



8.11 ASSET MANAGEMENT POLICY
WARD: WHOLE OF MUNICIPALITY
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ATTACHMENTS: 1. Asset Management Policy 2017

PURPOSE

The report provides an overview of proposed changes to the Asset Management Policy and seeks Council’s adoption of a revised Asset Management Policy.

1. RECOMMENDATION

That Council:

- 1.1 Notes that as part of the Council’s commitment to achieving advanced asset management practice, a review of its asset management policy has been conducted.
- 1.2 Adopts the revised Asset Management Policy 2017 as included in Attachment 1.

2. BACKGROUND

- 2.1 Council has over \$2.9 billion in assets under its management. This includes approximately 214 buildings, 293 km of roads, 414 km of footpaths, 232 km of drainage pipe, 11,585 drainage pits, art, library books and other assets which have been built up over many years.
- 2.2 A significant portion of the Council budget each year is spent on renewing, improving, growing, maintaining and operating assets for the benefit of the community. Given this, as well as population growth, rates capping, and climate change, Council must be a good at asset management.

Asset Management Policy	A high-level document that describes how an organisation intends to approach asset management within the organisation.
Asset Management Strategy	A document outlining the Council’s asset management objectives, context and roadmap for improvement.



Asset Management Plan	A plan developed for the management of one or more infrastructure asset classes with a view to operating, maintaining and renewing the assets cost effectively, while providing a specific level of service.
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Asset Management Framework

- 2.3 Our asset management framework is a set of documents, systems and processes that addresses Council’s asset management responsibilities. Following industry practice, our asset management framework comprises the following fundamental components:
- 2.4 The interrelationship between these documents is described in the following diagram



Asset Management Policy

- 2.5 The Asset Management Policy sets out the approach to asset management at the City of Port Phillip. It is designed to ensure appropriate management of Council’s assets to meet current and future community needs and is a key part of Council’s overall asset management framework.
- 2.6 At the Ordinary meeting of Council on 14 June 2011 Council adopted a revised Asset Management Policy.
- 2.7 The policy is now six years old and it is appropriate that Council review the policy and take into consideration various asset management issues that have arisen since 2011.



3. KEY INFORMATION

- 3.1 Council officers have continued to make business improvements to enhance the organisation's asset management capabilities and decision making processes.
- 3.2 A driver of these improvements has been the assessment undertaken by council officers according to the National Asset Management Assessment Framework (NAMAF).
- 3.3 NAMAF is a methodology for assessing the maturity of a council's asset and financial planning, management and reporting practices. It consists of 11 key elements against which councils can self-assess their progress in implementing better practice asset and financial management and reporting processes. The framework provides for two levels of capability status; 'Core' and 'Advanced'.
- 3.4 Port Phillip's capabilities across the 11 key elements are at varying degrees of sophistication and maturity. Further work is required to increase our capabilities to accord with best appropriate asset and financial management practices. As part of the assessment process Council's asset management policy was reviewed and several areas of improvement were identified.
- 3.5 The current Asset Management Policy was adopted by Council on 14 June 2011. While this version of the policy meets all the core requirements of NAMAF, in our commitment to continuous improvement, the policy has been revised and updated to incorporate changes to achieve advanced capability status.
- 3.6 The key improvements to the policy include:
 - 3.6.1 Improved clarity around asset management objectives and alignment to Council priorities with increased emphasis on environmental, social, economic and financial sustainability.
 - 3.6.2 A requirement for an asset management strategy including a roadmap for achieving the desired state of asset management practice within council and for progress to be reported in the Annual Report.
 - 3.6.3 A requirement for an integrated approach to service and asset management planning and reporting with asset management to be driven by community needs and service requirements.
 - 3.6.4 Improved asset planning practices including a minimum 10 year planning horizon aligned with the Council Plan and Long-term Financial Plan.
 - 3.6.5 A greater focus on asset management processes, data, systems, capability and decision making and improved clarity around roles and responsibilities.



FURTHER SUPPORTING INFORMATION

4. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 4.1 Alignment to the Council Plan is a key element of the Policy. In addition, the Policy includes objectives to support social, environmental, economic and financial sustainability – key underlying themes in the Council Plan.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 Consultation has taken place with internal stakeholders in the development and review of this policy. It has been endorsed by the Asset Management Transformation Program Project Control Group comprising managers from Open Space and Recreation, Maintenance and Renewal, Sustainability and Transport, Asset Management and Property, Community Health and Service Planning, and Finance departments.
- 5.2 This policy largely relates to Council operations as such consultation with the community is not proposed. However, the Policy does address feedback from various community engagement and consultation activities in recent years including those associated with the Council Plan that have encouraged Council to improve its asset management practices and to better use its assets to improve community outcomes.
- 5.3 In recent years various reviews associated with the NAMA, Department of Planning and Community Development and the Victorian Auditor General have sought details about Council's asset management policies, strategies and organisational framework. This Policy will demonstrate to external stakeholders and to the community that Council is committed to advanced asset management practice.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 There are no direct legal or risk implications associated with the adoption Asset Management Policy.
- 6.2 However, its implementation will assist in better management of legislative obligations and risks associated with Council's assets through ensuring these aspects are better considered as part of asset management and that asset management is integrated with broader enterprise governance including risk management.

7. SUSTAINABILITY – Triple Bottom Line

7.1 ENVIRONMENTAL IMPLICATIONS

- 7.1.1 A key objective of the Policy is to ensure that assets under our care and management are planned and developed to incorporate climate resiliency and to mitigate our impact on the environment.
- 7.1.2 The Policy requires the Asset Management Strategy to demonstrate how this objective will be achieved it also requires environment sustainability to be considered as part of Asset Management Planning and capital project prioritisation.

7.2 SOCIAL, CULTURAL AND ECONOMIC IMPLICATIONS

- 7.2.1 A well-maintained network of assets play an important role as the foundation to community wellbeing by fostering social interaction and participation in



sport, recreation and cultural endeavours.

7.2.2 The Policy includes the following key objectives designed to support improved social, cultural and economic outcomes:

- Fit for purpose: assets will deliver agreed levels of service to the organisation and community in terms of function (including safety and accessibility), condition, and capacity.
- Community benefit: Council will innovatively use its asset base to support the social, cultural and economic wellbeing of the community.

7.2.3 The Policy requires the Asset Management Strategy to demonstrate how these objectives will be achieved. It also requires consideration of community needs and asset condition, function and capacity in asset planning.

7.3 FINANCIAL IMPLICATIONS

7.3.1 The Policy includes the following objective: Asset management decisions and practices ensure the council has the funds to look after, improve and grow its assets for current and future generations.

7.3.2 It requires financial sustainability to be considered in the Asset Management Strategy and in asset management planning and decision making.

7.3.3 Implementation of the Policy is currently within existing budgets. Any additional investment will be supported by a business case.

8. IMPLEMENTATION STRATEGY

8.1 TIMELINE

8.1.1 The revised Asset Management Policy, pending adoption by Council, will immediately replace the existing policy.

8.1.2 The Policy requires the establishment of and Service and Asset Planning Steering Team to ensure an integrated approach to asset management. This team will be established within 60 days of Policy adoption.

8.1.3 The Policy will inform completion of the Asset Management Strategy (which will be reported to Council in July) and the continuous improvement of our Asset Management Plans.

8.1.4 Review of this policy will take place on a four-yearly cycle in alignment with the development of the Council Plan.

8.2 COMMUNICATION

8.2.1 The Asset Management Policy will be made publicly available via Council's website.

9. OFFICER DIRECT OR INDIRECT INTEREST

9.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.