

# ASSET RATIONALISATION

Project Summary  
8 December 2020



# WHAT IS THE PROJECT?

- It is about making better use of our assets so that they provide a better service for the community
- It is also about reducing or redirecting the cost impact of some assets for Council and the ratepayers
- Some of these costs include depreciation, insurance and maintenance
- It is about identifying assets that may fit the criteria to be rationalised and then engaging with key stakeholders to explore the opportunities



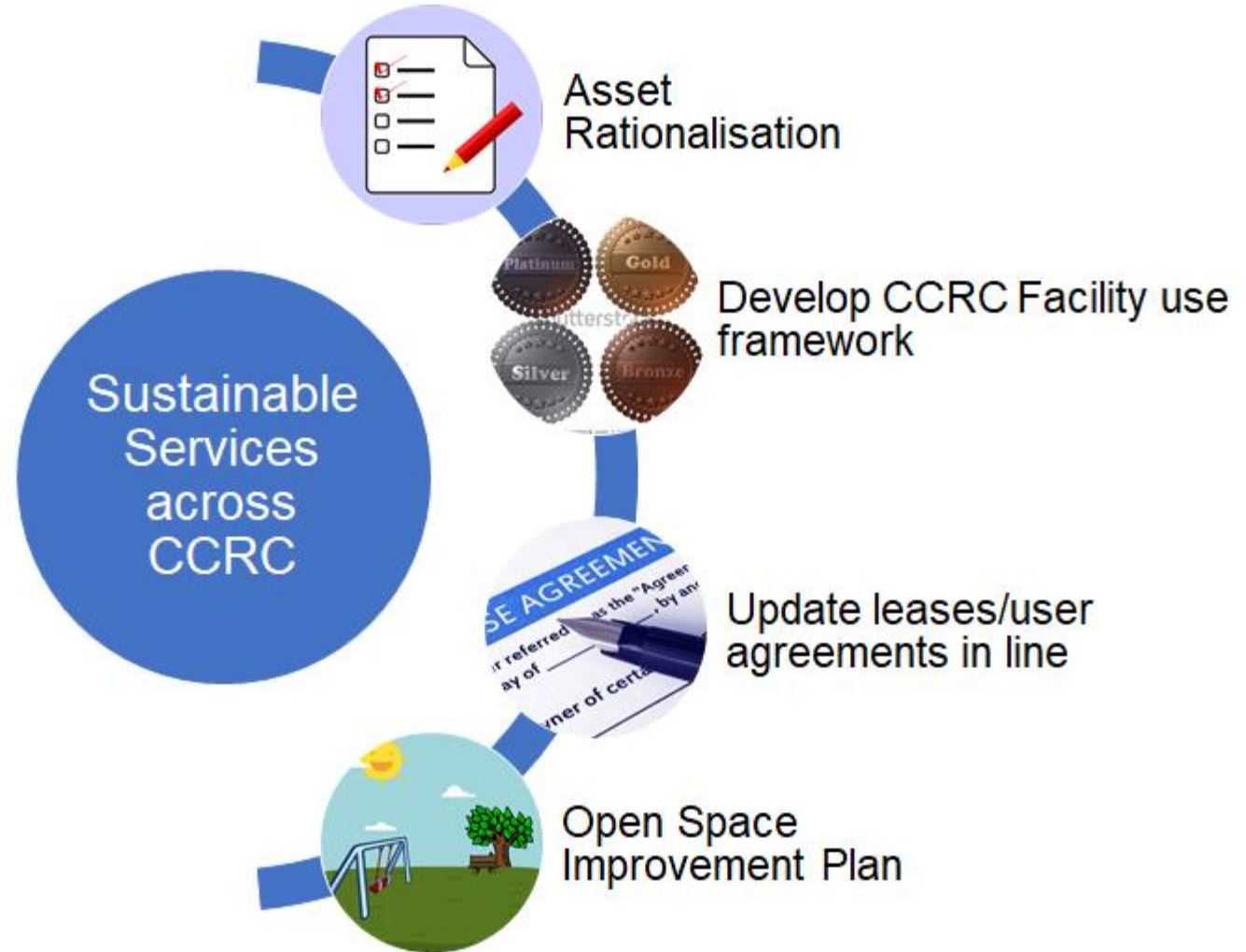
# WHY IS COUNCIL DOING THIS?

