



Asset Management Strategy 2015



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Introduction

The Shire's infrastructure assets represent a vast investment over many generations that support the levels of service available to the community. The Shire must ensure that the assets supporting the desired levels of service are managed sustainably and achieving the lowest whole of life cost.

1.0 Overview

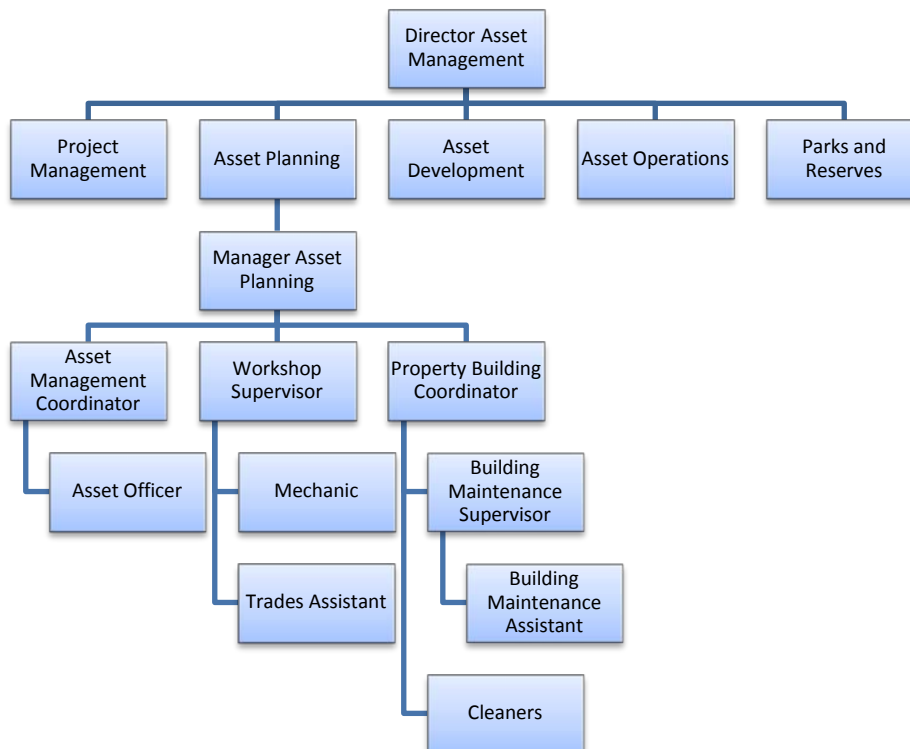
The Integrated Planning and Reporting Framework, legislated in late 2011, has been established to allow Local Governments to plan for the future and to equip their organisations to respond to short, medium and long term community requirements. The Asset Management Strategy is a key informing document to this process.

The Asset Management Strategy is a dynamic document outlining a clear course of action in applying and supporting the Shire's Asset Management Policy and outlines the following:

