

ASSET MANAGEMENT

Policy Type: Council Policy Policy Owner: Manager Engineering	Policy No. CP- 031 Last Review Date: 157 March 202202
--	--

POLICY OBJECTIVES

To provide the City with a framework to manage its asset portfolio, ensure a corporate approach to asset management and ensure adequate provision is made for the long term replacement of major assets.

POLICY SCOPE

To provide direction on the strategic approach to the effective and efficient management of the City of Melville's physical assets to achieve an optimal level of services in a cost effective manner over the life cycle of the asset.

This policy applies to the Council and all employees of the City, Committees of Management and the Community involved in the operation, maintenance, refurbishment, renewal, upgrading and development of the City's existing and new assets.

DEFINITIONS / ABBREVIATIONS USED IN POLICY

In accordance with ISO 55000, the International Standard for Asset Management and the "Infrastructure Management Manual", the Policy considers an "Asset", by definition, to be:

"A physical item which has value, enable services to be provided and has an economic life of greater than twelve (12) months."

Infrastructure Assets include roads, buildings, lighting, stormwater, paths, street furniture, jetties, boardwalks, property, and parks / reserve improvements, equipment and structures.

Asset Management Plan – A plan developed for the management of an infrastructure asset or asset category that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset.

The Asset Management Plan establishes for each Asset Category:

1. Executive Summary
2. Introduction
3. Levels of Service
4. Future Demand
5. Risk Management
6. Life Cycle Management Plan
7. Financial Summary
8. Plan Improvement and Monitoring.

Asset Register – A record of asset information considered worthy of separate identification including inventory, financial, rating (e.g. condition), construction and technical and includes both current and historical asset data. This can include assets below the capitalisation threshold.

Capital Upgrades - Projects (including land purchase) for the extension or upgrading of assets catering for growth or additional levels of service.

Capital upgrades include:

- Works that improve an asset beyond its original size or capacity.
- Upgrade works that increase the capacity of an asset.
- Works designed to produce an improvement in the standard and operation of the asset beyond its original capacity.

Life Cycle – The cycle of activities that an asset goes through while it retains an identity as a separately identifiable asset.

Life Cycle Cost – The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, and renewal and disposal costs.

Maintenance - Maintenance is the actions required to retain an asset as near as practicable to its original condition. Maintenance can be either planned (preventative) or unplanned (reactive).

New Works - Works or acquisitions (including land purchase) that create an asset that did not exist in any shape or form.

Operating Costs – Operating costs have no effect on asset condition but are necessary to keep the asset properly utilised. It is the active process of utilising an asset and consumes resources such as manpower, energy, chemicals or materials.

Predictive Modelling – Use of asset deterioration models and condition monitoring to predict failure and asset rehabilitation and renewal.

Renewals - Renewals are works to refurbish or replace existing facilities with facilities of equivalent capacity or performance capability (includes works where the use of current modern materials increases capacity or capability), and are defined as:

- The renewal and rehabilitation of existing assets to their original size and capacity.
- The replacement of the entire asset with the equivalent size or capacity.
- The replacement component of capital works that restores the assets to their original size and capacity.

Useful Life – The period over which an asset is expected to be used. This is different to the physical life and is dependent on factors such as Condition, Functionality, Capacity and Utilisation.

POLICY STATEMENT

The City of Melville delivers a variety of services to the community and in doing so, must ensure that the assets supporting these services are managed in a way that promotes maximum performance for the most cost-effective 'Life Cycle' cost.

The City is committed to the responsible management of its assets and to deliver services that meets community expectations of time, quality, and value for money. The City's assets include physical features within the City and include items such as roads, drainage, buildings, parks, pathways, natural areas and play grounds.

They represent a substantial investment to support community expectations. It is imperative that the City employs best practice management skills and practices to ensure that City services are delivered economically and in a sustainable manner.

Within our organisation, we will:

- Adopt a continuous improvement approach to asset management
- Undertake to provide an agreed level of service for all asset classes in an economically sustainable manner.
- Ensure budgeting priority be given to the maintenance and renewal of existing assets and level of service with funding from the annual Capital Works Program and Long Term Financial Plan.
- Provide adequate resources to manage these assets in a cost effective and timely manner.
- Ensure assets are reviewed on a regular basis to ensure ongoing relevance and community need. Where no need is identified, assets will be rationalised.
- Provide asset management training to ensure our staff have the necessary skills and knowledge
- Manage our assets in accordance with the Sustainability Policy (CP-057), objectives and requirements.

As part of the City's consideration of asset management, we will undertake the following key steps:

- Develop and maintain industry standard asset management plans for all major asset classes and incorporate the results into the City's Long Term Financial Plan (LTFP).
- Prior to consideration of any major works for renewal or improvement to an asset, undertake a critical review of the need for that asset.
- Consider the "Life Cycle" cost for all new assets and for any major renewal or improvements and ensure those costs are incorporated in the City's LTFP.
- Where appropriate, involve and consult with the community and key stakeholders on determining levels of service.
- Manage the City's assets utilising a multi discipline cross-functional Asset Management Continuous Improvement Team.
- Ensure asset information is accurate and up to date allowing for informed decision making to occur.
- Allocate appropriate resources to ensure appropriate asset management practices can be undertaken including the timely maintenance and renewal or upgrade of those assets so that "life cycle" costs are optimised.
- Continually seek opportunities for multiple uses of assets.
- Implementation of asset management as an organisational philosophy that will be guided by the Asset Management Framework and Asset Management Plans.



- Maintain an Asset Management Continuous Improvement Strategy to drive continuous improvement in asset management practices.

References that may be applicable to this Policy

Legislative Requirements:	N/A
Procedure, Process Maps, Work Instructions:	Asset Management Procedure
Other Plans, Frameworks, Documents	Australian Infrastructure Financial Management Manual (AIFMM) International Infrastructure Management Manual (IIMM)
Applicable to Policy:	NAMS.PLUS – Structured Pathway – Policy No. 13-PL-001 – CP-008 Forward Financial <u>Sustainability</u>
<u>Forward</u> Planning and Funding Allocation Policy	Policy No. 13-PL-006 – CP-024 Borrowings and Asset Financing
Policy	Policy No. 13-PL-007 – CP-025 Accounting Policy Policy No. CP-057 – Sustainability Policy
Delegated Authority No:	Not Applicable

ORIGIN/AUTHORITY

13/06/2008

ITEM NO.

REVIEWS

Ordinary Meeting of Council	20/12/2011	T11/3281
Ordinary Meeting of Council	10/12/2013	T13/3441
Ordinary Meeting of Council	17/11/2015	T15/3673
Ordinary Meeting of Council	21/11/2017	T17/3769
Ordinary Meeting of Council	19/11/2019	T19/3827
Ordinary Meeting of Council	17/03/2020	T20/3842
<u>Ordinary Meeting of Council</u>	<u>15/03/2022</u>	<u>T20/3965</u>