

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.

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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.

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

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

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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"> 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. 	Agree	Q4 2023/24	<ol style="list-style-type: none"> Review the existing governance structure for Council's asset management to ensure a whole-of-Council approach to asset management. Identify, develop and implement an asset management culture focussed action items based on the findings of Council's staff engagement survey
<ol style="list-style-type: none"> asset management plans are current and cover all major asset classes, including if: <ul style="list-style-type: none"> 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 	Agree	Q1 2026/27	<ol style="list-style-type: none"> Undertake a comprehensive review and refresh of all Council's Asset Management Plans
<ol style="list-style-type: none"> 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	Q3 2023/24-Q4 2024/25	<ol style="list-style-type: none"> Development of an Asset Information Management Accountability Framework. Development of an asset information requirements and model for the different asset classes. Undertaking asset data quality assessments. Development of an Asset Information Strategy. Development of critical data improvement program.

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"> 1. Development of Asset Management Competency Framework. 2. Undertaking a competency assessment and subsequent training based on the Asset Management Competency Framework. 3. Review of roles and responsibilities for Council's Asset Management Groups. 4.
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"> 1. Add agreed Queensland Audit Office recommendations in Audit recommendations register. 2. Regularly report to Audit Committee on progress with implementing the agreed recommendations.



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"> 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. 	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"> asset management plans are current and cover all major asset classes, including if: <ul style="list-style-type: none"> 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 	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"> 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	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"> workforce plans and/or strategies identify the necessary asset management capabilities and the optional and mandatory training to be completed. 	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"> provide their assessments and associated action plans to address any of the above 	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"> 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. 	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"> - Asset Management Governance Guide - Infrastructure Asset Management Policy - Asset Management Roles and Responsibilities Administrative Directive - Asset Management Steering Committee



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>2. asset management plans are current and cover all major asset classes, including if:</p> <ul style="list-style-type: none"> • 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 	Agree	Implementation of revised full suite of core Asset Management Plans to be adopted and in place by July 2025.	<p>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.</p> <p>Through both the EAM project and business as usual, a full review of the current plans and replacement with new will be undertaken.</p>
<p>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.</p>	Agree	June 2024	<p>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.</p> <p>Council is planning to develop an Asset Information Strategy and Asset Data Standards that will include the requirements and specifications for the registers.</p>
<p>4. workforce plans and/or strategies identify the necessary asset management capabilities and the optional and mandatory training to be completed.</p>	Agree	December 2024	<p>Council has commenced delivery of asset management awareness information sessions throughout the organisation.</p> <p>During the 2024-2025 financial year council will produce a draft workforce plan to address the future needs of officers and mandatory training requirements.</p>



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend all councils:</p> <p>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.</p>	<p>Agree</p>	<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



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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> <p>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.</p>	Agree	December 2024	Manager Assets and Projects and Manager Finance to review and assess.
<p>2. asset management plans are current and cover all major asset classes, including if:</p> <ul style="list-style-type: none"> • 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 	Agree	December 2024	Manager Assets and Projects and Manager Finance to review and assess.
<p>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.</p>	Agree	December 2024	Manager Assets and Projects and Manager Finance to review and assess.
<p>4. workforce plans and/or strategies identify the necessary asset management capabilities and the optional and mandatory training to be completed.</p>	Agree	December 2024	Manager Assets and Projects and Manager Finance to review and assess.
<p>We recommend all councils:</p> <p>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.</p>	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.

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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"> 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. 	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"> 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 	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
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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 be "Edwina Marks", is enclosed in a thin black rectangular box.

Edwina Marks
Chief Executive Officer
Maranoa Regional Council

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Comments received from Chief Executive Officer, Sunshine Coast Council



12 July 2023

Auditor-General correspondence
Queensland Audit Office
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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

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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



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12 July 2023

Auditor General
Queensland Audit Office

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

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Proserpine
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Proserpine QLD 4800

Collinsville
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Collinsville QLD 4804

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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

