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Asset Management Strategy

2021 to 2025

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INTRODUCTION FROM THE CHIEF EXECUTIVE OFFICER

THE CASE FOR CHANGE

Darebin's Council Plan 2021-25 sets a progressive agenda to deliver positive, fair and real outcomes for current and future generations in Darebin. Key to this and Council's municipal responsibilities are the assets we own, manage and operate are supported by sound, equitable sustainable and effective management of assets to create a liveable environment and contribute to a strong local Community. Community infrastructure contributes to achieving important social policy outcomes, including preventative health, social inclusion and tolerance, stronger social capital and community resilience and better access to broad-based education and learning.

Our 2021-2025 Asset Management Strategy outlines the key areas of focus, what we will do, proposed outcomes and the improvements needed to achieve Council's vision from a customer experience and service delivery perspective - all this, whilst considering the long term financial and inter-generational impact. We will ensure that our asset management activities are strategically integrated across our organisation for the lifecycle of the assets, as we continue to place equity, inclusion, human rights and our community's wellbeing and quality of life at the heart of what we do. The 2021-2025 Asset Management Strategy also sets out how our activities align with the Council Plan 2021-25; how we will deliver the outcomes we have promised to the community; and how we will create capacity and capability to support future direction and strategic intent.

It is timely that we have set a new challenge with the 2021-2025 Asset Management Strategy as we need to build upon the good work and planning undertaken recently, shift our approach from reactive to proactive; from relying on the good will and intensive effort of our people, to improved planning, better data management, more efficient processes, improved results and, most importantly, delivering fair and positive outcomes for the community.

I look forward to improving our approach to managing our assets and, in doing so, improving the quality of life for the people of Darebin.

Photo. Darebin City Council, Chief Executive Officer Sue Wilkinson



EXECUTIVE SUMMARY

A FRESH APPROACH TO ASSET MANAGEMENT

Our 2021-2025 Asset Management Strategy (AM Strategy) is first and foremost, applied to the benefit of the community by way of ensuring that Council's physical assets support the services and functions provided by Darebin City Council (Council). Our AM Strategy sets out a fresh approach to asset management (AM) for Council and establishes a foundation for us to move forward and focus our attention on key strategic and operational asset management improvement initiatives including:

- Aligning and integrating AM principles, objectives and activities within Councils overall suite of strategies, priorities and plans
- Assigning dedicated resources for strategic asset management activities
- Establishing an asset data and information improvement program
- Developing asset risk assessment tools
- Upgrading and integrating asset management technology
- Improving asset management decision-making processes
- Meaningfully, equitably and inclusively engaging our stakeholders and community to ensure community infrastructure is accessible, equitable, inclusive and responsive to the needs of the diverse Darebin community
- Ultimately, ensuring we provide fair and good outcomes to the community while remaining financially sustainable, socially responsible and adaptive to climate change.

Acknowledging the introduction of the new Local Government Act in 2020 coupled with the commencement of the new Council Term in October 2020, there are municipal, region, state and federal priorities that will continue to change and at more rapid pace with the uncertainty and unpredictability of 21st Century drivers and pressures.

At a minimum, challenges for our current and new Council will include:

- **Recovery from Pandemic** – significant disruption and change forced upon Council, its services, community expectation and business continuity
- **The climate emergency** – causing damage and harm to our health, human rights, social fabric, environment, infrastructure and economy
- **A growing population and changing community needs** – as Melbourne becomes Australia's largest city the challenges that come with population growth and the ever-evolving community needs in the 21st century city
- **A changing economy** – placing demands on services, transport, infrastructure, education and employment
- **Growing inequality** – demand for improved social inclusion, accessibility, responsiveness to diversification, multiculturalism and different demographical group needs exacerbated by Covid19
- **Reduced funding** – requiring Council to find new ways to provide more with less
- **Changes in Technology** – agility and capacity to meet the ever-changing technological demands and the need for ubiquitous capability

At a minimum, Council is committed to:

- Aligning AM activities with Council Plan, key strategic frameworks, policies and principles to ensure AM benefits all in the Darebin community, notably people who experience or have historically experienced discrimination and disadvantage, including locational disadvantage in the distribution (and quality/maintenance) of assets
- Applying an integrated and holistic approach to implementing AM across Council
- Improving its overall AM capability

- Maximising the return on investment from Council assets and improving financial performance
- Addressing community wellbeing (including community safety and perceptions of safety) as well as accessibility, inclusion, social fabric, community connections and harmony and access to resources
- Ensuring workplace OH&S compliance across our facilities and environs; and
- Implementing and reporting against the 2021-2025 Asset Management Strategy

At a minimum, Council must improve its AM functionality in the following:

- **Systems** – Strategic, functional, purposeful, integrated business systems including prioritisation tool
- **Data and Information** – collection, hosting, modelling and integrity of data to inform sound, evidence-based Council decision-making
- **Processes** – robust processes and procedures to manage Council’s AM activities and service delivery improvement
- **Culture** – a workforce focused on the service needs of the community using an integrated, strategic and holistic approach across Council
- **Skills** – ensuring employees have the right AM skills, capability and capacity along with adequate staff provisions for AM activities

At a minimum, Council should experience an increase in efficiencies and the effectiveness of its AM activities by:

- Improving our financial sustainability and asset performance by:
 - understanding the lifecycle and performance of assets
 - improving decision-making on capital works, timing and project management capability
 - ensuring a baseline of \$30m per annum is dedicated to asset renewal which will ensure that service levels will be maintained to a satisfactory standard
 - improving our response to evidence-based, policy or legislative requirements such as renewal, public safety, accessibility and environmental priorities
- Identifying and mitigating service risks caused by assets which are not consistently identified under existing processes
- Migrating from a reactive maintenance culture to a preventive maintenance culture
- Understanding and responding to the criticality of certain assets; and
- Reducing the overall lifecycle costs associated with the assets whilst maintaining service levels.
- Recognising and responding to the diversity, social inclusion and different demographical needs and expectations of fairness and equity of our Darebin community
- Ensuring asset-related transactions including procurement are conducted in line with the Social and Sustainable Procurement Policy and Fraud and Corruption Guidelines.

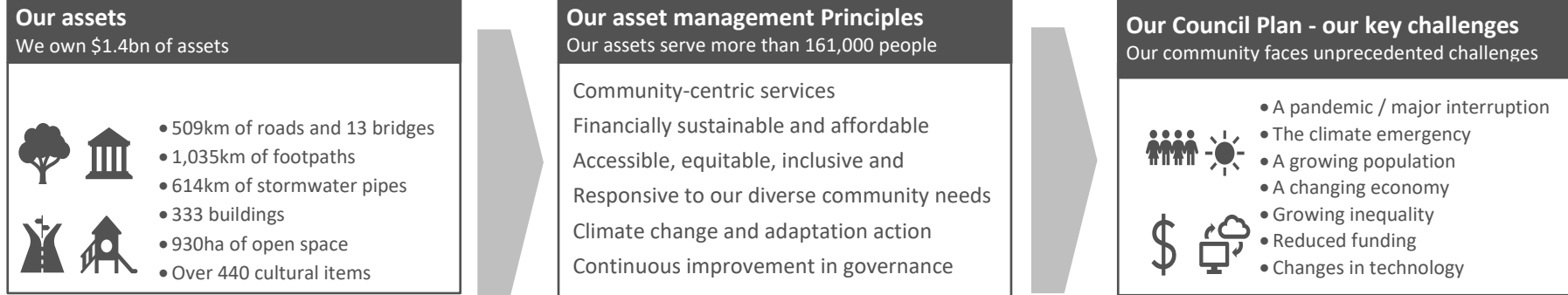
Implementation of the AM Strategy will commence late 2021 and will be supported by an Asset Management Improvement Action Plan and Asset Management Plans (AM Plans are individual asset class plans i.e. Roads, Buildings, Drainage). The AM Improvement Action Plan is an operational plan derived from the AM Strategy that outlines what all the improvement tasks and actions are, who is responsible for completion of the tasks, and timelines. It is designed to ensure priority improvements driven by business and community requirements are delivered in a timely way.

Acknowledging that we have an ambitious goal and some work ahead of us, our AM Strategy provides a robust roadmap for our asset management journey over the next five years. By applying evidence-based and contemporary asset management practices and aligning to the many key Council strategies and plans, we aim to achieve our objectives.

To assist with communicating the direction and intent of the AM Strategy, it is presented as a one-page strategy as follows:

SUMMARY OF DAREBIN CITY COUNCIL 2021-2025 ASSET MANAGEMENT STRATEGY

Strategic context



Where are we? (current status)

Where do we want to be? (future status)

Service levels aren't consistently defined / informed by customers/stakeholders	Service levels established for all asset classes and aligned to community need
Some asset information is incomplete, inaccurate, difficult to access and analyse	Asset data is comprehensive, stored centrally and used to inform decisions
No asset criticality framework exists, and risk is evaluated on an ad hoc basis	We know the criticality of our assets and evaluate risk consistently
Some decision-making tends to be reactive and based on qualitative information	Decisions are proactive, evidence-based and linked to community outcomes

Baseline asset management improvements expected

- 1 Dedicated resources**
Assign dedicated resources to deliver improvement initiatives and revise all AM Plans by June 2022.
- 2 Better asset data**
Improve the security, completeness and accuracy of asset information, warehouse data, train staff.
- 3 Improve risk assessment**
Implement an asset criticality framework across all asset classes and assess risk and asset condition.
- 4 Improve planning**
Improve and upgrade the existing corporate planning system; define integration points with AM; train staff.
- 5 Better decision making**
Update the investment prioritisation tool to include climate emergency and redressing existing and emerging social inequalities and improve budget process to better align strategy, capital funding and risk.

Acronyms

AMIS	Asset Management Information System
AM	Asset Management
AMP	Asset Management Plan
AMS	2021-2025 Asset Management Strategy
DCP	Development Contributions Plan
DRFA	Disaster Recovery Funding Arrangements
FGRS	Fair Go Rates System
ISO	International Organisation for Standardisation
NAMAF	National Asset Management Assessment Framework
OPF	Organisational Policy Framework
PMO	Project Management Office
VAGO	Victorian Auditor-General's Office

1 PURPOSE – WHY ASSET MANAGEMENT

1.1 WHAT IS ASSET MANAGEMENT?

Asset management is the systematic approach to the governance and management of assets whilst maximising service delivery potential and managing related risks and lifecycle costs. It enables Council to provide affordable, accessible, equitable, inclusive and responsive services for the present and future generations.

Council owns and maintains assets such as roads, buildings, parks and open space, land, lightings, cultural collections, libraries and vehicles to support service provision to the community it serves.

The long-lived nature of many assets and the need for their ongoing capital, renewal and maintenance means that planning must be on an understanding of the full lifecycle costs, and should address both short and long-term financial and service planning needs.

Well maintained infrastructure plays an important role in forming the look and feel of an area so asset management must also recognise the impact that Council's assets have on the health and wellbeing of the community as well as their rights.

Community infrastructure contributes to achieving other important social policy outcomes, including preventative health, social inclusion and tolerance, stronger social capital and community resilience and better access to broad-based education and learning.

Asset management is the practical vehicle for:

1. Improving the well-being of people in our community by providing opportunities for them to live their lives well; and
2. Ensuring that our services, programs and facilities benefit all including people who experience disadvantage or discrimination.

It is important that Council understands all of the steps in the lifecycle of an asset and who is responsible for each step. Holistic lifecycle asset management involves all activities associated with managing our community assets including:

- Planning
- Creating / acquiring
- Operating
- Maintaining
- Renewing, Replacing, Recycling, Retiring and
- Disposing of assets.

Figure 1. shows the numerous activities associated within the life cycle of asset management.

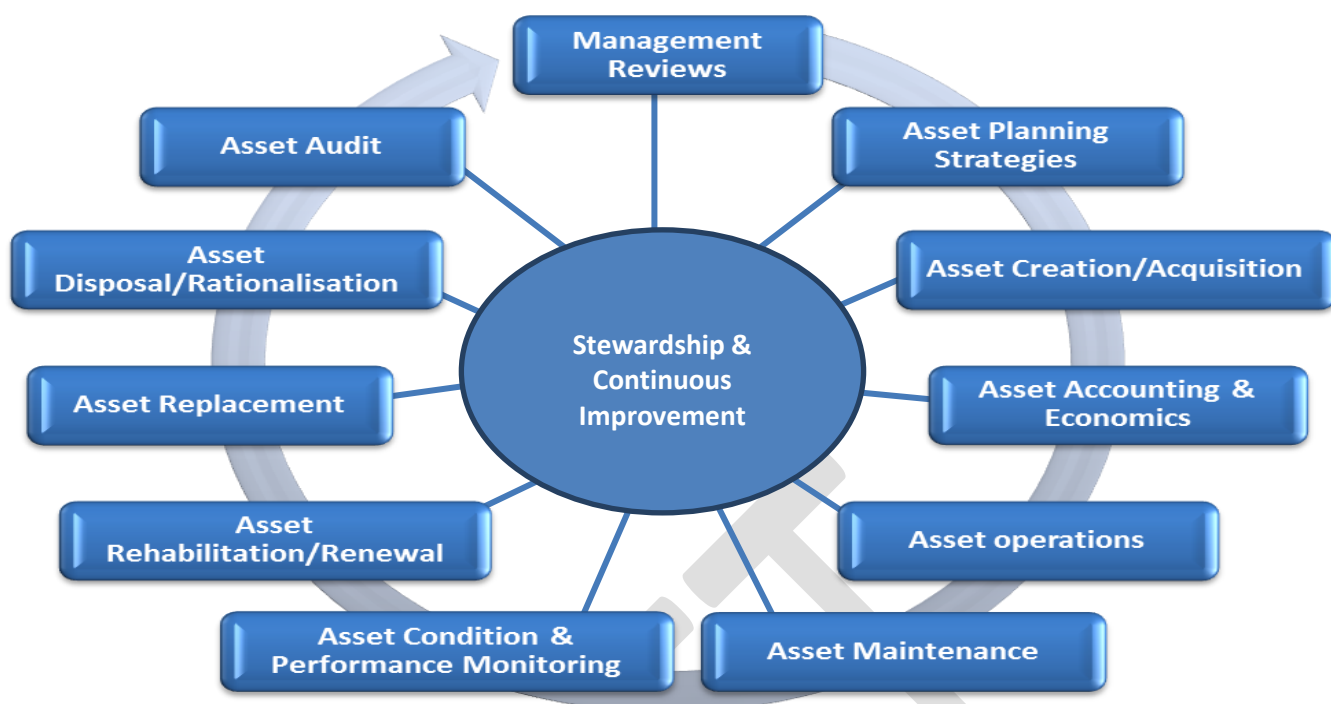


Figure 1: Lifecycle Asset Management

To support the lifecycle management of assets, clear strategic direction, sound financial planning and the identification and mitigation of risk associated with Council's assets must also be in place.

