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## ASSET MANAGEMENT STRATEGY - COMMUNITY CONSULTATION RESULTS

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### EXECUTIVE SUMMARY

**PURPOSE OF REPORT:**

To provide an update on the results of the community consultation undertaken in preparation for the development of Council's Asset Management Strategy and to seek Council's endorsement of the continuation of the Road Infrastructure Levy.

**BACKGROUND:**

On the 3 April 2012, a report was submitted to Council seeking endorsement of the consultation process for the development of Council's Asset Management Strategy.

**COMMENTS:**

Based on the results of the survey and Council's current Asset Management Plan for roads, there is still a large cost to bring Council's roads up to a satisfactory standard. The resident response to the survey indicated the importance of providing funding for roads and while the satisfaction level had improved since 2010, there is still a high level of community support to increase funding for road works.

**RECOMMENDATION:**

That Council receives and notes the results of the community consultation survey undertaken in preparation of Council's Asset Management Strategy.

That Council apply to IPART for an extension of the Infrastructure Levy for roads for an extension of the special rate variation for a further five (5) years under Section 508(A) of the *Local Government Act, 1993*.

## PURPOSE OF REPORT

To provide an update on the results of the community consultation undertaken in preparation for the development of Council's Asset Management Strategy and to seek Council's endorsement of the continuation of the Road Infrastructure Levy.

## BACKGROUND

As previously advised, Council must prepare an Asset Management Strategy inline with the Integrated Planning & Reporting (IP&R) framework. The strategy will guide Council with the management of its assets into the future, provide details on expected service levels, and establish the service levels for its assets. It will specify what is required to improve Council's asset management capability to meet the objectives of the Community Strategic Plan [CSP] and will establish whether it should be spending funds on new assets, renewing its existing assets or disposing of assets in a poor or failed condition where practical.

Council has an adopted *Asset Management Improvement Strategy - 2011*, however this strategy is targeted on the improvement of asset management practices and procedures across the organisation rather than a strategy that demonstrates how Council's asset portfolio supports the service delivery needs of the community and the funds and Asset Management Plans to fulfil the requirements of the Resourcing Strategy which supports the Community Strategic Plan and Delivery Program.

On the 3 April 2012, a report was submitted to Council seeking endorsement of the consultation process for the development of Council's Asset Management Strategy.

As endorsed by Council, between May - June 2012, Council's consultants undertook the *Closing the Gap* community consultation survey (**Attachment A1**). This survey sought community engagement on the long term resourcing strategies which are to be incorporated into the Asset Management Strategy based on levels of importance and levels of support.

## COMMENTS

In line with the requirements of NSW Government's Integrated Planning & Reporting, Council sought community input on local assets, their current condition, opportunities for improvements and Council's financial constraints to improve assets and services.

The community consultation sought to reach key stakeholder groups and a statistically valid sample of Ku-ring-gai residents. Further information about this is contained under Community Consultation.

Survey results (**Attachment A2**) revealed the following;

- the performance of Council has remained at 2010 levels;
- satisfaction with footpaths, roads and parking has improved over the last 2 years;
- residents feel it is important for Council to plan for the future;
- residents are generally satisfied with the current condition of infrastructure and facilities provided by Council;

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- satisfaction with local roads, footpaths, drainage, kerb & guttering, sporting facilities and council parking is moderate;
- satisfaction with community buildings, parks & playgrounds and bushland assets is moderate to moderately high; and
- the highest priority asset classes are roads, drainage, parks playgrounds, community buildings and footpaths.

Key recommendations from the survey will form the principles of Council's Asset Management Strategy.

More importantly, a key outcome of the survey reinforced that local roads are the highest community priority and as such, Council needs to seek a continuation of the existing road levy.

Council applied for an Infrastructure Levy in 2001 and 2007 for the purposes of increasing funding for road works due to the generally poor condition of Council's roads and the need to bring Council's roads up to a satisfactory standard. The Infrastructure Levy was approved by the Minister for Local Government in 2001 and also for an extension of the levy in 2007.

The current Infrastructure Levy will cease at the end of June 2013 and therefore, Council will need to determine whether it wishes to extend the levy and apply for a further extension.

Based on the results of the survey and Council's current Asset Management Plan for roads, there is still a large cost to bring Council's roads up to a satisfactory standard. The resident response to the survey indicated the importance of providing funding for roads and while the satisfaction level had improved since 2010, there is still a high level of support to increase funding for road works.

Consequently, it is recommended that Council apply to IPART for an extension of the Infrastructure Levy for roads for an extension of the special rate variation for a further five (5) years under Section 508(A) of the *Local Government Act, 1993*.

The period of five (5) is considered reasonable as Council is yet to determine its Asset Management Strategy and in particular, its Long Term Financial Plan funding for its assets and based on the asset management analysis, it is likely that Council will need to ultimately apply for special rate variation for all its asset classes.

