

## 7.12 Asset Management Policy

### Executive Summary

The purpose of this report is to present the revised Asset Management (AM) Policy 2022 for adoption by Council. The AM Policy is the overarching document that outlines the principles, requirements, and responsibilities for undertaking asset management activities across Council in a structured, coordinated approach that provides the greatest benefit to the community and supports Council Services.

#### Next Steps

Progress against the goals identified in the Policy will be measured and reported through Council's Corporate Planning and Reporting System. The next review of the Policy is planned for November 2026.

### Officers' recommendation

That Council adopt the Asset Management Policy 2022 as annexed to the minutes.

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**Responsible director:** Daniel Freer, Director Places and Spaces

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## **1. Purpose**

The purpose of this report is to present the revised Asset Management (AM) Policy 2022 for adoption by Council.

## **2. Policy implications and relevance to community plan and council plan**

The AM Policy is the overarching document in Council's asset planning framework that sets out Council's commitment to practices to ensure Council's infrastructure assets deliver the best value to the community in the long term. It provides the context for the organisation to maintain and implement a continuous improvement strategy in providing and managing infrastructure. The AM Policy also supports Council's Asset Plan, which, in conjunction with the Boroondara Community Plan (BCP) and Long-Term Financial Plan, sets out how Council infrastructure will meet Council's community objectives over the next decade.

This Policy supports Council's Mission and Vision by addressing the following objectives of the Boroondara Community Plan 2021-2031:

- Community services and facilities are high quality, sustainable, inclusive and strengthen resilience
- Green and open spaces are provided, well-utilised and enhanced
- The environment is considered in all decision making
- Protect the heritage and respect the character of Boroondara while facilitating appropriate, well-designed development
- Travel options are safe, efficient, and accessible, with active and public transport encouraged
- Support local businesses and enhance shopping precincts, fostering a strong economy and welcoming places for the community
- Ensure decisions are financially and socially responsible through transparent and ethical processes.

## **3. Background**

Council adopted its first AM Policy in 2011 to support the development of its practices in asset management. Council aligned the 2011 policy to the requirements of the National Asset Management Assessment Framework (NAMAF). Council adopted its current AM Policy in August 2019.

The Local Government Act 2020 has reinforced Council's need for comprehensive asset management practices.

It has introduced additional strategic planning requirements that mandate the development of an Asset Plan that: covers a period of at least ten years, is integrated with Council's vision (Community Plan) and long-term financial plan; and is supported by deliberative engagement; and is developed in accordance with the strategic planning principles (as set out in the Act). The Asset Plan is, therefore, now a key document in Council's Asset Management Framework, as shown in the table below.

AM Framework Document	What the document does
Asset Management Policy	Sets out Council's commitment to AM Principles and broadly outlines how and why Asset Management Planning will be undertaken across the organisation.
AM Strategy	Sets out the long/medium-term direction for the growth and maturity of AM work practices to meet Council's objectives. Includes a works plan for the achievement of these objectives.
Asset Plan	Public-facing document informing the community on how Council-controlled infrastructure is to be managed to achieve the objectives of the Boroondara Community Plan and is a requirement of the Local Government Act 2020. (Adopted June 2022)
Asset Class AM Plans	Provides long-term (20-year) expenditure forecasts for each significant asset class or service area (for existing and future assets) for a specified service level.

#### 4. Outline of key issues/options

In developing this revised Policy, the following guidelines have been considered:

- ISO 55000 series: Asset Management Standards
- International Infrastructure Management Manual (IIMM)
- National Asset Management Assessment Framework (NAMAF)

In Council's revised Framework, the Asset Plan that Council adopted in June 2022 meets the need for an externally focused document to engage with leadership and customers around strategic intentions by identifying key service levels, strategic issues and options, and funding requirements.

#### 5. Consultation/communication

The AM Steering Group, comprising managers responsible for asset lifecycle management and managing services that utilise council infrastructure, and the Chief Financial Officer, have been consulted in developing the AM Policy.

## **6. Financial and resource implications**

There are no additional financial or resource implications arising from the Policy.

## **7. Governance issues**

There are no direct or indirect conflicts of interest associated with preparing the AM Policy 2022.

No issues emerge from the Policy with respect to the Human Rights Charter.

## **8. Social and environmental issues**

The enactment of the AM Policy will positively affect community well-being and environmental outcomes by ensuring that investment in Council's infrastructure is targeted to minimise the long-term financial, social, and environmental costs associated with delivering community outcomes.

## **9. Evaluation and review**

Progress against the goals identified in the Policy will be measured using the assessment tool provided by the National Asset Management Assessment Framework and reported through Council's Corporate Planning and Reporting System.

