

## CM 3 – Asset Management Policy

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### 1 Objectives

The objectives of the Asset Management Policy are to:

- 1.1 Establish the basis of the Shire of Bridgetown-Greenbushes Asset Management Framework.
- 1.2 Establish the objectives and principles which guide the Shire in the management of assets to ensure the needs of current and future generations.
- 1.3 Improve financial performance, fiscal stability and safeguard the organisation's investment by investing in quality infrastructure and optimising the lifecycle costs of the assets.
- 1.4 Ensure a higher resale value of assets, efficient use of resources and reduced cost of operating the Shire.
- 1.5 Equip employees with contemporary technology, equipment, machinery and other tools to perform effectively in their roles.
- 1.6 Where practicable, prevent assets from polluting onsite water sources, reduce dependence on fossil fuels, maintain a healthy ecosystem, reduce energy consumption and eliminate carbon emissions.
- 1.7 Plan and re-design asset allocation to improve the Shire's asset utilisation, performance, and efficiency.
- 1.8 Comply with the Integrated Planning and Reporting requirements under the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

### 2 Scope

This Policy applies to all workers.

### 3 Definitions

#### 3.1 Asset

means a physical object that is owned and/or controlled by the Shire, whether natural or built, that has a useful life of more than 12 months.

#### 3.2 Asset Management

means the systematic and coordinated activities and practices of an organisation to deliver on its objectives optimally and sustainably through the cost-effective lifecycle management of assets.

#### 3.3 Councillors

means members of an elected body that make decisions on behalf of a local government through a formal meeting process. Generally, local government Councillors, who include the Mayor or President and Councillors, do not have any authority to act or make decisions as individuals.

#### 3.4 Employee

means a person that's hired to provide a service to a company either on a full-time, part-time or casual basis in exchange for payment. Also known as staff.

### 3.5 Level of Service

means the defined service quality for a particular activity (e.g. road maintenance) or service area (e.g. street lighting) against which service performance can be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental considerations, acceptability, and cost.

### 3.6 Lifecycle Cost

means the total cost of an asset throughout its life including costs for planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal.

### 3.7 Worker

means a part-time or full-time employee, casual employee, contractor, subcontractor, self-employed person, outworker, apprentice or trainee, work experience student, employee of a labour hire company placed with a 'host employer' and volunteers.

## 4 Policy

### 4.1 Objectives and Principles

The following objectives and principles will guide ongoing asset management:

- 4.1.1 Assets will be managed on whole-of-life cycle cost basis.
- 4.1.2 Management of the asset portfolio will be financially sustainable with due consideration of the Long-Term Financial Plan and the Annual Budget.
- 4.1.3 Asset management will realise the current and future community needs thought alignment with the Strategic Community Plan.
- 4.1.4 The Shire is committed to involving and consulting with the community and other key stakeholders when determining service levels.
- 4.1.5 The Shire will prioritise maintenance and renewal of existing assets over acquiring new assets.
- 4.1.6 Capital projects, acquiring new assets, asset upgrades, asset renewal, and receipt of donated assets must align with the Strategic Community Plan and/or operational need.
- 4.1.7 The Shire will rationalise assets that are no longer used, do not provide the desired level of service, or do not align with the Strategic Community or operational need.
- 4.1.8 A whole-of-organisation approach to asset management will be adopted by seeking the active contribution of all stakeholder employees.
- 4.1.9 The Shire will ensure continuous improvement of asset management by establishing processes for monitoring and evaluating asset management outcomes.
- 4.1.10 Asset management will be aligned to the Government of Western Australia, Department of Local Government Asset Management Framework ensuring best practice and Australian industry standards.

### 4.2 The Asset Management Framework

The Shire will manage its assets using the following Asset Management Framework:

#### 4.2.1 Asset Management Policy

This document establishes the objectives and principles which guide the Shire in the

management of assets. Refer to Section 1 and Section 4 above.

#### 4.2.2 Asset Management Strategy

This document outlines how the Shire will:

- Enable the objectives and principles of the Asset Management Policy to be achieved.
- Meet the service delivery needs of the community in the future.
- Ensure that asset management is established as part of the Shire's plan.
- Link the whole-of-life cycle costing for each asset class with the Shire's annual budget and long-term and operational financial planning.

