

ANNEXURE J:
ASSET MANAGEMENT PLAN

BURW2030D
**ASSET
MANAGEMENT
PLAN**

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Acknowledgements

The Asset Management Plan was written and prepared by Jeff Roorda & Associates (JRA) a TehnologyOne company.

The dashboard material utilised in the Plan is the intellectual property of JRA (2018).

Introduction

The Asset Management Plan contains an assessment and strategic plan for all the assets under Council ownership and for any new asset solutions proposed in the *Burwood2030* Community Strategic Plan.

In addition, the Asset Management Plan (AMP) identifies all built assets under Council's control and provides risk management strategies for them.



Summary

Context

Burwood Council is responsible for the acquisition, operation, maintenance, renewal and disposal of an extensive range of Building and Infrastructure assets with a total replacement value nearing \$423.1 million.

The building and Infrastructure assets include:

- Transport
- Drainage
- Buildings
- Parks & Recreation

These assets contribute to provision of services essential to our community's quality of life. Like many NSW councils, Burwood experiences a funding infrastructure backlog due to aging infrastructure and a funding gap between current and required capital expenditure. Therefore, long term Capital Plans and Long-Term Financial Planning is required to ensure that service delivery is sustainable.

This Asset Management Plan (AMP) takes the organisational objectives in our *Burwood2030* Community Strategic Plan, develops the asset management objectives, principles, framework and strategies required to achieve our organisational objectives. The plan summarises activities and expenditure projections from individual asset modelling to achieve the asset management objectives.

Current situation

The objective of the AMP is to describe how Council will meet its commitment to asset management as documented in the Draft Asset Management Policy. It will achieve this by developing a structured set of Strategic Actions aimed at enabling Council to improve its asset management practices and service delivery needs.

Our aim is to achieve a 'core' maturity for asset management activities and continued maturity improvement where the benefits exceed the costs. Improvement tasks have been identified and documented in *Table 7.2* improvement plan.

Strategic Asset Management Plan Methodology

This AMP has been developed in line with Council's proposed special rate variation. The AMP contains two scenarios as outlined below.

Scenario 1 compares council's required asset renewals, accumulated backlog and additional operations and maintenance to control high risk assets against council's Long term Financial Plan. Scenario 1 represents council's current funded position with respect to the management of physical assets.

SRV Scenario 1 considers the accumulated consequences of additional revenue to address council's unfunded high risk assets (Backlog) including the additional operations and maintenance to manage these risks. Scenario 2 has been developed based on Council's proposed special rate variation of an additional 2% over existing rate pegging.

Scenario 1 is a reflection of the actual funding available. The difference between Scenario 1 and SRV Scenario 1 represents "what we can't do". The discussion about this "gap" will lead us into a much better informed community discussion about what are achievable and acceptable service levels, as well as giving a focus on managing risk.

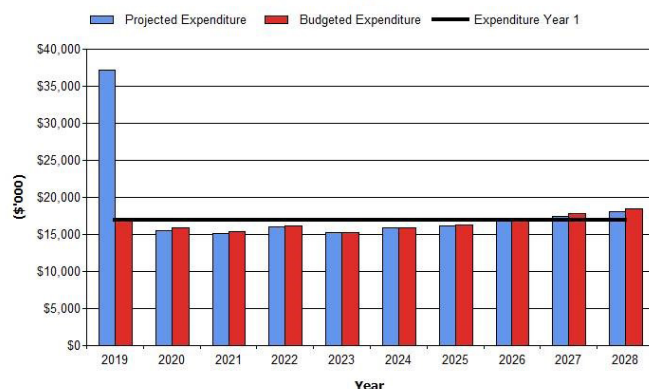
What does it cost?

The forecast of the projected outlays necessary to provide the services covered by this AMP includes operations, maintenance, capital renewal and upgrade of existing assets. Over the 10 year planning period the projected outlays is \$183.53m or \$18.35m on average per year.

Estimated available funding (scenario 1) for this period is \$165.34m or \$16.53m on average per year which is 90% of the cost to provide the service. This is a funding shortfall of -\$1.82m on average per year. This modelling includes backlog which was reported at 30th June 2018 at \$20.6m.

Projected expenditure required to provide services in the AMP compared with planned expenditure currently included in the Long Term Financial Plan are shown in the following graph.

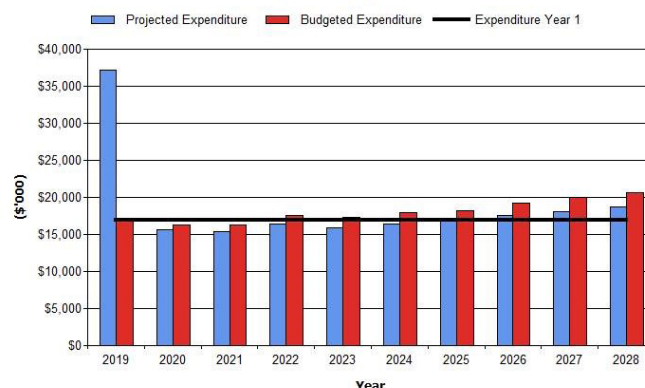
Burwood - Projected and Budget Expenditure for (Strategy)



This modelling can be compared to the SRV scenario which shows over the 10 year planning period the projected outlays is \$188.03m or \$18.8m on average per year.

Estimated available funding including the special rate variation for this period is \$180.3m or \$18.03m on average per year which is 96% of the cost to provide the service. This is a funding shortfall of -\$770,000 on average per year. This is shown in the following graph.

Burwood - Projected and Budget Expenditure for (Strategy)



What will we do?

Council has previously been driven by funding availability and been reactive to customer requests. A shift towards a strategic approach to effective asset management provides better accountability, sustainability, risk management, service management and financial efficiency.

Our aim is to provide the services needed by the community in a financial sustainable manner. Achieving financial sustainability requires balancing service levels and performance with cost and risk. Over the next 10 years council plans to sustain current service levels and continue its strong focus in the high-risk areas of Transport and Stormwater Drainage.

Major projects and initiatives include:

- Upgrade of George Street, Burwood which includes reconstruction of footpath, kerb and gutter, storm water drainage and road pavement
- Continued rolling works program for roads, footpaths, kerb and gutter and storm water drainage
- Continual upgrade of the Enfield Aquatic Centre
- Blair Park and Henley Park Embellishment and Upgrade works.

What we have deferred

Whilst it's not be possible to meet all expectations for services within current financial resources, we will continue to work with the community to ensure that needed services are provided at appropriate levels of service and at an affordable cost while managing risks.

There are major initiatives and projects that have been identified under the SRV scenario that will be deferred for the next 10 years under present funding levels (Scenario 1). These include:

- Acceleration of the stormwater drainage upgrade and renewals program to address current quality and functional network issues
- Complete renewal of poor condition footpaths and kerb & gutter sections.

Managing the risks

There are risks associated with providing the service and not being able to complete all identified activities and projects. We have identified major risks as:

- Increasing financial pressure to adequately maintain the roads portfolio due to increasing costs
- Flooding caused by inadequate or lack of stormwater systems
- Highly variable and unpredictable extreme weather events, and the impact this will have on transport assets. What seemingly is a manageable position can change very quickly
- Modelling shows that building renewal forecasts are to significantly increase in the next 10 to 15 years

We will endeavour to manage these risks within available funding by implementation of asset management systems, to provide a sound platform for understanding the condition, maintenance and replacement schedule for all our assets, which will in turn inform our ongoing budgeting process.

Confidence levels

This AMP is based on a mix of confidence levels as data and information varies greatly across different asset areas.

The next steps

The actions resulting from this asset management plan are:

- We need to regularly engage with our community to understand the level of service they expect and to help them understand the level of service we can deliver. This information is important in setting priorities and determining resource allocation
- Improving asset knowledge so that data accurately records the asset inventory, how assets are performing and when assets are not able to provide the required service levels
- Improving our efficiency in operating, maintaining, renewing and replacing existing assets to optimise life cycle costs
- Identifying and managing risks associated with providing services from assets
- Making trade-offs between service levels and costs to ensure that the community receives the best return from assets
- Identifying assets surplus to needs for disposal to make saving in future operations and maintenance costs
- Consulting with the community to ensure that services and costs meet community needs and are affordable
- Developing partnership with other bodies, where available to provide services
- Seeking additional funding from governments and other bodies to better reflect a 'whole of government' funding approach to asset intensive services

Asset Management Strategy

2.1 Asset Management System

Asset management enables an organisation to realise value from assets in the achievement of organisational objectives, while balancing financial, environmental and social costs, risk, quality of service and performance related to assets.¹

An asset management system is a set of interrelated and interacting elements of an organisation to establish the asset management policy and asset management objectives, and the processes, needed to achieve those objectives. An asset management system is more than a 'management information system'. The asset management system provides a means for coordinating contributions from and interactions between functional units within an organisation.²

The asset management system includes:

- The asset management policy
- The asset management objectives
- The asset management plan
- The asset management plans, which are implemented in:

- Operational planning and control
- Supporting activities
- Control activities
- Other relevant processes³

2.1.1 Asset Management Policy

The draft asset management policy sets out the principles by which the organisation intends applying asset management to achieve its organisational objectives.⁴ Organisational objectives are the results the organisation plans to achieve, as documented in its Strategic Plan. Our draft asset management policy is attached as *Appendix A*.

2.1.2 Asset Management Objectives

The asset management objectives, developed in this asset management plan provide the essential link between the organisational objectives and the strategic asset management plan that describe how those objectives are going to be achieved. The asset management objectives transform the required outcomes (product or service) to be provided by the assets, into activities typically described in the strategic asset management plan. Asset management objectives should be specific, measurable, achievable, realistic and time bound (i.e. SMART objectives).⁵

2.1.3 Strategic Asset Management Plan

This strategic asset management plan combines our 4 major engineering asset categories. It includes analysis at sub-category asset level. The purpose is to document the relationship between the organisational objectives set out in the Community Strategic Plan, Resourcing Strategy, Delivery Program, and the asset management (or service) objectives and define the strategic framework required to achieve the asset management objectives.⁶

This asset management plan encompasses the following services:

- Transport including footpaths, kerb, gutter
- Buildings
- Parks & Recreation
- Stormwater Drainage

The asset management framework incorporates strategies to achieve the asset management objectives. The strategies are developed in 4 steps:

1. What assets do we have?
2. Our assets and their management
3. Where do we want to be?
4. How will we get there?⁷

1 ISO, 2014, ISO 55000, Sec 2.2, p 2.
2 ISO, 2014, ISO 55000, Sec 2.5.1, p 5.
3 ISO, 2014, ISO 55002, Sec 4.1.1, p 2.
4 ISO, 2014, ISO 55002, Sec 5.2, p 7.
5 ISO, 2014, ISO 55002, Sec 6.2.1, p 9.
6 ISO, 2014, ISO 55002, Sec 4.1.1, p 2.
7 LGPMC, 2009, Framework 2, Sec 4.2, p 4.

2.2 What assets do we have?

We manage assets to provide services to our community. The assets provide the foundation for the community to carry out its everyday activities, while contributing to overall quality of life.

Table 2.2 - Assets covered by this Plan

Asset Class	Description	Service provided
Transport	Sealed Footpaths and cycleways Kerb and gutter Traffic facilities	The Transport assets provided by Burwood Council are used to support transportation and are an important to the community and economic activities of the region.
Drainage	Stormwater pipes Stormwater pits and grates	Stormwater drainage assets provide protection from flooding and minimise the impacts of stormwater runoff. Reduce impacts of pollutants carried by stormwater runoff on the receiving waters.
Buildings	Council Offices & Administration Sport/Recreation Buildings Aquatic Centre Public Halls Emergency (SES) Commercial Car Parks	Council owns and maintains a wide variety of buildings. These buildings provide services for all members of our community – providing places to hold events, meet up with friends, attend a playgroup or borrow a book. Council also owns buildings that provide us with a source of income as well as providing a service, such as our child care centres and the Enfield Aquatic Centre.
Parks & Recreation	Parks & Playgrounds Sports Fields Skate Park Tennis Courts BBQ facilities	Our parks and sports fields give our residents and those in surrounding areas the chance to be active in many ways, participate in organised sport or just relax and enjoy being outside.

2.3 Our assets and their management

2.3.1 Asset values

This physical assets covered by this AMP are shown in *Table 2.3.1*. These assets are used to provide services to the community.

