

Asset Management Policy 2013



As the old adage says, “we have all been warmed by fires we did not build and shaded by trees we did not plant...” perhaps the ultimate question for a responsible citizenry is not ‘how will we live?’ but, ‘how will the coming generation live?’

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PART A – PRELIMINARY

1 PREAMBLE

Council possesses assets to enable the delivery of services to the community. Roads and paths meet transport and access needs; facilities provide for cultural, recreational, health, education, learning, community and civic purposes; open space (parks, trees and reserves) provide recreational opportunities and enhance community life; and underground drains provide for public safety, health and the protection of property. Council also possesses other 'corporate infrastructure' assets such as furniture, equipment, information technology hardware and software which are utilised by the organisation to administer, manage and support the services provided by Council.

Asset Management is a broad term that encompasses all of the various actions that Council undertakes to ensure that its assets are efficiently planned, delivered, managed and reviewed in a cost effective, sustainable manner. Asset Management is a core activity of the Council - as such, every employee of the Council is either directly or indirectly involved in the management of Council's assets.

Council's Asset Management activities are undertaken with reference to the applicable policies, strategies and service needs of the various departments of the Council.

Our present generation has been enriched by access to and use of assets passed on to it by previous generations. There is a reciprocal obligation on the current generation to fund the replacement and creation of assets which will enrich the lives of future generations. This concept is known as intergenerational equity and this Asset Management Policy intends to address the debt we owe to the past and pay it forward to the future through setting asset renewal targets.

Well maintained municipal infrastructure (such as roads, footpath and street trees) play an important role in forming the look and feel of an area. This policy recognises the impact that Council's assets have on the wellbeing of the community.

2 PURPOSE

This policy sets vision, outlines the fundamental principles and assigns general responsibilities for how the Darebin City Council will manage its assets.

3 ASSET MANAGEMENT VISION

"Darebin City Council's vision for asset management is to support Council's service delivery through the efficient and effective supply of assets in a safe, responsive, sustainable and inclusive manner with the intention of exceeding regulatory obligations and customer expectations."

4 ASSET MANAGEMENT VALUES

The following values are supported by Council's staff and reflected in our decision making, resource allocation, behaviours and relationship with the community.

- Respect
- Accountability
- Collaboration
- Integrity

5 SCOPE

This policy applies to the creation, acquisition, operation, use, maintenance, rehabilitation and disposal of all Council assets.

