

ADOPTED ASSET MANAGEMENT STRATEGY
2014/15 - 2023/24

Our Vision

Ku-ring-gai will be a creative, healthy and liveable place where people respect each other, conserve the magnificent environment and society for the children and grandchildren of the future.

Community Strategic Plan 2030



This Plan has been prepared by Ku-ring-gai Council to support the delivery of its long-term strategic direction. It forms part of the Resourcing Strategy for the Community Strategic Plan and Delivery Program and should be read in conjunction with these documents.

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Contents

Our Vision.....	2
Summary	5
Introduction	5
Asset Management Planning Process	7
Asset Management Policy and Objectives.....	8
Where are we now?.....	10
Current Situation.....	10
Where do we want to be in 2023	20
Council’s Vision, Goals and Objectives	20
Lifecycle Management	22
How will we get there?	41
Scenario Planning.....	42
Improvement Plan	47
Reporting and Assessment.....	53
Conclusion.....	54
Appendix A Asset Management Policy 2009	55

Summary

The Asset Management Strategy has been prepared following engagement with our community on Council's service delivery practices, financial sustainability indicators, asset management maturity and the objectives identified in the Community Strategic Plan. The Strategy also includes an asset management improvement plan which details a program of tasks and nominated resources required to bring council to a minimum 'core' level of asset maturity and competence as part of our commitment to the continuous improvement of the organisation.

This Asset Management Strategy for Ku-ring-gai has been developed in accordance with the Integrated Planning and Reporting Framework Guidelines.

The Asset Management Strategy is to enable Council to show:

- how its asset portfolio will meet the service delivery needs of its community into the future
- enable Council's Asset Management Policy to be achieved
- ensure the integration of Council's asset management with its long term strategic plan

Introduction

Council delivers a variety of services to the community and in doing so, must ensure that the assets supporting these services are managed with a whole of life asset management approach. The life cycle management approach optimises asset acquisition, maximises use of assets and manages service and operational costs.

Ku-ring-gai Council's infrastructure assets represent a vast investment over many generations that support modern living in the community. Millions of dollars are spent annually managing Council's infrastructure and it is imperative that Council employs the best asset management skills and practices to ensure that related services are delivered economically and sustainably.

Council demonstrates its commitment to asset management the Asset Management Policy, Asset Management Strategy and a suite of Asset Management Plans which apply to all infrastructure assets owned by Council.

Community and organisational goals and objectives have guided the development of this Strategy to ensure the management of Council's assets reflect the broader community long term objectives contained in the Community Strategic Plan 'Our Community, Our Future' 2030.

The Community Strategic Plan '*Our Community, Our Future*' 2030, provides strategic direction, addressing the community's issues to achieve the long term objectives under the following themes;

- Community, People and Culture
- Natural Environment
- Places, Spaces and Infrastructure
- Local Economy and Employment
- Access, Traffic and Transport
- Leadership and Governance

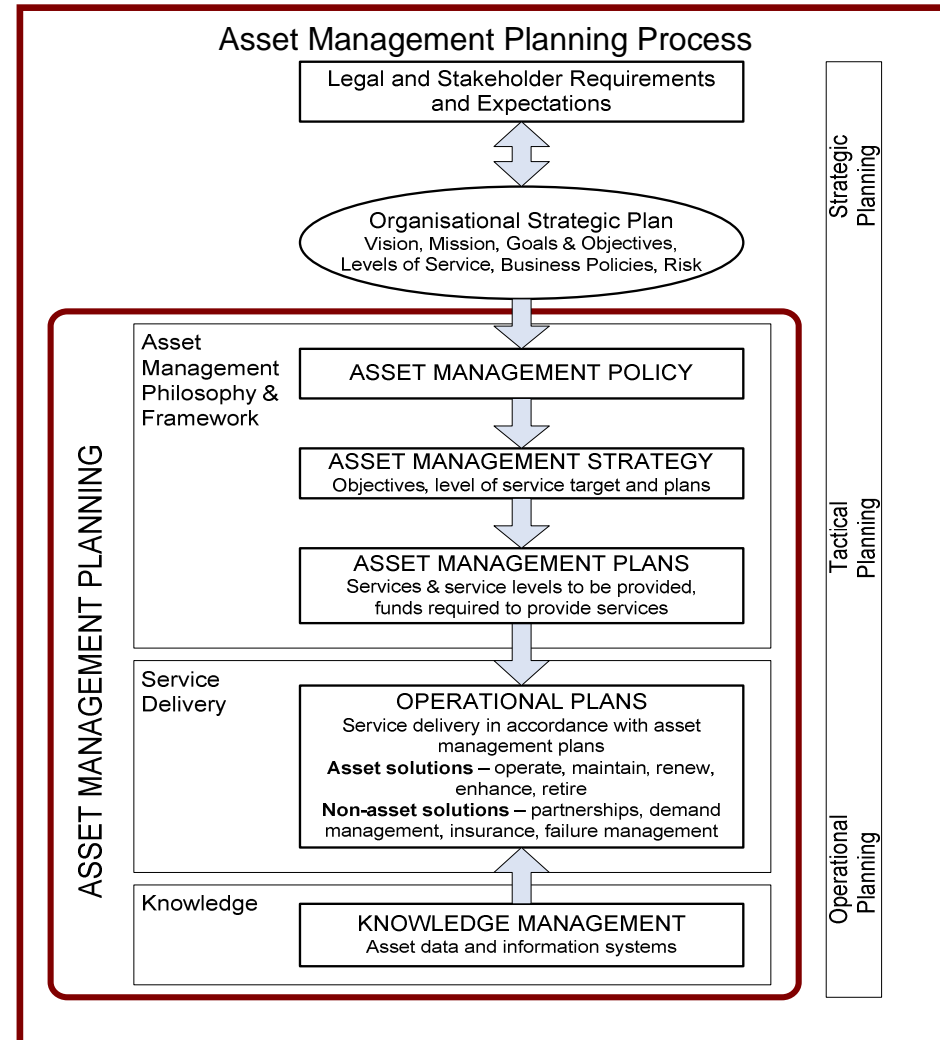
The Asset Management Strategy can be viewed as a first tier plan being supported by more detailed Asset Management Plans. It provides direction to guide asset management actions into the future and ensures the Council continually improves the management of its infrastructure.

It is vital that Council develops and maintains rigorous asset management processes as asset management is a key driver of the 10 Year Long Term Financial Plan through its capital works program.

Asset Management Planning Process

Asset management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an economically optimal way. In turn, affordable service levels can only be determined by assessing Council's financial sustainability under scenarios with different proposed service levels.

Asset management planning commences with defining stakeholder and legal requirements and needs, incorporating these needs into the organisation's strategic plan, developing an asset management policy, strategy, asset management plans and operational plans, linked to a long-term financial plan.



Asset Management Policy and Objectives

Purpose

The purpose of Council's Asset Management Policy is to guide the strategic management of council's assets. The Asset Management Policy defines the Council's vision and service delivery objectives for asset management in accordance with legislative requirements, community needs and affordability. The Asset Management Strategy has been developed to support the Asset Management Policy.

The Policy was adopted by Council on the 3 February 2009. A copy of the policy is attached at Appendix A.

Objectives

To ensure the long-term financial sustainability of Council, it is essential to balance the community's expectations for services with their ability to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, Council develops and maintains asset management governance, skills, processes, data and systems in order to provide services to our present and future community in the most cost-effective and sustainable manner.

The objectives of the Asset Management Strategy are to:

- ensure that the Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council's financial sustainability.
- improve the condition of our assets over a ten year period by implementing optimised maintenance and renewal programs based on the remaining useful life, condition and allocated funding.
- manage assets in a poor and failed condition with appropriate risk management strategies.
- Improve our existing data by ensuring that all assets are assessed and appropriate useful lives and conditions assigned to each component.
- any future projects that aim to create or upgrade assets are done with a full understanding of the whole of life costing for the asset.
- Asset Management Plans are developed into advanced plans that provide detailed service levels, funding and future maintenance and capital works for each asset group.
- the Asset Management Strategy and Plans are reviewed to ensure alignment with Council's Integrated Planning & Reporting documents.
- safeguard Council's assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.

- adopt the long term financial plan as the basis for all service and budget funding decisions.
- meet legislative requirements for all Council's operations.
- ensure resources and operational capabilities are identified and responsibility for asset management is allocated.
- provide high level oversight of financial and asset management responsibilities through the Asset Management Steering Group, reporting to Council on the development, revision and implementation of the Asset Management Strategy, Asset Management Plans and Resourcing Strategy.



Where are we now?

Current Situation

In developing the Asset Management Strategy we needed to understand the current situation of Council's assets and their management. This included consideration of the following:

- What assets do we have and where are they?
- What is the current condition of assets?
- Do they meet Council's and community current and forecast needs?
- Is the funding base for operation, maintenance and renewal appropriate and affordable?
- What is the state of Council's asset management practices, procedures and training?

A recent NSW Government report completed Treasury Corporation (TCorp) has assessed Council's infrastructure management and infrastructure financial planning. This independent report has determined Council's infrastructure management as Strong.

Asset cost, condition and value

The cost, condition and value of assets are reported each year in Council's Annual Report. The values are documented in Financial Statements, and the condition and expenditures in Special Schedule 7. The valuation figure of all infrastructure assets reported in Special Schedule 7 is \$826Million¹. The carrying amount (WDV) is \$474Million. These values are reported each year in Council's Annual Report.

The figures above are not aligned with the technical asset registers, which are updated on a more regular basis. The replacement cost of all assets in the technical asset registers is \$1billion and a depreciated value is \$590Million.

Council has completed an assessment of all its infrastructure assets to determine the required amount of funding to renew assets identified in a poor and failed condition. As a result, the average annual cost required to renew these assets is \$16.5Million. The annual budgeted renewal amount (average over ten years) identified in the Long Term Financial Plan is \$12.5Million, which results in a funding gap of \$4Million annually².

The infrastructure gap described above is the difference between what Council should be spending on asset renewal, and what Council can afford to spend on asset renewal. The term Infrastructure backlog refers to the total amount, or value, of renewal works that need to be

¹Ku-ring-gai Council Annual Report 2012-2013 - Financial Statements Note 9

²Based on current prices

undertaken to bring Council's asset stock up to an acceptable condition. The greater the backlog, the higher the risks associated with our infrastructure.

Council's infrastructure backlog represents the cost to bring assets in a poor condition to an acceptable standard. It does not take into account the deterioration or depreciation of fair and good assets over the ten year period. Hence, the cost to achieve an acceptable standard is greater than currently projected. This will be determined with further asset modelling in the future.

Council spends approximately \$22Million per annum to fund new and upgraded assets, and these assets will require additional funding for maintenance and renewal in the future. The funding spent on upgraded and new assets is predominately a requirement of our s.94 Contribution Plan (CP), and are funded through restricted reserves – not general revenue. In addition there is a Council co-contribution requirement of \$54M to deliver these new and upgraded assets/facilities listed in the CP and this is identified in the 10 year LTFP.

Figure 1 Financial status of each asset class (identified in the long term financial model)

(\$000)	AT CURRENT PRICES											
Asset Category		10 Year Total	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Roads & Transport	Required Funding (Annual)	121,513	12,151	12,151	12,151	12,151	12,151	12,151	12,151	12,151	12,151	12,151
	Less: Current Allocations	99,436	7,964	8,421	9,933	10,440	9,798	10,347	10,332	10,413	10,766	11,022
	Variance	22,076	4,187	3,731	2,218	1,711	2,353	1,804	1,820	1,738	1,385	1,130
Recreational Facilities	Required Funding (Annual)	4,671	467	467	467	467	467	467	467	467	467	467
	Less: Current Allocations	4,407	203	195	120	460	572	572	572	572	572	572
	Variance	264	264	272	347	7	-104	-104	-104	-104	-104	-104
Buildings	Required Funding (Annual)	23,982	2,398	2,398	2,398	2,398	2,398	2,398	2,398	2,398	2,398	2,398
	Less: Current Allocations	13,488	533	605	1,030	1,120	1,440	1,659	1,653	1,686	1,829	1,932

	Variance	10,494	1,865	1,793	1,368	1,278	958	739	745	712	569	466
Asset Category		10 Year Total	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Drainage	Required Funding (Annual)	15,004	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
	Less: Current Allocations	7,793	53	191	263	376	1,379	1,044	1,040	1,062	1,157	1,226
	Variance	7,211	1,447	1,309	1,237	1,124	121	456	461	438	343	274
	TOTALS - ALL ASSET CLASSES											
TOTAL	Required Funding (Annual)	165,169	16,517	16,517	16,517	16,517	16,517	16,517	16,517	16,517	16,517	16,517
Current Prices	Less: Current Allocations	125,123	8,754	9,412	11,347	12,397	13,189	13,621	13,596	13,732	14,323	14,752
	FUNDS REQUIRED TO CLOSE THE GAP	40,046	7,763	7,105	5,170	4,120	3,328	2,896	2,921	2,784	2,194	1,765
	AT FUTURE PRICES											
TOTAL	Required Funding (Annual)	190,581	16,930	17,302	17,787	18,285	18,760	19,248	19,768	20,301	20,829	21,371
Future Prices	Less: Current Allocations	145,930	8,973	9,859	12,219	13,724	14,981	15,874	16,272	16,879	18,063	19,087
	FUNDS REQUIRED TO CLOSE THE GAP	44,652	7,957	7,443	5,568	4,561	3,779	3,374	3,496	3,422	2,766	2,284

The table above shows the required funding and the current allocated funding for each asset class. The variance identifies the amount of funding required for asset renewal over the next ten years (this includes the funding from the Special Rate Variation).

