

ASS 021: ASSET MANAGEMENT

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Objective

To set out Shire of Esperance's approach to managing its assets in a sustainable manner which meets the needs of the community, considering the balance between service levels and costs. This policy directs how the integration of asset management and long term financial planning will deliver sustainable management of assets for the provision of community services.

Policy

Introduction

The Shire of Esperance's physical infrastructure includes transport, buildings, parks and open reserves, coastal marine, drainage, fleet asset and commercial asset classes. The infrastructure is essential for delivering the services provided by Council.

We are committed to:

- Satisfying applicable legal and regulatory requirements
- Delivering financial sustainability by making decisions that lead to a cost effective asset base, by focussing on whole of life costs, asset renewal, rationalising under-utilised assets and limiting asset expansion unless justified;
- Providing a level of service to the community that responds to community needs;
- Ensuring the services currently provided are available for future generations;
- Providing infrastructure in a condition that supports the services provided;
- Identifying funding to support and maintain our infrastructure; and
- Continual improvement of asset management and the asset management system.

Council will set strategic priorities for Asset Management including timelines, responsibilities and resources required for implementation, which will be detailed in Council's Strategic Asset Management Plan.

Definitions

In accordance with the "International Infrastructure Management Manual" an Infrastructure Asset is: *'a physical component of a facility which has value, enables services to be provided and has an economic life of greater than 12 months. Dynamic assets have some moving parts, while passive assets have none'*.

Asset Management Framework

Asset Management underpins Council's other strategic frameworks by ensuring that appropriate infrastructure is developed and maintained enabling the delivery of programs, services and activities to the community.

The structure of Asset Management within the Shire of Esperance works through association with various plans and documents as represented in the following diagram. Where a plan or document does not currently exist it shall be developed to comply with this policy.

Each document has a specific purpose and represents a different level of detail relevant to Asset Management practices and processes within Council.