- Council has too many assets for its population base!
- 2015 QTC (Qld Treasury Corporation) report identified high asset base a risk to Council sustainability
- And compared to other similar Council's we pay a lot more for assets per ratepayer base
- Some examples of value of assets to rateable property:
  - Hinchinbrook Shire Council - \$46,865
  - Tablelands Regional Council - \$42,601
  - Cassowary Coast Regional Council - \$73,230!!\*\*
- With no change – potential to worsen as new and upgraded assets come on board (changes in regulation, standards and community need)

• \*\*Figures from 2018/19

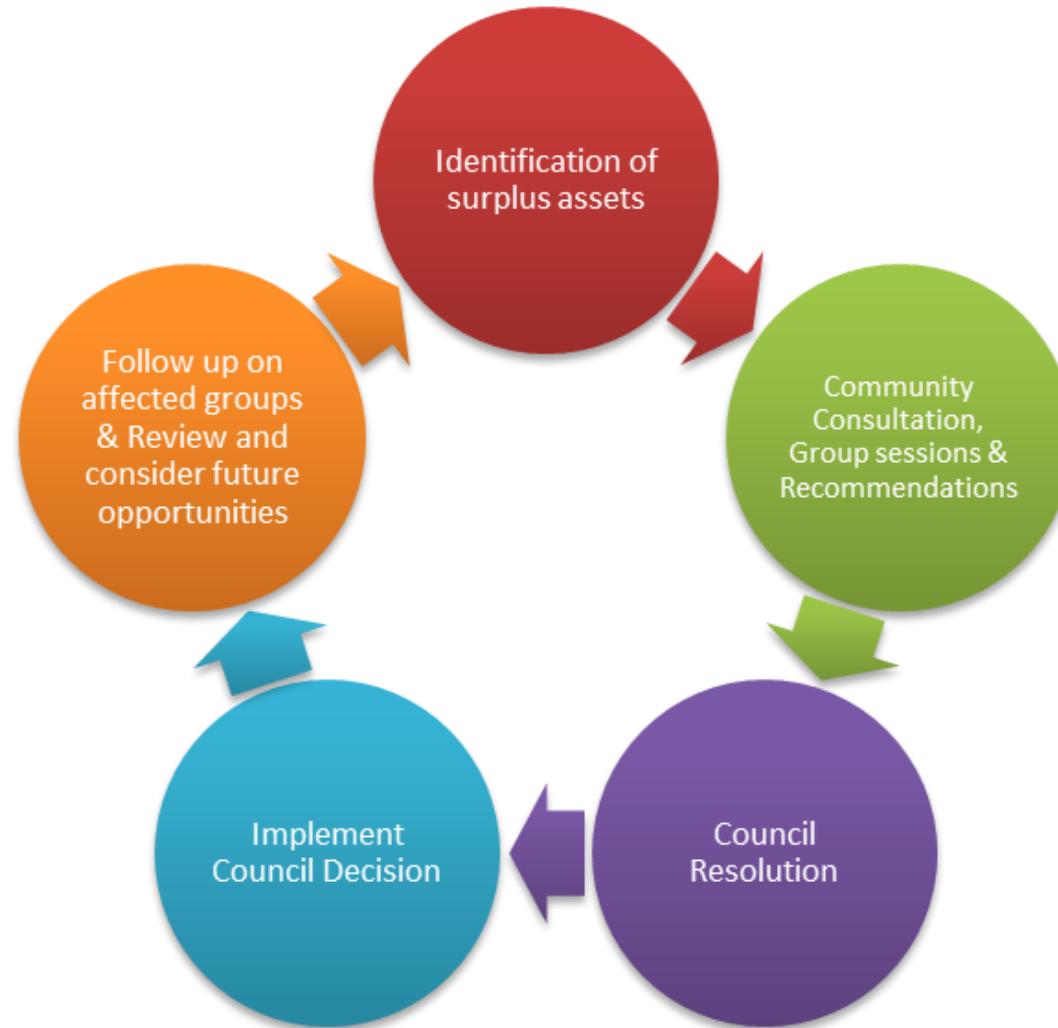
# SUSTAINABLE SERVICES

*The project is part of a larger effort to bring more Sustainable Services across the region.*



