



ASSET MANAGEMENT STRATEGY 2022/23 - 2031/32



Adopted 28 November 2022

Acknowledgement of Country

Woollahra Council acknowledges the Gadigal and Birrabirragal people who are the Traditional Custodians of this land. We pay respects to Elders past, present and emerging.



Contents

Introduction	4
A summary of our assets	5
What is the current situation?	6
Where do we want to be?	8
How will we get there?	10
Asset Management Policy	10
Asset Management Strategy	10
Asset Management Plans	10
Other strategies and studies	11
Annual Reporting	11
Financial considerations	11
Specific actions	12
Gaps in Service provision	13
Risk Management	14
Glossary	15
Annexures	16
Asset Management Policy	16
Asset Management Plans	21



Woollahra Gallery at Redleaf

Introduction

This Asset Management Strategy (AMS) has been prepared by Council in accordance with the NSW Integrated Planning and Reporting (IP&R) guidelines.

In the hierarchy of asset management documents, the AMS sits below the Asset Management Policy (which sets out Council's approach to asset management and strategic alignment), and above our Asset Management Plans (which capture the knowledge and expertise of our staff).

The Strategy answers three questions:

- What is the current situation?
- Where do we want to be?
- How will we get there?

This AMS is very deliberately aimed at a broad readership. This is reflected in both the language used and the brevity of the document. The supporting Asset Management Plans (AMPs) are intended for use by asset management professionals and include more technical language and more technical and financial detail.

The term 'assets' refers to our physical built assets. These are our roads, footpaths, kerb and gutter, stormwater drains, retaining walls, sea walls, harbour structures, buildings, playgrounds and other park structures. We group our assets into the following categories:

- Transport (roads, footpaths, kerb and gutter)
- Stormwater (pipes, pits, water quality improvement devices)
- Buildings (community, sporting and operational buildings)
- Investment properties
- Land Improvements (retaining and sea walls, harbour structures)
- Open Space (playgrounds, fencing, multi-purpose facilities).

Our assets have a total replacement cost in excess of \$1.14b as at 30 June 2022.



A summary of our assets



*Gross Replacement Cost

Note: Statistics are quoted as at 30 June 2022.

What is the current situation?

Council has mature plans, practices and processes in place to manage its assets on a day-to-day basis and into the future. We review our plans, practices and processes using an independent auditor to ensure we are meeting our obligations in relation to asset management at least every five years. The most recent of these audits, in February 2019, identified a number of improvements and updates that would enhance our asset management capability. These have largely been addressed, with a few notable exceptions which are addressed later in this document.

Importantly, one of the audit findings was that testing and inspection of Council's assets indicated they are generally in a satisfactory condition. The asset managers are very familiar with the assets under their control and their maintenance and renewal needs. It is worth noting that due to the relative density and small area of our LGA, the geographical spread of our built assets is very limited. Our asset managers and maintainers visit the locations of assets on a very regular basis and therefore are able to retain a deep familiarity with the condition and serviceability of the assets under their control.

To meet our reporting requirements, we use a five-level condition rating of our assets. Condition assessment is undertaken on an ongoing basis through our inspection regime and maintenance and renewal programs. A full re-assessment of asset condition is undertaken periodically together with the financial revaluation of our assets. This typically occurs every five years, in line with NSW Office of Local Government (OLG) guidance and best practice methodology.

Condition Rating	Description of Condition	Satisfactory / Unsatisfactory
1	Excellent: No work required	Satisfactory
2	Good: Only minor maintenance work required	Satisfactory
3	Satisfactory: Maintenance work required	Satisfactory
4	Poor: Renewal required	Unsatisfactory
5	Very poor: Urgent renewal/ upgrading required	Unsatisfactory

The best and most cost effective approach to asset management sees assets progress from new (Condition 1) through to the end of their useful life (Condition 4) through routine maintenance programs. This is Council's approach. It is expected that the condition of assets will be spread across ratings 1, 2 and 3 with the majority being in 2 and 3. Put simply, an assets lifecycle is:

1. Asset Renewed / Created (Condition 1).
2. Asset deteriorates over time, requiring increased maintenance (Conditions 2 & 3).
3. Asset reaches the end of useful life (Condition 4 & 5), is renewed and returned to Condition 1.

