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**Draft Policy:**

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**Asset Management Policy**

**2020**

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## INFORMATION ABOUT THIS DOCUMENT

<b>Date Adopted by Council</b>	December 2007	<b>Resolution No.</b>	07-730
<b>Document Owner</b>	<i>Director Infrastructure Services</i>		
<b>Document Development Officer</b>	<i>Asset Management Coordinator</i>		
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### *Document History*

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#720612		Adopted at Ordinary meeting 13/12/07
#2014/33229	4/6/2014	Reported to Community Infrastructure Advisory Committee 4/6/2014 deferred to 4/12/2014 Reported to Council for exhibition 5/2/2015
E2015/15623	5/2/2015	Res 15-012 draft Policy to go on exhibition Exhibition dates 25/3/2015 to 22/4/2015
E2015/27107	23/4/2015	No submissions received adopted after close of exhibition in accordance with Res 12-012
E2016/19038	23/03/2016	Edit - added Resolution 14-203 with amendments
E2020/4726	22/01/2020	Updated – IP&R Figure 1, Objectives simplified, Strategic Asset Management Plan (SAMP) title, and Asset Management Information System section removed.
E2021/72392	18/05/2021	Updated – 6.3 Risk Management

### *Further Document Information and Relationships*

List here the related strategies, procedures, references, policy or other documents that have a bearing on this Policy and that may be useful reference material for users of this Policy.

<b>Related Legislation</b>	<a href="#">Local Government Act 1993 (NSW)</a> – IP& R requirements POEO Act (1997)
<b>Related Policies</b>	
<b>Related Standards, Procedures/Protocols, Statements, documents</b>	Asset Management Strategy (#1252114)

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.



## TABLE OF CONTENTS

<b>1. OBJECTIVES</b> .....	<b>1</b>
<b>2. SCOPE</b> .....	<b>1</b>
<b>3. DEFINITIONS</b> .....	<b>1</b>
<b>4. STATEMENT</b> .....	<b>1</b>
<b>4.1. Asset Management System</b> .....	<b>2</b>
<b>4.2. Strategic Asset Management Plan</b> .....	<b>2</b>
<b>4.3. Asset Management Plans</b> .....	<b>2</b>
<b>4.4. Total Asset Management Process Planning Flowchart</b> .....	<b>3</b>
<b>5. LEGISLATIVE AND STRATEGIC CONTEXT</b> .....	<b>3</b>
<b>6. SUSTAINABILITY</b> .....	<b>4</b>
<b>6.1 Economic</b> .....	<b>4</b>
<b>6.2 Governance</b> .....	<b>4</b>
<b>6.3 Risk Management</b> .....	<b>5</b>

## 1. OBJECTIVES

The objective of asset management is to maximise asset service delivery potential and manage related risks and costs over an asset's entire life. Asset management is about intervening at strategic points in an asset's life cycle, optimising the performance of the asset and minimising the cost to maintain it. It requires a proactive approach to asset maintenance and planning to identify works prior to costly and potentially dangerous asset failure occurring. Byron Shire Council's maintenance and capital works will be prioritised where possible using a risk based approach. This decision has been further confirmed via consultation with the Community Solutions Panel in 2018 (Community Solutions Panel Final Report, E2018/33402).

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

Council recognises that asset management investment in accordance with an adopted policy will optimise the use of resources on infrastructure assets that are important to the local community and are fundamental to Council's overall service delivery. Council will develop and maintain assets in the most cost effective manner, driven by defined service levels and performance standards. This will form the objectives of the individual Asset Management Plans.

This policy guides Council's commitment to resource and maintain an asset management framework so that the following objectives are achieved as outlined in the Strategic Asset Management Plan:

- a) What assets council has (Section 2.2)
- b) Our assets and their management (Section 2.3)
- c) Where does council want to be (Section 2.4)
- d) How will council get there (Section 2.5)

## 2. SCOPE

This policy is to set a framework and guide for the strategic management of Council's infrastructure assets in a structured and coordinated way. Assets are managed in accordance with Council's Community Strategic Plan.

## 3. DEFINITIONS

<b>Asset Life Cycle</b>	This is the period of ownership of an asset from the planning and design phase through to decommissioning or disposal.
<b>Level of Service</b>	Defining and meeting community expectations in relation to the quality and quantity of services delivered by Council. In the context of asset management, this applies to assets such as roads.

