3. Our Assets

This section is Council's Asset Management Strategy, prepared in accordance with the provisions of the Local Government Amendment (Planning and Reporting) Act 2009 and the associated Guidelines and Manual. This chapter 'Our Assets' is supported by detailed Asset Management Plans prepared in accordance with the Asset Management Plans template (developed by the Institute of Public Works Engineering Australia) and should be read in conjunction with those Plans. The detailed Asset Management Plans appear as Appendices B – F of this Resource Strategy.

Part One – Context and Framework

3.1 Purpose of the Asset Management Strategy

Council's significant asset portfolios include community buildings, lands, roads, drainage, fleet, parks and open spaces. It will continue to grow from its current 'as new' replacement value of $1.5 billion (which includes land) as the City's population increases, and new suburbs are created. The current value of Council's assets, at June 2009, was $6,590 for each resident in the City.

There is a balance needed between the funding used to create new assets and the funding needed to maintain existing ones. Every new asset requires the initial capital cost of construction, then ongoing maintenance costs, and eventually replacement costs. These are called the 'life-cycle' costs, or the cost of the asset through its 'life'. Regular maintenance can significantly increase the life of an asset, which can then delay the need to find total replacement funds.

Another key factor in asset management is the level of service (or standard of infrastructure) expected by our communities. Generally, higher standards of maintenance or levels of service will cost more.

For our communities to be able to fully participate in discussions on Council's service delivery, accurate information on the cost of providing each service and maintaining each asset is needed. Several of the actions outlined in this section seek to improve the data that is currently available on the life-cycle costs of each of Council's assets, to better inform Council's asset renewal program as part of discussions now and in the future. Council is working towards the sustainable management of the City's infrastructure.

Asset Category	Current Replacement Value
Transport	$ 772,421,412
Buildings	$ 397,437,700
Drainage	$ 303,920,000
Plant and Fleet	$ 23,795,169
City Parks	$ 19,149,387
Total	**$ 1,516,723,668**

3.2 Integrated Planning

Council's Asset Management Plans have been developed over the past few years, with an emphasis on auditing the condition of existing assets, collating existing data on management and maintenance costs, and establishing an integrated system to deliver planned responses now and in future.

The five draft Asset Management Plans (City Parks, Plant, Transport, Drainage and Buildings) have been reviewed as part of implementing the new Integrated Planning and Reporting legislation and accompanying guidelines and Manual. They will now form part of this *Resource Strategy* and, together with the Workforce Plan and Long Term Financial Model will determine Council's capacity to manage its assets, workforce and finances in delivering the priorities and programs in the *Community Strategic Plan* and *Delivery Program 2009-2013*.

3.3 Implementing, measuring and monitoring the Asset Management Strategy

To undertake the service activities in the adopted *Delivery Program*, Council will need to use resources – the most critical being staff and funding. New assets bring, with them, ongoing maintenance obligations. It is therefore critical that the four year *Delivery Program* recognises the staff and funding constraints and opportunities identified in the ten year *Resource Strategy*.

Clearly, new activities and priorities will be developed in each new four year *Delivery Program*. This *Resource Strategy* (including the overall Asset Management Strategy) will therefore be reviewed every four years, to ensure that it provides an informed basis for Council's commitments in the *Delivery Program* in terms of meeting resource requirements, and accounting for the construction, management and maintenance of new and existing assets.

This review will provide information on how effectively the Asset Management Strategy is being implemented, and inform the preparation of Council's next four year *Delivery Program*. The detailed Asset Management Plans appended to this *Resource Strategy* will reviewed and updated each year, as required.

3.4 Section 94 of the Environmental Planning and Assessment Act

Section 94 of the Environmental Planning and Assessment Act enables Council to levy for land and infrastructure necessary to meet the needs of new development. In Penrith City, Section 94 has been most commonly used to provide the facilities necessary to service new urban areas, particularly roads, drainage, parks, open space and community facilities. Council also has Section 94 plans which levy to partially fund district or City-wide facilities, such as District Open Space (such as Jamison Park and the Great River Walk) and cultural facilities (such as the Joan Sutherland Performing Arts Centre).

Section 94 contributions, however, can only be applied to capital costs. Recurrent costs, including maintenance, must be funded from other sources. The State Government also recently introduced a maximum residential levy per lot/dwelling of $30,000 for new urban areas and $20,000 for established areas (set under Ministerial Direction effective 15 September 2010).

These are both relevant issues for this *Resource Strategy*, as Council must budget for any additional capital funding needed for developments where essential infrastructure, or City-wide/District facilities, will cost more than the specified cap. When they have been constructed, Council must also fund the full lifecycle costs of the new assets, including their eventual replacement (typically calculated at 4% of the capital value annually).

Whilst any new assets have lower initial maintenance costs than older infrastructure, they still need to be included in the Asset Management Plans as they are transferred to Council's care and responsibility. All assets require ongoing maintenance and staff to carry out those tasks (such as mowing, emptying gross pollutant traps, cleaning buildings, and resealing roads).

It is anticipated that infrastructure that is likely to be delivered under Section 94 (including Planning Agreements) over the next five years includes:

Plan	Assets
Glenmore Park Stage 2 (Planning Agreement)	Oval, Roads, Drainage
Claremont Meadows Stage 2	Drainage, Open Space, Roads, Community Facilities
Waterside	Roads, Drainage, Open Space (Cranebrook Park)
Caddens Release Area	Open Space, Roads, Drainage, Community Facilities
North Penrith Urban Area	Open Space, Public Domain, Community Facilities, Drainage, Water Feature
St Marys Release Area (Western Precinct -Jordon Springs)	Roads, Drainage, Open Space, Community Facilities
Erskine Park Business Park	Roads, Drainage
Footpath Construction in Established Areas	Footpaths
District Open Space Plan	Open Space Facilities and embellishment

3.5 Sustainable Asset Management

It is critical that asset management practices are sustainable over the long term. Short term asset management solutions often result in an inequitable distribution of costs, with some users paying comparatively more for the same service or facility.

'Life cycle' analysis is used to assess the sustainability of an asset, including its maintenance. Essentially it provides an indication as to whether present consumers are paying a fair share of the assets they use each year. To establish an asset's life cycle sustainability, the life cycle cost and the life cycle expenditure (as defined below) of the asset are compared.

Life cycle cost is the cost to provide the service or asset over its longest life cycle, averaged over one year. It comprises annual maintenance and asset consumption expense, represented by depreciation expense. It does not include the funds required to provide the service in a specific year.

Life cycle expenditure is the actual or planned annual maintenance and capital renewal expenditure incurred in providing the service or asset in a specific year.

For example, play equipment in a City park has a value of approximately $20,000, a longest life expectancy of 10 years and an average annual maintenance cost of $1000. This gives a total cost over the life of the asset of $30,000. Averaged over the expected 10 year life span, this gives a life cycle cost of $3,000.

$$\frac{\$20{,}000 + \$10{,}000 = \$30{,}000}{10} = \$3{,}000$$

If annual maintenance and capital renewal expenditure is less than $3,000, then current users are not paying their full share, essentially leaving a bill for future users when assets are due for maintenance or renewal.

For example, if annual maintenance and capital renewal expenditure is only $2,000, then there is a life cycle gap of $1,000 per year. This would have a life cycle sustainability index of 0.66 (2,000 ÷ 3,000 = 0.66). The current community is 'using up' $3,000 worth of play equipment each year, but only contributing $2,000 towards the maintenance and renewal of that equipment. Future generations must therefore meet both their annual 'bill' of $3,000, and the shortfall that has been left by previous users.

There are several key elements to sustainable asset management, which are detailed below.

- **Equal cost sharing over time/intergenerational equity**
  This approach to economic sustainability involves ensuring that each generation of users pays a fair share of the overall lifecycle cost of an asset. Regular maintenance and renewal are key parts to this, rather than running an asset down, shortening its lifespan and leaving a replacement bill for future users.

  The ten year Asset Renewal Plans Council has developed for parks, buildings and public amenities are examples of long term plans for asset renewal that spread the costs fairly over time. Council's optimum treatment program for road asset renewal is another example, demonstrating that earlier spending on road maintenance significantly improves the overall life span of the asset, resulting in lower costs and fairer cost distribution for our communities.

- **Sustainable operating practices**
  Use of sustainable operating practices ensures that an asset provides a service in a cost effective way. Rainwater tanks attached to buildings to provide water for irrigation, energy efficient light fittings, renting rather than purchasing equipment to handle peak seasonal demand and drought resistant plant species are all ways in which assets can be designed and managed to minimise ongoing drain on money and resources.

