

Asset Management Strategy 2014- 2018



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Document Control

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Asset Management Terms

Asset management is a specialised field that uses many terms that have specific asset management meaning. At times these terms are abbreviated to assist with readability of the strategy.

These terms, their definitions and abbreviations have been included in Appendix 5 of this document.

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Introduction

Council is the steward of a large portfolio of assets and these assets represent a vast investment built up over many generations. These assets underpin community access to services and enhance the well-being of the Latrobe City community.

The value of Latrobe City assets, measured by replacement cost, is:

Asset Category	Replacement Cost
Roads including Kerb & Channel & Car Parks	\$596.0M
Buildings	\$286.0M
Land including Land Under Roads	\$218.0M
Drainage Assets	\$152.0M
Foot & Cycle Paths	\$69.4M
Bridges & Major Culverts	\$42.5M
Landfill	\$20.7M
Plant & Equipment	\$12.3M
Furniture & Equipment	\$6.0M
Artworks	\$2.9M
Playgrounds	\$1.6M
Intangibles (Software)	\$0.8M
Total Asset Replacement Cost	\$1,408.2M

Efficient and effective management of these assets is vital in maintaining community access to safe, reliable and well managed services. Managing Latrobe City's \$1.41 billion of assets requires a combination of financial, economic, engineering and other practices.

The environment in which local government operates is constantly changing. As assets continue to age, Councils will need to demonstrate an appropriate level of skill, expertise and stewardship in relation to management practices and the maintenance of assets. State and federal government have raised concerns about the gap between the combined current maintenance and renewal spending on local government infrastructure and the level of expenditure required to ensure ongoing sustainability. The development of existing and new assets without adequate planning and funding for maintenance and renewal will result in asset portfolios that will not meet community needs as the assets age.

The Victorian Government and the Municipal Association of Victoria (MAV) have implemented several initiatives to promote improvement in asset management performance of the local government sector. Latrobe City participates in the MAV STEP Asset Management Improvement Program which facilitates the implementation of the National Asset Management Framework (NAMF).

The need for this Asset Management Strategy has been identified as a result of the development and adoption of Council's Asset Management Policy and a review of Council's asset management practice through the MAV STEP Program.

The following asset categories will be the principal focus of this strategy.

Asset Category	Replacement Cost
Roads including Kerb & Channel & Car Parks	\$596.0M
Buildings	\$286.0M
Drainage Assets	\$152.0M
Foot & Cycle Paths	\$69.4M
Bridges & Major Culverts	\$42.5M
Total Asset Replacement Cost	\$1,145.9M

The categories above represent the largest portfolios by value (replacement cost) and highest potential risk for Council in the event of asset failure. They comprise \$1.1 billion or 81% of the total \$1.4 billion replacement cost for all Latrobe City assets.

These categories will have Asset Management Plans (AMPs) reviewed or developed over the term of this AMS.

Council Plan 2013 - 2017

The Council Plan identifies a range of objectives and strategies that will shape the direction and priorities for our community over the next four years.

Council is committed to strengthening our role as one of Victoria's four major regional cities and Gippsland's commercial centre, while ensuring quality education, health, community services and facilities are provided to our community.

Mission

To provide the best possible facilities, services, advocacy and leadership for Latrobe City, one of Victoria's four major regional cities.

Values

Providing affordable people focused community services.

Planning strategically and acting responsibly, in the best interests of the whole community.

Accountability, transparency and honesty.

Listening to and working with the community.

Respect, fairness and equity.

Open to and embracing new opportunities.

The provision of affordable services that are supported by sustainable asset portfolios is consistent with the Council Plan objectives. These objectives will be achieved through the development and implementation of Asset Management Plans.

Asset Management Strategy Actions

The Asset Management Policy provides guidance on Latrobe City asset management practices and provides a structure for this Asset Management Strategy under the focus areas of:

1. Governance and Management
2. Finance
3. Levels of Service
4. Data and Systems
5. Skills and Processes
6. Evaluation and Review

Under each of these focus areas there are specific action items presented to guide policy implementation.

1. Governance and Management

Asset Management Policy Action - Governance and Management

1.1 Ensure the development and implementation of an Asset Management Strategy that outlines the current status of asset management and a plan to continuously improve asset management.

Asset Management Strategy (AMS)

Asset management strategies are reviewed every four years. This Asset Management Strategy, hereafter known as the AMS sets out recommendations to improve asset management practices at Latrobe City, and to clearly link recommended actions to the National Framework for Asset Management (NAMF).

Asset Management Status

Latrobe City is progressive in its strategic documentation and systems. Areas that require improvement are the review of AMPs to incorporate a contemporary approach to service planning as well as updated inventory, condition assessment and life cycle analysis.

Priority Planning

The various asset categories present different risk and priority profiles for Council. Each asset category has been evaluated by considering the replacement value of the assets, the risk resulting from asset failure, the level of asset management knowledge and the asset management practices currently being undertaken for each asset category. These indicators have been reviewed to set priority and importance ranking of asset categories and the development of AMPs for inclusion in the AMS 2014-18.

Asset Management Plans

AMPs outline levels of service, financial information, risk assessment, maintenance programs and management responsibilities. The level of detail included in an AMP will vary dependent upon the complexity of managing the asset category and the degree of risk that failure of the assets presents.

The asset categories that will have AMPs developed over the term of this AMS are:

Asset Management Plans	Timetable	
	Commencement	Completion
Bridges and Major Culverts	Q2 2014	Q4 2014
Drainage	Q1 2014	Q4 2015
Roads	Q4 2013	Q2 2016
Foot and Cycle Paths	Q4 2013	Q4 2016
Buildings	Q2 2014	Q2 2017
Car Parks	Q2 2017	Q4 2017

The cost estimate for the delivery of this AMS is \$2.9M which comprises \$2.0M of current expenditure (staff, software, MAV Step Program and overheads), \$150K of additional expenditure for system improvement (GIS, MMS) and \$735K of additional expenditure to undertake the AMPs. These costs are detailed in *Appendices 2 & 4*.

Other asset categories will continue to be managed through regular asset management and maintenance practices.

Under the NAMF, the following asset categories are recommended to have AMPs but have not been addressed in this strategy as they would require significant resources to be undertaken.

