

An aerial photograph of a city neighborhood, showing a mix of residential houses with red-tiled roofs and larger commercial or institutional buildings. The text 'Asset Management Plan 2020/21' is overlaid in large white font on the left side of the image.

# Asset Management Plan 2020/21

# What is the Asset Management Plan?

The Asset Management Plan sets out the broad framework for undertaking structured and coordinated management of Council's infrastructure assets. It outlines key principles that underpin our approach to providing the assets that are essential to our community. The Strategy highlights the long-term funding challenges Council must address to meet the commitments outlined in the Community Strategic Plan and deliver the level of service desired by the community over the next 10 years.

## Overview

Georges River Council manages over \$1.2 billion of infrastructure assets that provide essential services to our community. These assets include roads, buildings, footpaths, drainage, sporting facilities and recreational open space. The level of service delivered by these assets is largely determined by the way they are maintained and managed.

The Asset Management Strategy guides the planning, construction, operation and maintenance of community infrastructure to meet the commitments outlined in the Community Strategic Plan. The Asset Management Strategy will continue to evolve as the strategic objectives of Council develop and change.

The Strategy highlights the long term funding challenges Council must address to deliver the level of service desired by the community now, and in the future. Council will continue to improve on its asset management practices thereby demonstrating an ongoing commitment to the effective and responsible administration of public infrastructure.

## Asset Planning & Reporting

Council is committed to meeting the requirements of the NSW Integrated Planning and Reporting Framework. This document has been prepared in accordance with the IP&R guidelines.

This is the second review of the Asset Management Strategy and Plan for Georges River Council and forms an integrated component of Council's overall Resourcing Strategy.

## Asset Management Framework

The Asset Management Framework consists of a number of components including an Asset Management Policy, Asset Management Strategy and Asset Management Plan. The Asset Management Policy and Strategy are provided in the Resourcing Strategy along with relevant sections of the Asset Management Plan. This allows the document to be presented in a way that facilitates understanding and engagement with the community.

## Asset Management Policy

Council's Asset Management Policy guides the strategic management of Council's assets. The 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 Policy applies a corporate approach to asset management within all operational areas of Council. The infrastructure asset categories covered under the policy are considered critical to the council's operations and include:

- Roads
- Buildings
- Stormwater Drainage
- Open Space & Recreation

# Key themes of Council's Asset Management Plan

The Asset Management Policy was adopted by council in 2016. The strategic objectives of the policy are as follows:

- 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 Council assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Creating an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining asset management awareness throughout the Council.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with best practice.
- Meeting legislative requirements for asset management.

<https://www.georgesriver.nsw.gov.au/Council/Governance/Codes,-Policies-and-Registers>

## Asset Management Strategy

Georges River Council's asset management strategy has been developed in the context of the following key questions:

- Where are we now? Our current asset management situation and current asset management practices?
- Where do we want to be? - The desired future state and strategic outcomes
- How will we get there? Strategies, actions and performance measures to bridge the gap between current and desired positions?



# Where are we now?

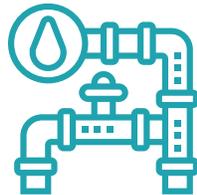
## Our Assets



### Roads and Footpaths

**394km** roads  
**487km** footpaths

**Asset Value = \$693 million**



### Stormwater

**254km** stormwater pipes  
**8229** stormwater pits  
**132** stormwater quality devices

**Asset Value = \$150 million**



### Open Space

**473 hectares**

**15** tennis courts

**28** netball courts

**57** sporting Fields

### Synthetic Fields

2 full fields and 2 mini fields

**Asset Value = \$80 million**



**1 Stadium**



**10 boat ramps**



**281 parks and reserves**



**3 tidal pools**



**41 bushland reserves**



**117 playgrounds**



**2 golf courses**



**7 wi-fi hotspots**



### Buildings and other structures

**154 Buildings**

**18** operational buildings  
(Civic centre and works depot, SES Facilities)

**5** libraries

**6** childcare facilities

**7** community halls and facilities

**2** swimming pools/leisure centres and associated buildings

**92** toilets, amenities and park facilities

**19** other buildings  
(sports stadiums, water treatment plant, etc.)

**4** investment properties

**Asset Value = \$273 million**

The following tables provide a snapshot of Council's Asset portfolio in terms of quantity, condition and value.

