Wattle Range Council

Wattle Range
COUNCIL

ASSET MANAGEMENT STRATEGY

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Definitions

Asset

A physical item that is owned or controlled by Council, and provide or contributes to the provision of services to the community.

Asset Management

The process applied to manage assets over each stage of their service life including asset needs analysis, creation, operation, maintenance, renewal and disposal. The objective of asset management is to ensure the assets deliver the required level of service in the most effective and efficient manner now and into the future.

Asset Management Strategy

A strategy to provide timeframes and actions for achieving the objectives of the Council's Asset Management Policy.

Asset Condition Assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Depreciation

Depreciation is a measure of the average annual consumption of service potential over the life of the asset. Depreciation is not a measure of required expenditure in any given year.

Lifecycle Cost

Total expenditure required throughout the life of an asset in order to fund the creation, design, construction, operation, maintenance, renewal and disposal so that the asset can deliver the desired service level over its life.

Asset Management Framework

Based on the International Infrastructure Management Manual (IIMM) it cover all legislative and statuary requirements. This framework incorporates all aspects of asset management as outlined in this strategy

Sustainability

Shown as a percent this is the difference between the depreciation of an asset and the renewal budget for the asset

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Executive Summary

This asset management strategy is prepared to assist council is improving the way it delivers services from infrastructure including roads, bridges, footpaths, stormwater drainage, parks and recreation, buildings, major plant and sewerage reticulation and treatment . These infrastructure assets have a replacement value of $228,770 million.

The asset management strategy is to enable Council to show:

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

Adopting this asset management strategy will assist council in meeting the requirements of national sustainability frameworks, the South Australian Local Government Act 1999 and providing services needed by the community in a financially sustainable manner.

The asset management strategy is prepared following a review of the council's service delivery practices, financial sustainability indicators, asset management maturity and fit with council's vision for the future outlined in the Wattle Range Council Community Plan 2009 - 2014. The strategy outlines an asset management improvement plan detailing a program of tasks to be completed and resources required to bring council to a minimum 'core' level of asset maturity and competence.

Strategy outlook

1. Council has identified significant shortfalls in its asset management functions, it is now working to establish an asset management framework based on the International Infrastructure Management Manual (IIMM) that will cover all legislative and statuary requirements. This framework will incorporate all aspects of asset management as outlined in this strategy.

2. Council is not able to fund current infrastructure life cycle cost at current levels of service and available revenue. Council allocates significant funds to improvement of assets i.e. creating new assets, table 3 shows Councils sustainability index, this index shows that there are insufficient funds to maintain these new and existing assets when they reach the end of their useful life i.e. 58% sustainability is currently being achieved. As Council increases its asset base the sustainability will decrease unless additional funding is provided or Council begins to rationalise its current assets or services, this may also mean not replacing assets at the end of their useful life or disposing of assets as well as operation efficiencies.

   Asset services will develop asset management framework needed for a better understanding of major assets requirements both physically and financially, these actions, when linked with Councils long term financial plan will provide the tools and mechanisms required to better sustain infrastructure and services.

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

1. Introduction

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

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

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

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

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

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

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

[2] LGPMC, 2009, Framework 2 Asset Planning and Management, p 2.
[3] LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 2-3.
[4] LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 4-5.

- Evaluation.[5]

The asset management strategy is to enable Council to show:

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

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

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

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

1.1 Legislative reform

The SA Local Government Act 1999 (Sections 6 and 7) outlines the requirements for Council's to deliver infrastructure, facilities and services to the community, and ensures that certain performance standards are met for this infrastructure. The Act does not require Councils to own assets to deliver services, facilities may be owned, leased or delivered by some other mechanism.

Under Section 122 of the Act, Council is required to have in place a consistent Asset Management Strategy enacted through up to date Infrastructure and Asset Management Plans. The Act also requires Councils to develop and adopt Strategic Management Plans. These plans are:

- the long Term Financial Plan
- Infrastructure and Asset Management Plans

The Infrastructure and Asset Management Plans aim to predict infrastructure consumption and renewal needs and consider new infrastructure requirements to meet future community service expectations.

The definition of Financial Sustainability for Local government emanated from the independent SA Local Government Financial sustainability Enquiry in 2005.It is defined as follows:

"A council's long term financial performance and position is sustainable where planned long term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services."