Burwood LGA Note 9a	As at 30/6/18		
\$'000	Current Replacement Cost	Carrying Value	Depreciation Expense
Transport	\$267,776.00	\$183,679.00	\$2,851.00
Stormwater	\$68,832.00	\$27,848.00	\$656.00
Buildings	\$77,450.00	\$58,609.00	\$1,304.00
Parks and reserves	\$9,026.00	\$6,807.00	\$215.00
Total	\$423,084.00	\$276,943.00	\$5,026.00

Figure 1 shows the replacement value of our assets. *Figure 2* shows the asset consumption ratio of Council's assets (average proportion of 'as new' condition left in assets).

Figure 1: Asset Replacement Values (\$'000's)

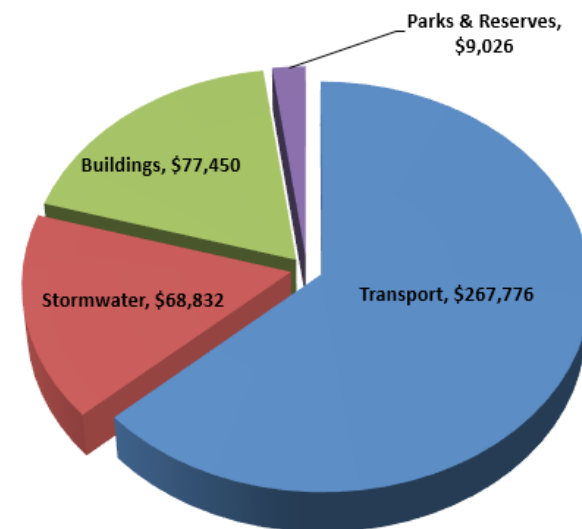
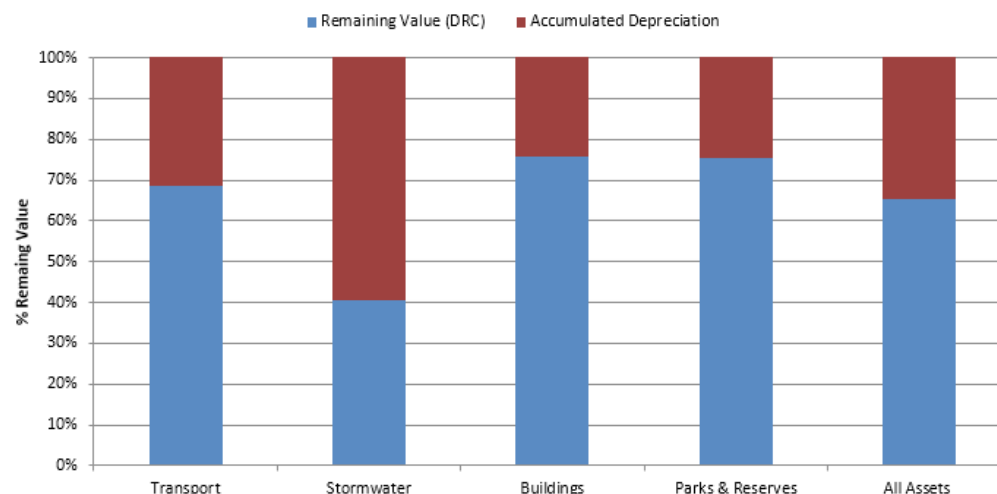


Figure 2 - Asset Remaining Value (\$)



2.3.2 Asset conditions

Condition is measured using a 1 – 5 grading system⁸ as detailed in *Table 2.3.2* and presented in summary format.

Table 2.3.2 - Simple Condition Grading Model

Condition Grading	As at 30/6/18
1	Very Good: New condition only planned maintenance required
2	Good: Minor defects only requiring minimal maintenance plus planned maintenance
3	Fair: Programmed maintenance required to return to accepted level of service (Low Risk & acceptable level of service to community)
4	Poor: Consider rehabilitation/renewal (Moderate Risk & low level of service to community)
5	Very Poor: Approaching unserviceable requires renewal (High Risk & unacceptable level of service to community)

Figure 2.2 - Condition of assets (%)

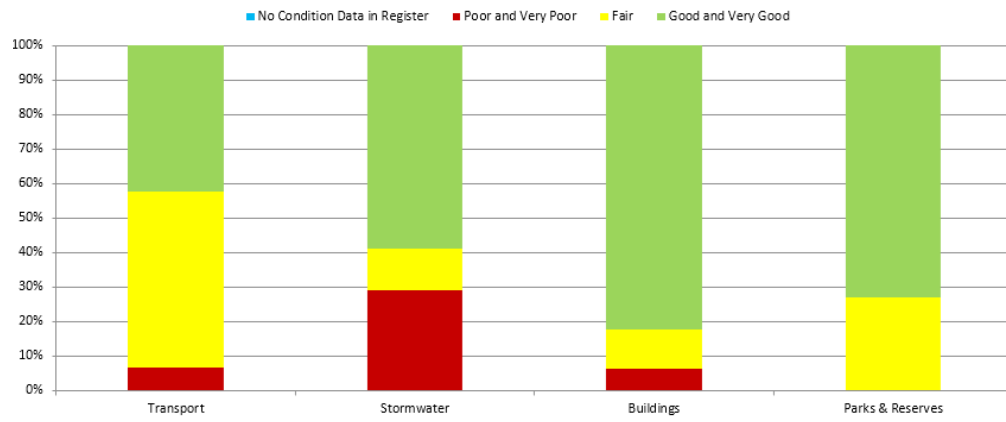


Figure 2.2 - Condition of assets (\$)



2.3.3 Lifecycle costs

Lifecycle costs (or whole of life costs) are the average annual costs that are required to sustain the service levels over the longest asset life. Lifecycle costs include operations and maintenance expenditures plus asset consumption (depreciation). Life cycle costs can be compared to lifecycle expenditure to give an indication of sustainability in service provision.

Lifecycle expenditures include operations and maintenance expenditures (excluding depreciation) plus capital renewal expenditure. The capital renewal component of lifecycle expenditure can vary depending on the timing of asset renewals.

The lifecycle costs and expenditures for both scenarios are shown in comparison in *Table 2.3.3*.

Table 2.3.3 - Asset Lifecycle Costs - All Infrastructure

Life Cycle Cost (long term)'(\$000)	Scenario 1 No SRV (\$000's)	SRV Scenario (\$000's)
Life Cycle Cost (depreciation + ops. and maintenance expenditure – 10 year average)	\$13,289	\$13,289
Life Cycle Exp. (Capital renewal. + operations + maintenance expenditure 10 year average)	\$14,771	\$15,823
Life Cycle Gap [life cycle expenditure - life cycle cost [-ve = gap]	\$1,482	\$2,534
Life Cycle Sustainability Indicator [life cycle expenditure / LCC]	111%	119%

2.3.4 Asset Management Indicators

An asset management objective is to provide the services that the community needs at the optimum lifecycle cost in a financially sustainable manner. *Figure 4.1* shows the projected operations, maintenance, capital renewal, capital upgrade/new expenditure compared with financial outlays in the long-term financial plan.

Figures 4.1 shows that whilst lifecycle expenditure exceeds requirements existing service levels can only be maintained and not significantly improved. Subsequently under scenario 1 the existing funding gap or backlog is expected to decrease slightly from the projected \$20.27m in 2019 to \$18.18m by 2028.

Figure 4.1 - Projected Operating and Capital Expenditure (Scenario 1)

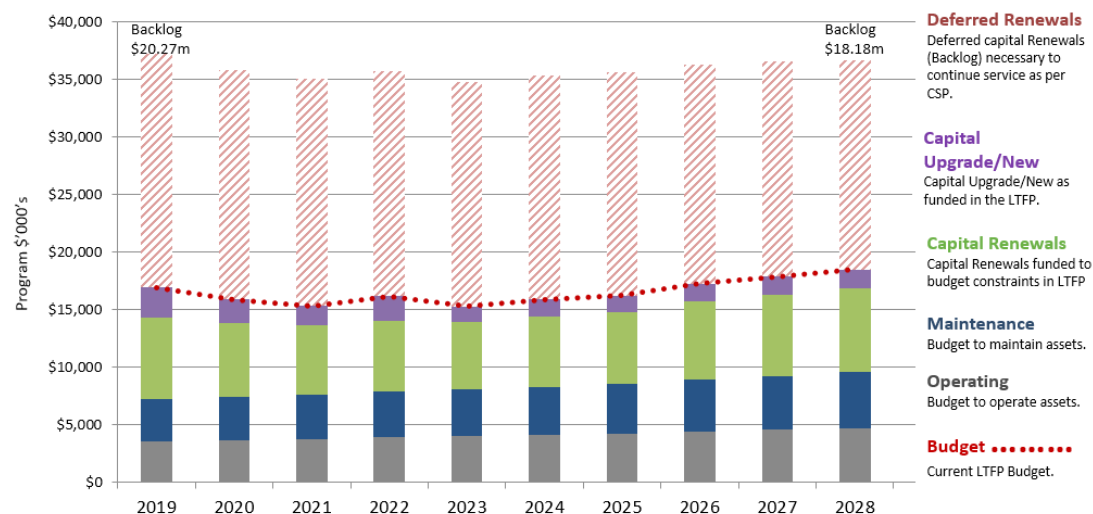
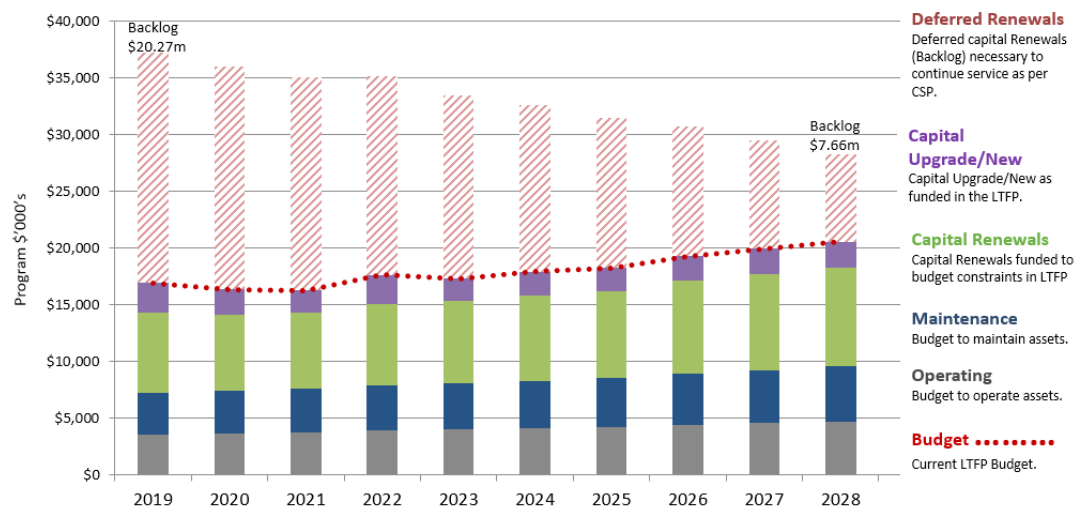


Figure 4.1 - Projected Operating and Capital Expenditure (SRV Scenario)



Under the SRV scenario however (*Figure 4.2*) the additional revenues will allow council to improve service levels by significantly addressing current existing backlog issues reducing it from the projected \$20.27m to just \$7.66m in 2028.

The purpose of this AMP is to develop the strategies to achieve the asset management objectives through balancing of asset service performance, cost and risk.