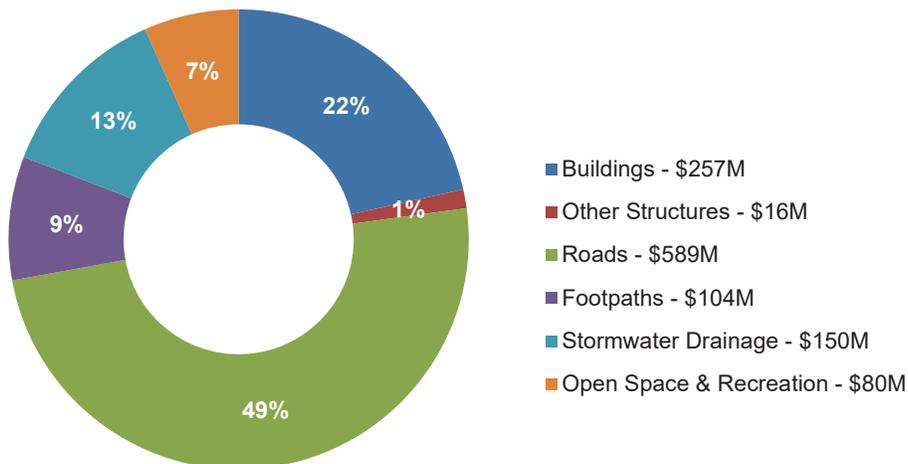
### Inventory

Asset Class	Quantity	Asset Class	Quantity
Roads - Pavement	394 km	Parks & Reserves	281- (473Ha)
Roads - Kerb	785 km	Playgrounds	117
Roads – Traffic devices	15,977	Buildings	154
Roads - Carparks	103	Foreshore infrastructure	257
Roads - Footpath	487 km	Trees	26,800
Stormwater Drainage	254 km		
Stormwater - Pollution Devices	132		

### Value

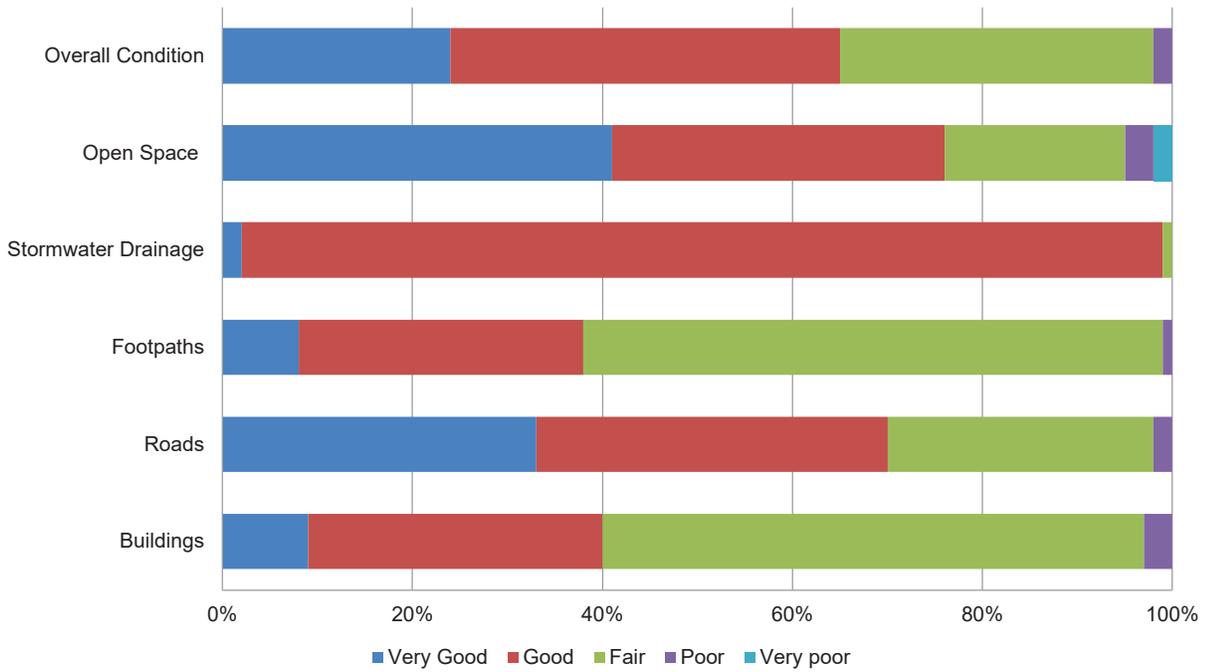
Major Asset Class	Replacement Cost (CRC)	Depreciated Replacement Cost (WDV)	Depreciation Expense
Buildings	\$257,129,000	\$179,312,000	\$4,463,000
Other Structures	\$15,836,000	\$9,442,000	\$383,000
Roads	\$589,246,000	\$409,528,000	\$6,033,000
Footpaths	\$103,824,000	\$65,522,000	\$973,000
Stormwater Drainage	\$149,530,000	\$75,669,000	\$1,196,000
Open Space & Recreation	\$79,642,000	\$51,868,000	\$2,609,000
<b>Total</b>	<b>\$1,195,207,000</b>	<b>\$791,341,000</b>	<b>\$15,657,000</b>

### Asset class value as a percentage of total replacement cost



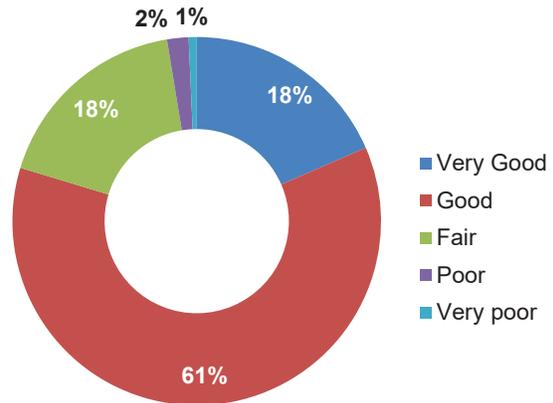
## Condition

### Asset Condition by Asset Class



## Pavement Condition Index

Roads are Council's largest asset to manage, both in asset quantity and asset value. An important measure of road assets is the Pavement Condition Index (PCI). The PCI is a rating of 1 to 5 using a standardised system for Pavement Management. In the past 12 months Council has undertaken significant work to improve the pavement management process including predictive modelling of long-term changes in PCI based on a variety of funding scenarios. Figure 2 provides the PCI profile for all road assets in 2016 and 2018.



