



# Asset Management



## Learner's Guide

Developed for Active Canberra

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## Instructions on Using this Resource

This learner's guide has been developed for Active Canberra to support the Asset Management online training presentation. It aims to allow you to test and challenge yourself against the online training material before you undertake an asset management audit and the subsequent development of an Asset Management Plan.

Please note: If you are intending to apply for funding under the 2017 Asset Repair and Maintenance Scheme (administered by Active Canberra), a robust Asset Management Plan must accompany the application.

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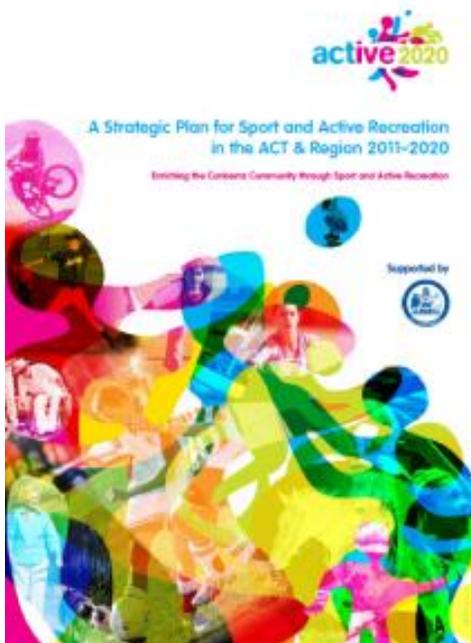
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## 1. Background

### Commitment to a More Active ACT

The ACT's commitment to providing quality sport and recreational facilities is part of its Active 2020 strategy to encourage people who live, work and visit the Territory to be more active and benefit from all the physical, emotional and social outcomes it provides.



To encourage and engage the community in being more active they need to have safe environments and facilities to participate in their active recreation and sport of choice.

With a strong focus on high-quality, well-planned and properly maintained sport and recreation facilities, there is a greater chance to provide the community

with the opportunity to be more physically active and part of the Territory's vibrant community. The ACT is already recognised as the most active State/Territory in Australia<sup>1</sup>.

### Investing in Assets to Support Growth in Participation

Historically, the most effort by community sport and recreational organisations is invested into raising the capital to build the sports facility.



*Photo 1: New Equipment needs to be added to Equipment Register and maintained as well*

Once the facility is open, it is normal to find that the ongoing maintenance, refurbishment and replacement of key components of the facility are not prioritised as important. In reality for the community to keep appreciating the value of using a facility it needs to be presentable, safe and fit-for-purpose.

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<sup>1</sup> ABS Adult Participation Rates 2013

## Asset Management Guide to Support Local Community Sport Organisations

This Asset Management Guide (Guide) has been developed by Active Canberra to support people responsible for community sport and recreation facilities to ensure that the ongoing maintenance is managed in a manner that is sustainable and has a positive impact on users.

While an Asset Management Plan (Plan) is a compulsory component of the application to the Active Canberra Asset Repair and Maintenance Scheme, a Plan will prepare your club and facility to be able to manage your assets and equipment in a more sustainable manner.

Participants are strongly encouraged to use the tool box templates and example case studies to develop an Asset Management Plan for their club, facility or centre.

### Scope of Asset Management Guide

This Guide explores the following aspects of Facility and Equipment Acquisition and Maintenance:

- The role and importance of facility and equipment maintenance;
- Developing and understanding the importance of an Asset Management Plan;
- Managing and costing an Asset Management Plan for a community sports facility;
- Implementing and monitoring an Asset Maintenance Plan;
- Logistics on site for implementation; and
- Equipment selection, purchase and safe storage

## The Role and Importance of Facility and Equipment Maintenance

The importance of asset management is critical if the community is to receive a positive experience while playing sport and recreating at a community facility. Over the years many organisations have offered low cost services in badly maintained facilities as the organisations felt that the community would rather play at poor facilities than have to pay more money for a 'better looking facility'.

The community now have many choices for their leisure dollar and many are choosing to invest their time and money in programs and facilities that are clean, well maintained are appealing to the consumer.



Photo 2: Working Bee pre-season to bring presentation up to standard

To be able to manage their asset and meet the community needs each organisation requires an Asset Management Plan, which clearly allows sporting organisations to plan, manage and monitor the ability of the asset to meet its strategic goals. These goals may focus on playing at a higher level,

encouraging new players with new programs, or maintaining the standards required by the sport.

The industry generally accepts that the intended outcomes of an Asset Management Program<sup>3</sup> in the sport and recreation sector are to:

- Maintain sport and recreation facilities to support community access and participation opportunities;
- Foster and enhance appreciation of the need for robust business models and asset management plans to support the facility provided;
- Encourage the provision of practical, multi-functional, energy and water efficient, low maintenance facilities that are not harmful to the environment;
- Improve the safety of existing facilities;
- Manage the environmental, financial and community risks of asset failure; and
- Plan for 'forward works programs' that can align with revenue generation strategies and possible grant funding programs.



Photo 3: Courts need to be programmed to be sanded and varnished regularly

With many facilities owned and either leased or licenced by the owner, there may be a Lease or License Agreement which states the roles and responsibilities of the Club/Sports Organisations as the Tennant and the Government as the landlord.

