

**POLICY NUMBER** - **3.23**  
**POLICY SUBJECT** - **3.23 Asset Management Policy**

**1. POLICY PURPOSE**

*Asset Management is a key part of business planning, which connects, at a strategic level, decisions about an organisation's business needs, the deployment of its assets, and its future investment needs. (Towards Better Management of Public Sector Assets, Sir Michael Lyons 2004).*

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

**2. POLICY SCOPE**

This policy applies to all physical assets owned by Shire of Merredin (the Shire).

**3. LEGISLATIVE REQUIREMENTS**

The Local Government (Administration) Regulations 1996

It will be achieved by:

- Developing an Asset Management Strategy and Plan (AMP);
- Preparing individual Asset Management Plans for each specific asset class;
- Adopting and maintaining procedures for the continuous improvement in asset management capacity and capability; and
- Ensuring that the AMP and associated systems are kept up to date.

**INTRODUCTION TO ASSET MANAGEMENT**

The IPRF requires all local governments to plan for the future including consideration of how the Shire of Merredin (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

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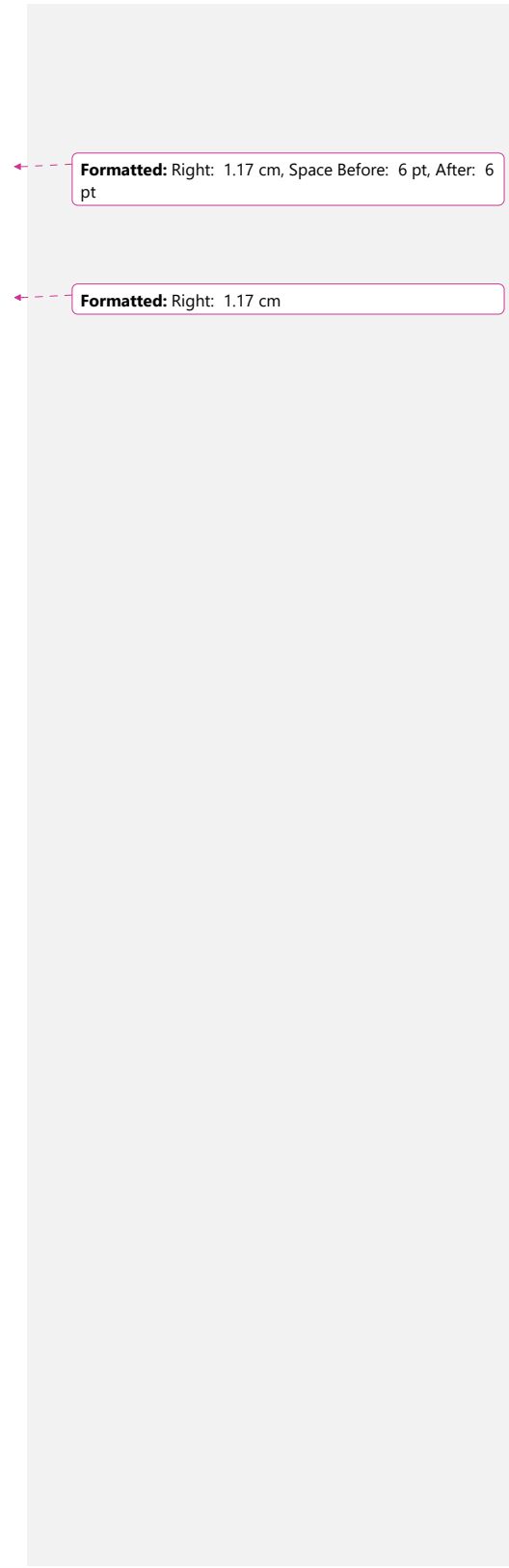
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- need to maintain, renew or replace infrastructure to meet future demand.

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.

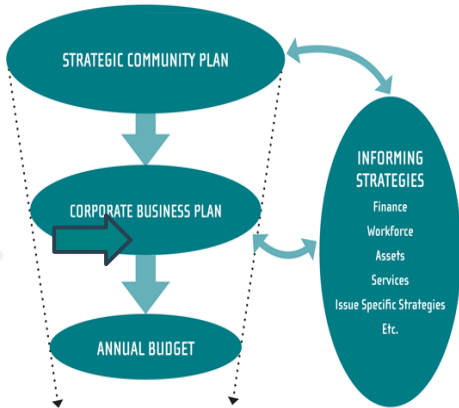
~~This Asset Management Policy has been prepared to provide a foundation for Shire’s Asset Management Strategy & Plan and related Asset Plans for individual assets or asset classes. The following figure demonstrates the Asset Management Policy within the IPRF.~~



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COMMUNITY ENGAGEMENT



Outputs: Plan Monitoring and Annual Reporting

MEASUREMENT AND REPORTING

#### Asset Management Policy

- Overarching Policy
- Key Principles
- Governance

#### Asset Management Plan

- Asset Management Objectives
- Asset Management Practices
- Service Levels

Strategies

#### Asset Management Improvement Plan

- Processes & Procedures
- System & Asset Performance
- Audit & Review Process

### THE SHIRE'S ASSET MANAGEMENT VISION & OBJECTIVES

#### Asset Management 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.

#### Strategic Asset Management Objectives

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

Strategic Objective	Desired Outcome
Direction and Accountability	Defined roles and responsibilities and accountabilities that are clearly understood across the organisation and integrated into the Shire's business and resources planning process.
Lifecycle Management	A portfolio of assets that is aligned with the Shire's corporate, financial and business objectives, which is effectively and efficiently managed from asset conception, planning, design, use and disposal.
Data and Information Management	The ability 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.

