

Asset Management Strategy

2024 - 2030

DOCUMENT CONTROL

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R2	08/09/2020	2018 Asset Management Strategy Interim Revised Timeframe	TRIM 16/279441[v2]
R4	2023/2024	2024 Asset Management Strategy Review, Update and Revised Timeframe DRAFT VERSION	TRIM 16/279441[v3]
R6	13/03/2024	2024-30 Asset Management Strategy Endorsed by ELM	TRIM 16/279441[v3]

REVIEW OF STRATEGY

This Asset Management Strategy effective from 2024 to 2030 represents the second iteration of the Asset Management Strategy (2018-2024). Some of the actions proposed in the 2018 Strategy have been implemented with some actions being progressed.

The timeframes for the actions proposed in the 2018 Strategy were ambitious and were highly dependent upon having adequate capacity and capability being available within the organisation. The progress of actions was hampered by tight financial budgets from 2018 to 2023, compounded by challenges associated with a pandemic, high inflationary costs and high workforce turnovers during the period.

The actions proposed within the previous strategy remain relevant and will continue to be progressed as part of this revised Asset Management Strategy (2024-2030). This strategy will be supported by a corresponding Asset Management Implementation Plan (2024-2030).

DOCUMENT APPROVALS

APPROVER	DATE OF ISSUE
Director Assets	
Asset Management Steering Group	
Executive Leadership Team	

TABLE OF CONTENTS

1	Executive Summary	4
2	Introduction	6
3	Asset Management Framework and Context	8
3.1	Legislation and Integrated Planning Framework	8
3.2	Corporate Governance and Asset Management Framework	9
3.2.1	Asset Management Policy (AM Policy)	9
3.2.2	Asset Management Strategy (AM Strategy) & AM Implementation Plan	10
3.2.3	Asset Management Plans (AMPs)	10
3.2.4	Operational Planning and Control	10
3.2.5	Asset Performance Evaluation and Reporting	11
3.3	Asset Management Standards	11
3.4	Assets Classes and Services they provide	11
3.5	Current Asset Portfolio	13
4	Challenges and Opportunities	15
4.1	Leadership Approach	15
4.1.1	Governance Structure for AM	15
4.2	Current AM System and performance against the 2018 AM Strategy	15
4.2.1	Asset Management System Maturity and alignment with ISO 55001	16
4.3	Asset Portfolio Performance	18
5	Strategic Focus and Actions	20
5.1	Context of the Organization and Leadership	21
5.2	Planning - Standards, AMPs/ACPs, Levels of Service and Risk Management	21
5.3	Support - AMIS, Asset Data Management, AM Decision Support Tools, Skills and Resourcing	22
5.4	Operation – Processes and Procedures	22
5.5	Performance Evaluation and Continuous Improvement	22
6	Monitoring, Review and Continuous Improvement	24
7	Relevant Policies and References	25
7.1	Key Policies and Plans / Management Procedures and Documents	25
7.2	References	25
8	Glossary of Terms and Abbreviations	26
8.1	Definitions	26
8.2	Abbreviations	27

1 Executive Summary

The City relies heavily on assets to deliver its services to the community. It is therefore critical that the provision and management of City's assets is effective and sustainable to meet current and future community needs. Implementing sound Asset Management (AM) practices will also encourage better decision making on services and assets to optimise return on investment.

This Asset Management Strategy (AM Strategy) outlines the City's implementation and integration of best practice AM principles to align its substantial asset base with corporate priorities and objectives. Relying heavily on assets to deliver its services to the Community will be achieved by ensuring that assets are of appropriate quality, are fit for purpose and long lasting, managing these effectively over their complete lifecycle. The practice of good asset management principles is what the City needs in order to deliver its desire to balance the provision of new services and assets to meet growth demands while maintaining and optimising the use of its existing asset portfolio.

As a result of continued high growth within the City, there is the corresponding increase in community demand for new infrastructure and services. There is also increasing legislative requirements for local governments to demonstrate how services will continue to be delivered to the community in a financially sustainable manner. Balancing this demand across a wide geographical area of varied development maturity is increasingly challenging.

The estimated total replacement cost of the City's depreciable asset base, as at 30 June 2024, is in excess of \$2.3Bn with a fair value of \$1.7Bn across a wide range of asset classes in both the built and natural environments. The replacement value of this depreciable asset portfolio is expected to grow and surpass \$3.0Bn by 2035. Holding stewardship of an asset portfolio of this magnitude and complexity, brings with it considerable responsibility and associated risks.

Whilst in the short term, the current asset performance measures and observed asset management practices are considered adequate to service the City's current needs, projected growth and predicted asset performance results highlight a greater risk to City operations in the future. Under the principal guidance of the Asset Management Policy, this AM Strategy aims to align the City's asset management approach and activities to meet its common goals set out in the Strategic Community Plan (SCP) and Corporate Business Plan (CBP).

Proactively seeking continual improvement of our asset management capabilities and practices will enable the City to continue to make informed decisions ensuring sustainable outcomes now and into the future. The high level strategic actions and outcomes detailed in this AM Strategy therefore seeks to deliver:

- alignment of the asset management objectives to the corporate goals and objectives,
- better integration of asset management, financial management and the Long Term Financial Plan (LTFP),
- more effective asset management processes, accountability and governance for assets;
- a greater commitment at senior leadership level;
- the acquisition and implementation of a dedicated corporate Asset Management Information System (AMIS);
- a consistent City wide asset management culture;
- a City AM System that is aligned to industry best practice; and,
- Asset Management and Operational Plans that optimise performance of assets at a level of service and risk the community is willing to support and meet corporate and organisational objectives.

The City's current level of AM practice generally follow elements of IPWEA's, 'International Infrastructure Management Manual (IIMM)'. In parallel to the IIMM, this AM Strategy seeks to continuously improve its AM practices throughout the organisation in alignment with the Integrated Planning Framework (IPF) and AS/ISO 55001 AM System Standards.

It is also recognised that asset management is a corporate whole of organisation responsibility and achieving the objectives of this plan is a long term journey of improvements. The City does not intend to seek accreditation to the ISO Standard at this stage but to utilise the standards as a starting point for improvements to be identified. This AM Strategy represents the first iteration to achieve basic alignment to ISO 55001 by 2028 with future iterations aiming to achieve core alignment by 2030.

2 Introduction

The City of Wanneroo is a rapidly expanding outer metropolitan local government on the northern fringe of the Perth Metropolitan Area. The City covers a substantial geographical area of 687 km² over 36 suburbs, has 32 kilometres of coastline and is relatively diverse in terms of its land use and economic base. It features a mixture of residential, industrial and commercial activities including horticulture, some broad hectare agriculture, quarrying and natural heritage areas, as well as semi-rural and rural-residential living.

The City provides a variety of services to its growing community over a large geographical area. The majority of the services are provided through physical assets, in particular infrastructure assets, such as buildings, roads and open spaces. Infrastructure assets are high cost items, high in number and spread across a wide area of the municipality. These assets are expensive to build and maintain. This class of assets generally have long lifespans ranging from 5 to 100 years. In comparison, Information Technology (IT) assets and, Plant and Equipment are less expensive to procure, much smaller in number, generally located locally and have shorter lifespans ranging from 1 to 10 years. These are much less expensive to maintain and replace. Budgeting for the maintenance and renewal for these assets is also much more predictable and definitive as compared to infrastructure assets. Due to the number, complexity and high cost of infrastructure, predicting its maintenance and long term renewal requirement is more complicated and requires a much higher degree of planning, engagement and management.

