SUSTAINABLE ASSET MANAGEMENT

COUNCIL POLICY NUMBER  091
Date Adopted  21 November 2017
Scheduled for review  November 2018

PURPOSE

The purpose of this policy is to set out Council’s approach to management of its assets in a sustainable manner that provides ongoing support in meeting community needs through balanced consideration of technical standards, levels of service and whole of life costs.

The philosophy underlying this policy is that Council should be able to acquire, maintain and renew its assets, both in the short term and long term, to a condition which satisfies the users, minimises the risk to both the public and the environment, and which is financially responsible and delivers an agreed and sustainable level of service.

In pursuit of Infrastructure Asset Management best practice, the following key principles will apply in relation to Asset Management at Campaspe shire:

a. Service delivery needs form the basis of asset management;

b. Integrating asset management with corporate, financial, business and budgetary planning;

c. Informed decision-making, incorporating a life-cycle approach to asset management;

d. Pursuing sustainability, providing for present needs while sustaining resources for future generations.

POLICY STATEMENT

1. Background

Asset Management involves all areas of Council including those that plan services, provide services, manage assets and manage financial functions. Asset Management is a key element of Council’s integrated planning. Council will ensure that when considering the social, environmental, financial and organisational impacts of any decision they will also properly consider the impact on Council’s services and the assets that support them.

Council has an identified renewal gap which means the cost to replace or renew current assets outstrips Councils ability to fund. As such any decisions in relation to assets have a definable and practical impact on Councils sustainability. It is not in the districts interests for asset based decisions to be made that are ultimately undermining, limiting or eliminating Council’s ability to maintain its operations. It is entering in to a period of challenges and must aim to operate in a way that minimises risk.

To achieve the purposes of the policy Council will:

a. Link asset management planning to long-term financial planning, recognising that this is an essential part of infrastructure management and good governance.
   i. Long term plans will include capital renewal or replacement and costs for condition assessments.

b. Create and maintain Asset Management Plans for each class of assets which will set out the optimal schedule of proposed asset maintenance and renewal to achieve specified service levels while minimising asset life cycle costs.

c. Develop Level of Service statements that will be taken for consultation to the community.
   i. These will set out the service level the community can expect to receive across Council and will form the basis of service and asset decision making. (As per ISO, PAS and IIMM standards.)

d. Deliver financially sustainable services by prioritising capital expenditure for infrastructure renewal over expenditure for upgrading, expansion or acquisition of assets.
   i. Where necessary projects for upgraded or new assets may be ceased or not entered in to in order to free up resources to renew critical assets.

e. Asset expansion or addition is an act of last resort and must only take place after reviewing other alternatives for service or asset provision.
i. Such review must include cost to build, maintain, operate and retire or renew again.

ii. Assets that can be retired, sold, stopped or downgraded in order to contribute savings or capital to the costs of new or expanded assets.

f. Any asset renewal will first consider the requirements of Policy 118 (Asset Rationalisation) to ensure the validity of the asset, or service it is related to, into the future.

g. Maintain, at a minimum, a “Core” rating for Asset Management maturity under MAV’s NAMAF scheme.

h. Continue to invest in the advancement of Asset Management maturity including requirements for adequate resources (people, systems, processes,) staff training, succession planning and data and intelligence gathering.

All Council policies relating to asset management and service delivery should be read in conjunction with this policy. Key Council documents relating to asset management and service delivery which should be read in conjunction with this policy include:

- Council Plan 2017-2021
- Asset Management Strategy
- Asset Capitalisation Policy
- Asset Valuation Policy
- Service and Asset Management Plans
- Asset Renewal Funding Strategy
- Long Term Financial Plan
- Road Management Plan

2. **Asset Management Principles**

The Campaspe Shire Council owns or manages assets for the express purpose of providing community services.

The Campaspe Shire Council will provide and maintain assets so that they:

a. Are financially sustainable for the community and Council

b. Meet the service levels agreed with the community, once such service levels have been consulted.

c. Support the organisation to deliver effective outcomes

d. Are fit and safe for the purpose for which they have been provided

e. Minimise detrimental impact on the natural environment

f. Are replaced as required subject to agreed prioritisation

g. Are in line with common industry practices (NAMAF, ISO, PAS, IIMM.)

3. **Assets Managed by Council**

Council deals with assets that exist under a range of ownership and management arrangements. The matrix in Attachment A identifies the situations under which an asset would be considered to be relevant to Council’s asset management processes and shows which of these should be recorded in Council’s asset management systems. Importantly, this matrix makes no distinction based on the value of the asset being considered.

4. **Asset Management Framework**

Asset Management underpins Council’s other strategic frameworks by ensuring that appropriate infrastructure is developed and maintained enabling the delivery of programs, services and activities to the community.

The structure of Asset Management within the Shire of Campaspe works through association with various plans and documents as represented in the following diagram. Where a plan or document does not currently exist it shall be developed to comply with this policy.

Each document has a specific purpose and represents a different level of detail relevant to asset management practice and processes within the Shire.
5. **Policy Commitment**

Asset management and related financial planning will be a ‘whole of organisation’ function. To achieve this Council will:

a. Establish and operate an Asset Management Steering Committee to oversee and promote the best practice Asset Management function throughout Council.

b. Demonstrate commitment to developing and improving Asset Management in the business through adequate investment and demonstrable advancement of system maturity.

c. Identify core asset and financial management functions

d. Review internal asset management skills

e. Identify gaps between asset management capability and needs and move to close the gaps

f. Develop and implement a training program that enables officers to meet their asset management responsibilities

g. Develop and implement a program to raise Council’s awareness and understanding of asset management principles, its importance, and Campaspe’s progress in implementing its adopted strategies

h. Participate in and contribute to regional and industry asset management forums (e.g. MAV programs)

i. Use Asset Management to ensure that assets support Council’s delivery of service

6. **Responsibilities**

Roles and responsibilities for delivering Council’s Asset Management functions will be clearly defined and documented in Council’s Asset Management Strategy.