#### 4.2.3 Asset Management Plans

For each Asset Class, the Asset Management Plans and related documents will outline the day-to-day business practices used to acquire new assets and renew, upgrade, or dispose of existing assets. The Plans will be driven by community-informed service levels, future demand analysis, feasibility and sustainability, legislative compliance and risk management.

### 4.3 Asset Management Roles and Responsibilities

Council, in consultation with the community, will formalise the short, medium, and long-term strategic direction of asset management, including through the adoption of the Strategic Community Plan, Corporate Business Plan, Long-term Financial Plan, Annual Budget, Asset Management Strategy and Asset Management Plans.

The Executive Management Team is responsible for developing and implementing the Asset Management Framework, Asset Management Policy, Asset Management Strategy and Asset Management Plans, and for informing and advising Council on the status and effectiveness of asset management within the Shire – enabling informed decisions to be made.

## 5 Risk Management

The potential consequences of not having an Asset Management Policy in place include:

- 5.1 No basis for the Shire of Bridgetown-Greenbushes Asset Management Framework.
- 5.2 No established objectives or principles to guide the Shire in the management of assets to ensure the needs of current and future generations.
- 5.3 Less than optimal financial performance, fiscal instability and poor organisational investment resulting in low-quality infrastructure and increased lifecycle costs.
- 5.4 Lower resale value of assets, inefficient use of resources and increased cost of operating the Shire.
- 5.5 Employees are not equipped with contemporary technology, equipment, machinery and other tools so perform ineffectively in their roles.
- 5.6 Assets contribute to polluting onsite water sources, increasing dependence on fossil fuels, an unhealthy ecosystem, increased energy consumption and increased carbon emissions.
- 5.7 Non-compliance with the Integrated Planning and Reporting requirements under the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

## 6 Accountabilities and Responsibilities

- 6.1 Council is accountable for:

- Ensuring the organisation has in place a lawful, transparent, and accountable policy framework, supported by a suite of compliant and appropriate policies and procedures.
  - Endorsing (or not) each organisational policy document in a timely and effective manner.
  - Delegating implementation of each policy document to the CEO.
- 6.2 The CEO is accountable for ensuring the development, implementation, monitoring and review of this policy document, in accord with governing legislation and Council directives.
- 6.3 The Executive Management Team and Managers is responsible for:
- Ensuring that all employees under their direction comply with this policy document.
  - Enacting process to redress non-compliance with this policy document.
- 6.4 All employees are individually responsible for complying with this policy document.

## 7 Legislation, Policy and Other Relevant Documents

Act	<p><i>Local Government Act 1995</i></p> <p>s.2.7(2)(b) – The council is to determine the local government’s policies</p> <p>s.3.58 – Disposing of property</p> <p>s.6.10 – Financial management regulations.</p>
Regulation	<p><i>Local Government (Financial Management) Regulations 1996</i></p> <p>r.5(1)(d) – CEO’s duties as to financial management r.17A – Valuation of certain assets for financial reports</p> <p>r.17B – CEO to take steps to protect excluded portable and attractive assets</p> <p>r.36 – Annual financial report, content of</p> <p><i>Local Government (Administration) Regulations 1996</i> r.19C. Strategic Community Plans, requirements for r.19DA - Corporate Business Plans, requirements for</p>
Local Law	N/A
Shire Policy	<p>CP 2 – Proceeds from Sale of Council Land Policy</p> <p>FM 4 – Purchasing Policy</p> <p>FM 10 – Assets Financing and Borrowings Policy</p>
	<p>RM 11 – Risk Management Policy</p> <p>PES 1 – Light fleet Vehicle Purchasing Policy</p>

Related Documents	<p>WA Department of Local Government: Integrated Planning Framework and Guidelines, October 2010.</p> <p>WA Department of Local Government: Asset Management Framework and Guidelines, May 2011.</p> <p>Institute of Public Works Engineering Australia, IPWEA, Asset Management for Small, Rural or Remote Communities Practice Note, 2011.</p> <p>Institute of Public Works engineering Australia, IPWES, International Infrastructure Management Manual, 2011.</p>
Related Procedure	

## 8 Administration

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