

Asset Management Policy

Adopted by Council 01 September 2020



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**MORNINGTON
PENINSULA**
Shire

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1 Introduction

Assets are fundamental in allowing Mornington Peninsula Shire to plan and deliver services to the community. The Shire is responsible for managing more than \$2 billion worth of assets on behalf of the community, and must plan for their acquisition, operation, maintenance, renewal, upgrade, expansion and disposal.

These assets include transportation and stormwater assets which are major contributors to Victoria's infrastructure base, open space assets which contribute to the community's social and recreational needs, and community buildings which provide community services to enhance quality of life on the peninsula.

This policy outlines the principles to be followed in setting the Shire's asset management objectives and preparing the Asset Management Framework. It has been developed to be consistent with the Council Plan, and other relevant Council policies.

2 Purpose

The purpose of this policy is to provide a clear direction for asset management at the Mornington Peninsula Shire. It is required to translate the Shire's broad strategic outcomes and plans into a framework that will enable the Shire to deliver sustainable services, underpinned by effective and efficient asset management practices.

3 Policy Objectives

The objectives of this policy are to:

- demonstrate senior leadership's commitment to Asset Management;
- outline the principles that will govern how asset management will be undertaken at the Mornington Peninsula Shire;
- promote the sustainable management of the Shire's assets to support the delivery of services to a level determined by Council;
- outline the Shire's Asset Management Framework and how it integrates into broader corporate planning;
- ensure asset management supports the management of Council's strategic and operational risks;
- facilitate the development and maintenance of a long-term financial plan based on a sound Asset Management Framework;
- ensure an Asset Management Information System is in place to support decision making; and
- drive continuous improvement of Council's asset management practices.

4 Owner

The Asset Management Steering Committee has overall responsibility for this policy. The responsibility for its implementation lies with the Manager Infrastructure Strategy and Climate Change

Enquiries should be directed to the Team Leader Asset Management.

5 Scope

This policy applies to Council, Executive Management, officers and relevant stakeholders involved in the acquisition, operation, maintenance, renewal, upgrade, expansion and disposal of the Shire's assets. This also includes areas across the organisation that do not have specific responsibilities for managing the Shire's assets but make use of them in the delivery of services.

The policy covers all assets managed by the Shire, specifically those in the major infrastructure asset classes of Transportation, Stormwater, Buildings, and Parks & Open Space.

6 Definitions

Terms	Definitions
Asset	An item, thing or entity that has potential or actual value to the Council, and for which the Council has a responsibility.
Asset Management	Coordinated activity of Council to realise value from assets.
Asset Management Framework	A set of interacting elements for Asset Management whose function is to establish the Asset Management Policy and Asset Management Objectives and processes to achieve those objectives.
Asset Management Policy	Documented information that specifies the high-level intentions and direction of Council incorporating the principles and approach to Asset Management to achieve the Strategic Objectives of the Council Plan.
Asset Management Strategy	Documented information that specifies how the Strategic Objectives identified in the Council Plan are to be converted into Asset Management Objectives.
Strategic Asset Management Plan	Documented information that specifies how asset management will be conducted, the approach for developing Asset Management Plans and the role of the Asset Management Framework in supporting achievement of the Asset Management Objectives.
Portfolio Asset Management Plan	Documented information that specifies the activities, resources and timescales required for an individual asset, or a grouping of assets, to achieve the Asset Management Objectives and agreed levels of service.
Level of Service	The defined service quality for a particular service / activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.
Asset Renewal Expenditure	Expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability;

Terms	Definitions
Asset Upgrade Expenditure	Expenditure that: (a) enhances an existing asset to provide a higher level of service; or (b) increases the life of the asset beyond its original life;
Asset Expansion Expenditure	Expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to existing beneficiaries;
New Asset Expenditure	Expenditure that creates a new asset that provides a service that does not currently exist;

7 Policy

7.1 Commitment to Asset Management

The Shire is committed at council, managerial and operational levels to develop, implement and continually improve asset management systems and outcomes. Our leaders will recognise and promote the importance of whole of life asset management throughout the organisation and wider community.