It shows the proportion of roads at each PCI level. As demonstrated, a large proportion of the assets are at the higher end of the PCI profile noting overall good condition. The average PCI for the road network in 2016 was 1.69 and in 1.46 in 2018, this out performs Council's target PCI of 2.8 out of 5. While overall PCI remains favourable, individual data on cracking has deteriorated which is an indicator of inadequate funding. Additional pavement base testing is identified as a key action in the upcoming asset management program to validate the concerns relating to pavement distress parameters.

## Average condition - PCI Whole network

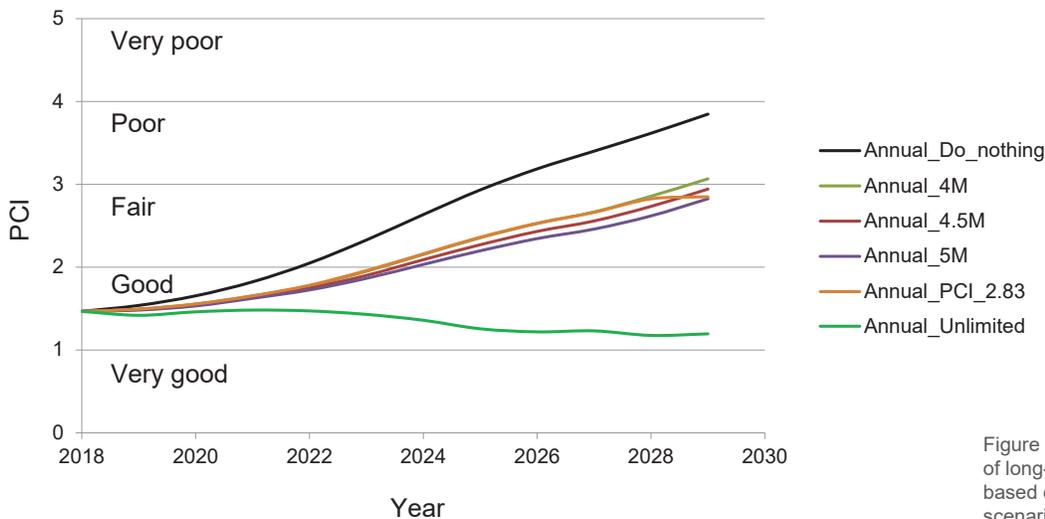


Figure 3 Predictive modelling of long-term changes in PCI based on a variety of funding scenarios.

Based on the current and projected network status, Council should consider annual spending of \$5.5M to maintain the network within a PCI range of 2.5 to 2.8 over the next 10 years.

Without additional road renewal funding each year the predictive modelling suggests that the network average pavement condition will fall below the community desired service level of 2.8 in approximately 7 years.

## Community Strategic Plan

Council conducted a program of extensive community engagement to develop Georges River's first Community Strategic Plan (CSP). The Community Strategic Plan was adopted by Council on 25 June 2018.

The Community Strategic Plan identifies the following six pillars that underpin our work for the community.

1. A protected environment and green open spaces
2. Quality, well planned development
3. Active and accessible places and spaces
4. A diverse and productive economy
5. A harmonious and proud community with strong social services and infrastructure
6. Leadership and transparency

The Asset Management Strategy has been prepared in line with the six pillars outlined in the Community Strategic Plan. Council's asset portfolio plays both a direct and an indirect role in achieving the strategic objectives of Council and supporting the service delivery needs of the community.



