ASSET MANAGEMENT STRATEGY

2014/2015-2023/2024

Part of Holroyd Council's Resourcing Strategy


2013

Contents

FOREWORD

We are pleased to present the Holroyd City Council Asset Management Strategy 2014/15-2023/24. This is the first Asset Management Strategy prepared by Holroyd City Council in accordance with the provisions of the Local Government Amendment (Planning and Reporting) Act 2009 and the associated Guidelines and Manual.

Council has a significant asset portfolio with an estimated current 'as new' replacement value of $959.6M. This asset portfolio will increase as the City further develops. Council's key asset classes are roads and bridges; stormwater drainage, flood mitigation and environmental/quality improvement devices; parks and recreation; and buildings. These assets enable Council to provide services to the community. Council has invested substantial resources in the management and maintenance of these assets over many years in order to service the needs and enhance the quality of life of the communities of Holroyd.

All of these assets need to be constructed, operated, maintained and replaced efficiently and sustainably. Council is required to account for and plan for all existing assets under its control, and any new assets identified in the Living Holroyd Community Strategic Plan.

Sound asset management is necessary to ensure that the full cost of providing and managing and maintaining assets is recognised, which in turn helps Council understand the cost of providing services to the community. This information guides decisions about resource allocation, as the financial implications of providing a service at a particular level can be fully understood.

Council's Asset Management Strategy 2014/15-2023/24 is part of our Resourcing Strategy, helping to ensure that the community's long term goals and objectives, as expressed in the Living Holroyd Community Strategic Plan are met. Effective asset planning enables Council to focus on both the medium and long term and also provides a framework for dealing with immediate challenges in a consistent way.

It is intended that this Strategy be a living document that helps to guide the activities and decision making of Council into the future. The initiatives will be reviewed on a regular basis to ensure applicability in the changing environment and to also incorporate community feedback.

EXECUTIVE SUMMARY

Holroyd City Council controls a large portfolio of community assets with an estimated current replacement value of $959.6M. These include infrastructure assets such as roads, stormwater drainage, buildings, parks and recreation facilities and non-infrastructure assets such as motor vehicles, plant, equipment, Information Technology (IT) equipment and library books.

These assets enable Council to provide Holroyd residents, businesses and visitors with the wide range of services that meet their social, economic, environmental and recreational needs.

As a custodian of community assets, Council has responsibility for managing these assets in the most cost effective manner through the asset creation, acquisition, maintenance, operation, rehabilitation and disposal in order to continue providing efficient, safe and reliable services for current and future generations. Asset Management is a widely accepted term to describe this responsibility of Council.

Integrated Planning and Reporting requirements introduced to local Government in 2009 require Council to prepare an Asset Management Policy and Strategy as well as Asset Management Plans as part of Council's Resourcing Strategy to support the Council's 20 Year Living Holroyd Community Strategic Plan.

Council's Asset Management Policy states:

Council will apply the principles of sustainable asset management to ensure the community's physical assets serve the current community and the needs of future generations.

This Asset Management Strategy establishes a framework for development and implementation of effective asset management by Council. The Strategy outlines:

- *Important asset management principles*
- *Assets that Council has responsibility for*
- *How the Asset Management Strategy links with the Community Strategic Plan*
- *Council's current Asset Management Practice ("current practice")*
- *Where Council seeks to be in the future with asset management practice ("desired/target practice")*
- *Gaps between current and desired/target asset management practice*
- *Strategies and improvement programs to be implemented that will enable development of appropriate asset management practice*
- *Roles, responsibilities and timeframes for implementation*

Importantly the Asset Management Strategy identifies a set of strategies aimed at improving Council's asset management practices to align Council's asset management and asset performance with the Community Strategic Plan.

Proposed strategies are:

1. *Develop and Manage Asset Knowledge*
2. *Develop and Implement Strategic Asset Planning Processes*
3. *Develop and Implement Operations, Maintenance and Works Processes*
4. *Develop Asset Management Information Systems*
5. *Establish Organisation Context and Resourcing*

A range of tasks/actions have been identified to enable these strategies to be delivered.

Council aims to put in place "best appropriate" asset management strategies and practices. This means that Council will continually be developing and improving its knowledge, systems and processes and strategies to ensure it is providing the level of asset management necessary to competently, responsibly and sustainably manage the community's assets now and into the future.

Recent asset management gap analysis (assessment of current practice vs. desired/target practice) indicates that whilst Council has a range of asset management systems, processes and practices in place they lack consistency and formality, and there are deficiencies in a range of practice areas.

Council's short to medium term goal (over the next three to four years) is to achieve a "basic competence" level of Asset Management Practice across the practice areas of Asset Knowledge, Strategic Asset Planning, Operations, Maintenance and Works Processes, Asset Management Information Systems and Organisation Context. This effectively equates to a level between "core" level and "advanced" level of Asset Management Maturity.

This "core plus" level of asset management practice will provide Council with the following capabilities and opportunities:

- *Meet Integrated Planning and Reporting requirements and integrate with strategic planning including the Community Strategic Plan*
- *Meet statutory reporting and legislative requirements*
- *Record and report on the state of all assets to the community*
- *Have full knowledge and understanding of assets*
- *Have all assets recorded in an asset register within a structured and integrated corporate information system/knowledge management framework*
- *Define asset related Levels of Service and manage assets and make decisions accordingly*
- *Implement appropriate life cycle management practices including relevant maintenance and renewal strategies and programs*
- *Prioritise capital works*
- *Calculate long term (10 years +) cash flow predictions for asset maintenance, rehabilitation and replacement*
- *Provide financial and critical service performance measures against which trends and Asset Management Plan implementation and improvement can be monitored*
- *Understand the risk environment and manage risk effectively*
- *Ensure community safety*
- *Provide management information to guide decisions by Council on asset investment and the cumulative impact of decisions*

Council's medium to long term goal (5 to 10 years) is to achieve "advanced" Asset Management Practice in a range of specific asset management areas including key areas of Asset Knowledge and Strategic Asset Planning. Movement to an advanced level in selected areas would provide the capability to:

- *Understand optimum levels of asset management capacity needed to support and deliver Council's Asset Management goals, objectives and implementation strategies*
- *Run scenarios to understand optimum asset life cycle costs for varying service level options and the link between each scenario and Council's goals*
- *Run scenarios to provide target levels of service at the lowest cost while controlling exposure to risk and loss*

Subsequently Council may seek to achieve industry "best practice" at some time in the future however the cost and effort needed to achieve this level against potential benefits will need to be carefully considered.

It is important to acknowledge that this Strategy is a 'living document'. It will be reviewed and updated on a periodic basis in line with strategic planning and asset management development timeframes.

1 INTRODUCTION

Holroyd City Council controls a large portfolio of community assets with an estimated current replacement value of $959.6M.

The Council's Charter under Section 8 of the Local Government Act 1993 (Act) assigns Council the responsibility for management of community assets for which it is responsible.

Infrastructure assets include roads, footpaths, bridges, traffic facilities, stormwater drainage, water quality improvement devices, buildings, sporting and recreational facilities, and parks and playgrounds. Non-infrastructure assets include vehicles, plant, equipment, Information Technology (IT) equipment, artworks and library books.

These infrastructure (and non-infrastructure) assets enable Council to provide Holroyd residents, businesses and visitors with the wide range of services that meet their social, economic, environmental and recreational needs.

As a custodian of community assets, Council has responsibility for effectively accounting for and managing these assets in the most cost effective manner through asset creation, acquisition, maintenance, operation, rehabilitation and disposal in order to continue providing efficient, safe and reliable services for current and future generations. Asset Management is a widely accepted term to describe this responsibility of Council.

Assets age with time and require appropriate maintenance and timely renewal to enable the continued provision of services. In many cases, Council managed infrastructure assets are reaching a stage where significant investment is required for their renewal or replacement.

The asset management responsibility is complicated by:

- Increasing demand from the community to provide higher levels of service
- Changing risk environment and increasing public liability
- Competing priorities for other services and for funding
- Funding constraints particularly as a result of policies of higher levels of Government

Council is faced with the need to employ effective practices to balance the impacts of these factors and demonstrate an appropriate level of skill, expertise and also a duty of care in relation to Asset Management Practices to continue to provide efficient, safe and reliable services.

Council recognises the importance of asset management planning to deliver agreed levels of services to the community. Council recognises that improving Asset Management Planning is a major undertaking and will provide extensive benefits in a variety of areas of Council management and services including relating to accountability, risk management, service delivery and financial efficiency in the short, medium and long term.

Some of the specific benefits of good Asset Management Planning will include:

- Raising awareness of the requirements to effectively manage all assets
- Identifying assets and related services most in need, prioritising programs accordingly, and allocating resources effectively
- Identifying current levels of asset utilisation, performance and condition
- Risk management and reduction
- Reducing Council’s exposure to liability related incidents
- Setting minimum and appropriate target levels of service that are affordable
- Demonstrating and satisfying the customer and the public that assets are managed to the best of the Council’s ability and capacity
- Optimised operation and maintenance activities
- Preparing optimal and balanced asset replacement/ renewal programs
- Meeting legislative requirements
- Justification for forward works programs and funding requirements

- Identifying future liabilities that will need to be funded

Long-term benefits will include:

- Extension of asset lives by modifying management practices
- Optimised treatment of assets at risk
- Improved decision making and decision support system regarding asset expenditure and management
- More accurate estimate of financial requirements for management of assets
- Recognition of all costs of owning/operating assets over the life cycle of assets
- Life cycle strategies are applied consistently across asset classes

Key aspects of Asset Management that Council will focus on include:

1. Implementing a life cycle management approach to the management of assets.
2. Ensuring that service delivery needs form the basis for infrastructure asset management.
3. Providing a sustainable funding model that meets community needs.
4. Demonstrating environmental leadership and minimising the impact on the environment.
5. Developing and implementing an integrated decision support system.
6. Ensuring compliance with Division of Local Government requirements including Integrated Planning and Reporting framework and compliance with the National Frameworks for Financial Sustainability.

Simply put, Asset Management Planning aims to optimise services to the community at a cost and risk that is acceptable. To assist in undertaking this Council has and is developing various sustainability planning tools, the primary being the Living Holroyd Community Strategic Plan, Asset and Risk Management Plans along with the Long Term Financial Plan.

Asset management implementation is guided by the Asset Management Strategy within the context of the Asset Management Policy.

This Asset Management Strategy establishes a framework for effective asset management. The purpose of this Strategy is to outline:

- Important Asset Management principles
- Assets that Council has responsibility for
- How this Asset Management Strategy links with the Living Holroyd Community Strategic Plan, Asset Management Policy, and other Council plans
- Council's current Asset Management Practice ("current practice")
- Where Council seeks to be in the future with Asset Management Practice ("desired practice")
- Gaps between current and desired Asset Management Practice
- Strategies and improvement programs that will enable development of appropriate Asset Management Practice including to bridge the identified asset management gaps
- An outline of roles, responsibility and timeframes for implementation

Importantly the Asset Management Strategy identifies a set of actions aimed at improving Council's Asset Management Practices to align Council's Asset Management and asset performance with the Living Holroyd Community Strategic Plan.

It includes specific actions required to improve Council's Asset Management Systems and processes, and to improve Asset Management Planning. The Strategy provides a clear indication of what is required to effectively and competently manage the Community's assets.

It is important to acknowledge that the Strategy is a 'living document'. It will be reviewed and updated on a periodic basis in line with strategic planning and Asset Management Development timeframes.

2 THE CONTEXT

2.1 Asset Management in Local Government

In recent years there have been several studies focusing on local Government infrastructure and financial sustainability. These studies identified asset management status across NSW Local Government typically including:

- Many infrastructure assets are in poor condition and many assets have reached or are approaching the end of their useful life
- Large asset renewal funding backlogs
- Deficiencies in service planning
- Inadequate Asset Management Planning
- Limited long term financial planning
- Inconsistent and deficient financial reporting
- Need for Community engagement in decision making regarding Asset Management and levels of service

In response to the various infrastructure and sustainability studies, recently there has been legislative reform that imposes certain requirements upon Local Government.

This legislative reform includes financial reporting requirements, National Frameworks for Financial Sustainability and Asset Management, and NSW State Government Integrated Planning and Reporting requirements.

2.2 Financial Reporting Requirements

The Division of Local Government requires that Council's comply with the accounting standard AASB116 for valuation and reporting on infrastructure assets. This has been implemented on a staged process with Buildings and Operational Land being included in the 2007/08 Financial Reports. The valuation and reporting of all Road and Stormwater assets has recently occurred in the 2009/10 Financial Reports. Parks and other land improvement assets are to be valued and reports completed by June 2011.

The data required to provide this level of financial reporting is also essential for the planning of future infrastructure Asset Management and asset renewal requirements.

2.3 National Frameworks for Financial Sustainability and Asset Management in Local Government

In 2006 the Local Government and Planning Ministers' Council (LGPMC) agreed to a nationally consistent approach to Asset Planning and Management, Financial Planning and Reporting and assessing financial sustainability.

Later the LGPMC endorsed the draft National Frameworks for Financial Sustainability in Local Government as a basis for consultation and subsequently the LGPMC endorsed the Frameworks for implementation in the context of their relationships with their Local Government sectors. In 2009 the LGPMC agreed to enhancement and acceleration of the frameworks.

The National Frameworks consists of three (3) main frameworks:

- Framework 1 - Criteria For Assessing Financial Sustainability
- Framework 2 - Asset Planning and Management
- Framework 3 - Financial Planning and Reporting

The Asset Planning and Management Framework (May 2009) identifies the seven elements of a national framework. These are:

- Development of an Asset Management Policy
- Strategy and Planning
- Governance and Management Arrangements
- Defining levels of service
- Data and systems
- Skills and processes
- Evaluation

The National Asset Planning and Management Framework require that *"each State and Territory will adopt these elements to facilitate an improvement in Asset Management Performance by Local Governments in their jurisdiction"*.

Each State and Territory agreed and is expected to implement the National Frameworks in consultation with Local Government. Recent NSW Government's legislative changes are consistent with the National Frameworks.

The Asset Planning and Management Framework provide an outline of requirements and expectations in regard to the seven elements. Key requirements and expectations include:

Development of an Asset Management Policy

Councils will develop an Asset Management Policy/Statement which sets out the policy framework for Asset Management.

Strategy and Planning

Develop Asset Management Strategy

The development of an asset management strategy will enable councils to show how their asset portfolio will meet the service delivery needs of their communities into the future, enable councils' asset management policies to be achieved and ensure the integration of councils' asset management with their long term strategic plans.

Develop Asset Management Plans

Governance and Management Arrangements

The enhanced asset management framework will ensure councils apply and effect good governance and management arrangements which link asset management to service delivery.

Evidence of good corporate governance in asset management would include councils:

- *assigning roles and responsibilities for asset management between the CEO, the Council and senior managers/ asset managers*
- *having a mechanism in place to provide high level oversight of the delivery of council's asset management strategy and plan*
- *maintaining accountability mechanisms to ensure that council resources are appropriately utilised to address councils' strategic plans and priorities*

Defining Levels of Service

Councils are to:

- *establish service delivery needs and define service levels in consultation with the community*
- *establish quality and cost standards for services to be delivered from assets*
- *regularly review their services in consultation with the community to determine the financial impact of a reduction, maintenance or increase in service*

Data and Systems

The enhanced framework provides for the collection of asset management data to enable Councils to:

- *to measure asset management performance over time*
- *identify infrastructure funding gaps*
- *benchmark within the sector and council groups within their State and across Australia*

2.4 Local Government (Planning and Reporting) Act 2009

The Local Government Amendment (Planning and Reporting) Act 2009 was assented to in October 2009. This legislation introduced a new Strategic Planning framework for local Government, illustrated below in Figure 2.1.

Figure 2.1 Integrated Planning and Reporting Framework
(Extract from Council's Community Strategic Plan)

The legislation encompasses a range of reforms that require councils to produce a new suite of corporate plans and policies. This is the Integrated Planning and Reporting (IP&R) Framework. It has been introduced to improve local Government financial management, planning and reporting and to provide an opportunity for councils to streamline operations, better connect with their communities and to gain a more detailed understanding of the area they serve.

The reforms require Council to produce a:

Community Strategic Plan:

This plan generally has a minimum 10 year horizon and is reviewed every 4 years. The Community Strategic Plan (CSP) is the highest level strategic plan in the Council. The plan outlines the community's main priorities and expectations for the future and strategies for achieving these goals.

Delivery Program:

This is a 4 year plan, reviewed annually. The Delivery Program details the strategies contained within the Living Holroyd Community Strategic Plan. The Delivery Program links the 'planning' in the long term Strategic Plan with the 'implementing' in the annual Operational Plan. It is the strategic document that guides the organisation's work program over the four year Council term. The Delivery Program sets out clear priorities, ongoing activities and specific actions Council will undertake, within its responsibilities and capacity, towards achieving the communities' outcomes.

Operational Plan:

This is a 1 year plan, reviewed annually. The Operational Plan spells out the individual projects and activities that will be undertaken each year. It contains the annual budget. The annual Operational Plan is the 'implementing' part of Council's key strategic documents, and outlines all of Council's services. The Operational Plan includes Council's Revenue Policy listing proposed rates, fees and charges to be levied.

Annual Report:

The Annual Report is an accountability mechanism through which Council reports its achievements for the previous year against the Delivery Program and Operational Plan.