Grouping of similar assets are placed into *asset classes* for identification and management. Darebin's asset classes include:

- Buildings
- Roads and Bridges
- Leisure and culture
- Parks and Open space
- Cultural Collections
- Fleet and Plant
- Drainage
- Information Technology

Council manages its community assets in the context of:

- Localised community needs
- local, state and national plans and commitments, notably to social justice and environment
- Policies; and
- Legislation and standards.

By managing its assets this way, Council can ensure it continues to deliver services that respond to the needs of the Darebin community in its diversity while ensuring compliance with relevant legislation and standards, and alignment with strategy and priorities.

1.2 ASSET MANAGEMENT POLICY (AM POLICY) AND OBJECTIVES

Council has set clear direction with the development of a new AM Policy. The purpose of the AM Policy is:

To outline Darebin City Council's commitment and approach to sustainably managing our assets for the benefit of current and future generations and to ensure that our asset management practices are from the start, focused on our community in its diversity and contribute to improved outcomes for all, particularly community members who experience disadvantage or discrimination. We will ensure that our asset management activities are integrated across our organisation for the lifecycle of the assets, as we continue to place our community's wellbeing and quality of life at the heart of what we do.

Reviewed every two (2) years, our AM Policy sets the direction and outlines the principle-based approach that we take. It also assigns roles and responsibilities for how Darebin will manage its assets.

The AM Policy supports key strategic and operational plans including the Council Plan, Asset Plan (due June 2022) and the Long-Term Financial Plan and informs the AM Strategy.

This policy applies to the planning, funding, creation, acquisition, operation, maintenance, renewal and disposal/retiring of all Council assets and includes:

1. All Council owned physical assets; and
2. All physical assets that Council does not own but has direct responsibility for, or control over.

Council and all Council employees are responsible for adherence to this policy in their day-to-day (including design) activities, operational and strategic planning. Below are the AM Policy Principles and Objectives that guide Council's asset management practices:

Our approach to asset management will be based on the following principles:

- **Community-centric** services with relevant and clear community benefit and value and opportunities for community input and engagement
- **Financially sustainable** investment decisions that optimise asset performance, return on investment and affordability
- **Accessible, equitable, inclusive and responsive to needs** of our diverse community, improving equity, inclusion, fulfillment of rights and health outcomes
- **Climate change** and adaptation responsibilities underpinning our approach to asset management, recognising the need for climate/environmental justice, to jointly address social inequality and environmental breakdown
- **Continuous improvement** in governance, developing integrated systems, improving quality, compliance and reporting

To support the intent of the Principles, Council has Specific, Measurable, Achievable, Results—driven and Time-bound (SMART) objectives that all Council AM activities will be recorded and measured against.

Our SMART Asset Management Objectives for 2021-2025:

1. Ensure community services are supported by service levels and standards that demonstrate an appropriate balance of community expectation through community consultation, with the objectives and requirements of Council.
2. Drive prudent investment decisions throughout the asset lifecycle – from acquisition to disposal, to ensure adequate funding in the short and long term (acknowledging inter-generational impact), whilst delivering robust financial performance.
3. Reduce discrimination, disadvantage, barriers to community participation and the unequal distribution of assets, as well as inappropriate resourcing that hinders equity, diversity, access and inclusion.
4. Reduce environmental impact, improve the resilience of our infrastructure and align our asset management activities with climate adaptation responsibilities and preparing our community for change, in an equitable, inclusive and rights-based way.
5. Implement data-driven, evidence-based decision-making that is derived from risk (including safety), compliance and performance standards, supported by the use of smart technology and a sound governance framework.

Actions that enable and support the achievement of objectives are outlined in the Asset Management Improvement Plan (AMI Plan) - refer Section 6. In an environment whereby resources are limited, activities and actions are prioritised in line with the needs of our community, legislative/compliance obligations, safety requirements and the availability of resources.

1.3 WHAT IS AN ASSET MANAGEMENT STRATEGY?

An AM Strategy is a strategic document that guides and informs the management of Council's assets. It defines the direction Council will take with its assets and the activities needed to improve its asset management capability and effectiveness. It provides a four-year outlook supporting the vision of Council, the AM Policy and through the AM Framework (Figure 2), aligns asset management activities to and our key strategies and plans.



Figure 2: Council's Asset Management Framework

Following are examples of key strategies and plans that inform the AM Policy and Strategy:

- Community Vision,
- 10 Year Financial Plan
- 10 year Asset Plan
- Council Plan (incorporating the Municipal Health and Wellbeing Plan)
- Annual Budget
- Municipal Development Contributions Scheme and Plan
- Annual Capital Works Plan and 10 Year Capital Works Plan
- Borrowing Policy
- Darebin Community Engagement Policy 2021 and Framework
- Towards Equality – Equity Inclusion and Human Rights Framework 2019-2029
- Climate Emergency Plan
- Internal Audit Plan
- Property Asset Management Strategy, Open Space Strategy (Breathing Space)
- Service-related community infrastructure plans (i.e. Outdoor Sports Infrastructure Framework and Neighbourhood House Facilities Plan) and service plans
- Transport and Economic Development strategies
- Age Friendly Darebin, Community Safety Framework
- Darebin Drainage Strategy
- Watershed: Darebin Whole of Water Cycle Management Strategy 2015 to 2025

1.4 DAREBIN'S APPROACH TO ASSET MANAGEMENT COMPLIANCE

In April 2020, the State Government proclaimed the new Local Government Act 2020, which clearly outlines the legislative obligations of Council regarding asset management. The legislation states:

Sec. 92 Asset Plan

- (1) Subject to subsection (6), a Council must develop, adopt and keep in force an Asset Plan in accordance with its deliberative engagement practices.*
- (2) The scope of an Asset Plan is a period of at least the next 10 financial years.*
- (3) An Asset Plan must include the following—*
 - (a) information about maintenance, renewal, acquisition, expansion, upgrade, disposal and decommissioning in relation to each class of infrastructure asset under the control of the Council;*
 - (b) any other matters prescribed by the regulations.*
- (4) Subject to subsection (6), a Council must develop or review the Asset Plan in accordance with its deliberative engagement practices and adopt the Asset Plan by 31 October in the year following a general election, other than the first general election to be conducted under section 257(1)(a).*
- (5) The Asset Plan adopted under subsection (4) has effect from 1 July in the year following a general election.*
- (6) A Council must develop and adopt an Asset Plan under this section in accordance with its community engagement policy by 30 June 2022 following the first general election to be conducted under section 257(1)(a).*
- (7) The Asset Plan adopted under subsection (6) has effect from 1 July 2022.*

The Local Government Act 2020 has other sections that relate to asset management other than Sec. 92 specifically.

Part 4 – Planning and Financial Management, Section 89 Strategic planning principles:

- “(1) A Council must undertake the preparation of its Council Plan and other strategic plans in accordance with the strategic planning principles.*
- (2) The following are the strategic planning principles—*
 - (a) an integrated approach to planning, monitoring and performance reporting is to be adopted;*
 - (b) strategic planning must address the Community Vision;*

- (c) strategic planning must take into account, the resources needed for effective implementation;*
- (d) strategic planning must identify and address the risks to effective implementation;*
- (e) strategic planning must provide for ongoing monitoring of progress and regular reviews to identify and address changing circumstances”.*

Also included:

Section 65 Community Asset Committee

- (1) A Council may establish a Community Asset Committee and appoint as many members to the Community Asset Committee as the Council considers necessary to enable the Community Asset Committee to achieve the purpose specified in subsection (2).*
- (2) A Council may only establish a Community Asset Committee for the purpose of managing a community asset in the municipal district.*

The new Local Government Act 2020 is the most ambitious reform to the local government sector in over 30 years. It is intended that the Act will improve local government democracy, accountability and service delivery for all Victorians.

In addition to legislative requirements, the AM Strategy is aligned with the requirements of ISO 55001 (the International Standard for Asset Management), the National Asset Management Accountability Framework (NAMAF) and the International Infrastructure Management Manual.

Council has designed the AM Strategy and AM Improvement Action Plan to deliver on the requirements of the Act and other state government legislative requirements, industry standards and dovetails into the overall Council corporate planning framework (refer Section 2.5).



Picture: J C Donath Reserve Skatepark

2 STRATEGIC CONTEXT

2.1 OUR COMMUNITY

The City of Darebin is situated between 5 and 15km north of Melbourne's CBD on the traditional lands of the Wurundjeri Woi-wurrung people. The City encompasses a total land area of 53 square kilometres with a diverse and growing population. Key community statistics are shown in Figure 3.



Figure 3: Key community statistics for the City of Darebin

2.2 2041 DAREBIN COMMUNITY VISION

The Darebin 2041 Community Vision is:

Darebin is an equitable, vibrant and connected community.

Darebin respects and supports First Nations People, values country, our diverse communities and places.

Darebin commits to mitigating the climate emergency, creating prosperity for current and future generations.

Supporting the visions, there are key pillars identified as:

 <p>Vibrant, Respectful and Connected</p> <ul style="list-style-type: none"> Celebrating all diverse communities and uplifting different voices in places of power Connection to, and preservation of, local history acknowledging past harm and trauma Vibrant and dynamic spaces, amenities and events Recognising Aboriginal and Torres Strait Islander values, living culture and connection to country One Darebin, no suburb left behind 	 <p>Prosperous, Liveable and Flourishing</p> <ul style="list-style-type: none"> Encouraging and incentivising business investment and growth in the sustainability sector Creating equitable and diverse opportunities for employment and volunteering Being a 20-minute city with access to amenities and services close to our homes Sustaining community ownership of services and maintaining the health and wellbeing of all, across all life stages Making Darebin a Victorian centre for creative industry and the arts. Ensuring development and the built environment are designed for liveability and sustainability 	 <p>Climate, Green and Sustainable</p> <ul style="list-style-type: none"> Taking urgent action on the climate emergency, leading and educating communities and businesses Making decisions that are community driven, transparent, socially and equitably just and equitable Providing and promoting safe and sustainable transport Regenerating, enhancing and protecting ecosystems and biodiversity Integrating ecological solutions in the built environment, promoting sustainable development and retrofitting practices, which protect natural assets and strive for zero carbon emissions
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These pillars become our strategic directions for the next four years. Under each of these pillars, we commit to strategies objectives (what we want to achieve), indicators (how we can tell if we have), key actions (what actions we will take), and the health and wellbeing priorities they will address.

2.3 OUR COUNCIL PLAN 2021`-2025 GOALS

Darebin's Council Plan 2021-25 identifies 10 big action items incorporating the Municipal Public Health and Wellbeing Plan.

Our 10 Big Actions

- 1 Build Infrastructure for the future** by redeveloping Northcote Aquatic and Recreation Centre, redeveloping BT Connor Pavilion in Reservoir, and building Darebin Intercultural Centre in Preston
- 2 Plan Infrastructure for decades to come** by redeveloping Reservoir Leisure Centre, activating Edwardes Lake Boat House in Reservoir, building new kindergarten facilities, and undertaking a feasibility study for a Global Learning Hub in Preston
- 3 Continue to lead with our response to the climate emergency** by updating our Climate Emergency Plan to set out how to best achieve zero greenhouse gas emissions for Darebin by 2030, offering solar installations and energy retrofits to pensioners and vulnerable communities, delivering new business and community power purchase partnerships, supporting a shift to a circular economy and massively reducing our waste going to landfill, and delivering projects and programs aimed to improve safety for people cycling, walking and wheeling, increasing active travel which will also reduce transport emissions
- 4 Deepen our commitment to truth and justice for First Nations communities** in partnership with the Wurundjeri Woi-wurrung Cultural Heritage Aboriginal Corporation and Aboriginal and Torres Strait islander peoples who live and work in Darebin
- 5 Support vulnerable members of our community** by providing support with COVID-19 recovery, expanding our homelessness Assertive Outreach program, and supporting community-led programs in East Reservoir and East Preston, to achieve greater physical and mental health, and wellbeing for all
- 6 Champion local business and creative Industries** by providing support with COVID-19 recovery, facilitating the establishment of a Darebin Chamber of Commerce, and improving the lighting and safety of our retail precincts and business activity centres
- 7 Build a more Inclusive community for all** by supporting Darebin's multicultural communities, reducing racism and discrimination, increasing access to our Council's services and sporting assets by groups who are under-represented, developing our Disability Action Plan to improve access for all to our services and infrastructure, and achieving Rainbow Tick accreditation (best practice in LGBTQIA+ inclusion) for our services and activities
- 8 Improve the quality of development** and work to protect all that we love about Darebin by pursuing protections for Preston Market, conducting a Planning Scheme review informed by in-depth community consultation, and reviewing our Parking Permit Policy
- 9 Protect our natural environment and biodiversity** by improving water quality in Edwardes Lake, increasing tree canopy coverage in our parks, residential areas and retail precincts, and enhancing understorey planting
- 10 Expand our delivery of quality universal services** across the lifespan by providing more three-year-old kindergarten places, continuing to deliver our flagship Age Friendly Darebin project, expanding aged care direct services, and registering to become an aged care package provider

The Council Plan 2021-25 identifies four strategic directions to achieve the vision. To link the strategic directions to activities, strategic objectives have been developed that provides the link to series of action items underneath to strategic directions. The table below outlines asset management outcomes for each direction and objective.

