
Asset Management Policy

1. The purpose of this policy is

- to set the framework which supports the management of Council's *assets*.
- to set Council's broad corporate goals and objectives for the management of its *assets*.

2. Policy statement

Warringah Council owns and uses *assets* to support its core businesses, namely the delivery of services to the community. Some *assets* are also utilised for Council's own operational needs.

Warringah Council is committed to working towards implementing ***Advanced Asset Management*** practice to ensure service objectives are met at optimal *life cycle* costs.

Warringah Council is committed to managing its *assets* in accordance with recognised best practice. This includes ensuring *assets* are planned, created, operated, maintained, replaced or disposed in accordance with Council's priorities for the services it delivers.

Warringah Council will review and manage its *assets* in accordance with the principles of this policy.

The management of Council's *assets* will be within the framework outlined in Section 3, Principles (Asset Management Framework). The framework is illustrated in Figure 1.

3. Principles

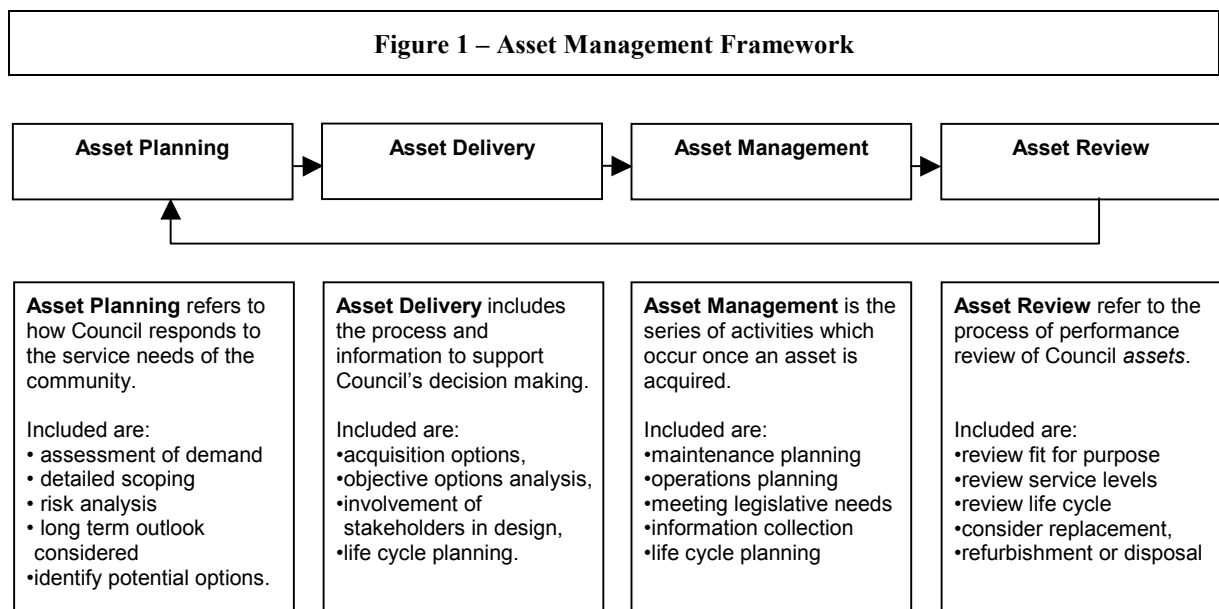
Council will fulfil its obligation to manage its *assets* in accordance with recognised best practice. This will require the establishment of clear linkages between the asset manager, the service provider and the provider of maintenance services and application of the following principles.