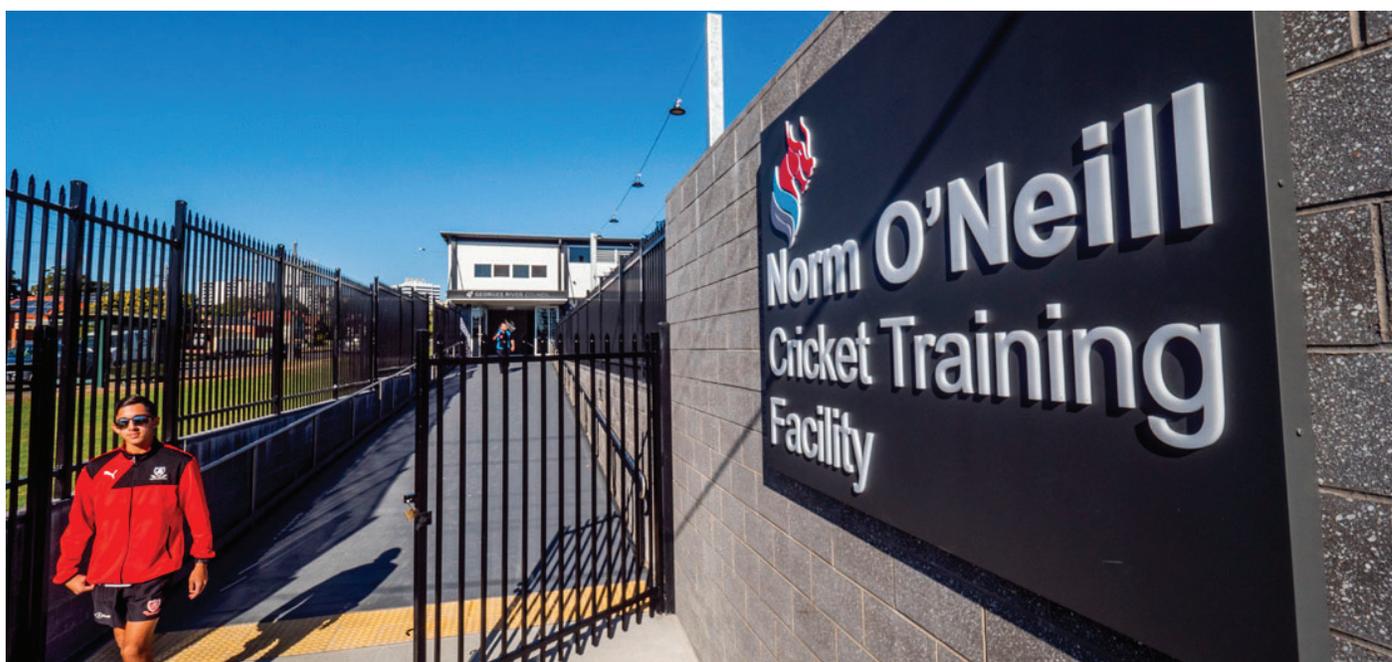
The following table indicates how Council's assets link to the key strategies and goals of the CSP.

Pillar	Goal	Roads	Stormwater Drainage	Open Space & Recreation facilities	Buildings
<b>A protected environment and green open spaces</b>					
1.1	Council's environmentally sustainable practices inspire everyone to protect and nurture the natural environment		✓	✓	
1.2	The LGA's waterways are healthy and accessible		✓	✓	
1.3	Everyone has access to beautiful parks and open spaces			✓	✓
1.4	Local heritage is protected and promoted				✓
<b>Quality, well planned development</b>					
2.3	Council-led development and assets provide quality, long-term benefits to Everyone	✓	✓	✓	✓
<b>Active and accessible places and spaces</b>					
3.1	The LGA has a range of transport options to connect people, goods and businesses.	✓			
3.2	Roads, footpaths and cycleways are safe, accessible and free of congestion.	✓	✓	✓	✓
3.3	Everyone, including people with disability, navigates The LGA in safety.	✓		✓	✓
3.4	Everyone has access to a range of active and passive recreation facilities			✓	✓
<b>A diverse and productive economy</b>					
4.1	Local businesses are supported to help protect jobs and create employment opportunities.	✓		✓	
<b>A harmonious and proud community with strong social services and infrastructure</b>					
5.1	We create and support events that celebrate community and cultural identity and benefit the economy.			✓	✓
5.2	Affordable and quality housing options are available.				✓
5.3	The community is socially and culturally connected.			✓	✓
5.4	Diverse, vibrant community facilities and spaces are connected, well maintained and accessible.				✓
5.5	The community is safe and healthy.	✓		✓	✓
<b>Leadership and transparency</b>					
6.2	Open, informed and transparent decision-making supports The interests of The community.	✓	✓	✓	✓
6.4	Council's assets and resources are managed responsibly and with accountability	✓	✓	✓	✓
6.6	Council has a regional-approach to service delivery and facilities.	✓	✓	✓	✓

## Risk Management Plans

Council recognises that risk exists in all aspects of its operations. It takes seriously the impact of risk on business continuity and service delivery, and is committed to an approach that embraces a strong risk management culture and fulfils Council's duty to provide a safe environment.

Council has adopted an Enterprise Risk Management Strategy and corporate risk register, which is used to identify and manage significant risks. The framework is founded on principles from the Australian and New Zealand ISO Standard on Risk Management (AS/NZ ISO 31000:2009). It guides the monitoring and reporting of risk profiles and the required actions to reduce the level of risk presented to Council and the community. Linked to the corporate risk register are asset specific risk management plans that have been incorporated into the asset management plans. These assist in the identification and management of significant risks for each asset class. They provide detailed evaluation of the significant risks, risk treatments and risk monitoring activities.



# Where do we want to be?

## Desired levels of service

Council’s service levels have been developed through an extensive community consultation process to gauge expectations of the infrastructure assets that Council provide. The project involved a representative telephone survey of 400 residents to explore the importance of, and satisfaction with, existing assets as well as priorities for the construction of new assets. A deliberative community forum was also held with ratepayers to explore the acceptable condition levels for the asset categories and where funds should be spent in the future.