Council Plan Strategic Direction		Strategic Objective	Darebin City Council Indicators
Vibrant, Respectful and Connected	Our Darebin will celebrate all our diverse communities.	We will develop partnerships with organisations from across our city, to value and include Aboriginal and Torres Strait Islander peoples and people from multicultural and diverse backgrounds	Number of people or groups from culturally diverse and diverse backgrounds and Aboriginal and Torres Strait Islander peoples, accessing Council services and sporting assets
	We will uplift different voices in places of power, influence and decision-making. We will recognise Aboriginal and Torres Strait Islander values, and honour their living culture and connection to country. We will support connection to, and the preservation of, local history, and acknowledge past harm and trauma. Our Darebin will be one filled with vibrant and dynamic spaces, amenities and events. It will be a city where no suburb, or person, will be left behind. We are one Darebin.		
Prosperous, Liveable and Flourishing	Our Darebin will encourage and incentivise business investment and growth in the sustainability sector.	We will deliver equitable and accessible infrastructure to provide opportunities for our community to live well	Improved occupancy of buildings by community groups and/or for community wellbeing purposes
	We will create equitable and diverse opportunities for employment and volunteering. We will make Darebin a centre for creative industry and the arts in Victoria.	We will design and create public spaces where our people feel safe, welcome, and respected, including improving lighting and safety for people walking, wheeling, cycling and driving	Increase in the city-wide perceptions of safety over four years (> by 1%) Zero deaths of vulnerable road users on Darebin's roads and streets

	<p>We are a 20-minute city, and will ensure our community's access to amenities and services close to our homes.</p> <p>We will sustain our community's ownership of services across their lifespan.</p> <p>We will maintain the health and wellbeing of all.</p> <p>Our Darebin will ensure development, and the built environment, is designed for our liveability and sustainability.</p>	<p>We will foster local urban streetscapes and activity centres that connect our community, support economic recovery, and encourage people to live, work and play locally</p>	<p>Number of trees planted in activity centres</p> <p>Community satisfaction with our streetscapes 'look and feel'</p>
		<p>We will invest in services and the built environment to improve access for our residents and visitors</p>	<p>Increased number of accessible car parking spaces</p>
Climate, Green and Sustainable	<p>Our Darebin will take urgent action on the climate emergency facing our world. We will lead and educate our community and businesses to redress the imbalance.</p> <p>We will make decisions that are driven by our community. Our decisions will be transparent, and socially and equitably just. Our decisions will be equitable for our community.</p> <p>We will provide and promote safe and sustainable transport across our city.</p> <p>We will lead the regeneration, enhancement and protection of our natural ecosystems and biodiversity.</p> <p>We will integrate ecological solutions into our built environment. We will promote sustainable development and</p>	<p>We will adapt to climate change and build the resilience of our community, infrastructure and the built environment, with a focus on our vulnerable communities at risk of fuel poverty, and flooding</p>	<p>Number of actions taken to protect the built environment from flooding and extreme heat</p>
		<p>Aim to achieve 12% canopy cover on Council owned and managed land by 2025, prioritising catchment biodiversity and shopping areas</p>	<p>Number of indigenous plants planted</p> <p>% canopy cover on public land</p>
		<p>We will reduce carbon emissions by switching to renewable energy on a large scale for Council buildings and through community focused initiatives</p>	<p>% Council energy supplied from renewable sources</p>

	retrofitting practices that protect our natural assets. Our Darebin will strive for zero carbon emissions		
Responsible, Transparent and Responsive	<p>Our Darebin is responsible, and responsive, to our community's needs, now and into the future.</p> <p>We will make our decisions in the best interests of our community – transparently, and with integrity.</p> <p>We will manage our resources effectively, and plan for our future growth.</p> <p>We will work in partnership with our community, business, and other government, to fulfill our responsibilities as the custodians of our city.</p> <p>Our Darebin is progressive. Our Darebin is accountable. Our Darebin is a leader.</p>	We will ensure balanced and responsible financial decision making that meets the needs of our community now and into the future	Victorian Auditor General's Office (VAGO) indicators: liquidity; net result; adjusted underlying result; internal financing; indebtedness
		We will ensure our assets are optimised for the benefit of our community	Victorian Auditor General's Office (VAGO) indicator: asset renewal and capital replacement Increase occupancy of unused and under-utilised Council buildings
		We will transform our services and service delivery models to ensure they meet the current, emerging and future needs of our community	Key performance indicators for our key services (based on data submitted to State Government through its Local Government Performance Reporting Framework)

Table 1: Darebin City Council's asset management outcomes

2.4 HOW DO ASSETS BENEFIT THE COMMUNITY?

The Council Plan outlines our vision, goals and actions to serve the community and improve the quality of life in Darebin. Assets play a critical role in delivering services to the community and realising the aims of the Council Plan. Table 2. provides an overview of our asset classes and how our assets enable the provision of services to our community.

Asset Class	Services Description
Roads and Bridges	<ul style="list-style-type: none"> Facilitate the safe and equitable movement of people and goods within and through the city by both motorised and non-motorised transport and vehicles, taking into account the imperative to address the climate emergency facilitate the safe and equitable movement of pedestrians through the city (incl footpaths and walkways), particularly taking into account gender, age and abilities Provision of adequate and inclusive lighting and signage to meet required standards and enhance community wellbeing and safety
Buildings	<ul style="list-style-type: none"> Supports the community by providing services across the lifespan i.e. children, youth, aged, as well as to the whole Darebin community in its diversity, including people who experience or have historically experienced discrimination and disadvantage Provide suitable accessible, inclusive and welcoming spaces in which Council can provide services both to the community and for the community, includes lighting Recognise this is Aboriginal land Provide spaces to provide administrative and operational services to support the operation of Council for the benefit of the community Provide spaces for commercial activity for the benefit of the community Provide support to the community by provision of commercial services through residential, entertainment and relaxation services
Drainage & Stormwater	<ul style="list-style-type: none"> Flood protection and mitigation Integrated Water Management Natural amenity Public Safety
Parks & Open Space	<ul style="list-style-type: none"> Provide accessible, equitable and inclusive spaces for active and passive recreation, including playgrounds, that respond to the diversity of the Darebin community Recognise and respectfully draw from local Aboriginal knowledge to “rewild” the municipality Provide spaces in support of sporting clubs Provide access to water, Shade, rest places, recreation and wellbeing amenities Provide the “breathing space” for our city including parks and gardens Provide opportunities for accessible, equitable and inclusive active and passive recreation activities Provide the “green lungs” for our community

Fleet and Plant	<ul style="list-style-type: none"> • Provide vehicles (light and heavy fleet) to support service provision, while seeking to limit carbon emissions by adapting to technologies • Provide plant and equipment necessary to support the delivery of services
Information Technology	<ul style="list-style-type: none"> • Supports administrative and operational services • Provision of ubiquitous IT capability to support SMART City • Provides the community with internet, WIFI and research services at libraries and other Council locations and seeks to reduce the digital divide
Cultural Collections	<ul style="list-style-type: none"> • Provides educational and cultural services, indoor & outdoor cultural collections that support truth-telling about local and Australian history • Supports the history of Council and heritage collections, acknowledging that Traditional Owners and custodians, the Wurundjeri Woi-wurrung people, cared for this land for thousands of years pre-invasion and • Recognises the diverse range of people and cultures from other countries and the local Wurundjeri Woi-Wurrung people

Table 2: How our assets provide services to the community

2.5 ENGAGING OUR COMMUNITY

Darebin is committed to building a fair, inclusive and equitable City, particularly as it changes with population growth and action to address climate change. We know our diverse community is our greatest asset for building a greener, bolder, more connected city, which is why we put residents, business owners and the community sector at the heart of our decision-making. Council's Community Engagement Policy 2021 ensures we conduct our community engagement in a way that includes all voices in our community and is open and transparent to ensure the community can trust the decisions we make as caretakers of this City.

Given that assets exist to provide services, meaningful, equitable and inclusive community engagement is integral to asset management. Council undertakes comprehensive research and community engagement programs to determine community and service needs at multiple levels. For example, this includes community engagement on the:

- Community Vision
- Council Plan
- Annual Budget; and
- Individual projects required to deliver these Plans.

Council also intends to engage with the community to set service levels and performance targets for specific asset classes and / or services.

Our AM engagement approach follows Darebin's Community Engagement Policy requirements and we will align to the principles of the Policy outlined below:

- A genuine opportunity to shape the way our local government works
- Focused on providing input to solving challenges
- Representative of community needs
- Building on our relationships with the community which are essential to providing trust in our work
- Accessible, easy and enjoyable
- Ensures that Council closes the loop with outcomes of community engagement shared

2.6 INTEGRATION BETWEEN ASSET MANAGEMENT AND OTHER COUNCIL OBJECTIVES

A key outcome of the Asset Management Strategy is to ensure that Council's asset management decisions are aligned to the Council Plan and key strategies. This means the management of our assets must interface with numerous other Council objectives including responding to the climate emergency, supporting a diverse and inclusive community and maintaining financial sustainability. The Local Government Act 2020 requires the Asset Plan to be in place by June 2022. This process is facilitated through Council's Integrated planning and reporting framework (Figure 5.) as below:



Figure 5: Corporate Planning and Reporting Framework – LG Act 2020

To achieve a fully integrated approach to decision-making, Council must align the AM Strategy, objectives and decision-making with Council's other strategies including but not limited to:

Long Term Financial Plan	Community Infrastructure Plans and/or Community Service Review Plans
Future Darebin	Darebin Access and Inclusion Plan 2015
Towards Equality - Equity, Inclusion and Human Rights Framework 2019-2029	Darebin Housing Demand and Supply Analysis 2020
Community Engagement Strategy and Framework	Corporate Risk Management Strategy
Development Contributions Plan	Darebin Affordable Housing Review 2020

Figure 6. below illustrates the relationship, integration and information flow between the Council Plan and supporting strategies and asset management planning and implementation. The new Asset Plan will be in place by 2022 (as per LG Act 2020) overarching the AMP and AMS.



Figure 6: the relationship between the required LG Act Integrating Asset Management Activity with the Council Plan

To further support the integration and information flow, embedding asset management practices and other key strategic outcomes in Council policy is fundamental to our success. The key to achieving this is through our Organisational Policy Framework which Council has already developed. The Organisational Policy Framework aims to:

- Provide employees with clear policy direction regarding Council’s strategic intent, priorities, operational activities and desired outcomes
- Empower and enable employees to develop, decide, act and deliver in an effective, timely and accountable manner
- Ensure compliance to legislation and regulations
- Provide simple and easy to access procedures in a mapped format.

Figure 7. below shows the hierarchy of the organisational policy framework.

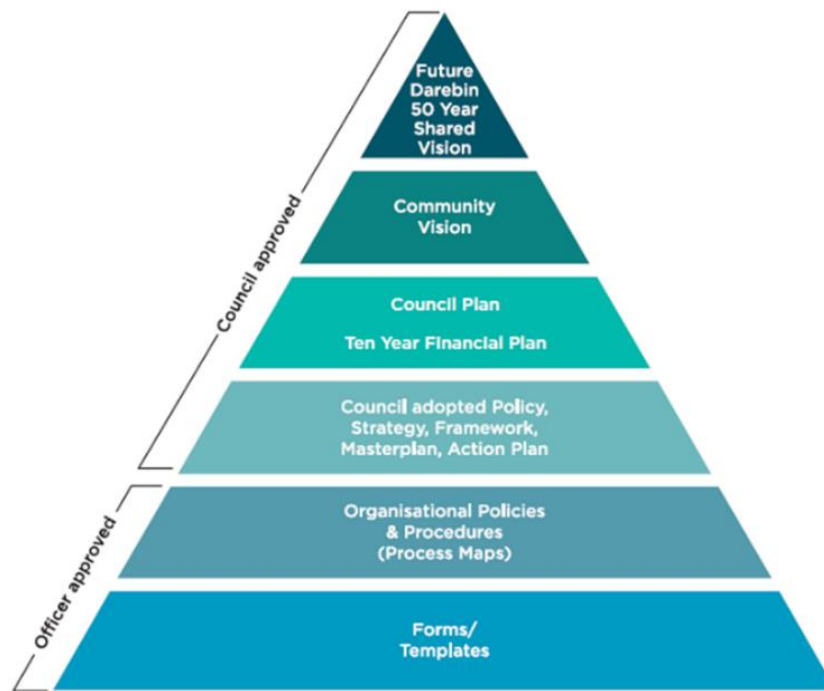


Figure 7: Organisational Policy Framework

The Organisational Policy Framework is made up of policies and procedures as set out in Table 3.

POLICIES	PROCEDURES
Guiding principle that helps the organisation to take logical decisions	Steps to be followed consistently to accomplish an end result
Set of common rules to inform decisions and behaviours	A how to/step by step process Usually linked to policy

Table 3: Policies and Procedures

The process to review all policies and procedures is documented using the Organisational Policy Template, applying the policy review lens, as well as comparing against best practice and relevant legislation.

2.7 POLICY REVIEW LENS

To assist officers, Council has developed a Darebin Policy Review Lens resource covering 7 themes that require consideration when developing and reviewing policies, strategies and plan.

1. Aged Friendly Darebin
2. Community Engagement
3. Environment and Climate Emergency

4. Equity, Inclusion and Wellbeing
5. Occupational Health and Safety
6. Social and Sustainable Procurement
7. Values and Behaviours

Our AM Strategy was developed through the Policy Review Lens.

DRAFT

3 CURRENT STATE OF ASSET MANAGEMENT

Figure 8. below is an overview of assets under Council management:

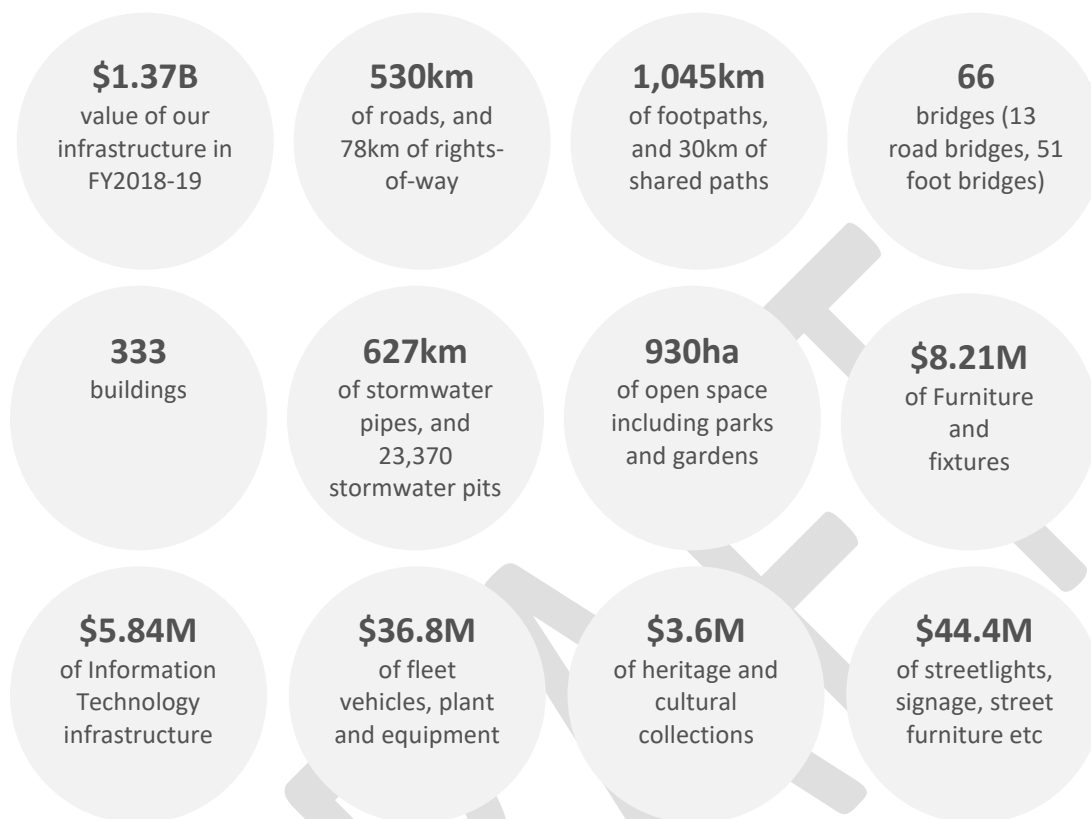


Figure 8: Overview of assets managed by Council in FY2018-19

3.1 REVIEW OF THE CURRENT STATE OF ASSET MANAGEMENT

3.1.1 VICTORIAN AUDITOR-GENERAL'S OFFICE (VAGO) ASSESSMENT

Our State Government understands the challenges that local governments face when planning, managing, and disposing of assets. In Victoria alone, local government is accountable for over \$103b of infrastructure, \$2.7b capital works annually and hold over \$1b in borrowings to support these initiatives.

