

Policy – Council – *Asset Management*

Date amended:	April 2023
Date of next review:	<i>Within 4 years</i>
Adopted by:	Council
Date adopted:	18 April 2023
Responsible officer:	Manager Assets

1 PURPOSE AND SCOPE

Pyrenees Shire Council manages a range of infrastructure assets that provide services to ratepayers and to the general public. The purpose of this policy is to provide a framework for the sustainable management of Council’s infrastructure assets.

2 POLICY STATEMENT

PRINCIPLES

Pyrenees Shire Council is committed to:

- Responsible financial management of assets through optimising asset life and service levels by coordinating the maintenance, renewal, upgrade and replacement of assets.
- Supporting environmental sustainability and responding to climate change through adopting appropriate designs and construction techniques, and through using materials and resources that minimise adverse impacts.
- Social, cultural and heritage sensitivity in relation to the management of existing infrastructure asset, their renewal and the development of new assets.
- Being responsive to changes in community needs and aspirations and to manage infrastructure assets and associated service levels within Council’s financial capacity.
- Responsible management of current and future liabilities.

APPLICATION

This policy applies to infrastructure assets owned or under the management of Council.

It does not apply to:

- Mobile or fixed plant and equipment
- Light vehicles
- Information communications and technology equipment
- Furniture and chattels

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COUNCIL PLAN

The Council Plan 2021-2025 has three enabling principles:

1. Motivate and inspire community involvement
2. Provide transparency and accountability; and
3. Use resources efficiently and effectively

The Council Plan applies these principles to its 4 priorities of 1) People; 2) Place; 3) Environment; and 4) Economy. This asset management policy supports the achievement of the Council Plan objectives.

LEGISLATION

The *Local Government Act 2020* requires Council to develop adopt and keep in force an Asset Plan with a scope of at least the next 10 financial years. The 10 Year Asset Plan is required to provide information about maintenance, renewal, acquisition, expansion, upgrade and disposal or decommissioning of infrastructure assets under the control of Council.

The 10 Year Asset Plan is to be reviewed in accordance with its deliberative engagement and adopted by Council by 31 October in the year following each general election.

Minor revisions to the 10 Year Asset Plan may be made annually, or at other periods, to adjust the timing of specific works in relation to accelerated or delayed asset impairment, events resulting in asset damage, or to reflect emerging constraints and opportunities. All revisions to the 10 Year Asset Plan shall be reported to Council.

The 10 Year Asset Plan is to be aligned with and to reflect the resources allocated through Council's 10 Year Financial Plan.

ASSET MANAGEMENT STANDARDS AND METHODS

This policy is to operate in alignment with the ISO 55000 family of international standards for asset management.

This policy is also to be guided by the International Infrastructure Management Manual as developed by the New Zealand National Asset Management Support Group and the Institute of Public Works Engineering Australia.

ASSET SUSTAINABILITY

Council will use its best endeavours, constrained by financial, technical and resource limits, to manage its assets in accordance with sustainable practices. Consideration shall be given to optimizing whole of life costs in the context of climate change and the need to preserve environmental, cultural and historical heritage.

Council shall endeavour to ensure that contemporary and intergenerational liabilities are fairly apportioned. This entails preventing deferred maintenance and renewal expences

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being transferring to future generations and that the cost of new assets are paid for by those who will realise their benefits.

Optimising the effective lives of assets is a key element of sustainability. Effective lives, by asset class, are defined in the 10 Year Asset Plan.

ASSET VALUATION

Assets shall be valued at cost of construction / renewal from time of construction until condition assessment is undertaken. Thereafter assets will be valued at fair value based on the assessed condition score and projected remaining useful life based on reasonable unit rates applicable to the asset class or sub-class.

Revaluation of assets, pending subsequent condition assessments, shall be valued by applying an age-based depreciation based on the period of time in relation to their effective life.

CONDITION ASSESSMENTS

Condition assessment of asset classes shall be undertaken with a target assessment period of not greater than 5 years. Condition assessments may be undertaken by Council staff or contractors.

Where long life assets (eg. bridges, buildings, pathways, etc.) or long-life asset components (eg. sealed road pavement) have a condition score representing less than 66% of their effective asset life, condition assessment may be deferred until the subsequent assessment period with condition assessed on age-based degradation.

Where assets have a condition score of equal to or greater than 80% of their effective life, condition assessment shall be undertaken more frequently and with consideration of the risk profile.

