



Asset Management Strategy

Amendment Register

Issue	Date	Details	By
1	Mar 2019	Final draft review	EMT
2	May 2019	Final	Council

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1 Executive Summary

This Asset Management Strategy is a key document in Council's Asset Management Framework (Figure 1) and underpins the long term management of Council's infrastructure assets. The strategy establishes the framework that determines the nature and direction of asset management and outlines how Council will meet its commitments to asset management as established in Council's Asset Management Policy SCS-005.

The objective of this strategy is to provide a structured set of actions aimed at enabling improved asset management by the organisation. The development of an Asset Management Strategy will assist the Council and Councillors to improve their current asset management practices.

2 Context

The Asset Management Strategy (AMS) document is a companion to the Asset Management Policy (Policy SCS – 005) that outlines why management of Council’s infrastructure assets will be undertaken across the organisation. The policy defines the key principles that underpin asset management decision-making and actions for the council.

Developed in accordance with policy and strategy, individual asset management plans will detail strategies and actions that are specific to that asset group. The major categories of assets managed by Council are summarised in the Table below:

Table 1 Overview of Council's Assets (as at 30 June 2018)

Overview of Council's Assets	
480 km Unsealed Roads	312 Buildings/Amenities
588 km Sealed Roads	5144 Open Space Items
377 km Footpaths and Cycleways	194 Heavy & Small Plant items
415 km Kerb	47 Light Fleet items
Stormwater Drainage - 317 km of pipes	36 Software Packages
Stormwater Drainage- 11,089 pits	18 Bridges

3 Purpose

The purpose of this document is to provide specific actions to be undertaken in order to improve or enhance Council’s asset management capability and to achieve strategic objectives in the following key areas:

- Efficiently and effectively managing Council assets
- Provide infrastructure services that are responsive to the community needs.
- Provide high quality and functional community and civic facilities
- Investigate and assess benchmarking opportunities with other Councils.
- Review and develop Council strategies that address future growth and changing demographics.

4 References

- Council Plan (Surf Coast Shire)
- Asset Management Policy (Surf Coast Shire)
- Asset Management Strategy Template (MAV)
- Asset Management Plans

5 Linkages With Other Documents

The strategy also forms part of a planning and policy framework within Council itself as demonstrated below.