In May 2019, the Victorian Auditor-General's Office produced a consolidated audit report on Local Government Assets: Asset Management and Compliance. This report provided a summary of findings from an audit of asset management performance completed with the support of five Councils across Victoria. The City of Darebin was one of the Councils audited.

The intent of the audit was to identify strengths and weaknesses of LG asset management practices and to develop ways to support the sector.

The audit focussed on the following AM functions:

- Asset Management policy, governance and roles
- Identifying asset information needs
- Information management processes

- Documenting new assets
- Asset maintenance and failure information
- Accuracy and completeness of asset information
- Asset information management systems
- Capital and operational planning
- Using asset Risk
- Asset management capability and resources.

The action plan recommended by VAGO for Darebin is shown in table 4 below. This audit has informed the AM Strategy and is part of the systemic approach to improving our overall AM practices. The VAGO audit action plan forms part of Darebin's AMI Plan.

1.	<i>Revise governance and policy guidance for asset investment decision-making to instruct that it is evidence-based.</i>
2.	<i>Clearly determine and document the information needed for effective asset reporting and decision-making, including ensuring Disaster Recovery Funding Arrangements (DRFA) needs are met.</i>
3.	<i>Establish more consistent and systematic processes for data collection on all asset classes to a level commensurate to the criticality of the asset and implement them to collect the information.</i>
4.	<i>Structure asset management information systems so they can easily record and access data to enable analysis for planning and decision-making. This may include acquiring new systems and/or integrating systems.</i>
5.	<i>Identify critical assets and the potential risks of their failure, to inform investment priorities.</i>
6.	<i>Integrate asset management planning into financial planning cycles and processes to ensure council balances asset investment needs against their objectives and funding constraints.</i>
7.	<i>Evaluate capability, including resource, skills and training to meet identified asset management needs, potentially using the National Asset Management Assessment Framework.</i>

Table 4: Action Plan recommended by VAGO

3.1.2 NATIONAL ASSET MANAGEMENT ASSESSMENT FRAMEWORK (NAMAF) ANALYSIS AND FINDINGS

In 2009, the then Local Government and Planning Ministers' Council (LGPMC) agreed to enhance the Local Government asset management and financial planning frameworks. From this agreement the National Assessment Framework and supporting maturity model and self-assessment tool was developed to improve local government asset management and financial planning practices. NAMAF helps local government understand the linkages and integration of asset management across their corporate and business planning and service delivery framework. The logical sequence being:

Strategic Planning > Asset Planning > Long-Term Financial Planning > Resource Planning > Forward Capital Works Planning > Budget.

The elements assessed within the NAMAF model include:

- Strategic long-term planning
- Annual Budget development
- Annual reporting
- Asset management policy
- Asset management strategy
- Governance and management
- Defining levels of service
- Data and systems
- Skills and processes
- Evaluation of the above

- Asset management plans

The improvement opportunities in the NAMAf findings included:

- Review of high-level oversight / governance by the Council, CEO/GM and Executive Management Team, for development and implementation of this Asset Management Strategy
- Updating of Asset Management Plans
- Development of Service Plans
- Formalise processes such as Levels of Service and infrastructure risk
- Provide appropriate asset data combined with improved knowledge and capability

Improvement actions at asset class level will form part of the asset management plans when they have been updated and / or developed.

VAGO's comparison of the audit findings with the NAMAf self-assessments for Darebin concluded that Darebin's 2018 self-assessment differed greatly from its result in 2016, when it assessed its asset management as excellent—the highest rating available. This difference was partly due to new staff, who gave a more critical assessment score.

Darebin undertakes the NAMAf self-assessment regularly to ensure a realistic understanding of AM practices and improvements is documented and actioned. The NAMAf tool is aligned to the VAGO audit and ISO standards. The next self-assessment is scheduled for 2021.

The ongoing work being undertaken to improve asset management practices within Council include:

- Documentation and implementation of AM Governance (in progress)
- Development of the 2021-2025 AM Strategy
- Development of an AM responsibility matrix
- Employment of skilled Subject Matter Experts in their field of Asset Management expertise
- Creation of Asset Numbering (in progress)
- Development of hierarchy for Asset Classes (draft)
- Auditing of Asset and asset information for all asset classes and categories
- Finalisation of Building Asset Management Plan (draft)
- Finalisation of Roads Asset Management Plan (draft) and Road Management Plan (draft)
- Criticality assessment framework for Buildings classifications
- Buildings revaluation
- Road, kerb and channel and footpath condition assessment survey and revaluations
- Carpark and Rights-of-way and other road asset condition assessment survey and revaluations
- Park and Gardens data collection
- New IT systems including integrated financial solutions
- Alignment with Audit and Risk Committee
- Essential Safety Audit (Buildings)
- Restructure of Asset Management business unit resulting in increased resources

3.2 SERVICE LEVELS AND ASSET PERFORMANCE

As assets exist to provide services to the community, it is important that we understand the level of service the organisation (including regulatory requirements) and community desires when making decisions about investment in our assets. We have designed many ways of collecting input from the community about service levels including engagement activities during development of our Council Plan and Annual Budget, information from our annual community satisfaction survey, customer complaint data and online engagement through our “Your say” site.

Although we have many ways to elicit input from the community, currently only our Road Asset Management Plan uses this community input in a comprehensive way to create well-defined levels of service and performance targets. This use of community input will need to be duplicated across all our asset classes during the life of this strategy.

The levels of service are recognised in two forms, community based (the community indicator being measured) and technical based (the indicator related to the technical activity that is required to achieve the community-based level of service). An example of both forms of level-of-service for a building follows.

Community based level of service:

- *The building will provide a safe environment for users*
- *The building will be accessible to community in line with programming requirements*

Technical based levels of service to support the community-based level of service could include:

- *The building will be compliant with all relevant legislative requirements, BCA and Council policies*
- *The building will achieve a Five Star Rating for sustainability*
- *Quality of Air through the Air Conditioning System will be monitoring annually and achieve a rating of satisfactory*

Our Road Asset Management Plan has been revised recently and includes well-defined service levels and performance targets. Our focus now is to establish clear and contemporary service levels for our other main asset classes – informed by engagement with the community and an understanding of the cost to provide those levels of service (both community and technical levels of service).

Once service levels have been agreed, the performance of our assets will be managed to meet those service levels. For some assets, this could mean they will be renewed, upgraded or better maintained to meet the desired service-level. For other assets (if they are providing better service than needed), it could mean allowing the condition of the asset to decline naturally to the standard whereby it enables the agreed level of service to be delivered.

3.3 OUR ASSET MANAGEMENT PLANS (AM PLANS)

AM Plans outline the strategies and actions proposed by the Service Manager and Asset Managers to achieve Council's strategic goals and objectives. AM plans enable consistent management of each of our asset classes (e.g. roads, buildings, IT, open space, Fleet, Cultural Collections etc) and have a 10-year outlook (can be longer), focus on a specific category of assets and *manage risk to service-levels at an acceptable lifecycle cost*.

The AM plans consider asset criticality, asset condition, risk assessment, capital renewal, demand, level of service, maintenance planning and operational interventions among other factors. The purpose of an AM plan includes:

- Defining service-levels based on community input where applicable
- Aligning asset investment decisions with community outcomes and the Council Plan
- Reflecting planning outcomes determined through Masterplans, strategic planning etc
- Identifying capital expenditure (purchase, renewal, construction of new assets) and operational expenditure (maintenance, etc) needed to be meet service levels
- Cash flow forecasts for the operation, maintenance and capital expenditure of assets

Currently, some elements of our asset management planning rely on qualitative data and reactive decisions where there is an absence of good asset information, consistent risk evaluation and sufficient resourcing.

This makes it difficult to prioritise investments across asset classes, ensure integration with financial planning and be confident that demand and levels of service align on balance with the expectations and needs of the community.

Council is committed to not only ensuring quality asset information is collected and maintained, risk is consistently managed, and decision-making is evidence-based and equitable but is also committed to achieving legislative requirements.

A broad illustration of the asset management planning process (linking strategic goals with operational activities) is shown below in Figure 9.

It is important to note that strategic direction, service demand and levels of service are the foundation blocks to determining community infrastructure needs not historical data, current assets or current services.

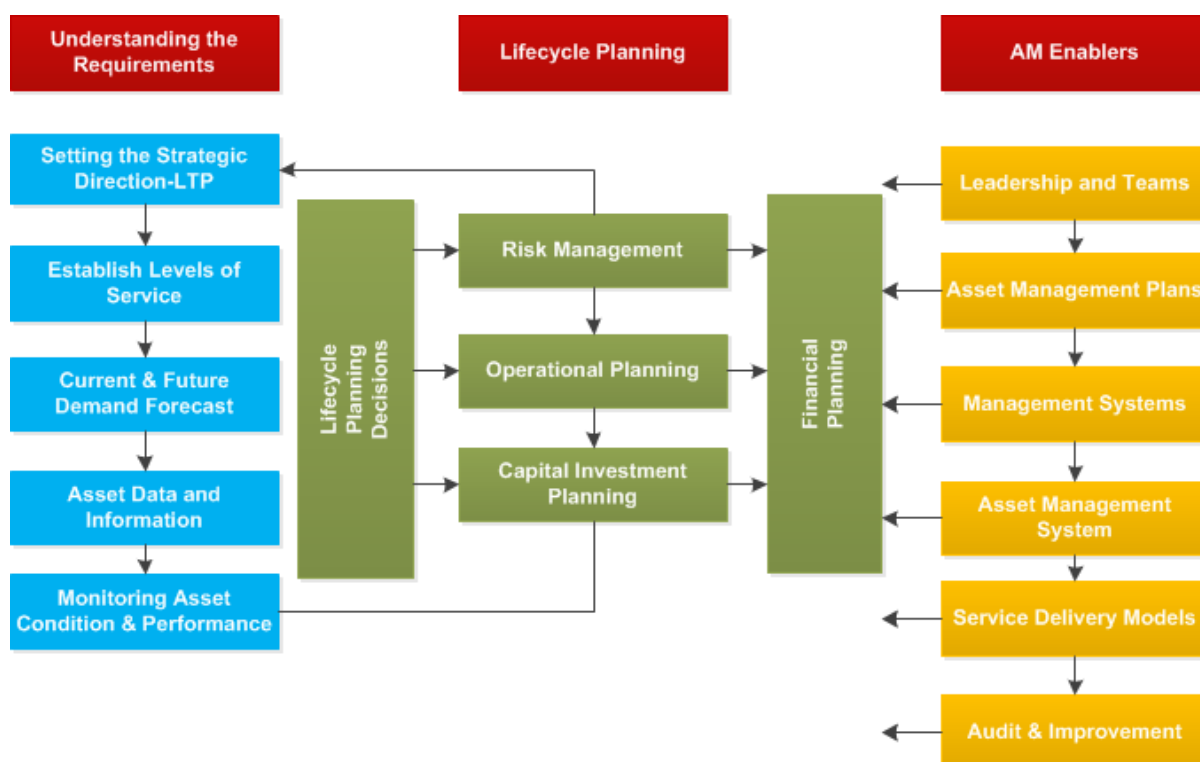


Figure 9: Asset management planning process for asset classes

AM Plan Review Schedule

Our Road Asset Management Plan has recently been updated and our Building Asset Management Plan was reviewed in June 2020. We will review our Drainage Asset Management Plan and Open Space Asset Management Plan in 2021-2022. It is proposed to review the existing Cultural Collections and Information Services (IT) AM Plans in 2021-2022. Some asset class AM Plans do not exist and need to be developed.

The review schedule for the individual AM Plans will be confirmed by the Asset Management Steering Committee – refer section 6.

The AMI Plan will highlight key improvement activities that are required to support the development of AM Plans.

3.4 CORPORATE APPLICATIONS

In relation to asset management, Council has implemented the following corporate applications:

- Implementation of a new integrated finance system including AM functionality
- Integrated Finance System (IFS – Oracle)
- Console Property Management
- Objective (records management)

- ArcView Geographical Information System
- CAMs (Pathway) customer request management
- CAMS (asset management)
- Council uses the SMEC (Snowy Mountains Engineering Corporation) Pavement Management System. This is a software package, developed by SMEC, to aid road owners in the management, maintenance and monitoring of their road network.
- Assetic (Parks and Open Space)

CAMS asset management functionality includes but is not limited to:

- Asset register
- Asset valuations
- Asset condition
- Inspections
- Maintenance Management including maintenance costing
- Performance Management
- Asset Risk

As identified in the VAGO audit, CAMS and other Asset Management Information Systems have not been able to satisfy audit requirements and has limited integration with Council other applications. This is identified as an improvement action as the development and implementation of a Centralised and Integrated Strategic Asset Management System.

The Console Property Management Application has been reported as not meeting the needs of Council for the following reasons and is identified as an improvement action:

- Database not interactive with Council's IT platform
- Doesn't provide add-ons to Objective for record keeping
- There are no Asset Hierarchy fields to collect renewal data on buildings
- Financial reporting is not linked to Council's financial platform
- Regulatory Audit Trail requirements do not provide linkage to Council's records
- No features/facility for asset modelling on whole-of-life renewal or capital renewal
- Lacking in quality financial portfolio reporting
- There is no register available to integrate with CAMS
- No GIS Asset mapping integration for intuitive portfolio management

The technological impact of AM improvement is significant and will be managed in a prioritised manner in line with competing IT programs across the organisation. Any IT financial investment is authorised by the IT Steering Committee which meets regularly. All Annual Budget IT investment is approved by the IT Steering Committee prior to Council adoption.

The development of a Centralised and Integrated Strategic Asset Management System is a key element in efficient delivery of Asset Management Practises and outcomes for Darebin City Council. This has also been recognised as action item in the Council Plan 2021-25.

3.5 ASSET DATA AND INFORMATION

Effective management of our assets requires having quality data and information about our assets such as what we own, where they are, how much they cost and how well they are performing.