Asset (\$000)	Replacement Cost	Fair Value	Annual Depreciation	Asset consumption ratio	Asset renewal funding ratio with SRV	Asset renewal funding ratio without SRV
Roads (including formation)	\$ 370,301	\$ 227,582	\$ 6,432	61%	100%	72%
Footpaths	\$ 43,761	\$ 29,870	\$ 1,418	68%	88%	N/A ³
Kerb and Gutter	\$ 105,450	\$ 42,535	\$ 1,768	40%	0%	
Bridges	\$ 9,212	\$ 6,875	\$ 167	75%	0%	
Buildings	\$ 137,672	\$ 77,009	\$ 2,418	56%	56%	
Drainage	\$ 235,700	\$ 136,672	\$ 2,122	58%	52%	
Street Furniture and Structures	\$ 10,198	\$ 7,072	\$ 436	69%	0%	
Car Parks - Pavement (including formation)	\$ 6,787	\$ 4,195	\$ 148	62%	0%	
Car Parks - Structures	\$ 3,176	\$ 2,088	\$ 145	66%	0%	
Recreational facilities	\$ 84,632	\$ 53,358	\$ 2,820	63%	94%	
TOTALS	\$ 1,006,890	\$ 587,256	\$ 17, 875			

Figure 2 – Financial status and sustainability ratios (Technical asset registers).

Figure 2 shows the current value (replacement cost), the depreciable amount (fair value) and the annual depreciation for each of our asset groups. The table also shows the asset consumption ratio and the asset renewal funding ratio.

³ The SRV is only for Councils roads

The Asset Consumption ratio

This ratio indicates, the average proportion of “as new” condition remaining for assets. This ratio shows the written down current value of the Council’s depreciable assets relative to their “as new” value. It highlights the aged condition of Council’s stock of physical assets and the potential magnitude of capital outlays required in future to preserve their service potential. A ratio of less than 50% indicates a rapid deterioration of Council’s asset base. Urgent investment may be required to ensure service levels are maintained.

The Asset Renewal funding ratio

This ratio is a measure of the ability of Council to fund its projected asset renewals and replacements in the future. Council’s Long Term Financial Plan makes annual provisions to renew assets where their condition has degraded beyond an objective threshold. This requirement will vary from year by year, potentially creating different short term and long term renewal funding needs. A ratio of between 95 and 105% indicates that the Long Term Financial Plan makes adequate provision to maintain existing levels of service and renew or replace assets.



Risk Management

In 2011, Council developed and implemented a Risk Management Framework which meets the requirements of the International Risk Management Standard ISO31000. Key to this process was the identification of significant risks which required action to reduce the level of risk presented to Council and the Community. Asset Management was one area that was identified as presenting a significant risk to Council – in particular the risk presented by the age of assets, condition and available resources for asset maintenance and renewal.

The Risk Management Procedure sets out the principles and processes the organisation uses to identify assess and manage risks in a broad context. Essentially, Council's asset management practices integrate risk management principles throughout both strategic and operational processes. However, it is important that the risk management practices are consistent and documented across all of these processes. To ensure this consistency with minimal duplication, the Asset Management Risk Guide (shown in flow chart below) defines how the risk management processes are integrated both strategically and operationally.

Each group of asset custodians are responsible for maintaining a risk register to assist in the identification of significant risks for their asset class. These detailed Risk Registers feed relevant risk information and risk treatment actions into both the Asset Management Strategy and Asset Management Plans.

Those significant or critical risks with unacceptable levels of uncontrolled risk will be monitored via the Significant Risk Register which requires a detailed risk treatment plan to be completed for each significant risk to assist in bringing the risk to an acceptable level.

This Asset Management Strategy defines high level significant strategic risks which impact across asset management in general. Each asset overview has a summary of the key significant risks and risk controls for the asset class/group/type.

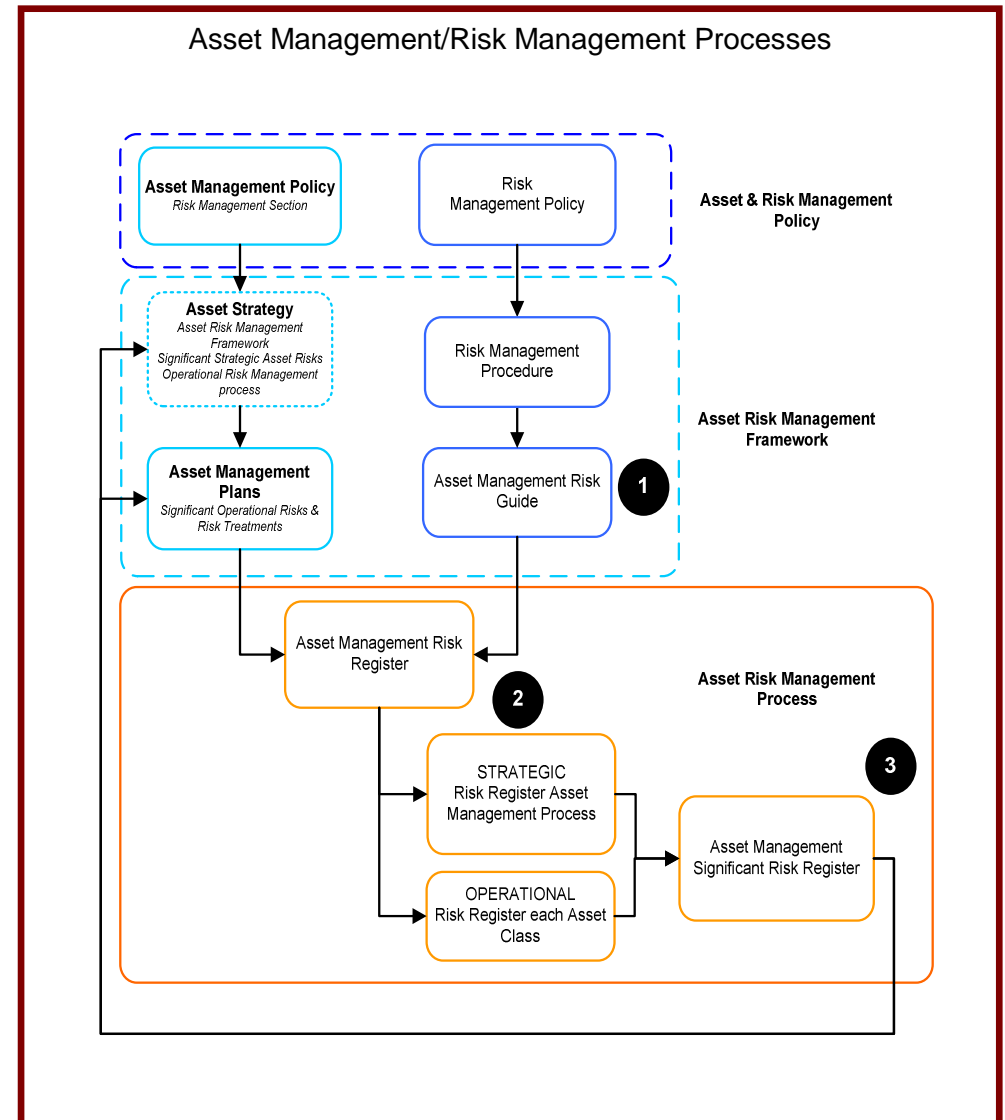
The Asset Management Plans for each asset class have a detailed evaluation of the significant risks, risk treatments and risk monitoring activities that are carried out by asset custodians. Council's Risk Management Coordinator provides ongoing assistance to the asset custodians, including training and technical assistance throughout the risk management process.

Critical Assets

Critical assets are those assets which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. The following buildings are essential for Council's operations and outcomes and are considered critical assets;

- Council's administration buildings located at 818 Pacific Highway Gordon, 31 Bridge Street Pymble;
- Council's future administration building located at 828 Pacific Highway Gordon;
- Council works depot located at 5 Suakin St Pymble

The risks associated with these assets include public health and safety, business continuity and emergencies. With the revision of the current suite of asset management plans further investigation of critical assets and the required maintenance strategies will be developed.



Community Consultation

Council regularly conducts customer satisfaction surveys to determine community attitudes towards the services and facilities provided, and the quality and appropriateness of each of its services.

Throughout 2012, Council further consulted with the community on improving our infrastructure assets. The *'Closing the Gap'* survey asked the community to respond on the importance and satisfaction over a range of asset classes. The consultation identified that in addition to roads, the assets most important to our community are footpaths, drainage and buildings.

The Resident's Survey results may be accessed from Council's website. Figure 3 below shows the outcome of the community consultation.

In 2013-2014, Council engaged an independent research company to complete a survey with ratepayers. The purpose of the community survey was twofold, firstly to measure the support for the continuation of the special rate variation to fund the roads renewal program in Ku-ring-gai, and secondly to explore community opinions on expected levels of service and to future funding options for priority assets.

The community consultation carried out in 2013-2014, and the survey results indicated that there was a high level of support for the continuation of the special rate variation, with 81% of all respondents indicating they supported it.

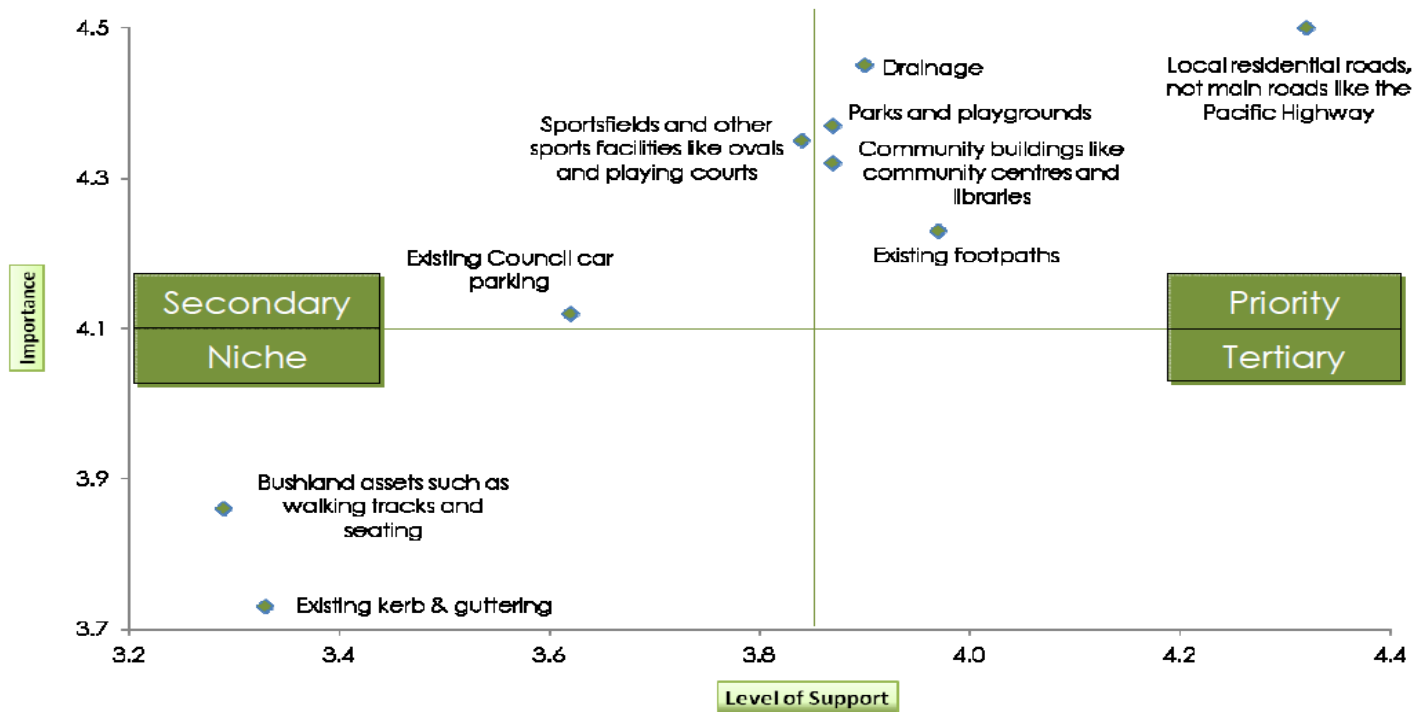
Further community consultation was conducted through a deliberative forum with ratepayers who had participated in the survey. The objectives of the forum were to discuss the outcomes of the survey and to gauge community opinions on the options for future funding of footpaths, drainage and building assets. Four options were presented to the participants and option 2 (apply for an additional levy to fund priority assets) was the preferred option.

