

Policy Number:	15 (C)
Name of Policy:	Asset Management Policy
Date of Next Review:	April 2026
Date of Approval:	20 April 2026
Responsible Officer:	Asset Management Specialist
Reviewed by:	Coordinator Engineering
Approved by:	Council
Related Documents:	<ul style="list-style-type: none"> • Hepburn Shire Council Plan • Asset Management Strategy • Asset Management Plans • Community Consultation Framework Policy • Long Term Financial Plan • Risk Management Policy • Fixed Asset Policy & Procedures • Road Management Plan • International Infrastructure Management Manual (IIMM)

Best Value Principles

Hepburn Shire Council has the responsibility to provide its ratepayers with best value, with all services provided by Council meeting the expectations in terms of quality and cost. In providing this, all services need to be accessible, responsive to the needs of the community, considerate of the natural environment and subject to continuous improvement.

To achieve the best over life outcome for Council’s expenditures, which meets quality and service expectations, there will be periodic review of services against best on offer in both the public and private sectors.

All Council staff members are responsible for supporting best value principles in their normal day to day actions to ensure services are recognised by the community as delivering best value.

1. Purpose

The purpose of this policy is to set guidelines for implementing consistent Asset Management processes throughout the Hepburn Shire Council and to provide a fit for purpose asset portfolio that supports the provision of best-value services at the optimized whole of life cycle cost while meeting the present and future service needs of the community.

2. Scope

The policy applies to all infrastructure assets which are owned, controlled, and/or managed by the Council to deliver the necessary service to the community. Council's Asset Management Framework shows linkages between this policy and various plans and documents as represented in Appendix A. Where a plan or document does not currently exist, it shall be developed to comply with this policy.

3. Definitions

Asset: A physical item which has value and economic life of greater than 12 months with the purpose of delivering a service to the community.

Asset Management: The systematic and coordinated activities, processes and practices, the combination of management, financial, economic and engineering applied to physical assets with the objective of providing the required level of service in the most cost-effective life-cycle management of assets.

Lifecycle Asset Management: The cycle of activities that an asset goes through while it retains an identity from planning and design to construction and maintenance, to decommissioning or disposal.

Level of Service: The defined needs or benefits or quality for a service or activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability, cost and availability.

Whole of Life Cycle Cost: The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, renewal/replacement and disposal costs.

Core Expenditure: The expenditure which is considered as non-discretionary based on asset management principles.

Capital Expenditure – Renewal/Replacement: The expenditure for replacing an existing asset with the same or technologically modern equivalent asset which restores service level to its original standard. This may reduce future operating and maintenance expenditure and will restore its condition to new. It is a core expenditure.

Capital Expenditure – Expansion: The expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to a new group of users. It is a discretionary expenditure, which increases future operating and maintenance costs because it increases the organisation's asset base but may be associated with additional revenue from the new user group.

Capital Expenditure – New: The expenditure that creates a new asset providing new service that did not exist beforehand. It is a discretionary expenditure.

Capital Expenditure – Upgrade: The expenditure, which replaces a previously existing asset with enhanced capability or function, where an option existed for replacement without the enhanced capability or functionality. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. In most instances, it will increase operating and maintenance expenditure in the future because of the increase in the organisation's asset base.

Maintenance Expenditure: The recurrent expenditure required regularly or periodically as part of anticipated scheduled work required to ensure that the asset achieves its useful life and provides the required level of service. This keeps the asset in its original condition and slows down its deterioration. It is a core expenditure.

Operating Expenditure: The recurrent expenditure which is continuously required to provide a service typically power, fuel, staff, etc but excludes maintenance expenditure. It is a core expenditure.

Asset Renewal Funding Ratio: Is the comparison of the renewal and or replacement expenditure with depreciation for a defined reporting period i.e. Renewal/Replacement Expenditure divided by depreciation multiply by 100. Both the figures must be derived from the same valuation methodology i.e. either Brownfield or Greenfield valuation methodology.

4. Policy Background

Asset management practices impact directly on the core business of the organisation and appropriate asset management is required to achieve our strategic service delivery objectives. Sound Asset Management practices enable sustainable service delivery by integrating customer values, priorities and an informed understanding of the trade-offs between risks, costs and service performance.

5. Policy detail

Council is committed to the sustainability of the organisation and the services it provides to the community by:

- Applying the stewardship responsibilities placed on Council to the lifecycle management of community infrastructure assets that support services which are appropriate, accessible, responsive and sustainable.
- Implementing and improving the procedures, systems, information and technologies that support the management of its infrastructure assets.
- Developing an Asset Management Strategy which details how this Asset Management Policy is to be implemented.
- Developing and implementing Asset Management Plan for major Asset class's by undertaking life-cycle asset management inclusive of planning, design, construction, acquisition, operation, maintenance, renewal and disposal of assets.
- Prioritising sufficient funds for the core expenditures i.e. operating, maintenance and renewal/replacement of existing assets in preference to the discretionary expenditures i.e. new, upgrade and expansion.
- Carrying out regular condition & defects inspection of each asset class to use as a part of the asset management process and ensure agreed service levels are maintained and to identify asset renewal priorities.
- Preparing and implementing Asset Renewal programs for each asset class supported by Asset Management Plans.
- Prioritise asset renewal and replacement based on the current condition assessment of assets, defined intervention levels and agreed on criteria.
- Monitoring and reporting its asset renewal/replacement performance by Asset Renewal Funding Ratio.
- Providing asset management and related financial training and professional development programs for staff involved in asset management to facilitate and implement asset management culture and ownership across the whole of Council.

