



TOWN OF VINCENT

ASSET MANAGEMENT STRATEGY

2010 - 2020

November 2009

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1. INTRODUCTION

The Town of Vincent is the custodian of an extensive range of community assets which represents a vast investment over many years. In order to fulfil its obligations in delivering a variety of services to the community, the Town must ensure that the assets supporting these services are managed in a way that guarantees maximum performance for the lowest "whole of life" cost.

Major assets for which the Town is responsible include:

- Roads (including kerbing)
- Footpaths,
- Car parks
- Drainage infrastructure
- Buildings
- Parks
- Plant and equipment
- Parking meters
- Signage and banner poles
- Information technology assets
- Art works

The importance of these assets to the community and their significance for the Town's budget means that asset management should be a critical part of the Council's long term planning and service delivery.

The Asset Management Strategy recognises the need to manage assets effectively as part of the Town's service delivery, where service areas delivering the service should be responsible for managing assets that are associated with that service area. Failure to adequately plan for the replacement of existing assets and the development of new assets will invariably result in the accepted "levels of service" not being met by the Council.

The main objective of the Asset Management Strategy is to outline how the Council will meet its commitment to asset management as documented in its Plan for the Future.

2. PURPOSE OF THE ASSET MANAGEMENT STRATEGY

The purpose of the Asset Management Strategy is to:

- Develop a set of actions aimed at improved asset management practices by the "whole" organisation through:
 - Improved stewardship and accountability for assets
 - Improved communication and relationships with service users
 - Improved risk management
 - Ensuring more effective utilisation of assets
 - Improved financial effectiveness
- Ensure that asset management practices are applied consistently across the organisation and supported by an action plan to enable the Town to more effectively manage its assets now and into the future
- Enable the Town to more effectively plan and fund its works programs
- Enable the Town to competently deliver services to its community
- Enable the Town to maintain its assets to an acceptable "level of service"
- Be a living document to be reviewed on a regular basis

Asset management is a continuous process, covering the full life of an asset. It is seen as a practical and financially responsible means of managing assets through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets (where required) to provide for present and future community needs.

The key elements of successful infrastructure asset management are:

- Ensuring appropriate use and maintenance
- Utilising assets to ensure their full potential is optimised.
- Applying full life cycle costing
- Pursuing reduction or optimisation and integration of those assets not achieving the most productive outcome
- Defining clear responsibilities for asset, accountability and reporting
- Recognising that infrastructure assets must support the Council in the delivery of services to its community

The documentation is recognition that a "rational and realistic" strategic focus is required to achieve maximum value for funds spent.

Having a corporate focus on asset management will ensure that the benefit-cost analysis of asset proposals is critically examined taking into account the overall needs of the Town and the community.

3. ASSET MANAGEMENT

In accordance with the Local Government Act 1995 (the Act) the Town has a wide range of objectives and functions with regard to the provision and management of infrastructure. The Act provides the legal framework to assist Local Governments (LGs) in providing an efficient and effective infrastructure system.

The provision of infrastructure is considered one of the most important roles of LGs as they strive to provide a safe and functional environment for their communities. A key issue is to ensure that this important infrastructure is managed in the most effective and efficient manner and continues to meet the needs of the community, in both the short and long term.

4. WESTERN AUSTRALIAN ASSET MANAGEMENT IMPROVEMENT PROGRAM (WAAMI)

The Town of Vincent has chosen to participate in the Western Australian Asset Management Improvement (WAAMI) program to assist in the development of its strategic asset management framework.

WAAMI was developed by a Western Australian Industry working group based on similar work undertaken in other states and seeks to facilitate local government asset management in Western Australia. It achieves this by:

- Building awareness through presentations and workshops
- Providing tools such as templates for plans and policies and
- Developing a self assessment and improvement framework

The Town of Vincent will develop its strategic asset management framework based on the four pillars of successful asset management as shown below:

- Policy
- Strategy
- Plans
- Operations

5. ASSET MANAGEMENT POLICY

The Council recently adopted an "Infrastructure Asset Management Policy". This includes the following key principles to be considered when making any decisions impacting on infrastructure assets:

5.1 Asset Management Plans

Prepare review and audit Asset management Plans for a range of assets, in accordance with best practice guidelines. Asset Management Plan should be a simple, easily understood plan that is achievable and is consistent with normally available resources.

