

SOUTH GIPPSLAND SHIRE COUNCIL
COUNCIL POLICY



ASSET MANAGEMENT POLICY

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| Policy No. | C04 |
| Adoption Date | Proposed 18 August 2021 |
| Revision Date | 2024/25 |
| Department | Infrastructure Planning [SI] |

1. POLICY OBJECTIVE

- 1.1. The purpose of the Asset Management Policy (the Policy) is to define a broad framework and principles for sustainable and effective management of Council's assets to meet current and future needs of the community.
- 1.2. This Policy has been developed to support Council to comply with its good governance and conduct obligations in line with various legislation, principally the Local Government Act 2020.
- 1.3. This Policy sets vision, outlines principles, and assigns responsibilities for how the South Gippsland Shire Council will manage its assets.

2. SCOPE

- 2.1. South Gippsland Shire Council owns and maintains assets such as roads, footpath, buildings, drains, open space, recreational centres, plant, and equipment to support service provision to the community it serves.
- 2.2. "Asset management" is a systematic process to guide the planning, acquisition, operation and maintenance, renewal, and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over their entire lives.
- 2.3. The Local Government Act 2020 place a number of obligations on councils in relation to asset management. The integrated planning and reporting legislation requires that Council must account for and plan for all of the existing assets under its ownership, and any new assets proposed in its Council Plan and Delivery Program and associated Resourcing Strategy.
- 2.4. This Policy is applicable to all Council owned assets and all Council-managed assets that:
 - 2.4.1. are used by the community;



2.4.2. support the delivery of services provided for the benefit of the South Gippsland community; and

2.4.3. are held by Council for future use.

3. ASSET MANAGEMENT VISION

3.1. To provide community facilities and infrastructure assets that are sustainable, and that contribute to the economic viability, access and mobility, and improved lifestyle for the community.

4. POLICY PRINCIPLES

4.1. The Policy principles guide Council to meet desired outcomes and meet strategic goals set out in the Council Plan 2020-2024, and other strategic documents. This Policy is based on the following principles:

- 4.1.1. Council assets are effectively managed throughout their lifecycle – operations, maintenance, renewal, upgrade, expansion, and disposal, to support the delivery of Council services;
- 4.1.2. Service levels will form the basis of asset management and be reviewed on an ongoing basis against budget realities and community needs;
- 4.1.3. Community engagement and needs will form part of all significant decisions affecting infrastructure;
- 4.1.4. Asset management plans for each asset class will articulate how the assets will be managed in the long term and informs the Long-Term Financial Plan;
- 4.1.5. Whole of life costs will be considered in infrastructure investment decisions and renewal of existing assets that support required services will be prioritised ahead of investment in new assets and services;
- 4.1.6. Capital works projects and asset preservation will be subjected to technical, financial, social, and environmental evaluation and prioritised using Council's Criticality Tables and the Community and Economic Infrastructure Blueprint principles
- 4.1.7. Environmental sustainability of assets will be considered at all levels of asset management.
- 4.1.8. Responsibility for asset management is shared collectively across Council with roles and responsibilities that are clearly defined;
- 4.1.9. A computerised and integrated Asset Information Management System (AIMS) will be used to record the core asset data to ensure a common data set is available for strategic, operational, and financial reporting purposes;
- 4.1.10. Financial and asset management reporting will be categorised in terms of operational, maintenance, renewal, expansion, upgrade, and new expenditure classifications to enable sound asset management decisions;

