

Background & Issues

Local Government across Australia is facing the challenge of building, operating and maintaining vital infrastructure necessary for the well-being of their communities. In WA, the findings of the *Systemic Sustainability Study* identified infrastructure renewal and asset management as a primary concern leading into the future.

This policy provides the overall framework to guide the long-term sustainable management of Council's asset portfolio as a platform for service delivery and will ensure that this policy, together with the Asset Management Strategy, individual Service/Asset Management Plans and associated working procedures and practices will put in place a comprehensive, accountable and transparent Service/ Asset Management Framework for the Shire of Manjimup.

Objectives

Asset Management is viewed as a major corporate function of the Shire of Manjimup and Council is committed to supporting the function accordingly. The purpose of this policy is to provide Asset management Principles, Asset Management Framework, Asset Management Responsibility and Asset Management Reporting, to advance the following objectives and outcomes:

- The Shire's services and infrastructure are provided reliably, with the appropriate quality levels of service to residents, visitors and the environment;
- Safeguard Shire assets including physical assets and employees by implementing appropriate asset management strategies, practices, and appropriate financial treatment of those assets;
- Create an environment where all relevant Shire employees will form an integral part of overall management of Shire assets;
- Meet legislative compliance for asset management;
- Resources and operational capabilities are identified and responsibility for asset management is allocated.

The importance of managing the Shire's infrastructure assets sustainably for present and future generations to build intergenerational equity and social capital, must be clearly understood and recognised by Council, staff and the community.

Definitions

"Asset" - means a physical item that is owned or controlled by Council, and provides or contributes to the provision of service to the community (in this context excluding financial, intellectual, and non-tangible assets).

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“Asset Management” - means the processes applied to assets from their planning, acquisition, operation, maintenance, replacement and disposal, to ensure that the assets meet Council’s priorities for service delivery.

“Asset Management Plan” - means a plan developed for the management of an infrastructure asset or asset category that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset. The Asset Management Plan establishes, for each Asset Category:

- Levels of Service (performance, construction, maintenance, and operational standards);
- Future Demand (rational basis for demand forecasting and selection of options for proposed new assets);
- Life Cycle Management Plan (including Operations and Maintenance, Renewals and Replacements, and Expansion and Upgrades);
- Financial Projections;
- Asset Management Practices; and
- Performance Monitoring and Improvement.

“Asset Register” - means a record of asset information considered worthy of separate identification including inventory, historical, condition, construction, technical, and financial.

“Council” - means the council of the Shire of Manjimup.

“Infrastructure Assets” - means to include roads (including bridges and pathways), drainage, parks and nature reserves, buildings, and in-situ plant.

“Level of Service” - means meeting community expectations in relation to the quality and quantity of services delivered by Council.

“Life Cycle” - means the cycle of activities that an asset goes through while it retains an identity as a particular asset.

“Life Cycle Cost” - means the total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, disposal and rehabilitation costs.

“Local Government” - means the Shire of Manjimup.

“Maintenance” - means regular ongoing day-to-day work necessary to keep an asset operating.

“Operations” - means the regular activities to provide public health, safety and amenity and to enable the assets to function e.g. road sweeping, grass mowing, cleaning, street lighting and graffiti removal.

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“Predictive Modelling” - means the use of asset deterioration models and condition monitoring to predict failure and asset renewal funding for use within Council’s long term financial plans.

“New” - means creation of a new asset to meet additional service level requirements.

“Renewal” - means restores, rehabilitates, replaces existing asset to its original capacity. This may include the fitment of new components necessary to meet new legislative requirements in order that the asset may achieve compliance and remain in use.

“Risk” - means probability and consequence of an event that could impact on the Council’s ability to meet its corporate objectives.

“Shire” - means Shire of Manjimup.

“Upgrade” - means enhances existing asset to provide a significant higher level of service.

“Useful Life” - means the period over which a depreciable asset is expected to be used.

The terms relating to asset management have the same meaning as defined in the *International Infrastructure Management Manual (Australia / New Zealand Edition)*. Not all the definitions above are used in this policy but it’s terminology is relevant to other Asset Management Policies.

1. Strategic Context

Our Vision:

We are thriving region which is safe, liveable and welcoming.

We value our quality of life and embrace our natural environment which affords us both economic and recreational pursuits.

