



Asset Management Policy

Adopted 22 May 2019





Asset Management Policy

Council manages and maintains a diverse infrastructure asset portfolio through which it delivers a broad range of services to the community.

Council will ensure sustainable asset management of the portfolio by planning, creating, acquiring, operating, maintaining, rehabilitating, replacing and disposing of its infrastructure assets in the most cost-efficient manner to deliver the required level of service for the present and future.

Council will rationalise existing assets based on the service potential and fit-for-purpose and will only own assets that are integral to the delivery of services to the community or those required for future strategic needs.

Purpose

To provide a fit for purpose asset portfolio that supports the provision of best value services at the optimised whole of life cycle cost while meeting the present and future service needs of the community.

Definitions

Asset: A physical item which has value and economic life of greater than 12 months with the purpose of delivering a service to the community.

Asset Management: The systematic and coordinated activities, processes and practices, the combination of management, financial, economic and engineering applied to physical assets with the objective of providing the required level of service in the most cost-effective life-cycle management of assets.

Lifecycle Asset Management: The cycle of activities that an asset goes through while it retains an identity from planning and design, to construction and maintenance, to decommissioning or disposal.

Level of Service: The defined needs or benefits or quality for a service or activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability, cost and availability.

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Whole of Life Cycle Cost: The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, renewal/replacement and disposal costs.

Core Expenditure: The expenditure which is considered as non-discretionary based on asset management principles.

Capital Expenditure – Renewal/Replacement: The expenditure for replacing an existing asset with the same or technologically modern equivalent asset which restores service level to its original standard. This may reduce future operating and maintenance expenditure and will restore its condition to new. It is a core expenditure.

Capital Expenditure – Expansion: The expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to a new group of users. It is a discretionary expenditure, which increases future operating and maintenance costs because it increases the organisation's asset base but may be associated with additional revenue from the new user group.

Capital Expenditure – New: The expenditure that creates a new asset providing new service that did not exist beforehand. It is a discretionary expenditure.

Capital Expenditure – Upgrade: The expenditure, which replaces a previously existing asset with enhanced capability or function, where an option existed for replacement without the enhanced capability or functionality. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. In most instances, it will increase operating and maintenance expenditure in the future because of the increase in the organisation's asset base.

Maintenance Expenditure: The recurrent expenditure required regularly or periodically as part of anticipated scheduled work required to ensure that the asset achieves its useful life and provides the required level of service. This keeps the asset in its original condition and slows down its deterioration. Maintenance expenditure is a core expenditure.

Operating Expenditure: The recurrent expenditure which is continuously required to provide a service typically power, fuel, staff, etc but excludes maintenance expenditure. It is a core expenditure.

Asset Renewal Funding Ratio: Is the comparison of the renewal and or replacement expenditure with depreciation for a defined reporting period i.e. $\text{Renewal/Replacement Expenditure} \div \text{Depreciation} \times 100$. Both the figures must be derived from the same valuation methodology i.e. either Brownfield or Greenfield valuation methodology.



Scope

The policy applies to all infrastructure assets which are owned, controlled and/or managed by Council to deliver the necessary service to the community.

Related policies and documents

- Council Plan
- Asset Management Strategy
- Asset Management Plans
- Service Management Plans
- Fixed Asset Policy
- Capital Evaluation Policy
- Risk Management Policy
- Road Management Plan

Council's Asset Management Framework shows linkages between this policy and the Council Plan, Long Term Infrastructure Plan, Long Term Financial Plan and other documents is attached in Appendix 1.

Policy principles

To provide effective infrastructure asset management that delivers agreed and required levels of service in a cost-effective and sustainable manner to present and future customers.

Policy detail

Council is committed to the sustainability of the organisation and the services it provides to the community by:

- Applying the stewardship responsibilities placed on Council to the lifecycle management of community infrastructure assets that support services that are appropriate, accessible, responsive and sustainable;
- Recognising community input to determine the required service needs on community connection, health and wellbeing;
- Applying sound service and asset management principles and implementing in a coordinated approach across the whole organisation;
- Implementing and improving the procedures, processes, systems, information and technologies that support the management of its infrastructure assets;
- Implementing long term financial and asset planning to effectively manage its finances to ensure it maintains the asset capacity to provide the required services for the present and future communities;

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- Prepare and implement asset planning by undertaking life-cycle asset management for each asset class inclusive of planning, design, construction, acquisition, operation, maintenance, renewal/replacement and disposal of assets;
- Prioritising sufficient funds for the core expenditures i.e. operating, maintenance and renewal/replacement of existing assets in preference to the discretionary expenditures i.e. new, upgrade and expansion;
- Prepare and implement asset renewal/replacement programs for each asset class supported by asset management plans;
- Prioritise asset renewal and replacement based on the current condition assessment of assets, defined intervention levels and agreed on criteria;
- Monitor and report its asset renewal/replacement performance by Asset Renewal Funding Ratio.
- Investments in new, expansion and upgrade of infrastructure shall be supported by the whole lifecycle cost of the asset.
- Providing asset management and related financial training and professional development programs for staff involved in asset management to facilitate and implement asset management culture and ownership across the whole of Council.

Roles and Responsibilities

Asset management is a corporate responsibility and an essential part of doing business for the whole of Council.

Councillors:

- To act as stewards of the infrastructure assets for current and future communities.
- To adopt the Asset Management Policy.
- To adopt the Asset Management Strategy.
- To allocate appropriate resources for asset management activities through the Annual Budget, Long Term Infrastructure Plan and Long Term Financial Plan.
- To endorse new and revised asset management plans and monitor outcomes.
- To provide consistent and transparent decision making based on adopted criteria.

