



ASSET MANAGEMENT STRATEGY





Journey Through Time, created by local school students and artist Steven Campbell.

Acknowledgement of Country

Cessnock City Council acknowledges that within its local government area boundaries are the traditional lands of the Wonnarua people, the Awabakal people and the Darkinjung people. We acknowledge these Aboriginal peoples as the traditional custodians of the land on which our offices and operations are located, and pay our respects to Elders past and present. We also acknowledge all other Aboriginal and Torres Strait Islander people who now live within the Cessnock Local Government Area.

Document control



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EXECUTIVE SUMMARY

Executive summary

This asset management strategy is prepared to assist council in improving the way it delivers services from infrastructure including roads and road infrastructure, bridges, footpaths, stormwater drainage, parks and recreation and buildings. These infrastructure assets have a replacement cost of **\$1,483,501,705**.

The asset management strategy enables Council to:

- Show how its asset portfolio will meet the service delivery needs of its community into the future,
- Achieve the objectives of Councils' asset management policy, and
- Ensure the integration of Councils' asset management practices with its long-term strategic plan.¹

Adopting this asset management strategy will assist council in meeting the requirements of national sustainability frameworks and NSW Office of Local Government (OLG) by demonstrating what level of service can be delivered in a financially sustainable manner.

The asset management strategy is prepared following a review of the council's service delivery practices, financial sustainability indicators, asset management maturity and fit with council's vision for the future, outlined in the Cessnock Community Strategic Plan 2036. This strategy outlines an asset management improvement plan detailing a program of tasks to be completed and resources required to sustain council at a 'core' level of asset maturity and competence.²

Strategy Outlook:

1. The organisation is unable to sustain the current service level on the existing budget over the 10-year planning period.
2. The organisation is not able to fund current infrastructure lifecycle costs at current levels of service, with available funds.
3. The organisation's current asset management maturity is at 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

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

² Asset maturity as define within the International Infrastructure Management Manual 2020 as "core" "intermediate" or "advanced"

Asset Management Strategies

NO	STRATEGY	DESIRED OUTCOME
1	Incorporate Year 1 of Long-Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
2	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 risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
3 ³	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.
4	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.
5	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.
6	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.

³ This task is predominately undertaken, with improvement needed around updating advice to Council and community on any change in financial sustainability and meeting performance objectives after a comprehensive revaluation.

Asset Management Improvement Plan

The program of tasks and resources required to maintain 'core', and work towards 'intermediate' asset management maturity have been developed within this asset management strategy. The tasks and program are shown in Section 5.





INTRODUCTION



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 unique challenges. Their performance 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 also adds to the planning and financing challenges.⁴

The acquisition of new assets also presents challenges in funding the ongoing operating 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. This comprises:

- A strategic longer-term plan covering, as a minimum, the term of office of the councillors, and:
 - Bringing together asset management and long-term financial plans,
 - Demonstrating how council intends to resource the plan, and
 - Consulting with communities on the plan
- Annual budget showing the connection to the strategic objectives, and
- Annual report with:
 - Explanation to the community on variations between the budget and actual results,
 - Any impact of such variances on the strategic longer-term plan,
 - Report of operations with review on the performance of the council against strategic objectives.

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

⁵ LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 2-3.

LGPMC *Framework 2; Asset Planning and Management* has seven elements to assist in highlighting the key management practices that promote prudent, transparent, and accountable management of local government assets, that introduce a strategic approach to meet current and emerging challenges. These include:

- 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.

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,
- Achieve the objectives
- of Councils' asset management policy, and
- To ensure the integration of Council's asset management practices with its long-term strategic plan.

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

- In the most cost-effective manner,
- Through the acquisition, maintenance, operation, renewal, and disposal of assets,
- For present and future consumers.

⁶ LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 4-5.

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

1.1 Legislative Requirements⁸

LEGISLATION	REQUIREMENT
Local Government Act 1993	<p>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.</p> <p>The purposes of this Act are as follows:</p> <ol style="list-style-type: none"> a. To provide the legal framework for an effective, efficient, environmentally responsible and open system of local government in New South Wales, b. To regulate the relationships between the people and bodies comprising the system of local government in New South Wales, c. To encourage and assist the effective participation of local communities in the affairs of local government, d. To give councils: <ul style="list-style-type: none"> • The ability to provide goods, services and facilities, and to carry out activities, appropriate to the current and future needs of local communities and of the wider public; • The responsibility for administering some regulatory systems under this Act; • A role in the management, improvement and development of the resources of their areas. e. To require councils, councillors and council employees to have regard to the principles of ecologically sustainable development in carrying out their responsibilities.
Local Government Act Annual Report Section 428(2)(d)	<ol style="list-style-type: none"> d. A report of the condition of the public works (including public buildings, public road and water sewerage and drainage works) under the control of council as at the end of that year; together with <ol style="list-style-type: none"> i. An estimate (at current values) of the amount of money required to bring the works up to a satisfactory standard; and ii. An estimate (at current values) of the annual expense of maintain the works at that standard; and iii. The Council's programme for maintenance for that year in respect of the works.
Civil Liabilities Act	Part 5 - liability of public and other authorities; covers Councils' obligation to provide a duty of care to its residents within their available funding and/or resources.
Public Works Act	Sets out the role of Council in the planning and construction of new assets.
Environmental Planning and Assessment Act	An Act to institute a system of environmental planning and assessment for the State of New South Wales. Among other requirements the Act outlines the requirement for the preparation of Local Environmental Plans (LEP), Development Control Plans (DCP), Environmental Impact Assessments (EIA) and Environmental Impact Statements.

⁸ Summarised to reflect those that cover all assets. See individual asset management plans for asset class specific legislation

