Canterbury City Council
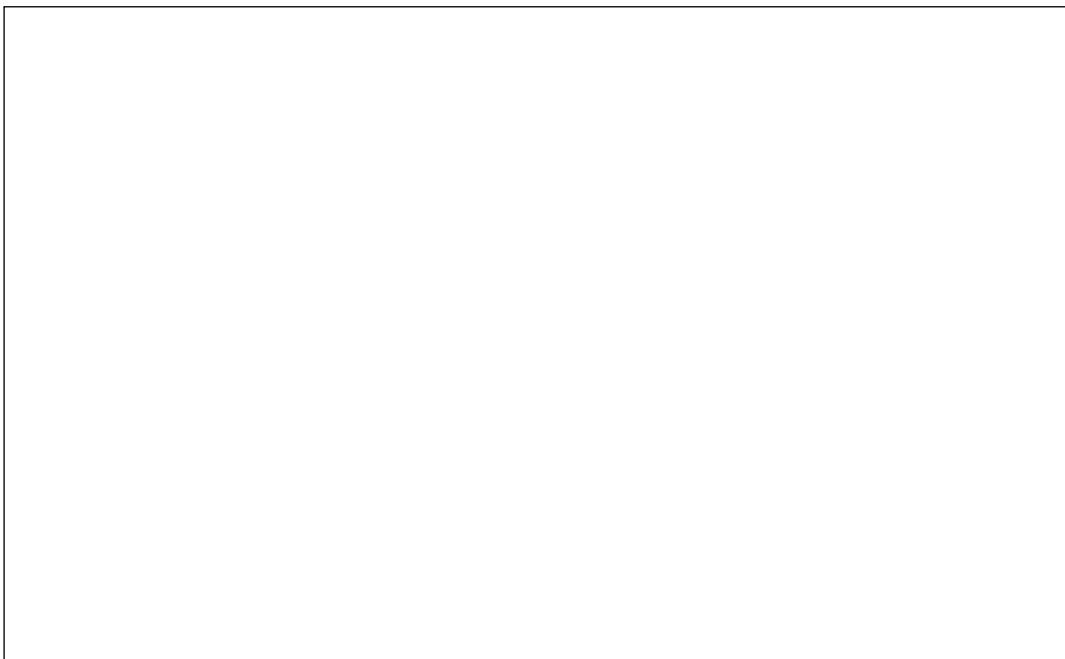
City of Canterbury
City of Cultural Diversity

ASSET MANAGEMENT STRATEGY 2013

Part of Canterbury City Council's Resourcing Strategy

NAMS.PLUS

Version 1.02 – August 2013

Adopted 13 February 2014

Document Control

Document Control	NAMS.PLUS Asset Management www.ipwea.org.au/namsplus			
Document ID: canterbury_cc_am_strategy_v1.02 130808				
Rev No	**Date**	**Revision Details**	**Author**	**Reviewer**	**Approver**
1.01	16 July 2013	Version 1 – Draft for Comment	CL (JRA)	AM (JRA)	
1.02	8 August 2013	Version 1.02 – Updated Maturity Assessment	CL (JRA)		

Table of Contents

Tables

Figures

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Executive Summary

The asset register and financial projections in this asset strategy have been made based on the asset inventories of the current technical assets register, the AssetVal revaluation totals and financial register, with the anticipated funds available being based on the Long Term Financial Plan as at 26 May 2011. Ensuring the technical register is up to date and linking and maintaining the technical and financial registers is a key item in the improvement plan. 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
- Footpaths
- Parks
- Stormwater Drainage
- Transport

These infrastructure assets have a replacement value of approximately $1.1B[1]

Council's infrastructure also includes land (Operational and Community) and miscellaneous assets not detailed in this strategy to the value of $214,879[2]; this represents 19.8% of the total value of Infrastructure: Property, Plant and Equipment detailed in Council's audited financial statements for the year ending 30 June 2012.

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.[3]

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

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[1] AssetVal Valuation Totals used for the 2013 Asset Management Plans
[2] Note 9a Audited Financial Statements 30 June 2012
[3] LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

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.

Strategy outlook

1. Council is currently in a satisfactory financial position but this forecast is expected to deteriorate in the medium term, Council has been unable to fund the required asset maintenance or asset renewal amounts and a continuation of this level of spending will see asset condition continue to deteriorate in the medium term.

2. Current levels of road resurfacing will result in a long frequency between resurfacing. This ultimately will result in higher costs to water penetrating and prematurely damaging the underlying road structure. This situation requires continued monitoring as the costs associated with this work and the risks to the network are high.

3. The forecast expenditure for infrastructure renewal is sufficient to maintain the current level of service provided by those assets for footpaths and parks and recreation assets. Forecast renewal expenditure for other major infrastructure categories is 70-80% of required expenditure.

4. Deferred maintenance may result in additional funding requirements and/or reduced service levels not stated or provided in the Community Strategic Plan. We are continually working to improve the level of confidence in our asset renewal forecasts.

5. 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.

6. Council's asset management capability is continuing to develop. Adopting and following the improvement plan in this strategy will enable a "Core" level of capacity to be achieved within 12 months.

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

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	Council and the community are

No	Strategy	Desired Outcome
	financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	aware of changes to service levels and costs arising from budget decisions.
6	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.
11	Report six monthly to Council by Audit Committee/CEO on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

Asset management improvement plan

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

Ref	Practice Area	Task	Responsibility	Target Date	Budget
1	Strategic Longer Term Planning	1. Continue and consolidate the update of the Long Term Financial Plan based on resource requirements and strategic objectives detailed in Councils Community Strategic Plan and Asset Management Plans and Strategy. 2. Need to separate renewal, upgrade new, operations and include projections in capital expenditure. 3. Ensure that CSP performance measures line up with AMP community service levels. 4. Implement rolling reviews and reporting on service levels that report value for money. 5. Develop future strategic plan updates including communication of state of the assets and affordable options with current and expected service levels and risks.	Corporate (Technical & Financial)	Staff Time	

Ref	Practice Area	Task	Responsibility	Target Date	Budget
2	Annual Budget	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.	Corporate (Technical & Financial)	Staff Time	
3	Annual Report	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.	Corporate (Technical & Financial)	Staff Time	
4	AM Policy	1. Annual review of the policy implementation by AM steering committee	Corporate (Technical & Financial)	Staff Time	
5	AM Strategy	1. Update the AM strategy in accordance with s403(2) of the LG Act and March 2013 IPR Manual 2. The Asset Management Strategy must identify assets that are critical to the council's operations and outline the risk management strategies for these assets. 3. The Asset Management Strategy must include specific actions required to improve the council's asset management capability and projected resource requirements and timeframes.	Corporate (Technical & Financial)	Staff Time	
6	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. 2. Ensure there is one scenario for each AMP that aligns with the adopted LTFP	Corporate (Technical & Financial)	Staff Time	

Ref	Practice Area	Task	Responsibility	Target Date	Budget
7	Governance and Management	1. Implement a formal improvement plan process guided by an asset management steering committee as per this report.	Corporate (Technical & Financial)	Staff Time	
8	Levels of Service	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. Implement state of the assets service level reporting for all asset categories.	Corporate (Technical & Financial)	Staff Time	
9	Data and Systems	1. Implement a corporate asset register to ensure consistent reporting.	Corporate (Technical & Financial)	Staff Time	
10	Skills and Processes	1. Annual review of documentation of processes and procedures to ensure the skills to maintain the asset register are fully and clearly understood by the organisation.	Corporate (Technical & Financial)	Staff Time	
11	Evaluation	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 (see NAMSPLUS2 for definitions and methodology). 5. Monitor and report on benefit cost risk to maintain optimum level of reporting.	Corporate (Technical & Financial)	Staff Time	

1.   Introduction

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

Infrastructure assets such as roads, drains, bridges, water and sewerage and public buildings present particular challenges. Their condition and longevity can be difficult to determine. Financing needs can be large, requiring planning for large peaks and troughs in expenditure for renewing and replacing such assets. The demand for new and improved services adds to the planning and financing complexity.[4]

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.[5]

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.[6]

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

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

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

- Evaluation.[7]

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.[8]

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.

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

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

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

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.[9]

Figure 1: NSW Local Government Planning and Reporting Framework

Local Government Planning and Reporting framework

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[9] NSW Division of Local Government, 2010, Planning and Reporting Guidelines for local government in NSW

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.

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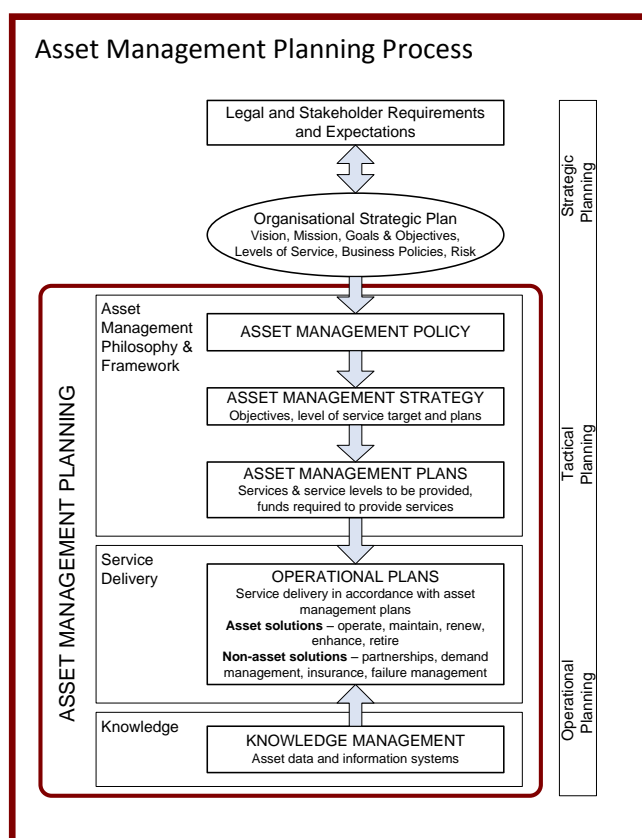
Each State and Territory has agreed and was expected to implement the National Frameworks in consultation with local government, with a target date of 31 December 2010.

