



Asset Management Strategy 2025 - 2035

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Asset Management Strategy 2025-2035

Executive Summary

Queanbeyan-Palerang is a growing local government area, expected to reach a population around 80,000 in the next decade. With that growth comes new infrastructure and facilities constructed with new development, or expanded and upgraded assets to accommodate increased demand, patronage and load facilitated by Council. Yet, existing assets need to be maintained annually, renewed with appropriate frequency, and the asset backlog reduced.

This Asset Strategy recognises we need to design, plan and manage our assets in a strategic and innovative way to accommodate that demand, and meet our ambitions to utilise those assets to deliver services to community, protect the environment and support business. This includes understanding the impacts of projected demographic, environmental, and technological changes. We will be guided by government policy and led by Council strategy.

A significant issue facing local government is the management of ageing assets in need of renewal and replacement, as well as balancing the operational and maintenance (lifecycle) costs to a standard expected by the community. To meet this challenge an international industry standard known as ISO55000, has been used to guide asset planning and management. Later in this Strategy is a model that illustrates the elements of the asset management framework, comprising asset policy, strategy, management plans, capability and funding. This Strategy, with a 10-year horizon, is modelled on this standard.

The Asset Strategy outlines Council's ambitions in managing its assets under the key areas of:

Customer	<ul style="list-style-type: none">i. Provide, present and maintain assets to a level that achieves broad community satisfaction (>3.25/5 ranking in biennial satisfaction surveys)ii. Acceptable levels of service is supported by assets (as disclosed in service statements)
Growth	<ul style="list-style-type: none">i. Design and extend the capacity of assets and connectivity of transport and utility networks in line with population growth forecastsii. Leverage the presence and capacity of assets to stimulate business investment, visitor activity and economic returnsiii. Utilise planning instruments and agreements to optimise connectivity to networks and capacity of infrastructure and facilities delivered through new developmentsiv. Extend or upgrade assets (such as seal/extend seal on roads) when:<ul style="list-style-type: none">a. Assets are designed and constructed to standard for planned loadsb. At least 50% funded by developers through developer or conditioned by current Development Approval, andc. balance met by general rates or grant

Asset Management Strategy 2025-2035

Standards	<ul style="list-style-type: none"> i. Apply international asset and risk standards (ISO55000 and ISO31000) to decision making and priority settings for management, maintenance, renewal and upgrade of assets ii. Build organisation asset skill and technology capability from 'Basic' to 'Advanced' maturity assessments in medium term iii. Calibrate asset ratios (maintenance, renewal, backlog) in line with the Financial Strategy
Financial	<ul style="list-style-type: none"> i. Align asset maintenance and renewal spend to the rate of depreciation (generally expending 1% of the asset base value on annual average) ii. Establish 'infrastructure sinking fund' used to draw on, or replenish, annualised differences in the value of depreciation and maintenance and renewal spend iii. Align asset ratio forecasts to financial capacity (expressed in Long Term Financial Plan) iv. Rank decisions to extend, renew or replace assets on best value (in line with asset life cycle, cost of finance and organisation capability)
Risk	<ul style="list-style-type: none"> i. Design and monitor performance of assets to adapt to expected risk associated with anticipated climatic changes, natural disasters and known changes in environmental standards ii. Rank decisions on investment or disposal of assets on the risk posed to health, business or the environment
Priority Setting	<ul style="list-style-type: none"> i. Guide upgrade and new infrastructure expenditure on priorities established with key strategies – such as Integrated Transport, Integrated Water Cycle Management, Local Strategic Planning Statement, Planning Agreements – designed to ensure ten years of forward planning and delivery for infrastructure networks and facilities is available ii. Renewal and investment in assets is financially and environmentally sustainable, and focussed on safety and prosperity for the local government area iii. Consider the economic, social, environmental and financial impacts of investment or decline in assets - including expanding sealed road network and effects on maintenance and backlog; or design of new car parks on type, cost, pricing consequences and behaviour influences

Table of Contents

1	Asset Management at QPRC.....	1
1.1	QPRC Asset Management (AM) Framework	1
1.2	QPRC Asset Management Guiding Principles	2
1.3	Asset and Service Requirements.....	3
1.4	Customer Expectations.....	4
1.5	Exposure to Risk	4
2	Asset Portfolio	6
2.1	Asset Value	7
2.2	Asset Maintenance	7
2.3	Asset Condition	7
2.4	Asset Criticality and Risk Management.....	10
3	Asset Management Capability	11
3.1	Asset Management Capability Program.....	11
3.2	Resource Requirements	14
3.3	Asset Performance Forecast	15
3.4	Asset Management Framework Improvements.....	17

1 Asset Management at QPRC

1.1 QPRC Asset Management (AM) Framework

QPRC has developed an Asset Management Framework which is an integral part of the overall QPRC management and governance system. The purpose of the framework is to set the principles and guidelines for undertaking asset management in Council in support of its service delivery. The framework is consistent with industry approaches and standards including:

- (a) Office of Local Government 2021 Integrated Planning and Reporting Guidelines
- (b) ISO AS 55000:2024 Asset management – Overview, principles, and terminology
- (c) IPWEA International Infrastructure Management Manual
- (d) IPWEA 2015 Australian Infrastructure Financial Management Manual

The Asset Management Strategy is a high-level plan that describes how we will manage our assets to comply with regulatory standards and community expectations.

The Asset Management Framework (policy, directives, procedures, strategies, etc) is underpinned by various technology platforms including: the maintenance management system (MMS), customer request system (CRS), the enterprise asset management system (EAMS), the GIS database, and the enterprise content (records) management (ECM), which together provide knowledge management in support of service delivery.

