Frankston City
Asset Management Strategy
2020-2024

Lifestyle Capital of Victoria

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EXECUTIVE SUMMARY

Frankston City Council manages approximately $2.24 billion (as at 30 June 2019) in property, infrastructure (roads, open space, buildings and drainage) and plant and equipment on behalf of the community across an area of 131 square kilometres. These assets play a vital role in supporting the services that Council delivers to the community.

The purpose of this Strategy is to provide the framework for the ongoing enhancement of Council's asset management practices to deliver sustainable and effective services, support the implementation of the Asset Management Policy and to achieve organisational objectives.

The Strategy provides:

- Alignment between Council's strategic priorities outlined in the Council Plan and the asset management objectives;
- A framework for developing more meaningful Asset Management Plans and Service Plans;
- The current state of how Council assets are being managed;
- Improved accountability and governance over asset management activities; and
- A robust Improvement Plan to enhance asset management practices for the future.

As custodians of public assets, good governance requires Council to have a strategic approach to asset management (AM) which is fundamental in achieving long term sustainability and optimal delivery of services. In order to work towards achieving best practice in strategic asset management (guided by the ISO55000), Council recognises it needs to continue to improve in a number of key areas including, organisational resource capability and capacity (staff asset management skills), governance and accountability structures, asset data and system functionality and lifecycle decision making processes.

This Strategy identifies 25 improvement actions across seven categories aligning to the ISO55000 including Context of the Organisation, Leadership and Accountability, Planning, Support, Operation, Performance Evaluation and Continual Improvement.

The Strategic Asset Management Team (SAMT) will be responsible for monitoring the implementation of the 25 improvement actions and reporting progress to the Executive Management Team (EMT) on a quarterly basis.

1. INTRODUCTION

1.1 Overview

Frankston City Council provides a wide range of services for a city of around 142,000 residents over an area of 131 square kilometres. An asset portfolio of more than $2.4 billion (as at 30 June 2019) in property, infrastructure, plant and equipment is carefully managed by Council to support the broad range of services provided to the community including:

- Arts and Culture
- Biodiversity and Open Space
- Community Development
- Community Health
- Community Safety
- Economic Development
- Energy and Emissions
- Integrated Water
- Parking
- Sport and Recreation
- Town Planning
- Transport Connectivity
- Urban Revitalisation
- Waste and Recycling

1.2 Purpose

The purpose of this Asset Management Strategy (AMS) is to provide a framework that:

- Supports the implementation of Council's Asset Management Policy to achieve best practice asset management and organisational objectives;
- Enables Council to improve its asset management practices; and
- Facilitates the delivery of sustainable and effective community services.

Successful implementation of this Asset Management Strategy will result in a number of key benefits for Council and the community including:

- Alignment with Council's vision and long term community outcomes in the Council Plan;
- Council assets effectively support the delivery of community services;
- Lifecycle management approach to realise value from Council assets;
- Improved availability of consistent and reliable asset data ;
- Optimisation of asset management systems and processes;
- Decisions are data driven and focused on long term sustainability; and

- Council's asset management practices are in line with ISO 55000 asset management standards, considered to be best practice.

1.3 Scope of the Strategy

This Strategy has been developed in accordance with Council's Asset Management Policy and organisational objectives from the Council Plan to guide continuous improvement in Council's asset management practices.

This Strategy applies to all physical assets owned or controlled by Council, as well as asset systems and processes around lifecycle management of assets.

This Strategy presents a number of improvement actions considered necessary to enable Council to implement the organisational objectives and Asset Management Policy. The accountabilities and timeframes for the delivery of each improvement action are outlined in this Strategy.

This Strategy is also in line with best practice ISO 55000 asset management standards and the Asset Management Accountability Framework (AMAF) 2016 developed by the Department of Treasury and Finance (DTF).

1.4 Asset Management Vision

This Strategy is designed to give effect to Council's Vision for asset management which is:

"As stewards of community assets, Frankston City Council will provide assets that support the provision of best value services. Council assets will be accessible, safe and suitable for community use. The approach to asset management will be sustainable. It will balance competing community social, environmental and economic needs for the benefit of current and future generations."

The Asset Management Policy 2019 sets out eleven (11) fundamental asset management principles to guide Council's asset management practices.

1. Ensure Assets Support the Services Provided by Council
2. Community Involvement in Decision-Making
3. Focus on Long-term Sustainability
4. Sustainable Investment in Capital Works
5. Continuous Improvement in Data and Systems
6. Compliant Asset Accounting
7. Legislative and Regulatory Compliance
8. Compliance with Insurance Obligations
9. Continuous Improvement in Risk Management
10. On-going Training and Skill Development
11. Effective Performance Monitoring and Reporting

1.5 Key Challenges

Council will continue to face considerable challenges when attempting to balance levels of services expected by the community with cost to provide infrastructure and services to remain sustainable. The key challenges faced by Council are summarised below:

Table 1: Key Challenges or Lifecycle Issues

Key Challenge	Implication
Rate capping environment under Fair Go rates system	Financial constraints limits the ability to fund operating and capital works to provide community services (i.e. leaving our services vulnerable, trade-off between cost and service levels)
Ageing infrastructure	Council's assets are ageing as a result increased demand to fund the maintenance and renewal of ageing assets.
Asset performance and monitoring	Condition, fit-for-purpose and risk assessment including identification of critical assets and responding to Disaster Recovery Funding Arrangements.
Asset data deficiencies	Recognition of new assets and gifted assets, and updating of existing asset data in Councils asset registers to inform decision making.
Growth and demographic change	Additional demand for services and assets. Ever increasing demand for the upgrade, expansion and construction of new assets.
Climate change	Lifecycle decisions to design, build, finance and maintain infrastructure assets adapting to climate change
Technology change	Advances in technology requires Council to respond quickly and appropriately with management of data and systems.

1.6 Strategy Monitoring and Review

This Asset Management Strategy will be reviewed every 4 years to align with the setting of strategic priorities and initiatives. The Strategic Asset Management Team (SAMT) will review this Strategy based on Council's requirements and provide feedback on the effectiveness of the Strategy in achieving its required outcomes. It may also be reviewed following adoption of Asset Management Plans which have a significant impact or change.

The SAMT has been established to increase awareness of asset management across the organisation and ensure Council has an integrated approach to continuous improvement in its asset management practices and capabilities.

The Team comprises a range of key stakeholders from across the organisation to ensure wider accountability for asset management, promotion of uniform asset management practices and improved information sharing and pooling of corporate expertise. Members on the SAMT include:

- Director – Community Assets (Chair)
- Director – Community Development
- Manager – Sustainable Assets
- Manager – Financial & Corporate Planning
- Manager – Engineering Services
- Manager – Community Strengthening
- Manager – Commercial Services
- Manager – Facilities
- Manager – Planning & Environment
- Manager – Capital Works Delivery
- Manager – Business & Information Technology
- Manager – Operations
- Coordinator – Asset Planning
- Coordinator – Corporate Financial Accounting
- Coordinator – Corporate Planning & Performance
- Coordinator – Risk Management

It is the responsibility of the SAMT to facilitate and monitor implementation of the Improvement Plan recommendations, and report progress to the Executive Management Team quarterly.

2. ASSET PORTFOLIO

Frankston City Council is responsible for the management of a variety of property, infrastructure and plant and equipment assets valued at more than $2.24B (as at 30 June 2019), comprising the following asset quantities:

- 425 reserves
- 74 sportsgrounds
- 984 km of pathways
- 705 km of local roads
- 107 bridge and pedestrian structures
- 947 km stormwater drains
- 36,689 stormwater management pits
- 334 buildings, including community, family and youth centres, park and leisure facilities, Civic Centre, aged service buildings, Frankston Arts Centre and libraries
- 1,116km Kerb & Channel
- 150 Off-Street Car Parks
- 158 playgrounds (including play equipment located in Council facilities)
- 78,000 Street Trees
- 145 hectares of wetlands

These assets are integral to the services that Council deliver for the community, therefore it is critical to realise maximal value from the significant investment Council makes in these assets.

Table 3 provides a summary of the state of Council's assets and Gross Replacement Cost (GRC) as at 30 June 2019. For each asset class, the current status of assets was assessed against the same criteria from Council's State of Assets Report 2014 shown in the Table 2 below.

Table 2: Status of Assets Criteria

Criterion	Description
Data Reliability	This provides an indication of whether the asset data (quantity, valuation, condition) is complete, accurate and current. The reliability of Council's key asset data impacts all asset management decisions. In particular, it impacts the accuracy of estimated renewal funding required to maintain the condition of the asset portfolio at an appropriate standard. **A - Highly Reliable** | **B - Reliable** | **C - Uncertain** | **D - Unreliable** | **E – Not Available**
Service & Asset Planning **Documentation Quality**	This provides an indication of whether the current and desired service levels (community, maintenance and renewal) are documented, measurable and based on community consultation findings. In order for Council to undertake reliable service, asset (and associated budget) planning it is important to have clarity regarding the services that Council assets are required to support. Without a clear understanding of service level requirements it is difficult to ensure appropriate investment in asset creation, upgrade, renewal and maintenance. **A – Excellent** | **B – Good** | **C - Fair** | **D – Poor** | **E – Not Available**
Renewal Funding Adequacy	This indicates the extent to which the current renewal funding level dedicated to the asset group meets funding considered necessary to: • address any known backlog of "poor" condition assets, and • retain the current condition distribution of the asset class (i.e. keep pace with the natural rate of asset deterioration) As noted above, this is dependent on the quality of the underlying asset data (quantities, condition, replacement costs and life estimates.) **A – Excellent** | **B – Good** | **C - Fair** | **D – Poor** | **E – Very Poor**

A number of key improvements have been made since the undertaking of the previous assessment including:

- Numerous asset data and system improvements (described in Section 2.2);
- Development of the 10 year Long Term Infrastructure Plan, detailing a comprehensive capital works program which meets asset renewal needs;
- Revised / new Asset Management Plans including:
  - Roads Asset Management Plan 2020;
  - Drainage Asset Management Plan 2019 ;
  - Pathway Asset Management Plan 2018;
  - Open Space Asset Management Plan 2017;
  - Buildings Asset Management Plan 2016;
- Improved valuation methodologies for Off-street Carparks, Pathways, Traffic Management Devices and Open Space assets, as well as a revaluation for all major asset classes;
- Revised road maintenance service levels through the amendment of Council's Road Management Plan 2019; and
- Commencement of service planning and local area planning to develop service levels in conjunction with the community.

Table 3: State of Council Assets

Asset Class / Sub-Class	Data Reliability			Service & Asset Planning Document Quality					Renewal Funding Adequacy
	Asset Quantity	Valuation (Est. Life & Replacement Cost)	Asset Condition	Service Plan	Community Service Levels	Asset Management Plan	Renewal Service Levels	Maintenance Service Levels	
Roads – Replacement value $682,885,000									
Bridges & Pedestrian Structures	B	B	A	D	D	D	B	B	A
Carparks	B	C	B	D	D	D	C	C	B
Kerb & Channel	C	C	B	D	D	C	C	A	B
Pathways	B	B	B	D	C	B	B	B	B
Road (carriageway)	A	B	B	D	C	B	B	A	A
Street Lighting	C	D	C	D	D	D	C	B	C
Signage	C	D	D	D	D	D	C	B	C
Traffic Management Devices	B	B	B	D	D	D	B	A	A
Safety Barriers	B	D	B	D	D	D	B	B	B
Drainage – Replacement value $273,419,000									
Pipes	C	C	C	D	D	B	B	B	C
Pits	C	C	C	D	D	B	B	B	C

Asset Class / Sub-Class	Data Reliability			Service & Asset Planning Document Quality					Renewal Funding Adequacy
	Asset Quantity	Valuation (Est. Life & Replacement Cost)	Asset Condition	Service Plan	Community Service Levels	Asset Management Plan	Renewal Service Levels	Maintenance Service Levels	
GPTs	C	C	C	D	D	D	C	B	C
Above Ground Drainage (i.e. Open drains, retarding basins and Culverts)	C	D	C	D	D	D	C	B	C
WSUD	C	D	D	D	D	D	C	C	C
Open Space – Replacement value $113,943,000									
Park Furniture	B	B	B	D	C	B	B	C	B
Playing Surface	B	C	B	D	C	B	B	B	A
Play Space	B	B	B	D	C	B	B	B	A
Streetscape & Vegetation	C	D	B	D	C	D	C	B	B
Sporting Infrastructure	B	B	B	D	C	B	B	B	A
Recycled Water Infrastructure	D	D	E	D	D	D	D	D	D
Irrigation	C	D	B	D	C	B	C	B	C

Asset Class / Sub-Class	Data Reliability			Service & Asset Planning Document Quality					Renewal Funding Adequacy
	Asset Quantity	Valuation (Est. Life & Replacement Cost)	Asset Condition	Service Plan	Community Service Levels	Asset Management Plan	Renewal Service Levels	Maintenance Service Levels	
Facilities – Replacement value $331,878,000									
Building	B	B	B	D	C	C	B	B	B
Building Improvements	B	B	B	D	C	C	B	B	B
Pavilion	B	B	B	D	C	C	B	B	B
Pool & Aquatic	B	B	B	D	C	C	B	B	B
Public Toilets	B	B	B	D	C	C	B	B	B
Shed	B	B	B	D	C	C	B	B	B
Plant & Equipment – Replacement value $30,286,000									
Plant, Machinery & Equipment	B	B	NA	D	D	E	C	B	A
IT Equipment	D	E	NA	D	D	E	E	E	C
Cultural Collection	D	E	NA	D	D	E	E	E	D
Fixtures, Fittings & Furniture	D	E	NA	D	D	E	E	E	D

Asset Class / Sub-Class	Data Reliability			Service & Asset Planning Document Quality					Renewal Funding Adequacy
	Asset Quantity	Valuation (Est. Life & Replacement Cost)	Asset Condition	Service Plan	Community Service Levels	Asset Management Plan	Renewal Service Levels	Maintenance Service Levels	
Land – Replacement value $801,080,000									
Land Improvements	C	C	NA	D	D	D	NA	C	NA
Foreshore & Riparian Land	B	B	NA	D	D	D	NA	C	NA
Open Space Land	B	B	NA	D	D	D	NA	C	NA
Land Under Roads	B	B	NA	D	D	D	NA	C	NA
Building & Vacant Land	B	B	NA	D	D	D	NA	C	NA
Waste Management – Replacement value $2,950,000									
Other (Works In Progress) – Replacement value $42,075,000									

2.1 Asset Performance

Council is committed to investing in assets for the current and future needs of the community. In order to manage these assets effectively, Council must monitor the effectiveness and performance of all assets in meeting required service levels.

Table 4 below shows the asset performance indicators that are currently being used.

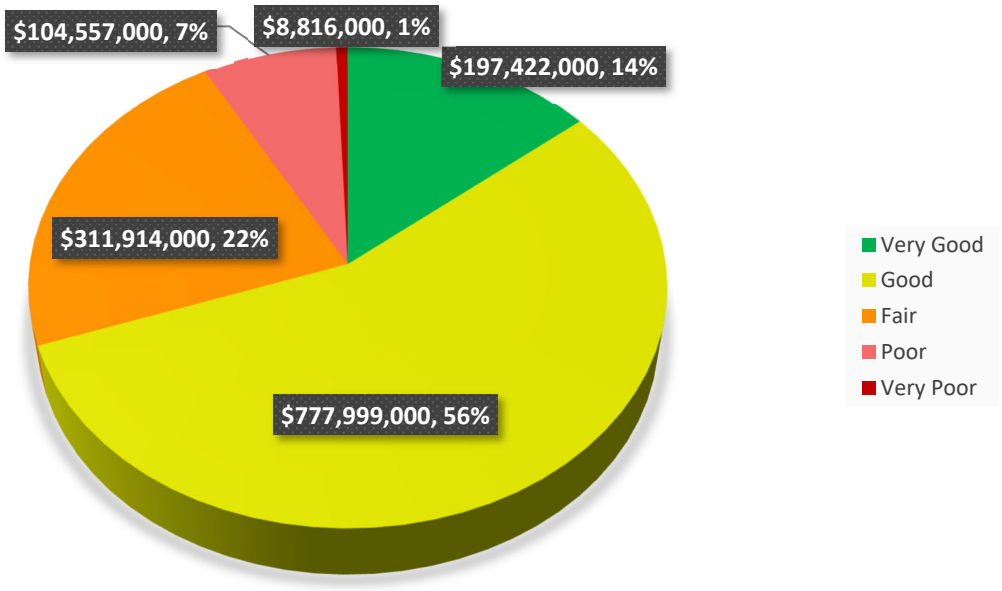
Table 4: Asset Performance Indicators

Indicator	What's Measured	
Condition: is actual technical and physical state of the asset	What is the quality of asset?	
Function: is the ability of the physical asset to meet service needs including social, environmental and economic performance	Is the asset suitable for its intended purpose?	Is it the right asset?
Capacity/Utilisation: is the ability of the physical asset to meet demand	Is the asset under or over utilised?	Do we need more or less of these assets?

Asset Condition

Frankston City's infrastructure assets are in relatively good condition overall with over 69% of the portfolio being in 'Good' or 'Very Good' condition and 8% 'Very Poor' and 'Poor' assets. Council aims to address its renewal backlog to enhance community services and mitigate risks associated with poor condition assets.

Figure 1 – Infrastructure Asset Condition (including Buildings)



Asset condition audits for the four major infrastructure asset classes (Roads, Buildings, Drainage and Open Space) are undertaken on a four yearly cycle. Data collected from these audits inform the development of the individual portfolio Asset Management Plan in the following year, along with the revaluation of the asset class. This is vital in ensuring a holistic view of the asset class and so the Plan can provide the most effective long term strategies to improve management practices associated with the assets.