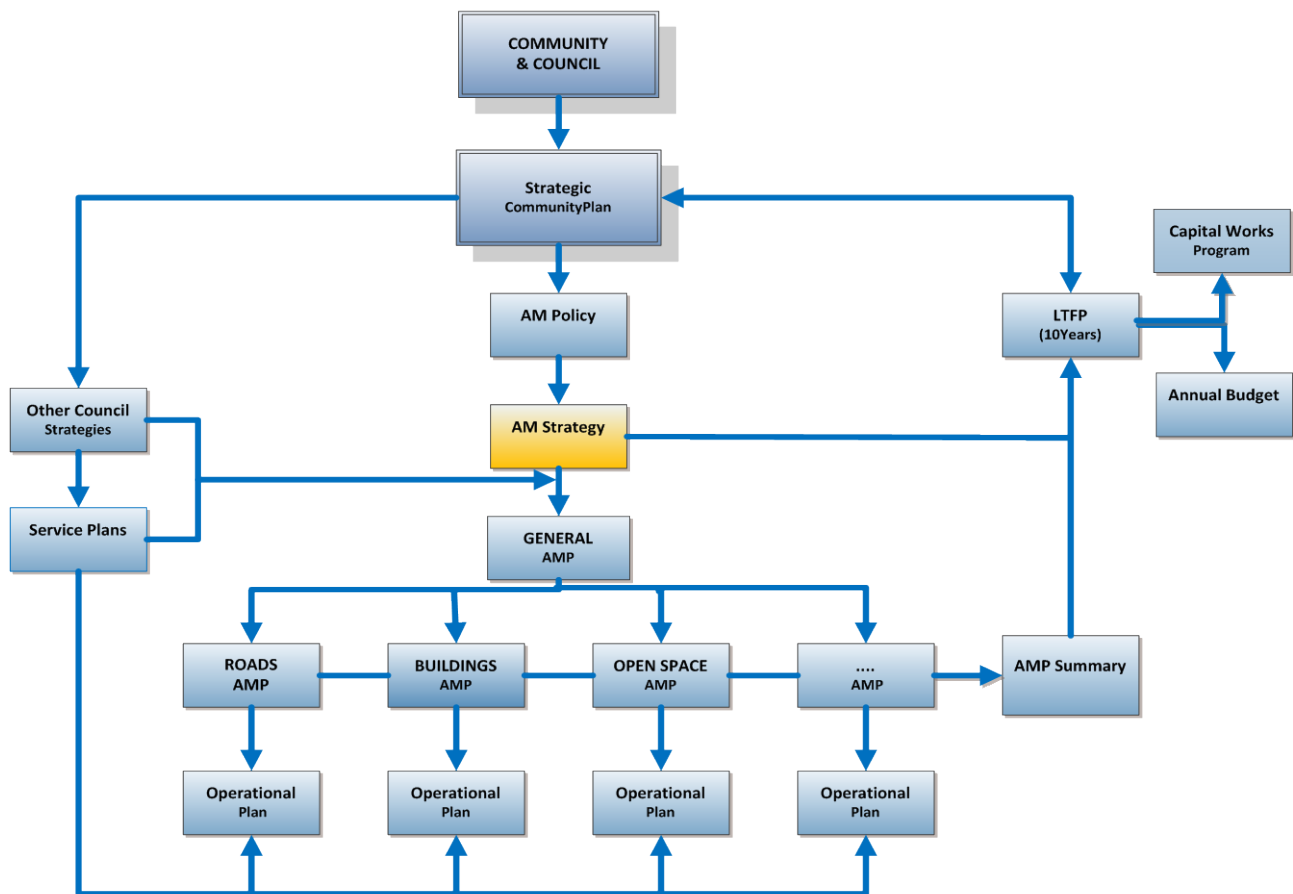
- The current position with respect to Asset Management practice.
- Future needs with respect to Asset Management practice.
- A current maturity level indicating progress toward achieving nationally recognised levels of Asset Management competency.
- An Action Plan on how the Council intends to achieve future needs.
- Performance Monitoring Process

A full review of this Asset Management Strategy is expected every four years. A review of the Improvement Opportunities & Action Plan (Appendix A) and Summary (Appendix B) will be undertaken annually following the annual review of the Long Term Financial Plan and Budget. This document should be read in conjunction with Council's Asset Management Plans, Asset Management Policy and associated current strategic and planning documents.

The following chart shows the current management structure for the Directorate and staffing for the Asset Planning division:



The following flow chart outlines current Asset Management Planning processes:



2.0 Key benefits of Asset Management

The key benefits for Council in improving current asset management practices are:

- Managing Council's asset to optimize the life of its assets;
- Implementing processes that will allow improved asset management and financial planning;
- Demonstrating sound governance of the Shire's assets;
- Stakeholder participation;
- Responding to the changing drivers within the industry;
- Allowing for environmental pressures without compromising service delivery;
- Monitoring asset performance and responding accordingly;
- Ensuring cost effective solutions for the management of the assets;
- Obtaining consistent and reliable data across asset groups;
- Implementing an asset management system to be used by Council; and
- Providing the tools necessary to analyse the performance of assets and develop Asset Management Plans, to determine future funding requirements required to deliver adopted levels of service 5.0

3.0 Strategic Themes

The following key response areas have been identified from Council's Strategic Community Plan 2012 - 2022:

Theme	Strategy	Outcome
Environment	2.3 Provide equitable access for all users to our environment while balancing the protection of natural assets	A range of parks, reserves and trails which the broadest community can access
Economic	3.1 Ensure services and infrastructure are aligned to community needs now and in the future	Services and infrastructure which meets the needs of the broadest community and responds to changing priorities
Economic	3.2 Deliver a diverse, efficient and safe transport system	A diverse and safe transport system that balances the needs of all users from pedestrians, cyclists, private vehicles, public transport and freight
Economic	3.3 Create and strengthen partnerships to advocate for and deliver community facilities, and services and major infrastructure	The community has access to a range of education, health and transport opportunities to maximise their potential
Economic	3.4 Maintain the Shire's robust asset management practices and maintenance programs	Assets which meet the expectations of the community

4.0 Objective

The objective of the Asset Management Strategy is to develop structured actions and resources which enable Council to manage and develop its asset management practices in line with Strategic Plans, Policies, Legislative requirements, community expectations and national guidelines.

5.0 Scope

The Asset Management Strategy outlines current practices, describes the actions required to support Council's objectives and provides a plan for delivering improvements to asset management and financial planning practices. This Strategy will focus on the delivery of efficient and effective services at core functional level, the action plan will be focused on management of key asset groups including Roads, Footpaths, Buildings, Drainage, Parks and Reserves, Airport, Coastal, Fleet and Waste Management facilities.

The strategy has a five-year outlook that accommodates the Shire's future asset management direction

6.0 Stakeholders

Council is responsible for the operation of infrastructure and the management of assets to ensure the delivery of services to its stakeholders. The key stakeholders include:

- Residents;
- Ratepayers;
- Businesses;
- Councillors;
- Users of Council services;
- The travelling public; and
- Government Departments/Agencies.

Other stakeholders with a vested interest in the performance of assets include:

- Utilities Authorities;
- Developers;
- Employees / Volunteers;
- Contractors / Suppliers; and
- Insurers.
- Staff

7.0 Status of Asset Management

7.1 Background

Guidance in the development process of the plans has been taken from the Institute of Public Works Engineers National Asset Management Strategy (NAMS) and the International Infrastructure Management Manual (IIMM). The International Infrastructure Management Manual defines Asset Management maturity in 2 levels, Core and Advanced. The Shire is currently focused on achieving Core level targets, Core level is defined as:

'Asset Management which relies primarily on the use of an asset register, maintenance management systems, job/resource management, inventory control, condition assessment and defined levels of service in order to establish alternative treatment options and long term cash flow predictions.'

7.2 Current position

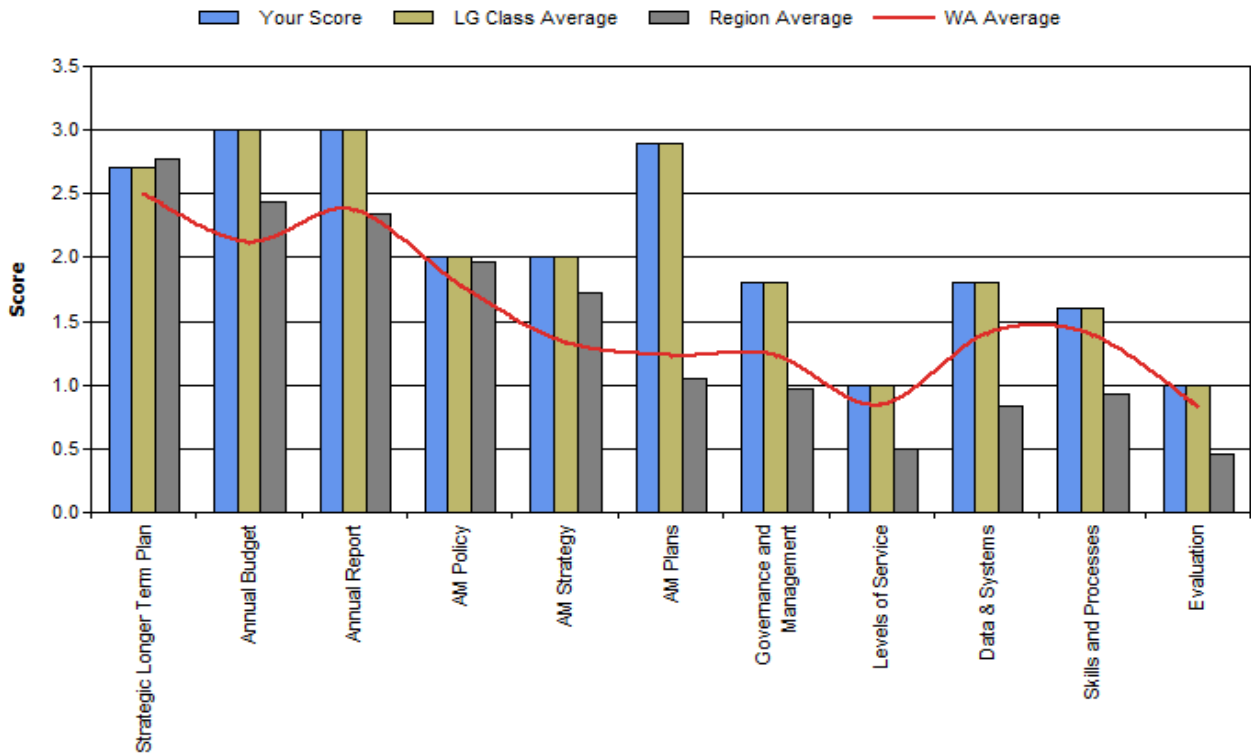
The National Assessment Framework (NAF) incorporates evaluation of asset management practices and progress as well as state specific requirements. The key objective being; "for all local councils to achieve core maturity in implementation of the Local Government and Planning Ministers' Council Financial Sustainability Frameworks"

