



STRATEGIC ASSET MANAGEMENT PLAN



EXECUTIVE SUMMARY

Tablelands Regional Council manages more than \$750 million in property, infrastructure, plant and equipment assets on behalf of the community. It is generally accepted that these assets exist to support the services that Council delivers to the community. A significant proportion of Council operational and capital budgets are directed to managing Council's assets.

Asset management is critical to the overall performance of Council in delivering services to the Tablelands Regional Community, and provides the key link between a number of processes, strategies and systems.

Over the last 5 years, Council has acknowledged the importance of asset management. It has identified the need to develop and endorse a Strategic Asset Management Plan (SAMP) which is the basis of the asset management framework from which specific asset management plans are to be subsequently developed. The implementation of these plans, the development of an overarching Asset Management Policy, regular condition auditing of assets and the integration of asset management systems have consolidated the importance placed by Council on the management of the community's assets.

This SAMP recognises the foundations already in place at Tablelands Regional Council with respect to asset management and outlines the goals and strategies aimed at ensuring the sustainable management of community's infrastructure and financial capital. The SAMP covers a period of ten (10) years and through these goals and strategies aims to forecast the Whole of Life Costs of existing and planned assets.

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1. INTRODUCTION

1.1 PURPOSE OF THE SAMP

This Strategic Asset Management Plan (SAMP) is prepared to guide Council towards achieving long term sustainability in the efficient and effective management of its infrastructure assets.

Council defines long term sustainable asset management as everything we have to do to make sure assets are created and maintained to a satisfactory standard that is 'fit for purpose' to provide agreed levels of service to the community.

The SAMP summarises the actions required to progress towards long term sustainability in asset management. It provides the framework for:

- Where Council is now with respect to the key elements that support asset management delivery (Section 2);
- Where Council is striving to be, including asset management objectives, guiding principles and how these align with corporate level planning (Section 3);
- How Council will realise its objectives by targeting key strategies and the implementation of the Asset Management Improvement Plan (Section 4).

1.2 RESPONSIBILITY FOR THE SAMP

The General Manager Infrastructure Services, as a member of the Executive Leadership Team (ELT), is responsible for effective asset management in accordance with the Asset Management Policy.

Specific to the SAMP, the General Manager Infrastructure Services is accountable for its:

- development;
- approval;
- communication;
- implementation; and
- ensuring that the document validity is retained through appropriate review and revision.

The General Manager Infrastructure Services may delegate responsibilities for its delivery to appropriately skilled and experienced officers but retains overall accountability.

1.3 DEVELOPMENT OF THE SAMP AND ONGOING REVIEW

Approval of the SAMP is provided by the ELT who act in the capacity of the Asset Management Steering Committee as per the Asset Management Policy. The SAMP is presented to Council for adoption as noted within this document.

This SAMP is developed with consultation, input and review by the Asset Working Group, ELT and asset custodians within Council. The plan is developed utilising the guiding principles set out in ISO55001, and includes a Strategic Asset Management Risk Register and Asset Management Improvement Plan (which is attached as an appendix) established involving key Council stakeholders.

As continuous improvements are realised through the implementation of the SAMP, priorities, risks and on-going requirements may evolve and as such the SAMP will require interim revision as appropriate.

As a minimum the SAMP should be reviewed in conjunction with any revision to Council's Corporate Plan to ensure that the overall objectives and strategies are aligned.

1.4 IMPLEMENTATION OF THE SAMP

Implementation of the SAMP is a critical element in the long term sustainability of Council and realising the objectives articulated in Council's Corporate Plan through the development, implementation and continuous improvement of an asset management framework.

It will require critical thinking, targeted investment and informed decision making allowing assets to be managed from a 'whole of life' perspective in order to realise long term benefits, and position Council for sustainable growth.

It is vital that the SAMP is communicated and understood by all asset management stakeholders, supported by the ELT and is a living document that becomes a core part of Councils overall long term strategy.

The SAMP will be implemented through the Asset Management Working Group under guidance from the Asset Management Steering Committee in accordance with the International Asset Management Series ISO55000 framework. Any required changes that may materially affect the delivery of the SAMP should be agreed by the Asset Management Steering Committee through an agreed documented change process.








2. STRATEGIC SIGNIFICANCE

2.1 LINKAGES TO CORPORATE OBJECTIVES

Table 1 is an extract of the Key Result Areas (KRA) documented in Council's Corporate Plan 2015 to 2019 augmented with commentary to demonstrate how the objectives contribute to their achievement. This demonstrates that the below objectives and the strategies identified in section 4 are in direct alignment with Council achieving its overall corporate vision.

Table 1. Asset Management Objective Linkages

Together, we intend to	Key Result Area	Goals	Asset Management Objectives Contribution
1. Develop and maintain community capacity	Community 	1.1 Effective community partnerships 1.2 Community resilience 1.3 Healthy, safe and socially cohesive communities.	The asset management objectives will contribute directly to safety through increased compliance and risk focus.
2. Build economically healthy communities in our region	Economy 	2.1 An effective framework for the planning and promotion of economic growth in the region 2.2 Opportunities to increase investment and diversity, and promote economic development and growth in the region	Through more effective asset management that is focussed on financially sustainable outcomes, the Objectives will support this KRA.
3. Provide a healthy natural environment with sustainable management of resources and growth	Environment 	3.1 The protection of identified natural assets 3.2 Reduction in waste and resource consumption and increase recycling 3.3 Managed impact of weeds and feral animals	Through the Objectives there will be an increased focus on prioritisation, decision making and risk which will contribute to this KRA.
4. Make sound decisions and build community confidence in Council's services and operations.	Governance 	4.1 Transparent, accountable, sound decision making, achieving sustainable outcomes 4.2 Effective community engagement to inform decision-making 4.3 Effective service delivery 4.4 Productive, effective organisational culture and practice	All of the Objectives provide a significant contribution to achieving this KRA

<p>5. Manage fit for purpose, sustainable infrastructure</p>	<p>Public Infrastructure & Assets</p>		<p>5.1 A framework to develop and manage fit for purpose, affordable assets and facilities to meet community needs</p>	<p>All of the Objectives provide a significant contribution to achieving this KRA</p>
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2.2 THE ASSET PORTFOLIO

The SAMP applies to all physical assets owned or managed by Council. A summary of the assets portfolio for each of the asset categories is provided in Table 2 below.