Figure 1 summarises Council's Asset Management Framework including the Asset Management Policy, which is foundational to the AM Strategy.

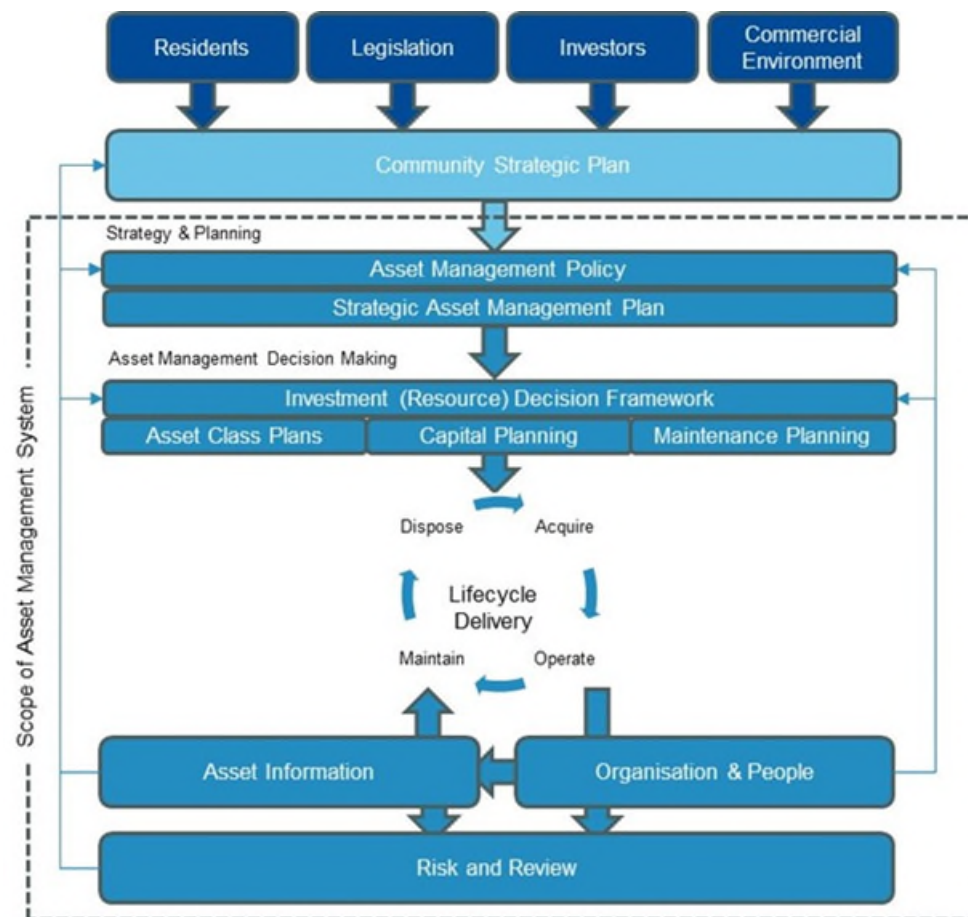


Figure 1 Asset Management Planning in QPRC

1.2 QPRC Asset Management Guiding Principles

The Asset Management Policy details the principles that underpin Asset Management at QPRC.

“The primary intent of asset management is to assure level of service requirements are provided that balances cost, risk and quality in a sustainable manner.

This will be achieved through the planning, creation, acquisition, maintenance, operation, rehabilitation, and disposal of assets to provide for present and future community needs.

Council is committed to:

- a) Asset Management Planning that meets the Integrated Planning and Reporting requirements*
- b) Using quadruple bottom line considerations to provide transparent and responsible asset management decisions*
- c) Applying systematic and cyclic reviews to all asset classes to assure currency and accuracy of the asset register*
- d) Improving reporting on state of assets to support services.”*

The creation, operation and maintenance of assets is guided by several Australian standards, codes of practice, and industry recommendations (accepted industry practice). Consequently, effective delivery of services is contingent on assets that are consistent with accepted industry practice.

The following issues have a direct bearing on the serviceability of Council's assets and the efficacy of its services:

- Managing the asset backlog
- Renewing and replacing ageing assets in accord with their lifecycle
- Aligning asset renewal expenditure to the rate of depreciation
- Applying generational equity principles to provision, renewal and upgrading of assets
- Differentiating asset operations or servicing from maintenance
- Recognising gifted assets from large greenfield developer controlled sub-division releases
- Effect of population growth on the patronage / utilisation of assets

1.3 Asset and Service Requirements

QPRC is obliged to comply with various Australian technical standards and guidelines in relation to the assets which it controls and manages. Together, these standards define current industry practice (accepted good / best practice) hence the quality and reliability of assets expected by the community and other stakeholders. Some of the asset hence service outcomes governed by these standards include:

Technical

- role of the asset in network or hierarchy
- design specifications per class of infrastructure to be constructed
- relevant AS/ISO specifications or legislation/regulation
- type/quality facilities on classes of asset identified in strategies or plans (e.g. network or corridor hierarchy, or sports strategy)

Asset Performance

- configuration of failure modes, intervention levels and performance indicators for the type of asset concerned
- grading of the degree of distress / performance being exhibited by the asset for each of the failure modes / performance indicators
- recording the upper and lower condition and performance limits for the assets concerned
- flagging when an asset exceeds or falls below the limits
- KPIs required for third party reporting (e.g. DPI water, EPA, Transport for NSW)

Service Outcomes

- quality, frequency, location (as disclosed in service statements), such as:
- queuing at intersections, access to parking and frequency of accidents on roads
- frequency of cleaning toilets and mowing parks
- incidence of polluting events in drains and waterways
- frequency of collection and utilisation of waste
- patronage at community centres, and recreation and cultural facilities
- maintenance levels of service (e.g. grading frequency by road classification/locality)
- maximum period of loss of water supply to a given number of customers

1.4 Customer Expectations

Requests are frequently received from residents and business operators to attend to an asset failure, service interruption or safety matter through the customer request management (CRM) system. As part of QPRC's asset management obligations, inspections and rectifications are required to be attended to within acceptable timeframes.

