

## 1.2. ASSET MANAGEMENT

**SCOPE:** This policy applies to all infrastructure related service provision such as Road and Transport, Stormwater Drainage, Community Services delivered by Council Facilities, Sport and Recreation and Environmental Protection, Water and Sewer.

**POLICY:**

**Purpose**

Infrastructure assets are necessary to meet the social, economic and recreational needs of the community. Tamworth Regional Council is responsible for a large and diverse asset base and significant portion of the Council's budget each year is spent on looking after, operating, improving and growing these assets to the benefit of the community.

This policy sets out the approach to asset management to ensure that Council has information, knowledge and understanding about the long term and cumulative consequences of being the custodian of public infrastructure. This will be done by ensuring systems, processes and people are able to inform decisions on the most effective and efficient options for delivering infrastructure related services whilst controlling exposure to risk and loss.

**Reference (e.g. Legislation, related documents)**

- Local Government Act 1993
- Local Government (General) Regulation 2005
- National Asset Management Framework
- IPWEA NAMS.PLUS National Templates for Asset Management Plans
- International Infrastructure Management Manual
- ISO55000 series of international asset management standards

**Definitions**

To assist in interpretation, the following definitions shall apply:

Item	Description
<b>Asset Management</b>	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
<b>Resourcing Strategy</b>	The long-term resources required to achieve the objectives established by the Community Strategic Plan. The strategy will include provision for long-term financial planning, workforce management planning and asset management planning.
<b>Long Term Financial Plan (LTFP)</b>	The Long Term Financial Plan will be used to inform decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program. The Long Term Financial Plan will be for a minimum of 10 years and be updated at least annually as part of the development of the Operational Plan. The Long Term Financial Plan will include: <ul style="list-style-type: none"> <li>• Projected income and expenditure, balance sheet and cash flow statement</li> <li>• Planning assumptions used to develop the Plan</li> <li>• Sensitivity analysis - highlights factors/assumptions most likely to affect the Plan</li> <li>• Financial modelling for different scenarios e.g. planned/optimistic/conservative</li> <li>• Methods of monitoring financial performance</li> </ul>
<b>Asset Management Strategy (AMS)</b>	The Asset Management Strategy will include an overarching council endorsed Asset Management Policy. The Asset Management Strategy will identify assets that are critical to the council's operations and outline risk management strategies for these assets. The Asset Management Strategy will include specific actions required to

	improve council's asset management capability and projected resource requirements and timeframes. The asset management strategy will balance the resources required in the AMP and resources available in the LTFP and report on the available choices and service and risk consequences. The AMS is an essential part of the resourcing strategy.
<b>Asset Management Plan (AMP)</b>	The Asset Management Plan/s must encompass all the assets under a council's control, identify asset service standards, and contain long term projections of asset maintenance, rehabilitation and replacement costs. The Asset Management Plan will be for a minimum of 10 years and be updated at least annually to inform the Long Term Financial Plan (LTFP)

**Context**

Obligations in relation to asset management are set out in the Local Government Act 1993. Integrated Planning and Reporting requirements outline that Council must account for and plan for all of the existing assets under its ownership, and any new asset solutions proposed in its CSP and Delivery Program.

- Council must prepare an Asset Management Strategy and Asset Management Plan/s to support the Community Strategic Plan and Delivery Program.
- The Asset Management Strategy and Plan/s must be for a minimum timeframe of 10 years.
- The Asset Management Strategy must include an overarching council endorsed Asset Management Policy.
- The Asset Management Strategy must identify assets that are critical to the council's operations and outline risk management strategies for these assets.
- The Asset Management Strategy must include specific actions required to improve council's asset management capability and projected resource requirements and timeframes.

Figure 1 below shows the Integrated Planning and Reporting framework that frame Asset Management and figure 2 shows the Asset Management Framework.

