



# ASSET MANAGEMENT STRATEGY 2021-2031

Adopted June 2018. Revised April 2021.



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## Simplified Chinese

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## Korean

### 도움이 필요하십니까?

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## Persian

### آیا به کمک نیاز دارید؟

این مدرک حاوی اطلاعات مهمی است. اگر آنرا را نمی فهمید، خواهش می کنیم به خدمات ترجمه نوشتاری و گفتاری (Translating and Interpreting Service) به شماره ۱۳۱ ۴۵۰ تلفن کنید و از آن سرویس بخواهید از جانب شما با شهرداری کورینگای (Ku-ring-gai Council) در ساعات کاری، دوشنبه تا جمعه از ساعت ۸:۳۰ صبح تا ساعت ۵:۰۰ بعد از ظهر با شماره تلفن ۰۲ ۹۴۲۴ ۰۰۰۰ تماس بگیرید.

## Japanese

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These languages were chosen as they are the most widely spoken by Ku-ring-gai residents indicated by ABS Census data 2011 and 2016.



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## KU-RING-GAI COUNCIL

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## Summary

This is Council's revised 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 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 enables Council to demonstrate:

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

## 1.0 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 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 Council continually improves the management of its infrastructure.

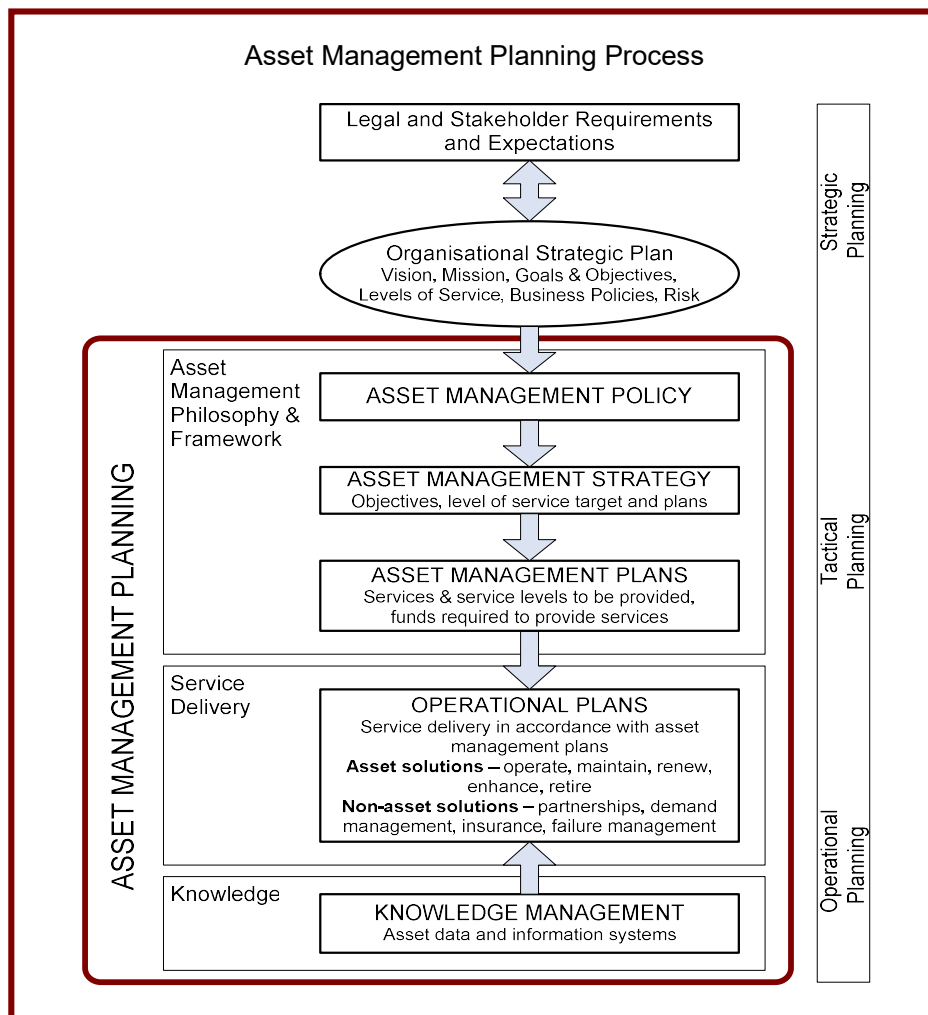
It is vital that Council develops and maintains rigorous asset management processes, as asset management is a key driver of the 10 Year Long Term Financial Plan (LTFP).



## 2.0 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.



## 3.0 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 Council's vision and service delivery objectives for asset management in accordance with legislative requirements, community needs and affordability. The Asset Management Strategy (AMS) 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 adopted in June 2018 (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 holistically applied lifecycle principles, remaining useful life as per asset 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 by reporting to Council on the development, revision and implementation of the AMS, 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 and Reporting documents.
- Continually improve the quality and scope of existing asset data by ensuring that all assets are assessed and appropriate useful lives and conditions are assigned to each component.

## 4.0 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. To maintain this rating Council has reviewed the current situation for Council's assets and their management in the development of the AMS.

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 2019/20 the value and replacement cost of infrastructure assets were reported as follows<sup>1</sup>:

Infrastructure Asset Values 2018/2019	Net carrying amount (WDV) \$'000	Gross replacement cost \$'000
Buildings	92,234	163,639
Other structures	10,438	17,626
Road and Transport assets	460,657	710,724
Drainage	162,501	242,009
Open space recreational assets	77,239	134,720
<b>Total</b>	<b>805,069</b>	<b>1,268,718</b>

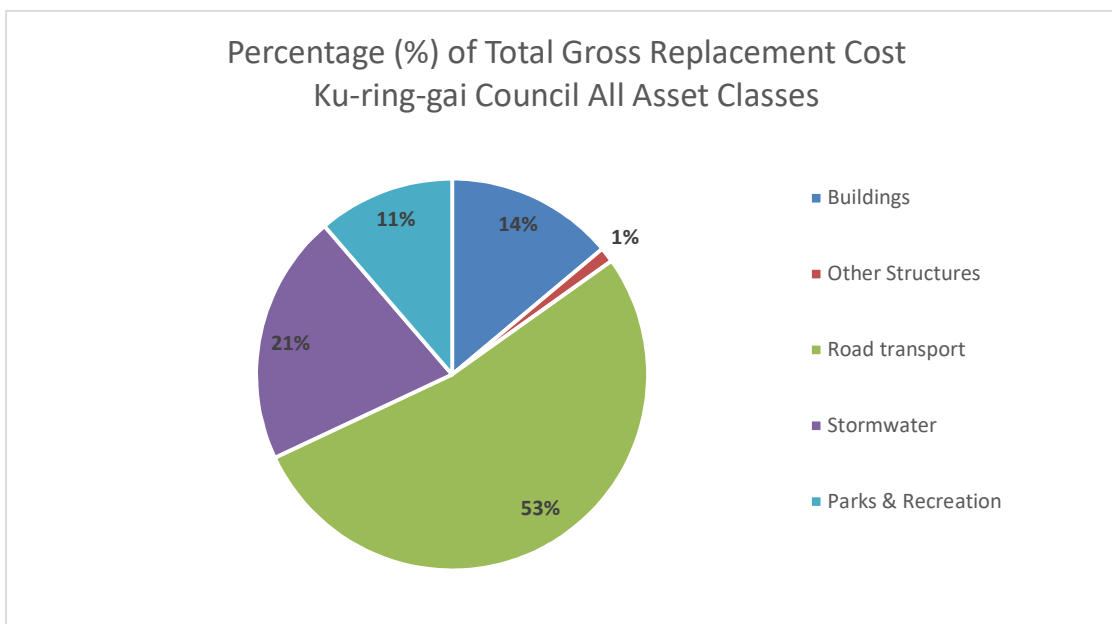
In terms of the total cost to replace the infrastructure assets, road and transport assets and drainage constitute the vast majority of Council's infrastructure. Road and Transport assets include roads, footpaths, bridges, kerbs and gutters, road furniture, road structures, car parks and bulk earth works.

