

5.9. ASSET AND SERVICE MANAGEMENT GENERAL POLICY

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DEPARTMENT Infrastructure

RECOMMENDATION

That Council resolve to:

- 1. Adopt the updated Asset and Service Management General Policy.**
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EXECUTIVE SUMMARY

Section 104 (s)(a)(ii) of the Local Government Act 2009 and Section 167 of the Local Government Regulation 2012 requires the production of a long-term Asset Management Plan.

Section 168 of the regulation outlines requirements of the Asset Management Plan. The goal of the Asset Management Plan is for Douglas Shire Council, on behalf of the community, to meet a required level of service in a way that is financially sustainable through the creation, acquisition, operation and maintenance, renewal and disposal of assets to provide for present and future customers and communities.

An Asset Management System approach is central to asset management by taking account of the total cost of an asset throughout its life. A successful asset management plan is judged through better service at an improved costing.

This report recommends the adoption of an updated Asset and Service Management General Policy to guide Council in its asset management activities into the future.

BACKGROUND

The existing Asset and Service Management General Policy was adopted by Council in June 2015 and was due for revision in June 2019. Over the past 4 years this policy has been the guiding document used by Council Officers in developing long term budgets, annual capital and operational budgets together with holistic asset management activities.

Over the past 3 months, the Asset Steering Committee has undertaken an extensive review of the policy, data inputs and systems associated with asset management and has revised the policy to align more with the principles in the Australian Standard 55000 (Asset Management Suite)

COMMENT

The Asset Steering Committee has been meeting regularly to progress the development of various asset management strategies and initiatives. These actions have been identified through internal audits, Queensland Audit Office (QAO) recommendations and in collaboration with internal stakeholders and external subject matter experts across FNQROC member Councils.

The five principles within the Policy summarise the methodical approach the Steering Committee has taken in progressing this task. Effective asset management will be achieved through:

1. Organisational maturity;
2. Asset management practices;
3. Asset planning and management plans;
4. Asset knowledge; and
5. Continuous improvement.

PROPOSAL

That Council resolve to:

1. Adopt the updated Asset and Service Management General Policy.

FINANCIAL/RESOURCE IMPLICATIONS

Asset management is one of the main functions of Local Government. Financial control is important to ensure renewal of assets is embedded in budgets, routine maintenance programs reduce accelerated depreciation of assets and to ensure financial sustainability through the Asset Sustainability Ratio reported by Council and audited by the QAO.

RISK MANAGEMENT IMPLICATIONS

This policy will help mitigate risks associated with owning, operating and delivering infrastructure and services to our community. It will help to create an environment where all Council employees will take an integral part in overall management of Council assets which will reduce the risk of obsolescence, inefficient assets and facilitate prudent investment in renewal of infrastructure.

SUSTAINABILITY IMPLICATIONS

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| Economic: | This policy will ensure financial sustainability across Council and will guide Councillors and Staff in the development of long-term financial forecasts and asset renewal. |
| Environmental: | This policy will ensure Council delivers effective and efficient services, at the appropriate levels to residents, visitors and the environment. |
| Social: | This policy will ensure transparent and responsible asset management processes that align with community expectations. |

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 1 - Celebrating Our Communities

Douglas Shire Council embraces the diversity of our communities and values the contribution that all people make to the Shire. We recognise that it is a core strength of the region. We acknowledge our past so that it may guide us in the future. We recognise the wrongs done to our Indigenous community and we actively seek to reconcile so that we may all benefit from and enjoy our Shire. We acknowledge early European settlers who forged an agricultural base for our economy and we welcome all new arrivals as part of our broader community.

Goal 1 - We will celebrate the diversity of our community and ensure that all infrastructure, programs, and services are underpinned with inclusiveness and accessibility.

Goal 2 - We will deliver programs and services that protect and enhance the liveability of our beautiful Shire.

Theme 2 - Fostering Sustainable Economic Growth

A robust economy is at the heart of a thriving community and enables investment in environmental protection. While our remoteness is a key attribute, it also presents challenges for attracting new business and investment. We must also meet the challenges of fierce competition in the tourism sector. Council will partner with industry to build, diversify and promote the Douglas economy. Council will design and deliver infrastructure, strategies and services that support the local economy and businesses.

Goal 1 - We will build appropriate infrastructure and deliver services that connect and support businesses.

Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

Goal 3 - We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Builder/Owner	Council makes a significant investment every year in the infrastructure that underpins the Shire through its capital works program. Council will manage its assets with appropriate frameworks and deliver its projects through robust project management.
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CONSULTATION

Internal: Consultation has been undertaken with the following internal stakeholders:

- Asset Management Officer;
- Chief Financial Officer;
- Manager People and Community Services;
- Manager Water and Wastewater;
- Team Leader Management Accounting; and
- Manager Environment and Planning.

External: Nil

COMMUNITY ENGAGEMENT

No community engagement has been completed as this is a review of the Council policy only. In the future, it is expected that community engagement will occur when individual asset management plans are reviewed.

ATTACHMENTS

1. Asset and Service Management General Policy (Existing) [5.9.1 - 3 pages]
2. Asset and Service Management General Policy (Proposed) [5.9.2 - 3 pages]

ASSET AND SERVICE MANAGEMENT GENERAL POLICY

Intent

Section 104 (s) (a) (ii) of the *Local Government Act 2009* and Section 167 of the *Local Government Regulation 2012* requires the production of a long-term Asset Management Plan. Section 168 of the regulation outlines requirements of the Asset Management Plan.

This policy also supports Council's Corporate Plan 2014-2019, Theme 2.1.1 "Develop management plans for all Council assets and adequately resource their implementation".

The goal of the Asset Management Plan is for Douglas Shire Council, on behalf of the community, to meet a required level of service in a way that is financially sustainable through the creation, acquisition, operation and maintenance, renewal and disposal of assets to provide for present and future customers and communities. An Asset Management System approach is central to asset management by taking account of the total cost of an asset throughout its life. A successful asset management plan is judged through better service at an improved costing, not a better asset.

The Douglas Shire Council Asset Management System follows the recognised Plan, Do, Check, Act cycle. This cycle is used to affect both major performance breakthroughs as well as small incremental improvements in projects and processes.

Scope

This Policy applies to all Douglas Shire Council Activities (excluding Controlled Entities).

Background

Douglas Shire Council is committed to implementing a systematic asset management methodology in order to implement appropriate asset management best-practices across all areas of Council. This includes ensuring that assets are planned, created, operated, maintained, replaced and disposed of in accordance with Council's priorities for service delivery.

Asset Management relates directly to the objectives of Council's Corporate Plan, and will ensure that Council delivers the appropriate level of service through its assets. This will provide positive impact upon:

- Members of the public and staff;
- Council's financial position;
- The ability of the organisation (Council) to deliver the expected level of services and infrastructure;
- The political environment within which the Council operates; and
- The legal liabilities of Council.

Purpose (Objectives)

Douglas Shire Council applies the asset management framework to achieve the following objectives:

1. Ensure that Council delivers effective & efficient services and infrastructure, at the appropriate levels to residents, visitors and the environment;
2. Safeguard Council assets including physical assets and employees by implementing appropriate asset management strategies, and appropriate financial treatment of those assets;
3. Create an environment where all Council employees will take an integral part in overall management of Council assets (create asset management awareness throughout Council);
4. Meet or surpass legislative compliance for asset management;

5. Ensure resources and operational capabilities are identified and responsibility for asset management is allocated; and
6. Demonstrate transparent and responsible asset management processes that align with appropriate best practice.

Principles

- A consistent framework must exist for implementing systematic asset management, and appropriate asset management best-practices throughout all of Council;
- Ensure “whole of life” costing is adopted for all asset management processes;
- Outcomes must be capable of being integrated at an appropriate organisational level for reporting purposes;
- Relevant legislative requirements and political, social and economic environments are to be taken into account in asset management;
- Integration of asset management within existing planning and operational processes is to occur;
- Asset renewal plans will be prioritised and implemented progressively based on the required 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, to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards; and
- Council’s Asset Management Strategy is being driven through an Asset Steering Committee; and
- Levels of Service will be developed and set in consultation with the community while clearly considering the ongoing cost of service provision and using the community planning process and other suitable consultation mechanisms;

Asset and Service Management Plans are to be developed for all major asset groups. Plans are to be linked to, and support, other corporate planning and reporting processes. The following details will be included in each plan:

- Details of the specific asset group (e.g. roads, water, buildings);
- Linkages to other corporate plans and strategies;
- Broad asset lifecycle management strategies;
- Current and desired “levels of service”;
- Risk management and mitigation;
- Consideration of “non-asset” service solutions;
- Financial summary including maintenance and operational costs and capital expenditures relating to potential renewal, upgrade or new works;
- Relevant performance indicators; and
- Improvement strategies.

