Lockhart Shire Council

ASSET MANAGEMENT STRATEGY

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Minute:

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Public Works
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AM4SRRC

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1	8/6/12	Initial Document			
2	4/7/13	Revision based on changes to AMP	LA	CF	
2.1	8/8/2013	Minor typo errors	LA	CF	

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Executive Summary

This asset management strategy is prepared to assist council improve the way it delivers services from its infrastructure. This includes Transport, Sewerage, Community Facilities and Plant. These infrastructure assets have a replacement value of $229,385,259.

The asset management strategy enables 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.[1]

Adopting this asset management strategy will assist council meet the requirements of national sustainability frameworks, NSW Local Government Act 1993 Amended for IP&R 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 fits with council's vision for the future outlined in the Lockhart Shire Council 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

Transport

1. Council is currently able to fund Transport and Plant assets at the current level of service.

2. Council's confidence levels in these assets are currently satisfactory. Council will develop its in house skills to improve the confidence levels which will validate the existing data.

3. Asset Plans will move to from theoretical assessment to condition assessment. Council will build up its knowledge of condition to determine essential Key Performance Indicators. These will be the basis of asset assessment and management into the future.

4. There will be a continued increase in road usage and particularly heavy vehicles. Changes of current road usage levels, development of transport intensive industries and changes to government regulation may impact on roads, bridges and culvert elements of the Asset Management Plan

5. The Demographics of the Shire has seen the mean age of the population increase from 37 to 44 years. There will be an increasing demand for mobility from the older community. There will be increasing use of "Gophers" requiring a strategy to cater for their needs. This will impact on the Footpath/shared way elements of the Transport Asset Management Plan.

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[1] LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

Sewerage

1. The existing Sewerage Schemes are operating satisfactorily and the asset register are satisfactory. However financial reserves are not growing at a rate to ensure the replacement of the schemes at the end of their useful lives.

2. Council's confidence levels in these assets are currently only fair. Council will develop its in house skills to improve the confidence levels which will validate the existing data. This will be a priority to ensure a high confidence level in changing fees and charges in the future to ensure sustainability.

3. Asset Plans will move from theoretical assessment to condition assessment. Council will build up its knowledge of condition to determine essential Key Performance Indicators. These will be the basis of asset assessment and management into the future. This will be a priority to ensure a high confidence level in changing fees and charges in the future to ensure sustainability.

4. Council will consider altering fees and charges in the future to ensure sustainability of the schemes.

5. Council will continue to ensure that schemes are not compromised by inappropriate liquid waste discharging to the system.

6. Government Environmental regulation and licencing will either remain the same or have an adverse impact on schemes adding risk.

Community Facilities

1. The Community Facilities Asset Management plan is not highly advanced. It is a complex area where community expectations of levels of service may change. Some areas increasing and decreasing in other areas.

2. Council will increase its knowledge of long term community trends and determine its needs into the future.

3. Confidence levels in these assets are currently only fair. Council will develop its in house skills to improve the confidence levels which will validate the existing data. This will be a priority to ensure a high confidence level in developing the plan to ensure sustainability.

4. Asset Plans will move to from theoretical assessment to condition assessment. Council will build up its knowledge of condition to determine essential Key Performance Indicators. These will be the basis of asset assessment and management into the future.

5. Many of Council's facilities are largely managed, maintained and improved by community volunteers. Council is currently not able to fund the renewal of many community facilities. Community volunteers will continue to be required to assist manage maintain and renew assets if existing levels of service are to be maintained. Council will continue to support the volunteers and develop their expertise.

6. Council will need to review its existing community facility assets to determine their need, usability and conformity with regulations. Council continues to invest in improved condition assessment, base data knowledge, hazard identification and risk assessment.

Plant

1. Council is currently able to fund Plant assets at the current level of service.

2. Council's confidence levels in these assets are currently satisfactory. Council will develop its in house skills and knowledge to improve the confidence levels which will validate the existing base assumptions.

3. Plant financial recording and management will be developed to ensure profits generated are recognised and sufficient to fund the renewals required.

4. The development of the plant asset management plan will identify unprofitable plant and provide tools to develop the efficiency of the existing plant.

