YOUR CITY YOUR PLAN

ROCKDALE CITY COUNCIL
On Historic Botany Bay

Rockdale City Plan 2013 – 2025

Draft Asset Management Strategy 2013 – 2025

March 2013

Important

This document contains important information about Rockdale City Council. If you do not understand, please visit Council's Customer Service Centre at 2 Bryant Street Rockdale, Monday – Friday from 8.30am – 4.30pm, Saturday from 9am – 1pm. Council Staff will be happy to arrange interpreter services for you.

You may also contact Telephone Interpreter Services on 131 450 and ask them to ring Rockdale City Council on 9562 1666 on your behalf.

Arabic

هام:

تحتوي هذه الوثيقة على معلومات هامة عن بلدية روكدايل. إذا لم تكن قادراً على فهمها، يرجى زيارة مركز خدمة زبائن البلدية على العنوان التالي: 2 Bryant Street في روكدايل من الإثنين إلى الجمعة بين الساعة ٨,٣٠ صباحاً و ٤,٣٠ مساءً، والسبت بين الساعة ٩,٠٠ صباحاً و ١,٠٠ بعد الظهر حيث سيقوم موظفو البلدية بتأمين مترجم لك بكل سرور.

كما يمكنك الاتصال بخدمة الترجمة الهاتفية على الرقم 131 450 والطلب منهم الاتصال ببلدية روكدايل على الرقم 9562 1666 نيابةً عنك.

Chinese

重要消息

本文件載有關於 Rockdale 市政府的重要資訊，如果您有不明白之處，請於星期一至星期五，上午8時30分至下午4時30分，及星期六上午9時至下午1時，前來位於2 Bryant Street，Rockdale，市政府的顧客服務中心。市政府的職員會很樂意為您安排傳譯員的服務。

您也可以聯絡電話傳譯服務處，電話 131 450，並請他們代您致電 9562 1666 給Rockdale市政府。

Greek

Σημαντικό:

Αυτό το έγγραφο περιέχει σημαντικές πληροφορίες για τη Δημαρχία Rockdale City Council. Αν δεν τις καταλαβαίνετε, παρακαλείσθε να επισκεφτείτε το Κέντρο Εξυπηρέτησης Πελατών [Customer Service Centre] του Δήμου στο 2 Bryant Street, Rockdale, Δευτέρα - Παρασκευή από 8.30πμ - 4.30μμ και Σάββατο από 9.00πμ - 1.00μμ. Το Προσωπικό του Δήμου θα χαρεί να κανονίσει υπηρεσίες διερμηνέων για σας.

Μπορείτε επίσης να επικοινωνήσετε με τις Τηλεφωνικές Υπηρεσίες Διερμηνέων [Telephone Interpreter Services] στο 131 450 και να τους ζητήσετε να τηλεφωνήσουν στο Rockdale City Council στο 9562 1666 για λογαριασμό σας.

Italian

Importante:

Questo documento contiene importanti informazioni sul Comune di Rockdale City. Se avete difficoltà a comprenderne il contenuto, recatevi presso il Customer Service Centre del Comune a 2 Bryant Street, Rockdale dal lunedì al venerdì dalle ore 8.30 alle 16.30 e al sabato dalle 9.00 alle 13.00. Il personale del Comune sarà ben lieto di procurarvi un servizio interpreti.

Potete anche chiamare Il Servizio telefonico interpreti (TIS) al numero 131 450 chiedendo che telefoni per vostro conto al Comune di Rockdale City al numero 9562 1666.

Macedonian

Важно:

Овој документ содржи важни информации за Rockdale City Council (Градската општина на Rockdale). Ако не го разбирате, ве молиме, посетете го општинскиот Customer Service Centre (Центар за услуги на клиенти), кој се наоѓа на 2 Bryant Street, Rockdale, од понеделник до петок, од 8.30 наутро до 4.30 попладне и во сабота од 9.00 наутро до 1.00 попладне. Вработените во општината со задоволство ќе ви организираат да користите преведувач.

Исто така, можете да телефонирате во Telephone Interpreter Services (Служба за преведување по телефон) на 131 450, и да ги замолите во ваше име да се јават во Градската општина на Rockdale на 9562 1666.

Spanish

Importante:

Este documento contiene información importante sobre el Rockdale City Council (Municipio de Rockdale). Si no la entiende, le rogamos concurrir al Centro de Servicio al Cliente del Municipio, ubicado en 2 Bryant Street, Rockdale, atención de lunes a viernes, de 8:30 am a 4:30 pm y el sábado de 9.00 am a 1.00 pm. El personal del municipio se complacerá en obtener los servicios de un intérprete para usted.

Puede asimismo llamar al Servicio Telefónico de Intérpretes al 131 450 y pedirles que llamen de su parte al Rockdale City Council, teléfono 9562 1666.

Caring for the Environment – In the interest of protecting and preserving our environment, Rockdale City Council uses Nordset paper for all of its pre-printed paper requirements. Nordset has been awarded the Nordic Swan label for environmentally friendly pulp and paper manufacturing. It is manufactured with fibre obtained from sustainable plantation forest, it is oxygen bleached, Totally Chlorine Free (TCF), dioxin and acid free. Nordset can be recycled and is biodegradable.

1. Asset Management Policy

Rockdale City Council recognises as part of its Charter under the Local Government Act it is "to bear in mind that it is the custodian and trustee of public assets and to effectively account for and manage the assets for which it is responsible", and "to have regard to the long term and cumulative effects of its decisions".

This policy has been developed to demonstrate the importance of sustainable asset management to the City of Rockdale and as a guide to recognise Council's responsibilities and commitment to the efficient and effective management of the assets under its control and to fulfil its charter.

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

1.1.1 Policy Statement

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

This will be achieved through:

- Developing and implementing a corporate approach to sustainable asset management within Rockdale City Council, and
- Managing and maintaining the community's assets in accordance with sustainable asset management principles and practices

This means:

- Developing a corporate understanding of the principles of asset management and its relationship to financial and strategic planning. Understanding these principles will drive the goals and objectives of the Asset Management Strategy.
- The need to develop an integrated systems approach to asset management.
- The need to maintain a prioritisation system for asset planning that integrates physical condition, sustainability factors and community consultation.
- The need to develop a service pricing strategy for the funding of assets

These ideals will assist Council in developing a strategic asset management framework for sustainable service delivery that will address the planning and operational needs of the organisation as well as the needs of a diverse community.

1.1.2 Policy Goals and Objectives

The goal of asset management is to meet a required level of service in the most cost effective way through the planning, creation, acquisition, maintenance, operation, rehabilitation and disposal of assets to provide for present and future customers. The principles to guide asset management planning and decision-making focus on:

- Ensuring *service delivery* needs based on consumer demand forms the basis of asset management.
- Integrating asset management with *corporate governance, strategic, financial, business and budgetary planning.*
- *Informed decision making*, incorporating a lifecycle approach to asset management.
- Establishing *accountability and responsibility* for asset condition, use and performance, and
- *Sustainability*, providing for present needs while sustaining resources for future generations.

- Maintain the *balance* between Council's Community Service Obligation and the commercial aspects of the management of the assets.

1.1.3 Accountability and Responsibility

Sustainable asset management is the responsibility of all elected representatives and employees within Council. Accountability and responsibility is as follows:

Councillors

Primarily responsible for ensuring that their decisions represent and reflect the needs of the wider community. Council will engage with the community to determine their main priorities and expectations for the future and through the Community Strategic Plan and Delivery Program will detail the strategies and resources that will be used to achieve these goals.

General Manager

Primarily responsible for ensuring the development and resourcing of Council's strategic asset management plans, processes and systems to ensure they Are fully integrated into the Council's Integrated Planning and Reporting framework – Rockdale City Plan 2013 - 2025.

Council Staff

Have specific responsibility for asset management development, planning and implementation in accordance with the Asset Management Strategy. Staff will continuously seek opportunities to improve adherence to this Strategy, by establishing specific asset monitoring, auditing and review mechanisms. The end purpose is to deliver the services and expectations of the community through Council's assets in the most efficient and cost effective manner.

1.1.4 Policy Practice and Procedures

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

3-Year Goal

Council's goal is to achieve "high level of competent" asset management practice, with some "advanced" elements, across all of the asset groups within three (3) years, during the life of Council's Delivery Program 2013 - 2017. ("Advanced" elements include some elements of asset knowledge i.e. attribute and condition data, and some strategic asset planning processes i.e. lifecycle planning/costing and elements of optimised decision making).

Long Term Goal

Council's long-term goal is to achieve "advanced" asset management practice across all of the asset groups as appropriate. Council may seek to achieve industry "best practice" at some time in the future however the cost and effort needed to achieve this level against potential benefits will be carefully considered.

1.1.5 Audit and Review Procedures

As a minimum there will be annual internal reviews of asset management policy, strategy, systems, practices and plans.

External reviews and audits will be conducted at least every four (4) years to coincide with the mandatory review period for the Community Strategic Plan and the life of Council's Delivery Program.

2. Introduction

The Rockdale community owns assets with a value estimated at $910 million (excluding land value). As custodian of these assets, Council has an obligation to manage them for the benefit of the community. The assets have been categorised into seven asset categories. Table 2.0 below provides some key financial data relating to value, condition and cost to manage these assets.

Asset Category	Asset Replacement Value $	Asset Written Down Value $	Cost to bring to a Satisfactory Condition[1] $	Yearly Renewal Expense[2] $
Transport Infrastructure	573,157,650	363,746,717	23,341,533	8,054,727
Property & Buildings	151,384,510	66,804,711	8,413,786	4,593,852
Stormwater Drainage	91,871,133	50,175,748	3,124,737	997,701
Parks Recreation & Natural Environment	68,627,886	56,255,857	774,599	2,277,781
Plant Fleet & Equipment	8,928,769	4,721,737	1,858,097	1,097,870
IT & Communication	9,910,000	6,659,000	961,000	2,231,071
Library Resources	6,365,967	2,483,601	N/A	962,679
Total	**$910,245,915**	**$550,847,371**	**$38,473,752**	**$20,215,681**

Table 2.0 – Financial Summary

Notes:

1. Aligned to Special Schedule 7. Council does not report depreciable land improvements, Plant fleet and equipment, IT and communications, or library resources on the schedule.
2. Refer to Section 7.3.

Figure 2.0 below provides a graphical representation of Councils asset portfolio based on asset value. As can be clearly seen, Transport Infrastructure assets account for approximately 60% of the total value of assets. For this reason, Council has had a greater focus on this asset category historically.

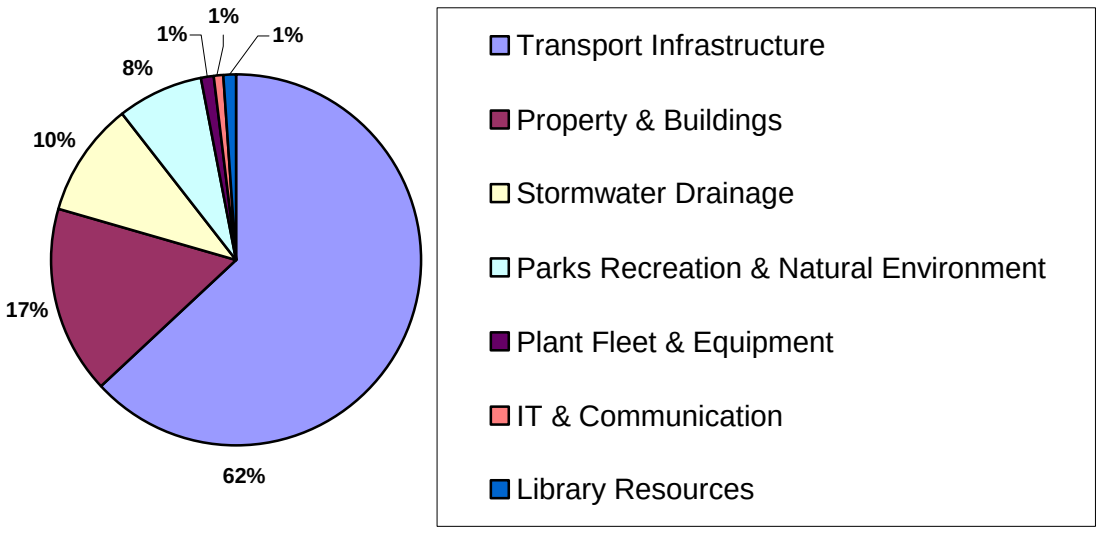


Figure 2.0 – Percentage Representation of Council's Asset Portfolio

In 2005 Council engaged consultants to undertake an external and independent review of its strategies and practices for asset management, to identify gaps between current and desired practice and to then develop an Asset Management Practice and Improvement program to bridge the gap. Council has been working progressively in the past 7 years to refine and develop good asset management systems and practices based on the outcomes of the external review.

An Asset Management Policy and Strategy were developed in 2005 and four 'first cut' Asset Management Plans were completed in 2006.

Asset Management Strategy 2011, contained within the Resourcing Strategy 2011-2025, saw Council's Asset Management Policy, Strategy and Plans all consolidated into a single document.

Asset Management Strategy 2013 – 2025 refines the work undertaken within and by the Asset Management Strategy 2011.

2.1 Background

The pivotal point in Council's asset management history occurred in 2005 when it engaged consultants to undertake a review of asset management strategy and practices across all of Council's assets and to assist Council to develop an Asset Management Strategy and an Improvement Program. Council's stated aim was to achieve a basic level of asset management in three years with some areas to be bordering on advanced level within three years.

The Asset Management Review was completed in April 2005 and a subsequent asset management implementation plan was prepared in July 2005 which set the objectives, resources and monitoring required in delivering the Implementation Timetable.

Key asset outcomes which were achieved as a result include:

1. Development of levels of service across all asset service areas
2. Development of Asset Management Plans for all asset groups
3. Development and implementation of asset management and maintenance information systems including integration with organisation corporate, business and GIS systems
4. Integration of sustainable asset management into City strategic planning

Some of the major achievements Council has made since commencing the asset management journey in 2005 include:

Creation of an Asset Management team

The team has been created by restructuring existing positions and creating new positions. Since the Gap report the structure of the team has been revised and streamlined to improve its operation.

Asset Management Steering Committee

The Asset Management Steering Committee was established to guide the implementation of the gap project and then to oversee the continual improvement of the Asset Management systems and processes and to ensure that the Asset Management Strategy and Plans are aligned with the remainder of Rockdale City Plan to achieve the community's aspirations..

Asset Management Policy

At its Meeting of 21 September 2005 Council adopted the Sustainable Asset Management Policy. This policy was developed to identify the importance of sustainable asset management to the City of Rockdale and as a guide to recognise Council's responsibilities and commitment to the efficient and effective management of

the assets under its control and to fulfil its charter. A revised Asset Management Policy was adopted through Asset Management Strategy 2011. This Policy remains unchanged and is attached as Section 1 of Asset Management Strategy 2013.

Asset Management Strategy

A Strategy was developed in September 2005 which became known as the Sustainable Asset Management Improvement Strategy (2006). The Strategy documents the goals, strategies and actions proposed to guide Rockdale City Council in its development and implementation of a sustainable asset management focus for the organisation. This was replaced by Asset Management Strategy 2011 which forms part of the Resourcing Strategy 2011-2025, and now the Asset Management Strategy 2013 - 2025.

Asset Management Plans

One of the actions in the Asset Management Improvement Program involved the development of Asset Management Plans (AMP's). The "first cut" AMP's were developed as follows:

- The Transport and Infrastructure Asset Management Plan was prepared in January 2006
- The Property & Buildings Asset Management Plan was prepared in May 2006
- The Stormwater Drainage Asset Management Plan was prepared in July 2006
- The Parks, Recreation and Natural Environment Asset Management Plan was prepared in July 2006

Alignment of City Works Program to Asset Management system

The City Works Program was aligned to the asset management system in 2006 and has been refined since. The system is working well but will be monitored to ensure is continuous improvement. It has however been noted that the City Works Program does not fully recognise the future capital works required through the adopted S94 Plan. This is currently being rectified to ensure that Council has a single adopted City Works Program which incorporates both existing and future asset requirements.

Special Rate variation for Infrastructure renewals

As part of the 2010/11 budget process Council applied for a Special Rate Variation to fund improvements to its amenities and small community buildings. The proposal sought a 3% increase, to be collected via a new Community Building Levy, to fund the program of works. The Minister for Local Government announced on the 2nd July 2010 that Council's application was approved for a period of three years. This SRV expires on 30 June 2013.

The variation was sought to increase the level of funding available for the rehabilitation and renewal of amenities and smaller community buildings. This asset class has a significant maintenance backlog estimated at $3.8 million with the overall asset condition rated as Fair/Poor in the 2009/10 annual report.

Infrastructure Planning (Section 94, Section 94A & Voluntary Planning Agreement Policy)

A key element of asset management is the determination of future demand. In the asset management context this is an important element in determining the change in demand for facilities and services and its impact on Council's assets. This information becomes part of the asset management plans and flows through the City Works Program and operations budgets for service delivery. The Section 94, 94A Plans and the Voluntary Planning Agreement Policy are the Council's policy documents which enable the dedication of land, provision of funds, provision of works in kind, or a combination of these to be legitimately required from developers the meet the cost of infrastructure generated and demanded by the increased development. There remains a disconnect between infrastructure planning and the City Works Program. However this has now been noted and is in the process of being rectified.

Strategic Infrastructure Planning Group and Capital Works Planning Committee

These committees have been established and have resulted in a greater understanding and integration between various work teams in regard to the asset management system in general and the City Works Program in particular.

As a result of the previous work undertaken Council is well placed to meet the recent legislative requirements imposed by the Integrated Planning & Reporting framework

2.1.1 Purpose of Strategy

The overall objective of asset management is to:

- Manage the assets in a sustainable manner;
- Develop an integrated asset management system;
- Minimise adverse impact of asset users, and
- Maintain assets to a desired level of service.

The specific purpose of this Strategy is to:

- Provide a basis for customer consultation to determine the appropriate levels of service;
- Define and articulate how assets are and will be managed to achieve the organisation's objectives;
- Manage risk of asset failure;
- Achieve savings by optimising whole of life costs; and
- Support long term financial planning.