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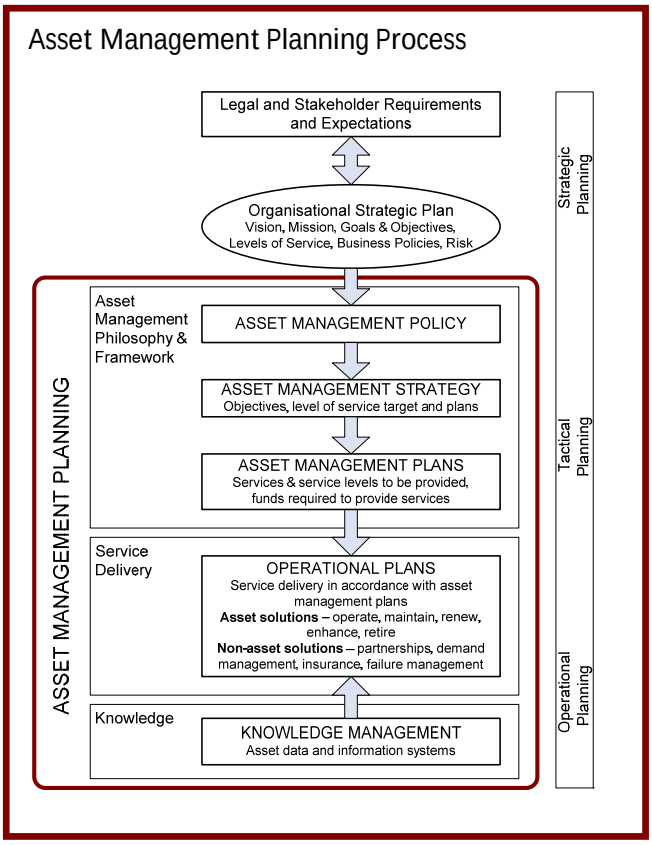
[5] LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.
[6] LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

1.2 Asset Management Planning Process

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

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



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

2. What Assets do we have?

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

Table 1: Assets used for providing Services

Asset Class	Description	Services Provided
Land	Quarries, Parks & Gardens, Plantations, Cemeteries, Reserves, Ovals	Amenity, Sports & Leisure, Road Making Material source, Exercise areas, Remembrance Areas, Timber Source, Public Places
Buildings & other structures	Halls, Public Conveniences, BBQ's, Childcare Centre, Galleries, Museums, National Estates, Swimming Pools, Housing, Saleyards, Bridges, Traffic School, Aerodromes, Sporting Facilities, Caravan Parks, Libraries, Transfer Stations, Information Centres, Canopies	Community Amenities, Community Facilities, Public Waste Disposal Facilities, Tourism Information, Public & Private Accommodation, Staff Workplaces, Storage Areas, Exercise Equipment, Playground Equipment, Community Wellbeing
Roads	Sealed, Unsealed, Formed, Unformed, Unmade Road Reserves, Road Signage	Facilitate Safe Transportation of People/Goods, Provide on-Road/off-road Carparking, Access, Economic Vibrancy
Footways	Footpaths, Kerb and Watertable, Bike Paths	Exercise, Community Network Links, Access
Sewerage – Effluent Drainage	Community Waste Water Management Schemes, Lagoons, Pump Stations, Irrigation	Public Sanitation, Health & Safety
Stormwater Drainage	Pits, Pipes, open drains	Flood Prevention, Health & Safety
Plant & Equipment	Vehicles, Machinery, tools	Transport, Construction, Maintenance, Operations, Service Delivery, Asset Management
Furniture & Fittings	Office Equipment	Health & Safety, Functionality, Service Delivery
Other Community Assets	Library Books, DVD's, Art Works	Education, Leisure, Information

3. Council's Assets and their management?

3.1 State of the Assets

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

Table 2: Financial Status of the Assets 12/13

Asset Class	Replacement Cost ($000)	Residual Value ($000)	Depreciable Amount ($000)	Depreciated Replacement Cost ($000)	Depreciation Expense ($000)
Land	12,820	0	12,820	12,820	0
Buildings & Other Structures	62,901	9,247	53,654	30,994	1,233
Roads	112,908	30,844	82,064	84,703	1,989
Footways	4,167	2,867	1,300	3,332	113
Sewerage – Effluent Drainage	20,148	2,138	18,010	15,451	269
Stormwater Drainage	3,926	920	3,006	3,059	35
Plant & Equipment	9,442	884	8,558	4,684	610
Furniture & Fittings	261	24	237	108	15
Other Community Assets	2,197	0	2,197	208	32
Total	228,770	46,924	181,846	155,359	4,296

