

<b>Policy Title</b>	<b>Asset Management Policy</b>
<b>Council Resolution</b>	Item 15 (30 July 2018) as per Council Minutes
<b>Responsible Directorate</b>	City Services and Infrastructure
<b>Due for Review</b>	Four (4) years from Council Resolution Date
<b>Strategic Plan Reference</b>	<p><u>Making Lives Better</u></p> <p>1.3 Facilitate and/or Deliver Services to our communities.</p> <p>1.3.1 Directly deliver defined service levels to our communities</p> <p><u>Valuing our environment</u></p> <p>3.1 Create a liveable and desirable city.</p> <p>3.1.4 Deliver new and existing services to improve the City's liveability.</p> <p><u>Leading our community</u></p> <p>4.1 Govern in the best interests of our community</p> <p>4.1.2 Manage the City's assets soundly for the long term benefit of the Community</p>
<b>ECM</b>	Council Policy

## PURPOSE

This policy sets out the guidelines for implementing consistent asset management processes throughout the Glenorchy City Council. Its aim is to ensure that adequate provision is made for the long-term replacement of major assets by:

- ensuring that Council's services and infrastructure are provided in a sustainable manner with the appropriate levels of service to residents, visitors and the environment
- safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and committing appropriate financial resources for those assets
- creating an environment where all Council employees play an integral part in overall management of Council assets by creating and sustaining asset management awareness throughout the organisation by way of training and development
- meeting legislative requirements for asset management
- ensuring resources and operational capabilities are identified and responsibility for asset management is allocated, and
- demonstrating transparent and responsible asset management processes that align with demonstrated best practice.

## SCOPE

This policy applies to all Council Assets which are owned and or managed by Council, and to all activities in any way connected with the management of Council's Assets.

## STATUTORY REQUIREMENTS

Section 70C of the *Local Government Act 1993* requires that Council must prepare an asset management policy for its municipal area, which is to:

- (a) be consistent with the strategic plan for the municipal area; and
- (b) guide the development of the long-term strategic asset management plan for the municipal area; and
- (c) guide the development of the long-term financial management plan for the municipal area; and
- (d) contain at least the matters that are specified in an order made under section 70F as required to be included in an asset management policy.

<b>Acts</b>	<i>Local Government Act 1993</i>
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## DEFINITIONS

<b>Asset</b>	A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity.
<b>Asset Class</b>	A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.
<b>Asset Management</b>	The combination of management, financial, economic, and engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.
<b>Asset Management Policy</b>	An asset management policy sets out the principles by which the Council intends applying asset management to achieve its organisational objectives.
<b>Asset Management Strategy</b>	An asset management strategy should support and implement the organisation's asset management policy. The development of an asset management strategy will enable councils to show how their asset portfolio will meet the service delivery needs of their communities into the future.
<b>Asset Management Plan</b>	An asset management plan defines the activities, resources and timescales required for an individual asset or grouping of assets to achieve the organisation's asset management (service) objectives. An asset management plan is derived from the asset management strategy.
<b>Long Term Financial Plan</b>	A long-term financial management plan is a plan for generating, spending and investing future income and raising and repaying borrowings. It should highlight the financial implications of a council's proposed activities and anticipated events.
<b>Level of service</b>	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.
<b>Life Cycle Cost</b>	The total cost of an asset throughout its life, including planning, design, construction, acquisition, operation, maintenance, and rehabilitation and disposal costs.
<b>Asset Renewal</b>	Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset to that which it had originally.

<b>Asset Upgrade</b>	Expenditure on an existing asset which increases the capacity or functionality of the asset
<b>Asset New</b>	Expenditure to create a new asset

## POLICY STATEMENT

### Principles

1. A consistent Asset Management Strategy must exist for implementing systematic and appropriate asset management throughout Council.
2. All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
3. Asset management principles will be integrated within existing planning and operational processes.
4. Asset Management Plans will be developed for major service/asset categories. The plans will be informed by financial planning and reporting.
5. An inspection regime will be used as part of asset management to ensure service levels are maintained and to identify the priorities of asset renewals, upgrades and new assets.
6. Asset renewals, upgrades and new assets required to meet service levels and identified in adopted Asset Management Plans and Long Term Financial Plans will form the basis of annual budget estimates with the service and risk consequences of variations in defined asset projects and budget resources documented in budget documentation.
7. Plans of asset renewals, upgrades and new assets will be prioritised and implemented progressively based on service levels and the effectiveness of the assets to provide that level of service.
8. Systematic and cyclic reviews will be applied to all asset classes to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards and in accordance with Council's Asset Management Annual Review Guideline.
9. 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.
10. Training in asset and financial management will be provided for Aldermen and relevant staff.

### Related Documents

This Policy is to be read with the following:

- Asset Management Strategy
- Asset Management Plans, and
- Asset Management Annual Review Guideline.

### Roles and Responsibilities

Council is responsible for providing high level oversight of the delivery of the organisation's asset management strategy and plans.

The General Manager has overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council. The General Manager is responsible for the allocation of resources and maintaining accountability mechanisms to ensure that organisational resources are appropriately assigned to meet the organisation's strategic plans and priorities.

## **BACKGROUND**

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

Council owns and uses approximately 1 billion dollars' worth of non-current assets to support its core business of delivery of service to the community. Asset management practices impact directly on the core business of the organisation and appropriate asset management is required to achieve our strategic service delivery objectives.

Adopting asset management principles will assist Council in achieving its Strategic Plan and Long Term Financial Plan objectives. A strategic approach to asset management will ensure that the Council delivers the highest appropriate level of service through its assets. This will provide 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 infrastructure
- the political environment in which Council operates, and
- the legal liabilities of Council.