

Asset Management Policy

PURPOSE

Asset Management is about the way we look after our assets. This is both from day-to-day (operations and maintenance) and medium to long term (strategic and forward planning) perspectives. It considers:

- the current and desired levels of service/facility for the community;
- the optimal costs to provide these services/facilities, in a financially sustainability manner;
- the practices and systems to achieve this in the most efficient and cost effective way; and
- responsible and equitable apportionment of costs over the life of assets.

The City of Mitcham's role is to provide services and facilities (including environment protection) to our community both in the short and long term. Assets enable and support the provision of most of these services and facilities.

Proper Asset Management will ensure assets are fit for their purpose, meeting community needs and provided in the most cost effective and environmentally friendly and sustainable way. Council's resources will be appropriately allocated to deliver this in a financially sustainable manner.

Assets include properties, plant, heritage and cultural assets, roads, open space, stormwater drainage, public lighting, street furniture, footpath and cycleway and all other forms of infrastructure. Considering the above, the Council's asset management strategy ensures the effective long-term management of Council assets.

This policy defines:

- Legislative requirements for managing assets;
- Council's Strategic principles for Asset Management;
- Council's Asset Management model;
- Councils Asset Management Plan's generic structure;
- Asset Management Plan (AMP) requirements.

POLICY STATEMENT

This Asset Management Policy is designed to assist Council achieve its mission:

"Recognising that it is the custodian of the community's social, environmental, economic, heritage and cultural assets, Council will meet its obligations to future generations to improve the quality of life and respond equitably, efficiently and effectively to the changing needs of the community."

Policy Context

The City of Mitcham manages a significant number of assets with a combined replacement value in excess of \$527m. These assets include 217 buildings (valued at \$44.9 million), 392 km of roads, 868,000 m² of footpaths, 784 kilometres of kerbing and watertable, drainage pipe and pits, as well as 21 bridges and 280 reserves, covering 410 hectares. These assets have been accumulated over the years and have various residual lives remaining before renewal is required.

The asset management system is driven by the strategic plan and guided by the 10 year financial plan. Figure 1.1 shows this relationship and how assets support the services Council provides.

