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**Policy:**

**Asset Management**

**2022**

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## INFORMATION ABOUT THIS DOCUMENT

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### **Document History**

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| 1              | July 2015           | Adopted Council resolution 14.07/15       |
| 2              | March 2022          | Document amendments prepared              |

### **Further Document Information and Relationships**

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|---|---|
| <b>Related Legislation*</b>                                 | <i>Local Government Act 1993, Office of Local Government, NSW Government and Local Government (General) Regulation 2021, Office of Local Government, NSW Government)</i>  |
| <b>Related Policies</b>                                     | Uralla Shire Council Community Strategic Plan<br>Uralla Shire Council Resourcing Strategy <ul style="list-style-type: none"> <li>- Long Term Financial Plan</li> <li>- Workforce Management Plan</li> </ul> Community Engagement Policy<br>Community Engagement Strategy  |
| <b>Related Procedures/ Protocols, Statements, documents</b> | NSW Office of Local Government - Integrated Planning & Reporting Handbook for Local Councils in NSW<br>International Infrastructure Management Manual (2015), IPWEA<br>Australian Accounting Standards<br>Asset Valuation Guidelines<br>ISO 55000: Asset Management – Overview, principles and terminology<br>ISO 55001: Asset Management – Management Systems - Requirements<br>ISO 55002: Asset Management – Management Systems – Guidelines for the Application of ISO 55001 |

*Note: Any reference to Legislation will be updated in the Policy as required. See website <http://www.legislation.nsw.gov.au/> for current Acts, Regulations and Environmental Planning Instruments.*

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## 1. INTRODUCTION

- 1.1 Infrastructure assets are integral to meeting the community's social, economic and recreational needs. Uralla Shire Council is responsible for a large and diverse asset base and a significant portion of Council's resources are spent operating, maintaining, improving, and growing these assets for the benefit of the Uralla Shire community.
- 1.2 Effective and sustainable asset management at Uralla Shire Council is based on optimising the whole of life costs of infrastructure assets, while meeting the present and future service delivery needs of the community and minimising exposure to risk.
- 1.3 This policy guides the implementation of consistent asset management planning at Uralla Shire Council. The framework and principles outlined in this policy ensure Council has the systems, processes and resources for the sustainable lifecycle management of the infrastructure assets owned, controlled or maintained by Council.

## 2. PURPOSE AND SCOPE

- 2.1 The purpose of this policy is to:
  - 2.1.1 Outline objectives, principles, practices, responsibilities and legal framework for the sustainable and effective lifecycle management of all infrastructure assets owned, controlled and/or maintained by Council;
  - 2.1.2 Support Council in implementing appropriate asset management, community engagement, and financial resourcing strategies to meet the present and future infrastructure needs of the community; and
  - 2.1.3 Demonstrate transparent and responsible asset management planning that aligns with appropriate best practice, service standards and the sustainability goals of the Council.
- 2.2 This policy applies to infrastructure asset classes that are owned, managed or under the care and control of Council.
- 2.3 This policy does not apply to intangible assets, people, intellectual property, and financial instruments.
- 2.4 This policy is applicable across the organisation, including departments that do not have specific responsibilities for managing the infrastructure assets but make use of these assets in the delivery of services.

## 3. DEFINITIONS

- 3.1 **Assets** are resources controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of infrastructure, property, plant and equipment which are non-current assets with a life greater than 12 months and enable the provision of services.
- 3.2 **Asset management** is the combination of management, financial, economic, engineering, and other practices applied to infrastructure assets with the objective of providing the required level of service in the most cost effective manner.

- 3.3 **Appropriate best practice** refers to the application of best practice processes in asset management, taking into account lifecycle costs and systems to meet the required level of service.
- 3.4 **Intergenerational equity** refers to the concept of fairness between generations. Each generation has the right to inherit the same resources enjoyed by previous generations and the equitable access to enjoyment and use of those resources. In an asset management context, intergenerational equity seeks current users of an asset who benefit from its use to pay their pro rata share of costs involved in the future replacement of the asset.
- 3.5 **Level of service** is the defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability, and cost. Service levels are established through community consultation, by law and by assessment of need.
- 3.6 **Lifecycle cost** refers to the total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation, and disposal.
- 3.7 The **Community Strategic Plan** is the Council's overarching 10-year strategy which identifies long term goals and priorities for the community and the local government area.
- 3.8 The **Resourcing Strategy** articulates how Council will implement and resource the vision described in the Community Strategic Plan and consists of three components, being Council's long term financial planning, workforce management planning, and asset management planning.
- 3.9 The **Long Term Financial Plan (LTFP)** is a 10-year rolling plan that informs decision-making and demonstrates how the objectives of the Community Strategic Plan and commitments of the Delivery Program and annual Operational Plan will be resourced and funded.
- 3.10 The **Delivery Program** sets out the medium term strategies and activities to deliver the long term goals and priorities of the Community Strategic Plan.
- 3.11 The **Operational Plan** is the annual plan which identifies short term actions to deliver the activities identified in the Delivery Program.
- 3.12 The terms **sustainable** and **sustainability** in this policy refer to both environmental and financial sustainability.

