

Sustainable Asset Management

Council Policy Number	091
Date adopted	17 February 2021
Scheduled for review	February 2025



1. Preamble

The Campaspe Shire Council ('Council') is the custodian of an extensive range of community assets. In order to deliver a variety of services to the community, Council must ensure that the assets supporting these services are managed in a sustainable manner over the long term.

2. Purpose

To set out the basis on which Council manages the assets in its care.

3. Definitions

Asset	A resource controlled by Council from which future economic, social and environmental benefits or service potential are expected to flow to the municipality or the community.
Asset Condition Assessment	The process of inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset to determine the need for some 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 in the most cost-effective manner to provide a level of service.
Asset Management Strategy	A strategy for asset management to ensure that the desired levels of service and other operational objectives are achieved at optimum cost.
Asset System	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 municipality.
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/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. These assets 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, satisfaction 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.
New Asset	Refers to an asset that has been created, produced or introduced for the first time, not existing before.
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.
Renewal	Refers to works required or undertaken to return the asset to its "as-new" condition.
Service Manager	The manager in Council that leads the provision of services for an activity or service. (e.g.: Asset Manager leads the provision of road services to the community).
Upgrade	With respect to any physical asset, any physical enhancement or series of physical enhancements, including any such physical enhancements that would increase the product or service it provides.

4. Policy Statement

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.

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

- 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.

4.1 Asset Management Principles

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, over the next ten years is likely to have a renewal gap which means the cost to replace or renew current assets potentially outstrips Council's ability to fund them. As such any decisions in relation to assets has a practical impact on Council's sustainability. It is not in the community's interests for asset based decisions to be made that are ultimately undermining, limiting or eliminating Council's ability to maintain its operations.

To achieve the purposes of this 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, disposal, acquisition, costs for condition assessments, annual operation and maintenance.
- b. Review and adopt annually a 10 year capital program based on all available condition and age data.
- c. Create and maintain Asset Management Plans for each assets group that come from the service plans/Levels of Service developed by service managers with oversight by the General Manager Infrastructure.

- d. Deliver financially sustainable services by prioritising capital expenditure for infrastructure renewal over expenditure for upgrading, expansion or acquisition of assets.
- e. Where necessary projects for upgraded or new assets may be ceased or not entered in to in order to free up resources to renew assets.
- f. Asset upgrade or addition must only take place after reviewing other alternatives for service or asset provision.
 - i. Such review must include whole of life costs; and
 - ii. Assets that can be disposed, retired, sold or downgraded in order to contribute savings or capital to the costs of new or upgraded assets.
- g. Any asset renewal will first consider the requirements of Policy 118 (Asset Rationalisation) to ensure the relevance of the asset, or service it is related to.
- 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.
- i. The Asset Management System developed and operated by Council will be in line with the International Infrastructure Management Manual ('IIMM') and ISO 55000.

Key Council documents relating to asset management and service include:

- Council Plan 2017-2021
- Asset Management Strategy
- Policy 144 Asset Capitalisation
- Policy 136 Asset Valuation
- Policy 118 Asset Rationalisation
- Policy 157 Places of Assembly/Community Facilities
- Policy 66 Best Value
- Service Plans
- Asset Management Plans
- Long Term Financial Plan

4.2 Assets Managed by Council

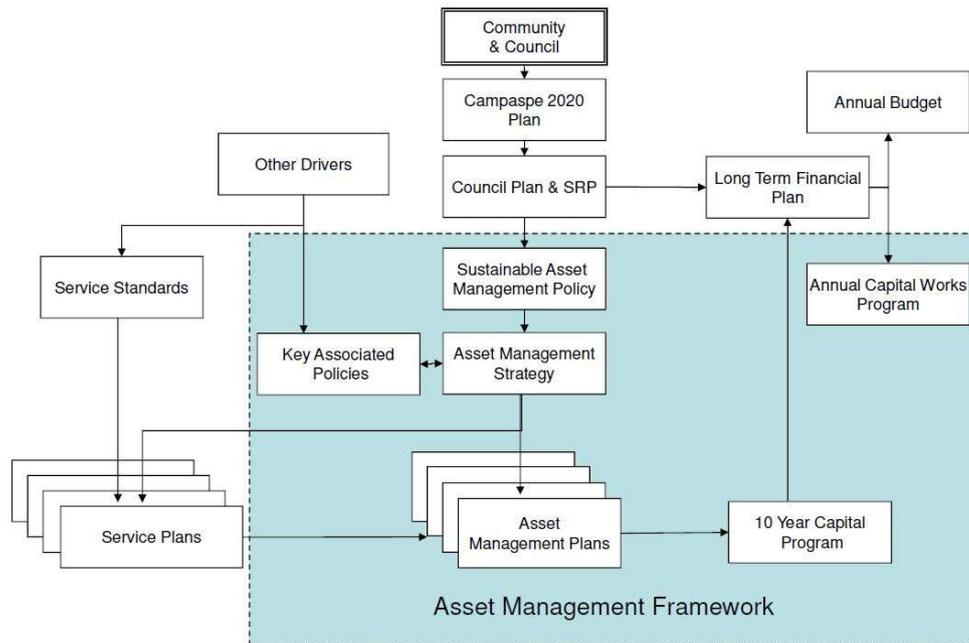
Council deals with assets that exist under a range of ownership and management arrangements. The matrix in Attachment A identifies the situations under which an asset will be considered relevant to Council's asset management processes and shows which of these should be recorded in Council's asset management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

