



ASSET MANAGEMENT

Policy Number	C04	Directorate	Engineering Services
Council Item No.	E.13	Department	Assets
Council Adoption Date	27 March 2013	Primary Author	Senavi Abeykoon
Revision Date	2017	Secondary Author	Alan Landers

POLICY OBJECTIVE

The purpose of this policy is to define a broad framework and principles for the sustainable and effective lifecycle management of all asset groups required for current and future service delivery to the community of South Gippsland Shire. It will enable Council to implement a coordinated approach to the management of all assets essential for its service delivery.

LEGISLATIVE PROVISIONS

- Local Government Act 1989
- Road Management Act 2004
- Road Safety Act 1986 (as amended)

GUIDE DOCUMENTS

- International Infrastructure Management Manual 2011

DEFINITIONS

The following terms are used in this policy.

An **Asset** is a physical component of a facility that has value, enables services to be provided and has an economic life of greater than 12 months.

Asset Management is the combination of management, financial, economic, engineering, and other practices, applied to physical assets with the objective of providing the required level of service in the most cost effective manner over the life of the asset.

An **Asset Management Plan** is a plan developed for the management of specific infrastructure asset categories that combines multi-disciplinary management techniques over the lifecycle of the asset in the most cost-effective manner to provide specified levels of service.

Criticality Tables are a set of parameters used to weight priorities of the proposed projects.

The **Council Plan 2010-2014** is a legislative requirement where each local government must develop a four-year strategic plan. The Council Plan is a key component in the corporate planning framework. It provides guidance and direction to the organisation by setting organisational goals, outcomes, strategies, actions, resource requirements and performance measures for the next four years.



Council Vision 2020 is a document that represents the aspirations of our diverse communities and articulates a vision of what South Gippsland should be like in the year 2020.

Levels of Service statements describe the outputs or objectives that Council intends to deliver to its customers.

Lifecycle cost is the total cost of an asset throughout its life including planning design, construction, acquisition, operation, maintenance, rehabilitation and disposals costs.

Long-Term Financial Plan contains a 15 year budgeted financial statements and associated key financial performance indicators that assesses the financial integrity of the plan.

ORGANISATIONAL CONTEXT

Council's mission is *'to effectively plan and provide for the social, built, economic and natural environments that ensure the future wellbeing of South Gippsland communities'*. This is supported by a key strategic goal of *'Appropriate infrastructure'*. This policy is set within the context of Council's Vision 2020 and the corporate planning framework, as indicated in the diagram on the following page, and sets the vision and direction to support the achievement of corporate goals.

