

3.23 Asset Management Policy

1. POLICY PURPOSE

The purpose of this Policy is to guide the strategic management of all the Shire of Merredin's assets in conjunction with other Integrated Planning & Reporting (IPR) Framework strategies, relevant Legislation & Regulations, Australian Standards, Australian Accounting Standards, recognised best practice principles and other Shire of Merredin policies.

This policy will ensure that sustainable service delivery is met by providing for long-term planning, financing, operation, maintenance, renewal, upgrade and disposal of physical assets.

2. POLICY SCOPE

This policy applies to all physical assets owned by Shire of Merredin (the Shire) or controlled by the Shire as per the following categories-

- Transport, including roads, footpaths, drainage, bridges and culverts
- Recreation, including parks and reserves, playgrounds, recreational facilities and sporting fields
- Property (including residential accommodation)
- Fleet, plant and equipment
- Information and Communication Technology (ICT)

3. LEGISLATIVE REQUIREMENTS

The *Local Government (Administration) Regulations 1996* requires all local governments to plan for the future including consideration of how the Shire will continue to deliver services to the community on a long-term basis in a financially sustainable and efficient manner. A strong focus on long-term strategic asset and financial planning is important because there is:

- increasing and changing demand for services as the Shire's population profile changes;
- increasing community expectation in relation to service provision, accountability and value for money;
- a changing and complex market environment, affecting the cost and value of assets;
- limited ability to grow revenue/finite resources; and
- need to maintain, renew or replace infrastructure to meet future demand.

This Policy takes a focus to meet the Asset Management reporting requirements as stipulated in the IPR – framework and guidelines published by the Department of Local Government, Western Australia.

4. POLICY OBJECTIVES

The primary objective of this Policy is to ensure that there is organisation-wide commitment to asset management and that the objectives of the Shire's Asset Management Strategy and Plans are achieved. This will ensure financial data within each year's annual budget and the long-term financial plan takes a sustainable and consistent approach to asset renewals, maintenance of existing assets and the purchase new assets.

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The secondary objective of asset management is to enable the Shire to meet its service delivery objectives efficiently and effectively, in a way that ensures:

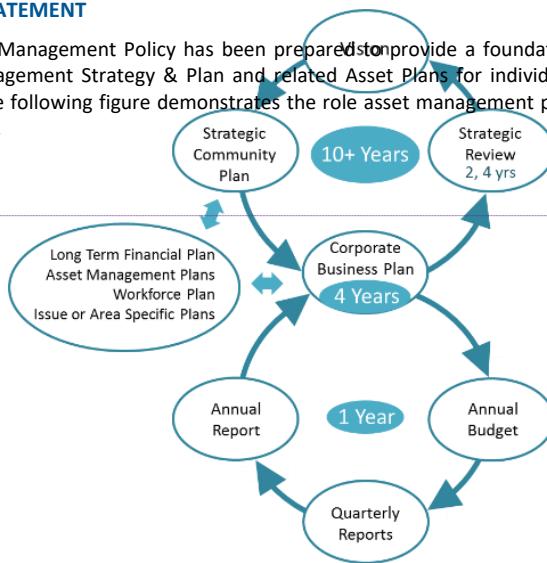
- Assets are managed in accordance with relevant legislation;
- Assets are managed in accordance with recognised best practice;
- An asset “whole-of-life” approach is taken in the management of the Shire’s assets;
- Risk is considered in the development of asset strategies;
- Holding a long term view of asset management to understand and then meet the impacts of social, economic and environmental changes
- Asset performance is measured against defined levels of service outlined in the Asset Management Plan;
- Assets are brought to account in accordance with the requirements of the appropriate accounting standards and reporting requirements;
- Informed decision making is based on reliable data;
- Assets held by the Shire are maintained to a suitable and sustainable level, considering financial and physical resources;
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated; and
- The Shire meets its requirements under the IPR Framework.

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5. POLICY STATEMENT

This Asset Management Policy has been prepared to provide a foundation for the Shire’s Asset Management Strategy & Plan and related Asset Plans for individual assets or asset classes. The following figure demonstrates the role asset management plays within the IPR framework.



