

Junee Shire Council



# ASSET MANAGEMENT STRATEGY



Version 1.1

April 2012



## Document Control

<b>Document Control</b>	<b>NAMS.PLUS Asset Management for Small, Rural or Remote Communities</b> <a href="http://www.ipwea.org.au/AM4SRRC">www.ipwea.org.au/AM4SRRC</a>	 Institute of Public Works Engineering Australia			
Document ID: 59_280_110301 am4srrc am strategy template v6					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1.1	11 April 2012	Draft No. 1	JWW	WGB	

### Asset Management for Small, Rural or Remote Communities Guidelines

The Institute of Public Works Engineering Australia.

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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, kerb & guttering, stormwater systems associated with road systems; parks, recreation areas and cemeteries; buildings and structures; and the sewerage network. These infrastructure assets have a replacement value of \$136.05 million.

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,
- achieve its asset management policies, 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, State legislation – including the requirements of the NSW Integrated Planning & Reporting 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 "**making tracks**"; the Junee Shire Council – A Community Strategic Plan for Junee Shire to 2020: Adopted 9 June 2009. 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

The strategy outlook summarises the key findings from Section 3 *Council's Assets and their Management?* The strategy outlook is outlined in Section 3.6.

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.

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

## ***Asset management strategies***

The Council's Asset Management Strategies are set out in Table 7 within Section 5.

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

## ***Asset management improvement plan***

The program of tasks and resources required to achieve a minimum 'core' asset management maturity is developed in this Asset Management Strategy. The tasks shown below have been recorded as either 'Partially Complete' or 'Not started' in the Maturity Assessment Report in Appendix A. The tasks and program are shown in the Table 8 improvement plan in Section 5.

<b>Task</b>
<b>FINANCIAL PLANNING &amp; REPORTING</b>
<b>STRATEGIC LONGER TERM PLAN</b>
The Strategic Plan incorporates priorities and performance measures and indicates how they will be monitored and measured.
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.
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.
Plan details what council intends to do in period of plan
<b>ANNUAL BUDGET</b>
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.
<b>ASSET MANAGEMENT &amp; PLANNING</b>
<b>AM PLANS</b>
AM Plans define which asset groups are covered by each Plan in accordance with a clearly documented Infrastructure Asset Hierarchy.
AMPS cover at least 10 years and c. Document the asset hierarchy within each asset group;
AMPS cover at least 10 years and f. Include risk assessment and criticality profiles;
AMPS cover at least 10 years and p. Include consideration of possible effects of climate change on asset useful lives and maintenance costs
AM Plans have all been prepared in association with community consultation.
<b>GOVERNANCE AND MANAGEMENT</b>
The staff structure and position descriptions clearly define asset management functions, responsibilities and skill requirements for managing all asset classes.

<b>Task</b>
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.
AM improvement plan in operation
<b>LEVELS OF SERVICE</b>
Council has Service Plans for each of its services which have been developed in consultation with the community.
Technical levels of service are incorporated into service agreements and/or maintenance, operational and capital renewal procedures.
<b>DATA &amp; SYSTEMS</b>
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.
There is a common corporate data framework used across all asset groups, which is defined by Council's Infrastructure Asset Hierarchy.
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.
Council's asset financial reporting functionality is comprehensive and includes audit trails, depreciation calculations, reporting thresholds and records of acquisition and disposal of assets
Council's systems, procedures and processes allow it to benchmark its asset management performance against like Councils over time.
Council has defined and documented procedures for determining asset replacement and treatment unit rates, which are then stored in Council's AM system.
Council has a defined process for operations, maintenance, renewal and upgrade planning for its existing assets.
<b>SKILLS AND PROCESSES</b>
Council has a process to identify operational risks, assign responsibilities and monitor risk treatment actions all recorded within a risk register.
Council has a defined methodology for assessing the Remaining and Useful Life, Residual Value and Depreciation Method of assets.
Council has formal processes for the handover of assets to asset custodians/owners.

Task
Documented asset data management procedures
<b>EVALUATION</b>
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
Technical levels of service are monitored and performance reported.
Community levels of service are monitored and performance reported.
Improvement tasks are included in staff performance plans and reviews

## 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, drains, 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.
- an annual budget showing the connection to the strategic objectives, and
- an annual report with:
  - an explanation to the community on variations between the budget and actual results,
  - any impact of such variances on the strategic longer-term plan shown,
  - a report of operations with a 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,
- achieve its asset management policies, and
- 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***

Council has to meet many legislative requirements including Australian and State legislation and State regulations. Relevant legislation is shown below.

### ***Legislative Requirements***

<b>Legislation</b>	<b>Requirement</b>
Local Government Act 1993	Provides the legal framework for an effective, efficient, environmentally responsible and open system of local government in NSW. To regulate the relationships between the people and bodies comprising the system, and to encourage and assist the effective participation of local communities in the affairs of local government. Includes the preparation of a strategic plans and a long term financial plan supported by asset management plans for sustainable service delivery.
Local Government Act - Annual Reporting Section 428(2)(d)	(d) A report of the condition of the public works (including public buildings, public road and water sewerage and drainage works) under the control of council as at the end of that year; together with (i) An estimate (at current values) of the amount of money required to bring the works up to a satisfactory standard; and (ii) An estimate (at current values) of the annual expense of maintain the works at that standard; and (iii) The Council's program for maintenance for that year in respect of the works.
Local Government Act 1993 (Section 8)	The council's charter A council has the following charter: • To provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for the community and to ensure that those services and

<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.