NAMAF Asset Categories			
Parks and Reserves	Public Toilets	Gardens & Landscaping	Land
Outdoor Furniture	Play Grounds	Lighting	Trees
Swimming Pools	Hard Courts	Sports Fields	Signage

The following asset categories would benefit from the development of AMPs but are lower in priority and have not been considered in this strategy.

Other Asset Categories			
Sheds & Shelters	Plant & Equipment	Airport	Fleet
Traffic Devices	Transfer stations	Landfill	Art
IT & Office Equipment	Public Transport Assets	Furniture	Fences

Recommendations	Time	Responsibility
1.1.1 Allocate additional funding of \$985,000 and complete AMPs for Drainage, Buildings, Bridges and Major Culverts, Roads, Paths and Car Parks with the resources identified in AMS 2014-2018	2014-2018	AM Team
1.1.2 Review AMS 2014-2018 and develop an AMS 2018-22 and present to Council for adoption	2014-2018	AM Team

Asset Management Policy Action - Governance and Management

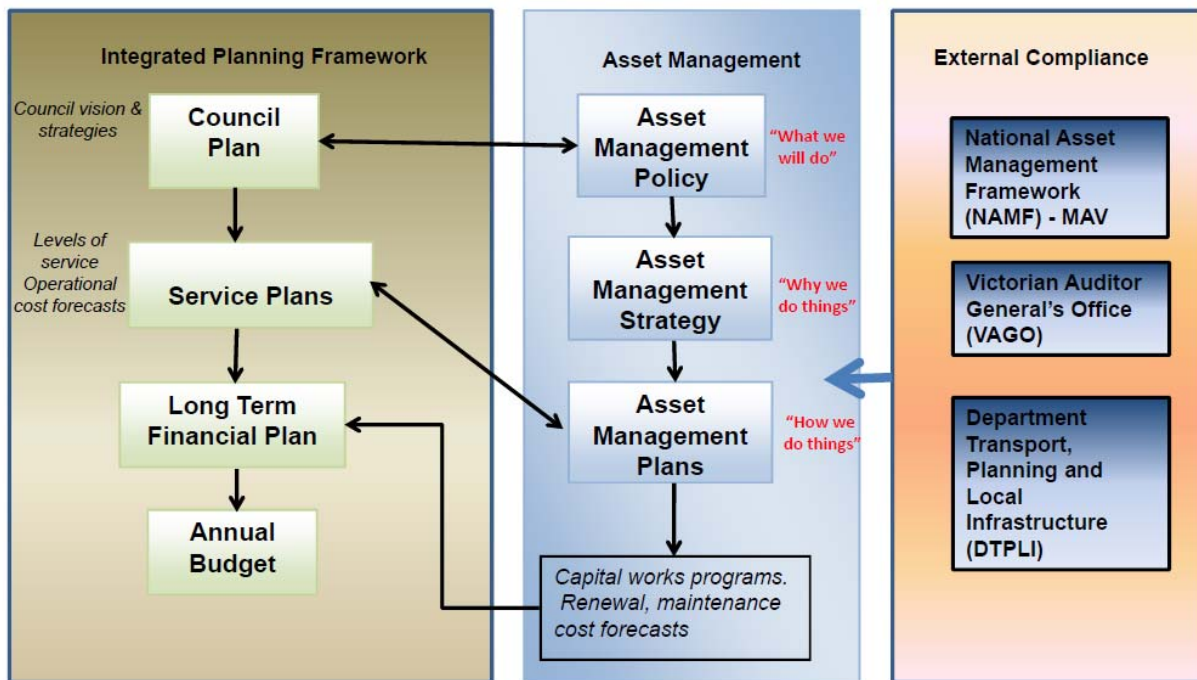
1.2 Ensure the development and implementation of AMPs with clear links to LTFP.

Asset Management Framework

Asset management is not an activity that can occur in isolation from the broader Integrated Planning Framework of Council. Asset management focuses on Council Plan objectives and informs Council documents such as the Long Term Financial Plan.

The following illustration presents the Latrobe City Asset Management Framework which illustrates the interaction between asset management practices and the Latrobe City Integrated Planning Framework. The framework also illustrates the interaction with external agencies that prescribe asset management best practice and to whom Latrobe City reports its asset management performance.

Latrobe City Asset Management Framework



Recommendation

1.2.1 Business processes be documented to integrate AM with the Integrated Planning Framework.

Timeline

AMS
2014-2018

Responsibility

Asset Management Working Group (AMWG)
Council Staff

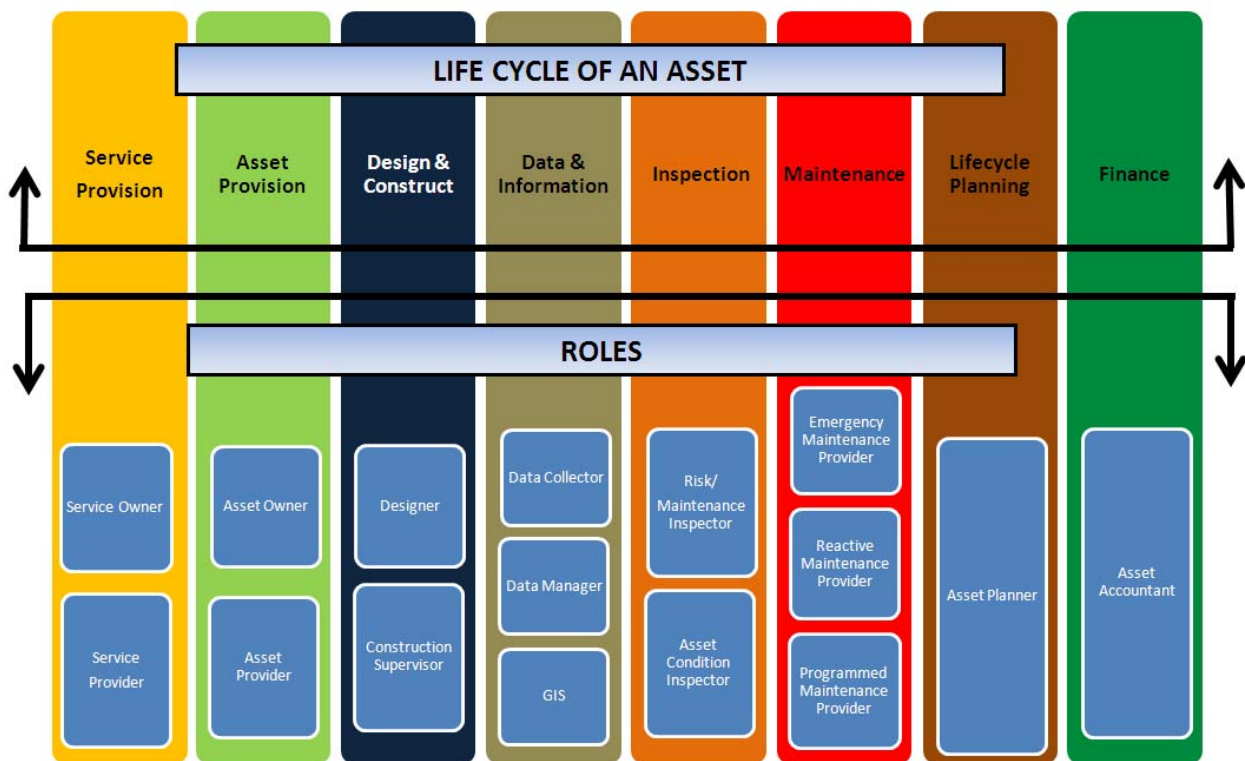
Asset Management Policy Action – Governance and Management

