

Policy

Asset Management

Version 1.5

Adopted by Council at its meeting on 16 June 2022

Division:
Section:
File Reference:
Historical Reference:

Corporate Services
Financial Services
Council Policies/Protocols/Procedures
See Version Control

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Asset Management

1 Policy Objective

This Policy sets the broad framework for undertaking asset management in a structured and coordinated way that aligns with the Community Strategic Plan.

It outlines why and how asset management will be undertaken and defines the key underpinning principles in developing the Asset Management Strategy.

The Policy covers:

- The strategic and organizational context and importance of asset management;
- Asset management vision, principles and goals that support the Community Strategic Plan;
- Responsibilities for implementing the policy and relationships; and
- The approach to measurement, audit, review and updating of the policy.

1.1 Definitions

Asset management:

Asset management is a systematic process to guide the planning, acquisition, operation, maintenance, renewal and disposal of assets with the objective of maximising the service delivery potential while minimising the related risks and costs of assets over their entire lives. It should consider the:

- Range of services required;
- Standard of services expected; and
- Impact on sustainability and intergenerational equity.

Sustainability means the level of service can be maintained to the expected standard in the long term. Intergenerational equity refers to ensuring the current generation funds the cost of the services it consumes.

1.2 Policy Background and Context

This Policy was originally developed with the initial implementation of the Integrated Planning and Reporting (IP&R) Framework for local government in NSW.

Strategic context:

The IP&R framework incorporates a suite of processes and documents to help council plan strategically for the provision of effective and efficient services. This includes the:

- Community Strategic Plan;
- Resourcing Strategy;
- Delivery Program; and
- Annual Operational Plan.

The Resourcing Strategy defines how the budget, workforce and assets of council can best deliver the objectives of the Community Strategic Plan through the Delivery Program and Operational Plans. It includes the;

- Long Term Financial Plan
- Workforce Management Strategy; and
- Asset Management Strategy and Plans.

The Asset Management component includes;

- The Asset Management Policy
- The Asset Management Strategy; and
- Asset Management Plans for each asset category.

Organisational Context:

Assets are essential to the provision of council's functions and services to the community. This can be directly through land and infrastructure for transport, drainage, waste, water, wastewater, recreational and cultural services, or indirectly through other plant and equipment that support service delivery. These assets high level of public use and replacement/maintenance cost means that sound planning and management is essential to reducing risks to service delivery, finances and public health and safety.

The importance of effective asset management is emphasised in the principles of sound financial management included in chapter 3 of the Local Government Act 1993.

Scope:

The assets and activities considered within the scope of this policy include:

- All land, buildings, plant, equipment and infrastructure controlled by council to provide services to the community; and
- All activities related to the management of assets within the asset management framework.

2 Policy

Vision:

Council will provide assets that are essential to the provision of services to the community whilst reducing risks and whole of life costs.

Principles:

The core principles that underpin asset management at council are:

- Assets exist to meet the service needs of the community and the objectives of council;
- Decisions and practices must reflect responsible stewardship for current and future generations;
- Asset management is integrated with organisation wide functions, systems and compliance;
- Decisions must have regard to the appropriate balance of cost, risk and performance; and

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- Decisions must be made using a whole-of-life cycle approach.

Goals:

These principles will be applied through the establishment of a fit-for-purpose asset management framework that promotes the achievement of the following goals.

Embrace Asset Management practices through:

- A planned maintenance, renewal, replacement and disposals scheduling process for new and existing assets.
- Effectiveness in spending, using life cycle methods to identify the lowest cost life cycle options.
- Reducing future life cycle costs by applying an optimised level of maintenance and renewal.
- Reducing future asset loss by adopting optimal intervention phases.
- Adoption of innovative, contemporary technologies to improve the operation and maintenance of assets.

Informed and accurate decision making through:

- Developing Asset Management Strategies and Plans that will apply to all major asset categories under its care and control.
- Acquisition and use of quality data that will support evidence-based decision making.
- Ability to account for economic, social and environmental benefits.

Transparent financial framework through:

- A needs based budgeting process that is linked to service levels.
- Demonstrable long term financial management.
- Providing trade-off options, where funds are restricted.
- Intergenerational equity.
- Revaluing assets at intervals of no greater than 5 years using component level assessments in accordance with the Australian Accounting Standards 116.

Balancing stakeholders needs and expectations through:

- Measuring utilisation and demand.
- Prioritising capital works, based on the community's acceptable level of service and affordability.
- Funding the optimised levels of maintenance and renewal.

Improved corporate governance through:

- Sustainable, equitable and affordable service delivery.
- Assessment and management of risk to be undertaken within the framework outlined in Council's Enterprise Risk Management Policy.
- The acquisition of new assets to take into account the full cost of acquisition, operation, maintenance, renewals and disposal over its life cycle. The future cost impact of new assets will be fully considered as part of any new asset approval.

- Application of a coordinated approach that ensures the integration of; Engineering, Finance, Economics, Information Technology and Governance throughout the framework.

3 Related Legislation

Local Government Act 1993

4 Compliance

Not applicable

5 Forms

Not applicable

6 Review Period

This policy will be reviewed within 12 months of the election of each new Council or more frequently in the event of any changes in NSW/Australian Legislation..

7 Management Framework changes.Useful Links

Integrated Planning and Reporting Guidelines
Integrated Planning and Reporting Handbook
TTIP19-07 NSW Asset management Policy
ISO 55001 Asset Management

8 Version Control:

Version History		
Version #	Summary of changes made	Date changes made
1.4	Incorporated into new policy template.	20/06/2013
1.5	Changes to reflect updated Integrated Planning & Reporting Framework	16/06/2022