The survey demonstrated that ratepayers felt that all services provided by Council’s infrastructure assets are important and they were generally satisfied with the current condition and service provided.

The chart below displays the respondents’ satisfaction with the existing assets on a scale of 0-10 where 0 is extremely dissatisfied and 10 is extremely satisfied. Overall, it shows very high levels of satisfaction. The areas of higher dissatisfaction will be investigated to target the service level improvements that would best improve the level of satisfaction.

When asked about construction of new assets, most respondents indicated that it was very important or quite important to continue to construct all the type of assets Council provides.

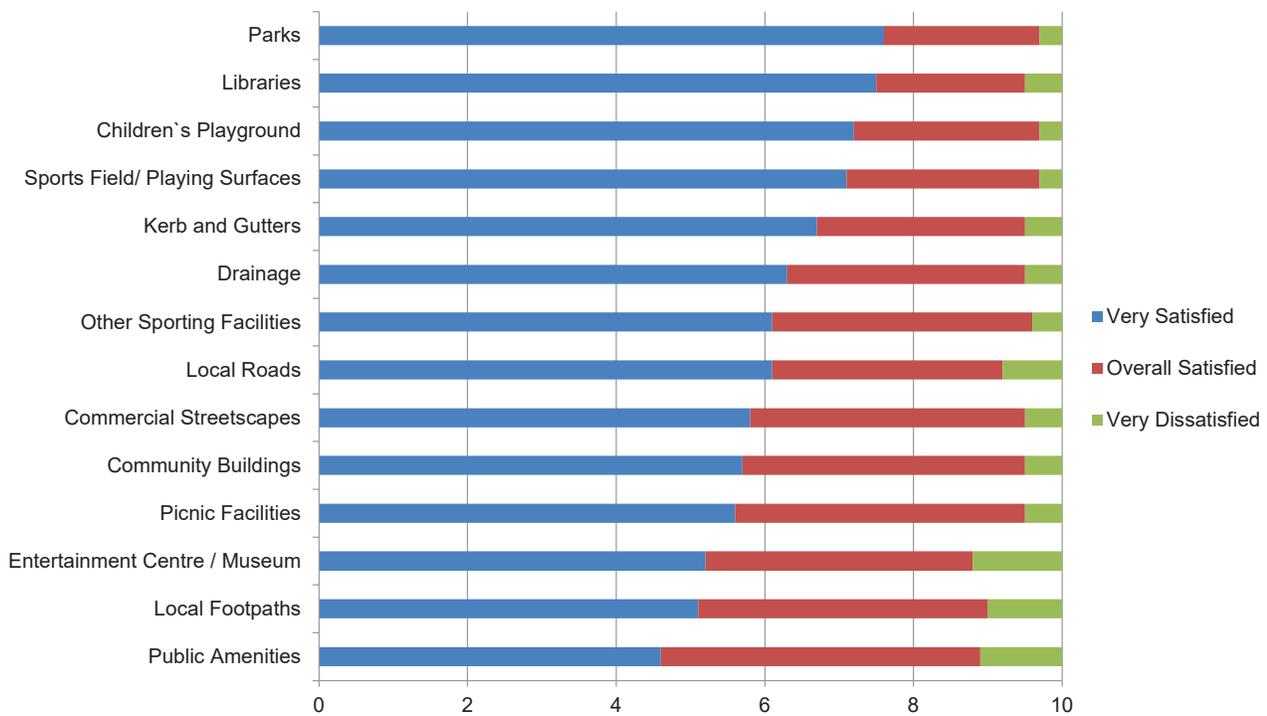


Figure 4: Community satisfaction with assets

Scale of 0-10 where = 10 is extremely satisfied and 0 = extremely dissatisfied

Asset category	The Community Wants (Community LOS)	How we Deliver this (Technical LOS)	Average Acceptable Condition Rating (in a scale 1-5)
<b>Sealed Roads</b>	Sound smooth road surface to travel safely on	Sealed roads will be resealed or rehabilitated when roughness counts exceeds 150 or more	2.9
<b>Kerb and Gutter</b>	Water doesn't pond in driveways for more than 2 days after a storm	K&G rehabilitated or renewed at or prior to condition 3	2.5
<b>Footpaths</b>	Safe, sound, non-slippery pathways provided to enable safe travel throughout the network	No more than 50% of all identified trip hazards have a step greater than 20mm.	2.7
<b>Parking &amp; Bus Shelters</b>	Provide an efficient parking and bus shelter areas that are aesthetically pleasing	Annual condition assessments to ensure these assets are maintained at condition 3 or above	2.7
<b>Stormwater Drainage Assets</b>	Level of flood protection provided to properties and roads;	Annual condition assessments to ensure these assets are contained at condition 3 and adopt a robust Floodplain Risk Management plan	2.5
<b>Buildings Assets</b>	Serviceable and accessible throughout the year with safety and comfort	Compliance with building & fire safety regulations	2.7
<b>Buildings Assets</b>	Serviceable and accessible throughout the year with safety and comfort	Compliance with building & fire safety regulations	2.7

The deliberative community forum included 102 ratepayers based on quotas set on age, gender, location and language spoken at home to reflect community make-up. The forum focused on footpaths, local roads, stormwater drainage, kerb and gutters, community buildings, and parks and reserves. The community was presented with photographs representing each of the five condition levels for each asset type and feedback was sought as to what they felt was an acceptable standard.