The Resourcing Strategy:

The Resourcing Strategy outlines Council's capacity to manage assets and deliver services over the next ten years. The Resourcing Strategy includes:

- Long term Financial Plan
- Workforce Management Plan
- Asset Management Planning

To prepare the Resourcing Strategy, Council determines its capacity and how to effectively manage its finances, the sustainability of its workforce, and the overall cost of its community assets and services. The Resourcing Strategy outlines how Council intends to achieve the objectives established by the Community Strategic Plan.

Asset management planning includes:

- Asset Management Policy
- Asset management strategy (this document)
- Asset management plans – Parks and Recreation, Stormwater, Buildings, Roads and Bridges.

Asset Management Policy

The Asset Management Policy outlines Council's guiding principles regarding asset management and planning and confirms Councils commitment to asset management.

Asset Management Strategy

The Asset Management Strategy identifies a set of actions aimed at improving Council's asset management practices and aligning Council's asset profile and performance with the Community Strategic Plan.

The Strategy evaluates the current asset management situation in Council, determines where Council wants to be in terms of service delivery needs taking into account the capacity of Council, legal and community needs. It then identifies the gaps between the current situation and future desired practice and objectives and develops improvement strategies that aim to bridge the asset management gap.

Asset Management Plans

Asset management plans provide a long-term assessment of the asset activities and actions required to deliver services related to civil infrastructure.

The objective of an asset management plan(s) is to outline the particular actions and resources required to provide a defined level of service in the most cost effective manner.

Preparation of Asset Management Plans is a staged process. Council already has in place asset management plans for Roads and Bridges, Stormwater and Flood Mitigation, Parks and Recreation and Buildings. These Plans will continue to be updated to ensure they meet legislative, community and industry requirements including compliance with Integrated Planning and Reporting Framework requirements. Updating of the Plans will also be driven by knowledge improvement.

Asset Management Plans provide clear direction and guidelines for the effective short, medium and long term management of assets under Council's control. Specifically they:

- Encompass all the infrastructure assets under council's control
- Identify asset service levels
- Identify assets that are critical to the council's operations and outline risk management strategies for these assets
- Include long term financial forecasts
- Include long term projections of asset maintenance and renewal activities and costs and
- Include specific actions required to improve council's asset management capability

Long Term Financial Plan

This section of the Resourcing Strategy provides information on Council's plan for its future financial sustainability. This plan generally has a minimum 10 year horizon. It is a high level decision making and problem-solving tool which outlines expenditure and funding projections for Council operations.

The plan allows Council to look at future opportunities for income and growth, assess if Council can provide what the community wants and determines how Council can go about delivering the services sustainably in the long term. The 10 year model caters for a range of scenarios, with the level of income as a key variable.

It is the element of the Resourcing Strategy that brings together the costs of Council's assets and workforce, and tests the financial realities against the longer term community aspirations and outcomes. It also provides the information base from which Council and our communities can determine the implications of choosing different service priorities.

2.5 IP&R Essential Elements

The NSW Division of Local Government (DLG) has issued Planning and Reporting Guidelines[1] that provide guidance and expand on specific requirements of the new Planning and Reporting legislation. The mandatory requirements (Essential Elements) in the guidelines relevant to asset management planning are as follows:

[1] Planning a Sustainable Future "Guidelines" – Planning and Reporting Guidelines for local government in NSW 2010

Essential Element 2.9:	*Each council must account for and plan for all of the existing assets under its ownership, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program.*
Essential Element 2.10	*Each council must prepare an Asset Management Strategy and Asset Management Plan/s to support the Community Strategic Plan and Delivery Program.*
Essential Element 2.11	*The Asset Management Strategy and Plan/s must be for a minimum timeframe of 10 years.*
Essential Element 2.12	*The Asset Management Strategy must include an overarching council endorsed Asset Management Policy.*
Essential Element 2.13	*The Asset Management Strategy must identify assets that are critical to the council's operations and outline risk management strategies for these assets.*
Essential Element 2.14	*The Asset Management Strategy must include specific actions required to improve council's asset management capability and projected resource requirements and timeframes.*
Essential Element 2.15	*The Asset Management Plan/s must encompass all the assets under a council's control.*
Essential Element 2.16	*The Asset Management Plan/s must identify asset service standards.*
Essential Element 2.17	*The Asset Management Plan/s must contain long term projections of asset maintenance, rehabilitation and replacement costs.*
Essential Element 2.18	*Councils must report on the condition of their assets in their annual financial statements in line with the Local Government Code of Accounting Practice and Financial Reporting.*

In summary the new legislative provision mandates Councils to integrate various Council plans, to understand how they interact and to have them aligned to support the objectives of the Community Strategic Plan.

The new long term planning requirements mean that the future implications of all planned initiatives must be assessed as part of this integrated planning including asset planning. This planning approach is to provide Council with a more complete picture of the Council activities and ensure sustainability.

2.6 The Need for Infrastructure Planning

The majority of the Council's existing infrastructure stock was built many years ago when the provision of essential housing and infrastructure was the priority. During these past periods of infrastructure expansion, little or no analysis was done to determine a strategy to sustain this infrastructure stock by matching future maintenance and renewal expenditures with future income projections. Additionally there has been limited understanding of the long-term cumulative consequences of decisions to build infrastructure. Historically there has been only limited informal application of strategic asset management.

Past systems and processes had a focus on distributing the available funds allocated in a given year (or the next 2-3 years) but did not optimise the distribution of funds or analyse the long-term implications for or sustainability of managing the existing infrastructure stock. It is important to note that the pattern of infrastructure construction and management in the past points to a future peak in infrastructure renewal significantly over and above current levels.

Under the Division of Local Government's Integrated Planning and Reporting Framework, agreed levels of service performance will have an accompanying Long Term Financial Plan that aims to fully fund the capital (including renewal), maintenance and operating costs needed to sustain the agreed service level targets. In order to achieve this, a number of service level scenarios and long term cash flows will be considered to determine the optimum balance between environmental, economic, social and cultural objectives.

This Asset Management Strategy is a continuation of a process of improving asset management to ensure that Council is able to elevate its Infrastructure and Asset Management practices, processes and systems to a high standard. This will be required if Council is to effectively and sustainably manage the community's assets into the future, to successfully implement the visions identified in the Living Holroyd Community Strategic Plan and the Delivery Program 2013 - 2017 and to meet the various legislative requirements and frameworks.

2.7 Key Areas of Asset Management Planning

The nine (9) key areas of asset management that underpin and guide the direction for future systems, processes and planning include:

1. **Sustainable Environmental Performance** - All aspects of the management of Council's assets will include criteria to achieve sustainable environmental performance.

2. **Life-Cycle Asset Management Principles** - Apply a "whole of life" methodology for managing infrastructure assets including:

    - Planning
    - Acquisition/creation
    - Operation
    - Maintenance
    - Renewal
    - Disposal

3. **Best Value** - Council will balance financial, environmental and social aspects to achieve best value for the community.

4. **Decision Support Systems and Knowledge** - Council's systems will be a corporate resource integrated with core packages and will include the measurement, monitoring, evaluation, and reporting on the performance of assets to enable better and more informed decisions.

5. **Service Levels** - Asset service levels will be clearly defined and reflect the needs of the community, meet corporate policy objectives, and balance capital investment, operational safety and costs.

6. **LTFP** - Asset practices, plans, and systems will enable the development of long term financial plans for asset classes.

7. **Asset Planning Strategies** - Council is committed to integrating long-term sustainability objectives into asset planning and project delivery. Council recognises the need to strategically plan to meet the service delivery needs of stakeholders.

8. **Asset Management Practices** - Council will adopt a consistent and standard methodology to the management of all infrastructure asset classes including the development of infrastructure asset and risk management plans for all asset classes.

9. **Responsibility** - The responsibility for all individual aspects of the management and use of Council's assets will be clearly defined by means of a responsibility matrix or decision chart.

2.8 Alignment With the Living Holroyd Community Strategic Plan (CSP)

The Holroyd City Community Strategic Plan is Council's overarching strategic document. This Plan:

- Fortifies a long term vision for Holroyd City
- Identifies the community's priorities and aspirations for the future

- Outlines strategies to achieve our goals and the levels of service the community expects
- Addresses social, environmental, economic and civic leadership issues in Holroyd City
- Contains links to the NSW State Plan
- Highlights the direct responsibilities of Council as well as those of other agencies and groups

Community's Vision is:

As a community we have looked into our city today and created a vision of a sustainable city, with integrated trasnport options, a thriving local economy and well-planned and mainteined development; a vision of a city with open parkland and accessible recreational facilities, encouraging our community to socialise and contribute towards their well-being; a vision of a city led by an innovative Council, working with our community, service partners and all levels of Government to ensure the best for our area.

A vision of a city that is Active; Growing; Blalanced; Connected; and Dynamic

Linking Key Strategic Themes to Council's Asset Plans:

Active Holroyd – a place that is inclusive, healthy and safe
Active Holroyd aims to celebrate who we are and how we live in our city by focsing on social inclusion, enhancing communitysafety and prioritising a feeling of well-being
Community Strategic Plan Link through Outcomes and Strategies
I have services available to me when I need them A2.1 Address community needs through provision of services and facilities targeting specific user groups *I am part of a safe and inviting city* A3.1 Implement programs targeting key community safety concerns A3.3 Integrate safety-by-design into city planning and maintenance *I have access to parks, facilities' and services that build on my sense of well-being* A4.1 Provide city parks and facilities to meet lifestyles priorities A4.2 Ensure equality of access and affordability of city park and facility usage A4.3 Effectively communicate the range, availability and operation of city parks and facilities A4.4 Build partnerships to foster and promote community well-being

AMP and its role in delivering an Active Holroyd

Buildings

Council provides a range of Building Assets including community building and facilities, operational buildings and swimming centres. There are over 170 Council managed buildings facilties throughout Holroyd.

Parks and Recreation

Council's parks and recreation assets include natural areas, parks, sports grounds and other areas used for general community purposes such as dranage reserves. Fixed park assets include playgrounds, fencing, lighting, irrigation systems, signage, park furniture, seating, playing courts, cricket wickets and playing surfaces.

Turning Strategy into Action through the Delivery Program Link

Buildings

2.1.5 Provide quality library services and programs to all members of the community
3.1.3 Ensure lawful development of buildings and land use that properties and buildings are maintained in a safe manner
3.3.1 Maintain Council owned public spaces and facilties reflecting safety-by-desing principles and Australian Standards
4.1.4 Provide effective Council facilties for public use
4.2.1 Ensure that equal access to facilties is provided to the Community

Parks and Recreation

3.3.1 Maintain Council owned public spaces and facilties reflecting safety-by-desing principles and Australian Standards
4.1.1 Provide parks and recreational faciltiies which meet the community needs and lifestyles priorities
4.1.2 Facilitate the optimal use of parks and public spaces
4.1.3 Provide resources and options to support community led programs to facilitate a healthy lifestyle
4.3.1 Provide information to the community on range, availability and operations of city parks and faciltites using effective community methods

Growing Holroyd – a place that is focused on effective urban planning and economic development

Heading towards 2031, a Growing Holroyd aims to solidify our position in the Western Sydney region through effective urban planning and the ongoing development of our vibrant local economy.

Community Strategic Plan Link through Outcomes and Strategies

Infrastructure and services are responsive to my city's needs

G6.1 Deliver assets and infrastructure that are responsive to community needs
G6.3 Ensure all assets and infrastructure are effectively maintained to industry and community standards
G6.4 Ensure assets and infrastructure are effectively managed

My city is prepared for future growth

G8.3 Develop city infrastructure to support population projections

Asset Management Plans and their role in delivering an Growing Holroyd

Buildings

Council provides a range of Building Assets including community building and facilities, operational buildings and swimming centres. There are over 170 Council managed buildings facilties throughout Holroyd.

Parks and Recreation

Council's parks and recreation assets include natural areas, parks, sports grounds and other areas used for general community purposes such as dranage reserves. Fixed park assets include playgrounds, fencing, lighting, irrigation systems, signage, park furniture, seating, playing courts, cricket wickets and playing surfaces.

Stormwater

Council provides a drainage sysstem to collect and convey stormwatr to creeks within the Holroyd Local Government Area. Council also manages Flood Mitigation works to reduce flooding and Stormwater Environmental devices to improve the quality of stormwater to the natural drainage systems (creeks) within the LGA

Roads and Bridges

Council provides a Roads and Bridges network to support access and movement throughout the Holroyd Local Government Area and to met the transport needs of our community. There are over 333 kilometres of Council managed roads in the Holroyd LGA.

Turning Strategy into Action through the Delivery Program Link

Buildings

6.3.1 Ensure delivery and maintenance of all Council owned facilities, parks and recreation equipment in accordance with Asset management Plans.
8.3.1 Ensure efficient and effective planning to optimise the provison of roads, stormwater and traffic facilties

Parks and Recreation

6.1.1 Maintain Parks, bushland areas and other recreational facilities and equipment for the benefit of the community
6.1.2 Maintain the local roads and drainage network
6.3.1 Ensure delivery and maintenance of all Council owned facilities, parks and recreation equipment in accordance with Asset management Plans.
6.4.1 Implement Asset Management initiatives to effectively manage Council owned facilities and assets
8.3.1 Ensure efficient and effective planning to optimise the provison of roads, stormwater and traffic facilties

Stormwater

6.1.2 Maintain the local roads and drainage network
6.3.2 Implement floodplain management actions/plans
8.3.1 Ensure efficient and effective planning to optimise the provison of roads, stormwater and traffic facilties

Roads and Bridges

6.1.2 Maintain the local roads and drainage network
8.3.1 Ensure efficient and effective planning to optimise the provison of roads, stormwater and traffic facilties

Balanced Holroyd – a place that values its environment, open space and sustainable development
A Balanced Holroyd places equal priority on the sustainable development of our built environment and the enhancement of our city's natural assets
Community Strategic Plan Link through Outcomes and Strategies
My city values its natural environment B9.2 Provide access to open spaces and bushland and maintain the biodiversity of the city *I like the look of my City* B11.1 Enhance the atmosphere and appearance of local centres and neighbourhoods B11.3 Implement programs to encourage the use and community ownership of public spaces B11.4 Enhance response to graffiti, vandalism and disruption to cityscape
Asset Management Plans and their role in delivering an Balanced Holroyd
Buildings Council provides a range of Building Assets including community building and facilities, operational buildings and swimming centres. There are over 170 Council managed buildings facilties throughout Holroyd. *Parks and Recreation* Council's parks and recreation assets include natural areas, parks, sports grounds and other areas used for general community purposes such as dranage reserves. Fixed park assets include playgrounds, fencing, lighting, irrigation systems, signage, park furniture, seating, playing courts, cricket wickets and playing surfaces. *Roads and Bridges* Council provides a Roads and Bridges network to support access and movement throughout the Holroyd Local Government Area and to meet the transport needs of our community. There are over 333 kilometres of Council managed roads in the Holroyd LGA.

Turning Strategy into Action through the Delivery Program Link

Buildings

11.1.1 Maintain centres, streets and supporting infrastructure to encourage the safe use of public space
11.3.1 Review use of faciltiies by community groups in order to ensure equity amongst all groups

Parks and Recreation

9.2.1 Maintain appropriate access to bushland and open space across the city

Roads and Bridges

11.1.1 Maintain centres, streets and supporting infrastructure to encourage the safe use of public space
11.4.1 Implement programs to remove graffiti and prevent its occurrence

Connected Holroyd – a place that is open and accessible for all
A well Connected Holroyd will enable its community to enjoy the city across efficient transport options and local connections which link to state-wide infrastructure
Community Strategic Plan Link through Outcomes and Strategies
I can get where I need to go C13.1 Ensure road planning is response to urban design and controls C13.2 maintain city's road and foot path network to community expectations C13.3 Improve the city's road network C13.4 Communication changes to transport infrastructure in a effective, timely manner
Asset Management Plans and their role in delivering an Connected Holroyd
Roads and Bridges Council provides a Roads and Bridges network to support access and movement throughout the Holroyd Local Government Area and to met the transport needs of our community. There are over 333 kilometres of Council managed roads in the Holroyd LGA.
Turning Strategy into Action through the Delivery Program Link
Roads and Bridges 13.1.1 Ensure strategic road upgrades and major road works are included in urban design and controls 13.2.1 Ensure Holroyd's road and foot path network are well maintained 13.3.1 Fullfil an advocacy role to lead improvements to the road network in and around Holroyd City 13.4.1 Advise community stakeholders of changes to transport infratructure in an timely manner

This Asset Management Strategy is intended to establish the framework, strategies and processes required to improve the management of assets to enable Council to deliver upon the strategies and achieve the desired outcomes set by the Living Holroyd Community Strategic Plan.

Council's Asset Management Policy

Council's Asset Management Policy is included in Appendix A. The Asset Management Policy outlines Council's guiding principles regarding asset management and planning and confirms Councils commitment to asset management. The Policy identifies objectives as follows:

- Managing infrastructure so that services are provided sustainably, with the appropriate quality 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 treatment of those assets
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated
- Creating and sustaining a high level of asset management awareness throughout Council whereby Council employees play an involved and integral part in the overall management of Council's assets
- Meeting and surpassing legislative requirements for asset management
- Demonstrating transparent and responsible asset management processes that align with demonstrated best practice

3 ASSET DATA AND INFORMATION

3.1 Asset Description

Holroyd City Council (Council) controls a large portfolio of community assets with an estimated current replacement value of $959.6M.

