

## Part 3 Working With Others

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# 32. Collaboration

**Collaboration =  
Co-operation with  
more active  
involvement and  
commitment.**

## Joint solutions to joint problems

Part Two looked at a range of issues affecting councils which led to actions that councils could take unilaterally.

Not all problems can be solved by councils acting on their own. The problem may be too difficult (major urban decline, for example); or too extensive (the condition of rural roads); or simply too complex (too many others with an interest, and a say, in the outcome). It is also

true that some problems that may be tackled unilaterally can be better tackled in co-operation. All of these circumstances are opportunities for working with others in collaboration.

The four sections in Part 3 look briefly at the issues for councils as they work collaboratively with each other and with others levels of government and the private sector, to solve problems affecting today's communities.

## Benefits of Collaboration

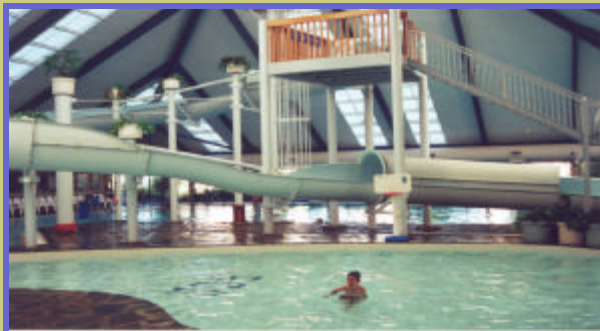
- Alternative solutions that provide greater value for money
- Cost effectiveness
- Opportunity for jointly increasing resources
  - By way of grants for regional development
  - By way of private sector involvement

## Requirements of Collaboration

The problems may have arisen in various ways, but successful solutions have four common elements, namely

- Clear and well understood objectives
- Credibility in negotiations
- The ability to communicate
- The ability to take the wider view

The first three are satisfied if councils have well developed Asset Management Strategies (these set out their desired outcomes) and similarly well developed Asset Management Plans (these cost the current methods designed for the achievement of those outcomes).



**Box 32A A Difficult Call for Council** Tourism is an international market. To be competitive and attractive for investment and attract international operators sets up demands for increased levels of service. Recreation centers and higher level facilities are rarely self funding in the long term (that is prices rarely cover maintenance and capital renewal, let alone a return on capital) and place a further drain on limited revenues if

these facilities are not part of **regional and national asset management plans**. Private operators may build these facilities as part of the development, but quickly hand over the facility to council when they start to lose money. Council inherits a financial and political liability. Closing these facilities down is difficult once the level of service has been established.

# 32. Collaboration

The fourth requires seeing the situation from the perspective of the other fellow. This is where the strategy document is so important. If councils only have plans (sets of goals to be achieved) and do not have a statement of their broad objectives (for which these goals are but one way of achieving) they may only see 'their' way and be blocked from seeing other ways of gaining benefit. This is well illustrated in the Section 33.

## Making collaboration work

Collaboration requires that all joint projects be seen to be genuinely win-win propositions by all participants. Suspicions that some individual councils or groups are gaining disproportionately from the joint project will often be sufficient to derail it. Genuine collaboration requires trust and respect. Both of these are assisted by good quality information and analysis and a commitment to transparent and accountable processes.

Regional asset management plans are advocated for this purpose. A regional asset management plan will follow the same lines as individual council asset management plans but will cover only the group objectives and goals. It will be up to the councils involved to ensure that their own plans are consistent with those which they agree together for the group.

'Regional' asset management plans can, and should, also be developed for any joint enterprise, whether with the state or federal government or with the private sector. It is a method of communication and monitoring of results.

## Assessing whether a deal is a 'good deal'

Councils may argue that previous collaboration, whether it was passive in the sense that councils accepted rather than initiated it, or whether councils were actively engaged, has not turned out well for them. They may instance infrastructure standards for developers

that have been kept low to promote state government directions for 'affordable housing' but which are now resulting in high renewal costs for council; or they may be concerned about amenity levels that they cannot afford to support. They may be concerned that facilities initially provided by others (other levels of government or the private sector) are falling on them for continued support and renewal. (see Box 32A)