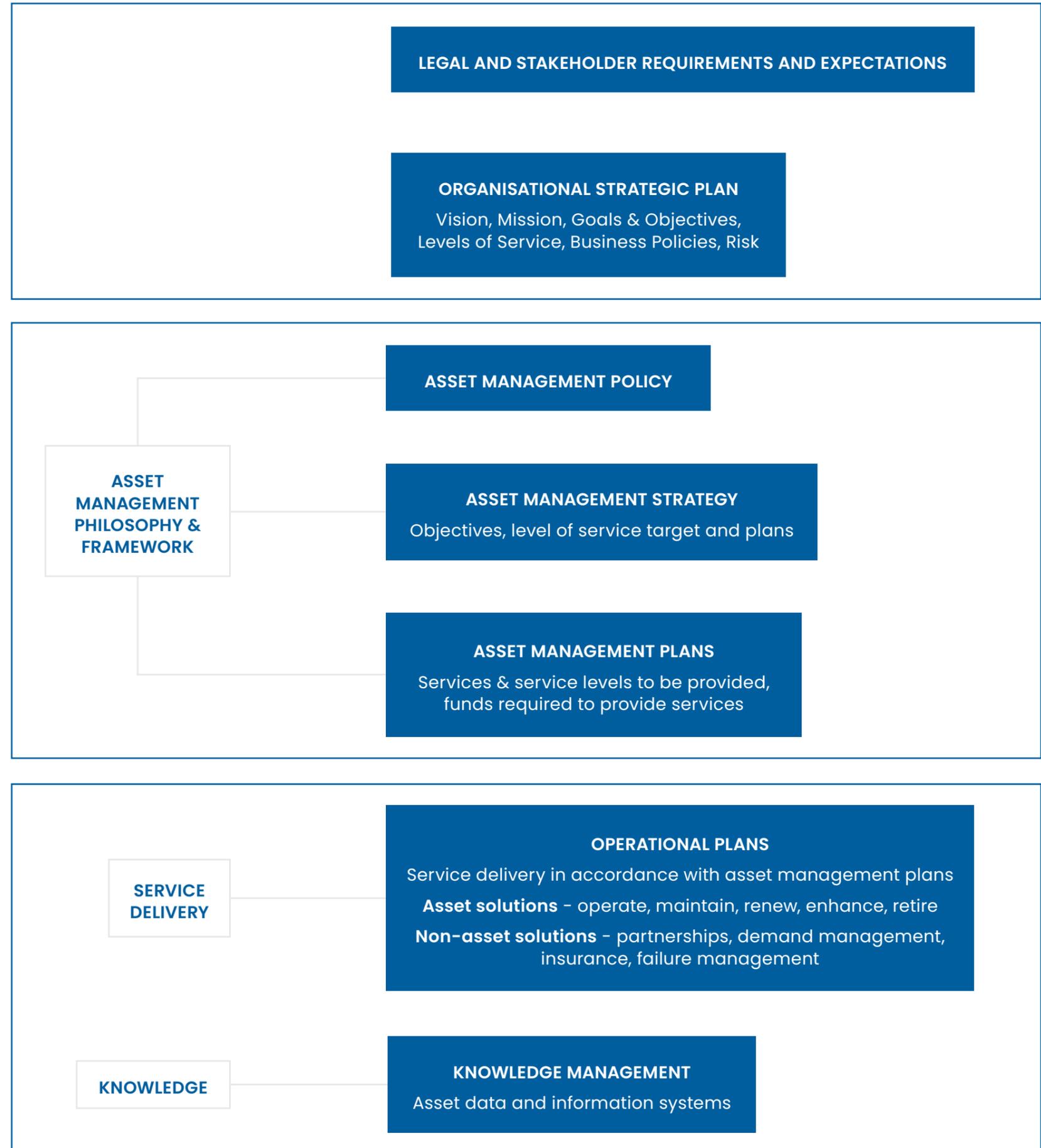
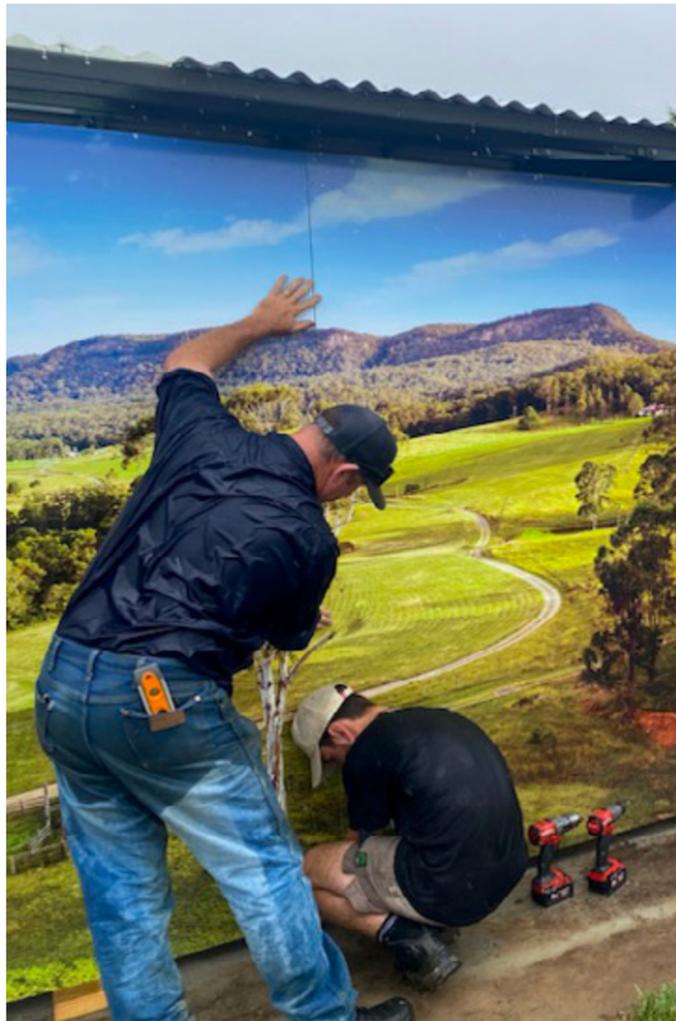
LEGISLATION	REQUIREMENT
Work Health and Safety Regulations	Sets out roles and responsibilities to secure the health, safety and welfare of persons at work and covering injury management, emphasising rehabilitation of workers particularly for return to work. Council is to provide a safe working environment and supply equipment to ensure safety.
Threatened Species Conservation Act	An Act to conserve threatened species, populations and ecological communities of animals and plants.
Protection of the Environment Operations Act	Council is required to exercise due diligence to avoid environmental impact and among others are required to develop operations emergency plans and due diligence plans to ensure that procedures are in place to prevent or minimise pollution.
Roads Act	Sets out rights of members of the public to pass along public roads, establishes procedures for opening and closing a public road, and provides for the classification of roads. It also provides for declaration of the RMS and other public authorities as roads authorities for both classified and unclassified roads, and confers certain functions (in particular, the function of carrying out roadwork) on the RMS and other roads authorities. Finally, it provides for distribution of functions conferred by this Act between the RMS and other roads authorities, and regulates the carrying out of various activities on public roads.
Disability Discrimination Act	The Federal Disability Discrimination Act (D.D.A.) provides protection for everyone in Australia against discrimination based on disability. It encourages everyone to be involved in implementing the Act and to share in the overall benefits to the community and the economy that flow from participation by the widest range of people.
Native Vegetation Act	This Act regulates the clearing of native vegetation on all land in NSW, except for excluded land listed in Schedule 1 of the Act. The Act outlines what landowners can and cannot do in clearing native vegetation.



1.2 Asset Management Planning Process

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

Asset management planning begins with defining stakeholder, and legal requirements, and needs. These needs are then incorporating into the organisation's strategic plan, asset management policy, strategy, and plans, and the operational plan, whilst being linked to a long-term financial strategy and funding plan.





WHAT ASSETS DO WE HAVE?

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
Road and Road Infrastructure	Including all roads maintained by Council (sealed and unsealed), kerb and gutter, footpaths and cycleways, bus shelters, traffic facilities, carparks and runway and taxiways.	Assets that provide a road network in partnership with other Roads authorities such as Transport for NSW (TfNSW) and neighbouring Councils to allow for safe and efficient pedestrian, cycle, motor vehicle and air craft transportation.
Buildings	Including community facilities, cultural hubs, sporting amenities, public amenities, libraries and commercial centres.	A place for the community to undertake various community, cultural or sporting activities.
Open Space Assets	Including assets such as picnic shelters, playgrounds, pools, tennis courts, bubblers, fencing, seats and benches, goal posts and hoops, and sports field lighting.	Infrastructure assets that are provided for recreational and open space use, including assets within sports fields, playgrounds, passive open space and swimming pools.
Stormwater	Including pipes, pits and minor culverts.	Stormwater drainage and flood prevention.
Bridges	Bridges and major culverts.	Safe and efficient pedestrian, cycle and motor vehicle transportation over waterways and difficult topography.



