



# INDEPENDENT PROJECT EVALUATION REPORT

**Implementation Plan for Long-Term Asset and Financial  
Management Planning for all Tasmanian Councils**

National Partnership  
Agreement to support local  
government and regional  
development

Report Prepared by





# CONTENTS

- 4 Executive Summary
- 4 Local Government Financial Asset and Local Government  
Financial Asset and Reform Fund
- 5 Related Activity
- 12 Evaluation Form
- 14 Project Activities
- 30 Success Stories
- 54 Conclusion

# EXECUTIVE SUMMARY

In early 2010 under Long-Term Asset and Financial Management Planning for all Tasmanian Councils Project, the Commonwealth agreed to provide financial assistance of \$870,000 to assist all Tasmanian councils to carry out a program of activities that would enhance the financial sustainability of Tasmanian councils and improve their asset and financial management frameworks.

There were a range of achievements in 2013 as described in the interviews. These include the establishment of the financial regional groups and continuing support for the asset management groups, the ongoing support for councils with the opportunity for training and resources, providing the link to a wide range of activity such as is occurring nationally with IPWEA and consolidation of the 2012 groundwork.

The challenges include that there was an opportunity for regional groups, individual councils or smaller groups of councils to apply for funding for specific projects eg training, mentoring, directly assisting smaller councils, etc but there were delays due to a desire by councils to wait for both the legislation to be passed and the 2013 audit office report on Local Government to be completed. Both these occurred in the last two months of 2013.

Despite the delays from a state wide perspective, significant progress in the development or refinement of asset and financial plans by most councils across Tasmania was achieved with the support of the project, as shown in the stories of success.

The report concludes that the Project has performed well against the objectives and outputs as set out in the National Partnership Agreement. LGAT is to be complimented on the regional and collaboration approach taken. The importance of project champions cannot be overstated. The Project contributes significantly to accelerating implementation of the Nationally Consistent Frameworks for Local Government Asset and Financial Management.

There were many highlights and innovations achieved which illustrate how far the councils have come since 2008. This is particularly relevant with the Tasmanian State Government's introduction of legislation in November 2013 mandating both long term financial and asset management planning.

This report confirms that the Project has been completed to the point required in clause 23 of the National Partnership Agreement.

# THE LOCAL GOVERNMENT

## INTRODUCTION

In early 2010 under the Long-Term Asset and Financial Management Planning for all Tasmanian Councils Project, the Commonwealth agreed to provide financial assistance of \$870,000 to assist all Tasmanian councils to carry out a program of activities that would enhance the financial sustainability of Tasmanian councils and improve their asset and financial management frameworks. The program of activities—nine in all—target both staff and councillors. The project covers the 29 councils established under the Tasmanian Local Government Act 1993.

In late 2012 the Local Government Association of Tasmania (the LGAT) engaged Section51 Pty Ltd to undertake an independent evaluation of the project in accordance with the requirements of the National Partnership Agreement. With the completion of many more outcomes in 2013, LGAT again asked Section51 to evaluate the 12 months of the project to the end of 2013. This report provides the evaluation as requested and due to the success of the project in many different ways, stories of many of the positive outcomes achieved

## LOCAL GOVERNMENT FINANCIAL ASSET AND REFORM FUND

The origins of the Commonwealth Local Government Financial Asset and Reform Fund can be traced back to the then Howard Government which in August 2006, at the Local Government and Planning Ministers' Council, comprising State and Territory Ministers for Local Government, met to discuss issues concerning the financial sustainability of local government. The meeting determined that a series of nationally consistent frameworks on financial sustainability measures would be developed.

There were to be three frameworks, namely:

- assessing local government financial sustainability
- asset planning and management, and
- financial planning and reporting.

On 26 March 2007, the Ministerial Council endorsed the nationally consistent frameworks and agreed that each State and Territory government apply the frameworks in the context of their relationships with their local government sectors. The frameworks aim to provide a consistent reporting mechanism for all local government authorities and a clearer picture for State and Territory governments of the financial and management “health” of local governments.

On 8 May 2009, the Ministerial Council agreed to enhance the nationally consistent frameworks on local government asset and financial management frameworks with the support of Commonwealth funding. The Local Government Financial Asset and Reform Fund was established to assist councils improve their asset and financial management and planning. The Ministerial Council also committed to the acceleration of the implementation of the frameworks.

[http://www.lgpmcouncil.gov.au/publications/sus\\_framework.aspx](http://www.lgpmcouncil.gov.au/publications/sus_framework.aspx)

The Local Government Financial Asset and Reform Fund was subsequently announced by the then Prime Minister Kevin Rudd at the Australian Council of Local Government meeting held 25 June 2009. It was introduced to support the implementation of the agreement by the Local Government and Planning Ministers' Council.

The Local Government Reform Fund aims to:

- support the accelerated implementation of the nationally consistent frameworks for local government asset and financial management, as agreed by the Local Government and Planning Ministers' Council in 2009
- encourage collaboration in the local government sector to build capacity and resilience, and
- improve the collection and analysis of nationally consistent data on local government assets and finances.

In the case of this specific project, in December 2010 national partnership agreement and implementation plan was agreed for a Tasmanian specific project. The Long-Term Asset and Financial Management Planning for all Tasmanian Councils Project enabled financial assistance of \$870,000 to be provided to LGAT to assist Tasmanian Councils to better manage their infrastructure and other assets and to improve their financial sustainability. The project covers the 29 councils administered under the *Tasmanian Local Government Act 1993*.

## TASMANIAN GOVERNMENT

The Department of Premier and Cabinet (DPAC) is the central agency of the Tasmanian State Government responsible for Local Government. DPAC provides a broad range of services to Cabinet, other members of Parliament, government agencies and the community. The Department of Premier and Cabinet's Local Government Division contributes to the wellbeing of local communities through promoting a sustainable and vibrant Local Government sector and supporting the strong collaborative relationships between the State Government and Local Government.

It does this by developing and maintaining a policy and legislative framework for matters relevant to Local Government, contributing to the effectiveness of the Premier's Local Government Council (PLGC), providing executive support to the Local Government Board, and ensuring regular contact between the State Government and Local Government at the local, regional and Statewide level to explore opportunities and resolve issues.



## LEGISLATION

A key component of the work undertaken by LGAT over the last 8 years, and particularly more recently in relation to this project, was to support the development of legislation to enshrine the work being undertaken. Legislative changes relevant to the Local Government Financial Asset and Reform Fund project, is the *Local Government (Miscellaneous Amendments) Act 2013*, was proclaimed on 19th November 2013.

The amendments regarding Financial and Asset Management:

- require councils to maintain long-term financial management and strategic asset management plans (10 years) and financial and asset management strategies;
- require councils to maintain an asset management policy;
- require councils to review their long-term financial management and strategic asset management plans, financial management and asset management strategies and asset management policy every four years;
- require general managers to notify the Director of Local Government (as soon as practicable) when their long-term strategic asset management plan, long-term financial management plan, financial management strategy, asset management strategy and asset management policy have been adopted by the council;
- require councils to report financial and asset management sustainability indicators in their financial statements;
- require councils to maintain an audit panel;
- require councils to develop their strategic plan every 10 years, as opposed to at least every five years, to align and coordinate with the financial and asset management planning process; and
- provide a power for the Minister for Local Government to make orders regarding long-term financial management and strategic asset management planning, financial management and asset management strategies, asset management policies, audit panels and financial and asset management sustainability indicators.

The Ministerial Orders for the Legislation:

- outline the minimum requirements necessary for appropriate long-term financial management and strategic asset management plans;
- outline the minimum requirements necessary for an appropriate financial management strategy and asset management strategy;
- outline the minimum requirements necessary for an appropriate asset management policy;
- list the financial and asset management sustainability indicators on which councils must report; and
- provide guidance to councils on the structure, membership and primary functions of audit panels.

The legislation is a significant step forward in Financial and Asset Management for local government in Tasmania.

## TASMANIAN AUDIT OFFICE

The Tasmanian Audit Office is an independent agency charged with upholding public integrity in Tasmania.

The Office assists the Auditor-General to provide an independent view of the financial and operational performance of State entities, including local government.

Under the Audit Act, the Auditor-General must undertake audits of financial statements of Tasmanian State entities and issue audit reports outlining their compliance with relevant legislation and accounting standards. Whilst not a

legislative requirement, when conducting audits of State entity financial statements, regard is had to whether there has been any waste of public resources or any lack of probity or prudence in the management of or application of public resources.

The results of all audits conducted by the Auditor-General are reported to Parliament for its consideration.

### **In my Report No. 4 of 2012-13, Volume 4 Part I, Local Government Authorities 2011-12**

(Report No. 4), I noted that in recent years a number of councils, as part of asset revaluations, had introduced the concept of residual values for long-lived infrastructure assets, particularly roads. From discussions with council management and engineers, it became apparent that there were differing views regarding the definition, use and validity of residual values in the valuation and depreciation of infrastructure assets for financial reporting purposes. I flagged in Report No. 4 my intention to appoint an independent expert to review depreciation methods, including use of residual values, by Tasmanian councils.

This Report is the outcome of the independent expert's work. The objective of this Report is to provide workable and cost effective approaches to road asset valuations and depreciation which are appropriate for financial reporting and are compliant with relevant Australian Accounting Standards. The Report contains 23 recommendations which will help to ensure that Tasmanian councils establish consistent and transparent depreciation and valuation practices.

While the Report's focus is road assets, the recommendations apply similarly to other long-lived assets.

It also includes a suggested common road hierarchy which the Local Government Division of the Department of Premier and Cabinet can use as the basis for further consultation with councils.

The project was overseen by a steering committee comprising both engineering and accounting staff from a range of councils, representatives of the Local Government Division, the Local Government Association of Tasmania, an engineer from the Department of Infrastructure, Energy and Resources and my staff. I am grateful for the contribution made by all members of the steering committee.

H M Blake

Auditor-General

16 December 2013

## LOCAL GOVERNMENT ASSOCIATION OF TASMANIA (LGAT)

The Local Government Association of Tasmania, that represents 28 of Tasmania's 29 councils which make up Local Government in Tasmania.

LGAT provides specialist services to its member councils including policy and strategic support, information and learning for Local Government elected members and officers and procurement of employee relations and insurance services. LGAT also coordinates the Tasmanian Local Government Awards for Excellence, the annual Tasmanian Local Government conference and LGATAssist.

The Local Government Association of Tasmania as the manager of this project has provided significant support to councils in achieving the outcomes.

Relevant to the project is work undertaken by LGAT prior to the Commonwealth funding becoming available.

During 2006-07, the Local Government Association of Tasmania (LGAT) engaged Access Economics to undertake a comprehensive analysis of the financial sustainability of the 29 Tasmanian local governments. The Access Economics report — A Review of the Financial Sustainability of Local Government in Tasmania — identified areas for improvement and highlighted the need for councils to move from annual to medium to long-term service and financial planning periods.

