

# CABONNE COUNCIL





## ASSET MANAGEMENT STRATEGY



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NAMS.PLUS & NAMS *lite* Asset Management

The Institute of Public Works Engineering Australia.

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## Table of Contents

Executive Summary.....	1
1. Introduction .....	4
1.1 Legislative reform .....	5
1.2 Asset Management Planning Process .....	6
2. What Assets do we have? .....	6
3. Council's Assets and their management? .....	8
3.1 State of the Assets .....	8
3.2 Life Cycle Cost .....	10
3.3 Asset Management Structure .....	11
3.4 Corporate Asset Management Team.....	11
3.5 Financial & Asset Management Core Competencies.....	12
3.6 Strategy Outlook .....	13
4. Where do we want to be? .....	14
4.1 Council's Vision, Mission, Goals and Objectives .....	14
4.2 Asset Management Policy.....	15
4.3 Asset Management Vision .....	16
5. How will we get there? .....	17
6. Asset Management Improvement Plan .....	18
Appendix A Asset Management Maturity Assessment.....	19

## Tables

Table 1: Assets used for providing Services .....	6
Table 2: Financial Status of the Assets.....	8
Table 3: Life Cycle Cost for Council Services .....	10
Table 4: Life Cycle Expenditure for Council Services .....	10
<b>Table 5: Life Cycle Sustainability Indicators</b> .....	11
Table 6: Goals and Objectives for Infrastructure Services .....	15
Table 7: Asset Management Strategies .....	17
Table 8: Asset Management Improvement Plan .....	18

## Figures

Figure 1: Asset Replacement Values .....	8
Figure 2: Asset Consumption Ratio.....	9
Figure 4: Core Asset Management Maturity .....	13

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## Executive Summary

This asset management strategy is prepared to assist council in improving the way it delivers services from infrastructure including roads, bridges, footpaths, stormwater drainage, parks and recreation, buildings, water and sewerage and excluding quarries, cemeteries, landfill sites. These infrastructure assets have a replacement value of \$641 178 000

The asset management strategy is to enable Council to show:

- how its asset portfolio will meet the service delivery needs of its community into the future,
- enable Council's asset management policies to be achieved, and
- ensure the integration of Council's asset management with its long term strategic plan.<sup>1</sup>

Adopting this asset management strategy will assist council in meeting the requirements of national sustainability frameworks, NSW Integrated Planning Framework and providing services needed by the community in a financially sustainable manner.

The asset management strategy is prepared following a review of the council's service delivery practices, financial sustainability indicators, asset management maturity and fit with council's vision for the future outlined in the Cabonne 2025 – Community Strategic Plan. The strategy outlines an asset management improvement plan detailing a program of tasks to be completed and resources required to bring council to a minimum 'core' level of asset maturity and competence.

### Strategy outlook

1. Council is unable to maintain current service levels over the next ten years at current funding levels.
2. Council is not able to fund current infrastructure life cycle cost at current levels of service and available revenue.
3. Council's current asset management maturity is below 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

### Asset management strategies

No	Strategy	Desired Outcome
1	Move from Annual Budgeting to Long Term Financial Planning	The long term implications of Council services are considered in annual budget deliberations

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<sup>1</sup> LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs
3	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome	Sustainable funding model to provide Council services
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets	Long term financial planning drives budget deliberations
5	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks	Council and the community are aware of changes to service levels and costs arising from budget decisions
6	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports	Financial sustainability information is available for Council and the community
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs	Improved decision making and greater value for money
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report	Services delivery is matched to available resources and operational capabilities
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions	Responsibility for asset management is defined
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years	Improved financial and asset management capacity within Council
11	Report six monthly to Council by Audit Committee/CEO on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans	Oversight of resource allocation and performance

### **Asset management improvement plan**

The program of tasks and resources required to achieve a minimum 'core' asset management maturity was developed in the asset management strategy. The tasks and program are shown below.

Ref	Task	Responsibility	Target Date	Budget
1	Asset Information System – implement software package, providing asset deterioration modelling and other tools and links to GIS system	DETS	2018	
2	Revalue water assets and update the asset register to ensure the financial and operational technical asset registers reflect the same water supply inventory to ensure data accuracy	DETS	2018	
3	Finance – restructure ledgers so as to separate operations, maintenance and renewal costs at asset class levels	DFCS	2019	
4	Community consultation – undertake targeted engagement with the community to resolve acceptable and achievable levels of service	GM/DETS/DFCS	Ongoing	
5	Review and develop performance measures and reporting	DETS	Ongoing	
6	Condition rating – refine data collection and analysis processes, including greater levels of componentisation. Develop and implement data capture and conditioning process	DETS	Ongoing	
7	Carry out Infrastructure Risk Management Planning process to consider the consequences of failure for each asset group, and impact of failure on the community	DETS	Ongoing	
8	Develop and adopt Asset Management Policy and Strategy	DETS	2018	

## 1. Introduction

Assets deliver important services to communities. A key issue facing local governments throughout Australia is the management of ageing assets in need of renewal and replacement.

Infrastructure assets such as roads, stormwater drainage, bridges, water and sewerage and public buildings present particular challenges. Their condition and longevity can be difficult to determine. Financing needs can be large, requiring planning for large peaks and troughs in expenditure for renewing and replacing such assets. The demand for new and improved services adds to the planning and financing complexity.<sup>2</sup>

The creation of new assets also presents challenges in funding the ongoing operating and replacement costs necessary to provide the needed service over the assets' full life cycle.<sup>3</sup>

The national frameworks on asset planning and management and financial planning and reporting endorsed by the Local Government and Planning Ministers' Council (LGPMC) require councils to adopt a longer-term approach to service delivery and funding comprising:

- A strategic longer-term plan covering, as a minimum, the term of office of the councillors and:
  - bringing together asset management and long term financial plans,
  - demonstrating how council intends to resource the plan, and
  - consulting with communities on the plan
- Annual budget showing the connection to the strategic objectives, and
- Annual report with:
  - explanation to the community on variations between the budget and actual results ,
  - any impact of such variances on the strategic longer-term plan,
  - report of operations with review on the performance of the council against strategic objectives.<sup>4</sup>

Framework 2 Asset Planning and Management has seven elements to assist in highlighting key management issues , promote prudent, transparent and accountable management of local government assets and introduce a strategic approach to meet current and emerging challenges.