QPRC has implemented standard target response (inspection) and action (resolution) times utilising the following rankings:

Table 1 Customer Request Response Guidelines

Response (hours)	Action (days)	Target
High < 2hrs	High < 2 days	>75%
Medium < 72 hrs	Medium < 5 days	>75%
Low < 120 hrs	Low < 10 days	>75%

Performance is measured based on time taken to undertake an initial inspection, followed by work required to undertake maintenance work required to rectify the asset.

The Customer Service Charter and Standards includes the classification of the asset portfolio against the listed rankings and identifies where a non-standard response time or target is applied.

1.5 Exposure to Risk

Council has an obligation to ensure that it does not accept high levels of risk that might impact on community wellbeing and amenity or the ongoing viability of Council. Accordingly, Council generally has a low appetite for unmitigated risk across its day-to-day operations.

However, to achieve the outcomes identified in the Community Strategic Plan, Council may have to take some calculated risks to deliver the range of services expected by the community. This may include risks associated with commercial development and partnerships with other public and private sector entities.

Council has developed and implemented a Risk Management Framework in line with the requirements of AS ISO 31000:2018 Risk Management Guidelines. Key to this framework is the identification of significant risks to Council and the Community, which require action to reduce the level of risk to acceptable levels. Council's Risk Management Policy recognises that, to provide services to the community it should accept and take some level of risk. Therefore, Council has some appetite for risks needed to:

- (a) improve efficiency, reduce costs, and/or generate additional sources of income
- (b) develop and maintain Council assets
- (c) maintain and, where necessary, adjust the levels of service to meet the community objectives

Council's appetite to key risk areas is as follows:

(A) Safety and Wellbeing

Minimise - Council has little or no appetite for acts or omissions that result in injury or illness to third parties, property damage or impair community wellbeing. Council will attempt to eliminate / minimise such risks to the community as far as possible within available resources.

Manage - Council will manage the risks to the community arising from use of public infrastructure such as roads and footpaths by allocating the limited resources available to maintain assets in accordance with the priorities set out in its asset management strategy and plans.

(B) Environment

Minimise - Council has little or no risk appetite for environmental damage arising from normal business activities and will ensure controls are in place to eliminate / minimise such risks.

Manage - Council recognises that trade-offs between environmental and other objectives may be necessary to achieve certain organisational objectives, including the construction and maintenance of assets. Council will manage risks arising from its construction, and maintenance activities.

(C) Financial

Minimise - Council has little or no risk appetite for unexpected financial losses arising from normal business activities and will ensure controls are in place to eliminate / minimise financial risks (including invested funds).

Manage - Financial risks associated with major capital projects will need to be assessed on a case-by-case basis. Council may accept some commercial risk associated with delivery of infrastructure and economic development initiatives. This may include risks associated with partnerships and joint venture arrangements. Council will manage risks associated with capital infrastructure projects and other investments.

Asset Management Strategy 2025-2035

2 Asset Portfolio

The Asset Capitalisation Policy defines what is considered an asset. The Asset Class Definitions Policy provides the definitions for asset classes. Infrastructure Assets are the largest class of assets within the portfolio.

Asset Class	
	Infrastructure Assets
	Building Assets
	Transport Assets
	Recreational Assets
	Waste
	Stormwater
	Water
	Sewer
	Plant
	IT Equipment
	Fixtures and Fittings
	Land

Figure 2 - QPRC Asset Classes

Key Assets within the portfolio include:

Buildings	Roads and Transport	Recreational	Water, Sewer and Stormwater
			
\$203m	\$1,233m	\$69m	\$566m
2.4 Average Condition Rating	1.5 Average Condition Rating	2.2 Average Condition Rating	1.8 Average Condition Rating
Fair to Good	Good to Very Good	Fair to Good	Good to Very Good
>200 Buildings and other structures	>1300 km Sealed Roads >700km of Unsealed Roads 176 Bridges >170 Km of Pathways	107 Parks and Reserves 27 Sports fields 2 Showgrounds 5 Swimming Pools	>400km Water mains >400km Sewer pipes >300km Stormwater 14km Recycled water 5 Sewage Treatment Plants

Figure 3 QPRC Asset Base

2.1 Asset Value

The QPRC Infrastructure, Property, Plant and Equipment (IPPE) asset portfolio is valued at \$2,453,501 as of 30 June 2024. Most of the value (84%) sits within the infrastructure asset class, with Roads and Transport assets the largest sub-class.

