Narrandera Shire Council

ASSET MANAGEMENT STRATEGY

Version 2
June 2012

Institute of
Public Works
Engineering
Australia
AM4SRRC

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Asset Management for Small, Rural or Remote Communities Guidelines

The Institute of Public Works Engineering Australia.

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Executive Summary

This asset management strategy is prepared to assist council is improving the way it delivers services from infrastructure including roads, bridges, footpaths, stormwater drainage, plant and equipment and buildings. These infrastructure assets have a replacement value of approximately $109M[1]

The asset management strategy is to enable Council to show:

- how its asset portfolio will meet the service delivery needs of its community into the future,
- enable Council's asset management policies to be achieved, and
- ensure the integration of Council's asset management with its long term strategic plan.[2]

Adopting this asset management strategy will assist council in meeting the requirements of national sustainability frameworks, 2010 Integrated Planning and Reporting guidelines for NSW (IPR).   Local councils in NSW are required to undertake their planning and reporting activities in accordance with the Local councils in NSW are required to undertake their planning and reporting activities in accordance with the Local Government Act 1993 and the Local Government Amendment (Planning and Reporting) Act 2009. This sets out the 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. 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.

The asset management strategy is prepared following a review of the council's service delivery practices, financial sustainability indicators, asset management maturity and fit with council's vision for the future outlined in the Management Plan 2011/15. 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.

This asset management strategy also contains the results of the asset management plans.

Asset Management Strategy

Asset Management Policy
Overarching council endorsed Asset Management Policy is included in Appendix E.

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[1] Note 9a for the financial year ending 30 June 2011

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

Risks Critical to Council's Operations

Table E1: Critical Asset Management Risks to Council

Risk	Description	Risk Management Strategy
Low levels of asset knowledge	Council's renewal projections from the asset register are not suitable for reliable 10 year forward projections.	Implement an asset knowledge management strategy to update the asset register useful lives, remaining lives and unit costs so that the asset register aligns with the 10 year LTFP and asset management plans. Revalue assets where the values used in Note 9a and the Asset Management Plans are materially different. Record performance trend on key activities such as annual quantity of failed pavement renewed/repaired.
Low levels of state of the assets reporting	Council is not currently able to report what proportion of assets have below satisfactory condition/quality, function and capacity utilisation. This means service level reductions are not reported. State of the assets reporting needs to report on condition/quality, function and capacity/utilisation, reporting the trend of poor/very poor.	Inspect assets to determine proportion in condition 1-5. Implement annual state of the assets reporting in future annual reports so that special schedule 7 (section 428 2(d) of the local government act aligns with the asset management plans. Scenario 1 is based on the Asset Registers and the Long Term Financial Plan using the long term financial plan settings in appendix D. Scenario 2 is based on the best available estimates for future work required to at least maintain current service levels. This manages the low confidence levels of the asset register in 10 year forward projections for asset renewal.
Increased loading on Council Pavements	Council does not have the resources to increase the strength and capacity of its road network.	Monitor traffic and transport loads on key roads to ensure state of the assets reporting is linked to road use and loads. The current strategy to increase resealing expenditure intends to protect existing pavements, many of which have poor geometry and strength and are at risk of damage by increased traffic levels and loads. The average growth in road freight since 1995 is 4% per annum[3] and freight vehicles are getting larger.
Risk Management and Governance	Corporate risk register and audit committee needs to be implemented in accordance with this strategy.	Implement the governance processes in appendix F and charters for asset management committee and audit committee in appendices G - H.

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[3] Trends in non-urban road freight using weigh-in-motion (WIM) data David Mitchell. Bureau of Infrastructure, Transport and Regional Economics

Risk	Description	Risk Management Strategy
Unfunded Flood Damage to Unsealed Roads.	Assistance may be provided for the restoration to pre-event level of service of State, Regional and local road (local access) and bridge infrastructure damaged as a direct result of a declared disaster. There is an exclusion clause such that funding is not provided where there is "any damage where there is evidence the cause is a lack of proper maintenance or where previous restoration work was not completed satisfactorily.[4]"	Council must implement a documented maintenance strategy for all service level gravel roads including: • Culvert and drainage maintenance • Documented inspection programme • Prioritised renewal programme linked to road hierarchy. • Document who has inspection responsibilities and ensure staff are trained to monitor and report on road safety defect items for attention.

Asset Management Capability

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

Council's asset management capability is materially at core level in most areas.

1. Major improvement achieved in the past 6 months for governance and core level can be achieved by mid-2012.

2. 10 year forward outlook is that current service levels can be maintained with current budget allocation.

3. Additional Scenarios are needed with higher confidence to provide a balanced outlook between budget and costs for next 10 years

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

5. Residual asset and service risks that are not managed need to be reported to audit committee. These risks have been identified in risk management plans

6. Ongoing asset management improvement programme recommended in the AM strategy to bring Council to core level of governance and management.

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[4] NSW Disaster Assistance Guidelines, Edition 1 Version 1*, Current as of: 31 October 2010, B.2 Restoration of Public Roads*

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.[5]

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.[6]

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.[7]

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

- Asset management policy,
- Strategy and planning,
  - asset management strategy,
  - asset management plan,
- Governance and management arrangements,
- Defining levels of service,
- Data and systems,
- Skills and processes, and
- Evaluation.[8]

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.[9]

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

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

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

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

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

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 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 Amendment (Planning and Reporting) Act 2009. This sets out the 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. 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 CSP s

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 plans

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.

Achieving and maintaining sustainability in Local Government requires consideration of services, service levels, associated costs and associated risks.

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 .

8th May 2009 the LGPMC agreed to enhancement and acceleration of 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

The Asset Planning and Management framework consists of seven elements as follows:

1. 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.
2. 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;
3. 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;
4. 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;
5. Data and Systems – A framework for collection of asset management data should be established;
6. Skills and Processes – The asset management framework should contain a continuous improvement program;
7. Evaluation – The asset management framework should contain a mechanism to measure its effectiveness.

The financial reporting elements of the national framework consist of 3 elements as follows:

1. 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.
2. 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.
3. 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 is expected to implement the National Frameworks in consultation with local government, with a target date of 31 December 2010

The changes to legislation in 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 PLANNING

Asset Management Philosophy & Framework

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

Service Delivery

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

KNOWLEDGE MANAGEMENT
Asset data and information systems

Strategic Planning

Tactical Planning

Operational Planning

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

2.   What Assets do we have?

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

Table 1: Assets used for providing Services

Asset Class	Description	Services Provided
Buildings Parks, Pools and Other Assets	▪ Buildings – Community ▪ Buildings – Corporate ▪ Structures and park furniture ▪ Swimming Pools	The land and buildings provided by Narrandera Shire Council are used to support the administration, operational and social infrastructure for the community.
Miscellaneous and Other Assets	▪ Library Books ▪ Office Equipment ▪ Furniture and Fittings	The miscellaneous and other assets provided by Narrandera Shire Council are used to support the administration, operational and social infrastructure for the community and are an import ant part of the assets Council manages. These are included in operational costs allocated in the long term financial plan.
Plant and Equipment	▪ Plant and Equipment including waste management	The Plant and Equipment of Narrandera Shire Council are used to undertake road construction and maintenance. They are critical to the provision of the road network which is important to the community and economy of the region.
Transport and Drainage	▪ Roads and Transport Network ▪ Bridges ▪ Stormwater Drainage Network ▪ Pipes ▪ Culverts ▪ Pits	The Roads and Drainage provided by Narrandera Shire Council are used to support transportation and are an important to the community and economic activities of the region. Control local flooding and damage to infrastructure and property. Control water quality of discharge of stormwater into the natural environment.
Waste Mangement (not included in this strategy)	▪ Landfill, plant and equipment	Councils goal is to ensure that Waste collection, disposal and resource recovery is provided in a cost effective, healthy and sustainable manner.

Asset Class	Description	Services Provided
Water and Sewer	▪ Headworks, ▪ treatment works ▪ reticulation	The Water Supply and Sewerage Network provided by Narrandera Shire Council is used to support public health and is important to the community and economic activities of the region.

