


Policy Title:	Asset Management Policy		
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CEO Signature:			Date: 4-4-13
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Last Review Date:	2008		
Next Review Date:	2015/16		
Purpose / Objective:	To set out Council's approach to management of its assets in a sustainable manner that provides ongoing support in meeting community needs through balanced consideration of technical standards, levels of service and whole of life costs.		
Background / Reasons for Policy:	Council's assets are made up of a wide range of different asset types all of which are fundamental in meeting the needs of the community. This policy only considers physical assets (i.e. tangible e.g. plant, buildings, roads) and concentrates on infrastructure assets such as Roads, Drainage, Buildings & Facilities and Open Space.		
Definitions:	<p>Asset Management The combination of management, financial, economic, engineering and other practices applied to assets with the objective of providing the required level of service in the most cost effective manner.</p> <p>Asset Management Plan A plan developed for the management of one or more assets that combines management techniques (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to provide specified levels of service.</p> <p>Asset Management Strategy The high level long-term approach for Asset Management covering the development and implementation of plans and programmes for asset creation, operation, maintenance, renewal/replacement, upgrade, disposal and performance monitoring to ensure the desired levels of service and other operational objectives are achieved in the most cost effective manner.</p> <p>Asset Register A record of asset information considered worthy of separate identification including attribute data such as quantity, type and construction cost.</p> <p>Levels of Service Defined service quality for a particular service/activity against which service performance may be measured.</p> <p>Lifecycle The time interval that commences with the identification of the need for an asset and terminates with the decommissioning of the asset or any liabilities thereafter.</p> <p>Infrastructure Asset A type of physical asset which has value, enables services to be provided and has an economic life of greater than 12 months.</p>		

References:	International Infrastructure Management Manual 2011; Local Government Act 1989; Road Management Act; and Infrastructure Design Manual (IDM).
Related Policies:	Community Consultation Framework Policy; Risk Management Policy; OH&S Policy; Engineering Requirements For Infrastructure Construction; Special Charge Scheme for Infrastructure Works; Asset Protection Policy.

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1. PURPOSE

Council recognises that assets must be planned, provided, maintained and renewed so that they continue to meet the service delivery needs of the community, within the context of providing best value to the community.

This policy provides the framework for which Council will undertake the long-term management of its assets.

By the implementation of comprehensive Asset Management practices, Council will achieve significant benefits including:

- More informed decision-making;
- Improved efficiency;
- Ability to plan for the present and future generations; and
- Improved long term financial forecasting and management.

Council needs to ensure that asset management is an integral part of its business cycle and the policy will:

- Be consistent with its goals and objectives;
- Help Council to manage business risks;
- Provide tangible benefits;
- Be integrated with other components of the business; and
- Be sustainable.

2. BACKGROUND AND CONTEXT

Council's assets are made up of a wide range of different asset types all of which are fundamental in meeting the needs of the community.

Assets may be physical (i.e. tangible e.g. plant, buildings) or non-physical (i.e. intangible e.g. intellectual property, good will). This policy only considers physical assets.

The major characteristics of an asset are:

- There must be service potential or future economic benefits;
- The future economic benefits must be quantifiable; and
- Council must have control of the service potential.

Council's assets are categorised as follows:

Asset Type	Asset Class	Includes Assets such as:
Infrastructure Assets	Roads	Sealed roads, unsealed roads, carparks, bridges, footpaths, kerb & channel, bus shelters, bike paths, roadside furniture, signage, standpipes.
	Drainage	Drains (underground), pipes, culverts, pits, litter traps, retarding basins, table drains, wetlands.
	Buildings and Facilities	Libraries, public halls, community facilities, public toilets, houses, museums, council offices, pavilions, stadiums, preschools, Maternal & Child Health Centres, swimming pools, aquatic centres, aerodrome, saleyards, waste facilities.
	Open Space	Parks, botanic gardens, sporting ovals, swimming pools, play equipment, irrigation systems, skate parks, tennis courts, park furniture inc. BBQ's, trees, garden beds.
Non-infrastructure Assets	Plant & Equipment	Motor vehicles, trucks, construction equipment, gardening equipment, computer systems/equipment.
	Other	Office furniture, fittings & equipment, library books, artworks, land, gravel pit.