The outcomes of the Strategy will identify the following:

- Assets that are owned by Council
- Condition and expected life of assets
- Critical assets
- Levels of services that customers want
- Long-term funding requirements

2.1.2 Relationship with other documents

- The Asset Management Strategy is a key component of Council's planning process including Rockdale City Plan 2013 – 2025 which is the Council's integrated Planning and Reporting framework and includes the following Plans:
- Community Strategic Plan 2013 - 2025
- Long Term Financial Plan 2013 – 2025
- Delivery Program and Operational Plans 2013 – 2017
- Workforce Management Plan 2013 – 2017

The Asset Management Strategy also draws on other Council Plans and strategies including:

- Rockdale Local Environmental Plan 2011
- Rockdale Section 94 Contributions Plan (Amendments 1-5)
- Rockdale Section 94A Contributions Plan
- Open Space & Recreation Strategy
- Community Land – 'Plans of Management'

2.1.3 Infrastructure assets included in the Strategy

Council's 'first cut' Asset Management Plans identified and covered four asset categories (1-4 below). Asset Management Strategy 2011 and 2013 have refined and expanded the asset categories. They are:

Asset Category 1: Transport & Infrastructure
Asset Category 2: Property and Buildings

Asset Category 3: Stormwater Drainage
Asset Category 4: Parks, Recreation & Natural Environment
Asset Category 5: Plant, Fleet & Equipment
Asset Category 6: IT & Communications
Asset Category 7: Library Resources

The types of assets that are contained within these categories are detailed in Table 2.1.3

Asset Category	Asset Types
Transport & Infrastructure	Road Pavement Kerb & Gutter Paved & Unpaved Footpath Bridges & Culverts Traffic Facilities Traffic Islands Retaining Walls Car parks Roundabouts Cycleways Refuge Islands Speed humps Signs Line Markings, etc
Property and Buildings	Community Facility Buildings Parks Buildings Commercial Buildings Administration & Town Hall Depot Buildings Library Buildings Residential properties Bexley Pool and Bexley Pool Buildings
Stormwater Drainage	Pipes Pits Box Culverts Earth Lined Creeks Open Channels Unlined Channels Stormwater Quality Devices
Parks, Recreation & Natural Environment	Natural area Sportsground Parks Area of Cultural Significance General Community Use
Plant, Fleet & Equipment	Passenger Vehicles Utilities & Light Commercial Heavy & Light Plant Small Tools & Equipment
IT & Communications	Servers, Desktops, Laptops OS Software Desktop Software Applications Local Area Network Wide Area Network PABX Handsets Mobiles Councillors Equipment
Library Resources	Monographs (Hard and Soft cover) Monographs – Large Print (Hard and Soft Cover) Compact Discs (CDs), DVDs

Asset Category	Asset Types
	Talking Books (CDs) CDROMs Reference Material Sheet music Serials Local Studies items

Table 2.1.3 – Asset Categories and Types

2.1.4 Key stakeholders

The key stakeholders of Council's corporate assets are those groups of people who have a vested interest in the responsible management of the assets. The following list identifies key stakeholders and a description of their role in the management of corporate assets:

Councillors

This stakeholder group includes Councillors and the Mayor. They are primarily responsible to ensure that their decisions represent and reflect the needs of the wider community as expressed through community surveys and Community Engagement for the development of Rockdale City Plan 2013 – 2025.

Council Staff

Council staff play a role in managing assets to ensure that they provide a level of service that meets the needs of residents, businesses and visitors to the area. Council staff implement the components identified in the asset management plans. In some cases Council staff are also the core users of the assets (such as Plant, Fleet & Equipment and IT Assets). Often the use of these assets is for the purpose of delivering services to the community.

Residents and Local Businesses

Residents and local businesses are the core users of assets. Their needs and aspirations are conveyed to Council through community engagement, particularly for the development of the Rockdale City Plan 2013 - 2025, and will be reflected in the levels of service.

Visitors

Visitors are also important users of assets, due to their frequency of use. Visitors' wants, needs and expectations drive the development in areas of the highest usage and also commercial areas.

Insurers

Insurers have an interest to drive the implementation of systems which allow Council a better position in the knowledge of the condition of our assets. This should be reflected in the number of claims made and premium levels.

2.2 Goals and Objectives of Asset Ownership

Rockdale City Council's main purpose is to provide open and accountable government for the benefit of our community. Our values are the underlying principles influencing daily decisions and actions of the Councillors and Council Staff. These values define Council's relationship with our community, customers and suppliers.

2.2.1 Reasons and justification of asset ownership

Local Government Authorities exist principally to supply core services that meet the needs of their communities. What services are provided, and how they are provided, depends on the level of service that aims to meet the aspirations of the community within the resources available,
The 1993 Local Government Act prescribes a set of principles that are to guide a Council in carrying out its functions. The Council Charter taken from Section 8 of The Local Government Act 1993 has the following points that relate to Asset Management:

- Provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively;
- To promote and to provide and plan for the needs of children
- Properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible, in a manner that is consistent with and promotes the principles of ecologically sustainable development;
- Have regard to the long term and cumulative effects of its decisions;
- Bear in mind that it is the custodian and trustee of public assets and to effectively account for and manage the assets for which it is responsible;
- To engage in long-term strategic planning on behalf of the local community
- Raise funds for local purposes by the fair imposition of rates, charges and fees, by income earned from investments and, when appropriate, by borrowings and grants;
- Keep the local community and the State government (and through it, the wider community) informed about its activities.

2.2.2 Links to organisation vision, mission and values

The new Rockdale City Plan for 2013 – 2025 has four Community Outcomes which align to the Community's Vision. These community outcomes recognise that communities also share similar aspirations – a safe place to live, a sustainable environment, opportunities for social interaction and employment as well as reliable transport and infrastructure. The community's vision and four Community Outcomes are:

Our Vision
"One Community, Many Cultures, Endless Opportunity"

Outcome 1 - *Rockdale is a welcoming and creative City with active, healthy and safe communities.*

Outcome 2 - *Rockdale is a City with a high quality natural and built environment and valued heritage in liveable neighbourhoods. A City that is easy to get around and has good links and connections to other parts of Sydney and beyond.*

Outcome 3 - *Rockdale is a City with a thriving economy that provides jobs for local people and opportunities for lifelong learning.*

Outcome 4 - *Rockdale is a City with engaged communities, effective leadership and access to decision making.*

The Asset Management Strategy is one of the strategic means by which these outcomes are achieved through efficient and effective management of the assets.

2.2.3 Integrated Planning and Reporting

A new planning and reporting framework for all councils in NSW was introduced in 2009. The Integrated Planning and Reporting Framework is an integrated framework which ensures that councils are reflecting community aspirations in the work they do. Rockdale Council's Integrated Planning and Reporting framework is known as Rockdale City Plan 2013 – 2025.

This ensures that councils take a long term approach to their activities and that these activities reflect the desires of the communities they represent. In order to ensure this occurs the Integrated Planning Model provides for a framework consisting of a Community Strategic Plan, a Delivery Program, Operational Plans for the 4 years of the Delivery Program and a Resourcing Strategy consisting of a Long Term Financial Plan and Asset Management Strategy 2013 – 2025 and a Workforce Management Plan for the 4 years of Council's term (see Figure 2.2.3).

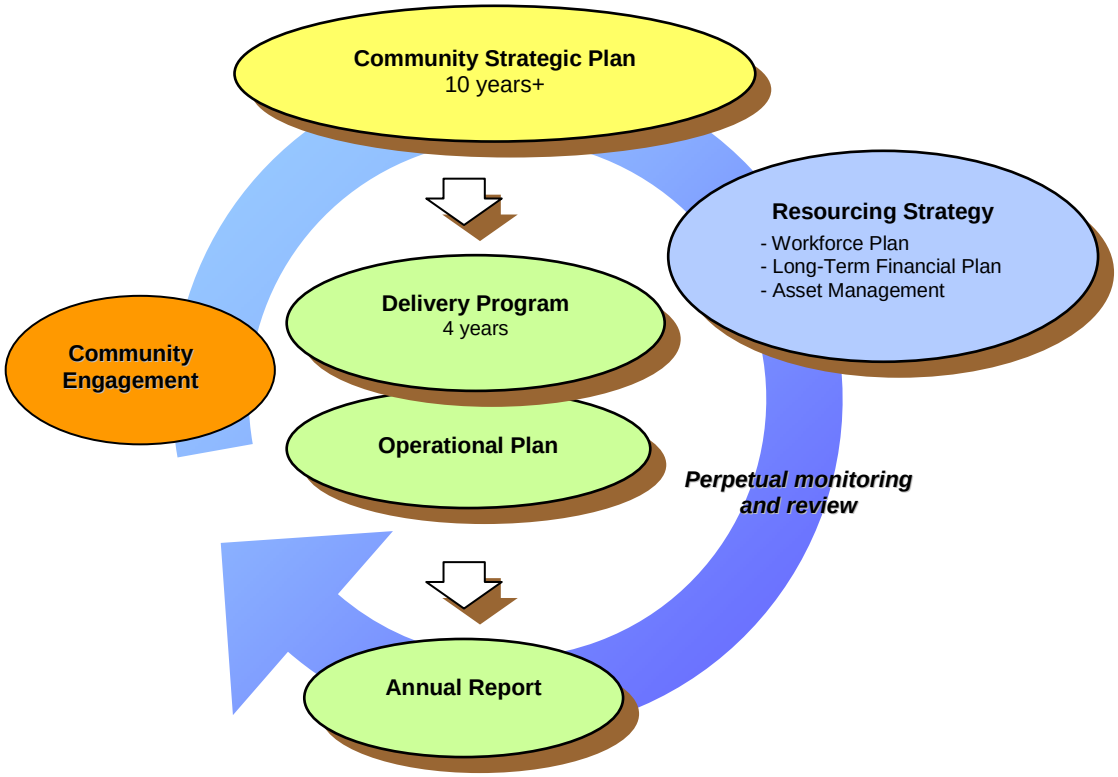


Figure 2.2.3 – Integrated Planning Model

The Asset Management Strategy is part of the Resourcing Strategy and focuses principally on the assets for which Council is custodian and which deliver the core of the services which the community expect and demand.

The Integrated Planning and Reporting amendments to the Local Government Act contain a number of essential elements which must be included within the Asset Management Planning component of the Resourcing Strategy. The manner in which Council, through this Asset Management Strategy, has achieved compliance with the legislative requirements is detailed below:

Essential Element 2.9

> ***Each Council must account for and plan for all existing assets under its control, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program.***

All Council's assets are accounted for in Special Schedule 7 of the Annual Financial Statement. Asset Management Strategy 2011 and 2013 – 2025 expand on the previous Asset Management Plans which Council developed in 2006 to now include the three additional asset categories of Plant, Fleet & Equipment, Information Technology & Communications and Library Resources. With the addition of these three asset categories, Council now accounts for all of the assets under its care and control.

The majority of new asset solutions which Council has considered and committed to, can be found in the works schedule of the Section 94 & 94A Plans. New asset solutions are included in the 4 year Capital Works Program in the Delivery Program 2013 - 2017 where it is expected that they will be delivered within the life of the Plan.

The Section 94 & 94A Plans and their works schedules are being reviewed so that Council can plan for the spend beyond 4 years. No expenditure has been modelled beyond 4 years as there is no works schedule, so the S94 reserves grow considerably over the following 8 years in all scenarios.

Essential Element 2.10

> ***Each Council must prepare an Asset Management Strategy and Asset Management Plan/s to support the Community Strategic Plan and Delivery Program***.

Asset Management Strategy 2011 and 2013 – 2025 combine Council's previous Asset Management Policy, Asset Management Strategy and Asset Management Plans into a single document. The Asset Management Strategy is developed in conjunction with, and therefore is integrated within the Rockdale City Plan 2013-25.

Essential Element 2.11

> ***The Asset Management Strategy and Plan/s must be for a minimum timeframe of 10 years***.

Council's previous Asset Management Strategy (2005) and Asset Management Plans (2006) were developed on a 20 year basis. Asset Management Strategy 2013 - 2025, which is an extension and improvement on the previous Strategy & Plans, and which complements both the Community Strategic Plan and the Long Term Financial Plan, has been extended to the 2024/25 financial year to cover 12 years.

Essential Element 2.12

> ***The Asset Management Strategy must include an overarching Council endorsed Asset Management Policy***.

An Asset Management Policy is incorporated into Asset Management Strategy 2013 – 2025.

Essential Element 2.13

> ***The Asset Management Strategy must identify assets that are critical to the council's operations and outline risk management strategies for these assets.***

Asset Management Strategy 2013 - 2025 identifies seven asset categories which cover all of the assets under Council's care and control. Critical assets are discussed in Section 5. The methodology used to determine which assets are deemed critical and a list of critical assets is detailed in Annexure 9.

Essential Element 2.14

The Asset Management Strategy must include specific actions required to improve Council's asset management capability and projected resource requirements and timeframes.

Section 8 – Asset Management Practice & Improvement details the specific strategies and actions which Council will develop and implement through an Asset Management Improvement Program. The five key areas which will be reviewed and improved are:

- Asset Knowledge – Data and Processes
- Strategic Asset Planning Processes
- Operations, Maintenance and Works Processes
- Information Systems
- Organisation/Commercial Context

Essential Element 2.15

The Asset Management Plan/s must encompass all the assets under a council's control.

Asset Management Strategy 2013- 2025 expands on the previous Asset Management Plans which Council developed in 2006 to now include the three additional asset categories of Plant, Fleet & Equipment, IT & Communications and Library Resources. With the addition of these three asset categories, Council now accounts for all of the assets under its care and control.

Essential Element 2.16

The Asset Management Plan/s must identify asset service standards.

Council's existing asset management capability is predominately based on core asset management as detailed in the International Infrastructure Management Manual. This process is based on compiling a good picture of all the assets which Council has, determining the condition of the assets and understanding their remaining useful life.

With regard to asset service standards or Levels of Service, the initial Asset Management Plans (2006) detailed that almost all maintenance works (apart from parks maintenance) was conducted on a reactive basis. The reactive nature of maintenance was due to the lack of clearly defined Levels of Service for Council's assets, apart from Guarantee's of Service which are generally focused on response times to customer enquiries and requests. Levels of Service were also determined to be strongly governed by available funding for asset maintenance.

Council has since then improved its understanding of Levels of Service and, as detailed in Section 1.3, assesses assets against a number of service level outcomes with the assistance of regular Community Surveys and community engagement for the Rockdale City Plan 2013 - 2025. Continued improvement in regard to service levels review and development is also documented in Section 8.2.2.

Essential Element 2.17

The Asset Management Plan/s must contain long term projections of asset maintenance, rehabilitation and replacement costs.

Table 3 details the key findings from the asset management data collected on the types, values and condition of all assets for which Council is custodian. It also details the annual cost to retain assets in a satisfactory condition, as well as the cost to bring assets up to a satisfactory condition.

The long term expenditure required to maintain, rehabilitate and replace assets has been modelled within the Long Term Financial Plan 2013 - 2025. The modelling has been undertaken on a three scenario basis as described in Section 7.

At its meeting on 6 March 2013 Council resolved to apply for a one-off percentage increase to general income to replace the expiring 3% Community Buildings SRV in 2013/14, and apply for a multi year Special Variation to general income commencing from 2014, consisting of a 3% increase (on top of an estimated rate peg of 3%) in each of the years 2014/15, 2015/16, 2016/17 and 2017/18 after which the Special Variation would be included in the rates base.

Council also approved the Special Rate Variation Program of Works detailed in the draft Community Strategic Plan, on the understanding that the funds collected from the SRV will be quarantined, used only for the proposed works, and reported to the community.

Council also approved the proposed Productivity Improvements and Savings Program of $250,000 p.a. for the period of the Delivery Program 2013 - 2017.

The 3 scenarios modelled are:

Scenario 1 Business as usual, plus the two Major Projects approved to date (Bexley Swimming and Leisure Centre and Rockdale City Library) and the $1.1 million loan taken each year, plus successful SRV applications, plus the productivity improvements and savings program of $250,000 p.a.

Scenario 2 Scenario 1 without successful SRV applications.

Scenario 3 Base case - Scenario 2 without the productivity improvements and savings program.

Essential Element 2.18

Councils must report on the condition of their assets in their annual financial statements in line with the Local Government Code of Accounting Practice and Financial Reporting.

Council will continue to report on the condition of its assets via Special Schedule 7, in line with the Local Government Code of Accounting Practice and Financial Reporting. An extract from the Annual Financial Statement Year ended 30 June 2012 is shown in Fig 2.18 below.

Rockdale City Council

Special Schedule No. 7
Condition of public works
as at 30 June 2012
$'000

Asset class	Asset category (as determined by Council)	Depreciation Expense (%)	Depreciation Expense $'000	Cost $'000	Valuation $'000	Accumulated Depreciation and Impairment $'000	WDV $'000	Asset Condition[4]	Estimated cost to bring to satisfactory [1] standard $'000	Required annual maintenance[2] $'000	Current annual maintenance[3] $'000
Buildings	Council owned buildings	1.3-5.0%	4,594	-	151,385	84,579	66,806	Good/ average	8,414	4,594	2,976
Public Roads	Roads, bridges and footpaths	0.8-2.5%	8,055	-	448,704	209,412	239,292	Good/ average	23,342	8,055	2,758
Other Structures	Structures not included in buildings	1.2-8.3%	593	-	16,338	3,024	13,314	Excellent/ Good	184	593	45
Drainage Works	Stormwater drainage	1.0-3.3%	998	-	91,871	41,695	50,176	Average	3,125	998	614
Total			**14,240**	-	**708,298**	**338,710**	**369,588**		**35,065**	**14,240**	**6,393**

Figure 2.18 – Special Schedule 7 – Annual Financial Statement

3. Levels of Service

3.1 Introduction

Levels of Service are defined standards to facilitate the strategic goals and expectations of both Council and the Community, in a technical meaningful manner. In its basic sense, the development of Levels of Service involve the identification the desired outcomes of all stakeholders, and defining such outcomes in asset measures such as quality, quantity, reliability, cost and the like.

Levels of Service, in an asset management environment, relate to the physical asset and associated activities. As such Levels of Service provide significant influence on all asset management decisions.

Considerable effort has been invested by Council to establish Levels of Service for key corporate activities, to align with information collated through Community consultation. Further works will be undertaken to align Levels of Service to be asset centric, as outlined in Section 8.

3.2 Community Engagement and Expectations

A pivotal component in establishing Levels of Service are identifying the needs and outcomes of stakeholders, including the community. The diagram below pictorially represents the Level of Service establishment process.

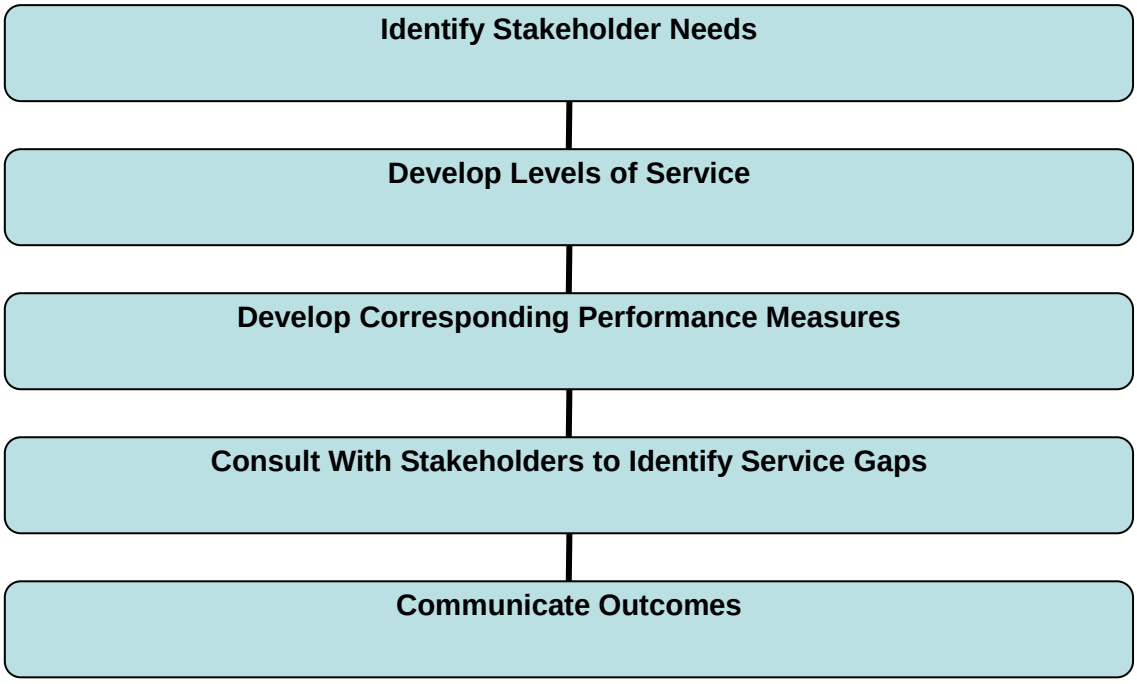


Figure 3.2 – Level of Service establishment process

To identify the needs, outcomes and corresponding priorities of the community, Council undertook community surveys in 2001, 2003, 2005, 2010 and 2012. The information collected during 2001 to 2005 measured the relative importance of a number of Council Services, which included the management of key asset types.