- Asset management policy,
- Strategy and planning,
  - asset management strategy,
  - asset management plan,
- Governance and management arrangements,
- Defining levels of service,
- Data and systems,
- Skills and processes, and

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<sup>2</sup> LGPMC, 2009, Framework 2 Asset Planning and Management, p 2.

<sup>3</sup> LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 2-3.

<sup>4</sup> LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 4-5.



- Evaluation.<sup>5</sup>

The asset management strategy is to enable Council to show:

- how its asset portfolio will meet the service delivery needs of its community into the future,
- to enable Council's asset management policies to be achieved, and
- to ensure the integration of Council's asset management with its long term strategic plan.<sup>6</sup>

The goal of asset management is to ensure that services are provided:

- in the most cost effective manner,
- through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets,
- for present and future consumers.

The objective of the Asset Management Strategy is to establish a framework to guide the planning, construction, maintenance and operation of the infrastructure essential for council to provide services to the community.

### **1.1 Legislative reform**

The Integrated Planning and Reporting Framework has been developed as part of the Local Government Reform Program and proposes changed to the *Local Government Act 1993* to improve council's long term community, financial and asset planning.

The proposed new planning and reporting framework opens the way for councils to identify and plan for funding priorities and service levels in consultation with their community, while preserving local identity and planning for a more sustainable future.

Councils are required as part of the framework to prepare an Asset Management Strategy which provides a clear direction for asset management and defines key principles that underpin asset management for the council. The Strategy must include an Asset Management Policy which sets the framework for the preparation of Council's Asset Management Strategy and Asset Management Plan/s.

The development of an Asset Management Strategy will enable councils to show how their asset portfolio supports the service delivery needs of their communities into the future. An Asset Management Plan is a long term plan that outlines the asset activities for each service and outlines actions and resources to provide a defined level of service in the most cost efficient way.

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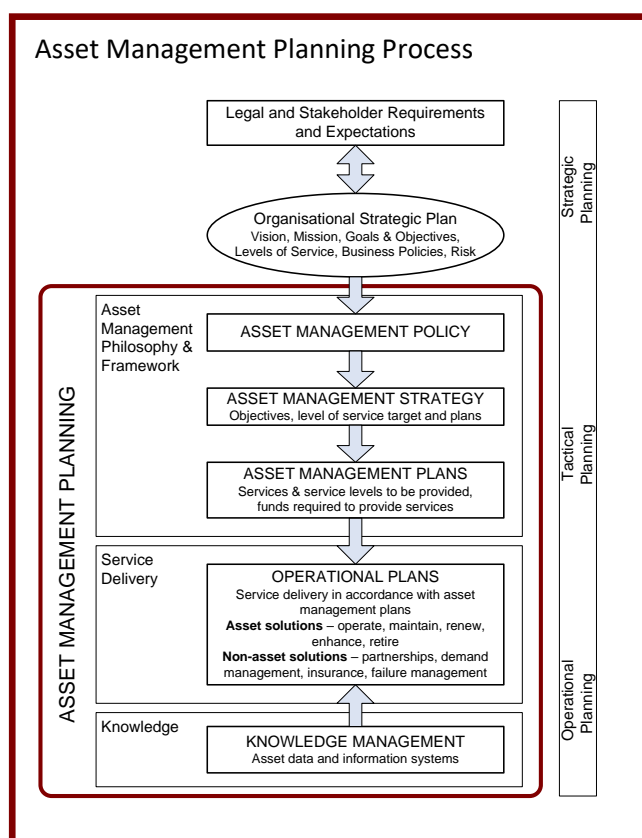
<sup>5</sup> LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

<sup>6</sup> LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

## 1.2 Asset Management Planning Process

Asset management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an economically optimal way. In turn, affordable service levels can only be determined by assessing Council's financial sustainability under scenarios with different proposed service levels.

Asset management planning commences with defining stakeholder and legal requirements and needs, incorporating these needs into the organisation's strategic plan, developing an asset management policy, strategy, asset management plan and operational plans, linked to a long-term financial plan with a funding plan.<sup>7</sup>



## 2. What Assets do we have?

Council uses infrastructure assets to provide services to the community. The range of infrastructure assets and the services provided from the assets is shown in Table 1.

**Table 1: Assets used for providing Services**

Asset Class	Description	Services Provided
Transportation (including stormwater drainages)	<p>Roads, bridges, footpaths, cycleways, kerb &amp; guttering and associated assets.</p> <p>Underground pipe and pit network, open channels, detention basins, stormwater quality improvement devices.</p>	<p>Transportation of goods and services from production to market and to consumers, movement of people around the Council area for business, education, recreation and leisure.</p> <p>Collection of stormwater drainage runoff, conveyance and return to the environment to</p>

<sup>7</sup> IPWEA, 2009, AIFMG, Quick Guide, Sec 4, p 5.

		allow continued and safe use of private and public property.
Buildings	Community, cultural, commercial and leisure facilities	Community interaction and development
Open Spaces	Active and passive recreation reserves, playgrounds	Community recreation and leisure
Water	Storage dams, trunk supply mains, treatment plants, pumping stations, service reservoirs, reticulation network, water services	Provision of water for domestic, business, industrial and recreation usage
Sewer	Reticulation network, pumping stations, rising mains, trunk mains, treatment plants, effluent reuse systems	Collection of domestic, business, and industrial waste water, conveyance clear of private and public property, conversion to reusable quality and return to the environment

