

# WESTERN AUSTRALIAN ASSET MANAGEMENT IMPROVEMENT PROGRAMME



July 2009

## FRAMEWORK



WESTERN AUSTRALIAN  
LOCAL GOVERNMENT ASSOCIATION

**T** MANAGEMENT GROUP



Department of Local Government  
and Regional Development  
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## 1. Introduction

Asset Management involves a suite of activities. The WA Asset Management Improvement Programme (WAAMI) is a step in the path to successful asset management. WAAMI provides an asset management improvement framework aimed at achieving a cultural change within Local Government by developing a whole of organisation **understanding and commitment** to asset management. WAAMI links asset management activities to the level of service provided to the community and explores the financial implications of asset management decisions. WAAMI is the start of the asset management journey. Through four facilitated workshops, Local Governments review their current asset management practices using a balanced score card approach.

Through WAAMI Local Governments are able to tailor an asset management improvement programme to meet their individual needs in line with their resources, current and desired service levels, intervention levels and financial implications.

WAAMI focuses on five key asset classes: Roads, Drainage, Bridges, Buildings, and Recreation facilities. WAAMI involves a:

WAAMI involves a:

1. Process of Review: Local Government policies, practices, plans and operational aspects;
2. Benchmarking: Creation of a Confidential Scorecard;
3. Development of Renewal Gap Assessment and assistance/advice on development of “1<sup>st</sup> Cut” Asset Management Plans using the WAAMI provided tools such as document templates for Asset Management Plans, AM Improvement Strategies, Roles & Responsibility Matrix, Capital/Renewal Split Template; and
4. Shared learning: From programme participants, other CT Management asset management programmes and interstate asset management programmes.

At the end of the programme Local Governments, through full and committed participation and sufficient allocation of the Local Governments resources to fulfil its own Asset Management Improvement Strategy, can reasonably expect to have:

- An Asset Management Policy;
- An Asset Management Improvement Strategy;
- An individual confidential self assessment Asset Management Balanced Scorecard;
- Identification of their Asset Renewal funding gap based on the Moloney Renewal Model;
- Asset Management Plans for five different asset classes;
- A process to implement their Asset Management Improvement plan commensurate with their resources.

WAAMI is a partnership between:

- Department of Local Government and Regional Development (DLGRD);
- Western Australian Local Government Association (WALGA);
- Local Government Managers Australia (WA Division) (LGMA);
- Institute of Public Works Engineering Australia (IPWEA); and
- Local Government Insurance Services (LGIS).

CT Management Group delivers WAAMI under an alliance arrangement with WALGA. The assistance from the Municipal Association of Victoria (MAV) in making available its “STEP” programme documentation was appreciated as it provided an excellent base upon which to develop the Western Australian framework.

### **1.1 The Development of WAAMI**

A presentation at the December 2004 Institute of Public Works Engineering (IPWEA) Asset Management Forum by CT Management Group highlighted the urgent need for improved management of Local Government infrastructure assets in WA. Following this forum, extensive interest was shown in undertaking a similar “Step by Step” approach to improve Asset Management practices within Western Australia Councils.

As a consequence six (6) WA Councils nominated to pilot the development and rollout of a Western Australian approach. A Steering Committee was formed with the overall objective of developing a “Western Australian Asset Management Improvement” (WAAMI) Programme and tools / guidelines to assist WA Councils with improving asset management awareness and capability.

CT Management Group was engaged to assist the Steering Committee in preparing the WAAMI Programme Framework, and to facilitate the rollout of the programme to the pilot Councils over a one year period. CT Management were well placed to assume this role as they have been directly involved in the development and implementation of the Victorian, South Australian and Tasmanian models. The assistance from the Municipal Association of Victoria (MAV) in making available its “STEP” programme documentation was appreciated as it provided an excellent base upon which to develop the Western Australian framework.

Following the completion of the pilot programme, the participating Councils recommended to DLGRD, WALGA, LGMA and IPWEA that the WAAMI Framework is rolled out state-wide. These four (4) organisations entered into a Memorandum of Understanding to facilitate the rollout of WAAMI on a state-wide basis.

The project partners commissioned an independent evaluation of WAAMI during 2008. The evaluation indicated that it is a great project delivering on its principle objectives and evolving to meet Local Governments needs. The evaluation recommended a number of initiatives to strengthen the programme, which have been incorporated.

As Local Governments have participated in WAAMI the programme it has evolved. For example:

- WAAMI can be undertaken by Local Governments on an individual or regional basis;
- WALGA has established a panel of preferred suppliers for a suite of asset management services such as asset valuations, condition assessments, which Local Governments may wish to utilise to support asset management improvement activities.

## 1.2 A Renewed Focus on Local Government Asset Management

WALGA's Systemic Sustainability Study highlighted that:

- Community expectations not linked to cost of service delivery;
- AM practices in industry highly variable and may result in further exposures for communities & Council;
- Under spending on renewal of existing infrastructure is partially explained by inadequacies in AM practices; and
- Too little consideration is given to the extent to which future generations expected to "pick up the tab"

Recent State and Commonwealth funding to Local Government has highlighted the growing importance placed by government on asset management. The Commonwealth Regional and Local Community Infrastructure Programme states that infrastructure spending for Local Governments may be conditional on increased transparency from Local Governments on asset management. The State Royalties for Regions Country Local Government fund will link funding to asset management plans.

Asset Management planning underpins Local Government service delivery, good governance and risk management. WAAMI provides the strategic framework in which decisions around asset management practice can occur by Local Government.

## 2. The Councillor's Responsibility

Councillors, as elected representatives of the community, are the custodians of a sizeable investment in infrastructure by past, present and future generations. Understanding the long-term implications of asset management decisions is essential in providing a cost effective, sustainable service and an equitable distribution of the cost burden across generations.

The roles of the custodian are:

- To ensure that the legal obligations of the Council are met.
- To represent the community as the asset owners.

- To ensure the asset/service (functionality and presentation) is maintained for future generations at an equitable cost.

It is the responsibility of Council staff to provide accurate, well founded technical and professional asset management advice so that Elected Members can make informed decisions on behalf of the community they represent.

There is a growing national and state concern that Local Government infrastructure assets are being allowed to deteriorate to a point where they will become an unreasonable burden to future generations. To ensure this is avoided, it is necessary to promote sound and sustainable management of Local Government infrastructure assets both now and into the future.

This will require the preparation of long term asset management plans, in consultation with Council, staff and the community, and the allocation of adequate funding to cater for the loss of asset service potential, i.e. depreciation or asset deterioration.

Long term asset management planning is necessary to ensure:

- Intergeneration equity.
- Good corporate governance.
- Sound long term financial management.
- Sustainable, equitable and affordable service delivery.
- Management of risk associated with asset function and presentation.
- Effective maintenance of asset function, asset presentation and capacity to deliver services.
- Smooth funding provision to manage the loss of asset service potential over time.

## 2.1 Non-Feasance

The law of negligence is a fault-based system whereby a person (or entity) that carelessly causes injury or loss to another person can be held responsible and should compensate that person. The High Court has recently ruled that this should also apply to an authority (Local Government) that does not maintain its assets to an appropriate standard. The recent loss of nonfeasance immunity has served to increase the profile of asset management within Local Government.

