

CP 07 Asset Management Policy

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Policy Purpose

The purpose of the Asset Management (AM) policy is to establish the overarching intentions and guiding principles for the for sustainable and effective management of Council's assets to meet current and future needs of the community.

This policy outlines those principles and assigns responsibilities for how the Benalla Rural City Council will manage its assets to comply with good governance and in line with applicable legislation and regulations.

Policy Scope

This policy applies to all physical assets owned or controlled by the Benalla Rural City Council under the following categories:

- Transport (including roads, footpaths, kerbs, bridges, carparks, minor drainage).
- Stormwater (including urban drainage and basins).
- Land Assets (including buildings, land, parks and reserves, playgrounds, sport infrastructure).
- Resource Recovery (including landfill and associated assets).
- Plant and Equipment (including ICT, artworks, plant, furniture and other assets)

Policy Objectives

The objective of the policy is to ensure the Benalla Rural City Council has a transparent and consistent approach to managing its assets by:

- Demonstrating a commitment by Council to deliver its vision for service-driven asset management, which ensures that its physical assets are appropriately managed and relevant to meet current and future community needs.
- Implementing appropriate asset management practices that meet legislative requirements, demonstrate transparency and responsible asset management processes that align with demonstrated best practice.
- Ensuring the community's needs are considered through consultation.
- Establishing a framework to ensure the management of infrastructure assets in a proactive, structured, coordinated and financially sustainable manner across the whole organisation.
- Developing a process of continuous improvement in the Councils asset management practices to match both the changing service delivery needs of the community and the increasing integration of asset management to fit with Councils strategic direction and priorities.
- Ensuring leadership, direction and consistency of decision making within a prioritisation framework ensuring that the importance of sustainable asset management is clearly understood and recognised by Council and its community.

Policy Statement

To achieve this policy the Council will adhere to the following principles

Principle 1 – Legislative Compliance

Asset management practices should be instrumental in meeting all relevant legislative and regulatory requirements.

Principle 2 - Asset Management Planning

Asset Management planning will be linked and incorporated into the Councils Long Term Financial Plan.

Principle 3 - Accountability and Responsibility

Establish clear direction on accountability and responsibility for the various processes and decision-making related to asset management.

Provide asset management training to ensure staff have the necessary skills and knowledge.

Demonstrate transparent and responsible asset management processes that align with demonstrable best-practices and adopting a continuous improvement approach.

Principle 4 - Life Cycle Approach

Regular and systematic reviews will be applied to all asset classes to ensure that assets are managed, inspected, valued and depreciated in accordance with best practice and accounting standards.

Ensure accurate and current data is maintained in the asset management system for each class of assets.

Decisions in asset management should incorporate a life cycle approach, considering the entire lifespan of assets from acquisition to disposal to optimise performance and manage costs efficiently.

Assets will not automatically be replaced at the end of their useful life. Council should only own, provide, operate and maintain asset which meet agreed service levels.

Principle 5 - Risk Management Approach

Ensure a systematic risk management approach is central to making asset related decisions regarding limited resources and achieving strategic objectives.