### 3. Council's Assets and their management?

#### 3.1 State of the Assets

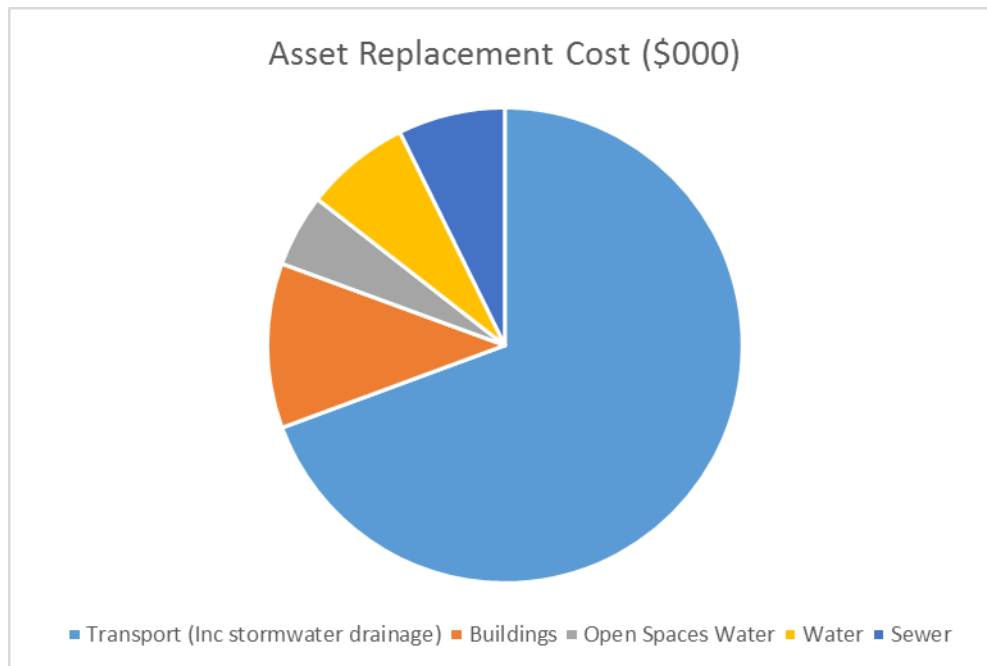
The financial status of Council's assets is shown in Table 2.

**Table 2: Financial Status of the Assets**

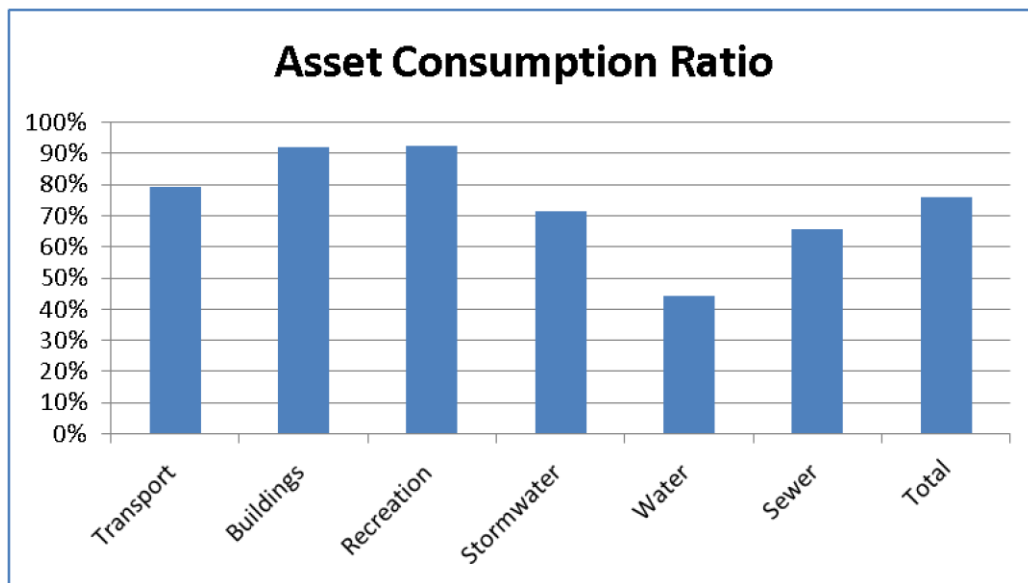
Asset Class	Replacement Cost (\$000)	Fair Value (\$000)	Depreciation Expense (\$000)
Transport (Inc stormwater drainage)	\$444,787	\$371,778	\$4,260
Buildings	\$71,898	\$33,668	\$2,011
Open Spaces	\$31,748	\$18,930	\$932
Water	\$45,997	\$21,692	\$644
Sewer	\$46,748	\$33,339	\$757
Total	\$641,178	\$479,407	\$8,604

Figure 1 shows the replacement values of Council's assets.

**Figure 1: Asset Replacement Values**



The asset consumption ratios of Council's assets (average proportion of 'as new' condition left in assets) are shown in Figure 2.



**Figure 2: Asset Consumption Ratio**

Council's groups of assets are aging, which will over the life of the assets result in increased maintenance costs and lower levels of service. Issues to consider for the future include changing legislative requirements, increasing or decreasing funding levels, climate change, and the increasing use and consumption of assets through population growth.

Condition information on Council's assets is available in asset management plans.

### 3.2 Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan is shown in Table 3.

**Table 3: Life Cycle Cost for Council Services**

Asset Class	Previous Year Operations Maintenance & Expenditure	Previous Year Depreciation Exp	Life Cycle Cost (\$/Yr)
Transport (Inc stormwater drainage)	\$4,446	\$4,260	\$8,706
Buildings	\$1,504	\$2,011	\$3,515
Open Spaces	\$4,162	\$932	\$5,094
Water	\$804	\$644	\$1,448
Sewer	\$1,800	\$757	\$2,557
<b>All Services</b>	<b>\$12,716</b>	<b>\$8,604</b>	<b>\$21,320</b>

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operating, maintenance and capital renewal expenditure in the previous year or preferably averaged over the past 3 years. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the start of the plan is shown in Table 4.

