



ASSET MANAGEMENT STRATEGY



V1.0
June 2019

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1. EXECUTIVE SUMMARY

This asset management strategy is prepared to assist council is improving the way it delivers services from infrastructure including Buildings, Buildings contents, Fleet, Transport, Water and Sewerage assets. These infrastructure assets have a replacement value in excess of \$400M.

The asset management strategy is to enable Council to show:

- How its asset portfolio will meet the service delivery needs of its community into the future,
- Enable Council's asset management policies to be achieved, and
- Ensure the integration of Council's asset management with its long term strategic plans.¹

This asset management strategy will assist council in meeting the requirements of national sustainability frameworks, State legislation, and provision of services needed by the community in a financially sustainable manner.

The asset management strategy is prepared following a review of the council's service delivery practices, asset management planning, asset management maturity, and fit with council's vision for the future outlined in the Cook Shire Council Corporate Plan 2017-2022. The strategy outlines an asset management improvement plan detailing a program of tasks to be completed and resources required to bring council to a minimum 'core' level of asset maturity and competence.

Strategy Outlook:

1. The process of formulating a Long Term Financial Forecast (LTFF) informed by Council's asset management plans for Buildings, Transport, Water and Sewer infrastructure is yet to be completed. The LTFF will identify the ability of Council to maintain the range of current services and respective service levels delivered by these infrastructure assets over the coming 10 year timeframe.
2. The ability of Council to fund current infrastructure life cycle costs at current levels of service and available revenue will be determined within the Long Term Financial Forecast. The projected infrastructure life cycle cost over the next 10 years has now been determined within Council's asset management plans.
3. The organisation's current asset management maturity is below 'core' level with on-going investment required to improve information management, lifecycle management, service management, and asset management systems. It is anticipated that the majority of this investment will be staff time and centred on the activities of the Manager Assets.

Asset Management Strategies:

The strategies identified in this document are outlined in the following table.

¹ LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

No	Strategy	Desired Outcome
1	Develop a Long Term Financial Forecast covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
2	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.
3	Report six to twelve monthly to Council by Audit Committee/ CEO on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Forecasts.	Oversight of resource allocation and performance.
4	Move from Annual Budgeting to Long Term Financial Forecasts	The long term implications of Council services are considered in annual budget deliberations.
5	Incorporate Year 1 of Long Term Financial Forecast revenue and expenditure projections into annual budgets.	Long Term Financial Forecasts drives budget deliberations.
6	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (minimum 80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
7	Review and update asset management plans and Long Term Financial Forecasts after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
8	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
9	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance, costs, and 'whole of life' costs.	Improved decision making and greater value for money.
10	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
11	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.

Asset Management Improvement Plan:

The program of tasks and resources required to achieve a minimum 'core' asset management maturity have been developed as part of this asset management strategy and are outlined following.

Ref	NAF Practice Area	Task	Responsibility	Timetable	Resources Required
1	Strategic Long Term Plan	(a) Complete a LTFF based on the Corporate Plan and AM Plans (b) Annually review and update LTFF for all asset classes	Director Org. Business Services; Mgr Assets	(a) Jun 2020 (for the 2020-21 FY budget) (b) Annually	Staff time
2	Annual Budget	The Annual Budget aligns with Year 1 of the LTFF and includes resources to implement Corporate Plan strategies	Director Org. Business Services	Jun 2020	Staff time
3	Annual Report	The Annual Report reviews the performance of Council against strategic objectives and details any major changes that might impact on the Corporate Plan delivery	Director Org. Business Services	Aug 2020 (for 2019-20 Annual report)	Staff time
4	AM Policy	Review AM Policy on max. 4 yearly basis	Mgr Assets	By Feb 2023	Staff time
5	AM Strategy	(a) Adoption of AM Strategy (b) Review AM Strategy max. 3 yearly	Mgr Assets	(a) Jun 2019; (b) Jun 2022	Staff time
6	AM Plans	(a) Adoption of AM Plans (b) Review AM Plans max. 3-4 yearly	Mgr Assets	(a) Jun 2019; (b) Jun 2022	Staff time
7	Governance and Management	(a) Form cross-functional executive AM steering group (AMSG) (b) Provide AM promotion and Council AM updates through AMSG (c) Develop a cap wks evaluation tool driven by Council's plans (d) Define AM roles and responsibilities in a matrix/ policy with staff structure reflecting AM function	ELT; Mgr Assets	(a) Oct 2019 (b) Feb 2020 (c) Mar 2020 (d) Jul 2020	Staff time
8	Levels of Service	Develop service plans in consultation with the community	Mgr Assets; Director Comm. Economy & Innovation	Jul 2021	Staff time
9	Data and Systems	(a) Consolidate and integrate asset registers with common/ defined data framework (b) Document a Condition Rating Assessment Manual (c) Determine and document unit rates	Mgr Assets	(a) Jun 2021 (b) Dec 2020 (c) Dec 2020	Staff time
10	Skills and Processes	(a) Formulate an AM skills matrix and undertake training as required, including training for Councillors and management (b) Document methodology for useful life, residual value and depreciation (c) Document and implement formal process of asset handover (d) Collect and update AM systems with all new/ upgrade/ contributed assets (e) Formulate and implement process to communicate financial implications of AM Plans to all stakeholders	Mgr Assets	(a) Jun 2020 (b) Jun 2021 (c) Jun 2020 (d) Jun 2020 (e) Jun 2021	Staff time
11	Evaluation	(a) Technical levels of service are monitored and performance reported (b) Community levels of service are monitored and performance reported	Mgr Assets	(a) Jun 2021 (b) Jun 2021	Staff time

2. INTRODUCTION

2.1 Background

Cook Shire is a large and sparsely populated Shire located in Cape York Peninsula Queensland. Cook Shire Council is the custodian of an extensive range of community assets that deliver a wide range of Council services. Cook Shire's land area is 106,000 km² or 6.1% of Queensland's land area and is subject to extreme seasonality. Cyclones and monsoon rains regularly affect infrastructure and the services they deliver, with road access to some parts of the Shire restricted for up to five months of the year.

