

<b>Policy number</b>	Policy 222
<b>Policy title</b>	Asset management
<b>Strategic outcomes supported</b>	EN4 - Increasing and improving public open spaces EN5 – Providing facilities that are well-built and well-maintained CL1 – Effectively managing resources and performance

## Policy objective:

The objective of the Asset Management Policy is to ensure that services delivered by Town are provided in a sustainable manner through the appropriate management of its assets/infrastructure. The policy guides the Asset Management principles and framework that the Town will apply to ensure:

- Asset management practices and decisions align with the outcomes of the Strategic Community Plan.
- Assets are maintained and are performing at a service level desired by our Community.
- Assets are appropriately planned, acquired and managed considering whole of life costs.

## Policy scope:

This policy applies to the management of all assets owned by the Town, of which are grouped into Asset Management Plans according to their classification. It includes all assets where their components have a useful life greater than one year and a replacement cost greater than \$5,000.

Asset Management Plan	Asset Category
Property Asset Management Plan	<ul style="list-style-type: none"> <li>• Land</li> <li>• Buildings</li> <li>• Furniture &amp; Equipment</li> </ul>
Transport Asset Management Plan	<ul style="list-style-type: none"> <li>• Roads</li> <li>• Drainage</li> <li>• Pathways</li> <li>• Other Infrastructure</li> </ul>
Recreation Asset Management Plan	<ul style="list-style-type: none"> <li>• Parks and Reserves</li> <li>• Playgrounds</li> <li>• Artworks (Structures/Sculptures)</li> </ul>
Plant & Equipment Asset Management Plan	<ul style="list-style-type: none"> <li>• Light Fleet</li> <li>• Heavy Vehicles &amp; Machinery</li> <li>• Equipment</li> </ul>
Information & Communication Technology Asset Management Plan	<ul style="list-style-type: none"> <li>• ICT Hardware</li> <li>• ICT Software</li> </ul>

## Policy definitions:

**Asset** refers to a physical component which has a value, enables a service to be provided and has an economic life of greater than 12 months.

**Asset Consumption Ratio (ACR):** This ratio shows the written down current value of the local government's depreciable assets relative to their "as new" value. It highlights the aged condition of physical assets. It is calculated by written down value divided by current replacement cost. The standard is met if a ratio is between 0.5 and 0.75.

**Asset Management** refers to the systems and processes applied by an organisation to manage their assets from planning, acquisition, operation, maintenance, to replacement and/or disposal with the objective of providing the required level of service in the most cost-effective manner.

**Asset Management Plan (AMP)** refers to a long term plan (usually 10-20 years) for the sustainable management of an asset category that combines multi-disciplinary management techniques (including technical and financial) to provide a specified level of service.

**Asset Renewal Ratio (ARR):** This ratio indicates whether there is sufficient future funding available for the renewal and/or replacement of assets. It is calculated by the net present value of planned capital expenditure on renewals over 10 years (in LTFP) divided by the net present value of the required capital expenditure on renewals over the same period (in AMP). The standard is met if the ratio is between 0.95 and 1.05.

**Asset Sustainability Ratio (ASR):** This ratio indicates whether a local government is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out. It is calculated by measuring capital expenditure on renewal relative to the rate of depreciation of the assets for the same period. The standard is met if a ratio is between 0.9 and 1.1.

**Level of Service** refers to the outputs or objectives an organization or activity intends to deliver to customers. It includes the functionality, capacity, design and presentation of an asset. The higher the level of service, the greater the cost to deliver the service. The aim of asset management is to mate the asset and level of service of the asset to the community expectation, need and level of affordability.

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

**Maintenance** means regular ongoing day-to-day work necessary to keep asset operating and to achieve its optimum life expectancy.

**New** means creation of a brand new asset to meet additional service level requirements.

**Operations** means the regular activities to provide public health, safety and amenity and to enable the assets to function e.g. road sweeping, grass mowing, cleaning, street lighting and graffiti removal.

**Renewal** means to restore, rehabilitate, replace existing asset to its original capacity – Like for like. This may include the fitment of new components necessary to meet new legislative requirements in order that the asset may achieve compliance and remain in use.

**Resources** means the combination of plant, labour and materials, whether they be external (contractors/consultants) or internal (staff/day labour).

**Upgrade** means enhancing an existing asset to increase its functionality and/or capacity to provide higher level of service.

**Whole of Life Costs** refers to all the total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, renewal and disposal costs.

## Policy statement:

1. The Town is committed to making informed decisions in relation to its assets. To achieve this, the Town will prepare an overarching Asset Management Strategy that guides the implementation of an asset management framework and principles across the organisation.

