100 Year Life Cost
IT	\$14,000,000	9.52	\$700,000	\$2,240,000	\$1,470,000	\$11,900,000	\$38,080,000	\$24,990,000	15.7%	25.0%	3.1%

Total additional yearly O/M/D cost \$4,410,000 Total Additional O/M/D Cost to 2038 \$74,970,000

Resultant yearly increase in Rates 8.02%

Project Cost \$14,000,000 Resultant yearly increase in Rates 8.02%

Total additional yearly O/M/D cost \$4,410,000

Inputs Test Project Impact Sensitivity Analysis Renewal Gap Age Profile Renewal Budgets Upgrade-New Expenditure Renewals Expenditure ...

The SAMP will not provide us with **all the answers** ...

More robust information does not remove the requirement for active decision making, or the need to make hard calls

There were competing views that a SAMP will either remove all discretion from decision making regarding asset investments OR provide relief from depreciation funding liabilities and free up capital to enable new asset creation

We needed to develop a more sophisticated approach to how were partitioning the resources we had available to deploy, while also maintaining acceptable discretion and flexibility

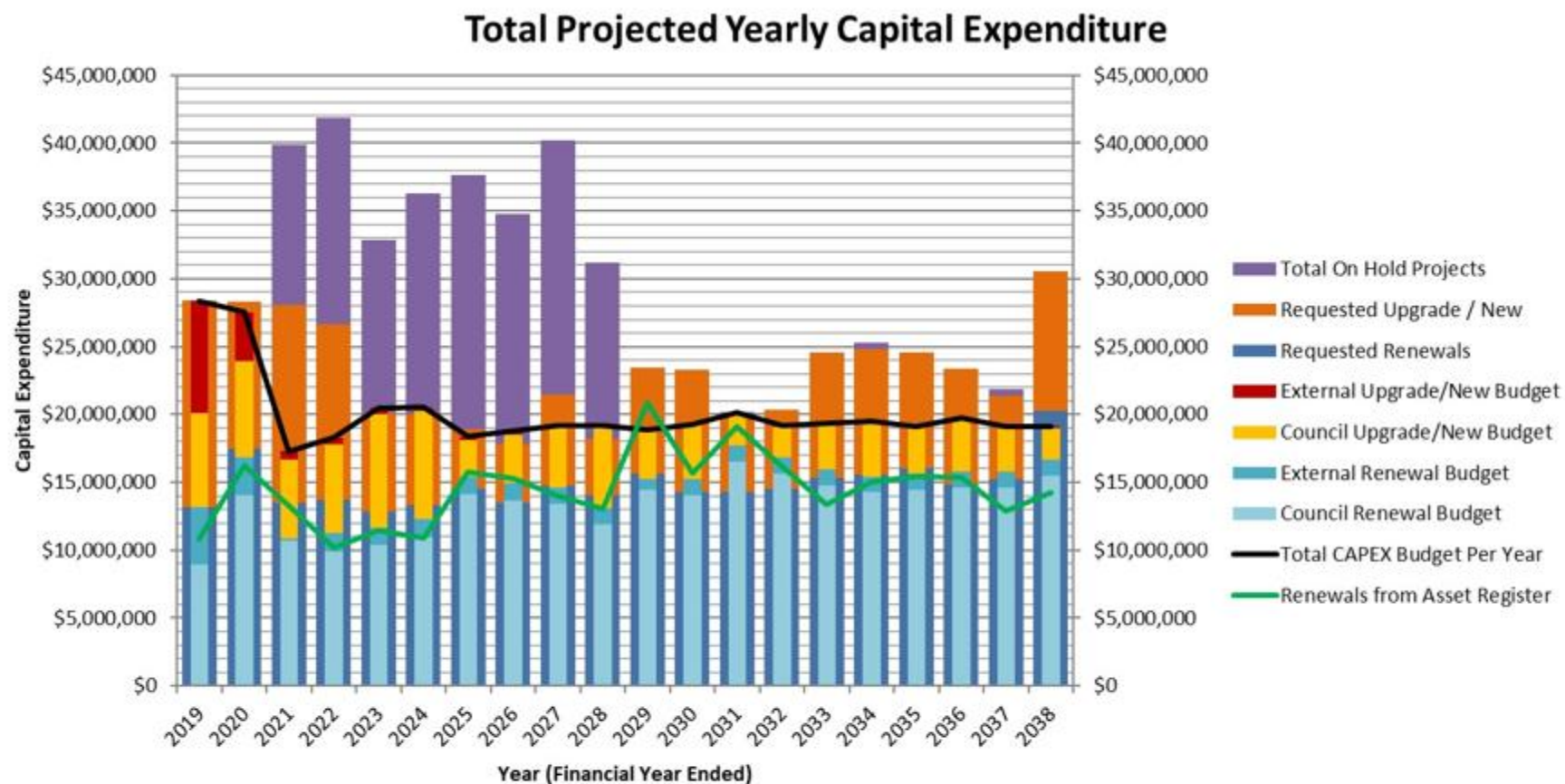
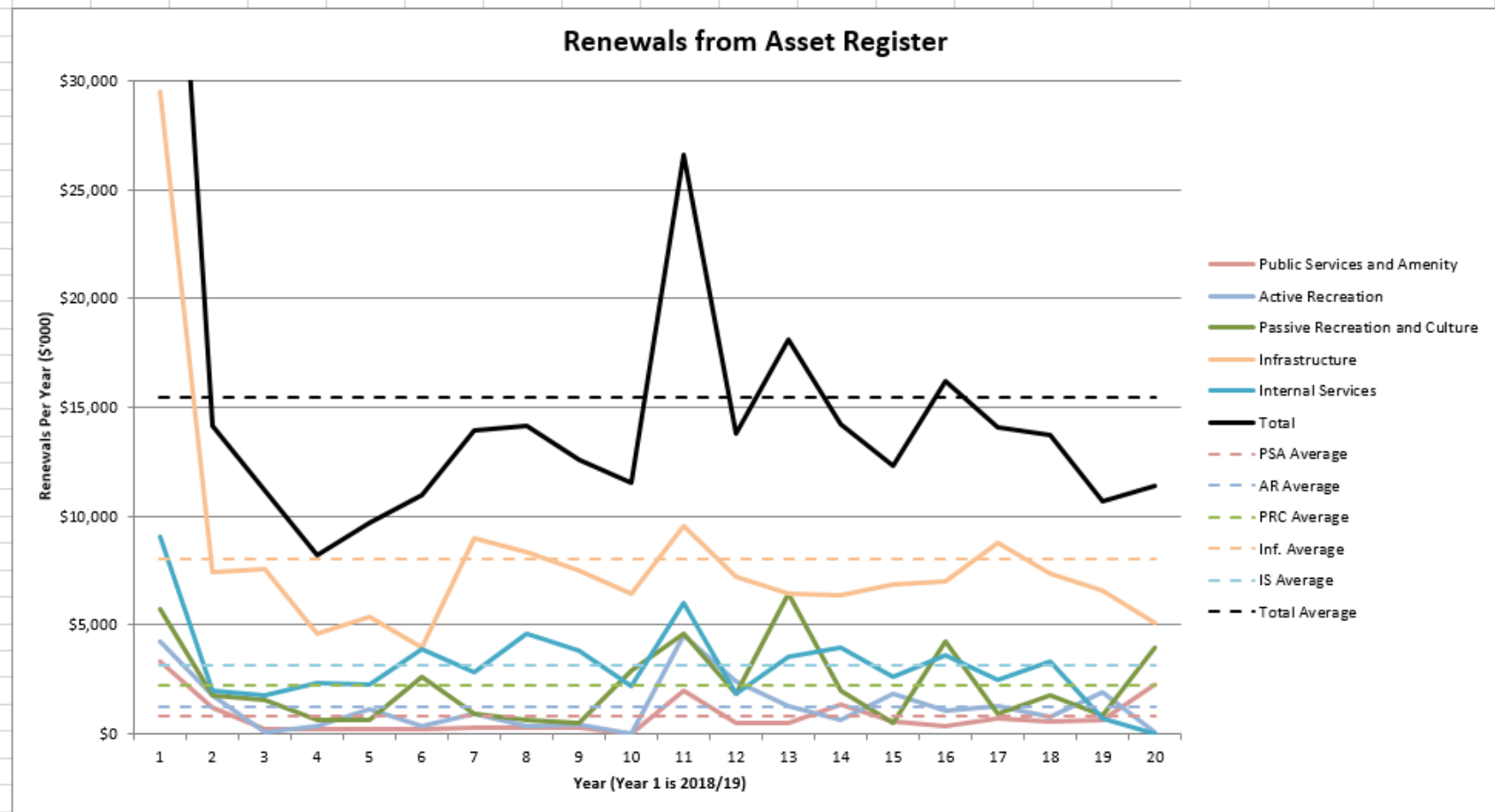