The survey undertaken in 2010 formed Stage 1 of the Community Engagement Strategy for the City Plan 2011 – 2025, and involved a telephone survey of 500 residents (conducted by Micromex Research). The survey not only sought to re-establish (post 2005) the importance the community assigned to key Council services, but also sought to identify service performance gaps. A follow up survey was also conducted by Micromex Research in 2012. Table 3.2.1 outlines the key findings of both the 2010 and 2012 surveys based on the apportionment of importance with identified performance gaps.

Ranking 2010	Ranking 2012	Service/Facility	Importance Mean	Satisfaction Mean	Performance Gap
1	1	Provision and maintenance of public toilets	4.13	2.88	1.25
2	2	Condition of local roads	4.43	3.21	1.22
7	3	Litter control and rubbish dumping	4.47	3.26	1.21
11	4	Traffic management	4.35	3.23	1.12
3	5	Quality and maintenance of parking facilities	4.15	3.05	1.10
6	6	Community safety/Crime prevention	4.48	3.47	1.01
4		Quality and maintenance of footpaths	4.26	3.25	1.01
12	8	Street cleaning/sweeping	4.33	3.45	0.88
14	9	Transparent and accountable Council activities	3.91	3.09	0.82
	10	Council's financial management	3.95	3.15	0.80
16	11	Maintaining healthy natural waterways	4.36	3.68	0.68
21	12	Foreshore/beachfront cleaning	4.30	3.64	0.66
5		Appropriateness of town planning controls	4.00	3.34	0.66
13	14	Support for the aged and people with disabilities	4.30	3.67	0.63
8		Public health food inspections	4.23	3.60	0.63
	16	Quality of new development	3.98	3.37	0.61
17	17	Opportunities to participate in Council decision making	3.71	3.15	0.56
20	18	Quality of town centres and surrounding areas	4.03	3.48	0.55
8	18	Advocacy role that benefits the community	3.81	3.26	0.55
23	20	General waste/garbage collection	4.62	4.10	0.52
24		Restoration of natural bushland	4.10	3.58	0.52
	22	Reporting to the community on Council activities, services and facilities	3.97	3.49	0.48
22		Recycling	4.48	4.01	0.47
19	23	Condition and maintenance of sporting fields, parks and gardens	4.19	3.72	0.47
28		Community engagement and participation opportunities	3.86	3.39	0.47
18	26	Access to public transport	4.26	3.84	0.42
10	27	Support for youth	3.95	3.54	0.41
26	28	Provision and maintenance of playgrounds	4.01	3.68	0.33
	29	Heritage conservation	3.75	3.56	0.19
29	30	Condition of Council-owned facilities including libraries, Town Hall and community halls	3.88	3.73	0.15
30		Animal control	3.82	3.67	0.15
25	32	Support for the multicultural community	3.83	3.84	-0.01
	33	Management of the risk of sea level rise and the impact of climate change	3.43	3.45	-0.02
27	34	Access to cycle paths and walking tracks	3.75	3.80	-0.05
32	35	Provision of libraries	3.96	4.07	-0.11
31	36	Council's monthly Rockdale Review	3.63	3.77	-0.14
33	37	Festivals and major events	3.47	3.86	-0.39

Mean ratings: 1 = not at all important and very dissatisfied, 5 = very important and very satisfied

------ Significant movement from the 2010 research

Table 3.2 – Community Survey 2010 and 2012 Key Findings

The main feedback in 2012 regarding assets was that there is a gap between the level of importance and community satisfaction with some assets, notably:

- Public toilets
- Local roads
- Parking facilities
- Footpaths
- Quality of town centres

3.3 Current Level of Service

Considerable effort has been invested by Council to establish Levels of Service for key corporate activities, to align with information collated through Community consultation (2001-2010). Currently limited Levels of Service have been established to guide the management of asset related activities.

High representations of asset work activities are reactionary based, and in most instances due to the scale of the asset portfolio are limited by available funds. The reactive nature of asset activities highlight the need to establish clear Levels of Service for all assets, beyond current Guarantee's of Service which are generally focused on response times to customer requests.

3.4 Desired Level of Service

As part of increasing engagement with the community and other asset stakeholders, it is likely that there will be areas where the desired level of service is greater than that which is currently provided, and vice versa. This can be readily seen in Table 3.2 where the "Performance Gap' column represents the difference between the importance residents place on a service and the satisfaction that the residents consider that service is provided. That is, the current level of service does not match the desired level of service.

At this point in time, Council's strategy remains to continue to retain assets at 'satisfactory' condition resulting in assets that are fit for use. The long term financial projections are based on this assumption with the view of Council providing the best possible service to its residents while maintaining long term sustainability. However, through recent community engagement it is clear that the community has concern over the condition of certain assets, including community buildings and amenities, so, at its meeting on 6 March 2013 Council resolved to apply for a one-off percentage increase to general income to replace the expiring 3% Community Buildings SRV in 2013/14, and apply for a multi year Special Variation to general income commencing from 2014, consisting of a 3% increase (on top of an estimated rate peg of 3%) in each of the years 2014/15, 2015/16, 2016/17 and 2017/18 after which the Special Variation would be included in the rates base.

Council also approved the Special Rate Variation Program of Works detailed in the draft Community Strategic Plan, on the understanding that the funds collected from the SRV will be quarantined, used only for the proposed works, and reported to the community.

Council also approved the proposed Productivity Improvements and Savings Program of $250,000 p.a. for the period of the Delivery Program 2013 - 2017.

The feedback from the community engagement for the development of Rockdale City Plan and the SRV proposal is summarised in the Community Strategic Plan.

Future strategies will consider the full range of service level outcomes as well as the level of service desired by the community, and more specific community engagement will be undertaken to address asset conditions, which will feed into Council's future Plans.

The Division of Local Government recently audited Council's asset management capability. Preliminary feedback received was that Asset Management Strategy 2011was good and had good linkages back to the community strategic plan and took a holistic approach to asset planning. The areas of weakness were identified as definition of existing and desired service levels. Service levels should drive asset management practices and renewal.

4. Future Demand

4.1 Introduction

The objective of asset management is to create, operate, maintain, rehabilitate and replace assets at the required level of service for present and future customers in a cost effective and environmentally sustainable manner. The Asset Management Strategy must therefore forecast the needs and demands of the community in the future and outline strategies to develop the assets to meet these needs. Factors which affect demand include population growth, social and technology changes.

4.2 New Infrastructure

4.2.1 Future Development and Projected Population Changes

As detailed in Section 1.4, the population of Rockdale has been growing consistently and by 2025 it is estimated that the population in the City of Rockdale will reach approximately 113,600 people.

As part of the review of the Rockdale Local Environmental Plan 2000, Council undertook a number of studies to determine the provision or embellishment of public amenities and services that were required as a result of the anticipated growth, within the City of Rockdale. These studies include:

- Residential Strategy
- Employment Lands Strategy
- Transport & Parking Strategy
- Open Space & Recreation Strategy
- Various Plans of Management
- Environment Plan
- Community Services Plan

From an asset management perspective, the list of assets which are required as a consequence of future demand can readily be found in the works schedules of the Section 94 & 94A Contributions Plans. Some of the future demand can be satisfied through the embellishment or augmentation of existing assets. Some demand generates new assets entirely, such as the new redevelopment areas of Bonar Street and Wolli Creek. Some of the assets are fully funded through developer contributions, while some are only partially funded, as the demand for these facilities arise from both the existing and future population.

The assets which are included in the Section 94 Plan are categorised in the following groups:

- Open space improvements/embellishment
- Open space acquisition
- Community Facilities
- Streetscape
- Pollution Control
- Car parking
- Roads, traffic and parking
- Pedestrian and cyclist facilities
- Flood and stormwater management
- Local infrastructure and facilities (Bonar Street and Wolli Creek

Council has a developed a program of Capital Works projects which are required to meet current and future growth. These projects are divided into three categories, namely Projects, Programs, and Urban Renewal Areas. Many of these projects are listed in the Section 94 Plan and will therefore be in part or whole funded through developer contributions. The Section 94 works schedule for the 4 years to 2017 and the Capital Works Program totals have been input into the Long Term Financial Model.

The list of Major Capital Works Projects, Programs and Urban Renewal Areas are listed below:

Major Projects
Those approved by Council have been modelled in detail in the LTFP.

- Rockdale City Library
- Bexley Swimming and Leisure Centre

Further work on the feasibility of the two other proposed Major Projects will be undertaken as detailed in the Delivery Program 2013 - 2017:

- Arncliffe Youth Centre; and
- Indoor Recreation Centre.

Programs

Programs are ongoing capital works that generally have a discrete source of funds that can be supplemented by other funds where available. A program of small capital works is undertaken annually.

The Programs are as follows:

- Thriving Town Centres for Ramsgate then Arncliffe and Wollongong Road
- Water Quality Improvement from Levy and S94 contributions; and
- Open Space Improvement predominantly from S94 contributions.

Urban Renewal Areas

Urban Renewal Areas are places where substantial transformation is taking place and Council has an obligation to provide a range of capital works as outlined in its Section 94 Plan. For the most part works are fully funded from Section 94 contributions and the scheduling of works is driven by development activity. As such, assumptions regarding the scheduling of capital works in Urban Renewal Areas are being matched to assumptions regarding the timing of future development activity and the anticipated receipt of developer contributions.

The Urban Renewal Areas are as follows:

- Wolli Creek
- Bonar Street with priority being drainage works

4.2.2 Other Influences on Demand

There are a number of influences which can and will over time require Council to reassess the assets it holds. Some of these trends will increase the burden on Council while others may lessen the burden. Some of these influences include:

- Changes in customer expectation;
- Legislative changes;
- Technological changes;

- Environmental sustainability; and
- Climate change

Due to the constantly changing environment regarding the need for, use and expectation of the community for services, and therefore towards the assets needed to deliver those services, good asset management requires constant re-evaluation and consideration. Table 4.2 below details some of the various studies and strategies proposed to enable Council and the community to reassess the need for assets due to the various factors mentioned above. Once the strategies are completed and their effect on Council's assets quantified, the assets would be prioritised. In conjunction with the community, through development of the City Plan, Asset Management Plan and S94 & S94A Developer Contributions Plans, the priority would be confirmed and would inform the Capital Works Program.

	Asset Classes	Primary informing Strategies	Secondary informing Strategies
Capital Works Program Informed by: • Rockdale City Plan • Asset Management Strategy • S94 & S94A Plans	Transport & Infrastructure	Transport and Parking Strategy Wolli Creek and Bonar Street Traffic studies	Traffic Committee Thriving Town Centres Public Domain Masterplans and Technical Manuals Community Safety Strategy Town Centre Masterplans Town Centre Improvement Plans Climate Change Adaptation Strategy Greening Rockdale Traffic and Road Safety Program
	Property & Buildings	Open Space & Recreation Strategy Community Services Plan	Disability Access Policy Public Art Strategy Town Centre Masterplans Energy Savings Action Plan
	Stormwater Drainage	Flood Studies and Floodplain Risk Management Plans	Environment Strategy Biodiversity Strategy Water Quality Study Climate Change Adaptation Strategy
	Parks, Recreation & Natural Environment	Open Space & Recreation Strategy	Plans of Management Masterplans Public Art Strategy Environment Strategy Biodiversity Strategy Water Quality Study Climate Change Adaptation Strategy
	Plant, Fleet & Equipment	Fleet Replacement program	
	IT & Communications	Information Management Roadmap IT Disaster Recovery Framework	Corporate Systems upgrades Mobile Phone Policy
	Library Resources	Living Learning Libraries Standard	

Table 4.2 – Strategies which inform the Capital Works Program

4.3 Demand Management

In order to meet future demand Council also requires strategies to look at ways of modifying customer demands in order to maximise utilisation of existing assets. Demand management strategies provide alternatives to the creation of new assets in order to meet demand and look at ways to modify customer demands in order that the utilisation of existing assets is maximised and the need for new assets deferred or reduced.

Council has in place a range of strategies and will continue to explore further initiatives to manage the impact of future demand on the existing assets. Some of the strategies for specific asset categories include:

Transport & Infrastructure Asset Strategies

- Advocate for improved rail services
- Additional connecting bus routes/improved frequency
- Improved cycle links
- Traffic & Parking Controls
- Reduced levels of service / public education

Parks, Recreation & Natural Environment Asset Strategies

- Parks booking policy.
- Multiple use of facilities
- Use of alternate materials (e.g. use of synthetic surfaces)
- Lighting
- Analysis of facility requirements and recreation needs
- Open space strategy
- Encouraging private sector infrastructure.

Property & Building Asset Strategies

- Accommodation Strategies
- Facilities Management strategy
- Facility needs analysis
- Multiple use of facilities
- Recognition of Community Service obligations
- Encouraging private sector infrastructure.

Stormwater Drainage Assets

- Onsite detention.
- Source control of discharge
- Improvements in water quality control.
- Water Sensitive Design
- Overland Flow paths
- Stormwater Harvesting

5. Risk Management

5.1 Introduction

Risk is defined as the chance of an event occurring which may have an impact either directly on, or to the operating environment of, an organisation. Such an event can have a financial and/or an operational consequence.

Council recognises risk management as an integral part of sound corporate practice. Risks can arise out of uncertainty, and whilst it is acknowledged that it is not possible to have a totally risk free environment, it is possible to manage risk by avoiding, reducing, transferring or accepting risks.

The overall objectives of the risk management approach are to:

- Outline the process by which the Organisation will manage risk associated with its assets;
- Identify operational and organisational risks;
- Evaluate identifiable risks to prioritise and formulate treatment solutions over a corresponding timeframe.
- Allocate responsibility for managing identified risks to specific staff.

Council has integrated the principles of risk management into the organisational decision making process via corporate policies which align with the International Standard for Risk Management Standards (ISO 31000:2009). Figure 5.1 below delineates the corporate risk management framework.

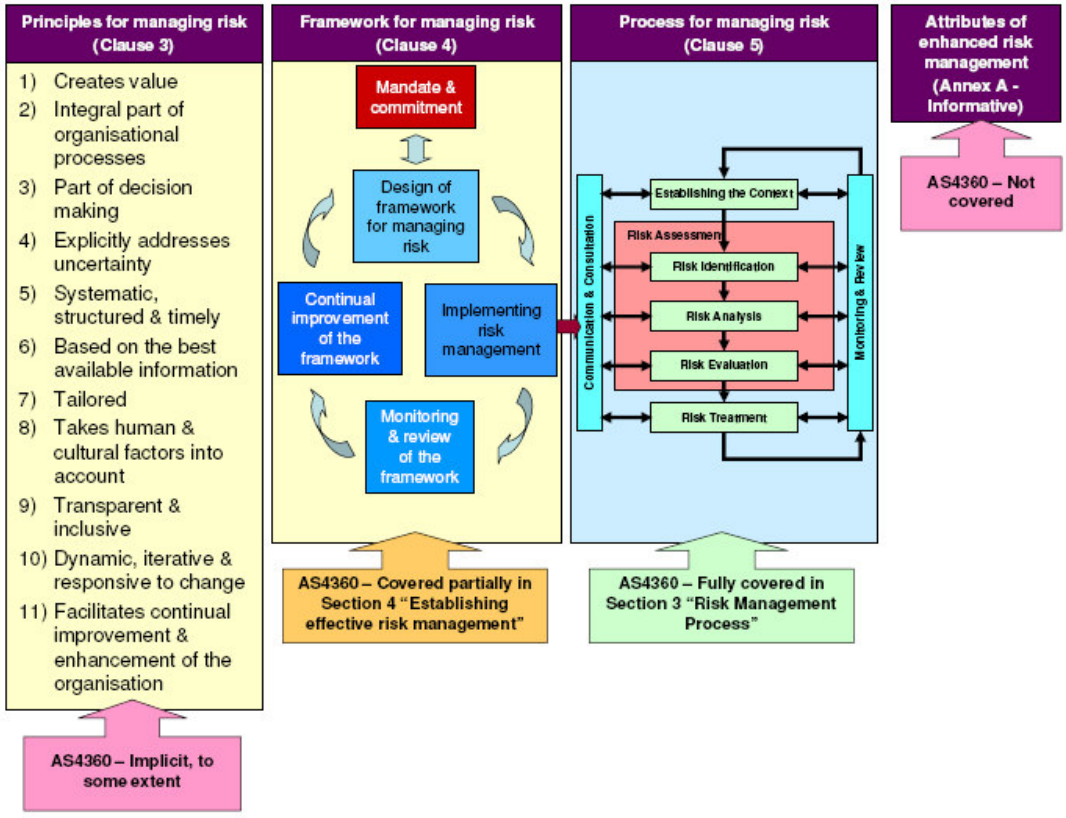


Figure 5.1 – Risk Management Framework

5.2 Risk Management Application to Asset Management

5.2.1 Context

This section of the Asset Management Strategy sets to outline the current corporate understanding on areas of risks relative to the asset portfolio and the relationship of risk management with asset management.

As outlined in Section 5.1 Council has a sophisticated risk management structure which integrates throughout the organisation. Whilst current risk practises are robust, they are closely affiliated with organisational activities. Knowledge and practices associated with asset specific risk management is limited at this stage, and improvement is this aspect of asset management will be tabled in future iterations of the Asset Management Strategy.

5.2.2 Critical Assets

Critical assets are generally those assets which have a high consequence if failure occurs. The methodology used to identify critical assets is not solely limited to the financial consequence associated with failure, and takes into consideration aspects such as capacity, use, historic significance, to name a few.

Annexures 9.2, 9.10 and 9.13 delineate the methodology applied to determine critical assets, and subsequently outlines those assets which were identified as being critical, within the following asset classes:

- Transport Infrastructure
- Stormwater Drainage
- Property and Buildings
- Parks, Recreation, and Natural Environment

The currency and level of data captured on existing assets varies across all asset classes. As a result critical asset identification in some classes is more reliable and detailed in comparison to other classes. Future asset management improvements associated with critical asset knowledge are outlined in Section 8. Key improvements will include the review of the criterion used to identify critical assets to include considerations such as infrastructure and asset class interdependency.

5.2.3 Risk Identification & Analysis

The identification and analysis of risks associated with corporate assets are integral in guiding decisions relating to the operation, maintenance, rehabilitation, replacement or disposal of an asset, and the timing for such activities.

Asset associated risks can be identified through a number of sources, and those identified risks can be grouped into:

- Natural Events
- External Impacts
- Physical Failure Risks
- Operational Risks

Identifiable asset related risks are a key consideration in determining the priority for rehabilitation and capital projects, within the organisation. Whilst risk guides the prioritisation of works programs, risk assessments are high level and provide limited consideration to the criticality of the asset. Further works

(as outlined in Section 8) will be undertaken to identify critical asset specific risks and critical failure modes, and to formulate appropriate risk management strategies.

5.2.4 Managing Risks

When an asset fails or is expected to fail, strategies can be developed to avoid or react to the failure. If the failure of an asset is critical to the organisation, failure avoidance is likely to be more effective than reacting to the failure.

Implementation of key asset management practices, such as routine inspections and asset decay profiling, for critical assets, assist in the identification of risk treatment options (and/or works programs) to manage risks in a proactive manner as opposed to, on a reactionary basis.

