

# Carpentaria Shire Council



# Asset Management Strategy 2020 - 2024

April 2020

Version No. 1

Adopted 9<sup>th</sup> December 2020

Resolution Number 1220/007

# TABLE OF CONTENTS

Executive Summary.....	3
1. Introduction .....	6
2. What Assets Do We Have?.....	8
3. The Organisation’s Asset and Their Management? .....	9
4. Where Are We Now? .....	16
5. Where Do We Want to Be?.....	3
6. How will we get there? .....	5
7. Asset Management Strategy Implementation Plan.....	6
Appendix A Project Gantt chart and Organisational Roles and responsibilities.....	10

## Executive Summary

This asset management strategy is prepared to assist council in improving the way it delivers services from:

- Infrastructure assets including:
  - Roads and associated footpaths and stormwater drainage
  - Sewer
  - Water, and
  - Other associated structures
- Building assets including
  - Buildings
  - Housing
- Plant and Equipment
- Furniture and Fittings
- Motor Vehicles

These infrastructure assets have a replacement value of \$48.047 million (at 30 June 2016).

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 plan.

Adopting this asset management strategy will assist council in meeting the requirements of Local Government Act (QLD) 2009, Local Government Regulation (2012) and providing 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, financial sustainability indicators, asset management maturity and fit with council's vision for the future outlined in the Corporate Plan 2013-18. 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 and appropriate core level of asset maturity, competence and compliance.

### Strategy outlook:

1. Council is not expected to be able to have the financial resources to maintain current levels of service for infrastructure and buildings asset categories for the next 10 years. (ie. Maintain renewal expenditure in line with asset consumption/depreciation)
2. Council is not expected to be able to fund current infrastructure life cycle cost at current levels of service and available revenue.
3. Council's current asset management maturity needs to be improved and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

Asset management strategies:

No	Strategy	Desired Outcome
1	Move from Annual Budgeting to Long Term Financial Planning	The long-term implications of Council services are considered in annual budget deliberations.
2	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.
3	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
5	Review and update asset management plans and long term financial plans in conjunction with 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.
6	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.
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
8	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.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	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.
11	Report six monthly to Council by CEO on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

Asset management improvement plan:

The program of tasks and resources required to achieve improved asset management maturity has been developed. The tasks and program are shown below.

Item	Task	Responsibility	Target Date	Status
1	Document and adopt an Asset Management Policy.	CEO		
2	Document and adopt an Asset Management Strategy.	CEO		
3	Review valuation and condition assessment data by asset category and determine revaluation and condition assessment need.	Director Corporate Services		
4	Develop interim Asset Management Plans	CEO		
5	Document current levels of service and identify future demand impacts of levels of service	All Managers		
6	Establish the Long Term Financial Plan including forecasting and modelling.	Director Corporate Services		
7	Development of final Asset Management Plans to establish data linkages and to populate forecasting and demand models.	CEO		
8	Review Chart of Accounts cost coding associated with asset information and management practices	Director Corporate Services		
9	Organisational asset management awareness and training, and confirm roles and responsibilities of staff	All Managers		
10	Develop a Fleet Management Plan.	CEO		
11	Perform community consultation, direct or via elected members, and reconfirm community levels of services for all assets and desired levels of service for all assets.	All Managers		
12	Update (annually) of Asset Management Plans	CEO		
13	Adopt the updated Asset Management Plans	CEO		

# 1. Introduction

Assets deliver important services to communities. A key issue facing local governments throughout Australia is the management of ageing assets in need of renewal and replacement.

Infrastructure assets such as roads, drains, culverts, water and sewerage and public buildings and housing present particular challenges. Their condition and longevity can be difficult to determine. Financing needs can be large, requiring planning for large peaks and troughs in expenditure for renewing and replacing such assets. The demand for new and improved services adds to the planning and financing complexity.

The creation of new assets also presents challenges in funding the ongoing operating and replacement costs necessary to provide the needed service over the assets' full life cycle.

The Local Government Act (QLD) 2009 requires councils to adopt a longer-term approach to asset management and linkages to long term financial planning.

Elements to assist in highlighting key management issues, promote prudent, transparent and accountable management of local government assets and introduce a strategic approach to meet current and emerging challenges are as follows:

- Asset management policy,
- Strategy and planning,
  - asset management strategy,
  - asset management plan,
- Governance and management arrangements,
- Defining levels of service, data and systems,
- Skills and processes, and
- Evaluation.

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,
- to enable Council's asset management policies to be achieved, and
- to ensure the integration of Council's asset management with its long term strategic plan.

The goal of asset management is to ensure that services are provided:

- in the most cost effective manner,
- through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets, and
- for present and future consumers.

The objective of the Asset Management Strategy 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.

