



PERFORMANCE AUDIT REPORT

25 July 2023

# Improving asset management in local government

Report 2: 2023–24

As the independent auditor of the Queensland public sector, including local governments, the Queensland Audit Office:

- provides professional audit services, which include our audit opinions on the accuracy and reliability of the financial statements of public sector entities
- provides entities with insights on their financial performance, risk, and internal controls; and on the efficiency, effectiveness, and economy of public service delivery
- produces reports to parliament on the results of our audit work, our insights and advice, and recommendations for improvement
- supports our reports with graphics, tables, and other visualisations, which connect our insights to regions and communities
- conducts investigations into claims of financial waste and mismanagement raised by elected members, state and local government employees, and the public
- shares wider learnings and best practice from our work with state and local government entities, our professional networks, industry, and peers.

We conduct all our audits and reports to parliament under the *Auditor-General Act 2009* (the Act). Our work complies with the *Auditor-General Auditing Standards* and the Australian standards relevant to assurance engagements.

- Financial audit reports summarise the results of our audits of over 400 state and local government entities.
- Performance audit reports cover our evaluation of some, or all, of the entities' efficiency, effectiveness, and economy in providing public services.

Learn more about our publications on our website at [www.qao.qld.gov.au/reports-resources/fact-sheets](http://www.qao.qld.gov.au/reports-resources/fact-sheets).

Mr J Kelly MP  
Acting Speaker of the Legislative Assembly  
Parliament House  
BRISBANE QLD 4000

25 July 2023

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*.



Brendan Worrall  
Auditor-General



© The State of Queensland (Queensland Audit Office) 2023.

The Queensland Government supports and encourages the dissemination of its information. The copyright in this publication is licensed under a Creative Commons Attribution-Non-Commercial-No Derivatives (CC BY-NC-ND) 4.0 International licence.



To view this licence visit <https://creativecommons.org/licenses/by-nc-nd/4.0/>

Under this licence you are free, without having to seek permission from QAO, to use this publication in accordance with the licence terms. For permissions beyond the scope of this licence contact [copyright@qao.qld.gov.au](mailto:copyright@qao.qld.gov.au)

Content from this work should be attributed as: The State of Queensland (Queensland Audit Office) *Improving asset management in local government* (Report 2: 2023–24) available under CC BY-NC-ND 4.0 International.

Cover image is a stock image purchased by QAO.

ISSN 1834-1128

# Contents

---

<b>Auditor-General's foreword</b>	<b>1</b>
<b>Report on a page</b>	<b>2</b>
<b>1. Audit conclusions</b>	<b>3</b>
<b>2. Recommendations</b>	<b>6</b>
<b>3. Gaps in asset management</b>	<b>7</b>
<b>4. Greater support is needed to build asset management capability</b>	<b>18</b>
<b>Appendices</b>	<b>25</b>
A. Entity responses	26
B. Audit scope and methods	52
C. Results of asset management maturity self-assessments	53
D. Map of Queensland local government segments	57
E. Summary of previous sustainability recommendations	58
F. Sustainability and reporting framework	61

## Acknowledgment

The Queensland Audit Office acknowledges the traditional and cultural custodians of the lands, waters, and seas across Queensland. We pay our respects to elders past, present, and emerging.

# Auditor-General's foreword

---

Queensland's 77 councils provide vital infrastructure services that help grow local economies. They deliver roads, water, and sewerage to an estimated 5.3 million people. Some also provide their communities with public open space, public amenities, and cultural facilities such as museums and libraries. A small number operate childcare centres and other businesses. Many people depend on the long-term sustainability of our councils.

A council's sustainability is more than just financial. It is linked to the success of its local community, where local businesses are economically viable, and people have access to basic services, such as education, employment, housing, and clean water. Communities thrive when councils can afford to operate, maintain, and renew their assets to deliver the level of service the community expects.

This audit on improving asset management in local government is the fourth we have undertaken on the sustainability of the local government sector. The earlier audits were:

- *Managing the sustainability of local government services* (Report 2: 2019–20)
- *Managing local government rates and charges* (Report 17: 2017–18)
- *Forecasting long-term sustainability of local government* (Report 2: 2016–17).

In my previous reports, I made a series of recommendations to councils to improve their management of risks to their sustainability. I also recommended that the Department of State Development, Infrastructure, Local Government and Planning strengthen the analysis and reporting of key sustainability metrics by councils. Appendix E provides a list of the recommendations made in the first 3 audits and other recent reports on the results of local government annual audits.

The department has a role in providing advice to councils on how to manage their assets and in ensuring they comply with the requirements of the Act and regulations. Advice and support can help councils to provide communities with fit-for-purpose and value-for-money services for the long term.

As part of this audit, we surveyed councils on the maturity of their approaches to asset management compared to international better practice. We intend to build on this survey later this year, to develop a maturity model for asset management across all government sectors.

In 2024–25, I will examine the sector's overall progress in meeting its sustainability challenges. The audit will consider how effectively the sector has acted to address our previous findings and recommendations to councils and the Department of State Development, Infrastructure, Local Government and Planning.

My commitment to the issues affecting the sustainability of local governments and Queensland communities is long standing and well-known. Throughout my term as Auditor-General I have travelled to 66 local governments, including all 17 First Nations councils, to hear firsthand the challenges local governments face. I trust that our focus on sustainability will ensure that council assets are well managed and supported so that councils can afford to deliver the services needed for future generations of Queenslanders.



Brendan Worrall  
Auditor-General



# Report on a page

---

Council assets are often expensive and need to last a long time. Asset management plans ensure councils know how much it will cost to maintain and replace their assets as they age. This lets them know how much revenue they need from rates and fees, including the servicing of any borrowings.

Collectively, Queensland councils own and operate approximately \$114 billion worth of infrastructure assets. Accurate information on where the assets are, and on their condition and value, helps councils make informed decisions on asset replacement projects, knowing they can afford them for the long term.

This report looks in detail at 5 councils across the state and their approaches to managing their assets. We also surveyed all councils and asked them to self-assess their asset management approaches. We have made recommendations to the 5 individual councils, the whole sector, and the Department of State Development, Infrastructure, Local Government and Planning.

We observed from the self-assessment asset management survey that only 9.6 per cent of councils had an overall maturity average at or above the minimum requirements of the internationally recognised standard for asset management. It highlights the need for stronger leadership to embed asset management processes, including withstanding staff changes and helping councillors to deliver better community services.

## Gaps in asset management practices

---

All 5 councils had developed asset management plans for most of their assets and were using asset information to inform investment decisions for asset projects. However, they could improve the quality of the information to make their decisions by:

- **governance** – putting in place formal governance groups to ensure asset, finance, and service managers consider and challenge asset plans and projects before going to council for approval
- **asset information** – regularly assessing if the asset information has changed because of revaluations, natural disasters, changes in condition, or obsolescence, to keep asset plans up to date
- **reporting** – developing measures and reporting on them so that councils are accountable for how assets contribute to the corporate priorities for the community.

## Greater support needed to build asset management capability

---

The Department of State Development, Infrastructure, Local Government and Planning's sustainability framework shows how local governments can integrate asset planning and reporting with services and budgets. It also requires councils to report on key sustainability measures, including 3 that focus on asset sustainability. It has not produced detailed guidance for how to develop a long-term asset plan or individual asset plans for each asset class. There are no better practice guidelines or minimum requirements showing councils what to cover in their asset plans.

The department has a role in supporting local governments to be sustainable and in monitoring compliance with the *Local Government Act 2009*. It has not documented how it will fulfil this role or how it will identify those councils that need help to address risks to the sustainability of their assets and services.

The department offers training workshops to support asset management capability. In the last 3 years, only 21 per cent of councils participated in the training workshops. The department needs to assess what asset management training council leaders and staff need, so it can work with its partners to tailor its programs to those in most need.

# 1. Audit conclusions

---

The 5 councils we audited have developed asset management plans as required by the *Local Government Act 2009* and the Local Government Regulation 2012. However, they need more guidance to move beyond compliance. They also need to manage their assets effectively to deliver services to their communities, while understanding the full cost of owning the assets. The results of our self-assessment survey show that, on average, councils have significant work to move beyond the 'basic' level of maturity to meet the minimum requirements of the international better practice standard.

Managing a diverse portfolio of assets is a complex activity involving multiple areas of a council. Asset managers, the finance team, and service managers need to work together to ensure the council has the assets it needs to support cost-effective service delivery. Councils, to varying degrees, need to do more to manage their assets effectively. The department has an important role to play in this.

## Information in asset plans is not current or linked to delivering services

Once councils have developed their asset management plans, they are not following better practice and regularly updating the information in them. If councillors and executive leaders are not confident in the asset information, they could delay decisions to renew or replace ageing assets. It could also result in projects being mis-prioritised, leading to poor investment decisions. Infrastructure assets, by their nature, last a long time, and it can take months of planning to get the designs and budgets developed and approved. Being confident in the data helps councils to make timely decisions to start renewal and upgrade projects before assets deteriorate. This ensures their assets can deliver services that are safe and at the level the community expects, in a way that is equitable and responsible.

Good governance ensures councillors make decisions based on complete and accurate information. Councils can identify gaps or risks if they give relevant areas across each council the opportunity to consider and challenge asset plans. We found inconsistent governance approaches to decision-making for asset renewal and replacement. Without opportunities for their finance, asset, and service managers to have input, councillors may be unaware of the full impacts of their decisions on a council's portfolio of assets and range of services.

There are opportunities for councils to integrate their asset management plans with their other planning documents. The councils do not have clear links to the services they provide to their communities. Ensuring the asset portfolio supports its goals allows councils to dispose of old assets that are no longer delivering the services people want. Councils can then invest in keeping high-value or critical assets in good condition, delivering more efficient (greater productivity at a lower cost) services, or acquiring new assets to deliver new services.

The councils do not report to their communities on the performance of their assets in delivering effective or efficient services. They set service targets but do not monitor whether they were achieving them or at what cost. Without information on how well the assets are delivering services based on the current investment, they cannot assess if they need to invest more or less. The asset management plans do not show that they can afford to achieve their service targets for the long term or if the assets are providing the value envisaged in the investment decision.

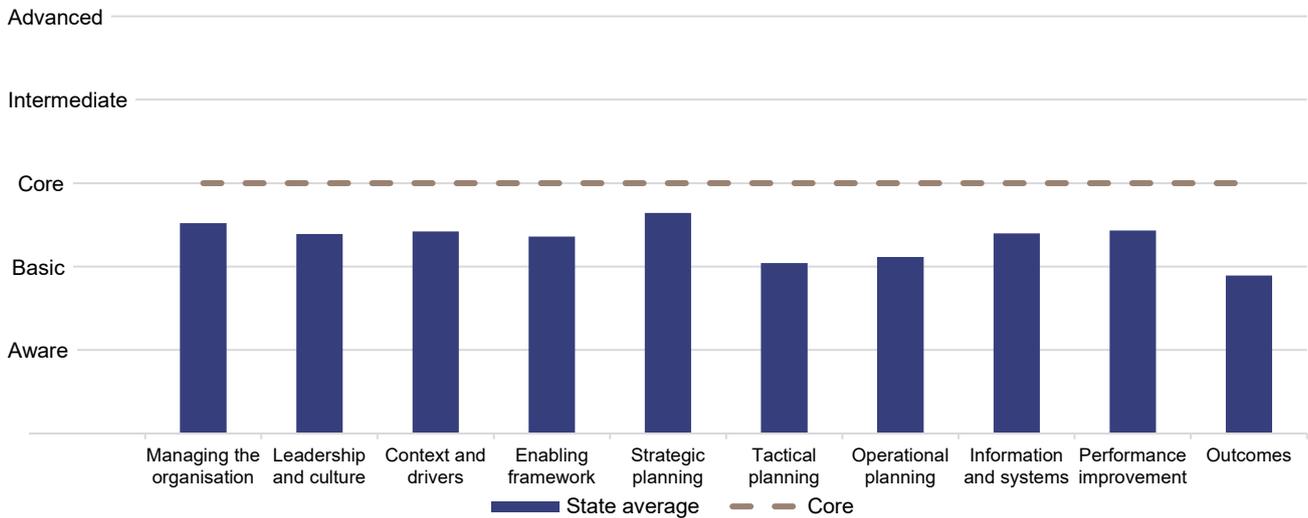
## Self-assessed gaps in levels of asset management maturity

We asked councils to self-assess the level of maturity of their approaches to asset management. This was a self-assessment; we provide no assurance that the ratings reflect the actual maturity of councils' approaches. However, the results do provide the department with critical information on councils' views of the gaps in their current level of maturity.



The survey results show that, on average, councils still have some way to go to meet the minimum (core) requirements of the international better practice standard. They need much more guidance and significant support from the department to make the progress required. Figure 1A shows how the state average compares to the core rating (3) of the international standard for asset management systems. To meet the minimum requirement of the standard, councils had to score 3 or more on our survey.

**Figure 1A**  
**Council self-assessed, average level of asset management maturity**



Note: We have not audited these self-assessments.

Source: Queensland Audit Office, Asset management maturity survey.

**DEFINITION**

The 5 levels of maturity based on the requirements of the international standard:

- Advanced** Processes are optimised with no improvements needed
- Intermediate** Has sound processes; however, improvements could be made
- Core** Meets the minimum requirements
- Basic** Partially meets requirements
- Aware** Does not meet the legislative requirements

## The department can do more to support councils to develop asset planning capability

The Department of State Development, Infrastructure, Local Government and Planning is rolling out a framework to support council sustainability (including a focus on asset management). It requires councils to develop key asset plans and report on key sustainability ratios. But the department needs to provide more guidance for councils on how to develop key asset management documents in line with better practice.

Councils need more support so they can develop robust asset planning documents aligned with their services and budgets. This will allow them to be confident they can afford to operate, maintain, and eventually replace their assets over the long term.



Council reports on sustainability ratios can provide the department with historical trends, but the reports may not give it sufficient information to identify which councils need help. The department does not fully detail how it will support councils that persistently do not meet the targets of the asset sustainability ratios.

