EXECUTIVE SUMMARY

This Asset Management Strategy has been developed as part of the long term planning by Fairfield City Council and outlines our understanding of the assets that we own and manage on behalf of the community.

Fairfield City Council reported at the end of 2016 an asset portfolio worth $1.8 billion. These assets provide service to the community and do not include land value or capital work still in progress. Fairfield City Council through its commitment to strategic asset management aims:

“To provide the appropriate mix of community infrastructure and assets at a sustainable service level and cost that contributes to the achievement of the vision of the Fairfield City Community”.

The vision of the Fairfield City Community is articulated through consultation with the community and is expressed in the Fairfield City Plan. In this way the priorities of the community inform the delivery of services through the most suitable assets that meet their needs.

The priorities identified by residents for inclusion in the City Plan 2026 were:
1. Local Traffic Flow and Road Safety
2. Community Safety
3. Inviting and Well Used Community Places and Parks
4. Connected Transport System
5. Job Opportunities
6. Cleaner Streets and Public Areas
7. Attractive and Lively Town Centres
8. Car Parking Spaces
9. Access to Schools, Universities, Colleges and TAFE
10. Affordable Housing

Supporting the Asset Management Strategy are Asset Management Plans:

- Roads and Transport (i.e. roads, footpaths, traffic facilities)
- Parks and Recreation (i.e. play/fitness equipment, sportsfields)
- Stormwater Drainage (i.e. pits/pipes, detention basins)
- Community Buildings (i.e. Leisure Centres, Libraries, Halls)
- Monuments and Memorials
- Streetscapes/Trees
- Information and Communication Technology Assets and Closed Circuit Television systems

This strategy outlines what we need to do to manage these assets effectively now and into the future as well as the actions required to improve the management of these assets.
INTEGRATED PLANNING AND REPORTING

The Local Government Integrated Planning and Reporting (IPR) Framework is a legislative requirement for all NSW councils. Councils are required to develop a series of long, medium and short term plans to ensure councils are more community focused, responsive and sustainable in the long term.

What are the plans in the Framework?

Fairfield City Council’s IPR Framework is made up of a number of plans including:

- Fairfield City Plan (10 years) *Community Strategic Plan*
- Delivery Program (4 years)
- Operational Plan (1 year)

These plans are informed by a Resourcing Strategy that is made up of:

- Long Term Financial Plan – 10 years (money)
- Asset Management Policy, Strategy and Plans – 10 years (assets)
- Workforce Management Plan – 4 years (people)

*The red box above identifies the document you are reading and where it sits in the Framework.*
About the Resourcing Strategy

The resourcing strategy is the point at which Council reviews what money (Long Term Financial Plan), assets (Asset Management Strategy) and people (Workforce Management Plan) are available to ensure that the services, major programs and projects identified in the Delivery Program are delivered to the community. The resourcing strategy determines what Council as a stakeholder is able to deliver of the community’s vision, priorities and needs as set out in the 2016-2026 Fairfield City Plan (City Plan).

About the Asset Management Policy, Strategy and Plans

The Asset Management Policy, Strategy and Plans are one part of the resourcing strategy that enables Council to implement strategic asset management. Together they outline how Council is going to manage its infrastructure in the long term.

- **The Asset Management Policy** provides an overall direction for undertaking essential asset management in a structured and coordinated way.

- **The Asset Management Strategy** provides more detail on the implementation and growth of asset management capability. Aiming to optimise resources to meet the community’s expectations, as identified in the Fairfield City Plan.

- **Asset Management Plans** capture an inventory of everything that Council owns or controls, setting out maintenance requirements and intervention points where renewal is required. This planning enables efficient and cost effective service delivery with funding allocated to ensure that Council can sustain its assets into the future (Long Term Financial Plan).
STATE OF OUR ASSETS

To understand the complexity and range of our assets we have grouped them into families or major asset classes. The below pictorial shows the replacement value of major asset types in 2016.

Replacement Value – (shown below in $’000’s)

<table>
<thead>
<tr>
<th>Major Asset Type</th>
<th>Replacement Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Buildings</td>
<td>$286,231</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>$179,970</td>
</tr>
<tr>
<td>Stormwater Drainage</td>
<td>$250,409</td>
</tr>
<tr>
<td>Roads and Transport</td>
<td>$47,093</td>
</tr>
<tr>
<td>Information and Communications Technology</td>
<td>$110,974</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>$24,295</td>
</tr>
<tr>
<td>Trees</td>
<td>$250,409</td>
</tr>
<tr>
<td>Parks and recreation</td>
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<td>$24,295</td>
</tr>
<tr>
<td>Trees</td>
<td>$250,409</td>
</tr>
</tbody>
</table>
Major Programs

Fairfield City Council has established major programs for asset renewal. Ongoing assessment of its assets and analysis of data to identify the intervention point to maintain infrastructure assets in a satisfactory condition, informs these major programs.

The major programs are for a 4 year period. They are exhibited and remain available to the community for feedback. This gives a level of confidence that assets are being maintained to this agreed service level.

For new assets, Fairfield City Council calculates the upfront capital cost associated with creating the asset (e.g. Fairfield Youth and Community Centre opened in 2015) and the ongoing cost to maintain and operate the new asset through its entire useful life. This decision process is summarised in the flowchart below:

**Asset Decision Cycle**
DEVELOPING ASSET MANAGEMENT FOR FAIRFIELD CITY

The story of strategic asset management at Fairfield City Council had simple beginnings. It started with a count of assets, an assessment of their condition, putting a financial value on the asset and estimating how long it would last.