  Council has developed a number of policies, including energy and water savings action plans, to promote environmental sustainability and responsible resource management in operational areas.

- **Equitable access to assets and facilities**
  This relates to the principles of social sustainability, ensuring that all in our communities have equal access to assets and facilities. This consideration may influence location and design, or decisions on the cost to be charged for use of an asset (eg. a swimming pool). It also means that Council must consider the different and changing needs of diverse groups in our communities when determining how best to provide the assets needed.

  This may eventuate in an asset being renewed or redeveloped differently to how it was initially provided (eg. modifying a community building to provide a number of small meeting rooms that accommodate several groups at once, rather than one large space).

Ensuring that asset management practices reflect the principles of sustainability is an ongoing focus for Council, requiring constant review. Changes in technology, changes in user needs and the ongoing renewal / replacement asset cycle all present opportunities to better incorporate sustainable asset management practices. These opportunities will be incorporated through the regular reviews of the Asset Management Plans.

In some cases, continuing to provide a service which is uneconomic, or maintain an asset that is not meeting community needs, is not sustainable. Decisions about continuing such facilities or services must also be based on the principles of social, environmental and economic sustainability, particularly in light of competing financial priorities. If sufficient funds are not available to sustainably manage an asset over its life span, Council must carefully consider whether or not that asset should be provided.

Part Two – General Information on Asset Management

This part provides general information on Asset Management, including Council's Asset Management Policy, and summary information on asset condition, likely future demand and key risks that apply to all assets. It provides an overall picture of the key issues involved in asset management. The information presented here is not specific to individual asset categories, and should be read in conjunction with Part Three – Specific Information on Existing Assets and the individual detailed Asset Management Plans in Appendices B – F.

3.6 Council's Asset Policy

Council's responsibility is to manage its assets to deliver the required level of service in a cost effective manner for present and future residents and consumers. The key elements of asset management are:

- taking a life cycle approach
- developing cost-effective management strategies for the long term
- providing a defined level of service and monitoring performance
- understanding and meeting the demands of growth through demand management and infrastructure investment
- managing risks associated with asset failures
- sustainable use of physical resources
- continuous improvement in asset management practices.

Asset management is important because Council cannot deliver services to its communities without the appropriate infrastructure. This infrastructure needs maintenance, repair and replacement, all of which must be recognised and included in budget processes to ensure it is properly funded. Asset management covers the following key activities:

- Maintenance
- Renewal
- Expansion
- Upgrade

Maintenance

expenditure on an asset which allows it to continue to be used, but does not increase its service potential or life

Renewal

expenditure on an asset which increases the service potential or extends the life of the asset

Expansion

providing an asset to an area not currently serviced, but at the same level of service as is provided elsewhere in the community

Upgrade

expenditure on an asset to improve its level of service or extend its life

In 2009, Council commissioned an Asset Management Gap Analysis which complied with the International Infrastructure Management Manual (2006 Edition). The aim of the Gap Analysis was to identify the current status of Council's asset management procedures, systems and training, and to determine areas for improvement. Council's asset management procedures, systems and training were assessed in five key areas and ranked from unsatisfactory (0-1) to excellent (8-10). The areas, the current level of performance and the target level of performance are summarised in the table below.

Areas	Current 2009		Target 2012	
Asset knowledge, data and processes	Average	6.2	High	8.0
Strategic asset planning processes	Emerging	5.5	High	8.0
Operations, maintenance and works processes	Average	6.3	High	8.0
Information systems	Low	6.7	High	8.0
Organisation context	Average	6.2	High	8.0

The Asset Management Gap Analysis highlighted the status of Council's asset management practices and provided targets for improving those practices in the next two years. The initial three year timeframe (which commenced in 2009-2010) is realistic in terms of available resources, and is consistent with Council's strategic planning review program.

The Asset Management Gap Analysis identified a need for an Asset Management Improvement Plan, which was prepared in September 2009. This Plan specifies the activities and resources needed to achieve a high level of competence by 2012. The activities are grouped into six areas:

- **Asset knowledge / data** – actions to improve knowledge about assets, including maintenance, condition and lifecycle costs
- **Data processes / techniques** – actions to improve collection, management and linkages to all data on all asset classes
- **Strategic Asset Planning Processes** – actions to improve strategic asset management, including levels of service, demand forecasting, risk management and lifecycle planning
- **Operations Maintenance and Work Processes** – actions to improve maintenance strategies, contract administration and emergency response
- **Information systems** – actions to improve the asset register, recording of works / maintenance actions and systems integration
- **Organisational / commercial context** – actions to improve overall corporate approach to asset management, benchmarking against similar organisations and training and awareness for staff.

Overall, the Asset Management Improvement Plan identifies 64 tasks to achieve this higher level of competence. There are additional actions relating to specific groups of assets that will also be implemented. When the initial 64 tasks have been completed Council will be more informed in its implementation of quality asset management practices.

Council's best practice systematic methodology for asset management will be implemented over the next two years. This will ensure that assets are planned, constructed, operated, maintained, renewed and disposed of at lowest possible life cycle costs and in accordance with service delivery priorities. This ensures that future generations can enjoy the same or better level of service provision and infrastructure standard as today's communities.

3.7 Categories of Asset Condition

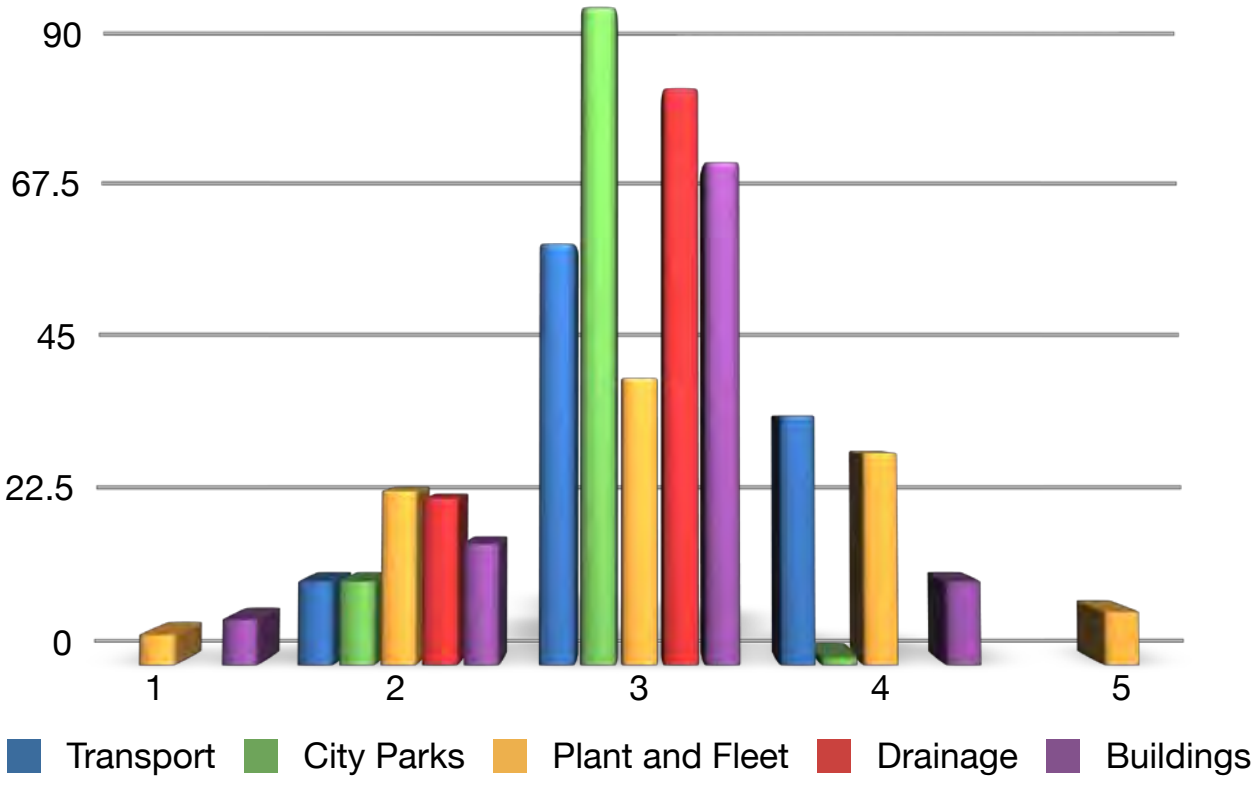
Asset condition is rated using a 1 – 5 rating system to describe the current condition of the asset and the maintenance / replacement implications of that condition. All Council assets are rated using the same scale. The individual asset plans contain detailed ratings for individual assets; the tables below indicate the meaning of each condition rating, and the proportion of assets within each asset class rated good or above.