Infrastructure assets are categorized in the following asset classes:

- Roads and Bridges
- Stormwater and Flood Mitigation
- Buildings
- Parks and Recreation

Infrastructure assets include roads, footpaths, bridges, traffic facilities, stormwater drainage, water quality improvement devices, buildings, sporting and recreational facilities, and parks and playgrounds. Non-infrastructure assets include vehicles, plant, equipment, Information Technology (IT) equipment, artworks and library books.

Infrastructure assets include:

- 345 km of road network
- 309 km of stormwater drainage
- 176 buildings
- 50 hectares of parks and open space

A more detailed summary of infrastructure assets is provided in section 3.7.

Non-infrastructure assets also exist. These include:

Motor Vehicles	Buses, Garbage trucks, cars, station wagons, utes, trayback and Trucks etc
Plant and Equipment	Mowers, trailers, rollers and small equipments etc
Library Books	Encyclopedia, fiction, non-fiction, paperbacks and cd's etc
IT Equipment	Servers, workstations, notebooks, printers, plotters, scanners, networking, wireless and software etc

3.2 Asset Valuation

The estimated current "as new" replacement cost of Council controlled infrastructure assets is estimated at approximately $925.6 million.

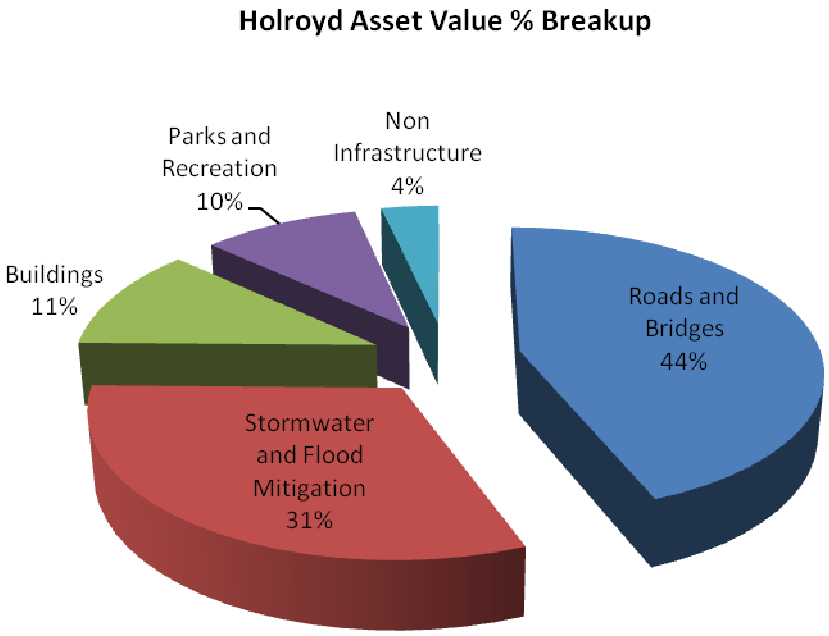
A valuation summary for Council's infrastructure assets is as follows (as at 30 June 2013):

Asset Class	Current Replacement Cost (CRC) ($M)	Depreciated Replacement Cost ($M)	Annual Depreciation ($M/year)
Roads and Bridges	$422.5	$300.0	$5.0
Stormwater and Flood Mitigation	$299.7	$224.7	$1.7
Buildings	$111.3	$95.9	$1.8
Parks and Recreation	$93.1	$72.7	$1.7
TOTAL	**$925.60**	**$693.30**	**$10.2**

The estimated current "as new" replacement cost of Council non-infrastructure assets is estimated at approximately $61.4 million.

Asset Class	Current Replacement Cost (CRC) ($M)	Depreciated Replacement Cost ($M)	Annual Depreciation ($M/year)
Plant	$21.1	$7.6	$1.6
Library Books	$6.7	$1.1	$0.3
IT	$6.3	$0.7	$0.4
TOTAL	**$34.1**	**$9.4**	**$2.3**

Figure 3.1 Infrastructure Asset Value



3.3 Asset Sustainability

Asset management planning and analysis has been carried out to understand the order of life cycle costs necessary to sustain Council's infrastructure asset services into the future.

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include maintenance & operations and asset consumption (depreciation expense). The annual average life cycle cost for the infrastructure services provided by Council is $25.1 million per annum.

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes maintenance plus capital renewal expenditure. Life cycle expenditure will vary depending on the timing and magnitude of asset renewals, however the life cycle expenditure is $17.9 million per annum.

A gap between life cycle costs and life cycle expenditure gives an indication as to whether present consumers are paying their share of the assets they are consuming each year. One of the main purposes of asset management planning is to identify levels of service that the community needs and can afford and develop the necessary long term financial plans to provide the asset related services in a sustainable manner.

Therefore the current life cycle gap for asset related services is estimated at $7.18 million per annum.

The life cycle sustainability index is therefore 0.71. (A Sustainability Ratio of 1.0 indicates that the current funding provided/expenditure incurred is equal to the required life cycle funding estimate. A sustainability ratio of less than 1.0 indicates a life cycle funding gap).

Further asset data and information will need to be obtained and analysis will be undertaken to more accurately identify life cycle costs and the sustainability index.This analysis provides an indication of the order of life cycle costs and the sustainability of Council's assets in the context of current asset funding. Further analysis will be undertaken to identify future infrastructure asset funding requirements and opprotunities and strategies to address defeciencies where necessary.

3.4 General Risk Analysis

Risk analysis is a key part of asset management, as it enables common and high impact risks to be assessed and, where appropriate, strategies employed to reduce either the likelihood of the risk occurring or the impact of the risk, should it occur. Key steps in the risk management process are:

1. Establish the context
2. Identify the risks
3. Analyse the risks
4. Evaluate the risks
5. Treat the risks

The consequence of a risk is dependent on two elements – the likelihood that it will occur and the impact should it occur. For example, a risk may be very likely (eg graffiti on a building) but have comparatively minor impact. These will generally be seen as less significant risks. Other risks may be less likely to happen but will have a greater impact (eg a building fire). Generally, the most significant risks are those that have the potential to cause injury or death.

Initial risk assessments have been carried out for all of Council's infrastructure assets. Risk Management Plans have been developed and consideration is being given to progressive implementation of priority risk management strategies and actions.

Most key risk areas are common to all Council's assets and are described below. Additional risks, that are specific to particular types of assets, are discussed in individual asset sections within this Strategy document.

A. Vandalism

Vandalism is a threat to all Council assets, though buildings, parks and street furniture are the most vulnerable. Some vandalism, such as graffiti, is comparatively minor as it has an aesthetic impact but does not affect the useability of an asset. Graffiti removal does, however, represent a significant drain on Council resources.

Other forms of vandalism can render an asset unusable, such as building fires, damage to playgrounds, and damage to street lights, bins or seats. In some cases vandalism can pose a threat to personal safety.

Council cannot totally prevent vandalism, but discourages it through a range of initiatives such as quick graffiti removal, use of damage resistant fittings, and encouraging and developing safer public spaces. Vandalism is an ongoing risk to Council assets.

B. Climate change

In the asset risk assessment exercises conducted for each infrastructure asset class, Climate Change was highlighted as a risk to be considered. Climate Change risks include:

- More hot days and fewer cold nights may result in the faster deterioration of buildings, roads and other assets
- Reduction in available water, coupled with increased demand, is likely to result in the restriction or prohibition of the use of potable water for maintaining playing fields

- All council assets, particularly structures, will be more at risk due to an increase in days of 'extreme danger' from fires
- Drainage assets are likely to be under more stress due to increased intensity rainfall events
- Council buildings and other assets will be more subject to storm damage if storm severity increases

A more detailed Climate Change specific risk assessment needs to be undertaken, which will outline the specific actions to be taken to both mitigate and adapt to climate change impacts.

As climate change risks are not unique to our City, cooperation with other key players across the region will be critical for success. The specific actions will be incorporated in future Strategic and Asset Management Planning.

C. Fire

Fire risk comes from both bush fires and town fires, accidentally and deliberately lit. Both bush and town fires predominantly present a risk to above ground structures such as buildings, fences and play equipment. Fire risk to roads and drainage networks are not as significant, however there is a risk to road furniture such as street signs and posts and street trees, and roads can be closed if other infrastructure (particularly power lines) are unsafe as a result of a fire.

As these risks already exist, Council generally has management strategies in place. These include installation of smoke detectors to emergency lighting, sprinkler systems and emergency management and evacuation procedures. New assets comply with all relevant standards and existing assets are upgraded on a rolling program to ensure compliance. Council also has insurance to cover damage or loss of assets from fire.

D. Flood

Flood is a risk which is straightforward to quantify, but difficult to predict. It affects all categories of Council's assets. Damage to buildings will vary depending on the level of submergence and the velocity of water flow. Drainage systems can be highly affected by floods which go beyond the design capabilities. This is particularly relevant, as it is difficult to modify existing drainage infrastructure to reflect changes in potential flood levels.

Although there are few built structures associated with parks and ovals, they can be at significant risk from floods as many are located in natural or artificial detention basins. If ovals are submerged for extended periods they cannot be used, and will sometimes require re-turfing or seeding. Roads can generally accommodate limited submergence, but can be significantly affected if submerged for a long time. Extended periods of rain also frequently result in additional unplanned maintenance demands (eg potholes in roads) which must be addressed if additional damage to the sub-surface of the road is to be avoided.

As flooding is a known risk in our City, Council has flood management and risk management strategies in place. New fixed assets (particularly buildings) are not generally constructed within flood prone areas, although there are some exceptions (eg amenities blocks). Where assets, including paths and bridges, are constructed in flood prone areas they are designed and constructed to meet the relevant standards. Where possible and practical, assets are upgraded when there is an identified change in flood potential.

E. Financial

Funding constraints pose a significant risk. In some cases Council finds it difficult to provide the necessary funding to fully implement required asset maintenance and renewal programs and address asset renewal "backlog" works. Competing financial priorities pose a risk to asset maintenance and renewal, through the potential for maintenance and renewal funds to be diverted elsewhere.

Council's Resourcing Strategy including the Asset Management Strategy, Asset Management Plans and Long Term Financial Plan will in part provide necessary information about a sustainable funding level and potential revenue sources and will provide a response to this risk.

Asset information that will be gathered, and the systems that will be established over the next four years, will highlight the most efficient maintenance and renewal spending schedule for all categories of Council's assets. This process will also provide the information necessary to engage our communities about Council's capacity to develop and maintain new assets, as well as maintaining existing assets and provide desired levels of service.

3.5 Asset Criticality

Asset Level of Importance and Criticality has been assessed in conjunction with the risk assessment process. Various critical assets have been assessed within each asset class. These have been documented in the individual asset sections within this Strategy document.

In assessing level of importance and criticality, consideration has been given to the risk and levels of service context with particular consideration of quality, function and safety and other considerations including impact of loss of service, cost of failure and impact on environment.

The level of importance and criticality of assets guide asset management and maintenance management practices and priorities including funding priorities, renewal and maintenance intervention levels, and the condition and defect inspection regime. Levels of service may vary depending upon level of importance and criticality.

3.6 Levels of Service

The Community engagement and consultation provided a broad understanding of community perceptions about Council's service delivery. These processes however, do not provide sufficient detail to determine the specific level of service or standard of assets expected by our communities.

Within the next two years, implementing the priority actions in the Asset Management Improvement Strategy will allow Council to develop detailed information of current maintenance and renewal costs, based on the existing levels of service in each asset class. This will enable Council to accurately determine the cost of changing the current service levels.

When this information is available, Council will be able to further engage with our communities in determining if levels of service are satisfactory, and where changes are required. With accurate costings, Council and our communities can decide if changes to specific levels of services are required, and how this will be funded.

This process will also provide an opportunity to consider appropriate service levels, which may result in the need for additional funding for some services or in other incidences, funding maybe reduced where the existing services levels can be lowered. Opportunities for community participation in determining appropriate levels of service will be explored as part of the proposed review of Council's Community Engagement Strategy.

3.7 Specific Asset Information

3.7.1 Roads and Bridges Assets

Overview

Council's Roads and Bridges assets include sealed roads, and associated footpaths, bridges and road furniture (including street signs) that are under Council's care and control. Council's road assets also include traffic management facilities (such as speed humps, roundabouts and chicanes), street trees, bus shelters, pedestrian facilities, and median strips.

Council's road assets do not include road pavements or kerb and guttering on State Roads or Classified Roads, which are the responsibility of the Roads and Traffic Authority.

Council has reasonably accurate, detailed data on road assets including asset condition. Data collection is ongoing including cyclical asset condition assessment. Where data deficiencies exist including for traffic facilities and lines and signs, data is being collected and updated as necessary. More accurate data on maintenance is also currently being collected.

Council undertakes a comprehensive assessment of the road pavement network every three to five years. This assessment details the condition of all road pavements which, when compared with road maintenance information, enables Council to assess the effectiveness of its road pavement maintenance and renewal programs.

The condition of road pavements is expressed as a Pavement Condition Index (PCI). The Pavement Condition Index is an international standard that is calculated according to set criteria and processes. It is expressed as a number between 0 (very poor pavement) and 10 for a pavement in perfect condition. Currently, the average PCI for Council's road network is 6.75 (in 2013), with 82.8% of the road pavement achieving a rating of 5.0 or better. This is an improvement over previous years, with further improvements in road condition likely when recommended asset management improvements are fully implemented.

Council has developed an asset management plan for its Roads and Bridges assets, based on available asset data and information, current Levels of Service and current maintenance and renewal practices.

Summary asset information is as follows:

Asset Class	Assets include:
Roads and Bridges	• 345km of urban roads including o 321km of local roads o 24km of regional roads • 426km footpaths • 23 road bridges, 14 pedestrian bridges (including those in Parks) • 681km kerb and guttering • 71 roundabouts • approximately 107,000m2 of carpark spaces

Roads and Bridges Assets Financial Summary	
Level of Data and Information - Category A	Council has very good information on this asset class
Asset Value (Estimated Current "As New" Replacement Cost)	$422.5 million
Life Cycle Cost over next 10 years	$9.7 Million per annum
Assets Sustainability Index	0.66

Road specific risk analysis

The key risks for roads and related infrastructure are excessive rainfall, storms and flood.

The risk to roads from excessive rainfall, storms and floods arises from excess water over the road surface and water infiltration into road pavements. If there are weak areas on a road surface (caused by vehicle damage, vibration, normal wear and tear or other factors) water will create potholes and pavement failure, allowing water to extend into the sub-surface structure. Clearly this risk is higher if a road is actually submerged during a flood, rather than water running across the road surface in a storm.

The key risk management strategy relating to excessive rainfall, floods and storms is sound design and construction of road pavements and surfacing; and appropriate monitoring and maintenance programs in place. Council aims to repair all road defects that meet the compulsory intervention level within 10 days, as this minimises the chance of damage to vehicles and also limits the damage created to the road's sub-surface. Information gathered in the road condition monitoring is thus an important part of the risk management strategy. Additionally good surface drainage systems are important and are installed where appropriate with road reconstruction.

Roads also play a key role in response to and recovery from emergency situations. If roads fail, or are impassable due to floods or fire, there can be significant impacts on local communities. The role of roads in an emergency context is an important consideration. The emergency management function of roads is part of the overall emergency risk management framework. Road levels and topography are considered when identifying evacuation routes. Markers are placed on roads that are known to be below certain flood levels so that in a flood event the depth of water over a road can be accurately judged. As flood data is updated and as new urban areas are developed, these practices will continue and considerations will be included in flood management planning.

Generally roads in newly developed areas are designed and constructed clear of and above floodplain and overland flow path areas. Bridges are designed to withstand extreme storm runoff and flooding.

Critical Assets

Critical Roads and Bridges assets include:

- All bridges
- Arterial and sub-arterial roads
- Roads providing access/egress during floods
- Roads through commercial/shopping centres
- Main industrial area access roads
- Footpaths in heavily pedestrianised areas including commercial/shopping centres, outside schools and adjacent to aged person facilities
- Traffic facilities including facilities on arterial and sub-arterial roads and facilities in commercial/shopping centre and school zones
- Major retaining walls and embankments

3.7.2 Buildings

Overview

Council owns and manages a large number of buildings which are used for a variety of purposes. They range from the main Civic Centre in Merrylands to Council's Works Depot, public halls, swimming/recreation centres, community centres, child care centres, park amenities and club houses and public toilets. The majority of buildings are used for public purposes.

A comprehensive data collection and condition assessment has been conducted in April/May 2013 based on the Institute of Public Works Engineering Australia and NAMS.AU Group - Practice Note 3 – Building Condition and Performance Assessment Guidelines. As a result of the data collection exercise, Council now has a very good understanding of the extent of its' building assets and current (2013) conditions.

Council's current maintenance program includes routine and reactive maintenance and emergency repairs. Initial building asset maintenance and renewal programs have been developed based on existing high level knowledge of buildings and their components, historical data and officer knowledge and experience.

Over the next two years, more detailed and comprehensive renewal and improvement programs will be developed and implemented subject to provision of required funding. Building renewal works will be programmed on the basis of priorities and building categorisation taking into account importance and service requirements and safety issues.

Council regularly considers programs for upgrading halls and centres to reflect contemporary needs and patterns of use. One improvement to Council's asset management system will involve linking specific maintenance works and costs to each building, to provide the base information needed to determine the cost of maintaining the building at current service levels. This information can then be used to estimate the impacts of changing the level of service.

