



Horsham Rural City
Council urban rural balance

Council Policy

ASSET MANAGEMENT POLICY

1. PURPOSE

The purpose of the Asset Management Policy is to provide the framework which, together with the Council Plan, enables the asset management strategy and specific asset management objectives, and plans to be produced.

HRCC policy is:

- Management of assets in a structured and coordinated manner within a continuous improvement framework;
- Improved alignment of assets with services and community expectations;
- Use of non-asset solutions to meet service demand; 'Renew' before 'New' and 'Upgrade';
- Compliance with legislation and regulatory requirements;
- Aim to fund all programmed renewals.

2. INTRODUCTION

Policy Vision:

This Policy reflects Council's vision, mission, and asset management objectives as enshrined in the Council Plan.

The Council Plan identifies the need to provide and manage quality infrastructure assets that support the delivery of services that are appropriate, affordable, accessible, responsive, and sustainable to the present and future community.

3. SCOPE

Our infrastructure assets include roads, footpaths and bicycle paths, drainage, bridges, aerodrome, aquatic centre, freight terminal, livestock exchange, parks, buildings etc. that are fundamental to the delivery of our services.

This policy covers all fixed assets that are under the control of Council valued at approximately \$400M.

This policy has coverage over the development of new infrastructure initiatives, the replacement of existing infrastructure as well as the ongoing maintenance and operation of existing assets from inspection through to disposal as they reach the end of their economic or physical life.

The Council Plan objectives shall inform the Asset Management Policy. The policy principles shall describe the future vision for asset management within Council in the Asset Management Strategy. The Asset Management Strategy shall provide direction for the completion of Asset Management Plans. The Asset Management Plans shall document the basis for the financial forecasts and capital works programs which input into the Long Term Financial Plan.

4. DEFINITIONS

- **Asset Management Plan** - Long-term plans that outline the asset activities and programs for each service area and resources applied to provide a defined level of service in the most cost-effective way.
- **Asset Management Strategy** - A strategy covering the development and implementation of plans and programmes for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure that the desired levels of service and other operational objectives are achieved at optimum cost.
- **Asset Providers** - This is a generic term given to a person who is directly responsible for the day to day delivery of services to the community.
- **Capital Evaluation Model** - Model that prioritises the capital works based on various criterion like service levels, social and environmental impacts, risks, finance etc.
- **Council Plan** - A plan that outlines Council's process of defining its strategy/direction and making decisions on allocating resources to pursue this strategy/direction.
- **Environment Sustainability Strategy** - A strategy developed by Council that focuses on environment sustainability practices.
- **Long Term Financial Plan** - A plan for generating, spending and saving future income and raising and repaying borrowings as required.

- **Infrastructure Renewal Gap** - The annual shortfall in spending needed to maintain Council infrastructure.
- **Maintenance** - All actions necessary for retaining an asset as near as practicable to its original condition, but excluding operations, rehabilitation or renewal.
- **National Asset Management Assessment Framework** - A framework where each Council can self-assess their asset management capability status and monitor their own performance (improvement) over time.
- **New** - The creation of a completely new asset to meet additional service level requirements.
- **Operation** - All regular activities, which are carried out on assets to provide public health, safety and amenity (e.g. street sweeping, grass mowing, street lighting, electricity supply, water supply, etc.).
- **Renew** - Works to refurbish or replace existing assets with assets of equivalent capacity or performance capability.
- **Risk Management Policy** - Statement of the overall intentions and direction of the organisation related to risk management.
- **Service Management Plan** - An operational plan that provides details about the individual services that are provided by Council.
- **Service Providers** - This is a generic term given to a person who is directly responsible for the day to day management of physical assets.
- **Strategic Resource Plan** - A plan that outlines the resources required to achieve Council's commitments as detailed in the Council Plan.
- **Upgrade** - Works to improve or enhance an existing asset to provide higher levels of service (eg. road widening, building extensions, etc.).
- **'Whole of Life' Cycle Cost Analysis** - The technique which allows assessment of a given solution, or choice from among alternative solutions, on the basis of all relevant economic consequences over the service life of the asset.

5. PRINCIPLES

HRCC will adhere to the following core principles in the planning and decision-making relating to the selection, creation/acquisition, operation, maintenance and renewal/disposal of all infrastructure assets:

- Service levels will be used to determine the asset needs.
- Capital works projects and asset preservation shall be subjected to technical, financial, social and environmental evaluation and prioritised using Council's **Capital Evaluation Model**, and the principles outlined in the **Strategic Resource Plan** and **Environment Sustainability Strategy**.