2.3.5 Opportunities

We have identified opportunities relevant to the services included in this AMP including:

- We need to regularly engage with our community to understand the level of service they expect and to help them understand the level of service we can deliver. This information is important in setting priorities and determining resource allocation
- Improving asset knowledge so that data accurately records the asset inventory, how assets are performing and when assets are not able to provide the required service levels
- Improving our efficiency in operating, maintaining, renewing and replacing existing assets to optimise life cycle costs
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- Seeking additional funding from governments and other bodies to better reflect a 'whole of government' funding approach to asset intensive services

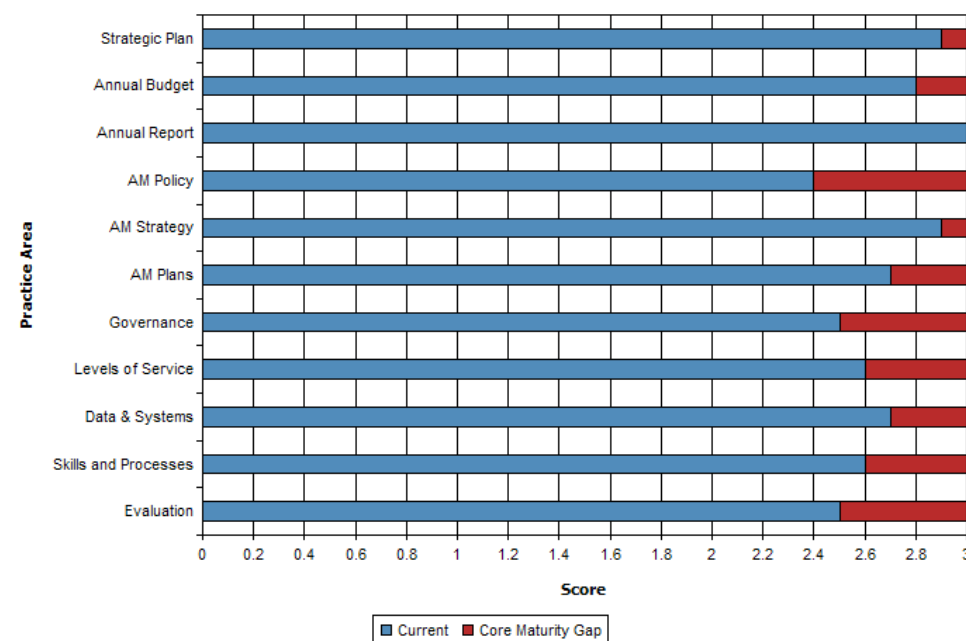
2.3.6 Asset and Financial Management Maturity

We have taken steps to improve our asset and financial management performance including assessing our asset management maturity against the 3 Frameworks of the Local Government Financial Sustainability National Consistent Frameworks. The National Frameworks on Asset Planning and Management and Financial Planning and Reporting define 10 elements. 11 core competencies have been developed from these elements to assess 'core' competency under the National Frameworks.

Council's maturity assessment for the core competencies is summarised in Figure 5. The current maturity level is shown by the blue bars. The maturity gap to be overcome for Council to achieve a core financial and asset management competency is shown by the red bars.

Following work over the last 5 years a core level of maturity is now achievable within the next 12-18 months. Council has an improvement plan in place for all areas of practice and a future maturity audit will be scheduled to validate that core maturity has been achieved.

Figure 4 - Maturity assessment



2.3 Where do we want to be?

2.4.1 Community Expectations

The organisation exists to provide services to its community. Some of these services are provided by infrastructure assets.

We have identified community expectations for service levels to be generally consistent with current levels of service.

We have acquired physical assets by 'purchase', by contract, construction by our staff and by donation of assets constructed by developers and others to meet increased levels of service.

Our goal in managing these assets is to meet the defined level of service (as amended from time to time) in the most cost effective manner for present and future consumers. Community engagement is necessary to ensure that informed decisions are made on future levels of service and costs and that service and risk consequences are known and accepted by stakeholders.

2.4.2 Organisational Objectives

The community and Councillors set priorities for the services we deliver, and the level to which we deliver them. How we operate as an organisation also influences how we deliver services, and our four key organisational goals, with specific actions to address areas for improvement.

This asset management plan is prepared under the direction of the organisation's vision, mission, goals and objectives.

Our Vision is:

"A well connected, innovative, sustainable and safe community that embraces and celebrates its diversity"

Equity - involving fairness in decision making, prioritising and allocation of resources, particularly for those in need.

Participation - maximise opportunities to genuinely participate in decision making.

Rights - equal rights established and promoted, with opportunities provided for people from diverse linguistic, cultural and religious backgrounds to participate in community life.

Access - having fair access to services, resources and opportunities to improve quality of life.

The organisation objectives developed for priority areas are shown in *Table 2.4.2*.

Table 2.4.2 - Strategic priority areas and organisational goals

Theme	Description	Strategic Goals
Community and lifestyle	<p>The theme 'community and lifestyle' relates to supporting the community to create a feeling of belonging, inclusiveness and wellbeing amongst Burwood's diverse population.</p> <p>Community and lifestyle is about people being proud of where they live, feeling safe and engaged in the community and having access to facilities and services that ensure they can lead a healthy and satisfying lifestyle.</p>	<ul style="list-style-type: none"> • High quality activities and services to meet the diverse needs of the community • Well informed, supported and engaged community • Safe community for residents, workers and visitors • An inclusive community that celebrates diversity
Leadership and innovation	<p>This theme relates to the leadership not only of our elected representatives but also leaders in our business, volunteer, spiritual and environmental community. It is about encouraging greater participation and engagement in decision making processes and involving people in local activities and programs.</p> <p>Leadership through innovation is also about thinking outside the square to resolve some of the challenges facing our community as we strive to be a leading community in economic prosperity, environmental sustainability and social responsibility.</p> <p>We strive for community leadership that fosters our community values and celebrates our culture, diversity and heritage.</p>	<ul style="list-style-type: none"> • Community confidence in Council's decision making • Strong partnerships to benefit the community • Ensure financial sustainability and organisational effectiveness • Efficient and innovative customer focused services. • Leaders in the Local Government sector
Healthy and sustainable environment	<p>This theme is focused on maintaining and ensuring we live in a healthy, safe and sustainable natural environment.</p> <p>This theme aims to protect our natural resources and assets including parks, trees, open green spaces and ensure that our impact on the environment is reduced so that we continue to live in a clean and sustainable environment.</p> <p>The community, Council and other governments all have a role to play in protecting our environment and taking responsibility for preserving our natural resources for future generations.</p>	<ul style="list-style-type: none"> • Enhanced green and open spaces, and streetscapes • Sustainable waste management practices • Community education on sustainable practices • Leadership in environmental sustainability • Public health and welfare
Planning and Infrastructure	<p>This theme relates to the services and infrastructure that supports our community including roads, public transport, health facilities and education providers. It also encompasses our strategic planning to ensure we can accommodate our growing population.</p> <p>This theme aims to improve the quality and equitable access to services in our community and also to enhance the visual appearance of our neighbourhoods, streetscapes and town centre.</p> <p>Transport plays a major role in keeping our community physically connected to work, recreational spaces and services. Being able to move around easily plays a key role in the liveability and sustainability of our area.</p>	<ul style="list-style-type: none"> • Effective regional traffic and parking strategies • Connected and accessible infrastructure • Burwood's existing heritage integrated with high quality urban design • Participation in regional planning and infrastructure projects to ensure the best outcomes for the community • Customer focused processes for development services
Vibrant city and villages	<p>This theme relates to harnessing Burwood's strategic status and supporting the businesses and services that contribute to the wider Burwood economy.</p> <p>Burwood is characterised by a vibrant CBD and several business and shopping precincts.</p> <p>This theme aims to ensure an economically sustainable and prosperous future in Burwood with a strong network of services that support existing businesses and institutions, and attract new and diverse organisations.</p> <p>It also aims to stimulate the local economy and activate our surrounding villages to foster a sense of pride and enhance our local identity.</p>	<ul style="list-style-type: none"> • Stimulate Burwood's regional status and strategic status within inner western Sydney • Supported and local business • Enhance and foster the local identity • Activated village precincts and preserve the distinct heritage characters of surrounding residential areas

2.5 Asset Management Vision

To ensure the long-term financial sustainability of the organisation, it is essential to balance the community's expectations for services with their ability to pay for the assets used to provide the services. Maintenance of service levels for physical assets requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, we aspire to:

Develop and maintain asset management governance, skills, process, systems and data in order to provide the level of service the community need at present and in the futures, in the most cost-effective and fit for purpose manner.

In line with the vision, the objectives of the asset management plan are to:

- Ensure that our services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to our financial sustainability
- Safeguard our assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets
- Adopt the long-term financial plan as the basis for all service and budget funding decisions
- Meet legislative requirements for all our operations
- Ensure resources and operational capabilities are identified and responsibility for asset management is allocated
- Provide high level oversight of financial and asset management responsibilities through Audit Committee/CEO reporting to council/board on development and implementation of the CSP, AMP and LTFP

Strategies to achieve this position are outlined in *Section 2.6*.

2.6 How will we get there?

The asset management plan proposes strategies to enable the organisational objectives and asset management policies to be achieved.

2.7 Asset Management Improvement Plan

The tasks required achieving a 'core' financial and asset management maturity are shown in the asset management improvement plan in *Section 7.2*.

2.8 Consequence if actions are not completed

There are consequences for the Council if the improvement actions are not completed. These include:

- Inability to achieve strategic and organisational objectives
- Inability to achieve financial sustainability for the organisation's operations

- Current risks to service delivery are likely to eventuate and response actions may not be appropriately managed
- We may not be able to accommodate and/or manage changes in demand for asset intensive services.

Table 2.6 - Asset management strategies

No	Strategy	Desired outcome
1	Move from annual budgeting to long term financial planning.	The long-term implications of all services are considered in annual budget deliberations
2	Develop and annually review strategic asset management plans that covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs
3	Develop and maintain a long-term financial plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome	Sustainable funding model to provide our services
4	Incorporate Year 1 of long-term financial plan revenue and expenditure projections into annual budgets	Long term financial planning drives budget deliberations
5	Review and update strategic asset management plans and long-term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks	We and the community are aware of changes to service levels and costs arising from budget decisions
6	Report our financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against organisational objectives in annual reports	Financial sustainability information is available for Council and the community
7	Ensure council/board decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs	Improved decision making and greater value for money
8	Report on our resources and operational capability to deliver the services needed by the community in the annual report	Services delivery is matched to available resources and operational capabilities
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions	Responsibility for asset management is defined
10	Implement an improvement plan to realise 'core' maturity for the financial and asset management competencies within 2 years	Improved financial and asset management capacity within the organisation
11	Report six monthly to Council/Board by Audit Committee/CEO on development and implementation of AM Plans and long-term financial plans	Oversight of resource allocation and performance.

Levels of service

3.1 Consumer research and expectations

The expectations and requirements of various stakeholders were considered in the preparation of asset management plans summarised in this asset management plan. The following results have been extracted from Council's CSP Survey conducted between November 2017 and February 2018.

The purpose of the resident survey was to:

- Measuring the community's priorities and aspiration for the LGA against proposed CSP
- Identifying the community's overall level of satisfaction with Council's performance and quality of life
- Validate the community's level of agreement with prompted CSP statements
- Measure community views on a potential SRV continuation

Key findings from the survey included:

1. 75% of residents stated they are at least 'somewhat supportive' of continuing the current SRV
2. Providing more community services, clean public places, waste management and a responsibly managed council for the area were all identified as the most important components to be included in the 10-year plan, with 98% of respondents stating these were important
3. Residents expressed concerns for the impacts and management of high density living and road safety, with all the bottom 5 agreement statements falling within the 'Local Spaces, Economy and Transport' pillar
4. 95% rated their quality of life as 'good' to 'excellent'
5. 85% of residents were at least 'somewhat satisfied' with the performance of Council