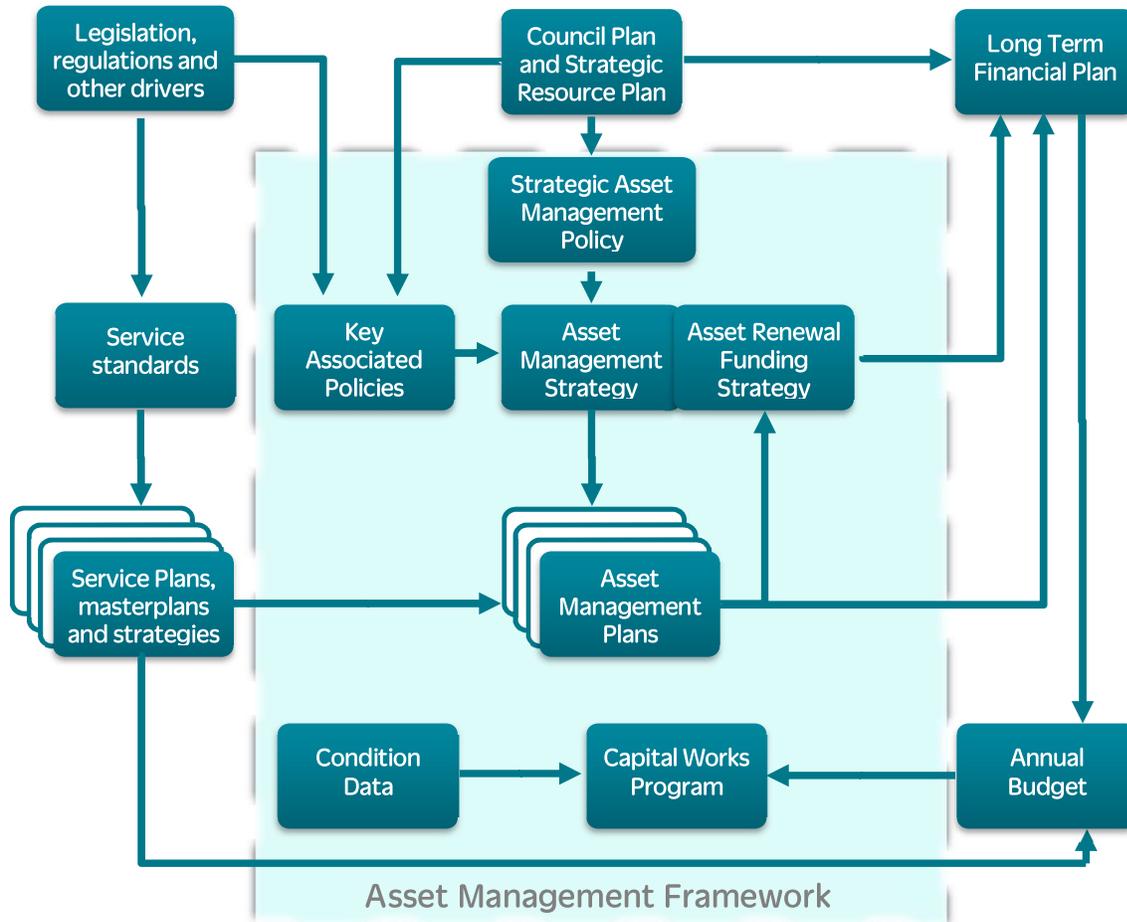


Figure 1 Council's Asset Management Planning Framework

The Council Plan (2017-2021) provides the strategic vision to meet present and future needs of the community. The Vision of Surf Coast Shire: "Surf Coast Shire will be an engaged, innovative and sustainable community."

The Asset Management Policy complements and builds upon the Council Plan vision to provide a more formalised approach to asset management principles and methodology. Surf Coast Shire is committed to achieve a Core Level of asset management practices as defined by the MAV Asset Management Step program. Core Level will be achieved following the Action Plan in Appendix A: in line with the MAV Regional Asset Management & Services Program.

The core objective of the Asset Management Strategy is to optimise the lifecycle cost of assets over the long term; ensuring capital budget is used effectively and in the best interests of the community. The following flow chart shown in Figure 2 will reveal the Capital Expenditure Program.

Capital Expenditure Program

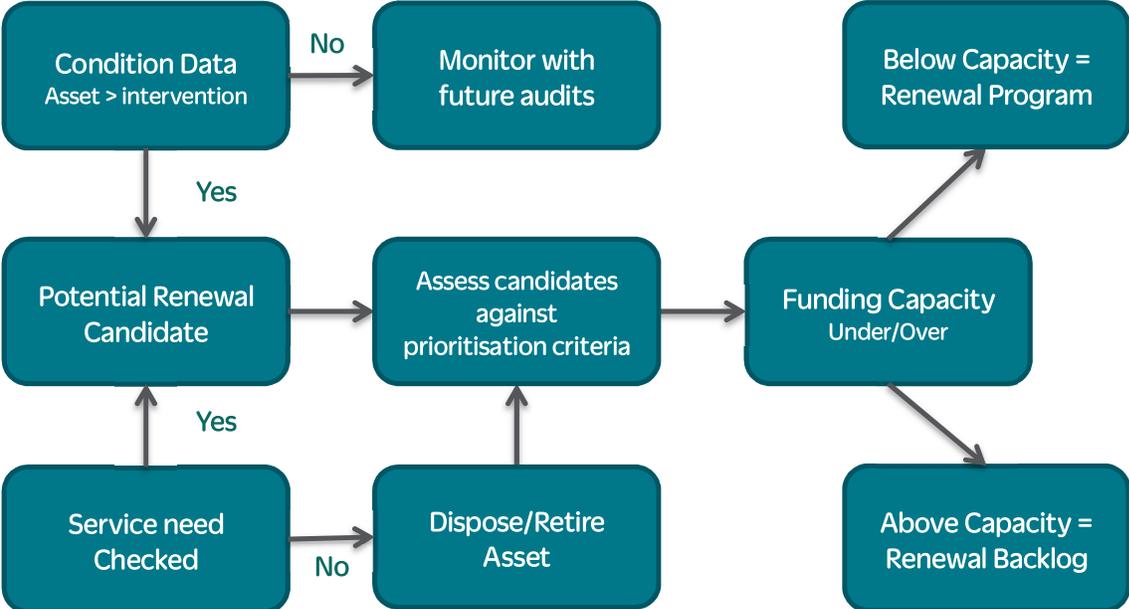


Figure 2 Capital Expenditure Program

6 Definitions

The following terms detailed in Table 2 are used in this strategy:

Table 2 Asset Management Strategy Definitions

Term	Definition
MAV	Municipal Association of Victoria
NAMAF	National Asset Management Assessment Framework
Asset	A physical component of a facility which has value, enables services to be provided and has an economic life of greater than 12 months Asset Management. The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.
Asset Management Plan	A plan developed for the management of infrastructure assets associated with the delivery of a service. The plan combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost effective manner to provide a specified level of service. A significant component of the plan is a long-term cash flow projection for the activities.
Level of Service	Meeting community expectations in relation to the quality and quantity of services delivered by Council. In the context of asset management, this applies to the following asset classes: roads, facilities, open space and stormwater.
Gap Analysis	A method of assessing the gap between a business' current asset management practices and the future desirable asset management practices. Also called needs analysis or improvement planning.
Life	A measure of the anticipated life of an asset or component; such as time, number of cycles, distance intervals etc.
Lifecycle Cost	The total cost of an asset throughout its life including planning, design, construction, acquisition, operation and maintenance, rehabilitation and disposal costs.
Replacement	The replacement of an asset that has reached the end of its life, that provides a similar or agreed alternative, level of service.
Replacement Cost	The cost of replacing an existing asset with a substantially identical similar new asset at current market costs.
Risk Management	Coordinated activities to direct and control an organisation with regard to risk. Refer to Surf Coast Shire Risk Management Strategy.
STEP	Refers to the Municipal Association of Victoria "STEP" Asset Management Improvement program which has been running the since 2004. Surf Coast Shire has participated in Maturity Assessment of a Council which assesses where Council is on the Asset Management maturity curve.