Legislation	Requirement
	<p>facilities are managed efficiently and effectively.</p> <ul style="list-style-type: none"> <li>• To exercise community leadership.</li> <li>• To exercise its functions in a manner that is consistent with and actively promotes the principles of multi-culturalism.</li> <li>• To promote and to provide and plan for the needs of children.</li> <li>• To properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible, in a manner that is consistent with and promotes the principles of ecologically sustainable development.</li> <li>• To have regard to the long term and cumulative effects of its decisions.</li> <li>• To bear in mind that it is the custodian and trustee of public assets and to effectively account for and manage the assets for which it is responsible.</li> <li>• To facilitate the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and co-ordination of local government.</li> <li>• To raise funds for local purposes by the fair imposition of rates, charges and fees, by income earned from investments and, when appropriate, by borrowings and grants.</li> <li>• To keep the local community and the State government (and through it, the wider community) informed about its activities.</li> <li>• To ensure that, in the exercise of its regulatory functions, it acts consistently and without bias, particularly where an activity of the council is affected.</li> <li>• To be a responsible employer.</li> </ul>
Department of Local Government NSW Integrated Planning Local Government Amendment (Planning and Reporting) Act 2009	Requirement for integrated (long term) Community Strategic Plan with Delivery Program and Operational Plan. Additionally it is stated that each Council must prepare a Resourcing Strategy including an Asset Management Policy and Strategy and Asset Management Plan/s to support the Community Strategic Plan and Delivery Program.
Civil Liability Act 2002 and Civil Liability Amendment (Personal Responsibility) Act 2002	Protects the Council from civil action by requiring the courts to take into account the financial resources, the general responsibilities of the authority and the compliance with general practices and applicable standards.
NSW Roads Act 1993	Sets out the rights of members of the public to pass along public roads, the rights of persons who own land adjoining a public road to have access to the public road, and to establish the procedures for the opening and closing of a public road, to provide for the classification of roads, to provide for the declaration of public authorities as roads authorities for classified and unclassified roads, to confer certain functions (in particular, the function of carrying out road work), and to regulate the carrying out of various activities on public roads.
NSW Roads Act 1993 – Section 7	<p>Roads authorities :</p> <ol style="list-style-type: none"> <li>1. The RTA is the roads authority for all freeways.</li> <li>2. The Minister is the roads authority for all crown roads.</li> <li>3. The regulations may declare that a specified public authority is the roads authority for a specified public road, or for all public roads within a specified area, other than any freeway or crown road.</li> <li>4. The council of a local government area is the roads authority for all public roads within the area, other than:           <ol style="list-style-type: none"> <li>a) Any freeway or Crown road, and</li> <li>b) Any public road for which some other public authority is declared by the regulations to be the roads authority.</li> </ol> </li> <li>5. A roads authority has such functions as are conferred on it by or under</li> </ol>

