



**Resource
Recovery
Group**

Recycle. Innovate. Educate.



Asset Management Plan 2022-2032

Reviewed: Council Adoption 25 May 2023

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Our Vision:

A circular economy with less waste and lower carbon emissions.

Our Mission:

We are leaders in maximising material recovery and minimising climate impacts by providing our communities with best practice resource recovery solutions with high recovery rates and ethical supply chains.

On behalf of our Participant Local Governments



EXECUTIVE SUMMARY

1. Executive Summary

The Purpose of the Plan

This document presents the Asset Management Plan of the Resource Recovery Group (RRG), covering the 10 financial periods between 2022/2023 to 2031/2032.

The written down value of the assets at 30 June 2022, are around \$25 million with a replacement value of \$117 million.

The Asset Management Plan identifies assets that are critical to the operations and outlines three management strategies.

1. Annual Maintenance Program – planned and preventative programs
2. Asset renewals program
3. New assets program

The plan provides financial analysis of its entire assets, reviewed annually and the projections are applied for the current and future annual budgets as part of the Local Government integrated planning and report framework.

The Asset Renewal Program 2022 – 2032 is the internal supporting document underpinning this Plan.

2. Asset Management Planning

Asset management planning is a key element of the Integrated Planning and Reporting Framework. It defines current levels of service and the processes local governments use to manage each of their asset classes.

Plans should be developed for all major asset classes,

What is included in the Asset Management Plan

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

The Plan covers the period 2021/22 to 2031/32. There is a high level of accuracy and detail in the first three years of the Plan but this is underpinned by a number of assumptions. The remaining seven years of the Plan are indicative figures and can be considered only as reasonable estimates.

This Plan is integrated with the Long Term Financial Plan and Annual Budgets. Where annual variations exist between the documents, an explanation note will be included in the Annual Budget.

ASSET MANAGEMENT PLANNING

All local governments in Western Australia, including Regional Councils, are required to plan for the future in accordance with Section 5.56(1) of the *Local Government Act 1995* and adopt an Integrated Planning and Reporting Framework. The diagram below depicts this framework:



Source: Department of Local Government, Integrated Planning and Reporting Guidelines, 2013.

3. Who Are We

Resource Recovery Group (formerly Southern Metropolitan Regional Council (SMRC) is a statutory local government authority representing local governments in the southern metropolitan area of Perth. It is responsible for delivering innovative and sustainable waste management solutions for our member local governments.

Our member local governments are: Town of East Fremantle, City of Fremantle and City of Melville.

The member local governments have jointly agreed to establish the regional local government under an Establishment Agreement and each participant may participate in regional projects that are governed by a Participants' Project Agreement.

There are two core projects, being:

1. The Regional Resource Recovery Centre (RRRC) Project and;
2. The Office Accommodation Project.

Both the projects were established through separate project participants' agreements. In addition to the above two projects, support activities such as administration, education and research are also undertaken.

Our Regional Resource Recovery Centre (RRRC) was the first of its kind in Western Australia, and remains a model for other local, regional, and state governments seeking sustainable solutions for waste.

The RRRC Project facility is located in Canning Vale, Perth, Western Australia, on leasehold land to 2030 with 4 x 5 year lease extensions to 2050.

Assets were commissioned in 2003 and have been based on a twenty-year useful life plan. The Capital expenditure was funded from borrowings expiring in June 2023.

It is committed to assisting the State Government and member local governments to work towards achieving the State Waste Strategy targets of reducing waste sent to landfills.

OUR VISION

4. Our Vision

A circular economy with less waste and lower carbon emissions.

Our Mission:

We are leaders in maximising material recovery and minimising climate impacts by providing our communities with best practice resource recovery solutions with high recovery rates and ethical supply chains.

Strategic Focus Areas

 Recycle materials to their highest practical value	 Innovate and implement new approaches to recycling and resource recovery	 Educate by providing tools to recycle right, reduce waste and live more sustainably
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FOCUS AREAS		
1. Deliver practical solutions that maximise material recovery	3. Lead the change to new material recovery solutions to benefit our communities	5. Be a leader in facilitating social change to increase material recovery and reduce climate impacts through education
2. Form viable partnerships to optimise business sustainability	4. Deliver solutions that are environmentally sustainable & add value to recovered products	6. Influence best practice environmental outcomes through stakeholder advocacy

5. Asset Management System

5.1 Policy

The Asset Management policy provides the framework to allow RRG to coordinate activities and practices to optimally manage its asset, and their associated performance, risk and expenditures over their lifecycle.