Asset condition is reported in our annual financial statements as percentages of gross replacement cost (GRC). At 30 June 2022, the condition of our Assets was:

Condition Rating	Transport GRC \$627m		Stormwater GRC \$108m		Buildings GRC \$133m		Land Improvements GRC \$72.4m		Open Space GRC \$48.5m*	
	% of GRC	\$'000	% of GRC	\$'000	% of GRC	\$'000	% of GRC	\$'000	% of GRC	\$'000
1	42.0%	260,161	62.9%	68,141	39.7%	52,958	12.9%	9,350	40.5%	19,643
2	9.8%	61,436	10.6%	11,483	21.1%	28,146	39.5%	28,630	34.0%	16,490
3	47.3%	296,521	26.0%	28,166	37.0%	49,356	46.6%	33,777	21.8%	10,573
4	1.4%	8,777	0.5%	542	2.2%	2,935	1.0%	725	3.4%	1,649
5	0%	0	0%	0	0%	0	0%	0	0.2%	97
Totals	100%	626,894	100%	108,332	100%	133,395	100%	72,482	100%	48,500

*Figure in 'Report on infrastructure assets as at 30 June 2022' of the 2021/22 Annual Financial Statements includes Harbourside structures (\$8.16m) as Open Space Assets but these are included in the Land Improvements Asset Management Plan.

We also report our estimate of the cost to bring our assets to a satisfactory standard. This estimate is generally based on the cost of renewing our assets in conditions 4 and 5.

It is important to remember that our assets have long lives, some over 100 years. Even those Assets in condition 4 can still provide a level of service for a number of years, albeit not to the level of a renewed asset, and often do not require renewal for quite some years. It is only assets in condition 5 that require urgent renewal, and less than 0.2% of our assets (by value) are currently in that condition.

At 30 June 2022, our estimate of the cost to bring our assets to a satisfactory standard was:

Asset Class	\$'000 required to bring to Satisfactory
Transport	4,348
Stormwater	545
Buildings	300
Land Improvements	1,153
Open Space	1,392
Total	7,738

The vast majority of our Assets are in average to excellent condition. Those that are not can affordably be renewed over the life of this Strategy and our AMPs.

Where do we want to be?

As with all Council activity, management of our assets is driven by the Community Strategic Plan: *Woollahra 2032*. This document includes the recently adopted Vision and Mission statements, which are;

Our Vision

A thriving, inclusive, sustainable and resilient community that will benefit future generations.

Our Mission

To lead climate action and promote respectful connections between people and place, so we can enhance, protect and celebrate Woollahra's beauty, heritage and quality of life, for the enjoyment of all.



Moon Bridge, Cooper Park

Woollahra 2032 also includes the following Goal specifically relating to asset management;

Goal 5: Liveable places

- 5.1 Enhance council provided community facilities to foster connections between people and place and enhance quality of life.
- 5.2 Provide and maintain safe, clean, serviceable public infrastructure including roads, footpaths, bicycle facilities, parks, open spaces, stormwater drains and seawalls.
- 5.3 Provide and maintain clean, attractive, accessible, connected and safe parks, sportsgrounds, foreshore areas and other public spaces and infrastructure such as roads, footpaths, bicycle facilities, stormwater drains and seawalls.
- 5.4 Reduce impacts of local flooding and improve floodplain risk management.
- 5.5 Renew and upgrade ageing infrastructure including roads, footpaths, stormwater drains and seawalls.

In relation to our assets, we have set the following measures and targets, in line with NSW OLG guidance and reported each year within Council's Annual Report.

Performance Measure	Ongoing Target
Condition of civil infrastructure	98% of Civil Infrastructure rated at Condition rating 1, 2 or 3
Renewal of civil infrastructure	100% of Civil Infrastructure rated at Condition rating 4 or below scheduled for renewal with 24 months
Condition of buildings assets (community, sporting and operational)	98% of Buildings rated at Condition rating 1, 2 or 3
Renewal of buildings (community, sporting and operational)	100% of Buildings rated at Condition rating 4 or below scheduled for renewal with 24 months
Condition of open space assets	98% of open space assets rated at Condition rating 1, 2 or 3
Renewal of open space assets	100% of open space assets rated at Condition rating 4 or below scheduled for renewal with 24 months
Building & infrastructure renewals ratio	Greater than or equal to 100%
Infrastructure backlog ratio	Less than 2%
Asset maintenance ratio	Greater than 1
Capital expenditure ratio	Greater than 1.1

Our approach to asset management is also driven by the Infrastructure Management Manual (IIMM) published by the Institute of Public Works Engineering Australia, the most recent being the 2015 edition. The IIMM includes the concept of an Asset Management Maturity Index, a continuum ranging from 'aware' to 'advanced' and describes the characteristics of asset management that would meet the various levels of maturity.

The Manual notes that deciding on the appropriate level is a key strategic decision as the significant investment in systems, data and processes required to achieve 'advanced' is not always warranted.

We have set our desired level of maturity as 'core'.