Council has a moderately high level of confidence in the asset condition data available for Roads, Buildings and Open Space assets whilst further assessment and monitoring is required for Drainage assets. It should be noted that age data (if available) is used to derive the condition of assets in instances where condition information is unavailable.

Future condition audits should be guided by a Condition Audit Methodology to ensure repeatability and consistency in results, so that long-term planning and forecasting is more reliable.

Table 5 shows how Council currently measures condition of its assets using a 1 to 5 scale as per the International Infrastructure Management Manual 2015.

Table 5: Condition Grading Model

Condition Rating	Description	Action
1 – Very Good	Asset is as new	No additional maintenance required. Continue current maintenance programs
2 – Good	Minor defects only	Minor maintenance intervention may be required. No component replacement required
3 – Fair	Shows signs of moderate wear and tear	Maintenance is required to return to accepted level of service
4 – Poor	Asset has significant defects	Significant maintenance required. Consider renewal
5 – Very Poor	Approaching unserviceable state	Asset renewal is required

Asset Age

Many of Council's assets are approaching the later years of their useful lives and are showing signs of ageing and service reduction. Asset replacement, reconciliation or disposal is required as assets lose their service potential and ongoing maintenance costs increase.

The introduction of rate capping puts added pressure on Council to effectively manage its ageing asset base. Rate capping restricts Council in its ability to fund capital works to renew assets to maintain existing service standards, and also to construct new assets to meet the needs of a growing population.

In some instances, the age of an asset may not be known in which case the condition is often used to estimate the age of an asset and also its remaining life. This information is critical for long-term financial / infrastructure projections and for the determination of key financial parameters such as depreciation and written down value.

Below are the asset age profiles for Road (surface), Drainage, Open Space, Facility and Pathway assets showing the significant age distribution across the network of assets.

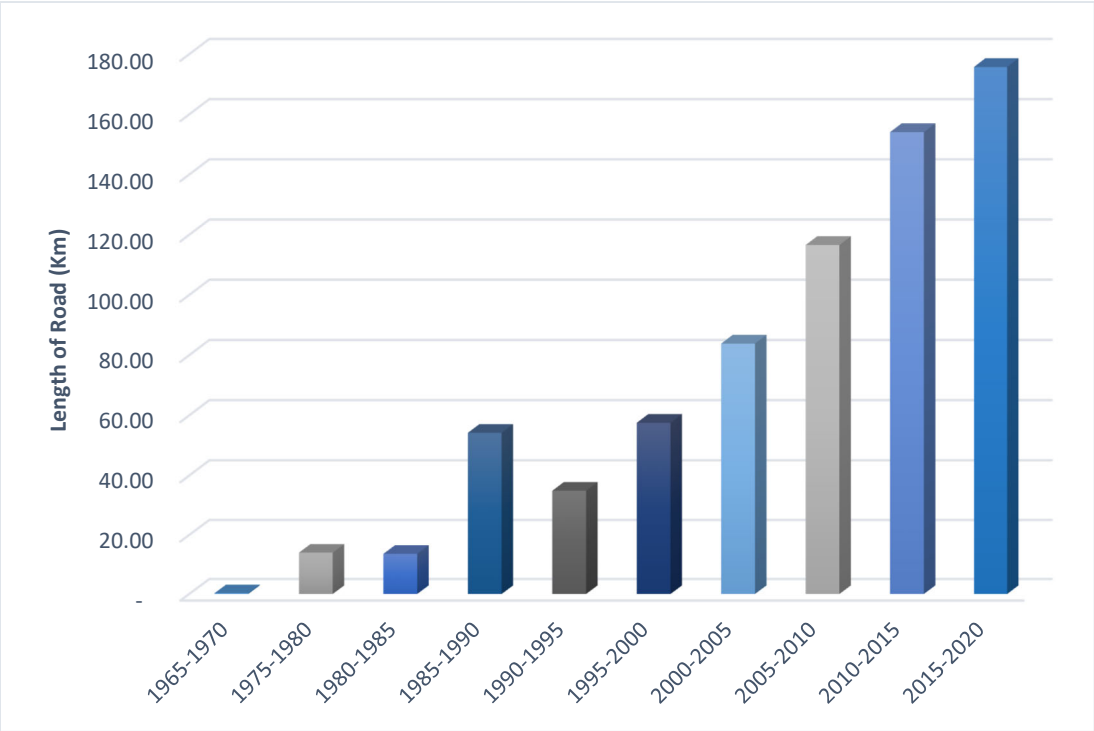


Figure 2: Road Surface Age Profile

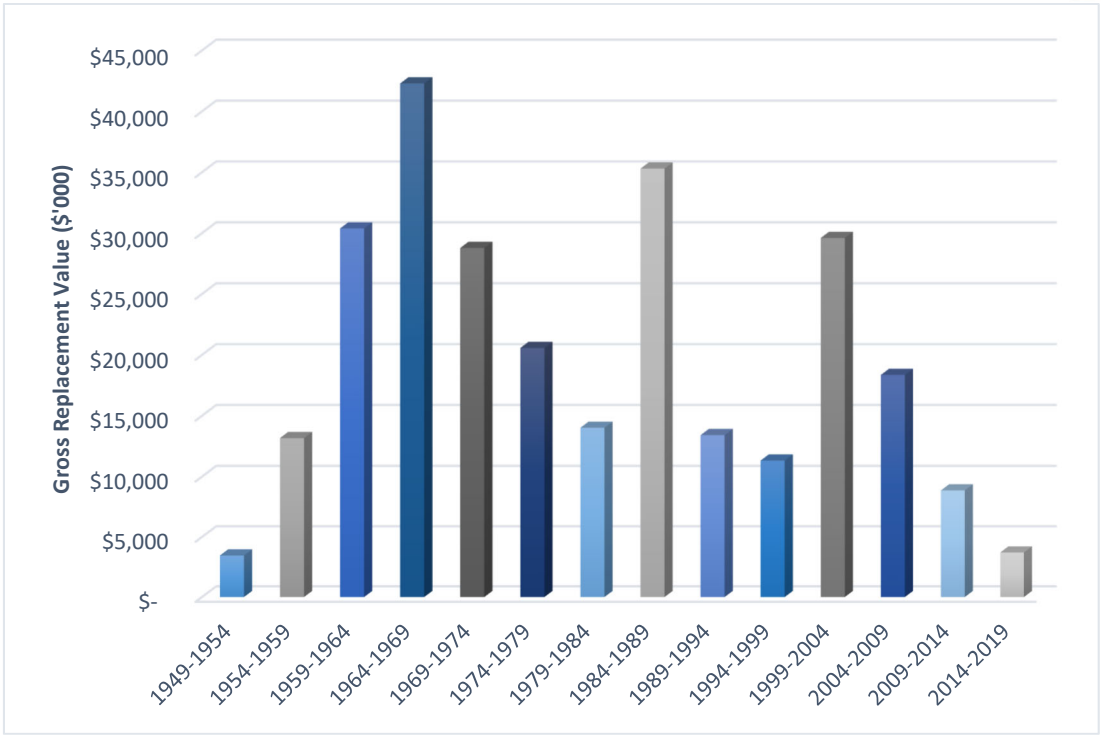


Figure 3: Drainage Age Profile

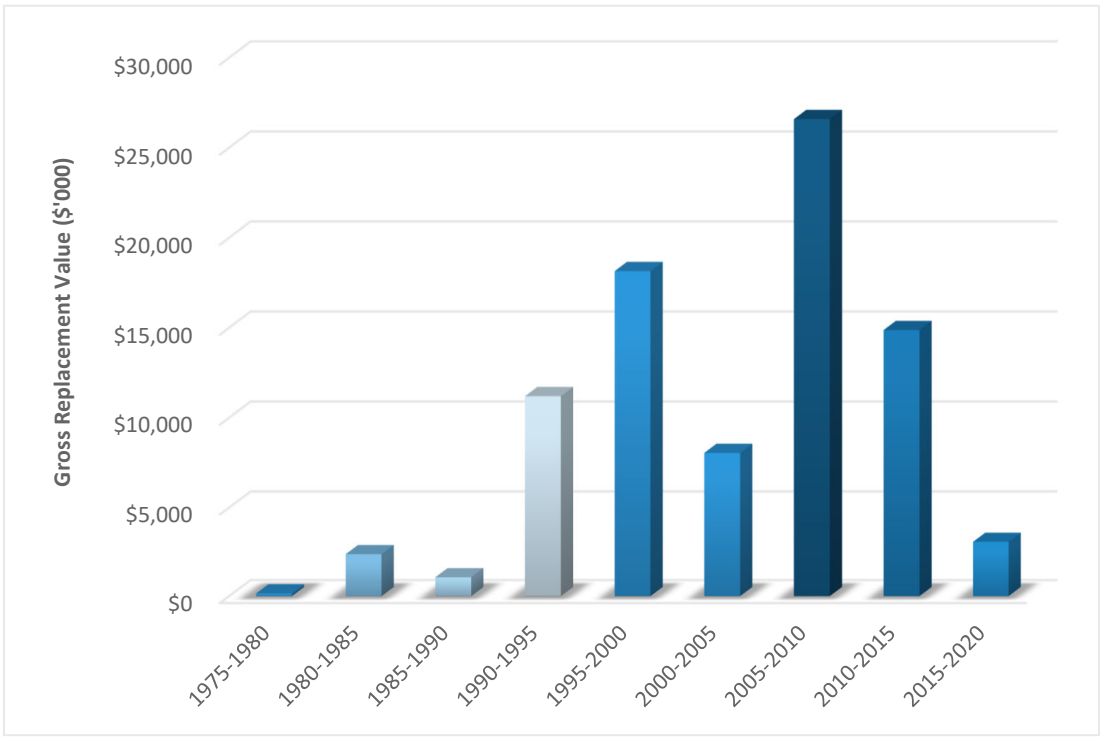


Figure 4: Open Space Age Profile

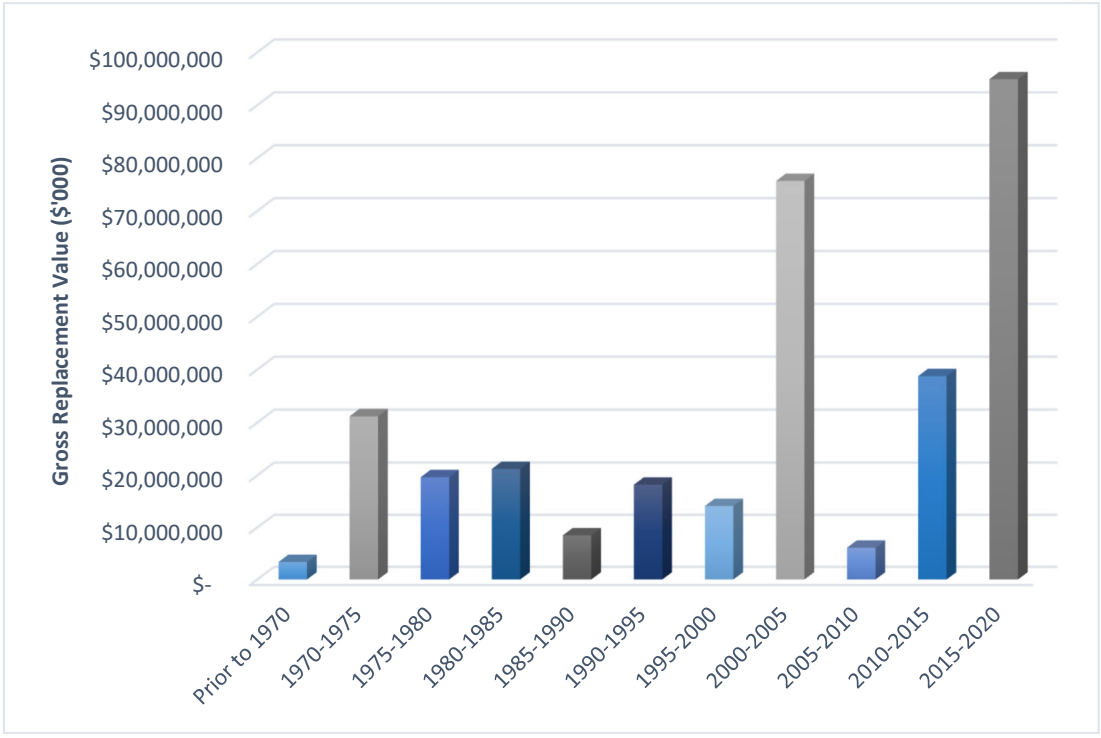


Figure 5: Facilities Age Profile

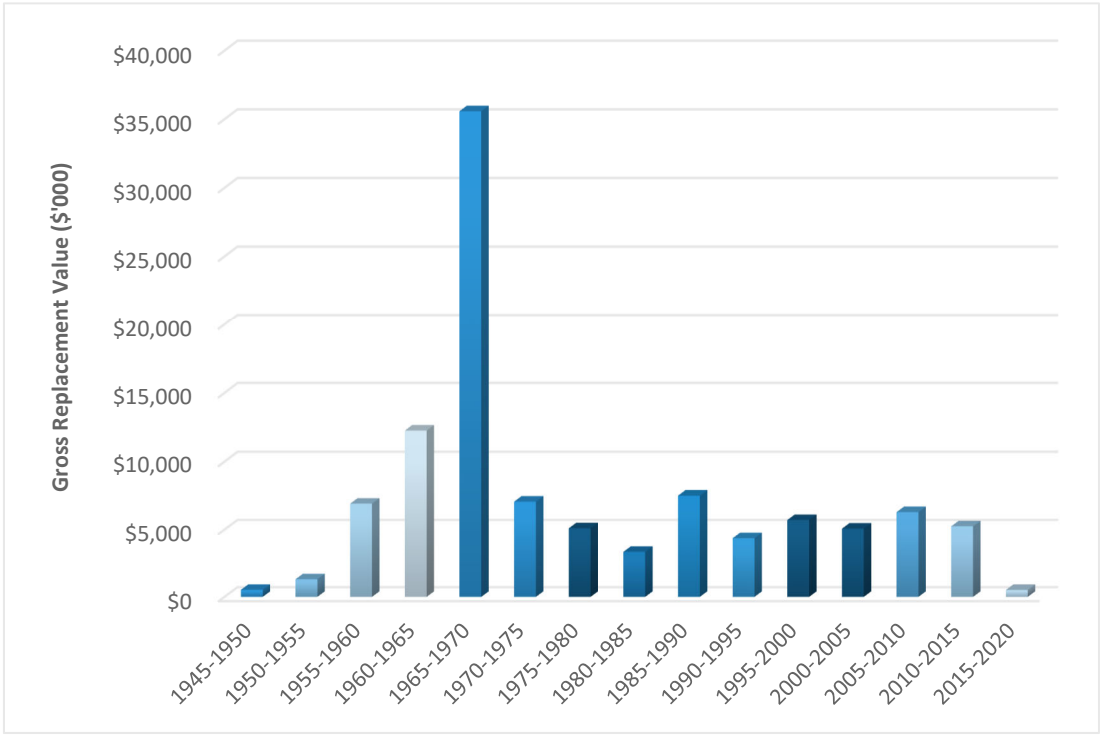


Figure 6: Pathways Age Profile

Asset Functionality and Capacity

Asset functionality and utilisation data is currently determined on an as need / project basis through various studies and community surveys. Whilst some functionality and capacity data is already available to Council, further work is needed to collate this information and integrate it into the Frankston Asset Management Information System (FAMIS).

Network level asset performance data will be determined following the development of Council's Service Plans and community levels of service.

2.2 Status of Asset Data and Systems

Asset data systems and processes are well established within the organisation and support the activities that are undertaken that are essential to the management of the asset portfolio.

A number of improvements have been made to asset data and systems over recent years including:

- Collection of detailed open space and pathway asset and condition data;
- Drainage condition assessment on 1% of the network (including easement drains);
- Road and kerb and channel condition survey and detailed pavement investigations on select Collector and Major Roads;
- Condition assessment of Council buildings at a component level;
- Improved availability of asset data in Council's corporate Geographic Information System (GIS);
- Implementation of Single Point of Change (SPoC) functionality to allow the update of asset data across multiple systems from a single source;
- Works management and inspections rollout for drainage in the Frankston Asset Management Information System (FAMIS);
- Implementation of Council's updated Road Management Plan 2019 within FAMIS and road routine inspections and work orders; and
- Configuration of open space routine works management in FAMIS (currently under development).

A number of opportunities still remain for Council to improve its asset data and systems.

At present there is a resourcing gap in asset data management and asset systems which is being managed by two different Departments/Teams and poses a risk to Council's asset management practices.

The following sections provide some details around these challenges. Where an improvement action has been identified, it has been included in Section 8.2 of this Strategy.

Asset Data

1. Asset information is updated in an ad-hoc manner. A health check of asset data needs to be conducted to identify gaps. Implementation of a structured asset data update program needs to be in place.

2. Asset data/information of completed capital projects and donated assets are not received in a timely manner resulting a void in asset information. This creates a flow on effect on operation & maintenance, capital works, financial reporting and financial treatment of assets. Even though a process to receive asset information is in place, further efforts are being made to improve the timely receipt of asset information.

3. Data in IPS (FAMIS) is not up to date - due to lack of structured data edits and little or no efforts being made in field verification of asset data.

4. Data in IntraMaps is not up to date – this is a result of lack of full integration between IPS (FAMIS). IntraMaps not being treated as an asset system and being managed by Business and information Technology Department is also a contributing factor.

5. Lack of integration between MapInfo and IPS (FAMIS) – Asset data is updated using MapInfo. Currently only drainage assets and usage areas in MapInfo are integrated with IPS (FAMIS) through SPoC functionality. The remaining layers of assets belonging to Open Space, Facilities and Roads also need to be integrated with IPS (FAMIS) asset classes.

