



Hawkesbury City Council

attachment 1  
to  
item 202

draft asset  
management policy

date of meeting: 29 September 2009  
location: council chambers  
time: 5:00 p.m.





Hawkesbury City Council  
Policy

DRAFT

Asset Management  
Policy

Reported to Council at the  
Ordinary Meeting Held on  
29 September 2009

Hawkesbury City Council





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## 1. PURPOSE

- To guide and direct Council's responsibilities for the efficient and effective management of community assets under its control.
- To outline a framework for developing and implementing a sustainable asset management strategy and plans which meet priority objectives stated in the Hawkesbury Community Strategic Plan.
- To define key principles that will underpin asset management for the council.
- To guide asset management processes which meet the legislative requirements in the *Local Government Amendment (Planning and Reporting) Bill 2009* and the *Local Government (General) Amendment (Planning and Reporting) Regulation 2009*.
- To broadly define Council's approach to asset management and establish a framework to assist community members to form reasonable expectations about Council's capacity to meet current and future levels of service.

## 2. OBJECTIVE

- This policy aims to establish an asset management framework that provides for the sustainable and long-term service of community assets by:
  - ensuring that Council's services and infrastructure are provided reliably, with appropriate and affordable quality levels of service to residents and other stakeholders;
  - safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and financial treatment of those assets;
  - building appropriate asset management systems and asset management awareness across the whole Council;
  - ensuring legislative and regulatory requirements for asset management are achieved;
  - demonstrating transparent and responsible asset management processes, and setting levels of service that is appropriate and match the community's capacity to pay;
  - ensuring sustainability to protect the needs of future generations;
  - ensuring that asset management integrates into the organisation's business processes
  - ensuring risk management is considered;
  - ensuring resources and operational capabilities are identified and provided, and roles and responsibilities for asset management are defined and allocated;

## 3. INTRODUCTION

Hawkesbury City Council is the custodian of approximately \$800 million of community assets which enables Council to provide services to its community. These assets include, but are not limited to roads, drains, bridges, footpaths, buildings, sporting and recreational facilities, parks and reserves.

As a custodian, Council is responsible for effectively accounting for and managing these assets. Council recognises that infrastructure assets are a cornerstone for economic and social development and sustainable local government. A robust planning process is required to ensure that these assets are managed in the most appropriate way on behalf of local communities.



Community assets have been built over a long period of time and some are reaching a stage where major investment is required for their renewal to continue to provide the service. Council is faced with funding cost pressures for maintenance and renewal of these assets due to past underspending, the State Government capping and restricting council's revenue and cost-shifting onto council from other tiers of the government. Council is now faced with the challenge to reduce this accumulated asset renewal funding gap.

To address this emerging pressure and increased community expectation of local governments the NSW Department of Local Government has introduced, in May 2009, a legislative framework an exposure draft *Local Government Amendment (Planning and Reporting) Bill 2009 and the Local Government (General) Amendment (Planning and Reporting) Regulation 2009*. The draft legislation is supported by draft Planning and Reporting Guidelines and the Manual.

The aim of the legislation is to assist councils to put in place a strategic planning framework which is responsive to its community and is sustainable into the long term future.

Specifically the legislative change requires NSW councils to have in place:

- A community strategic plan that covers a period of at least 10 years;
- A resourcing strategy that includes a long-term financial plan, workforce management strategy and an asset management policy, strategy and plans;
- A 4-year delivery program, and
- An annual operational plan that includes a statement of revenue policy and detailed annual budget.

The long-term Resourcing Strategy in the legislation requires Council to prepare an Asset Management Policy/Strategy/Plan(s) in support of the Community Strategic Plan and Delivery program.

#### **4. SCOPE**

This policy applies to all assets under Council's care and control including:

- Roads, transport and associated assets;
- Drainage and environmental stormwater assets;
- Buildings and facilities;
- Parks, reserves, foreshore and recreational assets;
- Wastewater facilities;
- Landfill and solid waste facilities;
- Office equipment (information technology, communication, fixtures + fittings);
- Fleet and plant;
- Cultural assets (artworks, library stock, artefacts and ceremonial items).

#### **5. PRINCIPLES**

Council will implement a total asset management planning framework and will:

- Promote appropriate asset management practices across all areas of Council operation.