In 2022, in our report *Improving grants management* (Report 2: 2022–23) we recommended departments assess the risk that decisions to award grants are based on incomplete or inaccurate information. Requiring councils to include current asset management plans as part of grant applications for significant infrastructure would reinforce to councils the important role of these documents. It would give the department an understanding of how the proposed project fits within councils' long-term plans. Critically, it could show the department that the costs of operating and maintaining new assets will not affect councils' ongoing sustainability.

The department is coordinating with its partners to train council staff to become confident and competent in managing assets. However, council participation at the workshops and webinars is low. The department needs better information on the capability gaps of those with a role in asset management to ensure its training programs are targeting those skills. It may also need to consider if it can provide more incentives to increase participation and build capacity with the range of available providers.

The department provides training to new councillors on financial management issues, but not specifically on their roles and responsibilities for asset management. Tailored training is needed at all levels, including councillors and executives, on why asset management is important. Understanding how to interpret the results of the asset plans is critical to ensuring that decisions are based on well-informed analysis and processes.



## 2. Recommendations

We have developed the following recommendations for all councils and for the Department of State Development, Infrastructure, Local Government and Planning.

### Chapter 3 – Gaps in asset management

We recommend all councils assess whether their:

1. governance structures and culture ensure a whole-of-council (finance, asset, and service teams) approach to asset management, including planning, operating and maintaining, disposing and monitoring performance of assets
2. asset management plans are current and cover all major asset classes, including if
  - the data is consistent with the data in the long-term financial forecast and is based on the same assumptions
  - the data needs to be updated because significant changes have reduced its accuracy
  - the key performance measures accurately measure whether the council's assets are effectively delivering services aligned with the goals in the corporate plan
3. data, if stored in separate asset management information systems, is recorded in a way that can be and is reconciled to the financial asset register
4. workforce plans and/or strategies identify the necessary asset management capabilities and the optional and mandatory training to be completed.

We recommend all councils:

5. provide their assessments and associated action plans to address any of the above recommendations, where relevant, to their audit and risk committees to allow for regular progress reporting.

### Chapter 4 – Greater support is needed to build asset management capability

We recommend the Department of State Development, Infrastructure, Local Government and Planning:

6. develops a documented compliance strategy to monitor councils' asset management approaches to meet the asset sustainability ratios
7. in assessing grant applications for infrastructure projects, analyses asset management plans to determine whether proposed projects are based on complete and accurate information, aligned to councils' long-term sustainability
8. works with local governments to enhance asset management capability by
  - identifying the key capabilities needed by asset managers
  - assessing current asset management capability gaps across councils
  - developing strategies to help asset managers improve their capabilities through training and/or mentoring
  - providing periodic training to councillors and senior leadership teams focusing on asset leadership and governance
  - evaluating the results
9. develops comprehensive better practice guidance for local government on the minimum requirements and templates for the following key asset management documents
  - asset management policy
  - long-term asset management plan
  - asset management plans (for individual asset classes).

## Reference to comments

In accordance with s. 64 of the *Auditor-General Act 2009*, we provided a copy of this report to relevant entities. In reaching our conclusions, we considered their views and represented them to the extent we deemed relevant and warranted. Any formal responses from the entities are at [Appendix A](#).

## 3. Gaps in asset management

---

Queensland councils are responsible, under the *Local Government Act 2009* or the *City of Brisbane Act 2010* (the Acts), for ensuring the accountable, effective, efficient, and sustainable management of assets, infrastructure, and services (for example, local roads, water and sewerage, town and land planning, building approvals, and animal control). Councils rely heavily on assets to deliver these services. In 2022, the value of council infrastructure assets (such as roads, bridges, water, wastewater, fleet, and buildings) was approximately \$114 billion.

This chapter reports on the gaps in how the 5 councils have managed assets. It also reports on the opportunities for councils to integrate their asset management plans with their service planning.

We selected 5 different sized councils across the state to get a broad understanding of their practices and challenges. The results at the 5 councils cannot be used to extrapolate the results across all councils. However, all councils can consider the recommendations to determine if they are relevant and if the council could improve its asset management approaches to become more sustainable while delivering better services for communities.

A sustainable council can afford to undertake regular maintenance of its assets, which means it can keep them to a standard that allows them to function as designed, and not deteriorate. For example, a sustainable childcare service collects sufficient fees from parents/guardians to cover (if operating on a break-even basis) all its operating costs such as electricity, wages, and consumables (such as paint, paper, and toys). Fees also cover asset maintenance costs, so the council can fix blocked drains or leaking roofs that may shorten the building's life.

### DEFINITION

**Sustainable services:** If a service is sustainable, it means a council can continue to provide it in the long term (10 years). It also means the council can meet the expected service level within its existing budget.

Services range from safe roads and drinking water to accessible libraries, art galleries, and tourist information. Council services all rely on having functioning assets in good condition.

**Service levels:** A description of the quality of the service council provides. This is different for different types of assets. The levels can relate to the physical condition (smooth roads), quantity/access (available 5 days or 7 days a week), aesthetics (buildings look good, fresh paint and new carpets) or responsiveness (leaks fixed in 24 or 48 hours). They can be customer focused (is the road bumpy?) or technical (inspections completed weekly).

The level can have a significant impact on the cost and therefore sustainability of a service. Councils need to balance the level of the service with the impact on the budget. For example, the service level:

- for a **park** is often set by the frequency of maintenance work, such as mowing. The more frequently mowing and weeding occurs the more staff (wages) and equipment (assets) are needed. The service level impacts the budget as wages, maintenance of the equipment, and operating costs (fuel) are a major cost of achieving the level of service.
- for **roads** it often includes how long it takes to repair potholes – a target of 24 hours compared to one week. The service level impacts the budget as council needs extra staff (wages) and equipment (assets) to have the capacity to respond more quickly.



As part of the audit, we asked a broader group of councils (52 of 77 councils responded) about the maturity of their approaches to asset management and the challenges they faced. We have included these observations in the report as context, but they did not inform our conclusions about the 5 councils we looked at in detail. The responses from the broader survey were based on self-assessments and were not audited. [Appendix C](#) includes a summary of the councils' assessments of how well they manage their assets.

We also continue to report issues with council asset management across the whole sector (not just the 5 in scope for this audit). In our report *Local government 2022* (Report 15: 2022–23) we raised several asset management issues, including:

- of the 77 councils, 54 have at least one internal control deficiency in their asset management practices
- 17 councils had to correct prior year asset amounts in this year's financial statements because they found significant prior period – a combined total of \$241 million
- 12 councils identified assets worth \$180 million that they owned but had not previously recorded in their asset registers.

## Summary of the key gaps in asset management across the 5 councils

We identified a range of gaps in the approaches to asset management at the 5 councils. We raised individual issues and recommendations to each council. Figure 3A summarises the gaps across the areas audited: governance, systems, and capability.

**Figure 3A**  
**Summary of gaps in asset management**

Areas audited	Number of the 5 councils with gaps in asset management
<b>Governance</b>	
Asset governance groups not in place to have input into key decisions	3
Asset management plans not in place for all assets	3
Asset data in management plans not current	5
Asset management plans not aligned with services and budgets	4
<b>Systems</b>	
Asset systems not integrated	4
Council not reporting on the performance of assets	5
<b>Capability</b>	
Asset management training not planned and coordinated	5

Source: Queensland Audit Office.

## Better governance is needed for asset management

We found that 3 of the 5 councils did not have formal governance in place to ensure that the right people and areas within council are consulted on asset management decisions. Without input and oversight from formal governance groups, councils may not consider the impact on council services, budgets, and the portfolio of all their assets when making decisions on:

- starting new asset projects
- upgrades to assets
- major and annual maintenance programs.

There is a risk that a council could make decisions about assets without fully understanding the effects on its ability to be able to afford to deliver its services for the long term. For example, a council could underestimate the cost of relocating a library and installing new underground network cables if it does not consider the effects of upcoming road resurfacing or nearby underground infrastructure.

The 2 councils that had formal governance committees in place had oversight of strategic asset management planning, budgets, and service impacts. Their terms of reference covered:

- the purpose, responsibilities, and powers of the committee, including helping to implement good practice in asset management and being a forum for improvement and changes
- membership across council, which included representatives from the asset, finance, and service manager teams
- responsibility for ensuring asset actions and decisions are in line with the council's corporate goals, strategies, and delegations.

Although another council had developed terms of reference for a committee, we found the committee had yet to meet and oversight was not occurring.

### Maturity self-assessment



#### Self-assessment of 'enabling framework' from our survey

The state average for this element is **2.4** which is at the **basic** level. The basic maturity level means that:

- Council has awareness of the importance of having a strategic asset management framework, but limited support is given (through resourcing or budget), to facilitate the development of a strategic asset management framework.
- Decisions on capital and operational expenditure on assets are diffused throughout council. Bringing together investment decisions and asset management at the strategic level is recognised. Visibility and transparency of relationships and decisions are being developed for asset management. See [Appendix C](#) for survey results.

*Note: we have not audited these self-assessments.*

Good governance rests on having reliable information about how existing assets are performing and if they are wearing out earlier or later than expected. Case study 1 (Figure 3B) is an example of a council that did not have this information. Figure 3B shows how the council did not update the information in its asset management plan with current information. As a result, it was not able to plan ahead and budget to replace a sewage plant.



## Figure 3B

### Case study 1 – Information to renew an ageing asset

#### Maintaining an asset with a long life

##### Background

This council owns a 20-year-old sewage treatment plant providing services to approximately 330 people.

- The asset management plan completed in May 2019 forecast that council would not need a major renewal of sewerage assets until 2030.
- An inspection for the revaluation of the whole asset class of pump stations, pipelines, and plants (May 2021) did not identify any issues with the condition of the sewage plant, and confirmed the remaining useful life was approximately 35 to 75 years, with a remaining value of \$1.1 million.
- The council commissioned an engineering report a month later that found:
  - council had been receiving complaints about odour for several years at the adjacent cemetery during excavation of new graves
  - evaporation ponds were overgrown with weeds and not well maintained
  - incorrect maintenance had damaged the lining of the evaporation ponds, possibly leading to a large loss of untreated effluent into the soil below
  - there were risks to public health for users of a nearby bore and river water.
- The council did not update the asset management plan with this new information on a critical asset.
- In 2022, the council successfully applied for a grant of \$1.2 million from the Department of State Development, Infrastructure, Local Government and Planning to acquire and install a sludge treatment sewage system at a cost of \$1.9 million.

##### Impact

The council was not receiving regular reports on the level of service from this asset, including if it was compliant with environmental regulations. It did not challenge the results of the 2021 inspection, despite complaints from the community.

The information in the asset management plan was not up to date. Council was not maintaining the asset appropriately, and it had deteriorated significantly earlier than expected. This meant council was not able to budget to maintain the expected level of service (in terms of environmental conditions) and protect the town's water supply.

If the grant application had not been successful, the level of service would have deteriorated, with further impacts on the environment and potential health issues for the community.

*Source: Queensland Audit Office, from council documents.*

Leadership and culture is one of 10 the key elements (see [Appendix C](#)) of asset management. Critical to achieving lasting and positive change in any organisation is culture, which is set by leaders at all levels. The tone set by leaders is a precondition for success. They set the culture by modelling ethical behaviour, working together, encouraging a variety of ideas, and being accountable for the value assets provide to their community.

##### Recommendation 1

We recommend all councils assess whether their governance structures and culture ensure a whole-of-council (finance, asset, and service teams) approach to asset management, including planning, operating and maintaining, disposing and monitoring performance of assets.

## Councils need complete information on all asset classes

We found 3 of the 5 councils did not have asset management plans (AMPs) for all their different classes of assets. When this is the case, councils may not prioritise infrastructure projects with the greatest need or highest value, due to having incomplete information about all assets.

### DEFINITION

**Asset management plan (AMP):** AMPs are long-term plans that outline the asset activities for each service.

They show that a council has plans for how it will afford to acquire, operate, maintain, renew, and eventually dispose of its assets.

For example, not having an AMP for stormwater and drainage means the council has not considered and agreed to the dates and costs of upcoming projects. This can create uncertainty around the cost and timing of other asset upgrades, such as roads. It is inefficient and more costly to dig up a newly resurfaced road to replace the stormwater drains.

The 3 councils advised they were progressively developing AMPs for all their asset classes. They said the gaps were due to:

- developing each class of asset one by one, within the limits of their resources
- drafting new AMPs to replace the previous plans, which were now out of date
- concerns about the quality of asset data, which was causing delays in having the revised AMPs approved.

Without complete asset information, councils are at risk of not receiving adequate information to support effective asset management and related investment and budgetary decisions.

### Maturity self-assessment



#### Self-assessment of 'Information and support systems' from our survey

The state average for this element was **2.4** which is at the **basic level**. The basic level means that:

- Data exists to support asset management but gathering it in correct formats is hard work and very costly. Poor systems integration.
- Fragmented and incomplete component data is driven by short-term operations, maintenance, and financial forecasts and needs.
- Asset information system is driven by the requirements of the short-term operations, asset register reconciliations, and statutory reporting. See [Appendix C](#) for survey results.

*Note: we have not audited these self-assessments.*

## Councils should assess if the data in asset management plans has changed and should be updated

None of the 5 councils assesses the information in their AMPs to see if it has changed and needs updating. This means there is a risk that, when they are making investment decisions, these councils are relying on out-of-date information about the value of their assets and when they will be due for replacement. Better practice says that AMPs are not static documents, and asset owners should revise them considering experience gained and lessons learnt by council.



If councils do not update AMPs with current data, their forecast costs for long-term capital expenditure could be inaccurate. There is an opportunity for councils to update AMPs when large changes to their assets occur, for example when there are significant and cumulative changes to cost inputs, valuation results, and updates of condition assessments. At a minimum, plans should be formally reviewed every 4 years, to align with council terms.

Councils undertake several existing activities that give them current information on their assets and could inform their decision-making. These are described below.