With a clear understanding of roles with regard to maintaining the asset, there should be allocation of responsibilities; identification of what needs to be completed to maintain it properly and the resources identified to achieve the planned or scheduled maintenance; and how it will be monitored. This is commonly called a Maintenance Plan.

Depending on the type of use of the facility there would be different roles and responsibilities. The different types of use may include: - **Facility rental** – one off or series of bookings on a casual basis

- **Seasonal hiring** – access to the facility to use the same time slot for the season
- **License hiring** – agreed season hiring of the facility and normally the pavilion allowing the club more freedom to organize and use the facility as a “home” for the season; and
- **Lease** – where the club or organisation has access to the facility, normally on a sole use agreement and has key responsibilities for the upkeep and maintenance of the facility.

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<sup>3</sup> Sport and Recreation Grant Process (ARMS) 2013-14 Guidelines

**Exercise 1: Your Roles and Responsibilities**

Identify what you think your roles are for your centre or facility for asset management and those of the landlord if you are leasing the facility. The majority of facilities hired from Active Canberra are that the sports organisation has total responsibility for the assets, check in your lease as to your responsibility against each of these headings.

| <b>Role</b>  | <b>Landlord</b> | <b>Your org.</b> | <b>Who In your Org. is resp.</b> |
|--------------|-----------------|------------------|----------------------------------|
| Roof         |                 |                  |                                  |
| Playing area |                 |                  |                                  |
| Windows      |                 |                  |                                  |
| Fire alarms  |                 |                  |                                  |
| Fences       |                 |                  |                                  |
| Painting     |                 |                  |                                  |
| Toilets      |                 |                  |                                  |
| Chairs       |                 |                  |                                  |
| Lighting     |                 |                  |                                  |

## 2. Types of Facility Maintenance

### 2.1 Defining Maintenance

The types of maintenance needed for facilities and equipment may include:

#### 1. *Reactive Maintenance*

Rectification when something goes wrong, such as a broken window; equipment breakage etc.

#### 2. *Scheduled Maintenance Works*

Scheduled inspections to ensure that the services or equipment is working safely (e.g. fire extinguishers, ventilation and heating equipment; machinery vehicles, emergency lighting).

This is normally also linked to warrantee's (e.g. of fixtures and fittings – air handling units etc) or relevant legislation and responsibilities (e.g fire extinguishers and alarms)

#### 3. *Programmed Maintenance*

Appreciating that some pieces of machinery, assets in buildings and grounds need periodic maintenance (e.g. light replacement after 5,000 hours; resurfacing of basketball court floors; and painting of buildings)



Photo 4: It is important to program maintenance works, before the lights fail

### 4. *Capital Replacement*

Where a piece of equipment or part of an asset may have come to the end of its life and needs replacement, such as tennis court base, synthetic hockey field; plant in swimming pools.



Photo 5: Plant investment means that proactive asset management is critical for future generations usage

This is often funded by the owner of the facility or under lease arrangements may be funded by the lease holder especially if they are keeping the income from the facility (e.g. synthetic grass on tennis courts or a hockey field). Also known as Capital Works or CapEX funding.

### 2.2 Prioritising Maintenance

Each piece of equipment and part of the asset needs to be categorised to ensure that the right type of maintenance is being performed. By doing the regular maintenance it should then ensure that the equipment/asset reaches its expected life time line. Failure to invest in the maintenance will reduce the life expectancy of the asset. It is best to talk with previous committee members who may know the history of the equipment/items – this could save you significant frustration and workload.

Once an organisation has identified all the types of maintenance required for the facility, they should monitor the repairs and improvements that occur during the year, especially the reactive maintenance. If there is significant reactive maintenance occurring in one single area, or for one type of equipment, that is a good way of identifying more significant problems, which may result in the replacement of equipment or indeed change of equipment to a higher standard or a different supplier.

Prioritisation of maintenance should be linked to safety considerations, security overlay, any legislative requirements, environmental considerations and ability to continue to provide the services at the level required.

### **2.3 Storage of Equipment**

To reduce the quantum of maintenance for portable equipment, the equipment needs to be stored adequately, optimising the storage and useability as well as the safety for its users.

If storing equipment in storage containers and cages, it is critical to match the size of the equipment and essential that staff are able to access the equipment easily and safely.

Ideally, storing the equipment should be the responsibility of one person who keeps records of the equipment and its status. This person should have the authority to reorder equipment as needed to ensure optimal operation of the organisation.

You are encouraged to develop a system that documents the following:

- Equipment details (contact details of suppliers and the unit costs);
- How to replace or procure the equipment;
- Details of the minimum balance or minimum order amounts; and
- The standards or specification of the equipment required.

### **2.4 Disposal of Equipment and Assets**

When the equipment of assets come to the end of their life consideration must be provided to the best way of disposal.

Ideally if they can be recycled then this should be considered as this is environmentally the best option. In some instances the equipment may be reused by another organisation such as a primary school who may not need the equipment to the same standard as an elite sports club, so be considerate of others.