Table 3: Gap Analysis 13/14

Asset Category	Replacement Cost ($000)	Accumulated asset consumed ($000)	Depreciation expense ($000)	Renewal budget ($000)	Sale of Assets ($000)	Sustainability	Gap in renewal funding ($000)
Land	12,820	-	-				0
Buildings & other structures	62,901	31,907	1,310	212	-	16.18%	1098
Roads	112,908	28,205	2,020	1,221	-	60.45%	799
Footways	4,167	835	120	80	-	66.67%	40
Sewerage-Effluent drainage	20,148	4,697	380	-	-	0.00%	380
Stormwater drainage	3,926	867	36	-	-	0.00%	36
Plant & Equipment	9,442	4,758	570	998	212	175.09%	-428
Furniture & Fittings	261	153	24	33	-	137.50%	-9
Other community assets	2,197	1,989	20	-	-	0.00%	20
Total / average	228,770	73,411	4,480	2,544	212	58%	1,936.00

**Stormwater renewal of $50,000 not shown as this relates to Millicent main drain which does not form part of Councils infrastructure*

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

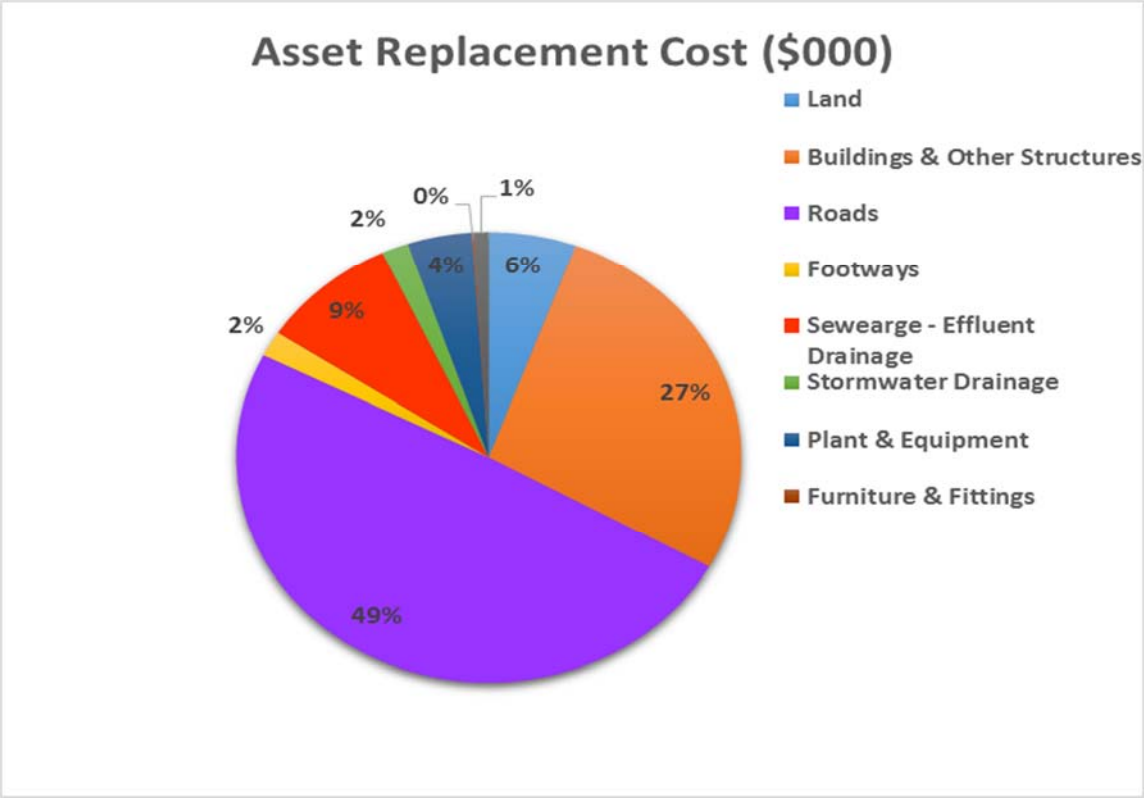


Figure 1: Asset Replacement Values

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

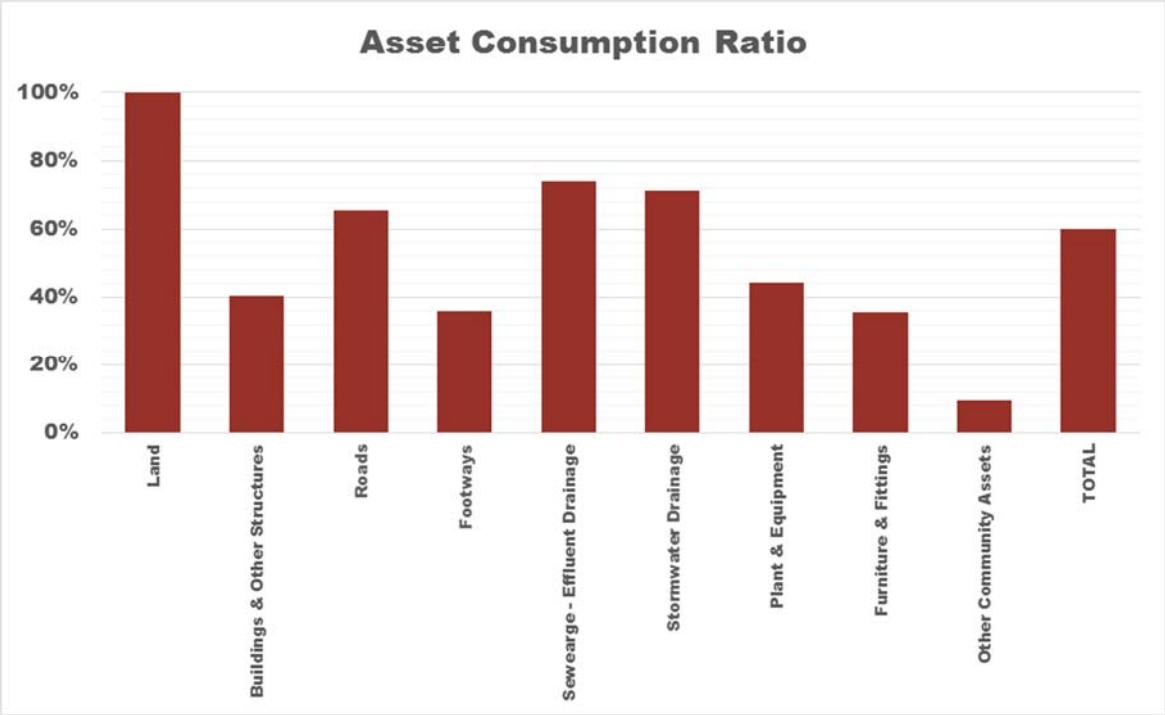


Figure 2: Asset Consumption Ratio

The Asset Consumption Ratio shows the depreciated replacement costs of Councils depreciable assets relative to their "as new" replacement value. From this it can be seen that Councils assets on a whole are on average, at approximately 60%, however the land column tends to distort the figure as land does not deteriorate, if left out the figure would be more around the 50% mark.

Figure 3: Asset Condition Profile

**The Asset Condition Profile figure to be inserted into this strategy requires a specific template be populated, this requires all major asset classes a condition rating, and currently data is insufficient to populate such a figure. It is envisaged that this template will be populated by the next review of this Strategy.*

Two data collectors are currently in the process of condition rating all Councils major assets.

3.2 Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan is shown in Table 4.