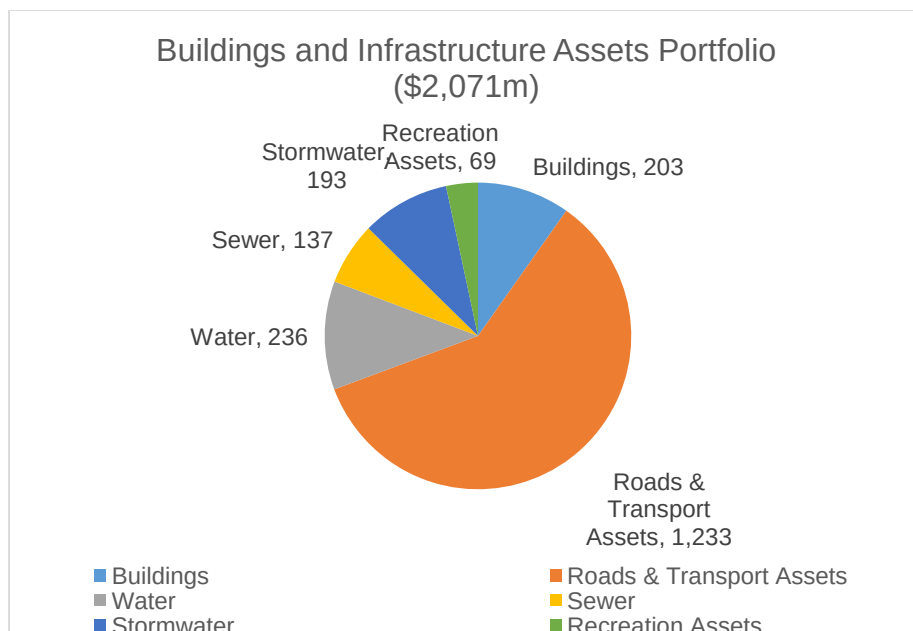


Figure 4 Asset Valuation - 30 June 2024¹

2.2 Asset Maintenance

There are multiple approaches to asset maintenance. The selection of the right approach is dependent on factors including risk appetite,

likelihood of failure, impact of failure, availability of information, and cost.

Run to failure

Assets do not undertake significant maintenance and are instead used continuously until they fail. This is often used where the impact of failure is minimal and can be mitigated.

Interval-based maintenance and replacement

Assets are maintained on regular intervals (time or usage based). Asset renewal is scheduled based on a useful life.

Condition-based maintenance

Maintenance and asset renewal is scheduled and conducted based on the condition of the asset. QPRC uses a condition rating aligned with the IPWEA standard ([Table 2 - QPRC Condition Rating](#))

2.3 Asset Condition

Assets are continually condition assessed throughout their lifecycle so that we understand the quality of the assets and how they are meeting service requirements. A mix of tools are used to assess condition, including visual, video, drone, aerial and satellite observations. The condition ratings are broadly mapped to age of assets and maintenance records to assist assessment of asset remaining life, serviceability, and renewal cycles.

The condition of assets naturally deteriorates with age and is impacted through maintenance and renewal activities. Poor maintenance of assets and delay in renewal can adversely impact the life of the asset. Degradation decay curves provide guidance for asset maintenance and renewal decision making. Degradation curves may vary depending on several factors including material,

¹ Graph does not include some minor asset classes that form part of the overall asset valuation process

Asset Management Strategy 2025-2035

utilisation, environmental exposures, past maintenance practices and construction techniques used.

Table 2 - QPRC Condition Rating Guide

Condition Rating		Description	Planned Intervention
1.	New Asset or Asset in Near New Condition	No deterioration in condition	None.
2.	Good Condition	Minor signs of wear and tear occurring but not impacting assets performance	None
3.	Fair to Moderate Condition	Some signs of wear occurring, and maintenance activities required to keep asset functioning to service requirements	No action. Included within routine maintenance activities.
4.	Poor Condition	Major wear occurring with increased maintenance activities required to provide service. Asset subject to rehabilitation.	Scheduled for rehabilitation or replacement as appropriate
5.	Very poor or unserviceable condition	Asset is closed for use or use is severely restricted. Replacement is required.	Immediate rehabilitation or renewal. (backlog)

The minimum frequency of condition assessing assets is aligned with the timetable for the valuation process and is detailed in the Asset

Revaluation Policy. In cases of flooding, fires or other events occurring that can significantly impact on asset condition, an inspection is to occur as soon as possible after the event and any condition changes noted so impairment of the assets can be determined.

Asset Rehabilitation

Asset rehabilitation is work undertaken to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life. Asset rehabilitation is often more expensive than repair costs and increases the life expectancy of the asset beyond what a repair would provide. Rehabilitation should be less costly than a replacement and usually provides less useful life than a full replacement. Not all assets are suitable for asset rehabilitation. Examples of asset rehabilitation include road resealing.

Asset Renewal Strategy

When assets are identified as end of life, key elements of the asset need are reviewed to assess whether the asset should be disposed, replaced on a like for like basis, or replaced with upgraded capacity or capability. Elements for review include

- Population changes
- Service strategy (e.g. Freight)
- Build back better opportunities
- Climate resilience considerations
- Technology changes
- Ability to reduce whole of life costs (environmental and financial)

Eligibility for grant funding and opportunities to utilise developer contributions is considered to maximise the available resource streams and address gaps within our asset renewal ratios.

