



Government of **Western Australia**
Department of **Local Government**

ASSET MANAGEMENT

FRAMEWORK AND GUIDELINES

CONTENTS

Foreword	4
Part 1 Asset Management Framework	5
1. Introduction	7
2. The Framework	9
3. Relationship to Integrated Planning	10
4. Relationship to Other Frameworks	10
5. Asset Classes and Sub-Classes	11
6. Roles and Responsibilities	12
7. Elements of the Western Australia Asset Management Framework	13
7.1 Asset Management Policy	13
7.2 Asset Management Strategy	13
7.2.1 Asset Management Plans	14
7.2.2 Defining Levels of Service	14
7.2.3 Linking to the Long Term Financial Plan	15
7.2.4 Governance and Management Arrangements	15
7.2.5 Data and Systems	15
7.2.6 Skills and Processes	15
7.3 Evaluation	16
7.4 Linking to the Annual Report	16

Part 2 Asset Management Guidelines	17
1. Introduction	19
2. Glossary	20
3. Developing the Asset Management Policy	24
3.1 Getting Started	24
4. Developing the Asset Management Strategy	25
5. Developing Asset Management Plans	26
5.1 Getting Started	26
6. Defining Levels of Service	29
6.1 Getting Started	30
7. Linking to the Long Term Financial Plan	31
7.1 Getting Started	31
8. Developing Governance and Management Arrangements	32
8.1 Getting Started	33
9. Establishing Data and Information Systems	34
9.1 Getting Started	34
10. Developing Skills and Processes	35
10.1 Getting Started	35
11. Evaluating Progress	36
12. Linking to the Annual Report	40
13. Other Information	41
Contacts	48

May 2011

Department of Local Government

GPO Box R1250, Perth, WA 6844
 Telephone: (08) 9217 1500 ((08) 6552 1500 from 27 June 2011)
 Fax: (08) 9217 1555 ((08) 6552 1555 from 27 June 2011)
 Free call: 1800 620 511 (Country Only)
 Email: info@dlg.wa.gov.au
 Website: www.dlg.wa.gov.au



Australian Government

This publication was produced with assistance from the Australian Government Department of Regional Australia, Local Government, Arts and Sport's Local Government Reform Fund.

FOREWORD

It is my pleasure to introduce the *Asset Management Framework and Guidelines* for Western Australian Local Governments.

Careful planning and coordination of local government infrastructure is fundamental to the economic and social well-being of our communities. Assets, public utilities and services make possible our wide range of lifestyle choices and high standards of living.

Much of the sector has critical 'information gaps' in its overall planning process, including its asset management systems. Many current asset management processes do not provide for the true asset management costs to be accurately captured and evaluated on a uniform reporting basis.

The development of this Framework and supporting Guidelines reflects a national move towards improving asset management capability within the local government sector. The Framework has been developed to assist local governments plan and manage their assets so that the long term aspirations of their communities can be reached. It highlights the fundamental link between asset management, long term financial planning and strategic planning and will provide local governments with direction on ensuring adequate integration.

It is my intention to amend the *Local Government Act 1995* and regulations to ensure that asset management planning and long term financial planning, within the context of integrated planning, become standard business practices for all local governments.

Ultimately, I would like to see the local government sector defined by its ability not only to adapt to change, but more importantly, to anticipate and proactively plan for change. It is with this thought that I commend the *Asset Management Framework and Guidelines* to assist your local government transition to sound asset management practices, if not already in place.



Hon G M (John) Castrilli MLA

**MINISTER FOR LOCAL GOVERNMENT; HERITAGE;
CITIZENSHIP AND MULTICULTURAL INTERESTS**

PART 1 ASSET MANAGEMENT FRAMEWORK



1. INTRODUCTION

Local government assets deliver important community services. Their effective management is crucial to the sustainable delivery of those services to meet community needs and aspirations now and in the future.

This *Asset Management Framework* (the Framework) is part of the Western Australian Government's Local Government Reform Program initiated by the Hon John Castrilli MLA Minister for Local Government.

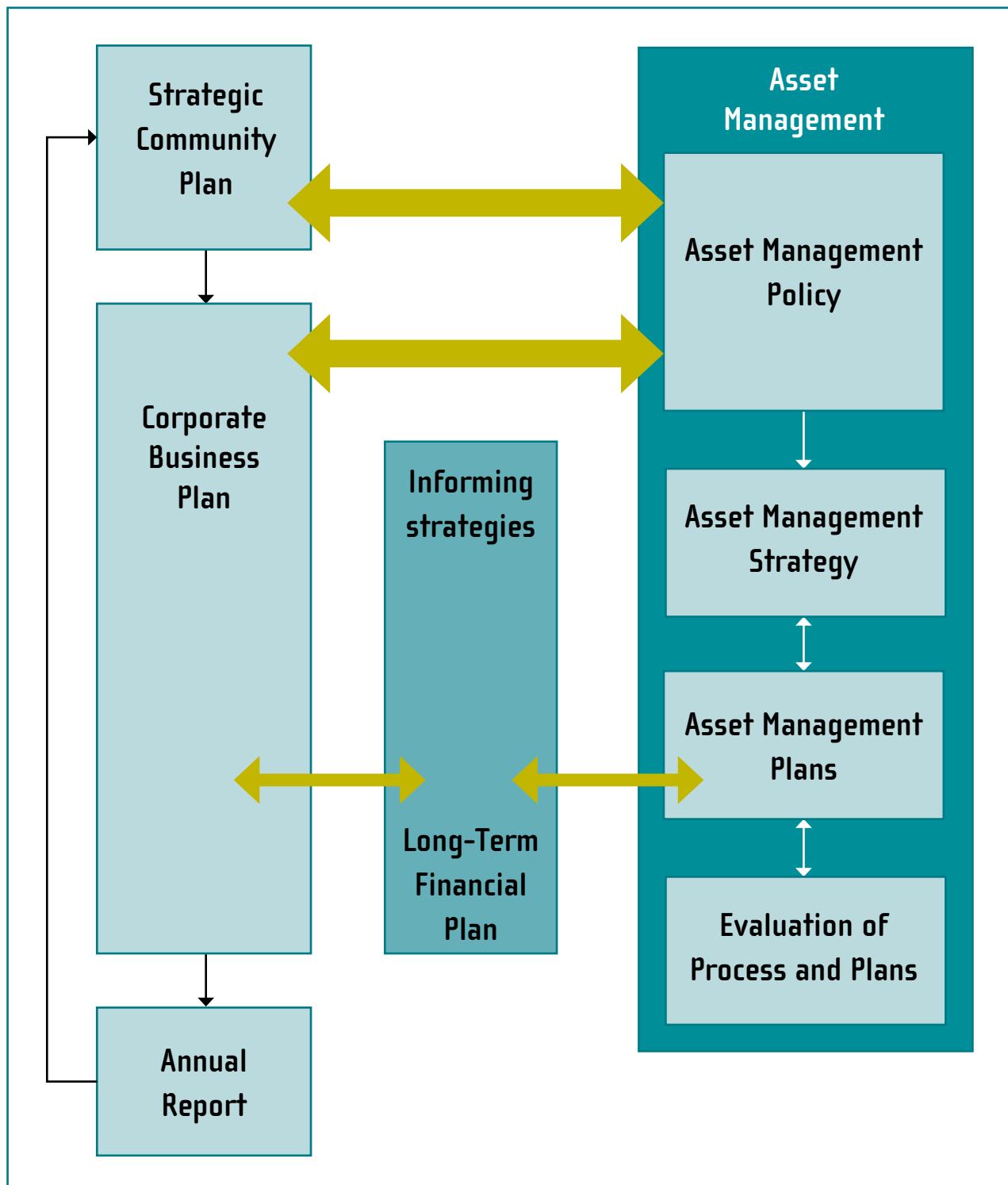
It has been developed for use by local governments with input from the Institute of Public Works Engineering Australia, the WA Local Government Association and the Local Government Managers Association (WA Division). It reflects a nationally consistent approach to asset management as established by the Council of Australian Governments' Local Government Planning Ministers' Council.