Corporate strategies to manage risks can include:

- Avoiding the risk;
- Managing and/or reducing exposure to the risk, through activities such as capital or maintenance expenditure to reduce the likelihood of failure;
- Accepting some risk and carrying the consequential costs;
- Transferring and/or insuring against the risk;
- A combination of the above.

Implementation of asset risk management strategies requires the evaluation of:

- Causes of failure, and failure mode;
- Impact and probability of the failure, and it's criticality;
- The current controls to manage the asset for that failure mode. For example, maintenance plans, rehabilitation programs, etc;
- Treatment options available to reduce the probability of and/or the impact of failure, and the suitability and/or economics of those treatments.

Activities to enhance current asset risk management practices have been tabled in Section 8. Primarily, asset risk management enhancements will be derived from the broadening, and refinement, of existing asset inspection programs and the mythology applied to the programming of works identified during the inspections.

5.2.5 Risk Considerations in Project/Works Prioritisation

Rockdale City Council utilises risk analysis as one of the key considerations in determining the prioritisation of works within the City Works Program. Each works project receives a "risk score" based on assessment of the relationship between the probability and consequences of the risks arising from not undertaking the works. Similarly, operational and maintenance activities are also guided by considerations to associated risks.

Other key considerations for the prioritisation of works, with respect to risk management, are:

- Optimised Decision Making;
- Asset Intervention Levels;
- Asset Service Levels.

The above points are addressed in later sections of the Asset Management Strategy.

6. Life Cycle Management

6.1 Introduction

Lifecycle Management focuses on the options and strategies from initial planning through to disposal stages of an asset, considering all relevant economic and physical consequences. In broad terms, Lifecycle Management incorporates activities associated with:

- Asset Planning;
- Asset Creation/Augmentation;
- Asset Operation and Maintenance
- Asset Condition and Performance Monitoring;
- Asset Management review and continuous improvement.

This section of the Asset Management Strategy will address key components of Lifecycle Management.

6.2 Background data

The portfolio of assets under the ownership and/or management of Rockdale City Council are collated together into an asset hierarchy, under the following categories:

Asset Category 1:	Transport & Infrastructure – examples of condition categories pages 62 and 63
Asset Category 2:	Property and Buildings – examples of condition categories page 73
Asset Category 3:	Stormwater Drainage
Asset Category 4:	Parks, Recreation & Natural Environment – examples of condition categories pages 66 and 67
Asset Category 5:	Plant, Fleet & Equipment
Asset Category 6:	IT & Communications
Asset Category 7:	Library Resources

Sections 6.2.1 to 6.2.7 provide background information on each asset category, covering:

- Asset Holdings;
- Asset Value and Accumulated Depreciation;
- Network Analysis;
- Existing Data Confidence. A five point system has been used as follows;
    i. A: Accurate;
    ii. B: Minor Inaccuracies;
    iii. C: 50% Estimated;
    iv. D: Significant Data Estimated;
    v. E: All Data Estimated;
- Key Findings and Quality Improvement.

6.2.1 Transport Infrastructure (Roads)

Asset Holdings	▪ 254km of Sealed Roadway (Equating to approximately 2,749,736sqm). ▪ 16km of Unformed Roadway.				
Asset Value and Accumulated Depreciation	▪ Asset Replacement Value - $334,203,440 ▪ Accumulated Depreciation - $97,133,251 ▪ Written Down Value - $237,070,190 ▪ Refer to Annexure 9.7 for Component Level Values for all Transport Infrastructure.				
Network Analysis	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
	21%	41%	31%	5%	1%
	▪ Above Condition rating figures take into account sealed road only. ▪ Refer to Annexure 9.3 for road network map including condition distribution.				
Data Accuracy and Confidence	Asset Inventory			A	
	Asset Value			A	
	Asset Condition			B	
Key Findings and Quality Improvement	▪ Findings of a road pavement inspection project, as outlined in Section 8, are currently being finalised. ▪ Full list of all Quality Improvement Measures are tabled in Section 8				

6.2.2 Transport Infrastructure (Kerb & Gutter)

Asset Holdings	▪ 522km of Kerb & Guttering				
Asset Value and Accumulated Depreciation	▪ Asset Replacement Value - $75,796,098 ▪ Accumulated Depreciation - $35,746,236 ▪ Written Down Value - $40,049,862 ▪ Refer to Annexure 9.7 for Component Level Values for all Transport Infrastructure.				
Network Analysis	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
	<1%	10%	89%	<1%	0%
	▪ Refer to Annexure 9.4 for kerb and gutter network map including condition distribution.				
Data Accuracy and Confidence	Asset Inventory			A	
	Asset Value			A	
	Asset Condition			A	
Key Findings and Quality Improvement	▪ Condition inspection program has commenced. ▪ Full list of all Quality Improvement Measures are tabled in Section 8.				

6.2.3 Transport Infrastructure (Footpaths)

Asset Holdings	485km of Footpaths Comprising of ■ 386km of Paved Footpath (Equating to approximately 727,280 sq.m.). ■ 99km of Unpaved Footpath.				
Asset Value and Accumulated Depreciation	■ Asset Replacement Value - $84,860,123 ■ Accumulated Depreciation - $41,529,671 ■ Written Down Value - $43,330,451 ■ Refer to Annexure 9.7 for Component Level Values for all Transport Infrastructure.				
Network Analysis	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
	2%	9%	88%	<1%	0%
	■ Above Condition Ratings take into account paved footpath only. ■ Refer to Annexure 9.5 for footpath network map including condition distribution.				
Data Accuracy and Confidence	Asset Inventory			A	
	Asset Value			A	
	Asset Condition			A	
Key Findings and Quality Improvement	■ Condition inspection program has commenced. ■ Full list of all Quality Improvement Measures are tabled in Section 8.				

6.2.4 Transport Infrastructure (Bridges & Culverts)

Asset Holdings	■ 44 Bridges and Culverts				
Asset Value and Accumulated Depreciation	■ Asset Replacement Value - $18,176,450 ■ Accumulated Depreciation - $9,729,757 ■ Written Down Value - $8,446,693 ■ Refer to Annexure 9.7 for Component Level Values for all Transport Infrastructure.				
Network Analysis	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
	0%	14%	26%	54%	7%
	■ Refer to Annexure 9.6 for bridge and culvert network map including condition distribution.				
Data Accuracy and Confidence	Asset Inventory			C	
	Asset Value			C	
	Asset Condition			D	
Key Findings and Quality Improvement	■ Asset condition assessments significantly affiliated with asset age, as opposed to current physical condition. ■ Asset performance assessments are to be undertaken in the immediate to short term to update existing data. ■ Asset inventory requires verification, and true asset ownership is ambiguous in some instances, e.g. ownership arrangements between Council or Sydney Water or Roads and Maritime Services or State Rail Authority. ■ Full list of all Quality Improvement Measures are tabled in Section 8.				

6.2.5 Transport Infrastructure (Traffic Facilities & Others)

Asset Holdings	▪ Asset Class Covers an Extensive Range, including cycleways, refuge islands, retaining walls bins and the like. ▪ Full schedule of Asset Types outlined in Annexure 9.7, including component value.				
Asset Value and Accumulated Depreciation	▪ Asset Replacement Value - $60,121,540 ▪ Accumulated Depreciation - $25,272,017 ▪ Written Down Value - $34,849,522 ▪ Refer to Annexure 9.7 for Component Level Values for all Transport Infrastructure.				
Network Analysis	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
	20%	30%	30%	20%	0%
Data Accuracy and Confidence	Asset Inventory	B			
	Asset Value	C			
	Asset Condition	D			
Key Findings and Quality Improvement	▪ Asset condition assessments are assumptive for certain asset types. ▪ Findings of a street signage and line marking condition inspection project are currently being finalised. ▪ Full list of all Quality Improvement Measures are tabled in Section 8.				

6.2.6 Property and Buildings

Asset Holdings	Building Asset Portfolio consists of: ▪ 46 Community Facility Buildings ▪ 67 Parks Buildings ▪ 16 Commercial (or part commercial component) Buildings ▪ 3 Rockdale Administration and Town Hall Buildings ▪ 11 Depot Buildings ▪ 6 Library Buildings ▪ 17 Residential House Buildings ▪ 3 Swimming Pool or Similar Structures ▪ 8 Swimming Pool Buildings ▪ Refer to Annexure 9.11 – Building Network Map				
Asset Value and Accumulated Depreciation	▪ Asset Replacement Value - $151,384,510 ▪ Accumulated Depreciation - $84,579,799 ▪ Written Down Value $66,804,711 ▪ Refer to Annexure 9.12 For Building Class Levels Values for the Above Figures				
Network Analysis By No. of buildings	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
	10%	20%	55%	14%	2%
By weighted value	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
	7%	27%	56%	10%	1%
Data Accuracy and Confidence	Asset Inventory	B			
	Asset Value	B			
	Asset Condition	C			
Key Findings and Quality Improvement	▪ Condition assessments are overall representations of a building asset and vary in currency of data.				

	▪ Immediate to short term improvements will centre on improving existing overall asset and component condition data. ▪ Capture of building performance data and measuring such data against determined levels of service. ▪ Full list of all Quality Improvement Measures are tabled in Section 8.

6.2.7 Stormwater Drainage

Drainage Network	The stormwater network is divided into the following 10 main catchments: ▪ Wolli Creek; ▪ Bardwell Creek; ▪ Bonnie Doon; ▪ Spring Street; ▪ Muddy Creek; ▪ Eve Street; ▪ Scarborough Ponds; ▪ Waradiel Creek (Sans Souci 1) ▪ Bado-berong Creek (Sans Souci 2) ▪ Goomun Creek (Sans Souci 3) ▪ Refer to Annexure 9.14 – Catchment Location Map				
Asset Holdings	The summation of the assets contained within the 10 main catchments are: ▪ 143km of Pipe; ▪ 5973 Pits; ▪ 4km of Box Culverts; ▪ 7Km of Earth Lined Creek; ▪ 3km of Open Channel; ▪ 0.28km of Brick Arches.				
Asset Value and Accumulated Depreciation	▪ Asset Replacement Value - $91,871,133 ▪ Accumulated Depreciation - $41,695,385 ▪ Written Down Value $50,175,748 ▪ Refer to Annexure 9.15 For Asset Component Value Levels				
Network Analysis	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
	7%	21%	67%	2%	2%
Data Accuracy and Confidence	Asset Inventory			B	
	Asset Value			B	
	Asset Condition			C	
Key Findings and Quality Improvement	▪ Condition ratings are based on data captured between 1996 and 1998. Immediate to short term improvements will involve the establishment of targeted annual inspection programs for stormwater infrastructure. ▪ Drainage Asset Category has a high representation of assets in category 3.				

6.2.8 Parks, Recreation & Natural Environment

<table>
<tr><td>Asset Holdings</td><td colspan="5">Parks, Recreation and Natural Environment consist of land and associated assets under the ownership and/or care and control of Rockdale City Council.
Parks, Recreation and Natural Environment assets are captured within approximately 215 Reserves, categorised as follows:
▪ Natural Areas
▪ Sportsgrounds
▪ Parks
▪ Area of Cultural Significance
▪ General Community Use
Works have been undertaken to develop an inventory of Parks, Recreation and Natural Environment assets, and further works are required for the compilation of future iterations of the AM Strategy. Asset knowledge associated with this asset class is still limited, and further information on sub components is still under development:
▪ Depreciable land improvements;
▪ Structures (not aligned to the Property and Building class)
▪ Paths, kerbs and pavements (not aligned to the Transport Infrastructure class).
Refer to Annexure 9.9 for Map of Open Space Network.</td></tr>
<tr><td>Asset Value and Accumulated Depreciation</td><td colspan="5">▪ Asset Replacement Value (Improved Assets) - $68,627,886
▪ Accumulated Depreciation (Improved Assets) - $12,372,029
▪ Written Down Value (Improved Assets) - $56,255,857</td></tr>
<tr><td rowspan="3">Network Analysis</td><td>Condition 1</td><td>Condition 2</td><td>Condition 3</td><td>Condition 4</td><td>Condition 5</td></tr>
<tr><td>65%</td><td>30%</td><td>4%</td><td>1%</td><td><0%</td></tr>
<tr><td colspan="5">• The above condition ratings do not encompass natural assets.</td></tr>
<tr><td rowspan="3">Data Accuracy and Confidence</td><td colspan="3">Asset Inventory</td><td colspan="2">C</td></tr>
<tr><td colspan="3">Asset Value</td><td colspan="2">D</td></tr>
<tr><td colspan="3">Asset Condition</td><td colspan="2">D</td></tr>
<tr><td>Key Findings and Quality Improvement</td><td colspan="5">▪ Asset data for this asset category is less advanced in comparison to other asset classes.
▪ Primary focus for immediate to short term improvement will centre around building upon existing asset inventories.
▪ Full list of all Quality Improvement Measures are tabled in Section 8.</td></tr>
</table>

6.2.9 Plant, Fleet & Equipment

Asset Holdings	▪ 73 Passenger Vehicles ▪ 45 Utility & Light Commercial ▪ 202 Small Tools & Small Plant ▪ 115 Large Plant & Commercial Equipment				
Asset Value and Accumulated Depreciation	▪ Asset Replacement Value - $8,928,769 ▪ Accumulated Depreciation - $4,207,032 ▪ Written Down Value $4,721,737 ▪ Above Calculations do not take into account tools with an individual replacement value of less than $500.				
Network Analysis	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
	24%	24%	31%	17%	4%
Data Accuracy and Confidence	Asset Inventory	A			
	Asset Value	B			
	Asset Condition	B			
Key Findings and Quality Improvement	▪ Future improvements will involve a centralised fleet management system to deliver the principles set via corporate policy. ▪ Improve level of asset knowledge contained within corporate asset register.				

6.2.10 IT & Communications

Asset Holdings	▪ 45 Servers ▪ 260 Desktop Computers ▪ 35 laptops ▪ 340 OS Software ▪ 45 Applications ▪ 295 Desktop Software ▪ 1 Local Area Network ▪ 1 Wide Area Network ▪ 1 PABX ▪ 200 Handsets ▪ 150 Mobiles ▪ 16 Councillor Equipment				
Asset Value and Accumulated Depreciation	▪ Asset Replacement Value - $9,910,000 ▪ Accumulated Depreciation - $3,251,000 ▪ Written Down Value $6,659,000				
Network Analysis	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
	0%	83%	8%	1%	8%
Data Accuracy and Confidence	Asset Inventory	A			
	Asset Value	B			
	Asset Condition	C			
Key Findings and Quality Improvement	▪ Enhance collation and categorisation of assets within corporate asset register. ▪ Establishment of a defined program for the renewal of assets. ▪ Establishment of defined maintenance practices and services levels.				

6.2.11 Library Resources

Asset Holdings	▪ 121,601 of Monographs (Hard & Soft Cover) ▪ 11,023 of Monographs – Large Print (Hard & Soft Cover) ▪ 13,586 Compact Disks ▪ 22,627 DVD's ▪ 3,470 Talking Books ▪ 641 CD ROMs ▪ 8,145 Reference Materials ▪ 19,610 Sheet music ▪ 6,807 Serials ▪ 17,797 Local Studies items				
Asset Value and Accumulated Depreciation	▪ Asset Replacement Value - $6,365,967 ▪ Accumulated Depreciation - $3,882,366 ▪ Written Down Value - $2,483,601				
Network Analysis	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
	82%	5%	13%	0%	0%
Data Accuracy and Confidence	Asset Inventory		A		
	Asset Value		B		
	Asset Condition		B		
Key Findings and Quality Improvement	▪ Enhance collation and categorisation of assets within corporate asset register.				

6.3 Network Analysis

6.3.1 General Principles – Asset Condition & Performance

An essential component of Asset Management is to have a clear understanding of the current condition and performance of all assets, as this knowledge optimises decisions associated with maintenance, rehabilitation, replacement and disposal activities.

The methodology used to assess the condition of an asset differs to that used to assess its performance. Whilst assessment methodologies are different, sound lifecycle management decisions must consider asset condition and performance in unison. For example, a building asset may be assessed to be in a good condition, yet the performance of the asset may not deliver the required level of service (i.e. 'fit for purpose').

Monitoring asset condition and performance yields benefits such as:

- Reduction in premature asset failure, to minimise exposure to risk, loss of service and/or increased costs to reinstate the asset.
- Accuracy in financial modelling and planning for future asset rehabilitation and capital works.
- The ability to refine maintenance and rehabilitation strategies/practises.
- The ability to achieve efficiencies throughout the life cycle of an asset.

Specific condition and performance assessment activities, by asset category, are tabled in Sections 6.3.2 and 6.3.8, inclusive. The initial collection of asset data requires significant resources (both labour and financial), and as such condition and performance inspections for assets going forward must be with the view to build upon existing data, and to ensure that the asset inspections are regular to ensure that the currency of the

data is maintained. Aligning asset inspections with a regular program will deliver labour and financial efficiencies in monitoring asset condition and performance.

Asset Management Practice and Improvements associated with asset condition and performance are tabled in Section 8 of the Asset Management Strategy.

6.3.2 Transport Infrastructure

Inspections on Council's primary transport infrastructure assets (road pavement, road wearing course, kerb & gutter, and footpaths) were undertaken in 2011/12. The data from kerb and gutter and footpath inspections have been integrated into the corporate GIS system and integration into the corporate asset register is underway. The data from the road pavement inspection, and street signs and line marking inspection, is currently being tested prior to integration into the corporate GIS system. Captured data will be used in the compilation of capital work and rehabilitation programs post 2012/13.

A program for the inspection of bridges and culverts is yet to be commenced.

Regular proactive inspections have been established for primary transport infrastructure assets, to identify defect works in a proactive manner. Activities for the transition from a reactive maintenance based maintenance methodology to the required proactive maintenance methodology are continuing, however a significant proportion of defect/maintenance works are sourced from a stand alone customer notification system.

Table 6.3.2 below delineates the proactive inspection targets for Transport Infrastructure Assets.

Asset Components	Inspection Type	Inspection frequency
Road pavement	Condition Inspection	Annually for critical assets, 20% per year for all other road pavements
Footpaths & Cycleways	Condition Inspection	Annually for critical assets, 20% per year for all other footpaths
Kerb and Gutter	Condition Inspection	Annually for critical assets, 20% per year for all other footpaths.
Bridges and culverts	Condition Inspection	Annually for Level 1 Inspections Once every 3 years for Level 2 Inspections
Retaining wall structures & Cliffs	Condition Inspection	Annually for critical Assets 10% per year for all other retaining wall structures
Street Signs & lines	Condition Inspection	Twice per Year for Critical Assets 50% per year for all other sign assets.
Traffic facilities	Condition Inspection	Annually for critical assets 10% per year for all other traffic facility assets
Street furniture & structures	Condition Inspection	Twice per Year for Critical Assets 50% per year for all other street furniture assets.

Table 6.3.2 – Inspection Targets for Transport Infrastructure

At this point in time, specific asset performance standards/criterion for Transport Infrastructure is based on engineering principles. Whilst corporate knowledge on the condition of Transport Infrastructure asset is stable, the establishment of a performance assessment framework is expected to be tabled in the next iteration of the Asset Management Strategy.

6.3.3 Property and Buildings

A full inspection of Councils property assets was carried out in 2005 to establish preliminary data on the overall condition of building assets, and to guide the programming of capital and rehabilitation works. A program of routine inspections to determine condition and defects, to be addressed by maintenance or rehabilitation, commenced in 2011/2012. These inspections run in parallel to inspections carried out as part of normal maintenance operations, reactive inspections prompted from the customer notification system, and inspections required for compliance with legislation (Annual Fire Safety Statements, Residential Tenancies Act and the like).