6. Lack of integration between IPS (FAMIS) and IntraMaps – IntraMaps is updated using information in IPS (FAMIS). Currently only drainage assets and usage areas in MapInfo are integrated with IPS (FAMIS). The remaining layers of assets belonging to Open Space, Facilities and Roads also need to be integrated with IPS (FAMIS) asset classes.

Asset Systems

There are currently three main asset systems in use at Frankston City Council. They are listed in the following table along with the details of their function and custodian.

Table 6: Asset Management Systems at FCC

System	Current Custodian	Function
IPS (FAMIS)	Asset Planning Team	This is Council's Asset Management Information System (AMIS). It has the capability to hold all of the asset information except spatial information of assets. Council staff across the board could use this system to access asset information.
KERN	Business and Information Technology Department	This mobile application is used for works order management. Mainly used by Operations Department.
IntraMaps	Business and Information Technology Department	This application provides spatial information of assets and key asset information. Also holds non- asset information. The custodian of this system is also responsible for M1 process (i.e. update and matching of addresses with state government database)

The following challenges and potential improvements have been identified to improve the functionality of the asset systems.

1. Capabilities of asset systems have not been identified.
    - ❖ Capabilities of KERN, IPS (FAMIS) and IntraMaps need to be identified and documented.
    - ❖ Enhancement opportunities of KERN, IPS (FAMIS) and IntraMaps need to be identified and documented.

2. Business requirements of asset systems have not been identified.
    - ❖ Business requirements of KERN, IPS (FAMIS), and IntraMaps need to be identified and documented.

3. Data structures of asset systems do not meet business needs
    - ❖ Asset information and data structures in IPS (FAMIS) and IntraMaps need to be reviewed. New data structure to meet business needs should be identified.
    - ❖ Data structures in IPS (FAMIS) and IntraMaps should be configured to meet business needs.

4. Asset information in IPS (FAMIS) and IntraMaps are not up to date.
    - ❖ Asset information in both these systems are not updated in a timely manner. Asset information is updated using MapInfo and only Drainage asset and usage area information flows through to IPS (FAMIS) and then onto IntraMaps. Information for the remaining assets are updated in an ad-hoc manner.

5. Inadequate information for works order management
    - ❖ KERN extract asset information, inspection/maintenance frequencies and staff details from IPS (FAMIS). The spatial information stored in IntraMaps is imported to KERN to provide location details of assets. Both IPS (FAMIS) and IntraMaps do not have adequate information for full implementation of works order management.

6. IntraMaps and MapInfo are being used as the works order management system for certain asset types.
    - ❖ This poses a corporate risk as these systems are not intended to be used for work management or supported as a work management systems.

2.3 Service Levels and Asset Management Planning

Service planning is being undertaken to better understand the performance of Council infrastructure. It will also ensure a better understanding of the current and projected demand for services that the infrastructure delivers and help to determine current and future utilisation levels.

When Council manages assets well, it acts sustainably and provides better services to the community, while saving money in the long term. Service planning and the setting of service levels enables Council to develop Asset Management Plans and practices that support desired service outcomes.

Developing levels of service in consultation with the community is critical for understanding what is desired or expected from the service, and what Council must do (technically) to provide that level of service. This guides the allocation of resources and assets to service activities that the organisation undertakes to achieve the desired outcomes, which reflect community need and expectation, and demonstrate effective organisation performance.

Improving Council's approach to service planning will improve asset planning and enable Council to optimize service delivery for the community and minimise ongoing operational costs.

The first generation of Council's Service Plans are expected to be finalised in 2020 and they, along with the individual Asset Management Plans, will directly influence future investment in infrastructure assets and level of service provided to the community. In order for this to be effective, further understanding of what and how the various assets support different community services, and how asset decisions impact the services is required.

It is therefore imperative that Council monitors and reviews the implementation of both service and asset plans to ensure these outcomes can be achieved.

Chapter 2 Improvement Actions

1.1 Identify Council services and develop Service Plans – Define desired levels of service and long term performance targets.

1.2 Identify which assets contribute to which Council services to integrate asset and service planning.

3.1 Review and implement improvement action plans identified in Council's Asset Management Plans (Roads, Drainage, Buildings, Pathways and Open Space).

3.3 Program ongoing asset performance assessments, including condition, function and capacity, for each of the major asset classes.

3.4 Review/document asset inspection process and schedule for all Asset Classes to be recorded in FAMIS.

3.5 Develop Service Planning Framework to integrate Service, Financial and Asset management to improve service delivery.

3.8 Continue with periodic review, update and implementation of all Council Asset Management Plans (Roads, Buildings, Open Space and Drainage) and update financial information, LTFP and LTIP requirements.

4.1 Develop and adopt data collection (attributes, condition, functionality and capacity/utilisation) and data management guidelines for all Council assets to maintain consistency across data sets, provide quality assurance measures for auditing and a method for tracking the completeness of asset data.

4.2 Enhance FAMIS capability to record condition and performance (functionality, utilisation/ capacity) information for each asset class to evaluate and monitor asset performance.

4.3 Review existing asset data, identify data gaps and implement a plan to cleanse and improve accuracy of existing data and collect missing data.

4.4 Enhance/update IPS (FAMIS), KERN and IntraMaps to meet business requirements (ex: data structures, capturing maintenance cost, works order management, reports, spatial information and accuracy etc.).

3. FINANCIAL PLANNING

The Long Term Infrastructure Plan (LTIP) provides a detailed 10 year capital investment strategy, with consideration made for rate capping, showing how Council intends to use its limited resources to deliver quality and sustainable community infrastructure and services.

Council will prioritise capital renewal (non-discretionary or required) funding to replace existing assets like-for-like or to a modern standard equivalent to restore the service potential of the asset and ensure levels of service are maintained. Remaining available funds will be allocated to discretionary (optional) capital works projects which may involve the construction of new assets to provide additional services or the upgrade or expansion of an asset, to increase its existing service potential.

Every project has consequential ongoing operational, maintenance and renewal costs that are determined through a lifecycle assessment of the asset. Additional budget is required to support the additional operational, maintenance and renewal costs that will be incurred as a result of the enhanced service in order to avoid a reduction in level of service.

Therefore, each new, upgrade or expansion capital project will have a lifecycle assessment conducted prior to the development of the capital works program to ensure total lifecycle implications are understood.

Priorities for capital and operational expenditure on Council assets will be assessed by considering:

- Regulatory compliance,
- Asset performance (condition, function/fit-for-purpose, capacity),
- Public health & safety risks; and
- Long term asset sustainability (financial, social and environmental).

3.1 Financial Forecasts and Assumptions

Council's individual Asset Management Plans for the various asset classes provide a 10 year funding strategy with capital renewal predictions based on asset condition data and renewal modelling. These funding strategies guide Council's investment in capital renewal and are used to inform the LTIP, LTFP and Annual Budget.

Forecasts indicate that the annual capital renewal requirement will continue to climb from approximately $21M currently, to $33M in 2028/29, as a result of an increase in the number of assets approaching the end of their useful lives. This level of funding will ensure Council meets the renewal requirement of its asset portfolio to maintain existing service standards, address the renewal gap and mitigate risks associated with poor condition assets.

A total capital investment of $521M over the next 10 years is planned under the current LTIP, comprising of $255M renewal (non-discretionary, required funding) and $266M new/ upgrade/ expansion (discretionary, optional funding). The breakdown of this funding based on the service program or asset program is shown in Table 7 and Table 8 respectively.

Table 7: LTIP 10 Year Projected Capital Expenditure by Service Program

LTIP Service Program	Non-Discretionary (Renewals) ($'000)	Discretionary (New/Upgrade/ Expansion) ($'000)	Total Expenditure ($'000)
Arts, Learning and Cultural Experiences	$20,203	$10,949	$31,152
Community Safety & Regulation	$440	$707	$1,147
Community Support & Wellbeing	$17,284	$26,643	$43,927
Corporate Governance	$53,533	$9,152	$62,685
Recreation & Leisure	$68,913	$123,921	$192,834
Sustainable City Planning & Transport Connectivity	$92,264	$91,780	$184,044
Waste Minimisation & Resource Efficiency	$2,576	$2,808	$5,384
Total Projected Capital Exp.	**$255,213**	**$265,960**	**$521,173**

Table 8: LTIP 10 Year Projected Capital Expenditure by Asset Program

LTIP Asset Program	Non-Discretionary (Renewals) ($'000)	Discretionary (New/ Upgrade/ Expansion) ($'000)	Total Expenditure ($'000)
Bridges	$4,814	$0	$4,814
Buildings	$64,965	$125,526	$190,491
Computer and Telecommunications	$9,396	$9,231	$18,627
Drainage	$10,165	$27,466	$37,631
Fixtures, Fittings and Furniture	$2,458	$1,158	$3,616
Footpaths and Cycleways	$18,880	$11,297	$30,177
Land	$0	$0	$0
Library Books	$8,896	$0	$8,896
Off Street Car Parks	$2,915	$3,216	$6,131
Other Infrastructure	$2,504	$13,798	$16,302
Parks, Open Space and Streetscapes	$12,537	$48,047	$60,584
Plant, Machinery and Equipment	$24,561	$3,010	$27,571
Recreational, Leisure and Community Facilities	$41,481	$9,865	$51,346
Roads	$51,117	$13,184	$64,301
Waste Management	$524	$162	$686
Total Projected Capital Exp.	**$255,213**	**$265,960**	**$521,173**

These figures are based on the following assumptions:

- Forecasts determined using current available asset data and financial information (as at February 2020); and
- A cost escalation factor is applied to represent actual project cost in future years.

When reviewing capital renewal requirements, it is also important for Council to consider the renewal component of discretionary works as this can form a significant part of the overall renewal expenditure. For example, upgrading a playground can involve the replacement or renewal of existing equipment, thus restoring and/or increasing its service potential.

The renewal component of discretionary projects are not considered when balancing planned renewal funding with renewal targets. This ensures Council fully budgets for its renewal requirements and does not contribute to the renewal backlog.

3.2 Historical Expenditure Trends

Over a decade ago, Council recognised the need to address a large backlog of assets that were in poor condition. Since then, Council has substantially increased its annual capital works program to renew existing assets.

Council aims to fund the asset renewal requirement each year and to monitor annual expenditure across asset classes to ensure these renewal targets are being delivered and to be proactive in making any adjustments to future capital works programs and LTIP as necessary.

The asset renewal ratio, measured by comparing asset renewal expenditure to asset depreciation, provides a high level indication as to how asset condition may trend in the future. Over the past five years, the asset renewal ratio has averaged approximately 80% since 2014/15, which is slightly below Council's target of achieving a ratio of 90 – 110 percent.

Despite this, the asset portfolio is considered to be in a relatively good condition overall (see Section 2) and will be monitored via annual condition audits to ensure renewal requirements can be met in the future and service levels maintained.

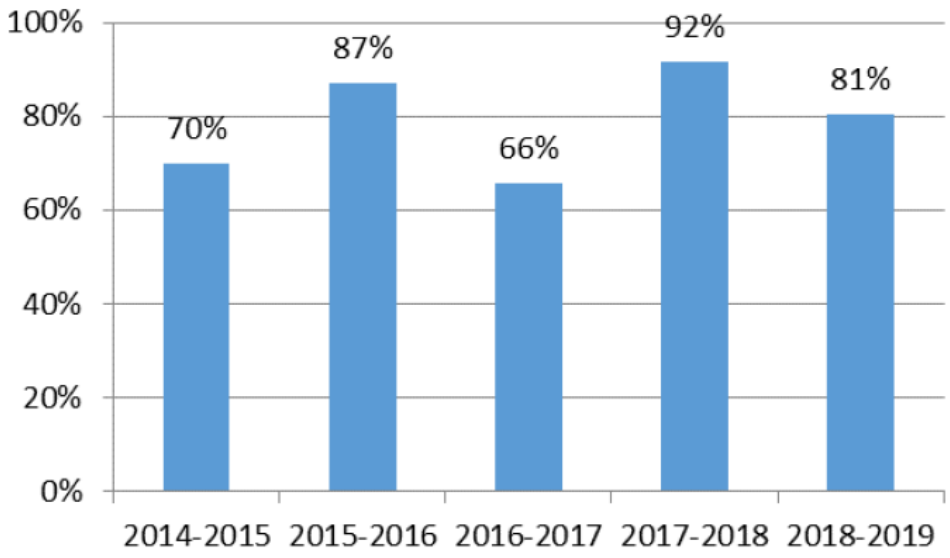


Figure 7: Asset Renewal Ratio

Trends in the accumulated depreciation and annual depreciation indicate that the asset portfolio is growing in value and ageing. Both Figure 7 and Figure 8 support the need to continue to increase renewal funding over the coming years to renew aged infrastructure that is in poor condition and account growth in the asset base. This will also have maintenance implications as older assets typically require increased maintenance as their condition starts to deteriorate.

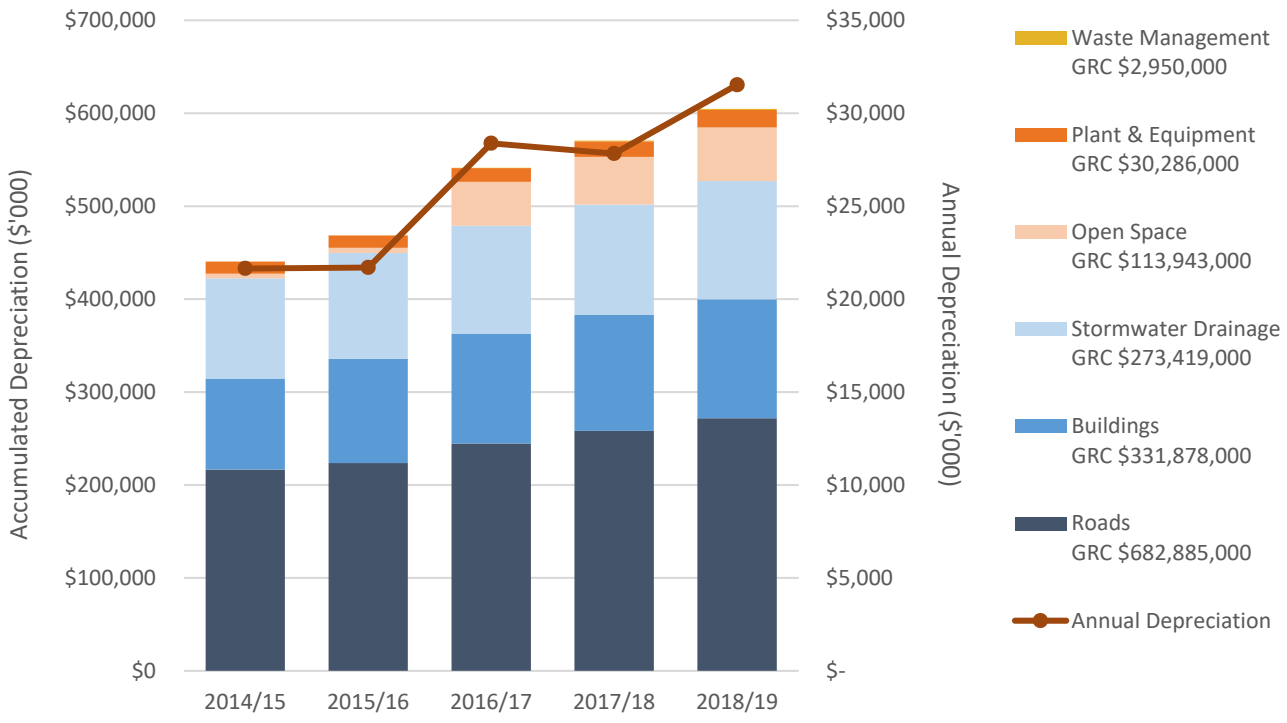


Figure 8: 5 Year Accumulated Depreciation and Annual Depreciation Trend

An increasing trend in annual depreciation is an indication of a growing asset base through either constructed, gifted or found assets. Given Council has a relatively small amount of gifted and found assets each year, this growth is primarily due to the construction of new assets, or the upgrade or expansion of existing assets. The accumulated depreciation has also increased over the five year period, which is in line with the annual renewal ratios and again highlights the need to increase renewal funding into the future.

Figure 9 below demonstrates Council's annual capital expenditure over the last five years on key asset classes sorted by their Gross Replacement Value (GRV). This highlights some differences between the levels of investment across the various asset classes compared with the overall value of each class. For example, in the past five years, there has been significantly more expenditure on Open Space assets, which account for approximately $114M of the portfolio, as compared to drainage assets, which account for approximately $273M.

This may be due to a number of reasons including the stage at which the assets are within their lifecycle (therefore requiring more or less funding), community expectations and needs, key Council projects and strategic initiatives etc.

Whilst this is only a limited view of historical capital expenditure, it is necessary for Council to continue to monitor levels of expenditure over the long term to ensure optimal renewal spending across the portfolio and to avoid any increase in ongoing maintenance costs as a result of deferred renewals.