Table 4: Life Cycle Cost for Council Services

Service	Previous Year Expenditure		Previous Year Depreciation Exp	Life Cycle Cost ($/yr)
	Operations	Maintenance		
Business Undertakings	419,164	499,531	269,394	1,188,089
Community Amenities	172,335	259,985	150,729	583,048
Community Support	977,874	109,673	32,104	1,119,651
Cultural Services	14,255	17,185	41,393	72,833
Economic Development	348,957	21,411	23,265	393,633
Environment	214,256	333,008	33,787	581,051
Library Services	353,283	28,693	196,212	578,188
Public Order & Safety	32,595	46,725	0	79,320
Recreation	680,115	677,281	285,492	1,642,887
Regulatory Services	556,223	60,255	144	616,622
Transport	724,257	1,936,065	3,177,904	5,838,226
Unclassified	0	223,458	601,886	825,344
Waste Management	64,161	1,855,410	26,976	1,946,547
Support Services	3,462,290	359,586	117,034	3,938,910
TOTAL	8,019,765	6,428,265	4,956,317	19,404,347

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operating, maintenance and capital renewal expenditure in the previous year or preferably averaged over the past 3 years. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the start of the plan is shown in Table 5.

Table 5: Life Cycle Expenditure for Council Services

Service	Previous Year Expenditure		Cap Renewal Exp ($/yr)	Life Cycle Exp ($/yr)
	Operations	Maintenance		
Business Undertakings	419,164	499,531	416,637	1,335.331
Community Amenities	172,335	259,985	123,424	555,743
Community Support	977,874	109,673	56,440	1,143,987
Cultural Services	14,255	17,185	25,326	56,766
Economic Development	348,957	21,411	73,258	443,626
Environment	214,256	333,008	16,551	563,815
Library Services	353,283	28,693	26,665	408,641
Public Order & Safety	32,595	46,725	0	79,320
Recreation	680,115	677,281	251,509	1,608,904
Regulatory Services	556,223	60,255	43,248	659,726
Transport	724,257	1,936,065	1,115,132	3,775,454
Unclassified	0	223,458	323,688	547,146
Waste Management	64,161	1,855,410	201,199	2,120,770
Support Services	3,462,290	359,586	137,763	3,959,639
TOTAL	8,019,765	6,428,265	2,810,838	17,258,868