5.2 Renew before New

Adopt a principle of "Renew before New" of Town owned assets (wherever possible) with an emphasis on integrating services while maintaining/upgrading/replacing existing assets rather than adding new assets to the Town's inventory, unless cost benefit analysis justifies otherwise.

5.3 Allocation of Financial Resources

Develop and implement guidelines for the allocation of financial resources, both Capital and Operational to meet new development over short and long-term timelines.

5.4 Ownership and User roles and Responsibilities

Roles and responsibilities for asset "ownership" and "user" to be in accordance with the following principles:

- Asset Management Working Group (AMWG) - as a cross functional team with representation from all facets of the Town's Administration to coordinate the management of Town owned assets (including maintenance standards and levels of service) in the most efficient and effective manner, using best practice Asset Management principles
- Maintenance Standards and levels of service are detailed via a service level agreement developed in conjunction with the service area responsible for the service delivery (Operational Manager), the AMWG and user stakeholders
- "Day to day" management or risk is the responsibility of the service area responsible for service delivery (Operational Manager) and as identified in any service level agreement

5.5 Capital Works Evaluation Framework

A Capital Works Evaluation framework to assist in prioritising projects for consideration within the Council's Plan for the Future, the Strategic Financial Plan and annual budget process which takes into consideration:

- Demonstrated need and asset function
- Level of service
- Community benefits
- Community "goodwill"
- Historical ownership and social fabric
- "Overall community value" of asset ownership
- Risk Assessments
- Statutory Obligations

- 5.6 "Whole of Life" Funding
When considering assets "whole of life" funds are to be allocated for the complete life cycle of the asset(s), including the operation, maintenance and replacement cost associated with the asset(s).
- 5.7 Specified Maintenance Programs
Proactive specified maintenance programs will be implemented and included as part of any service agreement.
- 5.8 Risk Management
Manage assets in accordance with Town's Risk Management of Occupational Safety and Health Policy.
- 5.9 Levels of Service, Maintenance Standards and Asset Needs
Where appropriate, the community and key stakeholders will be involved and consulted to determine levels of service, maintenance standards and asset needs.
- 5.10. Delivery of Services and the Function and Ownership of Assets
The Asset Management Task Team, Service Delivery Managers will continually review and consider alternative options for the delivery of services and the function and ownership of assets.
- 5.11. Assets Funding
Funding of infrastructure not owned or controlled by the Town is to be external to Council's Capital Works and Asset Management funding. Funding for specified maintenance and capital works to be based on level of service.
- 5.12. "Strategic Asset Management
Strategic Asset Management is to be adopted by directorates and sections and progressed by the Asset Management Task Team.

6. ASSET MANAGEMENT PLANS

The Town is developing Asset Management Plans for each class of asset under its control.

In general, the Asset Management Plans:

- Describe the asset (physical, financial)
- Describe the objective/purpose of the asset (or each key component of it)
- Define the service levels
- Describe future demand requirements for service delivery
- Describe the risks associated with assets
- Define the intended time frame (lifecycle) of the asset or key components

- Include financial information
- Recognise the decline in service potential
- State assumptions and confidence levels
- Outline an improvement program
- Identify key performance measures
- Have the firm commitment of the organisation
- Be reviewed regularly.

Asset Management (AM) Plans are dynamic documents and therefore must be updated regularly to be effective as a management tool and reference document. The plan should reflect changes in objectives/policies, customer expectations, improvements in AM systems 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 AM Plans match the complexity required and are practical, readily understood and useable documents.

7. LINK WITH CORPORATE DOCUMENTATION

Across Australia over recent years there have been a number of reports analysing the performance of Local Government in terms of asset management. While these reports have noted that progress is being made, there is clear evidence that sustainable asset management is a significant challenge for many Councils.

7.1 Plan for the Future

The Town's Annual Budget should be developed within the framework of the Plan for the Future which is intended to guide the Council in identifying community needs and aspirations over the long term and converting these into medium goals and objectives.

The Plan for the Future identifies the strategic objectives of Council, and strategies for actioning those objectives for at least the next five years.