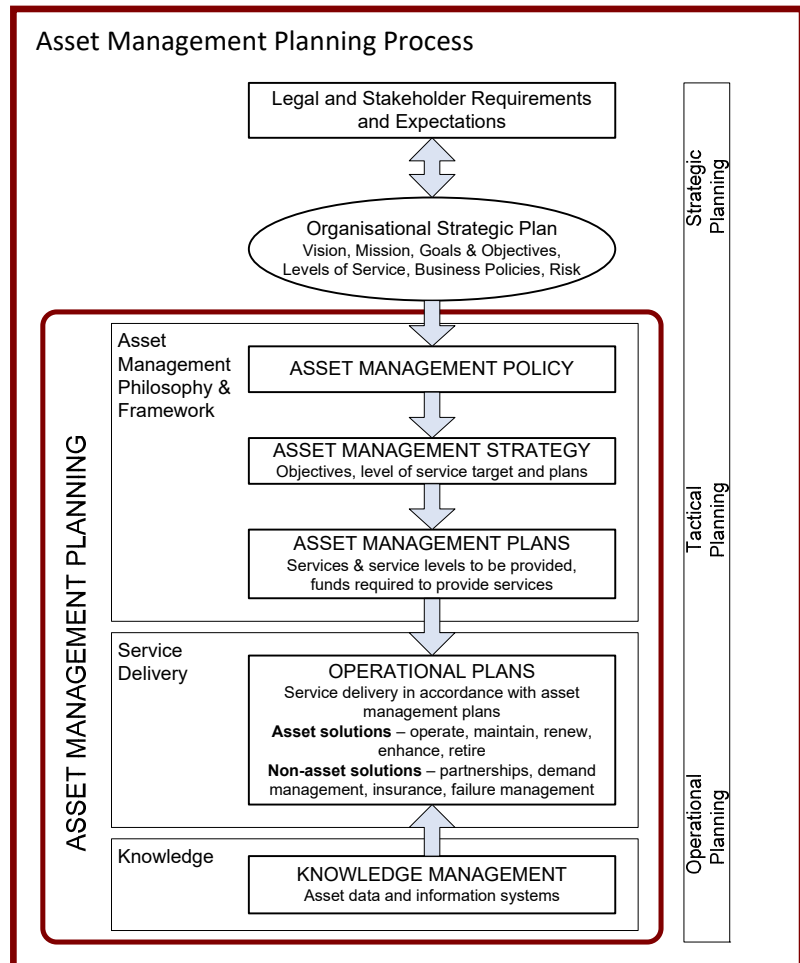
## 1.1 Relevant Legislation

- Local Government Act (QLD) 2009 s. 104(5)
- Local Government Regulation (2012) s.167 & s.168
- Australian Accounting Standards

## 1.2 Asset Management 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 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 plan and operational plans, linked to a long-term financial plan with a funding plan.



## 2. What Assets Do We Have?

Council uses infrastructure assets to provide services to the community. The range of infrastructure assets and the services provided from the assets is shown in Table 1.

Table 1: Assets used for providing Services

Asset Class	Description	Services / Function Provided
Buildings (And Housing)	Council owned municipal buildings, Workshop and associated buildings, Supermarket, Guest house and unit, Arts Centre, Library, Community Hall, Kindergarten, Aged Care Home, minor buildings and amenities blocks (including associated structures and facilities).	Building Services and Community Services
Motor Vehicles	Council owned motor vehicles	All
Furniture and Fittings	Council owned fixed and loose furniture and associated equipment.	All
Plant and Equipment	Council owned plant and associated equipment.	All
Infrastructure comprising:	<u>Roads, Drainage and Culvert Network</u> Sealed town streets, rural sealed and unsealed roads, culverts, grids and stormwater drainage. Includes associated structures not limited to kerb and channel, stormwater drainage structures, grids, footpaths, signs and street furniture.	Technical Services
	<u>Water</u> Town water treatment plant, underground water mains reticulation, electrical equipment and pumps, water valves, water meters and water supply intake and pump.	Technical Services
	<u>Sewerage</u> Sewer treatment plant, underground sewer mains reticulation (gravity and pumped), sewer manholes, electrical equipment, pumps and telemetry.	Technical Services
	<u>Other</u> Parks and recreational facilities, boat ramps, waste depot, concrete pads, various retaining walls and several drainage structures not included in roads infrastructure.	Technical Services



## 3. The Organisation's Asset and Their Management?

### 3.1 State of the Assets

The financial status of the organisation's assets is shown in Table 2. Table 2 asset valuation data is as at 30 June 20xx based on the following:

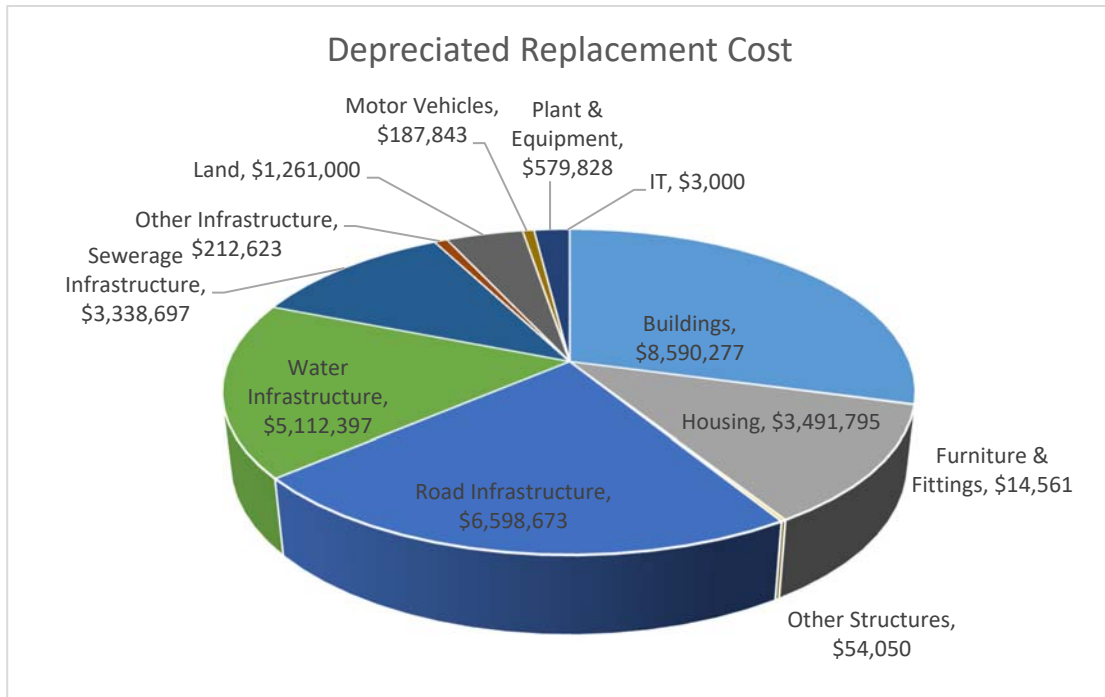
- Buildings - Buildings and Buildings - Housing
  - 20xx revaluation data
  - Depreciation expense applied for the period xxxx/xxxx, and
  - Application of xxxx indexation
- Motor vehicles, Furniture and Fittings and Plant and Equipment
  - Xxxx revaluation data
  - Depreciation expense applied for the period xxxx/xxxx
- Infrastructure – Roads, and Infrastructure - Other
  - xxxx revaluation data
  - Depreciation expense applied for the period xxxx/xxxx, and
  - Application of xxxx/xxxx indexation
- Infrastructure – Sewer
  - Revaluation data as at 30 June 20xx
- Infrastructure – Water
  - Revaluation data as at 30 June 20xx

