



DRAFT

Asset Management Policy 2023

Policy ID No

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Commencement Date:

Review Date (4 years from authorised date):

Responsible Department

City Infrastructure

This policy has not been authorised.

1. Introduction

The purpose of this policy is to provide a framework for Council to undertake the management of its community assets in a responsible and effective manner that is appropriate for the needs of current and future generations.

This policy applies to Merri-bek City Council, Executive and officers involved in the operation, maintenance, renewal, upgrade, and disposal of existing assets and the acquisition and construction of new assets.

All community assets owned or controlled by Council are covered by this policy. These include roads and transport, carparks, footpaths and shared paths, drainage, structures and buildings, parks and open space.

2. Context

2.1 Vision

This Asset Management Policy supports:

Merri-bek Community Vision 2021-31

Merri-bek is our home. We respect and look after our land, air, waterways, and animals. We care for our people and celebrate our diverse stories, cultures, and identities.

Merri-bek is enhanced by all of us supporting our local businesses, arts communities, and social organisations.

We work together proactively and transparently to continue to create a:

- vibrant
- safe
- healthy
- resilient
- innovative
- regenerative community.

“Many faces, one Merri-bek”.

Within the Council Vision, Council has identified 5 themes:

1. An environmentally proactive Merri-bek
2. Moving and living safely in Merri-bek
3. A healthy and caring Merri-bek
4. Spaces and places in Merri-bek
5. An empowered and collaborative Merri-bek.

Asset Management is integral in enabling Council to provide sustainable assets for the community, thus contributing to themes 1, 2, 3, 4 and 5.

2.2 Principles

Asset Management comprises two elements:

- Asset Stewardship (ensuring existing assets can be passed on to the next generation as a positive legacy).
- Management of Risks (ensuring that existing assets can be safely used by the current generation).

Robust asset management is necessary to support informed strategic decisions regarding the following:

- Provision of services to current and future generations.
- Provision and preservation of community assets.
- Encouragement and support of sustainable development.
- Ensuring assets are fit for purpose and responsive to changing community needs and expectations and a changing climate.
- Management of short-term and long-term risks, including the effect of climate change on the life, service levels, and effectiveness of assets.
- Legislative requirements.

3. Objectives

The objective of this policy is to maintain Council's asset base through a long-term asset sustainability index (SI) averaging 95-105%. The SI is the ratio of the capital expenditure on replacing of assets (renewal) divided by annual depreciation, (see Section 7 – Definitions)

In meeting this objective Council will optimise the whole of life costs of its assets, whilst meeting the present and future service delivery needs of the community and minimising exposure to risk.

4. Policy Details

The objective of the policy is met through:

- A framework for the management of Council owned and controlled assets that support the delivery of the Council Plan.
- A structured approach to asset management to enable the delivery of responsive services in a sustainable manner that optimises the use of the assets and provides best value
- Ensuring the application of consistent and optimised decision-making processes to all aspects of asset management aligning with the Council Plan and Council's Long Term Financial Plan including the:

- Allocation of funding to provide agreed services and service levels that is sustainable for current and future generations.
- Evaluation of capital proposals according to their contribution to the 5 themes of Council's vision and Asset Stewardship and Risk Management .
- Prioritisation of asset renewal, so that renewal projects and renewal/upgrade projects are undertaken before the asset becomes obsolete or unfit for purpose.
- Replacement of assets at a rate consistent with their consumption (Capital Renewal),
- Development of Asset Management Plans that:
 - Provide quantity and condition information about asset classes leading to renewal expenditure projections
 - Identify levels of service based on community expectations, where applicable
 - Align with the Council Plan, Council's Long Term Financial Plan and Council's 10 Year Asset Plan
- Project development and design that considers Council's existing strategies and commitments (Section 9 Documents) and Council's legislated requirements (Section 10 References), including the following:
 - Climate change
 - Gender impact assessment – ([website assessment](#)) (Legislative requirement)
 - Disability access
 - Disadvantaged Groups
 - Human Rights
- Proactive and strategic maintenance of assets so that they continue to meet customer service requirements, agreed service level, and operational standards for the duration of their expected life.
- Maintenance of designated council assets to remain accessible, safe, and serviceable during days of low air quality / smoke haze and extreme weather events, including extreme heat days and severe rainfall events.
- Understanding and funding of the full cost of an asset over its predicted useful life; this includes the maintenance, operational, renewal and disposal costs associated with the asset.
- Management of performance, risk (both public and OH&S) and expenditure of community assets in an optimal and sustainable manner.
- Delivery of responsive services in a sustainable manner that meets quality of life, safety and amenity needs of the community.