## GOVERNANCE MATTERS

Section 8 of the *Local Government Act, 1993* specifies that Council is to have regard to the long term and cumulative affects of its decisions, and is to bear in mind that Council is the custodian and trustee of public assets and must effectively account for and manage the assets for which it is responsible.

Section 403 of the *Local Government Act, 1993* requires that Council has a long term Resourcing Strategy for the provision of the resources required to implement the strategies established in its Community Strategic Plan. This includes implementation of an asset strategy and asset management plans.

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Section 508(A) of the *Local Government Act, 1993* provides for Council to apply for an extension of the Infrastructure Levy for roads as an extension of the special rate variation for a further five (5) years. This application will be made to IPART in accordance with their requirements.

The *Local Government Code of Accounting Practice and Financial Reporting* requires Council to report, in the annual financial statements, the condition of Council's assets.

## **RISK MANAGEMENT**

Risk management is a significant part of the development of the Asset Management Strategy and the identified risks will be included. A review of the risk management plans for each asset class was undertaken by Council's Risk Management Co-ordinator to ensure alignment with Council's proposed risk management strategy, plan and program.

Council needs to consider the various funding levels required and the associated risks.

The current Infrastructure Levy will cease at the end of June 2013 and therefore, Council will need to determine whether it wishes to extend the levy and apply for a further extension. Should Council not elect to seek an extension of the Infrastructure Levy an additional \$2.1 million per annum will be required to fund the roads program.

## **FINANCIAL CONSIDERATIONS**

Council still has a significant asset gap to bring its assets up to a satisfactory standard and based on the current financial commitments, it is not possible to provide sufficient funding for its infrastructure assets and therefore must rely on special rate variations to help fund the backlog.

The recent survey indicates community support for the extension of the levy and it is not considered to be too much a financial burden on the residents as they have been funding this levy since 2001 and it has a direct impact on improving the state of the road network.

Without the levy, the current asset gap would increase from \$4.2 million to \$6.3 million per annum.

## **SOCIAL CONSIDERATIONS**

Council's *Community Strategic Plan 2030*, identifies the aspirations and visions of its community.

The Asset Management Strategy must align with the vision of:

- Ku-ring-gai is a place with infrastructure and facilities that accommodate the needs of the community; and
- Ku-ring-gai will provide open spaces and facilities that promote healthier lifestyle practices.

## **ENVIRONMENTAL CONSIDERATIONS**

There are no direct environmental considerations arising from this report.

## COMMUNITY CONSULTATION

Between May and June 2012 the consultants randomly selected a statistically valid sample of 600 Ku-ring-gai residents by telephone and asked them to participate in a research program. Information packs were mailed out to allow participants to familiarise themselves with the different resourcing options. The consultants then recontacted 400 residents and collected feedback on the importance and satisfaction that residents had with each of the asset classes.

Additionally, residents were asked to indicate their level of support for a range of specific asset management strategies.

An information booth was held at the St Ives Festival on the Green in May 2012.

## INTERNAL CONSULTATION

Councillors have been briefed on legislative changes and Integrated Planning & Reporting requirements for all NSW Councils at a workshop held on 24 November 2011.

Consultation has taken place between Strategy and Environment, Operations and Corporate Departments in the preparation of the Consultation Plan for the strategy.

Further consultation with Councillors and internal stakeholders will be undertaken during Phase 1 of the consultation process.

## SUMMARY

The Asset Management Strategy will be the highest level document within the asset management framework and a key component of Council's Resourcing Strategy. The Asset Management Strategy will integrate with the Workforce Plan and Long Term Financial Plan in line with the requirements of the Integrated Planning and Reporting framework.

The Strategy will demonstrate to Ku-ring-gai residents and stakeholders how Council's asset portfolio supports the service delivery needs of the community both now and into the future (minimum 10 years). The strategy will establish the following:

- the current condition and value of all assets;
- the preferred condition/standard of all assets; and
- the systems, resources, processes and financing options to achieve the required improvements.

The strategy is to be developed with input from Council and the community, as it aims to inform and educate stakeholders and gauge support across a range of asset conditions and priorities. The Asset Management Strategy is currently being developed and further briefings will be held on the draft Strategy prior to submission to Council.

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The period of five (5) is considered reasonable as Council is yet to determine its Asset Management Strategy and in particular, its Long Term Financial Plan funding for its assets and based on the asset management analysis, it is likely that Council will need to ultimately apply for special rate variation for all its asset classes.

**RECOMMENDATION:**

- A. That Council receives and notes the results of the community consultation survey undertaken in preparation of Council's Asset Management Strategy.
- B. That Council apply to IPART for an extension of the Infrastructure Levy for roads for an extension of the special rate variation for a further five (5) years under Section 508(A) of the *Local Government Act, 1993*.

Deborah Silva  
Manager Integrated Planning, Property &  
Assets

Greg Piconi  
Director Operations

Andrew Watson  
Director Strategy & Environment

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| <b>Attachments:</b> | A1 | Closing the gap survey            | 2012/106962 |
|                     | A2 | Consultation Report from Micromex | 2012/173525 |