



LEETON
SHIRE COUNCIL

ASSET MANAGEMENT POLICY

December 2022

DOCUMENT CONTROL

RESPONSIBLE OFFICER:	Asset Management & GIS Coordinator				
REVIEWED BY:	Manager Environmental Sustainability				
LINK TO CSP/DELIVERY PROGRAM/OPERATIONAL PLAN:	FOCUS AREA 4. A quality environment – Our built environment is attractive and serviceable.				
DATE ADOPTED:	December 2022				
ADOPTED BY:	Council				
RESOLUTION NO: (IF RELEVANT):	22/196				
FOR PUBLICATION:	<input type="checkbox"/> INTRANET <input type="checkbox"/> COUNCIL WEBSITE <input checked="" type="checkbox"/> BOTH				
REVIEW DUE DATE:	December 2026				
REVISION NUMBER:	Nil				
PREVIOUS VERSIONS:	DATE	DESCRIPTION OF AMENDMENTS	AUTHOR/EDITOR	REVIEW/ SIGN OFF	MINUTE NO (IF RELEVANT)
Nil	December 2022	New Policy	M. Webster	Council	22/196

REVIEW OF THIS POLICY

This Policy will be reviewed every four (4) years or as required in the event of legislative changes. The Policy may also be changed as a result of other amendments that are to the advantage of Council and in the spirit of this Policy. Any amendment to the Policy must be by way of a Council Resolution or the approval of the General Manager.

CONTENTS

- 1. Purpose 4
- 2. Scope 4
- 3. Roles and Responsibilities 4
- 4. Definitions 7
- 5. Legislation and Supporting Documents 9
- 6. Sustainable Asset Management Practices and Policy Procedure 12
 - 6.1 Levels of Service 12
 - 6.1.2 Customer Service Levels 12
 - 6.1.3 Technical Services Levels 12
 - 6.2 Asset Planning and Building and Budgeting - Capital Works 12
 - 6.3 Asset Maintenance and Operations 12
 - 6.4 Condition-based Asset Management 12
 - 6.5 Asset Valuations 13
 - 6.6 Sustainable Capital Work Management 13
 - 6.7 Risk Management 14
 - 6.8 Asset Management Plans - Individual Asset Classes 14
 - 6.9 Training and Continuous Improvement 14

1. Purpose

The *NSW Local Government Act 1993* places a number of obligations on Councils in relation to asset management. Council must account for and plan for all of the existing assets under its control, and any new assets proposed in its Community Strategic Plan (CSP) and Delivery Program (DP).

This policy is the overarching document that will guide Leeton Shire's asset management practices, from sustainable acquisitions and capital work planning and delivery to asset disposals. This document is intended to identify the roles and responsibilities of Council during the decision making process they will undertake on behalf of the residents of Leeton Shire.

Asset management provides a framework to provide accountability, sustainability, efficiency and risk management for Leeton's infrastructure assets and assists with providing fit for purpose assets, that better reflect the communities expectations.

2. Scope

This policy document applies to all infrastructure and other physical assets owned or controlled by Leeton Shire Council, including:

- Land
- Buildings
- Open spaces
- Water and wastewater
- Transport
- Stormwater drainage
- Plant and equipment
- Waste and resource recovery.

This policy document applies to those who conduct any of the following functions on behalf of council:

- Asset owners
- Staff who conduct or coordinate projects
- Staff who conduct or coordinate maintenance activities on Council assets
- Staff who conduct or coordinate condition assessments on Council assets
- Staff who procure items considered an asset within the definitions of this document
- Staff responsible for the disposal of assets
- Staff and Councillors who approve or manage financial expenditure.

3. Roles and Responsibilities

The following roles and responsibilities are associated with asset management.

General Manager

- General Manager has overall responsibility for the development of an Asset Management Policy (AMPo), Strategic Asset Management Plan (SAMP), Asset Management Plan (AMP) and reporting on the status and effectiveness of asset management within the Council.