**Exercise 2: Defining Maintenance Type**

Below is a list of assets and equipment that you would see in a typical multi-sport facility – you need to identify which type of maintenance you think would be needed to keep the club facility looking good and appealing for the community – tick the appropriate box(s) and provide rationale for your decision.

| Asset Example                 | Reactive | Scheduled | Planned | CapEx | Rationale for your decision |
|-------------------------------|----------|-----------|---------|-------|-----------------------------|
| Doors                         |          |           |         |       |                             |
| Windows                       |          |           |         |       |                             |
| Fire extinguishers            |          |           |         |       |                             |
| Air handling units            |          |           |         |       |                             |
| Fire alarms                   |          |           |         |       |                             |
| Toilets                       |          |           |         |       |                             |
| Kitchen cookers and equipment |          |           |         |       |                             |
| PA system                     |          |           |         |       |                             |
| Sports hall floor             |          |           |         |       |                             |
| Basketball rings              |          |           |         |       |                             |
| Football posts & sockets      |          |           |         |       |                             |
| Synthetic training field      |          |           |         |       |                             |
| Fence                         |          |           |         |       |                             |
| Flood lights                  |          |           |         |       |                             |
| Access lights                 |          |           |         |       |                             |
| Car park                      |          |           |         |       |                             |
| Spectator seats               |          |           |         |       |                             |
| Outside of building           |          |           |         |       |                             |
| Shade structures              |          |           |         |       |                             |

### 3. Funding Strategy for Asset and Equipment Management

#### 1. Introduction

For an organisation to appreciate the cost of the investment in a new asset, especially a substantial one such as a new synthetic surface or new lighting, it is important to understand how it can be funded over the whole of life (WOL) of the asset or piece of equipment.

This section explores the financial considerations from a number of aspects, which includes:

- i. Selection of new equipment and assets.
- ii. Typical financial funding scenarios, including:
  - WOL funding options
  - Recurring revenue options
  - Sinking fund options.
- iii. The expense commitment, which includes:
  - The WOL costs
  - The annual maintenance costs
  - The replacement costs after an expected life of ten years.
- iv. The ability to generate revenue to offset the investment:
  - The pricing strategy
  - The return on investment.

#### 2. Selection of New Equipment and Assets

When deciding to replace equipment and assets a number of aspects need to be considered by the organisation, which includes:

- I. Need – does the equipment or asset meet the needs of the organisation operationally, allowing it to continue to perform at the

level it needs to, or strategically, allowing it to achieve its aspirations;

- II. Standards – what needs to be delivered to what standard and by when to keep the organisation compliant – in terms of the sport or legislative obligations;
- III. Technology – explore the latest technologies to ascertain what has changed since your last purchase as the technology may have improved and be a cost saving against the WOL costs, e.g. lighting technology; and
- IV. Suppliers – are they suppliers that your state/national /intentional bodies have an affiliation or certification with for your sport (e.g. FIFA Licensee); National Sporting Organisation (e.g. AFL Approved Supplier).

If you are unsure where to source equipment from, a starting point is contacting your peak sports body.

#### Question

Where would you source information about your equipment suppliers for your sport?

To appreciate the investment needed, there are three stages of a field's whole of life (WOL) which need to be considered. The three stages are:

- **Capital Investment** – including court or facility development and ancillary items (e.g. fences, lights etc);
- **Maintenance Costs** – the costs to keeping the asset maintained and ensuring it achieves its life expectancy; and
- **Replacement Costs** – what needs to be ‘put away’ now and each year so that the organisation can afford the replacement once it’s reached its end of life expectancy



Photo 6: Football (FIFA 1 Star) and Hockey (FIH National) at ANU in Canberra (Source: HG Turf)

**Example1: Investment and Installation Costs of a Synthetic Football Field**

Consider the design and construction costs of a typical football synthetic field (Table 1 example). In addition to the field, ancillary items such as fencing, lighting, goals and coaches boxes need to be included.

| Capital Investment and Installation Costs              |                    |
|--|--------------------|
| Component  | Aus. \$ cost       |
| <b>Pitch Costs</b>                                     |                    |
| Design   | \$10,000           |
| Site establishment, documentation & project management | \$60,000           |
| Sub grade works  | \$70,290           |
| Drainage, gutters and concrete works                   | \$164,010          |
| base pavement and asphalt                              | \$335,830          |
| synthetic surface                                      | \$312,400          |
| shock pad installation                                 | \$156,200          |
| <b>Pitch Sub total</b>                                 | <b>\$1,108,730</b> |
| <b>Ancillary Costs</b>                                 |                    |
| Fencing  | \$78,100           |
| Lighting   | \$273,350          |
| Irrigation (optional)                                  | \$0                |
| Equipment  | \$50,000           |
| other  | \$0                |
| <b>Ancillary costs Sub-Total</b>                       | <b>\$401,450</b>   |
| <b>TOTAL COST FOR FIELD</b>                            | <b>\$1,510,180</b> |

Table 1: Capital Investment Required

**Maintenance Costs**

The recurring maintenance costs need to consider the routine professional grooming that is essential for appearance, playability and preventative maintenance, in order to maximise the field’s life expectancy.