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 assets.	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 prior to preparation 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	Improve Council's knowledge of unit rates, Service level costs and useful lives. Incorporate improved knowledge into the Asset Management Plans.	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 continuously improve Knowledge and outcomes.	Improved financial and asset management capacity within Council
11	Report annually to Council 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

Ref	Task	Responsibility	Target Date	Budget
Trans	Complete asset register for Transport	DE	Ongoing	Time
All	Review base assumptions.	DE, DES,	Ongoing/ annual update March 2014	Time
Sew	Separate elements in the Sewerage Asset Management plan such as structures and plant/pumps.	DE	Ongoing	Time
Com Fac	Identify Parks and recreation Infrastructure for inclusion in asset Register.	DE	May 2014	Time
All	Revise Financial plans to match Asset Categories.	DCS	May 2014	Time
All	Separate Operational, Maintenance, Renewal and Capital Improvement costs.	DCS, DE, DES	May 2014	Time
Sew	Improve sewerage scheme knowledge to allow development of a program to generate sufficient income to ensure long term sustainability.	DE, DCS	May 2015	Time
All	Identify infrastructure which will not be replaced.	DE, DES	Next AM Review	Time
Com Fac	Develop long term Community Facilities Needs Plan.	DCS, DES, DE	Next AM review	Time
All	Develop a long term renewal programs for assets.	DE, DES	Mar 2014	Time
Plant	Transfer Plant to Bizeassets.	DE, DCS	Mar 2014	Time
Plant	Audit current Plant Register.	DCS	Mar 2014	Time
Plant	Develop plant management system to record usage, income, maintenance and operational costs.	DCS, DE	Mar 2014	Time
Plant	Review disposal strategy for plant.	DE	Next AM review	Time

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.[2]

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.[3]

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.[4]

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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[2] LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 2.

[3] LGPMC, 2009, Framework 3 *Financial Planning and Reporting*, pp 2-3.

[4] LGPMC, 2009, Framework 3 *Financial Planning and Reporting*, pp 4-5.

- Evaluation.[5]

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.[6]

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

This Asset Management Strategy has been developed cognisant of the context of local government service delivery, legislative reform and the legislative and regulatory requirements of Commonwealth and State legislation. The following table provides a summary of, but is not limited to, the relevant legislation and requirements upon Council.

Legislation	Requirements
Local Government Act 1993	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a Community Strategic Plan and 10-year Resourcing Strategy informing the development of Council's Long Term Financial Plan and Asset Management Strategy.
Environmental Planning and Assessment Act 1979; and Environment Planning and Assessment Amendment Act 2008	Requirement for Local Environmental Plans and Development Control Plans. Provides for Council control of development of towns and approval of infrastructure expansion.
Catchment Management Authorities Act 2003	Requirement for ongoing management plan. Promotes the coordination of activities within catchment areas. Under the provision of this Act, local Catchment Management Authorities oversee this process in the region.

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[5] LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

[6] LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

Legislation	Requirements
Soil Conservation Act 1938	Preservation of water course environment.
Workplace Health & Safety Act 2011; and Workplace Health & Safety Regulations 2001	Impacts all operations in relation to safety of workers and the public. Council's responsibility to ensure health, safety and welfare of employees and others at places of work.
Workers Compensation Act 1987	Safety of employees.
Roads Act 1993	Requirements for access arrangements from public roads.
Road and Transport Act 2005	Requirements for vehicles and operators using roads.
Transport Administration Act 1988	Authorises roads and traffic management of roads.
Australian Road Rules	Requirements for vehicles and operators using roads.
Civil Liability Act 2002	Safety of public
Food Act 2003	Standard of food preparation areas.
Building Code of Australia Volumes 1 and 2	Requirements for building construction and safety.
Disability Discrimination Act 1992	Provision of facilities for the disabled.
Public Health Act 1991 and 2010	Air conditioning management standards. Standards for public swimming pools. Effluent and waste disposal methods. Delivery of quality water supply services.
Companion Animals Act 1998	Pound operations.
Protection of the Environment Operations Act 1997	Pollution control. Control of run-off or escape of contaminants entering water courses. Regulating pollution activities and issue of licences as well as the monitoring of and reporting on waste output. This Act includes "Due Diligence" requirements, disposal procedures for chemicals and sludge and details penalties for causing environmental impacts.
Civil Aviation Act 1998; and Civil Aviation Safety Regulations 1998	Requirements for construction standards, markings and maintenance of aerodromes.
Water Act 1912	Water rights, licences, allocations.
Water Authorities Act 1987	Determining developer charges.

Legislation	Requirements
Independent Pricing and Regulatory Tribunal Act 1992	Charging guidelines. Trends toward a 'user pays' system in the industry. Gives powers to the Independent Pricing and Regulatory Tribunal to inquire into and regulate prices.
Native Titles Act	Provides definition of freehold, zone-able land.

