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## ASSET MANAGEMENT POLICY

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**Minute Number:** (2014/7/22/11.1)

**Adopted on:** (22 July 2014)

### 1. PURPOSE

The purpose of this policy is to set the framework for a strategic approach to the management of Whitsunday Regional Council's physical infrastructure assets throughout the asset lifecycle.

### 2. SCOPE

This policy applies to all areas of Council that have the responsibility to manage assets and related land and infrastructure under the control and jurisdiction of Council.

### 3. PRICIPLES

(i) Council commits itself to the following principles:

- (a) **Community needs** – This policy is developed to meet community needs and expectations for all Assets and Asset Infrastructure Services.
- (b) **Accountability and transparency** – The policy provides a framework for transparency and a system of accountability in Asset planning and enabling informed input from all stakeholders.
- (c) **Respect** – This policy is developed to ensure that Council's asset management practices are conducted to deliver the highest level of services whilst bearing the best interests of the community and various stakeholders in mind.
- (d) **Ethical** – This policy specifically provides that any asset management decision that is made will be done so in an ethical and moral manner.

(ii) Council also commits to other important principles such as:

- (e) **Continuous improvement** – The policy supports implementation of continuous improvement practices in Asset Management.
- (f) **Greater resource allocation efficiency** – The policy provides for selection of appropriate Asset levels of service to meet demand and for the development of integrated corporate information systems.
- (g) **Compliance** – The policy aims to ensure compliance with state and federal legislation pertaining to Asset Management.

#### 4. BACKGROUND

- (i) Council has consulted with the community to generate a Community Plan (CP), known as '**Whitsunday Regional Council Community Plan 2011-2021**' that sets the strategic aims for Council to pursue.
- (ii) In order to ensure the **Community Plan 2011-2021** aims (in relation to Assets) are realised in a sustainable manner and within Council's capacity to deliver, it is necessary to align both resources and activity. This is achieved via three integrated, resource strategies as follows:
  - (a) Information and Communication Technology Strategic Plan
  - (b) Long Term Financial Plan (LTFP)
  - (c) Asset Management Plans (AMPs).

#### 5. DEFINITIONS

- 7.1. **Asset** means a physical component of a facility, which has value, enables services to be provided and has an economic life of greater than 12 months.
- 7.2. **Asset Class** means the grouping of like asset categories, e.g. all drains, bridges, kerbing and guttering, pits, sealed, unsealed under the asset class of roads.
- 7.3. **Asset Infrastructure Services** means any service provided in the identification, management and construction of Council Assets.
- 7.4. **Asset Management** means 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.
- 7.5. **Asset Management Plan** means a plan developed for the management of one or more Assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the Asset in the most cost effective manner to provide a specified level of service.
- 7.6. **Asset Custodian** means the person responsible for service delivery of the asset and also the provider of a service in relation to the design, investigation of, works, day to day maintenance etc of an asset.
- 7.7. **Asset Register** means a record of Asset information considered worthy of separate identification. The Asset Register may record inventory, historical, financial, condition, and construction, technical and financial information about Assets.
- 7.8. **Asset Replacement/ Revitalisation Plan (ARP)** means the strategy outlining Council actions regarding asset disposal and acquisition.
- 7.9. **Asset Service Delivery** means the delivery of services through an Asset that meets the needs, aspirations and interests of the service-users and to the standard of quality in service planning and delivery necessary to achieve agreed and measurable service-user outcomes and benefits.
- 7.10. **Council** means Whitsunday Regional Council.
- 7.11. **Level of Service** means the outputs or objectives an organisation or activity intends to deliver to customers.
- 7.12. **Life Cycle** means the cycle of activities that an Asset (or facility) goes through from planning and design to decommissioning or disposal.

- 7.13. **Maturity Assessment** means the systematic review of the actions required by Council to manage Assets and demonstrate value for money for its Asset Services.
- 7.14. **Capital Plan** means the one-year plan outlining the various capital projects in a financial year to achieve the strategies outlined in the **Municipal Plan**.
- 7.15. **Operational Plan** means the one-year plan outlining the individual actions that will be taken in a financial year to achieve the strategies outlined in the **Municipal Plan**.
- 7.16. **Predictive Modelling** means method of projecting the costs associated with maintenance, renewal, acquisition and disposal of Assets to achieve an acceptable condition, or service level. Predictive modelling can be used to predict a required budget, or to view the distribution of a specified budget.
- 7.17. **Risk Management** means 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.
- 7.18. **Risk Action Plans** means the list of actions required to mitigate or alleviate risks identified in relation to individual Assets/Asset categories.
- 7.19. **Useful Life** means the period over which an Asset is expected to be available for use by an entity (in the context of its service to the entity and not to the Asset's actual physical life).