At present, we have complete asset information for less than 50 per cent of our assets and we have high confidence in only 22 per cent of our asset information as reported for an audit undertaken by VAGO¹. The VAGO report included the following recommendations:

¹ Victorian Auditor General's Office (VAGO), Local Government Assets: Asset Management and Compliance, May 2019.

- Clearly determine and document the information needed for effective asset reporting and decision-making, including ensuring Disaster Recovery Funding Arrangements (DRFA) needs are met
- Establish more consistent and systematic processes for data collection on all asset classes to a level commensurate to the criticality of the asset and implement them to collect the information and
- Structure asset management information systems so they can easily record and access data to enable analysis for planning and decision-making. This may include acquiring new systems and/or integrating systems.

Improving the completeness and accuracy of our asset information is critical to improving our asset management practices and making better investment decisions. This is identified as an improvement action.

3.6 RISK-BASED ASSET MANAGEMENT

Given the reality of budget constraints, it is impossible to invest in all our assets at once. Instead, we need to prioritise our investment to deliver the outcomes that are either:

- Identified as priority in the Council Plan and Annual Budget
- Legislative requirement
- Public and workplace safety
- Form part of projects currently in progress

An important element of prioritisation is to understand the risk posed by and to our assets i.e. How would services/people be impacted if the asset fails using a risk-based approach to asset investment and / or renewal?

Darebin has a risk management framework in place. Darebin uses the risk management framework to ascertain both strategic and operational risks. The challenge is that risk management is not being done in a uniform manner meaning that gaps do exist in determining asset risk exposure.

Risk management has two components: the consequence of failure (how big would the impact be?) and the probability of failure (how likely is the failure?). Currently, we do not have a consistent method for determining the consequence of failure (asset criticality). We also have limited information on the condition of our assets (a proxy for how likely they are to fail).

The VAGO report recognised these limitations and included the following risk management recommendation:

- Identify critical assets and the potential risks of their failure to inform investment priorities

In addition, assets can fail in a number of ways:

- Fail to deliver the level of service
- Assets not performing as intended
- Condition of the assets
- There is a change in use or demand for the assets
- The community no longer needs the asset
- Technical changes in standards mean that although the asset still performs, it fails to comply with the required standards
- The asset becomes obsolete over time

Without addressing asset-risk, Council is open to the following risk exposure:

- OH&S issues
- Unsafe environment e.g. personal injury
- Failure to insure risks Council cannot manage or mitigate
- Non-compliance with legislation and the latest standards
- Unexpected asset failure of assets e.g. stormwater pipeline collapse

In addition to this, Council is also in the process of developing and identifying the impacts of organisational strategic risks as per the strategic risk register which will then help to analyse the risks. The impact of these risks on assets is identified along with operational risk management of assets, as an improvement action within the improvement action plan.

3.7 CAPITAL WORKS PLANNING AND FUNDING

The Financial Plan 2021-31 outlines the long term resourcing and support for the delivery of the 2041 Community Vision and Council Plan 2021-25. This is further supported by a yearly budget and a 4-Year Rating and Revenue Plan.

The funding strategy reflects the funds required to undertake the works program and is effectively the compilation of capital works from each of the asset management plans focused on a ten-year period. Year 1 of the 10 Capital Works Plan forms part of the Annual Budget. The 10 year plan is reviewed annually to ensure alignment between relevant plans.

It is also a requirement of the Local Government Act 2020 for Council to adopt an Asset Plan. The Asset Plan includes information over the same ten-year period about maintenance, renewal, expansion, upgrade, disposal and decommissioning in relation to each asset class under the control of the Council.

The major requirements for long-term capital works planning is to be able to provide a high level of confidence in the modelling, financial impact and resource allocation. Outcomes from the planning include:

- Sound asset data to assist with the planning process
- A strong understanding of the performance of the assets
- A predictive modelling tool to permit robust modelling to generate capital works projects over a ten-year period across asset classes
- Alignment of depreciation of the assets with the condition of the assets
- A greater understanding of the asset renewal requirements.

3.8 DEVELOPMENT CONTRIBUTIONS PLAN

Council is committed to creating a new DCP which would introduce a levy on new development to help fund new and upgraded infrastructure as the Municipality grows. A DCP is a common tool used by local government to ensure that the cost of providing infrastructure is shared between developers and the wider community on a fair and equitable basis. Council has now formally advised the Minister for Planning, who has given Council authorisation to consult with community.

Once a DCP is in place, Council will need to monitor and manage the use of this funding stream on an ongoing basis. The DCP as a mechanism is not flexible – there are obligations that Council must meet that require it to spend the allocated funds and undertake the works. This requires dedicated resources, monitoring and review to ensure these obligations are met.

3.9 SOCIAL AND SUSTAINABLE PROCUREMENT

Council's overarching mission is to preserve and improve the physical, social, environmental, cultural and economic health and wellbeing of our neighbourhoods, while ensuring quality of life for current and future generations. This mission is directly aligned to the principles of asset management as stated in the AM Policy. Council aims to achieve its mission through social and sustainable procurement practices.

3.10 ASSET VALUATIONS

Darebin City Council owns and manages almost \$1.4 billion of property, infrastructure, plant and equipment assets (as at 30 June 2019). Some of the asset valuation data is incomplete and / or not known so the AM Strategy and AMI Plan provides an opportunity to improve our asset knowledge and compile a more complete picture over time. Based on the data that we gather and analyse we are able to predict one of the

key AM outputs which is Council's asset renewal demand i.e. the amount of funds required to maintain Council assets to an agreed level of service.

Asset renewal demand is based on the following factors:

- Asset quality
- Asset value
- Asset life
- Asset condition
- Intervention levels

The more accurate the data and the understanding of the factors above, the more accurate the allocation of renewal funds allowing Council to optimise its budget allocation.

Table 5. below summarises Council's assets by value and class. This list includes subsets of assets as part of the asset class. Council is continuing to improve its asset register as part of continuous improvement and acknowledges this as an improvement action item.

Asset Class	Description	Value
<i>Land</i>	<i>Council-owned land</i>	<i>\$714 million</i>
<i>Roads</i>	<i>Roads, footpaths and cycleways, bridges, car parks, work in progress</i>	<i>\$328 million</i>
<i>Buildings</i>	<i>Community services, leisure and culture, corporate and commercial (e.g. tenanted properties)</i>	<i>\$215 million</i>
<i>Drainage</i>	<i>Stormwater pipes, pits, gross pollutant traps</i>	<i>\$107 million</i>
<i>Open space</i>	<i>Parks, open space, streetscapes, play spaces, trees, land improvements</i>	<i>\$63 million</i>
<i>Plant and equipment</i>	<i>Machinery, vehicles, information and communication technology hardware and devices, furniture, library books and similar equipment</i>	<i>\$17 million</i>
<i>Cultural Collections</i>	<i>Indoor, outdoor and heritage collections</i>	<i>\$3.6 million</i>
Total		\$1,447.1 million

Table 5: Asset value by asset class as at 30 June 2021

4 THE CHALLENGES AHEAD

In addition to understanding the factors that influence service demand and play an important part in determining our prioritisation and spend in regard to managing our assets, designing how we approach our asset management, and establishing our levels of service, we also need to consider the significant external challenges that have an impact on our assets.

As outlined previously in Section 2.2, these challenges include:

- Recovery from the Pandemic, other major business interruption and emergencies
- The climate emergency
- A growing population
- A changing economy
- Growing inequality
- Reduced funding and resources
- Changes in technology.

Below is an overview of these key challenges and why, and how Council has responded.

4.1 RECOVERY FROM THE PANDEMIC (OTHER MAJOR BUSINESS INTERRUPTION AND EMERGENCIES)

The COVID-19 global pandemic is creating unprecedented challenges for the Darebin community. Its impacts have shown to:

- Range from fatal, long term illness and hospitalisation
- Restrict movement for the community
- Slow the economy and create unemployment and business closure
- Be easily transmitted between people in the community
- Be the cause of reduced services within the community
- Create hardship for people in the community
- Create business continuity challenges for Council

As a result, Council has prepared and administered its COVID safe plan to protect its employees in the workplace, how it will respond to suspected or confirmed cases within Council and how the Council will meet the requirements set out by the Victorian Government.

In addition to the above, Council has developed and implemented its COVID-19 \$11.3m Community and Business Resilience and Recovery Package that provides emergency relief, support for the community and small businesses, deferment of payment of rates until June 2021 and waiver of fees and charges. Council's COVID-19 Plan is second only in Victoria to the City of Melbourne. Council has also temporarily closed most of its community services ie aquatic centre, arts centre etc in line with State Government directives.

The main focus for Council is to provide a mechanism of a recovery from pandemic by supporting the community with various initiatives and activities that allows the community to not only get back on the feed but also to recover confidently from the major interruptions. Council is committed to provide asset base to support this within the parameters of sustainable financial planning within Council Plan 2021-25

The full impact and duration of the pandemic is unknown and may also have an impact on future design and construction of buildings, service delivery models and how the workplace will operate. It is however already documented that the pandemic has exacerbated and magnified existing inequalities, which we will need to take into account when prioritising AM activities.

This has been identified as a continuous improvement action.

4.2 THE CLIMATE EMERGENCY

Most of our assets have been designed, constructed and maintained on the premise that the future climate will remain similar to the past climate. However, we are already experiencing very hot days, longer droughts and more intense storms and weather activity.

The impacts of changing weather patterns and more intense activity on the local community and Council's assets will be real and will require a new thinking in regard to building/infrastructure design and maintenance, risk assessment, increased costs and changes to AM practices and modelling.

Likely changes that we are, and will experience include:

- Increased cost of food, utilities, fuel and insurance or uninsurable assets
- Changes to the way services are designed and delivered
- Increase reliance on IT
- Poor health and deaths resulting from severe weather and poorer air quality
- Damage to buildings, roads, bridges
- Damage to power and water supplies from severe weather events
- Strained emergency, health and community support services
- Reduced water supply and more frequent and stringent water restrictions affecting households, agriculture, parks and wildlife
- transitional impacts as the economy decarbonises, such as fossil fuel unavailability, and stranded assets
- Local economic and organisational impacts of lost productivity due to extreme weather.

These impacts are not evenly distributed but affect first and foremost people in the community who already experience poverty, discrimination and disadvantage. As a climate change leading organisation, we need to ensure that we take climate and environmental justice into account, our process and practices are agile, our data is current and usable, and our planning is timely and strategic for our assets to perform adequately, effectively that provides optimum service delivery.

4.3 A GROWING POPULATION AND CHANGES IN DEMOGRAPHICS

The population of the city is expected to grow from 169,533 (as at 2020) to 230,000 in 2041, an increase of 35.74%.

In part, the increase in population will be accommodated by replacing already identified areas of existing industrial development with high density residential development and by densification on existing residential land, increasing the demand on existing assets and services.

Based on figures produced from the 2016 census when the population was 146,719, growth across all age groups at 2041 is predicted to be fairly even with a 50% increase in 0 to 15 year-olds, a 47% increase in 16 to 65 year-olds and a 57% increase in the over 65's.

However, the spread will not be even across the City of Darebin and is predicted to be with more 0 - 15-year-olds concentrated around Preston and the over 65's concentrated in Preston, Bundoora and the City's south.

The provision of new services will have to be carefully planned to ensure that the required assets are designed and located in the most appropriate areas to meet the needs of the particular age group and community at large and to address or redress existing inequities in asset distribution.

Asset management has an important role to plan in the future design of the city, development and open space and ensuring it is fully integrated into the planning process is essential to supporting liveability.

4.4 A CHANGING ECONOMY

The Darebin economy is changing. Once dominated by manufacturing, the main growth industries are now in the service and knowledge sectors. Our growing industries increasingly involve people setting up their own

small enterprises, and undertaking self-employment, temporary/agency work, independent contracting, fixed-term contracts and on-demand work.

In 2016, around 58% of Darebin's 13,000 businesses were small ventures not operating out of commercial premises. Co-working spaces are emerging in lower-cost, city-fringe locations like Darebin that offer alternative places for people to work. In our north, micro-businesses are more likely to be construction-industry contractors. In our south they are more likely to be professionals working in services that support the businesses in Melbourne's CBD, the driver of Victoria's economy.

The progressive transition to a global renewable economy also poses local transitional risks to our local economy - but also opportunities.

It is yet to be seen what the final impact of the COVID -19 pandemic will have on the Darebin economy. Will impacted micro-businesses restart? Will larger manufacturers reboot - particularly with regard for calls for Australia to become more self-sufficient in some areas of manufacturing rather than relying on imported goods? Will our main shopping precincts look the same?

Understanding and responding to economic growth, change and diversification will be an imperative.

4.5 GROWING INEQUALITY

With the changing nature of the Darebin community and gentrification (urban renewal and transformation), the importance and responsibility of Council to ensure equity, fairness, human rights and social inclusion are considered in all of Council's business, has never been so paramount. While the overall health and socio-economic status of the municipality improves at a macro level, this can in part be due to less-advantaged residents being pushed out of the municipality, rather than individuals or households experiencing better health and socio-economic outcomes. There is also:

- A growing inequity between wealthier areas and poorer areas
- An increasing exclusion of low-income residents in housing and participation in community life
- A reduction in diversity, cultural awareness and cultural practice

An unintended result of gentrification is the increasing economic and health pressures on low income and 'disadvantaged' residents and communities. This disadvantage has a cumulative effect that creates poor health outcomes, poor education outcomes, riskier behaviour and often a loss of human rights and a 'voice'.

In Darebin's growing wealthy environment, without a focus on equity, inclusion and human rights, the assets that Council provides and manages can unintentionally support the growing inequity.

4.6 REDUCED FUNDING AND RESOURCES

A number of plans and strategies have been developed across asset classes and services delivered by Council in an endeavour to maintain service levels/assets whilst meeting competing demands and priorities across the Municipality. However, since 1 July 2016 all Victorian Councils have been operating under a rate capping policy implemented by State Government with annual rate increases limited to CPI. This has cost Darebin approximately \$30 million in revenue since 2016.

In addition to this, Council is constantly responding to cost shifting activities from other levels of Government, increase in costs associated with contractors and materials and periodic policy changes including the freeze on CPI on Financial Assistance Grants received from State Government.

This means that in the future there will be more competition for funding for the construction, operation and maintenance of assets servicing our community.

Difficult decisions will have to be made on the types of services that Council is able to deliver and the level of resources including assets, that are funded for delivery of these services.

4.7 CHANGES IN TECHNOLOGY

The pace of technological change is faster and more demanding than at any time in human history. This pace of change will only continue with a shift to a global renewable economy also contributing to driving a rapid technological change.

Changes in technology have the potential to change every aspect of our asset management from the types of assets Council provides, the materials from which they are constructed, the materials and techniques used for maintenance and for some assets, the energy sources used to power them and how these assets are used by the community.