Table 2: Financial Status of the Assets

<b>Asset Class/Category</b>	<b>Current Replacement Cost</b>	<b>Depreciable Amount ♦</b>	<b>Depreciated Replacement Cost ♦</b>	<b>Depreciation Expense</b>
Buildings				
Furniture & Fittings				
Housing				
Other Structures				
Road Infrastructure				
Water Infrastructure				
Sewerage Infrastructure				
Other Infrastructure				
Land				
Motor Vehicles				
Plant & Equipment				
IT				
<b>Total</b>				

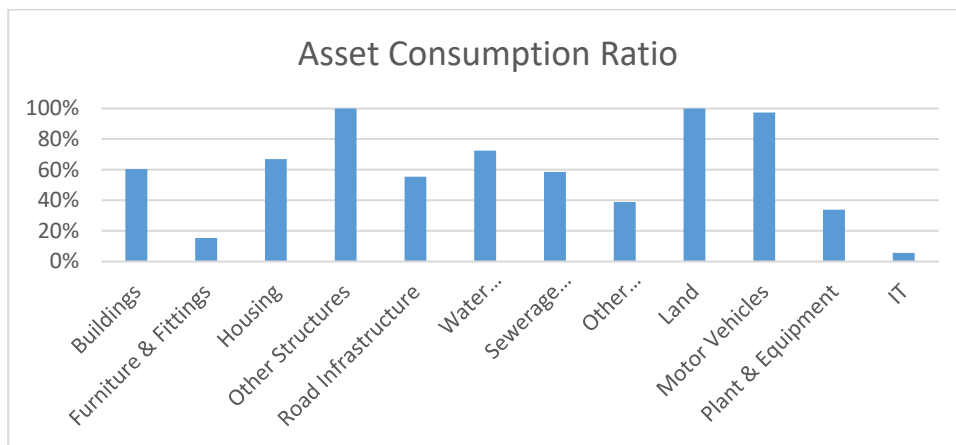
Figure 1 shows the depreciated replacement cost of Council's assets as at 30 June 20xx.

**Figure 1:** Asset Replacement Values



The asset consumption ratios of Council's assets (average proportion of 'as new' condition left in assets) are shown in Figure 2. This ratio is derived from calculating the combined current asset valuation values by category and deducting accumulated depreciation expense of the asset by category.

**Figure 2:** Asset Consumption Ratio



Growth in assets (including sewer treatment, housing stock) and the impact of natural disasters on assets, has further accentuated the need to ensure all assets are maintained and renewed to meet community needs.

This growth, coupled with the demands on aging infrastructure from a growing housing stock and population base, requires continual renewal and maintenance to ensure the service delivery requirements of the community and its many visitors, now and for future generations.

The condition of Council's assets will be reported in Asset Management Plans and will be informed by asset condition assessments.

Broadly, Council's assets have the following characteristics:

- A large percentage of asset value is contained in the Transport asset class.
- Infrastructure assets that vary in age from new to old and very old.
- Varying levels of condition of individual assets within each asset class.
- Contained within a small geographic area.
- Service a relatively small population base.
- Council is involved in the management of 'community assets' that are located on land not owned by Council.

### **3.2 Life Cycle Cost**

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).

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operating, maintenance and capital renewal expenditure in the previous year. Life cycle expenditure will vary depending on the timing of asset renewals.

A life cycle costs and life cycle expenditure comparisons highlight any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than the life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.

Improvement in Council's asset management maturity will enable Life Cycle Cost to be defined to indicate a shortfall between life cycle cost and life cycle expenditure to give an indication of the life cycle gap to be addressed in long term financial planning.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist Council in providing service to their communities in a financially sustainable manner. This is the purpose of asset management planning (Asset Management Plans) and long term financial plans which will be guided by this Strategy.

Of note is the reported Asset Sustainability Ratio from the 20XX/20XX financial statements of 00%. This indicates that Council renewed its assets at less than half the rate of depreciation of the assets (ie. Depreciation expense of \$000,000 million versus renewal expense of \$000,000).

### **3.3 Asset Management Structure**

Management, renewal, maintenance and operation of the assets and services are critical functions, and it is important that the organisation is assured that all responsibilities are effectively discharged, and the appropriate level of expertise is available to ensure competent and efficient discharge.

Implementation of Asset Management Plans will be the responsibility of the office of the CEO and the Senior Management Team.

The AM structure and corresponding responsibilities are as follows.

#### Councillors

Councillors are responsible for adopting the AM Policy and AM Strategy, allocation of resources, providing high level oversight of the delivery of the organisation's asset management strategy and plan and maintaining accountability mechanisms to ensure that organisational resources are appropriately utilized to address the organisation's strategic plans and priorities.

#### Chief Executive Office

The Chief Executive Officer (CEO) has overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council. The CEO will be responsible for ensuring that the asset management actions are coordinated and that the major strategic objectives are achieved.

