

June 2014

Asset Management Practices Improvement Strategy



Asset Management Practices Improvement Strategy

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1. Introduction

This strategic document, the “Asset Management Practices Improvement Strategy”, has been developed to provide focus on required improvements necessary to develop current asset management practices into the future.

Local governments make investment in assets solely to provide services to their communities. Investment in assets can be used for:

Sustaining services (providing services from existing assets)

- Operations and maintenance – (recurrent expenditure)
- Renewal of existing assets - (capital renewal)

Growth (providing additional assets for improved and new services)

- Enhancing service levels – (capital upgrade)
- Expanding services – (capital expansion)

The decision to invest in assets imposes a responsibility on councils to provide the requisite funds for operating, maintenance, renewal and disposal of the asset over its life cycle. Asset decisions cannot be made in isolation and Government capital and recurrent outlays should be considered within council’s overall budget and the impact these assets will have on the future costs and revenues of the Council.

The Shire is custodian of an extensive range of community assets that it provides to facilitate delivery of its services to the community. These include:

- the road & street network, including footpaths, kerb and channel, culverts, bridges, traffic facilities, guard rails, street furniture, bus shelters, street lighting, street name & regulatory signs, and car parks both on and off-street;
- flood protection and stormwater drainage systems;
- waste management facilities, including landfill, waste transfer stations and public place receptacles;
- buildings and facilities of various types that provide a focus for services, such as administrative facilities, child care centres, health centres, youth centre, kindergartens, community halls and public toilets etc;
- parks and recreation facilities, including active and passive recreation areas, sport centres, playgrounds, swimming pools and lighting, etc.
- special high usage tourist/visitor precincts, such as Hamilton Lake Precinct, Hamilton Arts and Cultural Precinct, Hamilton Livestock Exchange, Peshurst Volcanic Discovery Centre and the central business district where infrastructure is at a higher standard than normally used;
- plant and equipment, including Workshop and Depot facilities to undertake specific services;
- Information technology networks, including computer and telecommunication systems.

There is increasing demand for resources to provide the various services for which Council has a statutory responsibility as well as those services that the community expects it to provide. At the same time, the

ability to adequately fund these assets and services is becoming increasingly difficult due to competing demands.

Council needs to balance this funding of upkeep with increasing financial and consumption demand on the existing asset base. The means by which Council achieves proper management of its assets is 'asset management'.

By better understanding the extent and condition of its assets, Council is able to more effectively plan and fund its works programs. As a consequence assets will be maintained to an acceptable standard, which will enable Council to competently deliver services to the community.

2. Strategic Context

2.1. Asset Management Policy

Southern Grampians Shire Council adopted its Policy on Asset Management in March 2003 (Policy Number 108). The policy was reviewed in 2011. A format review was completed in 2012 and the policy was last updated in June 2013.

The purpose of an Asset Management Policy is to provide the framework which, together with the **Council Plan**, enables the Asset Management Practices Improvement Strategy and specific asset management objectives and plans to be produced.

2.2. Strategic Approach to Asset Management

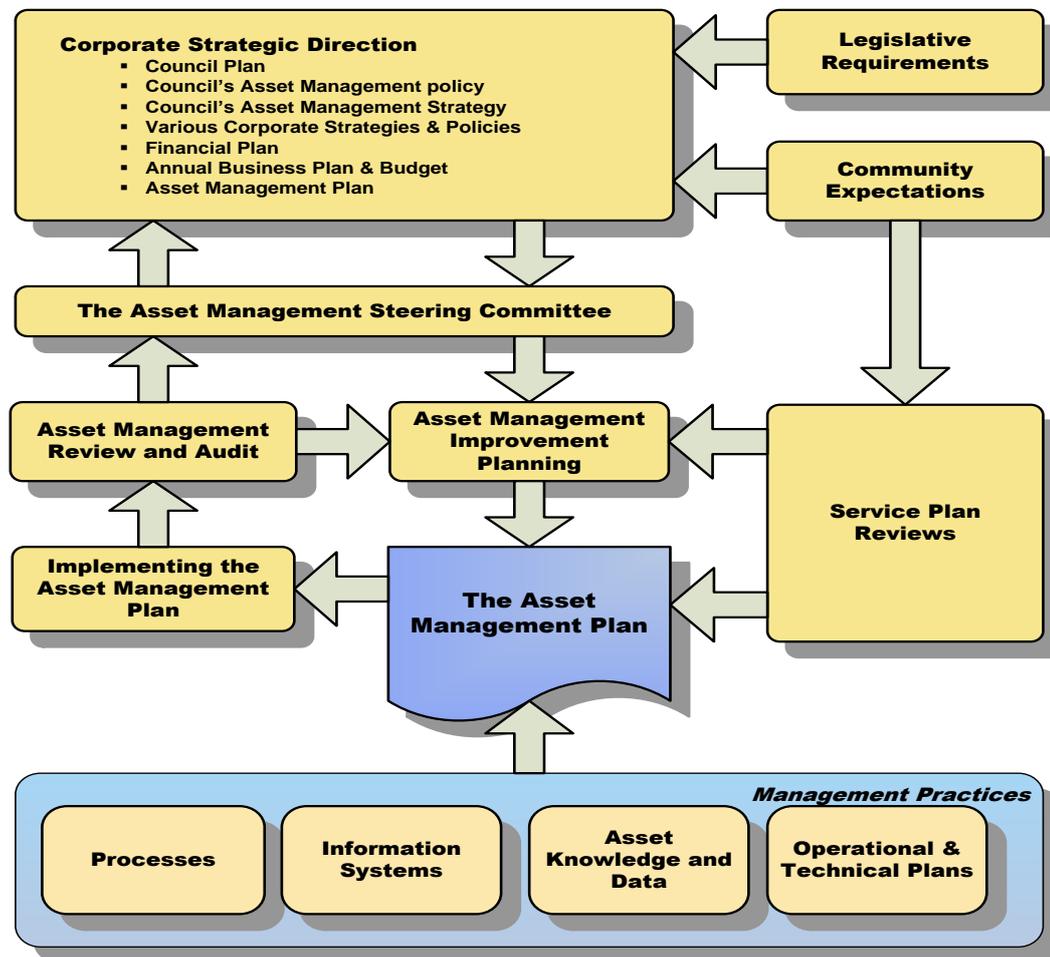
The following diagram shows the linkages between the key documents involved in the asset management process.

