Bogan Shire Council
Asset Management Strategy

Bogan
SHIRE COUNCIL
Nyngan

Institute of
Public Works
Engineering
Australia

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Document Control

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Executive Summary

This asset management strategy is prepared to assist council is improving the way it delivers services from infrastructure including roads, bridges, footpaths, stormwater drainage, parks and recreation, buildings and Transport and Storm Water, Water Supply and Sewerage, Buildings, and Other Assets. These infrastructure assets have a replacement value of $ 261,550,000.00

The asset management strategy is to enable Council to show:

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

Adopting this asset management strategy will assist council in meeting the requirements of national sustainability frameworks, State NSW Integrated Planning and Reporting Frame work, the Local Government Act 1993 and Local Government Amendment (Planning and Reporting) Act 2009 and providing services needed by the community in a financially sustainable manner.

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

Strategy outlook

1. Council is able to maintain current service levels for the next five years at current funding levels. After this service levels are projected to fall due to ageing assets and limited renewal funds.

2. Council is not able to fund current infrastructure life cycle cost at current levels of service and available revenue.

3. Council's current asset management maturity is below 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

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

Asset management strategies

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

Asset management improvement plan

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

The Maturity Assessment & Improvement Plan will be valuable in providing councils with prioritised guidance to apply its LGRF grants funds. Please briefly outline how Council proposes to use the $30,000 grant to achieve 'core' maturity by 30 June 2012.

Proposed Actions		Schedule by Qtr.
Practice Area Strategic Longer Term Plan	**Recommendations** 1. Determine a plan and resources to complete CSP and Resourcing Strategy documentation (IPR Implementation Plan). Plan should identify all key deliverables, their linkages and allow appropriate time for public exhibition and Council adoption. 2. Complete LTFP for 10 years linked to AMPs and AM strategy under IPR. 3. Ensure final Plans indicate likely service level and risk trends resulting from adopted LTFP.	See table on following page
Annual Budget	1. Ensure that the budget aligns with the adopted resource plan. 2. Review the commentary in the budget following the completion of IPR resource strategy to provide a statement of whether the budget will achieve the CSP service objectives. 3. Utilise upcoming training in Infrastructure financial management and long term financial planning.	
Annual Report	1. Include "state of the assets" reporting in annual report to show service level trends e.g. % or assets at Poor/Fair/Good condition, function and capacity. This will provide an annual snapshot of service level trends. 2. Ensure that special schedule 7 shows that costs to bring to satisfactory, is equal to available resources. If this is not true, an explanation in the annual report to be provided.	
AM Policy	1. Ensure that the AM Policy is implemented and communicated to key stakeholders. 2. Ensure that the overarching AM Principles, as defined within the AM Policy, be implemented to guide the development of further AM documentation. 3. Define and illustrate the linkage of AM documents, particularly Asset Management Plans (AMPs), to other organisational documentation including the CSP, LTFP, Delivery and Operational Plans.	

AM Strategy	1. Complete Strategy using AM4SRRC template on completion of Asset Management Plans.	
	2. Ensure the strategy covers the following areas as required under IPR:	
	2.12 - The Asset Management Strategy to include a council endorsed Asset Management Policy.	
	2.13 -The Asset Management Strategy to identify assets that are critical to the council's operations and outline risk management strategies for these assets.	
	2.14 - The Asset Management Strategy to include specific actions required to improve council's asset management capability and projected resource requirements and timeframes.	
AM Plans	1. Develop an Asset Management Development Program (AMDP) and complete all Asset and Risk Management Plans using the same AM4SRRC Asset and Risk Management templates. AMDP should show direct linkages to the project plan recommendation under element 1.	
Governance and Management	1. Establish and adopt terms of reference for asset management working group\steering committee. Initial focus of the group should be on the implementation of AMDP. Longer term role to report risk and service level trends.	
	2. Ensure whole of life costing is used for all capital upgrade/expansion projects with a feedback loop into the LTFP.	
	3. Set up a formal process for corporate risk reporting for any residual high risks from AMPs to Council and executive.	
Levels of Service	1. Incorporate LOS in each AMP - ensure that service level targets for the next 10 years are achievable and make clear what Council can and cannot do for the likely LTFP.	
	2. Develop additional AMP scenarios as required to align with the LTFP and show service outcomes and risk consequences of LTFP resourcing levels. Aim is to ensure the community service levels and targets in AMPs align with the CSP and annual reporting (special schedule 7).	
Data & Systems	1. Ensure that the current register is kept up to date and asset condition is monitored and reported as part of the annual review of the works programme.	
	2. Provide a data improvement programme as part of the asset management improvement programme based on benefit/cost/risk.	
	3. Provide a knowledge management strategy to continue to identify skills and knowledge needed for the technology/data options and audit trail, security etc.	

