# Asset Management Policy

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<th>Policy title</th>
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<td>Policy owner</td>
<td>Director Liveable City</td>
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<td>Prepared by</td>
<td>Organisational Performance</td>
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Part A  Preliminary

1  Purpose

1.1 The purpose of the policy is to set the framework for how Council assets will be managed throughout the asset lifecycle.

2  Scope

2.1 The policy applies to all areas of Council that have the responsibility to manage Assets and related land and infrastructure under the control and jurisdiction of Council.

3  Principles

3.1 Council commits itself to the following principles:

3.1.1 Accountability and transparency – The policy provides a framework for transparency and a system of accountability in Asset planning and enabling informed input from all stakeholders.

3.1.2 Community needs – The policy has been developed to meet community needs and expectations for all Assets and Asset Infrastructure Services.

3.1.3 Continuous improvement – The policy supports implementation of continuous improvement practices in Asset Management.

3.1.4 Greater resource allocation efficiency – The policy provides for selection of appropriate Asset levels of service to meet demand and for the development of integrated corporate information systems.

3.1.5 Risk management – The policy provides a framework for the management of risk to people and property.

3.1.6 Compliance – The policy aims to ensure compliance with state and federal legislation pertaining to Asset Management.

4  Definitions

4.1 **Asset** means a physical component of a facility, which has value, enables services to be provided and has an economic life of greater than 12 months.

4.2 **Asset Class** means the grouping of like asset categories, eg all pavement, seal, kerb and gutter, under the asset class of roads.

4.3 **Asset Infrastructure Services** means any service provided in the identification, management and construction of Council Assets.

4.4 **Asset Management** means the combination of management, financial, economic, engineering and other practices applied to physical Assets with the objective of providing the required Level of Service in the most cost effective manner.

4.5 **Asset Management Plan** means a plan developed for the management of one or more Assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the Asset in the most cost effective manner to provide a specified level of service.

4.6 **Asset Management Development Plan** means the actions identified for the improvement of Council’s Asset Management Plans and system.

4.7 **Asset Operator** means the person responsible for service delivery using the Asset.
4.8 **Asset Register** means a record of Asset information considered worthy of separate identification. The Asset Register may record inventory, historical, financial, condition, and construction, technical and financial information about Assets.

4.9 **Asset Revitalisation Improvement Plan (ARIP)** means the strategy outlining Council actions regarding asset disposal and acquisition.

4.10 **Asset Service Delivery** means the delivery of services through an Asset that meets the needs, aspirations and interests of the service-users and to the standard of quality in service planning and delivery necessary to achieve agreed and measurable service-user outcomes and benefits.

4.11 **Asset Service Provider** means the provider of a service in relation to the design, investigation of, works, day to day maintenance etc of an Asset.

4.12 **Council** means The City of Newcastle.

4.13 **Level of Service** means the outputs or objectives an organisation or activity intends to deliver to customers.

4.14 **Life Cycle** means the cycle of activities that an Asset (or facility) goes through from planning and design to decommissioning or disposal.

4.15 **Long Term Financial Plan** means the 10-year financial plan developed by Council under the Integrated Planning and reporting framework. The Plan is a mechanism to delivery the Community’s expectations as outlined in the Newcastle 2030 Community Strategic Plan and Delivery Program within the context of finite economic and financial resources.

4.16 **Maturity Assessment** means the systematic review of the actions required by Council to manage Assets and demonstrate value for money for its Asset Services.

4.17 **Operational Plan** means the one-year plan outlining the individual actions that will be taken in a financial year to achieve the strategies outlined in the Delivery Program required under the Integrated Planning and Reporting framework.

4.18 **Predictive Modelling** means method of projecting the costs associated with maintenance, renewal, acquisition and disposal of Assets to achieve an acceptable condition, or service level. Predictive modelling can be used to predict a required budget, or to view the distribution of a specified budget.

4.19 **Risk Management** means the application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

4.20 **Risk Action Plans** means the list of actions required to mitigate or alleviate risks identified in relation individual Assets/Asset categories.

4.21 **Useful Life** means the period over which an Asset is expected to be available for use by an entity (in the context of its service to the entity and not to the Asset’s actual physical life).

Unless stated otherwise, a reference to a clause is a reference to a clause of the policy.
5 Background

5.1 Council has consulted with the community to generate a Community Strategic Plan (CSP), known as ‘Newcastle 2030’ that sets the strategic aims for Council to pursue.