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#### 4. POLICY OBJECTIVES

The ~~key-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.

~~on asset renewals, maintenance of existing assets and new assets are identified and form part of the Shire's long term financial planning.~~

The ~~principal-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;
- ~~Asset Management is an integral part the IPRF Framework;~~
- 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;
- 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; and~~
- Asset's held by the Shire are maintained to a suitable and sustainable level; and
- The Shire meets its requirements under the IPR Framework.
- ~~Asset management is sustainable.~~

#### 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 aAsset mManagement plays within the IPR framework.

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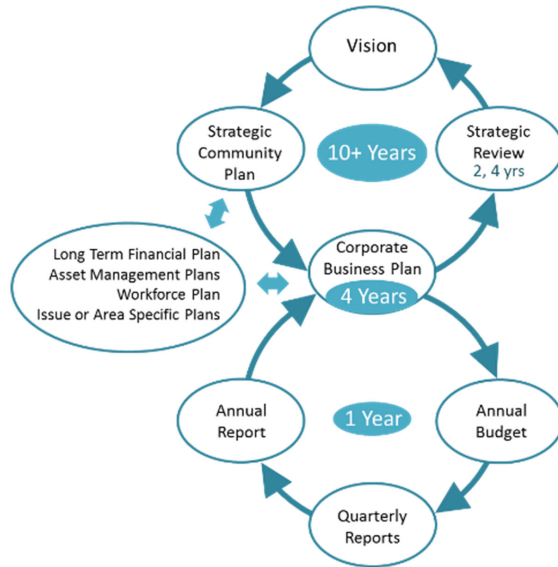


Figure 1: Integrated Planning and Reporting Cycle

The primary physical assets of the Shire of Merredin 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.

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 process. 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.

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**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.
Lifecycle Management	A portfolio of assets that is aligned with the Shire's corporate, financial and business objectives, which is effectively –and– efficiently managed –from –asset conception, planning, design, use and disposal.
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.

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**Asset Management Planning Guiding Principles**

In the process of aAsset mManagement planning, the following five guiding sPrinciples should be applied and provide the overarching guide in the development of the Asset Management Strategy and Pplans.

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 aAsset mManagement planning and the Long-Term Ffinancial Pplan, Strategic Community Plan, Corporate Business Plan and Annual Bbudget. The Asset Management Strategy should set the planning and delivery of asset management practice across the organisation.
Levels of Service	Decisions about asset management which have a consequence for the level of service delivered to the community must be made by CouncillorsElected 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.
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 CouncillorsElected Members being able to make informed and robust decisions. Maintaining accurate and reliable asset data must be resourced by Council to ensure delivery of aAsset mManagement outcomes.
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.
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

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energy impacts and opportunities to reduce operating costs and maintain where appropriate, a level of flexibility which enables Council to respond to changing contexts.

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## 6 POLICY COMMITMENTS

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

- Develop and regularly review ~~(at a period of no more than 2 years)~~ the Shire's Asset Management Strategy and Plans;
- Ensure the integration of the Asset Management Strategies & Plans with in the Shire's Strategic Community Plan, Corporate Business Plan, Long-Term Financial Plan and other relevant informing strategies, ~~particularly the Long Term Financial Plan;~~
- ~~Allow the Strategic Community Plan to inform asset requirements to reflect community priorities;~~
- 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 aAnnual budget;
- Continue to dDevelop 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;
- Identify, through risk management and condition assessments, initiatives to help reduce exposure to injury, liability and asset ~~and service~~-failure;
- Start the dDevelopment of ~~and maintain~~ operational plans for each-relevant asset classes; ~~identifying full life cycle costs, service level requirements, maintenance requirements, risks, refurbishment, replacement and disposal requirements;~~
- Provide relevant information-resources to support asset management planning, including to support the effective collection, collation and analysis of asset data;
- Regularly kKeep informed on issues relating to asset management best practice;

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- The optimisation and rationalisation of assets in order to provide community services at the best possible value-for-money; and
- ~~M~~Measure ~~and report on~~ the efficiency and effectiveness of asset performance including functionality, suitability, location, accessibility, utilisation and cost.

## 6. ASSET MANAGEMENT RESPONSIBILITY & ACCOUNTABILITY

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

~~To manage assets effectively, responsibility for their control must be defined and assigned. Asset registers are to be kept up-to-date and provide timely and meaningful information that meets the decision-making requirements of the Shire's 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 aAsset ~~m~~Management delivery;
- Approve the Asset Management Policy; and
- Endorse Asset Management Strategyies and Plans.

### Executive Group, including CEO and ~~Directors~~Executives

- Responsible for the strategic planning and on-going maintenance related to the Shire's assets;
- Ensure that sound business principles are adopted in the preparation of Asset Management Strategyies and Plans;
- Ensure the integration and compliance with the Asset Management Policy, ~~and~~ Strategyies ~~and~~ Plans in relation to ~~with~~ other policies and business processes of the Shire; and
- Ensure that strategies and resources are in place to develop, maintain and

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