

ASSET MANAGEMENT POLICY

1. INTRODUCTION

Asset Management is a systematic, organisational wide process which guides the planning, design, acquisition, operation, maintenance, upgrade, renewal and disposal of assets.

This policy establishes a framework that determines the nature and direction of Asset Management within Port Macquarie-Hastings Council.

Council is committed to managing the community's assets in accordance with recognised best practice and obligations required under relevant legislation. Asset Management will enable Council to demonstrate resilience in response to external effects.

The sustainable management of Council's assets will be achieved by adopting current technologies and methodologies and requires appropriate consultation with the community to ensure that current and future community needs are being addressed.

Council's Asset Management objectives are to ensure adequate provision is made for the long-term management and replacement of major Council assets by:

- Delivering financial sustainability by making decisions that lead to a cost effective asset base, by focussing on asset renewal, ensuring assets are fit for purpose, rationalising under-utilised assets and limiting asset expansion unless justified.
- Identifying funding to support and maintain Council infrastructure.
- Ensuring that Council's infrastructure provides appropriate levels of service to residents, visitors and the environment as determined through consultation with the community.
- Safeguarding Council assets including physical assets and employees by implementing appropriate Asset Management strategies and appropriate financial resources for those assets, over their whole life.
- Identifying responsibilities and accountabilities for Asset Management.
- Creating an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining an awareness of Asset Management throughout the organisation by training and development.
- Meeting legislative requirements for Asset Management.
- Ensuring resources and operational capabilities are identified and responsibility for Asset Management is allocated.
- Demonstrating transparent and responsible Asset Management processes that align with demonstrated best practice.

2. POLICY STATEMENT AND SCOPE

Assets are critical in supporting the services delivered to the community by Port Macquarie-Hastings Council.

Port Macquarie-Hastings Council is committed to ensure that assets are managed to meet the strategic direction of Council and the community; and providing the services desired within the financial capacity of Council.

To implement this Policy, the Council will continually improve the overall condition and management of its assets through the implementation of a long term Asset Management Strategy, Asset Management Plans and Service Plans.

The allocation of resources and decisions on Asset Management will have regard to the impacts of asset acquisition and the whole of life cost involved in the provision of the service facilitated by the asset.

This policy applies to all Council activities.

Policy Background

Council is committed to implementing a systematic Asset Management methodology in order to apply appropriate Asset Management best practices across all areas of the organisation. This includes ensuring that assets are planned, created, operated, maintained, renewed, upgraded and disposed of in accordance with Council's priorities for service delivery.

Council owns and uses approximately \$2.625 billion (current replacement cost) of non-current assets to support its core business of delivery of services to the community. The value by asset class is included each year in Council's audited financial statement.

Asset Management practices impact directly on the core business of the organisation and appropriate Asset Management is required to achieve Council's strategic service delivery objectives.

Adopting Asset Management principles will assist Council in achieving its Community Strategic Plan and Resourcing Strategy.

A strategic approach to Asset Management will ensure that the Council delivers the highest appropriate level of service through its assets. This will provide a positive impact on;

- Members of the public and staff;
- Council's financial position;
- The ability of Council to deliver the expected level of service and minimise its risk;
- The political environment in which Council operates; and
- The legal liabilities of Council.

Policy Principles

A consistent Asset Management Strategy must exist for implementing systematic Asset Management and appropriate Asset Management best-practice throughout all sections of Council.

All relevant legislative requirements together with the natural, political, social and economic environments will be taken into account in Asset Management.

Asset Management principles will be integrated within existing planning and operational processes. Asset Management Plans will be developed for major service/asset categories. The plans will be informed by community consultation and financial planning and reporting.

Risk management is a key element of asset management. A risk management approach will be integrated into asset management planning to ensure critical services and assets are identified and prioritised accordingly.

Asset Management Information Systems will be used to manage assets and inform long term financial planning.

Our maturing approach to Asset Management planning will seek to understand the implications any funding gaps will have on the delivery of sustainable services to future generations.

A standard condition rating and inspection regime will be used as part of Asset Management to ensure agreed service levels are maintained and to identify asset renewal priorities.

Asset renewals, routine and preventative maintenance required to meet agreed service levels and identified in adopted service plans, Asset Management Plans and long term financial plans will form the basis of annual budget estimates with the service levels, asset condition and risk considered.

Service levels defined in adopted service plans and Asset Management Plans will form the basis of annual budget estimates with the service and risk consequences of variations in defined services levels and budget resources documented in budget documentation.

Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.