The report went further, indicating that quality long-term financial plans needed to be supported by sound asset management plans documenting the services to be provided and the funds required to provide the services.

A number of recommendations were made in relation to asset management including:

- LGAT further develop its Asset Management Improvement Program

including developing templates, best practice guidance and skills training with a view to achieving full participation by all councils in preparing their asset management plans

- each council work towards establishing a comprehensive 10-year asset management plan addressing the issues of infrastructure renewal, upgrade and replacement, integrated within their long-term (10-year) financial plan, and
- the State Government and LGAT encourage and support councils to implement a common framework for Tasmania and seek funding to provide extra resources for councils to achieve 'core' asset management maturity.

In December 2007, the Premier's Local Government Council (PLGC) approved a new program for 2008, Stronger Councils, Better Services (SCBS). From the SCBS program, \$70,000 was provided to LGAT to assess the benefits of and barriers to implementing a common specified framework for long term financial planning and strategic asset management planning in all councils in Tasmania. The focus of this work was on requiring councils to demonstrate to their communities and other stakeholders, that they were financially sustainable into the future.

In January 2008 a survey of councils' asset management practices was conducted as part of this assessment. This survey provided a baseline for evaluation of the Local Government Financial Asset and Reform Fund project which is the subject of this review. From that survey, it was evident that in 2008:

- There was a great deal of variation in the level of activity, approaches, timeframes and resourcing of asset management planning across Tasmanian councils.
- Some councils were struggling and could potentially benefit from clear tools and guidelines.
- Resourcing was a critical issue,

particularly for smaller councils in relation to maintaining asset registers and monitoring the infrastructure backlog and renewals gap.

- There were likely key data gaps in relation to the development of asset management plans that were future looking.
- The variation in areas like asset valuation and costings meant it was difficult to have good comparability between councils.

In response, also funded by the SCBS program, in May 2009, the Institute of Public Works Engineers Australia (IPWEA) and Jeff Roorda and Associates (JRA) were jointly appointed to undertake guided consultation with all Tasmanian councils (via three regional one-day sessions) to identify an appropriate framework for Tasmanian Councils and barriers to implementation. Specifically the consultation was based around the following:

- the Enhanced National Frameworks on “Financial Planning and Reporting” and “Asset Planning and Management”
- the South Australian Long-Term Financial Plan Template, and
- the International Infrastructure Management Manual (IIMM) Asset Management Plan Structure.

The project included piloting full implementation of the frameworks in at least four diverse councils and reporting to the LGAT on the outcomes and the ongoing use of the frameworks and related templates.

The flow on from this work has been the Long-Term Asset and Financial Management Planning for all Tasmanian Councils Project. When the funding became available in early 2011, LGAT established a Steering Committee, engaged a Project Officer (Sue

Grau) and prepared a project plan based on the key objectives and outputs of the funding agreement.

## INSTITUTE OF PUBLIC WORKS ENGINEERS AUSTRALIA (IPWEA)

The Institute of Public Works Engineering Australasia (IPWEA) is the professional organisation providing member services and advocacy for those involved in and delivering public works and engineering services to the community both in Australia and New Zealand.

IPWEA has extensive involvement in improvements in Asset and Financial Management for local government across Australia and to a certain extent is one of the most significant drivers of change. IPWEA has provided the training to councils for this project and has an ongoing task in the development of practice notes.

IPWEA National Asset Management System (NAMS) has recognised the need for industry guidelines to assist practitioners with Asset Management and Financial Planning. The aim is to foster a national approach and encourage consistency of data and outputs. These documents are reviewed and updated as further, and better, information comes to hand. A series of further Practice Notes is being researched and will be published to assist with the important task of how best to carry out condition assessments for various classes of assets as well as other important aspects of asset and financial management.

# EVALUATION FRAMEWORK

## PURPOSE

The purpose of the evaluation report is to describe the activities and outcomes of the Project as a whole and to evaluate progress. The evaluation assesses the extent to which the objectives in the Implementation Plan have been achieved and work to be done towards completion. The evaluation report provides highlights and innovations developed by the Project that have a state-wide or national benefit. The evaluation report, as the second in the series, has a particular focus on achievements in the 12 months through 2013.

## FRAMEWORK FOR THE EVALUATION

The framework for the evaluation has been provided from the Local Government Financial Asset and Reform Fund National Partnership Agreement and Implementation Plan, the Council of Australian Governments conceptual framework for reporting, the Commonwealth Grant Guidelines, evaluation guides from various commonwealth agencies and the independent project evaluation template provided by the Department of Infrastructure and Regional Development.

The Project is evaluated against the two objectives and nine outputs specified in clauses 9 and 10 of the Implementation Plan, namely:

## OBJECTIVES

- a. To maximise councils' financial sustainability to support continued provision of services to their communities over the long term, and
- b. To increase councils' ability to effectively manage their current and future performance using a consistent 'whole of council' perspective which brings together their financial and asset management operations for reporting and management purposes.

## OUTPUTS

The project is also being evaluated against the key outputs, namely:

- a) a State Asset Management Policy
- b) an understanding of core asset management maturity across all councils
- c) guidelines and resources for developing asset management strategy and plans and defining levels of service
- d) asset management plans for core asset classes in place in all councils
- e) agreed sustainability indicators for reporting by all Tasmanian councils
- f) an agreed long-term financial plan template
- g) long-term financial plans in place in all councils
- h) a communications strategy

The broad framework for the evaluation report is provided by the National Partnership Agreement to Support Local Government and Regional Development, which applies to all States and Territories. The principal elements of the agreement are:

'The objective of this Agreement is to improve the capacity, resilience and infrastructure in communities and build capacity and resilience of local governments.'

As this Project is under a National Partnership Agreement reference has been made to the Council of Australian Governments conceptual framework for reporting. This conceptual framework supports performance reporting under the Intergovernmental Agreement on Federal Financial Relations. The framework was prepared by the Heads of Treasuries and

endorsed by the Council of Australian Governments (COAG) in February 2011.

The emphasis on outcome reporting for the evaluation report provides relevance to the following:

‘Outcomes describe the impact which the government activity is expected to have on community wellbeing. Outcomes should be expressed as concise, unambiguous and realistic statements that focus on the end

result being sought by governments, rather than the means for achieving it. In principle, progress in achieving outcomes should be measurable, even if the required data are not readily available.’ (p5)

The COAG conceptual framework was used for the purpose of evaluating outcomes.



## OUR APPROACH

Data collection for the evaluation is from two sources. Quantative data is from the milestone reports and other reports prepared by the LGAT, and published outcomes of individual projects. Qualitative data came from interviews with stakeholders and project participants from State Government, LGAT, councils and other local government stakeholders. A list of interviewees is show in Attachment B. In determining the actual performance of the project we used an approach based on Commonwealth evaluation and reporting processes, including the Caring for our Country Program.

These evaluation processes use program logic to capture the rationale behind project activates and the cause-and-effect relationships between activities, outputs, intermediate outcomes and longer-term desired outcomes (adapted from Dart 2007 and OECD 2002). Program logic enabled us to express how and what change had occurred rather than provide a list of activities. The concept of program logic has been applied since the 1970s, particularly in international aid programs.

Accordingly, analysis and conclusions are based on the extent to which the broader objectives and outcomes have been achieved rather than on individual milestones.

## STAGE ONE EVALUATION

Stage one evaluation, undertaken on the first 2 years of the project, was completed in December 2012. The stage one evaluation said:

*The report concludes that the project has performed well against the objectives and outputs set out in the agreement. The regional approach taken to involve councils in the project has been a key success factor in achieving the desired outcomes.*

In line with this conclusion LGAT continued the project for a further 12 months, leading to this review of progress in 2013.



## PROJECT ACTIVITY

# PROJECT ACTIVITY: 2013

## ACTIVITY

Interviews, minutes of meetings and other sources reveal a wide range of activity for the project over the last 12 months.

There were a range of achievements in 2013 as described in the interviews. These include:

- establishment of the financial regional groups and continuing support for the asset management groups. The coordination and collaboration that arose from these groups has been fundamental to the success of the project
- ongoing support for councils with the opportunity for training and resources which is a key role played by LGAT over the past 12 Months. This included communication of project matters and distribution of supporting information.
- providing the link to a wide range of activity such as is occurring nationally with IPWEA, within Tasmania such as the Audit office and DPAC and the legislation. Even though each of these provide communication channels, LGAT through the project was able to provide a coordination element that individually each was unable to provide.
- support to councils through being available to councils regarding any aspect of the project
- opportunity for regional groups, individual councils or smaller groups of councils to apply for funding for specific projects eg training, mentoring, directly assisting smaller councils, etc.
- The Dollars and Sense Forum for all councils which combined training, information and review, held in November 2013.

A number of opportunities available for councils were not taken up. The reason given by Councils was they wanted to wait for both the legislation

to be passed and the 2013 audit office report on Local Government to be completed. Both the legislation and the Audit office report flag some specific directions in terms of Council consistency and processes that are fundamental for councils and for the project. The waiting made some aspects of achieving progress difficult.

Despite this there was significant activity in fostering both regional asset management and finance groups, and to continue with regular meetings and combined statewide meetings.

# STAGE 2 PERFORMANCE AGAINST OBJECTIVES AND OUTPUTS

## PERFORMANCE AGAINST OBJECTIVES

Interviews, minutes of meetings and other sources reveal how the project performed against the objectives of the National Partnership Agreement.

For ease of understanding a table format has been used for this section of the report. The additional column provided refers to evidence available which has been used to support the description.

**Objective 1: To maximise councils' financial sustainability to support continued provision of services to their communities over the long term**

National performance measure	Activity (what happened)	Conduct (who)	Benefit (for whom)	Outcome (results and change)	Comment
Support the accelerated implementation of the Nationally Consistent Framework for Local Government Asset and Financial Management as agreed by the Local Government and Planning Ministers Council in 2009.	From a national perspective, activities aimed at maximising councils financial sustainability, in accordance with the Nationally Consistent Framework have included:	Tasmania is now aligned with other States with legislative changes providing a consistent framework and state-wide approaches.	Interviews clearly defined the benefit as ultimately being for communities. The improved awareness of assets, linking in with financial systems is enabling councils to have greater certainty in the management and provision of essential infrastructure for their communities.	The baseline for the measure of change for this evaluation is the 2008 Access Economics Report. From the work of LGAT, the State Government and others, and with the support of the Local Government Financial Asset and Local Government Reform Fund, the outcome has been positive.	Every State is different and the focus of LGAT on achieving this objective through a voluntary approach reflects the development of supporting legislation in Tasmania for the time of the project. The quantitative data on the participation rate of councils in training and response, and the qualitative data from the interviews on progress from a State perspective enable the conclusion to be made that these objectives are being very well achieved.
Encourage collaboration in the local government sector to build capacity and resilience.	Taking a consistent approach and progressively moving councils to a consistent methodology provided by the IPWEA training in NAMs or NAMs-plus for all councils	During the time of the Local Government Financial Asset and Local Government Reform Fund Project, the Legislation was not in place. With the support of the State Government, and using the opportunity provided by the Local Government Financial Asset and Local Government Financial Asset and Reform Fund, LGAT focused on a voluntary approach to achieve consistency across all councils in maximising financial sustainability.	Councils are benefiting with greater control of their assets and improved information for decision making.	Every local government is now actively engaged in some way, is benefiting from training with more consistent whole of council approaches and is working with longer timeframes, up to 20 years for some councils.	
Improve the collection and analysis of nationally consistent data on local government assets and finances.	Development of a 'Tasmanian Local Government Asset Management Policy' and legislation changes by the State Government.	This approach has many partners including the State Government, leading councils, IPWEA and the Tasmanian Audit Office.	The State Government is benefiting from improved accountability and consistency of data for auditing.		