**OUR INFRASTRUCTURE
ASSETS AND THEIR
MANAGEMENT**



Our infrastructure assets and their management

3.1 State of the Assets

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

Table 2: Financial Status of the Assets⁹

ASSET CLASS	REPLACEMENT COST (\$000)	DEPRECIABLE AMOUNT (\$000)	DEPRECIATED REPLACEMENT COST (\$000)	DEPRECIATION EXPENSE (\$000)
Road and Road Infrastructure	\$1,002,005,095	\$263,062,943	\$738,942,152	\$8,252,867
Buildings	\$161,604,545	\$76,848,481	\$84,756,064	\$2,612,641
Open Space Assets	\$58,115,338	\$18,386,296	\$39,729,042	\$536,041
Stormwater	\$169,482,873	\$26,066,191	\$143,416,682	\$1,397,195
Bridges	\$85,956,250	\$8,584,490	\$77,371,760	\$744,560
Total	\$1,205,310,619	\$251,137,643	\$954,172,975	\$12,136,674

⁹ As at 30/06/2023

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

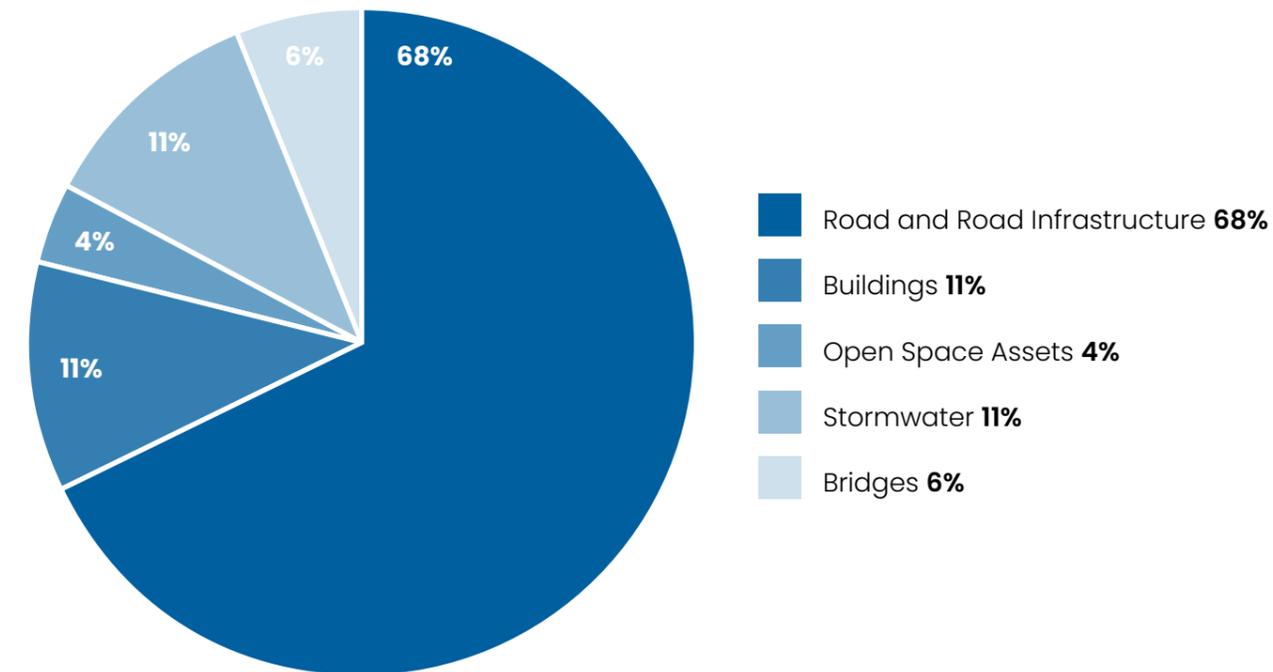


Figure 1: Asset Replacement Values



The proportion of assets in new, good, fair, poor and very poor condition is shown in Figure 2, where 1 is “as new” and 5 is “very poor”.

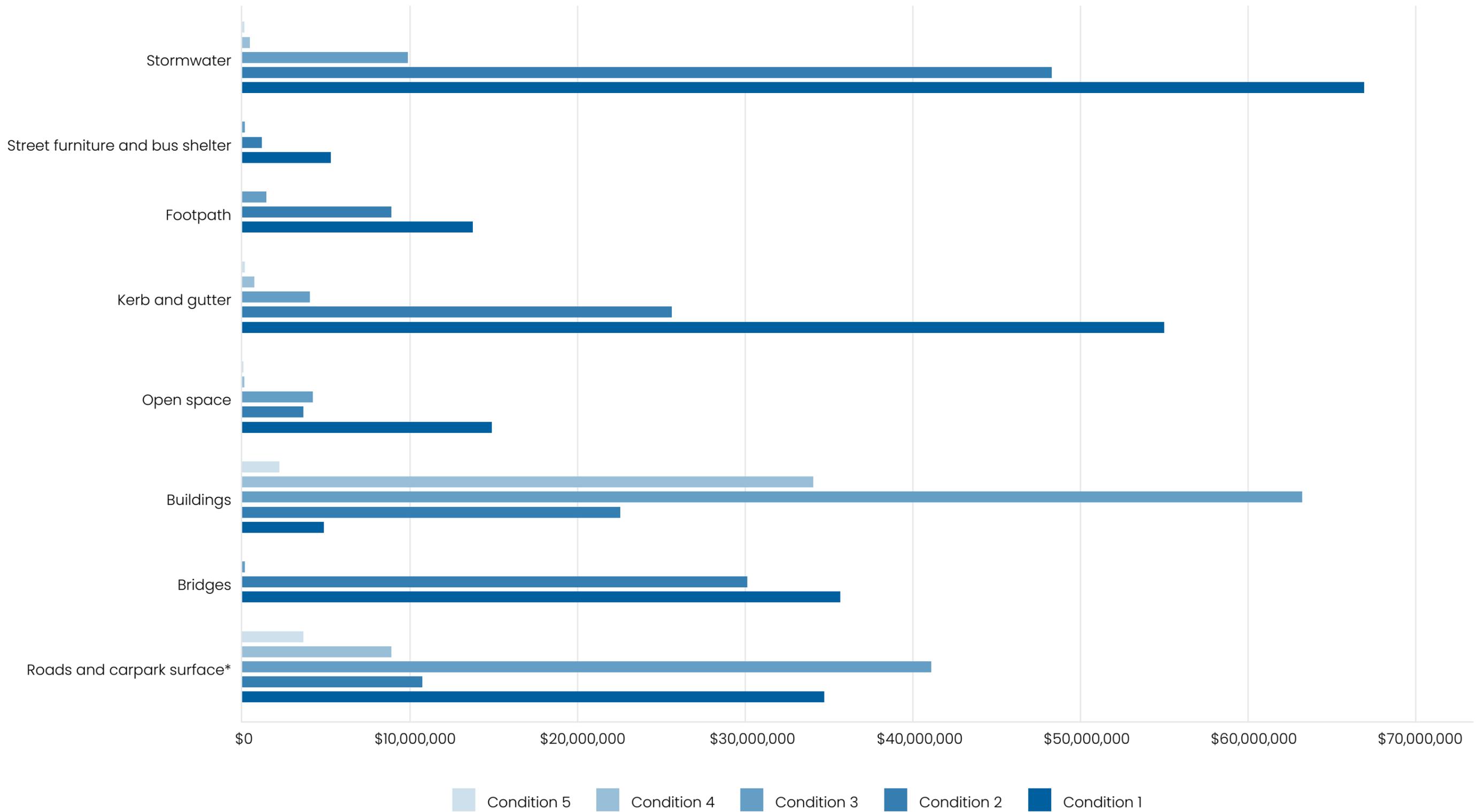


Figure 2: State of the Assets

Each asset class slightly varies from the standard 1-5 condition rating, please refer to each Asset Management Plan for details. Condition to be used as summary.