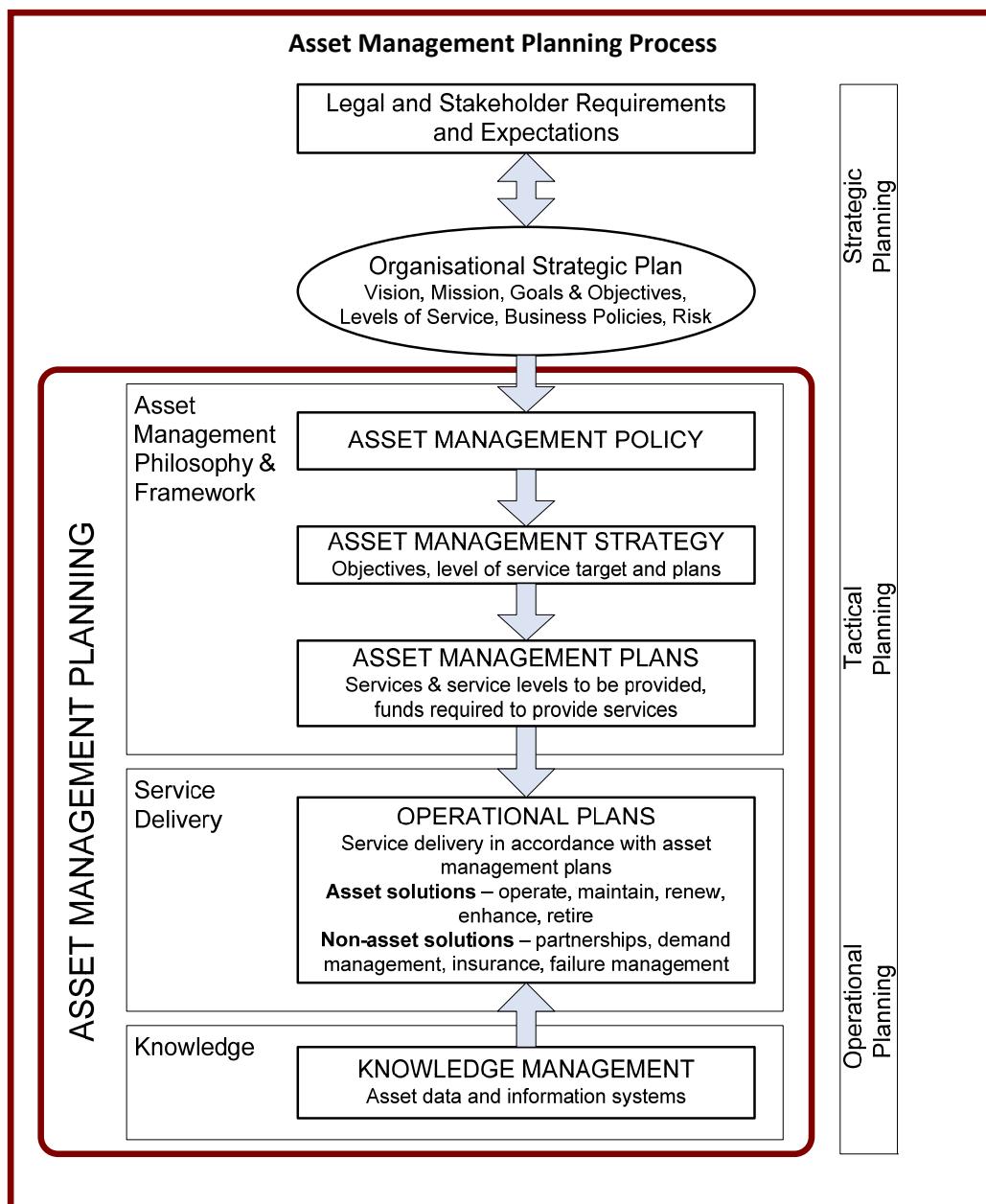
<b>Legislation</b>	<b>Requirement</b>
	this or any other Act or law.
Protection of the Environment Operations Act 1997	Sets out to protect, restore and enhance the quality of the environment in NSW, having regard to the need to maintain ecologically sustainable development, pollution prevention, the elimination of harmful wastes, the reduction in the use of materials and the re-use, recovery or recycling of materials.
Environmental Planning and Assessment Act 1979	Sets out to encourage the proper management, development and conservation of natural and artificial resources for the purpose of promoting the social and economic welfare of the community and a better environment and the protection of the environment, including the protection and conservation of native animals and plants, including threatened species, populations and ecological communities, and their habitats.
Natural Resources Management Act 2004	Sets out the role, purpose, responsibilities and powers of local government in controlling the use of natural resources.
Road Transport (Safety and Traffic Management) Act 1999	Facilitates the adoption of nationally consistent road rules in NSW, the Australian Road Rules. It also makes provision for safety and traffic management on roads and road related areas/issues including alcohol and other drug use, speeding and other dangerous driving, traffic control devices and vehicle safety accidents.
Crown Lands Act 1989	Sets out the objectives and principles for Crown Land management.
Dividing Fences Act 1991	Exempts all Councils from payment of a contribution towards the installation or replacement of a fence on private land that adjoins public property in Council's ownership, care, control and management.
National Parks and Wildlife Act 1974	Sets out objectives and principles for conserving the State's natural and cultural heritage, fostering public appreciation, understanding and enjoyment of a State's natural and cultural heritage, and managing any lands reserved for the purposes of conserving and fostering public appreciation and enjoyment of the State's natural and/or cultural heritage.
Noxious Weeds Act 1993	Sets out to reduce the negative impacts of weeds on the economy, community and environment.
Threatened Species Act 1995	Sets out to conserve biodiversity and promote ecologically sustainable development.
Native Vegetation Act 2003	To manage and protect native vegetation, to prevent broad scale clearing, to improve native vegetation and to encourage revegetation of land.
Heritage Act 1977	To promote understanding of heritage issues and conservation of items of heritage significance.
State Environmental Planning Policy No 19 Bushland and Urban Areas	Sets out the objectives to protect and preserve bushland within the LGA.
Occupational Health and Safety Act 2000	Sets out the responsibilities of Council to secure and promote the health, safety and welfare of people at work.
Disability Discrimination Act	Sets out the responsibilities of Council and staff in dealing with access and use of public infrastructure.
Other relevant State and Federal Acts and Regulations	As appropriate

<b>Standards and Specifications</b>	<b>Requirement</b>
Australian Accounting Standards	<p>Sets out the financial reporting standards relating to infrastructure assets. Standards of particular relevance to infrastructure assets include:-</p> <p>AASB 116 Property, Plant and Equipment – prescribes requirements for recognition and depreciation of property, plant and equipment assets.</p> <p>AASB 136 Impairment of Assets – aims to ensure that assets are carried at amounts that are not in excess of their recoverable amounts.</p> <p>AASB 1021 Depreciation of Non-Current Assets – specifies how depreciation is to be calculated</p> <p>AAS 1001 Accounting Policies – specifies the policies that Council is to have for recognition of assets and depreciation</p> <p>AASB 1041 Accounting for the reduction of Non-Current Assets – specifies the frequency and basis of calculating depreciation and revaluation basis used for assets</p> <p>AAS 1015 Accounting for acquisition of assets – method of allocating the value to new assets on acquisition</p> <p>AASB 1051 Land Under Roads</p>
Austroads Guides, Commentaries and Reports	Austroads works with Local Government to improve Australia's roads and transport systems, recognising the value and importance of developing the local road component of the national road network.
Building Code of Australia 2009	Contains technical provisions for the design and construction of buildings and other structures, covering such matters as structure, fire resistance, access and egress, services and equipment, and health and amenity.
Australian Standards	<p>Various standards outlining the minimum requirements for Council for operations and design. Include:-</p> <ul style="list-style-type: none"> <li>- AS 1742 – various standards forming Manual of Uniform Traffic Control Devices</li> <li>- AS/NZS 4360:2004 Risk Management</li> <li>- HB 4360:2004 Risk Management Guidelines – Companion to AS/NZS 4360:2004</li> </ul>

## 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 financially 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>



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

## **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
Roads Assets	Roads, bridges, footpaths, kerb & gutter within the road network, storm water systems associated with road drainage.	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.
Buildings and Structures	Community, cultural, commercial and leisure facilities.	Council operations, community interaction and development.
Parks, Recreation Areas and Cemeteries	Active recreation areas such as sporting fields and playgrounds, passive recreation reserves such as parks and gardens and cemeteries.	Community sport, recreation and leisure. Internment facilities.
Sewerage Network	Gravity sewer mains, sewerage treatment plants, treated effluent storage ponds and treated effluent reticulation system.	Collection of domestic, business and industrial waste water, conveyance clear of private and public property, conversion to reusable quality and return to the environment and consumers.