Councillors

- Councillors should provide community input into the assets that are owned and controlled by council.
- Adoption of the AMP, SAMP and AMP.
- Approve suitable levels of service and financial budgets to enable successful management of Council assets and infrastructure.
- Approve the appropriate resources for asset management activities in the Long-Term

- Financial Plan (LTFF), Delivery Program (DP) and Operational Plan (OP).
- Approve asset provision and maintenance through the DP and OP.

Senior Management Team (SMT)

- Provide leadership and direction in the development and implementation of the AMPo.
- Support the operation of the Asset Management Steering Committee and ensure its direction meets Council and the community objectives.
- Ensure that accurate and reliable information is presented to Council for decision-making.
- Ensure that adequate resources are provided to implement the SAMP and AMP.
- Ensure compliance with legislative requirements relating to asset management and ensure that environmental, social, economic and governance standards are considered in asset management.

Steering Committee

The Asset Management Steering Committee will operate under terms of reference intended to provide consistency in meeting outcomes.

The Asset Management Steering Committee stakeholder base will include:

Role	Position	Function provided
Executive sponsor	Group Manager Operations	Support the outcomes from the Committee.
Chair	Manager Environmental Sustainability	Chair meetings, ensure meeting documents are distributed and champion Asset Management objectives.
Vice Chair	Asset Management & GIS Co-ordinator	Act in the place of the Chair as required and champion Asset Management objectives.
Financials	Manager Finance	Provide guidance such as whole of life costings and accounting support.
Work Health & Safety	Manager WHS, QA & Risk	Assist in assessing risks, documenting risks in the corporate risk register.
Secretarial	Operations BSO	With the support of the Chair, develop meeting agendas, minutes, and other relevant documents.
Asset Manager	Manager Roads & Drainage Manager Water & Wastewater Manager Open Spaces & Recreation Manger ITC	Attendance to meetings as required during the review of a project relevant to their department or during Asset Management Plan review periods.
Business alignment	IP&R Coordinator	Integrated Planning and Reporting support intended to provide alignment to the IP&R framework.

The responsibilities for the roles above are outlined below:

- Provide leadership and direction in the development and implementation of the AMPo.
- Facilitate a strategic approach to the delivery of the AMP, SAMP and ensure all asset management activities are aligned to the AMPo principles and objectives.
- Champion the Asset Management Strategy AMS across Council and drive behavioural change.
- Understand organisational risk and provide recommendations to SMT and Asset Managers for reduction of risks.
- Champion and review sustainability in design, construction and whole of life costings of proposed projects.

Asset Management & GIS Coordinator

- Support strategic goals of asset management within Council.
- Maintain and act as the custodian of asset data and asset systems.
- Provide strategic direction to other stakeholders to assist in making informed whole of life decisions on assets from conception to disposal.
- Maintain and update AMPo.
- Maintain and update AMP templates.
- Support updating and maintaining of AMP.
- Undertake revaluations in conjunction with the financial department.
- Update and maintain Council's asset data and systems.
- Oversee asset condition inspections and ensure adequate data is obtained.
- Promote and raise awareness of asset management to Council, staff, key stakeholders, and the community.
- Support development of yearly works plans and long-term asset renewals.
- Support the development of financial planning models for asset related services over the asset's life cycle.

GIS Officer

- Support strategic goals of asset management within Council.
- Support the upkeep of asset data and asset systems.
- Gather and maintain spatial and attribute data for new or existing assets.
- Updating of spatial and attribute data for existing assets.

IP&R Coordinator

- Support strategic goals of asset management within Council specifically where organisational alignment is required.
- Support the upkeep of asset management documentation.

Asset Managers/Owners/Project Managers

- Development and implementation appropriate AMP with support from the Asset Management and GIS Coordinator.
- Monitor and review the implementation of the AMPo, SAMP and AMP.
- Continually seek innovative ways to meet service needs.
- Promote and raise awareness of asset management to Councillors, Staff, key stakeholders, and the community.
- Consider 'whole of life costings' of new asset acquisition.
- Responsible for providing asset data for all new, rehabilitated or upgraded assets to the Asset Management and GIS Coordinator.
- Evaluate and prioritise capital works projects and maintenance programs.
- Provide advice on strategic plans, land use planning and major developments.
- Ensure all statutory maintenance requirements are being met.

