

Wagga Wagga City Council

ASSET MANAGEMENT POLICY

POLICY NUMBER	POL 001		
ORIGINAL APPROVAL DATE	June 2009		
RESPONSIBLE MANAGER	Corporate Strategy, Communications and Governance <u>City Strategy</u>		
<u>RESPONSIBLE DIRECTORATE</u>	<u>Finance</u>		
<p>This document is to be reviewed every four years or in the first twelve months of the new term of Council, whichever is the earliest. Next Review Date: <u>August 2021</u></p>			
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1	June 2009	09/047.3	29 June 2009
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3	August 2013	13/224.1	26 August 2013
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PART 1: INTRODUCTION

The management of the community's assets is a priority of the community and is included in the Community Strategic Plan. Asset management relates to the strategic directions of safety and health, growing economy and our environment.

Wagga Wagga City Council has invested significant funds in community assets over many years in order to service the needs and enhance the quality of life of the communities within the local government area (LGA).

The importance of these assets to our community and their significance in relation to Council's budgets means that asset management must be a critical part of Council's planning and service delivery.

~~Like most Councils, Wagga Wagga City~~ Council faces many challenges in maintaining a financially sustainable position and pressures as roads, footpaths, buildings, and drains get older and require additional maintenance and ultimately renewal. Council needs to balance the need to fund the renewal and maintenance of assets with maintaining a healthy financial position. This sometimes involves difficult choices and requires community input and feedback.

~~This Asset Management Policy and therefore Council's asset management framework applies to formed roads, bridges and culverts, carparks, linemarking, roundabouts, public shelters, kerb and gutter, stormwater and sewer infrastructure, waste management facilities, community buildings, landfills and Council businesses and recreational assets.~~

This Policy acknowledges that within the limited resources of Council, not all infrastructure assets managed by Council on behalf of the community can be maintained at a level which meets community expectations at all times, but through good asset management practices Council can prioritise its resources to obtain the best value for its expenditure on asset management.

~~Council maintains assets depreciated to a value of approximately \$1.267 billion (Special Schedule 7 as at 30 June 2013), which enable the delivery of services to the community. The~~ Council acknowledges ~~that~~ it has a duty and responsibility to maintain these community's assets to ensure that optimum usage is achieved and ~~that~~ the community's expectations are met. To help achieve ~~these goals~~this, Council makes the following commitments to the community:

- Council will ~~consult~~ engage the community on the standard of services, as defined in the Asset Management Plans-they need and can afford,
- Council will ~~maintain an inventory register~~ of our assets and we will understand their condition ~~so we can deliver service at the standards our community expects~~,

- Council will consider the whole of life and long term costs of acquiring, maintaining and disposing of assets and we will renew assets over their lifecycle to minimise our long term costs, ~~and~~
- ~~Council will prepare our financial plan and asset management plan together and ensure that a change in one plan recommends a change in the other plan. Council will prepare Asset Management Plans which will influence the Long Term Financial Plan and Workforce Plan, and integrate with the Delivery Program and Operational Plan, and~~
- Council will continuously improve our asset management practices.

1.1 Policy Objectives and Principles

Objectives

The objective of this Policy is to ensure adequate provision is made to ensure the community's assets deliver their agreed level of service to the best of the organisation's ability by:

- Ensuring that Council's services and infrastructure are ~~provided~~ managed in a sustainable manner, ~~with the appropriate levels of service to residents, visitors and the environment~~ by taking a whole of life approach to the management of the operations, maintenance, renewal, upgrade and construction of new asset.
- Safeguarding Council's physical assets by implementing appropriate asset management strategies, ~~and~~ and allocating appropriate financial resources for those assets by integrating Asset Management Plans, the Long Term Financial Plan Workforce Plan and the Combined Delivery Program and Operational Plan.
- Creating an environment where all Council employees take an integral part in the overall management of Council assets by creating and sustaining asset management awareness throughout the organisation by training and development.
- Meeting legislative requirements for asset management.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with the principles embodied in this policy.