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

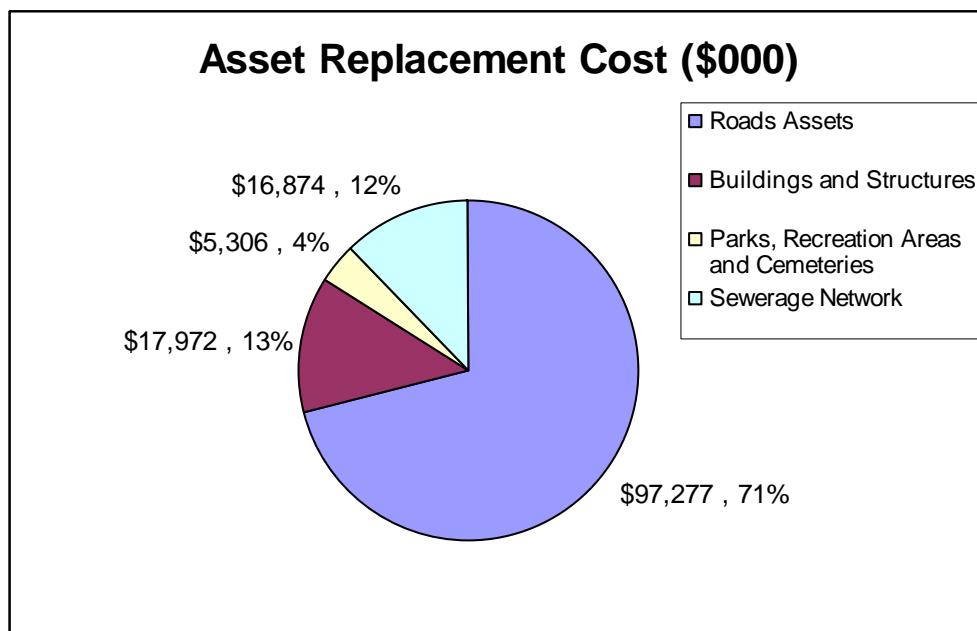
#### 3.1 State of the Assets

The financial status of Council's assets as at 1 December 2011 is shown in Table 2.

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

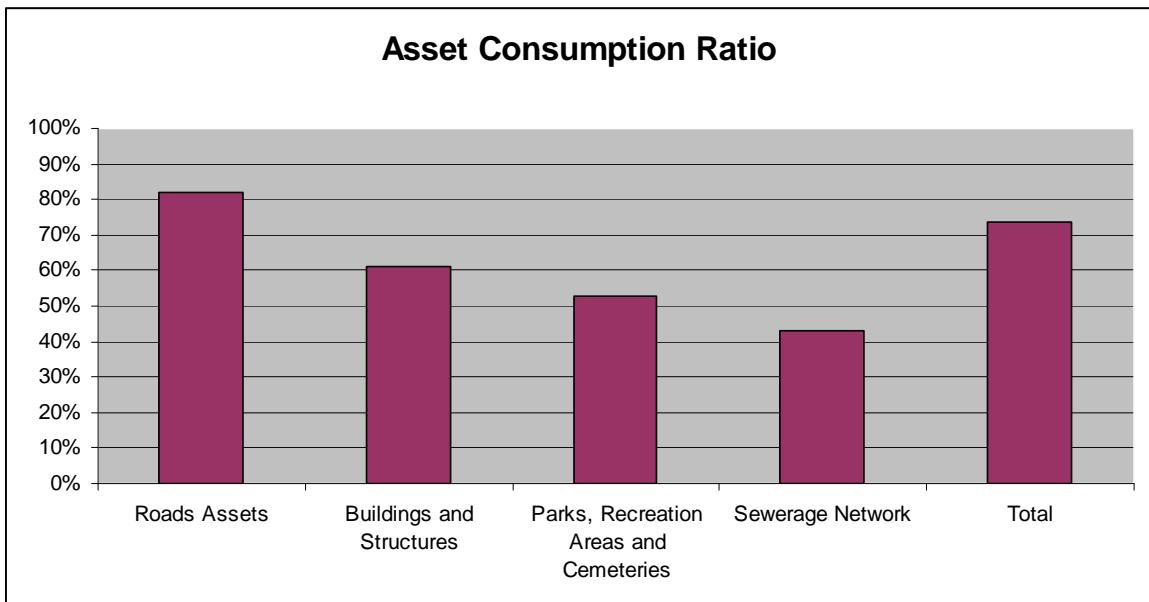
Asset Class	Replacement Cost (\$000)	Depreciated Replacement Cost (\$000)	Depreciation Expense for current year (\$000)
Roads Assets	\$97,277	\$79,805	\$1,274
Buildings and Structures	\$17,972	\$11,017	\$211
Parks, Recreation Areas and Cemeteries	\$5,306	\$2,800	\$89
Sewerage Network	\$16,874	\$7,280	\$204
Total	\$137,429	\$100,902	\$1,778