Figure 5: 20-Year Forward CAPEX Programs - "On Hold" Projects Separated Out (All-in Scenario)

Public Services and Amenity	Number of Assets
Council Administration	2104
Public Order and Safety	Total Replacement Cost
Public Health and Welfare	\$82,151,098
Building/Development Services	Total Depreciated Value
Waste Services	\$52,104,464
Street Lighting & Cleaning	
Cemeteries	
On & Off-Street Parking	
CCTV	
Public Toilets	
Active Recreation	Number of Assets
Utas Stadium / Inveresk Precinct	998
Launceston Aquatic Centre	Total Replacement Cost
Sports Grounds	\$187,265,504
	Total Depreciated Value
	\$141,241,905
Passive Recreation and Culture	Number of Assets
Parks and Reserves	1702
Malls	Total Replacement Cost
Halls	\$151,131,302
Museums	Total Depreciated Value
Theatres	\$89,606,328
Albert Hall	
Infrastructure	Number of Assets
Roads	26566
Bridges	Total Replacement Cost
Footpaths	\$1,074,511,242
Stormwater Network	Total Depreciated Value
Flood Mitigation	\$730,350,939
Internal Services	Number of Assets
Fleet Management	1055
Information Technology	Total Replacement Cost
Remount Road Depot	\$56,348,603
Lamont Street Depot	Total Depreciated Value
Town Hall	\$29,625,760
CSD, inc. Customer Service	
Commercial Buildings	