As a positive, new technologies have the potential to reduce construction and maintenance costs, reduce waste, impact climate change and improve the lives of our community. However, new technologies can also compound and exacerbate existing inequalities, impinge on human rights and have negative environmental impacts which need to be understood and assessed. These two sides of the coin need to be carefully considered and balanced.

Failure to be aware of, embrace new technologies and have the capacity to fund and resource technological demand could result in Council inefficiently using its resources, or worse, providing assets which are rendered obsolete in a short period of time. Investing the time, resources and expertise in this area to ensure readiness and capability is a strategic imperative as accessible, equitable, inclusive, diversity-responsive and human rights-supportive IT will need to be one of Council's core competencies.



Picture: Reservoir Community & Learning Centre

5 FUTURE STATE OF ASSET MANAGEMENT

5.1 REQUIRED ASSET MANAGEMENT CAPABILITY

As anticipated, stakeholders engaged and interviewed during the development of the AM Strategy process all showed varied understanding of asset management, its application and the relationship with service delivery. The role people play in the delivery of asset management across services could be enhanced by improving asset management capabilities across Council. Furthermore, for Council to migrate from its current asset management capability to “Advanced” will require improvement in capability as defined in the National Asset Management Assessment Framework.

Asset management capability can be significantly improved through the following and is identified as an improvement action:

1. Identifying roles and responsibilities for AM by completing Responsible, Accountable, Consulted and Informed (RACI) analysis
2. Providing training to employees as part of their roles and responsibilities
3. Providing employees with the supporting asset management information on the Intranet
4. Providing the reports required for employees to analyse asset performance to improve management and operational decisions.

Darebin is also using the Service Manager/Asset Owner model for defining and allocating roles and responsibilities. This is an industry model that is highly effective. As asset management is not the responsibility of one person or one department, a business partnership approach is essential so that the organisation works together efficiently and effectively. Figure 10. Outlines this partnership approach.

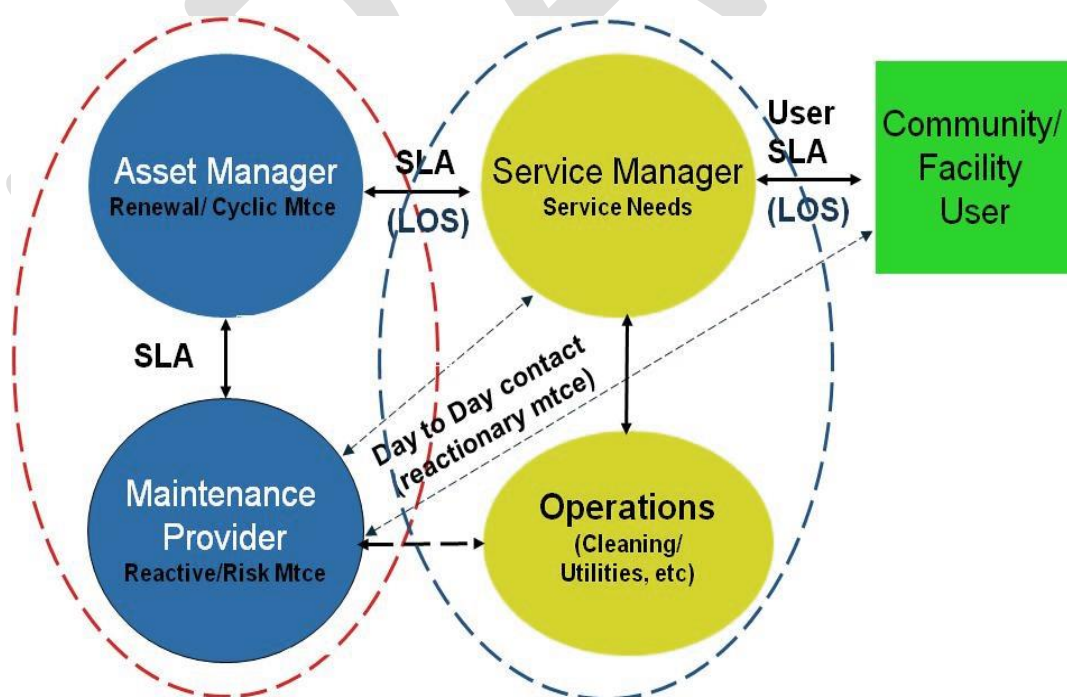


Figure 10: AM Role and Responsibilities – a business partnership approach

5.2 ASSET PLANNING AND DECISION-MAKING

Asset management decision-making is centred around determining demand, the asset solution and the resourcing capability of Council to sustain the asset.

Figure 11. below demonstrate how good investment decisions are made when based on sound AM practices.

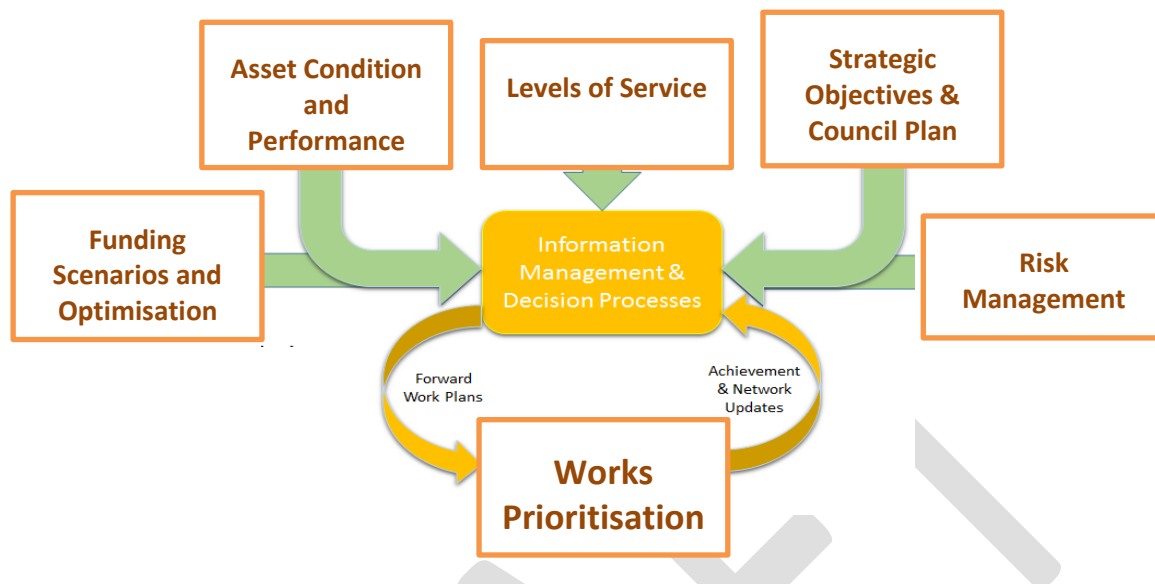


Figure 11: Evidence-based investment decisions (Roads example)

To support data-driven, evidence-based and equitable decision-making, we will need to:

- Understand the strategic direction, clarify service demand and service levels desired by the community
- Gather appropriate asset information, including monitoring asset performance and costs
- Understand the risk of service failure attributed to our assets
- Develop and implement asset management plans that deliver the agreed levels of service within Council's financial constraints and acceptable risk limits.

Council's improvement actions to be undertaken over the coming years will result in:

- Defining service levels, gathering asset information and determining asset risk (as described in the sections above); and
- Using this data and information to update our AM Plans.

The capital and maintenance programs generated by our asset management plans will be aligned with our financial plans, with prioritisation across asset classes to be informed by risk of deferral and level of alignment with the Council Plan. We will also ensure we allocate sufficient resourcing to achieve these tasks and improvement initiatives identified over the duration of this strategy.

5.2.1 CRITICALITY-BASED MAINTENANCE PLANNING

Criticality-based maintenance is an approach taken to align maintenance activities e.g. inspections, scheduled and preventive maintenance, with the view to spreading the available resources across the asset classes. By understanding the asset criticality, a manager or supervisor will be able to resource maintenance appropriately and apply the correct maintenance to assets of varying criticality.

From the criticality analysis, highly critical assets may also be high-risk assets and therefore receive the appropriate funding for capital works. Assets that are designated as having a low criticality will always be a

low-risk asset. Therefore, minimal maintenance such as inspections or corrective maintenance can be applied to the asset without the service being impacted by significant or very high risks.

5.2.2 CUSTOMER-FOCUSED SERVICE PLANNING

The intent of service planning is to provide an overall picture of the services provided but more than this, it is intended to align the services and the assets needed for the community and identify the funding required in the future to support the services. Should Council need to adjust the service-funding, the service plans provide Council with the options of adjusting service-levels by deferring/increasing capital funding or deferring/increasing maintenance funding.

The service plans assist the Service Manager (the owner of the service i.e. the owner of the Libraries Service is the Community Services Division) to articulate the services they provide and enable them to work with the Asset Manager (the position in Council held accountable for ensuring the asset meets asset-related service levels etc) to define their infrastructure capital and maintenance needs. This then assists the Asset Manager to plan future funding and resources required meet their internal stakeholders needs.

As stated previously, strategic direction, service demand and levels of service are the foundation blocks to determining community infrastructure needs not historical data, current assets or current services.

Customer-focused service-planning requires the linking of strategic direct, demand, customer needs to service-planning, asset management plans, funding, operational and maintenance plans. In general terms there will be a clear link between the Council Plan, Annual Budget, 10 year Capital Works Plan, Strategic Resource Plan, Service Plan, AM Plan, Annual Report and Customer Satisfaction Survey.

5.2.3 INTEGRATED WORKFLOWS

Efficient and effective AM processes will not only improve timely outcomes but will reduce and eliminate duplication and rework. Council has identified the need to document the AM function workflows particularly in the areas of planning, maintenance and capital delivery. Documenting the end-to-end processes will enable the various departments to work together more efficiently and improve decision-making.

Another key process that requires the input and support of numerous departments includes the asset-handover process. This process enables other key Council processes such as asset-recognition and maintenance, employee training, OHS compliance, general environmental duty compliance, and integration with emergency management procedures.

It is essential that the Asset Management Steering Committee support the development of integrated workflows and communicate the requirements across Council to ensure mapping and implementation is undertaken efficiently.

Integrated Workflows has been identified as an improvement activity for the AMI Plan.

5.3 ASSET MANAGEMENT INFORMATION SYSTEM

5.3.1 ASSET MANAGEMENT APPLICATIONS

With reference to Section 3.4, the current use of the asset management applications and Geographical Information System (GIS) needs to be vastly improved.

Council could procure the Advanced Asset Management module for the following functionality:

- Capital Works Plan & Monitor
- Advanced Asset Accounting
- Lifecycle Planning
- Predictive Modelling
- Criticality

- Risk Management
- Asset Maintenance and Operational Management
- Dashboards
- Asset Mapping.

It should be recognised that predictive modelling software will allow Council to develop models to analyse the effects of capital works planning and maintenance for any asset type in Council. Such models may also analyse the funding required to maintain the asset condition at a desired level.

To identify the correct approach to undertake, Council could:

- Undertake a market analysis of asset management applications
- Identify the strengths and weaknesses of each application
- Compare the applications to Council's needs
- Utilize a selective tendering process if the procurement policy permits
- Utilize an open tendering process to select an appropriate application.

The holistic Property Management software solution will need further investigation and should consider the following functionality as a minimum:

- Property condition reports should be able to be collated and be available to view at any time
- A mobile-enabled application for use by Council officers and integrated with add-ons i.e. IAuditor (used by Parks and Open Space) for inspections
- Facilitate integration with other relevant service streams as a minimum with property-related updates available, if required for related asset classes i.e.:
 - Facility services
 - Parks and Gardens
 - Maintenance services
- Electronic logging of any works required and assigning to the applicable service stream for completion
- Inspections to be carried out using the integrated mobile Inspection Application software
- Automatically allocate tasks including logging audit requirements
- Document management capacity for property management templates and direct email and logging of correspondence back to objective
- Capability to access and model all property related dates i.e. rent, outgoings etc.

When procuring a property management application, functions must integrate with the asset management application.

5.3.2 ASSET DATA AND INFORMATION

Our asset information should be comprehensive, stored centrally, secure and easily accessible by AM planners. To achieve this, we will:

- Establish an asset-data-framework to specify the information we require for each asset class
- Define our data validation rules
- Continue to gather asset data and cleanse the data to improve its accuracy
- Improve our existing asset management information system to use all of its functionality and ensure central storage of asset data that is controlled and secure
- Review the asset management information system, and its integration with other Council systems, to determine whether a business case exists to procure a new / upgraded system

With the appropriate data, asset planners will be able to:

- Plan for improved services supported by the appropriate assets (changes have been made to the structure of the AM business unit in July 2020 to improve the planning processes and place a greater emphasis on service/asset planning)

- Identify the asset-lives and asset-condition to adopt, thereby assisting in improving asset valuations
- Improve financial management with a greater emphasis on financial sustainability
- Apply more effective maintenance knowing the assets that are more critical than other assets
- Prioritise capital works planning knowing the risks associated with the assets
- Apply integrated planning (and the priority lens framework) across asset classes thereby selecting the most appropriate treatments

Asset data and information improvement tasks are outlined in the AMI Plan.

5.4 RISK-BASED ASSET MANAGEMENT

The identification, analysis and management of risk is an important Council function to ensure services are maintained for the community – and management of asset-risk is no different.

Risk management is an integral part of asset management – not necessarily to reduce risk, but to ensure we understand risk and can balance the level of risk in our assets against performance and cost objectives.

Risk-based asset management has shown to be effective for asset-intensive systems, not necessarily by reducing risk, but by using risk to balance the operational performance of the assets against the asset life-cycle cost. Expenditure on assets is rationalised by using an assessment of what risk exposure is acceptable by the different stakeholders, maximising overall wealth for the organisation and society.

Our desired future state for risk management includes the following which is outlined in the AMI Plan.

- Having an asset-criticality-framework and assessment tool that is applied consistently across all asset classes
- Gathering targeted condition-data to determine the likelihood of failure (and using that information to infer condition for assets where we do not have observed condition data)
- Applying the asset-criticality and condition-data to establish an overall level of risk for each of our asset classes.

5.5 FINANCIAL SUSTAINABILITY

Councils across Australia raise approximately 3.5 per cent of the total taxation collected by all levels of government in Australia. However, Councils are entrusted with the maintenance of more than 30 per cent of all Australian public assets including roads, bridges, open space, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these assets to meet the service levels expected by the community.

At the same time, we have been subject to a cap on rate increases since 2017-18 under the State Government's Fair Go rates system. We are also experiencing ongoing cost-shifting from the Federal and State Governments to Local Government. In this constrained funding environment, it is essential that we invest in our infrastructure prudently and efficiently.