Our industries are recognized for their resilience, quality and innovation and for their contribution to the state of Western Australia.

Our economic diversity provides business and employment opportunities for all.

Our Mission [the business we are in]:

“We are the appointed local government authority for the district of the Shire of Manjimup, responsible for the planning, delivery and maintenance of key services and infrastructure. Our mission is to satisfy our community by meeting its needs and our statutory responsibilities in a planned and sustainable manner.”

Underpinning this is the need to make certain that services are well planned and delivered in line with community expectations.

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The Shire of Manjimup Strategic Community Plan 2015 – 2025 and Shire of Manjimup Corporate Business Plan 2015 - 2019 identifies the following objectives and strategies relevant to Asset Management;

The Community Strategies from Strategic Community Plan:

- Optimise investment for a safe reliable transport network.
- Provide appropriate and financially sustainable community infrastructure that supports our standard of living.
- Manage public assets prudently and in a financially sustainable manner.
- Support initiatives that promote recycling and reuse of resources

The Council Objectives and strategies from Corporate Business Plan:

- Objective 3 – Provide excellent Customer Service
 - Strategy 16 – Set benchmarks for service delivery
- Objective 5 – Planning to be well in advance of development or work occurring.
 - Strategy 18 – Road networks are functional and anticipate future expansion.
 - Strategy 19 – Parks, sporting and community facilities demand is anticipated and facilities appropriate.
- Objective 10 – Shire facilities are maintained at an acceptable standard.
- Objective 11– Shire infrastructure network to be adequate, its condition improved, and the cost burden shared, most notably in the area of road maintenance.
 - Strategy 15 – Council owned assets managed in line with industry standard approach to asset management.
 - Strategy 20 – Roads, Footpaths and Drainage infrastructure are adequate and maintained.
 - Strategy 21 – Commence a recycling collection service

In order to achieve this, the Shire must allocate resources through its financial plan, define its service level expectations through service delivery plans, and ensure effective risk management.

The Shire will:

- Develop industry standard, affordable and financially sustainable asset management plans
- Incorporate community and stakeholder consultation
- Support informed decision making
- Promote timely maintenance and renewal of assets
- Identify opportunities for multiple use of assets
- Develop and implement a framework for asset management
- Incorporate risk management in its planning and service delivery
- Improve awareness of asset management for Council and officers
- Ensure asset management is linked to service delivery

2. Principles

Asset Management encompasses all of the various actions that Council must take to ensure that its assets are planned, delivered, managed, renewed and retired to serve both present and future generations sustainably.

Council will determine the Level of Service expected for each asset class to deliver economic, environmental and social values for the benefit of the community. Council will consult with all relevant stakeholders in the course of determining acceptable levels of service.

In consideration of inter-generational sustainability, Council will adopt life cycle cost analysis for the management of infrastructure assets.

Council will allocate financial resources (integrated with its 10 year plan) to ensure effective asset management practices, timely maintenance and renewal of assets so that community services are sustained in the long term.

Council assets will be managed utilising a team approach supported by the multi discipline cross-functional asset management working group with the roles and responsibilities of all asset users well defined and understood.

Asset information will be accurate and up to date allowing for appropriate asset planning, both in the short and long term, and for informed decision making to occur.

Prior to consideration of new infrastructure works, renewal, or upgrade:

- A strategic review of the need for, and the life cycle cost of that asset (including capital, maintenance, operating and renewal costs) will be carried out.
- Asset Renewal Plans will be implemented progressively based on priority, the level of service required, and the effectiveness of the current performance of the asset.
- Plans to upgrade existing infrastructure will be considered and evaluated according to the need to increase the asset's Level of Service.

Council will continually seek opportunities for multiple uses of assets, as well as, strategic community partnerships and for economic extensions to infrastructure life.

