

# ASSET MANAGEMENT POLICY

## POLICY STATEMENT

Asset management is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over their entire lives.

Council recognises that infrastructure assets are of considerable importance to the local community. Their significance for Council's budget means that asset management must be at the centre of Council's planning. Infrastructure assets are fundamental to Council's overall service delivery and planning and responsibility for them requires strong and informed Councillor and executive oversight crucial to achieving the change management essential for strategic asset management.

The purpose of this policy is to provide an overall policy framework to guide the strategic management of Council's infrastructure assets. It will be complemented by relevant policies and by an Infrastructure Asset Management Plan.

This policy is based on the Department for Victorian Communities publication "Sustaining Local Assets – Local Government Asset Management Policy Statement".

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## **1. APPLICATION**

This policy applies primarily to the management of Council's infrastructure assets. However, it does have application to other types of assets also.

## **2. DEFINITIONS**

### **Asset**

Assets are economic resources devoted to business purposes within a specific entity, such as a Council. They represent not only physical objects or rights which have some monetary value, but also result from expenditure from which the benefit is yet to be derived.

### **Asset Life Cycle**

This is the period of ownership of an asset from the decision to acquire an asset to the decision to dispose of the asset.

### **Asset management**

Asset management is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets.

### **Infrastructure Asset**

Infrastructure assets are typically large, interconnected networks or portfolios of composite assets, comprising components and sub-components that are usually renewed or replaced individually to continue to provide the required level of service from the network.

They are generally long-lived, fixed in place and have no market value. Some examples are: local roads; footpaths and bridges; stormwater drainage; municipal buildings including libraries and community halls; parks, reserves and playgrounds; recreation facilities, including leisure facilities, sporting complexes and swimming pools.

### **Useful Life of an Asset**

The useful or economic life of an asset is the estimated or expected time between placing the asset into service and removing it from service.

## **3. ASSET MANAGEMENT PRINCIPLES**

The principles to guide asset management planning and decision-making focus on:

### **3.1 Service Delivery Needs**

- (a) Assets are acquired for their service delivery potential, and service delivery needs should form the basis of all asset management practices and decisions.
  - (b) Service delivery needs will be established and service levels defined in consultation with local community stakeholders, taking into account relevant demographic, social, economic, technical, budgetary and other considerations.
  - (c) These service levels will be set out in Council's Management Plan.
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### **3.2 Integration of Asset Management with Corporate Planning**

Council's Assets Management Plan will be informed by Council's Strategic Plan and integrated into Council's Management Plan. Appendix 1 illustrates the relationship between plans.

### **3.3 Informed Decision-making**

Asset management decisions will be informed by:

- (a) evaluation of alternative means of service provision;
- (b) full life cycle costing;
- (c) performance measurement and costing.

### **3.4 Accountability and Responsibility**

To manage assets effectively, responsibility for their control must be defined and assigned. This will be achieved by:

- (a) effectively linking responsibility for service provision with responsibility for asset management;
- (b) maintaining asset registers and providing information that meets Council and Management decision-making requirements;
- (c) establishing control, accountability and reporting requirements for assets, clearly communicating and implementing them; and
- (d) ensuring that asset management forms part of performance management.

### **3.5 Sustainability**

Assets should be managed so that the benefits of the services supported are available for future generations. Intergenerational equity can be assured by requiring existing users to pay for their asset consumption, rather than leaving their costs to be borne by future generations.

Methods to promote sustainability include:

- (a) planning, maintenance and renewal to reflect current asset consumption;
- (b) evaluating all potential methods to meet service delivery demands, including non-asset solutions; and
- (c) demand management strategies, such as user-pays charges where these are appropriate.

## **4. ROLES & RESPONSIBILITIES**

### **4.1 Council**

The responsibility of Council is to:

- (a) provide stewardship for infrastructure assets;
  - (b) approve Council's Asset Management Policy and Plan;
  - (c) ensure appropriate allocation of resources;
  - (d) evaluate asset management improvement.
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#### **4.2 General Manager**

The General Manager is responsible for:

- (a) implementation of the Asset Management Policy and Plan with agreed resources;
- (b) evaluating and reporting to Council on asset management improvement;
- (c) ensuring that asset management is part of staff performance evaluation.

#### **4.3 Manager Infrastructure**

The Manager Infrastructure is responsible for:

- (a) overseeing the development of the Asset Management Plan;
- (b) overseeing the development and implementation of annual operational plans;
- (c) reporting periodically on the condition of Council's infrastructure assets

#### **4.4 Assets & Design Manager/Asset Planners**

The Assets & Design Manager and the various Asset Planners are responsible to:

- (a) assist the Manager Infrastructure in the development of the various components of the Asset Management Plan;
- (b) assist the Manager Infrastructure in the development and implementation of annual operational plans;
- (c) assist the Manager Infrastructure in the periodical review of the condition of Council's infrastructure assets.

#### **4.5 Operations Manager/Supervisors**

The Operations Manager and Supervisors are responsible to:

- (a) assist the Manager Infrastructure to develop the Asset Management Plan;
- (b) implement operational plans (e.g. maintenance plans);
- (c) implement improvement plans for asset groups;
- (d) deliver levels of service to agreed risk and cost.

### **5. ASSET MANAGEMENT STRATEGY**

Council's approved Asset Management Strategy will:

- (a) link and integrate Council's plan and resources, indicating which services are to be delivered through which assets;
  - (b) forecast future service delivery needs and the capacity of assets to meet those, on short, medium and long-term bases;
  - (c) explicitly and fully overview expenditure on new assets and the existing asset base;
  - (d) specify asset management procedures, systems and training; and
  - (e) establish systems for asset performance measurement.
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## **6. ASSET MANAGEMENT PLAN**

Council's approved Asset Management Plan will:

- (a) define levels of service within financial/resource/risk constraints;
- (b) present forecasts for acquisition, operation and maintenance and capital expenditure, and for revenue, where relevant;
- (c) specify the capital expenditure for renewing, upgrading or extending assets;
- (d) justify the contribution of each asset in terms of value for money for the Council; and
- (e) establish the targets and measures that will be used for monitoring progress with its implementation.

## **7. REVIEW**

This policy shall be reviewed every three years to ensure that it meets the requirements of legislation and the needs of Council.

## **8. ASSOCIATED COUNCIL POLICIES AND DOCUMENTS**

*Risk Register*

*Risk Management Action Plan*

*Disposal of Assets Policy*

*Purchasing Policy*

*Tendering Policy*

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**Appendix 1: Management Planning Process**

