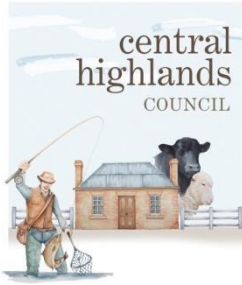
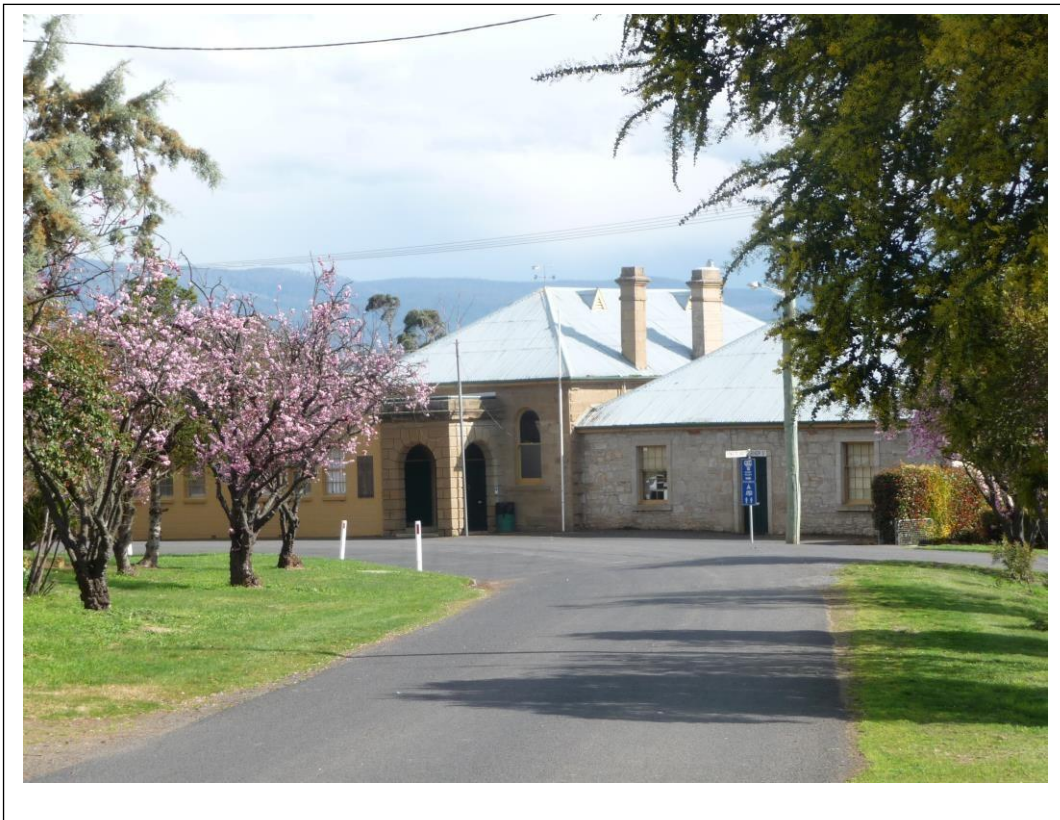


Central Highlands Council



ASSET MANAGEMENT STRATEGY





Version 1.2
February 2018



AM4SPRC

Central Highlands Council Asset Management Strategy

Document Control

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Asset Management for Small, Rural or Remote Communities Guidelines

The Institute of Public Works Engineering Australia.

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Contents

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

Tables

Table 1: Assets used for providing Services	
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5	Table 2: Financial Status of the Assets	6	Table 3: Life Cycle Cost for Council Services
8	Table 4: Life Cycle Expenditure for Council Services	9	Table 5: Life Cycle Sustainability Indicators
10	Table 6: Goals and Objectives for Infrastructure Services	13	Table 7: Asset Management Strategies
15	Table 8: Asset Management Improvement Plan		

Figures

6	Figure 1: Asset Replacement Values	7	Figure 2: State of the Assets
			Figure 3: Asset Condition Profile
			Figure 4: Maturity Assessment of Core Competencies under National Frameworks

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Executive Summary

This asset management strategy is prepared to assist council in improving the way it delivers services from infrastructure including roads, bridges, footpaths, stormwater drainage, parks and recreation and buildings. These infrastructure assets have a replacement value of \$124M.