An important body of work will be to explore further funding options with the community throughout 2014-2015.

Quadrant Analysis: Importance Vs Support



Q6. Please tell me your level of support for the following proposed strategies:



From a resident perspective, the highest priority asset classes are roads, drainage, parks & playgrounds, community buildings and footpaths



Figure 3 Results from community consultation – Closing the Gap survey

Levels of Service

Council's recent community consultation assisted with determining priorities and understanding the community's desired service levels. This information has been incorporated into the Strategy and assists with funding decisions identified in the LTFP to deliver the community's outcomes.

The recommendations from the community engagement identified roads, footpaths and drainage as the main Council service areas in need of additional resource allocation, with community buildings, parks and playgrounds also mentioned as priorities. Bushland assets and kerb and gutter were identified as having the least importance and there was only a small percentage of support to reduce the gap in funding in these areas.

We also need to measure our performance to know whether we are achieving or making progress towards achieving these outcomes and to make choices about the services we deliver and what should be increased or decreased. There may even be new services required and we need to look at the full program of services to ensure they are affordable and sustainable.

Until recently the 'Level of Service' provided by Council's assets was primarily governed by the condition of these assets. Currently, there are limited formally adopted service levels. Council will further develop service levels in the next revision of its Asset Management Plans for each asset group and link these service levels with community priorities. To do this we plan to undertake regular surveys with our residents to ensure the services we provide are important to them, and also that they are satisfied with those services.

Where do we want to be in 2023?

Council's Vision, Goals and Objectives

This Asset Management Strategy is prepared to achieve the vision, aspiration and long term objectives of our community and identified in our Community Strategic Plan. The table below shows the link between the community strategic plan and this Strategy;

Theme	Community Aspiration	Long Term Objective	Integration with asset class
Community, People and Culture	A healthy, safe, and inclusive community that respects our history, and celebrates the contributions of a diverse culture through learning about our differences	An equitable and inclusive community that cares and provides for its members	Buildings
		A community that embraces healthier lifestyle choices and practices	Recreational Facilities
Natural Environment	Working together as a community to protect and enhance our natural environment and resources	Our natural waterways and riparian areas are enhanced and protected. A community addressing and responding to the impacts of climate change and extreme weather events.	Stormwater Drainage Recreational Facilities
Places, Spaces and Infrastructure	A range of well planned, clean and safe neighbourhoods and public spaces designed with a strong sense of identity and place	Recreation, sporting and leisure facilities are available to meet the community's diverse and changing needs	Recreational Facilities
		Multipurpose community buildings and facilities are available to meet the community's diverse and changing needs	Buildings
		An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian of our community assets.	All asset classes

Theme	Community Aspiration	Long Term Objective	Integration with asset class
Access, Traffic and Transport	Access and connection to, from and within Ku-ring-gai provides safe, reliable and affordable public and private travel, transport and infrastructure	An accessible public transport and regional road network that meets the diverse and changing needs of the community The local road network is managed to achieve a safe and effective local road network.	Roads and Transport
Local Economy and employment	Developing partnerships and create opportunities that attract investment and business innovation to stimulate local economic growth and employment	Our centres offer a broad range of shops and services and contain lively urban village spaces and places where people can live, work, shop, meet and spend leisure time	Roads and Transport Buildings Recreational Facilities
Leadership and Governance	Ku-ring-gai is ethical, well led and managed and delivers and facilitates the delivery of projects and services to the community by listening, advocating and responding to their needs.	Council rigorously manages its financial resources and assets to maximise delivery of services.	Roads and Transport Stormwater Drainage Buildings Recreational Facilities

Lifecycle Management

Roads and Transport

Council's road and transport network comprises of our roads, footpaths, car parks, road structures, kerb and gutter and street furniture and bridges network. These assets are maintained by Councils Engineering Services section of the Operations Department. All asset information pertaining to each group is contained within Councils fair valuation register and further detailed information on our roads is held within Council's Pavement Management System (SMEC).

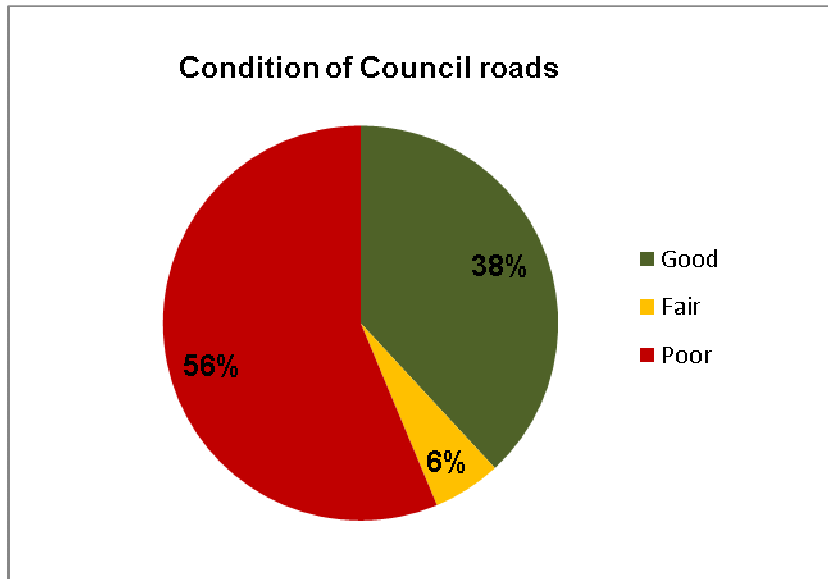
The annual average required amount of renewal funding for roads and transport assets is estimated to be \$12Million. The amount of renewal funding allocated in the LTFP is \$10Million, resulting in a gap of \$2Million. Unless additional funds are allocated to transport asset renewal, the overall asset condition will continue to decline (these figures are based on current prices). Without the special rate variation the gap would increase to \$4.7Million.

Community Objective

The Roads and Transport asset class supports the long term objectives of our Community Strategic Plan through the following Themes;

- **Access, Traffic and Transport** - *An accessible public transport and regional road network that meets the diverse and changing needs of the community and the local road network is managed to achieve a safe and effective local road network.*
- **Places, Spaces and Infrastructure** - *An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian of our community assets.*
- **Local Economy and employment** - *Our centres offer a broad range of shops and services and contain lively urban village spaces and places where people can live, work, shop, meet and spend leisure time*
- **Leadership and Governance** - *Council rigorously manages its financial resources and assets to maximise delivery of services.*

Roads



Available data

Asset inspections of our road pavement and surface was completed as part of the fair valuation requirements in 2009. The roads are now inspected as part of a 4 year inspection program that identifies condition changes. All roads are assigned a condition rating and a useful life to determine the remaining useful life of the road components.

Asset condition

Asset inspections have determined that 56% of our roads are in a poor and failed condition (2013/2014).

Sustainability indicators

The asset consumption ratio of 61% indicates that an adequate usable level of service exists. The renewal ratio shows that adequate funds are available for roads. However, without the special rate variation the percentage will change to 72% which means that funding for roads will be insufficient.

Budget requirements

Council invests approximately \$9.6Million each year to renew our roads. This includes the special rate variation which contributes \$2.7Million per year⁴. The required annual renewal funding for existing roads is estimated is equal to the budgeted figure as Council has invested more funding into roads in the past year. Without the special rate variation the funding would increase by \$2.7Million each year.

Desired service levels

Community consultation has confirmed that our residents support reducing the gap in funding and the continuation of the special rate variation to improve the condition of our roads.

Future directions

Council has applied for an extension of the special rate variation for infrastructure which contributes an average of \$2.7Million per year for road renewals. This is in addition to the funding provided by Council for the renewal of roads and this is identified in the current LTFP. These funds

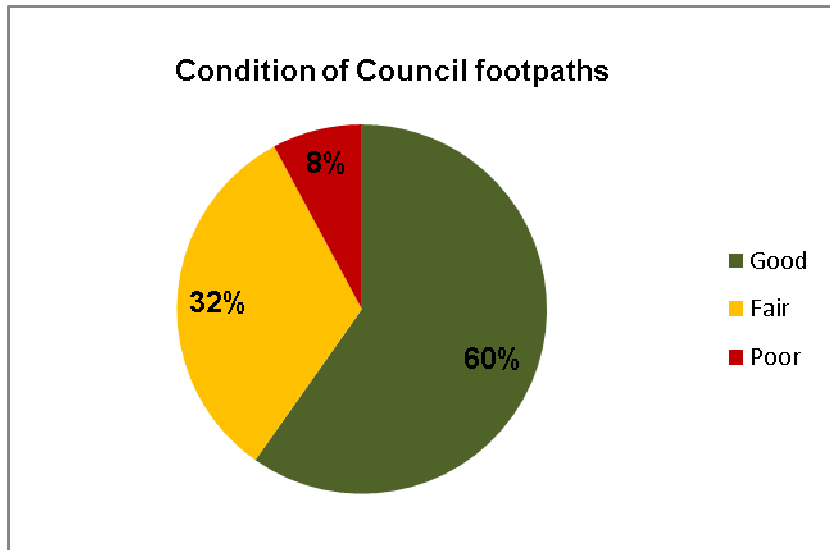
⁴ At current prices

will need to be reviewed if the IPART application is unsuccessful. If the special rate variation is not successful, Council will have to re-allocate funding from other asset classes, identified by the community as being of low to moderate priority.

Reallocation of funding will impact on the levels of service and condition of these assets. Council constantly monitors the impact on service levels and will redirect funding as required in the future to minimise risk.



Footpaths



Available data

Council inspected all footpaths in 2010 as part of the fair valuation requirements. The footpaths are now inspected as part of an ongoing assessment program that identifies condition changes and asset performance.

Asset condition

It has been determined that 8% of our footpaths are in a poor and failed condition.

Asset sustainability indicators

The asset consumption ratio of 68% indicates that an adequate usable level of service across the asset categories. The asset renewal ratio of 88% shows should be spending more to fund the gap.

Budget requirements

Council invests approximately \$302K each year to renew our footpaths. The required annual renewal funding for existing footpath assets is estimated at \$344K. The difference between the required and budgeted funding equals an annual gap of \$42K.

Desired service levels

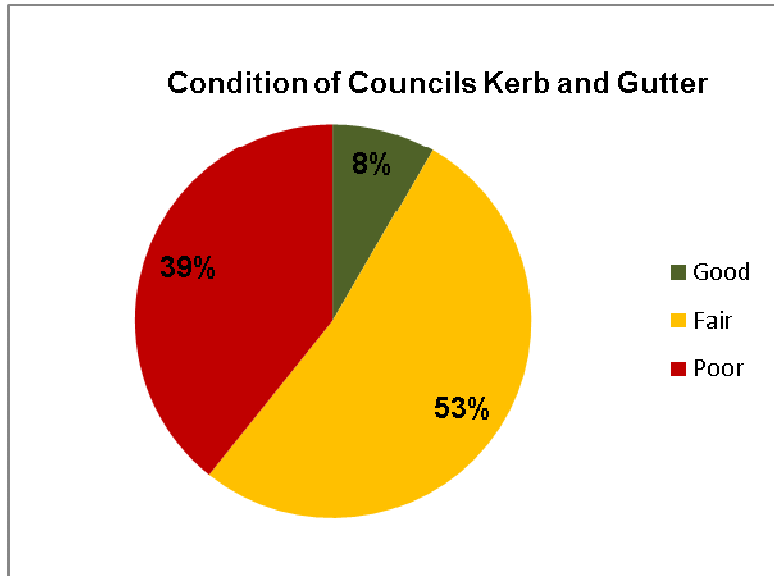
The community consultation has confirmed that our residents support reducing the funding gap to improve the condition of our footpaths. The community has identified our footpaths are a medium- high priority.

