

Asset Management Strategy

2022 - 2032 Draft

Glen Street



northern
beaches
council

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Introduction

Assets are an integral part of the way Council delivers services for the community. They provide transport links within, to and from the Northern Beaches; provide safe areas for communities to play, learn, be active and social; and reduce the impacts of storms.

Each year Council invests significantly into our assets to ensure that they meet the needs of the community, are well maintained, safe and operational, refurbished when needed and disposed of when required. There needs to be effective and sustainable management of these activities, which includes considering asset resilience to natural hazards and climate change.

Asset management is a 'whole of life' approach that ensures the sustainable delivery of assets to the community, meets community needs and is consistent with Council's business excellence approach. Good asset management maintains an understanding of the cost, risk and performance trade-offs in the short, medium and long-term, and caters for future growth and changing needs.

The Asset Management Strategy is one element of a larger suite of documents that provides guidance on consistent, effective and sustainable asset management practices across Council. It provides a framework to support staff in delivering the community's vision of:

Northern Beaches - a safe, diverse, inclusive and connected community that lives in balance with our extraordinary coastal and bushland environment





Introduction



Our assets

Council is responsible for \$3 billion of infrastructure assets, \$2.5 billion of land and \$120 million of other assets including plant and fleet. The asset classes covered by this Strategy are stormwater, transport, parks and recreation, buildings, land and others. These assets help meet a variety of community needs by supporting Council's service delivery. Each class also addresses the eight community outcomes that are captured in our long-term Community Strategic Plan 2040 (CSP).

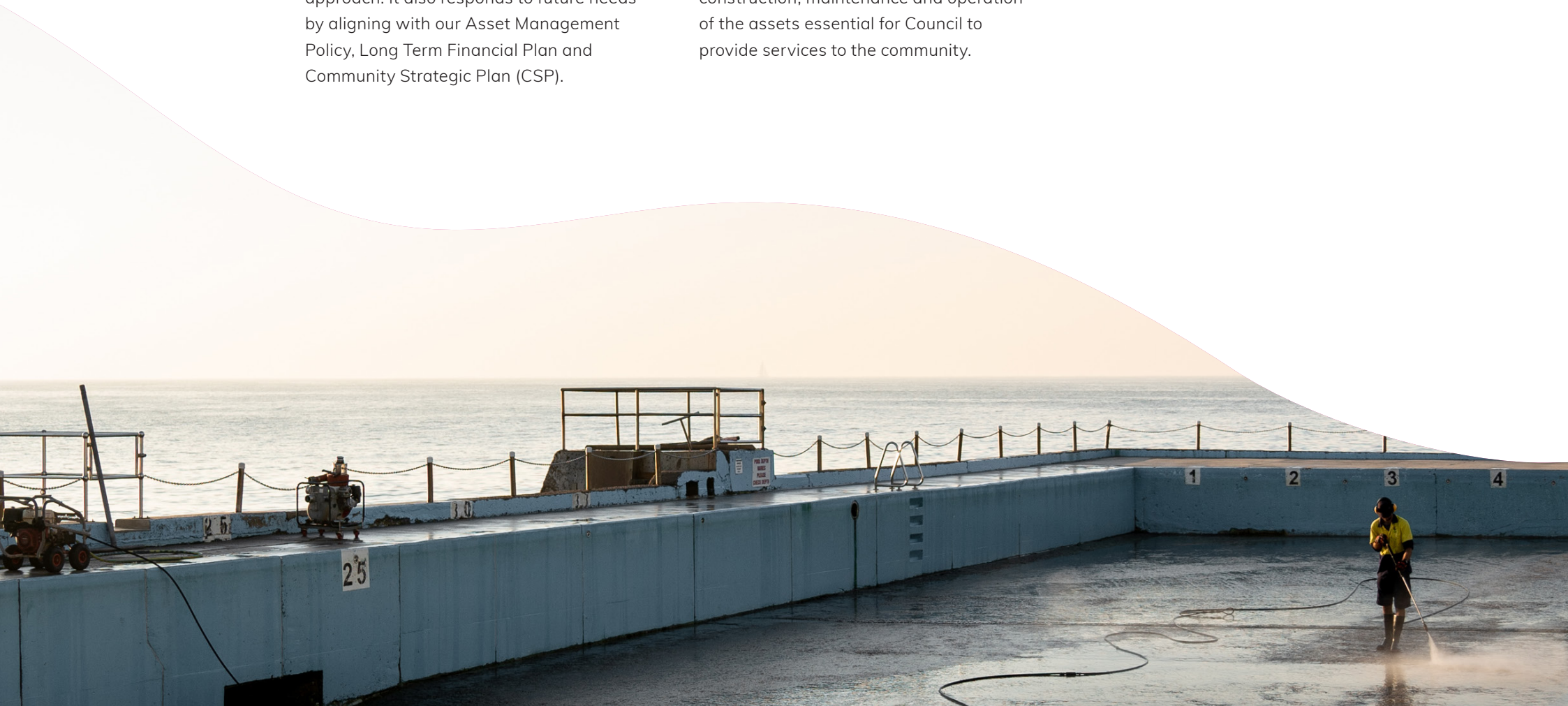


Purpose of the Asset Management Strategy

“The purpose of this Strategy is to ensure our asset portfolio is meeting the current and future needs of our community in the most cost effective and sustainable way, consistent with a business excellence approach. It also responds to future needs by aligning with our Asset Management Policy, Long Term Financial Plan and Community Strategic Plan (CSP).

The Strategy is supported by an asset management approach that is consistent, meets statutory requirements, and is cost effective and sustainable. It provides strategic guidance for the planning, construction, maintenance and operation of the assets essential for Council to provide services to the community.

It sets out high level objectives, our current asset management maturity and where we need to improve. Areas for improvement over the next 10 years are outlined in this document’s Action Plan.



Why is the Strategy needed?

This Strategy demonstrates how our Asset Management Policy will be implemented. This Policy, at Appendix A, supports the vision and aspirations of the Northern Beaches community, and provides a foundation for sustainable, consistent, and sound asset management practices in a transparent and trusted manner. There are various legislative requirements and codes of practice that Council must comply with to manage its assets. Some key examples are:

- Integrated Planning and Reporting framework: under the Local Government Act 1993, Council must have a 10-year Resourcing Strategy covering the provision of resources required to implement our 20-year Community Strategic Plan and four-year Delivery Program of capital works. The Asset Management Strategy is one of three components of the Resourcing Strategy, in addition to strategies on workforce management and the Long Term Financial Plan.
- Local Government Act: Council also has a number of statutory responsibilities in relation to asset management under the Local Government Act 1993, which outlines Council's functions, responsibilities and powers, including providing and maintaining community infrastructure. This legislation states in part that Council shall have regard to the long term and cumulative effects of its decisions; bear in mind that it is the custodian and trustee of public assets; and effectively account for and manage the assets for which it is responsible.
- Other legislation: the NSW and federal acts and associated regulations that apply to strategic asset management include the Roads Act 1993; Environmental Planning and Assessment Act 1997 and Regulations 2000; Work Health and Safety Act 2011 and Regulations 2017; and the Protection of the Environment Operations Act 1997 and Regulations 2009. The Civil Liability Act 2002 also requires Council to minimise the risk to Council from public liability and address the reasonable expectations of the community in managing the risk to the public through the prudent management of Council's assets.



- Codes and standards: many standards and other codes apply to asset management from planning, to risk, technical and financial management. These include:
 - Building Code of Australia (and referenced Australian Standards)
 - AS/NZ ISO 31000 Risk Management – Principles and Guidelines
 - AS/NZ ISO 55000 Asset Management – Principles and Guidelines
 - International Infrastructure Management Manual
 - International Infrastructure Financial Management Manual
 - Australian Infrastructure Financial Management Manual
 - AS/NZ 3760 In-service Safety Inspection and Testing of Electrical Equipment
- AASB 116 Property, Plant and Equipment – prescribes requirements for recognition and depreciation of property, plant and equipment assets
- AASB 13 Fair Value Measurement – sets out methods for determining Fair Value
- AASB 136 Impairment of Assets – aims to ensure that assets are carried at amounts that are not in excess of their recoverable amounts
- AASB 1021 Depreciation of Non-Current Assets – specifies how depreciation is to be calculated
- AAS 1001 Accounting Policies – specifies the policies that Council is to have for recognition of assets and depreciation
- AASB 1041 Accounting for the Reduction of Non-Current Assets – specifies the frequency and basis of calculating depreciation and revaluation basis used for assets
- AAS 1015 Accounting for Acquisition of Assets – method of allocating the value to new assets on acquisition
- AAS 1010 Recoverable Amounts of Non-Current Assets – specifies requirement to test the reasonableness of valuations
- Local Government Code of Accounting Practice and Financial Reporting.

Other drivers include some of Council's key policies, strategies and plans that address the long term needs of our community:

- Local Strategic Planning Statement
- Transport Strategy and action plans
- Environment and Climate Change Strategy and action plans
- Coastal Zone Management Plans
- Local Housing Strategy
- Property Strategy
- Economic Development Plan
- Sportsground Strategy
- Community Centres Strategy
- Enterprise Risk Management Policy

These documents provide insight into current and future trends and assist in determining priorities across the assets.



Our Community

A photograph of a man and a woman on a boat deck at sunset. The man is wearing a white shirt and the woman is wearing a white top and skirt. They are looking out at the water. The text 'Our Community' is overlaid on the left side of the image.