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

(From Note 9A for year ending 30 June 2011)

Asset Class	Replacement Cost ($000)	Depreciated Replacement Cost ($000)	Depreciation Expense for current year ($000)
Buildings	$37,179	$20,587	$1,038
Open Space	$5,874	$2,742	$152
Plant and Equipment	$6,692	$3,501	$541
Stormwater Drainage	$8,958	$5,671	$152
Transport (Roads (excluding earthworks), Bridges, Kerb, Paths, Ancillary)	$128,640	$100,606	$1,233
Total General Fund	**$187,343**	**$133,107**	**$3,116**
Sewer	$11,293	$5,805	$300
Water	$15,116	$8,211	$115
Total Water and Sewer Fund	**$26,409**	**$14,016**	**$415**
Total All Assets	**$213,752**	**$147,123**	**$3,531**
Bulk Earthworks (Not included)	$47,241	$47,241	$0

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

Figure 1: Asset Replacement Values

Asset Replacement Values ('$000) Note 9A
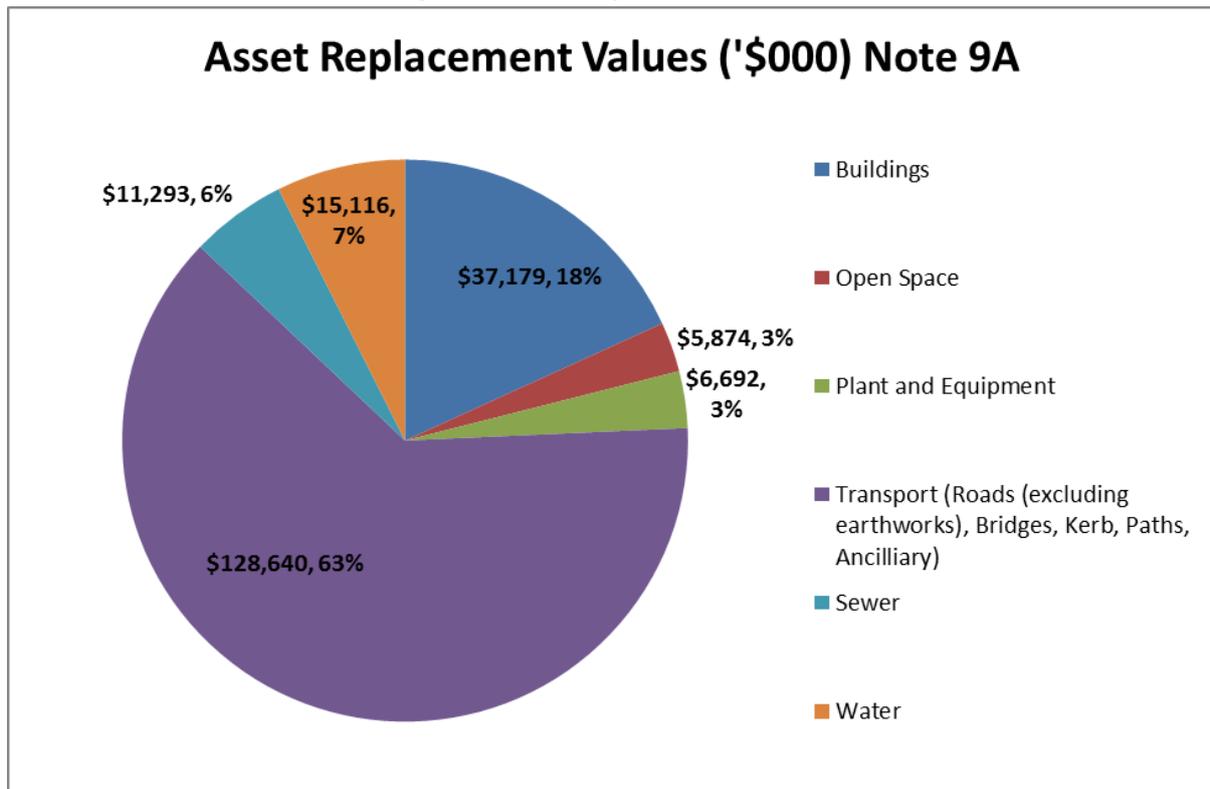
The asset consumption ratios of Council's assets (average proportion of 'as new' condition left in assets) are shown in Figure 2.

Figure 2: Consumption Ratio (proportion of life remaining)

% Life Remaining from Note 9a
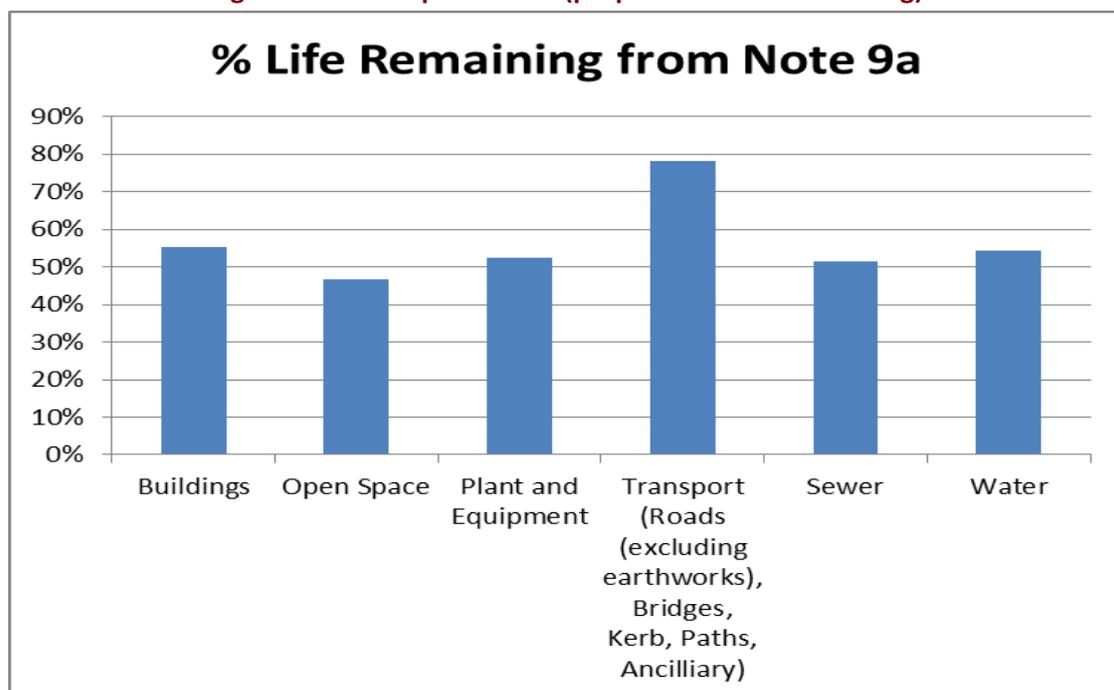
Figure 3: State of the Assets – Summary of Asset Groups by Asset Consumption %
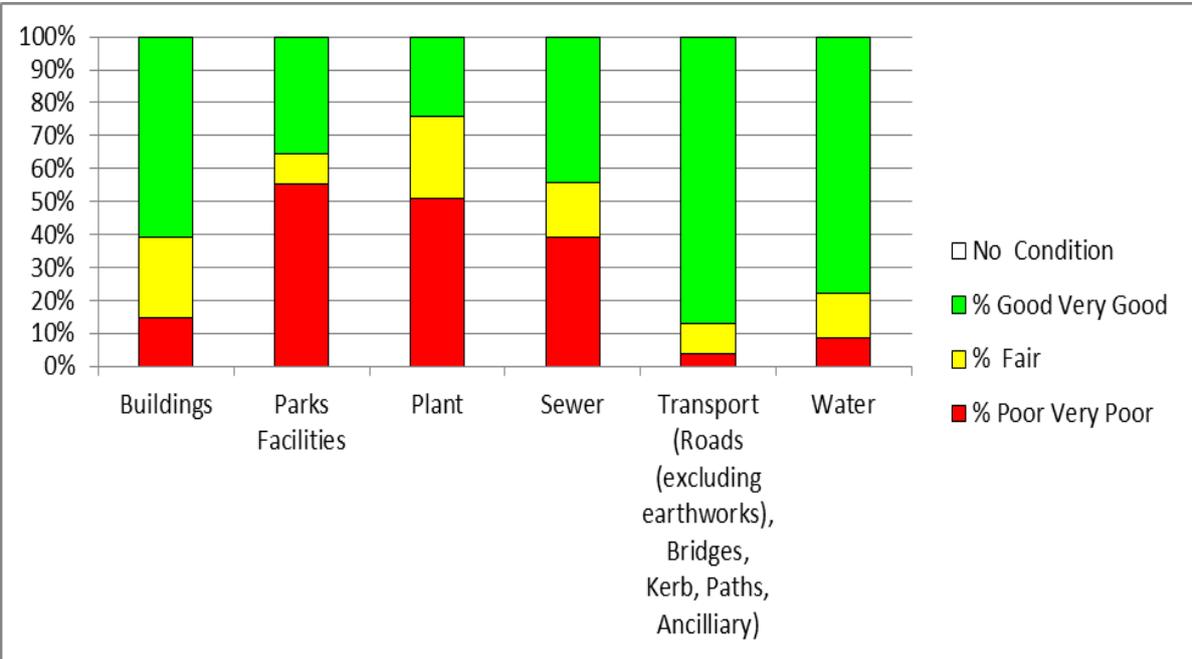
Figure 3 shows Council has condition data for all categories. This data is largely based on per cent life remaining in asset register and is not necessarily reflective of actual asset condition. No current reliable condition data for a state of the assets report, however this is relatively easy to determine with in inspection to determine poor/very poor assets.

Council's current valuations indicate that the major asset classes have high variability in remaining value.