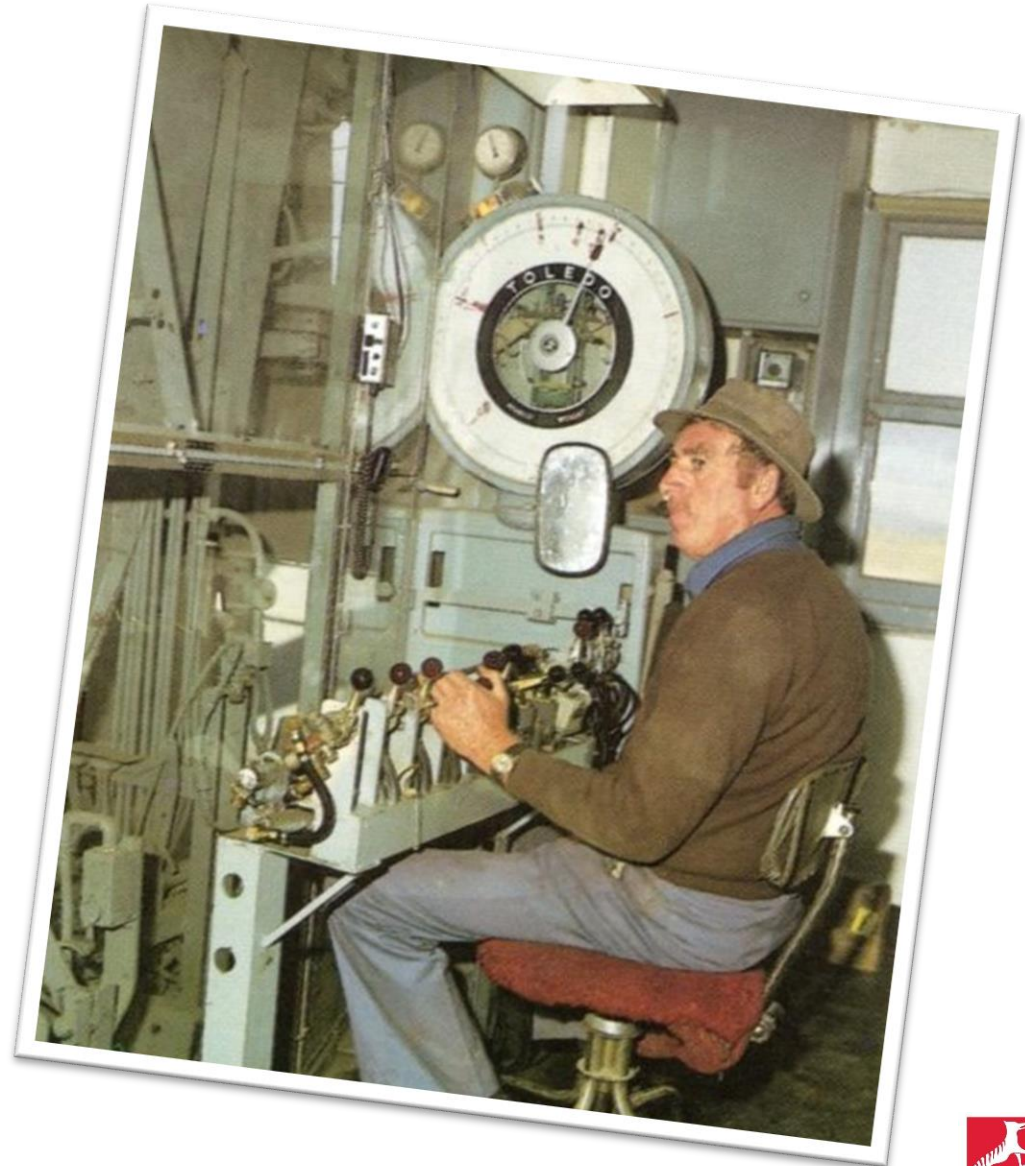
We were not **consulting & collaborating** effectively across the AM disciplines, or with our service managers ...

We had widely varying centres of understanding, expertise and control across our organisation – the “*haves and the haves nots*”

The different centres of control within AM practice across our organisation were not well informed of each other priorities



Which strategic lever should we pull, and what will the result be?





City of
LAUNCESTON

www.launceston.tas.gov.au