



ASSET MANAGEMENT STRATEGY 2014

Part of Lismore City Council's Resourcing Strategy

Version 1.06
February 2014

Document Control

Document Control		Lismore City Council Asset Management Strategy			
Document ID: lismore_am_strategy_v1.06_140220.doc					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1.01	22/8/2013	Version 1 – Draft for Comment	AM	JR, AM(Lismore)	
1.02	30/10/2013	Version 1.02 – With updates from LCC	AM	JR, AM(Lismore)	
1.03	6/11/2013	Version 1.03 – Updated State of Assets	AM	JR, AM(Lismore)	
1.04	13/11/2013	Version 1.04 – Added Sample Dashboard	AM	JR, AM(Lismore)	
1.05	24/12/2013	Version 1.05 – Revisions following Infrastructure Assets Panel Consideration	AM	JR, AM(Lismore)	
1.06	20/02/2014	Version 1.06 – Revisions of Terminology	AM		

Contents

EXECUTIVE SUMMARY	1
<i>Background.....</i>	<i>1</i>
<i>Risks Critical to Council's Operations</i>	<i>2</i>
<i>Asset Management Capability.....</i>	<i>2</i>
<i>Strategy Outlook</i>	<i>3</i>
<i>Asset Management Improvement Plan</i>	<i>3</i>
1. INTRODUCTION	4
1.1 LEGISLATIVE REFORM	4
1.1.1 <i>NSW Integrated Planning and Reporting (IPR)</i>	<i>4</i>
1.1.2 <i>Strategic Issues at a National Level</i>	<i>6</i>
1.2 ASSET MANAGEMENT PLANNING PROCESS.....	8
2. WHAT ASSETS DO WE HAVE?	9
3. COUNCIL'S ASSETS AND THEIR MANAGEMENT?	11
3.1 STATE OF THE ASSETS.....	11
3.2 LIFE CYCLE COST	16
3.3 ASSET MANAGEMENT STRUCTURE.....	25
3.4 ASSET MANAGEMENT STEERING COMMITTEE	25
3.5 FINANCIAL & ASSET MANAGEMENT CORE COMPETENCIES	26
3.6 STRATEGY OUTLOOK.....	27
4. WHERE DO WE WANT TO BE?	28
4.1 COUNCIL'S MISSION, GOALS AND OBJECTIVES	28
4.2 ASSET MANAGEMENT POLICY.....	29
4.3 ASSET MANAGEMENT VISION.....	29
5. HOW WILL WE GET THERE?.....	31
6. ASSET MANAGEMENT IMPROVEMENT PLAN.....	32
APPENDIX A ASSET MANAGEMENT STEERING COMMITTEE CHARTER.....	37
APPENDIX B ASSET MANAGEMENT GOVERNANCE	41
APPENDIX C LISMORE CITY COUNCIL ASSET MANAGEMENT POLICY	44
APPENDIX D 2013 MATURITY ASSESSMENT REPORT	47
APPENDIX E SERVICE LEVEL DASHBOARD "SAMPLE DRAFT" FOR TRANSPORT.....	72

Tables

TABLE 1: CRITICAL ASSET MANAGEMENT RISKS TO COUNCIL	2
TABLE 2: ASSETS USED FOR PROVIDING SERVICES (ASSET MANAGEMENT PLAN CATEGORIES).....	9
TABLE 3: FINANCIAL STATUS OF THE ASSETS FROM THE TECHNICAL ASSET REGISTER.....	11
TABLE 4: FINANCIAL STATUS FROM NOTE 9 OF THE 2012 AUDITED FINANCIAL STATEMENTS	11
TABLE 5: SOURCE AND CONFIDENCE OF CONDITION DATA.....	15
TABLE 6: LIFE CYCLE COST FOR COUNCIL SERVICES.....	17

TABLE 7: ASSET RENEWAL FUNDING RATIO (10 YEAR).....	18
TABLE 8: MEDIUM TERM SUSTAINABILITY INDICATORS	19
TABLE 9: OVERALL FUNDING POSITION (TOTAL OVER 10 YEARS INCLUDING UPGRADE AND NEW)	20
TABLE 11: ASSET MANAGEMENT STRATEGIES	31
TABLE 12: ASSET MANAGEMENT IMPROVEMENT PLAN	32

Figures

FIGURE 1: NSW LOCAL GOVERNMENT PLANNING AND REPORTING FRAMEWORK.....	6
FIGURE 2: ASSET MANAGEMENT PLANNING PROCESS	8
FIGURE 3: ASSET REPLACEMENT VALUES \$.....	12
FIGURE 4: REMAINING VALUE OF THE ASSETS %.....	12
FIGURE 5: REMAINING VALUE OF THE ASSETS \$.....	13
FIGURE 6: STATE OF COUNCIL’S ASSETS – SUMMARY OF ASSET GROUPS CONDITION BY % VALUE	13
FIGURE 7: STATE OF COUNCIL’S ASSETS – SUMMARY OF ASSET GROUPS CONDITION BY VALUE	14
FIGURE 8: SUMMARY OF COUNCIL’S ASSETS CONDITION BY REPLACEMENT COST.....	14
FIGURE 9: CURRENT ASSET ANALYSIS - GENERAL FUND -OPERATING, MAINTENANCE, RENEWAL AND UPGRADE/NEW COSTS (ESTIMATES TO RETAIN CURRENT SERVICE LEVELS)	22
FIGURE 10: CURRENT ASSET ANALYSIS - WATER AND SEWER - OPERATING, MAINTENANCE, RENEWAL AND UPGRADE/NEW COSTS (ESTIMATES TO RETAIN CURRENT SERVICE LEVELS)	23
FIGURE 11: CURRENT ASSET ANALYSIS – ALL INFRASTRUCTURE - OPERATING, MAINTENANCE, RENEWAL AND UPGRADE/NEW COSTS (ESTIMATES TO RETAIN CURRENT SERVICE LEVELS)	24
FIGURE 12: CORE ASSET MANAGEMENT MATURITY – LISMORE COUNCIL DECEMBER 2012	27

Executive Summary

Background

The asset register and financial projections in this asset strategy have been made based on the asset inventories of the current technical assets register and financial register, with the anticipated funds available being based on the Annual Budget and Long Term Financial Plan as at 2013. The asset registers are to be updated between 3 and 5 years. Whilst there are variances between the technical and financial registers, they are not materially significant in terms of this strategy. The strategy outlook is based on the best available information and service level projections are provisional and will be updated as better information becomes available.

This asset management strategy is prepared to assist council is improving the way it delivers services from infrastructure including:

- Buildings
- Land Improvements and Other Structures
- Stormwater Drainage
- Transport
- Water Supply
- Sewer

These infrastructure assets have a replacement value of approximately \$1,327M.¹

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.²

Adopting this asset management strategy will assist council in meeting the requirements of national sustainability frameworks, 2010 Integrated Planning and Reporting guidelines for NSW (IPR). Local councils in NSW are required to undertake their planning and reporting activities in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2005, and provide the 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 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.

¹ Note 9a Audited Financial Statements 30 June 2012. Excludes land, non-depreciable and miscellaneous assets

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

Risks Critical to Council's Operations

Table 1: Critical Asset Management Risks to Council

Risk Area	Description
Inadequate resources to implement operate and maintain systems.	The resources required to provide an agreed level of confidence from systems has not been established.
Providing reliable asset and financial reporting	The technical asset register and the financial reporting are aligned very well and this is indicative of the work already achieved by Lismore Council. However confidence in areas of the data is not yet at a level to ensure high confidence in reporting.
Service level and risk consequences are not fully known	The service level and risk consequences for an affordable position are not clear in the strategic plan, making it difficult for informed consultation on options and trade-offs.

Asset Management Capability

This Asset Management Strategy includes specific actions required to improve council's asset management capability and projected resource requirements and timeframes. Appendix D of this strategy shows the summary asset management improvement plan and current status of asset organisational management maturity.

Council's asset management capability has previously been slightly below core level in comparison to the requirements of the National Frameworks for Asset Management. The National Frameworks set new standards for local government reporting and very few organisations have yet achieved "core level"

With continued improvements for levels of service reporting, data/systems and process documentation core level can be achieved by late 2014.

10 year (2014-2023) forward outlook is that current service levels can be maintained for most services with the current budget allocation for next 10 years.

Any new assets will increase future costs for maintenance, operating and future renewal and need corresponding additional funding.

Residual asset and service risks that are not managed need to be reported to an Asset Steering Committee. These risks should be identified in risk management plan.

An ongoing asset management improvement program as recommended in the AM strategy is required to be implemented to bring Council to core level for all key elements of the National Frameworks.

The asset register is not yet at core level and needs further improvement.

Strategy Outlook

Council's financial position is sound short term. It is not generating a balanced annual operating position although the deficit is not major (inclusive of asset depreciation) indicating that there is some shortfall in the income being generated over the long term to support its renewal program.

Current levels of renewal may result in a long frequency between asset renewals. This ultimately will result in higher costs, some reduction in service levels and increased risk. This situation requires continued monitoring as the data to support these projections is being improved and will lead to greater confidence in the outlook projections.

Council's asset management capability is continuing to develop, although resourcing of this work has been identified as an issue. Implementation of the improvement plan in this strategy should enable a "Core" level of capacity to be achieved within 12 months.

Council will continue to invest in improved condition data and risk inspection and monitoring.

Asset Management Improvement Plan

The program of tasks to achieve a minimum 'core' asset management maturity was developed in the Asset Management Maturity Assessment and detailed Section 5, Section 6 and Appendix D.

1. Introduction

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

Infrastructure assets such as roads, stormwater drainage, buildings, land improvements, water supply and waste water systems 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.³

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.⁴

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.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

1.1.1 NSW Integrated Planning and Reporting (IPR)

Local councils in NSW are required to undertake their planning and reporting activities in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2005. The Act provides that the Deputy Director General (Local Government), Department of Premier and Cabinet can issue Guidelines that must be followed by local councils when undertaking their planning and reporting activities.

An Integrated Planning and Reporting Manual has been developed to provide councils with information and guidance to assist their transition to the new planning and reporting framework.

In particular, local governments will effectively plan for future sustainability through longer-term planning by developing 10 year plans, publishing these and reviewing progress annually. The community and the State then have the best information available to judge progress against the plan, and local governments can make necessary adjustments.

³ LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 2.

⁴ LGPMC, 2009, Framework 3 *Financial Planning and Reporting*, pp 2-3.

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

Long-term CSPs

These plans outline the local government's vision for the community. In line with the commitment to principles rather than prescription in the legislation, the content of the plan and the method of community engagement will be decided by individual local governments.

Long-term financial plan

A valuable tool for local governments when managing their finances will be to implement a longer-term financial plan to include an investment policy, a debts policy, procurement policy and a revenue policy.

Long-term asset management plans

The Community Strategic Plan provides a vehicle for expressing long-term community aspirations. However, these will not be achieved without sufficient resources – time, money, assets and people – to actually carry them out. The Resourcing Strategy consists of three components:

- Long Term Financial Planning
- Workforce Management Planning
- Asset Management Planning.

The Resourcing Strategy is the point where Council assists the community by sorting out who is responsible for what, in terms of the issues identified in the Community Strategic Plan. Some issues will clearly be the responsibility of Council, some will be the responsibility of other levels of government and some will rely on input from community groups or individuals. The Resourcing Strategy focuses in detail on matters that are the responsibility of the council and looks generally at matters that are the responsibility of others.

The relationships between the main planning documents are shown below in Figure 1.⁶

⁶ NSW Division of Local Government, 2010, Planning and Reporting Guidelines for local government in NSW



Figure 1: NSW Local Government Planning and Reporting Framework⁷

Achieving and maintaining sustainability in Local Government requires consideration of services, service levels, associated costs and associated risks. The appropriate management of the infrastructure of Local Government requires asset management estimates and asset accounting estimates that are realistic and support decision making.

1.1.2 Strategic Issues at a National Level

At its meeting on 4 August 2006, the Local Government and Planning Ministers' Council (LGPMC) agreed to a nationally consistent approach to asset planning and management, financial planning, and reporting and assessing financial sustainability.

20 October 2006, the LGPMC endorsed the draft National Frameworks for Financial Sustainability in Local Government as a basis for consultation. On 21 March 2007 the LGPMC endorsed the Frameworks for implementation in the context of their relationships with their local government sectors .

On the 8th May 2009 the LGPMC agreed to the enhancement and acceleration of these frameworks.

⁷ Integrated Planning and Reporting Manual for NSW, Planning a Sustainable Future 2013, Premier & Cabinet Division of Local Government.

The National Frameworks consists of three main frameworks:

Framework 1 - Criteria for Assessing Financial Sustainability

Framework 2 - Asset Planning and Management

Framework 3 - Financial Planning and Reporting

Framework 2: Asset Planning and Management consists of seven elements as follows:

Development of an Asset Management Policy - Each state/territory is expected to develop an asset management policy, which provides high-level guidance to assist individual councils in developing their asset management policy.

Strategy and Planning - Councils should be provided with guidance from the State on developing an asset management strategy which is designed to support and implement its asset management policy;

Governance and Management Arrangements - Councils should be encouraged to apply and implement good governance and management arrangements which link asset management to service delivery and include assigning roles and responsibility for asset management between the CEO, the Council and senior managers;

Defining Levels of Service - Mechanisms should be established that include community consultation to define the levels of service councils are expected to provide from their asset base;

Data and Systems – A framework for collection of asset management data should be established;

Skills and Processes – The asset management framework should contain a continuous improvement program;

Evaluation – The asset management framework should contain a mechanism to measure its effectiveness.

Framework 3: Financial Planning and Report consists of 3 elements as follows:

Strategic Longer Term Plan – The plan brings together the detailed requirements in the Council's Long Term Community Strategic Plan, and demonstrates how council intends to resource the plan.

Annual Budget – Councils prepare an annual budget which is presented in a way which is understandable to the community and which can be compared with the audited financial statements.

Annual Report – Councils prepare an annual report in respect of each financial year. This is to include a report on operations, audited financial statements, explanations of any variations between the budget and actual results, and any impacts that variations will have on the longer term Community Strategic Plan.

Each State and Territory has agreed and was expected to implement the National Frameworks in consultation with local government, with a target date of 31 December 2010.

The changes to legislation in the NSW IPR and the implementation through IPR are consistent with the National Frameworks.

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.⁸

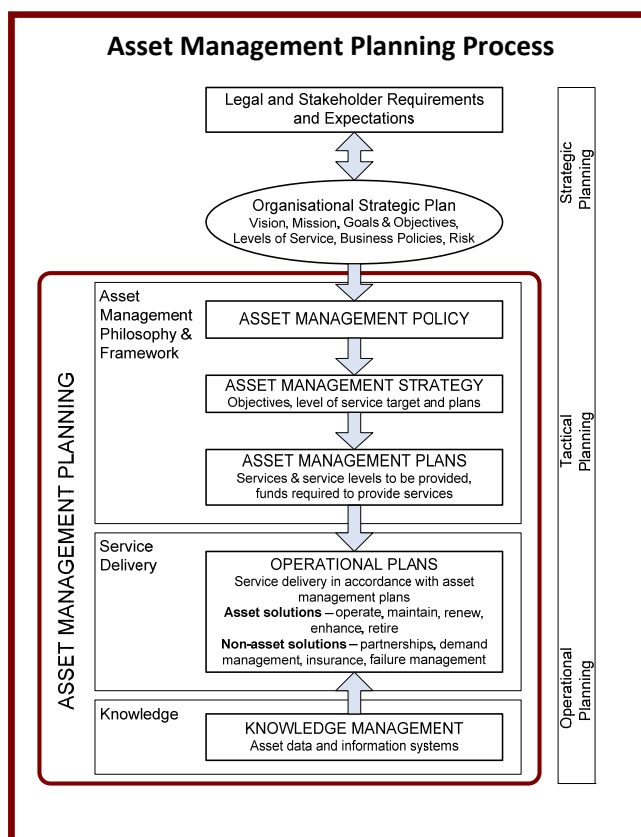


Figure 2: Asset Management Planning Process

⁸ 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 2.

Table 2: Assets used for providing Services (Asset Management Plan Categories)

Asset Class	Description	Services Provided
Buildings	Community Buildings, Libraries, Pre schools	Community Buildings will generally be provided to support other service activities operating from those facilities.
	Administration Buildings	Administration Buildings will generally be provided to support Councils activities e.g. Administration Building and Depot
Land Improvements and Other Structures	Parks and open spaces	Provides for and promotes recreation and healthy lifestyles
	Sporting facilities	Facilitates sport, community and healthy lifestyle
	Playground equipment and other structures	Provides for and promotes recreation and healthy lifestyles
Stormwater Drainage	Gross Pollutant Traps	Reduce impacts of pollutants carried by stormwater runoff on the receiving waters
	Pipes, Stormwater Pits and Open Drains	Protection from flooding, minimise the impacts of stormwater on property and road use, particularly in higher density traffic and urban areas
Transport	Sealed Roads	High standard of road with all-weather vehicular access Urban and rural roads with a bitumen surface typically spray seal, asphalt or recycled bitumen
	Unsealed Roads	Road access with standard varying from all-weather access to dry weather access only Mostly rural roads formed and surfaced with imported granular material
	Footpaths	Safe non-vehicular access primarily for pedestrians and cycle movements within the road reserve
	Kerb and Gutter	Typically constructed of concrete on the edge of sealed roads to formalise the traffic corridor and convey surface stormwater to the underground pipe drainage network.
	Car Parks	Parking facilities to provide access

Asset Class	Description	Services Provided
	Bridges	High level crossings
	Major Culverts	Low level creek crossings
Water Supply	Dam	Maintain adequate medium term supply for distribution
	Water Treatment Plant	Maintain water quality to standard
	Reservoir Water Pumping Station	Maintain adequate short term supply for distribution Distribute water supply and maintain water pressure
	Rising Main Water Main Water Service Meter	Distribution to users
Sewer	Treatment works	Treatment of effluent to a standard suitable for disposal in compliance with regulatory health standards.
	Sewer pipelines	Conveyance of effluent from source to treatment and disposal locations.
	Sewer service equipment assets e.g. pumping stations	Conveyance of effluent from source to treatment and disposal locations.

3. Council's Assets and their management?

3.1 State of the Assets

The financial status of Council's assets is shown in Table 3.

