

ASSET MANAGEMENT POLICY

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|-----------------------------|---------------------------------|------------------------|---|
| QUALITY CONTROL | | | |
| EDRMS REFERENCES | D19/43423 | | |
| RESPONSIBLE POSITION | Chief Financial Officer | | |
| APPROVED BY | Executive Leadership Team (ELT) | | |
| REVIEW DATE | March 2024 | REVISION NUMBER | 2 |
| EFFECTIVE DATE | ACTION | MINUTE NUMBER | |
| 25 August 2004 | Adoption | 40694 | |
| 27 November 2019 | Public Exhibition | 46132 | |
| 25 March 2020 | Adoption | 46212 | |

1. INTRODUCTION

The purpose of the Asset Management Policy is to set the structure within which Asset Management Strategy, Asset Management Plans, goals and outcomes associated with the policy will be developed and implemented.

The policy will ensure that Council has information, knowledge and understanding of the long-term and cumulative consequences of being the custodian of public infrastructure, for external accountability and internal efficiency and effectiveness.

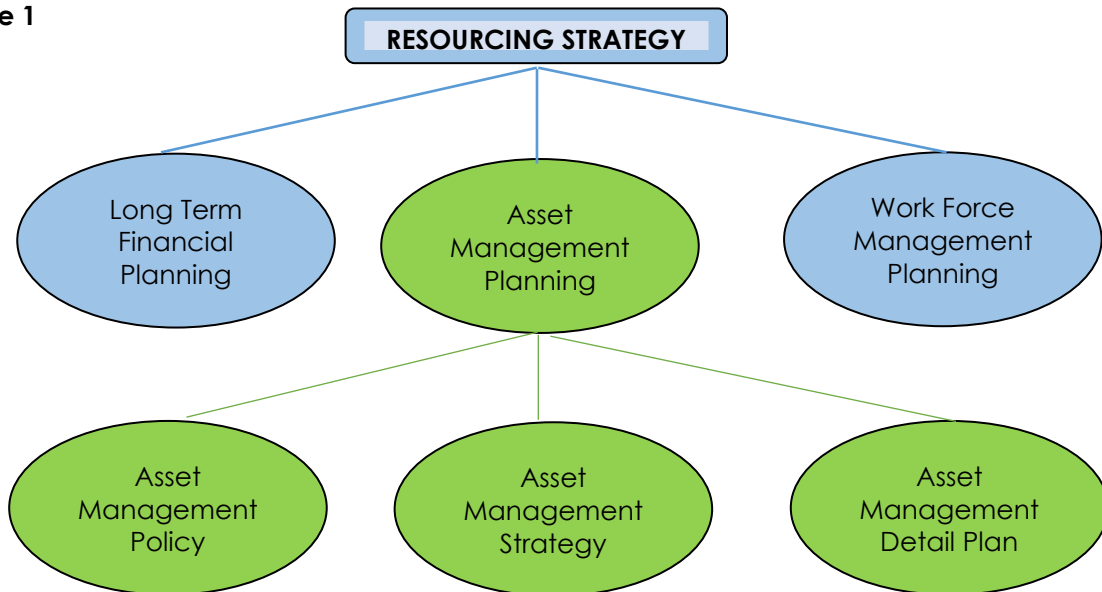
This is achieved by ensuring that the systems and processes are in place to enable people to determine the most effective and efficient options for delivering infrastructure related services, while controlling exposure to risk and loss.

2. CONTEXT

Local Councils in NSW are required to undertake their planning and reporting activities in accordance with the *Local Government Act 1993* and the *Local Government Amendment (Planning and Reporting) Act 2009*. This Integrated Planning and Reporting legislation requires that the Council must have a long-term strategy (called its resourcing strategy) and should include long-term financial planning, workforce management planning and asset management planning.

Figure 1 below shows the components of the Integrated Planning and Reporting Resourcing Strategy that frame the Asset Management requirements.

Figure 1



3. POLICY OBJECTIVE

The policy objectives guide the Council to meet desired outcomes consistent with the strategic goals set out in 2033 Community Strategic Plan, Sustainability Strategy 2018-2023, Integrated Planning and Reporting legislation and other strategic documents to:

- Provide service to current and future generations;
- Encourage and support the economic, environmental and social development of the City;
- Preserve and manage Council and community assets to ensure optimum utilisation while minimising the whole-of-life cost to the community.