7.2 Asset Management Principles

In pursuit of asset management best appropriate practice, the following key principles will apply in relation to asset management at the Mornington Peninsula Shire.

Asset Management is:

- **leadership driven**, establishing *accountability* and *responsibility* for assets, *integrating* asset planning with *corporate*, *financial*, *business* and *budgetary planning*, and seeking *continual improvement*;
- **service led**, ensuring *service delivery* needs form the basis of asset management decision making and asset management outcomes are community-focused and based on sound community engagement;
- **informed by risk**, ensuring *risk management* is embedded in the way we work and how we make decisions;
- **information based**, with *objective data* on assets used to drive planning, and systems in place to monitor *lifecycle costs* and *asset performance*;
- **whole of life**, considering each asset's *lifecycle* and pursuing *sustainability*, to provide for present needs while sustaining resources for future generations; and
- **climate aware**, considering the *impacts* that climate change has on assets, the *contribution* assets make to climate change and how to best manage assets in a time of *climate emergency*.

The Council commits to abiding by these principles in pursuit of its strategic asset management objectives.

7.3 Integration of Asset Management with All Corporate Planning

The Shire will link asset management planning in with the integrated planning approach required by the *Local Government Act 2020* and specifically the long-term financial plan, recognising that this is an essential part of asset management.

Asset Management Plans for each class of assets will set out the optimal schedule of proposed asset operation, maintenance and renewal, and new and upgrade programs, to achieve specified service levels while minimising asset life cycle costs and risk.

The Long Term Financial Plan will accommodate the Shire's budget needs to enable asset maintenance activities to be carried out and renewal of assets when nominated in an Asset Management Plan.

To demonstrate that Council is delivering financially responsible services, capital expenditure for asset renewal will be given priority over expenditure for upgrade, expansion or acquisition of new assets.

8 Procedure

8.1 Asset Management Framework

All asset management planning will be carried out in accordance with the Shire's Asset Management Framework as illustrated in Attachment 1. The Framework provides a strategic approach to asset management, linking the Shire's Council Plan, this Policy, the Asset Management Strategy, the Strategic Asset Management Plan, and the Portfolio Asset and Operational Management Plans.

The Framework will promote prudent, transparent and accountable management of the Shire's assets to meet current and emerging challenges.

The Framework consists of eight elements to facilitate improvement in asset management performance:

8.1.1 Development of a Policy

Develop an asset management policy which:

- establishes the principles for asset management providing a platform for service delivery;
- integrates asset management with council corporate and financial planning;
- assigns accountability and responsibility for service delivery together with asset management; and
- broadly takes account of whole of life costing, service levels and financing options.

8.1.2 Asset Management Strategy

Council's Asset Management Strategy will give effect to the Asset Management Policy.

The development of the Strategy will enable Council to demonstrate how its asset management practices will support the service delivery needs of the community into the future.

The Asset Management Strategy will address:

- The types of assets the Shire manages and establish links between assets and the services they support.
- The future asset management related challenges facing Council.
- Long-term sustainability and service delivery.
- The conversion of strategic objectives in the Council Plan into Asset Management Objectives.

8.1.3 Asset Management Planning

The Strategic Asset Management Plan (SAMP) will support the implementation of the Asset Management Strategy.

The SAMP will address general asset management matters relating to the Shire's Asset Management Framework such as:

- How asset management is conducted at Mornington Peninsula Shire, including detailed roles & responsibilities for asset management, needs and expectations of stakeholders, and the scope of the asset management framework.
- How we will achieve our Asset Management Objectives.
- How we will plan for assets, considering the services supported, information requirements, processes for managing information, climate change awareness, resources needed and competence of staff and contractors.
- How we will take a risk management approach to asset management and decision-making, considering all stages of an asset's lifecycle.
- How we will approach the development of specific Asset Management Plans for each major asset class.
- How we will monitor, measure, analyse and evaluate our asset management performance.
- How we will commit to and promote the continual improvement of our asset management framework.

