

Hobsons Bay City Council

Asset Management Policy

August 2017



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Introduction

Hobsons Bay is located at the north western end of Port Phillip Bay and is home to the suburbs of Altona, Altona Meadows, Altona North, Brooklyn, Laverton, Newport, Seabrook, Seaholme, South Kingsville, Spotswood, Williamstown and Williamstown North.

Hobsons Bay is unique to the Western Metropolitan Region. It has over 20 kilometres of beaches and foreshore areas; it is home to significant coastal wetlands, five creek systems, remnant native grasslands, and important flora and fauna habitats, making up 24 per cent of the municipality's land area. It contains the historic seaport of Williamstown, one of the oldest settlements in Victoria, a range of historic buildings as well as recently developed residential areas.

Hobsons Bay has the challenge of managing an asset portfolio with an estimated replacement value of over \$1 Billion consisting of

- Roads 433 kms
- Drainage 471 kms drainage pipes and 19,821 pits
- Pathways and shared trails 728kms
- Bridges 1.287 kms (51 No)
- Off street car park 192,178 sq m (101 No)
- Buildings 90,399 sq m (207 No)
- Playgrounds 30,043 sq m (86 No)
- Sportsgrounds 689,673 sq m (73 No)
- Floodlighting 109 No across 35 sportsground
- Foreshore Assets 23 kms
- Traffic calming devices (1,221 No)

Hobsons Bay 2030 Community Vision

The following Hobsons Bay 2030 vision was developed *by* the community *for* the community and will guide Council's work until 2030.

"By 2030, embracing our heritage, environment and diversity, we – the community of Hobsons Bay – will be an inclusive, empowered, sustainable and visionary community led and supported by a progressive Council of excellence."

Council Plan 2017- 2021

The goals of the Council Plan are aligned with the six key priority areas of the Hobsons Bay 2030 community vision and were developed based on councillor,

community and Council staff feedback. They consist of 20 strategic objectives that are framed around the following four goal areas:

- 1. An inclusive and healthy community** - enhancing the health and quality of life of the community through the equitable provision of quality services and opportunities for greater wellbeing.
- 2. A great place** - ensure Hobsons Bay is a vibrant place to live, work and visit.
- 3. A well designed, maintained and environmentally sustainable place** - manage future growth and development to ensure it is well designed and accessible whilst protecting our natural and built environments.
- 4. A Council of excellence** - be a leading and skilled Council that is responsible, innovative and engaging in order to deliver excellence in all we do.

The delivery of each objective is supported by initiatives and major initiatives identified through service planning and included within the annual budget, and the Strategic Resource Plan.

Asset Management Goals

In order to achieve the Hobsons Bay 2030 community vision and Council Plan objectives, an integrated formal approach to the management of assets is essential. The following goals will guide asset management planning and service delivery:

- To provide affordable assets that best meet the communities' current and future needs and expectations;
- To make asset investment decisions based on a long term focused, integrated decision making process informed by strategic plans, asset and service strategies, service plans and asset management plans;
- To make informed/fact based decisions about the management of our assets incorporating social, economic and environmental factors which influence the health and wellbeing of our community;
- To maintain assets throughout their lifecycle to enable the delivery of appropriate levels of service and optimise in a sustainable way the use of available resources;
- To ensure that funding for the maintenance, operation and renewal of existing assets is prioritised above the funding of new assets;
- To ensure asset investment decisions consider all benefit cost options including provision of new assets by retirement, disposal, rationalisation and consolidation of existing assets to reduce life-cycle costs;
- To ensure compliance with the statutory, mandated and community requirements and obligations;
- To implement best practice asset management in compliance with the Australian Standards ISO55000 and National AM Frameworks

Purpose

The purpose of this policy is to provide Council's commitment to best practice asset management and provide principles for sound asset investment decision making.