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.[7]

Asset Management Planning Process

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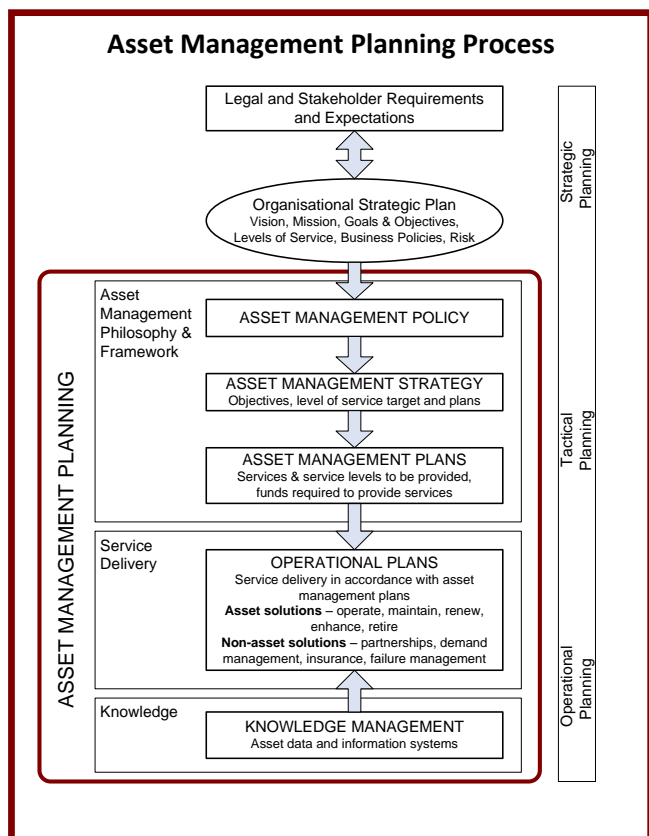
[7] IPWEA, 2009, AIFMG, Quick Guide, Sec 4, p 5.

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
Transport	Roads, Culverts, Footpaths, Bridges, Stormwater drainage.	Provides access to the community.
Sewerage	Sewerage infrastructure for the townships of Lockhart, The Rock and Yerong Creek.	Provides a sewerage system to convey liquid waste from urban properties, treat and dispose of it in an environmentally friendly manner.
Community Facilities.	Accommodation, Halls, Commercial Facilities, Operational Facilities, Parks, Playgrounds , Skate Parks, Public Toilets, Swimming Pools, Recreation Grounds.	Provides opportunities for community interaction, passive and active recreation. Provides civic buildings. Provides accommodation for the elderly, youth, staff and travellers. Provides opportunities for essential services to be provided such as medical centres. Provides operational facilities for the council's operations such as works depots, cemeteries and waste collection centres.
Plant	Road making and maintenance equipment, park maintenance equipment, transport and equipment for continued operations.	Provides ability to maintain asset and operate facilities using internal resources which allows flexibility.

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	Depreciated Replacement Cost	Depreciation Expense for current year
Transport	$196,604,377	$172,973,944	$1,602,394
Sewerage	$13,800,721	$9,587,734	$183,122
Community Facilities.	13,892,513	$10,470,953	$240,347
Plant	$5,286,648	$2,968,858	$567,801
Total	**$229,584,259**	**$196,001,489**	**$2,593,664**

Lockhart Shire Council Asset Value Proportion

- Community Facilities, 6.05%,
- Plant, 2.30%,
- Sewerage, 6.01%,
- Transport, 85.63%,
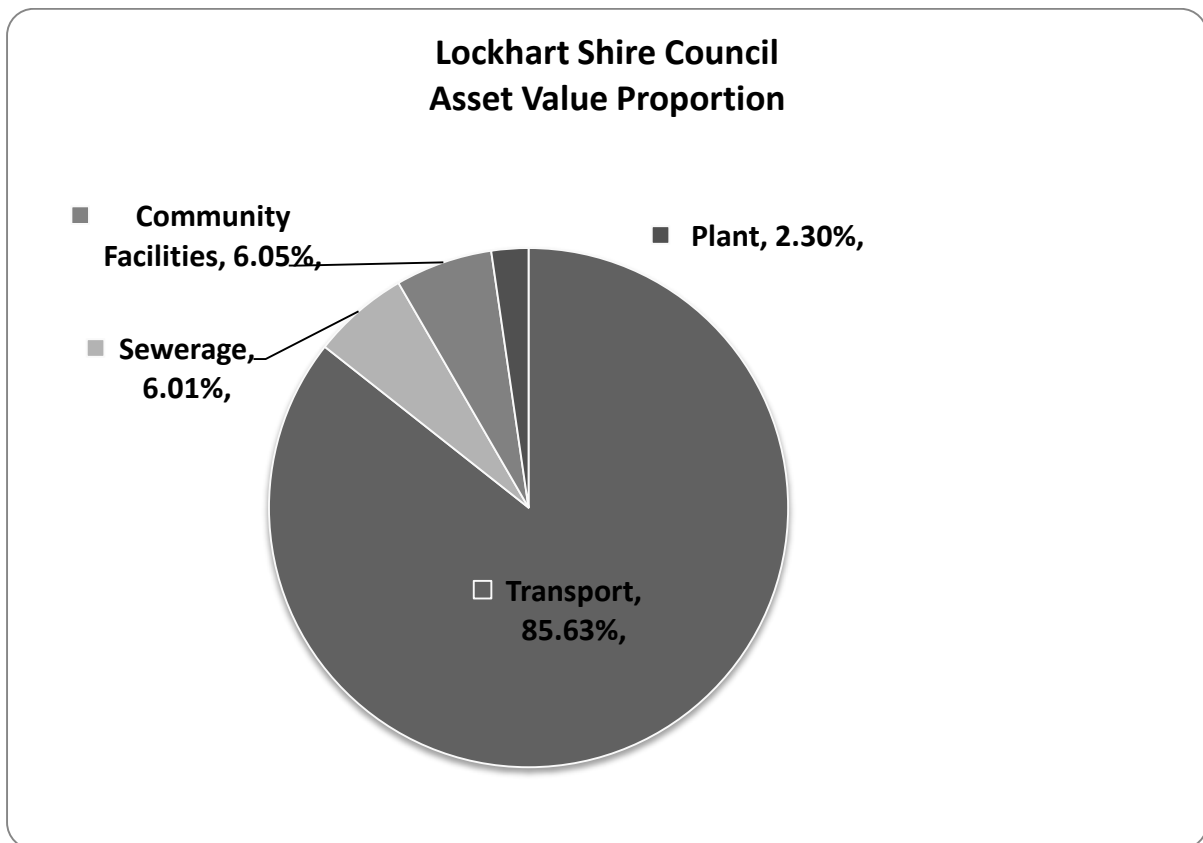
Figure 1: Asset Value Proportion