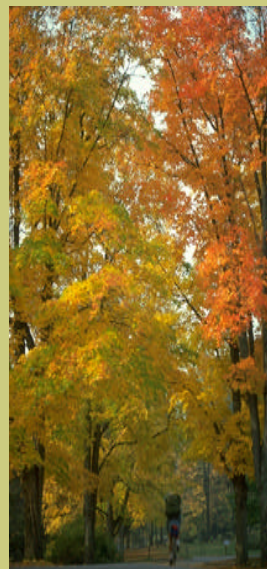
The answer lies in doing the cash flow analysis for a sufficient period of time to determine the impacts on council costs and revenues after implementation of the project. Had this been done in the past, different cost and revenue structures may have been adopted which would have avoided some of the problems that councils now face. (see Box 32B)

## Asset Management Strategies and Plans

Looking ahead, doing the cash flow analysis, considering all of the options, weighing up the costs and benefits – these are the key to good results from collaboration, and they are all encompassed within the production of sound asset management strategies and asset management plans.

### Box 32B: Doing the Cash Flow Analysis

Developer designed built suburbs in the 1970s and 1980s has resulted in very attractive, leafy, suburbs with many parks and recreational areas, lots of intensively planted verges and many public gardens. But insufficient thought was given by councils at the time to the long-term cost and revenue consequences for council after the last plot was sold and developer responsibility for maintenance ended. Where agreements with the state government and/or private sector allow for a period of maintenance by others, the cash flow analysis must be taken out beyond that period if council is to have a good idea of its own commitments. This may mean doing a 20 year forecast rather than the standard 10 yr period suggested in Section 12.



**Opportunity:** To achieve solutions that would normally be beyond council's capacity in expertise and/or funding.

# 33. A Wider View

**Know what you want —but be open on how you get there**

## The Wider View

It was argued in the previous section that collaboration requires participants to take a wider view; they need to see beyond their needs to the needs of their partners.

Consider the situation illustrated in box 33A, the case of the mass limits review. The policy objective was to reduce the transport costs to market for primary produce. Was this a policy objective that councils could 'buy into'? Of course! It was definitely in the interests of councils that their major rate-paying base, primary industry, thrived under the new market conditions. How do goods get to market? In trucks; trucks that use local roads. So, how would asset management have helped councils in this situation?

### Box 33A The Mass Limits Review – An opportunity missed

Free trade is a national objective and to survive in a world of free trade, Australia has to reduce its cost of transporting its goods to market. This was the context of the "Mass Limits" review in 2000. The trucking industry argued that costs could be reduced if the mass limits on local roads were increased and this argument was supported by the Commonwealth and by the farm lobby.

Local Government, not a party to the development of the policy objectives, argued against them: an increase in mass limits would ruin local roads, they said, and greatly add to the cost of maintaining them. If the mass limits were to be increased then councils would need much more resources.

In the event, local government was ignored. The mass limits were increased. A small concession was made in respect of bridges that could not carry the increased loads.

What alternative was there? See text on this page.

## Another Route

By working in collaboration, councils could have helped the trucking industry to choose an efficient route, one that minimised the time taken to get goods to market. Where this route traversed sections of road that their asset managers could show were not capable of managing the higher mass limits, they could have worked co-operatively with the Commonwealth and the Trucking industry to upgrade selected roads to improve the service. This would also have had the effect of keeping truck traffic off other road segments. The extra costs of upgrade could have been offset against the savings that would be made by the faster, more efficient, route, thus the councils would have had leverage to gain greater funding – by increasing value! This is a more positive approach than claiming large (mostly unspecified) damages.

After the event, when councils were left with very few extra resources to cope with the increased mass limits, they were asked what effect the increase would have on their roads. Answers varied from "I don't know" to "Really major damage" to "Probably have no effect at all".

**Information adds value and credibility to negotiations.**

Without information on condition, costs and consequences, councils had little to bring to the table. Their bargaining power would thus have been slight, even if they had chosen to abandon the adversarial position and work co-operatively. But if they were armed with asset management information, they could

# 33. A Wider View

have achieved a much more satisfactory outcome for themselves. Not only would they have been able to develop the most cost-effective route for all parties, but they would have had increased respect and thus bargaining ability.

### Importance of Clear Objectives

Collaboration requires information and general agreement by all of the group's objectives.

Often the objectives are not clear or not clearly stated. In these circumstances each member of the group could be, inadvertently or otherwise, undermining the others.