- Council budgets shall take into account the financial forecasts as provided in the **Long Term Financial Plan** and the **Asset Management Plans**.
- Council shall complete Asset Management Plans for the major asset groups informed by community consultation and compatible with local government financial reporting frameworks.
- Adopt **‘Whole of Life’ Cycle Cost Analysis** for the management of all infrastructure assets, both existing and proposed new and upgraded assets.
- Council’s annual expenditure shall be reported and monitored in terms of Operation, Maintenance, Renewal, New and Upgrade.
- When considering any renewal (refurbishment), replacement or improvement to any asset, a critical review of the need for that asset to be undertaken.
- Council will endeavour to progressively reduce the Infrastructure Renewal Gap. This will be achieved by a combination of:
 - Seeking additional external funding.
 - Seeking improved efficiencies in the delivery of asset maintenance and renewal practices to obtain improved value in this investment.
 - Including an annual rate increase of up to 2% per year, cumulative, added over and above any other adopted rate increase, specifically targeted to reduce the gap.
 - The level of the additional annual commitment will be assessed in the context of the affordability of rates on a year-to-year basis, recognising Council’s desire to minimise the rate burden for ratepayers.
- Councillors, as Asset Custodians, shall be provided with regular briefings on the status of Council’s assets, the funding needs to maintain desired levels of services, emerging asset management issues and other asset and service matters they deem as important to their role.
- Council shall ensure that staff involved in asset and service management have access to relevant financial and asset management training. For these staff, Council shall maintain an up-to-date **Finance and Asset Management Skills Matrix**, which monitors staff training needs – identifying training requirements, training programs and tracking of completed training.
- A **Roles and Responsibilities Matrix** will be developed to clearly identify the positions responsible for the various services and asset groups to perform the functions of **“asset providers”** and **“service providers”** and documented in Council’s **Asset Management Plans**.
- Council’s staff structure and staff position descriptions shall clearly define financial and asset management functions, responsibilities and skill requirements for managing all asset classes.

- Council is committed to promoting asset management to its councillors, staff and the community. To this end, Council shall endeavour to provide appropriate funding and resources for ongoing financial and asset management programs.
- Develop and maintain a computerised asset management system which incorporates a comprehensive register of all infrastructure assets.

Roles and Responsibilities

Asset management requires a whole of organisation approach and involves the participation of, and is the responsibility of the Council, executives and other staff. The specific roles and responsibilities are detailed in the Asset Management Strategy.

A cross functional Asset Management Steering Committee (AMSC) shall operate to maintain, coordinate, advise and facilitate the implementation of the adopted Asset Management Strategy.

The AMSC will report on a minimum quarterly basis to the Executive who in turn will report progress to the Council as required.

6. COMMUNICATION

This policy will be communicated to all HRCC employees, councillors and community via the Intranet and Council website.

7. RESPONSIBILITY

Policy Owner: Director Technical Services

8. SUPPORTING DOCUMENTS

Document	Location
Council Plan	
Asset Management Practices Improvement Strategy	
Asset Management Plan	
National Asset Management Assessment Framework	
International Infrastructure Management Manual (2011 Edition)	
Australian Infrastructure Financial Management Guidelines	

9. DOCUMENT CONTROL

Version Number	Approval Date	Approval By	Amendment
V1.00	Apr 2005	Council	AM Policy (Version 1.00)
V2.00	5 Nov 2007	Council	Updated & modified to become the Asset Management Policy (Version 2.00)
V3.00	20 Sept 2010	Council	Updated & modified to conform to the requirements of the National Asset Management Assessment Framework. Updated & modified to become the Asset Management Policy (Version 3.00)
V4.00	1 September 2014	Council	Reviewed to separate strategy from policy document.

10. POLICY REVIEW

Council shall review the Asset Management Policy in July 2016 and every two years from the date of adoption.

When reviewing the Asset Management Policy, due consideration shall be given to the requirements of the current Government Financial and Asset Management Frameworks (incl. the National Asset Management Assessment Framework), Council Plan, Long Term Financial Plan, Strategic Resource Plan, Asset Management Strategy, Service Management Plan, Asset Management Plans, Risk Management Policy, Environment Sustainability Strategy and other relevant policies and strategies.

The Assets Working Group (AWG) shall on an annual basis conduct an assessment on Council's performance against the policy principles and report the findings to the executive.