



Asset Management Policy 2007

DIVISION: Engineering Services

BUSINESS UNIT:

POLICY AUTHOR: Director Corporate Services

POLICY OBJECTIVE:

The purpose of this Asset Management Policy is to demonstrate an organisational commitment towards the management of the community’s assets to provide the desired level of service in the most cost effective manner for present and future generations.

LEGISLATIVE PROVISIONS:

Local Government Act 1993

POLICY STATEMENT:

Overview

Stewardship of infrastructure is a core council function. Sound asset management is necessary for Council to meet its responsibilities under the *Local Government Act 1993* to:

- Provide services to current and future generations.
- Provide and maintain community infrastructure within the area.
- Encourage and support the sustainable development of the area.

Goulburn Mulwaree Council is committed to ensuring that asset management is undertaken in an integrated and multidisciplinary approach that addresses major planning, resource allocation and accountability measures essential for cost effective service delivery. The approach involves:

- Establishing asset management within the Corporate Plan
- Setting principles to guide all asset management decisions
- Adhering to appropriate governance and management arrangements
- Integration with broader Council planning

Corporate Plan

The Corporate Plan for Council has as one of its six strategic goals – Quality Infrastructure viz:

“Council will be pro-active in the planning for changes that come from technological change and growth, and will continue to aim for the enhancement of the area’s infrastructure through strong advocacy, partnerships with government and private enterprise, and direct provision of appropriate assets.”

The specific strategies relating to this goal are:

i) Water and Sewerage

Water infrastructure management	Ensure the Council’s water and sewerage infrastructure networks are constructed, maintained and renewed to maximise their long-term benefits to the community and in accordance with priorities set through comprehensive asset management planning.
Water infrastructure funding	Fully fund depreciation to ensure that sustainable asset renewal and replacement is undertaken at the appropriate times.
Sustainability	Ensure the sustainable provision of water supply to meet the current and future needs of the community and address the variability of climatic conditions.
Recycling	Implement best practice recycling technologies for both water and sewerage to recognise the scarcity of the resource and ensure maximum re-use.
Sewerage treatment	Ensure that sewerage treatment and disposal meets all health and environmental requirements to ensure public safety.

ii) Roads, Streets, Bridges & Other Infrastructure

Infrastructure design	Ensure the coordination and integration of the Council's infrastructure networks through appropriate planning and design practices.
Infrastructure implementation	Ensure the Council's infrastructure networks are constructed and renewed to maximise their long-term benefits to the community and in accordance with priorities set through comprehensive asset management planning.
Infrastructure maintenance	Ensure that the Council's infrastructure networks are continuously monitored and maintained to a standard that will maximise their long-term benefit to the community.
Infrastructure funding	Fully fund depreciation to ensure that sustainable asset renewal and replacement is undertaken at the appropriate times.

iii) Council Buildings/Facilities

Maintenance	Ensure that the Council's buildings and facilities are continuously monitored and maintained to a safe standard that will maximise their long-term benefit to the community and in accordance with priorities set through comprehensive asset management planning.
Funding	Fully fund depreciation to ensure that sustainable asset renewal and replacement is undertaken at the appropriate times.
Review	Regularly review and analyse all existing and proposed buildings/facilities on a commercial cost/benefit basis to maintain their continuing relevance and benefit to the community measured by assessing their usage against the capital and operational investment.

Asset Management Principles

The following principles will be used by Council to guide asset management planning and decision making:

- Ensuring service delivery needs form the basis of asset management
 - Integration of asset management with corporate, financial, business and budgetary planning
 - Informed decision-making, incorporating a life-cycle approach to asset management
 - Establishment of accountability and responsibility for asset condition, use and performance
 - Sustainability, providing for present needs while sustaining resources for future generations
1. *Service delivery needs*
 Assets are created or acquired for their service delivery potential, and service delivery needs should form the basis of all asset management policies and decisions.
 - Service delivery needs must be established, and service levels defined, in consultation with local community stakeholders, taking into account relevant demographic, social, economic, environment, technical and budgetary considerations.
 - Determine appropriate infrastructure to be provided and the level at which assets need to be maintained.
 2. *Integration of asset management into Strategic Planning Framework*
 Council's Strategic Planning Framework recognises the importance of asset management planning and its integration with other Council Plans.
 - Effective strategic resource planning requires sound asset management planning using a multi-disciplinary approach.
 - Asset management planning must fully integrate with corporate, financial,
 - Business, budgetary, operational, human resources and information technology plans.

3. *Informed decision making*

Asset management decisions should be informed by evaluation of alternative means of service provision, full life cycle costing, performance measurement and monitoring. Asset life cycle phases are:

- Acquire/build – specification of asset type and the timing, financing and means of procurement.
- Operate and maintain -requires performance levels, operating and maintenance schedules to be specified.
- Dispose – specification of intended method, costs and timing of disposal or retirement, including options such as transfer for alternative use, rental, sale and/or lease back, and demolition.