## **10. Conclusion**

Officers recommend Council adopt the attached Asset Management Policy 2022

**Manager:** Shaun Martin, Manager Asset & Capital Planning

**Report officer:** Eric van Toor, Coordinator Strategic Asset Management

# Asset Management Policy

2022

**Responsible Directorate:** Asset and Capital Planning  
**Authorised By:**  
**Date of Adoption:** Pending  
**Review Date:**  
**Policy Type:** Council





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## 1 Introduction

### 1.1 Purpose

This policy sets out the principles by which Council ensures its' infrastructure assets are managed, providing the best value to the Boroondara community in the long term.

This policy aims to ensure:

- Council's role in providing leadership and governance is clearly defined;
- A sound framework is in place to manage infrastructure in the long term; and
- Asset related decisions align with community expectations and support service needs in a sustainable manner.

### 1.2 Scope

This policy provides a framework for the procedures, processes, systems and asset information required to manage Council's infrastructure assets to ensure those assets support service objectives. It applies to the management of all Council's infrastructure assets, including buildings, park infrastructure, natural assets such as trees, vegetation and landscaping, and the road, path, and drainage networks.

### 1.3 Corporate Framework

This policy supports Council's Mission and Vision by addressing the objectives of the Boroondara Community Plan 2021-2031:

- Community services and facilities are high quality, sustainable, inclusive and strengthen resilience;
- Green and open spaces are provided, well-utilised and enhanced;
- The environment is considered in all decision making;
- Protect the heritage and respect the character of Boroondara while facilitating appropriate, well-designed development;
- Travel options are safe, efficient and accessible, with active and public transport encouraged;
- Support local businesses and enhance shopping precincts, fostering a strong economy and welcoming places for the community; and
- Ensure decisions are financially and socially responsible through transparent and ethical processes.

## 2 Background

### 2.1 Policy environment

Council adopted its first Asset Management Policy in 2011, aligning the policy to the requirements of the National Asset Management Framework.

This policy continues the previous asset management document framework with an overarching policy document that establishes objectives, principles and responsibilities. It is supported by an asset management strategy that documents Council's asset management practices and how they will be improved and asset



management plans that determine the long-term programs required to meet service objectives for each asset class.

## **2.2 Policy context**

The Local Government Act 2020 has reinforced Council's need for comprehensive asset management practices. It has introduced additional strategic planning requirements that mandate the development of an Asset Plan that is integrated with Council's vision (Community Plan) and long-term financial plan and is supported by deliberative engagement.

## **3 Methodology**

This policy has been prepared, giving regard to the required future direction of Council's asset management practices and their critical role in supporting the delivery of services to the Boroondara community.

The following guidelines have been considered in the development of this Policy

- ISO 55000 Asset Management Standards
- International Infrastructure Management Manual (IIMM)
- National Asset Management Assessment Framework (NAMAF)
- Local Government Asset Management Better Practice Guide

This policy has been developed in consultation with Council departments represented on an internal Asset Management Steering Group.

## **4 Policy statement**

This policy aims to sustainably operate and manage the City of Boroondara assets in accordance with defined levels of service whilst minimising lifecycle costs.

Five key principles for Infrastructure AM are identified in the IIMM and have been adapted to guide the development of AM practices at Boroondara. These principles are:

- Providing defined levels of service that are consistent with the Boroondara Community Plan and relevant governance and strategic planning instruments and monitoring performance in relation to those levels of service
- Managing the impact of changes in the demand for services (growth as well as decline) through demand management, infrastructure investment and other strategies
- Taking a lifecycle approach to developing cost-effective strategies for the long term that meet defined levels of service
- Identifying, assessing, and appropriately controlling risks, including the long-term risks associated with climate change
- Having financial forecasts based on sound asset management practices that both inform and are consistent with the City of Boroondara's Long-Term Financial Plan.





The Aim of this policy will be realised through the achievement of the following:

1. Establish and maintain a framework to enable the development and application of sound Asset Management practices throughout the organisation.
2. Understand and consider community expectations in all significant decisions affecting infrastructure.
3. Ensuring a forward-looking, long-term view to the provision and management of infrastructure assets is undertaken.
4. Ensuring confidence in AM outputs through the application of quality processes and procedures.
5. Ensuring ready access to all relevant information on individual assets, including physical parameters and data on valuation, condition, maintenance history, performance and risk.

## **5 Implementation and monitoring**

### **5.1 Implementation**

This policy will be enacted through the implementation of an Asset Management Strategy that is overseen by an internal Asset Management Steering Group.

### **5.2 Evaluation**

Progress against the goals identified in section 4 of this policy will be measured using the assessment tool provided by the National Asset Management Assessment Framework and reported through Council's Corporate Planning and Reporting system.

### **5.3 Roles and responsibilities**

The following provides an overview of asset management roles and responsibilities at the City of Boroondara.

Council:

- To act as stewards of the physical assets for current and future generations.
- To set the Asset Management Policy.
- To approve the Boroondara Community Plan, Long-Term Financial Plan and Annual Budget.
- To allocate appropriate resources for asset management practices.