- **Revaluations** (formal valuations of assets) – Councils regularly update the value of their assets, usually on a class-by-class basis. Over a period of 4 or 5 years, councils typically have all their asset classes revalued for reporting in their financial statements. Asset revaluation provides councils with a fair value of their assets, which helps in making budget forecasts for replacement. Having accurate values for assets makes it easier to determine the cost of replacement.
- **Remaining useful lives assessments** – Councils annually reassess the remaining useful lives of their assets. These assessments inform budget decisions for when asset renewals will be due. This a requirement under Australian accounting standards. The estimated remaining life of an asset considers:
  - physical deterioration (due to wear and tear, inadequate maintenance, damage, weathering, and decay)
  - functional obsolescence (where the design of the asset is outdated and cannot handle current requirements)
  - economic obsolescence (where there has been a decline in demand for services provided by the asset).
- **Condition assessments** – Physical engineering inspections of the condition of assets can give detailed information on the state of assets and identify maintenance solutions to reduce operating costs or improve asset life. Condition assessments are a primary input into the calculation of the remaining useful life of an asset.
- **Regular safety inspections** – Some types of assets undergo inspection at a set frequency to confirm they meet relevant safety requirements. Safety inspections may identify urgent unplanned maintenance work.
- **Operating and maintenance activities** – The regular operation of some assets can identify changes in operating and maintenance costs as assets age. In some cases, it may be more cost efficient to replace an ageing asset with a more modern option to deliver improved levels of service, with lower operating and maintenance costs.

None of the 5 councils updates asset information in its AMPs to include current information from asset valuations or other activities. This affects the accuracy of the long-term financial forecast when the asset values and renewals are summarised and aggregated. Recent increases in the costs of building materials, labour shortages, and fuel costs have also increased asset values – in some cases by as much 15 per cent in a single year. Over the 4- or 5-year life of an AMP, these increases could add up to large changes in asset values. Councils should assess the information they currently collect and refresh their AMPs to reflect any major changes to the value or condition of their assets.

Councils told us that their data on underground assets (pipes for water and sewage) is not as complete as it is for their other asset classes. However, new camera technology and inspection drones allow councils to efficiently inspect and get better information on their underground assets as well as those in remote, hard-to-reach places. Case study 2 (Figure 3C) is from a council that decided to invest in inspections to get a better understanding of the condition of its underground assets.

## Figure 3C Case study 2 – Asset condition data

### Planning to collect asset condition information

#### Funding

As part of a data verification exercise from its asset management strategy, the council planned to improve its data on the condition of its assets across all its asset classes. It allocated \$3.5 million (including \$1 million from a grant under the Local Government Grants and Subsidies Scheme) for the project. The council was considering replacing some of its sewers due to complaints about blockages.

#### Asset information

Prior to the inspections, council asset data showed that it had assumed the sewers:

- had a value (after depreciation) of \$665,607
- on average, would last another 28 years before being renewed.

After the inspection and condition assessments, it found that the sewers:

- had a value (after depreciation) of \$960,896
- on average, would last another 39 years – 11 more than expected.

The inspections showed that, by increasing the level of maintenance, the council could reduce the number of blockages interrupting services.

#### Impact

Collecting data on asset condition allowed this council to improve the levels of service (reducing blockages) by increasing maintenance rather than by replacing the pipes earlier than necessary.

By taking a strategic and planned approach to managing its assets, this council was able to ensure it delivered the expected level of service while optimising the total cost of owning its assets.

This case study only covers the results for the sewers in a regional town with a population of less than 1,000.

Source: Queensland Audit Office, from council documents.

## Councils need to improve the links between asset plans and corporate plans

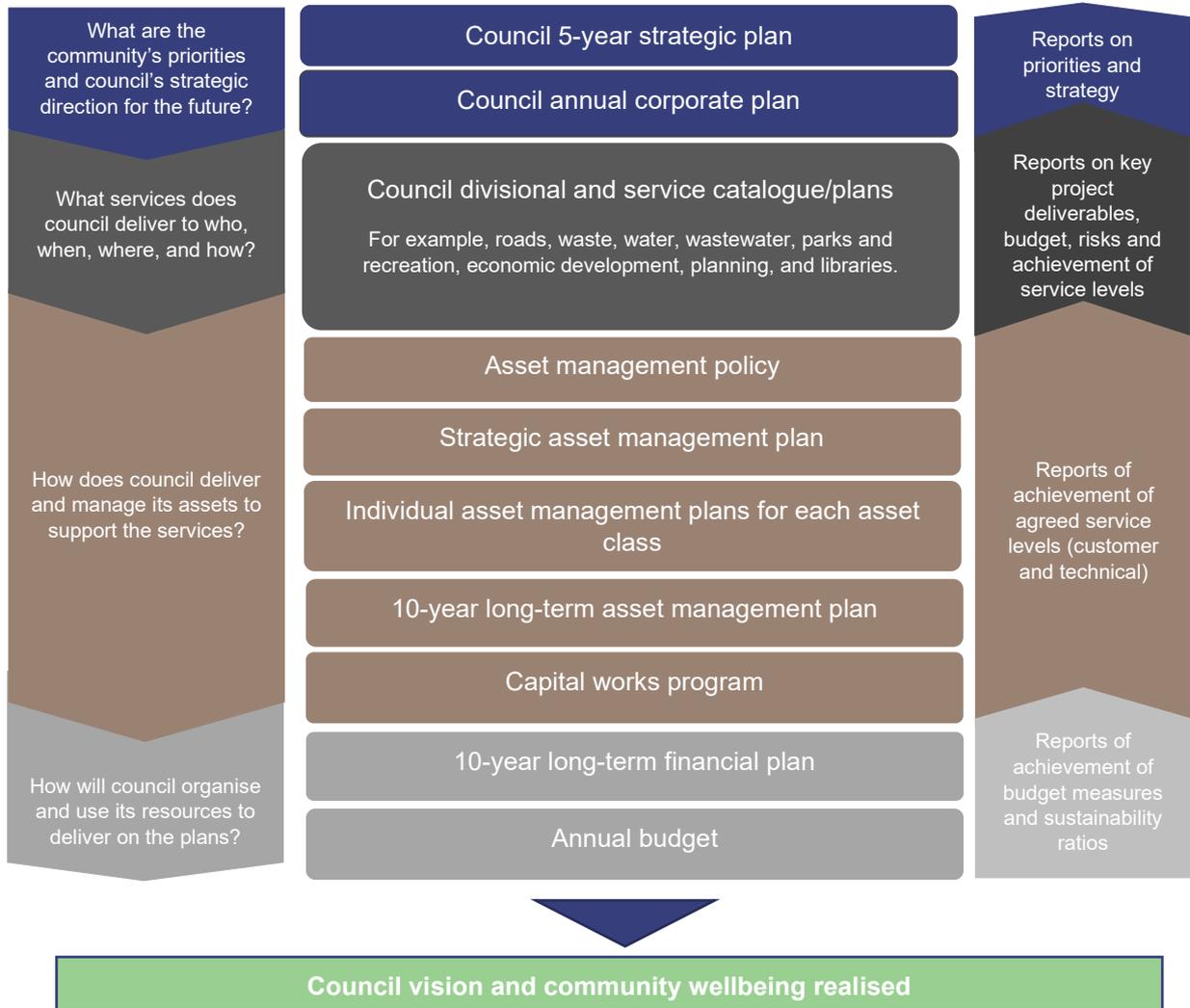
Councils could not readily show us that their current mix of services supported their goals and priorities for their communities. Only one of the 5 councils had clear links in its AMPs to show how the council's assets deliver services to achieve the goals and priorities described in its corporate plans.

Without clear alignment between all their plans, there is a risk that councils will not be able to check that their assets are delivering the level of services required to meet their corporate objectives.

All 5 councils had produced their corporate (5-year) and operational (annual) plans, as required under the *Local Government Act 2009*. These plans set the medium-term goals and priorities for each council's services to the community and the immediate strategies, activities, and projects funded to achieve them.

While one council had clearly included links in its AMPs to its corporate plans, the council had developed new corporate plans in 2021 and not updated its AMPs. The AMPs showed how the assets contributed to the previous corporate goals from 2016. Figure 3D shows how linking the AMPs with councils' other plans creates a clear line of sight for asset planning and achieving council's vision for their communities.

**Figure 3D**  
**Links between asset management plans and other corporate plans**



Source: Queensland Audit Office.

Councils do not translate the community priorities from the corporate plan to the asset management objectives through the asset management policy and the strategic asset management plan. There is no clear line of sight of actionable tasks and goals in the individual asset management plans.

**Maturity self-assessment**



**Self-assessment of 'Strategic planning' from our survey**

The state average for this element is **2.6** which is at the **basic** level. The basic level means that:

- The corporate plan meets most of the legislative requirements.
- An asset management policy and framework exist but are inappropriate for the scale, size, and life cycle of the asset. Some evidence of alignment with corporate strategy, policy and objective, and organisation's overall risk management framework.
- Asset management objectives exist, but they are not yet truly representative of the tactical level objective.
- The asset management strategy outlines and develops an asset portfolio to support service delivery. See [Appendix C](#) for survey results.

*Note: we have not audited these self-assessments.*

Clear alignment between AMPs and councils' priorities for their communities (as committed to in their corporate plans) can ensure good integration across the different areas of a council. It can result in better decisions on the mix of services offered, the levels of services provided, and the overall sustainability of the services.

## Better reporting on the performance of assets is needed

None of the 5 councils report internally to management or externally to the community on the performance of its assets in meeting the service levels in the plans. Without this information, councils cannot be confident that their budgets for asset renewal are at the right level to meet their communities' expectations for the long term.

While many of the councils have targets set for service levels, they do not monitor them. For example, the water AMPs often had targets for how many days it would take to repair a leaking water main, but they do not report on how long it was taking. Without this information, management cannot intervene and reallocate resources or reprioritise renewal projects or maintenance budgets to ensure the council can meet its agreed service levels. Better information on the condition of assets and current levels of service can also inform more efficient scheduling of maintenance activities.

We found that quarterly reports to councils focused on project deliverables and activity. The reports provided no information on outcomes for the community from the councils' services.

### Maturity self-assessment



#### Self-assessment of 'Outcomes and values realisation' from our survey

The state average for this element is **1.9** which is at the **aware** level. The aware level means that:

- Outcomes are not assessed to ensure they achieve objectives or realise value. Levels of service have not been set and confirmed via community consultation.
- Processes are lacking to assess whether the whole of life cycle cost of delivery of the service is optimised while providing an appropriate level of service to the community. See [Appendix C](#) for the survey results.

*Note: we have not audited these self-assessments.*

### Recommendation 2

We recommend all councils assess whether their asset management plans are current and cover all major asset classes, including if:

- the data is consistent with the data in the long-term financial forecast and is based on the same assumptions
- the data needs to be updated because significant changes have reduced its accuracy
- the key performance measures accurately measure whether the council's assets are effectively delivering services aligned with the goals in the corporate plan.



## Asset improvement plans need to have implementation time frames

---

All 5 councils identified improvements in their asset information and systems in their AMPs. One council engaged a consultant to develop a roadmap to outline the strategies and projects needed over the next 5 years to deliver the planned improvements. This roadmap also allocated responsibility to council staff for achieving deliverables and projects.

The other 4 councils identified various strategies to improve the individual AMPs for each asset class, but they did not set specific time frames or allocate responsibilities to council staff. Not setting time frames and accountabilities reduces the likelihood of a council achieving the desired improvements in asset management.

The benefits of developing a program plan or roadmap that clearly specifies the program of work needed to address all the gaps in councils' asset management approaches are that:

- dependencies are clear, ensuring that a project which relies on outputs from another project does not start too early (for example, a project team should define asset data needs and determine the accuracy of its existing data before council procures a new asset management system)
- roles and responsibilities are clear, and councils understand both the scale of the planned work and how it balances with other reforms (for example, balancing planned work can help prevent organisational change fatigue, which could affect success if a council tried to implement 2 major projects, such as a new asset management system and a new payroll system, at the same time).

## Asset information is stored in multiple systems

---

Councils were not able to readily reconcile asset information stored in multiple systems and spreadsheets to ensure it was complete and accurate. Some councils, in their response to our survey, raised concerns that data management was a challenge. They said poor data availability, data quality, and integrating their asset management system with other systems are impacting their asset management practices.

We found that 4 of the 5 councils were using multiple systems that could not share information on various asset classes. The remaining council had a single system to manage all its asset classes.

For the 4 councils, the different systems did not collect and retain standardised asset data. Having inconsistent asset data across the different systems reduces the councils' ability to rely on their data to make informed decisions on asset projects.

Most of the councils were in the process of upgrading their asset systems. The council that had completed the transition to a single asset information system was progressively reconciling all its asset data.

Having a single or integrated asset management systems and regular reconciliation of asset information helps to:

- improve the accuracy of asset data
- increase efficiency and minimise the cost and time to search through multiple systems to find information
- improve decision-making by allowing councils to have access to accurate and up-to-date information.

When systems are not integrated or reconciled, there is a risk that assets may not be recorded, or that information on the asset may be recorded inconsistently. For example, some of the 5 councils were still identifying assets that were not previously recorded in their fixed asset registers (these were mostly of minor value).

More broadly, from our financial audits over the last 5 years we noted that on 44 occasions councils (average of 9 per year) identified ‘found’ assets they had not previously recorded in their financial statements. The total value of these assets was \$1.3 billion, an average of \$252 million per year. The value of assets that councils continue to find highlights the importance of having integrated systems that are regularly reconciled to identify inaccuracies.

In our survey of asset maturity, we asked councils if there were any challenges to improving their approaches to asset management. Of the 52 who responded 10 (19 per cent) said that it was difficult to integrate asset data with their existing systems.

### **Recommendation 3**

We recommend all councils assess whether their data, if stored in separate asset management information systems, is recorded in a way that can be and is reconciled to the financial asset register.

## **Asset management training needs to be planned and coordinated**

---

None of the 5 councils has assessed the asset management capability of its staff and none has any formal training programs to improve asset management approaches.

The wide range of activities associated with the practice of asset management creates a risk that staff may not be able to map out a clear training program for themselves. Without a competency or capability framework for asset management, skill and awareness gaps may develop over time. Councils may not have the capabilities needed to achieve their asset management objectives.

The councils told us that it was difficult to find staff with the skills they needed and to compete with private sector wages. However, they were not effectively supporting the staff they had to improve their skills, to support their asset improvement strategies. Further information on the support provided by the department and its partners for asset management is covered in Chapter 4.

### **Recommendation 4**

We recommend all councils assess whether their workforce plans and/or strategies identify the necessary asset management capabilities and the optional and mandatory training to be completed.