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<sup>1</sup> Ku-ring-gai Council Annual Report 2019/2020 – Financial Statements Special Schedule 7.



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.



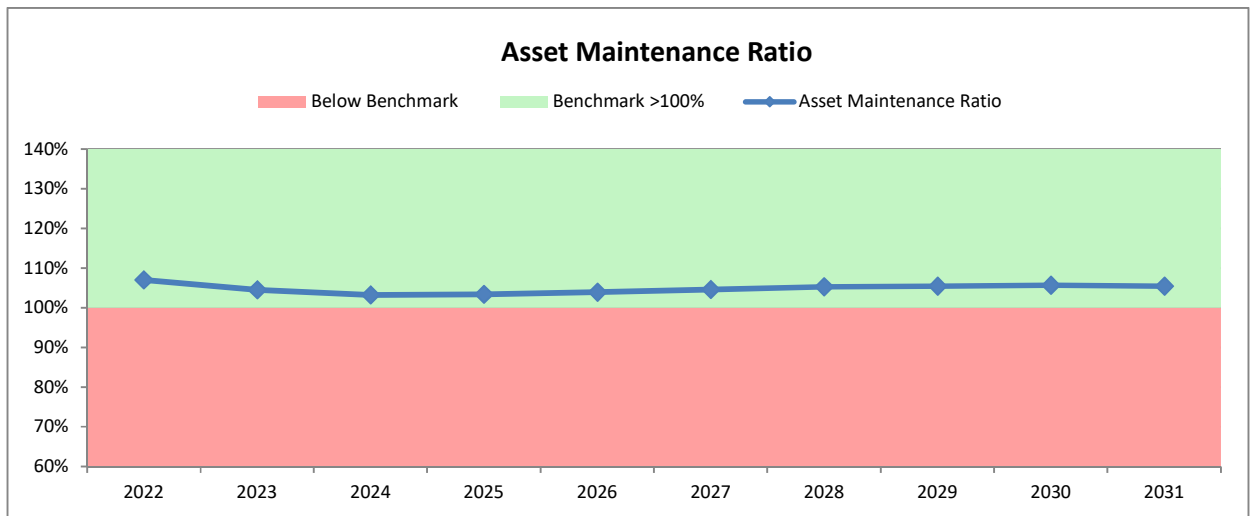
#### 4.2.1 Maintenance expenditure

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 following table 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.

<b>Asset Maintenance - Required by Asset Class \$'000</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
Buildings	3,620	3,965	4,078	4,195	4,316	4,443	4,570	4,701	4,835	4,970
Roads & Transport	5,834	6,084	6,421	6,659	6,858	7,039	7,226	7,425	7,639	7,897
Stormwater	900	929	957	982	1,008	1,035	1,063	1,091	1,120	1,150
Parks & Recreation	7,336	7,756	8,164	8,419	8,668	8,910	9,165	9,537	9,884	10,320
<b>Total REQUIRED</b>	<b>17,690</b>	<b>18,733</b>	<b>19,620</b>	<b>20,255</b>	<b>20,850</b>	<b>21,427</b>	<b>22,024</b>	<b>22,754</b>	<b>23,479</b>	<b>24,337</b>
Actual Maintenance	18,934	19,580	20,253	20,950	21,671	22,417	23,188	23,987	24,813	25,668
<b>Variance (Actual less required)</b>	<b>1,245</b>	<b>847</b>	<b>632</b>	<b>694</b>	<b>820</b>	<b>989</b>	<b>1,165</b>	<b>1,233</b>	<b>1,335</b>	<b>1,331</b>



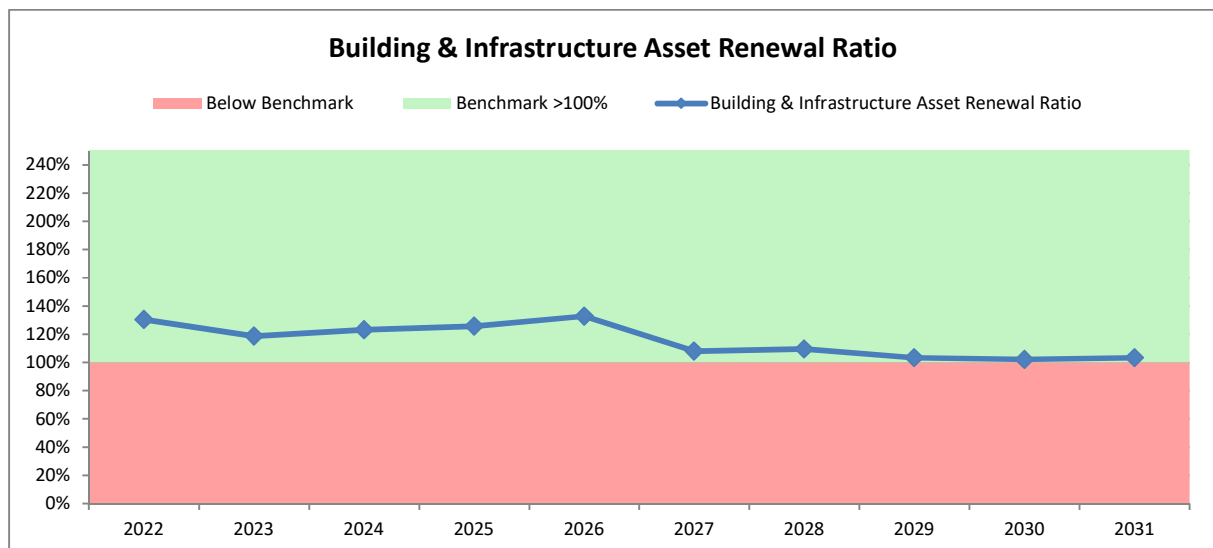
## 4.2.2 Renewal Expenditure

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	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Buildings	3,549	4,006	2,169	4,722	2,828	6,753	9,088	4,538	6,604	6,026
Roads & Transport	14,917	14,984	16,037	16,710	16,190	12,707	12,999	14,593	15,034	14,877
Stormwater	1,555	1,581	1,769	2,081	2,595	1,743	1,827	2,008	2,536	3,794
Parks & Recreation	5,033	3,367	5,976	3,932	7,630	3,738	2,030	4,063	1,532	2,205
<b>Total Renewal</b>	<b>25,053</b>	<b>23,939</b>	<b>25,951</b>	<b>27,446</b>	<b>29,243</b>	<b>24,940</b>	<b>25,945</b>	<b>25,202</b>	<b>25,705</b>	<b>26,901</b>

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 2019/2020 financial year and achieved a ratio of 86%.

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 Office of Local Government 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% starting 2020/21 financial year.



## 4.2.3 Infrastructure Backlog

### Cost to Satisfactory (CTS)

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 at the time of work.

In 2019/2020 Council reported a total cost of \$24.7 million to bring all infrastructure assets to a satisfactory standard being condition 3 (CTS).