It provides the overall integrated planning framework (Refer to Appendix 1) to guide the long-term sustainable management of Council's assets informed by the Council Plan and other strategic documents (i.e. Strategic Plans, Asset Strategies, Service Strategies, Service Plans, Asset Management Plans and the Long Term Financial Plan).

This policy document along with the implementation of the Council Plan and Hobsons Bay 2030 community vision will ensure that Council's asset management goals and objectives are achieved.

Scope

This policy document will apply to all current and future physical assets owned, leased and operated by Council. It will be complied with by all Council staff with decision making informed by the community.

In the context of this Policy physical assets include assets with a useful life of more than one year, which require management by Council and other bodies falling under the Financial Management Act namely:

- Land;
- Buildings;
- Plant and Equipment (including motor vehicles, trucks, mowers etc.);
- Parks and Recreation Assets (including sports grounds, BBQ's, playgrounds equipment, trees);
- Road Assets (including road pavement & surface, footpaths, bridges, kerb & channel, retaining walls, traffic signals, parking meters, street lights, street furniture and signs) and
- Drainage Assets (including underground pipes, pits, culverts and litter traps)
- Information Technology Assets
- Public Art Assets

Accountability & Responsibilities

Appendix 2 presents the asset management accountability and responsibilities for Council, the Corporate Management Team, Asset Managers, Service Managers, Maintenance Managers, Asset Management Steering committee and all staff.

Policy

Council is committed and determined to optimising its infrastructure and community assets. It recognises their importance in achieving better amenity and services, improved health and wellbeing of the community and to meet the social, economic and environmental needs of the community now, while sustaining resources for future generations.

Council is committed to providing physical assets that enable Council to deliver its services to the community sustainably as documented in the Council Plan.

To enable Council to provide such a diverse range of services in a sustainable way now and into the future, Council will adopt a systematic, integrated, risk based Asset Management System aligned with ISO 55000 and the National Asset Management Framework and in accordance with Victorian Local Government Act.

The Policy builds on the existing asset management practices and specifically places increased emphasis on adopting the following key service delivery planning principles:

Service and Asset Planning

- Asset management strategies, plans, capital works programs are developed in accordance with the Integrated Planning Framework, (Refer to Appendix 1);
- Asset investment decisions to create, upgrade, accept a donated asset will consider lifecycle costing (acquisition, ongoing operations and maintenance, renewal, disposal costs)
- All proposals for provision of new service infrastructure assets will provide for accessibility (compliance with the Disability Discrimination Act (DDA), environmental, social, heritage, risk exposure and financial sustainability needs;
- Service/Asset Management Strategies and Plans will include processes which provide accountability to the community;
- Council will continue to invest in improving its asset management knowledge and commit to further research and development of asset management plans;

- Council's asset management and service provision strategies and plans shall aim to seamlessly integrate to ensure best practice in asset management;
- Council will analyse alternative treatment options to mitigate potential risks of predicted failures
- On an annual basis, Council shall prepare a ten year capital works program in alignment with the requirements of the long term Financial Strategy;
- Managers and Co-ordinators through their service planning projects are to understand current and future customer expectations, predict changes in asset needs;
- Council will continue to build asset management capacity and participate in the MAV's STEP Program in its journey toward "Advanced Asset Management" in compliance with the National Asset Management and Financial Management Frameworks for Local Government;
- Community feedback will be considered as part of the Service Level and Asset Management Plan development process.

Service Levels

- Service plans based on unit services will be developed and informed by data and community feedback;
- Asset Service Levels (intervention levels and maintenance standards) will be reviewed and developed by Council as part of the asset management development process and informed by community feedback;
- Council will define, quantify and document in Asset Management Plans current community levels of service and technical levels of service and costs of providing the current levels of service;
- Council in conjunction with the community, will regularly review its community and technical levels of service to determine the financial impact of a change in service levels. Any changes are reflected in the Asset Management Plan and the Long term Financial Plan;
- Council will continue to monitor community satisfaction regarding asset management.