Future directions

To reduce the gap in funding, council has already reallocated funds from assets identified by the community as low to medium asset priorities.

This will reduce the levels of service and the asset condition currently held by other asset groups. Council will monitor the impacts on other services and review funding as required in the future to minimise the risks.

Kerb and Gutter



of \$2.1 Million.

Available data

Council inspected its kerb and gutter assets in 2010 as part of the fair valuation requirements. These assets are inspected on a reactive basis when a customer request for maintenance and renewal has been identified.

Asset condition

It has been determined that 39% of our kerb and gutter are in a poor and failed condition.

Asset sustainability indicators

The asset consumption ratio of 40% indicates that investment may be required to ensure service levels are maintained. The asset renewal ratio shows that we are not allocating renewal funding to kerb and gutter.

Budget requirements

No funding is allocated in the LTFP for capital works. Therefore the required average annual amount to renew existing kerb and gutter is also the funding gap

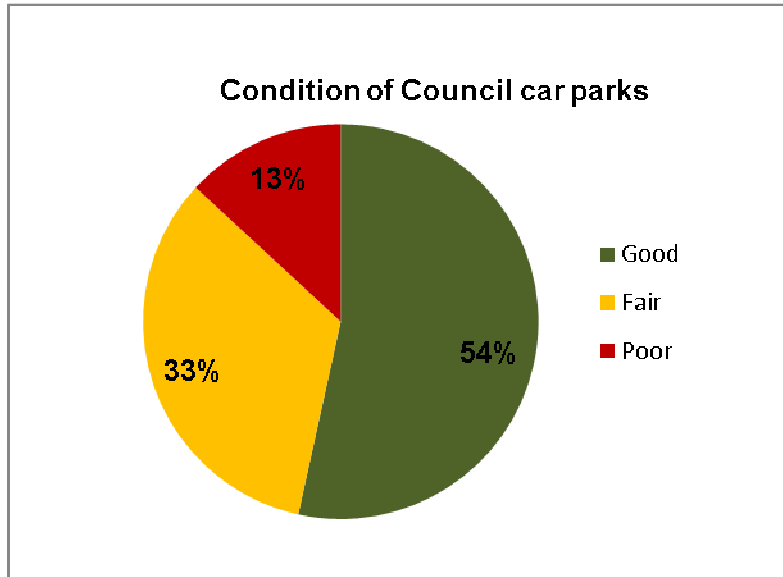
Service level expectation

The community consultation identified kerb and gutter as a low priority and there was lack of support to reduce the funding gap.

Future directions

The funding allocated for maintenance of kerb and gutter has been determined to be sufficient in managing the risks for failure of the assets. Council will monitor the funding and condition levels and review budget if required.

Car Parks (Located at business areas)



The car parks located within the recreational facilities (parks & sports fields) are not included in this asset group. Funding for these assets is identified within the associated asset class.

Available data

Council inspected the surface and pavement and the structures within our car parks in 2011 as part of the fair valuation requirements. Council now inspects these assets on a reactive basis as customer requests for maintenance or renewal are identified.

Asset condition

It has been determined that 13% of our car park pavements and structures are in a poor condition.

Asset sustainability indicators

The asset consumption ratio of greater than 60% indicates an adequate usable level of service of car park pavement and car park structures. The asset renewal

ratio shows that we are not allocating renewal funding to car parks.

Budget requirements

The LTFP does not identify car park renewal as a separate item within projects so although some funding may be allocated this cannot be determined at this stage. The required annual renewal funding equals the funding gap of \$59K.

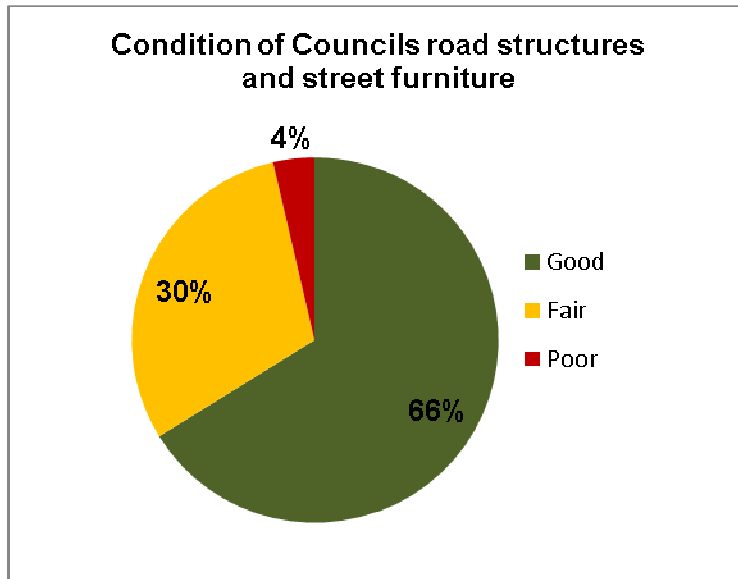
Service level expectation

The community consultation identified car parks as a moderate priority.

Future directions

The funding allocated for maintenance of Council car parks has been determined to be sufficient in managing the risks for failure of the assets. Through regular inspections Council monitors the condition and reviews funding levels as required.

Road Structures and Street Furniture



Available data

Council's roads structures and street furniture were inspected as part of the fair valuation requirements in 2010. The Road Structures and Street furniture asset register does not contain a comprehensive list of all asset components within this group. Due to a lack of resources the previous inspection regime only captured those assets located in business centres and other prominent locations across the local government area (LGA).

These assets are now inspected on a reactive basis as customer requests for maintenance or renewal are identified.

Asset condition

It has been determined that 4% of these assets are in a poor and failed condition.

Asset sustainability indicators

The asset consumption ratio of 69% indicates an adequate usable level of service exists. The asset renewal ratio shows that we are not allocating renewal funding to

road structures and street furniture. The funding allocated to this asset group is for new and upgraded assets.

Budget requirements

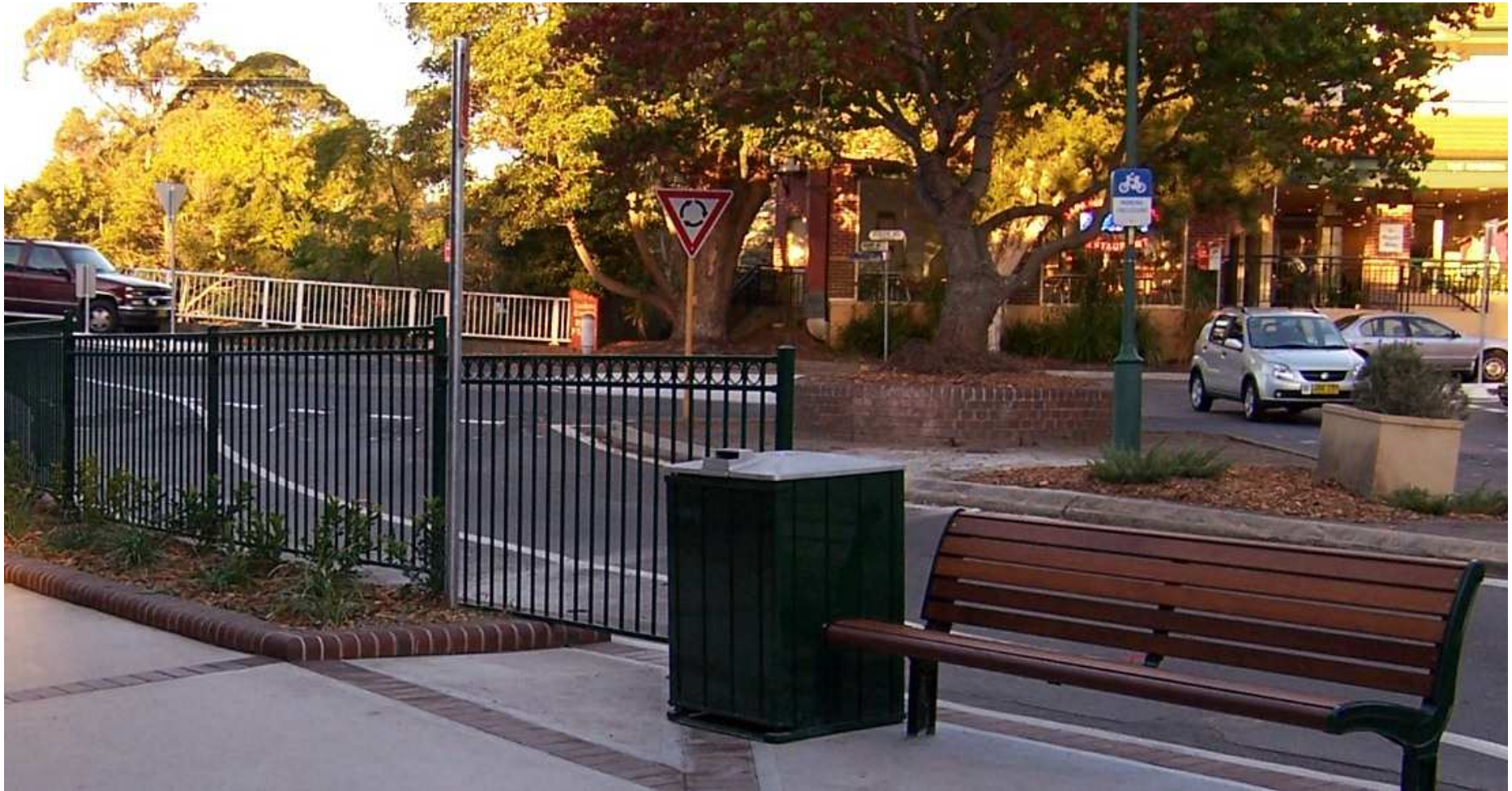
There is currently no renewal budget for our road structures and street furniture. Therefore the annual required renewal funding equals the funding gap of \$37K.

Service level expectation

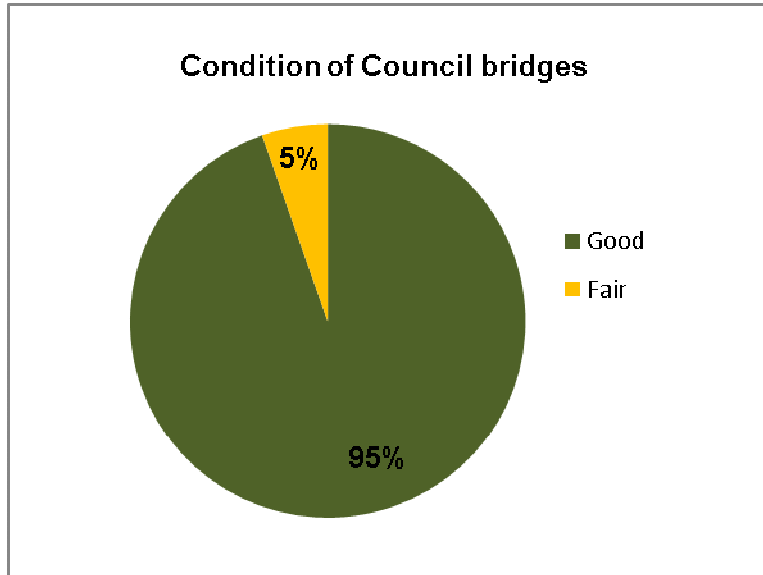
Council has not consulted with the community to determine service levels for this asset group.

Future direction

Council will develop an inspection program to improve asset data in the road structures and street furniture register.



Bridges



Available data

Council inspected the condition of all bridges as part of the fair valuation requirements in 2010. Council now inspects our road and pedestrian bridges on a reactive basis as customer requests for maintenance are identified. All bridges will be assessed by Council in the future as part of the fair valuation requirements.

Asset condition

No bridges were identified in a poor condition and 95% are in a good and excellent condition.

Asset sustainability indicators

The asset consumption ratio of 75% indicates that the assets are possibly newly constructed or renewed. The asset renewal ratio shows that we are not allocating renewal funding to bridges.

Budget requirements

There is no funding allocated for the renewal of bridges. Therefore the funding gap

equals the required amount of \$750.

Service level expectation

Council has not consulted with the community to determine service levels for this asset group.

Future directions

The funding allocated for maintenance of Council bridges has been determined to be sufficient in managing the risks for failure of the assets. Through regular inspections Council monitors the condition and reviews funding levels as required.

Buildings

Council's building asset class is separated into operational, community and commercial asset groups. Operational buildings include Council offices and depot while commercial assets consist of council owned and leased residential properties and retail services. Community buildings comprise of public toilet amenities, libraries, child care centres, halls, community centres, clubhouses and shelters.

