

# ASSET MANAGEMENT POLICY



**TITLE: ASSET MANAGEMENT POLICY**

**ADOPTED BY: COUNCIL**

**RESPONSIBILITY: CHIEF EXECUTIVE OFFICER**

**NEXT REVIEW DATE: 25/05/2020**

<b>Version</b>	<b>Decision Number</b>	<b>Adoption Date</b>	<b>History</b>
<b>1</b>		24/05/2016	<b>DRAFT</b>
<b>2</b>			
<b>3</b>			
<b>4</b>			

## ASSET MANAGEMENT POLICY

### 1. ASSET MANAGEMENT POLICY

- 1.1 The Asset Management Policy (~~Policy~~) relates to Katherine Town Council (~~Katherine Town Council~~).

### 2. COMMENCEMENT OF POLICY

- 2.1 This Policy will commence from 24/05/2016. It replaces all other policies, if any, relating to asset management (whether written or not).

### 3. SCOPE

- 3.1 The Policy relates to all full-time, part-time and casual employees of Katherine Town Council (~~Katherine Town Council Employees~~), as well as Elected Members, contractors, temporaries and subcontractors working for or on behalf of either a company or any associated companies in the Katherine Town Council workplace (~~Katherine Town Council Contractors~~).
- 3.2 The Policy does not form part of any contract of employment with Katherine Town Council. Nor does it form part of any contract for service with Katherine Town Council.

### 4. PURPOSE

- 4.1 To set guidelines for implementing consistent asset management processes throughout the Katherine Town Council region.

### 5. DEFINITIONS

- 5.1 In this Policy:
- a) **Asset** - An item or resource owned by an entity (e.g.: Council) which has future economic value that can be measured and can be expressed in dollars. Examples include cash, investments, accounts receivable, inventory, supplies, land, roads, buildings, equipment, and vehicles.
  - b) **Asset Management** - The processes applied to assets from their planning, acquisition, operation, maintenance, replacement and disposal, to ensure that the assets meet Katherine Town Council's priorities for service delivery.
  - c) **Asset Register** - A record of asset information considered worthy of separate identification including inventory, historical, condition, construction, technical and financial details.
  - d) **Level of Service** - Is defined as the service quality for a particular activity (i.e. roading) or service area (i.e. street lighting) against which service performance may be measured.

- e) **Non-current Asset** - Means an asset with an expected life of more than 1 year acquired at a capital cost exceeding \$5,000.
- f) **Whole-of-Life Cycle** . The life of an asset, beginning with the establishment of a need for it, through its acquisition, operation and any maintenance or upgrading, to its disposal.

## 6. OBJECTIVE

6.1 Asset management at Katherine Town Council is a combination of management, financial, economic and technical practices applied to physical assets, with the object of meeting the required levels of service in the most cost effective and fit for purpose manner.

6.2 This policy applies to all physical assets owned or controlled by Katherine Town Council. The physical asset classes covered by this policy can be categorised as follows:

- Lands & Buildings;
- Roads;
- Stormwater;
- Plant; and
- Furniture & Equipment

**NOTE:** This policy does not include intangible assets such as people, intellectual property or financial instruments.

6.3 To ensure adequate provision is made for the long-term replacement of major assets by:

- Ensuring that Katherine Town Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
- Safeguarding Katherine Town Council assets including physical assets by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Creating an environment where all Katherine Town Council employees take an integral part in overall management of Katherine Town Council assets by creating and sustaining asset management awareness throughout the organisation by training and development.
- Meeting legislative requirements for asset management.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.

## 7. BACKGROUND

- 7.1 Katherine Town Council is committed to managing its assets from a whole-of-life perspective in accordance with recognised industry practice. Katherine Town Council recognises the need to establish an appropriate balance between the creation of new assets and the maintenance of its existing asset base. This includes reducing the gap between current expenditure on infrastructure maintenance and renewal and the level of expenditure required to ensure ongoing infrastructure sustainability. This will require the integration of Council's asset management plans with its long term community and financial plans and the consideration of total life cycle costs for new or enhanced services. Furthermore, Council recognises that levels of service need to be set via a process that balances the community's needs and expectations with Council's ability to fund both now and in the future.
- 7.2 Katherine Town Council aspires to develop and maintain asset management governance, skills, processes, technology and data in order to provide a community desired level of service for present and future community needs in the most cost effective and fit for purpose manner. In order to achieve this Council will adhere to the following four asset management principles:
- Accountability and direction;
  - Asset information management;
  - Asset lifecycle management; and
  - Service level management.