Figure 5 - Support for the proposed extended SRV

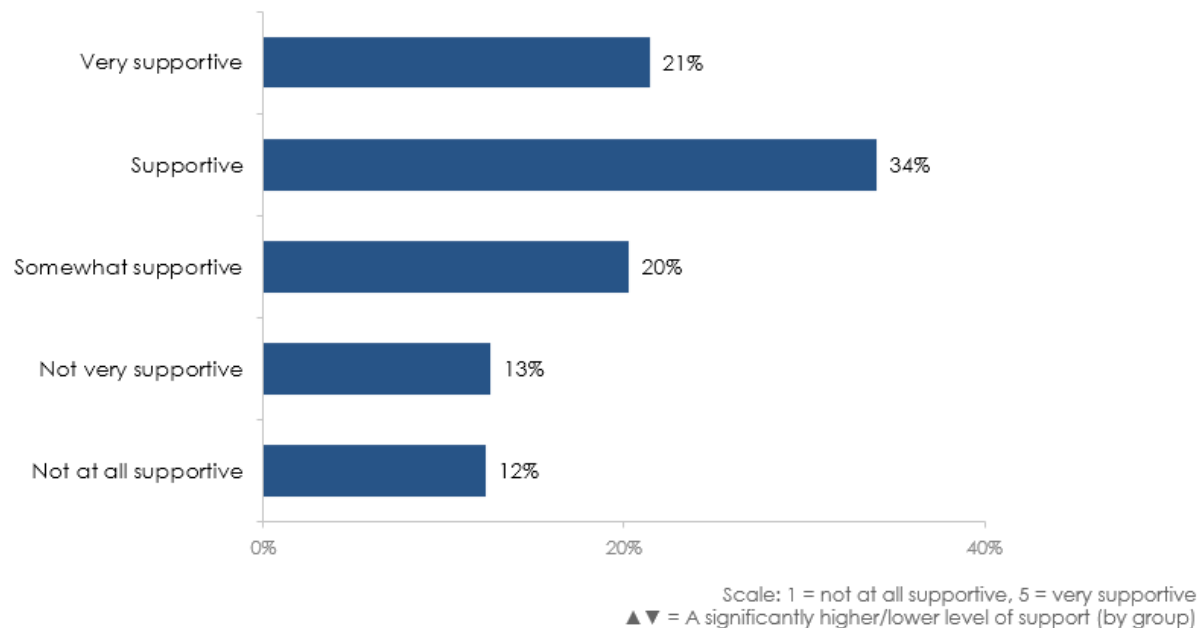


Figure 5.1 - Quality of life key drivers

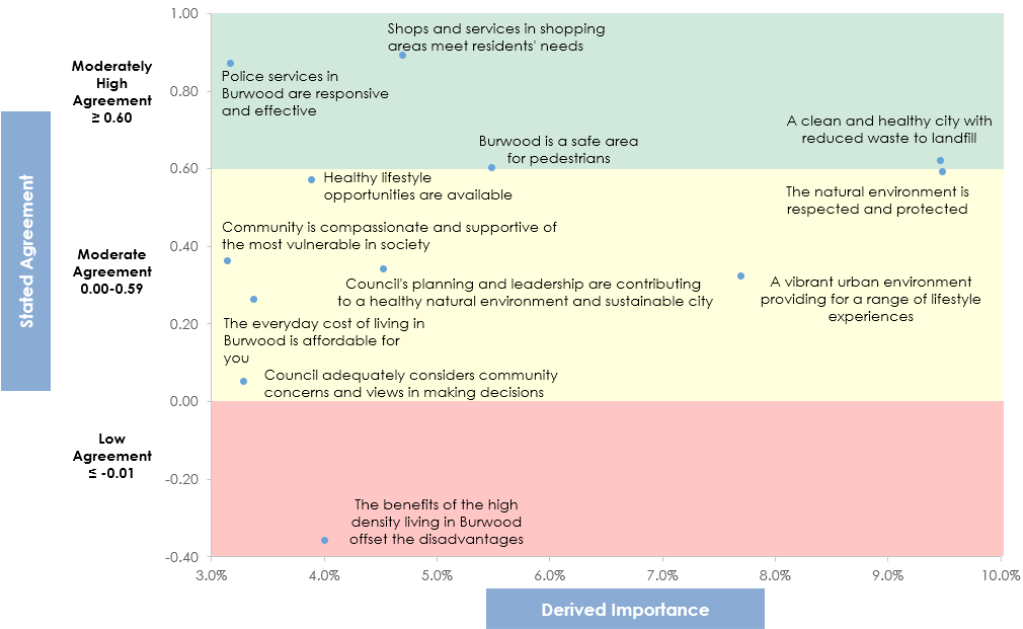
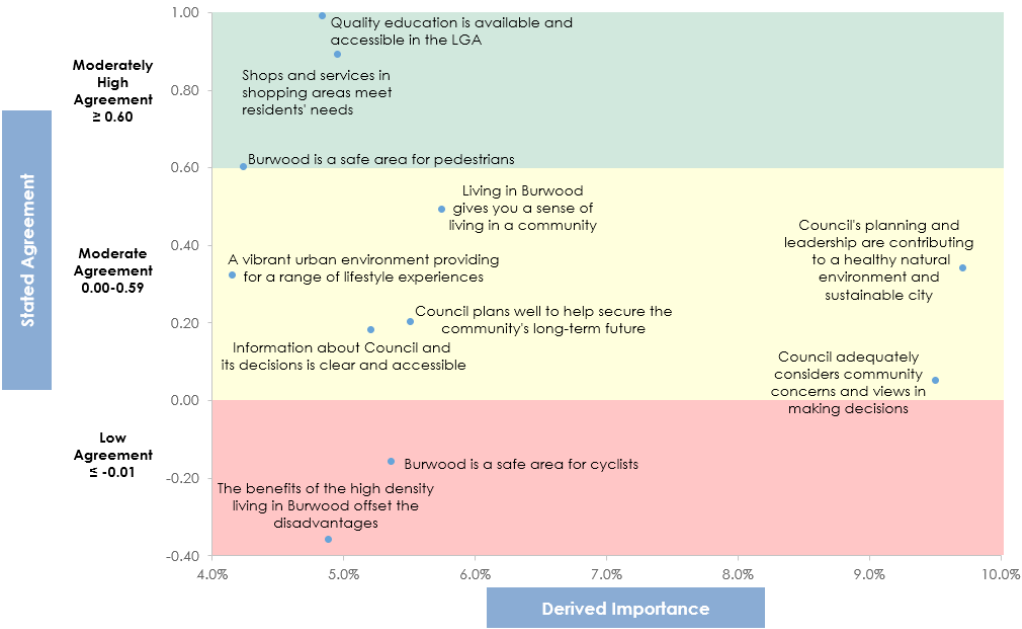


Figure 5.2 - Overall satisfaction key drivers



3.2 Organisational objectives

Sections 2.4.2 and 2.5 of this AMP reported the organisational objectives from the Strategic Plan and asset management objectives developed from the organisational objectives.

The organisational and asset management objectives provide focus for the community and technical level of service tables in Section 3.4.

3.3 Legislative requirements

We have to meet many legislative requirements including Australian and State legislation and State regulations. These include:

Table 3.3 - Legislative requirements

Legislation	Requirement
<i>Local Government Act 1993</i>	Sets out role, purpose, responsibilities and powers of local governments. The purposes of this Act are as follows: (a) to provide the legal framework for an effective, efficient, environmentally responsible and open system of local government in New South Wales, (b) to regulate the relationships between the people and bodies comprising the system of local government in New South Wales, (c) to encourage and assist the effective participation of local communities in the affairs of local government, (d) to give councils: <ul style="list-style-type: none">- the ability to provide goods, services and facilities, and to carry out activities, appropriate to the current and future needs of local communities and of the wider public- the responsibility for administering some regulatory systems under this Act- a role in the management, improvement and development of the resources of their areas, (e) to require councils, councillors and council employees to have regard to the principles of ecologically sustainable development in carrying out their responsibilities. The land management provisions of the Act require that Council prepare plans of management for all community land. The plan of management identifies the management objectives for the land category, performance indicators and performance measures to meet the objectives identified
<i>Local Government Amendment (Planning and Reporting) Act 2009</i>	Local Government Amendment (Planning and Reporting) Act 2009 includes the preparation of a long-term financial plan supported by asset management plans for sustainable service delivery

Legislation	Requirement
<i>Disability Discriminations Act 1992</i>	<p>The Federal Disability Discrimination Act 1992 (D.D.A.) provides protection for everyone in Australia against discrimination based on disability. It encourages everyone to be involved in implementing the Act and to share in the overall benefits to the community and the economy that flow from participation by the widest range of people.</p> <p>(a) to eliminate, as far as possible, discrimination against persons on the ground of disability in the areas of:</p> <ul style="list-style-type: none"> (i) work, accommodation, education, access to premises, clubs and sport; and (ii) the provision of goods, facilities, services and land; and (iii) existing laws; and (iv) the administration of Commonwealth laws and programs; and <p>(b) to ensure, as far as practicable, that persons with disabilities have the same rights to equality before the law as the rest of the community; and</p> <p>to promote recognition and acceptance within the community of the principle that persons with disabilities have the same fundamental rights as the rest of the community</p>
<i>Work Health & Safety Act 2011</i>	Sets out roles and responsibilities to secure the health, safety and welfare of persons at work and covering injury management, emphasising rehabilitation of workers particularly for return to work. Council is to provide a safe working environment and supply equipment to ensure safety
<i>Environmental Planning and Assessment Act 1979</i>	An Act to institute a system of environmental planning and assessment for the State of New South Wales. Among other requirements the Act outlines the requirement for the preparation of Local Environmental Plans (LEP), Development Control Plans (DCP), Environmental Impact Assessments (EIA) and Environmental Impact Statements
<i>Plant Protection Act 1989</i>	This act sets out requirements in respect to Flora Protection
<i>Environmental Protection Act 1994</i>	This act sets out requirements in respect to environmental protection
<i>Threatened Species Conservation Act 1995</i>	An Act to conserve threatened species, populations and ecological communities of animals and plants. Under the terms of this Act Council is required to ensure the long-term survival of the species identified
<i>Rivers and Foreshores Improvements Act 1948</i>	An Act to provide for the carrying out of works for the removal of obstructions from and the improvement of rivers and foreshores and the prevention of erosion of lands by tidal and non-tidal waters
<i>Protection of the Environment Operations Act 1997</i>	Council is required to exercise due diligence to avoid environmental impact and among others are required to develop operations emergency plans and due diligence plans to ensure that procedures are in place to prevent or minimise pollution
<i>National Parks and Wildlife Act (1974)</i>	An Act relating to the establishment, preservation and management of national parks, historic sites and certain other areas and the protection of certain fauna, native plants and Aboriginal objects
<i>Native Vegetation Act 2003</i>	This Act regulates the clearing of native vegetation on all land in NSW, except for excluded land listed in Schedule 1 of the Act. The Act outlines what landowners can and cannot do in clearing native vegetation
<i>Public Works Act 1912</i>	Sets out the role of Council in the planning and construction of new assets
<i>Road Transport (General) Act 2005</i>	Provides for the administration and enforcement of road transport legislation. It provides for the review of decisions made under road transport legislation. It makes provision for the use of vehicles on roads and road related areas and also with respect to written off and wrecked vehicles

Legislation	Requirement
<i>Road Transport (Safety and Traffic Management) Act 1999</i>	Facilitates the adoption of nationally consistent road rules in NSW, the Australian Road Rules. It also makes provision for safety and traffic management on roads and road related areas including alcohol and other drug use, speeding and other dangerous driving, traffic control devices and vehicle safety accidents
<i>Roads Act 1993</i>	Sets out rights of members of the public to pass along public roads, establishes procedures for opening and closing a public road, and provides for the classification of roads. It also provides for declaration of the RTA and other public authorities as roads authorities for both classified and unclassified roads, and confers certain functions (in particular, the function of carrying out roadwork) on the RTA and other roads authorities. Finally it provides for distribution of functions conferred by this Act between the RTA and other roads authorities, and regulates the carrying out of various activities on public roads
<i>Local Government (Highways) Act 1982</i>	An Act to consolidate with amendments certain enactments concerning the functions of the corporations of municipalities with respect to highways and certain other ways and places open to the public
<i>NSW Road Rules 2008</i>	A provision of road rules that are based on the Australian Road Rules so as to ensure that the road rules applicable in this State are substantially uniform with road rules applicable elsewhere in Australia
<i>Valuation of Land Act 1916</i>	This act sets out requirements in respect Land Valuation
<i>Crown Lands Act 1989</i>	An Act to provide for the administration and management of Crown land in the Eastern and Central Division of the State of NSW. Council has large holdings of Crown land under it care, control and management
<i>Heritage Act 1977</i>	An Act to conserve the environmental heritage of the State. Several properties are listed under the terms of the Act and attract a high level of maintenance cost, approval and monitoring
<i>Building Code of Australia</i>	The goal of the BCA is to enable the achievement of nationally consistent, minimum necessary standards of relevant, health, safety (including structural safety and safety from fire), amenity and sustainability objectives efficiently
<i>Building Fire and Safety Regulation 1991</i>	This Act sets out the regulations for things such as means of escape, Limitation of people in buildings, Fire and evacuation plans and testing of special fire services and installations
<i>Electrical Safety Act 2002</i>	This act sets out the installation, reporting and safe use with electricity
<i>Building Regulation 2003</i>	This act sets out requirements in respect to Building Requirements
<i>Plumbing and Drainage Act 2002</i>	This act sets out requirements in respect to Plumbing Requirements
<i>Rural Fires Act 1997</i>	An Act to establish the NSW Rural Fire Service and define its functions; to make provision for the prevention, mitigation and suppression of rural fires. Under the terms of this Act Council is required to mitigate any fire that emanate from bushland
<i>Dangerous Goods Safety Management Act 2001</i>	This act sets out the safe use, storage and disposal of dangerous goods
<i>Public Records Act 2002</i>	This act sets out requirements in respect maintaining Public Records
<i>Surveillance Devices Act</i>	This act sets out requirements in respect use of Surveillance Devices
<i>Civil Liability Act 2002</i>	An Act to make provision in relation to the recovery of damages for death or personal injury caused by the fault of a person
<i>Companion Animals Act 1998</i>	An Act to provide for the identification and registration of companion animals and for the duties and responsibilities of their owners

3.4 Levels of service

We have defined service levels in two terms.

Community Levels of Service measure how the community receives the service and whether the organisation is providing community value.