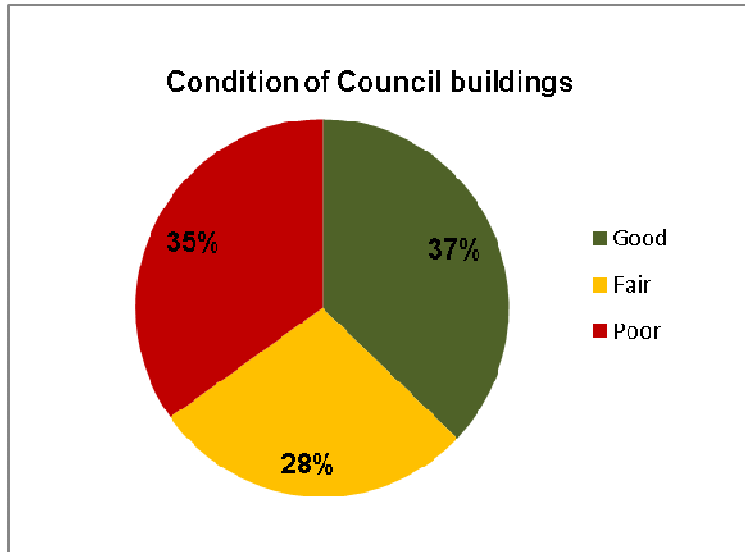
The operational and community buildings are maintained by Council's Engineering Services section within the Operations Department. The residential and commercial properties are managed by the Integrated Planning, Property and Assets section within the Strategy Department. All asset information pertaining to each group is contained within Council's fair valuation register.

Community Objective

The Buildings asset class supports the long term objectives of our Community Strategic Plan through the following Themes;

- **Community, People & Culture** – *An equitable and inclusive community that cares and provides for its members*
- **Places, Spaces and Infrastructure** - *Multipurpose community buildings and facilities are available to meet the community's diverse and changing needs*
 - *An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian of our community assets.*
- **Local Economy and Employment** - *Our centres offer a broad range of shops and services and contain lively urban village spaces and places where people can live, work, shop, meet and spend leisure time*
- **Leadership and Governance** - *Council rigorously manages its financial resources and assets to maximise delivery of services*

Building Assets



Available data

The current building asset register is based on inspections and the fair valuation assessment completed by a Registered Valuer in June 2013. Buildings with a fair value over \$500,000 have been componentised with a condition rating and remaining useful life allocated to each component. All buildings with a fair value under \$500,000 have been given an estimated average condition rating to establish remaining useful lives.

Council is in the process of inspecting buildings at a component level and this will be completed by late 2014.

Asset condition

It has been determined that 34% of our buildings are in a poor condition

Asset sustainability indicators

The asset consumption ratio of 56% indicates an adequate usable level of service. The asset renewal ratio of 56% indicates that Council may be under investing in our

building assets.

Budget requirements

Council invests approximately \$1.3Million to renew our buildings components each year. The required annual renewal funding for existing buildings is \$2.4Million. The difference between the required funding and the budgeted funding equals a gap of \$1.1Million.

The required amount is currently based on the renewal of individual buildings as they are not yet componentised. This figure will be updated once all buildings are broken into components with useful lives assigned to each component and the condition assessed.

Service level expectations

Council consulted with residents on the condition of our child care centres, public toilets and community centres. It was identified that these buildings are viewed as priority assets and received moderate support to reduce the gap in funding.

Future directions

Council has increased the renewal budget for buildings located at business centres and public toilet amenities. The additional funding is sourced from a combination of budget redirections from other asset groups and loan obtain through the Local Infrastructure Renewal Scheme.

As a result this may reduce the levels of service currently held by other asset groups. Council will monitor the impacts on other services and review funding as required in the future to minimise the risks.



Stormwater Drainage

Council's stormwater drainage network includes underground assets such as pits and pipes and surface drainage assets including detention basins and open channels. The stormwater drainage asset components are maintained by Council Engineering Services section within the Operations Department.

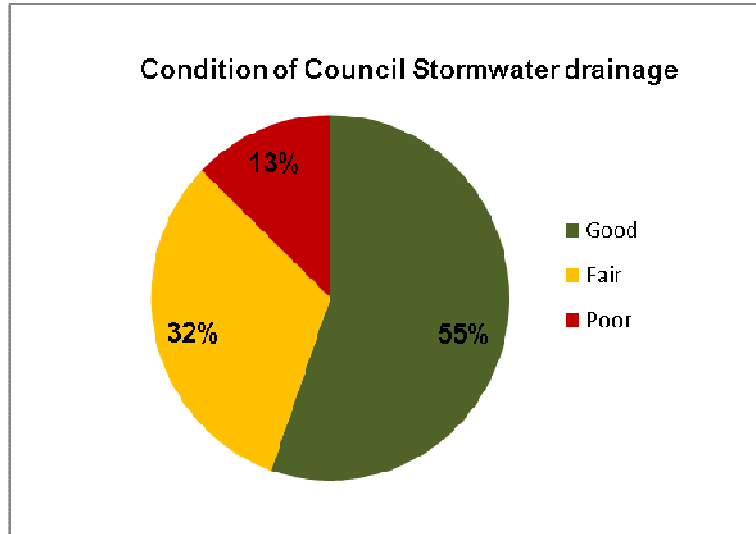
Council levies a stormwater management levy and this funding source is used to improve the drainage system and the maintenance of Council's drainage systems.

Community Objective

The Stormwater Drainage asset class supports the long term objectives of our Community Strategic Plan through the following Themes;

- **Natural Environment** – *Our natural waterways and riparian areas are enhanced and protected.*
- **Places, Spaces and Infrastructure** - *An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian of our community assets.*
- **Leadership and Governance** - *Council rigorously manages its financial resources and assets to maximise delivery of services.*

Drainage assets



Available data

Council has conducted CCTV inspections on 5% of our drainage network as a representative sample to determine the overall condition of our stormwater drainage infrastructure. All asset data was updated into the drainage register in 2010. At present Council inspects drainage on a reactive basis or through customer requests.

Asset condition

Based on known information it has been determined that 13% of our drainage assets are in a poor or failed condition.

Asset sustainability indicators

The asset consumption ratio reveals that 58% indicates an adequate usable level of service for drainage assets. The asset renewal ratio of 52% indicates that Council is underinvesting in drainage renewal expenditure.

Budget requirements

Council invests approximately \$780K for the renewal of our drainage assets each year. The required annual renewal funding for existing drainage assets is \$1.5Million. The difference between the required and budgeted funding equals a gap of \$720K.

Service level expectations

Consultation with the community on the condition of our drainage asset has identified these assets are high priority.

Future direction

The average annual required funding for drainage cannot be determined accurately without review of the current data and assessment of the condition and capacity of the drainage network. Due to current resources funding is allocated for drainage improvements where new development is being effected and/or through improved flood assessment and flood management information.

Council's asset register for drainage is based on a representative sample of a drainage network. Further investigation into the condition of a drainage network and identification of capacity requirements will have to be complete in order to improve the data accuracy. As the data captured on the condition and capacity of our drainage asset is only a representative sample, ongoing annual inspections are required to

improve asset information⁵ . Overtime, this will improve data knowledge and assist with accurately determining life cycle costs and capacity requirements.



⁵ Refer to Asset Improvement Action Plan

Recreational Facilities

The Recreational Facilities asset class comprises of all assets within our sports fields, parks and bushland locations. Asset groups within these areas include ovals, golf courses, playgrounds, playing courts, walking tracks and fire trails.

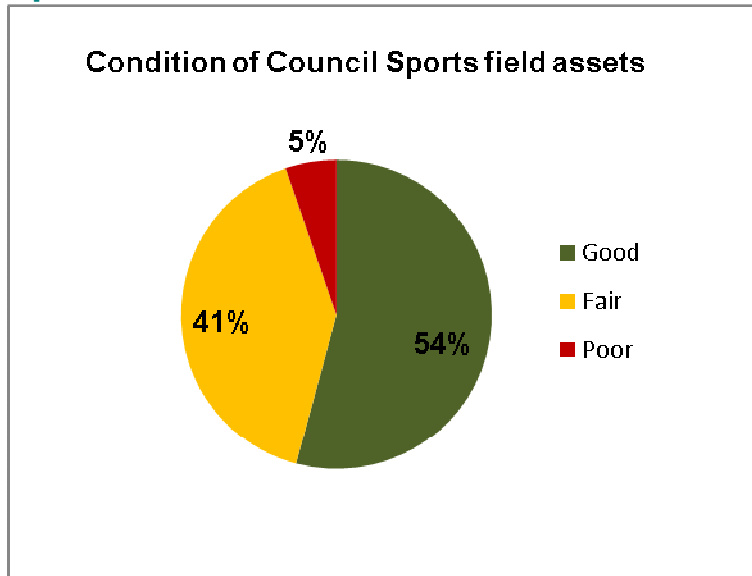
The assets within the recreational facilities asset class are maintained by the Open Space Section within the Operations Department.

Community Objective

The Recreational Facilities asset class supports the long term objectives of our Community Strategic Plan through the following Themes;

- **Community, People and Culture** – *A community that embraces healthier lifestyle choices and practices*
- **Natural Environment** - *A community addressing and responding to the impacts of climate change and extreme weather events.*
- **Places, Spaces and Infrastructure** - *Recreation, sporting and leisure facilities are available to meet the community's diverse and changing needs*
 - *An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian of our community assets.*
- **Local Economy and Employment** - *Our centres offer a broad range of shops and services and contain lively urban village spaces and places where people can live, work, shop, meet and spend leisure time*
- **Leadership and Governance** - *Council rigorously manages its financial resources and assets to maximise delivery of services*

Sports fields



Available data

Council inspected all assets within our sports fields in 2010/2011. These assets are now on the Open Space asset assessment program and assessed every 4 years.

Asset Condition

Council's assessment reveals that only 5% of assets are in a poor or failed condition.

Asset sustainability indicators

The asset consumption ratio of 63% indicates an adequate usable level of service for sporting field assets. There is adequate funding allocated towards assets within our sports field locations.

Budget requirements

Council invests approximately \$361K towards the renewal of our Sports field assets. The required renewal funding for existing sports field assets is estimated at \$266K. This shows that Council is spending more than what is required on sports

field assets. This is due to the renewal component included in some of our major projects that will be completed over the next ten years.

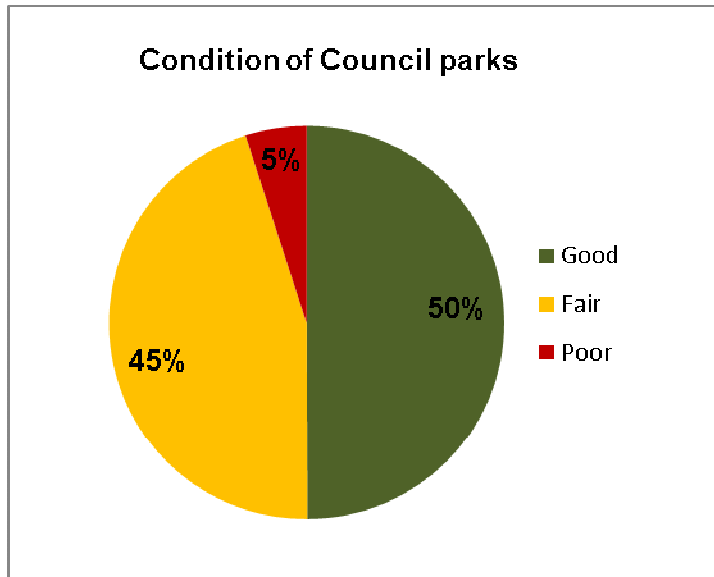
Service level expectations

Community consultation identified the sports field assets as having moderate importance to our community. The level of support to reduce the funding gap was also moderate.

Future directions

The funding allocated for maintenance of Council sports fields has been determined to be sufficient in managing the risks for failure of the assets. Through regular inspections Council monitors the condition and reviews funding levels as required.

Parks



Available data

Council inspected all assets within our parks in 2010/2011. These assets are now on the Open Space asset assessment program and inspected on a 4year cycle.

Asset condition

Council's assessment reveals that only 5% of assets are in a poor or failed condition.

Asset sustainability ratios

The asset consumption ratio of 61% indicates an adequate usable level of service for park assets. The asset renewal ratio of 76% shows that Council may be under investing on park asset renewals.

Current Funding

Council invests approximately \$79K each year towards the renewal of assets within our park locations. The required average renewal funding for existing park assets is estimated at \$104K. The difference between the required and budgeted funding equals a gap of \$25K.