## 4. STATEMENT

The Policy objectives will be achieved through the implementation of the actions associated with the following elements:

1. Asset Management System
2. Asset Management Strategic Plan
3. Asset Management Plans for specific asset classes

## 4. Asset Management Planning Process

### 4.1. Asset Management System

Asset management outcomes are the result of the asset management system. Failure to develop the system and improve the system will result in deteriorating performance. The key components in council's asset management system include:

- a) Asset management software
- b) Asset registers and condition assessments
- c) Asset valuations
- d) Lifecycle costs
- e) Predictive modelling (including condition and financial)
- f) Risk analysis (Risk Management Procedures by asset class)
- g) Community evaluation (Quantified customer levels of service with surveys)
- h) Asset Management Strategy
- i) Asset Management Plans by asset class
- j) Asset operational / maintenance programs
- k) Organisation and regulatory reporting
- l) Strategic planning capability

### 4.2. Strategic Asset Management Plan

The IP & R legislation specifies that the Strategic Asset Management Plan (SAMP) must include a council endorsed Asset Management Policy. The SAMP must identify assets that are critical to the council's operations and outline risk management strategies for these assets. It must include specific actions required to improve council's asset management capability and projected resource requirements and timeframes.

Council's SAMP will:

- a) Link and integrate Council's plan and resources, indicating which services are to be delivered through which assets;
- b) Forecast future service delivery needs and the capacity of assets to meet those, on short, medium and long-term bases;
- c) Provide a full overview of expenditure on new assets and the existing asset base;
- d) Specify asset management procedures, systems, resources and training; and
- e) Establish systems for asset performance measurement and to ensure theoretical system implementation is realised in practice.

Council has prepared a Strategic Asset Management Plan (E2016/108039) included in the current CSP documentation.

### 4.3 Asset Management Plans

The IP & R legislation specifies that the Asset Management Plans must encompass all the assets under council's control. The plans must identify service standards and contain long term projections of asset maintenance, rehabilitation and replacement costs.

Council's individual Asset Management Plans will:

- a) Define levels of service within financial/resource/risk constraints;
- b) Present forecasts for acquisition, operation, maintenance and capital expenditure, and for revenue, where relevant;
- c) Specify the capital expenditure for renewing, upgrading or extending assets;
- d) Justify the contribution of each asset in terms of value for money for the Council; and
- e) Establish the targets and measures that will be used for monitoring progress with its implementation.

Asset management plans will be reviewed and revised following the formal revaluation process for an asset class due to enhanced condition assessment data and financial data. There is a rolling cycle of 5 years for revaluations as prescribed by the Division of Local Government.

#### 4.4 Total Asset Management Process Planning Flowchart

Below is the asset management process at Byron Shire, this aligns with the International Infrastructure Management Manual and the IP&R framework.

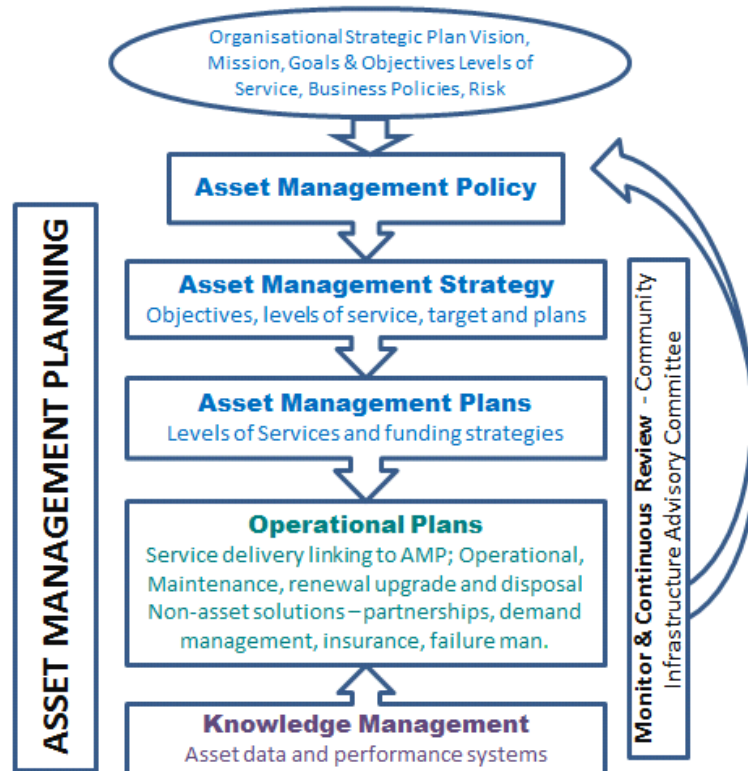


Figure 2 The Corporate Asset Management Framework (IPWEA, 2016).

