

## Key Asset Management Initiatives

The following table gives an overview of the key asset management initiatives being undertaken by the peak local government bodies and Local Government Victoria both at a local and national level.

Is your Council participating in these projects?



## 4. Key Challenges for the Sector

### Improving Capability - The Step Program

The MAV Step Program is designed to assist councils to improve their asset management processes with support from the consortium of Step asset management consultants. All councils are encouraged to participate in the program. The Step scores are also collected as part of the DVC Asset Management Performance Measures Project for analysis, at an aggregate level only, to monitor progress.

### Legislative Delivery - Road Management Plans

The State Government has the Road Management Act to deliver improved rights for road users, better road management and more consistent road standards. The legislation provides a policy defence against claims of negligent action where a council can demonstrate that it has developed and complied with its road management policies.

The Act takes effect from 1 January 2005, however, some of the provisions such as those covering development of road management plans came into effect on 1 July 2004. Road management plans should outline the maintenance standards to be applied to council roads according to best value principles. Councils are required to develop a road register listing each public road for which a council is responsible.

### Understanding Assets and their Condition - Condition Assessment Guidelines

Condition assessment and performance monitoring of assets enables councils to:

- make informed decisions about appropriate maintenance, rehabilitation and renewal of assets
- understand the remaining life of an asset or its components.

This understanding drives future expenditure patterns.

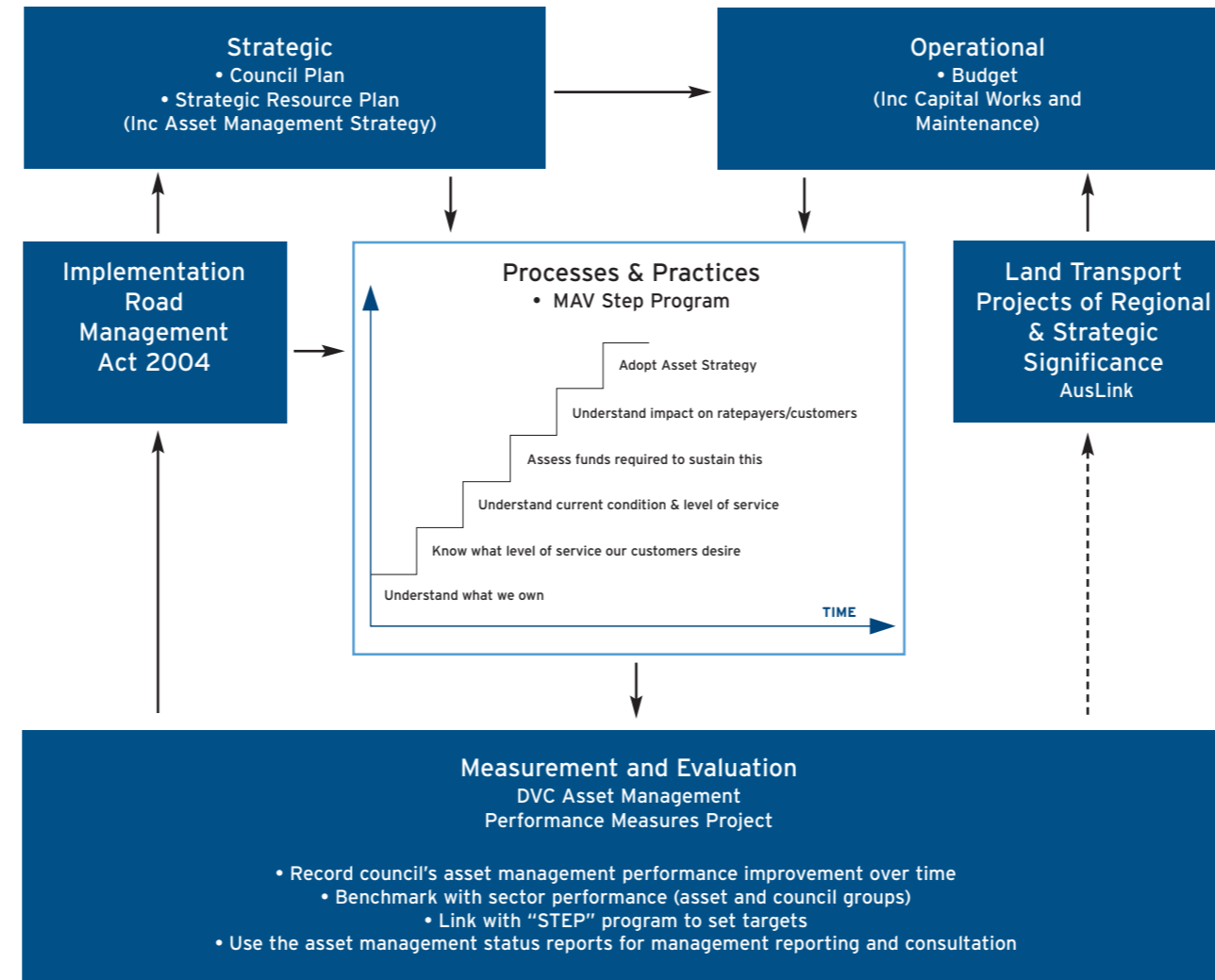
The DVC Asset Management Performance Measures Project is able to monitor the economic lives established for asset groups at an aggregate level across the sector.

