

COUNCIL POLICY



Policy name	Asset Management Policy
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Abstract
The purpose of this Policy is to ensure Gunnedah Shire Council manages its assets in such a way that it meets community expectations, strategic and corporate goals as well as legislative requirements in accordance with recognised best practice.

Dates	<table> <tr> <td>Policy or amendment approved</td> <td>18 Jul 2018</td> </tr> <tr> <td>Policy or amendment takes effect</td> <td>18 Jul 2018</td> </tr> <tr> <td>Policy is due for review (up to 4 years)</td> <td>18 Jul 2022</td> </tr> </table>	Policy or amendment approved	18 Jul 2018	Policy or amendment takes effect	18 Jul 2018	Policy is due for review (up to 4 years)	18 Jul 2022
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Policy is due for review (up to 4 years)	18 Jul 2022						
Endorsed by	Council's Executive Management Team						
Approved by	Gunnedah Shire Council, at its Ordinary Meeting of Council held 18 Jul 2018 Resolution number: 11.07/18						
Policy Custodian	Manager Mapping, Assets, Design and Developments						
Relevant to	Councillors, Council staff and the Gunnedah community						
Superseded Policies	Minute 11.07/18 of Ordinary Meeting held 18 July 2018						
Related documents	Gunnedah Shire Council's Community Strategic Plan, Operational Plan and Delivery Program, Asset Management Strategy, Asset Management Plan, Workforce Plan and Long Term Financial Plan.						
Related legislation	Local Government Act 1993 Local Government Amendment (Planning and Reporting) Act 2009 National Asset Management Framework International Infrastructure Management Manual AASB116 Australian Accounting Standards Board Australian Infrastructure Financial Management Guidelines NSW Division of Local Government Integrated Planning Framework Capital Expenditure Guidelines, issued December 2010.						

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1. Purpose

- 1.1 The purpose of this Policy is to provide clear guidance for the responsible management of assets owned and/or controlled by Gunnedah Shire Council ("Council") to ensure the equitable provision of infrastructure and services to the Gunnedah community in compliance with governing legislation and within budgetary constraints.
- 1.2 The Policy translates the organisation's broad strategic outcomes and plans into a framework, which in turn, enables Council's Asset Management Strategy and specific objectives, targets and plans to be produced.

2. Scope

- 2.1 This Policy applies to all business areas of Council that have the responsibility to manage assets.
- 2.2 It pertains to all assets owned and/or controlled by Council regardless of their purpose or source of acquisition.
- 2.3 This Policy is to be read and used in conjunction with Council's Asset Management Strategy, Asset Management Plan and all relevant legislation and standards.

3. Definitions

Term	Definition
Asset	A physical item owned by Council which has economic value and enable services to be provided.
Asset Management	The 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 Information System	The foundation of all asset management knowledge. It is a combination of processes and information managed to provide the essential outputs for efficient and effective

	maintenance programs to ensure the asset achieves the expected asset life. It is a fundamental component of asset management.
Asset Management Plan	The asset management plan ensures Council meets community expectations, strategic and corporate goals, and legislative requirements and in accordance with recognised best practice.
Asset Management Strategy (AMS)	This plan summarises actions and resources to provide a defined level of service in the most cost effective way. It demonstrates Council's commitment to manage its assets and to assist Council in the achievement of the community vision. Providing and promoting a constructive environment for undertaking asset management.
Long Term Financial Plan (LTFP)	The plan provides a framework for sustainable financial Management balancing our environmental, social, economic and governance objectives whilst delivering services and facilities to the people of the Gunnedah Shire Council area.
Level of Service	The defined service quality for a particular service against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost.
Risk management	The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

4. Policy principles

Council acknowledges that it is the custodian and trustee of public assets and that it has a duty to effectively plan for, account for and manage the assets for which it is responsible (as well as any new assets proposed in its Community Strategic Plan and Delivery Program) and to have regard to the long term and cumulative effects of its decisions.