Figure 4: State of the Assets – Summary of Asset Groups by Asset Consumption Value
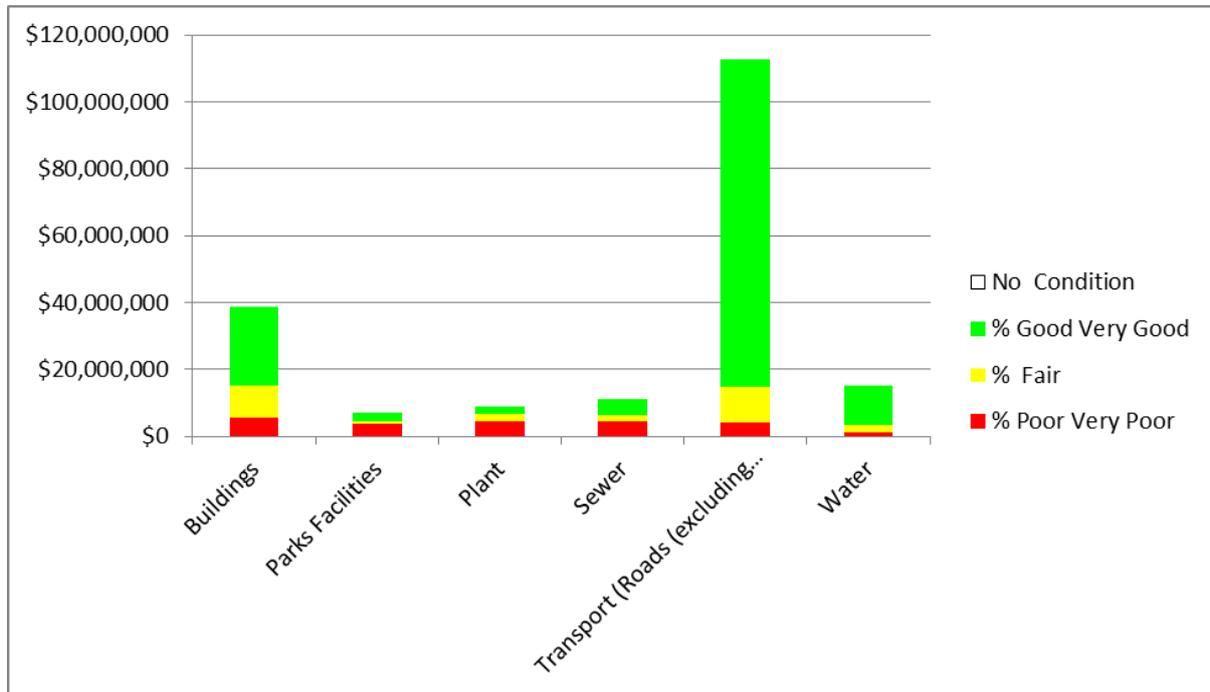
As for Figure 3, Figure 4 shows Council has condition data present in the asset register. This is largely based on asset consumption and not actual asset condition. No current reliable condition data for a state of the assets report, however this is relatively easy to determine with in inspection to determine poor/very poor assets.

Council's current valuations indicate that the major asset classes all have in excess of 45% remaining value.

Figure 8: Asset Condition Profile – Transport
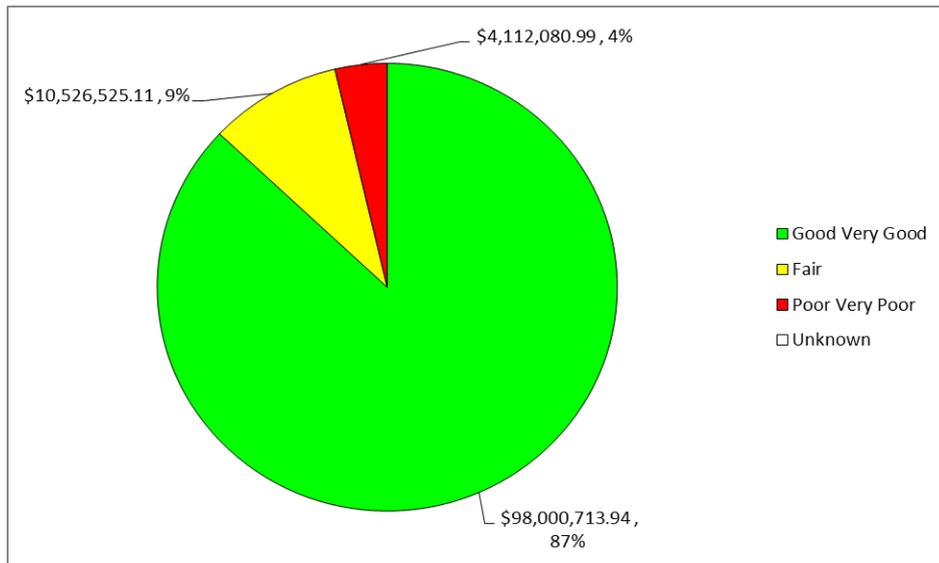
Transport data is based on the 2009 road revaluation and apprears to have a low confidence level.

3.2   Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan is shown in Table 3.

Table 3: Life Cycle Cost for Council Services

Service	2013 Expenditure		Previous Year	Life Cycle Cost
	Operations	Maintenance	Depreciation Exp	($/yr)
Buildings	$1,044	$287	$1,038	$2,369
Open Space	$468	$143	$152	$763
Plant and Equipment	$796	$300	$541	$1,637
Transport (Roads (excluding earthworks), Bridges, Kerb, Paths, Ancillary)	$285	$1,095	$1,233	$2,613
Total General Fund	**$2,593**	**$1,825**	**$3,202**	**$7,620**
Sewer	$290	$252	$300	$842

Service	2013 Expenditure		Previous Year	Life Cycle Cost
	Operations	Maintenance	Depreciation Exp	($/yr)
Water	$550	$250	$115	$915
Total Water and Sewer Fund	**$840**	**$502**	**$415**	**$1,757**
TOTAL ALL	**$3,433**	**$2,327**	**$3,617**	**$9,377**

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 4.

Table 4: Life Cycle Expenditure for Council Services

Service	Previous Year Expenditure		Cap Renewal Exp	Life Cycle Exp
	Operations	Maintenance	LTFP Budget ($/yr)	($/yr)
Buildings	$1,044	$287	$261	$1,592
Open Space	$468	$143	$198	$809
Plant and Equipment	$796	$300	$1,487	$2,583
Transport (Roads (excluding earthworks), Bridges, Kerb, Paths, Ancillary)	$285	$1,095	$2,795	$4,175
Total General Fund	**$2,593**	**$1,825**	**$4,741**	**$9,159**
Sewer	$290	$252	$381	$923
Water	$550	$250	$317	$1,117
Total Water and Sewer Fund	**$840**	**$502**	**$698**	**$2,040**
TOTAL ALL	**$3,433**	**$2,327**	**$5,439**	**$11,199**

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

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing service to their communities in a financially sustainable manner. This is the purpose of the AM Plans and long term financial plan. A shortfall between life cycle cost and life cycle expenditure gives an indication of the life cycle gap to be addressed in the asset management and long term financial plan.

The life cycle gap and sustainability indicator for services covered by this asset management plan is summarised in Table 5.

Table 5: Life Cycle Sustainability Indicators

Service	Life Cycle Cost ($/yr)	Life Cycle Expenditure ($/yr)	Life Cycle Gap * ($/yr)	LC Sustainability Index (LC Expenditure/ LC Cost)
Buildings	$2,369	$1,592	-$777	0.67
Open Space	$763	$809	$46	1.06
Plant and Equipment	$1,637	$2,583	$946	1.58
Transport (Roads (excluding earthworks), Bridges, Kerb, Paths, Ancillary)	$2,613	$4,175	$1,562	1.60
Total General Fund	**$7,620**	**$9,159**	**$1,539**	**1.20**
Sewer	$842	$923	$81	1.10
Water	$915	$1,117	$202	1.22
Total Water and Sewer Fund	**$1,757**	$2,040	**$283**	**1.16**
TOTAL ALL	**$9,377**	**$11,199**	**$1,822**	**1.19**

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

The above table shows the long term life cycle trends. .This shows that Council is currently spending more on renewal than depreciation, a scenario suggesting assets are reaching end of life.   This is unusual and appears inconsistent with asset register data for transport and revaluation is recommended for transport assets because the large financial impact of transport assets.

The sustainability indicators are significantly influenced by the forecast of capital renewal and the planned expenditure on capital renewal and are dependent on the reliability of depreciation as a measure of asset consumption.

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 which provide the detail input into the sustainability assessment consider 3 Scenarios.

•	Scenario 1 uses the Asset Register valuation data to project the renewal costs for renewal years using acquisition year and useful life, or

• Scenario 2 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. Scenario 2 is still being developed for included asset categories.

• Scenario 3 balances the long term financial plan budgets with the projected renewal programme.

3.2   10 Year Asset Management Plans

The forward cash flows from Asset Management Plans are shown in this section. Scenario 1 is based on the asset register and long term financial plan budgets.

Figure 9: Scenario 1 General Fund

Scenario 1 using the asset registers.

Comparison of Asset Service Costs Required by AMP with Funding Model in LTFP Using Form 2 Asset Register for All Categories - AM4SRRC
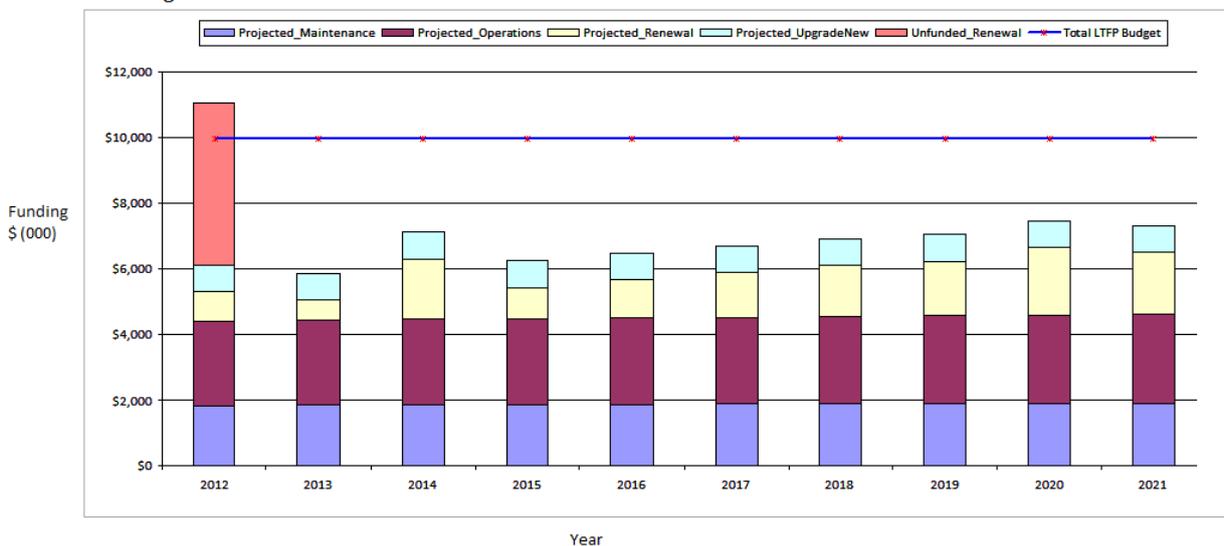
It is not recommended that this scenario is used since the asset register has a low confidence level for 10 year forward projections.