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



**Figure 1: Asset Replacement Values**

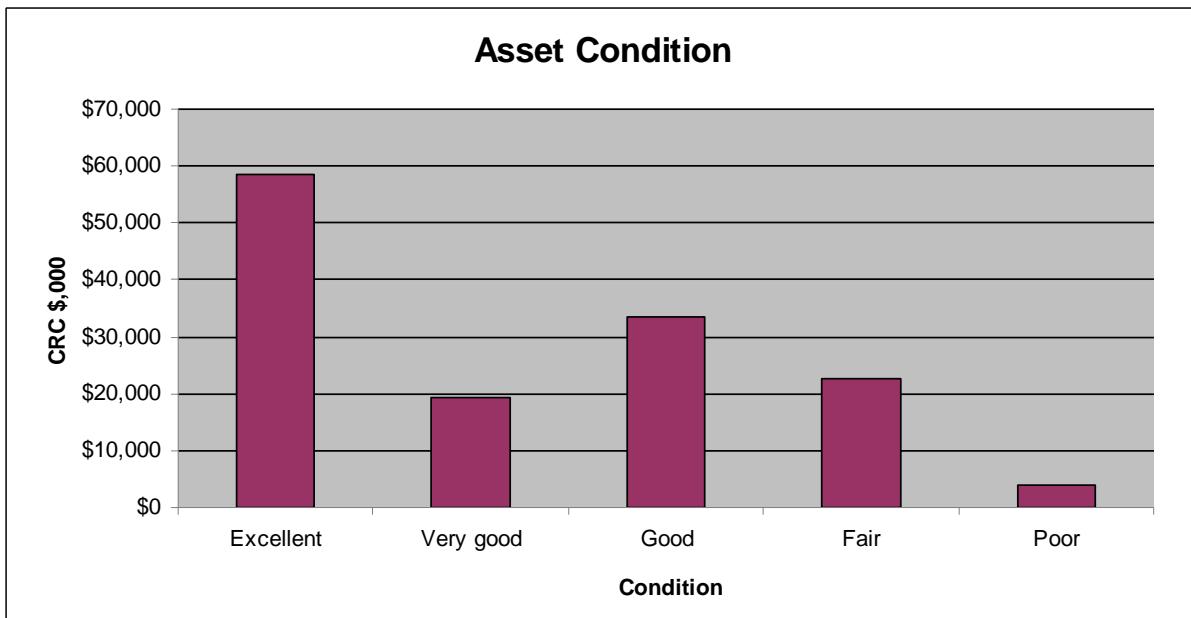
The asset consumption ratios of Council's assets (average proportion of 'as new' condition left in assets) are shown in Figure 2. It shows the depreciated replacement cost of the organisation's depreciable infrastructure assets relative to their 'as new' (replacement) value.



**Figure 2: State of the Assets**

Figure 2 shows that Council's roads assets are in good shape overall with over 80% of their remaining useful life remaining. This means that roads are delivering good levels of service to the Junee community on a whole. At the other end of the scale, the sewerage network has less than 50% of its life remaining. It must be remembered that this graph and these comments pertain to the total of each class of asset. Of course within each class, assets will be in varying conditions; from practically new to almost at the end of their useful life.

The condition of Council's assets is shown in Figure 3.



**Figure 3: Asset Condition Profile**

Figure 3 gives an alternative view of the condition (or remaining useful life) of Council's infrastructure assets. While Figure 2 showed the remaining useful life by asset class, Figure 3 depicts asset condition across all classes of asset. It shows the majority of assets to have a condition rating of Good or better.

### **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**

Service	Average Previous 3 Years Expenditure	Previous Year Depreciation Exp	Life Cycle Cost (\$/yr)
	Maintenance		
Roads Assets	\$924,667	\$1,274,000	\$2,198,667
Buildings and Structures	\$127,074	\$211,000	\$338,074
Parks, Recreation Areas and Cemeteries	\$368,758	\$89,000	\$457,758
Sewerage Network	\$105,003	\$204,000	\$309,003
<b>TOTAL</b>	<b>\$1,525,502</b>	<b>\$1,778,000</b>	<b>\$3,303,502</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**

Service	Average Previous 3 Years Expenditure	Average Previous 3 Years Cap Renewal Exp (\$/yr)	Life Cycle Exp (\$/yr)
	Maintenance		
Roads Assets	\$924,667	\$1,333,020	\$2,257,687
Buildings and Structures	\$127,074	\$310,485	\$437,559
Parks, Recreation Areas and Cemeteries	\$368,758	\$30,522	\$399,280
Sewerage Network	\$105,003	\$176,199	\$281,202
<b>All Services</b>	<b>\$1,525,502</b>	<b>\$1,850,226</b>	<b>\$3,375,728</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 sustainability indicator for services covered by this asset management plan is summarised in Table 5.

**Table 5: Life Cycle Sustainability Indicators**

Service	Life Cycle Cost (\$/yr)	Life Cycle Expenditure (\$/yr)	Life Cycle Gap * (\$/yr)	LC Sustainability Index
Roads Assets	\$2,198,667	\$2,257,687	\$59,020	102.68%
Buildings and Structures	\$338,074	\$437,559	\$99,485	129.43%
Parks, Recreation Areas and Cemeteries	\$457,758	\$399,280	-\$58,478	87.23%
Sewerage Network	\$309,003	\$281,202	-\$27,801	91.00%
<b>All Services</b>	<b>\$3,303,502</b>	<b>\$3,375,728</b>	<b>\$72,226</b>	<b>102.19%</b>

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

This table is effectively comparing the Council's renewal capital expenditure to the depreciation for each asset class. If renewal capital expenditure is greater than depreciation for that asset class then a positive Life Cycle Gap is generated as consequently a LC Sustainability Index greater than 100%.