The estimated total replacement cost of the City's depreciable asset base is in excess of \$2.3Bn with a fair value of \$1.7Bn across a wide range of asset classes. Infrastructure assets make up 94% of the City's asset base. Land make up 4.5% with Information Technology (IT), and Plant and Equipment assets make up the remaining 1.5%. This replacement cost of this asset base portfolio is expected to grow and surpass \$3.0Bn by 2035.

In addition to the current asset stock, new assets are acquired by any of the following acquisition processes:

- Procurement /outright purchase;
- Construction, installation funded through the City's Work Programs;
- Constructed assets acquired / inherited from developers as part of subdivisions; or,
- Constructed assets gifted/handed over from state government entities.

Assets are fundamental to the City's overall service delivery and holding stewardship of an asset portfolio of this magnitude and complexity, brings with it considerable responsibility and associated risks. They require strong and informed Council and Executive oversight in order to achieve and maintain sustainable asset performance outcomes for the community now and into the future. Financial planning for the ongoing maintenance and operating effort of assets over their life cycle is therefore required to ensure that they continue to sustainably provide the intended services at the agreed levels of service.

The Challenges and Opportunities

The increasing challenges the City faces include:-

- continued growth and managing the corresponding rate of acquired assets received from land development;
- increasing community demands for new infrastructure and services across a wide geographical area of varied development maturity;
- ongoing need to maintain and/or upgrade existing assets to support services;
- financial planning to ensure intergenerational equity and equity across the City's wide geographical area;
- need to consider creative solutions to meet the increasing diverse nature of the City's community;
- climate change considerations;

- pressures to renew /upgrade costly infrastructure, before reaching end of life, due to new design standards and technological advancements;
- limited funds to meet current and ongoing asset management and community needs; and,
- increasing legislative requirements for the local governments to demonstrate how services will continue to be delivered to the community in a financially and sustainable manner.

The practice of Asset Management is what is needed to ensure sustainable outcomes now and into the future. The integration of decision making across the organisation is one of the key principles of good asset management. The City currently develops a 20 year LTFP to enable a longer term view of its financial position. Effective integration between AM Planning and the LTFP, coupled with prudent decision making on budgets, is therefore critical to the long term performance and sustainability of assets.

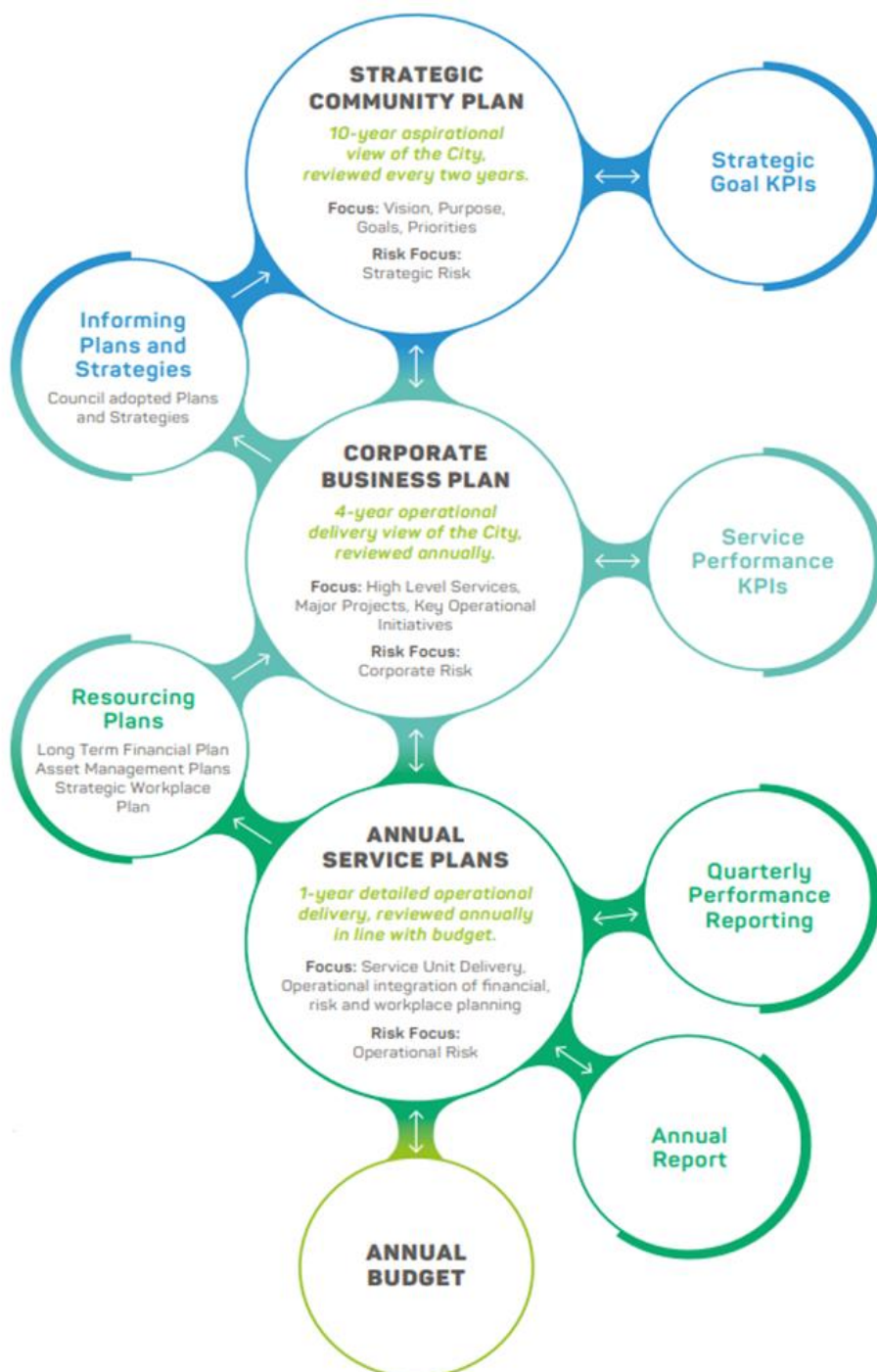
In conjunction with other Informing Strategies and Plans such as, the Workforce Plan and LTFP, this AM Strategy guides and informs the CBP in meeting the City's strategic goals within the IPF approach.

3 Asset Management Framework and Context

3.1 Legislation and Integrated Planning Framework

The delivery of City services to the Community are guided by plans, policies and strategies. These also drive the City's approach to asset management with local governments required to produce a 'plan for the future' under S5.56 (1) of the Local Government Act 1995. Regulations have been made under S5.56 (2) of the Act to briefly outline the minimum requirements to achieve this. The former WA Department of Local Government and Communities (now the Department of Local Government, Sport and Cultural Industries – DLGSCI) developed the Integrated Planning and Reporting Framework (IPRF), and Guidelines to assist Local Governments to satisfy this requirement.

The IPRF is designed to enable local governments to establish local priorities and to link this information to operational functions. In accordance with the DLGSCI requirements under the IPRF, the City's IPRF approach is as shown in the diagram below.



The City's IPRF approach comprises;

- the 10-year Strategic Plan (SCP) representing the Community's Long-Term aspirations,
- the rolling 4-year Corporate Business Plan (CBP), and
- the Annual Service Plans

This AM Strategy, together with other Informing Strategies and Resourcing Plans such as, the Workforce Plan and the 20 year LTFP, guides and informs the CBP in meeting the City's strategic goals within the IPRF approach.