Consider the process for developing regional road projects where, within each region, the Mayors and CEOs jointly agree to list of projects.

Suppose that one council recommends a road upgrading should be on the region's priority list. (It has in mind that the road upgrading would enable grain trucks to move more quickly through the region). The other councils agree with the project (but they have in mind improved tourist prospects). With joint agreement the project goes ahead. But grain trucks on the new faster road are slowed down by the extra tourist traffic.

Had the objectives been more clearly understood, a more effective solution for all councils might have been more by-pass lanes!

### Opportunity rather than Conflict

Taking a wider view helps councils to see opportunities for collaboration where previously there may only have been seen the possibility of conflict. The next section looks at two opportunities for collaboration that could not only save councils money but actually attract extra funding.

**Opportunity:** New solutions to old problems

### Box 33



### I think I know your toilet blocks better than you do!

In 1996, Barry Maloney of Maloney's Field Services, was shortlisted for his entry by this title in the first Australian and New Zealand Asset Management Competitions. He realised that as he and his valuers went around councils valuing their assets they were, as part of the process, assessing condition. It occurred to him that if councils were to tell him how they would like condition described, his team could do a 'first cut' condition assessment on all assets for very little extra effort than the valuation would have taken without it. Working with his council clients, Maloney's valuers were trained in how to record condition information in a form that was useful for council engineers.

An example of a win-win private sector-council collaboration that provided income to the valuers and cost effective information for council.

# 34. New Funding Opportunities

**“Some issues go beyond borders— and so do the solutions”**

## Identifying Joint Opportunities

The essence of collaboration is the existence of a joint opportunity.

Councils need to prepare themselves to recognise such an opportunity and identify the scope for joint efforts. This revolves around understanding the nature of council's assets.

### Councils have two types of assets:

those that serve purely local needs and local communities and those that, *in addition*, serve wider regional or national needs:

- Local impact assets
- Regional impact assets,

Both may attract external funding but for very different reasons.

### Traditional Grant Funding

The purpose of current grants funding is to “equalise” the opportunities available to all citizens of Australia, wherever they happen to live. The objective is to ensure a basic minimum standard of living for all. Current grants funding applies primarily to local impact assets.

### A new source of funding?

Regional impact roads, however, are targeted under the “Roads to Recovery” grants. With these grants, “Councils are urged and encouraged to cooperate to enable larger projects to be implemented on key interregional road links. Councils are also encouraged to work with the States and Territories to ensure a coordinated approach to the development of regional roads and the scope for leveraging each other's projects.” (Roads to Recovery Program announcement)

### Box 34: Road trains



Road trains are not a new concept.

What is new is that the goods need to be transported at costs that make them internationally competitive.

Local government is custodian of a large proportion of the transport network necessary to maintain international competitiveness in the international marketplace.

The change needed is to have regional asset management plans in place to manage the portions of the integrated transport network managed by the three levels of government.

The opportunity is not so much more funds as more integrated asset management planning between the three levels of government.



# 34. New Funding Opportunities

Local roads are seen as forming part of a wider 'rural road network'.

## **New justification**

In order to ensure that monies were quickly made available to rural areas, the new grants were allocated according to the existing grant funding formula.

**Indications are that if the "Roads to Recovery" grants should be extended beyond their current 4 year term, more rigorous, and regional, justification will be required, demonstrating efficient resource use.**

## **Effectiveness and Efficiency in Resource Use**

The Butcher report (the report on rural road funding that emanated from the Moree Rural Roads Congress in May 2000) recommended that future funding be based on sound asset management principles with needs well supported by justification.

This report was accepted in principle by high level representatives of both sides of politics, the national roads authorities and representatives of all State local government authorities as well as representatives from rural councils at the follow up to the Moree Congress held at Mildura, May 2001.

The Butcher report recommends the use of Regional Asset Management Plans and the recommendations of the Mildura Congress noted the key role of asset management in developing the

case for ongoing funding and identified as its first two priorities: (1) Obtain standardised solid data on the benefits and costs of local road expenditure by councils, and (2) Demonstrate the effective use of investment in local roads infrastructure.

## **Economic Development and Roads of Economic Significance**

There is also scope for councils, working in regional groupings to co-operate with the private sector and the federal government to develop "roads of economic significance" (see box)

The major requirement for regional co-operation is that councils clearly understand which assets serve purely local needs and which assets also serve regional needs.