### Cost to Agreed level of Service (CTA)

In January 2017, the Office of Local Government (OLG) introduced an additional measure for reporting on the condition of Council's infrastructure assets being the estimated cost to bring assets to 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. In other words, the cost to bring all assets that are in an unsatisfactory condition up to condition 1. 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 five 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 increase in the total written down value of infrastructure assets in the period. The table below shows the backlog infrastructure renewal reported since 2014/2015 in Council's annual reports<sup>2</sup>:

<b>CTS Infrastructure Asset Reported Backlog Cost \$'000</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
<b>Total</b>	<b>26,990</b>	<b>33,943</b>	<b>27,565</b>	<b>20,017</b>	<b>17,379</b>	<b>24,716</b>

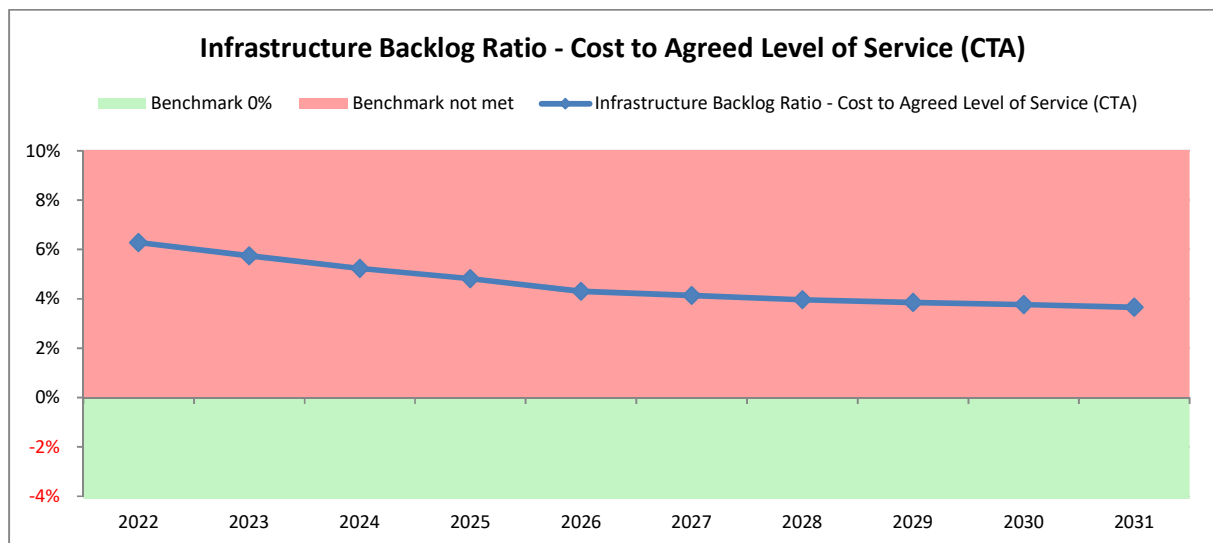
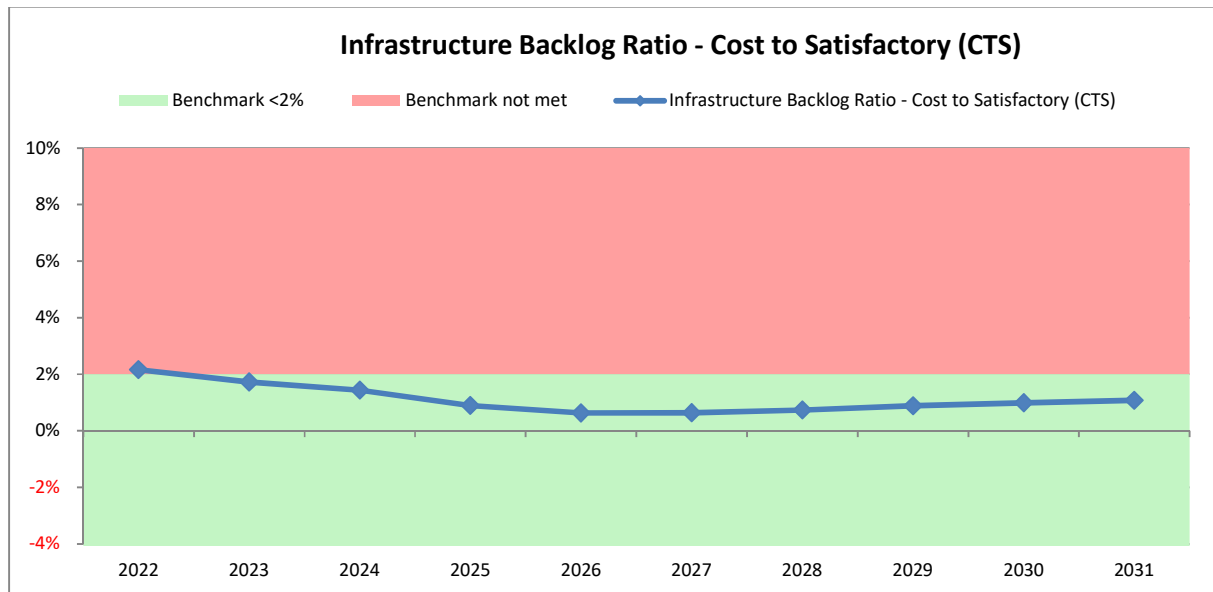
To help ensure that Council is able to complete all required backlog infrastructure works, a new funding strategy for infrastructure assets renewal was adopted in 2015/2016 which prioritised asset maintenance and renewal expenditure over new and upgraded assets expenditure. This was based on the principle 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.

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<sup>2</sup> Ku-ring-gai Council Annual Reports 2014/2015 to 2019/2020, Special Schedule No. 7

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 which was 2019/2020.

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.



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										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Buildings	2268	2101	3860	3218	4140	1716	0	0	0	0
Roads & Transport	13897	10470	6788	2726	17	2292	4628	6071	7458	9998
Stormwater	2284	2541	2665	2527	1927	2233	2509	2660	2341	822
Parks & Recreation	-	228	-	-	-	-	-	-	-	-
<b>Total</b>	<b>18,449</b>	<b>15,340</b>	<b>13,313</b>	<b>8,471</b>	<b>6,084</b>	<b>6,241</b>	<b>7,137</b>	<b>8,730</b>	<b>9,798</b>	<b>10,821</b>

INFRASTRUCTURE BACKLOG - COST TO BRING TO AGREED LEVEL OF SERVICE										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Buildings	8,317	8,150	9,909	9,267	10,189	7,765	3,127	3,140	1,247	64
Roads & Transport	74,944	70,093	65,380	61,318	57,455	57,361	57,298	55,988	54,612	53,857
Stormwater	4,435	4,692	4,816	4,678	4,078	4,384	4,660	4,811	4,492	2,973
Parks & Recreation	2,514	3,543	2,194	3,034	316	1,629	4,793	6,135	10,205	13,849
<b>Total</b>	<b>90,210</b>	<b>86,478</b>	<b>82,299</b>	<b>78,297</b>	<b>72,039</b>	<b>71,139</b>	<b>69,878</b>	<b>70,074</b>	<b>70,556</b>	<b>70,744</b>



#### 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.

<b>Asset Renewal Expenditure \$'000</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
Buildings	3,549	4,006	2,169	4,722	2,828	6,753	9,088	4,538	6,604	6,026
Road transport	14,917	14,984	16,037	16,710	16,190	12,707	12,999	14,593	15,034	14,877
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Parks & Recreation	5,033	3,367	5,976	3,932	7,630	3,738	2,030	4,063	1,532	2,205
<b>Total Renewal</b>	<b>25,053</b>	<b>23,939</b>	<b>25,951</b>	<b>27,446</b>	<b>29,243</b>	<b>24,940</b>	<b>25,945</b>	<b>25,202</b>	<b>25,705</b>	<b>26,901</b>