The policy is adopted by Council and reviewed every two years.

5.2 Maintenance Strategy

The Maintenance Strategy ensures that the correct maintenance is carried out on equipment to meet the service levels expectations. The strategy will ensure that more critical equipment to the business is maintained at a higher level than equipment that is less critical equipment.

The RRG follows best practice principles such as ISO 55000:2014, which provides an overview of asset management, its principles and terminology, and the expected benefits from adopting asset management systems.

5.3 Asset Register

A record of asset information considered worthy of separate identification including date of acquisition and or disposal, financial values, depreciation, re-valuations and other technical and financial information, including maintenance costings for whole of life management.

The assets comprise of the following major asset classes:

- Freehold land and buildings
- Leasehold Improvements
- Plant & Equipment

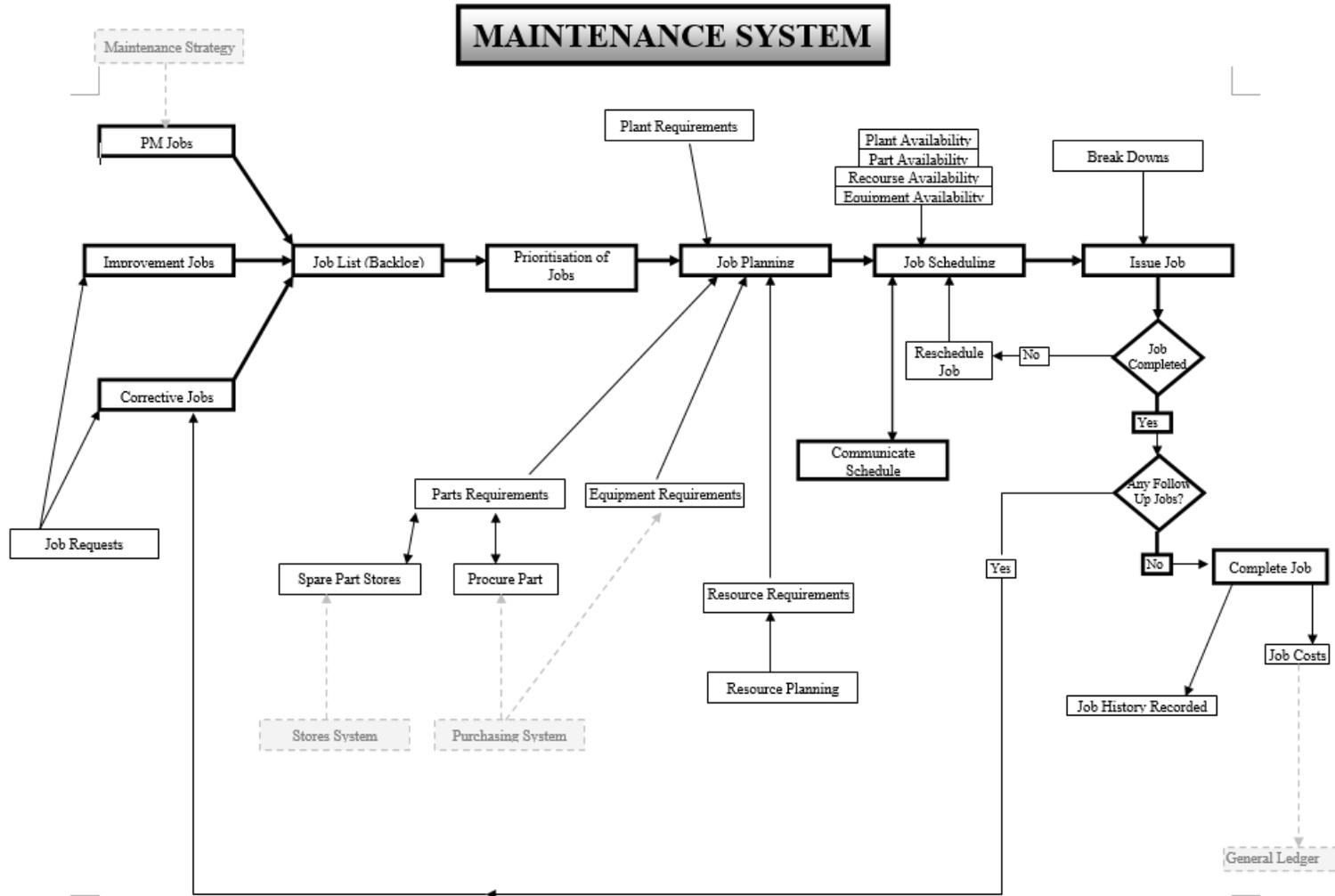
5.4 Maintenance System

The Maintenance system will enable the Maintenance Strategy to be implemented. A Maintenance system controls how jobs and recourses are planned, scheduled and implemented and reports the system performance.

The Asset Maintenance software system for recording and programming maintenance jobs and stores has been 'IT Vision's Synergysoft' an integrated database linking to the financial modules and asset register. This will change from July 2023 to SAP Business One.

The system is a process of a number of procedures that will allow jobs to be followed from the beginning through to the completion. See flow chart on next page.

ASSET MANAGEMENT SYSTEM



6. Levels of Service

defines the types and amounts of service the assets are required to provide to customers relative to the capabilities and limitations of the assets. Additionally, Level of Service indicates how the asset management system will operate and maintain its assets to meet customer expectations.

Our Mission

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6.1 Regional Resource Recovery Centre (RRRC Project) Canning Vale

The RRRC Project is a local government joint venture initiated in 1998 and was designed and commissioned between 2001 and 2003 to provide a regional solution for recovering and recycling household waste, diverting from landfill.

The Project has undergone transformation over the years to meet service delivery and changes in local government requirements and the waste industry, with major asset upgrades from 2013 to 2022 currently consisting of:

- **Administration (2001), Weighbridge (2001), Maintenance (2009) and Audit buildings (2009)**
- **Materials Recovery Facility (MRF) (2013)**, recovering materials from separated co-mingled recyclables bins.
- **Greenwaste Processing Facility (GPF) (2001)**, recovering green waste to produce mulch from separately presented greenwaste.
- **Food Organics Green Organics Facility (FOGO Progressing Facility) (FPF) (2003,2022)** recovering organic materials separated in household mobile bins to produce compost.

6.2 Recent Major Asset Upgrades

The FOGO Processing Facility (formerly Waste Composting Facility (WCF)) has the following separate assets with planned use

1. Digesters Drums– decommissioned in 2019 and removed from site in 2021.
2. Tipping Floor – removal of conveyors to accommodate the FOGO receival and pre-sort in 2022.
3. Aeration Floor - replace roof pylons and sheeting in 2021.
4. Aeration Floor – new concrete floor and electrical wiring for approx 3,000sqm in 2022 for a new plastics recovery process.

LEVELS OF SERVICE

6.3 Future Levels of Service

- FOGO Processing Facility expansion
- Reprocessing Plastic Reprocessing facility
- Transfer Station – Non-recovered waste sent to an offsite Energy from Waste facility.
- Other possible waste recovery industries eg, de-packaging, e-waste, community drop off, container for change, etc.

6.4 Level of service goals provides the following benefits:

- Providing a means of assessing overall system performance
- Assets assessed for their Criticality to the levels of service
- Providing a direct link between costs and service
- Serving as an internal guide for maintenance teams
- Communicating with participants and customers.

7. Asset Condition Assessment

7.1 Asset Management Improvements Program

1. Determine the effectiveness of the preventative maintenance (PM) program to address failures in the equipment base and coordinate efforts to continuously improve the PMs, including the frequency of the work and assurance that PMs are compliant with original equipment manufacturer (OEM) recommendations and statutory standards.
2. Have input into the budget process and assist with the management of work and expenditure according to the budget.
3. Assist in the personal development of staff in planning and scheduling processes, and their interaction with the computerised management system.
4. Ensure that safety management processes and safe work method statements are coordinated with work specifications and job plans.
5. Ensure that stores management processes and information are adequate for planning purposes.

