

## POLICY OBJECTIVE

The Asset Management Policy provides Edward River Council with the framework to manage assets and to enable it to deliver services to the community in an affordable sustainable manner.

The objectives of this policy are outlined below and have been developed in accordance with the NSW Division of Local Government guidelines:

- Establish the goals and objectives of Asset Management
- Integrate Asset Management with Council's overall objectives and strategic direction
- Maximise value for money by adoption of asset lifecycle costing, combined with performance measurement
- Promote financial, social and environmental sustainability
- Comply with all relevant legislation and regulations

## SCOPE

This policy applies to all Council assets, including but not limited to:

- Infrastructure
  - Road network, including kerb and channel, carparks, pathways and bridges
  - Community facilities and buildings
  - Parks and recreational facilities
  - Urban drainage
  - Water Services
  - Sewer
  - Waste
- Associated asset groups (not strictly infrastructure assets) include the following
  - Plant and equipment
  - Monuments and arts
  - Library books

## LEGISLATIVE REQUIREMENTS

- NSW Local Government Act 1993
- Local Government (General) Regulation 2005
- National Asset Management Assessment Framework (NAMAF)
- National Asset Management Strategy (NAMS)
- Plus3 templates for Asset Management (IPWEA)

## COUNCIL STRATEGY

This policy sets the foundations for Asset Management Plans, which will complement the Community Strategic Plan and allow for the implementation of a more formalised approach to Asset Management. It is essential that the Asset Management Policy and Plans are consistent with the overarching goals of the Council so that a strategic direction can be achieved.

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## POLICY STATEMENT

Council will use the following core principles in the implementation of the Asset Management Framework:

- Service delivery drives Asset Management practices and decisions
- Asset Planning and management has a direct link with The Community Strategic Plan, Councils Delivery Plan and Operational Plan. As well as Councils Resources Plan and Long Term Financial Plan
- Financial sustainability will be achieved by making decisions that lead to a cost-effective asset base, by focusing on asset renewal before new assets, rationalising under-utilised assets and limiting asset expansion unless justified.
- Asset Management decisions shall be based on service delivery needs and the benefits and risks of assets, with an evaluation of alternative options that take into account lifecycle costs.
- Asset Management requires a whole of organisation approach which involves the participation of, and is the responsibility of, the Council, Executive and Council Staff.
- Planned approach to capital works. If a project is not identified through an asset plan or strategy these works will not be considered.

## Commitment

Council commits itself to the following actions to deliver the objectives of this policy:

- The preparation of an Asset Management Strategy that will provide a road map for the delivery of the objectives under this policy.
- The preparation of Asset Management Plans for all infrastructure categories, informed by community input, and local government financial reporting frameworks.
- Using Asset Management Plans as a core input into the development of maintenance programs, operational plans, capital works programs, annual budget and the Long Term Financial Plan.
- To the formation and maintenance of a cross functional Asset Management Steering Committee (AMSC) to maintain, coordinate, advise and facilitate the implementation of the adopted Asset Management Strategy.
- To engaging with all stakeholders, especially the community, to determine levels of service and asset performance. Customer satisfaction will be monitored to ensure service levels are appropriate.
- To build internal capacity to undertake asset management and financial functions. Training to be provided for staff and Councillors.
- Identifying funding to support and maintain our infrastructure
- Ensuring accounts and related business processes will be structured to recognise lifecycle costs.
- Levels of service shall be defined with due regard to available resources, community standards as determined in the Community Strategic Plan and risks associated with those levels of service.
- Asset management principles shall be integrated within Council's existing planning, operational and reporting processes.

- An inspection regime shall be implemented as part of the asset management process to ensure defined levels of service are maintained and to identify asset renewal priorities.
- The asset management system shall be fully integrated with Council's information management systems.