**Objective 2: Increase councils' ability to effectively manage their current and future performance using a consistent 'whole of council' perspective which brings together their financial and asset management operations for reporting and management purposes.**

National performance measure	Activity (what happened)	Conduct (who)	Benefit (for whom)	Outcome (results and change)	Comment
Support the accelerated implementation of the Nationally Consistent Framework for Local Government Asset and Financial Management.	From a 'whole of council' perspective, activities aimed at bringing together their financial and asset management operations in accordance with the Nationally Consistent Framework have included:	The capability assessments illustrated the significant diversity of councils across Tasmania. LGAT has understood and worked with this diversity through the use of the training aimed at varied levels of knowledge, mentoring through the regional coordinators, and supporting partnerships between councils.	The interviews suggest that the councils that are now taking a whole of council perspective are benefiting financially with a flow on benefit to their communities.	The change that has been measured is the move from councils working with internal silos and limited link between their asset management and financial planning to a whole of council approach.	A consistent theme from the interviews was that the Reform Fund had bought forward by many years the opportunity for councils to take a whole of government perspective that they had previously wanted to do, but lacked either the knowledge or support from the broader local government community.
Encourage collaboration in the local government sector to build capacity and resilience.					
Improve the collection and analysis of nationally consistent data on local government assets and finances.	IPWEA templates, information and training in consistent approaches to data and collection across councils  Regional Coordination approach to encourage collaboration and provide access to a hands on resource.  Ongoing LGAT support, in the face of challenges pending legislative changes and Audit office report.	The leading councils and individual staff in councils who have taken up the role of mentoring have been invaluable in the conduct of this project. Many of these are captured in the stories from the interviews.	Councils staff are also benefiting as the decisions they make on asset management are now backed up by sound and defensible evidence.  The State Government is benefiting as local government moves towards long term sustainability.  LGAT is benefiting as this demonstrates that it has delivered in a highly professional and competent project.	Much of the evidence and the stories illustrate that on evidence, the elected representatives and the communities have greater clarity of the decision making process and councils are on a long term sustainable footing	The evidence clearly illustrates that the regional, supportive and voluntary approach taken by LGAT is working in achieving this objective and now backed up by legislation.

## PERFORMANCE AGAINST OUTPUTS

Interviews, minutes of meetings and other sources reveal how the project performed against the objectives of the National Partnership Agreement. Note that the terminology used is directly from the NPA and while some of the words may have been overtaken by events including new governments both Federally and in Tasmania, it is necessary to use the terms from the original agreement for the purposes of evaluation.

### a. State Asset Management Policy

#### Activity

The Department of Premier and Cabinet's Local Government Division produced the Tasmanian Local Government Asset Management Policy with significant inputs from the LGAT and was released on 20 February 2012. The Policy is an integral component of the State and Local Governments' partnership on financial and asset management to enhance the sustainability of local government.

Taking the policy to a new level the Local Government (Miscellaneous Amendments) Act 2013, proclaimed on 19th November 2013 provides an improvement in local government financial and asset management capacity and practices.

The relationship between the policy, legislation and Local Government Financial Asset and Reform Fund project is illustrated with the letter to LGAT regarding the bill for the legislation as shown on the following two pages.

#### Outcome

The outcome is that this output has been achieved and exceeded through the development of the policy in 2012 and the legislation as proclaimed in November 2013.

Attachments 1-4 - Local Government Act Amendments - Financial and Asset Management  
(total pages = 22)

**Department of Premier and Cabinet**

Executive Building, 15 Murray Street, HOBART TAS 7000 Australia  
GPO Box 123, HOBART TAS 7001 Australia  
Ph: 1300 135 513 Fax: (03) 6233 5685  
Web: [www.dpac.tas.gov.au](http://www.dpac.tas.gov.au)



Mr Allan Garcia  
Chief Executive Officer  
Local Government Association of Tasmania  
GPO Box 1521  
HOBART TAS 7001

Dear Mr Garcia

I am writing to provide the Local Government Association of Tasmania (LGAT) and the local government sector with the opportunity to comment on the draft financial and asset management amendments to the *Local Government Act 1993* (the Act), which have been prepared for consultation purposes and are enclosed.

The proposed amendments are to build on what has already been a significant commitment by the local government sector to improve financial and asset management capacity and practices.

In 2010, through the Australian Government's Local Government Reform Fund (LGRF), the Tasmanian Government and LGAT secured funding through a National Partnership Agreement to develop and implement long-term financial and asset management planning in all Tasmanian councils.

The intent behind development of the plans was to assist councils to be financially sustainable in the long-term as a result of sound planning, effective financial and asset management, good governance, efficient service delivery, and improved accountability. All Tasmanian councils now have these plans in place.

The proposed amendments are therefore to ostensibly mandate the development, implementation and adoption of these plans by all councils. The legislative amendments were recommended to the Premier's Local Government Council (PLGC) by a steering committee comprising membership from the Department of Premier and Cabinet's Local Government Division (LGD), LGAT and councils. At its meeting on 14 May 2013, the PLGC endorsed the proposed amendments.

The proposed amendments have been incorporated into version 14 of the Local Government (Miscellaneous Amendments) Bill 2013. Version 9 of the Bill, which did not include these amendments, has recently been distributed for formal consultation.

It is the Government's intention to table the Bill, including the financial and asset management reforms, in the Spring session of Parliament 2013.

The financial and asset management amendments contained in the draft Bill will:

- require councils to maintain long-term financial management and strategic asset management plans (10 years) and financial and asset management strategies;
- require councils to maintain an asset management policy;
- require councils to undertake a review of their long-term financial management and strategic asset management plans, financial management and asset management strategies and asset management policy every four years;
- require councils to provide a copy of their long-term financial management and strategic asset management plans and asset management policy to the Director of Local Government;

- require councils to report the financial and asset management sustainability indicators in their financial statements;
- require councils to maintain audit panels to provide for independent review of a council's financial system, management and governance; management plans and strategies; and systems and policies a council uses to safeguard its long-term financial position.
- provide a power for the Minister for Local Government to make orders (following consultation with LGAT and the local government sector) regarding long-term financial management and strategic asset management plans, financial management and asset management strategies, asset management policies, audit panels and financial and asset management sustainability indicators; and
- require councils to develop their strategic plan every 10 years, as opposed to at least every five years, to align and coordinate with long-term financial and asset management plans.

You may wish to refer to the 'Summary of proposed amendments – financial and asset management amendments 2013' which describes the intent of each clause of the draft Bill, and the 'Background – financial and asset management amendments' documentation for the context around the reforms. Both documents are enclosed.

To maintain consistency with the other provisions of the Act, particularly Part 7, Division 2, it is proposed that minimal amendments be made to the Act and the detail (or minimum requirements) be provided for in Ministerial Orders (see background).

The development of Ministerial Orders will commence in the near future. LGD has committed to working closely with LGAT and the local government sector in the development of these orders. Once the orders are completed, a minimum five week consultation period will be undertaken with the local government sector. It is planned for the orders to be completed before the end of the 2013-14 financial year.

#### Submissions

The closing date for providing submissions is close of business on **Friday 13 September 2013**. Submissions can be emailed to [lgd@dpac.tas.gov.au](mailto:lgd@dpac.tas.gov.au) or mailed to GPO Box 123, Hobart, TAS 7001. I look forward to receiving comments from LGAT and local government on the draft Bill.

I acknowledge that this timeframe for submissions is shorter than the five weeks specified in the State-wide Partnership Agreement on Communication and Consultation. This is primarily due to restricted timelines with respect to Parliament's 2013 sitting schedule which now require these amendments to be tabled early in the coming Spring session of Parliament. I appreciate that this is unfortunate; however, I hope that shortening the formal consultation time will be at least in part offset by the fact that the financial and asset management amendments have been developed in close consultation with the local government sector.

Should LGAT have any queries in relation to the Bill please contact Mr Greg Brown, Deputy Director, LGD. Mr Brown can be contacted by email at [Greg.brown@dpac.tas.gov.au](mailto:Greg.brown@dpac.tas.gov.au) or by telephone on 6232 7022.

Yours sincerely



Phillip Hoysted  
Director

16 August 2013

Attachments

## **b. An understanding of core asset management maturity across all councils**

### **Activity**

Understanding of core asset management maturity across all councils has come from a series of assessments, training events, information provided by LGAT IPWEA and others and collaboration across councils.

LGAT contracted the Institute of Public Works Engineering Australia (IPWEA) to conduct long term asset management and long term financial planning assessments in late 2011. Initial Maturity Assessments were conducted in nine councils to objectively analyse asset management and financial planning maturity, provide information on what councils have achieved and provide recommendations for improvement. The initial nine councils were Brighton, Hobart, Southern Midlands, Launceston, Latrobe, Kentish, Northern Midlands, Central Coast and Devonport. The full schedule of maturity assessments for the remaining 20 councils was undertaken in the first half of 2012 with all assessments completed by July

LGAT then contracted IPWEA to undertake training for all councils in late 2012. The training was followed up by support throughout 2013 where required including information on practice notes as they became available.

Collaboration across councils continued through 2013 with support being available through both the regional groups and the increased maturity of plans in some councils being made available to others. This process was supported by the coordination work of LGAT.

A small number of Council are still in the early stages of the journey. Despite this there is clear understanding of core asset management maturity across the Councils.

### **Outcome**

The combination of the maturity assessment, training in late 2012 and follow up in 2013, along with the increased availability of information and collaboration, including the Dollars and Sense Forum in November 2013 all leads to the conclusion that there has been significant progress in understanding of core asset management maturity across all councils.

The output has been achieved.

### **c. Guidelines and resources for developing asset management strategy and plans and defining levels of service**

#### **Activity**

LGAT has worked closely with IPWEA to design guidelines, resources and training for Councils for the development of asset management strategies.

The IPWEA training and Practice Notes are progressively being developed and refined based on national experience which has been significantly beneficial to all councils. The IPWEA Practice Notes foster a national approach and the ongoing updates are leading to better information being available to councils.