The NAF provides a series of questions relating to the elements of the Frameworks. The elements are:

- Strategic longer-term plan
- Budget
- Annual Report
- Asset management policy
- Asset management strategy 6. Asset management plans
- Governances and management
- Defining levels of service
- Data and systems
- Skills and processes
- Evaluation

The following chart shows Council's estimated core maturity Benchmarking status, as at Oct 2015.

2015



The assessment of each element is based on responses to questions on tasks or processes required to achieve core maturity. The responses will relate to whether the tasks/processes are complete, partially complete or not commenced. It is intended as a self-assessment carried out by each council.

The table below shows a summary of Council's current core maturity status, as at Oct 2015.

NAF Core Evaluation Summary Shire of Esperance (2015)

Evaluation Opinion

Framework / Element	Meets Requirements	Well Progressed	Partially Meets Requirements	Not Substantially Progressed
Strategic Longer Term Plan		X		
Annual Budget	X			
Annual Report	X			
AM Policy			X	
AM Strategy			X	
AM Plans	X			
Governance and Management		X		
Levels of Service			X	
Data & Systems			X	
Skills and Processes			X	
Evaluation			X	

7.3 Future position

It is anticipated that after addressing the requirements for Core value, the Shire will consider the implementation of Advanced Asset Management practices which may include predictive modelling, risk management and optimised decision making techniques to establish life cycle treatment options and related long term cash flow predictions.

The International Standard ISO 55000 2014 has been developed to provide an overview of asset management principals, terminology and the expected benefits. This standard is progressively being integrated into existing practices and methodologies and it is expected that future revisions will include references to this standard.

.4 Asset Valuation Summary

The Shire uses Infrastructure assets to provide services to the community. The following table provides a snapshot of current valuation estimates. Reference should be made to the "AMP Summary" document for a detailed summary of valuations, quantities, performance ratios and data confidence levels.

Asset Class	Description	Replacement Cost	Fair Value (Depreciated Value)	Annual Depreciation Expense
Transport	Roads Kerbs Bridges Culverts Footpaths	\$415,000,000	\$312,500,000	\$9,200,000
Buildings	Buildings for which the Shire has operational, maintenance and renewal responsibilities.	\$60,929,000	\$31,626,000	1,224,000
Open Space	Parks & Reserves Sporting grounds Playgrounds Coastal Irrigation Supply Cemetery	\$46,300,000	\$17,900,000	\$1,400,000
Drainage	Pits Pipes Sumps	\$20,105,000	\$16,434,000	\$177,000
Fleet	Major Plant Minor Plant Miscellaneous plant	\$12,973,000	\$8,270,000	\$1,208,000
Commercial	Airport Waste Management Caravan Park	\$15,830,000	\$10,219,000	\$429,000
	Total	\$571,137,000	\$396,949,000	\$13,638,000

8.0 Service Delivery

It is essential for the Shire to align services with community needs to ensure the future sustainability of both the organisation and the broader community. A review of current services and identification of future requirements will lead to a more efficient use of our limited resources. The proposed service review will be integrated with our strategic planning framework, including our Strategic Community Plan, asset management plans and our performance management frameworks.