Fairfield City Council adopted its first Asset Management Policy, Strategy and Asset Management Plans for its main infrastructure assets in 2011. This commenced strategic asset management for Fairfield City Council. These documents were reviewed and updated as part of the adoption of the 2013-2017 Delivery Program.

Over the last 4 years the asset management practices at Fairfield City Council have been significantly developed. Improved information about assets enabled the 4 year works programs to be provided for public exhibition prior to inclusion in the 2017/18-2020/21 Delivery Program. The local community was for the first time invited to review the proposed renewal works for footpath, kerb and gutter and roads.

Fairfield City Council informed its condition rating applied to its assets as shown in the table below:

<table>
<thead>
<tr>
<th>Level</th>
<th>Condition</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Excellent</td>
<td>No work required (normal maintenance)</td>
</tr>
<tr>
<td>2</td>
<td>Good</td>
<td>Only minor work required</td>
</tr>
<tr>
<td>3</td>
<td>Average</td>
<td>Some work required</td>
</tr>
<tr>
<td>4</td>
<td>Poor</td>
<td>Some renovation required within 1 year</td>
</tr>
<tr>
<td>5</td>
<td>Very Poor</td>
<td>Urgent renovation/upgrade required</td>
</tr>
</tbody>
</table>

In exhibiting to the community its 4 year works program Fairfield City Council committed to identifying and renewing all assets considered to be in condition 4 (poor) or condition 5 (very poor) including them in the 2017/18-2020-21 Delivery Program for replacement.

The feedback from the community allowed the confirmation of a high level of confidence in the accuracy of Council’s asset management system. Importantly, Council’s budgets have been aligned to asset renewal requirements. This marks a shift from previous practices where works programs had budget allocations which were increased annually by the CPI (Consumer Price Index).

In summary, previous asset management practice was to escalate budgets where now a condition based approach informs maintenance and renewal investment. This is a significant change in practice. The 2017/18-2020/21 Delivery Program marks this landmark change with strategic asset management, for the first time, driving the budgets of Fairfield City Council.
STRATEGIC ASSET MANAGEMENT – CURRENT PRACTICE

The Asset Management Policy, Strategy and Plans enable Council to implement strategic asset management as an integral part of its Resourcing Strategy. Together they outline how Council is going to manage its infrastructure in the long term.

This Asset Management Strategy has been developed to ensure that Fairfield City Council has the right assets, service levels, capabilities and strategies in place to meet the community’s expectations, as identified in the 2016-2026 Fairfield City Plan.

Council’s target is to make sure that all of Council’s assets are in a “satisfactory” condition. “Satisfactory” is defined by the Australian Macquarie Dictionary as “fulfilling all demands or requirements”. The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset that is currently not in the condition determined to be satisfactory by the Council and community. This should not include any planned enhancements.

Fairfield City Council has identified for renewal, all assets in Condition 4 (poor) or Condition 5 (very poor) as part of the works scheduled in the 2017/18 – 2020/21 Delivery Program. It is anticipated that Councils will be required to report in future an infrastructure backlog ratio that calculates the cost to bring an asset to a “satisfactory” standard compared to the Gross Replacement Cost. This will identify the percentage of assets that are below the intervention level, at a point in time.

The asset condition criteria broadly applied for the major types of infrastructure assets is shown pictorially, as a guide, in the images below:

**Condition Criteria for Infrastructure Assets**

<table>
<thead>
<tr>
<th>Asset Type – Community Buildings</th>
<th>Condition 1 - Excellent</th>
<th>Condition 2 - Good</th>
<th>Condition 3 - Average</th>
<th>Condition 4 - Poor</th>
<th>Condition 5 - Very Poor</th>
</tr>
</thead>
</table>
### Asset Type – Roads

<table>
<thead>
<tr>
<th>Condition 1 - Excellent</th>
<th>Condition 2 - Good</th>
<th>Condition 3 - Average</th>
<th>Condition 4 - Poor</th>
<th>Condition 5 – Very Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>No work required (normal maintenance)</td>
<td>Only minor work required</td>
<td>Some work required</td>
<td>Some renovation needed within 1 year.</td>
<td>Urgent renovation/upgrading required</td>
</tr>
</tbody>
</table>

### Asset Type – Kerb and Gutter

<table>
<thead>
<tr>
<th>Condition 1 - Excellent</th>
<th>Condition 2 - Good</th>
<th>Condition 3 - Average</th>
<th>Condition 4 - Poor</th>
<th>Condition 5 - Very Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal maintenance No work required</td>
<td>No visible defects</td>
<td>Some work is required as minor defects visible</td>
<td>Some renovation required within 1 year. A number of visible defects are visible</td>
<td>Significant percentage of kerb and gutter exhibiting severe displacement</td>
</tr>
</tbody>
</table>

### Asset Type – Footpath

<table>
<thead>
<tr>
<th>Condition 1 - Excellent</th>
<th>Condition 2 - Good</th>
<th>Condition 3 - Average</th>
<th>Condition 4 - Poor</th>
<th>Condition 5 – Very Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand new footpath Very good condition no visible defects</td>
<td>Good condition only minor defects visible</td>
<td>Renovation required within 1 year. Defects visible</td>
<td>Significant percentage of footpath exhibiting severe cracking and defect</td>
<td></td>
</tr>
</tbody>
</table>
### Asset Type – Play Equipment