Table 3: Financial Status of the Assets from the Technical Asset Register

Asset Class	Replacement Cost (\$)	Depreciated Replacement Cost (\$)	Depreciation Expense (\$)
Buildings	\$83,837,664	\$52,822,964	\$2,177,713
Land Improvements and Other Structures	\$28,363,794	\$17,550,650	\$620,239
Stormwater Drainage	\$42,753,613	\$21,601,942	\$430,774
Transport	\$784,675,445	\$648,691,308	\$7,239,687
Sewer	\$272,673,000	\$162,556,356	\$3,831,093
Water Supply	\$114,468,090	\$68,748,400	\$1,685,929
Total	\$1,326,771,606	\$971,971,620	\$15,985,435

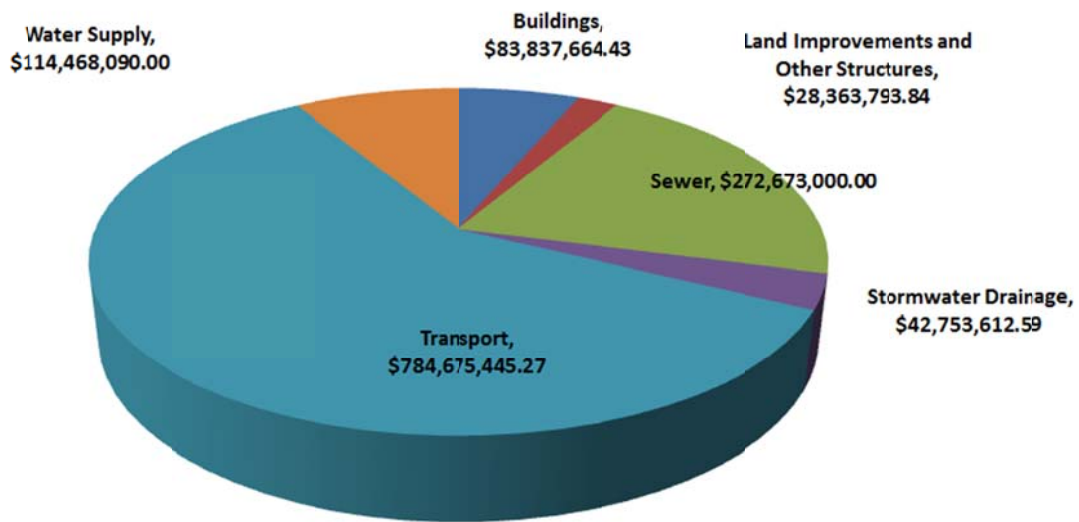
(Source: *Technical Register with indexing to update to 2013 values as used for the 2013 Asset Management Plans These values are not balanced to Note 9a Audited Financial Statements 30 June 2013 in Table 4, but are generally within 10% of the audited values, and are materially correct. Values will be balanced to the financial statements following the next asset revaluation. (Excludes land)

Table 4: Financial Status from Note 9 of the 2013 Audited Financial Statements

Asset Class	Replacement Cost (\$000)	Depreciated Replacement Cost (\$000)	Depreciation Expense (\$000)
Buildings (Specialised)	\$75,322,000	\$64,264,000	\$1,731,000
Land Improvements	\$17,218,000	\$9,446,000	\$311,000
Other Structures	\$26,466,000	\$16,249,000	\$349,000
Stormwater Drainage	\$51,306,000	\$28,976,000	\$527,000
Transport - Depreciable	\$527,277,000	\$363,167,000	\$8,362,000
Transport - Earthworks	\$308,460,000	\$308,460,000	\$0
Sewer	\$294,373,000	\$178,343,000	\$3,923,000
Water Supply	\$118,032,000	\$70,129,000	\$1,691,000
Total	\$1,418,454,000	\$1,039,034,000	\$16,894,000

Figure 3 shows the replacement values of Council’s assets (Source Table 3).

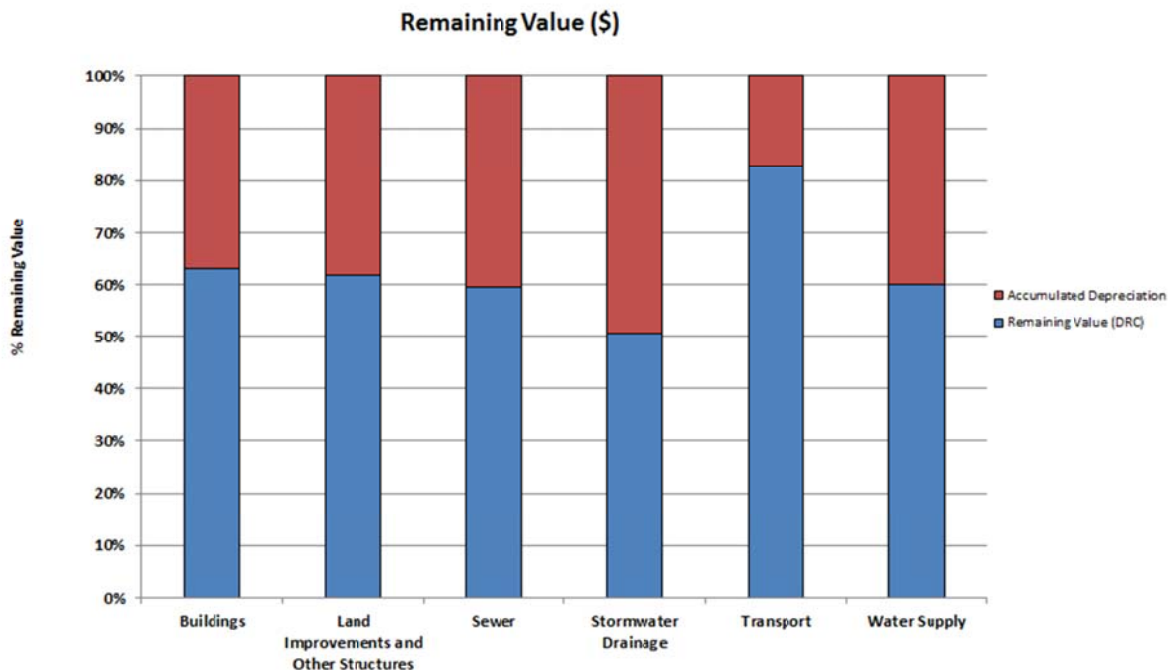
Figure 3: Asset Replacement Values \$



The asset consumption ratios of Council’s assets are shown in Figure 5.

Figure 4: Remaining Value of the Assets %

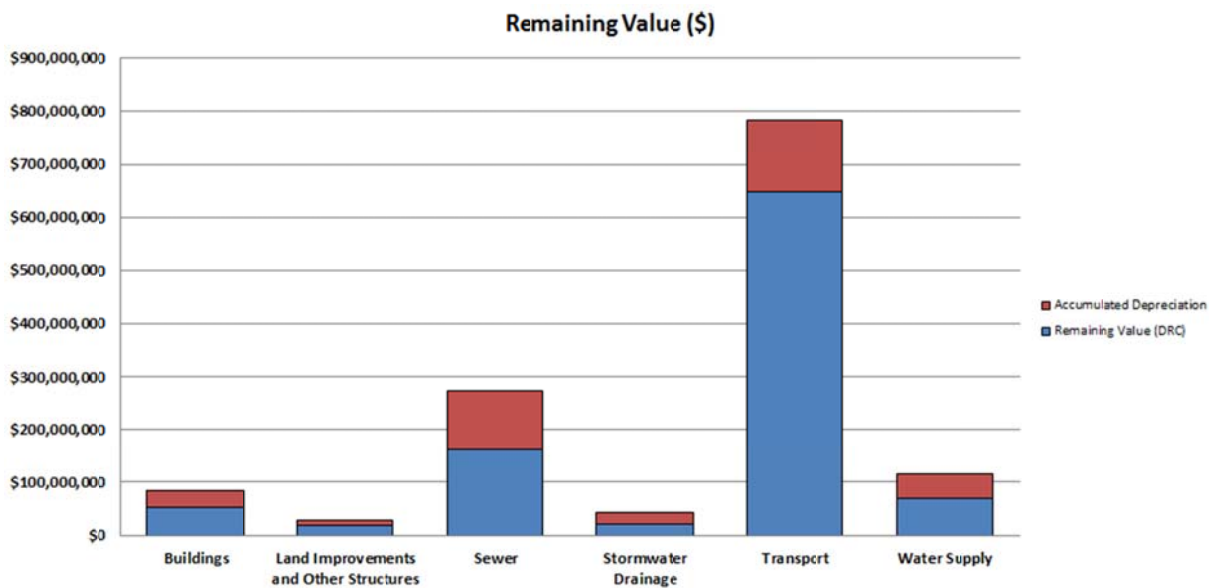
(Source: Table 3: Technical Asset Register 2013)



The current valuation assessments indicate all asset groups have greater than 50% of remaining value.

(Source: Table 3: Technical Asset Register 2013)

Figure 5: Remaining Value of the Assets \$



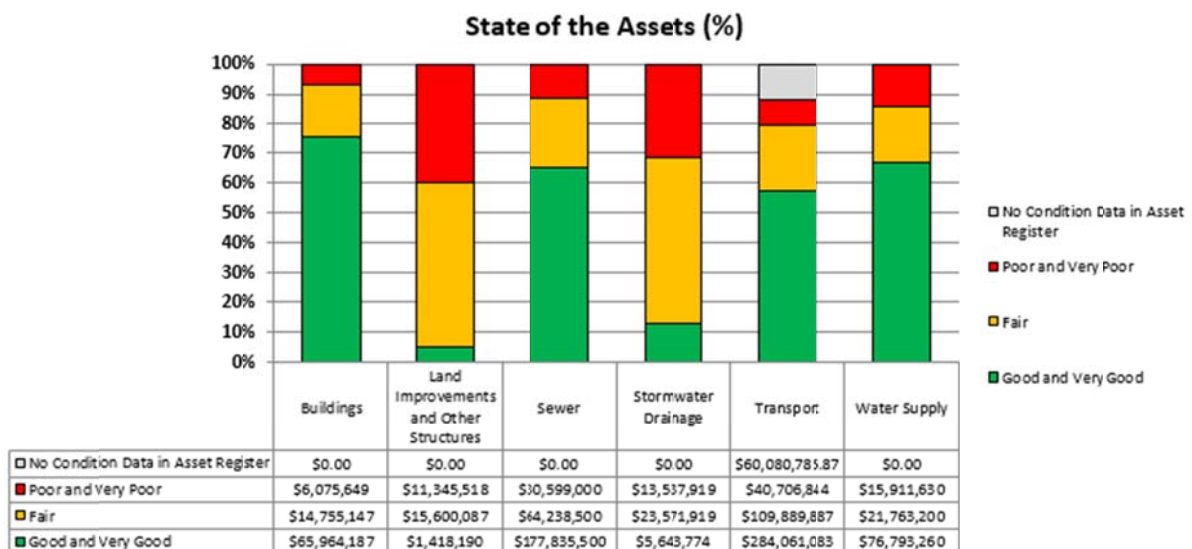
Figures 6 and Figure 7 have been included to indicate the proportion of assets that are:

- In Very Good/Good Condition
- Average Condition
- Poor/Very Poor Condition
- Where condition is not recorded in the Asset Register

Figure 6 is shown by the % of the total asset value by each Asset Category, and Figure 7 is by asset value

Figure 6: State of Council's Assets – Summary of Asset Groups Condition by % Value

(Source: Table 3: Technical Asset Register 2013)



The issues to note in Figure 6 are:

- the high proportion of stormwater and land improvement assets that are in Very Poor/Poor Condition
- the proportion of assets where condition is not indicated in the register
- that there is currently low confidence in these condition estimates, in particular for the Transport assets.

Figure 7: State of Council's Assets – Summary of Asset Groups Condition by Value

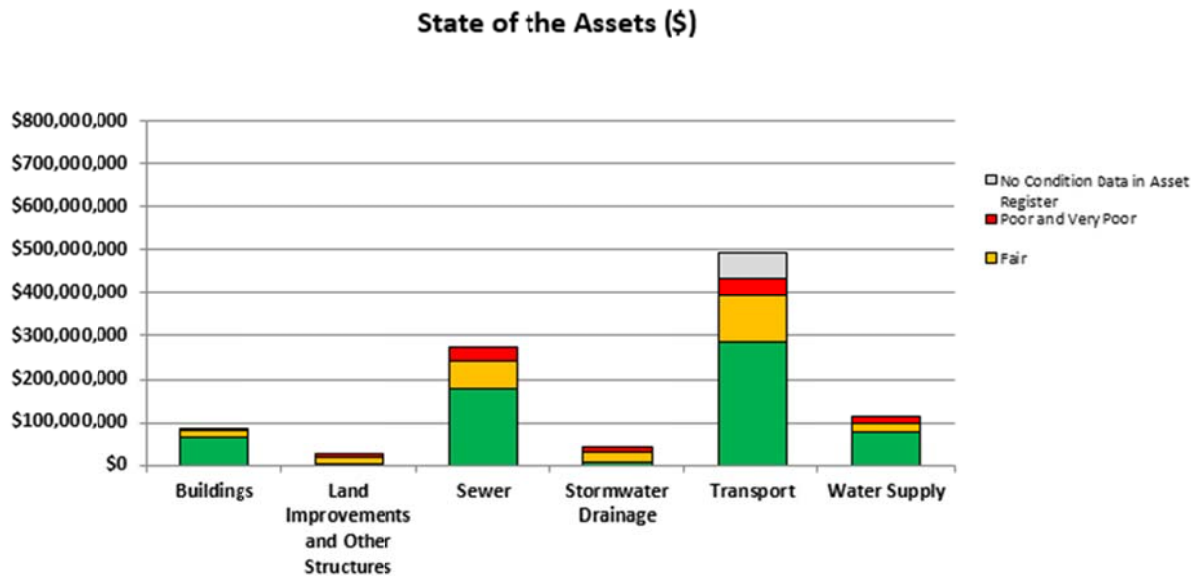


Figure 7 highlights that:

- the Transport Assets form a substantial proportion of the total asset values (value excludes road formation).
- There are many assets where the condition is not fully known

Figure 8: Summary of Council's Assets Condition by Replacement Cost

State of the Assets

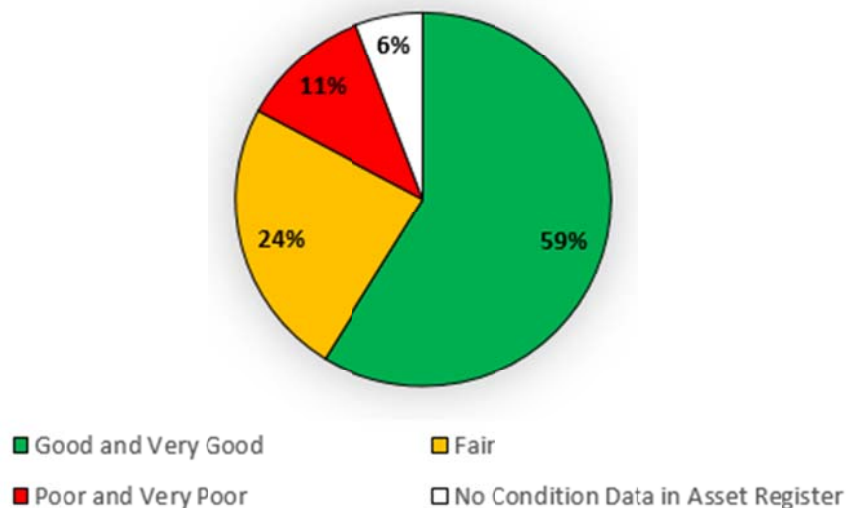


Table 5: Source and Confidence of Condition Data

Category	Source	Confidence Level
Buildings	Condition from Technical Asset Register 2013	Medium
Land Improvements and Other Structures	Condition information is not included in the Asset Register. Detailed risk assessment and condition information is held within existing operational systems.	No data held in the corporate asset register
Stormwater Drainage	Condition from Technical Asset Register 2013	Low/Medium
Transport	Condition from Technical Asset Register 2013	Low The condition of the Transport Assets as held in the asset register is not consistent with the known state of network. Revaluation and reassessment of the transport assets will be undertaken in 2014, and will enable the improvement in the confidence of information relating to this major infrastructure group.
Sewer	Condition information is not included in the Asset Register. Detailed risk assessment and condition information is held within existing operational systems.	No data held in the corporate asset register
Water Supply	Condition information is not included in the Asset Register. Detailed risk assessment and condition information is held within existing operational systems.	No data held in the corporate asset register

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 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 will need to be made in the future. Whilst lifecycle costs are indicative of the long term average requirements, it does not take into account the timing of when renewals are required.

What do the lifecycle indicators represent?

Lifecycle Indicator	What this represents	What this does not represent
Low (<100%)	Current expenditure is less than the long term average requirement. It is likely that higher expenditure will be required at some time in the future.	This does not indicate that the current expenditure for the short term requirements is inadequate. The test of whether the current expenditure is adequate should be based on what is required for the short term. E.g. if a stormwater drainage network is relatively new, the short term renewal requirements would be expected to be relatively low, whereas the lifecycle costs remain constant.
Average (100%)	Current expenditure is at the level of the long term average requirement.	This does not indicate that the current expenditure for the short term requirements is appropriate. The test of whether the current expenditure is adequate should be based on what is required for the short term.
High (>100%)	Current expenditure is higher than the long term average requirement. It is likely that less expenditure will be required at some time in the future.	This does not indicate that the current expenditure for the short term requirements is in excess. The test of whether the current expenditure is adequate should be based on what is required for the short term. E.g. if a stormwater drainage network is relatively old, the short term renewal requirements would be expected to be relatively high, whereas the lifecycle costs remain constant.

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. Prior to the development of reliable asset management plans the life cycle cost was used as a primary indicator of service level sustainability.

The life cycle gap and sustainability indicator for services covered by this asset management plan is summarised in Table 6.

The life cycle cost for the services covered in this asset management plan is shown in Table 6

Note that this table is based on the 2013 Asset Management Plans. The most recent Long Term Financial Plan includes some adjustments to future funding. These adjustments will be included in the next Asset Management Plan update.

Table 6: Life Cycle Cost for Council Services

Lifecycle Costs (Annual Average)				
Service	*Life Cycle Cost (\$000's)	**Life Cycle Expenditure (\$000's)	Life Cycle Gap (\$000's)	Life Cycle Indicator
Buildings	\$4,024	\$1,866	-\$2,158	46 %
Land Improvements and Other Structures	\$3,739	\$3,164	-\$575	85 %
Stormwater Drainage	\$741	\$434	-\$307	59 %
Transport	\$15,124	\$12,896	-\$2,228	85 %
Sewer	\$10,330	\$13,648	\$3,318	132 %
Water Supply	\$6,062	\$7,259	\$1,197	120 %
Total	\$40,020	\$39,267	-\$753	98 %

*** Life Cycle Cost**

The average 10 years projected requirements for operations and maintenance expenditure and the depreciation expense.

**** Life Cycle Expenditure**

The average 10 years LTFP budget planned for operations, maintenance and capital renewal expenditure.

Operations and Maintenance are 10 year average estimates from NAMSPLUS asset management plan data templates (S2, Form 3). Maintenance and operations costs in Table 6 include additional maintenance and operations costs resulting from additional assets.