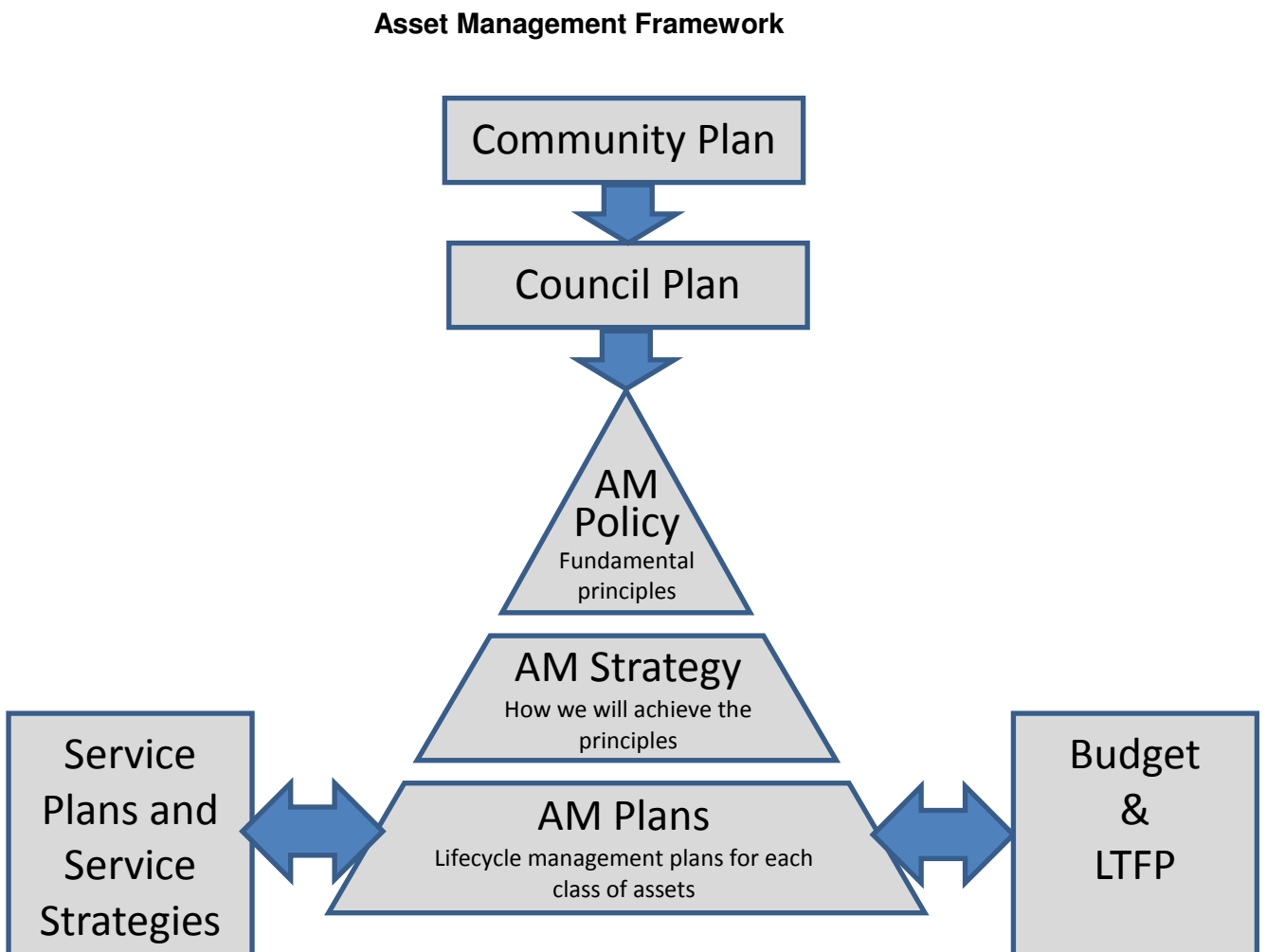
This policy applies to:

- Council owned physical assets
- All physical assets that Council does not own but has direct responsibility for or control over

Council and all Council staff are responsible for adherence to this policy in their day to day activities.

6 ASSET MANAGEMENT FRAMEWORK

The framework below represents shows the relationship between the various elements of the asset management process:



PART B - POLICY

7 POLICY PRINCIPLES

This policy will be delivered by the implementation and use of the following Fundamental Principles:

- 7.1** As and when assets are acquired, renewed, upgraded or divested/decommissioned, the current community's wishes and needs shall be considered
- 7.2** Asset Management is a core activity of the Council
- 7.3** Council is committed to the implementation of advanced Asset Management practices to enable the effective and affordable provision of asset-based services
- 7.4** Council's Asset Management activities will be undertaken with reference to the Council Plan, applicable policies and strategies of the Council, the service needs of the community and within available resources
- 7.5** Risk associated with the ownership and operation of our assets should be understood, with plans in place to address and respond to the elimination or mitigation of those risks, as part of the asset management activities of the organisation
- 7.6** Council will use a renewal funding percentage target to adequately fund the replacement of its assets where they are identified as still being of service to the community
- 7.7** Council will own and/or operate assets in a manner that ensures long term sustainability and is respectful of the environment.
- 7.8** Council recognises the contribution to community life that assets present to actively enhance community wellbeing through health, social, cultural and environmental connectivity.

8 KEY POLICY STATEMENTS

Council adopts the following policies in regard to the management of its assets:

8.1 Demand and Customer Expectations

- 8.1.1 Council will complete regular annual customer surveys or satisfaction surveys in service provision areas and to assist with the assessment of service quality and customer expectations.
- 8.1.2 The Council will set levels of service for its assets after consultation with the community.
- 8.1.3 Service Managers will use community feedback to drive their service delivery programs and the appropriate programs as outlined in the asset planning and budgeting policy.
- 8.1.4 Service Managers will undertake scanning to keep abreast of challenges and opportunities in the external environment such as technological change, climate change and demographic change with the intent of incorporating responses to such within service plans.