Diagram 2.2.1: Linkages between Key Asset Management Documents



The following diagram illustrates the linkages between Asset & Service Management Plans and the various corporate strategies, policies, plans and statutory requirements.

Diagram 2.2.2 – Corporate Strategic Linkages



Southern Grampians Shire Council has been involved in the Municipal Association of Victoria’s STEP Asset Management Improvement Program which commenced in late 2002. This program was established to provide Victorian Councils with a ‘whole of organisation’ perspective and a framework to work with in improving its asset management capabilities.

Typical benefits to be derived from this Council Asset Management Practices Improvement Strategy include improved stewardship and accountability for assets; improved communication and relationships with service users; improved risk management; more effective utilisation of assets and improved financial efficiency.

The purpose of this Strategy then is to define the way in which Council is to manage the community’s assets so that these benefits can be realised. It is intended to be a living document, to be reviewed periodically and kept updated as lessons are learnt.

2.3. Budgetary Framework for Asset Management

In the past, the method for determining the annual budget allocations has been to view the budget expenditure items as either recurrent operational costs generally treated as ‘non-discretionary’ or capital expenditures, generally ‘discretionary’.

Asset management practices are implemented to develop the ability for Council to sustain its asset base into the future, which is the basis of strategic financial planning. This requires a new perspective on budget processing.

Table 2.3 outlines four key funding areas rather than the traditional two as outlined above. The first two “Non-Discretionary” areas are in recurrent and capital. The capital component is the commitment to fund the ongoing asset refurbishment and renewal requirements to ensure they remain sustainable to be able to continue to provide the adopted levels of service.

When council considers its “Discretionary” capital expenditures for new and upgraded assets, it is essential to show the consequential imposition of recurring operational and maintenance costs that will occur once the new or upgraded asset becomes operational. This consequential additional cost is “Non-Discretionary” as it will be incurred if and when the new asset is provided.

Examples of this include:

- ❑ A new urban street may well require immediate street sweeping.
- ❑ A row of new street lights will incur ongoing electricity costs for operations immediately they are brought into use.
- ❑ A new building facility will incur utility, cleaning and perhaps security costs.

Table 2.3 – Asset Management Budget Process

Recurrent Funding	Asset Management	Capital	Consequential Recurrent Costs (Operations & Maintenance)
Maintenance & Operations	Refurbishment and Renewal	New/Upgrade	Upgrade and New
<ul style="list-style-type: none"> • Potholes, grading of roads • Footpath repairs • Cost of street lighting • Parks maintenance • Building maintenance, servicing & utility costs (electricity, cleaning) 	<ul style="list-style-type: none"> • Road reconstruction • K&C/footpath replacement • Oval resurfacing • Building renovation (but not upgrade) 	<ul style="list-style-type: none"> • Road pavement widening • New footpaths • Major park reconstruction • Building extension • New facility 	<p>New assets</p> <ul style="list-style-type: none"> • Additional maintenance load <p>Upgrades</p> <ul style="list-style-type: none"> • More or less maintenance • Building maintenance, servicing & utility costs (electricity, cleaning)
“Non-Discretionary” Recurrent	“Non-Discretionary” Capital	“Discretionary” Capital	“Non-Discretionary” Recurrent

As new and upgraded projects are brought forward for consideration with the annual budget, they will also have an assessment of the recurrent costs presented to Council as part of the overall project cost projections.

2.4. Key Outcomes of Strategy

2.4.1. Outcomes Expected

Key outcomes expected as a result of implementation of this Asset Management Practices and Improvement Strategy includes:

- ❑ An outline of the background to Asset Management in Local Government, and in particular within the Southern Grampians Shire Council.
- ❑ Council Asset Management Goals, Objectives and Performance measures.
- ❑ Key principles, guidelines, policies and strategies relating to asset management.
- ❑ Clear linkages between asset management and the relevant Council strategies and plans.
- ❑ Linkages between the Conquest asset management system and other key Council applications to facilitate data being available across the organisation through whatever database is sourced, and with data only being input once at the appropriate location within the network.
- ❑ The establishment of an organisational structure, which ensures that consistent asset management practices and processes, are adopted across Council.
- ❑ The responsibilities of managers of assets are defined.
- ❑ An Asset Management Plan to be completed and kept up to date that will have sub-plans specifically to cover each of the key asset groups of Roads, Bridges & Major Culverts, Buildings & Other Structures, Pathway's, Drainage, Playgrounds and Recreation & Open Space. The Asset Manager will outline how that asset group will be managed in terms of usage, maintenance, renewal and/or disposal.
- ❑ The Plan for each of these asset groups is to detail the objective of each key component of that asset group, together with measures, both upward and downward, as to how well the objective is being met.
- ❑ The Plan will provide Rolling Works Programs for both Asset Renewals and Maintenance Management for periods of at least three years, preferably five.
- ❑ Rolling Works Programs are to be used as the basis for formulating the Council Financial Strategy, and each shall include a financial model to cater for funding variations.
- ❑ Risk management issues to be addressed through separate analysis of data through Conquest and Asset Management Plans.
- ❑ A description of the various asset data management information systems and the various interfaces, and ongoing system management responsibilities.

2.4.2. Outcomes Already Delivered

Council has developed and adopted or is in process of developing the following strategic asset management documents that cover the above expectations:

- ❑ **Asset Management Policy** (adopted 2003, revised in 2005, 2011 and 2013)
- ❑ **Asset Management Strategy** (developed 2003, revised 2006, 2011 and 2013)
- ❑ **Road Management Plan** (adopted October 2009, updated June 2013)
- ❑ **Road Maintenance Service Agreement** (to be developed)
- ❑ **Asset Handover Process Flow and Procedure** (Implemented 2013)

Council is in the process of developing the following Asset Management Plans and documents:

- ❑ **Asset Management Plan Document** (June 2011)
- ❑ **Road Infrastructure Asset Management Plan (including Kerb & Channel)** – (June 2011 and reviewed September 2013)
- ❑ **Bridges & Major Culverts** (under development)
- ❑ **Building & Other Structures** (June 2011 and updated August 2013)
- ❑ **Pathways** (not yet commenced)
- ❑ **Drainage** (under development. Draft review September 2013)
- ❑ **Playgrounds** (endorsement December 2013)
- ❑ **Recreation & Open Space** (not yet commenced)

3. Goals and Objectives

3.1. Goal

To ensure the Shire's assets are safe, well maintained and that new investment and improvements achieve environmental and industry best practice.

3.2. Objectives

The objective of the Council Asset Management Practices Improvement Strategy is to ensure that Council meets the required level of service, both now and for the future, in the most cost-effective way through the creation, acquisition, maintenance, operation, rehabilitation and disposal of community assets.

Specific objectives include:

- **To provide the service needs of our community:**
 - ❑ *by ascertaining service level needs through a community consultation process*
 - ❑ *by focussing on outputs and outcomes with a view to continuously improving the match between service requirements and our service delivery*
 - ❑ *by ensuring our assets are appropriately used and maintained*

- **To optimise the service potential of our assets:**
 - ❑ *through improved management of our existing assets*
 - ❑ *through improved flexibility of our asset base*
 - ❑ *through rigorous planning, evaluation and budgetary processes*
 - ❑ *by using economies of scale for more cost effective service delivery*

- **To maximise value for money:**
 - ❑ *by taking account of the full costs of holding, using and disposing of assets throughout their life cycles*
 - ❑ *by ensuring asset management decisions are responsive to performance measurement and monitoring*
 - ❑ *by producing costed options for the delivery of asset services.*

- **To contribute to economic growth:**
 - ❑ *by appropriate matching of assets to meet service delivery demands*
 - ❑ *by ensuring that all asset management decisions are made within the context of Council's overall resource allocation and management framework*

- **To assign responsibility and accountability:**
 - *by clearly defining ownership and control of assets through asset information systems that meet both government and management decision making requirements*
 - *by determining and communicating accountability and reporting responsibilities throughout each step of the integrated approach to asset management*

- **To promote balance between development and sustainability:**
 - *by balancing the demand for new assets through the use of non-asset service delivery alternatives where appropriate*
 - *by making asset decisions that consider and protect the needs of future generations*
 - *through consideration of asset renewal and rehabilitation options wherever feasible*

- **To minimise risks to the community and to Council's financial viability:**
 - *through the application of risk assessment and reduction strategies*
 - *by regular condition audits consistent with the criticality of the various asset categories*
 - *through the delivery of appropriate asset maintenance and renewal programs*

4. Guiding Rules

These guiding rules support the key principles outlined in the Asset Management Policy. These guiding rules are the basis from which the Asset Management Plan is to be developed. They include:

1. Five-year ongoing programs (asset plans) of rehabilitation/renewal works will be developed from which annual core programs of works will be prepared;
2. Rolling work programs are to be reviewed no less frequently than every three years to ensure that they are on track with Council's overall strategy;
3. Assessed useful life-spans for various assets and groups of assets are to be used to develop maintenance and renewal programs. Life-spans are to be determined from local experience and also by benchmarking with other councils;
4. Business cases submitted for new assets shall include a reasonable assessment of its life-cycle impacts (including its eventual decommissioning or disposal) as well as ongoing operational and maintenance costs.
5. The assessment of any new asset to be provided must account for risks associated with the type of asset proposed.
6. Where detailed information is not available, estimates to be based on best aggregated information from other sources;
7. Depreciation is the systematic allocation of the depreciable amount (service potential) of an asset over its useful life. Depreciation is not a measure of required expenditure on assets in any given year.
8. Depreciation can only be used as an average guide of renewal spending required across a network where there is no better information available to take into account peaks and troughs in renewal needs.
9. Prior to any major refurbishment or rehabilitation of an asset, the following assessment needs to be undertaken:
 - ❑ *that there is still a need for the asset (short and long term)*
 - ❑ *legislative requirements*
 - ❑ *opportunities for rationalisation*
 - ❑ *opportunities for multiple use*
 - ❑ *capacity to generate income*
 - ❑ *ability to improve energy efficiency*
 - ❑ *risk and safety issues to be addressed*
 - ❑ *future liability including ultimate retention/disposal*
 - ❑ *operability and maintainability issues*