## 6. POLICY STATEMENT

### Framework

#### 8.1. Asset Management framework

8.1.1. Council's Asset Management Framework comprises the following documents:

- (a) Asset Management Policy (this document)
- (b) Asset Management Plans (AMPs)
- (c) One-year Capital Plan
- (d) One-year Operational Plan
- (e) Ten-year Capital Plan
- (f) Ten-year Operational Plan

#### 8.2. Asset Management Policy

8.2.1. The Policy sets the framework for how Council Assets will be managed throughout the Asset lifecycle.

8.2.2. The Policy:

- (a) Outlines why and how Asset Management will be undertaken
- (b) Provides clear direction for Asset Management and defines key principles that underpin Asset Management for Council
- (c) Establishes the goals and objectives for Asset Management
- (d) Integrates Asset Management with Council's **planning framework**
- (e) Adopts lifecycle costing, combined with performance measurement

- (f) Assigns accountability and responsibility for service delivery and Asset Management
- (g) Promotes sustainability to protect the needs of future generations
- (h) Identifies how Council plans, acquires, manages, records, reviews, maintains and disposes of Assets
- (i) Reflects all corporate strategic plans affecting an Asset's Useful Life and other relevant integrated Planning and Reporting resource strategies
- (j) Develops Asset service level provision 'options' in accordance with the AMPs (the community will be consulted on options prior to final Council adoption)
- (k) Provides the basis for financial planning for Assets. This requires integration with the Long Term Financial Plan, to ensure the resultant Asset spending strategies have been factored into Councils' projected budgets, ensuring the planned objectives are financially sustainable
- (l) Defines the levels of service for each Asset class to meet or move towards community service provision needs, within Council's resource capabilities

### 8.3. Asset Management Plans (AMPs)

8.3.1. The AMP is a 'living' document and Council will continually revise the AMP according to influencing factors such as community needs; demographics; economic environment; resource availability and climate and technology change over time.

8.3.2. The purpose of the AMPs are to:

- (i) Move towards meeting the community needs and expectations for all Asset and Asset Infrastructure Services
- (ii) Provide greater transparency in Asset planning, enabling informed input from all stakeholders
- (iii) Implement continuous improvement practices in Asset Management
- (iv) Achieve greater resource allocation efficiency through selection of appropriate Asset levels of service to meet demand and develop integrated corporate information systems
- (v) Manage risk to people and property
- (vi) Comply with state and federal legislation pertaining to Assets
- (vii) Protect and enhance the environment for the future

### 8.4. One-year Capital Plan and One-year Operational Plan

8.4.1. The one-year capital plan and one-year operational plan:

- (a) Utilise Life Cycle cost analysis for the management of Assets
- (b) Identify future maintenance, operation, upgrade, renewal and / or disposal plans
- (c) Identify and establish appropriate service level targets to be delivered by the Assets and tailor work programs according to resource availability
- (d) Identify suitable progress for performance measurement criteria

- (e) Provide for the evaluation and prioritisation of capital works projects and investments taking into account whole of life costing.

8.4.2. All major Asset projects and programs will be reflected in Council's one-year capital plan and one-year operational plan. It is the intent of this Council to work towards having 10-year capital and operational plans in the near future.

### **Levels of Service**

8.5. Long term community needs and expectations identified in the Community Plan will guide the basis of the service provision.

8.6. The AMPs and the Community Plan are co-dependant plans. Asset service provision strategies are to be derived from the Community Plan and conversely, the AMPs will support successive community consultation efforts.

8.7. Council's ability to resource the Asset Levels of Service must be clearly articulated to inform all relevant Asset users and stakeholders of the constraints and consequences of choice, involved in deciding upon service provision 'options'.

### **Operations, Maintenance and Renewal**

8.8. Council's Asset Custodian is responsible for ensuring:

8.8.1. That a routine inspection program of Assets under their control takes place.

8.8.2. All outstanding services are procured through a competitive process as defined in Council's ***Purchasing/Procurement Policy***.