Summary asset information is as follows:

Asset Class	Assets include:
Buildings	• 18 community centres • 72 parks amenities/club houses • 12 public halls • 25 toilet blocks • 13 child care centres • 15 operational buildings including the Council administration building • 3 swimming centres including 18 pool buildings/structures

Buildings Assets Financial Summary	
Level of Data and Information - Category B	Council has very good information on this asset class
Asset Value (Estimated Current "As New" Replacement Cost)	$111.3 million
Life Cycle Cost over next 10 years	$2.7 Million per annum
Assets Sustainability Index	0.45

Building specific risk analysis

The key risks for Council's buildings are vandalism, flood and fire.

Vandalism can take many forms, from graffiti - which does no structural damage, to a building, to serious acts causing damage and destruction. There have been occasions in the past when Council's buildings have been significantly damaged by vandalism, including by fire. Prevention is the main approach to manage vandalism. This can include using graffiti resistant paint, security lighting, security alarm system, damage resistant fittings on lights, and designing spaces and features to limit vandalism opportunities. Unfortunately, it is not possible to protect all buildings from vandalism. Council's programs to increase the safety of public places will assist in reducing the risk of vandalism to buildings.

Fire can also only be addressed through preventative measures, including installation of fire alarms, sprinkler systems and smoke alarms. Sprinkler systems however, are not cost effective for smaller buildings. Council's buildings are insured against fire, which means that community facilities can be repaired or replaced, as required.

Flood is a risk which is straight forward to quantify, but difficult to predict. Flood can affect buildings via prolonged rainfall events causing street drainage system or stream flooding impacting buildings or via local very intense rainfall causing roofing and gutters to overflow and/or leak.

As flooding is a known risk in our City, Council has risk management strategies in place. Buildings are not generally constructed within flood prone areas, although there are some exceptions (eg amenities blocks). Where possible and practical, assets are upgraded or relocated when there is an identified flood potential or there is a history of inundation.

Critical Building Assets

Buildings have been rated according to level of importance and criticality.

The Buildings Level of Importance and Criticality matrix is as follows:

Category	Description	Standard	Examples
A (Superior)	High profile facility with "critical" results; facilities with major local or regional significance; key heritage facilities; facilities with major public interface; "marquee" buildings; facilities that must meet very rigorous special requirements; assets of high capability and construction/ finish; Criticality Rating Very High.	Building to be in best possible condition. Only minimal deterioration will be allowed.	Holroyd Centre
B (Above Average)	Facilities very important to Government operations including significant facilities and heritage facilities; facilities with significant public interface; facilities needing to meet special requirements; facilities needing good public presentation and high quality working environment; Criticality Rating High.	Building to be in good condition operationally and aesthetically, benchmarked against industry standards for that class of asset	Community centres Senior citizen centres/ facilities Libraries Child care centres Main Council Administration building Wwimming Centres
C (Average)	Non-critical facilities including most buildings supporting typical/standard Government service delivery functions; functionally focused buildings; the lowest possible category for community facilities and heritage facilities; Criticality Rating Medium.	Building to be in reasonable condition, fully meeting operational requirements.	High use prominent ublic toilets Works/operations depots, workshops and offices Public halls Scout halls Park amenity buildings and clubrooms Leased residential dwellings and commercial buildings SES buildings
D (Basic)	Non-critical facilities where very basic functional performance is acceptable; facilities that can reasonably operate in very basic condition; Criticality Rating Low.	Building to meet minimum operational requirements.	Sheds Storage buildings Low use public toilets Grandstands Kiosks Scoreboards Shelters/pergolas
E (Mothball)	Building is no longer operational; it is dormant, pending disposal, demolition etc; Criticality Rating Minimum.	Building can be allowed to deteriorate, however, must be marginally maintained to meet minimum statutory, safety and aesthetic requirements.	

There is a range of building components that have been assessed as critical (level of criticality may vary depending upon category of building). These include:

- Lifts
- Roofing systems
- Major air conditioning plant
- Security systems
- Fire and emergency management systems
- Water treatment plant (swimming centres)

3.7.3 Stormwater and Flood Mitigation Assets

Overview

Stormwater and Flood Mitigation assets include Council's stormwater reticulation systems including pits, pipes, culverts and channels. Additionally Council has a range of Pollution Control and Environmental and Quality Improvement Devices installed to collect debris and contaminants before they reach the main waterways.

Council has good location and attribute data for the stormwater system however condition data is generally limited. Much of the infrastructure is below ground and difficult to assess. Improving the data available on the drainage network is a key focus of the Asset Management Strategy in the next four years.

Pipelines and drainage pits below ground are difficult and expensive to inspect, which means that it is not feasible to conduct a comprehensive, regular inspection program similar to that which Council conducts for its road network. Information on maintenance and system failure is being collected, and will help provide part of the picture of overall system status. Council has a CCTV inspection program in place for underground pipe drainage which will progressively provide data and information about the system, initially focusing on known problem and high risk areas.

Council has established standards for its drainage network performance, depending on the expected level of stormwater flow/runoff and the role each asset/structure plays within the drainage system. The levels of service are expressed in terms of the drainage network's ability to cater for a certain level or intensity of storm. For example, the road carriageway is expected to contain rainfall from an Average Recurrence Interval (ARI) 1 in 100 year storm event, or a storm with an Average Exceedence Probability of 1.0. General piped systems must accommodate the likely flow from a storm with an Average Recurrence Interval (ARI) of 5 years under normal operating conditions. Desirably drainage systems (including pipe and overland flow path) should accommodate the likely flow from a storm with an Average Recurrence Interval (ARI) of 100 years under normal operating conditions.

Summary asset information is as follows:

Asset Class	Assets include:
Stormwater and Flood Mitigation	· 309 kilometres of stormwater pipe · 5 kilometres of box culverts · 6 kilometres of channel · approximately 23 kilometres of natural channel · 11,000 pits and headwalls · 26 detention basins · 34 gross pollutant traps · approximately to 3 hectares of wetlands

Stormwater and Flood Mitigation Assets Financial Summary	
Level of Data and Information - Category B	Council has reasonable information on this asset class (good location and attribute data but very limited condition data)
Asset Value (Estimated Current "As New" Replacement Cost)	$299.7 Million
Life Cycle Cost over next 10 years	$2.7 Million per annum
Assets Sustainability Index	0.89

Stormwater and Flood Mitigation Asset Specific Risk Analysis

Although scientific evidence is limited at this stage, climate change may result in an increase in the frequency and/or intensity of rainfall in the future. This will place increased pressure on the drainage system. This means that drainage systems may need to be upgraded to accommodate the higher level of rainfall. A revised estimate of the likely impacts is currently being prepared by industry specialists (eg Australian Rainfall and Runoff). When this information is available, Council will review all relevant standards and design procedures for its drainage network and systems.

Generally, the location of pipes below ground means that they are subject to fewer risks than other assets. The key risks are accidental damage as part of construction works, damage from natural causes (tree roots, drying soils) and damage or failure in extreme rainfall events.

Accidental damage due to construction works can be best avoided through clear information on the location of Council's drainage assets. Generally, this is effective and there have been few significant incidences of damage in recent years.

Tree roots can cause significant damage to pipes, resulting in blockages, cracks and potentially breaks. Careful selection of tree species, particularly street trees, and use of root barrier and crack resistant pipe materials can reduce the incidence of this occurring. As many of Council's drainage systems are old and made from potentially porous or brittle material, tree roots remain a problem. Clay soils, which are present in parts of the City expand and contract in times of rain or drought. This can cause pipes to crack, particularly those made of older, more brittle materials.

Drainage system failure generally means that the components of the drainage system do not contain the water generated by a particular rainfall event. This will result in water escaping the drainage system and flooding surrounding areas. This is not usually a significant problem where overland flow paths are available to transport the water to the next section in the drainage system. If overland flow paths are not in place, or are not able to accommodate the volume of water, surrounding properties may flood.

This risk is best addressed by ensuring that drainage structures meet required standards, and that overland flow paths are in place. Council has established standards for drainage infrastructure, and a Flood Mitigation strategy is in place and is being implemented.

Critical Assets

Critical Stormwater and Flood Mitigation assets include:

- Systems and pipelines in flood prone areas and catchment low points
- Systems running through private property
- Major channels and culverts
- Flood mitigation facilities including detention basins, surcharge pits and relevant components eg spillways, fencing, signage
- Major environmental water quality facilities and devices

3.7.4 Parks and Recreation

Overview

Council's parks and recreation assets include natural areas, parks, sportsgrounds and other areas used for general community purposes, such as drainage reserves. Fixed parks assets include playgrounds, fencing, lighting, irrigation systems, signage, park furniture, seating, playing courts, cricket wickets and playing surfaces.

Services relating to parks, playgrounds and sports fields are among the most noticeable services that Council provide. They are used by broad cross-sections of our communities for a range of different activities throughout the year. Regional facilities are used by people from beyond the Holroyd City Council area.

Summary asset information is as follows:

Asset Class	Assets include:
Parks and Recreation	· overall 440 hectares of recreation and open space · 44 (approx 50 hectares) playing fields · 158 playgrounds including 407 items of play equipments · 18 netball courts · Approx 63 kilometres of fencing · Approx 86,000m2 of footpaths · 965 bench seats · 184 floodlights · 46 irrigation systems · 23 cricket pitches · 10 cricket practice nets

Parks and Recreation Assets Financial Summary	
Level of Data and Information - Category B	Council has reasonable information on this asset class (significant data collection is underway)
Asset Value (Estimated Current "As New" Replacement Cost)	$93.1 Million
Life Cycle Cost over next 10 years	$10 Million per annum
Assets Sustainability Index	0.75

Parks and Recreation assets specific risk analysis

There are a range of risks that need to be considered in the context of the different assets in this asset class.

Vandalism of play equipment and other structures is a key risk that can render assets unsafe for use.

Damage to sports fields through extreme weather conditions (usually rain, but potentially also drought) can render fields unsafe for specific sports. This is exacerbated when sports grounds are located within detention basins, as this means that water may remain on the playing surface for extended periods. These fields can require significant works to return them to a playable standard.

Bushfire can present a significant hazard for natural areas and all assets within bush fire prone areas, particularly structures such as play equipment and fencing.

Risk management practices to address these risks are limited. Appropriate design considerations are important. Parks are difficult to protect from vandalism but risk management is important as our communities expect parks to be accessible at all times. Use of damage resistant materials can help, but will not prevent all vandalism attacks.

There are procedures in place to close sports grounds if adverse weather means that they are either dangerous for play, or likely to be damaged by play. Good maintenance regimes can assist with reducing the impact from particular events, particularly in the case of sports grounds and passive recreation areas. Generally, however, risk management for parks and open space areas consists of monitoring and repair. Playgrounds for example are inspected on a routine cyclical basis to identify and repair defects.

Critical Assets

Critical Parks and Recreation assets include:

- Playgrounds and play equipment
- Water features including associated assets eg fencing, signage
- Major retaining walls and embankments
- Regional sporting grounds and facilities

3.7.5 Plant

Council's fleet includes a wide range of vehicles and plant, including the light vehicle fleet (cars and utilities), street sweepers, water carts, backhoes, tractors, road construction vehicles and other heavy equipment. Council has accurate and detailed data on fleet including condition data, and is currently implementing systems to improve the accuracy of maintenance data. Council's Asset Management Strategy for fleet is focussed on using available data to improve asset management practices.

Council has "in-house" maintenance facilities and resources for the maintenance of plant. This is supplemented by external maintenance arrangements via various maintenance supply contracts and agreements as necessary.

Fleet and plant are tools used to perform Council's services. Fleet utilisation is an important measure as it indicates the frequency of a specific service (eg mowing) and how efficiently any item of plant is being used. Council is currently focusing on achieving an increase in utilisation rates for all fleet vehicles, and utilisation rates will be measured as a Key Performance Indicators. This approach will contribute to high levels of service to our communities.

Summary asset information is as follows:

Asset Class	Assets include:
Plant	- 71 items of Large Equipment including o 31 Mowers o 31 trailers o 6 rollers o Others - Small Equipments - 268 Vehicles including o 5 buses o 12 Garbage trucks o 183 cars and station wagons o 19 utes and trayback - 30 Trucks

Plant Assets Financial Summary	
Level of Data and Information - Category B	Council has very good information on this asset class
Asset Value (Estimated Current "As New" Replacement Cost)	$17.7 million
Annual Average of Maintenance + Renewal Budget 2008/2009, 2009/2010 and 2010/2011	$0.4 million per annum

Plant specific risk analysis

The key risk common to all fleet types is accidents or collisions, which can occur on or off road. There are two aspects to accidents and collisions – Council fleet causing a crash, or Council fleet being damaged in a crash caused by another vehicle. The most effective management strategy for this type of risk is operator training and education. Council is committed to the safety of staff, and the safe operation of all vehicles. Council's fleet is insured to cover the cost of accidents.

An assessment of the risk of damage to Council fleet must also consider the implications of losing the use of that item of plant for a period of time, which may be a minor inconvenience or of some significance. Council has processes and procedures in place to minimise this impact. Plant is hired under contract arrangements as necessary to supplement plant requirements.

Council is also responsible for the maintenance and repair of emergency vehicles operated by the State Emergency Service. Maintenance processes and procedures are also in place to ensure that these vehicles remain operational.

3.8 Conclusion

In the next four years, Council's focus will be on improving asset management planning and systems and processes. Completion of the tasks Council has identified as part of this process will provide the information needed to better link maintenance and replacement costs with current levels of service and improve the life cycle management of the various infrastructure and non-infrastructure assets.

This will establish the base information needed to allow Council to continue more informed discussions with our communities about current levels of service, and the implications of enhancing or reducing those level of services. Any change to services will impact on Council's long-term financial plan.

The Asset Management Strategy will be reviewed when the additional asset and service data and information is in place. The focus will then move to improving life cycle management and renewal procedures and practices, to ensure that Council is optimally managing its assets from both an efficiency and effectiveness perspective.

4 ASSET MANAGEMENT STATUS AND IMPROVEMENT PLANNING

4.1 Recent Initiatives

Recent key asset management development initiatives completed by Council include:

- In 2007 and again in 2010, Council carried out a strategic asset management gap analysis to understand the status of asset management practice at Council and to develop an asset management improvement plan to establish an asset management improvement framework for the future. The gap analysis process included an assessment of current asset management practice versus desired/target asset management practice to be achieved in the medium to long term. Over the last three years some progress has been made in improving asset management practice at Council.

- In 2007 "First Cut" Asset Management Plans were prepared for the four key infrastructure asset classes (Roads and Bridges, Stormwater and Flood Mitigation, Buildings and Parks and Recreation). These Plans included:

    - Asset description and valuations
    - Asset condition and age profiles
    - Assessment of future demand
    - Outline of existing Levels of Service
    - Basic risk assessment and risk mitigation strategy
    - Life cycle management summaries
    - Preliminary asset renewal forecasts
    - Preliminary financial forecasts including operational and capital expenditure
    - Sustainability assessment
    - Outline of required asset management improvements

- An initial Infrastructure Asset Risk Assessment was carried out in 2007 for the four infrastructure asset classes and basic Risk Management Plans were developed.

- In 2011 Council adopted an Asset Management Policy. The policy provides an outline of Council's commitment to asset management and a broad outline of future directions for asset management at Council. The Policy has been reviewed to ensure its fit with the Integrated Planning and Reporting Requirements and Community Strategic Plan and will be adopted in coordination with this Asset Management Strategy (Asset Management Policy attached at Appendix 2).

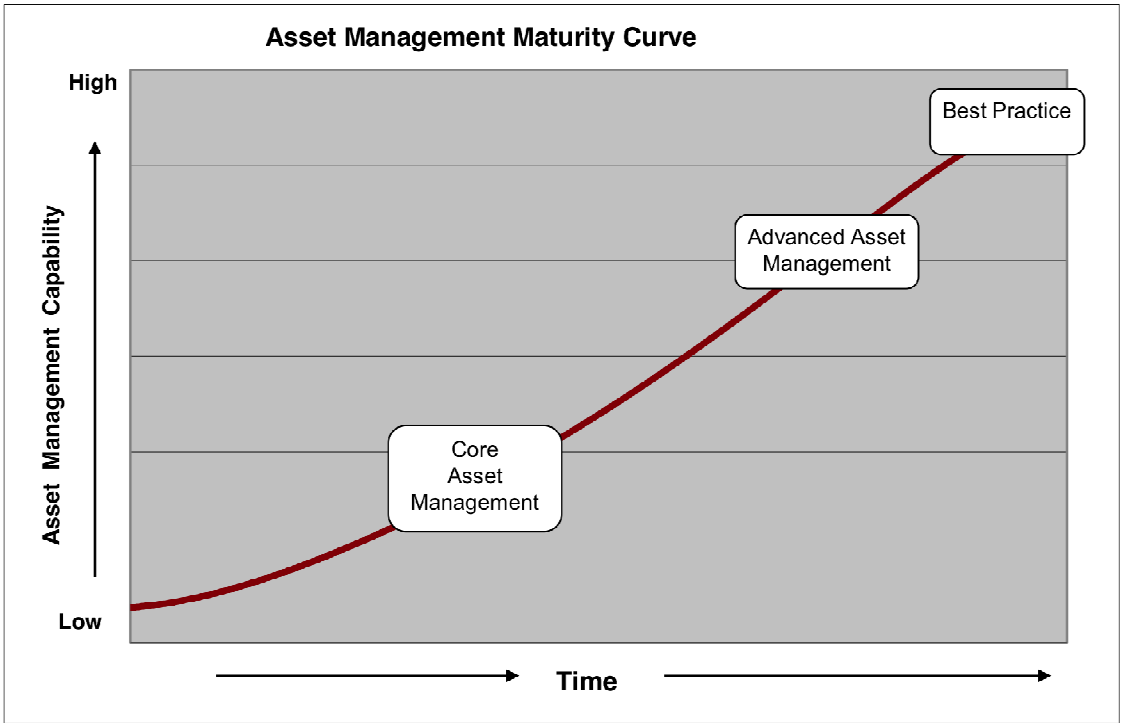
- Asset Management Plans are currently being reviewed and updated to ensure they are in line with the Community Strategic Plan directions and the new legislative changes. The review also incorporated additional asset data and information collected over the last three years. The review includes development of more robust and comprehensive financial forecasts to inform Council's Resourcing Strategy and long term financial planning.