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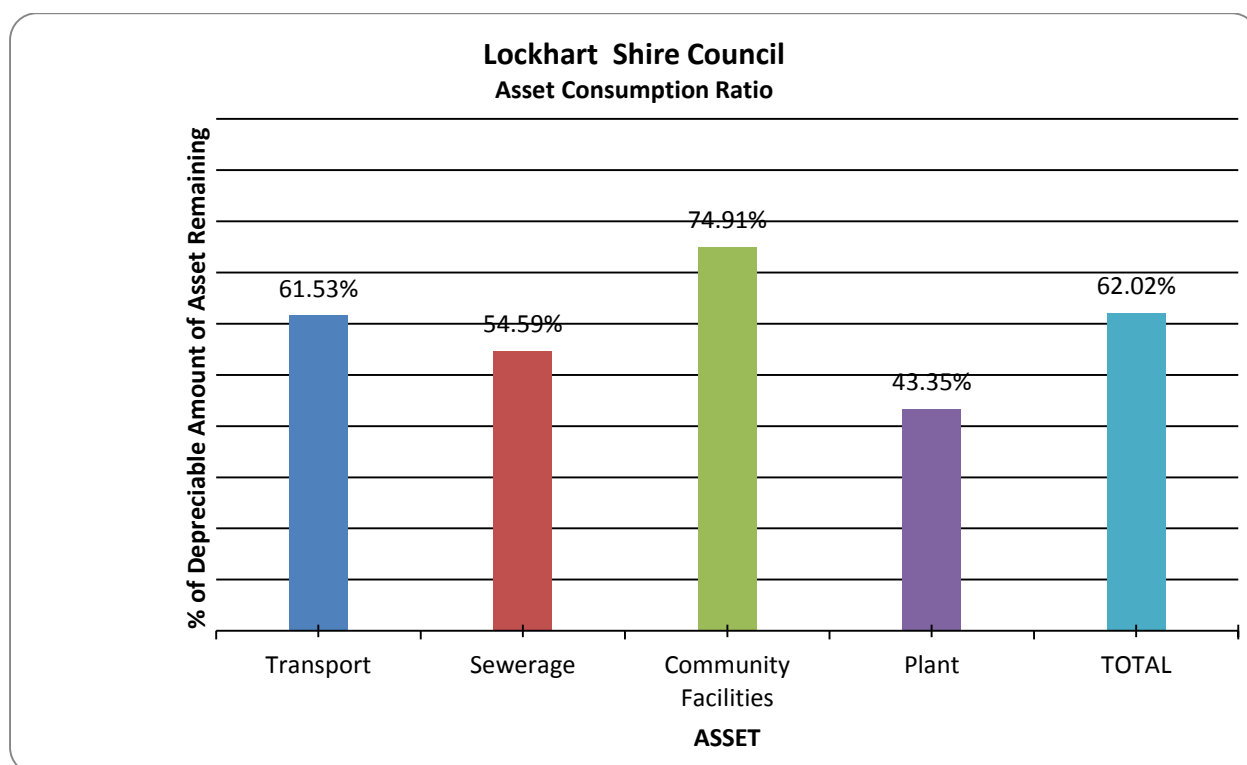
Figure 2: State of the Assets

Condition information on Council's assets is not available.

