DRAFT ASSET MANAGEMENT STRATEGY 2018-2028

May 2018

Ku·ring·gai Council

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Simplified Chinese

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Traditional Chinese

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Korean

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TTY users call 133 677 then dial 02 9424 0000.

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Log on to Internet relay and enter 02 9424 0000.

Bee among the wattle
Cover photographer: David Fisher

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 – Our Ku-ring-gai 2038

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.

For more information on this document contact:

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Contents

Summary

This is Council's third Asset Management Strategy and has been prepared building upon earlier strategies to demonstrate the continuous improvement of our processes. It includes outcomes from 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 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

1. 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.

Council demonstrates its commitment to asset management through its 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 Ku-ring-gai 2038.*

The Community Strategic Plan - *Our Ku-ring-gai 2038,* 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

2. 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 and economically sustainable service delivery. In turn, affordable service levels can only be determined by assessing Council's long term financial sustainability under scenarios with different proposed service levels.

Best practice asset management planning commences with defining stakeholder and legal requirements and needs, and then 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.
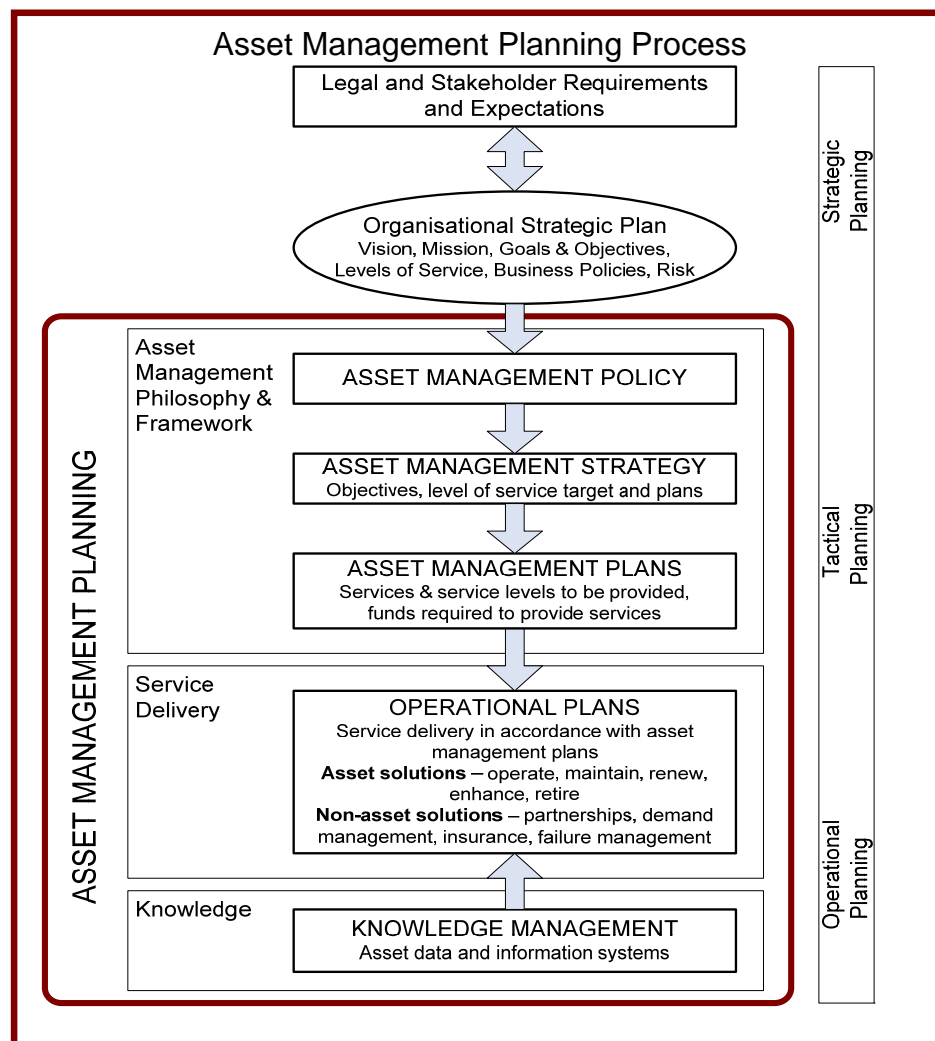
3. Asset Management Policy and Objectives

3.1 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.

Council's first Asset Management Policy was adopted on the 26 August 2014. The Policy has since been revised and a copy of the draft policy is attached at **Appendix A**.

3.2 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 manner, with the appropriate level of service to residents, visitors and the environment. This is determined by reference both to:
  - community feedback about desired service levels, and
  - Council's long term 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 available funding.
- manage assets in a poor and failed condition with appropriate risk management and/or disposal strategies.
- ensure that any future projects to create or upgrade assets are done with a full understanding of the whole of life costing for the asset and have an assured source of funding for both capital and ongoing costs.
- meet legislative requirements for all Council's operations.
- ensure resources and operational capabilities are identified and responsibility for asset management is clearly 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.

To maximise the potential to meet the above objectives, Council will:

- continually review its Asset Management Strategy and Plans to ensure that:
  - they provide a clear connection between agreed service levels and available funding.
  - they are aligned with Council's Integrated Planning & Reporting documents.

- continually improve the quality and comprehensiveness of existing asset data by ensuring that all assets are assessed and appropriate useful lives and conditions are assigned to each component.

Rosedale Cottage, St Ives

4. Where are we now?

4.1 Current Situation

In 2013 the NSW Government released the Local Government Infrastructure Audit Report which reviewed all NSW councils' infrastructure management and infrastructure financial planning. The independent report determined Ku-ring-gai Council's infrastructure management as Strong. Council is keen to maintain this rating. Accordingly, in developing this new Asset Management Strategy, we have reviewed the current situation for Council's assets and their management. This has included consideration of the following:

- Identification of any new or missing assets on our asset register.
- The current condition of assets.
- Whether assets meet Council's and the community's current and forecast requirements.
- Whether the funding base for operation, maintenance and renewal is sufficient and sustainable.
- Whether Council's asset management practices, procedures and training are appropriate.

4.2 Asset cost, condition and value

The cost, condition and value of assets are reported each year in financial statements within the Annual Report. In 2016/17 the value and replacement cost of infrastructure assets were reported as follows[1]:

Infrastructure Asset Values 2016/2017 $'000	Net carrying amount (WDV)	Gross replacement cost
Buildings	60,513	124,339
Other structures	7,965	13,572
Road and Transport assets	351,780	596,090
Drainage	160,682	237,113
Open space recreational assets	88,595	140,373
Total	**669,535**	**1,111,487**

In terms of the total cost to replace the infrastructure assets, Road and Transport assets and Drainage constitute the vast majority of Council's infrastructure. Road and Transport assets include roads, footpaths, bridges, kerbs and gutters, road furniture, road structures, car parks and bulk earth works.

Based on community surveys and feedback, road and transport assets and drainage are higher priority asset classes for our community. This Asset Management Strategy has therefore been developed to give priority to those asset classes and to guide funding decisions for all other essential works and priority assets.

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[1] Ku-ring-gai Council Annual Report 2016/2017 – Financial Statements Special Schedule 7

**% of Total Gross Replacement Cost for
All Ku-ring-gai Council Asset Classes**

■ Buildings	■ Other structures	■ Roads and transport (all)
■ Drainage	■ Open space / recreational	

Pie chart values: 11%, 1%, 54%, 21%, 13%
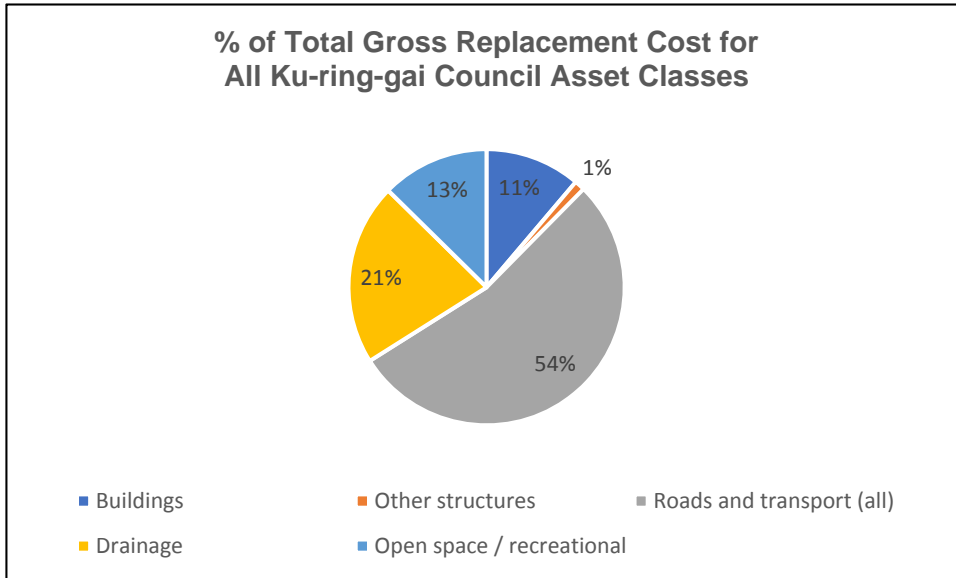
4.2.1 Maintenance expenditure

Maintenance is the activities required or undertaken by Council to preserve the service capacity or durability of the assets as they age. The required maintenance, which is reported in Special Schedule 7, is the amount that Council should be spending on assets and is based on a percentage of the replacement cost. Actual maintenance includes the budgeted amount that Council will spend on preventative, corrective and reactive maintenance annually.

Ku-ring-gai Council has been successful since 2014 in meeting the benchmark ratio of >100% for required asset maintenance. This means that Council is investing enough in maintenance to stop the backlog increasing.

The table below compares the required maintenance to the projected maintenance budget. The asset maintenance ratio in the following chart compares the figures and demonstrates how Council will continue to meet and potentially exceed the benchmark of 100% in each year of the Long Term Financial Plan. Maintenance expenditure is revised each year to ensure that Council continues to meet the 100% benchmark.