Finance Staff

- Responsible for all financial accounting requirements associated with asset financials.
- Provide guidance on valuations related to accounting standards.
- Supply financial information related to capital projects.
- Ensure alignment with financial and asset system values.
- Provide direct support to whole of life costing calculations.

Operational Staff

- Responsible for the safe and compliant maintenance, recording, and entry of data via the asset management system.
- Informing asset owners of known issues or risks that could affect the ongoing performance and operation of Councils infrastructure.

Manager WHS, QA & Risk

- Support the strategic goals of asset management within Council, having a specific focus on asset related risks.
- Maintain and act as the custodian of Councils corporate risk register and updating related risks on the register.
- Provide strategic direction to other stakeholders to assist in making informed risk-based decisions on assets.

4. Definitions

Asset management is the combination of environmental sustainability, financial considerations, local economy, engineering practices and community needs applied to physical asset decisions. Asset management aims to provide the required level of service in the most sustainable manner possible.

Within this document an asset is defined as a physical resource with an economic value that Council owns or controls with the expectation that it will provide a service either direct or indirect for the community of Leeton Shire.

Asset (New)

An asset that has not previously been in service, provides a service for the community of Leeton Shire whereby the following criteria is also be met:

- Financial attributes relating to an asset are recorded in the Council's financial system.
- Inventory attributes relating to an asset are recorded in the Council's asset management system.
- Work Order related in installation of asset has been closed.

Asset (Replacement)

Replacement occurs when an asset is replaced with another asset of similar functionality, since the existing asset is no longer able to provide an acceptable level of service to the community.

Asset (Renewal)

The service level of the asset is restored to a state that meets council's current requirements.

Asset (Upgrade)

The service level of the asset is enhanced to a state that exceeds the assets original performance.

Asset Management Strategy (AMS)

Consists of 3 components consisting being:

- an Asset Management Policy (AMPo)
- a Strategic Asset Management Plan (SAMP)
- Asset Management Plans (AMP).

Asset Management Policy (AMPo)

The overall intentions and direction of the organisation relating to assets and the framework for the control of asset related processes and activities that are driven by and consistent with the organisational strategic plan.

Strategic Asset Management Plan (SAMP)

Refer to the overarching document that sets out Leeton Shire Council's long-term management for all existing assets under its control. It is a high-level strategic document that captures the relationship between organisational objectives and how these translate into Asset Management objectives.

Asset Management Plan (AMP)

Refers to the long term plan that outline the asset activities for each service based on Council's understanding of the community's requirements, asset conditions, performance, and legislation.

Asset Register

A record of asset information considered worthy of separate identification including inventory, historical records, condition, construction, technical and financial information.

Asset Owner

Managers of a specific function where the maintenance, operation and controlling responsibility of an asset or multiple asset classes sits.

This is typically the head of a department segmentation within the Council organisation who has delegation and control over specific asset classes. Asset owners are responsible for the AMP within their department including the review and upkeep of the documents with support from the asset management department.

Capital Works

Refers to the creation of a new asset, space or to change the use, function or layout of an existing asset or space. Capital works may include provision of new buildings, roads, water, or sewer infrastructure.

Lifecycle Cost (Whole of life)

Covers the stages of an asset's life, planning, design, construction, acquisition, operation, maintenance, renewal, rehabilitation, and disposal. The lifecycle cost is the total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, renewal, rehabilitation, and disposal costs

Statutory Maintenance

Refers to planned maintenance that is compulsory to meet legislative requirements under Acts, regulations, or other statutory instruments; including standards and codes referred to in an Act, regulation, or statutory instrument e.g. hydrant maintenance and RCD testing are legislated maintenance activities.

Preventative Maintenance

Refers to planned maintenance that is not compulsory under any acts, regulations or other statutory instruments but is undertaken to maintain a reasonable level of service and reduce the likelihood of downtime of an asset or system. For example, sewer pump station inspections and gutter cleaning.