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).

Table 3: Life Cycle Cost for Council Services

Service	Expenditure		Previous Year	Life Cycle Cost
	Operations	Maintenance	Depreciation Exp	($/yr)
Transport	$90,000	$961,000	$1,602,394	$2,653,394
Sewerage	$106,460	$195,488	$183,122	$485,070
Community Facilities	$304,000	$498,000	$240,347	$1,042,347
Plant	(Est. only) $950,000	(Est. Only) $950,000	$567,801	$2,467,801
TOTAL	**$1,450,460**	**$2,604,488**	**$2,593,664**	**$6,648,612**

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.

Table 4: Life Cycle Expenditure for Council Services

Service	Previous Year Expenditure		Cap Renewal Exp ($/yr)	Life Cycle Exp ($/yr)
	Operations	Maintenance		
Transport	$90,000	$961,000	$2,990,100	$4,041,100
Sewerage	$106,460	$195,488	$100,588	$402,536
Community Facilities	$304,000	$498,000	$56,500*	$858,500
Plant	(Est. only) $950,000	(Est. Only) $950,000	$664,700	$2,564,700
All Services	**$1,450,460**	**$2,604,488**	**$3,811,888**	**$7,866,836**

*Figure only includes a conservative estimate of contributions from volunteers.

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
Transport	$4,041,100	$2,653,394	$1,387,706	1.52
Sewerage	$402,536	$485,070	-$82,534	.83
Community Facilities	$858,500	$1,042,347	-$183,847	.82
Plant	$2,564,700	$2,467,801	$96,899	1.04
All Services	**$7,866,836**	**$6,648,612**	**$1,218,224**	**1.18**

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

3.3   Asset Management Structure

The Asset Management Steering Committee (AMSC) will manage the introduction and development of Asset Management planning.

The AMSC will comprise of the General Manager, Director of Corporate Services, Director of Engineering and the Asset Management officer.

The role of the AMSC is:

- develop strategies to integrate Asset Management in to Council planning

- Develop strategies to integrate Asset management into Council in financial records, plans, budgets and resourcing strategies.

- to develop and monitor service levels and reporting

- to assess Asset Management risks

- Develop implement and monitor Key Performance Indicators to link the resourcing strategy to the Community Strategic Plan.

- Monitor Asset Management policies and procedures and implement or recommend changes as needed.

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,

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Phase 3
- asset management plan operation
- evaluation and monitoring of asset management plan outputs
- ongoing asset management plans review and continuous improvement.

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[8] to assess 'core' competency under the National Frameworks. The core competencies are:

Financial Planning and Reporting
- Strategic Long 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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[8] 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.

Lockhart SC - Maturity Assessment ID 252
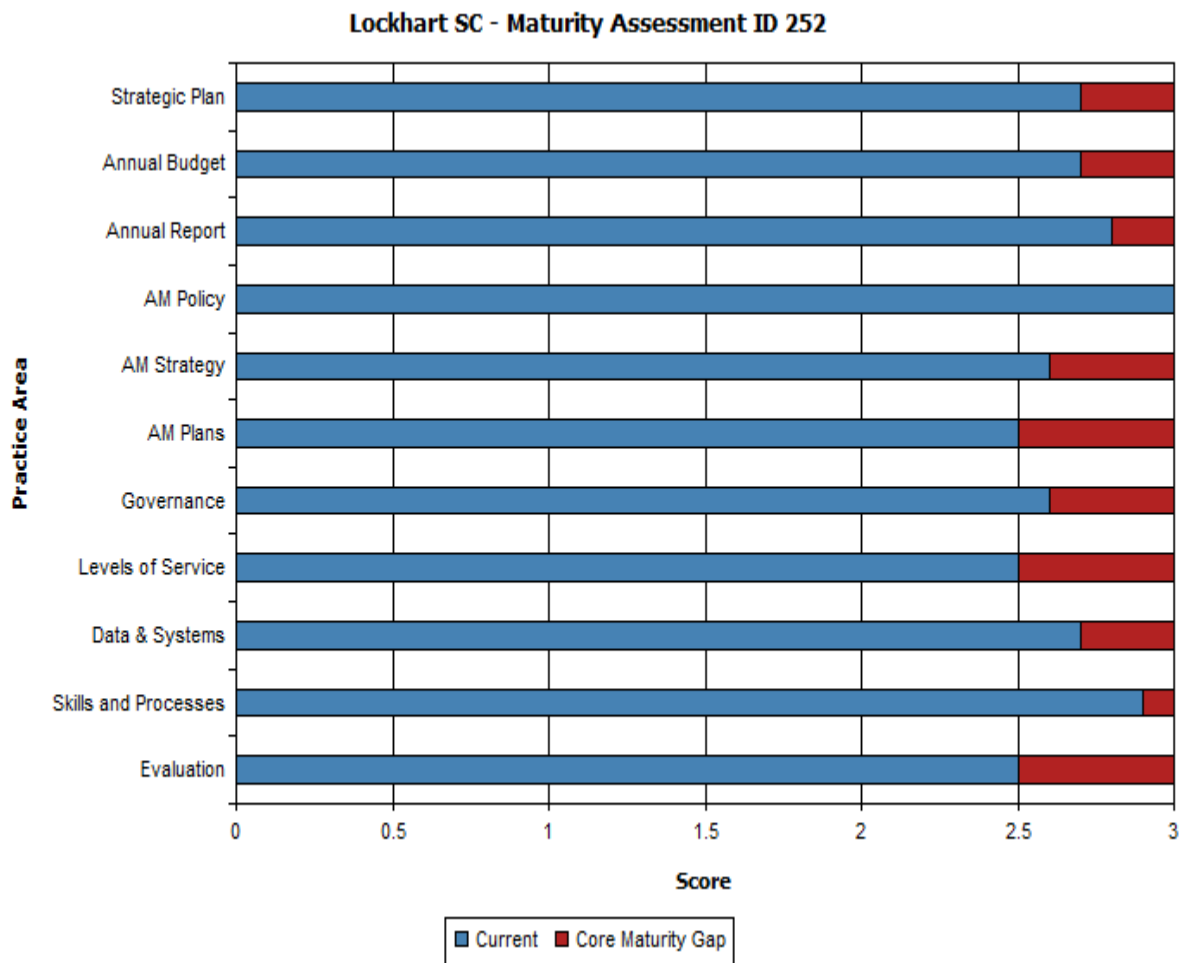
Figure 3: Core Asset Management Maturity