Table 2. Summary of Asset Portfolio

	Bridges	Replacement Value \$42.2 Million Current Value \$32 Million		Water	Replacement Value \$134.8 Million Current Value \$82.9 Million
	Roads (Inc. footpaths & KC)	Replacement Value \$295.6 Million Current Value \$216.7 Million		Sewerage	Replacement Value \$63.8 Million Current Value \$44.8 Million
	Buildings & Facilities	Replacement Value \$122.9 Million Current Value \$63 Million		Plant & Equipment	Replacement Value \$17.8 Million Current Value \$10.4 Million
	Drainage	Replacement Value \$46.7 Million Current Value \$24.2 Million		Land	Replacement Value \$25.2 Million Current Value \$25.2 Million

Asset Replacement Value 31 June 2016 (\$752 Million).

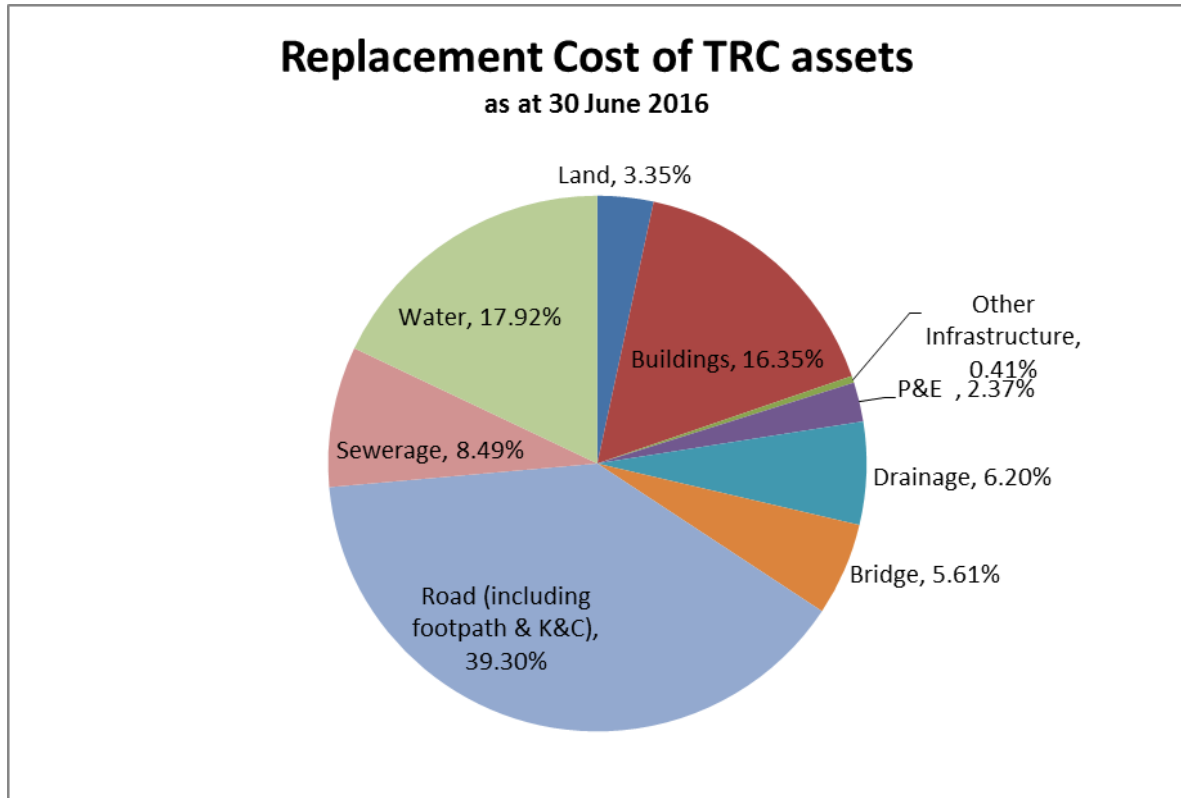


Figure 1. Asset Replacement Percentage Breakdown

2.3 NEED FOR STRATEGIC ASSET MANAGEMENT PLANNING

Council is unable to fund identified infrastructure life cycle costs through current overall revenue sources available to Council. Disaster relief funding has historically provided additional revenue but is an uncertain funding source which nonetheless is insufficient to maintain adequate levels of service in the longer term.

The majority of the Council’s existing infrastructure assets were constructed when the provision of essential facilities and infrastructure was deemed a priority. Historically little or no analysis was done to determine a strategy to sustain infrastructure assets by aligning future maintenance and renewal expenditure from a ‘whole-of-life’ perspective with future revenue projections. Often there has not been a clear understanding of the long term cumulative consequences of decisions to build additional infrastructure assets.

Council has now implemented a process to analyse long term funding requirements for infrastructure assets with an organisational focus on providing ‘sustainable infrastructure’ as the central strategic objective. The SAMP is a fundamental building block to ensure that Council is able to develop sustainable infrastructure and asset management practices, processes and systems. This is required for Council to successfully implement the visions identified in Council’s Long Term Community and Corporate Plan.

2.4 FINANCIAL PLANNING AND LONG TERM FINANCIAL STRATEGY

Under section 104 of the Local Government Act 2009 Council is required to provide a Long Term Asset Management Plan. The SAMP, together with the Asset Management Policy and detailed Asset Management Plans will form the Long Term Asset Management Plan.

Guidance is provided in legislation for financial sustainability criteria and specific financial reporting requirements. In particular, local governments must effectively plan for future sustainability through longer-term planning by developing 10 year plans, publishing these and reviewing progress annually.

Achieving and maintaining sustainability in Local Government requires consideration of services, service levels, associated costs and associated risks. The appropriate management of the infrastructure of Local Government requires asset management estimates and asset accounting estimates that are realistic and support decision making.

The Long Term Financial Plan (LTFP) exists primarily to provide the following outcomes for the Tablelands Regional Council:

- Establish a prudent and sound financial framework, combining and integrating financial strategies to achieve a planned outcome;
- Establish a financial framework against which Council's strategies, policies and financial performance can be measured against;
- Ensure that Council complies with sound financial management principles, as required by the Local Government Act (2009) and plan for the long term financial sustainability of Council;
- Allow Council to meet the objectives of the Local Government Act (2009) to promote the social, economic and environmental viability of the municipal district and its role in maintaining the viability of Council to ensure that resources are managed in a responsible manner.

The ten year forecast provides a high-level, medium term view of how Council intends to use and govern its resources to achieve the strategic direction. This strategy need to be developed without the consideration of rate capping which may have implications on the availability of funding into the future.