10. The level of **renewal funding required** will be determined according to Council's Asset Modelling tools such as Moloney Modelling software, the MAV STEP Program Guidelines and the Individual Asset Management Plans. These tools take into account asset valuations, asset age, asset condition and service level requirements.
11. The **annual asset renewal budget** is to be allocated in accordance with Council's Strategic Resource Plan in order to ensure that, as much as is practicable, there is an equitable distribution of projects to meet needs across the organisation.
12. Asset management also includes the physical monitoring of the asset. A physical verification of assets will be undertaken on an agreed timetable.
13. Asset performance is also to be monitored at periodic intervals, to ensure that it is meeting the intended function and/or the service being provided is continuing to be utilised by the community (i.e. the impact of demographic or other changes have removed the need for the asset or the service being provided).

5. Function, Level of Service & Risk

5.1. Assessment of Need & Function

The assessment of community “need” for a new or upgraded asset should involve a process of community consultation. As well as identifying the specific needs of the community, they in turn need to be aware of issues of cost and risk.

This community consultation process also satisfies part of the legislated “best value” principle and its own best value policy.

All of the Council assets considered in this report have been established and built to provide a “level of service” of functionality to the end user. This “level of service” has been developed based on a balance of the needs and expectations of the community as users and occupiers and the Council as asset owners / managers.

The community needs and expectations are balanced with industry best practice for asset management and the Shire’s desired “level of service”.

It is important to note that within the “Level of Service” guidelines are the criteria for “condition intervention”, based on asset preservation and risk management (see the following section). These criteria then allow the prediction of asset renewal costing based on condition or age, whichever is first.

The importance of the “level of service” is that it allows the asset to be maintained and/or renewed (refurbish/replacement) as required while at the same time strategically managing the allocation of scarce funding resources.

5.2. Level of Service

5.2.1. Levels of Service Requirements

The ‘level of service’ is the defined service quality for a particular activity or service area against which service performance can be measured. It provides the basis for the life cycle management strategies and works programs identified within the Asset Management Plan.

Levels of service can be broken down into three basic aspects:

- ❑ Function – its purpose for the community
- ❑ Design Parameters – what is required of and from the asset itself
- ❑ Performance & Presentation - the effectiveness of delivery of the service

Levels of Service are determined from the public consultation process and customer satisfaction surveys. They reflect the strategic objectives of Council and are based on:

- ❑ Customer expectations for quality of service and willingness to pay
- ❑ Legislative requirements; environmental standards, regulations and legislation that impacts the way assets are managed
- ❑ Council’s Vision and objectives as stated in the Council Plan
‘To Be Australia’s Most Liveable Provincial Community’
- ❑ Available resources, particularly financial constraints
 - ❑ Organisational delivery mechanisms

- Design Standards and Codes of Practice

The 'Level of Service' provided by a specific asset group will be outlined in the Asset Management Plan.

5.2.2. *Historic Background to Service Levels*

Council officers in Local Government have traditionally worked to the provision of levels of service that is assumed to be expected by the community. During any future consultation process Council will test these assumptions to make sure that it is correct or amend them accordingly.

Levels of service to date have been developed on the basis of available funding through the annual budget process. Most often service limitations are due to funding constraints and the perception of Council's during the budget process of what is affordable to the community with relation to rates and charges.

Examples of the service level assumptions include:

Municipal road network:

<ul style="list-style-type: none"> • <i>normal heavy vehicle traffic to be limited to Arterial Roads managed by the State through VicRoads;</i> • <i>access to the municipal road network by heavy vehicles to be limited to those necessarily using the municipal roads;</i> • <i>limited through access directed along residential streets;</i> • <i>minimal conflict between various road user groups/vehicle types;</i> • <i>suitable traffic control devices in dangerous locations especially where there is potential conflict between user groups;</i> • <i>street lighting in urban areas provides good visibility at night;</i> 	<ul style="list-style-type: none"> • <i>road surfaces that create minimal adverse noise conditions in residential areas, are smooth riding, accessible & safe in all the prevailing local weather conditions (i.e. non-slippery when wet) and free-draining;</i> • <i>all road structures to be maintained in a safe, workable condition;</i> • <i>street & roadside trees selected to maximise aesthetic benefit but with minimal ongoing problems;</i> • <i>nature strips to be suitable for easy maintenance by adjoining property owners;</i> • <i>town street signage adequate to facilitate access for non-locals.</i> • <i>Council responds to complaints & issues</i>
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Buildings & Facilities:

<ul style="list-style-type: none"> ▪ <i>Structural & safety inspections to be undertaken by suitably qualified persons</i> ▪ <i>Safe for users</i> ▪ <i>Appearance is acceptable</i> ▪ <i>Maintenance is done</i> ▪ <i>Clean & litter collected</i> ▪ <i>Good condition</i> ▪ <i>Consumables are available</i> ▪ <i>Safe location</i> ▪ <i>Operational</i> ▪ <i>Accessible to disabled and able people</i> 	<ul style="list-style-type: none"> ▪ <i>Taps that work</i> ▪ <i>No graffiti</i> ▪ <i>Signage to location</i> ▪ <i>Doors that work</i> ▪ <i>Toilet seats in good condition</i> ▪ <i>Lighting to work</i> ▪ <i>Well lit</i> ▪ <i>Non-slippery floors</i> ▪ <i>Meet Regulations</i> ▪ <i>Plumbing systems functional</i> ▪ <i>Council responds to complaints & issues</i>
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Open space assets

<ul style="list-style-type: none"> ▪ <i>Regular asset inspections</i> ▪ <i>Safe for users, particularly playground equipment</i> ▪ <i>Appearance is acceptable</i> ▪ <i>Maintenance is done</i> ▪ <i>Good condition</i> 	<ul style="list-style-type: none"> ▪ <i>Facilities are operational</i> ▪ <i>Accessible to all people</i> ▪ <i>Signage to location</i> ▪ <i>Mechanism for the reporting of defects</i> ▪ <i>Litter collected</i> ▪ <i>Council responds to complaints & issues</i>
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5.3. Risk Management

Council's risk assessment process is outlined in its *Risk Management Policy & Guidelines 2004* document.

5.3.1. Existing Asset Services

The Asset Management Plans outline how risks are to be managed specifically for each asset group. Included in the scope of 'level of service' is the inspection regime reasonably required to check that an asset is in a 'safe' condition for use!

5.3.2. New or Upgraded Assets

Risk assessment must be undertaken for proposed new or upgraded assets. These must account for issues relating to the ageing of an asset or interference by external impacts such as tree roots under footpaths that create hazards for users.

It is paramount that when considering conceptual designs of new assets, the designer must consider risks to users for both able-bodied and those with disabilities. Aesthetics are important in municipal infrastructure, but functionality and minimum risk are also major considerations.

6. Whole of Life Management

6.1. Evaluation Issues

Asset life-cycle management evaluation requires an asset to be replaced or refurbished when it no longer meets the “standards of the day” or the “level of service” that it was originally built to meet. Business Cases are developed for all funding requests and undertake an evaluation process before being considered for budget adoption.

In addition to the above, long-term considerations within asset management planning for refurbishment/replacement or improvements to an asset should also include:

- Continuing need and usage demand for facility (short term/long term)
- Legislative requirements
- Risk management issues
- Opportunity for rationalisation
- Future liability of retention
- Opportunity for multiple use
- Improved energy/environmental concepts

6.2. Asset Management Plans- General Asset Management Plan and Sub-Asset Management Plans

The General Asset Management Plan is the overarching document that will:

- Describe the assets council own and/or maintain (physical, financial)
- Describe the objective/purpose of the assets (or each key component of it)
- Define the service and intervention levels
- Define the intended time frame (lifecycle) of the asset type or key components
- Include financial information
- Recognise the decline in service potential
- State assumptions and data confidence levels
- Outline an improvement program
- Identify key performance measures
- Be reviewed regularly

Sub-Asset Management Plans are developed to describe the asset type, the renewal and maintenance process Council will undertake during the life of the asset. They will also outline the frequency of the defect and condition inspection program Council will undertake to insure the asset is being maintained within the agreed service and intervention levels.

AM plans are dynamic documents and updated periodically to be effective as a management tool and reference document. The plan should reflect changes in objectives/policies, customer expectations, improvements in AM systems or data in general.

6.3. Acquisition of New Assets & Acceptance Standards

Assets acquired by Council will be required to meet lifecycle principles before being formally accepted by Council.

6.4. Asset Disposal

Decisions to dispose of an asset require thorough examination and economic appraisal. Like acquisition decisions, they need to be taken within an integrated planning framework that takes into account service delivery needs, Council objectives, financial and budgetary constraints and Council's overall resource allocation objectives. Asset disposal terminates control of a particular asset but may generate the need for a replacement to support the continuing delivery of services.

Disposal is therefore a crucial component of the asset management life cycle.

7. Financial Management Strategy

The funding of assets is considered in Council's Strategic Resource Plan and Long Term Financial Plan development.

Each Asset Plan should provide a detailed summary of the long-term financial needs for the various assets within the group including the various maintenance and renewal works programs as well as their improvement programs.

8. Current Council Asset Management Practices

The following table provides a “snap shot” of the status of key asset management practices/processes and broad actions necessary to improve Council’s capability of managing its assets.