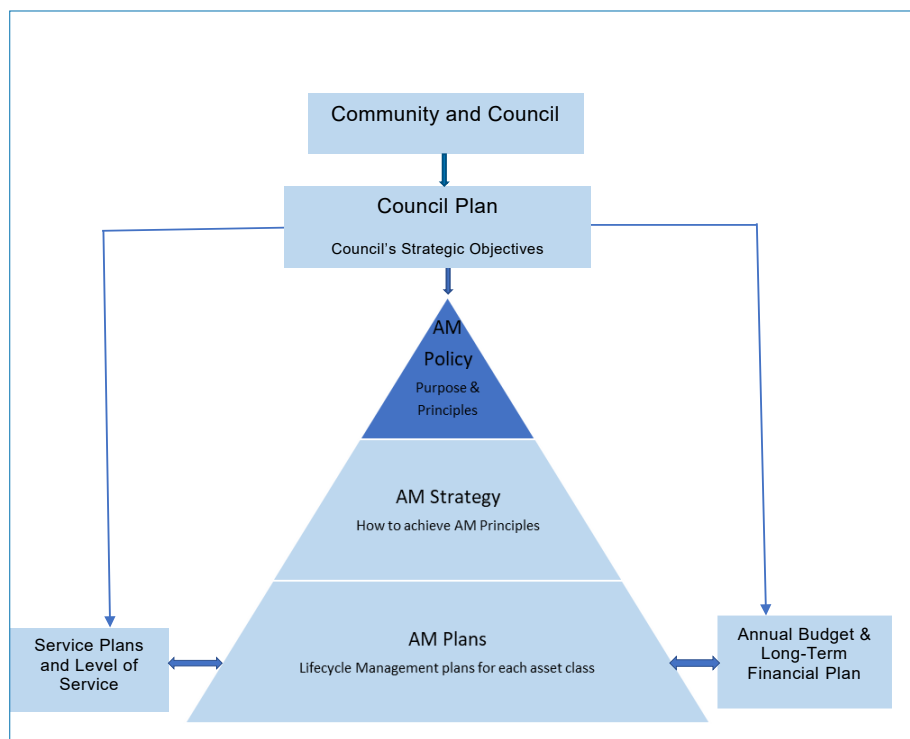


- 4.1.11. Processes and practices impacting efficiency of managing assets will continually be evaluated and addressed through continuous improvement processes;
- 4.1.12. Asset management performance and progress will be reported regularly and will be integrated with the Local Government Performance Reporting Framework;

5. ASSET MANAGEMENT FRAMEWORK

- 5.1. The framework below shows the relationship between the various elements of the asset management process.

Fig 1. Asset Management Framework



6. RISK ASSESSMENT

In order to comply with its obligations under the *Local Government Act 2020* and maintain the trust and confidence of the community, it is critical that Council and Councillors maintain the highest possible standards of good governance, integrity, ethical behaviour, and conduct. This Policy and the associated procedures mitigate Council's risks as described below.

6.1. Financial

The absence of this Policy may result in Council:

- 6.1.1. Being unable to make timely, appropriate, and better informed decisions on capital investments;



6.1.2. Risking the inappropriate allocation of resources.

6.2. Reputational

The absence of this Policy may result in Council:

6.2.1. Being non-compliant with the Local Government Act 2020;

6.2.2. Being unable to meet defined service levels.

6.3. Environmental

6.3.1. Nil

6.4. Openness and Transparency

6.4.1. Nil

7. IMPLEMENTATION STATEMENT

7.1. Human Rights Charter

7.1.1. The review of this Policy has taken into account human rights and is considered compatible with human rights to assure Council meets its obligations as required by the *Local Government Act 2020* (or other relevant Act that is applicable) and the *Charter of Human Rights and Responsibilities Act 2006* and associated obligations. **Publication of Policy**

7.1.2. This Policy will be published on Council's website.

7.2. Roles and Responsibilities

Council recognises that asset management requires a "whole of organisation" approach and involves the participation of, and is the responsibility of Council, Executive and other staff. To achieve this, the following key roles and responsibilities are identified.

7.2.1. Council

7.2.1.1. Ensure that the Asset Management Strategy includes an overarching Council endorsed Asset Management Policy.

7.2.1.2. Review and adopt Asset Management Plan(s) to comply with the Local Government Act 2020 support the Community Strategic Plan and delivery program(s).

7.2.1.3. Act as overall stewards for infrastructure assets that are owned or controlled by Council.

7.2.1.4. Ensure commitment to sustainable asset management principles is incorporated in the Council Plan.

7.2.1.5. Approve organisational objectives, Asset Management Policy, Strategy, and Plans.



7.2.1.6. Approve appropriate resources for asset management activities in the Long-Term Financial Plan and the Annual Budget.

7.2.2. Executive Leadership Team

7.2.2.1. Provide leadership and direction in the implementation of the Asset Management Policy and Strategy.

7.2.2.2. Ensure that community needs and the outcomes of service reviews are incorporated into asset management planning and the Strategic Resource Plan.

7.2.2.3. Ensure that accurate and reliable information is presented to Council for decision-making.

7.2.2.4. Ensure that adequate resources are provided to implement approved asset management strategies and plans.

7.2.2.5. Ensure assets are managed in accordance with relevant legislation, best practice, and comply with legal obligations.

7.2.2.6. To ensure that the training needs of Councillors and staff in financial and asset management practices are provided.

7.2.3. Asset Management Steering Committee

7.2.3.1. Monitor and review the implementation of the Asset Management Policy and Asset Management Strategy, including the development of an Asset Management Implementation and Improvement Plan.