| Maintenance Costs (based on 40 hours use) |                  |                  |                  |
|---|------------------|------------------|------------------|
| Component                                 | Aus. \$ cost     |                  |                  |
| Pitch Costs                               | under 40 hours   | 40 - 60 hours    | Over 60 hours    |
| Routine maintenance grooming              | \$ 12,000        | \$ 16,000        | \$ 20,000        |
| Professional service grooming             | \$ 3,000         | \$ 4,000         | \$ 5,000         |
| Algaecide / Weedicide materials           | \$ 500           | \$ 500           | \$ 500           |
|   |                  |                  |                  |
|   |                  |                  |                  |
| <b>Pitch Sub total</b>                    | <b>\$ 15,500</b> | <b>\$ 20,500</b> | <b>\$ 25,500</b> |
| <b>Ancillary Costs</b>                    |                  |                  |                  |
| Fencing                                   |                  |                  |                  |
| Lighting                                  |                  |                  |                  |
| Irrigation (optional)                     | \$ -             |                  |                  |
| Equipment                                 |                  |                  |                  |
|   |                  |                  |                  |
| <b>Ancillary costs Sub-Total</b>          | <b>\$ -</b>      |                  |                  |
| <b>TOTAL COST FOR FIELD</b>               | <b>\$ 15,500</b> | <b>\$ 20,500</b> | <b>\$ 25,500</b> |

Table 2: Maintenance Costs

### Replacement Costs

The funding required for the replacement of the field, shockpad and ancillary items has been developed over three periods of 10, 20 and 30 years which is identified in Table 3. The shockpad and ancillary items (fencing, lights etc.) will need some minor repairs every 10 years and the shockpad replaced every 20 years.

This level of detail needs to be considered to ensure that the organisation can afford initial capital investment and cover the replacement costs in the future.

| Replacement Costs                                      |                     |                   |
|--|---------------------|-------------------|
| Component  | years 10 & 30 costs | year 20 costs     |
| <b>Pitch Costs</b>                                     |                     |                   |
| Removal & disposal of existing synthetic grass surface | \$ 19,525           | \$ 19,525         |
| Shock pad rectification                                | \$ 25,773           |                   |
| Synthetic surface installation                         | \$ 312,400          | \$ 312,400        |
| Shock pad replacement every 20 amortised pa            |                     | \$ 156,200        |
|  |                     |                   |
| <b>Pitch Sub total</b>                                 | <b>\$ 357,698</b>   | <b>\$ 488,125</b> |
| <b>Ancillary Costs</b>                                 |                     |                   |
| Fencing (replace chainmesh)                            | \$ 15,000           | \$ 15,000         |
| Lighting   | \$ 48,000           | \$ 48,000         |
| Irrigation (optional)                                  |                     |                   |
| Equipment  | \$ 7,000            | \$ 7,000          |
|  |                     |                   |
| <b>Ancillary costs Sub-Total</b>                       | <b>\$ 70,000</b>    | <b>\$ 63,000</b>  |
| <b>TOTAL COST FOR FIELD</b>                            | <b>\$ 427,698</b>   | <b>\$ 551,125</b> |

Table 3: Replacement Costs

This shows that the replacement costs for each ten year period at today's prices (i.e. no inflation (CPI) has been allowed for) is:

- First replacement ( 10 years)           \$427,698
- Second replacement (20 years)       \$551,125

- Third replacement (30 years)           \$427,698

This means that an annual average or amortisation cost (plus annual CPI) would need to be considered to replace the fields. For instance with amortisation over 10 years the cost would be \$42,769.80 per annum. (plus CPI).

### 4. Funding Scenarios

There are a number of ways that the investment can be funded which includes

#### i. Whole of Life (WOL) Costs

The WOL costs for any asset has to consider the costs of installation, maintenance and the replacement

From the figures shown in Tables 1-3 it is possible to identify the cost of investment on a per hour basis. It ranges from \$36p.h. based on 60 hours usage over a 30 year amortisation strategy, to \$201p.h. based on 20 hour use facility over a 10 year amortisation strategy. This allows the purchaser to decide on the pricing strategy needed to fund a WOL return on investment (ROI) strategy.

The number of hours of usage is the other variable that will influence the ROI strategy. The hourly costs are based on a range of five levels, from a stadium usage of 20 hours per week up to 60 hours. It is envisaged that with the right programming most facilities would be between 50 and 60 hours per week.

This would mean that an average cost for using the facility would have to be around \$36 per hour per week, assuming that Government was funding the

whole investment. (see table 4 for examples of hours using the facility against the overall WOL costs)

The WOL is important, particularly as a key component of the business case for any new facility development.

| Usage Cost Comparator Options |                          | 3.1:WOL Costs ROI per Hour of Use per Year |          |          |
|-------------------------------|--------------------------|--|----------|----------|
| Weekly Hours Usage            | Description              | 10 years                                   | 20 years | 30 years |
| 20                            | Very low - stadium usage | \$201                                      | \$135    | \$108    |
| 30                            | Low usage                | \$134                                      | \$90     | \$72     |
| 40                            | Medium usage             | \$101                                      | \$67     | \$54     |
| 50                            | High usage               | \$80                                       | \$54     | \$43     |
| 60                            | Very high usage          | \$67                                       | \$45     | \$36     |

Table 4: Whole of life costs model per hour of use

**ii. Recurring Cost Budgeting Scenario**

Government departments take the view the capital cost is a commitment that they make to install the field. The recurring revenue is what needs to be generated through the pricing strategy because it is what actually funds the maintenance and the replacement costs.