The asset management strategy is to enable Council to show:

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

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

The asset management strategy is prepared following a review of the council's service delivery practices, financial sustainability indicators, asset management maturity and fit with council's vision for the future outlined in the Central Highlands Council Strategic Plan 2015-2024. 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

If Council follows the recommendations in its Long Term Asset and Financial Management Plans and maintains levels of service, Council will be able to fund the annual renewal/replacement cost required.

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.	Council and the community are aware of changes to service
	Communicate any consequence of funding decisions on service levels and service risks	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	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions	Responsibility for asset management is defined
9	Report six monthly to Council by Audit Committee/CEO on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans	Oversight of resource allocation and performance

Asset management improvement plan

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

Ref	Task	Responsibility	Target Date	Budget
1	Develop and implement a 10 year Asset Management Plan for all classes of asset	Manager Finance & Administration	June 2015	\$11k
2	Establish a procedure to review and update asset management plans and long term financial plans after adoption of annual budgets	Manager Finance & Administration	June 2016	
3	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions	Manager Finance & Administration	June 2016	
4	Training in-house system custodians to manage and improve asset data	Manager Finance & Administration	June 2016	
5	Report six monthly to council by Audit Committee/CEO on development and improvement of Asset Management Strategy, Asset Management Plans and Long Term Financial Plans	Manager Finance & Administration	Ongoing	

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.¹

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.²

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.³

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
- Evaluation.⁴

The asset management strategy is to enable Council to show:

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

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

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

- 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.⁵

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

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

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

1.1 Legislative reform

The Local Government (Miscellaneous Amendments) Bill 2013 was passed by the Legislative Council on 30 October 2013. The Bill included a power for Ministerial Orders to be made outlining the detail and minimum requirements for the financial and asset management reforms detailed in the amended legislation.

This Asset Management Strategy has been prepared in line with the Ministerial Orders that were issued 10 February 2014.

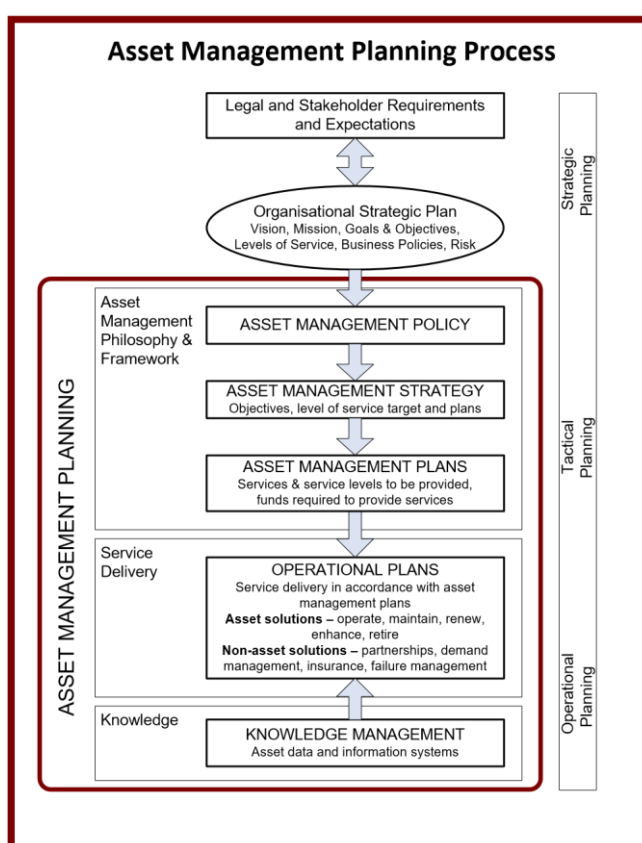
⁴ LGPMC, 2009, *Framework 2 Asset Planning and Management*, p 4.