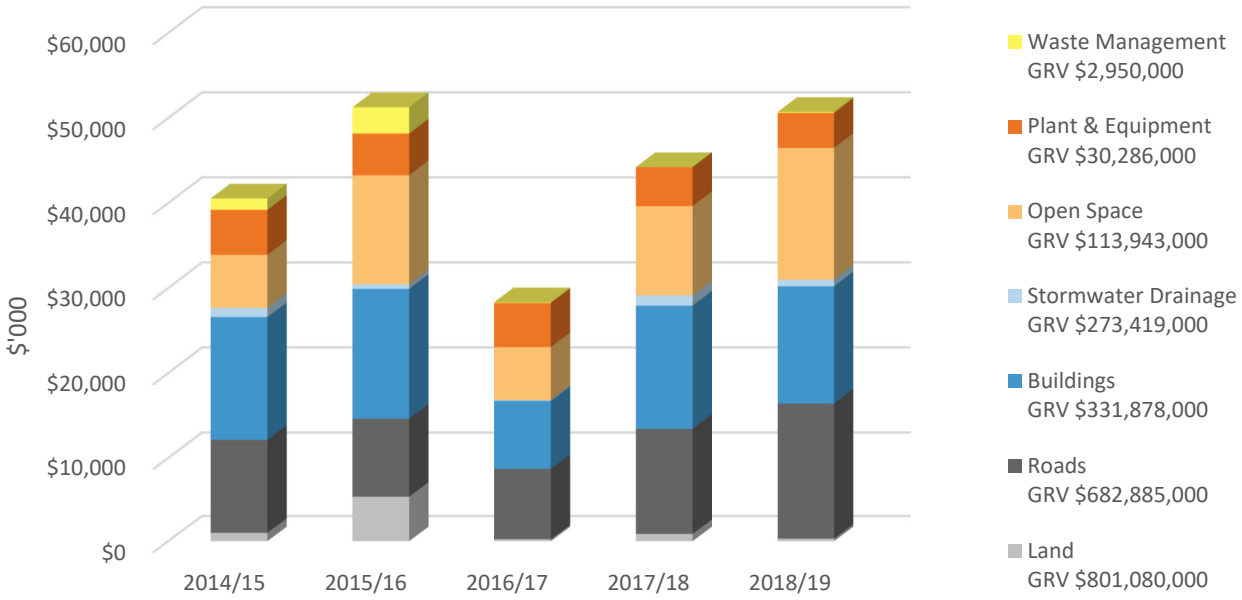


Figure 9: Historical Capital Expenditure on Asset Classes

4. ASSET LIFECYCLE PLANNING

Having a good understanding of how different assets perform over their life helps inform asset management decision making. These include long term decisions in relation to maintenance, operation, renewals, upgrades, expansions, new and disposal of assets.

Life cycle management of assets aims to:

- Optimise the lifecycle management of assets
- Deliver agreed levels of service for the assets
- Meet anticipated demand for service from the assets
- Manage risks and uncertainty

The following diagram shows the different phases of asset life cycle.

Figure 10: Asset Lifecycle Phases

4.1 Lifecycle Decision Making Processes & Criteria

Lifecycle decision making processes are essential for managing assets and information, including data collection, handover, monitoring and quality assurance, to ensure that asset information is complete and reliable for sound decision making.

Council utilises a range of processes and criteria to balance cost, risk and service levels and make informed decisions relating to the management of community assets throughout their lives.

Lifecycle decision-making criteria and monitoring processes for each major asset class will be documented in the Asset Management Plans and reviewed at the time of the Plan review.

4.2 Operations and Maintenance Decision Planning

Council will operate and maintain assets to provide the required level of service to approved budgets in the most cost-efficient manner. Asset information from FAMIS (asset criticality, maintenance history, condition inspections etc.) and risk management measures will inform operational management plans.

Managing risks includes:

- Managing operational risks (SWMS, assets operational and maintenance plans and critical asset register)
- Meeting regulatory requirements (Road Management Act, Health and Safety Act, Building Act etc.)

4.3 Asset Renewals Decision Planning

Council uses asset information (condition & risk-criticality, performance, utilisation/capacity and maintenance history) to support renewal planning decisions. Information pertinent to asset renewal planning decisions include:

- Regular defect inspections and maintenance history of assets
- Regular condition assessment of assets (4 yearly for major asset classes and adhoc condition audits as required for other assets)
- Asset performance analysis (i.e. functionality/fit-for-purpose and capacity/utilisation)
- Criticality of assets

During a critical incident that requires immediate funding, Council may consider diverting funding towards this immediate incident. Diversion from discretionary funding should take precedence over non-discretional funding to ensure there is minimal impact on service delivery.

4.4 Asset Upgrades or Acquisitions Planning

A "***Project Management Framework***" (PMF) has been adopted by Council which includes a consistent process for capital projects evaluation and ranking (Refer *Capital Works Evaluation and Ranking Procedure* for details).

Asset upgrades or acquisitions planning must consider:

- Whole of life costs of providing and maintaining an asset over its entire lifecycle (lifecycle cost analysis template)
- Project ranking and prioritisation (MCA techniques)
- Meeting future service demands from assets (Long Term Infrastructure Plan)
- Achieving the best outcomes from new and existing assets, in the context of long-term funding constraints (rate capped environment)

4.5 Asset Rationalisation & Disposal Planning

An ***Asset Options Policy and Procedure*** has been developed to guide the review of asset performance and determine if the asset is to be retained, upgraded, expanded, reallocated or removed from service.

Assessment will be based on a range of criteria including:

- Service demand
- Asset performance (condition, fitness for purpose and utilisation)
- Financial performance

4.6 Optimisation of Works Program

Council optimises its proposed works program in terms of capital and operating tasks. In particular, the optimisation of the timing and sequencing of asset renewal projects takes into account a number of factors, including the costs and benefits of aligning asset renewal with upgrade or new projects or with maintenance activities. Opportunities will be sought to take a holistic approach to the implementation of capital works, particularly between various asset classes which are managed by a variety of internal departments.

Optimisation is undertaken to:

- Achieve sustainable outcome for the community;
- Minimise overall disruption to the service and the community;
- Ensure the achievement of strategic goals;
- Maintain current service levels and asset performance;
- Ensure an acceptable risk profile across all assets; and
- Ensure delivery of the works program.

Timely delivery of the capital works program is essential to minimise the likelihood of additional operating expenditure to sustain assets beyond their expected service potential where run-to-failure is not employed.

4.7 Continuous Improvement

In order to improve the lifecycle management of assets, Council will:

- Enhance asset management practices (in line with ISO55000, Asset Management Maturity Assessment and Improvement Priorities);
- Integrate asset management and service planning; and
- Expand on existing asset data knowledge (Asset Management Information Systems, rolling asset condition audit programs, asset handover processes).

4.8 Strategic Overview

Asset Management Framework

This Strategy is guided by Council's Asset Management Framework which sets the scene for asset management within Frankston City Council. The asset management framework illustrates the relationship between Council's strategic objectives and asset planning at the strategic, tactical and operational levels.

The Asset Management Framework as defined by the Asset Management Policy 2019 provides a means for co-ordinating the contributions and interactions between functional areas, assets and asset management activities to achieve the organisational and asset management objectives.

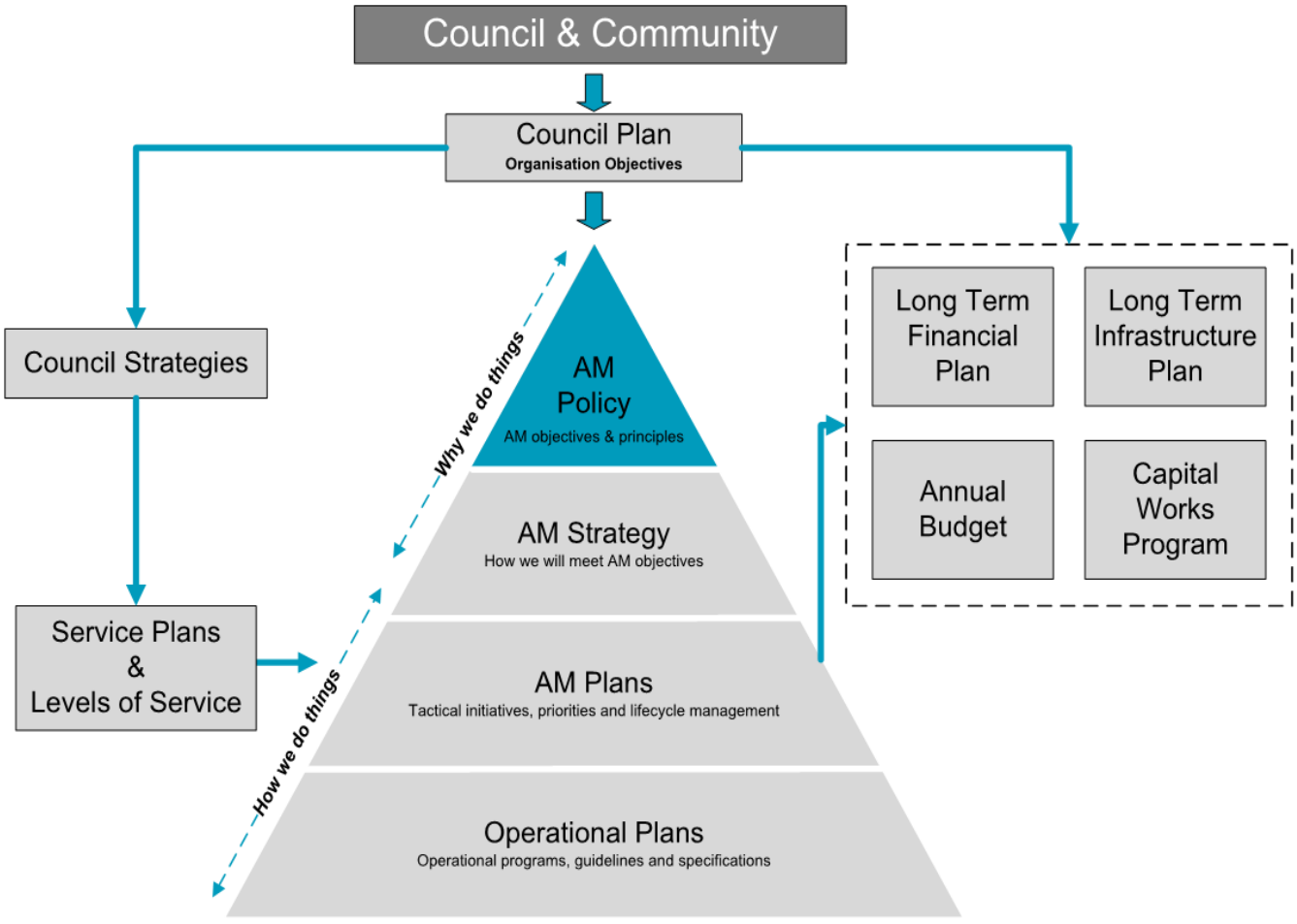


Figure 11: Frankston City Council Asset Management Framework (System)

Asset Management Objectives

This Strategy aligns with Council's Asset Management Policy and aims to achieve the following organisational and asset management objectives:

Council Plan Strategic Themes and Priorities

4.1 Highly valued and utilised services

- 4.1.1 Identify service assets and service levels required to meet future community needs
- 4.1.2 Implement a rolling service program
- 4.1.4 Optimise the community's ability to access services and information

4.2 Systems for ongoing effectiveness & efficiency

- 4.2.3 Facilitate informed decision making through improved reporting and data management

4.3 Optimise resource management

- 4.3.1 Continue to build a financially sustainable Council:
  - Advocate for operational grant funding from other tiers of government to deliver the services required by the community
  - Ensure funding decisions are based on Council's priorities
- 4.3.2 Undertake an ongoing review of Council's assets to ensure they meet community needs

4.4 Capable and engaged people

- 4.4.1 Create a sustainable workforce
- 4.4.2 Enhance a high performing culture

Asset Management Objectives

1. Council assets are well managed throughout their lifecycle
2. Council will manage its asset portfolio in a manner that ensures its compliance to the relevant legislation and regulations
3. Council assets support triple bottom line outcomes of environmental, financial and social sustainability
4. Asset management decisions are based on an integrated process, which includes community participation, has a long-term focus, and balances competing social, financial and environmental priorities
5. Council is accountable for its asset performance and its asset management activities
6. Non-discretionary funding for the maintenance, operation and renewal of existing assets is prioritised ahead of discretionary funding of new assets
7. Council proactively inspects and protects its asset inventory and will seek to recover the cost for reinstating damages from the responsible third parties
8. Council increases facility utilisation by reducing the current asset stock and moving toward the development of integrated multi-purpose facility hubs
9. Council's exposure to risk and litigation is reduced, in regard to asset failures, property risk exposure, damage and loss
10. Council will continue to improve its knowledge and asset management practices (including staff training and competencies)

Approach to Implementing Asset Management Principles and Initiatives

Council's approach to implementing asset management principles, as identified in the Asset Management Policy, in order to achieve asset management objectives along with the key initiatives are provided in Table 9 below.

Table 9: Asset Management Principles and Initiatives

Council's Asset Management Principles	Key Asset Management Initiatives
1. Ensure Assets Support the Services Provided by Council	✓ Asset Management Policy reviewed and updated. ✓ Asset Management Framework adopted. ✓ 10 year Long Term Infrastructure and Financial Plans are established. ✓ Detailed Asset Management Plans for Roads, Drainage, Buildings and Open space are developed. ✓ Development of individual Service Plans and performance standards (levels of service).
2. Community Involvement in Decision-Making	✓ Community is involved in decision making - engagement will be formalised following the finalisation of the Community Engagement Policy and Framework. ✓ Service Plans will be developed with community input and will be integrated with asset and financial planning. ✓ Stakeholder engagement sessions for major capital works projects.
3. Focus on Long-term Sustainability	✓ Impact of climate change on infrastructure will be assessed. ✓ Demand analysis will be conducted as part of service planning and will inform the LTIP and individual Asset Management Plans. ✓ Lifecycle cost assessment as part of major capital works. ✓ Optimised maintenance and capital renewal schedules to minimise lifecycle costs. ✓ Recycled products are being incorporated as part of capital and maintenance works. ✓ Technical asset performance assessments based on asset hierarchy to inform long term planning.
4. Sustainable Investment in Capital Works	✓ Capital works completion forms are used to handover asset data. ✓ Capital works evaluation and ranking procedure are used to prioritise capital works program. ✓ Project Management Framework is in place. ✓ Renewal works are prioritised before discretionary works. ✓ Project overview sheets prepared for each capital works project. ✓ Quality control and assurance measure during project implementation. ✓ Capital budget aims to meet renewal targets and address renewal backlog. ✓ Strategic approach to improve confidence in lifecycle analysis for capital renewal.

Council's Asset Management Principles	Key Asset Management Initiatives
5. Continuous Improvement in Data and Systems	✓ FAMIS (Infor Public Sector) is used to record asset data, maintenance history and condition. ✓ SMEC is used as predictive modelling tool for roads and Moloney tool for other asset classes. ✓ Draft Asset Data Management Guidelines are available. ✓ Draft Condition Audit Methodology for all asset classes are available.
6. Compliant Asset Accounting	✓ Annual asset valuations and revaluations are undertaken to comply with the legislative requirements. ✓ Useful lives, condition and latest unit rates are used to undertake the valuation. ✓ Draft Asset Valuation Policy and Asset Valuation Methodology provides consistent and repeatable approach to asset valuations.
7. Legislative and Regulatory Compliance	✓ Periodic internal and external audit will be undertaken to evaluate asset management practices ✓ ISO55000 maturity assessment ✓ Service Plans will be developed ✓ Risk Management Framework is in place. ✓ Long term (10 year) strategies are in place.
8. Continuous Improvement in Risk Management	✓ Regular inspection and condition audits are carried out to assess the risk of failure. ✓ Risk Management Plan is prepared as part of each Asset Management Plan covering critical assets, potential risks and risk mitigation strategies. ✓ Updated Road Management Plan live in FAMIS. ✓ Draft Asset Options Policy and Procedure available.
9. On-going Training and Skill Development	✓ A skill matrix will be developed to assess the organisational capability and capacity, and training program will be implemented accordingly. ✓ Suitable asset management responsibility matrix to identify organisation wide responsibilities.
10. Effective Performance Monitoring and Reporting	✓ Asset improvement program will be monitored by SAMT and reported to EMT & Council. ✓ State of assets will be reported regularly. ✓ Systems in place to support the monitoring of assets over their lives. ✓ Strategic Asset Management Governance Structure and accountabilities are established.

Strategic Drivers Impacting on AM Objectives

Our community expects us to deliver required levels of services. Our services aim to strike the right balance between risks, cost and asset performance in alignment with regulatory compliance.

A variety of factors can influence Council's ability to deliver quality and sustainable services for the community into the future.

Table 10 below outlines how drivers or key challenges facing Council are expected to impact (potential to significantly) our ability to deliver required services through our assets over the next 4 years. It also demonstrates how these key internal and external factors will impact the asset management objectives.

Table 10: Strategic Drivers Impacting on AM Objectives

Demand Driver	Expected Change	Impact on AM Objectives
Demographic or population density changes	✓ Ageing population and population growth and increased density in the City. ✓ Increasing cultural, health well-being and linguistic diversity.	✓ Services and infrastructure need to be accessible to all groups and ages. ✓ Increased demand for new works, upgrades and asset renewals to meet growing population needs. ✓ Infrastructure and associated facilities may need to be more flexible to accommodate a broader range of different services. ✓ Available resources such as funding, public open spaces and the road reserve need to be able to support the needs of current and future populations (see figure below for population growth) with limited development opportunities.
Ageing infrastructure	✓ Increased risk of failure of assets. ✓ Potential service disruptions and an inability to meet current and future customer expectations and needs.	✓ Increased capital works budget to renew assets and address expected asset deterioration / renewal gap. ✓ Maintenance costs need to account for the increased likelihood of asset failure. ✓ Need to evaluate assets which are not fit for use for potential disposal or repurposing.
Financial Constraints (Rate Capping)	✓ Limited funds available to increase service levels and meet all competing demands.	✓ Ensure that optimised decision-making processes are in place, including processes for capital and project prioritisation and justification of asset expenditure and funding source. ✓ Affects the capacity to prioritise capital works program to meet current and future service demand.