Asset Management Strategy 2025-2035

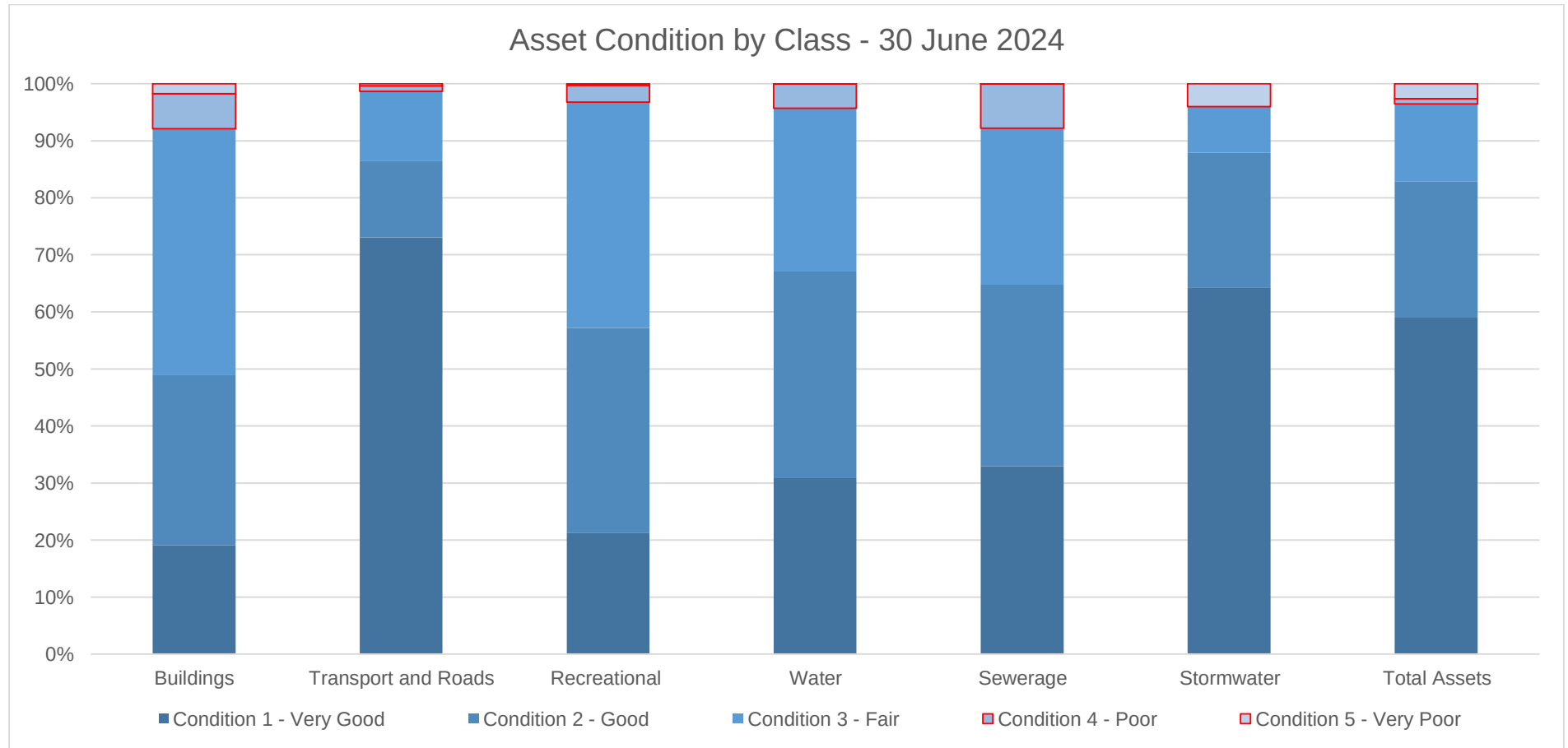


Figure 5 QPRC Asset Condition by Class

Asset Management Strategy 2025-2035

2.4 Asset Criticality and Risk Management

We are committed to ensuring best practice maintenance and renewal of assets based on a risk management approach. Not all assets need to be treated the same, undertaking an assessment to determine the risks associated with asset failure, or how critical the asset is enables Council to maintain its service obligations.

Criticality of assets are defined based on the following table:

Table 3 Asset Criticality Grading

Criticality Rating	Description
Non-Critical	Asset can fail without impacting service requirements. No back-ups provided and non-urgent replacement can be made safely
Low Criticality	Asset failure will cause minor inconvenience in being able to deliver the service. Back-ups may be provided to continue the delivery of services without interruption
Moderate Criticality	Asset failure will cause moderate disruption to delivery of the service. Considerations should be made for alternative back-ups to be provided until repairs/replacement can be undertaken.
High Criticality	Asset failure will cause high level of disruption to delivery of the service. Considerations should be made for alternative back-ups to be provided until repairs/replacement can be undertaken.
Very High Criticality	Asset failure will cause major disruption to delivery of the service. Business continuity plans are to be prepared based on emergency management processes

A risk-based intervention process to asset management practices will allow QPRC to prioritise asset responses as follows:

Table 4 - Criticality Risk Matrix

Asset Condition Rating	5					
	4					
	3					
	2					
	1					
		None	Low	Moderate	High	Very High
Asset Criticality Rating						

The intervention levels are as follows:

Green	Run to Failure
Yellow	Prioritise Inspections and defect maintenance
Orange	Prioritise proactive maintenance activities to prevent premature deterioration of asset condition
Red	Avoid failure. Back-up alternatives need to be in place together with business continuity plans for emergency response

Council has developed categorisations based on this approach that has defined maintenance interventions for unsealed roads (Unsealed Road Grading Policy) and footpaths (Footpath Management Policy).

3 Asset Management Capability

3.1 Asset Management Capability Program

The following key actions have been identified from previous strategies and are intended to address the needs of the Community Strategic Plan, the Service Statements, and adhere to the principles of the Asset Management Policy.