Council currently has a suite of Asset Management Plans and is providing necessary reporting and facilitating financial audits as required meeting legislation. However, improvements in effectiveness of short term budgeting and longer term planning to enable more financially sustainable outcomes are required. The individual Asset Management Plans for the various asset categories should include 20 year future funding predictions with capital renewal requirements generally based on financial modelling. These 20 year funding programs are then fed into the Council's Long Term Financial Plan which drives the Annual Budget.

2.5 BUDGET FRAMEWORKS AND CAPITALISATION

The Tablelands Regional Council identifies a need for its current processes to be audited for continuous improvement if it wishes to provide a strong ability to fund the management of Council's infrastructure asset base, which is the basis of strategic financial planning. The process below utilises four rather than the traditional two key funding areas. The first two may be deemed as "Non-Discretionary" areas in recurrent and capital. The capital commitment is to fund the ongoing asset refurbishment and renewal requirements to ensure longevity of Council's assets.

Capital definitions may be summarised as follows:

1. Asset Renewal - Expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability.
2. Asset Expansion - Expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to existing beneficiaries.
3. Asset Upgrade - Expenditure that:

- (a) Enhances an existing asset to provide a higher level of service, or
 - (b) Increases the life of the asset beyond its original life.
4. New Assets - Expenditure that creates a new asset that provides a service that does not currently exist.

2.6 ASSET MANAGEMENT STAKEHOLDERS

Council has not previously undertaken an analysis of its internal and external asset management stakeholders. Asset management is a cross functional activity that has far reaching effects on Council and community and is subject to legislative compliance. Identifying the Asset Management Stakeholders and developing a more detailed understanding of the needs and influences of these stakeholders is a fundamental element of ensuring that delivery is appropriately targeted.

2.7 COMMUNITY INPUT

Input from the community by way of consultation and feedback plays an important role in Council understanding the needs of the community. The Tablelands Regional Council does and will continue to use a number of platforms for community engagement and consultation including new education and consultation directions, and inviting comments on asset plans and informing community of consultative outcomes. Consultation will be sought in a way which incorporates the diverse nature of our community.

2.8 ASSESSMENT OF COMMUNITY FUNCTION AND SERVICE LEVELS

The assessment of community 'need' for a new or upgraded asset should involve a process of community consultation. As well as identifying the specific needs of the community, they in turn need to be aware of the risks and issues and the communities' ability to pay.

The community consultation process should also satisfy the 'fit for purpose' principle and its own best value policy.

The community's needs and expectations are balanced with industry best practice of Asset Management and the 'level of service' for each individual asset category that is written into their Asset Management Plans along with their associated risks. The importance of the 'level of service' is that it allows the asset to be maintained and/or renewed/refurbished/replaced as required while at the same time strategically managing the allocation of limited funding resources.

3. CURRENT STATE

This section provides the current organisational state in consideration of a strategic Asset Management System.

3.1 ASSET MANAGEMENT POLICY

An Asset Management Policy has been adopted at the time of developing the SAMP which provides guidance on the principles and objectives of asset management.

3.2 ASSET MANAGEMENT STRATEGY

Tablelands Regional Council does not currently have an asset management strategy in place.

3.3 ASSET MANAGEMENT PLANS

Council currently has Asset Management Plans for all assets that have been endorsed by Council that align with agreed budgets. These are however based on varying levels of data confidence and

require improvements to more effectively manage risk and inform longer term financially sustainable decision making.

3.4 ASSET MANAGEMENT GOVERNANCE

Operational decisions related to asset management are made by the ELT who act as the Asset Management Steering Committee.

An Asset Management Working Group has been developed to take responsibility for the day to day management and development of the asset management system. The Senior Advisor Asset Management chairs this group.

Roles and responsibilities of the Asset Management Steering Committee and Asset Management Working Group are documented in the Asset Management Policy.

Risk management is undertaken at an asset management planning level across most classes but is not actively managed on an ongoing basis or at a strategic level.

3.5 ASSET MANAGEMENT STAKEHOLDERS

Currently to move towards the Asset Management framework, Tablands Regional Council has developed a Community Engagement Policy and Framework for internal and external stakeholders. The Community Engagement Policy aims to identify the need for further detail around framework development which is required to ensure Council understand the involved Stakeholder/s whilst ensuring Council officers have a consistent approach to community engagement.

3.6 LEVELS OF SERVICE

Current service levels provided by Council and basic demand planning should be documented within individual Asset Management Plans. However, there is no over-arching analysis or documentation to establish the minimum service level requirements within Council, and no analysis to determine potential future demand trends which is an identified initiative within the Asset Management Improvement Plan.

3.7 ASSET MANAGEMENT MATURITY

The current awareness for the need to improve asset management maturity within Council is well understood and it is widely acknowledged that further development to increase our maturity will require an investment of resources.

Previous maturity assessments have indicated Council is working towards a 'core' maturity level as defined by the International Infrastructure Management Manual (IIMM). Achievement of core maturity is a key performance target which will be delivered via the strategies defined in the SAMP.



Figure 2. Rangeview Culvert Upgrade

3.8 SKILLS & PROCESSES

Currently being established are processes for recording condition assessments and revaluations relating to the all asset groups, with condition assessments undertaken at the frequencies specified in each Asset Management Plan.

- Samples of 10% of TRC's drains were inspected via CCTV cameras, to assess the overall condition of the drainage network. Processes have now been established to inspect only the critical drains;
- Building condition assessments are undertaken bi-annually and recorded in CONFIRM;
- Processes will need to be established to undertake condition assessments on critical Open Space assets;
- Service planning generally has only a short term horizon (eg: 1- 3 years). It needs to have a more long-term focus to adequately influence the longer term financial forecasts in the Asset Management Plans and the LTFP.

3.9 DATA & INFORMATION SYSTEMS

Council uses CONFIRM software systems for the management of its assets and as a centralised register of its asset data. It is currently being developed to enable data capture, condition assessment, performance monitoring, GIS mapping, reporting and integration to provide more detailed information for re-valuations. CONFIRM is used in conjunction with an enterprise Finance systems, Technology One which is used for the re-valuations in conjunction with CONFIRM assets registers.

Once the data capture and re-valuation components of works are completed, there is the opportunity to develop the system for the use of maintenance activities, contract and works management.

Council uses a documented approval process to ensure that the development of the CONFIRM asset management system meets Council requirements. Each asset class that is introduced has an associated configuration document that is signed-off by all sponsors. Each business unit is responsible for documenting their business processes and user requirements for the CONFIRM asset management system.

Data accuracy is imperative for management, valuation and re-valuations of assets. Finance managers need basic descriptive information for the asset class, plus the aggregated remaining useful life of the asset, and to be confident that it is representative of the assets in the field. Decisions regarding the application of data; eg: condition factors used to determine useful life must be transparent and based on sound logic to ensure no audit challenge. The intent is to continuously increase the confident factors for the data and subsequently the quality of the management outputs.