Systematic and cyclic reviews will be applied to all asset classes and will ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Accounting Standards.

Future life cycle costs will be reported and considered in all decisions relating to new services and assets; and upgrading of existing services and assets.

Future service levels will be determined in consultation with the community.

Internal Asset Management skills will be reviewed to identify gaps in capability and to develop and implement a training program that enables officers to meet their Asset Management responsibilities.

A program will be developed and implemented to raise Council's awareness and understanding of Asset Management principles and the inherent link of the Asset Management function to long term financial planning and the sustainable delivery of services to the community.

The responsibility of service provision will be linked with the broader organisational Asset Management function.

Progress towards implementing Asset Management across the organisation will be monitored, measured and reported.

3. RESPONSIBILITIES AND AUTHORITIES

A Councillor is responsible and accountable to:

- Act as custodians of assets on behalf of the community
- Approve the Asset Management Policy and Asset Management Strategy (Resourcing Strategy)
- Ensure the provision of services provided by the assets are meeting the community priorities for present and future generations
- Ensure decisions made regarding assets are in accordance with Council's Asset Management Policy
- Ensure appropriate resources for Asset Management activities are made available

The Chief Executive Officer and Directors are responsible and accountable to:

- Review the Asset Management Strategy and Asset Management Plans in accordance with the Integrated Planning and Reporting framework, legislative requirements and Council's strategic direction and report to Council as required
- Implement the Asset Management Strategy with agreed resources

- Ensure the practices of the organisation are consistent with the adopted Asset Management Policy, Strategy and Plans
- Deliver levels of service to agreed risk and cost standards
- Provide leadership in implementing Asset Management
- Report to Council on the status of Asset Management within the organisation

All Council Officers are responsible and accountable to:

- Implement the Asset Management Strategy and Plans
- Engage current technologies, methodologies and continuous improvement processes in Asset Management
- Consistently provide programs, data and actions within the adopted Asset Management Policy, Strategy and Plans

4. REFERENCES

Asset Capitalisation Policy

Asset Disposal Policy

Asset Management Plans

Asset Management Strategy

Community Strategic Plan

Operational Plan

Resourcing Strategy

Service Levels

Australian Accounting Standards: Property, Plant and Equipment AASB 116

Australian Infrastructure Financial Management Manual (AIFMM 2015)

Civil Liability Act 2002

Integrated Planning and Reporting Guidelines for Local Government in NSW March 2013

International Infrastructure Management Manual (IIMM 2015)

International Standards Organisation (ISO) 55000:2014 Asset Management

Local Government Act 1993 - Section 8

Local Government Amendment (Planning and Reporting) Act 2009 - Section 403

Local Government Final Code of Accounting Practice and Financial Reporting - Update 24

NSW Treasury Policy: Guidelines for Capitalisation of Expenditure on Property, Plant and Equipment (TPP 06-6)

5. DEFINITIONS

Asset: A fixed item or facility used to satisfy a service potential or enabling the Council to meet its corporate objectives.

Asset Management: A systematic process to guide the planning, acquisition, operation, maintenance, renewal, upgrade and disposal of assets to provide the required level of service in the most efficient manner.

Asset Management Information System: The foundation of all Asset Management knowledge. It is a combination of processes and information managed to provide the essential outputs for efficient and effective Asset Management. The Asset Management Information System links to other information systems within Council such as the Property System, Geographic Information System, Finance System, and Document Management System.

Asset Management Strategy: Identifies the way Council currently looks after its assets, both day to day (maintenance and operational) and in the long term (strategic Asset Management). It also looks at where Council wants to be in the long term and how Council intends to get there. The Asset Management Strategy is a key component of the 10-year Council Resourcing Strategy.

Asset Management Plan: A strategic plan consisting of an assets description, maintenance plan, development plan and financial plan to manage the assets for the expected duration of the service to be provided by the asset

Councillor: Elected member of local government

Council Officer: A member of Council staff

Director: 2nd tier management position and titled as such

Executive: 1st and 2nd tier management

Chief Executive Officer: 1st tier management position and titled as such

Group Manager: 3rd tier management position and titled as such

Level of Service: The defined quality and quantity of services to meet community expectations delivered by Council.

6. PROCESS OWNER

Director Community Utilities

7. AMENDMENTS

The following changes have been made to the policy:

- Expansion of existing Asset Management definition to include reference to upgrade and renewal activities
- Expansion of existing Policy Scope to apply to all Council activities
- Expansion of existing Policy Principles
- Inclusion of additional References