<table>
<thead>
<tr>
<th>Condition 1 - Excellent</th>
<th>Condition 2 - Good</th>
<th>Condition 3 - Average</th>
<th>Condition 4 - Poor</th>
<th>Condition 5 - Very Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand new playground</td>
<td>As new condition</td>
<td>Good condition only minor defects visible</td>
<td>Renovation required within 1 year.</td>
<td>Significant damage to the structure</td>
</tr>
</tbody>
</table>

### Asset Type – Bridge – Concrete

<table>
<thead>
<tr>
<th>Condition 1 - Excellent</th>
<th>Condition 2 - Good</th>
<th>Condition 3 - Average</th>
<th>Condition 4 - Poor</th>
<th>Condition 5 – Very Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand new Concrete Component</td>
<td>Very good condition no visible defects</td>
<td>Good condition only minor defects visible</td>
<td>Renovation required within 1 year. Defects visible</td>
<td>Significant percentage of Concrete exhibiting severe cracking and defect</td>
</tr>
</tbody>
</table>

### Asset Type – Bridge – Steel

<table>
<thead>
<tr>
<th>Condition 1 - Excellent</th>
<th>Condition 2 - Good</th>
<th>Condition 3 - Average</th>
<th>Condition 4 - Poor</th>
<th>Condition 5 - Very Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand new steel component</td>
<td>Very good condition no visible defects</td>
<td>Good condition only minor defects visible</td>
<td>Renovation required within 1 year. Defects visible</td>
<td>Significant percentage of steel exhibiting severe rusting and defects</td>
</tr>
</tbody>
</table>
### Asset Type – Bridge – Timber

<table>
<thead>
<tr>
<th>Condition 1 - Excellent</th>
<th>Condition 2 - Good</th>
<th>Condition 3 - Average</th>
<th>Condition 4 - Poor</th>
<th>Condition 5 - Very Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand new Timber Component</td>
<td>Very good condition no visible defects</td>
<td>Good condition only minor defects visible</td>
<td>Renovation required within 1 year. Defects visible</td>
<td>Significant percentage of Timber exhibiting severe Cracking and defect</td>
</tr>
</tbody>
</table>

### Asset Type - Stormwater channel

**Condition 1 - Excellent**
- Brand new channel in perfect condition

### Asset Management Plans

The Asset Management Plans (AMPs) capture an inventory of everything that Council owns or controls grouped into families or asset types. The Asset Management Plans set out the maintenance requirements and the intervention points where renewal is required. This is the planning that enables efficient and cost effective service delivery with funding allocated to ensure that Council can sustain its assets into the future (Long Term Financial Plan).
FIT FOR THE FUTURE

Local Government Reform has resulted in 3 performance measures specific to infrastructure (asset management) that Council must meet to demonstrate that it is sustainable or “Fit for the Future”.

These measures are audited annually and reported to the NSW Government.

Fairfield City Council has the capacity to meet these indicators of long term financial health:

i. **Asset Renewal Ratio greater than 100%**
   Asset renewal expenditure divided by depreciation.

   Fairfield City Council has asset renewal expenditure which is sufficient to maintain assets in the long term.

ii. **Infrastructure Backlog Ratio less than 2%**
   Back log is calculated by the estimated cost to bring assets to a satisfactory condition (Condition 3) divided by the total of Councils infrastructure, buildings, other structures and depreciable land assets.

   Fairfield City Council assets across the portfolio are in an average condition of good (2) or better.

iii. **Asset Maintenance Ratio greater than 100%**
    Maintenance/renewal expenditure must be equal or more than that required to meet the service level (asset in a satisfactory condition).

   Fairfield City Council reported at 30 June 2016 an asset maintenance ratio in excess of 100%.
Each year Fairfield City Council reports on the condition of its major asset types to the Department of Local Government.

The table below shows the average condition of each asset type reported by Fairfield City Council as at 30 June 2016:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Category</th>
<th>Average Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads and Transport</td>
<td>Road Pavements, at ground Car Parks, Traffic Facilities, Street Furniture</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td>Kerb and Gutters</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td>Footpath and Cycle-ways</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td>Bridges</td>
<td>1.5</td>
</tr>
<tr>
<td>Storm water Drainage</td>
<td>Drainage assets (visible)</td>
<td>1.7</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>Park assets</td>
<td>2.0</td>
</tr>
</tbody>
</table>

**AVERAGE CONDITION – ACROSS ALL ASSET TYPES - 1.8 (good/excellent)**

In 2016/2017 as part of Local Government Reform the NSW Government Audit Office was appointed to undertake the annual audit of asset management for Fairfield City Council. This will assist Council to continue to identify improvements to asset management and financial accounting.
WHERE DO WE WANT TO BE?

Fairfield City Council’s 2017/18-2026/27 Asset Management Strategy builds upon asset management achievements to identify the improvement priorities and actions for Fairfield City Council to improve its asset management.

This continuous improvement is targeted to enable Fairfield City Council to identify opportunities to get the best value from its assets whilst testing that they continue to be fit for the purpose that the community informs as important.

The priority themes and the objectives that they encompass are:

**Asset Lifecycle Management:**
- Capturing performance data to enable analysis and improve decision making
- Comparative information developed and implemented to drive efficiencies
- Future needs analysis
- Continue to build the detail of 10 year forward program for operations, maintenance and renewal to agreed asset standards

**Asset Capitalisation:**
- Improved asset capitalisation processes

**Asset Information Management:**
- Complete asset management suite of plans and integrate into the Long Term Financial Plan (LTFP)
- A consolidated and integrated asset register with better asset information

**Service Management:**
- Maintenance spend focused to meet agreed service outcomes

**Risk Management:**
- Risk Management consideration

**Innovation:**
- Innovation opportunities
HOW WILL WE GET THERE?

An Asset Management Steering Committee oversees the continued development of Strategic Asset Management at Fairfield City Council.