Community levels of service measures used in the asset management plan are:

Quality:	How good is the service?
Function:	Does it meet users' needs?
Capacity/Utilisation:	Is the service usage appropriate to capacity?

Technical Levels of Service - Supporting the community service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities that the organisation undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance.

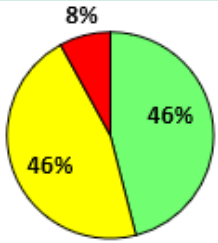
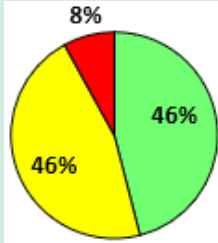
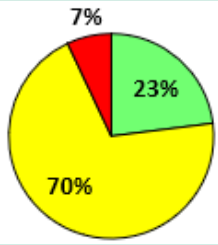
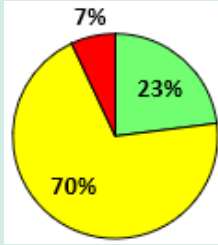
Technical service measures are linked to annual budgets covering:

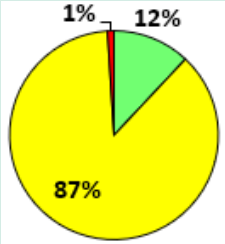
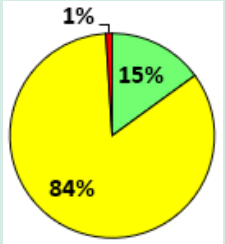
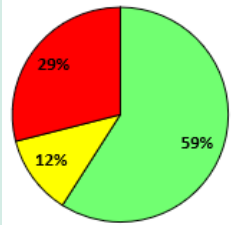
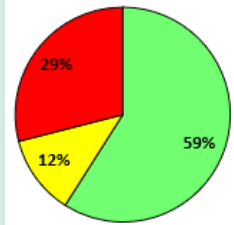
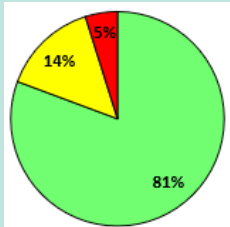
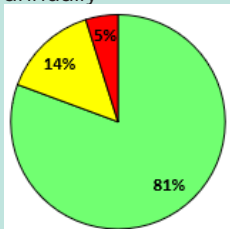
- *Operations* – the regular activities to provide services such as cleansing, mowing etc
- *Maintenance* – the activities necessary to retain an assets as near as practicable to an appropriate service condition (e.g. road patching, unsealed road grading, building and structure repairs)
- *Renewal* – the activities that return the service capability of an asset up to that which it had originally (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement)
- *Upgrade* – the activities to provide an higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library)

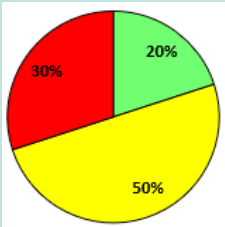
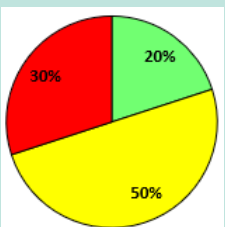
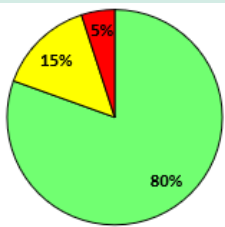
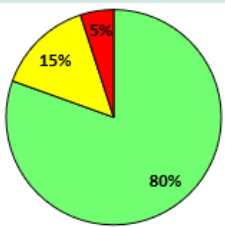
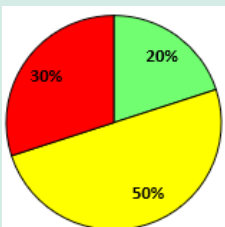
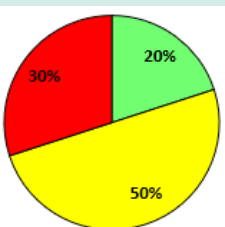
Service managers plan, implement and control technical service levels to influence the customer service levels.⁹

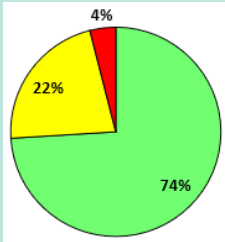
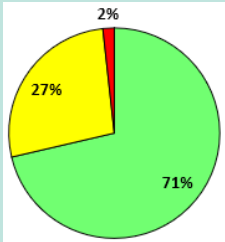
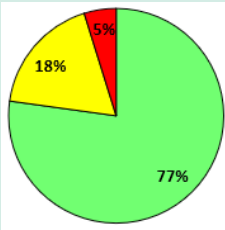
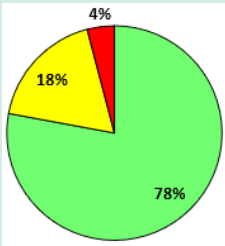
Together the community and technical levels of service provide detail on service performance, cost and whether service levels are likely to stay the same, get better or worse.

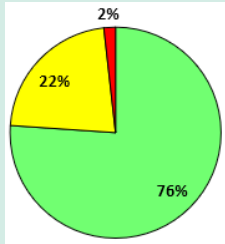
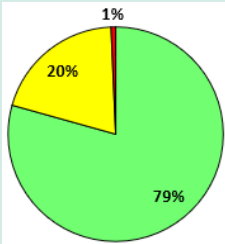
Table 3.4 - Community level of services

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	10 Year Projection Current LTFP Funding
Community Levels of Service – Transport & Stormwater Drainage				
Quality	Well maintained roads, footpaths and Kerb and Gutter	Customer surveys	<p><i>Public transport is adequate for your needs:</i> 15% disagree</p> <p><i>Burwood is a safe area for pedestrians:</i> 13% disagree</p> <p><i>Traffic systems provide for safe and efficient traffic flow:</i> 33% disagree</p> <p><i>Burwood is a safe area for cyclists:</i> 37% disagree</p>	It is anticipated that customer requests and community satisfaction would remain the same if not improve over the next 10 years
	Do not pond water	Customer requests	Has not been fully assessed at this time	
	Look well maintained	Transport infrastructure condition meets hierarchy requirements for condition measures		
		Roads State of the Assets Report Condition Profiles	 <p>Confidence Level: High</p>	 <p>Confidence Level: Medium</p>
		Footpaths State of the Assets Report. Condition Profiles	 <p>Confidence Level: High</p>	 <p>Confidence Level: Medium</p>

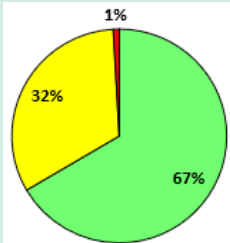
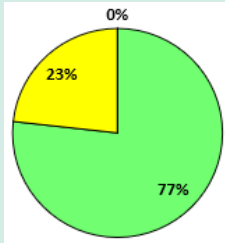
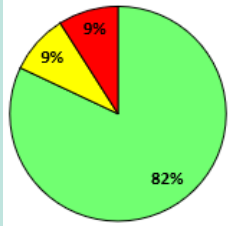
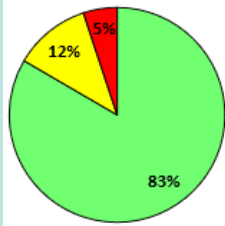
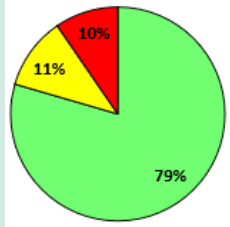
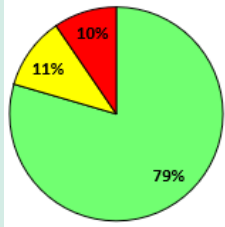
Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	10 Year Projection Current LTFP Funding
Quality	Footpaths State of the Assets Report. Condition Profiles	Kerb & Gutter State of the Assets Report. Condition Profiles	 <p>Confidence Level: High</p>	 <p>Confidence Level: Medium</p>
	Provide efficient method of collection and disposal stormwater. Stormwater Drainage condition meets hierarchy requirements for condition measures	Customer surveys Customer requests	Has not been fully assessed at this time	It is anticipated that customer requests and community dissatisfaction would remain the same over the next 10 years
		State of the Assets Report. Condition Profile	 <p>Confidence Level: Low</p>	 <p>Confidence Level: Low</p>
Function	Ensure access to facilities and services is provided that is suited to the use Transport Infrastructure meets hierarchy requirements for traffic volumes, design speed, width, alignment, access etc.	Customer requests Function Profile	<p>Has not been fully assessed at this time</p>  <p>Confidence Level: Low</p>	<p>Requests received should not increase annually</p>  <p>Confidence Level: Low</p>

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	10 Year Projection Current LTFP Funding
Function	Ensure stormwater system meets community expectations Removal of Gross Pollutants	Customer requests Function Profile	Has not been fully assessed at this time  Confidence Level: Low	Requests received should not increase annually.  Confidence Level: Low
	Transport network meets the capacity requirements appropriate to hierarchy	Customer requests Capacity Profile	Has not been fully assessed at this time  Confidence Level: Low	Requests received should not increase annually.  Confidence Level: Low
Capacity/ Utilisation	Stormwater network meets the capacity requirements appropriate to hierarchy	Customer requests Capacity Profile	Has not been fully assessed at this time  Confidence Level: Low	Requests received should not increase annually.  Confidence Level: Low

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	10 Year Projection Current LTFP Funding
Community Levels of Service – Buildings				
Quality	Service the needs of the community and Council to an appropriate standard Buildings and facilities to be safe and suitable to users At a quality or standard suitable for their use	Customer surveys	<i>There is a good range of opportunities for cultural and artistic activities and expression:</i> 22% disagree <i>There is a good range of leisure, sport and recreation opportunities:</i> 15% disagree Has not been fully assessed at this time	It is anticipated that customer requests will not increase and community dissatisfaction would remain steady over the next 10 years
		Customer requests Buildings State of the Assets Report Condition Profiles	 <p>Confidence Level: High</p>	 <p>Confidence Level: Medium</p>
Function	Buildings and facilities to be suitable for customer activities Easy to access Fit for their purpose Create a pleasant experience	Customer requests	Has not been fully assessed at this time	Requests are likely to increase slowly annually
		Function Profile	 <p>Confidence Level: Low</p>	 <p>Confidence Level: Low</p>

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	10 Year Projection Current LTFP Funding
Capacity/ Utilisation	Building facilities meet program delivery needs Available Sufficient facilities for the number of users Not overused	Customer requests Capacity Profile	Has not been fully assessed at this time  Confidence Level: Low	Requests are likely to increase slowly annually  Confidence Level: Low

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	10 Year Projection Current LTFP Funding
Community Levels of Service – Parks & Recreation				
Quality	Look well maintained and clean Fields have playable surface At a quality or standard suitable for their purpose	Customer surveys Customer requests	<i>Sporting facilities in the area meet your needs:</i> 18% disagree <i>There is a good range of leisure, sport and recreation opportunities:</i> 15% disagree Has not been fully assessed at this time	It is anticipated that customer requests will decrease and community dissatisfaction would decline over the next 10 years

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	10 Year Projection Current LTFP Funding
Quality		Parks & Recreation Assets State of the Assets Report Condition Profiles	 <p>Confidence Level: High</p>	 <p>Confidence Level: Medium</p>
Function	Easy to access Fit for their use Create a pleasant experience	Customer requests Function Profile	<p>Has not been fully assessed at this time</p>  <p>Confidence Level: Low</p>	<p>Requests received should not increase annually</p>  <p>Confidence Level: Low</p>
Capacity/ Utilisation	Available Sufficient facilities for the number of users Not overused	Customer requests Capacity Profile	<p>Has not been fully assessed at this time</p>  <p>Confidence Level: Low</p>	<p>Requests received should not increase annually.</p>  <p>Confidence Level: Low</p>

Technical levels of service for each asset category are detailed in Appendix C

Future demand

4.1 Demand drivers

Drivers affecting demand include population change, changes in demographics, seasonal factors, climate change, vehicle ownership rates, consumer preferences and expectations, government decisions, technological changes, economic factors, agricultural practices, environmental awareness etc.

4.2 Demand forecast

The present position and projections for demand drivers that may impact future service delivery and utilisation of assets were identified and are documented in *Table 4.3*.

4.3 Demand impact on assets

The impact of demand drivers that may affect future service delivery and utilisation of assets are shown in *Table 4.3*.