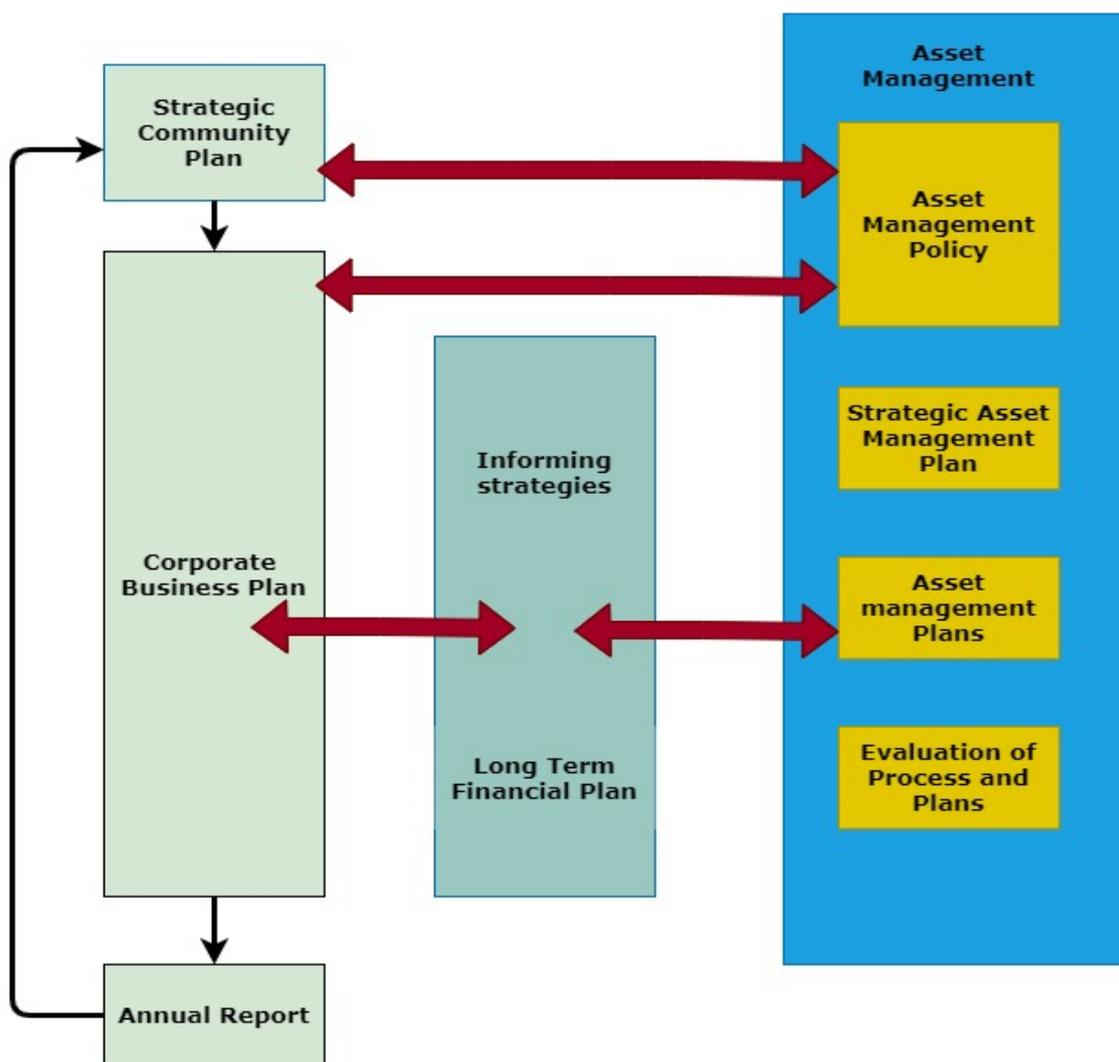


Figure 01 Council Asset Management Framework

(Source from Government of Western Australia Department of Local government, Asset Management Frame Work and Guidelines)

Policy Commitment

Asset management and related financial planning will be a 'whole of organisation' function. To achieve this Council will:

- Conduct regular reviews of the Strategic Asset Management Plan
- Include the preparation and regular review of Asset Management Plans for all major asset classes and using these plans to assist in determining the priorities for operational and maintenance expenditure, together with renewal, upgrade and new works in the capital works program.
- Complete financial valuations in accordance with Australian Accounting Standard Board standards and Department of Local Government.
- Review internal asset management skills, identify gaps between asset management capability and needs, and implement training programs for both Councillors and Council personnel as required
- Participate in and contribute to Regional and Industry Asset Management forums
- Achieve financial sustainability over a period of time through:
 - Adopting a funding strategy for asset operations, maintenance, renewal, upgrade and new assets;
 - Ensuring that the asset base is not increased (upgrade and new assets) without considering the ability to fund future operations, maintenance and renewal;
 - Increasing grant and other funding opportunities, particularly for renewal;
 - Rationalising assets if appropriate. This would be subject to consultation with the community and determining the impact of non-replacement;
 - Improving its maintenance and renewal practices, including consideration of new technological advances.
- Maintain and renew existing assets in a manner which is fit and safe for the purpose for which they have been provided, including prioritisation of forward programs to ensure optimised delivery of available funding.
- Develop Levels of Service that deliver community needs, ensuring appropriate community consultation.
- Include regular condition survey of asset classes to assist in prioritising renewal works.
- Utilise corporate information systems to support the implementation of this policy and deliver core asset management functions.

Key Outputs

Council will set strategic priorities for Asset Management development including timelines, responsibilities and resources required for implementation, which will be detailed in Council's Strategic Asset Management Plan.

- An adopted Strategic Asset Management Plan including timelines, responsibilities and resources required for implementation;
- Completed Asset Management Plans for all major asset classes;
- Use of Asset Management Plans as a core input to development of Council's Long Term Financial Plan; and
- Documented business processes for managing assets.

Responsibilities

The following key roles, positions and groups have defined asset management and financial planning functions as follows.

Council

To act as stewards for infrastructure assets and to:

- Set corporate Asset Management Policy and vision;
- Approve Council's Asset Management Plans and monitor their outcomes;
- Approve Council's Long Term Financial Plan; and
- Provide appropriate resources for Asset Management activities.

Chief Executive and Executive Management Team:

To provide support for implementation of the asset management improvement program, as detailed in the Strategic Asset Management Plan

Director Asset Management:

The Director Asset Management will provide leadership and direction to support the:

- Development of Asset Management Plans for major asset classes, using principles of lifecycle analysis;
- Implementation of improvement plans for individual asset groups;
- Implementation of maintenance programs, capital works programs, operational plans etc. in accordance with Asset Management Plans, the Long Term Financial Plan and the Annual Budget;
- Reporting to the Council and Chief Executive with respect to ongoing infrastructure performance, as measured against defined Levels of Service; and
- Ensure community consultation occurs in development of policy and practices.

Director Corporate Resources:

The Director Corporate Resources will provide leadership and direction to:

- Work with the asset managers to align the asset management and financial management practices within council;
- Support the development of a Long Term Financial Plan that recognises asset consumption;
- Support the development of a Long Term Financial Plan that is linked to Service Strategies and Asset Management Plans;
- Provide guidance and direction to asset managers where asset management and financial management requirements overlap e.g. financial valuations; and
- Structure the accounts and related business processes to recognise lifecycle costs and support asset management practices.

Managers and Staff:

- To implement the corporate Strategic Asset Management Plan with agreed resources;
- To develop and implement improvement plans for individual asset groups;
- To develop and implement maintenance, refurbishment and capital works programs in accordance with Asset Management Plans and the Annual Budget;
- To deliver levels of service to agreed risk and cost standards; and
- To manage infrastructure assets in consideration of long term sustainability.

..... Policy Ends