

Yarra City Council

Asset Management Strategy

2017 to 2027



Asset Management Strategy 2017

Yarra City Council

Quality Assurance Sheet

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Yarra City Council

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1. INTRODUCTION

1.1. PURPOSE

The purpose of this Asset Management (AM) Strategy is to support the implementation of Council's AM Policy and guide continuous improvement in Council's asset management practices.

This Strategy has been developed with the objective of ensuring improved accountability and asset knowledge so that future capital and operating investment in Council assets is more effective, and in the best interests of the community. It aims to assist Council to progress through the steps of developing more meaningful AM Plans and establishing a framework for the ongoing enhancement of AM practices.

Adoption of this Strategy, and subsequent support for the implementation of its recommendations, is expected to improve Council's asset management performance and enable Council to continue to deliver services that meet community needs in a financially sustainable manner.

This Strategy aims to provide alignment between our stakeholder's requirements, the organisational objectives and the resulting asset management objectives, to ensure that the assets are being managed to provide the value required of them by the organisation and stakeholders. This document also aims to meet the requirements of the Asset Management Accountability Framework (AMAF) and ISO 55000 series of asset management standards.

1.2. SCOPE OF THIS STRATEGY

This Strategy has been prepared in line with the Asset Management Policy 2017 and is intended to meet the definition of a Strategic Asset Management Plan under AMAF and ISO55001 framework. It is focused on enhancing asset management capability to support the delivery of services to the community in accordance with the direction set in the City of Yarra Council Plan (2017-21) and future Council plans.

This AM Strategy supports delivery of Council's AM Policy objectives and outlines the following:

- 1) Council's asset management vision and objectives
- 2) Council's current portfolio of services and assets
- 3) Organisational Context (structure, governance and accountabilities)
- 4) Council's planning frameworks to manage asset portfolio
 - Regulatory Framework (legislative controls)
 - Strategic Planning Framework (organisational objectives)

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- Asset Management Framework (AM objectives link to strategic initiatives)
 - Risk Management Framework
- 5) Factors that influence current and forecasted asset needs
- 6) An assessment of the current maturity status of Council's:
- Organisation context (structure-capability, leadership & accountability)
 - Lifecycle Asset management processes
 - Asset data and knowledge
 - Information systems
 - Approach to AM governance, evaluation and performance reporting
- Improvement strategies (action plans).

This Strategy is focused on enhancing asset management capability to support the delivery of services to the community in accordance with the direction set in the Council Plan and Asset Management Policy. The Asset Management Strategy is also intended to meet the definition of a Strategic Asset Management Plan under ISO 55001:2014 and Asset Management Accountability Framework (AMAF).

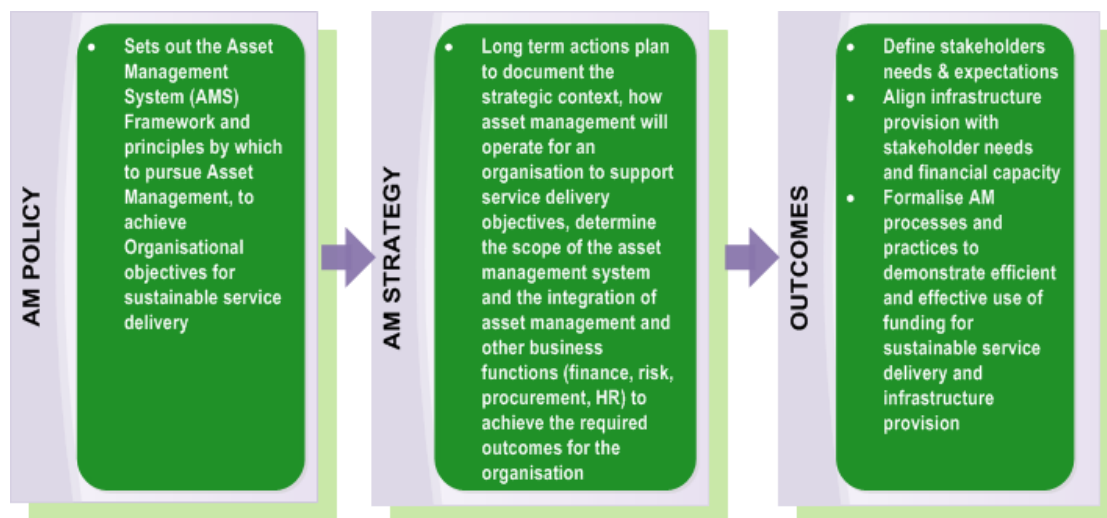


Figure 1 – Linkage of AM Policy, Strategy and Outcomes

It is an overarching document that sets the strategic direction for the preparation of more detailed Asset Management Plans (AMPs).

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1.3. RECENT AM PERFORMANCE

Council has had an AM Policy and Strategy in place since 2004. Council adopted the latest revision of the Policy in November 2017. Various AM Plans have been developed and are now due for review and update.

Council has been a participant in the Municipal Association of Victoria (MAV) STEP program since its inception in 2003. The program was established to support the improvement of asset management practices across Victoria. Since 2010, the MAV has used the National Asset Management Assessment Framework (NAMAF) when assessing Council's asset management performance. The NAMAF requires Council's to have an AM Strategy that has the following features:

- Is linked to Council's AM Policy and integrated into Council's strategic long term planning and annual budgeting processes
- Shows how the asset portfolio can meet service delivery needs of the community and defines the future vision for asset management practices within Council
- Documents the current status of asset management practices (processes, asset data, and information systems) within Council, and documents actions that Council must take to implement its AM Policy including resource requirements, timeframes and accountabilities.

The most recent independent review of Council's AM Strategy was conducted in December 2017. The Strategy was assessed as *2-Moderate* on a five-point scale, which ranges from *0 - Not Started* to *4 - Complete*.

Given that there is an expectation that Council's performance in such reviews may affect future access to Federal Government funding, it is considered important that Council adopt this Strategy, which has been developed to meet the Asset Management Accountability Framework (AMAF) requirements; and achieve a compliance rating (*4 - Complete*).

Recommendations for improvements and an implementation plan are also included.

1.4. PLANNING PERIOD AND REVIEW

This Strategy covers a nominal planning period of 10 years and the Manager Buildings and Asset Management shall review and update this document, every four (4) years, following review and adoption of the AM Policy.

The Manager Buildings and Asset Management will also monitor implementation of the improvement recommendations, and report progress to the Executive and Council every 12 months. The annual review shall occur prior to the end of each calendar year, in line with Council's business planning timeline, to enable key initiatives to be incorporated into the Annual Plan.

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2. REGULATORY FRAMEWORK

2.1. LEGISLATIVE CONTROLS

Yarra City Council functions and obligations are primarily set out in the Local Government Act 1989 and Road Management Act 2004. The scope of the strategy is also guided by the Asset Management Accountability Framework (AMAF) (Financial Management Act 1994) and ISO55001 asset management principles to achieve the organisational objectives.

The above operating environment requires Council to establish and implement relevant policies, strategies and plans for managing community assets. This Strategy provides the basis for assets operations, maintenance and capital works programmes.

The regulatory framework or operating environment provides direction on establishing a cohesive and appropriate asset management system (asset management framework) which includes asset planning at strategic, tactical and operational levels, as well as asset information management systems and performance monitoring regimes. Figure below outlines the Yarra City Council asset management system requirements aligned with organisation’s objectives to ensure asset management activities respond to service delivery requirements.



Figure 2 –Regulatory Asset Management Framework

The Asset Management Strategy (Part B – Tactical) is comparable to *Asset Management Strategy* under the AMAF and a Strategic Asset Management Plan under the ISO55001.

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Some of the other key drivers for improving the asset management of Council's assets are outlined as below (including standards & Acts):

- Department of Treasury & Finance Asset Management Accountability Framework 2016 (AMAF) under Financial Management Act 1994 and ISO55001 Asset Management Standards
- Planning & Environment Act (1987)
- Disability Act (2006) and Disability Amendment Act
- Occupational Health & Safety Act (2004) and amendments
- Building Act 1993
- Australian Accounting Standards
- Rate Capping (under Fair Go rates System-FGRS)

Some of the real values (balancing costs, risk and benefits) to Council for improving the asset management are demonstrated in the Figure below:

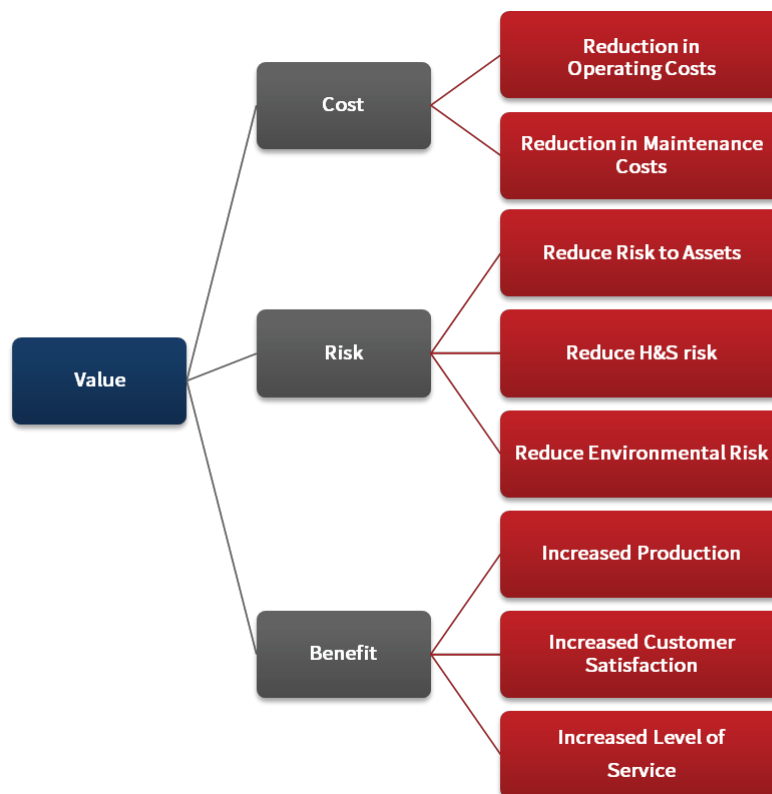


Figure 3 – Yarra City Council – Asset Management Benefits

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Local Government Act 1989

Local Government in Victoria is administered under the Local Government Act 1989, which provides a framework for the establishment and operation of local councils. It includes provisions that cover all aspects of local government responsibility including:

- Council governance requirements, including codes of conduct
- Council decision making, including records of meetings, confidentiality and limits on decisions during election periods
- Preparation of Council Plans, budgets and annual reports
- Councils powers to make and enforce local laws

Section 3E of the Act sets out the functions of Council which include:

3E (c) Providing and maintaining community infrastructure in the municipal district

Asset Management Accountability Framework (FMA 1994)

The Asset Management Accountability Framework (AMAF) is the Victorian Government's policy framework for asset management. The AMAF provides direction on the elements needed for a cohesive and appropriate asset management system (AMS). An asset management system comprises a range of practices, processes, documents and information systems used to organise, direct and control asset management activities. These span the asset lifecycle, covering planning and decision making to procurement and delivery, operation and maintenance and the eventual disposal at end of life. The AMAF details mandatory asset management requirements as well as general guidance for agencies responsible for managing assets. Mandatory requirements include developing asset management strategies, governance frameworks, performance standards and processes to regularly monitor and improve asset management. The requirements also include establishing systems for maintaining assets and processes for identifying and addressing performance failures. The AMAF is aligned to ISO 55000, the international standard for asset management, but has some additional and different requirements to meet the specific needs of the Victorian Government.

The AMAF applies to an organisation's assets as defined under the Australian Accounting Standards and asset thresholds established by each Accountable Officer. The AMAF is designed to be flexible enough to serve assets of varying size and function across government that support a range of service outcomes. Accountable Officers must apply the mandatory requirements of the AMAF consistent with their organisation's asset threshold.

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Planning & Environment Act 1987

This Act sets the framework for planning the use, development and protection of land in the State of Victoria.

Disability Act 2006 and Disability Amendment Act

This Act, which has been recently updated, requires Council to ensure that the services it provides do not discriminate against any person or group of persons. Where existing infrastructure does not conform to current standards, then Council may produce an action plan detailing the actions it intends to undertake to ensure that assets comply with universal access provisions and the relevant codes of practice.

Occupational Health & Safety Act 2004

This Act promotes improved standards for occupational health, safety and welfare. It places obligations on employers to provide a safe working environment for their employees and to ensure that they are adequately trained and that the plant and equipment they use is maintained in a manner that is safe and fit for purpose.

Road Management Act 2004

The Road Management Act sets out the framework and principles for the management of the public road network. Under this Act, Council is considered a responsible and/or coordinating road authority with specific road management obligations. The Act specifies the rights and duties of road users and the roles and functions of road authorities. It describes the purpose and scope of Road Management Plans.

Building Act 1993

The Building Act 1993 (the Act) governs building activity in Victoria. It sets out the legislative framework for the regulation of building construction, building standards and the maintenance of specific building safety features.

The objectives of the Act include to:

- establish, maintain and improve standards for the construction and maintenance of buildings
- facilitate the adoption and efficient application of national uniform building standards and the accreditation of building products
- enhance the amenity of buildings and protect the safety and health of people who use buildings
- facilitate and promote the cost- effective construction of buildings

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- provide an efficient and effective system for issuing building and occupancy permits. The building regulations are derived from the Act and govern the construction and use of buildings in Victoria
- The regulations refer to the Building Code of Australia (BCA) which must be complied with.

Accounting Standards

The following Australian Accounting Regulations apply to Local Government and are relevant for the financial reporting of Council assets:

- AASB 116 Property, Plant and Equipment
- AAS 27 Financial reporting by Local Government (note this standard is largely superseded by the other standards)
- AAS 136 Impairment of Assets
- AAS 137 Provisions, Contingent Liabilities and Contingent Assets.

Rate Capping

In 2015, the Victorian Government introduced rate capping legislation in the form of its “Fair Go Rates System” (FGRS). The FGRS or rate capping introduces an annual rate cap set by the Minister for Local Government which controls general rate increases for all councils during that financial year. Fair Go Rates was introduced to ensure council rates remain sustainable while keeping the cost of living down for the Victorian community. Victorian council rate rises in 2017/18 are capped at that period's forecast CPI of 2%, under advice from the Essential Services Commission (ESC).

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3. ORGANISATION CONTEXT

3.1 ORGANISATIONAL STRUCTURE

The Figure below demonstrates Council’s organisational structure. The organisation is split into six divisions - City Works & Assets, Community Wellbeing, Corporate Business and Finance, Governance, People Culture & Community and Planning & Place Making - Four departments are led by Directors and other two are led by Group Managers. The Organisation Department reports directly to the CEO as it has ultimate responsibility for all employees.

Yarra City Council Organisational Chart



Figure 4 – Yarra City Council – Organisational Structure

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3.2 GOVERNANCE

3.2.1 LEADERSHIP AND CULTURE

Asset Management is a corporate responsibility and essential part of doing business as usual for the whole of Council. It also required the leadership and active participation of the Executive & Senior Management and all service delivery teams and Council staff. As leader behaviour is known to drive culture, Council is investing in the development of our leaders at all levels to build self-awareness and leadership capability, focusing on communication, teamwork, business improvement and change management.

Asset Management functions are established within the following teams (Governance, AM responsibility and resources & skills).

- ❖ **Governance-CEO and Executive**
- ❖ **City Works & Assets Division**
 - i. Buildings and Asset Management Branch: Corporate Asset Management Team
 - ii. Traffic and Engineering
 - iii. Construction Management
 - iv. Fleet Services
- ❖ **Planning and Place Making Division**
 - i. Open Space Planning and Delivery
 - ii. Sustainability
 - iii. Statutory Compliance
 - iv. Corporate City Strategy
- ❖ **Corporate, Business and Finance Division**
 - i. Financial Management
 - ii. Risk, Audit & Procurement
 - iii. Information Systems
 - iv. Customer Services
- ❖ **People, Culture and Community Division**
 - i. Community Engagement
 - ii. HR Services

The capacity of Council to implement the asset management strategy will rely on the continued leadership, commitment and involvement of Senior management and staff. Leadership will form the major influence in the development and application of this strategy together with the strategic and operational continuous improvement plans.

To ensure success and a positive change in Council's asset management practices, leadership will be paramount across the entire organisation. Council has well established Executive Management Team (EMT), to oversee and guide Council's asset management activities across the whole organisation. The Executive and all

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leaders (senior managers) aim to champion Council ongoing commitment to sustainable asset management in their actions and messages to staff, as well as effective mentoring. Ongoing staff training identification and training programmes will support in-house asset management capability and development of people culture through leadership.

3.2.2 ROLES AND ACCOUNTABILITIES

The City Works and Assets Division is primarily accountable for the management of Council's infrastructure assets. All other Council teams also have a responsibility for setting/supporting service standards and services delivery to the community as primary users or stakeholders of these assets.

The roles and responsibilities (accountability) of the key stakeholders involved in managing assets are set out as below.