Table 4.3 - Demand drivers, projections and impact on services

Demand drivers	Present position	Projections	Impact on services
Development	Population increase and higher density development	Steady growth anticipated to continue	Increase in demand for services supported by infrastructure due to development and population growth
Community expectations	There is a desire from the community for a high standard of services	Expectations will continue to increase	Existing networks may not be fully suitable for the purpose
Increasing Costs	The cost to construct, maintain and renew infrastructure is increasing at a rate greater than council's revenue	Cost of renewing infrastructure systems is increasing. Cost increases are anticipated to continue and will likely be at a higher rate than CPI	The need to carefully target and plan infrastructure is increasing in importance as maximising the service that can be delivered within the funding limitations will be under pressure
Environment and climate change	it is widely accepted that climate is changing	Future is uncertain but is likely that climate change will impact on the delivery of the services provided by infrastructure. Weather extremes will have significant impact on infrastructure	Some services such as the Transport and stormwater drainage may be impacted directly by climate/rainfall and severe events. Higher frequency and larger flood events

4.4 Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures.¹⁰

Examples of non-asset solutions include providing joint services from existing assets such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified for demand management are shown in *Table 4.4*.

4.5 Asset programs to meet demand

The new assets required to meet growth will be acquired free of cost from land developments and constructed/acquired by the organisation. New assets constructed/acquired by the organisation are discussed in *Section 5.5*.

Acquiring these new assets will commit the organisation to fund ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs in *Section 5*.

Table 4.4 - Demand Management Plan summary

Service impact	Demand Management Plan
Communicate options and capacity to fund infrastructure works with the community	Monitor community expectations and communicate service levels and financial capacity with the community to balance priorities for infrastructure with what the community is prepared to pay for
Funding priority works	Link asset management planning to long term financial plans and community strategic plans Continue to seek grant funding for projects identified in Burwood's Community and Asset Management Plans
Improve understanding of costs and capacity to maintain current service levels	Continue to analyse the cost of providing service and the capacity to fund at the current level of service
Climate Change	Increased understanding of climate change effects and required management techniques

¹⁰ IPWEA, 2011, IIMM, Table 3.4.1, p 3158.

Lifecycle Management Plan

The lifecycle management plan details how the organisation plans to manage and operate the assets at the agreed levels of service (defined in *Section 3*) while optimising life cycle costs.

5.1 Background data

5.1.1 Physical Parameters

The assets covered by this asset management plan are shown in *Tables 2.2 and 2.3.1*.

5.1.2 Asset capacity and performance

The organisation's services are generally provided to meet design standards where these are available.

5.2 Infrastructure Risk Management Plan

An assessment of risks associated with service delivery from infrastructure assets conducted for each relevant asset management plan identified critical risks that will result in loss or reduction in service from infrastructure assets or a 'financial shock' to the organisation.

The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as 'Very High' – requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the Infrastructure Risk Management Plan(s) and the adopted treatment plan are summarised in *Table 5.2*. These risks are regularly reported to management and Council/Board.

Table 5.2 - Critical risks and treatment plans

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan
Roads			
Increasing financial pressure to adequately maintain the roads portfolio	The long-term renewal of road seals is not adequate	Very High	Roads resealing program focusing on high priority areas determined by road hierarchy, condition data, and priorities identified in the Community Strategic Plan
Road Maintenance	Increasing maintenance requirements	High	Continue to improve data
Road Damage	Damage to roads as a result of major storm events	Very High	At present this can be only partially managed within councils resourcing. Council is reliant on assistance funding from other levels of government to manage these events
Stormwater Drainage			
Stormwater Network	General deterioration of the network resulting in structural and capacity failures	High	Assess adequacy of inspections, particularly in aged network areas. Keep data up to date so that renewals can be planned
	Flooding due to blockages	High	Assess adequacy of programs and monitor frequency of problems due to inadequate cleaning or maintenance
	Flooding caused by inadequate or lack of stormwater systems	High	Review stormwater management program
Footpaths			
Footpaths	Path user trips and injure themselves on damaged path surface.	High	Regular inspection of path condition and defects in accordance with footpath policy. Inspections by Council personnel for any hazards reported by public. Use of materials in new path construction to increase life of footpath
Buildings			
Building Renewal	Buildings deteriorate to a lesser service standard and higher risk situation	Medium - High	Future planning improvements can be made by further documented service level risks and utilisation of these in establishing future renewal priorities
Utilisation	Buildings not suiting the needs of service providers	Medium	Continue to monitor not only the condition of buildings, but how well they suit the needs of users
Parks and recreations			
Playgrounds	Incident or injury for the Community using facilities		Regular renewal of softfall, prevention of usages if broken, repair faulty or broken equipment through regular inspection and maintenance

5.3 Routine Operations and Maintenance Plan

Operations include regular activities to provide services such as public health, safety and amenity, e.g. cleansing, utility services, street sweeping, grass mowing and street lighting.

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

5.3.1 Operations and Maintenance Plan

Operations activities affect service levels including quality and function, such as cleanliness, appearance, etc., through street sweeping and grass mowing frequency, intensity and spacing of street lights and cleaning frequency and opening hours of building and other facilities.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating, eg road patching but excluding rehabilitation or renewal.

Maintenance expenditure levels are considered to be adequate to meet projected service levels, which may be less than or equal to current service levels. Where maintenance expenditure levels are such that will result in a lesser level of service, the service consequences and service risks have been identified and service consequences highlighted in the respective AMP and service risks considered in the Infrastructure Risk Management Plan.

5.3.2 Operations and maintenance strategies

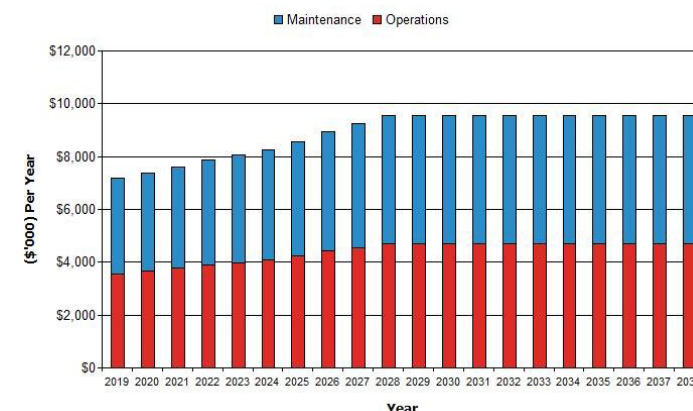
We will operate and maintain assets to provide the defined level of service to approved budgets in the most cost-efficient manner. The operation and maintenance activities include:

- Scheduling operations activities to deliver the defined level of service in the most efficient manner
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes. Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (50–70% planned desirable as measured by cost)
- Maintain a current infrastructure risk register for assets and present service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council/Board
- Review current and required skills base and implement workforce training and development to meet required operations and maintenance needs
- Review asset utilisation to identify underutilised assets and appropriate remedies, and over utilised assets and customer demand management options
- Maintain a current hierarchy of critical assets and required operations and maintenance activities
- Develop and regularly review appropriate emergency response capability
- Review management of operations and maintenance activities to ensure we are obtaining best value for resources used.

5.3.3 Summary of future operations and maintenance expenditures

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in *Figure 6.1* with estimated available operating budget funding. Note that all costs are shown in current dollar values (i.e. real values).

Figure 6.1 - Projected operations and maintenance expenditure and budget (Scenario 1)



5.4 Renewal/Replacement Plan

Renewal and replacement expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original or lesser required service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

5.4.1 Renewal/Replacement strategies

We will plan capital renewal and replacement projects to meet level of service objectives and minimise infrastructure service risks by:

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner
- Undertaking project scoping for all capital renewal and replacement projects to identify
 - o the service delivery 'deficiency', present risk and optimum time for renewal/replacement
 - o the project objectives to rectify the deficiency
 - o the range of options, estimated capital and life cycle costs for each options that could address the service deficiency
 - o and evaluate the options against evaluation criteria adopted by Council/Board, and
 - o select the best option to be included in capital renewal programs
- Using optimal renewal methods (cost of renewal is less than replacement) wherever possible
- Maintain a current infrastructure risk register for assets and service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council/Board

- Review current and required skills base and implement workforce training and development to meet required construction and renewal needs
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required
- Review management of capital renewal and replacement activities to ensure we are obtaining best value for resources used

5.4.2. Renewal ranking criteria

Asset renewal and replacement is typically undertaken to either:

Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. replace a bridge that has a 5t load limit), or
To ensure the infrastructure is of sufficient quality to meet the service requirements (eg roughness of a road).

It is possible to get some indication of capital renewal and replacement priorities by identifying assets or asset groups that:

- have a high consequence of failure;
- have a high utilisation and subsequent impact on users would be greatest;
- the total value represents the greatest net value to the organisation;
- have the highest average age relative to their expected lives;
- are identified in the AM Plan as key cost factors;
- have high operational or maintenance costs; and
- where replacement with modern equivalent assets would yield material savings.

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in the respective asset management plans.

5.4.3 Summary of future renewal and replacement expenditure

Projected future renewal and replacement expenditures are forecast to increase over time as the asset stock increases from growth. The projected expenditure and estimated available capital renewal budget funding is summarised in *Figures 7.0 and 7.1*.

Figure 7.0 - Projected capital renewal and replacement expenditure (Scenario 1 - No SRV)

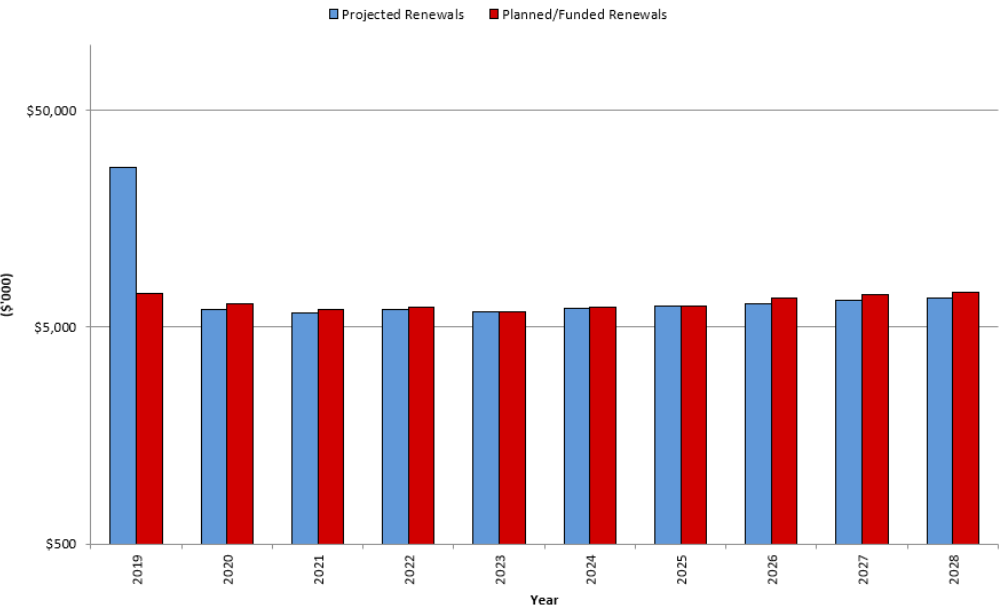
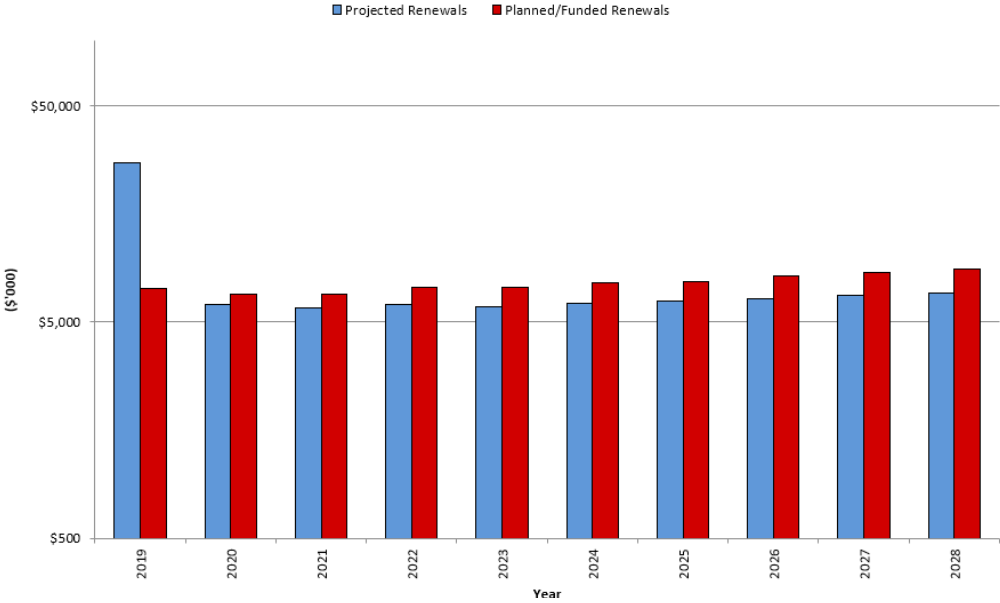


Figure 7.1 - Projected capital renewal and replacement expenditure (SRV Scenario)



5.5 Creation, Acquisition, Upgrade Plan

New works are those works that create a new asset that did not previously exist, or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to the organisation from land development. These assets from growth are discussed in *Section 4.5*.