5 POINT SCALE	10 POINT SCALE	DESCRIPTION
1	1	New asset.
	2	New asset, within 20% of effective life.
2	3	Age related degradation, no defects.
	4	Age related degradation, no defects, within 40% of effective life.
3	5	Age related degradation, no defects or insignificant defects.
	6	Age related degradation, minor or insignificant defects.
4	7	Age related degradation and minor defects, function unimpaired. Commence condition based projection of remaining useful life.

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	8	Age related degradation and significant defects, function becoming impaired, planning for renewal commences based on projected remaining life.
5	9	Age related degradation and major defects, function impaired, risk mitigation measures may be required. Renewal should now be planned and programmed.
	10	Asset function severely compromised, risk mitigation measures in place until renewal undertaken, immediate response required.

ASSET CLASSES

Infrastructure assets shall be recognized according to the following classes. Division into sub-class may be undertaken to facilitate accuracy of valuation and programming of renewal works.

ASSET CLASS
Sealed Roads
Unsealed Roads
Bridges, floodways and major culverts
Buildings & facilities
Pathways
Kerb and channel
Stormwater & drainage
Playgrounds & public open space furniture
Sport and recreation facilities
Waterways, dams and bores
Swimming pools

ASSET MAINTENANCE, RENEWAL, UPGRADE, EXPANSION AND DISPOSAL

Maintenance: Asset maintenance shall be undertaken to ensure ongoing functional performance, to protect underlying components, to manage risk and to optimize the asset life. Maintenance shall be programmed with consideration of staff inspections, contracted inspections and customer service requests. Maintenance may be deferred subject to financial and resource constraints, where renewal has been programmed and where decline in functional performance does not significantly increase the risk profile. Road and road related assets shall be inspected and maintained in accordance with Council's Road Management Plan.

Renewal: Renewal of assets and asset components shall be undertaken to limit maintenance costs at end of asset life and timed to optimize the asset life. Component renewal shall be undertaken to extend the overall asset life. Renewal of assets shall be undertaken in accordance with Council's 10 Year Asset Plan. Minor assets may be renewed on an 'as needs' basis.

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Upgrade: Asset upgrade includes renewal to a better standard than existing – sometimes referred to as a modern equivalent standard – to reflect contemporary standards and construction techniques. This could include pavement improvements, road sealing, road widening, bridge widening and strengthening or building layout to reflect Building Code requirements. The anticipated cost of upgrading to modern equivalent standard shall be considered as the asset renewal cost. Where development is proposed, upgrade costs generally become the responsibility of the developer. Design of upgrade works will be undertaken with consideration of the standards identified in the Local Government Infrastructure Design Manual.

Expansion: Asset expansion refers to additions to an asset class. This will generally reflect the creation of new assets through grant funding opportunities that respond to demographic growth and to changing environmental, community and economic conditions. Where development is proposed requiring additional public assets, the cost of these assets will generally be borne by the developer or associated grant monies.

Disposal: Where assets no longer provide benefit to the community or to the general public in the present and into the foreseeable future, assets may be disposed of through demolition or sale. Site remediation shall be considered as a cost of disposal.

3 DEFINITIONS

Asset	A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. The entity must have control over the future economic benefits or service such that it is able to enjoy those benefits or services and deny or regulate the access of others to the benefits.
Asset Class	A group of assets having a similar nature or function in the operations of Council, and which, for the purposes of disclosure, are shown as a single item without supplementary disclosure. The Asset Class is the material level at which Council will prepare the annual balance sheet for reporting in the Annual Report – e.g. the Roads Asset Class includes asset components such as surface, pavement and earthworks and formation.
Disposal	Demolition or sale of an asset including required site remediation.
Fair Value	The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arms-length transaction.
Impairment	The amount by which the carrying amount of an asset exceeds its recoverable amount.
Minor Assets	Assets that do not warrant discrete recognition, i.e. signage, minor culverts, guide posts etc.

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Modern Equivalent Asset	Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset can produce.
Renewal	Replacement of an asset or asset component with modern equivalent
Useful Life	Either: (a) the period over which an asset is expected to be available for use by an entity, or (b) the number of production or similar units expected to be obtained from the asset by the entity.
Valuation	The process of determining the worth of an asset or liability. Different valuation methods may be appropriate in different circumstances.

4 REFERENCE & RELATED DOCUMENTS

Local Government Act 2020
 Pyrenees Shire Council 10 Year Asset Plan
 Council Plan – Shaping the Pyrenees 2021-25
 Pyrenees Shire Council Road Management Plan
 Council Policy – Fixed Assets
 Local Government Infrastructure Design Manual

5 VERSION HISTORY

Version Number	Issue date	Description of change
1.0		Initial release
2.0	February 2011	Review
3.0	April 2023	Revision

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