The aim of the Framework is to enhance the sustainable management of local government assets by encouraging 'whole of life' and 'whole of organisation' approaches and the effective identification and management of risks associated with the use of assets. It encourages a long-term view of asset management and requires local governments to understand and then meet the impacts of social, economic and environmental change in ways that ensure sustainable use of physical and financial resources. The Framework emphasises the importance of local governments developing robust asset management plans linked to rigorous long term financial and strategic planning as part of an integrated planning approach as set out within the *Integrated Planning and Reporting Framework and Guidelines*. Without this, any attempt to effectively and sustainably deliver the strategic direction of the organisation will be unsuccessful.

The complexity of the asset management approach taken by each local government will be determined by the range of services it offers and the size of its asset portfolio. However, the Framework will enable local governments to develop a process of continuous improvement in their asset management practice to match both the changing service delivery needs of their communities and the increasing integration of asset management with their strategic directions.

Further information on the development of Asset Management Policies, Strategies and Plans is provided in the Department of Local Government's *Asset Management Guidelines*.

FIG 1 ELEMENTS OF WA ASSET MANAGEMENT FRAMEWORK



2. THE FRAMEWORK

To effectively and sustainably manage assets, all local governments are required to:

- **Develop an Asset Management Policy.**
- **Develop an Asset Management Strategy including:**
 - Asset Management Plans for major asset classes.
 - Processes that link Asset Management Plans to Long Term Financial Plans.
 - Defined levels of service and affordability.
 - Governance and management arrangements.
 - Data and systems to support asset management.
 - Improvement of skills and processes.
- **Develop a process for evaluating Asset Management Plans, processes and asset sustainability.**
- **Link Asset Management to the Annual Report.**

The Framework does not prescribe a single methodology, or restrict the processes that a local government may use to achieve these asset management outcomes. Asset management practices, processes and outcomes can be enhanced through a range of asset management improvement products available to local governments.

The Asset Management Framework will be used to inform proposals for future legislative requirements and should be referred to when addressing the legislative requirements regarding integrated planning (plan for the future) and reporting, and financial management.

3. RELATIONSHIP TO INTEGRATED PLANNING

Asset management is critical to meeting local government strategic goals within an Integrated Planning approach. Asset Management Policies, Asset Management Strategies and Asset Management Plans are informed by, and in turn inform, the community aspirations and service requirements in the Strategic Community Plan. They are also integral to developing and delivering the local government's strategic direction, service plans, projects and operational plans in the Corporate Business Plan. Asset management ensures that robust Long Term Financial Plans and Annual Budgets are developed and that local governments have the financial capacity to deliver their strategic priorities into the future.

Further information on Integrated Planning can be found in the Department of Local Government's *Integrated Planning and Reporting Framework and Guidelines*.

4. RELATIONSHIP TO OTHER FRAMEWORKS

This Framework is informed by the Local Government Financial Sustainability Nationally Consistent Frameworks 2 & 3 published by the Local Government and Planning Ministers' Council; Institute of Public Works Engineering Australia (IPWEA) – National Asset Management Strategy (NAMS.AU) Policy documents; IPWEA International Infrastructure Management Manual; IPWEA Australian Infrastructure Financial Management Guidelines; Tasmanian State Government Framework for Long-Term Financial and Asset Management Planning for all Tasmanian Councils; the Queensland Asset Management Planning Program 2009 and 2010; the WA Department of Treasury and Finance Strategic Asset Management Framework; and the *Western Australian Local Government Accounting Manual* (Edition 2), February 2011.

5. ASSET CLASSES AND SUB-CLASSES

The Framework relates to assets of significant value which a local government controls and uses to deliver various services and activities. These assets may have varying useful lives. Asset Management Plans should be developed for all major asset classes. The Framework acknowledges that local governments finance such assets in various ways, but focuses only on the assets a local government manages, not how they are financed.

Local governments should identify the classes and sub-classes of assets that they manage. Although the number and size of assets will vary, the following list of 'typical' examples can assist. Local governments should also refer to 59.2 of the *Western Australian Local Government Accounting Manual (Edition 2)*, February 2011.

Local Government Asset Classes	Sub-Class Examples
Land	Reserves, Botanical Garden, Parks, Sportsground and Playing Fields, Landfill Sites, Cemeteries and other land assets requiring management.
Buildings	Administration buildings, animal shelters, libraries, public toilets, halls, heritage listed sites and other building assets requiring management.
Infrastructure	Road networks (sealed, gravel, reseals, formed) including car parks, pavement, seal, kerb and channel, drainage, traffic management, furniture and signs, lighting and paths, drainage networks (including open channel storm water drains), flood mitigation networks, water supply network, sewerage networks (including waste treatment facilities), bridges airports, wharves, piers, jetties and pontoons, infrastructure on parks, gardens and reserves, tunnels, retaining walls, sea and river walls, canals as well as other infrastructure assets requiring management.
Information Technology	Hardware (including computers, monitors, servers, network hubs), software (including all operating software – excluding internally developed software, specialist software e.g. finance/GIS, customer service systems), communications (telephone systems, radio systems, fibre optics conduits/pipe), application specific technology (CCTV cameras/systems, CCTV monitoring room equipment, GIS recording units) as well as other information technology requiring management.
Plant and Equipment	Vehicles (including corporate fleet, service vehicles e.g. rubbish collection vehicles/ranger vehicles, works vehicles; heritage plant), equipment (including: fixtures and fittings, furniture, street cleaning equipment, roads/paving equipment, parks equipment, heritage equipment, library books) as well as other plant and equipment assets requiring management.
Other Assets	Off road paths, beaches, urban open space, street scapes and any other assets requiring management.

6. ROLES AND RESPONSIBILITIES

The community, Council and local government administration, through the Chief Executive Officer (CEO), have unique roles and responsibilities in effective asset management.

The community helps to set service needs and asset requirements.

The service needs and expectations of the community are the primary drivers for good asset management, which seeks to achieve the best possible value for the local government's ratepayers and communities.

Council acts as a steward for the asset management process.

Council determines affordable, realistic and achievable priorities and is responsible for ensuring that the local government's Asset Management Policy is developed and implemented and that appropriate resources are made available for asset management.

By making certain that Asset Management Plans are monitored and outcomes reported to the community, Council ensures that it is making progress towards meeting long-term community needs.

The local government administration, through the CEO, facilitates the asset management process.

The CEO leads the implementation and delivery of asset management and facilitates Council decision making by providing accurate and reliable information. The local government administration, through the CEO, also has responsibility for the development and implementation of Asset Management and Improvement Plans for individual asset classes.

7. ELEMENTS OF THE WESTERN AUSTRALIA ASSET MANAGEMENT FRAMEWORK

The size and complexity of each local government's asset portfolio will determine the most appropriate format in which to present its asset management approach.

