



Ararat Rural City

ASSET MANAGEMENT POLICY

DOCUMENT CONTROL

Category Type: Policy

Type: Council

Responsible Officer: **Asset Coordinator**

Date Approved 15 February 2011

Review Date: January 2015

Revision No: 3

CRMS No: **00082135**

Council Minute No: 993

Stakeholder Engagement:

Councillors

Chief Executive Officer

Asset Coordinator

INTENT

Councillors would be familiar with the term Asset Management, it is fundamental to the role of Council as managers and stewards of public infrastructure. Robust asset management practices are an integral part of the corporate financial planning process and the delivery of sustainable services to our community.

The Ararat Rural City Council has done an excellent job to date in developing detailed database information on its assets. Our Roads and Bridges data is very comprehensive, and our buildings data is also detailed.

To progress to the next step and gain the advantages of this corporate information the Council must combine all its asset data into a single corporate asset management system. A corporate asset management system has recently been purchased and implementation will occur over the next 12 months for all major asset classes. An essential step to facilitating the ongoing improvement of Councils asset management and financial planning practices is to adopt and implement an Asset Management Policy and Asset Management Strategy, which drives the management of all our infrastructure assets in an integrated manner.

This revised Asset Management Policy is the next step for continuous improvement in the business excellence journey.

POLICY

Ararat Rural City Council's physical infrastructure (non-current assets) has a replacement cost of approximately \$235 million and includes roads, bridges, drains, recreational facilities and buildings. This infrastructure is essential for delivering the services provided by Council.

The purpose of this AM Policy is to outline a framework for the sustainable management of Council's infrastructure. We are committed to:

- Delivering financial sustainability by making decisions that lead to a cost-effective asset base, by focussing on asset renewal, rationalising under-utilised assets and limiting asset expansion unless justified;
- Providing a level of service to the community that responds to community needs;
- Ensuring the services currently provided are available for future generations;
- Providing infrastructure in a condition that supports the services provided;
- Identifying funding to support and maintain our infrastructure; and
- Managing locally while planning regionally.

The Council Plan identifies the following goals which relate to this AM Policy:

- Knowing what assets we own and/or manage (Asset Register);
- Understanding the condition and expected lives of our assets;
- Knowing what 'levels of service' customers want;
- Having processes in place to establish priorities and allocate funds;
- Knowing the long-term funding requirements associated with our assets; and
- Having documented Asset Management Plans detailing levels of service.

Council will set strategic priorities for the development and enhancement of asset management practices including timelines, responsibilities and resources required for implementation, which will be detailed in Council's Asset Management Strategy.

The key outputs will be:

- To incorporate lifecycle costing into all capital investment decisions;
- Development and adoption of an Asset Management Strategy;
- Completion of Asset Management Plans for all major infrastructure categories;
- To integrate AM Policy, AM Strategy and AM Plans into the corporate governance framework;
- Use of Asset Management Plans as a core input to development of Council's Long-Term Financial Plan;
- Development of supporting Policies e.g. Asset disposal, Componentisation; and
- Participation and contribution to Regional Asset Management initiatives.

INTENT

Sound asset management is required to effectively and efficiently manage Council's infrastructure. It is an essential function that enables Council to:

- Respond to community needs;
- Deliver services for current and future generations;
- Support economic and social development; and
- Respond to the changing environment in which we live e.g. climate change and droughts.

It is important to remember that asset management is a way of thinking that begins at the top with the strategic directions given by elected members; continues with the systematic analysis and evaluation that is carried out at management level; and concludes with purposeful action at an operational level.

Robust asset management practices unite council from top to bottom with a clear sense of purpose. Asset Management is a key element of council's integrated planning.

COUNCIL PLAN

This Policy reflects the key directions of the Ararat Rural City Council Plan and details the strategic objective for Asset Management. The Council Plan also provides an overview of core asset management documents used to manage assets at the Ararat Rural City Council.

POLICY

Asset definition

In accordance with the "International Infrastructure Management Manual" an Infrastructure Asset is defined as; "a physical component of a facility which has value, enables services to be provided and has an economic life of greater than 12 months. Dynamic assets have some moving parts, while passive assets have none."

The infrastructure assets to be considered in this AM Policy include such assets as Roads, Footpaths, Kerb and Channel, Street Trees, Bridges, Buildings, Drainage, Playgrounds, Open Space and Sporting Facilities.

