



Resourcing Strategy
Asset Management Strategy 2022-2032

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The Institute of Public Works Engineering Australasia.

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Executive Summary

Inner West Council is the owner and custodian of a large portfolio of assets that enable the community to access and enjoy all the services and facilities that Council has to offer. At present, Inner West is home to over 201,880¹ residents with a population density of 5,737 per square km. The population is forecast to grow to 247,881 people by 2041² (an increase of 46,001 or 22.7% growth from 2020).

The population growth will increase pressure on Council's infrastructure asset portfolio in addition to looming environmental and economic challenges. With an asset replacement value of over \$2.79 billion³, the efficient management of these assets is vital in maintaining safe, reliable and efficient services that help achieve the strategic priorities and goals adopted by Council.

Failure to adequately plan for the replacement of existing assets and the upgrade and construction of new assets will result in assets not meeting the needs of the community, now and into the future.

The purpose of this document is to outline Council's asset management systems and strategies to manage the delivery of its infrastructure assets effectively and efficiently.

This Asset Management Strategy (AM Strategy) defines how Council:

- Will achieve and deliver asset management practices which are aligned to ISO 55000:2014⁴ without seeking ISO accreditation, ensuring the integration of Councils' asset management practices with its long-term strategic plan.⁵;
- Aims to provide alignment between our stakeholder's requirements, Council's organisational objectives and the resulting asset management objectives, to ensure that the assets are being managed to provide the value required of them by the organisation and stakeholders;.
- Describes the role of the Asset Management System (AMS) in supporting the achievement of the Asset Management Policy and Objectives, delivering appropriate Levels of Service (LOS) cost-effectively, and meeting legislative requirements;.
- Documents information that specifies how organisational objectives have been realised as AM Objectives; and
- Informs the approach for developing Asset Class Asset Management Plans (Asset Class AM Plan).

Adopting this AM Strategy will also assist Council in meeting the requirements of the National Sustainability Frameworks, The NSW Local Government Act 1993 (LG Act 1993), The Local Government (General) Regulation 2021 (Regulation 2021) and the Integrated Planning and Reporting Framework 2009 by demonstrating the levels of service to be delivered in a financially sustainable manner.

The AM Strategy is prepared following a review of Council's service delivery practices, financial sustainability indicators, asset management maturity and alignment with Council's vision for the

¹ Source: Australian Bureau of Statistics Estimated Resident Population 2020

² Source: Profile Id

³ Inner West Council Annual Report 2020-21 & includes all Council Financial Asset Classes

⁴ Suite of international standards for asset management.

⁵ LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

future outlined in the Community Strategic Plan, Our Inner West 2036. The AM Strategy outlines an asset management improvement plan detailing a program of tasks to be completed and resources required to advance Council’s current level of asset maturity and competence.

Strategy Outlook

1. Inner West Council will be in a position to compare a range of scenarios for each asset class that provides the level of funding needed to deliver targeted service levels;
2. Based on the financial scenarios that will be strategically modelled in each AM Plan, Council will have a long-term financial model that projects the funding required for the adopted scenarios. These will be based on the best available asset data in 2022, input from Council subject matter experts across each asset class and the best use of current available funding;
3. Future iterations of the AM Strategy will provide the basis to trade off priorities to enable a balanced future service level so the available funding in capital and maintenance targets the assets before they become uneconomical to repair;
4. Inner West’s current asset management maturity is above ‘core’ level and with a modest investment per the improvement plan, advanced maturity could be achieved over three years; and
5. Transport Asset Class has the highest maturity and is followed by Property, Parks and Sporting Grounds and Stormwater & Drainage.

The asset management action plan documented in Table 1, will assist Council to deliver on this AM Strategy.

Table 1: Asset Management Action Plan

Item No.	Strategy	Desired Outcome
1.	Shift from Annual Budgeting to Long Term Financial Planning.	The long-term implications of Council services are considered in annual budget deliberations.
2.	Shift from a budget driven service level model to a service driven budgeting model.	Levels of Service are developed, documented and drive future funding need requirements, which are used as inputs into capital works programs and maintenance works.
3.	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (ideally for more than 80% of asset value).	Identification of services needed by the community and required funding to optimise ‘whole of life’ costs.
4.	Adopt a Long-Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model continues to provide desired levels of service.
5.	Incorporate Year 1 of Long-Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.

Item No.	Strategy	Desired Outcome
6.	Review and update asset management plans and long-term financial plans after the adoption of annual budgets. Communicate any consequence of funding decisions on service levels and risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
7.	Report Council’s financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability, and performance against strategic objectives in Annual Reports.	Revaluation schedule is in place for regular review and update of asset valuations. Annual review and verification of asset unit rates, useful lives and fair value.
8.	Ensure Council’s decisions are made from accurate and current information in asset registers, on service level performance and ‘whole of life’ costs.	Processes in place to ensure accurate asset attribute and condition data are regularly reviewed and updated.
9.	Report on Council’s resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
10.	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined within staff position descriptions as required and a Responsibility Matrix developed which details the organisational relationships and responsibility with regard to asset management over the asset lifecycle.
11.	Implement Improvement Plans to realise ‘core’ maturity for the financial and asset management competencies within 2 years.	Program in place to implement continuous improvement and regularly reassess asset management maturity.
12.	Report annually to Council by Audit Committee/CEO on development and implementation of Asset Management Strategy, AM Plans and Long-Term Financial Plans.	Oversight of resource allocation and performance.
13.	Resource and undertake regular condition assessments, ensuring that historical condition information is maintained in the AIMS.	Improved understanding and decision making. Improved skills and capability within Council asset teams.
14.	Develop and implement promotion and training programs.	Improved understanding of responsibilities and how each staff can contribute to AM improvement and best practice.

Asset Management Improvement Plan

The Asset Management Improvement Plan which is set out in Table 2, details the key improvement tasks. Completion of these tasks will continue to improve Council's asset management capabilities.

Table 2: Improvement Plan

Item No.	Action Item	Responsibility / Lead	Timeline
Operational			
1.	Review and finalise the draft responsibility matrix with a view to identify and streamline roles and responsibilities.	Engineering Services Manager	June 2023
2.	Develop and implement an asset handover process to enable 100% asset data capture of new assets gifted or constructed by others to be captured in Council's asset register on an annual basis.	Engineering Services Manager	December 2022
3.	Undertake analysis to identify financial and accomplishment data on maintenance works to improve alignment with the annual capital funding process, ensuring allocation of appropriate annual maintenance funding. Update Maintenance funding expenditure in future AM Plan revisions.	Engineering Services Manager, Financial Partnering & Analytics Manager, Senior Manager Operations,	June 2024
4.	Develop and implement frameworks to improve and further develop its lifecycle AM processes to ensure that all lifecycle costs are identified and included in all capital investment decisions.	Engineering Services Manager, Project Managers, Financial Partnering & Analytics Manager	June 2023
5.	Ensure information relating to capacity, functionality and fit for purpose from Council's Community Infrastructure Plan is used to inform renewal planning for all infrastructure assets.	Engineering Services Manager, Facilities Management Manager	June 2025
6.	Undertake regular asset maturity assessment and asset performance monitoring.	Engineering Services Manager	On-going
Transport			
7.	Finalise the Transport Prediction Models for adoption and implementation.	Engineering Services Manager	December 2022
8.	Review and formally document current maintenance Levels of Service regarding all types of transport assets owned or maintained by Council.	Engineering Services Manager	December 2022
9.	Undertake bridge level 2 inspections and update strategic prediction models in future TAMP revisions.	Engineering Services Manager	June 2022
Property			
10.	Review and formally document current maintenance Levels of Service regarding all property assets owned or maintained by Council.	Facilities Management Manager	December 2022

Item No.	Action Item	Responsibility / Lead	Timeline
11.	Finalise the Property Prediction Models for adoption and implementation.	Facilities Management Manager	December 2022
12.	Future community surveys should include specific questions to the community regarding property assets, to identify and measure performance in delivering this service to the community.	Facilities Management Manager	June 2024
13.	Incorporate Property Asset Management Plan (PAMP) forecast 10-Year funding plan into Council's annual and long-term budgeting and undertake a review of inputs into buildings valuations.	Facilities Management Manager, Financial Partnering & Analytics Manager	June 2023
14.	Develop condition assessment guidelines and component structure for property assets prior to next revaluations so that data can be improved for future forecasting	Engineering Services Manager, Facilities Management Manager, Financial Partnering & Analytics Manager	December 2022
Parks and Sporting Grounds			
15.	Review current maintenance Levels of Service regarding all open space assets owned or maintained by Council. Incorporate Risk Assessment.	Engineering Services Manager	June 2023
16.	Finalise the Open Space Prediction Models for adoption and implementation.	Engineering Services Manager	June 2023
17.	Develop condition assessment guidelines and component structure for open space assets prior to next revaluations so that data can be improved for future forecasting	Engineering Services Manager, Facilities Management Manager, Financial Partnering & Analytics Manager	June 2023
18.	Condition survey of open space assets and incorporate into asset management system	Engineering Services Manager	June 2024
19.	Future community surveys should include specific questions to the community regarding open space assets, to identify and measure performance in delivering this service to the community.	Engineering Services Manager	June 2024
Stormwater and Drainage			
20.	Review current maintenance Levels of Service regarding all drainage owned or maintained by Council. Incorporate Risk Assessment.	Engineering Services Manager	December 2022
21.	Develop, implement and resource an annual CCTV sampling inspection of underground pipes and update pipe conditions within the asset register.	Engineering Services Manager	December 2022
22.	Finalise the Stormwater Prediction Models for adoption and implementation.	Engineering Services Manager	June 2024

Item No.	Action Item	Responsibility / Lead	Timeline
23.	Identify and capture asset data pertaining to stormwater asset types such as open drains and basins and incorporate them into future Stormwater and Drainage Asset Management Plan (SAMP) reviews.	Engineering Services Manager	December 2023
24.	Identify and maintain a register of known flooding locations and undertake drainage capacity analysis as required, to determine capacity and functionality conditions to assist in identifying future works.	Engineering Services Manager	December 2023
25.	Develop condition assessment guidelines and component structure for Stormwater and Drainage assets prior to next revaluations so that data can be improved for future forecasting	Engineering Services Manager, Financial Partnering & Analytics Manager	June 2023
26.	Future community surveys should include specific questions to the community regarding stormwater services, to identify and measure performance in delivering this service to the community.	Engineering Services Manager	June 2024

1 Introduction

Assets deliver important services to communities. A key issue facing local governments throughout Australia is the management of ageing assets in need of renewal and replacement.