Council is committed to managing the community's assets in accordance with recognised best practice and obligations required under relevant legislation.

Council's overarching asset management framework will be guided by the following key principles:

(a) Service delivery:

Council's asset management activities aim to support service delivery throughout the Shire. Council recognises that it operates in a changing environment that requires regular review of the services it delivers and how they are provided.

Service delivery needs are to be established, monitored and service levels defined in consultation with local community stakeholders, taking into account a number of factors including relevant demographic, social, economic, technical and budgetary considerations.

Assets are to be acquired for their service delivery requirements and service delivery needs should form the basis of all Council's asset management practices and decisions.

(b) Informed decision making:

Council will collect the appropriate amount of attribute data to make informed decisions about its assets.

Decisions relating to new services and assets as well as upgrading existing services and assets are to take into account all costs incurred throughout the lifecycle of an asset through planning, acquisition, operation, maintenance, renewal and disposal.

A thorough analysis of all impacts of proposed actions in relation to assets must be undertaken prior to proceeding with implementation, including the impact on service levels, risk assessments, wastage of resources as well as the impairment of economic life or premature disposal and net benefit comparisons of alternate actions, in order to achieve best possible intergenerational outcomes and value for money.

(c) Sustainability:

Assets are to be managed in such a way that the benefits of the services presently supported to meet the needs of the community, are sustained and available for future generations.

Council supplied infrastructure will be designed, constructed and maintained to ensure that the community's needs for these services are met in an economically sustainable fashion.

Council's long term planning will involve environmental, social, economic and governance implications being considered in all asset management decisions.

5. Policy statement

5.1 Context and importance of asset management

5.1.1 The management of Council assets is a key function of Council. Assets are vital in the provision of a range of services for the community in areas like recreation and leisure, planning and development, roads and transport, waste management, culture and education and environmental management. The successful delivery of these services relies on the provision and management of a broad range of assets.

5.1.2 The Local Government Act 1993, Local Government Amendment (Planning and Reporting) Act 2009 together with Planning and Reporting Guidelines for Local Government in NSW place a number of obligations on Councils in relation to asset management, including that Council:

- Prepare an Asset Management Strategy (AMS) (and Asset Management Plan(s) ("AMP")) to support Council's Community Strategic Plan and Delivery Program;

- Ensure that the AMS and Plan(s) cover a minimum timeframe of ten (10) years;
- Ensure that the AMS includes an overarching Council endorsed Asset Management Policy;
- Ensure the AMS identifies assets that are critical to the Council's operations and outline risk management strategies for these assets;
- Ensure that the AMS includes specific actions required to improve the Council's asset management capability and projected resource requirements and timeframes.
- Ensure AMP(s) encompass all assets under Council's control;
- Ensure AMP(s) identify asset service standards;
- Ensure AMP(s) contain long-term projections of asset maintenance, rehabilitation and replacement costs; and
- Ensure condition of assets is reported in Council's annual financial statements.

5.1.3 Presently, the Office of Local Government requires Council to comply with Accounting Standard AASB 116 for valuation and reporting on infrastructure assets.

5.1.4 In addition, the Local Government and Planning Minister's Council (LGPMC) has developed a National Framework for Financial Sustainability and Asset Management in Local Government which provides for a nationally consistent approach to asset planning and management, financial planning and reporting and assessing financial sustainability.

5.1.5 In order to ensure that Council's asset management practices conform to legislative requirements and reflect best practice in the industry, it is important that Council:

- Allocate sufficient resources for the development of asset strategies, management plans and service level documents to achieve target development;
- Work within the National Framework as issued by the LGPMC;
- Manage all assets in an efficient and sustainable manner;
- Develop and commit to a long term capital works and financial management plans that support and meet the needs of the community;
- Ensure that asset renewal, disposal, upgrade or new asset provision is carried out in accordance with the adopted resourcing strategy that includes demonstrated need, life cycle costing, alternative modes of delivery, sustainability, equitable distribution of resources and social equity;
- Regularly consult with and involve where necessary with the community and key stakeholders in determining service and intervention levels; and
- Regularly update and report on the current maturity of Council's asset data, systems, strategies, plans, processes and skills and the accompanying organisational risk.
- Develop and report annually on established sustainability indicators relevant to asset management.