Rating	Description of condition
1	Excellent condition – only planned[2] maintenance is required
2	Very good condition – minor maintenance required in addition to planned maintenance
3	Good – significant maintenance required but renewal or upgrade not necessary
4	Average – significant renewal or upgrade required
5	Poor – unserviceable

[2]*Planned maintenance means repair work identified on a regular basis through a maintenance management system. It includes mowing, cleaning etc. It does not include replacement of high value components (such as fencing, roofs) or painting.*

As can be seen from Graph 1, the majority of Council's assets in all asset categories are in 'good' condition, meaning that the asset is still serviceable, but that additional maintenance beyond planned maintenance is required. The asset renewal programs which have been developed for buildings, parks and public amenities set out the required actions to ensure that these assets remain in good, very good or excellent condition however these renewal programs are currently not fully funded. A similar program has been developed for road and drain maintenance and renewal.

Graph 1 – Asset Condition



3.8 Future demand

Making some predictions of future demand for assets is a critical part of asset planning. Future demand comes from two main sources – population growth and changing trends in asset use. Both are relevant for all assets, though clearly the impact of changing trends will vary between asset categories. Future demand from population growth is discussed here; future demand from changing trends is discussed further in Part Three, for each individual asset category.

Penrith's estimated resident population was nearly 185,000 in 2009, and continues to grow. People over the age of 60 will make up a significantly larger proportion of this population than they do today. This growth is broadly expected to be evenly divided between the new urban areas and increased densities in the established areas.

Increased population will have the greatest effect on demand for parks and recreation facilities, public buildings and transport (including road assets, road furniture and pathways). Fleet will need to be increased to help service other assets (particularly maintenance) though increased efficiency in use of fleet will counteract this to some extent. New drainage infrastructure will be required in new urban areas, and upgrades may be required in established areas if large, currently vacant sites are to be redeveloped. Drainage, however, is the asset category least likely to be impacted by population growth.

Growth within the existing areas of the City is expected to be fairly steady, and will be concentrated in those areas targeted for increased density by Council's draft Urban Strategy. Initially, this is proposed as the Penrith City Centre, St Marys Town Centre and Kingswood, and the areas immediately surrounding those centres. Other areas identified in the draft Urban Strategy will be rezoned to allow for higher densities over time.

As each area is rezoned, the need for new or upgraded assets is assessed and, if necessary, factored into the rezoning process (for example, an area may need to be rezoned to accommodate a new park, or land may need to be identified for road widening). Often these assets will be at least partially funded by development contributions, as the demand for them will arise from the additional development. Timing for their delivery will be identified in the relevant Contributions Plan or Planning Agreement and, as each element of infrastructure is required, it will be incorporated into the relevant service activities in the *Delivery Program* (eg infrastructure planning, funding, design, construction, and maintenance).

Growth in new urban areas depends on market cycles, and when land is made available for development. The currently expected development periods (first lot release to completion of development) for the major new urban areas in the City is set out below.

In general, local assets in a new urban area are delivered as part of the development of that area, either through a Section 94 Contributions Plan or a Planning Agreement. This means that Council generally does not have to plan for these works, as they are delivered by the developer. Assets, particularly roads and parks, are usually maintained by the developer for an agreed time, and then transferred to Council's ownership. They are then included in Council's asset register, and a regular maintenance regime is implemented.

Council is also responsible for renewal and replacement of these assets, and those costs need to be recognised in Council's asset management plans. The detailed costs for each asset, which are included in the relevant Section 94 Contributions Plan or Planning Agreement, can provide the base information needed to plan for the maintenance and life cycle of the asset.

New Urban Area	Expected development timeframes
Waterside	Current to 2015/2016
St Marys Release Area (Western Precinct – Jordon Springs)	Current to 2017/2018
Glenmore Park (Stage 2)	Current to 2020
Werrington Mixed Use Area	2010/2011 - 2015/2016
South Werrington Urban Village	2010/2011 – 2019/2020
Claremont Meadows (Stage 2)	2011/2012 – 2017/2018
Caddens Release Area	2011/2012 – 2021/2022
North Penrith Urban Area	2011/2012 - 2022
St Marys Release Area (Central Precinct)	2017/2012 – 2020/2021

3.9 Level of service

Our communities rely on Council to provide services and facilities to meet their needs and expectations. A broad understanding of the level at which our communities expect those services and facilities to be provided can be drawn from Council's biennial Customer Satisfaction Survey (survey responses for individual asset categories are detailed later in this Asset Management Strategy). This is not, however, sufficiently detailed to determine the level of service our communities require for individual asset classes (eg roads, parks etc).

The preparation and exhibition of this revised and expanded *Resource Strategy*, together with the appended specific Asset Management Plans, provides a more informed basis for future consultation with our communities to determine the level of service that is expected from each of Council's assets. These consultations and discussions will continue over the next two years as Council builds a more detailed information base of the maintenance and renewal costs of each asset, based on the current level of service. This will also enable Council to more accurately determine the cost of improving or reducing levels of service for each asset class.

When accurate costings are available for all of the asset classes, our communities can decide whether they are willing to pay to improve specific services, and if some services should be reduced to enable funds to be spent elsewhere.

The *Community Engagement Strategy* sets out a range of approaches to consultation and engagement to involve our communities in guiding key decisions, particularly those with financial or service level implications. Council needs to ensure that those most affected by decisions on service levels are fully involved in the decision making process.

The quantum or quality of provision, such as how many playgrounds will be provided across the City or the capacity of a road, is generally outlined in Council's policy documents (eg the Open Space Action Plan).

Council's *Operational Plan* provides information about the levels of service delivered each year (eg time taken to process applications, respond to enquiries, or remove graffiti). This information provides a basis for determining the effectiveness of each service, each year. Service levels are currently determined by the budget available, community expectations, and a realistic assessment of what can be achieved. Some services also have more detailed service level 'agreements' that are adopted by Council, such as a schedule of mowing frequency for the different categories of parks (eg district, neighbourhood, or local).

Community satisfaction may relate to the quantum of provision, or to the level of service being provided. For example, our communities may be satisfied with the overall number of parks in the City, but would like to see them better maintained. As both aspects affect the costs of providing and managing assets in the City, ongoing engagement processes with our communities will continue to examine quantum of provision, and level of service.

3.10 General Risk Analysis

Risk analysis is a key part of asset management, as it enables common and high impact risks to be assessed and, where possible, strategies employed to either reduce the likelihood of the risk occurring or the impact of the risk, should it occur. Key steps in the risk management process are:

1. Establish the context
2. Identify the risks
3. Analyse the risks
4. Evaluate the risks
5. Treat the risks.

The significance of a risk depends on two things – the likelihood that it will occur and the impact, should it occur. For example, a risk may be very likely (eg graffiti on a building) but have comparatively minor impact. These will generally be seen as less significant risks. Other risks may be less likely to happen but will have a greater impact (eg a building fire). Generally, the most significant risks are those which have the potential to cause injury or death.

Most key risk areas are common to all Council's assets and are described below. Additional risks that are specific to particular types of assets are discussed within individual asset sections.

Financial

Competing financial priorities pose a risk to assets if scheduled maintenance and replacement cannot occur due to insufficient funds. Regular maintenance is a key to sustainable asset management, and ensuring that assets remain functional and serviceable for their expected life span. Regular maintenance assists with intergenerational equity, as it means that all users of an asset contribute to the cost of obtaining, maintaining and replacing that asset over its lifecycle. If insufficient funds are allocated to either maintenance or replacement, some users of an asset will enjoy the service it provides without making a contribution to it, leaving a higher cost for later users.

Council's Asset Management Strategy, particularly implementing the Improvement Plan actions, will address this risk to some extent. The information that will be gathered and the systems that will be put in place over the next two years will highlight the most efficient maintenance spending schedule for all categories of asset. It will also provide the information necessary to inform our communities about Council's capacity to develop and maintain new assets, as well as maintaining and renewing our existing assets. To properly address this risk, however, Council must ensure that sufficient funds are allocated each year for asset maintenance and replacement. There is the potential for a range of social, environmental and economic impacts on our communities if this risk is not minimised.