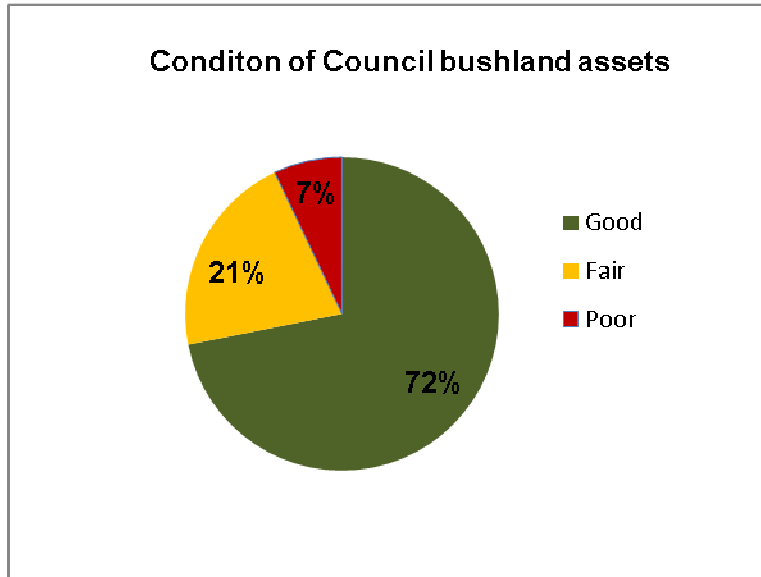
Service level expectations

Community consultation identified the parks assets as having moderate importance to our community. The level of support to reduce the funding gap was also moderate.

Future directions

The funding allocated for maintenance of Council parks has been determined to be sufficient in managing the risks for failure of the assets. Through regular inspections Council monitors the condition and reviews funding levels as required.

Bushland



Available data

Council inspected all assets within our bushland locations in 2010/2011. These assets are now on the Open Space asset assessment program and inspected on a 4year cycle.

Asset Condition

Council's assessment reveals that only 7% of assets are in a poor or failed condition.

Asset sustainability ratio

The asset consumption ratio of 64% indicates an adequate usable level of service for park assets. The asset renewal ratio shows that Council will not be investing in the renewal of bushland assets over the next ten years.

Budget requirements

No renewal funding is located towards bushland assets in the LTFP. The required annual renewal funding for existing bushland assets equals the funding gap of \$97K.

Service level expectations

Community consultation identified the bushland assets being a low priority and there was minimal support in reducing the funding gap for these assets.

Future directions

The funding allocated for maintenance of Council Bushland has been determined to be sufficient in managing the risks for failure of the assets. Through regular inspections Council monitors the condition and reviews funding levels as required. Any built assets should minimise adverse impacts on the natural environment.

How will we get there?

The Asset Management Strategy proposes the following strategies to enable the objectives of the Community Strategic Plan to be achieved.

No	Strategy	Desired Outcome
1	Long Term Financial Planning	The long term implications of Council services are considered in annual budget deliberations.
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
3	Update Long Term Financial Plan to incorporate asset management Strategy expenditure projections.	Funding model to provide Council services.
4	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
5	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
6	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
7	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
8	Ensure responsibilities for asset management are identified	Responsibility for asset management is defined.
9	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.
10	Report to Council on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

Scenario Planning

Scenario planning is an important part of asset management as it explores different options to determine the best plan for improving asset condition based on available funding. The three scenarios and how they impact on our infrastructure are shown below;

Scenario 1 – Base Case Scenario without continuation of the Special Rate Variation (SRV) for Infrastructure

The base scenario of the Long Term Financial Plan (LTFP) shows the financial results of delivering the current level of service as per the 2013/14 budget expanded out over 10 years and adjusted by various price forecast indexes as detailed in the financial assumptions section of this document.

As with other scenarios, this scenario is modelled to address Council's asset renewal gap and maintain all categories of assets at an acceptable level. While available funding sources are not sufficient to close Council's infrastructure backlog over the next 10 years, it still partially addresses this liability. The adopted principle under this scenario is that all available surplus funds will be diverted towards Council's asset renewal program as a priority.

This scenario is sustainable according to the recognised financial sustainability measures and can be delivered, however, it does not address the asset renewal backlog and community concerns about the roads network. This scenario identifies the impact of not receiving the continuation of the SRV for Infrastructure starting from 2014/15 onwards. The associated road works that this levy will fund are also eliminated.

Council's revised Asset Management Strategy and the updated Roads and Transport Asset Management Plan confirm the need to maintain the level of funding for roads to address the backlog. Several research surveys have been undertaken with the Community to establish acceptable levels of service. These surveys confirmed that roads represented the highest concern in the community. If Council does not get an approval for the continuation of the SRV, it will not be possible to renew Council's roads to this service level standard in the future.

Capital expenditure

Capital expenditure is based on the current and projected capital works program and Council's Asset Management Strategy (AMS). Council's AMS outlines the renewal strategies for each asset class. These include Roads and Transport, Buildings, Drainage and Recreational Facilities. The AMS also provides and quantifies the required renewal expenditure to close the assets renewal gap. As indicated above, all available surplus funds have been allocated towards partially funding this gap for the next 10 to 20 years. The required renewal funding is based on the cost to renew assets in a poor condition.

The required renewal expenditure as per the AMS is presented below;

Required Renewal Expenditure	Current prices (\$M)		Future prices (\$M)	
	1 Year	10 Year	1 Year	10 Year
Asset Classes				
Roads and Transport	12,151	121,510	12,151	140,213
Drainage	1,500	15,000	1,500	17,309
Buildings	2,398	23,980	2,398	27,671
Recreational facilities	467	4,670	467	5,389
Total	16,516	165,160	16,516	190,581

The base scenario allocates capital funding as follows whilst the table below displays the Asset renewal gap after additional funds allocated towards assets renewal (without the SRV)

Assets Renewal Funding (\$M)	10 Year										
	Future Prices	Total	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Required Renewal Funding	190,581	16,930	17,302	17,787	18,285	18,760	19,248	19,768	20,301	20,829	21,371
Standard Expenditure	113,543	6,376	7,038	9,290	10,652	11,811	12,575	12,854	13,316	14,370	15,261
Projects funded by SRV	-	-	-	-	-	-	-	-	-	-	-
Asset Renewal Gap	77,038	10,554	10,264	8,497	7,633	6,949	6,673	6,914	6,985	6,459	6,110

Scenario 2 – Continuation of the Special Rate Variation (SRV)

This Scenario represents the base case scenario plus additional income from the Special Rate Variation (SRV) and increased expenditure on Infrastructure assets funded by this income.

This scenario is Council's preferred one and is considered sustainable. The LTFP has assumed in this scenario that the levy will be continued permanently. Council considers that this increase in funding is necessary to address the current renewal backlog and meet community expectations in regard to service levels and the management of essential community assets.

Income from the continuation to the Infrastructure Levy will be used entirely to fund Council's road works.

It is estimated that the special rates variation will produce the following increase in Council revenue over the next 10 years to 2023/24.

\$M	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Special Rate Variation	2,752	2,851	2,965	3,083	3,200	3,319	3,445	3,576	3,708	3,845
Less: Pensioner Rebates	- 24	- 24	- 24	- 25	- 25	- 26	- 26	- 26	- 27	- 27
Levy available for Infrastructure Projects	2,728	2,827	2,941	3,058	3,175	3,293	3,419	3,550	3,681	3,818

Pending approval of the SRV, Council will receive approximately \$32.5million⁶ in total over a 10-year period (future prices). If the SRV is not approved, the roads program will need to be reduced by eliminating projects funded by the SRV. This means that the total program value each year equals only the funding available from other sources, as factored into the Base Scenario above.

The SRV ensures that Council has the capacity to provide additional funding to reduce the funding gap, and continue to bring Council's roads to an acceptable condition⁷ within an established time frame. The benefits of bringing Council's roads to an acceptable standard will help reduce the annual maintenance requirements as well as the cost of future road works.

⁶ Future prices

⁷ An acceptable standard is condition 3 (fair) or above. This has been determined by consultation with the community.

The table and chart below displays the Asset renewal gap after additional funds allocated towards assets renewal (with SRV). The additional income from the SRV has a positive impact on the size of the future asset renewal gap, reducing it by the amount of the levy. The chart is similar to the chart in Scenario 1 but shows the additional reduction in the asset renewal gap caused by the levy.

Assets Renewal Funding (\$M) Future Prices	10 Year Total	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Required Renewal Funding	190,581	16,930	17,302	17,787	18,285	18,760	19,248	19,768	20,301	20,829	21,371
Standard Expenditure	113,443	6,245	7,032	9,279	10,666	11,806	12,581	12,853	13,330	14,382	15,269
Special Rate Variation	32,488	2,728	2,827	2,940	3,058	3,175	3,293	3,419	3,549	3,681	3,818
Asset Renewal Gap	44,650	7,957	7,443	5,568	4,561	3,779	3,374	3,496	3,422	2,766	2,284

Scenario 3 - Scenario 3 - Continuation of the Special Rate Variation for Infrastructure plus additional funding to Close the Infrastructure Gap

The “Closing the Gap” Scenario represents Scenario 2 (the base case scenario plus additional income from the SRV for Infrastructure), and an additional \$44.650 million⁸ over 10 years required to renew our infrastructure assets to acceptable service levels identified in recent community consultation. This scenario seeks to develop an adequate infrastructure renewal program to ensure that the community continues to be served by its assets at their desired level.

If Council was to close the annual asset renewal gap over the 10 years of this LTFP, additional funds of \$44.650 million will need to be found on top of the proposed special rate variation for Infrastructure. If additional revenues cannot be raised an option would be to reduce operational costs, however this will require significant cuts to existing services. Another option available to Council would be to borrow the funds with the resulting impact on debt levels and operational cost. As all revenues are committed to fund existing operational expenditure plus asset renewals the actual amount borrowed would be much higher as Council would also need to borrow to fund the interest costs on the loans. The extra borrowing will also be in contravention of Council’s borrowing strategy in that it has no significant future cash flow benefit and the debt could only be serviced by eliminating or curtailing other capital works projects. In the long term borrowing for infrastructure renewal is not sustainable.

Projected financial statements have not been produced for this scenario, as this is currently unfunded and does not meet most of the financial sustainability tests identified in the LTFP. The scenario is a work in progress and requires significant financial analysis and modelling to determine future revenue streams and funding sources to address the shortfall between required expenditure and current affordable

⁸ Future prices

expenditure. Council is not prepared to consider borrowing for this shortfall until it can be assured that it will only be addressing a short-term requirement and that there would be future asset renewal reductions to enable the debt to be repaid.

The table below shows that Council requires funding of \$44.650 million from unidentified sources to close the assets renewal gap.

Assets Renewal Funding (\$M) Future Prices	10 Year Total	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Required Renewal Funding	190,581	16,930	17,302	17,787	18,285	18,760	19,248	19,768	20,301	20,829	21,371
Standard Expenditure - Detailed Projects	113,443	6,245	7,032	9,279	10,666	11,806	12,581	12,853	13,330	14,382	15,269
Infrastructure Levy (SRV)	32,488	2,728	2,827	2,940	3,058	3,175	3,293	3,419	3,549	3,681	3,818
Closing the Gap - unidentified funding	44,650	7,957	7,443	5,568	4,561	3,779	3,374	3,496	3,422	2,766	2,284
Asset Renewal Gap	-	-	-	-	-	-	-	-	-	-	-

Asset Management Improvement Plan

To ensure the Asset Management Strategy is implemented effectively and efficiently, an Improvement Plan has been prepared.

The actions required to undertake improvement of Council's asset management capabilities are impacted by both internal and external influences and require resources or enablers. These enablers can be in the areas of people, processes, technology and information and data.

The Improvement Plan prioritises specific capability areas which were identified through a gap analysis process, and where action is required to raise Council's asset management capacity to the desired level of maturity. Implementation of these improvements requires resourcing and monitoring. The actions have been integrated into Council's Delivery Program to ensure ongoing resourcing, implementation and performance monitoring.