3.2 Lifecycle Costs

Lifecycle costs (or whole of life costs) are the average annual costs of the 10 year life of a planning cycle, required to sustain service levels over the life of the asset. Lifecycle costs include operations, maintenance, renewal, and acquisition costs. The lifecycle cost for the services covered in the asset management plans is shown in Table 3.

Table 3: Lifecycle Costs for Council Services

SERVICE	AVERAGE ANNUAL FORECAST LIFECYCLE COSTS				LIFECYCLE COST (\$/YR)
	OPERATIONS	MAINTENANCE	RENEWAL	ACQUISITION	
Road and Road Infrastructure	\$4,977,077	\$15,915,329	\$26,216,550	\$19,334,837	\$66,443,793
Buildings	\$1,609,985	\$2,210,317	\$1,234,281	\$1,120,000	\$6,174,583
Open Space Assets	\$4,037,921	\$4,367,963	\$1,119,960	\$2,265,000	\$11,790,843
Stormwater	\$1,062,498	\$2,249,361	\$2,857,079	\$3,911,074	\$10,080,013
Bridges	\$539,930	\$724,253	\$770,333	\$4,091,772	\$6,126,287
TOTAL	\$12,227,410	\$25,467,222	\$32,198,204	\$30,722,683	\$100,615,519

Lifecycle costs can be compared to the lifecycle funding allocated in the financial plan to give an indicator of sustainability in service provision. The lifecycle planned budget includes operations, maintenance, capital renewal and acquisition expenditure, annualised over the 10-year planning period. The lifecycle planned budget can vary depending on the timing of asset renewals. The annualised life cycle planned budget at the start of the plan is shown in Table 4.

Table 4: Lifecycle planned budget for Council Services

SERVICE	AVERAGE ANNUAL FORECAST LIFECYCLE COSTS				LIFECYCLE COST (\$/YR)
	OPERATIONS	MAINTENANCE	RENEWAL	ACQUISITION	
Road and Road Infrastructure	\$1,538,484	\$12,476,736	\$5,247,805	\$7,187,443	\$26,450,467
Buildings	\$1,474,585	\$2,074,917	\$455,000	\$731,500	\$4,736,002
Open Space Assets	\$3,067,561	\$3,318,577	\$300,000	\$647,000	\$7,333,138
Stormwater	\$700,000	\$606,848	\$493,324	\$432,392	\$2,232,564
Bridges	\$184,323	\$368,647	\$0	\$0	\$552,970
TOTAL	\$6,964,952	\$18,845,725	\$6,496,129	\$8,998,335	\$41,305,141

The lifecycle costs and planned budget comparison highlights any difference between present outlays and the average cost of providing the service over the long term.

If the lifecycle budget is less than the lifecycle cost, it is most likely that outlays will need to be increased in the budget 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 unavailable will

assist council in providing services to their communities in a financially sustainable manner. This is the purpose of integrating the AM Plans with the long-term financial plan.

A shortfall between lifecycle costs and planned budgets gives an indication of the lifecycle gap to be addressed in the asset management and long-term financial plan.

The lifecycle gap and lifecycle indicator for services covered by the asset management plan(s) is summarised in Table 5.

Table 5: Lifecycle indicators

SERVICE	LIFECYCLE COST (\$/YR)	LIFECYCLE BUDGET (\$/YR)	LIFE CYCLE GAP* (\$/YR)	LIFECYCLE INDICATOR (%)
Road and Road Infrastructure	\$66,443,793	\$26,450,467	\$39,993,326	39.81%
Buildings	\$6,174,583	\$4,736,002	\$1,438,581	76.70%
Open Space Assets	\$11,790,843	\$7,333,138	\$4,457,705	62.19%
Stormwater	\$10,080,013	\$2,232,564	\$7,847,449	22.15%
Bridges	\$6,126,287	\$552,970	\$5,573,318	9%
All Services¹⁰	\$100,615,519	\$41,305,141	\$59,310,379	41%

Note: The lifecycle gap calculation is the LCC less the LCB reported as a negative value. The lifecycle Indicator is calculated by dividing the LCB by the LCC expressed as a percentage.

Based on the above Council is currently only funding 41% of the lifecycle costs required to meet adopted levels of service. Therefore, a lifecycle¹¹ funding gap of **\$59,310,379** exists annually when considering shortfalls across all asset classes.

¹⁰ The lifecycle

¹¹ Including Operations, Maintenance, Renewal, Upgrade and Acquisition costs.