# PROJECT PROCESS

*There are a number of steps to achieve these better outcomes*



Inputs

Background Research

Council staff & advisor's input

Impacted community groups

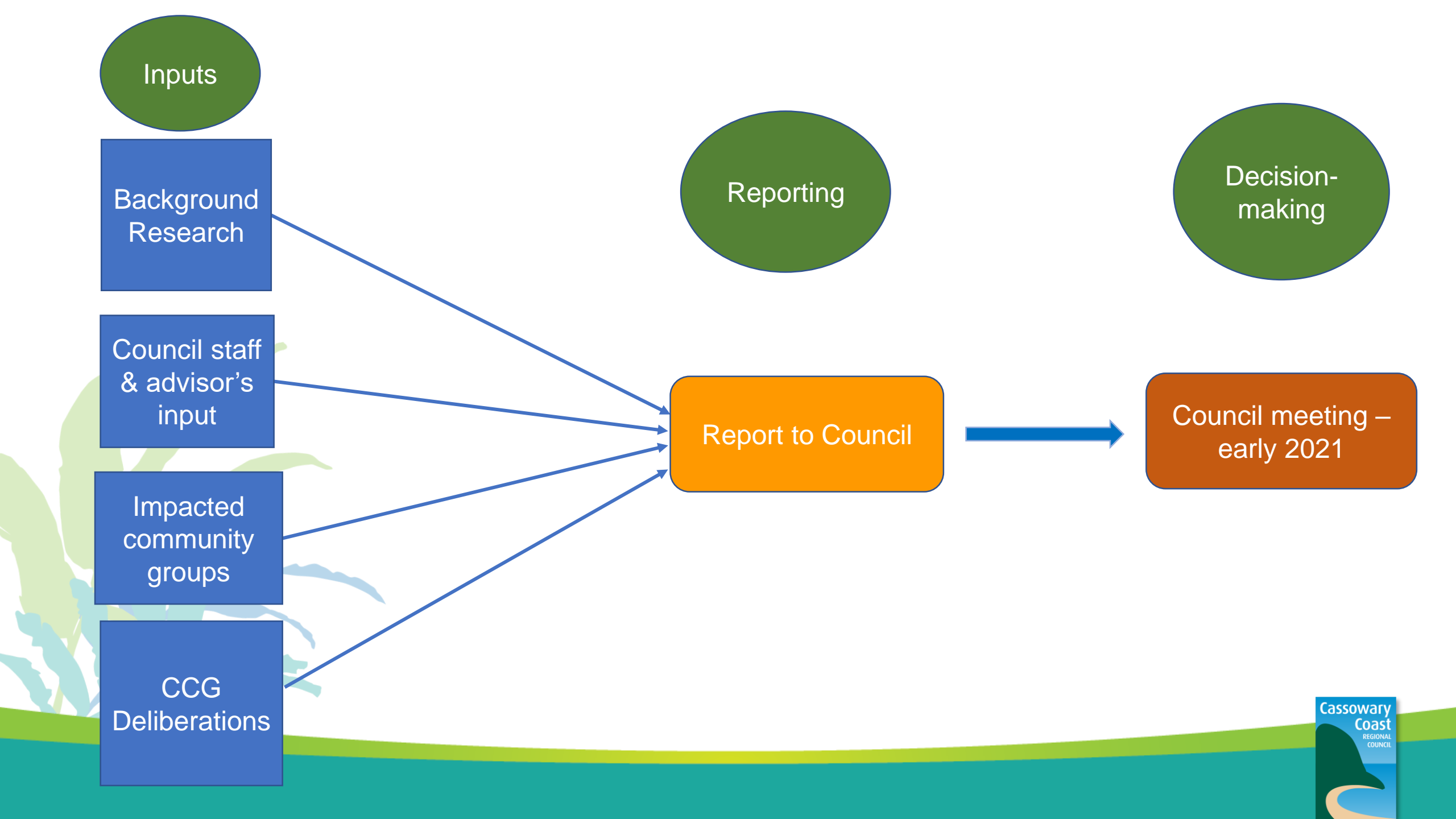
CCG Deliberations

Reporting

Report to Council

Decision-making

Council meeting – early 2021



# PROJECT TIMING

Key Phase	Proposed timing
Identification of possible assets	2019 – June 2020
Community consultations	November 2020 – January 2021
Council resolutions	January 2021
Implementation of council decisions	February 2021 onwards
Collaborate with impacted groups	February 2021 onwards
Review and consider future opportunities	February 2021 onwards

# WHAT TYPE OF ASSETS?

- The assets are those that council owns or has responsibility for and can include:
  - Parks - Playgrounds, BBQ's, tables, seats, fencing, signs etc.
  - Car parks
  - Marine infrastructure – Wharfs, boat ramps, pontoons, rock walls, jetties, moorings
  - Buildings used for a range of purposes – community and commercial
  - Public toilets
  - Housing
  - Roads – Bitumen & Gravel
  - Pathways
  - Bridges and culverts
  - Pipe networks – Water, sewer and stormwater
  - Treatment plants – Water and sewerage



# WHAT IS MEANT BY RATIONALISATION?

Rationalisation may refer to a number of options, such as:

- Transfer ownership
- Sell building
- Set lease agreement
- Change treatments, e.g. concrete to deco
- Remove asset
- Replace with fit for purpose asset
- Increase usage through shared arrangements



# CRITERIA USED FOR POSSIBLE SELECTION

1. Have limited use or sole use
2. Have limited community value (asset serves a very small number of the community, or are unutilised)
3. An alternative similar asset/facility or other means of providing the service is available
4. Are not fit for purpose. E.g. A building which was once regularly used by a large number of the community is now infrequently used by a small group. A smaller shared facility may be better fit for purpose.
5. May not need to be replaced as the service they provide can be delivered through new or other assets.
6. The value provided by the asset benefits an individual/business – commercial use
