



4.04 – ASSET MANAGEMENT POLICY

1. INTRODUCTION

Asset management is a systematic whole-of-life and organisation wide approach to planning, design, acquisition, operation, maintenance, upgrade, renewal and disposal of assets.

This Asset Management Policy establishes a framework that determines the nature and direction of Asset Management within Norfolk Island Regional Council. Effective asset management will enable Council to provide services of a desired quality in a safe and sustainable manner, for the present and future of the Norfolk Island community and for the Council's operations within it.

Norfolk Island Regional Council is committed to managing the community's assets in accordance with recognised best practice and obligations required under relevant legislation. In accordance with the Community Strategic Plan, the Norfolk Island Regional Council is committed to 'looking after our community assets' and to achieving the strategic directions 'An environmentally sustainable community' and a 'safe and healthy place to live, work and visit' and associated objective to 'use and managing our resources wisely'.

2. POLICY OBJECTIVE

The primary objective of this Policy is to guide the effective, efficient and sustainable management of assets to deliver on strategic directions and objectives, as outlined in Council's Community Strategic Plan and associated core planning documents. To do this, this Policy outlines principles for asset management including the establishment of a framework for the strategic, coordinated, consistent and integrated asset management processes.

Norfolk Island Regional Council's Asset Management objectives are to ensure adequate provision is made for the long-term management and replacement of major Council assets by:

- Delivering financial sustainability by making decisions that lead to a cost effective asset base, by focussing on asset renewal, ensuring assets are fit for purpose, rationalising under-utilised assets and limiting asset expansion unless justified.
- Identifying funding to support and maintain Council infrastructure.
- Ensuring that Council's infrastructure provides appropriate levels of service to residents, visitors and the environment as determined through consultation with the community.
- Safeguarding Council assets including physical assets and employees by implementing appropriate Asset Management strategies and appropriate financial resources for those assets, over their whole life.
- Identifying responsibilities and accountabilities for Asset Management.
- Creating an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining an awareness of Asset Management throughout the organisation by 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 demonstrated best practice.

3. POLICY SCOPE

This policy applies to all Council activities, to assets owned or controlled by Norfolk Island Regional Council throughout their lifecycle including disposal. The policy also applies to any internal or external projects or activities undertaken to address asset management (e.g. public works or projects funded by grants). It also applies to any internal and external activities undertaken with the use of Council owned or controlled assets (events). External hirers of a Council's premises should refer to the Application for Hire of a Council Premises and any associated documents.

Norfolk Island Regional Council is responsible for a large and diverse asset base. These assets include, but are not limited to: reserves, roads, bridges, footpaths, drains, fleet, library resources, radio, information technology and data, telecommunications network, electricity generation and network, public buildings including amenities, waste management infrastructure, fire services and vehicles, emergency services centre, sporting facilities, supply of rock, tanalith plant, lighterage, liquor bond and Norfolk Island International Airport.

Policy relating the financial accounting of non-current assets is contained in the Asset Accounting Policy.

4. DEFINITIONS

Asset – An asset is a physical resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity for more than 12 months and over which Council has control. An asset is recognised in the Statement of Financial Position (Balance Sheet)

Any item which has a useful life of less than 12 months is recognised in the income statement and is classed as an expense under the operational or maintenance budget. It cannot be classed as an asset

Asset lifecycle – the life of an asset, from its acquisition to disposal.

Asset Lifecycle Management – the management of an asset through the stages of life from planning to acquisition and maintenance to disposal

Asset management – the management of assets undertaken by a council through the Integrated Planning and Reporting framework's Resourcing Strategy. Under the Resourcing Strategy, a council is required to have an Asset Management Policy, Asset Management Strategy and class specific asset management plans. Together these documents constitute asset management in accordance with best practice

Asset Management Plan – a component of the Resourcing Strategy developed for the management of a class of assets that identify asset service standards and contain long-term (at least 10 years) projects of asset maintenance, rehabilitation and replacement costs that are reflected in the Long-Term Financial Plan. As such it combines multidisciplinary management techniques (including technical, risk and financial) over the lifecycle of the asset in the most cost effective manner to provide a specified level of service