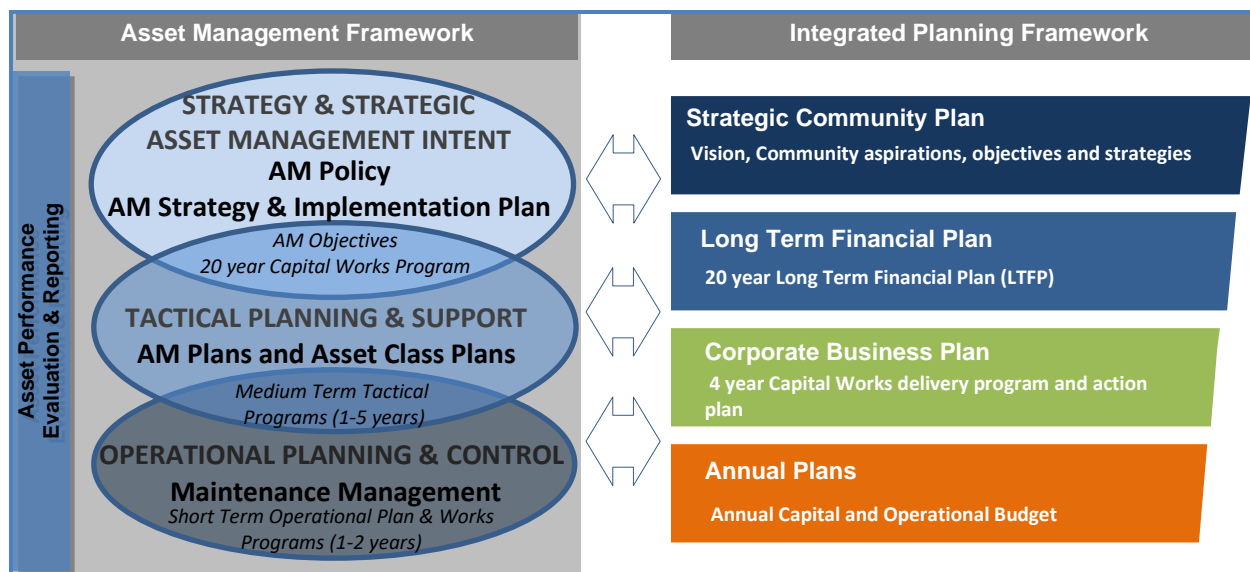
Asset Management (AM) forms an important part of the IPRF. The link between AM and long-term strategic and financial planning will be important to ensure that appropriate level of funds and resources are available to provide for financial sustainability for the City into the future.

3.2 Corporate Governance and Asset Management Framework

The City's Asset Management Framework (AM Framework), aligned with the AM Policy supports and informs the IPRF from an asset management perspective as demonstrated in Figure 1. The AM Framework consists of the following elements:

- Asset Management Policy (AM Policy);
- Asset Management Strategy (AM Strategy – this document);
- Asset Management Plans (AMP) for major asset classes and major facilities;
- Operational Planning and Control; and,
- Asset Performance Evaluation and Reporting.

Figure 1: Alignment of the AM Framework to the Integrated Planning Framework



Each element of the AM Framework is briefly described below:

3.2.1 Asset Management Policy (AM Policy)

The AM Policy defines the key principles and requirements which the City will apply to its planning and management, including long term financial sustainability, of assets to ensure that these are effective and safe to meet the needs of its community, customers and stakeholders. The policy sets out the City's commitments and expectations for decisions, activities and behaviour concerning asset management and ensures their alignment with the corporate vision and objectives.

3.2.2 Asset Management Strategy (AM Strategy) & AM Implementation Plan

The AM Strategy adds detail to the AM Policy, focusing on what the City plans to do to build its AM capability and capacity necessary to sustainably meet the challenges into the future. The AM Strategy sets out the high level AM objectives and outcomes to ensure that AM practises and the management of its assets is consistent with the AM Policy and are aligned to the SCP and CBP objectives. It also ensures that improvements also meet the requirements of the IPF and are in alignment with ISO 55001 asset management system standards.

Supporting the AM Strategy is the AM Implementation Plan which details the planned actions to improve AM practises in line with the objectives and intent of the AM Strategy including timeframes for achieving them.

3.2.3 Asset Management Plans (AMPs)

AMPs represent the tactical planning component of the AM Framework and define the levels of service and tactical requirements for the various classes of assets. They also highlight the processes used to manage the associated assets that services rely on and consider how current and future services to the community will be sustainably provided at the most appropriate standard, time, place and cost. These documents provide the basis for future development and improvements to the management of assets. These are complex challenges, not least of which will be how the City will balance investment in new assets with the need to maintain the efficient and effective provision of community services from the existing asset base.

The City has developed AMPs for its major asset classes such as transport infrastructure, stormwater drainage, parks, natural areas and building assets. These AMPs consider groups of assets within a specific class of asset as opposed to a specific asset type. Work is continuing to ensure that AMPs are developed for all remaining major asset classes, such as coastal protection infrastructure. The need to establish AMPs for the remaining asset classes such as IT assets and Plant & Equipment will be considered following the development of the AMPs for Infrastructure.

AMPs for individual major critical assets, also referred to as Facility Management Plans (FMPs), will be developed for major facilities such as Aquamotion, Civic Centre building and the Wanneroo Library and Cultural Centre. The FMPs for these significant facilities will detail the management and maintenance requirements for these facilities and their associated assets to ensure they continue to deliver the intended services in a sustainable manner.

The City develops its 20 year long term Capital Works Program and annual operational plans as part of the annual budgeting cycle and in turn informs the LTFP. To improve its decision making processes and methodologies in the prioritisation of Capital projects, improvements will be progressed to address this issue through the City's Project Management framework and associated initiatives.

The 20 year long term Capital Works Program will be informed by AMPs and Operational Plans. Optimised decision making techniques and risk management supported by reliable data will be key considerations in the development of the above plans, balancing cost of maintenance and renewal, levels of service and risk.

3.2.4 Operational Planning and Control

Operational Plans are specific plans for day-to-day activities and processes that support and enable the AMPs to be achieved in line with this AM Strategy and AM Policy.

Operational Plans for the maintenance of assets are referred to as Maintenance Management Plans (MMP) and these determine what is planned in order to maintain and operate assets at the agreed levels of service while optimising lifecycle costs. These plans define the lifecycle activities and processes that are required on a day to day, periodical or annual basis to ensure the safe and intended function of the assets is maintained.

Work will progress in this area to formally document MMPs for the various major asset classes and will progressively be completed as part of actions detailed in the AM Implementation Plan.

3.2.5 Asset Performance Evaluation and Reporting

A major component of the AM Framework is the evaluation mechanism that will measure the effectiveness of the AM actions against their targets and outcomes. This process will assist in the identification of challenges and opportunities for continuous improvement. The requirement of such a reporting mechanism has yet to be developed.

The preparation of an Asset Evaluation Performance Summary (AEPS) document/report will form part of the AM Implementation Plan actions which will include the following:-

- DLGSCI Key Performance Indicators (KPIs) in the form of Asset Ratios (*Asset Consumption Ratio, Asset Sustainability Ratio and Asset Renewal Funding Ratio*);
- Summary of asset data and asset performance for all asset classes to enable Council and Executives to make informed decisions on the allocation of resources required to satisfy service delivery needs;
- Provide guidance on the 20 year long-term allocation of financial and physical resources required to ensure the continuing operational performance of City assets;
- Reports on the progress and outcomes of the improvement actions identified in this AM Strategy and AM Implementation Plan;
- Summarises the improvement plans highlighted in each of the individual AMPs; and,
- Identification of challenges and opportunities for future improvements.