Table 1 – Organisational Roles/Accountabilities and Responsibilities

Accountable Officer/ Role	Responsibility
Council	<ul style="list-style-type: none"> ✓ To act as custodians and stewards of community assets & sustainable infrastructure; ✓ To approve Council asset management policy and vision; and ✓ To ensure sufficient resources are applied to manage the assets.
Chief Executive	<ul style="list-style-type: none"> ✓ To act as the principal advocate (leadership) for service and asset management; ✓ To ensure adequate community involvement in service and asset management; ✓ To establish and operate Council's Executive Management Team (Leadership & Accountability team).
Executive Team	<ul style="list-style-type: none"> ✓ To take overall responsibility for endorsement and implementing the AM Policy, the Corporate Asset Management Information System and Asset Management Strategy with agreed resources; ✓ Setting the organisational objectives; ✓ Establishment of service provision to balance community expectations and affordability;

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Accountable Officer/ Role	Responsibility
	<ul style="list-style-type: none"> ✓ Provide a coordinated and collaborative approach to asset management and asset management improvement across the whole organisation;
Chief Financial Officer	<ul style="list-style-type: none"> ✓ To integrate asset management, service planning and financial planning within Council. ✓ To develop a Long Term Financial Plan that reflects the state of the assets and recognises asset consumption. ✓ To structure the financial accounts and related business processes to recognise lifecycle costs for operations and maintenance activities and renewal, upgrade, expansion and new capital works. ✓ To manage corporate Finance system or Fixed Asset Register (FAR). ✓ To report Fair Value in the financial statements and annual reporting
Capital Works Planning Group	<ul style="list-style-type: none"> ✓ To recommend, evaluate (setting capital investment & decision making criteria) and monitor capital works programs with agreed resources; ✓ To support the: <ul style="list-style-type: none"> ❖ Development of Asset Management Strategy, Asset Management Plans (AMPs) and implementation of improvement plans for individual asset classes; ❖ Implementation of maintenance programs, capital works programs, operational plans etc. in accordance with the AMPs and annual budget; and ✓ To report to the Executive Team and Council on the progress of the implementation of capital works programs.
Director City Works Assets	<ul style="list-style-type: none"> ✓ To ensure that accurate and reliable information is presented to council for decision-making; ✓ To report on the status and effectiveness of asset management within the City.
Manager Building and Asset Management	<ul style="list-style-type: none"> ✓ To develop and establish corporate policy, objectives and guidelines with regard to asset management practices and procedures;

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Accountable Officer/ Role	Responsibility
	<ul style="list-style-type: none"> ✓ To develop, review or update Asset Management Policy & Strategy and implement; ✓ To develop, review or update Asset Management Plans for individual asset classes, implement and deliver improvement outcomes of the approved plans; ✓ To manage corporate asset management system for infrastructure assets. Keeping Asset Management System up to date through processing of asset additions, renewals and disposals, including all data related to asset management and valuation; ✓ To undertake infrastructure valuation and assessment of impairment; ✓ To monitor compliance with delegated responsibilities and the asset management strategy as a whole; ✓ To ensure that legal and statutory obligations are met; ✓ To ensure the long term effectiveness of the asset management programs likely to be generated and their ownership by the organisation. ✓ To raise awareness throughout the organisation as to the many benefits of adopting a formal approach to asset management; ✓ To ensure that the organisation's asset management program is developed and implemented in a logical and structured manner; ✓ To seek and use outside asset management consultants on activities where necessary; ✓ To review existing practices, procedures and systems; ✓ To integrate AM policies, AM strategies and AM plans into the corporate governance framework; ✓ To monitor and evaluate improvement plans; ✓ To report to the Executive Team and Council on the progress of the implementation of Asset Management and ongoing infrastructure performance (Performance reporting to the Executive on the status of assets, policies & strategies and service delivery); ✓ To ensure that responsible staff are appropriately trained with skill sets required to undertake asset management tasks are available.

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Accountable Officer/ Role	Responsibility
Branch Managers and Coordinators	<ul style="list-style-type: none"> ✓ To develop, review or update Service/Asset Management Plans for individual asset classes, implement and deliver improvement outcomes of the approved plans; ✓ To deliver levels of service to agreed risk levels and life cycle cost standards; ✓ To develop Key Performance Indicators that measure Council's performance to deliver the agreed service levels, monitor and report progress towards achieving those Key Performance Indicators; and ✓ To ensure that responsible staff are appropriately trained with skill sets required to undertake asset management tasks are available.
Council Staff	<ul style="list-style-type: none"> ✓ Ensuring the assets are maintained, and the activities are planned for in a manner that allows Council to deliver the desired level of service in the most cost effective manner for current and future generations in accordance with the guidance provided in AMPs; ✓ Ensuring that assets are planned, created, replaced and disposed of/discontinued in accordance with Council priorities for activities as determined by the Council Plan; ✓ To ensure practical systems are in place to collect data necessary to inform future planning.

3.3 WHOLE OF ORGANISATION ASSET MANAGEMENT APPROACH

City of Yarra recognises that asset management needs a 'whole of organisation' approach. The organisation will support implementation of asset management with appropriate resources, systems, and training as appropriate. Councillors and staff with asset management responsibilities will be trained in asset management principles, practices and processes.

Council has developed the AM Policy to provide a basis for progressive implementation of the asset management building blocks. These are underpinned by the fundamental elements for sound asset management (Figure below outlines the key elements of assets lifecycle management):

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- ✓ **Organisational Capacity & Capability** (resources, skills and competency, commercial tactics): Establishing an effective asset management team with a clear corporate direction, supported by ongoing capacity and skills development, and service delivery mechanisms.
- ✓ **Strategic Direction** (Strategic Priorities): Setting the overall direction and linking the council plan with asset management.
- ✓ **Well defined lifecycle management processes:** Successful asset management depends on having well defined end to end processes with a focus on the customer, lifecycle management strategies (planning, acquisition, operations & disposal) and performance management.
- ✓ **Asset Data and Systems:** Information systems that enable management of the assets and are interconnected to ensure efficient and effective management.

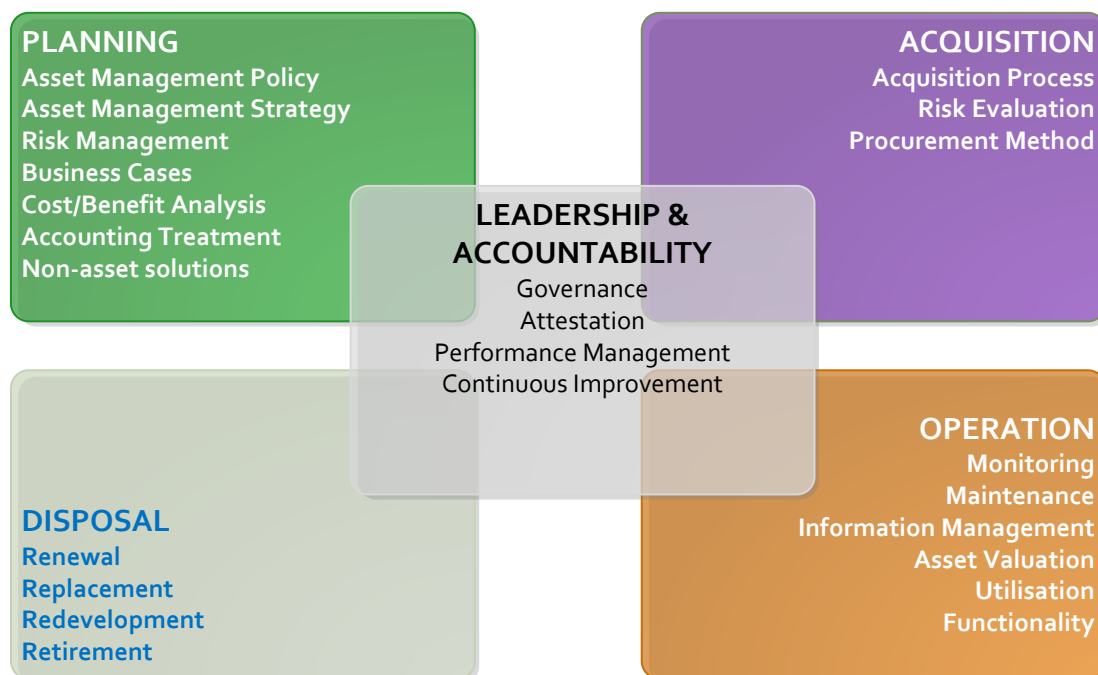


Figure 5 – Yarra City Council – Lifecycle Management Approach

The level of AM awareness and capabilities vary across the organisation. Councillors are aware of the importance of asset management as demonstrated by the adopted Council Plan whereas the Executive is fully committed to enhance asset management practices across the whole organisation as demonstrated by the adopted Council Plan, previous AM Policy, AM Strategy and recently adoption of Strategic Asset Management Improvement Plan to comply with the AMAF requirements.

Some officers are exposed to asset management principles and practices via the asset management information system (AMIS), and various adhoc training opportunities. There is currently no formal AM training program for staff, management or Councillors.

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Organisation- wide asset management training needs have been identified as part of the development of the Skill Matrix across the whole organisation.

Successful asset management underpins long-term sustainability. It is therefore important for everyone in the organisation to understand what asset management is about and to understand that development and implementation of sound asset management planning and practices is an organisation-wide responsibility. Ongoing training and capacity building is necessary to enable Asset Management skill gaps and development to be addressed.

3.4 EVALUATION AND PERFORMANCE REPORTING

A regular program of meetings is in place to support the Governance of Council practices including asset management. The regular reporting program includes:

- Monthly reports on Capital Works Delivery to the Executive;
- Monthly Capital Works Planning Group;
- Monthly Executive Meeting;
- Quarterly performance reporting to Executive on the status of asset management practices (policies, strategies, plans, statutory compliance, asset portfolio etc.);
- Participation in the MAV STEP Program, which includes assessment of Council practices against the National Asset Management Assessment Framework. This is the key tool used by Council to monitor and evaluate its asset management performance and benchmark this performance against other
- Victorian Councils. Performance is reported to the Executive;
- Regular asset management team briefings & meetings ; and
- Regular Departmental staff briefings and weekly meetings in each functional areas of Council.

Other adhoc meetings also occur including benchmarking reports/ presentations to Council and Executive as part of budget preparation processes to ensure awareness of asset management principles, capital investment principles, rate capping and responsibilities regarding progress toward closure of the renewal gap and implementation of improvement priorities.

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4 SCOPE OF ASSET MANAGEMENT SYSTEM

4.1 SERVICES SUPPORTED BY COUNCIL'S ASSETS

It is acknowledged that Council's contribution in the provision and ongoing management of assets only occurs because Council is involved in the provision of services to the local community. Council's asset portfolio therefore exists to support a broad range of services that the community needs and expects.

The following table highlights the types of services that Council assets support. This list has been developed by the Buildings and Asset Management Branch, and is intended to illustrate the relationship between Council assets and services. It is recommended that this list be refined via consultation with internal stakeholders.

Table 2 –Services Supported by Council Assets

Asset Category	Services Supported by Council Assets (Examples)
Buildings (Incl. the surrounding land and site assets such as pathways, vegetation, car parks etc.)	<ol style="list-style-type: none"> 1. Children & Family Support 2. Community Meeting Space 3. Community Education 4. Food Distribution 5. Heritage Protection 6. Performing and Visual Arts 7. Residential & Respite Care 8. Social Activity Support 9. Structured Sport 10. Unstructured Recreation 11. Youth Support
Fleet	12. All Council Services
Roads /Bike Paths	<ol style="list-style-type: none"> 13. Sustainable Transport 14. Passive Recreation 15. Connectivity
Open Space	<ol style="list-style-type: none"> 16. Active Recreation 17. Community Meeting Space 18. Conservation 19. Heritage Protection 20. Flood Mitigation and Protection 21. Passive Recreation 22. Social Activity Support 23. Water Quality Management
Pathways	24. Sustainable Transport

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Asset Category	Services Supported by Council Assets (Examples)
	25. Passive Recreation 26. Connectivity
Stormwater	27. Water Quality Management 28. Flood Mitigation and Protection
Information Systems	29. All Council Services

Council determines its infrastructure and facility asset requirements to meet service needs using various mechanisms including:

- Formal and informal interactions with the community as part of daily activities;
- Community consultation during the development of various master plans, feasibility studies and strategic documents;
- Best value service reviews undertaken every 4 years;
- Community consultation for the preparation of business cases for large or complex projects;
- Participation in community satisfaction surveys (e.g. DPCD Community Satisfaction Survey);
- Ongoing review of legislative obligations;
- Analysis of population projections and other demographic profile changes;
- Review of best practice industry guidelines.

Based on the above, it is generally assumed that Council's current asset portfolio, described below, meets the basic service needs of the local community and that continuous improvement of the service and asset portfolios is necessary as community needs evolve.

4.2 ASSET PORTFOLIO

Underpinning the provision of Council's services is a significant asset base that includes local roads, paths, drains, buildings, parks, trees, art and cultural collections. Council is responsible for the care and management of this broad range of assets for the benefit of current and future communities.

The table below provides a summary of Council's asset portfolio which was recently valued at \$1.71 billion (City of Yarra Annual Report 2016-17).

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Table 3 – Current Asset Portfolio

Asset Class##	Quantity	Current Replacement Cost (\$ '000)*
Road Pavement	225 km	\$ 316,127
Lanes	85 km	\$ 77,648
Bridges	7 No	\$ 2,757
Buildings	189 No	\$ 235,447
Drainage		\$ 97,372
- Pipes	170 km	
- Pits	9050 No	
Footpaths	491 km	\$ 114,977
Kerb & Channel	410 km	\$ 108,924
Land	140 parcels	\$ 676,183
Playground Equipment	37 sites	\$ 1,107
Irrigation systems	59 systems	\$ 1,546
Trees	14,620 No	\$ 7,262
Signs#	26243 No	\$ 2,437
Lighting#	7700 No	\$ 3,122
Street Furniture	314 items	\$ 13,874
Parks Furniture	538 items	\$ 7,112
Heritage assets	370 No	\$ 1,772
Furniture & White-goods	Collection	\$ 21,573
Plant & Machinery	216 No	\$ 9,216
Fences	27283 km	\$ 1,829
Mobile garbage bins /recycling	Collection	\$ 2,262
Library books /AV equipment	Collection	\$ 3,999
Total Valuation		\$ 1,709,778

Council owned /managed assets

*Replacement Cost based on Council Annual Report 2016 – 2017. Exclude works in progress.

#These assets are not included in Council's Annual Report

Five (5) asset groups have been defined in Council's Financial Reports (Land & Buildings, Heritage Assets, Plant & Equipment, Infrastructure and Other). In the case of Land & Buildings, this includes 3 asset classes (Land, Land under Roads and Buildings). Classification definitions are provided below:

- **Asset Group** – is the level that Council assets are reported in Council's Financial Reports.
- **Asset Class** – is the name given to a group of assets that have a similar nature or function in their operations.
- **Asset Category** – is a general grouping of asset components within the asset class, this is used for financial reporting and asset management purposes.

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- **Components** – are specific parts of an asset, independent in functionality or type, which has different attributes such as life and maintenance regimes. This is the level that asset valuations, depreciation, maintenance costs and history are recorded. It is also the level at which renewal planning should occur.

For asset types such as Signs, Street Lighting, Street and Park Furniture and the exact quantities are currently unknown, or difficult to determine because Council's asset data is currently stored in a range of disconnected databases and information systems. Future asset audits are required to improve Council's knowledge and data capture regarding the asset portfolio.

Each AMP will include the confirmation of all existing asset data including asset hierarchy (asset category, asset group, asset class & components), quantities, reliability and valuations.

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5 RISK MANAGEMENT FRAMEWORK

Council's Risk Management Policy has been developed as part of strategic planning to facilitate more effective problem solving, decision making, operations and service delivery. This includes, but is not limited to:

- Capital Works Planning
- Project bids and management
- Innovation and technology-related projects
- Budget Estimates Review Committee (BERC)
- Operational and Service delivery
- Strategic issues managed by the Council Executive

Risk management is integral to good governance and good management. It is appropriate that formal risk management processes be applied to support decision making in all areas and at all levels of the organisation. The processes need to be ingrained in the daily activities for the organisation.

Risks can typically be categorised as:

- **Natural Events:** Council has virtually no control over the timing or extent of the event, however, the probabilities may be understood;
- **External Impacts:** Council has some control over these risks, associated with other organisations providing goods and services to Council;
- **Physical Failure Risk:** Where conditions or performance of an asset could lead to failure. Council can control these risks through maintenance and renewal funding levels;
- **Operational Risk:** Where management of the asset or asset management activities might impact on an asset. Council can control these risks through maintenance and renewal funding levels.

The structured planning process is designed primarily to address the risks associated with 'physical failure risk' and 'operational risk'. The risk management structure records primary risks and critical risks associated with the assets and services.

Council's risk management framework and processes are based on the provisions of Australian/New Zealand Standard AS/NZS ISO 31000: 2009 Risk Management – Principles & Guidelines and the directions issued under the Financial Management Act 1994 (FMA) and the Victorian Government Risk Management Framework (VGRMF).

The principles and processes described in the standard are displayed in the figure below (both strategic and tactical components). The elements are further described as:

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- **Risk Management Context:** Establishes the objectives, stakeholders, key issues and criteria against which risks will be evaluated;
- **Identify the Risk:** Identifies what risk events are likely to impact on assets and services;
- **Analyse the Risk:** Reviews the existing controls and then analyses the likelihood of an event occurring and the consequence of the event to determine the level of risk;
- **Assess the Risk:** Assesses and ranks the identified risks in a Risk Register;
- **Treat the Risks:** Identifies treatment options/priorities & develop plans;
- **Evaluate the Risks:** Identifies actions to reduce/control the risk.

