



ASSET MANAGEMENT STRATEGY

(2017-2027)



Version 1.6 | January 2018

Document Control

Document Control		NAMS.PLUS Asset Management www.ipwea.org/namsplus		 	
Document ID: 140527 nams.plus3 core am strategy template v1.1					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1.0	1/3/16	Creation	MA	DI	PPRC
1.1	1/5/16	Update scenarios 1 to 3	MA	PPRC	PPRC
1.2	19/5/16	Refinement of information and formatting throughout; addition of Appendix B	MA	DI	PPRC
1.3	10/6/16	Asset Committee amendments	MA	DI	PPRC
1.4	30/9/16	Manager Finance amendments	MA	MF	PPRC
1.5	1/3/17	Data update	MA	DI	PPRC
1.6	29/1/18	Data update	AO	DI	PPRC
1.7	21/3/2018	Data update	AO	DI	PPRC
1.8	10/4/2018	Data update	AO	DI	PPRC
1.9	22/5/2019	Adopted by Council	AO	DI	PPRC

NAMS.PLUS Asset Management

The Institute of Public Works Engineering Australasia.

www.ipwea.org/namsplus

© Copyright 2012 – All rights reserved.

Table of Contents

Executive Summary	1
1. Introduction	4
1.1 Legislative Reform	5
1.2 Asset Management Planning Process.....	5
2. Identification of Council Assets	7
3. Council Asset Management	8
3.1 State of the Assets.....	8
3.2 Life Cycle Cost.....	9
3.3 Asset Management Planning	11
4. Future Directions and Goals.....	13
4.1 Council's Vision, Mission and Values	13
4.2 Asset Management Policy.....	13
4.3 Asset Management Structure.....	14
4.4 Corporate Asset Management Team	15
4.5 Financial & Asset Management Core Competencies	16
4.6 Core and Advanced Maturity Assessment	16
4.7 Core and Advanced Maturity Risk.....	17
4.8 Strategy Outlook	18
5. Strategies to Achieve Goals	18
6. Asset Management Improvement Plan	20
<i>Appendix A: Asset Revaluation Schedule</i>	<i>22</i>

Executive Summary

This Asset Management Strategy is prepared to assist Council in improving the way it delivers services from infrastructure including roads, kerbing, bridges, footpaths, stormwater drainage, CWMS (Community Wastewater Management Scheme) and buildings. These infrastructure assets have an approximate replacement value of \$351 million.

The Asset Management Strategy is to enable Council to:

- Show how its asset portfolio will meet the service delivery needs of its community into the future;
- Provide capacity for Council's asset management policies to be achieved; and
- Ensure the integration of Council's asset management with its long term strategic plan.¹

Adopting this Asset Management Strategy will assist Council to meet the requirements of National Sustainability Frameworks and the *Local Government Act 1999* and provide services needed by the community in a financially sustainable manner.

The Asset Management Strategy is prepared following a review of Council's service delivery practices, financial sustainability indicators, asset management maturity and fits with Council's vision for the future outlined in the Port Pirie Regional Council's Community Plan 2016-2025.

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.

The Strategy will be underpinned by individual asset plans for all classes of assets held by Council. These will act as operational documents that will enable the Strategy to be implemented.

Strategy Outlook

1. The Council is in a good position with the assets that have been condition assessed. It is vital that ongoing improvements occur to the Asset Register data being collected prior to any significant changes to the funding that has been adopted.
2. The Asset Management Plans are aligned with Long Term Financial Plans; Council is able to fund upgrades and asset replacement at the current level of service.
3. The condition assessments are reflecting Council's commitment to capital replacement and upgrades.
4. Investment is required to continue to enable improvement into the asset management process in the areas of information management, life cycle management, service management, accountability and to allow direction for progression. This is evident with the progression that has taken place over the past two years.

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

Table 1: 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 enable delivery of Council services.
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
5	Review and update Asset Management Plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
6	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.
11	Report annually to Council by Audit Committee/CEO on development and implementation of Asset Management Strategy, Asset Management Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

Table 2: Asset Management Improvement Plan

The program of tasks and resources required to achieve a minimum core asset management maturity has been developed as part of the Asset Management Strategy. The tasks and program are shown below.