Table 5 Asset Management Strategy Actions

Key Focus Areas	Objective
Customer	Provide, present, and maintain assets to services that achieves broad community satisfaction (>3.25/5 ranking in biennial surveys)
	Acceptable levels of service is supported by assets as disclosed in service statements
Growth	Design and extend the capacity of assets and connectivity of transport and utility networks in line with population growth forecasts
	Leverage the presence and capacity of assets to stimulate business investment, visitor activity and economic returns
	Utilise planning instruments and agreements to optimise connectivity to networks and capacity of infrastructure and facilities delivered through new developments
	Extend or upgrade assets (such as seal/extend seal on roads) when: <ul style="list-style-type: none"> Assets are designed and constructed to standard for planned loads > 50% funded by held contributions or conditioned by DA or LPA balance met by rates or grant funding

Asset Management Strategy 2025-2035

Key Focus Areas	Objective
Standards	Apply international asset and risk standards (ISO55000 and ISO31000) to decision making and priority settings for management, maintenance, renewal and upgrade of assets
	Build organisation skill and technology capability from 'Basic' to 'Core' in terms of asset management maturity assessments
	Calibrate asset ratios (maintenance, renewal, backlog) in line with the Financial Strategy
Financial	Align asset maintenance and renewal spend to the rate of depreciation
	Establish 'infrastructure sinking fund' used to draw on, or replenish, annualised differences in the value of depreciation and maintenance and renewal spend
	Apply generational equity principles to provision, renewal and upgrade of assets -generally raising debt, securing development contributions or procuring grants to renew, upgrade or expand assets and networks
	Align asset ratio forecasts to financial capacity (expressed in LTFP)
	Rank decisions to extend, renew or replace assets on best value (in line with asset life cycle, cost of finance and organisation capability)
	Resource cadet, apprentice and trainee staffing to augment asset management and operational capability, and mitigate loss of expertise through retirement and competition
	Establish pricing strategies for asset patronage and usage, including price setting for behaviour management (to align to Pricing Policy)

Asset Management Strategy 2025-2035

Key Focus Areas	Objective
Risk	Design and monitor performance of assets to adapt to expected risk associated with anticipated climatic changes, natural disasters, and known changes in environmental standards
	Rank decisions on investment or disposal of assets on the risk posed to health, business, or the environment
	Monitor value, progress, and risks to new or upgraded infrastructure and facilities through project management
Priority Setting	Guide the upgrade and new infrastructure expenditure on priorities established with key strategies – such as Integrated Transport, Integrated Water Cycle Management, Local Strategic Planning Statement, Planning Agreements – designed to ensure ten years of forward planning and delivery for infrastructure networks and facilities is available
	Provide resources to enable infrastructure designs and estimates to be one year in advance of scheduled delivery, to enable take up of grant or developer sponsored infrastructure funding
	Renewal and investment in assets is financially and environmentally sustainable, and focussed on safety and prosperity for the LGA
	<p>Consider the economic, social, environmental and financial impacts of investment or decline in assets, including Trade-offs / consequences of asset management decisions such as</p> <ul style="list-style-type: none"> • expanding sealed road network and effects on maintenance and backlog, • design of new carparks (carparking strategy) type, cost, pricing consequences and behaviour influences

Asset Management Strategy 2025-2035

3.2 Resource Requirements

QPRC has developed its long-term asset investment planning for the next 10-year period. Over this period, it is forecast renewal and upgrades of the existing asset base will be \$1,029 Million.

Table 6 – Long Term Asset Investment Plan

Asset Class	Financial Year – Capital Works (\$,000)									
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2032/33	2031/32	2033/34	2034/35
Buildings	7,220	7,304	6,311	4,415	4,208	4,443	4,627	4,202	4,427	4,427
Other Structures	6,342	7,991	3,236	8,649	4,289	8,429	17,820	26,399	1,402	1,039
Roads	37,430	28,238	25,055	19,073	33,459	32,254	35,848	34,049	39,761	42,077
Bridges	13,660	808	826	845	865	885	905	905	905	905
Footpaths	100	200	300	400	400	400	400	400	400	400
Car Parks	3,002	1,660								
Stormwater	11,220	4,120	1,200	1,300	1,400	1,500	1,700	1,600		1,000
Sewer	28,206	72,405	76,573	32,401	34,182	1,071	1,463	4,203	1,107	1,120
Water	27,276	74,464	44,099	9,023	5,636	2,535	2,775	3,534	2,273	2,275
Recreation	2,057	1,854	2,980	3,671		1,680		1,783		
Land	6,117	16,780								
Plant	5,546	4,092	4,046	4,046	4,000	4,000	4,000	4,000	4,000	4,000
IT Equipment	359	486	393	400	407	414	430	422	438	446
Grand Total	148,535	220,402	165,019	84,222	88,847	57,612	69,968	81,498	54,713	57,689

Detail on the management of QPRC's infrastructure funding are provided in QPRC's Financial Strategy which guides the desired funding levels and expenditure ratios for Council's assets

Asset Management Strategy 2025-2035

3.3 Asset Performance Forecast

QPRC aims to demonstrate financial asset management sustainability through the adoption of the Office of Local Governments Asset Ratios, Buildings and infrastructure renewal ratio, Infrastructure backlog ratio, Asset Maintenance ratio, and Cost to bring assets to agreed service level. The ratios as of 30 June 2024 are illustrated below.