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

1.2 Asset Management Planning Process

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

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



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 and Footpaths	Public roads and footpaths	Transportation access into and through the community
Stormwater and Drainage	Underground pipe network, culverts and channels	Collection of stormwater and discharge
Bridges	Concrete and timber bridges and large culverts	Transportation access into and through the community
Buildings, land and other land improvements	Buildings, recreational facilities and parks infrastructure	Accommodation for community based activities and services
Plant and Equipment	Civil plant, fleet vehicles, equipment, and IT	Asset construction and maintenance, transport and administration

3. Council's Assets and their management?

3.1 State of the Assets

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

Table 2: Financial Status of the Assets

Asset Class	Replacement Cost (\$000)	Depreciated Replacement Cost (\$000)	Depreciation Expense for current year (\$000)
Roads and Footpaths	76,627	59,938	1,331
Stormwater and Drainage	1,414	888	11
Bridges	14,335	8,227	200
Buildings and other land improvements	8,864	7,954	157
Plant and Equipment	4,723	2,407	375
Total	105,963	79,414	2,074

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

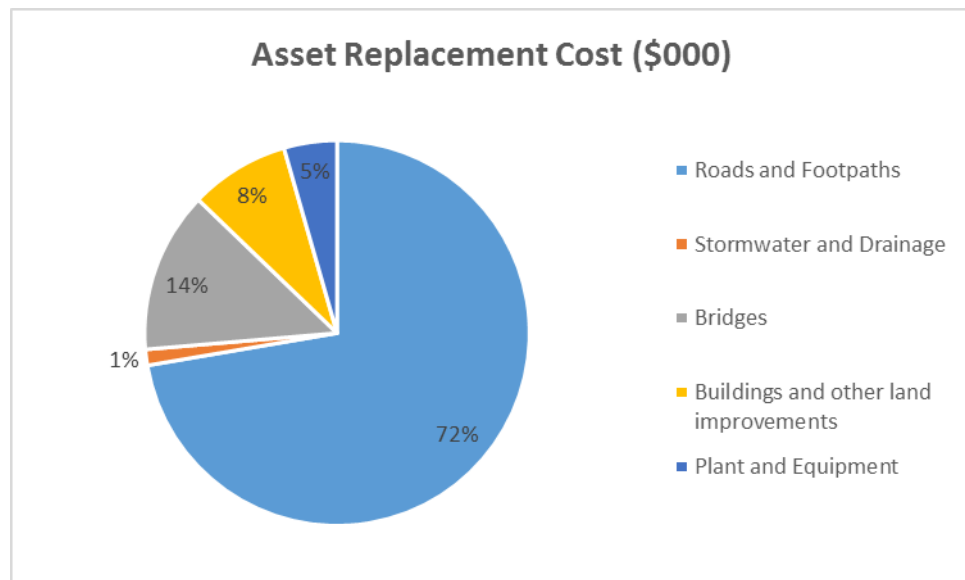


Figure 1: Asset Replacement Values

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

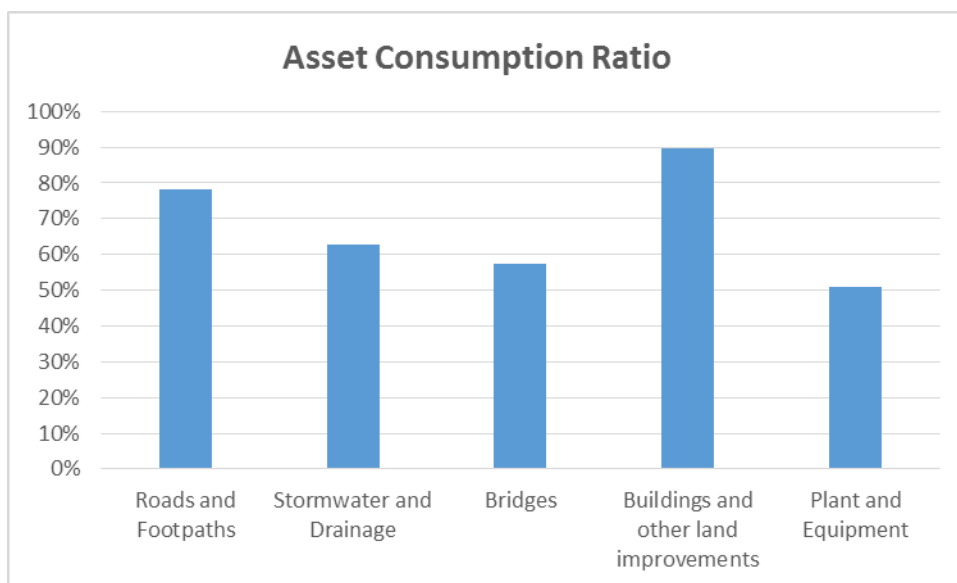


Figure 2: State of the Assets

The road network is the largest group of assets maintained by council. A recent independent report indicates that road assets were in fair overall condition and are being funded at an appropriate level of renewal expenditure.