Ref	Task	Responsibility	Target Date	Budget
1	Annual review of ten year capital program	DI, MA, MF, TO	January/February Annually	Allocated
2	Alignment of LTFP and Asset Management Plan	MA, MF, AO	January/February Annually	Allocated
3	Review service levels	DI, MA, AO, TO	February/March Ongoing	Allocated
4	Maintain and update asset register	MA, AO	June/July Ongoing	Allocated
5	Reflect actual useful lives in next valuation of the associated asset.	DI, MA, AO, TO	January/February Annually	Allocated
6	Conduct 'gap' analysis of all asset classes and associated infrastructure	DI, MA	Four year cycle	Allocated
7	Review all whole of life cost for all asset classes	DI, MA, MF, AO	Four year cycle	Allocated

DI Director Infrastructure
MA Manager Assets
MF Manager Finance
AO Asset Officer
TO Technical Officer

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, kerbing, footpaths, stormwater drainage, bridges, CWMS and buildings present particular challenges as their condition and longevity can be difficult to determine. Financing needs can be large, requiring planning for large peaks and troughs in expenditure for renewing and replacing such assets. The demand for new and improved services adds to the planning and financing complexity.²

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

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

- A strategic longer-term plan covering, as a minimum, the term of office of the Elected Members 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 Business Plan showing the connection to the strategic objectives, and
- Annual Report with:
 - explanation to the community on variations between the budget and actual results
 - any impact of such variances on the strategic longer-term plan
 - report of operations with review on the performance of the council against strategic objectives.⁴

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

- Asset Management Policy
- Strategy and planning
 - Asset Management Strategy
 - Asset Management Plans
- Governance and Management Arrangements
- Defining levels of service
- Data and systems
- Skills and processes and
- Evaluation.⁵

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

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

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

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

The Asset Management Strategy is designed to enable Council to:

- Show 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.⁶

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

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

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

1.1 Legislative Reform

The SA Government amended the Local Government Act in 2005. The amendment instructed the Councils to address future funding practices to enable financial sustainability.

The key to this was the creation of long term policy planning and decision making.

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.

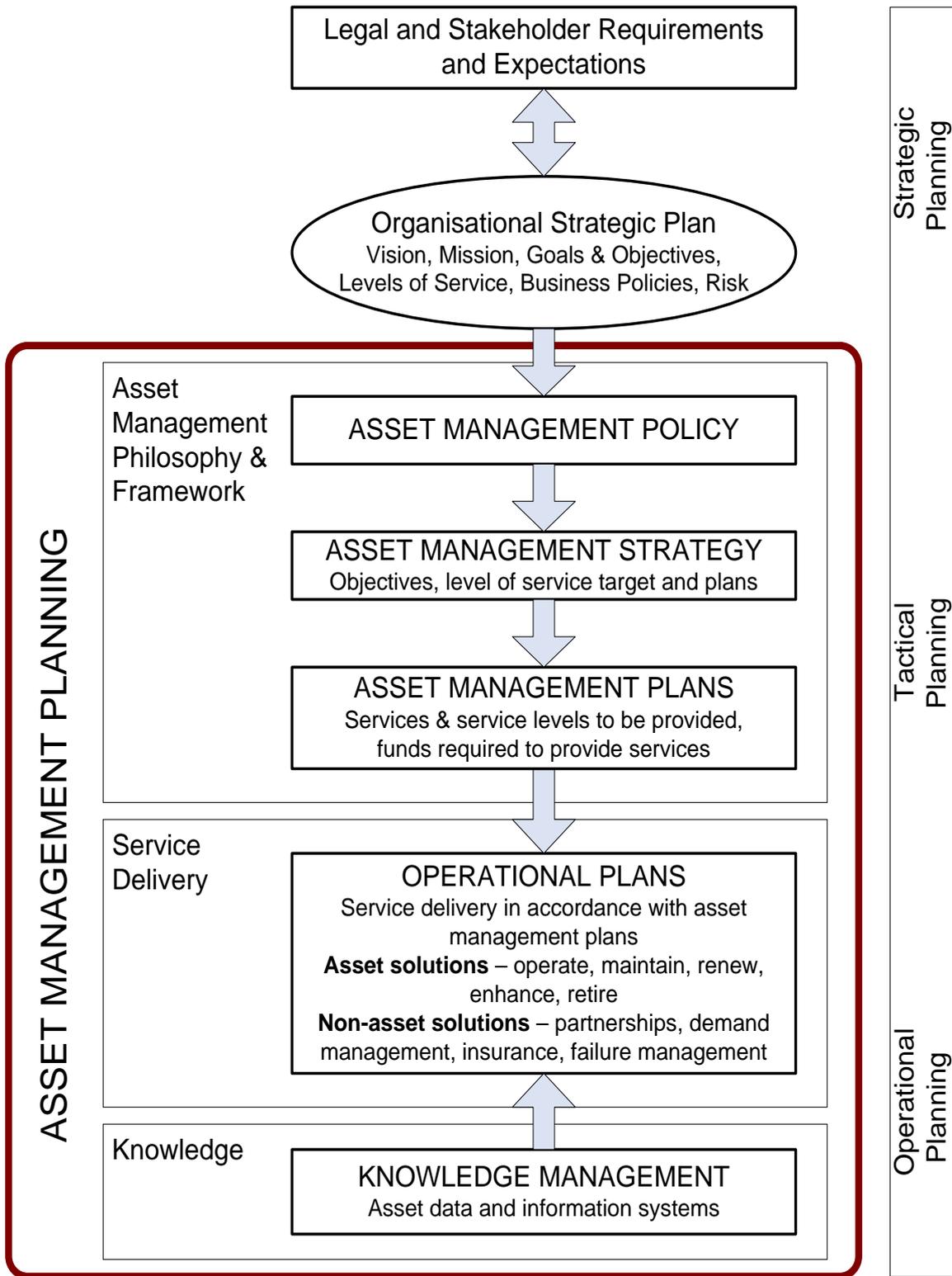
The asset management planning process is as follows:

- Define stakeholder and legal requirements and needs
- Incorporate these needs into the Council's Strategic Plan
- Develop an Asset Management Policy, Strategy and Plan along with Operational Plans linked to a Long-Term Financial Plan with a funding plan.⁷

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

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

Asset Management Planning Process



2. Identification of Council Assets

Council uses infrastructure assets to provide services to the community. The range of infrastructure assets and the services provided from the assets is shown below in Table 3.

Table 3: Assets used for providing services

Asset Class	Description	Services Provided
Roads	Sealed and unsealed road network <ul style="list-style-type: none"> • 312 km sealed • 630 km unsealed 	Provide a network that is safe for the community.
Kerbing	297 km of kerb and channel mainly located in the City of Port Pirie and out lying townships.	Carry out annual repair and replacement work from condition assessment and road reseal program.
Footpaths	Concrete, Block paving and crusher dust paths 297 km.	Pedestrian movement to minimise trips and falls.
Stormwater Drainage	Network comprises: <ul style="list-style-type: none"> • pipes • side entry pits junction boxes • pumps • gross pollutant traps • lagoons 	Operation, maintenance, renewal and upgrade of asset to meet service level set.
Buildings including furniture and fit out	Maintenance and renewal of buildings used for public service.	A range of buildings to meet the communities' needs are provided and maintained.
CWMS	Two systems at Napperby and Crystal Brook.	Maintain and provide emergency management plan for these systems.
Structures and site improvements includes Marine assets, Recreation reserves, shelters, Cemeteries, Aerodrome	Parks and recreation areas, landscaped areas, shelters and maintenance of sporting facilities. Manage assets such as jetties, boat ramps and wharfs.	Conduct annual inspections and carry out repairs that arise from the inspections. Liaise with State and Federal government to secure funding to upgrade the ageing assets.
Bridges	Ten bridges within the Council area. Six open and four closed.	Conduct annual inspections and carry out repairs that arise from the inspections. Implement a replacement program as appropriate.
Other Road Infrastructure	Signs, spoon drains, traffic control devices, car parks and concrete drainage systems	Conduct annual inspections and carry out repairs that arise from the inspections. Implement a replacement program for all.
Plant and equipment	Heavy plant, vehicles and equipment	Construction and maintenance activities.

3. Council Asset Management

3.1 State of the Assets

The financial status of the Council's assets for the year ended 30 June 2017 is shown in Table 4.

Table 4: Financial Status of the Assets

Asset Class	Replacement Cost (\$000)	Depreciated Replacement Cost (\$000)	Annual Depreciation Expense (\$000)
Roads	125,900	86758	3405
Kerbing	47,300	33723	617
Footpaths	12,900	11299	202
Stormwater drainage	34,500	23086	371
Buildings	41,500	20739	624
CWMS	5,400	2838	89
Structures and Site improvements	39,700	22477	747
Bridges	5,540	2411	61
Road Ancillary	6,900	5256	137
Equipment, furniture & fittings	8,000	4867	563
Total	351,240	213,454	6,482

Note: Does not include land assets. The asset class Other Road Infrastructure will be removed and the 2016/2017 end of year financials will reflect this, then the table will be updated.