5.5.1 FUNDING STRATEGY

Further to Section 3.7, Council spends almost \$170 million a year to provide services to the community. To enable the provision of these services, we receive income from rates and charges, statutory and user fees, grants and contributions.

Our expenditure includes an ambitious Ten-year Capital Works Plan with a number of significant projects. A financially responsible and sustainable funding strategy has been developed.

The strategy outlines that \$30m per annum will be dedicated to asset renewal which will ensure that service levels will be maintained to a satisfactory standard.

5.5.2 FUNDING THE RENEWAL OF OUR ASSETS

We rely on a substantial portfolio of assets to provide services to our community. As these assets age, they become more costly to maintain. Sometimes, they fail and service to the community is disrupted. On the other hand, there is also a risk that we replace our assets prematurely – and spend money that could have been better used elsewhere.

Renewing² our assets at the right time is a key element of asset management planning. In an environment where funding is limited, it is essential that we understand when assets should optimally be replaced and ensure appropriate funding is available to do so.

Asset renewal expenditure as a percentage of depreciation is often used as an indicator to determine whether a Council is appropriately funding the renewal of its assets. This provides a reasonable proxy for monitoring purposes. However, asset renewal as a percentage of depreciation is not necessarily an accurate indicator of the true renewal-gap for many reasons such as:

- Depreciation is an important accounting measure, but often represents only a rough approximation of renewal need (i.e. risk-based replacement of assets based on asset condition and criticality to meet service levels); and
- Depreciation is also calculated based on the Greenfield valuation whereas the actual renewal requirement is higher due to the nature of assets being Brownfield replacement in built environment. Observations are that brownfield requirements are in upward of 25% from greenfield rates. As such, the renewal, maintenance and capital funding predictions and allocation should be based on Brownfield Replacement value of the asset.
- Overall asset renewal expenditure as a percentage of depreciation can underestimate the renewal-gap when there is excessive renewal expenditure in one asset class and under-expenditure in another asset class.

An alternate measure of the renewal-gap is to assess actual renewal expenditure relative to estimated renewal need. However, estimation of the renewal need is an inexact science that relies on assumptions about asset condition, replacement cost and other variables when asset information is incomplete and/or inaccurate. Table 6 outlines Council's capital spend (not including maintenance) over the past 4 years, and the proposed spend for 2021-22.

ALLOCATION	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
New asset	\$14.51M	\$5.76M	\$6.84M	\$10.88M	\$11.83M	\$17.38M
Renewal	\$19.20M	\$22.89M	\$18.40M	\$23.54M	\$16.49M	\$20.70M
Expansion	\$0.522M	\$0.544M	\$0.838M	\$1.40M	\$4.44M	\$1.46M
Upgrade	\$4.95M	\$3.61M	\$6.67M	\$8.22M	\$7.31M	\$5.13M
TOTAL	\$39.2M	\$32.80M	\$32.74M	\$44.04M	\$40.1M	\$44.67M

Table 6: Council's Capital spend over the past 4 years (does not include maintenance)

Figure 12. is a graph that sets out our best estimate of the required and planned asset renewal over the life of the most recent Strategic Resource Plan (4 years).

The dotted line in the graph represents uncertainty about the true amount of estimated renewal need. Given that we currently have limited information about our assets, we have assigned an upper and lower bound uncertainty interval of +/-25% to our best estimate of the required renewal expenditure.

Gathering more information about what assets we have, what condition they are in and how long they are estimated to last, is the first step in reducing the uncertainty in our estimated renewal need and understanding the true level of our renewal gap.

² Asset Renewal is the replacement or refurbishment of an existing asset (or component) with a new asset (or component) capable of delivering the same level of service as the existing asset to the current standard.

Our plan to address the renewal-gap is targeted first and foremost on improving our data quantity and quality. Council is working towards establishing a system, knowledge, processes and procedures with an aim to reduce the renewal gap gradually overtime and No Renewal Gap at the end of first period of “The Asset Plan”.

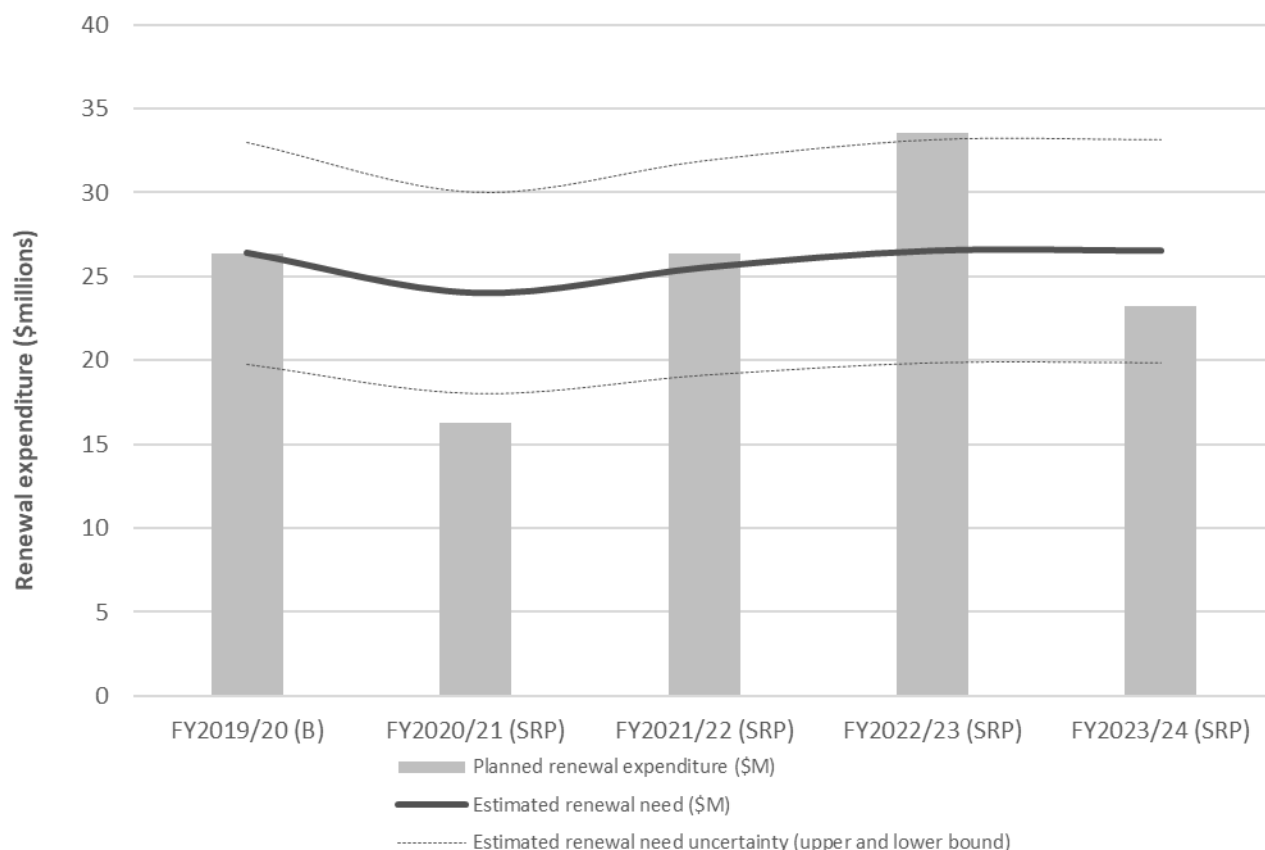


Figure 12: Renewal gap

In parallel with improving our data, we will also explore all available options to reduce our renewal gap including:

- Meaningful, equitable and inclusive engagement with the community on service levels where applicable – to determine more precisely what level of service the community needs and is willing to pay for – and then renew/maintain/operate assets in order to provide that level of service
- Efficiency improvement – to reduce construction costs and improve the utilisation of assets
- Demand management – to defer augmentation of assets and slow the deterioration of existing assets
- Shared services – exploring options to share assets and services with other organisations
- Technology gains – adopting new technologies that extend the life of assets or otherwise reduce the renewal burden (e.g. innovative, less expensive pipe replacement technologies)
- Asset rationalisation – decommission and/or sell assets that are no longer needed by the community
- Additional funding – either through external bodies (e.g. grants from other levels of government) or additional Council funding (e.g. by reducing investment in new assets and services)
- Sustainable building practices - to reduce the long-term operational costs of our assets

6 OUR ASSET MANAGEMENT IMPROVEMENT PLAN

Council officers have developed an Asset Management Improvement Plan (AMI Plan) 2020-2025 to bridge the gap between the current state of our asset management (described in Section 3) and the desired future

state (described in Section 5). This separate document is consistent with the recommendations in the VAGO report, industry standards and our internal self-assessment through the NAMAf review.

We recognise that we cannot do everything at once. Funding and resources are limited and, even in an unconstrained environment, some initiatives must be sequenced to derive the greatest benefit. The detailed AMI Plan will be monitored by our Asset Management Steering Committee (Section 7).

6.1 IMPROVEMENT INITIATIVES

A summary of our highest priority improvement initiatives is provided in Table 9. This summary represents a focal point for action over the duration of the AM Strategy.

Achievement of these initiatives is intended to strengthen Council's asset management maturity, support staff and streamline processes, and improve outcomes for our community.

Improvement initiatives	Actions	Timing
1 Dedicate resources to deliver improvements and key tasks	Assign dedicated resources to deliver improvement initiatives and revise all asset management plans by 30 June 2022	June 2022
2 Asset data improvement program	Implement a program to improve the security, completeness and accuracy of asset information, warehouse data, train staff	Oct 2020 – May 2022
3 Develop asset risk assessment tools	Develop and implement a single asset criticality framework across asset classes and assess risk with targeted condition assessment	Oct 2021 – Mar 2022
4 Improve the integrated corporate planning system and embed AM	Improve and upgrade the existing corporate planning system; clearly define integration points with AM, provide staff training	Oct 2020 – Apr 2021
5 Improve asset management decision-making processes	Update the investment prioritisation framework and improve the budget process to better align strategy, capital funding and risk funding	Jun 2021 – Jan 2023

Table 7: High priority asset management improvement initiatives

In parallel with these initiatives, we will improve our asset management communications to update stakeholders on our progress and ensure our teams tasked with asset management responsibilities, understand our improved systems and processes, practices and desired outcomes.

6.2 VAGO AND INTERNAL ASSESSMENT FINDINGS

Figure 13. identifies the seven recommendations and improvement actions required to address the recommendations from the VAGO audit report findings and are included in the AMI Plan.

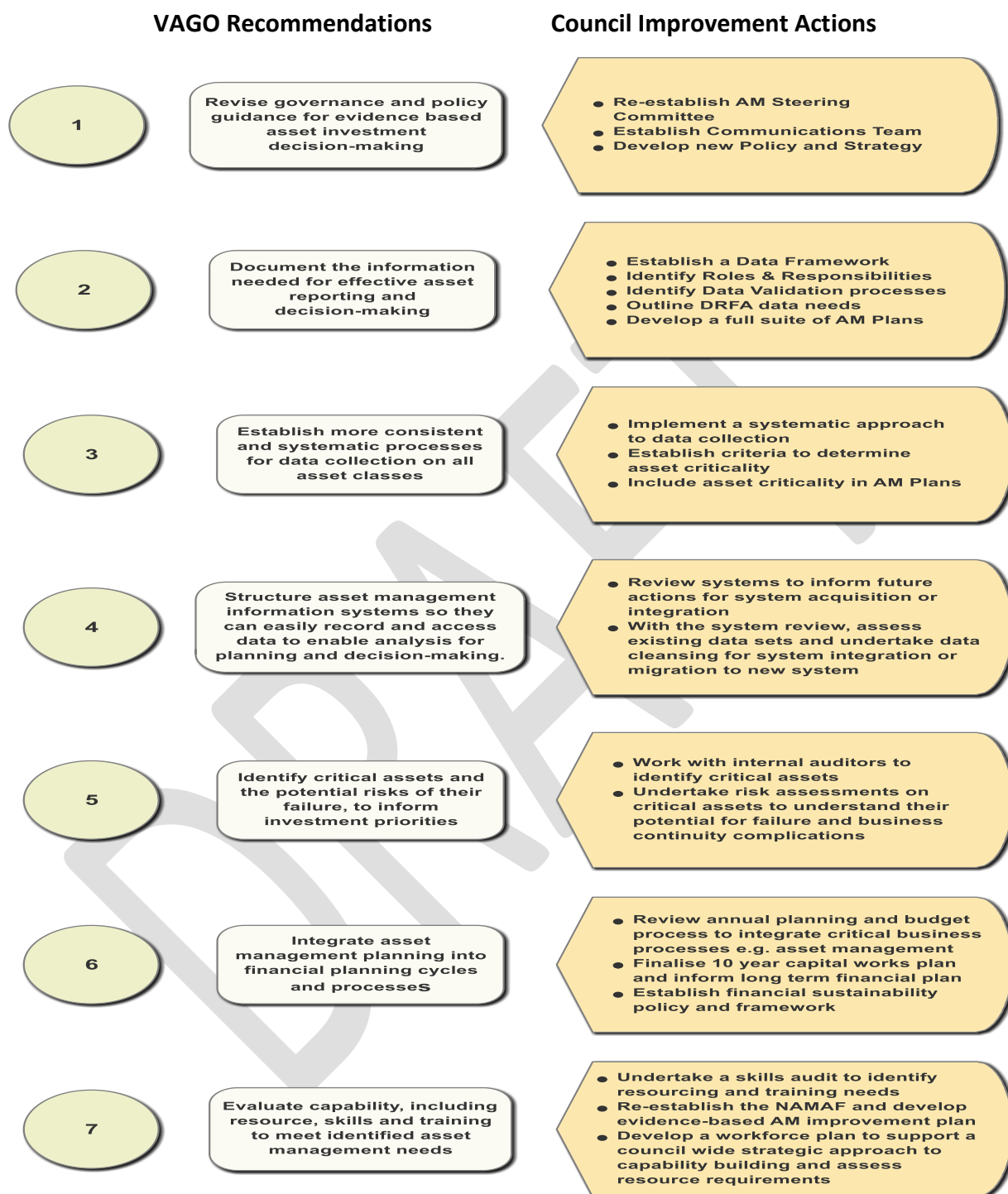


Figure 13: Seven VAGO Recommendations

6.3 NMAF IMPROVEMENTS

Table 9. identifies the high-level actions from the NMAF self-assessment (2018) in support of the asset management improvement process. These, and other identified improvements have been incorporated in the AMI Plan.