Examples of the characteristics of asset management that reflect 'core' maturity are:

- Asset management policy and objectives developed, aligned to corporate goals and strategic context;
- Annual reporting against performance targets;
- Condition and performance information is suitable to be used to plan maintenance and renewals to meet over the short term;
- Critical assets and high risks identified;
- Asset revaluations have a 'B' grade data confidence; and
- 10 year+ financial forecasts based on current comprehensive asset management plans with detailed supporting assumptions / reliability factors.

How will we get there?

We will achieve our targets through the continued implementation of our asset management framework that consists of our Asset Management Policy, Strategy and Plans and implementation of our improvement plans.

Asset Management Policy

The Asset Management Policy sets out Council’s approach to asset management and relates our asset management processes to the Community Strategic Plan, Delivery Program and Operational Plan. The Policy was adopted by Council Resolution 27 June 2022.

Asset Management Strategy

This Strategy is a ten year strategy which provides the framework for managing Council’s assets and outlines actions required to improve Council’s asset management capability. It covers the period 2022 to 2032. A comprehensive review of this Strategy will occur in 2027.

Asset Management Plans

Asset Management Plans have been prepared for each of our asset categories:

Category	Responsibility
Transport	Manager Engineering Services
Stormwater	Manager Engineering Services
Buildings	Manager Property & Projects
Investment Properties	Manager Property & Projects
Land Improvements	Manager Engineering Services
Open Space	Manager Open Space & Trees

The AMPs have been prepared by the responsible departmental manager require approval by the Director Infrastructure and Sustainability. In line with changes made by the NSW OLG in September 2021 to the Integrated Planning and Reporting framework, these Plans will now tabled with the AMS to be adopted by the elected Council. The AMPs capture the knowledge and expertise of our staff to ensure our assets are as well managed into the future as they are today. The AMPs are tailored to suit the asset category and the needs of the Council and community but all meet the following minimum requirements of relevant legislation and guidance.

Asset Management Plans:

1. Identify assets covered by the plan.
2. Describe the current written down value of assets and their replacement cost at that moment in time
3. Determine the required service level / condition of assets.
4. Describe the current condition of assets.
5. Describe the expected remaining useful life of assets.
6. Identify and chart expenditure required to ensure assets are maintained at the required service level.
7. Identify annual depreciation expenditure.
8. Identify known or anticipated upgrades and improvements.
9. Inform Council’s Long Term Financial Plan.
10. Identify known deficiencies in service provision.
11. Identify risks associated with the assets and describe mitigation strategies.
12. Describe an inspection regime for assets.

Asset Management Plans will be reviewed annually and comprehensively updated following each re-assessment of asset condition. The interval for re-assessment may vary depending on asset classes but in all cases the maximum interval shall be five years.

Other Strategies and Studies

Asset management is also informed by other Council strategies and studies, such as;

- Draft suite of catchment specific Floodplain Risk Management Studies and Plans
- Environmental Sustainability Action Plan
- Draft Integrated Transport Strategy 2022
- Draft Active Transport Plan 2022
- Community Facilities Study 2019
- Draft Recreational Needs Study 2022
- Draft Playspace Strategy 2022
- Parks and Reserves Plans of Management.

Annual reporting

We will report annually on the condition of our assets and performance against NSW local government performance measures in a report on infrastructure assets within a special schedule to the annual financial statements.

Financial considerations

Our AMPs provide information for our Long Term Financial Plan (LTFP), including projections of future renewal and maintenance requirements. The LTFP puts these projections into the context of Council's overall operations to allow us to make decisions based on asset priorities and our financial sustainability. We need to be confident that we have the necessary resources to manage our assets into the future.

Specific actions

The independent audit in 2019 highlighted the need for us to undertake a number of actions to improve and enhance our asset management framework in the short term. These were:

Action	Description	Status
1	Develop an Investment Properties AMP	Draft 2022 edition completed.
2	Undertake data capture project for Open Space Assets	Completed 2020.
3	Update AMPs	Draft 2022 editions completed.
4	Revise projections for renewals and new assets	Completed 2019.
5	Undertake condition assessment for Transport Assets	Completed 2019. Next comprehensive review due 2024.
6	Undertake revaluation of Transport, Stormwater, Land Improvement and Open Space Assets	Completed June 2019.
7	Update Council's Long Term Financial Plan to reflect the updated projections from Council's AMPs	LTFP adopted June 2022 and revised LTFP exhibited Oct-Nov 2022 informed by the 2022 draft AMPs.
8	Update Special Schedule 7 report for the 2018/19 financial year to reflect the outcomes of the revaluation process	Completed 2019 and updated annually.
9	Engage consultant to assist with the investigation of existing systems and new systems, procurement, implementation and training for a corporate Asset Management System	Consultant engaged in 2020/21 to prepare technical specification for a future procurement process.
10	Procure corporate Asset Management System	Procurement of a new asset management system continues to be delayed, noting the very considerable expense involved in procurement and the consequent concerns regarding cost benefit. Investigation of an appropriate system will continue throughout 2022 and will be informed by Councils' broad review of ICT. In the meantime the existing systems will continue to be used.
11	Reconvene Asset Management Steering Committee consisting of Asset owners and Finance Department	Reconvened 2019; Committee meets annually or additionally as required.
12	Include the risks identified in the AMS and AMPs in Council's Risk Register	Risk registers are continuously updated to reflect the current editions of AMS and AMPs.