Short-Medium Term Sustainability Indicators (Asset Renewal Funding Ratio)

While the Lifecycle indicators use the long term average renewal requirements represented by depreciation in the calculation, the short-medium term indicators (Asset Renewal Funding Ratio) makes the asset renewal assessment using the renewal requirements for the planning period (typically 5-10 years). These indicators take into account the variances in renewal requirements over time and provide a basis for medium term service level sustainability assessment.

The Asset Renewal funding Ratio is reflective of the current medium term position as it takes into consideration the fluctuation in renewal requirements for long lived assets.

Table 7: Asset Renewal Funding Ratio (10 year)

The Asset Renewal funding Ratio is the comparison of the capital renewal funding (this excludes operations and maintenance) being provided over the next 10 years (2014-2023) with the capital renewals falling due. The significant aspect of this ratio is that it does take into account the timing (peaks and troughs) of renewal requirements.

Note that this table is based on the 2013 Asset Management Plans. The most recent Long Term Financial Plan includes some adjustments to future funding. These adjustments will be included in the next Asset Management Plan update.

Service	Asset Renewal Funding Ratio	What does this indicate?
Buildings	20 %	A ratio significantly less than 100% indicates a major shortfall in renewal funding that may impact on the service levels provided and an increase in risk.
Land Improvements and Other Structures	31 %	A ratio significantly less than 100% indicates a major shortfall in renewal funding that may impact on the service levels provided and an increase in risk.
Stormwater Drainage	16 %	A ratio significantly less than 100% indicates a major shortfall in renewal funding that may impact on the service levels provided and an increase in risk.
Transport	57 %	A ratio significantly less than 100% indicates a major shortfall in renewal funding that may impact on the service levels provided and an increase in risk.
Sewer	100 %	A ratio approaching 100% indicates that the estimated renewal requirements are being met and that the service levels being provided can be sustained and that risk is unlikely to increase.
Water Supply	100 %	A ratio approaching 100% indicates that the estimated renewal requirements are being met and that the service levels being provided can be sustained and that risk is unlikely to increase.

Source: 10 year estimates from NAMSPLUS asset management plan data templates (S2, Form 3). The implications are discussed in the individual Asset Management Plans, however an Asset renewal Funding Ratio of less than 100% is indicative of a trend towards a reduction in service level and increased risks in the future.

The medium term sustainability indicators are an estimate of the total requirements (capital, operation, and renewal) for the planning period but do not include any upgrade or new requirements for assets. The sustainability indicators are included as Table 8, and the overall requirements inclusive of upgrade and new in shown in Table 9.

Table 8: Medium Term Sustainability Indicators

Source: NAMSPLUS Sustainability Outputs.

Note that this table is based on the 2013 Asset Management Plans. The most recent Long Term Financial Plan includes some adjustments to future funding. These adjustments will be included in the next Asset Management Plan update.

Medium Term (10 Year Period 2014-2023) Sustainability Indicators				
Service	Annual Average of the 10 Year Forecast (Projected) Requirements (\$000's)	Annual Average of the 10 Year Planned LTFP Budget	Annual Average Shortfall	10 Year Financing Indicator
Buildings	\$1,946	\$1,866	-\$80	96 %
Land Improvements and Other Structures	\$3,264	\$3,164	-\$100	97 %
Stormwater Drainage	\$1,123	\$434	-\$689	39 %
Transport	\$16,809	\$12,896	-\$3,913	77 %
Sewer	\$13,937	\$13,648	-\$289	98 %
Water Supply	\$7,391	\$7,259	-\$132	98 %
Total	\$44,470	\$39,267	-\$5,203	88 %

Note: * A funding shortfall is reported as a negative value.

The results summarised in Table 8 indicate significant shortfalls in both the Stormwater Drainage and Transport asset categories.

Table 9: Overall Funding Position (Total over 10 Years including Upgrade and New)

Asset Category	Projected Operations (\$000's)	Projected Maintenance (\$000's)	Projected Capital Renewal (\$000's)	Projected Capital Upgrade/New (\$000's)	Planned Operations (\$000's)	Planned Maintenance (\$000's)	Planned Capital Renewal (\$000's)	Planned Capital Upgrade/New (\$000's)	Total Variance (\$000's)	Ratio (includes Upgrade New Assets)
Buildings	\$12,040	\$6,420	\$1,000	\$0	\$12,040	\$6,420	\$200	\$0	-\$800	0.96
Land Improvements and Other Structures	\$24,440	\$6,750	\$1,451	\$0	\$24,440	\$6,750	\$450	\$0	-\$1,001	0.97
Stormwater Drainage	\$0	\$3,189	\$8,045	\$3,000	\$0	\$3,100	\$1,240	\$0	-\$9,894	0.30
Transport	\$17,860	\$60,980	\$89,250	\$12,790	\$17,730	\$60,080	\$51,150	\$12,790	-\$39,130	0.78
Sewer	\$42,301	\$22,691	\$74,379	\$24,791	\$40,450	\$21,650	\$74,379	\$24,791	-\$2,892	0.98
Water Supply	\$26,437	\$17,324	\$30,150	\$7,537	\$25,640	\$16,800	\$30,150	\$7,537	-\$1,321	0.98
Total	\$123,078	\$117,354	\$204,275	\$48,118	\$120,300	\$114,800	\$157,569	\$45,118	-\$55,038	0.89

The sustainability indicators are significantly influenced by the forecast of capital renewal and the planned expenditure on capital renewal. Note that this table is based on the 2013 Asset Management Plans. The most recent Long Term Financial Plan includes some adjustments to future funding. These adjustments will be included in the next Asset Management Plan update.

Renewal expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

The Asset Management Plans provide the detail input into the sustainability assessment considering 3 Asset Planning Forecasting Methods.

Asset Planning Forecasting Method 1 (S1)

Uses the forecast of asset renewal from the asset registers.

Asset Planning Forecasting Method 2 (S2)

Uses capital renewal expenditure projections from external condition modelling systems (such as Pavement Management Systems), or a combination of average network renewals plus defect repairs. This has been developed for all asset categories. Further investigation and confirmation of these projections should be made in preparing for the next update of the Asset Management Plan. This is particularly important for the asset categories where the life cycle sustainability index is low.

Asset Planning Forecasting Method 3 (S3)

Balances the forward programme to the available funds in the long term financial plan. Where there is a substantial difference between Forecasting Method 2 and 3, the risk of unfunded work and risk management action should be recorded and reported as per Appendix B GOV_3 Diagram.

Figure 9: Current Asset Analysis - General Fund -Operating, Maintenance, Renewal and Upgrade/New Costs (Estimates to retain current service levels)

Comparison of Asset Service Costs required from the AMP with funding available in LTFP (base case) using Forecasting Method 2 (retain current levels of service by renewal of assets when due). The maintenance and operating costs are the projections in Form 3 of the NAMS data templates are the best available forward estimates for the next 10 years (2014-2023). (Source Table 9 Data)

Note that this Figure is based on the 2013 Asset Management Plans with the most recent Long Term Financial Plan budget estimates. This includes some adjustments to future funding not included in the Asset Management Plans. These adjustments should be included in the next Asset Management Plan update.

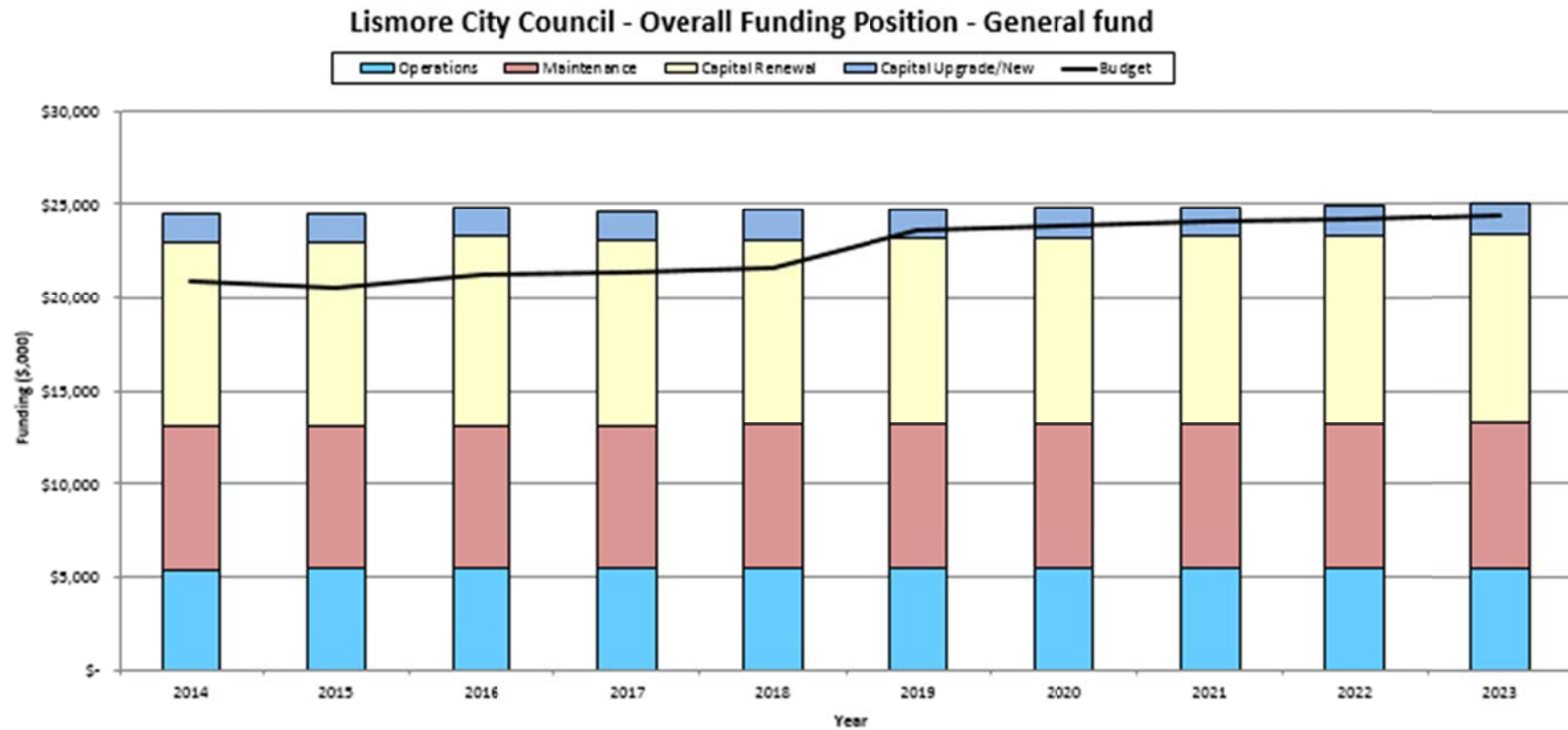


Figure 10: Current Asset Analysis - Water and Sewer - Operating, Maintenance, Renewal and Upgrade/New Costs (Estimates to retain current service levels)

Comparison of Asset Service Costs required from the Draft Strategic Business Plan with funding available in LTFP (base case) using Forecasting Method 2 (retain current levels of service by renewal of assets when due). The maintenance and operating costs are the projections in Form 3 of the NAMS data templates are the best available forward estimates for the next 10 years (2014-2023). (Source Table 9 Data)

Note that this Figure is based on the Strategic Business Plan with the most recent Long Term Financial Plan budget estimates. This includes some adjustments to future funding not included in the Asset Management Plans. These adjustments should be included in the next Asset Management Plan update.

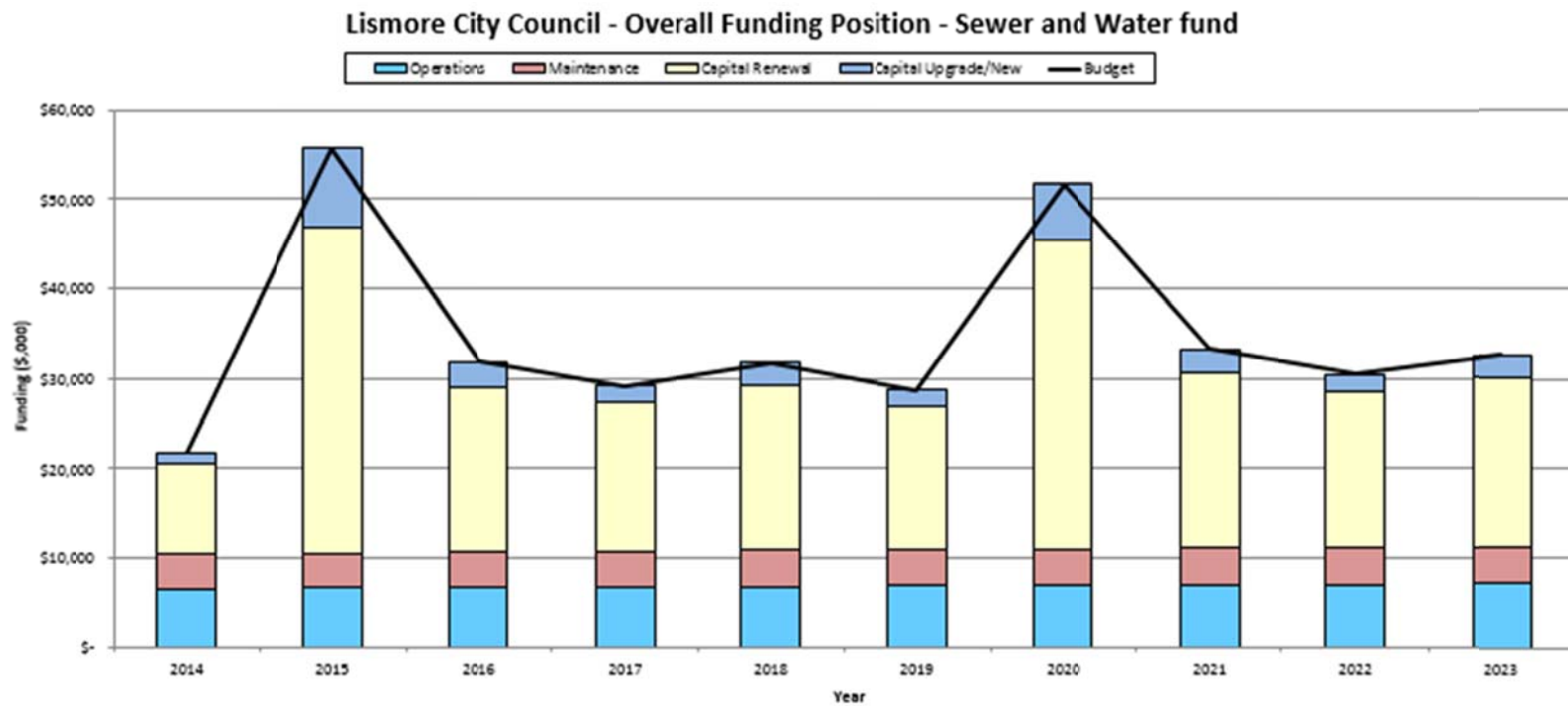
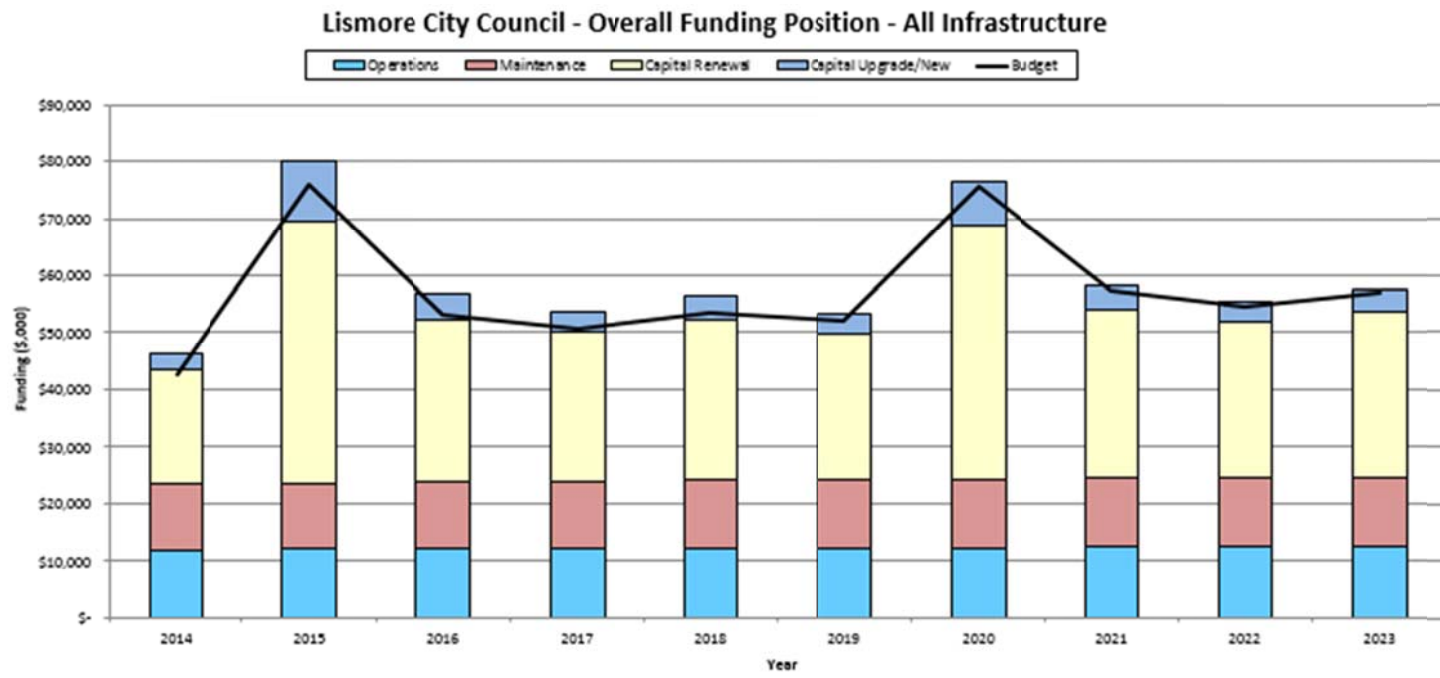


Figure 11: Current Asset Analysis – All Infrastructure - Operating, Maintenance, Renewal and Upgrade/New Costs (Estimates to retain current service levels)

Comparison of Asset Service Costs required from the Infrastructure Asset Management Plans and the Draft Strategic Business Plan for Water and Sewer, with funding available in LTFP (base case) using Forecasting Method 2 (retain current levels of service by renewal of assets when due). The maintenance and operating costs are the projections in Form 3 of the NAMS data templates are the best available forward estimates for the next 10 years (2014-2023). (Source Table 9 Data)

Note that this Figure is based on the 2013 Asset Management Plans and the Draft Strategic Business Plan for Water and Sewer with the most recent Long Term Financial Plan budget estimates. This includes some adjustments to future funding not included in the Asset Management Plans. These adjustments should be included in the next Asset Management Plan update.