	4. This maturity assessment provides the capacity to benchmark asset management performance and practice. Review against other councils as required.	
	5. Complete condition assessment manual for all asset classes as required.	
	6. Expand the use of Reflect with Insight to manage inspections, defects, intervention levels and accomplishments for all asset classes.	
Skills and Processes	1. Review business processes and document to ensure audit trail for financial transactions, asset register updates and annual reporting. 2. Document methodology for determining asset lives and financial reporting in an asset accounting policy. 3. Incorporate training and skills development into recommended knowledge management strategy. 4. Complete risk registers for each asset group\AMP. Any residual high risks should be listed in each AMP. The highest risks in each AMP should then be included in the corporate risk register and reported to executive/council/audit committee for acceptance of residual risk. 5. Utilise the Local Government Reform Fund training program and IPWEA Professional development program to further develop and broaden internal capacity.	
Evaluation	1. AMDP and resource allocation needs to be formally adopted and reviewed by the executive team and council. 2. Use this maturity report, the AMDP and the recommended project plan to monitor and review national framework implementation (IPR). 3. Service level reporting needs to be implemented using a state of the assets report reporting on trends for quality, function and capacity. Implement regular reporting on current maturity and status of AMDP and IPR Implementation Plan.	

1. Introduction

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

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

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

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

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

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

- Asset management policy,
- Strategy and planning,
    - asset management strategy,
    - asset management plan,
- Governance and management arrangements,
- Defining levels of service,
- Data and systems,
- Skills and processes, and
- Evaluation.[5]

The asset management strategy is to enable Council to show:

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

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[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 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 specific aims of the Integrated Planning and Reporting framework are to:

- Improve integration of various statutory planning and reporting processes undertaken by councils as required by the Local Government Act 1993, the Department's Guidelines and the Environmental Planning and Assessment Act 1979

- Strengthen councils' strategic focus

- Streamline reporting processes

- Ensure that the Local Government Act 1993 and the Integrated Planning and Reporting Guidelines support a strategic and integrated approach to planning and reporting by local Councils.

1.2 Asset Management Planning Process

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

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

Asset Management Planning Process

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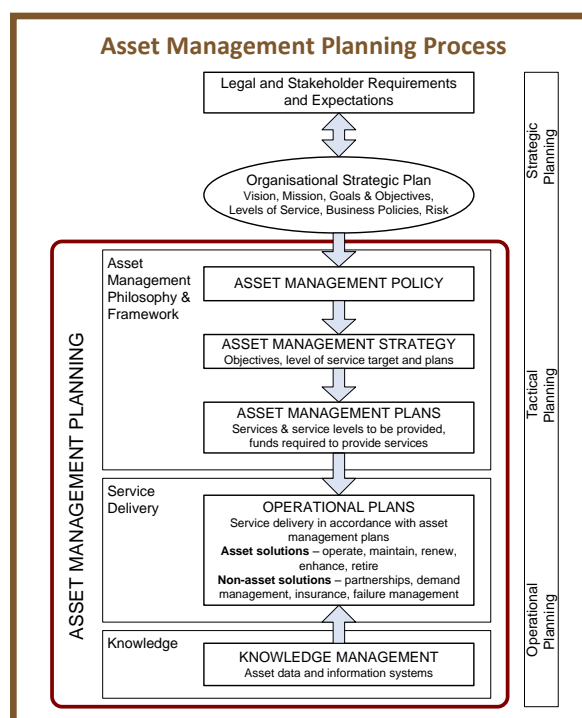
[6] LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.
[7] IPWEA, 2009, AIFMG, Quick Guide, Sec 4, p 5.