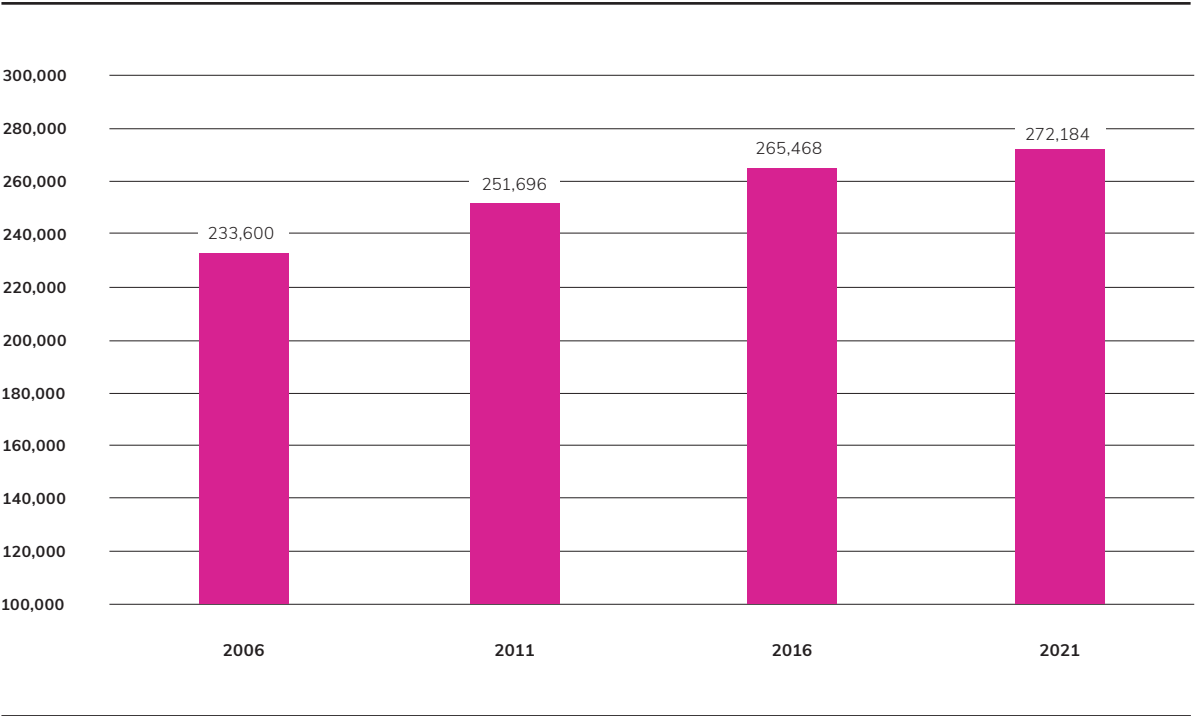
How our community has changed

Most trends described in this section primarily draw on Census data up to 2016 and will be updated when 2021 Census data becomes available.

Population growth 2006 to 2021

For the 15 years to 2021 our population increased by over 38,000 people to 272,184, an average increase of 2,572 people per year. The figure below shows this steady growth.

Figure 1 - Total population 2006-2021 (Estimated Resident Population)





How our community has changed

Trends in age groups to 2016

Service age groups divide the population into age categories that reflect typical life-stages, based on Census data. The largest single group in our community are the

parents and homebuilders aged 35 to 49 years, comprising 23% of our population. This is followed by those in the adjacent age brackets, the young workforce (12%), and older workers and pre-retirees (13%).

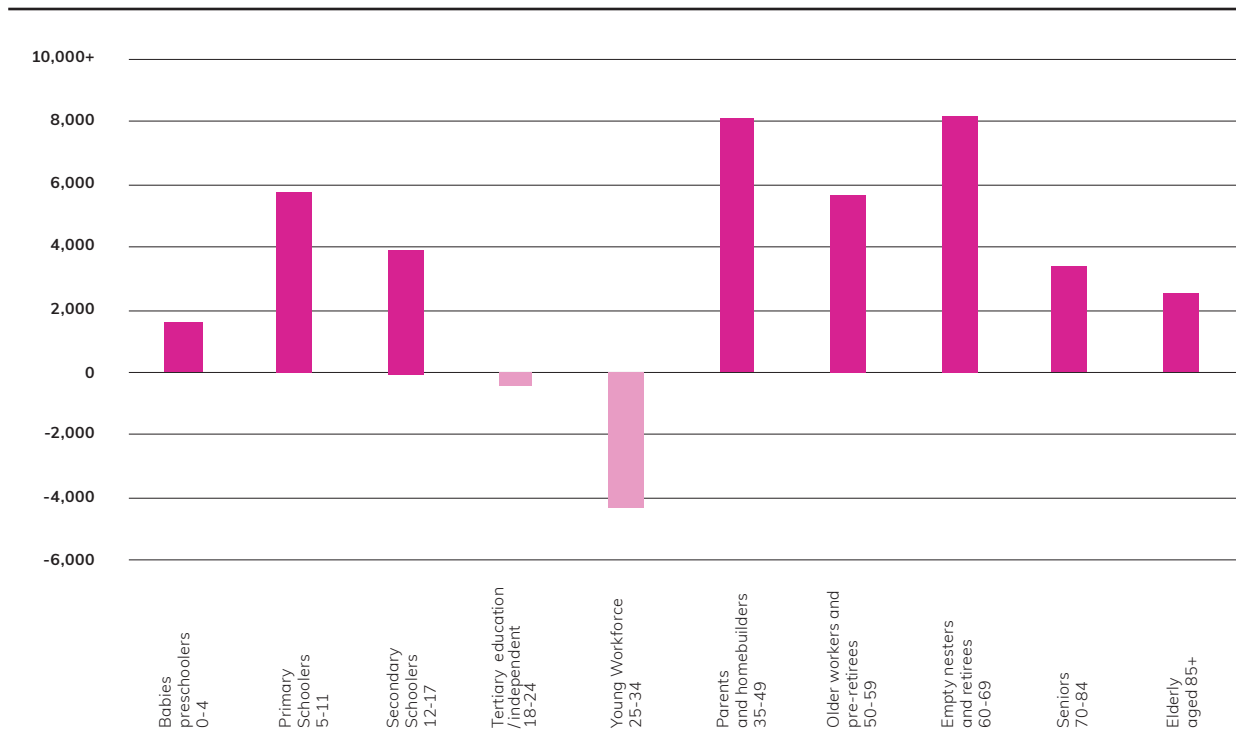
In the 15 years to 2016, there was growth in some groups, and contraction in others. Significant growth included:

- parents and homebuilders age group, increasing by 8,060 people (up 16%)
- older workers and pre-retirees, increasing 5,703 (up 21%)
- empty nesters and retirees aged 60 to 69, increasing 8,235 (up 48%)
- primary schoolers aged 5-11, increasing 5,688 (up 30%)

There was contraction amongst the young workforce aged 25-34, falling 4,331 (down 13%). Those in the tertiary education/ independent group also contracted, falling by 533 (down 3%).

Such differential change can cause competing demands and planning challenges. The growth groups drive demand for services and assets to cater for families, older workers and seniors. While planning also needs to address the obstacles to retaining our young adults and young workforce.

Figure 2 - Change in service age groups 2001-2016



Similar trends are found when comparing changes across the five-year age groups.

The age groups with the greatest numerical growth were:

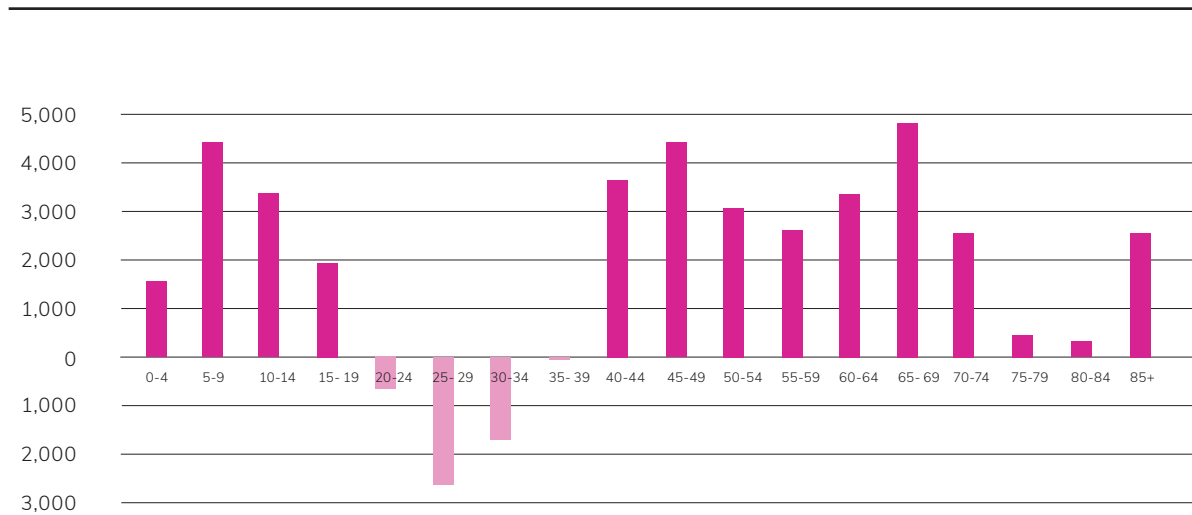
- 5-9 years up 4,429 (33%)
- 40-44 years up 3,660 (22%)
- 45-49 years up 4,460 (30%)
- 65-69 years up 4,888 (67%)

Our ageing population is seen with the greatest percentage growth in retirees, seniors and elderly:

- ages 60-64 and 70-74, both up 34%
- ages 65-69, up 67%
- ages 85+, up 58%

This was accompanied by declines in the 20s and 30s age groups, most significantly a 2,653 fall (16%) in those aged 25-29, confirming a loss of young adults and young workforce.

Figure 3 - Change in age structure 2001-2016



Projected changes to 2036

Population and dwellings

From the latest population estimate of 272,184 the Northern Beaches area is forecast have a population of over 304,000 people by 2036¹. Population growth on the Northern Beaches will be lower than surrounding areas, and Greater Sydney, due to local constraints. With large areas of national park, other bushland and floodplains, and the lack of major transport infrastructure such as a train line to support the efficient movement of people, more substantial growth cannot be supported in an efficient and sustainable way.

Council's Local Housing Strategy 2021 projects that 12,000 more dwellings will be required between 2020 and 2036 to accommodate the growth in population²

Growth area

The Local Housing Strategy also outlines that the majority of the Northern Beaches will see little change, with new development

focused on centres. Strategic centres at Dee Why, Brookvale, Mona Vale, Manly and Frenchs Forest serve as hubs for employment, and typically have higher density forms of housing. There are also opportunities for more housing diversity along the existing B-Line bus route (Manly Vale, Brookvale, Dee Why, Narrabeen, Warriewood and Mona Vale) and Manly. If a new east-west B-Line bus route is established in future, Beacon Hill and Forestville may also accommodate more housing diversity.