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.[10]

Asset Management Planning Process

Legal and Stakeholder Requirements and Expectations

Organisational Strategic Plan
Vision, Mission, Goals & Objectives, Levels of Service, Business Policies, Risk

ASSET MANAGEMENT POLICY

ASSET MANAGEMENT STRATEGY
Objectives, level of service target and plans

ASSET MANAGEMENT PLANS
Services & service levels to be provided, funds required to provide services

OPERATIONAL PLANS
Service delivery in accordance with asset management plans
Asset solutions – operate, maintain, renew, enhance, retire
Non-asset solutions – partnerships, demand management, insurance, failure management

KNOWLEDGE MANAGEMENT
Asset data and information systems

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
Buildings	• Community Buildings • Operational Buildings • Other Structures	The buildings and structures provided by Canterbury City Council are used to support the administration, operational and social infrastructure for the community.
Parks and Recreation	• Park Facilities and structures • Sportsgrounds • Open Space	Council provides a parks, open space and recreation network to enhance its open space areas. These assets provide a range of opportunities for residents and visitors to keep fit, healthy and active and enjoy open

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

Asset Class	Description	Services Provided
		spaces in natural environments.
Footpaths	• Asphalt • Concrete • Paved	Council's footpath network contributes to creating accessible communities, provides access to services for residents and visitors and supports health and lifestyle.
Stormwater Drainage	• Stormwater Pipes • Stormwater Pits • Gross Pollutant Traps (GPT)	The stormwater network controls minor issues related to flooding, provide access, protect persons and property and improve safety.
Roads and Transport	• Sealed Roads • Other Road Assets • Footpaths • Kerb and Gutter • Car Parks • Bridges • Major Culverts	The basic aim of transport infrastructure is to allow the transition of people and goods in order for the economy of the community to function. This includes freight transport, as well as passenger transport either to/from work, or to various recreational activities.

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 Figures from AssetVal Revaluation (Totals used for 2013 AMPs)

Asset Class	Replacement Cost ($000)	Residual Value ($000)	Depreciable Amount ($000)	Depreciated Replacement Cost ($000)	Depreciation Expense ($000)
Buildings	$91,100.69	$0.00	$91,100.69	$41,988.29	$1,822.01
Transport	$837,391.08	$221,503.28	$615,887.80	$698,537.52	$16,353.44
Stormwater Drainage	$79,911.53	$0.00	$79,911.53	$35,161.07	$799.12
Footpaths	$63,435.72	$0.00	$63,435.72	$49,479.86	$1,268.71
Parks and Land Improvements	$29,663.86	$0.00	$29,663.86	$17,798.31	$741.60
Total	**$1,101,502.87**	**$221,503.28**	**$879,999.59**	**$842,965.06**	**$20,984.88**
Assets not covered in strategy and AMPs (Land and miscellaneous assets (Plant & Equipment, Furniture & Fittings etc)[11]	$214,879	$0.00	$214,879	$198,210	$2,763

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

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[11] Note 9a Audited Financial Statements – 30 June 2012

Figure 2: Asset Replacement Values (Source: Table 2)

Parks and Land Improvements, $29,663,857

Infrastructure Not covered in AMPs, 19.8% of total infrastructure from note 9 (30 June 2012)

Buildings, $91,100,688

Stormwater Drainage, $79,911,531

Footpaths, $63,435,717

Transport, $837,391,076
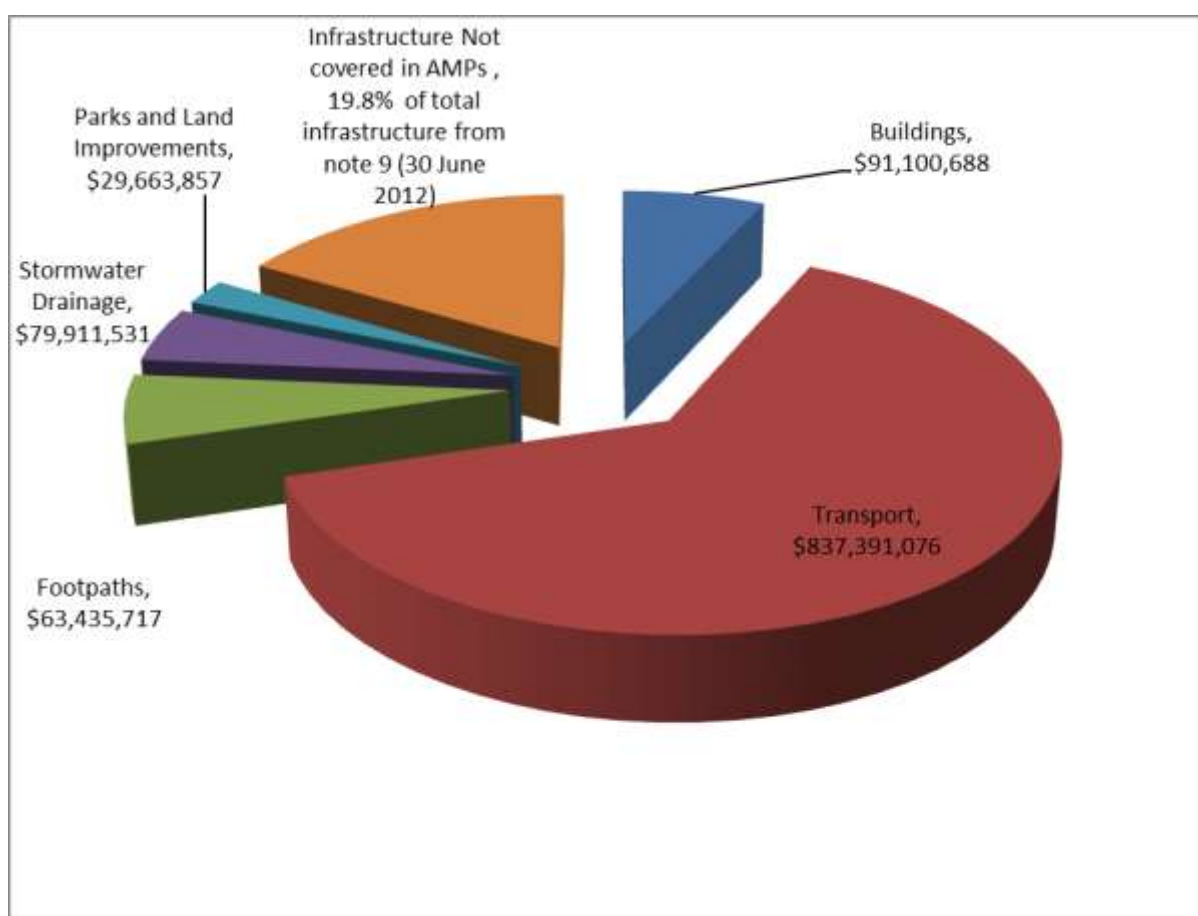
The asset consumption ratios of Council's assets (average proportion of 'as new' condition left in assets) are shown in Figure 3 and 4.

Figure 3: Remaining Value of Assets (%)
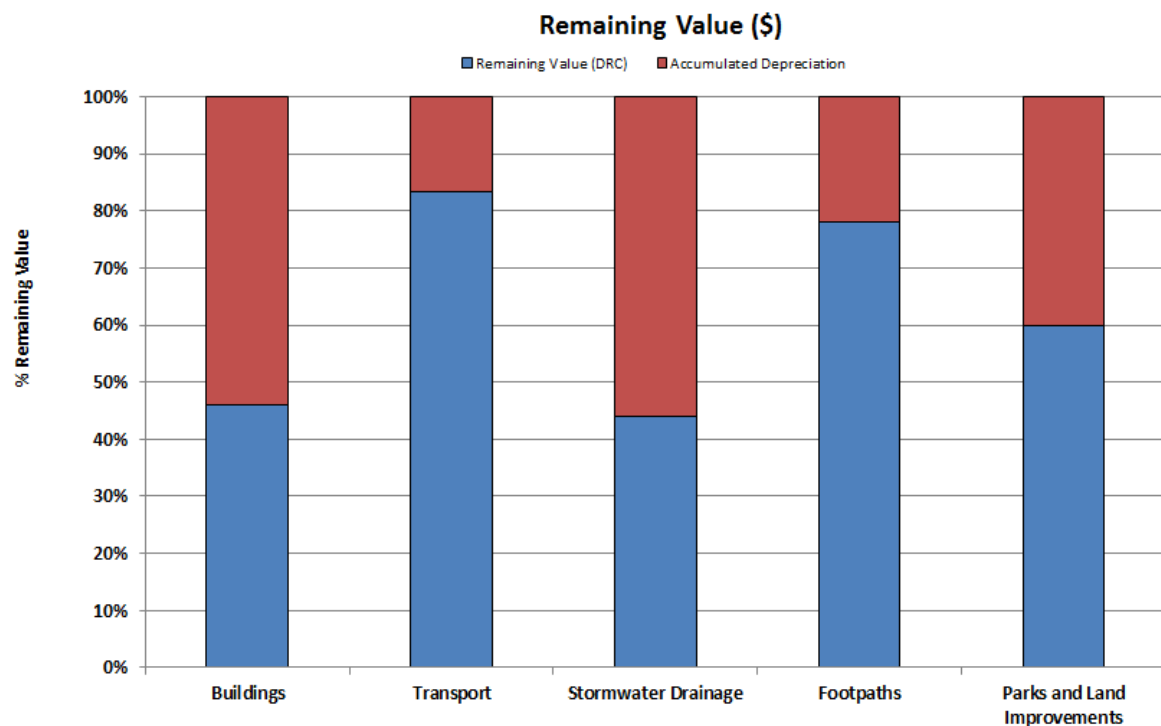
The current valuation assessments indicate all asset groups have greater than 40% of remaining value. However Buildings and stormwater drainage have less than 50% of value remaining.