For each of the asset classes the community agreed that a condition rating between 2 and 4 was the acceptable standard.

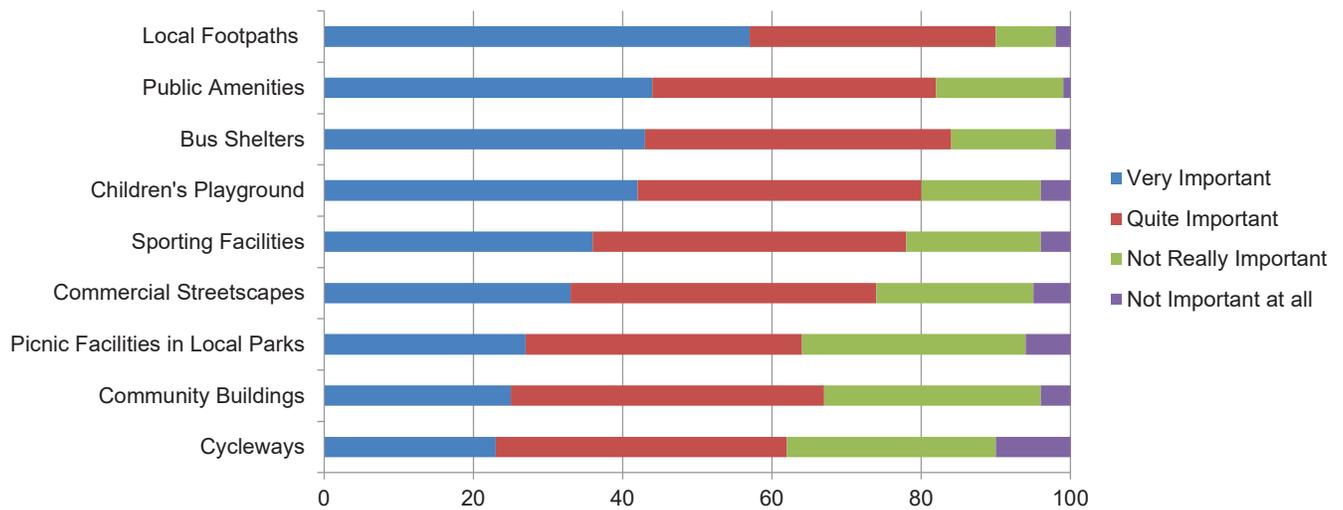


Figure 5: Perceived importance of constructing new assets

This feedback forms the basis for future asset maintenance and renewal funding allocations. Deterioration models are used to determine the optimal amount of funding required for each asset class to maintain the assets at the average condition level determined by the community.



# Implementation, monitoring and review

## Monitoring Asset Management Performance

Council will monitor asset performance through the following performance indicators:

Indicator	Purpose	Benchmark	2019	2018	2017
1 Infrastructure Renewals Ratio	To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	Min 100%	104.04%	76.62%	116.27%
2 Infrastructure Backlog Ratio	This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	Max 2.00%	1.58%	2.14%	1.81%
3 Asset Maintenance Ratio	Compares actual v's required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	Min 100%	105.35%	114.60%	127.91%

Table 5. shows the industry benchmark and Council's results for the past 3 years.

The ratios provide an indication as to whether present budgets are funding the correct share of the consumption of the assets each year.

The following commentary was provided for the 2019 Asset Management Performance result.

Council had a large number of carry over projects from 2018 that were completed in 2019 increasing the renewal ratio. There was also an increase in renewals spent on Buildings and Stormwater. The 2019 result offsets the result in 2018.

With regard to Backlog Ratio, comprehensive conditions reports were performed for Roads and Footpaths in 2019 which indicated conditions in these categories were better than expected. Assets were externally revalued upwards in 2019.

## Maintenance

The annual operating and maintenance costs of Council's assets for the past 3 years is presented in table 6.

Asset Class	2016-17	2017-18	2018-19
Open Space	\$8,781,000	\$11,428,000	\$12,119,000*
Buildings	\$5,422,000	\$4,008,000	\$5,744,000
Roads	\$5,608,000	\$4,076,000	\$4,105,000
Footpaths	\$2,488,000	\$2,208,000	\$2,892,000
Street Lighting	\$2,794,000	\$2,155,000	\$2,448,000
Stormwater Drainage	\$1,114,000	\$1,476,000	\$1,451,000
<b>Annual Total</b>	<b>\$26,207,000</b>	<b>\$ 25,351,000</b>	<b>\$28,759,000</b>



## Life cycle management and expenditure forecasts

The long term priority presented in this strategy reflects Council's objective to manage its assets at the identified levels of service while optimising life cycle costs. Life cycle management involves consideration of all management options over the life of an asset from creation to disposal. This includes operational and maintenance activities, restoration and renewal activities, enhancement and finally decommissioning and disposal.