The principles are arranged according to the *asset management* framework elements, namely:

1. Asset Planning
2. Asset Delivery
3. Asset Management
4. Asset Review

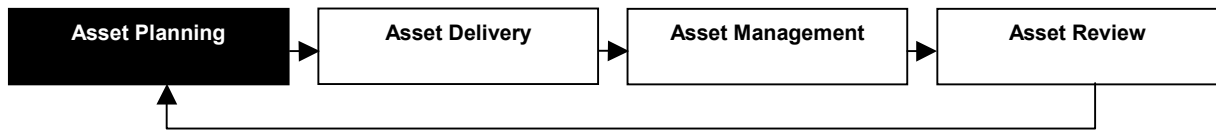
3.1 Asset Management Framework

The management of Council's *assets* will be within the framework outlined below. The framework creates a logical structure for grouping *asset management* functions. When staff are working on tasks it will be possible to easily determine which principles are most relevant to the task at hand.



The principles are listed in dot point form after a brief description of each framework element.

a) Asset Planning



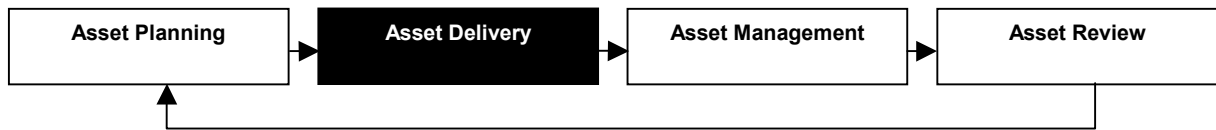
Asset Planning refers to how Council identifies and responds to the service needs of the community.

When undertaking service planning and evaluation, the assessment of *asset* needs to support service delivery gives consideration to:

- Level and nature of demand;
- Changing trends in demand;
- Review of adequacy of existing *assets* and need for new or refurbished *assets*;
- Identifying potential options for meeting demand (e.g. provide *assets*, influence demand, outsource *asset* provision/lease *assets*);
- Consider the need for ongoing provision of existing services.

Asset Planning Principles:

- Clearly identified processes will guide the consideration of new projects.
- Project briefs will be developed to support the allocation of budgets and assist in determining priorities.
- Complex or significant projects will be subject to detailed scoping and analysis. If necessary, projects will be scheduled over two or more financial periods for the investigation, design and construction phases.
- *Risk analysis* at project initiation stages is undertaken to mitigate future Council liability.
- Council's various strategic plans are used as a reference in assessing community needs, level and nature of demand.
- A *Capital Expenditure* Program with a four-year outlook will be developed.
- *Maintenance* Strategies are developed which meet the ongoing need to preserve the value of Council's *assets*.

b) Asset Delivery

This section details the principles that apply once the decision has been made that may require the acquisition of an asset.

This section describes how to best meet the needs of the service recipients by assessing various options.

Council will consider various options to deliver the desired outcome, such as:

- Insourcing;
- Outsourcing;
- leasing of *assets*;
- purchase of *assets*;
- construction of *assets*;
- disposal of *assets*;
- *demand management* and other non-asset initiatives.

Asset Delivery Principles:

In evaluating the merit of options to deliver complex or significant (high value) projects, *financial appraisal*, *economic appraisal* or *value management* techniques will be used.

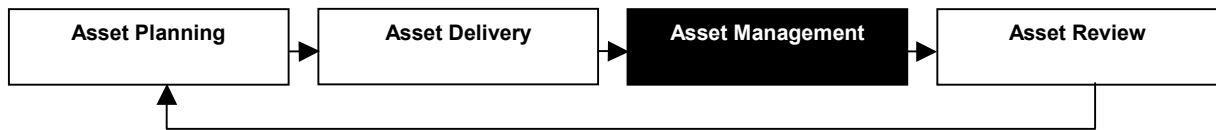
Project briefs will provide an *Asset Management Plan*. The *Asset Management Plan* will provide information on future *maintenance*, *operational* and *refurbishment/disposal* requirements as well as the *level of service* required of the asset.

The *Asset Management Plan* will give consideration to the management of the asset over its whole *life cycle*.

Council will develop a Corporate *Asset Management System*.

