

Asset Management Policy

V2



<p>Title</p>	<p>Asset Management Policy</p>
<p>Summary</p>	<p>The Policy outlines Inner West Council’s purpose for planning and delivery of infrastructure services. It ensures that the Council has data, knowledge, systems, resources and processes that will enable long-term asset planning.</p> <p>This Policy also provides the supporting framework that together with the Community Strategic Plan 2036 (endorsed June 2018) and the Integrated Planning and Regulatory Framework 2009, enables the development of the long-term Asset Management Strategy and the Asset Management Plans.</p>
<p>Background</p>	<p>The Local Government Act 1993 (the Act) and the Local Government (General) Regulation 2021 (the Regulation) and the Integrated Planning and Reporting Framework 2009 place several obligations on councils in relation to asset management.</p> <p>The Integrated Planning and Reporting Framework 2009 requires that councils must account for and plan for all the existing assets under its ownership, and any new assets proposed in its Community Strategic Plan and Delivery Program and associated Resourcing Strategy. Councils must:</p> <ul style="list-style-type: none"> • Prepare an Asset Management Strategy and Asset Management Plan(s) to support the Community Strategic Plan and Delivery Program. • Ensure that the Asset Management Strategy and Plan(s) cover a minimum timeframe of 10 years. • Ensure that the Asset Management Strategy includes an overarching Council endorsed Asset Management Policy. • Ensure that the Asset Management Strategy identifies assets that are critical to council operations and outlines risk management strategies for these assets. • Ensure that the Asset Management Strategy includes specific actions required to improve council’s asset management capability and projected resource requirements and timeframes. • Councils should actively engage with their local communities, using the Integrated Planning and Reporting Framework (Figure 1) and other measures.