The proactive inspection program and supplementary defect register and work scheduling system, is being monitored and is subject to review to identify continuous improvement opportunities. The inspection program framework is based on industry based best practices and assesses each building down to a component level (air-conditioning, lighting etc). Proactive building inspections are undertaken by Council Staff, and where required, qualified specialists are utilised for inspections that are technical, specialised, or regulated.

Initially the core objectives of the proactive inspection program are to:

- Enhance depth and reliability of existing asset condition data;
- Facilitate the optimisation of existing process for works scheduling through deterioration modelling and the establishment of asset intervention levels.

Table 6.3.3 below provides an indicative framework for routine inspections for Property & Buildings

Building Class	Inspection Type	Inspection frequency
Community Facility Buildings	Condition Inspection	Bi-annually for critical assets and annually for all other assets.
Parks Buildings	Condition Inspection	Bi-annually for critical assets and annually for all other assets.
Commercial	Condition Inspection	Bi-annually for critical assets and annually for all other assets.
Rockdale Administration and Town Hall Buildings	Condition Inspection	Bi-annually for critical assets and annually for all other assets.
Depot	Condition Inspection	Bi-annually for critical assets and annually for all other assets.
Library	Condition Inspection	Bi-annually for critical assets and annually for all other assets.
Residential House	Condition Inspection	Bi-annually for critical assets and annually for all other assets.
Swimming Pool & Buildings	Condition Inspection	Bi-annually for critical assets and annually for all other assets.
All Building Classes	Structural Inspection	Every 5 years for Critical Assets over 10 years old, and as required for all other building types.

Table 6.3.3 – Inspection Targets for Property and Building

Regular programs to monitor building and property performance are, at this stage, in their infancy. Performance monitoring is limited to basic component compliance, such as ongoing monitoring of essential fire safety measures. Activities required to improve the current knowledge base on building and property performance are tabled in Section 8. One key activity will be the development of multi facet performance criteria to assess building and property assets against technical, business, and social performance standards.

Inspections are currently being undertaken of property and buildings for valuation purposes, and this will provide new information on conditions and remaining useful life.

6.3.4 Stormwater Drainage

Given the inherent difficulties associated with the inspection of stormwater and drainage infrastructure, CCTV technologies were utilised to obtain an understanding of the condition of the Council network. Approximately 75% of the network was inspected during 1996 to 1998. Intrinsic difficulties prevent the inspection of some sections of the network, such as in steep terrain where drop pits and other flow control devices are in place. Whilst the data collected during 1996-1998 provides a basis to determine the overall condition of the stormwater and drainage network, the data does not capture network changes caused by slippage, asset deterioration from salt water exposure and the like.

Data to be obtained from further CCTV inspections of the drainage network (Refer to Section 8) will be tabled in future versions of the Asset Management Strategy.

At the present time there is no formal or regular inspection of some drainage assets. The current process of asset inspections is reactive in nature, with high proportions of inspections being prompted by the customer notification system.

Asset Management Improvements for Stormwater Drainage are tabled in Section 8. Key improvement activities include the development of a regular inspection program, associated defects/works register, and performance monitoring to assess infrastructure performance against the standards outlined in the appropriate flood management plans.

Table 6.3.4 below provides an indicative framework for routine inspections.

Asset Components	Inspection Type	Inspection frequency
Box Culverts & open Channel	Condition Inspection	Once every five years for critical assets, 5% per year for all other drainage assets
Pipe assets	Condition Inspection	Every five years for critical assets, 5% per year for all other pipe assets.
Pit Assets	Condition Inspection	Once every month or after a storm event for pits with a high potential for blockage. Five years for critical assets, 5% per year for all other pit assets.
SQID assets	Preventative Maintenance Inspection	Once every month or after a storm event for pits identified as a high potential for blockage, 6 monthly for all other assets.

Table 6.3.4 – Inspection Targets for Stormwater Drainage

6.3.5 Parks, Recreation & Natural Environment

Park, Recreation and Natural Environment assets are categorised (at a high level) by reserve, then as either Improved or Natural Assets. In 2008 Council undertook a full inspection to identify Improved Park Assets and compiled a preliminary analysis of the condition of those assets (excluding Buildings).

Currently there is no formal inspection regime to assess the condition and performance of Park, Recreation and Natural Environment Assets, both improved and natural, beyond a quarterly program to inspect playground equipment. Primarily, condition assessment inspections within this category, currently are limited to site inspections as part of normal maintenance operations and reactive inspections prompted from the customer notification system.

Key Asset Management Improvements to the existing knowledge base on the condition and performance of Park, Recreation and Natural Environment assets will centre on:

- Enhancement of assets captured in the Corporate Asset Register;
- The development and/or enhancement of existing criterion to assess asset condition and performance.
- Implementation of a regular inspection program to assess condition and performance.
- Establishment of a defect register and associated works program.

Whilst a proactive inspection regime is yet to be finalised, table 6.3.5.1 below provides preliminary inspection targets

Asset Components	Inspection Type	Inspection frequency
Playgrounds	Condition Inspection	Once every 3-4 months for all playground assets
Surface condition.	Condition Inspection	Two – Three times per year for critical assets, Annually for all other sporting oval assets
General Surrounds	Preventative Maintenance Inspection	Every 4-6 weeks subject to seasonal variations in park usage.
Natural Environment Area	Condition Inspection	Annually for critical assets, 20% per year for all other assets.

Table 6.3.5 – Inspection Targets for Parks Recreation & Natural Environment

6.3.6 Plant, Fleet & Equipment

Plant, fleet and equipment assets are typically inspected and maintained to manufacturer's guidelines and recommendations.

6.3.7 IT & Communications

IT & communication assets are typically inspected and maintained to manufacturer's guidelines and recommendations.

6.3.8 Library Resources

Library resources are typically inspected as they are borrowed and returned. A Collection Development Policy has been established against which resources are inspected for condition. Rockdale has also

undertaken a systematic weeding program to remove items that do not have a turnover rate that meets the benchmark set by the State Library of NSW.

6.4 Work Category Based Asset Plans

Core asset management practices govern the specific works and the timing of such works for a particular asset. Asset related expenditure and labour can align with the following work type categories:

- Operations;
- Maintenance;
- Renewal/Replacement;
- Creation/Acquisition/Augmentation.

All of the above asset activities are integral in the lifecycle management of an asset, and as such a balanced and measured approach must be adopted to achieve the levels of service set for a particular asset. Furthermore, optimised asset decision making must take into consideration the effect one asset activity may have on another and/or to the overall lifecycle of that asset. For example:

- A reduction in maintenance activities may increase the operational costs of an asset.
- Over utilisation of an asset (operational activity) may increase maintenance and component replacement requirements.
- The creation of a new asset without consideration to retire an asset with a similar function will increase the organisations operational, maintenance and rehabilitation expenditure.

Sections 6.4.1 to 6.4.5 define each of the above work categories, and their relationship to the management of Council's assets.

It is important to note that lifecycle costs must be considered and factored into a project which is of a capital nature and/or creates a new asset. The importance of this principle lies in the fact that the capital required to create a new asset is often significantly less than the combined lifecycle costs of an asset. Figure 6.4 below (referenced from the IPEAW *"Sustainable Communities Handout"*) demonstrates the cost relationship.

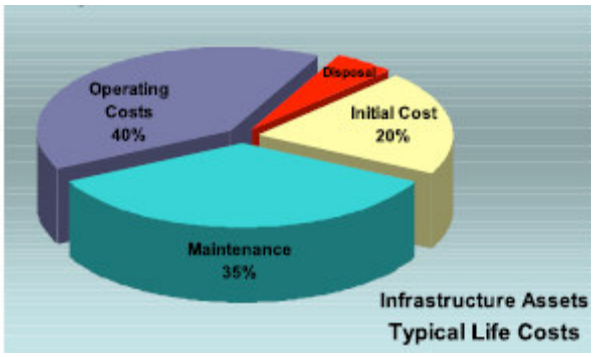


Figure 6.4 – Lifecycle Cost Representation Referenced from IPWEA Sustainable Communities Handout.

6.4.1 Asset Operational Plan:

Asset operational activities are those which are necessary to keep an asset appropriately utilised, and generally align with the consumption of resources such as electricity, water, manpower, chemicals and the like. Generally asset operational activities have no direct affect on the condition of the asset, and as such do not increase the useful life of an asset. This said, certain natural assets within, Parks Recreation & Natural Environment, are operational intensive and do have some affect on the condition of the asset.

Examples of asset operational activities are:

- Utility Charges – Water, Electricity, Telephone, Gas etc;
- Government Rates – Council Rates, Land Tax etc;
- Cleaning;
- Mowing and Basic Landscape Activities;
- Waste Collection and Removal
- Basic Consumables – Light globes etc;
- Graffiti Removal.

The collation of data associated with the operation of Council assets adds to the depth of knowledge drawn upon to make asset lifecycle decisions. Currently Council captures certain asset operational data, yet this information is stored in a number of individual databases. Furthermore, asset operational expenditure is currently not clearly distinguished from maintenance expenditure within the corporate financial systems.

Asset Management improvements for asset operations (completely detailed in Section 8) will primarily centre on establishing and enhancing data associated with asset utilisation and asset operational costs, and a program for ongoing monitoring in perpetuity.

6.4.2 Asset Maintenance Plan

Asset Maintenance relates to those actions required to keep assets operating at required services levels, excluding asset rehabilitation or asset renewal. Asset maintenance activities do not increase the service life of an asset but do have a direct effect on the deterioration curve of an asset, and in the instances where maintenance activities are not correctly performed the rate of asset deterioration can be amplified.

Maintenance activities can be broken into two broad categories, proactive or reactive, and then further disseminated beyond these broad categories. Figure 6.4.2 delineates a basic relationship of asset maintenance activities.

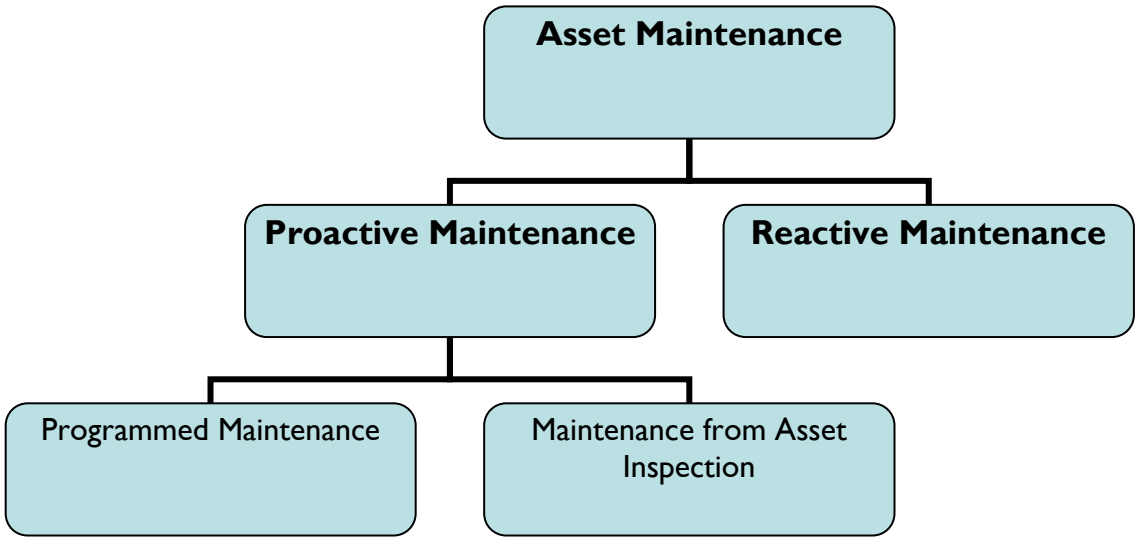


Figure 6.4.2 – Maintenance Activity Types

A key element of sustainable asset management is the establishment of maintenance plans which provide balance between proactive and reactive maintenance activities, and recognising the associated lifecycle outcomes of each approach. Furthermore, the maintenance activity mix (proactive & reactive) should align with established levels of service for each asset category, in a manner which delivers lifecycle cost efficiencies.

In general terms across all asset categories, existing maintenance activities have been primarily reactive in nature, unless otherwise governed by legislative means. Improvements to decrease the reactive nature of maintenance activities have been achieved, and examples of these include:

2. Refining existing policy and processes.
3. Use of maintenance specifications (AUS-SPEC).
4. Collection of data from asset inspections, and the determination of work programs and allocating appropriate funds to these.

Further asset improvements (detailed in Section 8) will build upon previous efforts to increase the balance of proactive maintenance, and will form the basis to enhance existing asset specific maintenance plans. The maintenance plans will consider industry standards, such as AUS-SPEC, in the context of the following structure:

1. Establish the required function of each asset;
2. Understanding the criticality of the asset;
3. Identifying how the asset may fail, the frequency and the associated consequence;
4. Developing asset levels of service to support the required function and to document maintenance outcomes;
5. Assessing maintenance options, to determine the optimal mix of proactive and reactive (run to fail) activities.

6.4.3 Asset Rehabilitation/Renewal Plan

Asset rehabilitation/renewal works are defined as being:

- The renewal and/or rehabilitation of existing assets to their original size and/or capacity; or
- The replacement of a component within the asset with another of the equivalent size and/or capacity.

The general results from asset rehabilitation/renewal works are to reinstate an asset back to the operating levels at the point in which it was first commissioned. In a general sense, asset rehabilitation/renewal will increase the expected life of an asset, and also will act to arrest the decay of other asset components. For example, the replacement of a building's roof fabric will reduce the decay amplification of components such as the roof structure, electrical etc, from water penetration.

Monitoring asset decay, and identifying the associated risks, is a key factor in the timing and scope of asset rehabilitation/renewal works. Basic asset management practices, and financial systems, operate on the assumption that assets decay in a linear fashion (i.e. straight line depreciation), whereas in practice assets decay in an exponential manner.

In general terms, efficiencies in the lifecycle costs of an asset can be derived by programming rehabilitation/renewal works before the asset has deteriorated to a point where the costs to re-establish the asset are no longer cost effective, and total asset replacement is required. Furthermore, as assets deteriorate the operational and maintenance expenditure increases. Figure 6.4.3 provides a visual representation of these principles.

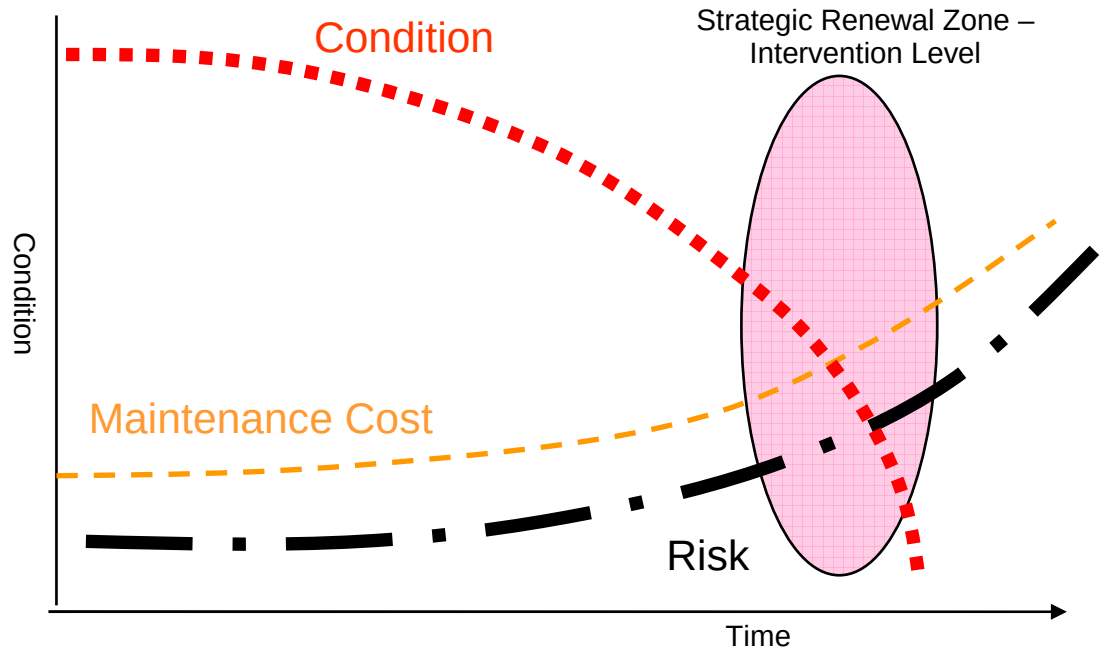


Figure 6.4.3 – Generalised Asset Deterioration Curve

At a macro level the "Strategic Renewal Zone" generally represents the most efficient range in the asset lifecycle to undertake proactive asset rehabilitation/renewal works. Intervention Levels establish trigger points aligning with the Strategic Asset Renewal Zone, for renewal/rehabilitation works to be undertaken to an asset. The outcomes of the Intervention Levels are to uphold the following principles:

- Target asset decay prior to it exponentially increasing.
- Prolong asset life
- Minimise loss of service from asset failure
- Ensure the retention of asset value.

Council currently has no established intervention levels for its assets, and these are expected to be developed as the organisations asset modelling capabilities increase (i.e. in line with enhancements with asset knowledge). Whilst intervention levels do not currently guide asset rehabilitation works, Council utilises asset condition data and a prioritisation criteria framework to plan asset rehabilitation/renewal works.

It is important to note that establishing Intervention levels for all asset types is not always necessary, as some assets with low risk can be run to fail. An example of this is mobile phones.

6.4.4 Asset Creation/Acquisition/Augmentation Plan

Asset Creation/Acquisition/Augmentation encompasses activities undertaken to cater for growth, an increase in demand, or an addition to adopted levels of service for an asset (asset service potential). Asset Creation/Acquisition/ Augmentation cover asset activities which:

- Incorporate land purchases; or
- Works which create an asset that did not exist in any shape and/or form; or
- Works which increase an assets capacity beyond its original size and/or design capacity; or
- A combination of the above.

Planning associated with Asset Creation/Acquisition/Augmentation gives consideration to the identifiable needs of the current and future communities within the City, and the associated emerging priorities.

Planning considerations for asset Creation/Acquisition/Augmentation for the future needs of the community (short to long term) are outlined in detail in Section 4.1 of the Asset Management Strategy.

It is important to note that asset provision to balance the current and future needs of the community is not solely limited to the creation of a new asset, as other strategies may be considered to cater for needs, which include:

- The embellishment and/or augmentation to enhance the capacities of existing assets;
- Leveraging off under utilised assets;
- Implementing asset and community centric demand strategies.

Expenditure associated with asset Creation/Acquisition/Augmentation is referred to as Capital Works. An essential element to upholding the principles of sustainable asset management is to recognise the full lifecycle costs of an asset which is to be created, acquired and/or augmented, during the planning stage. Asset management improvements for asset Creation/Acquisition/Augmentation planning (outlined in Section 8) will seek to incorporate a framework to consider lifecycle costs and to identify an funding mix strategy to meet the lifecycle costs.

6.4.5 Disposal Plan

The disposal/decommissioning of an asset is the final stage in the lifecycle process. Essentially once an asset has reached the end of its economic life it is replaced with a like asset, substituted with a similar asset or decommissioned due to an obsolescence of a need. Furthermore the decision making process for an asset which has reached the economic life may also consider economic and social by products of the following:

- Replacement with a like for like asset; or
- Replacement with an asset which has a larger capacity; or
- Replacement with an asset which has a smaller capacity; or
- Rehabilitation of the asset; or
- Accept increased maintenance expenditure; or
- Decommissioning the asset; or
- Accept the increased risks; or
- A combination of the above.

