Policy A15 – Asset Management

1. Policy Intention

The key objective of this policy is to ensure that services delivered by the Shire of Murray (Shire) continue to be sustainably delivered. This will be achieved by managing infrastructure assets so they provide the desired level of service to meet the community's needs and expectations in a financially sustainable manner.

The policy will also provide clear direction as to how the Shire, as custodians of community assets, will manage those assets within a consistent management framework that is aligned to International Standard AS/NZS/ISO 55000:2014, integrated with the Shire's business practices, and is consistent with the State Governments integrated planning and reporting requirements.

2. Policy

2.1 Background

Infrastructure forms the basis of the Shire's service delivery. The importance of this infrastructure to communities and its significance in terms of the Shire's budgets and operational strategies, means that asset management must be at the centre of the Shire's overall financial and strategic planning. To achieve the policy objective, the Shire is committed to ensuring that Asset Management is recognised as a major business function within the Shire.

This policy, together with individual Asset Management Plans and associated working procedures and practices will put in place a comprehensive, accountable and transparent asset management framework for the Shire. This framework will outline the undertaking of Asset Management in a structured, coordinated, cost effective and financially sustainable manner across the whole of the organisation.

2.2 Asset Planning

Prior to making a commitment to acquire new infrastructure, the Shire will consider the following key principles:

- philosophy of renewing assets before acquiring new assets, with an emphasis on integrating services while maintaining / upgrading / replacing existing assets rather than adding new assets to Asset Management Strategy/Plans~~,~~ unless cost benefit analysis justifies otherwise;
- prior to consideration of any acquisition or major improvement to an asset, a critical review of the following will occur as part of the evaluation process:
  - demonstrated need and asset function;
  - level of service;
  - community benefits;
  - overall community value of asset ownership;
  - risk implications;
  - statutory obligations;
- opportunities for rationalisation including multiple use; and

- whole of life cost.

The Shire will utilise clear prioritisation methods for capital works expenditure. This will include the requirement to report expenditure in the following classifications to ensure that discretionary and non-discretionary expenditure is identified:

- renewal (non-discretionary);
- upgrade (discretionary);
- new (discretionary);
- operational (discretionary); or
- maintenance (non-discretionary).

2.3 Asset Management Plans

Council will adopt Asset Management Plans for all major classes of infrastructure. These Plans will form part of the Shire's day to day business practices and will be used to make informed decisions in relation to service delivery when it comes to considering the need to acquire new assets, renew existing assets, upgrade existing assets or dispose of existing assets.

Asset Management Plans will be prepared in accordance with the recommended format of the Institute of Public Works Engineering Australia's (IPWEA) International Infrastructure Manual. This will include long term financial modelling of the renewal profile of each asset class which will inform the Shire's Long-Term Financial Plan and Strategic Plan.

The Plans will:

- define service levels for Council services in terms of availability and standard;
- consider factors including legislative requirements, financial and risk management;
- determine what assets, if any, are required to support the provision of the service at the defined service level;
- determine the most appropriate method of providing the assets required to deliver the service;
- use full lifestyle costing to determine the particular actions and resources required;
- determine potential asset renewal funding gap and develop responses to address any such gap that are responsible, affordable and meet reasonable community expectations;
- be informed by community consultation to determine levels of service, maintenance standards and asset needs; and
- be informed by relevant local government asset and financial management frameworks.

2.4 Consultation

The Shire will undertake community consultation in accordance with the following principles:

- regular customer surveys will be conducted in key service provision areas to determine service quality and customer expectations;
- the organisation will endeavour to match customer service expectations with the costs for the provision of that same level of service through appropriate customer consultative groups. These informed groups shall advise the organisation on key issues affecting customers and assist with the development of strategies to meet expectations;
- results of consultation will be used to drive service delivery programs; and
- regular communication with the organisations stakeholders setting out results of the surveys and actual performance will be prepared.