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

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

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

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

Table 6: Life Cycle Indicators

Service	Life Cycle Cost ($/yr)	Life Cycle Expenditure ($/yr)	Life Cycle Gap * ($/yr)	Life Cycle Indicator
Business Undertakings	1,188,089	1,335,331	147,242	112%
Community Amenities	583,048	555,743	-27,305	95%
Community Support	1,119,651	1,143,987	24,336	102%
Cultural Services	72,833	56,766	-16,067	78%
Economic Development	393,633	443,626	49,993	113%
Environment	581,051	563,815	-17,236	97%
Library Services	578,188	408,641	-169,548	71%
Public Order & Safety	79,320	79,320	0	100%
Recreation	1,642,887	1,608,904	-33,983	98%
Regulatory Services	616,622	659,726	43,104	107%
Transport	5,838,226	3,775,454	-2,062,772	65%
Unclassified	825,344	547,146	-278,197	66%
Waste Management	1,946,547	2,120,770	174,223	109%
Support Services	3,938,910	3,959,639	20,729	101%
All Services	19,404,347	17,258,868	-2,145,479	89%

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

Life Cycle Indicators point to a shortfall in some areas that may result in long term unsustainability. As part of the asset management process, individual asset management plans for all major asset classes will be produced, linking these plans to long term financial plan will help to ensure Councils long term financial sustainability.

3.3 Asset Management Structure

Asset Management Roles and Responsibilities

Best practice Asset Management is seen as a whole of organisation activity, that is it impacts on or involves staff from across the organisations who are involved with the lifecycle management of the Council's assets or delivering services supported by those assets.

As such the adopted team structure, outlined below, reflects Council's and senior management's roles and includes designated staff from a variety of service areas. The Council, its Executive Leadership Team and key asset management staff have defined roles, responsibilities and commitments within the Council Asset Management Policy.

Council

- To act as stewards for infrastructure assets.
- To set corporate AM policy and vision with linkage to the Community Plan.
- To set levels of service, risk and cost standards.
- Approve and review Asset Management Plans and Improvement Strategies and monitor the outcomes.
- To ensure appropriate resources and funding for AM activities are made available to integrate AM policies and AM plans into the corporate governance framework.

Executive Leadership Team (ELT)

- To establish an "overarching" AM Policy and an AM Strategy with linkage to the Community Plan and the Long Term Financial Plan for consideration by council.
- To foster and support the cross functional Asset Management Working Group (AMWG).
- To implement and continuously review the corporate AM Policy and Strategy within agreed resources.
- To monitor the performance of the management staff in implementing asset management.
- To ensure the community and key stakeholders inputs are integrated into the AM Plan
- To ensure that accurate and reliable information is presented to council for decision-making.

Asset Management Steering Group (AMSG) (includes representatives from ELT, Managers, Asset Manager & Operational Staff)

- To develop Asset Management plans documenting required allocation of funding and improvement plans for individual asset groups, using the principles of lifecycle analysis.
- In consultation with the community and key stakeholders establish and deliver asset management "levels of service" to agreed risk and cost standards. (On going)

- To develop and implement maintenance, refurbishment and capital works (refurbishment/renewal) programs in accordance with Asset Management Plans and the Annual Plan and Budget and report to ELT and Council.
- To develop and implement procedures that ensure the asset registers are maintained and updated and provide required reports to Council to meet their statutory, legal and asset management responsibilities.
- To develop and implement processes and procedures that provide for the "whole of life" and continued management and ownership of assets including all asset life cycle management functions.
- To present information to ELT and Council in terms of Asset Management "lifecycle risks" and costs. (Ongoing AM Planning)
- Promote and raise awareness of asset management to the Council, staff, users and community. (Ongoing as part of AM planning)
- Facilitate the implementation of the adopted Asset Management Strategy and report progress to ELT on a quarterly basis.

Asset Management Sub Groups

Asset Management is complex, critical to service delivery and requires a range of skills and expertise with involvement from all levels and sections of the organisation. Therefore a cross-functional multi-discipline Asset Management Steering Groups (AMSG) has been established.

Under the AMSG is a framework of subgroups tailored to address issues around specific asset classes. Each AMSG subgroup includes at least one representative from the AMSG together with relevant staff with responsibilities for that asset class.