2. The Asset Management Strategy will detail the procedures and processes for asset management practices as part of an asset management system. Including data management processes, condition audits, asset valuations, maintenance planning, performance management, asset management plans and define asset management roles and responsibilities.
3. The Town will implement a life-cycle approach to the management of infrastructure assets where:
  - a. Asset planning decisions are based on an evaluation of alternatives that consider the “whole of life” of an asset through acquisition, operation, maintenance, renewal and disposal;
  - b. The asset management cycle considers the current and future environmental, economic and social outcomes.

### Asset Management Plans

4. Asset Management Plans for each asset class will:
  - a. detail the Town’s day to day asset 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 assets to support service delivery;
  - b. contain long-term projections of asset maintenance and replacement costs which will inform the Long Term Financial Plan;
  - c. be reviewed in alignment with the Strategic Community Plan and Corporate Business Plan to ensure strategic objectives are aligned and adapted to the service level requirements and the emerging needs of the community.

### Strategic Asset Advisory Group

5. A Strategic Asset Advisory Group (SAAG), represented by a cross section of internal teams, including asset custodians, strategic planners, finance and project management, will be responsible for providing oversight and influence to the Town’s Capital Works planning process. The SAAG reports to C-Suite and is responsible for guiding the development of a capital works planning framework and embedding associated processes within the organisation.

### Capital Works Planning

6. To ensure informed decisions are made in relation to any major renewal, acquisition and/or upgrade to an asset, all capital projects are reviewed and prioritised with cross-functional oversight from SAAG, and guided by the following key principles:
  - a. Renew assets before acquiring new assets where possible, if considered more cost effective over the life of the asset;
  - b. Rationalising assets that are no longer used or do not provide the necessary level of service required to sustainably deliver the intended service for which the asset was originally acquired;
  - c. All future works are aligned to the objectives of Strategic Community Plan, considered in the Long Term Financial Plan and are delivering on the priorities within the Corporate Business Plan, Place Plans and Asset Management Plans;

- d. All capital projects will be evaluated in accordance with a “whole of life” cost assessment and take into account capital cost, ongoing cost of operating and maintenance, replacement/refurbishment costs and/or disposal costs. These costs shall be projected in the Long Term Financial Plan to determine any potential financial restraints now and in the future.
- e. Consideration of risk management and legislative requirements; and
- f. Consideration of disability access improvements (DAIP).

### Asset Sustainability

7. The Town will measure and report asset management sustainability in accordance with the Integrated Planning and Reporting Framework and Regulation 50 of the Local Government (Financial Management) Regulations 1996. The three ratios are identified as key performance indicators and provide valuable input to the Town’s strategic decision making:
  - a. Asset sustainability ratio (ASR): This ratio indicates whether existing assets are being renewed or replaced at the same rate that its overall stock of assets is wearing out. The Town will aim to renew its assets at appropriate times, at the same rate it is depreciating and target an ASR between 0.9 and 1.1.
  - b. Asset consumption ratio (ACR): The Town will aim to responsibly maintain, renew/replace assets in accordance with the Asset Management Plan and target an ACR between 0.5 and 0.7.
  - c. Asset renewal ratio (ARR): This ratio indicates the ability of the Town to fund its projected asset renewals in the future. The Town will aim to develop a Long Term Financial Plan that is supported by an Asset Management Plan to determine this ratio and target an ARR between 0.95 and 1.05.

### Related documents

- ISO 55000, 55001 & 55002: 2014
- Local Government Act 1995 (WA)
- Disability Services Act 1993 (WA)
- Local Government (Financial Management) Regulations 1996
- Australian Accounting Standards AASB13 – Fair Value Measurement
- Australian Accounting Standards AASB116 – Property, Plant & Equipment
- Integrated Planning and Reporting Framework
- IPWEA Asset Management Guidelines
- International Infrastructure Management Manual (IIMM)
- Asset Management Framework
- Disability Access and Improvement Plan (DAIP)
- Town of Victoria Park Social Infrastructure Plan
- Policy 221 Strategic Management of Land and Property Assets
- Policy 310 Leasing
- Policy 301 Purchasing
- Policy 223 Light Fleet Management
- Policy TBA Attractive and Portable Assets

<b>Responsible officers</b>	Coordinator Strategic Assets
<b>Policy manager</b>	Manager Technical Services
<b>Approval authority</b>	Council
<b>Next evaluation date</b>	April 2024

## Revision history

Version	Action	Date	Authority	Resolution number	Report number
1	Adopted	16/06/2020	Council	438/2020	Item 15.3
2	Reviewed and amended	12/04/2022	Council	73/2022	Item 15.5
3	Administratively amended	24/08/2023	Delegation		