Rural remote Council's like Cook Shire are commonly expected to provide a greater range of services than regional counterparts, and often provide services outside those mandated to ensure the sustainability of small communities. Cook Shire Council is the custodian of an extensive range of community assets that deliver a range of Council services. In order to deliver these services over the long term in a remote and demanding environment, Cook Shire must ensure that the assets supporting these services are managed in a sustainable way. This Asset Management Strategy along with Council's Asset Management Policy and Asset Management Plans for Transport, Buildings, Water and Sewerage, form the basis in developing a framework for sustainable service delivery.

2.2 Purpose and Objective

The purpose of this Asset Management Strategy is to define and document the necessary activities to be undertaken to achieve the implementation of Council's Asset Management Policy. The Strategy's objective is to establish a framework to guide the planning, construction, maintenance and operation of the infrastructure essential for Council to provide services to the community.

The strategy provides the framework to gain a core standard of asset management practice at Cook Shire, providing the structure for further development and embedment of core asset management (AM) practice into the future. Maintaining good, solid, and systematic AM practice over the long term is the benchmark required for Cook Shire, and will provide an on-going framework for sound Long Term Financial Forecasting in steering the Shire towards a sustainable future.

2.3 Asset Management Systems and Planning Process

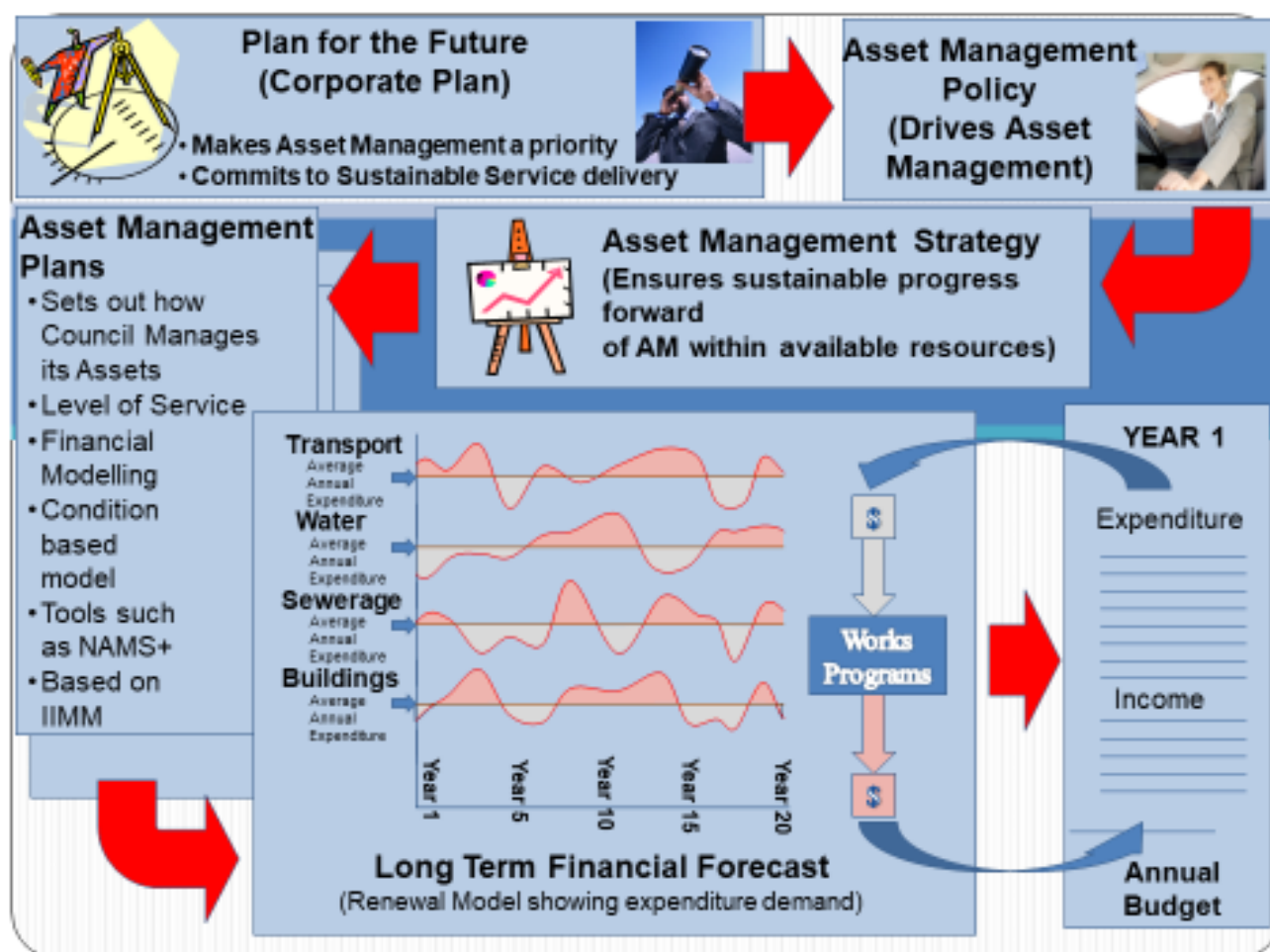
Asset management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an economically optimal way. In turn, affordable service levels can only be determined by assessing Council's financial sustainability under scenarios with different proposed service levels. Asset management planning is integrally linked with formulating an informed Long Term Financial Forecast (LTFF). These links are iterative with the forecast asset expenditure costs from asset management plans (AM Plans) fed into the LTFF. If the required expenditure cannot be met by available income, then service levels and risk management scenarios from AM Plans are formulated and reviewed to allow a sustainable LTFF.