- Adoption and embedment of these principles and objectives as recognised 'best practice' in developing and maintaining consistent asset management practices within the municipality.

5. Roles and Responsibilities

Roles and responsibilities for Asset Management occur at all levels within Merri-bek City Council. The following are the broad areas of responsibility:

Council

- Act as stewards for all Council assets.
- Approve the Asset Management Policy.
- Approve the Council Plan, the Annual Budget and the 10 Year Asset Plan with consideration to this policy and the long-term financial plan.
- Represent the needs of the Merri-bek community

Chief Executive Officer

- Implements the Council approved Asset Management Policy in line with Council's adopted budget with agreed resources, through the development of Strategy and Plans.
- Ensure appropriate resources for asset management activities are made available.
- Ensure that accurate and reliable information is presented to Council for decision making.
- Ensure the Asset Management Policy is reviewed as required.
- Provide training to Councillors on Governance of asset management to support their role as outlined above.

Directors

- Support the vision, objectives, and asset management framework.
- Support the development of a sustainable Asset Management Strategy and Asset Management Plans for the various categories of assets using principles of lifecycle analysis.
- Monitor levels of service to agreed risks and cost standard.
- Implement improvement and tactical plans (such as maintenance programs, capital works programs) in accordance with the Asset Management Plans and Council Plan.
- Ensure that legal and statutory obligations are met.
- Ensure asset responsibilities are reviewed and allocated.
- Ensure appropriate levels of training are provided to all relevant staff in Asset Management and Financial Management activities in the delivery of sustainable asset management.
- Ensure appropriate levels of service and cost standards for each asset class are determined through an appropriate consultation process.
- Present information to the Chief Executive Officer in terms of service, risks, and costs.
- Support the delivery of annual budgets and a long-term financial plan that reflects the state of the assets and asset consumption.

Asset Management Steering Committee

- Recommend strategies and actions to the Chief Executive Officer, Directors and Managers in relation to their responsibilities under the Asset Management Policy.
- Review the Asset Management Policy in the context of broader Council policies.
- Oversee the development, review and monitoring of the Asset Management Plan.
- Ensure the development of integrated asset management systems and plans consistent with organisational goals and objectives.
- Ensure integrated asset management systems, plans, and processes are effective in improving the climate resilience of assets
- Review the roles and responsibilities in section 5 and recommend change as appropriate.
- Take a holistic view of Asset Management status and recommend enhancements as appropriate.
- Review the processes used for the development of Council's Capital Works Program and recommend change as appropriate

6. Monitoring, Evaluating and Review

Policy reviews will be undertaken by the Asset Management Steering Committee based on industry requirements and feedback on the effectiveness of the policy in achieving its objectives.

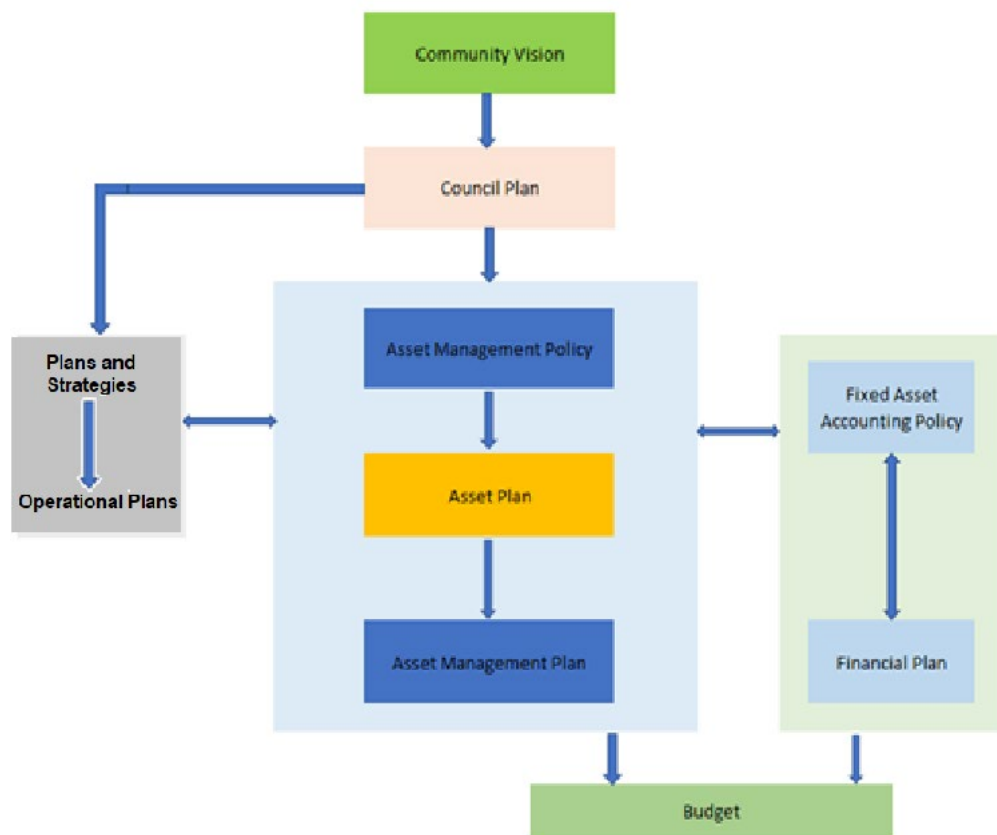
This policy may be amended or revoked by Council at any time and will be reviewed every 4 years