3.6   Strategy Outlook

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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.

"Provide an environment where people may enjoy a quality of life which they aspire to."

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

"Provide leadership and meet the community's needs in an equitable and inclusive way that enhances the area's environment, social and economic qualities."

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.

Table 6: Goals and Objectives for Infrastructure Services

Goals	Objectives	How Goal and Objectives are addressed in AMP
To maximise community wellbeing, public health and safety	To ensure a safe environment for the community.	The provision and maintenance of transport infrastructure is an important component contributing to the cultural and social needs of the community.
To provide infrastructure of a high standard that supports community wellbeing, economic growth and environmental quality.	To construct Council infrastructure that is safe in design and use, is in the best interest of the community and employs sustainable environmental methods.	A primary objective of the asset management plan is to develop a lifecycle approach to the provision of transport infrastructure. This aims to minimise the lifecycle cost of assets while maximising he service that is delivered.
To ensure sound corporate governance through effective strategic/ financial planning, budget control, statutory compliance and organisational management.	To implement asset management awareness corporate-wide by the writing and adoption of Asset Management Policy, Asset Management Strategy and Asset Management Plans.	Provide transport facilities that support community needs. Communicate options for future planning. Achieve lowest lifecycle cost by appropriate planning. Manage and control risk.
Infrastructure that is planned and maintained for the long term needs of the community (D)	Vibrant Rural Planning and development (D3)	Provide and maintain efficient sewerage systems that allows for current and future community demands. (D3.1.1)
An active and engaged community.	A2.1 Provide or partner to provide welcoming and well maintained community spaces and facilities.	A2.1.1. Plan, develop and maintain recreational parks, gardens, open spaces, and facilities that respond to the needs of the community.

		A2.1.2. Ensure the cemeteries are well planned, managed and maintained with support and involvement from stakeholders.
	A3.1 Provide or partner to provide, diverse cultural and sporting opportunities.	A3.1.1 Provide support and spaces to facilitate diverse sporting opportunities.
		A3.1.2 Provide support and spaces to facilitate diverse cultural opportunities.
A dynamic and prosperous community.	B1.1 Manage and improve the appearance of our towns.	B1.1.1 Develop and implement a long term town beautification plan for each of the shire's towns
A thriving tourist economy	B5.2 Better use of our natural strengths and assets to build our tourist sector.	B5.2.1 Ensure that all infrastructure within our reserves, including parking, signage and walkways, is maintained to a high standard.
An environment that is respected and protected.	C1.1. Provide excellent nature reserves and protected areas within our community	C1.1.2 Establish an onsite education resource at The rock to encourage usage responsible nature management.
	C2.1 Ensure that Council's buildings and facilities are environmentally sensitive.	C2.1.1 Where practical improve the energy efficiency of Council buildings throughout the shire.
Infrastructure that facilitates an active community	D1.2 Strategically plan for our sports and recreation infrastructure.	Ensure appropriate provision, planning and use of all open space and recreation provisions throughout the shire.
To maximise community wellbeing, public health and safety	To ensure a safe environment for the community.	The provision and maintenance of transport infrastructure is an important component contributing to the cultural and social needs of the community.
To provide infrastructure of a high standard that supports community wellbeing, economic growth and environmental quality.	To construct Council infrastructure that is safe in design and use, is in the best interest of the community and employs sustainable environmental methods.	A primary objective of the asset management plan is to develop a lifecycle approach to the provision of transport infrastructure. This aims to minimise the lifecycle cost of assets while maximising he service that is delivered.
To ensure sound corporate governance through effective strategic/ financial planning,	To implement asset management awareness corporate-wide by the writing and adoption of Asset	Provide transport facilities that support community needs.