Asset data confidence is summarised in Table 3.

Table 3. Asset Data Confidence Rating System

Confidence Rating System	Asset Inventory Determination	Condition Assessment Determination	Asset Register Determination
0 - 25 %	Incomplete knowledge based Inventory (all assets missing information)	Incomplete knowledge based condition (all assets missing condition)	Assumed knowledge based unit rates and useful life combined with accuracy of inventory and condition
25 - 50%	Partially complete Excel (or similar) based Inventory (most assets missing component information)	Partially complete Excel (or similar) based condition data by internal untrained assessor (most assets missing condition)	Benchmarked unit rates and useful life combined with accuracy of inventory and condition
50 - 85 %	Near complete Excel (or similar) based Inventory (some assets missing component information)	Near complete Excel (or similar) based condition data by internal trained assessor (some assets missing condition)	Tendered unit rates and benchmarked useful life combined with accuracy of inventory and condition
85 - 100 %	Completed/Confirmed based Inventory (limited assets missing component information)	Completed/Confirmed based condition data by external accredited assessor (limited assets missing condition)	Actual unit rates and actual useful life (based on history of the TRC network) combined with accuracy of inventory and condition

The approximate current level of confidence and rating system for asset management data within Council is shown in Table 4 below. These levels of confidence are inconsistent and low in many

instances. Current levels of confidence are not necessarily aligned with the risk of a particular asset or network failure.

Table 4. Asset Data Confidence

Asset Class / Service	Confidence Factor		
	Operational Data		Financial Data
	Asset Inventory	Condition	Asset Register
Land	50%	50%	40%
Buildings	90%	10%	90%
Plant & Equipment	80%	80%	80%
Drainage	70%	30%	25%
Bridges and Major Culverts	80%	30%	45%
Roads	60%	60%	60%
Sewerage	25%	10%	30%
Water	25%	10%	30%
Other Infrastructure	10%	5%	20%

3.10 ASSET MANAGEMENT RESOURCES

Asset management is currently overseen by the ELT who act as the Asset Management Steering Committee.

Each General Manager in turn delegates responsibilities for delivery to appropriately skilled and experienced officers but the Asset Management Steering Committee retains overall accountability.

The Senior Advisor Asset Management within the Infrastructure Services Department is identified as the key role within Council for the continued development and delivery of strategic asset management and ongoing systems development.

Some specific responsibilities for asset management are currently allocated through existing position descriptions, however there has been no overall assessment undertaken to ensure that this is comprehensive and appropriate across the organisation. Responsibility for elements of asset management extends beyond the Infrastructure Services Department and also needs to be mapped, communicated and documented.

Current level of resourcing has historically been sufficient to reach current levels of maturity, maintain the assets to the current condition and provide basic statutory reporting, however, these resourcing levels may not be sufficient to support continual improvement and meet the higher level of maturity and performance required.

3.11 ASSET MANAGEMENT OBSOLESCENCE

Council's infrastructure assets are valued using the depreciated replacement cost method. Depreciated replacement cost is the cost to acquire the service potential embodied in an asset, adjusted to reflect the asset's present condition, functionality and technological and/or economic obsolescence. Where the existing asset being valued cannot or would not be replaced with an identical asset for technical, community need or economic reasons, the valuation of the reference asset should include an obsolescence adjustment factor for the difference in service potential.

4. STRATEGY

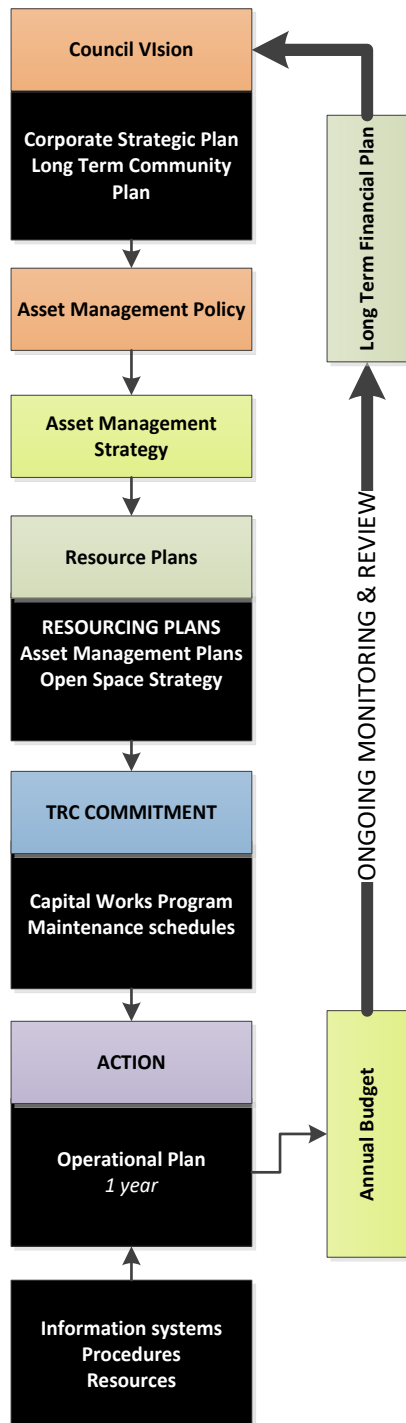


Figure 3. Asset Management Framework

4.1 ASSET MANAGEMENT FRAMEWORK

Figure 3 represents the current asset management framework, its hierarchy and how these relate to other key Council documentation.

Council currently has Asset Management Plans for all assets that have been endorsed by Council that align with agreed budgets. These are however based on varying levels of data confidence and require improvements to more effectively manage risk and inform longer term financially sustainable decision making.

Council does not currently have a specific framework or processes to guide the overall delivery of asset management or associated decision making.

4.2 THE NEED FOR A CONSISTENT DECISION MAKING FRAMEWORK

Typically for a local government, the concepts and ideas (potential projects) that are put forward at the front end of its formal budget process will be much larger in number than the projects that can actually be supported. A Framework will help to establish a 'pipeline' which uses predetermined criteria and decision points to assess potential projects on their own merit and help to provide Tablelands Regional Council with the robust evidence needed to either pursue or abandon potential projects so that their limited budget and resources can be applied prudently.