Longer Term

Through our routine audit and review program outlined in our Asset Management Policy we will continue to identify opportunities to improve our asset management practices.

Gaps in Service Provision

The draft 2022 AMPs identify a number of key gaps in current and/or projected service provision which are unable to be funded using currently available funds. It is proposed to seek a Special Rate Variation to address these service gaps, as outlined in the table below.

Asset Management Plan	Service Gap
Transport	Improved footpath maintenance standards Provision of cycleways as identified in the Active Transport Plan
Open Space	Open space maintenance standards Plans of Management for Community Land require significant update/creation Maintenance of street trees (notably Hills Figs)
Stormwater	Improved capacity of stormwater network in response to climate change – projects identified in Floodplain Risk Management Studies and Plans Improved asset inspection and maintenance
Buildings	Requirement for a Multi- purpose Community Facility in the eastern catchment as identified in the 2019 Community Facilities Study – recommendation is to build a facility on the site of the Wilberforce Carpark in Rose Bay.

Risk Management

As noted, each of the Asset Management Plans will identify risks and mitigation strategies specific to the relevant asset class. The table below identifies risks and mitigation strategies that are relevant at a strategic level or that apply to all Assets managed by Council.

Risk Mitigation Strategies

Risk	Mitigation Strategy / Controls	Responsibility
Expenditure on asset renewal and maintenance over time is insufficient to maintain assets in useable condition.	AMPs identify necessary renewal and maintenance expenditure over a 10 year horizon and this informs development of Council's Long Term Financial Plan. It is noted that Council has resolved to apply for an SRV which specifically references increased expenditure on infrastructure assets.	Asset owner managers, Director Infrastructure & Sustainability, Chief Financial Officer
Expenditure on asset renewal is not managed, leading to an excessive expenditure requirement in a particular financial period.	AMPs identify potential 'lumps' in expenditure. Strategies to smooth out expenditure identified at least 5 years before expenditure falls due.	Asset owner managers, Chief Financial Officer
Impact of climate change on built assets.	New (2022) iteration of Climate Change Risk Assessment and Adaption Plan in draft form. The plan specifically identifies likely impact on built assets.	Asset owner managers, Insurance and Risk Co-ordinator
Increased potential for flooding as a result of climate change.	Flood mitigation actions are identified in catchment specific Floodplain Risk Management Strategies and Plans.	Asset owner managers
Unknown condition of some undergrounds assets, e.g. stormwater pipes.	Ongoing program of condition assessment.	Asset owner managers
Asset condition/failure leading to property damage or personal injury.	Routine inspection and maintenance schedules.	Asset owner managers
Changes in future service levels and infrastructure demands.	Through its IP&R engagement Council can anticipate and plan for these changes if / as they arise. Other strategies and studies also inform Council in this regard.	Asset owner managers

Glossary

Term	Meaning
Asset maintenance ratio	<u>Actual asset maintenance</u> Required asset maintenance
Asset renewal	Replacement and/or refurbishment of existing assets to an equivalent capacity/ performance
Buildings & infrastructure renewals ratio	<u>Asset renewals</u> Depreciation
Capital expenditure	<u>Annual capital expenditure</u> Annual depreciation
Depreciable amount	The cost of an asset less its residual value
Depreciation	The systematic allocation of the depreciable amount of an asset over its useful life
Gross replacement cost	The minimum it would cost to replace/construct the existing asset with a technologically modern equivalent new asset
Infrastructure backlog ratio	<u>Estimated cost to bring assets to a satisfactory standard</u> Net carrying amount of infrastructure assets
Residual value	The estimated amount an entity would obtain from disposal of an asset, after deducting the estimated costs of disposal, if the asset were already at the end of its useful life.
Useful life	The period an asset is expected to be available for use



Asset Management Policy

Adoption Date:	28 June 2010 by Council Resolution
Last Reviewed:	May 2022
Next Review Date:	
Division/Department:	Infrastructure & Sustainability
Responsible Officer:	Director, Infrastructure & Sustainability
HPE CM Record Number:	22/96810

1 Policy Statement

The physical built assets (Assets) of Council will be managed in accordance with the Integrated Planning & Reporting Guidelines to ensure that assets remain fit for purpose and meet the needs of the Woollahra community over the long term.