Figure 10: Scenario 1 Water & Sewer Fund

Comparison of Asset Service Costs Required by AMP with Funding Model in LTFP Using Form 2 Asset Register for All Categories - AM4SRRC
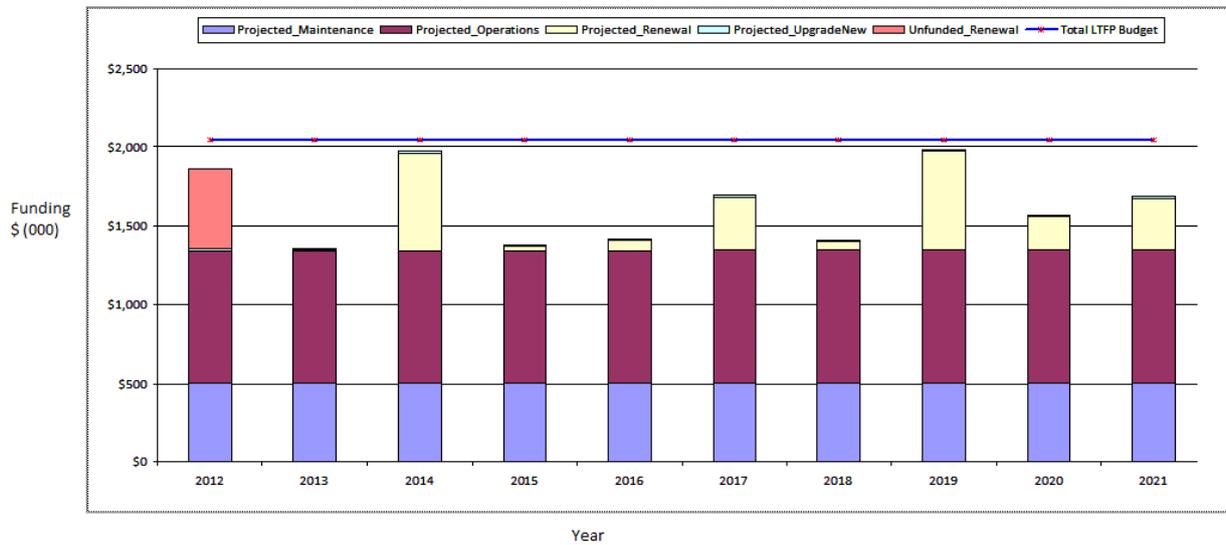
It is not recommended that this scenario is used since the asset register has a low confidence level for 10 year forward projections. The asset register suggests renewal expenditure less than depreciation is needed for the next 10 years. Actual renewal expenditure is higher than depreciation. (See table 5).

Figure 11: General Fund Scenario 2

Scenario 2 _Forward Programme in Asset Management Plans to keep all Assets at Satisfactory

Comparison of Asset Service Costs Required by AMP with Funding Model in LTFP Using Form 2 Asset Register for All Categories - AM4SRRC
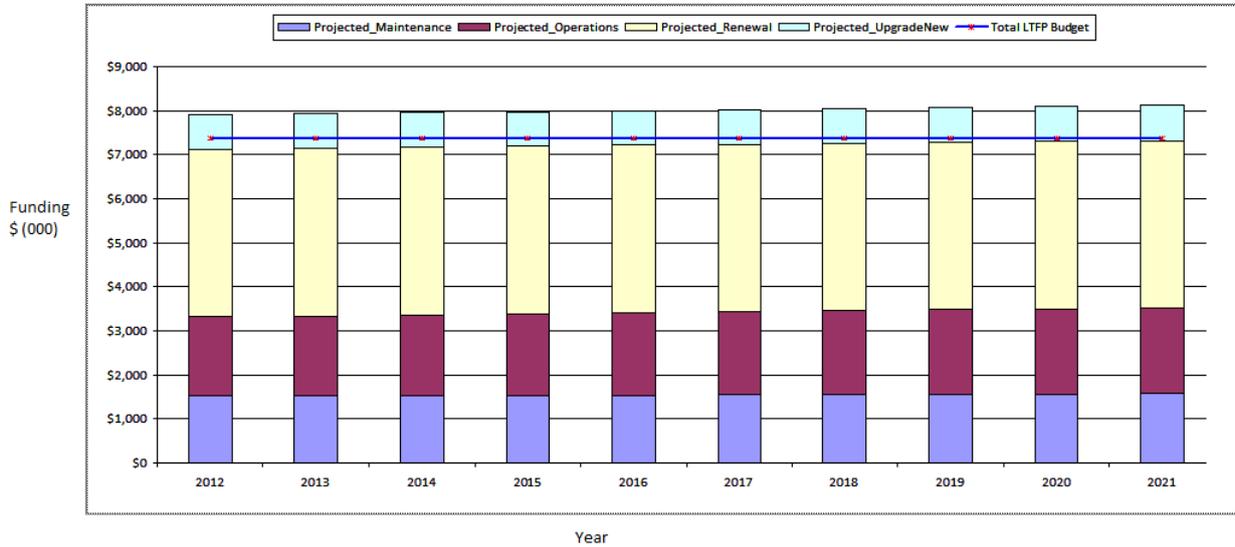
This scenario shows expenditures needed to sustain current services at satisfactory level is achievable if Council:

- Allocates more funding
- Re allocated upgrade / expansion funding to renewal

Figure 12: Water & Sewer Scenario 2

Comparison of Asset Service Costs Required by AMP with Funding Model in LTFP Using Form 2 Asset Register for All Categories - AM4SRRC
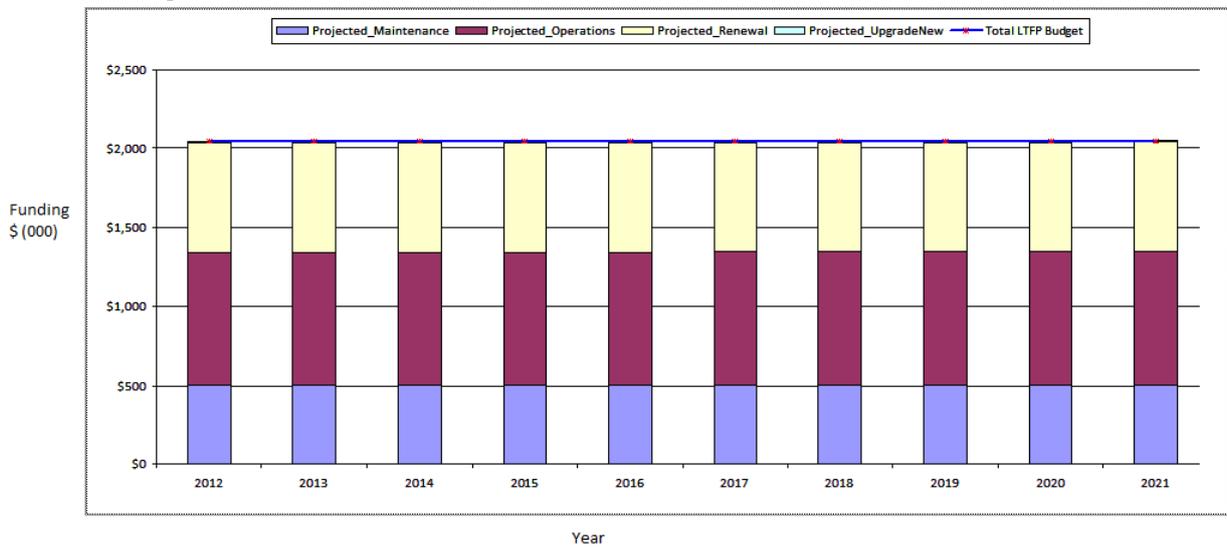
Current expenditures sustainable and will provide satisfactory service levels for the next 10 years. Table 5 suggests that, if depreciation is correct, renewal expenditures could reduce below current levels in the longer term. A revaluation is recommended to update the water and sewer asset register.

3.3   Asset Management Structure

The standing governance arrangement under NSW IPR requirements will be under and 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
- Sstatutory 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[11]. 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,

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[11] See Appendix G for the Charter of the Asset Management Steering Committee

- 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

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

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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.