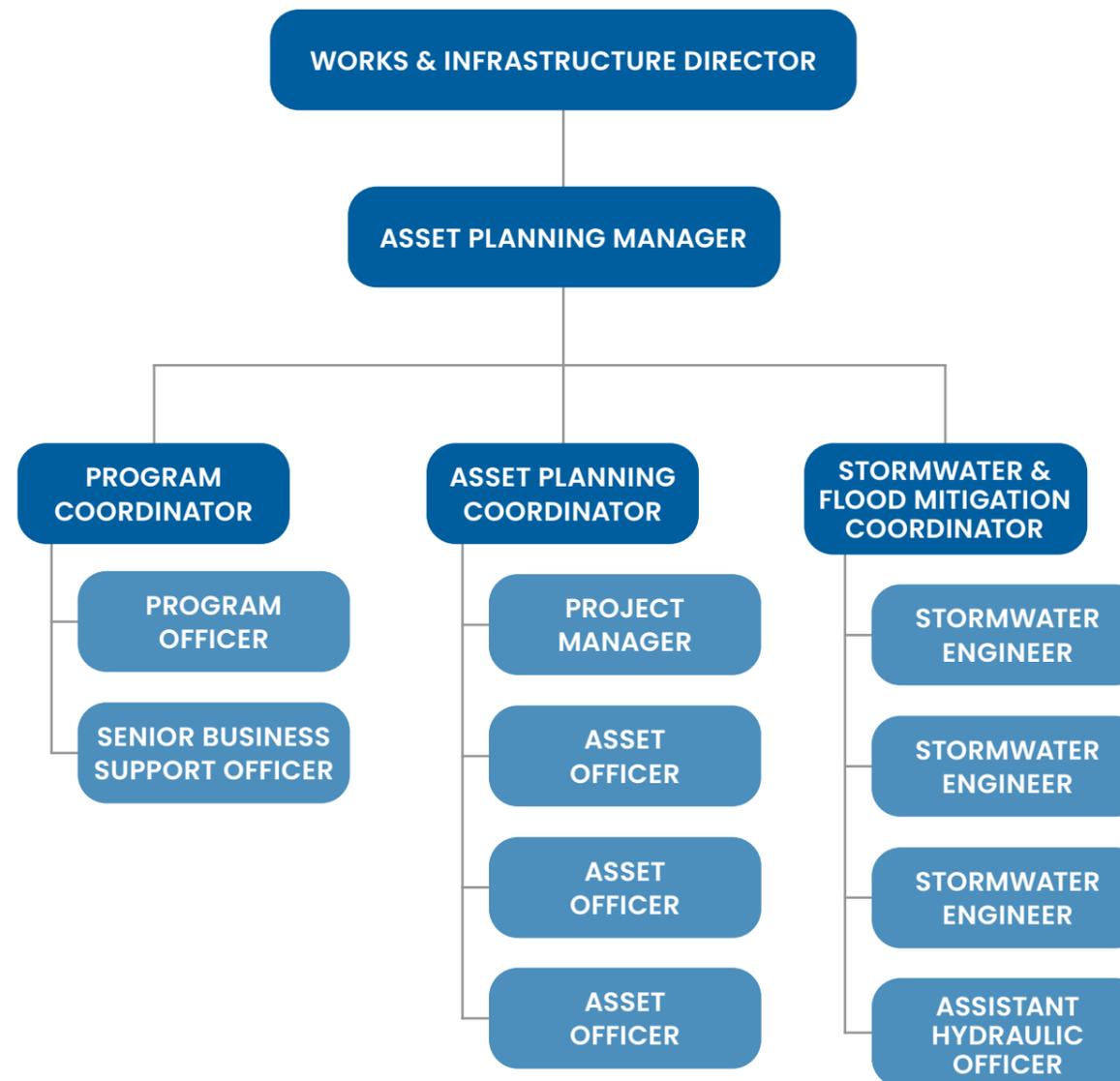


3.3 Asset Management Structure

Lifecycle costs (or whole of life costs) are the average annual costs of the 10 year life of a planning cycle, required to sustain service levels over the life of the asset. Lifecycle costs include operations, maintenance, renewal, and acquisition costs. The lifecycle cost for the services covered in the asset management plans is shown in Table 3.

GENERAL MANAGERS UNIT	WORKS AND INFRASTRUCTURE	PLANNING AND ENVIRONMENT	CORPORATE AND COMMUNITY SERVICES
Mayor and Councillors	Asset Planning	Business Support and Customer Relations	Communications and Engagement
General Manager	Emergency Management and Resilience	Development Services	Community and Cultural Development
Executive Support – General Manager and Mayor	Environment and Waste Services	Economic Development	Financial Management and Reporting
Internal Audit	Infrastructure	Regulatory Services	Information Technology
People and Culture	Open Space and Community Facilities	Strategic Planning	
	Works and Operations		

Asset Planning Organisation Structure



3.4 Corporate Asset Management Team

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

- Demonstrate corporate support for sustainable asset management,
- Encourage corporate buy-in and responsibility,
- Coordinate strategic planning, information technology and asset management activities,
- Promote uniform asset management practices across the organisation,
- Information sharing across IT hardware and software,
- Pooling of corporate expertise,
- Championing of asset management process,
- Wider accountability for achieving and reviewing sustainable asset management practices.

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

Phase 1

- Strategy development and implementation of asset management improvement program,

Phase 2

- Asset management plan development and implementation,
- Reviews of data accuracy, levels of service and systems plan development,

Phase 3

- Asset management plan operation,
- Evaluation and monitoring of asset management plan outputs,
- Ongoing asset management plans review and continuous improvement.

The current position of Council's asset management team is implementing Phase 3



3.5 Financial and Asset Management Maturity

The National Frameworks on Asset Planning and Management, and Financial Planning and Reporting provides nationally consistent elements for local government to manage its community infrastructure more sustainably through effective asset management and financial planning. The frameworks are covered by 10 key elements. To accurately assess an entities maturity against the 10 elements, 11 areas of competency are to be reviewed¹². These are:

Financial Planning and Reporting

- Strategic Longer-Term Plan
- Annual Budget Plan
- Annual Report

Asset Planning and Management

- Asset Management Policy
- Asset Management Strategy
- Asset Management Plan
- Governance and Management
- Levels of Service
- Data and Systems
- Skills and Processes
- Evaluation

¹² Asset Planning and Management Element 2 Asset Management Strategy and Plans divided into Asset Management Strategy and Asset Management Plans practice areas.

Council's maturity assessment for the core competencies is detailed in Appendix A and summarised in Figure 3. The current maturity level is shown by the light blue bars. The maturity gap to be overcome for Council to achieve a core financial and asset management competency is shown below:

Core Maturity Assessment Histogram

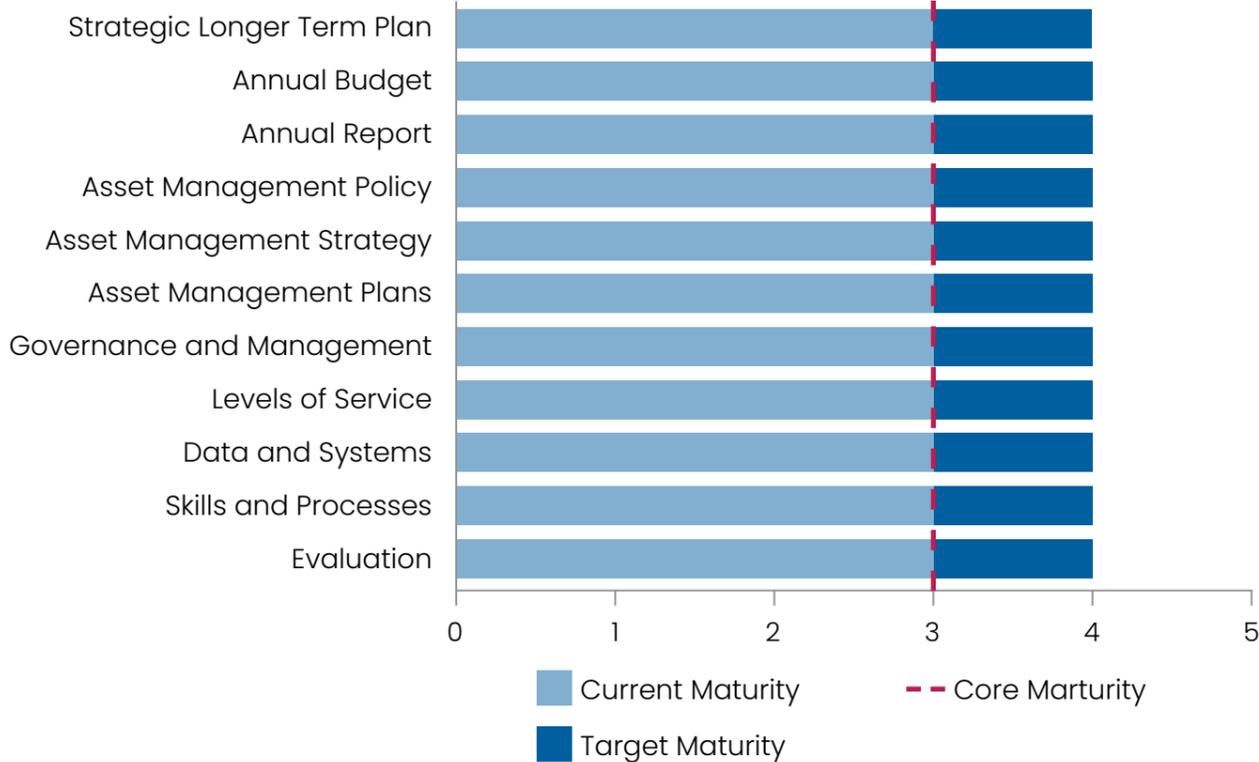


Figure 3: Financial and Asset Maturity

Cessnock City Council is currently at "core" level asset maturity

Core and Advanced Maturity Assessment Spider

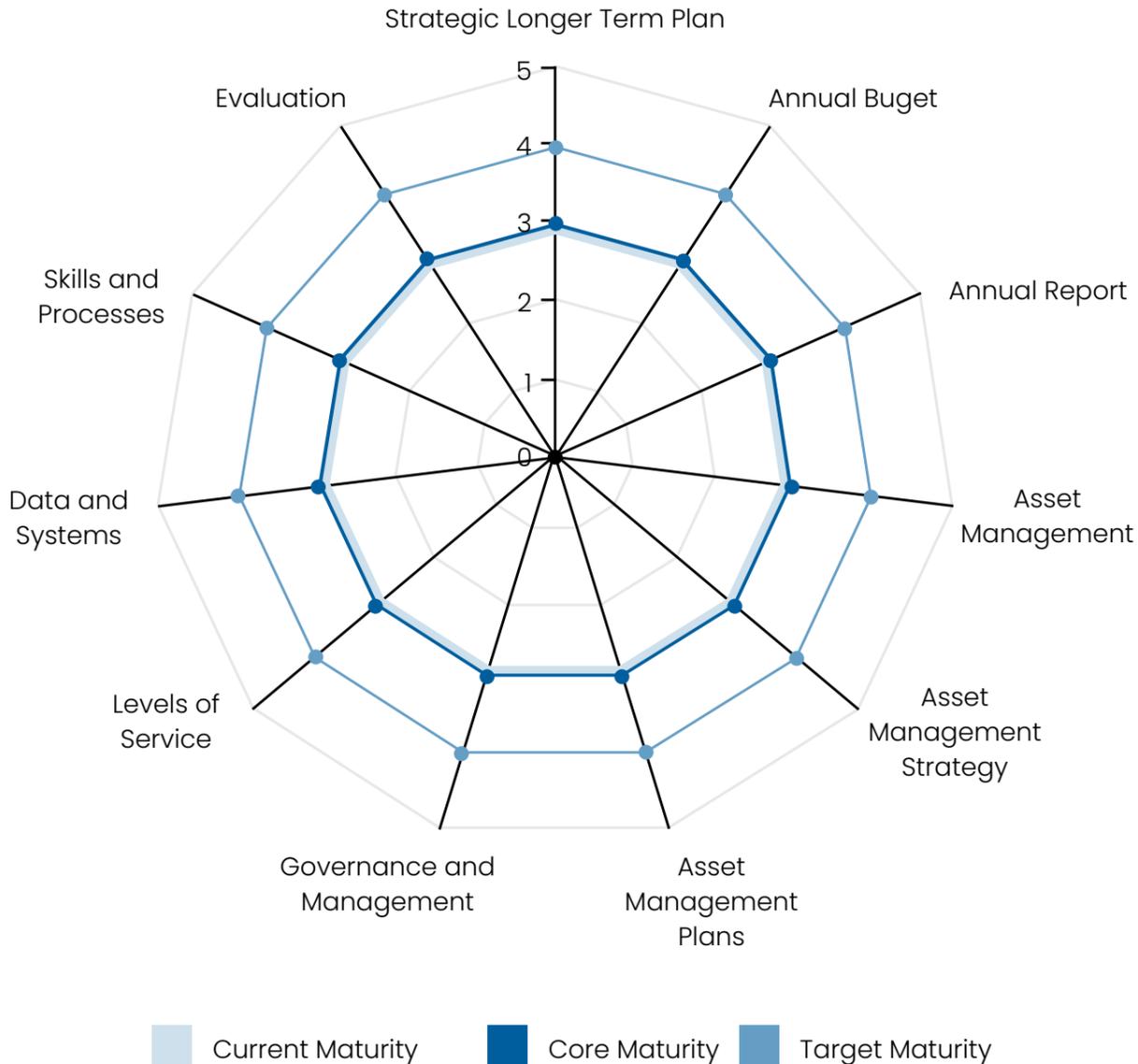


Figure 3b: Financial and Asset Maturity

3.6 Strategy Outlook

1. The organisation is unable to sustain the current service level on the existing budget over the 10-year planning period.
2. The organisation is not able to fund current infrastructure lifecycle costs at current levels of service, with available funds.
3. The organisation's current asset management maturity is at 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.



WHERE DO WE WANT TO BE?

Where do we want to be?

4.1 Council's Vision, Mission, Goals and Objectives

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

Our vision is

“Cessnock - Creating a Resilient, Sustainable and Diverse Community”.

Councils' Delivery Program has five desired outcomes as identified in the Community Strategic Plan. They are:

- 1. Live
- 2. Thrive
- 3. Protect
- 4. Move, and
- 5. Lead

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

Table 6: Goals and Objectives for Infrastructure Services

GOALS	OBJECTIVES
Objective 1.2 Strengthening community culture	1.2.3 Provide a variety of interment options to the community
Objective 1.3 Develop an active and creative community	1.3.3 Provide recreation and open space facilities that are connected and well utilised
Objective 2.3 Increase tourism and visitation opportunities	2.3.3 Explore opportunity for the Richmond Vale Rail Trail construction
Objective 3.3 Effectively utilise our open spaces for both passive and active recreation options	3.3.1 Provide options for people of all abilities to support active and healthy lifestyle habits
Objective 4.1 Progress our transport links	4.1.2 Provide and maintain a range of shared pathways that connect our community 4.1.4 Provide adequate road networks in new urban release areas Infrastructure
Objective 4.2 Improve our road network	4.2.1 Ensure our existing road network remains contemporary and meets our community's needs 4.2.2 Consider implications of upgrading Old Maitland Road at Sawyers Gully 4.2.3 Investigate options for a Cessnock CBD Bypass

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,

- achieve the objectives of Councils' asset management policy, and
- ensure the integration of Councils' asset management practices with its long-term strategic plan

A copy of Councils' Asset Management Policy can be found DOC2014/002468 in Council's corporate document storage system or on their website at: www.cessnock.nsw.gov.au/Council-Policies/Asset-Management-Policy

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 future, in the most cost-effective and fit for purpose manner.

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

- ensure that the Councils' 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.





HOW WILL WE GET THERE?

How will we get there?

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

Table 7: Asset Management Strategies

NO.	STRATEGY	DESIRED OUTCOME
1	Incorporate Year 1 of Long-Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
2	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 risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
3 ¹³	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.
4	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.
5	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.
6	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

¹³ This task is predominately undertaken, with improvement needed around updating advice to Council and community on any change in financial sustainability and meeting performance objectives after a comprehensive revaluation.



ASSET MANAGEMENT IMPROVEMENT PLAN

Asset Management Improvement Plan

The tasks required to continue to improve on Council's 'core' financial and asset management maturity are shown in priority order in Table 8. It is important to undertake a review of the progress of each task to ensure that target dates are still achievable during the course of the life of this strategy.