**Table 4: Life Cycle Expenditure for Council Services**

Asset Class	Previous Year Operations Maintenance & Expenditure	Cap Renewal Expense (\$/Yr)	Life Cycle Exp (\$/Yr)
Transport (Inc stormwater drainage)	\$4,446	\$5,857	\$10,303
Buildings	\$1,504	\$401	\$1,905
Open Spaces	\$4,162	\$863	\$5,025
Water	\$804	\$400	\$1,204
Sewer	\$1,800	\$600	\$2,400
<b>All Services</b>	<b>\$12,716</b>	<b>\$8,121</b>	<b>\$20,837</b>

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than the life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing service to their communities in a financially sustainable manner. This is the purpose of the AM Plans and long term financial plan.

A shortfall between life cycle cost and life cycle expenditure gives an indication of the life cycle gap to be addressed in the asset management and long term financial plan.

The life cycle gap and life cycle indicator for services covered by this asset management plan is summarised in Table 5.

**Table 5: Life Cycle Sustainability Indicators**

Asset Class	Life Cycle Cost (\$/Yr)	Life Cycle Exp (\$/Yr)	Life Cycle Gap (\$/Yr)	Life Cycle Sustainability Index
Transport (Inc stormwater drainage)	\$8,706	\$10,303	\$1,597	1.18
Buildings	\$3,515	\$1,905	-\$1,610	0.54
Open Spaces	\$5,094	\$5,025	-\$69	0.99
Water	\$1,448	\$1,204	-\$244	0.83
Sewer	\$2,557	\$2,400	-\$157	0.94
<b>All Services</b>	<b>\$21,320</b>	<b>\$20,837</b>	<b>-\$483</b>	<b>0.98</b>

Note: \* A life cycle gap is reported as a negative value.

At present expenditure levels, there is not enough funding to sustainably manage the life cycle gap. Increases in the life cycle gap may lead to deteriorated asset conditions and reduced levels of service.

### 3.3 Asset Management Structure

The Director of Engineering and Technical Services has overall management responsibility for service delivery; the Manager Technical Services is responsible for asset management planning, design and delivery of the major projects. The Operations Managers are responsible for delivering the service levels adopted by council for the associated budget.

### 3.4 Corporate Asset Management Team

A 'whole of organisation' approach to asset management can be developed with a corporate asset management team. The benefits of a corporate asset management team include:

- demonstrate corporate support for sustainable asset management,
- encourage corporate buy-in and responsibility,
- coordinate strategic planning, information technology and asset management activities,
- promote uniform asset management practices across the organisation,
- information sharing across IT hardware and software,
- pooling of corporate expertise
- championing of asset management process,
- wider accountability for achieving and reviewing sustainable asset management practices.

The role of the asset management team will evolve as the organisation maturity increases over several phases.

#### Phase 1

- strategy development and implementation of asset management improvement program,

#### Phase 2

- asset management plan development and implementation,
- reviews of data accuracy, levels of service and systems plan development,

#### Phase 3

- asset management plan operation
- evaluation and monitoring of asset management plan outputs
- ongoing asset management plans review and continuous improvement.

The current position on Council's asset management team is phase 2.

### **3.5 Financial & Asset Management Core Competencies**

The National Frameworks on Asset Planning and Management and Financial Planning and Reporting define 10 elements. 11 core competencies have been developed from these elements<sup>8</sup> to assess 'core' competency under the National Frameworks. The core competencies are:

#### Financial Planning and Reporting

- Strategic Longer Term Plan
- Annual Budget
- Annual report

#### Asset Planning and Management

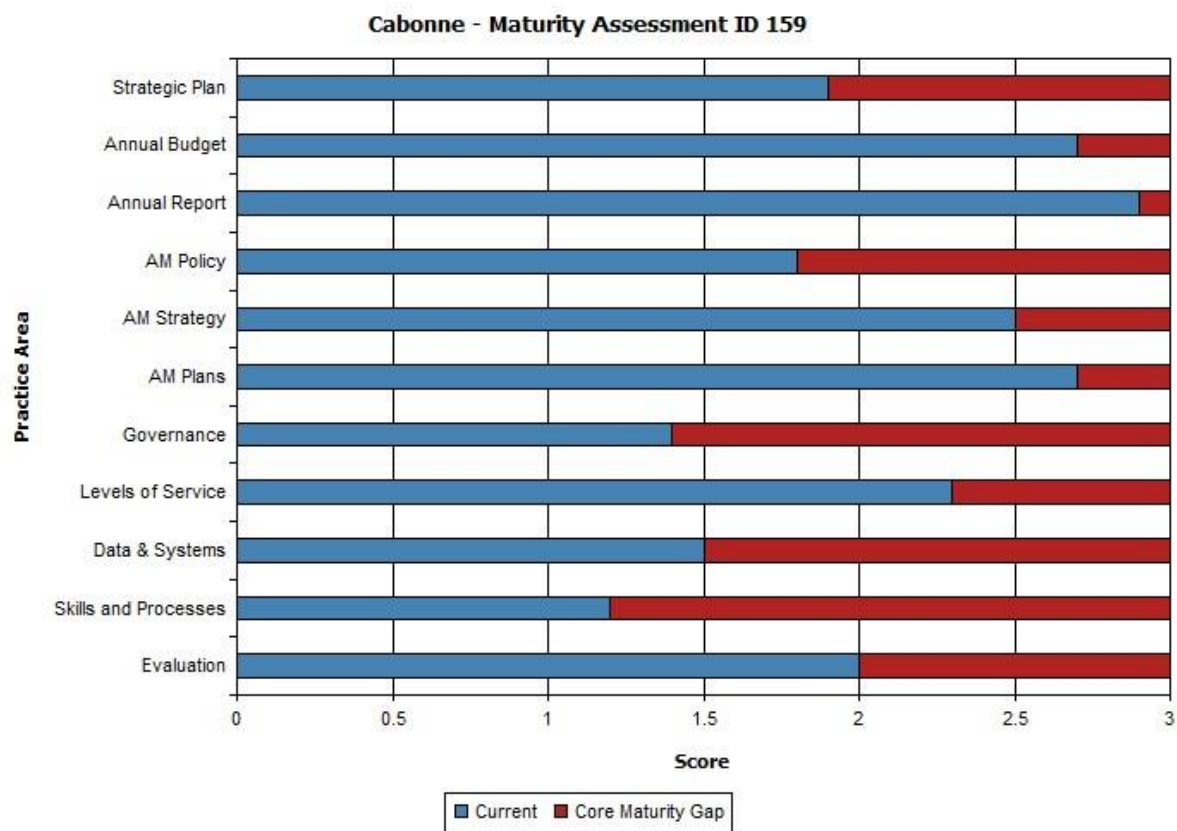
- Asset Management Policy
- Asset Management Strategy
- Asset Management Plan
- Governance & Management
- Levels of Service
- Data & Systems
- Skills & processes
- Evaluation