Asset Maintenance – Required by Asset Class $'000	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Roads and Transport	4,009	4,122	4,290	4,441	4,580	4,714	4,842	4,963	5,091	5,219
Buildings	2,755	2,942	3,020	3,099	3,177	3,258	3,341	3,427	3,514	3,603
Stormwater Drainage	1,234	1,267	1,300	1,336	1,374	1,411	1,448	1,487	1,529	1,570
Recreational Facilities	2,235	2,510	2,617	2,736	2,865	2,953	3,084	3,196	3,326	3,452
Total Required	**10,234**	**10,840**	**11,227**	**11,612**	**11,996**	**12,336**	**12,715**	**13,072**	**13,460**	**13,845**
Actual Maintenance	**11,071**	**11,347**	**11,631**	**11,922**	**12,220**	**12,525**	**12,838**	**13,159**	**13,488**	**13,826**
Variance (Actual less required)	837	507	404	310	223	189	123	87	28	19

Asset Maintenance Ratio (3 Yr Average)
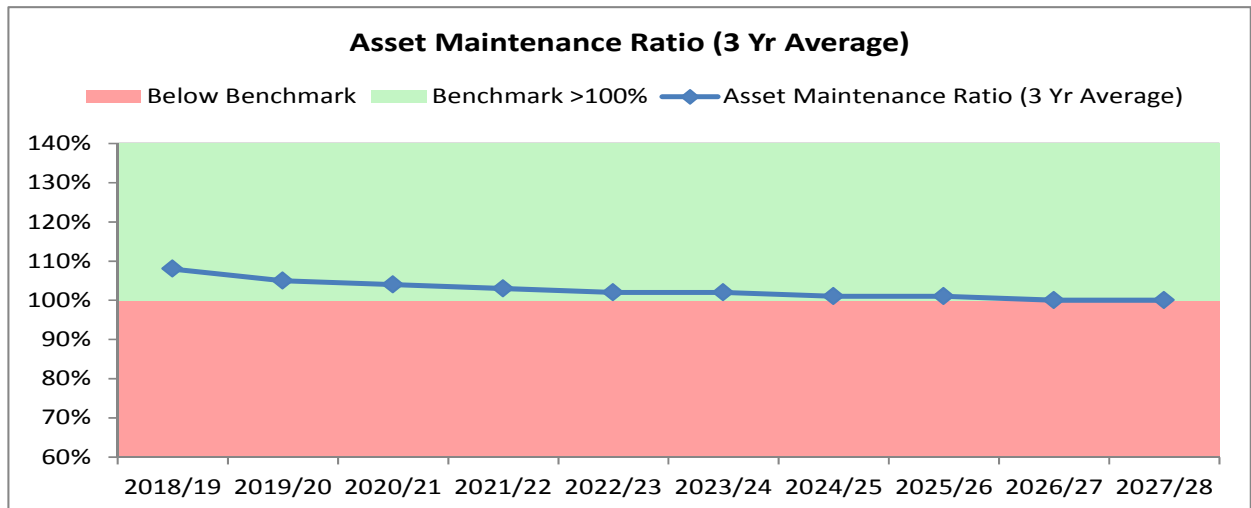
4.2.2 Renewal Expenditure

Renewal is the activities to refurbish or replace assets with assets of equivalent or sometimes greater service capacity. Usually this involves restoring assets to top condition. Renewal works are included in Council's Capital Works Program. The table below displays the asset renewal ratios projected for the next decade in the long term financial plan.

Renewal $'000	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Roads and Transport	10,720	10,182	12,001	12,385	13,225	14,727	14,986	14,957	15,450	16,003
Buildings	3,910	2,998	3,759	4,160	4,578	3,833	3,010	3,428	3,664	3,964
Stormwater Drainage	788	896	1,815	1,880	2,157	3,609	2,740	3,151	3,380	3,673
Recreational Facilities	5,104	7,201	4,060	4,309	3,068	5,981	5,755	5,045	5,447	5,035
Total Renewal	20,522	21,277	21,634	22,734	23,028	28,150	26,491	26,581	27,941	28,675

The asset renewal ratio assesses the rate at which these assets are being renewed against the rate at which they are depreciating. Performance on this ratio had declined since 2015/2016 and Council did not meet the Office of Local Government's benchmark ratio of >100% for asset renewal in the 2016/2017 financial year and achieved a ratio of 76%.

Council has reviewed this situation which arose from a reduction in available funding for capital works. This shortfall was due in part to projected assets sales' not being realised and in part due to changes in the way OLG requires expenditures to be reported. Council has since developed alternative funding strategies to ensure a progressive move towards meeting the benchmark of >100%. The chart below demonstrates that Council is aiming to meet or exceed the asset renewal benchmark of >100% in the 2018/2019 financial year.

Draft Asset Management Strategy 2018 – 2028
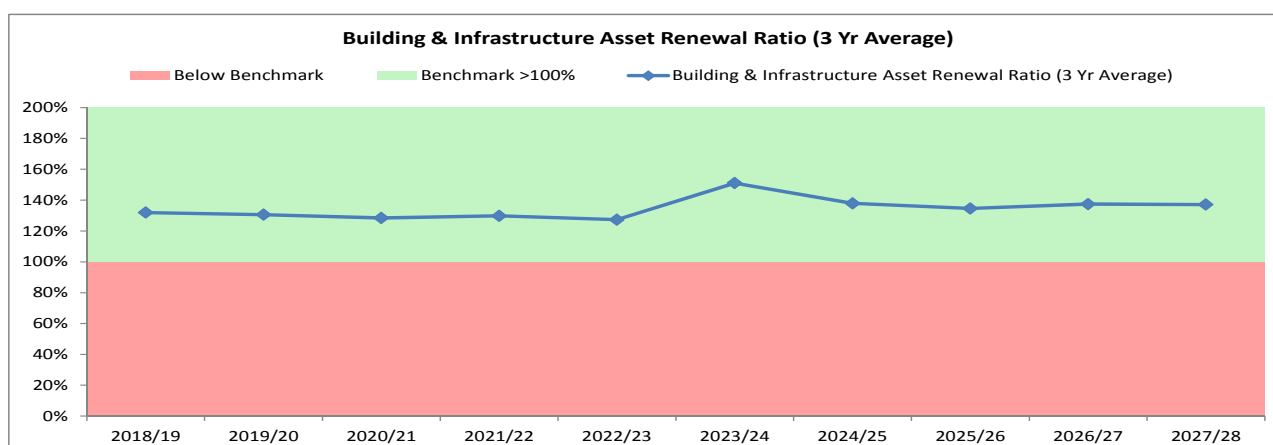
4.2.3 Infrastructure Backlog

The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset that is currently not at the condition determined to be satisfactory by the Council and community, this is commonly referred to as the backlog. This indicator should not include any planned enhancements. However, it is noted that in practical terms, the asset will be renewed to condition 1 at the time of work.

Cost to Satisfactory (CTS)

In previous years, Council's infrastructure backlog represented the cost to bring assets in a poor and failed condition up to a new standard being condition1. In 2016/2017 Council reported a total cost of $27,565 million to bring all infrastructure assets to a satisfactory standard being condition 3 (CTS). This is significantly lower than infrastructure backlog amount of $165,170 million reported in 2013/14. The reduction in the total estimate of CTS is primarily due to the introduction of improved asset condition through a substantial capital renewal program and revaluation information.

During 2017/2018, Council's reported CTS for the period 2016/2017, has since been further revised due resulting in the CTS reduced to $20.6 million for the same period.

Cost to Agreed level of Service (CTA)

In January 2017, the Office of Local Government (OLG) has introduced an additional measure for reporting on the condition of Council's infrastructure assets being the estimated cost to bring assets to the agreed level of service set by council.

The cost to bring to the agreed level of service is an estimate of the cost to renew or rehabilitate existing assets that have reached the condition-based intervention level adopted by Council. This amount is a snapshot at a point in time, being the end of the financial year. To provide flexibility to adequately manage external changes in condition (such as the impacts of varying climatic conditions) and allow good project planning, it is anticipated that Council will have works outstanding to bring to this level of service as a normal part of managing infrastructure assets on behalf of the community.

The table below shows the estimates of backlog infrastructure renewal reported for the last four years based on the costs to satisfactory. . Council has been successful in maintaining the backlog estimate at the reduced level despite the addition of new assets and an approximate 30% increase in the total written down value of infrastructure assets in the period. The table below shows the backlog infrastructure renewal reported since 2013/2014 in Council's annual reports[2]:

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[2] Ku-ring-gai Council Annual Reports 2013/2014 to 2016/2017, Special Schedule No. 7

CTS Infrastructure Asset Reported Backlog Cost $'000	2013/2014	2014/2015	2015/2016	2016/2017	Revised CTS 2016/2017
Total	165,170	26,990	33,943	27,565	20,600

To help ensure that Council is able to complete all required backlog infrastructure works, a new funding strategy for infrastructure assets renewal was adopted in 2015/2016 which prioritised asset maintenance and renewal expenditure over new and upgraded assets expenditure. This was based on the principle that all available surplus funds be diverted towards asset renewal as a priority. It was also assumed that additional funding would be generated from sales of surplus assets and reinvestment of these proceeds into infrastructure asset renewals. Adequate funding also needs to be directed towards maintenance. Council has been successful in allocating all required funds for annual asset maintenance.

To date, however, due to delays in sales of assets, this new funding policy has not allowed Council to meet the Office of Local Government's Infrastructure Backlog Ratio benchmark of <2% by the expected date of 2016/2017.

In preparation of this new Asset Management Strategy and LTFP Council has reconsidered its funding strategies for asset renewal and has now adjusted its projection for when the infrastructure backlog benchmark ratio of <2% will be reached based on CTS and CTA, as shown in the following charts below.