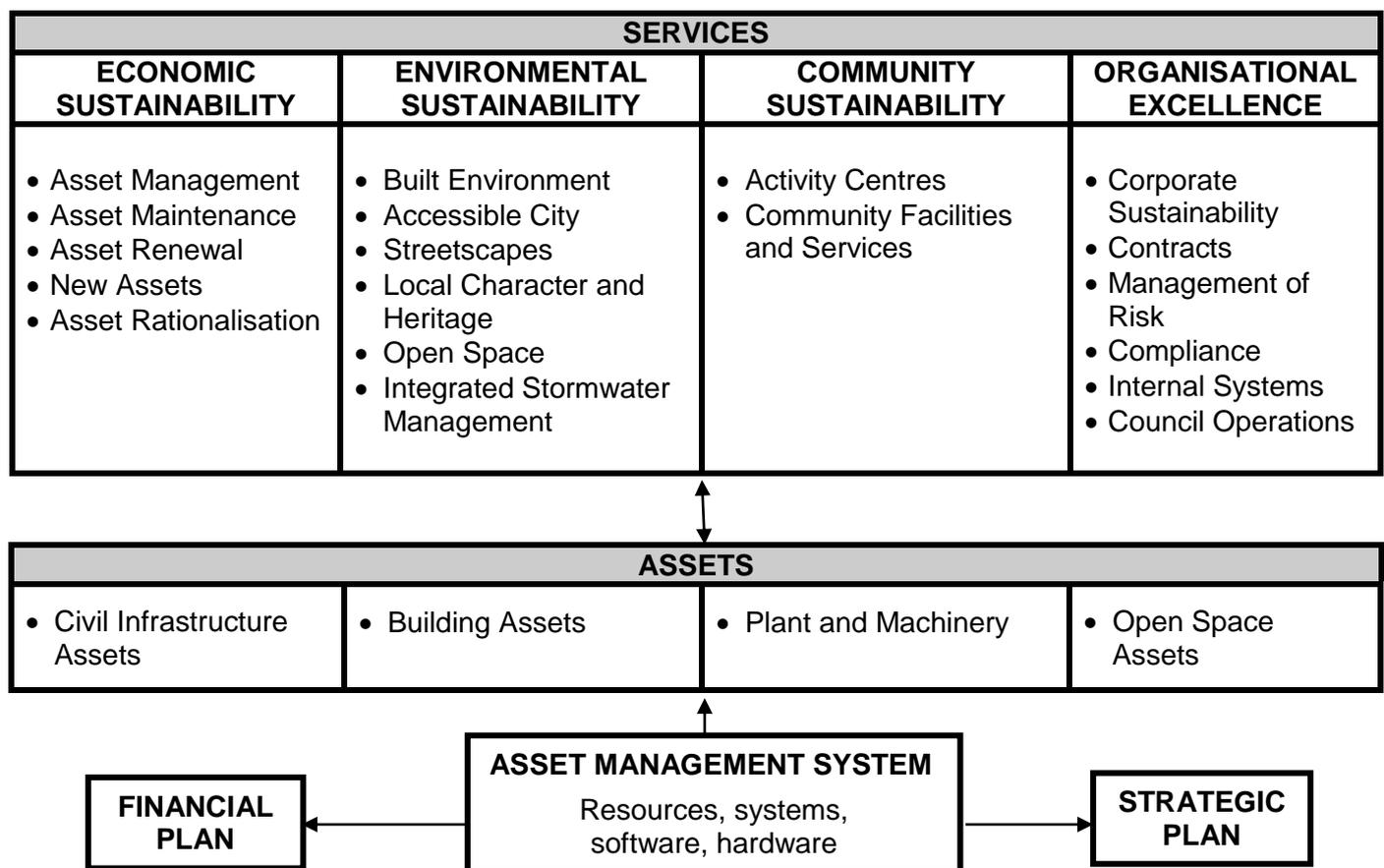


Figure 1.1 Policy Context and Service Delivery

Asset Management Standards

Council does have statutory requirements to have asset management plans, as prescribed in Section 122 of the Local Government Act 1999, based on International Infrastructure Management Manual 2006.

The following documents shall be considered in interpreting and implementing this policy:

- The “Strategic Asset Management Framework” Second Edition 1999 document published by the South Australian Government.
- The International Infrastructure Management Manual published by the Institute of Municipal Engineers Australia. (Assets will be managed from a life cycle perspective).
- Local Government Association of South Australia Asset Management Plan templates.

Legislation

A fundamental requirement in the provision of assets is that they need to meet the relevant and required standards, by-laws and legislation. These should be seen as maximum, minimum or specific requirements in the provision of the asset and should be considered in any review of the asset or when those requirements change.

These may include:

- Australian Standards;
- Development Act;

- Australian equivalent to International Financial Reporting Standards (IFRS) - Australian Accounting Standards;
- Building Code of Australia;
- Disability Discrimination Act;
- Environmental Protection Act;
- Occupational Health, Safety and Welfare Act;
- City of Mitcham Development Plan;
- Council By-Laws and Policies;
- Local Government Act 1999.

Section 122(4)(a) provides that Asset Management Plans may be reviewed as soon as practical after the Council adopts its Annual Business Plan and Section 122(4)(b) requires that a comprehensive review be undertaken within 2 years after each general election of the Council. Section 122(6) provides for the adoption of a consultation process to support the review.

Strategic Goals

The asset management planning process will use the following strategic goals to guide decision making and to develop asset management plans. Asset management decisions include sale, purchase, creation, demolition, modifications, increase, decrease and management and maintenance regime changes.

Economic Sustainability

It is important that in any decisions made about an asset that the following economic issues are considered:

- Financial sustainability of project in the short and long term;
- Full life cycle costing; upfront costs, decommissioning costs, disposal costs, ongoing costs, plus management and maintenance;
- Risk analysis;
- Cost reduction opportunities;
- User pays opportunities;
- Income generation opportunities.

Environmental Sustainability

It is important that in any decisions made about an asset the following environmental issues are considered:

- Protect the environment;
- Aim for a net improvement to the environment;
- Ensure the sustainability of the environment.