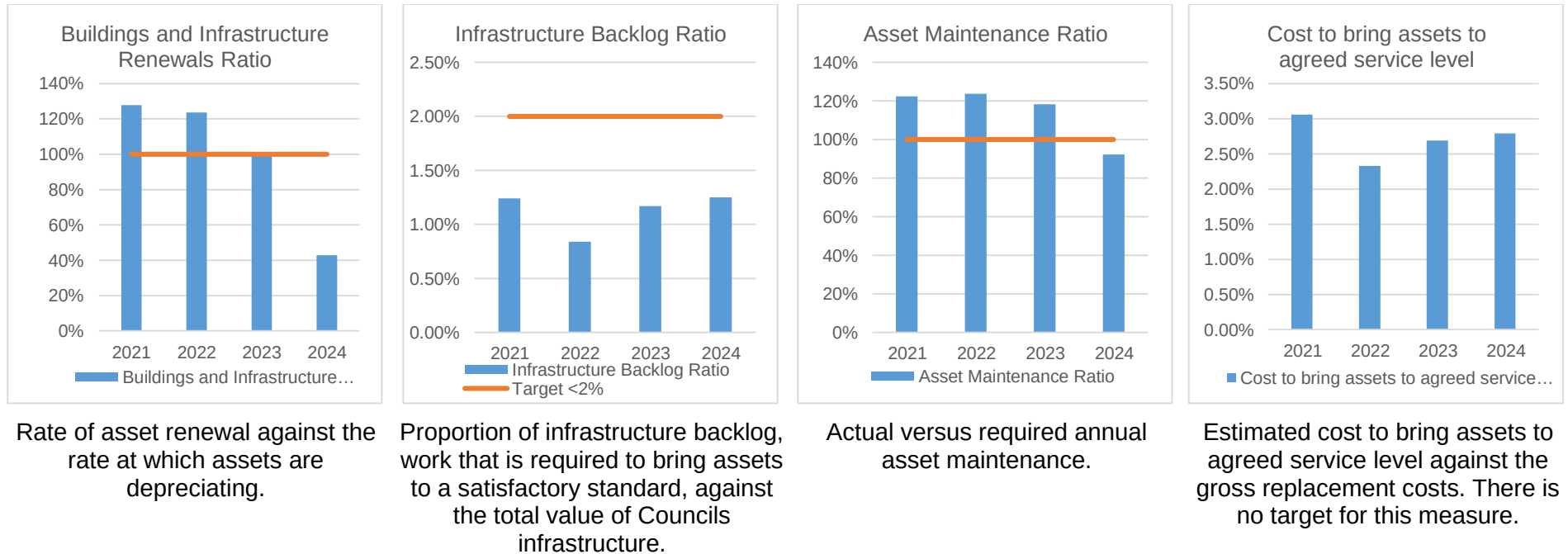


Figure 6 - Asset Performance Ratios

Asset Management Strategy 2025-2035

These performance measures are primarily backwards focussed, however the buildings and infrastructure ratio is useful to apply to capital forecasts to ensure that consideration of performance targets has been included in the formation of the plan.