#### 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 7.11.

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

<b>NEW &amp; UPGRADE</b>										
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
Buildings	5,133	12,736	733	756	766	988	794	828	830	723
Road transport	7,652	12,261	22,570	10,369	4,334	908	1,175	2,345	4,006	9,313
Stormwater	659	1,726	1,387	448	458	469	480	491	502	514
Parks & Recreation	26,493	6,627	5,982	1,408	1,075	715	894	3,989	3,043	5,281
<b>Total</b>	<b>39,938</b>	<b>33,349</b>	<b>30,672</b>	<b>12,981</b>	<b>6,633</b>	<b>3,080</b>	<b>3,342</b>	<b>7,653</b>	<b>8,381</b>	<b>15,830</b>

### 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.

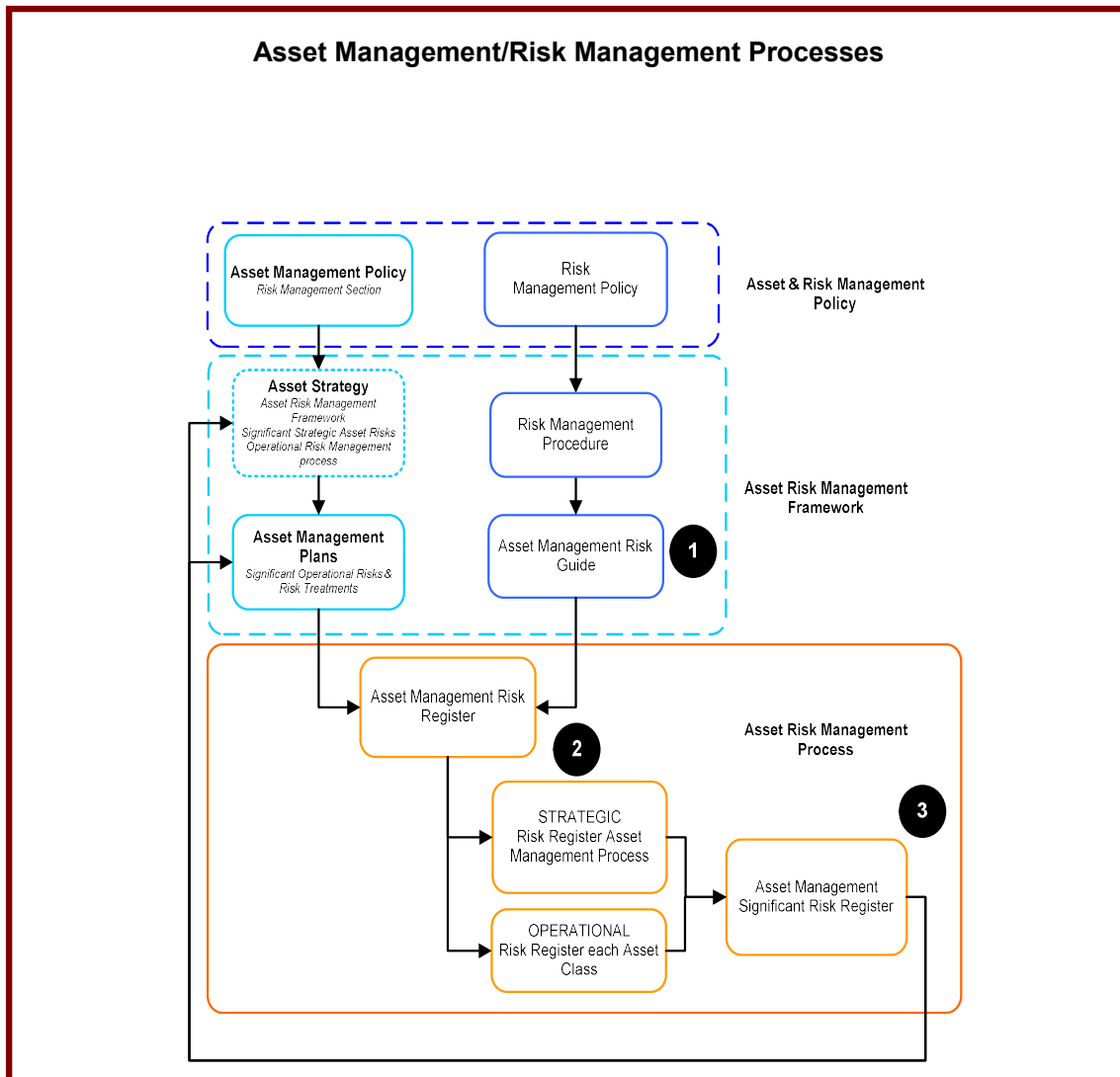
The Risk Management Procedure sets out the principles and processes the organisation uses to identify, assess and manage risks in a broad context. Essentially, Council's asset management practices integrate risk management principles throughout both strategic and operational processes. However, it is 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 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 Team Leader Risk Advisory provides ongoing assistance to the asset custodians, including training and technical assistance throughout the risk management process.



#### 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 and 31 Bridge Street Pymble.
- Council works depot located at 5 Suakin Street 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.

## 5.0 Community Levels of Service

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 (SRV) 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.

<b>Identified Community Service Level Priority Assets<sup>3</sup></b> <b>Independent community research</b>		
<b>Top priority</b>	<b>Secondary priority</b>	<b>Lowest priority</b>
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.

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<sup>3</sup> Ku-ring-gai Council Asset Management Community Survey – Micromex – June 2012

## 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 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.
- 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”<sup>4</sup>).

This in turn enabled Council to revise cost-estimates for addressing backlog infrastructure renewal. 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).

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<sup>4</sup> 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.

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 do not meet the condition rating considered necessary for satisfactory service delivery to the community. In 2019/2020 Council reported the condition of assets as per the table below:

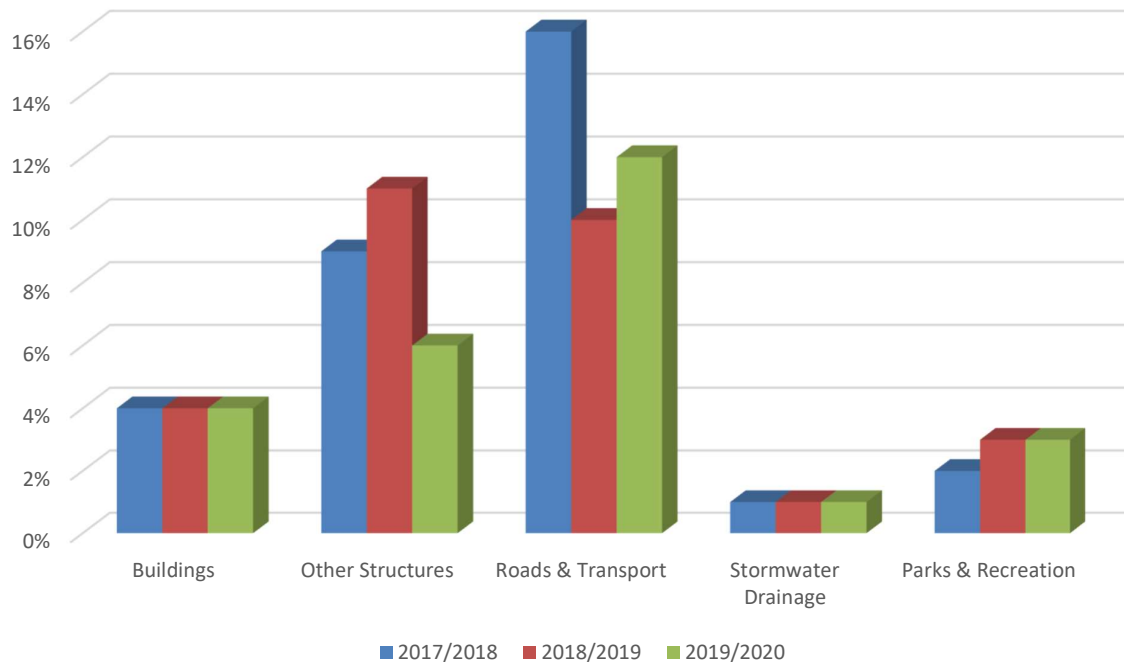
<b>Assets in Each Condition Rating as % of Gross Replacement Costs</b>					
<b>Ku-ring-gai Council Annual Financial Statements 2019/2020 - Special Schedule 7</b>					
	<b>Condition 1</b>	<b>Condition 2</b>	<b>Condition 3</b>	<b>Condition 4</b>	<b>Condition 5</b>
<b>Buildings</b>	25.4%	25.5%	44.6%	4.5%	0.0%
<b>Other Structures</b>	28.6%	25.0%	40.1%	6.3%	0.0%
<b>Roads &amp; Transport</b>	17.0%	30.5%	40.9%	9.1%	2.5%
<b>Stormwater Drainage</b>	11.7%	69.8%	17.3%	1.0%	0.2%
<b>Parks &amp; Recreation</b>	36.5%	30.4%	30.1%	2.9%	0.1%
<b>Total All Assets</b>	<b>19.3%</b>	<b>37.3%</b>	<b>35.7%</b>	<b>6.3%</b>	<b>1.4%</b>