Under the umbrella of the Plan for the Future, the Strategic Financial Plan summarises the financial impacts of the goals and objectives and determines the sustainability of the Plan for the Future

- Budget of financial performance (operating statement)
- Budget of cash position (cash flow statement)
- Budget of financial position (balance sheet) and
- Budget of capital works

Together with the Strategic Financial Plan the Asset Management Strategy will enable improved financial planning by providing opportunity for improved management practices and asset condition information together with improved determination of infrastructure lives, which impact on the Town's annual asset depreciation and can significantly affect the required level of funding for asset replacement.

7.2 Town's Strategic Plan 2009-2014

The purpose, which defines the business of the Town, is:

"To provide and facilitate services for a safe, healthy and sustainable community."

The Town's vision is:

"A sustainable and caring community built with vibrancy and diversity."

The Guiding Values which describe how the Town wants to operate are:

- Honesty and Integrity
- Excellence and Service
- Innovation and Diversity
- Caring and Empathy
- Teamwork and Commitment

Key Objectives:

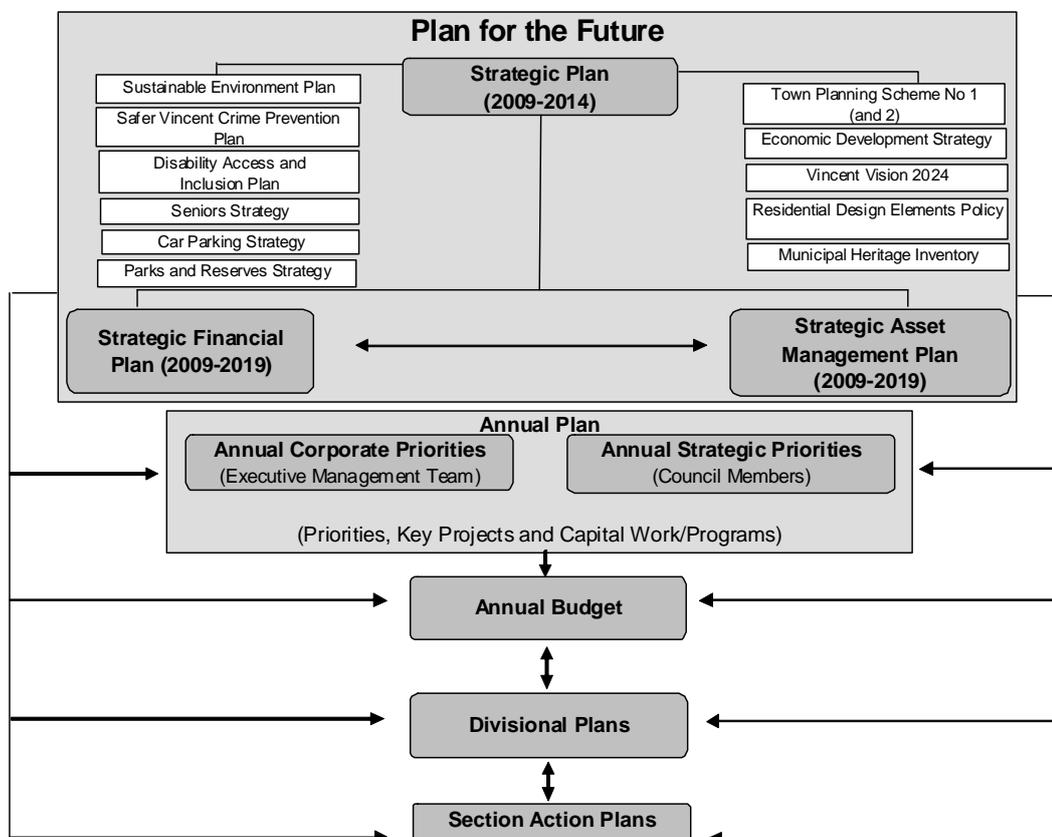
- (1). Natural and Built Environment
 - Improve and maintain the natural and built environment and infrastructure.
- (2). Economic Development
 - Progress economic development with adequate financial resources.
- (3). Community Development
 - Enhance community development and wellbeing.
- (4). Leadership, Governance and Management
 - Ensure good strategic decision-making, governance, leadership and professional management; supported by a positive and desirable workplace with technology for business improvement.

7.3. Strategic Financial Plan 2009-2019

The Town's current Asset Replacement Program feeds with the Strategic Financial Plan. The development of formalised Asset Plans for each major category of asset class will further enhance the Strategic Financial Plan, one of the Town's significant documents.