The legislation 'The Local Government (Miscellaneous Amendments) Act 2013, proclaimed on 19th November 2013 provides guidance and resources. Not only the act itself but the accompanying information and supporting documentation. The relevant amendments provides an improvement in information for local government financial and asset management capacity and practices.

The Tasmanian Audit Office reports Report No. 4 of 2012-13 and the latest, released on 16 December 2013 both provide significance guidance and resources:

The December 2013 report provides workable and cost effective approaches to road asset valuations and depreciation which are appropriate for financial reporting and are compliant with relevant Australian Accounting Standards. The Report contains 23 recommendations which will help to ensure that Tasmanian councils establish consistent and transparent depreciation and valuation practices.

While the Report's focus is road assets, the recommendations apply similarly to other long-lived assets. It also includes a suggested common road hierarchy which the Local Government Division of the Department of Premier and Cabinet can use as the basis for further consultation with councils.

#### **Outcome**

The materials from LGAT, practice notes and training from IPWEA, legislative documentation and supporting notes and the Tasmanian Audit Office reports have exceeded the required outcome

This output has been achieved.

#### d) Asset management plans for core asset classes in place in all councils

##### Activity

The 2012 evaluation made reference to the Department of Premier and Cabinet 2012 Snapshot of Local Government as a way of defining core asset classes. This has now been overtaken by the '*Local Government (Miscellaneous Amendments) Act 2013*'. The key is the Ministerial Orders:

- outline the minimum requirements necessary for appropriate long-term financial management and strategic asset management plans;
- outline the minimum requirements necessary for an appropriate financial management strategy and asset management strategy;
- outline the minimum requirements necessary for an appropriate asset management policy;
- list the financial and asset management sustainability indicators on which councils must report; and
- provide guidance to councils on the structure, membership and primary functions of audit panels.

##### Outcome

As shown earlier in this report with the letter from the Department to LGAT the Reform Fund project and the range of associated activities including the training have all contributed, and will continue to contribute to the preparation of these minimum requirements.

The output has been achieved.

## e) Agreed sustainability indicators for reporting by all Tasmanian councils

### Activity

At its December 2011 meeting, the Premier's Local Government Council (PLGC) agreed to a set of indicators that will be used to measure local government performance. The indicators measure council performance in these areas:

- financial management
- asset management
- land-use planning, and
- community satisfaction.

PLGC oversaw the development of the indicators with the view that measuring council performance to:

- improve performance management at the local council level
- develop a culture of continuous improvement in the local government sector, and
- provide a tool to build a sustainable local government sector.

The use of these indicators replaces the Measuring Council Performance in Tasmania (KPI) Report. Data will be collected through existing data collection processes including the annual consolidated data collection and the bi-annual Local Government Association of Tasmania (LGAT) Statewide Community Survey.

### Outcome

Combining the legislation, Audit office reports, IPWEA practice notes and indicators has resulted in a range of indicators for reporting.

This output has been achieved.

## f) An agreed long-term financial plan template

### Activity

In 2012 a Long Term Financial Working Group was established under the Steering Committee to develop a long-term financial plan template. They also decided to develop a framework including the Excel based template, summary narrative and extracts of text from the then draft ACELG/IPWEA Practice Note 6, long term financial planning.

The Long Term Financial Planning Expert Panel, which developed the template, also provided factsheets on depreciation and adjustments. The Panel, chaired by LGAT, was made up of representatives of the State Government and Local Government. The panel also sought the input of the Audit Office.

The Australian Centre of Excellence for Local Government, in conjunction with IPWEA, developed Practice Notes for all local governments. The Expert Panel also reviewed the Practice Notes to ensure alignment between the notes and the templates that were developed.

In 2013 refinement of the template, advancements in practice notes and training all added value to the 2012 work.

### Outcome

The refined template, training provided by IPWEA and the accompanying audit office and legislative guidance provide a model for all Tasmanian councils.

This output has been achieved.

## g) Long-term financial plans in place in all councils

### Activity

Each year the Tasmanian Audit Office prepares a report on the audit of government departments and Local Government and submits that report to Parliament. In the 2008 report the Audit Office said 'For a number of years we have been concerned about accounting and asset management practices by councils associated with long-lived infrastructure assets such as roads, bridges, water, sewerage, drainage, land and buildings' <http://www.audit.tas.gov.au/publications/reports/report1>

The report continues with comment on the need for long –term financial plans in place in all councils.

By 2011-12 the Audit Office noted that there had been improvements made. In the summary of financial sustainability—individual council's chapter for the 2011-12 report the Auditor said 'My assessments as to financial sustainability are based on ratios established following discussion with councils and the Institute of Public Works Engineers Australia and inclusion this year of governance aspects as these relate to audit committees and long-term asset management and financial plans. My conclusion was that financial sustainability is improving.'

The Auditor also noted that *'the Local Government Association of Tasmania (LGAT) is currently managing the Local Government Financial and Asset Reform Project. We support LGAT in its reform project and suggest each council implement long-term financial and asset management planning frameworks, where they have not already done so'* (p39)

'From our assessment of the financial sustainability of the 29 councils, based on financial performance over the past four financial years, we concluded that 12 councils were assessed at high financial sustainability risk from a governance perspective, nine at moderate risk and four at low risk. In this regard we noted that:

- nine councils had established audit, or equivalent, committee
- four had established internal audit arrangements
- 17 had long-term asset management plans in place
- 16 had long-term financial management plans in place.

The need for both long-term asset management and long-term financial plans is important. The former establishes a council's asset management requirements and the latter how these will be funded.'

### Outcome

Using the Audit Office Reports as a baseline, there has been real and measurable progress towards achieving this outcome. Since the Audit Officer Report was written, interviews with Councils indicates that all councils either have long term asset and financial management plans in place or are in the process of preparing the plans based on the training and other support provided. The project has provided significant resources and training to councils to achieve this outcome, although some councils have not taken up the opportunity provided by this support. At the time of preparing this report in early 2014, with the continuation of the project utilising the remaining funds it is considered that this output is well on the way towards being achieved.

This output has been achieved.

## h) A Communications Strategy

### Activity

A communication strategy was developed and implemented by LGAT. The Communication Strategy included:

- review of target audience and key messages
- consideration of the role of Premier and the Minister
- communication for external financial planning /asset management practitioners
- single page project factsheet approved by the Steering Committee
- introductory and follow up newsletter for councils
- factsheet has been posted to external audiences
- budget requirements for each council has been communicated to General Managers, and
- actions from the Communication Plan have been incorporated into detailed project schedule.

### Outcome

The communications have been positive and has recognised the role of the Commonwealth throughout the project.

This output has been achieved.

## i) Training Resources for Elected Members

### Activity

Training was made available to all elected members in all councils. Workshops were offered free and conducted regionally with the Elected Member Reference Group providing guidance in terms of timing, duration and venues to maximise attendance. Review of the minutes of the Steering Committee indicates that despite the opportunity, attendance was lower than would be hoped.

A substitute for the direct training has been the IPWEA CD on Asset and Financial Management for elected members. Feedback from the interviews was that this CD has been exceptionally positive for elected members in gaining and understanding of Asset and Financial Management.

### Outcome

From an evaluation perspective the outcome is that there has been a good start to what will be an ongoing educational program for elected representatives on asset and financial management. The alternative approach with a CD and other back up resource which was a positive step forward for 2013.

### Performance against budget

At the time of drafting this report in early 2014 the project had an under spend of approximately \$374,000. There has been little change or expenditure of funds in 2013.

While this is a sizeable proportion of the project, the Steering Committee minutes attribution of underspend of funds in 2013 was that despite opportunities being available for councils, they were not taken up as they wanted to wait for both the legislation to be passed and the 2013 audit office report on Local Government to be completed. Both the legislation and the Audit office report flag some specific directions in terms of council consistency and processes that are fundamental for councils and for the project.

#### Outcome

From an evaluation perspective the outcome is on the way to being achieved. It is noted that the minute setting out expenditure for the remaining funds is a good approach.

### Performance against schedule

While budget expenditure may not have been achieved, the schedule of the project has been achieved or exceeded. This has been greatly assisted by the legislation.

#### Outcome

From an evaluation perspective the outcome has been achieved.



## SUCCESS STORIES

The stories have been prepared based on interviews and activity and research. Not every Council was interviewed with the aim to provide a representative sample of activity, and outcomes. from research into the last 12 months.

# FLINDERS COUNCIL

## PURPOSE

Flinders Council is responsible for the Furneaux Group of islands, located between Wilson's Promontory in Victoria and Cape Portland in Tasmania. The municipality covers four groups of Bass Strait islands: the Furneaux, Kent, Hogan and Curtis Groups. It has 73 km of sealed roads, 309 km of gravel roads numerous council and community buildings, and an Airport.

## THE CHALLENGE

In 2011 Flinders Island Council was facing challenges with the future management of roads, bridges, jetties and other council and community assets. One challenge was the pending retirement of the Works and Services Manager who has worked for Council for over 40 years. The Manager was the fountain of all knowledge about Council's roads, buildings and associated assets. He just knew what was needed and when. Another was the 2010-11 Tasmanian audit Office Report which advocated a new approach to link asset and financial management. As the report stated at the time '... Flinders Council does not use an asset management system to assist it to manage infrastructure assets. Instead, it continues to maintain asset registers in excel spreadsheets. With long-life infrastructure assets requiring increasing levels of resourcing and management, Council needs to ensure it uses an asset management system which can provide appropriate and reliable information on which to base current and future resource management and funding decisions. We recommended Council implement an asset management system and update its road valuation based on a full revaluation.'

## ACTIVITY 2012

In 2012, the first thing Council had to do was put a team together to both replace the Works and Services Manager and bring in the expertise

needed to meet the new requirements. Two new staff were employed with training provided by LGAT under the project. The training was based around the National Asset Management System (NAMS) developed by the Institute of Public Works Engineers Australia (IPWEA). Flinders Council also sought the advice and support of Brighton Council, which was well ahead of the game when it came to Asset and Financial Management. With the combination of all this invaluable assistance, by the end of 2012, Council had in place its first asset and financial management plan.

## ACTIVITY 2013

In 2013, with the baseline plan in place, Council was able to get into the detailed condition assessment of their bridges, 370ks of roads and the airport. As part of this Council engaged Ausplan to undertake a full condition assessment of all bridges. This revealed many bridges being in a better condition than expected, although some had hidden surprises. Other work was undertaken to refine the assessment of roads and a 20 year asset plan was put together for the airport. Further training was undertaken including inclusion of Council elected members in the IPWEA approach.

## OUTCOME

The outcome for the assets are that maintenance is realistic, timely and based on real evidence. Less maintenance is required on many bridges with a resultant cost saving to council. Safety issues for other bridges have been identified with accelerated maintenance for those. With the extensive gravel road system a new approach to sourcing gravel is being considered with a potential substantial cost saving for the community.