8.2 Asset Planning and Budgeting

- 8.2.1 All assets will be managed from a lifecycle perspective.
- 8.2.2 Capital allocations for new and existing assets will be made following the annual capital works budgeting process.
- 8.2.3 Capital allocations may be made for emergency works as per the Local Government Act and in accordance with delegations set by Council.
- 8.2.4 All capital investment will be assessed on a lifecycle cost approach with capital expenditure being approved in conjunction with appropriate recurrent expenditure budgets (maintenance and operations).
- 8.2.5 Capital investment proposals will be evaluated, prioritised and selected in accordance with criteria which include a cost/benefit analysis for both renewed and new assets.
- 8.2.6 Asset Management Plans will be prepared to ensure that the optimum life cycle cost is achieved and asset values are maintained.
- 8.2.7 Appropriate asset accounting and costing processes together with risk assessment and management will be undertaken in accordance with other policies.

8.3 Asset Groups

- 8.3.1 Darebin will include its assets into the following classes:
 - Roads
 - Bridges
 - Buildings
 - Drainage
 - Open Space
 - Plant and Equipment
 - Cultural

8.4 Asset Operations and Maintenance

- 8.4.1 Ensure appropriate planned maintenance regimes to assist the City's assets to meet their design lives in the most cost effective manner.
- 8.4.2 Maintenance plans will be designed using best available analysis techniques as appropriate and shall incorporate a cost/benefit approach.
- 8.4.3 Benchmarking of asset maintenance and life cycle management techniques will be undertaken to ensure the Council is adopting best appropriate practices.
- 8.4.4 Information shall be captured within Council's information systems about the activities undertaken to assist in the analysis of current and planning for future activities and expenditure.

8.5 Asset Use

- 8.5.1 Council will act to maximise the utilisation/capacity of its assets.
- 8.5.2 Council will ensure that assets are used appropriately.
- 8.5.3 Council will manage the use of its assets in a manner to ensure equitable and inclusive access to all elements of the community.
- 8.5.4 Council will take advantage of opportunities to equalise the distribution of its assets across the municipality to ensure equal access for all where appropriate to do so.

8.6 Financial Accounting

- 8.6.1 Council will keep detailed asset registers on all assets owned or under its care and control.
- 8.6.2 Assets will be valued in accordance with accounting principles.
- 8.6.3 Effective economic lives will be assigned to each logical grouping of assets with the written down value and depreciation value determined annually.
- 8.6.4 Depreciation charges shall be calculated for all assets on an appropriate basis.

8.7 Risk Management and Assessment

- 8.7.1 All staff that are directly responsible for, and involved in, activities associated with the management of the City's assets will be trained to an appropriate level to ensure that risk assessment practices are applied.
- 8.7.2 Service Managers will annually assess their overall business risks and determine the most appropriate strategies to manage risk including apportionment of risk to third parties (e.g. via leases).

- 8.7.3 Service Managers will be responsible and accountable for their risk management and assessment.
- 8.7.4 Council will mitigate risks presented by its assets through plans and actions designed to eliminate (first choice) or reduce that risk.
- 8.7.5 All staff will be responsible for reporting damage to a Council asset either when it occurs or once it is noticed.

8.8 Asset Management Strategy and Asset Management Plans

- 8.8.1 Council will develop an Asset Management Strategy and Asset Management Plans which will apply to all the asset groups under the care and control of Council.
- 8.8.2 Asset Management Strategy will comply with the intent of the Council Asset Management Policy statements.
- 8.8.3 Asset Management Plans will include a total lifecycle approach from asset needs identification through to asset disposal.
- 8.8.4 Asset Management Plans will include comprehensive planning from long term strategic planning aspects through to short term operations and maintenance plans.
- 8.8.5 Asset Management Plans will include the total aspect of asset management involving effectiveness, efficiency, and economic viability (in a full business sense) of delivering the level of service required for the optimum cost.
- 8.8.6 Asset Management Plans will take account of the Council's community service obligations. All plans and program will be environmentally sustainable and comply with Council policies.
- 8.8.7 Asset Management Plans will inform long term financial plan.
- 8.8.8 Asset Management Plans will be subject to a disciplined continuous improvement program.

