



## Asset Management Policy

Department/Unit	Infrastructure and Planning	First Implemented	21 September 2010	Review Date	June 2024
Origin	Manager Operations and Capital Works	Reviewed	June 2022	Version	2
Authorising Officer	Chief Executive Officer	Effective From	28 June 2022	TRIM Reference	E9810

### Purpose/Objective

This Policy provides the framework on how sustainable service driven Asset Management is undertaken within Mansfield Shire Council.

It provides clear objectives, defines key principles, and lists responsibilities that underpin asset management.

The key objective of this policy is to ensure that assets used to support the services delivered by the Mansfield Shire Council are sustainable and continue to function at a level of service determined by Council and accepted by the broader community.

This policy provides direction as to how these assets will be managed within Council's Asset Management Framework.

### Policy Statement

#### Asset Management Practice

Council is committed to meeting the expectations of present and future residents for the delivery of quality asset-based services at the lowest long-term economic and environmental cost, through the development and implementation of best appropriate asset management practices.

In doing this Council will comply with all legal, regulatory, safety and environmental requirements placed upon it and will not compromise the safety of its employees or the public.

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To achieve the Asset Management Policy Council will:

- Aspire to achieving advanced Asset Management practices that are service driven, align with the strategic priorities and directions of Council, and are informed by community input.
- Take an integrated approach so that asset and Service Planning and reporting is aligned with Council's vision and broader corporate planning objectives.
- Establish an appropriate governance structure so that ownership, control, accountability and reporting requirements for assets are established, clearly communicated, and implemented.
- Develop an Asset Management Framework that includes an Asset Management Strategy, Asset Plan, and Asset Management Plans that provide direct input to the Long-Term Financial Plan.
- Deliver financial sustainability by making decisions that lead to a cost-effective asset base, by focussing on asset renewal before new assets, rationalising under-utilised assets, and limiting asset expansion unless justified.
- Adopt a life-cycle management approach, optimising the performance, cost and risks of the asset portfolio and incorporating life cycle costing into capital investment decision making.
- Assess asset condition in accordance with asset accounting standards and revaluation cycles.
- Make sure that its assets are fit for purpose, safe, reliable, and sustainable and remain available for the benefit of current and future generations.
- Ensure assets are created, acquired, maintained, operated, and renewed to enable it to meet its strategic service delivery goals in a cost-effective manner.
- Continue to pursue external funding to support and maintain infrastructure assets to minimise the financial impact to the community.
- Grant funded projects will be reviewed for 'whole of life' costs as part of the consideration process.
- Invest in appropriate and timely asset management training and development program for staff and Councillors as required.

### Capacity Building

To maintain Council's asset management capabilities in aligned with community needs Council will:

- Review skills and development needs in asset management related areas as part of employee performance planning and provide appropriate development opportunities.
- Provide Councillors, and staff with asset and financial responsibilities, with appropriate briefings in relevant asset and financial management principles, practices, and processes.
- Provide and allocate resources for training to support asset management.

## Asset Condition

Asset condition is also an indicator of how well it is able to perform its function.

Measuring, recording and understanding asset condition is a key to successful asset management. Factors that affect an asset's condition include:

- Age
- Environment
- Maintenance history
- How well it is treated by the community (vandalism etc.).
- Utilisation

Knowledge of the asset condition and performance can avoid unforeseen failure, assist in the development of maintenance programs and renewal or rehabilitation priorities and provide a comparison to the agreed levels of service.

An assessment of the current condition of Council's assets is to be included in each Asset Management Plan and correspondingly funded in Council's Long Term Financial Plan.

Condition assessments will be completed in accordance with Council's Asset Management Plans and revaluation cycle.

## Valuation and Revaluation

The replacement cost of any given asset is either actual construction / procurement cost (for newly acquired assets) or the revaluation cost. The former is a matter of fact. The latter will be based on assumed unit rates at the time of the most recent revaluation.

The unit rates used to revalue assets (other than land and buildings) are typically derived from cost data sources such as:

- Schedules of rates and quantities supplied by subdivision developers on handover of assets for the past financial year.
- Schedules of rates and quantities provided by tenderers for capital works during the past financial year.
- Actual costs (including overheads) for projects undertaken by Council.
- Unit rates from industry cost guides (e.g., Rawlinsons)
- Benchmarking with other similar Councils.

## Definitions

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<b>Asset</b>	Resources controlled by Council as a result of past events and from which future economic benefits or service potential is expected to flow. An essential characteristic of an asset is that the Council must have control over the future economic benefits or service such that it is able to enjoy those benefits or services and deny or regulate the access of others to the benefits.
<b>Asset Class</b>	A group of assets having a similar nature of function in the operations of the Council, and which, for the purposes of disclosure, are shown as a single item without supplementary disclosure. The Asset Class is the material level at which Council will prepare the annual balance sheet for reporting in the Annual Report; for example, the Roads Asset Class might include Asset Categories such as sealed roads, unsealed roads, sealed car parks, unsealed car parks and traffic control.
<b>Asset Management</b>	The coordinated activities of an organisation to realise lifecycle value from assets in delivery of its objectives. Realisation of value will normally involve a balance of costs, risks, opportunities, and performance benefits. When asset outputs or required service levels are pre-determined and non-negotiable, or when value is negative (e.g., dominated by risks or liabilities), 'realise lifecycle value' may represent minimising the combination of costs and risks.
<b>Asset Management Framework</b>	A set of interrelated or interacting elements of an organisation that establish asset management policies and objectives and processes to achieve those objectives.
<b>Asset Management Policy</b>	The principles and mandated requirements derived from and consistent with the organisational / Council plan, providing a framework for the development and implementation of the Asset Management Strategy and setting the asset management objectives.
<b>Asset Management Strategy</b>	A set of agreed principles and actions that determines how a Council manages its assets over a defined period.
<b>Asset Plan</b>	Required under section 92 of the <i>Local Government Act 2020</i> that summarises the operating and capital expenditure requirements for Council's assets over a 10-year planning period.