The steps identified for improving Councils Asset Management Planning form a Major Program in Councils 2017/18-2021/21 Delivery Program with the following categories and objectives identified to be addressed over the next four years. Details of actions to be undertaken each year are provided in annual Operational Plans and can be found under Theme 2 – Places and Infrastructure within each document as identified below:

Theme 2 – Places and Infrastructure

Major Program - Civil and Built

Asset Management Strategy
Continued improvement of Councils Asset Management Planning

Asset Lifecycle Management

<table>
<thead>
<tr>
<th>Objective 1</th>
<th>Capturing performance data to enable analysis and improve decision making</th>
</tr>
</thead>
</table>
| Actions 2017/2018 | • Review and update the sub-division guidelines and work specifications.  
• Continue to develop Councils Standards and Specification (Public Domain Manual) for efficiencies of maintenance.  
• Specification for programmed maintenance work to be completed to enable centralised procurement of contracts to deliver efficiency of service cost and delivery.  
• Better reporting to tenants of programmed maintenance provision with tenants able to electronically complete a satisfaction survey against the service level provision.  
• Ability to provide reliable budgetary cost projections for programmed maintenance.  
• Improvement of the Quality Management documentation for Building and Facilities for transparency of service cost and the asset management of the programmed maintenance.  
• Analysis of breakdown maintenance requests/opertational requirements to inform resourcing of the resources for community building services.  
• Incorporate the stormwater drainage plans into the Asset Management System with electronic mapping interface. |
<table>
<thead>
<tr>
<th>Objective 2</th>
<th>Comparative information developed to drive efficiencies</th>
</tr>
</thead>
</table>
| **Actions**| - Reviewing and realistically setting the operational budgets against the service level for:  
  - Roads maintenance  
  - Building breakdown maintenance  
  - Review the useful life of Council's assets across the major fixed infrastructure categories.  
  - Jointly develop a methodology with Liverpool City Council to enable the comparison of asset useful life. |

<table>
<thead>
<tr>
<th>Objective 3</th>
<th>Future Needs Analysis</th>
</tr>
</thead>
</table>
| **Actions**| - Collaborate with Council’s Social and Cultural Development Division to inform asset requirements based on demographic change and required community services.  
  - Complete Quality Management Directories for Community Buildings that provides information about the current services delivered through Council’s Community Buildings to inform design, maintenance and renewal.  
  - Continue to undertake and report on Lessee use of facilities to advise our community about how assets have been used to set appropriate maintenance and renewal priorities. |

<table>
<thead>
<tr>
<th>Objective 4</th>
<th>Continue to build the detail of 10 year forward programs for operations, maintenance and renewal to agreed asset standards</th>
</tr>
</thead>
</table>
| **Actions**| - Collaborate with internal tenants to agree the programmed maintenance plans that meet business needs and base budgets on programmed maintenance requirements.  
  - Develop breakdown and programmed maintenance reports across the community building portfolio.  
  - Develop a structured forward planning framework for capital improvements to assets, facilities and service delivery in consultation with users/tenants.  
  - Ensure that service delivery costs are distinct from asset maintenance/renewal expenditure and that customer requests for service can be correctly allocated.  
  - Continue to develop the 10 year maintenance and renewal programs to inform the Long Term Financial Plan in consultation with the users and tenants of community facilities.  
  - Identify annual cost of maintenance (reactive and programmed) for each building asset category and incorporate into the Building and Facilities Asset Management Plan.  
  - Complete and adopt a Playground/Fitness Equipment Strategy.  
  - Incorporate relevant changes arising from new or revised strategies into the relevant Asset Management Plans, prioritising the updating required to the Parks and Recreation Asset Management Plan as a consequence of Council’s review of its Open Space Strategy. |
Asset Capitalisation

<table>
<thead>
<tr>
<th>Objective</th>
<th>Improved asset capitalisation processes</th>
</tr>
</thead>
</table>
| Actions   | • Improve system performance for recording and managing capitalisation of built assets.  
           | • Ensure processes for the rolling capitalisation of infrastructure renewal projects are implemented.  
           | • Ensure processes are in place for Project Managers to identify the asset components and costs associated with renewal and new capital projects.  
           | • Provide training for Project Managers in City Financials to track their project costs.  
           | • Ensure delegations are corporately in place to match the capital project delivery requirements.  
           | • Ensure that handover is completed and signed off as financially correct by each Project Manager and that the Financial Ledger is closed. This ensures financial integrity of the asset register. |

Asset Information Management

<table>
<thead>
<tr>
<th>Objective 1</th>
<th>A consolidated and integrated asset register with better asset information</th>
</tr>
</thead>
</table>
| Actions     | • Cleanse data between Councils Asset Management System and its Financial System for correct alignment at the parent level of assets – prioritising Buildings and Facilities and Parks and Recreation.  
           | • Develop the breakdown and programmed maintenance activities required for capture in Councils Financial System prioritising Buildings and Facilities and Parks and Recreation. |