(Source: AssetVal Revaluation Totals)

Figure 4: Remaining Value of Assets ($)
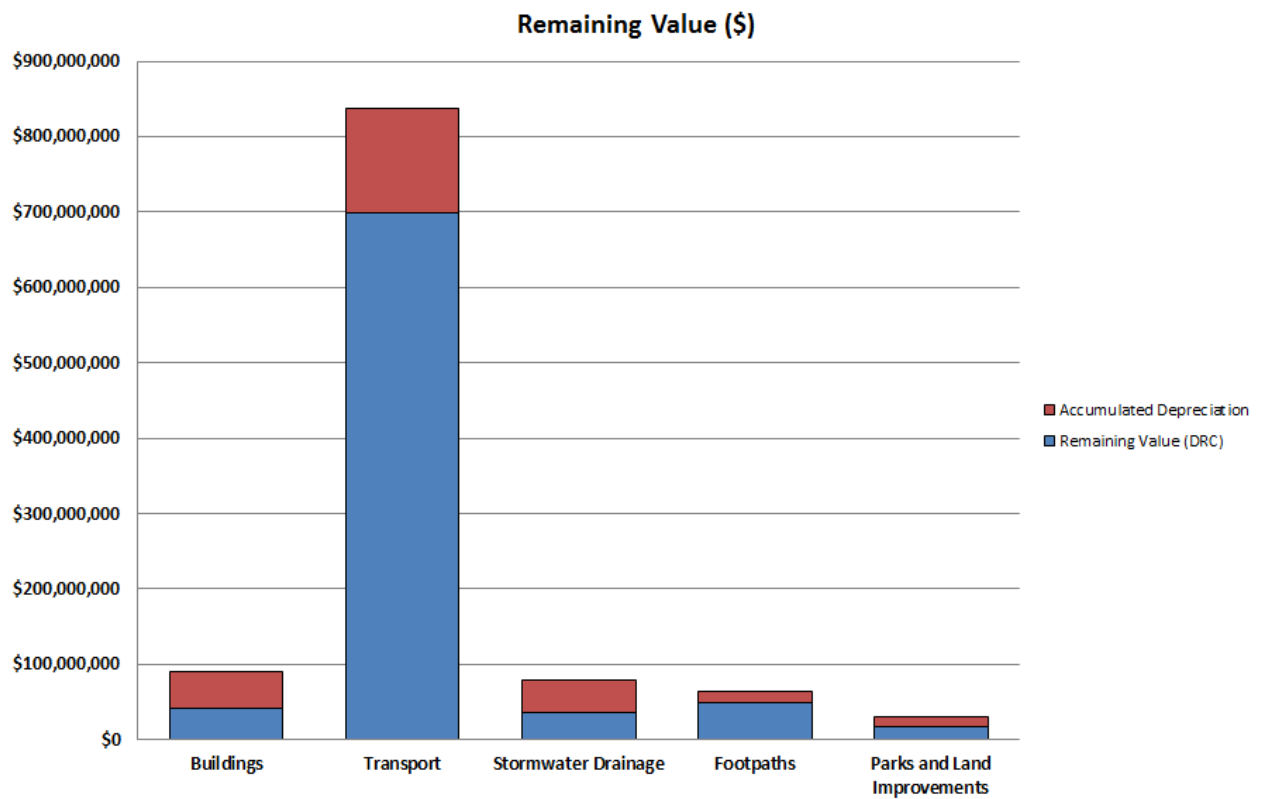
The condition of Council's assets is shown in Figure 3.

Figure 5: State of Council's Assets – Summary of Asset Groups Condition by % Value

(Source: Condition percentages provided by technical staff for 2013 dashboards by values from table 2)
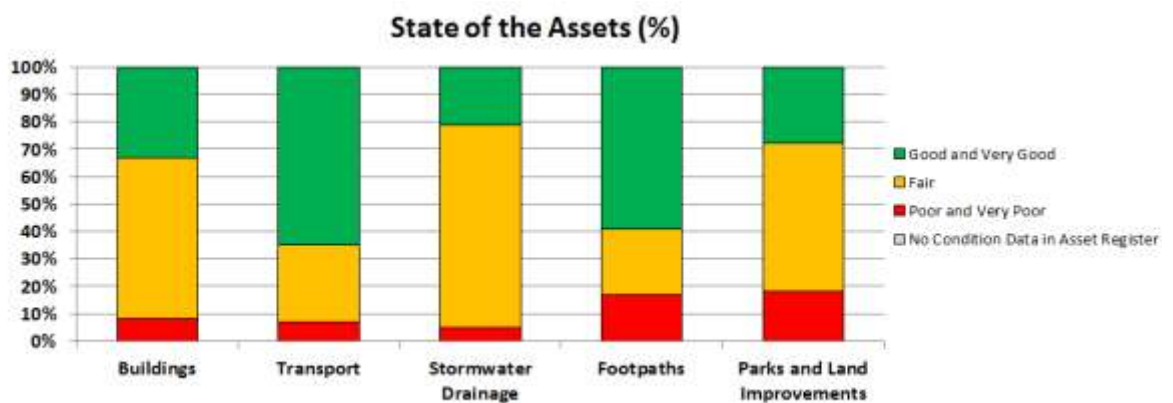
Figure 6: State of Council's Assets – Summary of Asset Groups Condition by Value

(Source: Condition percentages provided by technical staff for 2013 dashboards by values from table 2)

Figure 7: State of Council's Assets – Summary of Council's Assets Condition by Replacement Cost

(Source: Condition percentages provided by technical staff for 2013 dashboards by values from table 2)
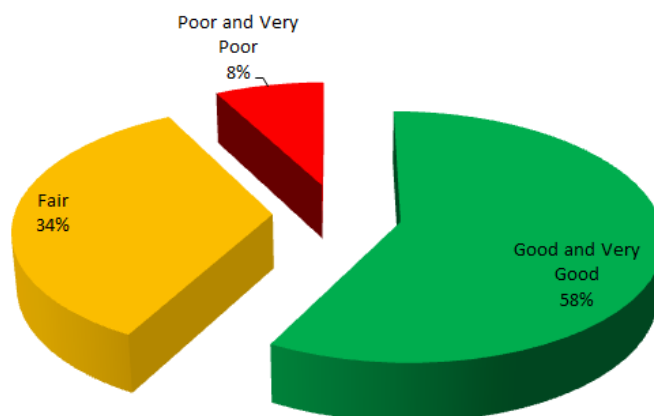
Table 3: Source and Confidence of Condition Data

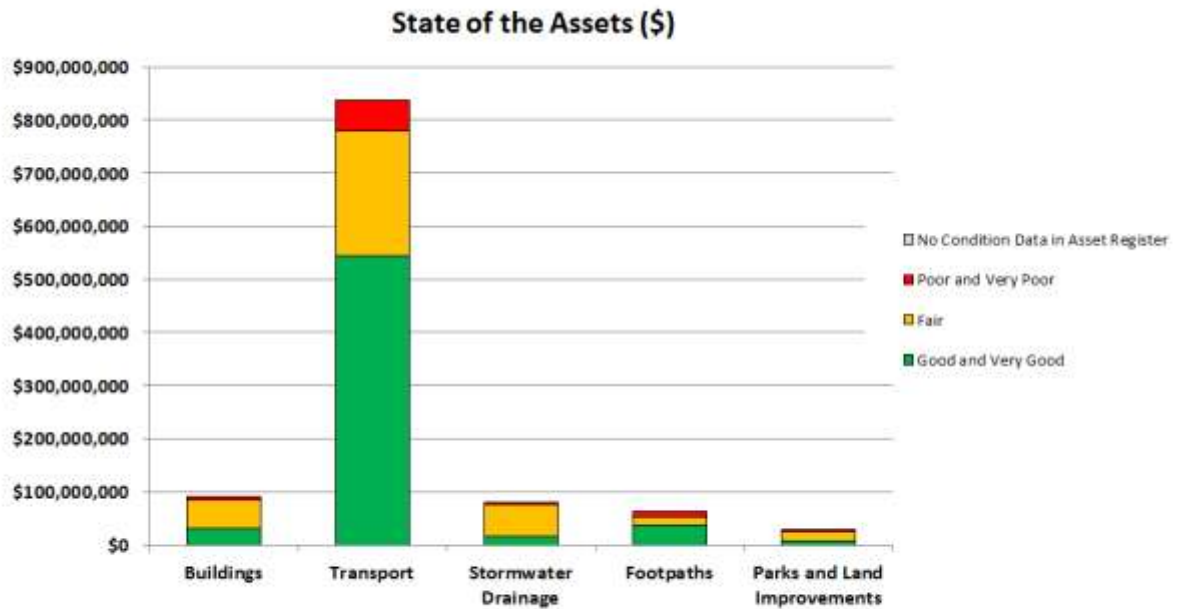| Category	Source	Confidence Level
Buildings	Condition information provided by Technical staff for the 2013 AssetVision Dashboards (% Good/Fair/Poor). ±10% variation from condition totals from the Pre-Revaluation Technical Register	Medium
Transport	Condition information provided by Technical staff for the 2013 AssetVision Dashboards (% Good/Fair/Poor). ±10% variation from condition totals from the Pre-Revaluation Technical Register	Medium
Stormwater Drainage	Condition information provided by Technical staff for the 2013 AssetVision Dashboards (% Good/Fair/Poor). ±10% variation from condition totals from the Pre-Revaluation Technical Register	Medium
Footpaths	Condition information provided by Technical staff for the 2013 AssetVision Dashboards (% Good/Fair/Poor). ±10% variation from condition totals from the Pre-Revaluation Technical Register	Medium
Parks and Land Improvements	Condition information provided by Technical staff for the 2013 AssetVision Dashboards (% Good/Fair/Poor). >10% variation from condition totals from the Pre-Revaluation Technical Register	Low/Medium

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. 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 4.

Table 4: Life Cycle Cost for Council Services

Lifecycle Costs (Annual Average)				
Service	Previous Year Expenditure		Previous Year Depreciation Exp ('$000)	Life Cycle Cost ($'000/yr)
	Operations ('$000)	Maintenance ('$000)		
Buildings	$2,846.14	$1,984.47	$2,000.00	$6,831
Footpaths	$316.91	$3,163.79	$1,300.00	$4,781
Parks	$5,339.74	$4,748.53	$2,935.00	$13,023
Stormwater	$365.07	$608.45	$800.00	$1,774

Lifecycle Costs (Annual Average)				
Service	Previous Year Expenditure		Previous Year	Life Cycle Cost
	Operations ('$000)	Maintenance ('$000)	Depreciation Exp ('$000)	($'000/yr)
Transport	$963.10	$3,816.66	$6,650.00	$11,430
Total	**$9,831**	**$14,322**	**$13,685**	**$37,838**

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

Lifecycle Expenditures (Annual Average)				
Service	Previous Year Expenditure		Cap Renewal Exp	Life Cycle Exp
	Operations ('$000)	Maintenance ('$000)	($'000/yr)	($'000/yr)
Buildings	$2,725	$1,900	$1,445	$6,070
Footpaths	$300	$2,995	$1,300	$4,595
Parks	$4,245	$3,775	$2,935	$10,955
Stormwater	$360	$600	$600	$1,560
Transport	$960	$3,800	$4,790	$9,550
Total	**$8,590**	**$13,070**	**$11,070**	**$32,730**

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 ($'000/yr)	Life Cycle Expenditure ($'000/yr)	Life Cycle Gap * ($'000/yr)	Life Cycle Indicator
Buildings	$6,831	$6,070	-$761	0.89
Footpaths	$4,781	$4,595	-$186	0.96
Parks	$13,023	$10,955	-$2,068	0.84
Stormwater	$1,774	$1,560	-$214	0.88
Transport	$11,430	$9,550	-$1,880	0.84
Total	**$37,838**	**$32,730**	**-$5,108**	**0.87**

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

Operations and Maintenance are 10 year average estimates from NAMSPLUS asset management plan data templates (S2, Form 3). Maintenance and operations costs in Table 4 include additional maintenance and operations costs resulting from additional assets.