5.2 In order to ensure the Newcastle 2030 aims (in relation to Assets) are realised in a sustainable manner and within Council’s capacity to deliver, it is necessary to align both resources and activity. This is achieved via four integrated, resource strategies as follows:

(a) Workforce Management Plan (WMP)
(b) Information and Communication Technology Strategic Plan (ICTSP)
(c) Long Term Financial Plan (LTFP)
(d) Asset Management Strategy (AMS) and Asset Management Plans (AMPs).

5.3 The first Asset Management Policy was endorsed by Council in April 2010.
Part C  Asset Management

6  Framework

6.1  Asset Management framework

6.1.1  Council’s Asset Management Framework comprises the following documents:

(a) Asset Management Policy (this document)
(b) Asset Management Strategy (AMS) and Asset Management Plans (AMPs)
(c) Four-year Delivery Program
(d) One-year Operational Plan

6.2  Asset Management Policy (Policy)

6.2.1  The Policy sets the framework for how Council Assets will be managed throughout the Asset lifecycle.

6.2.2  The Policy:

(a) Outlines why and how Asset Management will be undertaken
(b) Provides clear direction for Asset Management and defines key principles that underpin Asset Management for Council
(c) Establishes the goals and objectives for Asset Management
(d) Integrates Asset Management with Council’s strategic planning framework
(e) Adopts lifecycle costing, combined with performance measurement
(f) Assigns accountability and responsibility for service delivery and Asset Management
(g) Promotes sustainability to protect the needs of future generations
(h) identifies how Council plans, acquires, manages, records, reviews, maintains and disposes of Assets
(i) reflects all corporate strategic plans affecting an Asset’s Useful Life and other relevant Integrated Planning and Reporting resource strategies
(j) develops Asset service level provision ‘options’ in accordance with the AMS (the community will be consulted on options prior to final Council adoption)
(k) provides the basis for financial planning for Assets. This requires integration with the Long Term Financial Plan, to ensure the resultant Asset spending strategies have been factored into Councils’ projected budgets, ensuring the planned objectives are financially sustainable
(l) consists of a 10 year optimised Asset service provision strategy that defines the levels of service for each Asset class to meet or move towards community service provision needs, within Council's resource capabilities

6.3  Asset Management Strategy and Asset Management Plans

6.3.1  The AMS and AMPs are ‘living’ documents. Council will continually revise the AMS and AMPs as influencing factors such as community needs, demographics, economic environment, resource availability and climate and technology change over time.
6.3.2 The purpose of the AMS and AMPs are to:

(a) move towards meeting the community needs and expectations for all Asset and Asset Infrastructure Services

(b) provide greater transparency in Asset planning, enabling informed input from all stakeholders

(c) implement continuous improvement practices in Asset Management

(d) achieve greater resource allocation efficiency through selection of appropriate Asset levels of service to meet demand and develop integrated corporate information systems

(e) manage risk to people and property

(f) comply with state and federal legislation pertaining to Assets

(g) protect and enhance the environment for the future

6.4 Four-year Delivery Program and one-year Operational Plan

6.4.1 The four-year delivery program and one-year operational plan:

(a) utilise Life Cycle cost analysis for the management of Assets

(b) identify future maintenance, operation, upgrade, renewal and / or disposal plans

(c) identify and establish appropriate service level targets to be delivered by the Assets and tailor work programs according to resource availability

(d) identify suitable progress for performance measurement criteria

(e) Provide for the evaluation and prioritisation of capital works projects and investments taking into account whole of life costing.

6.4.2 All major Asset projects and programs will be reflected in Council’s four-year delivery program and one-year operational plans.

7 Levels of Service

7.1 Long term community Asset needs and expectations identified in the CSP will guide the basis of the service provision.

7.2 The AMS, AMPs and the CSP are co-dependant plans. Asset service provision strategies are to be derived from the CSP and conversely, the AMPs will support successive community consultation efforts.

7.3 Council’s ability to resource the Asset Levels of Service must be clearly articulated to inform all relevant Asset users and stakeholders of the constraints and consequences of choice, involved in deciding upon service provision ‘options’ generated during development of the AMS.
Part D  Operational

8  Operations, Maintenance and Renewal

8.1 Council’s Asset Service Provider is responsible for ensuring:

8.1.1 That a routine inspection program of Assets under their control takes place.

8.1.2 All outstanding services are procured through a competitive process as defined in Council’s Procurement Policy.

8.1.3 Where appropriate, Council will employ Predictive Modelling to develop preventative maintenance and renewal programs, to plan for future lifecycle costs.