3.3 Asset Management Standards

The standards of practice that will form the basis of asset management improvements within the City will be developed in line with the following guiding documents and standards:

- City's AM Policy;
- The Western Australian DLGSCI, "Integrated Planning and Reporting Framework and Guidelines";
- The AS/ISO55000 series of AM and AM System Standards;
- The City's Business Excellence Framework approach;
- The International Infrastructure Management Manual (IIMM) 2020, IPWEA; and,
- The National Asset Management Strategy of Australia (NAMS.AU).

3.4 Assets Classes and Services they provide

This AM Strategy applies to the following assets necessary for the provision of services to the community and stakeholders.

Table 1: Summary of the City's various Asset Classes and the corresponding services they provide.

Asset Class	Assets included in the Asset Class	Services
Land	Freehold, crown, investment, leased land.	Management of Crown Land for public use. Future return on investment and opportunities on freehold land. Land leased to commercial entities or community groups.

Asset Class	Assets included in the Asset Class	Services
Buildings and Building Facilities	Council administration buildings and depot buildings, workshops, animal shelters, aquatic centres, leisure centres, community and recreation centres, multi-purpose community facilities, libraries, museums, public toilets, halls, heritage listed buildings, amenity and storage buildings.	Providing building infrastructure for use by corporate, community, office space, community groups, sports clubs, aged and youth groups etc.
Infrastructure	<p>Transport : roads, carpark, pathways, kerbs, bridges, bus shelters, roadside furniture, signage, street lighting, traffic management devices, streetscapes, bridges.</p> <p>Stormwater Drainage: stormwater drains, pits and pipe network , flood mitigation systems, gross pollutant traps, drainage sumps and outlets, underground infiltration chambers.</p> <p>Coastal Areas : groynes, breakwater, swimming enclosures, sea walls, coastal protection infrastructure.</p> <p>Natural Areas : conservation and foreshore area fencing, signage, beach access ways, limestone tracks, heritage trails</p> <p>Parks, Reserves and streetscapes : parks, reserves and gardens, sports ovals, play equipment, irrigation systems, wheeled sports facilities, tennis courts, golf courses, park furniture, sports field lighting, landscaping, boardwalks, trees, retaining walls.</p>	<p>Providing for transport routes and access for industry, commerce, recreation, residential, cyclist and pedestrians.</p> <p>Control of stormwater runoff within the built environment to maintain safety for community and road users.</p> <p>Provision and protection of coastal amenities</p> <p>Controlled access to conservation and foreshore reserves for community recreation and enjoyment. Protection and preservation of natural areas.</p> <p>Providing for green spaces, healthy environment and community active sports and recreational usage, drainage facility and civic purposes.</p>
Information Technology (IT)	Hardware (including computers, monitors, servers, network hubs), software (including all operating software, corporate software systems), communications systems, CCTV cameras and systems, etc.	Digital records and data distribution, storage and management; online services, technology enhancements, telecommunications, mobile technology, security.
Plant, Equipment, furniture and fittings.	<p>Plant and Equipment : Corporate fleet vehicles, servicing vehicles, rubbish collection vehicles, ranger vehicles, construction and maintenance plant and vehicles.</p> <p>Furniture, fixtures and fittings, library book collections, museum and art collections.</p>	<p>Plant and Equipment used for road construction and maintenance, waste collection and management.</p> <p>Furniture, furniture and fittings for office space environment. Collections for libraries and museum art displays.</p>

3.5 Current Asset Portfolio

The largest component of assets by far is the City's buildings and infrastructure asset class which has an estimated replacement value of over \$2.3Bn. The data provided in this strategy therefore will be focussing mainly on these asset classes and assets that are depreciable.

Table 2: Asset Replacement Value and WDV of Buildings and Infrastructure Asset as at 30 June 2024

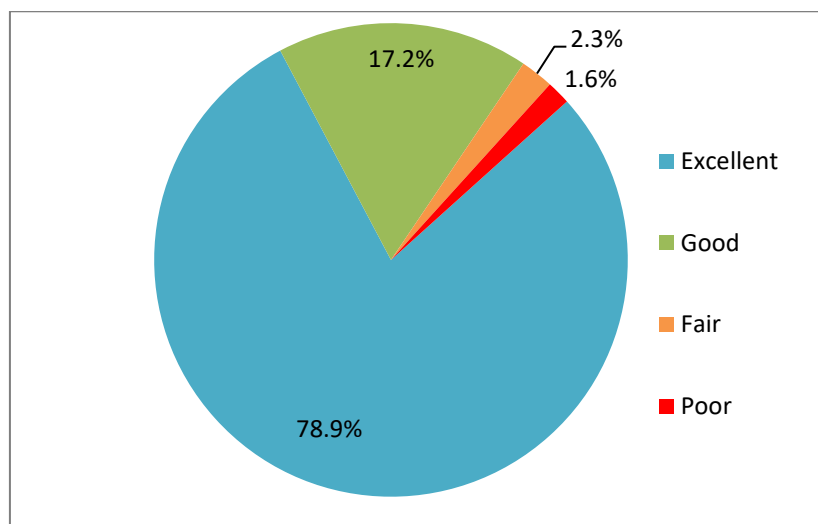
Asset Group Name	Total Replacement Value at end of FY24	WDV at end of FY24	FY25 Expected Depreciation
Transport	1,239,444,300	892,500,000	19,599,000
Parks	254,935,900	186,100,000	8,140,000
Buildings	327,825,100	246,000,000	5,188,000
Stormwater Drainage	441,106,100	345,868,000	4,478,000
Coastal Assets	45,357,900	15,974,000	576,000
Grand Total	2,308,669,300	1,686,442,000	37,981,000

The overall asset condition profile for the City's current buildings and infrastructure asset base is as shown in Table 3 and Figure 2.

Table 3: Asset Condition Distribution for various asset classes

Asset Condition	Transport & Drainage	Parks & Coastal	Buildings	Grand Total
Excellent	1,494,836,000	117,345,700	209,851,100	1,822,032,700
Good	158,816,100	135,442,300	102,657,300	396,915,600
Fair	19,158,600	19,587,200	13,471,100	52,216,900
Poor	7,739,800	27,918,700	1,845,600	37,504,100
Grand Total	1,680,550,400	300,293,800	327,825,100	2,308,669,300

Figure 2: Overall Asset Condition Distribution Profile by asset replacement value



The overall asset condition distribution profile shown in Figure 2 is consistent with a growth Council with a high percentage of its infrastructure assets considered to be in good to excellent condition. This is due to the City having very high growth rates over the past three decades with a corresponding high number of infrastructure assets built as part of new subdivisions. Also, since 2009, the City has been increasing its funding allocations toward renewal of assets within its annual budgeting cycle to manage its renewal demand requirements.

This chart also highlights that the magnitude of assets requiring attention is low when compared to the overall asset stock. Although the percentage is 1.6%, this represents a replacement cost of over \$37.5M.

It must be noted also that careful consideration must be given to monitoring the deterioration of assets in Fair condition as the equivalent value of the 2.3% of assets at this condition is over \$52.2M. Adequate allocation of funding must be considered within the City's long term financial plan to address the eventual renewal of these assets and ensure their continued services to the community.