There are opportunities to address the 'missing middle' by infill development in suburbs e.g. dual occupancies, manor houses, and multi-dwelling forms like terraces. This is low-scale housing which can increase diversity and be compatible with existing housing character in the area.

Growth areas will require assets that cater to their changing demographics, as well as serving the general population. Council will

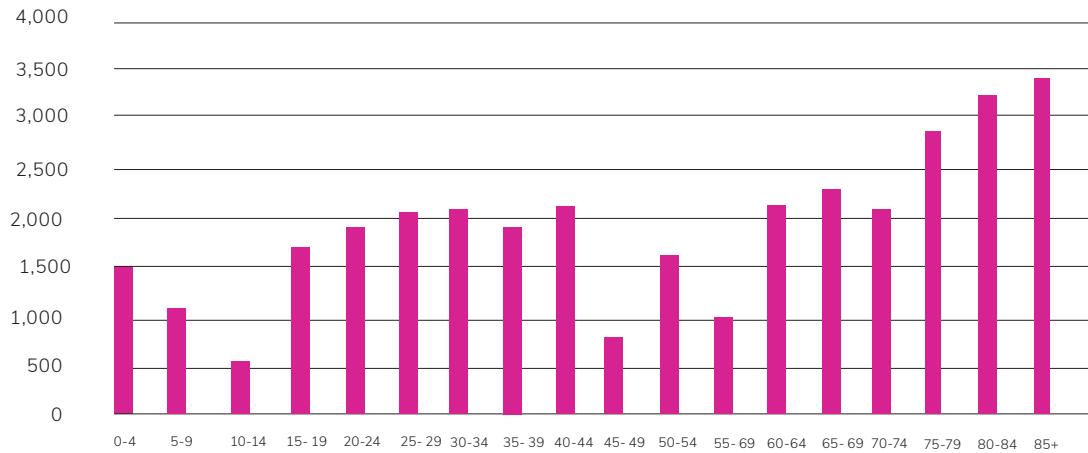
continue to plan for and assess the needs of their communities – especially the provision of footpaths, local road infrastructure (parking, stormwater, kerb and guttering, etc) as well as community facilities and open spaces. Planning in and around our centres will incorporate high quality urban design and associated infrastructure such as open space, community facilities and transport.

Age groups

Looking at expected changes over 16 years from 2020 through to 2036, all five-year age groups will increase.

¹ID Planning – Population forecast <https://forecast.id.com.au/northern-beaches>
²Northern Beaches Local Housing Strategy, Northern Beaches Council 2021.

Figure 4 - Projected change in age structure 2020-2036³



The parents and home builders group (aged 35-49) will remain the dominant group at 21% of the community. Most groups will have moderate growth of 10-15%, and the previous loss of young adults and young workforce (ages 20-34) is expected to reverse into growth of around 13%.

The greatest growth, by number and percentage, will be in those aged 60 and over. This comprises 46% of the total population growth and will add another

16,000 people as our community ages:

- age 60-64 up 2,117 (up 15%)
- age 65-69 up 2,287 (up 18%)
- age 70-74 up 2,106 (up 18%)
- age 75-79 up 2,862 (up 32%)
- age 80-84 up 3,239 (up 52%)
- age 85+ up 3,378 (up 48%).



These changes in the age profile have significant implications for the provision of flexible assets and services that can cater for the shifting needs across children, tertiary students and workers, as well as families, seniors and the elderly. These forecasts also need to be considered in future planning for community needs such as housing, education, health, recreation, care and accessibility, transport, economic development and our centres.

³ ID Planning Forecast - population and age structure <https://forecast.id.com.au/northern-beaches/population-age-structure>

Community expectations

In developing our first Community Strategic Plan, comprehensive engagement in 2016-17 highlighted the community's concerns about population growth - such as more traffic and commuting pressures, accessibility of community facilities, parking, parks and open space usage. They were also concerned whether current infrastructure (such as water, stormwater, sewerage, waste, local roads and footpaths) could withstand additional population pressures. Other priorities important to asset planning included:

- safe, connected and inclusive neighbourhoods, playgrounds and community spaces
- accessibility of multi-purpose community centres
- supporting businesses and local place initiatives and improvements, for business growth and tourism
- improvements to public places and facilities in centres.

Broad feedback from our community since 2017, captured when developing our long-term strategies, has highlighted what they consider to be the big challenges for our future⁴. These are seen as housing affordability, mental health, the environment including climate change, as well as infrastructure. Transport and connectivity are also considered significant, particularly for congestion and public transport. Our community acknowledge that the need for more infrastructure is at odds with the over-arching desire to maintain and protect the natural environment that makes the Northern Beaches so special.

⁴ Community Strategic Plan Discussion Paper, Northern Beaches Council Northern Beaches Council 2022

In response, the revised Community Strategic Plan 2040 has a stronger emphasis on some aspects that are relevant for asset planning:

- well designed, sustainable and resilient places and spaces
- vibrant local centres that are sustainable, safe, diverse and support work, tourism, education and social needs
- spaces for social interaction, stimulating wellbeing, and healthy and active living
- access to education and lifelong learning opportunities
- a resilient local economy that can respond to changing conditions
- infrastructure to support active travel and local shopping.

A range of other long term Council strategies have also been developed with community input on future needs, and have highlighted the priorities for transport, housing, environment, community sustainability, resilience, community centres, children's services, sportsfields and open space.

Council continues to seek community feedback on aspects that are vital to asset planning. In 2022 we are conducting a broad community survey on the importance and satisfaction placed by residents on our services and facilities – this will help highlight perceived gaps in meeting expectations.

The priorities arising from all this community feedback are factored into our asset planning, particularly in the annual review of our Asset Management Plan.



A photograph of an empty theater with rows of red seats facing a stage. The theater is dimly lit, with several spotlights visible on the ceiling. The text "Objectives and actions" is overlaid in large white font on the left side of the image.

Objectives and actions



Strategic context and objectives

This document provides the strategic line of sight starting with the community vision and goals captured in the Community Strategic Plan, flowing onto priorities in our lead strategies and plans. These are responded to by the Asset Management Policy at Appendix A, which sets out key principles.

Drawing on these, the Strategy then sets out strategic objectives to address the community's changing needs, the assets and approach required to address them, and the priority actions needed over the next 10 years. This provides the strategic context for the Asset Management Plan.

Figure 5 – strategic line of sight for asset management



The five principles of the Asset Management Policy guide our asset management approach:

- plan for and provide assets that are safe, adaptive, fit-for-purpose and resilient
- meet the needs of the community into the future
- follow best value and sustainable asset management practices
- promote best practice asset management and clear responsibilities within the organisation
- comply with legislative requirements and industry standards.

These principles are expanded upon in the following strategic objectives of this Strategy:

- apply risk management practices to ensure sound asset performance, community safety and resilience, including risks associated with climate change and other stressors
- focus adaptation and mitigation investment on critical assets and infrastructure to ensure they are resilient to natural disasters and climate change impacts
- build understanding of system and asset risks, interdependencies, vulnerabilities, and identify opportunities to improve continuity, redundancy and scalability.
- consult with the community and key stakeholders to establish agreed levels of service to meet current and changing needs
- ensure asset management decisions consider sustainability and adaptability, based on full life cycle costs through

acquisition, operation, maintenance, renewal, adaptation and disposal

- integrate asset management, long term financial and strategic resource planning to ensure Council's long-term financial sustainability
- allocate adequate resources to asset management functions across the organisation, ensuring roles and responsibilities are well defined, understood and accept
- implement the asset management framework for consistent, systematic, and sustainable asset management planning and delivery
- implement asset management to ensure that best value, best practice and legislative compliance are implemented and exhibited throughout Council

High level actions

The objectives provide direction for a suite of strategic actions, outlined in the Asset Strategy Action Plan in Appendix B. This action plan provides a list of high level actions which aim to:

- improve Council's Asset Management Maturity
- improve Council's forward planning capabilities
- ensure Council's asset related risks are managed appropriately
- ensure that environmental considerations and climate resilience is incorporated into Asset Management practice
- ensure that the assets that Council provides meet the needs of the community.

The high level actions in the Action Plan are to be delivered over the coming 10 year period, acknowledging that they require significant investment of time and resources.

The strategic objectives and actions align with the Australian Business Excellence Framework (ABEF) and will support the development of Council into a high performing organisation.

Implementing these elements will improve Council's ABEF rating by addressing the key elements of an improvement cycle:

approach: a clear asset management strategy and plan on what we are trying to achieve

deployment: effective deployment of the approach throughout the organisation, equipping the asset managers and their staff with the knowledge, plans and systems needed

results: measuring the progress of the strategy and plan, as well as asset performance and improvement

improvement: implementing an annual review of the Asset Management Plan and Strategy for their relevance and effectiveness.



Our structured approach





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Asset Management Framework

The Asset Management Strategy forms part of Council's Resourcing Strategy. The other elements of the Resourcing Strategy are:

- Long Term Financial Plan: outlines the future funding of our asset management practices, including maintenance, renewal and the provision of new infrastructure
- Workforce Management Strategy: addresses the human resourcing to ensure we can deliver our asset management responsibilities.

Our Asset Management Framework provides a consistent approach to managing a wide range of assets across our services. It aligns asset planning and management practices with service delivery priorities and strategies, within the limits of the resources available.

The framework consists of several distinct elements:

Figure 6 - Asset Management Framework

<p>Asset Management Policy</p>	<ul style="list-style-type: none"> • Provides a clear direction and defines key principles that underpin asset management • Outlines how Asset Management is an organisation wide responsibility
<p>Asset Management Strategy</p>	<ul style="list-style-type: none"> • Outlines the demographic trends of the LGA, and the changing asset requirements to continue to meet the community's needs • Outlines high level strategic actions that improve the organisations level of Asset Management Maturity • Identifies long term expenditure trends in Council's forward financials, and outlines steps to take to ensure sustainability
<p>Asset Management Plan</p>	<ul style="list-style-type: none"> • Provides detailed management practices for assets to deliver services • Aligned with Council's Long Term Financial Plan and a range of other strategies • Manages risks and plans for assets, in a sustainable and cost effective way
<p>Asset Management System</p>	<ul style="list-style-type: none"> • Asset management standards and procedures • Systematic details of the physical attributes and financial transactions of all assets • Enables the production of required reports in line with legislative requirements
<p>Delivery Program and Operational Plan</p>	<ul style="list-style-type: none"> • Sets out capital projects for new and renewed assets over one to four year timeframe

Governance

Governance

Effective oversight of the framework is provided by three internal bodies. The Strategic Asset Management Panel (SAMP) role is to:

- direct the development and oversight of the Asset Management Strategy and Plan
- identify/assess/approve future Capital Works Programs with respect to the renewal of assets
- inform and confirm with the Budget Panel the annual budget envelope for Council's asset renewal programs
- monitor renewal project/program delivery and risk
- consider project/program variations above contingency and/or acceptable risk level and request budget adjustments from the Budget Panel.