7.2 Asset Criticality Assessment

Assets assessed for their criticality to the levels of service are undertaken by using two matrixes. One matrix indicate the Equipment Criticality Assessment, which determine criticality of the equipment from reliability and maintainability perspective. The second Matrix was of Functional Criticality Assessment, which determined the criticality of the plant to the process. The Sum of these scores provides the overall criticality score for that item.

Order of Criticality

1. Odour Control System
2. Electrical System
3. Leachate System
4. Plant & machinery Operating System
5. Weighbridge
6. Security
7. Mobile Plant
8. Building and infrastructure

FINANCIAL INFORMATION

8. Financial Information

The plan is underpinned by robust estimates, cash flow predictions and expenditure projections based on asset maintenance, replacement or upgrade, renewal and disposal obtained from Asset Management Strategies and Asset Management Plans.

Asset	Fair Value	Reinstatement Value	Book Value
	30 Jun 20 \$M	30 Jun 20 \$M	30 Jun 22 \$M
Land & Buildings Booragoon	1.8	2.1	1.8
RRRC Leasehold Buildings	16.1	53.0	15.3
RRRC Plant & Machinery	7.9	58.6	5.4
Other Assets			0.4
Rehab/ Make Good Prov	2.0	3.4	2.1
Total	27.8	117.1	25.0

The Asset Management Plan's three financial management budgets.

1. Annual Maintenance Program – planned and preventative programs
2. Asset renewals program
3. New assets program

The following tables provide an outline of the estimated asset expenditure for the next four years:

Maintenance Program	Asset Management Plan			
	2022/23	2023/24	2024/25	2025/26
Booragoon Building	9,000	9,000	9,000	9,000
RRRC Buildings	254,959	283,400	266,500	296,700
RRRC Fixed Plant	996,000	1,044,710	1,127,538	1,149,889
RRRC Mobile Plant & Equip	827,253	639,892	644,868	665,342
Total Maintenance Program	2,087,212	1,977,002	2,047,906	2,120,931

FINANCIAL INFORMATION

Renewals Program	Asset Management Plan			
	2022/23	2023/24	2024/25	2025/26
Booragoon Building (painting)	0	0	0	42,455
RRRC Buildings	1,540,000	580,000	0	0
- Demo works stage 2	450,000			
- Upgrade for Plastics tenancy	920,000	80,000		
- T/station mods	150,000	350,000		
- FOGO Link conveyor		150,000		
RRRC Fixed Plant	565,000	644,698	325,999	660,232
RRRC Mobile Plant & Equip	400,000	350,277	0	0
- FEL Loader	400,000	350,277		
Total Renewal Program	2,505,000	1,574,975	325,999	702,686

New Asset Program	Asset Management Plan			
	2022/23	2023/24	2024/25	2025/26
Booragoon Building	10,000	0	0	0
- Solar Panels				
RRRC Buildings	1,600,000	400,000	0	0
- Sprinklers	1,600,000			
- Solar Panels		400,000		
RRRC Fixed Plant				
RRRC Mobile Plant & Equip	875,000	0	0	0
- Forklift, sissorlift	75,000			
- FOGO Trommel (\$250K grant)	800,000			
Total New Asset Program	2,485,000	400,000	0	0

FINANCIAL INFORMATION

The following table is the Estimated Required Capital Renewal Expenditure Program for the next ten years.

The plan has been carefully resourced to ensure that the annual renewal requirement is funded in annual budgets.

Where the capital expenditure is not carried out or not funded in a financial year, the renewal will be brought forward to the following year.

The estimated required capital expenditure for assets planned for renewal over ten years is estimated at \$10 million.

The ten-year asset replacement program expenditure provides for asset renewals of \$10 million (estimated \$8.7M in first five years and \$1.3M in following five years).

The ten-year Financial Long-Term Plan forecasts funding of \$10 million over the period and will provide 100% funding towards asset renewal expenditure.

Routine maintenance expenditure is in addition to this program and is funded in annual budgets as part of normal operating expenditure.

Majority of this funding is set-aside in a reserve account.