## 8. PRINCIPLES

### 8.1 Accountability and Direction

The management of assets aligns with Katherine Town Council's vision and conforms to corporate policy, strategy and plans for the provision of asset based services to the community.

- An enterprise first, multi-disciplinary and consistent approach is taken to asset management in accordance with Katherine Town Council's asset management framework.
- Accountability for the management of Council owned or controlled assets is unambiguous, accepted and met.
- Asset management industry standards are used where appropriate and adapted if necessary to maintain organisational consistency.

## 8.2 Asset Information Management

Asset information is managed in accordance with Katherine Town Council's information management and asset management standards and policies.

- Assets under the control of Katherine Town Council are identified and recorded in a register with the level of detail and accuracy being based on:
  - 1) Statutory requirements; and then
  - 2) Risk management requirements; and then
  - 3) Cost/benefit.
- Statutory requirements for external reporting are met (as a minimum standard).

## 8.3 Lifecycle Management

Assets are managed from a whole-of-life perspective (i.e. from planning and design to disposal).

- Assets are managed to achieve the lowest possible whole-of-life cost whilst controlling exposure to risk and loss of service.
- Assets are managed in support of the development of sustainable communities and are capable of adapting to changing environmental and social conditions.
- Statutory requirements for asset management planning are met (as a minimum standard).

## 8.4 Service Level Management

Assets are managed to an agreed sustainable level of service balanced with performance, cost and risk. Present and future service delivery needs are defined in consultation with the community, and balance the cost of service (based on minimising the life cycle cost) together with the cost the community is willing and able to pay for the service level. Community service levels relate to the satisfaction of the community for services in terms of safety, quality (how good is the service), function (does it meet community needs), capacity/utilisation (is the asset under or over used), reliability, responsiveness, cost effectiveness and legislative compliance.

Technical levels of service define the activities that are required to provide the current or required service at the optimum life cycle cost. (E.g. resurfacing of sealed road surfaces with single coat seals on a desired 12 to 18 year cycle). The four major focus areas are:

- Operations . the regular activities to provide services such as opening hours, cleaning frequency, mowing frequency, etc.
- Maintenance . the activities necessary to retain an asset as near as practicable to its original condition (e.g. road patching, unsealed road grading, building and structure repairs).
- Renewal . the activities that return the service capability of an asset up to that which it had originally (e.g. frequency and cost of road resurfacing and pavement construction, pipeline replacement and building component replacement).
- Upgrade/New . the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

## 9. RESPONSIBILITY

### Council

- To act as stewards for all physical assets owned or controlled by Council.
- To set and approve corporate asset management policy and direction.
- To approve the asset management plan and monitor outcomes.
- To set levels of service, risk and costs standards based on the community's needs and Council's ability to fund.
- To set acceptable standards of construction and levels of service for Council's assets.
- To be aware of and commit to funding infrastructure renewal requirements stated in the annually updated asset management plan, to ensure the sustainability of Council's infrastructure base.
- To ensure investment decisions for new/upgraded infrastructure consider whole-of-life costs, including additional annual operations and maintenance costs.

### Chief Executive Officer

- To approve corporate asset management strategy.
- To champion good asset management practices across the organisation.
- To steer the implementation of the asset management policy, strategy and program and include monitoring outcomes and performance measures.
- To review and monitor the preparation, implementation and outputs of an asset management plan.

## 10. CONSEQUENCES OF BREACHING THE ASSET MANAGEMENT POLICY

- 10.1 Any breach of the Policy may result in disciplinary action, including, but not limited to the issue of a warning, demotion, suspension or termination of employment (or, for Katherine Town Council Contractors, the termination or non-renewal of their contract for service and Elected Members disciplinary action in accordance with the Local Government Act).

## 11. KATHERINE TOWN COUNCIL CONTACT

Any questions about this Policy should be directed to Chief Executive Officer 8972 5500.

## VARIATIONS

*Katherine Town Council reserves the right to vary, replace or terminate this Policy from time to time.*

## ASSOCIATED DOCUMENTS

- Procurement Policy
- Asset Management Strategy
- Minor and Attractive Items Policy
- *Local Government Act*
- Australian Infrastructure Financial Management Guidelines

## **POLICY VERSION AND REVISION INFORMATION**

Policy Authorised by: Robert Jennings  
Title: Chief Executive Officer  
Policy Maintained by: David Moore  
Title: Operations Manager  
Review date: 25/05/2020

Original issue: 24/05/2016

Current version: 1

This policy has a life of four (4) years