4.3 Asset Management Framework

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

The structure of Asset Management within Council 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 Council.



4.4 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. Review internal asset management skills.
- d. Identify gaps between asset management capability and needs and take action to close the gaps.
- e. Develop and implement a program to raise Council's awareness and understanding of asset management principles, its importance, and Council's progress in implementing its adopted strategies.
- f. Participate in and contribute to regional and industry asset management forums.
- g. Ensure services identify their current and future asset needs to support the delivery of agreed service levels.

4.5 Responsibilities

Roles and responsibilities for delivering Council's Asset Management functions will be clearly defined and documented in Council's Asset Management Strategy and the matrix (Appendix A).

5. Exclusions

Nil

6. 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*.

7. Related Legislation

Local Government Act 2020

8. Attachments

Nil

9. Review Period

Four years

Responsible officer

Strategic Asset Coordinator

10. Administrative Updates

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter the policy, such a change may be made administratively. Examples include a change to the name of a Council department, a change to the name of a Federal or State Government department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of Council.

11. Approval History

Adopted	21 November 2017	Minute Book Reference No 3382 (item 6.3)
Revised	12 February 2021	Minute Book Reference No 194 (item 9.11)
Revised	19 February 2021	Administrative update to apply consistent references to Campaspe Shire Council ('Council')
Revised	26 March 2021	Administrative update to Approval History Reference No

Chief Executive Officer:


Date:
26/3/2021

ATTACHMENT A

Land Ownership	Asset Management							
	Council Managed (Direct)	Council Managed (Delegated)	Council Managed (Contract)	Council Leased, Licenced or Agreed (Council Lessee/Licensee)	Asset Commercially Leased (Council Lessor)	Other (non-commercial) Lease (Council Lessor)	DELWP or DELWP Local Committee	Other
Council Land	Green	Green	Green	Grey	Yellow	Yellow	Grey	Yellow
Crown Land - Shire of Campaspe Committee of Management	Green	Green	Green	Grey	Yellow	Yellow	Grey	Yellow
Crown Land – Vested	Green	Green	Green	Grey	Yellow	Yellow	Grey	Yellow
Crown Land – Lease	Green	Green	Green	Grey	Yellow	Yellow	Grey	Yellow
Crown Land–Non-Council Managed	Grey	Grey	Grey	Yellow	Grey	Grey	Red	Grey
Private Land	Grey	Grey	Grey	Yellow	Grey	Grey	Grey	Proposed Subdivisions
Government Road*	Green	Grey	Grey	Yellow	Grey	Grey	Red	Grey

Mobile/Non-Fixed Physical Asset Ownership	Asset Management							
	Council Managed (Direct)	Council Managed (Delegated)	Council Managed (Contract)	Council Leased, Licenced or Agreed (Council Lessee/Licensee)	Asset Commercially Leased (Council Lessor)	Other Lease (Council Lessor)	DELWP or DELWP Local Committee	Other
Council	Green	Grey	Grey	Grey	Yellow	Yellow	Grey	Yellow
Private	Grey	Grey	Grey	Yellow	Grey	Grey	Grey	Grey

Non-Physical Asset Ownership	Asset Management							
	Council Managed (Direct)	Council Managed (Delegated)	Council Managed (Contract)	Council Leased, Licenced or Agreed (Council Lessee/Licensee)	Asset Commercially Leased (Council Lessor)	Other Lease (Council Lessor)	DELWP or DELWP Local Committee	Other
Council	Green	Grey	Grey	Grey	Yellow	Yellow	Grey	Yellow
Private	Grey	Grey	Grey	Yellow	Grey	Grey	Grey	Grey

- Assets in these categories will be included in the Asset System
- Assets in these categories will be included in the Asset System (with management as per lease or formal agreement)
- Assets in these categories will not be included in the Asset System
- 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.