



## **1. ACQUISITION AND DISPOSAL OF ASSETS**

Policy 1.5

ASSET MANAGEMENT

Version 3

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## **1.5 ASSET MANAGEMENT**

### **OBJECTIVE:**

This Policy has been created to set guidelines for implementing consistent asset management processes across all activities undertaken by Lithgow City Council.

This Policy relates to Council's infrastructure assets, and excludes management of Council's land assets.

This Policy will ensure adequate provision is made for the long-term replacement of major infrastructure assets by:

- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with appropriate levels of service to residents, visitors and the environment;
- Safeguarding Council's assets including physical assets and employees by implementing appropriate asset management strategies and allocating appropriate financial resources to those assets;
- Creating an environment where all Council employees are an integral part and play a proactive role in overall management of Council assets by creating and sustaining an asset management awareness throughout the organisation by training and development;
- Meet all legislative requirements of asset management;
- Ensure resources and operational capabilities are identified and responsibility for asset management is allocated;
- Demonstrate transparent and responsible asset management processes that align with appropriate best practice; and
- Implementing procedures that will ensure that:
  - The right assets are built, rebuilt or disposed of;
  - The assets are managed well; and
  - There is a balance between Council operations, new assets and existing assets.

### **INTERACTION WITH OTHER POLICIES**

- Asset Acquisition Policy 1.2
- Asset Disposal Policy 1.3

## **BACKGROUND:**

- Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of the organisation. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.
- Council owns and maintains a range of non-current assets to support its core business of delivery of service to the community.
- Asset management practices impact directly on the core business of the organisation and appropriate asset management is required to achieve Council's strategic service delivery objectives.
- Adopting asset management principles will assist Council in achieving its Strategic Longer-Term Plan and Long Term Financial objectives.
- A strategic approach to asset management will ensure that the Council delivers the highest appropriate level of service through its assets. This will provide positive impact on;
  - Members of the public and staff;
  - Council's financial position;
  - The ability of Council to deliver the expected level of service and infrastructure;
  - The political environment in which Council operates; and
  - The legal liabilities of Council.

## **PRINCIPLES**

- A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best-practice throughout all Departments of Council.
- This Policy covers all elected members of the Lithgow City Council, all personnel employed by Lithgow City Council, any person or organisation contracted to or acting on behalf of the Lithgow City Council, any person or organisation employed to work on Lithgow City Council premises or facilities and all activities of the Lithgow City Council. This policy does not confer any delegated authority upon any person.
- Council, as custodian of Lithgow City Council assets, will:
  - Ensure the Council's legal obligations are met;
  - Represent the community who pay for and use the assets ; and
  - Ensure the asset / service is maintained for use by present and future generations on a sustainable basis.
- As part of Council's consideration of infrastructure asset management, Lithgow City Council will:
  - Manage its infrastructure and assets in a systematic and sustainable manner;
  - Engage with the community, stakeholders and service providers when determining service standards / level of service every four (4) years (as part of the Community Strategic Plan review), within the first year of each newly elected Council;

- Set levels of service, risk and cost standards after balancing competing demands and considering integrated planning matters;
- Allocate appropriate resources to ensure the timely maintenance and renewal of built and natural assets, so that “life cycle” costs are optimised (existing and new assets);
- Meet legislative requirements for asset management;
- Update asset management plans annually to reflect the position in the Operational Plan for the upcoming financial year;
- Audit progress in Asset Management Plans and strategies on an internal basis every two (2) years;
- All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
- Asset management principles will be integrated within existing planning and operational processes.
- Asset Management Plans will be developed for major service / asset categories. The Plans will be informed by community consultation and financial planning and reporting.
- An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- Asset renewals required to meet agreed service levels and identified in adopted asset management plans and long term financial plans which align with the priority objectives of the Community Strategic Plan will be given high priority for funding in the annual budget estimates, with the service and risk consequences of variations in defined asset renewals and budget resources documented in budget documentation.
- Service levels defined in adopted asset management plans will form the basis of annual budget estimates, with the service and risk consequences of variations in defined services levels and budget resources documented in budget documentation.
- Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.
- Systematic and cyclic reviews will be applied to all asset classes and will ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards.
- Future life cycle costs will be reported and the ability to fund those costs considered in all decisions relating to new services and assets, and upgrading of existing services and assets. Those lifecycle costs will include the eventual disposal / decommissioning costs.
- Future service levels will be determined in consultation with the community.
- Training in asset and financial management will be provided for Councillors and relevant staff.

## RESPONSIBILITIES

To achieve this policy, the following key roles and responsibilities and commitments are identified:

- **Council**  
Councillors are responsible for adopting the policy, allocation of resources, providing high level oversight of the delivery of the organisation's asset management strategy and plan and maintaining accountability mechanisms to ensure that organisational resources are appropriately utilised to address the organisation's strategic plans and priorities.
- **General Manager**  
The General Manager has overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council.

The General Manager shall also ensure that Lithgow City Council's organisational structure identifies responsibility and accountability for implementation of Council's role for custodian of the community's infrastructure assets and meet the associated stewardship requirements.

- **Executive Management Team (EMT)**  
The Executive Management (EMT) has the responsibility of:
  - Ensuring a review of the risks and opportunities involved in the Strategic Asset Management Plan is undertaken;
  - Ensuring resources and funding for Asset Management activities are made available to integrate Asset Management into the corporate governance framework;
  - Reviewing Asset Management Plans annually; and
  - Ensuring that timely, accurate and reliable asset information is presented to Council to allow informed decision-making.
- **Asset Management Working Group (AMWG)**  
The Asset Management Working Group (AMWG) has the responsibility of:
  - Assisting EMT to develop and implement the Asset Management Policy and procedures;
  - Maintaining momentum and co-ordination of the implementation of this Policy and Lithgow City Council's Strategic Asset Management Plan; and
  - Encouraging continuous improvement, innovation and cost effective methods to improve asset management practices.

<b>Maintained by Department:</b>	Operations	<b>Approved by:</b>	Council	<b>Exhibition Date:</b>	24 June 2012
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<b>Attachments:</b>					