Infrastructure assets such as roads, drains, bridges, stormwater, parks infrastructure, depots and Council owned/operated buildings, present unique challenges. Their performance and longevity can be difficult to determine. Financing needs can be large, requiring planning for large peaks and troughs in expenditure for renewing and replacing such assets. The demand for new and improved services also adds to the planning and financing challenges.⁶

The acquisition of new assets also presents challenges in funding the ongoing operating costs necessary to provide the necessary service over the assets' full life cycle.⁷

The National Frameworks on Asset Planning and Management and Financial Planning and Reporting endorsed by the Local Government and Planning Ministers' Council (LGPMC) require councils to adopt a longer-term approach to service delivery and funding comprising:

- A strategic longer-term plan covering, as a minimum, the term of office of the councillors and:
 - Bringing together asset management and long-term financial plans,
 - Demonstrating how Council intends to resource the plan, and
 - Consulting with communities on the plan.
- An annual budget showing the connection to the strategic objectives, and
- An annual report with:
 - Explanation to the community on variations between the budget and actual results,
 - Any impact of such variances on the strategic longer-term plan,
 - Report of operations with a review on the performance of the Council against strategic objectives.⁸

Framework 2 Asset Planning and Management has seven elements to assist in highlighting the key management practices that promote prudent, transparent and accountable management of local government assets that introduce a strategic approach to meet current and emerging challenges.

- Asset management policy
- Strategy and planning
 - Asset management strategy
 - Asset management plan
- Governance and management arrangements
- Defining levels of service
- Data and systems
- Skills and processes and
- Evaluation.⁹

⁶ LGPMC, 2009, Framework 2 Asset Planning and Management, p 2.

⁷ LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 2-3.

⁸ LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 4-5.

⁹ LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

This AM Strategy will enable Council to:

- Demonstrate how its asset portfolio will meet the service delivery needs of its community into the future,
- Enable Council’s asset management policies to be achieved, and
- Ensure the integration of Council’s asset management practices with its long-term strategic plan.¹⁰

The goal of asset management is to ensure that services are provided:

- In the most cost-effective manner,
- Through the acquisition, maintenance, operation, renewal, and disposal of assets, and
- For present and future consumers.

The objective of the AM Strategy is to establish a framework to guide the planning, construction, maintenance, and operation of the infrastructure essential for Council to provide services to the community.

1.1 Planning and Asset Management Framework

The delivery of Council services to the community is guided by Council plans, policies and strategies. These also drive Council’s approach to asset management. Figure 1 illustrates Council’s planning and asset management framework.

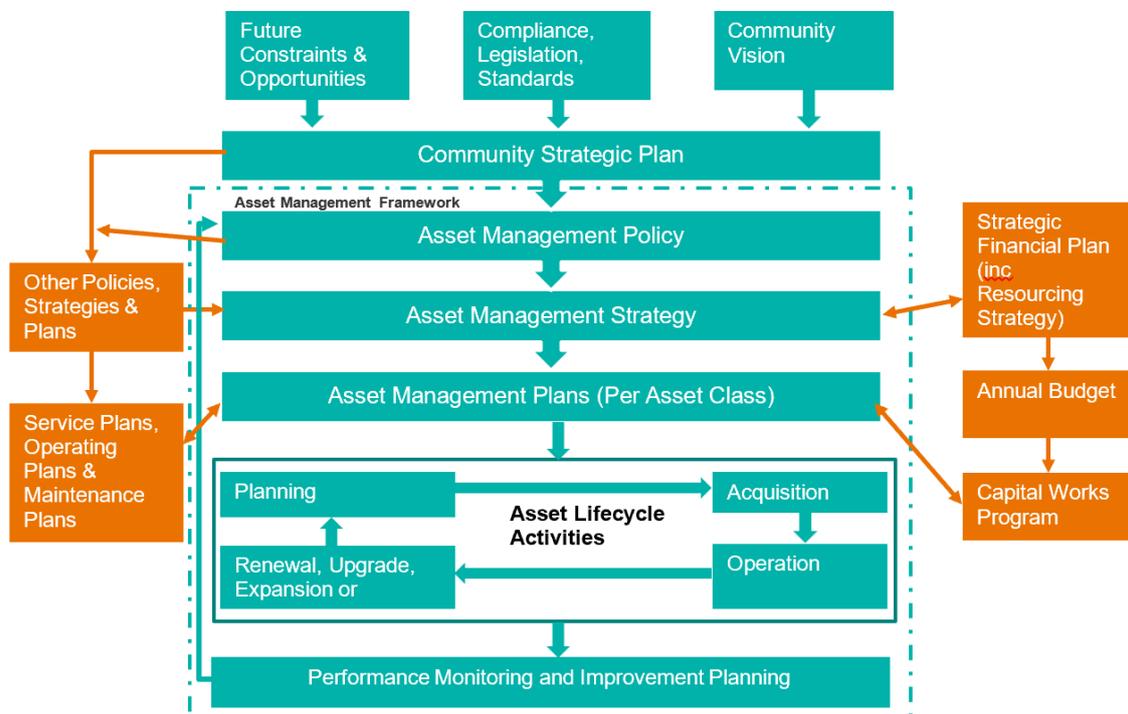


Figure 1: Council Planning and Asset Management Framework; Adapted from Annual Report 2020-21

¹⁰ LGPMC, 2009, Framework 2 Asset Planning and Management, p 4.

1.2 Council Plan

The Community Strategic Plan - Our Inner West 2036 (CSP) commits to outcomes and priority initiatives across five strategic objectives. Effective asset management will support the Council Plan outcomes and the delivery of sustainable services. Outcomes in the CSP that the Asset Management Strategy will meet include:

Strategic direction 1: An ecologically sustainable Inner West

- Outcome 1.1: The Inner West community is recognised for its leadership in sustainability and tackling climate change

Strategic direction 2: Liveable, connected places and transport

- Outcome 2.1: Development is designed for sustainability and makes life better
- Outcome 2.3: Public spaces are high-quality, welcoming, enjoyable, accessible and creative
- Outcome 2.4: People have a roof over their head and a safe, secure place to call home
- Outcome 2.5: Public transport is reliable, accessible, connected and interconnected
- Outcome 2.6: People are walking, cycling and moving around Inner West with ease

Strategic direction 4: Healthy, resilient and caring communities

- Outcome 4.3: People have opportunities to participate, and develop their health and wellbeing

Strategic direction 5: Progressive, responsive and effective civic leadership

- Outcome 5.3: People are well informed and actively engaged in local decision making and problem solving

1.3 Relationship with Organisational Objectives

The objective of this AM Strategy is to establish a framework that will guide the planning, construction, maintenance and operation of Council's infrastructure assets, necessary for Council to provide services to the community.

ISO 55002:2014 states that the principles by which an organisation intends to apply asset management for its organisational objectives should be set out in an asset management policy. The approach to implementing these principles should be defined in an Asset Management Strategy (AM Strategy).

The AM Strategy is defined as documented information that specifies how organisational objectives are to be converted into asset management objectives, the approach for developing asset management plans and the role of the asset management system in supporting the achievement of the asset management objectives¹¹.

The AM Strategy sets the future direction to enable Council to be in a better position to manage its infrastructure assets and achieve the Asset Management Policy vision and goals. It identifies the organisation's service delivery and infrastructure asset needs over time and plans for how assets will be managed throughout their lifecycle, collectively.

¹¹ ISO 55000:2014, Section 3.3.2

To do this effectively, other strategies and plans must be considered. The AM Strategy must be integrated within an organisation's overall planning framework, support clear, logical and robust decision making, address short, medium and long-term planning and investigate new investment strategies.

This AM Strategy is an integral part of Council's planning framework. This includes the Council Plan, Asset Management (AM) Policy, AM Strategy and AM Plans for individual asset classes. There is a clear alignment from the organisational vision and objectives, AM policy, AM objectives, AM plans, operational plans, work programs through to performance monitoring and improvement planning as shown in Figure 1.

This AM Strategy has been developed following the principles of the ISO 55000 series and International Infrastructure Management Manual (IIMM). The AM Strategy underpins a business process vital to the achievement of the strategic objectives, much in the same way as a financial strategy.

1.4 Scope of Asset Management System

The Asset Management System (AM system) is "the set of interacting elements of an organisation to establish AM Policies and objectives, and processes to achieve those objectives"¹².

The AM system scope is determined after consideration of:

1. AM objectives;
2. External and internal issues relevant to the purpose of the organisation;
3. Stakeholder requirements;
4. Interaction/linkages with other management systems; and
5. Criteria for AM decision making.¹³

1.5 Purpose and Structure of Asset Management System

An AM system is not a software system, but rather a set of interconnected elements, used by an organisation to direct, coordinate and control its asset management activities¹⁴. The AM system comprises a combination of an organisation's functions, which includes people, processes, information and tools necessary to manage and deliver AM.

The AM system structure includes:

1. AM Policy;
2. AM Strategy;
3. AM Plan for each asset class;
4. Asset class service framework;
5. Integration of AM processes, activities and data with other organisational functions including service delivery, quality, accounting, risk management, safety, and human resources;
6. Reporting of AM objectives and resources to achieve the objectives in annual budgets; and
7. Reporting of AM objectives achievements in annual reports.

1.6 Asset Management Leadership

Council's Asset Management Policy to be adopted in June 2022, defines the roles and responsibilities within Council for asset management. The Mayor and Councillors adopt the policy

¹² IPWEA, 2015, IIMM, Sec 2.1.1, p 2|3.

¹³ IPWEA, 2015, IIMM, Sec 2.1.1, p 2|3.

¹⁴ ISO 55002:2018 (E) Section 0.2

objectives and ensure sufficient resources are applied to manage the assets. The Audit Committee of Council may also consider the resourcing and management of assets.

The General Manager has overall responsibility for developing infrastructure asset management systems, policies and procedures and financial models and reporting on the status and effectiveness of asset management within Council.