2. What Assets do we have?

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

Table 1: Assets used for providing Services

Asset Class	Description	Services Provided
Transport and Storm Water	1. Rural and urban roads are maintained and upgrade through works program. 2. Local and regional roads are maintained to the boundary of each property. 3. Bridges, culverts, kerbs and gutters are maintained at safe standard appropriate to traffic usage. 4. Traffic management through adequate signs, line marking, traffic island, flashing lights etc. 5. Easy access between residential and commercial areas by walking. 6. Stormwater system works when required. No flooding in town.	1. To provide and maintain infrastructure to community requirements subject to available resources. 2. To provide quality unsealed rural road network. 3. To provide sufficient number of bridges and drainage structures in all roads. 4. To manage traffic on council's road network as statutory requirements and community needs. 5. To provide safe and adequate footpath for pedestrian in town. 6. To provide safe method of collection and disposal of storm water
Water Supply and Sewerage	1. Albert Priest Channel: A 67 km open channel which supplies water from the Macquarie River at Warren to weirs on the Bogan River at Nyngan for town water supply. 2. Water mains: A network of water pipes and services that reticulates potable water to Nyngan. 3. Water Pumping Stations 4. Water Treatment Plant. A conventional rapid sand filter plant in conjunction with chemical treatment	1. To upgrade the water filtration plant and maintenance of reliable water supply and sewerage infrastructure. 2. To improve security of water supply. 3. To maintain water and sewer 4. Charges that optimise affordability, community benefit sustainable growth, environmental effects and conservation. 5. Compliance with State Government's Best Practice Management of Water Supply and Sewerage.
Buildings	1. Council operational buildings and public buildings are maintained and upgraded through annual works program 2. Buildings are maintained to current Australian standards expected by users and the community	1. To provide and maintain public buildings to community requirements subject to available resources. 2. To provide buildings that is functional and meets the needs of users.
Other Assets	1. Parks, gardens and sporting ovals provide a recreational dimension to the community needs and a visual backdrop to Nyngan 2. Nyngan Swimming Pool provides an important sporting and recreational facility during the hot summer months 3 Public Halls amenities are provided 4 The commercial section of Pangee Street commercial precinct including Davidson and Vanges Park, car park, streetscape and street furniture	1. Cricket pitches and practice nets, football ovals, playground equipment, and athletic tracks 2. Olympic standard 50 metre pool, wading pool and shade structures 3. The Palais Theatre provides for cultural activities and the Town Hall for community functions, concerts and community events. 4. Pangee Street commercial area provides services to local shoppers and visitors and through an attractive streetscape provides a window for civic pride.

3.   Council's Assets and their management?

3.1   State of the Assets

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

Table 2: Financial Status of the Assets

Asset Class	Replacement Cost ($'000)	Depreciated Replacement Cost ($'000)	Depreciation Expense for current year ($'000)
Transport and Storm Water	201,015	173,348	1,965
Water Supply and Sewerage	36,695	16,274	455
Buildings	17,609	6,866	148
Other Assets	6,231	2,819	75
Total	**$261,550**	**$199,307**	**$2,643**

Figure 1 shows the replacement values of Council's assets.
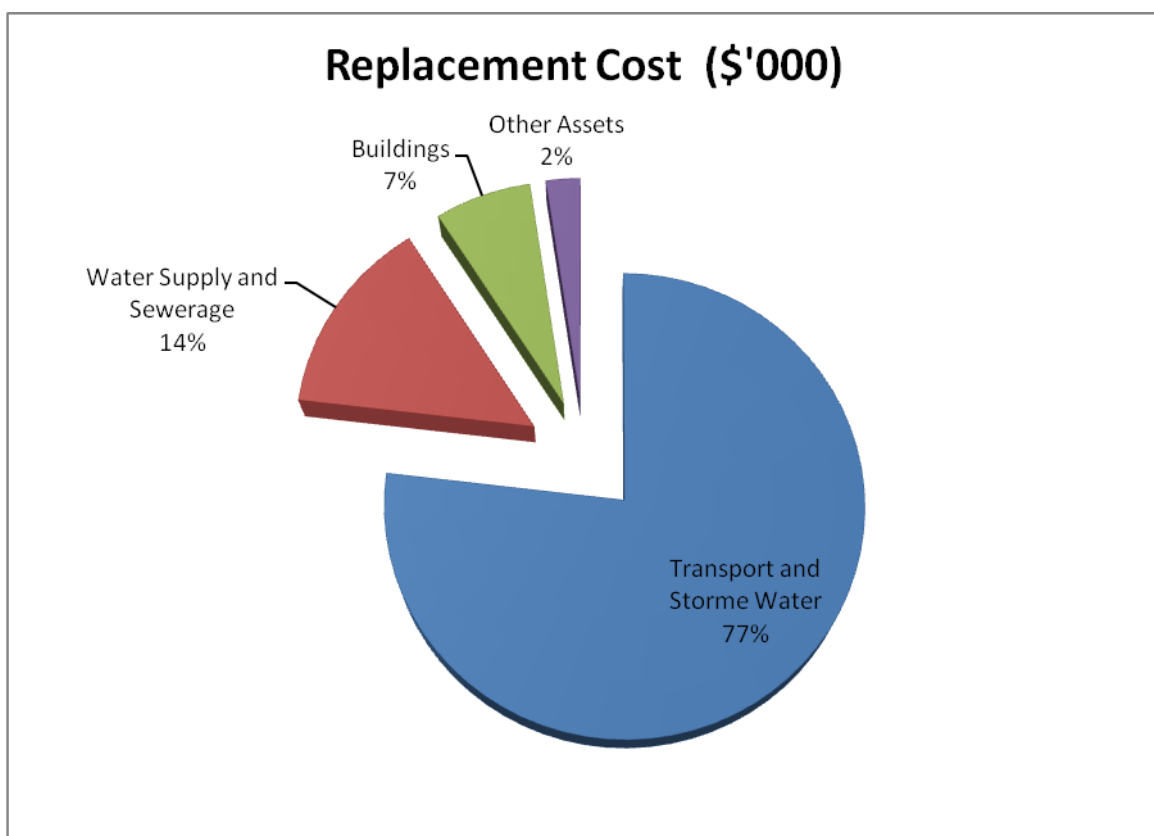
Figure 1: Asset Replacement Values