### **Recommendation 5**

We recommend all councils provide their assessments and associated action plans to address any of the above recommendations, where relevant, to their audit and risk committees to allow for regular progress reporting.



## 4. Greater support is needed to build asset management capability

---

The Department of State Development, Infrastructure, Local Government and Planning (the department) administers the *Local Government Act 2009* and the *City of Brisbane Act 2010* (the Acts). Its role is to support local governments in being sustainable, capable, and accountable, so they can enable thriving local communities. It also administers grants for local government, which include funding for infrastructure projects.

In this chapter, we report on how effectively the department provides guidance and support to councils to develop their asset management documents.

### More details are needed for how the department will support better asset management

---

The *Local Government Sustainability and Reporting Framework* (the framework), released in November 2022, does not include a clear description of how the department effectively administers the legislation to ensure compliance and support councils in improving the sustainability of the service delivered by their assets.

The department has established principles for developing sustainability indicators and developed revised draft financial sustainability measures within the financial management guidelines. However, neither the framework nor the financial management guideline outline:

- the department's role in monitoring councils' performance through reviewing their asset sustainability measures
- remedial action that will be taken if compliance with asset management or the asset sustainability ratios are repeatedly not met.

The framework does include the department's role at a high level in 6 areas.

- **Policy** – The department, on behalf of the government, sets the primary legislative framework for the sector through the local government Acts and regulations.
- **Monitoring** – To support its administration of the local government Acts and regulations, the department undertakes ongoing monitoring to gather intelligence about legislative compliance, funding and capability support needs, policy and advocacy opportunities, and the overall health of the sector.
- **Funding** – The department develops and administers state and federal funding programs to support councils in delivering services and infrastructure to their communities.
- **Capability** – The department develops capability building programs to assist councils to meet their statutory responsibilities and deliver the level of performance expected by their communities.
- **Performance response** – The department has the power to intervene if the minister or department considers there is a significant risk to the good governance of a council.
- **Advocacy** – The department engages with stakeholders across and outside government at all levels to represent the interest of the Queensland local government sector.

Under its framework, the department expects councils to ensure:

- assets are well managed and maintained
- capital expenditure is adequately funded when it falls due
- projects are appropriately prioritised and costed
- councils are planning for future community needs.

The department has made it compulsory to calculate and publish the results of financial sustainability ratios (3 of which relate to assets). The 3 sustainability ratios for assets are:

- **asset sustainability ratio** – measures the extent to which infrastructure assets are being replaced as they reach the end of their useful lives
- **asset consumption ratio** – measures the extent to which infrastructure assets have been consumed compared to what it would cost to build a new asset with the same benefit to the community
- **asset renewal funding ratio** – indicates if a council is appropriately funding and delivering the entirety of its required capital program as outlined by its asset management plan.

The framework provides detailed explanations for the ratios and how to collect and use them. The ratios provide important information on past performance and potential threats to sustainability, but it is not clear what other information the department uses to identify councils that need support.

The department has advised us that it is developing a risk framework to interpret the results from the ratios to identify councils at a higher risk of financial unsustainability. However, it has not documented or communicated to councils the actions it intends to take to address repeated low performance. Without clear details on how it will monitor council performance, there is a risk that the sector will not achieve the desired asset sustainability ratios.

#### Recommendation 6

We recommend the Department of State Development, Infrastructure, Local Government and Planning develops a documented compliance strategy to monitor councils' asset management approaches to meet the asset sustainability ratios.

## Advancing asset management project

As part of implementing the framework, the department developed a project to advance asset management, strengthen asset management across Queensland councils, and develop a strategy for holistically monitoring and maintaining asset management maturity across the sector.

While it is too early for us to assess the impact of this project, we observed that it includes:

- assessing the state of asset management across the sector, through a sector-wide asset management maturity survey
- developing council-specific training programs about sustainable funding, systems, resourcing, and other solutions to address capability gaps in key areas
- developing a strategy for the department to monitor and maintain council asset management capability over the long term, including developing tools and templates for councils.



## Ensuring grant applications are supported by accurate information

The department administers 4 grant programs for local government that are available for infrastructure projects. It reports it has paid grants totalling \$361 million over several years to June 2022. The programs are:

- Building our Regions
- Indigenous Economic Development Grant
- Local Government Grants and Subsidies Program
- Works for Queensland.

In 2022, we tabled *Improving grants management* (Report 2: 2022–23). This report recommended all departments assess the risk that decisions to award grants are based on incomplete or inaccurate information.

One of the ways the department could better manage and mitigate this risk would be to require councils to provide the current asset management plan for the asset class relevant to their funding application. Analysing the asset management plans could assure the department that key information on asset projects fits within councils' long-term plans, and that any costs of operating and maintaining new assets will not affect councils' ongoing sustainability.

### Recommendation 7

We recommend the Department of State Development, Infrastructure, Local Government and Planning in assessing grant applications for infrastructure projects, analyses asset management plans to determine whether proposed projects are based on complete and accurate information, aligned to councils' long-term sustainability.

## An assessment of skill gaps is needed to inform training

The department and its partners offer training workshops and online forums to discuss asset management. Participation rates are not high. Only 16 of 77 councils have taken up the training over the last 3 years. We acknowledge that councils may be accessing other training provided by other organisations such as the Institute of Public Works Engineering Australasia and the Local Government Finance Professionals. However, there is no data available on the asset management training needs in local government to allow these groups to effectively work together.

Councils and other key stakeholders in the sector have raised concerns with us about the challenges of attracting and retaining staff with adequate asset management skills. None of the 5 councils had formal asset management training programs, and none had conducted capability assessments to determine the skills required for asset management staff or to identify skills gaps.

Without ongoing asset management training to help build their asset management capability, councils are at risk of not having skilled people to plan and manage their assets. This could affect their ability to deliver services to their communities at the levels expected.

In our survey of asset maturity, we asked councils if there were any challenges to improving their approaches to asset management. Of the 52 who responded, 34 (65 per cent) said that it was difficult to attract and retain staff with the necessary asset management competencies. Councils raised concerns that they cannot compete with private sector wages for staff with good asset management skills and experience.

The department has commissioned Queensland Treasury Corporation (QTC) to provide asset management training to councils.

QTC advised that it has used the following methods to provide asset management training and support to councils over the last 3 years:

- training sessions targeting chief executive officers, finance and procurement managers, and project management teams
- tailored/customised training (specific to a council’s needs)
- webinars.

Councils’ participation in the open and tailored training programs has been relatively low, as shown in Figure 4A. Across the 3 years, 16 councils (21 per cent) have attended the open and tailored programs, while 35 councils (45 per cent) participated in the webinar events.

Most participants were from the asset management and finance teams within councils.

**Figure 4A**  
**Participation rates for Queensland Treasury Corporation asset management training**

Asset management training courses	Number of councils participating		
	2020–21	2021–22	2022–23
Open and tailored programs	2	3	12
Webinars	30	22	7

Note: The total number of councils participating across the years is not the addition of the numbers shown here as some of the same councils attended training in both 2021–22 and 2022–23.

Source: Queensland Treasury Corporation data.

More targeted training, support, and guidance will give staff in councils access to the skills they need to complete asset management plans and keep them up to date. It can also ensure staff from across the asset, finance, and service teams have a common language and understanding of asset management concepts.

Ongoing training can also ensure councils are able to manage staff turnover and consider succession planning. Councils have an opportunity to build internal capacity by developing staff to be able to take on more responsibility as more experienced staff move on.

The department provides training and resources to new councillors on accountability, decision-making, and other responsibilities to help ensure councillors and council employees can deliver on the needs of our communities. It has also partnered with Queensland Treasury Corporation to deliver a series of free and tailored financial management workshops. The program covers financial governance and management concepts and aims to lift performance, instil strategic thinking, and raise awareness of financial management responsibilities in council. The training does not cover asset management.

In our *Local government 2020* (Report 17: 2020–21) report, we recommended that the department provide periodic training to councillors and the senior leadership team for councils that have limitations raising revenue due to remoteness and small populations (that is, councils that are highly reliant on grant funding). We recommended the training focuses on helping councils:

- establish strong leadership and governance
- enhance internal controls and oversight
- improve financial sustainability in the long term.

Our recommendation aimed to improve councillors’ and senior leaders’ understanding of governance and accountability to allow them to drive change within their councils.



The international standard for asset management is clear the leadership and culture is a fundamental element for success. Without this, strategic asset management will not have the support it needs. The need for on-going training for all leaders is critical.

#### Recommendation 8

We recommend the Department of State Development, Infrastructure, Local Government and Planning works with local governments to enhance asset management capability by:

- identifying the key capabilities needed by asset managers
- assessing current asset management capability gaps across councils
- developing strategies to help asset managers improve their capabilities through training and/or mentoring
- providing periodic training to councillors and senior leadership teams focusing on asset leadership and governance
- evaluating the results.

## A better practice guide is needed to support strategic asset management for all asset classes

We found that detailed guidance to Queensland councils for key asset management planning documents is less comprehensive than that provided by entities (with responsibilities for local governments) in other Australian jurisdictions. While the department has developed a sustainability and reporting framework for local governments, it lacks the detail councils need to implement it.

The Department of Regional Development, Manufacturing and Water has developed detailed and specific guidelines for asset management planning documents for urban water service providers under the *Water Supply (Safety and Reliability) Act 2008*, including local governments. However, these planning documents do not apply to all asset classes owned and operated by local governments.

### Guidance on integrating asset management with other planning requirements

The department's framework takes an integrated approach to asset management, but it does not have specific guidelines to support councils in integrating their planning and reporting documents. Having integrated planning ensures a council has a consolidated list of priorities, including budget impacts, asset needs, and services to the community. It also enables:

- finance teams to access accurate information, such as when renewals or upgrades are due, and facilitates the calculation of depreciation and budgets for future capital works
- asset teams to budget for operating costs and plan maintenance activities and inspections to ensure assets are delivering the expected level of service
- service managers to report on how well the assets deliver services to the community and if new services are needed or existing services can be discontinued.

We identified gaps in councils' asset plans that indicate they need more guidance. These gaps were explained in detail in Chapter 3.

A comparison of guidance provided by other jurisdictions shows that the department provides many of the key elements to support councils in improving their asset management. But the department does not provide enough detailed guidance on the minimum requirements for asset planning documents. It has not developed guidelines that set the minimum expectations required for a long-term asset management plan or individual asset management plans (by class). More information on the department's framework is in [Appendix F](#).



Figure 4B shows that, overall, Queensland compares well to other Australian jurisdictions in providing guidance to local governments on asset management, except for detailed guidance to support asset management.

**Figure 4B**  
**Comparison of guidance given to councils on asset management, by jurisdiction**

Asset management guidance	QLD	NSW	NT	SA	TAS	VIC	WA
Requirements detailed in legislation	✓	x	✓	✓	✓	✓	x
Integrated framework for asset management	✓	✓	x	x	✓	✓	✓
Detailed guidelines/handbooks to support asset management	x	✓	x	x	✓	✓	✓
Reporting requirements for asset sustainability	✓	x	x	x	✓	✓	x

Note: QLD – Queensland; NSW – New South Wales; NT – Northern Territory; SA – South Australia; TAS – Tasmania; VIC – Victoria; WA – Western Australia.

Source: Queensland Audit Office analysis of national guidelines and frameworks.

The Victorian *Local Government Asset Management Better Practice Guide* is very detailed, and it highlights the benefits of effective asset management. Importantly, it also lists the key elements of 3 critical documents: the asset policy, strategy, and plan. It explains why each of the documents is important and what information to include.

Figure 4C shows the key sections of an AMP and details some of the critical elements that councils need further support and guidance to meaningfully complete. Involvement of the finance, assets, and service teams is vital for developing a useful AMP that integrates with councils’ other key plans. The Victorian better practice guide encourages councils to take a strategic approach to developing asset management plans that include:

- engaging with community on the trade-off between cost, service levels, risks, and social equity
- managing and communicating risk and affordable service targets
- developing long-term plans for financial sustainability
- providing affordable service level objectives that include a balanced scenario considering performance, cost, and risk
- integrating the effective management of assets with service planning.



**Figure 4C**  
**Key elements of an asset management plan**



Source: Queensland Audit Office based on better practice.

Without clear guidance, Queensland councils may not be able to demonstrate integration between their asset plans with whole-of-council planning or consistently document how they will manage assets to deliver services in the long term. This could lead to reduced service delivery to their communities.

#### **Recommendation 9**

We recommend the Department of State Development, Infrastructure, Local Government and Planning develops comprehensive better practice guidance for local government on the minimum requirements and templates for the following key asset management documents:

- asset management policy
- long-term asset management plan
- asset management plans (for individual asset classes).

# Appendices

---

<b>A.</b>	<b>Entity responses</b>	<b>26</b>
<b>B.</b>	<b>Audit scope and methods</b>	<b>52</b>
<b>C.</b>	<b>Results of asset management maturity self-assessments</b>	<b>53</b>
<b>D.</b>	<b>Map of Queensland local government segments</b>	<b>57</b>
<b>E.</b>	<b>Summary of previous sustainability recommendations</b>	<b>58</b>
<b>F.</b>	<b>Sustainability and reporting framework</b>	<b>61</b>



# A. Entity responses

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comment to:

- the Deputy Premier, Minister for State Development, Infrastructure, Local Government and Planning and Minister Assisting the Premier on Olympic and Paralympic Games Infrastructure
- the Director-General, Department of State Development, Infrastructure, Local Government and Planning
- the chief executive officers of the councils involved in this audit.

We provided a copy of the report to the Premier, and the Director-General, Department of the Premier and the Cabinet, with an invitation to respond.

We also provided a copy of the report to the mayors of the councils involved in this audit, and the remaining 72 councils, with the option to respond.

This appendix contains the detailed responses we received.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.