This High Court decision has prompted the need for Councils to demonstrate responsible stewardship of their assets – *“know what Council owns, ensure that Council assets continue to function “as built” and ensure asset maintenance programs are based on proactive inspections with response programs focused on affordable maintenance “Levels of Service”.*

The Western Australian Government has partially restored “non feasance” through the introduction of the Civil Liability Act which provides a public policy defence.

It is best practice for Councils to ensure that they achieve at least a minimum or reasonable standard of asset management to determine the assets renewal funding gap, while at the same time, ensuring infrastructure sustainability and good governance.

The Western Australian Asset Management Improvement Programme “WAAMI” assists Councils in working towards achieving this minimum standard.

### 3. Project Objective

The principal objective of the WAAMI programme is to create greater awareness and stewardship of Asset Management at the Council and Corporate Management level and to assist Councils in determining their asset renewal funding gap utilising a structured asset management process implemented over an extended period of time.

The period initially selected for the WAAMI pilot programme was 12 months, however the Steering Group has recommended that the implementation of the programme be extended to cover a period of 24 months.

Over a structured 24 month period, the programme aims to assist individual Councils to improve their overall asset management capability and as a consequence will help improve Local Government asset management/service delivery level generally across the State.

Other aims of the project are to:

- Guide asset management financial decisions.
- Raise Council awareness of the need to resource asset management.
- Provide a more consistent approach to Asset Management planning and processes.
- Facilitate a “regional” approach to implementing asset management across the State.
- Provide “mentoring” and assistance towards achieving improved asset management practices.
- Provide a flexible framework and implementation process to match the various needs of Councils across Western Australia.

At an operations level the potential benefits to Councils include:

- Extending the life of existing assets through optimal refurbishment and maintenance practices, thereby deferring major capital expenditure.
- Identifying “at risk” assets and rehabilitating or renewing at a lower cost before total replacement is required.
- Enabling gains in asset refurbishment and maintenance productivity, service delivery and managerial effectiveness.
- Identification of the quantity/quality of assets needed to deliver the required levels of service (LoS).
- Establishing a clear relationship between the “balance sheet” and Asset Management.
- Identifying the sustainable service funding gap through preparation of Asset Management Plans for all key asset groups.

The WAAMI Programme is based on best practice outlined in the International Infrastructure Management Manual published by the Institute of Public Works Engineering Australia and therefore provides a consistent framework to asset management both nationally and globally.

#### 3.1 Programme Outline

The “WAAMI” framework is intended to guide each Council through the Asset Management improvement process through the following ongoing programme:

- Step 1 Prior to the consultant's first visit, (following distribution of the WAAMI Program details and Framework documentation), Council's Asset Management officer or nominated staff may undertake to brief relevant Council staff with a "preliminary" presentation of the program objectives. (Optional)
- Step 2 **Workshop 1** - Consultants visit Council to facilitate the first workshop. A sample workshop agenda is attached at **Appendix B**. The workshop consists of the following sessions:
- Session 1 - Meet the Chief Executive Officer (CEO), Executive Management Group (EMG) and Asset Management Working Group (AMG). This session is aimed at informing the key players from across the organisation in term of asset management, to explain the objectives of the programme and the workshop, to gain input from the key players (particularly the CEO and Executive) in terms of outcomes they are seeking. As the WAAMI programme is aimed at the strategic level and to be "top down" driven it is essential the CEO and Executive attend along with the key asset management and finance staff - (1.25hr)
- Session 2 - Assess Council's current Asset Management Process through the completion of the attached "Asset Management Balance Score Sheet" and list major issues or barriers to effective AM. This session will mainly involve key asset management staff including managers of service provision, finance and technical staff- (2.0hr)
- Session 3 - Review key AM issues/barriers and prioritise in order of importance from the Council's perspective - (1.0hr)
- Session 4 - Work with Council staff to derive a suitable AM Improvement Programme for the next 6, 15 and 24 months in accordance with Council's current capability and available resources - (1.25hr)
- Session 5 - Present the agreed programme to the CEO and officers and gain executive commitment to achieving programme objectives (1hr).
- Session 6 - Undertake a Councillors workshop/meeting to confirm a clear direction for AM planning (~ 1hr)
- Step 3 Over the next 6 months (and throughout the programme), the consultants will provide "help desk" support/guidance to the Councils' asset management (AM) group via telephone and email contact.
- Step 4 **Workshop 2** - Six months after the first visit, the consultants will return for a second full day workshop. A sample workshop agenda is attached at **Appendix C**. The workshop consists of the following sessions:
- Session 1 - Meet the CEO, Executive Management Group (EMG) and members of the Asset Management Working Group (AMG). This session is aimed at providing industry update as well as refreshing the memories

of key players from across the organisation in respect of the outcomes of the first workshop and what targets were set to be achieved for the second workshop. Once again, as the WAAMI programme is aimed at the strategic level and to be “top down” driven it is essential the CEO and Executive attend along with the key asset management and finance staff - (1.25hr)

Session 2 – Review the current status of “Asset Management Balance Score Sheet” and identify what progress has been made since the last visit. This session will mainly involve key asset management staff including managers of service provision, finance and technical staff- (2.0hr)

Session 3 – Introduce the Funding Gap Analysis. This involves working through each WAAMI asset class and identifying the funding gap between the level of service currently being funded and what is required to fund a level of service expected by the council and community. This session works through the modelling options in order to determine various funding scenarios over 20 a year period and shows how data can easily be presented for reports etc. (2.0hr)

Session 4 - Work with Council staff to derive a suitable AM Improvement Programme for the next 9 and 18 months in accordance with Council's current capability and available resources - (1.25hr)

Session 5 - Present the agreed programme to the CEO and officers and gain executive commitment to achieving programme objectives (1hr).

Step 5 **Workshop 3** – Approximately 9 months following workshop 2, the consultants will return to hold a workshop. The workshop will provide industry update, review the progress of the AM scorecard, update the AM action plan for the next 6 months, refine the Funding Gap Analysis and assist in developing AM tactics and provide general AM assistance wherever needed.

Step 6 **Workshop 4** – Approximately 9 months following workshop 3, the consultants will return to hold a final workshop. The workshop will provide industry update, review the progress of the AM scorecard, summarise the Funding Gap Analysis outputs and develop a report of the programme outputs and results to the CEO and Executive Group and if available, the Councillors.

### 3.2 Proposed Programme Timetable

**First full day workshop** – depending upon the number of staff/size of the Council the first workshop session will be facilitated by either 2, or for smaller rural Councils 1,

experienced consultant/s (where 2 consultants attend it will include one local and one with national AM experience). This approach will ensure full participation by all attendees as this day is an "intensive" facilitated workshop involving the production of draft asset planning documentation.

Subsequent visits will be facilitated by 1 or 2 consultants from the first workshop depending upon the size of Council. (It is considered important for the efficiency and effectiveness of the programme that each Council has a "nominated" consultant to provide consistency with the programme delivery and to achieve the development of a productive working relationship between the consultant and Council staff/Councillors).