7.1 ASSET MANAGEMENT POLICY

An Asset Management Policy outlines a local government's asset management objectives, targets and plans. It establishes a platform for service delivery and provides the framework that enables the Asset Management Strategy and Plans to be produced. The Asset Management Policy must support a 'whole of life' and 'whole of organisation' approach to asset management.

The local government administration develops the Asset Management Policy with the Council based on Council priorities and community needs.

7.2 ASSET MANAGEMENT STRATEGY

An Asset Management Strategy outlines how the local government's asset portfolio will:

- Meet the service delivery needs of its communities into the future.
- Enable the local government's Asset Management Policy to be achieved.
- Ensure that asset management is established as part of the local government's plan for the future.

It prioritises and articulates the delivery of community service needs through the development of Asset Management Plans for each major asset class.

The Asset Management Strategy responds to four questions put to the local government:

- What assets do we currently have?
- What is the current asset management position, including current and forecast future needs and adequacy of funding?
- Where do we want to be (in relation to the plan for the future)?
- How will we get there?

It is recommended that the Asset Management Strategy be developed considering the following key elements to ensure it achieves the desired policy outcomes and effective corporate governance:

1. Asset Management Plans.
2. Defining Levels of Service.
3. Linking to the Long Term Financial Plan.
4. Governance and management arrangements.
5. Data and system requirements.
6. Improvement of skills and processes.

7.2.1 Asset Management Plans

Asset Management Plans define current levels of service and the processes local governments use to manage each of their asset classes. They should be developed for all major asset classes, including, but not limited to: roads, buildings, drainage, paths and parks and infrastructure.

Asset Management Plans should include:

- Reference to an asset register (which records all assets and their location, acquisition, disposal, transfer and other relevant transactions based on best current information and random condition/performance sampling).
- Defined levels of service for each asset category or particular actions required to provide a defined level of service in the most cost-effective manner.
- Demand forecasting.
- Risk management strategies.
- Financial information such as asset values, depreciation rates, depreciated values, capital expenditure projections for new assets as a result of growth, or to renew, upgrade and extend assets.
- Strategies to manage any funding gaps.
- Consideration of alternative service delivery solutions (leasing, private/public partnerships, shared services arrangements).
- Information on ‘whole of life’ costing including changes in service potential for assets.
- A schedule for asset performance review and plan evaluation.
- An asset management improvement program.
- Clear linkages to other strategic documents such as the Corporate Business Plan, Long Term Financial Plan and Annual Budget.

7.2.2 Defining Levels of Service

Level of service is the defined service quality for a particular activity (i.e. roading) or service area (i.e. street lighting) against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost) (IPWEA, 2006).

Local governments must determine the level of service and the quality and cost standards for each asset class and the entire asset portfolio. This is a key process in the development of Asset Management Plans and is shaped by both community need (as identified through the Strategic Community Plan and ongoing community engagement activities) and Council priorities.

7.2.3 Linking to the Long Term Financial Plan

The Asset Management Strategy must link the ‘whole of life’ costing for each asset class with the local government’s annual budget and long term and operational financial planning.

Under the Department of Local Government’s *Integrated Planning and Reporting Framework and Guidelines* and *Western Australian Local Government Accounting Manual (Edition 2)*, February 2011, there is a clear expectation that local governments will develop 10 year financial plans underpinned by robust estimates, cash flow predictions and expenditure projections based on asset maintenance, replacement or upgrade, renewal and disposal obtained from Asset Management Strategies and Asset Management Plans.

7.2.4 Governance and Management Arrangements

Good governance and management arrangements ensure that asset management is adequately linked to service delivery. Governance and management arrangements within the Asset Management Strategy should:

- Identify key roles and positions to undertake asset management.
- Identify the asset management roles and responsibilities of: the CEO, Senior Managers and Asset Managers, Mayor/President and Elected Members.
- Identify and address staff resourcing, funding and training needs.
- Identify and implement high level audit or oversight mechanisms for Asset Management Plan development and service delivery.
- Identify and implement mechanisms for reporting Asset Management Plan progress against elements of the plan for the future.

These arrangements should be reviewed annually to determine ongoing and future governance and management requirements and their financial impacts.

7.2.5 Data and Systems

Systems should be put in place for the collection and analysis of asset management data to ensure the development of efficient maintenance and capital works programs, asset management performance is adequately measured over time, infrastructure gaps are identified, and minimum reporting requirements prescribed under the legislation are achieved.

When data systems are used, adequate links must be made between asset management and financial systems, particularly in the recording and management of capital expenditure and allocations for depreciation, maintenance, renewal and upgrade.

7.2.6 Skills and Processes

Programs of continuous improvement that instil a ‘whole of organisation’, best practice approach to asset management should be implemented.

In partnership with appropriate peak bodies and agencies, ongoing training in key asset management topics such as improving condition assessments, valuation of assets and accounting treatment should be provided to administration staff. Elected members should be provided with training to help them understand the importance of asset management.

7.3 EVALUATION

Asset management programs must include evaluation mechanisms to measure their effectiveness against the targets and outcomes of the Asset Management Strategy and Plans. The mechanisms chosen should meet accounting standards and be independently audited.

Evaluations should be conducted annually to highlight any organisational issues, including policy inputs required from Council that affect the asset portfolio's delivery of sustainable services. This will assist local governments to maintain and enhance a 'whole of organisation' approach to asset management.

The Asset Management Capacity Building Working Group of the Local Government Reform Implementation Committee has endorsed a set of key performance indicators (KPIs) that enable local governments to more readily measure and report their overall asset management sustainability. The agreed KPIs are based on those developed by the Local Government Association of South Australia (LGA) and the Institute of Public Works Engineering Australia (IPWEA) as outlined in the Australian Infrastructure Financial Management Guidelines (IPWEA, 2009). They require local governments to identify their asset consumption ratio, asset renewal funding ratio and asset sustainability ratio.

Consistent and appropriate use of these KPIs will help local governments to understand their resource capacity and provide a valuable input to Council's strategic decision making.

7.4 LINKING TO THE ANNUAL REPORT

Local governments should report the short and long-term service delivery levels provided by their asset portfolios in the Annual Report, and seek community feedback on the performance of their asset portfolios.

Further information on the development of Annual Reports can be found in the Department of Local Government's *Integrated Planning and Reporting Guidelines*.

PART 2 ASSET MANAGEMENT GUIDELINES

1. INTRODUCTION

The effective management of local government assets is crucial to the sustainable delivery of services to meet community needs and aspirations now and in the future.

The Asset Management Framework for Western Australian local governments addresses the minimum processes and activities required to improve local government asset management.

To effectively and sustainably manage their assets, all local governments are required to:

- **Develop an Asset Management Policy.**
- **Develop an Asset Management Strategy including:**
 - Asset Management Plans for major asset classes.
 - Processes that link Asset Management Plans to Long Term Financial Plans.
 - Defined levels of service and affordability.
 - Governance and management arrangements.
 - Data and systems to support asset management.
 - Improvement of skills and processes.
- **Develop a process for evaluating Asset Management Plans, processes and asset sustainability.**
- **Link Asset Management to the Annual Report.**

The Asset Management Guidelines (the Guidelines) support the implementation of the Asset Management Framework (the Framework) to assist local government officers to more sustainably manage assets. The Guidelines outline a minimum planning and reporting methodology to achieve the outcomes of the Framework.

The Guidelines have been developed with input from the Institute of Public Works Engineering Australia (IPWEA), the WA Local Government Association and the Local Government Managers Association (WA Division), and reflect a nationally consistent approach to asset management as established by the Council of Australian Governments' Local Government Planning Ministers' Council.