This financial risk is unlike other forms of risk (such as fire or flood) as it is possible to prevent the risk occurring rather than just planning to minimise the impact. Prevention, however, will require a substantial increase in funding which is not available in current circumstances. Council continues to pursue opportunities to increase available funding, and reduce required expenditure (through innovation and productivity improvements) to minimise this risk.

Climate change

Council recently undertook a Climate Change Risk Assessment and Adaptation Action Planning project. This project aimed to identify risks to Council associated with climate change and, where possible, identify strategies to reduce those risks. The project identified 59 risks, of which 21 affect public assets and infrastructure. These risks are summarised below:

- more hot days and fewer cold nights will result in faster deterioration of buildings, roads and other assets
- reduction in available water coupled with increased demand is likely to result in the prohibition of the use of potable water for maintaining playing fields
- all Council assets, particularly structures, will be more at risk due to an increase in days of extreme bushfire danger
- drainage assets are likely to be under more stress due to increased intensity of short duration rainfall events
- Council buildings and other assets will be subject to more storm damage if the severity of storms increases.

As many of the risks identified were similar, twelve risk adaptation strategies were developed to address risk groupings. One of those strategies directly relates to accelerated asset deterioration, although others relating to flooding, bushfire, water shortages and storms are also relevant. The Climate Change Risk Adaptation Plan will be developed into a comprehensive Climate Change Risk Management Strategy in 2011, which will identify specific actions to mitigate and adapt to climate change impacts. Implementing these actions will depend on cooperation with our key regional partners, as the risks and impacts of climate change are not unique to Penrith City.

This *Resource Strategy* will also be updated in future to incorporate these more detailed responses to climate change impacts. There is the potential for social, environmental and economic impacts on our communities if this risk is not minimised.

Vandalism

Vandalism threatens all Council assets to some degree, although buildings, parks and street furniture are most vulnerable. Some vandalism, such as graffiti, is comparatively minor as it has an aesthetic impact but does not affect the useability of an asset. Graffiti removal does, however, represent a significant drain on Council resources. Other forms of vandalism, such as building fires, damage to playgrounds and damage to street lights, bins or seats, can render an asset unusable.

It is unlikely that vandalism will ever be totally eliminated, so Council discourages it through various strategies. These include quick graffiti removal, use of damage resistant fittings and designing safer public spaces. Vandalism represents an ongoing risk to Council assets, and has, therefore, potential for ongoing social and economic impacts on our communities.

Fire

The risk of fire is from both bush fires and town fires. Both bush and town fires mainly present a risk to above ground structures such as buildings, fences, and play equipment. Fire risk to roads and drainage networks are not as significant, although there is a risk to road furniture such as street signs and street trees, and roads can be closed if other infrastructure (power lines in particular) are rendered unsafe as a result of a fire.

Council has strategies in place to address the risk of fire, ranging from the installation of smoke detectors to emergency lighting, evacuation procedures and sprinkler systems in buildings. New assets comply with all relevant fire safety standards, and existing assets are upgraded through a on a regular program to ensure compliance. Council has insurance to cover damage or loss of assets from fire, which also minimises the potential for economic impacts on our communities.

Salinity

'Salinity' refers to an increase in the saltiness of natural ground water and soil. It is a more significant problem in areas where the groundwater level is high, and some areas in the City (including parts of St Marys and many of the creeks) have been identified as having moderate to high salinity. An increase in the salinity of groundwater can have a significant impact on underground assets made of porous materials, including building footings, roads and car parks.

Council's current risk management strategy for salinity is to monitor assets in affected areas and carry out maintenance as required. As salinity becomes a more significant issue in the City, a specific Salinity Action Plan may need to be prepared.

Flood

Flood is a risk which can be quantified, but occurrences are difficult to predict. Flood affects all categories of Council's assets.

Damage to buildings will vary depending on the level of submergence and the velocity of water flow. Drainage systems can be highly affected by floods which go beyond existing capacity, and are difficult and expensive to modify when predicted flood levels are changed. Where parks and ovals are located in natural or artificial detention basins, they can be at significant risk from flooding. If ovals are submerged for extended periods, they cannot be used and may need returfing or seeding.

Roads can generally accommodate some inundation, but can be significantly affected if submerged for a long time. Extended periods of rain also frequently result in an increase in unplanned maintenance (eg potholes) that must be addressed if additional damage to the subsurface of the road is to be avoided.

As flooding is a known risk in the City, Council has risk management strategies in place. New fixed assets (particularly buildings) are not generally constructed in flood prone areas, although there are some exceptions such as riverside amenities blocks (eg Tench Reserve). Where assets (including paths, roads and bridges) are constructed in flood prone areas they are designed and constructed to meet the relevant standards, and upgraded (when funding is available) if there are changes in identified flood levels or future flood potential.

Part Three – Specific Information on Existing Assets

The following sections provide more detailed information on the five classes of Council asset –Transport, Drainage, Buildings, Plant and City Parks. These sections should be read in conjunction with the general information in Part Two of this Asset Management Strategy chapter, and the individual Asset Management Plans in Appendices B – F.

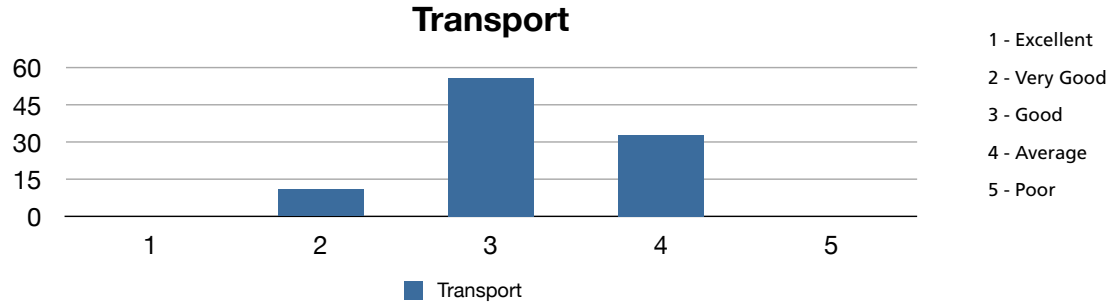
3.11 Transport network

At a glance ...

Council's road network includes the sealed and unsealed roads, footpaths, bridges and road furniture (street signs etc) that are under the care and control of Council. It does not include state roads or classified roads, which are the responsibility of the Roads and Traffic Authority. Generally, Council has accurate, detailed data on road condition, and is currently implementing systems to gain more accurate data on maintenance.

Asset Value	$772,421,412
Life Cycle cost	$18,672,000
Life Cycle expenditure	$11,169,000
Life Cycle sustainability index	0.60

The majority of Council's transport assets are in good condition, which means that they are serviceable but require significant maintenance.



The lifecycle sustainability index of 0.60 indicates that there is currently a shortfall in the optimum maintenance and renewal expenditure each year. If this continues, asset condition will decline, resulting in a lower level of service. It also means that current users are not paying their full share of the cost of maintaining the City's transport assets, and future users will need to pay substantially more to bring the assets up to a serviceable condition.

Current Status

The transport asset network includes the entire infrastructure needed to move around our City – roads, footpaths, cycleways, car parks, bridges and underpasses. It also includes the associated 'furniture', such as signage, kerb and guttering, median strips, bus shelters, line marking, crossings, and roundabouts.

These assets are freely available to our communities and visitors to the City, and the funding for construction and maintenance generally has no 'user pays' component. One exception is where developers are required to construct specific transport assets through conditions of Development Consent, Section 94 Contributions Plans or Planning Agreements. When the assets have been transferred to Council, subsequent maintenance and replacement costs must be funded by Council. The following table details the roads and associated facilities maintained by Council.

