



Council Policy – No. 184	Adopted:	21 March 2011
	Amended:	
Version: 1		

TITLE:	Pittwater Asset Management Policy
STRATEGY:	Asset Management Coordination Strategy
BUSINESS UNIT:	Urban Infrastructure
RELEVANT LEGISLATION:	Local Government Act 1993 No. 30 Local Government (General) Regulation 2005
RELATED POLICIES:	NSW Division of Local Government Planning & Reporting Manual (2010) International & Australian Standard AS/NZS/150/31000:2009 - Risk Management - Principles & Guidelines Australian Accounting Standard (AAS27)

1.0 Objectives

The Pittwater Asset Management Policy establishes the principles for Asset Management Planning activities by Pittwater Council.

The Asset Management Planning is to support the:

- Pittwater's Community Vision (2020 Pittwater Strategic Plan) 'To be a vibrant sustainable community of connected villages inspired by bush, beach and water'

and the goals set in the Strategic Plan:

- To encourage Pittwater's villages to be liveable and amenable
- To maintain public assets to an acceptable level
- To maintain relevant facilities and services within Pittwater.

2.0 Policy Statement

Pittwater Council acknowledges that:

Adopting an asset management planning approach that utilises best practice principles, processes and procedures for the management of all assets owned by the Council, is to help provide efficiency and transparency in achieving the strategic objectives of Council.

The elements of best practice applicable to asset management planning incorporate:

- An Asset Management process and procedure that fits within the Pittwater Community Strategic Planning Framework.
- Asset management planning that forms a component of the Pittwater Resourcing Strategy that inputs into the Pittwater Delivery Program.

- An asset management planning system that comprises three documents:
 - Pittwater Asset Management Policy (this document)
 - Pittwater Asset Management Strategy
 - Pittwater Asset Management Plan
- A sound asset management protocol that applies legislative requirements that addresses:
 - Governance
 - Value for money based on 'whole of life' cost
 - Sustainability
 - Management of risk
 - Climate Change
 - Building and maintaining capacity
 - Asset management responsibility
 - Financial management
 - Performance management

3.0 Application of this Policy

This Policy applies to management, maintenance, renewal, upgrade, disposal and provision of new assets which are the responsibility of Pittwater Council.

4.0 Definitions

Act - Local Government Act 1993 No 30

Asset - a resource controlled by Council as a result of past events and from which future economic benefits are expected to flow to Council

Asset Management - the systematic and coordinated activities and practices through which an organisation optimally manages its physical assets and their associated performance, risks and expenditure over their lifecycle for the purpose of achieving its organisational strategic plan. *[Reference: Asset Management Standard Public Available Specification 55 (PAS55) published by the British Standards Institute]*

Regulation - Local Government (General) Regulation 2005

5.0 Asset Management Elements

5.1 Pittwater Community Strategic Plan

The Strategic Plan establishes five (5) Key Directions supporting twenty (20) strategies as follows:

Strategic Planning Framework

Key Direction 1 - Supporting and Connecting our Community

- Building Communities Strategy
- Recreational Management Strategy

Key Direction 2 - Valuing and Caring for Our Natural Environment

- Beach & Coastal Management Strategy
- Biodiversity Strategy
- Sustainability and Climate Change Coordination Strategy

- Vegetation Strategy
- Waste Management and Pollution Control Strategy
- Water Management Strategy

Key Direction 3 - Enhancing our Working and Learning

- Community Learning Strategy
- Economic Development Strategy

Key Direction 4 - Leading an Effective and Collaborative Council

- Business Management Strategy
- Community Engagement, Education and Awareness Strategy
- Disaster & Emergency Management Strategy
- Information Management Strategy
- Risk Management Coordination Strategy

Key Direction 5 - Integrating our Built Environment

- Asset Management Coordination Strategy
- Energy Efficiency Strategy
- Land Use and Development Strategy
- Town and Village Strategy
- Traffic and Transport Strategy

The Asset Management Policy, Strategy and Plan come under the Asset Management Coordination Strategy.