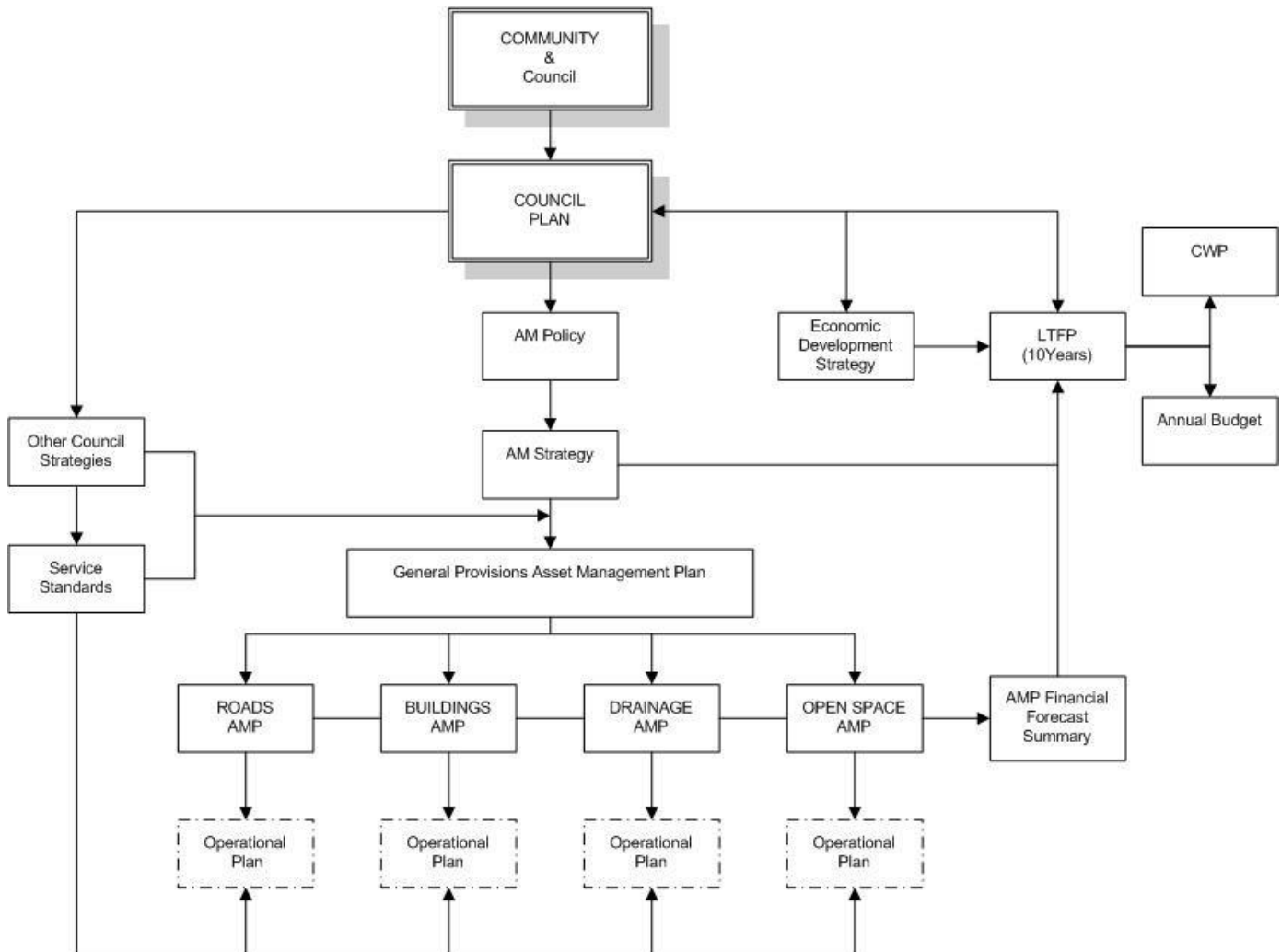
Asset Management Framework

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

The structure of Asset Management within the Ararat Rural City Council works through association with various plans and documents as represented in the following diagram.

Each document has a specific purpose and represents a different level of detail relevant to asset management practices and processes within the Council.

ASSET MANAGEMENT RESPONSIBILITIES AND RELATIONSHIPS STRUCTURE



The following key roles, positions and groups have defined functions as follows:

Service and Assets Team (SAT)

The SAT monitors the development and implementation of the AM Strategy. A key aspect of the implementation of asset management improvements is to have:

- A management decision making this group responsible for the overall improvement program;
- Adequate advice and assistance to ensure the necessary resources (business, technical, financial & other) are available for implementation of prioritised improvement opportunities; and
- The ability to resolve differences between Business Units when necessary, providing leadership & support to the Asset Manager.

Council

- To act as stewards for infrastructure assets;
- To approve the Council Plan and monitor its outcomes;
- To set corporate AM Policy;
- To approve levels of service, risk and cost standards;
- To approve the annual plan and Business Excellence Program in accordance with council policy; and
- To ensure appropriate resources for AM activities are made available

Chief Executive

- To implement the corporate AM strategy with agreed resources;
- To monitor and review performance of Council staff in achieving the AM strategy; and
- To ensure that accurate and reliable information is presented to Council for decision-making.

Asset Manager

- To maintain and update asset registers;
- To develop AM plans for individual asset groups, using the principles of lifecycle analysis;
- To present information to the Council, Chief Executive and relevant Community Committees of Management in terms of lifecycle risks and costs; and
- To coordinate the implementation of AM Improvement Plans.

Asset Management Team

- To deliver levels of service to agreed risk and cost standards;
- To implement tactical plans (such as maintenance programs, capital works programs) in accordance with AM Plan and annual plan;
- To implement improvement plans for individual asset groups;
- To oversee the implementation of the AM Strategy and to make recommendations to the Chief Executive Officer;
- To review, evaluate and make recommendations for capital works programs; and
- To review AM Improvement Plans.

Contracts Manager

- To advise the Asset Manager of changes to assets on contract completion.

Planning Manager

- To advise the Asset Manager of new assets handed over to Council.

AUDIT AND REVIEW PROCEDURES

This AM Policy will be monitored annually by the Service and Assets Team (SAT) via audit and report on the completion and progress of prescribed AM Strategy actions. The Chief Executive / Executive Team shall review compliance with this AM Policy on an ongoing basis and amend the policy as deemed necessary.

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 this document, 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 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.

TERMS/DEFINITIONS

TERM	DEFINITION
AM	Asset Management
AMP	Asset Management Plan
ARCC	Ararat Rural City Council
CWP	Capital Works Plan
LTFP	Long Term Financial Plan
SAT	Services and Assets Team

REFERENCES

International Infrastructure Management Manual
Local Government Act 1989
Road Management Act 2004

APPENDICES
Nil