Cost to Agreed Level of Service (CTA)
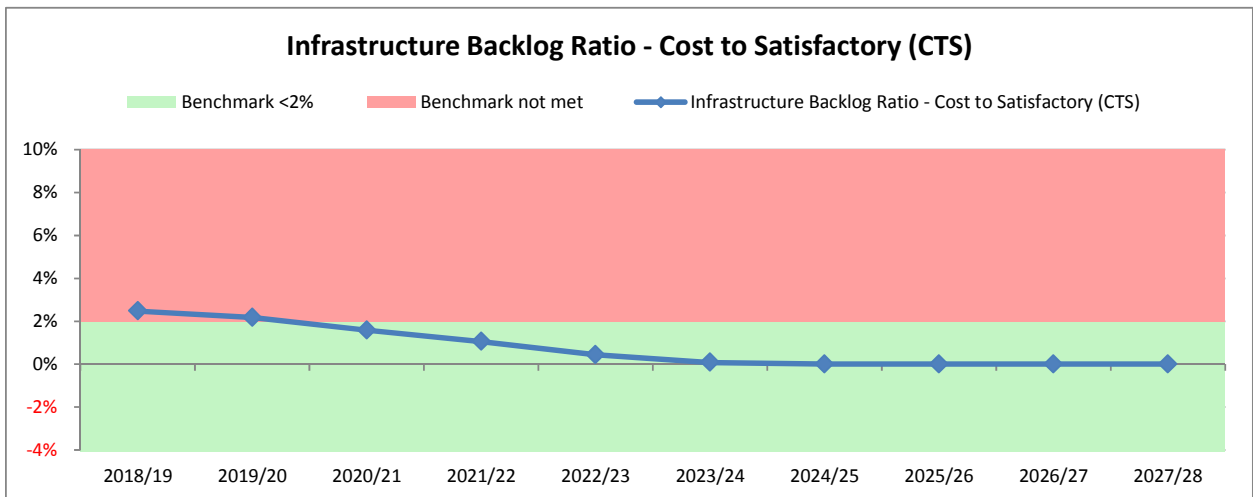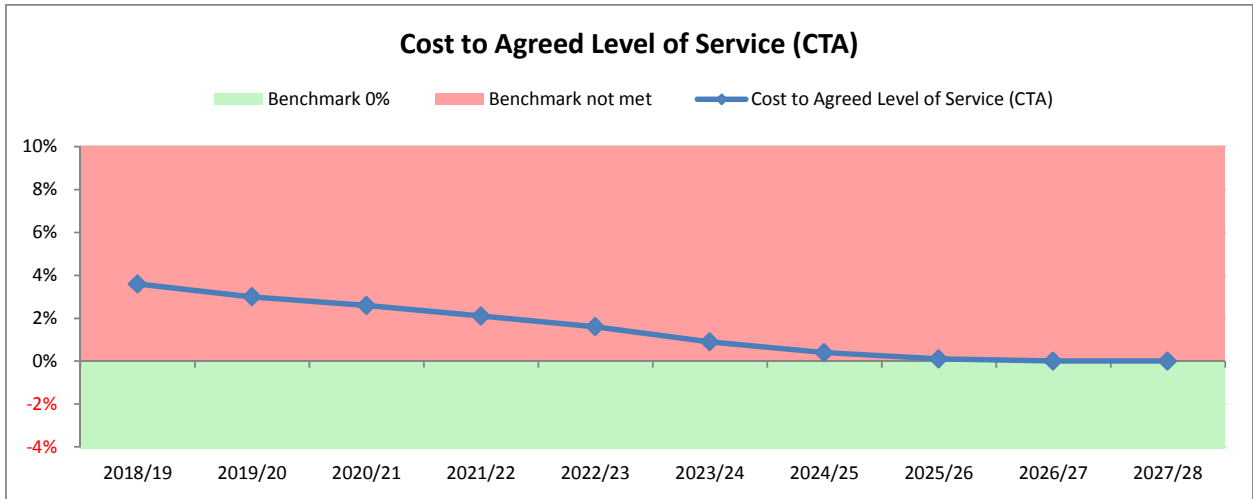
The following tables show the estimated cost of eliminating the infrastructure backlog for each asset class over a ten year period for both CTS and CTA. The projections each year are based on the previous year's backlog, adding depreciating and deducting renewal expenditure. The renewal expenditure is adopted in the Long Term Financial Plan and will be revised each year to ensure that we reallocate renewal to asset groups with a higher backlog figure.

Infrastructure Backlog – Cost to bring to Satisfactory $'000	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Roads and Transport	13,559	11,679	8,318	4,878	876	-	-	-	-	-
Buildings	775	282	-	-	-	-	-	-	-	-
Stormwater Drainage	1,691	2,547	2,531	2,499	2,243	585	-	-	-	-
Recreational Facilities	-	-	-	-	-	-	-	-	-	-
Total	16,026	14,508	10,849	7,377	3,119	585				

Infrastructure Backlog – Cost to bring to Agreed Level of Service $'000	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Roads and Transport	24,908	23,028	19,667	16,227	12,225	6,992	1,756	-	-	-
Buildings	7,506	7,013	5,767	4,257	2,382	1,346	1,204	717	69	-
Stormwater Drainage	4,240	5,096	5,080	5,048	4,792	3,134	2,398	1,303	39	-
Recreational Facilities	5,459	1,991	1,825	1,586	2,781	1,195	28	-	-	-
Total	**42,113**	**37,129**	**32,339**	**27,118**	**22,181**	**12,666**	**5,386**	**2,020**	**108**	**-**

4.2.4 Funding Required to Meet Benchmark Ratios

The table below shows the ten year renewal expenditure forecasts identified in Council's Long Term Financial Plan.

Asset Renewal Expenditure $'000	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28
Roads and Transport	10,720	10,182	12,001	12,385	13,225	14,727	14,986	14,957	15,450	16,003
Buildings	3,910	2,998	3,759	4,160	4,578	3,833	3,010	3,428	3,664	3,964
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Recreational Facilities	5,104	7,201	4,060	4,309	3,068	5,981	5,755	5,045	5,447	5,035
Total Renewal	**20,523**	**21,277**	**21,634**	**22,734**	**23,028**	**28,150**	**26,491**	**26,581**	**27,941**	**28,675**

4.2.5 New/Upgrade Expenditure

"Capital new" expenditure creates assets which will deliver a service to community that didn't exist beforehand whilst "capital upgrade" expenditure enhances an existing asset to provide a higher level of service to the community. New and upgrade works are included in Council's Capital Works Program and are mostly funded by Section 94.

The table below shows the ten year capital new and upgrade expenditure forecasts identified in Council's Long Term Financial Plan.

New & Upgrade Asset Expenditure $'000	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28
Roads and Transport	769	1,964	10,016	6,724	4,254	3,043	1,472	93	584	97
Buildings	2,295	560	230	176	77	79	81	83	85	87
Stormwater Drainage	466	276	339	659	962	414	466	478	1,072	502
Recreational Facilities	10,876	15,591	3,186	3,846	4,314	1,190	4,068	2,461	3,618	3,068
Total New & Upgrade	**14,406**	**18,391**	**13,771**	**11,405**	**9,607**	**4,726**	**6,087**	**3,115**	**5,359**	**3,754**

NOTE : does not include local centre major projects

4.3 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.
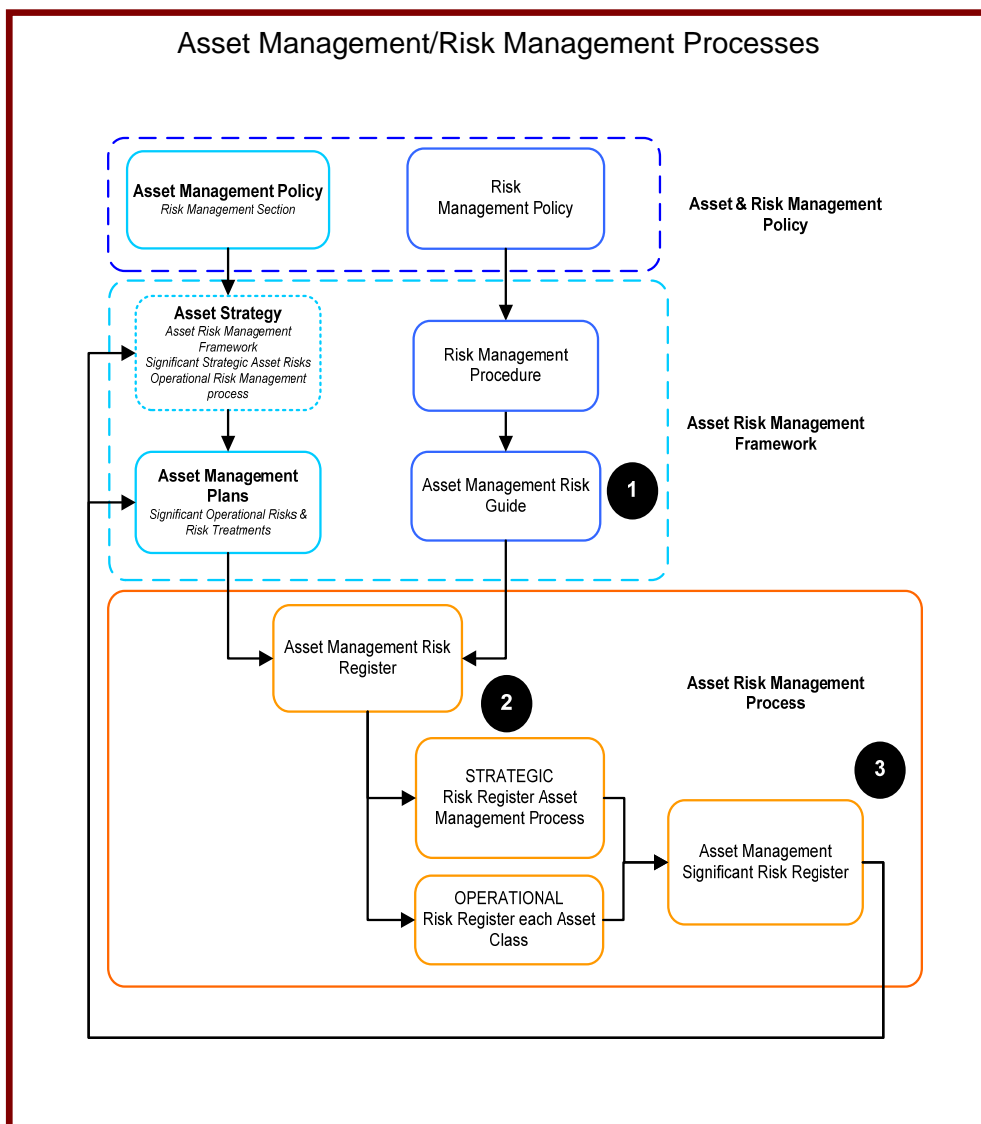
The Risk Management Procedure sets out the principles and processes the organisation uses to identify assess and manage risks in a broad context. Essentially, Council's asset management practices integrate risk management principles throughout both strategic and operational processes. However, it is 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 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.

