ASSET MANAGEMENT STRATEGY

SHIRE OF Quairading
Take a closer look

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SECTION 1: INTRODUCTION

The purpose of the Asset Management Strategy 2022–2032 is to establish the methodology for managing the Shire of Quairading's assets for the next decade including a series of recommendations. The primary goal of asset management is to provide the required level of service in the most cost-effective way through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets to provide for present and future generations.

1   ASSET MANAGEMENT 2022-2032

1.1   The International Infrastructure Management Manual 2015 (IIMM)

The International Infrastructure Management Manual 2015 (IIMM) defines an asset as an item, thing or entity that has potential or actual value to an organisation, and effective asset management provides better accountability, sustainability, risk management, service management and financial efficiency.

1.2   Asset Management Strategy 2022-2032

The Asset Management Strategy is an informing document within the Shire of Quairading's (Shire) Integrated Planning and Reporting Framework. It provides the framework from which to guide a whole of organisation approach to asset management and assists in the achievement of the Shire's strategic objectives contained the Shire's Strategic Community Plan 2021-2031 (Strategic Plan).

In developing this Asset Management Strategy, the Shire has used the IIMM as a guiding document. The Institute of Public Works Engineering Australia developed the IIMM. It shows infrastructure managers how to achieve the ISO Standards.[1]

To manage its infrastructure sustainably, the Shire must have a detailed understanding of its assets within the context of their projected financial, environmental and social impacts. This understanding will enable the Shire to make effective decisions to optimise the overall net benefit to the community.

The number and diversity of assets managed by the Shire is extensive (although not compared to larger Shires), with each asset experiencing a varying lifespan and components that deteriorate at different rates. The Shire of Quairading has made a significant investment in these assets over generations and will need to continue to invest to meet the changing needs of the community.

Balancing the expectations of the community poses a challenge to the Shire against a sustainable and affordable management model. This Asset Management Strategy aims to provide a framework from which to respond to this challenge, by building organisational capability in the following key areas:

1.2.1   Maintaining reliable asset data;

1.2.2   Developing appropriate asset systems;

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[1] International Standards ISO 55000 suite for Asset Management.

1.2.3   Implementing an effective asset management process; and

1.2.4   Developing people within asset management roles.

Improving these areas will support the Shire's journey to becoming a strategically focused asset manager, with a sustainable asset base that reflects the needs and objectives of its community.

The Shire divides current infrastructure assets into specific asset groups and maintains them in individual registers on the Shire's asset management system.

RECOMMENDATION 1

The Shire of Quairading's assets are to be maintained in the following groupings:

- Buildings
- Shire Infrastructure
- Drainage
- Land
- Natural Areas
- Off Street Carparks
- Parks Assets
- Parks Irrigation
- Path Networks
- Roads
- Waste Bins

SECTION 2: QUAIRADING 2021 - 2031

The Strategic Community Plan provides for a series of statements and priorities from the community related to infrastructure assets:

2   ALIGNMENT WITH STRATEGIC COMMUNITY PLAN

2.1   Vision

The community's vision is as follows:

Our Shire is a place of welcome for all, where we work together, with thriving industry creating jobs, a bright future for our young people, and a bustling town in a beautiful and productive rural setting.

2.2   Strategic Priorities

The community's strategic priorities in no specific order are:

Community

2.2.1   Work collaboratively with local and regional service providers to engage the community as active citizens.

2.2.2   Provide social and cultural activities for all members of the community.

2.2.3   Advocate for the provision of quality health services, health facilities and programs in the Shire.

2.2.4   Support local volunteer organisations through initiatives that reduce volunteer fatigue and strengthen their resilience.

2.2.5   Support emergency services planning, risk mitigation, response and recovery.

Economy

2.2.6   Promote the Economic and Business Growth Strategy for current businesses and the sustainable attraction of new industry (Small Business Friendly Local Government and Action Plan).

2.2.7   Build upon our "Take a Closer Look" brand with the development of an internal marketing strategy focusing on our community, events and facilities to increase our permanent and transient population.

2.2.8   Shire engages stakeholders and partners to help capture local economic development initiatives.

2.2.9   Encourage local workforce participation.

Built Environment

2.2.10   Safe, efficient and well-maintained road and footpath infrastructure.

2.2.11   Parks, gardens and social spaces are safe and encourage active, engaged and healthy lifestyles.

2.2.12   Improvements to building infrastructure including our sport and recreation facilities, residential and service delivery facilities following considered cost benefit analysis models and venue management plans.