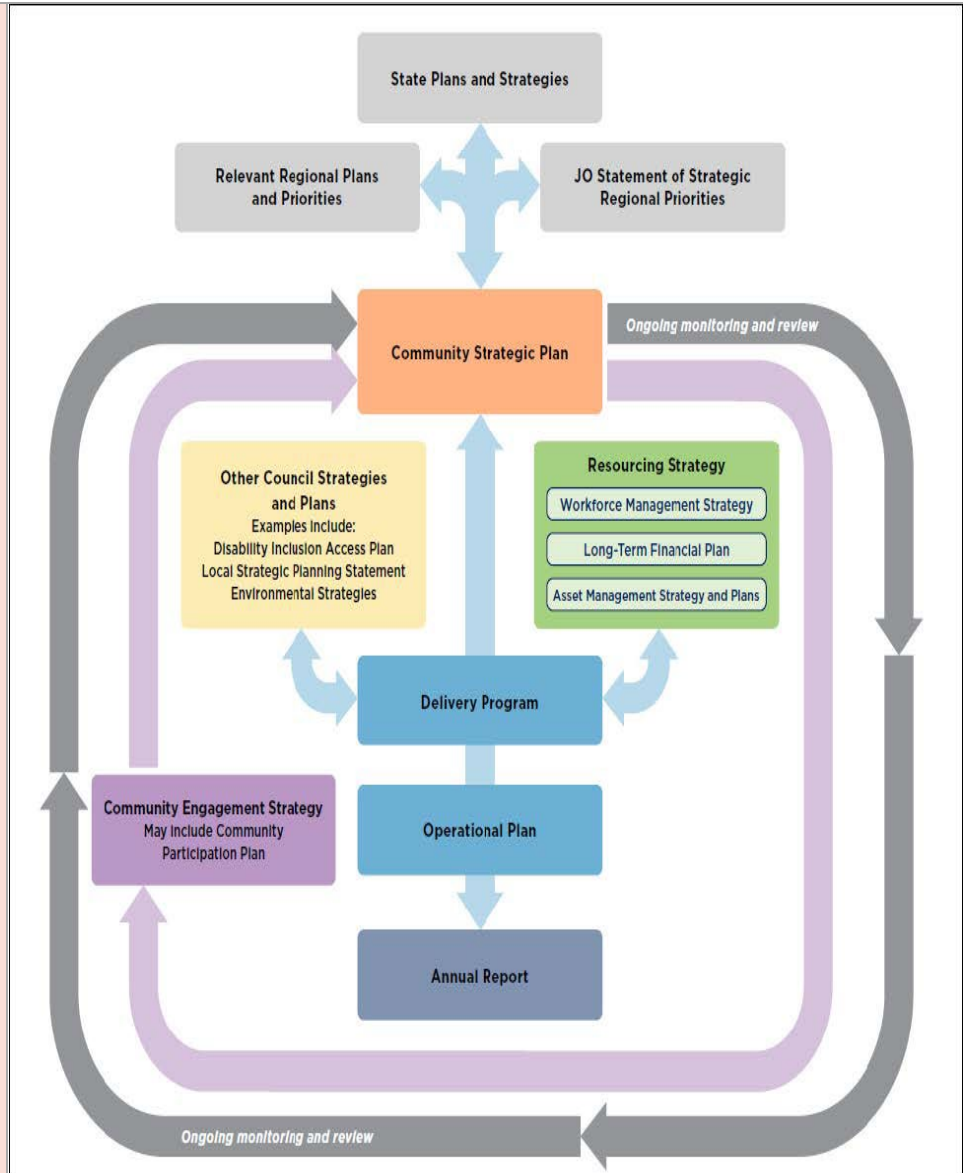


Figure 1 – NSW Integrated Planning and Reporting Framework

<p>Document Type</p>	<p>Policy</p>
<p>Relevant Strategic Plan Objective</p>	<p>All strategic directions, outcomes and strategies that influence this Policy, are identified in the Community Strategic Plan: Our Inner West 2036.</p>
<p>Legislative Reference</p>	<ul style="list-style-type: none"> • <i>Local Government Act 1993</i> • <i>Local Government Amendment (Governance and Planning) Act 2016</i> • <i>Local Government (General) Regulation 2021</i> • <i>NSW Integrated Planning Framework 2009</i> • <i>ISO55000:2014 – International suite of standards for Asset Management.</i> • <i>Australian Accounting Standards – AASB116/13/108/36.</i>

	<ul style="list-style-type: none"> • <i>IPWEA Financial Planning Guidelines.</i> • <i>IPWEA International Infrastructure Management Manual (IIMM 2021 edition).</i>
Related Council Documents	<ul style="list-style-type: none"> • Code of Conduct • Infrastructure, Plant, Property and Equipment Determination Protocol, Version 2019.001 • Community Strategic Plan: Our Inner West 2036 (Endorsed June 2018) • Asset Management Strategy 2022-2032 • Asset Management Plans (For Each Asset Class) 2022-2032
Version Control	See last page



Contents

1	Purpose.....	6
2	Objectives.....	6
3	Scope.....	6
4	Definitions.....	7
5	Statement.....	9
6	Policy.....	10
7	Responsibilities.....	10
8	Breaches of this Policy.....	12
9	Administrative Changes.....	12
10	Version Control – Policy History.....	12

1 Purpose

Inner West Council provides a range of services to the community utilising assets. The elected members of Council have the responsibility to care for and protect these assets for present and future generations.

The purpose of this Policy is to outline a framework for the management of assets to deliver Council's Strategic Objectives. The international suite of standards for Asset Management (ISO55000:2014) recognises that 'asset management enables an organisation to realise value from assets in the achievement of its organisational objectives'.

This Policy and the processes that support it will facilitate:

- Achievement of the management objectives for community, infrastructure, and operational assets to meet the present and future needs of the community
- The rationalisation of existing assets and the development of appropriate new assets to meet the needs of the Inner West community for services at an appropriate level now and in the future
- Delivery of assets at the right cost, at the right time with an appropriately acceptable standard
- Development of appropriate systems, procedures and controls to enable the above, so that service planning approach can become an integral part of decision making at Council
- Council's asset management approach has leadership and direction
- The establishment of a process of stewardship for Asset Management practices; and
- The transparency and accountability for Council's Asset Management approach are in line with the IP&R 2009 and subsequent amendments in 2016.

2 Objectives

This Policy has been produced to ensure the responsible management of assets owned and/or administered by Council, in terms of sustainable social, environmental, and economic outcomes, for the ongoing benefit of the Inner West community. Methodologies and processes adopted by the Policy will conform with the ISO55000:2014 suite of standards and the requirements of NSW Integrated Planning Framework 2009 (IP&R 2009).

One of Council's core objectives, in relation to this Policy, is to shift from an asset centric focus to a service centric focus.

3 Scope

In Scope

This Policy applies to all assets owned or administered by Inner West Council and encompasses:

- Community and infrastructure assets; and
- Operational assets used in the provision of community services and other Council operations.

This policy applies to the management of all services provided by infrastructure assets grouped as: transport and related infrastructure, stormwater, buildings, and parks.

Out of Scope

- Natural and heritage assets within Council’s boundaries.
- Assets owned and maintained by other government organisations within Council’s boundaries.