7 Vision and Other Strategic Objectives

The Asset Management Strategy is to provide clear courses of action for managing Asset Management at the Surf Coast Shire. It fundamentally supports the Asset Management Policy and outlines the following:

- Council's current position with respect to Asset Management practice.
- Council's future needs with respect to Asset Management practice.
- A current maturity level with respect to the Council's position to manage infrastructure assets.
- An Action Plan on how the Council intends to achieve future needs.
- Performance Monitoring Process.

8 Overview of the Strategy

The AMS describes the core functional actions required to support Surf Coast Shire Council's objectives and provides an action plan for delivering improvements to Council asset management and financial planning practices, to enable delivery of efficient and effective services. The action plan in this strategy will be focused on management of major infrastructure assets on a lifecycle basis, with full knowledge of the social, environmental and financial costs, benefits and risks associated with the asset. The lifecycle model must give consideration to each phase of an asset's life from the planning phase through to disposal. This lifecycle model is illustrated in Figure 3:

Lifecycle Model

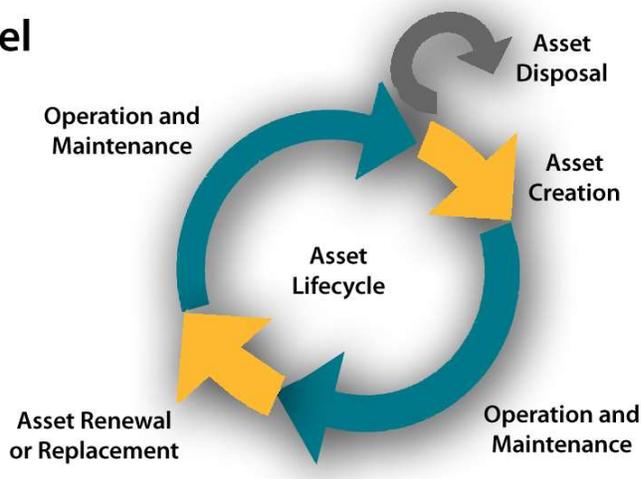


Figure 3 Asset Management Lifecycle Model

9 Elements of the Strategy

9.1 Stakeholders

Council is responsible for the operation of infrastructure and the management of assets to ensure the delivery of services to its stakeholders. The key stakeholders of Council are:

- Residents;
- Ratepayers;
- Businesses;
- Councillors;
- Staff;
- Users of Council services;
- The travelling public/Tourists/ Holiday Makers; and
- Government Departments/Agencies.

Other stakeholders with a vested interest in the performance of Council are:

- Utilities;
- Developers;
- Community Groups / Volunteers;
- Contractors / Suppliers; and
- Insurers.

Council officers are also in effect a key stakeholder in the delivery of services to the community.

9.2 Asset Management Drivers

Asset Management Strategy provides guidelines at a strategic level with respect to:

- Existing and future demand;
- Levels of service;
- Life-cycle management;
- Management policies and strategies;
- Risk management; and
- Social, Economic and Legal issues.

The following diagram depicted in Figure 4 shows some of the influences and drivers which affect Asset Management implementation.