3. Strategic Integration

This policy links to the following organisational strategic documentation, that is in effect:

- Murray Strategic Community Plan;
- Community Facilities and Infrastructure Plan;
- Corporate Business Plan;
- Long Term Financial Plan;
- Asset Management Improvement Strategy;
- Asset Management Plans;
- Annual Report; and
- Workforce Plan.

4. Roles and Responsibilities

To achieve this policy, the following key roles and responsibilities are identified:

4.1 Council

(a) approving the Asset Management Policy, Asset Management Improvement Strategy and Asset Management Plans;

(b) to act as stewards for infrastructure assets;

(c) to set corporate Asset Management Policy and vision;

(d) to ensure appropriate resources and funding for Asset Management activities are made available to integrate Asset Management policies, strategies and Asset Management Plans into the corporate governance framework;

(e) promote and raise awareness of Asset Management to the Community;

(f) to set levels of service, risk criteria and costs standards; and

(g) approve the Long-Term Financial Plan.

4.2 Chief Executive / Strategic Leadership Group

(a) to provide strategic direction and leadership;

(b) to ensure asset management improvement;

(c) to review existing policies and develop new policies related to asset management;

(d) to implement Corporate Asset Management Strategy with agreed resources;

(e) to monitor and review performance of the Shire's management and staff in achieving the Asset Management Strategy; and

(f) to ensure that accurate and reliable information is presented to Council for decision-making.

4.3 Asset Management Working Group

(a) ensuring that the Shire's Asset Management Improvement Strategy is achieved and that Asset Management Plans are prepared and maintained in line with the Shire's Policy on Asset Management;

(b) reporting changes to the Shire's Asset Management Policy, Improvement Strategy; or;

(c) plans to the Strategic Leadership Group (SLG) for consideration;

(d) reporting non-compliance to SLG in relation to the Shire's Policy, Improvement Strategy or Plans;

(e) reporting progress on an annual basis to SLG and Council;

(f) to ensure appropriate community consultation is undertaken;

(g) to develop Key Performance Indicators (KPI) that measure the Shire's performance to deliver the agreed service levels, monitor and report progress towards achieving those KPI's;

(h) participate in appropriate training to develop the skills required to undertake asset management tasks as appropriate for the responsibility of the role or position;

(i) report annually on State of the Assets to SLG;

(j) progress to advanced asset management maturity in accordance with the National Asset Management Assessment Framework (NAMAF); and

(k) endorse 10-year renewal program's for infrastructure assets.

4.4 Managers and Staff

(a) to implement the Corporate Asset Management Improvement Strategy with agreed resources;

(b) to develop and implement maintenance, refurbishment and capital works program's in accordance with Asset Management Plans, Annual Plan and Budget;

(c) to deliver levels of service to agreed risk and cost standards;

(d) to manage infrastructure assets in consideration of long-term sustainability;

(e) consult with stakeholders to deliver levels of service to agreed risk and cost standards.

5. Reporting Framework

6. Training and Development

Training needs of Officers and Council Members will be assessed on an annual basis by the Asset Management Working Group with recommendations submitted to the SLG.

7. Policy Review

The policy will be reviewed by the Asset Management Working Group on an annual basis with recommendations for amendments being submitted to the SLG, if required.

Policy Detail		
Responsible Directorate	Corporate Services	
Responsible Department	Governance and Strategy	
Responsible Officer	Manager Governance and Strategy	
Next Policy Review / Schedule	2025 (3-yearly)	
Council Adoption	**Date / Resolution**	30 June 2011 (OCM11/090)
Amendment Record	**Date / Resolution**	26 July 2012 (OCM12/149)
		27 June 2013 (OCM13/096)
		26 June 2014 (OCM14/077)
		25 June 2015 (OCM15/155)
		22 February 2018 (OCM18/008)
		19 December 2019 (OCM19/270)
		23 June 2022 (OCM22/070)