4 Challenges and Opportunities

4.1 Leadership Approach

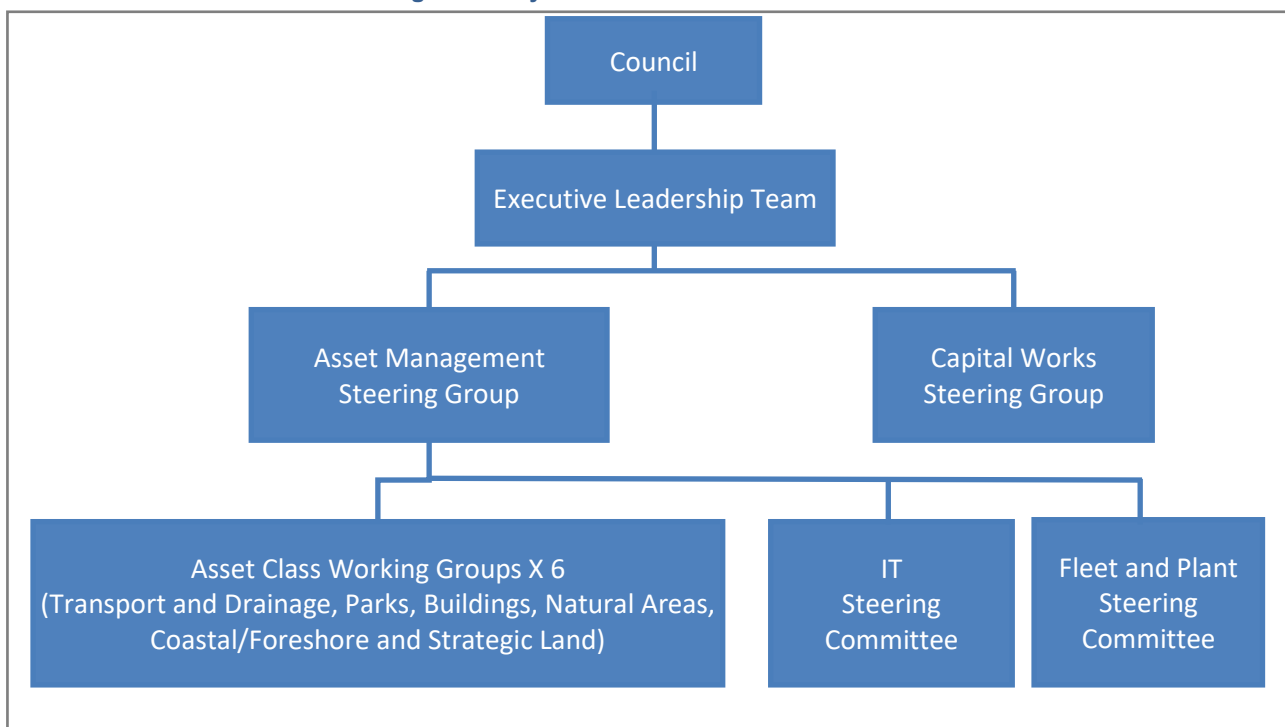
The City recognises that a key driver to the successful implementation of asset management improvements within the organisation is leadership and the commitment to adequately resourcing the AM Strategy and System.

The leadership team has adopted the European Foundation for Quality Management (EFQM) excellence model which encourages a consistent approach that will improve AM practices within the City. This approach will promote cross-functional collaboration and integration of the AM System with other business processes, communicating the importance of effective asset management and promoting continual improvement.

4.1.1 Governance Structure for AM

Figure 3 below depicts the City's AM governance structure, which is to be further developed in line with this AM Strategy. Roles and responsibilities will be established and documented together with the formulation of the City's AM System. It is intended that the Asset Management Steering Group (AMSG) will oversee the development of the AM System and be responsible for implementing, monitoring and reporting to the Executive Leadership Team on the progress of actions in this AM Strategy. Asset Class Working Groups, IT Steering Group and the Fleet and Plant Steering Committee have been formed and are currently in operation.

Figure 3: City's Governance Structure for AM



4.2 Current AM System and performance against the 2018 AM Strategy

The City's current level of AM practices varies across the organisation. The City's AM practices for the ongoing maintenance of assets, generally follow elements of IPWEA's, 'International Infrastructure Management Manual (IIMM)'. Alignment with ISO 55001 Asset Management System standards will ensure that AM processes are well defined, consistent and will be clearly documented.

4.2.1 Asset Management System Maturity and alignment with ISO 55001

An asset management maturity assessment was conducted as part of the development of the 2018 AM Strategy and again recently in 2023. A visual representation of the comparative results in 2018 and 2023 against each of the Strategic Focus areas detailed in Section 5 is shown below.

Asset Management Implementation Plan progress toward core alignment to ISO 55001				
Focus Areas	Level of AM Maturity			
	Innocent >	Aware >	Basic >	Core >
5.1 Context of the Organization and Leadership	ISO 55001		Legacy/Interim Processes	
			2023	
5.2 Planning - Standards, AMPs, Operational Plans, Levels of Service and Risk Management	ISO 55001		Legacy/Interim Processes	
			2018	
5.3 Support - AMIS, Asset Data Management, AM Decision Support Tools.	ISO 55001		Legacy/Interim Processes	
			2023	
5.4 Operation – Processes and Procedures	ISO 55001		Legacy/Interim Processes	
			2018	
5.5 Performance Evaluation and Continuous Improvement	ISO 55001		Legacy/Interim Processes	
			2023	

The assessment approach involved key personnel from each of the four City directorates participating in interactive AM maturity workshops, rating the City's maturity level and current AM practices against *ISO 55001:2014*, 'Asset Management - Management Systems' standards.

The timeframe for completing actions proposed in AM Strategy 2018-2024 had been very ambitious and was very dependent on resourcing availability. Progress of actions between 2018 to 2024 had been slow and challenging with the City having faced a pandemic, financial constraints and resourcing challenges over this period. Actions however did progress in each of the focus areas:

5.1 Context of the Organization and Leadership

- a. AM Policy & AM Strategy endorsed
- b. Organisation wide responsibility for AM – formation of the Capital Works Steering Group (CWSG) and the Asset Management Steering Group (AMSG).
- c. Formation of Asset Working Groups (AWG) and committees for each of the key asset classes as listed below:
 - Transport and Drainage AWG
 - Buildings AWG
 - Parks AWG

<ul style="list-style-type: none"> • Natural Areas AWG • Coastal Infrastructure AWG • IT Steering Committee • Strategic Land Working Group • Fleet and Plant Management Steering Committee <p>d. Improved alignment of CBP actions to the SCP</p>
<i>5.2 Planning - Standards, AMPs, Operational Plans, Levels of Service and Risk Management</i>
<p>a. Development of AM Plans for each of asset classes listed below:</p> <ul style="list-style-type: none"> • Transport Infrastructure AM Plan • Stormwater Drainage AM Plan • Buildings and Buildings Infrastructure AM Plan • Parks Infrastructure AM Plan • Natural Areas AM Plan • Coastal Infrastructure AM Plan (in progress) <p>b. Development of Facilities Management Plans (FMP) for critical facilities</p> <ul style="list-style-type: none"> • Aquamotion FMP • Kingsway Indoor Stadium FMP • Wanneroo Library & Cultural Centre FMP • Civic Centre FMP • Clarkson Library FMP <p>c. Development of Maintenance Management Plans (in progress)</p>
<i>5.3 Support - AMIS, Asset Data Management, AM Decision Support Tools and, Skills, Resourcing</i>
<p>a. Acquisition and implementation of a dedicated AM Information System - completed with further actions to mature the system.</p> <p>b. Data cleansing and migration – completed for all major asset categories</p> <p>c. Asset Condition Assessment and validation – progressing for all major asset categories and ongoing.</p>
<i>5.4 Operation – Processes and Procedures</i>
<ul style="list-style-type: none"> • Asset data management process mapping and procedures – progressing and ongoing • Asset Maintenance operations process mapping (ISO9000) – progressing and ongoing
<i>5.5 Performance Evaluation and Continuous Improvement</i>
<ul style="list-style-type: none"> • Participation in the Australasian Local Government Performance Excellence Program completed for FY19 to FY23. The City's AM System measured in comparison with other Councils remains below average.