**2nd visit** (approximately 6 months) 1 day workshop:

To review the scorecard and issues and to work through the preparation of selected Asset Management Plans (hands on approach and identification of issues and detailed action plan). In addition introduce the Renewal Funding Gap Analysis program.

**3rd Visit** (approximately 15 months) 1 day workshop:

Review scorecard and progress on AM Plans - review plans and suggest improvements or further actions and review the Renewal Funding Gap Analysis outputs.

**4th Visit** (approximately 24 months) 1 day workshop:

Review scorecard and progress on AM Plans - review plans and suggest improvements or further actions, summarise the Renewal Funding Gap Analysis and report to Councillors on the overall achievements of the WAAMI program.

### 3.3 Who Should Attend?

Achieving "appropriate asset management practices" requires the organisation to develop an integrated long-term asset management plan. This objective is best achieved through a cross-functional multi disciplinary organisational representation.

This will require those responsible for community service delivery and those responsible for the asset maintenance/renewal to work closely together to achieve an organisational wide approach to asset management. Involvement of the following key stakeholders is suggested:

Asset Management (Team Leader)	Chief Executive Officer
Engineering Design Services	Operations Services
Corporate Services	Parks & Reserves
Community and Cultural Services	Aged and Disability Services
Risk Management / Legal Services	Finance Services
Information Services (IT)	Property Management
<i>Others as determined</i>	

### 3.4 Steering Committee and Consultant's Role

The Steering Group in conjunction with CT Management Group have developed the WAAMI programme to specifically meet the needs of the Western Australian Local Government environment, with reference to the experiences of the Victorian MAV, Local Government Association Tasmania (LGAT), Local Government Association of Queensland "LG Asset" and South Australian "Step" programmes.

To assist Councils in implementing the WAAMI programme, three core strategies have been identified as outlined below:

Raising Awareness	Providing Tools	Developing a self-assessment and improvement framework
<ul style="list-style-type: none"> <li>• Presentations and workshops with staff and Councillors</li> <li>• Provide Council with WAAMI programme rollout documentation</li> <li>• Focus on establishing Councillors as asset management custodians</li> <li>• Provide facilitation of asset management processes and framework development</li> <li>• Establishing networks and shared learning groups</li> </ul>	<ul style="list-style-type: none"> <li>• Templates for               <ul style="list-style-type: none"> <li>○ AM Policy/Purpose</li> <li>○ AM Practices Improvement</li> <li>○ AM Plans</li> <li>○ Self assessment balanced scorecard</li> </ul> </li> <li>• A renewal gap assessment for identified asset classes</li> <li>• Providing examples from other Councils</li> <li>• Free phone and email support between workshops</li> </ul>	<ul style="list-style-type: none"> <li>• Workshop Councillors and staff on asset management</li> <li>• Complete a balanced scorecard and present to Councillors during first visit</li> <li>• Develop a simple one-year improvement framework with each council on first visit based on scorecard outcomes</li> <li>• Review these during subsequent visits</li> </ul>

A consistent approach to asset management and identification of renewal gaps for various classes of Local Government assets provides a unique opportunity for WALGA and other members of the Steering Committee to increase their capacity to advocate for, among other issues, increased resources for assets. It is envisaged that Councils will be in a position to provide consolidated information on asset renewal gaps and improvements to asset management capacity to WALGA.

### 3.5 Requirements of Local Governments between WAAMI visits

The key requirement to participate in WAAMI is a commitment to improve asset management practices from a strategic and corporate level. This requires a commitment from staff to undertake the programme and undertake agreed activities between visits. It must be stressed that WAAMI does not focus on undertaking condition assessments or data collection of assets. WAAMI focuses at a strategic level providing an asset management framework and utilises current information

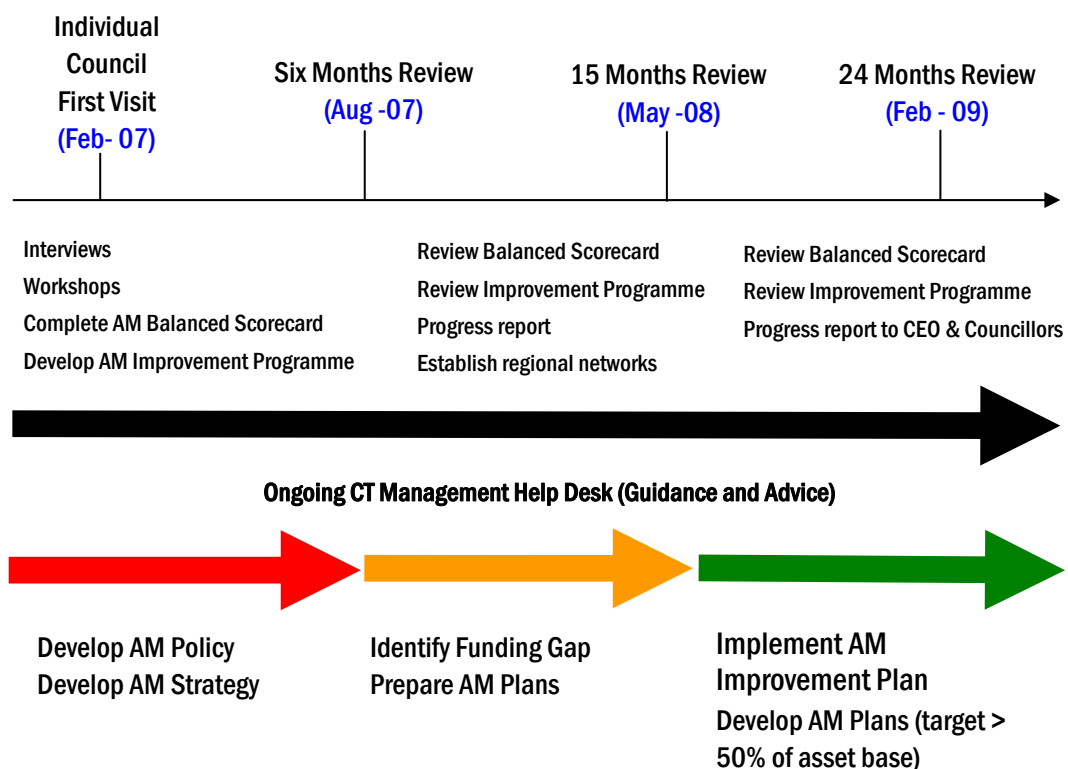
sources to populate the templates (i.e. ROMAN condition and inventory data, asset registers, building registers).

### 3.6 Typical Timeframe for WAAMI Program

In developing the WAAMI program it was recognised that whilst many larger Councils are considered to be self sufficient, all Councils large and small should be encouraged to seek opportunities to resource share. In some instances these larger Local Governments are encouraged to actively support and assist the smaller less resourced Councils. Small Councils are also encouraged to seek assistance and advice from larger Councils, particularly those who have completed the WAAMI programme such as the pilot Councils.