Demand Driver	Expected Change	Impact on AM Objectives
Regulatory compliance	✓ Changes in regulatory framework. ✓ More stringent requirements for local government. ✓ Shift in Commonwealth and State policy on accountability and compliance.	✓ Potential for increased demand on capital and operating budgets to meet regulatory compliance obligations. ✓ Improved AM practices and skilled or trained resources may be required to undertake appropriate condition, performance and risk audits. ✓ Need to review and update policies, strategies and plans to ensure compliance. ✓ Increased asset reporting requirements.
Climate Change (environmental sustainability)	✓ More frequent and intense storm and flood events (higher sea levels and more frequent flood storm surges in coastal areas). ✓ Higher levels of solar radiation. ✓ Carbon pollution. ✓ Increasing environmental awareness. ✓ Increased risk of natural disasters. ✓ Coastal inundation. ✓ Increased average temperatures.	✓ Existing stormwater systems may not cope with changed rainfall patterns resulting in a need to upgrade the network. ✓ Sea level rise could affect coastal properties and infrastructure. ✓ Increased frequency of hail, flood and storm damage requires emergency response, and impacts asset useability. ✓ More rapid deterioration of assets exposed to the weather (e.g. increased rate of road surface cracking) requires adjustment to maintenance and renewal work practices. ✓ Need to incorporate Environmentally Sustainable Design principles throughout lifecycle management activities for all assets.
Stakeholder expectations and changing demands	✓ Customer expectations and needs for higher service standards or different service needs.	✓ More transparency and accountability required in business decision-making. ✓ May need to consider asset rationalisation and /or disposal to fund alternative assets and services.
Technology Changes	✓ Changes in digital technology will reshape the way the City operates. ✓ Changes in technology can also drive change in community expectations. ✓ Improved construction methods and standards.	✓ Potential changes in community expectations, which may increase demand and costs on the service. ✓ Advancements in data systems, processes and analysis capability will require Council to move with the changes in technology as products may no longer be supported.

The detailed demand analysis and demand management strategies will be covered under each asset management plan.

Future Needs and Stakeholder Engagement

A key focus of asset management is to realise value from the asset investment. For this reason, it is critical to understand what our community and the stakeholders need, how these needs may change over time and the implications on Council's asset portfolio and service delivery.

Figure 12 below presents the population growth and demographic changes which will have an impact on future service needs and community expectations. The City population is expected to grow by an average annual change of 0.64% (163,610 by 2041 compared to 143,232 in 2019).

The demographic statistics shows that between 2016 and 2026, there will be a 31% increase in population of retirement age and 8.5% increase in under working age and 3.8% increase in working age which could have significant impact on the different types and levels of service Council provides.

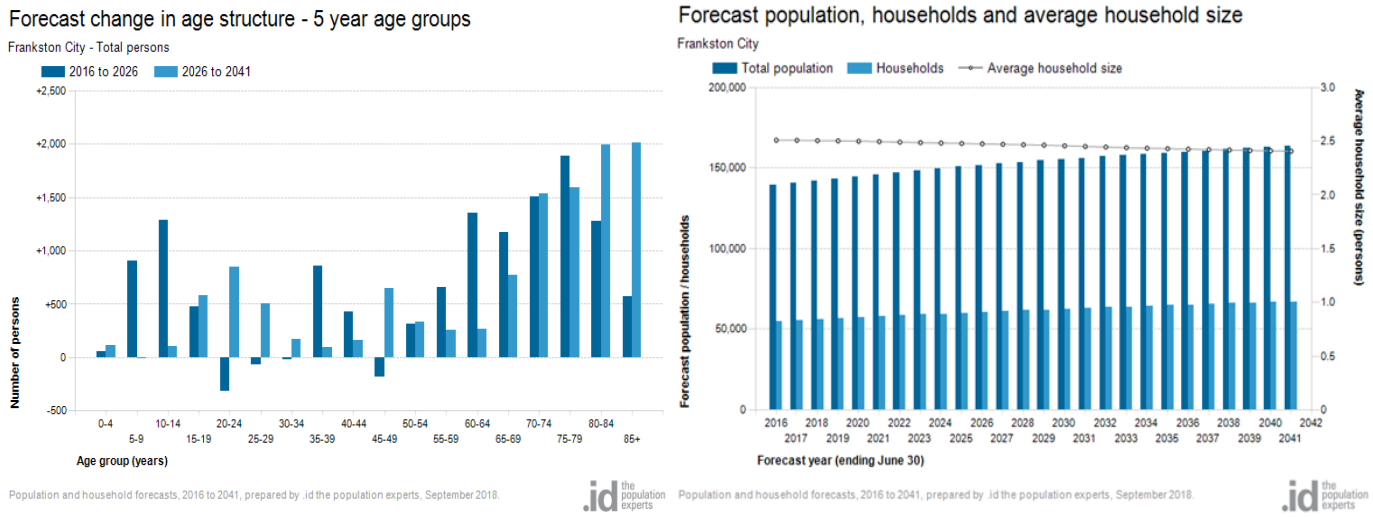


Figure 12: City Population and Demographic Changes by 2041

Frankston City Council identifies its asset management requirements to meet current and future community service needs and expectations using various engagement mechanisms including, but not limited to strategic planning and masterplan consultation, project based consultation, community satisfaction surveys, customer service requests and online feedback through Council's website.

Building flexibility into asset design to allow for adaptation and re-purposing is one way to meet future requirements. Meeting future community needs and aspirations for assets will undoubtedly require a whole-of-community and a whole-of-organisation approach. It will also involve greater coordination,

cooperation and partnership between all levels of government, other agencies and developers to facilitate expected needs, alleviate pressure on existing services and infrastructure assets and to identify innovative ways to resource infrastructure over the next decade.

Council will continue to work with stakeholders and the community to:

- ✓ Understand the key issues;
- ✓ Identify options to address these issues;
- ✓ Influence what changes we make to community assets; and
- ✓ Gain support for the decisions that we make.

To deliver the stakeholder requirements and strategic objectives, Council will be implementing guiding asset management principles and associated asset management activities via:

1) Individual Service Plans for all Council services;

2) Asset Management Plans covering lifecycle management activities for each asset class owned by Council are developed, maintained and executed;

3) Robust asset governance structures and responsibility matrices and monitoring and reporting processes;

4) Delivery of the recommended improvement actions outlined in this Strategy; and

5) Continuous enhancement in asset data & knowledge and systems, and improvement of relevant asset management practices with focus on long term sustainability.

The Community Engagement Policy and Framework describes Council's position, role and commitment to ensuring community engagement is integrated into all Council activities. The Policy and Framework are expected to be adopted and implemented in 2020.

Chapter 4 Improvement Actions

3.6 Review and update the Capital Works Investment Evaluation Policy and Procedures.

3.7 Develop and implement a lifecycle cost assessment and allocation methodology for new, upgrade and expansion capital works projects.

3.9 Review and update Asset Options Policy and Procedure (Operations & maintenance and Asset Rationalisation decision making processes & procedures.

3.11 Review and update Asset Valuation Policy and Methodology (including capitalisation thresholds) to streamline annual asset valuations.

5.1 Revise asset handover processes for all major asset classes and including both gifted and constructed assets.

5.2 Establish lifecycle decision-making criteria & monitoring processes for each major asset class and document in the Asset Management Plans.

5. RISK MANAGEMENT

5.1 Risk Management Framework

Frankston City Council is committed to risk management as an integral part of its corporate governance, asset management and Operations to ensure that well informed decisions are made.

Council developed its Risk Management Policy (2019) and Framework (2018) along with key principles to guide risk management processes within the organisation, including those associated with asset management.

Council's Risk Management Framework 2018 is based on the provisions of ISO 31000: 2018 Risk Management –Guidelines as outlined in Figure 13: below.

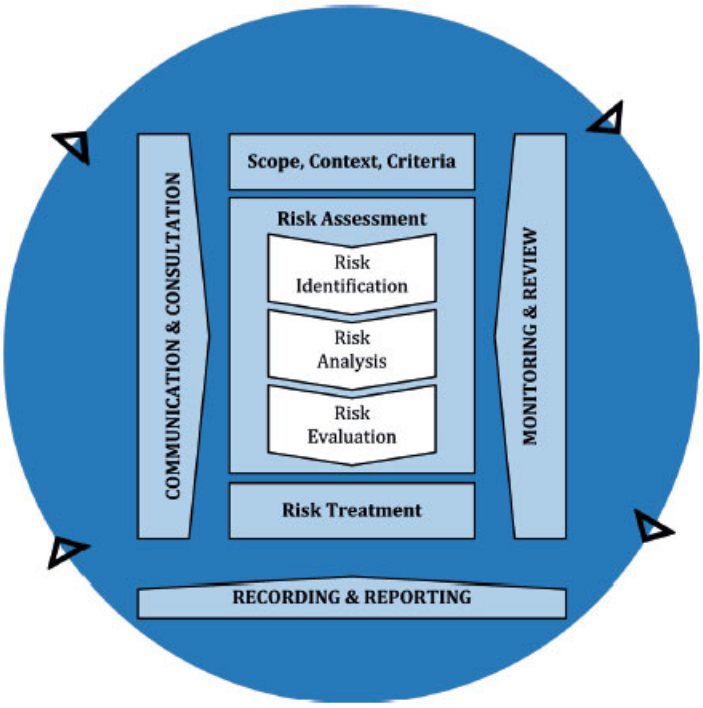


Figure 13: Council's Risk Management Framework

Key Risk Management Strategies

Key operational risk management strategies cover:

- **Road Management Plan Compliance –** Hazards identification, reporting and rectification;
- **Bridges Compliance** – to meet current Australian Standards and prioritise bridge, major culvert and guardrail maintenance, renewal and upgrade works;
- **Facilities Compliance –** to enable Council to address non-compliance with the Building Code of Australia, Occupational Health & Safety Act 2004 and Disability Act 2006;
- **Playground Compliance –** to meet relevant Australian Standards;
- **Footpaths Compliance –** to enable footpath maintenance, upgrade and renewal to address safety issues;
- **Parks & Leisure Compliance -** to enable maintenance, upgrade and renewal to address safety issues in Council's open space reserves, including the foreshore reserve, which is guided by Council's Coastal Management Plan;
- **Routine Operations and maintenance** programmes for Council assets are in place;
- **Asset data collection and condition audits** are undertaken to proactively identify asset performance failures (identify critical assets, visual and condition assessment & monitoring) and inform replacement strategies; and
- **Long Term Infrastructure Plan** provides funding of capital works necessary to address risks identified by Council, including non-compliance with relevant regulations and standards.

5.2 Asset Criticality

Critical assets are those assets which have a high consequence of failure but not necessarily a high likelihood/probability of failure. This may include disruption to services as a result of critical asset failure.

Operations, maintenance and capital renewal activities are targeted to mitigate critical asset failure and maintain service levels. These activities may include increased inspection frequency, higher maintenance or renewal intervention levels or reduced rectification work timeframes.

Further work is required to determine individual critical assets across each asset class based on unique risk criteria. Each asset management plan will detail the critical assets, critical asset criteria and associated risk mitigation options.

5.3 Managing Asset Risks

Assets in poor condition are a key focus for Council in managing potential risks in an event of failure.

In order to evaluate risks to determine whether a treatment action is required, Council utilises a consequence/likelihood matrix as seen below.

Table 11: Risk Evaluation Matrix

Consequence / *Likelihood*		**Insignificant**	**Minor**	**Moderate**	**Major**	**Catastrophic**
		1	2	3	4	5
Almost Certain	E	Moderate	High	High	Extreme	Extreme
Likely	D	Moderate	Moderate	High	High	Extreme
Possible	C	Low	Moderate	Moderate	High	Extreme
Unlikely	B	Low	Moderate	Moderate	High	High
Rare	A	Low	Low	Moderate	Moderate	High

Risk ratings of High and Extreme are deemed unacceptable and immediate action is required to treat these risks, whilst those assessed as having a Low or Moderate rating can generally be managed and controlled within existing budget and resource parameters. Risks are monitored and reported on as per Council's Risk Management Framework 2018.

Council is committed to setting levels of service targets and key performance indicators for assets to alleviate the risk of asset failure and the associated service performance impacts.

The following risk management measures will be adopted to respond to these risks:

- Continue routine asset defect inspections and visual condition assessments (4 yearly basis);
- Develop criticality criteria and undertake criticality assessment for each asset area to proactively carry out maintenance of critical assets;
- Continue to develop and implement processes for capturing, registering, assessing, and monitoring/tracking asset related risks, associated risk controls and treatments to better match service performance with our community requirements; and
- Develop an asset specific risk register as part of the review and update of individual asset management plan.

Chapter 5 Improvement Actions

3.2 Identifying critical assets and risk management treatment including business continuity options which link to capital decision making and maintenance works programs.

3.10 Establish a process to monitor risk controls for critical assets of all major asset classes in line with the Risk Management Framework.

6. REGULATORY FRAMEWORK

6.1 Legislative Control of Asset Management

Council functions and obligations are primarily set out in the Local Government Act 1989. In accordance with the direction of Victorian State Government, the proposed Local Government Bill 2018/19 intends to introduce the following:

- Improve the services Council deliver for communities;
- 10 Year Asset Management Plans;
- 10 Year Financial Plans; and
- An integrated planning and reporting process.

The scope of this Strategy is guided by the various legislation, regulations and standards, including (but not limited to) those listed in Table 12.

Table 12: Legislation, Regulations and Standards

Legislation/Act/Standards	
❖ Local Government Act 1989 - (2019 bill currently in parliament)	❖ Occupational Health & Safety Act 2004 and Regulations 2017
❖ Planning & Environment Act 1987	❖ Emergency Management Act 1986 (Disaster Recovery Fund Arrangements)
❖ Disability Act 2006/Disability Amendment Act 2017	❖ Environment Protection Act (EPA) 1970
❖ Crown Land (Reserve) Act 1978	❖ Road Management Act 2004
❖ Land Act 1958 and Retail Leases Act	❖ Australian Accounting Standards
❖ Building Act 1993 and Regulations 2018	❖ ISO55000 Asset Management Standards
❖ Water Act and Coastal Management Act 1995	❖ Rate Capping (under FGRS)
❖ Electricity Safety Act 1998	❖ Financial Management Act 1994
❖ Subdivisions Act 1988	

6.2 VAGO Recommendations

In May 2019, the Victorian Auditor-General's Office (VAGO) published a report on Asset Management and Compliance for Local Councils. The VAGO report included seven recommendations that Local Government Victoria (LGV) and Local Councils should implement in order to improve asset management and compliance.

This Strategy considers the recommendations provided by VAGO as listed below and provides a robust Improvement Plan to address gaps in current practices and processes.

Recommendations:

1. Clearly determine and document the information that they need for effective asset reporting and decision-making, including ensuring Disaster Recovery Funding Arrangements needs are met.

2. 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

3. Integrate asset management information systems so staff can easily record and access data to enable analysis for planning and decision-making

4. Revise their governance and policy guidance for asset investment decision-making to ensure that it is evidence-based

5. Integrate asset management planning into financial planning cycles and processes to ensure councils balance asset investment needs against their objectives and funding constraints

6. Identify their critical assets, and the potential risks of their failure, to inform investment priorities

7. Evaluate their capability, including resources, skills and training to meet their identified asset management needs, potentially using the Asset Management Framework.

7. GOVERNANCE STRUCTURE AND ACCOUNTABILITY

7.1 Governance

Council's Strategic Asset Management Governance Structure defines the roles and responsibilities of key internal stakeholders for asset management within the organisation and is essential for achieving organisational objectives.

Identifying and understanding asset management responsibilities at different levels of the organisation including the Executive Management Team (EMT), Strategic Asset Management Team (SAMT) and Asset Management Working Groups (AMWG) ensures an effective cross-organisational approach to asset management, service planning, and financial planning. It is also necessary to guide the delivery of this Strategy and its Improvement Plan.

The SAMT acts to enable continuous improvement in Council's asset management practices and is responsible for monitoring the implementation of the Improvement Plan. Members of the AMWG are drawn from across the whole organisation and have responsibility for the day-to-day management of Council assets as well as the implementation of certain improvement actions identified in this Strategy.

Appendix 1 outlines Council's Strategic Asset Management Governance Structure.

In addition to Council's Strategic Asset Management Governance Structure, the Asset Management Responsibility Matrix shown in **Appendix 2** has been developed to clearly highlight responsibilities for various asset management functions across the whole organisation. This is a result of some inconsistency over asset responsibilities across various departments, and will provide clarity following the organisation restructure.

7.2 Leadership and Culture

Leadership and Asset Management Capabilities

Frankston Council is building a high-performance culture and high levels of employee engagement to support achievement of our organisational objectives. Council is committed to improving its asset management practices and capabilities as demonstrated by the adoption of the Asset Management Policy, individual portfolio Asset Management Plans and the establishment of the Strategic Asset Management Team.

Council's ability to implement improvement actions identified in this Strategy relies on the continued leadership, commitment and involvement of the Executive Management Team, Strategic Asset Management Team and staff.

Asset Management Skills and Training

At present, the level of asset management awareness, capability and capacity varies across the organisation and considerable effort is required to identify and ensure sufficient resources with appropriate skill sets are available to achieve asset management objectives.

It is important to provide ongoing staff training programmes to address these gaps and improve in-house asset management capability and capacity, and enhance the asset management culture within the organisation.

A skill matrix will be developed to identify additional resources and skills, training requirements and budget needs to address known gaps in asset management.

Chapter 7 Improvement Actions

2.1 Implement responsibilities matrix shown in Appendix 2 – Asset Management Responsibility Matrix for phases of asset lifecycle management.

2.2 Review skills and resources which covers the entire scope of the asset management system and identify gaps and develop a plan to address these gaps.

2.3 Review and update Council's Strategic Asset Management Governance structure, including roles and responsibilities.

8. STRATEGIC ASSET MANAGEMENT IMPROVEMENT PLAN

8.1 Implementation of this Strategy

Section 8.2 details the four year Asset Management Improvement Action Plan aimed at achieving Council's long-term strategic asset management vision and objectives, and improving overall asset management 'maturity'.

