



POLICY – 4.13 – Asset Management

Relevant Delegation

N/A

Policy Statement

To ensure that the Shire has sufficient systems, processes, resources and organisational commitment in place to deliver asset management service outcomes on a financially optimal basis.

Service delivery may be via the provision of Shire owned Infrastructure Assets, in which case assets are to be managed to support financially optimal service delivery outcomes for the lowest whole of life cost.

Alternatively, service delivery may be via a third party, in which case the Shire has a role in ensuring third party Infrastructure Assets are provided and managed to achieve financially optimal service delivery outcomes with the lowest possible draw on Shire resources.

The policy also assists the Shire in compliance with the provisions of the State Government's Integrated Planning & Reporting Framework by having an integrated approach to Planning for the Future.

Adherence to the policy will ensure that the Shire will continue to deliver (or facilitate the delivery) of financially optimal asset services aligned with the aspirations of the community.

Scope and Limitations

This policy covers all service delivery of the Shire and relates specifically to the management of infrastructure assets under the care, control and responsibility of the Shire. This includes assets used to deliver services or the infrastructure management regime of third parties where the Shire facilitates service delivery by a third party. This may include but is not limited to:

- Government Agencies;
- Private Enterprise; and
- Contractors,

Background

The community relies on the Shire to deliver services. The Shire has finite resources and limited income streams that can be targeted to fund service delivery. The Shire must ensure service delivery is well targeted and aligns with the Community's aspirations identified via the development of the Strategic Community Plan.

To help ensure scarce resources are optimally allocated, it is important informed decisions are made when considering the acquisition, ongoing ownership, management and disposal of infrastructure assets. The Shire also needs to continuously consider whether it needs to provide and / or own assets in order to deliver services to the community or whether it can simply facilitate the provision of the service by a third party, i.e. non-asset ownership service delivery.

To assist with making informed decisions in relation to this, the Shire will put in place the following:

- A Strategic Asset Management Framework, consistent with National standards in Asset Management and Long Term Financial Planning (Nationally Consistent Approach);
- Maintain and regularly review a contemporary Asset Management Policy;
- Develop, maintain and regularly review an Asset Management Improvement Strategy clearly articulating a sustainable path for continuous improvement and identifying resources to implement via the budget process;
- Develop, maintain and regularly review Asset Management Plans;
- Asset Management Plans will document the Council adopted desired level of service for each asset class which will be derived from Service Level Plans and the community engagement processes used to develop the Strategic Community Plan; and
- Ensure processes are in place to train Councillors and Officers in key aspects of asset management and long term financial planning.

Key Commitments

Prior to making a decision to either, deliver a new service, vary the current service (up or down) or cease the delivery of a service, the following key commitments are to be adhered to:

- The need for the service will be reviewed;
- The service must align with the Strategic Community Plan and fit within the Corporate Business Plan;
- Options for the Shire to facilitate delivery of the service by a third party are to be identified and considered;
- If the service is needed and a third party cannot deliver the service, infrastructure assets that are required to deliver the service will be identified along with:
 - The whole of life cost of delivering the service; and
 - The whole of life planning, maintenance, operation, renewal and disposal cost of the asset required to support the service delivery.
- The service delivery and asset whole of life cost must find within the 10 Year Long Term Financial Plan (once developed);
- Options to renew infrastructure asset before acquiring a new infrastructure asset are to be considered;
- Options to rationalise assets will be considered; and
- The Executive Management Group will develop the systems and processes to comply with the above key commitments.

Responsibility and Reporting

Council - is responsible for approving (including amendments to) the following documents:

- Asset Management Policy;
- Asset Management Improvement Strategy; and
- Asset Management Plans.

Council is also responsible for ensuring resources are allocated to achieve the objectives of the above documents (upon recommendation of the CEO).

In adopting asset management plans, Council determines the Level of Service for each asset class.

“Chief Executive Officer (CEO)” - is responsible for ensuring systems are in place to develop, maintain and regularly review Council’s asset management policy, asset management improvement strategy and asset management plans. The CEO reports to Council on all matters relating to asset management.

“Executive Management Group (EMG)” – is responsible for monitoring the implementation of asset management across the organisation. The EMG also undertakes the functions of “Asset Management Working Group (AMWG)” and “Integrated Planning and Reporting Working Group (IPRWG)”

The EMG will ensure that strategies are put in place to remove barriers to the successful implementation of asset management.

The EMG will be responsible for ensuring that Council’s asset management improvement strategy is achieved and asset management plans are prepared and maintained in line with Council’s policy on asset management. Where changes to Council’s asset management policy, asset management improvement strategy or asset management plans are identified, the EMG is responsible for considering and making recommendation to Council in relation to changes.

Where aspects of Council’s asset management policy, asset management improvement strategy or asset management plans are not being achieved or adhered to, the EMG will maintain a list of non-compliances and take corrective action. The EMG reports to the CEO (who is also a member of the group) on all matters relating to asset management.

“Works Manager (WM)” – is responsible for resource allocation (from Council approved resources) associated with achieving Council’s Asset Management Improvement Strategy. The WM reports to the CEO in relation to Asset Management resource allocation.

“All Co-ordinators”– are responsible for ensuring that resources under their control are appropriately allocated to resource asset management. All Co-ordinators must report to the CEO on all matters relating to Asset Management under their area of control.

Policy Definitions

“Asset” means a recognisable non-financial asset owned or controlled by the Shire, which enables the local government to achieve its objectives.

“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 assets.

“Infrastructure Assets” are fixed assets that support the delivery of services to the community. These include the broad asset classes of roads, drainage, buildings, parks and bridges.

“Level of Service” means the combination function, design and presentation of an asset. The higher the Level of Service, the greater the cost to deliver the service. The aim of asset management is to match the asset and level of service of the assets to the community expectations, need and level of affordability.

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

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

“Maintenance” means regular ongoing day-to-day work necessary to keep an asset operating and to achieve its optimum life expectancy.

“Operations” – means the regular activities to provide public health, safety and amenity and to enable the asset to function e.g. road sweeping, grass mowing, cleaning, street lighting and graffiti removal. Operation expenses are normally incurred annually or even more frequently.

“New” – means creating of a new asset to meet additional service level requirements.

“Resources” means the combination of plant, labour and materials, whether they be external (contractors/consultants) or internal (staff/day labour).

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

“Risk” means the effect of uncertainty on objectives. The focus should be on the effect of incomplete knowledge of events or circumstances on the Shire’s decision making.

“Stakeholders” are those people/sectors of the community that have an interest or reliance upon an asset and who may be affected by changes in the level of service of an asset.

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

Amendments to this Policy

Amendments to the policy require a simple majority decision of Council.

– *End of Policy*

COMMENT

Formerly		New Policy May 2021
Last Reviewed	New Policy	
Next Review Date	May 2022	
Amended		
Adopted	27 May 2021	
Version	1	