Principles

Asset Management Principles embodied in this Policy are:

- Asset management is a critical part of Council's planning and service delivery.
- A consistent Asset Management Strategy must exist for implementing systematic asset management, based on ~~best practice~~ industry accepted practice throughout all directorates of Council.
- All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
- Asset management principles will be integrated within existing planning and operational processes.
- Asset Management Plans will be developed for major service/asset categories. The plans will be informed by community consultation and Council's financial capacity to implement the Plans.
- An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- Asset renewals required to meet agreed levels of service and identified in adopted Asset Management Plans will be captured in the Long Term Financial Plan and will form the basis of annual budget estimates. Every endeavour will be made to

adequately fund these renewal requirements within the constraints of Council's financial capacity.

- Levels of service defined in adopted Asset Management Plans will form the basis of annual budget estimates with the service and risk consequences of variations in defined services levels and budget resources documented in budget documentation.
- Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.
- Systematic and cyclic reviews will be applied to all asset classes and are to ensure the assets are managed, valued and depreciated in accordance with appropriate **best industry** practice and applicable Australian Standards.
- ~~Future~~ Whole of life cycle costs will be reported and considered in all decisions relating to new ~~services and~~ assets and the renewal or upgrading of existing ~~services and~~ assets.
- ~~Future~~ Levels of service will be detailed in the Asset Management Plans and determined in consultation with the community.
- ~~training in a~~ Asset and financial management information will be provided ~~for to~~ councillors and relevant staff as appropriate.
- Risk associated with the ownership and operation of assets should be understood, with plans in place to address and respond to the elimination or mitigation of those risks.

1.2 Policy Scope

The Asset Management Policy applies to (but is not limited to) the assets across the LGA, including at Council facilities listed below.

bridges	irrigation systems	sealed roads
buildings	kerb and gutter	shelters
bus shelters	lighting	sporting equipment
carparks	park accessories	stormwater infrastructure
culverts	playgrounds	sewer infrastructure
fences	public art	unsealed roads
footpaths and shared paths	roundabouts and medians	

1.3 Definitions

~~**Community Assets** — Include all civil, building, recreational and environmental assets managed by Council.~~

~~**Life Cycle Cost** — The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.~~

~~**Asset Register** — A record of asset information considered worthy of separate identification including inventory, historical, financial, condition, construction, technical, and financial.~~

~~**Useful Life** — The period over which a depreciable asset is expected to be used.~~

~~**Agreed Levels of Service** — The performance, maintenance, and service standards for each asset class or category, as agreed by Council and the community. Will be held in Asset Management Plans and will identify the applicable service levels required for each asset. These levels of service will dictate the necessary relationship between an asset's performance and subsequent maintenance required to maintain that service level.~~

~~**Future Demand** — rational basis for demand forecasting and selection of options for proposed new assets based on current asset data aligned with community growth and development.~~

Asset	A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity.
Asset Management Framework	The overarching asset management hierarchy including the Policy, objectives and Plan.
Asset Register	A record of asset information, typically held in a spreadsheet, database or software system, including asset attribute data such as quantity, type and construction cost.
Condition Assessment	The inspection, assessment, measurement and interpretation of the resultant data, to indicate the condition of a specific component so as to determine the need for some preventative or remedial action.

Critical Assets	Those assets that are likely to result in more significant financial, environment and social cost in terms of impact on organisational objectives.
Function	The ability of the physical infrastructure to meet program delivery needs.
Level of Service	The defined quality of a particular activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.
Planned Maintenance	Maintenance which is periodic (necessary to ensure the reliability of an asset), predictive (condition monitoring activities used to predict failure) or preventative (initiated without routine or continuous checking and is not condition based).
Renewal	Works to replace existing assets or facilities with assets or facilities of equivalent capacity or performance capability.
Unplanned Maintenance	Corrective work required in the short term to restore an asset its working condition so it can continue to deliver the required serve or maintain it level of security and integrity.
Utilisation	Represents the ability of the physical infrastructure to meet service delivery needs.
Whole of Life Cost	A total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.

Definitions are from the Australian Accounting Standards, the Australian Infrastructure Financial Management Guidelines, Version 1.2 2011 and the International Infrastructure Management Manual 2011 and the IPWEA NAMS.PLUS Asset Management eBook Guidelines 2014.