Table 7: Asset Renewal Funding Ratio (10 year)

The Asset Renewal funding Ratio is the comparison of the capital renewal funding being provided over the next 10 years 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.

Service	Asset Renewal Funding Ratio
Buildings	72 %
Footpaths	100 %
Parks	100 %
Stormwater	75 %
Transport	72 %

Table 8: Medium Term Sustainability Indicators

Source: NAMSPLUS Sustainability Outputs.

Medium Term (10 Year Period) Sustainability Indicators				
Service	Annual Average of the 10 Year Forecast (Projected) Requirements ($000's)	Annual Average of the 10 Year Planned LTFP Budget ('$000)	Annual Average Shortfall	10 Year Financing Indicator
Buildings	$6,831	$6,070	-$761	89%
Footpaths	$4,781	$4,595	-$186	96%
Parks	$13,023	$10,955	-$2,068	84%
Stormwater	$1,774	$1,560	-$214	88%
Transport	$11,430	$9,550	-$1,880	84%
Total	**$31,311**	**$27,827**	**-$3,484**	**89%**

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

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

Asset Category	For Figure 8 – These totals form the bars				For Figure 8 – The total of these figures form the budget line				Total Variance ($000's)	Ratio
	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)		
Buildings	$28,461	$19,845	$20,000	$9,000	$27,250	$19,000	$14,450	$8,250	-$8,356	89%
Footpaths	$3,169	$31,638	$13,000	$7,500	$3,000	$29,950	$13,000	$7,500	-$10,009	97%
Parks	$53,397	$47,485	$29,350	$17,000	$42,450	$37,750	$29,350	$16,750	-$13,478	86%
Stormwater	$3,651	$6,084	$8,000	$2,500	$3,600	$6,000	$6,000	$3,025	-$206	92%
Transport	$9,631	$38,167	$66,500	$6,000	$9,600	$38,000	$47,900	$6,000	-$17,621	84%
Total	**$98,310**	**$143,219**	**$136,850**	**$42,000**	**$85,900**	**$130,700**	**$110,700**	**$41,525**	**-$17,621**	**88%**

The sustainability indicators are significantly influenced by the forecast of capital renewal and the planned expenditure on capital renewal.

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)***

    o   Uses the forecast of asset renewal from the asset registers.

- ***Asset Planning Forecasting Method 2 (S2)***

    o   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)***

    o   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 8: Current Asset Analysis – 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. (Source Table 9 Data)

Canterbury City Council Sydney Overall Funding Position
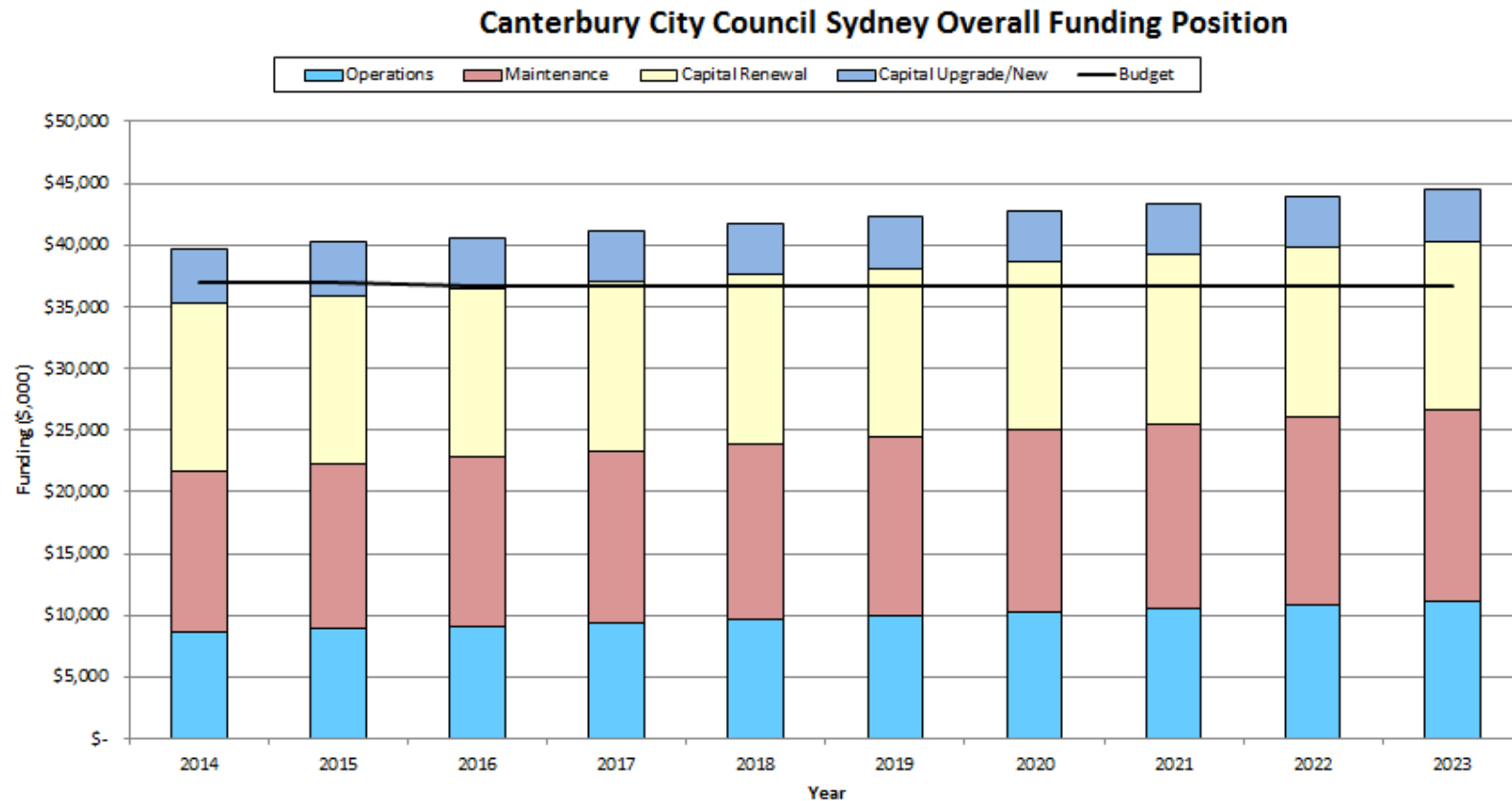
3.3   Asset Management Structure

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

The role of the AMSC 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 development programme (AMDP) 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 Senior Management Group (SMG) of progress and
- Recommending to the group organisational change as required.

3.4   Asset Management Steering Committee

A 'whole of organisation' approach to asset management can be developed with a corporate asset management team. The benefits of a corporate asset management team include:

- demonstrate corporate support for sustainable asset management,
- encourage corporate buy-in and responsibility,
- coordinate strategic planning, information technology and asset management activities,
- promote uniform asset management practices across the organisation,
- information sharing across IT hardware and software,
- pooling of corporate expertise
- championing of asset management process,
- wider accountability for achieving and reviewing sustainable asset management practices.

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

Phase 1
- strategy development and implementation of asset management improvement program,

Phase 2
- asset management plan development and implementation,
- reviews of data accuracy, levels of service and systems plan development,

Phase 3
- asset management plan operation

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

3.5 Financial & Asset Management Core Competencies

The National Frameworks on Asset Planning and Management and Financial Planning and Reporting define 10 elements. 11 core competencies have been developed from these elements[12] 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

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[12] 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 9. 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 9: Core Asset Management Maturity
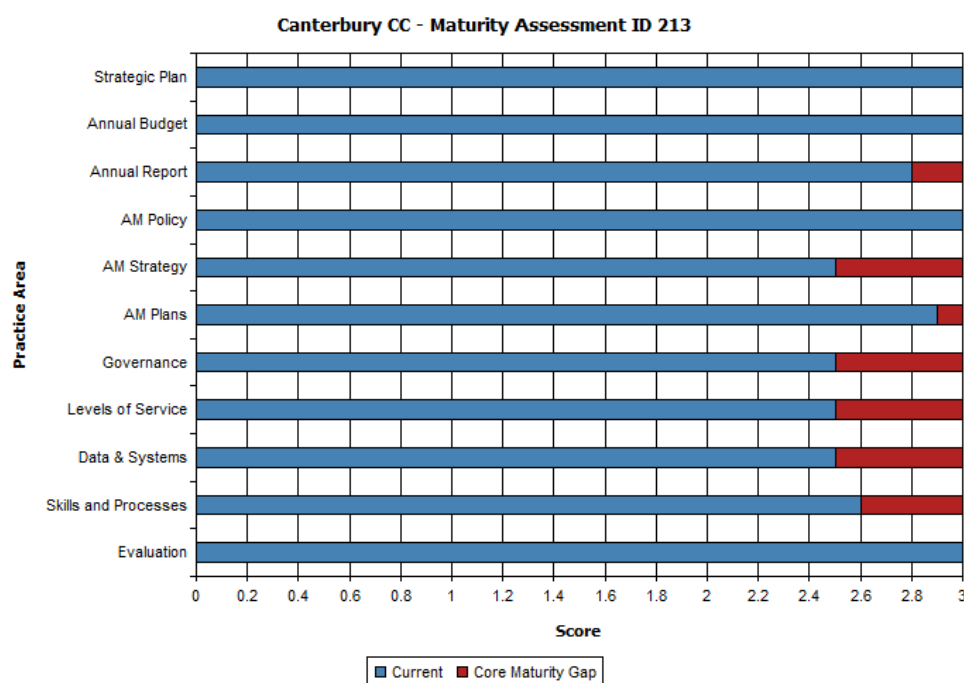
Council was below at core level in some asset management practices when assessed in August 2013.

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 committee in accordance with sections 5 and 6 of this strategy. Future review of Council's asset maturity assessment will demonstrate significant improvements to maturity.

3.6 Strategy Outlook

8. Council is currently in a satisfactory financial position but this forecast is expected to deteriorate in the medium term, Council has been unable to fund the required asset maintenance or asset renewal amounts and a continuation of this level of spending will see asset condition continue to deteriorate in the medium term.