Currently Council has allocated sufficient budget within its Long Term Financial Plan to meet its capital asset renewal requirements. The condition of Council's road assets is shown in Figure 3.

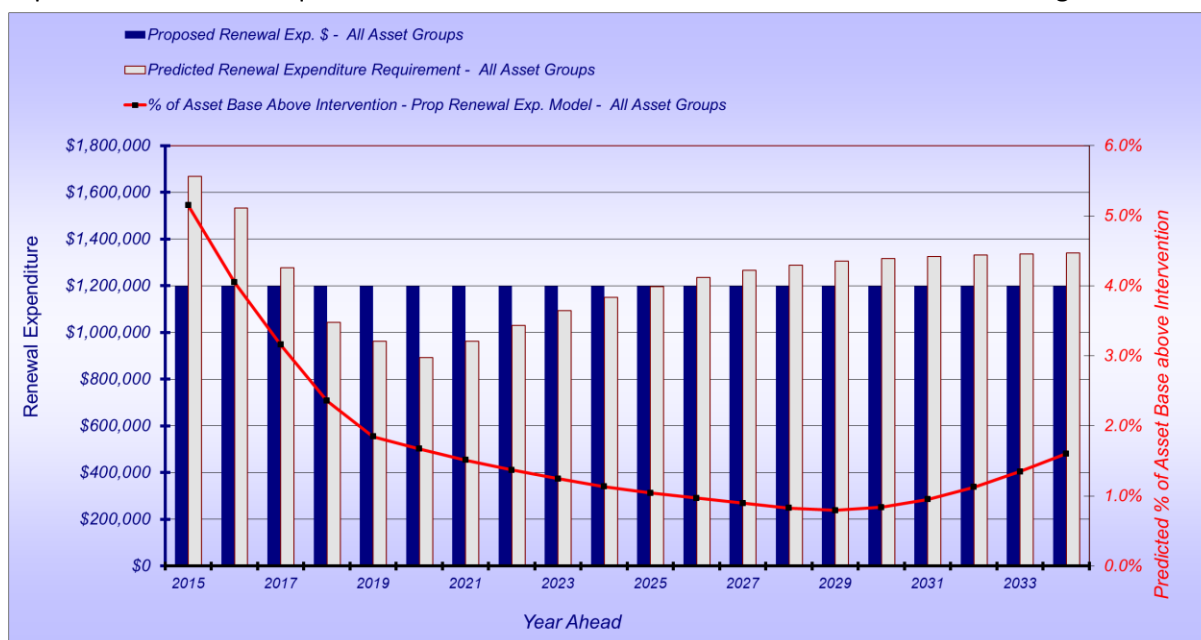


Figure 3: Asset Condition Profile

The graph represents the predicted renewal expenditure requirements and the recommended renewal funding profile of road assets. It indicates that Council should be spending approximately \$1.2M per annum (unadjusted for inflation) on capital road renewal over the next 10 years to maintain the road network at a reasonable standard. It also indicates that after 10 years a small increase will be required to maintain the same standard. The \$1.2M projected spend is less than the depreciation expense of \$1.33M as depreciation includes asset components with useful lives greater than 10 years.

The depreciation expense for all assets is 2.07M and Council should strive to expend approximately that amount on asset renewal and replacement to ensure its long term financial sustainability.

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.

Service	Expenditure (3 year average) Operations and Maintenance (\$'000's)	Depreciation Exp (\$'000's)	Life Cycle Cost (\$/yr) (\$'000's)
Roads and Footpaths	1039	1,331	2,370
Stormwater and Drainage	50	11	61
Bridges	25	200	225
Buildings and other land improvements	422	158	580
Plant and Equipment	581	376	957
TOTAL	2,117	2,076	4,193

Table 3: Life Cycle Cost for Council Services

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 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	Expenditure (3 year average) Operations and Maintenance (\$'000's)	Cap Renewal Expenditure (3 year average) (\$'000's)	Life Cycle Exp (\$/yr) (\$'000's)
Roads and Footpaths	1,039	1,823	2,862
Stormwater and Drainage	50	9	59
Bridges	25	158	183
Buildings and other land improvements	422	42	464
Plant and Equipment	581	425	1,006
All Services	2,117	2,457	4,574

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 and Footpaths	2,370	2,862	492	1.21
Stormwater and Drainage	61	59	-2	0.97
Bridges	225	183	-42	0.81
Buildings and other land improvements	580	464	-116	0.80
Plant and Equipment	957	1,006	49	1.05
All Services	4,193	4,574	380	1.09

Note: * A life cycle gap is reported as a negative value. Target LC Sustainability Index is 1.00

The past 2 years have seen an above average amount expended on road renewal which has resulted in an above average LC Sustainability Index of 1.21 (Target 1.00). Renewal expenditure will reduce in the next few years to approximately \$1.2M as indicated in the Asset Condition Profile (Figure 3).