# GLENORCHY CITY COUNCIL

The City of Glenorchy is located on the southern banks of the Derwent River immediately north of Hobart City. It is the third largest local government area by population in metropolitan Hobart with a population of 44,628 (ABS, 2009). It has three major commercial areas, Moonah, Glenorchy CBD and Claremont. (Source: <http://www.gcc.tas.gov.au>).

## THE CHALLENGE

The 2012 (prior to the Project commencing), Glenorchy City Council set up a commercial asset management program to address cash flow risk. Although this program worked, it proved to be complex. At the time the Manager Finance Operations said 'It came into the Local Government Financial Asset and Reform Fund Project with some specific issues it was keen to help manage. Firstly, cash flow had been quite severely affected by water and sewerage reforms in the State, secondly, it (as is common for councils) came from a historical situation where one long-term, respected and trusted Council employee was a key source of Council's information about asset management and maintenance'.

## ACTIVITY 2012

The commercial asset management program, which although it worked, proved to be complex and not easy to understand for elected representatives and the community. Whilst in principle they recognised the value of the system, on the ground they felt it a bit of a 'black box' where they fed data in and it came 'out the other end' without them understanding how it reached the end result. In 2012 the Financial Accountant at Council said 'The Local Government Financial Asset and Reform Fund project and guidance material solved this problem. The materials and

training were more responsive to their needs, interests and responsibilities—and provided the tools that could be seen and could be understood on how they worked. The NAMS template and guidance material has helped council develop a 20 year asset and financial management plan, which is helping it better address Council's changed financial circumstances with a strong evidence base widely available and understood by staff and councillors'.

## ACTIVITY 2013

In 2013, activity continued with the refining of information into a new system using 'myData' Asset Management. myData is a central strategic register and asset management system for all asset classes, which includes in-built reporting, works tracking and life-cycle costing. It can be integrated with myPredictor for a complete Strategic Asset Management planning and operational system (<http://www.assetic.com/products/mydata>). As more evidence was gathered it revealed a deficit in long term maintenance of assets under the current annual budget arrangements which is being addressed.

The Project assisted by guiding council in 2012 and 2013 to have a solid evidence base to enable the staff and the elected representatives to make some of the hard decisions.

The combination of having the evidence base to make decisions, the culture change that came with increased understand of asset and financial management and a new General who has a strong focus on sustainability has been significant in 2013. Release of Council's Annual Plan for 2013/14 to 2015/16 illustrates the direction now being taken. As the plan says:

*This Annual Plan is a bit different to what has been produced previously. It has been prepared with the next three financial years in mind. This*

*Plan is a very deliberate step to extend Council's operational and strategic planning period. By looking over the horizon, Council can better anticipate and deal with changes in its operating environment. Council has entered into a vigorous program of strategic and operational review to meet the challenges of providing services to the Glenorchy community in a way that is sustainable and offers best value for money.*

## OUTCOME

The outcome for the City of Glenorchy is that it is able to achieve the priority areas in their annual plan and continue to make the hard decisions for the long term. One aspect of this revealed in discussion with Council staff was to assess new assets or projects offered by either State or the Commonwealth to ensure that they can be maintained within Councils Asset and Financial Management planning. The Local Government Financial Asset and Reform Fund has been one of the key components that has resulted in long term sustainability now being core business of council.



# BRIGHTON COUNCIL

Brighton Council, located approximately 25 kilometres north-east of Hobart, is bordered by the municipalities of Derwent Valley, Southern Midlands and the City of Clarence and is traversed by the Midland Highway, the major corridor linking the north and the south of Tasmania. The larger residential areas within the municipal boundaries are Brighton, Old Beach, Bridgewater, Gagebrook and the historic precinct of Pontville. Tea Tree remains the only predominantly rural area. In recent years, commercial development has taken place in Bridgewater and Brighton Township. (Source: <http://www.brighton.tas.gov.au>)

## THE CHALLENGE

The 2012 evaluation included a story that Brighton Council came into the Local Government Financial Asset and Reform Fund Project as one of the more advanced councils in terms of its asset and financial management planning capacity and skills. The Council had a plan but, nonetheless, saw an opportunity to improve its systems for the benefit of ratepayers and Council. The scope for improvement arose from the fact that, the earlier version of the plan still led to large 'discretionary' based decision making, which made it more difficult to plan and implement a long-term asset and financial management plan, both for capital investment and maintenance of existing assets. Council was looking for a stronger evidence base for its decision making.

## ACTIVITY 2012

In 2012 Brighton Council's involvement was one of the most active of all Council in Tasmania. Council took up the use of the NAMS framework, developed a comprehensive evidence base which gave them strength and confidence in what they do and when. As Gavin Boyd said at the

time. 'Staff are much better positioned to make recommendations to Council and the community about the best way to invest in community assets.' He said it had also provided welcome evidence of what other councils in Tasmania were doing. The comparative data was often important for helping to inform decision making, in light of community expectations and needs. With a strong evidence base, discretionary spend had been significantly reduced. This had put Council's funds and flow of revenue onto a more stable footing, long term. Council now has a 20-year time frame for its asset planning.

## ACTIVITY 2013

In 2013, activity continued with the refining of information and data, streamlining processes, communicating results with the community and expanding supporting for other councils.

Brighton Council's management approach is based on the most effective use of staff and time, which for this project led to refining information and streamlining processes. Rather than collect data on everything, refinement was made to what is actually needed and how the data can be used within the NAMS framework to make the best decisions. This had a flow on effect in 2013 with increased ability to explain the process to elected representatives and the community with a strong and sound evidence base. The link between asset and financial management is now user friendly and much easier to illustrate.

Brighton Council's approach to asset and financial management has been so successful that Council continued to expand what it began in 2012 by providing services to other councils in Tasmania. Brighton Council assisted Tasman Council in their preparation of Asset Management and Long Term Financial Plans and provided staff and support to Flinders council as show in the accompanying story.

A related flow on effect has been Brighton Councils development of broader services to councils in IT software and management support. While not specifically about Asset and Financial Management, these services include the Microwise venture (the first such enterprise established and owned by a local government in Australia), and Propertywise, a comprehensive property and information management system.

These services reflect the way Brighton Council has assisted councils such as Tasman and Flinders Island with Asset and Financial Management.

the services they provide and the assistance to other councils, some on a commercial basis are all seen as a positive. Though asset and financial management, of which the Project played a vital role, Council is truly on the way to achieving their vision for their municipality 'where our children shall be stimulated by educational challenges, where there is productive employment, where we live in harmony and fulfilment. We should be proud to call Brighton Municipality our home.'

## OUTCOME

Interviews of staff across many councils revealed that Brighton is seen as one of the leading councils when it comes to asset and financial management. The approach they take,



# SOUTHERN MIDLANDS COUNCIL

Southern Midlands Council was created on the 2nd April 1993 through the merging of the Municipalities of Oatlands, Green Ponds and the Northern wards of the Municipalities of Brighton and Richmond. It covers 2561 square kilometres and has a population of approximately 6000 persons scattered throughout the district, with approximately 3400 rateable properties. It traditionally has a rural based economy growing some of the world's best superfine wool. Tourism is now rising in importance (Source: <http://www.southernmidlands.tas.gov.au>)

## THE CHALLENGE

For Southern Midlands Council, the Project offered an opportunity to fill a recognised gap in its long-term strategic approaches to assets and management. Eighty-five per cent of Council's assets are roads or bridges. It has 803 kilometres of roads, including 607 kms of unsealed rural roads, and 134 bridges with total deck area of 8214 sq metres. Its bridges are considered higher risk in terms of their age and condition.

## ACTIVITY 2012

The 2012 evaluation included the General Manager and Works and Services Manager description of the benefits the project has provided. They said that prior to the project Council did not have an asset and financial plan and with such a high ratio of its assets being roads and bridges, with the latter often in poorer condition, its resources were largely used on works associated with these. Like many councils, a few years ago the works manager began to replace the timber bridges with concrete. The General Manager said 'There was no long-term plan as such, and limited evidence to support the decision. Preparing the maturity assessment, undertaking the training and developing their asset and financial management strategy using the tools and template have now given the staff

the knowledge about Council's total assets that they needed'. The Works and Services Manager concluded that 'thanks to the Project, Council staff now feel vindicated that they have made proper decisions, now based on evidence and with understanding of the risks and impediments, as well as the opportunities.'

## ACTIVITY 2013

In 2013, activity focused on improving the data, creating a greater awareness of the new approach with elected representatives and the community and expanding the asset planning into buildings and plant and equipment.

Improving the data is through a full condition assessment of roads and bridges. This is critical with the previous assessment undertaken 15 years ago.

Creating a greater awareness has been made easier with the evidence now in place and strategies for long term asset and financial management underway. Knowing that not everything can be funded is critical for a small council. As Cllr Tony Bisdee OAM Mayor says in the 2012/13 annual report 'Council finances remain in a viable and positive position. While we strive to fund all the identified projects each year we sometimes do not have the financial resources to fund all worthy projects. Council is currently developing Asset Management Plan(s) and associated policies, which will assist in the implementation of Council's long-term financial management strategy.'

In 2013 Council used the collaboration opportunities established through the Project to prepare asset plans for buildings and plant and equipment. This may lead to resource sharing with larger councils. As the General Manager says one of the real benefits of the project is that they realise there is no point in reinventing the wheel. Adjoining councils such as Brighton have significant experience that can be shared.

## OUTCOME

Southern Midlands Council has taken great advantage of the Fund and the support provided by LGAT. The collaboration opportunities, the IPWEA training and the opportunity to share ideas have all been a positive. As Tim Kirkwood said 'The Project has provided the opportunity for learning and collaboration in a way that was not previously available and which will have long term benefits for our council and community'.



# DORSET COUNCIL

Dorset municipality covers 3,200 sq kms in North East Tasmania. It is bordered by the Break O'Day district on its eastern, southern and south-eastern boundary, the George Town district (west), Launceston City Council (south west) and to the north by Bass Strait. The Dorset district is primarily involved with agriculture, forestry and associated industries with a small amount of mining, fishing and a growing tourism industry.

The population is approximately 7,300, with Scottsdale being the administrative and main service centre. Bridport, a fishing, retirement and holiday village on the coast north of Scottsdale has a permanent population of 1,350 that increases to about 5,000 at the peak of the summer holiday period. (Source: <http://www.dorset.tas.gov.au>)

## THE CHALLENGE

Dorset Council came into the Project because it saw an opportunity for Council to do things better, and that support was available to enable Council to make important changes. Council was making asset decisions, which were based on best practice but often they were without the evidence base to prove that they were best for community. Road planning and replacement of the wooden bridges across the shire were included in those decisions.

In 2011 Council did not have an integrated asset management system. Asset data maintained by Works & Infrastructure was stored on paper records and spreadsheets. Financial systems include spreadsheets.

