

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

19 December 2017

Agenda Item 7.1 Asset Management Policy

Attachment 1 Asset Management Policy 92

GREATER SHEPPARTON CITY COUNCIL

Policy Number 03.POL1

ASSET MANAGEMENT POLICY

Version 3.0

Adopted ----- 2017

Business Unit:	Infrastructure
Responsible Officer:	Manager of Strategic Assets
Approved By:	Chief Executive Officer
Next Review:	----- 2020

PURPOSE

This Policy sets out the Council's commitment to manage and care for its assets, as an integral part of its delivery of services to the community.

SCOPE

This Policy applies to Council management, staff and members of special committees (Section 86 Committees) who have asset management responsibilities.

DEFINITIONS

Reference term	Definition
Asset	<p>A physical asset built or constructed to provide a service to the community and which requires management by Council.</p> <p>For the purpose of this policy, "assets" include all Council assets, including:</p> <ul style="list-style-type: none"> • Infrastructure assets (i.e. roads, footpaths, cycle paths, kerb and channel, street furniture, signage, street trees, bridges, buildings, drains, playgrounds, open space and sporting reserves); • Cultural assets (i.e. art collections); • Office equipment (software, desks, computers, etc.); • Vehicles; • Plant equipment and associated infrastructure required for the delivery of Council services (which may be non-Council and utilised through a formal agreement).
Asset Management	The systematic and coordinated activities and practices of an organisation to optimally and sustainably deliver on its objectives through the cost-effective lifecycle management of assets
Asset Management Strategy	A strategy for asset management covering the development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure that desired levels of service and other operational objectives are achieved at optimum cost.
Asset Management Plan	Long-term plans (usually 10-20 years or more for infrastructure assets) that outline the asset activities and programs for each service area and resources applied to provide a defined level of service in the most cost-effective way.
Renewal	Expenditure on an existing asset which returns the service potential or the life of the asset up to that which it had originally, including replacement of an existing asset.
Upgrade	Expenditure which enhances an existing asset to provide a higher level of service or extends the life beyond that which it had originally.
Expansion	Expenditure which extends an existing asset or a new asset at the same standard currently enjoyed by users to a new group of users.

Reference term	Definition
New	New works or acquisitions that create an asset that did not exist in any shape or form.
Service	A combination of tangible and intangible benefits that can be produced and consumed.
Service Level	A relevant measurable standard or target that reflects the required performance to meet agreed community expectations in relation to the type, quality and quantity of services delivered by Council.
Service Plans	A Service Plan is a document that provides an outline of the services that a Council provides. A service plan will aim to meet the current and future asset needs of the community, and provide a framework that will guide service development, facility planning, workforce development and asset planning.
Life Cycle Cost	The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, and renewal and disposal costs.
Renewal Gap	The difference between the current renewal funding and the required renewal demand.

POLICY

Asset management is a major responsibility of Council in undertaking its primary objective of achieving the best outcomes for the local community having regard to the long term and cumulative effects of decisions.

Council as the custodian of a variety of community assets, including a large infrastructure network, will endeavor to:

- Determine sustainable agreed levels of service in consultation with the community which will then allow Council to determine which assets are required to deliver those agreed levels of service. Council may retire or rationalise assets where appropriate.
- Maintain its assets so they are safe for use for the benefit of current and future generations.
- Prepare Service Plans for each asset class, which will define and quantify the level of service to be delivered by Council to the community.
- Incorporate responsible asset management principles into long term financial and corporate planning, including the Council Plan and the Strategic Resource Plan.
- Review and adopt Asset Management Plans for categories of assets:
 - Which include levels of service
 - That are informed by community consultation and local government financial reporting frameworks
 - Which communicate information about assets, including particular actions required to provide defined levels of service whilst achieving value for money.
- Estimate the projected asset renewal demand and measure Council's projected renewal gap based on the condition of assets as determined by survey.

- Secure grants, user fees and other funding for the maintenance, renewal, upgrade, expansion and creation of assets to assist in providing agreed levels of service.
- Allocate priority funding to asset renewal based on assessed condition critical to maintain an agreed minimum service level.
- Renew existing assets at the optimal time to avoid deferred liability expenditure being borne by future generations.
- Utilise asset investment guidelines to assist in determining which renewal, upgrade, expansion and new projects are funded.
- Consider the whole of life cost of any proposed asset prior to the adoption of a project; these costs include operational, maintenance and renewal costs over the life of the asset.
- Provide training to Councillors and staff with asset management responsibilities, so that asset management principles, practices and responsibilities are understood.
- Implement and regularly review an Asset Management Strategy which identifies improvement opportunities that will lead to best practice in asset management.
- Monitor Council's performance with respect to asset management in accordance with measures developed as part of Council's Asset Management Strategy.

RESPONSIBILITIES

The roles and responsibilities for asset management are:

Council: Overall custodian of assets; adopt policy and asset management plans incorporating level of service and allocate budget resources.

Chief Executive Officer: Oversee and implement asset management policy, strategy and plans and integrate into Council's long term financial and corporate planning with agreed resources.

Senior Staff and Asset Managers including Section 86 Committees: Develop and implement asset management policy, strategy and plans with agreed resources.

RELATED POLICIES AND DIRECTIVES

The implementation of the Asset Management Policy supports the following Greater Shepparton City Council strategic documents:

- *Asset Management Strategy*
- *Asset Management Plans*
- *Service Plans*
- *Road Management Plan*
- *Infrastructure Design Manual*
- *Asset Capitalisation Policy*
- *Depreciation Policy*
- *Land Under Roads Policy*
- *Asset Valuation and Revaluation Policy*

RELATED LEGISLATION

- Local Government Act 1989 (the Act). Regulations under the Act
- Road Management Act

REFERENCES

- Australian Accounting Standards (AASB116)
- Institute of Public Works Engineering Australia (IPWEA) and Association of Local Government NZ Inc (INGENIUM) International Infrastructure Management Manual

REVIEW

This Policy will be reviewed every three years.

Peter Harriott
Chief Executive Officer

Date

Policy