Resource and Funding Allocation

- Council is committed to reducing the asset renewal gap and will aim to provide renewal funding to keep up with the rate of asset deterioration;
- Council shall aim to prioritise the provision of funding for legal compliance, renewal, maintenance, and operation of existing assets in preference to financing new[#] works or asset upgrades; ([#] excludes works that replace,

consolidate, retire and dispose of existing assets to create a new asset. New works constitute creating a new asset without replacing an existing asset)

- Asset Management Strategies and Plans are developed in accordance with the Budgetary Framework (Refer to Appendix 3);
- Assets will be managed using a lifecycle approach and in accordance with the asset management techniques details in the ISO 55000 which is based on the International Infrastructure Management Manual and National Asset Management Framework;
- Where possible, all assets developed will be costed to include universal design principles and environmental design standards
- Upon approving a new or redevelopment / upgrade capital works project, Council shall also commit to provide appropriate lifecycle funding for renewal, maintenance and operation within the capital works and operational budget;
- Decisions to provide new services or assets to the community shall be evidenced based (including environment, social, economic, and community needs) justifying the initial expenditure required and the long term ongoing funding required to ensure the services and assets can continue to perform for the benefit of current and future generations;
- Assets will be regularly maintained to ensure that they continue to function as built for the duration of their life;
- Funding for all asset acquisitions, maintenance, renewals shall be guided by Council's Asset Management Plans and included in the capital works program, annual budgetary process, Long Term Financial Plan and the four yearly Council Plan;
- Where possible, Council may choose to support the asset renewal budget through the rationalisation, disposal of identified, surplus or obsolete assets; and
- Council shall proactively seek grants and partnership opportunities to provide additional funding for asset investments.

Asset Ownership

- Council shall implement an asset condition assessment program to proactively inspect and monitor the condition and performance of its asset portfolio;
- Decisions to rationalise assets will be aligned with service requirements as stipulated in the service plans;
- Council will not accept any donated assets until a due diligence assessment is conducted and it satisfies minimum acceptable risk and quality standards;
- Assets will be utilised to their fullest potential to maximise usage and economic performance;
- Council will aim to provide fit for intended purpose assets to support service provision;

- Council will aim to systematically upgrade current assets to meet current and future accessibility standards;
- Council will improve the environmental performance of its current asset base with energy, water and waste efficient components/construction techniques and initiatives utilised wherever possible.

Risk Management

- Council will maintain a Corporate Risk Register, monitor, develop and implement controls to manage risk
- Council will implement a risk based assessment and evaluation when prioritising works. This involves understanding the consequences of asset failures with mitigating strategies implemented to reduce potential risks;
- A risk management approach is to be adopted for property management, public safety and environmental and social impacts of assets and their associated service delivery utilising the Council's Risk Management Policy and Frameworks
- Council shall establish and deliver maintenance standards that maintain assets to the agreed level of service, mitigate risk and meet the planned service outcomes;
- Council will proactively insure all assets for loss, property damage and public indemnity;
- Council shall proactively seek continuous improvement in risk management techniques and processes to minimise insurance premiums and mitigate risks;
- Council will maintain occupancy agreements (including leases and licences) with all third party occupants which clearly demarcate the maintenance and renewal responsibilities;
- Proactive inspections of Council's assets shall be undertaken to monitor compliance with occupancy agreements and asset deterioration;

Legislative Compliance

- Council will manage and maintain its asset base in a manner that ensures compliance with relevant legislation and regulations;
- Council shall be responsive to legislative or regulation changes and provide appropriate funding to ensure compliance occurs in a timely manner; and
- Council shall monitor the maintenance of road related assets to ensure ongoing compliance with the Road Management Plan.