The CEO will report progress against the policy and strategic objectives on an annual basis to Council, plus overview the financial management strategy to implement this plan, as well as:

- half-yearly reporting to the Council on the progress and performance of asset management across the organisation;
- the overall budget control and performance of assets and services;
- population and implementation of the Long Term Financial Plan; and
- provision of financial management support for Council's asset and services undertakings.

#### Senior Management Team

The Senior Management Team members are responsible for the assets and services allocated to them, plus the update and review of the relevant chapters of the Asset Management Plans, including:

- the essential strategic and tactical planning for the assets and services, including maintenance of the Asset Inventory based on regular review, plus programmed, repeatable asset condition and defect inspections;
- the implementation of continuous asset management, development and improvement actions;
- day-to-day operation and maintenance of the asset and services networks and programs;
- operational planning and scheduling to meet the Service Summaries / Service Targets;
- monitoring and reporting on operational parameters detailed in the Service Summaries for the individual asset classes;
- costing of the asset management frameworks; and
- overseeing the annual update of the financial projections for the Asset Management Plans and periodic reviews of the document.

### **3.4 Asset Management Steering Committee**

A 'whole of organisation' approach to asset management can be developed and maintained with an Asset Management Steering Committee. The benefits of a Steering Committee include:

- demonstrate and maintain corporate support for sustainable asset management,
- encourage leadership, buy-in and responsibility,
- coordinate strategic planning, information technology and asset management activities,
- promote uniform asset management practices across the organisation,

- information sharing across IT hardware and software,
- pooling of Council expertise
- championing of asset management process, and
- wider accountability for achieving and reviewing sustainable asset management practices.

The role of the Steering Committee will evolve as the organisation maturity increases over several phases.

#### **Phase 1**

- strategy development and implementation of asset management policy and strategy documents,

#### **Phase 2**

- asset management plan development and implementation,
- reviews of data accuracy, levels of service and systems plan development,

#### **Phase 3**

- asset management plan operation
- evaluation and monitoring of asset management plan outputs
- ongoing asset management plans review and continuous improvement.

### **3.5 Financial & Asset Management Competencies**

The competencies of good financial and asset management are:

#### Financial Planning and Reporting

- Strategic Long-Term Plan
- Annual Budget
- Annual report

#### Asset Planning and Management

- Asset Management Policy
- Asset Management Strategy
- Asset Management Plan
- Governance & Management
- Levels of Service
- Data & Systems
- Skills & processes
- Evaluation

A maturity assessment for the competencies has not been completed. An asset management improvement plan is included in Section 6.

### **3.6 Strategy Outlook**

1. Council is not expected to be able to have the financial resources to maintain current levels of service for infrastructure and buildings asset categories for the next 10 years. (ie. Maintain renewal expenditure in line with asset consumption/depreciation)
2. Council is not expected to be able to fund current building and infrastructure life cycle cost at current levels of service and available revenue.
4. Council's current asset management maturity needs to be improved and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

## 4. Where Are We Now?

In 2018 Council undertook a review of its asset management capacity and capabilities. The review was based on the practice areas of asset management defined in the International Infrastructure Management Manual (2011, Table 2.1.2, Page 2|8). The Review findings under the corresponding practice areas are presented as follows:

- Policy development
- Improvement planning
- Strategy development
- Steering committee
- Management structure & teams
- Roles & responsibilities
- Decision making
- Risk management
- Quality management
- Levels of service and performance management
- Demand forecasting
- Operational planning
- Maintenance planning
- Capital works planning (new/upgrade and renewal)
- Forward Planning (asset Management plans)
- Financial and funding strategies (long-term financial plan)
- Service Delivery Mechanisms
- Asset and financial data registers
- Asset condition
- Information systems



Figure 3 Asset management maturity assessment



Based on Figure 3 above:

- Council has contracts in place for external service provisions and is therefore meeting core functions requirements for service delivery mechanisms.
- Council has a foundation knowledge of asset management principles and the benefits of its application. There is enthusiasm for asset management across the higher levels of the organisation and the opportunity is being taken to further develop the organisational structure to aligned with asset management roles and responsibilities and to implement the cultural change necessary to establish these improvements.
- Council resources have an asset management focus and additional training of existing staff will support sustained improvement. Further work is required to clarify roles and responsibilities.
- There is an opportunity for Council to develop and implement an asset management framework (also referred to as an asset management governance framework). Council is currently developing asset management policy and strategy for adopt an in the near future. These documents could be supplemented with associated accounting practices and asset custodian roles and responsibilities to assist align finance and infrastructure functions within Council.
- Council has an opportunity to develop a risk register incorporating the risks to assets and delivery of the services. Council would benefit from a risk framework and integration across the organisation.
- Council has an opportunity to develop a Quality management framework that ensures key processes and procedures are documented and there is consistency in delivery of the services. Council would benefit from a framework and integration across the organisation.
- Council's asset management plans were not formally adopted and are no longer current. The long term financial planning and budgeting is based on escalation of expenditure from a prior financial year. This does not consider the optimum allocation of funds and available resources to assets which are in immediate need of maintenance, renewal or upgrade.
- This is limiting proactive planning and effective governance of Council's assets. Maintenance and operations activities are not tracked and reported at a level that supports performance measurement.
- There are disparate sources of financial and technical asset data within Council. The asset data is heavily informed by asset revaluation which may not carry sufficient confidence in data accuracy in relation to important asset attributes. This data provides a foundation for development of asset registers and requires sustained effort to maintain a level of confidence, integrity and alignment between financial and engineering data. It appears that data from Councils recent revaluation was not accurately carried over to infrastructure/engineering asset registers.
- The move to Synergy SoftIT Vision provides an opportunity for data currently held at various locations to be retrieve, audited and centralised in a single asset register.