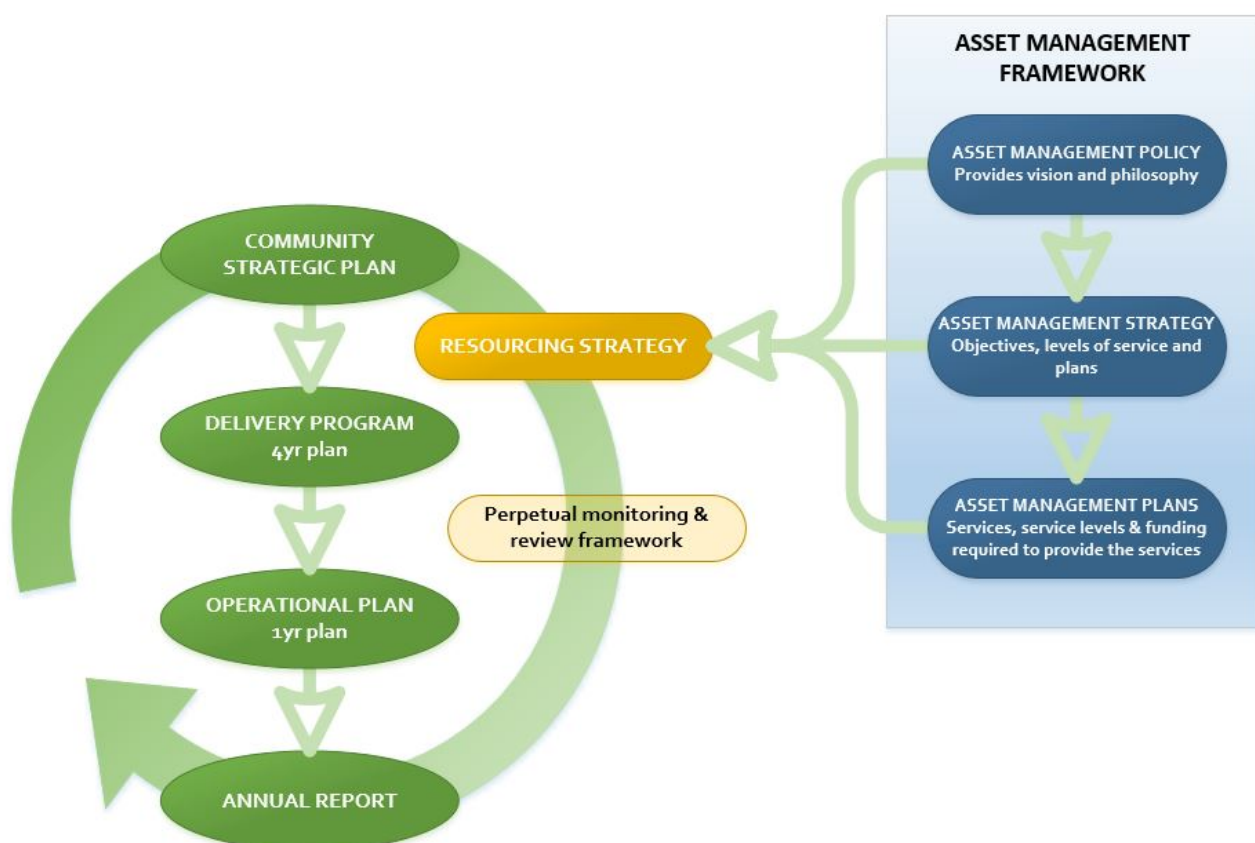
### Asset Accounting and Costing

- Council's valuations will be recorded at the depreciated replacement cost (i.e. written-down value) using the fair value approach.
- Council's infrastructure assets will be re-valued, according to the principles and guidelines of Australian Accounting Standard 116.
- Assets will be valued using fair value, not on a cost basis. The valuations to be undertaken comply with the requirements of the NSW Division of Local Government's Local Government Code of Accounting Practice and Financial Reporting and International Financial Reporting Standards (IFRS).
- The "Replacement Cost" method will be used as this is the most common method for non-commercial infrastructure assets such as Council assets. It requires detailed asset component information.
- Council will securely store the Corporate Asset Register to ensure its integrity.

### Asset Management Plan

- This policy will assist in the development of Council's Community Strategic Plan by providing a clear direction for Asset Management.
- The broad strategic outcomes identified by this policy and the Council's Community Strategic Plan, will guide the development of Asset Management Plans.

## ASSET MANAGEMENT FRAMEWORK



## ASSOCIATED POLICIES AND PROCEDURES

- 10-year Community Strategic Plan
- Asset Management Strategy
- Asset Management Plan
- 4-year Delivery Program
- 1-year Operations Plan

## DEFINITIONS

The following definitions are provided based on the *International Infrastructure Management Manual (20015)* <sup>[1]</sup>.

**Asset:** A physical component of a facility which has value, enables services to be provided, and has an economic life of greater than 12 months. Dynamic assets have some moving parts, while passive assets have none.

**Asset Management:** The systematic and coordinated activities and practices of an organisation to optimally and sustainably deliver on its objectives through the cost-effective lifecycle management of assets.

**Capital Works:** Capital works falls into three categories;

1. Renewal – Major work which does not increase an asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original capacity.
2. Upgrade – Major work which replaces or renews an existing asset to a higher standard that enables the provision of increased capacity.
3. New/Expansion – New assets that provide a service to an area where this service did not previously exist.

**Depreciated Replacement Cost:** The replacement cost of an existing asset less an allowance for wear and tear or consumption having regard for the remaining economic life of the existing asset.

**Fair Value:** The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Required to be reported annually as part of NSW Division of Local Government requirements.

**Infrastructure Network:** Stationary systems forming a network and serving whole communities, where the system as a whole is intended to be maintained indefinitely at a particular level of service potential by the continuing replacement and refurbishment of its components. The network may include ordinary assets as components.

**Level of Service:** The defined service quality for a particular activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

**Replacement Cost:** The complete replacement cost of an asset that has reached the end of its life, so as to provide a similar, or agreed alternative, level of service.

**Risk Management:** The application of a formal process to identify risks and the key factors associated with that risk, to determine the resultant range of outcomes and their probability of occurrence.

## POLICY VERSION CONTROL

Title	Asset Management Policy			
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Responsible Officer	Oliver McNulty			
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