7. Assets which provide an inconsistent level or excessively high level of service when compared to other assets within Council's asset networks.
8. Assets which compete with other council assets, private assets or businesses by oversupplying the community and impacting on the sustainability of other businesses and private groups.



# IMPACTS AND OPPORTUNITIES

- Redefine service delivery for users and community
- Redirect savings to improve existing facilities and new facilities
- Provide benefits for current and future ratepayers
- A proactive approach to service and infrastructure delivery
- This also means a possible change for some groups – this will mean some disruption however Council's intent is to work collaboratively with groups to minimise this disruption.



# EXAMPLE – TULLY SCOUTS HALL



- Scouts group have relinquished their lease on the building
- CCRC are currently in discussions with Tully Men's Shed who are interested in leasing the facility
- Lease would mean a shift of financial responsibility to move from Council to the group



# EXAMPLE – WARRINA LAKES POOL



- Changes in standards for lifeguard services
- Required constant supervision
- Low utilisation
- Perceived low community value
- O&M was \$35,000 per annum which would have went up to \$58,000
- \$30,000 Capital upgrades if kept
- Pool was removed

# RIVERDRIVE CARAVAN PARK



- Sold off the old caravans, shelters and demountable accommodation
- Pool has been removed
- Site tidied and removal of redundant assets
- Being prepared for reopening
- Nett savings of \$12,000 per Annum in depreciation and insurance premium

# PERRY HARVEY JETTY – CLUMP POINT



- New Clump Pt boating facility build
- Made Perry Harvey redundant
- Valued it down to \$1.2M
- Won't be renewed at end of life
- Nett savings of \$60,000 per annum in depreciation



# WHO IS BEING ENGAGED?



- User groups – both primary and secondary users
- Cassowary Coast Consultative Group (CCG)
- Wider public



# PROJECT CONTACT DETAILS

For more information about:

- **The Asset Rationalisation Project** - Chris Accatino – Project Manager and Asset Engineer, CCRC
  - **The Facility Leases and Agreements** – Peter McBride – Facilities Asset Manager, CCRC
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