## 5. Where Do We Want to Be?

### 5.1 Council's Vision, Mission, Goals and Objectives

Council has adopted an asset management Vision for the future in the Asset Management Policy.

Council's purpose or mission is set out in the Corporate Plan as follows.

The Corporate Plan establishes the aspirational outcomes to be achieved in the planning period to delivery its corporate goals. These aspirations set out where the organisation wants to be. The aspiration outcomes of the Corporate Plan are to:

- provide leadership, direction, representation and service to the community, and manage the care and safety of families,
- manage Council's resources in a way that achieves maximum community benefit,
- develop and maintain infrastructure, land-use planning and environmental services to meet community needs,
- develop, maintain and renovate infrastructure to improve community housing and council buildings,
- promote and develop a range of services to cater for the diverse needs of the community,
- promote the development of micro, small and medium enterprises to get community members to benefit their wellbeing to a more productive lifestyle and local economy, and
- provide leadership, direction, representation and service to the community, and manage the care and safety of families.

Goals and objectives relating to the delivery of services from building and infrastructure assets are the steps needed to meet the provision of services to the community through building and infrastructure assets.

### 5.2 Asset Management Policy

Council's Asset Management Policy defines the council's vision and service delivery objectives for asset management in accordance with legislative requirements, the Corporate Plan, community needs and affordability.

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 policies to be achieved, and
- ensure the integration of Council's asset management with its long term strategic plans.

### 5.3 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 aspires 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 the vision, the goals and objectives of the asset management strategy are shown in Table 3:

**Table 3:** Goals and Objectives for Building and Infrastructure Services

<b>Goals</b>	<b>Objectives</b>
Sustainable asset management which aligns with accepted levels of service.	Ensuring that Council's services and infrastructure are provided in an economically optimal way and in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
Protecting assets through appropriate asset management practices.	Safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
Preserving cultural and heritage values	Preserving the cultural and heritage significance of Council assets by implementing appropriate asset management strategies and allocating appropriate financial resources for those assets.
Organisation wide asset management awareness.	Adopt the long term financial plan as the basis for all service and budget funding decisions.
	Creating an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining an asset management awareness throughout the organisation by training and development.
Meeting legislative requirements	Meeting legislative requirements for asset management.
Ensuring allocation of responsibility and resources.	Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
Transparent and responsible asset management.	Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.
	Provide high level oversight of financial and asset management responsibilities through CEO reporting to council on development and implementation of Asset Management Strategy, Asset Management Plan and Long Term Financial Plan.

Strategies to achieve these are outlined in Section 6. How will we get there?.

## 6. How will we get there?

The Asset Management Strategy proposes strategies to enable the objectives of this Strategic Plan, Asset Management Policy and Asset Management Vision to be achieved.

Table 4: Asset Management Strategies

No	Strategy	Desired Outcome
1	Move from Annual Budgeting to Long Term Financial Planning	The long-term implications of Council services are considered in annual budget deliberations.
2	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.
3	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
5	Review and update asset management plans and long term financial plans in conjunction with 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.
6	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.
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
8	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.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	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.
11	Report six monthly to Council by CEO on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

## 7. Asset Management Strategy Implementation Plan

The tasks required to achieve improve asset management maturity are shown in priority order in Table 8. Detailed Gantt chart and responsibilities attached as Appendix A

**Table 8: Asset Management Improvement Plan**

Ref	Practice Area	Act No.	Initiative Description	Responsibility	Target Date	Status
1	AM Strategy Development	1.1	Draft AM Strategy & Implementation Plan			
		1.2	Develop Strategy Implementation Plan			
		1.3	Strategy Review (Annually)			
2	Asset Management Roles and Responsibilities	2.1	Define Asset and Data custodian responsibilities			
		2.2	Assign Asset/data custodian roles to positions			
		2.3	Amend Position Descriptions			
		2.4	AM training occurs for primary staff.			
		2.5	Draft Asset/Data custodian Policy			
3	Steering Committee	3.1	Draft Terms of Reference			
4	Asset Management structure and Teams	4.1	Develop and adopt new AM structure			
5	Asset Register Data	5.1	Develop Corporate Data Model (Consider IT Vision data model)			
		5.2	Develop data management procedures			
		5.3	Train AM Staff			
		5.4	Ongoing Data Collection and Management			
6	Levels of Service and Performance Management	6.1	Document service levels (Community & Technical) and performance measures			
		6.2	Sign of by Community/Executive/Council			

7	Demand Forecasting	7.1	Forecast growth and increase in demand for services			
8	Asset Management Plans	8.1	Draft AM plans containing basic information on assets, service levels, planned works and financial forecasts (5-10 years) and future improvements.			
		8.2	Create works programs and Budget Submission Documents			
9	AM Policy Development	9.1	Draft Asset Management Policy			
10	Improvement Planning	10.1	Review Existing AM structure, Maturity and draft AM Improvement Plan			
		10.2	Maturity Review			
11	Asset Condition	11.1	Develop Condition Rating Manuals			
		11.2	Develop and implement a Condition assessment program			
12	Operational Planning	12.1	Review Operation expenditure levels and improve GL codes to track expenditure by activity/asset			
13	Information Systems	13.1	Review Functionality of IT Vision regarding Asset Management and links with other systems (Finance, GIS)			
		13.2	Document data entry procedures			
		13.3	Train AM Staff			
14	Service Delivery Mechanisms	14.1	Identify core services and activities			
		14.2	Review options for delivery. Procure/implement service delivery/contracting Mechanisms			
15	Capital Works Planning	15.1	Develop 10-year CAPEX Program (Buckets in outer years if applicable)			
		15.2	Develop project business case template			
		15.3	Implement 3-year project development framework			
16	Maintenance Planning	16.1	Review current expenditure levels and re-develop WBS to capture maintenance expenditure by activities			
		16.2	Train Staff in the use of the new cost codes			
17	Decision Making	17.1	Implement the decision-making rules in the AM policy			