3.3 Asset Management Structure

The standing governance arrangement under NSW IPR requirements will be under an Asset Management Steering Group (AMSG) in accordance with the following outline and charter.

The role of the AMSG includes:

Formulating an appropriate program of;

- asset management governance,
- service level reporting
- risk management reporting
- statutory compliance to achieve funded target outcomes under the Asset Management Improvement Programme (AMIP) identified in the asset management strategy
- Reviewing processes and providing direction on the development and implementation of systems to ensure optimum benefit / cost / risk for technology systems, information management, business processes and reporting.
- Developing, implementing and monitoring key performance indicators that link the resourcing strategy to the Community Strategic Plan (CSP).
- Developing appropriate policies to ensure effective Asset Management across the organisation that demonstrate value for money whilst controlling risk and loss.
- Informing Council's Executive Committee (EXCOM) of progress and
- Recommending to the group organisational change as required.

3.4 Asset Management Steering Group

A 'whole of organisation' approach to asset management can be developed with a corporate asset steering group⁹. 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

⁹ See Appendix A for the Charter of the Asset Management Steering Group

- 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. From these 10 elements 11 core competencies area have been developed as Asset Management Policy and Asset Management Strategy are separated into individual competencies ¹⁰ to assess 'core' competency under the National Frameworks. The core competencies are:

Financial Planning and Reporting

- Strategic Longer Term Plan
- Annual Budget
- Annual Report

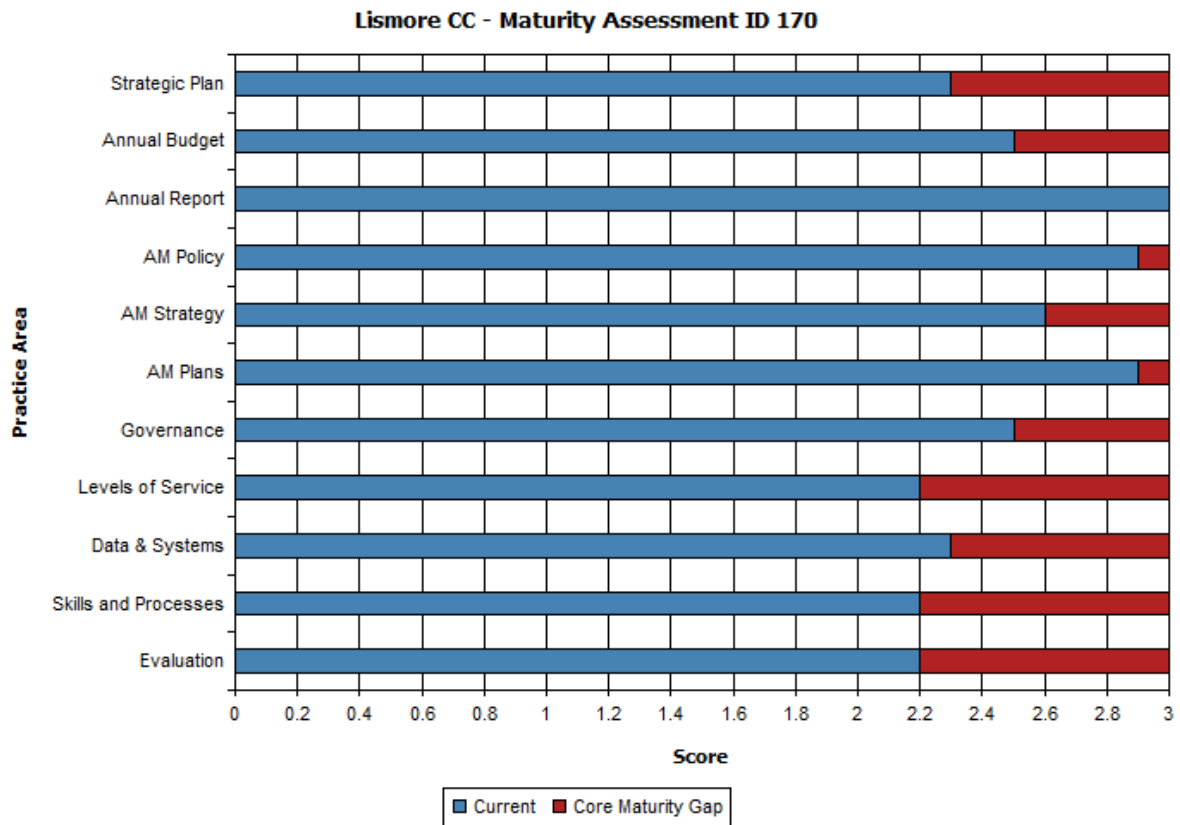
Asset Planning and Management

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

Council's maturity assessment for the core competencies is detailed in Appendix D and summarised in Figure 12. 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.

¹⁰ Asset Planning and Management Element 2 *Asset Management Strategy and Plans* divided into Asset Management Strategy and Asset Management Plans competencies.

Figure 12: Core Asset Management Maturity – Lismore Council December 2012



Council was marginally below at core level for asset management practices when assessed in February 2013.

Council has now achieved core maturity for Asset Management Strategy, Asset Management Plans, Asset Management Policy and Council now has an ongoing improvement programme to be managed by the asset management steering group in accordance with sections 5 and 6 of this strategy.

3.6 Strategy Outlook

1. Council’s financial position is sound in the short term. It is not generating a balanced annual operating position although the deficit is not major (inclusive of asset depreciation) indicating that there is some shortfall in the income being generated over the long term to support its renewal program.
2. Current levels of renewal may result in a long frequency between asset renewals. This ultimately will result in higher costs, some reduction in service levels and increased risk.
3. The renewal outlook requires continued monitoring as the data to support these projections is being improved and will lead to greater confidence in the outlook projections.
4. Council’s asset management capability is continuing to develop, although resourcing of this work has been identified as an issue. Implementation of the improvement plan in this strategy should enable a “Core” level of capacity to be achieved within 12 months.
5. Council will continue to invest in improved condition data and risk inspection and monitoring.

4. Where do we want to be?

4.1 Council's Mission, Goals and Objectives

4.1.1 Our Vision

"Lismore is the geographic and economic heart of a region of immense wealth – the Northern Rivers.

While our city's economic assets and beautiful natural landscape contribute to Lismore's strength, its soul is its people. Lismore's real 'heart' – its community – is unlike any other.

It is a community sculpted from a unique convergence of historic and cultural events. Together, they have forged a place where diversity is not just accepted, but actively embraced."¹¹

Lismore City Council's Community Strategic Plan also provides the areas of vision

Vision	Vision Area
Community Vision	Aboriginal Recognition
	An Inclusive and Aware Community and Community Participation in Decision Making
	Safety and Wellbeing
	Partnerships with Service Providers
	Lismore as a Sporting Centre
	Affordable Housing
	Community Cultural Centre
Economy	A Vibrant CBD
	A Resilient Economy
Environment	Lismore as a Model of Sustainability
	Environmental Leadership
Services	Strategic Planning, Assessment and Construction
	Parks
	Transport and Infrastructure
	Civic Leadership/Council Management

4.1.2 Our Mission

"To work with the community to maintain Lismore as the regional centre in a healthy rural setting."

4.1.3 Our Core Values

The visions and values that emerged from the Citizens' Jury as part of the Community Strategic Plan development identified the aspirations to build a community that includes:

- Further recognition of the Aboriginal community and their contribution to this region.
- An inclusive and aware community.
- Community safety and wellbeing.
- Affordable health.

¹¹ Imagine Lismore 10 Year Community Strategic Plan 2013 -2023

- A vibrant CBD.
- Affordable housing.
- Lismore to embrace its river and riverbank.
- Further development of partnerships between all community service providers.
- Community participation in decision making.
- The establishment of a Community Cultural Centre.
- Improved transport options.
- Further support for Lismore as a sporting centre.
- A resilient regional economy.
- Environmental leadership and for the Lismore area to be a model for sustainability.

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, applicable legislative requirements, community needs and affordability.

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 the Asset Management Strategy should relate how Council intends to deliver the community priorities as identified in the Imagine Lismore Community 10 Year Community Strategic Plan.

¹²*"There are four basic strategies that underline all that Imagine Lismore seeks to change. These are:*

- *Community visions. The community has worked very hard with us to develop the visions that are contained within Imagine Lismore. We have worked out what can be done and embedded these actions and projects into the Imagine Lismore 10 Year Plan and Imagine Lismore Four Year Plan.*
- *Partnerships with the community. We will implement the Imagine Lismore 10 and Four Year Plans in partnership with the community. One of the biggest changes that Imagine Lismore will bring is that instead of Council doing things for the community, Council will work in partnership with the community. This means Council handing over some control of the way services are delivered and the way that decisions are made to the community.*

¹² Imagine Lismore 10 year community Strategic Plan 2013 - 2023

• *Partnerships with other service providers. There are many agencies and organisations that serve the needs of the Lismore community. We will endeavour to help service providers work more closely together and coordinate efforts in order to make the most of the skills and expertise within our community and work towards achieving the Imagine Lismore vision.*

• *Financial sustainability. We will ensure that through the Long Term Financial Plan that Council has enough money to keep delivering services that the community needs and ensure the condition of our roads and other infrastructure stops declining and starts to improve.”*

In line with the Community Plan, 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 AM Steering Group reporting to Senior Executive Committee 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 10: Asset Management Strategies

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

The overall improvement plan is the sum of Table 11 below, along with the improvements in the Asset Management Plans (AMP). There will also be improvements listed in risk management plan as these continue to be developed.

Table 11: Asset Management Improvement Plan

Practice Area	Recommendations	Timeline	Responsibility	Comments
Strategic Longer Term Plan	1. Update the Long Term Financial Plan based on resource requirements and strategic objectives detailed in Council's Community Strategic Plan and Asset Management Plans and Strategy.	Ongoing.	Manager Finance	Reviewed quarterly and annually.
	2. Develop a plan to return to an operating surplus position.	Completed.	Manager Assets, Manager Finance	This is about Councils Financial Statements. The income statement. Expenses including depreciation are greater than income (deficit). A financial strategy is required to get back into a positive (surplus) position
	3. Increase funding on capital renewals.	Ongoing.	Manager Assets, Manager Finance	Reviewed quarterly and annually.
	4. Need to separate renewal, upgrade new, operations and include projections in capital expenditure.	April 2014	Assets Engineer	The procedure needs be embedded in the financial system so that it can be used for both planning purposes and expenditure reporting
	5. Ensure that CSP performance measures line up with AMP community service levels.	December 2015	Manager Finance	To be reviewed annually
	6. Implement rolling reviews and reporting on service levels that report value for money.	December 2015	Manager Assets, Assets Engineer	We need to be able to report in Strategic Plans as to how we are delivering good value in delivering service levels i.e. maximise the service levels for the community for the money they invest

Practice Area	Recommendations	Timeline	Responsibility	Comments
	7. Future strategic plan update needs to communicate state of the assets and affordable options with current and expected service levels and risks.	December 2015	Manager Assets, Assets Engineer	This is referring to the strategic planning for the organisation. It is inclusive of the Community Strategic Plan and the Resourcing Strategy
	8. Consider including in the next update of the Strategic Plan commentary on the important role infrastructure plays in achieving strategic objectives and the future outlook for this infrastructure including any challenges/risks.	December 2015	Manager Assets, Assets Engineer	This is referring to the strategic planning for the organisation. It is inclusive of the Community Strategic Plan and the Resourcing Strategy
Annual Budget	1. Include in the annual budget commentary the trade-off between renewal of existing and expansion/upgrade of assets.	March 2014	Manager Assets, Manager Finance	To be completed by March 2014 and then annually in conjunction with the budget review
	2. Include commentary in the budget linking the budget to the achievable service levels and risks in the AMP.	March 2014	Manager Assets, Manager Finance	To be completed by March 2014 and then annually in conjunction with the budget review
	3. Focus on annual review of the LTFP, such that the annual budget becomes a sub-task of the LTFP review.	Completed	Manager Finance	To be reviewed annually
	4. Link Asset Management Plans to Annual Budget.	March 2014	Manager Assets, Manager Finance	To be completed by March 2014 and then annually in conjunction with the budget review
	5. Review the commentary in the budget following the completion of the LTFP to provide a statement of whether the budget will achieve the strategic plan objectives.	March 2014	Manager Finance	To be completed by March 2014 and then annually in conjunction with the budget review
	6. Include in the budget commentary a note about whether the current budget improves or worsens Councils financial sustainability position.	Completed	Manager Finance	To be reviewed annually

Practice Area	Recommendations	Timeline	Responsibility	Comments
Annual Report	1. Consider adding state of the assets reporting linked to the AMPs.	Completed	Manager Assets	To be reviewed annually
	2. Add a comment in the annual report that indicate the likely service level and risk impact of the budget, 10 year forward programme in the AMP balanced to the LTFP.	September 2014	Manager Assets, Manager Finance	To be reviewed annually
AM Policy	1. Minor update to policy is suggested.	August 2014	Assets Engineer	Review of policy to be undertaken in conjunction with Council's review of all policies
	2. Annual review of the policy implementation by AM steering committee.	June 2014	AMSG	To be reviewed annually
AM Strategy	1. Link upgrade new to service level targets.	February 2014	AMSG	This is ensuring that Council provide new assets only where they are consistent with supporting service targets required (ie don't build new assets if they aren't consistent to deliver identified requirements)
	2. Ensure integration between AM strategy (supported by AMPs), CSP, LTFP and SS7.	March 2014	Manager Assets, Manager Finance	To be reviewed annually
	3. Identify key infrastructure risks. (IPR requirement).	Ongoing	Assets Engineer	To be completed for each asset class when each AMP is being reviewed
	4. Ensure AM Planning drives the budget process and planning for new, upgrade and renewals	Ongoing	AMSG	To be completed for each asset class when each AMP is being reviewed. Is to be incorporated into Council's Project Plan procedure
AM Plans	1. Ensure ongoing annual review in line with the asset management improvement plan ensuring risk management actions report on what will and will not be done.	Ongoing	Assets Engineer	To be completed for each asset class when each AMP is being reviewed
	2. Ensure there is one scenario for each AMP that aligns with the adopted LTFP (scenario 3).	Completed	Manager Assets, Manager Finance	To be updated for each asset class when each AMP is being reviewed.

Practice Area	Recommendations	Timeline	Responsibility	Comments
	3. Ensure the target service levels and risks in the risk register are based on scenario 3 and agreed with the Council and community.	Ongoing	Assets Engineer	To be completed for each asset class when each AMP is being reviewed
Governance and Management	1. Implement the governance business process especially the risk management business process.	June 2014	AMSG	This is about having a corporate risk discussion and assessment review in place. This is an important role for an audit committee. To be reviewed annually
	2. Apply the capital investment decision criteria in the AMPs in the 10 year capital works programme.	Ongoing	Manager Assets, Manager Finance, AMSG	This is about decisions on investing in additional new assets. Council should have criteria in place to assess the benefits of creating any additional assets that it will need to manage. To be completed for each asset class when each AMP is being reviewed. Is to be incorporated into Council's Project Plan procedure
	3. AM steering group apply risk management audits to key activities to ensure risk control actions are in place and followed.	September 2015	AMSG	To be reviewed annually
	4. Implement state of the assets reporting showing service level trends and targets.	Ongoing	Assets Engineer	To be completed for each asset class when each AMP is being reviewed
Levels of Service	1. Ensure service levels in AM Plans (technical and community) are updated on an annual basis.	Ongoing	Assets Engineer	To be completed for each asset class when each AMP is being reviewed
	2. Community service levels should show what is achievable with funding available in LTFP and be included in the CSP.	December 2015	Manager Assets	To be reviewed with the CSP process
	3. Service levels and consequences should be agreed with Council and the Community.	Ongoing	AMSG, Manager of Assets	To be completed for each asset class when each AMP is being reviewed
Data & Systems	1. Continue to implement systems and monitor progress.	Ongoing	Assets Engineer	This is a continual process to ensure Council's systems are being updated and performing well
	2. Undertake a knowledge management strategy to guide this process.	June 2014	Assets Engineer	To be reviewed annually

Practice Area	Recommendations	Timeline	Responsibility	Comments
Skills and Processes	1. Assessed the skills and knowledge required to perform asset data management activities, conduct financial reporting valuations and develop Asset Management Plans.	June 2014	Assets Engineer	To be reviewed annually
	2. Develop an asset management skills matrix.	June 2014	Assets Engineer	To be reviewed annually
	3. Identify staff training needs and schedule training.	June 2014	Assets Engineer	To be reviewed annually
Evaluation	1. Implement the evaluation process that is part of this report.	Completed	Assets Engineer	Quarterly reports presented to IAAP
	2. Ensure an annual review is undertaken of asset maturity across the organisation.	June 2014	Assets Engineer	To be reviewed annually
	3. Update this maturity assessment following completion of asset management plans and updated strategy.	Ongoing	Assets Engineer	To be completed when each AMP and the AMS is being reviewed
	4. Implement state of the assets reporting showing current and 10 year target and affordable service levels for condition, function and capacity.	Ongoing	Assets Engineer	To be completed for each asset class when each AMP is being reviewed. Is to be incorporated into Council's dashboards for each asset class

Asset management sustainability is reliant on Council engaging with the community on affordable and sustainable service levels to determine satisfactory service levels and the trade-off between what the community is prepared to pay and the quality and mix of services Council can afford to provide.

Appendix A Asset Management Steering Group Charter

The role of the AMSG includes:

Formulating an appropriate program of;

Asset management governance.

Service level reporting.

Risk management reporting.

Statutory compliance.

Achieving funded target outcomes under the asset management improvement programme (AMIP) identified in the asset management strategy

Reviewing processes and providing direction on the development and implementation of an asset knowledge management strategy to ensure optimum benefit / cost / risk for technology systems, information management, business processes and reporting.

Developing, implementing and monitoring key performance indicators that link the resourcing strategy to the Community Strategic Plan (CSP)

Developing appropriate policies to ensure effective Asset Management across the organisation that demonstrate value for money whilst controlling risk and loss.

Informing Council's Executive Committee (EXCOM) of progress and

Recommending to the group organisational change as required.

2) Asset Management Steering Group (AMSG)

Purpose of the AMSG - Primary Function

The primary function of the AMSG is to take responsibility for determining the program, governance, and the achievement of outcomes of the Asset Management Improvement Program (AMIP). The AMSG will monitor and review the project status, as well as provide oversight of the project deliverable rollout.

The AMSG provides a policy level overview so organisational governance requirements, concepts and directions are established and maintained whilst allowing innovation and continuous improvement in value for money service delivery. The AMSG provides insight on long-term strategies in support of legislative mandates.

