



GLAMORGAN  
SPRING BAY  
COUNCIL

Glamorgan Spring Bay Council

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# Asset Management Policy

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Version [7.0]

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## Document Control

<b>Asset Management Policy</b>	
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<b>Department responsible for policy development</b>	Works & Infrastructure
<b>Related policies</b>	<ul style="list-style-type: none"><li>• Strategic Asset Management Plan</li><li>• Long Term Financial Plan</li></ul>
<b>Publication of policy</b>	Website

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# 1 Introduction

## 1.1 Purpose

To set guidelines for implementing consistent asset management processes throughout the Glamorgan Spring Bay municipal area.

## 1.2 Objective

Glamorgan Spring Bay Council will utilise the best asset management practices to meet the following objectives:

1. Establish and maintain a Strategic Asset Management Plan as the primary framework to provide and maintain asset services for current and future generations.
2. Manage Council's assets in a systematic and sustainable manner.
3. Maintain assets in a suitable condition to deliver an affordable and reliable level of service to the community.
4. Allocate adequate resources to allow for maintenance and renewal of assets.
5. Take account of whole of life costs when deciding to create, purchase or accept new assets.
6. Develop transparent and responsible asset management processes in accordance with best practice standards.
7. Maintain affordable and financially sustainable asset management plans for each major asset group.
8. Plan for climate change adaption and mitigation.
9. Satisfy legislative requirements for asset management.

## 1.3 Scope

This policy applies to all asset groups which are owned and maintained by Council.

## 1.4 Definitions

**Assets:** A physical item, with a depreciable value, that is controlled by Council to provide or contribute to the provision of future economic benefits to the community.

**Fair value:** The amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arms-length transaction.

**Maintenance:** Works required to retain an asset as near as practicable to its original condition but excluding rehabilitation or renewal.

**Renewal/Refurbishment:** The restoration, rehabilitation or replacement of an asset to return it to its original service delivery capacity.

**Upgrade/Improvement:** Modification of an asset to allow it to deliver a higher level of service.

**New assets:** Assets created or purchased by Council, or given to Council for the purpose of delivering future economic benefits to the community, generally by the provision of services.

**Asset Management:** The process applied to manage assets over each stage of their service life including asset needs analysis, creation, operation, maintenance, renewal and disposal. The objective of asset management is to ensure the assets deliver the required level of service in the most effective and efficient manner now and into the future.

*Service Level:* A relevant measurable standard or target that reflects the required performance to meet agreed community expectations in relation to the type, quality and quantity of services delivered by Council.

*Written Down Value (WDV):* The gross value of an asset after accounting for depreciation.

## 2 Policy

### 2.1 Background

1. 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.
2. Asset management practices impact directly on the delivery of asset-based services to the community. Disciplined asset management is required to achieve our strategic service delivery objectives.
3. Adopting asset management principles will assist Council in achieving its Strategic Long-Term Plan and Long-Term Financial objectives.
4. The Asset Management Policy is complementary to Council's Risk Management Policy and its implementation assists in meeting the objectives of the Risk Management Policy.
5. A strategic approach to asset management will ensure that the Council delivers a sustainable level of service through its assets. This will provide positive impact on;
  - Community and employees;
  - 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.

### 2.2 Asset Details

This policy applies to all of Glamorgan Spring Bay Council's assets. These assets are essential for the delivery of services to meet the ongoing needs of our community. Council's physical assets are generally managed in accordance with Council's approved Asset Management Plans. These plans cover assets associated with:

Asset Group as at 30 June 2020	Approx. % of Total Asset Value
Road Infrastructure	44%
Bridges	8%
Hydraulic Infrastructure	15%
Buildings	17%
Coastal Infrastructure	6%
Parks & Reserves	6%

Council's *Strategic Asset Management Plan* provides further detailed information on Council's assets and how they are managed.

## 2.3 Asset Life

Council's assets having a limited useful life are depreciated over their useful lives in a manner which reflects the consumption of the service potential of those assets. Land is not a depreciable asset. Adopted asset group lives are:

<b>Asset Group</b>	<b>Life (Years)</b>
Buildings	15-80
Plant & Equipment	2-20
Roads	3-180
Bridges	15-80
Footpaths	20-70
Hydraulic Infrastructure	2 - 100
Coastal Infrastructure	15-50
Parks & Recreation	15

It is noted that some asset lives show a wide range of years corresponding to a range of asset types. For example, the Roads asset group indicates a range of useful life of 10 to 180 years. This is due to the fact that roads are made of individual layers of asset from sub-base to seal. Sub base is barely ever renewed in large areas and has an extremely long life while seal has a short life exposed to weather. Similarly, bridges have a range of 15 – 80 years as timber bridge decks have a shorter life span of 15 years and a concrete bridge structure has a life of 80 years. Hydraulic infrastructure encompasses single phase electric pumps with short lives and concrete pipes with long life.