Reactionary Maintenance

Refers to maintenance that is undertaken to restore the desired function to an asset; e.g., partial replacement of a water main after a burst or repairs to potholes.

Predictive Modelling

Means predicting an asset's future performance based on current capital and operational values, and asset conditions.

Estimated Remaining Useful Life

The remaining period the asset is expected to be available for use and provide a reasonable level of service.

Replacement value

The value required to replace the existing asset with a modern equivalent. The asset does not need to be identical but should be fit for purpose.

Fair value

Is defined in Australian Accounting Standards AASB 13 and AASB 116 as follows:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Levels of Service

The defined service quality for a particular service or activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability, and cost.

Risk Management

The application of a formal assessment process to identify priorities relating to key factors associated with a risk. The risk assessment process will factor in such items as, cost, condition, likelihood of failure, consequences of failure and reputational risks.

5. Legislation and Supporting Documents

Pursuant to section 8(c) of the *Local Government Act 1993*, Councils are obligated to follow Integrated Planning and Reporting (IP&R) principles.

Council is required to identify and prioritise key local community needs and aspirations. Council should develop activities and prioritise actions to work towards strategic goals, derived from community needs and aspirations. The identified actions and goals should be regularly reviewed and evaluated to ensure they can be completed within Council resources and maintain an integrated approach to planning, delivery, monitoring and reporting of strategic goals.

Related Policy Documents:

- Long Term Financial Plan
- Delivery Program
- Operational Plan
- Strategic Asset Management Plan
- Asset Management Plans for each asset class.

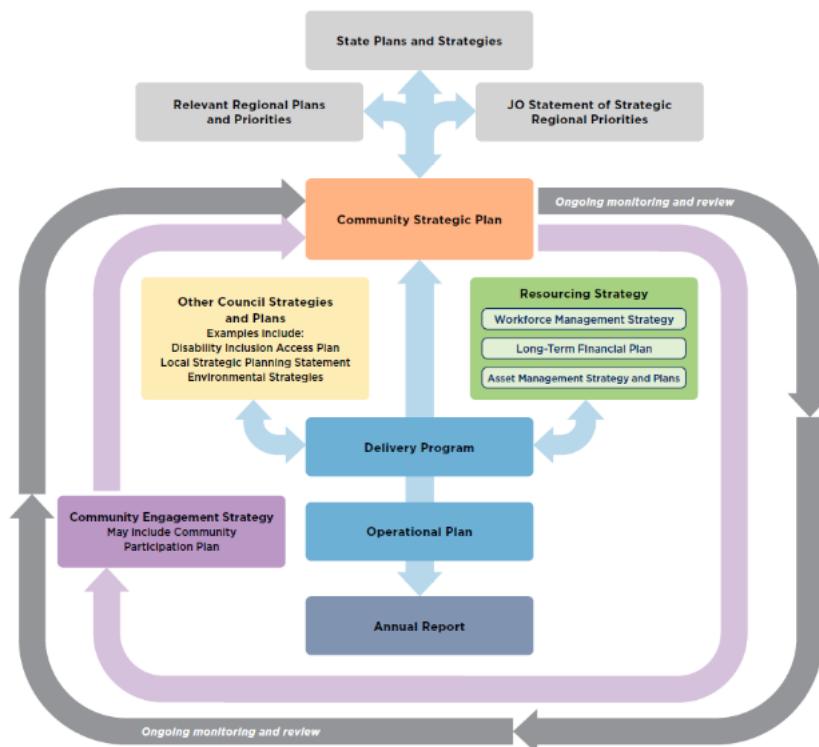


Figure 1 - IPR document - <https://www.olg.nsw.gov.au/wp-content/uploads/2021/09/Integrated-Planning-and-Reporting-Guidelines.pdf>



Figure 2 -LSC Asset Management Framework.