The Service Delivery review process will be undertaken on all services provided by the Shire of Esperance in the following stages:

Stage 1: Define current levels of service for whole of organisation (internal)

Stage 2: Identify current and future community priorities and needs (external)

Stage 3: Determine and deliver efficient, compliant and sustainable levels of service (combination)

9.0 Information Systems

Significant improvements to data have been made since Council adopted the current NAMS Asset Management practices and structure. To ensure asset data is secure, maintained and accessible Council have invested in the AssetFinda Asset Management System. This system also provides the ability to manage maintenance activities, asset accounting and valuations (not integrated with Finance) and includes a mobile technology solution

Spatial representation of assets provides a critical level of functionality for users and is a key improvement task to delivering core and advanced level Asset Management for the organisation. The open source GIS software platform "QGIS" was selected in conjunction with the AssetFinda Asset Management Information System in 2015 as a low cost, flexible and system compatible map editing platform. A new Enterprise GIS system will be commissioned early 2016 to provide enhanced levels of functionality, integration, security and data access for all staff. This system will also support a web based portal for deployment of spatial data to the general public in the future.

Staff will be trained to manage, maintain and utilise all systems to support the implementation of the Asset Management Policy.

10.0 Improvement Opportunities and Action Plan

Appendix A outlines the areas of opportunity and details the actions required to implement each of the improvement opportunities. Each action includes responsibility, proposed implementation timeframe, relative priority and resources estimates.

The timing of activities is based on the time required to achieve outcomes while recognising that some improvements must be completed prior to other activities.

11.0 Action and Priority Summary

Appendix B summarises the Actions and Priorities

Appendix A – 2015 Improvement Opportunities and Action Plan

Improvement Opportunity	Action	Outlook	Responsibility	Resource Type (Internal / External)	Budget	Status
Asset Management Information Systems	Expand the utilisation of the Asset Management System AssetFinda to include all asset classes and system capabilities	Short	Asset Management Coordinator	Internal		In Progress
	Implement the upgrade of the Geographical Information System and commission its use across the organisation	Short	Manager Asset Planning	Internal	\$45,000	In Progress
	Develop and Implement mobile and in field technologies	Short	Manager Asset Planning	Internal		In Progress
	Identify opportunities and efficiencies relating to improved or new technologies	Medium	Manager Asset Planning	Internal		On going
Asset Management Plans	Identify and undertake a program of improvements to asset data including age, condition and remaining useful life	Medium	Asset Management Coordinator	Internal		On going
	Develop and document a process to capture asset information relating to internal and external works	Short	Asset Officer	Internal		Not started
	Develop and maintain a program for Asset Management Plan reviews and improvements	Short	Asset Management Coordinator	Internal		Not started
	Track and review the program of improvements to achieve National Assessment Framework core level maturity status	Medium	Asset Management Coordinator	Internal		Ongoing

Improvement Opportunity	Action	Outlook	Responsibility	Resource Type (Internal / External)	Budget	Status
Asset Management processes	Develop and maintain the Asset Valuation Methodology Manual	Short	Manager Asset Planning	Internal		In Progress
	Develop and maintain the Unit Rates and Useful Life tables	Short	Asset Management Coordinator	Internal		In Progress
	Investigate the use of advanced Asset Management processes including predictive modelling, risk management and optimised decision making techniques.	Long	Manager Asset Planning	Internal		Not started
	Develop the integration of budgets and Long Term Financial Plans with Asset Management Plan financial projections	Medium	Manager Asset Planning	Internal		Not started
	Develop and maintain the Asset Management Financial Summary with forecasts for Maintenance, Operational, Renewal and New/upgrade requirements	Short	Manager Asset Planning	Internal		Not started
	Develop documentation for all Asset Management Processes	Long	Manager Asset Planning	Internal		Not started
	Promote Asset Management across the organisation	Short	Manager Asset Planning	Internal		Not started
Asset Management roles, responsibilities, skills & training	Create a Roles and Responsibilities Matrix which includes Staff, Councillors and Stakeholders	Short	Manager Asset Planning	Internal		Not started
	Create a role based Skills Requirement Matrix	Short	Manager Asset Planning	Internal		Not started
	Identify associated training requirements	Short	Manager Asset Planning	Internal		Not started