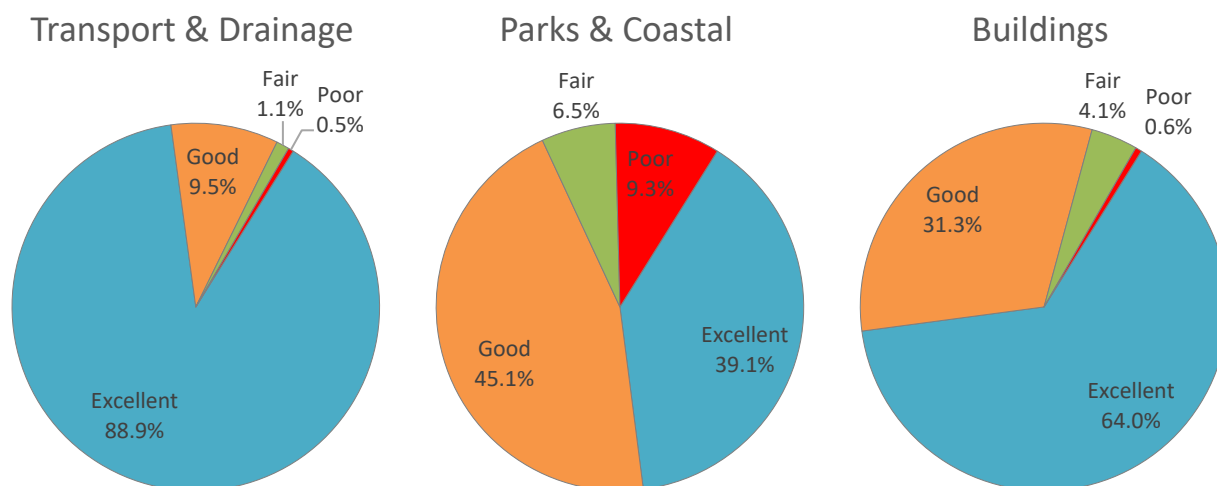
The 2023 asset maturity assessment results are consistent with the improvements progressed in each of the focus areas. The areas of improvement identified in the AM Strategy 2018-2024 remain relevant and will continue to be the focus of actions in this Strategy. The completion of AM Plans for many of the City's asset classes and the acquisition and implementation of the new AMIS has paved the way for further improvements in each of the focus areas.

The AM Strategy 2024-2030 will focus on the following initiatives :-

1. Asset Management System (AM System) – develop a formalised system with defined processes and documentation that is effectively communicated throughout the organisation.
2. Asset Management Culture and Accountability – reinforce AM leadership, raise awareness and promote asset management as an organisational wide responsibility.
3. Asset Management Decision Support Tools - develop tools to enable informed decision making and ensure asset data is reliable, relevant, accessible kept up to date.
4. Skilled AM personnel and resources including maturing the use of the newly acquired AMIS – ensure AM personnel are adequately skilled to manage assets and utilise the capabilities of an AMIS to monitor and improve asset management activities and practices.
5. AM Performance reporting and monitoring – develop formal performance reporting requirements for assets to enable continuous management and systems improvement.

4.3 Asset Portfolio Performance

The results on the performance of the City's asset portfolio shown in the pie charts below indicate that the City is well placed for the short to medium term. Apart from Park assets, the percentage of assets in poor condition are fairly low for each of the asset groups shown; Transport & Drainage at 0.5% (\$7.7M) and Buildings at 0.6% (\$1.8M). Assets in poor condition for Parks & Coastal is 9.3% which represents a renewal requirement \$27.9M.



In comparison to Transport and Drainage assets, Park assets tend to be less expensive to acquire but much greater in number and the materials used for these assets have shorter useful lives. These assets also having higher utilisation rates and are exposed to external environmental conditions. Park assets therefore require greater attention to ensure they remain fit for purpose and continues to perform its function. Recurring renewals of these assets will also be required due their shorter useful lifecycles.

Asset performance prediction for the long term requires further careful analysis as the predictions are based on the current knowledge, reliability and understanding of our assets. Future improvements to the management system, risk management and data management processes will enable the City to better understand the performance of its asset portfolio and guide decisions for the future.

The current status of the City's Asset Ratios as at 30 June 2024 is generally favourable. In all cases the Basic Standard of having sufficient data and the capability to identify and calculate the ratio is

met. However, the projected future trend indicates that work is needed in addressing potential sustainability challenges for the City in the longer term.

The City also recognises it will continue to experience growth with a high demand for new services and finding the right funding balance between providing for new and renewing of existing assets will be a challenge.

5 Strategic Focus and Actions

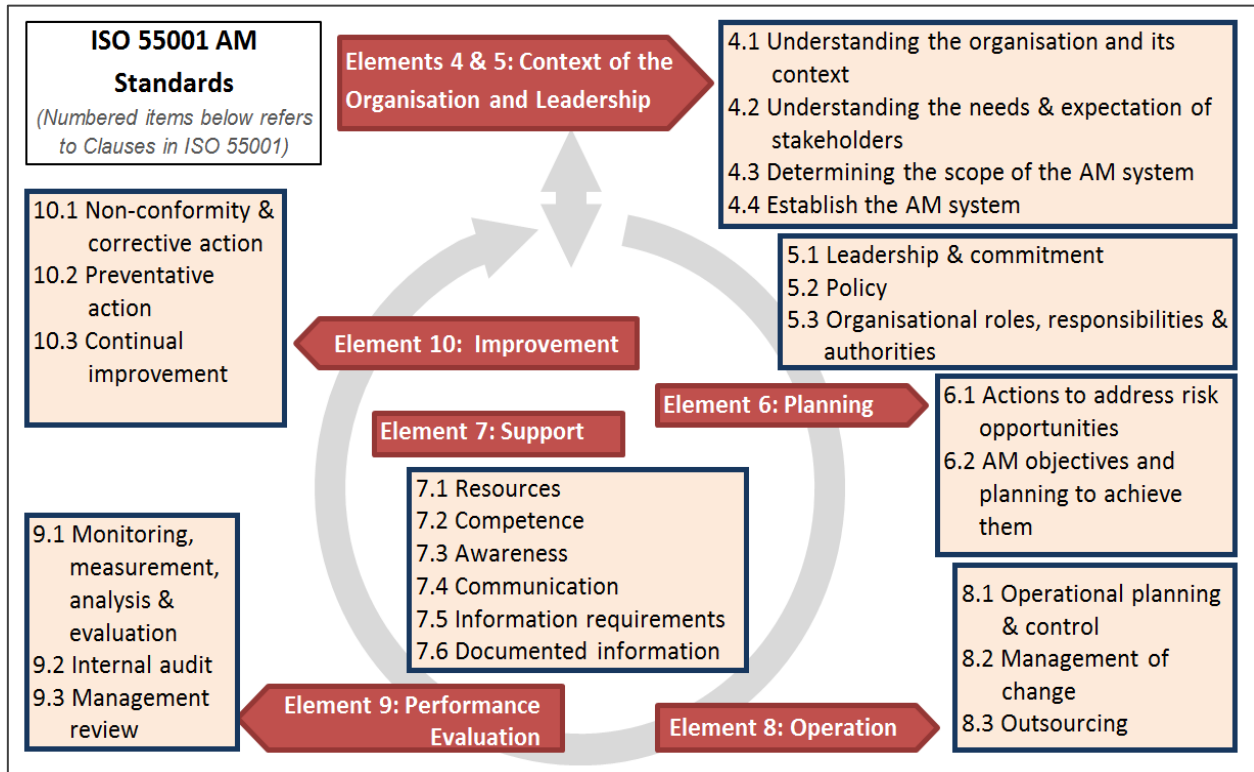
The City has embraced the principles of asset management and is now working to bring these principles of planning, strategy and associated reporting into the corporate environment to enable core asset management practices to be realised. It is recognised that achieving the objectives of this plan is a long term journey of improvements. It is not the City's intention, at this stage, to seek accreditation to the ISO Standard. The City will utilise the standards as a guide for improvement. This AM Strategy seeks to achieve basic alignment to ISO 55001 by 2028 with future iterations aiming to achieve core alignment by 2030.