5.2 Council's vision and goals of asset management

Council's principal asset management goal is to provide the required level of service, as determined in consultation with the community, in the most cost effective and sustainable manner for both current and future generations.

It is envisaged that through the implementation of this Assets Management Policy, Council will achieve that goal, together with the following benefits:

- (a) Council's assets are managed in accordance with relevant legislation and recognised best practice;
- (b) Council's assets are managed in an efficient manner that is consistent with the preservation of the natural environment and the sustainable management of resources;
- (c) Assets are acquired with the full understanding of the level of service provided and the cost of provision over the whole of the life of the asset;
- (d) Assets are managed to support the Council's long term financial position and planning;
- (e) Assets are upgraded to meet levels of service requirements due to current and predicted future use;
- (f) Infrastructure is either renewed before it becomes unserviceable or decommissioned if identified as no longer required; and
- (g) Assets are fit for purpose and are maintained to a safe and functional standard.

5.3 Timeframes and deadlines

- 5.3.1 Council will ensure that it meets all timeframes and deadlines relating to asset management in accordance with legislation and financial reporting requirements.
- 5.3.2 This Asset Management Policy and Asset Management Strategy will be reviewed on a four (4) year cycle to reflect the review process of the Community Strategic Plan.
- 5.3.3 Reviews of the appropriateness of the level of service must be carried out every four (4) years, within twelve (12) months of each new Council being elected to enable them to have input into the levels of service that they wish to deliver the community for their term of office.
- 5.3.4 Council's Asset Management Plan is to be reviewed on an annual basis in order to set asset maintenance and renewal programs.

5.4 Integration of asset management into Council's business practices

Integration with Council's strategic planning

- 5.4.1 Asset management will be integrated with corporate, financial, business and budgetary planning and will form an essential component of Council's Community Strategic Plan and Delivery Programs.

- 5.4.2 Infrastructure costs consume a large part of Council's budget and dependant on their timing, the impact will vary greatly on planning for and allocation of financial, human and capital resources. Accordingly, infrastructure asset management planning must be integrated with Council's overall financial and management planning process in order for Council (and the community) to understand each asset's full life costs and to plan effectively for asset acquisition, operation and maintenance, renewal and disposal. Integration with Council's Long Term Financial Plan ensures the resultant asset spending strategies have been factored into Council's projected budgets, ensuring the planned objectives are financially sustainable.
- 5.4.3 The AMS, AMP and CSP are co-dependant plans. Asset service provision strategies are to be derived from the CSP and conversely, the AMP will support successive community consultation efforts.

Integration with Council's Records Management

- 5.4.4 Council will employ a logical structure to the collection and storage of its asset data and ensure that it maintains a comprehensive Assets Management Information System covering all of its assets, including capture and management of the appropriate level of data to meet asset management needs, accounting standards and financial reporting requirements.
- 5.4.5 Council's Asset Management Information System is to observe the principles of Council's adopted Records Management Policy and comply with the elements of Council's Records Management Program.

Integration with Council's Risk Management Framework

- 5.4.6 Risk assessments of assets must be conducted in accordance with Australian Standard for Risk Management AS/NZS ISO 31000:2009.
- 5.4.7 Risk action plans will be developed for each asset class, to quantify risk exposure associated with the provision of services and to mitigate risk to an acceptable standard in accordance with Council's corporate Risk Management Framework.