The risk management process is as outlined in AS/NZS ISO 31000: 2009, illustrated in the figure below (risk management at both strategic & tactical (operational) levels:

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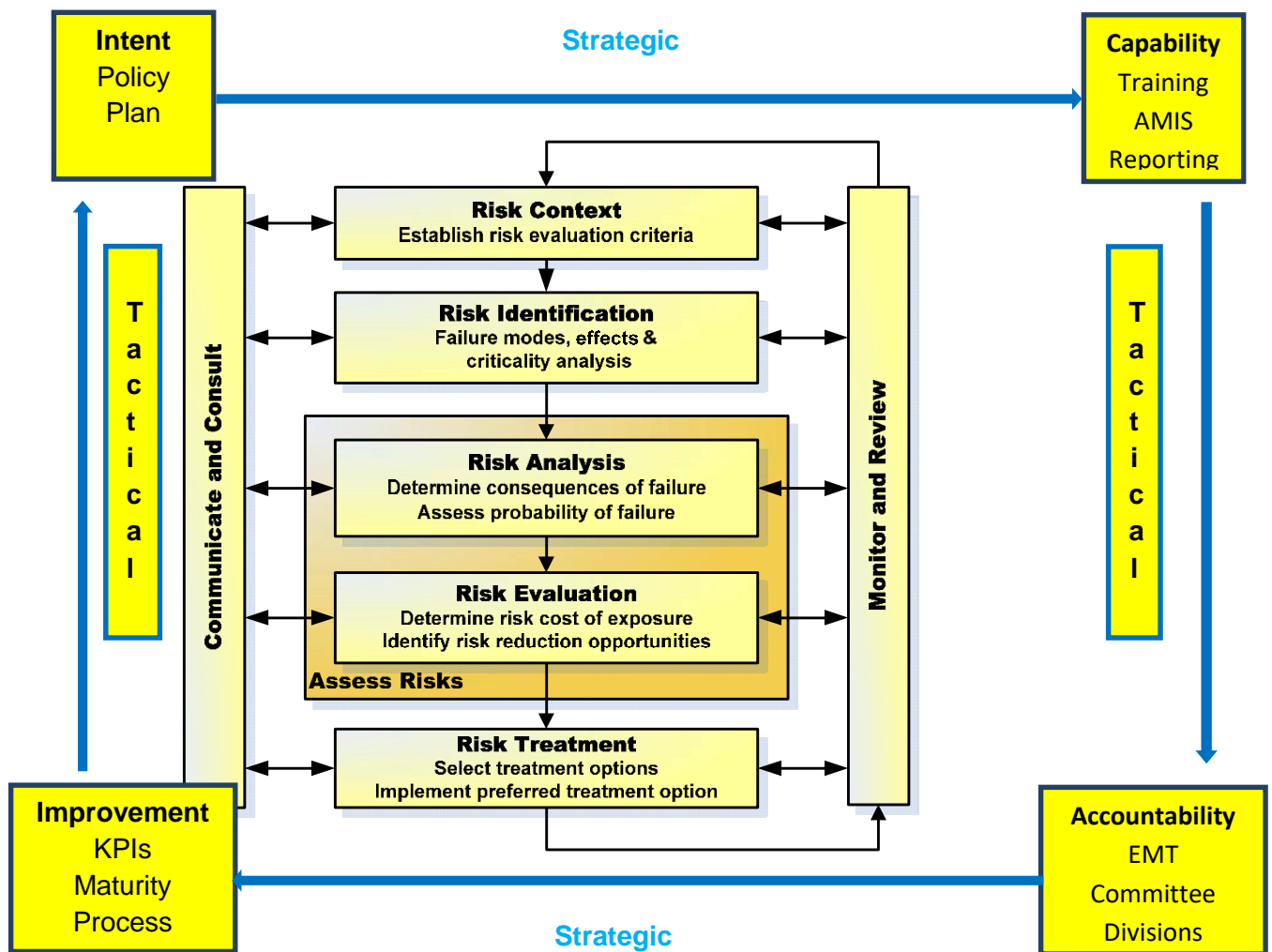


Figure 6 – Yarra City Council – Risk Management Framework

5.1 OPERATIONAL RISK MANAGEMENT

In accordance with AS/NZS ISO31000:2009 Risk management – Principles and guidelines, Figure above shows the operational process undertaken by Council when managing risk.

Key operational risk management strategies cover:

- Routine operations and maintenance programmes for each asset are in place
- Processes are in place to proactively identify asset performance failures (visual and condition assessment & monitoring) and options for action
- The maintenance activities processes & systems and performance measures & reporting criteria are in place

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- The asset management information systems are established to record & maintain required asset information and histories for robust decision making
- Road management plan compliance- Hazards identification and reporting.

5.2 ASSET CONDITION AND RISK MANAGEMENT

Some of our assets could be in poor condition and key focus for Council to manage the associated risk due to poor condition effectively to achieve asset management service and cost performance objectives.

With regard to asset condition and risk, Council will continue to set service-based targets for assets to balance the risk of asset failure and the associated asset reliability impacts with cost.

The risk management measures being undertaken to respond to these risks include.

- Regular assessment of visual condition assessment
- Detailed asset condition assessment and monitoring on three yearly basis
- Continue to develop and implement processes for capturing, registering, assessing, and tracking asset related risks and associated risk controls and treatments to better match service performance with our customer requirements.

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6 STRATEGIC PLANNING FRAMEWORK

Council’s strategic planning framework is guided by legislative requirements but is primarily about the implementation of industry good management practice. The framework is also informed by community needs & expectations.

Council’s strategic planning framework and the role played by asset management is illustrated in the figure below.

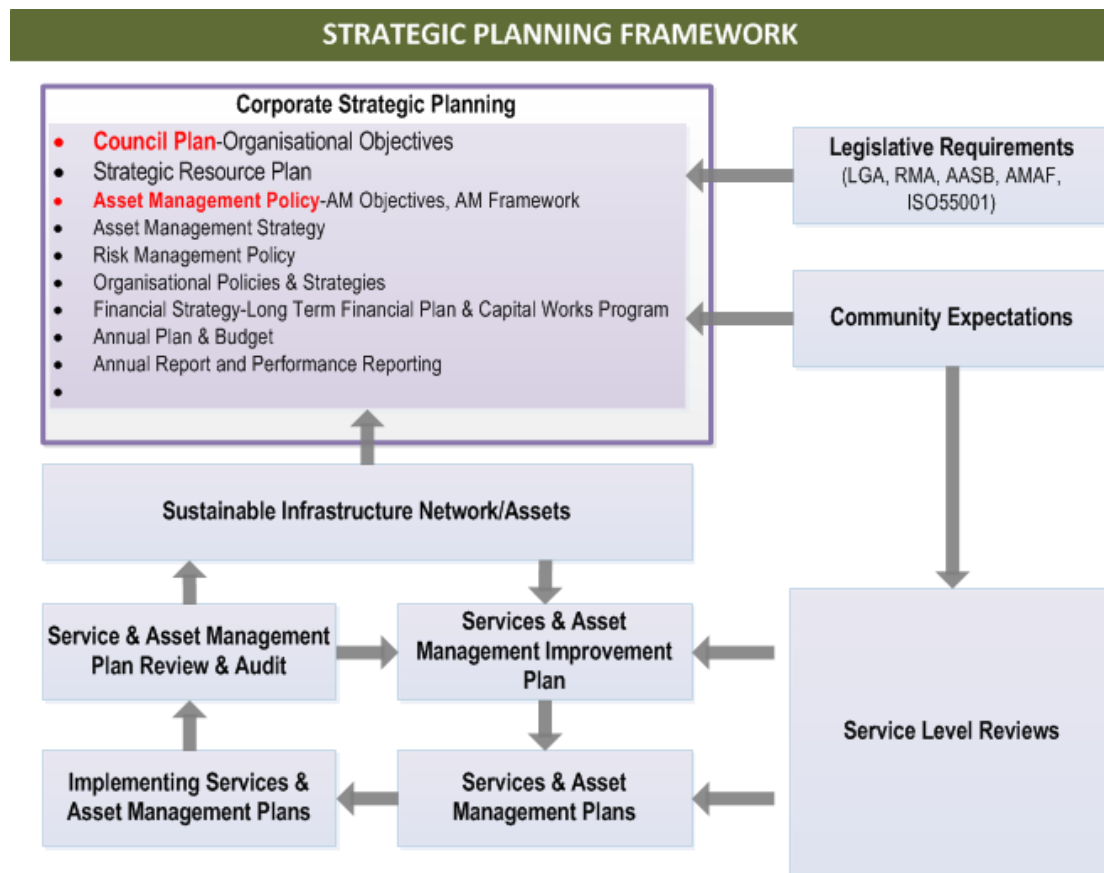


Figure 7 – Yarra City Council - Strategic Planning Framework

The City of Yarra Council Plan (2017 – 2021) guides Council’s overall strategic direction. It demonstrates how Council intends to balance community priorities while delivering desired community benefits. The Council Plan acknowledges that strategic asset management is essential for effective delivery of community services in a financially sustainable manner.

Council’s Strategic Resource Plan and a number of other high-level strategic documents, including Council’s Asset Management Policy, Risk Management Policy and this Strategy, support the delivery of the strategic objectives set out in the Council Plan.

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Delivery of the Asset Management Policy and this Strategy is supported by a suite of Asset Management Plans and Operational Plans. Updated Asset Management Plans are expected to incorporate service level planning outcomes and to include predictive financial modelling that will inform Council's future Long Term Financial Plan and budgets. It must be noted however that, Council's ability to update each Asset Management Plan (AMP), undertake timely service reviews and implement the recommendations of this Strategy is dependent on available funding.

A cross-functional team, chaired by the Manager Buildings and Asset Management, currently oversees Council's asset management activities. It is expected that when this Strategy is adopted, the terms of reference will be revised in order to ensure a more active role in supporting the implementation of all improvement recommendations.

6.1 ORGANISATION ASSET MANAGEMENT OBJECTIVES

This Strategy along with the implementation of the Council Plan aims to achieve the following AM objectives:

Table 4 – Asset Management Objectives

AM Area	Asset Management Objectives
Leadership & Accountability	<ul style="list-style-type: none"> ❖ Ensure governance & accountability structure is established to support management of assets ❖ Appropriate resources and operational capabilities are identified; and roles & responsibility for asset management are clearly allocated. ❖ Establish asset management roles and responsibilities across the organisation at a functional level. Promote cross functional integration of asset management to business processes and collaboration ❖ Ensure appropriate resources with qualified/skilled staff (competent) for asset planning and decision making ❖ AM activities are carried out under proper authorisation or delegation authorities ❖ Asset management decision making processes include participation by the community so that community needs and expectations are understood, and decision makers are accountable to the community ❖ Appropriate systems are implemented and maintained in meeting AM requirements and responsibilities

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AM Area	Asset Management Objectives
	<ul style="list-style-type: none"> ❖ Ensure assets performance standards & performance reporting are established and establish & maintain management processes to regularly record, monitor and assess/review performance ❖ Appropriate systems and processes are established for monitoring the performance of both assets and systems ❖ Council's exposure to risk is minimised in regard to asset failures, property risk exposure, damage and loss through compliance with Council's Risk Management Policy and Framework ❖ Innovative and cost effective work practice improvements are put in place to ensure continuous improvement in service and asset management.
Planning	<ul style="list-style-type: none"> ❖ Ensure appropriate organisational policies/strategies/plans, AM Policy, Strategy and AM Plans are developed and implemented to achieve the required organisational objective for service delivery ❖ Ensure assets are well managed throughout their lifecycle to enable the provision of appropriate levels of service delivery and maximise the sustainable use of available resources ❖ Incorporate risk management strategies and mitigation actions, and processes (business continuity plans) are in place to evaluate the effectiveness of risk management measures ❖ Disciplined project management processes are introduced to guide the initiation, the approval and implementation of asset management projects to ensure best outcomes for the community
Operations	<ul style="list-style-type: none"> ❖ Ensure processes are in place to proactively identify asset performance failures and options for action ❖ Ensure maintenance activities processes & systems and performance measures & reporting criteria are in place ❖ Ensure required asset management information systems are established to record & maintain required asset information and histories for robust decision making

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AM Area	Asset Management Objectives
	<ul style="list-style-type: none"> ❖ Ensure appropriate asset handover policy and procedures are established to keep asset related information complete and reliable ❖ Ensure policies and procedures are in place for the revaluation of assets
Sustainability (Acquisition)	<ul style="list-style-type: none"> ❖ Ensure asset management decisions made by Council are based on a long term, focused and integrated decision making process ❖ Assets acquisition decisions (acquisition policy, procurement strategy are well established) are based on service delivery and risk implications across the whole asset lifecycle ❖ Ensure assets are well managed throughout their lifecycle by taking whole of lifecycle approach to enable the provision of appropriate levels of service delivery and maximise the sustainable use of available resources (funding, people, systems, data) ❖ Financial, social, cultural and environmental implications are understood so that assets are managed in a sustainable manner
Regulatory Compliance	<ul style="list-style-type: none"> ❖ Ensure compliance with Legislative and regulatory requirements.
Disposal	<ul style="list-style-type: none"> ❖ Asset disposal policy and strategy/plan are in place to dispose of any assets
Performance Evaluation and Monitoring	<ul style="list-style-type: none"> ❖ Establish and maintain a performance monitoring (audit criteria, regular review & monitor assets & system performance) & reporting framework to enable the development and implementation of best appropriate asset management practices and as a basis for continuous improvement (Adopt a learning culture to continually improve and evolve our planning processes)

6.2 STAKEHOLDERS EXPECTATIONS

Council's key stakeholders relevant to managing its assets are outlined in the table below along with a short analysis of their expectations.

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Table 5 – Key Stakeholders and Expectations

Key Stakeholder	Expectations
External	
Residents & Ratepayers and businesses	Service provision, value for money, sustainable environment, good amenities, inclusion, transparency, consultation & communication during planning process.
Visitors & users of Council Services and Local Community Groups	Safe environment, availability or sustainability of services, convenient location & ease of access & well maintained services, good ambience.
Utilities & Service Authorities	Sound working relationships, responsiveness, good decision-making, efficient and effective processes.
Developers	Responsiveness, affordable fees and charges, efficient and effective processes.
Contractors & Suppliers	Sound working relationship, continuity of work, safe work environment.
State and Commonwealth Governments	Abiding by laws, rules and regulations, environmentally sustainable, transparency, good governance, financially sustainable, needs and interests of local communities are protected and advanced.
State Government Agencies	Co-operation, co-ordination, regional transport, road maintenance, Land development process, flood management, standards & specifications, guidelines, standard drawings, management of parking, support for public transport, management of assets, availability of road network.
Municipal Association of Victoria and Department of Treasury and Finance (DTF)	STEP Program, a framework for understanding current and desired performance of asset, the financial implications and the development of asset strategy and plans. Setting up Asset Management Accountability Framework requirements and attestation.
Local Government Insurer and Auditors	Effective management of infrastructure risk and public liability

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Key Stakeholder	Expectations
Internal	
Councillors/CEO/ Directors/EMT	Stewardship of service provision, representation of community.
Employees	Continuity of employment, job satisfaction, safe work issues environment.

Council will work with the stakeholders to:

- ✓ Understand the key issues
- ✓ Identify options to address these issues
- ✓ Influence what changes we make to the service delivery and assets
- ✓ Gain support for the decisions that we make.

6.3 INTEGRATION WITH BUDGETARY PLANNING PROCESS

Asset management practices must ensure that Council's infrastructure asset base is sustained into the future. In order to meet this need and also to meet State and Federal requirements (such as AMAF) this Strategy along with the AM Policy requires that:

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

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

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Table 6 – Asset Management Budget Process

Recurrent Funding	Asset Management	Capital	Consequential Recurrent Funding
Maintenance & Operations	Renewal / Compliance	New/Upgrade	New maintenance and Operational Cost
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.

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Where operational or capital funding is required to mitigate risk or to meet statutory compliance 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 as part of completing the project implementation plan that is conducted during the development of the capital works program.

During a critical incident that requires immediate funding Council may consider diverting funding towards this immediate incident. Diversion from discretionary funding should take precedence over non-discretionary funding to ensure there is minimal impact on service delivery.

6.4 DECISION MAKING PLANNING PROCESS

Asset management strategy and asset planning considers all customer and stakeholder requirements and determines appropriate solutions to ensure that the assets performance is maintained. The outcome of this activity is long term operational (maintenance) and capital works (new & renewal) programmes.

To allow effective integration and conduct of its works programmes, Council has adopted an overall works plan, encompassing all maintenance activities and capital projects including consideration of their impacts on the assets and non-assets (key drivers cover community or stakeholders expectations/demand, functionality, whole of lifecycle costing, quality, capacity, responsiveness and safety etc.).

The capital planning is a combination of new & renewal plans and asset management plans for the various asset classes. These plans are integrated to Council Plan.

Council has adopted a range of processes to balance cost, risk and service levels. Figure below outlines key criteria which inform our investment decision making criteria to sustain service delivery.

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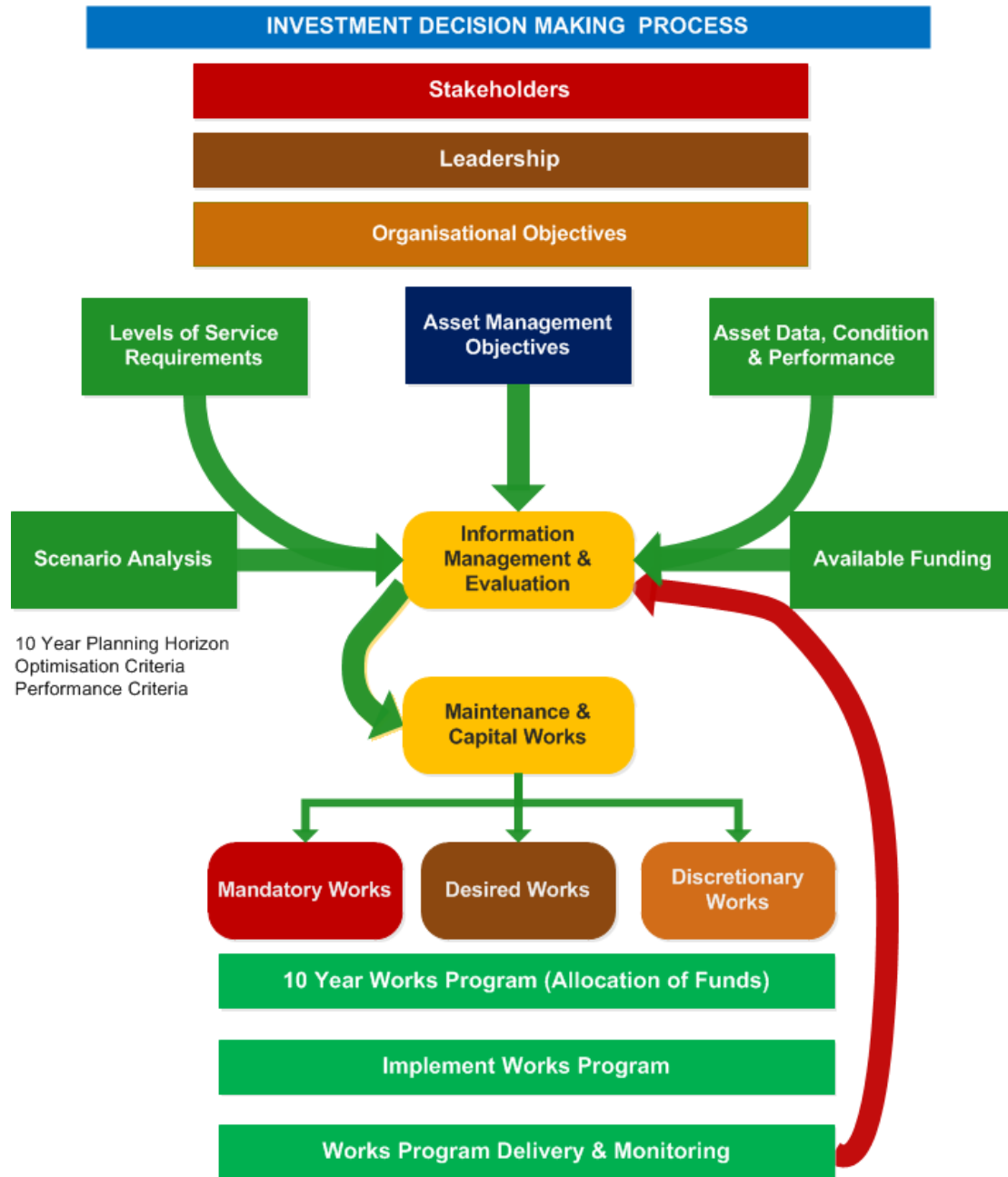


Figure 8 – Yarra City Council – Investment Decision Making Process

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6.5 STRATEGY DEVELOPMENT

Council prepares a broad range of strategies on numerous topics ranging from Risk Management to Economic Development and Open Space. These documents are an important resource that often analyse a range of options and provide Council and the community with a plan of action to achieve desired outcomes.