budget control, statutory compliance and organisational management.	Management Policy, Asset Management Strategy and Asset Management Plans.	Communicate options for future planning. Achieve lowest lifecycle cost by appropriate planning. Manage and control risk.
A dynamic and prosperous community.	B1.1 Manage and improve the appearance of our towns.	B1.1.1 Develop and implement a long term town beautification plan for each of the shire's towns
Infrastructure that facilitates an active community	D1.2 Strategically plan for our sports and recreation infrastructure.	Ensure appropriate provision, planning and use of all open space and recreation provisions throughout the shire.
To maximise community wellbeing, public health and safety	To ensure a safe environment for the community.	The provision and maintenance of transport infrastructure is an important component contributing to the cultural and social needs of the community.
To provide infrastructure of a high standard that supports community wellbeing, economic growth and environmental quality.	To construct Council infrastructure that is safe in design and use, is in the best interest of the community and employs sustainable environmental methods.	A primary objective of the asset management plan is to develop a lifecycle approach to the provision of transport infrastructure. This aims to minimise the lifecycle cost of assets while maximising he service that is delivered.
To ensure sound corporate governance through effective strategic/ financial planning, budget control, statutory compliance and organisational management.	To implement asset management awareness corporate-wide by the writing and adoption of Asset Management Policy, Asset Management Strategy and Asset Management Plans.	Provide transport facilities that support community needs. Communicate options for future planning. Achieve lowest lifecycle cost by appropriate planning. Manage and control risk.
Infrastructure that facilitates an active community	D1.2 Strategically plan for our sports and recreation infrastructure.	Ensure appropriate provision, planning and use of all open space and recreation provisions throughout the shire.

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 and efficient manner. Appropriate level of service are provided to residents and users ensuring Council's financial sustainability,
- safeguard Council's assets by implementing appropriate asset management practices and providing appropriate financial resources,
- 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 through audits and regular reports to Council.

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	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 prior to preparation 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	Improve Council's knowledge of unit rates, Service level costs and useful lives. Incorporate improved knowledge into the Asset Management Plans.	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 continuously improve Knowledge and outcomes.	Improved financial and asset management capacity within Council
11	Report annually to Council 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
Trans	Complete asset register for Transport	DE	Ongoing	Time
All	Review base assumptions.	DE, DES,	Ongoing/ annual update March 2014	Time
Sew	Separate elements in the Sewerage Asset Management plan such as structures and plant/pumps	DE	Ongoing	Time
Com Fac	Identify Parks and recreation Infrastructure for inclusion in asset Register	DE	May 2014	Time
All	Revise Financial plans to match Asset Categories	DCS	May 2014	Time
All	Separate Operational, Maintenance, renewal and capital improvement costs.	DCS, DE, DES	May 2014	Time
Sew	Improve sewerage scheme knowledge to allow development of a program to generate sufficient income to ensure long term sustainability.	DE, DCS	May 2015	Time
All	Identify infrastructure which will not be replaced or will be disposed	DE, DES	Next AM Review	Time
Com Fac	Develop long term Community Facilities Needs Plan	DCS, DES, DE	Next AM review	Time
All	Develop a long term renewal programs for assets.	DE, DES	Mar 2014	Time
Plant	Transfer Plant to Bizeassets	DE, DCS	Mar 2014	Time
Plant	Audit current Plant Register	DCS	Mar 2014	Time
Plant	Develop plant management system to record usage, income, maintenance and operational costs	DCS, DE	Mar 2014	Time
Plant	Review disposal strategy for plant	DE	Next AM review	Time

Appendix 1

Lockhart Shire Council

Asset Management Maturity Analysis 2013

IPWEA

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   ©2011   JRA

Lockhart SC >> Maturity Assessment ID (252)

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

Core Maturity Assessment	**Partially Meets Requirements**

Current Score | 2.7 | **Core Target** | 3

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

Observations of Current Maturity Level

CSP Completed and adopted. AM plans prepared and match financial plan. LTFP prepared

Implications of Current Maturity Level

AM Plans and LTFP have indentified issues considered in the future versions to ensure sustainability.