The Strategic Asset Management and Capital Works Working Group assist in implementing and delivering asset management planning. The Working Group brings staff from across the organisation together to implement asset management planning, deliver projects, prepare AMP, and share knowledge.

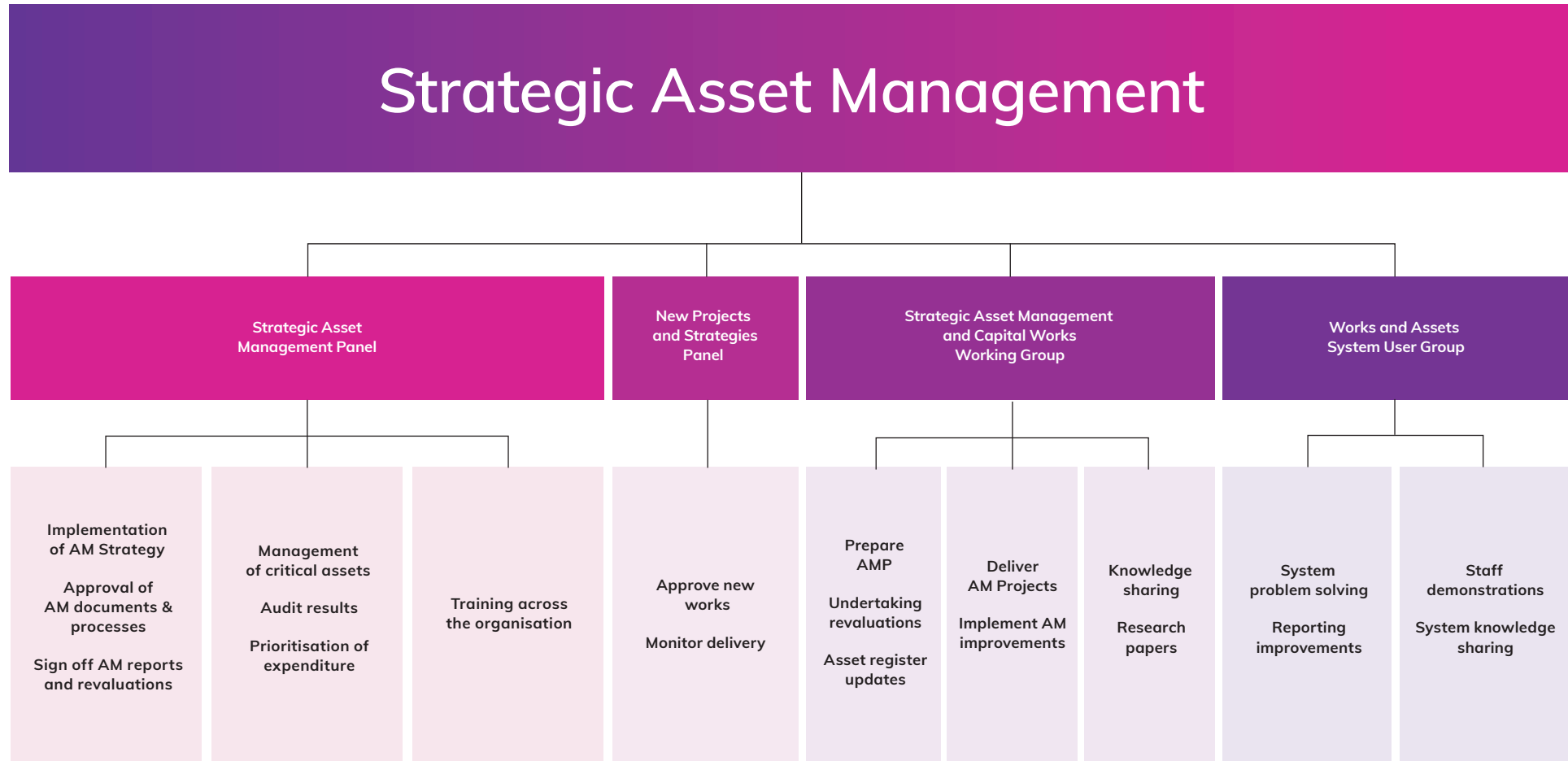
The New Projects and Strategies Panel's (NP&SP) focus is on new capital and operational projects. It includes:

- identification of new capital works and assessment of the business case
- acceptance of grant funding of new works
- monitoring of new project delivery including consideration of variations above contingency and/or acceptable risk level and request budget adjustments from Budget Panel.

Asset responsibilities and ownership

Council has assigned asset management roles and responsibilities across teams within Council. Roles and responsibilities are clearly defined in a matrix available to all staff that outlines criteria such as:

- Asset ownership
- Internal stakeholders
- Capital works responsibilities
- Maintenance responsibilities
- Cleansing responsibilities



Asset management maturity

Asset management maturity

A key part of this Asset Management Strategy is an assessment of our maturity and capability to sustainably manage our community infrastructure through effective asset management, financial planning and business excellence. In 2021, we reviewed our asset management practices and undertook a self-assessment on the maturity of our organisation.

The NAMS.PLUS⁵ toolkit provides an assessment tool for us to quantify our maturity at a point in time and identifies the areas where improvement will strengthen our asset management practices. The assessment tool, National Assessment Framework (NAF) which was developed for Australian local government, incorporates tangible criteria for organisations to score themselves against.

There are five levels of maturity: Aware, Basic, Core, Intermediate and Advanced. The criteria for Core maturity is based on responsibilities identified in the

International Infrastructure Management Manual (IIMM). Core maturity is an indicator that the organisation is meeting the minimum requirements as a custodian of community assets, including:

- record and report on the state of all assets to the community
- meet current statutory reporting requirements
- ensure community safety
- provide management information to guide decisions by council on the cumulative impact of decisions.

The objective of this assessment was to:

- ensure we are achieving and maintaining Core level asset management and maturity
- identify areas of improvement to achieve Advanced level asset management.

⁵Developed by Institute of Public Works Engineering Australasia (IPWEA), is an online toolkit to assist organisations with asset management planning.



Eleven categories were assessed, with each given a score (0-5) corresponding with the five maturity levels

The 2021 assessment showed that Council exceeds or meets Core level, in eight of the eleven categories. Council does not meet Core in the three areas defining levels of service, skills and processes and evaluation. These three areas need improvement and have been included in the Action Plan.

Using the results of the maturity assessment, over the next ten years this Strategy's Action Plan provides a roadmap on how we can improve our asset management practices to firstly achieve Core competency for the 11 categories, and then progress to the final target level of Advanced maturity, enhancing the management of our infrastructure.

Figure 8 - Continual improvement to enhance our asset management maturity



Figure 9 - Asset management maturity assessment 2020/21



Target maturity

As an organisation, Council strives to deliver assets that are fit for purpose and meet the needs of the community. We have set an achievable target maturity level across the 11 categories so we can continue to provide sustainable asset management to the community. Activities required to improve our maturity level have been identified and are captured in the Action Plan.

As shown in the maturity assessment, the weakest areas of Council's Asset Management maturity is in Levels of Service and Evaluation. These areas will be addressed in the short term of the forward plan, as they are the main areas that need to be addressed to ensure that Council achieves Core maturity.

Risk of maturity

A risk assessment of the current and target maturity levels across each category was completed and identified those categories where the organisation is vulnerable. Improvements have been identified to improve our maturity level, with the most vulnerable areas first. These include:

- equipping staff with the right skills, knowledge and tools for asset management
- developing clear and detailed processes for asset management activities

- implementing technology solutions and automation for strategic asset management (i.e. valuations)
- addressing data gaps in our asset registers (i.e. lifecycle asset data)
- establishing reports and indices to measure how well we are managing our assets
- expanding our future planning to consider different scenarios and financial modelling for better decision making.

Improvements in these categories are a priority and are captured in the Action Plan.

An aerial photograph of a coastline. The left side shows deep green, turbulent ocean waves crashing against a dark, rocky shore. The right side shows a concrete structure, possibly a dam or breakwater, with waves breaking against its base. The water near the structure is a lighter, brownish-green color. The overall scene is dynamic and powerful.

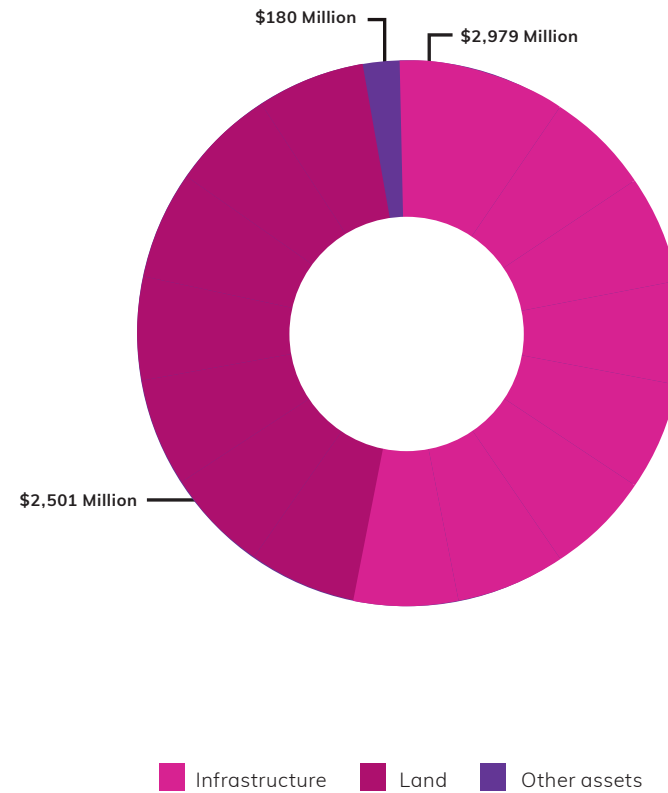
The management of our assets



Overview of portfolio

Council is responsible for \$5.7 billion of assets, including infrastructure assets, land and other assets required to deliver services to the community, such as plant, equipment, fleet, library books and IT equipment.