Water and Wastewater:

Legislation	Requirement
<i>Local Government Act 1993</i>	Sets out roles, purpose, responsibilities, and powers of local governments including the preparation of a long-term financial plan supported by asset management plans for sustainable service delivery.
<i>Water Management Act 2000</i>	Provides a legal basis for water planning, the allocation of water resources and water access entitlements, as well as guidance on the application of developer charges.
<i>Environmental Planning and Assessment Act (1979)</i>	The Act requires that the environmental impact of projects be studied at all stages based on scale, location and performance.
<i>Protection of Environment Operations Act (1997)</i>	The Act requires licenses for activities with potentially significant environmental impacts. Prosecution may be carried out under this act for any chemical leakage, spill and disposal of wastes or similar
<i>Work Health and Safety Act (2011)</i>	All operational and maintenance activities by the Council are undertaken according to WHS requirements.
<i>Independent Pricing and Regulatory Tribunal Act (1992)</i>	The Independent Pricing and Regulatory Tribunal has developed a set of consistent pricing principles/guidelines to be adopted by Local Government authorities.
<i>Public Health Act (2010)</i> Public Health Regulations 2012	Requires all water authorities to develop Drinking Water Management Systems. Bestows certain powers on NSW Health with respect to provision of safe drinking water, including ability to enter treatment facilities, order mandatory testing or obtain information about the drinking water and powers to close a water supply. Council is required to issue public advice regarding the water supply when directed by the Chief Health Officer of NSW Health.

Transport:

Legislation	Requirement
<i>Local Government Act 1993</i>	Sets out roles, purpose, responsibilities, and powers of local governments including the preparation of a long-term financial plan supported by asset management plans for sustainable service delivery.
<i>NSW Roads Act 1993</i>	Sets out the rights of passage along public roads, allows access to public road from adjoining land, opening, and closing of road. To provide classification and function of roads and the carrying out of activities on public roads
WHS Legislation	Sets out roles and responsibilities to secure the health, safety, and welfare of persons at work and covering injury management, emphasising rehabilitation of workers particularly for return to work. Organisations are to provide a safe working environment and supply equipment to ensure safety.

Buildings:

Legislation	Requirement
Local Government Act 1993	Sets out role, purpose, responsibilities, and powers of local governments including the preparation of a LTFP supported by AMP for sustainable service delivery.
Building Code of Australia	Sets the minimum compliance standards for new buildings, additions & renovations
<i>Work Health & Safety Act 2011</i>	Sets out roles and responsible to secure the health, safety, and welfare of personal at works.
Children's Services Regulation (2004)	Sets functional and operational standards for childcare facilities
Disability (Access to Premises-Buildings) Standards	Sets minimum accessibility standards for new AND existing buildings when carrying out renewal or upgrade works.
<i>Heritage Act 1977</i>	An Act to conserve the environmental heritage of the State.
<i>Environmental Planning and Assessment Act 1979</i>	This legislation considers approval requirements for buildings when constructing as new or modifying existing buildings. It also contains requirements for existing buildings that may not necessarily be undergoing any modifications.
Various Legislated Australian Standards	Sets the minimum compliance standards for new buildings, additions, renovations and statutory maintenance requirements specific to licenced trade services.

6. Sustainable Asset Management Policy Procedure

6.1 Levels of Service

6.1.2 Customer Service Levels

Council should undertake community consultation on regular intervals, to identify community needs for the services provided. The findings of the community consultation will be reviewed, and the Council will endeavour to ensure that Council assets support the service delivery needs of the community.

6.1.3 Technical Service Levels

Asset-class service levels are based on technical evaluations and will be recommended by asset owners, in consultation with respective managers. The technical service levels will be financially supported where deemed appropriate, by SMT through the Council's budget approval process. SMT will provide recommendations of technical service levels to Council for consideration.

Identified service level gap(s) for each asset class will be reflected in the AMP for appropriate decision-making considerations by SMT and the Council.

6.2 Asset Planning and Budgeting - Capital Works

AMPs should provide key inputs to Council's decision-making process in determining funding of capital works programs. All 10-year capital works programs and maintenance programs for individual asset classes should be guided by respective AMPs. Acquisition of new assets should be supported by a whole of life costings analysis developed as part of the approval process.