8.9 Information Systems

- 8.9.1 Council's Corporate Asset Management System (including Council data) will be used by all service providers for their Asset Management related activities.
- 8.9.2 Service Managers will be given the authority to acquire local systems subject to Council policies and procedures. For systems to assist asset and works management this would only be approved if the Corporate Asset Management System cannot provide the necessary functionality and the requirement is justified on consideration of timeliness, benefit and cost.
- 8.9.3 Local systems must be compatible with the Corporate Asset Management System. If enhancements to the Council system provide the functionality provided by the local system, the local system will be migrated to the Council system.

- 8.9.4 All requests or proposals for local systems which are related to asset or works management must be referred to the Manager Assets and Properties for comment before a Business Case is prepared and forwarded to the Chief Information Officer.
- 8.9.5 Responsibility for administration of the Corporate Asset Management System rests with the Assets and Properties department and will be bound by the relevant Council information technology policies.
- 8.9.6 Corporate Asset Management System enhancements and purchasing will be the responsibility of Assets and Properties department and be bound by the relevant information technology policy.

8.10 Data Management

- 8.10.1 Data capture will be the responsibility of the relevant Asset Manager in accordance with the Council data capture policy.
- 8.10.2 Responsibility for data accuracy and currency rests with the Asset Managers.
- 8.10.3 Data will be periodically audited to ensure compliance with Council Policies and Procedures.

8.11 Asset Acquisition, Modification or Disposal

- 8.11.1 Asset acquisition, modifications or disposals will look at alternative options to deliver support to the required service. These options shall be evaluated on a benefits and costs basis.
- 8.11.2 A formal asset acquisition, modifications or disposals process shall be established that ensures the desired asset or service is delivered and the appropriate information systems updated to identify, account and manage the asset appropriately from day one of asset handover.
- 8.11.3 Asset acquisition, modifications and disposals will have regard to minimising the impact of Council's activities on the environment and enhancing environmental outcomes where possible.
- 8.11.4 Asset acquisition, modifications and disposals will be undertaken within a framework of appropriate financial delegations and approvals.

8.12 Training

- 8.12.1 Councillors and staff with asset management responsibilities will be trained in asset management principles, practices and processes.

PART C – POLICY IMPLEMENTATION

9 ROLES AND RESPONSIBILITIES

To achieve this policy the following key roles and responsibilities are identified:

9.1 Council

- To act as custodians of community assets
- To approve Council asset management policy and vision
- To approve agreed levels of service, risk and cost standards
- To approve and annually review the Council Plan
- To ensure appropriate delegations and approval processes are followed

9.2 Chief Executive / Executive Team

- To ensure appropriate resources for asset management activities are made available
- To ensure asset management improvement
- To approve policies and develop new policies related to asset management
- To implement Council Asset Management Strategy with agreed resources
- To manage and balance levels of service
- To monitor and review performance of Council's managers and staff in achieving the Asset Management Strategy
- To ensure that accurate and reliable information is presented to Council for decision-making
- To ensure appropriate delegations and approval processes are followed

9.3 Managers & Staff

- To implement the Council Asset Management Strategy with agreed resources
- To develop and implement improvement plans for individual asset groups
- To develop and implement maintenance, refurbishment and capital works programs in accordance with Asset Management Plans, Annual Plan and Budget
- To deliver levels of service to agreed risk and cost standards & agreed service delivery expectations
- To manage infrastructure assets in consideration of long term sustainability
- To report asset related risk and damage
- To ensure appropriate delegations and approval processes are followed

9.4 Asset Management Steering Group

- Review and recommend improvements to asset management policies, strategies, plans and processes
- Review service delivery performance
- Review asset renewal, inspection and maintenance plans and performance

- Promote and raise asset management awareness
- Review and recommend asset management improvement plans
- To ensure appropriate delegations and approval processes are followed

9.5 Service Level Working Group

- Coordination of service delivery between Service Managers and Asset Managers
- Prepare and document agreed service levels, risk and cost standards
- Develop and review Asset Management Plans
- To ensure appropriate delegations and approval processes are followed

9.6 Senior Staff and Asset Managers of Steering Committee

- Monitor, review and report on asset management policies, strategies and plans
- Implement asset management strategy
- Develop and implement business processes to support asset management
- Provide and manage the asset management information system
- Establish and monitor asset risk inspection regimes
- Manage asset condition assessments
- Provide asset valuations
- Provide accurate and reliable information to council for decision making
- Develop and implement asset management improvement plans
- To ensure appropriate delegations and approval processes are followed

10 POLICY REVIEW

This policy shall be reviewed at least every four (4) years to ensure consistency with other Council policies and enhance the effectiveness of delivering the necessary outcomes.

