

ASSET MANAGEMENT AND FINANCIAL PLANNING FOR THE NORTHERN PENINSULA AREA REGIONAL COUNCIL

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This is one of a series of case studies being published by NAMS.AU as a resource to assist asset management practitioners. The contribution of these case studies by our NAMS.AU Consultant Supporters is gratefully acknowledged.

Abstract

Cardno was engaged by Northern Peninsula Area Regional Council (NPARC) to develop a Corporate Planning and Service Delivery Framework, with associated planning documents to tie the provision of services to asset management and financial planning. This approach went beyond legislative requirements and facilitated the Council's transition from five separate local government areas with generally poor asset management practices to a single council with an excellent planning basis for building the future of their community. The success of the project led to NPARC being a National Local Government award winner in the category of Financial and Asset Management. Cardno is now the lead consultant in developing this planning framework further to incorporate Community Planning and Land Use Planning, with the intention of linking assets, finances, service delivery and the aspirations of the community.



Figure 1 NPARC CEO Stuart Duncan (2nd from left) and NPARC Major Joseph Elu (2nd from right) at the National Local Government Awards

Introduction

Under the Queensland Government's local government reform in 2008, the Aboriginal Councils of New Mapoon, Injinoo and Umagico were amalgamated with the two former Torres Strait Islander councils of Bamaga and Seisia to form the Northern Peninsula Area Regional

Council. These previously independent Indigenous councils were transitioned to full local government status under the Local Government (Community Government Areas) Act 2004 and the Local Government and Other Legislation (Indigenous Regional Councils) Amendment Act 2007.

The NPA has a combined population of around 2500 residents (estimated 2010 figures), and covers an area of over 1000 km².

In the midst of the amalgamation, the new Regional Council decided to go beyond simply working towards meeting legislative requirements. NPARC engaged Cardno to help develop a strategic planning process for the purpose of best serving the community.

Planning Framework

Cardno led the development a Corporate Planning Framework for the provision of a robust, measurable and sustainable basis for financial

and asset management which would result in enhanced service delivery and the fulfilment of the Council’s vision: *Prosperity for our community and our people*.

The planning framework is shown in Figure 2. It draws on the Queensland Total Management Planning (TMP) approach. Customer Service Standards, which defined the levels of service provided to the community, would drive the Service Delivery Strategy, a document listing the assets, the staff involved and the actions that would be carried out to achieve these services. From the Service Delivery Strategy, the Council Corporate Plan, the Annual Operational Plan and Annual Budget were derived.

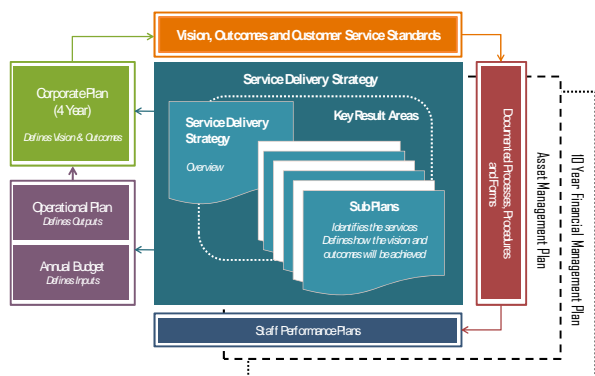


Figure 2 Planning framework in 2009

Evidently, then, the planning framework provided a definitive link between Council’s vision and desired outcomes with defined customer service standards and direct alignment and responsibilities for all outcomes specifically allocated to senior Council staff. The Service Delivery Strategy was broken down into sub-plans to link corporate outcomes with the resources required to achieve them.

A complete planning framework was developed and a staged approach was taken in preparation of individual components of the planning framework. Templates were developed for the key planning documents, including templates for the corporate plan, the strategic service delivery plan and the associated service delivery sub-plans. Common structures for asset registers were adopted and a chart of accounts implemented that facilitated both amalgamation and improved cost accountability and reporting.

The framework required the identification of service standards or targets for all council functions within a corporate planning strategy that included key strategies, objectives, accountabilities and targets.

Templates were developed for all the elements of the framework, and a concise documentation format was chosen that facilitated implementation of the planning process.

In 2009, the Corporate Plan and Service Delivery Strategy were documented. These were supported by the financial management system development of NPARC, and the production of asset registers.

Financial Management

In line with the new corporate planning framework, NPARC implemented a new financial management system that laid the foundations for quantifying long term sustainable funding solutions to meet the vision, outcomes and adopted service standards.

The consolidated budget facilitated through the new financial system identified a range of long term funding challenges and has provided the reason, imperatives and timeframes for cost reductions and long term strategies for staffing levels, rationalisation of commercial ventures and optimisation of a level of service that is sustainable.

Asset registers were structured with a level of asset componentisation that aligns with effective asset management practice. The structure of the asset registers has been designed to facilitate ongoing condition assessment at component level, and together with replacement cost valuations, lead to an effective identification of depreciation, renewal requirements and associated life-cycle costs. This has provided one of the key foundations for identification of sustainable funding requirements.