Assets and related management operations will be periodically re-evaluated to determine the most cost effective and appropriate service delivery solutions, thoroughly considering “total lifecycle costs” and all relevant matters surrounding long-term sustainability and intergenerational equity. Any changes in strategy are then to be reflected in updated Asset Management Plans and Long-term Financial Plans.

The **Asset Steering Committee** is the cross functional team responsible to manage the end to - end asset management process. Its’ primary purpose is to ensure that:

- The strategic goals for the organisation drive effective asset management;
- A solution development focus is enabled in Douglas Shire Council;

- Activities and tasks of the Asset Management Plan are prioritised if resources are not available to complete all tasks;
- Any risks and or issues are mitigated in an appropriate manner;
- Asset Management Plans reporting is reviewed on a regular basis;
- Trust and partnership are fostered across the organisation;
- A risk management approach is taken with regards to decision making; and
- Review Business process and opportunities to improve asset lifecycle.

Membership of the Asset Steering Committee

The membership consists of:

General Manager Corporate Services (alternating Chair);
General Manager Operations (alternating Chair);
Manager Infrastructure;
Manager Water and Waste;
Manager Development and Environment;
Manager Finance & IT;
Manager Governance.

Reporting, Agenda and Minutes

The Committee through the alternating chair persons of the General Manager Corporate Services and the General Manager Operations will report to the Chief Executive Officer. The Committee will meet every 2 months. The Manager Infrastructure will request agenda items and prepare agendas and minutes prior to and after each Committee Meeting respectively. The minutes will be circulated to each Committee member.

Roles and Responsibilities

Councillors adopt the policy and ensure sufficient resources are applied to manage the assets.

The **Chief Executive Officer** has overall responsibility for developing asset management business processes, systems, organisational policies and procedures and reporting on the status and effectiveness of asset management within Council.

General Managers and **Branch Managers** are responsible for developing asset management plans, implementing asset management business processes, systems, organisational policies and procedures. It is noted they form the base of the Asset Steering Committee, with input from other officers as required.

Employees with management or supervisory responsibilities will be held accountable for the management of assets within their areas of responsibility as determined under the asset management plans.

Employees will be tasked, based on the relevant Core Asset Management Plans and will be responsible for the timely completion of activities contained within these plans.

The policy to remain in force until otherwise determined by Council

Manager Responsible for Review:

Manager Infrastructure Services

ADOPTED: 16/06/2015

DUE FOR REVISION: 16/06/2019

REVOKED/SUPERSEDED:



ASSET AND SERVICE MANAGEMENT GENERAL POLICY

Intent

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This policy also supports Council's Corporate Plan 2019-2024, Theme 5 "Robust Governance and Efficient Service Delivery", Goal 3 "We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting", Initiative 1 "Prepare Asset Management Plans for all Council assets".

The goal of the Asset Management Plan is for Douglas Shire Council, on behalf of the community, to meet a required level of service in a way that is financially sustainable through the creation, acquisition, operation and maintenance, renewal and disposal of assets to provide for present and future customers and communities. An Asset Management System approach is central to asset management by taking account of the total cost of an asset throughout its life. A successful asset management plan is judged through better service at an improved costing, not a better asset.

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Principles

Effective asset management will be achieved through:

1. Organisational Maturity;
2. Asset Management Practices;
3. Asset Planning and Management Plans;
4. Asset Knowledge;
5. Continuous Improvement;

Council's integrated and multi-disciplinary approach to asset management is essential for cost effective and sustainable service delivery to the community, and for reinforcing Council's role as Custodian of community assets for future generations. An **Asset Steering Committee** comprising of a cross functional team will be responsible to manage the end to - end asset management process. Its' primary purpose is to ensure that:

- The strategic goals for the organisation drive effective asset management;
- Activities and tasks of the Asset Management Plans are prioritised if resources are not available to complete all tasks;
- Any risks and or issues are mitigated in an appropriate manner;
- Asset Management Plans reporting is reviewed on a regular basis;
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This policy is to remain in force until otherwise determined by Council.

Manager Responsible for Review: Executive Manager Infrastructure

ORIGINALLY ADOPTED: 16/06/2015

CURRENT ADOPTION: 03/12/2019

DUE FOR REVISION: 03/12/2023