4.3 BALANCING NEED WITH AVAILABLE BUDGET

The number of projects in a local government's portfolio will almost always exceed the available budget. A framework aims to provide the system by which decision making for new projects is disciplined and filters those projects which should be progressed and those that should be abandoned or deferred. The Framework can be thought of as a funnel. As the projects progress through the various stages of consideration, some projects will be deferred or abandoned. By the time projects reach the end of the funnel, only those that were able to meet Council's evaluation criteria will have progressed through a full evaluation process.

This is an effective means of applying Council's limited budget to those projects which can demonstrate the most strategic need and highest priority.

The challenge that Tablelands Regional Council faces is deciding how to allocate their annual budget between ‘planned’ and ‘unplanned’ projects.

Planned projects may include those that are part of a previously identified strategy and which may form part of a long-term capital works program.

Unplanned projects are those that are generally unforeseen, yet need to be provided for due to a range of reasons. Examples of where planned and unplanned projects are sourced are provided in Table 5 below.

Table 5. Project Sources

Sources of ‘planned’ projects	Sources of ‘unplanned’ projects
Approved Asset Management Plans – which determine the need and timing for renewal, replacement and repair programs	Ad-hoc elected member requests
Urban Plans, Planning Schemes, Land Use Plans	Emergent/unforeseen works
Corporate and Local Community Plans	Local community requests
Legislative, regulatory or compliance requirements	State and Federal grant funding and subsidies

Given the long-term nature of Asset Management Plans and other ‘planned’ projects, capital works require long-term financial forecasting and budget allocations at defined intervals.

Currently Tablelands Regional Council determine new capital works programs using a financial parameter-based approach where funds are flagged as being available for project work based on the previous year’s actuals with a percentage adjustment made for CPI and/or growth.

In accounting terms, this equates to ‘budget parameter’ financial management rather than taking the time to identify the underlying need for capital works programs. The application of this approach is known as ‘zero based budgeting’ approach.

The limitation of the budget parameter approach is that the selected projects are not always aligned with the strategic objectives and priority needs and are sometimes selected without the requisite consideration of risks and uncertainties.

Tablelands Regional Council wishes to establish a zero based budgeting approached moving forward, however, both approaches still face the challenge of determining which projects to select and resource.

Important decisions therefore have to be made as to which of the various concepts and ideas should be progressed for further consideration and which should be deferred or abandoned. A defined decision making framework ensures that all projects are subjected to a process of consistency, due diligence to determine need, value for money and priority in comparison to other projects being considered.

4.4 DECISION MAKING FRAMEWORK



Decision Framework								
Initiate Phase			Planning Phase			Execute Phase	Control Phase	Close Phase
Initiation / Feasibility	Gate 1	Gate 2	Planning	Gate 3	Gate 4	Execute	Control	Close
<ul style="list-style-type: none"> • Concept Identification • Prepare ELT Proposal • Sustainability Assurance Checklist (Initiation Phase) • Sustainability Impact Assessment 	Manager and GM Endorsement Sustainability Committee for peer assessment and endorsement	ELT Endorsement (Initiation Phase)	<ul style="list-style-type: none"> • Project Plan • Resource Identification • Sustainability Assurance Checklist (Planning Phase) • Sustainability Impact Assessment 	Manager and GM Endorsement Sustainability Committee for peer assessment and endorsement	ELT Endorsement (Planning Phase) Council approvals as required	Implement Project Plan GM/Project Manager report progress to Sponsor/ELT as required		
<i>Are we doing the right sustainable project?</i>				<i>Are we doing the project right (sustainably)?</i>				<i>Did we do the right project the right way?</i>

4.5 BENEFITS OF A FRAMEWORK

Implementation of the Framework will help to achieve the following benefits:

- building discipline into the project selection process (ie., are we undertaking the right projects?);
- consideration of risk exposure prior to project selection;
- linking project selection to strategic objectives and efficient allocation of resources;
- prioritisation of project proposals against a common and agreed set of criteria;
- recognising whole-of-life costs as part of the up-front investment decision, and
- justifying decisions to reject or abandon projects that do not support organisation strategy.

The framework will also assist in separating the investment decision from the finance decision, which is sometimes mistakenly regarded as one and the same thing. Application of the framework will ensure that concepts proceed based on need and merit (investment decision), not on the source of funding required for the project (financing decision). Often, in the interests of saving time and money, a project will be identified and then proceed with delivery without considering the concept's feasibility and alignment with strategic priorities. The consequences can be costly and can lead to compromised project outcomes and unmet service levels.

4.6 IMPROVEMENT STRATEGIES

A risk workshop was held on 11 June 2015 to establish the Strategic Asset Management Risk Register provided in Appendix A.

The identified risks were assessed and categorised using the tool provided in Appendix B which is based upon the Institute of Public Works Engineering Australia methodology.

In conjunction with ongoing Council stakeholder input and consultation, the risk register has been used to develop the SAMP. The following Asset Management Improvement Plan (Section 4.2) has been developed in direct response to this workshop.

Table 6 below details the improvement strategies and how they will contribute to the objectives.

Table 6. Asset Management (AM) Improvement Strategies

Strategy No.	Strategy	Contribution to AM Objectives							
		Accountability and Direction	Effective AM Planning	Effective Decision Making	Lifecycle Management	Effective Service Level Setting and Target Achievement	Provide Timely and Accurate AM information	Management Within an AM Framework	Continual AM Improvement
1	AM Objectives - Define clear objectives for AM.	X	X	X	X	X	X	X	X
2	Resources - Define and communicate AM roles and responsibilities. Target level of competency of AM staff. Ensure resources available to meet short and long term requirements.	X	X				X		X
3	Decision Making – Ensure that decisions are supported by appropriate information and made within a defined framework and delegated authorities.	X	X	X	X		X	X	
4	Planning – Ensure that planning is undertaken in conjunction with relevant stakeholders in a timely manner and is consistent with the long term financial plan.	X	X				X		
5	Data Improvement – Ensure that adequate levels of data are maintained to support informed decision making and planning.		X		X		X		
6	AM information systems – Ensure that AM systems are able to integrate with other Council systems and support reporting, planning and informed decision making requirements within Council.		X	X			X		
7	Improve cross functional collaboration – closer links between functions to ensure coordinated and consistent approach.	X	X	X	X	X	X	X	
8	Risk management – Ensure that asset management risk is actively managed and responsibilities are clearly defined, including safety and legislative compliance.	X	X	X	X				X
9	Stakeholder engagement – Understand stakeholder needs, develop and implement a consultation/communication plan.	X	X	X		X			X
10	Service levels – Consult with communities to derive agreed and service levels that are financially sustainable.	X	X	X		X			X
11	Governance – Ensure that AM is effectively managed.	X	X	X			X	X	
12	Performance management – Monitor and report performance of assets to enable continual improvement.	X		X		X		X	X
13	Continual Improvement – Focus on continual improvement in delivery of asset management that supports agreed and financially sustainable service levels.	X				X			X

