

# Council Policy

## Asset Management Policy

Objective Reference: A12475468

### 1.0 AUTHORITY

- Shire Asset Management Framework 2020
- Asset Management Accountability Framework 2016
- Council and Wellbeing Plan – Strategic Objectives 1.4 & 3.5
- Local Government Act 2020
- Local Government Act 1989

### 2.0 INTENT

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

### 3.0 SCOPE

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

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

### 4.0 GOVERNANCE PRINCIPLES

Under the *Local Government Act 2020*, Council must give effect to the following overarching governance principles:

- Council decisions are to be made and actions taken in accordance with the relevant law;
- priority is to be given to achieving the best outcomes for the municipal community, including future generations;
- the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted;
- the municipal community is to be engaged in strategic planning and strategic decision making;
- innovation and continuous improvement is to be pursued;

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- collaboration with other Councils and Governments and statutory bodies is to be sought;
- the ongoing financial viability of the Council is to be ensured the transparency of Council decisions, actions and information is to be ensured.

### 5.0 POLICY STATEMENT

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

The objectives of this policy are to:

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

#### 5.1 Asset Management Principles

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

Asset Management is:

- leadership driven, establishing accountability and responsibility for assets, integrating asset planning with corporate, financial, business and budgetary planning, and seeking continual improvement;
- service led, ensuring service delivery needs form the basis of asset management decision

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making and asset management outcomes that are community-focused and based on sound community engagement;

- informed by risk, ensuring risk management is embedded in the way we work and how we make decisions;
- information based, with objective data on assets used to drive planning, and systems in place to monitor lifecycle costs and asset performance;
- whole of life, considering each asset's lifecycle and pursuing sustainability, to provide for present needs while sustaining resources for future generations; and
- climate aware, considering the impacts that climate change has on assets, the contribution assets make to climate change and how to best manage assets in a time of climate emergency.

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

### 5.2 Integration of Asset Management with Corporate Planning

The Shire will ensure that the 10-year Asset Plan aligns with the Council and Wellbeing Plan, Council Budget, Annual Report, Community Vision and Financial Plan, in keeping with the Integrated Strategic Performance and Reporting Framework (ISPRF) as required by the *Local Government Act 2020*.

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

The Long-Term Financial Plan will accommodate the Shire's budget needs to enable the asset lifecycle costs as presented in the Asset Plan.

To demonstrate that Council is delivering financially responsible services, capital expenditure for asset renewal will be given priority over expenditure for upgrade, expansion or acquisition of new assets. However, Council may acquire new assets if necessary to meet service demands.

#### 5.2.1 Asset Plan

The Shire will develop and adopt its 10-year Asset Plan in compliance with section 92 of the *Local Government Act 2020* and financially update it annually. The Asset Plan is a vital component of the Local Government Integrated Strategic Performance and Reporting Framework. As such, the plan will be aligned with and complement the other council planning and reporting documents, including the Council and Wellbeing Plan, Council Budget and Annual Report as well as the other longer-term planning documents, the Community Vision, and the Financial Plan.

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An Asset Plan, with a focus of at least 10 financial years, will set out how council's stewardship of the community's assets will respond to the Community Vision within the Financial Plan parameters.

An Asset Plan is therefore informed by existing asset management practices, data and processes, and a commitment to a continual improvement process.

### 5.3 Asset Management Framework

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

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

The Shire will develop and maintain the Asset Management Framework elements listed below.

#### 5.3.1 Asset Management Policy:

The shire Asset Management Policy establishes the principles for asset management providing a platform for service delivery; to integrate asset management with Council and Wellbeing Plan, Financial Plan and Asset Plan; (in line with the *Local Government Act 2020*), assign accountability and responsibility for service delivery together with asset management; and broadly take account of whole of life costing, service levels and financing options.

#### 5.3.2 Asset Management Strategy:

The Shire will develop the Asset Management Strategy to give effect to the Asset Management Policy and enable Council to demonstrate how its asset management practices will support the service delivery needs of the community into the future.

#### 5.3.3 Asset Management Plan:

The Shire will develop and maintain Portfolio Asset Management Plans for the major infrastructure asset classes that specify the activities, resources, responsibilities and timescales required for an individual asset, or grouping of assets, to achieve our Asset Management Objectives.

#### 5.3.4 Operational Plans:

The Shire will develop operational plans for major asset classes and facilities covering their schedule of maintenance, service levels and standards to manage the assets.