Table 8: Asset Management Improvement Plan

REF.	TASK	RESPONSIBILITY	TARGET DATE	BUDGET
1	Adopt capital investment policy.	Asset Planning/ Finance	30/6/2025	N/A
2	Reviewing the skills audit and implementing training where required.	Asset Planning	Ongoing	TBD on review of gap
3	Undertake further community Consultation to refine service levels and determine any service level trade-offs between classes.	Asset Planning/ Community Engagement Officer	When resourcing permits	N/A
4	Lifecycle forecasts identified in the AMP's driving the budgets in the LTFP ¹⁴ (See Strategy no. 1 in table 7).	Asset Planning/ Finance	As part of the development of the next operational program	Refer Table 5
5	Ensure demand management strategies are implemented. Particular focus is on budgeting for dedicated assets lifecycle costs within the LTFP.	Asset Planning/ Finance	31/3/2025 and then ongoing ¹⁵	Refer Table 5

¹⁴ It is understood that in order to meet lifecycle cost shortfalls within the AMP's a Special Rate Variation will need to be endorsed and risk/service trade off determined with the community.

¹⁵ As above.

APPENDIX A ASSET MANAGEMENT MATURITY ASSESSMENT

Asset Management Maturity Assessment

 **NAMS+** Maturity Status Report

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

ELEMENT.	SCORE	QUESTION	STATUS
Annual Budget	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 asset custodian and has been prepared based on the resource requirements and strategic objectives detailed in the asset custodian's Strategic Longer Term Plan, Asset Management Plans and Long Term Financial Plan.	Well Progressed
Annual Report	1	Annual report is published each year	Complete
Annual Report	2	Annual report contains explanation on variations between budget and actual results	Complete
Annual Report	2	Annual report reports on the asset custodian's operations for the year in terms of goals and objectives for preceding year	Complete
Annual Report	2	Annual report is widely available to the general public	Complete
Annual Report	2	Annual report contains audited financial statements	Complete
Annual Report	3	In relation to the financial reporting framework in the Annual Report, the Annual Report addresses the following issues in accordance with relevant statutory policies, Accounting Standards and other best practice guidelines: a. Asset valuations and revaluations, b. Asset acquisitions including capitalisation policy, c. Asset disposals.	Complete
Annual Report	3	The Annual Report includes details of any major changes in functions of the asset custodian, organisation structure and/or policy initiatives and how these changes might impact on the asset custodian's Strategic Longer Term Plan.	Complete

ELEMENT.	SCORE	QUESTION	STATUS
Annual Report	3	The Annual Report reviews the performance of the asset custodian against its strategic objectives and explains variations between the budget and actual results and how these variations impact on the Strategic Longer Term Plan.	Well Progressed
Annual Report	3	The Annual Report includes independently audited financial statements that are prepared on an accrual basis in accordance with applicable statutory financial reporting requirements.	Complete
Annual Report	3	The Annual Report complies with all statutory requirements including publication by the due date and is made widely available to the public.	Complete
Asset Management Plans	1	Stated intention to develop AM Plan(s)	Complete
Asset Management Plans	2	AMPs Include an improvement plan	Complete
Asset Management Plans	2	AMPs include all assets on asset register	Complete
Asset Management Plans	2	AMP's in place but not regularly reviewed or adopted	Complete
Asset Management Plans	2	Separate AMP's for each asset group - high level overall framework but not consistent	Complete
Asset Management Plans	3	AMPs have all been prepared in association with customer/community consultation.	Complete
Asset Management Plans	3	AMPs link to the asset custodian's AM Policy, AM Strategy, Strategic Longer Term Plan, Long Term Financial Plan and other relevant policy objectives.	Complete

ELEMENT.	SCORE	QUESTION	STATUS
Asset Management Plans	3	o. Identify changes in service potential of assets through projections of asset replacement costs, depreciated replacement cost and depreciation expense.	Complete
Asset Management Plans	3	n. Include consideration of non-asset service delivery solutions (leasing private/public partnerships)	Partially Complete
Asset Management Plans	3	m. Include an asset management improvement plan.	Complete
Asset Management Plans	3	l. Include an asset consolidation and disposal program; and	Well Progressed
Asset Management Plans	3	k. Address asset performance and use measures and associated targets as linked to levels of service;	Complete
Asset Management Plans	3	iv. Operational expenditure (including depreciation expense);	Complete
Asset Management Plans	3	iii. Maintenance expenditure;	Complete
Asset Management Plans	3	ii. New Assets and Upgrades of existing assets;	Complete
Asset Management Plans	3	i. Asset Renewals;	Complete
Asset Management Plans	3	j. Include forward programs identifying cash flow forecasts projected for:	Complete
Asset Management Plans	3	i. Address life cycle costs of assets;	Complete
Asset Management Plans	3	h. Include demand management forecasts;	Complete
Asset Management Plans	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	Complete
Asset Management Plans	3	f. Include risk assessment and criticality profiles;	Well Progressed

ELEMENT.	SCORE	QUESTION	STATUS
Asset Management Plans	3	e. Document the adopted useful lives of assets;	Complete
Asset Management Plans	3	d. Document the current condition function capacity and use of assets;	Complete
Asset Management Plans	3	c. Document the asset hierarchy within each asset group;	Complete
Asset Management Plans	3	b. Include all assets and document asset inventory information for the asset group/category as recorded in the asset register;	Complete
Asset Management Plans	3	a. Refer to the asset custodian's Asset Management Policy and Asset Management Strategy;	Complete
Asset Management Plans	3	AMPS cover at least 10 years and	Complete
Asset Management Plans	3	AMPs define which asset groups are covered by each Plan in accordance with a clearly documented Infrastructure asset hierarchy.	Complete
Asset Management Plans	3	AMPS adopted by the asset custodian for all significant asset groups in a consistent format in accordance with industry best practice (E.g. International Infrastructure Management Manual (IIMM)) and are available to all relevant staff across the organisation.	Complete
Asset Management Plans	3	Include consideration of possible effects of climate change on asset useful lives and maintenance costs	Well Progressed
Asset Management Policy	1	AM Policy has been drafted but not adopted by the asset custodian OR some awareness by the asset custodian of asset management policy elements and asset management principles.	Complete
Asset Management Policy	2	AM Policy adopted by the asset custodian's executive.	Complete

ELEMENT.	SCORE	QUESTION	STATUS
Asset Management Policy	3	AM Policy identifies a process for meeting training needs in financial and asset management practices for the asset custodian's executive and operational staff.	Well Progressed
Asset Management Policy	3	AM Policy defines asset management roles, responsibilities and reporting framework.	Complete
Asset Management Policy	3	AM Policy requires the adoption of Asset Management Plans informed by community consultation and applicable financial reporting frameworks.	Complete
Asset Management Policy	3	AM Policy has a direct linkage with the asset custodian's Strategic Longer Term Plan and Long Term Financial Plan.	Complete
Asset Management Policy	3	The asset custodian has an adopted Asset Management Policy which defines the asset custodian's vision and service delivery objectives for asset management.	Partially Complete
Asset Management Strategy	1	Draft AM Strategy Prepared but not adopted.	Complete
Asset Management Strategy	2	Strategy implements the service level and risk goals set out the asset custodian's strategic plans aligned with ISO 55000.	Complete
Asset Management Strategy	2	Strategy shows what assets the asset custodian has under its control.	Complete
Asset Management Strategy	3	The asset custodian's Asset Management Strategy documents the current status of asset management practices (processes, asset data and information systems) and what actions must be taken to implement the Asset Management Policy, including resource requirements, timeframes and accountabilities.	Complete