This Strategy aims to facilitate the implementation of the guiding principles and commitments made in the AM Policy. A key function of this Strategy is to illustrate how the Yarra City Council intends to improve asset management across the organisation over the next four (4) years.

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7 ASSET MANAGEMENT FRAMEWORK

7.1 ASSET MANAGEMENT SYSTEM

The strategy is guided by the Asset Management Framework which sets the scene for asset management within Yarra City Council. The asset management system (framework) includes asset planning at the strategic, tactical and operational levels, as well as asset information management systems and performance monitoring regimes. The Asset Management Framework as defined by the Asset Management Policy (referred to as an Asset Management System in ISO 55001:2014 and AMAF) provides a means for co-ordinating the contributions and interactions between functional areas, assets and asset management activities. This framework aims to achieving the following outcomes for Council.

- Alignment of strategic initiatives relevant to asset management across the whole of organisation;
- Increased engagement of stakeholders including leadership & accountability, communications and multifunctional teamwork (organisational capacity & capability);
- Alignment of processes, resources and functional teamwork;
- Better understanding of asset data and knowledge to provide consistent and informed decisions;
- Statutory compliance (reduced regulatory risks) through implementing robust and demonstrable governance and asset management processes;
- Improved asset management lifecycle planning across the whole organisation

Asset management framework is presented in Figure below. This framework has been developed with close alignment to ISO 55001 and AMAF, and in particular the relationship between the key elements of an ISO 55000 Asset Management System. This framework aims to ensure that the systematic approach to asset management delivers prudent and efficient outcomes that meet both the corporate objectives and the Asset Management Objectives to ensure that asset management activities respond to service delivery requirements.

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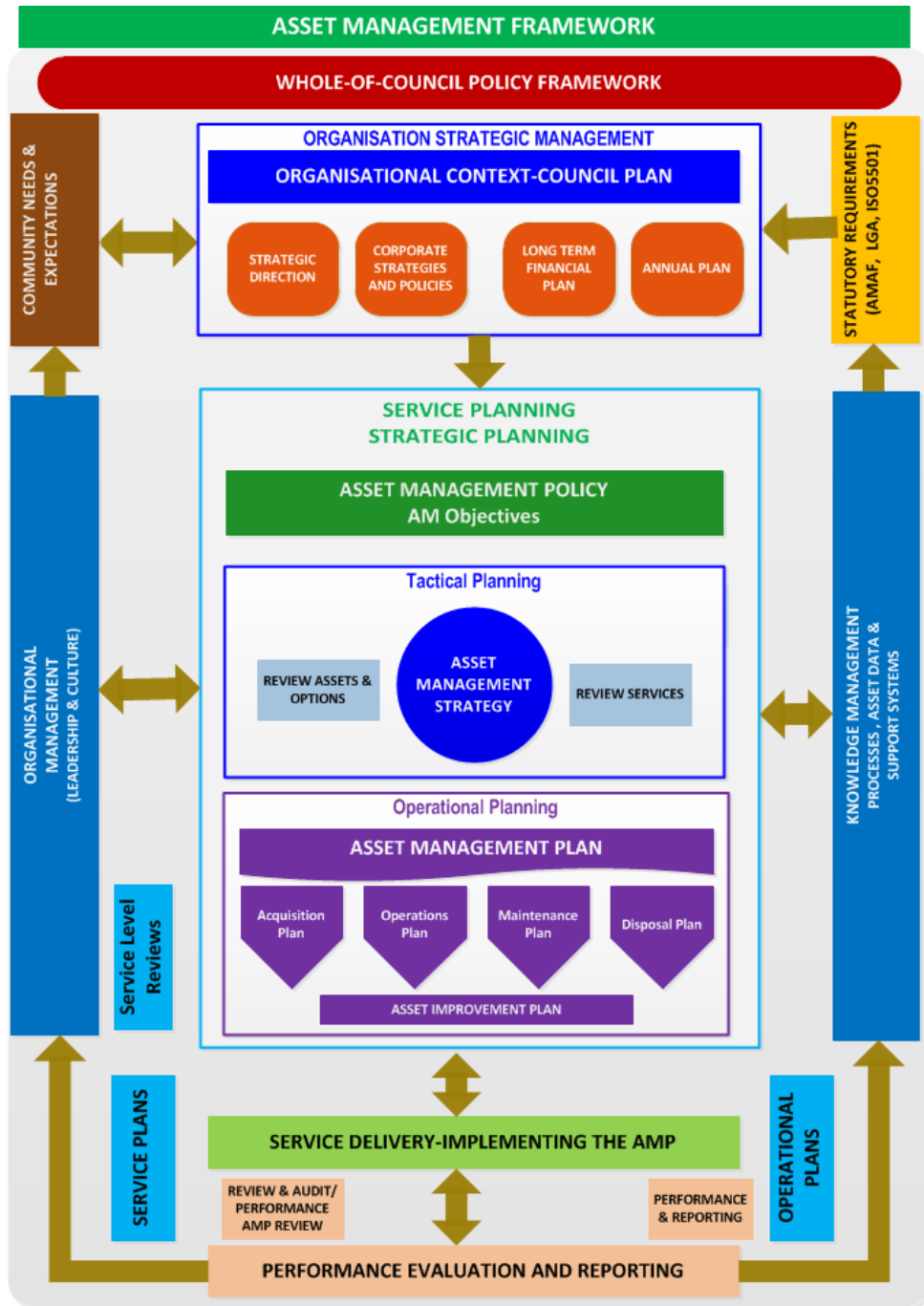


Figure 9 – Yarra City Council – Asset Management Planning Framework

AM Framework as outlined in the Figure above illustrates the relationship between Council's

- Strategic Planning
 - Organisational Objectives

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- Corporate AM Objectives
 - Asset Management & Service Planning (document hierarchy-four pillars in asset management))

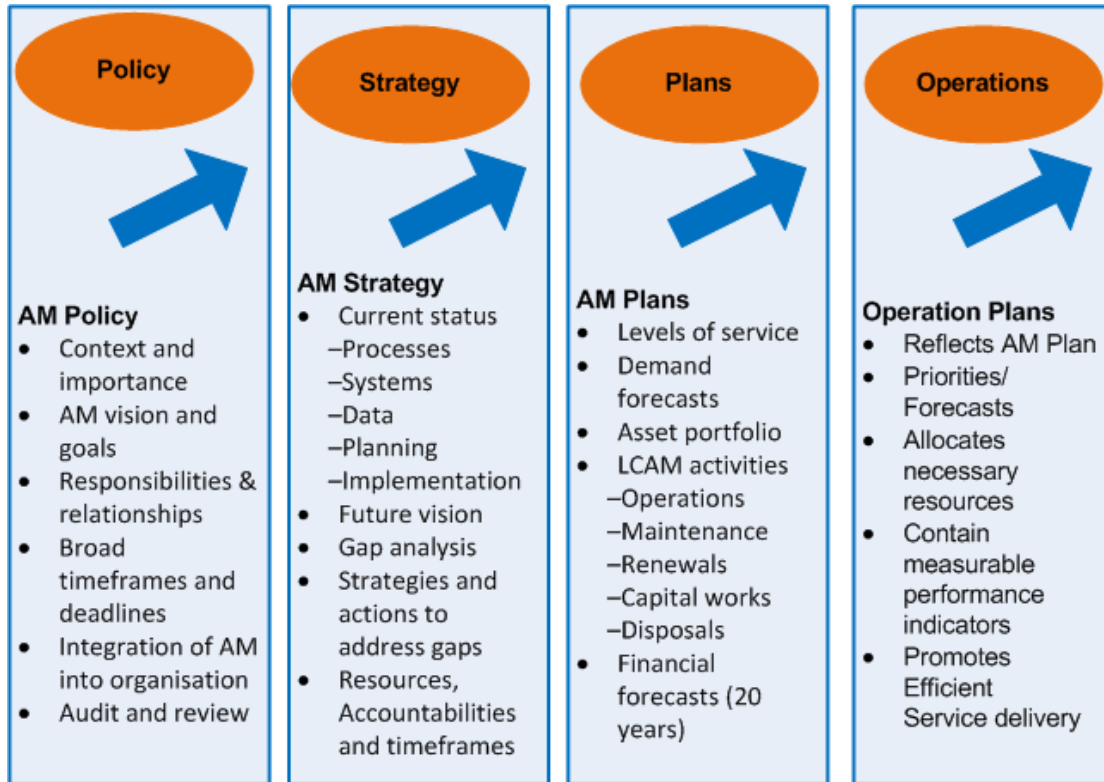


Figure 10 – 4 Pillars in Asset Management

Council’s AM Policy provides the overall direction to guide the sustainable management of Council’s asset portfolio as a platform for service delivery. Together with this Strategy, it shows how the City of Yarra intends to improve asset management across the organisation over the next ten (10) years.

Various AMPs have been developed for the following asset categories:

- Road AMP
- Building AMP
- Fleet AMP
- Open Space AMP
- Drainage AMP

The current AM Plans document Council’s asset knowledge and technical service levels with a focus on current maintenance and renewal programs based on current budgets. The next revision of each of these AM Plans will be more service focused. They will acknowledge the integral relationship between service and asset planning.

The revised AM Plans, for each major asset group, will:

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- Interpret service planning outcomes
- Document future demand for assets
- Document current and target service levels.

The AM Plans will also provide detailed direction for the management of each asset category including condition audit results and financial forecasts that will inform future asset renewal and maintenance funding allocations that must be provided in the Long Term Financial Plan in order to ensure Council assets remain safe, functional and acceptable to the community.

The revised suite of AM Plans will promote sustainable creation of new assets and asset upgrades by emphasizing the need to evaluate the lifecycle costs of all asset decisions to ensure that future budgets accommodate maintenance and renewal needs without imposing unsustainable liabilities on future generations.

Service Plans are a key input to the asset management planning process. A key output of the service plans is a description of what is required in order for a service (and the supporting assets) to be considered fit for purpose. Council has not yet developed **Service Plans** for all services that make use of Council assets. A key part of each Service Plan is **levels of service**. Essentially, levels of service act as management targets that facilitate decision-making. They define the standard at which Council aims to provide services and assets for community use. Service planning and the setting of service levels enables Without Service Plans, the AM Plans can only reliably predict future funding requirements to safely retain current service standards.

Managers responsible for each of the asset groups will progressively develop Service and Operational Plans. These Plans will document the service types and approach by which the operations and maintenance outcomes set out in the AM Plans will be delivered.

Future AM Plans are expected to incorporate service level planning outcomes and to include predictive financial modelling that will inform Council's future Long Term Financial Plan and budgets.

7.2 LINK TO ORGANISATIONAL OBJECTIVES

The table below demonstrates how implementation of this Strategy and subsequent AM Plans is expected to support delivery of the Council Plan (organisational) objectives:

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Table 7 – AM Supports Delivery of Council Plan Objectives

Strategic Objectives	Strategic Initiatives	AM Practices
<p>1. Making a Healthy Yarra</p>	<p>Increase the amount and quality of green open space through the strategic acquisition of land, the conversion of urban land to open space and/or the creation of pocket parks in high density areas.</p> <p>Develop an open space strategy to ensure Yarra’s public open space is managed as a functional network that encourages shared use and active living.</p> <p>Advocate to state government for an indoor sports stadium at 433 Smith Street redevelopment and investigate a Leisure Centres Master Plan</p>	<p>Develop and implement of various strategies and plans including Playground Strategy, Public Toilet Strategy, Open Space Strategy and Leisure Plan and Yarra Safe Travel Strategy and action plan</p>
<p>2. An Inclusive Yarra (Supporting a Diverse and Dynamic Yarra)</p>	<p>Continue to support cultural festivals and events.</p>	<p>Incorporating an understanding of future service demand into advanced asset planning, asset creation, renewal, upgrade and disposal strategies.</p>
<p>3. Ensuring a Sustainable Yarra</p>	<p>Complete review of the Environment Strategy.</p> <p>Develop and adopt a Biodiversity Strategy.</p>	<p>Incorporating Environmentally Sustainable Design principles in life cycle asset management. Ensuring asset investment decisions include consideration of lifecycle costs and community benefits.</p>

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Strategic Objectives	Strategic Initiatives	AM Practices
4. Making Yarra More Liveable	<p>Deliver a capital works program that caters for current and future needs.</p> <p>Embed and integrate the Strategic Community Infrastructure Planning Framework in Council planning and decision making.</p> <p>Progress a Planning Scheme amendment to implement a Development Contribution Plan.</p> <p>Continue to develop structure plans for major activity centres which build on the unique character of each precinct. Encourage pre-application engagements between developers and the community on major projects.</p>	<p>Establishing and providing appropriate quality service levels that are affordable, without compromising long term sustainability of assets through on-going engagement and consultation with the community.</p> <p>Development and implementation of Developer Contribution Plan (DCP).</p>
5. A Prosperous Yarra	<p>Complete the review of the Yarra Economic Development Strategy.</p> <p>Preparation of master plans for retail shopping strips</p>	<p>Review and update Asset Management Plans including growth & demand management strategies.</p>
6. Connected Yarra (Serving Yarra's Community)	<p>Investigate and apply for appropriate funding opportunities relating to road safety, innovation and streetscape improvements.</p> <p>Improve bike parking, road signage including bicycle excepted signs, road marking, surfaces and streetscapes to better protect and enhance conditions for cyclists and pedestrians</p>	<p>Delivering safe and reliable services by understanding asset condition and performance and applying risk management principles.</p> <p>Safeguarding Council assets (including physical assets and employees).</p> <p>Implementing appropriate asset management improvement strategies and appropriate financial treatment of those assets.</p>

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Strategic Objectives	Strategic Initiatives	AM Practices
<p>7. A Leading Yarra</p>	<p>Regularly review and update long-term financial planning to guide our budget decisions to ensure they are responsible and sustainable.</p> <p>Review Council’s asset portfolio, with a focus on buildings, to ensure that maximum community benefit is being realised.</p> <p>Provide training and re-enforcement of good governance practices.</p> <p>Develop a Services Policy and establish performance standards and service levels.</p>	<p>Developing asset management plans for major asset classes with continual improvement and action plans.</p> <p>Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated and understood.</p> <p>Enhance asset management awareness via in-house and external staff training mechanisms.</p> <p>Implement performance review and reporting framework.</p>

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8 COUNCIL'S VISION FOR ASSET MANAGEMENT

Council's vision for asset management is encapsulated in the following statement:

"Provide a robust asset portfolio that supports the provision of best value services, which balance the needs of the community, environment and economic development for current and future generations."

Council's Executive has also set a vision for the organisation to be: *"an organisation committed to change through an energised, cohesive team of professionals, recognised for our leadership, innovation and service."*

The *Asset Management Policy 2017* sets out the core asset management principles to guide Council's AM practices.

The outcomes from the adoption and implementation of this policy are intended as follows:

- ❖ Asset Management Strategy and Service Plans are developed and implemented;
- ❖ Asset Management Plans for each asset class owned by Council are developed, maintained and executed;
- ❖ Asset performance indicators published through the asset management plans providing transparency & community engagement in decision making and accountability are monitored and reported;
- ❖ Focus on long-term sustainability and continuous improvement in asset data & knowledge and systems;
- ❖ All legislative requirements including compliance with the Local Government Act and Asset Management Accountability Framework are met in regard to reporting of asset performance.

Asset management goals are outlined in this section under the following headings to achieve Council's Vision for asset management:

- Continuously **Improve Asset Data and Knowledge** (improve decision making processes, asset handover policy & procedures)
- **Integrate Strategic Service & Asset Management** (Asset management decisions are based on an integrated process, which includes community participation, has a long-term focus, and balances competing social, financial and environmental priorities)
- **Meet Service Delivery Needs of the Community/Stakeholders** (Council is accountable to the community regarding asset performance and its asset management activities and align assets with services and expectations)
- **Improve Risk Management Practices** (Council's exposure to risk is minimised, in regard to asset failures, property risk exposure, damage and loss)

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- **Ensure Legislative Compliance**
- **Improve Financial Sustainability** (Non-Discretionary funding for the maintenance, operation and renewal of existing assets is prioritised ahead of Discretionary funding of new assets)
- **Improve Environmental Sustainability** (Council assets support triple bottom line outcomes of environmental, financial and social sustainability)

It is expected that these goals will be achieved via:

- Delivery of the recommended improvement actions outlined in this Strategy
- Ongoing revision and implementation of Council's Asset Management Plans
- Continuous adjustment and improvement of relevant asset management practices

Failure to comply with the adopted *Asset Management Policy* is likely to result in increased risk of:

- Unsafe infrastructure;
- Infrastructure that is not fit for purpose;
- Assets that do not comply with Council's social, environmental and economic priorities;
- Assets with excessive ongoing operational costs;
- Excess assets;
- Underinsured assets;
- Property damage causing potential service disruption;
- An increase in the renewal gap;
- Reduced grant funding from the Federal Government due to a lack of compliance with the National Financial and Asset Management Accountability Framework.