To assist in appreciating the cost of this Table 5 explores the maintenance and replacement costs only, (at today’s prices) over the agreed amortisation period. The capital cost is not taken into account.

| Usage Cost Comparator Options |                          | Maintain & Replace Costs ROI per Hour of Use |          |          |
|-------------------------------|--------------------------|--|----------|----------|
| Weekly Hours Usage            | Description              | 10 years                                     | 20 years | 30 years |
| 20                            | Very low - stadium usage | \$56   | \$62     | \$60     |
| 30                            | Low usage                | \$37   | \$41     | \$40     |
| 40                            | Medium usage             | \$28   | \$31     | \$30     |
| 50                            | High usage               | \$22   | \$25     | \$24     |
| 60                            | Very high usage          | \$19   | \$21     | \$20     |

Table 5: Maintenance and Replacement Cost Model, per hour of use

There is a significant difference in the costs that are required to be through the pricing strategy if the initial capital is not needed to be either raised or repaid. This is shown in Table with the hourly rate of recovery needed to cover all costs.

**5. Revenue Generation Strategy**

The development of a revenue generation strategy which includes the pricing strategy for charges to members and the broader community will determine the ability of an organisation to meet its financial obligations from such an investment.

Balancing charges for different user groups may mean that some users who can afford to pay market rates for the use of the facility would be subsidising users who cannot. Table 6 (below) Pricing Considerations provides an example of how this may work for a synthetic sports field, with a range of price points from \$5 per hour to \$75 per hour of use.

**Pricing Strategy**

The pricing strategy reflects a balance between the ability to pay and the need to pay. One option is the organisations that may be less able to pay, such as schools, have reduced costs at off peak times, while community groups using the facility pay an appropriate fee.

The suggested pricing points that need to be considered and possibly adjusted by the purchaser may include:

| Pricing Considerations     |             |
|----------------------------|-------------|
| Cost of Full Pitch Hire    | <b>\$70</b> |
| Cost of Half Pitch Hire    | <b>\$50</b> |
| Cost of Quarter Pitch Hire | <b>\$40</b> |

| Pricing Considerations                 |        |
|--|--------|
| No. of people playing on full          | 24     |
| No. of people playing on each half     | 20     |
| No. of people playing on each quarter  | 16     |
| Cost per person for soccer             | \$10   |
| Cost of coaching - Jnr                 | \$5    |
| Cost of coaching -Snr                  | \$10   |
| Cost for -FFS - Snr                    | \$3    |
| Cost of - FFS - Jnr                    | \$2    |
| Cost for School Usage -full            | \$10   |
| Cost for School Usage - half           | \$7.50 |
| Cost of School Usage - quarter         | \$5    |
| Com'y Club Usage (inc. floodlights)    | \$75   |
| Number of weeks usage a year           | 50     |
| Typical membership rate (20% to pitch) | \$270  |

Table 6: Pricing Considerations

From this pricing strategy the programming strategy can be considered based on levels of usage. Typically the programming strategy explores 20 to 70 hours a week usage and can generate a significant return, depending on the programming approach.

The programming strategy is integral to the revenue generation strategy and should align with the pricing policy, to ensure optimal usage of the facility while minimising the hourly usage. Table 5 demonstrates the hourly cost needed if you do not maximise the usage. The cost per hour of usage if the facility is used 20 hours a week would be \$56 ph (based on 10 years amortisation), compared with \$19ph if used 50 hours per week. By appreciating the cost needed to cover the ROI the programming can be structured to ensure that this is achieved.

**Questions**

How can you determine if you can afford the replacement of the asset?

How can you determine if you cannot afford to replace the asset or piece of equipment?

**Exercise 3: Funding Considerations**

1. For a piece of equipment valued at \$500 how would you prioritise the need to replace it over other equipment?

- .....
- .....

2. How could you have a system that ensures you have a reorder level of disposal equipment for your club or facility?

- .....
- .....

3. When considering a large investment in facility development what three aspects of the cost side should you consider?

- .....
- .....
- .....
- .....

4. What options does your club or organisation have to offset these WOL costs?

- How can you fund or offset the capital costs?  
.....  
.....
- How can you offset the maintenance costs ?  
.....  
.....
- How can you manage the replacement costs?  
.....  
.....

5. How can you include revenue to offset any stage of the WOL costs?

- .....
- .....
- .....