The policy should be reviewed following the Council Plan preparation process associated with new Council Terms.

Responsibility for managing a review on expiry rests with the Manager Assets and Properties.

The review will be undertaken by the Asset Management Steering Group based on industry requirements and feedback on the effectiveness of the policy in achieving its objectives.

11 RELATED DOCUMENTS

- Australian Accounting Standards (AASB116, AASB108, AASB136)
- Asset Management Strategy (2005)
- International Organisation for Standardisation – ISO 31000:2009 (Risk Management)
- Australian Standard AS/NZS 4536:1999 (Life Cycle Costing)
- International Infrastructure Management Manual 2011
- Fixed Asset-Asset Management Policy for City of Darebin
- Local Government Act 1989
- Victorian Government's Asset Management Series

12 GLOSSARY

Glossary of Asset Management Terms:

Asset	<p>Assets are tangible 'things' (such as a road section, a drainage pit, a tree or a building), which provide services that the community requires or expects in order to carry out their normal business, private, community or recreational pursuits.</p> <p>Council's assets are generally acquired or constructed to meet the needs of the community or the operational needs of the organisation at a particular point in time. Other 'corporate infrastructure' assets (such as a computer network) are used by Council to administer, manage and support this service delivery.</p>
Asset Management	<p>Asset Management is a combination of management, financial, economic, maintenance and engineering services provided by Council in relation to the assets with the objective of providing the level/s of service required and expected by the community in the most cost effective and financially sustainable manner.</p>
Asset Manager	<p>An Asset Manager is any officer of Council that has direct responsibility for the provision of any of the services defined as 'Asset Management'.</p>
Asset Hierarchy	<p>An Asset Hierarchy provides a framework for segmenting of the entire asset base into appropriate classifications. The Asset Hierarchy consists of (in descending order): Class, Sub-class, Asset Type, Asset and Component.</p>
Asset Class	<p>An Asset Class is a logical grouping of assets at its highest functional level within the Asset Hierarchy. The Asset Classes used by the Darebin City Council are: Roads; Bridges, Buildings, Drainage; Open Space; Plant and Equipment; and Cultural.</p>
Asset Sub-class	<p>An Asset Sub-class is the most general grouping of Asset Types within an Asset Class that allows for reporting of like Asset Types e.g. Roads – Pavements, Footpaths, or Buildings – Buildings, Land, Structures.</p>
Asset Type	<p>An Asset Type is the lowest level of grouping for similar assets or similar assets that provide similar services. Each Asset Class is comprised of a number of Asset Types (e.g. the Asset Types of the Buildings Asset Sub-class would include: Public Toilets, Children's Services, Neighbourhood Centres and Municipal Offices).</p>
Asset Component	<p>Asset Components are the distinct elements or systems that comprise an individual Asset. Components have an independent physical or functional identity and can be replaced without changing the identity of the Asset. Components have differing specific attributes such as life expectancy, maintenance needs and criticality. Identification of Asset Components can range from individual replaceable parts through to entire systems (e.g. a air-conditioning chiller unit or an entire air-conditioning system).</p>

Asset Management Steering Group	The Asset Management Steering Group is a multi-disciplinary group that oversees and promotes the role of Asset Management within Council.
Asset Register	An Asset Register is a list of all of the Assets of a given Asset Class or Asset Sub-class.
Service Level	Service Levels are a defined, or currently provided, level of service quality for a particular asset based activity against which performance may be measured. Service Levels could be defined in a number of dimensions including: quality, quantity, reliability, responsiveness, environmental acceptability or cost.
Lifecycle Costing	Lifecycle Cost is the total cost of an asset over its entire life. This includes costs for planning, design, and construction, acquisition, operation, maintenance, rehabilitation and disposal.
Optimised Decision Making	Optimised decision making is a process for considering and prioritising all options to rectify existing or potential performance failures of assets. Optimised Decision Making utilises current condition information as a basis for extrapolation of risk analyses.