Asset Information Systems and Data Administration

- Council shall utilise an integrated asset management system to assist in the delivery of the policy, condition monitoring and forecasting, development of long term maintenance and renewal programs, risk management and financial reporting of assets;
- Council will aim to continuously improve its asset knowledge and maintain an up to date register of its asset base including maintaining inspection and works histories;
- The asset management system shall consist of a centralised asset register and shall integrate with other corporate modules i.e. document management, finance, geographical information system;
- The asset management system shall store all corporate data pertaining to Council assets including physical attributes, condition, financial, risk, maintenance, renewal, intervention levels, asset lives and other related asset data. This information will be proactively used when managing the lifecycle of Council assets and should be used, where practicable as a single point of data truth;
- Council will continue to implement a condition audit programme to monitor the performance of its assets and to collate data to assist in making informed decisions;
- All new, renewed and upgraded assets will be recorded and capitalised in Council's asset register;
- Council shall monitor the utilisation and condition of assets to provide information on the possible rationalisation or disposal of assets.

Asset Accounting

- The valuation of Council assets shall be in accordance with the Australian Accounting standards applicable for Local Governments within the State of Victoria: and asset lives/lifecycles shall reflect the service potential of the relevant category;
- Asset lifecycles may be adjusted on the basis of reliable asset condition and performance data in compliance with the Financial Management and Asset Management Frameworks for Local Government;

Key Stakeholders

- Community members and interest groups
- Business community
- State Government and agencies

- Council
- Corporate Management Team
- Asset Managers, Service Managers and Maintenance Managers and their staffs with responsibilities for individual assets.
- Asset Users
- Maintenance Service Providers
- Asset Contractors

Related Legislation and Guidelines

- Local Government Act 1989
- International Infrastructure Management Manual (IIMM)
- Municipal Association of Victoria (MAV) – STEP Asset Management Improvement Program Guidelines
- National Asset and Financial Management Frameworks for Local Government
- ISO 55000 – Asset Management Series
- Public Health and Wellbeing Act 2008
- Planning and Environment Act 1987

Related Documents

The Asset Management policy is an overarching document, and will have linkages with the following policies/strategies/plans:

- Council Plan 2017–21
- Long Term Financial Plan
- Asset Capitalisation Policy 2017
- Hobson Bay 2030 community vision
- Ageing Well Strategy 2007-17
- Disability Access and Inclusion Strategy 2013–17
- Universal Design Policy Statement (under development)
- Environmental Sustainable Design Policy (under development)
- Corporate Greenhouse Strategy 2013-20
- Target 2265
- Climate Change Adaptation Plan 2013-18
- Living Hobsons Bay: Integrated Water Management Plan 2014-19

The above documents will need to make reference to the Asset Management Policy when being reviewed.

Definitions

Council Plan - The Council Plan (4 years) is the strategic document that guides the planning, development, allocation of resources and provision of services to the Hobsons Bay community. The Plan presents strategies to deliver on the six key priority areas within Hobsons Bay 2030 community vision.

Strategic Plans / Asset and Service Strategies – A plan or strategy that informs the need for the provision of new, upgraded and or expanded assets to meet current and future projected service needs (e.g. Integrated Transport Plan, Open Space Strategy, Corporate Greenhouse Strategy, Disability Access and Inclusion Strategy).

Service Plans - These relate to the strategic plans, asset and service strategies defined above but go further into identifying specific service programs, projects and staffing levels etc. required to deliver and sustain the service. The service plan informs the asset management plan that presents the new and upgrade projects and associated increased operating and maintenance costs.

Asset Management Plans - present the projects and long term asset financial forecasts (renewals, new and upgrades as identified from the service plans, operations and maintenance costs). The projects and programs identified in the asset plans inform Council's overall 10 year capital works program.

Asset Renewal Gap – Annual shortfall in renewal budget. The difference between the “required” renewal budget to eliminate the current asset backlog of poor condition assets and keep up with the annual rate of deterioration.

Asset Backlog – The value of poor condition assets (assets reached the point in their life cycle beyond the required intervention year.)