AM Practices/ Processes	Current Status/Issue – September 2013	Proposed Action
Information systems	<p>Council's key Asset Management Corporate Systems & Databases are:</p> <p>(a) Interlinked electronically (i.e. manual data transfer not required).</p> <ul style="list-style-type: none"> • Council Financial System – ‘Civica ’ Accounting Software <p>(b) Stand-alone (i.e. manual data transfer is required)</p> <ul style="list-style-type: none"> • ‘Conquest’ Asset Management System • Geographic Information System – ‘IntraMaps’ • Customer Request System – ‘Civica CRM 	<ul style="list-style-type: none"> • Systems are satisfactory for asset management purposes. • Electronic interlinking for data transfer is not good but people are managing. • Information input is adequate for AM purposes. • Information output is also adequate but further development of systems and more detail on assets within the databases is required.
Asset Registers & Asset Databases	<p>Management arrangements:</p> <ul style="list-style-type: none"> • Asset registers are within the Conquest Asset Information System, although listings are incomplete and there are some data accuracy issues to be resolved. 	<ul style="list-style-type: none"> • Register listings need to be completed and validated for each asset group. • Information in databases needs to be checked for accuracy. • Develop a process to ensure that changes to asset data information is made when they occur in the field rather than wait until staff return to the office.
Asset Function	<p>Understanding the Asset function requirement so as to meet community requirements:</p> <ul style="list-style-type: none"> • Each Asset Management Plan has its function outlined. 	<ul style="list-style-type: none"> • Although functions have been detailed, periodic review needs to be undertaken to ensure that each asset continues to meet its intended function.
Community Consultation	<p>Assessment of community needs and affordability:</p> <ul style="list-style-type: none"> • Levels of service have been assumed to meet community needs. • Most often service limitations are due to funding constraints. 	<ul style="list-style-type: none"> • During any future consultation process Council will test these assumptions to make sure that they are correct or amend them accordingly. • Detailed Service Plans are being developed by Service Managers within Council.

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AM Practices/ Processes	Current Status/Issue – September 2013	Proposed Action
Design Standards	<p>Documentation of design requirements: Design Standards are current for Roads.</p> <ul style="list-style-type: none"> • Building Regulations and Australian Standards are the basis of building designs. • Open Space assets also rely on Australian Standards where appropriate. • Urban Stormwater Drainage uses Institution of Engineers Rainfall & Runoff Guidelines for Australia for storm-flow information for design purposes. • SGSC is a consortium member of the Infrastructure Design Manual 	<ul style="list-style-type: none"> • Periodic review required to ensure that designs of any new works are in accordance with relevant Regulations, Guidelines and Standards. • New works should be the subject of design plans whether undertaken by external contractor or by Council's own workforce to ensure that design requirements are clearly established and understood and also to provide a defence for Council in event of litigation as to standards. • Design Plans are to be amended to indicate any 'As constructed' variations that were made during the construction process.
Service Levels	<p>Documentation of service delivery levels:</p> <ul style="list-style-type: none"> • Some service levels have been documented but there are still some that are outstanding. 	<ul style="list-style-type: none"> • Understanding service levels is critical to determination of the required funding levels – further work is required to adequately document service levels and their associated budgets.
Maintenance	<p>Documentation of maintenance standards & intervention levels:</p> <ul style="list-style-type: none"> • Maintenance levels have been documented into some Maintenance Service and User Agreements for road and open space assets. 	<ul style="list-style-type: none"> • Review the need at this time for Building, Open Space and Urban Stormwater Drainage Asset Maintenance Arrangements or Agreements as well as suitable guidance documentation for maintenance specifications such as AUSPEC.
Defect/Safety Inspections	<p>Inspection programs:</p> <ul style="list-style-type: none"> • Inspection arrangements have been developed for roads, buildings and playgrounds • Arrangements need to be finalised for open space assets, bridges & major culverts and drainage 	<ul style="list-style-type: none"> • Finalise inspection arrangements for pathways, open space assets bridges & major culverts and urban stormwater drains.
Condition Inspections	<p>Inspection programs:</p> <ul style="list-style-type: none"> • Programs for condition inspections need to be developed for all asset groups. • Most recent building condition survey was completed in April 2012 • Defects identified have been prioritised into High, Medium and Low levels of risk. 	<ul style="list-style-type: none"> • Develop programs for condition inspections for those not already completed, ensuring that data collected will provide condition assessment information in a format suitable for the preparation of both short and long-term maintenance, rehabilitation and renewal works programs.
Work Order Planning and Control	<p>Management arrangements:</p> <ul style="list-style-type: none"> • Conquest provides information on inspections and maintenance requirements arising from those inspections. This is used to prepare maintenance and capital renewal programs 	<ul style="list-style-type: none"> • Look to improve current system and better link with the Merit CRM. System needs to prioritise works on the basis of urgency of need of remedial action.