The Framework emphasises the importance of local governments developing robust asset management plans linked to rigorous long term financial and strategic planning as part of an integrated planning approach as set out in the *Integrated Planning and Reporting Framework and Guidelines*. This is essential to the effective and sustainable delivery of the local government's strategic direction.

The Guidelines provide suggestions to assist local governments start and continue the asset management process. It is acknowledged that local governments will have varying starting points for asset management and many will have existing processes that specify how Asset Management Policies, Strategies and Plans are to be developed and managed.

The Guidelines do not intend to require a single methodology to be applied. They are designed to enable local governments to develop a process of continuous improvement in their asset management practice to match both the changing service delivery needs of their communities and the increasing integration of asset management with their strategic directions.

Sources for further information on asset management improvement can be found at the end of the Guidelines.

2. GLOSSARY

Term	Definition
Annual Budget	A statutory requirement outlining the financial estimates to deliver the Corporate Business Plan.
Asset	A physical component of a facility which has value, enables a service to be provided and has an economic life of greater than 12 months.
Asset Class	Groupings of assets of similar nature and use in a local government's operations (AASB 166.37).
Asset Consumption	The average proportion of "as new condition" left in an asset.
Asset Management	The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.
Asset Management Information Systems	A combination of process, data and software applied to provide essential outputs for effective asset management.
Asset Management Plan	A plan developed for one or more assets that combines technical and financial management processes to provide a specified level of service.
Asset Management Policy	One or more documents outlining a local government's asset management objectives, levels of service and integration with Council corporate business and governance arrangements, data systems and long-term financial plans.
Asset Management Strategy	One or more documents that outlines how the local government's asset portfolio will meet the service delivery needs of its communities into the future, enabling the local government's asset management policies to be achieved and ensuring that asset management is established as part of the local government's Integrated Plan.
Asset Register	A record of asset information considered worthy of separate identification including inventory, historical, financial, condition, construction, technical and financial information about each.
Asset Renewal Costs (Capital Renewal Expenditure)	Expenditure on an existing asset which returns the service potential or the life of the asset to that which it had originally.
Capital Expenditure	Expenditure used to create new assets or to increase the capacity of existing assets beyond their original design capacity or service potential.
Capital Upgrade Cost	Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally.

Term	Definition
Community	A group of people living in the same locality under the same government. Can be extended to include those who visit, work or recreate within the locality.
Corporate Business Plan	A local government's internal business planning tool that translates Council priorities into operations within the resources available. In its entirety, it details the services, operations and projects that a local government will deliver over a defined period, the processes for delivering them and the associated costs.
Council	The group of individuals elected to the office of Councillor for the local government by members of the community from within defined local government area districts or wards.
Councillor	<p>An elected member of a local government council, who is an eligible person elected to:</p> <ul style="list-style-type: none"> (a) represent the interests of electors, ratepayers and residents of the district; (b) provide leadership and guidance to the community in the district; (c) facilitate communication between the community and the council; (d) participate in the local government's decision-making processes at council and committee meetings; and (e) perform such other functions as are given to a councillor by this Act or any other written law.
Current Replacement Cost	The cost of replacing the service potential of an existing asset, by reference to some measure of capacity, with an appropriate equivalent asset.
Depreciation	The wearing out, consumption or other loss of value of an asset whether arising from use, passing of time or obsolescence through technological and market changes.
Depreciated Replacement Cost	The replacement cost of an existing asset less an allowance for wear and consumption, having regard for the remaining economic life of the existing asset.
Disposal	Activities necessary to dispose of decommissioned assets and the costs of these.
Expenditure	The spending of money on goods and services.
Fair Value	The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arms length transaction.

Term	Definition
Gap Analysis	A method of assessing the gap between a business's current asset management practices and the future desirable asset management practices.
Integrated Planning and Reporting	A framework for establishing community priorities and linking this information into different parts of a local government's function.
Level Of Service	The defined service quality for a particular activity (i.e. roading) or service area (i.e. street lighting) against which service performance can be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost.
Lifecycle	The cycle of activities that an asset (or facility) goes through while it retains an identity as a particular asset.
Lifecycle Cost	The total cost of an asset throughout its life including costs for planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal.
Local Government	A general term for a body corporate constituted under the <i>Local Government Act 1995</i> (encompassing cities, towns and shires) which is governed by a Council, administered by employed staff, and which has responsibility for certain governing functions within territorial areas smaller than the State.
Local Government Administration	The group of individuals employed by a local government, headed by a Chief Executive Officer (CEO), and responsible for to enable the functions of the local government and the functions of the council to be performed.
Long Term Financial Plan	A ten year rolling financial plan incorporated into the local government's Corporate Business Plan that activates Strategic Community Plan priorities. Annual Budgets aligned with strategic objectives result from these planning processes.
Maintenance And Renewal Gap	Difference between estimated budgets and projected expenditures for maintenance and renewal of assets totalled over a defined time.
Maintenanc And Renewal Sustainability Index	Ratio of estimated budget to projected expenditure for maintenance and renewal.
Maintenance	All actions necessary for retaining an asset as near as practicable to its original condition, but excluding rehabilitation or renewal.

Term	Definition
Objective	Statements that describe what a local government wants to achieve.
Outcome	What will be achieved as a result of doing something.
Performance Monitoring	Continuous or periodic quantitative assessments of the actual performance compared with specific objectives, targets and standards.
Renewal	Works to upgrade, refurbish or replace existing facilities with facilities of equivalent capacity or performance capability.
Repair	Action to restore an item to its previous condition after failure or damage.
Replacement	The complete replacement of an asset that has reached the end of its life, so as to provide a similar or agreed alternative level of service.
Replacement Cost	The cost of replacing an existing asset with a substantially identical new asset.
Reporting	Relaying information about how a local government has performed against what it said it would deliver.
Resourcing	The level of resources that a local government can afford in order to meet objectives – including assets, time, cost and people.
Risk Management	The application of a formal process to determine the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probable occurrence.
Strategic Community Plan	The strategy and planning document that reflects the longer term (10+ year) community and local government aspirations and priorities.
Strategy	Describes how a local government will achieve its objectives.
Useful Life	<p>May be expressed as either:</p> <ul style="list-style-type: none"> (a) The period over which a depreciable asset is expected to be used; or (b) The number of production or similar units (i.e. intervals, cycles) that is expected to be obtained from the asset.

Sources:

Local Government Act (1995)

International Infrastructure Management Manual (IPWEA, 2006).

Department of Local Government *Integrated Planning and Reporting Framework and Guidelines* (WA Government, 2010).

Department of Local Government *Asset Management Framework* (WA Government, 2011).

3. DEVELOPING THE ASSET MANAGEMENT POLICY

What is it?

- An Asset Management Policy is one or more documents outlining a local government's asset management objectives, targets and plans. It establishes a platform for service delivery and provides the framework that enables the Asset Management Strategy and Plans to be produced. It assigns specific service delivery responsibilities and supports 'whole-of-life' and 'whole-of-organisation' approaches to asset management.

Who is involved?

- Community:
 - Provides input into service requirements and expectations through the Strategic Community Plan and the local government's ongoing community engagement.
- Council:
 - Understands and approves the Asset Management Policy.
- Local Government Administration:
 - Develops and implements the Asset Management Policy for the Council.

3.1 GETTING STARTED

The inputs and outputs of an Asset Management Policy are detailed below:

What do I have to gather?

INPUTS

- Strategic Community Plan issues and aspirations.

What do I end up with?

OUTPUTS

- Asset Management Policy.
- Key objectives.
- Commitment to continuous improvement.

