



**TWEED**  
SHIRE COUNCIL

## Policy

# Asset Management

Version 1.4

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Minute No: 371

Division: Technology and Corporate Services  
Section: Financial Services  
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# Asset Management

## Policy Objective

To outline a framework for the management of assets, which support the delivery of the services required, as outlined in Council's Community Strategic Plan.

## Scope

This Policy applies to all assets owned or controlled by Council.

This Policy supports Council's intent to raise Asset Management to a level that would be recognised as contemporary best practice.

This Policy forms part of the Resourcing Strategy which underpins the Community Strategic Plan whilst meeting the outcomes of the Division of Local Government's Integrated Planning and Reporting Framework.

## Definitions

Not applicable.

## Policy Background

### 1.1 What is Asset Management?

Assets are provided to deliver services, i.e. they are a means to an end. Roads and paths meet transport and access needs; facilities provide for cultural, recreational, health, community and civic purposes; parks and reserves provide recreational opportunities and enhance community life; underground stormwater drainage provides for public safety and the protection of property damage; water, wastewater and waste infrastructure provides for public health.

Asset management is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over their entire lives.

In simplest terms, asset management is about the methods of decision making to preserve assets, both on a day-to-day basis (ie. maintenance and operations) and in the medium to long term (ie. strategic and forward planning).

Asset Management ensures that Council's assets are capable of providing services, of a desired quality, in a sustainable manner, for present and future communities.

### 1.2 Legislative Framework and Service Centric Asset Management

The Commonwealth Government, through the Local Government and Planning Minister's Council has released a number of frameworks in relation to *Local*

Government Financial Sustainability, including Framework 2 - Asset Planning and Management. These frameworks are guidelines for State Government implementation.

The Institute of Public Works Engineering Australia (IPWEA) has released several publications on asset management which are generally referred to as the *National Asset Management Guidelines*. These guidelines have been adopted by the NSW Division of Local Government for Integrated Planning and Reporting purposes.

<b>Authority</b>	<b>Framework Framework component</b>
<u>Commonwealth Government</u>	
<i>Local Government and Planning Minister's Council</i> →	Local Government Financial Sustainability - Nationally Consistent Frameworks Framework 2: Asset Planning and Management
	↓
<u>State Governments</u>	
<i>NSW Division of Local Government</i> →	Integrated Planning and Reporting Framework  Resourcing Strategy - Asset Management (IPWEA National Asset Management Guidelines)

**Department of Local Government: Integrated Planning and Reporting Framework**



**1.3 Asset Management Vision: Commitment in Community Strategic Plan**

The Shire's commitment to Asset Management is supported by strategies within the current Community Strategic Plan:

- 1.3.3 Existing and future community assets will be properly managed and maintained based on principles of equity and sustainability.
- 2.3.2 Provision of a secure, high quality and reliable drinking water supply service which meets health and environmental requirements and projected demand.
- 2.3.3 Provision of high quality and reliable wastewater service which meets health and environmental requirements and projected demand.
- 2.3.4 Provision of high quality, best practice, solid waste disposal with energy recovery, and improving resource recovery practices and infrastructure which meets health and environmental requirements and projected demand.
- 2.3.6 Provide conveniently placed and well equipped parks, sporting, recreational, cultural and community facilities.
- 2.4.3 Ensure local streets, footpaths and cycleways are provided, interconnected and maintained.

## **Asset management**

Council is the custodian of community assets worth \$2.542 billion. Good stewardship, maintenance and management of these assets are core Council responsibilities and a key community expectation.

## **Policy**

In line with the National Asset Management Guidelines and the Division of Local Government Framework for Integrated Planning and Reporting, Council's day to day asset management practices are:

### **2.1 Embrace Asset Management practices through:**

- A planned maintenance, renewal, replacement and disposals scheduling process for new and existing assets.
- Effectiveness in spending, using life cycle methods to identify the lowest cost life cycle options.
- Reducing future life cycle costs by applying an optimised level of maintenance and renewal.
- Reducing future asset loss by adopting optimal intervention phases.

### **2.2 Informed and accurate decision making through:**

- Developing Asset Management Strategies and Plans that will apply to all major asset categories under its care and control.

### **2.3 Transparent financial framework through:**

- A needs based budgeting process that is linked to service levels.

- Demonstrable long term financial management.
- Providing trade-off options, where funds are restricted.
- Intergenerational equity.
- Revaluing assets at intervals of no greater than 5 years using component level assessments in accordance with the Australian Accounting Standards 116.

## 2.4 Balancing stakeholders needs and expectations through:

- Measuring utilisation and demand.
- Prioritising capital works, based on the community's acceptable level of service and affordability.
- Funding the optimised levels of maintenance and renewal.

## 2.5 Improved corporate governance through:

- Sustainable, equitable and affordable service delivery.
- Assessment and management of risk to be undertaken within the framework outlined in Council's Risk Management Policy.
- The acquisition of new assets to take into account the full cost of acquisition, operation, maintenance, renewals and disposal over its life cycle. The future cost impact of new assets will be fully considered as part of any new asset approval.

## Key Policy Actions

### 3.1 Developing Asset Management Strategies and Plans that will apply to all major asset categories under its care and control.

The purpose of the Asset Management Strategies and Plans are to improve the long term strategic management of assets in order to cater for the community's desired levels of service in the future, in accordance with key strategic documents and within available resources.

## Key Measures Applicable to this Policy

### 4.1 Strategic Measures

Key Measure	Key Performance Criteria	Timeline for Review
Resourcing Strategy - Asset Management Planning	Policy Strategy Plans	4 Years 4 Years Annual - the year following revaluation / condition assessment of the asset category
Delivery Program	Delivery Program	Annual
Operational Plan	Operational Plan	Annual

## Exemptions

Nil.

## Related Legislation

Not applicable.

## **Compliance**

Not applicable.

## **Forms**

Not applicable.

## **Review Period**

This policy will be reviewed within 12 months of the election of each new Council or more frequently in the event of any NSW Legislation and/or the National Asset Management Framework changes.

## **Useful Links**

Not applicable.

## **References**

- Tweed Shire Council Community Strategic Plan.
- Department of Local Government - Integrated Planning Framework 2009.
- Local Government Financial Sustainability - Nationally Consistent Frameworks: Framework 2, Asset Planning and Management, May 2009.
- Tweed Shire Council Asset Management Strategy.
- Tweed Shire Infrastructure Asset/Activity Management Plans.
- Tweed Shire Council Asset Management Business Process Documentation.

**Version Control:**

<b>Version History</b>		
<b>Version #</b>	<b>Summary of changes made</b>	<b>Date changes made</b>
1.4	Incorporated into new policy template.	20/06/2013