

# Asset Management Policy

27 March, 2018



## Purpose

The purpose of this Asset Management Policy is to guide sustainable management of Council's assets to support services that will meet current and future community needs.

## Scope

Council is custodian of approximately \$3.0 billion of assets comprising land, 306 buildings, 757km roads, 1,602km of foot and shared paths, 1,270km of drainage pipe, 44,383 drainage pits, 133 public playgrounds, 55 bridges and culverts, 238 registered fleet, art, library books and other infrastructure which has been built up progressively over many years. This Policy provides guiding principles for sustainable management of Council's asset portfolio. The Policy meets the National Asset Management Assessment Framework (core and advanced maturity) and financial requirements.

This Policy is applicable to all Council owned assets and all Council-managed assets that:

- support the delivery of services provided for the benefit of the Monash community; or
- are held by Council for future use

This Policy guides Council and its officers in the creation, operation maintenance, upgrade, renewal and rationalisation of Council assets required for the delivery of Council Services.

## Asset Management Vision

Monash City Council aims to provide assets that support the provision of best value services. Council assets will be accessible, safe and suitable for community use. The approach to asset management will balance competing social, environmental and economic needs for the benefit of current and future generations.

## Asset Management Principles

Council's asset management practices will apply a strategic approach guided by the following core principles:

1. Responsibility for asset management is shared collectively across Council with roles and responsibilities that are clearly defined;
2. Council assets are effectively managed throughout their lifecycle, i.e. operations, maintenance, renewal, upgrade, expansion and disposal, to support delivery of Council services;
3. Asset management decisions are optimised to ensure:
  - i. Best value services are able to be delivered from Council assets
  - ii. Council's long-term financial sustainability and

- iii. The mitigation of Council's strategic risks;
- 4. Common reliable data is available and maintained to meet the organisation's strategic, operational and business purposes;
- 5. Council complies with all legislative and regulatory obligations;
- 6. Officers have appropriate training and skill development to deliver service and asset management that meets Council's expectations;
- 7. Asset Management performance is routinely monitored and reported.
- 8. Asset Management Plans along with service requirements will drive all capital and maintenance expenditure on assets.
- 9. Whole of life costs will be considered in infrastructure investment decisions and renewal of existing assets that support required services will be prioritised ahead of investment in new assets and services.
- 10. Processes and practices impacting efficiency of managing assets will continually be evaluated and addressed through continuous improvement process.

## Strategic Asset Management Framework

Council’s Asset Management vision and principles are to be achieved through the implementation of Council’s Asset Management Framework as shown in Figure 1.