## ACTIVITY 2012

In 2012 joined the Long Term Financial Plan Working Group. The Working Group, Chaired by LGAT, and having members from the State Government, Dorset, Latrobe, Northern Midlands and Hobart Councils as well as a private auditor, was tasked with developing templates for all Councils. The Dorset Council

Corporate Services Manager both provided an invaluable local knowledge and contribution to the Working Group, and in return was able to bring the experience back to Council in the development and review of its 10 year Financial Plan.

Though this work and the Local Government Financial Asset and Reform Fund Dorset Council staff developed the evidence to support decision-making. Council supported an active Asset Management Committee that worked collaboratively to develop Asset Management Plans with relevant asset owners and other stakeholders.

In August 2012 Council adopted a 10 year asset management plan (Dorset Council, Road Asset Management Plan) that set out Council's priorities and funding for asset management for roads and bridges.

2012 was the first time that Council had developed a plan aimed at providing asset services in a sustainable manner with planned capital works programs and available revenue. The 2012 plan gave support to the approach of replacing old wooden bridges with concrete bridges. Council—and this was a story repeated throughout Tasmania—now has the evidence to support decisions made by its engineers five or 10 years ago.

## ACTIVITY 2013

In 2013 the key activity was to further refine the roads and bridges data, broaden out the evidence collection to other asset groups including stormwater and implement strategic approaches to decisions by Council.

In March 2013 the Urban Stormwater Asset Management Plan was released. This asset management plan was prepared to demonstrate Councils responsive management of assets (and services provided from assets), and compliance with regulatory requirements.

The Stormwater asset management plan was linked to the Ten (10) Year Financial Plan, the Strategic Plan 2008 – 2012, and Council Asset Management Policy. It is worth quoting from the Goals and Objectives of the financial plan to illustrate how far council had progressed over a short space in time in taking a strategic approach to asset decisions.

## 2.2 Goals and Objectives of Asset Management

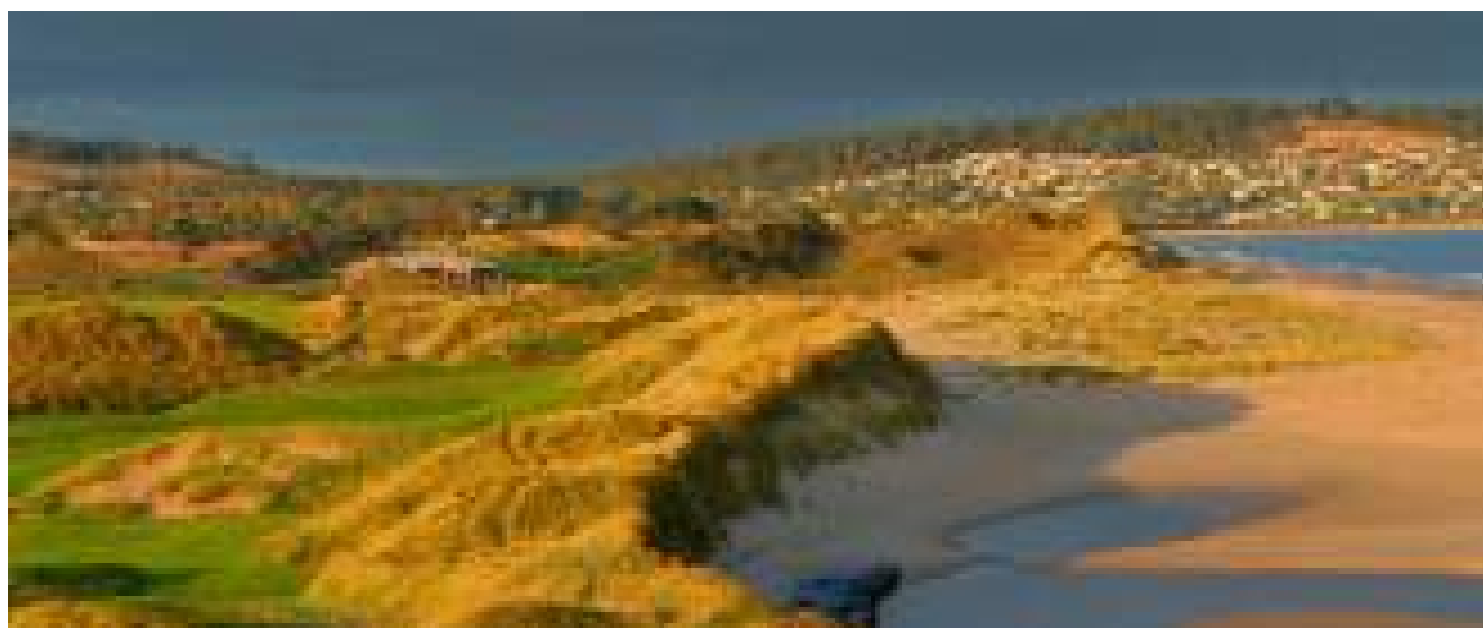
“The Council exists to provide services to its community. Some of these services are provided by infrastructure assets. Council has acquired infrastructure assets by ‘purchase’, by contract, construction by council staff and by donation of assets constructed by developers and others to meet increased levels of service. Council’s goal in managing infrastructure assets is to meet the required level of service in the most cost effective manner for present and future consumers.”

In August 2013 Dorset Council Road Plan 2013-2018 was released. The plan builds on the Asset Management Plan and provides for policies and programs for the ongoing management of the road network and to assess impacts on that

network. This Road Plan presents Council's vision and priorities for the development of Dorset's road network for the next five years.

## OUTCOME

The outcome is that asset and financial management is now core business of Dorset Council. With the support of the Local Government Financial Asset and Reform Fund, the training and advice, plans have been developed, strategies are in place with the aim of achieving long term sustainability.



# LAUNCESTON CITY COUNCIL

Launceston was proclaimed a municipality by an Act of Parliament on 30 October 1852. Today, the population of the Launceston municipal area is 64,931 (100,000 for greater Launceston) with the two largest industries by employment being health and social care (4749 people) and retail (4705 people). Together these industries total just under 30 per cent of the working population. Many people live close enough to the centre of the city to be able to walk or cycle to work. And it's also in the safest region in the safest state in Australia. (Source: <http://www.launceston.tas.gov.au>)

## THE CHALLENGE

As early as 2008 Council had decided it needed to do something—it actually had an asset and financial management plan that had been developed but for various reasons that plan had not gained resonance and recognition by Council. There was need for a better plan that was accessible and would add value to its day to day work. 'We needed to get back on track in a number of areas,' said the Manager Infrastructure Assets. 'We needed a better grasp of long term spending.'

## ACTIVITY 2012

In 2012 Council saw the value of the work to be done and so employed a staff member to support the project and implement asset and financial management planning. A significant element was that NAMS (and the associated opportunities the Project has provided) helped to highlight the historic structural divisions within Council about asset management. The passion for change driven by the General Manager and other staff lead to cooperation and real long term sustainable outcomes for council and the community. Through a comprehensive review of infrastructure assets in November 2012 the Council released the Launceston City Council Asset Management Strategy. As the Strategy

details:

This asset management strategy is prepared to assist Council in improving the way it delivers services from infrastructure including roads, bridges, footpaths, stormwater drainage, parks and recreation, buildings and flood levees. These infrastructure assets have a value of \$1.3 billion.

This 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.

Adopting this asset management strategy will assist council in meeting the requirements of national sustainability frameworks, *State Local Government Act 1993*, and *Financial Audit and Management Act 1990* and providing services needed by the community in a financially sustainable manner.

## ACTIVITY 2013

In 2013, Launceston City Council fully embraced the objectives of the Project. Asset plans for roads, recreation, buildings and drainage were developed with each having a detailed schedule of works. The introduction and diagram from the Launceston City Council Stormwater Asset Plan shown overpage provides a good illustration of Launceston City Council activity.

With the evidence base in place one of the other significant activities undertaken in 2013, was to sell the message across the council staff, elected representatives and the community.

Prior to the asset strategies there were different languages internally for example between engineers and finance staff that were now able to be aligned. For elected representative's one of the challenges involved recommendations to reduce investment in assets such as some roads, but based on real evidence now. For the community the Council embarked on a comprehensive web based explanation of the strategies and what was being achieved for the community.

## OUTCOME

Launceston City Council, as the second biggest Council in Tasmania has shown real leadership in taking on the objectives of the Local Government Financial Asset and Reform Fund, using the opportunities provided by the Project and LGAT to significant progress in asset and financial management. The real outcome is the benefits that long term sustainability provides for the community both in Launceston and for the surrounding region.

## 2. INTRODUCTION

### 2.1 Background

This asset management plan is to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding needed to provide the required levels of service over a 20 year planning period.

The asset management plan follows the format for AM Plans recommended in Section 4.2.6 of the International Infrastructure Management Manual<sup>1</sup>.

The asset management plan is to be read with Council's Asset Management Policy, Asset Management Strategy and the following associated planning documents:

- 10 Year Financial Plan 2007 - 2017
- Launceston Vision 2020
- Strategic Plan 2008 - 2013



The infrastructure assets covered by this asset management plan are shown in Table 2.1. These assets are used by Council to provide effective drainage services to its community.

<sup>1</sup> IPWEA, 2011, Sec 4.2.6, Example of an Asset Management Plan Structure, pp 4|24 – 27.

# TASMAN COUNCIL

The Tasman Council is located on Tasmania's picturesque southeast coast approximately 90 minutes from Hobart. As in many rural communities, Tasman's population is dispersed with people located in and around the township of Nubeena and the localities of White Beach, Highcroft, Port Arthur, Premaydena, Saltwater River, Koonya, Taranna, Eaglehawk Neck and Murdunna. The municipal area covers approximately 659.3 kilometres. Practically an island, the diversity and abundance of wildlife and plant life is remarkable. The population is relatively stable at approximately 2400, which swells to between 8,000 and 9,000 as a result of tourists and visitors during the summer months. (Source: <http://www.tasman.tas.gov.au/>)

## THE CHALLENGE

The General Manager of Tasman Council is an enthusiast when it comes to the Project because of the benefits it has brought for Tasman Council. He has been at the Council 18 months, being the sixth General Manager in three years. He's blunt about the challenges Council had been facing. 'It had no clear idea about its assets. It was years behind on asset management—the last comprehensive asset register went back to the 1970s. It had not been updated.' The Council, he said, was at risk of losing access to a range of federally funded grants, such as Roads to Recovery, because it did not have the data that was required to produce in order to access such funds. It does now. 'The timing of the Project was ideal for us.'