The Asset Management Steering Committee is responsible for ensuring that all asset management activities are consistent with the objectives of Council's Community Strategic Plan, and the Integrated Planning and Reporting Framework. The committee is made up of the managers responsible for the infrastructure assets, and the finance manager. The committee members are responsible for ensuring that people, processes and systems are in place and work together to deliver services and meet the corporate infrastructure asset management objectives. They will also oversee the development and implementation of asset and risk management plans for all asset classes.

Council is in the process of developing an Asset Management Responsibility Assignment Matrix that details the organisational relationships and lines of responsibility with regard to asset management over the asset lifecycle.

1.7 Responsibility for the AM Strategy

The organisation structure of Inner West Council places the infrastructure assets in the division under the Director Infrastructure. Within this division, three groups manage the majority of infrastructure assets comprising transport, stormwater, property and open space.

The Director Infrastructure is responsible for the development and maintenance of this AM Strategy. Individual asset class plans detail the position responsibilities within Council as they relate to the asset management activities for each of the asset classes.

The AM Strategy will be reviewed at regular intervals as part of the asset management maturity self-assessment, which has been identified as an action item in the Improvement Plan.

1.8 Planning Timeline

The AM Strategy has a planning horizon of 10 years. The AM Strategy will be reviewed and amended to recognise any changes in the Council Plan and service levels, and needs arising from Precinct Structure Plans, community asset needs strategies, park plans of management, master plans and/or resources available to provide those services as a result of the budget decision process, in the year following Council general elections.

1.9 Legislative Requirements

In addition to using asset management as a tool to manage the community's assets and provide better services to the community, there are also legislative, regulations, standards and guideline requirements that Council must comply with in relation to the management of its assets.

Councils in NSW are required to undertake their planning and reporting activities in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2005. The Act provides that the Deputy Director General (Local Government), Department of Premier and Cabinet can issue Guidelines (Planning and Reporting Guidelines – March 2013) that must be followed by local councils when undertaking their planning and reporting activities.

The Office of Local Government developed an Integrated Planning and Reporting Manual to provide councils with information and guidance to assist their transition to the new planning and reporting framework.

The Guidelines stipulate the following requirements regarding a Council's assets:

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

2 Services Provided

Council delivers many services, such as childrens services, library services, waste, recreation, infrastructure, planning and emergency management. To provide these services, Council owns and maintains an extensive portfolio of infrastructure assets.

2.1 What Assets Do We Own?

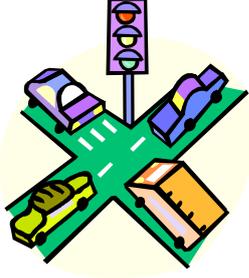
This AM Strategy is designed to take into consideration all of Council's infrastructure assets¹⁵. Assets are the physical objects which are maintained by Council to support the community's social and economic activities.

Assets provide the foundation on which the community conducts its everyday activities whilst contributing to the overall quality of life. The challenge for asset management is to understand the way Council's assets perform over time and whether they can be maintained in a "fit for purpose" condition, given the aging asset portfolio. Council's population growth also presents significant infrastructure challenges for both existing gap funding and new infrastructure to cater for the changing population's needs and expectations.

¹⁵ Excludes Land, Plant & Equipment, Office Equipment, Furniture & Fittings and Domestic Waste Vehicles

Table 3 illustrates Council's Infrastructure Assets Class hierarchy and the type of assets that reside in each.

Table 3: Assets used for providing Services

Asset Class		Description	Services Provided
Property		Public Buildings, Libraries, Child Care Facilities, Public Amenities, Aquatic Centres, Administrative Centres, Works Depots, and Other structures	The buildings provided by Inner West Council are used to support the administration, operational and social activities for the community.
Transport		Roads, Footpaths, Vehicular and Pedestrian Bridges, Kerb and Gutter, Shared Pathways, Car Parks, Traffic Management Devices, Street Furniture	The Transport assets provided by Inner West Council are used to support transportation and are important to the community and economic activities of the region.
Stormwater and Drainage		Drainage Pits, Drainage Pipes, Culverts, Stormwater quality improvement devices (i.e. Gross Pollutant Traps)	Stormwater assets control local flooding, enhance water quality and provide protection for property and infrastructure.
Parks and Sporting Grounds		Parks, Playground Equipment, Sporting Facilities, Lighting, Seawalls, Park Paths, Wharves, Marine structures, Other Land Improvements	The parks, reserves and open space assets provided by Council provide a mix of active and passive environments for the enjoyment of residents and visitors.

3 Council’s Asset Portfolio and Current Status

3.1 Current Asset Replacement Costs

The total value of the asset portfolio is approximately \$2.03 billion, and the annual depreciation expense is \$29.5 million.¹⁶ The break-up of Council’s asset portfolio by replacement value is illustrated in Table 4.

The annual depreciation (asset consumption) is considered a measure of the wearing out or other loss of value of the asset that arises from its use, passing of time or obsolescence through environmental changes.

It should be acknowledged that depreciation is not an ideal measure and is seldom recommended now in a modern practice with the focus more on sustainability-based analysis of asset service level (long term financial plans based on strategic lifecycle modelling and planning).

Table 4: Financial Status of the Assets

Asset Class	Replacement Cost (\$000)	Accumulated Depreciation (\$000)	Fair Value (\$000)	Annual Depreciation (\$000)
Property	\$473,531	\$121,648	\$351,883	\$10,970
Transport	\$1,208,213	\$304,727	\$903,486	\$12,275
Stormwater & Drainage	\$178,177	\$57,910	\$120,267	\$1,471
Parks and Sporting Grounds	\$172,183	\$53,077	\$119,106	\$4,799
Total Infrastructure Asset Class¹⁷	\$2,032,104	\$537,362	\$1,494,742	\$29,515

Figure 2 shows the replacement cost distribution of Council’s assets by asset class, which have been included in this AM Strategy.

¹⁶ Excludes Land, Plant & Equipment, Office Equipment, Furniture & Fittings and Domestic Waste Vehicles

¹⁷ Source: Inner West Council Annual Report 2020-21

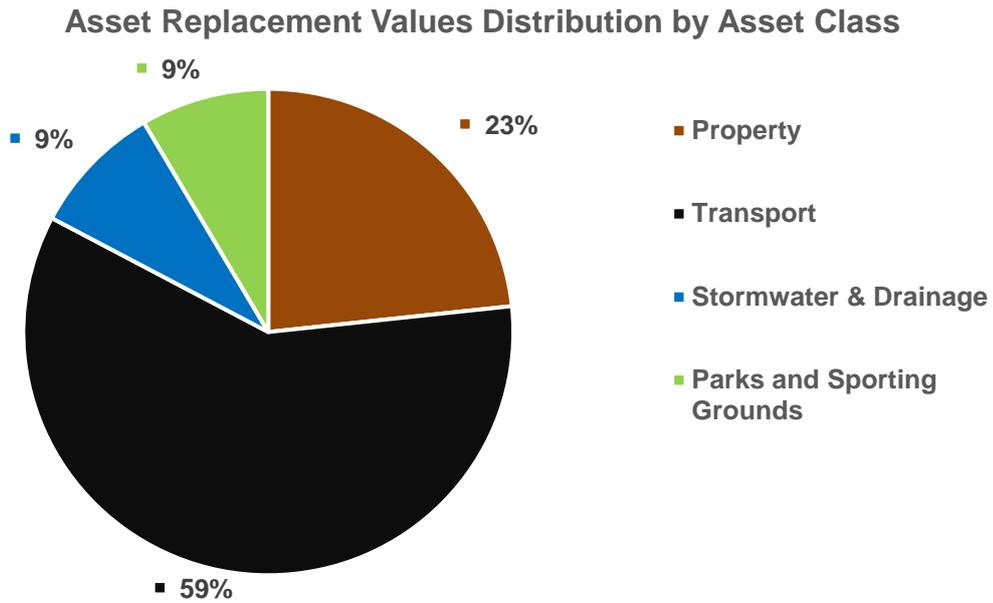


Figure 2: Asset Replacement Values

From a sustainability measure, the Remaining Service Potential Index is calculated at 74% for the entire combined asset portfolio. This ratio is calculated as the Fair Value divided by the Replacement Cost. The Remaining Service Potential Index ratio represents the overall health of the asset stock in terms of measuring past asset consumption, via the amount of accumulated depreciation.

The industry target for this ratio is that it should be at 70% or higher. The lower the ratio, the more the asset stock has been consumed, which typically indicates that historically, not enough capital expenditure has been allocated to the asset.

The Remaining Service Potential Index ratios for each of Council’s asset classes are shown in Figure 3.

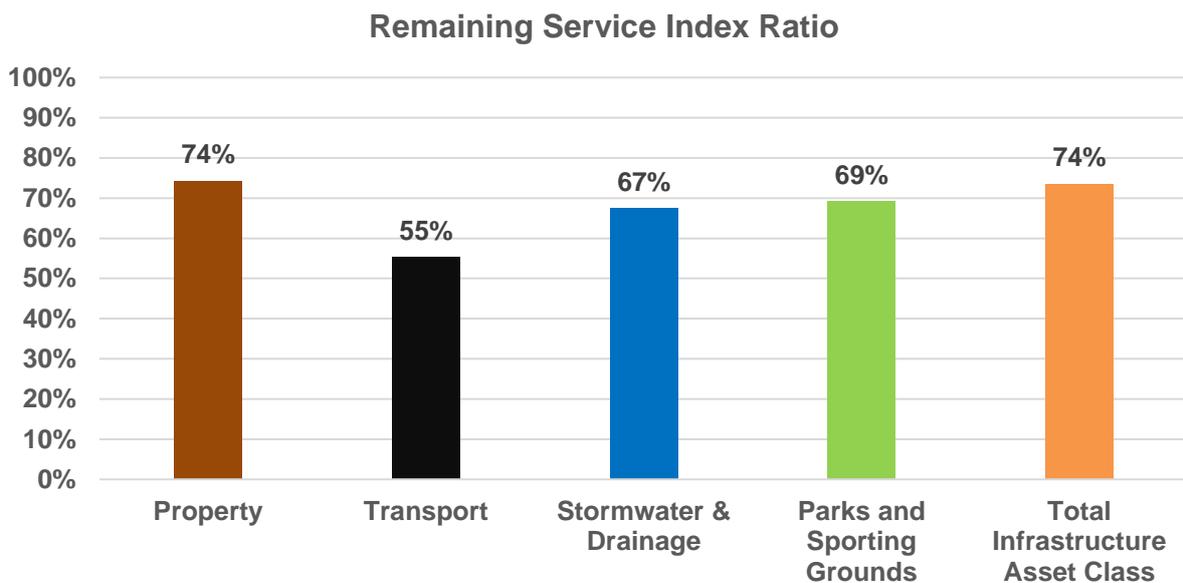


Figure 3: Remaining Service Index Ratios

Within the Transport asset class, \$512.3 million of the \$1.21 billion asset replacement value is recognised as bulk earthworks which represents the road formation of the road corridor and is non-depreciable and therefore has been excluded from the calculation.