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<sup>8</sup> Asset Planning and Management Element 2 *Asset Management Strategy and Plans* divided into Asset Management Strategy and Asset Management Plans competencies.



Council's maturity assessment for the core competencies is detailed in Appendix A and summarised in Figure 4. The current maturity level is shown by the blue bars. The maturity gap to be overcome for Council to achieve a core financial and asset management competency is shown by the red bars.



**Figure 3: Core Asset Management Maturity**

### 3.6 Strategy Outlook

1. Council is unable to maintain current service levels over the next ten years at current funding levels.
2. Council is not able to fund current infrastructure life cycle cost at current levels of service and available revenue.
3. Council's current asset management maturity is below 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

## **4. Where do we want to be?**

### **4.1 Council's Vision, Mission, Goals and Objectives**

Council has adopted a Vision for the future in the Community Strategic Plan.

*Passionate people*

*Thriving villages and caring communities*

*Respecting and sustaining our environment*

*With an agricultural heart*

Council's purpose or reason for existence is set out in the adopted values statement,

*In all we do, we will:*

*Respect each other, our community and the environment in which we live*

*Have the courage and confidence to 'have a go'*

*Balance today's decisions with the long-term future in mind*

*Be friendly, approachable and work together*

*Strive to do our very best and take personal responsibility for our actions*

The Strategic Plan sets goals and objectives to be achieved in the planning period. The goals set out where Council wants to be. The objectives are the steps needed to get there. Goals and objectives relating to the delivery of services from infrastructure are shown in Table 6.

**Table 6: Goals and Objectives for Infrastructure Services**

Future Direction	Strategic Outcome
1. Connect Cabonne to each other and the world	1.1 A safe, efficient, quality and well maintained urban and rural transport system for vehicles and pedestrians on Cabonne's local, regional and state road networks.
	1.4 Design and maintain roads to provide safe and efficient transport of goods and services locally and also state and regional routes
	1.5 Access to major metropolitan markets enables the growth of tourism.
3. Provide and Develop Community Facilities	3.3 Sporting, recreational, council and community facilities and services are maintained and developed
4. Grow Cabonne's Culture and Community	4.3 Beautiful towns and villages with historic assets cared for and preserved
5. Manage our Natural Resources	5.1 All villages have a secure and quality water supply
	5.2 Flood mitigation processes are in place
	5.3 Sustainable solid and liquid waste management practices are in place across Cabonne
	5.4 Primary producers use best practice methods and systems that respect the environment
	5.5 All natural resources are managed sustainably in a planned way
	5.6 Risk management processes are in place for natural disaster events

Council's Asset Management Policy defines the council's vision and service delivery objectives for asset management in accordance with legislative requirements, community needs and affordability.

## 4.2 Asset Management Policy

Council's Asset Management Policy defines the council's vision and service delivery objectives for asset management in accordance with the Strategic Plan and applicable legislation.

The asset management strategy is developed to support the asset management policy and is to enable council to show:

- how its asset portfolio will meet the affordable service delivery needs of the community into the future,
- enable Council's asset management policies to be achieved, and
- ensure the integration of Council's asset management with its long term strategic plans.

### **4.3 Asset Management Vision**

To ensure the long-term financial sustainability of Council, it is essential to balance the community's expectations for services with their ability to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, Council aspires to:

Develop and maintain asset management governance, skills, process, systems and data in order to provide the level of service the community need at present and in the futures, in the most cost-effective and fit for purpose manner.

In line with the vision, the objectives of the asset management strategy are to:

- ensure that the Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council's financial sustainability,
- safeguard Council's assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets,
- adopt the long term financial plan as the basis for all service and budget funding decisions,
- meet legislative requirements for all Council's operations,
- ensure resources and operational capabilities are identified and responsibility for asset management is allocated,
- provide high level oversight of financial and asset management responsibilities through Audit Committee/CEO reporting to council on development and implementation of Asset Management Strategy, Asset Management Plan and Long Term Financial Plan.

Strategies to achieve this position are outlined in Section 5.

## 5. How will we get there?

The Asset Management Strategy proposes strategies to enable the objectives of the Strategic Plan, Asset Management Policy and Asset Management Vision to be achieved.

**Table 7: Asset Management Strategies**

No	Strategy	Desired Outcome
1	Move from Annual Budgeting to Long Term Financial Planning	The long term implications of Council services are considered in annual budget deliberations.
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
3	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
5	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
6	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.
11	Report six monthly to Council by Audit Committee/CEO on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

## 6. Asset Management Improvement Plan

The tasks required to achieve a 'core' financial and asset management maturity are shown in priority order in Table 8.