4 Definitions

In the Asset Management Policy, the following terms have the following meanings:

Asset	Infrastructure such as Roads, Footpaths, Kerb and Gutter, Bridges, Traffic Management Devices, Street and Park Furniture, Stormwater Pipes and Pits, Culverts, Playgrounds, Sports fields, Community, Operational and nominated Crown Land, Buildings, Facilities, Commercial Investments, Plant and Equipment, Natural and Heritage Items owned or administered by Council.
Community Asset	An asset that is used to enable a service or to provide a service to the community, e.g., community centres, swimming pools, libraries, and sports complexes.
Infrastructure Asset	An asset that by its nature provides value to the community and/or enables the community to function, e.g., roads, traffic facilities, footpaths, drains, parks, and sports fields.
Operational Asset	An asset utilised to administer and facilitate the operations of the council, e.g., plant & equipment and Council administration facilities.
Resource Strategy	The long-term resources required to achieve the objectives established by the Community Strategic Plan. The strategy will include provision for long-term financial planning, workforce management planning and asset management planning.
Asset Management Plan	A document outlining the full physical and financial life cycle of an asset. This includes details of the asset components, asset values, depreciation rates, lifecycle expectations, physical condition assessments, maintenance, and renewal plans for the whole of the life of the asset.

Asset Management Strategy A high-level action plan that gives effect to the asset management framework by documenting the approach to delivering on objectives and plans with supporting systems.

Asset Management System Is a set of interrelated and interacting elements of the organisation, whose function is to establish the asset management policy, asset management objectives and processes to achieve those objectives.

Asset Management Software System A software system used for asset management with the function of recording and facilitating the data and processes required to deliver the asset management objectives.

Capital Expenditure Expenditure for 'New' infrastructure and for the 'Renewal' or 'Upgrade' of existing assets that enhance the future service potential of the assets.

Routine Maintenance Expenditure which does not meet the definition of Capital Expenditure but is incurred to ensure that the asset continues to provide its pre-determined service, function and quality and achieves its expected useful life. Routine maintenance expenditure is of a regular and ongoing nature.

Financial Sustainability The financing of the full life cycle costs over a minimum 20-year period of Council's assets to not unreasonably burden future generations or unreasonably reduce the service levels for future generations.

Disposal Activities necessary to dispose of decommissioned assets that are no longer required.

New Expenditure on new works or acquisitions that create an asset that did not exist in any shape or form.

Renewal Expenditure on an existing asset which returns the service function or the life of the asset back to its original condition

Upgrade Expenditure on an existing asset which enhanced and/or improves its function and a consequence provides a higher level of service.

Renewal Gap The difference between the organisation's current renewal funding and the required renewal demand.

Service Planning	A comprehensive review and planning of a particular area of Council service delivery. The focus of service planning is on quantity, efficiency, and ability to sustainably meet the needs of the community/ informing provision of current and future assets.
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5 Statement

Assets owned and/or administered by Inner West Council must:

- Be managed within a framework of clear and transparent processes and records so that it can be demonstrated that responsible management practices have been followed
- Adopt a service centric framework in line with NSW IP&R 2009 meaning Council will adopt intervention levels for both maintenance and capital works in accordance with affordable and equitable standards
- Have an identified strategic purpose that contributes to Council’s community infrastructure and/or service delivery objectives as defined in Council’s Community Strategic Plan 2036.
- Be managed so that the assets are structurally sound (fit for service), functionally sound (fit for purpose), aesthetically sound (visually appealing) and are environmentally and financially sustainable into the future
- Be managed with a life cycle approach where the total life cycle cost of all assets is taken into consideration, i.e., not just initial acquisition costs
- Be accessible, adaptable and have sufficient capacity to meet the varying needs of the Inner West community over time
- Have clearly defined custodianship and operational accountabilities for the respective aspects of their management
- Be identified, registered, and recorded in accordance with relevant legislation and accounting standards
- Have a current Asset Management Plan detailing the whole life cycle of the asset including responsibilities and accountabilities for the delivery, routine maintenance and, as required, the renewal or disposal of the asset
- Have a current Asset Accounting Policy detailing the methodology of valuations and the methodology of reporting depreciation, as well as key financial ratios, as required for local government financial statements
- Have a structured Long Term Financial Plan supported by Service Levels from the Asset Management Plan; and
- Be managed within a framework of clear and transparent processes and records so that it can be demonstrated that responsible management practices have been followed through adoption of a service centric framework in line with NSW IP&R 2009 (Integrated Planning and Reporting).

6 Policy

Council will take a systematic approach to managing its infrastructure assets that is based on good industry practice as defined in the ISO55000:2014 suite, the International Infrastructure Management Manual 2021, and legislative requirements for IP&R 2009 by councils.