## ACTIVITY 2012

In 2012 Tasman was one of the first councils to see the value of the work to be done and so employed a staff member to support the project and implement. In partnership with Brighton Council and using the resources from the project and IPWEA they began the process of data

collection. An asset policy was developed and adopted by Council in September 2012. They policy says:

*Council owns and uses approximately \$70 million worth of non-current assets to support its core business of delivery of service to the community. Tasman Council is committed to ensuring that Asset Management is recognised as a major corporate function within the organisation and that staff and elected members are committed to supporting the function in line with this policy.*

*Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of Council. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.*

## ACTIVITY 2013

From 3 and 4 January 2013, several bushfires devastated communities in the south east of Tasmania. The adjoining Sorell Council and Tasman were both impacted. For Sorell the township of Dunalley was the hardest hit with 193 dwellings lost.

For Tasman Council, as Jan Barwick, Mayor, says in the Annual Plan:

*The hardest hit area for our municipality was Murdunna/Sommers Bay. But out of adversity comes opportunity and the residents of these areas are grasping those opportunities with both hands. I can only feel honoured to know these people and very proud of their positive attitude to get the best they can out of a bad situation.*

Despite the added work of fire recovery for their communities Council got on with developing their asset and financial plans in 2013. They had the data from 2012, a policy in place, and

were able to go to the next level of integration of asset and financial planning. As Robert Higgins said in the Annual Plan:

*With the adoption of a 10 year financial plan (LTFP) and associated asset management plans (AMP) in 2012/13, Council is in a position where appropriate and sustainable decisions can be made to invest in asset renewal, replacement or upgrades. Based on IPWEA best practice, the LTFP and AMP's take a realistic and holistic approach to our short, medium and longer term obligations and provide Council with the tools necessary to make informed decisions and to model a number of financial and service level outcomes. A key deliverable in 2013/14 will be the analysis and prioritisation of a range of road, bridge, drainage and public facility asset upgrade options that have been compiled over a number of years. These will be linked to different rating structures to determine their feasibility and if there is a necessity to amend how Council's principal form of revenue is generated.*

## OUTCOME

The General Manager applauded the work of LGAT on the Project and its approach. 'They gave us the flexibility we needed and allowed problems to be problems, until they were resolved. We partnered with Brighton Council on developing our plan which was funded by the project and, that was a great help too. Now we are in the happy situation where Council, the State Government and the Commonwealth have the confidence that our data is accurate. We can continue to access federal funding to which we were in fear of losing access. As I said before, a bloody good project that has helped get Council on track. I can't praise it too highly.'



# KING ISLAND COUNCIL

At the western entrance to Bass Strait lies an idyllic place known as King Island. An island rich in history, with shipwrecks, lighthouses and jagged reefs, bountiful with long stretching sandy beaches and lush green pasture. From our little paradise we produce some of Australia's finest natural foods for which we are probably best known including beef, cheese, crayfish & abalone, yet there is more to this 64km long by 27km wide stretch of land than first meets the eye.

## THE CHALLENGE

Not every Council in Tasmania has picked up the work of LGAT and the Project. For some councils the challenge's coming in different ways.

Even though there were many invitations and offers to attend the IPWEA training, the staff at King Island Council find it difficult to attend and 'get off the island' for the training and other support available.

Staff indicated that there is a commitment to take up the principles of the Project but really they haven't started yet. There is currently no link between asset planning and financial management within council and operations continue much the same way as they have always done.

Council is dedicated to achieving the best outcome for the community and does have an extensive investment program in assets and infrastructure. Any assistance would be most welcome, although it is clear that the training may need to go the Island as the best way to achieve the results.



# KINGBOROUGH COUNCIL

Kingborough is South of Hobart, a flourishing municipal area covering of 717 square kilometres. From 2 April 1993 the boundaries of the municipality were extended to include Bruny Island. Kingston is the major commercial, retail and administrative centre for the municipality. Modern development and rapid expansion has brought housing estates, new industries and schools, service clubs and shopping centres. Kingston is also home to Australia's headquarters for Antarctic research, the Antarctic Division and Vodafone Call Centre facility.

The population of Kingborough (including Bruny) is approximately 34,000 according to the 2011 Australian Census. The main population centre is the Kingston/Blackmans Bay area. The municipality's population continues to grow at a substantial rate compared both with other parts of the metropolitan and southern regions and with Tasmania as a whole.

The 2011 Census shows that the percentage change in population between 2006 and 2011 was 9.0% for Kingborough, compared to 4.0% for Tasmania and 8.3% for Australia. Kingborough's population increase for this Census period was the largest numerical increase in any local government area in Tasmania.

## THE CHALLENGE

Kingborough Council was a late starter when it came to the details of asset and financial management. As far back as in 2008 Council developed and adopted its Strategic Plan which set out Council's vision, values and future directions which included development of asset planning. The challenge was that until the Project arrived, there was limited support or collaboration with other councils. The rapid growth of the council area, numerous Federal Government Grants and other led to many new assets arriving in 2011. As the staff said 'it was initially very hard to both manage the growth and get involved in the Project'. One advantage of being a late starter was that the council was

able to see what other councils were doing and benefit from what other were learning.

## ACTIVITY (2012)

As they were a late starter Kingborough was not interviewed for the 2012 review. This does not mean they were not working hard, to the contrary the staff was using 2012 to collaborate with other councils, learn about what works, undertake the training and take the opportunities provided by the Project. Work had commenced on the development of asset and financial planning and the process of culture change for the council and the community.

## ACTIVITY (2013)

In November 2013 Kingborough Council caught up and to a certain extent overtook many councils with progress on asset and financial management. In November Council released the updated summary Long Term Asset Management Plan.

The overview of this plan provides an excellent summary of activity:

'Kingborough Council owns and is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services to the community. Individual Asset Management Plans (IAMP's) have been developed to ensure that Council continues to provide effective and comprehensive management of its infrastructure asset portfolios.

IAMP's have been completed for the following asset portfolios:

- Roads and footpaths – Section 2
- Stormwater – Section 3
- Buildings – Section 4

- Bridges and Jetties– Section 5
- Parks and Reserves – Section 6

These plans outline Council's desire to operate and maintain its asset portfolio to ensure the asset base contributes to the strategic objectives by providing the required levels of service, ensure infrastructure is maintained at a safe and functional standard as set out in the IAMP's, ensure the inspection and maintenance plans for all Council assets are sufficient to meet the legislative and operational requirements in order to deliver the required levels of service to the community.'

aims to provide strong management of the community's assets by maintaining, operating and constructing Council's infrastructure assets at a sustainable level that is acceptable and affordable for the community and meets statutory requirements.

## OUTCOME

Kingborough Council has used the resources of the Project, collaboration with other councils particularly with mentoring and the sharing of ideas to great advantage in the development of their asset and financial management strategies. As stated in the 2013/14 Annual Plan 'Council



# CENTRAL COAST COUNCIL

Tasmania's Central Coast municipal area is set in the heart of the North-West Coast spanning an area of 932km<sup>2</sup>, and has a population of 22,3651 people. Extending westerly to the Blythe River and easterly just beyond the Forth River, from coastal beaches the boundary extends southwards through the fertile countryside to the rugged Leven Canyon, limestone caves and Black Bluff mountain range boasting snow-capped peaks in the depths of winter. Central Coast is one of the most picturesque municipal areas in Tasmania and has a moderate climate reflecting all four seasons.

Eighty-five per cent of the area's population live along the coastal strip. The coastal townships of Penguin (population 5,000 approx.) and Ulverstone (population 11,000 approx.), are the business centres of Tasmania's Central Coast. Smaller townships at Forth, Gawler, Heybridge, Leith, Sulphur Creek and Turners Beach. Key employment sectors include retail, manufacturing and agriculture, and to a lesser extent, health and education. The main industrial and commercial areas are located in Ulverstone.

## THE CHALLENGE

The challenge for Central Coast Council was that they couldn't make the connection between Asset Planning and Financial Management. They had the feeling that they needed to do something but turning that into reality was difficult. In 2009 Council had asset plans but were looking for help to update them as part of their Strategic Plan 2009-2014.

## ACTIVITY (2012)

In 2012 though the training and the resources they began to collect the evidence they needed and the templates to bring asset planning and financial management together. Importantly the IPWEA resources enabled the staff to begin the change process for the elected representatives and community. The result was that council was

energised to get the data, make the connection and change the way asset planning and financial management worked.

## ACTIVITY (2013)

In 2013 Central Coast Council changed their planning process using the evidence that had been collected and their updated asset plans. They held staff workshops and involved field staff and finance staff to build the connections. Everyone across council became aware of the changes and the positive benefits it is bringing. There is still a lot to do though. As Councillor Jan Bonde, Mayor says in her July 2013 Mayors Report:

The Council is aware of the huge challenges in relation to asset management and the development of strong financial management plans and is continuing with the implementation of its Sustainability Action Plan over the next few years. As the custodian of community assets in excess of \$325m., it is our obligation to ensure that our property, plant and infrastructure assets are managed in a responsible way for the benefit of current and future generations. Considerable resources have been focused towards ensuring our Asset Management Plans, including our long-term asset renewal programs, have been updated and incorporated into our Long-term Financial Plan 2013-2023. The Plan establishes the strategic financial framework within which sound financial decisions are made and aims to achieve a prudent balance between maintaining the existing range and level of service provision and developing the capacity to grow and add new services while remaining financially sustainable. The Council's financial position remains strong in terms of its cash, liquidity and recent performances against budget.

## OUTCOME

In talking to the staff at the end of 2013 they said 'they just don't know how they did it in the days before the engineers and asset managers talked to the finance team'. The Project, and the work that LGAT undertook, provided the ongoing training and resources to enable change in the organisation in relation to asset management.



# TASMANIAN AUDIT OFFICE

In the 2012 evaluation Ric De Santi, Deputy Auditor-General, Tasmanian Audit Office, was clear about the benefits of the Project. Whilst the Audit Office rightly did not become involved because it saw the potential for a conflict of interest, it was fully supportive of the Project and its aims. Before the Project, some councils did not have asset and financial management plans and others were using various different templates, including from interstate. This made it difficult for the Audit Office to assess like with like. The outcomes of the Project have been welcomed with councils now work to the same template, with a resultant consistency of data. 'Audit Office does not audit councils plans but it means we are now seeing a common standard of raw data which means we, and the Parliament, have something to compare across the State. The quality of the raw data has improved overall'

In 2013 the Audit office continued to maintain a strong focus on the project and in reporting. In December 2013 Report number No. 5 of 2013-14: Infrastructure Financial Accounting in Local Government was released.

This report has been prepared consequent to examinations conducted under section 23 of the Audit Act 2008. It followed completion of a compliance examination which assessed whether or not councils' asset valuation and depreciation practices complied with Australian Accounting Standards in particular AASB 116 Property, Plant and Equipment.