Figure 1: Replacement Values of Council's Assets

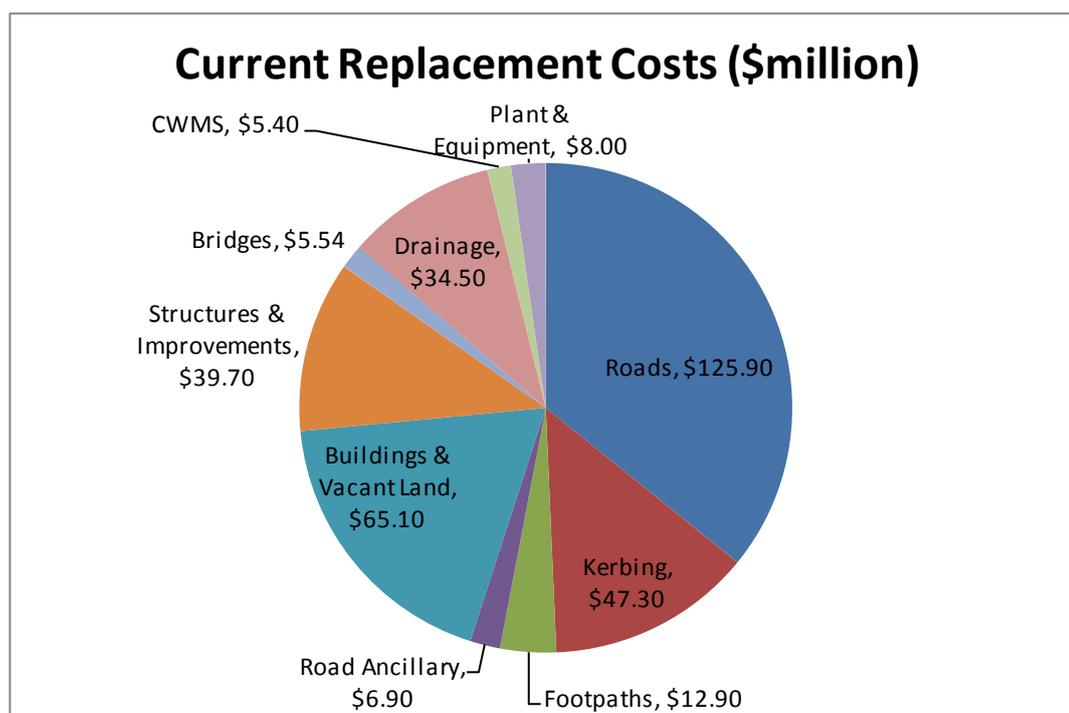
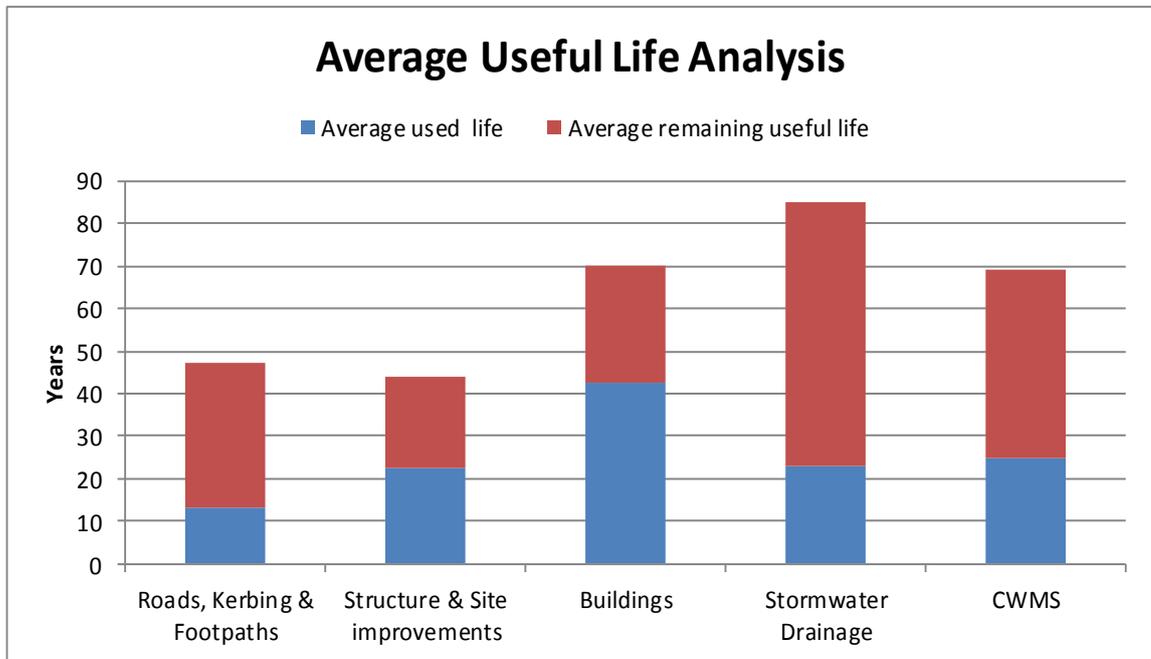