4. POLICY SCOPE

This policy applies to all infrastructure related service provisions such as roads and footpaths, stormwater drainage, buildings, parks and open spaces, sport and recreation centres owned or leased by the Council and Environmental Protection and Crown Land Managed by the Council.

5. POLICY STATEMENT

Council's policy is based on principles that guide responsible asset custodianship and sustainable management of infrastructure assets in order to deliver the policy objectives. The policy is:

- 5.1** Council will apply this policy to inform, plan and guide decisions about infrastructure assets in order to deliver the optimum balance of services and risks within its fiscal capacity.
- 5.2** Council will allocate sufficient resources for the development of asset strategies, asset management plans and service level documents to achieve the maturity in asset management practice, and will be underpinned by performance measurement, audit and review at appropriate intervals.

- 5.3** Financial performance, utilisation, function and the condition of the assets will be the four performance measures considered for assets when determining service and intervention levels through community and key stakeholder consultations.
- 5.4** Decisions on asset renewal, disposal, upgrade or new asset provision are carried out in accordance with asset management information that includes demonstrated need, life cycle costing, alternative modes of delivery, sustainability, equitable distribution of resources and social equity, financial performance, utilisation, function and the condition of the assets.
- 5.5** The application of asset management will conform to legislative requirements and reflect best practice in the industry.
- 5.6** When new assets are considered or accepted to be acquired, the full life cycle costs (operation, maintenance and renewal funding) are to be sufficiently allocated.
- 5.7** Council will ensure the asset management of existing assets will not be compromised by the creation of new assets.
- 5.8** This policy will remain operational for the life of the Asset Management Strategy 2019-2023; will be reviewed annually; and, will expire in June 2023 when the Asset Management Strategy is due for review.

6. IMPLEMENTATION

6.1 Governance and Management

- 6.1.1. Develop and implement an Asset Management Strategy that outlines the current status of asset management and plans to continuously improve asset management;
- 6.1.2. Clearly define roles and responsibilities for service levels, asset provision, maintenance and planning and ensure they are understood;
- 6.1.3. Continually improve Council's maintenance and renewal practices;
- 6.1.4. Ensure all development and capital investment decisions are subject to whole of life cost analysis based on available Asset Management Plans and the Capital Works Policy;
- 6.1.5. Rationalise under-utilised assets that have no long-term strategic benefit and dispose of assets consistent with Sale of Council Owned Property Policy and other relevant policies.

6.2 Finance

- 6.2.1. Integrate asset management, long term financial and strategic resource planning;
- 6.2.2. Ensuring that the asset base is not increased without considering the impact on Council's ability to fund maintenance, operating costs, resources and renewal of the asset;
- 6.2.3. Adequately identify and plan for future maintenance costs of assets and infrastructure to reduce the asset renewal gap in allocated funding;
- 6.2.4. Improve integration and alignment with Council's financial systems and classify operational, maintenance, renewal, upgrade or new asset expenditure;
- 6.2.5. Ensure that Asset Accounting Policy aligns with asset management practices and reflect actual practice.

6.3 Levels of Service

- 6.3.1.Ensure current asset performance measures are documented for each of Council's services that rely upon or generate assets;
- 6.3.2.Ensure that all plans and strategies of Council are considered in the delivery of service;
- 6.3.3.Ensure that community is consulted when Council considers changes to the service delivery needs of the community;
- 6.3.4.Consider alternate levels of service that balance with available resources and long-term financial planning.

6.4 Data and Systems

- 6.4.1.Implement technology and resources to increase efficiency;
- 6.4.2.Develop business process documentation for asset management;
- 6.4.3.Participate in asset management best practice and benchmarking programs.

6.5 Skills and Processes

- 6.5.1.Identify training needs, for Councillors and staff that have service planning and asset management responsibilities, so that asset management capacity is built and maintained;
- 6.5.2.Consider risk in each Asset Management Plan.

6.6 Evaluation and Review

- 6.6.1.Evaluate asset management improvements and timelines and report to Council. Asset management will be implemented within the framework of key Council plans and financial management.