Asset management planning commences with defining stakeholder and legal requirements and needs, incorporating these needs into the organisation's strategic plan, developing an asset management policy, strategy, asset management plans and operational plans, and linked these to a long-term financial plan.

Cook Shire uses Authority as its financial management system and MapInfo (GIS) as the basis for its asset registers in the Transport area.

The asset management planning process and its relationship to organisational Council process is shown in Figure 1 below.

Figure 1: Asset Management Planning Process and Organisational Linkages



An asset management system is a set of interrelated and interacting elements of an organisation to establish the asset management policy and asset management objectives, and the processes, needed to achieve those objectives. An asset management system is more than 'management information system' software. The asset management system provides a means for:

- Coordinating contributions from and interactions between functional units within an organisation,² and
- Consistent application of the asset management processes to achieve uniform outcomes and objectives.

The asset management system includes:

- The asset management policy
- The asset management objectives
- The strategic asset management plan (or asset management strategy)
- The asset management plans, which are implemented in
 - operational planning and control
 - supporting activities
 - control activities
 - other relevant processes.³

² ISO, 2014, ISO 55000, Sec 2.5.1, p 5

3. ASSETS AND THEIR MANAGEMENT

3.1 Infrastructure Assets

Cook Shire Council's infrastructure assets are outlined in Table 3.1 below. These assets provide a wide range of services throughout the Shire. These assets include *Plant and Equipment* and *Furniture and Equipment* asset categories which total less than 3% of the total asset value (refer Fig 3.2). These categories will be included in long term financial forecasting but require further development to confirm forward works programs for future asset planning.

Table 3.1: Assets Covered by this Strategy

Category	Parameters
BUILDINGS ASSETS:	
Buildings	<ul style="list-style-type: none"> 198 Buildings with a total of 14,755m² of bounded and 7,203m² of unbounded floor area
Other Structures	<ul style="list-style-type: none"> Includes 6 playgrounds, 3 bulk fuel facilities, fences, wharfage, other
Furniture and Equipment	<ul style="list-style-type: none"> Various building contents – Database to be included in LTFF
TRANSPORT ASSETS:	
Roads & Airports	<ul style="list-style-type: none"> Roads – 238 km sealed & 2,165 km unsealed (gravel) network; plus 215 km unpaved and 316 km unmaintained track = Total 2,934 km Kerb & Channel – 29.3 km Airports – Runways, taxiways & carparks at Cooktown, Coen, Laura & Lakeland townships
Bridges/ Major Culverts & Drainage/ Stormwater	<ul style="list-style-type: none"> Bridges – 37 No. of Major Culverts – 79 No. of Causeways – 139 No. of (approx. 31,000m² concrete) Minor Culverts
Pathways	<ul style="list-style-type: none"> Pathways – 14.1 km (approx. 29,400m²)
Plant and Equipment	<ul style="list-style-type: none"> Civil plant, fleet, lawnmowers, other – Database to be included in LTFF
WATER ASSETS:	
Water Treatment Plants	<ul style="list-style-type: none"> Total 4 water treatment plants located as part of water supply schemes at Coen, Cooktown, Lakeland and Laura
Water Mains	<ul style="list-style-type: none"> Over 75 km of water mains piping over the 4 water supply schemes
SEWERAGE ASSETS:	
Sewerage Treatment Plants	<ul style="list-style-type: none"> Total 3 sewerage treatment plants as part of sewerage schemes at Coen, Cooktown and Laura
Sewerage Mains, Manholes and Pump Stations	<ul style="list-style-type: none"> Total 36.9 km of sewerage mains, 710 manholes, and 10 sewerage pump stations

3.2 State of the Assets

The financial status of the organisation's infrastructure assets (as of 30 June 2018) is shown in Table 3.2 following. These assets include *Plant and Equipment* and *Furniture and Equipment* items which together comprise 2.6% of the total infrastructure asset replacement value.

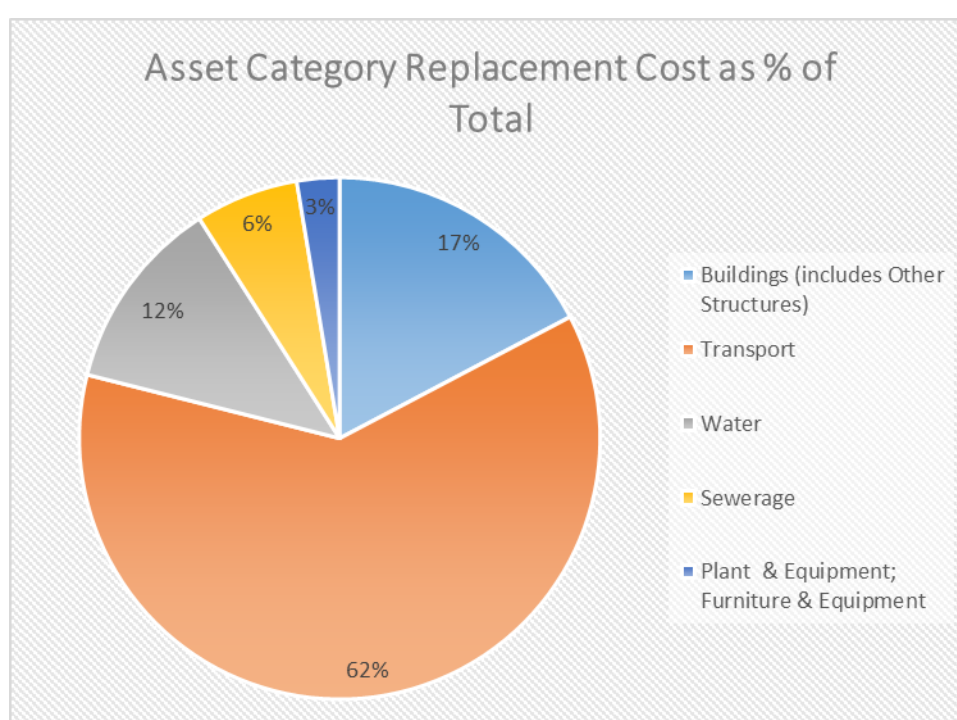
³ ISO, 2014, ISO 55002, Sec 4.1.1, p 2.