		17.2	Develop Whole of life costing Model including a basic Benefit/Cost Ratio model and prioritisation tool			
		17.3	Upgrade to include Multi Criteria Analysis Parameters			
18	Financial and Funding Strategies	18.1	Align AMP financial forecasts to inform the LTFP			
		18.2	Develop a revaluation and indexation program			
19	Quality Management	19.1	Develop Quality management documents, processes & procedures			
		19.2	Train Staff			
		19.3	Develop Continuous Improvement process			
20	Risk Management	20.1	Develop Asset Criticality Matrices			
		20.2	Record Criticality, Consequence and Risk against assets			

## **Adoption of this Strategy**

The Asset Management Strategy was adopted on 9<sup>th</sup> December 2020 Resolution Number 1220/007.

Chief Executive Officer



## Appendix A Project Gantt chart and Organisational Roles and responsibilities

Activity	Council	CEO	Steering Comm	DCS (D/CEO)	DOE	AM	Manager Finance	Works Supervisor	Internal Other	External	Target Delivery Date	Comments
<b>AM Strategy Development</b>												
2012/13 AM Strategy incomplete / template based document.												
Draft AM Strategy & Implementation Plan					Accountable	Responsible	Consult			Assist		
Review		Approve	Review									
Adoption by Council		Adopt										
Defined policy statements for all significant activities. Clear linkage to corporate goals. Policy supported by high level action plans with defined responsibilities for delivery.												
Implementation					Accountable	Responsible						
Review					Accountable	Responsible						
<b>Asset Management Roles and Responsibilities</b>												
The asset management and data management duties and responsibilities are not clear nor documented.												
Define Asset and Data custodian responsibilities		Approve	Review		Accountable	Responsible	Consult			Assist		
Assign Asset/data custodian roles to positions					Accountable				Responsible	Assist		HR
Draft Asset/Data custodian Policy					Accountable	Responsible						
Review		Approve	Review									
Adopt by Council		Adopt										
Amend Position Descriptions					Accountable				Responsible			HR
AM training occurs for primary staff.					Accountable	Responsible				Assist		
Roles & responsibilities known and clearly defined in Position Descriptions												
<b>Steering Committee</b>												
AM Steering committee exists (ELT, Asset Manager, Finance Manager). No ToR												
Draft Terms of Reference					Consult	Accountable	Responsible	Consult	Consult		Assist	
Review ToR		Approve	Review									
AMSC adopt ToR			Adopt									
Implement ToR					Accountable	Responsible						
AMSC guides AM Improvement and consistency as a decision making committee												
<b>Asset Management structure and Teams</b>												
Organisation's asset management structure not clearly known or defined.												
Review of Existing AM Structure		Accountable			Consult	Consult	Responsible	consult		Assist		
Draft new AM structure		Approve	Accountable		Consult	Responsible		Consult		Assist		
Align with Organisational structure		Approve	Review		Accountable							
The ELT have considered options for AM functions and structures.		Approve	Review									
Draft report to Council		Approve			Accountable							
Adopt new Structure		Adopt										
Implement new reporting lines		Accountable	Responsible		Consult	Consult	Consult	Consult	Consult			Field Staff/Contractors
Cross-Council coordination occurs through a Steering Group or Committee.												
<b>Asset Register Data</b>												
Council are approximately 70% confident in their data.												
Define Asset Hierarchy & Numbering			Review		Accountable	Responsible	Consult			Assist		
Develop Corporate Data Model (Consider IT Vision data model)			Review		Accountable	Responsible	Consult			Assist		
Determine acceptable, mandatory and default values			Review		Accountable	Responsible		Consult		Assist		
Review existing data sources					Accountable	Responsible		Consult				
Build data load sheets					Accountable	Responsible				Assist		
Populate Mandatory & Default gaps					Accountable	Responsible				Assist		
Develop data management procedures (Financial, Spatial, A-spatial)			Review		Accountable	Responsible	Consult	Consult		Assist		
Train AM Staff					Accountable	Responsible				Assist		
Implement Data Management Procedures					Accountable	Responsible	Consult	Consult	consult			
Maintain Load sheets until IT Vision ready					Accountable	Responsible	Consult	Consult				
<b>Acquire &amp; Implement AM software</b>			Accountable									
Load Data					Accountable	Responsible	Review	Review		Assist		
Test data load					Accountable	Responsible	Review	Review		Assist		
go live			Review		Accountable	Responsible	Consult	Consult		Assist		
A reliable register of physical and financial attributes recorded in an information system with data analysis and reporting functionality. Systematic and documented data collection process in place. High level of confidence in critical asset data.												
Ongoing Data Collection and Management			Review		Accountable	Responsible	Consult	Consult	Consult			
<b>Levels of Service and Performance Management</b>												
Levels of Service are colloquially understood by service officers, no formal documentation for technical level. Corporate Plan: The Corporate Plan includes details of Council corporate objectives for service delivery. Council staff are aware of the corpor												
Review Corporate Plan for Hard & Aspirational Community service levels			Review		Accountable	Responsible				Assist		
Determine community service levels to cover gaps					Accountable	Responsible				Assist		
Assign Technical Service levels					Accountable	Responsible		Consult		Assist		
Determine performance measures (intervention levels etc)					Accountable	Responsible	Consult	Consult		Assist		
Document service levels	Consult	Approve	Review		Accountable	Responsible	Consult	Consult		Assist		
Cost provision of documented levels			Review		Accountable	Responsible	Consult			Assist		
Community Consultation	Consult	Approve	Review		Accountable	Responsible						
Sign off by Community/Executive/Council	Adopt	Approve	Review		Accountable	Responsible	Consult					
Implement changes to work processes/procedures			Review		Accountable	Responsible	Consult	Consult	Consult	Assist		Field Staff/consultants