Asset Category	Dimension	Replacement Value
Sealed road pavement	7.86 km2	$594,158,000
Unsealed road	11.27 km	$3,395,000
Kerb and gutter	1,373 km	$150,000,000
Paved pathways and cycle ways	> 360 km	$24,846,000
Bridges	85	$11,303
Car parks	159	$3,338
Road furniture		$7,771
Street name signs	4,200	
Regulatory signs	16,050	
TOTAL		**$772,421,412**

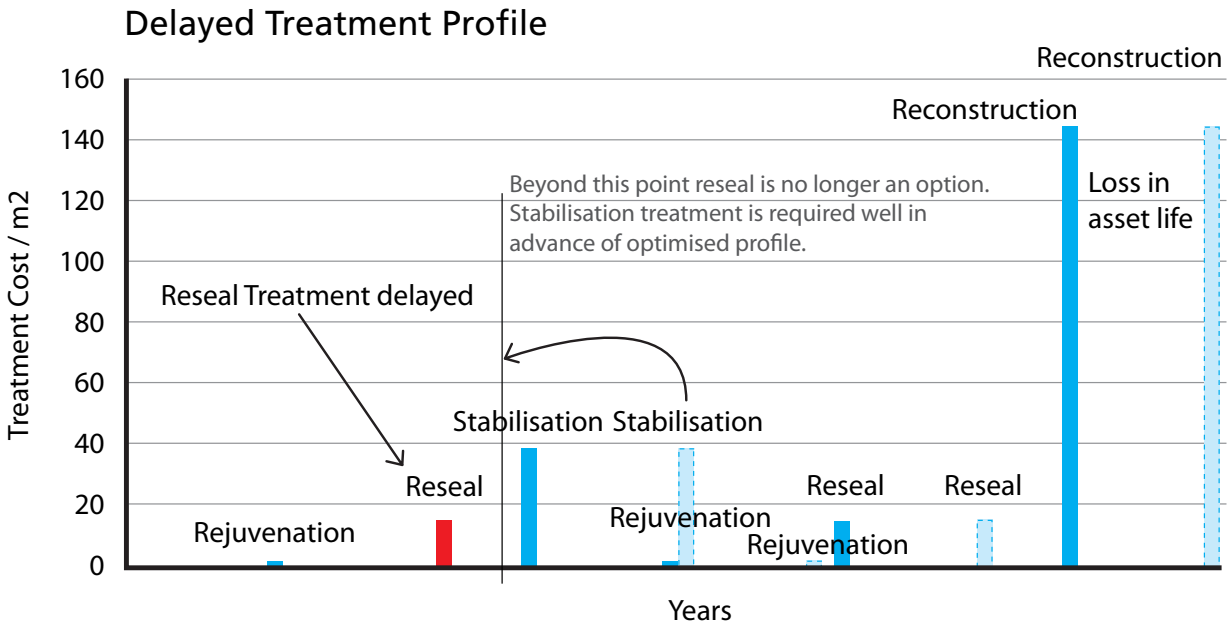
The transport network is one of the most extensively used Council assets, as it is used by everyone who lives in, works in or visits the City. It is also a class of asset that our communities consistently identify as being of high importance, which means that Council is expected to maintain these assets so that they are safe, useable and provide a reasonable level of service.

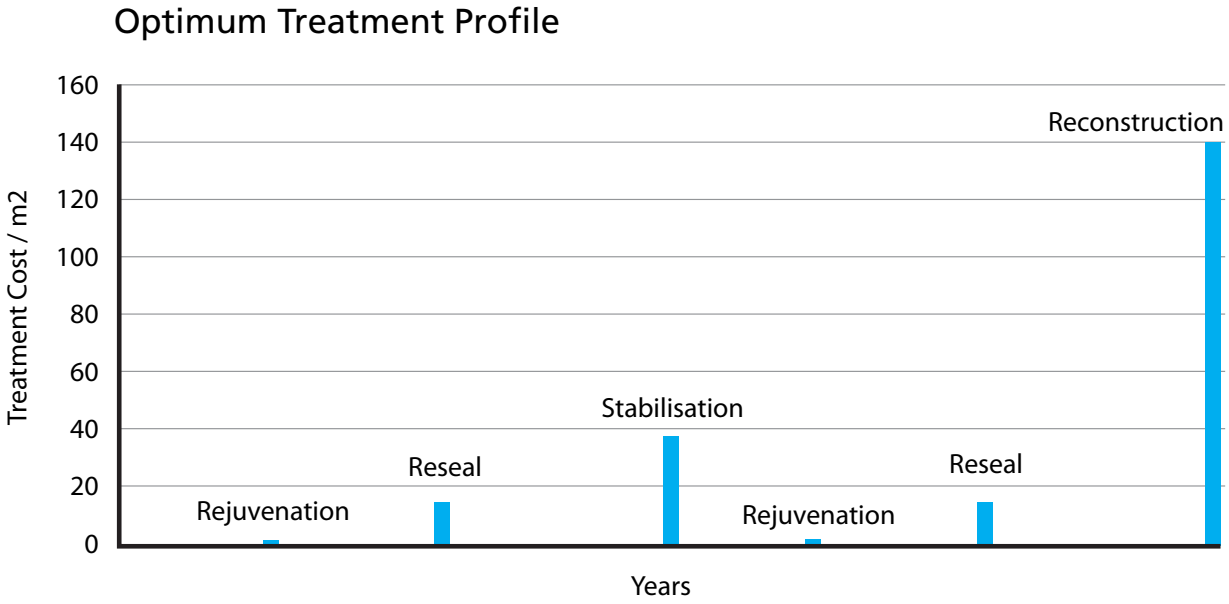
Council undertakes a comprehensive assessment of the road network every three years to assess quality, function and safety. This assessment provides information on the condition of all roads, and, when analysed against road maintenance information, enables Council to assess the effectiveness of its maintenance program.

The condition of roads is expressed as a Pavement Condition Index. The Pavement Condition Index (PCI) is calculated according to set criteria and processes and is used internationally to provide an assessment of road condition. It is expressed as a number between 0 (failed pavement) and 10 for a pavement in perfect condition.

Currently, the average PCI for Council's road network is 6.0, with 65% of the pavement achieving a rating of 5.0 or better. This is an improvement over previous years, however it is anticipated that the asset management practices proposed to be implemented over the next ten years will lead to a further improvement in road condition.

Council has developed an Asset Management Plan for its road network, based on an optimum treatment profile. Although this requires comparatively earlier and greater spending on road maintenance, it increases the overall life of a road by approximately ten years. Over the lifecycle of the road this represents significant savings, and a better service to our communities.





Level of service

Community satisfaction ratings provide a guide to the level of service expected by our communities. Current information on community satisfaction is gained from the biennial Community Satisfaction Survey. The 2009 survey asked residents both about the comparative importance of maintaining local roads and their satisfaction with the condition of local roads. The results from this survey are shown in the table below.

Clearly, most of the surveyed residents rated the maintenance of roads and footpaths of high importance, but fewer indicated that they were highly satisfied with the road and footpath network. This is consistent with previous years, and is part of the reason why Council has decided to implement new asset management systems. It is expected to take another few years before the improvements are reflected in the results of the Community Survey.

Element	Importance		Satisfaction	
	% high	score	% high	score
Maintenance of local roads	96.3	9.18	41.1	5.71
Maintenance of footpaths	90.1	8.62	50.8	6.31
Provision of footpaths	90.6	8.52	53.5	6.49
Provision of cycleways	67.4	7.12	35.0	5.81

'% high' refers to the percentage of residents who rated this element as of high importance / high satisfaction
'score' means the overall score out of 10 for importance / satisfaction

Future demand

Future demand for transport infrastructure will come primarily from population growth. Transport infrastructure in new urban areas should be provided as part of the estate development, and include the roads and associated furniture (eg signage, line marking), footpaths, bus shelters, kerb and guttering, and bridges if required. Future demand in new urban areas, therefore, is primarily a consideration for future maintenance and renewal programs, which can be coordinated through Council's asset management processes.

Future demand in existing areas comes primarily from community expectations of improved services, such as extending the pathways or kerb and guttering networks, or increasing maintenance of footpaths and roads.

As these networks support our communities in leading more active and healthy lifestyles, it is important to provide and properly maintain the necessary infrastructure. The Shared Pathways Network (footpaths and cycleways) contributes to the City's overall transport systems, and Council has established a regular program to build on the existing pathway network.

As Council's road and pathway network grows, additional resources need to be allocated to maintenance, through the asset management process.

Transport specific risk analysis

The key risks for roads are salinity, storms and flood. Salinity in the soil or ground water attacks the subsurface of the road, requiring more frequent maintenance if an adequate level of service is to be maintained.

Council's current risk management approach to minimise the impact of salinity on roads is monitoring and repair. Council has introduced controls in Penrith Development Control Plan 2010 to require proposals for new development in the City to consider the potential for that development to increase salinity levels, and take necessary action to minimise that impact. These controls will not, however, address the current impacts of salinity, and will only partly reduce its naturally increasing occurrence.