7. Roles and Responsibilities

The following Council officers are responsible for the implementation and the adherence to this policy:

- The Mayor and Councillors adopt the policy objectives (this policy) and ensure sufficient resources are applied to manage the assets.
- The General Manager has overall responsibility for developing infrastructure asset management systems, policies and procedures and financial models and reporting on the status and effectiveness of asset management within Council.
- The Asset Management Steering Committee is responsible for ensuring that all asset management activities are consistent with the objectives of Council's Community Strategic Plan, Sustainability Strategy and the Integrated Planning and Reporting Framework. The committee members are responsible for ensuring that people, processes and systems are in place and work together to deliver services and meet the corporate infrastructure asset management objectives. They will also oversee the development and implementation of asset and risk management plans for all asset classes.
- Senior Managers are responsible for implementing infrastructure asset management plans, systems, policies and procedures.

- Employees with management or supervisory responsibility are responsible for the management of assets within their area of responsibility. Employees are tasked under implementation plans and will be responsible for the timely completion of those activities contained within those plans.

8. Communication

This Policy will be communicated to the community and staff in accordance with Council's Policy, Procedure and Process Framework and Council's Business Paper process. Following adoption by Council the Policy will be made available on Council's website.

9. Associated Documents

The following documentation is to be read in conjunction with this policy.

- D19/35949 - 2033 Community Strategic Plan
- D18/61326 - Sustainability Strategy 2018-23
- D17/11575 - Heritage Strategy 2017-2020
- D18/58166 - Far West Regional Economic Development Strategy

10. REVIEW

Review of this policy will incorporate relevant legislation, documentation released from relevant state agencies and best practice guidelines.

The standard review period will be within each term of Council following the Local Government Elections, or as required to ensure that it meets legislation requirements and the needs of the community and Council. The responsible Council officer will be notified of the review requirements 3 months prior to the expiry of this policy.

The Asset Management Steering Committee is responsible for the review of this policy.

11. Legislative and Legal Framework

This policy is to be read in conjunction with the following:

- *Local Government Act 1993*
- Local Government (General) Regulation 2005
- National Asset Management Framework
- IPWEA Guidelines for Asset Management Plans
- International Infrastructure Management Manual
- ISO 55001:2014 Requirements for Asset Management.
- Australian Infrastructure Financial Management Guidelines, 2009

Council employees shall refrain from personal activities that would conflict with proper execution and management of Council's Asset Management Policy. Council's Code of Conduct provides guidance for recognising and disclosing any conflicts of interest.

12. DEFINITIONS

| Term | Meaning |
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| Asset Management | The Asset Management Council defines asset management as, "The life cycle management of physical assets to achieve the stated outputs of the enterprise". It is a combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner. |
| Asset Management Policy (AM Policy) | A statement of Councils attitude and preferred directions in managing its assets to meet desired outcomes consistent with its strategic goals. |
| Asset Management Strategy (AM Strategy) | The Asset Management Strategy will include an overarching Council endorsed Asset Management Policy. The Asset Management Strategy will include specific actions required to improve the Council's asset management capability and projected resource requirements and timeframes. The Asset Management Strategy will balance the resources required in the Asset Management Plan and resources available in the Long-Term Financial Plan, and report on the available choices and service and risk consequences. |
| Asset Management Plans (AM Plans) | Asset Management Plan are documented information that specifies the activities, resources and timescales required for an individual asset, or a grouping of assets, to achieve the organization's asset management objectives. It identifies asset service standards, and contain long- term projections of asset maintenance, rehabilitation and replacement costs. |
| Asset Management Steering Committee (AMSC) | Representative managers responsible for ensuring that people, processes and systems are in place and oversee the development and implementation of asset and risk management plans for all asset classes. For 2019-2023 four-year term, the Executive Leadership Group are the AMSC. The nominations to AMSC will open to other managers after the initial four-year term. |
| Resourcing Strategy | As per Integrated Planning and Reporting Guidelines (IP &R) for local government in NSW, the Resourcing Strategy is the point where the council assists the community by sorting out who is responsible for what, in terms of the issues identified in the Community Strategic Plan. The Resourcing Strategy focuses in detail on matters that are the responsibility of the council and looks generally at matters that are the responsibility of others. |
| Long Term Financial Planning | The Long-Term Financial Plan will be used to inform decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program. The Long-Term Financial Plan will be for a minimum of 10 years and be updated at least annually as part of the development of the Operational Plan. |