The Strategic AMSG deals with corporate asset management issues and provides coordination and oversight to the sub-groups.

Asset Management Unit

Council's Assets Unit is responsible for providing asset management support and direction across the organization and for the direct management of the Council's assets data in a systematic and sustainable manner. The Unit provides guidance and team support and training and undertakes financial modeling on the long term financial impacts of maintaining and renewing infrastructure assets.

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

Phase 1

- strategy development and implementation of asset management improvement program

Phase 2

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

Phase 3

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

The current position of Council's asset management team is Phase 1.

Whole of Organisation Approach to Asset Management

The importance of this approach is recognised with the following clause being inserted into position descriptions for all key management roles with asset responsibility: **"To familiarise one's self with and abide by the councils asset management policies, plans and strategies".**

3.5 Financial & Asset Management Core Competencies

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

Financial Planning and Reporting

- Strategic Longer Term Plan
- Annual Budget
- Annual report

Asset Planning and Management

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

[8] Asset Planning and Management Element 2 *Asset Management Strategy and Plans* divided into Asset Management Strategy and Asset Management Plans competencies.

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

Figure 4: Core Asset Management Maturity

** Council's maturity assessment figure to be inserted into this strategy requires the population of a specific template, current data is insufficient for this purpose. It is envisaged that this template will be populated by the next review of this Strategy.*

Council engaged Ross J Goyne consulting to review its asset management function in April 2013, this report highlighted gaps in asset management. Recommendations from this report have been used in the asset management improvement plan of this strategy in table 9.

3.6 Strategy Outlook

1. Council has identified significant shortfalls in its asset management functions, it is now working to establish an asset management framework based on the International Infrastructure Management Manual (IIMM) that will cover all legislative and statuary requirements. This framework will incorporate all aspects of asset management as outlined in this strategy.

2. Council is not able to fund current infrastructure life cycle cost at current levels of service and available revenue. Council allocates significant funds to improvement of assets i.e. creating new assets, table 3 shows Councils sustainability index, this index shows that there are insufficient funds to maintain these new and existing assets when they reach the end of their useful life i.e. 58% sustainability is currently being achieved. As Council increases its asset base the sustainability will decrease unless additional funding is provided or Council begins to rationalise its current assets or services, this may also mean not replacing assets at the end of their useful life or disposing of assets as well as operation efficiencies.

   Asset services will develop the asset management framework needed for a better understanding of major assets requirements both physically and financially, these actions, when linked with Councils long term financial plan will provide the tools and mechanisms required to better sustain infrastructure and services.

3. A review of the asset management function of Wattle Range Council performed by Ross Goyne Consulting indicates that Council's current asset management maturity is below 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

3.7 Sustainability Long Term Financial Plan

Asset Category	13/14 ($000)	14/15 ($000)	15/16 ($000)	16/17 ($000)	17/18 ($000)	18/19 ($000)	19/20 ($000)	20/21 ($000)	21/22 ($000)	22/23 ($000)	23/24 ($000)	24/25 ($000)
Land	-	-	-	-	-	-	-	-	-	-	-	
Buildings & other structures	212	351	480	618	761	1,001	1,168	1,344	1,526	1,554	1,744	1,777
Roads	1,221	1,622	1,669	1,712	1,756	1,986	2,036	2,092	2,149	2,182	2,442	2,480
Footways	80	100	148	203	265	370	460	563	678	734	870	941
Sewerage- Effluent drainage	-	-	60	121	204	277	352	430	510	572	582	592
Stormwater drainage	-	75	67	62	58	59	53	48	42	42	47	48
Plant & Equipment	998	761	772	780	787	875	884	894	902	944	1,087	1,140
Furniture & Fittings	33	3	5	7	10	13	16	19	24	27	29	30
Other community assets	-	38	37	37	41	40	40	39	39	43	44	45
Renewal amount required	2,544	2,950	3,238	3,541	3,883	4,620	5,010	5,429	5,870	6,098	6,845	7,053
Sustainability	**58%**	**65%**	**70%**	**75%**	**80%**	**85%**	**90%**	**95%**	**100%**	**100%**	**100%**	**100%**

**Based on no additional growth of infrastructure for asset class. Any upgrade or new infrastructure will increase the dollars required for the asset*

** Depreciation following annual renewal works has not been adjusted for this model*

4. Where do we want to be?

4.1 Council's Vision, Mission, Goals and Objectives

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

Wattle Range Council will be recognised for the quality of life enjoyed by the community in a vibrant and prosperous Region.

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

Wattle Range Council in partnership with our community will provide leadership to achieve sustainable management, the provision of appropriate services to our diverse communities, and development opportunities in a responsible manner.