An infrastructure asset is a type of physical asset, which has value, enables services to be provided and has an economic life of greater than 12 months.

The infrastructure asset classes to be considered in this policy are Roads, Drainage, Buildings and Facilities and Open Space.

The standard to which these assets are provided and maintained impacts on residents, the business community and visitors, as well as the amenity, safety and liveability of the community.

The long-lived nature of many assets and the need for their ongoing renewal means that planning must be based on an understanding of the full costs throughout each asset's lifecycle and address both short and long term planning needs.

3. VISION

Council's 2025 Vision is:

"To provide leadership in this inspired region by providing the opportunity for all to live a fulfilling life, whilst protecting our heritage, environment and a sense of community through our shared commitment to a sustainable Macedon Ranges."

Part of Council's missions is:

"To provide physical assets such as roads, footpaths, drains, buildings and public amenities which are the fundamental infrastructure of a community and facilitate safe, healthy and equitable access and service delivery for our community and visitors."

In order to achieve the above Council needs to:

"Ensure that asset management strategies for our built environment are sustainable and funding is reflective of our objective to reduce the asset renewal and maintenance gap whilst meeting current and future community needs."

4. POLICY PRINCIPLES

Council is committed to the following key principles:

1. To maintain an accurate, consistent and consolidated asset register, which records all of Council's assets including depleted or redundant assets.
2. To undertake a lifecycle approach to the management of assets and utilise asset management tools to assist in lifecycle modelling.
3. To regularly maintain and renew assets to assist in the delivery of the required level of service and to ensure assets continue to function as built, for their full life.
4. To prioritise funding for the maintenance, operation and renewal of existing assets above the funding of new assets.
5. To develop and implement guidelines for the allocation of financial resources, both capital and recurrent, over short and long term timelines to meet projected growth due to new development. New development includes Development Contribution Plan works, Council capital works and gifted works from private developers.
6. Asset planning and management has a direct link with Council's corporate and business plans (including the Council Plan and Long Term Financial Plan), budgets and reporting processes.
7. The Long Term Financial Plan (10 years) will be updated annually and incorporate the calculated asset renewal demand.
8. Application of the 'Renew before Upgrade or New' philosophy for asset related programs. Identified asset renewal funding will be considered as non-discretionary and new projects as discretionary.
9. Asset Management decisions are based on the benefits and risks of assets and an evaluation of alternative options that take into account full lifecycles costs and impacts of these costs on the ability to fund future maintenance and rehabilitation.

10. Use of capital works priority evaluation methodology for all projects. A business case will be prepared as part of the initial formulation for capital works proposals over a nominated threshold as outlined in the Capital Works Evaluation Framework.
11. Grant funded new or upgrade projects and gifted assets are to be reviewed for full life cycle ('whole of life') costs as part of the project and budget consideration process.
12. Asset management plans are prepared to communicate information about assets and the actions required to provide defined levels of service within a best value for money framework. Asset management plans are to be informed by community consultation and integrate with local government financial reporting frameworks.
13. Financial and asset management reporting to be categorised in terms of operational, maintenance, renewal, upgrade and new expenditure classifications to enable sound asset management decisions.
14. Councillors and staff with asset and financial management responsibilities, will be appropriately trained in relevant asset and financial management principles, practices and processes.

5. FRAMEWORK

Councils asset management framework, as illustrated in Figure 1, shows the relationship between the Council plan, this policy, the asset management strategy and asset management plans. The Long Term Financial Plan, Strategic Resource Plan and Budget are also directly linked to the Asset Management Plan outputs. This framework will ensure a strategic approach to asset management.