Community Sustainability

It is important that in any decisions made about an asset that a series of social questions are considered:

- What does the community want now and in the future;
- What does the community need now and in the future;
- What expectations of the asset does the community have now or will have in the future.

Methods to determine this include:

- Strategic plan direction;
- Elected Member directions;
- Community surveys/research;
- Community feedback – workshops , letters and other communication;
- Relevant strategies and studies;
- Service evaluation reviews;
- History, research, local knowledge;
- External trends and experiences (other Councils, interstate, etc);
- Emergency service requirements, expectations.

Organisational Sustainability (Internal Resources)

Asset management needs to consider the structures, staff, resources and information which will best support the asset management process.

It is important that in any decisions made about an asset that the following internal resource issues are considered:

- Adequate resources for optimal asset management;
- Asset management is prioritised strategically to reflect its importance;
- Good information, knowledge, hardware, software, support, understanding and systems (electronic, computer, people, knowledge and skills management).

Elected Members are responsible for adopting the policy and ensuring that sufficient resources are applied to manage the assets.

The Chief Executive Officer has overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council.

Summary

Whilst the social principles will guide what assets are needed, the economic and internal resources will guide to what extent it is feasible and possible whilst the environmental principles will assist in determining whether it is allowed to proceed, in what form, or how it should proceed.

Asset Management Model and Continuous Improvement Process

The asset management model and continuous improvement process on Figure 2.1 shall be used to make asset management decisions. The model incorporates:

- (1) Operational – ongoing asset management of existing assets in existing way
 - i.e. “business as usual” - utilise existing practices or strategies to manage the existing assets in the current form
 - it is important to acknowledge this is an ongoing process as not all assets and practices can be reviewed at once (or immediately as a result of a change/trigger) but must continue to be managed in what is seen to be the most appropriate way.
- (2) Strategic – continual:
 - strategic review of assets;
 - existing and future methods by which assets are managed;
 - a range of triggers will cause the review of assets and the number of assets or categories reviewed will be limited by the resources allocated to each / any review;

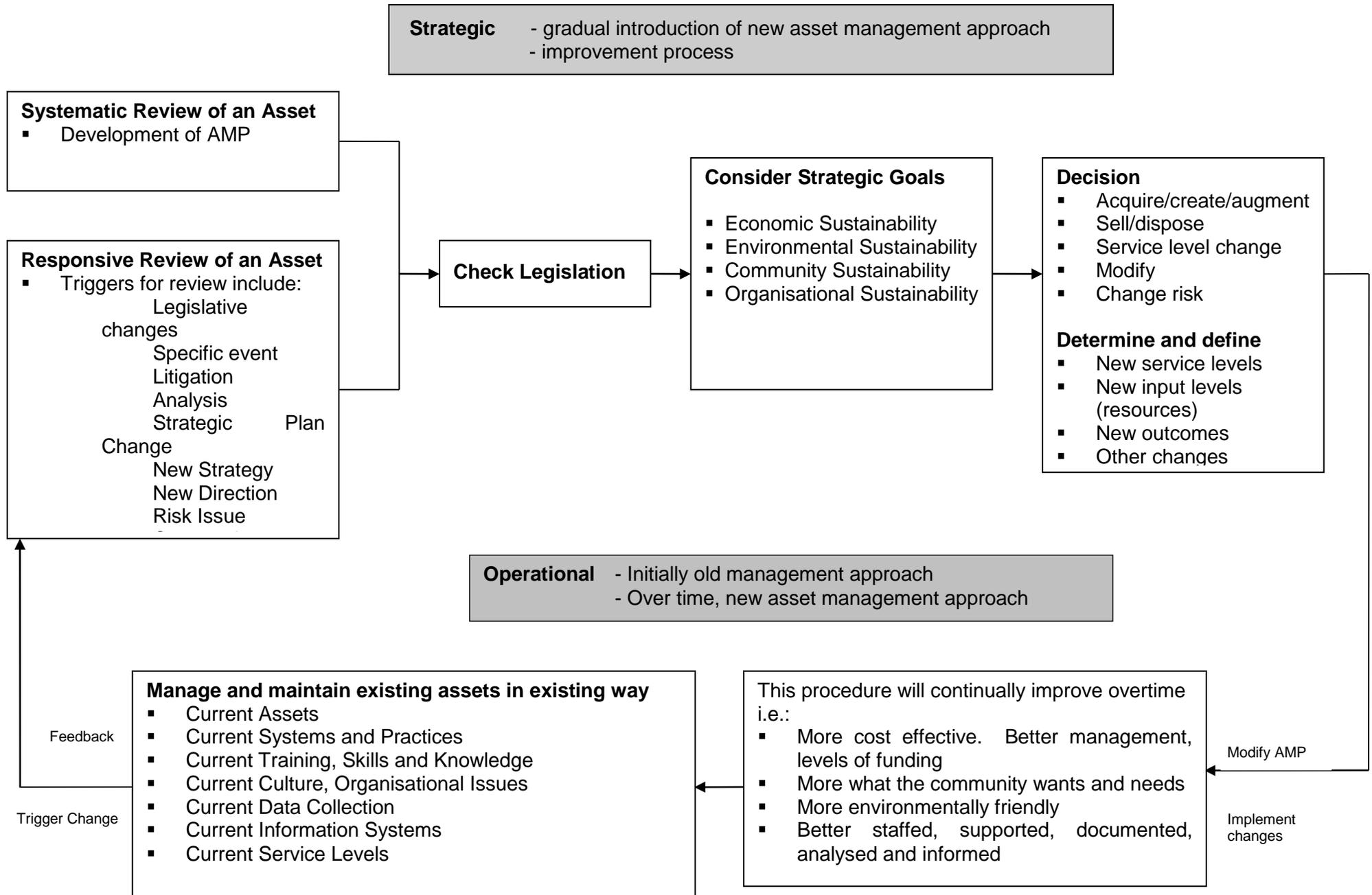
The following will be considered in any review;:

- Industry standards and legislative requirements;
- Social principles – what the community wants / needs;
- Economic principles - Full life cycle costing- upfront costs, ongoing costs;
- Management and maintenance:
 - Risk analysis
 - Cost reduction opportunities
- Environmental principles:
 - Net environmental benefit
 - Environmental sustainability
 - Internal resource requirements and commitments

The strategic review is to be used as a continuous improvement process for all assets over a period of time and will be applied for every asset decision / review or as prioritised / deemed necessary for other reasons.

The operational process is to be used on a day to day basis and is the standard asset management / maintenance process.

FIGURE 2.1 ASSET MANAGEMENT MODEL AND IMPROVEMENT PROCESS



Asset Management Structure

All of Council's assets need to be managed under an Asset Management Plan (AMP).

Rather than managing all assets under one plan, it is preferred to categorise assets into logical groups and to prepare an Asset Management Plan (AMP) for each of these groups. This allows similar dependant assets to be reviewed and managed in a convenient, cost effective and systematic way. A series of AMPs have been designed to cover all assets.

This Asset Management Plan and AMP structure is show below in Figure 3.1.

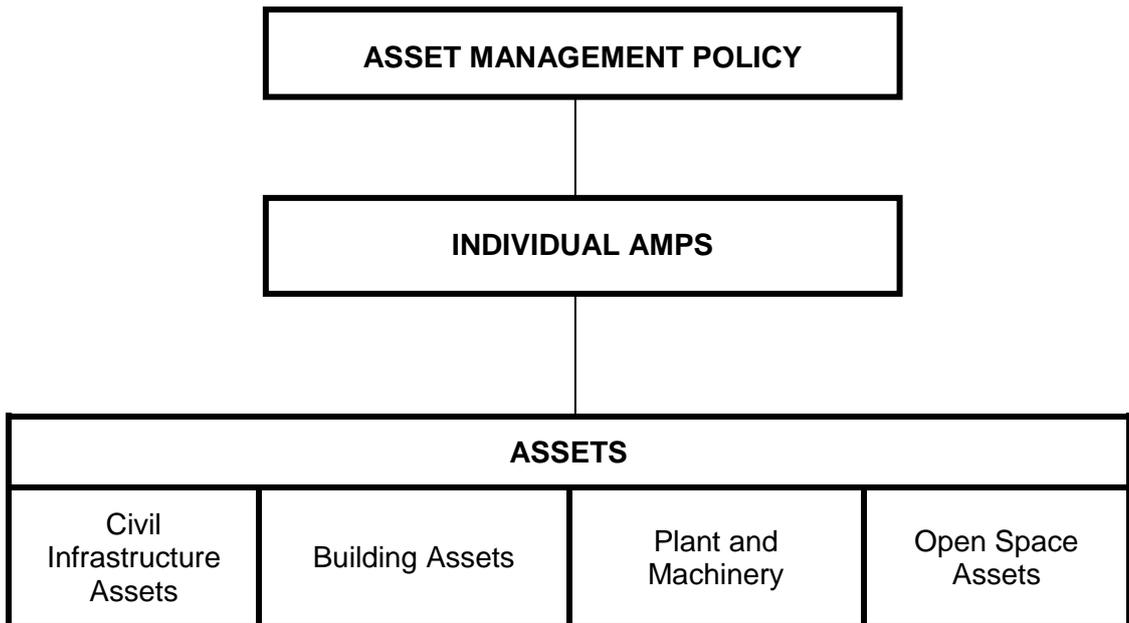


Figure 3.1 Asset Management Plan and AMP Structure

Asset Management Plans (AMP)

All assets shall be managed under an AMP.

Each AMP:

- will address the necessary legislative requirements;
- will consider the assets current condition and management / maintenance regime;
- will consider the assets desired condition and management / maintenance regime;
- will determine how to best achieve the desired situation;
- will be reviewed by applying Council's Strategic Principles.

Each asset will be individually managed in its current way until it is reviewed as per the model or the entire AMP assets are reviewed as per the model.

Core Asset Management Plans have been prepared and completed for the 4 Asset classes by June 2009.

RESPONSIBLE OFFICER/DEPARTMENT

All departments and officers are responsible for implementation of this policy with the main departments/officers being:

Chief Executive Officer – overall responsibility
 Engineering Services – Director Engineering Services
 Corporate Services – Director Corporate Services

RELATIONSHIP TO STRATEGIC MANAGEMENT PLAN

Objective 1.1 Ensure the long term sustainability of Council assets

<i>Strategy 1.2.1</i>	<i>Asset Management: Ensure the effective and long-term management of Council assets</i>
<i>Strategy 1.2.2</i>	<i>Asset Maintenance: Undertake regular, timely and cost effective maintenance of Council assets</i>
<i>Strategy 1.2.3</i>	<i>Asset Renewal: Replace, refurbish or reconstruct assets to maintain acceptable service levels</i>
<i>Strategy 1.2.4</i>	<i>New Assets: Develop or acquire new assets to support improved and cost effective service delivery</i>
<i>Strategy 1.2.5</i>	<i>Asset Rationalisation: Improve or dispose of under-utilised assets and re-invest proceeds into improved community assets</i>

Objective 4.2 Ensure that the organisation is responsible, professional, effective, resilient and accountable.

<i>Strategy 4.2.6</i>	<i>Decision Making: Ensure effective decision making through strategic planning and policy development within a consultative framework</i>
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POLICY REVIEW

This Policy will be subject to review every four (4) years or sooner at the discretion of the relevant General Manager.

The CEO has delegated authority to endorse any amendments to the Policy that do not vary the intent of the policy.

ADDITIONAL CROSS REFERENCES

Local Government Act 1999
 Delegations Manual
 International Infrastructure Asset Manual (IPWEA)

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241390

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 Key Words:

COMMITTEE: **Audit Committee - 7 April 2009**

ADOPTED BY COUNCIL: **28 April 2009**

UPDATED:

VERSION	AUTHOR(S) POSITION	CHANGES	DATE
1	Engineering	New Policy	28 April 2009
2	Governance Officer	<p>Full Council Resolution 12 November 2019 Item 9.4 - Insert Policy Review provision stating:</p> <p><i>This Policy will be subject to review every four (4) years or sooner at the discretion of the relevant General Manager.</i></p> <p><i>The CEO has delegated authority to endorse any amendments to the Policy that do not vary the intent of the policy.</i></p>	12 November 2019