Southern Grampians Shire Council Asset Management Practices Improvement Strategy

AM Practices/ Processes	Current Status/Issue – September 2013	Proposed Action
Capital Budget Evaluation	<p>Prioritisation arrangements for capital works for annual budget:</p> <ul style="list-style-type: none"> Capital works program is mainly infrastructure driven with input from Strategic Plans and the Conquest Asset Management System (primarily condition based). 	<ul style="list-style-type: none"> Continue development of Asset Management System reporting to provide better condition based works programs especially buildings, pool shells and open space including synthetic surfaces.
Asset Performance Assessment and Monitoring	<p>Management arrangements:</p> <ul style="list-style-type: none"> Road network relies on local knowledge and feedback from staff & the community. Buildings & facilities have a management structure to monitor usage (what they are being used for) and utilisation (user numbers). 	<ul style="list-style-type: none"> Continue to monitor performance and develop service plans.
Management Resources	<p>Arrangements:</p> <ul style="list-style-type: none"> Currently resourced appropriately with various skill set levels and experience but very difficult to pick up staff suitably experienced in asset management including Engineering and GIS 	<ul style="list-style-type: none"> Explore options of additional resources at a lower level to help offset lack of resource at higher level. The lower level resources to undertake tasks suitable to their expertise.
Safety, Risk and Environmental Management	<p>Management arrangements:</p> <ul style="list-style-type: none"> The Consequences Chart as recommended by AS/NZS 4360:2004 forms part of the risk management process and is shown in the Asset Management Plans. 	<ul style="list-style-type: none"> Ensure that the organisational risk management process is included in future business case developments and assessments.
Project Management	<p>Project management arrangements:</p> <ul style="list-style-type: none"> Major capital works (e.g. new sports centre) - outsourced project management; Minor works (e.g. routine road works) – internal staff project management. 	<ul style="list-style-type: none"> Continue current process for the foreseeable future.
Cost Management	<p>Arrangements:</p> <ul style="list-style-type: none"> Implications of consequential recurrent costs included in evaluation of capital works and then budgeted for are part of the process (includes works acquired from subdivision activity). Full costing of all works (i.e. all applicable costs) is applied. Regular monitoring of costs of works programs as they progress. Reported quarterly to Council. 	<ul style="list-style-type: none"> Current system works well, however requires a time consuming manual processes and recordings. Need to monitor system performance and continuously improve process whilst investing automated time and cost reporting methods.

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Life cycle planning	<p>Currently undertaken for:</p> <ul style="list-style-type: none"> • Road reseals • Road resheeting • Bridge replacement • Major Culvert replacement • Building and Fit out renewals / replacements • Reactive building maintenance • Playground replacement 	<ul style="list-style-type: none"> • Life-cycle planning for building preventative maintenance, refurbishment and renewals needs to be undertaken. • Open space assets (recreation areas) generally don't need much long-term planning however it is required for playground equipment. Some of the current playground equipment is relatively new. Serve plans to be developed to determine the number of playgrounds required within the community and the desired intervention levels they are to be maintained at.
Demand Management	<p>Determination mechanisms:</p> <ul style="list-style-type: none"> • Council's Asset Management Plan has a section on Demand Management. 	<ul style="list-style-type: none"> • Need to annually review the Asset Management Plan and department service plans in relation to any impacts on demand that may have arisen during the year and adjust requirements accordingly. • Impacts include potential demographic changes, changes in community need, external impacts such as influences from neighbouring municipalities and Government, changes in technology, or simply better ways of doing things.
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Investment and Renewal	<p>Arrangements:</p> <ul style="list-style-type: none"> • Works programs have been developed to guide Council on long-term investment requirements in some asset renewals. Still trying to establish the overall extent of renewal requirements following periodic condition assessments. There is an apparent renewal funding gap but this is yet to be quantified. • In relation to managing disposals of obsolete or unneeded assets, there is not yet a clear documented process for rationalising and selling off obsolete recreation grounds and community buildings. Roads and drains at this stage have not become obsolete. 	<ul style="list-style-type: none"> • Develop programs for undertaking periodic (say 3 to 4 yearly) asset condition assessments to be better able to establish actual renewal needs. • Process these needs into long-term capital renewal programs and from these the long-term financial investment program. • There is a need to review bridge assets to establish the need to renew, replace with an alternative (e.g. with a low-level causeway) or to sell them to adjoining landholders. • Develop a detailed disposal process and policy in conjunction with service plan and asset determinations.

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Asset Performance Evaluation	<p>Asset performance evaluation processes:</p> <ul style="list-style-type: none"> There is currently no process (e.g. simple chart) to compare asset funding needs against what is provided for in the budget to enable Council to view its performance. 	<ul style="list-style-type: none"> Develop a performance assessment mechanism that in simple terms readily identifies which assets are being funded to meet the required levels of service and which are underfunded. This will assist Council in its budget deliberations.
Audit & Review	<p>Audit & process review processes:</p> <ul style="list-style-type: none"> Each Asset Group within Council's Asset Management Plan has a section on annual audit review of asset management processes, practices and systems to ensure they are meeting requirements. There is no auditing and review currently undertaken. 	<ul style="list-style-type: none"> Develop a suitable review process to meet the requirements of the Asset Management Plan and Service Plans.
Asset Performance Reporting	<p>Performance reporting mechanisms to Council & community:</p> <ul style="list-style-type: none"> Council's Asset Management Plans require that asset performance be included in Council's Annual Report to the community. Asset performance reporting is being undertaken. 	<ul style="list-style-type: none"> Develop a suitable mechanism for reporting on asset performance for insertion into Council's Annual Report on asset performance. This should take the form of providing an outline of how the long-term financial commitments for renewals, new assets and disposals are progressing. Also whether levels of service are also being met.
Organisational Awareness of Asset Management	<ul style="list-style-type: none"> The importance of asset management in assisting in the determination of Council's long-term financial strategy for sustainable delivery of services to the community isn't yet embraced across the organisation. 	<ul style="list-style-type: none"> Need to develop organisational awareness of the importance of assets and their ongoing management. Development within the municipal area can be inhibited if infrastructure to service it is inadequate or not provided at the time of development (e.g. adequate roads, drains, water supply, sewerage, communications, etc).

9. Improvement Action Plans

Asset Management Plans include an Asset Management Improvement section with a program of Actions to address existing shortcomings and other improvements to management practices and processes.

