

3.2 Asset Management

Objective

The objective of the policy is to ensure the Council has a transparent and consistent approach to managing its assets by:

- Ensuring sustainable management of assets by encouraging 'whole of life' and 'whole of organisation' approaches and the effective identification and management of risks associated with the use of assets.
- Having a long-term view of asset management and to understand and then meet the impacts of social, economic and environmental change in ways that ensure sustainable use of physical and financial resources.
- Implementing appropriate asset management practices that meet legislative requirements.
- Developing robust asset management plans linked to rigorous long term financial and strategic planning as part of an integrated planning approach.

Policy

Background

Asset management practices impact directly on the core business of Council and appropriate asset management is required to achieve our strategic service delivery objectives.

Sustainable service delivery ensures that services are delivered in a socially, economically and environmentally responsible manner in such a way that does not compromise the ability of future generations to make their own choices.

Sound asset management practices enable sustainable service delivery by integrating customer values, priorities, their ability to pay and an informed understanding of the trade-offs between risks, costs and service performance.

Adopting asset management principles will assist in achieving strategic long-term plans and long-term financial objectives.

Principles

The following asset management principles are in support of Council's Asset Management objectives:

Sustainable Levels of Service

- Ensure that Council's assets are provided in a manner that respects financial, economic, and environmental sustainability by aligning asset management practices and strategic goals.
- Ensure funding priority be given to the maintenance and renewal of existing assets and level of service. This will ensure suitable delivery of existing service prior to considering new assets and new services.
- Prior to consideration of any major works for renewal or improvement to an asset, undertake a critical review of the ongoing relevance and community need for that asset and consider more sustainable alternatives.

- Where appropriate, future service levels with associated delivery costs will be determined in consultation with the community. Providing the community with services and levels of service for which they are willing and able to pay.

Transparent Assumptions

- Future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets to improve informed decision-making.
- Asset management strategies should be based on transparent assumptions about service delivery to ensure informed decision-making and effective long term sustainability planning.

Risk Management Approach

- Ensuring a systematic risk management approach is central to making asset related decisions regarding limited resources and achieving strategic objectives.

Life Cycle Approach

- Decisions in asset management should incorporate a life cycle approach, considering the entire lifespan of assets from acquisition to disposal to optimise performance and manage costs efficiently.
- Budgeting and planning for the full costs associated with the development and management of assets, including all costs related to running and maintaining assets until disposal, based on life cycle costing principles.

Accountability and Responsibility

- Establishing clear direction on accountability and responsibility for the various processes and decision-making related to asset management.
- Provide asset management training to ensure staff have the necessary skills and knowledge.
- Creating a corporate culture where all employees play a part in overall care for Council's assets by providing necessary awareness, training and professional development.
- Demonstrating transparent and responsible asset management processes that align with demonstrable best-practices and adopting a continuous improvement approach.

Legislative Compliance

- Asset management practices should be instrumental in meeting all relevant legislative and regulatory requirements.

Implementation

Implementation of these principals will be achieved through:

- The development of the Asset Management Strategy to ensure that a structured set of actions aimed at enabling continuous improvement to asset management activities across the organisation is maintained.
- The development of industry standard asset management plans for all major asset categories.

- Incorporating expenditure projections from asset management plans into Council's Long-Term Financial Plan through the development of robust forward capital works programs.
- Regular and systematic reviews of all asset inventories, asset management plans and forward capital works programs to ensure that assets are managed, valued, and depreciated in accordance with appropriate best practice.
- Regular inspection will be used as part of the asset management process to ensure agreed service levels are maintained and to identify asset renewal priorities.
- Asset renewals required to meet agreed service levels as identified in endorsed asset management plans will inform and be informed by the Long-Term Financial Plan. The Long-Term Financial Plan will form the basis of the capital program in the annual budget estimates. The service and risk consequences of variations in defined asset renewals and budget resources must be documented.

Responsibility and Reporting

Council is responsible for approving, including amendments to, the Asset Management Policy. Council is also responsible for ensuring that resources are allocated to achieve the objectives of the related documents. In adopting long term financial plans supported by robust asset management plans and forward capital works programs, Council is also determining the level of service for each asset class.

The Chief Executive Officer (CEO) is responsible for ensuring that systems are in place to ensure that Council's Asset Management Policy, associated strategies and plans and forward capital works programs are prepared and kept up to date, reviewed and that recommendations are put to Council (at least annually) in relation to appropriate resource allocation to fulfil the objectives of the related documents. The CEO reports to Council on all matters relating to asset management.

The Executive Leadership Team (ELT) is responsible for monitoring the implementation of asset management across the organisation. ELT will ensure that strategies are put in place to remove barriers to the successful implementation of asset management. The ELT reports to the CEO on all matters relating to asset management.

ELT may consider allocating asset management responsibilities through a multi-discipline cross-functional working group tasked with regular reporting to the ELT.

Definitions

Asset means a physical item that is owned or controlled by Council and provides or contributes to the provision of service to the community (in this context excluding financial, intellectual, and non-tangible assets).

Asset Management means the processes applied to assets from their planning, acquisition, operation, maintenance, replacement, and disposal, to ensure that the assets meet Council's priorities for service delivery.

Asset Management Plan means a plan developed for the management of an asset or asset category that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset.

Council means the elected council (comprising Council Members) of Council.

Level of Service means the combination Function, Design and Presentation of an asset. The higher the

Level of Service, the greater the cost to deliver the service. The aim of asset management is to match the asset and level of service of the asset to the community expectation, need and level of affordability.

Life Cycle means the cycle of activities (plan, acquire, use, maintain, and dispose) that an asset goes through while it retains an identity as a particular asset.

Whole of life cost(s) means the total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, and rehabilitation and disposal costs.

Maintenance means regular ongoing day-to-day work necessary to keep asset operating and to achieve its optimum life expectancy.

Operations means the regular activities to provide public health, safety and amenity and to enable the assets to function e.g. road sweeping, grass mowing, cleaning, street lighting and graffiti removal.

New means creation of a new asset to meet additional service level requirements.

Resources means the combination of plant, labour and materials, whether they be external (contractors/consultants) or internal (staff/day labour).

Renewal means restores, rehabilitates, replaces existing asset to its original capacity. This may include the fitment of new components necessary to meet new legislative requirements in order that the asset may achieve compliance and remain in use.

Risk means probability and consequence of an event that could impact on the Council's ability to meet its corporate objectives.

Stakeholders are those people/sectors of the community that have an interest or reliance upon an asset and who may be affected by changes in the level of service of an asset.

Upgrade means enhances existing asset to provide higher level of service.

Authorisation Details

References:	<i>Local Government Act 1995</i> <i>Local Government (Financial Management) Regulations 1996</i>		
Authorised by:	Council		
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