Regional groupings will only wish to take responsibility for assets

when all members of the group can clearly recognize the regional nature of the asset, so this needs to be clearly documented.

As the issue at the heart of regional co-operation is cost sharing, as well as the maximization of group benefits, so councils will also need to identify the local benefits that regional assets serve. It would be sensible to make this a clear element of Council's Asset Management Plan, along the lines indicated in Section 21 on Service Delivery, including the costing of services as illustrated in "At Your Service" included in "Further Resources" which may be found on the study website.

**Opportunity:** to provide more cost effective solutions through regional co-operation

### **Box 34B: Roads of Economic Significance**

Where a new road or a road upgrading would result in financial benefit to an identified user or group of users, there is an opportunity for collaboration with the users. Contributions by the private sector, as they are an income earning expense should be an income tax deduction. At present the taxation department is reluctant to allow private sector contributions the tax concession that is logically theirs. In other areas, such as scientific research, the federal government has been keen to target resources where they will most benefit industry and there is considerable potential here for more funding from both the private sector and the federal government if a good case was made. This is an area where regional collaboration, together with support from local government associations, could greatly ease the demands on councils for developmental purposes.

# 35. Regional Asset Management Plans

## “Regional Co-Operation Requires Taking a Wider View”

### Regional Co-Operation

As discussed in the previous section, co-operation between councils is being urged under the new “Roads to Recovery” grants.

Roads are, however, not the only asset subject to development on a regional basis. There are already regional groups developing regional waste management, regional sporting or cultural facilities, regional tourist facilities, etc.

### Opportunity for External Funding

The importance of Regional impact assets, is that since they provide external benefits, they have the capacity to attract external funding.

### Brings a Shared Accountability and a Shared Responsibility

To benefit from external funding, councils must accept that they have a *shared* accountability and a *shared* responsibility for their assets with all other funding providers.

Communicating and understanding this shared accountability and responsibility requires the development of regional asset management plans.

### Regional Asset Management Plans

The object of regional asset management plans is to develop a group prioritisation that maximises the *regional* benefits rather than the *local* benefits of given regional funding levels.

To achieve this objective will require some adjustment and trade-off within a council's own asset management plan.

### Box 15A: A Declining Urban Council



Mining in the early 1900s led to a boom in this area in the 1960s, but the area is now in decline as the private sector scales down its activities. Population has fallen about one third from its peak levels. There is some though possibly limited potential for tourism and the council is trying to stimulate this through fishing and marina development.

Council is now facing several simultaneous problems. Private clubs are amalgamating and council is absorbing the recreational facilities in an attempt to retain the amenities for its ratepayers. This is adding costs at a time of declining revenues and at a time, also,

when the 1960s developed infrastructure is needing renewal.

#### Opportunity

Some problems are beyond the capacity of councils to address. Where this is the case they need to work with others in the region or the state to develop a viable solution. A sound asset management strategy and asset management plan is a great help to communication with others. See Sections 11-14 on developing an Asset Management Strategy and Plan

# 35. Regional Asset Management

## Regional Plans require Well Developed Council Plans

Unless a council has a well developed plan that it can use as a base source document in regional negotiations, it will not be in a position to assess the benefits of regional development for its own council and to determine what trade-offs it needs, or should, make.

The need for each region to have its own Asset Management Plan which it is prepared to adjust in the light of regional opportunities is even more essential when it is recognised that different regional groupings may be formed around different assets.

There are a number of basic services for which regional asset management plans will be of benefit, for example:

### Transport

(roads, transport hubs, rail, bridges)

### Environment

(Parks and Recreation)

### Catchment Management

(drainage and flooding)

There are a number of catchment management boards already operating on wider water quality issue and there could be a need to incorporate council drainage and flooding issues.

### Social and community development

(for which assets are mostly buildings)

The provision and management of regional infrastructure, by councils, has a significant effect on the broad range of industries who need the infrastructure to provide services in the region.

## Different regions for different activities

Regions may be different for different infrastructure related services. For example, the region for Catchment Management will be determined by geographical and geological features of the terrain, the region for Transport will be determined by existing and proposed transport linkages, the region for utilities will be determined the structure of the electricity and water networks, and so on.