The following table presents a summary of ten-year expenditure forecast for Council's infrastructure assets.

Financial Indicator	10yr Financial Projection <sup>1</sup>									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
<b>Operations (\$M)</b>	13,534	13,845	14,163	14,489	14,822	15,163	15,512	15,869	16,234	16,607
<b>Maintenance (\$M)</b>	15,149	15,498	15,854	16,219	16,592	16,973	17,364	17,763	18,172	18,589
<b>Projected Actual Renewals (\$M)</b>	16,665	9,361	9,577	9,797	10,022	10,253	10,488	10,730	10,976	11,229

Funding allocated towards the rolling works program will be determined each year when the annual budget is formulated and adopted. The size of Council's annual budget allocations for its capital works and, importantly, how these budgets are apportioned to the various assets, will have major implications for Council's future financial liability.

## Infrastructure sustainability

Council's forecasted maintenance budget is in line with required maintenance expenditure for the next 10 years achieving an asset maintenance ratio above 100%. However without additional funding allocation towards asset renewal expenditure, projections indicate that Council will fall below the asset performance indicators for Infrastructure Renewals Ratio and Infrastructure Backlog Ratio. As of 30 June 2019, Council's infrastructure backlog was reported at \$14.3 million. Council's infrastructure backlog is projected to grow at approximately \$2.3 million per year.

Recent Council spending on asset renewal has been significantly improved by the high value of additional capital grants Council has been successful in receiving in the past 4 years. Whilst these projects will have many positive benefits for our community it is important to differentiate between expenditure that has effectively renewed an existing asset and those which have created new assets. The creation of new assets with grant funding only adds to the challenge of funding Council's operating, maintenance and renewal responsibilities. Council's annual renewal expenditure is projected to significantly reduce following the completion of this large grant funded capital works program.

Financial Indicator	10yr Financial Projection <sup>1</sup>									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Projected Required Renewals(\$M)	15,466	17,817	20,186	22,574	24,980	27,404	29,846	32,305	34,781	37,274
Projected Actual Renewals(\$M)	16,665	9,361	9,577	9,797	10,022	10,253	10,488	10,730	10,976	11,229
Projected Depreciation(\$M)	16,080	16,290	16,762	16,948	17,542	17,632	18,359	18,345	19,213	19,086
Infrastructure Backlog(\$M)	15,466	17,817	20,186	22,574	24,980	27,404	29,846	32,305	34,781	37,274
Renewals ratio	103.638%	57.468%	57.131%	57.806%	57.131%	58.147%	57.131%	58.489%	57.131%	58.834%
Infrastructure Backlog ratio	1.67%	1.88%	2.09%	2.28%	2.47%	2.64%	2.81%	2.98%	3.13%	3.28%

Notes: Projected Figures are the 10 year annual average \$ amounts

Council's infrastructure assets have very long useful lives. This means that they deteriorate at an extremely slow rate. As a result it can take many years of underfunding asset renewal to become apparent to Council and the community. This can lead to complacency in decision making. A failure to set aside appropriate funding for assets today has a compounding effect (backlog) and will lead to the deferral of significant costs to future operating and capital budgets. The funding strategy, scenarios and challenges are detailed in the Long-Term Financial Plan.

# How will we get there?

## Improvement Plan

To meet the challenges outlined above and ensure that Council's services and infrastructure are provided in a financially sustainable manner, Council must continue to improve our asset management practices.

This includes confirming resources and operational capabilities are identified and responsibility for asset management is allocated.

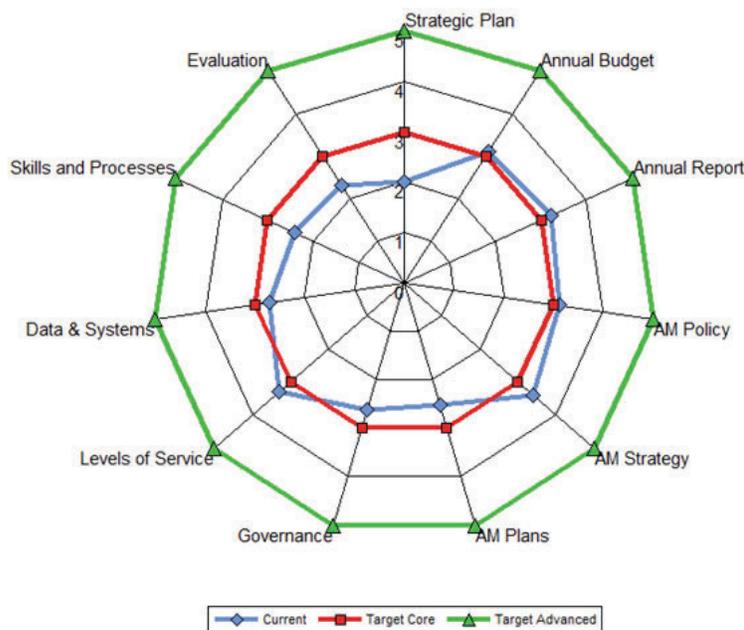
Georges River Council undertook an asset management maturity assessment to gain an improved understanding of the current asset management capability in order to improve the overall performance of the Council and its operations. The maturity assessment is based on the International Infrastructure Management Manual (IIMM). As such this assessment provides Council with the opportunity to understand how its asset management practices, systems and processes compare with industry standards and other councils and also to measure their improvement in various areas of asset management capability.