8.1 CONTINUOUSLY IMPROVE ASSET DATA AND KNOWLEDGE

- A centralised register of all Council assets will be contained in the Asset Management Information System (AMIS). This system will become the central repository of all Council asset information for use by all Council staff.
- Financial and technical asset data currently incorporated into the centralised TechnologyOne Finance1 Fixed Asset Register.

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- Council's Asset Register will include accurate data and have reporting functionality to facilitate asset management decisions. Data to be stored in the register will include asset quantities, condition, economic life and remaining life estimates and financial valuations.
- Council's Maintenance Management Philosophy will be embedded into the AMIS and will support delivery of reactive and routine maintenance activities and asset inspections and provide accurate reports on responsiveness to community requests and compliance with documented service standards and specifications.
- Council will invest in regular asset condition audits and collate data to assist in making informed asset renewal, rationalisation and maintenance decisions.
- Council will aim to continuously improve all its asset data, including financial valuations.
- Officers throughout the organisation will be responsible for maintaining the integrity of the centralised asset data stored (*implement asset handover policy & procedures for data standards & management*) in Council's Asset Register.
- Implement reporting framework to improve outputs from AMIS (asset performance).
- Develop and report performance monitoring (asset & system status & performance) to Executive for continuous improvement.

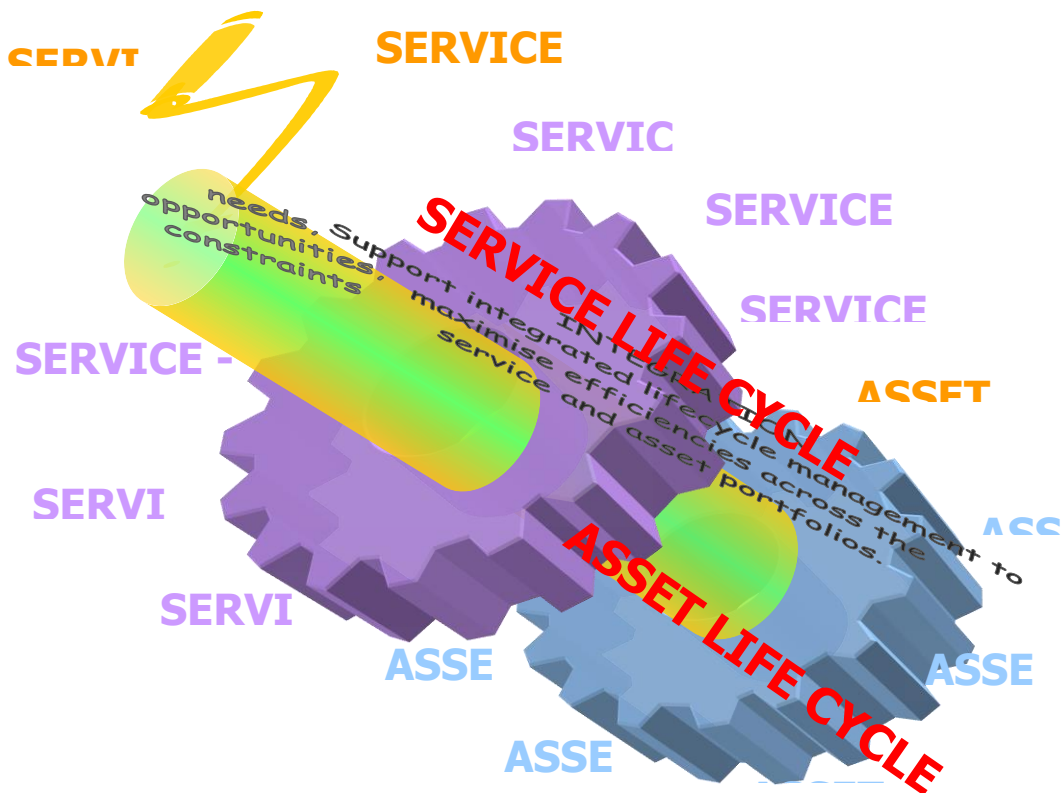
8.2 INTEGRATE STRATEGIC SERVICE & ASSET MANAGEMENT

- Council will continue to invest in enhancing its service planning knowledge, skills and operational practices with a commitment to a continuous improvement approach.
- Guided by the vision, and strategic objectives defined in the Council Plan, Council's service planning work will investigate current and future community needs. This service level information, together with asset condition audit results will inform future capital Investment in new and upgraded assets, asset renewals and disposals.
- Recognising the importance of integrated strategic service and asset management, Council will work with internal stakeholders via the Asset Management Working Group, and through the adoption of appropriate project management methodology, to develop a model to guide future service and asset management decision-making. A model, shown in Figure below, which was recently used to facilitate a review of Council's Division, will be referenced

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regarding the definition of Council’s core services and the service and asset lifecycle management activities across the organisation.

- The service delivery model will adopt a ‘whole-of-organisation’ approach and take a life cycle perspective of both service delivery and asset management.
- Management of both the service and asset lifecycles, shall be integrated and aim to be undertaken in accordance with the agreed service delivery model.
- Service and Asset Managers’ roles and responsibilities will be assigned for each service category and asset class. The adopted model is expected to draw on industry best practice information provided by the MAV, and also from the service delivery model shown in Figure below.
- Service Level Agreements between Service and Asset Managers will provide sufficient detail to ensure expectations can be delivered and performance can be measured.



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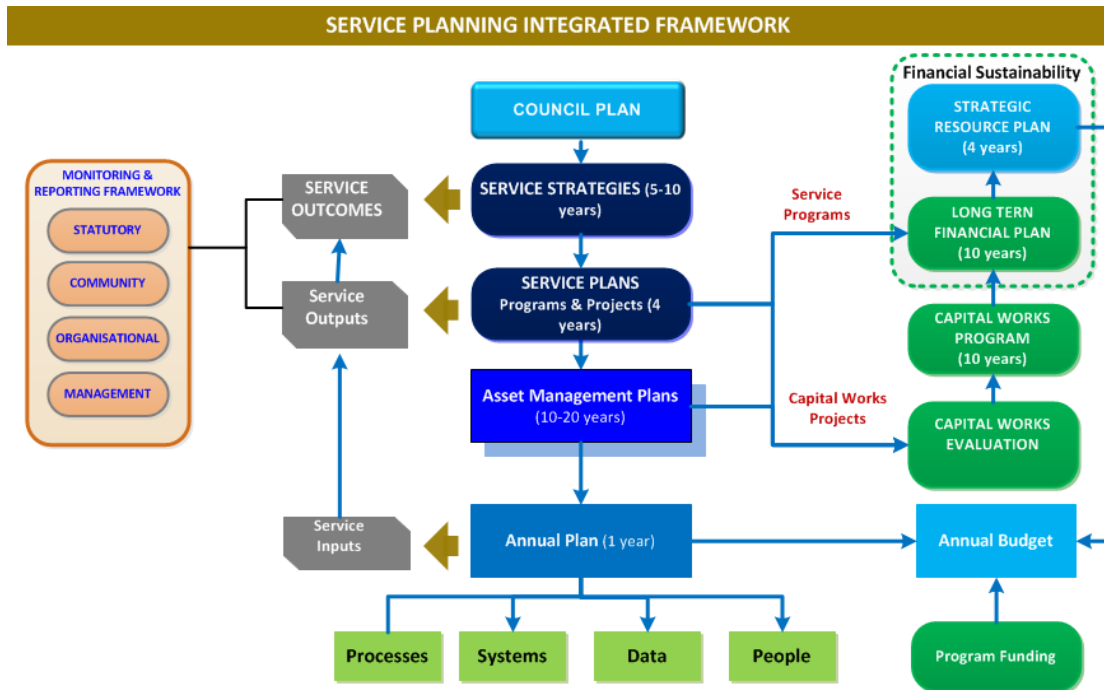


Figure 11– Council Service Delivery Model: Integrated Service & AM

8.3 MEET SERVICE DELIVERY NEEDS OF THE COMMUNITY

- Council will continue to monitor community satisfaction regarding Council's asset management performance to support service delivery.
- Council will commit to understanding community expectations regarding the management of Council's assets.
- Service Managers will use their understanding of community needs and expectations to document community service levels that define the asset functionality requirements necessary to support each service. Assumptions will be tested with the community.
- Asset Managers will translate community service levels into clearly documented and measurable technical levels of service (asset performance targets) that define what Council must do to deliver the desired customer service levels in a cost-effective sustainable manner, consistent with Council's strategic direction and within financial and other practical constraints.

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8.4 IMPROVE FINANCIAL SUSTAINABILITY

- Financial models, developed within each AM Plan, will predict funding requirements to ensure long-term sustainability. These financial models will, in turn, inform Council's Long Term Financial Plan and annual budget decisions.
- Council will aim, in an appropriate and timely manner, to address any backlog of renewal works identified in Council's AM Plans.
- Council will consider prioritisation of funding for legal compliance, renewal, maintenance and operation of existing assets in preference to financing new works or asset upgrades.
- Decisions to provide new services or assets to the community shall be based on business case justifications that take into account both the initial expenditure and also the ongoing lifecycle costs required to ensure that the services and assets will continue to perform at the required service level throughout their expected life.
- Evaluation of outcomes will be against objectives as stated in the business case.
- When approving a new or upgrade capital works project, Council shall commit to providing appropriate lifecycle funding for renewal, maintenance and operation within the relevant capital works and operational budgets.
- Where possible, Council may seek to support the funding of new assets, asset upgrades or asset renewals through the disposal of identified surplus or obsolete assets.

8.5 IMPROVE RISK MITIGATION PRACTICES

- Council will maintain a corporate risk register including risks associated known & unknown sources such as natural disasters and climate change.
- Council shall establish and deliver maintenance and renewal service standards that preserve assets, mitigate risk and meet the desired service outcomes.
- Council will not accept the transfer of third party assets, unless minimum acceptable quality standards are met.
- Council shall proactively inspect and protect its assets.
- Council shall self-audit its compliance with relevant regulations and address non-compliances in a timely manner.
- Council shall insure all assets for loss, property damage and public indemnity.

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- In the event that an asset can no longer be maintained in a safe condition, it shall be removed from service and secured to ensure that unauthorised access is prevented.

8.6 ENSURE LEGISLATIVE COMPLIANCE

- Council will manage its asset data & knowledge in a manner that ensures assets are compliant with all relevant legislations and regulations
- Council shall be responsive to changes in legislations and regulations and provide appropriate funding to ensure compliance occurs in a timely manner.
- Council shall self-audit its compliance with relevant regulations and address non-compliances in a timely manner.

8.7 IMPROVE ENVIRONMENTAL SUSTAINABILITY

- Council aims to meet “best practice” environmental sustainability standards and will seek to ensure that Council assets have a minimal impact on the environment.
- Energy and water efficient assets shall be incorporated into asset renewal and upgrade projects wherever possible.
- “Best Practice” principles shall be incorporated to meet the environmental sustainability targets listed in the Council’s Environmentally Sustainable Design (ESD) Policy:
 - Reduce water consumption in Council operations by 50% by 2020 (from 2000 levels of 334ML).
 - Improve stormwater quality management 10% target by 2020
 - Maintain Carbon Neutral (produce zero net emissions) Council.
 - Net municipal Greenhouse emissions target zero by 2020.
 - Continue to generate 10% of its energy needs from renewable (and low carbon) local energy sources.

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9 UNDERSTANDING CURRENT AND FUTURE ASSET NEEDS

Council’s asset portfolio exists to support a broad range of services that the community needs and expects. In order to determine current and future community needs for Council assets, it is important to develop a good understanding of the following:

- Services that Council assets are expected to support
- Factors in Council’s operating environment that influence community expectations and demand for services and assets

In this section, some services that Council assets currently support are identified. A brief summary of factors that can be expected to influence community demand for services is also presented to indicate the type of analysis required when forecasting future asset needs. Council’s current approach to establishing asset requirements is discussed later in **Section 10.3 Service & Asset Planning Practices**.

9.1 COUNCIL’S OPERATING ENVIRONMENT

It is Council’s responsibility to manage our invaluable community assets adequately to ensure sustainable service delivery. Good governance requires that Council understands the environment in which it provides the services.

Figure 12 below illustrates the key aspects of Council’s operating environment. Each aspect of that environment impacts on the demand for services and therefore affects the demand for Council assets.



Figure 12 – Council’s Operating Environment

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Table below highlights how some factors or key challenges facing by Council are expected to affect demand for services and assets. The information presented here is not intended to be definitive. It is simply provided to highlight how various factors can impact on Council's asset management obligations.

Table 8 – Key Factors Affecting Demand

Demand Factor	Expected Change	Impact on Asset Management (Examples)
NATURAL ENVIRONMENT		
Climate Change	<p>More frequent and intense storm events.</p> <p>Higher levels of solar radiation.</p> <p>Increasing environmental awareness.</p> <p><u>Peak Oil</u></p> <p><u>Adaptation.</u></p>	<p>Existing drainage systems may not cope with changed rainfall patterns resulting in a need for upgrades.</p> <p>Increased frequency of hail and storm damage requires emergency response, and impacts asset useability.</p> <p>More rapid deterioration of assets exposed to the weather (e.g. increased rate of road surface cracking) requires adjustment to maintenance and renewal work practices.</p> <p>Increased capital works budget to meet more frequent renewals to address asset deterioration.</p> <p>Need to incorporate Environmentally Sustainable Design principles throughout life cycle management activities for all assets.</p>
BUILT ENVIRONMENT		

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Demand Factor	Expected Change	Impact on Asset Management (Examples)
Ageing Assets	Old assets are more likely to fail and may not meet current and future community needs.	<p>Increased asset preservation programmes to sustain the current level of service.</p> <p>Maintenance budgets need to account for the increased likelihood of asset failure.</p> <p>Renewal budgets need to be adequate to replace assets that are unsafe or not functioning appropriately.</p>
Increasing Dwelling Density	More residents and businesses in the municipality, resulting in changing demand for the use of Council services and facilities.	<p>Buildings may need to be more flexible to accommodate a broader range of different services.</p> <p>Scarce resources such as public open spaces and the road space need to be able to support the needs of current and future populations.</p>
Technology Changes	Improved materials and construction standards.	Opportunity to introduce new technologies to improve sustainability (e.g. water sensitive urban design (WSUD) features).
LEGAL & POLITICAL ENVIRONMENT		
AMAF (regulated environment)	Future government funding may be tied to Council's AM capabilities.	Require higher level of staff skills, tools and processes for asset management.
Standards compliance	<p>More stringent requirements for local government.</p> <p>Shift in Commonwealth and State policy on accountability and compliance.</p> <p>Increasing exposure to litigation.</p>	<p>Potential for increased demand on capital and operating budgets to meet compliance obligations.</p> <p>Improved work practices and trained resources required to undertake appropriate condition and risk audits.</p>

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Demand Factor	Expected Change	Impact on Asset Management (Examples)
Regulations	Changes in regulatory framework (e.g. emergency management / child care). VAGO requirements	Significant changes in asset demand need to be determined and addressed over short periods of time. Review and update Asset Valuation and Capitalisation Policies & Procedures.
Inter-governmental relationships	Continued cost shifting between Commonwealth, State and Local governments. Shifting the tax burden and removing inefficient State and local tax arrangements.	Potential change in demands on capital and operating budgets to meet community expectations for services that may no longer be provided by other levels of government.
SOCIAL & CULTURAL ENVIRONMENT		
Demographics	Increasing cultural and linguistic diversity. Ageing population. Population growth (increase of 1.4% each year).	Services and buildings need to be accessible to all groups and ages. Increased demand for new works, upgrades and asset expansions.
ECONOMIC ENVIRONMENT		
Budget Provision	Limited funds available to respond to competing demands.	Ensure that optimised decision-making process is in place, including transparent processes for prioritisation and justification of asset expenditure. Affects the capacity to prioritise capital works program to meet current and future service demand through community participation in decision making.

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Demand Factor	Expected Change	Impact on Asset Management (Examples)
Return on asset	More transparency and accountability required in business decision-making.	May need to consider asset disposal /rationalisation to fund alternative assets and services.

Development Contribution Plan (DCP) will be implemented and identify the future growth and demand for infrastructure assets and cost allocation. Each AM Plan will consider relevant demand factors in more detail in order to forecast future asset needs.

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10 CURRENT STATUS OF ASSET MANAGEMENT PRACTICES

In this section of the Strategy the current status of Council's asset management practices is reviewed in order to identify key gaps and opportunities for improvement.

Consistent with the ISO55001 and Asset Management Accountability Framework audit approach and that recommended in the IPWEA International Infrastructure Management Manual (IIMM), the following aspects of Council's asset management status are considered:

- Asset Information Systems
- Asset Data and Knowledge
- Service and Asset Management Practices
- Asset Management Work Practices
- Organisational Context
- Current AM Performance and Evaluation

10.1 INFORMATION SYSTEMS

Council recently embarked on a process to consolidate the various information systems used to support asset management in order to improve the quality and integration of its systems.

Each of the following features describes the current status and is discussed in more detail below.

- Council utilises Technology One Asset Management modules for Buildings, Fleet and Open Space, as the dedicated centralised asset management information system that holds all asset information required to support Council's day-to-day asset management activities and financial reporting needs.
- Council relies on the custom-built information systems Municipal Asset Support System (MASS) for storage of asset inventory for roads & drainage and Forecaster capital works planning and monitoring
- Council has implemented a customer request system (Oracle) to record Council's responses to customer requests and to act as a proxy maintenance management system for some services.
- Improving the quality and integration of Council's asset management information systems is the focus of recent improvements underway.

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- Officers responsible for asset inspections and maintenance activities are in the process of utilising mobile computing systems and mobile geospatial information within the field.