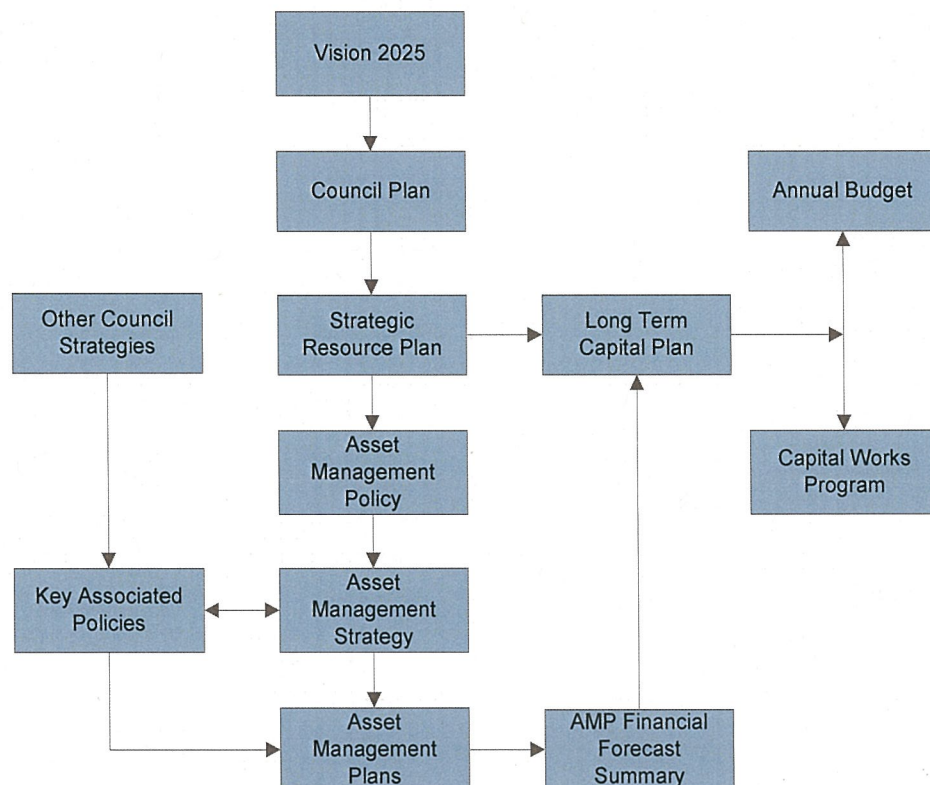


Figure 1 - Asset Management Framework

6. ROLES & RESPONSIBILITIES

Stakeholders that influence asset management within the Community are:

Internal Stakeholders

- Council;
- Audit Committee;
- Chief Executive/Executive Team;
- Managers and staff; and
- Asset Management Committee.

External Stakeholders

- Advisory Committees;
- Friends Groups;
- Land Care Groups;
- Facility User Groups;
- Tenants;
- External Agencies (such as State and Federal government, Workcover, Insurers, Health Service Providers);
- Tourists and visitors;
- Residents and Ratepayers; and
- Business community.

The roles and responsibilities of the internal stakeholders in relation to asset management are:

Council

- To act as custodian for its assets;
- To adopt the Asset Management Policy and Asset Management Strategy;
- To set and adopt levels of service;
- To adopt risk and cost standards; and
- To ensure appropriate resources and funding for asset management activities are made available.

Audit Committee

- To consider reports prepared in relation to asset management and make recommendations to Council as appropriate.

Chief Executive/Executive Team

- To implement the Asset Management Strategy with agreed resources;
- To monitor and review the performance of Council's Managers and staff in achieving the Asset Management Strategy with agreed resources;
- To support the Asset Management Committee;
- To ensure that accurate and reliable information is presented to Council for decision-making;
- Report to Council, on a minimum quarterly basis, the status, progress and resource requirements of implementing the Asset Management Strategy; and
- Promote and raise awareness of asset management to the Council, staff and community.