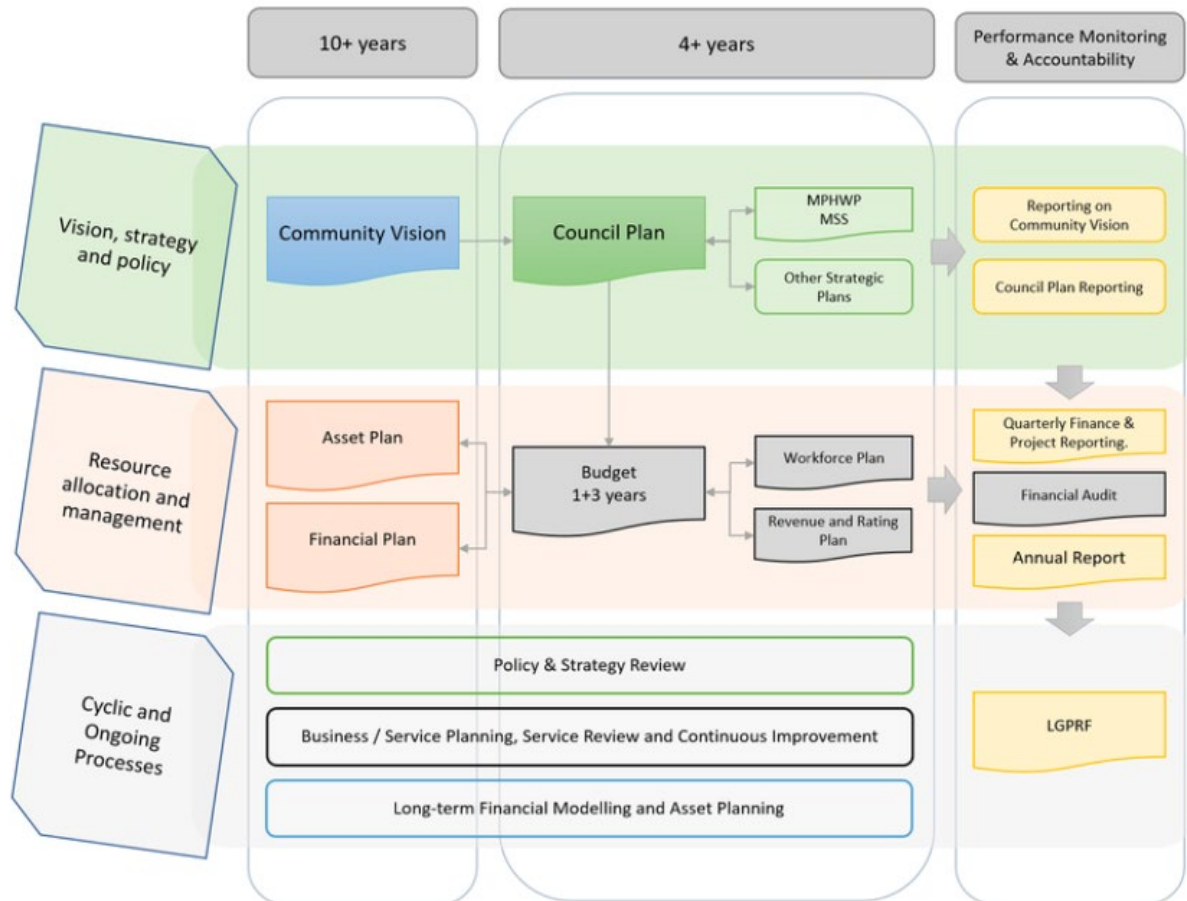
Principle 6 - Sustainable Levels of Service.

Asset renewals shall meet agreed service levels and be identified in adopted service management plans, asset management plans, and when applicable long term financial plans.

Renewal of assets will take precedence over any *Expansion* or *Upgrade* of existing assets and before any *New* assets are considered, including whole of life and financial resourcing constraints (**RUNE** – Renewal, Upgrade, New and Expansion).

Integration of Asset Management with Corporate Planning

The integrated planning framework that applies to local government in Victoria outlines how Councils develop the strategies and policies that guide the delivery of services. Underneath this framework sits Councils Asset Management Framework.



Source: Department of Jobs Precincts and Regions

Asset Management Framework

All asset management planning will be carried out in accordance with the Council's Asset Management Framework as illustrated in Attachment 1. The Framework provides a strategic approach to asset management, linking the Council Plan, the Asset Plan, this Policy, the Asset Management Strategy and Operational Plans.

The Framework will promote prudent, transparent and accountable management of the Councils assets to meet current and emerging challenges.

Responsibility and Reporting

Council is responsible for approving, including amendments to, the AM Policy. Council is also responsible for ensuring that resources are allocated to achieve the objectives of the related documents. In adopting long term financial plans supported by robust asset management plans and forward capital works programs, Council is also determining the level of service for each asset class.

The **Chief Executive Officer (CEO)** has overall responsibility for developing an asset management strategy, plans, procedures, reporting and related documents on the status and effectiveness of asset management within the Council. The CEO will also ensure that education in Asset Management for Councillor's is conducted at the commencement of a newly elected Council or councillor.

Leadership Team (LT) is responsible for monitoring the implementation of asset management across the organisation. LT will ensure that strategies are put in place to remove barriers to the successful implementation of asset management. The LT reports to the CEO on all matters relating to asset management. LT may consider allocating asset management responsibilities through a multi-discipline cross-functional working group tasked with regular reporting to the LT.