7.2.3.2. Develop service levels, with community input, for asset renewal, upgrade, and extension works together with any funding requirements.

7.2.3.3. Ensure that community needs and the outcomes of service reviews are incorporated into asset management plans.

7.2.3.4. Promote and raise awareness of asset management within the organisation.

7.2.3.5. Monitor the development and implementation of asset management improvements.

7.2.3.6. Recommends budget allocations for renewal expenditure as per Council's Long-Term Financial Planning.

7.2.3.7. Review and report to Council on the "state of the assets", sustainability of asset services, and expenditure in terms of operational, maintenance, renewal, upgrade, and extension.

7.3. Sustainable Infrastructure and Economy & Community Directorates

7.3.1. Develop an Asset Management Strategy for Council and review as required.



- 7.3.2. Develop and implement Asset Management Plans for individual asset classes and present to the Asset Management Steering Committee and Executive Leadership Team before presenting to the Council for endorsement.
- 7.3.3. Establish service delivery needs and define service levels in consultation with local community stakeholders, and balances competing social, financial, and environmental priorities.
- 7.3.4. Monitor the implementation of maintenance, renewal, and improvement works programs in accordance with Asset Management Plans.
- 7.3.5. Monitor the performance of assets and ensure they comply with relevant acts and regulations.
- 7.3.6. Utilise an Asset Management System for asset management tasks, which includes an asset register, works management system, valuations, and condition assessments.
- 7.3.7. Analyse asset data to develop and assess options for optimising “whole-of-life” costs.

7.4. Non-compliance with this Policy

- 7.4.1. All cases of non-compliance with this Policy will be referred to the Asset Management Steering Committee and dealt with on a case-by-case scenario with regards to appropriate disciplinary action including a recommendation of how to address the non-compliance item so that it does not occur in the future.

8. MONITORING, EVALUATION AND REVIEW

- 8.1. The Asset Management Implementation and Improvement Plan, as set out in the Asset Management Strategy, will be audited annually at the end of each financial year and reported to the Asset Management Steering Committee.
- 8.2. The responsibility and implementation of the policy rests with the Infrastructure Planning Department, of the Sustainable Infrastructure Directorate.
- 8.3. This Policy will be reviewed and adopted by Council on a 4 year cycle in line with the election of a new Council.

9. REFERENCE DOCUMENTS

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| Legislative Provisions | Local Government Act 1989 Local Government Act 2020 Freedom of Information Act 1982 Charter of Human Rights and Responsibilities Act 2006 |
| Good Governance Framework | Pillar 4. Structures, Systems, and Policies |



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| Council Supporting Documents | Asset Management Strategy Asset Management Plan(s) Community and Economic Infrastructure Blueprint Service Statements |
| Related Documents (Optional) | N/A |

10. DEFINITIONS AND ACRONYMS

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| Asset | A physical item that is owned or controlled by Council, and provides or contributes to the provision of services to the community. Assets are required for the delivery of Council services (which may be non-Council and managed or utilised through a formal agreement). |
| Asset Management | 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 over the life of the asset. |
| Asset Management Plan | A plan developed for the management of specific infrastructure asset categories that combines multi-disciplinary management techniques over the lifecycle of the asset in the most cost-effective manner to provide specified levels of service. |
| Council Plan | A legislative requirement where each local government must develop a four-year strategic plan. The Council Plan is a key component in the corporate planning framework. It provides guidance and direction to the organisation by setting organisational goals, outcomes, strategies, actions, resource requirements, and performance measures for each four-year term of Council. |
| Criticality Tables | A set of parameters used to weight prioritise of the proposed projects within specific asset classes. |
| Level of Service | A relevant measurable standard or target that reflects the required performance to meet agreed community expectations in relation to the type, quality, and quantity of services delivered by Council. |
| Lifecycle Cost | The total cost of an asset throughout its life including planning design, construction, acquisition, operation, maintenance, rehabilitation, and disposals costs. |

11. REVISION HISTORY

| Version | Approved By | Approval Date | Sections Modified | CM9 ref |
|---------|-------------|------------------|-------------------|----------|
| 1.0 | Council | 20 October 2004 | Whole Policy | Pre-Trim |
| 2.0 | Council | 17 December 2007 | Whole Policy | D3283312 |
| 3.0 | Council | 27 March 2013 | Whole Policy | D3644412 |
| 4.0 | Council | 26 April 2017 | Whole Policy | D8072816 |



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|---------|-------------|----------------|-------------------|----------|
| 5.0 | Draft | 18 August 2021 | Whole Policy | D5667621 |