7. Definitions

Term	Definition
Asset	A physical component or item which has a value that enables services to be provided and that has an economic life of greater than one year.
Asset Management	The combination of management, financial, economic, technical and other practices that are applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.
Asset Management Plans	Long-term plans (usually 10-20 years or more for infrastructure assets) that outline the current asset activities and programs for each service area and resources applied to provide one or more proposed levels of service in the most efficient way.
Capital Renewal	The capital funding required to replace the assets of Council or a property of the same or equal value.
Level of service	The defined service quality for a particular activity or service area against which a service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability, and cost.

Term	Definition
Lifecycle	The cycle of activities that an asset goes through from planning and design to de-commissioning or disposal.
Maintenance	All actions for retaining an asset as near as practicable to its original condition but excluding rehabilitation or renewal. Maintenance does not increase the service potential of the asset or keep it in its original condition. It does however slow down deterioration and delays when rehabilitation or replacement is necessary.
Predicted Useful Life	The predicted useful life is based on usage demand standard and industry accepted standard lives. The predicted useful life may be varied when the usage demands increase significantly or as a result of significant changes in climate.
Risk management	Is the identification, assessment, and prioritisation of risk as defined in AS/NZ ISO 31000:2018 (the effect of uncertainty on objectives), whether positive or negative, followed by coordinated and economical application of resources to minimise, monitor, and control the probability and/or impact of unfortunate events.
Sustainability	The capacity to endure, in the context of asset management is about meeting the needs of the future by balancing social, economic, cultural and environmental outcomes or needs when making decisions today.
Sustainability Index (SI)	the extent to which infrastructure assets are being replaced as they reach the end of their useful lives. The SI is a ratio of capital expenditure on the replacement of assets (renewals) divided by current depreciation expenses expressed as a percentage: $SI = ACERA / AD \times 100\%$ ACERA = Annual Capital Expenditure AD = Annual Depreciation of Assets = Replacement Cost / Total Useful Life Total Useful Life of an asset may be affected by climate change, maintenance regimes and service demand. When changes in TUL are observed, the adopted TUL may be altered.

8. Asset Management Framework



9. Associated Documents

- Merri-bek Community Vision 2021-31
- MCC Council Plan 2021-25
- MCC Asset Management Strategy 2020
- MCC Climate Risk Strategy 2022 - 2030
- MCC 10 Year Asset Plan
- Road Asset Management Plan 2019
- Drainage Asset Management Plan 2020
- Building Asset Management Plan (under review)
- Human Rights Policy 2016 – 2026
- Gender Impact Assessment Resources ([website assessment](#))

10. References

- Australian Accounting Standards (AASB 116)
- International Infrastructure Management Manual Edition 6
- ISO 55000 Standards – Asset Management Series
- IPWEA Practice Note 12.1 Climate Change Impacts on the Useful Life of Infrastructure
- AS 5334-2013: Climate change adaptation for settlements and infrastructure - A risk-based approach
- Local Government Act 2020
- Road Management Act 2004
- Gender Equality Act 2020