It is expected that the Technology One enhancement process-AMIS Improvement project (Roads, Drains, Buildings, Fleet and Open Space) will include development of:

- One “single point of truth” asset register , that stores the data needed for asset valuations and predictive modelling;
- Capacity to facilitate, manage and report on the delivery of:
 - Routine Hazard/ Defect Inspections;
 - Reactive Maintenance Activities; and
 - Routine Maintenance Activities (Including provision of an auditable documentation trail from initial identification of a defect through to assessment and (if required) ultimate asset repair)
- Capacity to support asset condition auditing processes including associated updates to the condition data stored in the asset register (and GIS);
- Support the planning and delivery of capital works programmes for:
 - Regulatory Compliance
 - Renewal Works; and
 - New/ Upgrade Works (Including updates of the asset register details)
- Support asset valuation processes including updates of the asset register details and inputs into Financial Reports;
- Integration of existing systems (Tech1, GIS, Oracle, Forecaster)

It is expected that business processes for the AMIS enhancement will be common across all asset areas (roads, drainage, open space, buildings, fleet etc.).

10.1.1 EXISTING SYSTEMS

In the absence of a centralised integrated asset management information system, Council utilises a number of systems as indicated in the table below.

The multiplicity of independent systems makes data integrity management and real-time reporting time-consuming and somewhat challenging.

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Table 9 – Information Management Systems

System	Current Status
Corporate Information Systems	
Finance System: Technology1 (T1)	<ul style="list-style-type: none"> T1 currently records costs against financial accounts for all assets. However, costs cannot be interrogated at an asset class level. The intention is to integrate AMIS and T1 so that actual costs are recorded against the affected asset. This will allow Council to have a better understanding how much Council has spent on a particular asset, group of assets, or usage area.
Valuation: T1	<ul style="list-style-type: none"> Buildings valuation
Asset Register: T1	<ul style="list-style-type: none"> Fleet assets Buildings assets Open Space assets
Maintenance Management System: T1	<ul style="list-style-type: none"> T1 partially implemented as a maintenance management system (MMS) linked to GIS and Finance. Note that the existing MMS is currently being redeveloped Maintenance management system functionality is not fully developed as existing system is used for buildings, fleet and open space only.
Geographic Information System (GIS): Intergraph	<ul style="list-style-type: none"> All Council assets to varying degrees of accuracy Existing geospatial data is often incomplete or unreliable
Corporate Risk Management System: Interplan	<ul style="list-style-type: none"> Annual Plan Reporting Corporate and Strategic Risks
Customer request system: Oracle	<ul style="list-style-type: none"> Community service requests or requests for information received via phone calls, emails or letters are generally logged into Council's Customers Request System (Oracle).
Facilities booking: SharePoint	<ul style="list-style-type: none"> Civic /communities facilities

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System	Current Status
Document Management System: TRIM	<ul style="list-style-type: none"> Document management system for all documents
Mobile Solutions: No System	<ul style="list-style-type: none"> Officers responsible for asset inspections and maintenance do not have access to mobile computing systems or mobile geospatial information. As a result officers rely on paper-based systems in the field, which results in poor record keeping and makes it difficult to audit performance. Council's geospatial data stored in Intergraph is often incomplete making rapid implementation of spatially based mobile computing difficult for some asset classes.
City Works & Assets - Custom-Built MS Access Database Systems	
Capital work programming tool: Forecaster	<p>Capital works programs for all major infrastructure asset groups</p> <p>Also contains Council's buildings asset register</p>
Asset Register: Municipal Asset Support System (MASS)	<p>Asset register for all major infrastructure asset groups excluding buildings and open space assets.</p> <p>MASS currently acts as the default asset register and condition assessment system for most asset classes, excluding buildings & Open Space (currently recorded in Forecaster and TechnologyOne).</p> <p>With the exception of some basic condition/risk and functionality assessment capabilities in MASS and Forecaster, Council does not have a reliable information system to support strategic asset planning functions, such as modelling of asset deterioration rates, life cycle costing, optimal decision making in capital investment and maintenance, and scenario planning.</p>

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System	Current Status
	<p>MASS and Forecaster have been developed in-house and are stand-alone systems. Ongoing reliability of these systems is dependent on one Council Officer. Reliance on these systems therefore has inherent risks for the organisation. In order to address this risk Council is investing in an alternative integrated system linked to the finance system.</p>
Other Systems	
Spreadsheets	<p>Purpose built spreadsheets are used to maintain data such as:</p> <ul style="list-style-type: none"> - Property leasing - Recreation Facilities Bookings - Art Collection Various assets

The City Works & Assets Division has established asset data collection, management and reporting systems relevant for the assets it is responsible for. Each Branch within the Division uses Technology One and MASS information systems to meet its individual needs. Enhancement of the AMIS functionalities is seeking to address this issue.

From a financial reporting perspective, the core data used to develop Council's financial reports should be the same as that used for other asset management tasks. At present, not all of Council's asset-related financial data is linked, making it difficult to clearly audit and track changes made to individual assets.

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10.2 ASSET DATA AND KNOWLEDGE

The Buildings and Asset Management Branch has undertaken a desktop assessment of some of Council's asset data and knowledge. The findings are summarised in the table below, which outlines the reliability of available Council asset data for each of the asset classes listed.

Table 10 – Reliability of Asset Data & Knowledge

Asset Class	Data Repository	Data Attribute and Knowledge-Reliability*						
		Inventory	Condition	Valuation	Performance/Functionality	Risk	Environment	Accessibility
Road	MASS	A	B	B	A	A	C	A
Footpaths	MASS	A	B	B	A	A	C	B
Laneways	MASS	A	B	B	A	A	C	A
Kerb & Channel	MASS	A	B	B	A	A	C	NA
Buildings	Forecaster & T1	B	B	B	C	B	B	C
Open Space	Forecaster & T1	B	B	B	B	A	B	C
Stormwater Drainage	MASS	A	C	C	B	B	C	NA
Fleet	T1	A	A	B	B	B	B	B

An indication of the reliability of Council's asset data and knowledge has been rated as follows:

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DATA RELIABILITY RATING

A: Highly Reliable - Data based on sound records, procedure, investigation and analysis, which is properly documented and recognised as the best method of assessment.

B: Reliable - Data based on sound records, procedure, investigation and analysis which is properly documented but has minor shortcomings, for example the data is old, some documentation is missing and reliance is placed on unconfirmed reports or some extrapolation.

C: Uncertain -Data based on records, procedure, investigation and analysis, which is incomplete or unsupported, or extrapolation from a limited sample for which grade A or B data is available

D: No Reliable Data- Some officers may have standalone spreadsheets of inventory information

The assessment highlights gaps in current knowledge. It is important to note that a rating of A does not imply perfect data and knowledge, nor does it imply that no further work is required. Continued investment in asset audits and data management is therefore necessary to ensure Council's asset data is accurate and reliable.

A summary of the current status is outlined below for each data and knowledge attribute.

Table 11 – Current Status - Asset Data & Knowledge

Attribute	Current Status
Asset Register (Inventory data)	The quality of data is reliable in terms of asset inventory completeness and accuracy for most asset classes. However, it is necessary to regularly review and validate the databases, at each review of the individual AMPs, to ensure that they remain current and relevant.
Condition Data	Council has a good understanding of the condition and valuation of most asset classes. Condition audits (which often include defect/ risk assessments) are carried out on Council's assets on a regular basis by Council Officers, with the processes and methodologies audited by external auditors.

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Attribute	Current Status
	<p>Council has developed a robust framework for the condition and risk assessment of most asset classes. The framework includes transparent and auditable processes that consider elements that are significant and are supported by algorithmic methodologies and aided with photographic examples, where appropriate.</p> <p>In practice there is some confusion regarding the purpose of a condition audit compared with a defect/risk assessment inspection.</p> <p>For most major asset classes, condition data is captured in the MASS system and used to establish capital works priority ratings. Condition risk and viability assessments for buildings are captured in the Forecaster system.</p> <p>Current condition rating scales appear to be inconsistent for different asset classes. For example, building asset has a rating scale ranging from '1' (new asset /very good) to '5' (very poor / not serviceable). Roads, footpaths, laneways, on the other hand, have a scale ranging from '0' (total failure) to '5' (very good). Different rating scales cause confusion amongst staff and makes benchmarking with other Councils difficult.</p> <p>Frequent condition auditing at 4 to 5 year interval enables Council to 'refresh' its understanding of asset conditions at regular intervals. The condition data, however, provides only a snapshot view of the condition at the time of assessment. Without a predictive capability, incorporating deterioration models, it is currently not possible to establish future condition profiles of assets over a long planning horizon.</p> <p>The Finance Branch undertakes regular valuation of Council's assets under the Local Government Financial Reporting requirement. The Engineering Services Branch maintains a database of current contract rates that are used for the capital works program forecasts.</p>
Performance/ Functionality	<p>Requirements for road and road related assets are generally well understood and documented. Asset performance/ functionality requirements for Council buildings and open spaces and other asset classes are generally understood but have not been clearly documented, or confirmed via community consultation, making it difficult to objectively measure how well Council's assets meet</p>

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Attribute	Current Status
	community expectations regarding asset performance or functionality.
Risk Data	<p>Delivery of community services, through the provision of assets, presents risks to Council that must be identified and managed. An enterprise risk management process has been implemented at the corporate level, with the establishment of both strategic and operational risk registers across the organisation. The risk management process will need to be extended and developed to enable risk assessment and rating of all facets of asset management activities. <u>Council also needs to consider the potential impact that natural disasters may have on their assets and plan for emergency response.</u></p> <p>The risks associated with the management of each asset class are generally well understood by those responsible for the maintenance and renewal of Council assets. Council currently undertakes routine inspections of its road reserves, buildings and playground assets in order to identify defects or potential hazards and risks and to establish programs for repair and maintenance work for these assets.</p> <p>Environmental Sustainability DATA & KNOWLEDGE</p> <p>Council is committed to the provision of “<u>best practice</u>” environmentally responsible services. The need for climate change adaption, carbon pollution reduction, water usage reduction and nature conservation are high on Council’s list of priorities. The strategies Council has developed to further its environmental goals will have a significant influence upon Council’s service/ asset planning and decision making. These include:</p> <ul style="list-style-type: none"> • Water Sensitive Urban Design (WSUD) for Council Infrastructure Assets Policy • Environmentally Sustainable Design (ESD) for Council Buildings Policy • Yarra Environment Strategy • Carbon Neutral Action Plan (CNAP).

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Attribute	Current Status
	<p>Infrastructure asset creation/acquisition decisions need to consider environmental issues over the entire life cycle of proposed assets. These considerations need to inform asset design, specification, construction materials selection and techniques, operating models and disposal procedures (including the potential to recycle assets at the end of their useful lives).</p> <p>Whilst the emphasis is now focused on the management of buildings, through the application of “<u>best practice</u>” Environmentally Sustainable Design Principles, this should be extended progressively to other asset classes in future.</p> <p>With an increasing emphasis on environmental sustainability it is envisaged that significant effort will be required to better understand the asset knowledge requirements that are relevant for monitoring and improving the sustainability of all asset classes.</p>
<p>Accessibility Data</p>	<p>Consistent with Council’s objective of achieving greater access and inclusion, Council has adopted Access and Inclusion Plan (based on previously adopted Disability Action Plan). The Plan contains five Strategic Directions/objectives and five Key Result Areas (KRAs). Two of the KRAs that have implications for asset management are:</p> <ul style="list-style-type: none"> • KRA One: Community Participation <p>Provide equitable and accessible opportunities for people with disability to engage in cultural and social activities and events and in civic and community decision making. Ensure that all Council facilities and events meet accessibility standards and demonstrate access and inclusive practices.</p> <ul style="list-style-type: none"> • KRA Three: Built Environment <p>Continue to improve physical access and DDA compliance to the built environment - buildings (public and where possible private), parks, open spaces, signage, roads and footpaths.</p>

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10.3 SERVICE & ASSET PLANNING PRACTICES

Asset management at the City of Yarra has evolved in a reactive, adhoc manner over many years. In general, the importance and role of physical assets in the delivery of Council's services has been underrated. It is also now acknowledged that the management of assets cannot be the sole responsibility of technical specialists. Detailed consideration of how service and asset management are interrelated is necessary.

Council's current approach to the following service and asset management planning practices has been reviewed with the intention of identifying improvement actions:

- Service planning - demand forecasting
- Defining service levels
- Asset management planning-leadership & accountability
- Capital works planning
- Long term financial planning

The Service Delivery Model presented in previous section (Section 8) will be used as a guide to identifying Council's core services.

10.3.1 SERVICE PLANNING – DEMAND FORECASTING

Service planning is generally the responsibility of Managers with key areas of responsibility such as:

- Family & children's services
- Leisure
- Aged & disability services
- Arts & culture
- Libraries
- Strategic transport
- Recreation and open space
- Community planning and advocacy.

It is generally assumed that the current asset portfolio meets the basic service needs of the local community and that continuous improvement of the portfolio is necessary, given that community needs are not static and there is an ongoing desire for more and better services to suit changing needs.

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Council determines its asset requirements to meet service needs using various mechanisms including, but not limited to the following:

- Review of customer requests
- Community satisfaction survey findings (e.g. DPCD Community Satisfaction Survey)
- Analysis of population projections and other demographic profile changes
- Asset renewal planning, including condition audits and inspections
- Ongoing review of legislative obligations
- Community consultation during the development of various plans and strategic documents including:
 - Land Use Planning – Municipal Strategic Statement Review
 - Melbourne 2030 and Demographic Projections (id. population forecast)
 - Social Infrastructure Management Plan (2004)
 - Yarra Strategic Planning Scheme (YSS)
 - Yarra City Urban Design Strategy
 - Urban Design Frameworks
 - Structure Plans
 - Local Area Plans
 - Master plans
 - Asset related strategies (such as the Open Space Strategy, Leisure Strategy, Road Management Plan, Bike Path Strategy etc)
- Individual service plans from various Branches within Council.

The service planning approach adopted varies across the organisation and is often site or precinct focused.

Detailed demand forecasting data is often limited. In the absence of detailed demand forecasting and a good understanding of asset utilisation, renewal of existing assets focuses on ensuring that the asset portfolio will continue to sustain the current level of service. Provision of new and upgraded assets, to accommodate growth and changing demand, is considered nominally based on population growth or residential development activities known to be occurring within the municipality. Planning exercises tend to focus on identifying asset solutions (such as building upgrades or new building proposals).

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In the development and review of all future AM Plans it is essential that the advice and input on demand forecasts from the Community Planning and Advocacy Branch be included.

10.3.2 ASSET MANAGEMENT PLANNING

Good asset knowledge is fundamental for good governance. It is therefore considered critical that this deficiency be addressed so that Council can develop reliable Asset Management Plans to inform sustainable future investment in community infrastructure.

Asset Management planning framework is well established at Yarra City Council. In 2011, Council adopted the Asset Management Policy and the policy was reviewed & updated in 2017. Further AM Strategy was adopted in 2012. Council has previously developed AM Plans for the following assets: Roads, Buildings, Drainage, Arts Collection and Open Space. These Plans document the status of the assets at the time of writing. Recently all these AM Plans have been reviewed and updated. In addition, Fleet AMP has been developed.

Council has its asset management performance and practices audited against the National Asset Management Assessment Framework (NAMAF) as part of the Municipal Association of Victoria STEP Program. Participation in the MAV STEP program, since 2003, provides a forum for continual improvement through the identification of “gaps” and also enables benchmarking of Council’s asset management practices against industry standards. When Council’s AM Plans were assessed against the National Asset Management Assessment Framework (NAMAF) gaps and improvement recommendations were identified.

10.3.3 DEFINING SERVICE LEVELS THAT MEET COMMUNITY EXPECTATIONS

Levels of service are a key component of the asset management planning process.

Council has a good understanding of community needs and expectations, but has found it difficult to translate these expectations into clear and measurable service levels that can then be used to guide asset management decisions.

Council has, in the past, prepared its AMPs in line with the core approach and has adopted service levels based on current management practices. Service levels had been derived from currently available records and documentation, such as Council’s strategic planning documentation.

Other than meeting the compliance requirements, the levels of service provided currently are mainly technical in nature, from the perspective of maintenance

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programmes driven by available budgets, and also measured in terms of operational response times.

It is recognised that there is a need to review and further refine the levels of service across all asset classes. Further work is required to document community service level expectations and translate these into technical service levels for all asset classes.

10.3.4 CAPITAL WORKS PLANNING

Prioritised lists form the basis for the development of Council’s ten-year capital works programs using Forecaster. The ten-year program aligns with the adopted capital works budgets and the likely budget trends.

Road assets are ‘prioritised’ for renewal based on their MASS ratings, which are continually updated as condition data is collected and their risks assessed. The ‘prioritisation’ process is generally based on the principles of ‘triple-bottom-line’ evaluation and risk assessment. The prioritisation of renewal works for other asset classes is less transparent and objective.

Prioritisation of capital works projects for the creation of new assets and the upgrade of existing assets tends to be based on staff knowledge and experience. It is recognised that there is a need to develop and implement a more consistent and transparent approach to the prioritisation of new, upgrade and renewal works for all asset classes.

Planning for capital works is currently conducted mostly in isolation by individual Branches, although there have been some initiatives by staff to involve input on their proposed capital works program from other Branches. Proposed capital works program on road assets had also been forwarded annually to external utility organisations for their feedback.

10.3.5 LONG TERM FINANCIAL PLANNING (LTFP)

Council’s long term financial planning is generally aligned with financial forecasts developed in Forecaster for all capital works programs, based on the prioritisation process in MASS.