4.2 Desired/Target Level of Asset Management Practice

Holroyd City Council aims to put in place "best appropriate" asset management strategies and practices. This means that Holroyd City Council will continually be developing and improving its knowledge, systems and processes and strategies to ensure it is providing the level of asset management necessary to competently, responsibly and sustainably manage the community's assets now and into the future.

Holroyd City Council's short to medium term goal (over the next three to four years) is to achieve a "basic competence" level of asset management practice which can be defined as between "core" level and "advanced" level as per the following Asset Management Maturity Curve.

Figure 4.1 Asset Management Maturity Curve



This “core plus” target as we may call it, is based on core and advanced “custodial responsibilities” identified in the International Infrastructure Management Manual 2006.

This “core plus” level of asset management practice provides Council with the following capabilities and opportunities:

- Meet IPR requirements and integrate with strategic planning including the CSP
- Meet statutory reporting and legislative requirements
- Record and report on the state of all assets to the community
- Have full knowledge and understanding of assets it owns or has responsibility or legal liabilty for
- Have all assets recorded in an asset register within a structured and integrated corporate information system/knowledge management framework
- Define asset related Levels of Service and manage assets and make decisions accordingly
- Implement appropriate life cycle management practices including relevant maintenance and renewal strategies
- Prioritise capital works using simple ranking criteria (subjective points scoring or simple cost benefit analysis to evaluate options)
- Calculate long term (10 years +) cash flow predictions for asset maintenance, rehabilitation and replacement, based on local knowledge of assets and options for meeting current levels of service
- Provide financial and critical service performance measures against which trends and Asset Management Plan implementation and improvement can be monitored
- Understand the risk environment associated with assets and manage risk effectively
- Ensure community safety
- Provide management information to guide decisions by Council on asset investment and the cumulative impact of decisions

Council’s medium to long term goal (5 to 10 years) is to achieve “advanced” asset management practice in a range of asset management areas including key areas of asset knowledge, strategic asset planning and operations, maintenance and works processes. Movement to an advanced level in selected areas would provide the capability to:

- Understand optimum levels of asset management capacity needed to support and deliver Council's Asset Management goals, objectives and implementation strategies
- Run scenarios to understand optimum asset life cycle costs for varying service level options and the link between each scenario and Council's goals
- Run scenarios to provide target levels of service at the lowest cost while controlling exposure to risk and loss

Subsequently Council may seek to achieve industry "best practice" at some time in the future however the cost and effort needed to achieve this level against potential benefits will need to be carefully considered.

4.3 Asset Management Gap Analysis

A strategic asset management gap analysis process has been completed across all of Holroyd City Council's infrastructure asset classes. This follows on from a similar previous strategic asset management gap analysis project completed in 2007.

The gap analysis process included an assessment of current asset management practice versus desired/target asset management practice to be achieved in the short to medium term (over the next 4 years). The assessment considered 50 practice areas within the 6 key categories as follows:

Asset Knowledge - Data

- Asset Classification/Hierarchy
- Attributes and Location
- Condition Data
- Performance/Utilisation Data
- Operations/Maintenance Data
- Life cycle Cost Data
- Spatial Data
- Accounting/Valuation Data

Asset Knowledge - Processes

- Asset Identification/Classification Processes
- Data Capture Strategy/Processes
- Condition Assessment Processes
- Performance/Utilisation Processes
- Asset Accounting/Valuation
- Spatial Mapping Processes
- Asset Handover Processes
- Data Management Processes

Strategic Asset Planning Processes

- Levels Of Service
- Demand Forecasting
- Risk Management
- Predictive Modelling
- Failure Mode Analysis
- Optimised Decision Making
- Life cycle Planning/Costing
- Financial Planning and Capital Investment
- Project Evaluation/Prioritisation
- Asset Rationalisation
- Asset Management Plans

Operations, Maintenance and Works Processes

- Operations/Maintenance Policy and Strategy
- Operations/Maintenance Management
- Condition Monitoring
- Project Management
- Contract Administration
- Design/Construction Standards
- Critical Assets
- Emergency Management/Response Planning

Information Systems

- Asset Register
- Asset Costing Systems
- Plans and Records
- Works/Maintenance Management
- Customer Request Management Systems
- Spatial Information Systems
- Strategic Support Systems
- Systems Integration
- Availability/User Friendliness

Organisation Context

- Organisational Strategy
- Asset Management Review/Improvement
- Business Support Context
- Corporate Sponsorship/Commitment
- Asset Management Roles and Responsibilities
- Training/Awareness

The summary of the assessment and outcomes of the Strategic Asset Management Gap Analysis and a graphical representation of the gap analysis are presented on the following pages.

Table 4.1 Summary of Gap Analysis Assessment

Asset Knowledge – Data and Processes		
	Current Practice	**Desired/Target Practice**
	• basic systems, guidelines and processes for asset classification/ hierarchy and data collection and use	• guidelines and processes developed for asset classification/hierarchy and data collection and use
	• reasonable to good asset attribute data for some asset classes/groups, limited for others	• asset attribute data collected for all asset classes/groups down to appropriate component level
	• reasonable to good condition data for some asset classes/groups, limited for others	• condition data collected and recorded for all asset classes/groups down to appropriate component level
	• minimal historical life cycle, operations and maintenance data	• historical life cycle, operations and maintenance data collected and recorded
	• minimal performance and utilisation data/information	• performance and utilisation data/information collected and recorded
	• basic accounting/valuation data/information for most assets	• accounting/valuation data/information for all assets collected and recorded
	• some basic asset IDs but no formal system across all asset classes	• formal asset IDs developed across all assets
	• generally informal processes for asset handover	• asset handover processes developed and implemented

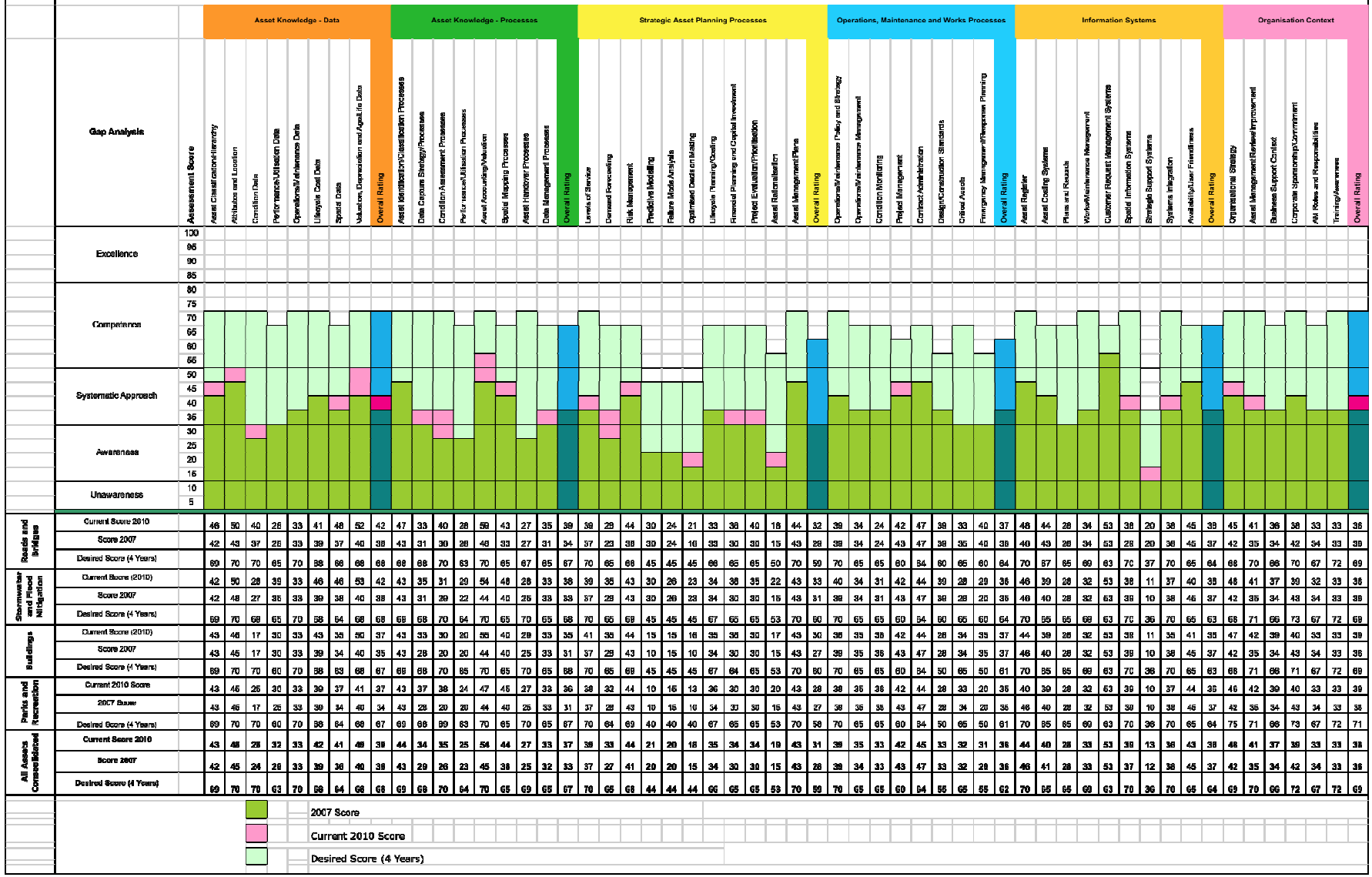
	• informal guidelines and processes for data/ information management and use	• guidelines and processes for data/information management and use developed and implemented
	• good spatial representation of some assets but limited GIS utilisation strategically	• spatial representation developed for all asset classes/ types for use strategically
Strategic Asset Planning Processes		
	• limited demand forecasting for assets	• basic demand forecasting for all assets
	• basic risk consideration/assessments for most assets	• formal comprehensive risk assessment/ management for all assets
	• no formal identification of critical assets	• identification of and management practices established for critical assets
	• no optimised decision making (although treatment options considered/assessed for road pavements)	• basic optimised decision making considerations in developing asset management strategies and Plans
	• no predictive modeling (although limited future scenarios considered/assessed for road pavements)	• basic predictive modeling considerations in developing asset management strategies and Plans for major assets
	• no formal identification/adoption of levels of service although various current technical levels of service are considered	• formal identification/adoption of levels of service including community consultation
	• limited informal life cycle costing/planning (although considered in road pavement mgt)	• formal life cycle costing/planning for all assets
	• basic short to medium term works/ maintenance programs for some assets	• long term works/maintenance programs developed for all assets
	• no Long Term Financial Strategy (LTFS) for assets	• Long Term Financial Strategy (LTFS) for all assets incorporated in Council LTFS
	• limited basic project evaluation/justification/ prioritisation systems and processes exist	• solid project evaluation/ prioritisation systems and processes developed and implemented
	• no formal processes for asset rationalisation and no recent reviews/studies undertaken	• formal processes for asset rationalisation developed and implemented for all assets
	• "first cut" infrastructure asset management plans exist but not yet endorsed corporately	• "2nd cut" asset management plans developed/ updated with corporate endorsement
Operations, Maintenance and Works Processes		
	• limited formal operations and maintenance strategies for managing maintenance (mainly informal)	• formal operations and maintenance strategies for managing planned and unplanned maintenance for all assets
	• informal processes in place for all asset defect inspections	• routine asset defect inspection systems and processes in place for all assets
	• some limited basic maintenance and service specifications in place but limited application	• establish performance based maintenance and service specifications
	• basic project management arrangements in place but no formal project management system/ processes established	• project management guidelines and systems/processes established
	• limited basic design standards and design review processes in place	• design standards and design review processes in place for all assets
	• basic construction standards and specifications in place	• construction standards and specifications in place for all assets
Information Systems		
	• basic asset databases for most assets	• asset registers established for all assets
	• limited GIS spatial representation of some assets and attached data files	• spatial representation developed for all asset classes/ types for use strategically
	• Civica AIM system being implemented as formal centralised asset management register system	• centralised asset management register system established

	• Civica AIM system being implemented as Asset Management Information System (AMIS) but implementation slow and lacks resourcing	• Asset Management Information System developed and implemented
	• Limited formal links/integration between asset management and corporate systems (inc GIS) at this stage	• Integration/interface between asset and corporate systems including GIS, Works Order System, and CRM
	• no strategic/advanced asset management planning capabilities/modules (although SMEC road PMS has capabilities)	• basic strategic asset management planning capabilities/modules (eg financial forecasting) implemented with AMIS
	• limited formalised system for managing asset plans and records	• formal system for managing asset plans and records established
Organisation/Commercial Context		
	• strong reference to asset management in Council strategy documents eg CSP, Delivery Program	• strong asset management focus in all Council strategy documents
	• emerging corporate asset management focus and commitment	• asset management established as corporate priority and strong commitment given
	• asset management gap analysis and improvement plan developed	• further asset management gap analysis and improvement plan review carried out in 3 years time
	• Asset Management Policy developed	• review/update Asset Management Policy
	• asset management strategy being developed	• asset management strategy developed and approved by Council
	• organisation structure established but with limited strategic asset management focus; greater refinement/ definition of roles and responsibilities and resourcing (personnel and skills) considered desirable	• organisation structure in place with strategic asset management focus and clear definition of roles and responsibilities and appropriate resourcing (personnel and skills) provided
	• no asset management steering group	• asset management steering group in place with clear asset management strategy implementation oversight and monitoring role
	• no formal organisation quality focus although quality emphasis in delivery of works and services	• quality focus across the Engineering Services Department (preferably organisation) including quality management systems and processes established
	• no formal program for asset and service benchmarking	• program for asset management and service benchmarking developed and implemented
	• no formal asset management training program for asset management staff, support staff, management and Councillors	• asset management training and awareness program implemented for asset mgt staff, support staff, management and Councillors

Gap Analysis Summary Chart – Infrastructure Assets (Consolidated)

Holroyd City Council Asset Management Gap Analysis Assessment Chart - CONSOLIDATED ALL INFRASTRUCTURE ASSETS

Asset Classes - Roads and Bridges, Stormwater and Flood Mitigation, Parks and Recreation, Buildings