The Improvement Action Plan has been structured to ensure alignment with ISO 55000, organisational objectives and the asset management principles set out in Council's Asset Management Policy. Actions were determined based on addressing gaps identified from an asset management maturity assessment undertaken against ISO550000 standards.

Council will undertake internal audits on the effectiveness of its overall asset management system and its alignment to ISO55000 standards in order to continually improve asset management practices.

Recommendations from the May 2019 VAGO report 'Local Government Assets: Asset Management and Compliance' have also been considered and referenced in the Improvement Plan.

The SAMT is responsible for coordinating the implementation of all improvement actions. Officers that are accountable for the delivery of individual actions have been identified in the Improvement Action Plan and are responsible for including the delivery of assigned actions in their annual business plans.

Chapter 8 Improvement Actions

6.1	Develop internal periodic audit to determine the effectiveness of Asset Management System & compliance against ISO55000 requirements.
7.1	Document accountability for implementing, monitoring and reporting on improvement actions identified in the Improvement Action Plan.
7.2	Monitor progress of implementation of the Asset Management Strategy Improvement Action Plan.

8.2 Improvement Action Plan

Table 13: Asset Management Improvement Action Plan (2020-2024)

Asset Management Improvement Action	Responsibility *	Priority	Timeline			
			2020/21	2021/22	2022/23	2023/24
1. Context of Organisation						
1.1 Identify Council services and develop Service Plans – Define desired levels of service and long term performance targets.	Service Managers	High				
1.2 Identify which assets contribute to which Council services to integrate asset and service planning.	MSA/ Service Managers	Medium				
2. Leadership & Accountability						
2.1 Implement responsibilities matrix shown in Appendix 2 – Asset Management Responsibility Matrix for phases of asset lifecycle management. **(Relevant to VAGO 2017/18 Recommendations – 4)**	EMT/SAMT	High				
2.2 Review skills and resources which covers the entire scope of the asset management system and identify gaps and develop a plan to address these gaps. **(Relevant to VAGO 2017/18 Recommendations – 7)**	Director - Community Assets	High				
2.3 Review and update Council's Strategic Asset Management Governance structure, including roles and responsibilities. **(Relevant to VAGO 2017/18 Recommendations – 4)**	SAMT	Medium				
3. Planning						
3.1 Review and implement improvement action plans identified in Council's Asset Management Plans (Roads, Drainage, Buildings, Pathways and Open Space).	SAMT	High				
3.2 Identifying critical assets and risk management treatment including business continuity options which link to capital decision making and maintenance works programs. **(Relevant to VAGO 2017/18 Recommendations – 6)**	MSA/MCS/ Service Managers/MO	High				
3.3 Program ongoing asset performance assessments, including condition, function and capacity, for each of the major asset classes. **(Relevant to VAGO 2017/18 Recommendations – 2)**	Manager Sustainable Assets	High				
3.4 Review/document asset inspection process and schedule for all Asset Classes to be recorded in FAMIS. **(Relevant to VAGO 2017/18 Recommendations – 2)**	Manager Sustainable Assets	High				
3.5 Develop Service Planning Framework to integrate Service, Financial and Asset management to improve service delivery.	Service Planning/MSA	Medium				
3.6 Review and update the Capital Works Investment Evaluation Policy and Procedures. **(Relevant to VAGO 2017/18 Recommendations – 4)**	Manager Sustainable Assets	Medium				

	Asset Management Improvement Action	Responsibility *	Priority	Timeline			
				2020/21	2021/22	2022/23	2023/24
3.7	Develop and implement a lifecycle cost assessment and allocation methodology for new, upgrade and expansion capital works projects. **(Relevant to VAGO 2017/18 Recommendations – 4)**	Manager Sustainable Assets	Medium				
3.8	Continue with periodic review, update and implementation of all Council Asset Management Plans (Roads, Buildings, Open Space and Drainage) and update financial information, LTFP and LTIP requirements. **(Relevant to VAGO 2017/18 Recommendations – 5)**	Manager Sustainable Assets	Medium				
3.9	Review and update Asset Options Policy and Procedure (Operations & maintenance and Asset Rationalisation decision making processes & procedures. **(Relevant to VAGO 2017/18 Recommendations – 4)**	Manager Sustainable Assets	Medium				
3.10	Establish a process to monitor risk controls for critical assets of all major asset classes in line with the Risk Management Framework. **(Relevant to VAGO 2017/18 Recommendations – 6)**	MSA/MCS	Medium				
3.11	Review and update Asset Valuation Policy and Methodology (including capitalisation thresholds) to streamline annual asset valuations. **(Relevant to VAGO 2017/18 Recommendations – 4)**	MSA/MFCP	Medium				
4.	**Support**						
4.1	Develop and adopt data collection (attributes, condition, functionality and capacity/utilisation) and data management guidelines for all Council assets to maintain consistency across data sets, provide quality assurance measures for auditing and a method for tracking the completeness of asset data. **(Relevant to VAGO 2017/18 Recommendations – 1, 2)**	Manager Sustainable Assets	High				
4.2	Enhance FAMIS capability to record condition and performance (functionality, utilisation/ capacity) information for each asset class to evaluate and monitor asset performance. **(Relevant to VAGO 2017/18 Recommendations – 2, 3)**	Manager Sustainable Assets	High				
4.3	Review existing asset data, identify data gaps and implement a plan to cleanse and improve accuracy of existing data and collect missing data. **(Relevant to VAGO 2017/18 Recommendations – 2)**	Manager Sustainable Assets	High				
4.4	Enhance/update IPS (FAMIS), KERN and IntraMaps to meet business requirements (ex: data structures, capturing maintenance cost, works order management, reports, spatial information and accuracy etc.). **(Relevant to VAGO 2017/18 Recommendations – 3)**	Manager Sustainable Assets	High				
5.	**Operation**						

	Asset Management Improvement Action	Responsibility *	Priority	Timeline			
				2020/21	2021/22	2022/23	2023/24
5.1	Revise asset handover processes for all major asset classes and including both gifted and constructed assets. **(Relevant to VAGO 2017/18 Recommendations – 2)**	Manager Sustainable Assets	**High**				
5.2	Establish lifecycle decision-making criteria & monitoring processes for each major asset class and document in the Asset Management Plans. **(Relevant to VAGO 2017/18 Recommendations – 1)**	Manager Sustainable Assets	**Medium**				
6.	**Performance Evaluation**						
6.1	Develop internal periodic audit to determine the effectiveness of Asset Management System & compliance against ISO55000 requirements. **(Relevant to VAGO 2017/18 Recommendations – 7)**	Manager Sustainable Assets	**High**				
7.	**Improvement Strategy**						
7.1	Document accountability for implementing, monitoring and reporting on improvement actions identified in the Improvement Action Plan. **(Relevant to VAGO 2017/18 Recommendations – 1)**	Manager Sustainable Assets	**High**				
7.2	Monitor progress of implementation of the Asset Management Strategy Improvement Action Plan.	MSA / SAMT	**High**				

Legend:

EMT Executive Management Team
MCD Manager Capital Works Delivery
MCS Manager Commercial Services
MFCP Manager Finance and Corporate Planning
MO Manager Operations
MSA Manager Sustainable Assets
SAMT Strategic Asset Management Team

9. APPENDICES

Appendix 1 – Strategic Asset Management Governance Structure

Appendix 2 – Asset Management Responsibility Matrix

Appendix 3 – Roads Asset Class Hierarchy

Appendix 4 – Drainage Asset Class Hierarchy

Appendix 5 – Open Space Asset Class Hierarchy

Appendix 6 – Facilities Asset Class Hierarchy

Appendix 7 – Plant and Equipment Asset Class Hierarchy

Appendix 8 – Land Asset Class Hierarchy

Appendix 9 – Financial Classification of Assets

Appendix 1 – Strategic Asset Management Governance Structure

Council

- Adoption of Asset Management Policy, Asset Management Strategy and Asset Management Plans.
- Approval of budget allocations that ensure appropriate non-discretionary funding provision for renewal, maintenance and operation of Council assets in the Long Term Financial Plan (LTFP) and Long Term Infrastructure Plan (LTIP).
- Ensure Council's asset management practices and decision making aligns with the Council Vision and Asset Management Policy.

EMT

- Responsible for key business issues associated with asset management including approving budgetary strategies, oversight of key risks and provides strategic direction.
- Provide advice to Council on initiatives requiring Council endorsement.
- Guide Council's decision making with respect to Life Cycle Costing, the Long Term Infrastructure Plan, Long Term Financial Plan and Service Plans

Audit and Risk Committee

- Monitors strategic asset management risks and treatment plans identified in Asset Management Plans
- Ensures Council's exposure to risk is minimised in regard to asset failures, property risk exposure, damage and loss
- Oversees the maintenance of road related assets to ensure ongoing compliance with the Road Management Plan.
- Monitors compliant asset accounting and valuations in accordance with applicable Australian accounting standards.
- Ensures Council assets comply with insurance, legislative and regulatory requirements.

Strategic Asset Management Team

- Provide strategic direction, knowledge sharing and monitor the progress of the Asset Management Strategy Improvement Plan
- Supports and monitors the implementation progress of the Asset Management Strategy and performance.
- Facilitates the rollout of the Frankston Asset Management Information System and ongoing enhancements.
- Increase awareness of the importance of integrated service planning and asset management across all levels of the organisation and Council's Risk & Audit Committee.
- Oversee Council assets are proactively inspected to monitor condition, levels of service and ensure Council assets are fit for purpose.

Asset Working Group Stakeholders

- Apply asset management principles to inform decision making and achieve long-term sustainable outcomes for Council's assets.
- Develop community and technical levels of service and deliver service provision to agreed risk and cost standards.
- Comply with the Asset Management Policy, Strategy and relevant Asset Management Plans.
- Deliver on actions and implement outcomes of the approved Service Plans and Asset Management Plans.
- Maintain centralized asset registers and data integrity that underpins all strategic and operational activities.
- Contribute to the development of Council's Asset Management Information System (FAMIS) future enhancement program.

WORKING GROUPS BY MAJOR ASSET CLASS: Facilities, Roads & Transport, Stormwater Management, Open Space, Pathways and Bridge & Pedestrian Structures

Council	Executive Management Team (EMT)	Audit and Risk Committee	Strategic Asset Management Team	Asset Working Group Stakeholders
Roles and Responsibilities 1. Act as custodians and stewards of community assets. 2. Be aware of best practice asset management principles. 3. Ensure commitment to sustainable asset management principles is incorporated in the Council Plan. 4. Ensure that legal and statutory compliance obligations are met. 5. Approve Council's Asset Management Policy, Strategy and Plans. 6. Approve the alteration and/or rationalisation of under-utilised or surplus Council assets. 7. Ensure appropriate financial resources for non-discretionary asset management activities are maintained in accordance with funding strategies of the LTFP & LTIP.	**Roles and Responsibilities** 1. Act as custodians and stewards of community assets. 2. Be aware of best practice asset management principles. 3. Ensure that legal and statutory compliance obligations are met. 4. Oversee the implementation of Council's Asset Management Policy, Strategy and Plans with agreed resources. 5. Facilitate the effective operation of Council's Strategic Asset Management Group (SAMT). 6. Supports asset management requirements in relevant staff position descriptions and performance plans, and provide asset management learning and development programs. 7. Ensure that accurate and reliable information is presented to Council for decision-making. 8. Ensure that Councilors and staff are adequately trained and skilled in sustainable financial, environmental and asset management practices.	**Roles and Responsibilities** 1. Ensures municipal assets are compliant with relevant legislation and regulations; 2. Supports Council to be responsive to changes in legislation and regulations and provide appropriate funding to ensure compliance occurs in a timely manner; 3. Oversees the maintenance of road related assets to ensure ongoing compliance with the Road Management Plan. 4. Ensures the valuation of Council assets will be in accordance with the accounting standards applicable for local governments within the State of Victoria. 5. Monitors compliance with insurance obligations and ensures information regarding asset valuations and insurance replacement values are linked to the asset register	**Roles and Responsibilities** 1. Have a broad understanding of asset management issues and the continuous improvement approach being adopted; 2. Support the delivery of the Asset Management Policy, Strategy and Plans; 3. Monitor, evaluate and assist in the delivery of asset management improvement projects/ actions; 4. Review and implement, where possible, external audit recommendations relating to asset management; 5. Raises awareness throughout the organisation of the benefits of committing to a strategic asset management approach; 6. Identify opportunities and support development for improvement in relation to the planning, development and management of assets; 7. Advocate for improved strategic asset management outcomes. 8. Recommends budget allocations for renewal expenditure as per Council's LTFP & LTIP. 9. Approves forward schedule of asset audits and AM Plan reviews.	**Roles and Responsibilities** 1. Implement the Asset Management Policy, Strategy and Asset Management Plans 2. Manage infrastructure assets in consideration of long term sustainability; 3. Implement/ develop tactical plans (such as maintenance programs, capital works programs) in accordance with the relevant Asset Management Plan and works management plans; 4. Establish service delivery needs and define service levels in consultation with local community stakeholders, and balances competing social, financial and environmental priorities; 5. Ensure that appropriate infrastructure is provided and maintained to meet service delivery needs; 6. Development of levels of service and service delivery to agreed risk and cost standards; 7. Ensure an asset options evaluation process is undertaken whenever an asset is no longer required to support the current service; 8. Adhere to SAMT initiatives.

Appendix 2 – Asset Management Responsibility Matrix

Asset Category		Planning	Design	Construction / Acquisition (Asset delivery)	Operation & Maintenance	Renewal / Replacement (Planning)	Disposal / Rationalisation	Key Stakeholders
Roads								
Bridge, Pedestrian Structures & Major Culverts[1]		Engineering Services	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Engineering Services	
Pathways (Footpaths, Cycle Paths / Shared Paths)	Road Reserves	Engineering Services	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Engineering Services	
	Council Facilities	Facility Service Manager	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Facility Service Manager	Building and Facilities
	Open Space Reserves	Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Strategic Policy and Planning	
Car Parks (including sealed and unsealed)	On Road	Engineering Services	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Engineering Services	
	Off Street – Facilities (including underground parking)	Facility Service Manager	Capital Works Delivery	Building and Facilities / Capital Works Delivery	Operations (Building and Facilities if under/on Council building)	Asset Planning	Facility Service Manager	Commercial Services
	Off Street - Open Space Reserves	Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Strategic Policy and Planning	
Roads, Sealed Right of Ways, Kerb & Channel		Engineering Services	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Engineering Services	
Traffic Control Devices (LATM) and Centre Medians		Engineering Services	Capital Works Delivery	Capital Works Delivery (Minor works: Engineering Services)	Operations	Asset Planning	Engineering Services	
Street Lighting	Standard (Custodian – Engineering Services)	External (Service Authority)	External (Service Authority)	External (Service Authority)	External (Service Authority)	Asset Planning	External (Service Authority)	
	Non Standard	Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Strategic Policy and Planning	Engineering Services
Signage	Municipality and suburbs	Community Relations	Community Relations	Community Relations	Operations	Asset Planning	Community Relations	
	Regulatory – Traffic Management	Engineering Services	Engineering Services	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Engineering Services	Governance and Information

[1] Major culvert (bridge) - single span >1.8m. Culverts (drainage) - single span <1.8m.