Influential Factors for Asset Management

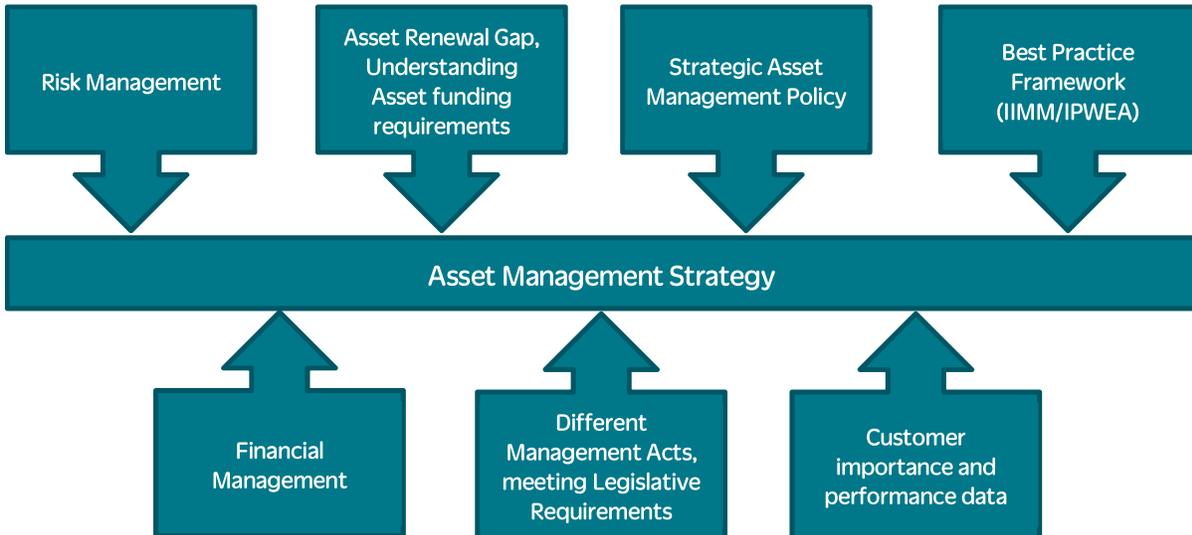


Figure 4 Influential factors for Asset Management

9.3 Current Status of Asset Management

Council measures its asset management maturity in the context of the National Asset Management Assessment Framework (NAMAF). The NAMAF makes an assessment against 11 elements, as drawn from the Local Government and Planning Ministers' Council National Local Government Sustainability Frameworks as follows:

- Framework 2: Asset Planning and Management (May 2009)
- Framework 3: Financial Planning and Reporting (May 2009)

The graphs below show the current Council core maturity status and Council Performance, as at February 2019. Further details of how these AM maturity scores have been derived can be viewed via reference to Council's NAMAF assessment.