Asset Management/Risk Management Processes

Asset Management Policy
Risk Management Section

Risk
Management Policy

Asset & Risk Management Policy

Asset Strategy
Asset Risk Management Framework
Significant Strategic Asset Risks
Operational Risk Management process

Risk Management Procedure

Asset Risk Management Framework

Asset Management Plans
Significant Operational Risks & Risk Treatments

Asset Management Risk Guide

1

Asset Management Risk Register

2

Asset Risk Management Process

STRATEGIC
Risk Register Asset Management Process

3

Asset Management Significant Risk Register

OPERATIONAL
Risk Register each Asset Class

4.3.1 Critical Assets

Critical assets are those assets where 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 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.

5. Community Levels of Service

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.

In 2012, Council consulted with the community on improving our infrastructure assets. The "Closing the Gap" survey, conducted by Micromex Research, 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 community buildings.

In 2013/2014, Council engaged an independent research company, Woolcott Research, 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 future funding options for priority assets. In regard to preferred service levels, the community response in both the Micromex and Woolcott research projects clearly indicated the following priorities, from a community perspective, to maintain or improve the level of service for the assets as identified in the table below.

Identified Community Service Level Priority Assets[3] Independent community research		
Top priority	**Secondary priority**	**Lowest priority**
Roads Drainage Community buildings Parks and playgrounds Footpaths	Sportsfields and facilities Existing Council car parking facilities	Bushland assets Kerb and guttering

Importantly the research also found that:

- 97% of ratepayers surveyed stated that it is very or somewhat important to continue improving the condition of roads in Ku-ring-gai.
- 58% stipulated that the minimum acceptable standard for roads is "good".
- The minimum acceptable standard for most assets was thought to be "good":
    - 64% believed that footpaths should be in "good" condition
    - 52% believed that buildings should be in "good" condition
    - 73% believed that drainage should be in "good'" condition
- 81% supported continuation of the SRV component of the Infrastructure Levy to fund the roads initiative.
- 64% were in favour of Council applying for the introduction of an increase or SRV for Infrastructure Assets, after other current levies have expired.

5.1 Determining how best to meet community service levels

In consideration of the above research, Council embarked on a process of reviewing what could be afforded in terms of asset maintenance and renewal in various funding scenarios and how a satisfactory level of service from priority assets may be described or confirmed. As various industry players define "good" condition in different ways, and because the differences in these definitions can have substantial impacts on community costs, it was important to consider:

- what "good" condition might mean in Ku-ring-gai; and
- whether it was affordable or necessary from a service level point of view to maintain *all* priority assets in "good" condition *all* of the time or whether a satisfactory and cost-effective level of service could be delivered with less than 100% of priority assets being kept in "good" condition as it might be defined in guidelines issued by industry players, such as the Office of Local Government or engineering institutions.

To assist in this process Council engaged Morrison Low consultants who undertook a review of Council's infrastructure backlog and asset management data in 2015.

After detailed assessment, Morrison Low recommended that Council determine that a satisfactory level of service, from a community point of view, could be considered to be delivered when an asset class as a whole is maintained, as a minimum, in a "fair" condition – more specifically where deterioration may be evident but failure in the short term is unlikely, the asset still functions safely and only minor components need replacement or repair now.

Council accepted this policy suggestion after assessing that it provided a reasonable guideline for achieving a cost-effective planning methodology for management of assets that will be capable of delivering services in a manner satisfactory to the Ku-ring-gai community. Backlog infrastructure renewal estimates were then revised to identify the proportion of assets in each class which would not meet the desired condition rating of "fair" or "satisfactory" (ie., Condition 3 on a 5-point scale where Condition 1 is "excellent" and Condition 5 is "poor"[4]).

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[4] For further information on the asset condition rating scale now used by Council see the Chapter on Life Cycle Management below. In this scale Condition 1 = Excellent; Condition 2 = Good; Condition 3 = Satisfactory; Condition 4 = Worn; and Condition 5 = Poor. This condition rating scale is generally consistent with the International Infrastructure Management 2011.

Draft Asset Management Strategy 2018 – 2028

This in turn enabled Council to revise cost-estimates for addressing backlog infrastructure renewal. The revision resulted in a drop in the cost estimate of backlog infrastructure renewal from approximately $165 million in 2012/2013 to the level of approximately $27 million in 2016/17[5]. The revision was founded on a high degree of confidence that a level of service satisfactory to the community could be delivered if:

- the assessed backlog renewal was completed, and
- ongoing expenditures were programmed to ensure that priority asset classes, at least, received the necessary funding in maintenance and renewals to ensure that they did not slip below the standard deemed satisfactory for service delivery as defined above (i.e. Condition 3).

Under this policy Council has been progressively revising and refining its estimates of the proportion of assets (in terms of their replacement value) that do and don't meet the condition rating considered necessary for satisfactory service delivery to the community. In 2017/2018 Council reported the condition of assets as per the table below:

Assets in each condition rating as % of gross replacement costs Ku-ring-gai Council Annual Financial Statements 2016/2017 - Special Schedule 7					
	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
Buildings	12%	12%	70%	5%	1%
Other structures	19%	32%	38%	9%	2%
Roads* (includes other transport assets)	14%	26%	44%	10%	6%
Drainage	12%	70%	17%	1%	0%
Open space / recreational	36%	38%	21%	5%	0%
Total All Assets	**16.30%**	**35.30%**	**38.20%**	**7.00%**	**3.30%**

*NOTE: In 2017/2018 the roads asset class condition & useful lives information were revised which has improved the percentage of roads in Condition 1.

The condition ratings in the table above represent a slight decline in the condition of assets classes overall compared to the ratings reported in 2016/2017. This indicates that even though maintenance funding has been fully maintained at necessary levels, there is a still

[5] Ku-ring-gai Council Annual Report –Special Schedule 7

need for increased expenditure in asset renewal if the community's preferred service levels are to be met on an ongoing basis.

The Chart below 10 shows the change in asset condition in each class between 2015/2016 and 2016/2017. The proportion of assets which do not meet the minimum condition ratings necessary to deliver satisfactory services has increased in relation to buildings and roads – two asset classes of high importance to the community.

Figure 10 - Change in % of assets not meeting satisfactory service level
(% as a proportion of gross replacement cost)
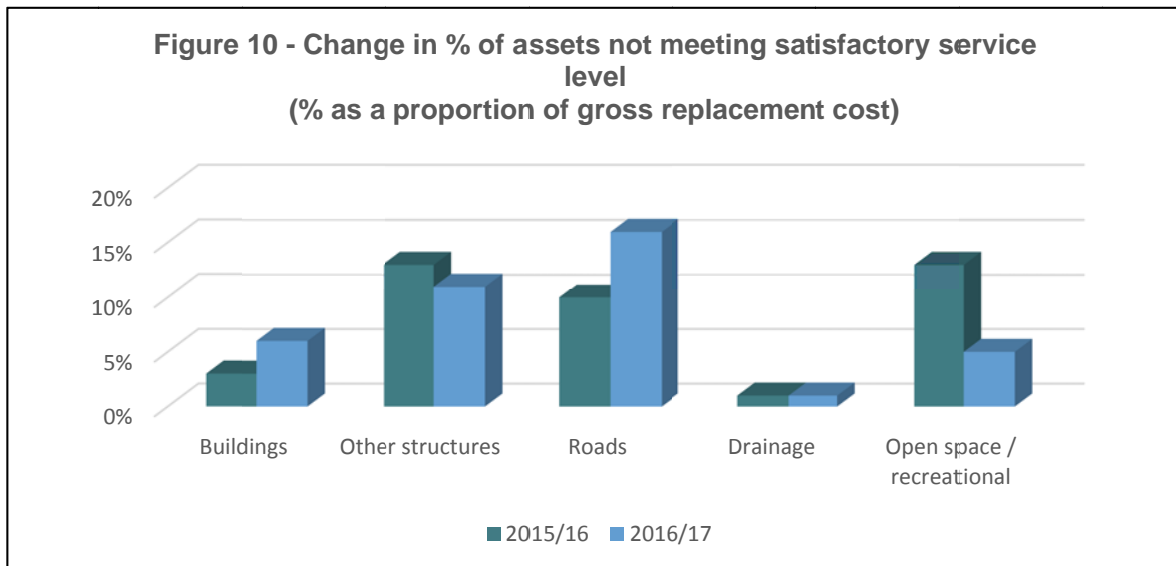
During 2017/2018 Council staff have continued to review and analyse its asset management data. As a result, this Asset Management Strategy provides guidance to ensure that funding for asset management will deliver infrastructure assets that are capable of meeting the service levels required by the community in priority asset classes.

For further information on how funding will be provided to ensure priority assets are capable of delivering desired service levels, see Council's Resourcing Strategy and Long Term Financial Plan.

6. Council's Vision, Goals and Objectives – Our Sustainable Future

This Asset Management Strategy is prepared to provide a road map to sustainable asset management and to ensure assets are capable of delivering the community's desired service levels in priority areas in the most cost-efficient manner. This is considered necessary if we are 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 diverse community that respects our history, and celebrates our differences in a vibrant culture of learning.	An equitable and inclusive community that cares and provides for its members. A community that embraces healthier lifestyle choices and practices.	Buildings 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.	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. Recreation, sporting and leisure facilities are available to meet the community's diverse and changing needs. 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.	Recreational Facilities Buildings All asset classes
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.	The local road network is managed to achieve a safe and effective local road network. An accessible public transport and regional road network that meets the diverse and changing needs of the community.	Roads and Transport
Leadership and Governance	Ku-ring-gai is well led, managed and supported by ethical organisations which deliver 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

Draft Asset Management Strategy 2018 – 2028

7. Life Cycle Management

Competent and cost-efficient life cycle management for infrastructure assets commences with developing an accurate understanding of the actual condition of each asset. This requires a regular cycle of assessment of the physical condition of assets, for which funds are required for staff and training. However, this regular process results in more accurate and often lower estimates of real asset renewal costs.