ACTIVITIES

Establish Asset Management Policy

- Workshop Asset Management Policy with Council to establish key objectives.
- Establish plans for monitoring and improvement of asset management outcomes.
- Council adopts Asset Management Policy.

4. DEVELOPING THE ASSET MANAGEMENT STRATEGY

What is it?

- One or more documents that outline how the local government's asset portfolio will meet the service delivery needs of their communities into the future, enable the local government's Asset Management Policy to be achieved, and ensure that asset management is established as part of the local government's Integrated Plan.

Who is involved?

- Local Government Administration:
 - Develops the Asset Management Strategy.
 - Implements the Asset Management Strategy with agreed resources.
 - Develops Asset Management Plans for individual asset classes.
 - Undertakes appropriate risk management.
 - Monitors and reviews performance in achieving the Asset Management Strategy outcomes.

The Asset Management Strategy responds to four questions put to the local government:

- What assets do we currently have?
- What is the current asset management position, including current and forecast future needs and adequacy of funding?
- Where do we want to be (in relation to the plan for the future)?
- How will we get there?

It is recommended that the Asset Management Strategy be developed considering the following key elements to ensure it achieves the desired policy outcomes and effective corporate governance:

1. Asset Management Plans.
2. Defining levels of service.
3. Linking to the Long Term Financial Plan.
4. Governance and management arrangements.
5. Data and system requirements.
6. Improvement of skills and processes.

5. DEVELOPING ASSET MANAGEMENT PLANS

What are they?

- Documents developed for each major asset class which define current levels of service and the processes used to manage that asset class.

Who is involved?

- Council:
 - Ensures appropriate resources for asset management activities are made available.
- Local Government Administration:
 - Develops an Asset Management Plan for each asset class.
 - Implements the Asset Management Plans with agreed resources.
 - Delivers services to the agreed levels of standard and cost.
 - Undertakes appropriate risk management.
 - Monitors and reviews performance in delivery of Asset Management Plan outcomes.

Review

- Asset Management Plans must be regularly reviewed to determine ongoing and future service expectations and their financial impacts.

5.1 GETTING STARTED

The inputs and outputs of developing Asset Management Plans are detailed below:

What do I have to gather?

INPUTS

- Current asset data.
- Community satisfaction/service delivery data.
- State/Federal legislation.
- Demand forecasts.
- Risk management data.
- Renewal priorities and standards.
- Asset useful life estimates.
- New asset priorities.
- Assets identified for disposal.
- Asset management systems.
- Asset replacement schedules and values.
- Capital renewal shortfall/surplus.
- Capital program review.

What do I end up with?

OUTPUTS

- Asset Management Plans for each major asset class that include:
 - Links to an asset register.
 - Asset category levels of service.
 - Infrastructure risk management plan.
 - Alternate service delivery solutions.
 - Financial information (such as asset values, depreciation rates, depreciated value, capital expenditure projections for new assets as a result of growth, or to renew, upgrade and extend assets).
 - Asset Improvement Program.
- Identified expenditure projections:
 - Operations.
 - Depreciation.
 - Maintenance.
 - Capital renewal.
 - Capital upgrade.

ACTIVITIES

Set the Context

- Confirm the strategic objectives established in the Asset Management Policy and Strategy.
- Define responsibilities and ownership (see 8 Developing Governance and Management Arrangements).
- Establish organisational commitment.

Review Asset Register Data

- Review asset register for accuracy and establish asset hierarchies where appropriate.
- Establish dates of acquisition and condition where possible.
- Review the remaining useful life of assets.
- Update asset register.

Develop Asset Management Plans

- Source information for plans (asset summary data).
- State service delivery levels (see 6 Defining Levels of Service for further information).
- Inform Plans with relevant information from: community engagement activities; State/Federal legislation; changes in technology; known service deficiencies; other Council policies or strategies.
- Establish renewal standards and priorities.
- Establish communications processes.
- Develop an asset risk management plan, by:
 - Identifying and documenting local government risk context.
 - Establishing risk evaluation criteria.
 - Identifying and analysing risks.
 - Evaluating risks.
- Developing and documenting risk treatment plans where necessary.

Predict Demand

- Identify long term (20+ years) population growth, distribution, density and demographic projections.
- Assess the impact of projected demand on strategic and operational plans.
- Collate new strategic and operational needs.

Plan for Renewal

- Review and update asset life estimates.
- Update Corporate Business Plan (and Annual Budget) with asset replacement values.
- Calculate and document asset renewal costs.
- Review and update projected renewal year.

ACTIVITIES (continued)

Financial Forecast

- Calculate (using Fair Value criteria) and document estimated expenditure for operation, maintenance, renewal, capital works, upgrade or expansion, and planned disposals for 20 years.
- Review capital renewal program and expenditure projections.

Manage the Funding Gap

- Use asset management ratios to identify asset sustainability levels. (see 11 Evaluating Progress for further information).
- Identify shortfall in asset (renewal) funding.
- Identify surplus or low-use assets for disposal where appropriate.
- Consider alternative service delivery solutions (leasing, private/public partnerships, shared services arrangements).

Plan for Improvement

- Undertake an asset management gap analysis.
- Develop a schedule for asset performance review and Asset Management Plan evaluation.
- Identify and prioritise areas for improvement.
- Develop and document an improvement plan, including: tasks, resources, responsibilities and timeframes.

Complete the Asset Management Plans

- Incorporate relevant information from all steps into an Asset Management Plan for the asset class.
- Establish clear links to other strategic documents including the Corporate Business Plan, Annual Budget and Long Term Financial Plan.

6. DEFINING LEVELS OF SERVICE

What is it?

- The defined service quality for a particular activity (e.g. roading) or service area (e.g. street lighting) against which service performance can be measured. Defining the levels of service that will be provided by the asset portfolio is a key process in the development of Asset Management Plans.

Who is involved?

- Community:
 - Provides service requirements, expectations and satisfaction input as part of the local government's ongoing community engagement activities.
- Council:
 - Approves the determined levels of service.
- Local Government Administration:
 - Provides all relevant information to assist Council.
 - Revisits and renews defined service levels to align with reviews of the Strategic Community Plan and Asset Management Plans.

6.1 GETTING STARTED

The inputs and outputs of defining Levels of Service are detailed below:

What do I have to gather?

INPUTS
<ul style="list-style-type: none">• Community needs and aspirations.• Council long term visioning.• Community service level expectations.• Council service level expectations.• Local area/place planning information.• Current service levels.• Asset capacity for service level delivery.

What do I end up with?

OUTPUTS
<ul style="list-style-type: none">• Service delivery needs.• Defined service levels.• Quality and cost standards for service delivery.• Service delivery review process.

ACTIVITIES

Establish Existing Levels of Service

- Establish and document existing levels of service for each asset class.

Define Levels of Service

- Identify community asset-related needs from the Strategic Community Plan.
- Communicate with Council on: Council strategic vision; organisational issues impacting on service delivery; Council service delivery requirements.
- Incorporate relevant information from relevant State/Federal legislation; local area/place plans, planning schemes/strategies, changes in technology; known service deficiencies; other Council policies or strategies.
- Ensure service delivery levels are within asset capacity.
- Establish and document levels of service to be provided by each asset class.

7. LINKING TO THE LONG TERM FINANCIAL PLAN

What is it?

- The Asset Management Strategy should link the 'whole-of-life' costing for each asset class with the local government's Corporate Business Plan, Annual Budget and long term and operational financial planning.

Who is involved?