5.5.1 Selection criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as councillor or community requests, proposals identified by strategic plans or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop a preliminary renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in the respective asset management plans.

5.5.2 Capital Investment Strategies

We will plan capital upgrade and new projects to meet level of service objectives by:

- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner
- Undertake project scoping for all capital upgrade/new projects to identify
 - o the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset;
 - o the project objectives to rectify the deficiency including value management for major projects;
 - o the range of options, estimated capital and life cycle costs for each options that could address the service deficiency;
 - o management of risks associated with alternative options;
 - o and evaluate the options against evaluation criteria adopted by Council/ Board; and
 - o select the best option to be included in capital upgrade/new programs
- Review current and required skills base and implement training and development to meet required construction and project management needs
- Review management of capital project management activities to ensure we are obtaining best value for resources used

Standards and specifications for maintenance of existing assets and construction of new assets and upgrade/expansion of existing assets are detailed in relevant asset management plans.

5.5.3 Summary of future upgrade/new assets expenditure

Over the next 10 years Council is planning to invest \$17.6m to improve services by upgrading or building new infrastructure to service the Burwood community.

This is predominately made up of Transport \$7m, Stormwater Drainage \$3.6m, Buildings \$3.5m and Parks \$3.4m. Under the proposed SRV an additional \$8.6m is planned for Stormwater Drainage to resolve existing capacity and functional issues of the network.

Proposed upgrade/new expenditures for both scenarios are shown in *Figures 8.0* and *8.1* on the next page.

5.6 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. No assets have been identified for possible decommissioning or disposal in this plan.

Figure 8.0 - Projected capital upgrade/New asset expenditure
(Scenario 1 - No SRV)

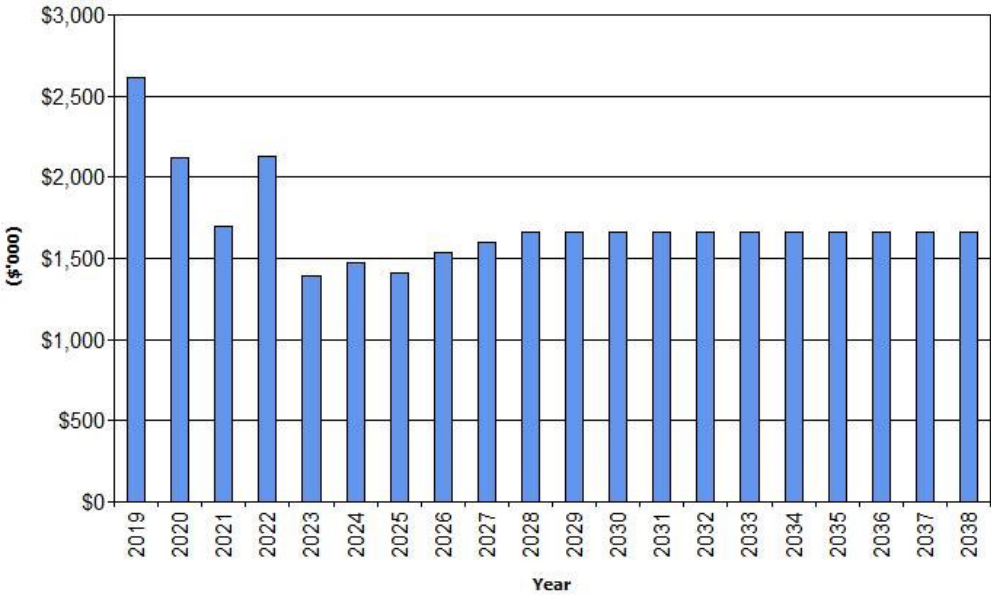
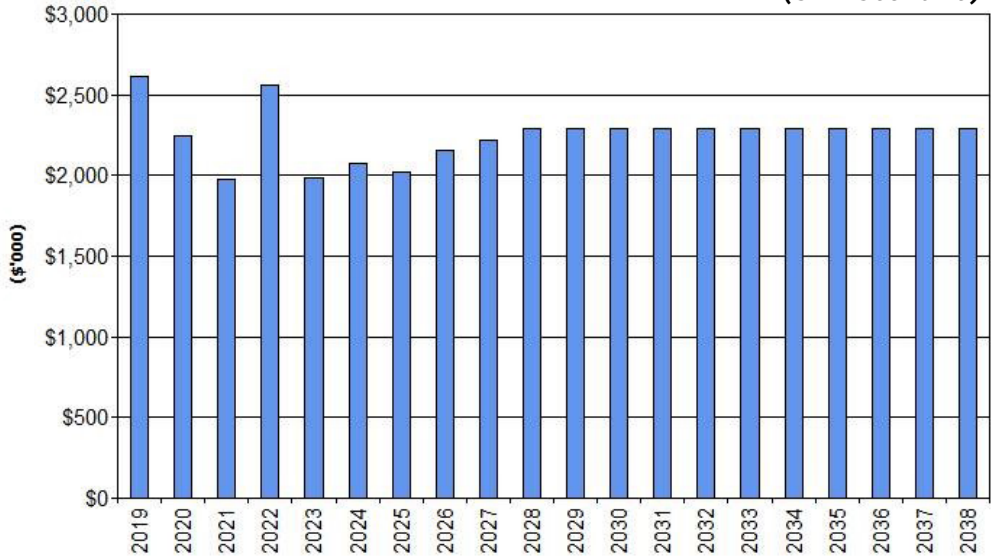


Figure 8.1 - Projected capital upgrade/New asset expenditure
(SRV Scenario)



Financial Summary

This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

Providing services from infrastructure in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and financing to achieve a financial indicator of approximately 1.0 for the first years of the asset management plan and ideally over the 10 year life of the LTFP.

Figures 9.0 and 9.1 (on the next page) show the projected asset renewal and replacement expenditure over the 10 years of the AMP. The graph also importantly shows the accumulated impact that each funding scenario is having on council's reported backlog.

6.1 Financial indicators and projections

6.1.1 Sustainability of service delivery

In addition to long term life cycle costs/ expenditures there are 3 key indicators for service delivery sustainability that have been considered within this plan, these being the asset renewal funding ratio and the medium term projected/budgeted expenditures over 5 and 10 years of the planning period.

The Asset Renewal Funding Ratio is the most important indicator and reveals whether projected capital renewal and replacement expenditure can be financed in the long-term financial plan. It is calculated by dividing the projected capital renewal expenditure shown in the AM Plan by the estimated capital renewal budget provided in the long-term financial plan.

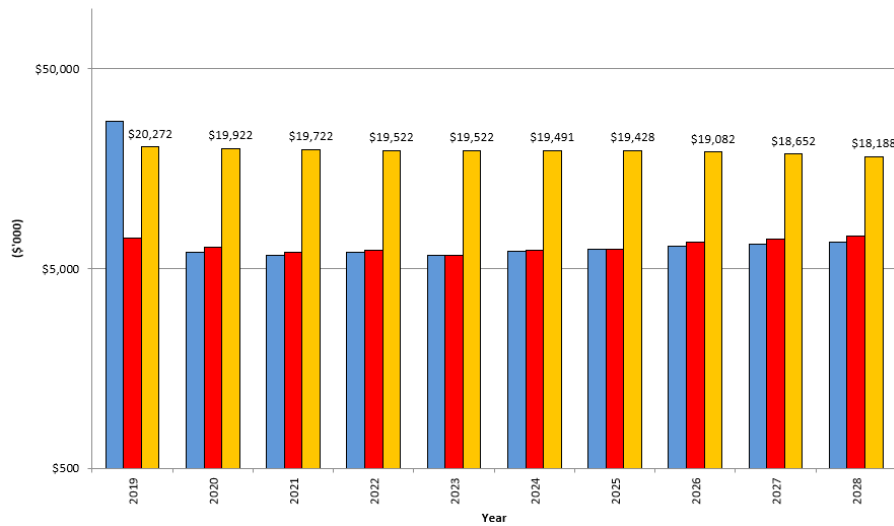
Table 6.1.1 shows sustainability of service calculations for Buildings & Infrastructure and each of council's major funds.

Under the current LTFP council can fund 75% of the projected asset renewals (Including existing backlog) in the next 10 years. Whilst not at 100% Council is slowly (10%) addressing its current backlog issues. Under the proposed SRV however this funding is increased to 86% and would allow Council to materially reduce (62%) its current backlog.

Table 6.1.1 - Sustainability of service delivery (including current backlog)

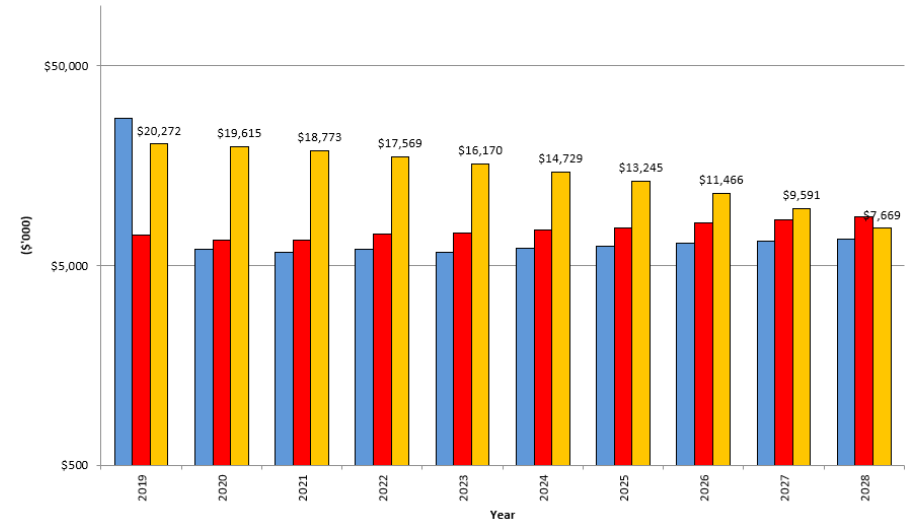
Sustainability of service delivery (Including Backlog)	Scenario 1 (\$'000s)	SRV Scenario (\$'000s)
Asset Renewal Funding Ratio		
Asset Renewal Funding Ratio	75%	86%
Medium Term Sustainability (10 years)		
10 year Operations, Maintenance & Renewal Projected Expenditure	\$16,590	\$16,590
10 year Operations, Maintenance & Renewal Planned (Budget) Expenditures	\$14,771	\$15,823
10 year Funding Shortfall (10 year Projected Expenditures Planned (Budget) Expenditures)	-\$1,819	-\$767
10 year Sustainability Indicator (10 year Planned Expenditure/ Projected Expenditure)	89%	95%
Short Term Sustainability (5 years)		
5 year Operations, Maintenance & Renewal Projected Expenditure	\$17,839	\$17,839
5 year Operations, Maintenance & Renewal Planned (Budget) Expenditure	\$13,935	\$14,605
5 year Funding Shortfall - 5 year Projected Expenditures Planned (Budget) Expenditures	-\$3,904	-\$3,234
5 year Sustainability Indicator (5 year Planned Expenditures/ Projected Expenditures)	78%	82%

Figure 9.0 - Projected and LTFP budgeted renewal expenditure including backlog (Scenario 1 - No SRV)



Year	Projected Renewals	Planned/Funded Renewals	Annual Shortfall	Projected Backlog
2019	\$27,372	\$7,100	-\$20,272	\$20,272
2020	\$6,053	\$6,403	\$350	\$19,922
2021	\$5,836	\$6,036	\$200	\$19,722
2022	\$5,992	\$6,192	\$200	\$19,522
2023	\$5,843	\$5,843	\$0	\$19,522
2024	\$6,126	\$6,157	\$31	\$19,491
2025	\$6,208	\$6,271	\$63	\$19,428
2026	\$6,424	\$6,770	\$346	\$19,082
2027	\$6,605	\$7,035	\$430	\$18,652
2028	\$6,806	\$7,270	\$464	\$18,188

Figure 9.0 - Projected and LTFP budgeted renewal expenditure including backlog (SRV Scenario)



Year	Projected Renewals	Planned/Funded Renewals	Annual Shortfall	Projected Backlog
2019	\$27,372	\$7,100	-\$20,272	\$20,272
2020	\$6,053	\$6,403	\$350	\$19,922
2021	\$5,836	\$6,036	\$200	\$19,722
2022	\$5,992	\$6,192	\$200	\$19,522
2023	\$5,843	\$5,843	\$0	\$19,522
2024	\$6,126	\$6,157	\$31	\$19,491
2025	\$6,208	\$6,271	\$63	\$19,428
2026	\$6,424	\$6,770	\$346	\$19,082
2027	\$6,605	\$7,035	\$430	\$18,652
2028	\$6,806	\$7,270	\$464	\$18,188

6.2 Funding Strategy

The funding strategy to provide the services covered by this asset management plan is contained within the organisation’s 10 year long term financial plan.

