

Strategic Asset Management	Document No:	SCS – 005
	Approval Date:	December 2018
	Approved By:	Council
	Review Date:	December 2020
	TRIM Reference	D18/115302
Responsible Officer:	General Manager Governance & Infrastructure	
Authorising Officer:	Chief Executive Officer	

1. Purpose

This policy is to formalise Council’s intention and commitments in undertaking the management of assets.

Council needs to acquire, maintain, renew and dispose of its assets in a way to best service the needs of the community. This is to be done in a strategic manner taking into account both the short term needs as well as long term sustainability.

2. Scope

This policy applies to physical assets over which Council has ownership or control or for which Council has the authority to determine either technical or service standards.

The policy does not apply to non-physical assets or assets that are beyond Council’s responsibility.

3. Application

This policy applies to all Councillors, employees, contractors, volunteers and Special Committees of the Surf Coast Shire Council.

4. Definitions

Assets	A resource from which current or future benefits are to be derived or services are to be delivered. In the context of this policy, assets are physical items (fixed or mobile) and do not include software, financial or other intangible assets.
Asset Category	The grouping of similar related assets. For example the Asset Categories used by Surf Coast Shire include, but are not limited to, Roads, Footpaths, Open Space, Buildings, Drainage and Fleet
Asset Life Cycle	The cycle of activities that an asset goes through while it retains an identity as a particular asset.
Asset Life Cycle Cost	The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
Predictive Modelling	The use of analytical models to predict outcomes given specific assumptions or inputs. Predictive models used for asset management may include but not be limited to, deterioration models and financial models.
Asset Register	A consolidated record of asset data and information considered worthy of separate identification including inventory, historical, financial, condition, construction, technical, and financial.
Service Manager	Manager primarily responsible for the delivery of the service area.

- Useful Life** The period over which a depreciable asset is expected to be used.
- Asset Management Plan (AMP)** A plan developed for the management of an asset or asset category. The AMP combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset. The AMP establishes, for each Asset Category:
- i. Levels of Service (performance, construction, maintenance, and operational standards)
 - ii. Future Demand (rational basis for demand forecasting and selection of options for proposed new assets)
 - iii. Life Cycle Management Plan (including Operations and Maintenance, Renewals and Replacements, and Expansion and Upgrades)
 - iv. Financial Projections
 - v. Asset Management Practices
 - vi. Performance Monitoring and Improvement.

5. Policy

The policy reflects Council's Vision, Purpose and Strategic Direction as detailed in the Council Plan 2017-2021.

To achieve the above, Council will provide and maintain assets in a manner that they:

- a. Meet service levels that are informed by customer expectations
- b. Support the organisation to deliver effective outcomes
- c. Are fit and safe for the purpose for which they have been provided
- d. Are replaced as required subject to agreed prioritisation
- e. Minimise detrimental impact on the natural environment
- f. Are financially sustainable.

By focussing on the above principles, Council will consider the overarching economic, social, cultural and environmental matters that are critical to the Council's purpose.

Council will adopt a formalised approach to asset management, the underlying principles and methodology, and ensure it is integrated to Council's financial planning and practices as well as its service planning and decision-making.

5.1 Understanding customer expectations

- 5.1.1 Services will be systematically reviewed to ascertain Community's service standard expectations.
- 5.1.2 Council will conduct regular Community Satisfaction Surveys as one method of assessing customer perception of service delivery performance.
- 5.1.3 Specific service requirements or expectations will be explored directly with service or asset users through a variety of methods wherever practicable.

5.2 Delivering effective outcomes

- 5.2.1 Council will establish an Asset Management Steering Committee responsible for ensuring that a strategic asset management approach is incorporated into all aspects of Council's operations.
- 5.2.2 The Asset Management Steering Committee shall:
 - 5.2.2.1 Comprise a multi-disciplinary and cross-functional membership established to oversee and promote best practice asset management throughout Council.
 - 5.2.2.2 Ensure that staff responsibilities for asset management activities are included in Asset Management Plans and reflected in individual position descriptions.