5.2 Pittwater Resourcing Strategy

The Local Government Act 1993 requires that:

'A Council must have a long term Resourcing Strategy for the provision of resources required to implement the strategies established by the Community Strategic Plan that Council is responsible for.'

The Pittwater Resourcing Strategy consists of three components:

1. Long term financial planning
2. Workforce management planning
3. Asset management planning

- **Long Term Financial Planning component**

The Long Term Financial Planning process is the basis for future funding for asset maintenance renewal and the provision of new infrastructure. The Long Term Financial Plan is a 10 year Plan.

The Long Term Financial Plan includes:

- Planning assumptions used to develop the plan
- Projected income and expenditure, balance sheet and cash flow statement
- Sensitivity analysis (factors/assumptions most likely to affect the plan)
- Financial modelling for different scenarios eg. planned/optimistic/conservative
- Methods of monitoring financial performance

The Long Term Planning process is built on four foundations:

- Planning assumptions
- Revenue forecasts
- Expenditure forecasts
- Sensitivity analysis

The Long Term Financial Planning relies upon input from the Asset Management Planning to determine the revenue and expenditure forecasts.

- **Workforce Management Planning component**

The Workforce Management Planning is to comprise a workforce strategy that addresses the human resourcing requirements of the Delivery Plan. The Workforce Management Planning relies upon input from the Asset Management Planning to determine the forward workforce requirements.

- **Asset Management Planning component**

The Asset Management Planning is the third tier of the Resourcing Strategy. The Asset Management Planning inputs into the:

- Long Term Financial Planning
- Workforce Management Planning

with all three planning documents forming the Pittwater Resourcing Strategy.

The Resourcing Strategy subsequently feeds into the Delivery Plan and Operational Plan.

5.3 Asset Management Planning

Asset Management Planning comprises three documents:

1. Pittwater Asset Management Policy (this document)
2. Pittwater Asset Management Strategy
3. Pittwater Asset Management Plan

- **Asset Management Strategy**

The Pittwater Asset Management Strategy (January 2011) is a 'living' document with a minimum timeframe of 10 years and is to be updated on a two to four year cycle.

The Asset Management Strategy includes the following items:

- Coverage - asset classes
- Strategic asset management
- Strategic plan initiatives and directions
- Community priorities
- 2020 strategic plan performance measures and targets
- Customer levels of service
- Technical levels of service
- Levels of service, current performance and performance targets
- Approach to future levels of service and performance targets
- Financial forecasts

- Organisational structure and asset management responsibilities
- Asset management system and software
- Data collection and validation
- Strategic objectives and asset management
- Gap analysis
- Issues identified by the gap analysis
- Improvement plan
- Asset management plan framework

The development of the asset management capacity of the Council is set out in the Strategy Improvement Plan providing timeframe objectives.

- **Asset Management Plan**

The Pittwater Asset Management Plan is to be a 'living' document outlining actions and resources to provide a defined level of service in the most cost effective way. The Plan is to be divided in sections based on asset class with the sections to be progressively built initially over a three year period with each section reviewed and updated on a regular basis.

The Pittwater Asset Management Plan for each asset class is to include:

- The best available information on condition/performance sampling
- A simple risk assessment to identify critical assets and strategies to manage those risks
- A description of existing levels of service
- Long term cash flow predictions for asset operation, maintenance and renewals based on local knowledge of assets and options for meeting current or improved levels of service and for serving the projected population
- Financial and critical service performance measures against which trends and Asset Management Plan implementation and improvement can be monitored.

The key components of the Plan are:

- Purpose of the Plan
- Description of asset group and services delivered
- Asset data information
- Condition assessment
- Level of Service
- Influence of future demand and impact of changing demand
- Lifecycle management strategies
- Financial summary including long term cash flow projections for each asset group
- Link to the Community Strategic Plan, Long Term Financial Plan, Capital works and maintenance programs.

5.4 Asset Management Protocol

5.4.1 Governance

Structure

The Council has established an asset management responsibility structure to ensure accountability and auditability of all asset management decisions made over the lifecycle of all Council assets.

