



POLICY 15 (C)

ASSET MANAGEMENT POLICY

DATE AMENDED:	16 April 2013
DATE OF NEXT REVIEW:	April 2017
DATE ADOPTED:	16 April 2013
RESPONSIBLE OFFICER:	Manager Strategic Asset Management
REFERENCES:	None

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.

Table of Contents

1. Vision
2. Purpose
3. Scope
4. Definitions
5. Policy
6. Implementation
7. Review

1. Vision

In implementing this policy, Council will endeavour to achieve the following objectives in providing and maintaining assets.

- To enhance physical and social connections within the community;
- To provide physical and recreational opportunities for our community;
- To improve transport options for our community; and,
- To plan and manage the organisation's assets to ensure their long term viability.

2. Purpose

The purpose of the Hepburn Shire Council's Asset Management Policy is to:

Ensure that infrastructure assets which support the provision of services to the community are appropriate, accessible, reliable, sustainable and managed in accordance with sound asset management principles. This will maximize the life of assets and enable the asset to play its part in ensuring the community is receiving the best value service for money.

3. Scope

This policy applies to all Council owned or managed assets and provides direction and decision framework for Council and staff involved in service delivery.

4. Definitions

<i>Asset Management Plan (AMP)</i>	A plan developed for the management of an infrastructure asset or asset category that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset.
<i>Asset Register</i>	A record of asset information considered worthy of separate identification including inventory, historical, financial, condition, construction, technical and replacement value.
<i>Capital Works Program (CWP)</i>	Program of new asset acquisition and upgrade of existing assets
<i>Infrastructure Assets</i>	Includes roads (including bridges and pathways), drainage, parks and nature reserves, buildings, and plant.

<i>Levels of Service</i>	Describe and quantify the service provided to the community by Council. Levels of service can greatly assist Council in providing appropriate and cost effective services to the community.
<i>Life Cycle</i>	The cycle of activities that an asset goes through while it retains an identity as a particular asset.
<i>Life Cycle Cost</i>	The total cost of an asset throughout its useful life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
<i>Long term financial plan (LTFP)</i>	Financial plan indicating long term (10 year) budget priorities.
<i>Predictive Modelling</i>	Use of asset deterioration models and condition monitoring to predict failure and asset rehabilitation and renewal.
<i>Useful Life</i>	The period over which a depreciable asset is expected to be used.

5. POLICY

- (a) Consider factors affecting the achievability of service levels, including legislative requirements, risk management, environmental sustainability and financial capacity;
- (b) Include regular hazard assessment and condition survey of assets to assist in identifying and prioritising renewal works
- (c) Utilise a corporate Asset Management system that provides at least the following core functions:
 - i. Inventory management
 - ii. Asset condition history
 - iii. Predictive analysis
 - iv. Asset treatment history
 - v. Maintenance management
 - vi. Integrated customer request management
 - vii. Integrated GIS capability.
- (d) Develop an Asset Management Plan incorporating sub-plans, informed by community consultation and government financial reporting frameworks, for each Group of Council assets to ensure that the agreed level of service can be maintained now and into the future at an affordable cost to Council and the community;

- (e) Prepare long term asset plans guided by:
 - Identified Level of Service
 - Risk Mitigation
 - Lifecycle costing
 - Condition assessment
- (f) Commitment to asset renewal and all new asset creation or upgrade will be considered on a sound business case using lifecycle costing principles;
- (g) Commitment to dispose of or decommission surplus, underutilised and replaced assets on a sound business case using lifecycle costing principles;
- (h) Use lifecycle costing principles in the development of Asset Management Plans, including cash flow expenditure forecasts for recurrent (operations and maintenance) and capital works (renewal, upgrade and new) programs;
- (i) Strongly embed Asset Management renewal demand forecasts in Council's Long Term Financial Plan;
- (j) Encourage continuous improvement, innovation and cost effective methods to improve work practices and processes;
- (k) Review internal asset management resources and skills to identify gaps between asset management capability and needs;
- (l) Organisational commitment to develop and implement a training program that addresses the gaps in capability, including training for both Councillors and Council staff;
- (m) Participate in and contribute to Regional and Industry Asset Management forums (e.g. MAV programs).