Members of the AMSG ensure business objectives are being adequately resourced and addressed, and the project remains under control. In practice, these responsibilities are carried out by performing the following functions:

Active involvement to monitor and review the project at regular AMSG meetings

Provide assistance to the project when required

Control project scope as emergent issues force changes to be considered, ensuring that scope aligns with the agreed business requirements of the project sponsor and key stakeholder groups

Resolve project conflicts and disputes, reconciling differences of opinion and approach

Formal acceptance of project deliverables

Ensure all asset management resource allocation is based on benefit / cost / risk analysis.

Approval Responsibilities

The AMSG is responsible for approving major project elements such as:

Deliverables as identified in the AM Improvement program

Prioritisation of project objectives and outcomes identified in the project Implementation Programme

Allocating appropriate budget ensuring that effort, expenditures and charges are appropriate to stakeholder expectations

Schedule of agreed implementation tasks or projects

Risk management strategies, ensuring that strategies to address potential threats to the project's success have been identified, estimated and approved, and that the threats are regularly re-assessed

Providing a regular risk report to Councils asset management steering group based on the risk management plans. The report covers significant residual risks resulting from asset based services that result from limited resource allocation or limited capacity to control risks. The risk report will be quarterly or as needed for high risks needing immediate attention.

Providing a regular service level achievement report to the executive, reporting on the achievement against service level targets set in the asset management resourcing strategy.

3) AMSG Membership

The AMSG will consist of the key stakeholders and include senior executive representation.

The agenda items of each AMSG Meeting will determine which AMSG members will be required to attend specific meetings. For example specific AMSG meetings regarding policy and strategy may require attendance by executive team. This will be determined by the Chair of the AMSG.

Role of a AMSG Committee Member

It is intended that the AMSG leverage the experiences, expertise and insight of key individuals committed to professional project management. AMSG members are not necessarily directly responsible for managing project activities, but provide support and guidance for those who do. Thus, individually, AMSG members should:

Understand the strategic implications and outcomes of initiatives being pursued through project outputs

Appreciate the significance of the project for some or all major stakeholders and represent their interests

Be actively involved and genuinely interested in the project initiative, and be an advocate for broad support for the outcomes being pursued in the project

Have a broad understanding of project management issues and approaches being adopted

In practice, this means they:

Review the status of the project

Ensure the project's outputs meet the requirements of the business owners and key stakeholders

Help balance conflicting priorities and resources

Provide guidance to the project team and users of the project's outputs
Consider ideas and issues raised
Check adherence to project activities to standards of best practice
Foster positive communication outside the Team regarding the project's progress and outcomes
Input will be sought from Specialist and Technical advisors as required.

4) AMSG Meetings

Meeting Schedule and Progress

The AMSG will meet regularly or as required to keep track of issues and the progress of the project's implementation and ongoing support to its stakeholders. The Manager Assets chairs the AMSG and facilitates the AMSG Meeting. A meeting will be scheduled quarterly.

Meeting Agenda

At each meeting, project status will be reported to the AMSG by the Manager Assets using an agenda determined by the AMSG. The agenda may include the following:

- Review AM Improvement Program Status
- Overall status
- Scope status
- Schedule status
- Budget status
- Issues Register
- Outstanding issues, open points, project conflicts
- Reason for deviating from agreed targets
- New issues arising since the last AMSG meeting
- Review and approval of project change orders
- Plans for next reporting period
- Specific requests for assistance of the AMSG
- Consideration of other items relevant to the project
- Review and summarise new actions from this meeting
- Plans, dates and location for next meeting

The agenda items of each AMSG Meeting will determine which AMSG members will be required to attend specific meetings. For example specific AMSG meetings regarding policy and strategy may require attendance by Executive Committee (EXCOM).

5) Guidelines / Standards

The AMSG will reference relevant industry guidelines and practices.

The following guidelines and standards have also been used and referenced throughout the corporate project:

International Infrastructure Management Manual – International edition 2011.
Australian Infrastructure Financial Management Guidelines - Edition 1.0 - 2009
Optimised Decision Making Guidelines - New Zealand edition 1 2004.
Creating Customer Value from Community assets - New Zealand edition 1 2002
Australian Standards
AS 5037 (Int):2003 Interim Australian Standard Knowledge Management
AS/NZS 4581:1999 Management System Integration – Guidelines to
Business, Government and Community Organisations
AS/NZS ISO 9000:2000 Quality Management Systems
AS/NZS ISO 9004:2000 Quality Management Systems – Guidelines for
performance improvements
AS 3806:1998 Compliance Programs
AS/NZS 4360:1999 Risk Management- updated by Risk Management Standard AS/NZS ISO 31000
HB 143:1999 Guidelines for managing risk in the Australian and New Zealand public sector.
Local Government Financial Sustainability Framework - Local Government and Planning Ministers'
Council.
Various Federal and State Government Asset Management reports and studies.

6) Asset Management Policy

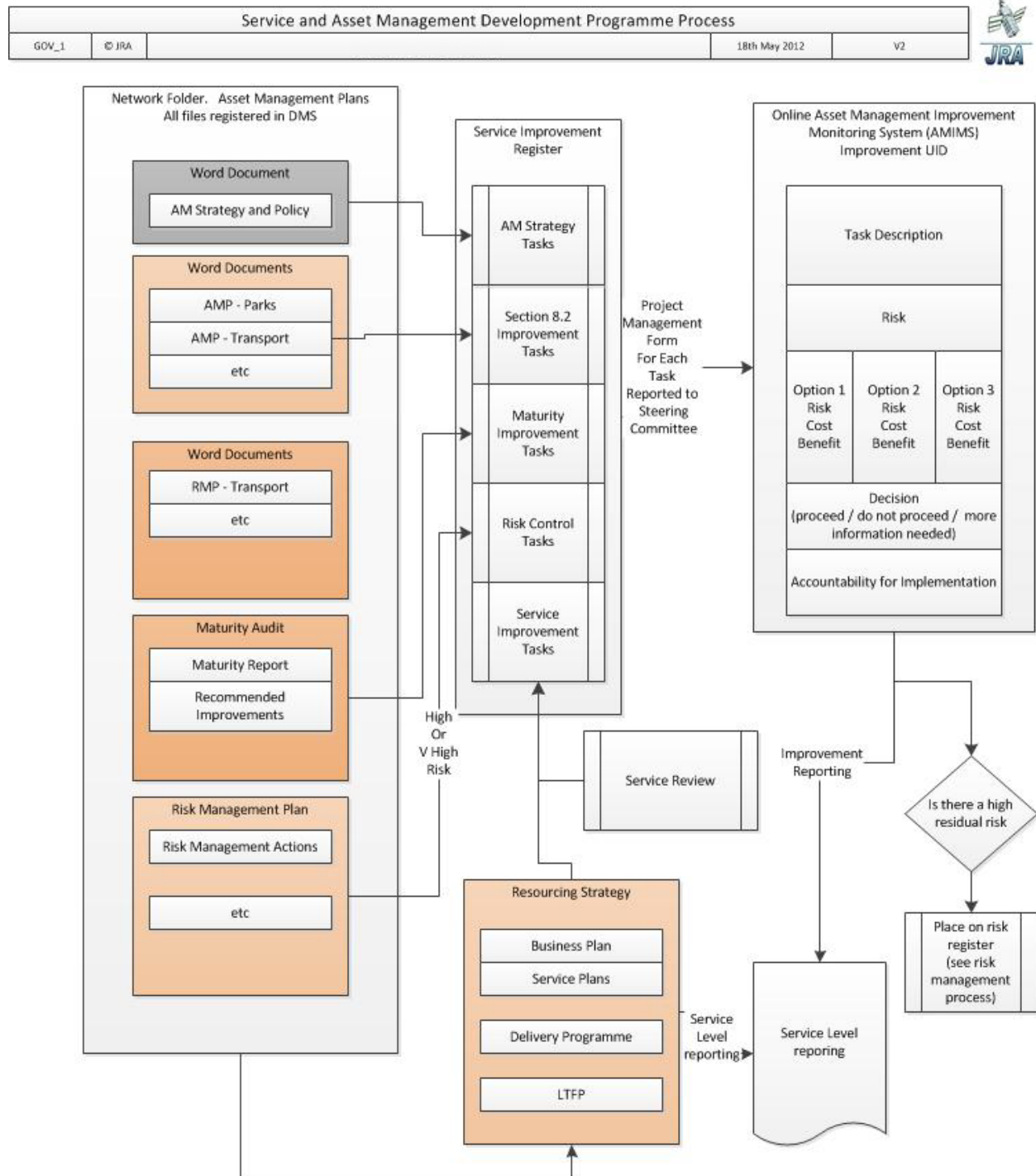
Council will update, consider and adopt an Asset Management policy drafted by the steering group. A copy of a Lismore City Council's existing policy is attached. This should regularly be reviewed to meet Council's needs and to ensure it meets the National Frameworks. This policy ensures commitment to the adoption and integration of best practice Asset Management principles and practices within Lismore City Council. Integral to the policy are:

Developing and implementing an Asset Management system that becomes a key part of corporate planning and management, and general culture of the organisation.

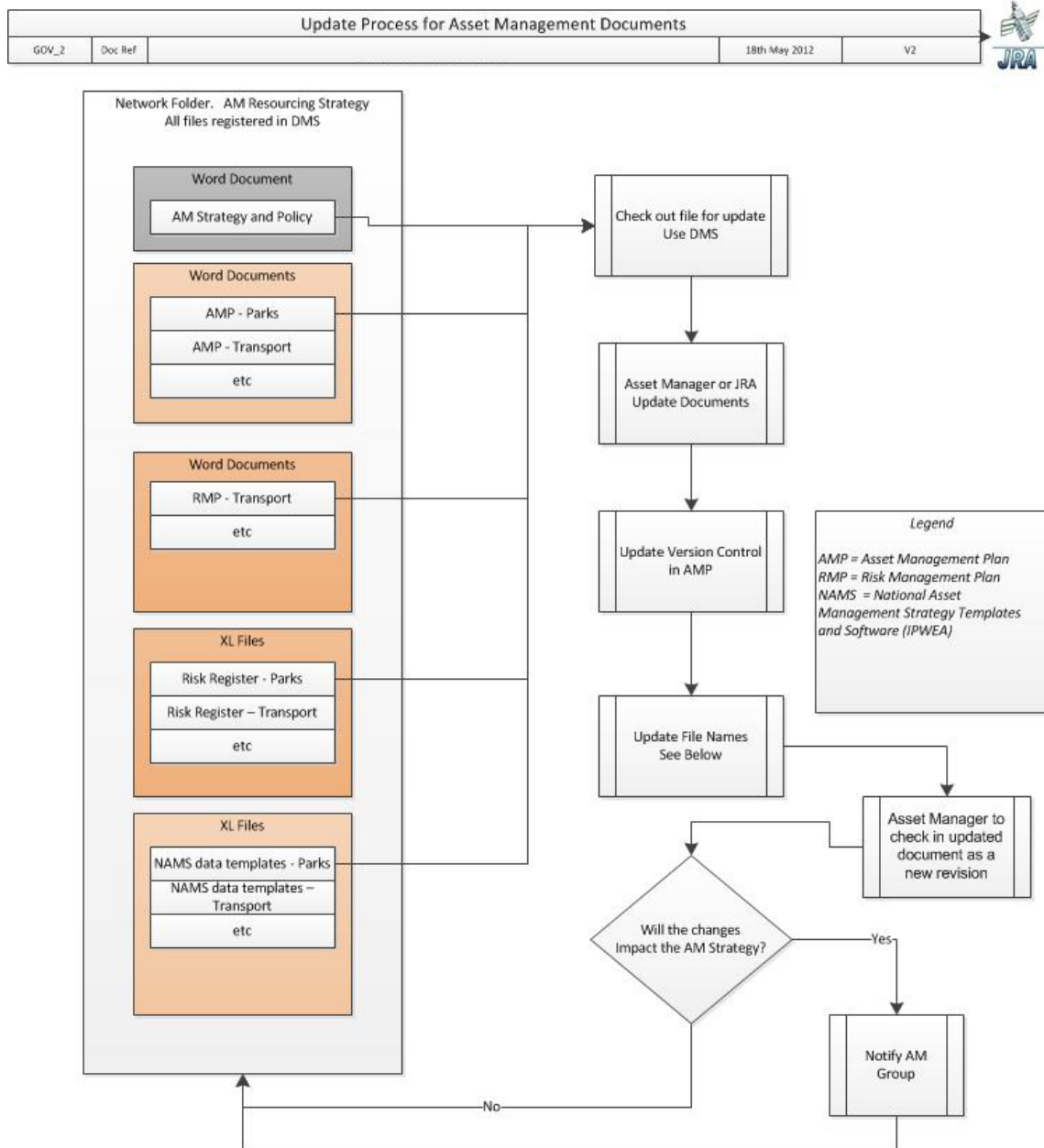
- Reducing risk through improved Asset Management practices.
- Improving decision making by providing better data on assets.
- Developing an Asset Management Information System (computer software) that provides for optimised decision making having regard to trade-offs and financial considerations) and accurate, reliable and timely internal and external reporting of relevant information related to assets.

Appendix B Asset Management Governance

GOV_1 shows the future ongoing asset management development plan. There are ongoing improvement tasks in the asset management plans, risk management actions, and actions arising from the asset management strategy and maturity assessment. Council needs to prioritise these improvements having consideration of risk consequences.



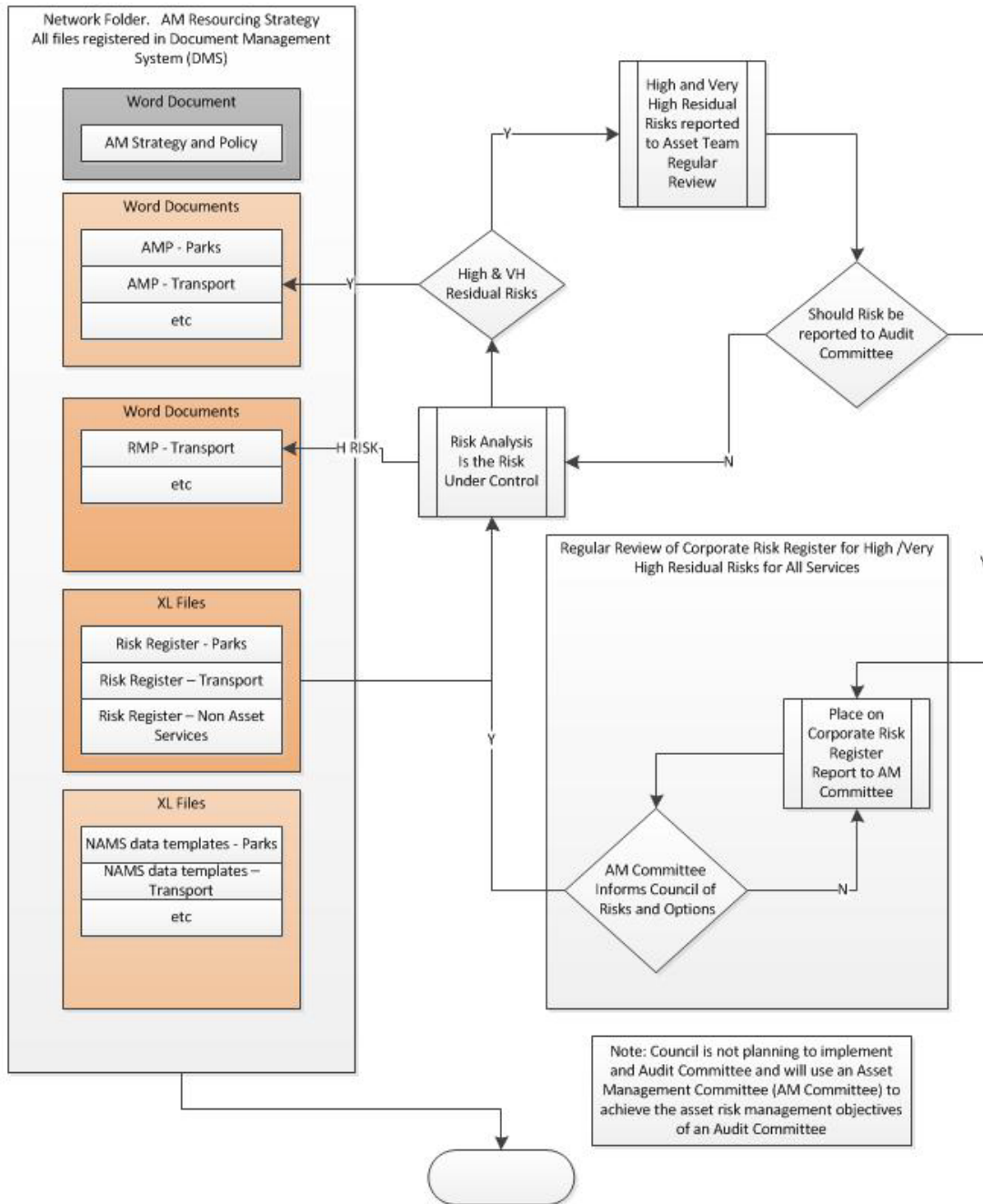
GOV_2 shows the documents and files that are part of the asset management plans and strategy and a suggested process to ensure that if data or asset management plans are updated, the changes can be tracked.



<p style="text-align: center;">File Naming for Asset Management Plan and Risk Management Plan Documents</p> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 2px;">Cnd_Job_YYMMDD</div> <div style="border: 1px solid black; padding: 2px;">S1V5 = Scenario 1 Version 5</div> </div> <ul style="list-style-type: none"> 83_397_110816_NAMS.PLUS_AMP Transport S1V5 = Asset Management Plan (Word Document) 83_397_110816_NAMS.PLUS_AMDT Transport S1V5 = Asset Management Data Template (XL File) 83_397_110816_NAMS.PLUS_RMP Transport S1V5 = Risk Management Plan (Word Document) 83_397_110816_NAMS.PLUS_RMDT Transport S1V5 = Asset Management Data Template (XL File) 	<p>Scenarios and Versions</p> <p>Scenario 1 (S1V1) Current Asset Register, Current Budget/ LTFP</p> <p>Scenario 2 (S2V1) Estimated Delivery Programme instead or asset register, Current Budget. <i>Estimated activities for the next 10 years to maintain current service levels. (reséal programme, gravel resheet programme, building renewal programme)</i></p> <p>Scenario 3 (S3V1) Adopted Delivery Programme / long term works programme balanced to Adopted LTFP <i>(This shows service levels and risks of the adopted resourcing strategy)</i> Asset Renewal Activities balance to LTFP</p> <p>A version is the best available data for any scenario.</p>
--	--

GOV_3 shows the process to communicate risks from the asset management plans to asset management committee via a regular asset team meeting to ensure council is informed of any high residual risks.