In 2015 Council also undertook a major review of its infrastructure backlog and asset data with Morrison Low Consultants. This has helped to improve and standardise reporting on the actual condition of assets, which in turn is assisting staff to plan far more cost-effective programs for asset renewal and maintenance.

Continuous improvement in the integrity of asset data, particularly asset condition data, is vital to controlling costs for both backlog and future renewal programs. In this regard Council has undertaken a range of projects to improve the quality and accuracy of asset data and standardise records of asset condition. Specific actions completed in 2016/17 included:

- a review of procedures for new, renewal and upgraded assets
- benchmarking of road and transport assets
- implementation of new capital works system and targeted organisational training.

Throughout 2017/18, Council staff further interrogated its financial and technical asset management data, processes and systems as follows;

- reviewed useful lives to establish uniform and accurate application for specific construction types, materials, geographical locations and utilisation;
- benchmarking useful lives against other councils and industry experts;
- implementation of the stormwater drainage asset class into the corporate asset management system;
- reviewed roads condition data based on recent inspection program and updated condition assessments;
- analysed financial impact due to changes in asset conditions, useful lives, depreciation and revised data;
- interrogated recurrent budgets and project budgets to confirm accurate asset classification.
- investigated actual asset maintenance expenditure compared with required maintenance, and current asset renewal expenditure with required renewal.

This Asset Management Strategy is based on data acquired through physical assessments and other estimates where physical data are either not yet available or are not possible to obtain for various reasons (e.g. for drainage assets where the possibility of using CCTV for inspections is limited). All estimates are being continually refined to produce the best possible accurate assessment of asset condition and funding priorities.

Throughout this Strategy Council is using a 5-point asset condition rating scale to steer decisions regarding priorities and funding requirements. This scale is consistent with best practice for asset condition assessment and reporting as described below.

Ku-ring-gai Council Asset Condition Matrix		
Level	Condition	Description
1	Excellent	No Work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average/Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

8. Roads and Transport

Council's road and transport network is comprised of:

- roads,
- bridges,
- footpaths,
- kerbs and gutters,
- car parks
- road furniture and structures, and
- bulk earth works.

These assets are maintained by Council's Engineering Services section of the Operations Department. All asset information pertaining to each group is contained within Council's asset registers and further detailed information on our road and transport assets is held within Council's Pavement Management System (SMEC).

8.1 Community Objectives for Road and Transport Assets

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.*

o *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.*

8.2 Preferred Condition Rating for Road and Transport Assets

As noted above, the Ku-ring-gai community has stated that roads and footpaths, in particular, are a priority area for asset management. Based on this response, it will be a priority to maintain or improve the level of service that can be delivered from this asset class as a whole. In order to achieve that service level it has been assumed in this Strategy that it is desirable, from a community service level point of view, to ensure that 100% of road and transport assets, particularly roads and footpaths, are kept in Condition 3 or better.

It is worth noting that community research would indicate that kerb and gutter assets need not be kept in Condition 3 or better as the community has deemed them to be lower in priority for service provision. This is perhaps based on a view that kerb and gutter assets are more cosmetic than they are important for service delivery.

However, the community has rated drainage assets as a top priority asset class. Kerb and gutter assets are quite critical to the effective service delivery capacity of drainage and road safety as such it is advisable to maximise the proportion of kerb and gutter assets in Condition 3 or better, if funds are available. Bearing in mind that the significant expenditures that are required on roads may be made far less effective in service delivery terms if the roads are not properly drained with adequate guttering (the life span and safety of a road can be significantly diminished by poor drainage), it makes financial and service sense to ensure that kerb and gutter works are given the same or similar priority as roads when allocating funds for asset renewal.

The objective should be to ensure that 100% of kerbs and gutters are maintained in Condition 3 or better if long term costs are to be properly controlled.

8.3 Current Performance of Road and Transport Assets

Over the last four years Council has provided detail on the condition of its road and transport assets in Special Schedule 7 of the Annual Financial Statements. In this period there has been a change in the required accounting format with a shift away from reporting the condition of assets as a percentage of written down value towards reporting instead on the basis of gross replacement costs. Nevertheless the accounting, while it implies some variability in reported performance, also indicates a moderate improvement in 2016/17 (compared to 2013/14) in the proportion of road and transport assets overall which would meet the condition rating required to deliver satisfactory service to the community (eg., in the case of roads, Condition 3 or better). Figure 12 shows the change in condition ratings since 2013/2014. There is still some way to go to meet the desired sitation of 100% of road and transport assets in Condition 3 or better but progress is being made.

8.4 Roads

Avaliable data and funding

The roads data reported in Note 9a of Council's Financial Statements 2016/2017, is based on the previous revaluation completed in 2015. The data has been reviewed by a consultant who determined that the asset register was well established and recommended that condition assessments continue on an ongoing basis.

Council's roads assets were revalued as part of the fair valuation requirements and imported into the corporate asset system 30 June 2015 in line with revaluation requirements.

Infrastructure Backlog and Future funding allocation
The tables below show the projected backlog figures, capital and maintenance expenditure for footpaths over the next 10 years.

Roads $'000	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Backlog - Cost to Satisfactory	12,805	10,632	8,138	4,878	876	-	-	-	-	-
Backlog - Cost to Agreed Level of Service	21,889	19,716	17,222	14,726	11,675	6,992	1,756	-	-	-
Renewal	8,605	8,996	9,634	10,252	10,689	12,487	12,690	12,603	13,038	13,531
New/Upgrade	111	57	8,529	5,909	2,134	2,967	1,396	17	116	21
Maintenance	2,204	2,259	2,316	2,374	2,433	2,494	2,556	2,620	2,686	2,753

Condition

Accounting for asset condition in Council's Annual Financial Statements over the past four years implies a moderate improvement in the proportion of roads which would meet the condition rating required to deliver satisfactory service to the community (ie., in the case of roads, Condition 3 or better). The table below shows the change in condition ratings since 2013/2014.

Change in Condition of Roads 2013/14 to 2016/17				
	2013/2014*	2014/2015*	2015/2016**	2016/2017**
% meeting required "satisfactory" condition rating	66%	87%	85%	73%
% not meeting required condition rating	34%	13%	15%	27%
* Assets in each condition rating as % of written down value				
** Assets in each condition rating as % of gross replacement costs				

Service level expectations

The community consultation identified our roads as a high priority and residents support reducing any funding gaps to improve the condition of our footpaths. The community's high expectation of our roads influences our investment in renewal funding which is strengthened by a Special Rate Variation (SRV) for local roads.

Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced. The condition of the roads will continue to be assessed and updated on a regular basis.

8.5 Footpaths

Avaliable data and funding

The footpath data reported in Note 9a of Council's Financial Statements 2016/2017, is based on the previous revaluation completed in 2015. The data has been reviewed by a consultant who determined that the asset register was well established and recommended that condition assessments continue on an ongoing basis.

Council's footpath assets were revalued as part of the fair valuation requirements and imported into the corporate asset system 30 June 2015 in line with revaluation requirements.

Infrastructure Backlog and Future funding allocation
The table below shows the projected capital and maintenance expenditure and the backlog figures for footpaths over the next ten years. Where there is no projected backlog for these assets adequate levels of capital and maintenance investment is proposed over the next ten years. The baseline data for the projected backlog figures have been formulated using the reported Cost to Satisfactory (CTS). The reported CTS is based on the Nett Carrying Amount of the asset class and the percentage of those assets in various conditions[6].

Footpaths $'000	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Backlog - Cost to Satisfactory	754	1,047	180	-	-	-	-	-	-	-
Backlog - Cost to Agreed Level of Service	3,019	3,312	2,445	1,500	550	-	-	-	-	-
Renewal	639	476	1,655	1,752	1,796	1,841	1,887	1,934	1,983	2,032
New/Upgrade	379	1,554	-	-	1,193	-	-	-	-	-
Maintenance	989	1,014	1,039	1,065	1,092	1,119	1,147	1,176	1,205	1,235

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[6] Ku-ring-gai Council Annual Report 2016/2017 – Financial Statements Special Schedule 7

Service level expectations

The community consultation identified our footpaths as a medium to high priority and residents support reducing any funding gaps to improve the condition of our footpaths. The community's high expectation of our footpaths influences our investment in renewal funding.

Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced.

The condition of the footpaths will continue to be assessed and updated on a regular basis.

Beans Farm Road, Gordon

8.6 Kerb and Gutter, Car Parks, Road Structures and Bridges

Available data

Council's kerb and gutter assets were revalued as part of the fair valuation requirements and imported into the corporate asset system 30 June 2015 in line with revaluation requirements.

Council's car park, road structures and bridges assets are being revalued as part of the fair valuation requirements. The register will be imported into the new corporate asset system by 30 June 2015 in line with revaluation requirements

Infrastructure Backlog and Future Funding Allocation

The table below shows the projected capital and maintenance expenditure and the backlog figures for kerb and gutter, car park, road structures and bridges. There is no projected backlog figures for these assets due to the levels of capital and maintenance investment proposed over the next ten years. The baseline data for the projected backlog figures have been formulated using the reported Cost to Satisfactory (CTS). The reported CTS is based on the Nett Carrying Amount of the asset class and the percentage of those assets in various conditions[7].