Table 3.2: Financial Status of the Assets

Asset Class	Replacement Cost (\$000)	Depreciated Replacement Cost (\$000)	Depreciation Expense (\$000)
Buildings (includes Other Structures)	\$70,624	\$46,971	\$1,349
Transport	\$251,676	\$173,410	\$6,439
Water	\$49,100	\$28,574	\$962
Sewerage	\$26,189	\$19,963	\$539
Plant and Equipment	\$9,956	\$4,236	\$1,030
Furniture and Equipment	\$846	\$15	\$10
Total	\$408,391	\$273,169	\$10,329

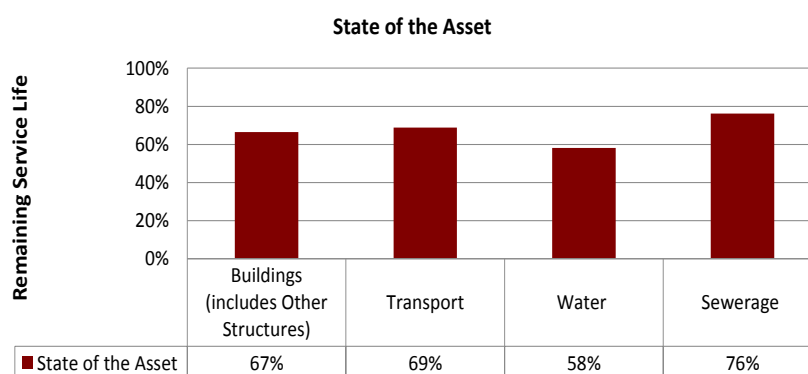
Figure 2 below shows the percentage of total replacement value for each of the infrastructure asset classes outlined in Table 3.2 above.

Figure 2: Asset Replacement Values as % of Total Value



The asset consumption ratios of Council's assets (i.e. the average proportion of 'as new' condition remaining in assets in accord with financial valuations) are shown in Figure 3 following.

Figure 3: Asset Consumption Ratio - % 'As New' Remaining



These figures show that the Transport assets are by far Council's largest asset category comprising over 60% of total asset value, and that assets have been approximately 1/3 consumed with an overall average of 68% remaining by value.

The condition of Council's various infrastructure assets are shown within the respective asset management plans for Buildings, Transport, Water, and Sewerage. Field inspections and in-field (general) condition ratings for buildings, bridges, major culverts, causeways, kerb and channel, and pathways in 2018-2019 support the magnitude of relative asset consumptions shown in Figure 3.

3.3 Life Cycle Costs

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan are shown in Table 3.3.1.

Table 3.3.1: Life Cycle Cost for Council Services

Service	Previous Year Expenditure \$000		Previous Year Depreciation Exp \$000	Life Cycle Cost \$000/ yr
	Operations	Maintenance		
Buildings (includes Other Structures)	\$1,193	\$770	\$1,349	\$3,312
Transport	\$579	\$1,298	\$6,439	\$8,316
Water	\$946	\$1,386	\$962	\$3,294
Sewerage	\$671	\$547	\$539	\$1,757
TOTAL	\$3,389	\$4,001	\$9,289	\$16,679

Life cycle costs can be compared to forecast life cycle expenditure to give an indicator of sustainability in service provision in the medium term. The forecast life cycle expenditure includes operating, maintenance and capital renewal expenditure over the coming 10 year forecast period as outlined in the relevant asset management plans. Life cycle expenditure will vary depending on the timing of asset renewals. The forecast life cycle expenditure for the coming 10 years is shown in Table 3.3.2.

Table 3.3.2: Forecast Life Cycle Expenditure for Council Services

Service	Forecast Av. 10 Year Expenditure \$000		Forecast Av. 10 Year Cap Renewal Exp \$000	Life Cycle Cost \$000/ yr
	Operations	Maintenance		
Buildings (includes Other Structures)	\$1,193	\$770	\$740	\$2,703
Transport	\$579	\$1,298	\$2,463	\$4,340
Water	\$946	\$1,386	\$415	\$2,747
Sewerage	\$671	\$547	\$203	\$1,421
TOTAL	\$3,389	\$4,001	\$3,821	\$11,211