## 4. What is an Asset Management Plan for your Facility

### 1. Purpose of an Asset Management Plan

The purpose of an Asset Management Plan is simply to identify what assets an organisation/club is responsible for; what their value is; what needs to be done at a facility; when it should be completed; and to what level and how it can be resourced. This should allow an organisation to:

- **Understand** what assets and equipment they have and are responsible for;
- **Appreciate** the value of assets they have responsibility for;
- **Define** maintenance for each asset and piece of equipment to ensure it achieves its life expectancy and can meet the required standards for the community or people who are likely to use it;
- **Allocate** responsibility within the organisation for key asset maintenance;
- **Apply** any risk management overlay for any part of the asset / equipment that needs it;
- **Monitor** the life expectancy of equipment and assets to ensure that they can be funded and replaced;
- **Plan** a revenue generation strategy to best fund replacements when they are due, through sinking funds, fee structures or revenue raising for new purchases; and
- **Confirm** that the organisation is meeting its statutory obligations in accordance with any legislation and industry best practice. To find out your obligations visit the Australian Sports

Commission (ASC) Library for Sports Clubs at: [http://ausport.gov.au/supporting/clubs/resource\\_library](http://ausport.gov.au/supporting/clubs/resource_library).

### 2 Information Needed to Develop an Asset Management Plan

To develop an Asset Management Plan the organisation needs to have access to the following information: (If this information is not in a cohesive form then it needs to be brought together into a single source. This should be completed as part of the development of the Plan):

- i. **Asset register** - identifies all equipment and aspects of the asset that the club/organisation is responsible for;
- ii. **Value of the asset** - Value at time of purchase as well as expected value of replacement;
- iii. **Expected life of asset** - The expected life may be linked to a warranty or expected life from the supplier. (e.g. a synthetic hockey field may have an 8 year warranty and expected to last 10 years);
- iv. **Remaining life expectancy** – By annually reviewing the condition of the asset a provisional date can be attributed to the remaining life expectancy;
- v. **Maintenance needs** – For each piece of equipment or aspect of the asset (e.g. painting of walls or cleaning pumps etc);
- vi. **Location details** – Where will you find the asset in the facilities; and
- vii. **Procurement details** – It is always worth keeping details, including receipts of all equipment purchased for future reference.



Photo 7: repairs to fencing should be planned for pre-and post-seasons

### 3. Aligning Asset Management With Organisations Strategy

For a sport club/organisation to succeed it is critical that they have a game plan for where they wish to go. This is normally called a business plan if done annually, or if done over a few years a strategic plan. Asset management should be one component of that planning cycle.

This will ensure that if the club or organisation has aspirations of success, whether that is continuing the quality of service it presently provides or encouraging more people to join, it addresses their asset management needs.

For instance if the organisation wishes to field a team at a certain level or host a specific tier of event it may need to invest in certain equipment or upgrade its facilities. This may include fencing around a field, high quality floodlights, specific rooms for media, first aid, and officials. All of these come at a cost.

Most sports peak bodies at either national or state/territory level will provide guidelines for various competition and activity levels.

In addition some sport peak bodies encourage facility management and development to be part of every clubs overall strategic plan or annual business plan.

Such an example can be seen in Appendix 2, as part of the **FFA My Football Club program**.

#### Exercise 4: Organisational Strategy

If your clubs strategy was to gain promotion in two years' time to the next division, identify three examples of asset management developments that you would need to invest in and then identify how you could resource those new assets, look specifically at:-

- Competition surface facilities;

| New Asset | Cost & How Resourced |
|-----------|----------------------|
|           |                      |
|           |                      |
|           |                      |

- Spectator facilities

| New Asset | Cost & How Resourced |
|-----------|----------------------|
|           |                      |
|           |                      |
|           |                      |

- Equipment needs

| New Asset / Equipment | Cost & How Resourced |
|-----------------------|----------------------|
|                       |                      |
|                       |                      |
|                       |                      |

#### 4. Scheduling Maintenance Plan

Once the Asset Management Plan has been developed it is important to ensure that the implementation of it is aligned with the needs of the organisation or facility. This may include the following:

- **Time based** – key maintenance tasks are completed before, during or after the finish of the season;

- **Legislative based** – ensuring that certain equipment is tested, such as fire extinguishers, alarms etc;
- **Warranty related** – to ensure that warranties are achieved;
- **Asset monitoring** – where there are problems associated with specific equipment, due to breakage, breakdowns, or poor performance etc, additional scheduled maintenance may be required; and
- **Performance based** – where the assets need specific maintenance to ensure that the performance continually meets the needs of the sport. This can be as simple as mowing the grass, line marking the field or checking the accuracy of the timing mechanisms.

## 5. Sourcing Appropriate Personnel

It is critical to source appropriately qualified and experienced personnel to complete some of the key asset maintenance tasks especially those governed by legislation such as electrical works.

When allocating resources, including volunteers from the club, it is important that qualifications and experiences are checked. If the task is deemed low risk then the volunteers still need to receive training to ensure that the task is completed to standard and to protect them for any risk of injury.

When using trades from within the club/organisation you should still record the details and keep records.

### Questions

1. How can you ensure you have the right people from your club doing the right job on asset or equipment maintenance?
2. What jobs would you expect unqualified volunteers from the club to be involved in?
3. What jobs would you expect qualified people only to be involved in?

### Developing an Asset Management Plan

To develop a robust Asset Management Plan that will provide a focus for your club/organisation and also can be used to maintain and monitor the asset that the organisation is responsible for, a template has been developed (See Appendix 2).