The programme is principally based on 4 visits over a two year period recognising that for smaller rural Councils some degree of flexibility may be required. As an example for the more remote rural Councils (air travel or long distance road travel), where it is considered practical and locally convenient, the WAAMI Programme may be adjusted to include a ½ day regional introduction workshop followed by individual Council workshops. In this way further resource opportunities may be explored to provide more cost effective AM solutions.

The following is a “snapshot” of a typical program timetable:





### 4.3 Best Appropriate Practice in Asset Management

An organisation that is delivering best practice asset management should be able to make the following claims:

1. We know what we own or have responsibility or legal liability for.
2. We have recorded these assets in a register down to an identifiable level.
3. We monitor the condition, performance, utilisation and costs of assets down to the managed component level and aggregate this data up to give outputs of cost and performance at the following levels:
  - Asset;
  - Facility;
  - Sub system; or
  - Full system / programme.
4. We thoroughly understand and have recorded the current levels of service in terms of quantity and quality of service.
5. We understand the likely future levels of service required based on population growth, demographic changes and community expectations.
6. We understand the long term (20 years) infrastructure funding (renewal, upgrade and new) needs of our municipality to meet these customer expectations in both capital and recurrent expenditure.
7. We monitor and report on the condition, performance and functionality of our assets against prescribed service levels and regulatory requirements.
8. We have uniform processes across our whole organisation for the evaluation of any investment in:
  - Capital works (Renewal, Upgrade and New)
  - Maintenance
  - Operations

The process involves an assessment of the relative risks and benefit costs of these investments.

9. We only make decisions on individual projects when all service programmes have completed these outputs and the funding needs of the whole organisation are known together with the knowledge of their impact on rates and charges.
10. We always approve the necessary renewal programmes to sustain the existing levels of service before other works, providing they are justified through our processes.
11. We only approve capital for new works and services with the commitment of the necessary recurrent expenditure (*consider "whole of life cost" impacts*).
12. We assess the indirect or ancillary cost impacts of inadequate asset condition or performance on the community in terms of the economic consequences of failing to meet our agreed standards or service levels.
13. We link our corporate goals to our investments and ultimate action plans.
14. Our financial plan and the outcomes of our Asset Management Plans are intrinsically linked.

To do this efficiently and effectively we need to:

- Apply best appropriate life cycle processes and practices to our community assets.
- Acquire and maintain the necessary data and knowledge needed by these processes.
- Store this data and knowledge in appropriate asset management information systems.
- Prepare Asset Management Plans so that the strategy is known to all.
- Adopt commercial tactics which mean we carry out the work using a consultative "value for money" process that ensures we are getting the best combination of value from the service provided and price.
- To ensure the sustainability of asset management (AM) activities, we support the AM programme through:
  - Our corporate structure, roles and responsibilities;
  - Policies and resulting strategies;
  - Quality Asset Management Plans.

Although it is hoped that Councils will endeavour to achieve best practice asset management in the shortest possible timeframe, this needs to be a long-term goal. In the meantime, Councils should aim to produce at least basic Asset Management Plans for each major asset group that generates an Asset Renewal \$ value. This is the main aim of the WAAMI Programme.

## 5. Summary

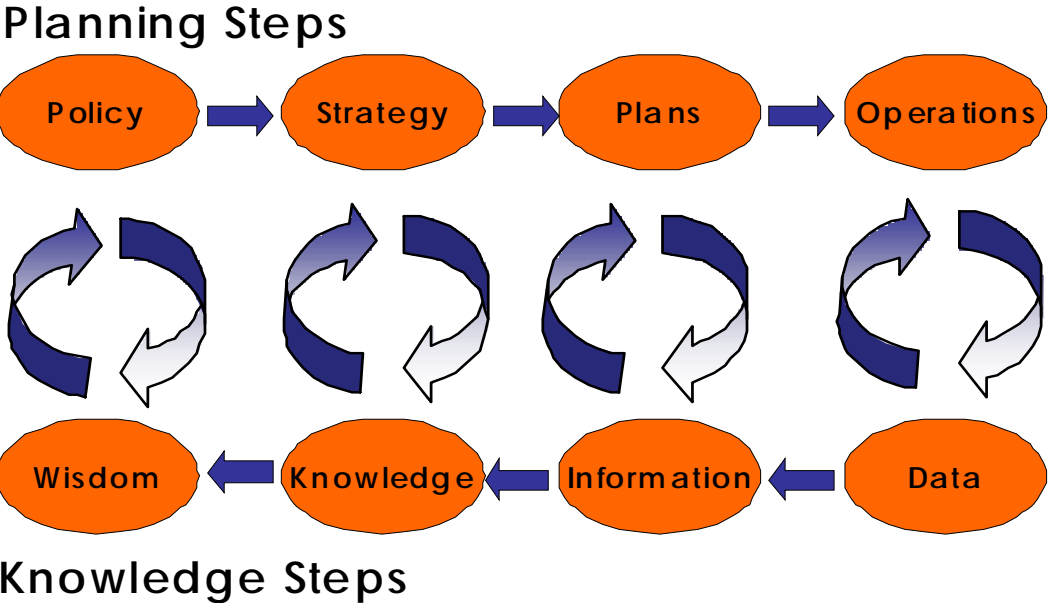
It is only when all of the aforementioned asset management principles and key success factors are adopted and put into practice, that asset owners, managers, regulators and stakeholders can be assured that work completed on expanding, maintaining and renewing valuable community asset portfolios is sustainable in both the short term and long term.

The WAAMI program is the first step in what will be an ongoing process to improve the quality of infrastructure asset management within Western Australian Local Government.

# 6. The Path to Successful Asset Management

There are a number of basic steps that form the foundation for improving Local Government asset management. As a minimum, Council needs to have an Asset Management Policy/Purpose and Asset Management Practice Improvement Strategy to provide direction and guidance for asset management planning. Asset Management planning translates broad strategic goals to specific goals and objectives, generally through the development of Asset Management Plans, which provide more detail and long-term projections. Operations comprise detailed action plans and information with a one to three year outlook to provide for the delivery of the defined levels of service.

Operations collect and record data related to asset activities, feed this into information systems and ultimately report on asset condition and performance. Analysis of this information provides the necessary knowledge, which adds to the wisdom of the organisation and assists in providing future policy/purpose direction.



## 7. WAAMI Programme

The WAAMI programme has been developed on the basis of the International Infrastructure Management Manual (IIMM) and endeavours to promote best practice asset management within Western Australian Local Government.

It is intended that the WAAMI Programme will assist Council to improve their asset management capability by ensuring that the basic foundations of good asset management are implemented and built upon. This means that at the very least, Council should have or be working towards the development of the following key components:

1. An appropriate asset management policy/purpose document.
2. An Asset Management Practices Improvement Strategy.
3. Asset Management Plans covering individual asset classes.

The information that should be included under each of the 3 key components is considered within the following sections.

The WAAMI Programme will provide Council with an indication of how they are progressing in relation to AM development by using an Asset Management Balanced Score Sheet (attached as **Appendix A**). This is a self assessment scorecard as it is recognised that each Council is unique with different resource availability, service priorities and differing community needs, which should be taken into consideration when developing individual Council action plans.