Figure 10 - Northern Beaches Council Assets as at 30 June 2021



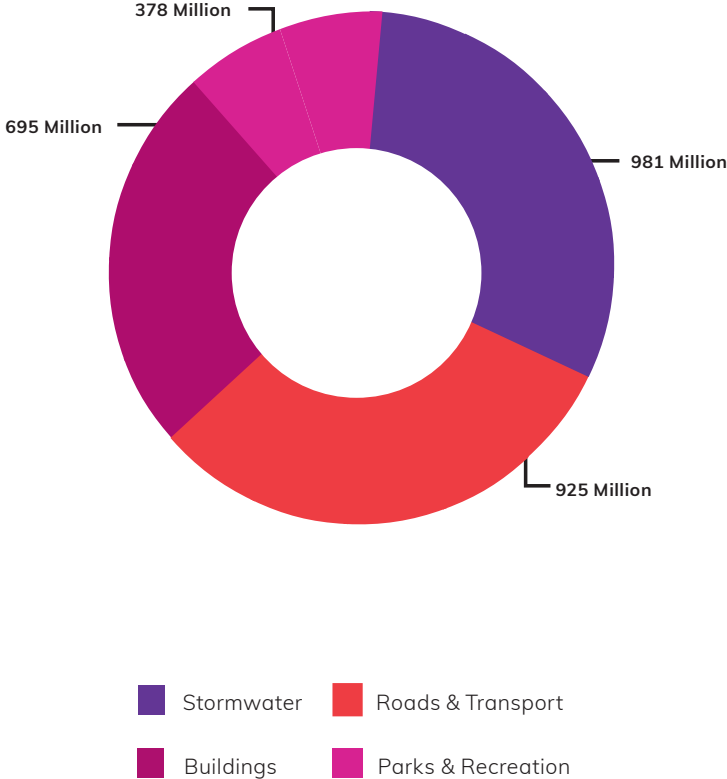


Our infrastructure assets

Council's infrastructure assets are comprised of four major portfolios:

- stormwater
- roads and transport
- buildings
- parks and recreation

Figure 11 - Value of infrastructure assets



Our infrastructure assets are rated on a scale of 1 to 5 as follows:

1. Excellent/very good - no work required (normal maintenance)
2. Good - only minor maintenance work required
3. Satisfactory - maintenance work required
4. Poor - renewal required
5. Very poor - urgent renewal/upgrading required

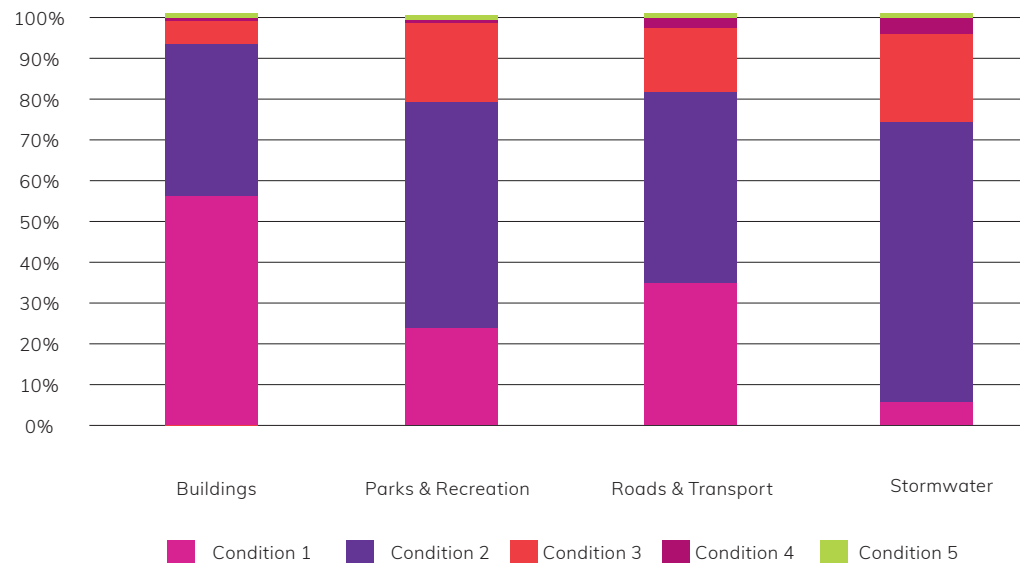
The condition infrastructure assets is shown in table 2 and figure 12.

Table 2 - Infrastructure asset condition rating by value

	Condition 1 \$	Condition 2 \$	Condition 3 \$	Condition 4 \$	Condition 5 \$
Stormwater	63,371,913	660,747,627	215,197,280	38,590,928	2,795,770
Roads and transport	315,799,580	432,260,916	151,603,478	22,353,094	3,210,599
Buildings	382,316,199	259,371,028	43,617,896	2,798,114	6,557,927
Parks and recreation	89,864,092	206,661,094	75,065,951	5,441,809	1,100,662



Figure 12 - Infrastructure assets condition rating



Council assets in Condition 4 and 5 are considered to require renewal and are viewed as a backlog to address. Currently Council has a backlog valuing 3% of its overall infrastructure portfolio. It is Council's priority to address this backlog via both capital renewal and disposal, where appropriate.

Council's Asset Management Plan provides detail on how the assets within these portfolios are managed, and includes information on condition, operational and maintenance activities and planned renewals. It provides forward planning of these assets for the next 10 years to ensure they are fit, functional and meet community needs.

Our land assets

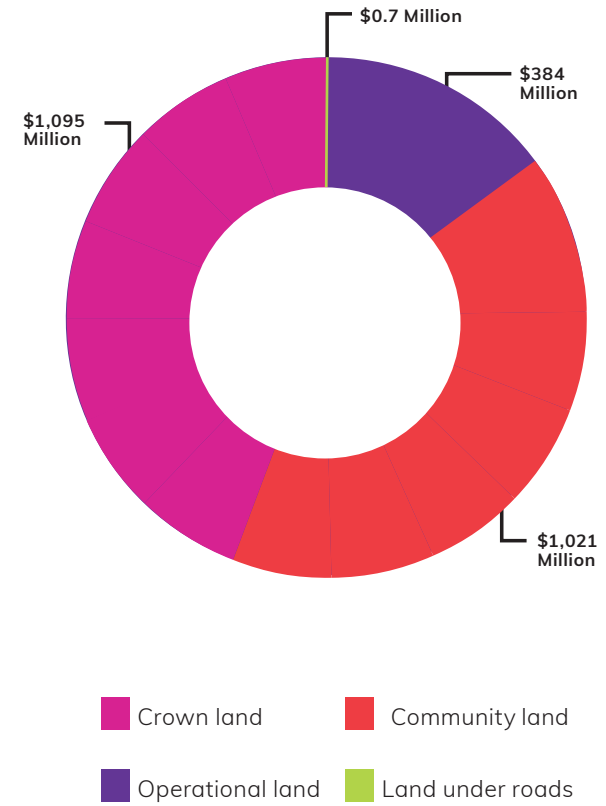
Council manages/owns \$2.5 billion of land. This is comprised of the following land types:

- Operational Land
- Community Land
- Crown Land
- Land under Roads

The value of these land types is shown in figure 13.

Since the formation of Northern Beaches Council in 2016, the separate land registers of the former councils have been combined and now reside as a single entity within Council's asset management software.

Figure 13 - Land value by type

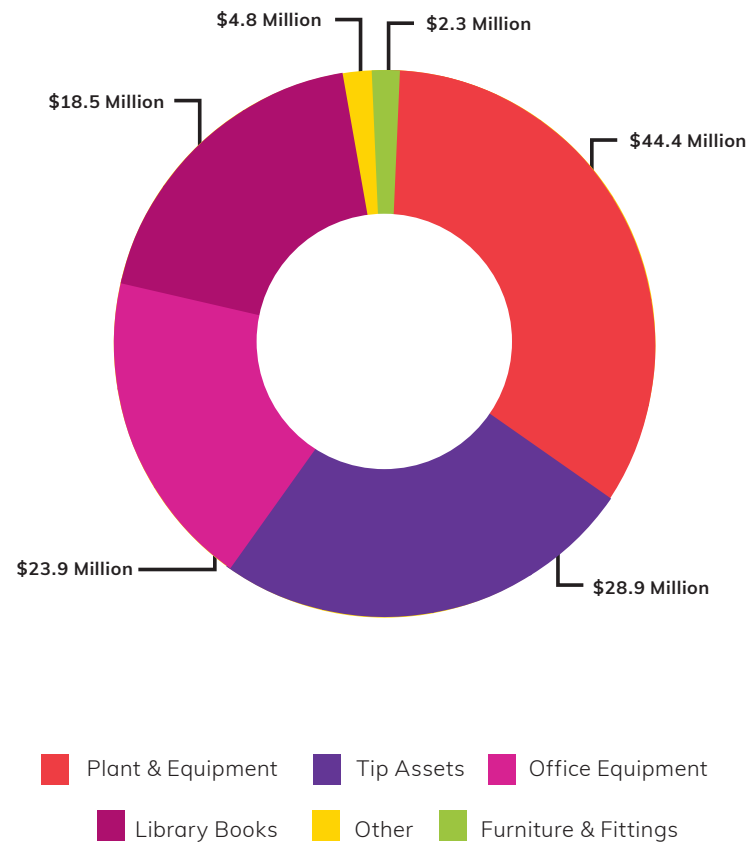


Our other assets

Council's other assets include:

- plant and equipment
- tip assets
- office equipment
- library books
- other
- furniture and fittings

Figure 14 - Other assets value⁶



Since the formation of Northern Beaches Council in 2016, the separate land registers of the former councils have been combined and now reside as a single entity within Council's asset management software.

