



**Queensland Government**

Department of Local Government,  
Sport and Recreation

Sustainable Councils  
Annual Return on the  
Status of Asset Management

2008 / 2009

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## 1. Introduction

### *1.1 Sustainability and Reporting*

The Department of Local Government, Sport and Recreation has developed a Sustainability and Reporting process for Queensland local government incorporating an emphasis on sustainable communities and sustainable councils. This will assist in achieving a consistent approach to assessing the financial sustainability of councils, including the ability to assess where support may be needed.

In March 2007, the Local Government and Planning Ministers' Council (LGPMC) endorsed national frameworks for assessing financial sustainability, asset planning and management; and financial planning and reporting. Queensland has included the implementation of the National Frameworks within local government as part of the Sustainability and Reporting process.

The Sustainability and Reporting process requires councils to provide information periodically on specific areas associated with governance and accountability, planning, asset management and financial performance management.

This "Annual Return on the Status of Asset Management" has been designed to be a simple data and information collection tool. Its purpose is to determine whether Asset Management Plans exist for each significant asset class and sub-class and that the Council has incorporated the long-term asset management requirements into the long term financial model. The existence of Asset Management Plans for key assets is a necessary predecessor to Council having a complete long term financial model that supports its planning and decision making processes.

### *1.2 Evaluation Process*

The evaluation process is designed to support councils in recognizing gaps in current planning and decision making processes, with the annual return being provided to the Department for evaluation. The Department will provide the Council with a formal response following the completion of the evaluations for all councils.

At this time, the Sustainability and Reporting process applies to all mainstream Queensland councils and the Torres Strait Island Regional Council. In the medium term, it will apply to all local councils in Queensland.

Councils that are seeking to further improve asset management processes, practices and outcomes can refer to a number of relevant sources, including:

- The LGAQ's LG Asset program
- The IPWEA International Infrastructure Management Manual
- The IPWEA National Asset Management Committee (NAMS.AU)
- The IPWEA NAMS.PLUS asset management program
- The Main Roads and LGAQ Roads Alliance (for road assets)
- Department of Natural Resources and Water (for water assets)

## Sustainable Councils Annual Return on the Status of Asset Management

### **1.3 This Return**

The annual evaluation program conducted by the Department of Local Government, Sport and Recreation is as follows:

Q1 – July to September	Asset Management
Q2 – October to December	Governance + Community Engagement
Q3 – January to March	Financial Management + Financial Planning and Reporting
Q4 – April to June	Support to councils in need of assistance

This return is in respect of the **Asset Management** component of the overall evaluation of Council Sustainability.

### **1.4 Completed Returns**

Completed returns should be forwarded to:

Phil Clarke  
Deputy Director-General  
Department of Local Government, Sport and Recreation  
Level 18 Mineral House  
George Street  
Brisbane Q 4000

Electronic returns can be forwarded to [phil.clarke@dlgsr.qld.gov.au](mailto:phil.clarke@dlgsr.qld.gov.au)

### **1.5 Queries**

Queries can be directed to:

David Dobbs  
Director, Performance Evaluation Taskforce  
Department of Local Government, Sport and Recreation  
07 3239 6395  
[david.dobbs@dlgsr.qld.gov.au](mailto:david.dobbs@dlgsr.qld.gov.au)

An e-version of the return is available on request.

## 2. Asset Management Policy

### ***2.1 The Asset Management Policy for Local Government***

#### ***2.1.1 Policy Objective***

The sustainable management of community infrastructure by local government.

#### ***2.1.2 Policy***

All Queensland local councils are to develop and maintain long term financial plans based on sound infrastructure asset management plans for the infrastructure asset classes and sub-classes described in Schedule 1.

These long term financial plans should cover a forward planning horizon of at least ten years and the asset management plans on which they are based should desirably cover a twenty year period<sup>1</sup>.

Each Queensland local council will include disclosures in its Annual Report consistent with the requirements of the Local Government Act and supporting regulations.

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<sup>1</sup> Legislation for Sustainable Management of Community Infrastructure in Australia.  
Institute of Public Works Engineering Australia, National Asset Management Strategy.  
May 2008

### Schedule 1 – Schedule of Infrastructure Asset Classes and Sub-Classes

The minimum requirements for asset management plans would apply to depreciating assets of significant value with long estimated useful lives. The following assets and sub-assets fall into this category.

Buildings	Community Facilities - (including libraries, community centres, halls, public toilets) Corporate Real Estate (including administration buildings)
Recreation Facilities	Pools, Sporting stadiums, Tennis courts, Park Facilities
Infrastructure	Roads network (sealed, gravel, reseals, formed) Including pavement, seal, kerb and channel, drainage, traffic management, furniture and signs, lighting and paths  Stormwater Drainage network, including open channel stormwater drains  Flood mitigation network  Water supply network  Sewerage network  Bridges (timber and concrete)  Wharves, piers and jetties, pontoons  Bus/Road tunnel  Waste landfill  Retaining Walls, Sea & River Walls, Canals
Other assets	Off road Footpaths  Bikeways  Beaches  Natural reserves  Urban parks and streetscapes

### 3. Minimum Requirements for Asset Management Plans

This section of the return describes the minimum requirements for an Asset Management Plan for a Queensland local government. It is not intended that Councils create a new plan if the required information currently exists and is up to date.