General information that applies to all major asset classes will also be included in the SAMP.

The Portfolio Asset Management Plans for each major asset class will specify the activities, resources, responsibilities and timescales required for an individual asset, or grouping of assets, to achieve our Asset Management

Objectives. Information specific to the individual asset classes shall be contained within these portfolio plans.

Asset Management Plans for major asset classes will be reviewed annually to allow updating of current available data such as asset values, and capital works and operations budgets.

8.1.4 Governance and Management Arrangements

The Asset Management Framework encourages Council to apply and effect good governance and management arrangements which links asset management to service delivery.

8.1.5 Defining Levels of Service

The Council will define the levels of service expected to be provided from the Shire's assets. This will include:

- establishing service delivery needs and defining service levels in consultation with the community;
- establishing quality and cost standards for services to be delivered from assets; and
- regularly reviewing service levels in consultation with the community to determine the financial impact of a reduction, maintenance or increase in service levels.

8.1.6 Data and Systems

The Shire will collect asset management data to:

- determine the value of assets;
- calculate the expected life of assets;
- plan the renewal, upgrade, expansion, acquisition and disposal of assets;
- enable the measurement of asset management performance over time;
- identify asset funding gaps; and
- enable the Shire to benchmark with the sector and other councils.

Council will continually work to improve the consistency of the financial data produced, particularly in relation to capital expenditure and the allocations between operation, maintenance, renewal, upgrade, expansion and new. Financial reporting will be categorised in terms of operational, maintenance, renewal, upgrade, expansion and new expenditure classifications.

Council recognises the benefits of an Asset Management Information System that acts as a single source of information on the Shire's assets, integrates with other corporate systems, and facilitates effective asset management across the organisation.

8.1.7 Skills and Processes

The Shire is committed to continual improvement of its Asset Management Framework. The Framework contains a continuous improvement program, which will include:

- a 'whole of organisation' perspective and a best practice framework to enable continuous improvement of asset management practices. This will include setting targets for future improvement;
- developing and providing ongoing training programs for councillors, council management and officers on key asset management topics; and
- developing guides to improve asset performance assessment, valuation of assets and accounting treatment.

8.1.8 Evaluation

The Asset Management Framework will contain a mechanism which measures its effectiveness, including the asset management programs and initiatives implemented.

9 Roles and Responsibilities

The following sets out the key roles under this policy:

Council:

- To exercise stewardship over the Shire's assets, setting levels of service, risk and endorsing the strategic management approach for Shire assets.

Chief Executive Officer and Executive Leadership Team:

- To establish the Asset Management Framework and ensure it is implemented within resources, budgets and service parameters; and
- To report on the performance of the Asset Management Framework and the effectiveness of asset management within the Shire.

Asset Management Steering Committee:

- To develop the strategic direction for asset management;
- To advise in the development and implementation of the Asset Management Framework; and
- To champion asset management within the organisation.

Managers and Staff:

- To acknowledge and take responsibility for their role in asset management;
- To develop and implement the Asset Management Framework under the direction of the Executive Leadership Team and advice of the Asset Management Steering Committee; and
- To monitor and report on asset performance.

The Strategic Asset Management Plan will outline the detailed asset management responsibilities across the organisation.

10 Legislation and Regulations

- *Local Government Act 2020*
- *Road Management Act 2004*
- *Charter of Human Rights and Responsibilities Act 2006*

11 Related Documents

- *Our Peninsula 2021*, Mornington Peninsula Shire Council Plan 2017-21

12 Communication

This Policy will be communicated to all staff who have a role in delivering it, with management checks to ensure that it is understood through follow-ups at team meetings and Performance and Development Reviews.

The Communications Team will publish this Policy on the Shire's website.

13 References

Attachment 1 – Asset Management Framework

14 Adopted

This policy was adopted by Council on 01 September 2020.

15 Review

This policy shall be reviewed within each term of Council and within no more than five years of its approval date.

Attachment 1– Asset Management Framework

