

Keywords: *Asset Management*

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Responsible Officer(s):	<i>Manager Corporate Services</i>
Council File Reference:	<i>Motion AC/15/09 8/12/2009</i>
Applicable Legislation:	<i>Local Government Act 1999 (Section 99(1)(g) and Section 122) Accounting Standards Accounting Regulations</i>
Relevant Policies:	<i>Asset Accounting</i>
Related Procedures:	<i>(In accordance with relevant Legislative Acts)</i>
Delegations:	<i>Chief Executive Officer/Manager Corporate Services</i>

1. Purpose

The purpose of this policy is to demonstrate Council's commitment towards the management of community assets to provide the desired level of service in a structured, co-ordinated, cost effective and financially sustainable manner across the whole organisation for present and future generations.

- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
- Safeguarding Council assets including physical assets by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Creating awareness amongst employees and elected members of their responsibilities for the creation and management of sustainable assets.
- Meeting legislative requirements for asset management.
- Ensuring resources and operational capabilities are identified, and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.
- Ensuring an integrated approach across all Business Units in asset management service delivery.
- Sustainable use of natural resources and minimisation of waste.

2. Principles

The following key principles will define Council's approach to asset management:

- Assets exist to support the delivery of services.
- Asset management decisions are integrated with Council's Strategic Plan and other existing planning and operational processes.
- Asset planning decisions are based on an evaluation of alternatives which consider life cycles, costs, benefits, and risks of ownership.
- Systematic and cyclic reviews will be applied to all classes of assets to ensure that they are managed, valued and depreciated in accordance with appropriate best practice and applicable Accounting Standards.
- Disposal decisions are based on analysis of the methods which achieve the best available net return (lowest whole of life cost).
- Asset renewal plans will undergo a separate annual approval process by Council, considering required service levels and the effectiveness of the current assets to provide that level of service.
- Costs associated with the construction and maintenance of Council's assets will be recorded in Council's Asset Management Database and Council's financial systems. These databases need protection and security measures to prevent loss of data.
- Cost effectiveness of all construction and maintenance programs will be continually reviewed to ensure best value from expenditure.
- All applicable asset databases will be maintained and updated following completion of works and acceptance of Free of Charge Assets.
- Council will maintain a Long-Term Asset Management Plan to identify future asset management requirements within the context of a Long Term Financial framework.

3. Policy Statement

Context

The Council exists to provide services to its community. Some of these services are provided by infrastructure assets including a vast amount of non-current assets which have been created by Council or transferred to Council at no cost by developers and others to meet increased levels of service or to provide for new communities. Council's goal in managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most sustainable (including cost effective) manner for present and future generations. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Having a long-term financial plan which identifies required, affordable expenditure and how it will be financed.

Key actions

Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of Council. This includes ensuring that assets are planned, created, operated, maintained, renewed, and disposed of in accordance with Council's priorities for service delivery. Asset management practices impact directly on the core business of Council and appropriate asset management is required to achieve Council's strategic service delivery objectives. A strategic approach to asset management will ensure that the Council delivers the highest appropriate level of service through its assets.

This will provide positive impact on:

- Members of the public and staff;
- Council's financial position;
- The ability of Council to deliver the expected level of service and infrastructure;
- The political environment in which Council operates; and
- The legal responsibilities of Council.

4. Service Levels

- Service levels agreed through the budget process and defined in Infrastructure and Asset Management Plans will be funded as a matter of priority in the annual budget estimates.
- Future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets.
- An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- Future service levels will be determined in consultation with the community.

Roles and responsibilities

Council and Strategy, Assets and Major Projects Committee

- To set Corporate asset management policy and strategy
- To act as custodians for infrastructure assets.
- To approve Council's asset management plans and monitor their outcomes.
- To recommend agreed levels of service to Council
- To ensure appropriate resources are made available to implement the asset management strategy. Chief Executive Officer
- To establish and periodically review the Asset Management Policy in line with the Council Policy Framework.
- To review and implement the corporate asset management strategy with agreed resources.
- To monitor and review performance of Council staff in achieving the asset management strategy
- To ensure that accurate and reliable information is presented to Council for decision making.

Asset Management Services Management Team

- To provide coordination for the implementation of asset management across the business units.
- To raise awareness of asset management across Council.
- To develop and review the asset management strategy, policies, and practices.
- To design, develop, review and oversee the implementation of asset management plans for major asset classes.
- To provide leadership in implementing and maintaining asset management.
- To identify resource gaps/issues in implementing asset management plans for major asset classes Asset Managers To develop asset management plans for major asset classes, using the principle of lifecycle analysis
- To implement improvement plans for individual asset groups
- To implement tactical plans (such as maintenance programs, capital works programs) in accordance with asset management plans
- To deliver levels of service to agreed risk and cost standards
- To present information to the Council and Chief Executive in terms of Community needs, lifecycle, risk and costs.
- To ensure statutory requirements are met

- Annually review Estimated Useful Life (EUL) values and Unit Rates for major asset classes that are used for valuation purposes and ensure any material variations are incorporated into related asset management strategies and plans. All staff Any staff member that has a responsibility to program, instigate, govern or oversee work that results in the creation, upgrade, renew, receipt (gifted or otherwise) or disposal of assets that are owned or held in the custody of Council, at the completion of each specific asset's activity and at a minimum interval of each financial end of month close must;
- Collect all required asset information and ensure that all asset information is entered into the relevant Council system(s).

5. Financial Indicators

The Local Government (Financial Management) Regulations 2011 require a Council to use three specific indicators within the Council's long term financial plan, annual budget and mid-year review of the annual budget.

These indicators are:

- An operating surplus ratio;
- A net financial liabilities ratio; and
- An asset renewal funding ratio

The financial indicator applicable to this policy is the Asset Sustainability Ratio.

The Asset Sustainability Ratio indicates if Council is renewing or replacing existing non-financial assets at a level that is needed to cost-effectively maintain service levels. It is measured relative to the optimal level of that proposed by Council's Infrastructure and Asset Management Plans

Council's target for this indicator is to maintain capital outlays on the renewal and replacement of assets at 100% of the level proposed in the Infrastructure and Asset Management Plans.

6. Summary

A strategic approach to asset management will ensure that Council delivers the highest appropriate level of service through its assets.

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