4.7 ASSET MANAGEMENT IMPROVEMENT PLAN

Table 7 below details an improvement plan, including the specific initiatives and which strategy they support achievement of:

Table 7. Asset Management Improvement Plan

Risk ID	Strategy (Strategy No. – refer table 6.0)	Initiative (risk treatment plan action - Refer Appendix A)	Responsibility (refer table 8.0 for key)	Cost	Resources	Budget	Date Due
1	AM objectives (1)	(1.1) Write and adopt AM policy	GMIS	Low	Internal and/or external	Funded	Jun-15
2	Resources (2)	(2.1) Adopt AM Policy and SAMP	GMIS	Low	Internal and/or external	Funded	Sep-15
		(2.2) Map responsibilities of staff	GMIS	Low	Internal	Funded	Dec-15
		(2.3) Update position descriptions	GMIS & CPC	Low	Internal	Funded	Dec-15
3	Resources (2)	(3.1) Training needs analysis against position descriptions	SAOD & SAAM	Low	Internal	Funded	Dec-15
		(3.2) Develop training plan	SAOD & SAAM	Low	Internal	Funded	Jan-16
4	Resources (2)	(4.1) Detailed resource forecasting against AM responsibilities and scheduled works based on developed data and AMP's	SAAM	Medium	Internal and/or external	Unfunded	Mar-16
5	Resources (2)	(5.1) Detailed resource forecasting against AM responsibilities and scheduled works	SAAM	Medium	Internal and/or external	Unfunded	Mar-16
6	Decision Making (3)	(6.1) Decision making framework developed and adopted	CEO	Medium	Internal and/or external	Funded	Mar-16

Risk ID	Strategy (Strategy No. – refer table 6.0)	Initiative (risk treatment plan action - Refer Appendix A)	Responsibility (refer table 8.0 for key)	Cost	Resources	Budget	Date Due
7	Planning (4)	(7.1) Ongoing improvement in AMP's and integration with other business units	DCEO	Low	Internal	Funded	On-going
8	Data Improvement (5)	(8.1) Internal valuation data review annually	DCEO	Low	Internal	Funded	On-going
		(8.2) Depreciation outputs to be agreed in conjunction with technical staff to ensure consistency of assumptions and asset registers aligned	GMIS & MF	Low	Internal	Funded	On-going
9	Data Improvement (5) and Cross Functional Collaboration (7)	(9.1) AMP's to capture requirements for data	GMIS & SAAM	Low	Internal	funded	Jun-15
		(9.2) Periodic assessment of data requirements for high risk assets	GMIS	Medium	External	Unfunded	On-going
		(9.3) Asset accounting and capitalisation policy (including acquisition and disposal) required to guide consistent financial data management	MF	Medium	Internal	Funded	Dec-15
		(9.4) Process for keeping data up to date, i.e. acquisition, disposal in conjunction with other business units	SAAM	Low	Internal	Funded	Dec-15
10	AM Information Systems (6)	(10.1) Map reporting requirements	SAAM	Low	Internal	Funded	Jul-15
		(10.2) Develop schedule of activities	SAAM	Low	Internal	Funded	Jul-15

Risk ID	Strategy (Strategy No. – refer table 6.0)	Initiative (risk treatment plan action - Refer Appendix A)	Responsibility (refer table 8.0 for key)	Cost	Resources	Budget	Date Due
11	AM Information Systems (6)	(11.1) Map data and plan for ensuring asset consistency and ability to integrate data sets	MKS	Low	Internal	Funded	Jul-15
		(11.2) Process for updating and integration	MKS	Low	Internal	Funded	Jul-15
		(11.3) Ensure data management covered in roles and responsibilities	GMIS	Low	Internal	Funded	Dec-15
12	Risk Management (8)	(12.1) Document risk management process	SAAM	Medium	Internal and/or external	Funded	Jul-15
		(12.2) Integrate risk responsibilities into role descriptions/terms of reference.	GMIS	Low	Internal	Funded	Dec-15
		(12.3) Include risk management into asset class planning and communication of residual risks for given budgets	SAAM	Medium	Internal and/or external	Funded	On-going
		(12.4) Include risk analysis into decision making processes.	CEO	Medium	Internal and/or external	Funded	Mar-16
		(12.5) Update this strategic asset management risk register on regular basis.	SAAM	Medium	Internal and/or external	Funded	Annually
13	Stakeholder engagement (9) and Service Levels (10)	(13.1) Analyse/map stakeholder needs	DCEO	Medium	Internal and/or external	Unfunded	Mar-16
		(13.2) Develop stakeholder consultation and communication plan and implement	DCEO	Medium	Internal and/or external	Unfunded	Mar-16

Risk ID	Strategy (Strategy No. – refer table 6.0)	Initiative (risk treatment plan action - Refer Appendix A)	Responsibility (refer table 8.0 for key)	Cost	Resources	Budget	Date Due
		(13.3) Develop benefits and costed service level understanding to support communication	GMIS	Medium	Internal and/or external	Unfunded	Mar-16
14	Decision Making (3) and Governance (11)	(14.1) Review terms of reference for steering committee/working group	SAAM	Low	Internal	Funded	Jul-15
		(14.2) Endorse policy and manage in accordance	GMIS	low	Internal and/or external	Funded	Aug-15
		(14.3) Develop framework for decision making	CEO	Medium	Internal and/or external	Funded	Mar-16
15	Service Levels (10)	(15.1) Undertake analysis of minimum service requirements and stakeholder needs and document	DCEO & GMIS & GMRCP	Medium	Internal and/or external	Unfunded	Mar-16
		(15.2) Document existing service levels and develop understanding of service costs for all asset classes	GMIS	Medium	Internal and/or external	Unfunded	Mar-17
		(15.3) Undertake stakeholder consultation to understand desired levels of service	GMIS	Medium	Internal and/or external	Unfunded	Mar-17
		(15.4) Analyse financially sustainable service level scenarios and undertake further consultation	GMIS	Medium	Internal and/or external	Unfunded	Mar-17
		(15.5) Document agreed and minimum service levels	GMIS	Medium	Internal and/or external	Unfunded	Mar-17