## 2.4 Principles

A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best-practice throughout all departments of Council. The following are Council's principles for best-practice asset management:

1. Ensuring that the Council's capital assets are provided in a manner that respects financial, cultural, economic and environmental sustainability;
2. Meeting all relevant legislative and regulatory requirements;
3. Demonstrating transparent and responsible Asset Management processes that align with demonstrable best-practices;
4. Implementing sound Asset Management plans and strategies and providing sufficient financial resources to accomplish them by:
  - a) Asset Management plans will be completed for all major asset / service areas.
  - b) Expenditure projections from Asset Management Plans will be incorporated into the Council's Long-Term Financial Plan.
  - c) Regular and systematic reviews will be applied to all asset plans to ensure that assets are managed, valued, and depreciated in accordance with appropriate best practice.
  - d) Regular inspection will be used as part of the asset management process to ensure agreed service levels are maintained and to identify asset renewal priorities.
  - e) Asset renewals required to meet agreed service levels and identified in adopted asset management plans, and when applicable long term financial plans. This will form the basis of annual budget estimates. The level of service and risk consequences of variations in asset renewals and budget resources is to be documented.
  - f) Future life cycle costs will be reported and considered in all decisions relating to new services and assets, and upgrading of existing services and assets.
  - g) Future service levels with associated delivery costs will be determined in consultation with the community.

- h) Ensuring necessary capacity and other operational capabilities are provided and Asset Management responsibilities are effectively allocated;
- i) Creating a corporate culture where all employees play a part in overall care for the Council's assets by providing necessary awareness, training and professional development; and,
- j) Providing the community with assets at levels of service for which they are willing and able to pay.

## 2.5 Responsibilities

### Councillor

The functions of Councillors under section 28 of the Local Government Act 1993 include:

- a. To develop and monitor the implementation of strategic plans and budgets
- b. To determine and monitor the application of policies, plans and programs
- c. To determine and review the Council's resource allocation and expenditure activities
- d. To monitor the manner in which services are provided by the Council

The policies, plans and programs specifically include:

- a. The efficient and effective provision of services and facilities
- b. The efficient and effective management of assets

In undertaking the above functions, Council represents the community as the asset owner and has a role in ensuring that assets continue to deliver the appropriate level of service to the community, within the limitations of Council's resources. In order for Council to effectively undertake its functions with respect to the management of its asset's, Council will:

- a. Maintain an Asset Management Policy and a Strategic Asset Management Plan
- b. Provide appropriate resources for effective asset management
- c. Approve and review asset management plans
- d. Apply asset management principles in decision-making

### Management Responsibility

The General Manager has a number of functions and powers under the provisions of the Local Government Act including the following that are relevant to asset management:

- a. To implement the policies, plans and programs of the Council
- b. To implement the decisions of the Council
- c. To manage the resources and assets of the Council

In implementing these powers, the General Manager will:

- a. Promote asset management principles throughout the organisation
- b. Allocate adequate resources to implement Councils approved Asset Management Policy
- c. Ensure that an asset management strategy is prepared and implemented
- d. Report to Council on the implementation of the Asset Management Policy and Strategic Asset Management Plan.
- e. Ensure the effective operation of an Asset Management Team

### Asset Management Team Responsibilities

The Asset Management Team shall have the following responsibilities:

1. Review this asset management policy every 2 years
2. Review resource requirements for asset management and make recommendations to the management team

3. Promote and foster asset management practices in the workplace
4. Review asset management plans and strategies as required
5. Review the format of asset registers and data requirements
6. Review asset management software
7. Define responsibility for management of asset groups
8. Review asset gap analysis data

The team composition may change with organisational reviews and restrictions.

## 3 Implementation

In order to implement this Policy, the General Manager will ensure that:

1. An asset management team is maintained
2. The strategy for the implementation of asset management practices within the organisation is continually reviewed and developed.
3. Detailed asset management registers for all asset groups are maintained
4. Detailed Asset Management Plans are prepared for all major asset groups
5. Asset management impacts are highlighted in reports to Council
6. An integrated long-term capital works priority list based on the Asset Management Plans for each asset group is prepared
7. Specific funds are allocated in annual budgets for the maintenance of and service of existing and new assets
8. Budgets specifically identify the funds allocated for the routine maintenance of assets, the renewal of assets, the upgrading of assets, and the creation of new assets
9. Asset Management Plans identify critical assets in each asset group and assess the risks to those assets
10. The service levels listed in the individual Asset Management plans for all assets are regularly reviewed
11. Assets are regularly inspected to minimise the risk of harm to the community and to establish the condition and thus the value and life remaining of assets
12. Appropriate accounting methods are used to reflect the true consumption of assets
13. Asset accounting methods comply with current accounting standards
14. Levels of service and maintenance standards are defined for asset groups
15. Asset management plans integrate with risk management plans
16. Climate change effects on Council's assets are appropriately managed

### 3.1 Related Policies and Legislation

This policy relates to and depends on other Council policies, as well as legislation, including:

- Strategic Asset Management Plan and associated Asset Management Plans
- Long Term Financial Plan
- Local Government Act 1993
- AASB 13 Fair Value Measurement
- AASB 116 Property, Plant and Equipment

### 3.2 Policy Review and Update Cycle

Section 70E of the Local Government Act 1993 requires Council to review the policy at least every 4 years.