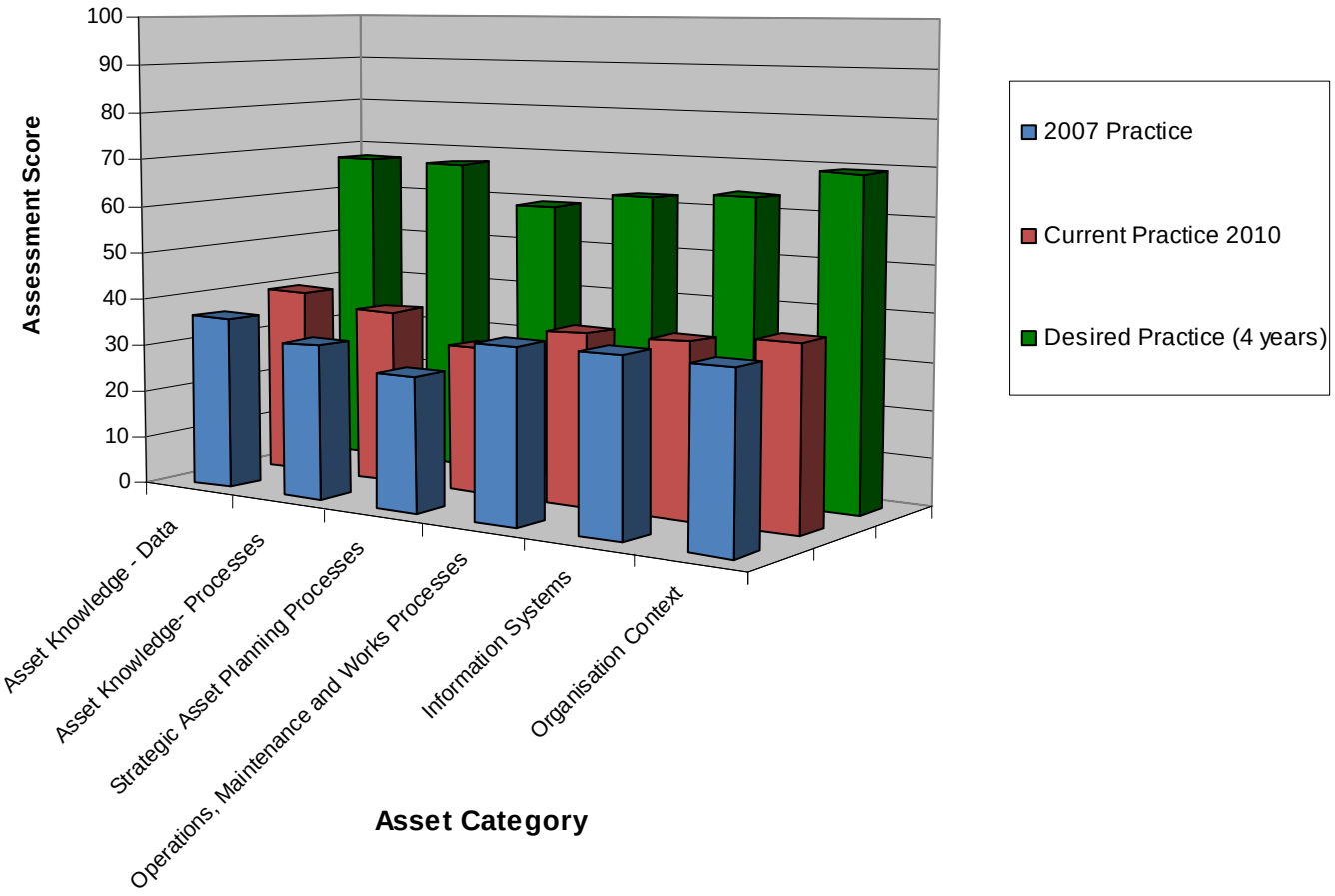
		Assessment Score	Asset Classification/Hierarchy	Attributes and Location	Condition Data	Performance/Utilisation Data	Operational/Maintenance Data	Lifecycle Cost Data	Spatial Data	Valuation, Depreciation and Age/Life Data	Overall Rating	Asset Identification/Classification Processes	Data Capture Strategy/Processes	Condition Assessment Processes	Performance/Utilisation Processes	Asset Accounting/Valuation	Spatial Mapping Processes	Asset Handover Processes	Data Management Processes	Overall Rating	Levels of Service	Demand Forecasting	Risk Management	Predictive Modelling	Failure Mode Analysis	Optimised Decision Making	Lifecycle Planning/Costing	Financial Planning and Capital Investment	Project Evaluation/Prioritisation	Asset Rationalisation	Asset Management Plans	Overall Rating	Operational/Maintenance Policy and Strategy	Operational/Maintenance Management	Condition Monitoring	Project Management	Contract Administration	Design/Construction Standards	Critical Assets	Emergency Management/Response Planning	Overall Rating	Asset Register	Asset Costing Systems	Plans and Records	Work/Maintenance Management	Customer Request Management Systems	Spatial Information Systems	Strategic Support Systems	Systems Integration	Availability/User Friendliness	Overall Rating	Organisational Strategy	Asset Management/Service Improvement	Business Support Context	Corporate Sponsorship/Commitment	AM Roles and Responsibilities	Training/Awareness	Overall Rating
Roads and Bridges	Current Score 2010		46	50	40	26	33	41	48	52	42	47	33	40	28	59	43	27	35	39	39	29	44	30	24	21	33	38	40	18	44	32	39	34	24	42	47	39	33	40	37	46	44	28	34	53	38	20	38	45	38	45	41	36	38	33	33	36
	Score 2007		42	43	37	26	33	39	37	40	38	43	31	30	28	46	33	27	31	34	37	23	38	30	24	16	33	30	30	15	43	28	38	34	24	43	47	39	35	40	38	40	43	28	34	53	28	20	38	45	37	42	35	34	42	34	33	39
	Desired Score (4 Years)		69	70	70	65	70	68	68	68	68	68	68	70	63	70	65	67	65	67	70	65	68	45	45	45	66	65	65	50	70	59	70	65	65	60	54	60	65	60	64	70	67	65	69	63	70	37	70	65	64	68	70	66	70	67	72	69
Stormwater and Flood Mitigation	Current Score (2010)		42	50	28	39	33	46	46	59	42	43	35	31	29	54	48	28	33	38	39	35	43	30	26	23	34	38	35	22	43	33	40	34	31	42	44	39	28	29	36	46	39	28	32	53	38	11	37	40	38	46	41	37	39	32	33	36
	Score 2007		42	48	27	36	33	39	38	40	38	43	31	29	22	44	40	25	33	33	37	29	43	30	26	23	34	30	30	15	43	31	38	34	31	43	47	39	28	20	36	46	40	28	32	53	38	10	38	46	37	42	35	34	43	34	33	39
	Desired Score (4 Years)		69	70	69	65	70	68	64	68	68	68	68	70	64	70	65	70	65	68	70	65	69	45	45	45	67	65	65	53	70	60	70	65	65	60	54	60	65	60	64	70	65	65	69	63	70	36	70	65	63	68	71	66	73	67	72	69
Buildings	Current Score (2010)		43	46	17	30	33	43	38	50	37	43	33	30	20	55	40	29	33	35	41	38	44	15	15	16	35	36	30	17	43	30	36	35	36	42	44	28	34	35	37	44	39	28	32	53	38	11	35	41	36	47	42	39	40	33	33	39
	Score 2007		43	45	17	30	33	39	34	40	35	43	28	20	20	44	40	25	33	31	37	29	43	10	15	10	34	30	30	15	43	27	39	35	36	43	47	28	34	35	37	46	40	28	32	53	38	10	38	45	37	42	35	34	43	34	33	36
	Desired Score (4 Years)		69	70	70	60	70	68	63	68	67	68	68	70	65	70	65	70	65	68	70	65	69	45	45	45	67	64	65	53	70	60	70	65	65	60	54	50	65	50	61	70	65	65	69	63	70	36	70	65	63	68	71	66	71	67	72	69
Parks and Recreation	Current 2010 Score		43	46	26	30	33	39	37	41	37	43	37	36	24	47	45	27	33	36	38	32	44	10	16	13	36	30	30	20	43	28	38	35	36	42	44	28	33	20	35	40	39	28	32	53	39	10	37	44	35	46	42	39	40	33	33	39
	2007 Score		43	46	17	25	33	39	34	40	34	43	28	20	20	44	40	25	33	31	37	29	43	10	16	10	34	30	30	15	43	27	38	35	35	43	47	28	34	20	35	46	40	28	32	53	39	10	38	45	37	42	35	34	43	34	33	38
	Desired Score (4 Years)		69	70	70	60	70	68	64	68	67	68	68	69	64	70	65	70	65	67	70	64	69	40	40	40	67	65	65	53	70	58	70	65	65	60	54	50	65	50	61	70	65	65	69	63	70	36	70	65	64	75	71	66	73	67	72	71
All Assets Consolidated	Current Score 2010		43	46	28	32	33	42	41	46	39	44	34	35	25	54	44	27	33	37	39	33	44	21	20	18	35	34	34	19	43	31	39	35	33	42	45	33	32	31	36	44	40	28	33	53	38	13	36	43	38	46	41	37	38	33	33	38
	Score 2007		42	45	24	28	33	39	36	40	38	43	29	26	23	45	38	25	32	33	37	27	41	20	20	15	34	30	30	15	43	28	38	34	33	43	47	33	32	28	36	46	41	28	33	53	37	12	38	45	37	42	35	34	42	34	33	38
	Desired Score (4 Years)		69	70	70	63	70	68	64	68	68	69	68	70	64	70	65	69	65	67	70	65	68	44	44	44	66	65	65	53	70	59	70	65	65	60	54	55	65	55	62	70	65	65	69	63	70	36	70	65	64	69	70	66	72	67	72	69

2007 Score

Current 2010 Score

Desired Score (4 Years)

Consolidated All Infrastructure Assets
Asset Management Practices
Gap Analysis Summary Chart



The gap analysis indicates that Council has “awareness” and in some cases a “systematic approach” in most practice areas/categories. A few areas border on “competence” level.

These results are averaged across all of Council’s infrastructure asset classes. The results vary from asset class to asset class but not by significant amounts.

Typically “awareness” and “systematic approach” levels indicate lack of consistency and lack of formality in asset management application and systems and processes in the various practice areas.

Current practice is in most cases well short of the desired “basic competence” level (to achieve a “core plus” status) in the various practice areas/categories as illustrated in the gap analysis chart.

It is noted that this level of asset management capability is fairly typical of many Council across NSW, although it is also noted that all Council is now placing greater emphasis on developing asset management capability in response to recent legislative initatives.

5 ASSET MANAGEMENT IMPROVEMENT STRATEGY

The gap analysis has informed the development of an asset management improvement strategy that identifies the key asset management improvement strategies/actions required to bridge the gap between current and desired/target practice. The strategy has an initial 4 year focus.

Strategy 1: Develop and Manage Asset Knowledge

Review Asset Hierarchy and Classification System

A basic asset hierarchy and classification system for assets has previously been developed. There is a need to review and confirm the asset hierarchy and classification system as a basis for further asset management development. As part of this process a consistent asset identification system should be developed.

Action 1: Review and Develop/Confirm Asset Hierarchy and Classification System

Asset Data

Council requires considerable knowledge of assets in order to undertake asset planning and management activities to provide services to the community in an effective and efficient manner.

It is important to review current levels of asset data and consider and determine future data requirements.

This will aid in corporate decision making. Obviously the quality of the data is crucial to the benefit it will provide to decision making. An important outcome from this strategy will be a continual review of the existing data to ensure that it is accurate and complete.

Collection of historical life cycle, operations and maintenance data is important as is utilisation and performance data and valuation data and information.

There is a need to review existing asset attribute and condition data capture techniques and develop a strategy for the ongoing capture of data including frequency of data collection, methods of collection including spatial, and resourcing requirements.

It is intended to collect relevant data for asset classes, as and where necessary. The aim is to collect the essential data required for appropriate asset management application.

Action 2: Review data needs and requirements and establish processes for collection / capture of data.

Action 3: Undertake additional and ongoing data collection including spatial representation and condition assessment.

Undertake Asset Valuations

There is a need to undertake asset valuations for parks and recreation assets and other land improvement assets which are yet to be valued under new accounting/reporting requirements in line with AASB116. Generally valuations are to be reviewed and updated annually.

Action 4: Undertake asset valuations.

Data Management Guidelines and Processes

There is a need to review, develop and implement data management guidelines and practices including assignment of management responsibilities, systems development responsibilities and responsibilities for data validation and auditing.

Action 5: Review, Develop and Implement Basic Data Management Guidelines and Processes

Asset Handover Guidelines and Processes

Develop and implement asset handover guidelines and processes for collection, transfer and management of data and information about newly created and upgraded assets plus assets which have been renewed. This includes data gathering and input into asset management systems and related systems e.g. accounting/capitalisation data into financial system. It also relates to collection and management of plans and records.

Action 6: Develop and Implement Asset Handover Guidelines and Processes

Strategy 2: Develop and Implement Strategic Asset Planning Processes

Asset Management Plans

Council has previously developed First Cut Asset Management Plans for four key infrastructure assets (Roads and Bridges, Stormwater and Flood Mitigation, Buildings, Parks and Recreation). These plans need to be reviewed and updated to align with the Community Strategic Plan objectives and priorities and the new Integrated Planning and Reporting legislative requirements. The Plans are to be continually reviewed and improved and should be working documents guiding asset management across the organisation. The plans also need to align with and inform the Council's Long Term Financial Plan and Delivery Program.

Action 7: Develop 2nd Cut Asset Management Plans

Levels of Service

There is a need to review and further develop levels of service across all asset areas, initially based on existing levels of service and subsequently to take account of desired levels of service based on community consultation. This will align with the CSP process. Levels of service are a key component of the asset management planning process.

Action 8: Review and Develop Levels of Service

Risk Assessment and Management

Council has previously conducted basic risk assessments for most infrastructure assets. There is a need to undertake formal and comprehensive risk assessment for all assets and develop risk management plans to guide asset planning and management and decision making.

Action 9: Review and undertake risk assessment and develop and implement risk management strategies/plans.

Asset Long Term Financial Strategy / Long Term Works Programs

It is important to develop a Long Term Financial Strategy (LTFS) for all asset classes aligned with the development of Asset Management Plans. The LTFS will consider asset life cycle management over a specified timeframe and will consider Operations, Maintenance, Renewals and New Works and include appropriate revenue/funding analysis and projections. They will also include detailed valuation and depreciation assessments and projections. A detailed 10 year strategy will be developed within a broader high level 20 year strategy to align with the organisation long term financial strategy. This will include life cycle planning/costing and development of long term works programs.

Action 10: Develop Asset Long Term Financial Strategy and Long Term Works Programs.

Long Term Financial Plan (LTFP)

Council's Long Term Financial Plan has been developed from data across Council including the outputs from the Asset Management Plans. As further asset management knowledge is obtained and further asset and service planning work is completed, Council should review and further develop the funding model to more robustly address the sustainable renewal of infrastructure. The funding model should include asset management and funding options such as:

- Rate revenues
- Borrowing strategies
- Non asset renewal
- Variation in service levels
- External grant funding
- Fees and charges
- Extending asset life
- Non asset service provision
- Transfer service provision to others
- Agreed deficit funding

Action 11: Review/develop the Long Term Financial Plan and funding model to provide for sustainable renewal of infrastructure.

Asset Rationalisation

There is a need to undertake an asset rationalisation review/study across all asset classes to review the requirement/future need for particular assets including consideration of cost effectiveness of maintenance and renewal of assets. It also is to consider value of the asset in delivering related benefits and services to the community, utilisation, configuration, type and location of assets.

Action 12: Undertake Asset Rationalisation Review/Study.

Strategic Planning and Forecasting

There is a need to include basic strategic considerations such as demand forecasting, optimised decision making, predictive modeling, deterioration modeling and failure mode analysis in future asset planning for major assets.

Action 13: Include basic strategic considerations such as demand forecasting, optimised decision making, predictive modeling, deterioration modeling and failure mode analysis in future asset planning for major assets.

Strategic Planning and Forecasting

There is a need to develop and implement project evaluation/prioritisation systems and processes for evaluation of proposed capital works projects and programs. This would include basic evaluation processes for low cost projects/programs and basic benefit/cost processes for major cost projects. Include renewals prioritisation processes.

Action 14: Develop and implement project evaluation/prioritisation systems and processes

Strategy 3: Develop and Implement Operations, Maintenance and Works Processes

Operations and Maintenance Strategies and Practices

There has previously been work to review operational practices within the civil infrastructure related works and maintenance areas of Council. There is a need to develop and implement effective and efficient operations and maintenance strategies and practices for managing planned and unplanned maintenance for all assets, managing critical assets, asset inspection systems and processes, emergency management practices etc. Developing maintenance and works specifications and service standards will be included.

Action 15: Develop and implement Operations, Maintenance and Works Strategies and Practices including Service Specifications.

Action 16: Develop and implement asset and defect inspection and management systems.

Project Management

There is a need to develop and implement basic project management and contract management guidelines, systems and processes. This would include developing and formalising design and construction standards and specifications.

Action 17: Develop and implement basic project management and contract management guidelines, systems and processes.

Strategy 4: Develop Asset Management Information Systems

Asset Management System

Current asset management "systems" include:

- Civica AIM system – currently being implemented as Council Asset Management System including asset registers and basic asset management and reporting capabilities

- SMEC PMS **-** SMEC Pavement Management System implemented for roads and related assets and bridges. Council intends to continue to use the SMEC PMS for road pavement deterioration modeling. It is desirable that the Civica AIM system can interface/integrate with the SMEC PMS.

- MS Excel **-** Council has a number of spreadsheets (and other databases) which have data for:

    - Plant register, maintenance
    - Parks and recreation
    - Property and lease management
    - Drainage management
    - Capital Works Programs

- Geographic Information System (GIS) – CadCorp GIS software is used as the Geographical Information System. The information stored in this system is then served to a browser based system over the intranet via IFM for all staff. Most asset components have a geographic feature created in many of the asset class layers.

Current corporate "systems" include:

- Civica Authority system – an integrated solution encompassing Customer Request Management, e-Services, Financial Management, Human Resources, Payroll, Land Information and Asset and Infrastructure Management functions
- Cadcorp GIS and IFM
- TRIM Document management system
- Xpedite – A suite of application designed for Community Service

The implementation of the Civica AIM system has been slow. The full development and implementation of the Civica AIM system as Council's Asset Management Information System is now considered critical for improvement of Council's asset management. Any AMIS should have a range of asset management capabilities including asset register, asset valuation, works and maintenance management systems, works orders and works costing capabilities, defect management system, strategic planning capability, and reporting capability. The system is required to be aligned with and interfaced/integrated with Council's corporate and GIS systems.

Once the system is fully implemented and operational it will be critical to assign responsibility along with appropriate training and support to utilise the system.

From a financial reporting and systems perspective, the information used for decision support and asset management planning should be based on the same core data that is also used for financial reporting. At present not all of Council's data is linked, and having an audit trail to track changes related to individual assets is difficult, if possible at all.

To achieve the accounting requirements required under AASB116 and the NSW Financial Reporting Code, an asset register that meets both technical and financial reporting requirements is a primary requirement. This register must be managed under corporate business rules to maintain its integrity; hence an asset specific accounting policy is required.

Action 18: Review, develop and implement an Asset Management Information System (Civica AIM system as considered appropriate otherwise alternate AMIS)

Action 19: Integrate Asset Management System/s with Corporate systems and GIS.

Mobile Computing/Data Loggers

It is considered important to develop and implement a mobile computing capacity including use of data loggers for works management and asset inspections. This will assist in improving asset management and works efficiencies.

Action 20: Investigate/scope/acquire/ implement mobile computing system and use of data loggers.

Strategy 5: Establish Organisation Context and Resourcing

Integration with Community Strategic Plan

Asset management planning and implementation must integrate with the Community Strategic Plan and comply with requirements of the Integrated Planning and Reporting requirements. Asset Management planning and Asset Management Plans will form key components of the Council Resourcing Strategy.

Action 21: Integrate asset management planning and Asset Management Plans with Community Strategic Plan and ensure compliance with Integrated Planning and Reporting requirements.