1.3 Ensure roles and responsibilities for service levels, asset provision, maintenance and planning are clearly defined and understood.

Asset Management Roles and Responsibilities

The National Asset Management Framework promotes the defining of service and asset management roles and responsibilities within an organisation to ensure that there is a clear understanding within an organisation of who will be responsible for what throughout the different phases of the asset lifecycle.

The attached illustration presents the various roles that need to be undertaken over the life cycle of an asset.



Roles and Responsibilities across the life cycle of an asset

Recommendation	Time	Responsibility
1.3.1 Asset and service management roles are defined for each asset category and are incorporated in business unit actions, employee performance reviews and position descriptions.	AMS 2014-18	AM Team AMWG

Asset Management Policy Action – Governance and Management

1.4 Continually improve Council's maintenance and renewal practices

Asset Maintenance

Asset maintenance is critical to holding and operating an asset so that it is capable of delivering a level of service, over its useful life. Maintenance does not increase the level of service or extend the useful life of an asset.

Best practice asset management prescribes that maintenance activities are documented, planned, undertaken, recorded and measured. The maintenance module of Council's Asset Management System known as MMS is designed to assist in the maintenance management of assets. It is intended that Infrastructure Operations group implement, manage and take ownership of this system. Implementation costs are expected to be \$75,000.

Recommendation	Time	Responsibility
1.4.1 Allocate funding of \$75,000 for the implementation of the Maintenance Management System	2014-2015	Council
1.4.2 Support Infrastructure Operations team to implement the MMS software program	2014-2015	AM Team Infrastructure Operations
1.4.3 Documentation of asset maintenance practices.	2014-2018	Infra Operations

Asset Management Policy Action – Governance and Management

1.5 Ensure all development and capital investment decisions are subject to whole of life cost analysis based on available AMPs and the Capital Works Policy.

Lifecycle Management and Costing

Life-cycle management outlines a plan for the physical actions and financial resources needed for assets over their lifecycle. Best practice promotes planning and monitoring assets from the initial planning through design, construction, maintenance, renewal until final decommissioning and disposal of the asset. Lifecycle costing and management is a key element within the National Asset Management Framework. This is the approach is considered necessary to ensure well managed assets.

Recommendation	Time	Responsibility
1.5.1 Life-cycle management is incorporated into Latrobe City business practices and facilitate inclusion of operational, maintenance, renewal, upgrade and new costs for all capital works, community projects and grants.	AMS 2014-18	AM Team AMWG

Asset Management Policy Action – Governance and Management

1.6 Rationalise under-utilised assets that have no long term strategic benefit and dispose of assets consistent with Sale of Council Owned Property Policy and other relevant policies.

Asset Rationalisation and Disposal

Best practice asset management encourages the assessment of each asset in terms of:

- **fit for purpose:** does the asset meet the needs of the service?
- **fit for use:** is the asset in an acceptable condition?
- **fit for the future:** will the asset meet future needs of the service?

Utilisation of assets must be measured and considered. As AMPs are developed and life cycle management is implemented, rationalisation and disposal recommendations will be made.

Recommendation	Time	Responsibility
1.6.1 Develop a process for assessing assets based on a “fit for purpose, fit for use and fit for the future” concept.	AMS 2014-18	AM Team
1.6.2 Establish measures of utilisation for assets.	AMS 2014-18	AM Team

2. Finance

Asset Management Policy Actions - Finance

2.1 Integrate asset management, long term financial and strategic resource planning;

2.2 Ensure that the asset base is not increased without considering the impact on Council's ability to fund future maintenance, operating costs, and renewal of the asset.

Integration of AMPs and the LTFP

Asset prediction software analyses asset lifecycle costs to generate funding requirements that can be considered for inclusion in the LTFP. Recommendations on the funding requirements needed for sustainability in each asset category are made in each AMP.

Increasing the Asset Base

Council inherits new and existing assets from many sources such as developers, community groups, government funding and private gifts. An understanding of full life cycle costs is considered necessary to plan and manage assets effectively therefore a process is required to assess life cycle costs of all assets before Council takes responsibility for them. Adequate funds need to be allocated at the time of inheritance to maintain, operate and renew these assets. This process would augment the idea that Councils must balance service delivery and an increasing asset base with their ability to pay for the management of these assets.

Recommendation	Time	Responsibility
2.1.1 Implement asset prediction modelling to forecast funding needs.	2014-2018	AM Team
2.1.2 Recommend projected funding for inclusion in the LTFP and incorporate incoming AMPs into the annual review of LTFP.	Annually	AM Team
2.2.1 Develop a process for assessing and providing for the full life cycle cost of assets before they are gifted to Council.	2014	AM Team

Asset Management Policy Action - Finance

2.3 Adequately identify and plan for future maintenance costs of assets and infrastructure to reduce the asset renewal gap in allocated funding.

Planning for Asset Maintenance

In the design phase of an asset consideration should be given to maintenance costs over its useful life. Identifying these costs is a critical part of the decisions Council may make about the affordability of new and upgraded assets. Ignoring this step leads to an ever-expanding asset base that does not have adequate maintenance funding.