- Council:
 - Approves the Long Term Financial Plan.
- Local Government Administration:
 - Collects the necessary data and completes the Long Term Financial Plan.
 - Monitors and reviews the Long Term Financial Plan and reports to Council.

7.1 GETTING STARTED

ACTIVITIES

Incorporate Information into Financial Plans

- Incorporate financial information such as depreciation, expenditure projections, operation, maintenance, renewal, capital works, upgrade or expansion, and planned disposals into the Corporate Business Plan, Annual Budget and Long Term Financial Plan.

Explore Revenue

- Explore options and opportunities for increasing revenue.

Develop a Funding Plan

- Develop a funding plan for the Long Term Financial Plan.

8. DEVELOPING GOVERNANCE AND MANAGEMENT ARRANGEMENTS

What is it?

Good governance and management arrangements ensure that asset management is adequately linked to service delivery. Governance and management arrangements within the Asset Management Strategy should:

- Identify key roles and positions to undertake asset management.
- Identify the asset management roles and responsibilities of: the CEO, Senior Managers and Asset Managers, Mayor/President and Elected Members.
- Identify and address staff resourcing, funding and training needs.
- Identify and implement high level audit or oversight mechanisms for Asset Management Plan development and service delivery.
- Identify and implement mechanisms for reporting Asset Management Plan progress against elements of the plan for the future.

Who is involved?

- Local Government Administration:
 - Provides all relevant information to assist Council.
 - Develops and implements the governance and management arrangements.
 - Revisits and renews governance and management arrangements annually.

Review

- Conducted annually in consultation with Council to determine ongoing and future governance and management requirements and the financial impacts of these.

8.1 GETTING STARTED

The inputs and outputs of Asset Management Governance Arrangements are detailed below:

What do I have to gather?

INPUTS
<ul style="list-style-type: none">• Key officers/individuals.• Key officer asset management knowledge.• Current governance/audit processes.• Currently available staffing/resourcing.

What do I end up with?

OUTPUTS
<ul style="list-style-type: none">• Asset management roles and responsibilities.• Asset management resourcing plan.• Audit plan.• Report to the community.• Annual Report sections.• Ongoing community engagement.

ACTIVITIES

Introduce Asset Management Planning

- Identify key positions to participate in sustainable asset management. These may include: Chief Executive Officer; Mayor/President; Engineers; Chief Financial Officer.

Establish a Cross Functional Team

- Where possible, establish a team including executive management, service managers, information technology/finance/risk/audit managers.
- Identify resources and responsibilities for the development and delivery of the asset management program.
- Identify staff resources, funding and training needs for the implementation of the asset management program.

Maintain the Corporate Approach

- Consult with Council on: the local government's asset management program and plans, Council responsibilities and required inputs; relevant resource implications.
- Establish a plan for ongoing asset management improvement.

9. ESTABLISHING DATA AND INFORMATION SYSTEMS

What is it?

- The process of putting data and information systems in place to collect and analyse asset management data to determine maintenance and renewal requirements, measure asset management performance over time, identify infrastructure gaps, and ensure minimum reporting requirements prescribed under legislation are achieved.
- It is a process of ensuring adequate links are made between asset management and financial data systems, particularly in the recording and management of capital expenditure and allocations for depreciation, maintenance, renewal and upgrade.

Who is involved?

- Local Government Administration:
 - Identifies data management systems appropriate to local government needs.
 - Implements data management systems and associated processes to link asset management systems and financial data systems.

9.1 GETTING STARTED

ACTIVITIES

Identify the Data Required to Implement and Improve Asset Management Processes for Each Asset Class

- Consider the cost of collecting and maintaining such data against the benefits it will provide.

Identify an Asset Management Information System

- Identify a data management system which is appropriate for the local government, its size and asset portfolio.

Collect or Collate the Necessary Data

- Establish an implementation plan for data collection and collation.

Utilise the System

- Ensure appropriate links are made between the asset management data system and that used for long term financial planning.

10. DEVELOPING SKILLS AND PROCESSES

What is it?

- A program that develops a ‘whole-of-organisation’ culture focused on continuous improvement in asset management.

Who is involved?

- Council:
 - Endorses the ‘whole-of-organisation’ asset management approach as part of the Asset Management Policy.
 - Engages with training programs as required.
- Local Government Administration:
 - Identifies a continuous improvement program and training appropriate to the local government’s needs.
 - Implements the continuous improvement program and associated processes.
 - Provides all relevant information to assist Council.
 - Regularly evaluates improvement in asset management performance.

Review

- Asset management practices should be evaluated annually and progress reported to Council and the community.
- The continuous improvement program should be regularly revisited and renewed as required (with Council input where necessary) to determine ongoing and future requirements and the financial impacts of these.

10.1 GETTING STARTED

The inputs and outputs of Asset Management Skills and Processes are detailed below:

What do I have to gather?

INPUTS

- Council strategic priorities.
- Councillor/staff Issues (e.g. elections, staff turnover).
- Training budget/resource implications.
- Organisational approach to sustainable service delivery.
- Legislative requirements.
- External ‘good practice’ models.

What do I end up with?

OUTPUTS

- Asset management training program/schedule.
- ‘Best practice’ asset management processes and culture.

11. EVALUATING PROGRESS

Asset management programs should include evaluation mechanisms to measure their effectiveness against the targets and outcomes in the Asset Management Strategy and Plans. The mechanisms chosen should meet accounting standards and be independently audited.

Evaluations should be conducted annually to highlight any organisational issues, including inputs required from Council, that affect the asset portfolio's delivery of sustainable services. This will assist local governments to maintain and enhance a 'whole-of-organisation' approach to asset management.

The Asset Management Capacity Building Working Group of the Local Government Reform Implementation Committee has endorsed a set of key performance indicators (KPIs) that enable local governments to more readily measure and report their overall asset management sustainability. The agreed ratios are based on those developed by the Local Government Association of South Australia (LGA) and the Institute of Public Works Engineering Australia (IPWEA) as outlined in the Australian Infrastructure Financial Management Guidelines (IPWEA, 2009). They encourage local governments to measure their asset management efforts through an asset consumption ratio, asset renewal funding ratio and asset sustainability ratio.

Consistent and appropriate use of these KPIs will help local governments to understand their resource capacity and provide a valuable input to Council's strategic decision making.

Asset Sustainability Ratios

ASSET CONSUMPTION RATIO

(The average proportion of "as new" condition remaining for assets.)

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 a local government's stock of physical assets and the potential magnitude of capital outlays required in future to preserve their service potential.

All local governments will be required to report this ratio utilising current financial records.

What does it mean?

This ratio highlights the aged condition of a local government's physical assets. If the local government is responsibly maintaining and renewing or replacing its assets in accordance with a well-prepared Asset Management Plan, then its Asset Consumption Ratio may be relatively low and/or declining. This should not be cause for concern – providing it is operating sustainably.

If a local government has been operating sustainably over the longer term and has not invested excessively in addition (enhancements to its existing depreciable assets) then it is likely that its financial assets will have grown in value to offset the decline in value of its physical assets. In such circumstances, the decline in the value of a local government's physical assets will be offset by a reduction in its net financial liabilities (by either an increase in its financial assets or preferably, wherever possible, a reduction in its debt) as a result of operating income generated being sufficient to cover its depreciation expense.

The Statement of Financial Position overall will be unaffected and the local government will be in a strong financial position and able to fund the future renewal or replacement of its physical assets when it is most favourable to do so.