Asset Management Policy and Strategy

Council has previously developed an Asset Management Policy however it needs to be updated to reflect current organisation and legislative directions eg Community Strategic Plan and Planning and Reporting requirements. This Asset Management Strategy is Council's first formal strategy document. There is a need to review, further develop and adopt an Asset Management Policy and Strategy to set clear goals and objectives for asset management for Council. The development of the Policy and the Strategy will reinforce the importance of asset management being a whole of organisation responsibility and a priority.

Action 22: Review/develop and adopt an Asset Management Policy and Strategy

Organisational Capacity and Resourcing

In order to implement this asset management strategy it is important that Council undertake a resource assessment and provide appropriate resourcing to facilitate a staged and monitored program of improvement of asset management. This will include a review of related organisation structure, human resources and systems. Appropriate resourcing will need to be put in place to facilitate delivery of this Strategy and achievement of Council's asset management goals and objectives.

Action 23: Undertake an asset management structure and resourcing review and implement resultant resourcing strategy.

Asset Management Coordination Team

There is a need to put in place a "multi-disciplined" Asset Management Coordination Team to oversee and monitor the planning and implementation of the Asset Management Policy, strategy and improvement program. The Team should be made up of asset and support managers from across the organisation. The Coordination Team should have defined roles and responsibilities and should report to Council's Executive Management Team. The Team will also be involved in training and awareness raising and working across Council to lead/guide the development of the corporate asset management focus.

Action 24: Establish an Asset Management Coordination Team

Expenditure Types

The nature of works undertaken by Council and knowledge of the type of expenditure is an important requirement for preparing an Asset Management Plan. An asset management plan distinguishes between operations, maintenance, capital renewal, capital upgrade and expansion.

The expenditure types can be described as follows:

Operating: is the expenditure on providing a service, which is continuously required including staff salaries and wages, plant hire, materials, power, fuel, accommodation and equipment rental, on-costs and overheads. Operating expenditure excludes maintenance and depreciation.

Maintenance: is expenditure on an existing asset which is periodically or regularly required as part of the anticipated schedule of works required ensuring that the asset achieves its economic life. It is expenditure which was anticipated in determining the assets economic life. Maintenance may be planned or unplanned (e.g. repairing a pothole in a road, repairing the decking on a timber bridge, repairing a drainage pipe or repairing the fencing in a park).

Capital Renewal: is expenditure on renewing an existing asset which returns the service potential or the life of the asset to that which it had originally, e.g. resurfacing part of a road, renewing a section of a drainage network, major maintenance on bridge pylons or resurfacing an oval. Capital renewal works restore existing service levels and do not add to budget liabilities. Well-planned capital renewal works can reduce operating and maintenance costs by reviewing service levels, use of automation and more energy efficient equipment.

Capital Upgrade: is expenditure on upgrading an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally, e.g. widening the pavement and sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility, replacing an existing bridge with one having a greater carrying capacity, replacing a chain link fence with a wrought iron fence.

Capital Expansion: is expenditure on extending an infrastructure network, at the same standard currently enjoyed by residents, to a new group of users, e.g. extending drainage or road network, the provision of a new oval or park. Capital expansion expenditure should be considered discretional expenditure, which increases future operating and maintenance costs because it increases Council's asset base, but may be associated with additional revenue from the new user group.

Capital upgrade and expansion expenditure adds to future liabilities and does not contribute to the sustainability of the existing infrastructure. These works commit Council to fund ongoing budget liabilities for operations, maintenance, renewal and finance costs (where applicable) for the life of the asset.

There is a need to apply these definitions across the organisation including in the technical/engineering areas and in the corporate areas eg Finance/Budget areas of Council. Works programs, asset systems, budgets, financial registers etc should all be structured along the same lines.

Action 25:

Establish protocols for identification of infrastructure including budgets/expenditure by both:

- Asset Category i.e. the Asset Class and Group it is associated with; for example, Roads and Bridges - road pavement, and
- Expenditure Type - operating, maintenance, capital renewal, capital upgrade or capital expansion

The Cost of Asset Ownership

All councils need to know not only the upfront capital costs incurred in each capital works project listed on the capital works program, but also the ongoing "life cycle" costs associated with new additional and/or upgraded assets. Traditionally the full costs of ownership are generally not considered.

It is critical that Council and the community understand the financial effect of capital project decisions.

Action 26: Establish processes to consider life cycle costs when making decisions about new/upgrade works and provide appropriate recurrent funding for asset life cycle management.

Asset Management Training and Awareness

There is a need to develop and deliver an asset management training and awareness program for asset management staff, support staff, management team and Councilors. It is important for everyone in the organisation to understand what asset management is about and to understand that sound asset management planning and strategies underpin sustainability.

Action 27: Develop and Deliver an Asset Management Training and Awareness Program

Procurement Policy and Guidelines

There is a need to review Council's procurement policies and guidelines to ensure they are in line with probity requirements and Council's Asset Management Policy, strategy and principles specifically in regards to sustainability and "best value" outcome.

Action 28: Review Procurement Policy and Guidelines

Undertake Continuous Review and Improvement

There is a need to continually review and improve asset management strategies, systems and processes and service delivery. This also includes undertaking annual reviews of asset management against adopted strategies and the improvement program with a full review every three to four years in line with preparation of the Community Strategic Plan and Delivery Program. A program for asset management and service benchmarking should be developed and implemented.

Action 29: Undertake Continuous Review and Improvement of Asset Management

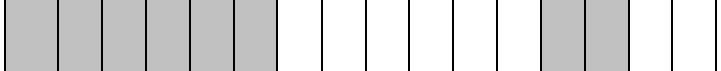
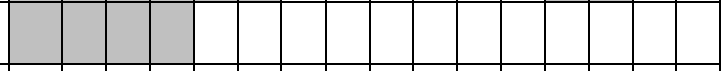
Action 30: Undertake asset management and service benchmarking

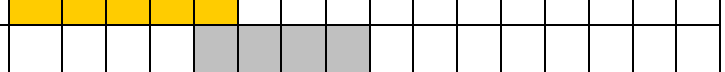
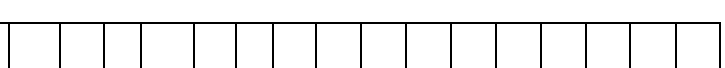
6 ASSET MANAGEMENT IMPROVEMENT PROGRAM

A 4 Year Asset Management Improvement Program based on tasks identified above, is presented in the following table.

The Improvement Program includes an indication of the importance of the task/activity, indicative timeframes, resourcing requirements and identification of indicative external/capital costs to implement the required improvements.

Holroyd Council - Asset Management Improvement Program 2014 - 2017																									
Strategy/ Action Number	Improvement Action/Task	Importance	Resourcing (Council In-House/ Consultant)	Indicative Cost (2010 $000s) (excludes existing staff resource)				Timeframe																	
				14/15	15/16	16/17	17/18	2014				2015				2016				2017					
Develop and Manage Asset Knowledge																									
A1	Review and Develop/Confirm Asset Hierarchy and Classification System	High	Council																						
A2	Review data needs and requirements and establish processes for collection of data.	High	Council																						
A3	Undertake additional (and ongoing) data collection including spatial representation and condition assessment.	High	Council/ Consultant	80	80	80	80																		
A4	Undertake Asset Valuations	High	Council/ Consultant																						
A5	Review, Develop and Implement Basic Data Management Guidelines and Processes	Medium	Council																						
A6	Develop and Implement Asset Handover Guidelines and Processes	Medium	Council																						
Develop and Implement Strategic Asset Planning Processes																									
A7	Develop 2nd Cut Asset Management Plans (review/ update annually)	High	Council/ Consultant			10	10																		
A8	Review and develop Levels of Service	High	Council/ Consultant (inc basic Community Consultation process)	5	15		10																		
A9	Review and undertake risk assessment and develop and implement risk management strategies/ plans.	High	Council/ Consultant	5	10																				

A10	Develop Asset Long Term Financial Strategy and Long Term Works Programs.	High	Council/ Consultant	16	20			
A11	Review/develop the Long Term Financial Plan and funding model to provide for sustainable renewal of infrastructure.	High	Council					
A12	Undertake Asset Rationalisation Review/Study.	Medium	Council					
A13	Include basic strategic considerations such as demand forecasting, optimised decision making, predictive modeling, deterioration modeling and failure mode analysis in future asset planning for major assets.	Medium	Council					
A14	Develop and implement project evaluation/ prioritisation systems and processes	Medium	Council					
Develop and Implement Operations, Maintenance and Works Processes								
A15	Develop and implement Operations, Maintenance and Works Strategies and Practices including Service Specifications.	High	Council/ Consultant	15	25		10	
A16	Develop and implement asset and defect inspection and management systems.	High	Council/ Consultant	10	10			
A17	Develop and implement basic project management and contract management guidelines, systems and processes.	Medium	Council					

Develop Asset Management Information Systems								
A18	Review, develop and implement Asset Management Information System (Civica AIM system if appropriate)	High	Council/ Consultant	10	60	20		
A19	Integrate Asset Management System/s with Corporate systems, SMEC and GIS.	High	Council					
A20	Investigate/scope/acquire/ implement mobile computing system and use of data loggers	Medium	Council/ Consultant (inc estimated cost of system $25k)		5	25		
Establish Organisation Context and Resourcing								
A21	Integrate asset management planning and Asset Management Plans with Community Strategic Plan	High	Council					

	and ensure compliance with Integrated Planning and Reporting requirements.							
A22	Review/develop and adopt an Asset Management Policy and Strategy	High	Council/ Consultant	5				
A23	Undertake an asset management resourcing review and implement resultant resourcing strategy (budget for specialist assistance).	High	Council (Consultant Assistance)	40	40	20	20	
A24	Establish an Asset Management Coordination Team	High	Council					
A25	Establish protocols for identification of infrastructure including budgets/ expenditure by both Asset Category and Expenditure Type	High	Council					
A26	Establish processes to consider life cycle costs when making decisions about new/upgrade works and provide appropriate recurrent funding for asset life cycle management.	High	Council					
A27	Develop and Deliver an Asset Management Training and Awareness Program	High	Council/ Consultant	10	10	10	10	
A28	Review Procurement Policy and Guidelines	Medium	Council					
A29	Undertake Continuous Review and Improvement of Asset Management	High	Council					
A30	Undertake Asset Management and Service Benchmarking	Medium	Council					
			TOTAL INDICATIVE COST	**$196**	**$265**	**$165**	**$140**	

7 RESPONSIBILITIES AND RESOURCING

To implement the asset management improvement program, significant effort, commitment and resources will be required.

Key responsibility for developing and implementing asset management will rest with the Director Engineering Services, the Manager Asset and Operations and Manager Facilities. They will manage and "do" many of the asset management development actions/tasks outlined. This importantly will give the Engineering Services "team" asset management ownership and will help develop various asset management skills and knowledge.

The structure and resourcing within the Engineering Services Department needs to be reviewed and additional resourcing provided for Council to deliver the desired strategic asset management focus.

In some cases there will be a need to engage specific specialists to develop and implement certain asset management elements, however this will be limited to a few very specific areas. It will be desirable to have general assistance and guidance provided by an asset management specialist throughout the early period of the strategic asset management improvement project to assist the Director Engineering Services, the Manager Asset and Operations and the Manager Facilities with various actions/tasks.

Key Council officers will be involved in various stages of the asset management improvement program implementation.

The City Planning Directorate, Engineering Services Directorate, Information Technology Branch and Financial Management Branch will have key implementation responsibilities for relevant aspects of the program.

It will be important for the Executive Team also to have some responsibility for strategic asset management development. In this regard it is recommended that the Director Engineering Services and the Coordination Team should report the progress and status of asset management development to the Executive Team on a regular basis.

A critical issue is the advancement of the Asset Management Information System. Whilst Council has decided to progress with the Civica AIM system as Council Asset Management System, to date the implementation and application of the system has been progressing. It is considered important that priority be given to reviewing and implementing the system over the next 12 to 18 months.

Also Council will need to review and consider the in-house resourcing required to fully establish/set up (and operate) the system and if significant early progress is not being made then resourcing will need to be critically reviewed.

Engineering Services Directorate roles and responsibilities will include:

- Developing (and implementing) Asset Management Policy and Strategy
- Developing (and implementing) Asset Management Plans
- Developing Asset Management System functionality specification
- Coordinating Asset Management System review/implementation process
- Oversee existing asset data transfer into new system
- Coordinating asset management training program
- Developing and implementing the asset management improvement program
- Ensuring asset management in the organisation aligns with the Community Strategic Plan goals and objectives (and Integrated Planning and Reporting requirements) and is responsive to community views, needs and requirements
- Nominating a responsible data manager for data management for each asset class
- Allocating resources/ funding for asset data collection and input into the system
- Managing data and information collection and update
- Testing and setting basic appropriate "Levels of Service" for key asset services
- Managing assets and works in accordance with Asset Management Plans

Finance and Corporate Services Directorate roles and responsibilities will include:

- Assisting in implementation of the asset management system taking into account existing corporate systems
- Advising on compatibility and integration of the asset management system with Council's corporate systems
- Liaising with the vendor for ongoing installation, testing, set up and implementation of the asset management system
- Setting up administrative control including permission, licence and access controls
- Providing IT back up administrative support for the systems
- Provide financial information and analysis to support the Asset Management Plan development and long term financial strategy
- Participate in setting up of asset management system ensuring that it satisfies and supports improved asset management planning, financial processes, guidelines and reporting requirements.

As a general principle it is reasonable to expect that asset management should be part of good business practice and should not impose high levels of additional demand on the resources of the organisation.

However, when implementing business change it is likely that there will be some impact and some additional resources will be required to:

- Determine exactly how the changes will be implemented into the routine business practices of the organisation
- Develop business processes which support the changes
- Support and train staff who are involved in the change process
- Assess any long term resourcing impacts
- Monitor and review that the outcomes sought by the changes are being achieved

Costs and Funding

As discussed, many of the improvement activities/tasks identified do not require any additional funding, but will require a commitment of existing and proposed asset management and related staff resources.

However, there is no escaping the fact that investment in staff resourcing including training and development, asset system acquisition, development and implementation, and data capture and management will be needed both in the short and medium term to enhance the organisation's asset management capability and to achieve Council's asset management aspirations.

Additional specialist/consultant work and related costs have been indicated. Further work is required to more accurately define asset management development costs and funding requirements.

Funding for this Asset Management Improvement Strategy will be considered in current and future budgets. The estimated costs associated with implementing the Asset Management Strategy/Improvement Program are indicated in the Improvement Program in Section 6. (Note the costs indicated exclude in-house staff resourcing costs which it is assumed will be available and dedicated following initial structure and resourcing review and implementation).

8 MONITORING AND EVALUATION

Implementation progress and status of the Improvement Strategy will be monitored on an ongoing basis by the Director Engineering Services, the Asset Management Coordination Team and the Executive Team.

The Director Engineering Services and the Asset Management Coordination Team will report quarterly to the Executive Team on implementation progress and status of the Improvement Strategy.

The Strategy will be reviewed annually by Council.

An external review will be conducted every two years.

9 ACRONYMS

AM	Asset Management
DLG	Division of Local Government, Department of Premier and Cabinet
CSP	Community Strategic Plan
HC	Holroyd Council
IPR	Integrated Planning and Reporting
the Act	Local Government Act 1993
LGA	Local Government Area
LTFP	Long Term Financial Plan
LTFS	Long Term Financial Strategy
PMS	Pavement Management System
SMEC	Snowy Mountains Engineering Corporation

10 SUPPORTING DOCUMENTS

Holroyd Community Strategic Plan 2011-2021

Holroyd Council Asset Management Policy 2011

International Infrastructure Management Manual, IPWEA 2006

Australian Infrastructure Financial Management Guideline, IPWEA 2009

Local Government Amendment (Planning and Reporting) Act 2009

Planning a Sustainable Future – Planning and Reporting Guidelines for Local Government in NSW 2010

Planning a Sustainable Future – Planning and Reporting Manual for Local Government in NSW 2010

Appendix 1: Terms Used in this Strategy

In the context of this Asset Management Strategy the following definitions apply:

Average Annual Asset Consumption (AAAC)	Average Annual Asset Consumption is the amount of a local Government's asset base consumed during a year. It is the sum of the current replacement cost divided by the economic life for all assets in an asset category or class.
Annual Service Cost (ASC)	ASC is an estimate of the cost that would be tendered for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operating, maintenance, depreciation, finance/ opportunity and disposal costs, less revenue.
Assets	"An asset of the local Government shall be recognised in the statement of financial position when and only when: • It is probable that the future economic benefits embodied in the asset will eventuate; and • The asset possesses a cost or other value that can be measured reliably." Most road infrastructure assets satisfy both criteria. Exceptions are land under roads and bulk earthworks. For network assets such as roads, the combined application of the concept of materiality and high variability of the road attributes across the network has resulted in the almost universal and correct practice that assets be broken into segments. Each asset has a current replacement value, written down current replacement value, annual depreciation amount, and economic and remaining life.
Asset Category	Grouping of like assets, e.g. all unsealed roads.
Asset Class	Grouping of like asset categories, e.g. all pavement, seal, kerb and gutter are all part of the asset class of Roads and Bridges
Asset Condition Assessment	The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.
Asset Management	The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.
Capital Expansion Expenditure	Capital expansion is expenditure on extending an existing asset network, at the same standard currently enjoyed by residents, to a new group of users. It is discretional expenditure, which increases future operating, and maintenance costs, because it increases Council's asset base but may be associated with additional revenue from the new user group (e.g. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents).
Capital Expenditure	Expenditure which is relatively large (ie material) and has benefits expected to last for more than 12 months. Capital expenditure can be split into three areas, renewal, upgrade and expansion.