Figure 13: Core Asset Management Maturity

August 2011

Narrandera SC - Maturity Assessment ID 45

June 2012

Narrandera SC - Maturity Assessment ID 206
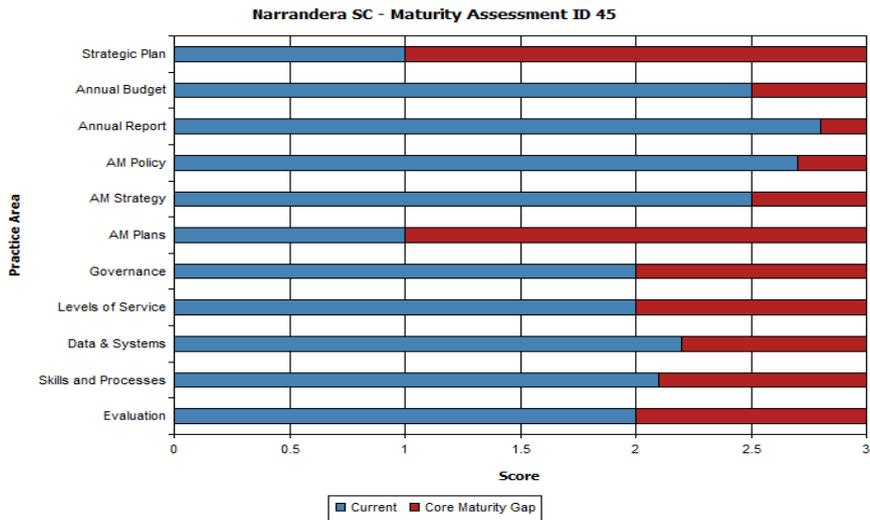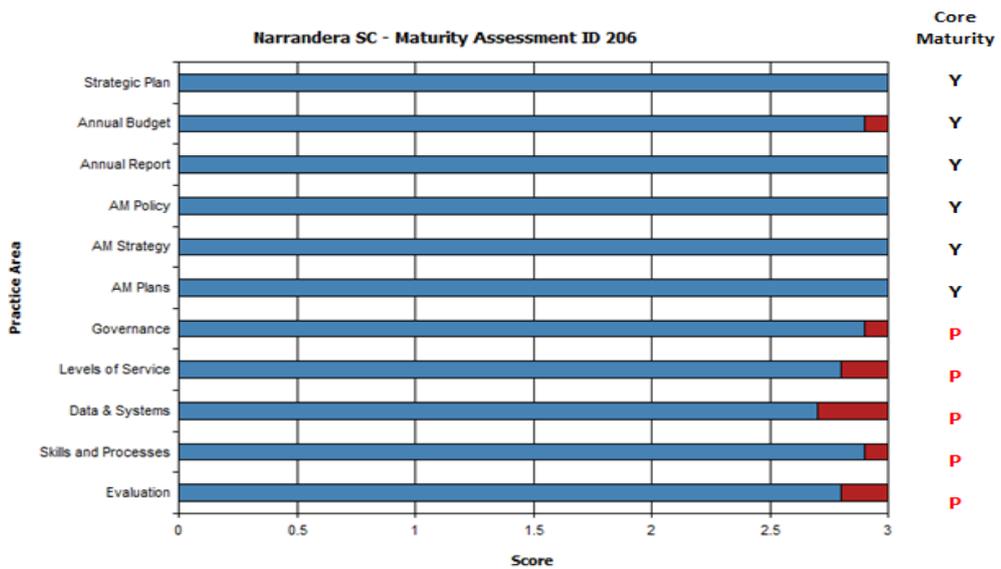
Council has now achieved core maturity for Asset Management Strategy, Asset Management Plans, Asset Management Policy and Council now has an ongoing improvement programme to be managed by the asset management steering committee in accordance with the appendices in this strategy.

4. Where do we want to be?

4.1 Council's Vision, Mission, Goals and Objectives

The local community aspires to a future that will continue:

• Developing a strong, diverse and sustainable local economy that supports a range of employment opportunities particularly within the agriculture, forestry and tourism sectors.

• Maintaining and improving local services and recreational spaces, with an emphasis on increased doctor numbers and provision of a dental service.

• Providing quality well maintained infrastructure such as roads, footpaths, community buildings and spaces.

• Maintaining and improving communication systems particularly mobile telephone coverage and emergency communications.

• Maintaining the high quality natural environment with an emphasis on control of weeds and pests on rural land.

• Sustaining current biodiversity of the area and ensuring self-determination of land use.

Council's mission is:

To retain our visual beauty whilst embracing a quiet, relaxed lifestyle and a progressive, diverse community.

Council's values and charter are set out in Councils Integrated Community Strategic Plan 2011/12.

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

4.2 Asset Management Policy

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

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

▪ how its asset portfolio will meet the affordable service delivery needs of the community into the future,

▪ enable Council's asset management policies to be achieved, and

▪ ensure the integration of Council's asset management with its long term strategic plans.

The asset management policy is shown in appendix E.

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/GM 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 6: 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	Financial sustainability information is available for Council and the community

No	Strategy	Desired Outcome
	in Annual Reports	
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 and Engagement Plan

The tasks required to achieve a 'core' financial and asset management maturity are shown in appendix B. The governance process to manage ongoing asset management improvements is shown in Appendix F – GOV_1.

Table 8: Asset Management Improvement Plan for Ongoing Councillor and Community Engagement

Project Plan Key Project Components	Manager Responsible *(Council to complete)*	Key Milestones for Achieving and Retaining Core Maturity			
		Jan – Sept 2012	**Sept – Dec 2012**	**Jan – Jun 2013**	**After June 2013**
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. Outgoing Council reports progress made during their Council term*	*Review integration between CSP and Strategy and Planning Documents and their service level targets. Council adopts updated, CSP*	*Council reviews CSP*	*Council reviews CSP*
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*	*Council Adopts 2012 Strategy and Planning Documents. New Council engages community in reviewing and updating the Council's Strategy and Planning Documents as per community consultation strategy.*	*Council adopts 2013-2023 Strategy and Planning Documents*	*Ongoing engagement of 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. Adopt LTFP and AM Strategy*	*Council reviews LTFP and accompanying AM Strategy*	*Council reviews LTFP and accompanying AM Strategy*	*Council adopts LTFP and updated 2013 long term works programme and annual plan.*

Project Plan Key Project Components	Manager Responsible *(Council to complete)*	Key Milestones for Achieving and Retaining Core Maturity			
		Jan – Sept 2012	Sept – Dec 2012	Jan – Jun 2013	After June 2013
2.2 Review and update Asset Management Plans Policy, Strategy		*Develop draft project plan for 2013-2023 Asset Management Policy and Strategy component. Complete balanced AM Policy, Plans and Strategy in 2012 with an achievable resourcing plan and service targets based on the LTFP. 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) Adopt AMPs, AM Strategy and AM Policy.*	*Review AM Strategy and AM Plans balanced with LTFP as part of the budget process. .*	*Review AM Strategy and AM Plans balanced with LTFP as part of the budget process.*
3.1 2012-2013 Business Planning and Budgeting coordination		*Annual plan actions against service activities that can be delivered with available revenue and that will achieve strategies in the Forward Works Programme*	*Review and update delivery programme*	*Update delivery programme*	*Update delivery programme*
3.3 Develop a Knowledge / Information Management Strategy		*By September draft a proposal for developing a Knowledge / Complete Information Management Strategy*	*Review knowledge management strategy for systems and data*		
4.1 Community Engagement Strategy		*Review Community Engagement Strategy. Have achievable service targets and risk been communicated.*	*Review Community Engagement Strategy. Have achievable service targets and risk been communicated.*	*Review Community Engagement Strategy. Have achievable service targets and risk been communicated.*	*Review Community Engagement Strategy. Have achievable service targets and risk been communicated.*

Project Plan Key Project Components	Manager Responsible *(Council to complete)*	Key Milestones for Achieving and Retaining Core Maturity			
		Jan – Sept 2012	Sept – Dec 2012	Jan – Jun 2013	After June 2013
4.2 Councillor Engagement Strategy		*Review Community Engagement Strategy. Have achievable service targets and risk been communicated.*	*Review Community Engagement Strategy. Have achievable service targets and risk been communicated.*	*Review Community Engagement Strategy. Have achievable service targets and risk been communicated.*	*Review Community Engagement Strategy. Have achievable service targets and risk been communicated.*

Appendix A   Capital Works Prioritisation Matrix

Using Example Data – To be Applied to each capital project.