A balance needs to be achieved between emergency, reactive and programmed maintenance expenditure so that risk, safety and the level of service can be achieved without over-maintaining an asset.

Recommendation	Time	Responsibility
2.3.1 Ensure life-cycle costs are considered and maintenance funding is allocated when new or upgraded assets are designed.	2014-2018	Infra Dev
2.3.2 Measure and analyse trends in reactive versus programmed maintenance costs.	2014-2018	Infra Ops AM Team

Asset Management Policy Actions - Finance

2.4 Improve integration and alignment with Council's financial systems and classify operational, maintenance, renewal, upgrade or new asset expenditure;

2.5 Ensure that asset management practices align with Asset Accounting Policy.

Asset Accounting

Financial and asset reporting relies upon accurate data and data structures so that information can be provided to Council and all departments within Council. The LTFP presents maintenance, renewal, upgrade and new expenditure. These costs need to be tracked for all assets so that actual expenditure can be compared to forecasts.

Recommendation	Time	Responsibility
2.4.1 Conduct a review of financial classes and reporting to improve the connection between corporate finance and asset management systems.	2014-2015	AM Team Finance



2.4.2 Ensure all asset related expenditure is classified in the financial systems as either operational, maintenance, renewal, upgrade or new.	2014-2018	Finance
2.5.1 Continue to adhere to and update Asset Valuation Methodology documentation.	Annually	AM Team Finance

3. Levels of Service

Asset Management Policy Actions – Levels of Service

- 3.1 *Ensure current community and technical levels of service are documented for each of Council's services that rely upon or generate assets;*
- 3.2 *Ensure that all plans and strategies of Council are considered in the delivery of service plans and the overall strategic needs of the community are kept in mind;*
- 3.3 *Ensure that community is consulted when Council considers changes to the service delivery needs of the community;*
- 3.4 *Consider alternate levels of service that balance with available resources and long term financial planning.*

Service Plans

Council's services depend upon physical assets for their delivery. Service planning is an examination of the service, its costs, roles and responsibilities and assets utilised.

Two levels of service planning are proposed:

Level 1 Service Planning:

Level 1 service planning involves documenting current community and technical levels of service, current budgets and lists of assets used and assigning roles and responsibilities for service delivery and asset management. This will allow for projecting long term financial planning based on current service levels and asset use.

Level 2 Service Planning:

Level 2 service planning requires comprehensive review including referencing all activities involved in the service delivery, performance measures and undertaking scenario modelling analysing the impact of differing levels of service on cost and sustainability. The level 2 service planning requires community engagement to explore community willingness to pay for different levels of service and considerable resources that have not been considered in this strategy.

Recommendation	Time	Responsibility
3.1.1 Identify and prioritise the Level 1 Service Plans to support the nominated AMPs.	AMS 2014-18	AM Team AMWG

4. Data and Systems

Asset Management Policy Actions – Data and Systems

- 4.1 Continue utilising resources and technology to increase efficiency within Latrobe City;
- 4.2 Develop business process documentation for asset management;
- 4.3 Participate in asset management best practice and benchmarking programs.

Asset Management Team and On-costs

A level of expenditure is required to implement good asset management practices and to provide internal and external performance reporting. (*Appendices 1 & 2*). The base level of current funding for Asset management is \$510,000 per annum.

MyData

MyData is a central register and asset management system for all asset categories, which includes in-built reporting, works tracking, condition assessment and life-cycle costs. It can be integrated with MyPredictor for a Strategic Asset Management planning and operational system. The Maintenance Management System has the potential to refine costing on assets/asset categories and reveal spending needs for further analysis and service planning. An unlimited site licence for this software allows asset managers to access and manage asset data. The software operates on a Citrix platform for access in the field.

GIS

Asset information is represented in Council's Geographic Information System (GIS). The accessibility and display of asset data is increased by a direct connection with GIS.

Business Processes

Asset management processes are to be developed and documented to capture knowledge and to assist with retention of capacity and succession planning.

External Performance Monitoring

Latrobe City participates in regional forums and state based programs to compare its progress with other municipalities.

Recommendation	Time	Responsibility
4.1.1 Continue annual funding of \$510,000 for asset management systems, staff, vehicle and data capture.	Annually 2014-2018	AM Team



4.1.2 Allocate additional annual funding of \$75,000 for data collection devices and geographic information system/support.	Annually 2014-2018	AM Team
4.1.3 Continue annual funding of \$10,000 for NAMAf/MAV Step Program participation.	Annually 2014-2018	AM Team
4.2.1 Develop asset management business process manual to support actions in AMPs.	2014-2018	AM Team

5. Skills and Processes

Asset Management Policy Actions – Skills and Processes

- 5.1 Identify training needs for Councillors that broadens their knowledge of asset management;
- 5.2 Ensure staff that have service planning and asset management responsibilities are trained so that asset management capacity is built and maintained;
- 5.3 Consider risk of asset failure in each AMP.

Training

As asset management is a complex field and the participants are expected to make important decisions about assets, training is necessary to ensure an appropriate level of skill and understanding.

Risk

The community is the focus of Council services and there is an implied understanding that Council will ensure that assets do not pose a risk to personal safety and to the continuation of services.

Asset failure will be considered in AMPs and risk registers will be updated with relevant findings.

Recommendation	Time	Responsibility
5.1.1 Ensure Councillors have the appropriate information and training in asset management.	2014-2018	AM Team
5.2.1 Establish a training matrix based on staff roles and responsibilities and include training needs as part of annual staff performance reviews.	2014-2018	AM Team AMWG
5.3.1 Consider the risk of asset failure and ensure that Council's Risk Register is updated for each asset category.	2014-2018	AM Team Risk and Compliance Team

6. Evaluation and Review

Asset Management Policy Actions – Evaluation and Review

6.1 Evaluate asset management improvements and timelines and report to Council.

Annual Asset Management Report

Asset management performance is currently measured by participation in external programs and internal business plan reporting. Under this strategy, progress achieved will be reported annually to Council.