The Project was developed to provide councils with a method to measure their own performance in the management of infrastructure assets.

The MAV Asset Management Knowledge project is developing model case studies which will outline the economic lives used by councils for particular infrastructure projects. The sharing of this information across the sector should assist to develop a more consistent approach to the establishment of economic lives for asset groups.

DVC has provided training support to assist councils to collect the data on an annual basis. Linkages between this Project, the Step Program and other initiatives currently underway are outlined in the following diagram.

## Sustaining Local Assets



### Ways across the current gaps

#### Skills Training - New Programs

DVC will soon begin a project to better define skill requirements across the sector and training strategies that are sustainable.

#### Knowing Your Asset Management Position

Data collected through the DVC Asset Management Performance Measures Project will enable councils to examine their asset management position to identify any funding gaps. This aggregated information will help the peak bodies and DVC to devise initiatives to support councils. Reporting on asset management and sharing this information with the community are key issues for the sector.

#### Condition Assessment - MAV Asset Management Knowledge Project

The MAV is currently working with councils to document the link between existing good asset management practice and the economic lives of assets and life cycle costs. This project will provide a short term response to the issue of developing consistent condition assessment of assets across the sector relative to economic life.

#### Australian Road Research Board - researching new approaches and better models

The ARRB is working with the sector to enable asset management systems to better reflect local road conditions. Deterioration models will be developed that better reflect the performance of sealed and unsealed local roads according to environment, traffic volumes and road pavements.

# Asset Management Initiatives for Local Government

## Status Report



## Status Report

This Status Report gives councils and other stakeholders an overview of the current projects and resources to help local governments improve asset management.

The Report seeks to:

- Inform councils about the current asset management projects being conducted by the peak local government bodies and Local Government Victoria
- Identify and highlight linkages between the current projects to enable councils to see how the initiatives fit together
- Identify current gaps and future asset management challenges for the sector

## Assets and their Role in Service Delivery

Local assets play a vital role in sustaining communities. The comprehensive recognition and renewal of local assets over time will enable councils to create environments that build strong communities.

*Sustaining Local Assets, December 2003* provides the overall policy framework to guide the strategic management of council infrastructure assets such as local roads, bridges, public libraries and recreational facilities. It identified service delivery as a key driver of sound asset management.

Previous infrastructure studies such as *Facing the Renewal Challenge, December 1998* identified the need to ensure that asset management is recognised as being a corporate responsibility. Asset management workshops for local government, *LGPro/DVC Asset Management Forums September-October 2003* also highlighted the different information needs of those involved in the finance and asset management of councils and the drivers that impact on their work.

These information challenges will continue to impact on how councils manage their infrastructure assets now and in the future.

## Emerging Issues for the Sector

There are a number of emerging issues that make asset management a priority for councils:

- The new road management legislation
- Requirements for more accurate financial reporting on asset management
- Growing community demand for Best Value service delivery and the assets which support it.