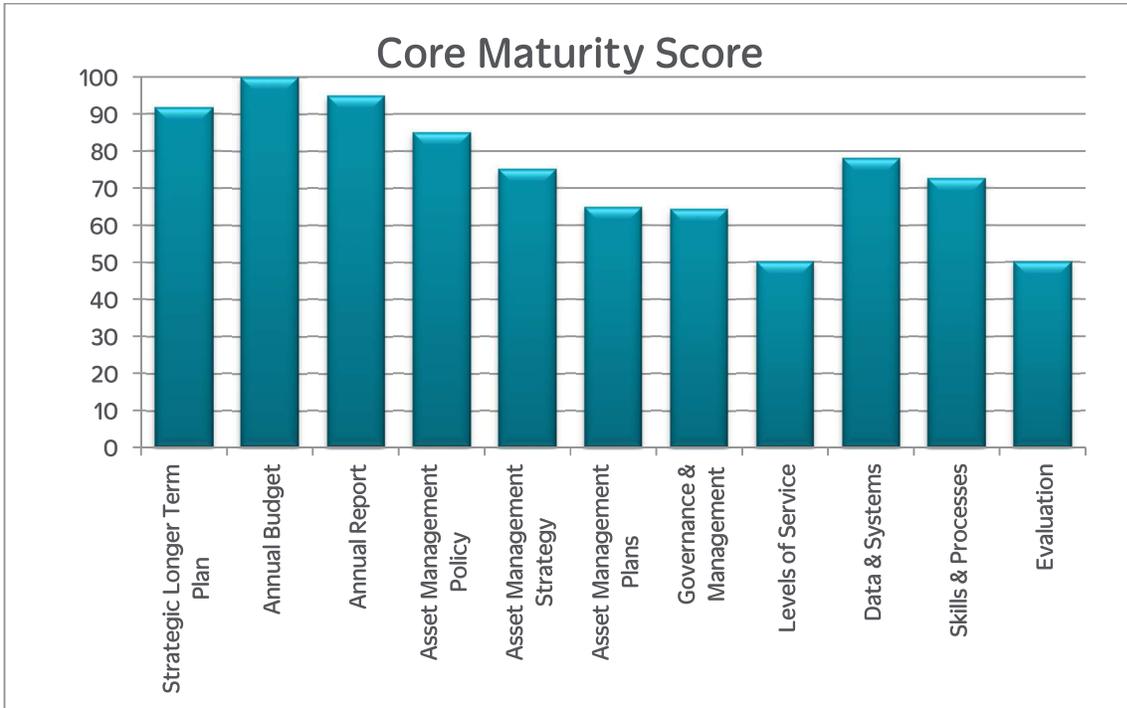


Figure 5 SCS Core Maturity Score

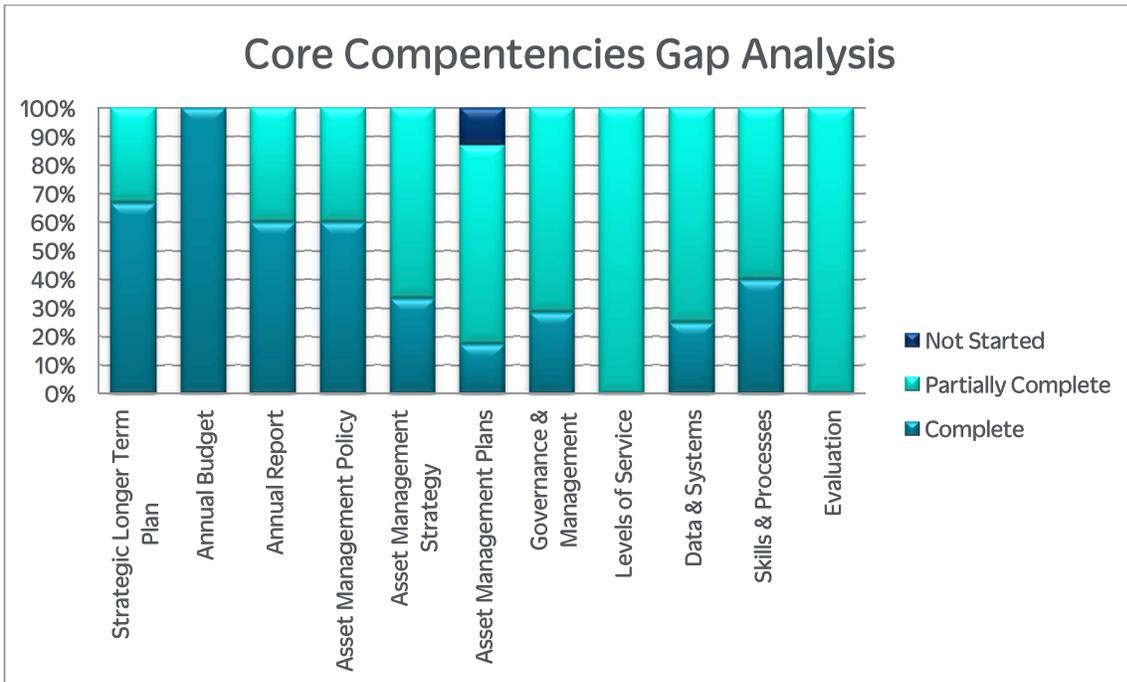


Figure 6 SVS Core Competencies Gap analysis

A brief summary of the current Council core maturity status, as at February 2019 is shown in Table 3.

Table 3 NAMA Council maturity status

NAMA Element	Core Maturity Status as at February 2019	Definition
Strategic Planning	Excellence	Best appropriate practice for this Council, including defined processes and practices which are consistently engaged.
Annual Budget	Excellence	Same as above
Annual Report	Excellence	Same as above
AM Policy	Excellence	Same as above
AM Strategy	Proficient	The planning, processes, procedures, systems and asset and services management are well defined and approach best appropriate practice.
AM Plans	Proficient	Same as above
Governance and Management	Proficient	Same as above
Data and Systems	Proficient	Same as above
Skills and Processes	Proficient	Same as above
Levels of Service	Systematic	Defined processes and practices are available and used to support asset and services management.
Evaluation	Systematic	Same as above

9.4 Current State of Asset Management Practices

9.4.1 Asset Management Data sources

Assets were previously managed using a variety of systems and tools. In 2013 Council commenced a project to consolidate asset data and works scheduling to reduce the risk of using disparate systems and processes. This has now resulted in an asset database which has been “cleansed” of duplicate and out of date data. This will be an on-going process.

9.4.1.1 Asset register

The master asset data sits within the Civica Authority Asset Management module. Civica Authority core enterprise suite includes the existing Financials module resulting in a consolidated asset register.

9.4.1.2 Linkage from asset management to financial system

The consolidated asset register sits within the Civica Authority core enterprise suite. The asset data is stored in the asset management module with links to the financials module. Additional asset data, captured from activities such as condition audits, will be loaded into the asset register in the form of summary condition data, estimated useful life and valuations.

9.4.1.3 Accountabilities for asset management system and data maintenance

The Asset Management Analyst and Asset Officer as part of the Asset Management Team are the data owners of the Asset Register. Works related data is the responsibility of the Field Service Manager and their respective business units.

9.4.1.4 Strategic Asset Modelling

Built within Authority is the Strategic Asset Modelling module. This module is utilised to model future renewal needs and requirements for each asset class within the asset register. It directly links to the asset register and financial systems to provide current remaining life, new useful life, replacement costs, condition ratings and is able to model against budget.

The outputs are implemented into Council's AMPs and inform future renewal programs and required funding going forward.

9.4.2 **Renewal/ Replacement Intervention Levels**

Council will apply a consistent approach to the condition assessment and intervention of all asset classes. Through providing repeatable condition assessment methodologies and renewal strategies this will provide clarity, transparency and reliability within our asset and modelling data. The following section detail Council's condition rating systems and intervention levels.