The risk to roads from storms and floods arises from excess water over the road surface. If there are weak areas on a road surface (caused by vibration, normal wear and tear or other factors) water will create potholes, allowing water to extend into the subsurface structure. This risk is higher if a road is actually submerged during a flood, in comparison to water running across the road surface in a storm.

Council's current risk management approach to floods and storms is monitoring and maintenance. Council aims to repair all road defects that meet the compulsory intervention level within five days, as this response minimises the likelihood of damage to vehicles and limits the damage that is caused to the subsurface of the road. Similarly, an appropriate inspection and maintenance regime identifies weak spots likely to be susceptible to water and may prevent problems occurring. The information gathered as part of the road condition assessment is therefore a key part of the overall risk management strategy.

Roads also play a key role in emergency situations. If a road or bridge fails (if they deteriorate the extent that they are impassable, or are cut due to flood levels or fire) this failure can have a significant community impact. It is important that roads are considered in the context of their use in emergencies, rather than in just their everyday role.

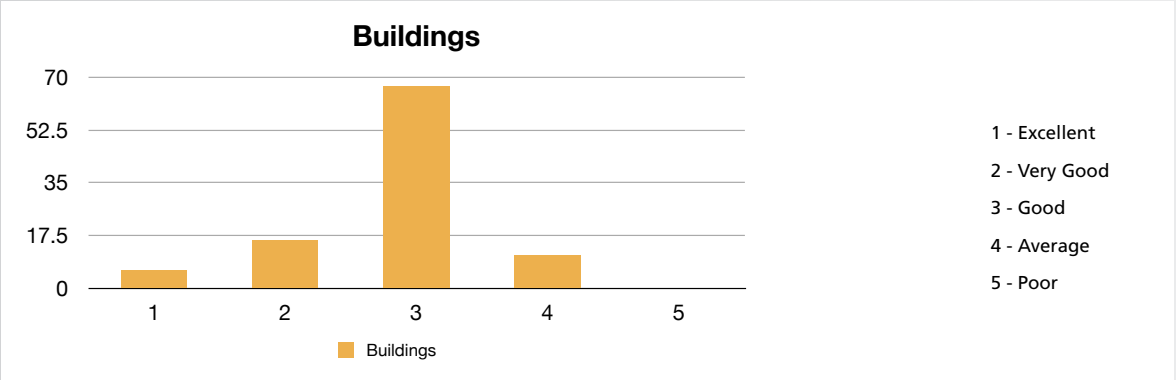
Council's approach to risk management of the emergency function of roads is a component of the overall emergency risk management framework. Road levels are considered when identifying evacuation routes, and markers are placed on roads that are known to be below certain flood levels so the depth of water over the road in a flood event can be accurately judged. As flood data is updated and as new urban areas are developed, these approaches will continue.

3.12 Buildings

At a glance ...

Council owns and manages a large number of buildings that are used for many different purposes. They range from the main Civic Centres in Penrith and St Marys, through to works depots, public halls, the Joan Sutherland Performing Arts Centre, swimming centres, community centres, child care centres and amenities and public toilets. Council also owns a small number of dwellings, in locations that are strategically important for the City's future, which are privately rented. Most of Council's buildings are used for public purposes.

Asset Value	$397,437,700
Life Cycle cost (per annum)	$9,656,754
Life Cycle expenditure	$4,396,000 (proposed 2010/11)
Life Cycle sustainability index	0.46



The majority of Council's building assets are in good condition, which means that they are serviceable, but require significant maintenance. The lifecycle sustainability index of 0.46 indicates that there is currently a shortfall between the optimum and planned maintenance / renewal expenditure each year. If this continues, asset condition will decline resulting in a lower level of service. Alternatively, capital expenditure (new buildings) may be delayed so that there are more funds available for maintenance. The ten-year Building Asset Renewal Program has been identified as a priority in the *Delivery Program 2009 – 2013*, but is currently not fully funded.

Current status

Council has extensive data on around 20% of its buildings, and general information for the rest in relation to building condition and maintenance. Systems to gather, centrally store, monitor and easily access the relevant information are currently being implemented. Council's approach to asset management for its buildings is currently focussed on gaining better data, as well as using the available data to improve asset management practices. The table below shows the building assets that Council currently maintains.

Council is currently rating the condition of its buildings (and components) in accordance with the IPWEA (Institute of Public Works Engineering Australia) Building Condition and Performance Assessment Guidelines. Buildings are given a score from 1-5. At present, Council's maintenance program is designed to include routine maintenance and responses to emergency repairs. When all buildings have been assessed, upgrade and improvement works can be scheduled to maintain the buildings at the agreed service level.

Implementing the Public Amenities Buildings Replacement Program is a task in the *Delivery Program 2009-2013* however it is not fully funded at present.

Asset Type	Number	Asset Replacement Value
Sporting and Park Amenity Buildings	43	$26,177,500
Public Toilets	35	$14,284,000
Sporting and Social Clubs	20	$13,133,000
SES and Bush Fire Sheds	11	$5,761,700
Council Administrative and Operation Buildings	5	$93,195,700
Community Uses	9	$2,582,000
Seniors Citizens Centres	2	$7,475,000
Children's Centres	28	$43,143,200
Early Childhood Centres	1	$826,000
Shops and Offices managed by Property Dept.	14	$52,014,000
Residential Property managed by Community Development	1	$11,815,000
Halls	11	$16,821,000
Neighbourhood Centres	24	$26,181,200
Historic Site Buildings	3	$3,305,000
Libraries	2	$1,110,000
Miscellaneous	8	$1,546,400
Controlled Entities	4	$71,134,000
Youth Centres	3	$6,933,000
Total	**224**	**$397,437,700**

Level of service

During 2008-2009 over 300,000 people used Council facilities such as neighbourhood centres, youth centres, senior citizens centres and community halls. This represents a decrease in use from 2007-2008. The survey that supplied this information did not provide data on why there was a decrease in facility use, so Council will explore this further with our communities, as opportunities arise. Indications so far are that the layout of many Council facilities no longer meets contemporary needs, although management and booking systems may have also influenced usage rates.

Council is addressing the issues relating to facility layout through a program of consultation with relevant local communities, followed by the capital works required to upgrade the hall or centre to reflect contemporary needs. One example is the Londonderry Neighbourhood Centre, which was modified from one big room to a number of smaller rooms and offices to allow it to be used simultaneously by small groups. This has significantly improved the service provided by this centre. Finalising the Neighbourhood Facility Management service review, and implementing prioritised actions, are tasks in the *Delivery Program 2009-2013*. Currently, implementation of the actions is not fully funded.

Council's improved asset management system will monitor the cost of maintaining individual buildings. This will provide essential data to determine current and future service level costs.

Element	Importance		Satisfaction	
	% high	score	% high	score
Condition of public swimming pools	79.3	8.15	57.4	7.19
Provision of library services	75.1	7.60	71.7	7.74
Condition of public halls and community facilities	59.5	6.73	46.6	6.59
Provision of public halls and community facilities	35.6	5.26	38.3	6.33

'% high' refers to the percentage of residents who rated this element as of high importance / high satisfaction
'score' means the overall score out of 10 for importance / satisfaction

Future Demand

Future demand for building assets will come primarily from new subdivisions and population growth. Newly released urban areas will require developers to construct new neighbourhood centres and public amenities to cater for the needs of a new community. With many new urban release areas scheduled to be commenced within the next 10 years, Council will need to be prepared to maintain and renew building assets once all 'hand over' processes are finalised.

As a growing City the provision of building assets that are available for public use will require refurbishments, upgrades and or reconstruction to ensure that the buildings continue to meet contemporary needs. The capacity and the operating standards of building assets will be a key demand factor as older facilities will need to be renewed to ensure that they are safe and have the potential to cater for large and small functions.

Future demand will also be driven by community expectations. Public buildings provide an opportunity for hosting conferences, cultural and social events, an arena for political, administrative and operational processes, childcare, the provision of emergency services and research and educational facilities. The increased provision of public buildings in a variety of forms is becoming even more important as we grow as a Regional City. Well designed and well used Infrastructure supports our communities.

As the current building assets age, and new buildings are constructed, Council will need to ensure that additional resources are allocated to maintenance, renewal and reconstruction, through the asset management process.

Building specific risk analysis

The key risks for Council's buildings are vandalism, fire and to a lesser extent, salinity.