6. Roles and Responsibilities

Asset management is a corporate responsibility and an essential part of doing business for the whole of Council.

Councillors:

- To act as stewards of the infrastructure assets for current and future communities.
- To adopt the Asset Management Policy.
- To allocate appropriate resources for asset management activities through the Annual Budget and Long-Term Financial Plan.

Chief Executive Officer and Executive Team:

- To Provide professional advice to enable Council to make informed strategic asset management decisions.
- To provide leadership and support in the implementation of an asset management culture across the Council and with the community.
- To adopt the Asset Management Strategy.
- To endorse new and revised asset management plans and monitor outcomes.
- To ensure the community needs and the outcomes of service reviews are incorporated into the asset management plans.
- To allocate resources and training to support asset management normally.

Engineering/Asset Management Team:

- To responsible for coordinating the asset management function.
- To review and implement the Asset Management Policy and Strategy.
- To develop and to regularly update asset management plans for the major asset groups.
- To continually seek innovative ways to meet service needs.
- To ensure compliance with legislative and statutory obligations.
- To develop and implement procedures that ensures that a single asset database is maintained and updated.
- To review the Asset Information Management System (AIMS) to ensure it meets the needs of the organization.

7. Further Information

Any enquiries about this Asset Management Policy should be directed through Customer Service to Council's Engineering Departments.

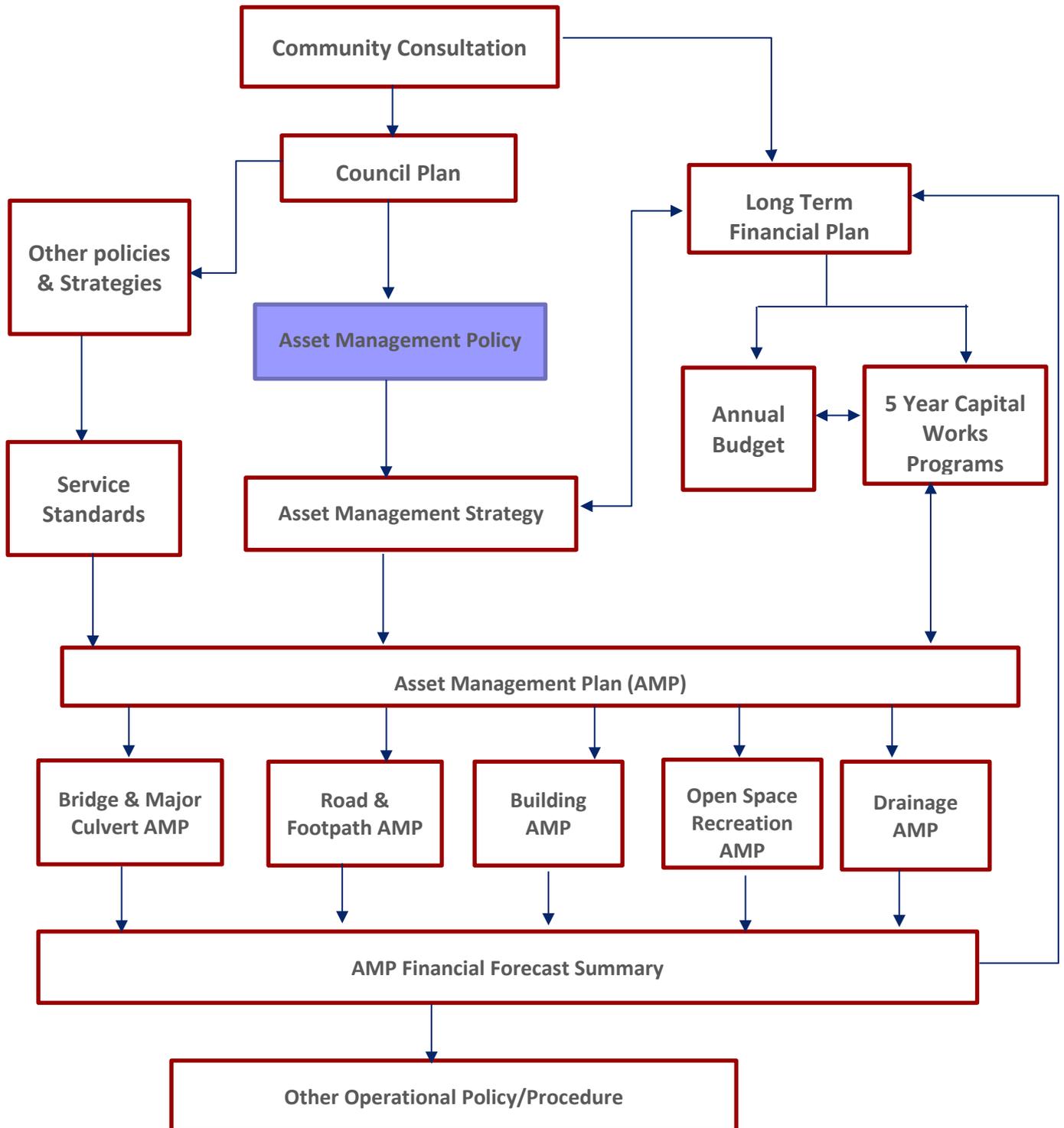
8. Implementation

The responsibility and implementation of this Policy sits with the Manager Operations.

9. Review

This policy will be reviewed on a 5-year cycle.

Appendix A– Asset Management Framework



Note: Vehicle, Plant and miscellaneous Equipment will be managed and treated separately and is not included in this Asset management framework.