Customer Groups defined and requirements informally understood. Levels of service and performance measures in place covering a range of service attributes. Annual reporting against performance targets.												
<b>Demand Forecasting</b>												
Forecasting of demand has not been performed over all of the asset services classes, however it has been completed for water and sewerage particularly for peak tourism season demand. The Water treatment plant has been designed to meet current peak demand.												
Forecast Growth in both Tourist and resident populations			Review	Accountable		Responsible	Consult					
Determine increase in demand for services			Review	Accountable		Responsible	Consult					
Demand Forecasts based on robust projection of a primary demand factor (e.g.: population growth) and extrapolation of historic trends. Risk associated with demand change broadly understood and documented.												
<b>Asset Management Plans</b>												
There are currently no formal Asset Management Plan's (AMPs) in place.												
Draft AM plans					Accountable	Responsible	Consult			Assist		Plan contains basic information on assets, service levels, planned works and financial forecasts (5-10 years) and future improvements.
Review			Review		Accountable	Responsible						
Create Renewal works programs					Accountable	Responsible		Consult	Consult	Assist		
Field validation of works programs					Accountable	Responsible		Consult				
Service Financial Forecasts					Accountable	Responsible	Review			Assist		
Review			Review	Review	Accountable	Responsible						
Budget Submission Documents			Review	Review	Accountable	Responsible	Consult	Consult	Consult			
Review by CEO			Accountable									
Presentation to Council		Adopt	Approve		Accountable							
As above plus executive summary, description of services and key/critical assets, top-down condition and performance description, future demand forecasts, description of supporting AM processes, 10 year financial forecasts, 3 year AM improvement plan												
<b>AM Policy Development</b>												
There is no Asset Management Policy												
Draft Asset Management Policy					Accountable	Responsible				Assist		
Review Policy		Approve	Review									
Adoption by Council		Adopt										
Implement Policy through AM Steering Committee		Accountable	Responsible		Consult	Consult	Consult	Consult	Consult			
Defined policy statements for all significant activities. Clear linkage to corporate goals. Policy supported by high level action plans with defined responsibilities for delivery.												
<b>Improvement Planning</b>												
Maturity Audit												
Review Existing (As is) AM structure & Maturity		Consult	Consult		Accountable	Consult	Consult	Consult	Consult		Responsible	
Determine Future (To Be) Am structure and target maturity		Consult	Consult		Accountable	Consult	Consult	Consult	Consult		Responsible	
Gap Analysis											Responsible	
Draft AM Improvement Plan			Review		Accountable						Responsible	
Review		Approve	Review		Accountable						Responsible	
Adoption by Council		Adopt										
Current and future AM performance assessed and gaps used to drive the improvement actions. Improvement plans identify objectives, timeframes, deliverables, resource requirements and responsibilities.												
AMIP Implementation					Accountable		Responsible					
Maturity Review					Accountable		Responsible			Assist		
<b>Asset Condition</b>												
Council have very limited condition data which is up to date from 2014 and does not yet have processes to update/track the condition of assets. There is also no condition rating assigned to each asset. A comprehensive condition report was done in 2015 on												
Review Existing condition data (from Revaluations)					Accountable	Responsible						
Develop Condition Rating Manuals			Review		Accountable	Accountable		Responsible				
Develop a Condition assessment program		Approve	Review		Accountable	Responsible	Consult					
Implement Program					Accountable	Responsible		Responsible				
Condition assessment programme in place for major asset types, prioritised based on asset risk. Data supports asset life assessment. Data management standards and processes documented. Programme for data improvement developed.												
<b>Operational Planning</b>												
Disaster Management Planning and Handbooks are current and available. Demand Management is considered informally in asset planning and asset utilisation is monitored.												
Formalise Demand forecasting and management processes for inclusion in the Council report template			Review		Accountable		Responsible	Consult				
Emergency response plan is developed. Demand management is considered in major asset planning. Asset utilisation is measured for critical asset groups and is routinely analysed.												
<b>Information Systems</b>												
GIS System is generally in place with some assets requiring updating, the GIS is updated by council's GIS officer and the QA of changes are being completed by Mangoes Mapping the project manager or person suggesting changes to the maps is not involved in												
Review Functionality of IT Vision wrt Asset Management					Accountable	Consult	Responsible	Consult		Assist		
Review links with other systems Finance, GIS					Accountable	Consult	Responsible	Consult		Assist		
Review Data entry procedures					Accountable	Responsible	Consult	Consult		Assist		
Identify Gaps					Accountable	Responsible				Assist		
Determine work arounds etc			Review		Accountable	Responsible				Assist		
Train AM Staff					Accountable	Responsible				Assist		
Asset register enables hierarchical reporting (at component to facility level). Customer request tracking and planned maintenance functionality enabled. System enables manual reports to be generated for valuation.												
<b>Service Delivery Mechanisms</b>												
Council utilise a large majority of their own staff, such as own electricians, carpenters. Council always try to select locals first and bolt contractors on to working crews. There is no formal process in place for sending internal staff on jobs												
Identify core services and activities					Accountable			Responsible				
Review options for delivery					Accountable			Responsible				
Procure/implement service delivery/contracting Mechanisms					Accountable		Consult	Responsible				
Contracts in place for external service provision. Core functions defined.												