Bridges, Buildings and other land improvements show a Life Cycle Gap however they are long lived assets and do not require constant renewal expenditure.

3.3 Asset Management Structure

Council has a management team that is responsible for the overall management of Council's assets and preparation of the capital budget each year.

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.

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 elements⁴ to assess 'core' competency under the National Frameworks. The core competencies are:

Financial Planning and Reporting

- Strategic Longer Term Plan
- Annual Budget
- Annual report

Asset Planning and Management

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

⁴ Asset Planning and Management Element 2 *Asset Management Strategy and Plans* divided into Asset Management Strategy and Asset Management Plans competencies.

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

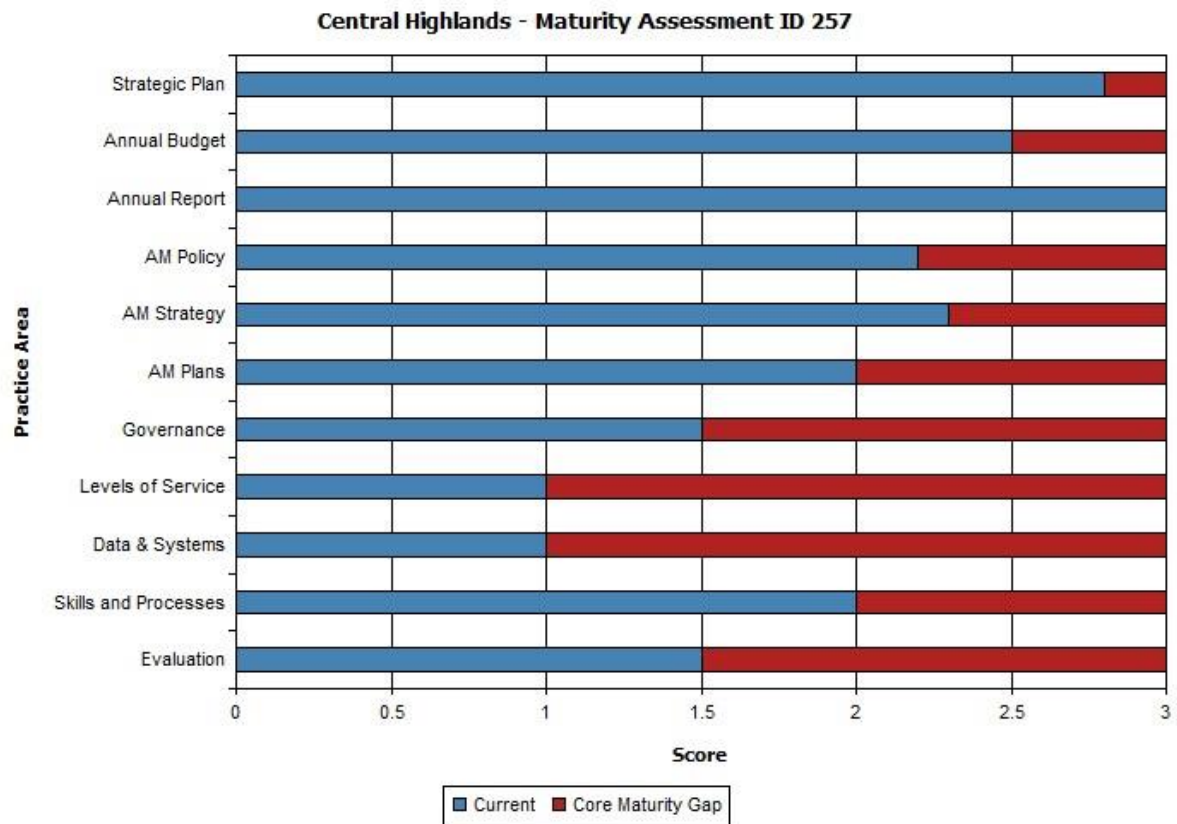


Figure 4: Core Asset Management Maturity

3.6 Strategy Outlook

Council is able to fund current infrastructure life cycle cost at current levels of service and available revenue as indicated in the Long Term Asset and Financial Management Plans.