Table 5 shows that, for the last three financial years, roads assets had an index of 102.68%. So, in theory, the condition of roads was maintained in that period. In other words the service level of roads remained the same. The index for buildings and structures was well above 100%; sitting at 129.43%. This was primarily due to the large dollars being put into the restoration work on the Athenium Theatre during this period.

Parks, Recreation Areas and Cemeteries and the Sewerage Network had service level declines in this period. These asset classes both have indices of less than 100%.

The point to remember is that this table does only show a snapshot of the last three complete financial years. The funding for large amounts of roads and building renewals in this period came from external sources such as grants and loans. Eg. to part fund the Athenium Theatre. **So this**

table does not indicate the Council's ability to maintain assets into the future. Asset Management Plans provide the planning for future asset management. And this needs to be put into the context of the Council's Long Term Financial Plan.

### ***3.3 Asset Management Structure***

The **Director of Engineering Services (DES)** is responsible for the development and review of the following Asset Management Plans:-

- Road Assets,
- Parks, Recreation Areas and Cemeteries;
- Sewerage Network – with immediate control in the hands of the Assistant Engineer.

The DES is also responsible for some buildings and structures with the Buildings and Structures asset class. These are the buildings and structures at the Works Depot.

The **Director of Development and Environmental Services (DDES)** is responsible for the overall development and review of the Buildings and Structures Asset Management Plan.

In particular the DDES is responsible for:-

- Council's residences
- Athenium Theatre
- Broadway Museum
- Medical Centre

The **Director of Corporate and Community Services** is responsible for the following buildings within the Buildings and Structures asset class:-

- Administration building
- Library
- Junee Junction Recreation & Aquatic Centre

The **General Manager** is responsible for the Emergency Services building within the Buildings and Structures asset class.

### **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 Council’s asset management team is its General Manager and the Directors of the three Council departments. This team is supported by the Assistant Engineer and the Finance Manager. The team discusses asset management matters at its MANEX meeting held most Tuesday mornings.

Development of asset management systems at Junee Shire Council sits at Phase 2 at April 2012. Initial asset management plans have been developed and it is clear through that process that data accuracy and the level of data held needs to improve. It is also clear that more resources are required to manage and plan Council's assets.

### **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:

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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.

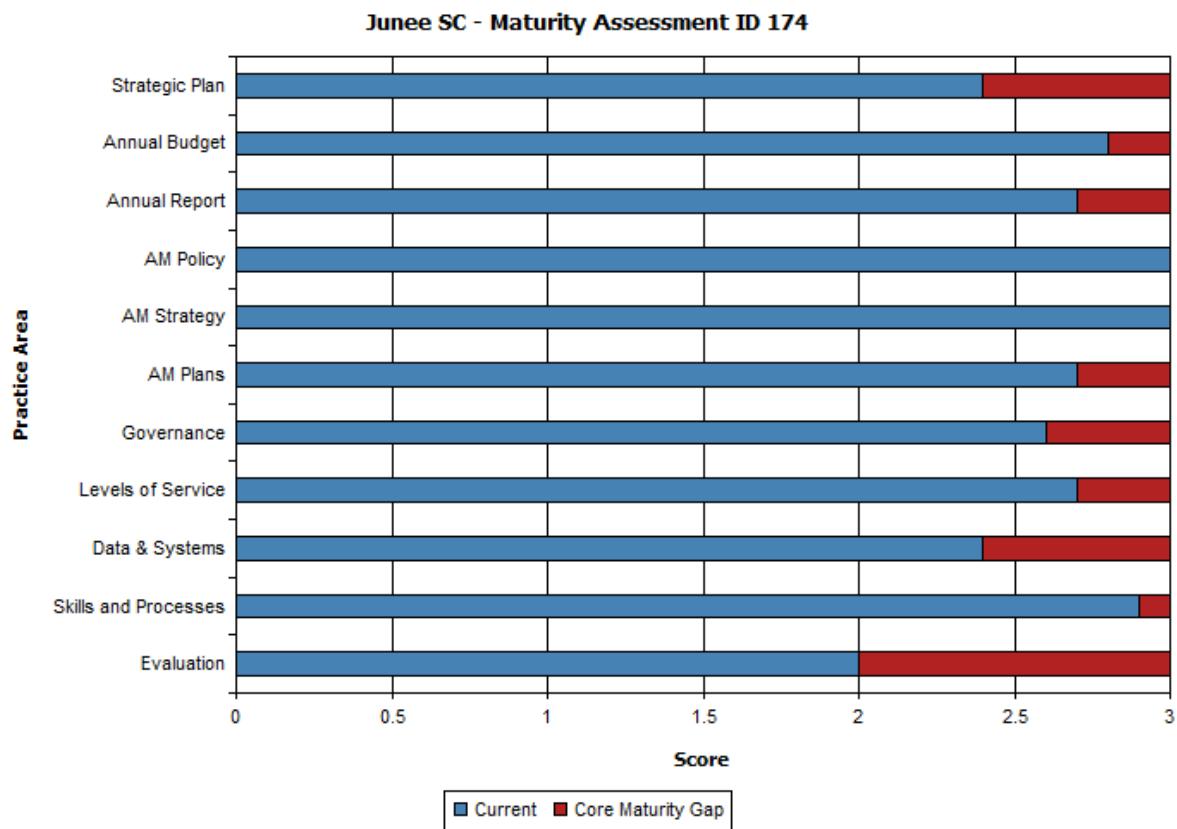
#### Financial Planning and Reporting

- 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

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 4: Core Asset Management Maturity**

### **3.6 *Strategy Outlook***

The strategy outlook summarises the key findings from Section 3 *Council's Assets and their Management?*

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 Council Strategic Plan.