Natural Environment

2.2.13   Maintain a high standard of environmental health services.

2.2.14   Conservation of our natural environment.

2.2.15   Demonstrate sustainable practices of water, energy and waste management.

Governance & Leadership

2.2.16   Shire communication is consistent, engaging and responsive.

2.2.17   Forward planning and implementation of plans to determine Strategic Plan and service levels.

2.2.18   Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community.

2.2.19   Implement systems and processes that meet legislative and audit obligations.

2.3   Challenges

The challenges identified by the community are:

Community

2.3.1   Employment opportunities and diversity.

2.3.2   Quality public and private accommodation.

2.3.3   Attraction and retention of resident population.

2.3.4   Volunteer fatigue.

Economy

2.3.5   Low cost, reliable power sources.

2.3.6   Telecommunication reliability and coverage.

2.3.7   Proximity to regional centres.

2.3.8   Ageing water infrastructure.

2.3.9   Education opportunities.

Leadership

2.3.10   Managing community expectations of Council

2.3.11   Councillor and staff succession and renewal

2.3.12   Staff attraction and retention

2.3.13   Compliance

2.3.14   Access to funding to achieve community aspirations

2.3.15   Aging workforce

RECOMMENDATION 2

The Asset Management Strategy 2022-2032 will respond to the community's vision and strategic priorities established in the Quairading Strategic Community Plan 2021-2031.

3   INFRASTRUCTURE

The Shire's asset register divided the infrastructure assets into the following asset groups:

3.1   Buildings

The Shires building assets include a mixture of administrical, recreational, cultural, housing and public amenities. Table 1 outlines the Building groups:

Table 1: Building assets

Building Group	Value
Buildings – Non-Specialised (Housing)	$2,299,051.60
Buildings – Specialised	$12,860,285.16
TOTAL VALUE	**$15,159,336.76**

3.2   Shire Infrastructure

The Shires infrastructure consists of roads (sealed & unsealed), bridges & culverts, footpaths, carparks and street furniture. Table 2 outlines the Infrastructure groups:

Table 2: Infrastructure assets

Infrastructure Group	Value
Infrastructure Roads	$72,107,173.34
Infrastructure Bridge Work	$9,181,436.14
Infrastructure Footpaths	$469,137.04
Infrastructure Other	$4,904,371.01
TOTAL VALUE	**$86,662,117.53**

3.3   Land

The shires land holding consists of parcels of freehold land and land held for resale. Table 3 outlines the subcategories:

Table 3: Land Tenure

Land Tenure	Value
Land - Freehold	$1,295,370.00
Land Held for Resale	$476,000.00
TOTAL VALUE [9]	**$1.771,370.00**

3.4 Plant & Equipment

The shire maintains a fleet of plant, equipment and light vehicles. Table 4 outlines the Plant and Equipment Group:

Table 4: Plant & Equipment

Plant Description	Value
Plant	$3,975,162.50
Equipment	$10,658.93
Light Vehicles	$381,012.02
TOTAL VALUE [11]	**$4,366,833.45**

RECOMMENDATION 3

The Shire of Quairading's Executive Manager, Corporate Services, will provide an annual valuation of the Shire's assets. This valuation will be utilised in determining the "Fair Value" of the Shire's assets as per the Australian Accounting Standards.

4   APPLICABLE LEGISLATION

4.1   Local Government Act 1995

All local governments are currently required to produce a plan for the future under s5.56(1) of the Act. Regulations have been made under s5.56(2) of the Act to briefly outline the minimum requirements to achieve this.

4.2   Local Government (Administration) Regulations 1996 (Regulations)

Sections 19C and 19DA of the Regulations require local governments to develop a Strategic Community Plan and a Corporate Business Plan.

The Corporate Business Plan is to develop and integrate matters relating to resources, including asset management.

4.3   Western Australia Local Government Integrated Planning and Reporting Framework

To guide and assist local governments in the development of these plans the Department of Local Government, Sport and Cultural Industries (DLSCI) has developed the Western Australia Local Government Integrated Planning and Reporting Framework.

Diagram 1 represents the Integrated Planning and Reporting Framework.