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.

“To provide residents and visitors opportunities to participate in and enjoy a vibrant local economy, rewarding community life, cultural heritage and a natural environment that is world class.”

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

“Provide leadership to ensure that local government and other services are provided to satisfy the social, economic and environmental needs of the present day community, whilst endeavouring to ensure the best possible outcomes for future generations.”

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

Goals	Objectives
Community Building	Build capacity to enhance community spirit and sense of wellbeing
Infrastructure and Facilities	Manage Council's physical assets in an efficient and effective manner
Financial Sustainability	Manage Council's finances and assets to ensure the long term viability and sustainability of Council
Natural Environment	Encourage responsible management of the natural resources and assets in the Central Highlands
Economic Development	Encourage economic viability within the municipal area
Governance and Leadership	Provide governance and leadership in an open, transparent, accountable and responsible manner in the best interests of our community as a whole

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

4.2 Asset Management Policy

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

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

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

4.3 Asset Management Vision

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

Develop and maintain asset management governance, skills, process, systems and data in order to provide the level of service the community need at present and in the futures, in the most costeffective 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	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
4	Report six monthly to Council by Audit Committee/CEO on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans	Oversight of resource allocation and performance

6. Asset Management Improvement Plan

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

Table 8: Asset Management Improvement Plan

Ref	Task	Responsibility	Target Date	Budget
1	Develop and implement a 10 year Asset Management Plan for all classes of asset	Manager Finance & Administration	June 2015	\$11k
2	Establish a procedure to review and update asset management plans and long term financial plans after adoption of annual budgets	Manager Finance & Administration	June 2016	
3	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions	Manager Finance & Administration	June 2016	

4	Training in-house system custodians to manage and improve asset data	Manager Finance & Administration	June 2016	
5	Report six monthly to council by Audit Committee/CEO on development and improvement of Asset Management Strategy, Asset Management Plans and Long Term Financial Plans	Manager Finance & Administration	Ongoing	

Appendix A Asset Management Maturity Assessment

Framework Financial Planning & Reporting

Element Strategic Longer Term Plan
Practice Area Strategic Longer Term Plan

Core Maturity Assessment	Meets Requirements
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Current Score	2.8	Core Target	3
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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
		Council has adopted a Strategic Plan (planning horizon of at least 5 years) that
3 ●		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.
		The development of the Strategic Plan included elected member participation and was
3 ●		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
		Council has a sustainable LTFP covering the period of the Strategic Plan (at least 5 year)
3 ●		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
3 ◎		requirements and strategic objectives detailed in Council’s Strategic Plan and Asset Management Plans.

2	●	Plan covers 4 year term of council
2	●	Draft plan is advertised for public comment
2	●	Plan reflects needs of community for foreseeable period
2	●	Plan includes vision and strategic objectives
2	●	Plan details what council intends to do in period of plan
1	●	Plan covers 1 year period

Framework Financial Planning & Reporting

Element Annual Budget

Practice Area Annual Budget

**Core Maturity
Assessment**

**Meets
Requirements**

Current Score	2.5	Core Target	3
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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	

The Annual Budget aligns with Year 1 of the LTFP and was adopted following community
3 consultation.

- 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

3 Council’s Annual Budget includes resources to implement Strategic Plan strategies.

Framework Financial Planning & Reporting

Element Annual Report

Practice Area Annual Report

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

Practice Area AM Policy

Core Maturity Assessment Partially Meets Requirements

Current Score	2.2	Core Target	3
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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	<input checked="" type="radio"/>	Council has an adopted AM Policy which defines the Council's vision and service delivery objectives for asset man
3	<input type="radio"/>	AM Policy has a direct linkage with Council's Strategic Plan and LTFP.
3	<input type="radio"/>	AM Policy requires the adoption of AM Plans inforlocal government financial reporting frameworks. med by community consultation and
3	<input checked="" type="radio"/>	AM Policy defines asset management roles, responsibilities and reporting framework.
3	<input type="radio"/>	AM Policy identifies a process for meeting training needs in financial and asmanagement practices for councillors and staff. set

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
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Current Score	2.3	Core Target	3
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Question: Does your council have an adopted asset management strategy?