The condition ratings in the table above represents a general improvement in the condition of asset classes overall compared to the ratings reported in 2017/2018. Council's level of investment is required to be maintained in order to match continuously increasing demand for service, with adequate renewal of assets being undertaken.

Figure 10 (below) shows the change in asset condition in each class from 2017/2018 to 2019/2020. The proportion of assets which do not meet the minimum condition ratings necessary to deliver satisfactory services has decreased for Council's roads assets – an asset class of high importance to the community.



Figure 10 - Change in % of assets  
not meeting satisfactory service levels  
(% as a proportion of gross replacement cost)



During 2019/2020 Council staff have continued to review and analyse 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 Long Term Financial Plan.

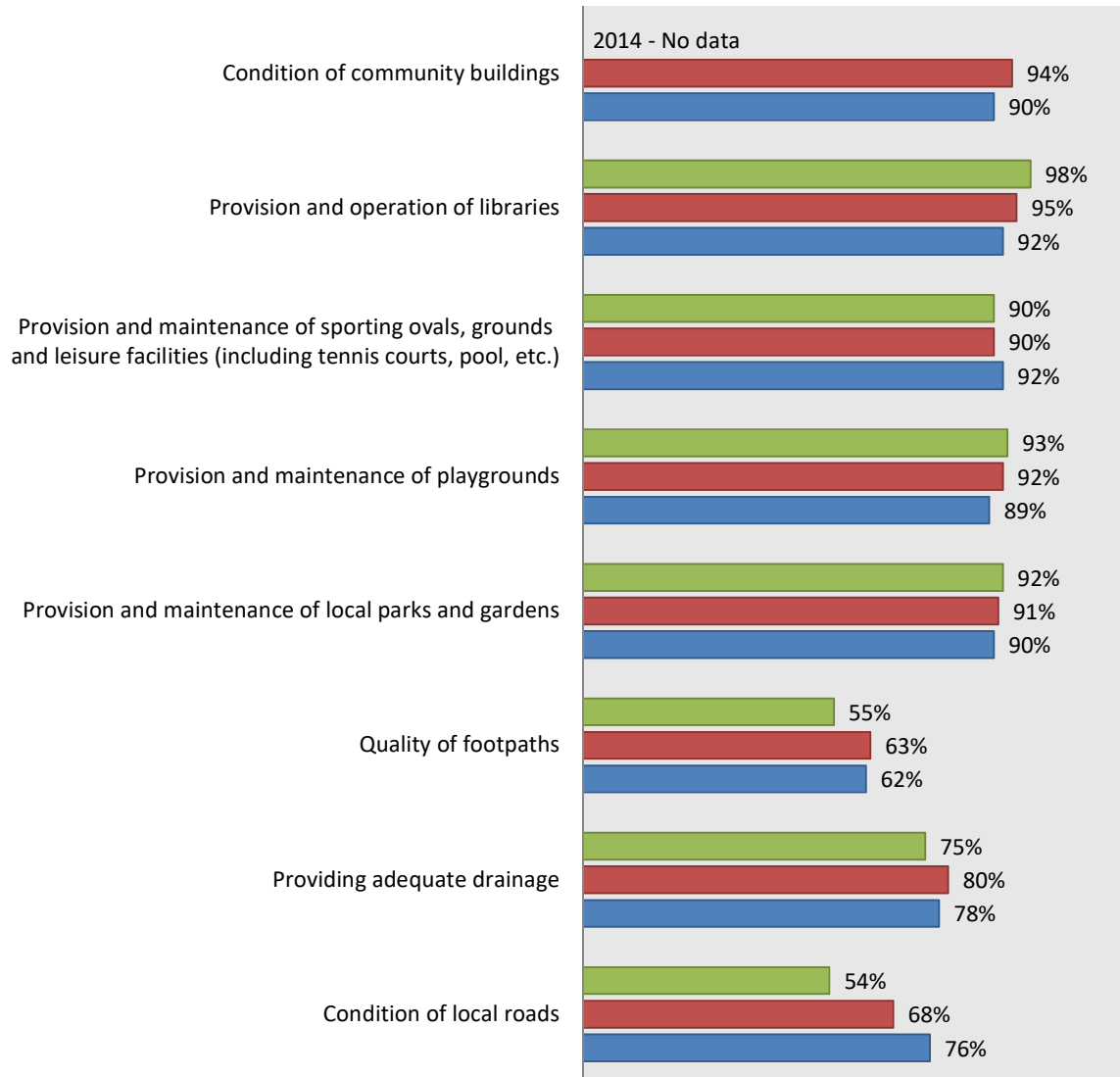
## 5.2 Community Satisfaction Trends

Community satisfaction research undertaken for key asset categories in 2014, 2017 and 2019 indicates that satisfaction levels are generally being maintained or are increasing over that timeframe. These are positive results overall, taking into consideration population growth and increased development over that timeframe.

A significant increasing trend in community satisfaction (40% increase) with the condition of roads for the three research periods can be attributed to the significant additional funding that Council has been allocating to road renewal over that timeframe. A small 6% decrease in satisfaction with the operation of Council's libraries is likely due to the limited capacity and functionality of older established libraries at Turramurra, St Ives and Lindfield. A new Lindfield Library will be included in the current revitalisation project for the Lindfield Village Hub. Similarly a 4% decrease in satisfaction with the condition of Council's community buildings is consistent with Council's assessment of these assets.

## Percentage of Satisfied Residents

2014 2017 2019



Source: Ku-ring-gai Council Community Satisfaction Research 2014, 2017 and 2019.

## 6.0 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, aspirations and long term objectives of our community as 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 Classes
<b>Community, People and Culture</b>	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
<b>Natural Environment</b>	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
<b>Places, Spaces and Infrastructure</b>	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

Theme	Community Aspiration	Long Term Objective	Integration With Asset Classes
<b>Access, Traffic and Transport</b>	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
<b>Leadership and Governance</b>	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

## 7.0 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 2016/2017 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.