Roads and Transport

Quality Elements	Action Item	Objectives	Timeframe	Responsible Officer
Processes and Practices	Assets and procedures for cost and risk assessment documented. Continual maintenance of procedures	Review of processes and practices	Ongoing	Director Operations Risk Management Coordinator
Data and Knowledge	Improve data knowledge	Continue to develop data collection procedure and program for all assets Inspect all road structures and street furniture assets and update in register	Ongoing Ongoing	Director Operations Pavement Engineer Building Assets Coordinator and Team Leader Design and Projects
Asset Management Plans	Advanced asset management plans	Develop advanced Asset Management Plan	2015/2016	Director Operations Strategic Asset Coordinator Pavement Engineer
Asset Information Systems	Corporate Asset Management System	Transfer data to corporate system	2015/2016	Business System Analyst
People and Organisational Issues	Understanding of road asset management	Provide staff training for all facets of road asset management	Ongoing	Director Operations Strategic Asset Coordinator
Implementation Tactics	Outline of required road asset management activities	Review core and non-core activities	2014/2015	AMSG

Strategy and planning	Advanced maintenance and renewal plans	Develop advanced asset renewal and maintenance plans.	2014/2015	Director Operations Manager IP & R & Assets
	Life cycle cost analysis	Improve life cycle cost data knowledge	2014/2015	Strategic Asset Coordinator
	Service level review	Review and update service levels for each asset class		Civil Works Coordinator and Pavement Engineer

Buildings

Quality Elements	Action Item	Objectives	Timeframe	Responsible Officer
Processes and Practices	Implement and/or improve building asset management processes Assets and procedures for cost and risk documented Continual maintenance of procedures	Review of processes and practices	2014/2015 (ongoing)	Director Operations Manager Engineering Services Manager IP & R & Assets
Data and Knowledge	Complete database of assets	Develop an asset register that captures all building components	2014/2015	Building Assets Coordinator
Asset Management Plans	Advanced AMP	Develop advanced AMP	2015/2016	Director Operations Strategic Asset Coordinator Building Assets Coordinator
Asset Information Systems	Asset register	Update all asset components and assign Values, useful lives and conditions.	2014/2015	Engineering Services Coordinator
	Transfer data to works and assets	Include buildings data into corporate system	2015/2016	Business Systems Analyst

People and Organisational Issues	Understanding of building asset management	Provide staff training for all facets of building asset management	Commenced (annually)	Director Operations
	Asset performance register	Review and measure asset performance		Manager Engineering Services
Implementation Tactics	Outline of required building asset management activities	Review core and non-core activities	2014/2015	AMSG
Strategy and planning	Advanced maintenance and renewal plans	Develop advanced asset renewal and maintenance plans.	2015/2016	Building Assets Coordinator
	life cycle costs analysis Service level review	Improve required life cycle costs Review and update all service levels	2014/2015	Manager IP & R & Assets Strategic Asset Coordinator Manager Engineering Services

Drainage

Quality Elements	Action Item	Objectives	Timeframe	Responsible Officer
Processes and Practices	Implement and/or improve drainage asset management processes	Review of processes and practices	2014/2015	Strategic Asset Coordinator
	Continual maintenance of procedures		Ongoing	Director Operations
Data and Knowledge	Complete database of assets	Ongoing development of data collection procedure and program. Review useful lives, condition and capacity	Ongoing	Strategic Asset Coordinator Drainage Engineer Director Operations
Asset Management Plans (AMP)	Advanced Drainage AMP	Develop advanced Drainage AMP	2015/2016	Director Operations Strategic Asset Coordinator Drainage Assets Engineer

Asset Information Systems	Corporate asset management system	Update data into corporate system	2016/2017	Business Systems Analyst
People and Organisational Issues	Understanding of drainage asset management	Provide staff training for all facets of drainage asset management	Ongoing	Director Operations Strategic Asset Coordinator
	Asset performance register	Review and measure asset	Annually	Manager Engineering Services
Implementation Tactics	Outline of required drainage asset management activities	Review core and non-core activities	Ongoing	Director Operations
Strategy and planning	Advanced maintenance and renewal plans	Develop advanced asset renewal and maintenance plans.	2014/2015	Director Operations Manager IP & R & Assets
	Life cycle cost analysis	update required life cycle costs		Strategic Asset Coordinator
	Service levels	Update service levels		Drainage Assets Engineer
Recreational Facilities				
Quality Elements	Action Item	Objectives	Timeframe	Responsible Officer
Processes and Practices	Implement and/or improve recreational asset management processes	Review of processes and practices	Ongoing	Strategic Asset Coordinator
	Continual maintenance of procedures		Ongoing	Open Space Manager
Asset Management Plans	Advanced RFAMP	Develop advanced Asset Management Plan	2015/2016	Strategic Asset Officer Open Space Asset Supervisor
People and Organisational Issues	Asset performance register	Review and measure asset performance	Annually	Manager Open Space Operations
	Training	Ongoing support and training for asset procedures		Strategic Asset Coordinator

Implementation Tactics	Outline of required parks and recreation asset management activities	Review core and non-core activities	Annually	Manager Open Space Operations
Strategy and planning	Advanced maintenance and renewal plans Life cycle cost analysis Service levels	Develop advanced asset renewal and maintenance plans. Improve life cycle costs Update service levels	2014/2015	Manager Open Space Operations Strategic Asset Coordinator

Reporting and Assessment

Measuring our performance

The approach to assessing performance in relation to asset planning and measurement will be both quantitative and qualitative.

To assist councils in determining that the Integrated Planning and Reporting Framework (IPRF) and guidelines have been met, the Division of Local Government has circulated a Self Assessment Checklist. This forms part of the initial assessment around current asset management planning.

The development of key performance measures relating to the delivery of maintenance programs in the annual Operational Plans and subsequent reporting that will ensure the path to success is measured.

Reporting on these indicators will be the responsibility of all Asset Managers who have control of specific asset classes.

Ongoing periodic surveys with the community, gauging perceptions between satisfaction of built asset classes and services being provided, will be required. The ongoing use of community surveys will be tailored to include specific asset management issues to ensure relevance of the programs continues.



Conclusion

Whilst significant work has been undertaken in providing more consistent asset management planning, continued diligence is required to allow ongoing improvements for all infrastructure assets under the Council's control and management.

This strategy, together with asset managers, custodians, staff and the community will allow a continued progression toward service excellence. Management techniques drawing on the financial, risk, environmental and social drivers will assist in providing an improved asset management performance by enabling Council to work with the community to ensure operations are better understood.

Although adopted as a 10year Asset Management Strategy, ongoing review of this document will be required and be guided by our community. Specifically, with review of the Community Strategic Plan, the development of each new Delivery Program and Resourcing Strategy every four years we need to ensure what we provide aligns with community objectives and priorities, and that the community understands the implications of these directions.



Appendix A Asset Management Policy 2009



Ku-ring-gai Council

Asset Management Policy

February 2009

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Table of Contents

1. Introduction	4
2. Purpose	5
3. Objectives	5
4. Definitions	7
5. Asset Management Principles	7
6. Scope	8
7. Policy implementation	8
8. Accountabilities	10
9. Review	11
10. Legislation	11
11. Reference Documents	11

Introduction

The focus of this policy is on how council's assets are to be managed and what service levels are to be provided. Whilst council is the custodian of a large and diverse asset portfolio that has accumulated over a long period, the purpose of strategic asset management is to determine the optimum method for maintaining council's assets and providing the desired service levels for current and future generations.

Ku-ring-gai Council currently owns and maintains over \$1.8 billion worth of assets including infrastructure (e.g. roads, drainage), land, buildings, furniture and fittings, and equipment. These assets make up the economic and social infrastructure that enables the provision of services to the community and businesses, playing a vital role in the local economy and quality of life. Asset management is a tool that facilitates corporate accountability and impacts on all areas of service planning and delivery.

This policy sets the principles that will govern the provision of asset related services. The asset management framework and strategy sets out the process to determine the life cycle cost of each asset and a funding model to achieve and sustain the target service levels. The framework will define accountabilities for service planning and delivery.

2. Purpose

The purpose of this policy is to guide the strategic management of council's assets, to ensure:

- clear direction and ownership of asset management
- clear lines of responsibility for the management of each asset class;
- a guide to better and more informed decision-making by council, staff and relevant stakeholders;
- integration of resources and knowledge providing the ability to plan for the present and future generations;
- a framework to implement continuous improvement in asset management;
- community needs and expectations are considered;
- council's risk is effectively managed;
- greater resource efficiency through the use of integrated systems;
- compliance with state legislation; and
- development of funding strategies for the managements of council's assets.

The asset management policy will be complemented by:

- a) an asset management strategy;
- b) individual asset management plans for specific asset classes;
- c) operational/service plans for specific asset classes; and
- d) an asset management information system.

Together, these documents, processes, software and data will deliver a comprehensive asset management framework.

3. Objectives

Asset management should be included as a key objective in Council's Management Plan and be incorporated into the corporate planning cycle, annual operational plans, financial and risk management plans.

3.1 To provide and promote a constructive environment for undertaking asset management to ensure that:

- assets are managed in accordance with relevant legislation;
- assets are managed in accordance with recognised best practice;
- future funding needs are identified and allocated so that assets can function to their defined levels of service;
- asset performance is measured against defined levels of service;
- a life cycle approach is taken in the development of operational, maintenance, renewal/ refurbishment, augmentation and investment strategies;
- full financial considerations are developed

in regard to acquisition, construction and divestment of council's assets; and

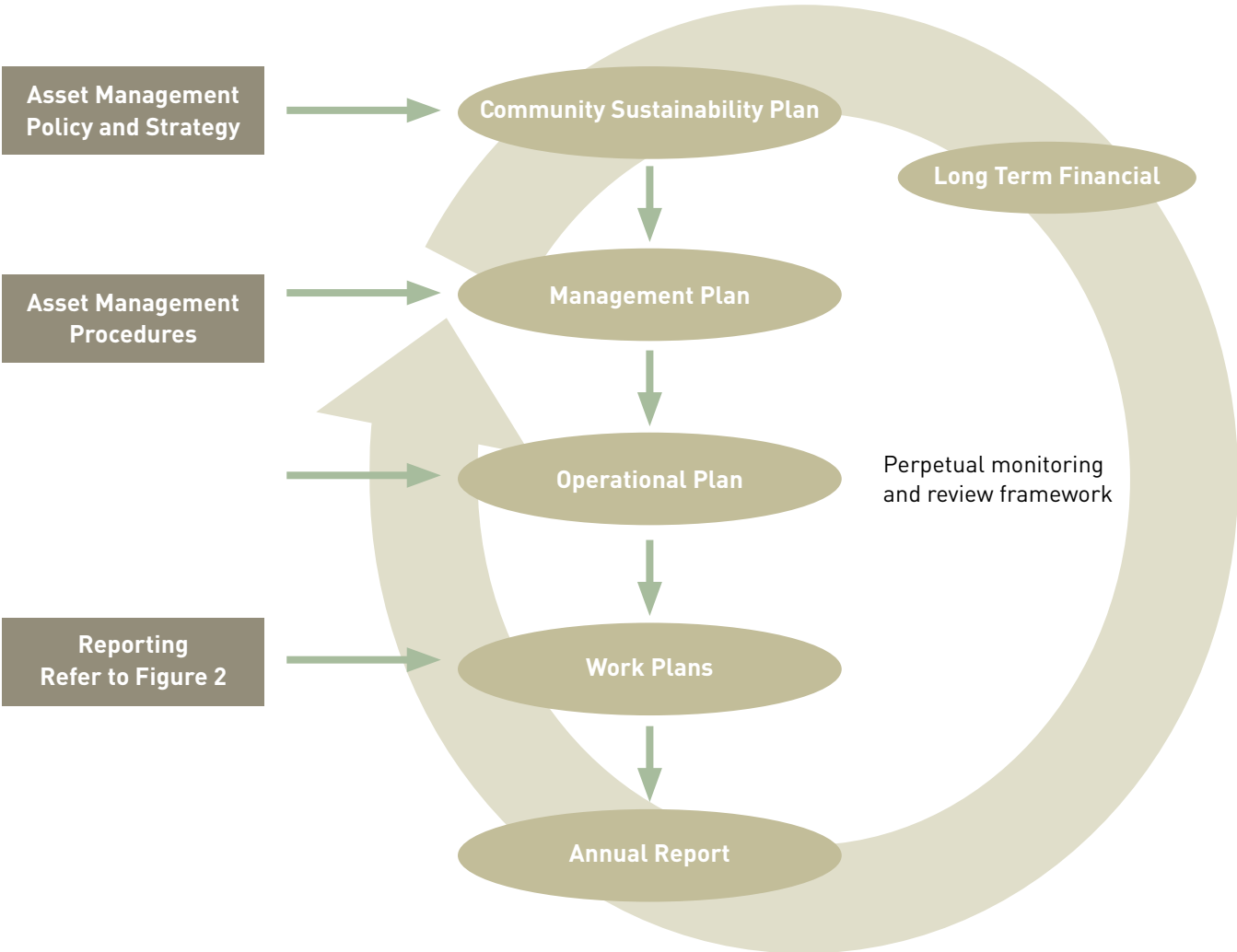
- risk is considered in the development of asset strategies.