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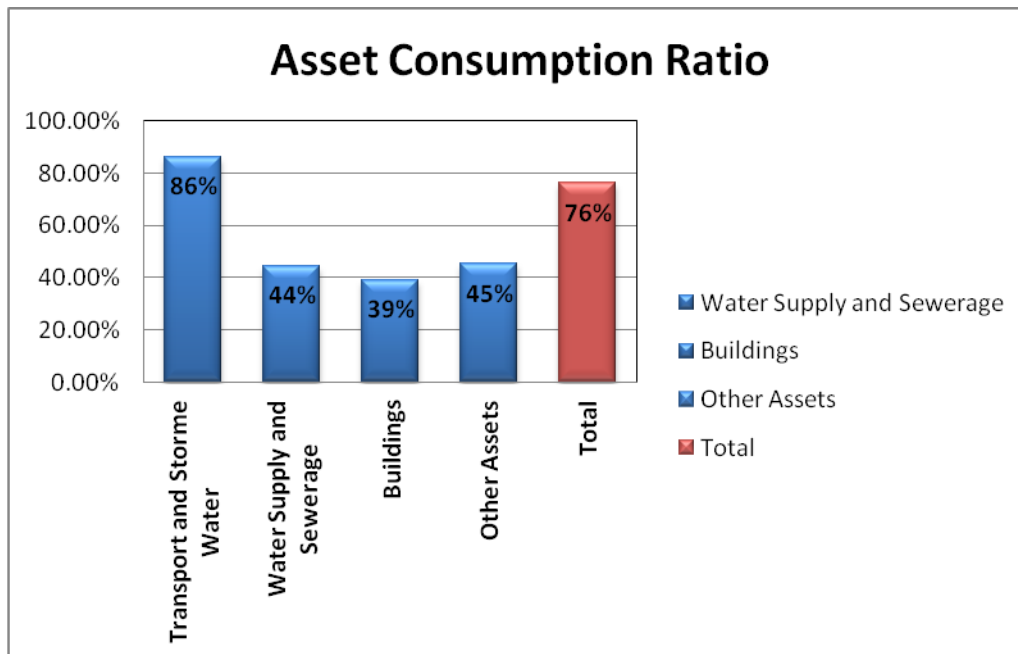
Figure 2: State of the Assets

Figure 2 shows that Transport and Storm Water assets are relatively new. These assets should be providing a relatively high level of service.

The Water supply and sewerage, Buildings and Other assets are nearly 50% through their life 'on average'. Council would be experiencing average - fair-poor levels of service from the Water supply and sewerage, Buildings and Other assets with service failures not uncommon under these conditions.

If this is not the case and service levels are nor as indicated above, the useful life of the assets may not reflect the reality of the assets' service performance and remaining life.

Data quality is one of the issues addressed in the 'core' asset management maturity assessment reported in Section 3.5.

The condition of Council's assets is shown in Figure 3.
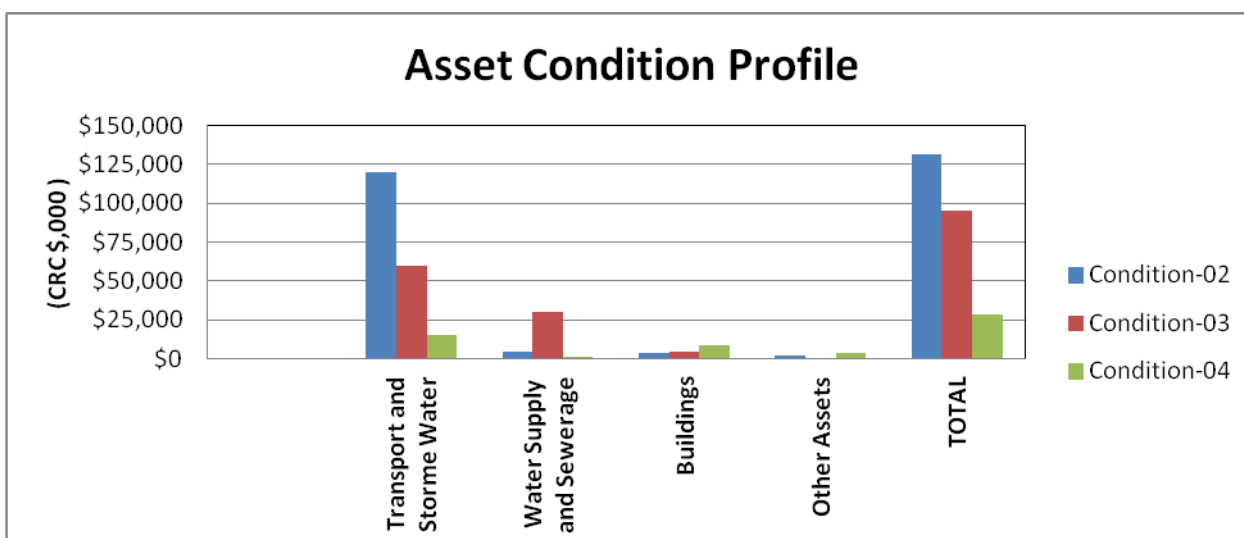
Figure 3: Asset Condition Profile