- 5.2.3 Council will ensure that it has sufficient staff with the skills and knowledge required to perform asset management activities and that they are provided with sufficient resources to deliver required outcomes
- 5.2.4 Council will ensure that all assets have a nominated asset owner that is generally the Service Manager whose service most closely aligns, or is dependent upon the asset and the function it performs.
- 5.2.5 Council will incorporate financial responsibility into asset management through the use of life cycle cost analysis to inform decision-making and management of its assets.
- 5.2.6. Wherever possible, predictive modelling will be used to develop and implement preventative maintenance programs to ensure that lowest net life cycle cost is achieved and asset service potential is optimised.
- 5.2.7 Acquisition, upgrade, enhancement, renewal, replacement and disposal of assets will be delivered through the approved Capital Works Program, Procurement Policy, Staff Delegations and relevant procedures.
- 5.2.8 Council will maintain a program of regular inspection of assets under its control to regularly assess the condition of assets and to minimise Community's risk.
- 5.2.9 Council will develop Asset Management Plans for each asset category. The Asset Management Plans will be developed through consideration of industry standards.
- 5.2.10 Council will participate with the Municipal Association of Victoria (MAV) asset management programs and the National Asset Management Assessment Framework (NAMAF) to monitor best practice and to plan and measure improvement in Council's asset management practices.
- 5.2.11 Council will consider the matters of equity and need when developing strategies which relate to the provision or disposal of assets.

5.3 Assets are to be safe and fit-for-purpose

- 5.3.1 Council will refer to current Australian Standards, regulations, codes of practices and relevant guidelines when assessing or designing new, upgraded, expanded or renewed assets.
- 5.3.2 Council will ensure that projects are delivered with guidance from the relevant Service Manager as either the Project Sponsor or Project Owner to ensure that the service needs and community aspirations are considered through the project life cycle.

5.4 Assets are to be renewed or replaced as required subject to agreed prioritisation

- 5.4.1 Council will determine project candidates for its asset renewal program having considered (in the following order):
 - 5.4.1.1 The condition of the asset relative to desired intervention criteria
 - 5.4.1.2 Affirmation from the Service Manager that the asset is required in the future to sustain service delivery
 - 5.4.1.3 Council's financial capacity to support the renewal or replacement within its long term financial plan or financial principles
 - 5.4.1.4 Prioritisation from the Service Managers in the event that competing project candidates are not all affordable in the short term.

5.5 Assets are to minimise detrimental impact on the natural environment

- 5.5.1 Council will conduct an assessment of identifiable environmental implications at the design stage of any building project that creates or changes an asset at a cost of greater than \$250,000 (excluding GST).

- 5.5.2 Projects that contribute, or have the potential to contribute, to Council's strategic target of achieving 25% renewable energy contribution by 2020 across the Shire will be highlighted to Council, prioritised where necessary, or additional funding sought from Council or external parties if additional funding is sought to significantly contribute to this target.
- 5.5.3 Council will proactively pursue operational practices, suppliers and materials that positively contribute to a healthy environment, or at least mitigate harm to the environment.

5.6. Asset management is to be financially sustainable

- 5.6.1 Council will only accept or retain ownership or control of assets where it is deemed necessary to Council's agreed service delivery or where Council specifically resolves to retain the asset.
- 5.6.2 Council will actively seek to sell, divest, gift or transfer the asset to Community or third party ownership where the asset is not required for Council Services.
- 5.6.3 Council will establish an Asset Renewal Funding Strategy and incorporate the strategy into Council's long term financial plan.
- 5.6.4 Council will establish funding strategies for the acquisition or construction of new assets required to support population growth and development and incorporate these strategies into Council's long term financial plan.
- 5.6.5 Council will establish funding strategies to meet known future obligations, such as landfill rehabilitation, and incorporate these strategies into Council's long term financial plan.
- 5.6.6 Where projects and initiatives relating to new, upgraded or expanded assets are considered, Council will:
 - 5.6.6.1 Firstly assess the potential financial impact on Council's ability to sustain its own asset base before it commits funding to new, upgraded or expanded assets, including consideration of the whole of lifecycle costs of the proposed assets.
 - 5.6.6.2 Secondly, if the proposal to construct or acquire a new, upgraded or expanded asset cannot be afforded without impact on Council's current asset base, then Council should seek to identify opportunity to sell, divest or decommission an existing asset to offset the cost of the desired project.

6. Records

Record	Retention/Disposal Responsibility	Retention Period	Location
Asset Management Information System (AMIS)	Strategic Asset Manager	Permanent (ongoing)	Authority System

7. Attachments

Not applicable

8. References

- International Infrastructure Management Manual
- Council Plan 2017-21
- Asset Management Strategy
- Asset Management Plans
- Asset Renewal Funding Strategy
- Long Term Financial Plan
- Road Management Plan
- Asset Register
- Council Policy - Depreciation of Property, Infrastructure and Plant & Equipment