Figure 2: Asset consumption ratios of Council's assets (average proportion of 'as new' condition left in assets)



Asset Consumption Ratio

The Council has a range of asset ages in all classes from new assets to older assets as well as upgraded assets. The challenge for Council is maintain and improve service levels to a level that will satisfy the general public, the Council has developed individual asset plans for all asset classes that provide in depth information as well as operational strategies.

Asset Condition Profile

Council has committed to Long Term Financial Planning that reflects the asset management and capital works plans that it has put in place.

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).

Life Cycle Cost for Council Services

The life cycle cost for the services covered in this Asset Management Strategy is shown in Table 5.

The life cycle costs for each asset class are displayed in the Asset Management Plans. 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.

Table 5: Life Cycle Cost for Council Services

Service	2017-2018 Expenditure Operations without depreciation	2017-2018 Depreciation Expenditure	Life Cycle Cost (\$/yr)
Roads	1,353,000	2,758,000	4,111,000
Kerbing	175,000	556,000	731,000
Footpaths	224,000	206,000	430,000
Stormwater drainage	247,000	384,000	631,000
Buildings	1,245,000	342,000	1,587,000
CWMS	135,000	90,000	225,000
Structures and site improvements	4,601,116	884,000	5,485,116
Bridges	20,000	60,000	80,000
Road Ancillary	265000	164000	429000
Equipment, furniture & fittings	891,000	618,000	1,509,000

Life Cycle Expenditure for Council Services

The life cycle expenditure at the start of the plan is shown in Table 6.

The life cycle expenditure is stated in the Asset plans, with particular attention being paid to the road assets where we have been addressing the back log.

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.

Table 6: Life Cycle Expenditure for Council Services

Service	2017-2018 Expenditure - Operations without depreciation	Cap Renewal Exp (\$/yr)Ave 3yrs	Life Cycle Exp (\$/yr)
Roads	1,353,000	2,926,000	4,279,000
Kerbing	175,000	122,000	297,000
Footpaths	224,000	231,000	455,000
Stormwater drainage	247,000	374,000	621,000
Buildings	1,245,000	166,000	1,411,000
CWMS	135,000	19,000	154,000
Structures and site improvements	4,601,116	722,000	5,323,116
Bridges	20,000	45,000	65,000
Road Ancillary	265,000	84,000	349,000
Equipment, furniture & fittings	891,000	882,000	1,773,000

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 Asset Management Plans and long term financial plan.

A shortfall between life cycle cost and life cycle expenditure gives an indication of the life cycle gap to be addressed in the asset management and long term financial plan. The life cycle gap and life cycle indicator for services covered by this asset management plan is identified in the individual asset plans. The sustainability indicators are significantly influenced by the forecast of capital renewal and the planned expenditure on capital renewal.

Renewal Expenditure

Renewal expenditure is major work which does not increase the assets 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 sustainability indicators are significantly influenced by the forecast of capital renewal and the planned expenditure on capital renewal.

3.3 Asset Management Planning

The asset management planning process, which provides the detailed input into the sustainability assessment of Council's assets, considers the following three funding scenarios:

Scenario 1 uses the Asset Register valuation data to project the renewal costs for renewal years using acquisition year and useful life, this strategy is used when confidence in the Asset Register is low such as if no data collection has been done or service levels have not been completed.