Description	Estimate			Cumulative Estimate	Appraisal Score	Risk Indicator	Annual Service Cost	Operating Expense ($/pa)	Addit. Revenue %age
	Renewal	Upgrade/ expansion	Total						
Parks and Reserves									
NON DISCRETIONARY									
Renewal A	$50,000		$50,000	$50,000					
DISCRETIONARY									
Proposal B	$0	$105,000	$105,000	$155,000	92.50	L	$30,600	$22,100	0.04%
Proposal C	$60,000	$130,000	$190,000	$345,000	91.00	H	$37,400	$22,600	0.09%
Proposal G	$0	$350,000	$350,000	$695,000	86.50	M	$55,400	$27,000	0.19%
Total	$110,000	$585,000	$695,000					$71,700	0.32%

Source: Asset Investment Guidelines, Local Government Victoria

Appendix B   Asset Management Maturity Improvement Plan

Practice Area	Recommendations	Status
Strategic Longer Term Plan	1. Ensure that the performance measures for asset related services align with the AMP community service levels.	In progress – due June 2012
Annual Budget	1. Review and update budget commentary after completion of IPR documentation.	In progress – due for 30 June 2012 report
Annual Report	1. Include a state of the assets report in the annual report linked to SS7.	In progress - requires assessment of assets in poor condition. Due 2012/13
AM Policy	1. Update policy using latest nams template as a checklist.	Completed
AM Strategy	1. Use the NAMS templates for AMPs and AM strategy template as a basis for the updated AM strategy	Completed
AM Plans	1. Complete AMPs using the nams plus templates	Completed
Governance and Management	1. Establish an asset management project control group (PCG) to oversee the complete the IPR resource strategy with regular reporting to SMT. 2. Separate out maintenance/operating and capital in the new initiative form.	In progress – due June 2012
Levels of Service	1. Use community based service levels for parks and buildings (eg star rating) 2. Use nams templates for AMPs to determine community and technical service levels 3. Use AM strategy to provide a projection on likely service trends based on LTFP 4 Report on LOS trends in annual reporting	In progress - requires assessment of assets in poor condition. Due 2012/13
Data & Systems	1. PCG should review project plan and skills and knowledge needed to complete resource strategy. 2. Nams plus modelling can be used for AMP and AM strategy models and graphs. 3. This audit can be used to benchmark asset management maturity. 4. Complete methodology documentation for condition assets. 5. Implementation of asset management system	In progress – due June 2013
Skills and Processes	1. Complete data management procedures. 2. Use PCG and SMT to review and communicate AMP costs and scenarios and review asset management plans. 3. Complete nams useful life assessment template. 4. Ensure AMP high residual risks are aggregated into corporate risk register.	In progress - requires assessment of assets life. Due 2012/13
Evaluation	1. Use AMP AM strategy to report service levels linked to CSP 2. Use this implementation plan as the basis for the improvement programme - add AMP improvement tasks as needed.	In progress – due June 2013

Appendix C Asset Management Plan Modelling Results

Input data from Asset Management Plans is shown in Appendix D.

Figure 14: Sewer – Scenario 2
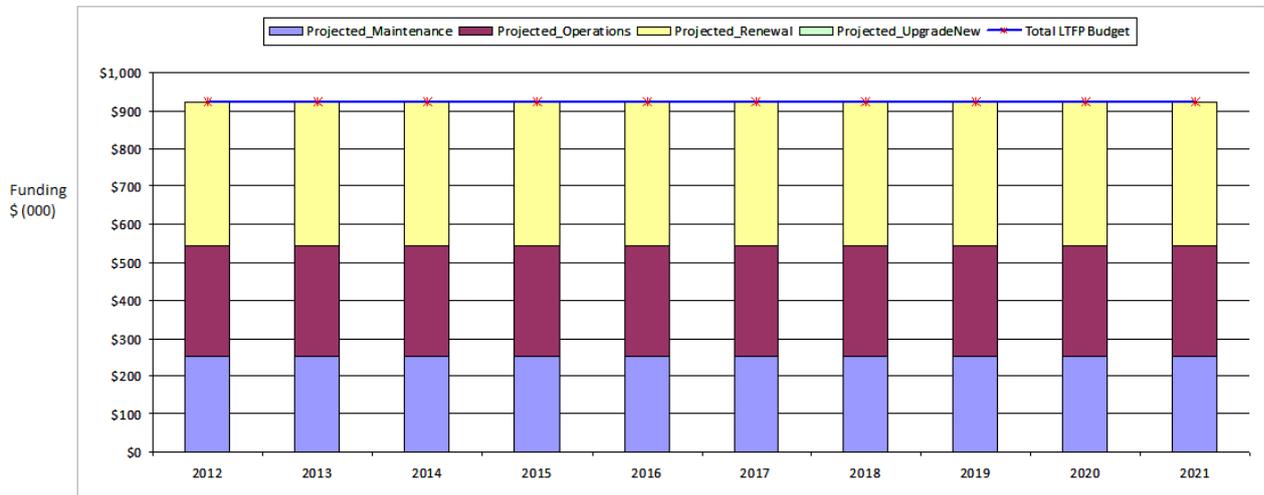
Figure 15: Water – Scenario 2
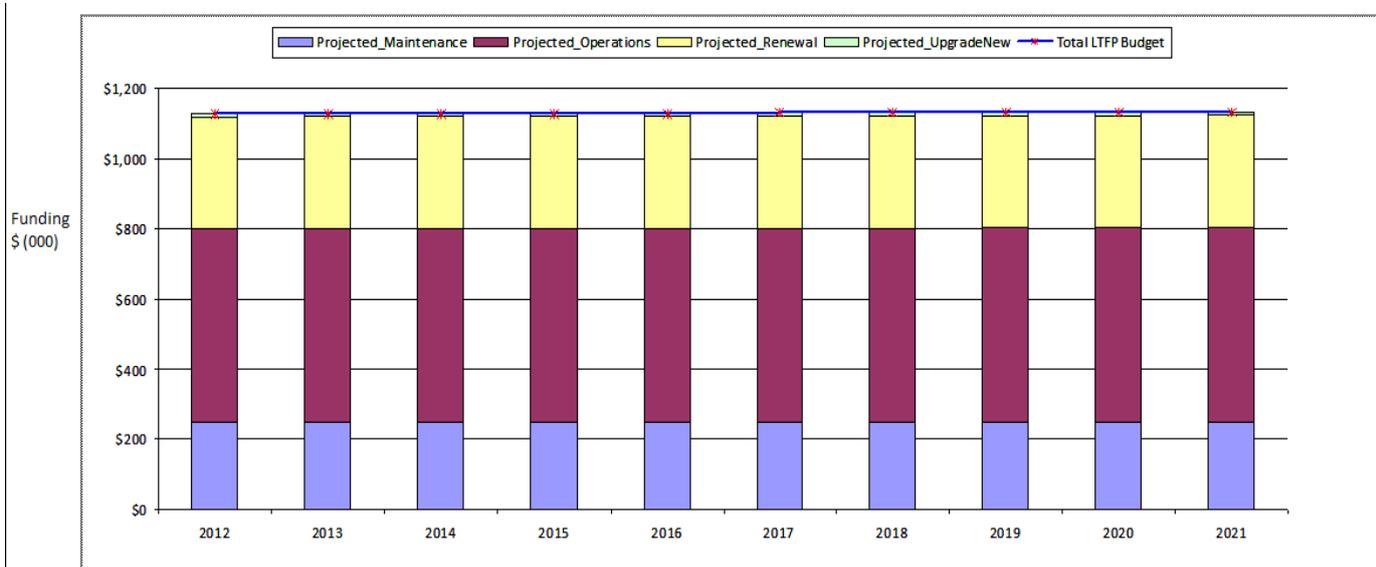
Figure 16: Buildings Scenario 2
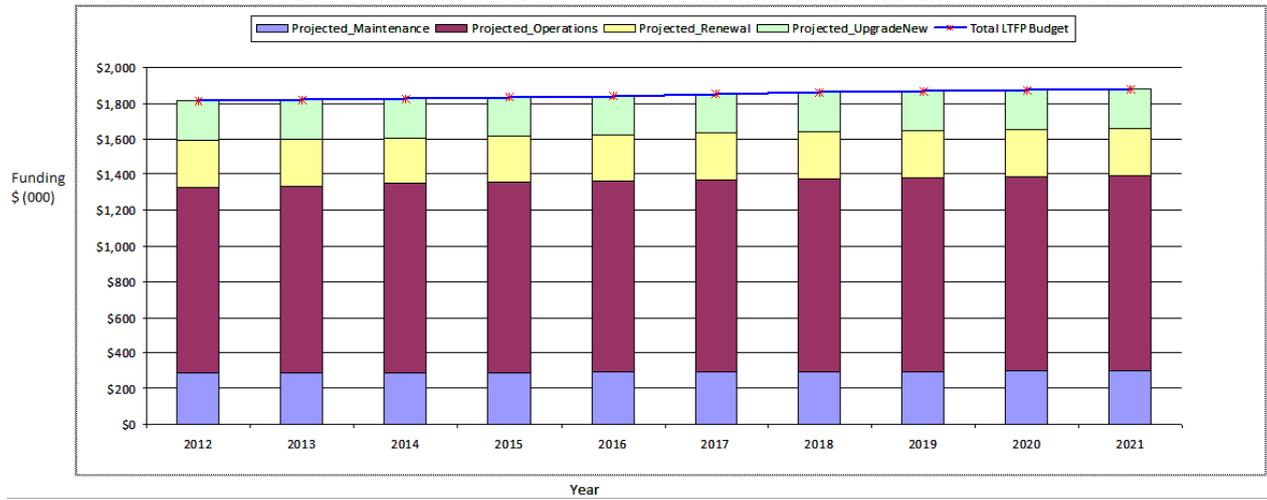
Figure 17: Parks and Facilities Scenario 2
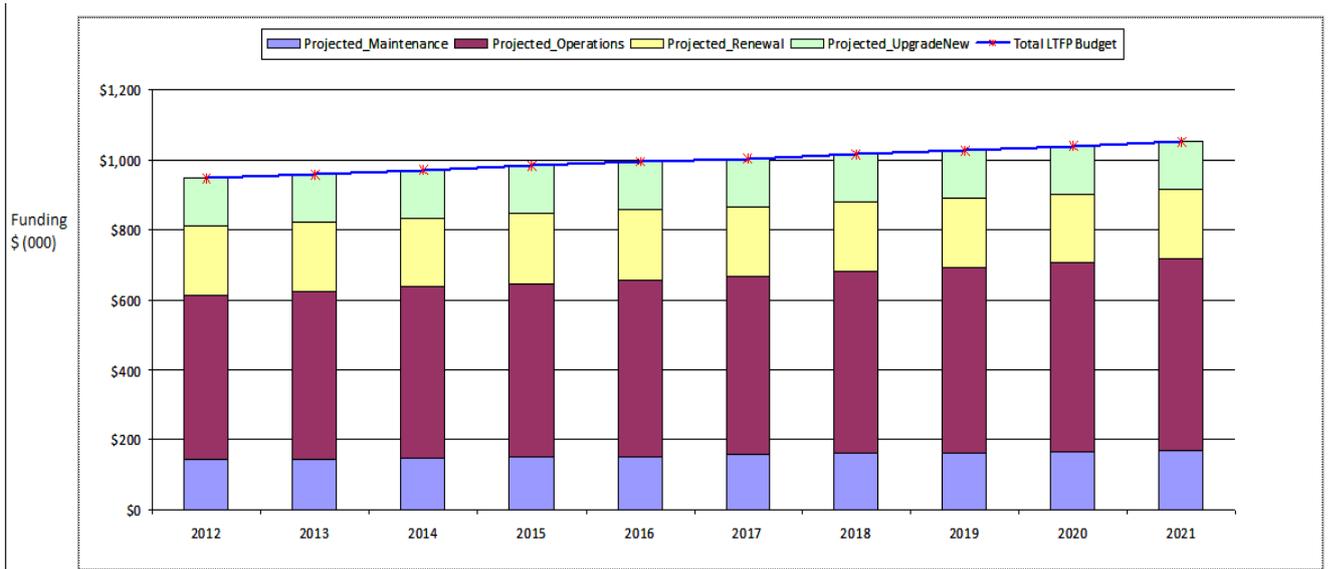
Figure 18: Plant and Equipment Scenario 2
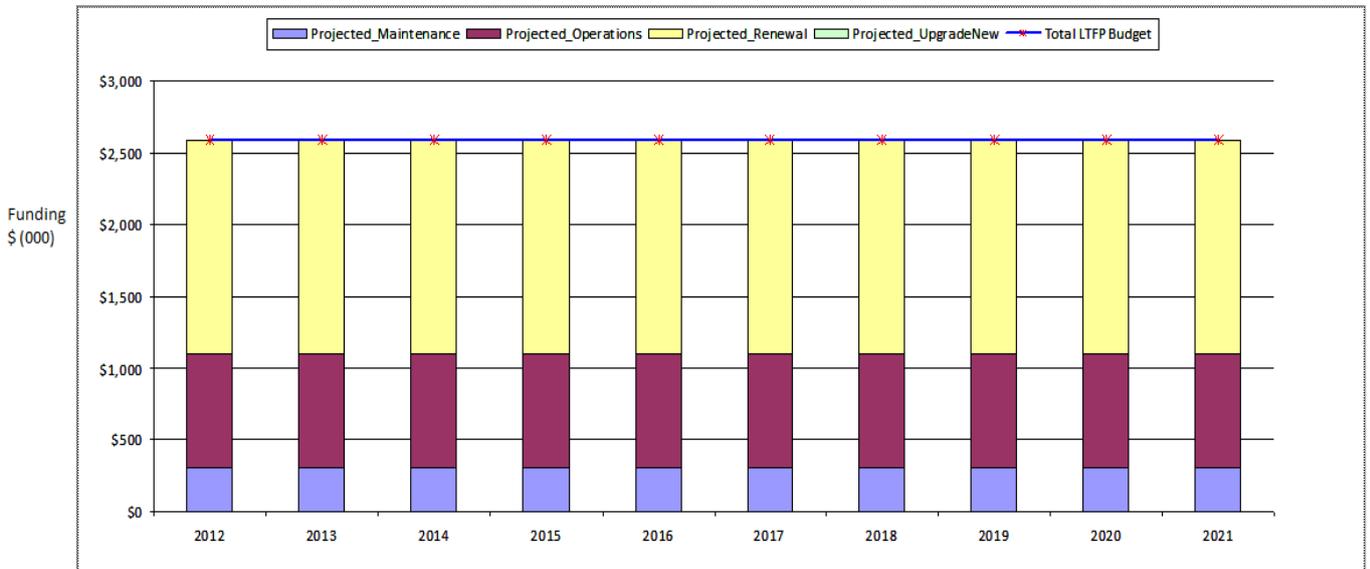
Figure 19: Transport and Drainage Scenario 2
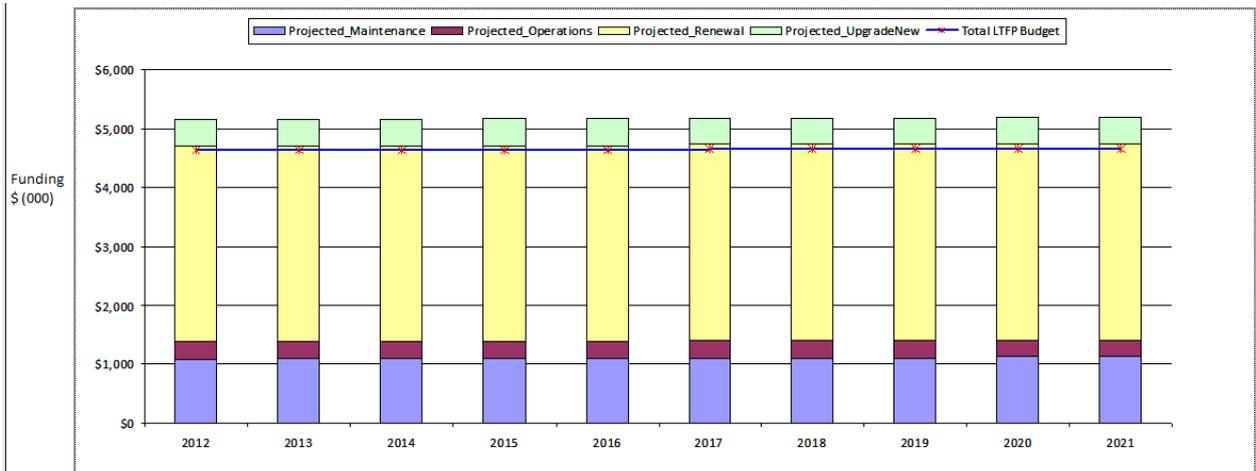
Appendix D   Asset Management Plan and Long Term Financial Plan Inputs