Under the Proposed Asset Management Policy for Local Government, there is a clear expectation that 10 year financial plans are underpinned by robust estimates produced from asset management strategies and asset management plans.

Asset management strategy must align with the council's corporate plan, goals and objectives and includes a gap analysis of the current and envisaged future infrastructure asset status and an assessment of the activities to be undertaken to achieve that envisaged future state.

The asset management plans then provide the detail in respect of the actions required to manage the asset base in order to provide the desired levels of service over the timeframe of the plan.

The International Infrastructure Management Manual (IIMM) provides Councils with a basis for asset management planning. The Road map for preparing an Asset Management Plan is provided at Fig 1.5 on p1.11 of the IIMM.

#### ***3.1 Asset Management Plans***

To ensure that asset management plans are sufficient to meet these purposes, the following items would be required:

##### **Introduction and Overview**

- The classes and sub-classes of assets included in the plan
- Quantitative data in respect of the asset classes and sub-classes

##### **Service Levels (derived from Service Planning)**

- The expected or required service levels for the included assets
- The actual service levels being achieved for the assets

##### **Future Demand (derived from Corporate Planning and Service Planning)**

- Future requirements associated with corporate plans or operational plans
- Known or possible areas for expansion
  - Asset classes and potential acquisition dates
  - Cost estimates
  - Impact on service levels, asset lifecycle and financial considerations

##### **Lifecycle Management and Financial Considerations**

- Useful life

- Estimated useful life for each asset class and sub-class
- Estimated remaining useful life for each asset class and sub-class
- Annual depreciation expense per asset class and sub-class
- Valuation of each asset class and sub-class
  - Valuation
  - Date of valuation and valuation methodology employed
- Maintenance activities
  - Description of program
  - Timing of program
  - Maintenance expense per asset class and sub-class
- Renewal/ Replacement Plan
  - Renewals capital expenditure
- Acquisition
  - New or Upgrade capital expenditure
- Disposal
  - Proposed timing of asset retirement or disposal
  - Estimated residual values at retirement or disposal
- Risk Management
  - Identification of risks
  - Identification of risk mitigation strategies

### **Asset management Practices**

- Details the information systems to be used and the standards and guidelines used to make decisions on asset management

### **Improvement and Monitoring**

- Identification of any known issues with the quality of the data, forecasts, estimates etc
- Actions taken to mitigate the known issues
- Commentary on the reliability of the estimates contained within the plan

### **3.2 Notes**

Asset management plans will necessarily include a number of assumptions such as the service potential of assets, the future demand for those services and the costs to maintain those assets into the future. Inaccurate assumptions therefore pose a significant risk for asset management plans and the projections that they underpin. As such, it is expected that Councils will manage this risk by clearly identifying assumptions and considering their importance and reliability. Where significant risks are identified, mitigation strategies would be expected.

Assets in the context of this Annual Return are those that meet the expenditure and recognition thresholds as determined by Council.

The Definitions for specific terms used in this Annual Return can be found in the Glossary to the IPWEA International Infrastructure Management Manual, version 3.0, 2006.

## Sustainable Councils Annual Return on the Status of Asset Management

### 4. Asset Management Annual Return

The table below identifies a number of components associated with effective asset management. Yes / No responses are appropriate, unless additional detail or explanation is requested. Additional information can be provided at the discretion of the Council.

**Table 1 – Asset Management Plan (AMP) Overview**

Asset Class or Sub-Class	Does your council have this asset class? (Y/N) <b>Table 1</b>	Is an AMP in place (Y/N)? If No, please complete Table 2	When was the AMP last updated?	When is the AMP due to be reviewed?	Have roles and responsibilities for the management of the asset class been formally assigned? (Y/N)	Is the Asset Management Plan approved by Council? (Y/N)	Is the Asset Management Plan linked to Council's Corporate and Operational Plan? (Y/N)
Buildings (Community)							
Buildings (Corporate)							
Recreation Facilities <sup>(1)</sup>							
Roads / Transport network <sup>(2)</sup>							
Stormwater Drainage network							
Flood mitigation network							

Sustainable Councils Annual Return on the Status of Asset Management

Table 1 Asset Class or Sub-Class	Does your council have this asset class? (Y/N)  If No, please complete Table 2	Is an AMP in place (Y/N)?  If No, please complete Table 2	When was the AMP last updated?	When is the AMP due to be reviewed?	Have roles and responsibilities for the management of the asset class been formally assigned? (Y/N)	Is the Asset Management Plan approved by Council? (Y/N)	Is the Asset Management Plan linked to Council's Corporate and Operational Plan? (Y/N)
Water supply network							
Sewerage network							
Bridges (timber and concrete)							
Wharves, piers and jetties, pontoons							
Bus/Road tunnels							
Waste landfill							
Retaining Walls, Sea & River Walls							
Off-Road Footpaths							