The mission underpins the vision and also addresses the quadruple bottom line being:

> ***Social: well-being - quality of life***
>
> ***Environment: the natural character of the region***
>
> ***Economic: the economic potential and sustainable development opportunities - prosperity***
>
> ***Governance: financial management and service delivery - leadership***

The Community Plan sets goals and objectives to be achieved in the planning period. The goals set out where Council wants to be. The objectives are the steps needed to get there. Strategic actions relating to the delivery of services from infrastructure are shown in Table 7.

Table 7: Strategic actions for Infrastructure Services

Asset Management Strategic Actions
Review Assets to enable disposal of assets not providing present or future community benefit
Complete a 10 year Financial Plan
Complete and implement Asset Management Plans
Conduct a service review of community buildings and facilities and their promote more effective use through consolidation of user groups and building uses
Develop and implement a 5 year footpath construction and maintenance plan focussing on infrastructure for safer movement in high use areas
Work towards ensuring the pedestrian network complies with the provisions of the Disability Discrimination Act.

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

4.2 Asset Management Policy

The key objective of Councils Asset Management Policy is to ensure that assets used to support the services delivered by the Council are sustainable and continue to function at a level of service determined by Council in consultation with the broader community. The policy provides direction as to how these assets will be managed within an Asset Management Framework.

The Asset Management policy ensures that Asset Management is clearly recognised by Council and community in accordance with the requirements of the Local Government Act (LGA). It is also an important process in managing Council's infrastructure assets for present and future generations.

The Asset Management policy complements and builds upon Councils Community Plan and Long Term Financial Plan. With its continued implementation and more formalised approach to asset management principles and methodology, Council will achieve significant benefits including:

- Consolidation and integration of asset resources and knowledge.
- A strategic approach to asset management leading to better and more informed decision making.
- Improved efficiency in the use of limited capital funds and asset operation costs.

4.3 Asset Management Vision

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

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

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

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

Strategies to achieve this position are outlined in Section 5.

5. How will we get there?

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

Table 8: Asset Management Strategies

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

6. Asset Management Improvement Plan

The National Framework provides for an assessment in the form of a ''Report Card'' against 11 Framework Elements.

The Elements are:

Strategic Planning - SP	Annual Budget - AB	Annual Report - AR	Asset Management Policy - AMP
Asset management Strategy - ASM	Asset Management Plans - AMPs	Governance and Management – G&M	Levels of Service - LoS
Data and Systems - D&S	Skills and Processes - S&P	Evaluation - Eval	

An assessment has been completed and the tasks required to achieve a 'core' financial and asset management maturity are shown in priority order in Table 9.

Table 9: Asset Management Improvement Plan

No.	Improvement Opportunities	Priority	By Whom	By When
1	SLTP - Establish a clear link between AM Plans & the LTFP	1	Manager Assets	14/15
2	AB - Prepare the Annual Budget based on the resource requirements and strategic objectives detailed in Council's Strategic Longer Term Plan, Asset Management Plans and Long Term Financial Plan.	2	Director Engineering Services	15/16
3	AB - Develop the Annual Budget so that it includes resources to implement Strategic Longer Term Plan strategies.	2	Director Engineering Services	15/16
4	AB - Include details of the latest Restructure how these changes might impact on Council's Strategic Longer Term Plan in next Annual Report	2	Director Engineering Services	15/16
5	AMP's - Review the existing AMP (2009 Draft) and develop a new document covering 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)) available to all relevant staff across the organisation.	1	Technical Officer	14/15
6	AMP's - Ensure that the Asset Management Plans define which asset groups are covered by each Plan in accordance with a clearly documented Infrastructure Asset Hierarchy.	1	Technical Officer	14/15
7	G&M - Establish an Asset Management Steering Committee to provide high level oversight by the Council, CEO/GM and Executive Leadership Team, for development and implementation of the Asset Management Strategy and Asset Management Plans.	1	Manager Assets	14/15
8	G&M - Develop an agreed Roles & Responsibilities Matrix identifying positions responsible for determining levels of service and positions responsible for managing the assets to meet service delivery needs.	1	Manager Assets	14/15