1.4 Legislative Context

Local Government Act 1993 and the subsequent Regulations under the Act in particular:

- Integrated Planning and Reporting Principles - Section 8C of the Act)
- Decision making principles - Section 8A(2) of the Act
- Community participation – Section 8A (3) of the Act
- Sound financial management – Section 8B

1.5 Related Documents

- Australian Accounting Standards (AASB116, AASB108, AASB 136)
- Asset Management Strategy
- Asset Management Plans 2017
- Wagga View - Community Strategic Plan 2040
- Long Term Financial Plan 2013/2017/18-2023 to 2026/27
- Delivery Program and Operational Plan 2017/18
- Workforce Plan 2017/2021
- AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines
- International Infrastructure Management Manual
- NAMS Plus Asset Management Policy Template

1.6 Review procedures

This Policy is subject to review on a four year basis, or earlier if required, and is the responsibility of the Manager, ~~Corporate Strategy, Communications and Governance~~ City Strategy.

PART 2: POLICY CONTENT

2.1 ~~General Provisions~~ Level of Service

To achieve the objectives listed in this Policy Council must increase its understanding of its owned asset base and the expectations of the community in relation to the maintenance of these assets. To achieve these objectives the following is necessary:

2.1.1 ~~Understanding Customer Expectations~~

~~All Council services delivered by its assets will be reviewed to ascertain the community's service standard expectations.~~

- Community levels of service are to be based on condition, utilisation and functionality ratings.
- Levels of service are to be explained in the Asset Management Plans. The community must be engaged about the service levels in these plans. The outcomes of community engagement must be considered in the development of these service levels.

~~Council must initiate community satisfaction surveys and consult broadly with the community to determine, set and measure service delivery performance.~~

2.2 Asset Planning and Budgeting

2.2.1 Council will adopt whole of life ~~eyele~~-cost analysis for the management of infrastructure assets. Each asset will be condition assessed and included in the asset management system. Projections of the life cycle of each asset will be extrapolated from data including current condition, intervention levels and forecast maintenance requirements.

2.2.2 Council will regularly review its asset stock and identify opportunities for asset rationalisation and condition improvement or asset renewal as required.

2.2.3. Predictive modelling will be used to develop ~~and implement~~-renewal forecasts to ensure ~~that the~~ lowest net whole of life ~~life cycle~~ cost is achieved and asset service potential is optimised. These scenarios will inform the Long Term Financial Plan.

2.3 Asset Renewal and Maintenance

2.3.1 Annual planned maintenance and renewal plans will be developed using asset condition data and incorporate corresponding financial data ~~supplied by the Finance Division.~~

2.3.2 All asset condition data will be captured in accordance with the inspection regimes as documented in the applicable Asset Management Plan.

2.3.3 All services shall be regularly benchmarked to ensure Council is adopting best industry accepted practice ~~techniques~~.

2.4 Risk Assessment and Management

2.4.1 Council will maintain a program of regular inspection of assets under its control to ensure it is aware of the condition of all assets and to identify potential hazards in the asset base to be minimised.

2.4.2 Council will maintain a Workplace Health and Safety (WHS) System for its employees and contractors working on Council assets.

2.4.3 Council will consider risk associated with each asset category in its Asset Management Plans.

2.5 Asset Accounting ~~and Costing~~

2.5.1 Council will maintain detailed asset registers for those asset categories as listed in this Policy

~~2.5.2 Data will be continually captured and recorded for each of these assets with the written down value and depreciation value determined~~ in accordance with the current applicable accounting ~~regulations~~ standards.

2.5.2 Assets will be valued in accordance with accounting standards.

2.5.3 Useful lives will be assigned to each asset, with the written down value and depreciation determined annually.

2.5.4 Depreciation charges will be calculated for all assets on an applicable basis in accordance with relevant accounting standards.

2.6 Asset Management Strategy and Plans

2.6.1 Council will develop Asset Management Plans for each asset category listed in this Policy. They need to include service levels, and long term projections of planned maintenance, renewal and upgrade costs for each asset category.