Kerb and Gutter, Car Parks, Road Structures and Bridges $'000	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Backlog - Cost to Satisfactory	-	-	-	-	-	-	-	-	-	-
Backlog - Cost to Agreed Level of Service	-	-	-	-	-	-	-	-	-	-
Renewal	1,477	710	712	380	740	399	409	419	430	440
New/Upgrade	279	353	1,488	814	927	76	76	76	468	76
Maintenance	734	752	771	790	810	830	851	872	894	917

Service level expectations

The community consultation identified kerb and gutter as a low priority and it is the community's low expectation of our kerb and gutter that influences the investment in renewal funding. Is should be noted that kerb and gutter renewal in carried out in line with Council's roads renewal program. The community consultation identified car parks as a moderate priority and to date there has been no community consultation for bridges and road structures.

Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations reduced.

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[7] Ku-ring-gai Council Annual Report 2016/2017 – Financial Statements Special Schedule 7

A condition assessment program will be developed for these asset groups and the asset register is updated on a regular basis. The tables above show the projected capital and maintenance expenditure and the backlog figures for these assets.

It's important to note that the substantial amount of the capital new/upgrade funding is partially funded through Section 94 and will be spent on upgrading our local centre structures over the next ten years.

Pedestrian Refuge Island, Cowan Road St Ives

9. 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. 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.*

   o *An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian or our community assets.*
   o *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.*

Available data

Council's building asset data is based on the revaluation completed by a registered valuer. Previously only buildings over $500,000 were valued at a component level whilst buildings below $500,000 were giving an overall value and an average condition rating. The Building Register was reviewed by an independent consultant who recommended a reassessment of condition ratings and the useful lives of heritage buildings. This is currently being assessed by a registered valuer as part of the OLG's statutory revalution requirements due 30 June 2018, and will value all buildings at the component level.

Infrastructure Backlog and Future funding allocation

The table below shows the projected capital and maintenance expenditure and the backlog figures for buildings. Where there is no projected backlog for these assets adequate levels of capital and maintenance investment is proposed over the next ten years. The baseline data for the projected backlog figures have been formulated using the reported Cost to Satisfactory (CTS). The reported CTS is based on the Nett Carrying Amount of the asset class and the percentage of those assets in various conditions[8].

Important to note that a substantial amount of the capital new/upgrade funding in 2018/2019 is partially funded through Section 94 and will be spent on the redevelopment of our local centres for the provision of new community facilities.

Buildings $'000	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Backlog - Cost to Satisfactory	775	282	-	-	-	-	-	-	-	-
Backlog - Cost to Agreed Level of Service	7,506	7,013	5,767	4,257	2,382	1,346	1,204	717	69	-
Renewal	3,910	2,998	3,759	4,160	4,578	3,833	3,010	3,428	3,664	3,964
New/Upgrade	2,295	560	230	176	77	79	81	83	85	87
Maintenance	3,411	3,496	3,584	3,673	3,765	3,859	3,956	4,055	4,156	4,260

Service level expectations

The community consultation identified our buildings as an asset priority and support reducing any funding gaps to improve the condition of the buildings. The community's high expectation of our buildings influences the investment in renewal funding for this asset class.

Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced.

Council has completed an internal condition assessment of all buildings at a component level. The current building asset register is a standalone NAMS Plus asset management system which does not integrate with Council's corporate asset management system. The transfer of the NAMS Plus asset management data into the corporate asset management system is due for completion in 2018/2019.

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[8] Ku-ring-gai Council Annual Report 2016/2017 – Financial Statements Special Schedule 7

Firs Estate Cottage, Roseville

10. 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 or our community assets.*

- Leadership and Governance - *Council rigorously manages its financial resources and assets to maximise delivery of services.*

Available data

Council's stormwater drainage data reported in Note 9a of Council's Financial Statements 2016/2017, is based on the previous revaluation completed in 2015. In 2017/2018 Council transferred this asset class data into the corporate asset management system. The transfer of data included a review of useful lives and unit rates and as a result a further revaluation of this asset class will be conducted effective 30 June 2018.

Council conducted CCTV inspections on a small percentage of the drainage network as a representative sample to determine the overall condition of our stormwater drainage infrastructure. At present Council inspects drainage on a reactive basis or through customer requests.

Infrastructure Backlog and Future Funding Allocation

The table below shows the projected capital and maintenance expenditure and the backlog figures for this asset class. The baseline data for the projected backlog figures have been formulated using the reported Cost to Satisfactory (CTS). The reported CTS is based on the Nett Carrying Amount of the asset class and the percentage of those assets in various conditions[9].

Stormwater $'000	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Backlog - Cost to Satisfactory	1,691	2,547	2,531	2,499	2,243	585	-	-	-	-
Backlog - Cost to Agreed Level of Service	4,240	5,096	5,080	5,048	4,792	3,134	2,398	1,303	39	-
Renewal	788	896	1,815	1,880	2,157	3,609	2,740	3,151	3,380	3,673
New/Upgrade	466	276	339	659	962	414	466	478	1,072	502
Maintenance	1,537	1,575	1,614	1,655	1,696	1,738	1,782	1,826	1,872	1,919

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[9] Ku-ring-gai Council Annual Report 2016/2017 – Financial Statements Special Schedule 7

Service level expectations

The community consultation identified our stormwater drainage assets as a priority and supported reducing funding gaps to improve the condition of these assets. The community's high expectation of our stormwater drainage influences the investment in capital and operational funding.

Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced.

Council will also continue to monitor asset condition utilising cost effective measures where possible and that CCTV inspections should only be used where there is an identified problem or when other methods of assessment are not practical.

Drainage works, Lady Game Drive, Lindfield, Jim Turner

11. 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 are maintained by the Open Space Section within the Operations Department.

The recreational facilities asset register is contained within a coporate assets system and technical and finanical asset imformation is integrated in this system.

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.*

    o *An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian or our community assets.*
    o *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.*

Available data

The recreational facilities asset data reported in Note 9a of Council's Financial Statements 2016/2017, is based on the revaluation completed in 2014 as part of the import into the new corporate system. The data has been reviewed by a consultant who determined that the asset register was well established and recommended that condition assessments continue on an ongoing basis.

Future infrastructure backlog and Future funding allocations

The table below shows the projected capital and maintenance expenditure and the backlog figures for this asset class. The baseline data for the projected backlog figures have been formulated using the reported Cost to Satisfactory (CTS). The reported CTS is based on the Nett Carrying Amount of the asset class and the percentage of those assets in various conditions[10].

Recreational Facilities $'000	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Backlog - Cost to Satisfactory	0	0	0	0	0	0	0	0	0	0
Backlog - Cost to Agreed Level of Service	5,459	1,991	1,825	1,586	2,781	1,195	28	-	-	-
Renewal	5,104	7,201	4,060	4,309	3,068	5,981	5,755	5,045	5,447	5,035
New/Upgrade	10,876	15,591	3,186	3,846	4,314	1,190	4,068	2,461	3,618	3,068
Maintenance	2,196	2,250	2,307	2,364	2,423	2,484	2,546	2,610	2,675	2,742

Service level expectations

Community consultation identified the sports field and playground assets as having moderate importance to our community. The level of support to reduce the funding gap was also moderate. The community considered bushland infrastructure to be of low priority.

The community's high expectation of our sport fields, playgrounds and golf courses influences the investment in capital and operational funding.

Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced.

Council will continue to undertake condition assessments and review asset data to ensure that the asset register is updated on a regular basis.

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[10] Ku-ring-gai Council Annual Report 2016/2017 – Financial Statements Special Schedule 7

Draft Asset Management Strategy 2018 – 2028
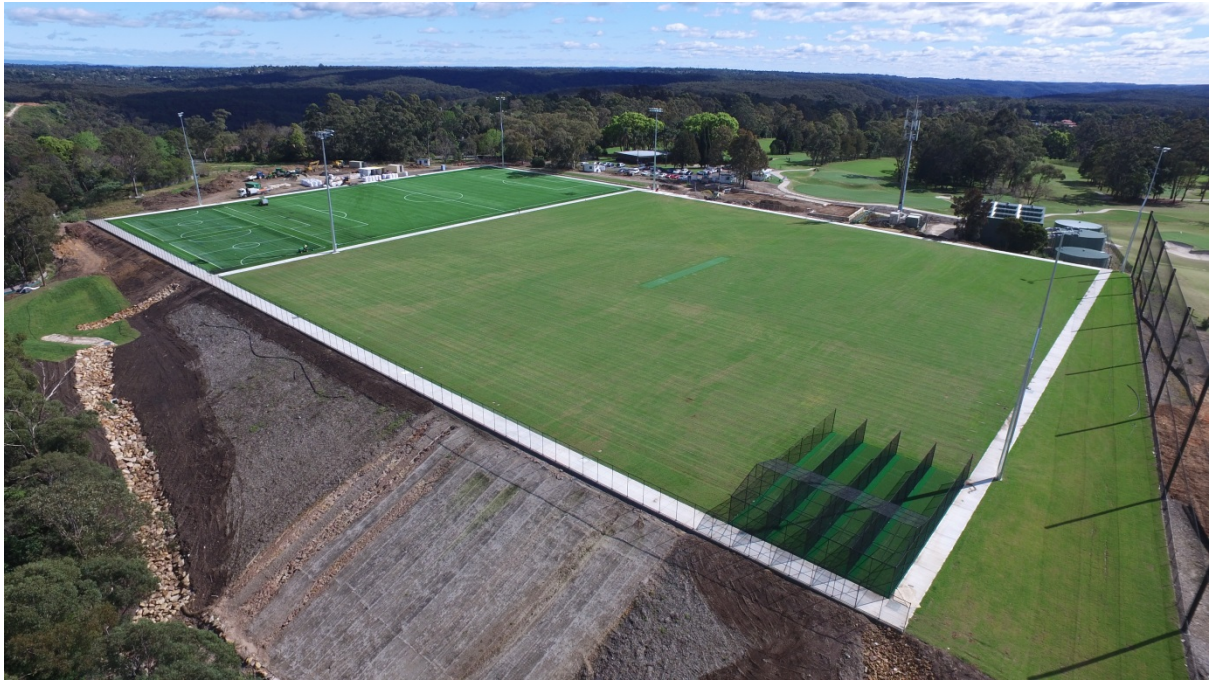
North Turramurra Recreation Area sportsfield, North Turramurra

12. 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.