**Table 8: Asset Management Improvement Plan**

Ref	Task	Responsibility	Target Date	Budget
1	Asset Information System – implement software package, providing asset deterioration modelling and other tools and links to GIS system	DETS	2018	
2	Revalue water assets and update the asset register to ensure the financial and operational technical asset registers reflect the same water supply inventory to ensure data accuracy	DETS	2018	
3	Finance – restructure ledgers so as to separate operations, maintenance and renewal costs at asset class levels	DFCS	2019	
4	Community consultation – undertake targeted engagement with the community to resolve acceptable and achievable levels of service	GM/DETS/DFCS	Ongoing	
5	Review and develop performance measures and reporting	DETS	Ongoing	
6	Condition rating – refine data collection and analysis processes, including greater levels of componentisation. Develop and implement data capture and conditioning process	DETS	Ongoing	
7	Carry out Infrastructure Risk Management Planning process to consider the consequences of failure for each asset group, and impact of failure on the community	DETS	Ongoing	
8	Develop and adopt Asset Management Policy and Strategy	DETS	2018	

## **Appendix A   Asset Management Maturity Assessment**

Framework Financial Planning & Reporting  
 Element Strategic Longer Term Plan  
 Practice Area Strategic Longer Term Plan

Core Maturity Assessment Partially Meets Requirements












Current Score 1.9 Core Target 3

Question: Does your council have an adopted strategic longer term plan?

Observations of Current Maturity Level

Implications of Current Maturity Level

### Recommendations

Maturity Score	Result	Characteristic
3		Council has adopted a Strategic Plan (planning horizon of at least 5 years) that incorporates a vision, strategic outcomes, mission, values and service outcomes that Council wants to achieve. The minimum timeframe may vary depending on relevant State/Territory requirements.
3		The development of the Strategic Plan included elected member participation and was informed by community consultation and includes strategic objectives that address social, environmental, economic and civic leadership issues identified by the community.
3		The Strategic Plan incorporates priorities and performance measures and indicates how they will be monitored and measured.
3		Council has a sustainable LTFP covering the period of the Strategic Plan (at least 5 year) supporting the implementation of its Strategic Plan. The minimum timeframe may vary depending on relevant State/Territory requirements.
3		The Long Term Financial Plan (LTFP) has been prepared based on the resource requirements and strategic objectives detailed in Council's Strategic Plan and Asset Management Plans.
2		Plan covers 4 year term of council
2		Draft plan is advertised for public comment
2		Plan reflects needs of community for foreseeable period
2		Plan includes vision and strategic objectives
2		Plan details what council intends to do in period of plan
1		Plan covers 1 year period



Framework Financial Planning & Reporting

Element Annual Budget

Practice Area Annual Budget

Core Maturity  
Assessment

Meets Requirements

Current Score

2.7

Core Target

3

Question: Does your council prepare an annual budget?

Observations of Current Maturity Level

Implications of Current Maturity Level

### Recommendations

Maturity Score	Result	Characteristic
3	⊙	The Annual Budget contains estimates of revenue and expenditure with an explanation of the assumptions and methodologies underpinning the estimates, an explanation of the financial performance and position of the Council and has been prepared based on the resource requirements and strategic objectives detailed in Council's Strategic Plan, AM Plans and LTFP.
3	⊙	The Annual Budget reflects the Council's strategic objectives and contains a statement of how Council will meet the goals and objectives of its Strategic Plan.
3	⊙	The Annual Budget aligns with Year 1 of the LTFP and was adopted following community consultation.
3	●	Council's Annual Budget includes resources to implement Strategic Plan strategies.
2	●	Budget is publically available and readily accessible to all interested readers
2	●	Budget contains estimates of revenue and expenditure for year
2	●	Budget includes an explanation of the council's financial position and performance
2	●	Budget is adopted after public advertising and consideration of comments received
1	●	Annual budget is available to those who ask

**Framework** Financial Planning & Reporting  
**Element** Annual Report  
**Practice Area** Annual Report

**Core Maturity  
Assessment**

**Meets Requirements**

**Current Score** 2.9 **Core Target** 3

**Question:** Does your Council publish an annual report?

**Observations of Current Maturity Level**

**Implications of Current Maturity Level**

### Recommendations

Maturity Score	Result	Characteristic
3	●	The Annual Report complies with all statutory requirements including publication by the due date and is made widely available to the public.
3	●	The Annual Report includes independently audited financial statements that are prepared on an accrual basis in accordance with the Australian Accounting Standards.
3	◎	The Annual Report reviews the performance of the Council against its strategic objectives and explains variations between the budget and actual results and how these variations impact on the Strategic Plan.
3	●	The Annual Report includes details of any major changes in functions of the Council, organisation structure and/or policy initiatives and how these changes might impact on Council's Strategic Plan.
3	●	In relation to the financial reporting framework in the Annual Report, the Annual Report addresses the following issues in accordance with relevant state policies, Australian Accounting Standards and other best practice guidelines: a. Asset valuations and revaluations, b. Asset acquisitions including capitalisation policy, c. Asset disposals
2	●	Annual report contains audited financial statements
2	●	Annual report is widely available to the general public
2	●	Annual report reports on council's operations for the year in terms of goals and objectives for preceding year
2	●	Annual report contains explanation on variations between budget and actual results
1	●	Annual report is published each year

**Framework** Asset Management & Planning

Element AM Policy

Practice Area AM Policy

Core Maturity  
Assessment

Partially Meets  
Requirements

Current Score 1.8 Core Target 3

Question: Does your council have an adopted asset management policy?

Observations of Current Maturity Level

Implications of Current Maturity Level

### Recommendations

Maturity Score	Result	Characteristic
3	<input type="radio"/>	Council has an adopted AM Policy which defines the Council's vision and service delivery objectives for asset management.
3	<input checked="" type="radio"/>	AM Policy has a direct linkage with Council's Strategic Plan and LTFP.
3	<input checked="" type="radio"/>	AM Policy requires the adoption of AM Plans informed by community consultation and local government financial reporting frameworks.
3	<input checked="" type="radio"/>	AM Policy defines asset management roles, responsibilities and reporting framework.
3	<input checked="" type="radio"/>	AM Policy identifies a process for meeting training needs in financial and asset management practices for councillors and staff.
2	<input type="radio"/>	AM Policy adopted by Council
1	<input checked="" type="radio"/>	AM Policy in place but not adopted by Council OR some awareness by Council of asset management policy elements and asset management principles.

Framework Asset Management & Planning  
 Element AM Strategy  
 Practice Area AM Strategy

Core Maturity  
Assessment

Partially Meets  
Requirements

Current Score 2.5 Core Target 3

Question: Does your council have an adopted asset management strategy?