9. Current levels of road resurfacing will result in a long frequency between resurfacing. This ultimately will result in higher costs to water penetrating and prematurely damaging the underlying road structure. This situation requires continued monitoring as the costs associated with this work and the risks to the network are high.

10. The forecast expenditure for infrastructure renewal is sufficient to maintain the current level of service provided by those assets for footpaths and parks and recreation assets. Forecast

renewal expenditure for other major infrastructure categories is 70-80% of required expenditure.

11. Deferred maintenance may result in additional funding requirements and/or reduced service levels not stated or provided in the Community Strategic Plan. We are continually working to improve the level of confidence in our asset renewal forecasts.

12. 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.

13. Council's asset management capability is continuing to develop. Adopting and following the improvement plan in this strategy will enable a "Core" level of capacity to be achieved within 12 months.

14. 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 Vision, Mission, Goals and Objectives

4.1.1 Our Vision

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

"The City of Canterbury is a great place to live, play and work.

Here people from many diverse nations and cultures live together harmoniously, and there is a great sense of community.

The City is clean and tidy; there are plenty of trees, roads, footpaths and town centres which are well maintained, giving the City an attractive appearance.

There are still lots of houses, not too many units or high-rise, a balance of residential and business areas, affordable places to live, and valuable heritage houses have been preserved. Traffic flows smoothly and safely, with a minimum of congestion. Our City is pedestrian and bicycle friendly. There is good public transport and enough parking.

There are beautiful parks, gardens and green open spaces, particularly along the Cooks River, with outdoor recreation facilities, walking tracks, bike paths and plenty of places for the children to play.

It feels safe to live here, with low crime and enough lighting in streets and parks.

Shopping is diverse and cheap, in particular offering foods from many cultures. There are thriving retail centres and local businesses, and more job opportunities, particularly in professional fields.

We take care of our natural environment, save water, recycle, support community gardens, and use renewable energy.

All the services and facilities we need are here for learning, health and fitness, sport, art and cultural expression.

Our Council listens and responds with meaningful action to provide the things we need."

4.1.2 Our Mission

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

"We are responsible to council and our community through the City Strategic Plan to achieve real improvements in quality of life for people living and working in the City of Canterbury."

4.1.3 Our Goals and Objectives

The Strategic Plan sets goals and objectives to be achieved in the planning period. The goals set out where Council wants to be. The objectives are the steps needed to get there. Goals and objectives relating to the delivery of services from infrastructure are shown in Table 10.

Table 10: Goals and Objectives for Infrastructure Services

Strategic Plan Themes	Objective
Theme 1 – Attractive city	1.1 Attractive Streetscapes
	1.2 Balanced urban development
	1.3 Prosperous local economy
Theme 2 – Stronger community	2.1 Embrace diversity
	2.2 Health and safety
	2.3 Access to facilities and services
Theme 3 – Sustainable environment	3.1 Transport alternatives that work
	3.2 Responsible use of resources
	3.3 Healthy natural
	environment
Theme 4 – Strategic leadership	4.1 Healthy finances
	4.2 Engaged community
	4.3 Effective governance
Theme 5 – Improving organisation	5.1 Efficient services
	5.2 Responsible employer
	5.3 Well maintained equipment

4.1.3   Sustainable Canterbury

We want Canterbury to be sustainable.

This means balancing the ecological, societal, economic and human habitat needs of present generations so they do not compromise the needs of future generations.

It means our City is a great place to live, play and work for people here now and in the future.

It means keeping the things we like about our City, and making life better where we can.

4.2   Asset Management Policy

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

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

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

4.3   Asset Management Vision

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

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

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

- ensure that the Council's infrastructure services are provided in an economically 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 11: 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 tasks required to achieve a 'core' financial and asset management maturity are shown in priority order in Table 8.

Table 12: Asset Management Improvement Plan

Ref	Practice Area	Task	Responsibility	Target Date	Budget
1	Strategic Longer Term Planning	1. Continue and consolidate the update of the Long Term Financial Plan based on resource requirements and strategic objectives detailed in Councils Community Strategic Plan and Asset Management Plans and Strategy. 2. Need to separate renewal, upgrade new, operations and include projections in capital expenditure. 3. Ensure that CSP performance measures line up with AMP community service levels. 4. Implement rolling reviews and reporting on service levels that report value for money. 5. Develop future strategic plan updates including communication of state of the assets and affordable options with current and expected service levels and risks.	Corporate (Technical & Financial)	Staff Time	
2	Annual Budget	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.	Corporate (Technical & Financial)	Staff Time	
3	Annual Report	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.	Corporate (Technical & Financial)	Staff Time	

Ref	Practice Area	Task	Responsibility	Target Date	Budget
4	AM Policy	1. Annual review of the policy implementation by AM steering committee	Corporate (Technical & Financial)	Staff Time	
5	AM Strategy	1. Update the AM strategy in accordance with s403(2) of the LG Act and March 2013 IPR Manual 2. The Asset Management Strategy must identify assets that are critical to the council's operations and outline the risk management strategies for these assets. 3. The Asset Management Strategy must include specific actions required to improve the council's asset management capability and projected resource requirements and timeframes.	Corporate (Technical & Financial)	Staff Time	
6	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. 2. Ensure there is one scenario for each AMP that aligns with the adopted LTFP	Corporate (Technical & Financial)	Staff Time	
7	Governance and Management	1. Implement a formal improvement plan process guided by an asset management steering committee as per this report.	Corporate (Technical & Financial)	Staff Time	
8	Levels of Service	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. Implement state of the assets service level reporting for all asset categories.	Corporate (Technical & Financial)	Staff Time	
9	Data and Systems	1. Implement a corporate asset register to ensure consistent reporting.	Corporate (Technical & Financial)	Staff Time	
10	Skills and Processes	1. Annual review of documentation of processes and procedures to ensure the skills to maintain the asset register are fully and clearly understood by the organisation.	Corporate (Technical & Financial)	Staff Time	
11	Evaluation	1. Implement the evaluation process that is part of this report. 2. Ensure an annual review is undertaken of asset maturity across the organisation.	Corporate (Technical & Financial)	Staff Time	

Ref	Practice Area	Task	Responsibility	Target Date	Budget
		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 (see NAMSPLUS2 for definitions and methodology). 5. Monitor and report on benefit cost risk to maintain optimum level of reporting.			

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 the quality and mix of services Council can afford to provide.

Table 13 shows the draft ongoing engagement programme and key milestones. This should be reviewed every quarter.

Table 13: Asset Management Improvement Plan

Project Plan	Key Reporting and Engagement Tasks			
Key Project Components	**Jan – Jun 2013**	**Jul – Dec 2013**	**Jan – Jun 2014**	**After June 2014**
1. *Review and update community strategic plan*	*Ensure CSP aligns with Strategy and Planning Documents. Additional scenarios may be needed to balance LTFP resources to achievable service targets.*	*Brief new Council on any important sustainability, risk and service level implications 2013 Strategy and Planning Documents.*	*Following completion of service level and risk reporting determine ongoing community engagement for sustainable service delivery.*	*Outgoing Council reports progress made during their Council term*
2. - *Strategy and Planning Documents development and coordination*	*Complete draft Strategy and Planning Documents that balances LTFP with AMPs. AM strategy outlines risks of current maturity as well as service levels that can be achieved by Strategy and Planning Documents*			*New Council engages community in reviewing and updating the Council's Strategy and Planning Documents as per community consultation strategy.*
2.1 *Review and update Long Term Financial Plan*	*Ensure LTFP balances with AMP costs to deliver service level and risk targets. This may involve a number of scenarios. If the LTFP results in service level decline and higher risks there needs to be a Councillor and Community engagement process so that the risks and trade off process is communicated.*			*Annual review or LTFP and delivery programme*
2.2 *Review and update Asset Management Plans Policy, Strategy*	*Complete balanced AM Policy, Plans and Strategy in 2013 with an achievable resourcing plan and service targets and performance reporting based on the resourcing strategy. Council may have additional scenarios showing alternative service levels if funding is available.*	*Ensure AMPs contain service levels and risks that reflect available resources in LTFP as well as scenarios to achieve target levels of service (if different to achievable levels of service).*	*Council reviews resourcing strategy every year including a state of the assets report on condition, function and capacity trends against targets.* *.*	*Update Strategy and Planning Documents as required*

Appendix A   Asset Management Steering Committee Charter

The role of the AMSC 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 development programme (AMDP) 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 Senior Management Group (SMG) of progress and
- Recommending to the group organisational change as required.

2) Asset Management Steering Committee (AMSC)

Purpose of the AMSC - Primary Function

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

The AMSC 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 AMSC provides insight on long-term strategies in support of legislative mandates.

Members of the AMSC 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 PGC 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 AMSC is responsible for approving major project elements such as:

- Deliverables as identified in the project Implementation Programme
- 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 committee 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 of 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) AMSC Committee Membership

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

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

Role of a AMSC Committee Member

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

Meeting Schedule and Progress

The AMSC team will meet monthly or as required to keep track of issues and the progress of the project's implementation and ongoing support to its stakeholders. The project manager chairs the AMSC and facilitates the AMSC Meeting. A meeting will be scheduled quarterly.

Meeting Agenda

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

- Review Project 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 AMSC meeting
- Review and approval of project change orders
- Plans for next reporting period
- Specific requests for assistance of the AMSC
- 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 AMSC Meeting will determine which AMSC members will be required to attend specific meetings. For example specific AMSC meetings regarding policy and strategy would require attendance by Executive team.