Recommendations

Continue to improve AM plans and LTFP to meet the requirements of the Community Strategic Plan

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**	**Partially Meets Requirements**

Current Score	2.7	**Core Target**	3

Question:	**Does your council prepare an annual budget?**

Observations of Current Maturity Level

Current budget format is OK but may need some minor changes and commentary to align with requirements of CSP AM strategy and AM Plans.

Implications of Current Maturity Level

Progressively move from annual expenditure reporting to progressive delivery of CSP targets.

Recommendations

Continue to modify financial recording and budgeting to reflect CSP and AMP objectives.

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	Partially Meets Requirements

Current Score | 2.8 | **Core Target** | 3 |

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

Observations of Current Maturity Level

format of current annual report covers all statutory requirements. Accuracy of Special schedule 7 may be questioned

Implications of Current Maturity Level

AM Plans will assist clarify deficiencies and current/target levels.

Recommendations
Include a state of assets report in the Annual Report and comment on trends . Comment on functionality, capacity and usefulness.

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	Meets Requirements

Current Score 3   **Core Target** 3

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

Observations of Current Maturity Level

AM Policy adopted by Council using NAMS Templates

Implications of Current Maturity Level

Meets Core requirements

Recommendations

Check policy statements and objectives conform with practice

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.

Framework　　　　Asset Management & Planning

Element　　　　AM Strategy

Practice Area	AM Strategy		**Core Maturity Assessment**	**Partially Meets Requirements**

Current Score	2.6	**Core Target**	3

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

Observations of Current Maturity Level

Strategy developed from the AM Policy and the AM Plans.

Implications of Current Maturity Level

The AM Strategy provides the actions to obtain core maturity

Recommendations

Adopt revised AM strategy (July 2013) and implement 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

Framework   Asset Management & Planning

Element   AM Plans

Practice Area   AM Plans

Core Maturity Assessment	Partially Meets Requirements

Current Score   [2.5]   **Core Target**   [3]

Question:	Does your council have adopted asset management plans?

Observations of Current Maturity Level

Asset management plans prepared and adopted for all major asset areas. Linked to AM strategy, AM Policy CSP

Implications of Current Maturity Level

AM plans have identified deficiencies and provide improvement plan.

<table>
<tr><td>Recommendations

Carry out actions in the Improvement Plans</td></tr>
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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 life 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

Framework   Asset Management & Planning

Element   Governance and Management

Practice Area   Governance and Management

| Core Maturity Assessment | Partially Meets Requirements |

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

Council has in place an Asset Management committee to drive progress on maturity.

Implications of Current Maturity Level

AM committee will monitor and implement improvement plan

Recommendations

Ensure AM Committee meets regularly and has a action plan from each meeting.

Maturity Score	Result	Characteristic
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

Framework   Asset Management & Planning

Element   Levels of Service

Practice Area   Levels of Service

Core Maturity Assessment	Partially Meets Requirements

Current Score 2.5   **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

current levels of service have been developed over the years from councillor and staff Knowledge. Some areas are documents but require review and implementation to achieve maturity.

Implications of Current Maturity Level

As knowledge increases and systems are but in place to document performance, maturity will improve

Recommendations

Review and ensure levels of service align with the CSP and are achievable in the LTFP.

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 | 2.7 | **Core Target** | 3

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

Observations of Current Maturity Level

All Assets to be recorded on Bizeassets. Base data unit rates have been defined and justified. Additional work is required to validate base information. Data requires periodical regular auditing to ensure accuracy.

Implications of Current Maturity Level

Council has the base information to prepare useable AM plans and prepare implementation strategies. These will be refined as knowledge and information improves.

Recommendations

Finalise transfer of asset information to Asset Registers. Implement audit of information, Benchmark current base data and progressively implement condition and change of condition into the AM plans.

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	2.9	Core Target	3

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

Observations of Current Maturity Level

Council is very close to full maturity

Implications of Current Maturity Level

Council is continuing to develop skills and processes to achieve full maturity

Recommendations

Review Base data assumptions regularly. Continue to improve staff knowledge and carry out audits of existing data and assumptions

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	◉	Audit completed to determine current skill & knowledge levels
2	●	Documented asset data management procedures

1   ●   Asset data management limited to plans and data required for current projects

Framework   Asset Management & Planning

Element   Evaluation

Practice Area   Evaluation

Core Maturity Assessment	Partially Meets Requirements

Current Score | 2.5 | **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

Evaluation process is in place, but needs refinement and documentation to achieve maturity

Implications of Current Maturity Level

Council is improving evaluation processes to achieve maturity

Recommendations

Carry out tasks listed in the improvement plan and in the Maturity assessment document.

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

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