*“Junee will be a great place to live, with a healthy civic pride. That will come about because the amenity of the shire – social, recreational, cultural, environmental and visual – is the best quality possible given our circumstances. There will be an increase in population because of this, with the increase made up of people who are net contributors to the community.”*

*“Junee will be prosperous and existing services and businesses will have been preserved and grown. The shire will have economic development strategies recognising the different circumstances of urban and rural areas.”*

*“Junee will be a place where innovative, responsive leadership and management occurs in all facets of community life.”*

*“It will be an independent Local Government area with a strong sense of identity.”*

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

*“Through effective leadership and management, Junee Shire Council will enable the Shire to advance systematically towards its desired vision.”*

### **Junee Shire Council Community Strategic Plan**

#### **Themes identified in community consultation**

In order to logically and efficiently address the major issues and challenges identified by the community, the Junee Shire Community Strategic Plan is based on the following themes:

##### **Theme No. 1**

**A growing community** – with strategies to increase population and jobs.

##### **Theme No. 2**

**A liveable community** – with strategies to preserve our heritage, to provide a mix of housing in the town, villages and rural district, to provide recreation and sporting facilities, to ensure the safety of our community, to preserve and protect our environment, and to ensure appropriate and sustainable services and facilities are available to the community.

### **Theme No. 3**

**An informed community** – with strategies to improve the flow of information to and between members of the community.

### **Theme No. 4**

**Working together** – with strategies to work together as a community, to provide community and civic leadership, to have a wider focus than just the shire, and to be aware of the wider opportunities available by working in partnership with others.

The Community 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**

<b>Goals</b>	<b>Objectives</b>
<b>2.4 Review and revise the road hierarchy</b>	– with a priority assessment of upgrading road conditions in the next 12 years, and undertake priority works every year.
<b>2.5 Develop an asset management and renewal programme</b>	– identify the condition of all asset categories and ensure appropriate future provisions for roads, drainage and buildings maintenance.
<b>2.9 Work with the Sports Committee to develop a sports and recreation business plan for future improvements to sporting and recreation facilities to enable the council to consider priorities over the life of the plan</b>	– to include Laurie Daley Oval improvements (grandstand/spectator shelter, dressing sheds); to consider the possible amalgamation of clubs to make them more sustainable; – extend access to picnic and recreation facilities along the Murrumbidgee River; - seek government funding of sport and recreation facilities.

## **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 future, 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/GM 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, but not in any priority order, in Table 8. The tasks shown below have been recorded as either 'Partially Complete' or 'Not Started' in the Maturity Assessment Report in Appendix A. Council still needs to determine the order in which these outstanding items will be undertaken and determine who will be responsible for each tasks completion.

**Table 8: Asset Management Improvement Plan**

Ref	Task	Responsibility	Target Date	Budget
	<b>FINANCIAL PLANNING &amp; REPORTING</b>			
	<b>STRATEGIC LONGER TERM PLAN</b>			
	The Strategic Plan incorporates priorities and performance measures and indicates how they will be monitored and measured.			
	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.			
	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.			
	Plan details what council intends to do in period of plan			
	<b>ANNUAL BUDGET</b>			
	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.			
	<b>ASSET MANAGEMENT &amp; PLANNING</b>			
	<b>AM PLANS</b>			
	AM Plans define which asset groups are covered by each Plan in accordance with a clearly documented Infrastructure Asset Hierarchy.			

Ref	Task	Responsibility	Target Date	Budget
	AMPS cover at least 10 years and c. Document the asset hierarchy within each asset group;			
	AMPS cover at least 10 years and f. Include risk assessment and criticality profiles;			
	AMPS cover at least 10 years and p. Include consideration of possible effects of climate change on asset useful lives and maintenance costs			
	AM Plans have all been prepared in association with community consultation.			
	<b>GOVERNANCE AND MANAGEMENT</b>			
	The staff structure and position descriptions clearly define asset management functions, responsibilities and skill requirements for managing all asset classes.			
	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.			
	AM improvement plan in operation			
	<b>LEVELS OF SERVICE</b>			
	Council has Service Plans for each of its services which have been developed in consultation with the community.			
	Technical levels of service are incorporated into service agreements and/or maintenance, operational and capital renewal procedures.			
	<b>DATA &amp; SYSTEMS</b>			
	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.			