ELEMENT.	SCORE	QUESTION	STATUS
Asset Management Strategy	3	The asset custodian's Asset Management Strategy is linked to the Asset Management Policy and integrated into the Strategic Longer Term planning and annual budgeting processes.	Complete
Asset Management Strategy	3	The asset custodian has an Asset Management Strategy which shows how the asset portfolio can meet the service delivery needs of customers and defines the future vision of asset management practices.	Complete
Data and Systems	1	The asset custodian has a basic inventory of fixed assets (e.g. location, size, type) for all its major asset classes listed in an asset register.	Complete
Data and Systems	2	Data attributes are documented and prioritised for the Asset Management Information System	Complete
Data and Systems	2	The asset owner has a corporate asset register supported by technical asset registers with regular validation of data.	Well Progressed
Data and Systems	3	The asset custodian has a defined process for operations, maintenance, renewal and acquisition (upgrade, new and expansion) planning for its existing assets.	Well Progressed
Data and Systems	3	The asset custodian has defined and documented procedures for determining asset replacement costs and a table of unit rates, which are stored in the Asset Management Information System.	Well Progressed
Data and Systems	3	The Asset Management Information System has the ability to generate maintenance and renewal expenditure forecasts.	Complete

ELEMENT.	SCORE	QUESTION	STATUS
Data and Systems	3	The asset custodian's systems, procedures and processes allow it to benchmark its asset management performance against similar organisations over time.	Complete
Data and Systems	3	The asset custodian's asset financial reporting functionality is comprehensive and includes audit trails, depreciation calculations, reporting thresholds and records of acquisition and disposal of assets	Complete
Data and Systems	3	The asset custodian 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.	Complete
Data and Systems	3	There is a common corporate data framework used across all asset groups, which is defined by the asset custodian's Infrastructure Asset Hierarchy.	Complete
Data and Systems	3	The asset custodian has a consolidated, integrated, accurate, up to date asset register with appropriate components and the required functionality to ensure security and data integrity, which includes all information about each asset sorted by asset group.	Complete
Evaluation	1	No formal evaluation process	Complete
Evaluation	2	Improvement tasks are included in staff performance plans and reviews	Complete
Evaluation	3	Community levels of service are monitored and performance reported.	Complete
Evaluation	3	Technical levels of service are monitored and performance reported.	Well Progressed

ELEMENT.	SCORE	QUESTION	STATUS
Evaluation	3	The asset custodian 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/GM.	Partially Complete
Governance & Management	1	AM activities are dependent on individual initiatives and poorly co-ordinated	Not Started
Governance & Management	2	Multi-disciplinary AM Steering Committee in operation with regular meetings	Not Started
Governance & Management	2	AM improvement plan in operation	Well Progressed
Governance & Management	3	There are internal processes to promote Asset Management across the asset custodian	Complete
Governance & Management	3	The asset custodian 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.	Partially Complete
Governance & Management	3	The asset custodian involves all its departments in Asset Management.	Complete
Governance & Management	3	The asset custodian has a documented process for making capital investment decisions, which is driven by the 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.	Well Progressed
Governance & Management	3	The staff structure and position descriptions clearly define asset management functions, responsibilities and skill requirements for managing all asset classes.	Complete

ELEMENT.	SCORE	QUESTION	STATUS
Governance & Management	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.	Complete
Governance & Management	3	The asset custodian has mechanisms in place to provide high level oversight by the CEO/GM and Executive Management Team, for development and implementation of the Asset Management Strategy and Asset Management Plans.	Well Progressed
Levels of Service	1	Service levels are consequences of annual budget allocation and poorly defined.	Complete
Levels of Service	2	Customer Groups defined and requirements informally understood.	Complete
Levels of Service	3	Technical levels of service are incorporated into service agreements and/or maintenance, operational and capital renewal procedures.	Well Progressed
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.	Complete
Levels of Service	3	The asset custodian 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.	Well Progressed
Levels of Service	3	The asset custodian has Service Objectives for each of its services which have been developed in consultation with the community.	Well Progressed
Skills & Processes	1	Leadership is supportive of delivering the essential asset management activities	Complete

ELEMENT.	SCORE	QUESTION	STATUS
Skills & Processes	2	Skills & knowledge requirements determined	Complete
Skills & Processes	2	Audit completed to determine current skill & knowledge levels	Well Progressed
Skills & Processes	2	Position descriptions incorporate an asset management knowledge requirement	Complete
Skills & Processes	3	The asset custodian provides ongoing training programs for executive leaders and elected members on key asset management topics.	Well Progressed
Skills & Processes	3	The asset custodian has a process to communicate the financial implications of the Asset Management Plans to internal and external stakeholders.	Complete
Skills & Processes	3	The asset custodian has formal processes for the handover of assets to asset custodians/owners.	Well Progressed
Skills & Processes	3	The asset custodian 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.	Well Progressed
Skills & Processes	3	The asset custodian has a defined methodology for assessing the Remaining and Useful Life, Residual Value and Depreciation Method of assets.	Complete
Skills & Processes	3	The asset custodian has assessed the skills and knowledge required to perform asset data management activities, conduct financial reporting valuations and develop Asset Management Plans. The asset custodian has a current asset management skills matrix. Staff training needs have been identified and training scheduled.	Complete

ELEMENT.	SCORE	QUESTION	STATUS
Skills & Processes	3	The asset custodian has a process to annually review and update the financial forecasts for all asset classes and update the Long Term Financial Plan.	Well Progressed
Skills & Processes	3	The asset custodian has a process to identify operational risks, assign responsibilities and monitor risk treatment actions all recorded within a risk register.	Partially Complete
Skills & Processes	3	The asset custodian 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 asset custodian election cycle. Asset Management Plans are formally adopted by The asset custodian.	Complete
Skills & Processes	3	The asset custodian 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 the executive.	Complete
Strategic Longer Term Plan	1	Plan covers a minimum three year period.	Complete
Strategic Longer Term Plan	2	Plan details what the asset custodian intends to do in the period of plan	Complete
Strategic Longer Term Plan	2	Plan includes vision and strategic objectives	Complete

ELEMENT.	SCORE	QUESTION	STATUS
Strategic Longer Term Plan	2	Plan reflects needs of the community for the foreseeable future	Complete
Strategic Longer Term Plan	2	The draft strategic plan has been advertised for public comment	Complete
Strategic Longer Term Plan	2	The Strategic Plan covers a minimum 10-year timeframe	Complete
Strategic Longer Term Plan	3	The Long Term Financial Plan has been prepared based on the resource requirements and strategic objectives detailed in the asset custodian's Long Term Strategic Plan and Asset Management Plans.	Complete
Strategic Longer Term Plan	3	The asset custodian has a sustainable Long Term Financial Plan covering the period of the Strategic Longer Term Plan (at least 10-years)	Complete
Strategic Longer Term Plan	3	The Strategic Longer Term Plan incorporates priorities and performance measures and indicates how they will be monitored and measured.	Complete
Strategic Longer Term Plan	3	The development of the Strategic Longer Term Plan included community consultation and reflects community needs.	Complete
Strategic Longer Term Plan	3	The asset custodian has a Strategic Longer Term Plan (planning horizon of at least 10-years) that incorporates a vision, strategic outcomes, mission, values and service outcomes that the asset custodian wants to achieve.	Complete



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