<table>
<thead>
<tr>
<th>Objective 2</th>
<th>Complete asset management suite of plans and integrate into the Long Term Financial Plan (LTFP)</th>
</tr>
</thead>
</table>
| Actions     | • Prioritise the inclusion in the Conquest Asset Management System of Pool Plant and Equipment (under Park and Recreation AMP).  
           | • Prioritise the identification of the programmed maintenance and costs for Pool Plant and Equipment. |

Service Management

<table>
<thead>
<tr>
<th>Objective</th>
<th>Service needs analysis undertaken.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions</td>
<td>• Continue to develop service levels and to survey the community expectation.</td>
</tr>
</tbody>
</table>
### Risk Management

<table>
<thead>
<tr>
<th>Objective</th>
<th>Risk Management consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions 2017/2018</td>
<td></td>
</tr>
<tr>
<td>• Assess and determine any critical risk management factor to address.</td>
<td></td>
</tr>
<tr>
<td>• Review and better monitor the Risk Management Plans within each asset class.</td>
<td></td>
</tr>
</tbody>
</table>

### Innovation

<table>
<thead>
<tr>
<th>Objective</th>
<th>Innovation opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions</td>
<td></td>
</tr>
<tr>
<td>• Explore further the use of mobile devices for breakdown maintenance work.</td>
<td></td>
</tr>
<tr>
<td>• Continue to identify efficiencies through programmed tendering and contracting.</td>
<td></td>
</tr>
</tbody>
</table>
TERMS/DEFINITIONS

Asset
Something which is owned by a Council that has a value; enables services to be provided; or has an economic life of greater than 12 months.

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

Asset Management Plan (AMP)
A plan developed for the management of one or more assets that combines multi-disciplinary management techniques (including financial and technical) over the life cycle of the asset in the most cost effective manner to provide an appropriate level of service.

Asset Management Policy (AMPo)
The overall intentions and direction of an organisation relating to its assets and the framework for the control of asset related processes and activities that are driven by and consistent with the organisational strategic plan.

Asset Management Strategy (AMS)
The Asset Management Strategy identifies assets that are critical to the Council’s operations and includes specific actions required to improve Council’s asset management capability, projected resource requirements and delivery timeframes.

Strategic Asset Management Plan
Sets out Fairfield City Council’s long term management for all existing assets under its control and any new asset solutions proposed in the City Plan and Delivery Program. The Strategic Asset Management Strategy consists of three components consisting of:
- An Asset Management Policy
- An Asset Management Strategy
- Asset Management Plans

Asset Register
A record of asset information considered worthy of separate identification including inventory, historical, financial, condition and construction, technical and financial information about each.

Lifecycle Cost
The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.

Service Level
Defining and meeting community expectation; about the quality and quantity of a service delivered by a Council.
**Long Term Financial Plan (LTFP)**
The Long Term Financial Plan informs decision making in the Community Strategic Plan and the Delivery Program. The Long Term Financial Plan covers a minimum of 10 years and is updated annually as part of the development of the Operational Plan.

**Resourcing Strategy**
The long-term resources required to achieve the objectives established by the City Plan and the Delivery Program. The strategy includes provision for long-term financial planning, workforce management planning and asset management planning.

1 BACKGROUND

This policy forms part of Fairfield City Council’s Resourcing Strategy which is a key component of the NSW Integrated Planning & Reporting Framework (IPR).

The Local Government Integrated Planning and Reporting (IPR) Framework is a legislative requirement for all NSW councils. Councils are required to develop a series of long, medium and short term plans to ensure councils are more community focused, responsive and sustainable in the long term.

What are the plans in the Framework?
Fairfield City Council’s IPR Framework is made up of a number of plans including:

- Fairfield City Plan (10 years)
  Community Strategic Plan
- Delivery Program (4 years)
- Operational Plan (1 year)

These plans are informed by a Resourcing Strategy (10 years) that is made up of:

- Long Term Financial Plan 10 years (money)
- Asset Management Policy, Strategy and Plans (assets) – 10 years
- Workforce Management Plan 4 years (people)

About the Resourcing Strategy

The resourcing strategy is the point at which Council reviews what money (Long Term Financial Plan), assets (Asset Management Strategy) and people (Workforce Management Plan) that are available to deliver the services, major programs and projects to the community. The resourcing strategy determines what Council as a stakeholder is able to deliver of the community’s vision, priorities and needs as set out in the 2016-2026 Fairfield City Plan (City Plan).

About the Asset Management Policy, Strategy and Plans

The Asset Management Policy, Strategy and Plans are one part of the resourcing strategy that enables Council to implement strategic asset management. Together they outline how Council is going to manage its infrastructure in the long term.