3.2 Current Asset Performance

By understanding the condition of Council’s assets and the various types of distresses that affect them, Council can utilise this data to endeavour to maintain the level of service the community desires, in the context of affordability, provide intergenerational benefits and also minimise the risk of asset failure.

Condition information therefore needs to be of sufficient accuracy, repeatability and completeness to support the delivery of Council’s Asset Management Class Plan, capital works programs and for use in the corporate Asset Management system for predictive modelling. Typically, network wide condition assessments are undertaken on a three-to-four-year cycle (coinciding with the financial revaluations) and used to identify where assets are within their defined useful lives at any given point in time.

Council in most cases engages external consultants and contractors who are qualified, trained and experienced to undertake condition assessments.

Condition grading is measured as the percentage of assets in good, fair, and poor condition and is based on a National Standard for Condition Grading Scores Condition Grading¹⁸ and summarised in Table 5.

Condition grading helps Council understand how good the service is and where it is in its lifecycle.

Condition data helps Council evaluate remaining useful life and can assist in estimating the year of acquisition.

Table 5: Normalised Asset Condition Rating Guidelines

Condition	Condition Score	Description
Good	1	Very Good: free of defects, only planned and/or routine maintenance. Only Normal Maintenance Required
	2	Good: minor defects, increasing maintenance required plus planned maintenance. Minor Maintenance Required.
Fair	3	Fair: defects requiring regular and/or significant maintenance to reinstate service. Significant Maintenance Required to Return to Acceptable Service Level.
Poor	4	Poor: significant defects, higher order cost intervention likely. Significant Renewal/Upgrade Required.
	5	Very Poor: physically unsound and/or beyond rehabilitation, immediate action required. Asset Requires Replacement.

¹⁸ Based on IIMM, IPWEA 2015, Sec 2.5.4

The condition¹⁹ of Council’s assets is shown in Figure 4 which is based on the % of the total of each asset class and their allocated condition by replacement cost.

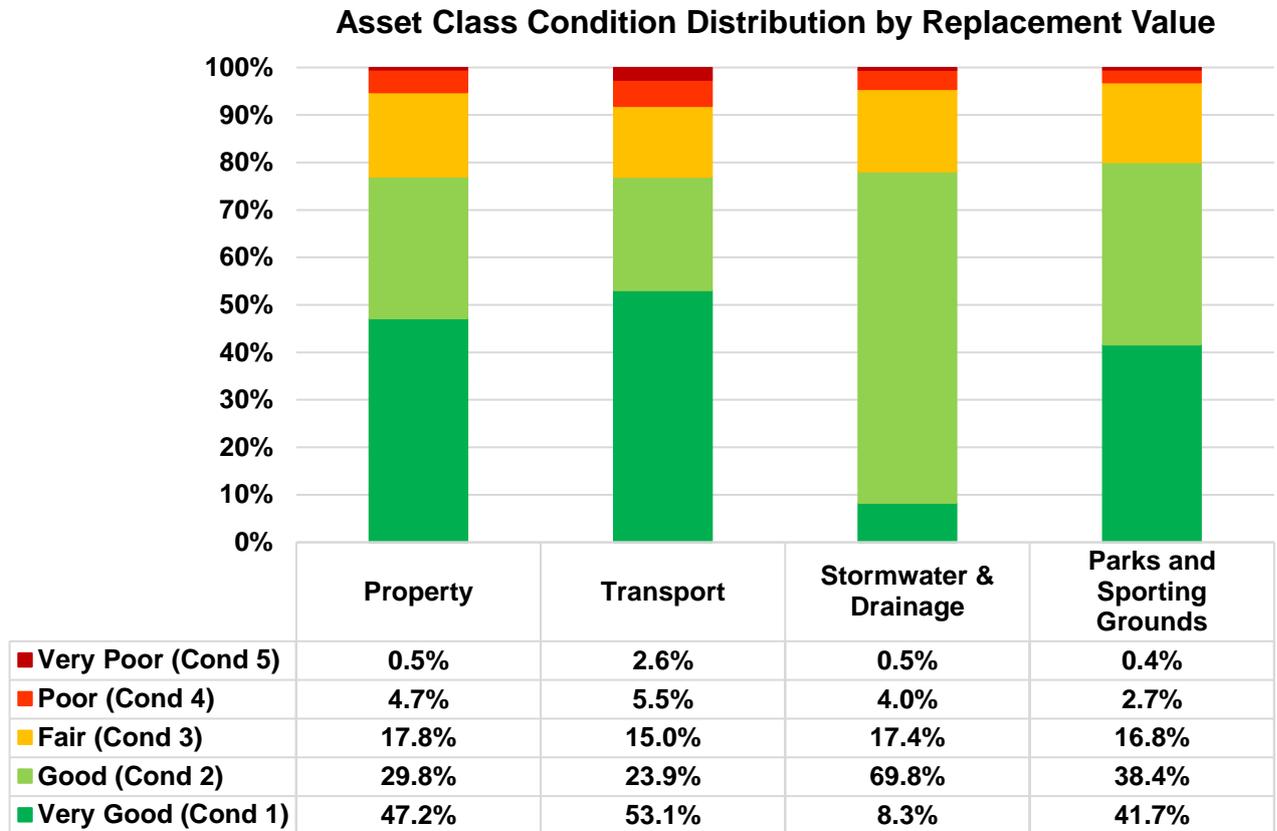


Figure 4: Asset Class Condition Distribution Profile

It is estimated from Figure 4, that the assets approaching the end of their useful lives (i.e. the sum of all assets considered to be in condition states poor and very poor) equates to \$131.4M.

It is important to note that any increase in the number and/or type of infrastructure assets provided by Council would also require additional funding. Every additional asset has long term budget implications in maintenance, operations and renewal funding needs, which must be factored into revised budgets. The introduction of new assets without an increased funding stream has the potential to delay infrastructure renewal which given the size of the infrastructure assets, could undermine Council’s ability to maintain the asset base in a satisfactory condition.

¹⁹ Source: Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2021

3.3 State of our Assets in Detail

Based on data obtained from Council’s asset register and current as at 30 June 2021, Figure 5 shows the current replacement value and performance of Council’s assets at the asset type level.

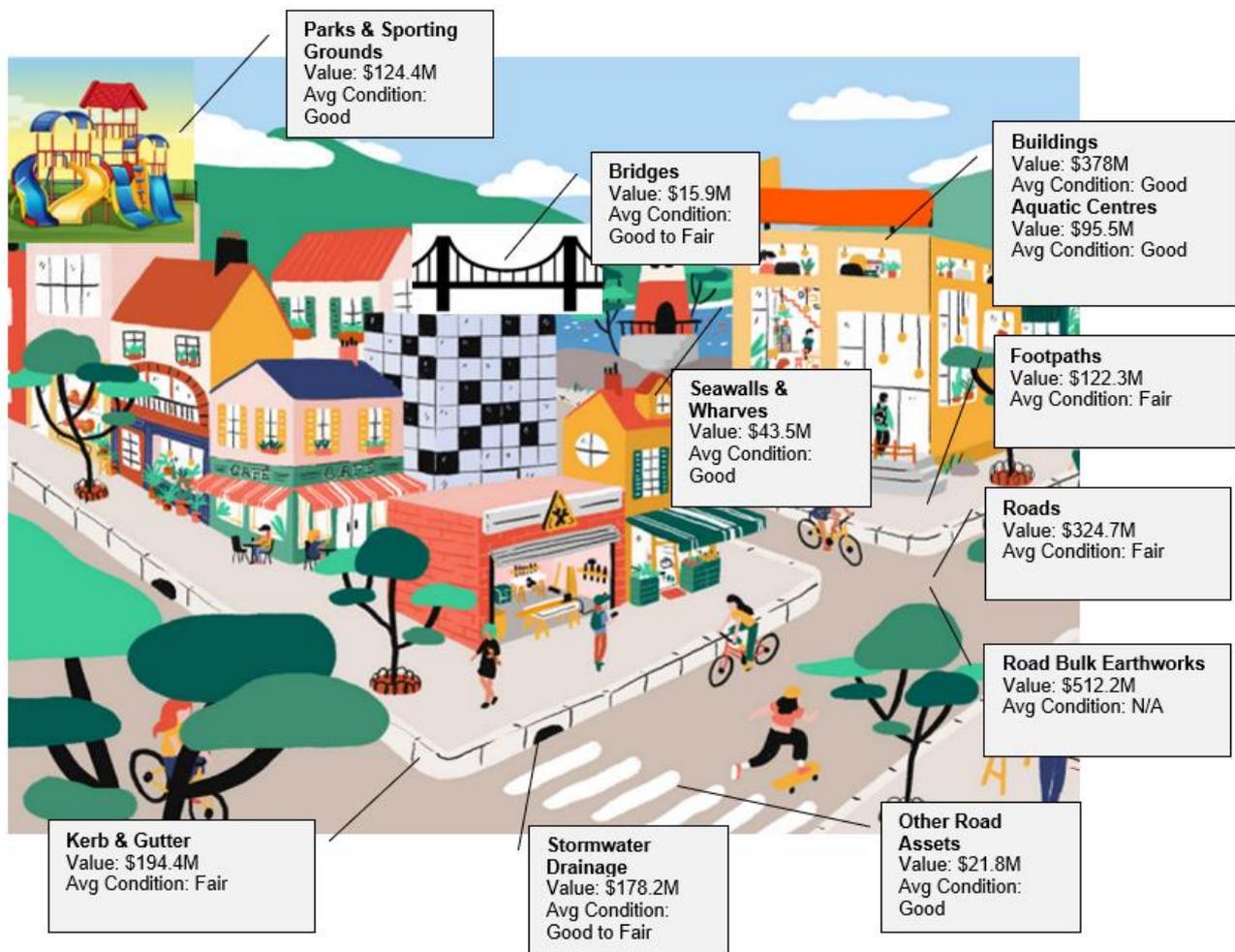


Figure 5: State of Assets

Council has adopted a good practice plan for collating asset registers that has fit for purpose data. The process undertaken in late 2021 included collecting updated transport asset data for roads, paths, kerb, traffic devices and pits. The methodology of condition assessment was based on a combination of Austroads and NAMS Practice Notes (National Asset Management Standards). This new and current dataset will be utilised in the development of the Transport Asset Management Plan.