The management of assets is based on a business unit model ensuring that the management of the asset is undertaken by the designated business unit and delegated the responsible manager to the Council officer responsible for the asset in accordance with the Asset Management Plan requirements.

The asset management system being the policy, strategy plan, asset management planning and asset management software system is managed on a centralised basis.

Standards for Management of Assets

The management of assets is to be carried out to the professional standards and in compliance with:

- Local Government Act 1993 No 30
- Local Government (General) Regulation 2005
- Roads Act 1993
- Australian Codes and Standards

Standards for Asset Management System

The key components or tools in a Council's asset management system are to include:

- Asset registers
- Asset condition assessments
- Asset maintenance and management systems
- Strategic planning capabilities
- Predictive modelling
- Deterioration modelling
- Risk analysis
- Lifecycle costing

and is to be undertaken in accordance with the International Infrastructure Manual (2000) IPWEA.

Record Keeping

Records for all activities relating to the management of assets must be kept and recorded in the Council record management system.

Records of all asset management activities must be kept in a centralised asset management system which must consist of a single database but may encompass several software systems best suited to manage the individual asset class.

5.4.2 Achieving Value for Money

The Council's asset management activities are to be carried out on the basis of obtaining value for money.

This means minimising the total cost of ownership over the lifetime of the asset through adopting a lifecycle costing combined with performance measurement approach.

Lifecycle Costs

The four phases of an asset management lifecycle of a Council asset is:

- Acquisition
- Operation and maintenance
- Renewal
- Disposal

The analysis of the asset investment options is to be based on the total lifecycle including ongoing operation and maintenance expenditure, future renewal and disposal of the asset.

5.4.3 Sustainability

Sustainability comprises an important component of the asset management process:

Sustainable Objectives

The specific objectives for sustainability are to:

- Minimise waste - manage assets in accordance with avoid, reduce, reuse and recycle strategies.
- Save water and energy - manage assets to save energy and/or water.
- Minimise pollution - manage assets to ensure that the activity does not pollute soils, air or waterways.
- Eliminate toxic products - manage assets to avoid hazardous chemicals that may be harmful to human health or ecosystems.
- Reduce greenhouse emission - manage assets to reduce greenhouse gas emissions
- Achieve biodiversity and habitat protection - manage assets to achieve biodiversity and conservation objectives.

Sustainable Actions

In delivery of the specific objectives, Council is to pursue the following actions to:

- Eliminate unnecessary inefficiency, waste and expenditure.
- Contribute to the combined purchasing power of local government to further stimulate demand for sustainable products.
- Advance sustainability by participating in 'closing the lifecycle loop'.
- Increase awareness about the range and quality of asset options available.
- Delivery Council's commitments in relation to ecologically sustainable development (ESD) and other environmental and social objectives.

- Play a leadership role in advancing long term social and environmental sustainability.

Council acknowledges that it has a vital role to play in promoting sustainable infrastructure and can make a contribution towards meeting the global challenges of creating a sustainable society.

5.4.4 Management of Risk

Risk Management is to be appropriately applied at all stages of the asset management process which must be properly planned and carried out in a manner that will protect and enhance the Council's assets.

Council's Risk Management Guidelines and Plan are to be applied to the asset management system generally.

The risk management process is to focus on identifying and mitigating threats (especially threats from natural hazards) whilst fully taking advantage of opportunities. The overarching context is the prudent management of Council property, assets and resources.

The Risk Management process for Asset Management is to:

- Adopt the risk management principles as set out in the International and Australian *Standard AS/NZS/ISO/31000:2009 - Risk Management - Principles and Guidelines*
- Identify agreed success measures for managing assets.
- Ensure that threats and opportunities are identified, evaluated, treated, monitored and communicated, in accordance with the processes described in ISO 31000 Risk Management.
- Ensure that the assets owned by Council are fit for their intended purpose.
- Ensure safe and secure systems or work are implemented and maintained.
- Ensure the Risk Management Program is effectively supported by consultation and communication with all stakeholders

5.4.5 Climate Change

Potential climate change impacts on Council assets are to be considered and assessed in terms of the economic life cycle of assets.