Performance management requires agreed performance indicators to be developed and applied throughout the asset life cycle.

4. *Accountability and responsibility*

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

- Effective linking responsibility for service provision with responsibility for asset management
- Asset registers must be established and kept up-to-date to provide information that meets management decision-making requirements
- Control, accountability and reporting requirements for assets established, clearly communicated and implemented
- Contribution to asset management to form part of performance management.

5. *Sustainability*

Assets must be managed so that the benefits of the services supported are available for future generations. This requires:

- Planning, maintenance and renewal to reflect current asset consumption.
- Evaluating all potential methods to meet service delivery demands, including non-asset solutions.
- Demand management strategies, e.g. user pays, where appropriate.

Governance and management arrangements

Good corporate governance and appropriate management accountabilities are necessary for effective asset management.

Governance Principles

- Providing stewardship for infrastructure assets.
- Establishing an empowered asset management committee specifically charged with overseeing the delivery of the asset management strategy and plans.
- Basing policy decisions on levels of service, risk and cost after consultation with the community and service users.
- Delegating appropriate decision-making and financial authority to the person responsible for each asset.
- Assigning each asset to a competent manager who has overall responsibility to ensure that the asset operates and is maintained to meet the Council's strategic objectives.
- Ensuring systems are in place for recording and reporting information about each asset, including its description; location; condition; value; operating, maintenance and renewal costs; and any other relevant information.
- Incorporating asset management performance into individual performance management arrangements for the CEO and other managers.

Asset Management Roles and Responsibilities

Council

- Approving Council's asset management policy, strategy and plan.
- Ensuring appropriate allocation of resources.
- Approving the Corporate Plan and Management Plan.
- Evaluating asset improvement plans.

General Manager

- Implementing the Council's asset management policy, strategy and plan with agreed resources.
- Establishing and operating Council's Asset Management Project Committee
- Monitoring, evaluating and reporting to Council on asset management plans.
- Including asset management in staff performance evaluation.
- Ensuring that accurate and reliable information is presented to Council for decision-making.

Asset Management Co-ordination (Director Engineering Services)

- Developing and establishing corporate policy, objectives and guidelines with regard to asset management practices and procedures.
- Ensuring the long term effectiveness of the asset management programs and their ownership by the organisation.
- Raising awareness throughout the organisation as to the many benefits of adopting a formal approach to asset management.
- Ensuring that the organisation's asset management program is developed and implemented in a logical and structured manner.
- Seeking and using outside asset management consultants on activities where necessary to add value to internal skills and expertise
- Reviewing existing practices, procedures and systems.
- Integrating asset management policies, strategies and plans into the corporate governance framework.
- Overseeing the progress of individual asset management activities, including data capture and preparation of Asset Management Plans.

Asset Managers

- Assisting in the development of asset management policy and strategy.
- Developing asset management plans for individual asset groups, using the principles of lifecycle analysis.
- Implementing improvement plans for individual asset groups.
- Implementing operational plans (such as maintenance programs, capital works programs) in accordance with the Asset Management Plan and Management Plan.
- Delivering levels of service to agreed risk and cost standards.

Internal Audit Committee

- Monitoring compliance with delegated responsibilities and the asset management strategy as a whole.
- Ensuring that legal and statutory obligations are met.

Integration with broader Council planning

Asset management must be integrated with broader Council planning, and assets considered with other key resources used in achieving Council's objectives.

Strategic Level

The service delivery objectives and requirements of the asset management policy are set out in the Corporate Plan.

Operational Level

Asset management plan identifies specific actions involving both asset and non-asset alternatives. Actions are monitored to verify compliance with asset management policy and strategy.

Performance Management

Links the strategic and operational levels to determine if the desired outcomes are being achieved in the most effective manner. Performance measurement raises awareness of the responsibilities, opportunities and risks inherent in asset management

Sustainable asset management relies on the implementation of sophisticated asset management planning. Failure to maintain the currency of asset information and to implement the appropriate management regimes will lead to asset degradation.

Asset management will have a profound impact on Council’s budget and will require careful consideration of priorities, investment in renewal of assets rather than creation of new assets and funding of necessary expenditures.

This policy will be implemented by:

- Development of asset management plans for all classes of assets
- Setting up of an inter-disciplinary Project Team to “drive” asset management
- Engagement of consultants to develop asset management plans
- Incorporation of asset management into performance systems
- Ensuring incorporation into Council’s Strategic Planning Framework
- Alignment with the Financial Plan

Version	Council Meeting Date	Resolution	Adoption Date	Effective From
1	19 June 2007	07/297	19 June 2007	19 June 2007
2	19 May 2009	09/264	6 July 2009	6 July 2009
All policies can be reviewed or revoked by resolution of Council at anytime. This document is scheduled for review in September 2016				