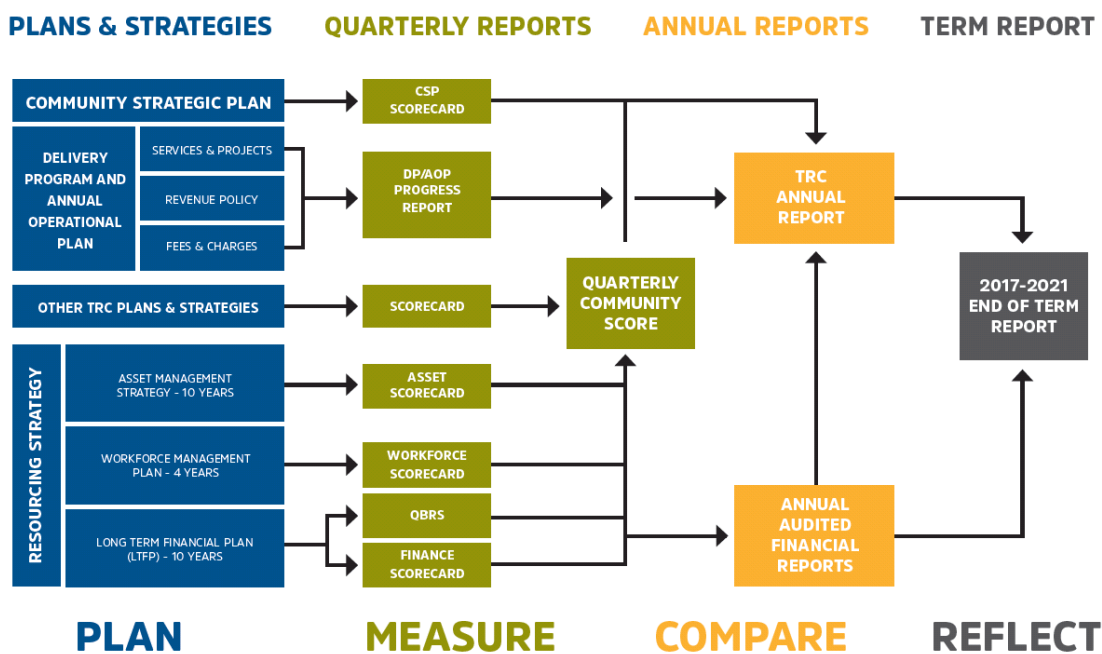


Figure 1 Integrated Planning and Reporting Framework

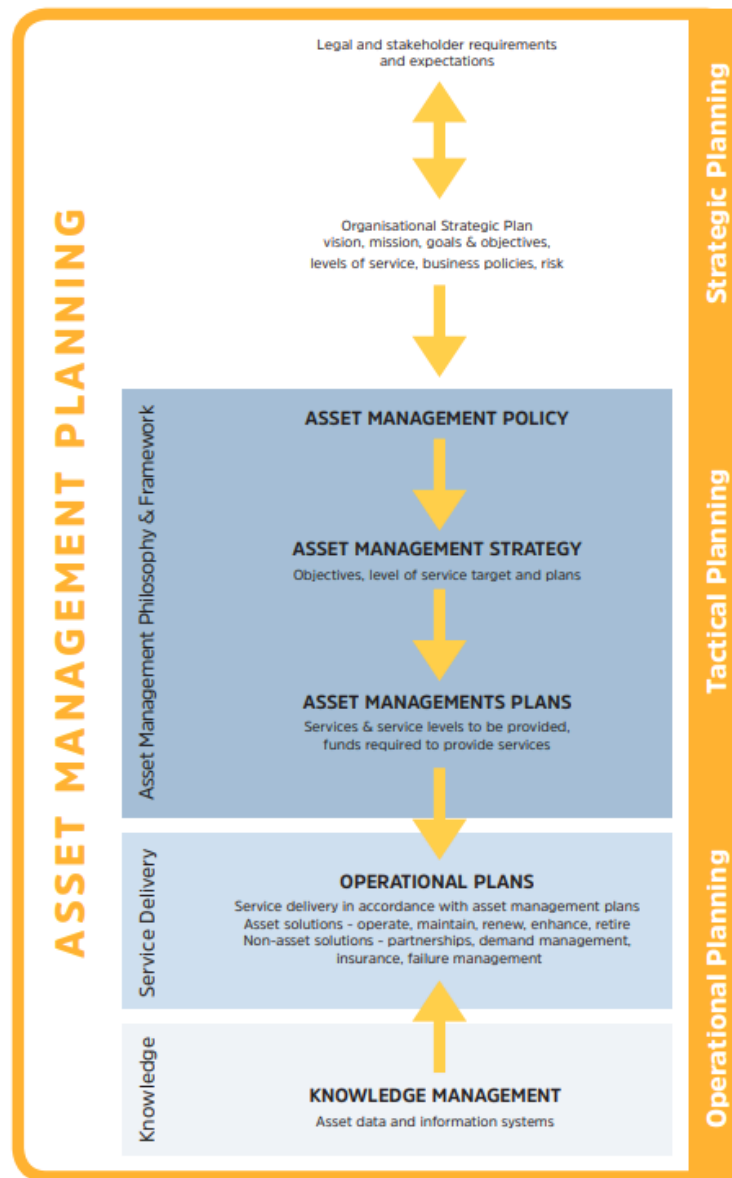


Figure 2 Asset Management Framework

### Policy Statement

To ensure effective asset management Council will undertake to:

1. Allocate sufficient resources for the development of asset strategies, management plans and service level documents to achieve the target maturity.
2. Manage all infrastructure assets in a systematic and sustainable manner.
3. Apply a lifecycle approach to the management of assets where:
  - a. Planning decisions consider the “whole of life” of an asset through planning, acquisition, operation, maintenance, renewal and disposal
  - b. Consideration is given to an assets impact on current and future environmental, economic, cultural and social outcomes
4. Develop and commit to long term capital works and financial management plans that support and are responsive to the needs of the community.
5. Ensure that asset renewal, disposal, upgrade or new asset provision is carried out in accordance with the adopted resourcing strategy that includes demonstrated need, life cycle costing, alternative modes of delivery, sustainability, equitable distribution of resources and social equity.
6. Ensure service delivery needs are the primary driver for asset management practices by:
  - a. Establishing and monitoring levels of service for each asset class
  - b. Consultation with the community and key stakeholders as required in determining service and intervention levels;

- c. Identification and monitoring of risks to assets and associated service levels
7. Ensure asset management practices conform to legislative requirements and reflect best practice in the industry.
8. Regularly update and report on the current maturity of Council's asset data, systems, strategies, plans, processes and skills and the accompanying organisational risk.
9. Continually improve asset management processes and performance

## Policy Objectives

The objectives of the asset management are to:

- Ensure that the Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council's financial sustainability,
- Safeguard Council's assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets,
- Adopt the long term financial plan as the basis for all service and budget funding decisions,
- Meet legislative requirements for all Council's operations,
- Ensure resources and operational capabilities are identified and responsibility for asset management is allocated,
- Provide high level oversight of financial and asset management responsibilities through Audit Committee/GM reporting to council on development and implementation of the Asset Management Strategy, Asset Management Plans and Long Term Financial Plan.

## Responsibilities

**Mayor and Councillors** adopt the policy objectives and ensure sufficient resources are applied to manage the assets as appropriate.

**General Manager** has overall responsibility for developing infrastructure asset management systems, policies and procedures and financial models and reporting on the status and effectiveness of asset management.

**Asset Management Reference Group** is responsible for ensuring that all asset management activities are consistent with asset management objectives. They will oversee the development and implementation of asset management plans and systems.

**Directors and Managers** are responsible for implementing infrastructure asset management plans, systems, policies and procedures.

## Evaluation Process

Annually staff will conduct, and report on the results of, a review of the implementation of the long-term plans mentioned in this policy. These are:

- Asset Management Plans
- Asset Management Strategy
- Long Term Financial Plan

## Review

The Asset Management Reference Group will review this policy every 4 years. Next review date is June 2024

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<sup>i</sup> History – Reviewed by DC&G October 2012- Updated- Ordinary Council Meeting 15/01/2013 – Min No: 9/13 Adopted as TRC Policy at Ordinary Meeting 23 August 2011, Min No 240/11 (12651/2011)