Asset management is a corporate whole of organisation responsibility and cannot be achieved within individual operational areas of the City alone. The organisation will seek to identify opportunities for working together in more strategic, integrated and collaborative ways towards commonly agreed outcomes, as articulated in the City's AM Policy and its objectives, as summarised below:-

- Ensure that service delivery needs form the basis of asset provision and management. This shall be achieved by critically reviewing asset acquisition, upgrade, renewal, maintenance or disposal initiatives with consideration to;
 - Demonstrated need;
 - Taking a lifecycle approach;
 - Innovative and alternative modes of delivering services including non-asset based solutions;
 - Future proofing and adaptability of facilities to changing needs including multi-purpose/shared use opportunities;
 - Sustainable outcomes;
 - High standard and quality of asset acquisition and construction inclusive of assets acquired or inherited through the land development process; and,
 - Appropriate levels of service and affordability for the management of assets.
- Ensure that planning, acquisition, management and maintenance of assets are undertaken to complement and support the economic and social wellbeing of our community with due consideration to sustainable development practises. This shall include achieving the Access and Inclusion Plan outcomes; Place development and management to create dynamic and sustainable places; long-term financial affordability; and, minimising environmental impacts.
- Optimise performance of assets in delivering effective, efficient and sustainable services at a level of service and risk the community is willing to support and meet corporate and organisational objectives.
- Foster strong leadership and accountability, good governance and management systems for assets.
- Proactively seek continual improvement in asset management capabilities, processes and practices to advance its asset management maturity journey to achieve core alignment with AS/ISO 55000.

The strategic actions detailed below, grouped under headings representing elements in the AS/ISO standard (refer to Figure 4), will enable the objectives of the AM Policy to be achieved. Many of the actions proposed will require appropriate resourcing capacity and capability to achieve the desired outcomes. However, the City will strive to improve wherever it can within the constraints of limited budgets and resources.

Figure 4: Element of ISO 55001 AM Standards



5.1 Context of the Organization and Leadership

Outcomes : Alignment of AM strategy and outcomes to CBP and SCP objectives. City-wide responsibility for AM with clear accountabilities at all levels of management demonstrated by strong advocacy at senior leadership level. Actions include:

- Develop AM Policy and AM Strategy that align AM objectives and outcomes to organisational objectives, stakeholder requirements, IPF, SCP, CBP and other supporting plans and strategies such as the Workforce Plan, Access and Inclusion Plan, Asset Management Plans and Place Development and Management.
- Greater advocacy and leadership across the organisation encouraging all directorates to carry jurisdiction over assets in alignment with the AM Policy and AM Strategy and,
 - making reference to AM principles and AM Policy in communications,
 - establishing strong collaborative work culture that is focussed on aligning AM and other City functions in delivering the AM objectives and achieving corporate objectives,
 - using AM related decision making criteria for capital expenditures and other decisions.
- Promote organisation-wide responsibility for AM, supported with clear accountability at all levels of management. Support and strengthen organisational collaboration and systems integration.
- Establish a corporate governance structure for AM incorporating the formation of a cross-directorate AMMSG to oversee, and review over time, the AM Strategy and the implementation of associated actions.
- Develop a whole-of-City AM System and associated processes that provide direction across the organisation and integrating AM functions, community service functions and corporate financial planning functions.

5.2 Planning - Standards, AMPs/ACPs, Levels of Service and Risk Management

Outcomes : Effective AMPs/ACPs that meet the principles and objectives set out in the AM Policy.

- Develop AM standards of practice in accordance with recognised industry standards.

- Develop AMPs/ACPs detailing the required standards of AM practice and agreed levels of service for assets over their lifecycle from planning, acquisition, upgrade, maintenance, renewal to disposal.
- Develop AMPs/ACPs that will ensure that service delivery will be effective and efficient, minimising lifecycle costs and improved sustainability.
- Defined levels of service within each AMP/ACP that reflect community aspirations which will incorporate risk assessments and mitigation of the risk types faced by the City, balancing LoS with cost and risk.
- Reduced risk of asset failures using a risk based approach to AM for critical assets.

5.3 Support - AMIS, Asset Data Management, AM Decision Support Tools, Skills and Resourcing

Outcomes : An effective AMIS and data management system that provides the necessary support tools and capability to enable informed decision making on assets. Improved integration between AM planning needs, community planning needs and LTFP affordability. Allocation of optimum skill and resourcing needs to support the effective operations of the AM System.

- Acquisition of a suitable dedicated AMIS to improve practices associated with the management of asset data and integration of asset registers.
- Develop systems and decision support tools to enable transparent and responsible asset management processes that embrace informed decision making which are based on up-to-date asset data.
- Capturing of suitable asset data to support consistent measurements on asset portfolio performance including up-to-date asset condition assessments to enable predictions to be made on the long term performance of assets.
- Improve asset data integrity and integration between the AM data system, the Finance System and the LTFP. Effective integration of AM data with strategic and corporate planning for future community service needs to facilitate scenarios/ option analysis and informed decision making.
- Identification and addressing resourcing or process gaps in the organisation's skills, knowledge and processes.

5.4 Operation – Processes and Procedures

Outcomes : Effective MMPs that deliver the required AM activities to support the requirements of the each of the AMPs/ACPs and also meet the principles and objectives set out in the AM Policy. Documented AM processes and procedures associated with the AM System.

- Develop Operational Plans/MMPs incorporating optimised maintenance, inspection and renewal schedules to ensure assets continue to provide the intended service function at the agreed level of service and address any service gaps/ improvement opportunities.
- Document management procedures and processes associated with the AM System and AMIS.
- Better integration between AM and corporate financial planning to support sustainable LTFP outcomes.

5.5 Performance Evaluation and Continuous Improvement

Outcomes : Key Performance Indicators (KPIs) developed to measure AM performance outcomes and informed decision making. Identification of AM improvement opportunities using results of; AM performance benchmarking against industry standards; and AM maturity assessments against the AS/ISO 55001 standards.

- Increased organisational understanding of and support for best practice asset management.
- Develop meaningful lead and lag KPIs that measure asset performance to enable informed decision on both short and long term planning for assets.