MAV Step Program

The National Asset Management Assessment Framework (NAMAF) is a methodology for the assessment of the maturity of asset management practices from which a prioritised improvement plan can be developed. Councils may achieve a “Core” level of maturity as assessed under the NAMAF and then progress to an “Advanced” level of maturity. Latrobe City participates in the MAV STEP Asset Management Improvement Program whereby performance is assessed annually. External asset management specialists have reviewed the recommended actions from the 2011/2012 MAV Step Program Self-Assessment to verify the findings for inclusion in this AMS and to guide Latrobe City in its quest for best practice asset management.

Recommendation	Time	Responsibility
6.1.1 Report annually to Council on the progress of the AMS and asset management improvements.	2014-2018	AM Team
6.1.2 Continue to monitor progress against the NAMAF (MAV STEP Asset Management Improvement Program) to identify gaps and to guide continuous improvement.	Annually	AM Team AMWG
6.1.3 Continue to use professional advice on performance that supports and builds internal asset management capacity.	AMS 2014-2018	AM Team AMWG
6.1.4 Review the AMS, AMPs and LTFP inclusions in the event of a disaster affecting assets.	AMS 2014-2018	AM Team

Conclusion

This strategy has been developed with close attention to advancing asset management at Latrobe City. The AM policy and strategy review have been considered to ensure compliance with the National Asset Management Framework and implementation will create alignment with the framework.

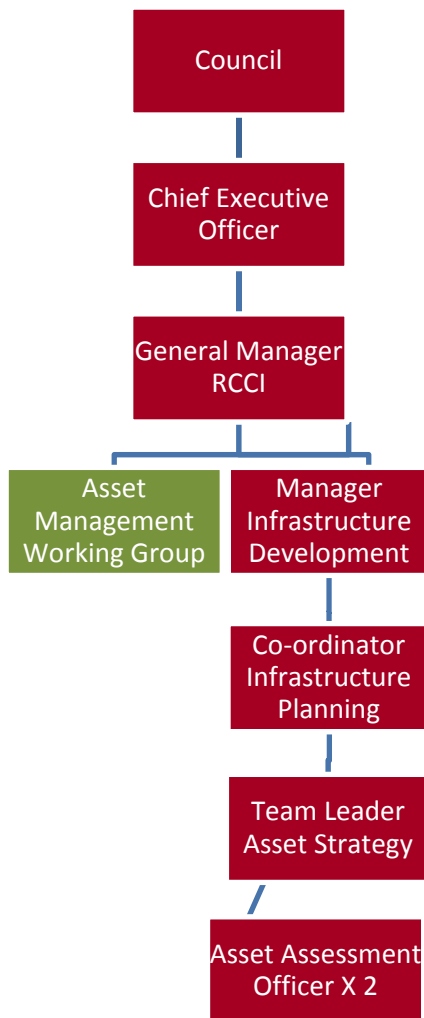
All strategy actions have been aligned with AM policy and organised within the following areas:

1. Governance and Management
2. Finance
3. Levels of Service
4. Data and Systems
5. Skills and Processes
6. Evaluation and Review

Funding and implementing these actions will ensure that Latrobe City continues to manage its significant portfolio of assets for its community and will result in acceptance of asset management as embedded practice.

Appendix 1

Current Asset Management Organisational Structure and Tasks



Current Asset Strategy Team Tasks

- ✓ External Reporting of asset data
- ✓ Collection of assets data
- ✓ Valuations
- ✓ Asset value and Depreciation asset classes
- ✓ Capital Works Program updates
- ✓ Convene Asset Management Working Group
- ✓ Asset Management Plans
- ✓ Service Planning
- ✓ Reseal Program – finance driven & asset history element
- ✓ Maintenance / Capital works demarcation
- ✓ Maintenance of GIS Asset Layer data and Spatial data
- ✓ Data Collection of Developer Contributed Assets
- ✓ Internal Information service
- ✓ Provision of asset lists
- ✓ Field based and Video Condition Assessment
- ✓ Rural road numbering data collection
- ✓ Road Management Plan (RMP) interpretation
- ✓ Maintain Public Road Register
- ✓ Street Lighting and Flag Pole Safety Inspections
- ✓ Level 2 Bridge inspections
- ✓ RMP Footpath Hazard Inspections
- ✓ Produce Footpath works program
- ✓ Trimble upkeep – service and use
- ✓ Digital Plan A-spec contact
- ✓ Facilitate contractor data collection
- ✓ Prediction modelling
- ✓ Affixing asset plaques/identification plates

Appendix 2

AMS 2014-2018 Cost Estimates

Current Budget - Annual recurrent Funding

	Item	Description	Annual Cost
4.1.1	AM Departmental Annual Costs	Asset management systems, Staff, Vehicle & data capture	\$510,000

Additional Funding - Systems Improvement

	Item	Description	2014-2018 Cost
Maintenance	MMS	MMS Implementation	\$75,000
4.1.2	GIS	Data collection devices and geographic information system support	\$75,000
		TOTAL	\$150,000

Additional Funding - Project Costs for development of AMPs

Item	Description	Project Cost 2014-2018
AMP Funding	Drainage	\$285,000
	Buildings	\$225,000
	Roads	\$45,000
	Paths	\$45,000
	Bridges	\$55,000
	Carparks	\$80,000
	TOTAL	\$735,000

Appendix 3

Asset Management Strategy Matrix 2014-2018

The indicators used to set priority and importance of AMPs for inclusion in the AMS 2014-18 matrix are explained below:

Item	Definitions
AMP Inclusions	Which asset classes/types will be included in AMP ✓ Included
AMP Priority	Whether AMP has been deemed a priority based on replacement value, risk and organisational need and knowledge ● Low ● Med ● High
Risk Due to Asset failure	The likelihood and impact of asset failure within an asset class ● Low ● Med ● High
Value	Replacement Value ● Low ● Med ● High
Current Knowledge	How well the asset class is understood taking in to account data and skills/knowledge of staff 0 No knowledge 5 Comprehensive knowledge
Inventory	The collection of asset data, attributes and spatial information ✓ Included in work program
Condition	Whether condition assessment will be performed on an asset class during AMS ✓ Included in work program
Valuation	The application of external valuation or unit rates to value a class of assets. ✓ Included in work program
Service Plan	Whether a service plan/s will be completed for AMP ✓ Included in work program
Resource Level Required	What level of resources (time, \$, staff) will be required to achieve an AMP ● Low ● Med ● High
AMP Date	The year by which the AMP is expected to be completed