6. IMPLEMENTATION

In implementing this policy, Council will endeavour to achieve the following objectives.

- (a) Implementing a systematic asset management methodology in order to apply appropriate asset management 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;
- (b) Deliver Council's strategic service delivery objectives by adopting integrated asset management and financial management practices;
- (c) Integrate asset management with the Council's corporate planning, utilising an integrated multi-disciplinary approach;

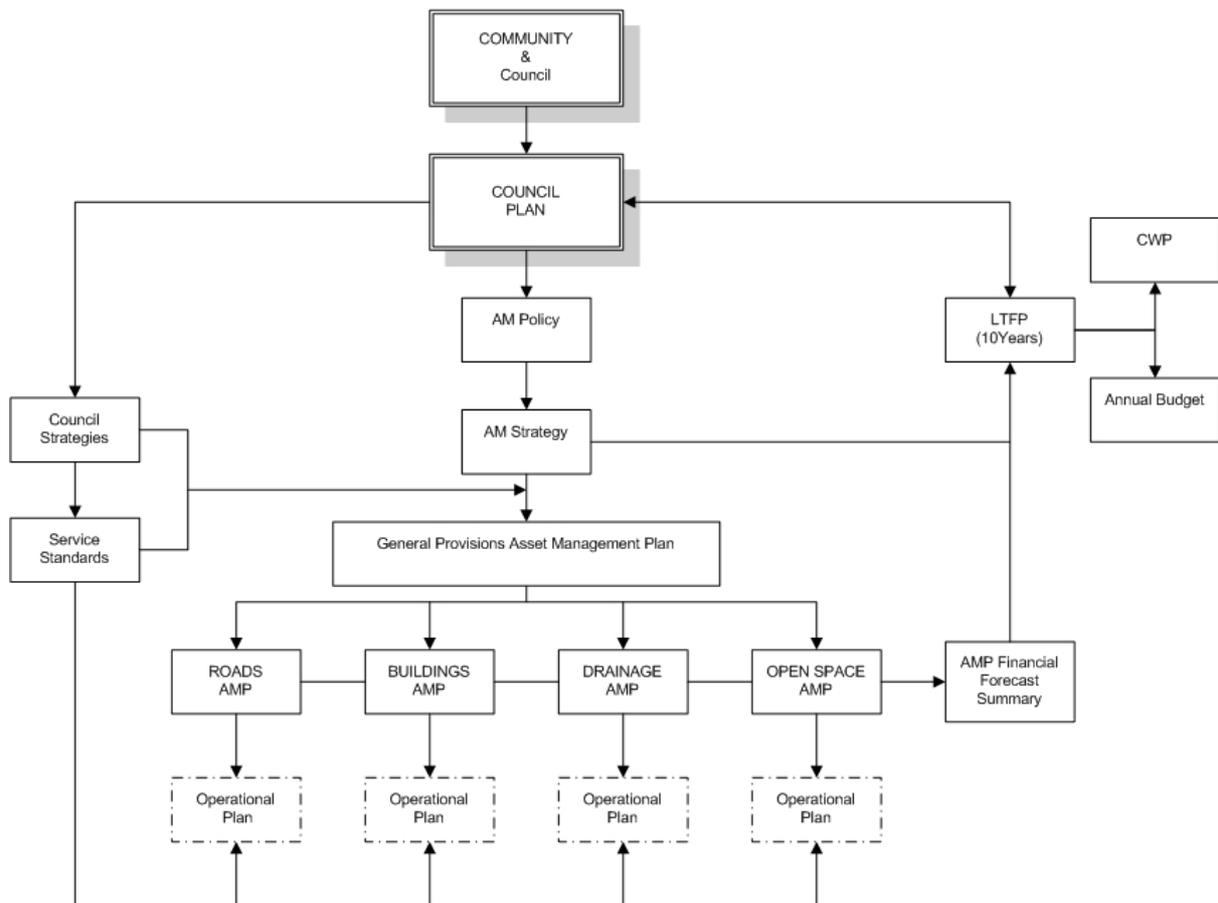
- (d) Create an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining an asset management awareness throughout the Council;
- (e) Ensure resources and operational capabilities are identified and responsibility for asset management is allocated;
- (f) Promote sustainability to protect the needs of future generations;
- (g) Maximise value for money by adoption of life cycle costing combined with disciplined performance measurement;
- (h) Assign accountability and responsibility for all service delivery and asset management; and
- (i) Adopt a strategic approach to asset management to ensure that the Council delivers an acceptable and achievable level of service to the community. This will provide positive impacts on:
 - i. Members of the public and staff;
 - ii. Council's financial position;
 - iii. the political, social and environmental context in which Council operates;
 - iv. the legal liabilities of Council; and
 - v. the environmental sustainability outcomes in asset management.
- (j) Structure the chart of accounts to support asset valuations and understanding of expenditure for new, renewal and maintenance/operations.