The project was one of the 2010 National Local Government award winners for Financial and Asset Management.

Enhanced Planning Framework

After the successful development of the Corporate Plan and the Service Delivery, along with the financial management system and the asset registers, Asset Management Plans and a full 10 year financial forecast, along with a 10-year financial management plan were still required to complete the planning framework in Figure 2.

In late 2009, the *Local Government Act 2009* was passed, requiring local governments to develop community plans as well as long term financial plans and asset management plans. At the same time, the *Sustainable Planning Act 2009* came in to force and required councils to develop prioritised infrastructure plans as well as plans for land use.

With the overlapping in the requirement for community engagement under the *Local Government Act* and the *Sustainable Planning Act*, and the inclusiveness that comes in aligning Council objectives with community visions, NPARC and Cardno have recently enhanced the prior planning framework to include both community planning and land use planning. The resulting budget planning framework is as shown in Figure 3.

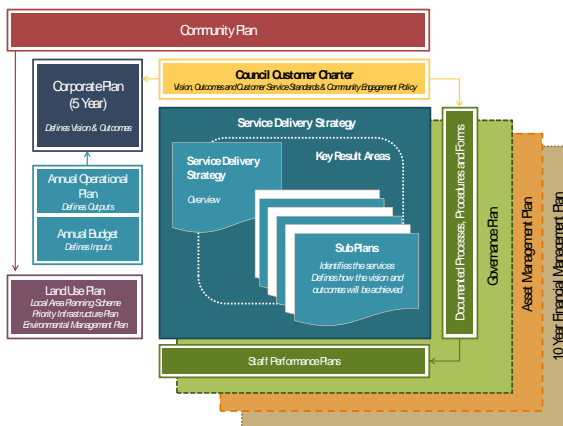


Figure 3 Planning framework in 2010

A new, ambitious and exciting stage of the project has thus opened up, with the community of the NPA, NPARC and Cardno working jointly on the production of a Community Plan and Land Use

Plan, with Cardno also developing Asset Management Plans and a long term financial model and plan to complete the planning work begun in 2009.

The previous linkages between the Council Vision and Customer Service Standards to the Service Delivery Strategy has evolved subtly to become linkages between the Community Plan and Customer Charter to the Service Delivery Strategy. Of course, in incorporating the visions and strategies from the community plan, the Service Delivery Strategy will undergo a revision to align with the more symbiotic goals of the Community Plan. At the same time, the new linkages with the Land Use Plan will enable better management of assets, especially in terms of the acquisition and planning of new assets. Cardno and NPARC believe this will build on the success that resulted in the National Local Government award for Asset and Financial Management, especially in planning for the delivery of services that meet the needs and desires of the community in the future.

Another aspect of the new stage of the project that Cardno and NPARC are focusing on is the involvement of key government stakeholders in the development of the Community Plan. Because the NPA is partially financially reliant on the State and Federal Governments through various departments and agencies, inclusion of these bodies will strengthen the planning process.

Cardno is also using its experience and expertise in working with Indigenous communities in this project, consulting with its development professionals and following its Indigenous Engagement Policy.

Applicability to other Councils

The planning methodology used by in this work could readily be transferred to other local governments to achieve similar planning successes.

Authors



Kerry Jones

Kerry has over 30 years experience in the planning, design, operation and management of public sector infrastructure and agencies. He has extensive experience in business improvement projects for public sector agencies and with development and implementation of policy reforms through all levels of government. He has worked in association with numerous Queensland and New South Wales local governments, Queensland State Government agencies including Treasury, Department of Natural Resources and Mines, Commission of Audit, and nationally with the Council of Australian Governments Water Reform Group and the Australian Drinking Water Guidelines working group. Kerry has proven skills in facilitation, leadership and innovation as demonstrated through the development of the highly successful WaterWise demand management program. Kerry specialises in advising public sector agencies on approaches to strategic asset management planning, business improvement, organisational arrangements and competitive management.



Patrick Carter

Patrick has 15 years experience as an asset manager, engineer and project manager in Australia, New Zealand, the United Kingdom and Vanuatu.

After spending the first part of his career in traditional engineering planning, design and project management, Patrick has spent much of the last eight years in asset management.

He has also undertaken project management, business analysis and post implementation reviews for a number of information technology projects.

He has recently been involved with planning studies for significant odour control and process improvement initiatives for several large wastewater treatment plants.



Patrick Lavery

Patrick is an environmental engineer and asset management professional with 9 years experience gained within Australia and Europe. In Australia, Patrick has worked both in private consultancies and in the public sector, with the Department of Environment and Resource Management in their Water Regulation Unit. On the operational side, Patrick developed an asset register for drainage assets of the London Underground and tools for assessing contractual obligations towards asset conditions.

Amongst his project work for Cardno, Patrick has been involved in the selection of a new Asset Management Information System for Unitywater, and in the Total Management Plan for Bundaberg Regional Council.