This is the first Asset Management Maturity Assessment for the amalgamated Georges River Council.

Council's maturity assessment for the core competencies is summarised in Figure 7. The Maturity Score Spider Graph shows the Current maturity for each maturity element as assessed by the organisation in blue below compared to the 'core' competencies (Level 3) required under the Australian National Assessment Framework (NAF) which are shown by the red line. It is expected that Council's asset management maturity will change to core levels in all areas and develop towards advanced levels in the next 3 years.

Current status of the council's asset management practices, procedures, systems and training processes, asset data and information systems).

Specific actions to be undertaken to improve or enhance councils asset management capability, including resource requirements and timeframes is provided below.



## Strategic Actions – Improvement Plan

Council has developed high level strategic actions and specific operational actions to improve asset management practices. These actions, described in table 9, are closely aligned with the Community Strategic Plan and Delivery Program and form the asset management improvement plan.



# Asset Management Improvement Plan

## Strategic Actions

Council has developed high level strategic actions and specific operational actions to improve asset management practices. These actions, described in table 9, are closely aligned with the Community Strategic Plan and Delivery Program and form the asset management improvement plan.

Action	Responsibility	Priority	Timeframe
1 Demonstrate a culture of continuous improvement and effective governance throughout Council services. Implement an Innovation Strategy to provide a strategic approach to improvements to customer service, service delivery and performance improvement.	ET	High	Ongoing
2 Continue to develop transparent and responsible asset management processes that align with best practice. Convey consistency across the Asset Management Strategy, Asset Management Plan, Long Term Financial Plan, Asset Systems, data collection, condition reporting and service levels.	AE,MI,CFO	High	Ongoing
3 Develop asset accounting processes to identify all asset expenditure requirements into renewal, growth, maintenance or operational categories. Review corporate chart of accounts to establish cost centres and classifications for each category. Document processes to reduce processing time for annual financial reporting requirements and external valuation processes.	AE,AA,SF	High	Year 1 2020/21
4 Review roles, resources and responsibilities for asset management. This includes establishing a good understanding of asset data, finance and budgets. Build capacity specifically in capitalisation reporting. Document communication protocols between Finance and Infrastructure departments.	AE,MI,CFO	High	Year 1 2020/21
5 Establish clear expectations and a consistent approach to calculating depreciation and backlog. Apply this approach across all asset classes to obtain the most accurate backlog. Assess the backlog against Council's infrastructure priorities, financial budgets and Long Term Financial Planning.	AE,AA	High	Year 1 2020/21
6 Review and update established service levels by conducting follow up consultation program with the community including asset maintenance funding in the context of Council's overall budget imperatives. Use this to inform a review of asset ownership and maintenance standards.	AE	High	Year 1 2020/21
7 Update inspection process for Maintain marine and foreshore assets to develop maintenance, renewal and upgrade program on prioritised marine and foreshore assets.	AE	High	Year 1 2020/21

Action	Responsibility	Priority	Timeframe
8 Deliver Works, Assets and Mobility program to capture engineering operations activities with corporate asset management platform.	CIO,EO	High	Year 1 2020/21
9 Update asset management plan for Road and Footpath assets classes based on full network data capture.	AE	Medium	Year 1 2020/21
10 Incorporate pavement base deflection testing into pavement management to allow more detailed approach to deterioration modelling and treatment selection.	AE	Medium	Year 1 2020/21
11 Undertake pavement 'health check' at critical high traffic locations to determine structural assessment and allow eligibility for external funding opportunities.	AE	Medium	Year 1 2020/21
12 Develop maintenance and renewal programs for building asset class based on contractor asset inspections.	AE	Medium	Year 1 2020/21
13 Prioritise and plan asset maintenance renewal works to meet agreed service levels based on site inspections, infrastructure priorities and community importance.	AE	Medium	Year 2 2021/22
14 Review processes for making capital investment decisions. To be driven by Council's strategic long term planning documents, Long Term Financial Plan and Community Strategic Plan. Explicitly detail the impact on the future operations and maintenance budgets, "whole of life" costs and risk management assessments.	ET,CFO,ME, SF, AE	Medium	Year 2 2021/22
15 Undertake bridge inspections compliant with level 3 structural assessment to allow eligibility for external funding opportunities.	AE	Medium	Year 2 2021/22
16 Include Kerb and gutter condition assessment as part of routine pavement management inspection program.	AE	Medium	Year 2 2021/22

Abbreviations of key roles

AA	Asset Engineer	SF	Strategic Financial Management Specialist
CIO	Chief Information Officer	EO	Executive Manager Engineering Operations
AA	Asset Accountant	CFO	Chief Financial Officer
ET	Executive Team	MI	Manager Infrastructure