Ref	Task	Responsibility	Target Date	Budget
	There is a common corporate data framework used across all asset groups, which is defined by Council's Infrastructure Asset Hierarchy.			
	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.			
	Council's asset financial reporting functionality is comprehensive and includes audit trails, depreciation calculations, reporting thresholds and records of acquisition and disposal of assets			
	Council's systems, procedures and processes allow it to benchmark its asset management performance against like Councils over time.			
	Council has defined and documented procedures for determining asset replacement and treatment unit rates, which are then stored in Council's AM system.			
	Council has a defined process for operations, maintenance, renewal and upgrade planning for its existing assets.			
	<b>SKILLS AND PROCESSES</b>			
	Council has a process to identify operational risks, assign responsibilities and monitor risk treatment actions all recorded within a risk register.			
	Council has a defined methodology for assessing the Remaining and Useful Life, Residual Value and Depreciation Method of assets.			
	Council has formal processes for the handover of assets to asset custodians/owners.			
	Documented asset data management procedures			
	<b>EVALUATION</b>			
	Council has a documented evaluation process by which asset management improvements are			

<b>Ref</b>	<b>Task</b>	<b>Responsibility</b>	<b>Target Date</b>	<b>Budget</b>
	identified, timeframes established, resources allocated, actioned, monitored and reported to the Executive Management Team and/or CEO			
	Technical levels of service are monitored and performance reported.			
	Community levels of service are monitored and performance reported.			
	Improvement tasks are included in staff performance plans and reviews			

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



NAMS.PLUS

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA

# NAMS.Plus Maturity Assessment Report

For use in supporting the Asset Management  
Planning and Improvement process

Developed by JRA for IPWEA

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<b>Framework</b>	Financial Planning & Reporting	
<b>Element</b>	Strategic Longer Term Plan	
<b>Practice Area</b>	Strategic Longer Term Plan	
		<b>Core Maturity Assessment</b>
		<b>Not Substantially Progressed</b>
<b>Current Score</b>	2.4	<b>Core Target</b>
		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

<b>Framework</b>	Financial Planning & Reporting	
<b>Element</b>	Annual Budget	
<b>Practice Area</b>	Annual Budget	<b>Core Maturity Assessment</b>

**Current Score** 2.8    **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

<b>Framework</b>	Financial Planning & Reporting
<b>Element</b>	Annual Report
<b>Practice Area</b>	Annual Report
<b>Core Maturity Assessment</b>	<b>Partially Meets Requirements</b>

**Current Score** 2.7    **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

<b>Framework</b>	Asset Management & Planning
<b>Element</b>	AM Policy
<b>Practice Area</b>	AM Policy
<b>Current Score</b>	3

**Core Target**

3

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

<b>Framework</b>	Asset Management & Planning		
<b>Element</b>	AM Strategy		
<b>Practice Area</b>	AM Strategy		
<b>Current Score</b>	3	<b>Core Target</b>	3
<b>Question:</b> 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	●	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	●	Council's AM Strategy is linked to Council's AM Policy and integrated into Council's Strategic planning and annual budgeting processes.
3	●	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	●	Strategy shows what assets the council has
2	●	Strategy fits with the council strategic plans
1	●	Draft AM Strategy Prepared but not adopted by Council

<b>Framework</b>	Asset Management & Planning
<b>Element</b>	AM Plans
<b>Practice Area</b>	AM Plans
<b>Core Maturity Assessment</b>	<b>Partially Meets Requirements</b>
<b>Current Score</b>	2.7
<b>Core Target</b>	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	●	j. Include forward programs identifying cash flow forecasts projected for:

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

<b>Framework</b>	Asset Management & Planning	
<b>Element</b>	Governance and Management	
<b>Practice Area</b>	Governance and Management	

	<b>Core Maturity Assessment</b>	<b>Partially Meets Requirements</b>
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**Current Score** 2.6    **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

<b>Maturity Score</b>	<b>Result</b>	<b>Characteristic</b>
3	●	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	●	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	○	The staff structure and position descriptions clearly define asset management functions, responsibilities and skill requirements for managing all asset classes.
3	○	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	●	Council involves all its departments in Asset Management.
3	●	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	●	There are internal processes to promote Asset Management across Council
2	●	Multi-disciplinary AM Steering Committee in operation with regular meetings
2	○	AM improvement plan in operation
1	●	AM Steering activities are dependent on individual initiatives and are not co-ordinated

<b>Framework</b>	Asset Management & Planning
<b>Element</b>	Levels of Service
<b>Practice Area</b>	Levels of Service
<b>Core Maturity Assessment</b>	<b>Partially Meets Requirements</b>
<b>Current Score</b>	2.7
<b>Core Target</b>	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	○	Council has Service Plans for each of its services which have been developed in consultation with the community.
3	●	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	●	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	○	Technical levels of service are incorporated into service agreements and/or maintenance, operational and capital renewal procedures.
2	●	Service levels in some areas - fragmented
1	●	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	2.4	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

<b>Framework</b>	Asset Management & Planning
<b>Element</b>	Skills and Processes
<b>Practice Area</b>	Skills and Processes
<b>Core Maturity Assessment</b>	<b>Partially Meets Requirements</b>

**Current Score** 2.9    **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	●	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	●	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	○	Council has a process to identify operational risks, assign responsibilities and monitor risk treatment actions all recorded within a risk register.
3	●	Council has a process to annually review and update the financial forecasts for all asset classes and update the LTFP.
3	●	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	○	Council has a defined methodology for assessing the Remaining and Useful Life, Residual Value and Depreciation Method of assets.
3	●	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	○	Council has formal processes for the handover of assets to asset custodians/owners.
3	●	Council has a process to communicate the financial implications of the AM Plans to internal and external stakeholders.
3	●	Council provides ongoing training programs for councillors, council management and officers on key asset management topics.
2	●	Skill & knowledge requirements determined

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

<b>Framework</b>	Asset Management & Planning
<b>Element</b>	Evaluation
<b>Practice Area</b>	Evaluation

<b>Core Maturity Assessment</b>	<b>Partially Meets Requirements</b>
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**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	●	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	●	Technical levels of service are monitored and performance reported.
3	●	Community levels of service are monitored and performance reported.
2	●	Improvement tasks are included in staff performance plans and reviews
1	●	No formal evaluation process