No.	Improvement Opportunities	Priority	By Whom	By When
9	G&M - Review and prepare staff structure and position descriptions that clearly define asset management functions, responsibilities and skill requirements for managing all asset classes.	1	Director Engineering Services	14/15
10	G&M - Develop and adopt an organisation wide Capital Works Evaluation Framework and process for making capital investment decisions, which is driven by Council's Strategic Longer Term Plan, Long Term Financial Plan and the Council Plan and explicitly details the impacts on the future operations and maintenance budgets, "Whole of Life" costs and risk management assessments.	2	Director Engineering Services	15/16
11	G&M - Establish and implement a process of involving all departments in Asset Management	2	Director Engineering Services	15/16
12	G&M - Ensure the 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.	2	Director Engineering Services	15/16
13	G&M - Develop and document internal processes to promote Asset Management across Council	3	Director Engineering Services	16/17
14	LoS - Identify a list of Services provided to the Community and develop a basic Service Plan for each.	1	Manager Assets	14/15
15	LoS - Define, quantify and document current community levels of service and technical levels of service, and costs of providing the current levels of service in each Service Plan.	1	Technical Officer	14/15
16	LoS - Ensure the Asset Management Plan clearly defines the current and target levels of service (for both community levels of service and associated technical levels of service) for each asset class.	1	Technical Officer	14/15

No.	Improvement Opportunities	Priority	By Whom	By When
17	Los - Incorporate technical levels of service into service agreements and/or maintenance, operational and capital renewal procedures.	2	Technical Officer	15/16
18	D&S - Undertake a review of the existing AM Systems (Assetic & Spreadsheets) and establish a 3 year plan outlining the future strategy for AM systems and data collection regime. Ensure GIS & Finance system interface are also considered.	1	Technical Officer	14/15
19	D&S - Document the agreed common corporate data framework used across all asset groups, as defined by Council's Infrastructure Asset Hierarchy.	2	Technical Officer	15/16
20	D&S - Establish and document 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.	1	Technical Officer / Technical Officer Data Collection	14/15
21	D&S - Establish a methodology whereby Council's systems, procedures and processes allow it to benchmark its asset management performance against like Councils over time.	2	Manager Assets	15/16
22	D&S - Ensure that Asset Management systems have the functionality to generate maintenance and renewal programs and produce associated cash flow forecasts.	2	Manager Assets	15/16
23	D&S - Define and document procedures for determining asset replacement and treatment unit rates, which are then stored in Council's Asset Management system.	1	Manager Assets	14/15
24	D&S - Define and document a process for operations, maintenance, renewal and upgrade planning for existing assets.	1	Manager Assets	14/15
25	S&P - Include in the AM Strategy a process to review and update the Strategy on a maximum 5 year cycle.	1	Manager Assets	14/15

No.	Improvement Opportunities	Priority	By Whom	By When
26	S&P - Include in the AM Plan a process to review and update the AMP on a maximum 5 year cycle.	1	Manager Assets	14/15
27	S&P - Develop a process to identify operational risks, assign responsibilities and monitor risk treatment actions all recorded within a risk register.	3	OHS&W Officer	16/17
28	S&P - Undertake a process of assessing the skills and knowledge required to perform asset data management activities, conduct financial reporting valuations and develop Asset Management Plans. Use data to prepare an asset management skills matrix and from that identify and schedule Staff training needs.	2	Manager Assets	16/17
29	S&P - Define and document a methodology for assessing the Remaining and Useful Life, Residual Value and Depreciation Method of all assets.	1	Manager Assets	14/15
30	S&P - Document 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	Technical Officer Data Collection	16/17
31	S&P - Document a process for the handover of assets to asset custodians/owners.	3	Technical Officer Data Collection	16/17
32	S&P - Document a process to communicate the financial implications of the Asset Management Plans to internal and external stakeholders.	3	Manager Assets	16/17
33	S&P - Document a plan that provides ongoing training programs for councillors, council management and officers on key asset management topics.	3	Manager Assets	16/17
34	Eval - Document an evaluation process by which asset management improvements are identified, timeframes established, resources allocated,	2	Manager Assets	15/16

No.	Improvement Opportunities	Priority	By Whom	By When
	actioned, monitored and reported to the Executive Management Team and/or CEO			
35	Eval - Document a process where Technical levels of service are monitored and performance reported.	3	Manager Assets	16/17
36	Eval - Document a process where Community levels of service are monitored and performance reported.	3	Manager Assets	16/17
37	AMS –Develop and formally adopt 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 with Council	1	Technical Officer	14/15
38	AMS – Ensure that the AM Strategy is linked to Council's Asset Management Policy and integrated into Councils Strategic Longer Term planning and annual budgeting processes	1	Technical Officer	14/15

Asset Management Strategy Implementation and Review

Issue	Action	Frequency / Date
Reporting	Strategic AMSG to report to ELT on Strategy implementation and Asset Management issue status. Report to Council on Strategy implementation and Asset Management issues.	Quarterly Annually (December)
Review of Strategy	The Asset Management Strategy is to be reviewed every 5 years.	Next Review March 2018