## A Checklist for Your Council

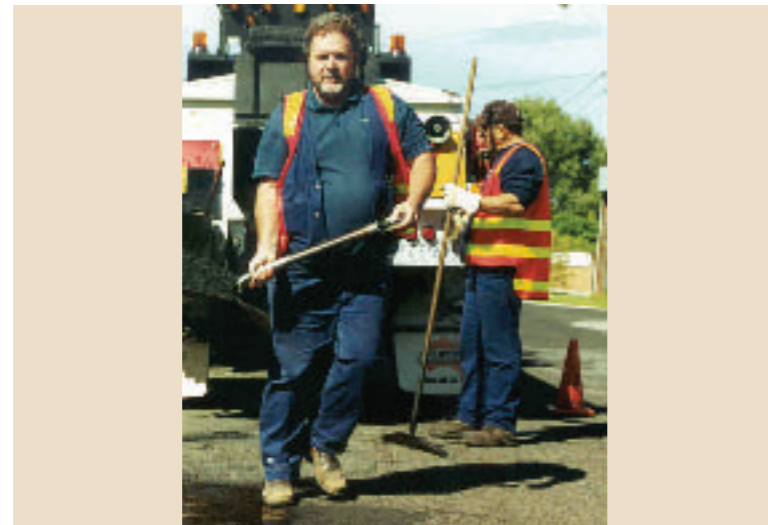
How prepared is your Council to meet future asset management challenges?

- Do you have road management plans in place to meet the legislative requirements?
- Is your data on asset management accurate and reliable? Can you complete the annual DVC Asset Management Data Collection?
- Are you on track to meet your Step Program future targets?
- Are you able to measure the condition and estimated life of your assets?

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Is your Council participating in these projects?



SUSTAINING LOCAL ASSETS	PROJECTS	CURRENT STATUS	TIMELINES AND CONTACTS
<b>Planning for Infrastructure Assets</b>	Road Management Plans	The development of model Road Management Plans to enable councils to meet the requirements of the Road Management Act 2004.	By January 2005 Municipal Association of Victoria (MAV)/VicRoads <a href="http://www.mav.asn.au">www.mav.asn.au</a>
<b>Improving Asset Management Processes</b>	Step Asset Management Improvement Program	Councils inducted and assessed against a best practice framework based on the International Infrastructure Management Manual – key elements include: <ul style="list-style-type: none"> <li>• Asset Management Improvement Program (framework, assessment and rating)</li> <li>• Road Management Plan development (framework, checklist, audit)</li> <li>• Knowledge Base</li> <li>• National Local Road Information Framework</li> </ul>	Two year program  MAV and consortium of three asset management providers <a href="http://www.mav.asn.au">www.mav.asn.au</a>
<b>Measuring and Reporting Asset Management Performance</b>	DVC Asset Management Performance Measures Project	A methodology has been developed to provide the sector with a data collection and reporting tool to enable councils to measure their own performance in the management of infrastructure assets. In terms of road condition, the methodology enables councils to collect data on their asset consumption using current replacement cost and economic lives for asset groups including roads. This will provide information, for council's purposes, about the rate at which assets are being consumed, renewed and expanded.	Annual data collection after testing for 2002/03 has been completed.  Local Government Victoria (LGV) <a href="http://www.extranet.doi.vic.gov.au">www.extranet.doi.vic.gov.au</a>
<b>Investing in Infrastructure</b>	Auslink	Development of priority infrastructure investment plans. Aims to encourage more integrated and efficient infrastructure investment.	Department of Transport and Regional Services (DOTARS) <a href="http://www.dotrs.gov.au">www.dotrs.gov.au</a>

SUSTAINING LOCAL ASSETS	PROJECTS	CURRENT STATUS	TIMELINES AND CONTACTS
<b>Knowledge</b>	MAV Knowledge Base Project  Establishment of Deterioration Models for Local Road Pavements	The project aims to share knowledge between councils about road management processes and asset condition, and to better align physical and accounting approaches. The project will identify factors that drive minimum whole of life costs.  Project will enable asset management systems to better reflect local road conditions. Deterioration models will be developed that better reflect the performance of local roads in various environments, different traffic volumes and road pavements covering both sealed and unsealed roads. Over 160 sites are being monitored across Victoria.	Draft methodology – December 2003 Initial data populated – April 2004 MAV <a href="http://www.mav.asn.au">www.mav.asn.au</a>  Five year project.  Australian Road Research Board (ARRB)  <a href="http://www.arrb.com.au">www.arrb.com.au</a>
<b>Streamlining Data</b>	National Local Road Data Aggregation Project	Project aims to assess potential for local government road data to be aggregated from sources such as Grants Commissions, Commonwealth and State Departments to produce national key performance indicators.	Stage one – February 2004  Australian Local Government Association (ALGA), MAV and QLGA initiative <a href="http://www.mav.asn.au">www.mav.asn.au</a>
<b>Consistent Approaches to Standards Setting</b>	AUS-SPEC	Development of consistent, national construction and maintenance specifications for infrastructure assets.	Ongoing LGPro/IPWEA and Standards Australia <a href="http://www.ipwea.org.au">www.ipwea.org.au</a>