6.3 Funding Valuation forecasts

Asset values are forecasted to increase as additional upgraded and new assets are added to the asset stock from construction and acquisition by the organisation. *Figure 10* shows the projected replacement cost asset values over the planning period in real values.

Depreciation expense values are forecast in line with asset values as shown in *Figure 11*.

Figure 10 - Projected asset values (Scenario 1)

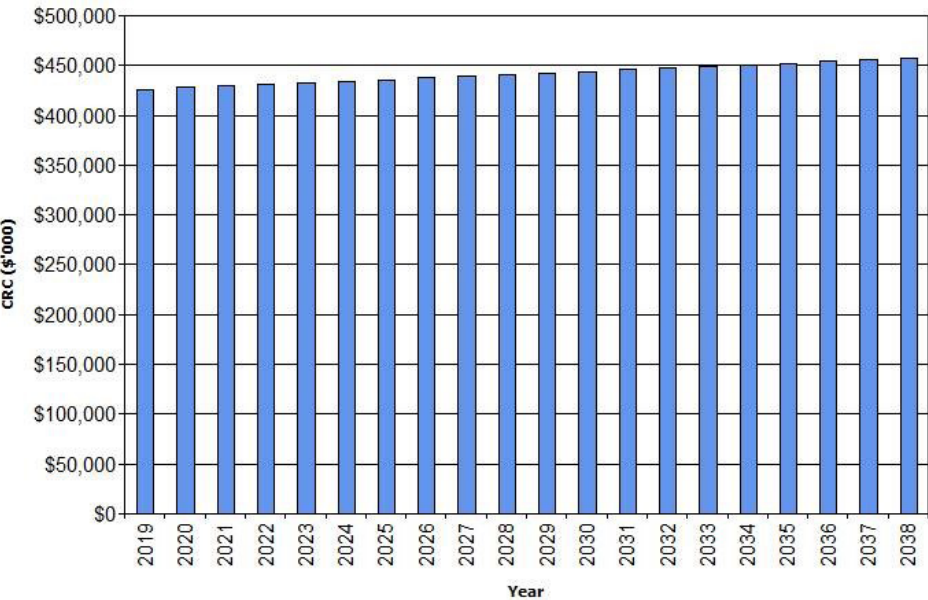


Figure 11 - Projected depreciation expenses (Scenario 1)

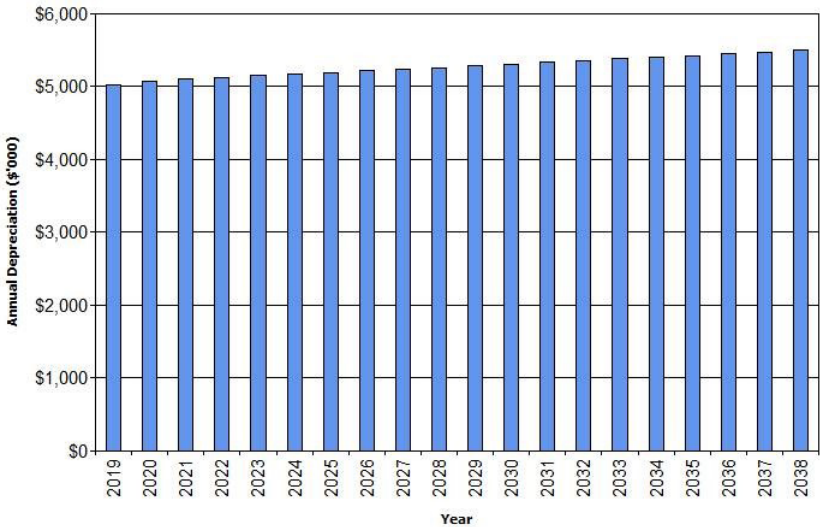
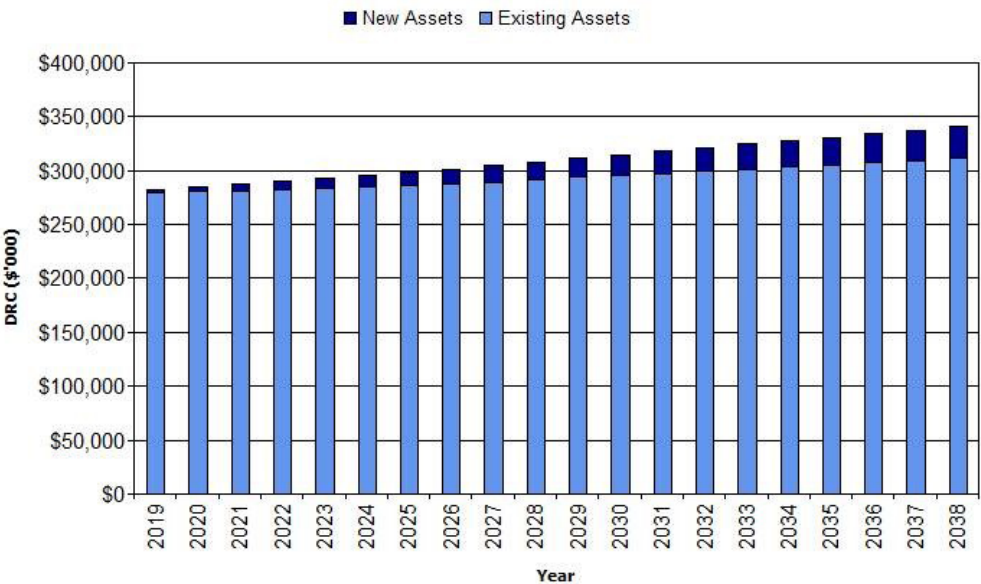


Figure 12.1 - Projected depreciated replacement cost (Scenario 1)



6.4 Key assumptions made in financial forecasts

This section details the key assumptions made in presenting the information contained in this AMP and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this AMP and risks that these may change are shown in *Table 6.4*.

Table 6.4 - Key assumptions made in AMP and risk of change

Key Assumptions	Risks of change to assumptions
Projected renewal data including average annual asset consumption which is used for the Long Term sustainability assessments	Buildings - <i>Medium</i> Parks - <i>Low</i> Stormwater - <i>Med/High</i> Transport - <i>Low</i>
Use of existing valuations, useful lives and remaining lives determined from the condition rating	Buildings - <i>Medium</i> Parks - <i>Low</i> Stormwater - <i>Medium</i> Transport - <i>Low</i>
Use of current expenditure information as best as this can be determined	Capital forecasts - <i>Low</i> Operational & Maintenance Forecasts - <i>Medium</i>

6.5 Forecast reliability and confidence

The expenditure and valuations projections in this strategic AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. The estimated confidence level for and reliability of data used in this AM Plan is shown in *Table 6.5*.

Over all data sources, the data confidence is assessed as medium to high confidence level for data used in the preparation of this AMP. Actions to mitigate the adverse effects of data quality are included within *Table 7.2*.

Table 6.5 - Data Confidence Assessment for AMPs summarised in AMP

Data	Strategy	Desired outcome
Demand drivers	C Uncertain	Estimated, further substantiation required for next revision of the SAMP
Growth projections	B Reliable	Estimated, further substantiation required for next revision of the SAMP
Operations expenditures	B Reliable	From budget however, additional analysis required. Breakdown into operations and maintenance is estimated and requires further development.
Maintenance expenditures	B Reliable	From budget however, additional analysis required. Breakdown into operations and maintenance is estimated and requires further development.
Projected Renewal expenditures		
Asset Values	B Reliable	From 2017-18 Financial Report
Asset useful lives	B Reliable	Ongoing substantiation required always required
Condition modelling	B Reliable	Buildings – Medium Confidence Parks – High Confidence Stormwater Drainage – Low Confidence Transport – High Confidence
Network renewals	B Reliable	Buildings – Medium Confidence Parks – High Confidence Stormwater Drainage – Low Confidence Transport – High Confidence
Upgrade/New expenditures	B Reliable	Could be identified or slip from total capital works budget budget
Disposal expenditures	B Reliable	None Identified

Plan improvement and monitoring

7.1 Funding Strategy

The asset management improvement tasks identified from an external Asset Management Maturity Audit and preparation of this AMP are shown in *Table 7.2*.

Table 7.2 - AM Maturity key strategies

National Framework	National Framework Element	Core Element	Key Strategy Number	Task/Action	Responsibility	Resources Required	Timeline	Current Status Comments
AM Planning	AM Policy	Y	KS-1	<p>Ensure that the AM Policy is implemented and communicated to key stakeholders.</p> <p>Annual review of policy implementation by the Project Management Working Party and Audit Committee.</p> <p>Ensure Council is briefed on their roles and governance responsibilities under the reviewed AM policy</p>				
AM Planning	Governance & Management	Y	KS-2	Implement this asset management development program to improve Councils asset management maturity, particularly in the area of measurement and reporting of trends in service levels and risk that result from the available funding scenarios in the long term financial plan				
AM Planning	AM Plans	Y	KS-3	Continue to develop and update Strategic Asset Management Plans for the major asset groups				

National Framework	National Framework Element	Core Element	Key Strategy Number	Task/Action	Responsibility	Resources Required	Timeline	Current Status Comments
Financial Planning	Annual Budget	Y	KS-4	Identify infrastructure expenditure by both: - Expenditure Category i.e. the Asset Group it is associated with; for example, road pavement - Expenditure Type – operating, maintenance, capital renewal, capital upgrade or capital expansion				
AM Planning	Governance & Management	Y	KS-5	Consider the ongoing ownership costs of new capital works proposals in budget deliberations. This is achieved by identifying the renewal and capital upgrade/expansion components of all capital works projects, and providing for the ongoing operational and maintenance requirements				
AM Planning	Skills & Processes	Y	KS-6	Develop Risk Delivery Programs for all major asset classes				
AM Planning	Data & Systems	Y	KS-7	Review the completeness and accuracy of the data for all major infrastructure classes				
AM Planning	Data & Systems		KS-8	Use a knowledge management strategy to ensure that appropriate and optimal decision support information is available to clearly communicate the cumulative consequences of decisions				
AM Planning	Data & Systems	Y	KS-9	Develop a corporate asset register meeting both technical and financial reporting requirements				
Financial Planning	Annual Report	Y	KS-10	Develop and adopt an Asset Accounting and Capitalisation Policy that assists in meeting the intention of Fair Value Reporting (AASB116)				

National Framework	National Framework Element	Core Element	Key Strategy Number	Task/Action	Responsibility	Resources Required	Timeline	Current Status Comments
AM Planning	AM Plans	Y	KS-11	Continue to develop funding models which address the need for sustainable renewal of infrastructure and which identifies all asset life cycle costs				
Financial Planning	Strategic Longer Term Plan	Y	KS-12	The 10 year financial sustainability plan for all Council functions will consider both the future anticipated income projections, and the future expenditure requirements to sustain services. This plan will consider the expenditures identified in the Asset Management Plans and will provide input into the annual Council budget				
AM Planning	Levels of Service	Y	KS-13	Continue to improve the information on the relationship between the service level and cost so that future community consultation will be well informed of the options and costs				
AM Planning	Evaluation	Y	KS-14	Undertake a detailed assessment of the resources required to implement this Asset Management Improvement Plan so that a program of improvement and milestones can be implemented and monitored				

7.3 Monitoring and review procedures

The AMP has a life of four years (Council election cycle) and is due for complete revision and updating within one year of each Council election.

7.4 Performance measures

The effectiveness of the asset management plan can be measured in the following ways:

- The degree to which the required projected expenditures identified in this asset management plan are incorporated into the organisation's long term financial plan
- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the summarised asset management plans
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the organisation's Strategic Plan and associated plans
- The Asset Renewal Funding Ratio achieving the target of 100%.

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