## Consistency Between Plans

Getting consistency between the plans is essential. For example, communities will not greatly benefit from improved transport if the roads constructed for this purpose cause increased drainage and flooding problems.

Consistency at the broad strategic level may seem a rather difficult task since the detailed implications of specific actions in support of strategic directions will seldom be known until the actions themselves are developed.

## Consistency is needed at the Project Level

The answer to achieving consistency, therefore, lies not in the broad programs but in the evaluation of individual projects.

Regional Asset Management Plans follow the same format as Council Asset Management Plans.

## Standardised Asset Management Planning Helpful in Regional Co-Operation

If councils adopt a consistent and standardised form of asset management plan, communication between them will be easier.

A simple 'one page' reporting format at the project level is being developed that can support both the Council's own Asset Management Plans and the Regional Asset Management Plans— for further information see the study website.

Although this section has concentrated on co-operation with other councils, the principles also apply to co-operation with other levels of government and the private sector.

### Basic Requirements are:

1. A well developed council asset management plan and indications of council's future strategic directions (its strategy)
2. Identification of local and regional impact assets (including those assets where the region impacts on them)

**Opportunity:** To create a communication tool for use within regions and with other levels of government.

## Part 4 The Way Forward

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- 37 Next Steps for Councils
- 38 AM in Action & Checklist

# 36. Local Government Sector

## The next steps

The infrastructure study, and this report, is the result of local government initiative and co-operation. There is much that the local government sector can do by way of continued leadership and co-operation and the next steps that may be taken are contained in this section.

There is also much that is being done and can be done by individual councils to improve their understanding and implementation of asset management and the next steps that councils may and should take are covered in the next two sections.

### Asset Management Implementation Group

1. That the Steering Committee arrange for the setting up of an **Asset Management Implementation Group**
  - To receive the report and consider implementation of its recommendations
  - To take custody of and maintain the database

*(Local Government has taken the initiative with the current study and the LGA with its links to all councils could be a natural vehicle for fostering asset management improvement and further development. However the Grants Commission has been extremely active in the promotion of more strategic asset management and the Australian Bureau of Statistics have an active interest in the activities of local government and both of these would have the expertise to manage the database and ensure its wider application. Given the importance and magnitude of the task, a combined responsibility may be the most appropriate way forward.)*

2. That, in deciding the **composition of the Asset Management Implementation Group**, consideration also be given to links between councils and state government, councils and national government, and councils and regional groupings.

*(The Implementation Group could become an important force for asset management development in local government and links with bodies outside councils would help establish the regional aspects of asset management.)*

3. That the **database be maintained, updated and validated**. The nature of the updating should be under the guidance of the Implementation Group. There is a need to track improvement in information about assets; improvement in determining economic life, asset rationalisation and other steps to secure an appropriate asset base for each council.
4. That the Implementation Group **avoids the use of "standardised" performance indicators** because of the immensely variable nature of council requirements but encourage councils to monitor and track their own performance.

### Asset Management Guidance

5. That, as guidance for councils in developing their Asset Management Strategies and Asset Management Plans, that **two councils (a small council and a larger one) be chosen as pilot studies** and their progress, together with difficulties discovered and overcome, be reported on a regular bi-monthly basis to all councils.

*(This would develop into a step by step implementation program, illustrated by the actual problems found as councils work through the procedures illustrated in the study report.)*

6. That, together with reporting on the two pilot studies, **all councils be encouraged to report their success and difficulties overcome, as part of a common database of case studies**.

# 36. Local Government Sector

*(It would be expected that many councils would wish to make an immediate start on asset management improvement whilst others may be content to wait, or need to wait upon information from the pilot studies. The innovative councils could greatly add to the store of information for guidance.)*

## Regional Development

7. That regions that have already developed a level of co-operation be asked to document their procedures for use on the database.

This should include, amongst other things:

- How councils have identified assets that are for purely local use and those that have wider regional impacts
- How the regions have come to agreement on what assets are regional assets
- Procedures for joint discussions and developments

8. That two regions be selected from those who have already developed co-operative links to trial and refine a template for a Regional Asset Management Plan, similar to a Council Asset Management Plan.

## Asset Management Encouragement

9. That the Local Government Association take the initiative in encouraging better asset management planning by creating Awards for the Best Asset Management Strategy and Asset Management Plan.