Legend:

Priority, Risk, Value ● Low ● Med ● High
 Resourcing Requirement ● Low ● Med ● High
 Current knowledge 0 None 5 Comprehensive
 Expected to be part of the AMS 2014-2018 action plan ✓
 AMP Date Year targeted for completion

Asset Class	AMP	Asset Category	AMP Inclusions	AMP Priority	Risk Due to Asset failure	Replacement Value	Current Knowledge	Inventory	Condition	Valuation	Service Plan	Resourcing Required	AMP Date
Governance		Office Furniture	-	-	-	-	4	-	-	-	-	● High	-
		IT & Office Equipment	-	-	-	-	4	✓(IT)	-	-	-	● High	-
		Fleet	-	-	-	-	4	-	-	-	-	● High	-
		Art	-	-	-	-	4	-	-	-	-	● High	-
Land		Vacant Land	-	-	-	-	5	-	-	-	-	● High	-
		Open Space	-	-	-	-	5	✓	-	-	-	● High	-
		Land with Buildings	-	-	-	-	5	-	-	-	-	● High	-
	RAMP	Land Under Roads	✓	● High	● High	● High	5	✓	-	✓	✓	● High	-
Buildings		Council Buildings	✓	● High	● High	● High	3	✓	-	✓	✓	● High	2017
		Community Buildings	✓	● High	● High	● High	2	✓	-	✓	✓	● High	2017
	BAMP	Sporting Facilities	✓	● High	● High	● High	3	✓	-	✓	✓	● High	2017
		Sheds	-	● Low	● Low	● Low	2	-	-	-	-	● Med	-
		Shelters	-	● Low	● Low	● Low	2	-	-	-	-	● Med	-
Transport		Roads	✓	● High	● High	● High	4	✓	✓	✓	✓	● High	2016
		Road Drainage	✓	● High	● High	● High	1	✓	✓	✓	✓	● High	2016
	RAMP	Kerb & Channel	✓	● High	● High	● High	4	✓	✓	✓	✓	● High	2016
		Traffic Devices	-	● Low	● Low	● Med	0	✓	-	-	-	● High	-
		Public Transport Assets	-	-	● Low	● Med	1	✓	-	-	-	● High	-
		Car Parks	✓	● High	● High	● High	4	✓	✓	✓	✓	● High	2017
	BRAMP	Bridges & Major Culverts	✓	● Med	● High	● High	4	✓	✓	✓	✓	● Low	2014
	PAMP	Paths (Street)	✓	● Med	● Med	● High	4	✓	✓	✓	✓	● Med	2016
	Airport	-	-	● High	● High	3	-	-	-	-	● High	-	

Legend:

Priority, Risk, Value ● Low ● Med ● High
 Resourcing Requirement ● Low ● Med ● High
 Current knowledge 0 None 5 Comprehensive
 Expected to be part of the AMS 2014-2018 action plan ✓
 AMP Date Year targeted for completion

Asset Class	AMP	Asset Category	AMP Inclusions	AMP Priority	Risk Due to Asset failure	Replacement Value	Current Knowledge	Inventory	Condition	Valuation	Service Plan	Resourcing Required	AMP Date
Drainage	DAMP	Stormwater Capture (Pits)	✓	●	●	●	1	✓2	✓2	✓2	✓0	●	2015
		Stormwater Flow (Pipes)	✓	●	●	●	1	✓2	✓2	✓2	✓0	●	2015
		Stormwater Treatment	-	●	●	●	1	✓2	✓0	✓0	-	●	-
		Stormwater Discharge	-	●	●	●	1	✓2	✓0	✓0	-	●	-
Recreation		Sports Fields	-	-	-	-	1	-	-	-	-	●	-
		Hard Courts	-	-	-	-	1	-	-	-	-	●	-
		Play Grounds	-	-	●	●	4	✓4	-	-	-	●	-
		Swimming Pools	-	-	●	●	2	-	-	-	-	●	-
Public Amenity	LAMP	Lighting	-	-	●	●	2	✓2	-	-	-	●	-
	SAMP	Signage	-	-	●	●	2	✓2	-	-	-	●	-
	PAMP	Paths (Reserve)	✓	●	●	●	4	✓4	✓4	✓4	✓0	●	2016
		Public Toilets	-	-	●	●	2	-	-	-	-	●	-
		Fences	-	-	●	●	0	-	-	-	-	●	-
		Outdoor Furniture	-	-	●	●	0	-	-	-	-	●	-
	TAMP	Street Trees	-	-	●	●	2	-	-	-	-	●	-
		Gardens & Landscaping	-	-	●	●	0	-	-	-	-	●	-
Operations		Plant	-	-	●	●	3	-	-	-	-	●	-
		Equipment	-	-	●	●	2	-	-	-	-	●	-
Waste		Transfer stations	-	-	●	●	3	-	-	-	-	●	-
		Landfill	-	-	●	●	3	-	-	-	-	●	-

Appendix 4

2014-2018 AMP Timetable and AMP Cost Estimates

The following timetable for the development of AMPs is presented including a cost estimate for external services and support that will be required to complete the AMPs.

		2014-2018 AMS Asset Management Timetable & Cost Forecast																	
		2014				2015				2016				2017				ALL	
Item		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
CURRENT FUNDING	AM Department	Asset management team – staff, overheads, software and current programs																	
	AM Team	\$460K				\$460K				\$460K				\$460K				\$1,840K	
	Software Licences	\$40K				\$40K				\$40K				\$40K				\$160K	
	MAV Step Program	\$10K				\$10K				\$10K				\$10K				\$40K	
	Sub-total	\$510K				\$510K				\$510K				\$510K				\$2,040K	
ADDITIONAL FUNDING	Systems	Costs to support improvements in GIS and MMS																	
	GIS	\$30K				\$15K				\$15K				\$15K				\$75K	
	MMS	\$60K				\$5K				\$5K				\$5K				\$75K	
	Sub-total	\$90K				\$20K				\$20K				\$20K				\$150K	
	AMPs	Costs and timing for the delivery of individual AMPs																	
		2013	2014				2015				2016				2017				ALL
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
		Bridges & Drainage		1	2	3													\$55K
		Roads	2!						1	2	3	3							\$45K
		Paths	2!								1	2	3	3					\$45K
	Buildings		1	1	1	1	1	2	2	2	2	3	3	3	3			\$225K	
	Car Parks														1	2	3	\$80K	
	Sub-total		\$320K				\$240K				\$90K				\$85K				\$735K
Total			\$920K				\$770K				\$620K				\$615K				\$2,925K

* All figures are indicative costs estimates and will be subject to the annual budget process and indexation.