Scenario 2 uses capital renewal expenditure projections from external condition modelling systems (such as Road Surface Manager), or a combination of average network renewals plus defect repairs. Some asset classes are in a position for this strategy to be used as we have a higher confidence in the Asset Register in these assets

Scenario 3 balances capital renewal expenditure with the Long Term Financial Plan. This strategy is often used if the Asset register is not complete with condition assessment, service levels and limited budget to maintain the asset. This method is also used in conjunction with a risk assessment of not fully maintaining the asset so this risk is identified and acknowledged.

It is common that the valuation registers used in Scenario 1 are not developed to a level of maturity where they are reliable for producing a realistic renewal forecast. This is the status of some of the asset and financial registers for the Port Pirie Regional Council, and consequentially the Scenario 2 case is used for the majority of the Asset Management Plans.

For the Port Pirie Regional Council the refinement of the asset register to enable Councils capital renewal program to move from scenario 1 to scenario 2 has become an important part of the asset management improvement plan.

Scenario 3 will be the preferred option for Port Pirie Regional Council for some asset classes to quantify the funding gap, in so that a list of the renewals that cannot be afforded at current funding levels may be devised. It will then be up to the council to decide whether the resulting reduced service level is accepted or, extra funding be sourced to maintain the asset.

Table 7: Scenarios Utilised

Asset Class	Scenario used	Confidence	Status	Proposed completion
Roads	2	High	A	Completed
Kerbing	3	Medium	A	Completed
Footpaths	3	Medium	A	Completed
Stormwater	3	Low	BC	December 2018
Buildings	1	High	A	Completed
CWMS	2	Medium	B	December 2018
Structures and site improvements	1	High	A	Completed
Bridges	3	Medium	B	Complete
Plant & Equipment	1	Low	D	

Status

- A=Complete in Conquest
- B=In Conquest needs service levels
- C=In Conquest needs condition assessment
- D=Not required in Conquest

4. Future Directions and Goals

4.1 Council's Vision, Mission and Values

Council has adopted a Vision for the future in the Community Plan 2016 - 2025.

By 2025 the Port Pirie Region is the premier regional centre in South Australia where residents and visitors want to be.

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

To progressively strive for excellence, lead with integrity and deliver positive outcomes for the community.

4.2 Asset Management Policy

Council's Asset Management Policy defines Council's service delivery objectives and principles for asset management in accordance with the Community Plan and relevant legislation.

The Asset Management Strategy is developed to support the Asset Management Policy, to ensure adequate provision is made for the long-term replacement of major assets by:

- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
- Safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Creating an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining an 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.

In line with the objectives, the principles of the Asset Management Policy are to:

- A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best-practice throughout all Departments of Council.
- All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
- Asset management principles will be integrated within existing planning and operational processes.
- Asset Management Plans will be developed for major service/asset categories. The plans will be informed by community consultation and financial planning and reporting.
- An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.

- Asset renewals required to meet agreed service levels and identified in adopted asset management plans and long term financial plans will form the basis of annual budget estimates with the service and risk consequences of variations in defined asset renewals and budget resources documented in budget documentation.
- Service levels defined in adopted asset management plans will form the basis of annual budget estimates with the service and risk consequences of variations in defined services levels and budget resources documented in budget documentation.
- 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.
- 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.
- 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.
- Future service levels will be determined in consultation with the community.
- Training in asset and financial management will be provided for councillors and relevant staff.

Strategies to achieve this position are outlined in Section 5.

4.3 Asset Management Structure

Council has established an Asset Management Committee in accordance with Section 41 of the *Local Government Act 1999* to improve Council's financial sustainability through the implementation of best practise asset management by making recommendations to Council in relation to the future management of Council's Assets, including:

- Review Council's existing asset stock and make recommendations relating to disposal options, or other opportunities to achieve a better return from its assets;
- Review current service levels and make recommendations to Council in relation to future service levels, having regard to community expectations and Council's financial capacity;
- Consider options that would improve Council's financial sustainability in relation to the management of its assets.

Council's Asset Management Committee provides oversight of asset management activities preformed by Council's administration and makes recommendations to Council in accordance with Council's Asset Management Policy and Strategy.

Council's administration ensures that asset management planning is carried out across the whole organisation, and reviews the implementation progress on an ongoing basis, including regular reporting to Council via the Section 41 Committee. This is part of the requirements for the target of 'Core' Asset maturity as defined in the Governance requirements of the National Framework as detailed in section 4.5.