Entity response	Page
Department of State Development, Infrastructure Local Government and Planning	<u>27</u>
Cairns Regional Council	<u>31</u>
Central Highlands Regional Council	<u>34</u>
Ipswich City Council	<u>37</u>
Mareeba Shire Council	<u>41</u>
Murweh Shire Council	<u>43</u>
Maranoa Regional Council	<u>47</u>
Sunshine Coast Council	<u>48</u>
Whitsunday Regional Council	<u>50</u>



# Comments received from Director-General, Department of State Development, Infrastructure, Local Government and Planning



Department of  
**State Development, Infrastructure,  
Local Government and Planning**

17 July 2023

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
QAO.Mail@qao.qld.gov.au

Dear Mr Worrall

Thank you for your email of 21 June 2023 regarding the Draft Report to Parliament, *Improving Asset Management in Local Government* (the draft report). I note you also emailed the Honourable Steven Miles MP, Deputy Premier, Minister for State Development, Infrastructure, Local Government and Planning and Minister Assisting the Premier on Olympic and Paralympic Games Infrastructure.

Thank you for providing the Department of State Development, Infrastructure, Local Government and Planning (the department) with an opportunity to review the draft report. The department supports the draft recommendations made to councils and will assist councils to better plan for, and sustainably manage, the breadth of assets they administer, which provide much-valued services to Queensland communities. I intend to write to each council to emphasise the importance of implementing these recommendations.

The department also appreciates the recognition that council asset management must be fit-for-purpose for the communities they serve and it will continue to work with the sector through the Advancing Asset Management project (AAM project) currently underway, as well as its existing programs, to support councils in strengthening their capability in this area.

With regards to your recommendations to the department, I provide the following comments in addition to the completed recommendation table enclosed:

**Recommendation 6:** *Developing a documented compliance strategy to monitor councils' asset management approaches to meet the asset sustainability ratios.*

The department supports this recommendation and it will address it through the AAM project currently underway.

**Recommendation 7:** *In assessing grant applications for infrastructure projects, analysing asset management plans to determine whether proposed projects are based on complete and accurate information, aligned to councils' long-term sustainability.*

The department supports this recommendation in principle and will investigate approaches to address it taking into consideration the deficiencies identified in the draft report with the current quality of asset information in the sector, particularly in smaller councils which have the greatest funding needs as well as the largest capability challenges.

1 William Street  
Brisbane Queensland 4000  
PO Box 15009  
City East Queensland 4002  
**Telephone** 13 QGOV (13 74 68)  
**Website** [www.statedevelopment.qld.gov.au](http://www.statedevelopment.qld.gov.au)  
**ABN** 29 230 178 530

The department will engage with the sector and its stakeholders on this matter through the AAM project.

**Recommendation 8:** *Working with local governments to enhance asset management capability by:*

- *identifying the key capabilities needed by asset managers*
- *assessing current asset management capability gaps across councils*
- *developing strategies to help asset managers improve their capabilities through training and/or mentoring*
- *providing periodic training to councillors and senior leadership teams focusing on asset leadership and governance*
- *evaluating the results.*

The department supports this recommendation and is currently addressing it through the AAM project.

The department also notes that there are other stakeholders such as the Institute of Public Works Engineering Australasia (IPWEA) that may be better placed, or already provide training and mentoring to the sector on these issues. The department will engage with IPWEA and other stakeholders to investigate opportunities to further support this recommendation.

The department is currently undertaking preparations for the 2024 quadrennial local government elections and councillor induction program. Asset management has been identified as a key content area for training for incoming councillors.

**Recommendation 9:** *Developing comprehensive better practice guidance for local government on the minimum requirements and templates for the following key asset management documents:*

- *asset management policy*
- *long-term asset management plan*
- *asset management plans (for individual asset classes).*

The department supports this recommendation and notes that there are other stakeholders such as IPWEA that may be better placed, or already provide guidance to the sector on these issues.

The department will engage with IPWEA and other stakeholders to investigate opportunities to further support this recommendation through the AAM project.

If you require any further information, please contact [REDACTED]

Yours sincerely



Mike Kaiser  
**Director-General**

Enc

## Responses to recommendations

### Department of State Development, Infrastructure, Local Government and Planning

#### *Improving asset management in local government*

Response to recommendations provided by Mike Kaiser, Director-General, Department of State Development, Infrastructure, Local Government and Planning on 17 July 2023

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend the Department of State Development, Infrastructure, Local Government and Planning:</p> <p>6. develops a documented compliance strategy to monitor councils' asset management approaches to meet the asset sustainability ratios.</p>	Agree	Q3 2024	The Advancing Asset Management (AAM) project includes the development of a departmental strategy for monitoring and improving council asset management practices, which will be aligned to the Local Government Sustainability Framework.
<p>7. in assessing grant applications for infrastructure projects, analyses asset management plans to determine whether proposed projects are based on complete and accurate information, aligned to councils' long-term sustainability.</p>	Agree in principle	Commencing Q3 2024	The department will align implementation of this recommendation to increases in council asset management capability over time, noting that small regional, remote, and Indigenous councils are currently challenged to produce complete and accurate asset forecasts (which will be addressed through the AAM project).
<p>8. works with local governments to enhance asset management capability by:</p> <ul style="list-style-type: none"> <li>• identifying the key capabilities needed by asset managers</li> <li>• assessing current asset management capability gaps across councils</li> <li>• developing strategies to help asset managers improve their capabilities through training and/or mentoring</li> <li>• providing periodic training to councillors and senior leadership teams focusing on asset leadership and governance</li> <li>• evaluating the results.</li> </ul>	Agree	Commenced Q1 2023	<p>The department is currently assessing council asset management capability gaps through the initial phase of the AAM project.</p> <p>The outcomes will inform the development of new councillor induction training for the 2024 quadrennial elections and will also inform the department's ongoing training programs.</p> <p>Additional capability development and monitoring strategies will be investigated through the AAM project.</p>



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
9. develops comprehensive better practice guidance for local government on the minimum requirements and templates for the following key asset management documents: <ul style="list-style-type: none"> <li>• asset management policy</li> <li>• long-term asset management plan</li> <li>• asset management plans (for individual asset classes).</li> </ul>	Agree	Commencing Q3 2024	The AAM project includes the development of fit-for-purpose tools, templates and other resources (including the documents mentioned in this recommendation) to support local governments.



# Comments received from Chief Executive Officer, Cairns Regional Council



ENQUIRIES:   
PHONE:   
YOUR REF:   
OUR REF:

11 July 2023

Brendan Worrall  
Auditor-General  
PO Box 15396, City East Qld 4002  
[gao@gao.qld.gov.au](mailto:gao@gao.qld.gov.au)

Dear Mr Worrall

### Comments on Proposed Report- Improving Asset Management in Local Government

I refer to the email from the Auditor-General to Cairns Regional Council (Council) of 21 June 2023 inviting feedback on the proposed report to Parliament on improving asset management in Local Government.

Firstly, Council would like to thank the Queensland Audit Office for the opportunity to participate in this audit. The audit has provided Council with the opportunity to get an independent view of its asset management and identify opportunities to continuously improve.

Council acknowledges that there is room for Councils to continuously improve on how they manage assets, to ensure that sustainable, value adding services are delivered to the communities they serve.

Moreover, Council sees significant benefits in the Department of State Development, Infrastructure, Local Government and Planning spearheading this continuous asset management journey across all Councils.

Please see attached our response to the Recommendations table.

Yours sincerely

A handwritten signature in black ink, appearing to read "Mica Martin".

Mica Martin  
Chief Executive Officer

 [www.cairns.qld.gov.au](http://www.cairns.qld.gov.au)  
[council@cairns.qld.gov.au](mailto:council@cairns.qld.gov.au)

 PO Box 359, Cairns Q 4870  
119-145 Spence St, Cairns Q 4870

 Ph: 1300 69 22 47  
24 hours / 7 days



ABN: 24 310 025 910

100% recycled paper.



## Responses to recommendations

### Cairns Regional Council

#### *Improving asset management in local government*

Response to recommendations provided by Cairns Regional Council on 11 June 2023

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend all councils, assess whether their:</p> <ol style="list-style-type: none"> <li>governance structures and culture ensure a whole-of-council (finance, asset, and service teams) approach to asset management, including planning, operating and maintaining, disposing and monitoring performance of assets.</li> </ol>	Agree	Q4 2023/24	<ol style="list-style-type: none"> <li>Review the existing governance structure for Council's asset management to ensure a whole-of-Council approach to asset management.</li> <li>Identify, develop and implement an asset management culture focussed action items based on the findings of Council's staff engagement survey</li> </ol>
<ol style="list-style-type: none"> <li>asset management plans are current and cover all major asset classes, including if:                             <ul style="list-style-type: none"> <li>the data is consistent with the data in the long-term financial forecast and is based on the same assumptions</li> <li>the data needs to be updated because significant changes have reduced its accuracy</li> <li>the key performance measures accurately measure whether the council's assets are effectively delivering services aligned with the goals in the corporate plan</li> </ul> </li> </ol>	Agree	Q1 2026/27	<ol style="list-style-type: none"> <li>Undertake a comprehensive review and refresh of all Council's Asset Management Plans</li> </ol>
<ol style="list-style-type: none"> <li>data, if stored in separate asset management information systems, is recorded in a way that can be and is reconciled to the financial asset register.</li> </ol>	Agree	Q3 2023/24-Q4 2024/25	<ol style="list-style-type: none"> <li>Development of an Asset Information Management Accountability Framework.</li> <li>Development of an asset information requirements and model for the different asset classes.</li> <li>Undertaking asset data quality assessments.</li> <li>Development of an Asset Information Strategy.</li> <li>Development of critical data improvement program.</li> </ol>

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
4. workforce plans and/or strategies identify the necessary asset management capabilities and the optional and mandatory training to be completed.	Agree	Q2 2024/25	<ol style="list-style-type: none"> <li>1. Development of Asset Management Competency Framework.</li> <li>2. Undertaking a competency assessment and subsequent training based on the Asset Management Competency Framework.</li> <li>3. Review of roles and responsibilities for Council's Asset Management Groups.</li> <li>4.</li> </ol>
We recommend all councils:	Agree	Q1 2023/24	
5. provide their assessments and associated action plans to address any of the above recommendations, where relevant, to their audit and risk committees to allow for regular progress reporting.			<ol style="list-style-type: none"> <li>1. Add agreed Queensland Audit Office recommendations in Audit recommendations register.</li> <li>2. Regularly report to Audit Committee on progress with implementing the agreed recommendations.</li> </ol>



## Comments received from Chief Executive Officer, Central Highlands Regional Council



## Responses to recommendations

### Central Highlands Regional Council

#### *Improving asset management in local government*

Response to recommendations provided by Sharon Houlihan, Chief Executive Officer, Central Highlands Regional Council on 12 July 2023.

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend all councils, assess whether their:</p> <ol style="list-style-type: none"> <li>governance structures and culture ensure a whole-of-council (finance, asset, and service teams) approach to asset management, including planning, operating and maintaining, disposing and monitoring performance of assets.</li> </ol>	Agree	Q4 2023-24	Council agrees that a whole-of-life approach should be used for asset management. Council has established a Strategic Program Governance Group to implement Project Decision Framework that supports this approach into the future.
<ol style="list-style-type: none"> <li>asset management plans are current and cover all major asset classes, including if:                             <ul style="list-style-type: none"> <li>the data is consistent with the data in the long-term financial forecast and is based on the same assumptions</li> <li>the data needs to be updated because significant changes have reduced its accuracy</li> <li>the key performance measures accurately measure whether the council's assets are effectively delivering services aligned with the goals in the corporate plan</li> </ul> </li> </ol>	Agree	Q2 2023-24	Council is currently updating asset management plans for all asset class. However, due to resource constraints, <u>not all asset classes are required or should have an advanced level of approach to asset management.</u> The progression of asset management maturity should be done on a risk/materiality basis, i.e., largest asset classes and high-risk asset classes should be prioritised first. Subject to resources and risk, other asset classes should then be prioritised.
<ol style="list-style-type: none"> <li>data, if stored in separate asset management information systems, is recorded in a way that can be and is reconciled to the financial asset register.</li> </ol>	Agree	Q4 2024-25	Council agrees with this recommendation and is working with our Enterprise software provider to improve data transfer.
<ol style="list-style-type: none"> <li>workforce plans and/or strategies identify the necessary asset management capabilities and the optional and mandatory training to be completed.</li> </ol>	Agree	Q4 2023-24	Council staff within the Strategic Asset Management team are skilled and trained in asset management principles. Workforce planning across the management levels of council could consider asset management capabilities and optional and mandatory training based on position.
<p>We recommend all councils:</p> <ol style="list-style-type: none"> <li>provide their assessments and associated action plans to address any of the above</li> </ol>	Agree	Q2 2023-24	Council supports providing this audit and associated action plan to our internal

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
recommendations, where relevant, to their audit and risk committees to allow for regular progress reporting.			audit committee to allow for progress reporting to be relevant and timely.



## Comments received from Chief Executive Officer, Ipswich City Council



## Responses to recommendations



### Ipswich City Council

#### *Improving asset management in local government*

Response to recommendations provided by Sonia Cooper, Chief Executive Officer, Ipswich City Council on 7 July 2023.

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend all councils, assess whether their:</p> <ol style="list-style-type: none"> <li>governance structures and culture ensure a whole-of-council (finance, asset, and service teams) approach to asset management, including planning, operating and maintaining, disposing and monitoring performance of assets.</li> </ol>	Agree	<p>Implemented July 2023</p> <p>To be reviewed August 2024</p>	<p>Ipswich City Council has implemented a new governance structure and arrangements from July 2023. This work has been completed through council's Effective Asset Management (EAM) Project.</p> <p>Supporting documentation includes:</p> <ul style="list-style-type: none"> <li>- Asset Management Governance Guide</li> <li>- Infrastructure Asset Management Policy</li> <li>- Asset Management Roles and Responsibilities Administrative Directive</li> <li>- Asset Management Steering Committee</li> </ul>



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
2. asset management plans are current and cover all major asset classes, including if: <ul style="list-style-type: none"> <li>• the data is consistent with the data in the long-term financial forecast and is based on the same assumptions</li> <li>• the data needs to be updated because significant changes have reduced its accuracy</li> <li>• the key performance measures accurately measure whether the council's assets are effectively delivering services aligned with the goals in the corporate plan</li> </ul>	Agree	Implementation of revised full suite of core Asset Management Plans to be adopted and in place by July 2025.	Council has asset management plans for major asset classes that require updating. During the 2023-2024 financial year, updates to the current plans will be completed. These updates will predominantly focus on asset data detail.  Through both the EAM project and business as usual, a full review of the current plans and replacement with new will be undertaken.
3. data, if stored in separate asset management information systems, is recorded in a way that can be and is reconciled to the financial asset register.	Agree	June 2024	Council has already completed considerable steps in improving the way data enters both the physical and financial asset registers. Consolidation of the registers is progressing along with changes in procedures and processes for the onboarding of new assets.  Council is planning to develop an Asset Information Strategy and Asset Data Standards that will include the requirements and specifications for the registers.
4. workforce plans and/or strategies identify the necessary asset management capabilities and the optional and mandatory training to be completed.	Agree	December 2024	Council has commenced delivery of asset management awareness information sessions throughout the organisation.  During the 2024-2025 financial year council will produce a draft workforce plan to address the future needs of officers and mandatory training requirements.