Integration with Council's Project Management Framework

- 5.4.8 All asset projects and programs are required to observe the requirements of Council's corporate Project Management Framework, which ensures that no capital projects are progressed without first giving due consideration to the basic fundamentals of project management and passing through the necessary approval process. This includes giving thought to the requirements under the Capital Expenditure Guidelines – 2010.

Integration with Council's Procurement and Disposal Processes

- 5.4.9 Council will incorporate sustainability criteria into all infrastructure projects and procurement. Any procurement is to be performed in accordance with Council's Procurement and Tendering Policy.

5.4.10 Disposal of assets is to be performed in accordance with legislation, asset lifecycle management and Council's agreed procedures for disposal.

Integration with Council's Corporate Training Program

5.4.11 Council is committed to creating and promoting an awareness of responsible asset management throughout Council.

5.4.12 Training for applicable staff in financial and asset management practices will be supported by Council's Corporate Training Program.

5.5 Audit and review procedures

5.5.1 Council's asset data, systems, strategies, plans and processes will be regularly updated and reported on.

5.5.2 Council's Assets Management Information System is to be tested regularly in order to ensure that it is operating routinely and that there are no issues affecting information integrity, usability or accessibility.

5.5.3 Council will evaluate asset management improvement and utilise Council's internal Audit Committee to assist in regular reviews.

5.5.4 Components of Council's Asset Management also forms part of Council's annual external financial audit.

5.6 Compliance

5.6.1 Councillors and applicable staff are expected to read this Policy carefully so as to ensure that they are well aware of their asset management responsibilities and processes to which they are to conform.

5.6.2 Non-compliance with this Policy may result in disciplinary action being taken.

6. Accountability, roles and responsibilities

Implementation of this Policy will rely upon the efforts of four (4) key groups. Their responsibilities include:

6.1 Councillors

- Provide strategic direction and stewardship;
- Consider the impact on Council's asset base of planning, financial and service level decisions;
- Adopt the Asset Management Policy and Asset Management Strategy

6.2 General Manager and Executive Management Team

- Ensure that sound business principles are reflected in the AMS and AMP developed;
- Ensure the impact on Council's asset base is considered when making recommendations to Council in relation to planning and financial matters or the delivery of services;
- Support the implementation of the Asset Management Strategy and the associated asset management improvement program
- Approve the Asset Management Plans (AMPs).
- Ensure the integration and compliance of the Asset Management Policy and AMS with other policies and business practices of Council;
- Ensure compliance with all legal and financial reporting obligations.

6.3 Asset Management Working Group

- Review Council's Asset Management Policy, Framework and Strategy;
- Identify and develop appropriate procedures, tools and templates to ensure effective asset management across the organisation;
- Develop and maintain Council's Asset Management Information System to facilitate efficient and effective asset management, meeting both technical and financial reporting requirements;
- Take responsibility for the implementation of the asset management improvement program

6.4 Asset Managers

- Develop and maintain Asset Management Plans (AMPs) for assets within their specific service area(s)
- Develop and maintain asset maintenance and renewal programs;
- Provide professional advice and comment to other departments of Council in relation to assets contained within their specific service area(s);
- Provide data to Mapping, Assets, Design & Developments Team for input into Council's Asset Management Information System.

7. Acknowledgements

The following acknowledgements are made recognising organisations or documents that have provided a basis, instructive comment or templates that have been used to develop Council's Asset Management Policy:

- (a) Tamworth Regional Council General Policy Register – Asset Management;
- (b) Lake Macquarie City Council Asset Management Policy;
- (c) Tenterfield Shire Council Asset Management Policy;
- (d) Australian Infrastructure Financial Management Guidelines; and
- (e) The City Of Newcastle Asset Management Policy.

8. Version control and change history

Date	Version	Approved by & resolution no.	Amendment
25/08/10		Ordinary Meeting - Minute 33.6	
16/11/11		Ordinary Meeting – Minute 118.4	
April 2017			Updated for inclusion in revised AMS
18/07/18		Ordinary Meeting – Minute 11.07/18	