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<b>Asset Management Plans</b>	Documented information that specifies the activities, resources and timescales required for an individual asset, or a grouping of assets, to achieve the Council's Asset Management objectives.
<b>Service</b>	A group of programs, activities and projects (irrespective of Council structure and lines of reporting) which collectively aim to achieve similar overarching outcomes or objectives and are primarily focused towards a shared customer group.
<b>Service Planning</b>	A process that provides an outline of the services that an organisation delivers. This includes the framework to describe where, when, and how the activities and programs of a service are delivered, including drivers, levels of service, asset/facility needs, workforce planning, and service costs.
<b>Asset Condition Assessment</b>	The process of continuous or periodic inspection, assessment, measurement, and interpretation of resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.
<b>Current Replacement Cost (CRC)</b>	The cost Council would incur to acquire the asset on reporting date. The cost is measured by reference to the lowest cost to replace the existing asset with a technologically modern equivalent new asset with the same economic benefits.
<b>Market Value</b>	The estimated amount at which an asset would be exchanged on the date of valuation between knowledgeable, willing parties in an arm's length transaction.
<b>Valuation</b>	The process of determining the worth of an asset or liability. Different valuation methods may be appropriate in different circumstances.
<b>Revaluation</b>	The act of recognising a reassessment of values of non-current assets at a particular date.

## Scope

This Policy applies to all assets of a physical nature, owned or controlled by Council that:

- Are used by the community;
- Support the delivery of services provided for the benefit of the community; or

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- Are held by Council for future use.

Financial, human and information assets (including intellectual property) are not covered by this Policy.

This Policy applies to all Councillors and Council officers involved in the creation, operation maintenance, upgrade, renewal, and rationalisation of Council assets.

### Responsibilities

Council recognises that the very nature of asset management requires input and interaction between all facets of the organisation, including units that do not have specific responsibility for managing assets but use Council assets in the delivery of services.

With a whole of Council approach to asset management, Council will establish the platform required for the sustainable and responsible management of Council's assets.

The key responsibilities and relationships associated with asset management within Council are:

#### Council

- To act as overall stewards for assets that are owned or controlled by Council.
- Ensure that asset management requirements and lifecycle costs are appropriately considered in decision making and catered for in Council planning and financial management.
- To meet all legislative and Accounting Standard obligations
- Approve the Asset Management Policy, the Asset Management Strategy, the Asset Plan, and Asset Management Plans.

#### Executive Management Team

- To ensure alignment/compliance with Council's legislative responsibilities including under the *Local Government Act 2020*.
- To meet all obligations of the Australian Accounting Standards as they relate to Asset Management.
- Accountable for overall organisational Asset Management and Service Planning performance.
- To continually promote asset management across the organisation and Council.
- Ensure that accurate and reliable information is presented to Council for decision-making.
- Provide adequate resources and oversight in the implementation and review of the Asset Management Framework.
- Ensure that asset management and its governance are integrated into corporate governance including enterprise planning, financial management, reporting, and risk

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management.

- To ensure Council's agreed levels of service are funded in the Council's Long Term Financial Plan (LTFP) including renewal, upgrade, new and expansion investments.

### **Asset Management Team/Working Group**

- Prepare, implement, and review the Asset Management Policy, Asset Management Strategy, the Asset Plan, and Asset Management Plans.
- Manage asset systems, develop procedures, and ensure compliance with standards and to support decision making, accountability and improvement.
- Maintain detailed asset registers providing a common data set for organisational purposes.
- Effectively and efficiently manage funds allocated for asset maintenance, operations, and asset related projects.
- Proactively seek development of skills, abilities, and education where required to meet the requirements of the role.
- Provide asset information and assistance to Council's Service Managers.
- Be innovative, identify and communicate opportunities for improvement.
- Provide a coordinated, consistent, collaborative, and integrated approach to service planning and asset management across Council.
- Champion asset management across Council and support the evaluation and development of organisational asset management capability.
- Monitor progress of the implementation of the Asset Management Strategy, Asset Plan, Asset Management Plans, and related improvement actions and the reporting of status and recommendations to the Executive Management Team.
- To ensure asset condition is monitored and reported in Council's Asset Management Plans on a cyclical basis
- Assess and evaluate capital works program and other project bids in accordance with Council's capital evaluation processes.

Overall responsibility for the application of this Policy is held by the Chief Executive Officer.

Managers are responsible for ensuring their staff comply with the principles, practices and any associated procedures of this policy. Management, employees, contractors and volunteers are to be familiar with, and competent in, the application of this Policy, and are accountable for the delivery of this policy within their areas of responsibility.

The Infrastructure and Planning Department is the owner of this policy. Any reviews of this Policy must be made in consultation with the Manager Operations and Capital Works.

## References / Related Policies

*Local Government Act 2020*  
Mansfield Community Vision 2040  
Mansfield Shire Council Plan  
Financial Plan  
Asset Plan  
Financial Strategy Policy  
Asset Management Strategy  
Asset Management Plans

## Implementation

This Policy is effective from 28 June 2022.

## Review Date

This Policy is to be reviewed by June 2024.

## Authorisation to Implement Policy

*Please choose one or the other signatory options.*

Signed: \_\_\_\_\_

Councillor

Witnessed: \_\_\_\_\_

Chief Executive Officer

Approval dated:

**Mansfield Shire Council reserves the right to review, vary or revoke this Policy at any time.**