12.1   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.

Construction of Bicentennial Park Golden Grove Playground, West Pymble

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 Manager Engineering Services Strategic Asset Coordinator
Data and Knowledge	Improve data knowledge	Continue to develop data collection procedure and program for all assets	Ongoing	Director Operations Manager Engineering Services Civil Works Coordinator Pavement Engineer Assets Coordinator Team Leader Design and Projects
		Consultant to assess the condition of all road surface and pavement assets	Completed	
		Inspect all road structures and street furniture assets and update in register	2018/2019	
		Inspect all other assets on an ongoing basis	2019/2020	
Asset Management Plans	Advanced asset management plans	Update Asset Management Plan	2018/2019	Director Operations Manager Engineering Services Strategic Asset Coordinator Civil Works Coordinator Pavement Engineer
Asset Information Systems	Corporate Asset Management System	Transfer data to corporate system	Completed	Director Operations Business System Analyst
		Provide training to asset custodians	Ongoing	
People and Organisational Issues	Understanding of road asset management	Provide staff training for all facets of road asset management	Ongoing	Director Operations Manager Engineering Services Strategic Asset Coordinator
Implementation Tactics	Outline of required road asset management activities	Review core and non-core activities	Annually	Director Operations

Strategy and planning	Advanced maintenance and renewal plans	Develop advanced asset renewal and maintenance plans.		Director Operations Manager Engineering Services
	Life cycle cost analysis	Improve life cycle cost data knowledge		Manager IP, Property & Assets Strategic Asset Coordinator
	Service level review	Review and update service levels for each asset group with the Roads & Transport asset		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	Ongoing Ongoing Ongoing	Director Operations Risk Management Coordinator Manager Engineering Services Manager IP, Property & Assets Strategic Asset Coordinator
Data and Knowledge	Complete database of assets	Develop an asset register that captures all building components	Phase 1 completed Phase 2 2018/2019	Building Assets Coordinator
Asset Management Plans	Advanced AMP	Update Asset Management Plan	2019/2020	Director Operations Strategic Asset Coordinator Building Assets Coordinator
Asset Information Systems	Asset register Transfer data to works and assets	Update all asset components and assign Values, useful lives and conditions. Include buildings data into corporate system	Completed 2018/2019 2018/2019	Director Operations Manager Engineering Services Building Assets Coordinator Business Systems Analyst
People and Organisational Issues	Understanding of building asset management Asset performance register	Provide staff training for all facets of building asset management Review and measure asset performance	Commenced Ongoing	Director Operations Manager Engineering Services Building Assets Coordinator
Implementation Tactics	Outline of required building asset management activities	Review core and non-core activities	Annually	Director Operations
Strategy and planning	Advanced maintenance and renewal plans Life cycle costs analysis Service level review	Develop advanced asset renewal and maintenance plans. Improve required life cycle costs Review and update all service levels	2019/2020 2020/2021	Director Operations Manager Engineering Services Manager IP, Property & Assets Strategic Asset Coordinator Building Assets Coordinator

Drainage

Quality Elements	Action Item	Objectives	Timeframe	Responsible Officer
Processes and Practices	Implement and/or improve drainage asset management processes Continual maintenance of procedures	Review of processes and practices	2018/2019 Ongoing	Director Operations Manager Engineering Services Drainage Assets Engineer Manager IP, Property & Assets Strategic Asset Coordinator
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	Update Asset Management Plan	2019/2020	Director Operations Strategic Asset Coordinator Drainage Assets Engineer
Asset Information Systems	Corporate asset management system	Update data into corporate system	Completed	Business Systems Analyst
People and Organisational Issues	Understanding of drainage asset management Asset performance register	Provide staff training for all facets of drainage asset management Review and measure asset performance	Ongoing Annually	Director Operations Strategic Asset Coordinator Manager Engineering Services Drainage Engineer
Implementation Tactics	Outline of required drainage asset management activities	Review core and non-core activities	Annually	Director Operations
Strategy and planning	Advanced maintenance and renewal plans Life cycle cost analysis Service levels	Develop advanced asset renewal and maintenance plans. Update required life cycle costs Update service levels	2018/2019 2018/2019 2018/2019	Director Operations Manager Engineering Services Manager IP, Property & Assets Strategic Asset Coordinator Drainage Assets Engineer

Recreation Facilities

Quality Elements	Action Item	Objectives	Timeframe	Responsible Officer
Processes and Practices	Implement and/or improve recreational asset management processes Continual maintenance of procedures	Review of processes and practices	Ongoing Ongoing	Director Operations Manager Open Space Strategic Asset Coordinator
Asset Management Plans	Advanced RFAMP	Update Asset Management Plan	2020/2021	Manager Open Space Strategic Asset Officer Open Space Asset Supervisor
People and Organisational Issues	Asset performance register Training	Review and measure asset performance Ongoing support and training for asset procedures	Annually	Manager Open Space Operations 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	2020/2021 2020/2021 2020/2021	Director Operations Manager Open Space Manager IP, Property & Assets Strategic Asset Coordinator Open Space Asset Supervisors

13. Reporting and Assessment - measuring our performance

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

Council's Integrated Planning and Reporting processes form the core of our continuous improvement programs and are embedded within the organisation.

The development of term achievements, tasks and key performance measures relating to the delivery of infrastructure asset programs are contained in the Delivery Program and annual Operational Plan, and subsequent reporting is conducted bi-annually and annually to ensure progress and/or achievements are measured and reported.

Reporting on these indicators is the responsibility of all Asset Managers who are custodians and have control of specific asset classes.

Regular periodic surveys with the community, gauging perceptions between satisfaction of built asset classes and services being provided are conducted. The ongoing use of community surveys will be tailored to include specific asset management issues to ensure relevance of the programs at the required levels of service continue.

14. 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 10 year Asset Management Strategy, annual revisions of the Strategy are carried out to ensure relevance in responding to government and our community. Specifically, with the 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 - Draft Asset Management Policy 2018
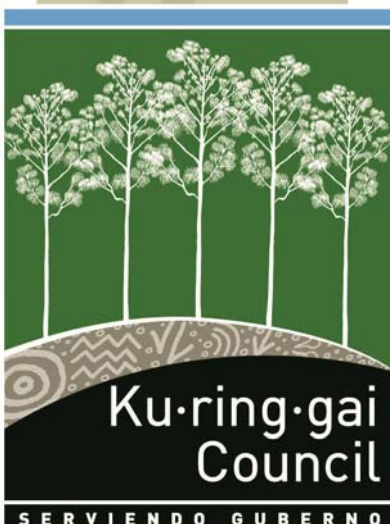
Ku-ring-gai Council

Draft Policy

Asset Management Policy

Version Number 3

Adopted: press F11 to enter Adoption date

Effective: press F11 to enter Effective date

Asset Management Policy

Table of Contents

Controlled Document Information

Authorisation Details

This is a Controlled Document. Before using this document check it is the latest version by referring to Council's Controlled Document Register. Unless otherwise indicated, printed or downloaded versions of this document are uncontrolled.			
Controlled Document Number:	77	**TRIM Record No:**	2018/112988
Controlled Document Type:	Policy		
Controlled Document Name:	Asset Management Policy		
Version Number:	3		
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Review Period: **Max < 4 years**	4 years	**Next Review Date:**	(enter the date for the next scheduled review based on the selected review period)
Document Status:	Draft		
Approval Type:	Adopted by Council		
Version Start Date:	(enter the date that this version was approved and the policy takes effect)	**Version End Date:**	(if applicable enter the date that this version was superseded or cancelled)

Related Document Information, Standards & References

Related Legislation	Local Government Act 1993	Provides the legal framework for an effective, efficient, environmentally responsible and open system of local government in NSW. To regulate the relationships between the people and bodies comprising the system, and to encourage and assist the effective participation of local communities in the affairs of local government. Includes the preparation of strategic plans and a long term financial plan supported by Asset Management Plans for sustainable service delivery.
	Environmental Planning and Assessment Act 1979	Sets out to encourage the proper management, development and conservation of natural and artificial resources for the purpose of promoting the social and economic welfare of the community and a better environment and the protection of the environment, including the protection and conservation of native animals and plants, including threatened species, populations and ecological communities, and their habitats.
	Heritage Act 1977	To promote understanding of heritage issues and conservation of items of heritage significance.
	Occupational Health and Safety Act 2000	Sets out the responsibilities of Council to secure and promote the health, safety and welfare of people at work.
	Disability Discrimination legislation including - Commonwealth Disability Discrimination	Sets out the responsibilities of Council and staff in dealing with access and use of public infrastructure.

	Act 1992 (DDA) - NSW Anti- Discrimination Act 1997	
Related Documents	Community Strategic Plan 2038 Resourcing Strategy 2018-2028 Delivery Program 2013-2017 and Operational Plan 2017/2018 Asset Management Strategy 2018 – 2028 Asset Management Plans Procedures for New, Upgraded, Renewed and Disposed assets	The policy integrates with Council's Integrated Planning and Reporting documents. The Asset Management Policy guides the asset management strategy, plans and procedures
Other References	Integrated Planning and Reporting Guidelines for Local Government in NSW March 2013 Integrated Planning and Reporting Manual for Local Government in NSW-March 2013 Local Government Code of Accounting Practice and Financial Reporting Australian Accounting Standards IPWEA International Infrastructure Management Manual (IIMM) 2015 Australian Infrastructure Audit Report May 2015	The Policy was developed in line with the IP&R guidelines and manual. The accounting standards and code define how our assets are accounted for. The development of the Policy considered the IPWEA IIMM manual and Infrastructure Australia Strategic Policies & Plans.

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Ku-ring-gai Council   **Page 4 of 11**

Version History

Version Number	Version Start Date	Version End Date	Author	Details and Comments
1	04/02/2009	26/08/2014	Deborah Silva	Original
2	26/08/2014	N/A	Vanessa Young	First review
3	24/4/2018		Parissa Ghanem	Policy revised in line with Integrated Planning & Reporting processes.

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Ku-ring-gai Council   **Page 5 of 11**

Policy

Background

Asset management practices impact directly on the core business of Council and appropriate asset management is required to achieve our strategic service delivery objectives.