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend all councils:</p> <ol style="list-style-type: none"> <li>provide their assessments and associated action plans to address any of the above recommendations, where relevant, to their audit and risk committees to allow for regular progress reporting.</li> </ol>	Agree	<p>Report will be submitted to the August 2023 Audit and Risk Management Committee (Committee). Actions will be submitted to the Committee at the October 2023 meeting.</p>	<p>Once the report and actions have been submitted to the Audit and Risk Management Committee, the actions will be monitored and reported through council's Internal Audit Branch and the Asset Management Steering Committee.</p>



## Comments received from Chief Executive Officer, Mareeba Shire Council

---



**Mareeba**  
SHIRE COUNCIL

65 Rankin Street  
PO Box 154 MAREEBA QLD 4880

P: 1300 308 461  
F: 07 4092 3323

W: [www.msc.qld.gov.au](http://www.msc.qld.gov.au)  
E: [info@msc.qld.gov.au](mailto:info@msc.qld.gov.au)

Council Ref:

Your Ref: <External Ref>

12 July 2023

Queensland Audit Office

Dear Sir/Madam

**IMPROVING ASSET MANAGEMENT IN LOCAL GOVERNMENT**

Mareeba Shire Council was one of five Council's that were involved in the "Improving asset management in local government" audit. Asset Management is pivotal to ensure that local governments have the capacity to deliver their strategy priorities into the future and our Council has put considerable efforts into improving our asset management processes over the past few years. This is reflected in the audit and while we recognise there is still more to do, the limited resources available to us means this will be a very long-term project.

With regard to the report to Parliament "Improving asset management in local government" our Council accepts all the recommendations. Our Manager Finance and Manger Assets and Projects will be jointly responsible for implementing them with a target date of December 2024.

Yours faithfully

**PETER FRANKS**  
CEO



## Responses to recommendations

### Mareeba Shire Council

#### *Improving asset management in local government*

Response to recommendations provided by [redacted]  
12 July 2023.

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend all councils, assess whether their:</p> <ol style="list-style-type: none"> <li>governance structures and culture ensure a whole-of-council (finance, asset, and service teams) approach to asset management, including planning, operating and maintaining, disposing and monitoring performance of assets.</li> </ol>	Agree	December 2024	Manager Assets and Projects and Manager Finance to review and assess.
<ol style="list-style-type: none"> <li>asset management plans are current and cover all major asset classes, including if: <ul style="list-style-type: none"> <li>the data is consistent with the data in the long-term financial forecast and is based on the same assumptions</li> <li>the data needs to be updated because significant changes have reduced its accuracy</li> <li>the key performance measures accurately measure whether the council's assets are effectively delivering services aligned with the goals in the corporate plan</li> </ul> </li> </ol>	Agree	December 2024	Manager Assets and Projects and Manager Finance to review and assess.
<ol style="list-style-type: none"> <li>data, if stored in separate asset management information systems, is recorded in a way that can be and is reconciled to the financial asset register.</li> </ol>	Agree	December 2024	Manager Assets and Projects and Manager Finance to review and assess.
<ol style="list-style-type: none"> <li>workforce plans and/or strategies identify the necessary asset management capabilities and the optional and mandatory training to be completed.</li> </ol>	Agree	December 2024	Manager Assets and Projects and Manager Finance to review and assess.
<p>We recommend all councils:</p> <ol style="list-style-type: none"> <li>provide their assessments and associated action plans to address any of the above recommendations, where relevant, to their audit and risk committees to allow for regular progress reporting.</li> </ol>	Agree	December 2024	Manager Assets and Projects and Manager Finance to review and assess.

## Comments received from Chief Executive Officer, Murweh Shire Council



Address all communications to the chief executive officer.

**Mail to:** PO Box 63 Charleville Q 4470

**E:** ceo@murweh.qld.gov.au

**P:** (07) 4656 8355 | **F:** (07) 4656 8399

**www.murweh.qld.gov.au**

95-101 Alfred Street, Charleville

A.B.N. 98 117 909 303

Queensland Audit Office

14 July 2023

**Re: Managing sustainable Local Government services**

I refer to the abovementioned and your request for a response from Council.

Rural and remote Council's face ongoing and significant challenges in respect of long-term sustainability. Murweh Shire shares these challenges with like Council's and additionally has its own unique factors to contend with. One of the primary differentiators between rural and remote council's and urban councils is the very low rate payer base coupled with a significant reliance on government funding for long term sustainability.

Council is pro-active and open in seeking to address issues as they arise including implementing systems and/or policies to minimise the effect of the identified challenges to Council and its communities.

Council is committed to ongoing improvement of service delivery and meeting or preferably exceeding community expectations.

The ever-changing Local Government environment necessitates the need to be fluid in terms of meeting service sustainability and delivery benchmarks.

As an important step, Council is currently reviewing its operations and adjusting to a best fit model to proactively, effectively and efficiently meet its obligations.

In terms of long-term sustainability, reviewing, amending and implementing Asset and Financial Management systems and methods have been prioritised by Council as vitally important, however, practical and appropriate timeframes are needed to assist the organisation to implement the changes. This will require additional funding to engage the requisite expertise to assist in the Asset and Financial Management of Council.

On behalf of Council, I thank you for the opportunity to respond and trust the advice meets your requirements.

Yours sincerely

Sabine Taylor  
Chief Executive Officer



## Responses to recommendations



### Murweh Shire Council

#### Improving asset management in local government

Response to recommendations provided by 2023>

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend all councils, assess whether their:</p> <ol style="list-style-type: none"> <li>governance structures and culture ensure a whole-of-council (finance, asset, and service teams) approach to asset management, including planning, operating and maintaining, disposing and monitoring performance of assets.</li> </ol>	Agree	<p>Q4 31/6/2024 (Staged approach to be taken)</p> <p>*Indicative time frame subject to being able to source grant funding.</p>	<p>This is a significant piece of work that will require a project plan that includes and defines Councils approach, associated costs, and success factors. It will require additional grant funding to design and implement. Without this grant funding the time – frame will need to be extended.</p>



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
2. Asset management plans are current and cover all major asset classes, including if: <ul style="list-style-type: none"> <li>the data is consistent with the data in the long-term financial forecast and is based on the same assumptions</li> <li>the data needs to be updated because significant changes have reduced its accuracy</li> <li>the key performance measures accurately measure whether the council's assets are effectively delivering services aligned with the goals in the corporate plan</li> </ul>	Agree	31/6/2024 *Indicative time frame subject to being able to source grant funding	Data will be updated to reflect the existing condition of assets and aligned to the long term financial plan. Please see comments above for 1 – they apply here.
	Agree	31/6/2024 *Indicative time frame subject to being able to source grant funding	Data in asset register will be updated to improve accuracy. Please see comments above for 1 – they apply here.
	Agree	31/06/2024 *Indicative time frame subject to being able to source grant funding	These performance measures need to be identified and aligned appropriately to service delivery and the corporate plan. Please see comments above for 1 – they apply here.
3. data, if stored in separate asset management information systems, is recorded in a way that can be and is reconciled to the financial asset register.	Agree	31/6/2024 *Indicative time frame subject to being able to source grant funding	Data collection, storage and subsequent reporting will require review.  Please see comments above for 1 – they apply here.
4. workforce plans and/or strategies identify the necessary asset management capabilities and the optional and mandatory training to be completed.	Agree	31/6/2024 *Indicative time frame subject to being able to source grant funding	Please see comments above for 1 – they apply here.  This will require the assistance of a specialist consultant to identify strategies, complete workforce plans and confirm what mandatory training will be required.
We recommend all councils:			
5. provide their assessments and associated action plans to address any of the above recommendations, where relevant, to their audit and risk committees to allow for regular progress reporting.	Agree	31/6/2024 *Indicative time frame subject to being able to source grant funding	Due to its size - Murweh Shire Council does not have an audit and risk committee.  Regular updates will be provided to the Ordinary Meeting of Council

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
			Please see comments above for 1 – they apply here.



## Comments received from Chief Executive Officer, Maranoa Regional Council

**Enquiries to:** Office of the CEO  
**Phone:** 1300 007 662 (via Customer Service)  
**Email:** ceo@maranoa.qld.gov.au  
**Our Ref:** [REDACTED]



19 July 2023

Dear Sir,

**RE: REPORT IMPROVING ASSET MANAGEMENT IN LOCAL GOVERNMENT 2023**

We support the majority of the report, and it captures the range of challenges for Local Government well. I would flag that overlaying additional governance committees on top of existing practices would only work in larger councils where they are staffed in a way that this would benefit. What the report raises is for a better psychology of practice to prevail however 'another committee' is not always the most effective way to do this.

One of the many challenges for Councils of small and medium size is their operating system constraints that would allow for good analysis of data simply and easily. Even at the Maranoa our system integration is limited, and we do many work arounds to put the data into a good decision making format. For many of the smaller councils their operating systems simply cannot meet this need. Whilst some of the issues are about building capability as you point out, we are often stuck with expensive systems that have not kept up to date with contemporary LG needs or have been 'sold' systems that really cant do the work needed in the way it is needed.

What is called for is advocacy for investment into the right kind of business intelligence that makes this decision making more mechanical as we all use project decision making frameworks anyway. I believe this is coming and systems will be disrupted over the next two years to make it easier for better decision at the operational level.

I believe that (instead of committee structures) it is really about putting in the necessary steps into the workflows for better decision making especially around projects and quite simply encouraging councils to include this as part of their strategic reporting to councils as part of their ordinary meeting agenda development. In this way it is integrating AMP into the dna of the organisation rather than as an add on process.

I agree with the VG comments about State Government leadership and also see a critical role for DSDLGILP. I would highlight that their recent advancing asset management pilot with peaks such as IPWEA to provide operable solutions and build capability is heading in the right direction.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Edwina Marks", is enclosed in a thin black rectangular box.

Edwina Marks  
Chief Executive Officer  
Maranoa Regional Council

**Maranoa Regional Council**  
Cnr Bungil & Quintin Streets  
Roma Queensland 4455

**PHONE** 1300 007 662  
**FAX** 07 4624 6990  
**EMAIL** council@maranoa.qld.gov.au

PO Box 620, Roma Qld 4455  
ABN: 99 324 089 164  
**www.maranoa.qld.gov.au**

# Comments received from Chief Executive Officer, Sunshine Coast Council



12 July 2023

Auditor-General correspondence  
Queensland Audit Office  
53 Albert Street  
BRISBANE QLD 4000

Email: [QAO.Mail@gao.qld.gov.au](mailto:QAO.Mail@gao.qld.gov.au)

**Re: Comments on proposed report - *Improving asset management in local government***

I refer to the email from the Auditor-General dated 21 June 2023 inviting feedback on the draft report *Improving asset management in local government*, which the Auditor-General is proposing to finalise and table in parliament in mid July 2023.

Generally, Council is supportive of the report findings and recommendations. Local Government is responsible for delivering a high number of services to the community. To enable this service delivery infrastructure assets need to be in good condition and performing well to meet the desired or set service levels and the expectations of the community, ensuring safety and long-term financial sustainability.

The report provides some meaningful and tangible recommendations to improve the asset management maturity and competency across the local government sector to ensure quality service delivery.

As a Council we are implementing an Asset Management Transformation Program which is consistent with the recommendations listed in the report. We also continue to provide updates on actions, including timeframes to our Audit Committee which is also consistent with the recommendations outlined within the report.

Of note, the report indicated that the challenges in relation to asset management practices within local government are similar and there is a collective need to increase the maturity and capability of the sector. What is interesting is that this information was also based on a self-assessment process which provides a robust place to which to make improvements.

As reflected in the report and discussed at the recent Institute of Public Works Engineering Australasia (IPWEA International Asset Management Congress, (where QAO also attended), different jurisdictions of Australia have stronger core competency frameworks for asset management. Victoria was named as an example of this in section 4 of the report, page 22. An item of discussion and potential inclusion from the Congress and draft IPWEA White Paper, was to support a national approach to a consistent asset management and financial sustainability framework. This would provide a standardised approach to best practice and

T 07 5475 7272 E [mail@sunshinecoast.qld.gov.au](mailto:mail@sunshinecoast.qld.gov.au)  
Locked Bag 72 Sunshine Coast Mail Centre Qld 4560  
[sunshinecoast.qld.gov.au](http://sunshinecoast.qld.gov.au)

Caloundra 77 Bulcock Street Caloundra Qld 4551  
Maroochydore Sunshine Coast City Hall  
54 First Avenue Maroochydore Qld 4558  
Nambour Cnr Currie and Bury Streets Nambour Qld 4560

Sunshine Coast Regional Council ABN 37 876 973 913

1 of 2

assist in attracting and retaining asset management practitioners to the profession of asset management, especially when the planning and compliance approach is of a national standard. Anecdotally there is a growing demand for asset management practitioners which is outstripping supply.

To achieve the recommendations local government does need the ongoing support of the State Government, Queensland Treasury Corporation (QTC) and the Queensland Audit Office to achieve these results. Appreciation of the time in implementing the organisational change inherent in these recommendations is also critical and Councils should strongly advocate to develop their own improvement roadmaps consistent with their level of resourcing.

Council would like to see a more focused approach to grant funding opportunities that assist in improving data quality and capture as these underpin the insights and information contained in Asset Management Plans and Strategies, which can then align better to Long Term Financial Planning. Section 3 under Case study 2 in the report identified such opportunities under the *Local Government Grants and Subsidies Scheme*.