Improvements	Action	Timing
Strategic Long-Term Plan	<ul style="list-style-type: none"> Embed the reviewed AM plans into the Long-Term Financial Plan with consideration to resources required in both plans, financial sustainability obligations and levels of service. 	<i>May 2021 – Oct 2025</i>
Annual Budget	<ul style="list-style-type: none"> Update the Annual Budget with budget allocation linked to the AM plans. 	<i>Apr 2022 – Oct 2022</i>
Annual Report	<ul style="list-style-type: none"> Update the Annual report so it is fully compliant with all statutory regulations, explain variations between the budget and actual results and the impact of the variations on the Strategic Long-Term Plan. 	<i>Nov 2021 – Jun 2022</i>
Financial Reporting Framework	<ul style="list-style-type: none"> Improve financial reporting to address the issues on asset acquisitions, capitalisation policy and asset disposals, maintenance and renewal. 	<i>Nov 2021 – Jun 2022</i>
Asset Management Policy	<ul style="list-style-type: none"> Update the AM Policy to align with the AM Strategy 2021 – 25. Include training for Councillors and Staff. AM plans to be developed based on community consultation and the financial reporting framework. 	<i>Oct 2021</i>
Asset Management Strategy	<ul style="list-style-type: none"> Ensure alignment of the 2021-2025 AM Strategy, AM Policy, and integrate with the Council Plan and annual budget processes. 	<i>Oct 2021</i>
Asset Management Plans	<ul style="list-style-type: none"> Review the AM plans for drainage, cultural collections, open space and information services in accordance with industry best practice. Also include AM functions e.g. risk, condition, levels of service etc. 	<i>July 2021 – March 2022</i>
Governance and Management	<ul style="list-style-type: none"> Reinstate and implement the AM Steering Committee with a new Terms of Reference. 	<i>Nov 2020</i>
Levels of Service	<ul style="list-style-type: none"> Develop levels of service (technical and community) with community consultation (where applicable) and monitor/evaluate. 	<i>Oct 2021 – May 2023</i>

Improvements	Action	Timing
Systems	<ul style="list-style-type: none"> • Encourage the use of CAMS across the asset classes and integrate with corporate systems such as Finance, Property Management and Customer Management. • Procure predictive modelling system • Review and recommend a new integrated strategic asset management system. • Procure, Implement and Configure Strategic Asset Management System 	<p><i>Mar 2021 – Dec 2021</i></p> <p><i>Oct 2021 – Apr 2022</i></p> <p><i>Jan 2021 – Oct 2021</i></p> <p><i>Oct 2021 – June 2023</i></p>
Data	<ul style="list-style-type: none"> • Develop and document a data-framework including document condition methodologies, asset standards and reporting framework, data collection and warehousing methodology, data ownership, controls and audit process. 	<i>Oct 2020 – May 2022</i>
Skills and Processes	<ul style="list-style-type: none"> • Document a skills matrix and identify AM training capability. Document AM supporting processes for the asset classes. 	<i>Feb 2021 – Oct 2021</i>
Evaluation	<ul style="list-style-type: none"> • Document an evaluation process for AM improvements and reporting. Use auditors to monitor and report on AM improvements. Support the use of the NAMAF framework for monitoring the AM maturity assessment process. 	<i>Sep 2021 – Mar 2021</i>
DCP	<ul style="list-style-type: none"> • At commencement of the DCP, ensure the DCP eligible capital works are resourced and project-managed adequately and included in the PMO for reporting requirements and have a DCP indicator clearly identifying them. • Through the PMO, receive a six-monthly exception report on all DCP projects not meeting project KPIs and deadlines in line with DCP expectation. 	<i>To be confirmed</i>

Table 8: NAMAF Improvements from Self-assessment

Note: The Asset Management Steering Committee will review and confirm dates specified in all the AM documents and base them on available resources, phasing of the AM Plan reviews, DCP implementation and organisational priorities.

6.4 OUTCOMES FROM THE ASSET MANAGEMENT IMPROVEMENT PLAN (AMI PLAN)

Table below outlines examples of the proposed outcomes expected from the AMI Plan assuming improvements are completed on time and in accordance with sound asset management practices. This will require the support and guidance of the Executive Management Team and the Asset Management Steering Committee ongoing. Proposed outcomes of AM actions will be clarified through the AMI Plan under each action.

AM improvement actions can take weeks whilst some take years to complete. It's important to ensure the AMI Plan is realistic, practicable and achievable. Attachment B outlines best practice examples from other Councils demonstrating achievements in both the short and long term which have enabled significant positive change within the organisation and for their communities.

Improvement Actions	Purpose	Outcome
Strategic Planning	<ul style="list-style-type: none"> Understand Council's ongoing maintenance and renewal requirements into the future. 	<ul style="list-style-type: none"> Recognition of future budget requirements to assist in future service delivery needs. Enhance Councils Long-Term Financial Plan using reliable and quality data.
Service Planning	<ul style="list-style-type: none"> Review of service plans in support of service delivery. 	<ul style="list-style-type: none"> Respond to MAV and government requirements. Development of Service Plans in line with demand for each service. Assets will be planned against the service plan. Development of Community Infrastructure Plan
	<ul style="list-style-type: none"> Enhancement and updating of AM Plans. 	<ul style="list-style-type: none"> AM plans direct the ongoing management of the assets, considering current issues and future needs. AM plans are used to drive current planning and future funding.
Data	<ul style="list-style-type: none"> Data-framework is developed, documented and implemented. 	<ul style="list-style-type: none"> Condition methodologies are data driven. All assets are aligned to standards and reporting framework, Data collection, warehousing methodology, data ownership, controls and audit processes in place.
Processes	<ul style="list-style-type: none"> Application of whole-of-life processes. 	<ul style="list-style-type: none"> Provide enhanced justification of future operations and maintenance activities and funding. Demonstrate future renewal requirements.
	<ul style="list-style-type: none"> Consistency and application of AM across asset groups. 	<ul style="list-style-type: none"> Provision of standard management processes across asset groups. Documented and implemented asset management processes to enable

Improvement Actions	Purpose	Outcome
		<i>Council to manage infrastructure consistently across asset groups.</i>
Asset Performance	<ul style="list-style-type: none"> Defining service-levels and targets. 	<ul style="list-style-type: none"> <i>Ability to effectively monitor the performance of the assets in line with expectations.</i>
	<ul style="list-style-type: none"> Monitoring asset performance. 	<ul style="list-style-type: none"> <i>Enhance the management of assets and service delivery for improved planning.</i>
	<ul style="list-style-type: none"> Managing infrastructure risk. 	<ul style="list-style-type: none"> <i>While risk is managed at the corporate level, infrastructure risk is used to assist the planning and prioritising of future works.</i>
Organisational Issues	<ul style="list-style-type: none"> Establish and implement ongoing AM training programs. 	<ul style="list-style-type: none"> <i>Development of Council employees' AM skills to enhance the management of the assets.</i>
	<ul style="list-style-type: none"> Improve AM system user-capabilities through specific training. 	<ul style="list-style-type: none"> <i>Improve the effectiveness of existing systems and extend the knowledge of employees.</i>
AM Skills	<ul style="list-style-type: none"> Enhanced skills for applying AM and managing the infrastructure. 	<ul style="list-style-type: none"> <i>Address identified gaps in capability and satisfy the requirements of the National Asset Management Assessment Framework.</i>
Predictive Modelling	<ul style="list-style-type: none"> Enhance predictive modelling capabilities for the development of future works and financial forecasting. 	<ul style="list-style-type: none"> <i>Analysis and identification of future works requirements to establish future short and long-term budgets.</i>
Information Systems	<ul style="list-style-type: none"> Improved AM performance reporting from systems. 	<ul style="list-style-type: none"> <i>Quality and consistency of reporting on services provided e.g. Dashboards.</i>
	<ul style="list-style-type: none"> Ongoing improvement of Council's systems. 	<ul style="list-style-type: none"> <i>Enhance predictive modelling to support ongoing funding analysis</i>

Table 9: Example of outcomes from the AM Improvement Plan

7. GOVERNANCE

7.1 ASSET MANAGEMENT STEERING COMMITTEE

As identified in Figure 14. below, Council has implemented an AM Governance Framework to ensure an effective, systemic and consistent approach to asset management is achieved in line with Council direction.

The key component of the framework is the AM Steering Committee (AMSC) which will have oversight of all AM activities, practices, compliance, performance and reporting. The General Manager Governance and Engagement is the accountable executive for Council's asset management activities and acts as the Chairperson of the AMSC and the Asset Management Project Control Group. The GM Governance and Engagement is also the executive responsible for the administration of the Audit and Risk Committee, corporate planning and risk functions.

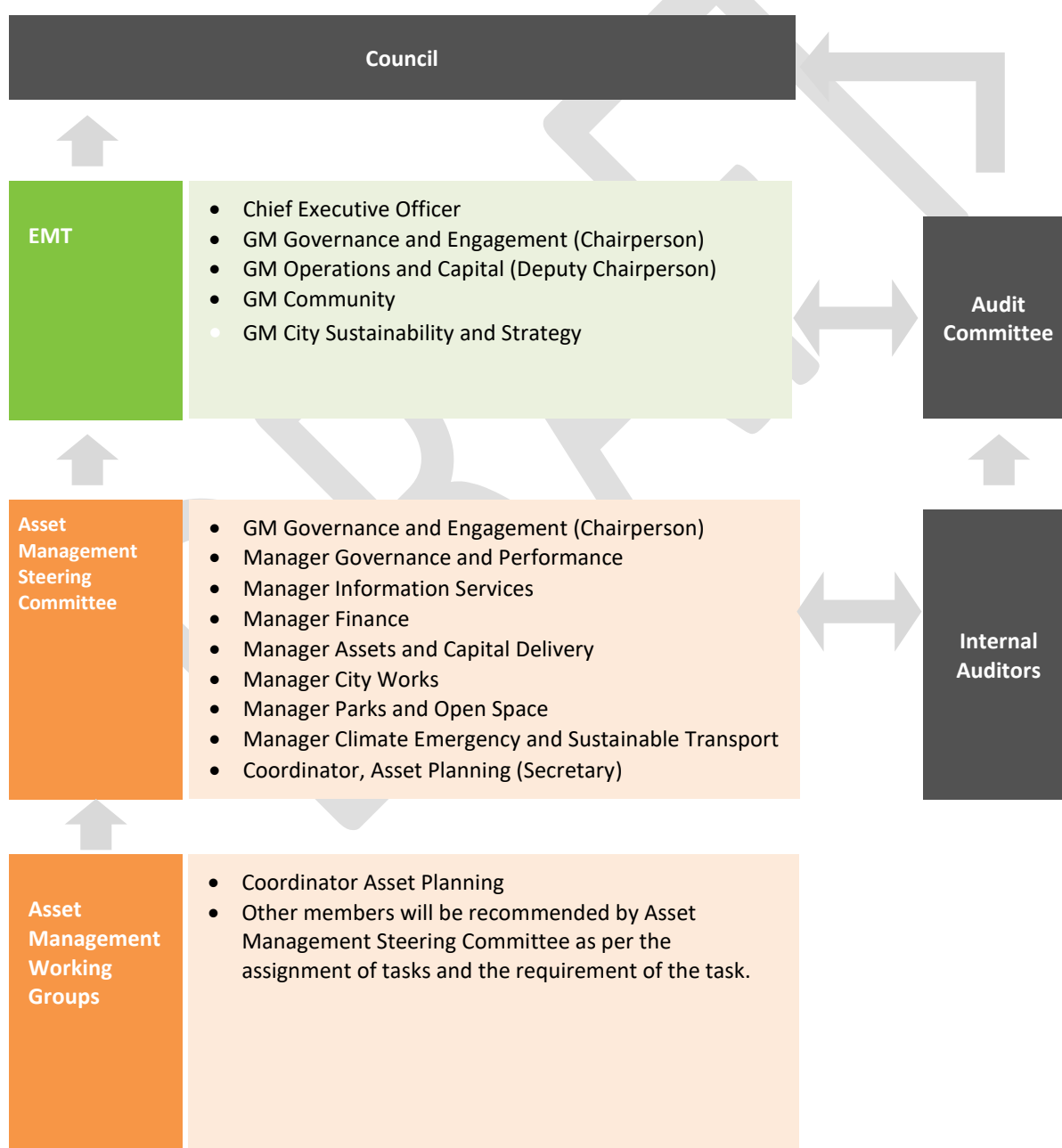


Figure 14: Council's Asset Management Governance Framework

The AMSC objectives are:

- Support and contribute to Council's short- and long-term financial planning to ensure that Council operates within all fiscal guidelines and legislative requirements and is financially sustainable.
- Facilitate a strategic approach to the delivery of the Asset Management Policy and Strategy and ensure all asset management activities are aligned to the AM Policy Principles and objectives.
- Optimise decision-making and asset investments across the lifecycle of council's asset base.
- Lead, govern and monitor the implementation of asset management activities across the organisation as outlined in the AM Strategy and AM Improvement Plan, including the review of KPIs and timeframes.
- Ensure that \$30m per annum is dedicated to asset renewal which will ensure that service levels will be maintained to a satisfactory standard.
- Oversee the ongoing development and review and implementation of service plans and AM Plans
- Ensure the Darebin Priority Review Lens, human rights and equity principles and strategies are taken into consideration.
- Champion the AM Strategy across Council and drive behavioural change.
- Reduce organisational risk.

7.2 MONITORING AND REPORTING

Although some reporting takes place, Council currently does not have a documented and complete evaluation and reporting process by which asset management activities and improvements are identified, with timeframes and resources and responsible officers. A scheduled reporting regime is required to monitor, evaluate and report asset performance. This reporting requirement will include:

- 6 monthly reporting to the Executive Management Team of progress made against the actions of the AMI Plan
- Commence annual monitoring and reporting of NAMAF self-assessment scorecard results to the Executive Management Team – using the 2018/19 NAMAF results as a baseline. Next self-assessment due September 2021.
- Annual reporting to the Audit and Risk Committee of AMI Plan outcomes and NAMAF self-assessment scorecard results.
- Annual review of the AMI Plan (supporting the AM Strategy) and endorsed by the Asset Management Steering Committee.
- Biennial (every two years) desk top review of the AM Strategy with a full review every five (5) years in line with the new Council Plan.
- Review AM Plans every five (5) years in line with the new Council Plan.
- Biennial review of the AM Policy.

7.3 AM STRATEGY REVIEW CYCLE

The AM Strategy will commence in 2021 and will be reviewed after the adoption of The Asset Plan in July 2022. This will ensure the alignment between asset management priorities, Council's objectives and the requirement of The Asset Plan.

The Asset Management Steering Committee will evaluate progress of priority initiatives and make minor adjustments as required in each year from 2021 to 2025.

Following initial review of the AM Strategy in July 2022 (post adoption of The Asset Plan) will receive a desk-top internal review every 2 years and will be reviewed in detail every four years (this would include any applicable community engagement).

DRAFT