Improvement Opportunity	Action	Outlook	Responsibility	Resource Type (Internal / External)	Budget	Status
Strategic processes	Review and report on the Asset Management Strategy Actions and KPI's within Interplan	Medium	Manager Asset Planning	Internal		Ongoing
	Develop Levels of Service for all key infrastructure services delivered by the Shire	Long	Service Level Review Committee	Internal / External		In Progress
	Review Asset Management Plans to reflect service review outcomes and implications	Medium	Manager Asset Planning	Internal		Not started
	Conduct and review benchmarking against other Councils through participation in various benchmarking programs, including National Asset Framework and Yardstick (Facilities, Parks & Roads)	Short	Manager Asset Planning	Internal / External	Approx. \$14,000 pa	On going
	Integrate and align the Asset Management Risk with the Corporate Risk Management Processes	Short	Asset Management Coordinator	Internal		In Progress

Appendix B – 2015 Action and Priority Summary

No	Action	Outlook	Responsibility	Status
1	Expand the utilisation of the Asset Management System AssetFinda to include all asset classes and system capabilities	Short	Asset Management Coordinator	In Progress
2	Develop and maintain a program for Asset Management Plan reviews and improvements	Short	Asset Management Coordinator	Not started
3	Develop and maintain the Unit Rates and Useful Life tables	Short	Asset Management Coordinator	In Progress
4	Integrate and align the Asset Management Risk with the Corporate Risk Management Processes	Short	Asset Management Coordinator	In Progress
5	Develop and document a process to capture asset information relating to internal and external works	Short	Asset Officer	Not started
6	Implement the upgrade of the Geographical Information System and commission its use across the organisation	Short	Manager Asset Planning	In Progress
7	Develop and Implement mobile and in field technologies	Short	Manager Asset Planning	In Progress
8	Develop and maintain the Asset Valuation Methodology Manual	Short	Manager Asset Planning	In Progress
9	Develop and maintain the Asset Management Financial Summary with forecasts for Maintenance, Operational, Renewal and New/upgrade requirements	Short	Manager Asset Planning	Not started
10	Promote Asset Management across the organisation	Short	Manager Asset Planning	Not started
11	Create a Roles and Responsibilities Matrix which includes Staff, Councillors and Stakeholders	Short	Manager Asset Planning	Not started
12	Create a role based Skills Requirement Matrix	Short	Manager Asset Planning	Not started
13	Identify associated training requirements	Short	Manager Asset Planning	Not started
14	Conduct and review benchmarking against other Councils through participation in various benchmarking programs, including National Asset Framework and Yardstick (Facilities, Parks & Roads)	Short	Manager Asset Planning	On going
15	Identify and undertake a program of improvements to asset data including age, condition and remaining useful life	Medium	Asset Management Coordinator	On going
16	Develop and undertake a program of improvements to achieve National Assessment Framework core level maturity status	Medium	Asset Management Coordinator	Ongoing
17	Review and report on the Asset Management Strategy Actions and KPI's within Interplan.	Medium	Manager Asset Planning	Ongoing
18	Review Asset Management Plans to reflect service review outcomes and implications	Medium	Manager Asset Planning	Not started
19	Identify opportunities and efficiencies relating to improved or new technologies	Medium	Manager Asset Planning	On going
20	Develop the integration of budgets and Long Term Financial Plans with Asset Management Plan financial projections	Medium	Manager Asset Planning	Not started
21	Investigate the use of advanced Asset Management processes including predictive modelling, risk management and optimised decision making techniques.	Long	Manager Asset Planning	Not started
22	Develop documentation for all Asset Management Processes	Long	Manager Asset Planning	Not started
23	Develop Levels of Service for all key infrastructure services delivered by the Shire	Long	Service Level Review Committee	In Progress