Vandalism can take many forms, from graffiti that causes no structural damage, to serious acts of destruction. Six of Council's buildings have been destroyed by vandalism (mostly fires).

The most effective approach in managing vandalism is prevention. This may involve using graffiti resistant paint, damage resistant fittings on lights, and designing spaces and features to limit opportunities for damage or destruction. Unfortunately, it is not possible to entirely protect buildings from vandalism. Council's programs to increase the safety of all public places will contribute to reducing the risk of vandal attacks on public buildings.

Fire is also addressed by preventative measures, including installation of fire alarms and smoke alarms. Sprinkler systems are also an option, but are not always cost effective for smaller buildings. Council has insurance against fire so facilities can be generally repaired or replaced.

Salinity in the soil or ground water attacks the footings of building footings. This causes damage, and also requires more frequent maintenance to prevent further damage to the building that could render it unsafe.

Council's risk management approach to minimise the impact of salinity on buildings is monitoring and repair, although in highly saline areas the use of marine grade concrete in footings provides reasonable protection. Council's current risk management approach to minimise the impact of salinity on roads is monitoring and repair.

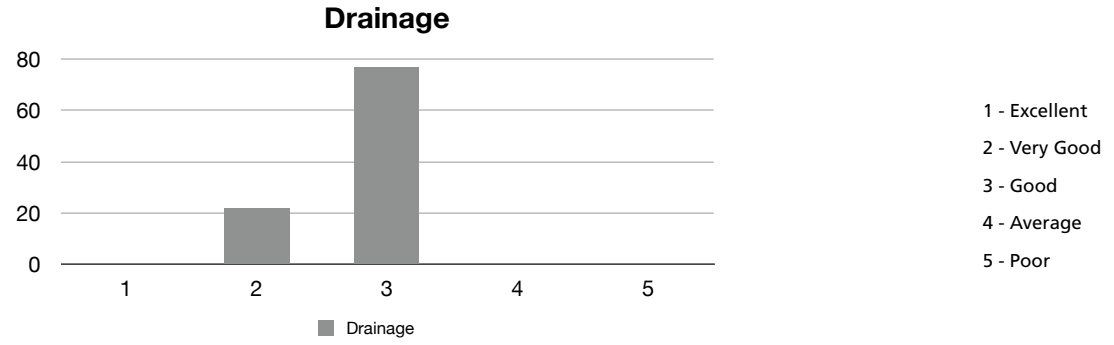
3.13 Drainage network

At a glance …

Drainage works include Council's stormwater transportation system (primarily pits, pipes and culverts) but also gross pollutant traps and dry retarding basins.

Generally, Council's data on the state of the drainage system is fairly limited. Much of the infrastructure is below ground and therefore difficult to assess. Accordingly, improving the available data on the drainage network is a key focus of the Asset Management Strategy for the next two years.

Asset Value	$303,920,000
Life Cycle cost (per annum)	$2,714,000
Life Cycle expenditure	$1,329,000 (proposed 2010/11)
Life Cycle sustainability index	0.49



Over 60% of Council's drainage assets are in good condition, which means that they are serviceable, but need significant maintenance. The life cycle sustainability index of 0.49 indicates a shortfall in renewal / maintenance expenditure. Despite, the low sustainability index it needs to be noted that due to the long life cycle of drainage assets i.e. 100 years, there will be minimal expenditure on major asset renewal. Although the monetary rate of depreciation is quite large, the condition of the assets does not make it necessary for major renewal works to be scheduled. When only the maintenance and minor renewal expenditure required is compared to the lifecycle expenditure the sustainability index would be equal to 0.75.

Current Status

The table below details the drains and associated facilities that Council maintains.

Asset Category	Number
Pipelines	604 Km
Drainage pits	20,032
Headwalls	1,791
Prescribed dams	2
Dry retarding basins	111
Gross Pollutant Traps	73
Litter baskets	89
Total Replacement Value	$303,920,000

Pipelines and drainage pits below ground are difficult and expensive to inspect, which means that it is not feasible to conduct a comprehensive, regular inspection program similar to that which Council conducts for its road network. Information on maintenance and system failure is being collected, and will help provide a better understanding of the condition of the overall system.

Level of Service

Council has set specific standards for the performance of its drainage network, depending on the expected level of water flow, and the role that each structure plays in the drainage system. Those levels of service are expressed in terms of the drainage network's ability to cater to a certain level of storm. For example, a gutter in a residential street is expected to accommodate the rainfall from a 1 in 100 year storm, or a storm with an Average Exceedence Probability of 1.0. The standards for the different levels of drain are set out below:

- New piped systems must accommodate the likely flow from a storm with an Average Recurrence Interval of 5 years under normal operating conditions
- New drainage systems must accommodate the likely flow from a storm with an Average Recurrence Interval of 100 years under normal operating conditions.

Council's biennial Community Satisfaction Survey asks one question on drains. In the 2009 survey residents generally rated the maintenance of public drains as being of high importance, but the satisfaction level with that maintenance is significantly lower. This shows that our communities generally believe that Council needs to improve its service in this area.

Element	Importance		Satisfaction	
	% high	score	% high	score
Maintenance of public drains	87.1	8.55	50.0	6.48

'% high' refers to the percentage of residents who rated this element as of high importance / high satisfaction
'score' means the overall score out of 10 for importance / satisfaction

Future Demand

Drainage assets are less affected by future population growth, although in some areas stormwater run-off may increase due to greater expanses of hard paved areas and surfaces. The changing environment and growth in urban housing will put a certain degree of strain on drainage assets. As housing becomes denser, inner suburban drainage networks will become more heavily used as pollutants and increase in human activities start influencing the natural drainage processes of the environment.

Future demand in drainage assets will primarily come from the development of new urban areas and in areas that have very old drainage lines. These demands will be driven by developers and other authorities given the flood plain in which Penrith City is located. There will be a need to take into account changes in the environment such as climate change which will, in the future, create further stress on the stormwater drainage network.

As new subdivisions develop and the climate changes Council will need to allocate resources to maintain and repair drainage assets at a reasonably high standard.

Drainage specific risk analysis

Generally, the location of pipes below ground means that they are subject to fewer risks than other assets. The key risks are accidental damage as part of construction works, damage from natural causes (tree roots, drying soils) and damage or failure in extreme rainfall events. Accidental damage due to construction works can best be avoided through clear information on the location of Council's drainage assets. Generally, this is quite effective and there have been few significant incidences of damage in recent years.

Tree roots can cause significant damage to pipes, resulting in blockages, cracks and potentially breaks. Careful selection of tree species, particularly street trees, and use of crack resistant material can reduce the incidents of this occurring, however as many of Council's drainage systems are old and made from potentially porous or brittle material it remains a problem. Clay soils, which are present in parts of Penrith City, are also susceptible to expanding and contracting in times of rain or drought. This can also cause pipes to crack, particularly those made of older, more brittle materials.

Drainage system failure generally means that the elements of the drainage system do not contain the water generated by a particular rainfall event. This results in water escaping the drainage system and flooding surrounding areas. Generally, although inconvenient, this is not a significant problem if identified overland flow paths can transport the water to the next level in the drainage system. If overland flow paths are not identified, or are not able to accommodate the volume of water flowing though them, flooding of surrounding properties may occur.

This risk is best addressed by ensuring that drainage structures meet required standards, and also that overland flow paths are identified. Council set specific standards for drainage infrastructure, and adopted an overland flow policy, in early 2010. Implementation of this policy will address risks associated with drainage infrastructure over time.

As part of the general risks associated with climate change, there is likely to be an increase in the intensity of rainfall which will place increased pressure on the drainage system. Essentially, this means that the amount of rain which falls as part of a certain frequency storm (eg a 1 in 20 year event) will increase. To ensure that Council's drainage systems do not fail in a 20 year storm, therefore, the assets within that system will need to accommodate the higher level of rainfall. As analysis and data on climate change impacts becomes available, Council will continue to regularly review all standards and design procedures for its drainage network, and seek to retain current levels of protection.