*(Formal acknowledgement of excellence was a key factor in the improvement of Public Sector Corporate Plans in the late 1980s.)*

## Asset Management Training and Awareness

10. That the Asset Management Implementation Group facilitate skill training for asset managers in both technical and financial aspects of asset management, and monitor the effectiveness and continuing need for training.

11. That, in addition to general skill training, the Asset Management Implementation Group should facilitate special workshops on the practical aspects of putting together asset management strategies and asset management plans.

12. That consideration be given to special presentations for elected members. This could take the form of

- Formal presentations as part of normal council meetings, or
- A special presentation for elected members on a regional basis, or
- A video presentation
- Or a combination of the above

## Asset Management Research and Development

13. That, under the auspices of the LGA, asset management issues affecting all councils be researched, developed and the results promoted. The Asset Management Implementation Group could identify appropriate issues.

*(Similar to the work of the LGA in researching and developing the benefits of, and guidelines for, infrastructure depreciation (Condition Based Depreciation))*

## Asset Management Support

14. That the LGA provides analytical support to councils, particularly small councils, if requested, when they are negotiating with other levels of government or the private sector.

*(Councils may not have the necessary expertise or experience to establish a 'level playing field' in negotiations)*



City of Port Adelaide Enfield Civic Precinct and Visitor Information Centre, courtesy of LGFA Financial Services

# 37. Councils

## The Strategic Planning Process

15. That all Councils prepare an **Asset Management Strategy** in sufficient detail to provide sound guidance in the preparation of Asset Management Plans.
16. That the **Asset Management Strategy overview** that sets out directions and priorities should form part of the publicly reported Strategic Management Plan.

*(The Asset Management Strategy will contain background data justifying the Strategy but it is not necessary that this be made public since the Strategy itself would be subject to questioning by ratepayers and the background data could be made available if needed.)*

17. That, together with the Asset Management Strategy Overview, councils should also provide - in the annual statement which is legislated as part of the Strategic Planning Process -
  - **A renewal profile** covering the next 20 years, and
  - **Relate this profile to the level of recorded depreciation**, and
  - **Explain how renewal is to be provided for** and dealt with (e.g. by creation of asset reserves, borrowing, re-assessment of need, improvement of information base, etc.)

18. That each council should also report on progress in achieving the goals outlined in the Asset Management Strategy Overview in its annual report.

*(A public reporting requirement emphasises the strategic nature of asset management and recognises that the community is the ultimate evaluator of performance.)*

## Understanding the Market

19. That each council should **assess customer benefits and conduct market analysis regularly** as part of its strategic asset management preparation.
20. That councils should pay particular attention to **measuring trends and indicators** for strategic asset management. Examples are:
  - Economic life and variables that could extend or shorten it within the council's environment
  - Trends that are likely to influence infrastructure demands
  - Trends affecting costs and revenue cashflows

# 37. Councils

## Understanding the Implications of the Asset Portfolio

21. That all councils should **distinguish in their asset management planning documents, capital expenditure** which is for the purpose of

- Renewing existing services
- Upgrading existing services
- Expanding existing services

Each of these capital expenditure types has very different implications for future maintenance, operations, renewal and risk profiles.

22. That councils improve the quality of their renewal forecasts by re-assessing economic lives and by

taking advantage of the web database facility to record the economic lives of subsets of asset groups that may have lives different from the modal life.

23. That councils compare their renewal spending with near term projections and the long term average (the average annual asset cost) and develop a policy for capital spending that gives due weight to asset renewal

24. That councils identify which assets serve only local needs and which assets provide, in addition, for wider community needs, as this asset categorization is important for regional co-operation and development of regional funding opportunities.

See also the checklist in the following section.



City of Port Adelaide Enfield Civic Precinct and Visitor Information Centre, courtesy of LGFA Financial Services

# 38. AM in Action—Checklist

**“Real  
Asset Management  
is a  
Spirit of Inquiry”**

## **Asset Management in Action**

**Firstly**, it must be done.

**Secondly**, it must be **integrated**. There is no role for asset management as an independent, stand-alone process (see box “Asset Management is not a God”).

**Thirdly**, if everybody from the elected members to the CEO and senior management and other staff is not taking the broad principles of asset management into account in their day to day decision making, then it’s not happening.

