



Asset Management Strategy 2017/18 – 2026/27

Prepared with the assistance of Talis Consultants and the City of Albany

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1 INTRODUCTION

Asset Management is inextricably linked with service delivery. The primary goal for the Shire of Gnowangerup (the Shire) in managing its assets is to provide the services, and levels of service, consistent with the desires of the community, and within the financial resources of the Shire.

The Shire's Asset Management Strategy is designed to achieve that goal. The strategy will promote informed planning and decision making through:

- Developing, reviewing and adopting an Asset Management Plan for each of the Shire's asset classes.
- Defining levels of service triggers, and affordability by considering "whole of life cycle" cost.
- Utilising funding gap analysis (with reference to relevant financial ratios) in order to develop long term strategies, linked to the Shire's Long Term Financial Plan.
- Ensuring continuous improvement in processes and practices by developing governance and management arrangements, identifying roles and responsibilities, and efficient reporting mechanisms.
- Establishing and maintaining data information systems, linked to financial systems.
- Developing a "whole of organisation" culture focused on continuous improvement of asset management.

Council updated its Asset Management Policy in October 2017, and the policy should be read in conjunction with the Strategy.

2 THE STRATEGIC PLANNING PROCESS

The Local Government Act 1995, and the Department of Local Government and Communities' (DLGC) Integrated Planning and Reporting (IPR) Framework govern strategic planning for local government in Western Australia. The IPR Framework sets out the minimum requirements necessary for Councils to meet the intent of the Act.

The IPR Framework is supported by Guidelines published by the DLGC to assist Councils in the establishment of integrated planning and reporting structures and processes, and the development of the required strategies and plans. These Guidelines can be found at <https://www.dlgc.wa.gov.au/Publications/Pages/IPR-Framework-and-Guidelines.aspx.aspx>. The DLGC's representation of the IPR Framework and planning process is shown in Figure 1.

This process is founded on a requirement for Councils to engage with communities to encourage their participation in defining a long-term community vision.

The adoption of a realistic and achievable vision, and the preparation of strategies and plans to achieve that vision, is dependent upon the level of current and future financial and non-financial resources available to Council, and the quality of data and information in relation to those resources.

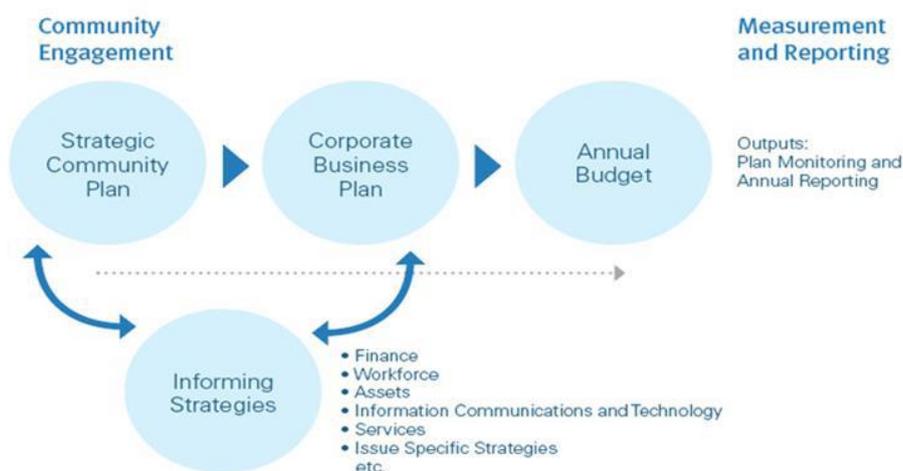


Figure 1: Integrated Planning and Reporting Framework¹

Each of the strategies and plans in Figure 1 are to be reviewed on a regular basis as stipulated in the IPR Framework.

3 THE SHIRE'S ASSET MANAGEMENT FRAMEWORK

Figure 2 illustrates the Asset Management Framework adopted by the Shire. It meets the IPR requirements, and is modelled on the DLGC's IPR framework and guidelines.