From 2022-2024 Council will progressively adopt a good practice data collection plan across its remaining asset classes of stormwater drainage, property and open space assets. This data will also be collected with:

1. Conformance with NAMS Practice Notes for condition assessment;
2. Conformance to Council’s re-valuation cycles so this data is collected at re-valuation time to inform both Fair Value requirements as well as the Asset Management Plans;
3. Conformance with collecting distress types that can produce a capital works plan (5 years) as well as a maintenance plan (2 years); and

- Conformance with collecting data that enables component level asset modelling to produce 20 year financial scenarios.

For the purpose of this AM Strategy, the asset condition and financial datasets utilised in the development of this AM Strategy are as at 30 June 2021.

3.4 Asset Management Maturity

An asset maturity assessment is a useful mechanism to determine where an organisation resides in the development of its asset management capability and identify areas for improvement by evaluating:

- The maturity of its asset management systems and practices, measured in terms of its compliance with industry asset management standards and frameworks;
- The maturity of its systems and practices against its target maturity level; and
- Its path towards achieving its target maturity level.

The results of the recent asset maturity assessment undertaken in 2022 by an external consultant in conjunction with the development of this AM Strategy are shown in Figure 6.

The current maturity level is shown by the blue bars. The maturity gap to be overcome for Council to achieve asset management competency in each practice element is shown by the yellow bars.

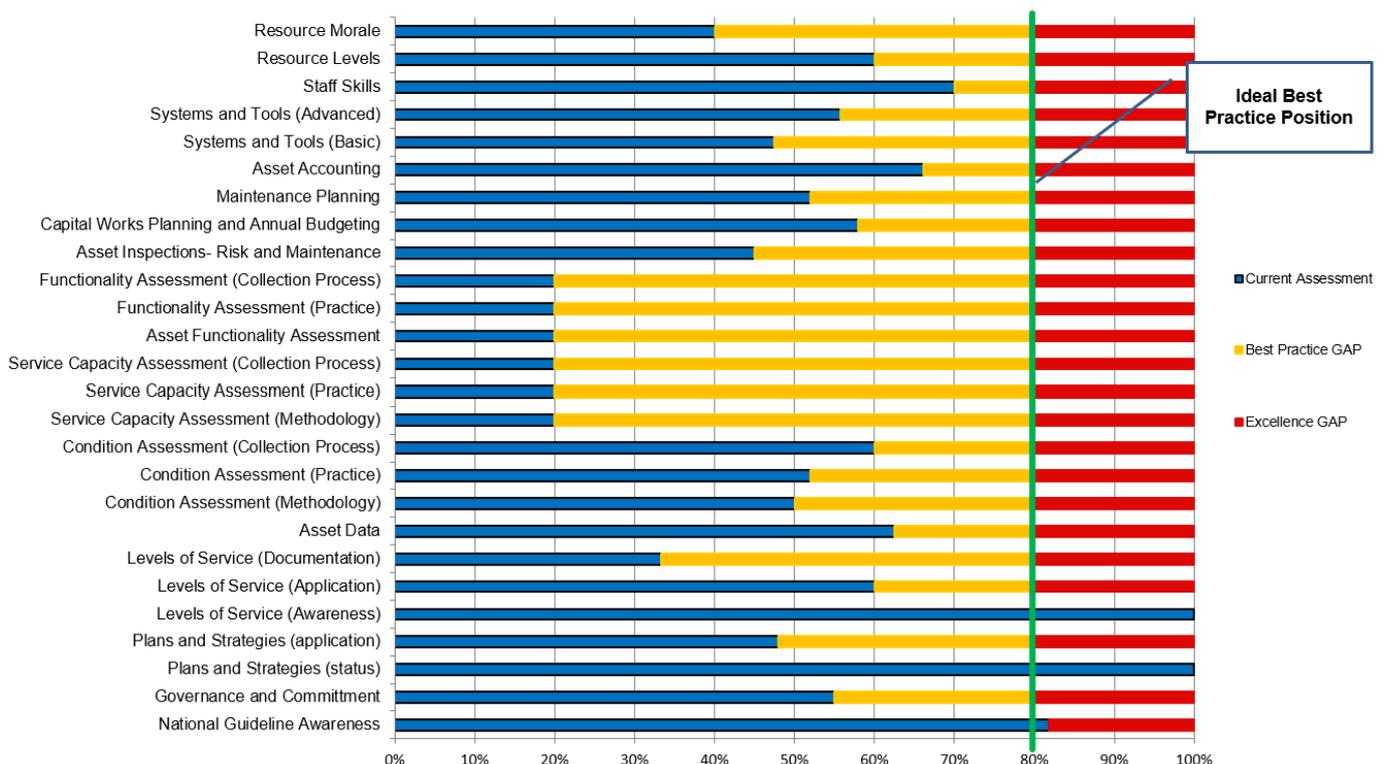


Figure 6: Asset Management Maturity

3.5 Strategy Outlook

1. By incorporating predictive modelling tools and techniques in the development of their Asset Management Plans for each asset class, Inner West Council will be able to compare a range of scenarios for each asset class that provides the level of funding needed for target service levels.
2. Based on these scenarios, Council will be in a position to develop long-term financial models that project the funding required for the adopted scenarios. These will be based on the best available asset data in 2022 and the best use of current available funding.
3. The Strategy also provides the basis to trade off priorities to enable a balanced future service level so the available funding in capital and maintenance targets the assets in a timely manner.
4. Inner West's current asset management maturity is above 'core' level and with a modest investment per the improvement plan, advanced maturity could be achieved over three years.
5. The Transport Asset Class has the highest maturity and is followed by Property, Parks and Sporting Grounds and Stormwater & Drainage.

4 Where do we want to be?

4.1 AM Strategy Objectives

In addition to implementing the Policy Principles as documented in Council's Asset Management Policy (to be adopted in June 2022), the objective of the AM Strategy is to demonstrate responsible management and care for Council's infrastructure assets for present and future communities by:

1. Supporting sustainable innovative services.
2. Making socially responsible decisions. Ensuring that our infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to our financial sustainability.
3. Identifying the level of service required and performance outcomes for management, maintenance and new actions.
4. Meeting the future challenges by building resilience into our assets and capital works programs.
5. Planning for emergencies and natural hazards and mitigate risk to the community and assets.
6. Ensuring operational and service delivery risks are adequately managed.
7. Demonstrating good governance.

4.2 Services Provided

Council delivers many services, such as health, social welfare, waste management, recreation, infrastructure, planning and emergency management. To provide these services, Council owns and maintains an extensive portfolio of infrastructure assets.

4.3 Our Stakeholder/Customer Expectations and Issues

Council provides services to a range of stakeholders. These stakeholders include: state government organisations, stormwater catchment providers, utility providers, emergency management departments, state and the Inner West community²⁰.

4.4 Strategic Challenges

4.4.1 Climate and Environment

Climate change will see an increased risk of extreme weather events including storm events, flooding, sea level rise and fire events. It is expected that climate change will intensify in the medium to long term future resulting in an increase of extreme weather events. There will be an increase in structural damage caused by extreme events and an increase in deterioration rates of the infrastructure network.

Forces on a global scale around environmental sustainability are now a hugely important local concern. There is an increasing need to create more sustainable lifestyles for Council's current and future communities. Community research²¹ in 2021, identifies that Environmental protection/managing pollution/climate change/maintaining and provision of green open spaces is the second highest priority for residents, behind managing development.

4.4.2 Ageing Infrastructure

The majority of Council's infrastructure assets have been constructed over 80 years ago, during the same time that the original suburbs were built. Many of these assets are approaching the end of their expected life and, as such, the physical condition will further deteriorate in the coming years. Without adequately funding regular maintenance or capital activities, many of these aged assets will fail to provide the level of service for which they were constructed.

The following provides a general assessment of the issues Council is currently experiencing and will address as part of this AM Strategy:

- Adopting good-practice asset management strategies to ensure the intergenerational sustainability and that assets are 'fit for purpose and fit for use';
- Ensuring that the required funding is available to upgrade existing infrastructure assets to meet population growth;
- Moving towards evidence-based funding analysis and optimised budgeting frameworks.
- Being able to reliably predict the condition of assets after 10-20 years' time at the current rate of expenditure;
- Ensuring sound risk management and mitigation associated with Council's infrastructure assets; and
- Identifying and planning for future maintenance and operational needs while managing sustainability.

²⁰ A detailed list of stakeholders is available in each respective asset class asset management plan.

²¹ Inner West Council Community Research, by Micromex July 2021

4.4.3 Population Growth & Demographic Change

At present, Inner West is home to over 201,880²² residents with a population density of 5,737 per square km. The population is forecast to grow to 247,881 people by 2041²³ (an increase of 46,001 or 22.7% growth from 2020).

The built environment of Inner West is relatively dense overall, but quite diverse. Such growth creates unprecedented challenges for infrastructure and service delivery. This growth means Council needs to carefully plan for future developments while maintaining Inner West's unique urban character. Community research in 2021 recognises that managing the challenge of population growth remains the key problem area for the community, in addition to managing overdevelopment and traffic management congestion.

Each of the Asset Management Plans will identify the effect of expected growth and consequent demand on Council's asset infrastructure.

4.5 Organisational Issues

4.5.1 Amalgamation of Councils

The NSW State Government amalgamated the three neighbouring Councils administering the inner western suburbs of Sydney in 2016. The three former Councils of Ashfield, Leichhardt and Marrickville operated different software systems for their asset records and were at different levels of systems development and information maturity. Since amalgamation, processes have been undertaken to combine the asset registers and align the information recorded, together with projects to improve on the asset data coverage and currency. This AM Strategy refers to the 2021 Financial Statements and the new combined asset register for its details.