In recognition of the need to establish an appropriate balance between developing new assets and maintaining its existing asset base, Council is committed to managing its assets in accordance with sound, industry recognised financial asset management practices. These practices include:

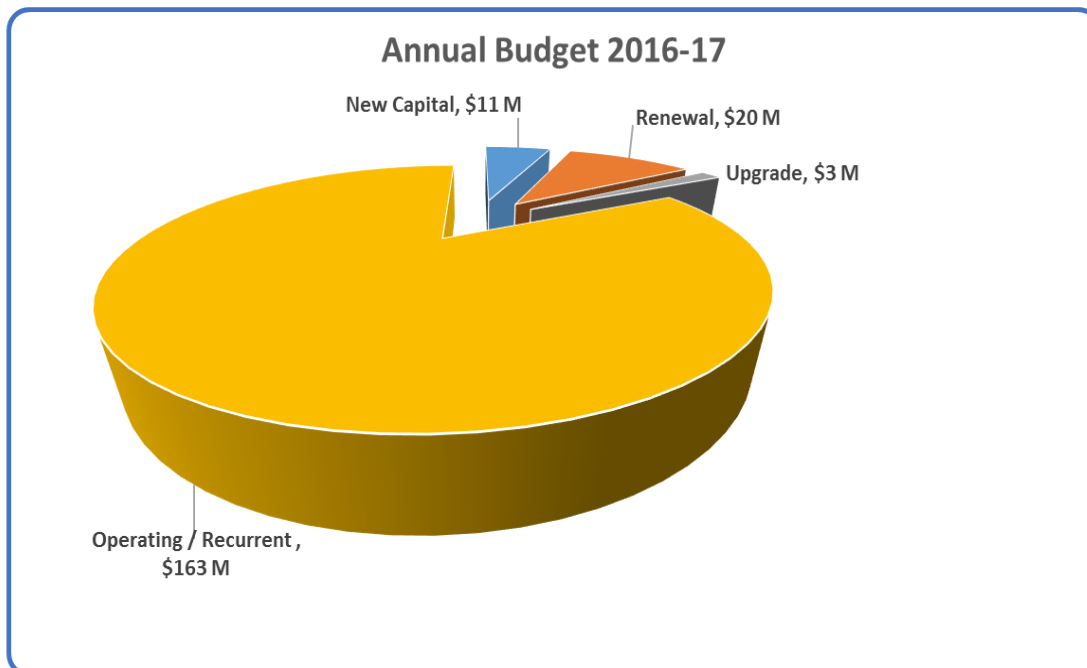
- Reducing the ‘funding gap’ between what is budgeted and what is required for the maintenance/renewal of current infrastructure.
- Balancing investment in new infrastructure compared with maintenance/renewal of existing infrastructure.

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Lifecycle cost analysis is undertaken as part of the business case preparation process but the approach adopted varies across the organisation.

Council's annual report 2016/17 shows the following expenditure profile.

Figure 13 – Council's Budget Expenditure Classification



The graph at Figure 13 above shows that renewal expenditure is the largest category of capital expenditure at \$20M (10% of total expenditure).

The Long Term Financial Plan demonstrates \$372M new/upgrade and renewal capital expenditures for all asset classes over the next 10 years to sustain the current levels of service.

Further breakdown of capital and operations & maintenance expenditures will be outlined in the asset specific asset management plan.

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10.4 LIFECYCLE MANAGEMENT PRACTICES

Council's current approach to the following work practices have been reviewed with the intention of identifying improvement actions:

- Asset handover
- Asset rationalisation
- Maintenance

It should be noted that there are many other asset management practices that have a critical impact on service delivery. These will be considered in detail in AM Plans.

10.4.1 ASSET HANDOVER (TRANSFER)

Historically, Council does not have a documented asset handover/transfer process for all new assets and asset upgrades. The handover approach was somewhat adhoc and relevant data was often not updated in the relevant information systems. There is also confusion amongst staff regarding their roles and responsibilities when new assets are created or existing asset are upgraded or renewed. Recently asset handover policy and procedures have been developed which clearly defined the data requirements and staff roles & responsibilities. This has further aligned with the Project Management Framework (PMF) Policy.

10.4.2 MAINTENANCE PRACTICES

Maintenance of Council assets is generally the responsibility of the City Works and Assets Division. For some asset classes, maintenance practices are not well documented, making it difficult to monitor performance.

Following early implementation of the T1 it was recognised that Council needed to develop a more consistent approach to asset maintenance. A revised maintenance management philosophy was documented to define Council's approach to the following activity types:

- Reactive Maintenance
- Routine Maintenance
- Routine Asset Inspections

Based on that philosophy, workflow processes are currently being developed for the maintenance of open space assets as part of the rollout of T1.

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10.4.3 ASSET RATIONALISATION

Assets are occasionally rationalised on a case-by-case basis, generally as part of major capital works projects. Council's Buildings are assessed based on the various significant factors such as condition, criticality, compliance standards, functionality and utilisation (viability) of all Council buildings and made some recommendations for asset disposal.

Given the increased level, particularly of residential development occurring in the municipality and the potential for increased provision of some services, Council has recently undertaken an assessment of some underutilised assets such as some of the vacant Council buildings within the Collingwood Town Hall Precinct.

Council needs to review and update the significant factors to undertake asset viability assessment which can be applied across all asset classes.

All assets are capitalised and disposed of based on current Asset Capitalisation Policy.

10.5 ORGANISATIONAL CONTEXT

Successful asset management underpins long-term sustainability. It is therefore important for everyone in the organisation to understand what asset management is about and to understand that development and implementation of sound asset management planning and practices is an organisation-wide responsibility.

As discussed previously, asset management at the City of Yarra forms part of Council's strategic planning framework. Funding and the level of asset management awareness influence the degree to which Council's strategic objectives can be achieved.

10.5.1 ASSET MANAGEMENT TRAINING AND AWARENESS

The level of AM awareness varies across the organisation. There is currently no formal AM training program for asset management staff, support staff, management and Councillors. Organisation-wide asset management training needs have been identified as part of the development of the Skill Matrix across the whole organisation.

The Asset Management Working Group was set up to oversee the asset management capability development and improvement program. The purpose of the Working Group is to provide a forum for integrated and sustainable planning, development and management of Council infrastructure across relevant Council business units.

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10.6 RECENT ASSET MANAGEMENT PERFORMANCE

Since 2010, the Municipal Association of Victoria (MAV) has used the **National Asset Management Assessment Framework (NAMAF)** when assessing Council's asset management performance. Eleven (11) elements of asset management are assessed:

- 1) Strategic Planning
- 2) Annual Budget
- 3) Annual Report
- 4) Asset Management Policy
- 5) Asset Management Strategy
- 6) Asset Management Plans
- 7) Governance & Management
- 8) Levels of Service
- 9) Data & Systems
- 10) Skills & Processes
- 11) Evaluation.

The assessment provides a rating of performance based on Council's responses to a series of questions. The MAV has set performance targets for Core and Advanced Maturity. The aim is to achieve Core Maturity then progress to Advanced Maturity.

The Department of Finance and Treasury (DTF) has recently introduced the Asset Management Accountability Framework which is the Victorian Government's policy framework for asset management. The AMAF provides direction on the elements needed for a cohesive and appropriate asset management system and establishes the mandatory requirements which are aligned with the ISO55001: Asset Management Standards.

Table below indicate Council's core maturity scores against the AMAF mandatory compliance criteria.

Table 12 – Maturity Status – Current Asset Management Practices

AMAF Area	AMAF Criteria	Competency Score	AMAF Compliance	Maturity Level
Leadership & Accountability	Overview and key requirements	3.0	Compliance	Core Maturity
	Resourcing and skills	3.0	Compliance	Core Maturity
	Governance	3.5	Compliance	Advanced Maturity

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AMAF Area	AMAF Criteria	Competency Score	AMAF Compliance	Maturity Level
	Allocating asset management responsibility	3.2	Compliance	Advanced Maturity
	Attestation requirements	0.0	Non-Compliance	Core Maturity
	Monitoring asset performance	2.0	Non-Compliance	Core Maturity
	Asset management system performance	3.0	Compliance	Core Maturity
	Reporting to Government	3.0	Compliance	Core Maturity
	Evaluation of asset performance	3.0	Compliance	Core Maturity
	Other Requirements	3.0	Compliance	Core Maturity
Leadership & Accountability	Overall Score	65.8	Partially	Core Maturity
Planning	Asset management strategy	3.5	Compliance	Advanced Maturity
	Risk management and contingency planning	2.5	Non-Compliance	Core Maturity
Planning	Overall Score	75.0	Partially	Core Maturity
Acquisition	Overview	3.0	Compliance	Core Maturity
	Acquisition process	3.0	Compliance	Core Maturity
Acquisition	Overall Score	75.0	Compliance	Core Maturity
Operations	Monitoring and preventive action	2.6	Non-Compliance	Core Maturity
	Maintenance of assets	3.0	Compliance	Core Maturity
	Information management	3.0	Compliance	Core Maturity

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AMAF Area	AMAF Criteria	Competency Score	AMAF Compliance	Maturity Level
	Record keeping	3.0	Compliance	Core Maturity
	Asset valuation	4.0	Compliance	Advanced Maturity
Operations	Overall Score	73.3	Partially	Core Maturity
Asset Disposal	Asset disposal	4.0	Compliance	Advanced Maturity
Asset Disposal	Overall Score	100.0	Compliance	Advanced Maturity
Total Score	Total Score	77.8	Partially	Core Maturity

A summary of the current maturity levels with respect to key asset management aspects and related issues are outlined in the Table/Figure below:

Table 13 – Current Status 2017/18 & Improvements to AM Practices

AM Function	Current Status & Improvement Requirements
Leadership & Accountability (Governance & Management)	<ul style="list-style-type: none"> → Leadership will form the major influence in the development and application of this strategy together with the strategic and operational continuous improvement plans. → Development and implementation of the Asset Management Policy & Strategy are overseen by the Executive Management Team → An asset management Responsibility Matrix has been developed. → Staff position descriptions clearly define asset management responsibilities and skill requirements → Capital works submissions are evaluated using a clearly defined process driven by the Council Plan, Strategic Resource Plan, risk management and taking into account whole of life costs → All departments are involved in asset management → The Asset Management has cross-functional representation and is focussed upon the co-ordinating the linkages between service delivery and asset management implementation → Asset management is internally promoted across the organisation

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AM Function	Current Status & Improvement Requirements
Leadership & Accountability (Resources & Skills)	<ul style="list-style-type: none"> → Asset Management Strategy to be reviewed and adopted by Council on a four year cycle → Asset Management Plans are to be reviewed and adopted by Council on a 4 year cycle → Operational risks, responsibilities and monitoring of risk treatments are recorded within the risk register → Financial forecasts for all assets classes are reviewed annually and the information is used to update the Strategic Resource Plan → Skills and knowledge requirements to perform asset management tasks are assessed, a skills matrix has been prepared and training needs are managed corporately → Valuation methodologies for assessing remaining and useful lives, depreciation and residual value (all in accordance with accepted accounting standards) are
Leadership & Accountability (Strategic Planning)	<ul style="list-style-type: none"> ❖ Council has a strategic long term plan (Council Plan) ❖ Community were consulted as part of the Council Plan and it reflects their needs ❖ The Council Plan incorporates priorities and performance measures ❖ Council has a long term financial plan (LTFP) ❖ Strategic Resource Plan has been prepared taking into account the Council Plan and the asset management plans ❖ The Council Plan and Strategic Plan are reviewed on an ongoing basis ❖ Community engagement policy is used to engage community on matters of public interest
Planning (Policy)	<ul style="list-style-type: none"> → The Asset Management Policy was adopted by Council in 2011 and revised in 2017 → The Asset Management Policy links with the organisational objectives (Council Plan and the Strategic Resource Plan) → The Asset Management Policy details an asset management framework & AM objectives/principles which includes the development of asset management strategy & plans to take into consideration of stakeholders expectations and needs (community)

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AM Function	Current Status & Improvement Requirements
Planning (Strategy)	<ul style="list-style-type: none"> → Council's previous Asset Management Strategy was adopted in 2012 and this strategy has been reviewed in 2017 to: <ul style="list-style-type: none"> ○ Show how the asset portfolio can meet the service delivery needs of the community ○ Define a future vision of asset management practices ○ Document the current status of asset management practices ○ Identify actions required to implement the Asset Management ○ Policy (including resources, timeframes and accountabilities) → Council's current Asset Management Strategy is linked to the Asset Management Policy and is integrated into the Council Plan and annual budget processes → The Asset Management Strategy defines asset management roles, responsibilities and reporting framework → The Asset Management Strategy notes that training will be provided to staff and Councillors in regard to asset management
Planning (AMPs)	<ul style="list-style-type: none"> → First generation Asset Management Plans were developed between 2005 and 2012 for key infrastructure assets such as Roads, Buildings, Open Space, Arts Collection and Drainage → All Asset Management Plans are under review to update long-term financial forecasts and to ensure consistency with best practice and the statutory requirements such as AMAF/NAMAF.

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AM Function	Current Status & Improvement Requirements
<p>Operations</p>	<ul style="list-style-type: none"> → Operations & maintenance plans are developed as part of the overall lifecycle management strategies in the AMPs → Council utilises the mix of in-house and external systems (MASS and Technology1) asset management systems to manage its asset management activities in addition to GIS and the Oracle customer request system → Council has up to date asset registers for the major asset classes (roads, buildings, fleet) → An asset hierarchy has been developed for all asset classes → Asset condition surveys and defect identification assessments are undertaken and recorded for most assets → Financial reporting of assets includes audit trails, depreciation, reporting thresholds and records of acquisitions and disposals → Systems and procedures for asset management are capable of enabling benchmarking with similar councils → The planning system (Forecaster) has functionality to generate maintenance and renewal programs → As part of the periodic asset revaluation process a revaluation policy has been prepared → Council has a processes for operations, maintenance, renewal and upgrade planning for it assets
<p>Operations (Levels of Service)</p>	<ul style="list-style-type: none"> → Council has limited service plans for each service → Levels of service are yet to be fully defined, quantified, documented and costed for many services to a detailed level → The Asset Management Plans contain description of levels of service (both customer & technical levels of service) → Technical levels of service are incorporated into service agreements, contracts and procurement arrangements
<p>Performance Monitoring & Evaluation (Budget)</p>	<ul style="list-style-type: none"> ❖ The annual budget contains explanation on the performance and financial position of the Council and is prepared based on the resource requirements and strategic objectives detailed in the Strategic Resource Plan, the Council Plan and relevant asset management plans ❖ The annual budget reflects Council's strategic objectives ❖ The annual budget is adopted following community consultation ❖ The annual budget includes resources required to

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AM Function	Current Status & Improvement Requirements
Performance Monitoring & Evaluation (Annual Report)	<ul style="list-style-type: none"> → The Annual Report complies with all statutory requirements → The Annual Report is independently audited → The Annual Report reviews the performance of Council against the strategic objectives in the Council Plan → The Annual Report includes financial statements in accordance with the Australian Accounting Standards
Performance Monitoring & Evaluation	<ul style="list-style-type: none"> → Council has a documented evaluation process by which asset management improvements are identified, timeframes established, resources allocated, actioned, monitored and reported to the Executive Management Team and/or Chief Executive as necessary → Technical levels of service are monitored and performance is reported internally for some assets → Community levels of service are monitored and performance is reported internally for some assets

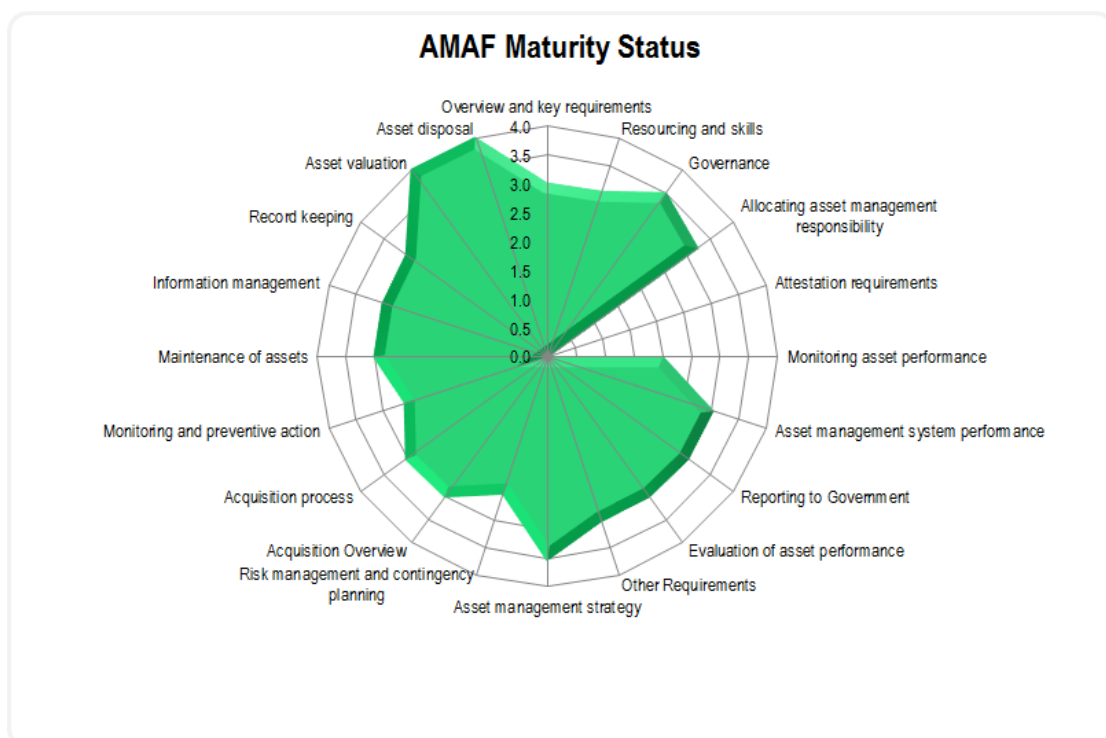


Figure 14 – Council’s Asset Management Maturity Status

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11 IMPROVEMENT ACTION PLAN

11.1 IMPROVEMENT STRATEGIES

The following strategies have been identified as a result of undertaking the AM Strategy review, key infrastructure or AM issues and needs for resources. They are aligned with the organisational objectives in the Council Plan and AM Policy. (Refer Table 14: Implementation Plan)

<p>Improve AM Information System</p>	<ul style="list-style-type: none"> • Develop & implement AMIS Strategy • Develop & Implement AMIS functionalities enhancement • Develop AMIS reporting for asset performance • Integration of existing systems (Oracle, Finance 1 etc.)
<p>Improve Asset Data & Knowledge</p>	<ul style="list-style-type: none"> • Implement Asset Handover Policy & procedures • Data & System Management Roles & Accountabilities • Develop audit process to review data quality & improvement • Review condition & performance data and monitoring
<p>Improve Service & Asset Planning Practices</p>	<ul style="list-style-type: none"> • Review & update Asset Management Plans for all assets • Identify service type and prepare service plans • Review & update LOS, KPIs, demand and cost options • Review & update investment prioritisation approach
<p>Improve AM Work Practices</p>	<ul style="list-style-type: none"> • Review and update asset rationalisation/disposal process • Implement asset handover policy & procedure including roles & responsibilities • Update maintenance plans and strategies
<p>Enhance Organisational AM Capacity</p>	<ul style="list-style-type: none"> • Develop & deliver training program including for leadership team & Council staff • Implement continuous improvement plan • Introduce a monitoring reporting for Council on AM
<p>Performance Evaluation & Monitoring</p>	<ul style="list-style-type: none"> • Develop & implement performance reporting to EMT • Continue external review to assess the compliance & benchmarking • Review & update policies, strategies and plans

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11.2 IMPLEMENTATION APPROACH

The proposed implementation plan is as shown in Table below to be implemented over the next 4 years.