5) Guidelines / Standards

The AMSC 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 committee. A copy of a policy meeting the National Frameworks is attached. This policy ensures commitment to the adoption and integration of best practice Asset Management principles and practices within Canterbury 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.
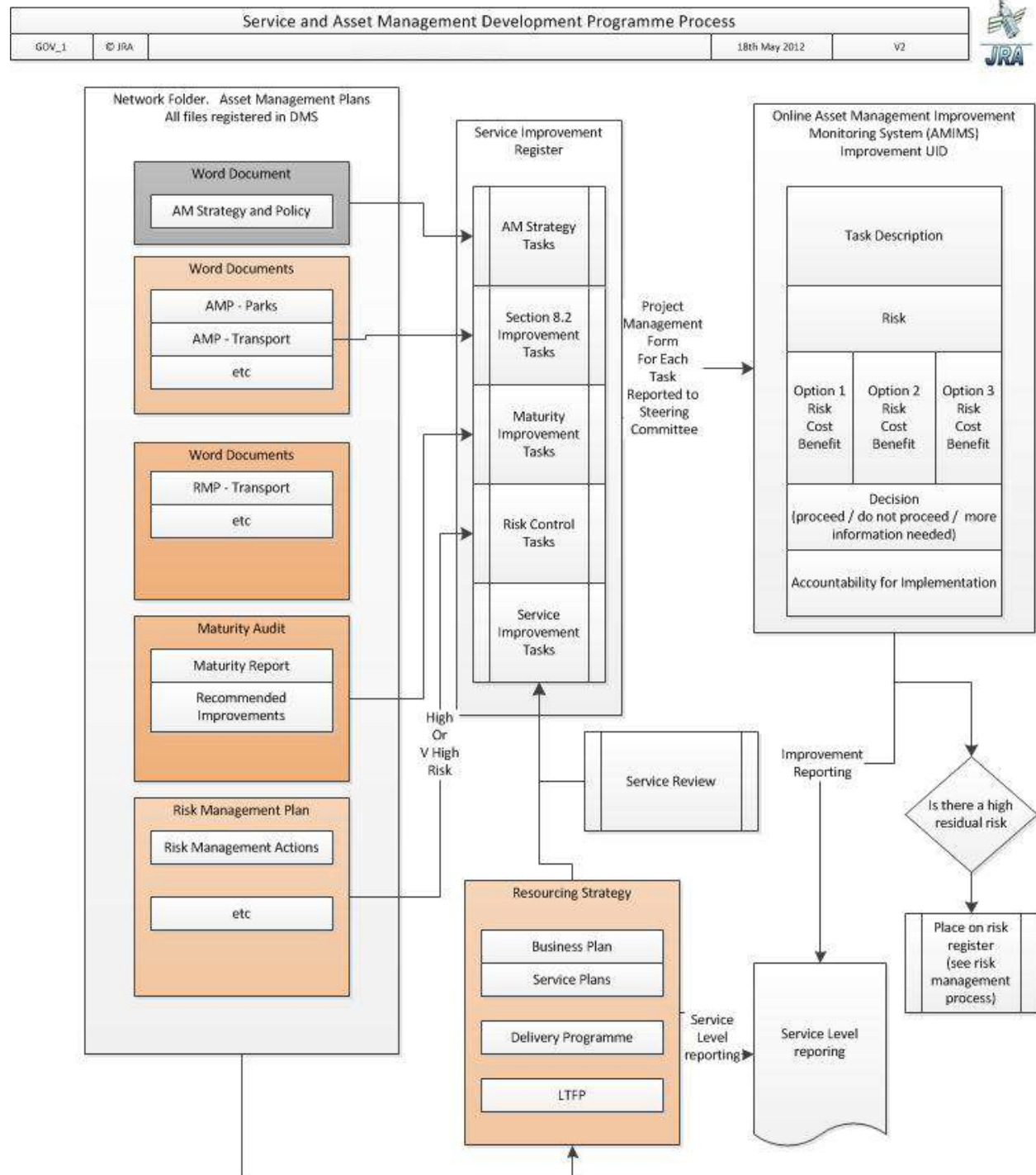
GOV_2 shows the documents and files that are part of the asset management plans and strategy and a suggested process to ensure that if data or asset management plans are updated, the changes can be tracked.
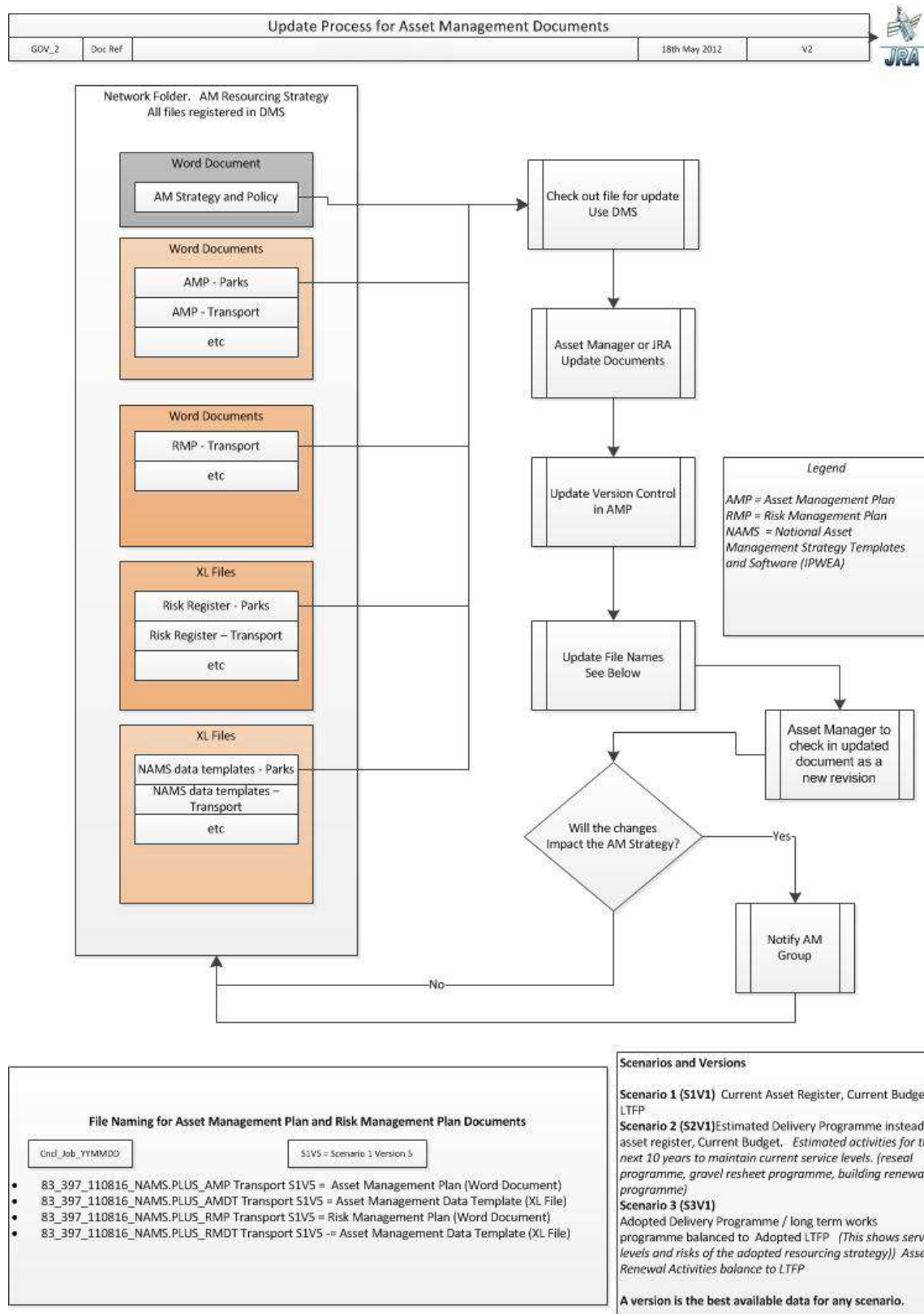
GOV_3 shows the process to communicate risks from the asset management plans to asset management committee via a regular asset team meeting to ensure council is informed of any high residual risks.
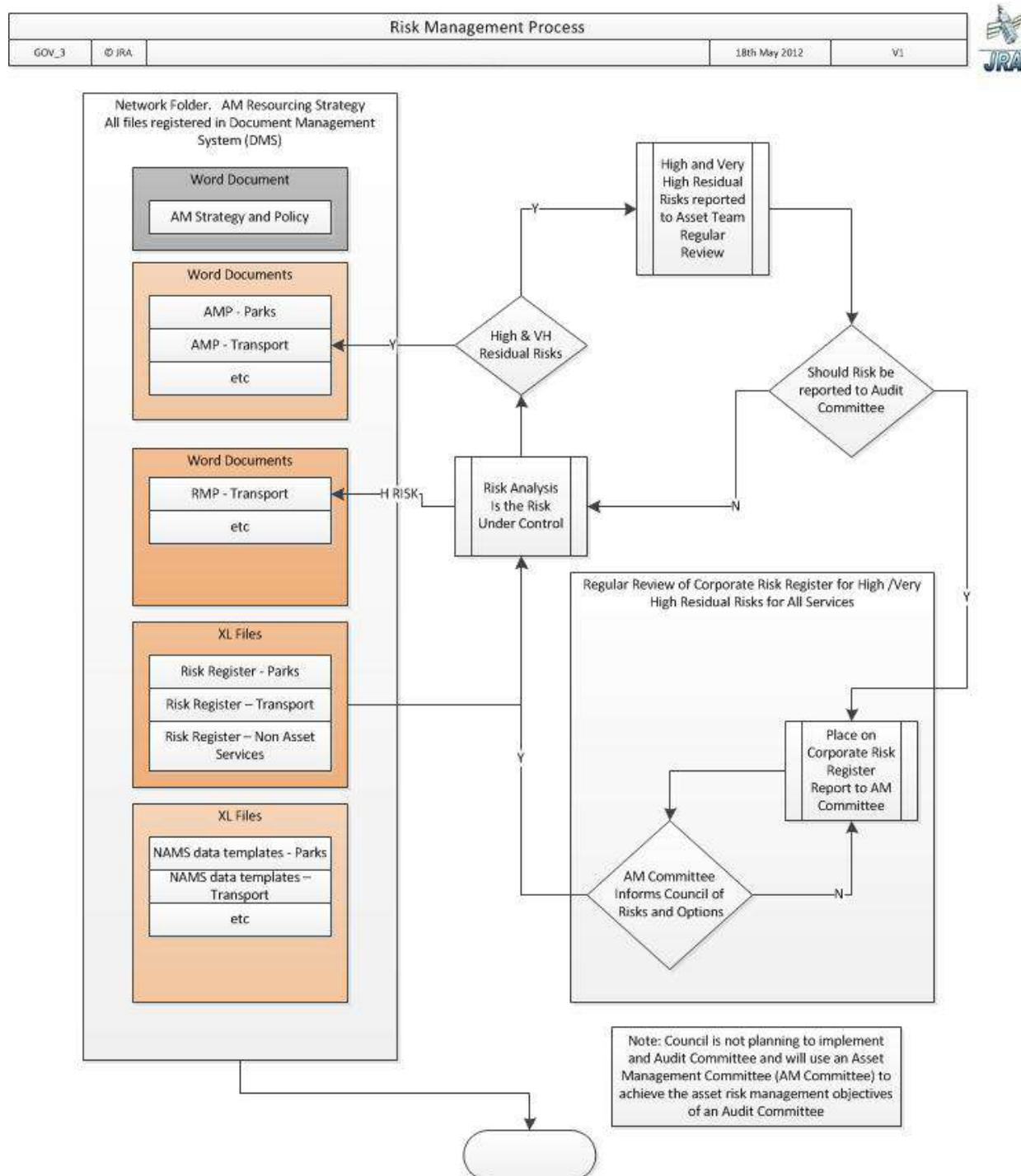
Appendix C   Asset Management Policy

Canterbury City Council	ASSET MANAGEMENT POLICY	Doc No	
		Version	Date
		1	August 2013
Controller:	Approved By:	Adoption Date	
GENERAL MANAGER	Council Meeting		

1.0 Purpose

To set guidelines for implementing consistent asset management processes throughout Canterbury 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 asset management awareness throughout the organisation by training and development.