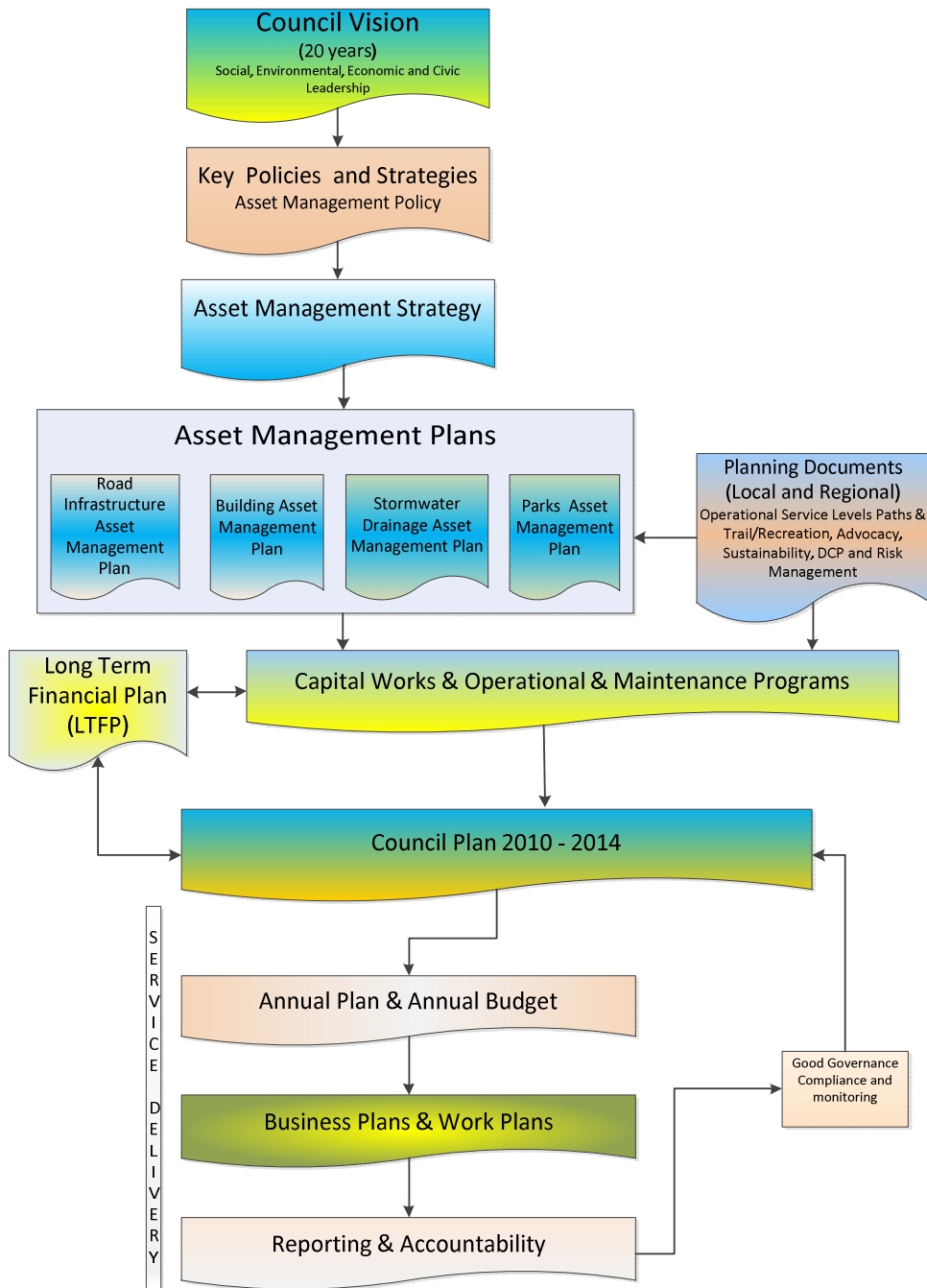


COUNCIL POLICY

COUNCIL POLICY

COUNCIL POLICY

COUNCIL POLICY



POLICY STATEMENT

South Gippsland Shire Council’s Asset Management goal is to provide ‘Community facilities and infrastructure assets that are sustainable and contribute to economic viability, access and mobility and improved lifestyle for the community.’

This goal will be supported by the following guiding principles:

1. Level of service



- (a) Service levels will form the basis of asset management and be reviewed on an ongoing basis against budget realities, taking into account changing priorities and constraints.
 - (b) In accordance with the Council Plan, provide quality infrastructure assets that support service levels that are appropriate, accessible, responsive and sustainable to the community.
 - (c) Consult with the community and key stakeholders on determining Levels of Service and asset service standards.
2. Demand forecasting
- (a) Developing sustainable and effective management strategies for the long term including demand analysis covering changes in legislation & demographics and associated environmental impacts.
3. Life cycle planning
- (a) Life cycle asset management is fundamental to the achievement of the Council Plan, the sustainability of Council and Council's Long Term Financial Plan.
 - (b) Asset management plans for each asset class shall articulate how the assets will be managed in the long term and informs the Long Term Financial Plan.
 - (c) Asset planning shall evaluate alternative means to meeting service levels including lower cost assets and non-asset solutions.
 - (d) Environmental sustainability of assets will be considered at all levels of asset management.
 - (e) The decision to fund capital projects will be based on Criticality Tables for the evaluation and prioritisation of Capital proposals. This will include those projects suggested by the community.
 - (f) Setting the priority for asset management in descending order as follows:
 1. Asset renewal
 2. Asset upgrade
 3. Asset extension
4. Risk management
- (a) Resources and priorities for asset management practices will include a risk assessment (e.g. Risk assessment for roads in the Road Infrastructure Asset Management Plan).