! Budget 2012-13 expenditure of \$210K for condition assessment of roads and footpaths not included in strategy costs.

1	BRAMP Bridges & Major Culverts Asset Management Plan PROJECT PLAN	2014				2015				2016				2017				Resourcing		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Internal	External	External Cost
Stage 1	Service Plan		1															100%	0%	\$0K
	Scoping: Extent, Inclusions, Exclusions, Timelines, Resources & general approach		1															100%	0%	\$0K
	Review hierarchy, Condition, Inventory, Unit rates, Life cycle costs, Maintenance programs, Classification			1														90%	10%	\$5K
Stage 2	Activate MMS & Data Collection Techniques and Training for Maintenance Crews			2														90%	10%	\$5K
	Undertake Inventory verification: Sampling, Age profiling, Extrapolate condition scores			2														5%	95%	\$25K
	Spatial Representation: Data Layers, Illustrate inventory, Condition, Criteria, attributes, Maintenance			2														100%	0%	\$0K
Stage 3	Prediction Modelling, Life cycle analysis				3													95%	5%	\$15K
	Documentation				3													95%	5%	\$5K
	Review & Adoption				3													100%	0%	\$0K
Total Project Summary					\$55K													86%	14%	\$55K

2	DAMP Drainage Asset Management Plan PROJECT PLAN	2014				2015				2016				2017				Resourcing		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Internal	External	External Cost
Stage 1	Service Plan	1	1														100%	0%	\$0K	
	Scoping: Extent, Inclusions, Exclusions, Timelines, Resources & general approach																25%	75%	\$20K	
	Review hierarchy, Condition, Inventory, Unit rates, Life cycle costs, Maintenance programs, Classification		1														80%	20%	\$20K	
Stage 2	Activate MMS & Data Collection Techniques and Training for Maintenance Crews			2	2												15%	85%	\$75K	
	Undertake Inventory verification: Sampling, Age profiling, Extrapolate condition scores				2	2											5%	95%	\$150K	
	Spatial Representation: Data Layers, Illustrate inventory, Condition, Criteria, attributes, Maintenance					2											85%	15%	\$5K	
Stage 3	Prediction Modelling, Life cycle analysis						3										95%	5%	\$5K	
	Documentation						3	3									95%	5%	\$10K	
	Review & Adoption								3								100%	0%	\$0K	
Total Project Summary		\$270K				\$15K												67%	33%	\$285K

A major asset class requiring extensive knowledge building. * Requires review of the Storm Water Management Plan.

3	RAMP Roads Asset Management Plan PROJECT PLAN	2013	2014				2015				2016				2017				Resourcing		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Internal	External	External Cost
Stage 1	Service Plan							1										100%	0%	\$0K	
	Scoping: Extent, Inclusions, Exclusions, Timelines, Resources & general approach							1										95%	5%	\$5K	
	Review hierarchy, Condition, Inventory, Unit rates, Life cycle costs, Maintenance programs, Classification							1										90%	10%	\$5K	
Stage 2	Activate MMS & Data Collection Techniques and Training for Maintenance Crews								2									15%	85%	\$10K	
	Undertake Inventory verification: Sampling, Age profiling, Extrapolate condition scores	2																5%	95%	\$155K	
	Spatial Representation: Data Layers, Illustrate inventory, Condition, Criteria, attributes, Maintenance								2									85%	15%	\$5K	
Stage 3	Prediction Modelling, Life cycle analysis									3								95%	5%	\$15K	
	Documentation									3								95%	5%	\$5K	
	Review & Adoption											1						100%	0%	\$0K	
Total Project Summary		\$155K								\$25K								76%	24%	\$200K	

Condition inspection (Video. Condition Assessment) is scheduled and budgeted for 2013.

4	PAMP Paths Asset Management Plan PROJECT PLAN	2013	2014				2015				2016				2017				Resourcing		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Internal	External	External Cost
Stage 1	Service Plan									1								100%	0%	\$0K	
	Scoping: Extent, Inclusions, Exclusions, Timelines, Resources & general approach									1								95%	5%	\$5K	
	Review hierarchy, Condition, Inventory, Unit rates, Life cycle costs, Maintenance programs, Classification									1								90%	10%	\$5K	
Stage 2	Activate MMS & Data Collection Techniques and Training for Maintenance Crews										2							15%	85%	\$10K	
	Undertake Inventory verification: Sampling, Age profiling, Extrapolate condition scores	2																5%	95%	\$55K	
	Spatial Representation: Data Layers, Illustrate inventory, Condition, Criteria, attributes, Maintenance									2								85%	15%	\$5K	
Stage 3	Prediction Modelling, Life cycle analysis										3							95%	5%	\$15K	
	Documentation										3							95%	5%	\$5K	
	Review & Adoption											3						100%	0%	\$0K	
Total Project Summary		\$55K									\$45K							76%	24%	\$100K	

Condition inspection (Video. Condition Assessment) is scheduled and budgeted for 2013.

5	BAMP Buildings Asset Management Plan PROJECT PLAN	2014				2015				2016				2017				Resourcing		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Internal	External	External Cost
Stage 1	Service Plan		1	1	1	1												100%	0%	\$0K
	Scoping: Extent, Inclusions, Exclusions, Timelines, Resources & general approach					1												95%	5%	\$5K
	Review hierarchy, Condition, Inventory, Unit rates, Life cycle costs, Maintenance programs, Classification					1												90%	10%	\$15K
Stage 2	Activate MMS & Data Collection Techniques and Training for Maintenance Crews						2	2										15%	85%	\$175K
	Undertake Inventory verification: Sampling, Age profiling, Extrapolate condition scores								2									5%	95%	\$15K
	Spatial Representation: Data Layers, Illustrate inventory, Condition, Criteria, attributes, Maintenance									2								85%	15%	\$5K
Stage 3	Prediction Modelling, Life cycle analysis										3	3						95%	5%	\$5K
	Documentation													3				95%	5%	\$5K
	Review & Adoption														3			100%	0%	\$0K
Total Project Summary																		76%	24%	\$225K

A major asset class that requires service planning from other Latrobe City teams & inventory best linked to next valuation.

