

# ASSET MANAGEMENT POLICY

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## 1. OBJECTIVE

In line with the Strategic Community Plan ~~2012-2022~~2016-2026, this policy ~~has been developed to guide the management of the City's assets in order to best serve the community's aspirations with the City's limited resources.~~

provides integrated infrastructure management approach for management of the City assets to best serve the community aspirations through better asset management practises.

The Asset Management Policy, together with the Asset Management Strategy and Asset Management Plans, will achieve the following outcomes:

1. Ensure asset service delivery to meet the current and future community requirements;
2. Ensure that the level of service accepted and supported by the community are met;
4. Maintaining the asset sustainability by responsible and accountable practises for financial management and long term planning of the assets.

## 2. PRINCIPLES

### ~~3. 2.1~~ Policy Outcomes

- ~~4. The Asset Management Policy, together with the Asset Management Strategy and Asset Management Plans, will achieve the following outcomes:~~
- ~~5.~~

### ~~6. Balancing stakeholders needs and expectations through:~~

- ~~7. Measuring asset utilisation and demand;~~
- ~~8. Targeting funding based on service needs; and~~
- ~~9. Prioritising capital works based on acceptable Level of Service and affordability.~~
- ~~10.~~

### ~~11. Improved asset service delivery through:~~

- ~~12. Risk management of assets, particularly those that present risk to the community;~~
- ~~13. Timely maintenance and renewal at appropriate levels to meet service needs;~~
- ~~14. Linking service levels for each asset class and type to community feedback, risk level and cost of services.~~
- ~~15.~~

### ~~16. Achievement of asset management productivity gains through:~~

- ~~17. Efficiencies in asset maintenance using a planned acquisition, maintenance, renewal, replacement and disposal scheduling process;~~
- ~~18. Value in spending, using prediction methods to identify the lowest cost life cycle options;~~
- ~~19. Reducing future life cycle costs by applying an optimised level of maintenance and renewal and~~
- ~~20. Reducing future asset loss by predicting optimal intervention phases.~~
- ~~21.~~

### ~~22. Effective planning for the future and accurate decision making through:~~

- ~~23. Use of a single corporate dataset with an appropriate asset audit trail;~~
- ~~24. An asset management forward plan at the asset level;~~
- ~~25. Recording and quantifying the true costs of asset maintenance, renewal and disposal;~~
- ~~26. Modelling the long-term impacts of funding options;~~

~~27. Regular management reporting.~~

~~28.~~

~~29. Transparent asset accounting framework through:~~

~~30. Budgeting for all assets and proposed capital expenditure on a whole of life cash flow basis, and the appropriate recovery of depreciation charges, finance costs and operational expenditure;~~

~~31. Analysing options for capital works programs during annual review;~~

~~32. Optimising prospective budget spending.~~

~~33.~~

~~34.~~

## ~~35. Custodianship~~

~~36. The Council is the custodian of the City's assets on behalf of the community. The Council is ultimately responsible for ratifying and implementing strategies to fulfil this duty. Asset management is an operational responsibility for all management and frontline Council staff.~~

~~37.~~

## ~~38. Disposal Policy~~

~~39. In relation to asset renewal and/or disposal, in complying with Section 3.58 of the Local Government Act 1995 and Delegation of Authority 19, the City will:~~

~~40. Give priority to the assets with a condition rating of 5, with action to deal with these assets taken within six months in order to minimise risk to the City and community.~~

~~41. Put plans in place by the next planning cycle to deal with assets with a condition rating of 4.~~

~~42. For assets with a condition rating of 4 or 5 and a replacement cost of greater than \$50,000, a benefit cost analysis will be undertaken to determine how best to deal with them.~~

~~43.3.~~

## 2. EVALUATION

The City has a five-year regular asset evaluation and planning cycle in line with the first integrated planning cycle beginning on 30 June 2012.

All assets are to be valued at least once per five-year cycle to establish their fair value as per AASB1024 and AAS10 on a regular basis.

The key performance indicators of Asset Consumption Ratio (ACR), Asset Sustainability Ratio (ASR) and Asset Renewal Funding Ratio (ARFR), as set out by the Department of Local Government Integrated Planning and Reporting Advisory Standard, are to be calculated and reported to the Council and community annually.

The Asset Management Strategy (AMS) as part of the Corporate Business Plan (CBP) will inform the Long Term Financial Plan, the Annual Budget and the Annual Report.

The Asset Management Policy together with Asset Management Strategy and Asset Management Plans will be linked to the Corporate Business Plan, the Long Term Financial Plan, the Annual Budget, and the Annual Report.