Climate change impacts are to be addressed as part of ongoing risk management strategies for existing assets and in decision making on new assets.

Adaptation options for replacement or renewal of assets, including potential emission reduction aspects, are to be assessed within a standard cost benefit framework.

- Existing assets
Strategic risk assessments taking into account expected climate risks within relevant timeframes are to be appropriately applied at all stages of the asset management process.

- New assets

Assessments taking into account expected climate change impacts over the expected life cycle of the project.

5.4.6 Building and Maintaining Asset Management Capacity

Pittwater Council recognises that in order to achieve sustainable value, a strategic approach is required to maintain a system to manage the assets at an acceptable level.

Council must engage staff with high level expertise in asset planning management to lead the project which will be ongoing. It is through the engagement of high level expertise, that Council will commence to build capacity throughout all levels of staff.

Communication

Communication is very important in ensuring a healthy interest by the community and Council staff. The Pittwater Council website is to provide all relevant documents and be updated on a regular basis. The website is to provide:

- Pittwater Asset Management Policy
- Pittwater Asset Management Strategy
- Pittwater Asset Management Plan
- Links to other relevant sites

Continual Improvement

Pittwater Council is committed to continuous improvement with review of the asset management policy, strategy and plan on a regular basis to ensure Council's standards and processes comply with legislation and demand changes.

Staff Training

Pittwater Council is committed to training of Council staff in the asset management process from initiation of asset to the asset end of life.

The specific areas for training of Council staff are to build capacity in the process and deal in the issue of sustainability, risk management, probity issues and Occupational Health and Safety.

5.4.7 Asset Management Responsibility

The Mayor and Councillors' responsibility is to ensure that the Asset Management Policy is implemented and that the long term sustainability of assets within the Pittwater local government area is ensured.

The General Manager and Directors' responsibility is to ensure the ongoing implementation of the Asset Management Policy, Asset Management Strategy and Asset Management Plans across all asset classes.

The Business Unit Manager is responsible:

- As the manager, managing the asset on behalf of the Council
- To ensure that all Asset Management Plans (per asset class) are developed, updated and maintained
- To manage the ongoing improvement and update of the Asset Management Plans to reflect a long-term and sustainable approach to maintaining assets

- To monitor and report on the condition and financial cost of the assets on an annual basis

5.4.8 Financial Management

The principles of responsible financial management are to be applied to all asset management activities.

The financial management of the asset is managed through the designated business unit responsible for the asset.

Council funds are to be used efficiently and effectively to manage the assets and every attempt must be made to contain the costs of managing the asset without compromising any of the asset management principles set out in this Policy.

5.4.9 Performance Management

The performance measure of the asset is to be undertaken on a regular basis in line with the service level requirements. The impact of changes in demand over time on service levels are to be regularly established and accounted for to provide a clear understanding of cost implications across the whole lifecycle of a higher or lower service quality.

The performance management for asset management shall be based on:

Quantitative Performance Measures

- The cost effectiveness of asset delivery across Council
- The cost effectiveness of asset maintenance throughout the life of the asset
- The contribution of assets to the overall growth of the local government area of Pittwater

Qualitative Performance Measures

- Affordable and equitable access to community assets
- Transparency and accountability on decisions made regarding all asset classes throughout the life of the asset
- Sustainability and continuity of service provision throughout the assets lifecycle
- User satisfaction with the services delivered by Council relating to assets
- User satisfaction with the overall conditions of assets across Council

Audit Process

- All Asset Management Plans will be audited on a three to five year cycle to demonstrate compliance with the direction set in the Asset Management Strategy
- All Asset Management Plans will be financially audited annually during Council's corporate wide financial audit process

Continuous Review Process

- The Asset Management Policy will be reviewed as required
- The Asset Management Strategy will be reviewed on a two to four year cycle to reflect the review process of the Community Strategic Plan
- Asset Management Plans are to be progressively built over a three year period and as each component comes on line, the Plan is to be reviewed on an annual basis to set asset maintenance and renewal programs.