5. Financial management

- (a) The amount of renewal funding required to maintain the specified service levels will be updated into the Long Term Financial Plan subject to available resource requirements as determined by Council.
- (b) The provision of funding for upgrades, extensions and new projects will only be considered after renewal requirements are identified and considered.
- (c) Prior to consideration of any major new works, renewal or up-grade to an asset, a critical review, based on demonstrated service needs will be undertaken and the “whole of life” costs of that asset shall inform the Long Term Financial Plan, subject to Council direction.

ROLES AND RESPONSIBILITIES

Council recognises that asset management requires a ‘whole of organisation’ approach. Appropriate skills development and training programs are required to increase awareness and build internal capacity to undertake required asset management functions and responsibilities.

Asset management functions are defined below.

The Council

- Act as overall stewards for infrastructure assets that are owned or controlled by Council.
- Adopt the corporate Asset Management Policy and Strategy.
- Set the levels of service, risk and cost standards via the annual business planning process.
- Approve appropriate resources for asset management activities in the Long Term Financial Plan and the annual budget.

Executive Leadership Team

- Appoint, foster and support the cross-functional Asset Management Steering Committee.
- Ensure that accurate and reliable information is presented to Council for decision-making.
- Ensure that adequate resources are provided to implement approved Asset Management Strategies and Plans.
- Ensure assets are managed in accordance with relevant legislation, best practice and comply with legal obligations



Asset Management Steering Committee

- Monitor and review the implementation of the Asset Management Policy and Asset Management Strategy.
- Implement, promote and raise awareness of Asset Management for the whole organisation providing consistent direction, focus and attention for all staff from senior managers to those involved in day to day service delivery.
- Ensure a 'whole of life' approach is taken in the development of Asset Management Plans
- Monitor the development and implementation of Asset Management improvements.
- Ensure the community needs and expectations are considered in the development of Asset Management Plans.
- Meet as required and report to the Executive Leadership Team and to the Council.
- Measure and report to Council annually on asset performance and recommend adjustment to plans as required depending on priorities and financial constraints.
- Identify future funding needs so that assets can achieve their defined level of service.
- Develop service levels with the community to inform Council of asset service levels for renewal, upgrade and extension, and any funding requirements.
- Accept proposals from the Community Strengthening Department on asset requirements in completed Community Direction Statements. Priorities are then analysed and presented to Council for consideration.

Assets Department

- Develop an Asset Management Strategy for the Council and review as required.
- Develop and implement Asset Management Plans for individual asset classes and present to the Asset Management Steering Committee and Executive Leadership Team before presenting to the Council for endorsement.
- Assist Service Departments to define the level of service to identify asset requirements.
- Monitor the implementation of maintenance, renewal and improvement works programs in accordance with Asset Management Plans.
- Monitor the performance of assets and ensure they are in compliance with relevant acts and regulations.



- Ensure road maintenance activities are complying with Road Management Act 2004.
- Utilise an Asset Management System for asset management tasks, which includes an asset register, works management system, valuations and condition assessments.

The strategic plans that include future asset requirements are analysed to inform asset management plans.

RISK ASSESSMENT

The absence of this policy may result in:

- Council unable to make timely, appropriate and better informed decisions on capital investments.
- Inappropriate allocation of resources and defined levels of service not being met.
- Non-adherence to legislative and regulatory requirements.

IMPLEMENTATION, AUDITING AND REVIEW

This policy will be established on Council's website and intranet and also included in staff induction packs. This policy will be reviewed on a 4 yearly cycle in line with the election of a new Council.

Asset Management Implementation and Improvement Plan as set out in the Asset Management Strategy will be audited annually at the end of each financial year and reported to the Executive Leadership Team through the Asset Management Steering Committee.

The Executive Leadership Team will review compliance with this policy in June each year and report to the Council.