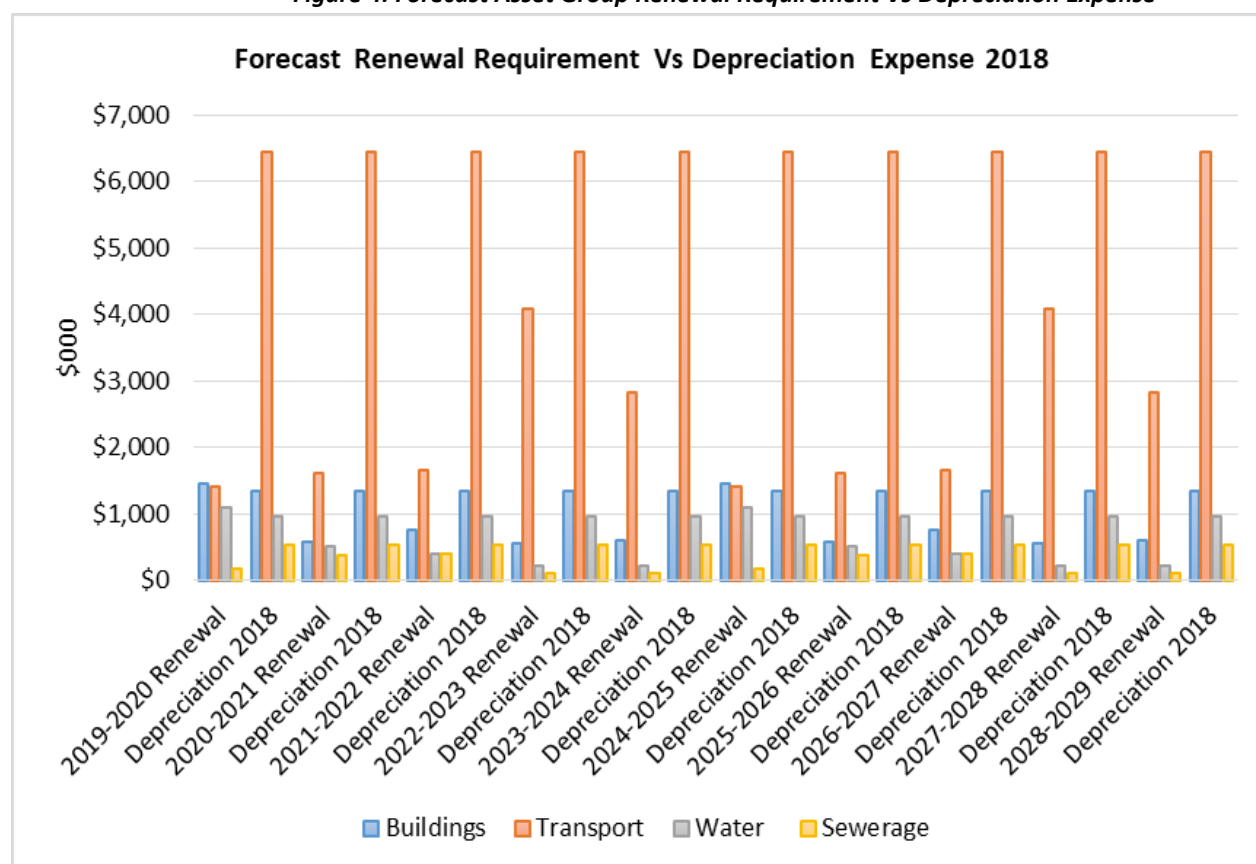
The life cycle costs and forecast life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the next 10 years. For Cook Shire Council the life cycle expenditure is significantly less (approx. \$5.5 M) than the life cycle cost. The main contributor to this situation is the unsealed roads category within Transport assets which has:

- An annual depreciation of \$4.6 M (2018)
- Nil actual renewal expense allocated to this asset in the Transport AM Plan renewal program due to the reconstruction of these roads under Disaster Recovery Funding Arrangements (DRFA) on an annual basis

necessitating Nil renewal expense provision from Council – Refer Transport Asset Management Plan (2019) for further details.

The forecast 10 year renewal expense for all asset categories is shown against the 2018 depreciation expense for comparison in Figure 4 following. All values are in current (real) dollars.

Figure 4: Forecast Asset Group Renewal Requirement Vs Depreciation Expense



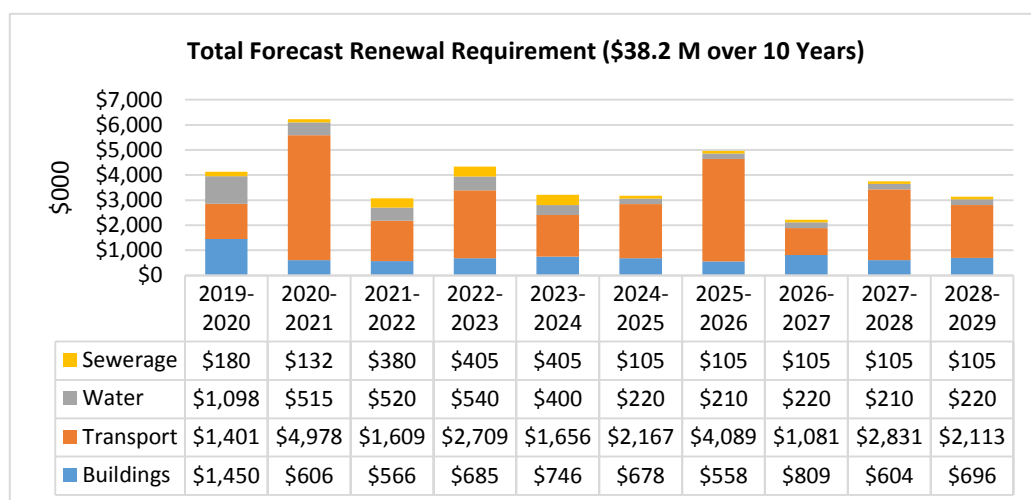
Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will provide Cook Shire the inputs to allow service provision to communities in a financially sustainable manner. This is the purpose of AM Plans and their integration into the Long Term Financial Forecast - to provide Council a sustainable pathway forward.

A shortfall between life cycle cost and life cycle expenditure gives an indication of the life cycle gap to be addressed within asset management and long term financial forecasting. For Cook Shire there is a life cycle gap, but **this 'gap' is in effect funded under DRFA as long as there is periodic/ annual flooding events that necessitate road reconstruction in the Cape.**

An asset category breakdown of the forecast required annual renewal expenditure over the next 10 years is shown in Figure 5 following. The data shown comes from AM Plans for Transport, Buildings, Water, and Sewer completed for Cook Shire in 2019, with the data based on defined forward capital works programs for renewal documented in the Plans. All values are in current (real) dollars.