## 4. POLICY STATEMENT

### 4.1 Objectives

4.1.1 The key objectives of asset management are:

- 4.1.1.1 To safeguard Council's assets through the implementation of a comprehensive asset management strategy and development of appropriate financial resourcing strategies;
- 4.1.1.2 That Council services and infrastructure are fit for purpose with the appropriate level of service provided to residents, businesses, and visitors in a financially and environmentally sustainable manner;
- 4.1.1.3 To take an integrated approach across the organisation to asset management planning;

- 4.1.1.4 To identify resource and operational capabilities and assign responsibility for asset management;
- 4.1.1.5 To provide high level oversight of financial and asset management responsibilities through reporting to Council on the development and implementation of the Asset Management Strategy, asset management plans, and Long Term Financial Plan; and
- 4.1.1.6 To meet Council's legislative requirements in all operations.

## **4.2 Principles**

4.2.1 The following principles are central to and guide Council's effective and sustainable asset management:

- 4.2.1.1 A consistent asset management system must be maintained to implement systematic asset management and appropriate best practice throughout the organisation.
- 4.2.1.2 Sufficient resources will be allocated for the development and implementation of the Asset Management Strategy, asset management plans, asset management systems and associated service level documents.
- 4.2.1.3 Lifecycle costs will be reported and considered in decisions relating to new services and assets, and upgrading of existing services and assets.
- 4.2.1.4 Asset management practices and decisions will consider an asset's impact on current and future environmental, economic, social and cultural outcomes.
- 4.2.1.5 Service and budget funding decisions will be based on Council's Long Term Financial Plan.
- 4.2.1.6 Council will develop, adopt and maintain a long term Asset Management Strategy that supports and is responsive to the needs of the community, outlining how Council will undertake effective asset management.
- 4.2.1.7 Asset renewals, disposals, upgrades or provision of new assets will be carried out in accordance with Council's strategy that includes demonstrated need, lifecycle cost, alternative modes of delivery, sustainability, equitable distribution of resources, and accessibility.
- 4.2.1.8 Council will ensure service demand is the primary driver for asset management practices by:
  - a) Establishing and monitoring levels of service for each asset class;
  - b) Undertaking consultation with the community and key stakeholders as required in determining service and intervention levels; and
  - c) Identifying and monitoring risks to assets and associated levels of service.

- 4.2.1.9 Affordable level of service will be determined in consultation with the community and will consider the willingness and capacity to pay for service and inter-generational equity.
- 4.2.1.10 Asset management practices will conform to legislative requirements and reflect best practice in the industry.
- 4.2.1.11 Asset management processes and performance will be regularly reviewed to identify opportunities for continuous improvement.
- 4.2.1.12 Asset management performance and progress will be incorporated into Council's integrated planning and reporting framework and will be reported regularly to the community.

### **4.3 Asset Management Practices**

- 4.3.1 Asset management forms an integral element of Council's planning, budgeting and reporting frameworks. Council will commit to the following asset management practices in the development of an Asset Management Strategy and asset management plans for Council's key infrastructure assets:
  - 4.3.1.1 Planned maintenance, renewal, replacement, and disposals scheduling for new and existing assets;
  - 4.3.1.2 Effective spending by identifying sustainable lifecycle options;
  - 4.3.1.3 Reducing future lifecycle costs by considering Renewal and New implications and applying an optimised level of maintenance and renewal;
  - 4.3.1.4 Reducing future asset loss by adopting optimal intervention phases;
  - 4.3.1.5 Planning for a minimum period of 10 years and focusing on long term sustainability for the benefit of current and future generations;
  - 4.3.1.6 Undertaking regular reviews and modifying maintenance and renewal programs as required, based on:
    - 4.3.1.6.1 Changing asset conditions;
    - 4.3.1.6.2 Community consultation, feedback and objectives as part of the Operational Plan review process; and
    - 4.3.1.6.3 Circumstantial events (e.g. additional funding opportunities, weather events, etc);
  - 4.3.1.7 The integration of asset management into existing planning and operational processes;
  - 4.3.1.8 Asset renewal plans will be prioritised and implemented progressively based on the level of service required and the effectiveness of the current assets to provide that level of service;

- 4.3.1.9 Systematic and cyclic renewal reviews will be applied to all asset classes to ensure the assets are managed, valued, and depreciated in accordance with appropriate best practice, applicable Australian Standards, and legislative requirements; and
- 4.3.1.10 Council's asset management systems will be reviewed bi-annually to ensure data, modelling, and planning is accurate and relevant to needs of Council and the community.