These assets are currently managed outside the primary asset framework that is employed for Council's infrastructure assets. It is a goal of this strategy to further develop the asset management oversight of these assets in alignment with the infrastructure portfolios.

⁶ - An additional sum of \$57.2 million for works in progress and depreciable land improvements is not shown in the figure.

Managing risks

Council undertakes hazard identification and risk assessments for each of its infrastructure asset portfolios. A risk assessment is undertaken in line with Council's risk management framework. It identifies the risks to assets, analyses potential mitigation or elimination measures and determines any residual risk remaining.

Critical assets have been defined as those assets that in failure mode are likely to result in more significant financial, environment and social cost in terms of impact on organisational objectives. We have management practices in place to ensure these assets do not fail, including implementing inspection regimes and lower thresholds for intervention (such as maintenance or renewal works).



Table 3 - Critical asset criteria

Asset Category	Criteria for critical asset
Roads	Inspection by Council road inspection officers. If issues present, a works order will be raised to remedy any identified defects. Remedial works will be undertaken within timeframes set out in Council's CRM response times
Bridges	Road bridges on regional, arterial and collector roads or on causeways
Pedestrian bridges	In road reserve and over waterways
Retaining walls (in the road reserve)	Adjacent to State, regional, collector and local roads; walls with a height >4m; geotechnical site of high risk or very high risk; or on a bus route
Bridge over culverts	Culvert >6m wide in direction of travel and traverse regional or urban collector roads
Wharves	Public ferry wharf or cargo wharf where major disruption to transport, freight and safety would occur if the wharf failed
Pipes	Pipe diameter > 1500mm and crosses collector or regional road (from kerb to kerb)
Culverts	Cross-sectional area of culvert > 1.77m ² and crosses collector or regional road (from kerb to kerb)
Pits	Headwalls with trash/safety screens or with one-way valves

Asset Category	Criteria for critical asset
Water quality devices	Devices that if blocked do not have a safe overland flow path or will create a safety hazard if screens are relocated by surcharge
Buildings	Council's computer server storage facilities; structures that must remain operational under lease agreements (i.e. grandstands); components that must remain operational as required by the Building Code of Australia; complex structures which are in susceptible climates (i.e. aquatic centres); emergency services facilities generators or multi-storey structures where damage could lead to catastrophic failure
Pedestrian bridges in parks and open space	High volume pedestrian routes and failure would result in multiple fatalities and/or significant financial, environmental or social ramifications or catastrophic consequence
Retaining walls (in parks and open space)	Areas where failure would result in significant cost to Council (i.e. damage to public or private infrastructure) or catastrophic consequence
Seawalls	Areas where failure would result in significant cost to Council (i.e. damage to public or private infrastructure) or catastrophic consequence

The management of our assets

Table 4 - Critical asset management practices

Asset Category	Management Practice	Frequency
Roads	Inspection by Council road inspection officers. If issues present, a works order will be raised to remedy any identified defects. Remedial works will be undertaken within timeframes set out in Council's CRM response times	Annually
Bridges Bridge over culverts	Level 1 Bridge Inspection, as per ARRB Local Roads Bridge Management Manual. If defects are detected a Level 2 Bridge Inspection will be undertaken	Annually
Retaining walls (in the road reserve)	Physical inspection by Council engineers. If any instability identified then a qualified geotechnical engineer will be engaged to reassess the risk rating and remedial actions will be taken accordingly	Annually or after rain events exceeding 100 mm in 24 hours
Wharves	Routine inspections are undertaken by Council staff. If issues present, a works order will be raised to remedy any identified defects through maintenance fund. Any remedial works beyond the scope of maintenance will be listed in renewal programs	Monthly, 3-monthly and 6-monthly based on inspection priority
Pipes	Programmed inspections to assess condition, blockages, defects and if any works are required	Annually
Pits	Programmed inspection schedules to inspect for blockages Pro-active inspections of these assets are undertaken prior to incoming storm events	Monthly, 3-monthly or 6-monthly based on field observations and feedback from maintenance staff. Prior to storm event.

Asset Category	Management Practice	Frequency
Water quality devices	Programmed physical inspection and/or clean Pro-active inspections of these assets are undertaken prior to incoming storm events	Monthly or 3-monthly based on field observations and feedback from maintenance staff. Prior to storm event
Buildings	Computer rooms - programmed physical inspections on: <ul style="list-style-type: none"> • generators, UPS, gas fire suppression system • fire detection • structural inspection • security systems • air conditioning Grandstands - programmed physical inspections on the structural integrity of the roof Theatre - programmed physical inspections on the fire and smoke curtains Aquatic centre roof - physical inspection on the structural integrity of the roof	Quarterly Monthly Annually Annually Quarterly Annually Quarterly Annually

The management of our assets

Asset Category	Management Practice	Frequency
Pedestrian bridges in parks and open space	Level 1 Bridge Inspection, as per ARRB Local Roads Bridge Management Manual, at risk dependent frequencies	Annually
	Inspections of these assets are undertaken post storm events	Post storm event
Seawalls	Inspections by certified engineers, at risk dependent frequencies	Risk dependent frequency: High risk – annually Medium risk – 3 years Low risk – 5 years
	Inspections of these assets are undertaken post storm events	Post storm event

Unforeseen or unexpected failures are one of the main risks which have the potential to affect Council's risk profile as well as its financial position. They may require urgent action and can require significant new funds to be allocated, which in turn can limit Council's ability to provide other services. Unexpected failures are managed by assessing the risks associated with any reported asset problems, continuing to survey the network for any new issues and intervening as soon as it is appropriate.

Climate change is increasing the frequency and severity of natural events that impact the LGA. These events have the potential to impact on Council's service provision. Council has an incident response framework in place that helps guide the response to these events and minimise the impacts on the community. Longer term strategies will need to be developed to improve the resilience of Council's assets to ensure that climate change risks can be mitigated and any impacts on service provision minimised.



Valuations and funding

Council undertakes valuations of its assets in accordance with the requirements of Australian Accounting Standards and advice from the Office of Local Government (OLG) to ensure the financial value of the assets kept in our register reflect that of the present day value.

Minor asset classes (fleet and other assets) are considered as fair value at time of purchase, and are depreciated over a short period of time, therefore do not require valuations during their life.

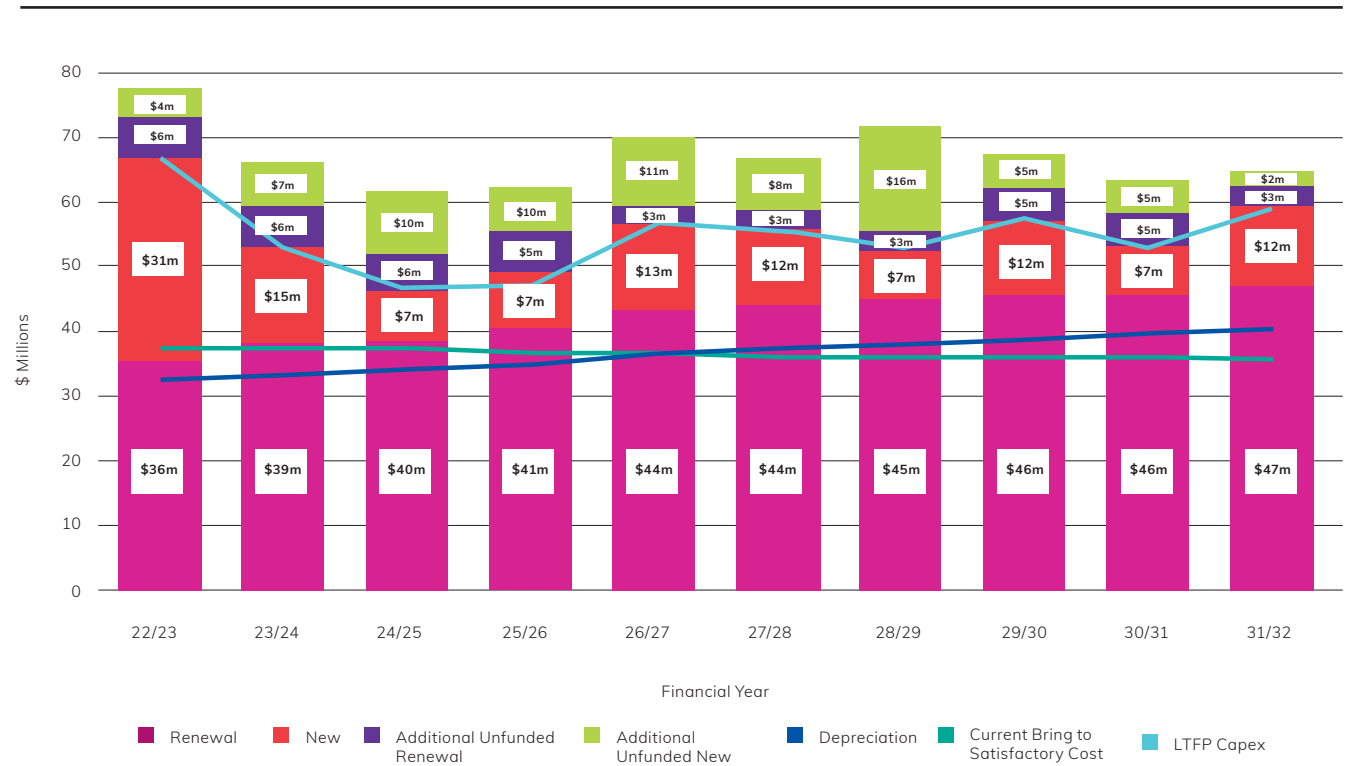
Table 5 - Asset valuation schedule

Asset Class	Frequency	Last Revaluation	Next Revaluation
Bridges	5 years	30 June 2019	30 June 2024
Buildings	3 years	30 June 2021	30 June 2024
Footpaths	5 years	30 June 2019	30 June 2024
Other infrastructure	5 years	30 June 2019	30 June 2023
Open space / recreational assets	5 years	30 June 2019	30 June 2023
Roads	5 years	30 June 2019	30 June 2024
Stormwater assets	5 years	30 June 2020	30 June 2025
Swimming pools	5 years	30 June 2019	30 June 2023
Land - community, crown and under road	3 years	30 June 2020	30 June 2023
Operational land	3 years	30 June 2021	30 June 2024

Funding levels

Council has developed a 10-year Long Term Financial Plan that outlines the forecast expenditure to manage its assets. This plan covers both capital and operational expenditure and is reviewed annually to account for variations in renewal priorities, projected expenditure and funding estimates.