The implementation of this strategy in conjunction with the previously mentioned plans will ensure that future asset replacement can be funded in the future.

The following diagram illustrates the relationship between the Plan for the Future and the Strategic Financial and Asset Management Strategy.



8. ASSET MAINTENANCE

The asset management activities to date have identified a need to introduce better maintenance programs and to work towards managed maintenance systems. This is particularly important for risk management with respect to buildings, property, roads and footpaths.

Initially, inspection regimes and maintenance recording procedures should be improved to ensure accurate records are maintained of all asset maintenance activities.

9. RISK MANAGEMENT

Risk Management is the process of thinking about the possible risks an organisation faces either before they happen or as a result of an incident or outcome and setting up treatments that will avoid the risk or minimise the impact of the risk.

An enterprise wide Risk Management Framework considers all facets of an organisation's activities and aims to identify and deal with risks the organisation may face strategically and in its day to day operations.

The Asset Management Improvement Plan will be supported by the Town's Risk Management

Plan (pending) with a specific risk focus applied to asset management. Risk Management is an integral part of good business practice and works in tandem with strategic and financial planning.

Developing and maintaining a Risk Management Framework is an effective way to identify, manage and respond to risks within an organisation. The Town of Vincent framework will be holistic in approach and will be developed in accordance with the Australian and New Zealand Standard for Risk Management – AS/NZS 4360:2004.

Risk Management allows for systemic change and continuous improvement in planning, resource allocation, decision making and processes and delivers outcomes such as:

- Improved asset management
- Improved planning, performance and effectiveness
- Providing a basis for higher standards of accountability and sound governance
- Protecting the organisation from legal liability
- Reducing insurance premiums
- Protecting the Council's corporate image as a professional, responsible and ethical organisation and an employer of choice
- Capacity to respond to new opportunities
- Improved prioritisation of activities and projects
- Improved project outcomes and reporting by documenting objectives and key actions in Councils Risk Register

Risks are rated according to the following matrix:

Likelihood	Consequences				
	Insignificant	Minor	Moderate	Major	Severe
Almost certain	M	H	H	E	E
Likely	M	M	H	H	E
Possible	L	M	M	H	E
Unlikely	L	M	M	M	H
Rare	L	L	M	M	H

Rating Risk level	(E)	Extreme risk - detailed action/plan required
	(H)	High risk - needs senior management attention
	(M)	Moderate risk - specify management responsibility
	(L)	Low risk - manage by routine procedures

10. GAP ANALYSIS

Gap Analysis

As part of the WAAMI program, the following information will need to be documented and consolidated into detailed spreadsheets to enable further analysis to determine the current and future infrastructure funding gap levels.

- asset inventory
- renewal costs
- renewal expenditure
- asset life and
- intervention criteria,

The identification of the renewal gap, will allow the Council to predict what it will need to expend in the long term on maintenance of assets.

It is intended that this strategy will form an important part of the future budget planning process. Once the above information has been documented an initial annual renewal gap, based on the condition of all of the Town's infrastructure assets, will be derived.

It is proposed that these initial results will form the basis of the Council's updated financial plan. The introduction of standardised definitions between asset maintenance, operational costs, renewal, upgrade and new projects will further enhance the robustness of the information.

11. IMPLEMENTATION

11.1 Data Collection

The Town currently has data stored primarily on spreadsheets and plans for the following group of assets:

- Roads (including kerbing)
- Footpaths,
- Car parks
- Drainage infrastructure
- Buildings
- Parks
- Plant and equipment
- Parking meters
- Signage and banner poles
- Information technology assets
- Art works

11.1.1 The Town's Roads are stored in ROMAN. The information stored in ROMAN includes an inventory, condition and unit costs. ROMAN is used to determine upgrade programs, value of the asset expenditure, depreciation and written Down value of the roads.

11.1.2 Footpath inventory is currently stored in a spread sheet which is currently being updated

11.1.3 Carparks: A detailed survey of all carparks was undertaken several years ago. This will need to be updated

11.1.4 Drainage is currently being inspected for asset management purposes and a field data pick-up is anticipated to be 80% complete by March 2010.

11.1.5 Buildings: A consultant is currently preparing a Building Asset management Plan. Due for completion in December 2009.