6.1 Framework for Implementation

Asset Management underpins Council's other strategic frameworks by ensuring that appropriate infrastructure is developed and maintained enabling the delivery of programs, services and activities to the community.

The structure of Asset Management within the Hepburn Shire Council works through association with various plans and documents as represented in the following diagram. Where a plan or document does not currently exist it shall be developed to comply with this policy.

Each document has a specific purpose and represents a different level of detail relevant to Asset Management practices and processes within the Shire.



6.2 Key Roles and Responsibilities

To implement this policy the following key roles, responsibilities and commitments are identified:

(a) **Services and Asset Management Working Group (SAWG)**

The primary function of the SAWG is to monitor the development and implementation of the Asset Management Strategy, incorporating an asset management improvement program, in accordance with the adopted SAWWG Terms of Reference.

(b) **Council**

To act as stewards, custodians, advocates and owners for Council owned infrastructure assets, by providing resources to implement:

- i. approved corporate asset management policy with linkage to the Council Plan;
- ii. adopted “levels of service” to meet the reasonable needs and expectations of the community, which are achievable over the long term by Council;
- iii. asset management activities ensuring integration of Asset Management Policy, Asset Management Strategy and Asset Management Plans into the corporate governance framework; and

- iv. raised awareness of asset management and financial planning principles within the community.
- (c) **Audit and Risk Advisory Committee**
Responsible for an annual review of asset management performance management.
- (d) **Executive Team**
The executive management team is responsible for providing the following :
- i. Development and implementation of the Asset Management Policy, Asset Management Strategy and Asset Management Plans.
 - ii. Development and implementation of procedures which support asset management and financial planning.
 - iii. Monitor, review and report on the status and effectiveness of asset management within Council.
 - iv. Instigate and resource the Service and Asset Management Working Group.
- i. Work with the asset managers to align the asset management and financial management practices within council.
 - ii. Support the development of a Long Term Financial Plan that recognises asset consumption and links to Asset Management Plans.
 - iii. Structure the accounts and related business processes to recognise lifecycle costs e.g.
 - o Operations/Maintenance
 - o Renewal
 - o New/Upgrades
 - iv. Development and implementation of procedures which support asset management and financial planning.
- (e) **Managers and Staff**
- i. To assist with implementation of the corporate Asset Management Strategy with agreed resources.
 - ii. To develop and implement recurrent (operations and maintenance), and capital works (renewal, upgrade and new) programs, in accordance with Asset Management Plans and the Long Term Financial Plan.
 - iii. To deliver levels of service to agreed risk and cost standards.
 - iv. To manage infrastructure assets in consideration of long term sustainability.

6.3 Measures of Success:

We will have significantly closed our Infrastructure Gap – that is the difference between what we spend on asset renewal and the amount we should spend as established in our Asset Management Plans.

7. Review

This policy will be reviewed within 4 years of the date on which it was approved by Council.

The Manager Strategic Asset Management is responsible for revisions of this policy.