Capital Works Evaluation – the process to evaluate and prioritise capital works projects to be included in Council’s 10 year Capital Works Program. Capital Projects include renewal, new, upgrades, expansion and asset disposal works.

10 Year Capital Works Program – The prioritised program of renewal, new, upgrade and disposal projects including major projects and other improvement projects with the respective funding source identified.

Long Term Financial Plan – provides direction and context for decision making in the allocation, management of Hobsons Bay City Council’s financial resources. The plan guides Council in the development and revision of its 10 year financial plan and determines financial boundaries for delivery of capital and operational plans. Council uses rate revenue, together with other funding sources, wisely to provide prioritised services and improve asset management and financial sustainability.

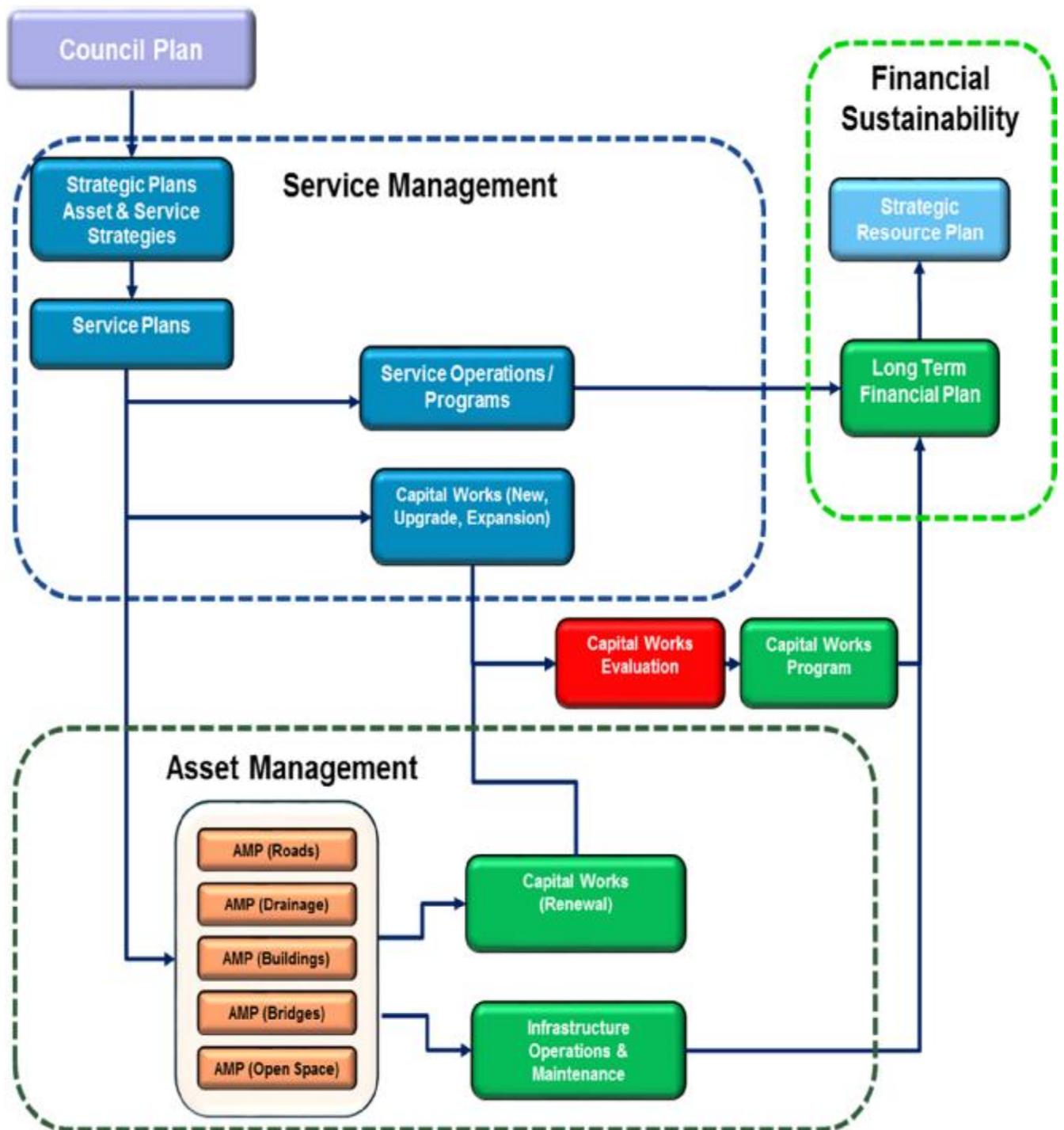
Review of Policy

Policy will be reviewed four years from the date of approval, or whenever Council determines that a need has arisen unless there is a requirement for more frequent/longer cycle. Reviews must follow the same development procedure as new policy proposals

Appendices

Appendix 1	Integrated Planning Framework
Appendix 2	Accountability and Responsibilities
Appendix 3	Budgetary Framework

Appendix 1- Integrated Planning Framework



Appendix 2- Accountability and Responsibilities

Council

- Accountable for ongoing decision making for the provision of safe and sustainable community infrastructure;
- Comply with Local Government (Best Value Principles) Act 1999;
- Comply with Local Government Act 1989; - Local Government Model Financial Reporting;
- To act as custodians and stewards of community assets.
- Periodically review the Asset Management Policy and Improvement Strategy for ongoing suitability and alignment with the Council Plan;
- Approval of funding for the delivery of levels of service at agreed risk and cost standards;
- Approve and review the Council Plan in accordance with Council policy; and
- Ensure that the appropriate resource levels for asset management and maintenance activities are provided.