Asset Management Working Group (AMWG) is to represent the whole of Council in determining an overarching asset management philosophy within Council, facilitate the development of Asset Management documentation, manage the process of Business Case development for capital works by providing assistance and review to proposals from Council, staff and the community in accordance with the terms of reference and that the training needs of Council staff, in Asset Management is resourced. The group also has responsibility for the development, reporting and adoption of Asset Management Policy, Strategy, Plans and Asset Management performance.

Asset Management Team is to implement the asset management principles and this policy and any other supporting documentation as directed by the CEO and best practice. They are also to provide an annual state of the assets report detailing renewal gap calculations and other relevant information.

Finance Team are to provide a report detailing expenditure in maintenance, capital and operational costs in association with the Long-Term Financial Plan.

Policy Implementation

Implementation of these principals will be achieved through:

- The development of the Strategic Asset Management Improvement Framework to ensure that a structured set of actions aimed at enabling continuous improvement to asset management activities across the organisation is maintained.
- The completion of all Asset Management Plans by the asset custodians for all major asset classes of Transport, Stormwater, Land Assets, Plant and Equipment and Resource Recovery.

- Incorporating expenditure projections from asset management plans into the Councils Long-Term Financial Plan through the development of robust forward capital works programs.
- Regular and systematic reviews of all asset inventories, asset management plans and forward capital works programs to ensure that assets are managed, valued, and depreciated in accordance with appropriate best practice.
- Regular inspections that will be used as part of the asset management process to ensure agreed service levels are maintained and to identify asset renewal priorities.
- Asset renewals required to meet agreed service levels as identified in endorsed asset management plans will inform and be informed by the Long-Term Financial Plan.

Review

This policy may be reviewed at any time by the Council to accommodate changes in legislation, regulations, policy gaps, new technology or systems, as well as remain consistent with industry best practice.

The Asset Management Working Group is responsible for overseeing the continued implementation, monitoring and review of this policy.

Related Policies

- *Benalla Rural City Council Plan 2021-2025*
- *Asset Management Framework 2020*
- *Asset Management Accountability Framework 2016.*

Related Legislation

- *Local Government Act 2020.*

Definitions

Term	Definitions
Asset	An item that has potential or actual financial value to an organisation. This includes physical assets, such as buildings, roads, pathways, land and non-physical assets such as leases and licences, digital assets and intellectual property rights.
Asset Management	The systematic and coordinated activities and practices through which Council optimally manages its physical assets and their associated performance, risks and expenditure over their lifecycle for the purpose of achieving its Council Plan.
Asset Management Improvement Framework	The overarching Asset Management governance framework which guides the timely delivery of the Asset Management function.
Asset Management Plan (AMP)	A tactical plan developed for the management of a class of assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of an asset in the most cost-effective manner, to provide a specific level of service.
Asset System	An electronic system that records all the information related to an asset to enable informed decision making.
Council Plan	Council's key planning document for the four-year electoral term. It describes the Council's vision, organisational objectives, the main activities to be completed and how these activities are going to be resourced.
Disposal	Activities necessary to dispose of decommissioned assets that are no longer required.
Financial Plan	The Financial Plan is the key financial planning document of Council which is governed by a series of financial strategies and accompanying performance indicators that Council considers and adopts. It establishes the financial framework upon which sound financial decisions are made.
Level of Service	An attribute of service (e.g., quantity, quality, availability, frequency or accessibility) against which service performance can be targeted and measured.
Lifecycle	The cycle of activities that an asset goes through during its life, including planning, design, construction/acquisition, operation, maintenance, renewal, upgrades and/or disposal.
New Asset	Expenditure on new works or acquisitions that create an asset that did not exist in any shape or form.
Renewed Asset	Expenditure on an existing asset which returns the service function or the life of the asset back to its original condition.
Service Manager	The council manager that leads the provision of a service to the community.
Strategic Asset Management Plan (SAMP)	A high-level strategic plan that documents the relationship between the organisational objectives and the asset management objectives, defines the framework required to achieve the asset management objectives and details the long-term resource requirements for managing Council assets.
Upgrade works	Expenditure on an existing asset which enhanced and/or improves its function and as a consequence provides a higher level of service.

Asset Management Framework