Asset Category		Planning	Design	Construction / Acquisition (Asset delivery)	Operation & Maintenance	Renewal / Replacement (Planning)	Disposal / Rationalisation	Key Stakeholders
Retaining Walls	Road Reserve, Open Space Reserve or Facility	Engineering Services	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Engineering Services	Commercial Services (for leased facilities) Community Strengthening (in sporting facilities)
Safety Barriers & Guardrails		Engineering Services	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Engineering Services	
Drainage								
Underground and Above ground drainage (e.g. Pipes, pits, culverts, open drains, dams, retarding basins) including those within Council's parks and reserves. Responsibility begins from the Legal Point of Discharge.		Engineering Services	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Engineering Services	Community Strengthening (in sporting facilities)
Water Sensitive Urban Design (Rain Gardens, Wetlands, Bio Retention Swales) and GPTs		Engineering Services	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Engineering Services	
Facilities [3]								
-Child Care Centres - Kindergartens - Maternal & Child Health - Occasional Care - Playgroups		Family Health Support Services	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Family Health Support Services	Commercial Services
- Community Centres and Halls		Community Relations / Community Strengthening / Family Health Support Services	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Community Relations / Community Strengthening / Family Health Support Services	Community Strengthening
- Performance, Visual Arts & Exhibition - Libraries		Arts and Culture	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Arts and Culture	Commercial Services
Recreation and Leisure (Club Rooms & Sporting Pavilions)		Community Strengthening	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Community Strengthening	Commercial Services Community Strengthening
Commercial Facilities including: - Peninsula Aquatic Recreation Centre - Pines Forest Aquatic Centre - Frankston Yacht Club - Keast Park Pavilion (Crackerjack Cafe) - Sofia Restaurant - Centenary Park Golf Club - Waves Restaurant / Life Saving Club		Commercial Services / Community Strengthening	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Commercial Services	Community Strengthening Community Relations (Sofias Restaurant)

Asset Category		Planning	Design	Construction / Acquisition (Asset delivery)	Operation & Maintenance	Renewal / Replacement (Planning)	Disposal / Rationalisation	Key Stakeholders
Scouts & Girl Guides		Commercial Services/ Community Strengthening	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Commercial Services	Commercial Services/ Community Strengthening
Ballam Park Homestead		Strategic Policy and Planning	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Strategic Policy and Planning	Community Strengthening
Grimwade Clock Tower		Strategic Policy and Planning	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Strategic Policy and Planning	
- Neighbourhood Centres - Men's Sheds		Community Strengthening	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Community Strengthening	Commercial Services
Operations Centre		Operations	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Building and Facilities	
Transfer Station/Recycling Centre		Waste and Recycling	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Waste and Recycling	Commercial Services
Civic Centre		Building and Facilities	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Building and Facilities	
Visitor Information Centre and Information Kiosk		Community Relations	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Community Relations	
Public Toilets (Stand-alone)		Strategic Policy and Planning	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Building and Facilities	
Major sheds and shelters[2]		Building and Facilities	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning / Building and Facilities	Building and Facilities	
Open Space								
Conservation areas		Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Operations/ Asset Planning	Strategic Policy and Planning	Operations
Parks – Passive Recreation	Seats, tables, benches, minor shelters/ information boards, fencing[3], garden beds	Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Strategic Policy and Planning	Operations Community Strengthening
	Drinking fountains, water taps, electrical switchboards, open space lighting.	Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations (if metering is associated with a Council facility, responsibility is with Building and Facilities)	Asset Planning	Strategic Policy and Planning	Operations Community Strengthening

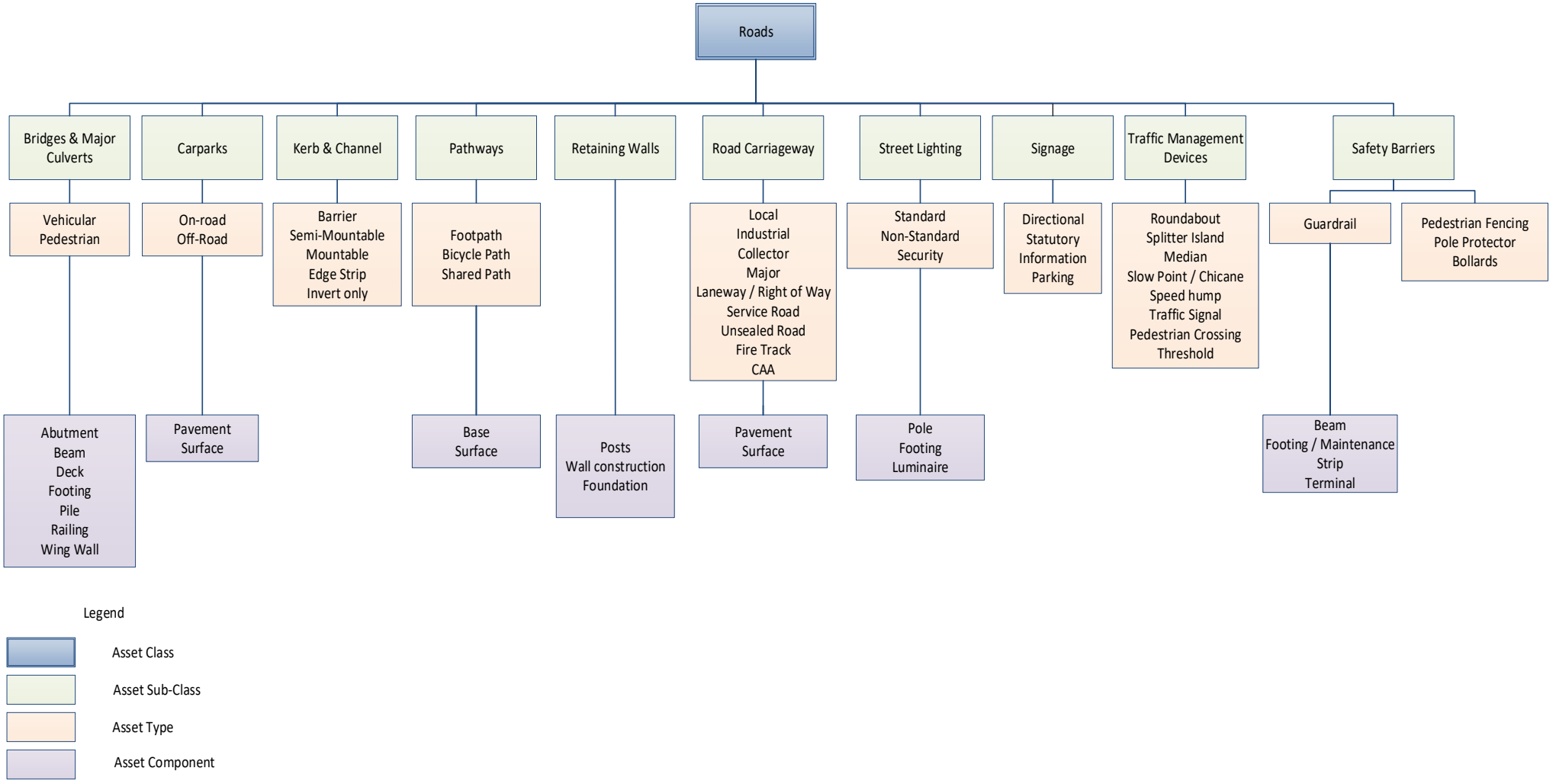
[2] Major shelter structure includes a slab / structural foundation and significant structural elements with high consequence of failure. Minor shelter considered as have small footings with minimal structural elements and a lower consequence of failure.
[3] Maintenance of fencing surrounding Council facilities is the responsibility of the Operations Department

Asset Category		Planning	Design	Construction / Acquisition (Asset delivery)	Operation & Maintenance	Renewal / Replacement (Planning)	Disposal / Rationalisation	Key Stakeholders
Playground in open space reserve		Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Strategic Policy and Planning	
BBQ		Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery	Building and Facilities	Asset Planning	Strategic Policy and Planning	
Boardwalk in Open Space		Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Strategic Policy and Planning	
Banner Poles and Flag Poles (e.g. promotional, in city centre malls and commercial precinct)		Community Relations	Community Relations	Community Relations	Building and Facilities	Asset Planning	Community Relations	
Early Year and Community Centre Playing Infrastructure (e.g. Playground equipment, Playgrounds etc.)		Family Health Support Services	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Family Health Support Services	Building and Facilities
Shade Sails	Freestanding	Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Strategic Policy and Planning	
	Attached to Council Facility	Facility Service Manager	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning	Facility Service Manager	
Sporting Infrastructure (subject to individual lease agreements) Note – electronic scoreboards are the responsibility of the sport club to install and maintain. Old coaches boxes (not to FCC Standard) will be managed by the sport club.	Sports field lighting, stand-alone scoreboards, sport goals, sport fencing, athletics cages, long jump run ups and pits, cricket wickets, coaches boxes and cricket practice nets (installed by FCC to Council Standards).	Community Strengthening	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Community Strengthening	Community Strengthening Commercial Services
Irrigation	Sporting field	Community Strengthening	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Community Strengthening	Operations Community Strengthening
	General parks and CAA	Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Strategic Policy and Planning	Operations
Outdoor Playing Fields – Grass, Concrete & Synthetic including sport grounds i.e. grassed ovals, athletics track, tennis courts, bowling greens, netball and basketball courts, croquet.		Community Strengthening	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Community Strengthening	
Skate Park/BMX track		Community Strengthening	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Community Strengthening	Community Strengthening

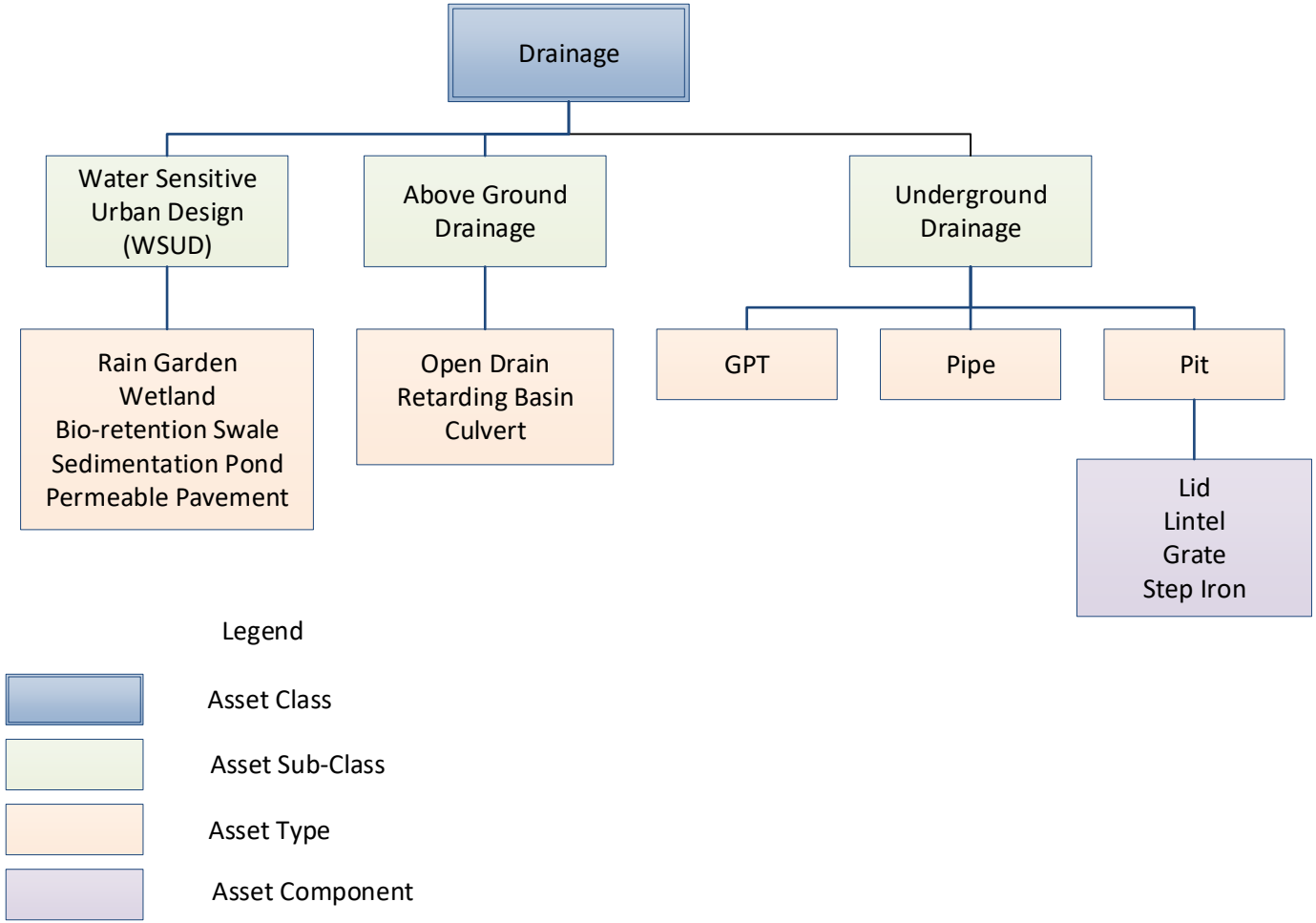
Asset Category		Planning	Design	Construction / Acquisition (Asset delivery)	Operation & Maintenance	Renewal / Replacement (Planning)	Disposal / Rationalisation	Key Stakeholders
Centenary Park Golf Course		Community Strengthening	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Community Strengthening	Commercial Services Community Strengthening
Public Arts/Memorials (e.g. murals, sculptures)		Arts and Culture	Arts and Culture	Arts and Culture / Capital Works Delivery	Operations	Asset Planning	Arts and Culture	
Downs Estate		Arts and Culture	Building and Facilities	Building and Facilities	Building and Facilities / Operations	Asset Planning / Building and Facilities	Arts and Culture	Community Strengthening Strategic Policy and Planning
Waste Disposal Infrastructure (e.g. Bins)		Waste and Recycling	N/A	Waste and Recycling	Waste and Recycling	Asset Planning	Waste and Recycling	
Trees	Street trees in road reserve	Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Operations/ Asset Planning	Strategic Policy and Planning / Operations	
	Parks & Other	Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Operations/ Asset Planning	Strategic Policy and Planning / Operations	
Foreshore Infrastructure	Jetties and boat ramps	Engineering Services	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Engineering Services	
Kananook Creek	Creek wall	Engineering Services	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Engineering Services	
Street Furniture		Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Strategic Policy and Planning	
Signage	General open space, regulatory, sporting facilities, wayfinding and interpretive	Strategic Policy and Planning	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Strategic Policy and Planning	Governance and Information Community Strengthening
Cemetery		Governance and Information	N/A	Building and Facilities	Operations / Building and Facilities	Asset Planning	Governance and Information	
Recycled Water Infrastructure (e.g. Pumps, pipelines, valves, storage tanks, filter/filter pipes)		Engineering Services	Capital Works Delivery	Capital Works Delivery (Minor works: Operations)	Operations	Asset Planning	Engineering Service	
Plant & Equipment								
Cultural Collections & Library Books		Arts and Culture	N/A	N/A	Arts and Culture	Arts and Culture/Asset Planning	Arts and Culture	Commercial Services
IT Infrastructure (Software, hardware)		Information Technology	Information Technology	Information Technology	Information Technology	Information Technology/Asset Planning	Information Technology	Commercial Services

Asset Category		Planning	Design	Construction / Acquisition (Asset delivery)	Operation & Maintenance	Renewal / Replacement (Planning)	Disposal / Rationalisation	Key Stakeholders
Fleet Vehicles		Sustainable Assets	N/A	Sustainable Assets	Sustainable Assets	Sustainable Assets / Financial & Corporate Planning	Sustainable Assets	Commercial Services
Store (Inventory)		Operations	N/A	Operations	Operations	Operations / Financial & Corporate Planning	Operations	Commercial Services
Machinery & Small Plant (e.g. Brush cutters, chain saws etc.)		Sustainable Assets	N/A	Operations	Sustainable Assets	Operations/Asset Planning	Sustainable Assets	
Furniture & Fittings		Various	N/A	Various	Various	Various	Various	
CCTV	Road Reserve and Open Space Reserve	Community Safety	Community Safety / Capital Works Delivery	Building and Facilities	Building and Facilities	Asset Planning	Community Safety	
	Facility	Building and Facilities	Building and Facilities	Building and Facilities	Building and Facilities	Asset Planning	Building and Facilities	
Parking Meter & Ticket Machines (Excl. Frankston Arts Centre)		Community Safety	Community Safety / Capital Works Delivery	Capital Works Delivery	Community Safety	Asset Planning	Community Safety	Commercial Services Engineering Services Financial & Corporate Planning
Frankston Arts Centre Ticket Machines		Community Safety / Arts and Culture	Community Safety / Capital Works Delivery	Capital Works Delivery	Arts and Culture	Asset Planning	Community Safety / Arts and Culture	Commercial Services Financial & Corporate Planning

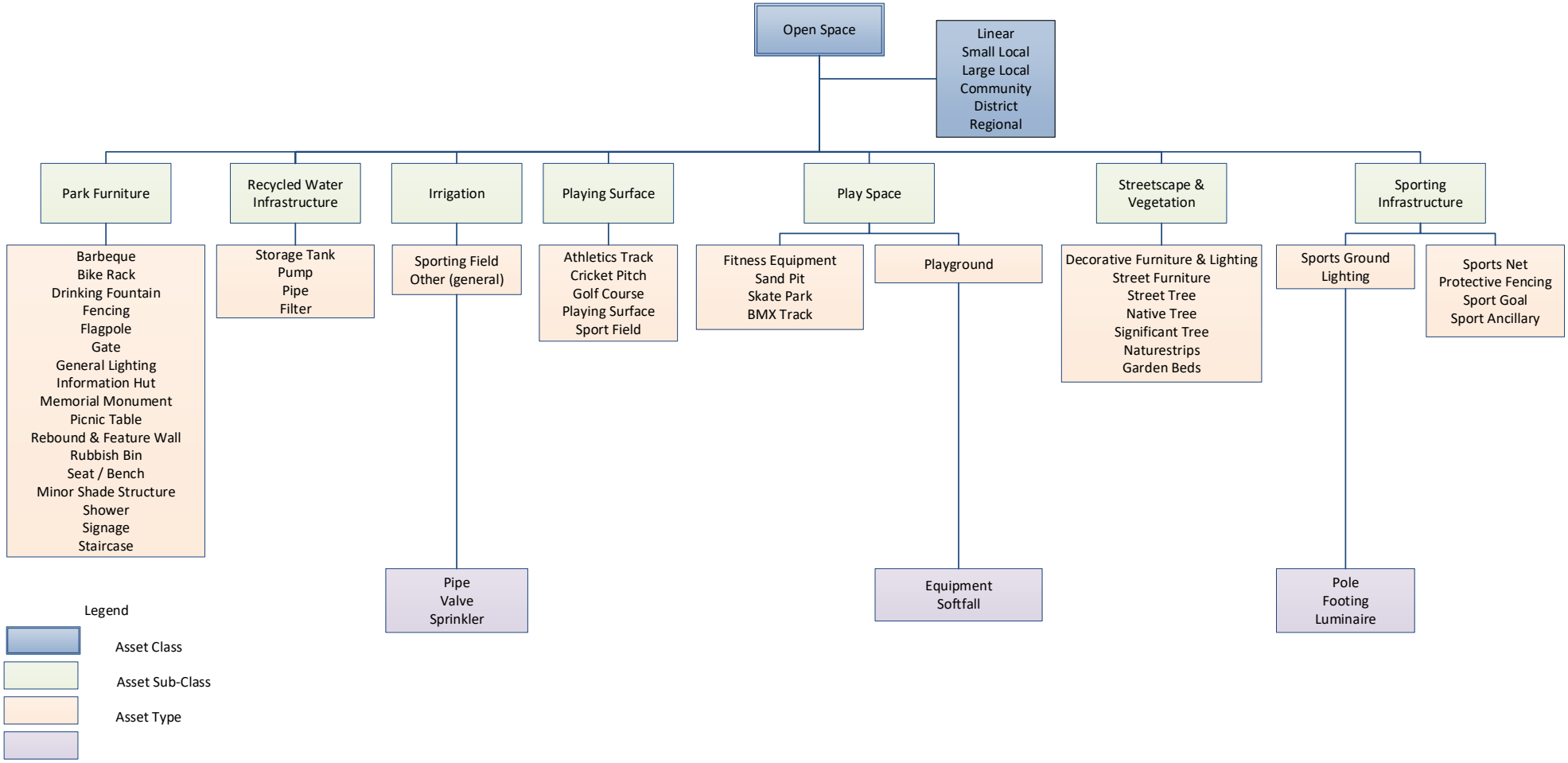
Appendix 3 – Roads Asset Class Hierarchy