4.5.2 Asset Information Management System

All information pertaining to type, quantities, location, materials, known constructed dates and condition of Council's infrastructure assets and financial information are recorded and stored in Council's Finance System.

Council acknowledges that its asset registers are not 100% complete and that discrepancies exist. Several improvement items have been identified in the Improvement Plan. Delivering on these action items will address many of the asset management best practice and legislative requirements pertaining to information management, record keeping, valuations and reporting.

In addition, it is acknowledged that having improved and detailed asset information regarding condition, historical works undertaken, complaints, requests and financial information will place Council in a better position to better manage its assets and provide the community with improved customer service.

4.5.3 Resourcing

It is envisaged that due to the projected increase in built assets over the following 10 years, the current staffing resource levels in the asset management, engineering and operations departments will need to be reviewed. The increase in assets typically impacts on internal resourcing needs necessary to manage and maintain the asset register ensuring that it is kept up to date with new asset data, undertaking proactive and reactive inspections of these new assets and delivery of maintenance. Increases in resources will impact on Council's resource plan and operational costs.

²² Source: Australian Bureau of Statistics Estimated Resident Population 2020

²³ Source: Profile Id

4.5.4 Financial Constraints

This AM Strategy aims to develop the strategies to achieve the asset management objectives through the balancing of asset service performance, cost, and risk.

Council's unprecedented and sustained growth presents significant infrastructure challenges for both existing gap funding and new infrastructure to cater to the growing population's needs and expectations.

The development of appropriate strategies needs to be undertaken in the context of limited financial resources and competing funding priorities. Incorporating strategic predictive modelling tools and techniques using data modelling software (Predictor©) will allow Council to undertake long-term infrastructure asset planning, across its complex portfolio of infrastructure assets, to:

- Simulate long term financial planning and Asset Investment Planning.
- Predict the future performance and level of service of infrastructure assets.
- Optimise available budgets over the life of the asset portfolio and identify where best to spend monies when funding is constrained.
- Produce 20 plus year Investment Plans, 10-Year Financial Plans, 5-Year Project Level Work Bank; and
- Allow for scenario modelling comparing outcomes of different asset management strategies (treatment types, intervention points, funding/budget levels).

Improvement items have been identified in the Improvement Plan Section to address how Council will manage financial funding challenges that many infrastructure organisations are faced with today.

5 How will we deliver on this Strategy?

The AM Strategy proposes strategies to enable the objectives of the Strategic Plan, Asset Management Policy and Asset Management Vision to be achieved.

Table 6: Asset Management Strategies

Item No.	Strategy	Desired Outcome
1.	Shift from Annual Budgeting to Long Term Financial Planning.	The long-term implications of Council services are considered in annual budget deliberations.
2.	Shift from a budget driven service level model to a service driven budgeting model.	Levels of Service are developed, documented and drive future funding need requirements, which are used as inputs into capital works programs and maintenance works.
3.	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (ideally for more than 80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
4.	Adopt a Long-Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model continues to provide desired levels of service.
5.	Incorporate Year 1 of Long-Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
6.	Review and update asset management plans and long-term financial plans after the adoption of annual budgets. Communicate any consequence of funding decisions on service levels and risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
7.	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability, and performance against strategic objectives in Annual Reports.	Revaluation schedule is in place for regular review and update of asset valuations. Regular independent verification of unit rates and useful lives.
8.	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Processes in place to ensure accurate asset attribute and condition data are regularly reviewed and updated.
9.	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.

Item No.	Strategy	Desired Outcome
10.	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined within staff position descriptions as required and a Responsibility Matrix developed which details the organisational relationships and responsibility with regard to asset management over the asset lifecycle.
11.	Implement Improvement Plans to realise 'core' maturity for the financial and asset management competencies within 2 years.	Program in place to implement continuous improvement and regularly reassess asset management maturity.
12.	Report six monthly to Council by Audit Committee/CEO on development and implementation of Asset Management Strategy, AM Plans and Long-Term Financial Plans.	Oversight of resource allocation and performance.
13.	Resource and undertake regular condition assessments, ensuring that historical condition information is maintained in the AIMS.	Improved understanding and decision making. Improved skills and capability within Council asset teams.
14.	Develop and implement promotion and training programs.	Improved understanding of responsibilities and how staff can contribute to AM improvement and best practice.

6 Financial Summary

A key element in the successful implementation of this AM Strategy is the establishment of a sustainable financial framework upon which the asset class AM Plans may be implemented. This AM Strategy reflects the financial long-term funding plan (LTFP) requirements, that have been developed by Council when developing their current Long Term Financial Plan 2021-2031²⁴.

The financial projections documented in Table 7, will be improved in future iterations of this AM Strategy, as further information becomes available on desired levels of service, improved condition data, asset performance and by incorporation of strategic predictive modelling tools and techniques.

Table 7: Forecast 10-Year Funding Plan

2022-23 (\$,000)	2023-24 (\$,000)	2024-25 (\$,000)	2025-26 (\$,000)	2026-27 (\$,000)	2027-28 (\$,000)	2028-29 (\$,000)	2029-30 (\$,000)	2030-31 (\$,000)	2031-32 (\$,000)
Property									
Spend Type: Capital New / Upgrades									
3,976	2,493	1,465	2,520	1,370	1,939	1,370	1,478	1,308	1,308
Spend Type: Capital Renewal									
17,090	8,832	9,763	8,322	7,615	10,494	12,110	7,482	7,652	7,652
Total Capital									
21,066	11,325	11,228	10,842	8,985	12,432	13,480	8,960	8,960	8,960

²⁴ Currently being revised.

INNER WEST Asset Management Strategy 2022 - 2026

2022-23 (\$,000)	2023-24 (\$,000)	2024-25 (\$,000)	2025-26 (\$,000)	2026-27 (\$,000)	2027-28 (\$,000)	2028-29 (\$,000)	2029-30 (\$,000)	2030-31 (\$,000)	2031-32 (\$,000)
Maintenance & Operational									
13,747	13,828	13,919	14,006	14,095	14,190	14,285	14,383	14,481	14,481
Transport									
Spend Type: Capital New / Upgrades									
8,338	11,753	6,110	5,280	5,490	4,280	4,280	4,280	4,280	4,280
Spend Type: Capital Renewal									
13,882	12,611	11,950	11,950	12,160	10,950	10,950	10,950	10,950	10,950
Total Capital									
22,219	24,364	18,060	17,230	17,650	15,230	15,230	15,230	15,230	15,230
Maintenance & Operational									
18,730	19,123	19,502	19,918	20,346	20,787	21,242	21,710	22,193	22,193
Stormwater and Drainage									
Spend Type: Capital New / Upgrades									
1,605	1,525	980	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Spend Type: Capital Renewal									
1,615	1,545	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Total Capital									
3,219	3,070	2,480	2,900	2,900	2,900	2,900	2,900	2,900	2,900
Maintenance & Operational									
1,472	1,496	1,521	1,547	1,574	1,601	1,629	1,658	1,687	1,687
Parks and Sporting Grounds									
Spend Type: Capital New / Upgrades									
17,911	3,220	3,858	3,354	3,422	2,531	2,804	2,610	2,700	2,700
Spend Type: Capital Renewal									
6,533	7,133	5,677	5,620	4,935	3,886	4,214	4,030	3,790	3,790
Total Capital									
24,445	10,354	9,535	8,975	8,357	6,417	7,017	6,640	6,490	6,490
Maintenance & Operational									
15,076	13,689	13,893	14,102	14,318	14,540	14,768	15,004	15,245	15,245

This funding plan in Table 7²⁵ will be reviewed in conjunction with the development of each asset class AM Plan, which will incorporate strategic predictive modelling techniques. As new information becomes available on growth demand needs and asset lifecycle requirements, these will also be reflected in the 10-Year Funding Strategy.

²⁵ Which excludes noncapital operations and services costs

7 Monitoring, Evaluation & Reviewing

7.1 Performance Measures

The effectiveness of this AM Strategy will be measured and monitored based on annual strategic Council indicators as follows:

- Action the AM strategies in this Strategy;
- Delivery of the Improvement Plan;
- The performance of Council against the Levels of Service documented in each asset class AM Plan; and
- Performance against the Asset Management Ratios documented for each asset class AM Plan.

8 Asset Management Improvement Plan

The Asset Management Improvement Plan which is set out in Table 8 details the key improvement tasks. Completion of these tasks will improve Council's asset management capabilities.

Table 8: Asset Management Improvement Plan

Item No.	Action Item	Responsibility / Lead	Timeline
Operational			
1.	Review and finalise the draft responsibility matrix with a view to identify and streamline roles and responsibilities.	Engineering Services Manager	June 2023
2.	Develop and implement an asset handover process to enable 100% asset data capture of new assets gifted or constructed by others to be captured in Council's asset register on an annual basis.	Engineering Services Manager	December 2022
3.	Undertake analysis to identify financial and accomplishment data on maintenance works to improve alignment with the annual capital funding process, ensuring allocation of appropriate annual maintenance funding. Update of Maintenance funding expenditure in future AM Plan revisions.	Engineering Services Manager, Financial Partnering & Analytics Manager, Senior Manager Operations,	June 2024
4.	Develop and implement frameworks to improve and further develop its lifecycle AM processes to ensure that all lifecycle costs are identified and included in all capital investment decisions.	Engineering Services Manager, Project Managers, Financial Partnering & Analytics Manager	June 2023
5.	Ensure information relating to capacity, functionality and fit for purpose from Council's Community Infrastructure Plan is used to inform renewal planning for all infrastructure assets.	Engineering Services Manager, Facilities Management Manager	June 2025
6.	Undertake regular asset maturity assessment and asset performance monitoring.	Engineering Services Manager	On-going
Transport			
7.	Finalise the Transport assets Prediction Models for adoption and implementation.	Engineering Services Manager	December 2022