11.1.6 Parks

11.1.7 Plant and Equipment

11.1.8 Parking meters

11.1.9 Signage & Banner Poles

11.1.10 Information Technology Assets

11.1.11 Art Works

12. REVIEW

Historically the gap between sustainable asset replacement and the demand of the asset has been determined on broad principles utilising predicted asset lives.

The capital works program is currently set within the confines using these principles. Funding allocation does not necessarily match the demand for asset replacement, however, with the inclusion of the proposed Renewal and Maintenance Modelling tool (being developed through the WAMMI program) this information will provide more robust data which will better reflect the real renewal needs of important infrastructure assets.

An Internal Asset Management Working Group (AMWG) comprising key officers will be responsible for reporting progress made in relation to the Action Plan, to the Executive Management Team (EMT). This will include any barriers to achieving objectives and proposed solutions or alternative actions.

It is proposed to review the Asset Management Strategy every 3 years in conjunction with the Long Term Financial Plan and Plan for the Future. The Town's Risk Management Strategy will also guide future actions and assist in the prioritisation of actions and/or activities if identified.

13. ACTION PLAN

No	Task	Priority	Responsibility	Officer	Timeline	Cost
13.1	Employ an Assets Management Officer	High	T/S	DTS/ MADS	Completed	Existing position reclassified
13.2	Form an Asset Management Working Group	High	T/S	DTS	Completed	N/A
13.3	Develop Terms of Reference for the Asset Management Working Group	High	T/S	DTS	Completed	N/A
13.4	Develop and adopt an Asset Management Policy ensure commitment to the principles of asset management.	High	T/S	DTS	Completed	N/A
13.5	Develop an Asset Management Strategy that identifies <ul style="list-style-type: none"> Resource requirements to deliver Asset Management The Town's current status in relation to Asset Management. 	High	T/S	DTS / DCS	In progress 2009	N/A
13.6	Continue to participate in the WAMMI program	High	TS & CS	various	In progress 2009/2010	\$25,000
13.7	Develop a roles and responsibilities matrix	Medium	TS & CS	DTS / DCS	In progress 2009/2010	N/A
13.8	Undertake a Building condition audit	High	TS	DTS / DCS	In progress 2009	\$30,000
13.9	Prepare 1st cut Asset Management Plans for Roads and Buildings	High	T/S	MADS / TOA&F	In progress 2009	N/A
13.10	Prepare 1st cut Asset Management Plans for other major assets as identified in the Asset management Strategy	High	T/S	MADS / TOA&F	In progress 2009	N/A
13.11	Determine funding Gap levels (Gap Analysis)	High	TS & CS	DTS, DCS, MADS	Preliminary analysis undertaken	N/A
13.12	Develop a Capital Works evaluation process that considers risk and criteria agreed to by Council	Medium	TS & CS	DTS/ DCS	2009/2010	N/A
13.13	Develop Asset hierarchy for all asset classes	Medium	TS & CS	DTS/ DCS/ MADS	2010/2011	N/A
13.14	Develop a template that covers "whole of life" costs	Medium	TS & CS	DTS/ DCS/ MADS	2010/2011	N/A
13.15	Review asset lives for all asset classes	Medium	TS & CS	DTS/ DCS/ MADS	2010/2011	N/A
13.16	Develop levels of service for all asset classes	High	TS & CS	DTS/ DCS/ MADS	2010/2011	N/A
13.17	Hold a briefing session for Council on Asset Management policy and future direction	Medium	T/S	DTS / DCS	TBA	N/A

14. ANNUAL TASKS

	Task	Priority	Responsibility	Officer	Cost
14.1	Review and update the AM Improvement Strategy	Medium	WG	DTS	N/A
14.2	Review the AMWG to ensure it reflects the “whole of organisation” approach	Medium	CEO & Directors	CEO & Directors	N/A
14.3	Review the AMWG Terms of Reference	Medium	T/S	DTS	N/A
14.4	Review and update all AM plans	High	T/S	MADS	N/A

CEO:	Chief Executive Officer
DTS:	Director Technical Services
DCS:	Director Corporate Services
DDS	Director Development Services
MADS:	Manager Asset & Design Services
TOA&F:	Technical Officer Assets & Fleet
TS:	Technical Services
CS:	Corporate Services
WG:	Working Group