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Figure 1: Integrated Planning and Reporting Cycle

The primary physical assets of the Shire are roads, footpaths, drainage, street lighting, plant and equipment, buildings, recreational facilities, along with information and communications technology. It is through these assets that many of the services the Shire provides are delivered to the community in a socially, economically and environmentally responsible manner that does not compromise future generations.

Asset management involves Council, Administration, and the community; from those that plan services, provide services and manage assets and services, to those who use the assets. Council will utilise integrated decision-making processes to ensure asset provision and maintenance are properly considered throughout the asset management lifecycle.

It needs to be considered that the asset management planning process will take time and needs to be resourced appropriately to continue to progress. The process should take a stepped approach, making a start and developing overtime, with regular review and reassessment as the Shire builds up its knowledge. For consistency throughout the documentation, the planning approach should be taken to develop the Asset Management Strategy and Plans:

Asset Management Planning Vision

The Shire's vision for the management of its assets is for a consolidated and balanced asset portfolio reflecting best practice standards, whilst aligning with the community's aspirations and the Shire's strategic objectives.

Asset Management Planning Goals

The Shire has adopted five key asset management goals, which, together with their desired outcomes, are outlined in the following table:

Goals	Desired Outcome
Direction and Accountability	To identify responsibilities and accountabilities so that they are clearly understood across the organisation and integrated into the Shire's business and resources planning process. <u>Create a corporate culture where all employees play a part in overall care for the City's Shire's assets by providing necessary awareness, training and professional development.</u>
Lifecycle Management	A portfolio of assets that is aligned with the Shire's corporate, <u>resourcing</u> , financial and business objectives, which is effectively and efficiently managed from asset conception, planning, design, use and disposal, <u>applying lifecycle costing principles.</u>

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Data and Information Management	The ability and resources to identify, analyse and model asset trends that enhance asset efficiency and effectiveness and enable informed decision-making.
Standards and Levels of Service	A portfolio of assets that is aligned with community and organisational expectations and priorities having regard to the financial context of the Shire.
Continuous Improvement	Ongoing improvement in asset management competency and capacity.

Asset Management Planning Guiding Principles

In the process of asset management planning, the following five guiding Principles should be applied and provide the overarching guide in the development of the Asset Management Strategy and Plans.

Principles	Desired Outcome
Structure	Asset Management planning should be structured to provide clear links between levels of service, asset funding requirements and budget provisions. Links must be made between asset management planning and the Long-Term Financial Plan, <u>Strategic Community Plan, Corporate Business Plan</u> <u>and Council Plan</u> and Annual Budget. The Asset Management Strategy should set the planning and delivery of asset management practice across the organisation.
<u>Sustainable</u> Levels of Service	<u>Assets are provided in a manner that respects financial, resource, economic, and environmental sustainability by aligning asset management practices with strategic goals.</u> Decisions about asset management which have a consequence for the level of service delivered to the community must be made by Elected Members. Levels of Service shall be set by Council based on data that is informed by whole of life / life cycle methodology. Ongoing testing of the long-term affordability and practicality of defined levels of service, and the manner in which they will be sustainably financed. <u>Ensure funding priority is given to the maintenance and renewal of existing assets and level of service.</u>
Data Confidence	Confidence in the management of the Shire's assets, the quality of asset information, the links between technical asset standards and levels of service delivery, and the financial information identified as needed to maintain the asset base, is essential to Elected Members being able to make informed and robust decisions. Maintaining accurate and reliable asset data must be resourced by Council to ensure delivery of asset management outcomes <u>and meet legislative requirements.</u>
Transparency	Decisions about the funding of the maintenance and replacement of assets must be transparent and any

	decision to defer maintenance or replacement must be formally consulted on with budget considerations. <u>Future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets to improve informed decision-making.</u>
Risk Management	Risk assessment and management is a fundamental aspect of asset management. Future asset management investment decisions will explicitly canvass emerging technologies, will address resource efficiency especially energy impacts and opportunities to reduce operating costs and maintain where appropriate, a level of flexibility which enables Council to respond to changing contexts.