Having an Asset Management Strategy or an Asset Management Plan does not constitute asset management. Asset management is really a matter of attitude, an attitude of constant inquiry. “What should we be doing to our asset stock to best achieve the council’s objectives?”

In many cases, this could mean removing assets that are no longer ‘pulling their weight’, to free up scope for other things. It may mean seeing if there are ways of providing service that require less assets, or no assets at all. Or it may mean modifying an asset or renewing an ageing asset or acquiring a new one.

This spirit of inquiry has to be ongoing. Asset management is not a “project” in the sense that it has a beginning and an end. There is no end. But the benefits are ongoing too. Improve an asset management practice today and the savings occur this year – and next year, and the year after.

What does this mean in practice? See the checklist opposite.

### **Box 38: “Asset Management is not a God!”**

There is a danger that Asset Management is coming to be regarded as a God, an immense golden Buddha at whose feet tributes are placed; tributes like asset management information systems, asset registers, asset valuations, condition assessments, etc.



This non-thinking, compliance, approach to asset management is its greatest threat. It is fuelled by governments that seek to impose ‘efficiency and effectiveness’ on agencies by mandating asset management processes rather than focusing on agency outcomes and performance, and by professional organisations who see the provision of such ‘tributes’ to be effective means of employment for their membership, regardless of their value for the managing organisation.

Strategic Asset Managers takes as their starting point that all asset management has only one purpose—to assist the managing organisation to achieve its organisational goals. If it doesn’t do this, even worse if it acts against these goals by diverting resources, it is NOT GOOD asset management. Helping councils recognise what IS GOOD asset management, and how to do the appropriate amount of it, has been the aim of this report.

# 38. AM in Action—Checklist

## Box 32B: Instilling A spirit of inquiry

“What should we be doing to and with our assets to best achieve council’s goals?”

### A Checklist

#### Direction

- Does the documented vision / mission / management objectives seek to improve asset management performance by ensuring a link between the management plan objectives, maintenance levels and the asset stock retained. How do these sustainable levels of service compare with current levels of service?

#### Understanding

- For material assets or assets with significant risk potential, does Council have a knowledge about the asset stock under its control:
  - What are the assets?
  - What condition are they in?
  - Which assets will we replace and when and at what cost?
  - What is the risk profile of each asset (or asset class for non material assets)

#### Service Levels

- Is there a recommended policy strategy to match sustainable service levels with actual funding? Can Council produce statutory reports and annual reports to the community using existing systems and processes and do financial and management reports provide and true and consistent picture about the short medium and long term position of Council.
- Can Council going determine and specify a “satisfactory” level of service? (What is the role of community/customer input)? What levels of service are sustainable and necessary to provide the quality of life set out in the management plan.
- Is Council able to determine the capital and maintenance cash flows associated with this “satisfactory” level of service to determine whether the level specified is sustainable? Over what period of time should the cash flow be run and why? What are the financial liabilities associated with preserving current levels of service over the next one, three, five, ten, and 50+ years?
- This requires the generation of cash flows associated with service provision and associated asset requirements. How do these financial liabilities compare with current assessments of revenue potential?

Continued over the page

# 38. AM in Action—Checklist

## Checklist (continued)

### Maintenance

- Is there a recommended maintenance and renewal strategy for each asset or asset category (just in time, breakdown, scheduled, condition, service level) to enable the lowest life cycle maintenance costs?

### Organisation

- Does Council regularly review its organisational and management structures to best support and provide the services and projected changes to future asset maintenance / expansion / upgrade / disposal programs.

### Service Delivery

- Does Council regularly review the method of delivering infrastructure based services so that the community gets the best possible value for money? What are the key elements that need to be included in service level agreements to ensure that the specified levels of service are achieved?
- Can council measure the actual service quality, timeliness and value being delivered and identify, measure and improve performance?

### Evaluation

- Are asset upgrades and additions subject to strategic asset evaluation techniques such as service strategies, economic appraisal, and examination of non-asset solutions, life cycle costing, and energy management and performance measurement.

### Knowledge

- Do all people involved with service delivery (operational and policy) understand the relationship between assets and services.

### Decision Support Systems

- Are our asset decision support systems (software data and people) maintained at the appropriate level of sophistication and cost to be able to achieve the above objectives?