The purpose of the framework is to ensure that the Council's decisions consider the community's aspirations and deliver the best results possible with the available resources.

RECOMMENDATION 4

The Asset Management Strategy 2022 – 2032 will comply with the respective legislation.

Diagram 1. Shire of Quairading Integrated Planning & Reporting Framework

Our Vision 2032

10 Year, Strategic Community Plan – Quairading 2028

4 Year Corporate Business Plan

Annual Budget

Measuring Success

Reporting to Council and Community

Management Plans & Strategies

- Local Strategic Planning
- Waste Minimisation
- Natural Areas
- Enviro-scape Master Plans for Parks
- Service Delivery
- Community health and wellbeing (Public Health, Seniors, Early Years, Childcare)
- Street Trees
- Transport (parking, bike riding, roads etc.)
- Community Engagement
- Communications
- Disability Access and

Financial Planning

Asset Management Planning

Workforce Planning

Five-Year Capital Works Program

Digital Strategy

NOTE 1
- S5.56 the Act requires local government to plan for the future
- Reg19C Local Government (Administration) Regulations 1996 requires a Strategic Community Plan to be for at least 10 years. Set out the Vision, Aspirations and Objectives of the community
- Reg19C must be reviewed at least every 4 years
- Reg19C must consider the current and future resources, KPIs and demographic trends and have absolute majority of Council to approve the plan
- S19BA identifies planning for the future: Strategic Community Plan and the Corporate Business Plan

NOTE 2 – Corporate Business Plan
S19DA Local Government Administration Regulations
- Must be at least four years
- Be reflective of the strategic community plan
- Govern the internal business planning
- Sets out internal priorities
- Be reflective of current and future resources, asset management, workfo planning, long-term financial planning
- Be reviewed every year
- Absolute majority of Council to approve the plan
- Identifies the annual priorities over four years

5   ASSET MANAGEMENT FRAMEWORK

5.1   The Framework

The DLSCI has developed a framework for asset management that all local governments are required to follow. The Shire of Quairading is required to:

5.1.1   Develop an Asset Management Policy;

5.1.2   Develop an Asset Management Strategy, which includes:

5.1.2.1   Asset Management Plans linked to the Long-Term Financial Plan

5.1.2.2   Defined levels of service and affordability

5.1.2.3   Governance and management arrangements

5.1.2.4   Data and systems to support asset management

5.1.2.5   Improvement of skills and processes

5.1.3   Develop a Process for evaluating Asset Management Plans, processes and asset sustainability; and

5.1.4   Link asset management to the Annual Report.

5.2   Asset Management Policy

The objective of the Asset Management Policy is to set the broad framework for decision-making by Council in undertaking asset management in a structured, coordinated and organised approach. The context of the policy is as follows:

As Council is the custodian of the Shire's assets, it will ensure:

- All legal obligations of the Council are met;
- Representation of the community as asset owners; and
- Management of assets in a sustainable and equiTable manner.

Administration will provide accurate, well-founded technical and professional asset management advice to enable elected members to make informed decisions on behalf of the community they represent.

Asset management in the Shire of Quairading is the utilisation of best practise within available resources, maintaining all assets in a safe and functional condition and replacing them according to adopted strategies and plans.

Asset management involves Council, Administration and the community; from those that plan services, provide services and manage assets to those who use the assets. Council will use integrated

decision-making to consider the built, social, economic and natural impacts of asset provision and maintenance through the asset management lifecycle.

The primary goal of asset management is to provide the required level of service in the most cost-effective way through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets to provide for present and future generations.

Asset management is a key objective in the Shire's ten year Strategic Community Plan and Corporate Business Plan. The Shire will incorporate the Asset Management Plan into the long-term financial planning and management plans. The Shire's strategic financial planning will ensure that:

- Sufficient funds are allocated as a priority each year for operations, maintenance and refurbishment or replacement of existing assets; and
- The Shire identifies and allocates additional funds for new or upgraded assets.

Long-term financial models will be prepared which identify the whole of life costs for all Shire infrastructure assets. Where appropriate this should include performance modelling of assets based on different funding scenarios.

Investments in new infrastructure creation shall consider whole-of-life costs of the asset assessing benefit/cost ratios, net present values and the environmental and social benefits of investment.