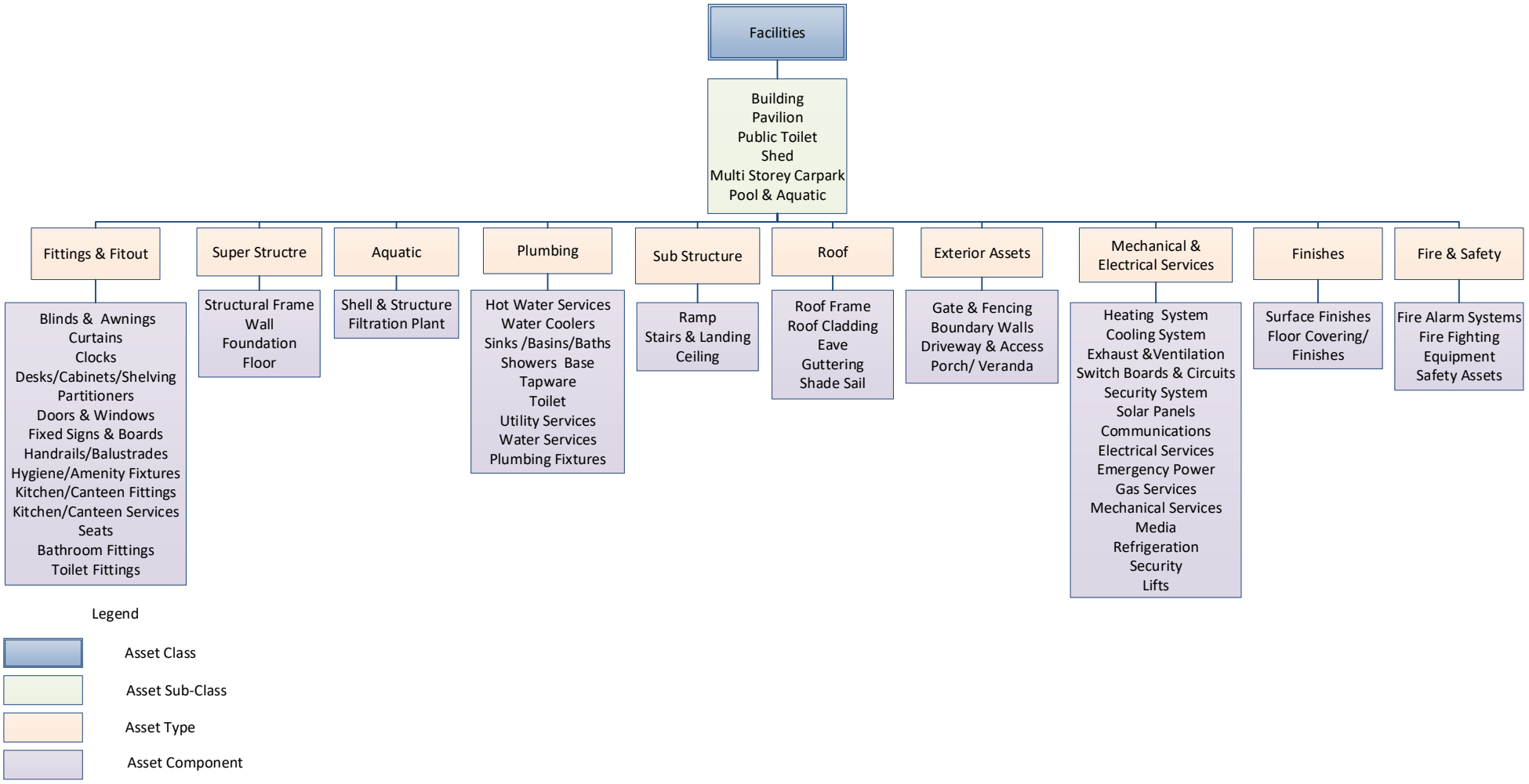
Appendix 4 – Drainage Asset Class Hierarchy



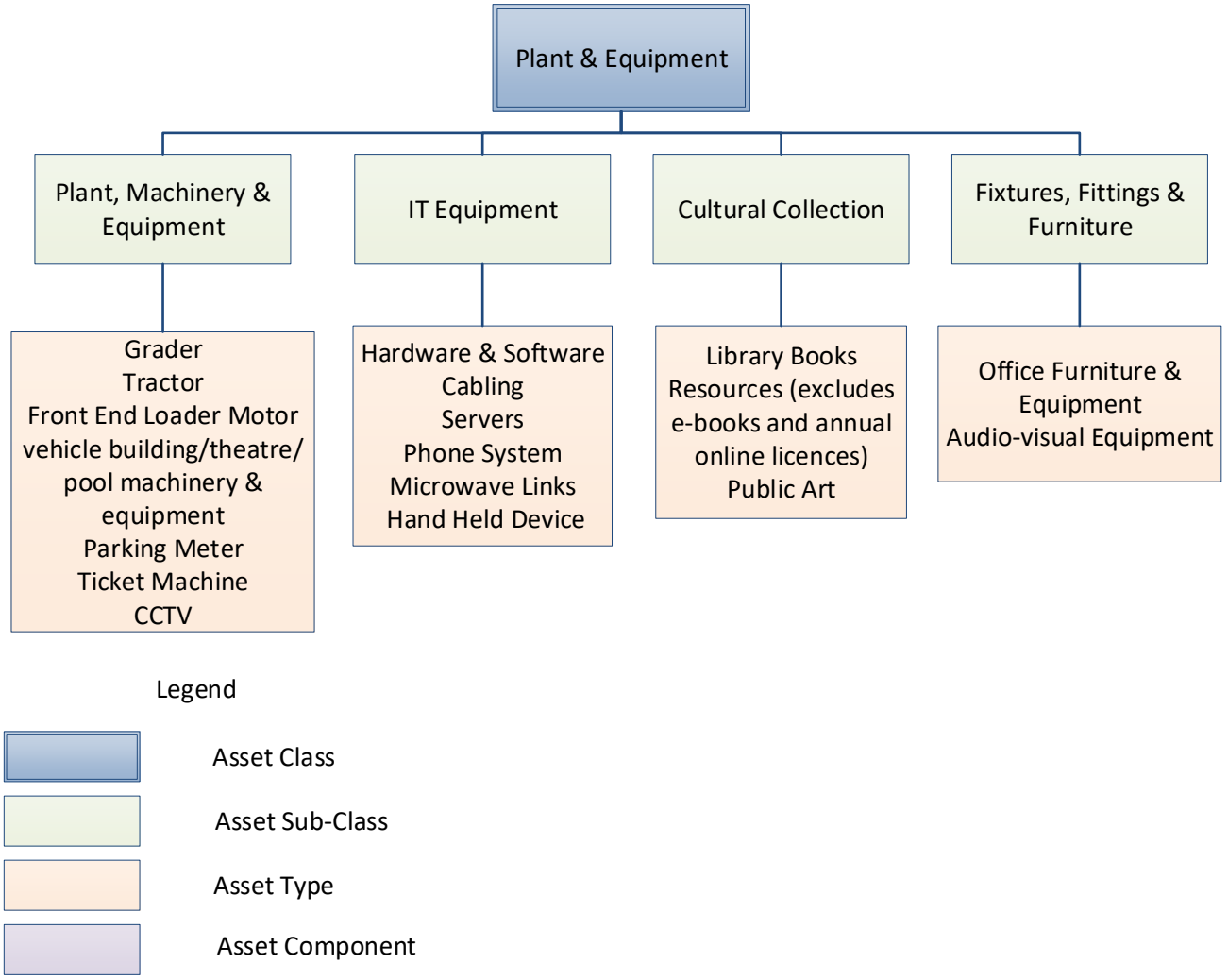
Appendix 5 – Open Space Asset Class Hierarchy



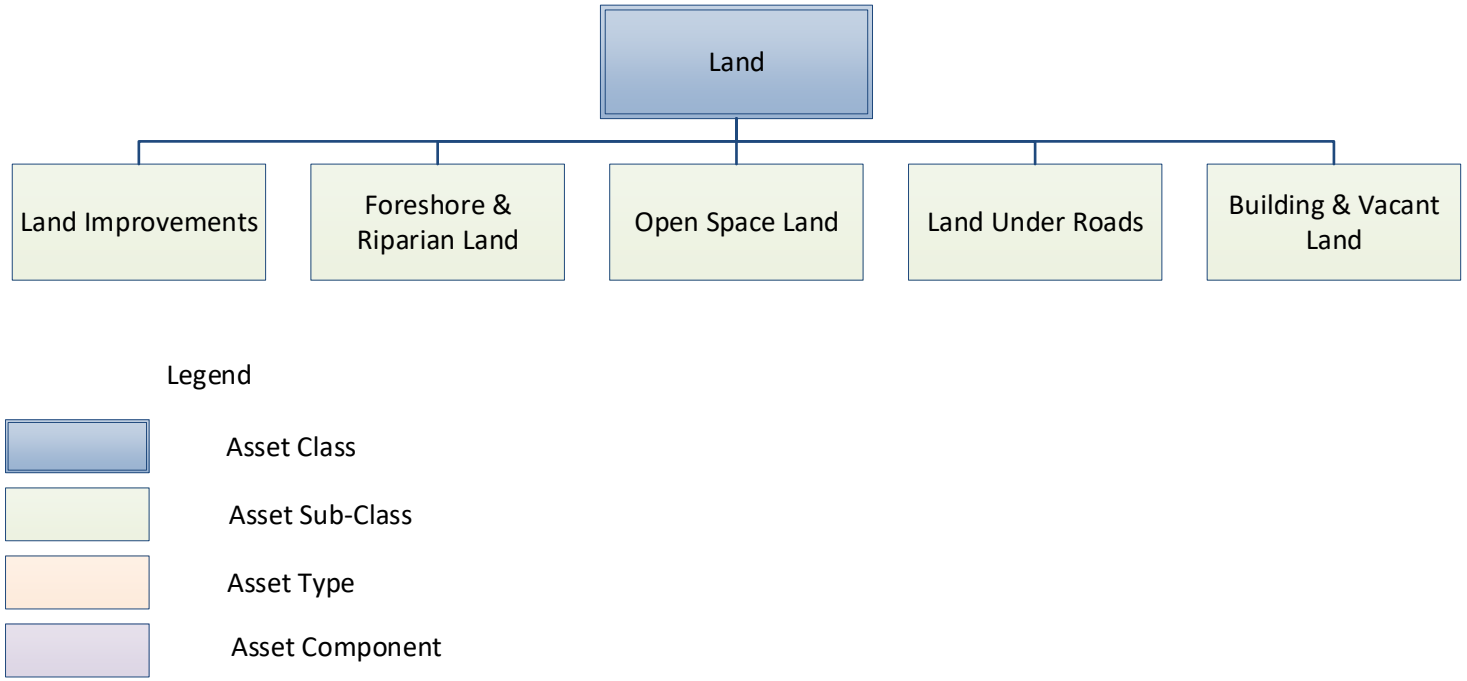
Appendix 6 – Facilities Asset Class Hierarchy



Appendix 7 – Plant and Equipment Asset Class Hierarchy



Appendix 8 – Land Asset Class Hierarchy



Appendix 9 – Financial Classification of Assets

Asset Class	Asset Sub-Class	Asset Type	Financial General Ledger Asset Classification
Roads	Bridges & Major Culverts	Vehicular, Pedestrian	369 Bridge & Pedestrian Structures
	Carparks	On-Road, Off-Road	363 Carparks
	Kerb & Channel	Barrier, Semi-Mountable, Mountable, Edge Strip, Invert Only	770 Roads
	Pathways	Footpath, Bicycle Path, Shared Path	360 Footpaths & Cycleways
	Retaining Walls		775 Other Structures
	Road Carriageway	Local, Industrial, Collector, Major, Laneway / Right of Way, Service Road, Unsealed Road, Fire Track, CAA	770 Roads
	Street Lighting	Standard, Non-Standard, Security	775 Other Structures
	Signage	Directional, Statutory, Information, Parking	775 Other Structures
	Traffic Management Devices	Roundabout, Splitter Island, Median, Slow Point / Chicane, Speed Hump, Traffic Signal, Pedestrian Crossing, Threshold	366 Traffic Devices
	Safety Barriers	Guardrail, Pedestrian Fencing, Pole Protector, Bollards	775 Other Structures

Asset Class	Asset Sub-Class	Asset Type	Financial General Ledger Asset Classification
Drainage	Water Sensitive Urban Design (WSUD)	Rain Garden, Wetland, Bio-retention Swale, Sedimentation Pond, Permeable Pavement	760 Land Improvement
	Above Ground Drainage	Open Drain, Retarding Basin, Culvert	795 Drainage
	Underground Drainage	Gross Pollutant Trap (GPT) , Pipe, Pit	795 Drainage
Open Space	Park Furniture	Barbeque, Bike Rack, Drinking Fountain, Fencing, Flagpole, Gate, General Lighting, Information Hut, Memorial Monument, Picnic Table, Rebound & Feature Walls, Rubbish Bin, Seat / Bench, Minor Shade Structure, Shower, Signage, Staircase	380 Recreational, Leisure & Community Facility
	Recycled Water Infrastructure	Storage Tank, Pump, Pipes, Filter	775 Other Structures
	Irrigation	Sporting Field, Other (general)	380 Recreational, Leisure & Community Facility
	Playing Surface	Athletics Track, Cricket Pitch, Golf Course, Playing Surfaces, Sport Field	380 Recreational, Leisure & Community Facility
	Play Space	Fitness Equipment, Sand Pit, Skate Park, BMX Track, Playground	380 Recreational, Leisure & Community Facility
	Streetscape & Vegetation	Street Furniture, Street Tree, Native Tree, Significant Tree, Nature strips, Garden Beds	760 Land Improvement
		Decorative Furniture & Lighting	775 Other Structures

Asset Class	Asset Sub-Class	Asset Type	Financial General Ledger Asset Classification
	Sporting Infrastructure	Sports Ground Lighting, Sports Net, Protective Fencing, Sports Goal, Sports Ancillary	380 Recreational, Leisure & Community Facility
Facilities	Building, Pavilion, Public Toilet, Shed, Pool & Aquatic, Multi-Storey Carpark	Fittings & Fit-out, Super Structure, Aquatic, Plumbing, Sub Structure, Roof, Exterior Assets, Mechanical & Electrical Services, Finishes, Fire & Safety	765 Buildings
Plant and Equipment	Plant, Machinery & Equipment	Grader, Tractor, Front End Loader Workshop / Pool Machinery & Equipment	780 Plant & Equipment
		Theatre Equipment, Ticket Machine, CCTV, Parking Meter	733 Plant & Equipment - Other
	IT Equipment	Hardware, Cabling, Servers, Phone System, Microwave Links, Hand Held Device	774 Computers & Telecommunications
		Software	754 Intangible Asset
	Cultural Collections	Library Books, Resources (Excludes e-books and annual online licences)	790 Library Books
		Public Art	380 Recreational, Leisure & Community Facility
	Fixtures, Fittings & Furniture	Office Furniture & Equipment, Audio-visual Equipment	785 Furniture & Fittings
Land	Land Improvements		760 Land Improvement

Asset Class	Asset Sub-Class	Asset Type	Financial General Ledger Asset Classification
	Foreshore & Riparian Land		756 Land
	Open Space Land		756 Land
	Land Under Roads		755 Land Under Roads
	Building & Vacant Land		756 Land

10. GLOSSARY

Asset Disposal: Actions necessary to decommission and dispose of assets that are no longer required

Asset Management Plan: Long term plans (usually 10-20 years or more for infrastructure assets) that outline the asset activities and programmes for each service area and resources applied to provide a defined level of service in the most cost effective way.

Asset Renewal: Works to replace existing assets or facilities with assets or facilities of equivalent capacity or performance capability.

Asset: An item or thing or entity that has potential or actual value to an organisation (plant, machinery, buildings, infrastructure etc.).

***Capital Expenditure (CAPEX):** Expenditure used to create new assets, renew assets, expand or upgrade assets or to increase the capacity of existing assets beyond their original service potential. CAPEX increases the value of asset stock and includes discretionary (optional) and non-discretionary (required) expenditure.

Critical Assets: Those assets that may result in a more significant financial, environment and social cost in terms of impact on organisational objectives.

***Gross Replacement Cost:** The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the cost to replace the existing asset with a modern equivalent asset (not a second hand one) with the same economic benefits.

***Level of Service:** Parameters that reflect social, political, economic and environmental outcomes that the organisation delivers. Level of service statements describe the outputs or objectives an organisation or activity intends to deliver to the community.

***Maintenance: A**ll actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating, e.g. road patching but excluding rehabilitation or renewal. Maintenance does not increase the service potential of the asset or keep it in its original condition. It slows down deterioration and delays when rehabilitation is necessary.

***Operations:** Operations activities which affect service levels including quality and function, such as cleanliness, appearance, etc., through street sweeping and grass mowing frequency, intensity and spacing of streetlights and cleaning frequency and opening hours of building and other facilities.

Service Potential: The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset.

Useful Life: The period over which an asset or component is expected to be available for use by an entity.

Source: International Infrastructure Management Manual 2015 (IIMM 2015)

*Additional and modified glossary items shown **

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