10. Monitoring & Review

10.1. Review of Plans

10.1.1. Asset Management Plan

To ensure that the Sub-Asset Management Plan for each asset group within the Asset Management Plan remains a useful document and relevant to the ongoing management of the asset, there is a review and monitoring process incorporated into it.

Where changes are made that do not alter the technical aspects of management of the assets (i.e. standards and specifications) and seek only to enhance the information provided within the Plan, the changes will be endorsed by the Asset Management Steering Committee.

If material changes are made to standards and specifications, a report will be presented to the Executive Management Team, along with a brief explanation as to why such changes were necessary, seeking its endorsement to them.

10.1.2. Road Management Plan Review

The **Road Management Plan (RMP)** is a statutory document and is related closely to the **Asset Management General Plan** and the **Road Infrastructure Asset Management Plan**. Both are to be reviewed at the same time to ensure that any changes necessary are incorporated into the Road Infrastructure Plan document where relevant.

Where there are changes to the RMP that require Council endorsement, the amended RMP will require Council endorsement, gazettal notice of public exhibition, public exhibition, consideration by Council of any public comment, then approval of the amended document as adjusted and gazettal notice of the adoption.

10.1.3. Audit Review Process

The Conquest Asset Information Management System requires ongoing internal auditing for compliance issues and external auditing for legislative purposes. The objective of such an audit is to ensure that Council's services are performing consistently and that Service Units' internal processes remain current.

In addition there are periodic audits undertaken of various asset management processes by CMP and for MAV STEP Program and Best Values audits.

Auditors seek objective evidence to determine that an activity has been carried out in accordance with specified requirements. Objective evidence must be available and witnessed to verify conformance.

Specifically where relevant to the asset group concerned the audits will assess whether:

- Process of collection and storage of condition information is sound;
- Enquiries/requests are recorded in the appropriate database in the manner required;
- Each enquiry/request is inspected and/or assessed in relation to safety & specified maintenance intervention levels;
- Programmed inspections are carried out as scheduled;
- Relevant inspection reporting & recording mechanisms are in place;
- Reported defects are being properly recorded in the system;

- ❑ Appropriate rectification responses are determined & Works Orders issued where required;
- ❑ Where Works Orders require scheduling of works into annual maintenance programs or long-term renewal works programs, that the required listing takes place;
- ❑ Record of maintenance activities is made in the database against the asset, including actual time and date of completion;
- ❑ Satisfactory completion of maintenance works has been recorded (i.e. someone has signed off that the works have been completed as intended);
- ❑ Procedure is in place for collecting and storing information regarding road asset condition for developing future maintenance programs;
- ❑ Management system in place to record and respond to customer enquiries;
- ❑ Asset handover/update process for new assets acquired through developments and subdivisions is being managed as required.

10.1.4. Plan Performance Measures

Performance measures will be developed to ensure that work practices and the Infrastructure Asset & Service Management Plan are reflective of each other.

A key measure will be the budget itself. If the AM Plan properly indicates the costs for various activities & Council funds them accordingly, then the work must be completed on time and within budget. Variances will occur periodically due to unforeseen circumstances or significant changes in conditions such as weather.

10.1.5. Asset Delivery Performance

Part of the annual budget process is to review asset performance following delivery of the maintenance program. Actual expenditures are compared to those budgeted & any significant variances are analysed with any necessary remedial action accounted for in the new budget.

Also, effectiveness of the various maintenance activities is reviewed to ensure that they are delivering what is required to keep the asset performing at the required level of service.

Performance measures include:

- ❑ Delivery of the annual Capital Works Program,
- ❑ Results from Customer Request System on reactive responses,
- ❑ Results from annual Customer Satisfaction Survey, and
- ❑ Renewal GAP analysis.

Part of this process determines whether it is effective to continue funding maintenance or in fact that the particular asset or asset component requires rehabilitation, renewal or upgrading or even being downgraded such as reversion of a poor condition sealed surface to gravel.

The following annual performance reviews of maintenance programs and strategies will be undertaken by management:

- ❑ Assessment from asset databases of response times for completion of defect rectification works from the time of their being reported;
- ❑ That specified Defect Intervention Levels are effective;

- ❑ That Intervention responses are timely;
- ❑ Assess the relative improvements achieved since the previous review and compare this to what was intended to be achieved;
- ❑ Where relevant industry benchmarking information is available, test the relative status of the organisation and its AM performance comparing with AM best practice & endeavour to introduce improvements if appropriate to the Council;
- ❑ Confirm that the technical content in asset management plans is sound and applied correctly in developing plan outputs (e.g. appropriate economic lives, lifecycle strategies).

10.1.6. Reporting Asset Achievements

Council's Annual Report is the vehicle that will be used to report to the community the status of its assets.

Annual financial audits, Works and Services reports, and statistical information given through the Department for Victorian Communities' Local Government Asset Performance Measures program all act as reporting mechanisms.

Other information sources that can be used are the local newspaper and Council's website.

10.2. Executive Management Team Role

The Executive Management Team (EMT) will review this policy and relevant procedures every two years; the process will involve:-

- ❑ Review of the Asset Management Policy;
- ❑ Review of this Council's Asset Management Practices Improvement Strategy;
- ❑ Review of the Road Management Plan (a statutory document);
- ❑ Audit and review of the Asset Management Plans;
- ❑ Review the outcome of independent audits undertaken of the MAV Step program, Insurance/Risk audits by Council's Insurers, and any Best Value reviews.