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### 5.3.5 Governance and Management Arrangements:

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

### 5.3.6 Defining Levels of Service:

The Shire will define the level of service expected of the present and future residents of the Shire for quality asset-based services at the lowest long-term economic and environmental cost, through the development and implementation of best appropriate asset management practices.

### 5.3.7 Data and Systems:

The Shire will collect and improve asset management data standards and governance enabling asset analytics and strategic asset management and capabilities within the asset management system.

### 5.3.8 Skills and Processes:

Councillors and staff with asset and financial management responsibilities will be appropriately trained in relevant asset and financial management principles, practices, and processes.

### 5.3.9 Evaluation:

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

## 6.0 HUMAN RIGHTS CHARTER COMPATIBILITY

This policy has been assessed as being compatible with the *Charter of Human Rights and Responsibilities Act 2006 (Vic)*.

## 7.0 ASSOCIATED DOCUMENTS

- *Local Government Act 2020*
- *Road Management Act 2004*
- *Charter of Human Rights and Responsibilities Act 2006*
- Mornington Peninsula Shire, Council and Wellbeing Plan 2021-25
- Mornington Peninsula Shire Asset Plan 2022-2032
- Asset Management Accountability Framework 2016

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### 8.0 DEFINITIONS

Terms	Definitions
<b>Asset</b>	An item, thing or entity that has potential or actual value to the Council, and for which the Council has a responsibility.
<b>Asset Management</b>	Coordinated activity of Council to realise value from assets.
<b>Asset Management Framework</b>	A set of interacting elements for Asset Management whose function is to establish the Asset Management Policy and Asset Management Objectives and processes to achieve those objectives.
<b>Asset Management Policy</b>	Documented information that specifies the high-level intentions and direction of Council incorporating the principles and approach to Asset Management to achieve the Strategic Objectives of the Council Plan.
<b>Asset Management Strategy</b>	Documented information that specifies the Shire's Asset Management Objectives and the processes and procedures that support them. It specifies how asset management will be conducted, the approach for developing Asset Management Plans and the role of the Asset Management Framework in supporting achievement of the Asset Management Objectives.
<b>Asset Plan</b>	Documented information that informs the community on how Council controlled infrastructure and other assets are to be managed to achieve the Council and Wellbeing Plan objectives and Community Vision statement.
<b>Portfolio Asset Management Plan</b>	Documented information that specifies the activities, resources and timescales required for an individual asset, or a grouping of assets, to achieve the Asset Management Objectives and agreed levels of service.
<b>Operational Plans</b>	Documents how assets will be operated on a day-to day basis to keep the asset in service and meet asset management objectives.
<b>Level of Service</b>	The defined service quality for a particular service / activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.
<b>Asset Renewal Expenditure</b>	Expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability;
<b>Asset Upgrade Expenditure</b>	Expenditure that: (a) enhances an existing asset to provide a higher level of service; or (b) increases the life of the asset beyond its original life;
<b>Asset Expansion Expenditure</b>	Expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to existing beneficiaries;
<b>New Asset Expenditure</b>	Expenditure that creates a new asset that provides a service that does not currently exist;

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### 9.0 POLICY SPONSOR

The Asset Management Steering Committee has overall responsibility for this policy. The responsibility for its implementation lies with the Director of Planning and Infrastructure.

Enquiries should be directed to the Team Leader Asset Management.

#### 9.1 Roles and Responsibilities

##### **Council:**

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

##### **Chief Executive Officer and Executive Leadership Team:**

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

##### **Asset Management Steering Committee:**

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

##### **Asset Management Working Group:**

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

The Responsibility Matrix in the Asset Management Strategy will outline the detailed asset management responsibilities across the organisation.



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### 10.0 DOCUMENT CONTROLS

The Asset Management Policy will be reviewed every four years or earlier as required.

#### 10.1 Document Version Table

Summarise the key changes made to the document to provide a quick understanding of the updates. This policy will be reviewed within four years or earlier, as required.

Document Version Control				
Version	Section	Revision Description	Date Revised	Approved by

#### Administrative Updates

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a Shire department, the change to an existing policy or document referred to in this policy, and minor updates to legislation and the like which does not have a material impact. However, any change or update which materially alters the document must be by resolution of Council.



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### Attachment 1 – Asset Management Vision and Framework