The report strongly recommends greater participation in department or QTC led training for asset management whilst acknowledging industry-based learning pathways such as those delivered by IPWEA and Local Government Finance Professionals – both which provide excellent training opportunities and professional development points. Leveraging the popularity of these industry-based learning pathways with existing training opportunities delivered by the department would be a great opportunity.

There was a strong reference in Recommendation 7 for the department, in assessing grant applications for infrastructure and analysing asset management plans, to determine whether proposed projects are based on complete and accurate information aligned to Councils sustainability. This is without doubt best practice, however further guidance and lead time would be required to ensure the adequate information required for the department is contained sufficiently within existing and future Asset management Plans and does not during a transition phase, disadvantage a council who can demonstrate the implementation of an Asset Management improvement roadmap.

Overall, it is very pleasing to see that the recommendations align to Councils own Asset Management Transformation Program however realistic targets with prioritised improvement outcomes, resourcing and appropriate timeframes are required to bring about the lasting and ongoing changes required.

Thank you for the opportunity to provide feedback on the proposed report and should your office require any further information or clarification of the matters outlined above, please do not hesitate to contact my office.

Yours sincerely



**Emma Thomas**  
**CHIEF EXECUTIVE OFFICER**



# Comments received from Director Corporate Services, Whitsunday Regional Council



**Correspondence:**  
Chief Executive Officer,  
Whitsunday Regional Council,  
PO Box 104, Proserpine QLD 4800  
P: 1300 WRC QLD (1300 972 753)  
F: (07) 4945 0222  
E: [info@whitsundayrc.qld.gov.au](mailto:info@whitsundayrc.qld.gov.au)  
[www.whitsundayrc.qld.gov.au](http://www.whitsundayrc.qld.gov.au)  
ABN 63 291 580 128

12 July 2023

Auditor General  
Queensland Audit Office

[gao@gao.qld.gov.au](mailto:gao@gao.qld.gov.au)

Dear Auditor-General,

## RE: Improving Asset Management in Local Government Proposed Report Response

Thank you for the opportunity to respond to the recent audit on improving asset management in local government.

We believe that the gaps identified within the draft report and the support recommended aligns with Whitsunday Regional Council's view on the current state of Asset Management maturity at Council and across all local governments.

Whitsunday Regional Council began an Asset Management (AM) Maturity Journey in 2021 undertaking a number of independent reviews on our AM processes, people and practices, our systems and governance. This review highlighted 26 actions required to be completed over a 3-year period to increase our level of maturity which started at a low base.

Since this review, we have been implementing changes across the organisation to increase our AM maturity including:

- Implementing a Governance Structure for oversight including a Steering Committee, a working group and also setting roles and responsibilities across all asset types
- Developing an Asset Management Strategy collaboratively with all Asset Managers & Service Managers identifying roles and responsibilities to clarify who and how asset management will be undertaken across Council aligned with current service delivery.
- Implementing an Asset Management Capacity Building approach to upskill key roles across the organisation with minimum requirements which will then lead to Position Descriptions being amended to include minimum requirements for asset management skills across relevant roles within the organisation.
- Sharing Asset Management learnings with neighbouring Councils through the Department of State Development, Infrastructure, Local Government and Planning networking events.

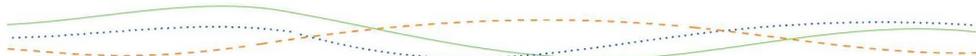
After the Asset Management foundations were set with Council through the AM Strategy, we have been on a journey of revising our outdated Asset Management Plans (AMPs) through a structured process to develop an 'Our Whitsunday Way' template for AMPs that suit our needs. Another challenge will be ensuring these AMPs, once developed, are maintained at

**Bowen**  
Cnr Herbert & Powell Streets  
Bowen QLD 4805

**Proserpine**  
83-85 Main Street  
Proserpine QLD 4800

**Collinsville**  
Cnr Stanley & Conway Streets  
Collinsville QLD 4804

**Cannonvale**  
Shop 23, Whitsunday Plaza  
Shute Harbour Road, Cannonvale QLD 4802



an acceptable level based on periodic review whilst managing staff turnover and ownership of these documents by Asset and Service Managers.

Like many other Councils identified in this audit, we maintain multiple AM systems and, in some instances, incomplete asset data across various asset classes. We were successful in obtaining a State Government grant to assist with the implementation costs of an integrated asset management system which we are in the process of developing and delivering. This has helped Council target our effort and provide much needed external support for this stage of our AM journey.

Council's Asset Management Strategy has been able to address many of the recommendations made in this audit which gives us assurance that we are on the right path in addressing the gaps in asset management. What we have found most interesting in the review is the controls that have been recommended to be put in place by the Department of State Development, Infrastructure, Local Government and Planning. These recommendations will help the Local Government advance in their maturity and ensure consistency across the industry which is currently lacking.

Whilst the idea of linking future grant applications to AMPs may be a risk for Council's to manage, this is a good step forward to ensure that external funds, regardless of their source, are spent on the right projects that meet long term sustainability requirements.

For consideration on the Report's Recommendation 2, Council is of the view that a suite of key performance measures be developed by asset class and provided as best practice to all Local Governments. These key performance measures would then provide the ability to benchmark asset performance across the sector enabling greater visibility of gaps and areas for improvement. It would also enable more robust conversations on level of service provided and the value provided to residents in each Local Government area.

For many decades there has been limited guidance for local governments in Queensland on asset management, which has led to many varied and different approaches by Councils. Is it time to provide further prescription and direction to Councils for more consistency in asset management and service outcomes for communities? Other states have taken that approach. Council would support more guidance and is happy to be involved in any work in developing standardisation from the recent work we have been undertaking on the journey of asset management.

We will continue to advance our Asset Management maturity in line with the recommendations proposed under this audit.

Should you have any further questions in relation to this response, please do not hesitate to contact me directly.

Yours sincerely



**Jason Bradshaw**  
Director Corporate Services



## B. Audit scope and methods

---

### About this performance audit

---

The objective of the audit was to examine the effectiveness of councils' asset management planning to maximise services to the community while minimising the total cost of owning these assets. The audit addressed the objective through the following 3 criteria:

- councils capture and maintain asset information to support effective asset management
- councils' asset management is integrated with service planning and supported by appropriate systems, controls, and practices
- councils access guidance and training to improve their asset management approaches.

### Entities subject to this audit

---

Under the *Local Government Act 2009* (the Act), councils are responsible for operating within a system that is accountable, effective, efficient, and sustainable. This includes the management of assets and infrastructure and the delivery of effective services. The Department of State Development, Infrastructure, Local Government and Planning administers the Act and aims to support local government to have well-planned communities where people want to live, work, and play. The entities subject to this audit were:

- Cairns Regional Council
- Central Highlands Regional Council
- Ipswich City Council
- Mareeba Shire Council
- Murweh Shire Council
- Department of State Development, Infrastructure, Local Government and Planning.

We also sent a survey to all 77 councils so they could self-assess the level of maturity of their approaches to asset management. Their ratings are unaudited.

### Performance engagement

---

In conducting the audit, we:

- reviewed documents and data provided by the 5 councils and the department
- reviewed publicly available information
- interviewed staff from the 5 councils and the department
- interviewed a selection of stakeholders.

This audit has been performed in accordance with the *Auditor-General Auditing Standards*, incorporating, where relevant, the standards on assurance engagements issued by the Auditing and Assurance Standards Board. We applied ASAE 3500 *Performance Engagements* to all 3 audit criteria. This standard establishes mandatory requirements and provides explanatory guidance for undertaking and reporting on performance engagements. We did not use the self-assessed maturity ratings in forming conclusions regarding all 3 audit criteria.

# C. Results of asset management maturity self-assessments

This appendix summarises statewide and segmented results to our survey on asset management maturity in local government. Appendix D shows a map of the different council segments across the state.

Last year, we issued a questionnaire to all 77 Queensland local governments so they could self-assess the maturity of their approaches to asset management. It was based on a framework that meets the international standard for asset management ISO 55000, developed by the Asset Institute’s Public Assets Collaborative Group.

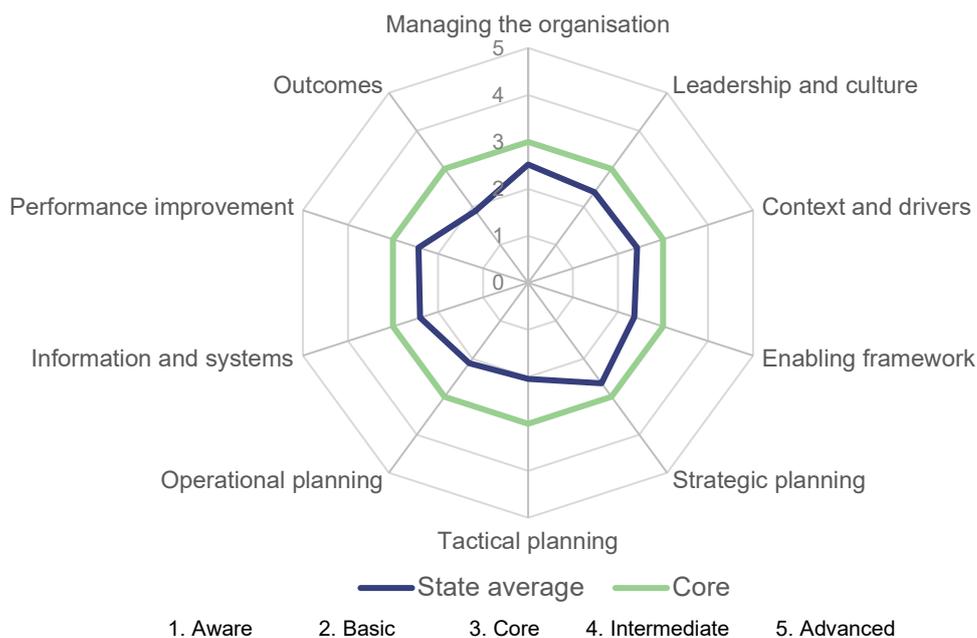
We asked councils to rate their maturity against the framework as: 1 – aware, 2 – basic, 3 – core, 4 – intermediate, or 5 – advanced. The survey also asked councils to comment on any challenges they were facing that hindered effective asset management in their council.

We received a strong response rate, with 52 responses from the 77 councils (68 per cent). The survey included 28 questions based on the 10 elements of the asset management framework. The responses provided us with useful insights into councils’ opinions on their current level of asset management maturity.

## State average

Figure C1 shows the survey results. A score of 3 denotes the council meets the core or minimum requirements of the standard. The state average was below the minimum standard for all 10 elements. (These are councils’ self-assessments. They are not based on audit evidence and did not inform our conclusions.)

**Figure C1**  
State average compared to core (minimum) requirements



Source: Queensland Audit Office, Asset management maturity survey.



## Results for the 6 council segments

The Local Government Association of Queensland developed 6 segments of councils to support comparisons and sharing of ideas between similar councils. The 6 segments are: Coastal, Indigenous, Resources, Rural/Regional, Rural/Remote, and South East Queensland (SEQ).

All council segments averaged mostly in the 'basic' range for the 10 elements of asset management. The benefits of moving to the 'core' range will need to be determined by each council, based on individual needs. For some smaller councils, the benefits would be outweighed by the costs.

Within the segments, there were relatively minor variations in the response ratings, with most responses clustered around the average. Even across the segments, the results were similar, except for Indigenous councils. (The lower response rate of 35 per cent for this segment means its average should be used with caution.)

Figure C2 shows how each segment self-assessed the maturity of its asset management approaches against the 10 elements of asset management.

**Figure C2**  
**Self-assessed maturity score by council segment – average**

Element	Coastal	Indigenous	Resources	Rural/ Regional	Rural/ Remote	SEQ	State average
Managing the organisation	2.5	2.2	2.7	2.3	2.6	2.8	2.5
Leadership and culture	2.3	2.0	2.5	2.4	2.6	2.6	2.4
Context and drivers	2.4	2.1	2.4	2.1	2.7	2.7	2.4
Enabling framework	2.5	1.8	2.5	2.3	2.4	2.5	2.4
Strategic planning	2.6	2.2	3.0	2.5	2.5	3.0	2.6
Tactical planning	2.1	1.6	2.2	1.7	2.1	2.4	2.0
Operational planning	2.1	1.9	2.3	2.0	2.1	2.2	2.1
Information and systems	2.5	1.7	2.5	2.4	2.7	2.3	2.4
Performance improvement	2.5	1.8	2.5	2.4	2.6	2.5	2.4
Outcomes	2.0	1.3	2.1	1.9	2.0	2.0	1.9

Note: The state average includes responses for all councils. These scores are self-assessed by individual councils and the QAO has not validated the results. As a result, some councils, particularly those in the Rural/Remote segment, may have provided an optimistic assessment of their current maturity levels. The average for Indigenous councils was calculated based on a low response rate.

Key colours: **Aware** – **Basic** – **Core** – Intermediate – Advanced.

Source: Queensland Audit Office, Asset management maturity survey.

The element where segments scored lowest was measuring asset management outcomes. Most councils assessed that they need to improve processes to show they are providing the expected service to stakeholders. Effective processes for measuring outcomes and value realisation include:

- developing a long-term financial plan or sustainability strategy
- assessing progress towards achieving the goals and objectives of the long-term asset management plan
- setting qualitative key result areas for community levels of service. Key result areas should be monitored, measured, and reported to council, against time-based targets
- setting quantitative key performance indicators for technical levels of service. Key performance indicators should be monitored, measured, and reported to council against time-based targets.

Figure C3 shows how the 10 elements of the strategic asset management framework – grouped into the 4 key areas of leadership and culture, asset management system design, service delivery, and outcomes – align to support effective asset management. The Asset Institute developed the framework based on the better practices identified in the International Standard ISO 55000. The elements apply to private companies and public sector entities with responsibilities to manage portfolios of assets to deliver value to stakeholders/shareholders.

**Figure C3**  
**Strategic asset management framework: Public sector**



Source: Asset Institute (a network of multidisciplinary research and industry experts), aligned with ISO 55000 Asset management.



