

Policy

Asset Management



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Adopted:	27/09/006 #519
Last reviewed:	28/04/2010 #105 11/07/2012 #163 08/04/2015 #430 14/02/2018 #088
Legal Authority:	Local Government Act Section 2.7 – The Role of Council Local Government Act 1995 – Section 5.56 (1) and (2)
Directorate:	City Infrastructure
Department:	Asset Management Services
Related documents:	Acts/Regulations Local Government Act 1995 – Section 5.56 (1) and (2) Local Government (Administration) Regulations 1996 – Regulation 19DA Section 3C Plans/Strategies Community Strategic Plan 2017 - 2027

Note: Changes to References may be made without the need to take the Policy to Council for review.

Policy:

1. Title

Asset Management

2. Purpose

Council recognises that quality levels of service and the ability to sustain these services is dependent on quality asset management.

3. Scope

The City of Kwinana will maintain an organisational commitment to asset management to ensure that the City continues to provide quality services and facilities to its community.

This Policy applies to all infrastructure related service provision such as:

- Road and Transport;
- Stormwater Drainage;
- Buildings
- Parks and Reserves
- Public Lighting

4. Definitions

“*Asset Management*” is the combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

“*Long Term Financial Plan*” will be used to inform decision making during the finalisation of the Strategic Community Plan.

“*Life Cycle*” means the cycle of activities that an asset goes through while it retains an identity as a particular asset.

“*Life Cycle Cost*” the total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, renewal and disposal costs.

“*Level of Service*” the higher the level of service the greater the cost to deliver the service. The aim of asset management is to match the asset and level of service of the asset to the community expectation, need and affordability.

“*Maintenance*” means regular ongoing day to day work necessary to keep assets operating and to achieve its optimum life expectancy.

“*Operating Costs*” have no effect on asset condition but are necessary to keep the asset property utilised such as cleaning and utilities.

“*Renewal*” restores, rehabilitates or replaces the existing asset to its original capacity.

“*Risk*” means the probability and consequence of an event that could impact on the City’s ability to meet its corporate objectives.

5. Policy Statement

The purpose of the Asset Management Policy is to ensure that the City has information, knowledge and understanding of the long term and cumulative consequences of being the custodians of public infrastructure.

This is achieved by ensuring that the systems and processes are in place to determine the most effective and efficient options for delivering infrastructure related services while controlling exposure to risk and loss.

The Asset Management Policy provides the framework that together with the Strategic Community Plan 2017-2027 enables the asset management strategy and specific asset management plans to be produced.

The City's Asset Management Policy is based on the following principles to guide sustainable management of infrastructure assets:

- Life cycle approach – apply a whole of life methodology for managing infrastructure assets including planning, acquisition, operations, maintenance, renewal and disposal.
- Sustainable environmental performance.
- Best value - achieved by balancing financial, environmental and social aspects with a view to renew before new.
- Long term financial plans – asset practices, plans and systems will enable the development of long term financial plans for asset classes.
- Decision making support systems and knowledge – core systems will include up to date infrastructure asset information to inform decisions.
- Service levels – clearly defined service levels for infrastructure assets. These service levels are to be considered when prioritising investments in infrastructure. The community and key stakeholders are to be consulted when determining service levels.
- Management of Risks associated with infrastructure assets.
- Continuous improvement of asset management practices.
- Training in financial and asset management will be provided for staff and Councillors where required.
- Asset Management Plans will be used to make informed decisions to support service delivery.
- In order to support service delivery Asset Management Plans will form part of the day to day practices of the City.

Long term financial models shall be prepared identifying whole of life costs for all of the City's infrastructure assets. Where appropriate this is to include performance modelling of assets based on different funding scenarios.

The City's Long Term Financial Planning goal is directed at ensuring that:

- (a) Sufficient funds are allocated each year for operating, maintenance and refurbishment costs of existing assets; and
- (b) Decisions to invest in new or upgraded assets are critically reviewed against the City's long-term financial capacity.

Investments in new infrastructure creation are to consider whole of life costs of the asset rather than just the capital cost component. Where appropriate this is to involve assessing benefit/cost ratios, net present values and the environmental and social benefits of investments.

6. Asset Management Roles and Responsibilities

Mayor and Councillors as the custodians of public infrastructure provide transparent and consistent decision making based on adopted Asset Management Policy, Strategy and Plans.

Chief Executive Officer is responsible for the promotion of asset management across the organisation, ensuring that systems are in place for the annual review of the Asset Management Policy, Strategies and Plans. The Chief Executive Officer provides effective communication between the Community, Council and Staff with respect to the application of Asset Management Policy, Strategy and Plans.

City Leadership Team is responsible for ensuring that all asset management objectives are consistent with the objectives of the Strategic Community Plan 2017 – 2027, the Integrated Planning and Reporting Framework and the Long Term Financial Plan. The City Leadership Team is responsible for ensuring that adequate resources are allocated to asset management.

Asset Management Working Group (AMWG) is made up of members across the organization and is responsible for ensuring the objectives of the Asset Management Strategy are achieved and that Plans are reviewed and maintained in accordance with the Asset Management Policy. The AMWG reports to the City Leadership Team.

Asset Management Team Individual staff with asset management responsibilities have this reflected in their position descriptions.

7. Financial/Budget Implications

Asset Management Plans include long term financial modelling and Strategies which integrate with the City's Long Term Financial Plan

8. Asset Management Implications

Allocation of resources to asset management is mandatory to achieve Council's Asset Management Strategy.

9. Environmental Implications

Acknowledgement of climate change adaption, environmental protection and enhancement protocols are fundamental to sustainable asset management planning.

10. Strategic/Social Implications

- Strategic Community Plan 2017- 2027
 - Objective 4.1 Residents are provided with a range of multifunctional community places and accessible recreation facilities
 - Strategy: Building Assets Management Plan
 - Objective 4.2: The community has easy access to well equipped, quality parks and public open spaces.

Strategy: Parks and Reserves Asset Management Plan

- Public Open Space Infrastructure Asset Management Plan

Objective 4.5: Actively improve the appearance of public areas and streetscapes throughout the City.

Strategy: Stormwater Drainage Asset Management Plan Public Lighting Asset Management Plan

Objective 4.6: Provide a safe and efficient integrated network of roads, footpaths and cycle routes supported by a good public transport system.

Strategy: Roads and Transport Asset Management Plan

11. Occupational Safety and Health Implications

There are no specific OSH implications associated with this Policy.

12. Risk Assessment

A risk assessment conducted as part of the Policy review has indicated that the risk to the City by not providing an adequate policy to address the City's commitment to Asset Management would result in a risk rating of high.

It is assessed that the risk rating following the implementation of this policy would result in a risk rating of moderate.