- Council will apply asset management to inform, plan and guide decisions about infrastructure assets in order to deliver the optimum balance of services and risks within its fiscal capacity
- Council will ensure that established service levels will drive future capital and maintenance needs
- Asset Management Plans will inform Council's Long Term Financial Plan
- Council will undertake community consultation as per IP&R requirements
- When new assets are considered or accepted to be acquired, the full life cycle costs (operation, maintenance and renewal funding) are to be determined and considered in the decision making
- Council will undertake regular condition and risk audits across its entire infrastructure portfolio and these assessments will be based on industry good practice as per IPWEA practice notes; and
- Council will utilise asset data in the calculation of depreciation and will re-value its assets as per the requirements of the Australian Accounting Standards AASB116 & AASB13.

7 Responsibilities

Responsibilities for implementing this Policy are shared between Councillors, General Manager, Executive and responsible staff as follows:

Council

- Act as stewards for all physical assets owned and/or controlled by Council
- Adopt the Policy and ensure sufficient resources are allocated to manage Council assets
- Set levels of service, risk and cost standards based on the community's needs and Council's ability to fund
- Be aware of and commit to funding infrastructure renewal requirements stated in the Asset Management Plans, to ensure the sustainability of Council's infrastructure base; and
- Ensure investment decisions for new/upgraded infrastructure consider whole-of-life costs, including additional annual operations and maintenance costs.

The General Manager

- Promote asset management across the organisation
- Ensure that the corporate strategic planning principles embraced by Council are reflected in the Asset Management Policy, Strategy and Plans
- Monitor progress and performance in the implementation of asset management plans; and
- Allocate appropriate resources to achieve asset management objectives.

Executive and Management Team

- Responsible for implementing infrastructure asset management plans, systems, policies and procedures
- Foster and support the cross-functional Asset Management Steering Group
- Ensure that accurate and reliable information is presented to Council for decision-making
- Ensure that adequate resources (human, systems, and materials) are provided to implement the Asset Management Strategy and Asset Management Plans; and
- Ensure there is training, and capacity built into the human resources involved with Asset Management at Council.

Asset Management Steering Group (comprising responsible asset owners and nominated staff)

- Ensure that all asset management activities are consistent with the objectives of Council's Community Strategic Plan, and the Integrated Planning and Reporting Framework
- Ensure that people, processes, and systems are in place and work together to deliver services and meet the corporate infrastructure asset management objectives
- Oversee the development and implementation of asset and risk management plans for all asset classes
- Represent the key asset management functions e.g., Infrastructure Planning, Maintenance and Construction, Finance, Community Engagement, and direct service provisions such as Recreation and Community Services
- Monitor and review the status of implementation of the Asset Management Policy and Asset Management Strategy and Plans
- Provide guidance for the development of long-term Asset Management Plans for all major asset classes
- Provide guidance on Council's asset revaluation cycles and condition assessment programs; and
- Evaluate and prioritise Capital Works projects on Council owned assets and recommend the annual and 10-year program to the Executive and Management Team.

Asset Management Team

- Have asset management responsibilities reflected in position descriptions as appropriate.
- Develop and maintain Council's Asset Management Strategy
- Develop and maintain Asset Management Plans for the assets under their control, including determination of asset renewal requirements i.e., proposed timing and estimated costs of end-of-life renewal using the principles of good asset management practice;
- Deliver asset maintenance, renewal, upgrade, and disposal programs in accordance with Asset Management Plans and agreed levels of service
- Review the Asset Management Policy every four (4) years, Strategy and Asset Management Plans annually; and

- Engage up-to-date technologies, methodologies, and continuous improvement processes in the management of Council’s assets.

Finance Team

- Report accurately on the status of Council’s infrastructure assets in line with financial standards and statutory requirements
- Responsible for the processing of capitalisation, disposal, and other asset transactions; and
- Coordinate asset accounting deliverables and initiatives with Council’s asset management team.

8 Breaches of this Policy

Breaches of this policy may result in an investigation of the alleged breach in line with relevant Council policies including the Model Code of Conduct.

Any alleged criminal offence or allegation of corrupt conduct will be referred to the relevant external agency.

9 Administrative Changes

From time-to-time circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made including branding, Council Officer titles or department changes and legislative name or title changes which are considered minor in nature and not required to be formally endorsed.

10 Version Control – Policy History

This policy will be formally reviewed in line with each Integrated Planning and Reporting cycle following the election of a new Council in accordance with the *Local Government Act*.

Governance use only:

Document	Asset Management Policy	<i>Uncontrolled Copy When Printed</i>	
Custodian	Director Infrastructure	Version #	Version 2
Adopted By	Council	ECM Document #	38288059
Next Review Date	Following the next Council election.		

Amended by	Changes made	Date Adopted
Infrastructure	New Policy	June 2018
Infrastructure	Revised Policy	14 June 2022