Observations of Current Maturity Level

Implications of Current Maturity Level

Recommendations

Maturity Score	Result	Characteristic
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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.
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3	●	Council's AM Strategy is linked to Council's AM Policy aStrategic planning and annual budgeting processes. nd integrated into Council's
---	---	-----------------------------------------------------------------------------------------------------------------------------------------

Council's AM Strategy documents the current status of asset management practices

3	◎	(Councprocesses, asset data and information systems) within the Council and what actions it must take to implement the AM Policy, including resource requirements,
---	---	--------------------------------------------------------------------------------------------------------------------------------------------------------------------

timeframes and accountabilities.

2	<input checked="" type="radio"/>	Strategy shows what assets the council has
2	<input checked="" type="radio"/>	Strategy fits with the council strategic plans
1	<input type="radio"/>	Draft AM Strategy Prepared but not adopted by Council

Framework Asset Management & Planning

Element AM Plans

Practice Area AM Plans

Core Maturity Assessment **Partially Meets Requirements**

Current Score	2	Core Target	3
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Question: Does your council have adopted asset management plans?

Observations of Current Maturity Level

Implications of Current Maturity Level

Recommendations

Maturity Score	Result	Characteristic
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AM Plans adopted by Council for all material asset groups in a consistent format in

3 ☒ accordance with industry best practice (E.g. Appendix A of the International Infrastructure Management Manual (IIMM) 2012) and 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.group/category as recorded in the asset register; Include all assets and document asset inventory information for the asset
- 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.demand management plans Include demand forecasts including possible effects of demographic change and
- 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.to levels of service; Address asset performance and utilisation measure s and associated targets as linked

3 ☐ l. Include an asset rationalisation and disposal program; and 3 ☐ m.

Include an asset management improvement plan.

3 ☐ n.partnerships) Include consideration of non -asset service delivery solutions (leasing private/public

3 ☐ o.replacement costs, depreciated replacement cost and depreciation expense. Recognise changes in service potential of assets through projections of asset

3 ☒ p. Include consideration of possible effects of climate change on asset

useful lives and 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

Current Score	1.5	Core Target	3
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Core Maturity Assessment	Partially Meets Requirements
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Question: Does your council have good management practices linking AM to service delivery?

Observations of Current Maturity Level

Implications of Current Maturity Level

Recommendations

Maturity Score	Result	Characteristic
3 ●		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 sets.
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	<input type="radio"/>	AM improvement plan in operation
1	<input type="radio"/>	AM Steering activities are dependent on individual initiatives and are not co-ordinated

Framework Asset Management & Planning

Element	Levels of Service	Practice Area	Levels of Service	Core Maturity	Not
Substantially				Assessment	Progressed
Current Score	1	Core Target	3		

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

Observations of Current Maturity Level

Implications of Current Maturity Level

Recommendations

Maturity Score	Result	Characteristic
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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)

3 ☐ Technical levels of servmaintenance, operational and capital renewal procedures.ice are incorporated into service agreements and/or

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	Not Substantially
	Assess Progre ment ssed

Current Score	1	Core Target	3
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Question:	Does council have the data & systems knowledge to perform asset data management activities?
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Observations of Current Maturity Level

Implications of Current Maturity Level

Recommendations

Maturity Score	Result	Characteristic
3 <input checked="" type="radio"/>	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 ☐ The defined by Council's Infrastructure Asset Hierarchy is a common corporate data framework used across all asset groups, which is

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 produce associated cash flow forecasts. programs and

3 ☐ Council has defined and documented procedures for determining asset replacement and treatment unit rates, wh

3 ☐ Council has a defined process for operational planning for its existing assets. ations, maintenance, renewal and upgrade

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	Core Target	3
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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 repCouncil has a current asset management skills matrix. Staff training needs have been orting valuations and develop AM Plans. identified and training scheduled.
3	●	Council has a defined methodology for assessing the Remaining and Useful Life, Residual Value and Depreciation

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.

☐ 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

3 Council provides ongoing training programs for councillors, council management and

Framework Asset Management & Planning

Element Evaluation

Practice Area Evaluation

Core Maturity Assessment **Partially Meets Requirements**

Current Score 1.5 **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

Implications of Current Maturity Level

Recommendations

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