The framework is designed to support the Shire's Strategic Community and Financial Planning, and the efficient and effective provision and management of services.

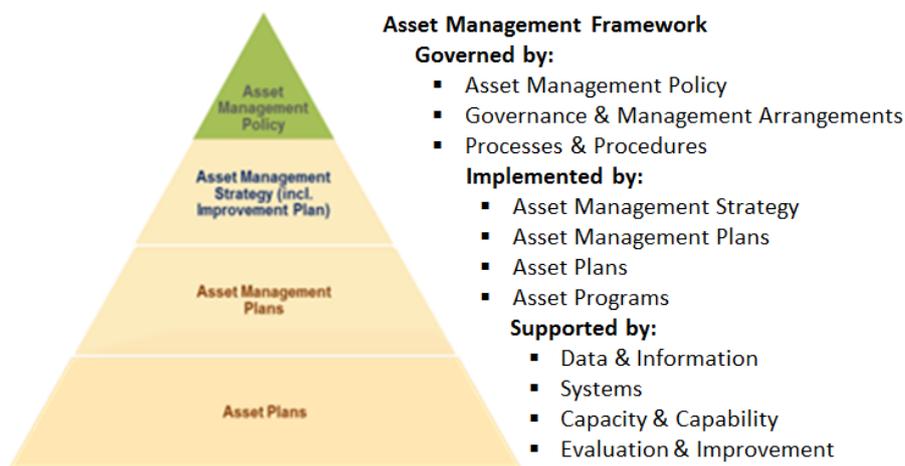


Figure 2: Shire of Gnowangerup – Asset Management Framework

The structure of this framework provides a strategic planning hierarchy, which is controlled by the Asset Management Policy, governance arrangements, and processes and procedures. In turn, these are supported by information and data, the necessary skills, and a commitment to performance evaluation and improvement.

4 OVERVIEW OF THE SHIRE'S ASSET BASE

This section provides an overview of the Shire's current assets. The information has been prepared on currently available data, which will be reviewed and updated as part of this strategy.

4.1 Summary of Principal Assets

The Shire's principal assets are summarised in the following table:

Asset Class	Asset Sub-Class	Description	Written Down Value (\$) 30/6/16
Land	N/A	freehold land	1,143,000.00
Buildings	N/A	houses, halls, community buildings, shire admin and depot buildings, etc	24,087,198.03
Infrastructure	Roads	1,068 km	95,628,240.54
	Parks and Ovals	sporting infrastructure, reticulation, water tanks, dams, fencing, lighting, etc	4,494,346.65
	Solid Waste	landfill site infrastructure including signage, fencing, etc	101,706.05
	Drainage	town stormwater pipes and pits	2,084,766.14
	Footpaths	town site footpaths	342,111.72
	Sewer	pipes, manholes, effluent ponds, etc	562,334.78
	Airports	various infrastructure at Gnowangerup airstrip	21,156,097.97
	Other	miscellaneous infrastructure including fire hydrants, town entry statements, stock saleyards, etc	16,750.94
Plant & Equipment	N/A	Vehicles, plant items, mechanical equipment, tools, etc	3,723,299.73
Furniture & Equipment	N/A	furniture and office equipment	42,250.00
Total			153,382,102.55

4.2 Assets Leased to Third Parties

The Shire leases a number of land and building assets to third parties, chiefly community groups and organisations. Full details are recorded in a separate register, which is maintained by the Corporate Support Officer.

4.3 Vested Land

The Shire has a number of Crown reserves for which it holds management orders. Full details are recorded in a separate register, which is maintained by the Corporate Support Officer. All improvements on vested land are accounted for in the appropriate asset records.

5 ASSET MANAGEMENT PLANS

Asset Management Plans for specific asset classes include detailed inventory information, condition assessments, service levels and future renewal demand.

Asset Management Plans are dynamic documents and therefore must be updated regularly to be effective as a management tool and reference document. Each plan should reflect changes in objectives and policies, customer expectations, improvements in Asset Management systems and/or data in general.