- Account for and plan for assets ensuring that assets are planned, created, operated, maintained, replaced and eventually disposed of in accordance with priorities identified in the Hawkesbury Community Strategic Plan and other supporting corporate plans;
- Prepare an Asset Management Strategy and Asset Management Plan/s that support the Community Strategic Plan and Delivery Program;
- Ensure that the asset management strategy and plan/s meet the requirements of the integrated planning and reporting legislative provisions.
- Ensure that the goals set in its Community Strategic Plan take into account the council's asset management realities and are within council's resource capacity;
- Develop and implement a framework for the evaluation and prioritisation of major capital projects;
- Allocate appropriate resources for asset management practices;
- Involve and consult with the community and stakeholders on determining service standards.

## **6. APPLICATION**

- Councillors are responsible for providing the policy direction which, together with the Community Strategic Plan, will enable an asset management strategy and specific asset management objectives, targets and plans to be produced. Councillors are also responsible for ensuring sufficient resources are approved to ensure the efficient and effective management of community assets under council's control.
- The General Manager will have overall responsibility for the development of a corporate strategy to align Council's asset management directions with the Asset Management Policy. The General Manager will deploy staff and allocate the resources required to implement the asset management improvement program required to achieve Council's asset management objectives and to satisfy legislative requirements.
- Council will apply the asset management framework outlined in the integrated planning and reporting legislation having due regard to Council's financial and operational circumstances and given the data, systems and processes available to Council. Council will implement a continuous cycle of review and improvement to enhance its asset management capability.

## **7. IMPLEMENTATION AND REVIEW**

This policy will be reviewed every 4 years in conjunction with the Community Strategic Plan review and Delivery Program.

## **8. ASSOCIATED DOCUMENTS**

- Hawkesbury Community Strategic Plan 2010-2030 - Consultation Draft
- Draft Local Government Amendment (Planning and Reporting) Bill 2009
- Draft Local Government Amendment (Planning and Reporting ) Regulation 2009
- Draft Planning a Sustainable Future - Planning and Reporting Guidelines for local government in NSW 2009
- Draft Planning a Sustainable Future - Planning and Reporting Manual for local government in NSW 2009
- International Infrastructure Management Manual





Table 1 Definitions<sup>1</sup>

<b>Asset</b>	Within this policy asset is used in its broadest sense to refer to a physical component of a facility which has value, enables services to be provided and has an economic life of greater than 12 months. In the context of this policy an asset may be described as an individual and/or network of assets or components owned by Council that serve a community and are required to be maintained at a particular service level by the continuing replacement and refurbishment of components.
<b>Asset Management</b>	The process by which councils manage physical assets to meet current and future levels of service through a systematic and co-ordinated approach using management, financial, engineering and other practices to control the performance, risks and costs of assets over their lifecycle.
<b>Asset Management Plan</b>	A plan which outlines actions, resources and multi-disciplinary techniques required for the life cycle management of assets to support the long-term and cost-effective delivery at specified service levels.
<b>Asset Management Strategy</b>	A corporate framework which specifies the actions to be undertaken by an organisation in relation to asset management capability. The strategy will cover the development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure that desired levels of service and operational objectives are achieved at optimum cost.
<b>Life Cycle Costing</b>	The sum of all the costs associated with an asset including acquisition, installation, operation, maintenance, refurbishment and disposal.
<b>Maintenance</b>	Actions performed to keep an asset operating. Maintenance can be corrective (to rectify a failure); planned (to maintain reliability); or routine (day-to-day activities to keep an asset operating).
<b>Renewal</b>	Works to upgrade or refurbish existing assets with assets of equivalent capacity and performance capability.
<b>Replacement</b>	The complete replacement of an asset that has reached the end of its life so as to provide a similar or agreed alternative level of service.
<b>Level of Service</b>	The defined service quality for a particular activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.
<b>Rehabilitation</b>	Works to rebuild or replace parts or components of an asset to restore it to the required functional condition and extend its life.
<b>Facilities</b>	Include all equipment, as well as physical and environmental assets.

<sup>1</sup> Definitions adapted from *International Infrastructure Management Manual*, Version 3.0 2006