7. Financial Forecasts

7.1 Introduction

The asset management principles set out in this Strategy will evolve as corporate asset management analytical techniques are enhanced in time through improved asset knowledge data, amongst other items. Similarly, financial projections and asset specific funding will in turn evolve and will progressively become more robust throughout the life of this Strategy and beyond.

Core elements that underpin and facilitate asset forecasting and financial management include:

- Identification of all assets either owned or managed by Council;
- Quantifying the value of the asset portfolio;
- Identifying the stage in the asset lifecycle each asset falls in (i.e. depreciation or amount of asset consumed);
- Measuring asset performance against corporate and community bench marks and targets, which include clear parameters for the definition of a satisfactory standard;
- Identifying asset expenditure gaps, arising through asset benchmarking;
- Identifying further assets required to meet future demand.
- Developing strategies and financial plans to efficiently manage the above.

As outlined in sections 6.4.1 to 6.4.4 asset expenditure activities can be aligned with one of the following:

- Operation;
- Maintenance;
- Renewal/Rehabilitation;
- Capital/Asset Augmentation;

In general terms, each of the above asset expenditure categories correlate with activities which have a primary focus on the retention and/or improvement to the value of an asset.

7.2 Asset Valuation - Association with Financial Forecasting

Asset valuations are an essential corporate management tool, and are a key consideration in a variety of corporate operations, which can include financial reporting, asset benchmarking, through to risk management. In a financial forecasting context, asset valuations are one of the core considerations for the allocation of funding for assets, and furthermore quantify the remaining life of an asset through depreciation.

Whilst asset valuations assist with decisions relating to funding allocations, it is important to note that different assets have different ratios of expenditure between operation, maintenance, and capital (example: Park, Rec and Natural Environment assets require higher levels of operational expenditure as opposed to stormwater pipes).

7.3 Asset Renewal Expenditure

For the purposes of this Asset Management Strategy, asset renewal expenditure has been based on annual amounts of asset consumption (i.e. Estimated Linear Depreciation), except where Council has established estimates based on modelling or management systems. An example is a Pavement Management System (PMS). Table 7.3 shows the annual asset renewal expenditure that would be required using this simple methodology.

The annual projections recognise that any particular asset has a corresponding service life, and the projections assume that at the end of that life the asset will need to be renewed. The Asset Management Improvement Program described in section 8.2 sets out the activities Council will be undertaking to test and refine the assumptions for each asset class. Road pavements, for example, are very long-lived and it is likely that renewal (complete reconstruction) is not the most sustainable option for extending their useful life. Other less costly treatment options are likely to present the most sustainable asset management solution for the community. Nevertheless, roads currently account for the majority of the top-up expenditure show in table 7.5.3.

Asset Category	**Required Annual Renewals Expenditure at 2011/12 $**
Transport Infrastructure	8,054,727
Property & Buildings	4,593,852
Stormwater Drainage	997,701
Parks, Recreation & Natural Environment	2,277,781
Plant, Fleet & Equipment	1,097,870
I T & Communications	2,231,071
Library Resources	962,679
	$20,215,681

Table 7.3 – Projected Annual Renewal Expenditure

7.4 Asset Operational and Maintenance Expenditure

As outlined in Section 6.4.1, asset operational expenditure is associated with those activities which are necessary to keep an asset appropriately utilised, and generally align with the consumption of resources such as electricity, water, labour, chemicals and the like.

Similarly, as outlined in Section 6.4.2, asset maintenance expenditure is associated with those activities which are necessary to keep an asset operating at service levels, but does not include asset renewal.

The current financial reporting framework imposes challenges to the delineation of asset operational expenditure from maintenance expenditure. Asset improvement activities to address this are outlined in Section 8 of the Asset Management Strategy.

7.5 Asset Financial Forecasts - Long Term Financial Plan

At its meeting on 6 March 2013 Council resolved to apply for a one-off percentage increase to general income to replace the expiring 3% Community Buildings SRV in 2013/14, and apply for a multi year Special Variation to general income commencing from 2014, consisting of a 3% increase (on top of an estimated rate peg of 3%) in each of the years 2014/15, 2015/16, 2016/17 and 2017/18 after which the Special Variation would be included in the rates base.

Council also approved the Special Rate Variation Program of Works detailed in the draft Community Strategic Plan, on the understanding that the funds collected from the SRV will be quarantined, used only for the proposed works, and reported to the community.

Council also approved the proposed Productivity Improvements and Savings Program of $250,000 p.a. for the period of the Delivery Program 2013 - 2017.

The 3 scenarios modelled are:

Scenario 1. Business as usual, plus the two Major Projects approved to date (Bexley Swimming and Leisure Centre and Rockdale City Library) and the $1.1 million loan taken each year, plus successful SRV applications, plus the productivity improvements and savings program of $250,000 p.a.

Scenario 2. Scenario 1 without successful SRV applications.

Scenario 3. Base case - Scenario 2 without the productivity improvements and savings program.

In all three scenarios developed, Council has met one or two of the financial sustainability principles but not all four. To achieve financial sustainability Council must increase operational revenue or reduce operational expenditure or a mixture of both or reduce the value and number of assets held and maintained.

So, successful SRV applications will result in a big improvement in Council's financial sustainability, but does not completely solve the problem. Improvements proposed in this Asset Management Strategy including detailed conditions assessments and community engagement on service levels will further contribute to closing the gap.

Successful SRV applications, with the other elements of the 3 pronged approach, will allow Council to deliver its responsibilities in the Delivery Program, towards achieving the objectives of this Community Strategic Plan. The final version of he Delivery Program will demonstrate the reductions in services and asset condition that will need to be made if the application is unsuccessful.

8. Asset Management Practice & Improvements

8.1 Introduction

As custodian for community and infrastructure assets, Council recognises the importance of establishing a framework (through this Strategy) to guide the effective and efficient management of its assets. A key aspect for the continuation of Councils effectiveness to manage its assets in perpetuity is achieved through a systematic program to regularly review asset management practices, and undertake activities which lead to improvement.

Short to Medium term activities to improve corporate asset management practices, in broad terms, will centre on the following:

- Enhancing knowledge of assets, including condition, remaining life and performance;
- Establishing corporate levels of service for assets, which provide consideration to community needs and outcomes;
- The identification asset lifecycle efficiencies;
- Having appropriate systems to support the above.

Whist the above points may correlate with short to medium term activities, they are pivotal in providing a sound foundation for long term efficiencies in asset management.

8.2 Asset Management Improvement Program

Asset management improvement activities to align with the aforementioned principles are tabled in Sections 8.2.1 to 8.2.5. All asset improvement activities have been collated into five categories which target key strategic directions for asset management. These five categories are:

- 8.2.1 - Asset Knowledge - Data and Processes
- 8.2.2 - Strategic Asset Planning Processes
- 8.2.3 - Operations, Maintenance and Works Processes
- 8.2.4 - Information Systems
- 8.2.5 - Organisation/Commercial Context

8.2.1 Asset Knowledge – Data and Processes

Item Number	Activity	Asset Category	Priority	Responsibility	Commencement Timing			Ongoing
					Short Term 1-4 Years	Medium Term 5-9 Years	Long Term 10-14 Years	
1.01	Collect and validate asset register data.	All	High	MTS CAC	1			Y
1.02	Establish an integrated database (GIS, Asset Register, Financial) and centralise all asset associated information	All	High	Asset Steering Committee MTS CAC	1			
1.03	Development and implementation of guidelines and practices to enhance asset knowledge including activities that: ▪ Identify and classify all assets; ▪ Collect data which is "fit for purpose" and may be attributable to use, condition, performance, utilisation and lifecycle costs. ▪ Collect data relating to valuation, depreciation and remaining lives.	All	High	Asset Steering Committee MTS CAC	1			
1.04	Undertake a re-inspection of the road, footpath and kerb and gutter network to capture data on current condition and current defects.	Transport Infrastructure	High	MTS CAC	Completed 2011/12			Y
1.05	Commence a regular program of inspection and monitoring of the condition and performance of Bridges and Culverts that support road infrastructure.	Transport Infrastructure	High	MTS CAC	1			Y
1.06	Continue the regular program of inspection	Property & Buildings	High	MTS CAC	Commenced 2011/12			Y

Item Number	Activity	Asset Category	Priority	Responsibility	Commencement Timing			Ongoing
					Short Term 1-4 Years	Medium Term 5-9 Years	Long Term 10-14 Years	
	and monitoring of the condition and performance of Building assets.							
1.07	Establish a framework and commence routine inspection of underground stormwater assets, with priority given to areas deemed to contain critical infrastructure and/or have regular noted system issues	Stormwater Drainage	High	MTS CAC	2			Y
1.08	Commence a regular program of inspection and monitoring of the condition and performance of Parks, Recreation and Natural Environment assets.	Parks, Recreation and Natural Environment	High	MTS CAC	2			Y
1.09	Develop and implement a regular program to inspect and monitor the condition and performance of all other assets not covered in items 1.04 to 1.08	Transport Infrastructure	Low	MTS CAC	3			Y
1.10	Establish processes for asset handover and capitalisation.	All	High	MTS CAC	1			

8.2.2 Strategic Asset Planning Processes

Item Number	Activity	Asset Category	Priority	Responsibility	Commencement Timing			Ongoing
					Short Term 1-4 Years	Medium Term 5-9 Years	Long Term 10-14 Years	
2.01	Review existing methodology for the determination of Critical Assets within: ▪ Transport Infrastructure; ▪ Parks Recreation and Natural Environment; ▪ Property and Building.	TSPI PRNE PB	High	Asset Steering Committee	1			
2.02	Establish a basis for determining Critical Assets within: ▪ Stormwater Drainage; ▪ Plant Fleet & Equipment; ▪ IT Communications; ▪ Library Resources.	SWD PFE ITCO LR	High	Asset Steering Committee	1			
2.03	Review the asset hierarchy for Parks, Recreation and Natural Environment.	PRNE	High	MTS CAC	1			
2.04	Undertake a demand analysis for community facility assets (Community Facility Strategy).	PB	High	Asset Steering Committee	Commenced			
2.05	Review existing processes and guidelines for the management of: ▪ Plant Fleet & Equipment ▪ IT & Communications ▪ Library Resources	PFE ITCO LR	Medium	MTS CAC	2			
2.06	Develop a valuation and depreciation policy for all assets.	All	Medium	Asset Steering Committee	2			
2.07	Develop Asset specific risk management plans for critical assets, including identification of asset critical failure modes.	All	Medium	Asset Steering Committee	2			Y

Item Number	Activity	Asset Category	Priority	Responsibility	Commencement Timing			Ongoing
					Short Term 1-4 Years	Medium Term 5-9 Years	Long Term 10-14 Years	
2.08	Monitor asset defect data to model actual asset life against current asset life assumptions	All	Medium	Asset Steering Committee	3			Y
2.09	Develop Levels of Service for all assets, covering: ▪ Asset provision; ▪ Asset maintenance; ▪ Asset use.	All		Asset Steering Committee	2			
2.10	Review and refine current framework and processes for asset associated works, covering: ▪ Identification of works; ▪ Prioritisation of works, both capital and maintenance; ▪ Works request/management system; ▪ Work flow and associated responsibilities; ▪ Internal and external stakeholder consultation; ▪ Third party works on Council assets.	All	Medium	Asset Steering Committee	2			
2.11	Develop a 10 year capital works program, which consolidates the Major Capital Works Projects, Section 94 & 94A work schedules and the City Projects Program.	All	Medium	Asset Steering Committee	2			
2.12	Develop an Asset Capitalisation Policy and review existing financial processes for the recording of asset work activities	All	Medium	Asset Steering Committee	2			

Item Number	Activity	Asset Category	Priority	Responsibility	Commencement Timing			Ongoing
					Short Term 1-4 Years	Medium Term 5-9 Years	Long Term 10-14 Years	
2.13	Establish a framework which facilitates asset modelling and optimised decision making, to guide: ▪ Asset Lifecycle Costing, including asset operational expenditure; ▪ Asset design standards; ▪ Asset intervention levels;	All	Medium	Asset Steering Committee	3			Y
2.14	Establish an Investment Strategy Working Group to investigate and advise Council on opportunities to use its property portfolio more effectively to improve the Council's financial sustainability and create the capacity to increase the range of services and facilities provided to the community	PB	High	MSAM	1			Y
2.15	Revise infrastructure works programme for the urban renewal areas. This includes undertaking the: ▪ Wolli Creek and Bonar Street Precinct Traffic and Transport Study ▪ Undertake flood studies to determine appropriate stormwater and flood mitigation measures required	SD	High	MUES MTS CAC	2			

8.2.3 Operations, Maintenance and Works Processes

Item Number	Activity	Asset Category	Priority	Responsibility	Commencement Timing			Ongoing
					Short Term	Medium Term	Long Term	
3.01	Establish a framework for undertaking regular asset inspections.	All	High	MTS CAC	1			
3.02	Develop a centralised system to collate asset defects identified via routine inspections, customer notifications, and/or daily work activities.	All	High	MTS CAC MO	1			
3.03	Establish maintenance and service standards, to align with Item 2.09 and to guide the following. ▪ Asset operation; ▪ Maintenance, rehabilitation and capital works; ▪ Asset Treatment options; ▪ Risk analysis; ▪ The timing of asset works.	All	High	Asset Steering Committee	2			
3.04	Develop appropriate maintenance practices for Critical assets, including emergency management/response plans (in conjunction with Item 2.07).	All	Medium	Asset Steering Committee	2			
3.05	Review current works order process and systems, and implement improvements where necessary	All	Medium	Asset Steering Committee	3			
3.06	Establish a standardised project planning framework which includes: ▪ Internal and External Stakeholder consultation; ▪ Comprehensive definition of project	All	High	Asset Steering Committee	2			

	scope; ▪ Design and construction standards; ▪ Procurement standards; ▪ Determination and allocation of project funds, and the staging of such funds;							

8.2.4 Information Systems

Item Number	Activity	Asset Category	Priority	Responsibility	Commencement Timing			Ongoing
					Short Term	Medium Term	Long Term	
4.01	Review effectiveness of current Asset Management Systems in delivering required asset outcomes, and implement recommendations.	All	High	Asset Steering Committee	1			Y
4.02	Integrate the existing booking system module with Council's financial system module ensuring system integration/interface across all of Council's Corporate and Business Systems and GIS.	BLD PRNE	High	Asset Steering Committee MTS MCS	2			
4.03	Review existing financial accounting systems to facilitate asset expenditure reporting by work type, being: ▪ Asset Operation; ▪ Asset Maintenance; ▪ Asset Rehabilitation; ▪ Asset Capital works.	All	High	Asset Steering Committee	3			
4.04	Identification and development of systems to enhance asset knowledge and support optimised decision making such as:	All	Medium	Asset Steering Committee		5		Y

	▪ Asset deterioration modelling; ▪ Predictive modelling; ▪ Lifecycle planning and analysis; ▪ Risk and failure mode monitoring; ▪ Road pavement management							

8.2.5 Organisational/Commercial Context

Item Number	Activity	Asset Category	Priority	Responsibility	Commencement Timing			Ongoing
					Short Term 1-4 Years	Medium Term 5-9 Years	Long Term 10-14 Years	
5.01	Implement a communication program for internal and external stakeholders on the principles of the Corporate Asset Management Strategy.	All	High	Asset Steering Committee	1			Y
5.02	Implement an asset management training program for internal stakeholders.	All	High	Asset Steering Committee	2			Y
5.03	Establishment of a review process of the Corporate Asset Management Strategy to ensure continue improvement.	All	Medium	Asset Steering Committee	2			Y

Annexure A – Asset Networks

9.1 Transport Infrastructure

9.1.1 Road Class Responsibility

Council is the roads authority for all roads within its Local Government Area, except for Freeways and any other road for which another authority is declared by the regulations. New South Wales has two different systems to classify roads. One system is the legal framework delineated by the Roads Act 1993, and the other is utilised to allocate funding and management responsibility.

The management responsibilities for roads within New South Wales are disseminated into the following classifications:

- State Roads
- Regional Roads
- Local Roads

The following provides brief commentary on the variances in each road classification:

- State Road: Council is the owner and authority for State roads (except freeways) within its local area. The RTA exercises road authority functions to the extent necessary for the functioning of the road as a State Road. In its practical application the RTA are responsible for the road pavement and structures, between the lip of the gutter on either side of the road. Council holds responsibility for the maintenance of footpaths and road reserve.
- Regional Roads: Council is responsible for the maintenance and priority of works associated with Regional Roads. Council receives block grant funding from the State Government for the maintenance responsibilities associated with this classification of roads.
- Local Roads: Local roads are the sole responsibility of Council.

9.1.2 Critical Assets

Council has developed a criticality scoring system to apply to roads which is based on the table below:

Factors	Scoring		
AADT	9 = High (>4000vpd),	6 = Medium (4000-2000 vpd)	3 = Low (<2000 vpd)
Adjacent to waterway	9 = If road parallel	6 = If road perpendicular	
Emergency Services	9 = If located within road segment		
Schools	9 = If road segment adjacent to school		
Bus routes	9 = If road segment is located on a bus route		
Accident History (5yrs)	9 = If fatal accident	6 = If >20 injury accidents	3 = If 5-20 Injury accidents
% Heavy Vehicles	9 = High (>4%)	6 = Medium (4%-1%)	3 = Low (< 1%)

Table 9.2.1 – Criticality Factors - Roads

The Road Transport assets within Rockdale City which have a criticality score of greater than 30 have been identified in Table 9.2.2 below:

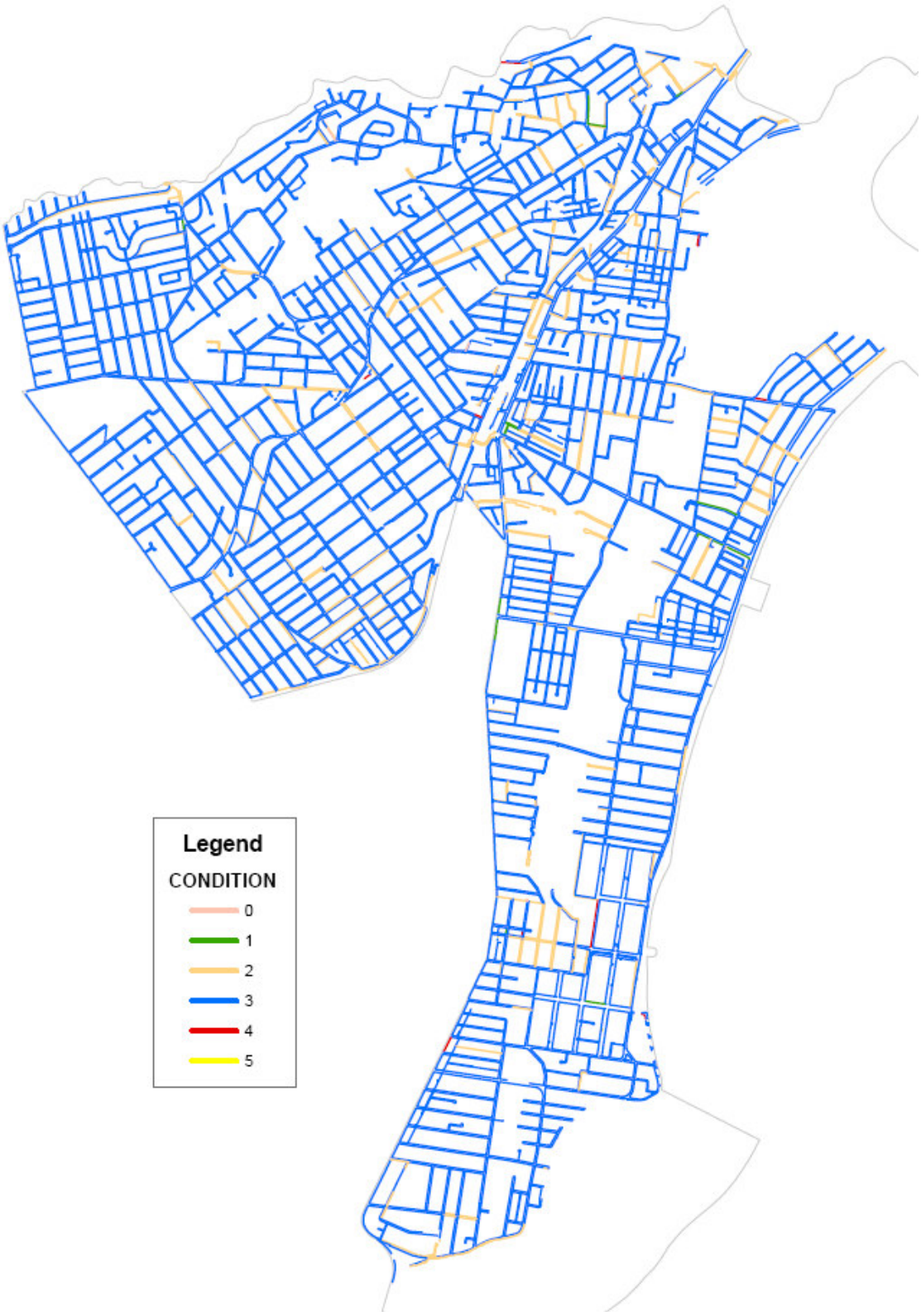
Road and Suburb	Ownership	Criticality Score
BAY STREET (MR 169), BRIGHTON-LE-SANDS	RTA	42
BAY STREET (MR 169), ROCKDALE	RTA	45
BEXLEY ROAD, BEXLEY	RTA	33
BEXLEY ROAD, BEXLEY NORTH	RTA	34.5
CHUTER AVENUE, MONTEREY	Council	36
CHUTER AVENUE, RAMSGATE	Council	38
FOREST ROAD (MR 168), ARNCLIFFE	RTA	33
FOREST ROAD (MR 168), BEXLEY	RTA	36
FREDERICK STREET (MR 169), ROCKDALE	RTA	33
FREDERICK STREET, ROCKDALE	Council	42
GENERAL HOLMES DRIVE, KYEEMAGH	RTA	45
HARROW ROAD, BEXLEY	RTA	42
HARROW ROAD, KOGARAH	Council	31.5
HARTILL-LAW AVENUE, BARDWELL PARK	Council	36
MARSH STREET (MR168), ARNCLIFFE	RTA	36
PRESIDENT AVENUE (MR 667), KOGARAH	RTA	33
PRINCES HIGHWAY (SH 1), ARNCLIFFE	RTA	31.5
PRINCES HIGHWAY (SH 1), KOGARAH	RTA	33
PRINCES HIGHWAY (SH 1), ROCKDALE	RTA	34
ROCKY POINT ROAD (MR199), KOGARAH	RTA	36
ROCKY POINT ROAD (MR199), Ramsgate/Kogarah	RTA	33
ROCKY POINT ROAD (MR199), SANS SOUCI	RTA	39
ROCKY POINT ROAD (MR199), Sans Souci/Ramsgate	RTA	33
SANDRINGHAM STREET (MR194), SANS SOUCI	RTA	36
STONEY CREEK ROAD, BEXLEY	RTA	33
THE GRAND PARADE (MR194), BRIGHTON-LE-SANDS	RTA	45
THE GRAND PARADE (MR194), MONTEREY	RTA	45
THE GRAND PARADE (MR194), Ramsgate Beach/Monterey	RTA	45
THE GRAND PARADE (MR194), SANS SOUCI	RTA	42
THE GRAND PARADE/GENERAL HOLMES DR, BRIGHTON-LE-SANDS	RTA	45
WEST BOTANY STREET, BANKSIA	Council	45
WEST BOTANY STREET, ROCKDALE	Council	51
WOLLONGONG ROAD, ARNCLIFFE	Council	36

Table 9.2.2 – Critical Assets - Roads

N.B - Due to Lack of Comprehensive traffic data, AADT and % of Heavy Vehicles have been assumed and categorised on road class basis.

9.1.3 Network and Condition – Roads

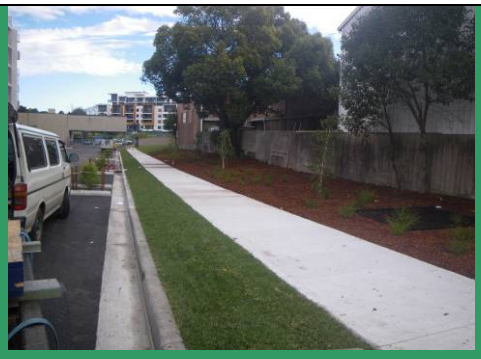
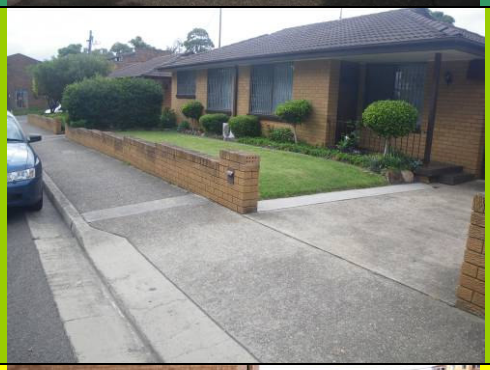
9.1.4 Network and Condition – Kerb & Gutter



9.1.5 Network and Condition - Footpath

9.1.6 Network and Condition – Bridges & Culverts

9.1.7 Photograph examples - Kerb and Gutter Condition

1 **Excellent** **Asset in brand new condition** **No work required (normal maintenance)**		
2 **Good** **Asset still in good condition** **Only minor maintenance work required**		
3 **Average** **Asset showing minor signs of ageing** **Maintenance work required**		
4 **Poor** **Asset becoming unsightly and worn** **Renewal required**		
5 **Very Poor** **Asset in very bad condition** **Urgent renewal/upgrading required**		

9.1.8 Photograph examples - Footpath Condition

1 **Excellent** **Asset in brand new condition** **No work required (normal maintenance)**		
2 **Good** **Asset still in good condition** **Only minor maintenance work required**		
3 **Average** **Asset showing minor signs of ageing** **Maintenance work required**		
4 **Poor** **Asset becoming unsightly and worn** **Renewal required**		
5 **Very Poor** **Asset in very bad condition** **Urgent renewal/upgrading required**		

9.2 Parks Recreation and Natural Environment

9.2.1 Critical Assets - Parks Recreation and Natural Environment

Council has developed a criticality scoring system to apply to parks, recreation and natural environment assets which is based on the table below:

Factors	**Scoring**		
Park Size	9 = Large	6 = Medium	3 = Small Park
Play grounds	9 = More than 1	6 = 1 Only	0 =No
Amenities Buildings	9 = More than 2	6 = 1-2	0 = No
Adjacent to Waterways	9 = Yes	0 = No	
Usage	9 = Sporting Facility	6 = Passive Recreation	3 = Civic Garden / Pocket Park
Off leash Dog Facility	9 = Yes	0 = No	
Does the Park Contain Significant Bushland	9= Yes	0 = No	

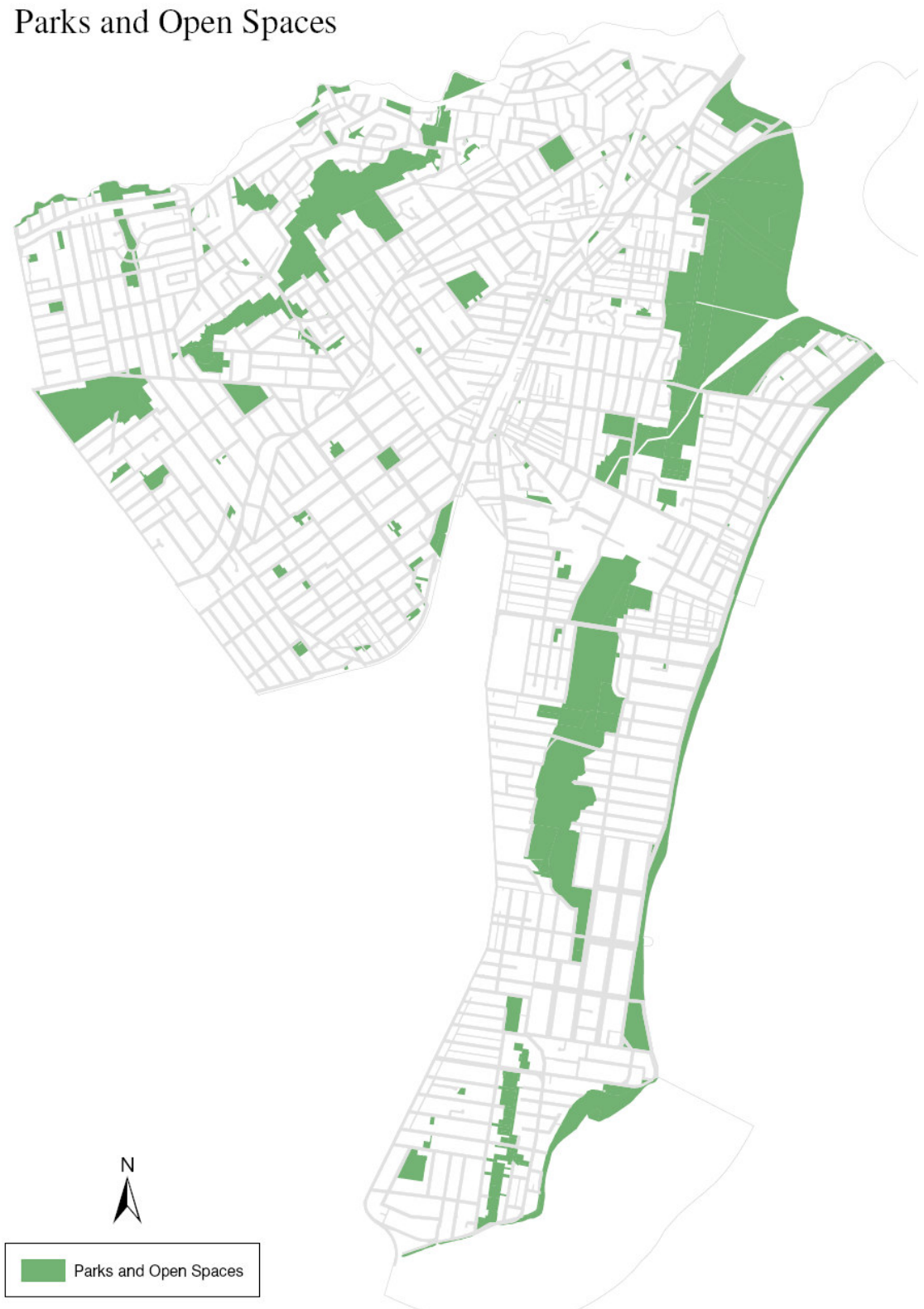
Table 9.11.1 – Scoring to Determine Critical Assets

Table 9.11.2 delineates the top 25 Parks, Recreation and Natural Environment assets identified as being critical assets.

Property	Criticality Score
COOK PK	51
SCARBOROUGH PK	51
BARDWELL CK RES	45
BICENTENNIAL PK	39
KINGSGROVE AVE RES	39
KYEEMAGH BOAT RAMP RES	39
SCOTT PK	39
BRIGHTON MEMORIAL	36
ROCK NETBALL SPORTS	36
ARNCLIFFE PK	33
GARDINER PK	33
ROCKDALE PK	33
BARTON PK	30
BEXLEY OVAL	30
CAHILL PK	30
FRYS RES	30
GILCHRIST PK	30
PETER DEPENA RES	30
TONBRIDGE ST RES	30
WHITEOAK RES	30
SPRING CK PONDS WET	24
A S TANNER RES	21
BEXLEY SWIM CENT	21
BINNAMITTALONG RES	21
BROADFORD ST RES	21

Table 9.11.2 - Critical Parks, Recreation and Natural Environment Assets

9.2.2 Network – Parks, Recreation & Natural Environment



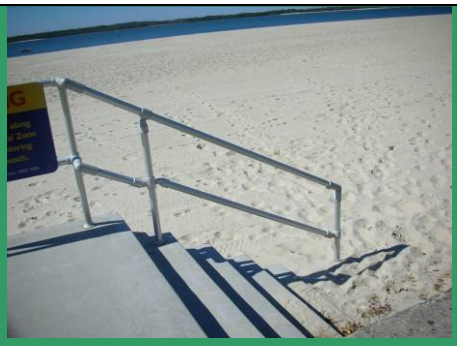
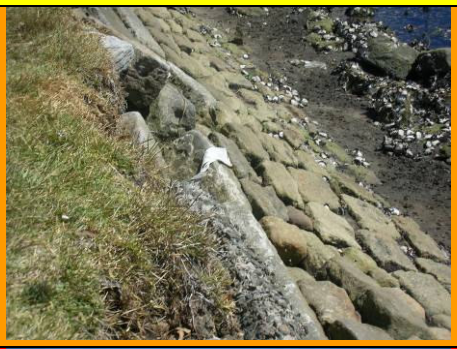
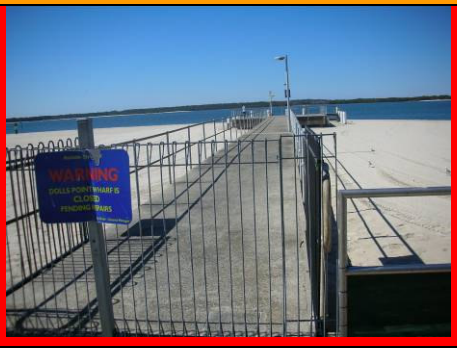
9.2.2 Photographs examples – playground condition

1 **Excellent** **Asset in brand new condition** **No work required (normal maintenance)**		
2 **Good** **Asset still in good condition** **Only minor maintenance work required**		
3 **Average** **Asset showing minor signs of ageing** **Maintenance work required**		
4 **Poor** **Asset becoming unsightly and worn** **Renewal required**		
5 **Very Poor** **Asset in very bad condition** **Urgent renewal/upgrading required**		

9.2.2 Photographs examples – sports field condition

1 **Excellent** **Asset in brand new condition** **No work required (normal maintenance)**		
2 **Good** **Asset still in good condition** **Only minor maintenance work required**		
3 **Average** **Asset showing minor signs of ageing** **Maintenance work required**		
4 **Poor** **Asset becoming unsightly and worn** **Renewal required**		
5 **Very Poor** **Asset in very bad condition** **Urgent renewal/upgrading required**		

9.2.2 Photographs examples – coastal infrastructure condition

1 **Excellent** **Asset in brand new condition** **No work required (normal maintenance)**		
2 **Good** **Asset still in good condition** **Only minor maintenance work required**		
3 **Average** **Asset showing minor signs of ageing** **Maintenance work required**		
4 **Poor** **Asset becoming unsightly and worn** **Renewal required**		
5 **Very Poor** **Asset in very bad condition** **Urgent renewal/upgrading required**		

9.3 Property and Buildings

9.3.1 Critical Assets - Property & Building

Council has developed a criticality scoring system to apply to Property & Building assets which is based on the table below:

Factors	Scoring		
Building Size	9 = Large Building (Approx > 1000sqm)	6 = Medium Building (Approx 300sqm-100sqm)	3 = Small (Approx <300sqm)
Civic Purpose	9 = Yes		
Multiple Use	9 = > 5	6 = 2 - 5	3 = 1 Additional Use Than Primary
Leased (Involving Commercial Component, Market Terms or Residential Occupancy)	9 = Commercial	6 = Residential	
Frequency of Use	9 = Daily	6 = 2 - 4 Per Week	3 = 1 Per Week
Capacity	9 = Approx > 100	6 = Approx 50 - 100	3 = Approx < 50
Emergency Management Use	9 = Yes		
Historical Building	9 = Yes		
Hazardous Materials Stored on Site	9 = Yes		

Table 9.13.1 – Scoring to Determine Critical Assets

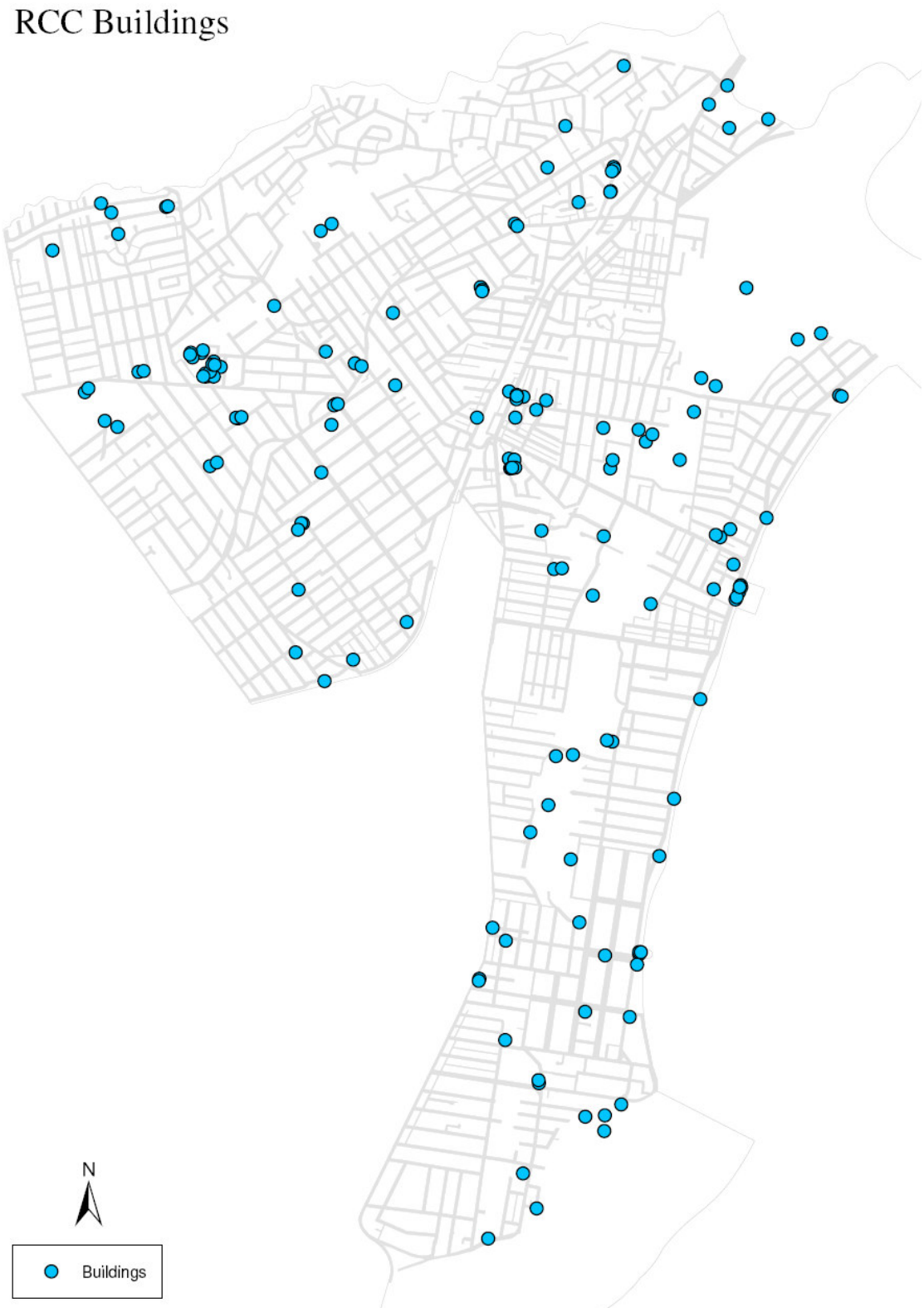
Table 9.13.2 delineates the top 25 Building and Property Assets identified as being critical assets.