Risk ID	Strategy (Strategy No. – refer table 6.0)	Initiative (risk treatment plan action - Refer Appendix A)	Responsibility (refer table 8.0 for key)	Cost	Resources	Budget	Date Due
16	Performance Management (12)	(16.1) Track cost of delivery to ensure that future decisions have improved certainty of outcome	DCEO & GMIS & GMRCP	Medium	Internal and/or external	Funded	Annually in line with budget review
		(16.2) Manage assets to meet service delivery in accordance with AMP's	SAAM	Medium	Internal and/or external	Funded	Annually in line with budget review
17	Planning (4)	(17.1) Ensure ongoing improvement in AMP's to meet requirements of IIMM/Act/ISO 55000 and be adopted by Council. AMP to be developed to identify minimum of 10 year financial projections to deliver agreed service levels. AMP to be developed in conjunction with other business units to ensure consistency with other Council planning	SAAM	Medium	Internal and/or external	Funded	Annually in line with budget review
		(17.2) Periodic review of AMP's	SAAM	Medium	Internal and/or external	Unfunded	Annually
18	Performance Management (12)	(18.1) Manage delivery in accordance with AMP's and budgets	DCEO & GMIS & GMRCP	Medium	Internal and/or external	Unfunded	Mar-17
		(18.2) Capture reasons for variance	GMIS	Medium	Internal and/or external	Unfunded	Mar-17

Risk ID	Strategy (Strategy No. – refer table 6.0)	Initiative (risk treatment plan action - Refer Appendix A)	Responsibility (refer table 8.0 for key)	Cost	Resources	Budget	Date Due
		(18.3) Improved project and resource planning	GMIS	Medium	Internal and/or external	Unfunded	Mar-17
		(18.4) Develop contingency plan for alternative delivery mechanisms	GMIS	Medium	Internal and/or external	Unfunded	Mar-17
		(18.5) Increase internal resources or procure external to meet delivery	GMIS	Medium	Internal and/or external	Unfunded	Mar-17
19	Risk (8) and Performance Management (12)	(19.1) Safety requirements developed as part of each AMP and actively managed by responsible person	SAAM	Medium	Internal and/or external	Unfunded	Mar-17
		(19.2) Incorporate/actively monitor safety performance measures and keep risk register up to date.	SAAM	Medium	Internal and/or external	Unfunded	Mar-17
		(19.3) Have contingency to act on unforeseen requirements.	SAAM	Medium	Internal and/or external	Unfunded	Mar-17
20	Risk (8) and Performance Management (12)	(20.1) Legislative compliance requirements developed as part of each AMP and actively managed by responsible person	SAG	Low	Internal	Funded	Jun-17
		(20.2) Incorporate/actively monitor legislative compliance performance measures and keep risk register up to date	SAG & SAAM	Low	Internal	Funded	Jun-17

Risk ID	Strategy (Strategy No. – refer table 6.0)	Initiative (risk treatment plan action - Refer Appendix A)	Responsibility (refer table 8.0 for key)	Cost	Resources	Budget	Date Due
21	Performance Management (12) and Continual Improvement (13)	(21.1) Implement change management process to control deviation from agreed plans	SAAM	Medium	Internal and/or external	Unfunded	Mar-16
		(21.2) Terms of reference for continual improvement integrated into and actively managed at steering committee/working group level	SAAM	Medium	Internal and/or external	Unfunded	Mar-16
		(21.3) Continual improvement captured at AMP level to ensure class specific requirements integrated	SAAM	Medium	Internal and/or external	Unfunded	Mar-16
22	Planning (4)	(22.1) Assumed growth scenarios to be documented in AMP's	SAAM	Low	Internal and/or external	Funded	Mar-17
23	Planning (4)	(23.1) Corporate level growth scenarios to be identified	GMIS	Low	Internal and/or external	Unfunded	Mar-17
24	Cross functional collaboration (7)	(24.1) Develop AM processes (including outputs identified in other risks) into an AM process framework to promote cross functional collaboration	SAAM	Low	Internal	Unfunded	Dec-15

Risk ID	Strategy (Strategy No. – refer table 6.0)	Initiative (risk treatment plan action - Refer Appendix A)	Responsibility (refer table 8.0 for key)	Cost	Resources	Budget	Date Due
25	AM System (6)	(25.1) A line item for a Disaster Recovery (DR) solution exists within the 15/16 capital budget. Implementation is expected in 2016. This solution will also require investigations into redundant comms.	MKS & CIBI	Medium	Internal and/or external	Funded	Jul-16
26	AM systems (6)	(26.1) Process for data capture identified if system fails	MKS & CIBI	Low	Internal	Funded	Jun-16

Table 8.0 - Responsibility Key

Acronym	Responsible Officer
CEO	Chief Executive Officer
CIBI	Coordinator Information & Business Integration
CPC	Coordinator People & Culture
DCEO	Deputy Chief Executive Officer
GMCRP	General Manager Community and Regional Planning
GMIS	General Manager Infrastructure Services
MCS	Manager Community Services
MF	Manager Finance
MKS	Manager Knowledge and Systems
MISS	Manager Infrastructure Support Services
SAAM	Senior Advisor Asset Management
SAG	Senior Advisor Governance
SAOD	Senior Advisor Organisational Development

5. KEY RISKS

This section identifies the key risk to meeting the strategic asset management objectives and the process for monitoring these.

A copy of the risk register is provided in Appendix A. A summary of the key risks are provided in Table 9 below: The tools used to assess the likelihood, consequence and subsequent risk assessment are provided in Appendix B

Table 9.0 – Key Asset Management Risks

Risk ID	Risk
1	Unclear AM objectives.
2	Insufficient role clarity to ensure that all AM responsibilities are covered and clearly understood.
3	Staff resources may not be adequately trained or experienced.
4	Inadequate resources (staff) to manage existing assets.
5	Inadequate levels of staff to manage long term assets.
6	Elected Members or staff acting making decisions without assessing long term impacts.
7	Long term financial planning does not meet asset expenditure requirements (budget shortfalls).
8	Depreciation calculation not robust.
9	Data quality or confidence does not support robust reporting or planning requirements.
10	Not able to provide effective and timely reporting to support decision making and control.
11	Asset Management Information System (AMIS) unable to integrate with other Council systems.
12	Asset Management risk processes not followed.
13	Importance and benefits of asset management not understood by all stakeholders.
14	Effective AM governance not managed.
15	Service level requirements not understood.
16	Service levels not achieved.
17	Asset Management Planning not completed/sufficient.
18	Budget overspend/underspend.
19	End user safety issues.
20	Legislative compliance issues.
21	Strategic or operational plans not followed.
22	Continual improvement in AM delivery not achieved.
23	Growth scenarios and implications not planned.
24	Cross functional collaboration not effective.
25	AM System Failure.
26	AM Capture Device Failure.