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

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

Phase 1

- Strategy development and implementation of asset management improvement program.

Phase 2

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

Phase 3

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

The current positions on Council's asset management team are:

- Director Infrastructure (DI)
- Manager Assets (MA)
- Assets Officer (AO)
- Manager Operations (MO)
- Manager Finance (MF)

The different asset classes are individually managed by key staff members that have been integral in developing the Asset Management Plans that support this strategy. The division of Categories and associated Staff are detailed in Table 9.

Table 9: Asset Management Structure

Category	Responsible Officer
Roads	MO
Kerbing	MO
Footpaths	MO
Stormwater drainage	MO
Buildings	AO
CWMS	DDR
Structures and site improvements	AO
Bridges	MO
Other road Infrastructures	MO
Equipment, furniture & fittings	MO

4.5 Financial & Asset Management Core Competencies

The National Frameworks on Asset Planning and Management and Financial Planning and Reporting define ten elements. Eleven core competencies have been developed from these elements⁸ to assess 'core' competency under the National Frameworks.

The core competencies are:

Financial Planning and Reporting

- Strategic Longer Term Plan
- Annual Budget
- Annual Report

Asset Planning and Management

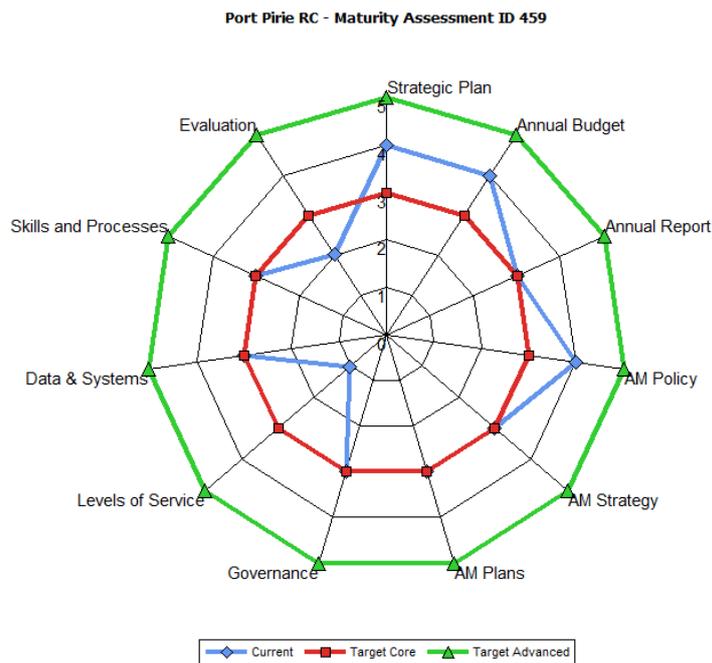
- Asset Management Policy
- Asset Management Strategy
- Asset Management Plans
- Governance & Management
- Levels of Service
- Data & Systems
- Skills & processes
- Evaluation

4.6 Core and Advanced Maturity Assessment

The Maturity Score Spider Graph shows the Current maturity for each maturity element as assessed compared to the 'core' competencies (Level 3) required under the Australian National Assessment Framework (NAF) and the Target maturity competency desired and set by Port Pirie Regional Council.

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

Figure 3: Maturity Score Spider Graph

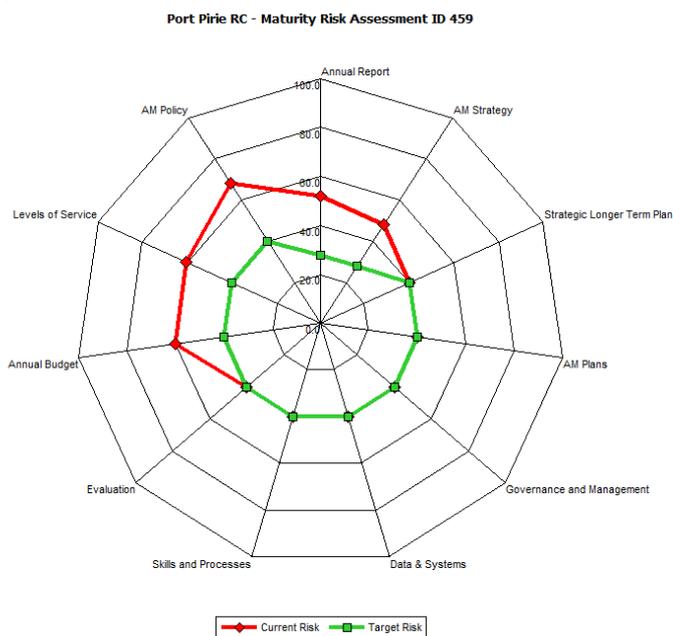


The blue area in Figure 3 shows the current maturity level and it is evident that Council still requires to allocate resources and funding to asset management in the future.