Property	Address	Criticality Score
Town Hall	448 Princes Highway Rockdale	63
Administration Building	2 Bryant Street Rockdale	54
Brighton Baths Amenities Building (Including Le Sands Restaurant, Kiosk, Millennium Centre, Athletics Club, Coastal Patrol & Public Toilets)	Cook Park Brighton Le Sands	54
Bexley Depot - Part D - Welding Shop to Carpenters Shop	10 Rye Avenue Bexley	51
Bexley Swimming Centre	98C Preddys Road Bexley	51
Bexley Depot - Part B - Main Store (including Parks Store)	10 Rye Avenue Bexley	48
Bexley Depot - Part C - Mechanics Workshop	10 Rye Avenue Bexley	48
Bexley Depot - Part E - Amenities Block	10 Rye Avenue Bexley	45
Bexley Depot - Part F - Sign writers Shop & Timber Store	10 Rye Avenue Bexley	45
Bexley Depot - Part G - Opera House	10 Rye Avenue Bexley	45
Bexley Depot - Part A - Main Office	10 Rye Avenue Bexley	42
Target Store & Council Car park	1 Market Street Rockdale	42
Brighton Le Sands Fisho's Club	100B Bestic Street Kyeemagh	39
Bexley Golf Club House	203 Stoney Creek Road Bexley	39
Council Administration	444 Princes Highway Rockdale	39
Kyeemagh RSL & Community Club	96 Mutch Avenue Kyeemagh	39
Administration Building	444 Princes Highway Rockdale	39

Property	Address	Criticality Score
Syd Frost Memorial Hall	1A Hawthorne Street Ramsgate	27
Ramsgate Life Saving Club	Cook Park Grand Parade Ramsgate Opp Ramsgate Rd	27
Arncliffe Branch Library	11 Firth Street Arncliffe	36
Community Nursery	37 Beach Street Kogarah	36
Bexley Depot - Part H - Demountable Office	10 Rye Avenue Bexley	36
Bexley Depot - Part I - Training & Meeting Demountable	10 Rye Avenue Bexley	36
Rockdale Junior Library	446 Princes Highway Rockdale	36
Le Beach Hut Restaurant & Café	179 Russell Avenue Dolls Point	33

Table 9.13.2 – Critical Building Assets

9.3.2 Network - Property & Building



9.3.3 Photograph examples – amenities building condition

1 **Excellent** **Asset in brand new condition** **No work required (normal maintenance)**		
2 **Good** **Asset still in good condition** **Only minor maintenance required**		
3 **Average** **Asset showing minor signs of ageing** **Maintenance work required**		
4 **Poor** **Asset becoming unsightly and worn** **Renewal required**		
5 **Very Poor** **Asset in very bad condition** **Urgent Renewal/upgrading required**		

9.3 Stormwater Drainage

9.3.1 Critical Assets - Stormwater Drainage

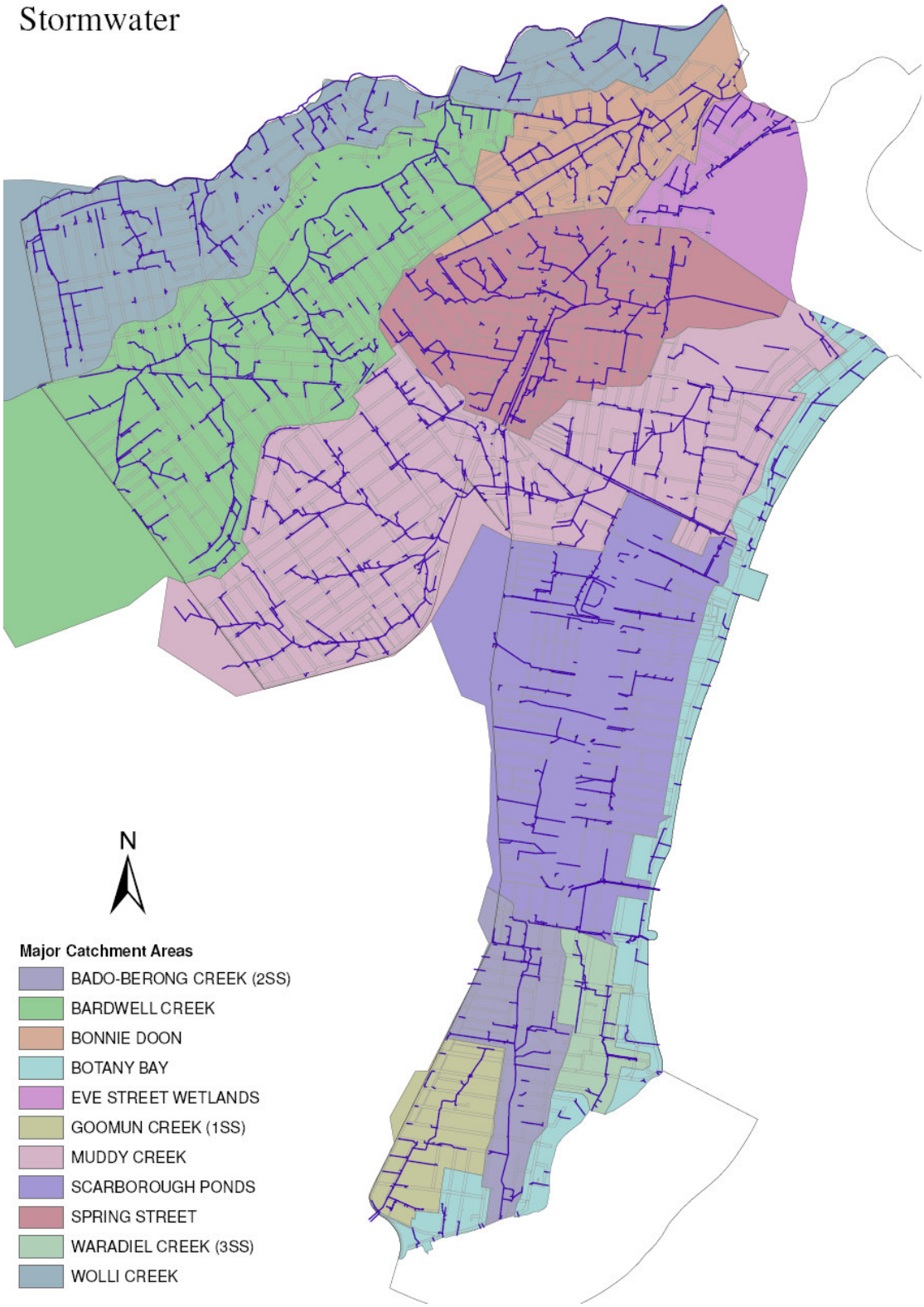
Council has developed a draft criticality scoring system to apply to Stormwater Drainage assets which is based on the table below:

Factors	Scoring		
Sub-catchment size	9 = Large	6 = Medium	3 = Small
Box culvert sections	9 = Yes	0 = No	
Environmental Protection, i.e. trash racks and GPTs % of sub-catchment	9 = < 50%	6 = 50-30%	0 = > 30%
Sub-catchment subject to tidal inundation	9 = Yes	0 = No	
Pipes with sub-catchment run beneath private structures of major roads	9 = Yes	0 = No	
Sub-catchment contains discharge point	9 = Yes	0 = No	
Emergency Management Use	9 = Yes		
Historical Building	9 = Yes		
Hazardous Materials Stored on Site	9 = Yes		

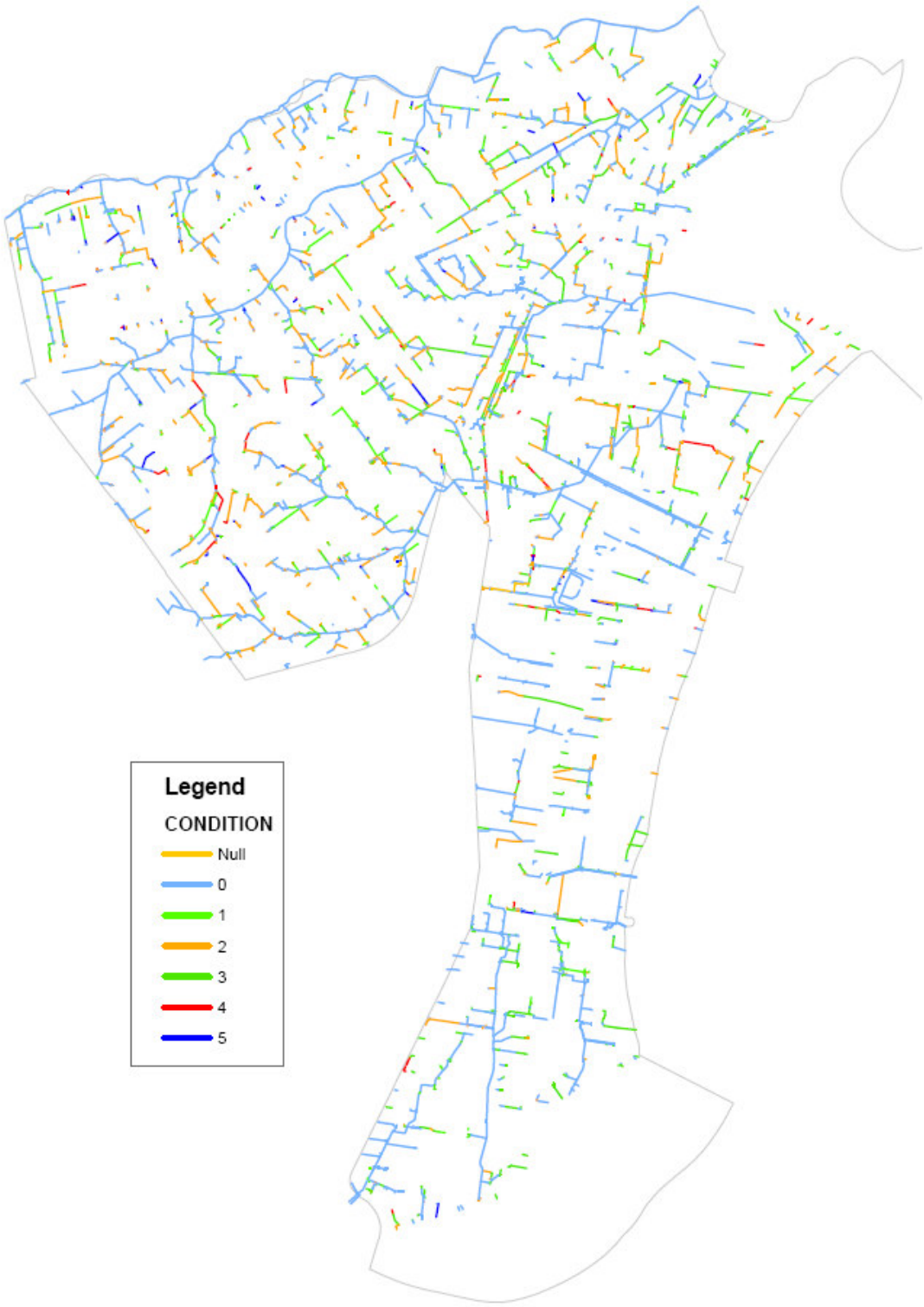
Table 9.13.1 – Scoring to Determine Critical Assets

Council has insufficient information to undertake a full critical asset analysis. Additionally, the Asset Management Improvement Program identifies that Council will review the critical asset scoring system for stormwater drainage assets.

9.3.1 Network - Stormwater Drainage



9.3.1 Condition - Stormwater Drainage



Annexure B – Glossary

Annual service cost (ASC)
1) Reporting actual cost
The annual (accrual) cost of providing a service including operations, maintenance, depreciation, finance/opportunity and disposal costs less revenue.
2) For investment analysis and budgeting
An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operations, maintenance, depreciation, finance/ opportunity and disposal costs, less revenue.

Asset
A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

Asset category
Sub-group of assets within a class hierarchy for financial reporting and management purposes.

Asset class
A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.

Asset condition assessment
The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Asset hierarchy
A framework for segmenting an asset base into appropriate classifications. The asset hierarchy can be based on asset function or asset type or a combination of the two.

Asset management (AM)
The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

Asset renewal funding ratio
The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an asset management plan for the same period [AIFMG Financial Sustainability Indicator No 8].

Average annual asset consumption (AAAC)*
The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

Borrowings
A borrowing or loan is a contractual obligation of the borrowing entity to deliver cash or another financial asset to the lending entity over a specified period of time or at a specified point in time, to cover both the

initial capital provided and the cost of the interest incurred for providing this capital. A borrowing or loan provides the means for the borrowing entity to finance outlays (typically physical assets) when it has insufficient funds of its own to do so, and for the lending entity to make a financial return, normally in the form of interest revenue, on the funding provided.

Capital expenditure
Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital expenditure - expansion
Expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to a new group of users. It is discretionary expenditure, which increases future operations and maintenance costs, because it increases the organisation's asset base, but may be associated with additional revenue from the new user group, e.g. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

Capital expenditure - new
Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operations and maintenance expenditure.

Capital expenditure - renewal
Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it generally has no impact on revenue, but may reduce future operations and maintenance expenditure if completed at the optimum time, e.g. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

Capital expenditure - upgrade
Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operations and maintenance expenditure in the future because of the increase in the organisation's asset base, e.g. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.

Capital funding
Funding to pay for capital expenditure.

Capital grants
Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

Capital investment expenditure
See capital expenditure definition

Capitalisation threshold
The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.

Carrying amount
The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

Class of assets
See asset class definition

Component
Specific parts of an asset having independent physical or functional identity and having specific attributes such as different life expectancy, maintenance regimes, risk or criticality.

Core asset management
Asset management which relies primarily on the use of an asset register, maintenance management systems, job resource management, inventory control, condition assessment, simple risk assessment and defined levels of service, in order to establish alternative treatment options and long-term cash flow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than detailed risk analysis and optimised decision- making).

Cost of an asset
The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, including any costs necessary to place the asset into service. This includes one-off design and project management costs.

Critical assets
Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than non critical assets.

Current replacement cost (CRC)
The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

Deferred maintenance
The shortfall in rehabilitation work undertaken relative to that required to maintain the service potential of an asset.

Depreciable amount
The cost of an asset, or other amount substituted for its cost, less its residual value.

Depreciated replacement cost (DRC)
The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Depreciation / amortisation
The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

Economic life
See useful life definition.

Expenditure
The spending of money on goods and services. Expenditure includes recurrent and capital outlays.

Fair value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arms length transaction.

Financing gap
A financing gap exists whenever an entity has insufficient capacity to finance asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current financing gap means service levels have already or are currently falling. A projected financing gap if not addressed will result in a future diminution of existing service levels.

Heritage asset
An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

Impairment Loss
The amount by which the carrying amount of an asset exceeds its recoverable amount.

Infrastructure assets
Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no separate market value.

Investment property
Property held to earn rentals or for capital appreciation or both, rather than for:
(a) use in the production or supply of goods or services or for administrative purposes; or
(b) sale in the ordinary course of business.

Key performance indicator
A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.

Level of service
The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

Life Cycle Cost *
Total LCC - The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
Average LCC - The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises average operations, maintenance expenditure plus asset consumption expense,

represented by depreciation expense projected over 10 years. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

Life Cycle Expenditure
The Life Cycle Expenditure (LCE) is the average operations, maintenance and capital renewal expenditure accommodated in the long term financial plan over 10 years. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of affordability of projected service levels when considered with asset age profiles.

Loans / borrowings
See borrowings.

Maintenance
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, e.g. road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

Planned maintenance
Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

- Reactive maintenance

Unplanned repair work that is carried out in response to service requests and management/ supervisory directions.

- Specific maintenance

Maintenance work to repair components or replace sub-components that need to be identified as a specific maintenance item in the maintenance budget.

- Unplanned maintenance

Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance expenditure *
Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

Materiality
The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

Modern equivalent asset
Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques

Net present value (NPV)
The value to the organisation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash

inflows after deducting the value of the discounted total cash outflows arising from e.g. the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

Non-revenue generating investments
Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Council, e.g. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

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

Operating expenditure
Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, e.g. power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

Operating expense
The gross outflow of economic benefits, being cash and non cash items, during the period arising in the course of ordinary activities of an entity when those outflows result in decreases in equity, other than decreases relating to distributions to equity participants.

Operating expenses
Recurrent expenses continuously required to provide a service, including power, fuel, staff, plant equipment, maintenance, depreciation, on-costs and overheads.

Operations, maintenance and renewal financing ratio
Ratio of estimated budget to projected expenditure for operations, maintenance and renewal of assets over a defined time (e.g. 5, 10 and 15 years).

Operations, maintenance and renewal gap
Difference between budgeted expenditures in a long term financial plan (or estimated future budgets in absence of a long term financial plan) and projected expenditures for operations, maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

Pavement management system (PMS)
A systematic process for measuring and predicting the condition of road pavements and wearing surfaces over time and recommending corrective actions.

PMS Score
A measure of condition of a road segment determined from a Pavement Management System.

Rate of annual asset consumption *
The ratio of annual asset consumption relative to the depreciable amount of the assets. It measures the amount of the consumable parts of assets that are consumed in a period (depreciation) expressed as a percentage of the depreciable amount.

Rate of annual asset renewal *
The ratio of asset renewal and replacement expenditure relative to depreciable amount for a period. It measures whether assets are being replaced at the rate they are wearing out with capital renewal expenditure expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

Rate of annual asset upgrade/new *
A measure of the rate at which assets are being upgraded and expanded per annum with capital upgrade/new expenditure expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

Recoverable amount
The higher of an asset's fair value, less costs to sell and its value in use.

Recurrent expenditure
Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operations and maintenance expenditure.

Recurrent funding
Funding to pay for recurrent expenditure.

Rehabilitation
See capital renewal expenditure definition above.

Remaining useful life
The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.

Renewal
See capital renewal expenditure definition above.

Residual value
The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revenue generating investments
Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, e.g. public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

Risk management
The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

Section or segment
A self-contained part or piece of an infrastructure asset.

Service potential
The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

Service potential remaining
A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's potential to provide services that are still available for use in providing services (Depreciated Replacement Cost/Depreciable Amount).

Specific Maintenance
Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacement of air conditioning equipment, etc. This work generally falls below the capital/ maintenance threshold and needs to be identified in a specific maintenance budget allocation.

Strategic Longer-Term Plan
A plan covering the term of office of councillors (4 years minimum) reflecting the needs of the community for the foreseeable future. It brings together the detailed requirements in the Council's longer-term plans such as the asset management plan and the long-term financial plan. The plan is prepared in consultation with the community and details where the Council is at that point in time, where it wants to go, how it is going to get there, mechanisms for monitoring the achievement of the outcomes and how the plan will be resourced.

Sub-component
Smaller individual parts that make up a component part.

Useful life
Either:
(a) the period over which an asset is expected to be available for use by an entity, or
(b) the number of production or similar units expected to be obtained from the asset by the entity.
It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council.

Value in Use
The present value of future cash flows expected to be derived from an asset or cash generating unit. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Written Down Value**
See Depreciated Replacement Cost.

Source: IPWEA, 2009, Glossary
Additional and modified glossary items shown:
* by IPWEA NAMS Plus Asset Management Plan Template
** by Rockdale City Council