Asset management planning – when undertaking its asset management planning, a council will review its assets to determine that they are fit for purpose; that is, they support the council's achievement of its Delivery Program and community goals and outcomes identified in the Community Strategic Plan

Asset Management Policy – a high level document that describes how an organisation intends to approach asset management across the organisation and establishes an Asset Management Strategy and class specific asset management plans to ensure effective asset management

Asset Management Strategy – a component of the Resourcing Strategy that identifies assets critical to the Council's operations and outlines risk management strategies for these assets. The Strategy must also include specific actions required to improve the Council's asset management capability and projected resource requirements and timeframes.

Asset register – a record of asset information including inventory, historical, financial, condition, construction, technical and financial details

Level of service – the defined service quality for a particular activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental and cost.

Life cycle cost – the total cost of an asset throughout its useful life

Useful life of asset – the period over which a depreciable asset is expected to be used.

5. LEGAL AND POLICY FRAMEWORK

Norfolk Island Regional Council adheres to an [Integrated Planning and Reporting \(IP&R\) framework](#) modeled on the NSW framework and reports to the Minister for Infrastructure and Regional Development through the [Australian Government Department of Infrastructure and Regional Development and Cities](#). The IP&R framework consists of several core planning documents developed including the [Community Strategic Plan](#), [Delivery Program](#), [Operational Plan](#), the [Heritage and Culture Strategy](#) and a Resourcing Strategy consisting of a suite of Asset Management Plans for [Infrastructure](#), [Roads](#), [Buildings](#) and [Fleet](#), a Long Term Financial Plan, an Asset Accounting Policy for the financial treatment of non-current assets, and a Workforce Management Plan. This Asset Management Policy and associated documents forms part of Council's Resourcing Strategy.

The core planning documents outline the objectives and outcomes Council has agreed to deliver on and be measured against. These core Council planning documents include commitments with specific reference to asset management and providing a safe and healthy place to live, work and visit.

Relevant laws include both Commonwealth and Norfolk Island legislation. Applicable legislation includes the: *Local Government Act 1993 (NSW) (NI)*; *Law of negligence and limitation of liability Act 2008 (NI)*; *Work Health and Safety Act 2011 (Cth)*; *Roads Act 2002 (NI)*; *Trees Act 1997 (NI)*; *Airport Act 1991 (NI)*; *Traffic Act 2010 (NI)*; *Building Act 2002 (NI)*; *Planning Act 2002 (NI)*; *Heritage Act 2002 (NI)*; *Public Reserves Act 2002 (NI)*; *Lighthouse Act 1961 (NI)*; *Cemeteries Act 2009 (NI)*; *Electricity Supply Act 1985 (NI)*.

6. IMPLEMENTATION

6.1 Communication

Following adoption by Council, this Policy will be communicated to all staff as well as made available on Council's public website.

6.2 Associated documents

- Council's Asset Management Plans available at <http://www.norfolkisland.gov.nf/your-council/council-documents/plans>
- Asset Accounting Policy
- Work, Health and Safety Policy
- Any policy and procedure relating to risk management
- Signs as Remote Supervision
- Trees and Root Management
- Maintenance and Repair of Footpaths
- Application for Hire of Council Plant/Equipment
- Application for Hire of a Council Premises and associated Conditions for Hire

7. POLICY

7.1 Asset Management

Norfolk Island Regional Council is committed to ensuring that assets are managed to meet the strategic directions and objectives of Council and the community. Council is committed to managing assets and providing services within the financial capacity of Council, with best practice and in accordance with applicable legislation. Council will deliver training in asset management, in addition and complementary to, financial and risk management for Councillors and relevant staff.

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 assets that are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.

Council is also committed to effective risk management and continual improvement. Council recognises that a systematic asset management methodology, risk management and continual improvement are required to be and is best facilitated through the implementation of this Policy together with an Asset Management Strategy, category/class specific Asset Management Plans and integrated with the other components of Council's Resourcing Strategy.