#### **4.4 Responsibilities**

4.4.1 Asset management requires a whole of organisation approach. Appropriate skills development and training programs will be delivered as required to increase awareness and build internal capacity to undertake the required asset management activities. Capacity building includes training for Councillors and Council staff.

4.4.2 Council recognises the importance of establishing well-defined roles and responsibilities for its staff and Council with respect to asset management. The asset management responsibilities for key stakeholders are summarised below.

##### **4.4.3 Councillors**

The governing body of Council acts as steward for infrastructure assets and is responsible for the strategic direction of Council's asset management practices, including:

- 4.4.3.1 Adopting Council's asset management policy, strategy, and asset management plans;
- 4.4.3.2 Approving the Long Term Financial Plan to provide sufficient resources for Council's asset management activities; and
- 4.4.3.3 Base Council's asset management decisions making on community consultation undertaken in accordance with Council's Community Engagement Strategy.

##### **4.4.4 General Manager**

The General Manager is responsible for:

- 4.4.4.1 The implementation of this policy;
- 4.4.4.2 Allocating the appropriate staff resources to undertake the asset management activities determined by Council; and
- 4.4.4.3 Directing the preparation of maintenance and new/renewal asset works programs in accordance with Council's approved Asset Management Strategy, Policy and Resourcing Strategy and monitoring their outcomes.

##### **4.4.5 Director**

Council's Director Infrastructure and Development is responsible for:

- 4.4.5.1 Managing asset management activities consistent with asset management objectives;
- 4.4.5.2 Reporting accurate and reliable information to Council for its decision making; and



4.4.5.3 Directing staff development so that staff are appropriately trained and skilled to perform the required asset management functions.

**4.4.6 Asset Manager / Asset Management Team**

The Asset Manager/Asset Management Team is responsible for:

- 4.4.6.1 Distributing the policy and promoting asset management across the organisation;
- 4.4.6.2 Monitoring and evaluating asset management practice and the implementation of the Asset Management policy and strategy;
- 4.4.6.3 Developing asset management plans for Council's asset groups in accordance with Council's Community Engagement Strategy;
- 4.4.6.4 Providing a coordinated and collaborative approach to asset management and asset management improvement across Council;
- 4.4.6.5 Adopting a cross-functional view and resolve differences between business units when necessary and provide asset management leadership and support to achieve the benefits sought by Council;
- 4.4.6.6 Managing risk associated with asset management;
- 4.4.6.7 Reporting to the Executive Team on asset management performance and improvement actions; and
- 4.4.6.8 Monitoring, reviewing, and updating this policy.

**4.4.7 Managers and Supervisors**

Management and supervisory staff are responsible for:

- 4.4.7.1 Developing and implementing asset management systems, operational policies and procedures for individual asset classes;
- 4.4.7.2 Developing and implementing improvement plans for individual asset classes;
- 4.4.7.3 Implementing maintenance, rehabilitation, and capital works programs in accordance with asset management plans and the annual budget/LTFP;
- 4.4.7.4 Consulting with stakeholders and delivering levels of service to agreed risk and cost standards;
- 4.4.7.5 Managing infrastructure assets in consideration of long term sustainability; and
- 4.4.7.6 Utilising integrated asset management systems appropriately for asset management tasks.

**4.4.8 Staff**

Employees are responsible for the management of assets within their area of responsibility as determined under asset management plans.

## **5. LEGISLATIVE AND STRATEGIC CONTEXT**

- 5.1 Council has obligations under the *Local Government Act 1993* in relation to effective financial and asset management. This policy is a key component of Asset Management Planning of Council's Resourcing Strategy as required under the Integrated Planning and Reporting framework.
- 5.2 Requirements of Integrated Planning and Reporting outline that Council must account for and plan for all of the existing assets under its ownership, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program.

## **6. REVIEW**

- 6.1 This policy must be reviewed and re-adopted by Council, as part of Council's commitment to continual improvement, not less than every four years or as Council determines from time to time in line with policy changes or legislative requirements.

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