Item No.	Action Item	Responsibility / Lead	Timeline
8.	Review and formally document current maintenance Levels of Service regarding all types of transport assets owned or maintained by Council.	Engineering Services Manager	December 2022
9.	Undertake bridge level 2 inspections and update strategic prediction models in future TAMP revisions.	Engineering Services Manager	June 2022
Property			
10.	Review and formally document current maintenance Levels of Service regarding all property assets owned or maintained by Council.	Facilities Management Manager	December 2022
11.	Finalise the Property assets Prediction Models for adoption and implementation.	Facilities Management Manager	December 2022
12.	Future community surveys should include specific questions to the community regarding property assets, to identify and measure performance in delivering this service to the community.	Facilities Management Manager	June 2024
13.	Incorporate BAMP forecast 10-Year funding plan into Council's annual and long-term budgeting and undertake a review of inputs into property valuations.	Facilities Management Manager, Financial Partnering & Analytics Manager	June 2023
14.	Develop condition assessment guidelines and component structure for property assets prior to next revaluations so that data can be improved for future forecasting	Facilities Management Manager, Financial Partnering & Analytics Manager	December 2022
Parks and Sporting Grounds			
15.	Review current maintenance Levels of Service regarding all open space assets owned or maintained by Council. Incorporate Risk Assessment.	Engineering Services Manager	June 2023
16.	Finalise the Open Space assets Prediction Models for adoption and implementation.	Engineering Services Manager	June 2023
17.	Develop condition assessment guidelines and component structure for open space assets prior to next revaluations so that data can be improved for future forecasting	Engineering Services Manager	June 2023
18.	Condition survey of open space assets and incorporate into asset management system	Engineering Services Manager	June 2024
19.	Future community surveys should include specific questions to the community regarding open space assets, to identify and measure performance in delivering this service to the community.	Engineering Services Manager	June 2024
Stormwater and Drainage			
20.	Review current maintenance Levels of Service regarding all drainage owned or maintained by Council. Incorporate Risk Assessment.	Engineering Services Manager	December 2022

Item No.	Action Item	Responsibility / Lead	Timeline
21.	Develop, implement and resource an annual CCTV sampling inspection of underground pipes and update pipe conditions within the asset register.	Engineering Services Manager	December 2022
22.	Finalise the Stormwater and Drainage assets Prediction Models for adoption and implementation.	Engineering Services Manager	December 2024
23.	Identify and capture asset data pertaining to stormwater asset types such as open drains and basins and incorporate into future SAMP reviews.	Engineering Services Manager	December 2023
24.	Identify and maintain a register of known flooding location and undertake drainage capacity analysis as required, to determine capacity and functionality conditions to assist in identifying future works.	Engineering Services Manager	December 2023
25.	Future community surveys should include specific questions to the community regarding stormwater and drainage services, to identify and measure performance in delivering this service to the community.	Engineering Services Manager	June 2024

8.1 Taking a Continuous Improvement Approach

Continuous improvement should be driven through monitoring and review processes. Continuous improvement of Council’s AM System can occur in a variety of different ways:

- At the whole ‘system’ level;
- At the network performance level; and
- At the business process level.

ISO55001 also requires evaluation of performance at different levels with Cl. 9.1 referencing the need to evaluate asset performance, AM performance and the effectiveness of the AM System. Further information regarding Council’s continuous improvement approach is detailed in the Monitoring, Evaluation and Reviewing Section.

8.2 Consequences if actions are not completed

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

- Inability to achieve strategic and organisational objectives;
- Long Term Financial Sustainability – we may have lowered the ability to continue to deliver all the current services in their current form;
- Risks to assets in terms of early failure or increased operational maintenance costs
- Unable to satisfy audit and regulatory reporting; and
- Unable to cope with shifting demand if we are not in control of the future through better data.

9 Asset Management Policy

Title	Asset Management Policy
Summary	<p>The Policy outlines Inner West Council's purpose for planning and delivery of infrastructure services. It ensures that the Council has data, knowledge, systems, resources and processes that will enable long-term asset planning.</p> <p>This Policy also provides the supporting framework that together with the Community Strategic Plan 2036 (endorsed June 2018) and the Integrated Planning and Regulatory Framework 2009, enables the development of the long-term Asset Management Strategy and the Asset Management Plans.</p>
Background	<p>The Local Government Act 1993 (the Act) and the Local Government (General) Regulation 2021 (the Regulation) and the Integrated Planning and Reporting Framework 2009 place several obligations on councils in relation to asset management.</p> <p>The Integrated Planning and Reporting Framework 2009 requires that councils must account for and plan for all the existing assets under its ownership, and any new assets proposed in its Community Strategic Plan and Delivery Program and associated Resourcing Strategy. Councils must:</p> <ul style="list-style-type: none"> • Prepare an Asset Management Strategy and Asset Management Plan(s) to support the Community Strategic Plan and Delivery Program. • Ensure that the Asset Management Strategy and Plan(s) cover a minimum timeframe of 10 years. • Ensure that the Asset Management Strategy includes an overarching Council endorsed Asset Management Policy. • Ensure that the Asset Management Strategy identifies assets that are critical to council operations and outlines risk management strategies for these assets. • Ensure that the Asset Management Strategy includes specific actions required to improve council's asset management capability and projected resource requirements and timeframes. • Councils should actively engage with their local communities, using the Integrated Planning and Reporting Framework (Figure 1) and other measures.

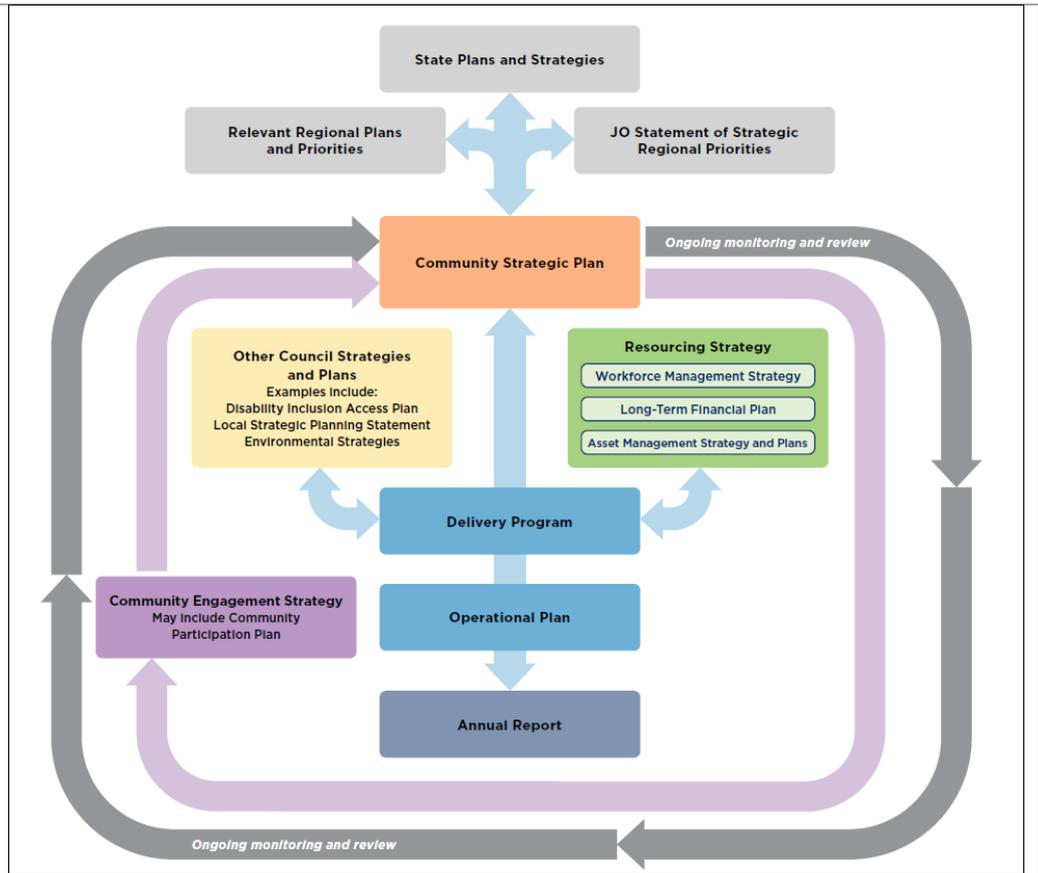


Figure 1 - NSW Integrated Planning and Reporting Framework

Policy Type	Council wide
Relevant Strategic Plan Objective/s	All strategic directions, outcomes and strategies that influence this Policy, are identified in the Community Strategic Plan: <i>Our Inner West 2036</i> .
Relevant Council References	Infrastructure, Plant, Property and Equipment Determination Protocol, Version 2019.001 Community Strategic Plan-Our Inner West 2036, Endorsed June 2018 Asset Management Strategy 2022-2032 Asset Management Plans (For Each Asset Class) 2022-2032
Main Legislative Or Regulatory Reference	Local Government Act 1993 Local Government Amendment (Governance and Planning) Act 2016 Local Government (General) Regulation 2021
Applicable Delegation Of Authority	As per delegations' register
Attachments	None

Record Notes	External available document
Version Control	Refer to last page

Document:	Asset Management Policy	<i>Uncontrolled Copy When Printed</i>	
Custodian:		Version #	Version # 1
Approved By:		ECM Document #	
Adopted By:	Council	Publish Location	Intranet/ Internet
Adopted Date and Minute #:		Next Review Date	March 2026

9.1 PURPOSE

Inner West Council provides a range of services to the community utilising assets. The elected members of Council have the responsibility to care for and protect these assets for present and future generations.

The purpose of this Policy is to outline a framework for the management of assets to deliver Council's Strategic Objectives. The international suite of standards for Asset Management (ISO55000:2014) recognises that 'asset management enables an organisation to realise value from assets in the achievement of its organisational objectives'.

This Policy and the processes that support it will facilitate:

- Achievement of the management objectives for community, infrastructure and operational assets to meet the present and future needs of the community;
- The rationalisation of existing assets and the development of appropriate new assets to meet the needs of the Inner West community for services at an appropriate level now and in the future;
- Delivery of assets at the right cost, at the right time with an appropriately acceptable standard;
- Development of appropriate systems, procedures and controls to enable the above, so that service planning approach can become an integral part of decision making at Council;
- Council's asset management approach has leadership and direction;
- The establishment of a process of stewardship for Asset Management practices; and
- The transparency and accountability for Council's Asset Management approach are in line with the IP&R 2009 and subsequent amendments in 2016.

9.2 OBJECTIVE

This Policy has been produced to ensure the responsible management of assets owned and/or administered by Council, in terms of sustainable social, environmental and economic outcomes, for the ongoing benefit of the Inner West community. Methodologies and processes adopted by the Policy will conform with the ISO55000:2014 suite of standards and the requirements of NSW Integrated Planning Framework 2009 (IP&R 2009).