FINANCIAL INFORMATION

Summary of Estimated Renewal Program Spend \$10M

First five years estimated spend is \$8.7 million:

	2023	2024	2025	2026	2027	
	1	2	3	4	5	
SUMMARY ALL TOTALS						
Admin	\$ 60,000	\$ -	\$ -	\$ 42,455	\$ -	
Mobile Plant	\$ 400,000	\$ 350,277	\$ -	\$ -	\$ 91,569	
Weighbridge	\$ -	\$ 20,300	\$ -	\$ 18,043	\$ -	
Greenwaste	\$ -	\$ -	\$ -	\$ -	\$ -	
MRF	\$ 255,000	\$ 504,398	\$ 205,999	\$ 342,024	\$ 837,588	
WCF	\$ 310,000	\$ 120,000	\$ 120,000	\$ 300,164	\$ 120,000	
New Plant	\$ 875,000	\$ -	\$ -	\$ -	\$ -	
Buildings	\$ 3,140,000	\$ 580,000	\$ -	\$ -	\$ -	
TOTAL	\$ 5,040,000	\$ 1,574,975	\$ 325,999	\$ 702,686	\$ 1,049,157	\$ 8,692,817

Second five years estimated spend is \$1.3 million

Reasons for the reduced spend is:

- Major upgrades in first 5 years is expected to maintain a 10 year working life and unlikely to be renewed in the next 5 years.
- Future renewal assessment on the ongoing service delivery after 5 years.

	2027	2028	2029	2030	2031	
	2028	2029	2030	2031	2032	
	6	7	8	9	10	
SUMMARY ALL TOTALS						
Admin	\$ 54,672	\$ -	\$ -	\$ -	\$ -	
Mobile Plant	\$ -	\$ 144,280	\$ 395,399	\$ -	\$ -	
Weighbridge	\$ -	\$ -	\$ -	\$ -	\$ -	
Greenwaste	\$ -	\$ -	\$ -	\$ -	\$ -	
MRF	\$ 92,669	\$ -	\$ -	\$ -	\$ 67,021	
WCF	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	
New Plant	\$ -	\$ -	\$ -	\$ -	\$ -	
Buildings	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL	\$ 267,341	\$ 264,280	\$ 515,399	\$ 120,000	\$ 187,021	\$ 1,354,041

FINANCIAL INFORMATION

8.1 Annual Maintenance Budget

A four year financial plan has been prepared to record all asset maintenance costs which is estimated for per financial year up until 2026.

The estimate shows costing for the following types of maintenance tasks for all items of plant:

- Inspection tasks – PM
- Predictable repairs – RP
- Unpredicted repairs - UR
- Breakdown repairs – BD
- Capital replacement or repairs – CRP

For each task the duration, frequency, labour and material costs have been estimated.

8.2 Borrowings

The RRRC Project and Office Accommodation Project (Booragoon) capital expenditure was funded by borrowings.

The RRRC project borrowings are to be fully repaid on 30 June 2023.

Any new projects require Business Plans that are approved by Participants.

8.3 Reserves

Cash-backed reserve accounts for the purposes of asset management include:

8.3.1 RRRC Project Contingency Reserve

to fund shortfalls in operating expenditure, asset renewals and disposals, employment termination provisions and insurance claims below the excess for the Canning Vale RRRC Project.

Transfer to cash backed reserves to finance the asset renewal plan during the plan period will be made based on annual surpluses. The asset renewal programme will finance plant and equipment worth over \$24.9 million over the plan period or average of \$2.5 million per annum. During the plan period, the reserves will increase by \$ 6.3 million.

8.3.2 RRRC Project Restoration Reserve

to meet lease obligations resulting from an early termination of the Ground Lease or at the expiry of the Ground Lease.

8.3.3 Office Project Reserve – 9 Aldous Place Booragoon

to fund capital renewal expenditure and non-recurrent maintenance expenditure for the Council property located at 9 Aldous Place Booragoon.

8.4 Asset Renewals

The Asset Management Plan has identified that plant and equipment worth over \$10 million may need to be renewed over the plan period. The majority of assets are to be financed by cash reserves.

- Mobile plant, the replacement strategy adopted by the SMRC for the mobile plant has been found to be representative of industry norms for economic useful life of equipment based on the hours worked and the residual values required.
- Fixed plant, an allocation has been adopted based on the new equipment suppliers recommendations for ongoing preventative maintenance.

8.5 New Asset Purchases

Additional new equipment will be determined and approved through annual budget approvals based on strategic direction, service delivery and available funding.