- Shape the AM requirements and governance of the organisation for the future, ensuring the AM System and AM practices:-
 - meet all relevant legislative and regulatory requirements; and,
 - achieve a level of AM maturity that reflect best practice and is in alignment with AS/ISO55001 Asset Management System Standards.
- Undertake reviews and internal audits of AM processes.
- Perform benchmarking exercises to measure effectiveness of City's AM practices and seek opportunities for improvements.
- Promote a culture of continuous improvement to ensure asset management processes and practices evolve and continue to meet all relevant legislative and regulatory requirements, and reflect best practise.

6 Monitoring, Review and Continuous Improvement

This AM Strategy will be monitored and reviewed periodically to ensure it aligns with any changes to the City's SCP, CBP and IPF, and is responsive to movement in the social, economic and political environment to meet the needs of our community. The review of the AM Strategy will be undertaken every four years.

Whilst the Asset Planning Service Unit has primary responsibility for the review of this Plan, the Implementation Plan actions arising from this AM Strategy will be the responsibility of each action owner. The AMSG will monitor and ensure the actions from the Implementation Plan are progressed across the City and are in alignment with the AM Strategy. Actions will be incorporated into service unit plans as appropriate and will be monitored and reported quarterly as part of the City's reporting of CBP actions.

Evidence based guidelines, standards and outcome measures developed for benchmarking and attainment of best practise asset management practises throughout Australia will be used to measure the success of the strategic actions. The following guidelines and benchmarking standards will form the basis of asset management improvements within the City:

- WA Integrated Planning and Reporting - Asset Management Guidelines, *WA Dept. of Local Government, Sport and Cultural Industries*;
- Australasian Local Government Performance Excellence Program (in relation to Asset Management), *PwC and Local Government Professionals Australia, NSW*
- The AS/ISO 55000 series of Asset Management Standards, *Standards Australia*.
- The International Infrastructure Management Manual (IIMM), *IPWEA*;
- The National Asset Management Strategy of Australia (*NAMS.AU*); and,

7 Relevant Policies and References

7.1 Key Policies and Plans / Management Procedures and Documents

- Strategic Community Plan and Corporate Business Plan
- Asset Management Policy
- Strategic Budget Policy
- Strategic Land Policy
- Purchasing Policy
- Light Vehicle Fleet Policy
- Long Term Financial Plan
- Risk Management Policy and Methodology
- Access and Inclusion Plan
- Various Asset Management Plans
- WA Local Government Act 1995

7.2 REFERENCES

- Integrated Planning and Reporting Framework – *WA Dept. of Local Government, Sport and Cultural Industries*.
- ISO 55001:2014, Asset Management – Management Systems – Requirements.
- National Asset Management Strategy, Australia (*NAMS.AU*).
- The International Infrastructure Management Manual (IIMM) – *IPWEA, 2022*.
- Australian Infrastructure Financial Management Manual (AIFMM) – *IPWEA, 2015*.
- Australasian Local Government Performance Excellence Program – City of Wanneroo, *PwC and Local Government Professionals Australia, NSW*

8 Glossary of Terms and Abbreviations

8.1 Definitions

The following terms are used in this AM Strategy.

“Assets” are future economic benefits controlled by the City as a result of a past transaction or event whereby:

- Its value can be measured reliably, and;
- Its value must exceed a stated materiality threshold being \$5,000 or form part of a network asset group, and;
- It must be probable that future economic benefits of the asset will eventuate (i.e. the asset acquired supports the delivery of Council services to the community in line with its objectives).

ISO 55000 defines an **‘Asset’** as an item, thing or entity that has potential or actual value to the organisation

“Asset Management” refers to the combination of management, financial, economic, engineering and other practices applied to assets from their planning, acquisition, operation, maintenance, replacement and disposal, to ensure that the assets meet the priorities of the Strategic Community Plan with the objective of providing the required level of service in the most cost-effective manner.

ISO 55000 defines an **‘Asset Management’** as the coordinated activity of an organisation to realise value from assets

“AM Plan” (Asset Management Plan or AMP) refers to documented information that specifies the long term plan, activities, program, time scales and resources applied to specific individual major, critical assets or a grouping of assets (or asset classes) to provide a defined level of service over the lifecycle of the asset.

“AM Information System” or **‘AMIS’** refers to a dedicated AM Computer Software program and associated systems to support effective and efficient data management that is integrated with other key property and finance management software systems of the organisation.

“AM Strategy” means a strategy or approach for asset management.

“AM System” refers to a set of components within an organization that establishes policies, objectives, and processes to effectively achieve the most value from assets. In other words, it is a systematic process that enables an organization to achieve its goals in obtaining actual and potential value from its assets.

“Council” means the elected council (comprising Councillors) of the City.

“Depreciation” is a systematic charge that recognises the wearing out or consumption of the non-current asset over its useful life.

“Facility Management Plan” (or FMP) refers to documented information that specifies the long-term plan, activities, program, time scales and resources applied to a specific facility or building that delivers a service to the community. Similar to an AMP Plan, it provides a defined level of service over the lifecycle of key assets within the facility.

“Infrastructure” comprises the asset sub-classes defined in section 5 of the AM System and Guidelines issued by the Department of Local Government.

“Level of Service” describes the outputs or objectives of the activity the City intends to deliver to the customer. Service levels usually relate to quality, quantity, reliability, responsiveness, statutory functional requirements, environment, acceptability and cost.

“Life Cycle” means the phases of activities that an asset goes through, including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal.

“Maintenance” means regular ongoing day-to-day work necessary to keep an asset operating to achieve its optimum life expectancy.

“Maintenance Management Plan” refers to documented information that specifies the lifecycle activities and processes that are required on a day to day, periodical or annual basis to ensure the safe and intended function of the assets is maintained.

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

“Renewal” means works to upgrade an asset, refurbish an asset or the replacement of part(s) of an asset to ensure continuing equivalent capacity or performance capability.

“Replacement” means the complete replacement of an asset that has reached the end of its life, to provide a similar or agreed alternative, level of service.

“Replacement Cost” means the cost of replacing an existing asset with an identical new asset.

“Risk” means probability and consequence of an event that could impact on the Council’s ability to meet its corporate objectives.

“Strategic Community Plan” is documented information that specifies how organisational objectives in the SCP are to be converted into AM objectives, the approach for developing AMPs, and the role of the AMS in supporting the achievement of the AM objectives.

“Stakeholders” are those people/sectors of the community that have an interest or reliance upon an asset and who may be affected by changes in the level of service of an asset.

“Upgrade” means enhancing an existing asset to provide higher level of service.

“Whole of Life Cost” refers to the total cost of an asset throughout its life cycle.

8.2 Abbreviations

ACP – Asset Class Plan

AM – Asset Management

AMP – Asset Management Plan

AM Policy – Asset Management Policy

AM Strategy – Asset Management Strategy

AM Framework – Asset Management Framework

AM System – Asset Management System

AMIS – Asset Management Information System

AMSG – Asset Management Steering Group

DLGSCI – Department of Local Government, Sport and Cultural Industries

GIS – Geographical Information System

IT – Information Technology

ICT – Information Communication Technology

IIMM – International Infrastructure Management Manual

IPR – Integrated Planning Framework

IPWEA – Institute of Public Works Engineering Australia

LGPMC - Local Government and Planning Ministers’ Council

LTFP – Long Term Financial Plan

MMS – Maintenance Management Plan

NAMAF - National Asset Management and Financial Planning Assessment Framework

NFSF – National Financial Sustainability Framework

WALGA – West Australian Local Government Association