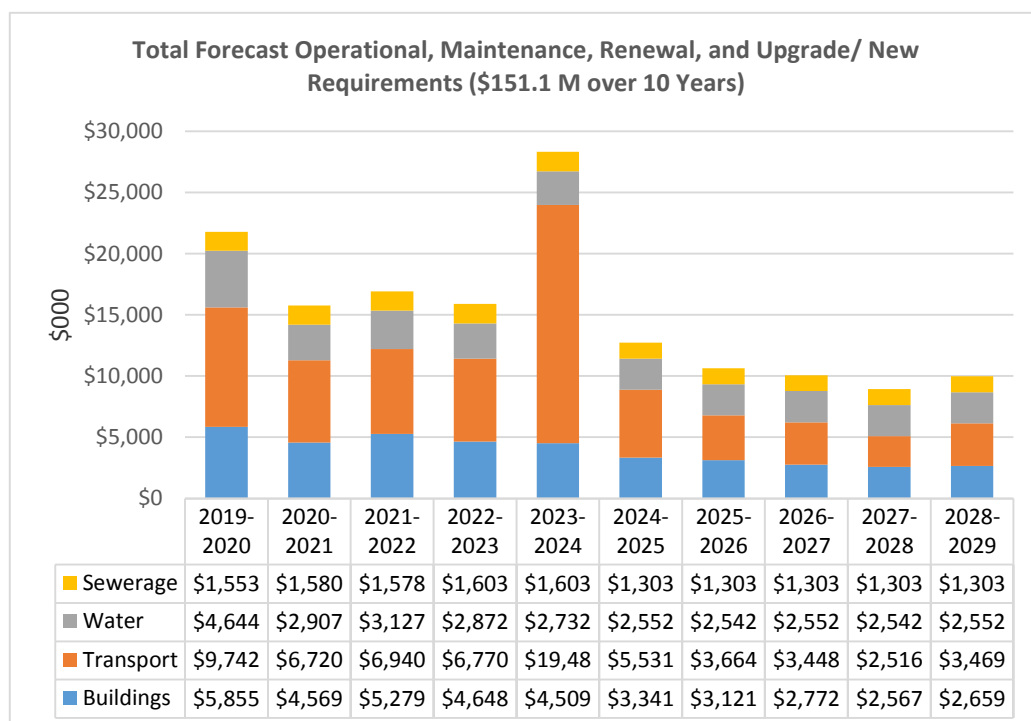
It should be noted that the renewal expenditure shown includes the periodic re-sealing of 155 km of indigenous community link roads with an average cost of approx. \$700,000 per annum, with the sealed length (and renewal liability) increasing yearly. Cook Shire Council should strongly advocate that this **renewal liability on indigenous link roads be 100% funded by the State government** who currently 100% fund upgrade/ new work on these roads.

Figure 5: 10 Year Forecast Renewal Requirement by Asset Category



An asset category breakdown of the forecast required annual Total operations, maintenance, renewal, and upgrade/ new expenditure over the next 10 years is shown in Figure 6 following. The data shown comes from AM Plans for Transport, Buildings, Water, and Sewer completed for Cook Shire in 2019, with the data based on defined forward capital works programs for renewal and upgrade/ new works documented in the Plans. All values are in current (real) dollars.

Figure 6: 10 Year Forecast Operations, Maintenance, Renewal and Upgrade / New Requirement



3.4 Asset Management Structure

The organisational structure of Cook Shire Council places infrastructure assets in the Infrastructure division under the Director Infrastructure.

In 2019 Council undertook the short term engagement of a Manager Strategic Asset Planning to develop an Asset Management Policy, Asset Management Plans, and an Asset Management Strategy for all infrastructure asset groups within the Shire. These items were considered as foundational in implementing asset management within Cook Shire and in turn enabling the development of an informed Long Term Financial Forecast.

Council's Asset Management Policy was adopted by Council in March 2019 with Asset Management Strategy and Asset Management Plans adopted in June 2019.

Council is scheduled to engage the services of a Manager Assets in mid-2019 who will be the driver for on-going development, implementation, review and continuous improvement of asset management. The Manager Assets will be a direct report to the Director Infrastructure and is anticipated to have a Technical Officer and/ or GIS Officer supporting their role.

3.5 Corporate Asset Management Team

A 'whole of organisation' approach to asset management may be best developed with a corporate asset management team. The benefits of a corporate asset management team includes:

- Demonstrating corporate support for sustainable asset management
- Encouraging corporate buy-in and responsibility
- Coordinating strategic planning, information technology and asset management activities
- Promoting uniform asset management practices across the organisation
- Information sharing across CIT hardware and software
- Pooling of corporate expertise
- Championing of asset management process
- Wider accountability for achieving and reviewing sustainable asset management practices.

The make-up of such an asset management steering group is yet to be determined by Cook Shire Council. However, it is recommended that the group comprise of the Executive Leadership Team (ELT), Manager Finance and Manager Assets to achieve a whole of organisation executive approach. Meetings may be best managed as part of the ELT meeting agenda on a quarterly or 6-monthly basis to provide effective status, update and reporting of asset management practice, with 6-monthly or annual reporting to Council.

3.6 Financial and Asset Management Core Competencies

The National Frameworks on Asset Planning and Management and Financial Planning and Reporting define ten elements for asset management. Eleven core competencies have been developed from these ten elements⁴ to assess 'core' competency under the National Assessment Framework. The core competencies and corresponding core questions are:

Financial Planning and Reporting:

1. **Strategic Longer Term Plan** - Does your council have an adopted strategic longer term plan?

⁴ Asset Planning and Management Element 2 *Asset Management Strategy and Plans* divided into Asset Management Strategy and Asset Management Plans competencies.

2. **Annual Budget** - Does your council prepare an annual budget?
3. **Annual Report** - Does your Council publish an annual report?