9. Risk Management Strategies

The Risk Management Plan follows the ISO 31000: 2009 principles and guidelines.

Major risks are reviewed regularly, operational risk treatment plans are reviewed each quarter and the Audit & Risk Committee reviews the major and strategic risks each quarter.

The Operational risk register for asset management is linked to the plant criticality profile. Business Impact Analysis identifies activity interruption and the estimated recovery time objective (RTO)

The risks associated with assets relate to the following:

- Plant and equipment failure and renewal
- Business Continuity for operations
- Loss of assets due to fire and theft
- Non availability of critical spares
- Contractor failure to deliver services or goods
- Poor project and engineering integrity

Other Risk Mitigation Strategies

- The Odour management system includes improvements and management action plans, such as the Bio-Filter Management Plan, the gas scrubbing equipment and humidifiers which fit a high risk profile due to their potential for odour release.

Other significant capital asset risks include;

- $\frac{3}{4}$ Containment of dust from screening, affecting work environment, buildings, odour control (Economic/Social risk).
- $\frac{3}{4}$ Corrosion of building fabric (Economic/Social risk). It is recommended that measures be implemented to clean internally and that protective coatings be renewed or repaired where necessary.
- $\frac{3}{4}$ Containment of air within buildings including fast activated doors to tip floor and sealing of structures (Economic/Social risk).

INTEGRATING OTHER INFORMING PLANS

10. Integrating Other Informing Plans

10.1 Corporate Business Plan (4 Year Plan)

The Projects identified in the Corporate Business Plan align with Asset Management Plan

PROJECTS		
<p>1.1 Optimise operations in recovery and re-use to add value</p> <p>1.2 Re-purpose facilities for re-processing plastics</p> <p>1.3 Re-purpose facilities for FOGO</p> <p>1.4 Re-purpose facilities for a residual waste transfer station</p>	<p>3.1 Investigate the viability of new technologies for waste recovery</p> <p>3.2 Be recognised as an industry leader in championing progressive solutions to materials recovery</p> <p>3.3. Lead trial projects to reuse recycled materials</p>	<p>5.1 Promote the Recycle Right Program amongst participants and other local governments as community education plan actions</p> <p>5.2 Partner with member councils and complementary organisations to promote behaviour change towards waste recovery and reuse</p> <p>a. Promote the benefits of source separation for 3 bin systems</p> <p>b. Kerbside Audits</p> <p>c. Bin Tagging Program</p> <p>d. rollout FOGO to MUDs</p> <p>e. rollout FOGO to mixed use and commercial</p>
<p>2.1 Pursue opportunities to partner with other organisations</p>	<p>4.1 Identify and deliver process improvements</p>	<p>6.1 Proactively lead and influence best practice outcomes in Federal, State and Local Government forums to support the development of regional and metropolitan waste management policies and legislation.</p> <p>6.2 Advocate for enhanced packaging design controls and extended producer responsibility.</p> <p>6.3 Advocate for legislations that limits the disposal of unprocessed MSW.</p>

INTEGRATING OTHER INFORMING PLANS

10.2 Long Term Financial Plan (LTFP)

Transfers to the Plant Replacement Reserve for the asset renewal program may be funded from the Net Surplus before Depreciation as estimated in the tables below.

10.3 Workforce Plan (WP)

Workforce Planning is a *“continuous process of shaping the workforce to ensure that it is capable of delivering organisational objectives now and in the future”* (Australian National Audit Office 2004)

The Workforce Plan identifies strategies to meet future workforce needs and the implications on current and future operating environments.

Maintenance teams consist of:

Manager, mechanical fitter and electrician roles

Administrative for supply and stores

Contractors and consultants

10.4 ICT Strategic Plan

Information and Communication Plan includes upgrading its integrated accounting software and asset maintenance program to be implemented in 2023.

CONCLUSION – IMPLEMENTATION & REVIEW OF PLAN

11. Conclusion – Implementation & Review of Plan

The Council will consider the content of this Plan when preparing the Annual Budget to ensure it closely aligns with the proposals in the Plan to meet its asset management obligations.

A review of the Plan will occur each year as budgets are prepared to account for performance information and changing circumstances. A broad review of its Plan occurs every year and a full review is planned once in every three years.