The template has three key stages in order to complete the plan:

- I. **Current status of assets** –an asset register which identifies the assets, determines their condition and allows the organisation to identify the priorities for maintenance or upgrade;
- II. **Development of strategic priorities** – Identifying the strategic focus of the organisation and what are the asset management needs to be able to achieve those strategic priorities; and
- III. **Maintaining the assets** - ensuring there is a system in place for the assets to be managed, maintained and monitored over the year.

#### Stage 1: Identify the Current Status of All Assets

Use the template located in Tool Box 1 to list all of the assets and equipment at your facility. To make this easier you might like to access a plan of the facility and number each area.

Then identify all fixed and movable equipment and assets. For instance, in a community tennis facility you may have the following:



Photo 8: Tennis court facilities for a local club

|                              |                              |
|------------------------------|------------------------------|
| 1. Outdoor grass courts      | 2. Outdoor clay courts       |
| 3. Home team changing room 1 | 4. Home team changing room 2 |
| 5. Away team changing room 3 | 6. Away team changing room 4 |
| 7. Toilets – male            | 8. Toilets – female          |
| 9. Picnic/grass area         | 10. Communal area            |
| 11. Bar area                 | 12. Kitchen/kiosk            |
| 13. Equipment storage area   | 14. Board room               |
| 15. Electrical cupboard/room | 16. Car park                 |

Within each room conduct an assessment of the area and identify any portable (e.g. nets, umpire chairs); fixed (e.g. floodlights) equipment or components (e.g. grass court 1; clay court 3; indoor ventilation system etc.) and write down the details.

Using the supplied excel template spreadsheet, list all equipment by room or area on the Asset Register tab. This document will automatically populate the adjoining sheets. This will then be used as an appendix of the completed Asset Management Plan. This exercise will assist the club/organisation to appreciate the current status of their assets.

It is essential to collect as much information as possible, preferably when the facility is new but in essence can be completed at any point. Collect the following information in each room or area:

|                                       |  |
|---------------------------------------|--|
| <b>Description</b>                    | Describe the walls (e.g. plasterboard painted walls or electronic scoreboard) for each area.<br><br>Supplier details (e.g. name, contact details etc. and use a separate sheet for contact details). |
| <b>Date of purchase /installation</b> | When was it installed /purchased?  |
| <b>Expected life expectancy</b>       | In years from purchase and date of renewal etc.  |
| <b>Condition</b>                      | Current condition.   |
| <b>Cost at purchase</b>               | Estimate if not known.   |
| <b>Cost to replace</b>                | Based on 'today's' price and then project forward to expected replacement date and add CPI for each year (e.g. 2.5-3%) to obtain realistic amount needed to re-purchase in the future.               |
| <b>Quantity</b>                       | Identify the number of assets/equipment listed (e.g. tennis nets x 6; or plastered walls x 16 etc.)  |
| <b>Tagging</b>                        | Some larger facilities place a barcode or number for each piece of equipment (e.g. computers; TV; ball machine etc.) so that it can be   |

|              |  |
|--------------|--|
|              | barcode scanned for all the information.   |
| <b>Photo</b> | With a camera, tablet or phone take a photo and place in the excel spreadsheet, as this is an excellent way of comparing any deterioration that may occur each year. |

It is important to assess the current condition of the asset to ensure that you appreciate both the deterioration since new and the likely chance of it lasting to the end of its expected life.

It is important to assess the current condition of the asset to ensure that you appreciate both the deterioration since new and the likely chance of it lasting to the end of its expected life.



*Photo9: Encouraging the whole to club to be involved in asset management is critical and engenders more respect for the assets*

Investing time at this stage will reap rewards when planning for future needs and being able to cost improvements and replacements. If your club/organisation does not have a certain technical knowledge then it is worth contacting the supplier or installer so that you can get them to do a conditional assessment.

Each time when a service is completed by an external body (e.g. pool plant or air-conditioning units) request them to identify the expected lifespan.

#### **Exercise 5: Asset Register Exercise**

Imagine you have just been appointed by your committee to look after the asset management side of the facility you lease from Government.

You have to complete a register of all assets before you can plan how to move forward. In your group identify an indoor room and an outdoor space (court or playing field) and identify the assets that you would have responsibility for by completing the Tool Box Template Asset Register tab. Include the following information:

- Name of equipment;
- Reason for replacement/ renewal
- Cost to replace and which budget should it be paid from
- Source of equipment / asset replacement
- Does someone else need to authorize it
- Is there any special legislation you need to consider surrounding it

#### ***Stage 2: Development of Strategic Priorities by Alignment with Management Strategy***

After completing the Asset Register, (Toolbox) Conditional Assessment it is important to compare both the current condition and life expectancy against the club/organisation's strategic plan.

For instance an athletics club may not be able to hold a regional competition if their athletics track is only grass or a football oval may not be able to hold an AFL representative night game because it does not have the appropriate lighting. If a club/organisation's team has been promoted to the next competition level it may need to upgrade key parts of the facilities. The

current Conditional Assessment may also provide a 'Gap Assessment' for the organisation to appreciate what they need to do to the physical facilities to be able to reach the next competition level.

By prioritising each piece of equipment/asset on the Asset Management Plan it allows the organisation to prioritise resources to ensure that it can both achieve the management's strategic plan and any legal compliance obligation.

