

## Asset Policy

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Applicable Legislation	Local Government Act, 1999

### Asset Policy

#### 1. PURPOSE

To integrate Asset Management with Council's corporate and financial planning which will broadly take into account whole of life costing, service levels and financing options.

#### 2. OBJECTIVE

To ensure adequate provision is made for the long-term replacement of assets by:

- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
- Safeguarding Council assets including physical assets by implementing appropriate asset management strategies and providing appropriate financial resources for those assets.
- Creating an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining asset management awareness throughout the Council.
- Meeting legislative requirements for asset management.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes.

#### 3. POLICY STATEMENT

Council will support asset management principles that enable it to meet its service delivery objectives efficiently and effectively.

#### 4. LEGISLATION AND COMPLIANCE

Local Government Act 1999

Section 48 - that Council's report in certain circumstances on the prudential aspects of a project where major asset acquisition or construction is contemplated.

Section 99 (1)(g) states that the Chief Executive Officer must ensure that the assets and resources of the Council are properly managed and maintained.

Section 122, (1a) of the Act, as amended, requires Council to develop and adopt;

- (a) a long-term financial plan for a period of at least 10 years and;
- (b) an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the Council for a period of at least 10 years.

(and these plans will also be taken to form part of the Council's Strategic Management Plans).

Section 124 and 125 & 139(3)(k) - Council must:

- keep accounting records that adequately record and explain the assets of the Council and which enable the preparation and provision of financial statements to be conveniently and properly audited.
- ensure that policies, practices and procedures of internal control are implemented and maintained to safeguard the council's assets.
- when exercising its power of investment, have regard to the aggregate value of the assets of the Council.

## DEFINITIONS

<b>Asset Management</b>	The systematic and coordinated activities and practices through which an organisation optimally manages its physical assets and their associated performance, risks and expenditure over their lifecycle for the purpose of achieving its organisational strategic plan.
<b>Asset Management Plan</b>	A tactical plan developed for the management of a class of assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of an asset in the most cost-effective manner, to provide a specific level of service. A significant component of the plan is the development of long-term expenditure forecasts for the activities required to manage the assets.
<b>Asset Management Strategy</b>	A plan to achieve ongoing improvement in Asset Management activities and practices by establishing: clear objectives, a framework within Council to achieve those objectives, a system for measuring performance and a detailed improvement program.
<b>Long Term Financial Plan</b>	A ten year financial plan which enables Council to better plan and understand Financial Plan their long-term financial requirements, which includes consideration of sustainability,

	service provision levels and the creation, upgrading and renewal of assets.
<b>Asset</b>	<p>An asset is an item of value – something that is “worth having”, because it is capable of delivering valuable services now and into the future.</p> <p>N.b Some assets have a potential service life longer than one year, and are known as “non-current assets.” Non-current assets include roads, bridges, footpaths, stormwater, recreational buildings, computer software and intellectual property.</p>
<b>Asset Life Cycle</b>	<p>An asset passes through the following phases during its life:</p> <ul style="list-style-type: none"> <li>• the planning process, where the requirement for an asset is identified and established having regard to service delivery considerations;</li> <li>• the acquisition phase, where the asset is purchased, constructed, leased or otherwise brought into service;</li> <li>• the operation and maintenance phase, where the asset is used for its intended purpose. This phase includes condition and usage review, periodic maintenance, or major repair; and</li> <li>• the disposal phase, initiated when the economic life of the asset has expired, or when the need for the service provided by the asset has disappeared. This involves the retirement, replacement, renewal or redeployment of an asset.</li> </ul> <p>Council should ensure that long-term asset management planning reflects a life-cycle approach. If asset planning is limited to a single phase, decisions will not take into account long-term issues.</p>
<b>Level of Service</b>	The defined service quality for a particular asset against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environment, acceptability and cost.

## Policy content

### Principles of Asset Management

- Asset procurement and management will be responsible, accountable, open, consistent and ethical.

- Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management practices across all areas of Council. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery and policies.
- All relevant legislative requirements together with social, economic and environmental considerations will be taken into account in asset management.
- Asset management principles will be integrated within existing long-term Council planning and operational processes and assets will be considered with other key resources in achieving Council objectives.
- Asset strategies will be linked with the budgetary process, strategic and annual plans and Council planning process and non-asset strategies to ensure Council Policy service delivery needs are met.
- An inspection regime will form part of asset management to ensure agreed levels of service are maintained and to identify asset renewal priorities.
- Council will aim to fully fund, in its annual budgets, asset renewals and operational requirements necessary to meet agreed levels of service and identified in infrastructure and asset management plans and long term financial plans.
- Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.
- Systematic and cyclic reviews will be applied to all asset classes to ensure that the assets are managed, valued and depreciated in accordance with appropriate practices and applicable Australian Standards.
- Future life cycle costs will be reported and considered in all decisions relating to significant new services and assets and significant upgrading of existing services and assets.
- Service levels will be determined in consultation with the community through the regional peak body associations.

### **Asset Management and Long Term Financial Management Plans**

The key elements to the Asset Management Plans are:

- Future Demand
- Levels of Service
- Risk Management
- Life Cycle Management
- Financial Summary
- Asset Management Practices
- Monitoring
- Asset Management Improvement Plan
- Clear linkages to other Council strategic documents

Council has a Long Term Financial Plan, which provides key financial information and direction for Council to achieve and maintain financial sustainability. The Asset Management Plan provides key information to produce an affordable and achievable

approach to Asset Management. The Ten Year Capital Works Program also identifies individual project requirements to provide meaningful annual cost estimates.

Strategic asset management will evolve in a continuous cycle of review and improvement so the quality of outputs matches the changing business needs for Council.

Council's asset management process is summarised below:

Strategic Plan 2020	<input type="checkbox"/>	AM Policy	<input type="checkbox"/>	AM Strategy	<input type="checkbox"/>	AM Plans	<input type="checkbox"/>	Long Term Financial Plan 10 Year Capital Works Program
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### Service Delivery Needs and Levels of Service

Service delivery needs will form the basis of all asset management decisions. Assets are acquired for their service delivery potential, and service delivery needs should form the basis of all asset management practices and decisions.

Service delivery needs should be reviewed on an ongoing basis against budget realities and adjusted as required to take into account changing priorities and constraints.

Council's asset management practices include:

- Consultation with the community (peak body associations) and stakeholders, to define the desired outcomes and the service levels required to achieve those outcomes.
- Where necessary, establish minimum service standards based on the Council's duty of care.
- Incorporate the desired and associated service levels into Council's strategic management plans (including the financial implications into the long-term).
- Assess alternative methods of providing the service levels (including lower cost assets and non-asset methods e.g. leasing where possible) and decide on the best solution. This includes an assessment of the lifecycle costs and benefits for each of the alternatives.
- If appropriate, acquire the assets to meet the required service levels.
- Operate and maintain the assets to achieve required service levels and minimise life-cycle costs.

To apply the criteria of quality, quantity, location etc (refer definition above) for identified levels of service.

## Responsibility

- Council is responsible for adopting the policy and ensuring that sufficient resources are provided to manage Council's assets.
- The Chief Executive Officer has overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council. This includes asset planning, budgeting, reporting and monitoring.
- Asset Registers are maintained by the Manager Works & Infrastructure and Manager Finance & Administration, it provides fair/replacement/historical value, accumulated depreciation and carrying amount for each asset and asset class along with historical information relating to revaluation and impairment.

## RISK MANAGEMENT

All staff responsible for and involved in activities associated with the management of the Council's assets will comply with Council's risk assessment practices in order to assess their overall risk and determine the most appropriate strategies to manage these.

Council's Asset Management Plans will allow for timely and cost effective asset management programs and replacement of asset components where essential maintenance/replacement will be key elements.

## EVALUATION AND ACCESSIBILITY

This Policy will be evaluated annually and reviewed at least biennially.