

From: Peter Porch [REDACTED]
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Dear review staff,

Thankyou for the opportunity to provide a submission. This submission is limited to the proposals for Asset Management.

It is critical that asset management at the most granular level remains within councils. Asset management practice for Local Government has its greatest effectiveness where there are qualified and experienced technical people who have a working knowledge of the overall asset condition of their asset portfolios, combined with professionals in business, finance and engineering to administer the financial and strategic requirements of a system.

The input of technical people at the coal face is vital and should not be considered a dispensable element of the system. At this level, resource sharing would be difficult if not pointless as they are quite integral to the day to day functions of their municipal area. Realignment of borders is not such a concern as the knowledge of the portfolios can be grown and shared as necessary over time. This component of asset management is contingent on knowledge of the asset portfolio which is gained over time through constant interaction with records, data and mapping. Also critical is that this requirement is supported with carrot and stick funding levers to increase performance where necessary. This might be achieved as follows:

- Presently the Tasmanian Audit office, supported by consultants carries out audits on council finances. It is evident from participating in and fielding questions from audit staff that the capacity of audit consultants is shallow in the practical application of asset management practice and its awkward fit with financial reporting and risk. Councils pay the bill for this service and it wastes much time. There is opportunity to restructure the audit process to incorporate a specialist team of asset management professionals to provide annual audit of council's against asset maturity criteria as described in the IPWEA asset management manuals. To enable full time roles within this new business unit, possibly attached to LGAT, the audit program could run over twelve months to manage the work load.
- Councils rated, through this new external team, as not achieving core maturity in their asset management practices would have a % of the annual FAG funding allocation quarantined. The quarantined sum to be held in an account for the subject council. When the subject council achieves core level maturity in its audit, those funds held in trust would be released back to the council. No penalty or bonus would be applied to councils who achieve core level maturity or higher.
- This mechanism should encourage council management and elected members to recruit/train and dedicate the required internal resourcing to asset management practice to ensure all funds allocated are promptly obtained. Opportunity exists for engagement in shared services with other councils and that may be a means for councils not achieving core asset maturity to more quickly get access to their full funding and any funds held in trust.
- LGAT continue to support an asset management working group and facilitate an annual forum/conference/seminar for asset staff to assist in "professionalising" the discipline.

I will also be supporting a submission from the LGAT asset management group whose combined views may not be so ardent as my own with respect to these proposals but I have sown the seed there.



Kind regards,

Peter Porch

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