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ASSET MANAGEMENT POLICY

SCOPE

This Policy applies to all asset classes that are owned and operated by Council.

PURPOSE

To set guidelines for consistent asset management practices that enable Circular Head Council to realise value from assets in the delivery of its organisational objectives, while balancing financial, environmental and social costs, level of service and risk.

To ensure adequate provision is made for the long-term replacement of major assets by:

- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
- Safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Creating a culture where Council employees take an integral part in overall management of Council assets by creating and sustaining an asset management awareness throughout the organisation by ongoing training and development.
- Meeting legislative requirements for asset management.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with established best practice.

POLICY STATEMENT

BACKGROUND

- 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.
- Council owns and uses approximately \$223 million (2020/2021) of non-current assets to support its core business of delivery of service to the community.
- Asset management practices impact directly on the core business of the organisation and appropriate asset management is required to achieve our strategic service delivery objectives.
- Adopting asset management principles will assist Council in achieving its Strategic Longer-Term Plan and Long-Term Financial objectives.
- A strategic approach to asset management will ensure that the Council delivers the highest appropriate level of service through its assets. This will provide positive impact on;
 - Members of the public and staff;
 - Council's financial position;
 - The ability of Council to deliver the expected level of service and infrastructure;

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- The political environment in which Council operates; and
- The legal liabilities of Council.

PRINCIPLES

- A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best-practice throughout all Departments of Council.
- All relevant legislative requirements, together with political, social, economic and environmental considerations, are to be taken into account in asset management.
- Asset management principles will be integrated within existing planning and operational processes.
- Asset Management Plans will be developed for major service/asset categories. The plans will be informed by community consultation and financial planning and reporting.
- An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- Asset renewals required to meet agreed service levels and identified in adopted asset management plans and long-term financial plans will form the basis of annual budget estimates with the service and risk consequences of variations in defined asset renewals and budget resources documented in budget documentation.
- Service levels defined in adopted asset management plans will form the basis of annual budget estimates with the service and risk consequences of variations in defined services levels and budget resources documented in budget documentation.
- Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.
- Systematic and cyclic reviews will be applied to all asset classes and are to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards.
- 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.
- Future service levels will be determined in consultation with the community.
- Training in asset and financial management will be provided for councillors and relevant staff.
- The principle of *continuous improvement* will be applied to the ongoing development of Council's asset management maturity, processes and practices.

RESPONSIBILITY

- **Councillors** are responsible for adopting the policy, allocation of resources, providing high level oversight of the delivery of the organisation's strategic asset management plan and maintaining accountability mechanisms to ensure that organisational resources are appropriately utilised to address the organisation's strategic plans and priorities.

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- The **General Manager** has overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council.

LEGISLATIVE REQUIREMENTS

Local Government Act 1993

Work Health and Safety Act 2012

Work Health and Safety Regulations

Local Government (Highways) Act 1982

Various other State or Commonwealth legislation related to different asset classes

Relevant Australian Accounting Standards and any Tasmanian Audit Office requirements

RELATED GUIDELINES AND PROCEDURES

- CHC Corporate Strategic Plan
- Long-Term Financial Plan (LTFP)
- CHC Strategic Asset Management Plan (SAMP)
- CHC Asset Management Plans

DEFINITIONS

Infrastructure Assets

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services. Typically fixed in place, large, interconnected networks or portfolios of composite assets with long lives.

Asset Management

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.

Level of Service

The defined service outcomes against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost.

Life Cycle Cost

The average cost to provide the service over the longest asset life cycle. It comprises annual maintenance, operations, and asset consumption, represented by depreciation expense.

Maintenance Expenditure

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service.

Capital Renewal Expenditure

Expenditure on an existing asset, which returns the service potential or the life of the asset up to that which it had originally.

Capital Upgrade Expenditure

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Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Generally, results in increased recurrent operational and maintenance costs.

Capital New Expenditure

New assets are created to meet additional service level requirements. Generally, results in increased recurrent operational and maintenance costs.

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