Chief Executive Officer and Executive Team:

- Provide professional advice to Council to enable Council to make informed strategic asset management decisions.
- To continually promote asset management across the Council and with the community.
- To provide leadership and support in the implementation of an asset management culture.

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- To monitor asset management across the organisation and to report on the outcomes to Councils.
- To assign Asset Planning, both Capital and Operational, duties for each asset class to appropriate council staff.
- To ensure the service asset management plans are regularly reviewed and updated.
- To ensure the community needs and the outcomes of service reviews are incorporated into the asset management plans.
- To allocate resources and training to support asset management generally.

Asset Management Team and Council Staff:

- To review and implement the Asset Management Policy and Strategy.
- To develop and to regularly update asset management plans for the major asset groups.
- To develop and implement planning, design, construction, acquisition, operation, maintenance, renewal/replacement and disposal of assets in accordance with the Asset Management Policy and Strategy, asset management plans and allocated budgets.
- To ensure compliance with legislative and statutory obligations.
- To document the required levels of service in consultation with service managers and the community and to deliver them to the agreed risk and cost standards.
- To report to the Executive Team on asset management outcomes and performance, as well as implementation progress.
- To continually seek innovative ways to meet service needs.
- To develop and implement procedures that ensures that a single asset database is maintained and updated.
- To periodically review the Asset Information Management System to ensure it meets the needs of the organisation.

Approval date	22 May 2019
Approval authority	Council
Effective from	25 June 2003
Review term	Council term (at least every four years)
Next review date	21 May 2023
Responsible position	Coordinator Asset Management
Responsible Director	Director Community Infrastructure
Version	Adopted 2019

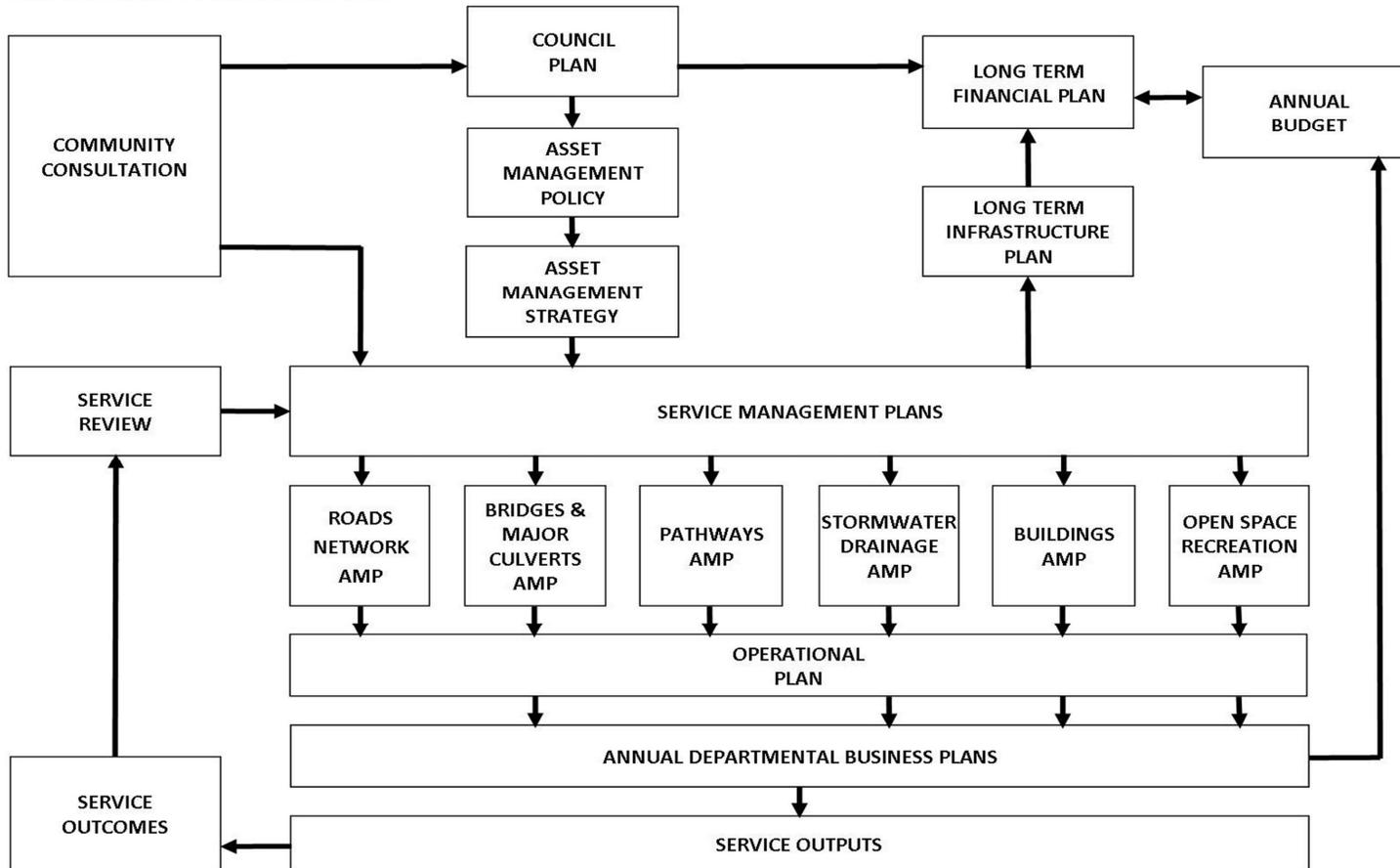
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Appendix 1– Asset Management Framework

ASSET MANAGEMENT FRAMEWORK FLOWCHART



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