4.7 Core and Advanced Maturity Risk

Maturity Risk Assessment Graph shows the Current maturity risk for each maturity element as assessed by Port Pirie Regional Council compared to the target maturity risk desired and set by the Council. Council is addressing its risk in most areas but needs to focus more on the level of service component. This is evident in the two spider web charts shown in this document.

Figure 4: Maturity Risk Assessment Spider Graph



Council’s Maturity Assessment for the core competencies is detailed in *Appendix A*.

4.8 Strategy Outlook

The Council is able to meet and continue to meet the current level of service to all assets at this point in time. The Council will continue to collect data and refine its processes to meet the ever changing environment. The Council is committed to make sure that the assets required to meet today's and future requirements are maintained and upgraded to service all.

1. Some assumptions have been made with respect to Asset Management Plans, it is vital that ongoing improvements occur to asset register data being gathered prior to any significant changes to current funding are adopted.
2. The Council is able to fund current infrastructure life cycle cost at current levels of service and available revenue.
3. The Council's current asset management maturity is at 'core' level and below in certain areas.
4. Continue investment is needed to improve information management, lifecycle management, service management and accountability and direction. However significant progress has been made over the past five years as evidenced.

5. Strategies to Achieve Goals

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

Table 10: Asset Management Strategies

No	Strategy	Desired Outcome
1	Move from Annual Budgeting to Long Term Financial Planning	The long term implications of Council services are considered in annual budget deliberations.
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
3	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.

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

6. Asset Management Improvement Plan

The tasks required to achieve a 'core' financial and asset management maturity are shown below.

Table 11: Asset Management Improvement Plan

Ref	Task	Responsibility	Target Date	Budget
1	Annual review of ten year capital program	DI, MA, MF, TO	January/February Annually	Allocated
2	Alignment of LTFP and Asset Management Plan	MA, MF, AO	January/February Annually	Allocated
3	Review service levels	DI, MA, AO, TO	February/March Ongoing	Allocated
4	Maintain and update asset register	MA, AO	June/July Ongoing	Allocated
5	Reflect actual useful lives in next valuation of the associated asset.	DI, MA, AO, TO	January/February Annually	Allocated
6	Conduct 'gap' analysis of all asset classes and associated infrastructure	DI, MA	Four year cycle	Allocated
7	Review all whole of life cost for all asset classes	DI, MA, MF, AO	Four year cycle	Allocated

DI Director Infrastructure
 MA Manager Assets
 MF Manager Finance
 AO Asset Officer
 TO Technical Officer

Asset Improvement Program

The Asset Management Plans will be prepared in accordance with the International Infrastructure Management Manual. They will be prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

Future revisions of the Asset Management Plans will move towards 'advanced' asset management and further develop 'bottom up' approach for gathering asset information for individual assets to support the optimisation of activities and programs to meet agreed service levels.

The Asset Management Plans will be based on refined data that Council has available with each iteration.

It is anticipated that the plans will be significantly revised and enhanced regularly in line

with the Asset Revaluation Schedule provided in **Appendix A** with the emphasis being using the latest technology to collect and store data for all asset classes.

Appendix A: Asset Revaluation Schedule

Asset Class	Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Land	Land	Condition	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop
Buildings	Buildings	Condition	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop
Structures & Site Improvements	Structures	Condition	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop
	Site Improvements												
	Internal Roads												
	Bus Shelters												
Roads	Sealed Roads	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition
	Unsealed Roads												
Kerbing	Kerbing, spoon drains, traffic controls	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition
Footpaths	Footpaths, Pram Ramps	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition
Bridges	Bridges	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition
Stormwater Drainage	Stormwater Drainage	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition	Desktop

Asset Class	Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
CWMS	<i>CWMS</i>	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition	Desktop	Desktop	Desktop	Condition	Desktop
Equipment	<i>Equipment</i>												
Furniture & Fittings	<i>Furniture & Fittings</i>												