9.4.2.1 Asset Condition

Complex assets such as roads are scored on a 1 to 10 scale while most other assets are generally scored on a 1 to 5 scale as follows:

Table 4 Asset Condition Ratings

Condition 1 - 10	Condition 1 - 5	Description
1	1	New/Very Good
2		
3	2	Good
4		
5	3	Fair
6		
7	4	Poor
8		
9	5	Very Poor
10		

Table 5 Asset Condition Ratings by Category

Category	Rating Scale	Intervention
Land	Not Applicable	
Buildings - Overall	1-10	8
Building Components	1-5	4
Plant & Equipment	Based on age / optimum resale	
Roads	1-10	8
Kerb	1-10	9

Category	Rating Scale	Intervention
Bridges	1-10	8
Footpaths	1-5	4
Drainage	1-5	4
Sewer	1-5	4
Recreational, Leisure & Community	1-5	4
Parks Open Space & Streetscapes	1-5	4
Off-street Car Parks	Included in roads	

9.4.2.2 Scheduling of renewal works

Scheduling of renewal works is based on modelling of Council's assets based on condition data and a degradation curve as shown in Figure 7. Through regular condition assessments, modelling and degradation curves Council is able to assess how an assets condition is likely to change and when intervention is reached or may be required. Council has determined that intervention will occur as listed in Table 5 Asset Condition Ratings by Category

for our various asset classes, this is typically when an assets has expended 75-90% of its useful life.

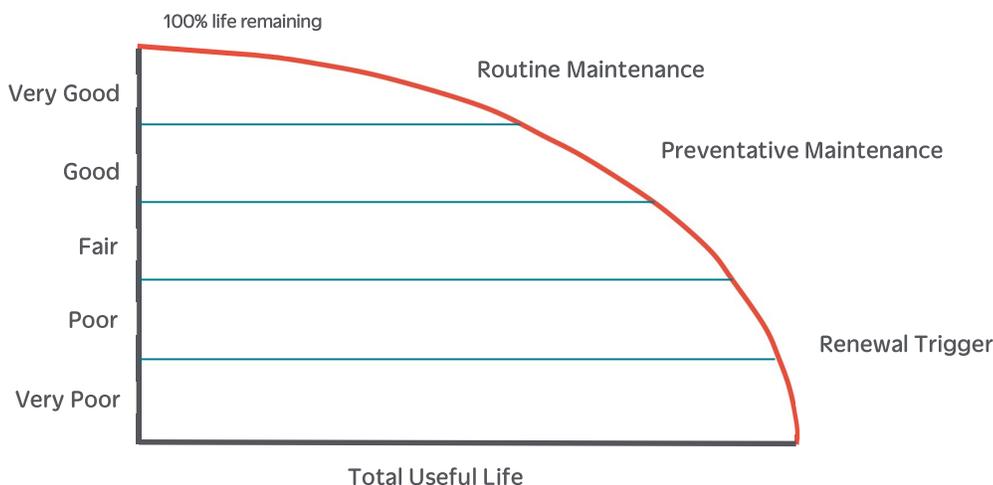


Figure 7 Typical Degradation curve

10 Resourcing

Existing staff and resources are planned to deliver the actions identified however the responsible parties may need additional assistance or external help in some instances. The improvements nominated in this report will require appropriate expenditure for resourcing the implementation of Action Plans. The plan is based on achieving a core standard with many of the improvements such as data management and the execution of new Asset Management System throughout the council.

Additional periodical resources will be required for gathering and assessing asset condition data. These costs will form part of the capital budget in the assets renewal area.

If external consultant assistance requires maintaining and enhancing core asset management systems and processes, additional funding will be required from the allocated funding source for asset management.

10.1 Roles and Accountabilities

10.1.1 Councillors

Councillors are responsible for stewardship of the assets through the Infrastructure Asset Management policy.

10.1.2 Executive Management Team

The Executive Management Team (EMT) will be responsible for endorsing and adopting the Asset Management Strategy and Asset Management Plans.

10.1.3 Asset Management Steering Committee (AMSC)

The AMSC is responsible to oversee and promote best practice Asset Management throughout council. The AMSC monitors and guides the development and implementation of the Asset Management Policy, Asset Management Strategy, related policies and procedures and Asset Management Plans.

The membership of the Asset Management Steering Committee is comprised of:

- General Manager Governance and Infrastructure
- Strategic Asset Manager
- Manager Finance
- Manager Engineering Services
- Manager Facilities and Open Space Operations
- Manager Information Management
- Manager Recreation and Open Space Planning
- Asset Management Analyst.

10.1.4 General Manager Governance and Infrastructure

General Manager Governance and Infrastructure is responsible for ensuring that an Asset Management Action Plan is established, implemented and maintained in accordance with the Asset Management Policy, and for the assignment of responsibilities in relation to asset management. General Manager Governance & Infrastructure is also responsible for:

- Reporting on the status and effectiveness of asset management within Council.
- development of strategic plans for the current and future management of Council's Physical Assets
- Implementing the Asset Management Policy and Asset Management Action Plan throughout all the departments effectively.

10.1.5 General Managers, Managers and Coordinators

Managers and Coordinators are responsible for the day to day management of assets as described in the Asset Management Policy, Asset Management Action Plan and individual Asset Management Plans. This includes the timely identification, assessment and recording of defects and referral to the persons responsible for the day to day management of that asset. Managing operational, renewal and capital projects within their area of responsibility.