See Asset Management Plans

Appendix E Asset Management Policy

NARRANDERA SHIRE COUNCIL	ASSET MANAGEMENT POLICY	Doc No	
		VERSION 1	DATE 16 APR. 12
CONTROLLER:	**APPROVED BY:**	**REVIEW DATE**	
GENERAL MANAGER	**COUNCIL"[Enter date]"**	**"[Enter date]"**	

1.0 Purpose   To set guidelines for implementing consistent asset management processes throughout Narrandera Shire 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   Council owns and uses approximately $391 M of non-current assets to support its core business of delivery of service to the community.

4.1.3   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.

4.1.4   Adopting asset management principles will assist Council in achieving

its Strategic Longer-Term Plan and Long Term Financial objectives.

4.1.5   A strategic approach to asset management will ensure that the Council delivers the highest appropriate level of service through its assets. This will provide positive impact on;

- Members of the public and staff;
- Council's financial position;
- The ability of Council to deliver the expected level of service and infrastructure;
- The political environment in which Council operates; and
- The legal liabilities of Council.

4.2 Principles

4.2.1   A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best-practice throughout all Departments of Council.

4.2.2   All relevant legislative requirements together with political, social 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   Asset Management Strategy and associated Asset Management Plans.

Responsibility   **Councillors** are responsible for adopting the policy and ensuring that sufficient resources are applied to manage the assets.

The **GENERAL MANAGER** has overall responsibility for 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 April 2016.

Council Meeting Date

Appendix F   Asset Management Governance Processes

Service and Asset Management Development Programme Process				
GOV_1	© JRA	Narrandera Shire Council	15th April 2012	V2

Network Folder.   Asset Management Plans
All files registered in DMS

Word Document
- AM Strategy and Policy

Word Documents
- AMP - Parks
- AMP - Transport
- etc

Word Documents
- RMP - Transport
- etc

Maturity Audit
- Maturity Report
- Recommended Improvements

Risk Management Plan
- Risk Management Actions
- etc

Service Improvement Register
- AM Strategy Tasks
- Section 8.2 Improvement Tasks
- Maturity Improvement Tasks
- Risk Control Tasks
- Service Improvement Tasks

High Or V High Risk

Project Management Form For Each Task Reported to Steering Committee

Online Asset Management Improvement Monitoring System (AMIMS) Improvement UID
- Task Description
- Risk
- Option 1 Risk Cost Benefit | Option 2 Risk Cost Benefit | Option 3 Risk Cost Benefit
- Decision (proceed / do not proceed / more information needed)
- Accountability for Implementation

Service Review

Improvement Reporting

Is there a high residual risk

Place on risk register (see risk management process)

Resourcing Strategy
- Business Plan
- Service Plans
- Delivery Programme
- LTFP

Service Level reporting

Service Level reporing

| Update Process for Asset Management Documents | | | |
| GOV_2 | Doc Ref | Narrandera Shire Council | 15th April 2012 | V2 |