Data and Calculation	Information	Measurement/Target
<p>Depreciated replacement cost (DRC) of assets (Written down value) divided by current replacements costs (CRC) of depreciable assets.</p> <p>Expressed as a percentage.</p> <p>Eg</p> <p>Asset Class CRC DRC</p> <p><i>Buildings \$50.1M \$34.2M</i></p> <p><i>Infrastructure \$361.0M \$254.4M</i></p> <p><i>P&E& F&E \$10.2M \$7.3M</i></p> <p><i>Total \$421.3M \$295.9M</i></p> <p><i>Asset Consumption Ratio = 70%</i></p> <p><i>[295.9 / 421.3 = 70%]</i></p>	<p>The average proportion of "as new" value remaining in the assets. This ratio shows the written down current value of a local government's depreciable assets relative to their "as new" value in up to date prices. The ratio highlights the aged condition of the local government's stock of physical assets.</p>	<p>Between 50% and 75%</p> <p><i>Note</i></p> <p><i>A ratio less than 50% indicates a rapid deterioration of the local government's asset base. Urgent investment may be required to ensure service levels are maintained.</i></p> <p><i>A ratio of 60% indicates an adequate usable level of service across individual asset categories.</i></p> <p><i>A ratio greater than 75% indicates that the local government may be over investing in its asset base.</i></p>

Asset Sustainability Ratio

(Are assets being replaced at the rate they are wearing out?)

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 or replacement of assets relative to the rate of depreciation of assets for the same period. A local government would need to understand and be measuring its renewal expenditure to be able to determine this ratio.

What does it mean?

If capital expenditure on renewing or replacing assets is at least equal to depreciation on average over time, then the local government is ensuring the value of its existing stock of physical assets is maintained. If capital expenditure on existing assets is less than depreciation then, unless a local government's overall asset stock is relatively new, it is likely that it is underspending on renewal or replacement. This is likely to result in additional maintenance costs for assets that have exceeded their useful life that exceed the costs of renewal and replacement. This situation could progressively undermine a local government's financial sustainability as it is confronted with failed assets and significant renewal and replacement costs that cannot be accommodated without sudden large rate increases.

Local governments should be replacing or renewing assets at the appropriate times. Achievement of the asset sustainability ratio target means that a local government is reasonably preserving the stock of existing assets because renewal or replacement activity approximately matches the consumption of its asset stock for the period.

Data and Calculation	Information	Measurement/Target
<p>Capital expenditure on replacement or renewal of assets divided by the depreciation expense. Expressed as a percentage. Eg Capital renewal expenditure = \$7.9m Depreciation expense = \$8.8m Asset Sustainability Ratio = 90%</p>	<p>This is the measure of the extent to which assets managed by the local government are being replaced as they reach the end of their useful lives. Depreciation expense measures the extent to which the assets have been consumed during that period. Capital expenditure on renewals (replacing assets that the local government already has) is an indicator of the extent to which the assets are being replaced.</p>	<p>Between 90-110% Note <i>A ratio greater than 110% indicates that the local government may be over investing in renewal and replacement of its asset base.</i> <i>A ratio of less than 90% indicates that the local government may be under investing in renewal and replacement of its asset base.</i></p>

Asset Renewal Funding Ratio

(Is there sufficient future funding for renewal and replacement of assets?)

What does it mean?

This indicator is a measure of the ability of the local government to fund its projected asset renewals and replacements in the future. The local government's Long Term Financial Plan makes annual provisions to renew assets where their condition has degraded beyond an objective threshold. This requirement will vary from year by year, potentially creating different short term and long term renewal funding needs. **A local government must have developed a Long Term Financial Plan supported by Asset Management Plans to determine this ratio.**

Data and Calculation	Information	Measurement/Target
<p>The net present value of planned capital expenditure on renewals over ten years divided by the net present value of the required capital expenditures on renewals over the same period.</p> <p>Expressed as a percentage.</p> <p>Eg</p> <p>NPV of LTFP projected outlays = \$59.6M</p> <p>NPV of AMP projected expenditures = \$86.9M</p> <p>Future Renewal Funding Ratio = 69%</p> <p>[59.6 / 86.9]</p>	<p>Indicates whether the local government has the financial capacity to fund asset renewal as required and therefore continue to provide existing levels of services in future without additional operating income or reductions in operating expenses or an increase in net financial liabilities above that currently projected.</p>	<p>Between 95 and 105%</p> <p><i>Note</i></p> <p><i>A ratio of between 95 and 105% indicates that the local government's Long Term Financial Plan makes adequate provision to maintain existing levels of service and renew or replace assets.</i></p> <p><i>The 95 – 105% measurement is a suitable target if the Asset Sustainability Ratio falls within the 90 to 100% target and the Asset Consumption Ratio falls within the target range of 50 to 75%.</i></p> <p><i>A ratio between 50 and 75% indicates that the local government may not be making adequate provision for the future renewal or replacement of its asset base.</i></p>

12. LINKING TO THE ANNUAL REPORT

What is it?

- The prescribed reporting requirement that ensures that the short and long term service delivery levels being provided by a local government's asset base are adequately reported back to the community.

Who is involved?

- Council:
 - Approves the Annual Report.
- Local Government Administration:
 - Undertakes performance monitoring and compiles reports.
 - Publishes and distributes reports and performance information.
 - Engages with the community to obtain feedback on performance.
- Community:
 - Provides feedback on local government performance as part of the community engagement process.

Further information on the development of Annual Reports can be found in the Department of Local Government's *Integrated Planning and Reporting Guidelines*.

13. OTHER INFORMATION

Local governments wishing to further develop their asset management processes and practices can refer to a number of asset management improvement programs and information sources, including:

- *Western Australian Local Government Accounting Manual (Edition 2)*, February 2011.
- The IPWEA International Infrastructure Management Manual (IIMM)
- The IPWEA National Asset Management Committee (NAMS.AU)
- The Western Australian Asset Management Improvement Program (WAAMI)
- The IPWEA NAMS.PLUS asset management program
- The IPWEA NAMS for Small Rural or Remote Communities asset management program (AM4SRRC)
- The *ROMAN II* project (for road assets)
- The Australian Centre for Excellence in Local Government (ACELG)
- The Australian Local Governments' Association (ALGA)

APPENDIX A – ASSET MANAGEMENT FRAMEWORK SUMMARY

Element	Description	Intent	
Asset Management Plans	Plans that define current levels of service and the processes used to manage each of the local government's asset classes.	To identify the assets that a local government currently has and to manage the use of these with reference to the level of service that assets will provide to the community, agreed risk and cost standards.	

	Roles and Responsibilities	Timeframes and Review	Outputs and Interdependencies
	<p>Council:</p> <p>Ensures appropriate resources for asset management activities are made available.</p> <p>Local Government Administration Guides and develops Asset Management Plans for each individual asset class.</p> <p>Implements the Asset Management Plans with agreed resources.</p> <p>Delivers services to the agreed level and cost standards.</p> <p>Undertakes appropriate risk management.</p> <p>Monitors and reviews performance in delivery of the Asset Management Plans and reports information to Council where appropriate.</p>	<p>Reviewed regularly (every 2-3 years).</p>	<p>Outputs</p> <p>Asset Management Plans that contain:</p> <p>Asset Management Plans for each major asset class that include:</p> <ul style="list-style-type: none"> • Links to an asset register. • Asset category levels of service. • Infrastructure risk management plan. • Alternate service delivery solutions. • Financial information (such as asset values, depreciation rates, depreciated value, capital expenditure projections for new assets as a result of growth, or to renew, upgrade and extend assets). <p>Identified expenditure projections:</p> <ul style="list-style-type: none"> • Operations. • Depreciation. • Maintenance. • Capital renewal. • Capital upgrade. An asset improvement program. • Clear linkages to other strategic documents such as the Corporate Business Plan, Annual Budget and Long Term Financial Plan. <p>Interdependencies</p> <ul style="list-style-type: none"> • Other informing strategies, projects etc. • Strategic Community Plan. • Corporate Business Plan. • Long Term Financial Plan.