In 2019/2020, 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 assessment information and indices
- Analysed financial impact due to changes in asset conditions, useful lives, depreciation and intervention strategies
- 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

## 8.0 Roads and Transport

Council's road and transport network is comprised of:

- Roads
- Bridges
- Footpaths
- Kerbs and gutters
- Car parks
- Road furniture and structures
- 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:

- **Places, Spaces and Infrastructure** – (1) *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.* (2) *An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian of our community assets.*
- **Access, Traffic and Transport** – (1) *The local road network is managed to achieve a safe and effective local road network.* (2) *An accessible public transport and regional road network that meets the diverse and changing needs of the community.*
- **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 from a service delivery perspective. 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 well as durability of the pavement beside, 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 kerb and gutter assets 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 2016/2017 (compared to 2013/2014) 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).

### 8.4 Roads

#### Available data and funding

The roads data reported in Note 10a of Council's Financial Statements 2019/2020, is based on the revaluation completed in 2020.

Council's roads assets were revalued as part of the fair valuation requirements as at 30 June 2020 in line with revaluation requirements.

#### Infrastructure backlog and future funding allocation

The table below shows the projected backlog figures, capital and maintenance expenditure for roads over the next 10 years.

Roads \$'000	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Backlog - Cost to Satisfactory	11,547	7,631	3,769	1,203	-	-	-	-	-	-
Backlog - Cost to Agreed Level of Service	61,320	57,404	53,542	50,976	48,620	46,250	43,850	41,099	38,335	35,040
Renewal	10,561	10,868	11,147	10,153	10,140	10,348	10,586	11,168	11,425	12,294
New/Upgrade	1,297	3,962	10,645	8,072	504	-	541	1,661	2,326	8,076
Maintenance	1,581	1,636	1,694	1,753	1,814	1,878	1,944	2,012	2,082	2,155

## Condition

Accounting for asset condition in Council's Annual Financial Statements over the past five years implies a moderate improvement in the proportion of roads which would meet the condition rating required to deliver satisfactory service to the community (i.e. in the case of roads, Condition 3 or better). The table below shows the change in condition ratings since 2015/2016.

Change in Condition of Roads 2015/2016 to 2019/2020					
	2015/2016*	2016/2017**	2017/2018**	2018/2019**	2019/2020**
% meeting required "satisfactory" condition rating	85%	73%	84%	90.4%	88.4%
% not meeting required condition rating	15%	27%	16%	9.6%	11.6%
* 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

### Available data and funding

The footpath data reported in Note 10a of Council's Financial Statements 2019/2020, is based on the revaluation completed in 2020. 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 2020 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<sup>5</sup>.

Footpath \$'000	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Backlog - Cost to Satisfactory	-	-	-	-	-	-	-	-	-	-
Backlog - Cost to Agreed Level of Service	2,455	1,031	-	-	-	-	-	-	-	-
Renewal	1,779	2,208	2,529	2,449	1,854	1,880	1,923	1,967	2,013	2,059
New/Upgrade	834	2,417	3,733	867	708	291	298	305	312	488
Maintenance	940	956	977	999	1,022	1,045	1,069	1,093	1,118	1,143

## 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.

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

### Available data

Council's kerb and gutter assets was revalued as part of the fair valuation requirements; and was imported into the corporate asset system 30 June 2020 in line with revaluation requirements.

Council's car park, road structures and bridges assets are revalued as part of the fair valuation requirements. The register was imported into the corporate asset system by 30 June 2020 in line with revaluation requirements.

<sup>5</sup> Ku-ring-gai Council Annual Report 2019/2020 – Financial Statements Special Schedule 7.

## 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 parks, road structures and bridges. 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<sup>6</sup>.

<b>Kerb and Gutter, Car Parks, Road Structures and Bridges \$'000</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
Backlog - Cost to Satisfactory	2,350	2,839	3,019	1,523	17	2,292	4,628	6,071	7,458	9,998
Backlog	11,169	11,658	11,838	10,342	8,836	11,111	13,447	14,890	16,277	18,817
Renewal	2,577	1,908	2,360	4,108	4,196	479	490	1,458	1,597	525
New/Upgrade	5,522	5,881	8,192	1,430	3,122	617	336	380	1,369	749
Maintenance	1,675	1,734	1,795	1,858	1,923	1,990	2,059	2,132	2,206	2,283

## 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. It should be noted that kerb and gutter renewal is 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.

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 is important to note that the substantial amount of the capital new/upgrade funding is partially funded through Section 7.11 and will be spent on upgrading our local centre structures over the next ten years.

<sup>6</sup> Ku-ring-gai Council Annual Report 2019/2020 – Financial Statements Special Schedule 7.

## 9.0 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 building asset class supports the long term objectives of our Community Strategic Plan through the following Themes;

- **Community, People and Culture** - *An equitable and inclusive community that cares and provides for its members.*
- **Places, Spaces and Infrastructure** - *(1) 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. (2) Multipurpose community buildings and facilities are available to meet the community's diverse and changing needs. (3) An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian of our community assets.*
- **Leadership and Governance** - *Council rigorously manages its financial resources and assets to maximise delivery of services.*

### Available data

Council's building asset data is based on the revaluation completed by a registered valuer. Previously only buildings over \$750,000 were valued at a component level whilst buildings below \$750,000 were given 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.

### 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<sup>7</sup>.

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<sup>7</sup> Ku-ring-gai Council Annual Report 2019/2020 – Financial Statements Special Schedule 7.

<b>Buildings \$'000</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
Backlog - Cost to Satisfactory	2,268	2,101	3,860	3,218	4,140	1,716	0	0	0	0
Backlog - Cost to Agreed Level of Service	8,317	8,150	9,909	9,267	10,189	7,765	3,127	3,140	1,247	64
Renewal	3,549	4,006	2,169	4,722	2,828	6,753	9,088	4,538	6,604	6,026
New/Upgrade	5,133	12,736	733	756	766	988	794	828	830	723
Maintenance	4,336	4,488	4,645	4,808	4,976	5,150	5,330	5,517	5,710	5,910

### **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 2021/2022.



## 10.0 Stormwater Drainage

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

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

### Community Objective

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

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

### Available data

Council's stormwater drainage data reported in Note 10a of Council's Financial Statements 2019/2020, is based on the revaluation completed in 2016. 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.

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. In 2019/2020, Council commenced a proactive CCTV inspection program of its drainage network in addition to undertaking inspections on a reactive basis or through customer requests.

### Infrastructure backlog and future funding Allocation

The following table 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<sup>8</sup>.

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<sup>8</sup> Ku-ring-gai Council Annual Report 2019/2020 – Financial Statements Special Schedule 7.

<b>Stormwater Drainage \$'000</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
Backlog - Cost to Satisfactory	2,284	2,541	2,665	2,527	1,927	2,233	2,509	2,660	2,341	822
Backlog - Cost to Agreed Level of Service	4,435	4,692	4,816	4,678	4,078	4,384	4,660	4,811	4,492	2,973
Renewal	1,555	1,581	1,769	2,081	2,595	1,743	1,827	2,008	2,536	3,794
New/Upgrade	659	1,726	1,387	448	458	469	480	491	502	514
Maintenance	1,699	1,758	1,820	1,884	1,950	2,018	2,088	2,162	2,237	2,316

### **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.

## 11.0 Recreational Facilities

The recreational facilities asset class comprises of all assets within our sportsfields, 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 Infrastructure Services Section within the Operations Department.