Risk Management Process			
GOV_3	© JRA	18th May 2012	V1



Appendix C Lismore City Council Asset Management Policy



POLICY MANUAL

POLICY NO: 1.8.24	ASSET MANAGEMENT POLICY
OBJECTIVE:	To ensure Council manages its assets in a responsible and cost effective manner that meets legislative and industry best practice requirements.
STRATEGIC PLAN LINK:	Infrastructure
PROGRAM:	Asset and Support Services
AUTHORISED: 14/04/09	REVIEWED:

1.0 Purpose To set guidelines for implementing consistent asset management processes throughout Lismore City Council.

2.0 Objective To ensure adequate provision is made for the long-term replacement of major assets by:

- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
- Safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Creating an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining an awareness of asset management throughout the Council.
- Meeting legislative requirements for asset management.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.

3.0 Scope This policy applies to all Council activities that involve the use of or rely upon assets that Council owns, operates or controls.

4.0 Policy

4.1 Background

- 4.1.1 Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of Council. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.
- 4.1.2 Council owns and uses a range of physical assets of substantial value to support its core business of delivery of services to the community.
- 4.1.3 Asset management practices impact directly on the core business of Council and appropriate asset management is required to achieve our strategic service delivery objectives.
- 4.1.4 Asset management relates directly to Council's Strategic Plan. All of Council's guiding principles in its strategic plan contain an element of asset management. The guiding principles in Council's strategic plan are:
- Sustainable Economic Growth and Development
 - Ensure Social inclusion and Participation
 - Protect, Conserve and Enhance the Environment and Biodiversity
 - Best Practice Corporate Governance
- 4.1.5 A strategic approach to asset management will ensure that the Council delivers the highest appropriate level of service through its assets. This will provide positive impact on:
- Members of the public and staff;
 - Council's financial position;
 - The ability of Council to deliver the expected level of service and infrastructure;
 - The political environment in which Council operates; and
 - The legal liabilities of Council.

4.2 Principles

- 4.2.1 A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best-practice throughout all Departments of Council.
- 4.2.2 All relevant legislative requirements, together with political, social, economic and environmental aspects are to be taken into account in asset management.
- 4.2.3 Asset management principles will be integrated within existing planning and operational processes.
- 4.2.4 An inspection regime will be developed and used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.

- 4.2.5 Asset renewals required to meet agreed service levels will be identified in infrastructure and asset management plans and long term financial plans.
- 4.2.6 Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.
- 4.2.7 Service levels will be defined in Infrastructure and Asset Management Plans.
- 4.2.8 Through its annual budget and management plan process, Council will review service levels and provide funding for the agreed service levels.
- 4.2.9 Where there is an identified backlog of works for a group of assets, Council will identify the backlog and acknowledge in the level of service that a backlog exists and develop a strategy to deal with the backlog.
- 4.2.10 Systematic and cyclic reviews will be applied to all asset classes and are to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards.
- 4.2.11 Future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets; and incorporated into Council's ten year plan.
- 4.2.12 Future service levels will be determined in consultation with the community.

5.0 Legislation

Local Government Act 1993.
Regulations under the Act.

6.0 Related Documents

Asset Management Strategy and associated Infrastructure and Asset Management Plans.

Responsibility

Councillors are responsible for adopting the policy and ensuring that sufficient resources are applied to manage the assets.
The **General Manager** has overall responsibility for allocating the resources towards developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council.

Review Date

This policy has a life of four (4) years. It will be reviewed in 2013.

Appendix D 2013 Maturity Assessment Report



NAMS.Plus Maturity Assessment Report

For use in supporting the Asset Management
Planning and Improvement process

Developed by JRA for IPWEA

©2011



Lismore CC >> Maturity Assessment ID
(170)

Framework Financial Planning & Reporting

Element Strategic Longer Term Plan

Practice Area Strategic Longer Term Plan

	Current Risk	Target Risk
Likelihood	Likely	Unlikely
Consequence	Major	Minor
Risk Score	High	Low

Current Score 2.3 **Core Target** 3 **Advanced Target** 4

Core Maturity Assessment Not Substantially Progressed

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

Observations of Current Maturity Level

The Community Plan identifies aspirational Visions and Goals Identifies a priority to be sustainable, and encourage growth

Implications of Current Maturity Level

1. The service level consequences for affordable service levels are not clear in the strategic plan. 2. Costs to achieve objectives are not fully known. 3. Does not report what will not be done if resources are insufficient. 4. LTFP financial projections may not accurately project the future operating and renewal outlays required to provide the services identified in the strategic plan. 5. The Community may not be able to assess council’s performance against strategic plan objectives. 6. There is risk that coordinated strategic implementation of affordable community services may not occur. 7. Current Strategic Plan does not yet have strong links to the AM Plans and LTFP and therefore does not show likely service level trends and impacts. Need to ensure linkages are in place between AMPs and the LTFP to show long-term service level trends and any impact they may have on the Strategic Plan.

Recommendations

1. Update the Long Term Financial Plan based on resource requirements and strategic objectives detailed in Council’s Community Strategic Plan and Asset Management Plans and Strategy. 2. Develop a plan to return to an operating surplus position. 3. Increase funding on capital renewals. 4. Need to separate renewal, upgrade new, operations and include projections in capital expenditure. 5. Ensure that CSP performance measures line up with AMP community service levels. 6. Implement rolling reviews and reporting on service levels that report value for money. 7. Future strategic plan update needs to communicate state of the assets and affordable options with current and expected service levels and risks. 8. Consider including in the next update of the Strategic Plan commentary on the important role infrastructure plays in achieving strategic objectives and the future outlook for this infrastructure including any challenges/risks.

Maturity Score	Result	Characteristic
5	○	Optimum life cycle costs are known and supported by high levels of data, information and knowledge in all key areas. Political decisions are informed by multiple service level / cost / funding model data, information and knowledge on tradeoffs for economic, social, cultural and environmental consequences.

4	<input type="radio"/>	Council has a Strategic Longer Term Plan (ideally 20 years - at least 10 years) that incorporates a vision, mission, values and long term service outcomes that reflects how Council plans to provide for community needs.
4	<input type="radio"/>	The development of the Strategic Longer Term Plan included community engagement and reflects community needs.
4	<input type="radio"/>	Council has a sustainable Long Term Financial Plan (ideally 20 years - at least 10years) which establishes its prudential limits on debt, revenue raising, reserve funding, asset management funding and capital works to support its Long Term Plan.
4	<input type="radio"/>	Council's Long Term Financial Plan is directly aligned with its Service Plans.
4	<input type="radio"/>	The Long Term Financial Plan clearly separates 'recurrent expenditure' under the categories of operations and maintenance and clearly separates 'capital works expenditure' under the categories of renewal, upgrade and new.
4	<input type="radio"/>	The Long Term Financial Plan clearly identifies the ongoing maintenance, operational and renewal impacts arising from capital works and contributed assets.
4	<input type="radio"/>	The Strategic Longer Term Plan includes a current position statement and discussion
4	<input type="radio"/>	The Strategic Longer Term Plan includes strategies for achieving objectives
3	<input checked="" type="radio"/>	Council has a Strategic Longer Term Plan (planning horizon of at least 5 years) that incorporates a vision, strategic outcomes, mission, values and service outcomes that Council wants to achieve.
3	<input checked="" type="radio"/>	The development of the Strategic Longer Term Plan included community consultation and reflects community needs.
3	<input type="radio"/>	The Strategic Longer Term Plan incorporates priorities and performance measures and indicates how they will be monitored and measured.
3	<input checked="" type="radio"/>	Council has a sustainable Long Term Financial Plan covering the period of the Strategic Longer Term Plan (at least 5 year) supporting the implementation of its Longer Term Plan.
3	<input checked="" type="radio"/>	The Long Term Financial Plan has been prepared based on the resource requirements and strategic objectives detailed in Council's Long Term Plan and Asset Management Plans.
2	<input checked="" type="radio"/>	Plan covers 4 year term of council
2	<input checked="" type="radio"/>	Draft plan is advertised for public comment
2	<input checked="" type="radio"/>	Plan reflects needs of community for foreseeable period
2	<input checked="" type="radio"/>	Plan includes vision and strategic objectives
2	<input checked="" type="radio"/>	Plan details what council intends to do in period of plan
1	<input checked="" type="radio"/>	Plan covers 1 year period

Framework Financial Planning & Reporting
Element Annual Budget
Practice Area Annual Budget

	Current Risk	Target Risk
Likelihood	Likely	Unlikely
Consequence	Major	Minor
Risk Score	High	Low

Current Score **Core Target** **Advanced Target**

Core Maturity Assessment Partially Meets Requirements

Question: Does your council prepare an annual budget?

Observations of Current Maturity Level

1. Annual Budget is contained in the Operational Plan. 2. Do not currently assess financial shortfalls identified in the asset management plans. 3. It is not clear whether the budget results in maintaining current service levels or otherwise.

Implications of Current Maturity Level

1. Include in the annual budget commentary the trade-off between renewal of existing and expansion/upgrade of assets. 2. Include commentary in the budget linking the budget to the achievable service levels and risks in the AMP. 3. Focus on annual review of the LTFP, such that the annual budget becomes a sub-task of the LTFP review. 4. Link Asset Management Plans to Annual Budget. 5. Review the commentary in the budget following the completion of the LTFP to provide a statement of whether the budget will achieve the strategic plan objectives. 6. Include in the budget commentary a note about whether the current budget improves or worsens Councils financial sustainability position.

Recommendations

1. Include in the annual budget commentary the trade-off between renewal of existing and expansion/upgrade of assets. 2. Include commentary in the budget linking the budget to the achievable service levels and risks in the AMP. 3. Focus on annual review of the LTFP, such that the annual budget becomes a sub-task of the LTFP review. 4. Link Asset Management Plans to Annual Budget. 5. Review the commentary in the budget following the completion of the LTFP to provide a statement of whether the budget will achieve the strategic plan objectives. 6. Include in the budget commentary a note about whether the current budget improves or worsens Councils financial sustainability position.

Maturity Score	Result	Characteristic
5	<input type="radio"/>	Budget contains indicators of achieving council's strategic objectives
4	<input type="radio"/>	The Annual Budget financial ratios (liquidity, debt, underlying operating position) align with the Council's Long Term Financial Plan.
4	<input type="radio"/>	The Annual Budget is prepared based on 'service levels' as reflected in the Strategic Longer Term Plan and contains indicators and measures to assess performance against achieving Council's strategic objectives.
4	<input type="radio"/>	The Annual Budget clearly separates 'recurrent expenditure' under the categories of operations and maintenance and clearly separates 'capital works expenditure' under the categories of renewal, upgrade and new.

4	<input type="radio"/>	The Annual Budget clearly indicates the ongoing maintenance, operational and renewal impacts arising from capital works and contributed assets.
3	<input type="radio"/>	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 Longer Term Plan, Asset Management Plans and Long Term Financial Plan.
3	<input type="radio"/>	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 Longer Term Plan.
3	<input checked="" type="radio"/>	The Annual Budget aligns with Year 1 of the Long Term Financial Plan, and was adopted following community consultation.
3	<input checked="" type="radio"/>	Council's Annual Budget includes resources to implement Strategic Longer Term Plan strategies.
2	<input checked="" type="radio"/>	Budget is publically available and readily accessible to all interested readers
2	<input checked="" type="radio"/>	Budget contains estimates of revenue and expenditure for year
2	<input checked="" type="radio"/>	Budget includes an explanation of the council's financial position and performance
2	<input checked="" type="radio"/>	Budget is adopted after public advertising and consideration of comments received
1	<input checked="" type="radio"/>	Annual budget is available to those who ask

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

	Current Risk	Target Risk
Likelihood	Possible	Unlikely
Consequence	Moderate	Minor
Risk Score	Medium	Low

Current Score **Core Target** **Advanced Target**

Core Maturity Assessment Partially Meets Requirements

Question: Does your Council publish an annual report?

Observations of Current Maturity Level

1. Annual Report may not align with Asset Planning process.

Implications of Current Maturity Level

1. The financial outlook of Council may not be made clear in the annual report. Will service levels need to be reduced for Council to live within its means or do revenues need to increase?

Recommendations

1. Consider adding state of the assets reporting linked to the AMPs. 2. Add a comment in the annual report that indicate the likely service level and risk impact of the budget, 10 year forward programme in the AMP balanced to the LTFP.

Maturity Score	Result	Characteristic
5	<input type="radio"/>	Annual report includes results of Value for Money audit
4	<input type="radio"/>	The Annual Report includes a performance assessment of progress towards achieving the goals and strategic objectives of the Strategic Longer Term Plan.
4	<input type="radio"/>	The Annual Report includes a statement of actual performance for the year as measured against the Long Term Financial Plan, including reporting on measures of actual financial performance against short and long term financial sustainability indicators.
4	<input checked="" type="radio"/>	The Annual Report distinguishes between 'recurrent expenditure' under the categories of operations and maintenance and 'capital works expenditure' under the categories of renewal, upgrade and new.
4	<input type="radio"/>	The Annual Report includes a statement on "State of the Assets" and the financial sustainability of services provided by its infrastructure assets including any proposed adjustment to services/assets to address issues as they arise.
4	<input checked="" type="radio"/>	"The asset financial reporting within the Annual Report, is such based on the following:
3	<input checked="" type="radio"/>	The Annual Report complies with all statutory requirements including publication by the due date and is made widely available to the public.
3	<input checked="" type="radio"/>	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 Longer Term 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 Longer Term 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:
 - 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

	Current Risk	Target Risk
Likelihood	Likely	Rare
Consequence	Moderate	Minor
Risk Score	Medium	Low

Current Score **Core Target** **Advanced Target**

Core Maturity Assessment Meets Requirements

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

Observations of Current Maturity Level

1. Asset management policy in place and included in the resourcing strategy. 2. Some minor updating is required to include a statement on training and the need for community consultation on service level decisions.

Implications of Current Maturity Level

1. No major risks.

Recommendations

1. Minor update to policy is suggested. 2. Annual review of the policy implementation by AM steering committee.

Maturity Score	Result	Characteristic
5	<input type="radio"/>	Policy guides informed political decisions informed by data, information and knowledge on tradeoffs for economic, social, cultural and environmental consequences
4	<input type="radio"/>	AM Policy provides a reasonable basis for long-term integrated decision making by the Council and for participative decision making by the community and subsequent accountability to the community about the activities of the Council
4	<input checked="" type="radio"/>	"AM Policy clearly articulates the principles and financial implications upon which decisions relating to assets and their performance will be based.
4	<input type="radio"/>	AM Policy has organisational context and acknowledges the importance of asset management in supporting services provided by Council.
4	<input checked="" type="radio"/>	AM Policy identifies the need for Council reporting to be categorised in terms of operational, maintenance, renewal, upgrade and new expenditure classifications.
4	<input type="radio"/>	AM Policy includes audit and review procedures, specifies review dates and has a sunset clause.
3	<input type="radio"/>	Council has an adopted Asset Management Policy which defines the Council's vision and service delivery objectives for asset management.
3	<input type="radio"/>	AM Policy has a direct linkage with Council's Strategic Longer Term Plan and Long Term Financial Plan.

- 3 AM Policy requires the adoption of Asset Management 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

	Current Risk	Target Risk
Likelihood	Possible	Unlikely
Consequence	Moderate	Minor
Risk Score	Medium	Low

Current Score 2.6 **Core Target** 3 **Advanced Target** 5

Core Maturity Assessment Not Substantially Progressed

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

Observations of Current Maturity Level

1. The Asset Strategy is currently being updated.

Implications of Current Maturity Level

1. Currently the Strategy does not fully align with the Community Strategic Plan, the Asset Plans and the Long Term Financial Plan.

Recommendations
 1. Link upgrade new to service level targets. 2. Ensure integration between AM strategy (supported by AMPs), CSP, LTFFP and SS7. 3. Identify key infrastructure risks. (IPR requirement). 4. Ensure AM Planning drives the budget process and planning for new, upgrade and renewals.

Maturity Score	Result	Characteristic
5	<input type="radio"/>	Strategy includes analysis of cost/benefit options for service delivery
5	<input type="radio"/>	Strategy drives asset management planning and service delivery
4	<input type="radio"/>	Planning for New assets and the Upgrade of assets is driven by Council's Strategic Longer Term Plan, Council's Service Plans and Council's Asset Management Plans.
4	<input checked="" type="radio"/>	Strategy details out how the councils get to where it wants to be including comparison with current situation and proposed future to highlight where strategies will need to be developed to cater for any changes
4	<input checked="" type="radio"/>	Strategy details where the councils wants to be
3	<input checked="" type="radio"/>	Council has an Asset Management Strategy which shows how the asset portfolio can meet the service delivery needs of the community and defines the future vision of asset management practices within Council.
3	<input checked="" type="radio"/>	Council's Asset Management Strategy is linked to Council's Asset Management Policy and integrated into Council's Strategic Longer Term planning and annual budgeting processes.
3	<input checked="" type="radio"/>	Council's Asset Management 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 Asset Management 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

	Current Risk	Target Risk
Likelihood	Likely	Rare
Consequence	Moderate	Minor
Risk Score	Medium	Low

Current Score 2.9 **Core Target** 3 **Advanced Target** 5

Core Maturity Assessment **Meets Requirements**

Question: Does your council have adopted asset management plans?

Observations of Current Maturity Level

1. Asset Plans in place and updates being made. 2. Continued improvement by aligning with the Community Strategic Plan and the Long Term Financial Plan should be ongoing. 3. Data and valuation improvement is still required

Implications of Current Maturity Level

1. There is a risk that service level reporting is not linked to the CSP and LTFP funding.

Recommendations
 1. Ensure ongoing annual review in line with the asset management improvement plan ensuring risk management actions report on what will and will not be done. 2. Ensure there is one scenario for each AMP that aligns with the adopted LTFP (scenario 3). 3. Ensure the target service levels and risks in the risk register are based on scenario 3 and agreed with the Council and community.