Observations of Current Maturity Level

Implications of Current Maturity Level

### Recommendations

Maturity Score	Result	Characteristic
3	<input type="radio"/>	Council has an AM Strategy which shows how the asset portfolio can meet the service delivery needs of the community and defines the future vision of asset management practices within Council.
3	<input checked="" type="radio"/>	Council's AM Strategy is linked to Council's AM Policy and integrated into Council's Strategic planning and annual budgeting processes.
3	<input checked="" type="radio"/>	Council's AM Strategy documents the current status of asset management practices (processes, asset data and information systems) within the Council and what actions Council must take to implement the AM Policy, including resource requirements, timeframes and accountabilities.
2	<input checked="" type="radio"/>	Strategy shows what assets the council has
2	<input checked="" type="radio"/>	Strategy fits with the council strategic plans
1	<input checked="" type="radio"/>	Draft AM Strategy Prepared but not adopted by Council

Framework Asset Management & Planning  
 Element AM Plans  
 Practice Area AM Plans

Core Maturity  
Assessment

Partially Meets  
Requirements

Current Score 2.7 Core Target 3

Question: Does your council have adopted asset management plans?

Observations of Current Maturity Level

Implications of Current Maturity Level

## Recommendations

Maturity Score	Result	Characteristic
3	●	AM Plans adopted by Council for all material asset groups in a consistent format in accordance with industry best practice (E.g. Appendix A of the International Infrastructure Management Manual (IIMM)) and are available to all relevant staff across the organisation.
3	●	AM Plans define which asset groups are covered by each Plan in accordance with a clearly documented Infrastructure Asset Hierarchy.
3	●	AMPS cover at least 10 years and
3	●	a. Refer to Council's AM Policy and AM Strategy;
3	●	b. Include all assets and document asset inventory information for the asset group/category as recorded in the asset register;
3	⊙	c. Document the asset hierarchy within each asset group;
3	⊙	d. Document the current condition of assets;
3	●	e. Document the adopted useful lives of assets;
3	○	f. Include risk assessment and criticality profiles;
3	⊙	g. Provide information about assets, including particular actions and costs to provide a defined (current and/or target) level of service in the most cost effective manner
3	⊙	h. Include demand forecasts including possible effects of demographic change and demand management plans
3	●	i. Address life cycle costs of assets;

- |   |                                  |                                                                                                                                                            |
|---|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 | <input type="radio"/>            | j. Include forward programs identifying cash flow forecasts projected for:                                                                                 |
| 3 | <input type="radio"/>            | i. Asset Renewals;                                                                                                                                         |
| 3 | <input type="radio"/>            | ii. New Assets and Upgrades of existing assets;                                                                                                            |
| 3 | <input type="radio"/>            | iii. Maintenance expenditure;                                                                                                                              |
| 3 | <input checked="" type="radio"/> | iv. Operational expenditure (including depreciation expense);                                                                                              |
| 3 | <input checked="" type="radio"/> | k. Address asset performance and utilisation measures and associated targets as linked to levels of service;                                               |
| 3 | <input type="radio"/>            | l. Include an asset rationalisation and disposal program; and                                                                                              |
| 3 | <input checked="" type="radio"/> | m. Include an asset management improvement plan.                                                                                                           |
| 3 | <input type="radio"/>            | n. Include consideration of non-asset service delivery solutions (leasing private/public partnerships)                                                     |
| 3 | <input type="radio"/>            | o. Recognise changes in service potential of assets through projections of asset replacement costs, depreciated replacement cost and depreciation expense. |
| 3 | <input checked="" type="radio"/> | p. Include consideration of possible effects of climate change on asset useful lives and maintenance costs                                                 |
| 3 | <input checked="" type="radio"/> | AM Plans link to the Council's AM Policy, AM Strategy, Strategic Plan, LTFP and other relevant Council Policy objectives.                                  |
| 3 | <input type="radio"/>            | AM Plans have all been prepared in association with community consultation.                                                                                |
| 2 | <input type="radio"/>            | Separate AM Plans for each asset group - high level overall framework but not consistent                                                                   |
| 2 | <input type="radio"/>            | AM Plans in place but not regularly reviewed or adopted                                                                                                    |
| 2 | <input type="radio"/>            | AM Plans include all assets on asset register                                                                                                              |
| 2 | <input checked="" type="radio"/> | AM Plans Include an improvement plan                                                                                                                       |
| 1 | <input type="radio"/>            | No AM Plans, AM is Reactive and Fragmented                                                                                                                 |

Framework Asset Management & Planning  
 Element Governance and Management  
 Practice Area Governance and Management

Core Maturity Assessment Not Substantially Progressed

Current Score 1.4 Core Target 3

Question: Does your council have good management practices linking AM to service delivery?

Observations of Current Maturity Level

Implications of Current Maturity Level

## Recommendations

Maturity Score	Result	Characteristic
3	<input type="radio"/>	Council has mechanisms in place to provide high level oversight by the Council, CEO/GM and Executive Management Team, for development and implementation of the AM Strategy and AM Plans.
3	<input checked="" type="radio"/>	Roles and responsibilities are clearly defined in a matrix or policy, identifying positions responsible for determining levels of service and positions responsible for managing the assets to meet service delivery needs.
3	<input checked="" type="radio"/>	The staff structure and position descriptions clearly define asset management functions, responsibilities and skill requirements for managing all asset classes.
3	<input checked="" type="radio"/>	Council has a documented process for making capital investment decisions, which is driven by Council's Strategic Plan, LTFP and the Service Plan and explicitly details the impacts on the future operations and maintenance budgets, "Whole of Life" costs and risk management assessments.
3	<input checked="" type="radio"/>	Council involves all its departments in Asset Management.
3	<input type="radio"/>	Council has an AM Steering Committee, with cross functional representation and clearly defined and documented terms of reference, focussed on coordinating the linkages between service delivery and asset management implementation.
3	<input type="radio"/>	There are internal processes to promote Asset Management across Council
2	<input type="radio"/>	Multi-disciplinary AM Steering Committee in operation with regular meetings
2	<input type="radio"/>	AM improvement plan in operation
1	<input checked="" type="radio"/>	AM Steering activities are dependent on individual initiatives and are not co-ordinated

Framework Asset Management & Planning  
 Element Levels of Service  
 Practice Area Levels of Service

Core Maturity Assessment Not Substantially Progressed

Current Score 2.3 Core Target 3

Question: Does your Council have a defined process for determining current and target levels of service and costs?