Managers and Staff

- To implement the Asset Management Strategy with agreed resources;
- To develop Asset Management Plans for individual asset classes using the principles of lifecycle analysis;
- To implement Improvement Plans for individual asset classes;
- To implement tactical plans (such as maintenance programs, capital works programs) in accordance with Asset Management Plans, Council Plan and Budget;
- To deliver levels of service to agreed risk and cost standards;
- To manage assets in consideration of long-term sustainability; and
- To present information to the Council, Chief Executive and Directors in terms of lifecycle risks and costs.

Asset Management Committee

- Develop and review the Asset Management Policy and Asset Management Strategy;
- Coordinate, advise and facilitate the implementation of the adopted Asset Management Strategy;
- Report on a quarterly basis the status, progress and resource requirements of implementing the Asset Management Strategy to the Executive who in turn will report progress to the Council;
- Advocate, encourage and guide the development of processes and procedures that allow for the 'whole of life' and continued management and ownership of assets including all asset lifecycle management functions;
- Advocate, encourage and guide the development of procedures that ensure the asset registers are maintained and updated and provide required reports to Council to meet their statutory and legal responsibilities;
- Advocate, encourage and guide the development of Asset management Plans and improvement plans for individual asset classes; and
- Advocate a common and consistent approach to Asset Management across the asset classes.

7. ASSET MANAGEMENT WITHIN THE ORGANISATION

This policy reflects the key directions of the Council Plan and is adaptable to the changing direction of Council and the environment of the time. The vision and goals set by Council are adaptable to the changing expectations of the community.

Council has adopted a Strategic Resource Plan, which includes a ten year financial forecast, to ensure that Council will remain financially viable in the future. The plan sets out key financial objectives and is reviewed annually. As asset management plans are completed and adopted by Council the Strategic Resource Plan will be updated.

This policy applies to Council, Executive Management, staff and the community involved in the operation, maintenance, renewal, upgrading and development of Council's existing and new assets.

The policies, strategies and plans supporting this policy include the following:

- Community Consultation Framework Policy;
- Risk Management Policy;
- OH&S Policy;
- Engineering Requirements For Infrastructure Construction;
- Infrastructure Design Manual;
- Special Charge Scheme for Infrastructure Works;
- Asset Protection Policy;
- Long Term Financial Plan;
- Economic Development Strategy 2009-2019;
- Open Space Strategy;
- Municipal Fire Management Plan;
- Early Years Infrastructure Plan 2009-2019;
- ICT Strategy 2009-2012;
- Leisure Strategy Plan 2006;
- Aquatic Strategy 2011;
- Bicycle Strategy;
- Natural Environment Strategy 2009-2012;
- Road Asset Management Plan;
- Building Asset Management Plan;
- Draft Flood Management Plan;
- Playground Strategy;
- Natural Environment Strategy 2009-2012; and
- Settlement Strategy.

8. KEY OUTPUTS

Council will set realistic and achievable timeframes for Asset Management development and implementation, which will be detailed in Council's Asset Management Strategy.

The timeframes will be based on the Council's desired outcomes. The key outputs include:

8.1 Asset Management Strategy

Review Asset Management Strategy and include timelines, responsibilities and resources required for implementation.

8.2 Integration of Asset Management into Council's Business Processes

Integration of Asset management Policy, Asset Management Strategy and Asset Management Plans into the Corporate Governance Framework.

8.3 Asset Management Plan Development

Completion of Asset Management Plans for each significant asset class to an appropriate degree of accuracy and reliability.

9. AUDIT AND REVIEW PROCEDURES

The Asset Management Committee will advocate a common and consistent approach to Asset Management across the asset classes. The audit and review process will accommodate the following activities:

- Annually review the goals and targets established by Council
- Incorporate feedback from stakeholders, government agencies and legislation into Asset Management activities undertaken by Council.
- Monitor the performance of the assets and report to Council.
- Develop and review individual Asset Management Plans for asset Classes every three years.
- Regular monitoring and review of this Asset Management Policy.