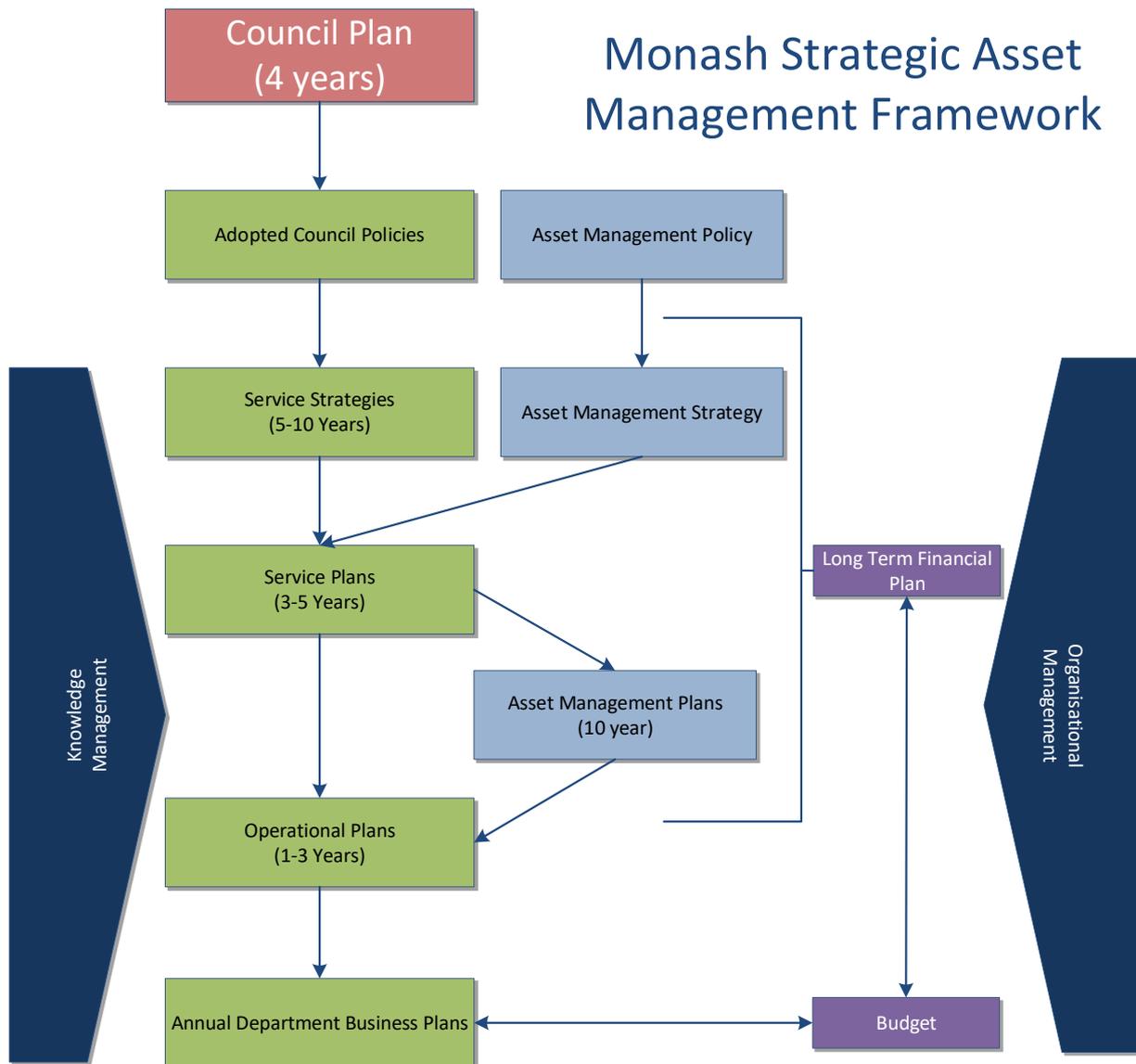


Figure 1 - Monash Strategic Asset Management Framework

The Council Plan 2017-2021 guides overall strategic direction. Council’s principles drive how we engage our community in decision making, delivering services and working together in partnership to develop our community.

It describes the four **Principles** as:

*Access & Equity - Fairness, equity and dignity are integral to how we work to create an inclusive community.*

*Community Engagement - We commit to actively engaging our community in decision making to shape our services.*

*Sustainability - Planning and providing for the current and future needs of our community whilst preserving and enhancing our natural environment and garden city character is central to our work.*

*Embrace diversity - Our diversity contributes to our success, innovation and vibrance as a community.*

The Council Plan includes the following **Strategic Objectives**.

#### A Liveable & Sustainable City

We value our natural environment and want to preserve and enhance the leafy and green character of our city. Monash's desirability as a place to live, learn, work and play needs to be protected.

#### Inviting Open & Urban Spaces

We will continue to improve our public infrastructure, meeting places and open spaces, providing inclusive, safe and inviting places for community use.

#### An Inclusive Community

Our people and our communities are healthy, connected and engaged.

#### Responsive & Efficient Services

People can have a say in, and are at the centre of, our decisions. We will deliver affordable, respectful, responsive, reliable and high quality services.

Asset Management is key to meeting all strategic objectives within the Council Plan however it is specifically relevant to Inviting Open & Urban Spaces where the focus over the next 4 years will be:

- Ensuring the 'walkability' of our city
- Improving our green open spaces and linking up our bicycle trails
- Enhancing our activity centres with an increased focus on the movability and prioritisation of pedestrians
- Committing to long term infrastructure and asset management planning
- Renewing & maximising use of our community & sporting facilities
- Preserving & expanding our bushland & passive open spaces

The implementation of the AM Strategy will enable Council to achieve its Asset Management vision via the implementation of specific actions that are aimed at improving the following:

- Asset Management Governance, Evaluation and Performance Reporting;
- Integrated Service, Asset and Financial Planning Practices;
- Asset Data and Information Systems;
- Asset Management Skills and Capabilities; and
- Asset Lifecycle Management Work Practices.

All revised Asset Management Plans will be informed by community consultation and local government financial reporting frameworks. The Asset Management Plans will incorporate service level targets, and include predictive modelling of future maintenance, upgrade, new and renewal expenditure considered necessary for long term sustainability.

### **Policy Non-Compliance**

Failure to align our practices and decision making with this Policy will increase the risk of:

- Poorly coordinated service and asset management practices;
- Decisions based on unreliable asset data;
- Under and/or over investment in some assets;
- Unsafe infrastructure;
- Infrastructure that is not fit for purpose;
- Assets with unnecessary on-going operational costs;
- Excess assets;
- Underinsured assets;
- Service disruption;
- An increase in the gap between our actual renewal expenditure and our need (renewal gap); and
- Reduced grant funding from the Federal Government due to a lack of compliance with the National Asset Management Assessment Framework and financial requirements.