The level of detail within each plan will depend on the complexity and size of the asset portfolios under consideration. It is important that all Asset Management Plans are sufficiently comprehensive and yet are practical, readily understood and usable documents.

6 LEVELS OF SERVICE

Asset Management practice defines two levels of service with regards to asset management:

- **Operation or Functional Level**, which is determined by technical measures such as condition, safety, compliance with standards, financial considerations and legislation. These technical measures relate to service criteria and are detailed in the individual Asset Management Plans.
- **Community Expectation Level** relates to how the Community expects and receives the service in terms of quality, quantity, reliability and responsiveness.

Desired levels of service are obtained from various sources including the Shire's Customer Satisfaction survey, residents' feedback to Councillors and staff, service requests, correspondence, and consultation with stakeholders. The Strategic Community Plan provides the basis for service level judgement. The Shire will refine and adjust the levels of service to ensure continued community satisfaction, as reflected through these sources. Any changes will be included in revisions of the Asset Management Plans.

Through community engagement processes, the Shire will endeavour to establish mechanisms whereby agreed levels of service will be understood and accepted by both the Shire and the Community. The Shire will seek input from Council to establish affordable service levels for asset maintenance, renewal, upgrade or expansion.

7 RENEWAL DEMAND

Infrastructure funding gap levels have been identified through the Shire's asset management processes. Future infrastructure renewal funding is determined by consideration of the following elements:

- Asset inventory
- Renewal costs
- Renewal expenditure
- Asset life
- Intervention criteria

Renewal gaps for each asset class are identified in the relevant Asset Management Plans.

8 GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Council is responsible for approving, reviewing and authorising amendments to:

- Asset Management Policy
- Asset Management Strategy
- Asset Management Plans
- Levels of service for each asset class.

The CEO is responsible for ensuring that systems are in place to enable the preparation, maintenance, review and amendment of Asset Management Framework documents.

The Deputy CEO is responsible for:

- Implementation of asset management across the organisation.
- Preparation, maintenance, review and amendment of the Asset Management Policy and Strategy.

The Asset & Waste Management Coordinator is responsible for:

- Preparation, maintenance, review and amendment of Asset Management Plans.
- Maintenance of data in Infrastructure asset management systems such as RAMMS and BuildingsPlus.
- Development of a building maintenance/renewal schedule, plant replacement schedule and, in conjunction with the Manager of Works, a roads & related assets maintenance/renewal schedule.

The Senior Finance Officer is responsible for:

- Maintenance of the corporate financial Asset Register.

9 DATA AND INFORMATION SYSTEMS

The Shire maintains a variety of asset databases including, but not limited to, RAMMS for roads and associated infrastructure assets, BuildingsPlus for buildings assets, and an Excel spread sheet for plant assets.

Considering the size and resources of the Shire, it is considered that these systems are adequate for its asset management purposes moving forward. It is anticipated that asset management data and reporting processes will improve over time, provided sufficient levels of resources and training are made available and sustained.

10 RISK MANAGEMENT

The Asset Management Strategy is supported by the Shire's Risk Management Framework, with a number of individual risk profiles relating to Assets and Asset Management. Risk management is an integral part of good business practice and works in tandem with strategic and financial planning.

The Shire's activities expose it to a variety of risks which need to be considered in its Long Term Financial Plan. Asset Management Plans should identify assets that are critical to a local government's operations and outline specific risk management strategies for these assets.

Long term planning in a dynamic environment, however, has to accommodate some level of uncertainty. For specific projects, the ability to accurately define risks over a long period may be hampered by uncertainties surrounding the availability of funding sources such as grants.

11 PERFORMANCE MANAGEMENT

The Shire's performance in Asset Management can be broadly measured using financial reporting requirements, as developed by the Department. These reports are required to be included in the annual financial report, and are an auditable process.

12 IMPROVEMENT

The Shire will continuously measure itself against this Strategy and identify improvement opportunities. Through ongoing training and/or communication, the Shire will continue to develop a "whole of organisation" culture focused on continuous improvement in asset management with the aims of sustainability, providing best value for money infrastructure and high levels of customer satisfaction.