Sustainable service delivery ensures that services are delivered in a socially, economically and environmentally responsible manner that does not compromise the ability of future generations to make their own choices.

Purpose and Objectives

The purpose of this policy is to demonstrate Ku-ring-gai Council's commitment to the responsible management of its assets. The policy sets out principles, requirements and responsibilities for implementing consistent asset management processes throughout Council. It also ensures that Council as the custodian of public infrastructure, has mechanisms in place to deliver infrastructure services in the most effective manner.

Objective

To ensure that adequate provision is made for the long-term management of Council's assets by:

- ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
- safeguarding infrastructure assets, physical assets and employees by implementing appropriate asset management strategies and financial resources for those assets.
- implementing appropriate asset management strategies, plans and financial resources for the preservation of assets.
- creating an environment where all employees play an integral part in the overall management of infrastructure assets by creating and sustaining a culture of asset management awareness through training and development.
- meeting legislative requirements for asset management.
- ensuring resources and operational capabilities are identified and allocated for asset management.
- demonstrating transparent and responsible asset management processes that align with best practice.

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Ku-ring-gai Council   **Page 6 of 11**

Scope

This policy applies to all asset classes owned by Council. Council's asset classes identified in the asset hierarchy are:

- Buildings and Land
- Roads and Transport
- Stormwater Drainage
- Recreational Facilities
- Fleet and Plant
- Information Technology

Other assets accounted for include library books, furniture and fittings, and office equipment.

Responsibilities

The following key roles and responsibilities are identified in the management of this policy:

Mayor and Councillors

Are responsible for adopting the completed policy objectives and ensuring sufficient resources are applied to manage the assets.

Council

Council is responsible for:

- providing stewardship
- adopting a corporate asset management policy and strategy
- considering the impact of financial and service level decisions on Council's assets
- ensuring that organisational resources are allocated to safeguard sustainable service delivery.

Asset Management Steering Group

The Asset Management Steering Group is responsible for:

- reviewing the Asset Management Policy and Asset Management Strategy and ensuring integration with the Long Term Financial Plan and other Integrated Planning & Reporting documents
- monitoring the implementation of Asset Management Policy, Strategy and Plans
- developing and reviewing processes and practices to ensure assets are managed effectively
- ensuring that asset information is captured and updated into asset registers
- operating within an agreed 'Terms of Reference'

Directors/Managers

Directors and Managers are responsible for:

- allocating resources to the implementation of the Asset Management Strategy and Plans
- ensuring that actions identified in the Asset Management Strategy and Improvement Plan are completed within timeframes
- integrating asset management principles and practices into the organisation's business processes
- developing and implementing maintenance and capital works programs in accordance with the Integrated Planning and Reporting documents
- delivering Levels of Service to agreed risk and cost standards
- managing infrastructure assets in consideration of long term sustainability
- presenting information to Council on lifecycle risks and costs

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Ku-ring-gai Council   **Page 7 of 11**

- ensuring that individual asset management responsibilities are identified in relevant staff position descriptions

Asset Management Framework
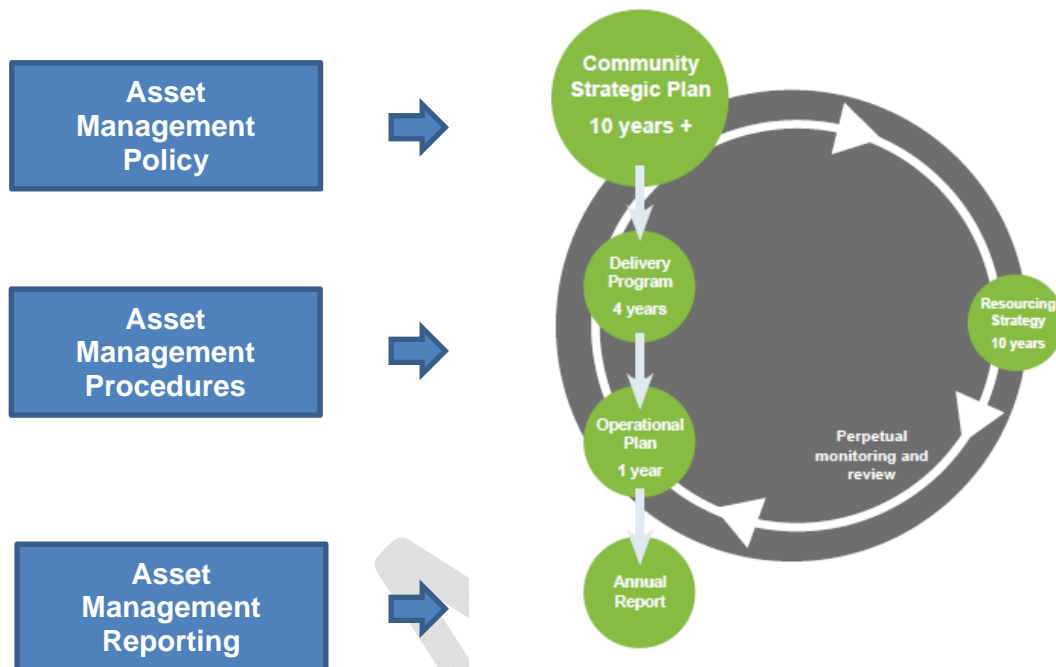
Figure 1 Councils Asset Management aligns with the Integrated Planning and Reporting Framework

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Ku-ring-gai Council   **Page 8 of 11**

Policy Statement

Asset Management Principles

The organisation's sustainable service delivery requirements will be met by adequately providing for the long-term planning, financing, operation, maintenance, renewal, upgrade, and disposal of assets. This is accomplished by ensuring that:

- All relevant legislative requirements together with social, political and economic environments are taken into account in asset management

- The Asset Management Strategy outlines the implementation of systematic asset management and appropriate best practice throughout Council

- The Asset Management Plans are revised to align with the Resourcing Strategy. The Plans are informed by community consultation, technical and financial planning and reporting

- Service levels are developed and defined in each asset management plan. The Service Levels will form the basis of annual budget estimates

- Inspection programs are developed for each asset class and regular inspections are carried out to maintain the agreed service levels and to identify asset renewal priorities

- Assets are managed, valued, and accounted for in accordance with appropriate best practice

- Future service levels are determined in consultation with the community

- Renewal plans are developed based on service levels, conditions and risk

- Future life cycle costs are reported and considered in all decisions relating to new services and assets and upgrading existing services and assets

- An organisational culture is promoted whereby all employees with asset management responsibilities are provided the necessary training and professional development

- The require operation capabilities and resources are provided and asset management responsibilities are effectively allocated
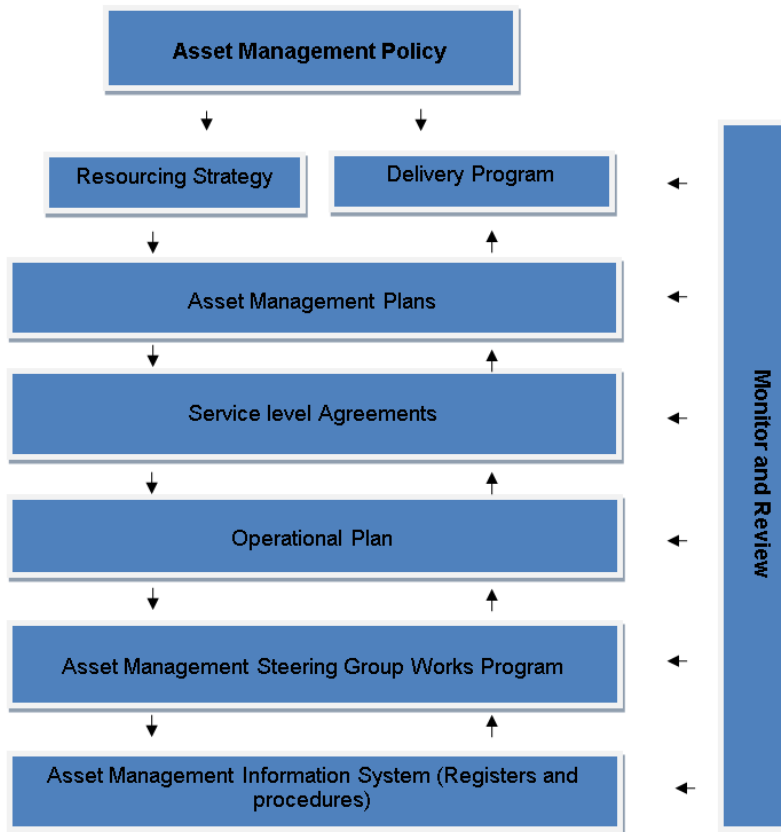
Policy implementation

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

- Customer and community expectations;

- Strategic and corporate goals;

- Long term financial model; and

- Legislative requirements

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

The Asset Management Steering Group will oversee the implementation of the asset management reporting framework as identified in Figure 2.

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Ku-ring-gai Council   **Page 10 of 11**

Definitions

Term	Definition
Asset	A physical item owned by council that has economic value and enables services to be provided.
Asset life cycle	The life of an asset; from its acquisition to disposal.
Asset Management Information System	An asset management information system 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.
Asset management	Asset management (AM) is a systematic process to guide the planning, acquisition, creation, operation and maintenance, renewal and disposal of assets.
Asset Management Plan	A plan developed for the management of an 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.
Asset Management Strategy	The Asset Management Strategy is a component of the Resourcing Strategy. It demonstrates how our assets support service delivery in consultation with the community and within available funding.
Asset register	A record of asset information including inventory, historical, financial, condition, construction, technical, and financial details.
Infrastructure asset	Infrastructure assets are typically large, interconnected networks or portfolios of composite assets, comprising components and sub-components
Level of service	The defined service quality for a particular activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.
Life cycle cost	The total cost of an asset throughout its useful life.
Operational Plan	The Operational plan comprises detailed implementation plans and information with a 1-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.
Useful life of an asset	The period over which a depreciable asset is expected to be used

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Ku-ring-gai Council   **Page 11 of 11**

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