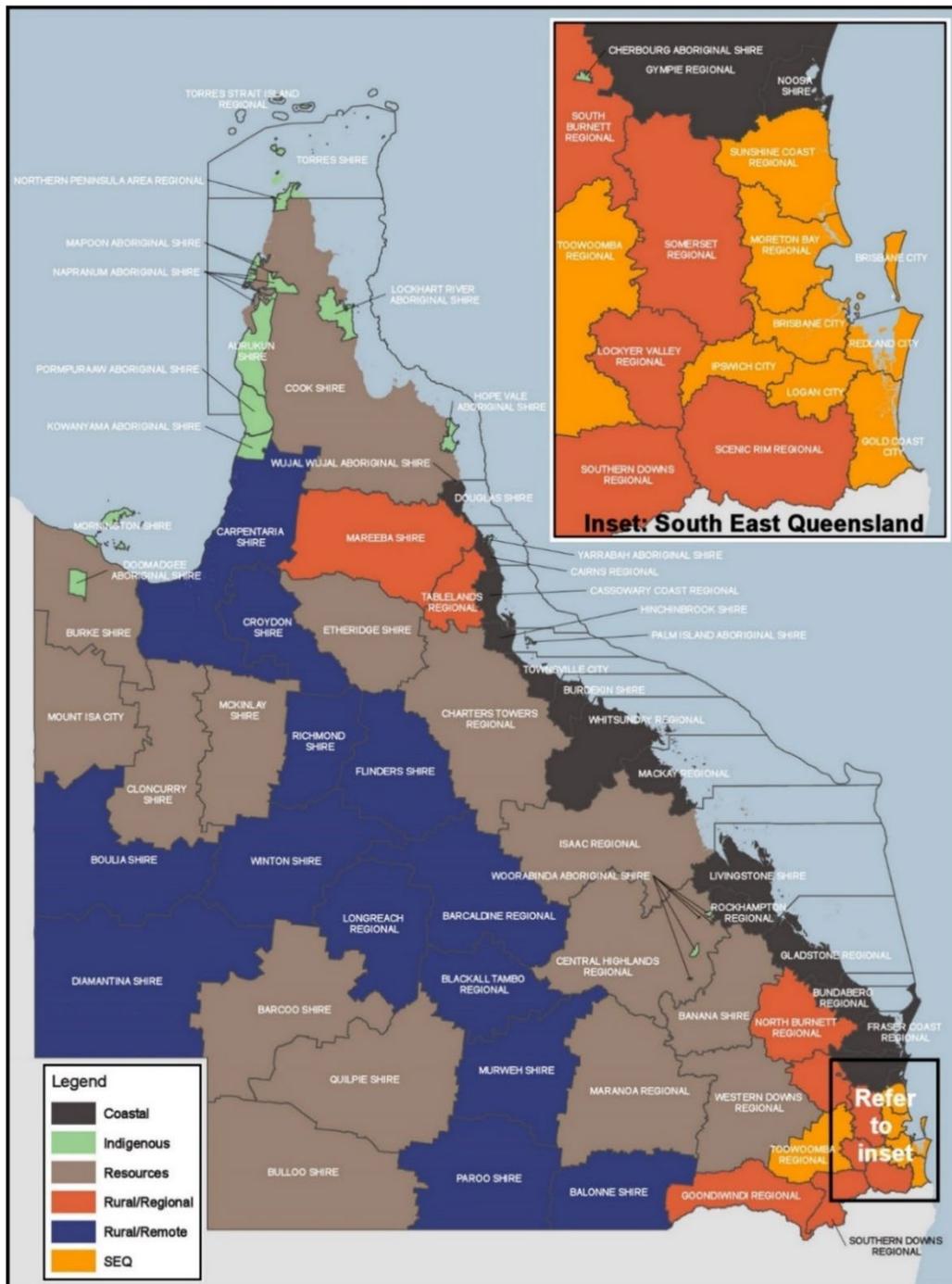
A brief description of the 4 key areas councils need to implement from the international standard follows.

- **Leadership and culture** involve top management developing and implementing asset management policies and objectives to align with council objectives. These policies and objectives are clearly communicated throughout the entire council, where improvements can also be proposed.
- **Asset management system design** needs to understand the broad range of factors that will impact on asset management decisions. These include:
  - stakeholder needs and expectations
  - environmental factors
  - risk management
  - financial limitations
  - legislative frameworks and policies.
- **Service delivery** includes documenting the principles and implementation process of a council's asset management policy and activities. By documenting this process, clear guidance is available to support the various areas of council to develop and implement better asset management plans.
- Councils should subsequently evaluate **outcomes** through measuring the performance of their assets, asset management, and asset management systems. By performing an evaluation of this process, councils can identify areas that may have room for improvement.



# D. Map of Queensland local government segments

Figure D1  
Geographical location – by local government segments



Note: SEQ – South East Queensland.

Source: Spatial Services, Department of State Development, Infrastructure, Local Government and Planning.



## E. Summary of previous sustainability recommendations

This report is the fourth in our series of performance audits of local government sustainability. Figure E1 summarises the recommendations made in our 3 previous performance audits.

We also occasionally make recommendations to improve local government sustainability in our annual local government reports on the results of our financial audits. Figure E2 lists the recommendations we made to councils about their assets in our most recent reports.

**Figure E1**  
Summary of previous recommendations

Report name	Recommendations to councils	Recommendations to the Department of State Development, Infrastructure, Local Government and Planning
Report 2: 2016–17 <i>Forecasting long-term sustainability of local government</i>	<ul style="list-style-type: none"> <li>maintain complete and accurate asset condition data and asset management plans</li> <li>implement a scalable project decision-making framework for all infrastructure asset investments</li> <li>engage directly with their communities on future service levels</li> <li>develop financial plans to explain their financial forecasts and how they intend to financially manage the council and its long-life assets</li> </ul>	<ul style="list-style-type: none"> <li>support councils to strengthen their strategic planning by building their capability and capacity to produce 10-year financial forecasts and asset management plans that can be relied on and are integrated with their annual budgetary processes. They should be renewed and updated at least every 4 years</li> <li>broaden the number of ratios required to be calculated over 10 years to include the asset renewal funding ratio, once councils have improved their asset condition data</li> </ul>
Report 17: 2017–18 <i>Managing local government rates and charges</i>	<ul style="list-style-type: none"> <li>document the actions they are taking to support their financial forecast that are required to achieve or maintain sustainability</li> <li>implement an appropriate costing model to gain a clear understanding of the full cost of delivering utilities, and use this information to annually review pricing</li> </ul>	<ul style="list-style-type: none"> <li>amend the Local Government Regulation 2012 to: <ul style="list-style-type: none"> <li>require councils to include in their revenue policies a long-term rates strategy</li> <li>require councils to include in their revenue statements how annual decisions on rates and charges support financial sustainability</li> <li>require a council's chief executive officer to certify to the mayor (in a prescribed form) that their council's final adopted budget complies with all legislative requirements</li> </ul> </li> <li>continue to develop best practice tools and templates for councils on the budget and rates provisions of the <i>Local Government Act 2009</i> and the Local Government Regulation 2012</li> </ul>

Report name	Recommendations to councils	Recommendations to the Department of State Development, Infrastructure, Local Government and Planning
<p>Report 2: 2019–20 <i>Managing the sustainability of local government services</i></p>	<ul style="list-style-type: none"> <li>• include sufficient details about their services within their existing planning documents or consider developing individual service plans</li> <li>• ensure all existing services meet their community's current and future service needs and they deliver them at affordable levels by developing and undertaking regular reviews of existing services</li> <li>• budget owners develop consistent individual business unit and service budgets by providing documented budget guidelines, templates, and training</li> <li>• benchmark their corporate overheads and allocate a reasonable proportion to services by developing and approving a corporate overhead methodology appropriate to the size and complexity of council</li> <li>• make decisions to deliver new services or amend existing services (associated with new major capital projects) with an understanding of the whole-of-life costs and any impact on corporate overheads</li> </ul>	<ul style="list-style-type: none"> <li>• develop resources and tools for councils on:                             <ul style="list-style-type: none"> <li>– best practice community engagement approaches to strengthen community understanding of, and input into, the rates decisions required to ensure continuation of services</li> <li>– the budget documents and overdue rates and charges provisions of the <i>Local Government Act 2009</i> and Chapter 4 part 12 of the Local Government Regulation 2012</li> </ul> </li> <li>• develop models, benchmarks, and tools that are scalable for differently sized councils to allocate their corporate overheads to their services</li> <li>• develop a set of measures of effectiveness and efficiency to help councils monitor the performance of their services</li> </ul>

Source: Queensland Audit Office reports.



**Figure E2**  
**Asset-management-related recommendations from our local government reports**

Report name	Recommendations to the department
(Report 15: 2022–23) <i>Local government 2022</i>	<ul style="list-style-type: none"> <li>publish a framework to assess the financial sustainability risk of councils. This framework should be made available to the sector from 1 July 2023 to align with the effective date of the department’s new financial sustainability guideline.</li> </ul>
(Report 15: 2021–22) <i>Local government 2021</i>	<ul style="list-style-type: none"> <li>asset management plans to include councils’ planned spending on capital projects</li> <li>review the asset consumption ratio in preparation for the new sustainability framework. Assess whether the actual usage of assets is in line with the asset management plan</li> </ul>
(Report 17: 2020–21) <i>Local government 2020</i>	<ul style="list-style-type: none"> <li>improve valuation and asset management practices</li> </ul>

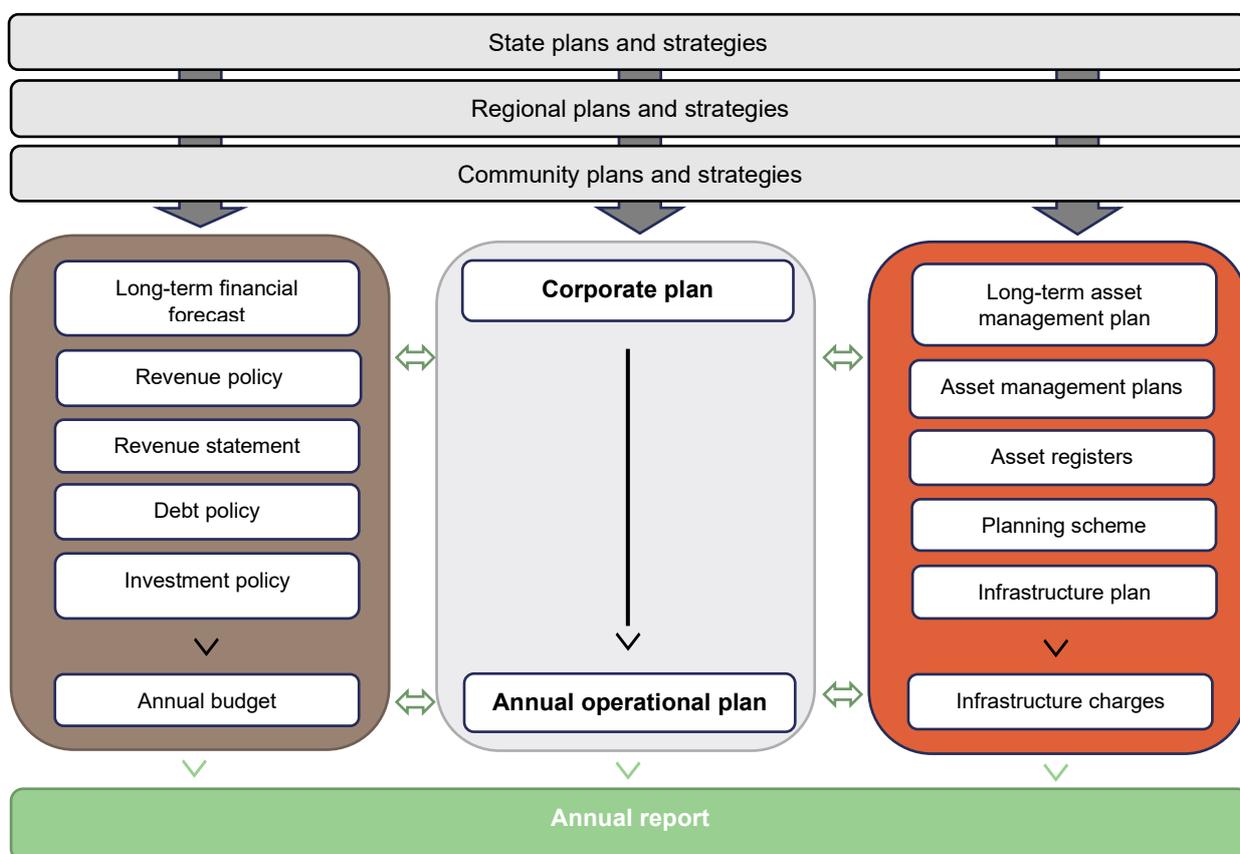
Source: Queensland Audit Office reports.



# F. Sustainability and reporting framework

Last year, the Department of State Development, Infrastructure, Local Government and Planning developed a framework to support sustainability of local governments. Figure E1 shows an overview of the framework and how asset management should integrate with other areas of council planning.

**Figure F1**  
**Legislative sustainability and reporting framework**



Source: Department of State Development, Infrastructure, Local Government and Planning, Sustainability Framework for Queensland Local Governments, November 2022.

Each of the above strategic and operational documents plays a critical role in a council’s short- and long-term sustainability. The corporate plan outlines the council’s strategic direction. This is supported by the operational plan and links to the council’s other long-term plans.

The council’s long-term plans include its long-term financial forecast and long-term asset management plans, supported by individual asset management plans and a planning scheme. The annual report captures a council’s progress against its corporate and operational plans.







[qao.qld.gov.au/reports-resources/reports-parliament](http://qao.qld.gov.au/reports-resources/reports-parliament)

[qao.qld.gov.au/contact-us](http://qao.qld.gov.au/contact-us)

---

T: (07) 3149 6000  
E: [qao@qao.qld.gov.au](mailto:qao@qao.qld.gov.au)  
W: [www.qao.qld.gov.au](http://www.qao.qld.gov.au)  
53 Albert Street, Brisbane Qld 4000  
PO Box 15396, City East Qld 4002