Information regarding the creation, *maintenance*, *replacement*, *refurbishment* of *assets* by an *Asset Manager* will be notified to the Asset and Property Branch to ensure accuracy of Council's corporate *asset management systems*.

c) Asset Management



Asset management is the series of activities that occur once an asset is acquired. Specifically, this refers to the *maintenance* and *operation* of assets.

Asset Management applies once Council has acquired the asset. Once the asset is acquired Council has certain obligations. These obligations include:

- develop and maintain *maintenance management* plans;
- maintain the asset at the level required by Council or the users;
- provide budgets to meet maintenance and operational costs;
- meet legislative requirements as applicable;
- maintain registers of asset condition and inspection;
- review asset replacement;
- track the cost of undertaking works on *assets* to meet financial reporting and management requirements;
- clearly identified roles and responsibilities.

Asset Management Principles:

1. Maintenance

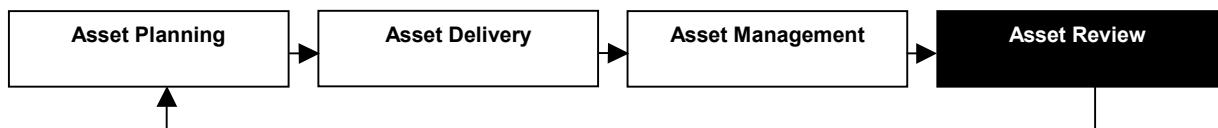
- Council will develop and implement *Maintenance Management Systems*.
- The *level of service* expected from the *assets* is set (Maintenance Standards).
- Council will maintain its *assets* at the standard specified.
- Priorities for maintenance are consistent with the objectives of Council and its Service Units. They are established through a consultative process.
- Information is collected on the gap between what maintenance works are funded by council and that work which is programmed to meet minimum service standards.
- Information, which allows the analysis of *life cycle costs*, is collected.
- Maintenance activity costs are recorded against *assets*.
- Thresholds are established which allow differentiation between maintenance and *capital expenditure*.

- Where the ongoing service of an asset is required, provision is made for *replacement* of *assets* when the life expectancy of the asset is reached.
- Maintenance strategies are developed and used to minimise the *life cycle costs* of holding *assets*.
- Future maintenance trends are identified and incorporated into Asset Planning and Asset Review.

2. Operations

- Information on operating costs and *performance* of *assets* will be collected to inform *life cycle* analysis and hence optimise operating costs.
- Service providers that operate Council *assets* will have input into asset maintenance standards, plans and performance requirements.
- Regulatory changes are monitored and impact assessed.
- Technological changes are monitored and impact assessed.
- Future maintenance and refurbishment needs are predicted and used to inform decision-making.

d) Asset Review



Asset Review refers to the process of performance review of Council *assets*. A review may include consideration of *replacement*, *refurbishment*, *renewal* or *disposal* options when reviewing asset performance.

Asset Review Principles:

- Fit for purpose or suitability of asset for intended use is reviewed regularly.
- *Performance* targets for Council *assets* are established and *performance* against those targets is measured.
- *Assets* that under perform are identified and strategies to improve under performance are developed and implemented.
- *Assets*, which no longer meeting Council or community needs, may be disposed.
- Asset *disposals* will be undertaken in accordance with Council's Asset Disposal Policy.
- *Replacement* or *rehabilitation* of *assets* is forecast and incorporated into Council's forward planning.

4. Amendments

This policy supersedes Councils *Asset management* Policy MG-PL 704.

5. Authorisation

The Asset Management Policy was authorised by Council on November 23, 1999.

The policy is due for review in November 2004.

6. Who is responsible for implementing this policy?

The elected Council, Executive Team, and Service Unit Managers are responsible for ensuring the application of this policy.

7. Document owner

Director, Public Office

8. File number

215.008.000

9. Legislation and references

Local Government Act 1993 (Section 428)

Local Government Asset Accounting Manual

Australian Accounting Standard 27 (AAS 27)

Implementation Guidelines for Asset Management Policy (to be developed)

9.1 Definitions

None.