7.2 Asset Management Strategy

Consistent with best practice standards and the definitions provided above, the Asset Management Strategy will:

- address asset management throughout all areas of Council;
- provide for a risk management plan for Council's assets in accordance with Council's Risk Management Policy, legislative requirements and strategic objectives;
- outline the implications of any funding gaps on the delivery of services and sustainability of services;
- identify priorities for renewal; and
- note that the development of future service levels will be determined in consultation with the community.

7.3 Asset Management Plans

The development and implementation of Asset Management Plans for major service/asset categories/classes will be informed by the Asset Management Strategy, Council's financial planning and required service levels and a class specific risk/hazard register. Asset renewal is to be based on the priorities identified in the Strategy and implemented progressively based on agreed levels of service and effectiveness of the current assets to provide that level of service. The asset management plans will also:

- identify the timeframe and costings for the renewal of assets required to meet agreed service levels and note the service and risk consequences of variations in defined asset renewals and budget resources documents. Such estimates will inform the annual budget and Long-term Financial Plans and reflect the Asset Accounting Policy;
- prescribe an inspection regime which will be used to ensure agreed service levels are maintained and to identify asset renewal priorities;
- include the systematic and cyclic reviews for all asset classes to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards;
- include the development of lifecycle costing, whereby the 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.

7.4 Responsibilities

The successful implementation of this Policy requires responsibilities to be allocated and defined. Councillors are responsible for:

- adopting this Asset Management Policy;
- acting as custodians of assets on behalf of the community and ensuring objectives outlined in the Community Strategic Plan are met;
- approving the Asset Management Policy and Asset Management Strategy
- ensuring the provision of services provided by the assets are meeting the community priorities for present and future generations
- ensuring decisions made regarding assets are in accordance with Council's Asset Management Policy, and
- ensuring there are appropriate resources dedicated to asset management in accordance with this policy.

The General Manager has the overall responsibility for developing an Asset Management Strategy, asset management plans and procedures, and reporting on the effectiveness of asset management to Council. The Executive Management Team is responsible for:

- reviewing, including through the Audit Committee at an appropriate point in time, of the Asset Management Policy to ensure documents are integrated with core planning (IP&R) documents, the strategic objectives therein and the Risk Management Policy and any legislative requirements;
- resourcing the development and implementation of an Asset Management Strategy consistent with the Asset Accounting Policy and Long-Term Financial Plan, which reflects required funding;
- ensuring decisions about asset management and the practices of the organisation are consistent with this Policy and any associated procedures, Asset Management Strategy and asset management plans;
- ensuring assets can deliver levels of service to the community in accordance with the Community Strategic Plan and associated core planning documents;
- managing assets in accordance the priorities and risk profile and within timeframes outlined in the Asset Management Strategy or other relevant document;
- providing leadership in implementing asset management and ensure the provision of asset management training and development for staff and Councillors;
- proactively fostering a culture of risk management and continual improvement within the organisation including with respect to asset management; and
- reporting to Council on the status of asset management within the organisation.

The Manager Infrastructure and Services and the Manager Commercial Services have working responsibility for the implementation of this Policy and its associated core planning documents and procedures. Managers are responsible for ensuring individual asset and risk management responsibilities are identified in job descriptions, staff work plans or performance evaluations or similar.

All Council staff are responsible for:

- implementing the Asset Management Strategy and Plans
- contributing to and engaging with the asset management planning framework established by this Policy and following the associated procedures under this Policy; and
- providing programmes, data and actions within the adopted Policy, Strategy and Plan.

8. REVIEW AND VERSION CONTROL

Policy Number	4.04	Responsible Officer	Manager Infrastructure and Services	
Effective Date	27 June 2018	Next Review Date	2021	
Version Number	Version	Resolution No.	Effective Date	Version description
	V1	2018/99	27 June 2018	Developed and Adopted