2.6.2 These Asset Management Plans will be subject to annual ~~regular~~ review and update.

2.6.3 The Asset Management Plans and the Delivery Program and Operational Plan must integrate.

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- 2.6.4 The Asset Management Plans and the Asset Management Strategy must identify critical assets.
- 2.6.5 Council will develop an Asset Management Strategy to provide direction in the management of assets included in the Asset Management Plans.
- 2.6.6 The Asset Management Strategy will be subject to review every four years in line with the Integrated Planning and Reporting documents.

PART 3: RESPONSIBILITIES

~~To achieve the outcomes of this policy the following key roles and responsibilities are identified:~~

3.1 ~~Elected Councillors~~

- ~~To act as custodians of community assets.~~
- ~~To adopt and endorse Providing high level oversight of the delivery of the organisation's Asset Management Policy, Strategy and Plans.~~
- ~~To Use the information contained in Asset Management Plans to prioritise the maintenance and renewal of assets and~~ support decision making.

3.2 Executive Management Team

- ~~To continue to develop an asset management strategy, plans and procedures and reports on the status and effectiveness of asset management within Council.~~
- ~~To recognise and embrace asset management as a corporate process.~~
- To foster and support the principles of asset management.
- To use the information contained in Asset Management Plans to prioritise the maintenance and renewal of assets and support decision making.
- To ensure organisational resources are appropriately utilised to address the organisation's ~~strategic~~ Asset Management Plans and priorities.

3.3 ~~Corporate Strategy, Communications and Governance Division of Council~~Manager City Strategy

- To maintain the Asset Management Policy and procedures to implement the policy.
- To monitor and champion the implementation of the asset management framework within the organisation.
- ~~Facilitate the alignment of the asset management framework with everyday practice.~~
- ~~Administer and maintain the asset management software.~~
- To provide linkage between the community, key stakeholders and the Council's asset managers on management of Council assets.
- To encourage continuous improvement, innovation and cost effective methods to improve asset management practices.
- To facilitate the development of Asset Management Plans, Asset Management Strategy and strategic asset management outcomes with a reporting mechanism

to Council executive and the elected Councillors-elect.

3.4 Asset and Facility Managers/~~Operators~~

- ~~• Council asset and facility managers will e~~ To ensure the necessary data associated with each asset throughout its whole of life as contained in the Asset Management Plans is captured in accordance with the applicable inspection regime, including condition, risk and capitalisationthe asset register.
- ~~• To develop 20 year renewal and maintenance plans for assets included in this Asset Management Policy.~~
- ~~• To develop and implement regimes to assess condition, utilisation and function of assets included in this policy.~~
- ~~• To review and recommend improvements to the Asset Management Policy, Strategy, Plans and processes, including the asset management improvement plans.~~
- ~~• To promote and raise asset management awareness.~~
- ~~• To assess and manage the risk of asset failure.~~

3.5 Manager Finance

- ~~• To ensure each asset contained in the asset register contains the current adopted unit rates.~~
- ~~• To ensure costs in regards to capitalisation and disposal of assets are entered into Council's asset register.~~
- ~~• To ensure the appropriate depreciation rate is allocated to each asset category and class.~~
- ~~• To interpret Accounting Standards to ensure Council's asset information is compliant.~~
- ~~• To provide final approval of all asset revaluation financial data and provide associated supporting documentation to Council's external auditors.~~
- ~~• To provide the Executive Management Team and the elected Councillors with requested scenarios on funding infrastructure maintenance and renewal.~~

3.6 Manager Information and Customer Service

To administer and maintain the asset management software.

~~The following asset categories are covered by this policy:~~

- ~~• Airport~~
- ~~• Buildings~~
- ~~• Bridges~~
- ~~• Car Parks~~
- ~~• Civic Theatre~~
- ~~• Culverts~~

- ~~Fences~~
- ~~Footpaths~~
- ~~Kerb and Gutter~~
- ~~Landfill~~
- ~~Levee Banks~~
- ~~Line Marking~~
- ~~Livestock Marketing Centre~~
- ~~Medians~~
- ~~Oasis Complex~~
- ~~Open Space~~
- ~~Play Grounds~~
- ~~Recreation Assets~~
- ~~Roads - Sealed~~
- ~~Roads - Unsealed~~
- ~~Roundabouts~~
- ~~Sewer~~
- ~~Shared Paths~~
- ~~Sports Grounds~~
- ~~Stormwater~~
- Transfer Stations