2 Application

Purpose

The purpose of this Policy is to set the broad framework for the management of Council's Assets which are owned by the Woollahra community and managed by Council. It identifies specific organisational responsibilities for asset management and describes, in a broad sense, how assets will be managed.

Scope

This Policy applies to all built Assets managed by Council. These include roads, footpaths, kerb and gutter, stormwater drains, retaining walls, sea walls, harbour structures, buildings, playgrounds and other park structures. For the purpose of this policy and associated documentation, the Assets are grouped into the following categories;

- Transport (roads, footpaths, kerb and gutter)
- Stormwater (pipes, pits, quality improvement devices)
- Buildings (community, sporting and operational buildings)
- Land Improvements (retaining and sea walls, harbour structures)
- Open Space (playgrounds, fencing, multi-purpose facilities)

Overview

This Asset Management Policy has been prepared in accordance with the Integrated Reporting and Planning Guidelines for local government in NSW. Preparation and adoption of an Asset Management Policy is an 'Essential Element' of the Resourcing Strategy required to be produced under the IP&R Guidelines.

3 Definitions

Term	Meaning
Assets	Roads, footpaths, kerb and gutter, stormwater drains, retaining walls, sea walls, harbour structures, buildings, playgrounds and other park structures

4 Community Strategic Plan, Delivery Program and Operational Plan

This Policy relates specifically to Goal 5: Liveable Place as outlined in Council's Community Strategic Plan, Woollahra 2032.

5 Relevant Legislation

NSW Local Government Act 1993 (Chapter 13 Part 2)

Integrated Planning and Reporting Guidelines for Local Councils in NSW – September 2022

Integrated Planning and Reporting Handbook for Local Councils in NSW – September 2022

6 Policy Content

Principles and Objectives

Council will manage its assets based on the following principles:

1. Asset planning will be based on full lifecycle costs – acquisition, operation, maintenance, renewal or disposal.
2. Asset management will be implemented in sustainable manner taking into consideration economic, social and community impacts and demonstrate strong civic leadership.
3. The application of risk management principles to ensure community safety and optimum asset performance.

And to meet the following key objectives:

1. Comply with the requirements of the Integrated Planning and Reporting Guidelines.
2. Assets will remain at all times fit for purpose.
3. Expenditure on asset renewal and maintenance will be sufficient to maintain assets in a useable condition over the long term.
4. Expenditure on asset renewal will be properly planned, avoiding the need for unforeseen expenditure or the development of backlogs in renewal works.

Responsibilities and Relationships

Principal responsibility for the management of assets will rest with the Director Infrastructure and Sustainability who shall report as required to the General Manager and Council.

Responsibility for specific categories shall be as follows:

Transport	-	Manager Engineering Services
Stormwater	-	Manager Engineering Services
Buildings	-	Manager Property and Projects
Land Improvements	-	Manager Engineering Services
Open Space	-	Manager Open Space and Trees

Maintenance of corporate wide asset management systems shall be the responsibility of the Manager Engineering Services who shall report as required to the Director Infrastructure and Sustainability.

Audit and review

Council asset management processes will be subject to detailed audit at five yearly intervals to assess compliance with the objectives of this policy. Less detailed audits may be undertaken at more frequent intervals, as determined by the General Manager.

7 Documentation/References

	HPECM Reference
Integrated Planning & Reporting – IP&R Guidelines for Local Councils in NSW 2021	21/176375
Integrated Planning & Reporting – IP&R Handbook for Local Councils in NSW 2021	21/176316
Woollahra 2032 – Council's Community Strategic Plan	22/102163
Asset Management Strategy 2022-2032	22/94790
Asset Management Plan – Transport	22/97328
Asset Management Plan – Stormwater	22/10076
Asset Management Plan – Non-investment Buildings	22/101143
Asset Management Plan - Land Improvements	22/97535
Asset Management Plan – Open Space	22/91557
Asset Management Plan – Investment Assets	22/101795

8 Related Policies and Procedures

	HPECM Reference
Nil	

This Policy will be reviewed every five years or in accordance with legislative requirements.

Any amendment to this Policy must be by way of a Council Resolution.

Policy Amendments

Date	Responsible Officer	Description

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