Read the Asset Management Policy in conjunction with the ten year Strategic Community Plan, four year Corporate Business Plan and various strategic documents, including but not limited to:

- Asset Management Strategy;
- Asset Management Plans;
- Forward Financial Plans; and
- Disability Access and Inclusion Plan.

RECOMMENDATION 5

The Asset Management Strategy 2022 – 2032 and individual Asset Management Plans will comply with the Council's Asset Management Policy.

6   THE STRUCTURE

6.1   Guiding Documentation

In developing the asset management systems, the Shire has complied with the following documentation:

6.1.1   International Infrastructure Management Manual 2015 edition (IIMM). The IIMM provides the "How to do it" in terms of applying the standards for infrastructure asset management.

6.1.2   Australian Infrastructure Financial Management Manual 2015 edition (AIFMM). The AIFMM is all about getting asset and financial professionals, all speaking a common language and taking a common approach. Financial management for long life infrastructure assets is about achieving the right balance between cost, risk and performance of assets in the provision of services required by the community.

6.2   Asset Management Information System

The Shire hosts the Infrastructure Asset Register and Asbestos Register on the Shire's own servers.

6.3   Data Confidence Levels

In order to prepare detailed infrastructure asset management plans for its major asset classes, the Shire will continually improve the quality of data.

The grades of confidence are included in Table 13 and applied to the current state of asset data in Table 14.

Table 13: Confidence Grade

Confidence Grade	General Meaning
A	Highly reliable. Data based on sound records, investigations, analysis, audits and register maintenance.
B	Reliable. Data based on sound records, investigations, analysis, documented properly but has minor shortcomings (e.g. The data is old, some is missing, some reliant on more auditing).
C	Uncertain. Data based on sound records, investigations, analysis and records which are incomplete or extrapolated from a limited source with known missing data.
D	Very uncertain. Data based on unconfirmed verbal reports or estimates/guesses.

Table 14: Asset Register

Asset Register	Confidence Grade	Justification
Buildings	B	The register captures all the buildings. The structure of the

Asset Register	Confidence Grade	Justification
		components needs refining for future revaluations. Buildings Asset Management Plan to be developed.
Shire Infrastructure	B	When new assets are added or removed data is updated and accurate w (as per the acquisition/disposal process).
Drainage	C	Most data capture is sound however, some areas of drainage infrastructure are incomplete with further inspections required to verify data. Large sections of underground pipe network not video inspected or confirmed leading to "assumed" asset locations. Asset acquisition and disposal process has been implemented. Drainage Asset Management Plan to be developed.
Land	C	Data in relation to the Shire's land tenure has a stable foundation but we are still investigating legacy issues. Land Asset Management Plan to be developed.
Natural Areas	B	Data is sound. Natural Areas Asset Management Plan to be developed.
Off Street Car Parks	B	Data is sound, acquisition/disposal process in place ensuring data accuracy. Off Street Car Parks Asset Management Plan to be developed.
Park Assets	B	Data is sound.
Park Irrigation	C	Data is sound.
Path Network	A	Data is sound.
Roads	C	Roads Data is currently out of date and being updated. Historical data is lacking. Roads Asset Management Plan to be developed.
Street Lights		Data is sound. Street Light Asset Management Plan to be developed.
Waste Bins	C	Data on municipal bins is sound. No data recorded for residential and commercial bins.

The building of the asset register in the Asset Management Excel database is now complete. The database is now in a maintenance regime of data plus audit and investigation program. The audits and investigations will be determined in each of the individual Asset Management Plans.

6.4 Asset Management Plans

An Asset Management Plan is a written representation of intended asset management programs for the management of infrastructure assets based on service level requirements and the capacity of the Shire to meet those requirements.

The Shire will develop and publish an individual plan for each of the infrastructure asset groups in accordance with Table 15.

Table 15: Asset Group

Asset Group	Asset Management Plan Timetable
Buildings	September 2022
Shire Infrastructure	September 2022
Drainage	December 2022
Land	December 2022
Natural Areas	December 2022
Off Street Car Parks	December 2022
Park Assets	December 2022
Park Irrigation	December 2022
Path Network	September 2022
Roads	September 2022
Street Lights	September 2022
Waste Bins	September 2022

RECOMMENDATION 6

The management of assets in the Shire of Quairading will be in accordance with the direction provided in the Asset Management Strategy 2022 – 2032 and supporting asset management plans.