One of Council's core objectives, in relation to this Policy, is to shift from an asset centric focus to a service centric focus.

9.3 SCOPE

9.3.1 In scope

This Policy applies to all assets owned or administered by Inner West Council and encompasses:

- Community and infrastructure assets; and
- Operational assets used in the provision of community services and other Council operations.

9.3.2 Out of scope

- Natural and heritage assets within Council's boundaries.
- Assets owned and maintained by other government organisations within Council's boundaries.

9.4 DEFINITIONS

TERM	DEFINITION
Asset	Infrastructure such as Roads, Footpaths, Kerb and Gutter, Bridges, Traffic Management Devices, Street and Park Furniture, Stormwater Pipes and Pits, Culverts, Playgrounds, Sports fields, Community, Operational and nominated Crown Land, Buildings, Facilities, Commercial Investments, Plant and Equipment, Natural and Heritage Items owned or administered by Council.
Community Asset	An asset that is used to enable a service or to provide a service to the community, e.g. community centres, swimming pools, libraries and sports complexes.
Infrastructure Asset	An asset that by its nature provides value to the community and/or enables the community to function, e.g. roads, traffic facilities, footpaths, drains, parks and sports fields.
Operational Asset	An asset utilised to administer and facilitate the operations of the council, e.g. plant & equipment and Council administration facilities.
Resource Strategy	The long-term resources required to achieve the objectives established by the Community Strategic Plan. The strategy will include provision for long-term financial planning, workforce management planning and asset management planning.

TERM	DEFINITION
Asset Management Plan	A document outlining the full physical and financial life cycle of an asset. This includes details of the asset components, asset values, depreciation rates, lifecycle expectations, physical condition assessments, maintenance and renewal plans for the whole of the life of the asset.
Asset Management Strategy	A high-level action plan that gives effect to the asset management framework by documenting the approach to delivering on objectives and plans with supporting systems.
Asset Management System	Is a set of interrelated and interacting elements of the organisation, whose function is to establish the asset management policy, asset management objectives and processes to achieve those objectives.
Asset Management Software System	A software system used for asset management with the function of recording and facilitating the data and processes required to deliver the asset management objectives.
Capital Expenditure	Expenditure for 'New' infrastructure and for the 'Renewal' or 'Upgrade' of existing assets that enhance the future service potential of the assets.
Routine Maintenance	Expenditure which does not meet the definition of Capital Expenditure but is incurred to ensure that the asset continues to provide its pre-determined service, function and quality and achieves its expected useful life. Routine maintenance expenditure is of a regular and ongoing nature.
Financial Sustainability	The financing of the full life cycle costs over a minimum 20-year period of Council's assets to not unreasonably burden future generations or unreasonably reduce the service levels for future generations.
Disposal	Activities necessary to dispose of decommissioned assets that are no longer required.
New	Expenditure on new works or acquisitions that create an asset that did not exist in any shape or form.
Renewal	Expenditure on an existing asset which returns the service function or the life of the asset back to its original condition
Upgrade	Expenditure on an existing asset which enhanced and/or improves its function and a consequence provides a higher level of service.

TERM	DEFINITION
Renewal Gap	The difference between the organisation’s current renewal funding and the required renewal demand.
Service Planning	A comprehensive review and planning of a particular area of Council service delivery. The focus of service planning is on quantity, efficiency and ability to sustainably meet the needs of the community/ informing provision of current and future assets.

9.5 POLICY STATEMENTS

Assets owned and/or administered by Inner West Council must:

- Be managed within a framework of clear and transparent processes and records so that it can be demonstrated that responsible management practices have been followed;
- Adopt a service centric framework in line with NSW IP&R 2009 meaning Council will adopt intervention levels for both maintenance and capital works in accordance with affordable and equitable standards;
- Have an identified strategic purpose that contributes to Council’s community infrastructure and/or service delivery objectives as defined in Council’s Community Strategic Plan 2036.
- Be managed so that the assets are structurally sound (fit for service), functionally sound (fit for purpose), aesthetically sound (visually appealing) and are environmentally and financially sustainable into the future;
- Be managed with a life cycle approach where the total life cycle cost of all assets is taken into consideration, i.e. not just initial acquisition costs;
- Be accessible, adaptable and have sufficient capacity to meet the varying needs of the Inner West community over time;
- Have clearly defined custodianship and operational accountabilities for the respective aspects of their management;
- Be identified, registered and recorded in accordance with relevant legislation and accounting standards;
- Have a current Asset Management Plan detailing the whole life cycle of the asset including responsibilities and accountabilities for the delivery, routine maintenance and, as required, the renewal or disposal of the asset;
- Have a current Asset Accounting Policy detailing the methodology of valuations and the methodology of reporting depreciation, as well as key financial ratios, as required for local government financial statements;
- Have a structured Long Term Financial Plan supported by Service Levels from the Asset Management Plan; and
- Be managed within a framework of clear and transparent processes and records so that it can be demonstrated that responsible management practices have been followed through adoption of a service centric framework in line with NSW IP&R 2009 (Integrated Planning and Reporting).

9.6 POLICY IMPLEMENTATION

Council will take a systematic approach to managing its infrastructure assets that is based on good industry practice as defined in the ISO55000:2014 suite, the International Infrastructure Management Manual 2021 and legislative requirements for IP&R 2009 by councils.

- Council will apply asset management to inform, plan and guide decisions about infrastructure assets in order to deliver the optimum balance of services and risks within its fiscal capacity;
- Council will ensure that established service levels will drive future capital and maintenance needs;
- Asset Management Plans will inform Council's Long Term Financial Plan;
- Council will undertake community consultation as per IP&R requirements;
- When new assets are considered or accepted to be acquired, the full life cycle costs (operation, maintenance and renewal funding) are to be determined and considered in the decision making;
- Council will undertake regular condition and risk audits across its entire infrastructure portfolio and these assessments will be based on industry good practice as per IPWEA practice notes; and
- Council will utilise asset data in the calculation of depreciation and will re-value its assets as per the requirements of the Australian Accounting Standards AASB116 & AASB13.

9.7 RESPONSIBILITIES

Responsibilities for implementing this Policy are shared between Councillors, General Manager, Executive and responsible staff as follows:

Council

- Act as stewards for all physical assets owned and/or controlled by Council;
- Adopt the Policy and ensure sufficient resources are allocated to manage Council assets;
- Set levels of service, risk and cost standards based on the community's needs and Council's ability to fund;
- Be aware of and commit to funding infrastructure renewal requirements stated in the Asset Management Plans, to ensure the sustainability of Council's infrastructure base; and
- Ensure investment decisions for new/upgraded infrastructure consider whole-of-life costs, including additional annual operations and maintenance costs.

The General Manager

- Promote asset management across the organisation;
- Ensure that the corporate strategic planning principles embraced by Council are reflected in the Asset Management Policy, Strategy and Plans;
- Monitor progress and performance in the implementation of asset management plans; and
- Allocate appropriate resources to achieve asset management objectives.

Executive and Management Team

- Responsible for implementing infrastructure asset management plans, systems, policies and procedures;
- Foster and support the cross-functional Asset Management Steering Group;;
- Ensure that accurate and reliable information is presented to Council for decision-making;
- Ensure that adequate resources (human, systems and materials) are provided to implement the Asset Management Strategy and Asset Management Plans; and
- Ensure there is training and capacity built into the human resources involved with Asset Management at Council.

Asset Management Steering Group (comprising responsible asset owners and nominated staff)

- Ensure that all asset management activities are consistent with the objectives of Council's Community Strategic Plan, and the Integrated Planning and Reporting Framework;
- Ensure that people, processes and systems are in place and work together to deliver services and meet the corporate infrastructure asset management objectives;
- Oversee the development and implementation of asset and risk management plans for all asset classes;
- Represent the key asset management functions e.g. Infrastructure Planning, Maintenance and Construction, Finance, Community Engagement and direct service provisions such as Recreation and Community Services;
- Monitor and review the status of implementation of the Asset Management Policy and Asset Management Strategy and Plans;
- Provide guidance for the development of long-term Asset Management Plans for all major asset classes;
- Provide guidance on Council's asset revaluation cycles and condition assessment programs; and
- Evaluate and prioritise Capital Works projects on Council owned assets and recommend the annual and 10-year program to the Executive and Management Team.

Asset Management Team

- Have asset management responsibilities reflected in position descriptions as appropriate.
- Develop and maintain Council's Asset Management Strategy;
- Develop and maintain Asset Management Plans for the assets under their control, including determination of asset renewal requirements i.e. proposed timing and estimated costs of end of life renewal using the principles of good asset management practice;
- Deliver asset maintenance, renewal, upgrade and disposal programs in accordance with Asset Management Plans and agreed levels of service;
- Review the Asset Management Policy every four (4) years, Strategy and Asset Management Plans annually; and
- Engage up-to-date technologies, methodologies and continuous improvement processes in the management of Council's assets.

Finance Team

- Report accurately on the status of Council's infrastructure assets in line with financial standards and statutory requirements;
- Responsible for the processing of capitalisation, disposal and other asset transactions; and
- Coordinate asset accounting deliverables and initiatives with Council's asset management team.

9.7.1 Policy Review

This Policy shall be reviewed at an interval not exceeding four (4) years and/or will be reviewed and updated in the year following Council general elections. This Policy may also be reviewed and amended to recognise any changes in strategic directions, outcomes and strategies as documented in Council's Community Strategic Plan, that may influence this Policy.

Accountability for reviewing this Policy rests with the Director Infrastructure.

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10.1 REFERENCES

1. NSW Local Government Act 1993
2. NSW Integrated Planning Framework 2009

INNER WEST Asset Management Strategy 2022 - 2026

3. ISO55000:2014 – International suite of standards for Asset Management.
4. Australian Accounting Standards – AASB116/13/108/36.
5. IPWEA Financial Planning Guidelines.
6. IPWEA International Infrastructure Management Manual (IIMM 2021 edition).

Version Control – POLICY HISTORY:

Governance Use only:

Version	Amended By	Changes Made	Date	ECM Document #
1	Asset Management Policy	Policy replacing 2018 Policy	Mar 2022	#
2				