6	CPAMP Car Park Asset Management Plan PROJECT PLAN	2014				2015				2016				2017				Resourcing		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Internal	External	External Cost
Stage 1	Service Plan														1			100%	0%	\$0K
	Scoping: Extent, Inclusions, Exclusions, Timelines, Resources & general approach														1			100%	0%	\$0K
	Review hierarchy, Condition, Inventory, Unit rates, Life cycle costs, Maintenance programs, Classification														1			90%	10%	\$5K
Stage 2	Activate MMS & Data Collection Techniques and Training for Maintenance Crews															2		90%	10%	\$5K
	Undertake Inventory verification: Sampling, Age profiling, Extrapolate condition scores															2		5%	95%	\$50K
	Spatial Representation: Data Layers, Illustrate inventory, Condition, Criteria, attributes, Maintenance															2		100%	0%	\$0K
Stage 3	Prediction Modelling, Life cycle analysis																3	95%	5%	\$15K
	Documentation																3	95%	5%	\$5K
	Review & Adoption																3	100%	0%	\$0K
Total Project Summary																	\$80K	86%	14%	\$80K

Appendix 5

Definitions

Defined terms used in the AMS 2014-18 include:

Asset	An asset owned or managed by Latrobe City Council that provides value to the level of service provided to the Latrobe City Community.
Asset Class	Groupings of assets of a similar nature.
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 (AMP)	An AMP is a plan that projects the level and timing of cash flows associated with acquisition, replacement and new assets, asset maintenance and disposal in order to be able to achieve desired levels of service from assets. Councils are required to prepare AMPs with a planning period of at least 4 years. They assist in determining a Council's funding and financing needs and inform the Council's long-term financial plan and annual budget. It is one of a suite of documents that collectively make up a Council's approach to asset management.
Asset Management Policy	A policy that ensures compliance with any asset management statutory requirements as well as achieving and maintaining standards that reflect good administrative practices.
Asset Management Working Group (AMWG)	Steering committee consisting of Infrastructure Development, Infrastructure Operations, Finance, Risk and Asset Management representatives.
Asset renewal/replacement costs	Expenditure on an existing asset, which returns the service potential or the life of the asset up to that which it had originally.



Asset Management Strategy (AMS)

An AMS sets out the strategic asset management goals by outlining what services are delivered, the methods of service delivery including non-asset solutions, and what assets and resources will be required. An AMS sets out the practical implementation of Council's strategic goals and helps in identifying the optimal asset base that is necessary to support service delivery requirements. An AMS comprises a number of plans that detail how Council will use its assets in an efficient and effective manner over each asset or asset group's life-cycle to support service delivery. An AMS will usually cover the development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation, replacement, disposal and performance monitoring, to ensure that the desired levels of service delivery and other operational objectives are achieved at optimum cost.

Capital expenditure

Expenditure on items which will provide benefits that extend into future financial periods. It includes expenditure to acquire new assets or to enhance existing assets to provide expanded, or a higher level of, service.

Capital new expenditure

Capital expenditure that creates a new asset providing a new service to the community that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operating and maintenance expenditure.

Capital renewal expenditure

Capital expenditure on an existing asset that returns the service potential or the useful life of the asset, up to, that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project costs need to be allocated accordingly.



Capital upgrade expenditure	Expenditure, which enhances an existing asset to provide a higher level of service, and/or expenditure which increases the useful life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project costs need to be allocated accordingly.
Condition Assessment	The process of continuous or periodic inspection, assessment, measurement and interpretation to indicate the condition of an asset to determine the need for preventative or remedial action or to reassess the assets remaining useful life for valuation purposes.
Classes and Categories of assets	A grouping of assets of a similar nature and use in an entity's operations.
Community consultation	The process of seeking the views and input of a community or section of the community.
Community engagement	Although often used interchangeably with community consultation, engagement implies a mutual two way process which can cover consultation, extension, communication, education, public participation, participative democracy or working in partnership.
Council	Interchangeable with Latrobe City
Council Plan	This plan is a statutory requirement and is a strategic planning document which focuses on the community, rather than the internal operations of Council.
Infrastructure	A term used to describe physical assets such as roads, buildings, stormwater drainage and community waste water management systems controlled by Council.

Long-term Financial Plan (LTFP)	A plan that projects a forecast of a Council's financial performance and position over a period of at least 10 years. It is one of a suite of documents that collectively make up a Council's Strategic Management Framework and the LTFP should be consistent with, and express financially, actions expressed or required to give effect to strategies proposed in these other documents.
10 Year Financial Plan	The name used for Latrobe City's Long Term Financial Plan.
MAV	Municipal Association of Victoria.
National Asset Management Assessment Framework (NAMAF)	A methodology for assessing the maturity of a Council's Asset Management practices and processes against the National Asset Management Framework (NAMF). 'Core' maturity level – the base maturity level in the National Asset Management Assessment Framework (NAMAF). 'Advanced' maturity level – a maturity level in National Asset Management Assessment Framework (NAMAF) indicating comprehensive asset management processes.
National Asset Management Framework (NAMF)	A national framework for best practice asset management underpinned by NAMAF methodology.
Service Planning (SP)	A process that outlines service objectives for specific council services. The service plan encompasses the principles for the provision of the service, the level of service to be provided, key roles and responsibilities for the delivery of the service, financial costs and revenues related to the delivery of the service and performance measures including a unit cost used to monitor the performance of service delivery.
Service levels	Levels of service prescribed for a service provided by Council.
Whole of life cycle cost estimates	Acquisition, maintenance and disposal costs/receipts of an asset over its useful life.

Abbreviations

Abbreviations used in the AMS include:

AMS	Asset Management Strategy
BAMP	Building Asset Management Plan
BRAMP	Bridge Asset Management Plan
DAMP	Drainage Asset Management Plan
FAMP	Footpath Asset Management Plan
IIMM	International Infrastructure Management Manual
LAMP	Lighting Asset Management Plan
MMS	Maintenance Management System
RAMP	Road Asset Management Plan
RMP	Road Management Plan - Road Management Act 2004 (Vic)