Condition Rating	Description
1	Excellent condition: Only planned maintenance required.
2	Very good: Minor maintenance required plus planned maintenance.
3	Good: Significant maintenance required.
4	Fair: Significant renewal/upgrade required.
5	Poor: Unserviceable.

Generally, Bogan SC has more assets in condition -02 statuses. Since, most of transport and storm water assets are currently in good condition. However, some of assets belong to water supply and sewerage, buildings and other assets are significantly in renewal or upgrade status.

Our council's strategy is to upgrade swimming pool, Palais Theatre, town hall and main street refurbishment within next ten year planning period and the rest of assets are going to be managed under annual maintenance programs.

3.2 Life Cycle Cost

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

Table 3: Life Cycle Cost for Council Services

Service	Previous Year Expenditure		Previous Year	Life Cycle Cost
	Operations	Maintenance	Depreciation Exp	($/yr)
Transport and Storm Water	200,000	900,000	19,650,000	3,065,000
Water Supply and Sewerage	850,000	450,000	455,000	1,735,000
Buildings	66,000	154,000	148,000	367,000
Other Assets	185,000	430,000	75,000	690,000
TOTAL	**1,301,000**	**1,934,000**	**20,328,000**	**5,857,000**

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operating, maintenance and capital renewal expenditure in the previous year or preferably averaged over the past 3 years. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the start of the plan is shown in Table 4.

Table 4: Life Cycle Expenditure for Council Services

Service	Previous Year Expenditure		Cap Renewal Exp	Life Cycle Exp
	Operations	Maintenance	($/yr)	($/yr)
Transport and Storm Water	200,000	900,000	1,700,000	2,800,000
Water Supply and Sewerage	850,000	450,000	90,000	1,390,000
Buildings	66,000	154,000	92,000	312,000
Other Assets	185,000	430,000	18,000	633,000
All Services	**1,301,000**	**1,934,000**	**1,900,000**	**5,135,000**

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

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

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

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

Table 5: Life Cycle Sustainability Indicators

Service	Life Cycle Cost ($/yr)	Life Cycle Expenditure ($/yr)	Life Cycle Gap * ($/yr)	LC Sustainability Index
Transport and Storm Water	3,065,000	2,800,000	265,000	0.91
Water Supply and Sewerage	1,735,000	1,390,000	345,000	0.79
Buildings	367,000	312,000	56,000	0.85
Other Assets	690,000	633,000	57,000	0.91
All Services	**5,857,000**	**5,135,000**	**723,000**	**0.88**

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

Water Supply and Sewerage assets are funded at 79% of the life cycle cost. The major capital demand is the renewal of the Water Treatment Plant which is out-dated and requires significant upgrading.

Present funding for Building assets is 85% of life cycle costs and other asset is 91%, as Council needs to upgrade the Palais Theatre, Town Hall and swimming pool in the next ten year planning period.

Council's transport assets are in reasonable condition with renewals/replacements included in the Roads to Recovery Program and Regional Roads Grant.

3.3   Asset Management Structure

ORGANISATIONAL STRUCTURE- BOGAN SHIRE COUNCIL

General Manager
Derek Francis

Community Development Officer
Donna Pumpa
- Community Development
- Social Planning
- Community Events

Executive Assistant
Cathy Ellison
- General Manager's Support
- Secretariat
- Council Support

Manager Engineering Services
(Acting) Mike Ryan
- Roads & Transport
- Water & Sewerage
- Aerodrome
- Streets & Footpaths
- Town Amenities
- Plant & Equipments
- Parks & gardens
- Asset Management

Manager Environmental Services
Timothy Riley
- Planning & Development
- Essential Services Control
- Waste Management
- Environmental Control
- Environmental Health Control
- Food Premises Inspection
- Council Property Maintenance
- Noxious Weeds
- Ranger/Animal Control
- Nyngan Memorial Pool
- Saleyards