6. POLICY COMMITMENTS

The Shire has committed to the following principles and actions to achieve the objectives of this policy:

- Develop and regularly review the Shire's Asset Management Strategy and Plans to ensure that a structured set of actions aimed at enabling continuous improvement to asset management activities across the organisation is maintained.
- Ensure the integration of the Asset Management Strategies & Plans within the Shire's Strategic Community Plan, Corporate Business PlanCouncil Plan 2025-2035, Long-Term Financial Plan and other relevant informing strategies;
- Ensure that the asset management system complies with relevant Australian Accounting Standards, relevant Legislation & Regulations, Australian Standards, recognised best practice principles and other Shire of Merredin policies;
- Consider options for the Shire to facilitate delivery of services by a third party with the annual budget;
- Continue to develop documented service level agreements with key stakeholders (such as road users) to ensure the sustainability of assets and the Shire's services;
- Use whole-of -life costs as the basis for decision-making regarding asset acquisition, replacement, maintenance and disposal;
- Monitor asset utilisation and predict future demand changes;
- Regular inspection will be used as part of the asset management process to ensure agreed service levels are maintained and to identify asset renewal priorities.
- Regular and systematic reviews of all asset inventories, asset management plans and forward capital works programs to ensure that assets are managed, valued, and depreciated in accordance with appropriate best practice.
- Identify, through risk management and condition assessments, initiatives to help reduce exposure to injury, liability and asset failure;

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- Start the development of operational plans for relevant asset classes;
- Provide relevant resources to support asset management planning, including to support the effective collection, collation and analysis of asset data;
- Regularly keep informed on issues relating to asset management best practice;
- The optimisation and rationalisation of assets in order to provide community services at the best possible value-for-money; and
- Measure the efficiency and effectiveness of asset performance including functionality, suitability, location, accessibility, utilisation and cost.

7. ASSET MANAGEMENT RESPONSIBILITY & ACCOUNTABILITY

Responsibility for asset service delivery and asset management, including accountability needs to be clearly established and communicated. This will ensure that both Elected Members and Shire staff are clearly aware of their roles and responsibilities in relation to asset management.

At a minimum, the following broad roles and responsibilities are assigned through this policy:

Elected Members

- Responsible and accountable for the stewardship of the Shire's assets;
- To ensure that appropriate resources are allocated and funded in the Shire's financial planning process in order to achieve the strategic asset management objectives and implementation of asset plans;
- Responsible for setting the defined level of service in asset management delivery;
- Approve the Asset Management Policy; and
- Endorse Asset Management Strategy and Plans.

Executive Leadership Team-Group, including CEO and Executives

- Responsible for the strategic planning and on-going maintenance related to the Shire's assets;
- Ensure that the Shires Asset Management Policy, Asset Management Plans and forward capital works programs are prepared and kept up to date, reviewed and that recommendations are put to Council in relation to appropriate resource allocation to fulfil the objectives of the related documents.
- Ensure that sound business principles are adopted in the preparation of Asset Management Strategy and Plans;
- Ensure the integration and compliance with the Asset Management Policy, Strategy and Plans in relation to other policies and business processes of the Shire; and
- Ensure that strategies and resources are in place to develop, maintain and review the Shire's asset management related documents, procedures, processes and systems.

Officers responsible for the management of Assets in each asset class

- Implement, maintain and review the Asset Management Policy, Strategy & Plans in accordance with this policy's objectives and commitments;

- Develop, maintain and review Asset Management Plans relevant to their asset class and service provision responsibilities;
- Review the Asset Management Policy every 2 years in line with Asset Management Strategy and Asset Plans;
- Engage current and up-to-date technologies, methodologies and continuous improvement processes; and
- Facilitate acknowledged best practice in asset management.

8. KEY POLICY DEFINITIONS

“Asset” means a physical item that is owned or controlled by the Shire of Merredin 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.

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“Life Cycle” means the cycle of activities (plan, acquire, use, maintain, and dispose) that 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 asset operating and to achieve its optimum life expectancy.

“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 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.

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

9. ROLES AND RESPONSIBILITIES

The Executive Leadership Team are responsible for the implementation of this policy.

10. MONITOR AND REVIEW

This policy will be reviewed by the Chief Executive Officer and Executive Leadership Team at least bi-annually, with regard to the suitability and compliance of the policy reported to Council.

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1.	Adopted	27 June 2013	CMRef 31159
2.	Reviewed	08 June 2023	CMRef 83180
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