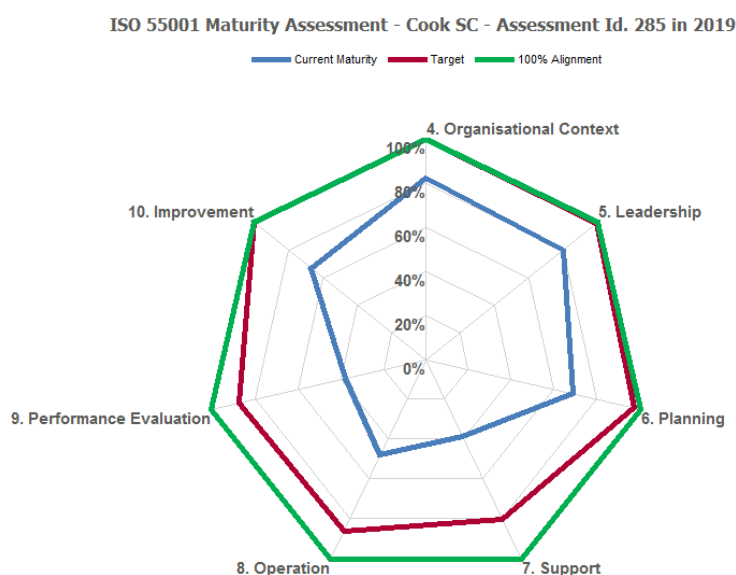
Asset Planning and Management:

4. **Asset Management Policy** - Does your council have an adopted asset management policy?
5. **Asset Management Strategy** - Does your council have an adopted asset management strategy?
6. **Asset Management Plan** - Does your council have adopted asset management plans?
7. **Governance & Management** - Does your council have good management practices linking AM to service delivery?
8. **Levels of Service** - Does your Council have a defined process for determining current and target levels of service and costs?
9. **Data and Systems** - Does Council have the data and systems to perform asset management activities?
10. **Skills and Processes** - Does council have the data & systems knowledge to perform asset data management activities?
11. **Evaluation** - Does council have a process to evaluate progress and use of resources on implementation of the National Frameworks?

As part of the NAMS.PLUS 3 system the Institute of Public Works Engineering Australia (IPWEA) has developed two maturity assessment models to assist Councils assess their asset management maturity and capability. The maturity assessments are based on the Australian National Asset Management Assessment Framework (NAF) and the international asset management Standard, ISO 55001 Asset Management – Management Systems – Requirements.

Both maturity assessment models provide reporting on current and desired asset management maturity, and in turn assist users prepare an asset management strategy and improvement plan to work towards that desired maturity. A preliminary assessment using the ISO 55001 model was completed for Cook Shire Council based on Council adoption of asset management Strategy and Plans and is shown in Figure 7 below.

Figure 7: Preliminary AM Maturity Assessment (based on adoption of AM Strategy and Plans)



3.7 Strategy Outlook

1. The process of formulating a Long Term Financial Forecast (LTFF) informed by Council's asset management plans for Buildings, Transport, Water and Sewer infrastructure is yet to be completed. The LTFF will identify the ability of Council to maintain the range of current services and respective service levels delivered by these infrastructure assets over the coming 10 year timeframe.
2. The ability of Council to fund current infrastructure life cycle costs at current levels of service and available revenue will be determined within the Long Term Financial Forecast. The projected infrastructure life cycle cost over the next 10 years has now been determined within Council's (Draft) asset management plans.
3. The organisation's current asset management maturity is below 'core' level with on-going investment required to improve information management, lifecycle management, service management, and asset management systems. It is anticipated that the majority of this investment will be staff time and centred on the formulation of an informed Long Term Financial Forecast and other asset management improvement activities as outlined in section 6 of this Strategy.

4. WHERE WE WANT TO BE

4.1 Council's Vision, Mission, Goals and Objectives

This asset management strategy is prepared in accord with Cook Shire Council's vision, mission, goals and objectives:

Vision: Building sustainable communities with respect for our unique natural environment, celebrating our diverse cultures and sharing our pride in Cape York.

Mission: Our Mission is to understand our communities' needs and provide consistent service to enable them to flourish in a safe, sustainable manner.

Relevant goals and objectives from the Corporate Plan 2017-2022 relating to the delivery of services from infrastructure assets are detailed in Table 4.1 following.

Table 4.1: Goals and how these are addressed in this Plan

Goal	Objective
ECONOMY - Locality specific economic growth, appropriate to each community and the Shire as a whole.	ECO 3. - Undertake the management of Council's assets in accordance with sound practice to ensure infrastructure networks are maintained, renewed and upgraded to maximise long term benefit to all. Eco 3a. Asset management policy and strategy are adopted and implemented by Council. Eco 3b. Asset management plans are completed for major infrastructure assets.
GOVERNANCE – Accountable, responsible and appropriate governance and management, reflected in responsible long-term financial sustainability and clear strategic direction built around core local government business and affordable levels of service.	GOV 1. Develop an achievable long term financial, resource and infrastructure plan to ensure on-going capacity to fund operations and capital works programs that underpin Council's long-term strategy to achieve financial sustainability. Gov 1a. Council's Long Term Financial Forecast is compiled and linked to Council's corporate and Operational plans. GOV 2. Prepare management strategies to underpin asset sustainability. Gov 2a. Condition assessments are undertaken for major asset classes. Gov 2b. Council's asset management plan is completed and informs Council's long term financial strategy.

4.2 Asset Management Policy

Council's Asset Management Policy was adopted in March 2019 and defines the council's vision and service delivery objectives for asset management in accordance with the Corporate Plan and applicable legislation.