The recreational facilities asset register is contained within a corporate assets system and technical and financial asset information 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** - *(1) 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. (2) Recreation, sporting and leisure facilities are available to meet the community's diverse and changing needs. (3) An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian of our community assets.*
- **Leadership and Governance** - *Council rigorously manages its financial resources and assets to maximise delivery of services.*

### Available data

The recreational facilities asset data reported in Note 10a of Council's Financial Statements 2019/2020, is based on the revaluation completed in 2016 as part of the import into the new corporate system.

### 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<sup>9</sup>.

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<sup>9</sup> Ku-ring-gai Council Annual Report 2019/2020 – Financial Statements Special Schedule 7.

<b>Recreational Facilities \$'000</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
Backlog - Cost to Satisfactory	-	228	-	-	-	-	-	-	-	-
Backlog - Cost to Agreed Level of Service	2,514	3,543	2,194	3,034	316	1,629	4,793	6,135	10,205	13,849
Renewal	5,033	3,367	5,976	3,932	7,630	3,738	2,030	4,063	1,532	2,205
New/Upgrade	26,493	6,627	5,982	1,408	1,075	715	894	3,989	3,043	5,281
Maintenance	8,703	9,007	9,322	9,649	9,986	10,336	10,698	11,072	11,460	11,861

### **Service level expectations**

Community consultation identified sportsfield 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 sportsfields, 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.

## 12.0 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.	Service 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, Asset Management 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 Asset Management 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 Asset Management 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 and Operational Plans to ensure ongoing resourcing, implementation and performance monitoring.

## Roads and Transport

Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Processes and Practices	Assets and procedures for cost and risk assessment documented  Continual maintenance of procedures	Review of processes and practices	Ongoing	Director Operations  Team Leader Risk Advisory  Manager Technical Services
Data and Knowledge	Improve data knowledge	Continue to develop data collection procedure and program for all assets  Consultant to assess the condition of all road surface and pavement assets  Inspect all road structures and street furniture assets and update in register  Inspect all other assets on an ongoing basis	Ongoing  Completed for current revaluation. Ongoing assessment for maintenance.  Ongoing	Director Operations  Manager Technical Services  Civil Works Coordinator Pavement Engineer  Engineering Assets Coordinator Team Leader Design and Projects
Asset Management Plans	Better asset planning and management	Review and update asset management plans and associated processes	Regular updates undertaken as needed.	Director Operations  Manager Technical Services  Civil Works Coordinator Pavement Engineer

## Roads and Transport (Cont.)

Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Asset Information Systems	Corporate-wide integrated asset management system	Incorporating road asset data into Enterprise Asset Management (EAM)  Provide training to asset custodians	EAM regularly updated.  Ongoing	Director Operations Manager Technical Services Coordinator Business Systems
People and Organisational Issues	Understanding of road asset management	Provide staff training for all facets of road asset management	Ongoing	Director Operations Manager Technical Services
Implementation Tactics	Outline of required road asset management activities	Review core and non-core activities	Ongoing	Director Operations
Strategy and Planning	Advanced maintenance and renewal plans  Life cycle cost analysis  Service level review	Develop robust asset renewal, maintenance and operational plans  Improve life cycle cost data knowledge  Review and update service levels for each asset category within transport asset class	Ongoing updates  Ongoing	Director Operations  Manager Technical Services  Civil Works Coordinator Pavement Engineer



## Buildings

Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Processes and Practices	Improved management processes	Implement and/or improve building asset management processes	Ongoing	Director Operations Team Leader Risk Advisory
		Assets and procedures for cost and risk documented	Ongoing	Manager Technical Services
		Continual maintenance of procedures	Ongoing	
Data and Knowledge	Complete database of assets	Develop an asset register that captures all building components	Phase 1 - completed Phase 2 - ongoing	Building Assets Coordinator
Asset Management Plans	Better asset planning and management	Review and update asset management plans and associated processes	All plans monitored and updated as needed	Director Operations Building Assets Coordinator
Asset Information Systems	Asset register	Update all asset components and assign	Completed	Director Operations
	Transfer data to works and assets	Values, useful lives and conditions	2021/2022	Manager Technical Services Building Assets Coordinator
		Include buildings data into corporate system EAM	Phase 1 - 2020/2021 Phase 2 - 2021/2022	Coordinator Business Systems
People and Organisational Issues	Understanding of building asset management	Provide staff training for all facets of building asset management	Ongoing	Director Operations  Manager Technical Services
	Asset performance register	Review and measure asset performance	Ongoing	Building Assets Coordinator

## Buildings (Cont.)

Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
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	Develop advanced asset renewal and maintenance plans	Ongoing	Director Operations Manager Technical Services
	Life cycle costs analysis	Improve required life cycle costs	Ongoing annually	Manager Technical Services
	Service level review	Review and update all service levels	Ongoing annually	Building Assets Coordinator

# Drainage

Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Processes and Practices	Improved management processes	Implement and/or improve drainage asset management processes	Ongoing	Director Operations Manager Technical Services Drainage Assets Engineer
		Continual maintenance of procedures	Ongoing	
Data and Knowledge	Complete database of assets	Ongoing development of data collection procedure and program  Review useful lives, condition and capacity	Ongoing	Drainage Engineer Director Operations
Asset Management Plans	Advanced Drainage Asset Management Plan	Update Asset Management Plan	Update as needed	Director Operations Drainage Assets Engineer
Asset Information Systems	Corporate asset management system	Update data into corporate system. Include camera investigation of pipelines.	(regularly updated)	Manager Technical Services Drainage Assets Engineer Coordinator Business Systems
People and Organisational Issues	Understanding of drainage asset management	Provide staff training for all facets of drainage asset management	Ongoing	Director Operations  Manager Technical Services
	Asset performance register	Review and measure asset performance	Annually	Drainage Engineer

## Drainage (Cont.)

Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
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	Develop advanced asset renewal and maintenance plans	2021/2022	Director Operations Manager Technical Services
	Life cycle cost analysis	Update required life cycle costs	Annually	Manager Technical Services
	Service levels	Update service levels	Annually	Drainage Assets Engineer

## Recreation Facilities

Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Processes and Practices	Improved management processes	Implement and/or improve recreational asset management processes	Ongoing	Director Operations
		Continual maintenance of procedures	Ongoing	Manager Infrastructure Services
Asset Management Plans	Advanced Recreation Facilities Asset Management Plan	Update Asset Management Plan	Ongoing	Manager Infrastructure Services  Open Space Asset Supervisor
People and Organisational Issues	Asset performance register	Review and measure asset performance	Annually	Manager Infrastructure Services
	Training	Ongoing support and training for asset procedures		
Implementation Tactics	Outline of required parks and recreation asset management activities	Review core and non-core activities	Annually	Manager Infrastructure Services
Strategy and Planning	Advanced maintenance and renewal plans	Develop advanced asset renewal and maintenance plans	2021/2022	Director Operations
	Life cycle cost analysis	Improve life cycle costs	2021/2022	Manager Infrastructure Services
	Service levels	Update service levels	2021/2022	Open Space Asset Supervisors

## 13.0 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 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.

## 14.0 Conclusion

Whilst significant work has been undertaken in providing more consistent asset management planning, continued diligence is required to facilitate 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 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.