10.1.6 All Officers Generally

Further to the responsibilities and accountabilities outlined under each asset management category all officers have responsibilities for managing assets in their activities and workplace and are accountable through their individual work plans and position descriptions.

Officers are required to cooperate and be actively involved in the development and implementation of the Asset Management Action Plan. This collaborative approach will ensure a quality system delivering measurable outcomes.

11 Benefits Management

The key benefits for Council in improving current asset management practices are:

- managing Council's assets to optimise the life of its assets
- implementing processes that will allow improved asset management and financial planning
- demonstrating sound governance of the Council's assets
- stakeholder participation
- responding to the changing drivers within the industry
- allowing for environmental pressures without compromising service delivery
- monitoring asset performance and responding accordingly
- ensuring cost effective solutions for the management of the assets
- obtaining consistent and reliable data across asset groups
- Maintaining Council's asset management system; providing the tools necessary to analyse the performance of assets and develop Asset Management Plans, to determine future funding requirements required to deliver adopted levels of service

12 Performance Measurement

Council's objective is to achieve Core Maturity for each of the 11 NAMA elements through following the Appendix A: . This is defined as achieving at least an Advanced Assessment Score for each question for any given element, as part of the NAMA core assessment. An Asset Management Maturity Matrix is provided in Appendix A: , to demonstrate Council's performance towards achieving the Asset Management Targets over time and allow continuous monitoring of improvement activity outcomes.

Based on the NAMA requirements for a level of core asset management practice, an asset management improvement action plan for 2019-2020 has been developed and is included as Appendix A: to this strategy. The improvement plan is based around the structure and key improvement areas as outlined in the assessment framework. The action plan outlines Improvement Opportunities, Priority, Responsibility and Timetable.

13 Communication

Implementation of the Action Plan will be generally managed by the relevant organisational unit within Council and overseen by the Asset Management Steering Committee. Figure 8 the management of the improvement process.

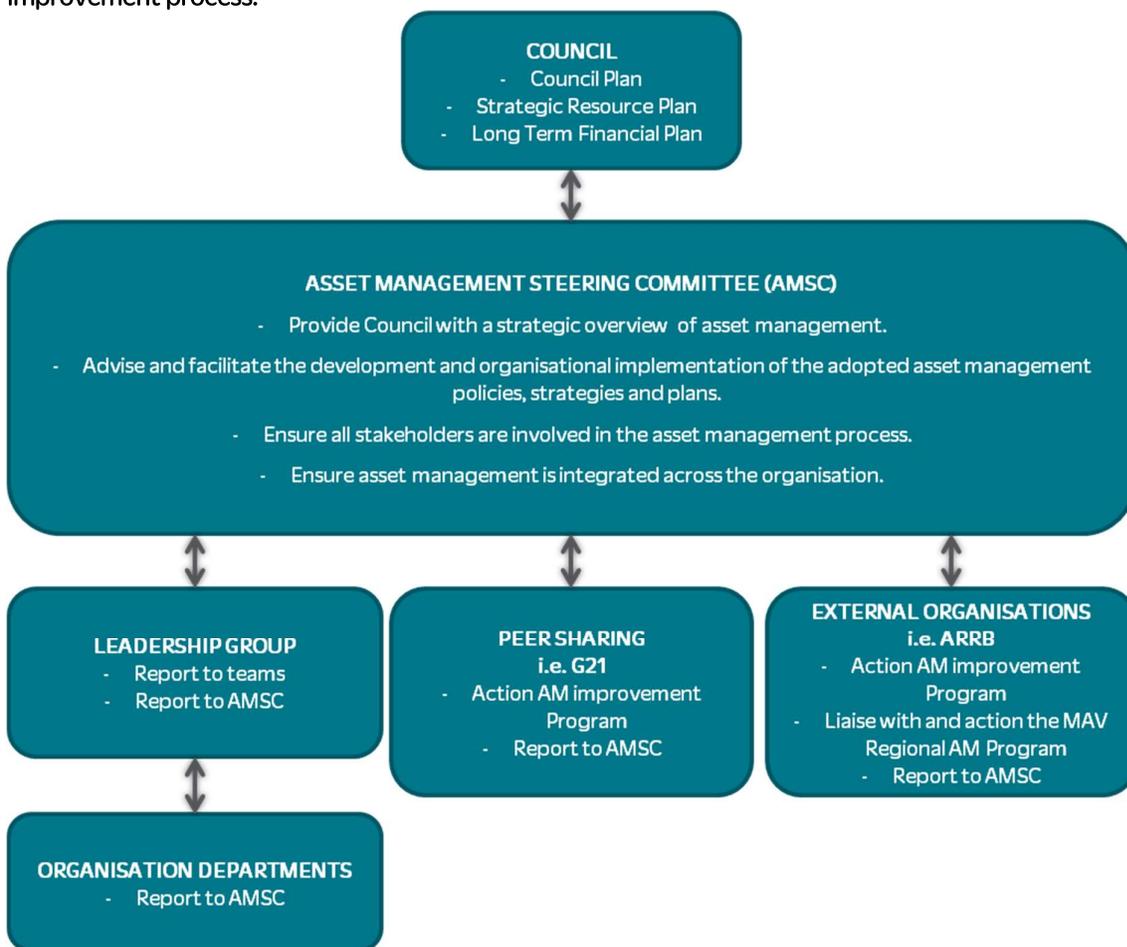


Figure 8 Improvement process management

14 Review

A full review of this Asset Management Strategy will take place in every four years and an updated Asset Management Strategy will be presented to Council for its endorsement.