The score card also aims to promote consistency in the way each Council approaches asset management and strives for improvement.

The scoring assessment system uses an (X) &/or (✓) approach to determine a “score” for each question. A (✓) indicates full compliance with the specific question whereas an (X) indicates no compliance at all. An (X✓) indicates room for improvement regardless of whether the majority of the question can be addressed or at the other end of the scale limited work had been done in this area.

Following completion of the scorecard an improvement programme will be developed for review in 6 months and 12 months time.

## 8. Asset Management Policy/Purpose

This Asset Management Policy/Purpose document broadly outlines why asset management is relevant, its purpose and what needs to be done in a particular organisation to achieve desired Asset Management outcomes.

The objective of an Asset Management Policy/Purpose is to set the broad framework for decision making by Council in undertaking asset management in a structured and co-ordinated way.

Typical contents of an asset management policy are:

- Organisational context and importance of asset management.
- Organisation's vision and goals for asset management.
- Key principles upon which decisions will be based eg "renew before new", "whole of life" cost approach.
- Asset management responsibilities and relationships between Council and the organisation.
- Broad timeframes and deadlines.
- Integration of asset management into the organisations business processes (procedures).
- WAAMI Programme and review procedures.

## 9. Asset Management Practices Improvement Strategy

The Asset Management practices improvement strategy framework guides the choices that determine the nature and direction of Asset Management within an organisation.

The objective of an asset management practices improvement strategy is to outline a structured set of actions to facilitate the improvement of asset management practices within the organisation.

Typical contents of an asset management practices improvement strategy are:

- A description of the current status of asset management practices (processes, asset data, capital expenditure profiles and information systems).
- A definition of the future vision of asset management with regard to assessment, asset function, technical improvements and community needs.
- A description of the asset management practices required to achieve the future vision.
- Identification of the \$ gap between the current status and the future vision (a gap analysis of asset function and required capital expenditure profiles).
- Identification of broad actions required to close the gaps, including resourcing and timeframes.

### 9.1 Vision

It is vital that the asset management programme includes a clear vision relating to excellence or best practice in asset management. No Council, organisation or group can be expected to achieve best practice without first being exposed to a vision of what this constitutes in terms of advanced asset management. It is important to be able to sell the vision and foster ownership throughout the Council, staff and the community.

### 9.2 Asset Management Framework

Council's asset management vision should be supported by a detailed asset management framework that sets down the philosophy, principles and responsibilities by which best practice in asset management is carried out within the organisation from both a horizontal and vertical structure perspective.

### 9.3 Asset Management Improvement Programme

All areas of Council operations are encouraged to adopt a continuous improvement environment. This helps promote improvement in asset management performance (quality) through review of current performance and the development of appropriate improvement programmes/strategies to meet best practice asset management standards.

## 9.4 Gap Analysis

Through the use of gap analysis techniques, the gap between the current and best practice quality levels can be rated against the criticality of various issues to the Council as a whole. This provides for the identification of key improvement areas required in both the short and long terms.

# 10. Asset Management Plans

The Asset Management Plan documentation outlines particular actions and resources required to provide a defined level of service in the most cost effective manner and are intrinsically linked to the Asset Management Strategy.

The objective of an asset management plan is to outline the particular actions and resources required to provide a defined level of service in the most cost effective manner.

Detailed and complete asset management plans are the key to assisting the community and their elected representatives to make well-informed decisions. They should:

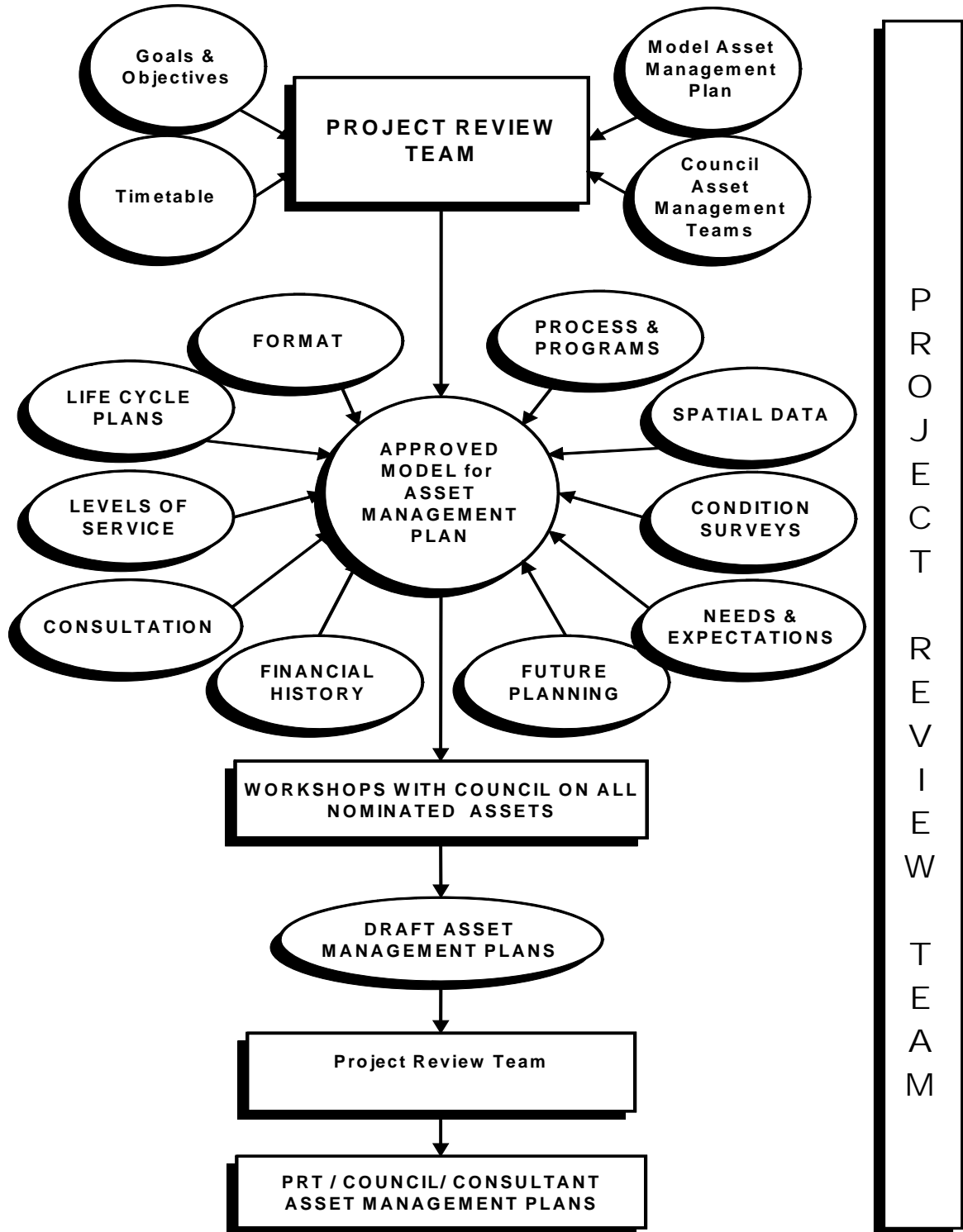
- Bridge the gap between the Council's AM practices improvement strategy and operational activities.
- Be part of a community consultation strategy.
- Outline a plan for improving asset management practices.