As the introduction says:

*In my Report No. 4 of 2012-13, Volume 4 Part I, Local Government Authorities 2011-12*

*(Report No. 4), I noted that in recent years a number of councils, as part of asset revaluations, had introduced the concept of residual values for long-lived infrastructure assets, particularly roads. From discussions with council management and engineers, it became apparent that there were differing views regarding the definition, use and validity of residual values in the valuation and depreciation of infrastructure assets for financial reporting purposes.*

*I flagged in Report No. 4 my intention to appoint an independent expert to review depreciation methods, including use of residual values, by Tasmanian councils.*

This Report is the outcome of the independent expert's work. The objective of this Report is to provide workable and cost effective approaches to road asset valuations and depreciation which are appropriate for financial reporting and are compliant with relevant Australian Accounting Standards. The Report contains 23 recommendations which will help to ensure that Tasmanian councils establish consistent and transparent depreciation and valuation practices. While the Report's focus is road assets, the recommendations apply similarly to other long-lived assets.

It also includes a suggested common road hierarchy which the Local Government Division of the Department of Premier and Cabinet can use as the basis for further consultation with councils.

## OUTCOME

In talking to staff at the end of 2013 the Audit office was complimentary of the work of the project in assisting to further bed down the data and process that are underway in most councils to link management plans, asset plans and financial accounting. Staff of the Audit office said that the foundation was laid by the project for the data they need and significant gains have been made in 2013. The legislation and their reports will be key factors that support their audit work but to a large extent the work is underway through the project. There is still much to be done though and from an audit perspective consistency in the use of depreciation practices as outlined in the report and concern that some of the smaller councils may be left behind are issues, but overall the outcomes of the project have been very much a positive.

# JEFF ROORDA & ASSOCIATES (JRA)

Jeff Roorda and Associates (JRA) has had an extensive association with asset and financial management in Tasmania. The company provides specialist services in the Engineering, Finance and Information Technology fields. The team consists of senior and experienced professional engineering, finance, community consultation and information technology staff. JRA has traded for over 25 years and currently operates across Australia, Canada and the USA. From undertaking reports for LGAT, providing coordinator services through to the most recent report with the Audit Office they can be found somewhere pretty much all the time. To quote the introduction to the previously mentioned Tasmanian Audit Office Report number No. 5 of 2013-14: Infrastructure Financial Accounting in Local Government:

*“These factors led to our conclusion that independent expert advice was needed. In collaboration with the Local Government Division of the Department of Premier and Cabinet we appointed an independent expert to review depreciation and revaluation practices, including use of residual values, by local government councils in Tasmania. It was agreed that the expert would also consider a proposed common road hierarchy. This work was conducted pursuant to section 23(d) of the Audit Act 2008 as an examination of compliance by Tasmanian councils with Australian Accounting Standards.”*

Jeff Roorda and Associates (JRA) were the independent expert advice used.

## JOHN HOWARD (JRA)

For many in local government in Tasmania, and nationally, the name of John Howard is synonymous with asset and financial management for local government. He is seen by many as instrumental in driving local government reform based on a national approach to asset and financial management and a great passion for improving both in Tasmania.

Thanks to his expertise, at the outset of this Project, Devonport Council was (as detailed above) ahead of the game in Tasmania. Whilst now working in the private sector, as Director – Asset Management for JRA (Jeff Roorda and Associates), his appointment as one of three Regional Coordinators was a strength of the Project and the implementation structure (in the latter stages of the project he also coordinated the North West).

In 2012 John Howard said ‘I was pleased to work as the Northern Regional Coordinator and to have an involvement in implementing something I have been passionate about for years. I knew there was drive and commitment to get results in Tasmania. There was a lot of energy out there. Yes, it was slow starting up. At the outset there were some big gaps that needed to be addressed and at times there did not seem to be much progress. However, the Project was excellent for addressing the gaps and providing a consistent statewide approach. The Coordinators had the enthusiasm to keep plugging away and it was only really earlier this year that things really got going. The results are there to be seen now.’

He said the role of the Coordinators was a model that worked well in bringing councils together for this initiative. ‘At the outset, I think it is fair to say that many councils were enthusiastic and had ideas about how they were travelling, they did not have real figures to back things up. The Project has brought together council asset and financial management across the State. It is an extremely pleasing outcome.’

In 2013 John continued to be extensively involved. He said there really is a greater awareness of what the issues are and the range of people in councils, the state government and the community who now understand the importance of long term financial sustainability. The LGAT approach was very appropriate to the needs of Tasmanian Councils and he was pleased they didn't copy what other states did. He indicated that Sue Grau as the coordinator

was first class in understanding the needs of councils with collaboration being a key success factor. There is still much to do though with some council still not taking up the opportunity. The target for the next 12 months should be that every council has a core level of asset and financial planning. Overall the Project and LGAT has worked extremely well to bring Tasmanian Councils up to a well-developed level of good asset and financial planning

the project, though the new data, at a council and state wide level, provides greater clarity when seeing how and why decisions are made.

There is still a lot of work to do, and support to provide, particularly for a small number of councils who need to catch up, but overall the Project, and the role of LGAT has really worked well.

## JEFF ROODA (JRA)

Jeff Rooda (JRA) has a considerable track record in building capacity in local government and has been at the forefront of initiatives to improve financial sustainability for more than two decades. Based in NSW but working all over Australia, and now internationally, Jeff has had a long history of supporting councils in Tasmania. He also has a broader view on the Project based on his experience of working with a wide variety of mainland councils.

Jeff's perspective is that the Tasmania project really worked. The holding back with the first round of the subsidised IPWEA training turned out to be a smart move as by the time they got to Tasmania there were a lot of learnings they could bring from other states. In looking back, after the first round of training half the councils got on with the job, a quarter knew what to do but needed time to get the conditions right in their council and a quarter really didn't participate much. It is this point that he sees legislation would have helped at the time, but as he said, it is never too late. With the legislation now in place, with a lot of support for the stragglers, there is no reason why 100% of councils in Tasmania could not comply.

The great thing about the Project and the work of LGAT is that it has put asset and financial management on the political agenda. For council staff they had the back up when putting together the data and plans and taking them to the elected representatives and community. For the State Government the project provided support for both the legislation and the work of the Audit Office. For the broader community



# WORK TO BE DONE

There has been substantial progress and achievement of outcomes for this project. There will always be more work to be done and considering the budget funds available a suggested work plan is provided.

## SUPPORTING SMALL COUNCILS

At least 6 small and medium size councils are 2 to 3 years behind the rest when it comes to asset and financial management. Confirmation of which councils should come with the Audit Report.

The interviews revealed that the larger and mid-size councils has a strong level of care for the smaller councils but do not have the financial capacity to provide anything more than basic mentoring. As one of the national trainers indicated having 60 – 70% of councils up to speed is really not the achievement you are looking for, you need to have 100%. This is even more critical with the legislation in place.

Work to be done is establish a project to specifically support the 'Councils that haven't really started yet'. With financial support, expert outside help may be provided either from the larger councils in Tasmania or elsewhere.

## INDIVIDUAL TRAINING

To develop the Asset and Financial Management 'professional group' in Tasmania individual training opportunities are suggested.

## CONSISTENCY PROJECT

To develop the Asset and Financial Management 'professional group' in Tasmania individual training opportunities are suggested. There was an opportunity for regional groups, individual councils or smaller groups of councils to apply for funding for specific projects eg training, mentoring, directly assisting smaller councils, etc. One of the reasons this wasn't taken up was that regional groups very clearly stated

they wanted to wait for both the legislation to be passed and the 2013 audit office report on Local Government to be completed. Both the legislation and the Audit office report flag some specific directions in terms of council consistency and processes that are fundamental for councils and for the project. As a result there were elements of the project that have had to wait until 2014.

There is sufficient reason from the interviews that a project on consistency of asset definition across Tasmanian councils would be of great value in the role out of the legislation. Determining real need and the assets to be covered would be the first step.

## TRAINING

Beyond individual training there is an opportunity for regional groups, individual councils or smaller groups of councils to continue training and mentoring, directly assisting smaller councils.

## COORDINATION AND COLLABORATION

With the Legislative changes mandating asset and financial plans, the Audit report and the shift to the coalition government and the demands that will place on the project, there is significant opportunity to continue the excellent work that LGAT provides on coordination and collaboration.

# CONCLUSION

The evaluation for 2013 has found that there have been significant achievements made in asset and financial management for local government in Tasmania.

In early 2010 under the National Partnership Agreement to Support Local Government and Regional Development, the Commonwealth agreed to provide financial assistance To Councils. Funding of \$870,000 was provided to assist all Tasmanian councils to carry out a program of activities that would enhance the financial sustainability of Tasmanian councils and improve their asset and financial management frameworks.

At the end of 2013, in many respects as a direct result of this project the link between asset and financial management and the financial sustainability of councils are all part of the day to day language and operations of the majority of Tasmanian local governments. Nowhere is the evidence of this more apparent than the introduction of legislation in November 2013.

As the Department of Premier and Cabinet said:

*In 2010, through the Australian Government's Local Government Local Government Financial Asset and Reform Fund the Tasmanian Government and LGAT secured funding through a National Partnership Agreement to develop and implement long-term financial and asset management planning in all Tasmanian Councils.*

*The intent behind the development of the plans was to assist councils to be financial sustainable in the long term as a result of sound planning, effective financial and asset management, good governance, efficient service delivery and improved accountability. All Tasmanian councils now have these in place.*

*The proposed amendments are therefore to ostensibly mandate the development, implementation and adoption of these plans by all councils.*

The evidence is there and the conclusion is drawn that, despite work still to be done, and the remaining funds to be spent, that the Project has performed extremely well against objectives and outputs. All milestones have been met as required under the National Partnership Agreement Implementation Plan. LGAT is to be commended on the approach taken and the achievements made.

## APPENDIX A: INTERVIEWS FOR THE EVALUATION

Council/Organisation	Interviewed
Council	Note: Interviews were based on seeking a representative sample of councils, from those attending the Dollars and Sense Forum held in Launceston on 21st and 22nd November 2014 and in phone interviews.
Brighton	Gavin Boyd
Central Coast	Vernon Lawrence, Greg Osbourne
Dorset	Guy Jetson
Flinders	Kim Hossack
Glenorchy	Russell Grierson
Kingborough	Wayne
Launceston	Harry Galea, Shane Eberhardt,
Meander Valley	Ted Ross
King Island	Zoe Behrendt
Southern Midlands	Tim Kirkwood
Tasman	Robert Higgins
Organisation	
Local Government Association of Tasmania (LGAT)	Dr Katrena Stephenson, Sue Grau (Project Manager), Project Steering Committee: Chair Allan Garcia
Tasmanian Audit Office	Jara Dean
JRA	John Howard, Jeff Roorda

## APPENDIX B: ABBREVIATIONS

ABS: Australian Bureau of Statistics

ACELG: Australian Centre of Excellence for Local Government

IPWEA: Institute of Public Works Engineers Australia

LGAT: Local Government Association of Tasmania

NAMS: NAMS.PLUS Asset Framework developed by the Institute of Public Works Engineering Australia

Phone: (02) 6162 2092

Fax: (02) 6247 8440

Email: [admin@section51.com.au](mailto:admin@section51.com.au)

Mail: PO Box 6089 Kingston ACT 2604