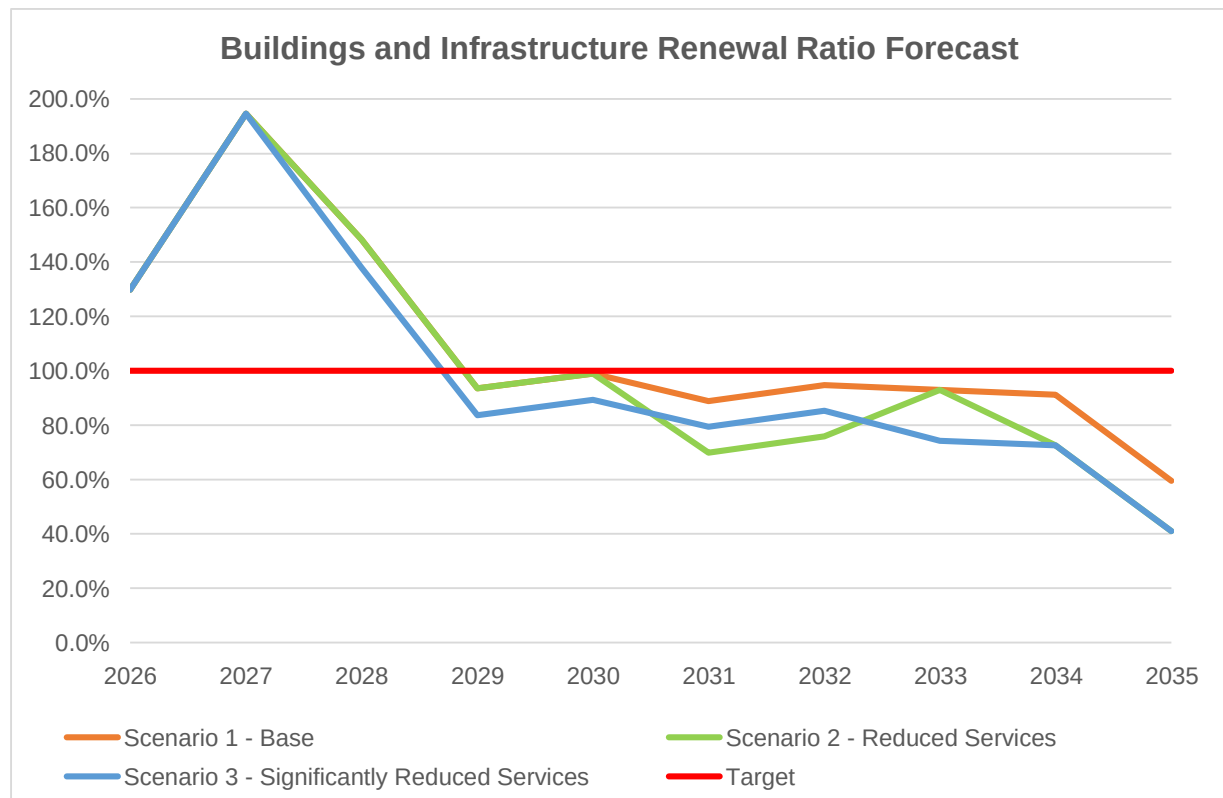


Figure 7 – Building and infrastructure renewal ratio forecast

Timing and shape of capital expenditure affect the annual measurement of the buildings and infrastructure renewal ratio. It is forecast to be between 59.5% and 194.6% on an annual basis and 107.09% for the 10-year period of the Long-Term Financial Plan meeting the target.

Asset Management Strategy 2025-2035

3.4 Asset Management Framework Improvements

A Deming cycle of Plan Do Check Act (PDCA) is core to the Asset Management Framework and forms part of continuous improvement.

The below diagram (Figure 8) illustrates the link between the plans that are set out in these and other key planning documents, implementation and the process of reviewing progress and undertaking course correction.

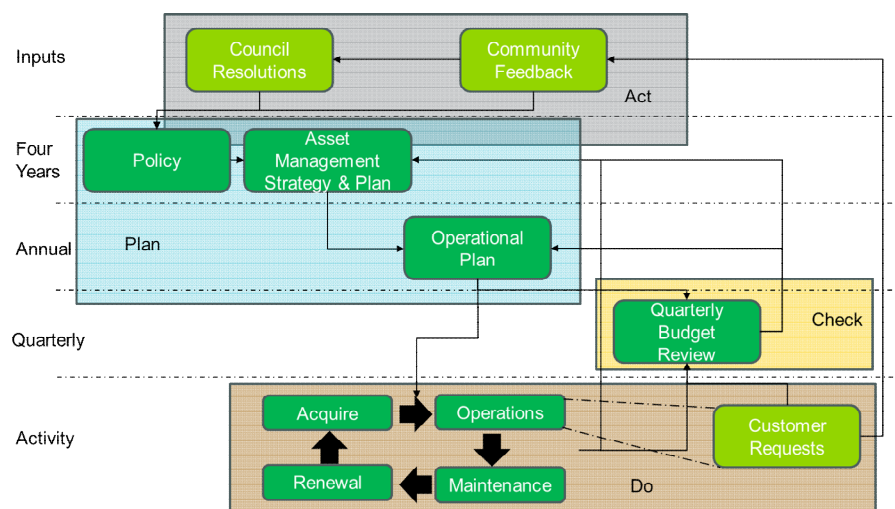


Figure 8 Asset Management High Level Process

As part of the PDCA process QPRC has undertaken a review of its Asset Management capability and has identified improvements to be made to its documentation of its Asset Management Plans (AMPs) and categorised them in two ways.

Minor Refresh

AMPs are updated with the current value of the assets and changes to the delivery program resulting from the progress of the existing delivery program.

Major Refresh

In addition to the minor refresh, major refreshes include updates to the condition of the asset portfolio, review of strategy and intervention levels.

Additional Content

The recent review also identified improvements that can be made to our AMPs through the inclusion of additional information in the areas of stakeholder needs, CO2 impact, asset risk review, works program breakdown by work order, and 10yr forecasts.

Additional Asset Management Plans

The internal audit also identified additional AMPs are required for Plant and Equipment, IT Equipment, Fixtures and Fittings, and Land

The timeframe to deliver the refresh of AMPs and additional content is detailed in Figure 9.

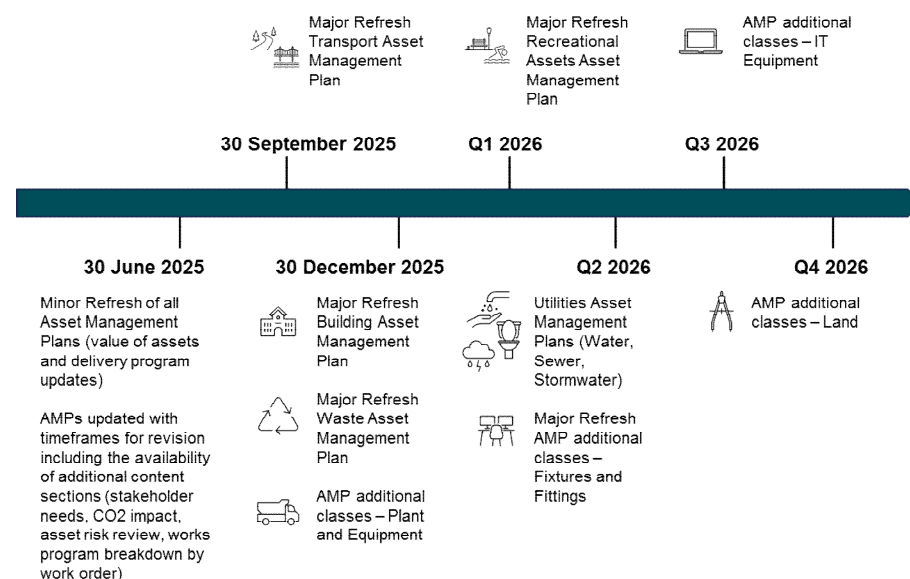


Figure 9 Timeline to Refresh Asset Management Plans