Manager Corporate Services
Theresa Haley
- Financial Services
- Administration
- Payroll
- Customer Service
- Library
- IT Services
- Records
- Council Policies
- OH& S
- Bogan Bush Mobile

Asset Tasks and Responsibilities

Task No	Task	Responsibility	Resources Required	Timeline
1	Record capital expenditure as capital renewal and capital upgrade/new expenditures	Asset Engineer Manager Corporate Services	Staff time	May 2012
2	Review accuracy and currency of technical asset register	Works Manager Asset Engineer	Staff time	Continued
3	Develop single technical asset register as a single corporate asset register	Manager Corporate Services Asset Engineer	Staff time $30,000	June 2013
4	Investigate and Implement works costing and maintenance management system to improve works planning and costing systems	Asset Engineer Manager Corporate Services Works Manager	$50,000	June 2013
5	Set up works costing and accounting systems to record project costs against the asset component and develop valuation unit rates	Manager Corporate Services Asset Engineer	$10,000	June 2013
6	Link customer service system to corporate asset register and record requests against the asset	Manager Corporate Services Asset Engineer	Staff time	June 2013
7	Review asset register and condition assessment	Manager Engineering Services	Staff time	Every 4 years
8	Review asset values and depreciation	Manager Engineering Services	Staff time	Every 4 years
9	Review service levels to address funding gap	Council	Staff time	Within 4 years
10	Review rehabilitation/upgrade/renewal split to address funding gap	Council	Staff time	Within 4 years

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 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 on Council's asset management team is

General Manager

Manager Engineering Services

Asset Engineer

Finance Manager

IT/GIS Officer

3.5   Financial & Asset Management Core Competencies

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

Financial Planning and Reporting
- Strategic Longer Term Plan
- Annual Budget
- Annual report

Asset Planning and Management
- Asset Management Policy
- Asset Management Strategy
- Asset Management Plan
- Governance & Management
- Levels of Service
- Data & Systems
- Skills & processes
- Evaluation

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

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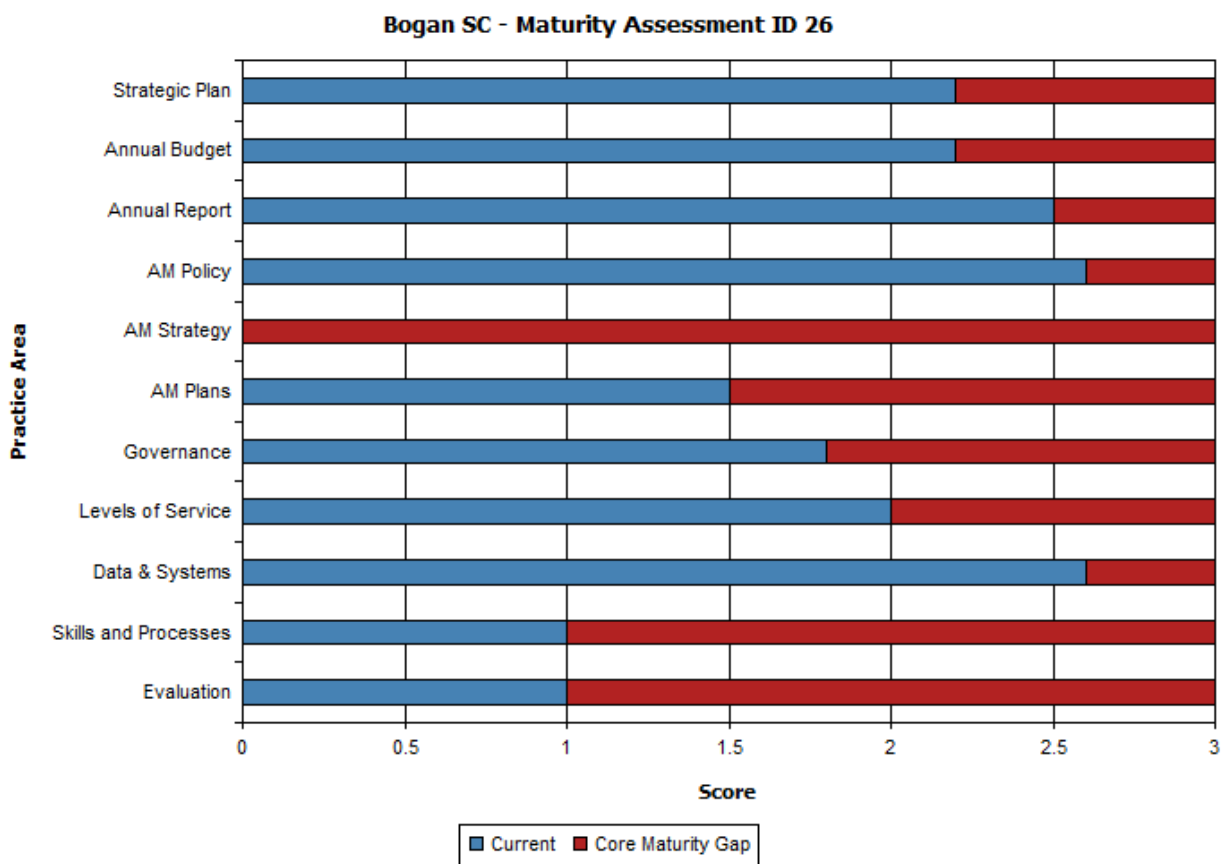