- The Asset Management Policy sets a broad framework for undertaking essential asset management in a structured and coordinated way.
- The Asset Management Strategy provides more detail on the implementation and growth of asset management capability. Aiming to optimise resources to meet the community’s expectations, as identified in the Fairfield City Plan.
- Asset Management Plans capture an inventory of everything that Council owns or controls, setting out maintenance requirements and intervention points where renewal is required. This planning enables efficient and cost effective service delivery with funding allocated to ensure that Council can sustain its assets into the future (Long Term Financial Plan).
1.1. Policy Scope:
Fairfield City Council provides assets and infrastructure to provide services to its community. The function of its assets must be resourced sustainably to meet agreed community needs and service levels. This policy applies to all asset classes owned by Fairfield Council which consist of the following:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Items included in Asset Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads and Transport</td>
<td>Roads, Carparks, Footpaths, Kerb &amp; Gutter, Bridges, Bus Shelters, Bike Paths, Roadside Furniture, Signage, Street Lighting</td>
</tr>
<tr>
<td>Stormwater Drainage</td>
<td>Drains, Pipes, Culverts, Pits, Gross Pollutant Traps, Wetlands</td>
</tr>
<tr>
<td>Monuments and Memorials</td>
<td>Statues, Plaques, Artworks</td>
</tr>
<tr>
<td>Streetscapes/Trees</td>
<td>Street Trees, Trees in Parks/Bushland Reserves</td>
</tr>
<tr>
<td>Information and Communication Technology &amp; CCTV systems</td>
<td>Computers, Telephones, Radio Control Systems, CCTV, generators and back up</td>
</tr>
<tr>
<td>Plant &amp; Equipment</td>
<td>Motor Vehicles, Trucks, Construction Equipment, Gardening Equipment</td>
</tr>
<tr>
<td>Land</td>
<td>Community, Operational</td>
</tr>
</tbody>
</table>

1.2. Policy Purpose:
The purpose of this Policy is to achieve Council’s Asset Management Vision which is:

“To provide the appropriate mix of community infrastructure and assets at a sustainable service level and cost that contributes to the achievement of the vision of the Fairfield City Community.”

All aspects of asset management consisting of the creation, operation, renewal and disposal of assets to meet Fairfield City’s diverse needs and future growth need to be addressed. To achieve this Council has to ensure it has information, knowledge and understanding about the long term and cumulative consequences of being the custodian of public infrastructure. This is done by ensuring Council has in place systems, processes and people to inform decisions on the most effective and efficient options for delivering infrastructure related services whilst controlling exposure to risk and loss.

Fairfield City Council is the custodian of a large and diverse asset portfolio and currently owns and maintains over $1.8 billion worth of assets. These assets function to deliver social and economic benefits to community and business.

A strong and sustainable local government system requires a robust planning process to ensure that those assets are maintained and renewed in the most appropriate way on behalf of local communities. As custodian, Fairfield City Council is responsible to effectively account for and manage these assets and to have regard to the long-term and cumulative effects of its decisions. This is a core function of all councils and is reflected in the Charter, in Section 8 of the Local Government Act 1993 (NSW).

Failure to adequately manage infrastructure assets is a key risk that could prevent local councils from achieving their long term strategic goals and impact directly on service delivery levels.
1.3. Policy Process:

Asset Management relates directly to the Fairfield City Plan, Council’s Delivery Program and Resourcing Strategy:

The Fairfield City Plan 2016-2026
Expresses and outlines the long-term desires of the community. It provides a resource to assist Council in determining appropriate provision of infrastructure and sustainable levels of service.

Council’s Delivery Program
Sets out the desired services and infrastructure, that Fairfield City Council will provide to the community. The asset management process determines the life cycle cost, funding requirements and service levels for current and future generations.

Resourcing Strategy
The achievement of the community’s aspirations as identified in the Community Strategic Plan (Fairfield City Plan 2016-2026) and provision of services and infrastructure through the Delivery Program requires money assets and people. Councils are required to have a Resourcing Strategy to ensure the provision of resources required to implement the strategies for which Council is responsible. The strategy must include a Long Term Financial Plan, Asset Management Plan and Workforce Management Plan.

The Long-Term Financial Plan 2016 – 2026
Is the mechanism by which the funding requirements of the Asset Management Plan and other corporate objectives in the Delivery Program are implemented.

The Strategic Asset Management Plan
Defines what assets or infrastructure are required and how they will be funded and maintained over their life.

The Workforce Management Plan
Sets out the staff resources required by the Council to deliver the services and projects identified in the Delivery Program.

This Asset Management Policy sets out the principles to be followed in the Asset Management Strategy that will govern the provision of asset related services within the Fairfield City Local Government Area. The Asset Management Plans set out the assets, critical to the council’s operations and outlines maintenance and risk management strategies for them. The overall Asset Management Framework defines accountabilities for service planning and delivery.

2 OBJECTIVES & GOALS

The objectives and goals of this policy are to:

- Prioritise the needs of the community within the resources available to Council
- Ensure that Council’s services and infrastructure are provided in a sustainable manner with appropriate levels of service to residents, users, visitors and the environment.
- Safeguard Council assets by implementing appropriate Asset Management Plans and appropriate financial treatment of those assets.
- Create an environment where council employees take an integral part in the overall management of council assets by creating and sustaining Asset Management awareness throughout Council.
- Develop medium to long term programs of works for the provision and maintenance of assets.
- Meet or surpass legislative requirements for Asset Management.
- Ensure resources and operational capabilities are identified and responsibility for asset management is allocated.
• Demonstrate transparent and responsible asset management processes that align with demonstrated best practice.
• Ensure that Council is minimising risk as part of its ongoing management of assets.
• Ensure the appropriate service levels are developed and implemented in consultation with the community

3 DEFINITIONS

To assist in interpretation of this Asset Management Policy, the following definitions apply:

Asset
Something which is owned, leased or managed by a Council that has value, enables services to be provided or has an economic life of greater than 12 months.

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

Asset Management Plan (AMP)
A plan developed for the management of one or more assets that combines multi-disciplinary management techniques (including financial and technical) over the life cycle of the asset in the most cost effective manner to provide an appropriate level of service

Asset Management Policy (AMPo)
The overall intentions and direction of an organisation relating to its assets and the framework for the control of asset related processes and activities that are driven by and consistent with the organisational strategic plan.