The Asset Management Strategy is developed to support the Asset Management Policy and is to enable Council to show:

- How its asset portfolio will meet the affordable service delivery needs of the community into the future
- Enable Council's Asset Management Policy to be achieved, and
- Ensure the integration of Council's asset management with its long term strategic plans, including the LTFF.

4.3 Asset Management Vision

To ensure the long-term financial sustainability of Council, it is essential to balance the community's expectations for services with their ability to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, Council plans to:

- Develop and maintain asset management governance, skills, process, systems and data in order to provide the level of service the community need at present and in the future, in the most cost-effective and fit for purpose manner.

In line with this vision, the objectives of the asset management strategy are to:

- Ensure that Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council's financial sustainability
- Safeguard Council's assets including physical assets and employees by implementing appropriate asset management strategies and providing appropriate financial resources for those assets
- Adopt the Long Term Financial Forecast as the basis for all service and budget funding decisions,
- Meet legislative requirements for all Council's operations
- Ensure resources and operational capabilities are identified and responsibility for asset management is allocated,
- Provide high level oversight of financial and asset management responsibilities through Audit Committee/ CEO reporting to Council on development and implementation of the Asset Management Strategy, Asset Management Plans, and Long Term Financial Forecast.

Strategies to achieve this position are outlined in Section 5.

4.4 Review

This Strategy will be reviewed and updated with subsequent versions on a maximum 3 yearly basis. The Improvement Plan forming section 6 of this Strategy is to be reviewed and updated by the corporate asset management team on an annual basis (minimum), with subsequent status reporting to Council.

5. HOW WE WILL GET THERE

The Asset Management Strategy proposes strategies to enable the objectives of the Strategic Plan, Asset Management Policy and Asset Management Vision to be achieved. These strategies are outlined in Table 5 following.

Table 5: Asset Management Strategies

No	Strategy	Desired Outcome
1	Develop a Long Term Financial Forecast covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
2	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.
3	Report six monthly to Council by Audit Committee/CEO on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Forecasts.	Oversight of resource allocation and performance.
4	Move from Annual Budgeting to Long Term Financial Forecasting	The long term implications of Council services are considered in annual budget deliberations.
5	Incorporate Year 1 of Long Term Financial Forecast revenue and expenditure projections into annual budgets.	Long Term Financial Forecasting drives budget deliberations.
6	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
7	Review and update asset management plans and Long Term Financial Forecasts after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
8	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
9	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance, costs, and 'whole of life' costs.	Improved decision making and greater value for money.
10	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
11	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.

6. ASSET MANAGEMENT IMPROVEMENT PLAN

The tasks required to achieve a 'core' financial and asset management maturity are shown in Table 6 below.

The 'NAF Practice Area' noted in the table refers to one of the eleven Australian National Asset Management Assessment Framework (NAF) 'core' competencies. The Improvement Plan is aimed at establishing a 'core' level of asset management practice at Council in a two year timeframe.

Table 6: Asset Management Improvement Plan

Ref	NAF Practice Area	Task	Responsibility	Timetable	Resources Required
1	Strategic Long Term Plan	(a) Complete a LTFF based on the Corporate Plan and AM Plans (b) Annually review and update LTFF for all asset classes	Director Org. Business Services; Mgr Assets	(a) Jun 2020 (for the 2020-21 FY budget) (b) Annually	Staff time
2	Annual Budget	The Annual Budget aligns with Year 1 of the LTFF and includes resources to implement Corporate Plan strategies	Director Org. Business Services	Jun 2020	Staff time
3	Annual Report	The Annual Report reviews the performance of Council against strategic objectives and details any major changes that might impact on the Corporate Plan delivery	Director Org. Business Services	Aug 2020 (for 2019-20 Annual report)	Staff time
4	AM Policy	Review AM Policy on max. 4 yearly basis	Mgr Assets	By Feb 2023	Staff time
5	AM Strategy	(a) Adoption of AM Strategy (b) Review AM Strategy max. 3 yearly	Mgr Assets	(a) Jun 2019; (b) Jun 2022	Staff time
6	AM Plans	(a) Adoption of AM Plans (b) Review AM Plans max. 3-4 yearly	Mgr Assets	(a) Jun 2019; (b) Jun 2022	Staff time
7	Governance and Management	(a) Form cross-functional executive AM steering group (AMSG) (b) Provide AM promotion and Council AM updates through AMSG (c) Develop a cap wks evaluation tool driven by Council's plans (d) Define AM roles and responsibilities in a matrix/ policy with staff structure reflecting AM function	ELT; Mgr Assets	(a) Oct 2019 (b) Feb 2020 (c) Mar 2020 (d) Jul 2020	Staff time
8	Levels of Service	Develop service plans in consultation with the community	Mgr Assets; Director Comm. Economy & Innovation	Jul 2021	Staff time
9	Data and Systems	(a) Consolidate and integrate asset registers with common/ defined data framework (b) Document a Condition Rating Assessment Manual (c) Determine and document unit rates	Mgr Assets	(a) Jun 2021 (b) Dec 2020 (c) Dec 2020	Staff time

Table 6: Asset Management Improvement Plan (Cont.)

Ref	NAF Practice Area	Task	Responsibility	Timetable	Resources Required
10	Skills and Processes	(a) Formulate an AM skills matrix and undertake training as required, including training for Councillors and management (b) Document methodology for useful life, residual value and depreciation (c) Document and implement formal process of asset handover (d) Collect and update AM systems with all new/ upgrade/ contributed assets (e) Formulate and implement process to communicate financial implications of AM Plans to all stakeholders	Mgr Assets	(a) Jun 2020 (b) Jun 2021 (c) Jun 2020 (d) Jun 2020 (e) Jun 2021	Staff time
11	Evaluation	(a) Technical levels of service are monitored and performance reported (b) Community levels of service are monitored and performance reported	Mgr Assets	(a) Jun 2021 (b) Jun 2021	Staff time

7.

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