JRA

Network Folder. AM Resourcing Strategy
All files registered in DMS

Word Document
- AM Strategy and Policy

Word Documents
- AMP - Parks
- AMP - Transport
- etc

Word Documents
- RMP - Transport
- etc

XL Files
- Risk Register - Parks
- Risk Register – Transport
- etc

XL Files
- NAMS data templates - Parks
- NAMS data templates – Transport
- etc

Check out file for update Use DMS

Asset Manager or JRA Update Documents

Update Version Control in AMP

Update File Names See Below

Asset Manager to check in updated document as a new revision

Will the changes Impact the AM Strategy? — Yes — Notify AMFG

— No

Legend

AMP = Asset Management Plan
RMP = Risk Management Plan
NAMS = National Asset Management Strategy Templates and Software (IPWEA)

File Naming for Asset Management Plan and Risk Management Plan Documents

Cncl_Job_YYMMDD

S1V5 = Scenario 1 Version 5

- 83_397_110816_NAMS.PLUS_AMP Transport S1V5 = Asset Management Plan (Word Document)
- 83_397_110816_NAMS.PLUS_AMDT Transport S1V5 = Asset Management Data Template (XL File)
- 83_397_110816_NAMS.PLUS_RMP Transport S1V5 = Risk Management Plan (Word Document)
- 83_397_110816_NAMS.PLUS_RMDT Transport S1V5 -= Asset Management Data Template (XL File)

Scenarios and Versions

Scenario 1 (S1V1) Current Asset Register, Current Budget/ LTFP
Scenario 2 (S2V1) Estimated Delivery Programme instead or asset register, Current Budget. *Estimated activities for the next 10 years to maintain current service levels. (reseal programme, gravel resheet programme, building renewal programme)*
Scenario 3 (S3V1)
Adopted Delivery Programme / long term works programme balanced to Adopted LTFP *(This shows service levels and risks of the adopted resourcing strategy))* Asset Renewal Activities balance to LTFP

A version is the best available data for any scenario.

Network Folder.   AM Resourcing Strategy
All files registered in Document Management System (DMS)

Word Document

AM Strategy and Policy

Word Documents

AMP - Parks

AMP - Transport

etc

Word Documents

RMP - Transport

etc

XL Files

Risk Register - Parks

Risk Register – Transport

Risk Register – Non Asset Services

XL Files

NAMS data templates - Parks

NAMS data templates – Transport

etc

High & VH Residual Risks

Risk Analysis
Is the Risk Under Control

High and Very High Residual Risks reported to Asset Team Regular Review

Should Risk be reported to Audit Committee

Regular Review of Corporate Risk Register for High /Very High Residual Risks for All Services

Place on Corporate Risk Register Report to Audit Committee

Audit Committee Informs Council of Risks and Options

Appendix G   Asset Management Steering Committee Charter

Asset Management Steering Committee Guide:	Doc No	
	Version 1	Date April 2012

Controller:	Approved By:	Review Date:
GENERAL MANAGER		

CHARTER

1. Ensure core level governance practices for asset related services and advise the executive management team on any areas of corporate risk.
2. Ensure legislative and risk management compliance for asset related services.

ROLES and RESPONSIBILITIES

1. Maintain the AMIP project plan showing tasks, responsibilities in accordance with Appendix C
2. Allocating appropriate budget ensuring that effort, expenditures and charges are appropriate to stakeholder expectations
3. Schedule of agreed implementation tasks or projects
4. 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
5. Help balance conflicting priorities and resources
6. Provide guidance to the project team and users of the project's outputs
7. Check adherence to project activities to standards of best practice both within the water industry and Council
8. Foster positive communication outside the Team regarding the project's progress and outcomes.
9. Ensure resources, processes and reporting are in place to implement the AMIP
10. Achieve and maintained core level asset management practice or as amended by Council through the AMIP.
11. Ensuring the governance processes in Appendix C are in place and followed.

CHARTER DETAIL

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 audit 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 following stakeholder members:

Position	Name
General Manager	
Director of Engineering	

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.

4) 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 both within the water industry and Council
- 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 schedule is located in Appendix 1.

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 2006.
- 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 consider and adopt an Integrated Total Asset Management policy drafted by the steering committee. A copy of the adopted policy is attached. The policy ensures commitment to the adoption and integration of best practice Asset Management principles and practices within Conargo Shire Council. Integral to the policy are:

- Developing and implementing a Total 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 H   Audit Committee Charter

Audit Committee Guide:		Doc No	
		Version 1	Date 4TH April 2012
CONTROLLER: GM	**APPROVED BY: GM**	**REVIEW DATE**	
GENERAL MANAGER			

CHARTER

1. Reviewing annual financial statements to ensure that they fairly present the state of affairs of Council.
2. Proposing and contributing relevant information to, and review of Council's strategic management or annual business plans.
3. Proposing and reviewing in relation to other areas, for example, efficiency and economy audits.
4. Liaising with Council's auditors.
5. Reviewing the adequacy of Council's accounting, internal control, reporting and other financial management systems and practices.
6. Reviewing the approach adapted by Council and/or Management to business risks, corporate and financial governance responsibilities and legal compliance.
7. Providing suggestions and recommendations to Council and/or Management about actions to be taken to enhance financial governance.

ROLES and RESPONSIBILITIES

1. the Committee comprises 3-5 members;
2. the General Manager is not a member of the Audit Committee, nor are council employees;
3. the positions include some filled by public expression of interest;
4. the Chair is somebody external to the Council (not a Councilor or the Mayor);
5. there are at least 4 meetings per annum with a quorum;
6. meetings are open to the public;
7. the Council provides recognition through an 'honoraria' payment to external members;
8. the Council provides a budget to the Audit Committee enable work to be undertaken;
9. the Audit Committee has a formal relationship with the Internal Auditor, meeting with them at least once a year ;
10. the membership of the Audit Committee is reviewed periodically – a three yearly review of membership is recommended; and
11. the Audit Committee undertakes self-evaluation on an annual basis

This document is a summary of responsibilities relevant to this strategy – see Appendix 2 of the source document for a full charter.

SOURCE

Internal Audit Guidelines Department of Local Government - October 2008 – Appendix 2.

Appendix I   Asset Management Plan Capital Cost Projections

See Asset Management Plans for Details

Scenario 2		
Year	Category	Projected Renewal $000's
2012	Buildings_S2_V1	261
2013	Buildings_S2_V1	261
2014	Buildings_S2_V1	261
2015	Buildings_S2_V1	261
2016	Buildings_S2_V1	261
2017	Buildings_S2_V1	261
2018	Buildings_S2_V1	261
2019	Buildings_S2_V1	261
2020	Buildings_S2_V1	261
2021	Buildings_S2_V1	261
2012	Parks_Facilities_S2_V1	198
2013	Parks_Facilities_S2_V1	198
2014	Parks_Facilities_S2_V1	198
2015	Parks_Facilities_S2_V1	198
2016	Parks_Facilities_S2_V1	198
2017	Parks_Facilities_S2_V1	198
2018	Parks_Facilities_S2_V1	198
2019	Parks_Facilities_S2_V1	198
2020	Parks_Facilities_S2_V1	198
2021	Parks_Facilities_S2_V1	198
2012	Plant_S2_V1	1487
2013	Plant_S2_V1	1487
2014	Plant_S2_V1	1487
2015	Plant_S2_V1	1487
2016	Plant_S2_V1	1487
2017	Plant_S2_V1	1487
2018	Plant_S2_V1	1487
2019	Plant_S2_V1	1487
2020	Plant_S2_V1	1487
2021	Plant_S2_V1	1487
2012	Transport_S2_V1	3325
2013	Transport_S2_V1	3325
2014	Transport_S2_V1	3325
2015	Transport_S2_V1	3325

Scenario 2		
Year	**Category**	**Projected Renewal $000's**
2016	Transport_S2_V1	3325
2017	Transport_S2_V1	3325
2018	Transport_S2_V1	3325
2019	Transport_S2_V1	3325
2020	Transport_S2_V1	3325
2021	Transport_S2_V1	3325

Scenario 2		
Year	**Category**	**Projected Upgrade / New $000's**
2012	Buildings_S2_V1	220
2013	Buildings_S2_V1	220
2014	Buildings_S2_V1	220
2015	Buildings_S2_V1	220
2016	Buildings_S2_V1	220
2017	Buildings_S2_V1	220
2018	Buildings_S2_V1	220
2019	Buildings_S2_V1	220
2020	Buildings_S2_V1	220
2021	Buildings_S2_V1	220
2012	Parks_Facilities_S2_V1	137
2013	Parks_Facilities_S2_V1	137
2014	Parks_Facilities_S2_V1	137
2015	Parks_Facilities_S2_V1	137
2016	Parks_Facilities_S2_V1	137
2017	Parks_Facilities_S2_V1	137
2018	Parks_Facilities_S2_V1	137
2019	Parks_Facilities_S2_V1	137
2020	Parks_Facilities_S2_V1	137
2021	Parks_Facilities_S2_V1	137
2012	Plant_S2_V1	0
2013	Plant_S2_V1	0
2014	Plant_S2_V1	0
2015	Plant_S2_V1	0
2016	Plant_S2_V1	0
2017	Plant_S2_V1	0
2018	Plant_S2_V1	0
2019	Plant_S2_V1	0

Scenario 2		
Year	**Category**	**Projected Upgrade / New $000's**
2020	Plant_S2_V1	0
2021	Plant_S2_V1	0
2012	Transport_S2_V1	450
2013	Transport_S2_V1	450
2014	Transport_S2_V1	450
2015	Transport_S2_V1	450
2016	Transport_S2_V1	450
2017	Transport_S2_V1	450
2018	Transport_S2_V1	450
2019	Transport_S2_V1	450
2020	Transport_S2_V1	450
2021	Transport_S2_V1	450