### 5. LEGISLATIVE AND STRATEGIC CONTEXT

In 2009, the NSW Government amended the [Local Government Act 1993 \(NSW\)](#) to introduce the [Integrated Planning and Reporting \(IP&R\)](#) framework in a bid to foster a strong and sustainable Local Government system. The IP&R framework is composed of a suite of integrated processes and documents to streamline Local Government planning and reporting. This suite includes:

- A 10 year community strategic plan.
- A resourcing strategy (which includes an asset management strategy).
- A 4 year delivery program.
- A 1 year operational plan.
- An annual report.

Asset management is integral to the IP& R framework and 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. The council must prepare a Resourcing Strategy which includes Asset Management Strategy and Asset Management Plan/s, a Long

Term Financial Plan and Work Force Management Plan to support the Community Strategic Plan and Delivery Program (Figure 1).

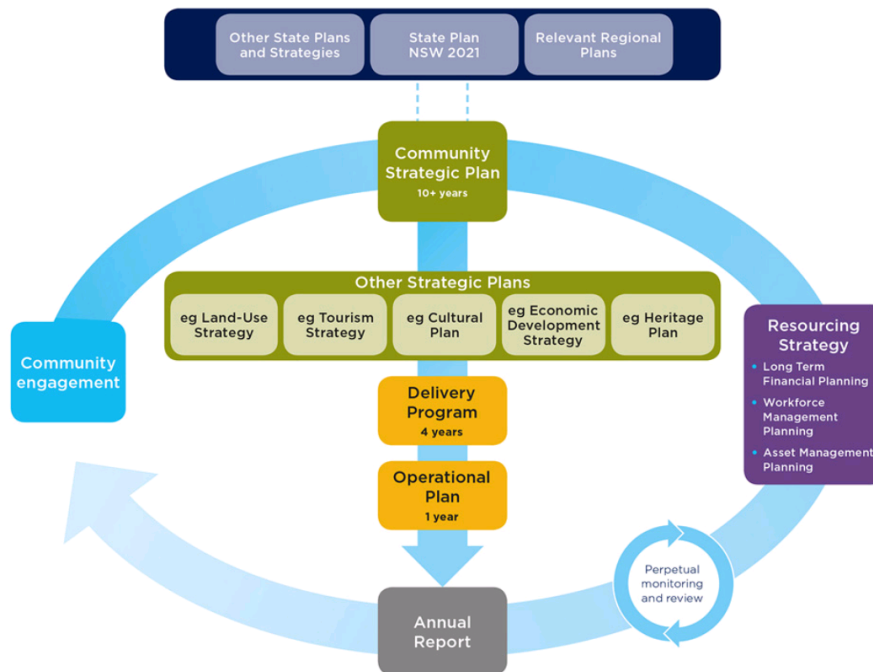


Figure 1 Department of Local Government - Integrated Planning and Reporting Framework (OLG NSW)

## 6. SUSTAINABILITY

### 6.1 Economic

Infrastructure economic sustainability is reported annually in the Financial Statements and Special Schedule 7.

### 6.2 Governance

#### Council and Advisory Committees

This policy is enacted through Council, as the custodians of community assets, to demonstrate the organisation's commitment to Council's vision and strategic objectives through an integrated and resourced asset management framework which includes appropriate advisory committees.

#### Asset Management Resources

Council will resource the capability and capacity to lead asset management and maintain the core functions of an asset management system as detailed in this policy.

#### The Asset Management Working Group (AMWG)

*"All council's, irrespective of size or location, need to ensure that the sustainable management of assets is a 'whole of council' responsibility, and that this is recognized at all levels within the council"* (DLG Planning & Reporting Manual 2013).

The purpose of the Asset Management Working Group (AMWG) is to facilitate and coordinate asset management across the organisation.

The AMWG will implement, monitor and report on the delivery of actions articulated in the asset management strategy and asset management plans that are associated with this policy.

### **Audit and Review**

The implementation of this policy and the associated asset management framework will be subject to audit and review by council's internal and external auditors. This policy shall be reviewed every four years to ensure that it meets the requirements of legislation and the needs of Council.

### **6.3 Risk Management**

An assessment of risks associated with service delivery from infrastructure assets is conducted for each relevant asset management plan. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks. In accordance with Resolution 20-741, where possible the Road Access Safety Principles are to be considered when completing all asset related roadworks, in line with the Council's RASP's procedure (E2021/65279).

#### **REFERENCE:**

International Infrastructure Management Manual 2016, Institute of Public Works Engineering Australia (IPWEA).

Office of Local Government, NSW, viewed 22/1/2020,

<https://www.olg.nsw.gov.au/councils/integrated-planning-and-reporting/framework>