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.

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 the organisation. 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   Asset management practices impact directly on the core business of the organisation and appropriate asset management is required to achieve our strategic service delivery objectives.

4.1.3   Adopting asset management principles will assist Council in achieving its Strategic Longer-Term Plan and Long Term Financial objectives.

4.1.4   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 and economic environments 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   Asset Management Plans will be developed for major service/asset categories.   The plans will be informed by community consultation and financial planning and reporting.

4.2.5   An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.

4.2.6   Asset renewals required to meet agreed service levels and identified in adopted asset management plans and long term financial plans will be fully funded in the annual budget estimates.

4.2.7   Service levels agreed through the budget process and defined in adopted Asset Management Plans will be fully funded in the annual budget estimates.

4.2.8   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.

4.2.9   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.

4.2.10 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.

4.2.11 Future service levels will be determined in consultation with the community.

4.2.12 Training in asset and financial management will be provided for councillors and relevant staff.

5.0 Legislation   Local Government Act 1993.

Local Government Amendment (Planning and Reporting) Act 2009. The Act sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery. The amendments to the Act give effect to the Integrated Planning and Reporting framework.

6.0 Related Documents   Resourcing Strategy (Asset Management Policy, Asset Management Strategy Asset Management Plans. Long term financial Plan and the Workforce Plan)

- Canterbury City Council Community Strategic Plan

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 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 4 years. It will be reviewed in May 2016.

Council Meeting Date

Appendix D   2013 Maturity Assessment Report

			Current Risk	Target Risk
Framework	Financial Planning & Reporting			
Element	Strategic Longer Term Plan	**Likelihood**	Likely	Rare
Practice Area	Strategic Longer Term Plan	**Consequence**	Major	Minor
		Risk Score	**High**	**Low**

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

Core Maturity Assessment	Meets Requirements

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

Observations of Current Maturity Level

1. CSP at core level. 2. The Community Strategic Plan (CSP) is well-presented with a strong community focus. 3. The CSP clearly identifies the main priorities and aspirations for the local government area and indicates trends in achieving these priorities.

Implications of Current Maturity Level

1. The service level consequences for affordable service levels are included in the strategic plan, although the confidence around the supporting data and costs is not at a high level at this time. 2. LTFP financial projections may not accurately project the future operating and renewal outlays required to provide the services identified in the strategic plan. 3. The CSP has some link to the AM Plans and LTFP and therefore does show likely service level trends and impacts. Need to ensure linkages are strengthened between AMPs and the LTFP to achieve a high level of confidence in showing long-term service level trends and any impact they may have on the Strategic Plan.

Recommendations

1. Continue and consolidate the update of the Long Term Financial Plan based on resource requirements and strategic objectives detailed in Councils Community Strategic Plan and Asset Management Plans and Strategy. 3. Need to separate renewal, upgrade new, operations and include projections in capital expenditure. 4. Ensure that CSP performance measures line up with AMP community service levels. 5. Implement rolling reviews and reporting on service levels that report value for money. 6. Develop future strategic plan updates including communication of state of the assets and affordable options with current and expected service levels and 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	●	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	●	The development of the Strategic Longer Term Plan included community engagement and reflects community needs.
4	◉	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	◉	Council's Long Term Financial Plan is directly aligned with its Service Plans.
4	◉	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	◉	The Long Term Financial Plan clearly identifies the ongoing maintenance, operational and renewal impacts arising from capital works and contributed assets.
4	●	The Strategic Longer Term Plan includes a current position statement and discussion
4	●	The Strategic Longer Term Plan includes strategies for achieving objectives
3	●	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	●	The development of the Strategic Longer Term Plan included community consultation and reflects community needs.
3	●	The Strategic Longer Term Plan incorporates priorities and performance measures and indicates how they will be monitored and measured.
3	◉	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	◉	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	●	Plan covers 4 year term of council
2	●	Draft plan is advertised for public comment
2	●	Plan reflects needs of community for foreseeable period
2	●	Plan includes vision and strategic objectives
2	●	Plan details what council intends to do in period of plan
1	●	Plan covers 1 year period

Framework	Financial Planning & Reporting				Current Risk	Target Risk
Element	Annual Budget			**Likelihood**	Likely	Rare
Practice Area	Annual Budget			**Consequence**	Major	Minor
				Risk Score	**High**	**Low**

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

Core Maturity Assessment	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. Ongoing service and risk consequences may not be communicated in the budget.

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	◯	Budget contains indicators of achieving council's strategic objectives
4	◯	The Annual Budget financial ratios (liquidity, debt, underlying operating position) align with the Council's Long Term Financial Plan.
4	◯	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	◯	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	◯	The Annual Budget clearly indicates the ongoing maintenance, operational and renewal impacts arising from capital works and contributed assets.
3	◯	The Annual Budget contains estimates of revenue and expenditure with an explanation of the assumptions and methodologies underpinning the estimates, an explanation of the financial performance and position of the Council and has been prepared based on the resource requirements and strategic objectives detailed in Council's Strategic Longer Term Plan, Asset Management Plans and Long Term Financial Plan.

3	○	The Annual Budget reflects the Council's strategic objectives and contains a statement of how Council will meet the goals and objectives of its Strategic Longer Term Plan.
3	○	The Annual Budget aligns with Year 1 of the Long Term Financial Plan, and was adopted following community consultation.
3	◉	Council's Annual Budget includes resources to implement Strategic Longer Term Plan strategies.
2	●	Budget is publically available and readily accessible to all interested readers
2	●	Budget contains estimates of revenue and expenditure for year
2	●	Budget includes an explanation of the council's financial position and performance
2	●	Budget is adopted after public advertising and consideration of comments received
1	●	Annual budget is available to those who ask

Framework	Financial Planning & Reporting		Current Risk	Target Risk
Element	Annual Report	**Likelihood**	Possible	Unlikely
Practice Area	Annual Report	**Consequence**	Moderate	Minor
		Risk Score	**Medium**	**Low**

Current Score	2.8	**Core Target**	3	**Advanced Target**	5

Core Maturity Assessment	*Meets Requirements*

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

Observations of Current Maturity Level

1. The 30 June 2012 Annual Report shows that the cost to bring assets to satisfactory standard is $81M with a required annual maintenance of $20M compared to the current annual maintenance of $3.6M. 2. The notes indicate that satisfactory refers to the estimated cost to bring the assets up to a satisfactory standard deemed by Council and does not include any planned enhancements to the existing assets. The building and infrastructure renewals ratio is 98%, a marked improvement on the 70% reported in the previous 2 years. How does this reconcile with strategic asset management plan (asset management strategy) that shows a sustainability ratio of 0.61 or 61% (table 6.1) and a 10 year a gap of $68M between renewal required in asset management plans and renewal funded in long term financial plans.

Implications of Current Maturity Level

1. Annual Report may not fully align with Asset Planning process. 2. 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	◯	Annual report includes results of Value for Money audit
4	◯	The Annual Report includes a performance assessment of progress towards achieving the goals and strategic objectives of the Strategic Longer Term Plan.
4	◉	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	◯	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	◯	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	●	"The asset financial reporting within the Annual Report, is such based on the following:
3	●	The Annual Report complies with all statutory requirements including publication by the due date and is made widely available to the public.
3	●	The Annual Report includes independently audited financial statements that are prepared on an accrual basis in accordance with the Australian Accounting Standards.
3	◉	The Annual Report reviews the performance of the Council against its strategic objectives and explains variations between the budget and actual results and how these variations impact on the Strategic 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			Current Risk	Target Risk
Element	AM Policy		Likelihood	Possible	Unlikely
Practice Area	AM Policy		Consequence	Minor	Minor
			Risk Score	**Medium**	**Low**

Current Score	3	Core Target	3	Advanced Target	5

Core Maturity Assessment	Meets Requirements

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

Observations of Current Maturity Level

 1. Adopted 26 May 2011 as part of City Plan 2011-12

Implications of Current Maturity Level

 1. No apparent risks.

Recommendations

 1. Annual review of the policy implementation by AM steering committee

Maturity Score	Result	Characteristic
5	◯	Policy guides informed political decisions informed by data, information and knowledge on tradeoffs for economic, social, cultural and environmental consequences
4	◯	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	◯	"AM Policy clearly articulates the principles and financial implications upon which decisions relating to assets and their performance will be based.
4	◯	AM Policy has organisational context and acknowledges the importance of asset management in supporting services provided by Council.
4	◯	AM Policy identifies the need for Council reporting to be categorised in terms of operational, maintenance, renewal, upgrade and new expenditure classifications.
4	◯	AM Policy includes audit and review procedures, specifies review dates and has a sunset clause.
3	●	Council has an adopted Asset Management Policy which defines the Council's vision and service delivery objectives for asset management.
3	●	AM Policy has a direct linkage with Council's Strategic 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						Current Risk	Target Risk
Element	AM Strategy					**Likelihood**	Likely	Rare
Practice Area	AM Strategy					**Consequence**	Major	Minor
						Risk Score	**High**	**Low**

Current Score	2.5	**Core Target**	3	**Advanced Target**	5

Core Maturity Assessment	**Partially Meets Requirements**

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

Observations of Current Maturity Level

1. The Strategic Asset Management Plan was Adopted 26 May 2011 (asset management strategy) that shows a sustainability ratio of 0.61 or 61% (table 6.1) and a 10 year a gap of $68M between renewal required in asset management plans and renewal funded in long term financial plans. 2. The strategy does not show what service levels are likely and key risks facing council as a result of the renewal gap.

Implications of Current Maturity Level

1. There is a material variance between council documents on the extent and consequences of Councils financial capacity to fund satisfactory service levels. Some reports such as note 13A in the annual report indicate Council is financially sustainable - others such as special schedule 7 in the annual report and the asset management strategy indicates council has serious financial sustainability risks.