Figure 4: Core Asset Management Maturity

3.6   Strategy Outlook

- Council is able to maintain current service levels for the next five years at current funding levels. After this service level are projected to fall due ageing assets and limited renewal funds.

- Council is not able to fund current infrastructure life cycle cost at current levels of service and available revenue.

- Council's current asset management maturity is below 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

4.   Where do we want to be?

4.1   Council's Vision, Mission, Goals and Objectives

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

Comfortable Country Living.

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

To provide a comfortable country lifestyle by progressively improving the level of appropriate facilities and services and to encourage growth and economic development that is responsive to the needs of our community.

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

Table 6: Goals and Objectives for Infrastructure Services

Goals	Objectives
To provide a safe and well maintained road and town street network.	Maintain sealed roads with a bitumen resealing and renewal program. Maintain unsealed road surfaces by regular grading and replacing degraded road surfaces with additional road base Clean and maintain drainage structures and road side facilities Maintain town streets, footpaths, kerb and gutter and drainage through a maintenance management system
To provide a potable town water supply and environmentally safe sewerage system	Upgrade or replace existing Water Treatment Plant to ensure water is treated to current safe water drinking standards. Ensure the integrity of the water main system through a replacement program of aged and deteriorated pipes. Maintain pumping system, Albert Priest Channel and reservoirs to provide uninterrupted water supply. Provide an effective sewer reticulation system through CCTV monitoring and pipe replacement Operate Sewage Treatment Works in conjunction with an effluent irrigation reuse scheme to current quality standards and in accordance with licence conditions
Provide high standard public buildings for all Bogan Shire residents To provide buildings those are functional and meet the needs of users.	Council operational buildings and public buildings are maintained and upgraded through annual works program Buildings are maintained to current Australian standards expected by users and the community
To upgrade the existing swimming pool into a modern safe facility for the community	Provide a pool which is safe and inviting for the whole community including youth and disabled.

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

4.2   Asset Management Policy

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

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

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

4.3   Asset Management Vision

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

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

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

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

Strategies to achieve this position are outlined in Section 5.

5. How will we get there?

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

Table 7: Asset Management Strategies

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

6. Asset Management Improvement Plan

The tasks required to achieve a 'core' financial and asset management maturities are shown in priority order in Table 8.

Table 8: Asset Management Improvement Plan

Proposed Actions		Schedule by Qtr.
Practice Area	**Recommendations**	See table on following page
Strategic Longer Term Plan	1. Determine a plan and resources to complete CSP and Resourcing Strategy documentation (IPR Implementation Plan). Plan should identify all key deliverables, their linkages and allow appropriate time for public exhibition and Council adoption.	Qtr 4
	2. Complete LTFP for 10 years linked to AMPs and AM strategy under IPR.	Qtr 3
	3. Ensure final Plans indicate likely service level and risk trends resulting from adopted LTFP.	Qtr 3
Annual Budget	1. Ensure that the budget aligns with the adopted resource plan.	Qtr 4
	2. Review the commentary in the budget following the completion of IPR resource strategy to provide a statement of whether the budget will achieve the CSP service objection.	Qtr 4
	3. Utilise upcoming training in Infrastructure financial management and long term financial planning.	Qtr 4
Annual Report	1. Include "state of the assets" reporting in annual report to show service level trends e.g. % or assets at Poor/Fair/Good condition, function and capacity. This will provide an annual snapshot of service level trends.	Qtr 3
	2. Ensure that special schedule 7 shows that cost to bring to satisfactory is equal to available resources. If this is not true, there needs to be an explanation in the annual report.	Qtr 3
AM Policy	1. Ensure that the AM Policy is implemented and communicated to key stakeholders.	Qtr 4
	2. Ensure that the overarching AM Principles, as defined within the AM Policy, be implemented to guide the development of further AM documentation.	Qtr 4
	3. Define and illustrate the linkage of AM documents, particularly Asset Management Plans (AMPs), to other organisational documentation including the CSP, LTFP, Delivery and Operational Plans.	Qtr 4
AM Strategy	1. Complete Strategy using AM4SRRC template on completion of Asset	