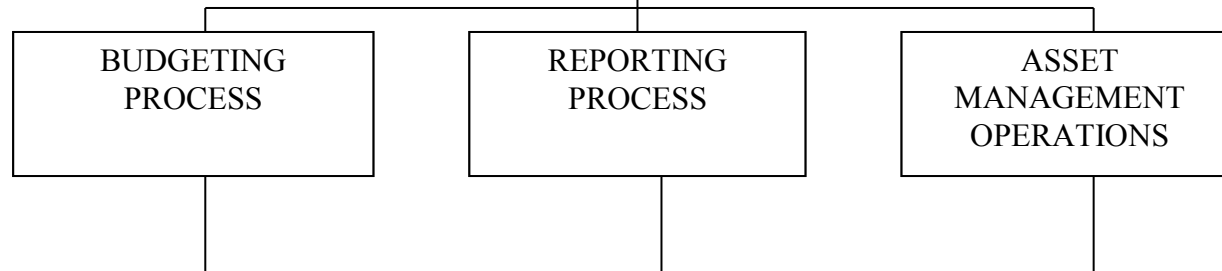
3. **Asset Management Framework**

Improving the way the Shire of Manjimup manages its assets will involve incorporating efficient and effective asset management principles and practices. The following diagram depicts how asset management fits into this overall framework and its relationship with other policies and strategies of the Shire.

Documentation:



Actions:



Operations/Services:



4. Asset Management Responsibilities and Reporting Framework

4.1 The internal stakeholders of the Shire of Manjimup hold the following asset management responsibilities:

Council

- a) Council, acting as stewards for Asset Management, will approve and enact the Asset Management Policy, Improvement Strategy and Service Delivery Plan;
- b) Demonstrate the organisation's commitment to the Council's vision and strategic objectives through an integrated and resourced asset management system to build and maintain intergenerational equity;
- c) Make informed decisions supported by asset management processes and practices;
- d) Approve asset levels of service, risk and cost standards including "whole of life" costs;
- e) Approve appropriate resources for asset management activities.

Chief Executive Officer

- a) Reporting on the status and effectiveness of asset management within Council;
- b) Continually promote asset management across the organisation and with Council and the community.

Senior Management Team

- a) Responsible for implementing asset management systems, policies and procedures;
- b) Incorporate asset management in strategic planning;
- c) Reflect asset management policy, strategy, and financial sustainability in service delivery plans;
- d) Make certain that timely, accurate and reliable information is presented to Council for decision-making;
- e) Support the cross-functional Asset Services Management Working Group;
- f) Make certain that officers are appropriately trained and skilled to perform asset management functions, asset management procedures are documented, and monitor the performance of staff;
- g) Deliver levels of service to agreed service and cost standards;
- h) Delegate specific assets to responsible officers in the relevant directorate and provide strategic support to the officers;
- i) Promote networks between the community, key stakeholders, and Council's asset managers to involve and consult with on the management of Council's assets.

Asset Services Management Working Group

- a) Promote and raise awareness of asset management and its benefits and goals to the Council, staff, users and community;

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- b) Design, implement and continually review an Asset Management Policy;
- c) Design, implement and continually review an Asset Management Practices Improvement Strategy and Service Delivery Plans;
- d) Develop a system of Asset Responsible Officers and co-ordination of organisational functions, which service the asset. (Building, Health, P&G etc);
- e) Link asset management programs such as maintenance programs and capital works programs, with the asset management practices;
- f) Ensure efficient and effective use of Council funds and optimising “life cycle” costs of all assets;
- g) Ensure the provision of effective communication between ASMWG and SMT and the development of an Asset Management reporting framework;
- h) Encourage continuous improvement, innovation, and cost effective methods to improve asset management practices;
- i) The Working Group will evolve into an Asset Management Committee that supports the SMT in asset management decision-making;
- j) Source and utilise an appropriate Asset Management Software Database package to function concurrently with the Authority financial system to produce appropriate Asset Management reports.

4.2. Asset Services Reporting

Shire of Manjimup Asset Management Reporting Framework will achieve the following:

- Integrate asset management within existing planning and operational processes.
- Adhere to relevant legislative requirements in Asset Management.
- Develop and implement a framework for the evaluation and prioritisation of Capital Projects based on demonstrated need of asset. This includes maintenance, renewal and upgrade priorities of existing assets and expenditure on new assets.

These reporting objectives will be achieved through communication to:

- Senior Management Team:
Quarterly reporting to SMT on progress through the Asset Management Improvement Strategy. The report is to include targets achieved, targets not achieved and why, as well as any issue that have arisen during the period being reported.
- Council:
Annual reporting to Council measuring the Annual Financial Accounts expenditure against the key Strategic Plan Objectives and Strategies listed under Section 1 - Strategic Context, page 3 of this document.

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**The Administration of this Policy is by Business Directorate in consultation with the
Asset Services Management Working Group.**