Asset Management Strategy (AMS)
The Asset Management Strategy identifies assets that are critical to the Council’s operations and outlines risk management strategies for these assets.

The Strategy frames three inherent questions:
• What is the current situation?
• Where do we want to be?
• How will we get there?

For this reason, the Strategy includes specific actions required to improve Council’s asset management capability, projected resource requirements and delivery timeframes. The Asset Management Strategy balances the resources required in Asset Management Plans with those available in the Long Term Financial Plan. This provides the mechanism to report on the options available, service level outcomes and risk consequences.

Asset Register
A record of asset information considered worthy of separate identification including inventory, historical, financial, condition and construction, technical and financial information about each.

Lifecycle Cost
The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, renewal and disposal costs.

Long Term Financial Plan (LTFP)
The Long Term Financial Plan informs decision making in the Community Strategic Plan and the Delivery Program. The Long Term Financial Plan covers a minimum of 10 years and is updated annually as part of the development of the Operational Plan. The Long Term Financial Plan includes:
• Projected income and expenditure, balance sheet and cash flow statement
• Planning assumptions used to develop the Plan
• Sensitivity analysis - highlights factors/assumptions most likely to affect the Plan
• Financial modelling for different scenarios e.g. planned/optimistic/conservative
• Methods of monitoring financial performance

Resourcing Strategy
The long-term resources required to achieve the objectives established by the Community Strategic Plan and the Delivery Program. The strategy includes provision for long-term financial planning, workforce management planning and asset management planning.


ISO 31000 provides guidance on the attributes of enhanced risk management. These key attributes are:

• **Continual Improvement**: through the setting of performance goals against which the organisation or its manager’s are measured;
• **Full Accountability of Tasks**: designated individuals fully accept accountability, are appropriately skilled and have adequate resources to check controls, monitor risks, improve controls and communicate effectively about risks;
• **Risk Management Application in all Decision Making**: no matter the level of importance or significance, explicit consideration of risks and risk management needs to take place;
• **Continual Communications**: contact with internal and external stakeholders including the frequent reporting of risk management performance;
• **Full Integration with the Organisation’s Governance Structure**: the organisation’s governance structure and process should be based on the management of risk.

Service Level
Defining and meeting community expectations in relation to the quality and quantity of a service delivered by a council.

**Strategic Asset Management Plan**
Sets out Fairfield City Council’s long term management for all existing assets under its control and any new asset solutions proposed in the City Plan and Delivery Program. The Strategic Asset Management Strategy consists of three components consisting of:

• An Asset Management Policy
• An Asset Management Strategy
• Asset Management Plans

4 STAKEHOLDERS

The roles and responsibilities associated with Asset Management are:

The Council

• To act as overall stewards for assets that are owned and controlled by Council
• To adopt the Asset Management Policy and Asset Management Strategy, monitor their outcomes and review on a regular basis.
• To adopt and support the Asset Management Plan (AMP) and its outcomes
• To approve levels of service, risk and cost standards
• To approve the appropriate resources for asset management activities in the Long Term Financial Plan (LTFP), Delivery Program and Operational Plan.
• To provide asset provision and maintenance through its Delivery Program and Operational Plan.
City Manager
- The City Manager has overall responsibility for developing an Asset Management Policy, Asset Management Strategy, Asset Management Plan, procedures and reporting on the status and effectiveness of asset management within the Council.

Executive Leadership Team
- To oversee the operation of the Asset Management Planning Sub-Committee and ensure its direction meets Council and community aims.
- To ensure that accurate and reliable information is presented to Council for decision-making.
- To ensure that adequate resources are provided to implement the Asset Management Strategy and Asset Management Plan.
- To ensure compliance with legislative requirements relating to asset management and ensure that environmental, social, economic and governance standards are taken into account in asset management.
- Validate and challenge proposals to ensure they meet the 2016-2016 Fairfield City Plan goals and outcomes and the broad directions set by Council's Asset Management Policy and Asset Management Strategy.
- Ensure that community and key stakeholders' inputs are integrated into the Asset Management Plan.

Asset Management Planning Sub-Committee
- To implement and monitor the Asset Management Policy and the Asset Management Strategy with reference to Asset Management Plans.
- Ensure that the responsibility for all asset management activities is assigned within the organisation.
- Ensure that skill levels are sufficient to achieve the required results.
- Coordinate a consistent corporate approach to the preparation of Asset Management Plans.
- Monitor and review the performance of staff in implementing asset management.
- Ensure that the information flow for Financial Planning and Reporting is in place.
- Report to the Executive Leadership Team on progress.

Asset Managers/Owners
- To develop and implement appropriate asset management plans.
- To monitor and review the implementation of the Asset Management Policy, Asset Management Strategy and Asset Management Plan.
- Continually seek innovative ways to meet service needs.
- To ensure that community needs and expectations are considered in the development of the Asset Management Plan.
- To review the performance of asset management programs such as maintenance programs and capital works programs.
- Ensure efficient and effective use of council funds and optimising ‘life cycle’ costs of all assets.
- Promote and raise awareness of asset management to the council, staff, key stakeholders and the community.
- To consider ‘whole of life costs’ of any new asset acquisition.
- To evaluate and prioritise capital works projects/programs and recommend the annual and 10 year program to the Executive Leadership Group.
- To provide advice on strategic plans, land use planning and major developments within the Local Government Area.