A review of the Appendix A: and Asset Management Maturity Matrix (Section 9) will be updated annually by the Asset Management Steering Committee, following the annual review of the Council Plan, Long Term Financial Plan and Budget. Appendix A: will be monitored and reviewed by the Asset Management Steering Committee and it will be reported in the Long Term Financial Plan (LTFP).

The Asset Management Steering Committee shall be responsible for the:

- control of this strategy;
- distribution of the strategy;
- control and issue of any amendments; and
- report annually to the Executive Management Team (EMT) on progress in implementing the strategy.

The next Asset Management Strategy review is due in 2022.

15 Appendix A: Action Plan

The Action Plan has been identified in the following table and programmed with the view to completing the above improvement opportunities over the next 5 years. The actions have been structured to address the Council Plan Key Response Areas to provide the required outcomes. The timing of activities is based on the time required to achieve outcomes while recognising that some improvements must be completed prior to other activities.

No	Action Source	Improvement Opportunities	Priority	Responsibility	Timetable
1	NAMAF	Develop a roles and responsibilities matrix.	H	AMU	May, 2019
2	NAMAF	Upon completing the roles and responsibilities matrix and skills matrix (ref 121) review staff PDs	L	AMSC	Sep, 2019
3	NAMAF	Document the capital evaluation project process	L	AMU	Dec, 2019
4	NAMAF	Develop Internal Processes to promote Asset Management across council.	L	AMSC	On Going
5	NAMAF	Confirm a list of services provided by Council. Research current plans eg Access & Inclusion, Heritage study. Etc.and identifies and gaps. Adopt a model and template for Service Plans and implement.	H	AMSC	Target Date Not Set
6	NAMAF	As part of the completion of Service Plans develop Levels of Service. Consider model and examples developed by the regional AM project.	H	Service Providers	Target Date Not Set
7	NAMAF	Upon completion of 87 Levels of Service include in the AMPs	M	AMU	Target Date Not Set
8	NAMAF	Upon completion of 87 Levels of Service review existing service agreements and add technical levels of service as required.	L	Service Providers	Target Date Not Set
9	NAMAF	Review if additional needs for benchmarking are required above the current state models based on NAMAF and renewal data.	L	N/A	N/A
10	NAMAF	Undertake Strategic Modelling of Council Asset classes to forecast future renewal needs to include in LTFP	L	AMU	Nov, 2019

No	Action Source	Improvement Opportunities	Priority	Responsibility	Timetable
11	NAMAF	Develop a "Renewal rates and useful lives justification report".	M	AMU	Oct, 2019
12	NAMAF	Document basic process (with steps, responsibility and timeframe) for operations, maintenance, renewal, new & upgrade and disposal planning. Record in AMP's or AM Strategy	M	AMU	When AMP is due for Review
13	NAMAF	Review the process to update the current Asset Management Plans	M	AMU	When AMP is due for Review
14	NAMAF	Document the process by which financial projections developed in the AMPs is provided to the LTFP.	H	AMU	When AMP is due for Review
15	NAMAF	Complete a skills matrix (consider using the regional AM model developed)	M	AMSC	Target Date Not Set
16	NAMAF	Document the process by which any changes in asset responsibilities are informed to the relevant person/group.	H	AMU	Started
17	NAMAF	Ongoing training and development on key asset management topics for Councillors.	L	CEO	2020 Councillor induction or as needed
18	NAMAF	Develop methodology (responsibilities, timeframes, and documentation) by which Technical and community levels of service are reported. Consider how to report to the community.	M	AMSC	Target Date Not Set
19	AMSC	Develop Asset Renewal Funding Strategy	H	AMU	May 2019
20	AMSC	Review all current Asset Management Plans <ul style="list-style-type: none"> • Roads • Buildings • Open Space • Drainage • Fleet 	H	AMU	June 2020
21	AMSC	Develop Pathways Asset Management Plan	H	AMU	May 2019

No	Action Source	Improvement Opportunities	Priority	Responsibility	Timetable
22	AMSC	Implementation of Mobile Inspection Applications	M	DT	Sept 2019
23	AMSC	Develop Asset Recognition Rules for Council assets	M	AMU	May 2019
24	AMSC	Reassess Council participation in the MAV Step Asset Management Program	M	AMSC	December 2019

Note:

AMU Asset Management Unit
 AMSC Asset Management Steering Committee
 R & R Matrix Roles & Responsibilities Matrix
 CEO Chief Executive Officer
 DT Digital Transformation