Appendix A

Strategic Asset Management Risk Register – Dated June 2015
(ECM No 3225583)

Item	Item description	Item location	Item status	Item priority	Item impact	Item cost	Item funding	Item start	Item end	Item notes
11	Review and update of existing... The existing... The existing...	City of Kelowna	Completed	High	High	\$100,000	City	2015	2015	Completed
12	Review and update of existing... The existing... The existing...	City of Kelowna	In Progress	High	High	\$100,000	City	2015	2016	In Progress
13	Review and update of existing... The existing... The existing...	City of Kelowna	Not Started	High	High	\$100,000	City	2016	2017	Not Started
14	Review and update of existing... The existing... The existing...	City of Kelowna	Not Started	High	High	\$100,000	City	2017	2018	Not Started
15	Review and update of existing... The existing... The existing...	City of Kelowna	Not Started	High	High	\$100,000	City	2018	2019	Not Started
16	Review and update of existing... The existing... The existing...	City of Kelowna	Not Started	High	High	\$100,000	City	2019	2020	Not Started

Item	Asset	Asset Class	Asset Type	Asset Location	Asset Status	Asset Condition	Asset Age	Asset Value	Asset Cost	Asset Replacement	Asset Life	Asset Notes
17	Water Treatment Plant	Water Treatment	Water Treatment	Water Treatment Plant	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment
18	Water Treatment Plant	Water Treatment	Water Treatment	Water Treatment Plant	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment
19	Water Treatment Plant	Water Treatment	Water Treatment	Water Treatment Plant	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment
20	Water Treatment Plant	Water Treatment	Water Treatment	Water Treatment Plant	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment
21	Water Treatment Plant	Water Treatment	Water Treatment	Water Treatment Plant	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment
22	Water Treatment Plant	Water Treatment	Water Treatment	Water Treatment Plant	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment	Water Treatment

Appendix B

Strategic Asset Management Risk Assessment Tools
(ECM n0 322585)

Likelihood

RATING	DESCRIPTOR	DESCRIPTION
5	Almost Certain	The event is occurring or is expected to occur in most circumstances, say a number of times a month
4	Likely	70-90% chance of occurring The event will probably occur in most circumstances, say about once a year
3	Possible	50-70% chance of occurring The event may occur from time to time, say once every 2-5 years
2	Unlikely	20-50% chance of occurring The event may not yet have occurred, but could occur at some time, say once in 10 years
1	Rare	<20% chance of occurring The event may occur in exceptional circumstances <1% chance of occurring

Consequence of Risk

RATING	FINANCIAL (REVENUE & COSTS)	INFORMATION & DATA	PROPERTY	PEOPLE	PROVISION SERVICES	OF ENVIRONMENT	REPUTATION	REGULATORY	MANAGEMENT EFFORT
1. Insignificant	\$50K to \$250K	Negligible loss of or damage to IT and data. No loss of data.	Negligible damage to or loss of assets.	No significant injuries to personnel.	Short-term, localized interruption to service performance.	Minor breach of environmental impact on the environment.	Negligible impact on reputation.	Isolated breaches/ minor incidents.	An event the impact of which can be absorbed through normal activity.
2. Minor	\$250K to \$500K	Minor loss/damage to IT and data. Some data catch-up may be required.	Minor loss/damage to or loss of assets. Repairs may be required.	Small number of injuries, lost time or penalties to personnel. Some inconvenience to personnel.	Minor interruption to service performance. Minor inconvenience to clients.	Minor breach of environmental impact on the environment.	May cause some reputational damage (or unjustified).	Segmented incidents, breaches attracting a 'warning'.	An event, the impact of which can be absorbed, but management effort is needed.
3. Moderate	\$500K to \$1M	Moderate to high loss of IT. Some data may be lost. Workarounds may be required.	Moderate to high damage requiring repairs to be undertaken or replaced.	A number of injuries requiring hospitalisation and long-term absence from work. Disruption to work routines and schedules.	Some serious disruption to services, some contractual obligations.	Moderate impact on the environment, no long term infringement notice.	Significant breaches resulting in complaints, fines and investigation.	Breaches resulting in significant fines or infringement notice.	A significant event which can be managed under normal circumstances.
4. Major	\$1M to \$5M	High risk of data loss. Significant catch-up will be required. Workarounds should be implemented.	Significant damage to assets and infrastructure.	Major disruption to work routines. Additional resources may be required. Serious injuries requiring hospitalisation and long-term absence from work. Small number of fatalities.	Major disruption to service performance. Serious breach of legal/contractual obligations.	Severe impact requiring processes to prevent re-occurrence. Disruption to compliance order incurred.	Address publicity in media. Serious breach of the organization.	Significant fines and operating restrictions and disruptions.	critical event that with appropriate management can be avoided.
5. Catastrophic	>\$5M	Extensive loss of infrastructure, permanent disruption to the business.	Extensive loss of substantial permanent assets and/or infrastructure.	Loss of significant numbers of personnel, potentially large numbers of serious injuries and fatalities.	Loss of ability to deliver client services.	Loss of ability to deliver client services.	Address publicity in media. Serious breach of the organization.	Significant fines and operating restrictions and disruptions.	critical event, disaster that could lead to the collapse of the business.

Risk Assessment

Likelihood	Consequence				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Almost Certain (5)	6	7	8	9	10
Likely (4)	5	6	7	8	9
Possible (3)	4	5	6	7	8
Unlikely (2)	3	4	5	6	7
Rare (1)	2	3	4	5	6

Indicator of Risk Treatment

Risk Rating	Action Required
E Extreme Risk	Immediate corrective action
S Significant Risk	Prioritised action required
M Moderate Risk	Planned action required
L Low Risk	Manage by routine procedures

Risk Evaluation

Criterion	Risk Evaluation Notes
Operational	Risks that have the potential to reduce services for a period of time unacceptable to the community and/or adversely affect the council's public image.
Technical	Risks that cannot be treated by council's existing and/or readily available technical resources.
Financial	Risks that cannot be treated within council's normal maintenance budgets or by reallocation of an annual capital works program.
Legal	Risks that have the potential to generate unacceptable exposure to litigation.
Social	Risks that have the potential to: - cause personal injury or death and/or - cause significant social/political disruption in the community.
Environmental	Risks that have the potential to cause environmental harm.

The risk treatment plans identify for each non-acceptable risk:-

1. Proposed action
2. Responsibility
3. Resource requirement/budget
4. Timing
5. Reporting and monitoring required

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