Maturity Score	Result	Characteristic
5	<input type="radio"/>	AM Strategy & AMP provide optimum value for defined service using scenarios to inform service performance. Multiple scenarios to show best value options
4	<input type="radio"/>	Planning for new and upgraded assets driven by Asset Management Strategy and AMP. Highly responsive to policy direction
4	<input type="radio"/>	Asset Management Plans include future demand projections and forecasts based on population and demographic projections.
4	<input type="radio"/>	Asset Management Plans are influenced by the level of community enquiry – Feedback on Customer levels of service.
4	<input type="radio"/>	Asset Management Plans include the financial requirements to meet target levels of service levels for at least the next 10 years for each asset class and are correlated with the data in the Long Term Financial Plan.
4	<input type="radio"/>	Asset Management Plans include a process for optimising decisions to obtain the best value outcome for defined levels of service utilising scenario modelling and tradeoffs.
4	<input type="radio"/>	AMPs include Infrastructure Risk Management Plan
3	<input type="radio"/>	AMPs 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 AMPs 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 Asset Management Policy and Asset Management 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 management forecasts;
 - 3 i. Address life cycle costs of assets;
 - 3 j. Include forward programs identifying cash flow forecasts projected for:
 - 3 i. Asset Renewals;
 - 3 ii. New Assets and Upgrades of existing assets;
 - 3 iii. Maintenance expenditure;
 - 3 iv. Operational expenditure (including depreciation expense);
 - 3 k. Address asset performance and utilisation measures and associated targets as linked to levels of service;
 - 3 l. Include an asset rationalisation and disposal program; and
 - 3 m. Include an asset management improvement plan.
 - 3 n. Include consideration of non-asset service delivery solutions (leasing private/public partnerships)
 - 3 o. Recognise changes in service potential of assets through projections of asset replacement costs, depreciated replacement cost and depreciation expense.
 - 3 p. Include consideration of possible effects of climate change on asset useful lives and maintenance costs

- 3 AMPs link to the Council's AM Policy, AM Strategy, Strategic Longer Term Plan, Long Term Financial Plan and other relevant Council Policy objectives.
- 3 AMPs have all been prepared in association with community consultation.
- 2 Separate AMP's for each asset group - high level overall framework but not consistent
- 2 AMP's in place but not regularly reviewed or adopted
- 2 AMPs include all assets on asset register
- 2 AMPs Include an improvement plan
- 1 Reactive and fragmented

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

	Current Risk	Target Risk
Likelihood	Likely	Rare
Consequence	Major	Minor
Risk Score	High	Low

Current Score 2.5 **Core Target** 3 **Advanced Target** 4

Core Maturity Assessment Partially Meets Requirements

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

Observations of Current Maturity Level

1. AM steering committee in operation.

Implications of Current Maturity Level

1. Still need to develop stronger mechanisms to provide high level oversight by the Council, CEO/GM and Executive Management Team for development and implementation AM Service Delivery activities.

Recommendations

1. Implement the governance business process especially the risk management business process. 2. Apply the capital investment decision criteria in the AMPs in the 10 year capital works programme. 3. AM steering committee apply risk management audits to key activities to ensure risk control actions are in place and followed. 4. Implement state of the assets reporting showing service level trends and targets.

Maturity Score	Result	Characteristic
5	<input type="radio"/>	Common purpose and focus on service delivery with agreed nexus between funding and service outcomes.
5	<input type="radio"/>	Bottom up and top down feedback on performance with defined measures for service delivery and governance
4	<input type="radio"/>	Accountability mechanisms are maintained to ensure that Council resources are used optimally to address Council’s strategic asset management objectives, as detailed in the Asset Management Strategy and Asset Management Plans.
4	<input type="radio"/>	Council utilises their Infrastructure Asset Hierarchy as a basis for consistent reporting across the organisation.
4	<input type="radio"/>	Community levels of service and technical levels of service are monitored are reported to the Executive Management Team and Council.
4	<input type="radio"/>	When the Council and Executive consider the annual Capital Works Program, they prioritise works based on cost/benefit assessments (including risk) with resource implications reflected into the Long Term Financial Plan.
4	<input type="radio"/>	The Executive and Council are provided with an annual ‘State of the Assets’ report covering asset condition, asset performance, intervention levels, level of service monitoring and future financial sustainability options and consequences.
4	<input type="radio"/>	Council has an Internal Audit Committee with competency to understand advanced asset management and the Internal Audit Committee

		provides an independent review and annual report on asset management performance across the whole organisation to the Council.
3	<input type="radio"/>	Council has mechanisms in place to provide high level oversight by the Council, CEO/GM and Executive Management Team, for development and implementation of the Asset Management Strategy and Asset Management Plans.
3	<input checked="" type="radio"/>	Roles and responsibilities are clearly defined in a matrix or policy, identifying positions responsible for determining levels of service and positions responsible for managing the assets to meet service delivery needs.
3	<input checked="" type="radio"/>	The staff structure and position descriptions clearly define asset management functions, responsibilities and skill requirements for managing all asset classes.
3	<input type="radio"/>	Council has a documented process for making capital investment decisions, which is driven by Council's Strategic Longer Term Plan, Long Term Financial Plan and the Service Plan and explicitly details the impacts on the future operations and maintenance budgets, "Whole of Life" costs and risk management assessments.
3	<input checked="" type="radio"/>	Council involves all its departments in Asset Management.
3	<input checked="" type="radio"/>	Council has an Asset Management Steering Committee, with cross functional representation and clearly defined and documented terms of reference, focussed on coordinating the linkages between service delivery and asset management implementation.
3	<input checked="" type="radio"/>	There are internal processes to promote Asset Management across Council
2	<input checked="" type="radio"/>	Multi-disciplinary AM Steering Committee in operation with regular meetings
2	<input checked="" type="radio"/>	AM improvement plan in operation
1	<input checked="" type="radio"/>	Informal AM Steering activities

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

	Current Risk	Target Risk
Likelihood	Likely	Rare
Consequence	Major	Minor
Risk Score	High	Low

Current Score 2.2 **Core Target** 3 **Advanced Target** 4

Core Maturity Assessment Not Substantially Progressed

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

Observations of Current Maturity Level

1. Service Planning is reflected in Asset management Plans at an overview level. 2. Current service levels are backed up by statement of funds allocated to each expenditure category.

Implications of Current Maturity Level

1. Strategic Plan may need to be reviewed in the future if AMPs / AM strategy show that community service level aspirations cannot be achieved. 2. Risk is that Council may not be aware of the mismatch between community aspirations and what can be delivered.

Recommendations

1. Ensure service levels in AM Plans (technical and community) are updated on an annual basis. 2. Community service levels should show what is achievable with funding available in LTFP in be included in the CSP. 3. Service levels and consequences should be agreed with Council and the Community.

Maturity Score	Result	Characteristic
5	<input type="radio"/>	Optimum life cycle costs known and supported by high levels of data, information and knowledge in all key areas. Political decisions informed by data, information and knowledge on tradeoffs for economic, social, cultural and environmental consequences.
5	<input type="radio"/>	Documented feedback on long term cumulative impacts of decisions on service levels.
4	<input type="radio"/>	Council has undertaken the process of identifying the costs associated with each level of service, including the increased cost or decreased cost associated with increasing or decreasing each level of service respectively to assist in scenario modelling.
4	<input type="radio"/>	Target community levels of service are defined through community consultation, considering population and demographic change projections, trend analysis and customer feedback and requests.
4	<input type="radio"/>	Council has a communication plan to communicate information on infrastructure service delivery issues and Councils management of these issues to external stakeholders,
4	<input type="radio"/>	The cost of maintenance and operational activities are reported against adopted levels of service.
4	<input type="radio"/>	Council, in conjunction with the community, regularly reviews its community levels of service and technical levels of service, to determine the financial impact of a change in service levels. If a change occurs this is then reflected into the Asset Management Plan and

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

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

	Current Risk	Target Risk
Likelihood	Likely	Rare
Consequence	Major	Minor
Risk Score	High	Low

Current Score 2.3 **Core Target** 3 **Advanced Target** 4.5

Core Maturity Assessment Partially Meets Requirements

Question: Does Council have the data and systems to perform asset management activities?

Observations of Current Maturity Level

1. Implementing authority AM. 2. Target completion during 2013.

Implications of Current Maturity Level

1. Data not yet fully reliable. 2. Currently difficult to maintain.

Recommendations

1. Continue to implement systems and monitor progress. 2. Undertake a knowledge management strategy to guide this process.

Maturity Score	Result	Characteristic
5	<input type="radio"/>	Annual skills and knowledge audit on capacity and capacity needed to deliver corporate plan with linked service provision plan.
5	<input type="radio"/>	Asset data is integrated and responds to required decision support information needed for optimised service delivery
4	<input type="radio"/>	Asset data is available to operations, design and planning staff across services areas when planning and undertaking works.
4	<input type="radio"/>	Asset renewal funding requirements and funding gaps are determined utilising up to date asset condition information and scenario modelling used to optimise life cycle costs with risk tradeoffs.
4	<input type="radio"/>	Asset Management systems have risk management functionality available to predict criticality of assets, record risk assessments, risk treatment, treatment costs and residual risk.
4	<input type="radio"/>	Council records the results of asset condition surveys and defect assessments against individual assets, linked to the componentised inventory in the asset register. Time series condition data is maintained to allow monitoring of asset performance.
4	<input type="radio"/>	Asset Management systems are able to predict asset life based on various assessment factors and compare actual against predicted deterioration behaviour.
4	<input type="radio"/>	Council's Asset Management system can generate works orders based on intervention levels and customer requests which are also linked to the asset register. It has the capacity to monitor completion targets and perform facilities management functions.
4	<input type="radio"/>	Council's Asset Management system is integrated with other corporate knowledge systems such as the finance, GIS and property information systems.

4	<input type="radio"/>	Functionality of Council's Asset Management systems includes the ability to generate maintenance and renewal programs based on available budget and future condition profiles, to generate scenario specific cash flow forecasts and to generate optimised programs.
4	<input type="radio"/>	Council's Asset Management systems are used to monitor asset performance over time.
4	<input type="radio"/>	Council has documented data standards for inclusion in Asset Management systems upon the commissioning of new (and/or modified) assets.
4	<input type="radio"/>	Council benchmarks its infrastructure funding gap against State and National indicators.
4	<input type="radio"/>	Council's Asset Management system used to manage operations and maintenance functionality is driven by an asset knowledge management strategy, with specialised functionality for each service area to monitor operations and maintenance costs and trends. Data is available and accessible to enable performance measurement and reporting against Key Performance Indicators used to measure levels of service. Processes and information are driven by an asset knowledge management strategy linked to the Asset Management Plans and the Long Term Financial Plan.
4	<input type="radio"/>	Data and systems allow projections which inform a range of service provision scenarios and costs. Adopted scenarios are incorporated into Asset Management Plans and the Long Term Financial Plan with an annual review in line with legislative requirements and policy papers issued by State Government
3	<input 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	<input type="radio"/>	There is a common corporate data framework used across all asset groups, which is defined by Council's Infrastructure Asset Hierarchy.
3	<input type="radio"/>	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	<input type="radio"/>	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	<input type="radio"/>	Council's systems, procedures and processes allow it to benchmark its asset management performance against like Councils over time.
3	<input type="radio"/>	Asset Management systems have the functionality to generate maintenance and renewal programs and produce associated cash flow forecasts.
3	<input checked="" type="radio"/>	Council has defined and documented procedures for determining asset replacement and treatment unit rates, which are then stored in Council's Asset Management system.
3	<input checked="" type="radio"/>	Council has a defined process for operations, maintenance, renewal and upgrade planning for its existing assets.
2	<input checked="" type="radio"/>	Skill & knowledge requirements determined
2	<input checked="" type="radio"/>	Audit completed to determine current skill & knowledge levels
1	<input checked="" type="radio"/>	Ad hoc and fragmented approach to data management driven by current projects

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

	Current Risk	Target Risk
Likelihood	Likely	Rare
Consequence	Moderate	Minor
Risk Score	High	Low

Current Score 2.2 **Core Target** 3 **Advanced Target** 5

Core Maturity Assessment Not Substantially Progressed

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

Observations of Current Maturity Level

1. Skills and processes in place to keep asset register up to date but additional documentation needed on service level and maintenance management trends. 2. Reviews of assets useful life has not been evidence based. 3. There has been strong emphasis to improve the linking of AMPs to LTFP. 4. Skills requirement is understood but not documented or formalised.

Implications of Current Maturity Level

1. There is a risk that the skills needed for maintaining asset management systems, both technical and financial, may not always be considered in corporate decisions.

Recommendations

1. Assessed the skills and knowledge required to perform asset data management activities, conduct financial reporting valuations and develop Asset Management Plans. 2. Develop an asset management skills matrix. 3. Identify staff training needs and schedule training.

Maturity Score	Result	Characteristic
5	<input type="radio"/>	Annual skills and knowledge audit on capacity and capacity needed to deliver corporate plan with linked service provision plan.
4	<input type="radio"/>	Following each Annual Budget cycle, Asset Management Plans and the Long Term Financial Plan are updated to reflect the current financial position and to maintain currency between all documents.
4	<input type="radio"/>	Council has a process which incorporates research into the determination of asset lives based on condition and consumption rates.
4	<input type="radio"/>	Council has a service rationalisation process linked to a Disposal Policy that identifies any services (and associated assets) that are surplus to community needs.
4	<input type="radio"/>	Council has a documented process that identifies the outcomes of service delivery reviews for input into Asset Management Plans and the Long Term Financial Plan.
4	<input type="radio"/>	When undertaking operations and maintenance activities there is a process to allow staff to communicate asset related issues to other service areas.
4	<input type="radio"/>	There is a process to analyse risks and incorporate risk mitigation strategies into contingency plans within the planning cycle.

4	<input type="radio"/>	Asset failures and causes of failures are recorded and analysed to identify failure trends and asset group rectification strategies.
4	<input type="radio"/>	Council has a process whereby community enquiry and operational response issues are linked to individual assets.
4	<input type="radio"/>	Council has an Optimum Decision Making framework to ensure consistent decision making. The Optimum Decision Making framework considers multivariable criteria linked to service and performance standards. There is a shift in emphasis from asset condition to service performance and value.
4	<input type="radio"/>	Capital Works are prioritised based on the application of business cases incorporating whole of life costing, risk and benefit quantification and all data used in decision making is documented and recorded.
4	<input type="radio"/>	Staff are trained in best practice operating and maintenance procedures and activities.
4	<input type="radio"/>	Contingency plans in place to ensure continuity of activities when staff turnover occurs
4	<input type="radio"/>	Asset Knowledge Management Strategy identifies data framework requirements
3	<input type="radio"/>	Council has a process to review and update the Asset Management Strategy on a maximum of a 5 year cycle. The Asset Management Strategy is to be formally adopted by Council.
3	<input type="radio"/>	Council has a process to review and update Asset Management Plans for all asset groups on a maximum of a 3 to 4 year cycle consistent with the Council election cycle. Asset Management Plans are formally adopted by Council.
3	<input type="radio"/>	Council has a process to identify operational risks, assign responsibilities and monitor risk treatment actions all recorded within a risk register.
3	<input type="radio"/>	Council has a process to annually review and update the financial forecasts for all asset classes and update the Long Term Financial Plan.
3	<input type="radio"/>	Council has assessed the skills and knowledge required to perform asset data management activities, conduct financial reporting valuations and develop Asset Management Plans. Council has a current asset management skills matrix. Staff training needs have been identified and training scheduled.
3	<input checked="" type="radio"/>	Council has a defined methodology for assessing the Remaining and Useful Life, Residual Value and Depreciation Method of assets.
3	<input type="radio"/>	Council has a process to collect and record asset data into an Asset Management system upon the commissioning of new (and/or modified) assets, including built and contributed assets.
3	<input type="radio"/>	Council has formal processes for the handover of assets to asset custodians/owners.
3	<input checked="" type="radio"/>	Council has a process to communicate the financial implications of the Asset Management Plans to internal and external stakeholders.
3	<input checked="" type="radio"/>	Council provides ongoing training programs for councillors, council management and officers on key asset management topics.
2	<input checked="" type="radio"/>	Skill & knowledge requirements determined
2	<input type="radio"/>	Audit completed to determine current skill & knowledge levels
2	<input checked="" type="radio"/>	Documented asset data management procedures

1



Ad hoc and fragmented approach to data management driven by current projects

Framework Asset Management & Planning
Element Evaluation
Practice Area Evaluation

	Current Risk	Target Risk
Likelihood	Likely	Rare
Consequence	Major	Minor
Risk Score	High	Low

Current Score 2.2 **Core Target** 3 **Advanced Target** 4

Core Maturity Assessment Partially Meets Requirements

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

Observations of Current Maturity Level

1. Council has established improvement actions in each AMP. 2. This evaluation is a means of reporting progress against the State and National Framework

Implications of Current Maturity Level

1. Council is well placed to move to core maturity for all Practice Areas.

Recommendations

1. Implement the evaluation process that is part of this report. 2. Ensure an annual review is undertaken of asset maturity across the organisation. 3. Update this maturity assessment following completion of asset management plans and updated strategy. 4. Implement state of the assets reporting showing current and 10 year target and affordable service levels for condition, function and capacity. 5. Monitor and report on benefit cost risk to maintain optimum level of reporting.

Maturity Score	Result	Characteristic
5	○	Council undertakes an annual audit within the organisation to report on trends on Triple Bottom Line/Quadruple Bottom Line service delivery and accompanying financial sustainability compared to the Strategic Longer Term Plan.
5	○	Qualitative Key Result Areas (KRA's) are set for Community levels of service. KRA's are monitored, measured and reported to Council, against time based 'targets'.
4	○	Council has a documented evaluation process by which asset management improvements are identified, timeframes established, resources allocated, actioned, monitored and reported to the Internal Audit Committee and Council
4	○	Quantitative Key Performance Indicators (KPI's) are set for Technical levels of service. KPI's are monitored, measured and reported to Council against time based 'targets'.
4	○	Council benchmarks its asset management performance improvement against State and National indicators and reports annually on its asset management improvement performance against set targets.
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

Appendix E Service Level Dashboards

High priority objectives in the planning process is the communication of the consequences to service levels and the associated risks for the funding that is available, and then to provide options and alternatives.

As many of the options are essentially value judgements based on the priorities of the community, the communication should be in a form suitable for the elected representatives and the broader community to make informed decisions with a clear understanding of consequences and costs. Setting a target of a high service level without a discussion on the willingness and capacity of the community to pay is not helpful.

To assist in making this communication concise and meaningful Jeff Roorda and Associates (JRA) has developed “Service Level Dashboards”. These dashboards bring together information from the key planning documents (Community Strategic Plan, Asset Plans and Long-term Financial Plan) to assist in providing a high level pictorial view of the consequences and options informing decision makers.

A summary “Service Level Dashboard” for Lismore’s assets funded from the General fund and one for Water and Wastewater is included in Appendix E. It is planned to develop further individual Dashboards for the main asset groups.

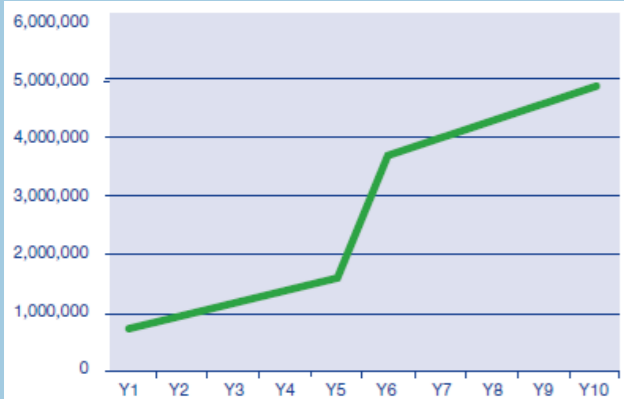
Financial sustainability. We will ensure that through the Long Term Financial Plan that Council has enough money to keep delivering services that the community needs and ensure the condition of our roads and other infrastructure stops declining and starts to improve.