Asset Users/Tenants
- To use or occupy Council assets under agreement with the asset owner, or where applicable, the asset manager in accordance with adopted Council policies relating to the use or occupation of the class of asset or type of transaction.
5 APPLICATION & IMPLEMENTATION

5.1.1 Council is committed to implementing a systematic asset management framework as set out in the Integrated Planning and Reporting Framework to achieve asset management best practices across all areas of Fairfield City Council. This includes ensuring that assets are planned, created, operated, inspected, maintained, renewed and disposed of in accordance with Council’s priorities of service delivery.

5.1.2 Asset management within Fairfield City relates directly to the Council endorsed 2016-2016 Fairfield City Plan and impacts the following community goals:

Theme 1: Community Wellbeing
- Goal b Healthy and active community
- Goal c A safe community
- Goal d An inclusive city with access to opportunities for their community

Theme 2: Places and Infrastructure
- Goal a An accessible and liveable city
- Goal b Community assets are well managed into the future
- Goal c Inviting and well used open spaces

Theme 3: Environmental Sustainability
- Goal a A sustainable natural environment
- Goal b Community assets are well managed into the future
- Goal c Inviting and well used open spaces

Theme 4: Local Economy and Employment
- Goal a Range of resilient businesses
- Goal b Attractive and lively City

Theme 5: Good Governance and Leadership
- Goal a A well engage and informed community
- Goal b Fairfield City is financial sustainable and responsible
- Goal c Strengthen relationships and partnerships within our community

5.1.3 The Asset Management Strategy and Asset Management Plan cover a minimum timeframe of 10 years.

5.1.4 ’Whole of life cost’ will be the basis of decision making by Council in the acquisition of new assets, specifically considering the implications for maintenance and renewal budgets.

5.1.5 An Asset Management Plan will be developed for each Asset Class [as set out in the Policy Scope 1.1 of this Policy] for the long term strategic management of Council assets and will include financial plans. The Asset Management Plan will address:

[a] How Council plans, acquires, manages, inspects, maintains, records, reviews and disposes of assets. This will include the establishment of service levels, inspections and condition audits to inform decisions on assets and to identify future asset and funding needs.

[b] Reflect all corporate strategic plans (City Plan, Delivery Program, Operational Plan and Long Term Financial Plan) affecting an asset’s useful life.

[c] Set out the basis for financial planning for assets. This requires the integration of the Asset Management Plan (AMP) with the Long Term Financial Plan (LTFP). This will ensure the resultant asset spending strategy contained within the AMP has been factored into Council’s projected revenue and expenditure forecasts as set out in the LTFP. This process tests financial sustainability.

[d] Life cycle cost analysis for the management of assets.
5.1.6 An inspection regime and consistent condition rating will be used to ensure agreed service levels, intervention methods and renewal priorities can be determined across all asset classes.

5.1.7 Council will consider the principles contained in AS/NZ ISO 31000:2009 Risk Management - Principles and Guidelines when identifying, analysing, evaluating and treating risks presented by Council assets and infrastructure.

5.1.8 Council works projects, asset maintenance and asset renewal will be appropriately evaluated and prioritised using predetermined criteria and principles outlined in the Asset Management Strategy and Asset Management Plan.

5.1.9 Council will maintain an asset register of all assets under its control and will regularly review its asset inventory and identify opportunities for asset rationalisation.

5.1.10 Accounting and costing of assets will be conducted in accordance with Australian Accounting Standards (AASB 116 Property Plant & Equipment, AASB 5 Noncurrent Assets held for Sale & Discontinued Operations, AASB 136 Impairment of Assets and AAS 27 Financial Reporting by Local Government), the Local Government Asset Accounting Manual, the Local Government Code of Accounting Practice and relevant circulars.

5.1.11 Where appropriate predictive modelling will be used to develop and implement preventative maintenance programs to ensure that lowest net life cycle cost is achieved and asset potential optimised.

5.1.12 Council’s assets will be utilised to their optimum potential, to maximise usage and economic performance, based on performance targets relating to particular classes of assets set out in the Asset Management Strategy.

5.1.13 Service levels provided by assets will be determined in consultation with the community.

6 RELATED POLICIES/PROCEDURES/GUIDELINES

- Planning and Reporting Guidelines for Local Government in NSW
- National Asset Management Framework
- IPWEA NAMS.PLUS National Templates for Asset Management Plans
- International Infrastructure Management Manual
- Accounting Regulations:
  - AASB 116 Property, Plant & Equipment
  - AASB 5 Noncurrent Assets held for sale & Discontinued Operations
  - AASB 136 Impairment of Assets
  - AAS 27 Financial Reporting by Local Government
- Local Government Asset Accounting Manual
- Fairfield City Plan 2016-2026 – Community Strategic Plan
- Fairfield City Council Delivery Program 2017/18-2020/21
- Fairfield City Council Operational Plan
- Fairfield City Council Asset Management Strategy 2017/18-2026/27
7 **RELEVANT LEGISLATION**

- Local Government Act 1993 – S403

8 **VARIATION**

Council will annually review and report on the results and implementation of the long-term plans mentioned in this policy.

These are:

- Community Strategic Plan (Fairfield City Plan)
- Long Term Financial Plan
- Asset Management Strategy
- Asset Management Plans

9 **REVIEW DATE**

This policy shall be reviewed not less than every four years or considered within the first year of each newly elected council.

10 **AUTHORISATION**

This section identifies authority who reviewed the policy and the date that it became effective.

E.g. Council Resolution on <date, month, year> <Item No. in Council Minutes>; EMT on <date, month, year> <File No. if necessary>