### **Implementation of this Policy**

Implementation of this Policy requires implementation of a broad range of asset management improvement actions including the development and adoption of revised Service Plans and Asset Management Plans.

## Asset Management Governance Structure

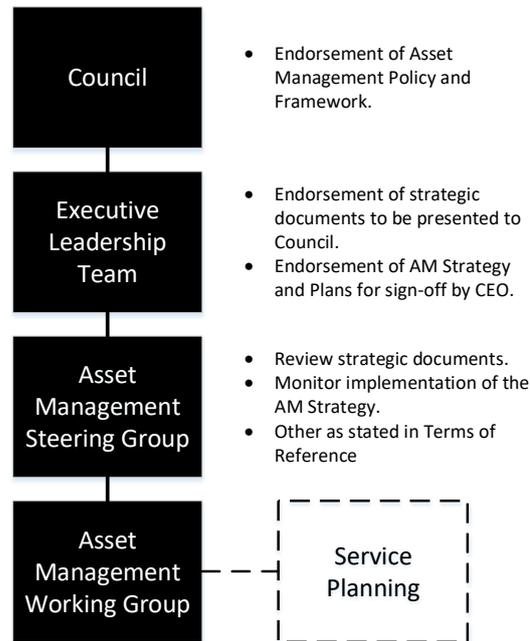


Figure 2 - Asset Management Governance Structure

The Asset Management Steering Group (AMSG) will report to the Executive Leadership Team every 6 months on the implementation of the AM Strategy including the STEP Asset Management assessment, major findings from condition audits & AM plan reviews, ‘state of the assets’ report and summary of achievements.

### Revision Date

This Asset Management Policy supersedes the previous version adopted by Council at its meeting on the 26 August 2014.

The AMSG will review, update and present this policy to Council within the period of 6 months after each general election or by the next 30 June, whichever is later. The next review of this policy will be in 2021.

The Director, Infrastructure is responsible for this policy.

### References

- Australian Infrastructure Financial Management Manual – IPWEA, 2015
- International Infrastructure Management Manual – IPWEA, 2015
- Guide to Integrated Strategic Asset Management – AAMGoG, 2012
- MAV Step Program

## Definitions

Asset	<p>A physical item that is owned or controlled by Council, and provides or contributes to the provision of services to the community. Assets are required for the delivery of Council services (which may be non-Council and managed or utilised through a formal agreement).</p> <p>Assets include: Property – includes land and buildings; Infrastructure – includes roads, footpaths, cycle paths, kerb and channel, street furniture, signage, street trees, bridges, drains, playgrounds, park furniture; and Plant and Equipment - includes vehicles; heavy plant, equipment, cultural assets such as library and art collections; office equipment such as software, desks, computers.</p>
Asset Management (AM)	<p>The process applied to manage assets over each stage of their service life including asset needs analysis, creation, operation, maintenance, renewal, upgrade and disposal. The objective of asset management is to ensure the assets deliver the required level of service in the most effective and efficient manner now and into the future.</p>
Financial Sustainability	<p>The financial sustainability of a Council is determined by its ability to manage expected financial requirements and financial risks and shocks over the long term without the use of disruptive revenue or expenditure measures; which is determined by:<sup>1</sup></p> <p>(i) healthy finances in the current period and long term outlook based on continuation of the Council’s present spending and funding policies and given likely economic and demographic developments; and</p> <p>(ii) ensuring infrastructure renewals/replacement expenditure matches forward looking Asset Management Plan expenditure needs.</p>
Lifecycle Cost	<p>Total expenditure required throughout the life of an asset in order to fund the creation, design, construction, operation, maintenance, renewal and disposal of the asset, so that the asset can deliver the desired service level over its life.</p>
Service	<p>A combination of tangible and intangible benefits that can be produced and consumed.</p>
Level of Service	<p>A relevant measurable standard or target that reflects the required performance to meet agreed community expectations in relation to the type, quality and quantity of services delivered by Council.</p>
Renewal Gap	<p>The difference between Current Renewal Expenditure and the Required Renewal Expenditure considered necessary to renew assets to enable services to continue at their desired level.</p>

<sup>1</sup> National Financial Sustainability Study of Local Government, Commissioned by the Australian Local Government Association, Price Coopers Waterhouse, November 2006 (page 96)