Observations of Current Maturity Level

Implications of Current Maturity Level

## Recommendations

Maturity Score	Result	Characteristic
3	<input type="radio"/>	Council has Service Plans for each of its services which have been developed in consultation with the community.
3	<input type="radio"/>	Council has undertaken the process of defining, quantifying and documenting current community levels of service and technical levels of service, and costs of providing the current levels of service.
3	<input checked="" type="radio"/>	Current and target levels of service (for both community levels of service and associated technical levels of service) are clearly defined in each AM Plan.
3	<input checked="" type="radio"/>	Technical levels of service are incorporated into service agreements and/or maintenance, operational and capital renewal procedures.
2	<input checked="" type="radio"/>	Service levels in some areas - fragmented
1	<input checked="" type="radio"/>	Service levels are consequences of annual budget allocation and not defined.



Framework Asset Management & Planning  
 Element Data & Systems  
 Practice Area Data & Systems

Core Maturity  
Assessment

Partially Meets  
Requirements

Current Score 1.5 Core Target 3

Question: Does council have the data & systems knowledge to perform asset data management activities?

Observations of Current Maturity Level

Implications of Current Maturity Level

### Recommendations

Maturity Score	Result	Characteristic
3	●	Council has a consolidated, integrated, accurate, up to date and complete componentised asset register with the required functionality to ensure security and data integrity, which includes all information about each asset sorted by asset group.
3	○	There is a common corporate data framework used across all asset groups, which is defined by Council's Infrastructure Asset Hierarchy.
3	●	Council has documented repeatable methodologies to carry out consistent asset condition surveys and defect identification assessments, as documented in a Condition Rating Assessment Manual for applicable asset classes.
3	○	Council's asset financial reporting functionality is comprehensive and includes audit trails, depreciation calculations, reporting thresholds and records of acquisition and disposal of assets
3	○	Council's systems, procedures and processes allow it to benchmark its asset management performance against like Councils over time.
3	○	AM systems have the functionality to generate maintenance and renewal programs and produce associated cash flow forecasts.
3	○	Council has defined and documented procedures for determining asset replacement and treatment unit rates, which are then stored in Council's AM system.
3	●	Council has a defined process for operations, maintenance, renewal and upgrade planning for its existing assets.
2	●	Skill & knowledge requirements determined
2	●	Audit completed to determine current skill & knowledge levels
1	●	Council has a corporate asset register supported by technical asset registers with regular validation of data in registers

Framework Asset Management & Planning  
 Element Skills and Processes  
 Practice Area Skills and Processes

Core Maturity  
Assessment

Partially Meets  
Requirements

Current Score 1.2 Core Target 3

Question: Does council have the skills & knowledge to perform asset data management activities?

Observations of Current Maturity Level

Implications of Current Maturity Level

### Recommendations

Maturity Score	Result	Characteristic
3	<input type="radio"/>	Council has a process to review and update the AM Strategy on a maximum of a 5 year cycle. The AM Strategy is formally adopted by Council.
3	<input type="radio"/>	Council has a process to review and update AM Plans for all asset groups on a maximum of a 3 to 4 year cycle consistent with the Council election cycle. AM Plans are formally adopted by Council.
3	<input checked="" type="radio"/>	Council has a process to identify operational risks, assign responsibilities and monitor risk treatment actions all recorded within a risk register.
3	<input checked="" type="radio"/>	Council has a process to annually review and update the financial forecasts for all asset classes and update the LTFP.
3	<input type="radio"/>	Council has assessed the skills and knowledge required to perform asset data management activities, conduct financial reporting valuations and develop AM Plans. Council has a current asset management skills matrix. Staff training needs have been identified and training scheduled.
3	<input checked="" type="radio"/>	Council has a defined methodology for assessing the Remaining and Useful Life, Residual Value and Depreciation Method of assets.
3	<input checked="" type="radio"/>	Council has a process to collect and record asset data into an AM system upon the commissioning of new (and/or modified) assets, including built and contributed assets.
3	<input checked="" type="radio"/>	Council has formal processes for the handover of assets to asset custodians/owners.
3	<input checked="" type="radio"/>	Council has a process to communicate the financial implications of the AM Plans to internal and external stakeholders.
3	<input checked="" type="radio"/>	Council provides ongoing training programs for councillors, council management and officers on key asset management topics.
2	<input type="radio"/>	Skill & knowledge requirements determined

2	<input type="radio"/>	Audit completed to determine current skill & knowledge levels
2	<input checked="" type="radio"/>	Documented asset data management procedures
1	<input type="radio"/>	Asset data management limited to plans and data required for current projects

Framework Asset Management & Planning  
 Element Evaluation  
 Practice Area Evaluation

Core Maturity Assessment Not Substantially Progressed

Current Score 2 Core Target 3

Question: Does council have a process to evaluate progress and use of resources on implementation of the National Frameworks?

Observations of Current Maturity Level

Implications of Current Maturity Level

Recommendations

Maturity Score	Result	Characteristic
3	<input type="radio"/>	Council has a documented evaluation process by which asset management improvements are identified, timeframes established, resources allocated, actioned, monitored and reported to the Executive Management Team and/or CEO
3	<input type="radio"/>	Technical levels of service are monitored and performance reported.
3	<input type="radio"/>	Community levels of service are monitored and performance reported.
2	<input checked="" type="radio"/>	Improvement tasks are included in staff performance plans and reviews
1	<input checked="" type="radio"/>	No formal evaluation process