6.3 Asset Maintenance and Operations

AMPs will be developed to include maintenance plans, ensuring that the Council's assets are managed by balancing costs, risk, and performance to deliver agreed levels of service to the community. Council will undertake preventative maintenance programs on assets strategically, based on service levels, routine inspection and risk to community and staff.

All asset maintenance and operation activities should be reviewed annually to ensure that asset life cycle activities undertaken by the Council are consistent with industry best practices, conform to current industry standards and cover legislative requirements.

6.4 Condition-based Asset Management

Council will endeavour to undertake maintenance, rehabilitation, and renewal work on assets by condition data and align them to capital work plans. Condition rating information of assets where applicable, will be recorded and retained in the asset registers.



Figure 3 - NAMS plus diagram for asset lifecycle

6.5 Asset Valuations

Valuations should be completed on a cycle, once every 5 years for each asset class. Where comprehensive valuations are required, this should be completed by an external independent valuer with relevant experience and qualifications. Desktop valuations should be completed yearly, or as required by suitably qualified staff.

Infrastructure assets should be componentised to appropriate subcomponents to allow for long life and short life assets. Where there is an active and reliable market, Infrastructure assets will be valued at market value. Remaining asset will be valued by determining the current cost to replace the required service capacity i.e., modern replacement asset.

The raw cost of material, as well as plant and labour hire rates, are established through communicating directly with suppliers and obtaining quoted prices, by using cost guides and reviewing prices from recent works. Intangible assets are estimated using industry standards, these rates are then tailored to suit Leeton Shire Council.

Condition assessments will be undertaken to confirm asset suitability before commencement of valuations. Condition assessments will be managed by Council Staff with appropriate expertise, knowledge, and experience.

6.6 Sustainable Capital Work Management

Council should manage its assets responsibly to ensure that any negative impact on the long-term sustainability of the Council is minimised throughout the whole life cycle of the asset. Asset decisions should provide optimal social, environmental, and economic outcomes for the Community, while minimising negative impacts during the asset lifecycle.

Council should always assess the priority of the project as close as practical to the planned implementation of the project, with the intention of accurately assessing when the work should be completed. Inaccurate levels of service provided to assets will have negative impacts in achieving strategic objectives and risks mitigation. Correct service levels and frequencies should be implemented across all asset classes.

Prior to proposing a new project council should undertake a sustainability appraisal to ensure that social, environmental, and economic impacts are appropriately considered. The capital work sustainability appraisals should be undertaken, and where possible utilise expert knowledge in environmental, infrastructure engineering, asset management, financial and social impact fields. This sustainability appraisal should identify key factors such as:

1. Initial capital costs.
2. Staff resourcing requirements.
3. Whole of life costings including ongoing maintenance costs.
4. Operational staffing requirements.
5. Minimise energy and water use, waste generation and air quality impacts through our own initiatives.
6. As much as practicable Council should utilise low energy products, sustainable infrastructure materials and methodologies. Capital works projects should incorporate a sustainability criterion into infrastructure projects and procurement.

AMPs should incorporate and consider outcomes and recommendations from the sustainability appraisal in developing asset management strategies relating to the acquisition, maintenance, renewal, and replacement of assets.

6.7 Risk Management

Risk Management will form an integral part of the asset management process in the service delivery of the Council's assets to the community. Asset related risks will be added to the corporate risk register where the identified critical assets will be compiled and maintained.

6.8 Asset Management Plan – Individual Asset Classes

AMP templates will be updated and maintained by the Asset Management Coordinator, in consultation with asset owners and SMT. Asset owners will maintain an AMP for assets they have delegated responsibility.

AMPs are to be reviewed annually by the asset owners by the **30 November** each year. AMPs need to be updated and revoted in each Council term.

6.9 Training and Continuous Improvement

Council is committed to continual improvement of its asset management processes and procedures. Staff skills required to fulfil the asset management policy objectives should be reviewed and training provided to accommodate obtaining these skills.