APPENDIX A - ASSET MANAGEMENT FRAMEWORK SUMMARY (con't)

Element	Description	Intent
Defining Levels of Service	<p>Council's principal statement that sets the level of service to be provided by the asset base informed by the Strategic Community Plan, external factors and internal capability analysis.</p>	<p>To identify the level of service that assets will provide to the community to drive asset use and management within the local government.</p> <p>To establish quality and cost standards to be delivered by assets.</p>
Linking to the Long Term Financial Plan	<p>The principal (10 year) financial expression of the activities that the local government plans to undertake over the medium to long term informed by the detail of the Asset Management Plans.</p>	<p>To inform long term cash flow predictions for the local government using asset maintenance, replacement and disposal costs based on local knowledge of assets and current levels of service.</p>
Governance and Management Arrangements	<p>The principal statement of roles, responsibilities and governance processes that links asset management with service delivery.</p>	<p>To identify key roles and responsibilities associated with the local government's asset management approach and to assign these to individuals/officers to undertake or manage.</p> <p>To implement high level audit/oversight and reporting mechanisms for Asset Management Plan development and service delivery.</p>

	Roles and Responsibilities	Timeframes and Review	Outputs and Interdependencies
	<p>Council</p> <ul style="list-style-type: none"> • Approves levels of service. <p>Local Government Administration</p> <ul style="list-style-type: none"> • Provides all relevant information to assist Council. • Revisits and renews defined service levels to align with reviews of the Strategic Community Plan and Asset Management Plans. • Submits reviews of defined service levels to the community aligning with reviews of the Strategic Community Plan. <p>Community</p> <ul style="list-style-type: none"> • Provides service requirements, expectations, and satisfaction levels as part of the local government's ongoing community engagement. 		<p>Outputs</p> <ul style="list-style-type: none"> • Service delivery needs. • Defined service levels. • Quality and cost standards for service delivery. • Service delivery review process. <p>Interdependencies</p> <ul style="list-style-type: none"> • Informing strategies (workforce, long term financial). • Strategic Community Plan. • Corporate Business Plan.
	<p>Administration</p> <ul style="list-style-type: none"> • Collects necessary data and completes Long Term Financial Plan. • Monitors and reviews Long Term Financial Plan and reports information to Council. <p>Council</p> <ul style="list-style-type: none"> • Approves the Long Term Financial Plan. 	Annually reviewed.	<p>Outputs</p> <p>Expenditure projections in both the relevant financial plans and Asset Management Strategy for:</p> <ul style="list-style-type: none"> • Operations. • Maintenance. • Capital renewal. • Capital upgrade/expansion. <p>Interdependencies</p> <ul style="list-style-type: none"> • Asset Management Plans. • Corporate Business Plan.
	<p>Administration</p> <ul style="list-style-type: none"> • Provides all relevant information to assist Council. • Implements governance and management arrangements. • Revisits and renews governance and management arrangements annually in consultation with Council . 	Annually reviewed with Council input where necessary.	<p>Outputs</p> <ul style="list-style-type: none"> • Asset management roles and responsibilities. • Asset management resourcing plan. • Audit plan. • Report to community. • Community engagement.

APPENDIX A – ASSET MANAGEMENT FRAMEWORK SUMMARY (con't)

Element	Description	Intent
Data and Information Systems	<p>The collection and management of asset management data by the local government.</p>	<p>To ensure that asset management performance is adequately quantified and measured over time, infrastructure gaps are identified and that minimum reporting requirements prescribed under the legislation are achieved.</p> <p>To ensure that adequate links are made between asset management systems and financial data systems particularly in relation to the recording and management of capital expenditure and allocations between maintenance, renewal and upgrade.</p>
Skills and Processes	<p>The principal statement of the local government's commitment to a 'whole-of-organisation' culture, focused on continuous improvement in asset management.</p>	<p>To implement a 'whole-of-organisation' perspective and to enable continuous improvement of asset management practices.</p> <p>To ensure that elected members and administration staff are provided with ongoing training programs on key asset management topics in partnership with appropriate peak bodies and agencies.</p> <p>To implement good practice processes to address key asset management issues such as improving condition assessments, valuation of assets and accounting treatment.</p>

	Roles and Responsibilities	Timeframes and Review	Outputs and Interdependencies
	<p>Administration</p> <ul style="list-style-type: none"> Identifies data and information management systems appropriate to local government needs. Implements data and information management system and associated processes to link asset management systems and financial data systems. Provides all relevant information to assist Council. 	<p>As required.</p> <p>Data management arrangements are revisited and renewed as required in consultation with Council.</p>	<p>Interdependencies</p> <ul style="list-style-type: none"> Financial planning information systems.
	<p>Council</p> <ul style="list-style-type: none"> Approves the 'whole-of-organisation' approach as part of the Asset Management Policy. Engages with training programs as required. <p>Administration</p> <ul style="list-style-type: none"> Identifies an improvement program and training appropriate to local government needs. Implements the continuous improvement program and associated processes. Provides all relevant information to assist Council. Regularly evaluates asset management improvement. Regularly revisits and renews continuous improvement program in consultation with Council. 	<p>Annually to determine progress and ongoing and future requirements with outcomes reported to Council and community.</p>	<p>Outputs</p> <ul style="list-style-type: none"> Asset management training program/schedule. 'Best practice' asset management processes and culture. <p>Interdependencies</p> <ul style="list-style-type: none"> Resource specific informing strategies (workforce, financial). Corporate Business Plan.

CONTACTS

For Further information on asset management contact:

Department of Local Government

GPO Box R1250, Perth, WA 6844

Telephone: (08) 9217 1500 ((08) 6552 1500 from 27 June 2011)

Fax: (08) 9217 1555 ((08) 6552 1555 from 27 June 2011)

Web: www.dlg.wa.gov.au

Institute of Public Works Engineering Australia (WA Branch)

PO Box 8463 Perth Business Centre WA 6849

Telephone: (08) 9427 0870

Fax: (08) 9427 0871

E-mail: wa@ipwea.org.au

Web: www.ipwea.org.au

Western Australian Local Government Association

Western Australian Local Government Association

15 Altona Street, West Perth WA 6005

PO Box 1544, West Perth WA 6872

Telephone: (08) 9321 5055

Fax: (08) 9322 2611

E-mail: info@walga.asn.au

Web: www.walga.asn.au

Local Government Managers Association (WA Division)

17 Wickham Street, East Perth, WA 6004

Telephone: (08) 9218 8141

Fax: (08) 9225 6927

E-mail: admin@lhma.org.au

Web: www.lhma.org.au

NOTES

NOTES



Government of **Western Australia**
Department of **Local Government**

Department of Local Government

GPO Box R1250
PERTH WA 6844

Telephone: (08) 9217 1500 *((08) 6552 1500 from 27 June 2011)*

Fax: (08) 9217 1555 *((08) 6552 1555 from 27 June 2011)*

Free call: 1800 620 511 *(Country Only)*

Email: info@dlg.wa.gov.au

Website: www.dlg.wa.gov.au