Figure 15 - 10 year capital infrastructure forecast⁷



⁷ - An additional \$3m ongoing in the renewal program is subject to IPART approval of an application to maintain rating income at the anticipated level of 2.4% in 2022/23. The increase in the rate peg approved by IPART for 2022/23 was 0.7%.

Capital expenditure

Over the 10-year forward period, there is a consistent increase in renewal expenditure, reflecting the year-on-year addition of newly constructed and acquired assets into Council's infrastructure portfolios. Renewal expenditure for each year is higher than annual depreciation, resulting in a renewal ratio greater than 1:1.

This positive ratio is both a conscious decision by Council to ensure that existing asset renewals are budgeted for appropriately and assets are brought back to 'as new condition' based on current construction and community standards. This is resulting in higher costs of renewal than in the past. The size of Council's asset portfolio and improvements in data on asset condition will identify unfunded renewals works from year to year. This unfunded level remains relatively consistent, which indicates that it is being managed effectively.

Council's forward expenditure shows sustained levels of new infrastructure investment. It is important that this development is founded on sound asset management practices which include robust lifecycle costings and sustainability considerations to ensure that Council can account for the ongoing costs of these new assets.



Council has identified in its strategic actions the need to account for climate change impacts in its asset management practices, to ensure continued service provision to the community and to mitigate future financial impacts. Factors such as higher average temperatures and rising sea levels will affect the useability of Council assets and access to Council land. There is a clear need to improve the resilience of Council's assets, to ensure that they can withstand the added stresses of climate change.

Examples include:

- providing shade at playgrounds to ensure useability
- raising seawalls which are at risk of being overtopped
- relocating infrastructure further away from the coast to avoid swell and storm impacts
- considering bushfire impacts in the design of bushland trails and facilities.

Identifying these opportunities to improve asset resilience is the first step, followed by prioritisation of these works and incorporation into the forward capital program. These additional costs are currently represented in the additional unfunded new expenditure in the forward program.

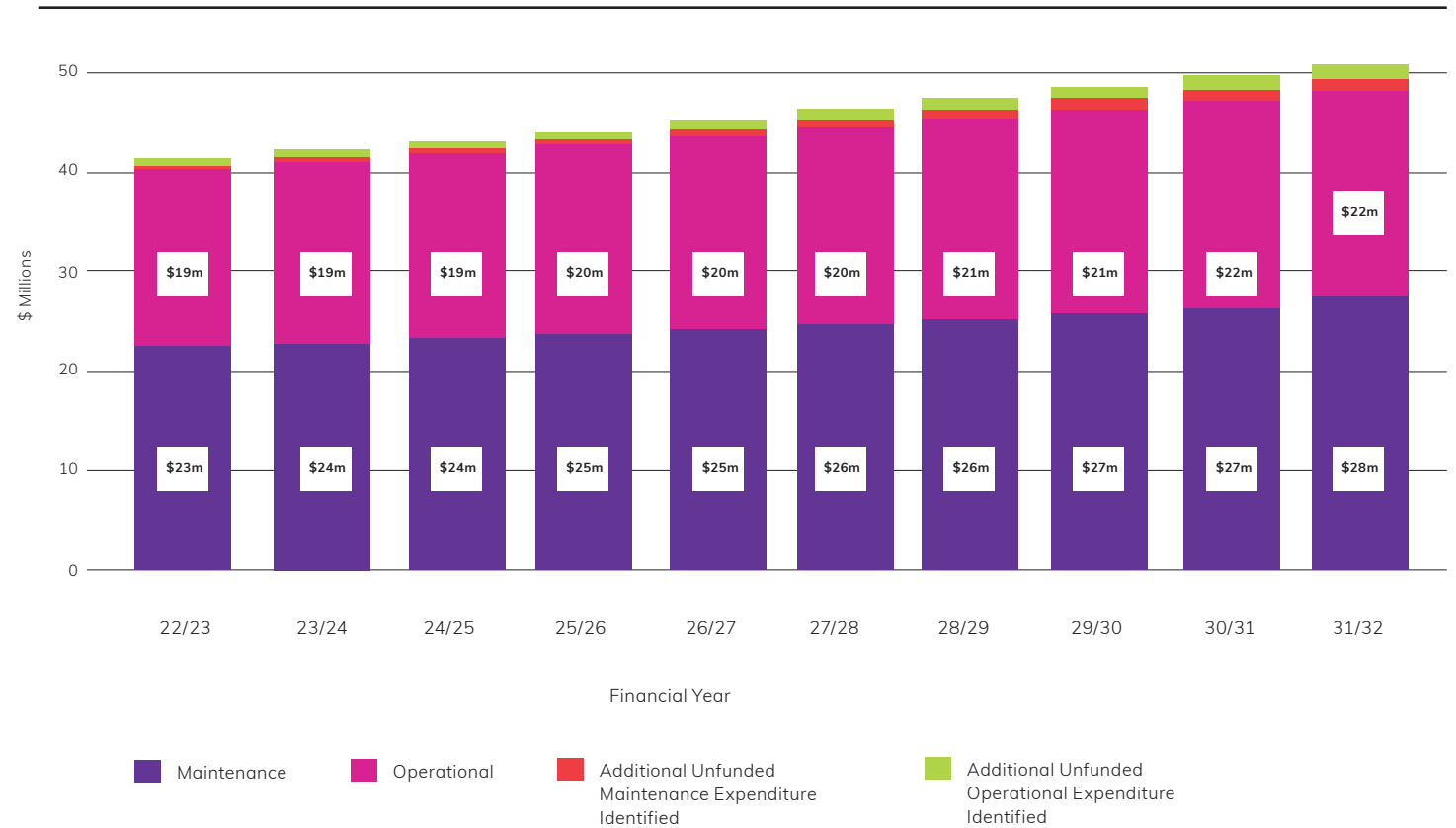
Project specific information and costs for the next four years is detailed in Council's Delivery Program.



Operational funding

Figure 16 outlines the increase in operational expenditure over the next 10 years, reflecting the accumulation of new assets and their associated upkeep costs over that period.

Figure 16 - Council's 10 year operational expenditure forecast



Operational and maintenance spending is increasing year-on-year over the 10 year period as a result of new asset construction/acquisitions.

Over the 10 year forward period there is an increasing shortfall in the required maintenance and operational spend. If this gap is not addressed it will result in an acceleration in asset deterioration and will ultimately result in increased safety risks to the community and an increase to Council's infrastructure backlog.

This gap will need to be addressed and minimised, with actions in this strategy aimed at tackling this issue. At a high level, these actions include:

- reviewing asset levels of service, and reducing targeted levels of service where appropriate to better fund expenditure deficiencies
- review asset lifecycle costings, explore new opportunities in asset design and materials that result in improvements in asset sustainability and longevity
- review asset portfolio for redundancy and disposal opportunities.

The aim of maintenance expenditure across all the infrastructure portfolios is to prevent the premature deterioration of Council's assets. Shortened useful lives of Council assets have a negative impact on Council's financial position and so it is very important to have asset maintenance programs in place that identify, resolve and future-proof against further deterioration.

Examples of maintenance activities include:

- inspections
- cyclical proactive maintenance
- event related inspections (post storm event)
- reactive maintenance in response to an identified asset defect

Operational expenditure ensures the continued provision of asset services and includes activities such as cleaning, mowing and linemarking.

A key action of this strategy for the future is for Council to better understand its operational spending and any efficiencies that can be implemented. Examples of potential efficiencies include:

- improving the ratio of proactive to reactive maintenance, i.e. preventing asset deterioration before it manifests
- reviewing maintenance intervention levels and frequencies
- adjusting service levels where appropriate to lower costs.

Further information on the asset infrastructure portfolios maintenance and operational activities are provided in the Asset Management Plan.

New and acquired assets

New assets can come into Council's ownership through:

- constructed under a capital funded Council project
- constructed by a developer (as per requirements of a Development Application) and gifted to Council
- purchased by Council (i.e. land)
- gifted from others (i.e. Government, community).

New assets need to be accounted for in our asset register and accounting books like any other asset. Council has processes in place to ensure new assets are recorded and accounted for in our registers.

The population demographics of the Northern Beaches is shifting towards older age groups. It is important that Council acknowledges this trend and responds appropriately through its asset management practices, ensuring that new infrastructure considers access and utilisation needed as our community changes.

Implementing the Strategy

Action plan

The strategic actions to achieve our objectives are set out in the Action Plan at Appendix B. The structure of the Action Plan is the foundational principles of the Asset Management Policy, and the strategic asset management objectives of this Strategy. The high level actions are set out over a 10-year period.

While these actions are strategic in nature, they are supported by detailed and more operational-level actions in the Asset Improvement Plan within the Asset Management Plan, which is reviewed annually.

Assessing performance

Evaluation is a critical point of improvement that was identified in the most recent self-assessment of Council's Asset Management capability. The steps that must be taken to ensure that Council's performance in implementing the strategic objectives outlined in this strategy document include:

- assigning staff resources to the strategic actions in the Action Plan, to ensure ownership of outcomes
- building the actions of this strategy into Council's reporting requirements, to improve accountability
- review of financial markers over the forward period to measure impacts of objective implementation.

This strategy document is reviewed every four years at which point the Action Plan progress is reviewed and updated.



Appendices





Appendix A – Asset Management Policy

Policy Statement

The purpose of this policy is to support the vision, values and aspirations of the Northern Beaches community, and provide a foundation for sustainable, consistent, and sound asset management practices in a transparent and trusted manner. The application of the Policy will ensure our assets continue to provide the appropriate level of service to meet the community's needs and expectations captured in the Community Strategic Plan.

Council is committed to providing an asset management system that ensures assets are planned, created, operated, maintained, renewed, adapted and disposed in line with our priorities for service delivery, risk management, resilience and best practice.