Ku-ring-gai Council

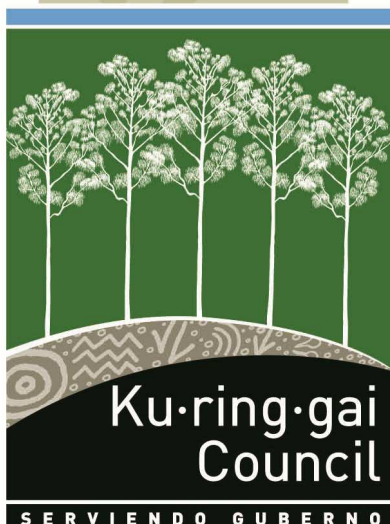
# Policy

## Asset Management Policy

Version Number 3

Adopted: 26/06/2018

Effective: 27/06/2018





# Asset Management Policy

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## Controlled Document Information

### Authorisation Details

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<b>Controlled Document Number:</b>	77	<b>TRIM Record No:</b>	2018/112988
<b>Controlled Document Type:</b>	Policy		
<b>Controlled Document Name:</b>	Asset Management Policy		
<b>Version Number:</b>	3		
<b>Department:</b>	Strategy & Environment		
<b>Distribution:</b>	Internal and External		
<b>Review Period:</b> Max < 4 years	4 years	<b>Next Review Date:</b>	27/06/2022
<b>Document Status:</b>	Approved		
<b>Approval Type:</b>	Adopted by Council		
<b>Version Start Date:</b>	27/06/2018	<b>Version End Date:</b>	(if applicable enter the date that this version was superseded or cancelled)

### Related Document Information, Standards & References

<b>Related Legislation</b>	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 Act 1992 (DDA)	Sets out the responsibilities of Council and staff in dealing with access and use of public infrastructure.

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	- NSW Anti- Discrimination Act 1997	
<b>Related Documents</b>	<p>Our Ku-ring-gai- Community Strategic Plan 2038</p> <p>Resourcing Strategy 2018-2028</p> <p>Delivery Program 2018-2021 and Operational Plan 2018-2019</p> <p>Asset Management Strategy 2018 – 2028</p> <p>Asset Management Plans</p> <p>Procedures for New, Upgraded, Renewed and Disposed assets</p>	<p>The policy integrates with Council's Integrated Planning and Reporting documents.</p> <p>The Asset Management Policy guides the asset management strategy, plans and procedures</p>
<b>Other References</b>	<p>Integrated Planning and Reporting Guidelines for Local Government in NSW March 2013</p> <p>Integrated Planning and Reporting Manual for Local Government in NSW-March 2013</p> <p>Local Government Code of Accounting Practice and Financial Reporting</p> <p>Australian Accounting Standards</p> <p>IPWEA International Infrastructure Management Manual (IIMM) 2015</p> <p>Australian Infrastructure Audit Report May 2015</p>	<p>The Policy was developed in line with the IP&amp;R guidelines and manual.</p> <p>The accounting standards and code define how our assets are accounted for.</p> <p>The development of the Policy considered the IPWEA IIMM manual and Infrastructure Australia Strategic Policies &amp; Plans.</p>

**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	26/06/2018	Vanessa Young	First review
3	27/06/2018	30/06/2021	Parissa Ghanem	Policy revised in line with Integrated Planning & Reporting processes.

## 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.

## 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

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

## Asset Management Framework

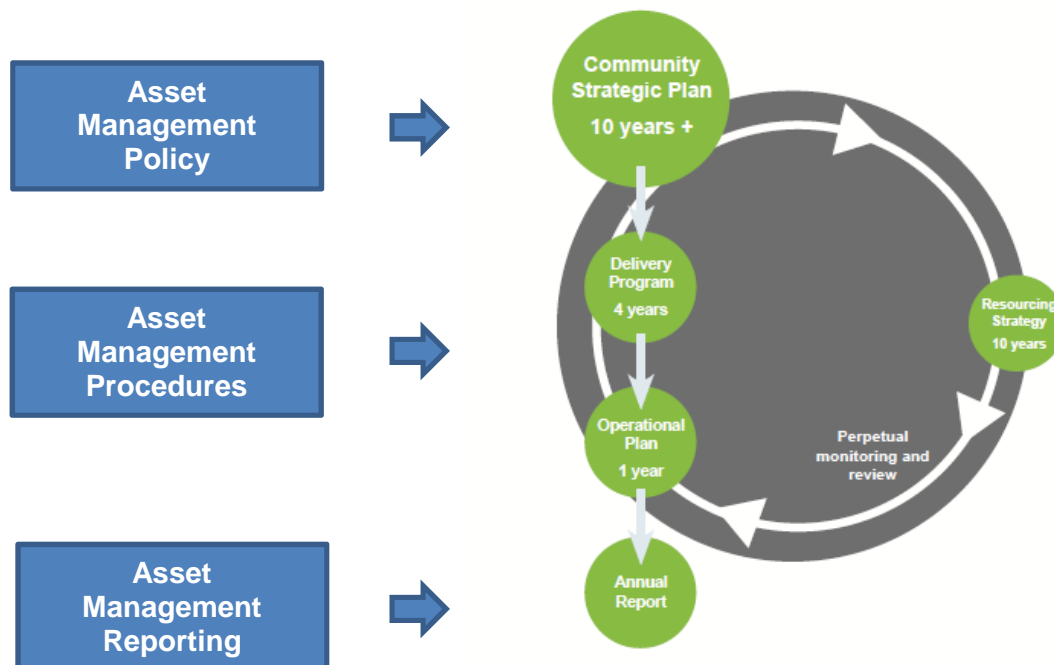


Figure 1 Councils Asset Management aligns with the Integrated Planning and Reporting Framework

## 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 required operation capabilities and resources are provided and asset management responsibilities are effectively allocated

### Policy implementation

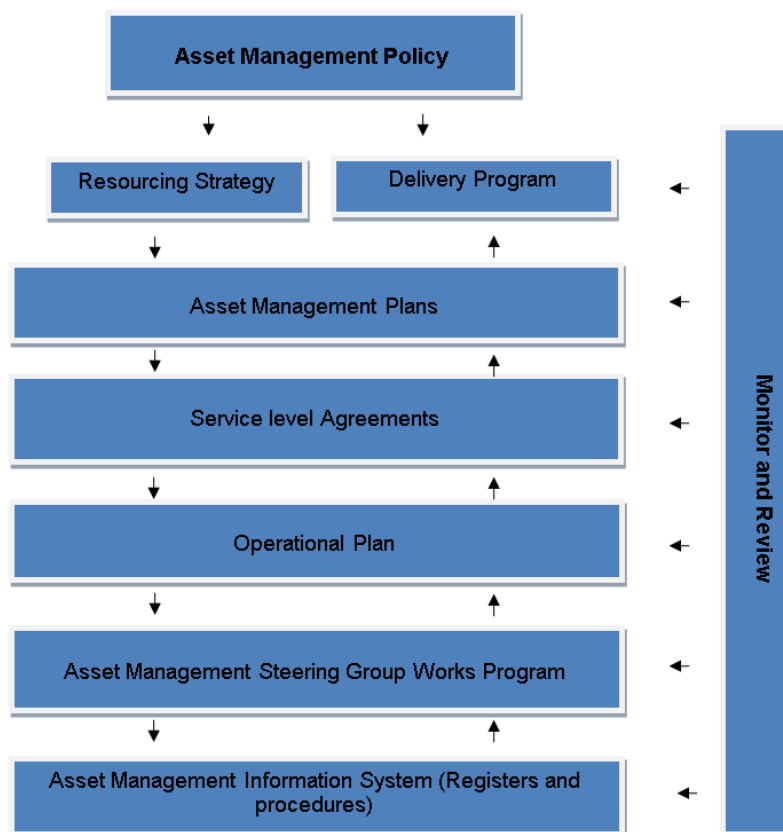
Council's assets will be managed in the most cost effective manner, driven by defined service levels and performance standards. This will require ongoing assessment of the following key issues:

- 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.





## 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

# Contact Us

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For assistance or information regarding any of Council's services or facilities please contact us.

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