Chief Executive and Corporate Management Team

- Periodically review the Asset Management Policy, Strategy and Asset Management Plans;
- Ensure the Asset Management Policy, Asset Management Improvement Strategy and Asset Management Plans are implemented with agreed resources.
- Ensure that accurate and reliable asset information is presented to Council for informed decision making.
- Review annually the asset renewal strategy and backlog and report to Council.

Asset Manager / Service and Maintenance Managers

Asset Manager, Service Manager, Maintenance Manager and Project Manager Responsibilities are well defined under council's asset management roles and responsibilities matrix and any changes required are updated. Their respective responsibilities include:

- Develop and implement Service Plans, Strategies and Asset Management Plans for individual asset groups;
- Implementation of the Asset Management Improvement Strategy with adequate resources;

- Develop and implement long term maintenance, renewal, upgrade and new capital works programs that meet the objectives of Service Plans and Asset Management Plans, Risk Management Policy, Council Plan and Long Term Financial Plan;
- Develop and implement an integrated maintenance and strategic asset management system.
- Deliver projects on time and within budget
- Deliver levels of service to agreed risk and cost standards;
- Present information to the Council, Chief Executive and Corporate Management Team in terms of lifecycle risks, risk mitigation strategies and cost options;
- Present regular reports to Council outlining Council's performance in delivering the Capital Works Program, the Asset Management Plan and endorsed Service Plans;
- To review and update Service and Asset Management Plans for individual asset groups ensuring that they continue to be relevant and aligned to Council's Plan.
- Collaboratively develop and deliver on the agreed Level of Services, quality standards and key performance measures;
- Undertake ongoing validation and review of the Asset Management Plans to better inform asset investment decision making