#### ***Stage 3: Maintaining the Assets***

For each piece of equipment or asset identify what needs to be maintained and how frequently. This may include scheduled maintenance, daily cleaning, or timely servicing by external contractors.

It is recommended that required specialists are brought in (e.g. electricians, ventilation engineers etc.) to ensure that more complex assets are maintained adequately.

Plan the maintenance over the next three to five years to ensure the organisation documents the costs of the maintenance and replacement of large equipment and assets. Annual maintenance cycles should also be planned and resourced for the smooth operations of the organisation.

To ensure that the maintenance can fund the cost over the WOL, it should be costed and amortised over the life of the equipment or asset.

When the cost of maintenance, refurbishment and replacement are known the organisation needs to

identify its priorities and then develop its 'Revenue Generation Strategy' which should align with:

- What the club needs to fund from revenue (e.g. net replacement);
- What aspects are larger than the annual budget where the cost should be spread over the life expectancy of the asset, so a percentage is allocated annually; and
- What major assets might be sourced from NSO, SSO or Government grant.

It should not be assumed that all assets can be replaced purely through funding.

It is also worth noting that funding can change annually as Government changes or priorities and resources change. The sport needs to be self-sufficient to manage its own future destination and vision.

Some sports need to charge adequate fees to use their facility or establish a sinking fund. For instance a replacement tennis court may be required every 10 years, which may cost \$30,000 to replace, or \$3,000 per annum, which would equate to around \$60 per week. If the club needs to replace four courts they need to set aside \$240.00 per week for each of the 52 weeks to afford it, plus an allowance increase or CPI for each year.

#### ***Stage 4: Implementing the Maintenance Plan***

After the Asset Management Plan has been identified, costed, scheduled and the right people identified from within the organisation or through

external contractors, the following aspects should be considered:

- If the planned maintenance needs to be isolated from the members or the public to ensure safety for the public/members or to the person conducting the maintenance, appropriate fencing and isolation of areas needs to be completed;
- A key individual needs to have the overall responsibility for the plan and maintenance tasks to ensure its success;
- Communicating with members of the task being carried out and how it may impact on them, such as closing the club house for an defined period, or closure of the fields of play etc; and
- If using external contractors ensure the scope of works is agreed in writing and costed by them before the project or task commencing.

If the key aspects of the maintenance is the responsibility of the landlord (e.g. the school, sports association or Government) there should be adequate communication channels to ensure that the work is completed prior to when it is required. This is a critical role of the Asset Management Plan and should be addressed during annual/regular meetings with the landlord.

#### ***Stage 5: Monitoring the Maintenance***

It is important to regularly monitor the Asset Management Plan to ensure the planned maintenance is being carried out and to record the condition of the asset.



*Photo10: Poor maintenance has resulted in dangers to players and will most probably reduce the life of the field*

If the condition of the asset is dilapidating quicker than expected, the Asset Management Plan may need to be reassessed and the maintenance levels adjusted. Worst case scenario is the replacement/refurbishment strategy may need to be bought forward.

If the maintenance levels have been adjusted this needs to be communicated with the assigned staff member and built into the out years maintenance cycle.

To ascertain the best method of replacement or purchasing equipment of assets and equipment a number of options may be considered:

- Self-funded replacement, normally low cost – where you source two or three quotes, shop around balancing price, quality and standards needed;
- Sinking fund procured – for high value assets (e.g. replacement of synthetic fields, courts or pitches) it is suggested that there is a more formal procurement process in place. This may also be guided by the landlord, such as Government, school or church; and



*Photo 11: Poor planning and trying to cost save can have impact on the playability of assets in the future*

- Lease Purchase – some assets and equipment can now be purchased under a lease or lease rental scheme. The key question is will this be an option for your organisation and can you afford the recurring revenue payments?



## Appendix 1: FFA My Football Club Development Program Example Facility Development Template

### **KPA 10 – Facility Development:**

#### **What is this KPA about?**

Providing our club’s members, players, volunteers and supporters access to the best available and most appropriate facilities.

#### **Why is this important?**

It’s important that all affiliates of your club feel like they are accessing the best possible facilities when they visit the club. The club should be seen to be proactive in this area, whether it be through the lobbying of the ground owner (in most cases this will be the council/shire), or fundraising to support future facility development projects. It’s also important that a club is realistic with its facility expectations.

#### **Potential Strategies:**

- Facility audit to show what the club currently possesses.
- Look at lease/tenant agreements with the owner of the facility.
- Think about proposed growth of members and players and what the club may need to service these people in the future.
- What is achievable in the short/long term in terms of development?
- Does the club have a sinking fund, through player registrations? Does a portion of fundraising/sponsorship go towards facility maintenance and facility development?

#### **Next Steps:**

- What are the current facilities that your club has access to? Provide a detailed explanation of these. What kind of access does your club have to its facilities? Is there a lease/tenant arrangement with the local council/shire? Do you have access to the facilities all year round or on a seasonal basis? Does the club have a sinking fund and/or raise money for future facility development.
- What are your goals for ‘Facility Development’ over your selected period of time for the Club Development Plan?
- Provide a list of ACTIONS that your club will take over this period. You should include who will be responsible for each action and when it will be complete. This could be in table form or as bullet points.