**Sustainable Councils Annual Return on the Status of Asset Management**

Table 1 <b>Asset Class or Sub-Class</b>	<b>Does your council have this asset class? (Y/N)</b>  Is an AMP in place (Y/N)? If No, please complete Table 2	<b>When was the AMP last updated?</b>	<b>Have roles and responsibilities for the management of the asset class been formally assigned? (Y/N)</b>	<b>When is the AMP due to be reviewed?</b>	<b>Is the Asset Management Plan approved by Council? (Y/N)</b>	<b>Is the Asset Management Plan linked to Council's Corporate and Operational Plan? (Y/N)</b>
Bikeways						
Beaches						
Natural reserves						
Urban parks and streetscapes						

AMP = Asset Management Plan, that meets the Minimum Requirements

- (1) Includes pools, sporting stadiums and tennis courts.
- (2) Includes sealed, gravel, reseals and formed roads and includes pavement, seal, kerb and channel, drainage, traffic management, furniture and signs, lighting and paths.

**Table 2 – Progress Towards the Establishment of Asset Management Plans**

<b>Asset Class or Sub-Class</b>	<b>Does the Council have a complete record of all of its individual assets in this class?</b>	<b>Does Council have an Asset Register for this class?</b>	<b>Is the Asset Register updated at least Annually?</b>	<b>Have the current levels of service for this asset class been determined?</b>	<b>Have the desired levels of service and future demand for this asset class been determined?</b>	<b>Have lifecycle management plans been developed for the asset class?</b>
Buildings (Community)						
Buildings (Corporate)						
Recreation Facilities <sup>(1)</sup>						
Roads / Transport network <sup>(2)</sup>						
Stormwater Drainage network						
Flood mitigation network						
Water supply network						
Sewerage network						

Sustainable Councils Annual Return on the Status of Asset Management

<b>Table 2</b> <b>Asset Class or Sub-Class</b>	Does the Council have a complete record of all of its individual assets in this class?	Does Council have an Asset Register for this class?	Is the Asset Register updated at least Annually?	Have the current levels of service for this asset class been determined?	Have the desired levels of service and future demand for this asset class been determined?	Have lifecycle management plans been developed for the asset class?
Bridges (timber and concrete)						
Wharves, piers and jetties, pontoons						
Bus/Road tunnels						
Waste landfill						
Retaining Walls, Sea & River Walls						
Off-Road Footpaths						
Bikeways						
Beaches						

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Natural reserves						
Urban parks and streetscapes						

AMP = Asset Management Plan that meets the minimum requirements

- (1) Includes pools, sporting stadiums and tennis courts.
- (2) Includes sealed, gravel, reseals and formed roads; and includes pavement, seal, kerb and channel, drainage, traffic management, furniture and signs, lighting and paths.

**Explanatory Notes: - What Constraints are preventing the completion of the Asset Management Plans?**

**Table 3 – Data and Projections Related to the Asset Base**

Table 3 Asset Class or Sub-Class	Capital Expenditure estimate for Renewals for year ended 30 June 2009	Capital Expenditure estimate on New or Upgrade works for year ended 30 June 2009	Estimated Depreciation expense for Asset Class for year ended 30 June 2009	Have forward projections of required capital, operations and maintenance expenditures been calculated?	Using the scale (described below), rate from 0 to 2 the degree to which the future financial forecast for each asset class is incorporated into council's current long- term financial model
Buildings (Community)					
Buildings (Corporate)					
Recreation Facilities <sup>(1)</sup>					
Roads / Transport network <sup>(2)</sup>					
Stormwater Drainage network					
Flood mitigation network					
Water supply network					
Sewerage network					

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Bridges (timber and concrete)					
Wharves, piers and jetties					
Bus/Road tunnels					
Waste landfill					
Retaining Walls, Sea & River Walls					
Off-Road Footpaths					
Bikeways					
Beaches					

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Natural reserves					
Urban parks and streetscapes					

Asset Incorporation into long-term financial plan rating scale

- 0 Provision for maintenance and operation, renewal not incorporated in long-term financial model
- 1 Provision for maintenance and operation, renewal partially incorporated in long-term financial model
- 2 Asset fully incorporated with provision for maintenance and operation, renewal (i.e. refurbishment and replacement) consistent with the asset management plan

Note that the rating is based on the plan for the asset class. For example, if it is the Council's plan not to replace an individual asset or group of assets then there is no requirement to have renewal provided for in the long term financial model and the asset class can still be given a rating of 2.

**Sustainable Councils Annual Return on the Status of Asset Management**

**Table 4 – Comments**

Please indicate below any additional comments or explanatory notes in respect of the information requested.