Asset Management Steering Committee

- Assist, promote, guide, support and monitor "best practice AM principles and practices" across the organisation;
- Develop the Asset Management policy, system, strategies, processes, goals and objectives.
- Develop the corporate Asset Management Framework including AM resourcing;
- Develop the integrated planning framework with linkages to service plans and strategies, asset management plans, capital works, long term financial plan and organisational strategies (e.g. Disability Access and Inclusion Strategy, Corporate Greenhouse Strategy) ;
- Identify opportunities for improvement in relation to the planning, development and management of Council infrastructure;
- Develop and monitor progress of the AM Improvement Strategy including the delivery of AM tasks, activities and initiatives including training;
- Communicate AM related information across the organisation;
- Prepare and implement the annual AM System review and audit process;
- Set Condition Standards and Asset Criticality Categories for differing class of physical assets;
- Respond to Government and MAV initiatives and compliance with legal and statutory requirements;

- Monitor the progress of AM Plan development;
- Integrate AM activities with key business and functional areas across the organisation;
- Develop and implement AM awareness, training and education programs;
- Facilitate AM continued improvements across the organisation.

Staff

Work in a safe and collaborative manner to:

- Deliver planned arrangements that include, levels of service to agreed risk and cost standards;
- Comply with the Asset Management Policy;
- Deliver on actions and implement outcomes of the approved Service and Asset Management Plans;
- Provide timely advice and input asset data into Council's Corporate Systems in line with corporate procedures;
- Participate in appropriate training to develop the skill sets required to undertake asset management tasks as appropriate for the responsibility of the role or position;
- Participate in the review of the annual capital works programs in order to identify opportunities for integration and greater efficiency of delivery;
- Participate in the development of specific processes and practices to support planning, development and management of Council's assets

Appendix 3 - Budgetary Framework

Asset management practices must ensure that Council's infrastructure asset base is sustained into the future. In order to meet this need this policy requires that:

- (i) Council reporting is broken down into categories of: operational, maintenance, renewal, upgrade and new; and
- (ii) Funding areas are broken down into "Discretionary" & "Non-Discretionary" in both recurrent and capital budgets.

As shown in Table 1 below, this process requires four funding areas. The first two "Non-Discretionary" areas are in operational and capital budgets. The capital commitment is to fund the ongoing asset renewal requirements to ensure longevity of Council's assets and to balance funding for an approved additional new / expanded service.

Table 1– Asset Management Budget Process

Recurrent Funding	Capital	Capital	Consequential Recurrent Funding
Operations & Maintenance	Renewal / Compliance	New/Upgrade	New maintenance and Operational Costs
Funds to maintain and operate existing asset stocks and risks so that existing services are maintained to approved service standards.	Funds to renew existing asset stock and compliance needs, in order to retain capacity to deliver specified levels of service of existing services and to manage risk. It must also allow for renewal of additional new and upgraded asset stock for approved new or improved services.	Funding for provision of new or upgrades to assets and to support approved new, improved or expanded services. Funds allocated only when all non-discretionary requirements are met.	Funds for the additional maintenance, and operating costs as determined by the lifecycle cost analysis that will be incurred as a result of the proposed new and upgraded assets, to support approved new or expanded existing services.
'Non-Discretionary' Operational	'Non-Discretionary' Capital	'Discretionary' Capital	'Non-Discretionary' Operational

When Council considers its discretionary capital expenditures for new and upgraded assets it is essential that it also recognises the impact these have on the operational budget. Additional budget is required to support the additional operational, maintenance and renewal costs that will be incurred with the commencement of the expanded / new service.

This additional consequential recurrent funding due to approved new/expanded services is classified as non-discretionary operational cost. If this funding is not provided Council can expect a reduction in the level of services of other existing services, to compensate for funding of the new / expanded service.

Where operational or capital funding is required to mitigate risk it is also 'Non-Discretionary'.

As new and upgraded projects are identified and considered in the annual budget, an assessment of their environmental, social, heritage and financial impacts is presented to Council. The financial impact relates to any consequential ongoing operational, maintenance and renewal costs that are determined through a lifecycle assessment for the life of the service or asset.

Each new/upgrade capital project will have a lifecycle assessment conducted for consideration by the Capital Works Committee.