The key contents of an asset management plan are:

- A description of the current asset portfolio.
- A definition of existing functional and operational levels of service delivery and performance standards.
- Determination of current asset condition and levels of service delivery.
- A broad description of the management activities (operations & maintenance, renewals, capital works and asset disposals) required to deliver the defined service levels.
- Demand projections and forecasts.
- A cash-flow forecast outlining the asset related expenditure required over the term of the plan. It is imperative that Councils are readily able to identify/define maintenance, renewal, upgrade and new asset expenditure for projects and their key components.

The following diagram provides a flow chart of the asset management plan process and its relationship with other Council processes. It recognises the need to involve Council in order to achieve a coordinated and integrated approach to asset management across the organisation. This is significantly assisted by the establishment of a Project Review Team (PRT) to assist in coordinating and managing the on-going development and implementation of asset management plans across the organisation.

**ASSET MANAGEMENT PLAN: METHODOLOGY FLOW CHART**



## 11. Asset Management Operations

This allocates resources necessary to deliver the specified services in the most cost effective manner.

The objective of asset management operations is to allocate resources and deliver defined levels of service in the most cost effective manner.

An effective operational plan should:

- Reflect priorities arising from Asset Management Plans.
- Efficiently deliver defined levels of service.
- Contain measurable performance indicators.
- Establish a Financial Management Plan for each asset (or group of assets).
- Create a strategy for implementing Improvement Plans relating to each asset.

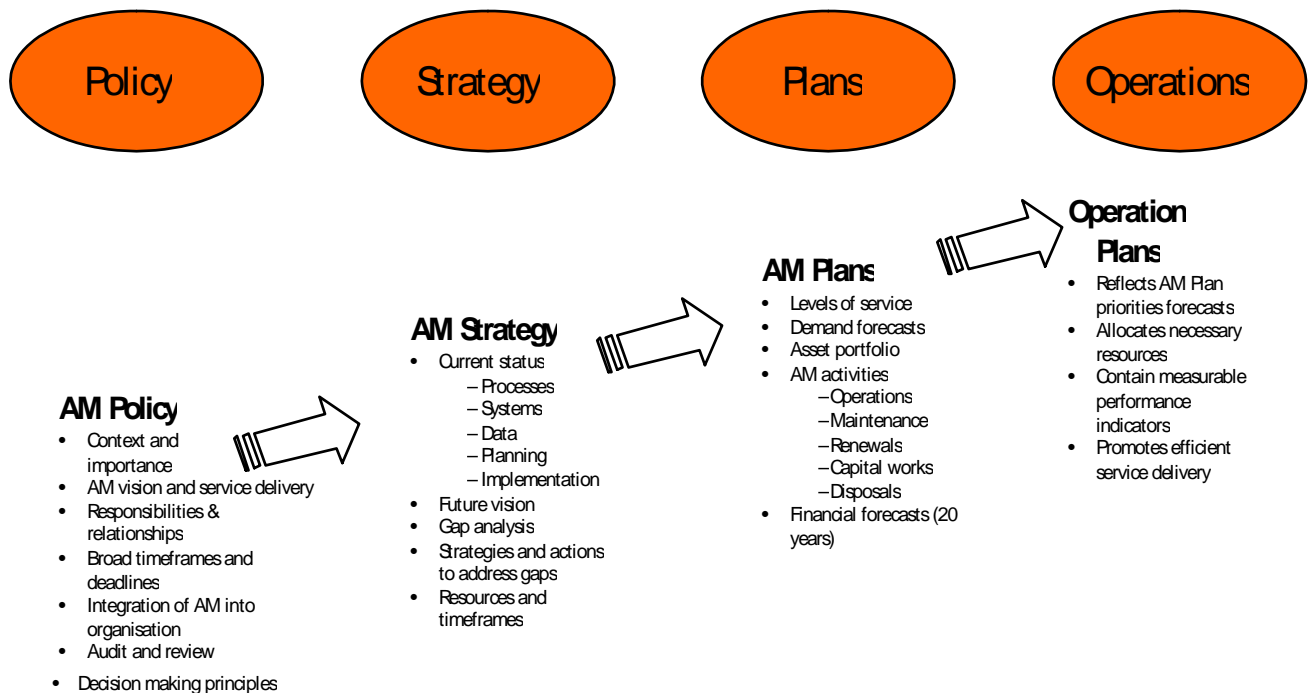
## 12. Appendix A: Asset Management Balanced Score Sheet

### Asset Management Balanced Score Sheet

<b>Council:</b>		<b>Manager:</b>	
<b>Date:</b>		<b>Department:</b>	
<b>6 mth follow up date:</b>			
<b>12 mth follow up date:</b>			
<b>18 mth follow up date:</b>			

### The Path to successful Asset Management (AM)

There are four basic steps that form the foundation for improving asset management. As a minimum, Council needs to have an Asset Management Policy/Position and an Asset Management Practices Improvement Strategy to provide direction and guidance for asset management planning. The Asset Management Plans provide more detail and long term projections and the operations arrangements cater for the delivery of asset management.



**Asset Management Policy/Purpose Review***Broadly outlines why asset management is relevant and what needs to be done in a particular organisation*

1.	Does Council have an adopted Asset Management (AM) Policy/Position on AM?	
2.	Does the AM Policy/Position have a direct relationship/linkage to Council's Strategic Plan?	
3.	Does the Policy/Position define the Council's vision and service delivery for asset management?	
4.	Does the Policy/Position define what asset management means to the Council?	
5.	Does the Policy/Position integrate asset management with the organisations other policies and business processes (eg risk management policy)?	
6.	Does the Policy/Position have organisational context and acknowledge the importance of asset management with regard to Functional and Operational Level of Service?	
7.	Does the Policy/Position define asset management responsibilities, relationships and reporting framework?	
8.	Does Council involve all key staff in a cross-functional multi discipline forum	
9.	Does the Policy/Position clearly articulate the principles and financial implications upon which decisions relating to assets and their performance will be based? <ul style="list-style-type: none"> <li>• Whole of Life</li> <li>• Renew before New</li> <li>• Forms part of Financial Strategy</li> <li>• Capital contributions</li> <li>• Etc.</li> </ul>	
10.	Does the Policy/Position include audit and review procedures, and review date and/or sunset clause?	
<b>Comments</b>		<b>Asset Management Policy Score</b>

X ✓

**Asset Management Practices Improvement Strategy Review**

*Framework that guides the choices that determines the nature and direction of Asset Management*