Recommendations

1. Update the AM strategy in accordance with s403(2) of the LG Act and March 2013 IPR Manual 2. The Asset Management Strategy must identify assets that are critical to the council's operations and outline the risk management strategies for these assets. 3. The Asset Management Strategy must include specific actions required to improve the council's asset management capability and projected resource requirements and timeframes.

Maturity Score	Result	Characteristic
5	○	Strategy includes analysis of cost/benefit options for service delivery
5	○	Strategy drives asset management planning and service delivery
4	○	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	◉	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	◉	Strategy details where the councils wants to be

3	◉	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	◉	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	◉	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				Current Risk	Target Risk
Element	AM Plans			**Likelihood**	Likely	Rare
Practice Area	AM Plans			**Consequence**	Major	Minor
				Risk Score	**High**	**Low**

Current Score	2.9	Core Target	3	Advanced Target	0

Core Maturity Assessment	Meets Requirements

Question:	Does your council have adopted asset management plans?

Observations of Current Maturity Level

1. See the notes on the asset management strategy.

Implications of Current Maturity Level

1. There is a risk 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

Maturity Score	Result	Characteristic
5	◉	AM Strategy & AMP provide optimum value for defined service using scenarios to inform service performance. Multiple scenarios to show best value options
4	○	Planning for new and upgraded assets driven by Asset Management Strategy and AMP. Highly responsive to policy direction
4	◉	Asset Management Plans include future demand projections and forecasts based on population and demographic projections.
4	◉	Asset Management Plans are influenced by the level of community enquiry – Feedback on Customer levels of service.
4	◉	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	●	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	●	AMPs include Infrastructure Risk Management Plan
3	●	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 lifes 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			Current Risk	Target Risk
Element	Governance and Management		**Likelihood**	Likely	Unlikely
Practice Area	Governance and Management		**Consequence**	Moderate	Minor
			Risk Score	**Medium**	**Low**

Current Score	2.5	Core Target	3	Advanced Target	0

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, but effectiveness is unclear.

Implications of Current Maturity Level

1. Risks associated with staff asset management knowledge not being documented and transferred to new staff. High reliance on very good informal processes.

Recommendations

1. Implement a formal improvement plan process guided by an asset management steering committee as per this report.

Maturity Score	Result	Characteristic
5	⦿	Common purpose and focus on service delivery with agreed nexus between funding and service outcomes.
5	○	Bottom up and top down feedback on performance with defined measures for service delivery and governance
4	○	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	⦿	Council utilises their Infrastructure Asset Hierarchy as a basis for consistent reporting across the organisation.
4	⦿	Community levels of service and technical levels of service are monitored are reported to the Executive Management Team and Council.
4	○	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	○	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	○	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	⦿	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	◉	Roles and responsibilities are clearly defined in a matrix or policy, identifying positions responsible for determining levels of service and positions responsible for managing the assets to meet service delivery needs.
3	◉	The staff structure and position descriptions clearly define asset management functions, responsibilities and skill requirements for managing all asset classes.
3	◉	Council has a documented process for making capital investment decisions, which is driven by Council's Strategic 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	◉	Council involves all its departments in Asset Management.
3	◉	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	◉	There are internal processes to promote Asset Management across Council
2	◉	Multi-disciplinary AM Steering Committee in operation with regular meetings
2	◉	AM improvement plan in operation
1	●	Informal AM Steering activities

Framework	Asset Management & Planning		Current Risk	Target Risk
Element	Levels of Service	**Likelihood**	Likely	Rare
Practice Area	Levels of Service	**Consequence**	Major	Minor
		Risk Score	**High**	**Low**

Current Score [2.5] **Core Target** [3] **Advanced Target** [5]

Core Maturity Assessment	Partially Meets Requirements

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. Developing advanced level asset management strategy and plans is not possible without reporting targets and affordable service levels along with the corresponding risks

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. Implement state of the assets service level reporting for all asset categories.

Maturity Score	Result	Characteristic
5	◉	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	◉	Documented feedback on long term cumulative impacts of decisions on service levels.
4	◉	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	◉	Target community levels of service are defined through community consultation, considering population and demographic change projections, trend analysis and customer feedback and requests.
4	◉	Council has a communication plan to communicate information on infrastructure service delivery issues and Councils management of these issues to external stakeholders,
4	◉	The cost of maintenance and operational activities are reported against adopted levels of service.
4	◉	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	◉	Council has Service Plans for each of its services which have been developed in consultation with the community.

3	◉	Council has undertaken the process of defining, quantifying and documenting current community levels of service and technical levels of service, and costs of providing the current levels of service.
3	◉	Current and target levels of service (for both community levels of service and associated technical levels of service) are clearly defined in each Asset Management Plan.
3	●	Technical levels of service are incorporated into service agreements and/or maintenance, operational and capital renewal procedures.
2	●	Service levels in some areas - fragmented
1	●	Service levels are consequences of annual budget allocaton and not defined.

Framework	Asset Management & Planning					Current Risk	Target Risk
Element	Data & Systems				Likelihood	Likely	Rare
Practice Area	Data & Systems				Consequence	Major	Minor
					Risk Score	High	Low

Current Score	2.5	Core Target	3	Advanced Target	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. Mature technical asset management systems are in place, but these are only aligned with the financial asset register at the time of revaluation

Implications of Current Maturity Level

 1. The technical asset register and financial register may only match at the time of revaluation, and the audit trail on changes in the technical register requires attention. Council is currently implementing a corporate asset register and this will resolve the current shortcomings 2. There is a risk that changes made in the technical register are not reflected in the financial register. 3. Un-necessary time and burden on staff if adequate processes are not in place to control data and system requirements.

Recommendations

 1. Implement a corporate asset register to ensure consistent reporting.

Maturity Score	Result	Characteristic
5	○	Annual skills and knowledge audit on capacity and capacity needed to deliver corporate plan with linked service provision plan.
5	○	Asset data is integrated and responds to required decision support information needed for optimised service delivery
4	○	Asset data is available to operations, design and planning staff across services areas when planning and undertaking works.
4	○	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	○	Asset Management systems have risk management functionality available to predict criticality of assets, record risk assessments, risk treatment, treatment costs and residual risk.
4	○	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	○	Asset Management systems are able to predict asset life based on various assessment factors and compare actual against predicted deterioration behaviour.

4	○	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	○	Council's Asset Management system is integrated with other corporate knowledge systems such as the finance, GIS and property information systems.
4	○	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	●	Council's Asset Management systems are used to monitor asset performance over time.
4	○	Council has documented data standards for inclusion in Asset Management systems upon the commissioning of new (and/or modified) assets.
4	◉	Council benchmarks its infrastructure funding gap against State and National indicators.
4	◉	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.
4	◉	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	●	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	◉	Council has a consolidated, integrated, accurate, up to date and complete componentised asset register with the required functionality to ensure security and data integrity, which includes all information about each asset sorted by asset group.
3	◉	There is a common corporate data framework used across all asset groups, which is defined by Council's Infrastructure Asset Hierarchy.
3	◉	Council has documented repeatable methodologies to carry out consistent asset condition surveys and defect identification assessments, as documented in a Condition Rating Assessment Manual for applicable asset classes.
3	○	Council's asset financial reporting functionality is comprehensive and includes audit trails, depreciation calculations, reporting thresholds and records of acquisition and disposal of assets
3	○	Council's systems, procedures and processes allow it to benchmark its asset management performance against like Councils over time.
3	◉	Asset Management systems have the functionality to generate maintenance and renewal programs and produce associated cash flow forecasts.
3	◉	Council has defined and documented procedures for determining asset replacement and treatment unit rates, which are then stored in Council's Asset Management system.
3	●	Council has a defined process for operations, maintenance, renewal and upgrade planning for its existing assets.
2	○	Skill & knowledge requirements determined
2	◉	Audit completed to determine current skill & knowledge levels

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

Framework	Asset Management & Planning				**Current Risk**	**Target Risk**
Element	Skills and Processes			**Likelihood**	Likely	Rare
Practice Area	Skills and Processes			**Consequence**	Moderate	Minor
				Risk Score	**High**	**Low**

Current Score	2.6	**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 requirements is understood but not documented or formalised.

Implications of Current Maturity Level

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

Recommendations

1. Annual review of documentation of processes and procedures to ensure the skills to maintain the asset register are fully and clearly understood by the organisation.

Maturity Score	Result	Characteristic
5	◯	Annual skills and knowledge audit on capacity and capacity needed to deliver corporate plan with linked service provision plan.
4	◯	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	◯	Council has a process which incorporates research into the determination of asset lives based on condition and consumption rates.
4	◯	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	◯	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	◯	When undertaking operations and maintenance activities there is a process to allow staff to communicate asset related issues to other service areas.
4	◯	There is a process to analyse risks and incorporate risk mitigation strategies into contingency plans within the planning cycle.
4	◯	Asset failures and causes of failures are recorded and analysed to identify failure trends and asset group rectification strategies.

4	○	Council has a process whereby community enquiry and operational response issues are linked to individual assets.
4	○	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	○	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	○	Staff are trained in best practice operating and maintenance procedures and activities.
4	○	Contingency plans in place to ensure continuity of activities when staff turnover occurs
4	○	Asset Knowledge Management Strategy identifies data framework requirements
3	●	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	◉	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	◉	Council has a process to identify operational risks, assign responsibilities and monitor risk treatment actions all recorded within a risk register.
3	◉	Council has a process to annually review and update the financial forecasts for all asset classes and update the Long Term Financial Plan.
3	◉	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	○	Council has a defined methodology for assessing the Remaining and Useful Life, Residual Value and Depreciation Method of assets.
3	◉	Council has a process to collect and record asset data into an Asset Management system upon the commissioning of new (and/or modified) assets, including built and contributed assets.
3	○	Council has formal processes for the handover of assets to asset custodians/owners.
3	◉	Council has a process to communicate the financial implications of the Asset Management Plans to internal and external stakeholders.
3	◉	Council provides ongoing training programs for councillors, council management and officers on key asset management topics.
2	◉	Skill & knowledge requirements determined
2	◉	Audit completed to determine current skill & knowledge levels
2	◉	Documented asset data management procedures
1	●	Ad hoc and fragmented approach to data management driven by current projects

Framework	Asset Management & Planning				Current Risk	Target Risk
Element	Evaluation			Likelihood	Likely	Rare
Practice Area	Evaluation			Consequence	Major	Minor
				Risk Score	**High**	**Low**

Current Score	3	Core Target	3	Advanced Target	5

Core Maturity Assessment	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. An Asset Management Improvement planning evaluation is in place.

Implications of Current Maturity Level

1. Council has established improvement actions in each AMP. 2. 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 (see NAMSPLUS2 for definitions and methodology). 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