7. **Related Policies**

All Council policies relating to asset management and service delivery should be read in conjunction with this policy. Specifically, the following existing policies have been identified as being directly related to the management of assets and/or services:

- Industrial and Residential Land Development Policy No 30
- Removal of Street and Nature Strip Trees Policy No 46
- Street Public Lighting Policy No 52
- Improvements to the level of service of the Road Network Policy No 54
- Sale of Discontinued Roads Policy No 69
- Council contribution to Recreation Reserves Maintenance Policy Policy No 93
- Methodology for Determining the Gravel Road Resheeting Program Policy No 97
- Special Charge or Rate Schemes Policy No 100
- New or Replacement Street and Nature Strip Trees Policy No 106
- Public Open Space Provision Policy No 107
- Asset Rationalisation Policy No 118
- Flagpole Program Policy Policy No 122
- Arts Collection Management Policy No 127
- Rural Sealed Road Pavements Renewal and Valuation Methodology Policy No 128
- Developer Contributions to Works Policy No 130
- Drainage Policy Policy No 135
- Asset Valuation Policy Policy No 136
- Port of Echuca Collections Management Policy No 137
- Play Spaces Development Policy No 138
- Asset Capitalisation Policy Policy No 144

RELATED LEGISLATION & REFERENCES
- Local Government Act 1989
- Road Management Act 2004

EXCLUSIONS
Nil

HUMAN RIGHTS
This report has considered and complies with the Human Rights and Responsibilities contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

DEFINITIONS

Asset
A resource controlled by the Campaspe Shire Council from which future economic benefits or service potential are expected to flow to the Shire or its community. Assets may be physical or non-physical and may be fixed or mobile.

Asset Condition Assessment
The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Asset Management
The combination of management, financial, economic, engineering and other practices applied to assets with the objective of providing the required level of service in the most cost effective manner.

Asset Management Plan
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 specified levels of service. A significant component of the plan is a long-term cash flow projection for activities.

Asset Management Strategy
A strategy for asset management covering the development and implementation of plans and programmes for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure that the desired levels of service and other operations objectives are achieved at optimum cost.

Asset Register
A record of asset information considered worthy of separate identification including inventory, historical, condition, construction, technical and financial information about each.

Community
People who live, work or spend significant time in the Shire of Campaspe.
Control of an Asset

The capacity of an entity to benefit from the asset in the pursuit of the entity’s objectives and to deny or regulate the access of others to that benefit.

Financially Sustainable

That sufficient funds are available in each year of Council’s long-term financial planning period to meet all resource and financial obligations, such that Council’s endorsed service and infrastructure levels and standards can be maintained.

Fixed Asset

Also referred to as Infrastructure. An asset that is fixed in place and cannot be easily moved from its constructed location. Infrastructure includes buildings, sports fields and courts, playgrounds or other facilities, which support the provision of services. Infrastructure also refers to a network of reticulated services such as roads, footpaths or drainage, etc.

Intangible Asset

Referred to in this policy as a non-physical asset. An identifiable non-monetary asset without physical substance. This could include trademarks, copyrights, and water rights.

Level of Service

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.

Mobile Asset

An asset that is not fixed in place or can be easily moved. This would include plant and equipment, office furniture, computers and fleet.

Plant and Equipment

Tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one accounting period.

ATTACHMENTS

Attachment A – Asset Management

REVIEW PERIOD

One Year

APPROVAL HISTORY

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<th>Adopted</th>
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RESPONSIBLE OFFICER

General Manager Infrastructure Services

Minute Book Reference No 6955 (item 10.11)
Minute Book Reference No 7941 (item 12.2)
Minute Book Reference No 12868 (item 9.5)
Minute Book Reference No 18261 (item 13.3)
Minute Book Reference No 18426 (item 13.4)
Minute Book Reference No 1057 (item 4.16)
Minute Book Reference No 1041 (item 6.3)
Minute Book Reference No 878 (item 6.1)
Minute Book Reference No 905 (item 6.2)
Minute Book Reference No 654 (item 6.2)
Minute Book Reference No 3382 (item 6.3)

Chief Executive Officer

Dated

[Signature]

11/12/2017
## SUSTAINABLE ASSET MANAGEMENT

### ATTACHMENT A

#### Asset Management

<table>
<thead>
<tr>
<th>Land Ownership</th>
<th>Council Managed (Direct)</th>
<th>Council Managed (Delegated)</th>
<th>Council Managed (Contract)</th>
<th>Council Leased, Licensed or Agreed (Council Lessee/Licensee)</th>
<th>Asset Commercially Leased (Council Lessor)</th>
<th>Other (non-commercial) Lease (Council Lessor)</th>
<th>DELWP or DELWP Local Committee</th>
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#### Mobile/Non-Fixed Physical Asset Ownership

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- **Green**: Assets in these categories will be included in the Asset System
- **Yellow**: Assets in these categories will be included in the Asset System (with management as per lease or formal agreement)
- **Red**: Assets in these categories will not be included in the Asset System
- **Gray**: Assets in these categories will be included in the Asset System as ‘Proposed Assets’ to be confirmed as Council Assets once subdivision gains Statement of Compliance
- **Scenario is not possible**

*Note that further to Government Roads ‘Freehold Roads’ exist under the local Government Act 1958. These are extremely complex and where these are identified Council’s Asset Management obligations will need to be determined in each individual case.*