1.	Does Council have an overall Asset Management (AM) Practices Improvement Strategy?	
2.	Does the AM Practices Improvement Strategy link with the AM Policy/Position?	
3.	Does the AM Practices Improvement Strategy clearly define the future vision of asset management practices within Council?	
4.	Has the AM Practices Improvement Strategy been incorporated within Council's Strategic Plan and been communicated or exhibited to the community?	
5.	Does the AM Practices Improvement Strategy link with Council's other strategies eg Risk Management, Strategic Development, Financial Plan and AM Practices such as "needs, functionality, lifecycles, financial impact, capital evaluation, asset rationalisation, etc.	
6.	Does the AM Practices Improvement Strategy document the current status of asset management practices (processes, asset data, and information systems) within the Council?	
7.	Does the AM Practices Improvement Strategy document the required status of asset management practice improvement required to achieve the future vision?	
8.	Does the AM Practices Improvement Strategy identify the gap between the current status and the future vision?	
9.	Does the AM Practices Improvement Strategy document the improvement plans required to achieve AM Plan outputs, including resourcing requirements and timeframes?	
10.	Is Council's AM Practices Improvement Strategy integrated into Council's annual planning/budget process?	
<b>Comments</b>		<b>Asset Management Practices Improvement Strategy Overall Score</b>

**Asset Management Plans Review**

*Documentation of “1st cut” AM Plans(see note below) for Roads Infrastructure (pavement, surfaces, pathways and kerbs), Bridges, Drainage, Facilities and Parks & Recreation, outlining particular actions and resources required to provide a defined “functional and presentation level of service” in the most cost effective manner that is intrinsically linked to the AM Practices Improvement Strategy.*

1.	Do you have Asset Management Plans for the nominated assets – Roads, Bridges, Drainage, Facilities and Parks & Reserves?	
2.	Do the AM Plans link to the AM Practices Improvement Strategy?	
3.	Do the AM Plans document information on all assets related to each asset group?	
4.	Do the AM Plans document the existing functional and operational levels of service and performance standards?	
5.	Do the AM Plans document the current asset condition and useful life?	
6.	Do the AM Plans provide a broad description of the management activities (operations & maintenance, renewals, capital works and asset disposals) required to deliver the defined levels of service?	
7.	Do the AM Plans document demand projections and forecasts?	
8.	Do the AM Plans document a cash-flow forecast outlining the asset related expenditure required over the term of the plan (i.e. capital, operating, depreciation**, development contributions and maintenance) – Councils sustainability to AM?	
9.	Do the AM Plans document a framework for Capital Project Evaluation with appropriate allocation of “life” operating costs, reliance on grants, external funding implications (eg R2R2)?	
10.	Do the AM Plans document a process for Asset Rationalisation?	
11.	Are AM Plans influenced by the level of community input (i.e. Customer request)?	
<b>Comments</b>		<b>Asset Management Plans Overall Score</b>
		<b>Overall Rating</b>

\*\* Depreciation – In accordance with WA Accounting Regulations or as calculated by a Council’s determined Depreciation Formula (based on experience) Asset Management Plans – other assets may include IT, Fleet, Coastal Structures etc.

**Asset Management Operations Review**

*Delivery of “day to day” actions (maintenance, rehabilitation and renewal) required to deliver the defined “functional and presentation level of service”.*

1.	Does the Council have an accurate and up to date asset register for each asset group - Roads Infrastructure (pavement, surfaces, pathways and kerbs), Bridges, Drainage, Facilities and Parks & Reserves?	
2.	Is there a structure and clear allocation of responsibilities and duties (which is documented) in relation to management of individual assets (and updating of asset register)?	
3.	Does the Council have a process in place for assessing and recording the condition of assets?	
4.	Does the Council have a formal process for reporting the outcomes of condition assessments based on “life cycles” determined by Asset Depreciation Guidelines or Councils Local Formula (eg ROMAN – Roads)?	
5.	Does the Council have a process whereby community enquiry and operational response is clearly linked to individual assets?	
<b>Comments</b>		<b>AM Operations Overall Score Overall Rating</b>
		<b>/36</b>

**Asset Management Improvement Programme Tasks for the next 6 months.....**

Tasks	Measure	Progress @ 6 month Review

**Asset Management Improvement Programme Tasks for next 12 months.....**

Task	Measure	Progress @ 6 month & 12 month Review

This document represents an agreement to the above commitment to Asset Management

<b>Responsible Officer:</b>		<b>CEO:</b>	
<b>Date:</b>		<b>Date:</b>	

## 13. Appendix B: Asset Management Balanced Score Sheet Evaluation Ratings

### Asset Management Balanced Score Sheet Evaluation Ratings

#### Asset Management Policy/Purpose

Response	Score
> 8 Yes	A
> 6 – 8 Yes	B
> 4 - 6 Yes	C
>2 – 4 Yes	D
0 –2 Yes	E

**TARGET**  
**All Councils should aim to achieve a score of not less than level “C” by the 12-month review and not less than “B” 18 months after commencement of the WAAMI programme.**

#### Asset Management Practices Improvement Strategy

Response	Score
> 8 Yes	A
>6 – 8 Yes	B
>4 – 6 Yes	C
>2 – 4 Yes	D
0 – 2 Yes	E

#### Infrastructure Asset Groups:

**Roads-** – includes all paved and unpaved roads, kerb, ground level carparks, pathways paths both on and off road

**Bridges** – includes all bridges (road and park) and major culverts

**Drains**– includes all stormwater pipe reticulation, formed open drains and swales, pits, pumping stations, litter traps and flood mitigation measures such as dams (major retarding basins), levee bank systems etc. for which Council is responsible

**Parks and Reserves** – includes passive parks, golf courses, sportsgrounds, bushland parks and associated fencing, parks furniture, on site carparks and playgrounds

**Facilities(Civic and Community)** – includes all buildings such as Civic centres, libraries, halls and meeting rooms, parks amenities, child health centres, commercial buildings owned by Council, multi level carparks, community housing, hostels and senior citizens type buildings and includes sporting pavilions, leisure centres, clubrooms, grandstands and airports/landing facilities.

#### Asset Management Plans

Response	Score
> 50 points	A
38 – 50	B
26 – 38	C
14 – 26	D
< 14	E

#### Asset Management Operations

Response	Score
> 20 points	A
15 – 20	B
10 – 15	C
5 – 10	D
< 5	E

## 14. Asset Management Plans Scorecard Review

Score 1 point for each asset group for which information is generally available. For example, 3 asset groups with 3 items plus 2 asset groups with 2 items given a total score of 13 points.

Question	Roads	Bridges	Facilities	Drainage	Parks & Res	Total 1st Visit	Total 2 <sup>nd</sup> Visit	Total 3 <sup>rd</sup> Visit	Total 4 <sup>th</sup> Visit
1. AM Plans									
2. Link to AM Practice									
3. Asset Groups									
4. Levels of Service									
5. Current Asset Condition									
6. Management Activities									
7. Demand Projections									
8. Cash-Flow forecast									
9. Capital Evaluation									
10. Asset Rationalisation									
11. Community enquiry									
<b>Totals</b>									

## 15. Asset Management Operations Scorecard Review

Score 1 point for each asset group for which information is generally available. For example, 3 asset groups with 3 items plus 2 asset groups with 2 items given a total score of 13 points.