8.1.4 Maintenance plans must be generated utilising available condition data, usage rates, available funding and needs of the community.

9  Risk Assessment and Management

9.1 Risk assessments of Assets must be conducted in accordance with the Standard for Risk Management AS/NZS ISO 31000:2009.

9.2 Risk action plans will be developed for each Asset class, to quantify risk exposure associated with provision of services and to mitigate risk to an acceptable standard in accordance with Council’s Enterprise Risk Management framework.

9.3 The risk action plan must contain a treatment plan to mitigate any risk exposure.

9.4 Risk action plans will be reviewed during each AMP revision to ensure risks remain acceptable to Council should Asset Service Levels change.

10  Asset Register

10.1 Council must maintain an Asset Register of all Assets under Council control. The Asset Register must be continually updated as Council becomes aware of new Assets.

10.2 The Asset Register must provide for:

10.2.1 The identification and planning of the total cost of Asset Service Delivery over the Asset’s Useful Life, taking into account all overheads related to administration, operation, maintenance, depreciation and impairment prior to the acquisition of new or renewed Assets.

10.2.2 Carrying out revaluations of Assets at suitable intervals as recommended, or whenever the fair value of the Asset class has changed materially.

10.2.3 The accounting and costing of Assets in accordance with Australian Accounting Standards (AASB116:2008 - Property, Plant and Equipment). All additional internal guidance written to provide further detail on Asset valuation and condition assessment for Assets (such as roads for example), will be written in compliance with these standards, the Local Government Asset Accounting Manual, the Local Government Code of Accounting Practice and relevant circulars.
11 Data Management

11.1 The updating and maintenance of all Asset inventory and lifecycle data within Council's corporate Asset management system must be undertaken by Council staff in a timely manner.

11.2 All relevant Asset stakeholders are to be notified of relevant Asset updates as they occur.

11.3 Council must maintain a Corporate Asset Management software system that will be accessible to all Council officers.

11.4 Council will develop Asset condition reporting systems that will be publicly available.
Part E  Roles and Responsibilities

12 Roles and Responsibilities

12.1 Staff responsibilities for related Asset Management activities will be included in the delivery and operational plans and reflected in individual position descriptions.

12.2 The ownership, control, accountability and reporting requirements for Assets are to be established, documented, clearly communicated and implemented.

12.3 In support of this policy, the following group responsibilities apply:

(a) Council
   (i) act as stewards for all Council owned Assets
   (ii) adopt and endorse the Asset Management Policy
   (iii) adopt and support the AMS and AMPs
   (iv) approve Levels of Service.

(b) Executive Leadership Team (ELT)
   (i) develop, implement and monitor progress of the plans via updates from the Asset Management Steering Group.

(c) Asset Management Steering Group (AMSG)
   (i) support sustainable Asset lifecycle management practice from acquisition through to disposal. The Asset Revitalisation Improvement Plan actions regarding asset disposal and acquisition will be reported and monitored through the AMSG.
   (ii) ensure wider organisational accountability for achieving and reviewing integrated Asset Management practice and associated processes
   (iii) prioritise and coordinate the Asset Management Development Plan (AMDP) implementation and associated capability projects across service units
   (iv) provide corporate oversight of Asset Levels of Service in accordance with long term planning aims and resource capability
   (v) coordinate routine review and reporting of Asset risk to ensure the integrity of the Asset risk register and Asset risk action plans are maintained
   (vi) coordinate review of and provide input into, Council’s Asset Management policy, AMS and AMPs as required, to maintain alignment with long term corporate objectives and relevant legislation
   (vii) ensure integration with Council’s resourcing strategies
   (viii) ensure consistent application of the Asset Operator model

(d) Asset Operator:
   (i) has the key responsibility for the stewardship of the Asset and is directly accountable for its day to day operations
   (ii) is responsible for short term planning, monitoring performance, and reporting
   (iii) is responsible for specifying and funding service levels through long term planning for the service provided.
12.4 **Review**

12.4.1 The Policy, AMS and AMPs are required to be reviewed in line with the review of the Operational Plan and every four years following an ordinary Council Election.

12.4.2 A Maturity Assessment must be undertaken every four years in line with the review of the AMS and AMPs.