Activity	Council	CEO	Steering Comm	DCS (D/CEO)	DOE	AM	Manager Finance	Works Supervisor	Internal Other	External	Target Delivery Date	Comments
<b>Capital Works Planning</b>												
Priority for new/upgrade is based on funding and those works considered necessary by Councillors in consultation with the Executive team. Annually, the target list of new and upgrade works exceeds available budget.												
Develop 10-year CAPEX Program (Buckets in outer years if applicable)					Accountable	Responsible	Consult	Consult		Assist		
Review decision making rules in AM policy		Approve	Review	Review	Accountable	Responsible				Assist		
Develop project business case template			Review		Accountable	Responsible	Consult			Assist		
Implement 3 year project development framework			Review		Accountable	Responsible	Consult	Consult		Assist		
Re-prioritise 10-year renewal program from AMP		Approve	Review		Accountable	Responsible	Consult	Consult		Assist		
Re-prioritise 10-year new/upgrade program from AMP		Approve	Review		Accountable	Responsible	Consult	Consult		Assist		10-year CAPEX Program inform the Service Financial Forecasts
Projects have been collated from a wide range of sources such as hydraulic models, operational staff and risk processes. Capital projects for the next three years are fully scoped and estimated.												
<b>Maintenance Planning</b>												
Council treat and budget operational and maintenance planning as the same. Budgets are built up from Managers and Supervisors and reviewed by Executive Management team members. Budgets are largely based on existing budgets. Changes to budgets are informed												
Review current O & M expenditure levels					Accountable	Responsible		Consult		Assist		
Review how expenditure is reported					Accountable	Responsible	Consult	Consult				
Re-develop WBS to Capture Operations expenditure and maintenance expenditure by activities		Approve		Review	Accountable	Consult	Responsible	Consult		Assist		
Amend SynergySoft to enable new Cost codes					Accountable	Consult	Responsible	Consult				
Train Staff in the use of the new cost codes					Accountable	Responsible	Consult	Consult	Consult	Assist		
Implement new cost codes					Accountable	Consult	Responsible	Consult				
Review O & M expenditure levels				Review	Accountable	Responsible	Consult	Consult				
O & M expenditure forecasts used to inform AMPS and Service Financial Forecasts					Accountable	Responsible	Consult	Consult		Assist		
Asset criticality considered in response processes. Fault tracking and closure process. Strategy for prescriptive versus performance-based maintenance developed. Key maintenance objectives established and measured.												
<b>Decision Making</b>												
Decision making is done on a departmental basis rather than at a strategic level incorporating coordination and governance.												
Review the decision making rules in the AM policy			Review		Accountable	Consult	Responsible	Consult	Consult	Assist		
<b>Utilise the QTC Project Decision making framework</b>		Approve	Review		Accountable	Responsible						
Develop Whole of life costing Model			Review		Accountable	Responsible	Consult			Assist		
Develop Benefits recognition and realisation framework			Review		Accountable	Responsible	Consult			Assist		
Develop a basic Benefit/Cost Ratio model and prioritisation tool			Review		Accountable	Responsible	Consult			Assist		
Develop a standard report template for reports to Council that includes the above		Approve	Review		Accountable	Consult	Responsible					
Implement		Accountable	Responsible	Consult	Consult	Consult	Consult	Consult				
Formal decision making techniques (MCA/BCA) are applied to major projects and programmes.												
Upgrade to include Multi Criteria Analysis Parameters		Approve	Review		Accountable	Consult	Responsible	Consult	Consult			
Implement		Accountable	Responsible	Consult	Consult	Consult	Consult	Consult				
<b>Financial and Funding Strategies</b>												
Assets are comprehensively revalued every 3 years, with desktop reviews in between. Currently finance determine the budgets based on previous year's expenditure + CPI instead of the planned maintenance program. Long Term Financial Plans (LTFFs) are prepared												
AMPS Service financial forecasts inform the LTFF			Review			Consult	Responsible	Accountable		Assist		
Year 1 of the SFF forms the annual budget submission	Adopt	Approve	Review		Accountable	Responsible	Consult			Assist		
Develop a revaluation and indexation program			Review			Responsible	Accountable			Assist		
Implement program (3 year contracts etc)			Review		Accountable	Responsible	Consult			Assist		
Revaluations and indexations			Review		Accountable	Responsible	Consult			Assist		
Asset revaluations have a 'C' grade data confidence* 10+ yr financial forecasts based on current AMP outputs. Significant assumptions are specific and well reasoned. Expenditure captured at a level useful for AM												
<b>Quality Management</b>												
Council adheres to Australian Standards, FNQ and Western Queensland Standards. Western - FNQRoc. As constructed drawings are quality checked against plans. Council have adopted FNQRoc development manual and reduced the modified the manuals requirements to												
Establish Council's quality appetite			Review		Accountable	Consult	Responsible					
Assess current practice					Accountable	Consult	Responsible					
Develop Quality management documents, processes & procedures		Approve	Review		Accountable	Consult	Responsible		Consult			
Train Staff					Accountable	Consult	Responsible		Consult	Consult	Assist	
Implement Quality System					Consult	Accountable	Consult	Responsible	Consult	Consult	Consult	
Defined quality policy and basic Quality Management System. All critical activity processes documented.												
Develop Continuous Improvement process					Accountable		Responsible					
<b>Risk Management</b>												
Council has a Operational Risk Register (managed by WHS) and a Corporate Risk Register (managed by the Executive Leadership Team). The Operational Risk Register is currently a spreadsheet and will soon transition over to IT Vision which will allow for job												
Develop Asset Criticality Matrix			Review		Consult	Accountable	Responsible		Consult		Assist	
Rate Assets			Review		Consult	Accountable	Responsible			Assist		
Assign Consequence of failure to Assets		Approve	Review		Consult	Accountable	Responsible			Assist		
Determine Risk Rating			Review		Consult	Accountable	Responsible			Assist		
Record Criticality, Consequence and Risk against assets					Consult	Accountable	Responsible			Assist		
Risk framework developed. Critical assets and high risks identified. Documented risk management strategies for critical assets and high risks.												