Question	Roads	Bridges	Facilities	Drainage	Parks & Res	Total 1st Visit	Total 2 <sup>nd</sup> Visit	Total 3 <sup>rd</sup> Visit	Total 4 <sup>th</sup> Visit
1. Accurate Asset Register									
2. Structure & duties									
3. Condition of assets									
4. Reporting Assessment									
5. Inquiry & response									
<b>Totals</b>									

## 16. Appendix B: Typical Agenda for Workshop 1

Time	Attendees	Discussion	Output
8.30 – 9.45	CEO, Directors & key staff involved in Asset Management such as Finance, Risk Management, Community Services, Recreation, Property Management and Asset Mtce etc.	<ul style="list-style-type: none"> <li>• WAAMI program, Background and Purpose.</li> <li>• Current industry/government AM initiatives including</li> <li>• Overview of WAAMI Framework, etc</li> </ul>	<ol style="list-style-type: none"> <li>I. Understand key principles of AM &amp; WAAMI program</li> <li>II. Understand key drivers for AM</li> <li>III. Understand how other States approaching AM especially Victorian MAV Step program</li> </ol>
<b>9.45 – 10.00</b>	<b>Break</b>		
10.00– 12:00	Key staff involved in service delivery and Asset Management such as Finance, Risk Management, Community Services, Recreation, Property Management and Asset Mtce etc.	<ul style="list-style-type: none"> <li>• Introduce WAAMI program and key elements for asset Management</li> <li>• Establish a “Scorecard” focusing on Councils current AM activities</li> </ul>	<ol style="list-style-type: none"> <li>I. Create AM awareness and tools available to improve AM programming</li> <li>II. Establish a current Scorecard</li> </ol>
<b>12:00 –12.30</b>	<b>Lunch</b>		
12.30– 2.30	Key staff involved in service delivery and Asset Management such as Finance, Risk Management, Community Services, Recreation, Property Management and Asset Mtce etc.	<ul style="list-style-type: none"> <li>• Identifying Key Issues or Barriers to Asset Management progress</li> <li>• Develop practical Action Plan for achievement of AM over next 6 months and 12 months based on Scorecard and key Issues.</li> </ul>	<ol style="list-style-type: none"> <li>I. Establish list of key issues to AM planning and improvement</li> <li>II. Develop a 6 month and 12 month AM Planning &amp; Implementation Strategy</li> </ol>
2:30 – 3.00	CT Management Group Management Team	<ul style="list-style-type: none"> <li>• Summarise the days activities and prepare presentation to CEO and Directors</li> </ul>	<ol style="list-style-type: none"> <li>I. Summary of Scorecard, key issues and 6 month and 12 month AM planning &amp; implementation strategy</li> </ol>
3:00 – 3.30	CEO & Directors & key “players” in AM and AM Champion	<ul style="list-style-type: none"> <li>• Meet with CEO and Directors and AM staff and present days outcomes</li> </ul>	<ol style="list-style-type: none"> <li>I. Understanding of AM implications for the Council</li> <li>II. Agreement on presentation WAAMI Program and Scorecard to Councillors.</li> </ol>
<b>3.30 – 4.30</b>	<b>Councillors, CEO &amp; Directors &amp; key “players” in AM</b>	<ul style="list-style-type: none"> <li>• Workshop with Councillors &amp; CEO etc</li> <li>• Explanation of AM, key drivers, WAAMI Program, AM Implementation Strategy and Scorecard</li> </ul>	<ol style="list-style-type: none"> <li>I. Understanding of AM implications for the Council</li> <li>II. Summary of Scorecard, key issues and 6 month and 12 month AM planning &amp; implementation strategy</li> </ol>

### Equipment:

Multi Media Data Projector, Electronic Whiteboard, “Sticky Labels” for name tags, “post it” note pads, pens etc.

## 17. Appendix C: Typical Agenda for Workshop 2

Time	Attendees	Discussion	Output
8.30 – 9.45	CEO, Directors & key staff involved in Asset Management such as Finance, Risk Man, Com Services, Recreation, Property Management and Asset Mtce etc.	<ul style="list-style-type: none"> <li>• Key Drivers AM</li> <li>• Industry Issues</li> <li>• WAAMI program, and Purpose.</li> <li>• Current AM industry initiatives across Aust</li> <li>• Linkage service delivery &amp; AM</li> </ul>	<ul style="list-style-type: none"> <li>• Key principles of AM &amp; WAAMI program</li> <li>• Understand key drivers for AM</li> <li>• Understand AM approach other States/ NZ</li> </ul>
<b>9.45 – 10.00</b>	<b>Break</b>		
10.00–12:00	Key staff involved in service delivery and Asset Management such as Finance, Risk Management, Community Services, Recreation, Property Management and Asset Mtce etc. <b>(Multi discipline asset management team)</b>	<ul style="list-style-type: none"> <li>• WAAMI program and key elements for asset Management</li> <li>• 1<sup>st</sup> Cut AM Plans - Details on how to develop recognising need for Service Delivery staff to be actively involved in process.</li> <li>• Critically work through Build AM Framework &amp; typical examples – “model” template</li> </ul>	<ul style="list-style-type: none"> <li>• Create AM awareness and tools available to improve AM programming</li> <li>• Develop Action Plan for development of 1<sup>st</sup> Cut AM Plan Buildings</li> </ul>
<b>12:00 –12.30</b>	<b>Lunch</b>		
12.30– 2.00	Multi discipline asset management team	<ul style="list-style-type: none"> <li>• Renewal Gap Management</li> <li>• Review datasheet and develop initial renewal gap options and graphs</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding of 1<sup>st</sup> Cut Renewal Gap</li> </ul>
2:00 – 3:00	Multi discipline asset management team	<ul style="list-style-type: none"> <li>• Renewal Gap Management</li> <li>• Review datasheet and develop initial renewal gap options and graphs</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding of 1<sup>st</sup> Cut Renewal Gap</li> </ul>
<b>3:00 – 3.15</b>	<b>Break</b>		
3:15 – 4:00	Multi discipline asset management team	<ul style="list-style-type: none"> <li>• Review Key Issues or Barriers to Asset Management progress</li> <li>• Review WAAMI Scorecard</li> <li>• Review Current Action Plan and develop key actions for next 6 month.</li> </ul>	<ul style="list-style-type: none"> <li>• Identify key issues to AM planning and improvement</li> <li>• Review, update Action Plan &amp; Implementation Strategy</li> <li>• WAAMI Scorecard updated</li> </ul>
4:00 – 4:30	CT Management Group Management Team	<ul style="list-style-type: none"> <li>• Summarise the days activities and prepare presentation to CEO and Directors</li> </ul>	<ul style="list-style-type: none"> <li>• Summary of Scorecard, key issues, action plan and initial outcomes of Renewal Gap project</li> </ul>
4:30 – 5:00	CEO & Directors & key “players” in AM and AM Champion	<ul style="list-style-type: none"> <li>• Meet with CEO and Directors and AM staff and present days outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding of AM implications for the Council</li> <li>• WAAMI Scorecard</li> <li>• Understanding of 1<sup>st</sup> Cut Renewal Gap and Options to Manage Gap.</li> </ul>

Equipment: Multi Media Data Projector, Electronic Whiteboard, “Sticky Label” for name tags.