Executive Leadership Team:

- To approve the Asset Management Strategy.
- To provide leadership and direction in implementing the Asset Management Policy and the Asset Management Strategy.
- To ensure that community needs and the outcomes of service reviews are incorporated into asset management planning and the Strategic Resource Plan.

Asset Management Steering Group:

- To oversee the implementation of the Asset Management Policy and Strategy.



- To oversee ongoing development and review of service plans and asset management plans.
- To ensure that community needs and the outcomes of service reviews are incorporated into asset management plans.
- To monitor asset management performance, issues and opportunities across the organisation and report outcomes to the Executive Leadership Team.
- To ensure that asset management is integrated with the corporate governance framework.
- To ensure that training of staff in financial and asset management practices is provided.

#### Asset Managers and Staff:

- To implement the Asset Management Strategy.
- Review and regularly update asset management plans for all physical assets.
- To develop and deliver maintenance, renewal, upgrade and new capital programs in accordance with the Asset Management Policy, Strategy, Plans and allocated budgets.
- To ensure compliance with legislative and statutory obligations.
- To report on asset management performance and outcomes to Council.
- To deliver agreed service levels.
- To monitor asset management performance, issues and opportunities across the organisation and report outcomes to the Asset Management Steering Group.

## 5.4 Accountabilities

For all queries or feedback regarding this policy, please use the contact details for the responsible department below.

Position Title	Contact number	Contact department email
Asset Management	03 9278 4505	boroondara@boroondara.vic.gov.au

## 6 References

### 6.1 Related documents

The following provides an overview of related documents, noting it is not intended to be an exhaustive list.

- Local Government Act 2020
- Boroondara Community Plan 2021-31
- Long Term Financial Plan
- Asset Management Strategy
- International Infrastructure Management Manual
- ISO 55000 Asset Management Standards



## 6.2 Definitions

The following provides definitions for key terms used throughout the policy.

### **Infrastructure Assets**

Physical items (e.g. roads, drainage, buildings, parks, etc.) that contribute to meeting community need for services. They are typically part of large, interconnected networks or portfolios of assets. The components of these assets may be separately maintained, renewed, or replaced so that the required level of service is continuously sustained.

### **Asset Management**

The combination of management, financial, technical and other practices that are applied to physical assets with the objective of providing the required level of service in the most sustainable, cost-effective manner.

### **Asset Manager**

Responsible officer tasked with ensuring the effective planning, development and delivery of sustainable asset management practices in accordance with strategic objectives and funding constraints.

### **Asset Management Plan**

Long-term plan (usually 10 - 20 years) that outlines the activities, programs and resources applied to sustainably providing defined levels of service in the most cost-effective manner.

### **Asset Management Policy**

A document that outlines the key principles for undertaking asset management across the organisation in a systematic and coordinated manner, consistent with the organisation's strategic objectives.

### **Asset Management Steering Group**

An internal group of service and asset managers responsible for coordinated oversight of asset management practices and performance across the organisation.

### **Asset Management Strategy**

A document that outlines the specific objectives and related actions that the organisation will implement over a defined period (usually three to five years), consistent with the principles outlined in the Asset Management Policy. This is achieved by reference to current practices and anticipated future changes, disruptors, opportunities and challenges.

### **Boroondara Community Plan**

The organisation's key strategic document defines the 10-year vision for the community's future. This vision is aligned with the priorities identified through deliberative community engagement.

### **Council Plan**

A document that outlines how, over the course of the four-year Council term, the organisation intends to deliver on the vision articulated in the community plan. The Council Plan is implemented through commitments set out in annual budgets.

### **Executive Leadership Team**

The organisation's peak leadership group comprises the Chief Executive Officer and all Directors.

### **Level of Service**



The defined service standard for a particular activity against which performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

**Lifecycle Cost**

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

**Long-Term Financial Plan**

A plan for generating, spending and saving future income, as well as raising and repaying borrowings as appropriate. Highlights the financial implications of the organisation's proposed activities and anticipated events over a specified period (usually 10 years).

**Maintenance**

All actions necessary for retaining an asset as near as practicable to its original condition and service potential, but excluding renewal.

**National Asset Management Assessment Framework**

Nationally recognised framework for the self-assessment of an organisation's asset management maturity. It is comprised of specific assessment questions across eleven elements and two levels of maturity (core and advanced).

**New (Capital)**

The construction or acquisition of new assets, as distinguished from the renewal or upgrade of existing assets.

**Operation**

The active process of utilising an asset that will consume resources such as workforce, energy, chemicals and materials.

**Renewal**

Works to rebuild or replace an asset, to restore it to a required functional condition and deliver its intended service potential.

**Service Manager**

Responsible officer tasked with ensuring the effective planning, development and delivery of sustainable community services in accordance with strategic objectives and funding constraints.

**Upgrade**

The replacement or augmentation of all or part of an existing asset that increases the available service potential (e.g. increase in functional capacity).