8.8.3. Where appropriate, Council will employ Predictive Modelling to develop preventative maintenance and renewal programs, to plan for future lifecycle costs.

8.8.4. Maintenance plans must be generated utilising available condition data, usage rates, available funding and needs of the community.

### **Asset Register**

8.9. Council must maintain an Asset Register of all Assets under Council control. The Asset Register must be continually updated as Council becomes aware of new Assets.

8.10. The Asset Register must provide for:

8.10.1. The identification and planning of the total cost of Asset Service Delivery over the Asset's Useful Life, taking into account all overheads related to administration, operation, maintenance, depreciation and impairment prior to the acquisition of new or renewed Assets.

8.10.2. Carrying out revaluations of Assets at suitable intervals as recommended, or whenever the fair value of the Asset class has changed materially.

8.10.3. The accounting and costing of Assets in accordance with Australian Accounting Standards (AASB116 - Property, Plant and Equipment). All additional internal guidance written to provide further detail on Asset valuation and condition assessment for Assets (such as roads for example), will be written in compliance with these standards, the Local Government Asset Accounting Manual, the Local Government Code of Accounting Practice and relevant circulars.

## **Data Management**

- 8.11. The updating and maintenance of all Asset inventory and lifecycle data within Council's corporate asset management system must be undertaken by Council staff in a timely manner.
- 8.13. All relevant Asset stakeholders are notified of relevant Asset updates as they occur.
- 8.13. Council must maintain a Corporate Asset Management software system that will be accessible to all Council officers.

## **7. ROLES AND RESPONSIBILITIES**

- 9.1. Staff responsibilities for related Asset Management activities will be included in the capital and operational plans and reflected in individual position descriptions.
- 9.1. The ownership, control, accountability and reporting requirements for Assets are to be established, documented, clearly communicated and implemented.
- 9.1. In support of this policy, the following group responsibilities apply:

### **(a) Council**

- (i) act as stewards for all Council owned Assets
- (ii) adopt and endorse the Asset Management Policy
- (iii) adopt and support the Asset Management Plans
- (iv) approve Levels of Service.

### **(b) Asset Accountant**

- (i) develop, implement and monitor progress of the plans via updates from the Asset Management Steering Committee.

### **(c) Asset Management Steering Committee (AMSC)**

- (i) support sustainable Asset lifecycle management practice from acquisition through to disposal. The Asset Replacement/Revitalisation Plan actions regarding asset disposal and acquisition will be reported and monitored through the AMSC.
- (ii) ensure wider organisational accountability for achieving and reviewing integrated Asset Management practice and associated processes
- (iii) prioritise and coordinate the Asset Management Plan (AMP) implementation and associated capability projects across service units
- (iv) provide corporate oversight of Asset Levels of Service in accordance with long term planning aims and resource capability
- (v) coordinate review of and provide input into, Council's Asset Management policy and AMPs as required, to maintain alignment with long term corporate objectives and relevant legislation
- (vi) ensure integration with Council's resourcing strategies
- (vii) ensure consistent application of the Asset Custodian model

### **(d) Asset Custodian:**

- (i) has the key responsibility for the stewardship of the Asset and is directly accountable for its day to day operations

- (ii) is responsible for short term planning, monitoring performance, and reporting
- (iii) is responsible for specifying and funding service levels through long term planning for the service provided.

## **8. POLICY OBJECTIVES**

The objective of this Policy is to provide a framework for a strategic approach to asset management to ensure that Whitsunday Regional Council's portfolio of physical assets is maintained in a professional and sustainable manner. Assets will be managed to provide the required level of service in the most cost effective and sustainable manner for both present and future generations

## **9. ASSOCIATED POLICY PROCEDURES**

## **10. IMPLEMENTATION AND EVALUTATION**

This Policy is authorised for endorsement by the CEO and implemented by the Asset Accountant.

## **11. DATE REVIEWED**

- 13.1. The Policy and AMPs are required to be reviewed in line with the review of the Operational Plan and every four years following an ordinary Council Election.
- 13.2. A Maturity Assessment must be undertaken every four years in line with the review of the AMPs.

## **2. NEXT REVIEW**

Refer above