Scope

This policy outlines the principles and direction for the strategic management of assets owned or managed by Council. This includes infrastructure, land, IT equipment, fleet and other assets. It is part of a framework of asset management documents, including the Asset Management Strategy

which builds upon this policy, providing strategic actions for a 10-year period. The Asset Management Plan provides further detail on the asset classes, and direction on implementation and the resources required.

Principles

To address the purpose of this Policy, Council will:

- Plan and provide assets that are safe, fit-for-purpose, adaptive and resilient
- Meet the needs of the community into the future
- Follow best value and sustainable asset management practices
- Promote best practice asset management and clear responsibilities within the organisation
- Comply with legislative requirements and industry standards

Objectives

The asset management principles will be applied to achieve the following objectives:

- Apply risk management practices to ensure sound asset performance, community safety and resilience, including risks associated with climate change and other stressors
- Focus adaptation and mitigation investment on critical assets and infrastructure to ensure they are resilient to natural disasters and climate change impacts
- Build understanding of system and asset risks, interdependencies and vulnerabilities, and identify opportunities to improve continuity, redundancy and scalability
- Consult with the community and key stakeholders to establish agreed levels of service to meet current and changing needs

- Ensure asset management decisions consider sustainability and adaptability, based on full life cycle costs through acquisition, operation, maintenance, renewal, adaptation and disposal.
- Integrate asset management, long term financial and strategic resource planning to ensure Council's long-term financial sustainability
- Allocate adequate resources to asset management functions across the organisation, ensuring roles and responsibilities are well defined, understood and accepted
- Implement the asset management framework for consistent, systematic and sustainable asset management planning and delivery
- Implement asset management procedures to ensure that best value, best practice and legislative compliance are implemented and exhibited throughout Council

Responsibility

Asset management is the responsibility of key decision makers and many services across the organisation. The implementation of this Policy relies on the efforts of three key groups in Council:

Councillors are responsible for:

- Adopting the Policy principles and objectives and the Asset Management Strategy
- Noting the Asset Management Plan
- Ensuring sufficient resources are applied to manage our assets effectively and sustainably
- Making decisions regarding assets, as custodian of public assets on behalf of the community, in accordance with the Asset Management Policy, Strategy and Plan

Senior Management are responsible for:

- Endorsing the asset management framework and report to Council for adoption
- Providing professional advice to Council to enable informed strategic asset management decisions
- Promoting asset management across the organisation
- Ensuring teams are adequately resourced to deliver on this Policy
- Consulting with the community and key stakeholders on agreed levels of service and intervention levels
- Authorising senior internal Panels in their roles with respect to asset management:
 - o Strategic Asset Management Panel (SAMP)
 - o New Projects and Strategy Panel (NPSP)
 - o Budget Panel

Staff are responsible for:

- Developing and implementing the asset management framework, consistent with legislation and the objectives of Council's plans
- Implementing our asset management policy and strategy
- Developing the Asset Management Plan and supporting programs
- Maintaining asset management systems and documents
- Consulting our community on service levels and asset management documents
- Providing timely reports on our assets
- Audit and review procedures, including timeframes for reviews of the policy, strategy and plan

All measurement and reporting related to the implementation of this policy will be undertaken in line with the Local Government Code of Accounting Practice and Financial Reporting. Integration of asset and financial management is guided by the AIFM Manual and ISO 55000 standards.

References and related documents

- Local Government Act 1993, NSW Government
- Local Government (General) Regulation 2021, NSW Government
- Community Strategic Plan 2040, Northern Beaches Council 2022
- Integrated Planning and Reporting Guidelines for Local Government in NSW (2021), NSW Office of Local Government
- International Infrastructure Management Manual (2020), IPWEA
- International Infrastructure Financial Management Manual (2020), IPWEA
- Australian Infrastructure Financial Management Manual (2015), IPWEA
- Australian Accounting Standards
- ISO 55000 series of international standards on asset management

Definitions

- **Asset:** Any physical item or property vested in, or under the ownership of Council. This includes land, roads, bridges, carparks, paths and trails; stormwater network; buildings, pools and amenities; parks, sportsfields, playgrounds, furniture, shelters and associated equipment; retaining walls, seawalls and foreshore protection; plant, fleet and IT assets.
- **SAMP:** The Strategic Asset Management Panel (SAMP) is an internal panel comprising senior management which provides leadership, oversight and approvals of the asset management policy, strategy and plan, as well as capital works programs and projects. It works closely with the Budget Panel for funding approval, and an internal working group and user group on asset management.

- NPSP: The New Projects and Strategy Panel (NPSP) is an internal panel comprising senior management which identifies and has oversight of the priorities for new capital, corporate and IT projects as well as new strategies. It works closely with the Budget Panel for funding approval.
- Budget Panel: An internal senior panel which determines overall budget allocation and provides oversight of priorities, financial performance and variations.

Responsible Officers

Director, Transport & Assets

Director, Environment & Sustainability

Review Date

30 June 2025

Revision History

Revision	Date	Status	TRIM Ref
1	28/11/2017	First draft Northern Beaches Council policy for exhibition	2017/355120
2	27/2/2018	Policy adopted by Council with amendment to definitions section following public exhibition and minor amendments to format as approved by the Acting Chief Executive Officer on 5/4/2017 (TRIM 2018/200581).	2018/200557
3	1/4/2022	Revised policy for exhibition	2021/560772

Appendix B – Action Plan

The strategic actions below will be implemented over a 10 year period within our existing resources in line with the Long Term Financial Plan. We will seek opportunities to leverage external sources of funds where we can. Indicative time of implementation of strategic actions is provided:

- Short = 1 – 4 years
- Medium = 5 - 7 years
- Long = 8 - 10 years

Principle 1 - Plan for and provide assets that are safe, adaptive, fit-for-purpose and resilient

Strategic Objectives		Strategic Actions		Timing
1.1	Apply risk management practices to ensure sound asset performance, community safety and resilience, including risks associated with climate change and other stressors.	1.1.1	Regularly review the risk assessments across all asset classes, in line with Council's risk management policy	Short/Medium /Long
1.2	Focus adaptation and mitigation investment on critical assets and infrastructure to ensure they are resilient to natural disasters and climate change impacts	1.2.1	Establish a reporting framework on the management performance of critical assets.	Short
1.3	Build understanding of system and asset risks, interdependencies, vulnerabilities, and identify opportunities to improve continuity, redundancy and scalability	1.3.1	Develop tools and guidelines to identify and manage assets at risk of climate change	Short
		1.3.2	Implement priority actions to mitigate, adapt or retire assets at risk of climate change within the parameters of the Long-Term Financial Plan	Short/Medium /Long
		1.3.3	Identify actions to reduce carbon emissions and water use to achieve net zero emissions by 2045 and a 10% reduction in water consumption by 2040 across asset classes	Short
		1.3.4	Implement priority actions to reduce emissions and water consumption of assets within the parameters of the Long-Term Financial Plan	Short/Medium /Long

Principle 2 - Meet the needs of the community into the future

Strategic Objectives	Strategic Actions	Timing
2.1 Consult with the community and key stakeholders to establish agreed levels of service to meet current and changing needs.	2.1.1 Periodically test levels of service of with the community	Short/Medium /Long
	2.1.2 Review the consistency in applying risk management across asset classes	Short

Principle 3 - Follow best value and sustainable asset management practices

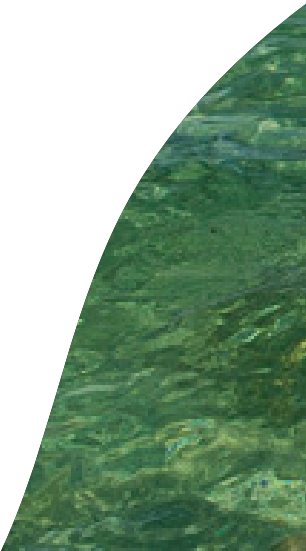
Strategic Objectives	Strategic Actions	Timing
3.1 Ensure asset management decisions consider sustainability and adaptability, based on full life cycle costs through acquisition, operation, maintenance, renewal, adaptation and disposal.	3.1.1 Incorporate sustainability practices into new and renewal projects	Short/Medium /Long
	3.1.2 Optimise existing corporate asset management systems and research new technologies to enhance collection and analysis of asset management data	Short/Medium /Long
	3.1.3 Strengthen information on each asset category through regular condition assessments, audits of asset registers, enhanced tools for life cycle assessment and periodic reviews of the useful life of assets	Short/Medium /Long
3.2 Integrate asset management, long term financial and strategic resource planning to ensure Council's long-term financial sustainability.	3.2.1 Enhance maintenance expenditure benchmarks across asset classes based on levels of service	Short
	3.2.2 Improve predictive modelling of asset conditions to support the Long-Term Financial Plan	Short/Medium /Long
	3.2.3 Strengthen prioritisation of works across asset classes (new and renewal) and forecasting over 10 years	Short/Medium /Long

Principle 4 - Promote best practice asset management and clear responsibilities within the organisation

Strategic Objectives	Strategic Actions	Timing
4.1 Allocate adequate resources to asset management functions across the organisation, ensuring roles and responsibilities are well defined, understood and accepted	4.1.1 Conduct a skills audit and deliver training to develop staff to support best practice asset management	Short
	4.1.2 Support cross organisational forums and communication networks to support upskilling of staff and facilitate a strong asset management culture	Short/Medium /Long
	4.1.3 Periodically review and update the responsibility matrix for asset management to reflect changes in responsibilities	Short/Medium /Long
4.2 Implement the asset management framework for consistent, systematic, and sustainable asset management planning and delivery.	4.2.1 Strengthen the metrics used to assess the asset management framework and report performance through the Governance Framework	Short
	4.2.2 Establish a framework for measuring and reporting on performance against levels of service	Medium
	4.2.3 Regularly review the asset management policy, strategy and plan to reflect changing conditions and priorities	Short/Medium /Long

Principle 5 - Comply with legislative requirements and industry standards

Strategic Objectives	Strategic Actions	Timing
5.1 Implement asset management procedures to ensure that best value, best practice and legislative compliance are implemented and exhibited throughout Council	5.1.1 Periodically assess the maturity and capability of our asset management practices and implement findings to strengthen our approach to asset management	Short
	5.1.2 Adopt innovative and best practice approaches to asset provision, maintenance and renewal	Short/Medium /Long





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