			Qtr 3
	2.	Ensure the strategy covers the following areas as required under IPR:	
		2.12 - The Asset Management Strategy must include a council endorsed Asset Management Policy.	Qtr 3
		2.13 -The Asset Management Strategy must identify assets that are critical to the council's operations and outline risk management strategies for these assets.	Qtr 3
		2.14 - The Asset Management Strategy must include specific actions required to improve council's asset management capability and projected resource requirements and timeframes.	Qtr 3
AM Plans	1.	Develop an Asset Management Development Programme (AMDP) and complete all Asset and Risk Management Plans using the same AM4SRRC Asset and Risk Management templates. AMDP should show direct linkages to the project plan recommendation under element 1.	Qtr 3
Governance and Management	1.	Establish and adopt terms of reference for asset management working group\steering committee. Initial focus of the group should be on the implementation of AMDP. Longer term role to report risk and service level trends.	Qtr 3
	2.	Ensure whole of life costing is used for all capital upgrade/expansion projects with a feedback loop into the LTFP.	Qtr 3
	3.	Set up a formal process for corporate risk reporting for any residual high risks from AMPs to Council and executive.	Qtr 4
Levels of Service	1.	Incorporate LOS in each AMP - ensure that service level targets for the next 10 years are achievable and make clear what Council can and cannot do for the likely LTFP.	Qtr 3
	2.	Develop additional AMP scenarios as required to align with the LTFP and show service outcomes and risk consequences of LTFP resourcing levels. Aim is to ensure the community service levels and targets in AMPs align with the CSP and annual reporting (special schedule 7).	Qtr 4
Data & Systems	1.	Ensure that the current register is kept up to date and asset condition is monitored and reported as part of the annual review of the works programme.	Qtr 3
	2.	Provide a data improvement programme as part of the asset management improvement programme based on benefit/cost/risk.	Qtr 3
	3.	Provide a knowledge management strategy to continue to identify skills and knowledge needed for the technology/data options and audit trail, security etc.	Qtr 4
	4.	This maturity assessment provides the capacity to benchmark asset management performance and practice. Review against other councils as required.	Qtr 4

	5.	Complete condition assessment manual for all asset classes as required.	
	6.	Expand the use of Reflect with Insight to manage inspections, defects, intervention levels and accomplishments for all asset classes.	Qtr 3
Skills and Processes	1.	Review business processes and document to ensure audit trail for financial transactions, asset register updates and annual reporting.	Qtr 3
	2.	Document methodology for determining asset lives and financial reporting in an asset accounting policy.	Qtr 3
	3.	Incorporate training and skills development into recommended knowledge management strategy.	Qtr 4
	4.	Complete risk registers for each asset group\AMP. Any residual high risks should be listed in each AMP. The highest risks in each AMP should then be included in the corporate risk register and reported to executive/council/audit committee for acceptance of residual risk.	Qtr 3 Qtr 3
	5.	Utilise the Local Government Reform Fund training program and IPWEA Professional development program to further develop and broaden internal capacity.	Qtr 3
Evaluation	1.	AMDP and resource allocation needs to be formally adopted and reviewed by the executive team and council.	Qtr 3
	2.	Use this maturity report, the AMDP and the recommended project plan to monitor and review national framework implementation (IPR).	Qtr 3
	3.	Service level reporting needs to be implemented using a state of the assets report reporting on trends for quality, function and capacity. Implement regular reporting on current maturity and status of AMDP and IPR Implementation Plan.	Qtr 3

Appendix A

Appendix B Application for NSW LGRF Funding Assistance Grant

Council Name: Bogan Shire Council
Contact Person: Jayantha C.W.Ediriweera (Edi)
Contact Details: 0428 264 262   Phone: 02 68359023   Email: Jayantha.bogan@bogan.nsw.gov.au

Council has received the attached Maturity Assessment, Gap Analysis and Improvement Plan Report under the NSW LGRF program. There is a cash grant of $30,000 available to the 42 selected Councils. The assessment has had regard to Council's maturity in regards to Stewardship, Asset Management Planning and Financial Planning.

The initial assessment provides the Council with a prioritised Action Plan towards achieving better asset management and financial outcomes. A second assessment will be conducted in mid-2012. This will measure the Council's progress against the original assessment and improvement plan.

This process is consistent with the asset management and financial planning requirements of Integrated Planning and Reporting (IP&R). Council has obligations under the Integrated Planning & Reporting requirements with an implementation date of 30 June 2012 for Group 3 councils.

It will be necessary for Council to provide the NSW Local Government Division with a progress and final report on how the Council is progressing in towards meeting IP&R requirements and how the grant has been applied.

The timing for payment of the grant to Council is expected to be mid-September 2011. This is subject to the release of funds by the Federal Government.