6.5 Capital Works Program

The Shire has developed and rolling five-year capital works program (5YCWP) for all infrastructure assets. The prioritisation is in Table 16.

Table 16: Asset Register

Asset Group	Prioritisations
Buildings	Organisational needs, safety, level of service and age/condition profile from predictive modelling.
Shire Infrastructure	Safety, level of service and age/condition profile from predictive modelling.
Drainage	System to handle 1 in 100 storm and age/condition profile from predictive modelling.
Land	Organisational needs.
Natural Areas	Environmental management planning, age/condition profile from predictive modelling.
Off Street Car Parks	Safety, level of service and age/condition profile from predictive modelling.
Park Assets	Environmental management planning, age/condition profile from predictive modelling and safety and level of service.

Park Irrigation	Environmental management planning, age/condition profile from predictive modelling.
Path Network	Accessibility, age/condition profile from predictive modelling, closing network gaps, safety and the replacement of all slab paths and level of service.
Roads	Roads to have a condition index of average or higher. Traffic counts and level of service.
Street Lights	Community needs, safety, level of service and age/condition profile from predictive modelling.
Waste Bins	Level of service and age/condition profile from predictive modelling.

RECOMMENDATION 7

The Executive Manager, Works & Services will roll out predictive modelling capabilities during the development of each of the individual Asset Management Plan's. This will commence with the adoption of the Paths Network. This predictive modelling will provide future costings that will be a tool used to perform in the Long-Term Financial Plan.

6.6 Asset Management Definitions

The definitions listed in Table 17 are in accordance with the IIMM.

Table 17: Asset Management Definitions

Glossary	Definition
Asset	An item, thing or entity that has potential or actual value to an organisation and the community (such as plant, machinery, buildings, etc.).
Asset Management	The systematic and coordinated activities and practices of an organisation to deliver sustainable and quality assets through the cost-effective lifecycle management of these assets.
Asset Management Framework	The overarching asset management hierarchy including the Asset Management Policy, Objectives, Strategy and the Asset Management Plan.
Asset Management Information System (AMIS)	A combination of processes, data, software, and hardware applied to provide the essential outputs for effective asset management.
Asset Management Plan	Documented information that specifies the activities, resources and timescales required for an individual asset or a grouping of assets, to achieve the organisation's asset management objectives.
Asset Management Policy	The asset management processes and techniques that an organisation undertakes, as outlined in the Asset Management Policy, such as demand forecasting, developing and monitoring levels of service, risk management.
Asset Management Strategy	ISO 55000 definition: Documented information that specifies how the organisational objectives are to be converted into asset management objectives, the approach for developing Asset Management Plans,, and

Glossary	Definition
	the role of the asset management system in supporting achievement of the asset management objectives.
Asset Management System	A set of interrelated or interacting elements of an organisation (including the Asset Management Policy, asset management objectives, Asset Management Strategy, Asset Management Plans) and the processes to achieve these objectives.
Asset Register	A record of asset information, typically held in a spreadsheet, database or software system, including asset attribute data such as quantity, type and construction cost.
Condition	The physical state of the asset.
Condition Assessment	The inspection, assessment, measurement and interpretation of the resultant data, to indicate the condition of a specific component to determine the need for some preventive or remedial action. Referred to in this document as audit and auditing.
Disposal	Actions necessary to decommission and dispose of assets that are no longer required.
ISO 55000	ISO 55000 is suite of international standards covering management of assets of any kind.
Level of Service	The parameters or combination of parameters that reflect social, political, economic and environmental outcomes that the organisation delivers. Levels of service statements describe the outputs or objectives an organisation or activity intends to deliver to customers.
New Asset	Is an asset that is constructed or obtained to provide a level of service where no other asset previously existed.
Predictive Models	Typically use condition and performance deterioration curves to project the lifecycle costs of each asset for different maintenance or renewal strategies and identify the optimal treatment strategy
Renewal	Works to replace existing assets or facilities with assets or 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.
Strategic Plan	A plan containing the long-term goals and strategies of an organisation. Strategic plans have a strong external focus, cover major portions of the organisation and identify major targets, actions and resource allocations relating to the long-term survival, value and growth of the organisation.
Upgrade	Is to replace an existing asset with enhanced capability or function where an option existed for replacement without the enhanced capability or functionality.