### 3. REVIEW OF POLICY

~~This Policy is reviewed internally for applicability, continuing effect and consistency with related documents and other legislative provisions when any of the following occurs:~~

- ~~• The related documents are amended;~~
- ~~• The related documents are replaced by new documents;~~
- ~~• Amendments which affect the allowable scope and effect of a Policy of this nature are made to the head of power; and~~
- ~~• Other circumstances as determined from time to time by a resolution of Council.~~

~~Notwithstanding the above, this Policy is to be reviewed at least annually for relevance and to ensure that its effectiveness is maintained.~~

### 4.3. CONSEQUENCES

This policy represents the formal policy and expected standards of the Council. Appropriate approvals need to be obtained prior to any deviation from the policy. It is imperative that Councillors and Officers retain appropriate documentation to substantiate their expenditure. Elected Members and Employees are reminded of their obligations under the Council's Code of Conduct to give full effect to the lawful policies, decisions and practices of the Council.

### 5.4. ROLES AND RESPONSIBILITIES

#### Council

- ~~• Setting strategic and operational directions of the Asset Management Policy, Strategy and Plans;~~
- ~~• Determining priorities for asset funding with reference to community feedback; and~~
- ~~• Transparent reporting of KPIs and performance targets to the community.~~

#### CEO

- ~~• Coordinating the development and implementation of Council's Asset Management Policy, Strategy, Plans and its integration with Council's Corporate Business Plan, Budgets and Annual Reports; and~~
- ~~• Responsible for reporting KPIs and performance targets to Council.~~

#### Directors

- ~~• Development and implementation of Council's Asset Management Strategy, Policy, Plans and processes and its integration with Council's Corporate Business Plan, Budgets and Annual Reports.~~

#### Managers

- ~~• Implementation of Council's Asset Management Plans and processes.~~

#### Frontline Staff

- ~~• Undertaking activities contained within the Asset Management Plans.~~

Roles and responsibilities are listed as below for Council, Chief Executive Officer, Asset Management Working Group and Executive Management Team (Directors and Managers).

#### 4.1. Council

- Custodianship of infrastructure and other City owned assets;
- Allocation of appropriate resources for the management of the City assets;
- Providing support for establishment of services that will balance community aspiration and financial sustainability;

- Providing support and resources for acquisition, maintenance, and management of assets that serves both current and future community needs.

## **4.2. Executive Management Group (Executive and Managers)**

To promote effective asset management in the City of Karratha by:

- Facilitating community involvement in asset management;
- Monitoring and reviewing the City's performance in managing its assets;
- Promoting asset management throughout the organisation and providing support to staff in implementing best asset management practises.
- Administering the compliance requirement of asset management;
- Reviewing and monitoring of Asset Management improvement program;
- Overseeing the implementation of strategic asset management procedures, guidelines and policies for asset management;
- Overseeing the asset management practices to ensure efficient and competent operations;
- Administering the development and implementation of Asset Management Policy, Asset Management Strategy, and Asset Management Plans.
- Planning, delivering and managing the provision of services to the community in line with other relevant City of Karratha Plans, Strategies and Policies;
- Planning for future services required including the level and standard of the service;
- Addressing non-compliance issues for assets in liaison with Asset Managers and Maintenance Managers.
- Planning, carrying out and managing all reactive and proactive maintenance and operational activities.

## **4.3. Asset Management Working Group**

The Asset Management Working Group has been established to meet the best practise asset management principles identified in the National Asset Management Framework. The membership of the group comprises following positions of the organisation.

- Director – Corporate Services (Chairperson)
- Director – Strategic Projects and Infrastructure
- Manager – Financial Services/CFO
- Asset Management Coordinator
- Manager – Information and Communication Services
- Manager – Infrastructure Services
- Manager – Airport Services
- Manager Recreation Facilities
- Manager Leisure Services
- DAO – Corporate Service (Minute taker)

The primary role of the Asset Management Working Group is to provide support and input into the collection of asset management and through the promotion of asset management across the organisation. The key functions of the Asset Management Working Group are:

- Promote asset management within the organisation;
- Provide organisational wide inputs to Asset Management;
- Provide guidelines and support for asset management;
- Establish organisation policy and strategy for asset management;
- Consider opportunities for integration of processes between various areas of the organisation from an asset management perspective;
- Provide input into the development and review of procedures and processes, activity of sub groups, system configuration and requirement, asset management performance reports;
- Provide input into the development of asset management plan, policy, and strategy.

## **5. REVIEW OF POLICY**

This Policy is reviewed internally for applicability, continuing effect and consistency with related documents and other legislative provisions. Notwithstanding the above, this Policy is to be reviewed at least every two years for relevance and to ensure that its effectiveness is maintained.

## **6. REFERENCES TO RELATED DOCUMENTS**

- Local Government Act 1995; and
- [City of Karratha Strategic Plan-Strategic Community Plan 2012-2022](#)
- [Corporate Business Plan 2012-2016](#)
- [Operational Plan 2014-2015](#)
- [Asset Management Plan](#)
- [Asset Management Strategy](#)

Policy Number:	CF-13
Previous Policy Number:	TE-04
Resolution Numbers:	14761-Aug 2009; 152333-Dec 2012;
Last Review:	December 2012
Next Review:	<del>December 2013</del> October 2018
Responsible Officer:	Manager Financial Services/CFO

*This Policy takes effect from the date of adoption by Council and shall remain valid until it is amended or deleted.*