Capital Renewal Expenditure	Capital renewal is expenditure on an existing asset, which increases asset service potential of an existing asset. This may be to the same or a lower level than initially provided (partial renewal). It is periodically required expenditure, relatively large (i.e. material) in value compared with the value of the asset or asset component being renewed. As it reinstates existing service potential, it has no impact on revenue but may reduce future operating and maintenance expenditure if completed at the optimum time (e.g. resurfacing a sealed road, resheeting an unsealed road, replacing a drainage pipeline with pipes of the same capacity, relining of an existing drainage pipeline, replacing bridge decking or resurfacing an oval). Where renewal works include a significant upgrade, the renewal and upgrade components should be separately identified (eg if a swimming pool with a replacement cost of $3M is replaced with a $15M leisure centre, then $3M is identified as renewal and $12M as upgrade).
Capital Upgrade Expenditure	Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretional and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in Council's asset base (e.g. widening the pavement and sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility, replacing an existing bridge with one having a greater carrying capacity, replacing a chain link fence with a wrought iron fence).
Confidence Level	A measure of the certainty, reliability and trust in information that lies behind a decision.
Cost	Cost is the resources sacrificed or foregone to achieve a specific objective. Costs are measured in monetary units that must be paid for goods and services.
Current Replacement Cost	The cost of replacing the service potential of an existing asset, by reference to some measure of capacity, with an appropriate modern equivalent asset.
Depreciation	Depreciation is a measure of the average annual consumption of service potential over the life of the asset. Depreciation is not a measure of required expenditure in any given year.
Economic Life	The period from the acquisition of an asset to the time when the asset, while physically able to provide a service, ceases to be the lowest cost alternative to satisfy a particular level of service. The economic life is at the maximum when equal to the physical life; however obsolescence will often ensure that the economic life is less than the physical life.
Estimated Maintenance and Renewal Budget	The amount that a council anticipates that it will actually be spending and will be able to afford to spend as outlined in its long term financial plan or strategic resource plan for maintenance and renewal works in a future time period (e.g. 0-5, 6-10, 11-15 years).
Expenditure	Expenditure is the spending of money on goods and services. Expenditure falls into two basic categories, recurrent and capital.
Fair Value	The amount for which an asset could be exchanged or liability settled, between knowledgeable, willing parties, in an arm's length transaction, normally determined by reference to market or comparable prices. Generally, there is no market for Council's

	infrastructure assets and Fair Value is current replacement cost less accumulated depreciation.
Funding Model	A Funding Strategy which addresses: • The need for funds; • The peaks and troughs in this need; and • How the funds will be sourced. • Life cycle analysis should be the basis of the funding model. The funding model adopted by Council decides how it determines: – The level of funds year by year; – The source of those funds; and – The use or allocation of those funds to recurrent/ capital, to infrastructure and to other assets and other services.
Infrastructure Assets	These are typically large, interconnected networks of or portfolios of composite assets such as roads, drainage and recreational facilities. They are generally comprised of components and sub-components that are usually renewed or replaced individually to continue to provide the required level of service from the network. These assets are generally long lived, are fixed in place and often have no market value.
Level of Service	Level of Service is the defined service quality for a particular Primary Service (e.g. roads, child care services) against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost (e.g. the number of accidents on local roads).
Maintenance Expenditure	Maintenance is expenditure on an existing asset which is periodically or regularly required as part of the anticipated schedule of works required ensuring that the asset achieves its economic life. It is expenditure which was anticipated in determining the assets economic life. Maintenance may be planned or unplanned (e.g. repairing a pothole in a road, repairing the decking on a timber bridge, repairing a drainage pipe or repairing the fencing in a park).
Maintenance and Renewal Gap	Difference between estimated budgets and projected expenditures for maintenance and renewal of assets.
Maintenance and Renewal Sustainability Index	Ratio of estimated budget to projected expenditure for maintenance and renewal of assets over a defined time (e.g. 5, 10 and 15 years).
Materiality	The concept of materiality referred to in accounting standards has been amplified in these guidelines. An asset is material if its omission would result in misleading the reader of the financial report. The convention of an asset being material if greater than 10-15 % of asset value is only partly useful for road assets because of historic variability in practice in measuring value. The overriding principle is that financial reports present a true and fair picture of the financial position of the council.
Operating Expenditure	Expenditure on providing a service, which is continuously required including staff salaries and wages, plant hire, materials, power, fuel, accommodation and equipment rental, on-costs and overheads. Operating expenditure excludes maintenance and depreciation
Pavement Management System	A PMS is a systematic process for measuring and predicting the condition of road pavements and wearing surfaces over time and recommending corrective actions.

Planned Maintenance	Planned maintenance is anticipated maintenance due to expected normal usage, which can be scheduled in advance. (e.g. routine grading or unsealed roads, clearing of drainage pipelines, painting of recreation facilities). Planned maintenance falls in three categories; • Periodic - necessary to ensure the reliability or to sustain the design life of an asset. • Predictive - condition monitoring activities used to predict failure. • Preventative - maintenance that can be initiated without routine or continuous checking (e.g. using information contained in maintenance manuals or manufacturers recommendations) and is not condition based.
PMS Score	A measure of condition of a road segment determined from a Pavement Management System.
Primary Service	The services provided by councils to their communities, e.g. local roads, libraries, child care services.
Projected Maintenance and Renewal Expenditure	The sum of projected maintenance and capital renewal expenditure required in a future time period (e.g. 0-5, 6-10, 11- 15 years) Projected maintenance expenditure is that required to provide the target level of service allowing for changes in the asset inventory from donated and constructed assets. Projected renewal expenditure is the sum of the current replacement cost for all assets with a remaining life equal to or less than defined future time periods (e.g. 0-5, 6-10, 11-15 years).
Owner/Custodian	Collaborator or associate engaged in the delivery of strategies.
Rate of Annual Asset Consumption	A measure of average annual asset consumption (AAAC) expressed as a percentage of the current replacement cost.
Rate of Annual Asset Renewal	A measure of the rate at which assets are being renewed per annum expressed as a percentage of current replacement cost.
Rate of Annual Asset Upgrade	A measure of the rate at which assets are being upgraded and expanded expressed as a percentage of current replacement cost.
Recurrent Expenditure	Recurrent expenditure relates to providing a service, which has benefits, expected to last less than 12 months. Recurrent expenditure includes operating expenditure and maintenance.
Remaining Life	The time remaining until an asset ceases to provide the required service level or economic usefulness. Remaining life is economic life minus age.
Risk Management	The allocation of probability and consequence to an undesirable event and subsequent actions taken to control or mitigate that probability and/or consequence.
Sustainability Factor	The ratio between the average annual asset life cycle cost and average actual life cycle expenditure.

Service Category	Grouping of like primary services (e.g. drainage/flood protection, environmental protection/waterways, waste management and waste minimisation/recycling are grouped as Environmental Services).
Service Level Target	Target set for level of service to be achieved in the next reporting period (e.g. to retain, increase or reduce the number of accidents on local roads).
Service Potential Consumed	A measure of the percentage of the asset's potential to provide services that have been used up in providing the services. It also expresses the age of assets as a percentage of their economic life. In financial reports it is expressed as the accumulated depreciation.
Special Schedule 7 (SS7)	A schedule required under section 428 2(d) of the NSW local Government act which shows in the annual report: • The condition of infrastructure assets • The amount required to bring assets to satisfactory • The amount required to maintain assets at a satisfactory level • The actual expenditure
Transparency	A measure of the accuracy and confidence levels in council's reporting of asset consumption as depreciation in financial reports.
Unplanned Maintenance	Anticipated maintenance due to abnormal usage, faults, accidents and natural disasters (e.g. additional grading of roads, and cleaning of drainage pipes due to floods, repairs to recreation facilities due to storm damage or vandalism).
Useful Life	See Economic Life

List of Acronyms

AAAC	Average Annual Asset Consumption
AIFMG	Australian Infrastructure Financial Management Guidelines
AM	Asset Management
AM	Asset Management Plan
CBD	Central Business District
CS	Corporate Services
CSP	Community Strategic Plan
DA	Development Application(s)
DLG	Division of Local Government, Department of Premier and Cabinet
EPS	Engineering and Property Services
FIM	Finance and Information Management
GIS	Geographical Information System
HC	Holroyd Council
IIMM	International Infrastructure Management Manual
IP&R	Integrated Planning and Reporting
IPWEA	Institute of Public Works Engineering Australia
KPI	Key Performance Indicator
LGA	Local Government Area
LGPMC	Local Government and Planning Minister's Council
LTFP	Long Term Financial Plan
LTFS	Long Term Financial Strategy
MANEX	Management Executive i.e. Senior Management Team
NAMS.PLUS	Initiative of IPWEA to assist in developing Asset Management Plans
OSES	Open Space and Environmental Services
PDS	Planning and Development Services
PMS	Pavement Management System
QBL	Quadruple Bottom Line
SMEC	Snowy Mountains Engineering Corporation

Appendix 2: Asset Management Policy

COUNCIL ASSET MANAGEMENT POLICY

Precis: This policy outlines Council's responsibilities and commitment to sustainable asset management.

Adopted: 7/06/2011

Primary Keywords: Asset Management
Secondary Keyword: Sustainability
Tertiary Keyword: Services

PURPOSE

This policy has been developed to identify the importance of sustainable asset management to Holroyd City Council and to formalise Council's responsibilities and commitment to the efficient and effective management of the assets under its control.

This policy also outlines the framework for developing and implementing sustainable asset management strategy and plans in a coordinated and structured way.

The policy is in place to set guidelines for implementing consistent asset management processes throughout Council.

OBJECTIVE

To ensure adequate provision is made for the long-term management and replacement of major assets by:

- Managing infrastructure so that services are provided sustainably, with the appropriate quality 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 treatment of those assets
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated
- Creating and sustaining a high level of asset management awareness throughout Council whereby Council employees play an involved and integral part in the overall management of Council's assets
- Meeting and surpassing legislative requirements for asset management
- Demonstrating transparent and responsible asset management processes that align with demonstrated best practice

POLICY STATEMENT

Council will apply the principles of sustainable asset management to ensure the community's physical assets serve the current community and the needs of future generations.

This will be achieved through:

- Developing and implementing a corporate approach to asset management
- Managing and maintaining the community's assets in accordance with sound asset

management principles and practices having regard to the availability of financial resources
- Undertaking asset management in accordance with industry best practice, Integrated Planning and Reporting requirements and to complement and support Council's Community Strategic Plan

This policy applies to all Council activities.

COMMENTARY

Asset management is important because it facilitates the following important outcomes:

- The provision of optimised infrastructure networks as a platform for economic and social development
- Good quality infrastructure is the cornerstone of public health and safety
- The application of risk management practices to safeguard long-term asset investment and benefits to stakeholders
- Development of infrastructure and property assets to meet recreational and other needs of the community
- Benchmarking the condition and performance of assets promotes innovation and efficiencies.

The goal of asset management is to meet a required asset level of service in the most cost-effective way through the planning, creation, acquisition, maintenance, operation, rehabilitation and disposal of assets to provide for present and future generations. An essential perspective of asset management is to take a long term comprehensive approach, which is factually based and thoroughly documented in order that decision makers can appreciate the resources needed to achieve asset sustainability and the continuous delivery of agreed service levels.

A formal approach to the management of assets is essential in order to provide services in the most cost-effective manner and to demonstrate this to management, the community, and other stakeholders.

The key elements of asset management are:

- Taking a life cycle approach and identifying the short, medium and long term capital and operational funding required to provide sustainable asset-based services
- Developing cost-effective management strategies for the long-term
- Agreeing on defined levels of service and monitoring performance
- Managing risks associated with asset performance
- Sustainable use of physical and natural resources
- Continuous improvement in asset management practices

The principles to guide asset management planning and decision-making focus on:

- Ensuring service delivery needs form the basis of asset management
- Integrating asset management with corporate, financial, business and budgetary planning
- Informed decision making, incorporating a life cycle approach to asset management
- Establishing accountability and responsibility for asset condition, use and performance
- Sustainability, providing for present needs while sustaining resources, minimising environmental impact and ensuring corporate financial capacity for future generations

Holroyd City Council owns and/or operates a significant portfolio of assets. These assets include roads and bridge assets, flood mitigation and stormwater drainage assets, parks and recreation assets, property and building assets and plant and equipment assets.

Council has three primary functions in managing assets:

- Act as the responsible entity for assets under its control
- Implement effective asset management practices and planning
- Ensuring sustainability and inter-generational equity ie ensuring future generations can enjoy assets and facilities and related services at least as good as they are now

The application of sound asset management underpins the key elements of the Holroyd City Community Strategic Plan:

- Promoting a healthy, safe and accessible lifestyle for the community
- Protecting the natural environment
- Building a liveable city
- Providing quality recreation opportunities
- Developing reliable transport and safe roads
- Facilitating economic prosperity

POLICY MANAGEMENT

Sustainable asset management is a responsibilty of all elected representatives and employees within Council.

Elected representatives have the role of adopting the policy and ensuring that sufficient resources are applied to manage Council's assets.

Specific responsibility for developing and implementing sustainable asset management within the organisation will rest with the General Manager and Director Engineering Services.

Specific asset management teams and officers within the Engineering Services Department will have asset management development, planning and implementation responsibilities in accordance with the adopted Asset Management Plans.

Council will seek opportunities to ensure adherence to this Policy, by establishing specific asset monitoring, auditing and review mechanisms.

DEFINITIONS

Asset – a common physical unit or network system, that is able to be valued, has a life and is a suitable unit for management

Asset Class – logical groupings of assets that are most cost effectively managed as a single population

Asset Management System – a combination of processes, data and software applied to provide the essential outputs for effective Asset Management

Levels 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 – the cycle of activities that an asset (or facility) goes through while it retains an identity as a particular asset, i.e., from planning and design through to decommissioning or disposal

Sustainability (from an Asset Management perspective) – managing assets so that benefits of the services supported are available for future generations. Inter-generational equity should be assured by requiring existing users to pay for their asset consumption, rather than leaving their costs to be borne by future generations. Methods to promote sustainability include:

- Planning and resourcing of maintenance and renewal to ensure levels of service are sustainable
- Evaluating all potential methods to meet service delivery demands, including non-asset solutions
- Demand management strategies

The second and third dot points above recognise that financial constraints necessitate optimisation of the asset portfolio by meeting some of the community's expectations for services in ways other than building further assets.

POLICY PRACTICE OR PROCEDURES

Council aims to put in place "best appropriate" asset management strategies and practices. This means that Council will continually be developing and improving its knowledge, systems and processes and strategies to ensure it is providing the level of asset management necessary to competently, responsibly and sustainably manage the community's assets now and into the future.

Short Term Goal

Council's goal is to achieve a level of asset management practice across all of Council's asset classes of between "core" and "advanced" within four (4) years.

Long Term Goal

Council's long term goal is to achieve "advanced" asset management practice across all of Council's asset classes as appropriate. ("Advanced" elements include some strategic asset planning processes such as predictive modelling, deterioration modelling, scenario testing and elements of optimised decision making).

Strategy

Council has developed a sustainable Asset Management Strategy that will be continuously reviewed and refined. The Strategy includes details of the objectives and programs for development and implementation of sustainable asset management at the City of Holroyd.

The focus of the Strategy is on

- Asset knowledge – data and processes
- Strategic asset planning processes
- Operations, maintenance and works processes
- Information systems, and
- Organisation/Commercial context

Council will achieve this by:

- developing and implementing a corporate approach to asset management.
- managing and maintaining the community's assets in accordance with sound asset management principles and practices having regard to the availability of financial resources.
- undertaking asset management in accordance with industry best practice, Integrated Planning and Reporting requirements and to complement and support Council's Community Strategic Plan.

STRATEGY 3

Develop and Implement Operations, Maintenance and Works Processes

ACTIONS

A15	Develop and implement Operations, Maintenance and Works Strategies and Practices including Service Specifications.
A16	Develop and implement asset and defect inspection and management systems.
A17	Develop and implement basic project management and contract management guidelines, systems and processes.

STRATEGY 4

Develop Asset Management Information Systems

ACTIONS

A18	Review, develop and implement an Asset Management Information System (Civica AIM system as considered appropriate otherwise alternate AMIS)
A19	Integrate Asset Management System/s with Corporate systems, SMEC and GIS.
A20	Investigate/scope/acquire/ implement mobile computing system and use of data loggers

STRATEGY 5

Establish Organisation Context and Resourcing

ACTIONS

A21	Integrate asset management planning and Asset Management Plans with Community Strategic Plan and ensure compliance with Integrated Planning and Reporting requirements.
A22	Review/develop and adopt an Asset Management Policy and Strategy
A23	Undertake an asset management structure and resourcing review and implement resultant resourcing strategy (budget for specialist assistance).
A24	Establish an Asset Management Coordination Team
A25	Establish protocols for identification of infrastructure including budgets/ expenditure by both Asset Category and Expenditure Type
A26	Establish processes to consider life cycle costs when making decisions about new/upgrade works and provide appropriate recurrent funding for asset life cycle management.
A27	Develop and Deliver an Asset Management Training and Awareness Program
A28	Review Procurement Policy and Guidelines
A29	Undertake Continuous Review and