The Manager Buildings and Asset Management, with support from EMT, will be accountable with responsibility for coordinating the implementation of all improvement actions. Where additional resources outside existing budget constraints are required, the Manager will provide guidance to the Executive on the nature, priority and extent of extra resources needed to implement the Improvement Plan in a timely manner. Given that a number of the recommended improvement actions are interdependent, it is expected that where possible the delivery of related projects will be combined.

Each Accountable Officer (Project Sponsor or Leader) will be charged with responsibility for incorporating delivery of the assigned actions into their annual business plan. Further work is therefore required, by each proposed Accountable Officer, to define the scope of each action in more detail and review the project delivery costs and resource requirements. Consultation with key stakeholders will be necessary during this planning stage.

In the event that multiple stakeholders are expected to contribute to the successful delivery of an Action it will be incumbent on the Accountable Officer to define the scope, estimate the hours required to complete the works and communicate this information to all stakeholders to ensure they too allocate appropriate time and resources to work collaboratively on the improvement project.

For some projects, it may be necessary for the nominated Accountable Officer, to prepare a submission to seek additional funding for the delivery of the improvement project. Consideration for funding of new initiatives occurs either during the development of the annual budget or at mid-year budget reviews.

Improvement actions have been programmed to be completed within existing resources based on the present Buildings and Asset Management Branch operational budget allocation. There will be a requirement for specialist asset management consultants to assist from time to time. This can also be met within existing City Works and Assets Division consulting budget allocation.

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Table 14 – Implementation Plan

No	Action Plan	AM Objective(s)	Accountable Officer	2017-2018	2018-2019	2019-2020	2020-2021	Resource- Internal	Resource- External	Target Date
Improve AM Information Systems										
1)	Continue to invest in AMIS functionality Enhancement and business process improvements	Integrated Strategic Service & Asset Management.	Director City Works & Assets	✓	✓			AMIS PM Finance, IS, AM, Open Space	\$400,000 Capital Program	30 June 2019
2)	Set up Oracle categories to link to AMIS	Meet service delivery needs of the community		✓	✓			AMIS PM Finance, IS, AM, Open Space	\$75,000 Capital Program	30 June 2019
3)	Develop AMIS reports for performance	Meet service delivery needs of the community	Director City Works & Assets	✓	✓			AMIS PM Finance, IS, AM, Open Space		30 June each year
4)	Integrate Council’s financial asset register into AMIS	Improve Financial Sustainability	Director Corporate	✓	✓			AMIS PM Finance, IS, AM, Open Space	\$25,000 Capital Program	30 June 2019
5)	Procure or develop a strategic asset planning tool	Integrated Strategic Service & Asset Management.	Director City Works & Assets				✓	AMIS PM Finance, IS, AM, Open Space	\$70,000 Capital Program	30 June 2021
6)	Introduce mobile computing with GIS interface for asset inspections & audits	Improve Risk Mitigation Practices	Director City Works & Assets	✓	✓			AMIS PM Finance, IS, AM, Open Space	\$70,000 Capital Program	30 June 2019

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Asset Management Strategy 2017

Improve Asset Knowledge & Data Management									
7)	Introduce audit process to review quality of existing data and develop improvement plan	Continuous Improvement in Asset Knowledge	Manager Buildings & AM	✓	✓	✓	✓	Building & AM branch	31 March each year
8)	Review and upgrade Council's condition audit methodology and rating scales	Continuous Improvement in Asset Knowledge	Manager Buildings & AM	✓	✓	✓	✓	Building & AM branch	30 June each year
9)	Implement/review defect-based condition audit program	Improve Risk Mitigation Practices	Manager Buildings & AM	✓	✓	✓	✓	Building & AM branch	30 June each year
10)	Define/review inspection types and educate staff	Continuous Improvement in Asset Knowledge	Manager Buildings & AM	✓	✓	✓	✓	Building & AM branch	30 June each year
11)	Develop risk management procedures for all asset classes and lifecycle stages.	Improve Risk Mitigation Practices	Manager Buildings & AM	✓	✓	✓	✓	Building & AM branch	30 June each year
12)	Determine environmental sustainability data requirements	Improve environmental sustainability	Manager Buildings & AM			✓		Building & AM branch	30 June each year
13)	Support implementation of ESD principles and the CNAP	Improve environmental sustainability	Manager Buildings & AM	✓	✓	✓	✓	Building & AM branch	30 June each year
14)	Support implementation of WSUD principles	Improve environmental sustainability	Manager Buildings & AM	✓	✓	✓	✓	Building & AM branch	30 June each year

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Asset Management Strategy 2017

15)	Support implementation of the Disability Action Plan	Meet service delivery needs of the community	Manager Buildings & AM	✓	✓	✓	✓	Building & AM branch		30 June each year
16)	Develop and implement data management responsibilities and processes	Continuous Improvement in Asset Knowledge	Manager Buildings & AM	✓		✓		Building & AM branch		30 June each year
Improve Service & Asset Planning Practices										
17)	Develop/update/review AMPs for (implement a 4 year cycle for review & update) Buildings, Drainage, Open Space, Roads & Fleet. Annual review of financials & implications	Integrated Strategic Service & Asset Management.	Manager Buildings & AM	✓	✓	✓	✓	Building & AM branch Recreation & Open Space branch	\$10,000 per plan	30 June each year 31 March each year
18)	Identify service managers and asset managers for the different types of services provided and develop service plans (define desired LoS & KPIs and costs)	Integrated Strategic Service & Asset Management.	Service Managers and Manager Buildings & AM	✓	✓	✓	✓	Service Managers and Manager Building & AM	\$10,000 per plan	30 June each year
19)	Develop a stakeholder communication framework to identify expectations and service demand forecasts, and implement a framework to report back on performance of LoS targets	Meet service delivery needs of the community	Manager Community Partnership & Manager Customer Service and Manager Building & AM	✓	✓	✓	✓	Service Managers and Manager Building & AM	\$5,000	Ongoing

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Asset Management Strategy 2017

20)	Document service levels for major services provided	Meet service delivery needs of the community	Manager Buildings & AM	✓	✓	✓	✓	Service Managers and Manager Building & AM		30 June 2019
21)	Develop, document, and implement a process for integrated planning in capital works program including investment ranking criteria & significant factors (condition, function, strategic alignment, criticality etc.) & evaluation methodology	Improve financial sustainability Meet service delivery needs of the community.	Manager Buildings & AM	✓				Service Managers and Manager Building & AM		30 Sept each year
22)	Refine the AM Plan financial model	Improve financial sustainability	Manager Buildings & AM and CFO	✓	✓	✓	✓	Manager Building & AM		301 March each year
23)	Formalise lifecycle cost analysis and allocation process and procedure in business case submission	Improve financial sustainability Meet service delivery needs of the community.	CFO	✓	✓			CFO and Manager Building & AM		30 June 2019
Improve AM Work Practices										
24)	Implement asset rationalisation or disposal Process in align with capitalisation policy	Improve financial sustainability Meet service delivery needs of the community.	CFO and Manager Buildings & AM	✓				CFO and Manager Building & AM	\$5,000	30 June 2018
25)	Develop guidelines (policy & procedures and data specification) for asset handover	Continuous Improvement in Asset Knowledge	Manager Buildings & AM	✓				Manager Building & AM	\$7,500	30 June 2018

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Asset Management Strategy 2017

26)	Review and update technical standards (design & construction) for all maintenance and inspection activities	Integrated Strategic Service & Asset Management.	Manager Buildings & AM	✓	✓	✓	✓	Manager Building & AM		31 August 2019
Enhance Organisational AM Capacity										
27)	Develop reporting framework-Report to Council annually on AM improvements and & develop a State of Council Assets-Report Framework (condition, function, capacity, replacement value, recent expenditure on maintenance & capital)	Integrated Strategic Service & Asset Management.	Manager Buildings & AM	✓	✓	✓	✓	Manager Building & AM	\$5,000	30 June each year
28)	Develop and deliver asset management training for senior managers and staff	Continuous Improvement in Asset Knowledge	EMT and Manager Buildings & AM		✓		✓	Manager Building & AM	\$12,500	30 June each year
29)	Continue involvement in independent audit programs	Continuous Improvement in Asset Knowledge	EMT and Manager Buildings & AM	✓	✓	✓	✓	Manager Building & AM	\$3,500	30 June each year
Performance Evaluation & Monitoring										
30)	Develop and implement performance reporting to EMT (quarterly basis)	Integrated Strategic Service & Asset Management.	Manager Buildings & AM	✓	✓	✓	✓	Manager Building & AM	\$2,000	30 June each year
31)	Review & update AM Policy and other associated Policies such as Risk Management Policy, Fleet Policy (a 4 year cycle)	Continuous Improvement in Asset Knowledge	Manager Buildings & AM	✓			✓	Building & AM branch Recreation & Open Space branch	\$10,000 per AMP	30 June each year

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Asset Management Strategy 2017

32)	Review & update AM Strategy and other associated Strategies such as Risk Management Strategy (every 4 years)	Continuous Improvement in Asset Knowledge	Manager Buildings & AM and Manager Risk & Audit	✓			✓	Building & AM branch Risk, Audit & Procurement		30 June each year
33)	Review and update of Asset Management Plans (annual review of financial & comprehensive review every 4 years)	Improve financial sustainability Meet service delivery needs of the community.	Manager Buildings & AM	✓			✓			
34)	Undertake independent compliance assessment of AM practices including financial reporting, AMAF etc.	Continuous Improvement in Asset Knowledge	Manager Buildings & AM and Manager Risk & Audit	✓		✓		Building & AM branch Risk, Audit & Procurement	\$9,000	30 June each year ***** ***** ***** ***** ***** ***** ***** ***** ***** *****

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11.3 PERFORMANCE MONITORING AND EVALUATION

Implementation of actions under this strategy will be monitored by the Manager Buildings and Asset Management and reported back to the Executive Team on a quarterly basis.

The strategy will be reviewed in July of each financial year after the annual budget has been approved and amended to recognise any changes in service levels and/or resources available to provide those services as a result of the budget decision process. The strategy has a life of 10 years and a comprehensive review of the asset management maturity against the AMAF requirements will be completed in June 2018 and then self-assessment of maturity of AM Practices and targets will be carried out on three yearly basis from July 2020 and an updated strategy and action plan produced following the review.

Table 15 – Performance Monitoring

Activity	Monitoring/Review Task	Frequency	Stakeholder
Asset Improvement Plan	To keep the improvement plan on the Executive Management Team (EMT) in order to ensure performance measures are being implemented and improvements are being made.	Quarterly	Executive
Performance Monitoring	Annual monitoring of levels of service (KPIs). Annual collection/update of asset data. Monitor the annual expenditure of capital and maintenance works against the forecast. Monitor the actual capital requirement against work completed. Any noticeable change in AM practices introduced through annual plan.	Annually (yearly)	Executive
Condition Assessment and Valuation	Revaluation of assets Condition monitoring of assets	Two-yearly Every 2 to 3 years	Executive

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Activity	Monitoring/Review Task	Frequency	Stakeholder
AM Policy AM Strategy AMPs Review	4 yearly comprehensive review and update of AM Policy & Strategy and Asset Management Plan (internally). External peer review.	Four-yearly	Executive
QA and Audit Trail	<p>Quality Assurance (QA) audits of asset information to ensure the integrity and cost effectiveness of data collected.</p> <p>Periodic internal audits should be undertaken to assess the adequacy of asset management processes, systems and data as they are implemented.</p>	Ongoing	Manager Buildings and Asset Management

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Glossary

The following terms are used in this document:

Annual Plan	A document produced annually by an organisation to inform stakeholders of its objectives, intended activities, performance, income and expenditure required for a period of one financial year.
Asset	An item that has potential value to an organisation such as plant, machinery, building, etc.
Asset Category	Grouping of like assets, e.g. all unsealed roads.
Asset Class	Grouping of like asset categories, e.g. all pavement, seal, kerb and gutter are all part of the asset class of roads
Asset Condition Assessment	The inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific component so as to determine the need for some preventive or remedial action.
Asset Management	The systematic and coordinated activities and practices of an organisation to optimally and sustainably deliver on its objectives through the cost-effective lifecycle management of assets.
Asset Management Framework	The overarching asset management hierarchy including the asset management policy, objectives, strategy and the asset management plan.
Asset Management Plan	Long-term plan (usually 10-20 years or more for infrastructure assets) that outline the asset activities and programmes for each service area and resources applied to provide a defined level of service in the most cost-effective way.
Asset Management Strategy	The high level long-term approach to asset management including asset management action plans and objectives for managing the assets.
Asset Register	A record of asset information, typically held in a spreadsheet, database or software system, including asset attribute data such as quantity, type and construction cost.
Best Practice “Environment”	Best practice is defined as the objectives set out in Councils ESD Buildings Policy and the WSUD policy. It also refers to the principles and practices described in Councils Sustainable Design Assessment in the Planning Process (SDAPP) program.
Best Value	The State Government of Victoria requires all Councils within Victoria to meet the requirements of Best Value principles specified in the Local Government Act 1989. Under this legislation, Councils are required to assess service delivery in terms of: <ul style="list-style-type: none"> • Quality and cost standards • Responsiveness to the needs of the community • Accessibility • Retention of local employment • Continuous improvement in how the service is delivered.

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Confidence Level	A measure of the certainty, reliability and trust in information that lies behind a decision.
Current Replacement Cost	The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a new modern equivalent asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.
Economic Life	The period from the acquisition of an asset to the time when the asset, while physically able to provide a service, ceases to be the lowest cost alternative to satisfy a particular level of service. The economic life is at the maximum when equal to the physical life; however obsolescence will often ensure that the economic life is less than the physical life.
Funding Model	<p>A funding strategy which addresses:</p> <ul style="list-style-type: none"> • The need for funds; • The peaks and troughs in this need; and • How the funds will be sourced. <p>Life cycle analysis should be the basis of the funding model. The funding model adopted by Council decides how it determines:</p> <ul style="list-style-type: none"> • The level of funds year by year; • The source of those funds; and • The use or allocation of those funds to recurrent/ capital, to infrastructure and to other assets and other services.
Geographic Information System	Software which provides a means of spatially viewing, searching, manipulating and analysing an electronic database.
Infrastructure Assets	Stationary systems forming a network and serving whole communities, where the system as a whole is intended to be maintained indefinitely at a particular level of service potential by the continuing replacement and refurbishment of its components. The network may include normally recognised ordinary assets as components.
Level of Service	Levels of service statements describe the outputs or objectives an organisation or activity intends to deliver to customers.
Lifecycle Cost	The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
Maintenance	All actions necessary for retaining an asset as near as practicable to its original condition, but excluding rehabilitation or renewal. Maintenance does not increase the service potential of the asset or keep it in its original condition; it slows down deterioration and delays when rehabilitation or replacement is necessary.

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New Works	Works which result in new assets being created to meet new service demands and do not have any element of expansion or upgrade of existing assets.
Rehabilitation (Refurbishment)	Works to rebuild or replace parts of components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Generally involves repairing the asset to deliver its original level of service (i.e. heavy patching of roads, slip-lining of sewer mains, etc.) without resorting to significant upgrading or renewal, using available techniques and standards.
Remaining Life	The time remaining until an asset ceases to provide the required service level or economic usefulness.
Renewal	Works to replace an existing asset with asset of equivalent capacity or performance capability.
Replacement	The complete replacement of an asset that has reached the end of its life, so as to provide a similar or agreed alternative, level of service.
Return on Assets	An economic profitability measure of an organisation relative to its total assets. It measures how efficiently an organisation uses its assets.
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.
Service Category	Grouping of like primary services (e.g. drainage/flood protection, environmental protection/waterways, waste management and waste minimisation/recycling are grouped as Environmental Services).
Service Delivery Model	A conceptual tool used to demonstrate the linkages and inter-dependencies between demand, service and asset management, and to help identify critical supporting functions that facilitate integration (e.g. IT, HR, Governance, etc).
Service Potential	The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset.
Sustainability	Sustainability is the capacity to endure; in the context of asset management it is about meeting the needs of the future by balancing social, economic, cultural and environmental outcomes or needs when making decisions today.
Upgrade	Work which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally.

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Abbreviations

The following abbreviations are used in this document:

AM	Asset Management
AMAF	Asset Management Accountability Framework
AMP	Asset Management Plan
DPCD	Department of Planning and Community Development
GIS	Geographic Information System
IIMM	International Infrastructure Management Manual
IPWEA	Institute of Public Works Engineering Australia
ISO55001	International Asset Management Standards
LTFP	Long Term Financial Plan
MASS	Municipal Assets Support System
MAV	Municipal Association of Victoria
NAMAF	National Asset Management Assessment Framework
SDM	Service Delivery Model
SIN	Sustainable Infrastructure Network
T1	TechnologyOne

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