3.2 The asset management policy and strategy should complement council's strategic financial planning goals and aim to ensure that:

- sufficient funds are allocated as a priority each year for operating, maintenance and refurbishment costs of existing assets;
- investments in new asset creation should consider whole-of-life costs rather than just the capital cost component and accordingly reflected in the long term financial model;
- where appropriate this should involve assessing the economic benefits including benefit/cost ratios & net present values, the environmental & social benefits of investments, revenue generation opportunities and future strategic benefits; and
- asset utilisation/service levels should be regularly reviewed as part of the asset management process. These service levels should be considered when prioritising investments in infrastructure. The community and key stakeholders should be consulted when determining service levels.

3.3 The Department of Local Government has recommended an integrated planning and asset management framework as identified in Figure 1 below.

Figure 1: The Asset Management Overarching Objectives



4. Definitions

4.1 Asset

A physical item owned by council which has economic value and enables services to be provided.

4.2 Asset life cycle

The life of an asset; from its acquisition to its disposal.

4.3 Asset management

Asset management (AM) is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets.

4.4 Asset Management Information System

An asset management information system is the foundation of all asset management practices. It is a combination of processes, data and software applied to provide the essential outputs for effective asset management such as reduced risk and optimum infrastructure investment. The asset management information system links to other information systems within council such as the Property System, Geographic Information System [GIS], Finance System and Document Management System.

4.5 Asset Management Plan

A plan developed for the management of an infrastructure asset or asset class that combines multi-disciplinary management techniques (including technical and financial) over the life cycle of the asset, in the most cost effective manner to provide a specified level of service.

4.6 Asset Management Strategy

Includes development and implementation of plans and programs for asset creation, operation, maintenance, refurbishment/replacement, disposal and performance monitoring to ensure desired level of service and other operational objectives are achieved at optimum cost. The asset management strategic plan typically has a 10-20 year horizon and aligns asset management with Council's Management Plan and long term financial model [LTFM].

4.7 Asset register

A record of asset information including inventory, historical, financial, condition, construction, technical, and financial details.

4.8 Infrastructure asset

Infrastructure assets are typically large, interconnected networks or portfolios of composite assets, comprising components and sub-components

that are usually renewed or replaced individually to continue to provide the required level of service from the network. Infrastructure assets include roads (including bridges and pathways), drainage, parks and nature reserves and buildings.

4.9 Level of service

Defining and considering community expectations within funding constraints in relation to the quality and quantity of services delivered by council.

4.10 Life cycle cost

The total cost of an asset throughout its useful life.

4.11 Operational Plan

Operational plans generally comprise detailed implementation plans and information with a 1-3 year outlook (short-term). The plans typically cover operational control to ensure delivery of asset management policy, strategies and plans. The plans also detail structure, authority, responsibilities, defined levels of service and emergency responses.

4.12 Predictive modelling

Use of asset deterioration models and condition monitoring to predict failure and the timing of asset refurbishment and renewal.

4.13 Useful life of an asset

The period over which a depreciable asset is expected to be used.

5. Asset Management Principles

Asset management is a systematic process to guide the planning, acquisition, construction, operation, maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and funding requirements over the assets useful life.

Council recognises that infrastructure assets are critical to the local community and are fundamental to council's overall service delivery. Effective planning and management requires strong and informed decision making.

6. Scope

This policy applies to all asset classes owned by council. Council's asset classes are:

- buildings;
- plant and equipment;
- roads;
- stormwater drainage; and
- parks and recreation.

7. Policy implementation

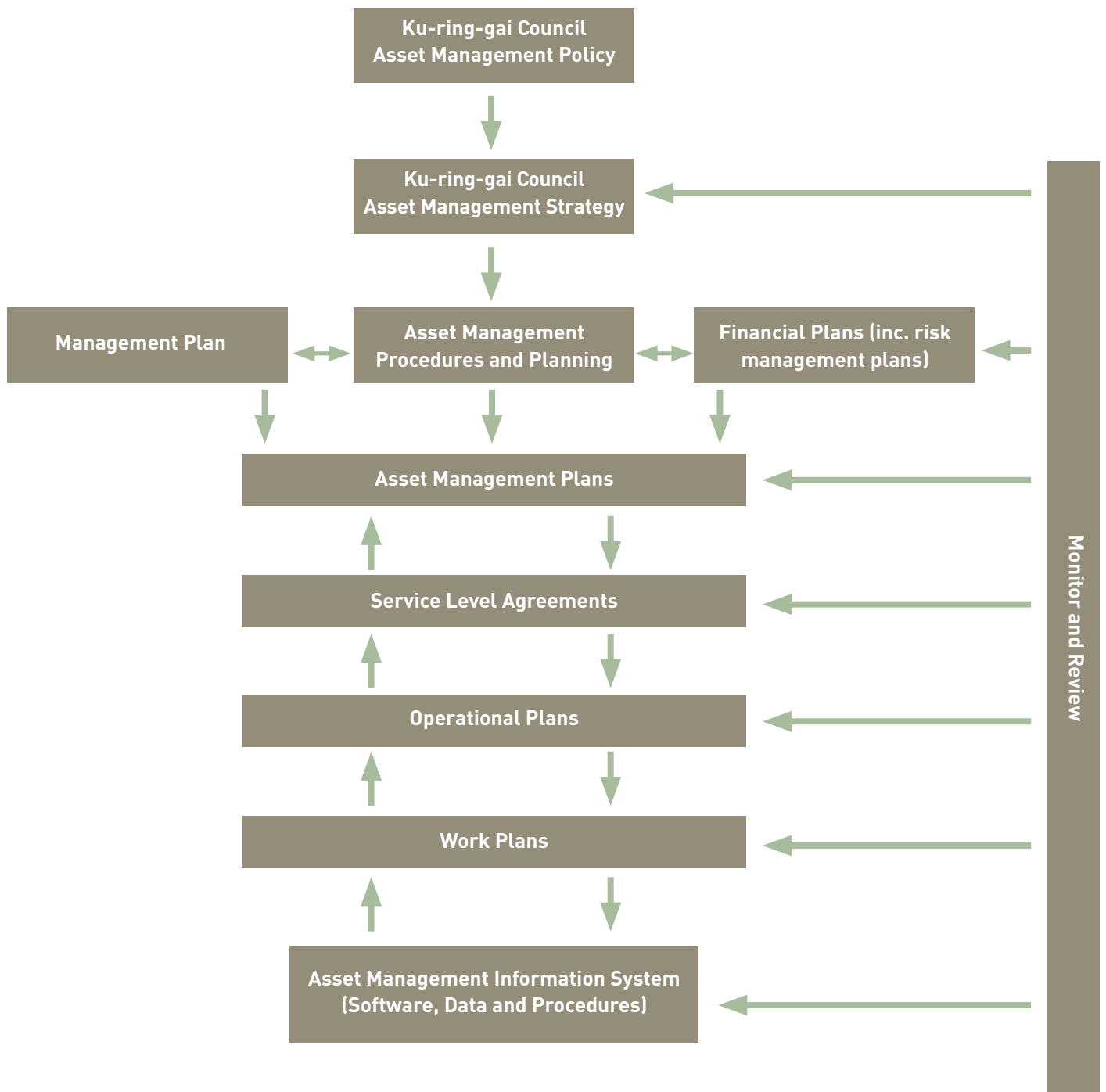
Council's assets will be developed and maintained in the most cost effective manner, driven by defined service levels and performance standards. This will require assessment of the following key issues:

- a) customer and community expectations;
- b) strategic and corporate goals;
- c) long term financial model; and
- c) legislative requirements.

This should be achieved through strategic planning, service level review, output review, and development/ implementation of an asset management framework.

An asset management working group (AMWG) has been formed to progress and co-ordinate asset management issues. The asset management working group will oversee the implementation of the asset management process as identified in Figure 2. This illustrates the means by which the asset management policy, strategy, plans, operational plans and asset management information system interacts with each other.

Figure 2: Asset Management Reporting



7.1 Asset Management Strategy

This policy applies to all asset classes owned by council. Council's asset classes are:

- link and integrate council's plan and resources, illustrating the means by which assets will deliver services;
- develop criteria for determining satisfactory standards;
- forecast future service delivery needs and the capacity of assets to meet those, on a short, medium and long-term basis;
- provide a full overview of expenditure on new assets and the existing asset base;
- specify asset management procedures, systems, resources and training; and
- establish systems for asset performance measurement and to ensure that effective implementation is realised in practice.

7.2 Asset Management Plan

The asset management plan establishes, for each asset class:

- levels of service (performance, construction, maintenance, and operational standards);
- future demand (rational basis for demand forecasting and analysis of options for providing new assets);
- life cycle management plan (including acquisition and construction, operations and maintenance, renewals and replacements, expansion and refurbishment);
- financial projections;
- asset management practices; and
- performance monitoring and improvement.

8. Accountabilities

8.1 Council

This policy is enacted through council, as the custodians of community assets, demonstrating the organisation's commitment, vision and strategic objectives via an integrated and resourced asset management framework. Council will:

- act as stewards for infrastructure assets;
- adopt a corporate asset management policy and vision which links to the Sustainability Plan;
- set levels of service, risk and cost standards;
- approve and review asset management plans;
- ensure appropriate resources and funding for asset management activities are made available which demonstrate optimum efficiency having considered the limited resources available to Council.

8.2. Senior Management Team

The objectives of the senior management team are:

- to continue to refine the asset management policy and the initial asset management strategy with linkage to the Sustainability Plan for consideration by council;
- to foster and support the multi-discipline cross-functional asset management working group;
- to implement and continuously review the corporate asset management policy and strategy;
- to monitor the performance of the staff in implementing asset management.
- to ensure the community and key stakeholders inputs are integrated into the asset management plans; and
- to ensure that timely, accurate and reliable information is presented to council for decision making.

8.3 The Asset Management Working Group (AMWG)

A multi-disciplinary and cross-functional asset management working group will be established to assist with the strategic asset management planning.

The development of Council's asset management strategy is overseen by the asset management working group. The group consists of the General Manager, Directors and Managers from each department, who are responsible for the development and implementation of asset management plans and policies. This group will be supported by council officers, providing specialist/technical information and assistance with system implementation.

The function of the group is to overview the implementation of this policy and to provide the strategic direction for asset management by developing council's asset management strategy and asset management plans. The core function of the group is to ensure the needs and obligations of council outlined above, are being fulfilled on behalf of the community and to:

- draft an asset management policy and procedures to implement policy;
- develop an implementation strategy for asset management that reflects a corporate approach;
- develop an asset usage policy;
- monitor the implementation of asset management policy and strategy;
- ensure continued enhancement and co-ordination of the implementation of council's policy and strategy;

- ensure effective communication between the community, key stakeholders and council's asset managers;
- encourage continuous improvement, innovation and cost effective methods to enhance asset management practices;
- facilitate the development of asset management plans and capital works programs with a reporting mechanism to council and the senior management team; and
- operate within the agreed Terms of Reference.

8.4 Staff responsibilities for asset management activities

8.4.1 An asset management working group shall be established which will be responsible for developing and reviewing the asset management policy, strategy and asset management plans for adoption by council and the senior management team.

8.4.2 The Director Strategy and Manager Strategic Assets and Services shall be responsible for coordinating the development and implementation of an asset management strategy and asset management plans.

8.4.3 Individual staff with asset management responsibilities will have this included in their workplans and position descriptions.

9. Review

This policy shall be reviewed not less than every three (3) years, or considered within the first year of each newly elected council

10. Legislation

10.1 Section 8 of the Local Government Act 1993 (NSW) outlines council's responsibilities for accounting and managing public assets.

10.2 Section 428 2(d) of the Local Government Act 1993 (NSW) requires council report on the condition of its public works each financial year. This includes estimates of costs to bring works up to a satisfactory standard and maintaining them at that standard.

Whilst there is no current legislative requirement for local government to establish long term asset management plans, a position paper on asset management planning prepared by the Department of Local Government has recommended that amendments be made to the Local Government Act 1993 (NSW) to address long-term strategic asset

management planning. It is envisioned that these amendments will be made in the near future.

11. Reference Documents

- Sustainability Vision Report Ku-ring-gai to Global 2008-2033
- Management Plan 2008-2012
- Asset Management Service Plans - [developed and to be developed]
- N.S.R.O.C - Asset Management Guidelines June 2007
- DLG: Asset Management Planning for NSW Local Government 2006
- Local Government & Planning Ministers Council - Framework 2: Asset Planning & Management May 2007
- DLG: Capital Expenditure Project Guidelines May 2008
- International Infrastructure Management Manual - Version 3.0 2006
- National Asset Management Steering [NAMS] Group - Developing Levels of Service and Performance Measures - Version 2.0 2007
- Australian Accounting Standards - AAS116B



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