COMMUNITY STRATEGIC PLAN SOLUTIONS

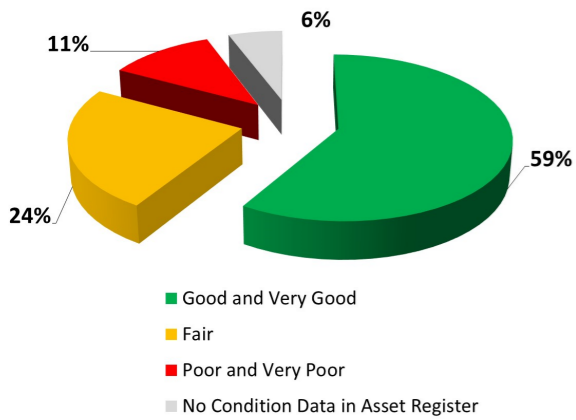
- Find Initial Savings.
- Zero Based Budgeting.
- Service Level Review.
- Efficiency and Productivity Improvement
- Asset Rationalisation.
- Rate Increase

Only with the demonstrated support of the community will we ask the State Government for an increase to our rates.

Extra Money for Infrastructure



STATE OF THE ASSETS



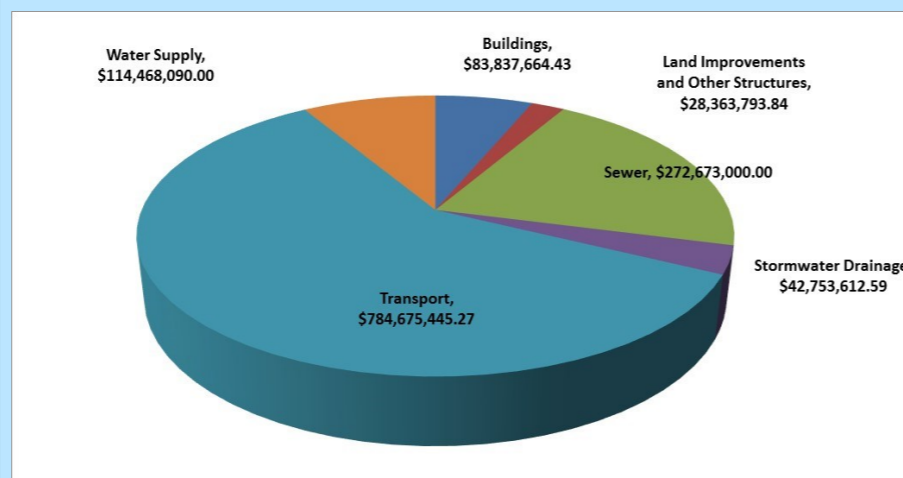
Condition

Current data only enables low confidence estimates of condition. The asset management improvement program will make it possible to include 10 year projections for service levels including customer satisfaction, condition, function, capacity and risk.

TO WORK WITH THE COMMUNITY TO MAINTAIN LISMORE AS THE REGIONAL CENTRE IN A HEALTHY RURAL SETTING



Lismore City Council Assets Current Asset Value \$1.3 BN



Includes \$0.3 BN of road earthworks in Transport

KEY STRATEGIC RISKS

Age & Condition of Infrastructure

Lismore has ageing infrastructure. Over \$118 Million of LISMORE assets are estimated to be in poor / very poor condition. This represents 11 % of LISMORE's asset value and this will grow over the next 10 years if current funding levels are not changed.

Low Data Confidence

Supporting data and analysis is going to improve. There is no condition data for 6% of Council assets. This represents \$60 Million of LISMORE's asset value and a significant proportion of current data is low confidence. This results in low confidence in strategy estimates and limited capacity to plan ahead.

Increased community expectation will put strain on financial sustainability

Ongoing expectation for service improvement and growth is placing growing strain financial resources needed to renew the ageing infrastructure. The tradeoff between achievable targets, available resources and acceptable risk will require very high levels of asset management and governance combined with effective community consultation and engagement.

ASSET MANAGEMENT STRATEGY

Plan, Consult, Inform and Engage.

Continue to improve asset knowledge and communicate affordable service level targets during 2014/15 to provide an input to Councils determination on the service levels and level of rates that will allow Council to move to a financially sustainable position over a 10 year period. Decide on the best balance of services that will move Council to a sustainable position within the current long term financial plan

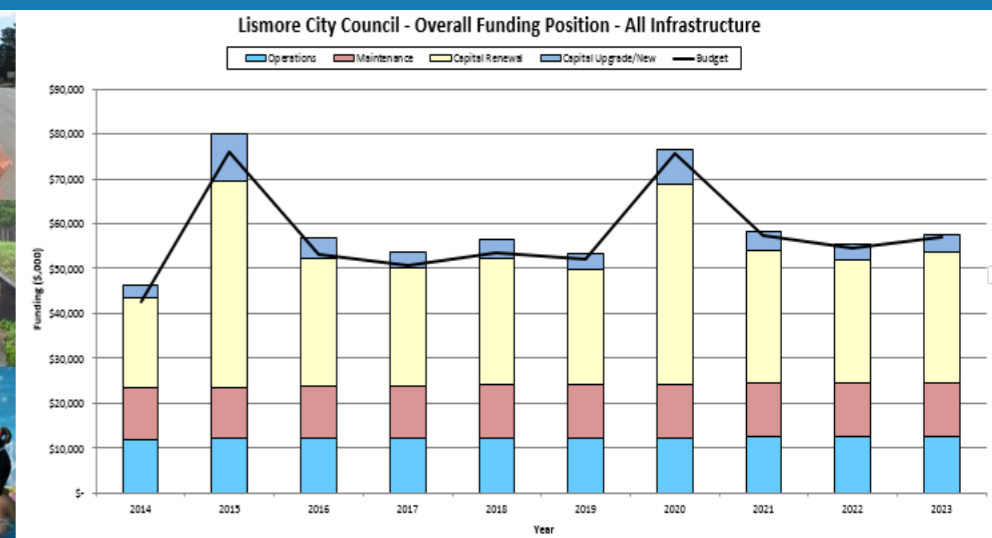
Invest in asset management improvement

Invest in better asset and risk management capacity to plan and deliver an efficient and effective works program. Communicate value for money of this investment to the community.

Review and Report

Implement ongoing communication and engagement on affordable service levels.

- Implement the AM strategy solutions outlined in the Community Strategic Plan
- Communicate measurable improvements to the community as part of the community engagement program on balancing service levels and revenues.



The asset management plans provide forward costs of assets to maintain current service levels (vertical stacked bars) and the available funds in the Long Term Financial Plan (black line). The bars are above the line showing costs are more than revenues. This means that Council will need to rebalance service levels and /or increase income to remain financially sustainable.

Lismore City Council: Strategy Dashboard



GENERAL FUND – INVESTMENT REQUIRED FROM AMPS (FUNDED & UNFUNDED)

This Funding Scenario Summary shows the current and projected service levels, budget and expenditure profiles for the current Long Term Financial Plan balanced to the Asset Management Plan.

OVERALL ASSET PROVISION— LTFP FUNDING SCENARIO

CURRENT CONDITION	FUTURE - 10 YEARS
FUNDING SCENARIO—LTFP	
<p>Confidence in Data</p> <p>High Moderate Low</p>	To be completed in 2014/15
CURRENT FUNCTION	FUNDING SCENARIO—LTFP
<p>Confidence in Data</p> <p>High Moderate Low</p> <p>To be completed in 2014/15</p>	To be completed in 2014/15
CURRENT CAPACITY	FUNDING SCENARIO—LTFP
<p>Confidence in Data</p> <p>High Moderate Low</p> <p>To be completed in 2014/15</p>	To be completed in 2014/15

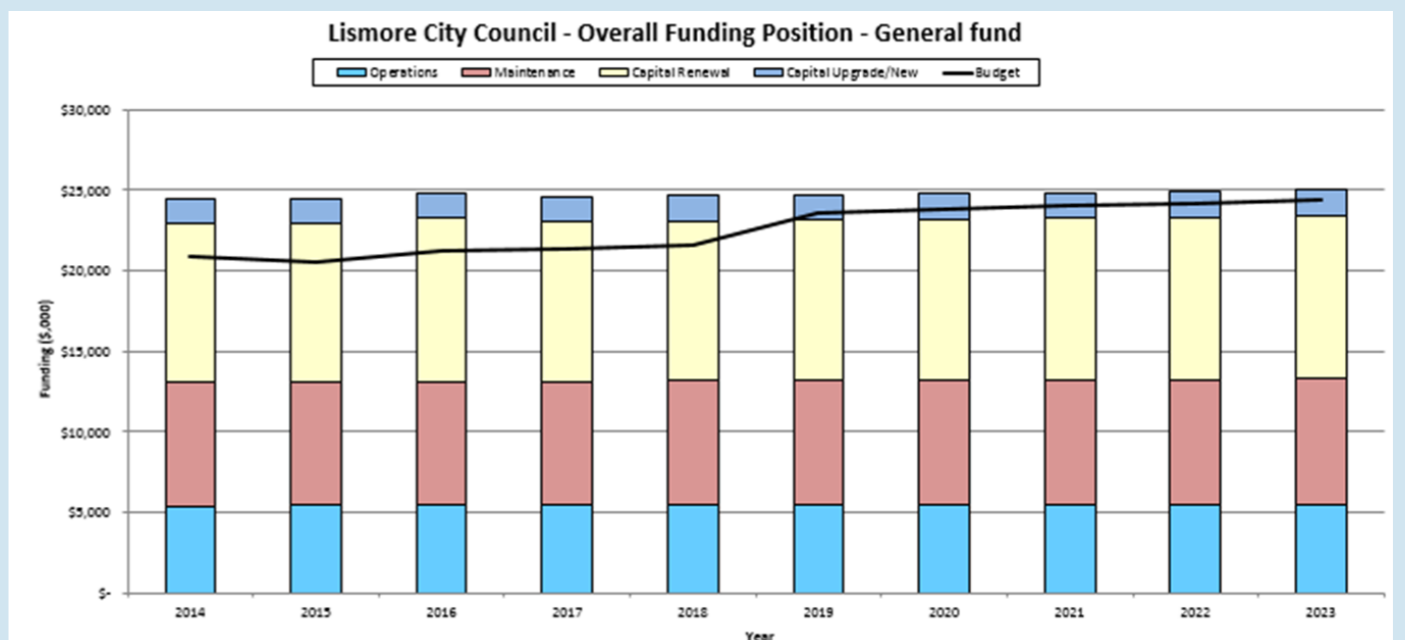
Source: AM Strategy

■ Good and Very Good
 ■ Fair
 ■ Poor and Very Poor
 No Condition Data in Asset Register

DESCRIPTION

Comparison of Asset Service Costs required from the AMP with funding available in LTFP (base case) using Forecasting Method 2 (retain current levels of service by renewal of assets when due). The maintenance and operating costs are the projections in Form 3 of the NAMS data templates are the best available forward estimates for the next 10 years (2014-2023). (Source Table 9 Data in Asset Management Strategy). Note that this Figure is based on the 2013 Asset Management Plans with the most recent Long Term Financial Plan budget estimates. This includes some adjustments to future funding not included in the Asset Management Plans. These adjustments should be included in the next Asset Management Plan update.

10 Year Projected Operating & Capital Expenditure



The asset management plans provide forward costs of assets to maintain current service levels (vertical stacked bars) and the available funds in the Long Term Financial Plan (black line). The bars are above the line showing costs are more than revenues. This means that Council will need to rebalance service levels and /or increase income to remain financially sustainable.

Source: NAMSPLUS AssetVision KMS Strategy

SUMMARY OF ASSET COSTS - FUNDING GAP

AVERAGE ANNUAL 10 YEAR GAP:

ESTIMATED FUNDING SHORTFALL BASED ON 10 YEARS UNDER ASSET MANAGEMENT STRATEGY FUNDING SCENARIO

SUSTAINABILITY RATIO

\$4.8M

0.8

Lismore City Council: Strategy Dashboard

WATER AND SEWER FUND – INVESTMENT REQUIRED FROM AMPS (FUNDED & UNFUNDED)

This Funding Scenario Summary shows the current and projected service levels, budget and expenditure profiles for the current Long Term Financial Plan balanced to the Asset Management Plan.

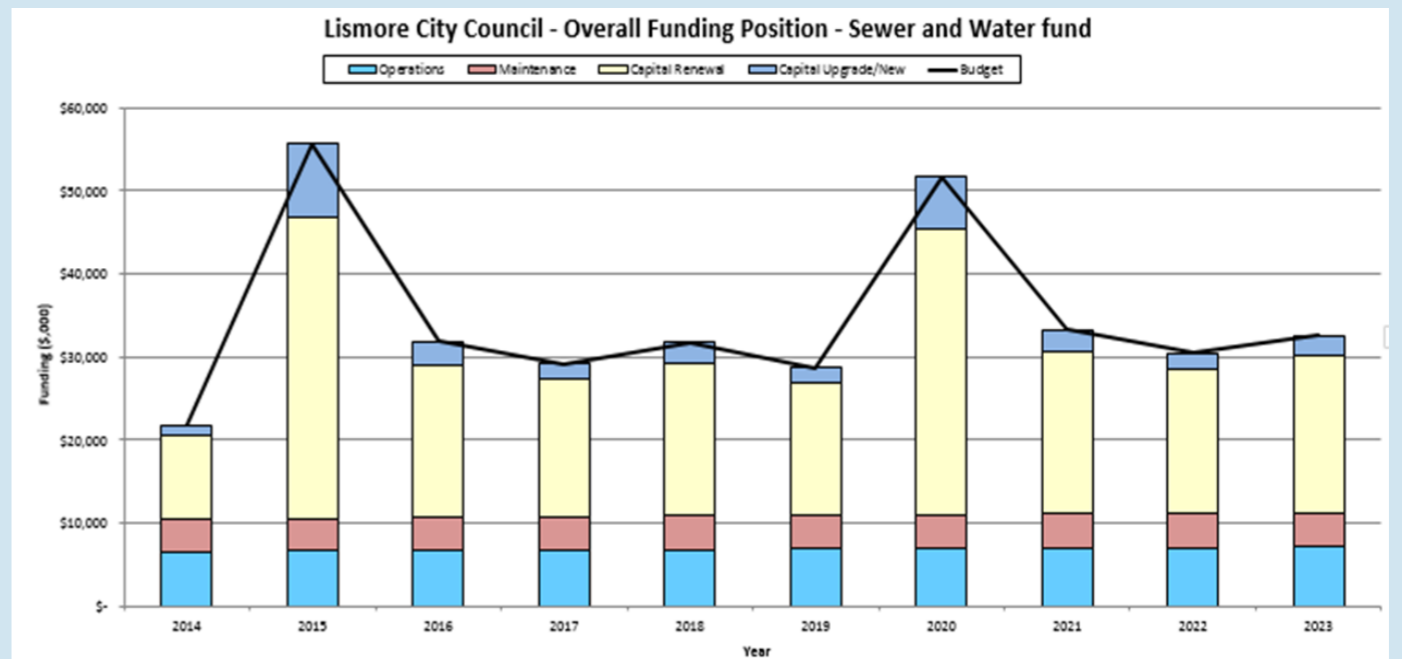
OVERALL ASSET PROVISION— LTFP FUNDING SCENARIO

CURRENT CONDITION	FUTURE - 10 YEARS
FUNDING SCENARIO—LTFP	
<p>Confidence in Data</p> <p>High</p> <p>Moderate</p> <p>Low</p>	<p>To be completed in 2014/15</p>
CURRENT FUNCTION	FUNDING SCENARIO—LTFP
<p>Confidence in Data</p> <p>High</p> <p>Moderate</p> <p>Low</p> <p>To be completed in 2014/15</p>	<p>To be completed in 2014/15</p>
CURRENT CAPACITY	FUNDING SCENARIO—LTFP
<p>Confidence in Data</p> <p>High</p> <p>Moderate</p> <p>Low</p> <p>To be completed in 2014/15</p> <p>Source: AM Strategy</p> <p> ■ Good and Very Good ■ Fair ■ Poor and Very Poor No Condition Data in Asset Register </p>	<p>To be completed in 2014/15</p>

DESCRIPTION

Comparison of Asset Service Costs required from the Strategic Business Plan with funding available in LTFP (base case) using Forecasting Method 2 (retain current levels of service by renewal of assets when due). The maintenance and operating costs are the projections in Form 3 of the NAMS data templates are the best available forward estimates for the next 10 years (2014-2023). (Source Table 9 Data) Note that this Figure is based on the Strategic Business Plan with the most recent Long Term Financial Plan budget estimates. This includes some adjustments to future funding not included in the Asset Management Plans. These adjustments should be included in the next Asset Management Plan update

10 Year Projected Operating & Capital Expenditure



The asset management plans provide forward costs of assets to maintain current service levels (vertical stacked bars) and the available funds in the Long Term Financial Plan (black line). The bars are above the line showing costs are more than revenues. This means that Council will need to rebalance service levels and /or increase income to remain financially sustainable.

Source: NAMSPLUS AssetVision KMS Strategy

SUMMARY OF ASSET COSTS - FUNDING GAP

AVERAGE ANNUAL 10 YEAR GAP:

\$0.4M

ESTIMATED FUNDING SHORTFALL BASED ON 10 YEARS UNDER ASSET MANAGEMENT STRATEGY FUNDING SCENARIO

SUSTAINABILITY RATIO

1.0

Dashboard Document Control



Document ID: LISMORE—Strategy Dashboard

Version No.	Creation Date	Revision Details	Author	Reviewer	Approver
V1.01	24 Feb 2013	Version 1 Based on updated asset management.	JR	JR	JR
V1.02	24 Feb 2013	Version 1.02 Added General Fund and Water and Sewer Fund	JR	JR	JR, AM

Intellectual Property Statement

Jeff Roorda & Associates (JRA) is the owner of all intellectual property rights in the dashboard material created. These works are protected by copyright laws and treaties around the world. All such rights are reserved.

You may print off copies of your Dashboards provided in PDF format only. You must not modify the paper or digital copies of any materials you have printed off or downloaded in any way, and you must not use any illustrations or photographs of any graphics separately from any accompanying text.

Our status (and that of any identified contributors) as the authors of material must always be acknowledged. You must not use any part of the materials without obtaining a licence to do so from us or our licensors. If you print off, copy or download any part of the Dashboards in breach of these terms of use, you must, at our option, return or destroy any copies of the materials you have made.