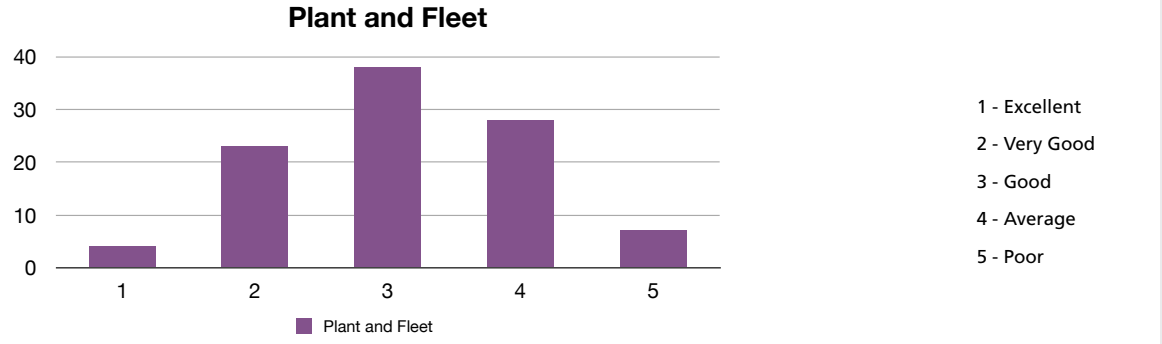
3.14 Fleet

At a glance ...

Council's fleet includes a wide range of vehicles and plant, including the light vehicle fleet (cars and utilities), street sweepers, water carts, tractors, road construction vehicles and other heavy equipment.

Generally, Council has accurate and detailed data on fleet condition, and is in the process of implementing systems to gain accurate data on maintenance. Accordingly, Council's Asset Management Strategy for fleet is focussed on using the available data to improve asset management practices.

Asset Replacement Value	$23,795,169
Life Cycle cost (per annum)	$11,500,000
Life Cycle expenditure	$10,284,227
Life Cycle sustainability index	0.89
Replacement budget	$3,821,300 (budgeted)
	$4,600,000 (Required)
Maintenance budget	$2,200,000
Operating budget	$6,462,927 (including maintenance budget above)



Current Status

Council's fleet is a significant part of its overall asset portfolio. Almost $1.3 million was allocated for plant replacement in the 2009-2010 financial year. Council either owns, or has some form of management obligation, for the types of vehicles and plant outlined in the table below.

Asset Category	Number	Replacement Value
Light Vehicles (eg Passenger cars, utilities but excl. trade staff utilities and vans)	212	$5,950,279
Registered Plant (eg street sweepers, trucks, community buses and tractors and trade staff utilities and vans)	220	$12,441,016
Unregistered Plant (not intended to be driven on the road, eg ride-on mowers, small road rollers)	55	$998,633
Equipment (eg depot forklift, wacker rammers, welding machine but excl. whipper snippers, hedgers, blowers, etc)	35	$178,673
Emergency vehicles (eg trucks, utes and people movers used by Rural Fire Service and State Emergency Service)	41	$4,226,568
Total	**563**	**$23,795,169**

Level of service

The biennial Customer Satisfaction Survey has no questions relating to fleet and plant, as they are tools used to perform other services. It is therefore not relevant to identify a level of service, based on community expectations, for fleet as an individual asset. Standards for how effectively the service is being delivered can still be identified. The most relevant standard is assessing levels of 'fleet utilisation' as it identifies how effective and efficient Council's fleet management practices are at present. Council aims to increase utilisation rates for all fleet vehicles, and has identified this as a service performance measure in the *Operational Plan 2010-2011* to monitor progress. This will assist in ensuring that Council's fleet management practices are delivering value in this service.

Future Demand

Future demand for fleet and plant assets will primarily be driven by the growth in the other asset classes. The required plant and fleet assets will need to be purchased by Council to ensure that all existing and new assets are well maintained and repaired in a timely fashion.

Growth in the City will need to be factored in decision making process when deciding to dispose and/or purchase new assets that will best meet community expectations. With a growing population the intensity of utilisation and the 'wear and tear' of assets will increase. This will ultimately lead to faster rates of deterioration, which may then reduce the level of service provided by the affected assets.

Council needs to allocate replacement budgets that ensure that necessary plant is available for use, and disposal of plant that is no longer needed is timely.

Fleet specific risk analysis

The key risk common to all fleet types is crashes or collisions, which can occur when plant is used on or off road. There are two aspects to crashes and collisions – Council fleet causing a crash, or Council fleet being damaged in a crash caused by another vehicle.

The most effective management approach for this type of risk is operator training and education. Council strongly enforces the need for safe operation of vehicles by staff. Council fleet is fully insured, to enable costs of unavoidable accidents to be recovered.

Any assessment of the risk of potential damage to Council fleet must also consider the implications of individual fleet items being unable to perform as scheduled. These implications may be minor (eg a pool car unavailable for inspections) or significant (such as a road maintenance vehicle unable to respond to an urgent maintenance request). Council has in place processes and procedures to minimise this impact.

Council is also responsible for the maintenance and repair of emergency vehicles operated by the Rural Fire Service and State Emergency Service. Regular maintenance procedures are in place to ensure that, as far as practicable, these vehicles remain operational.

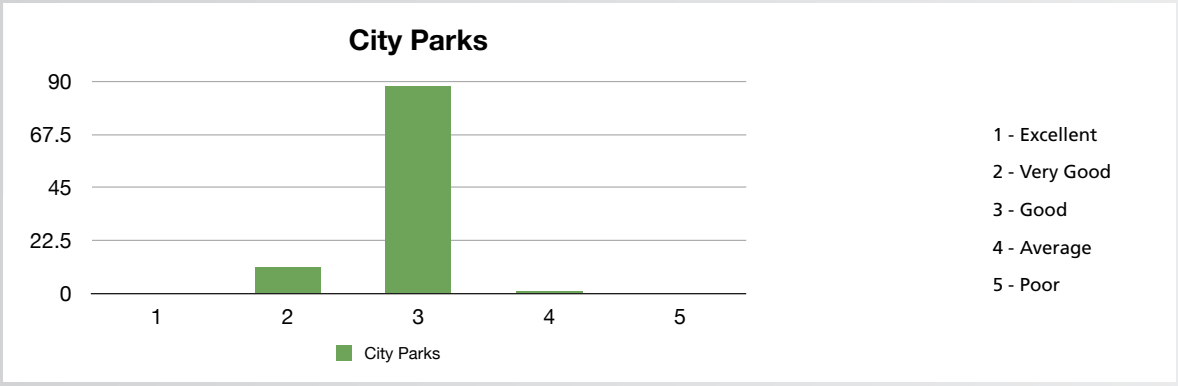
3.15 City Parks

At a glance ...

Council's open space assets include natural areas, parks, sportsgrounds and other areas used for general community purposes, such as drainage reserves.

Generally, Council has accurate, detailed data on the condition of its parkland areas, and is in the process of implementing systems to gain accurate data on maintenance. Accordingly, Council's Asset Management Strategy for parks, ovals and reserves is focussed on using the available data to improve asset management practices.

Asset Value	$19,893,387
Life Cycle cost (per annum)	$1,498,848
Life Cycle expenditure	$950,182 (proposed 2010/11)
Life Cycle sustainability index	0.63
Replacement (renewal) budget	$250,000
Maintenance budget	$8,000,000 (includes $3.2m for grass cutting)



Current Status

Council currently owns and cares for the following city parks assets and associated facilities:

Asset Category	Number	Replacement Value
Playground equipment	123	$2,228,100
Skate Parks	4	$1,100,000
Field lighting	232	$3,208,098
Park lighting	102	$54,188
Irrigation	32	$780,850
Signage	251	$106,535
Furniture and seating	477	$336,606
Structures	10	$124,842
Litter Bin Stations and Storage Units	380	$66,585
BBQs	5	$60,530
Fencing / bollards	36.4km	$1,762,660
Bubbler and Taps	7	$8,475
Fountains and pumps	3	$36,320
Sporting Field Surfaces - Grass	140	$3,389,682
Netball Court Surfaces - sealed	42	$1,943,700
Tennis Court Surfaces – Flexi Pave	16	$744,000
Tennis Court Surfaces – Synthetic Grass	31	$1,441,500
Synthetic Cricket Wicket Surfaces	35	$273,933
Synthetic Run up Surfaces	13	$335,240
Turf Wickets	6	$145,278
Cricket Practice Nets	12	$100,355
Cricket Sight Screens	10	$36,320
Throwing Cages	13	$48,425
Backstops and dugouts	17	$121,060
Goal Posts - sets	78	$308,710
Landscaping and Gardens	775,000m2	$387,395
Total		**$19,149,387**

The parks, playgrounds, sports fields and reserves owned and maintained by Council represent one of the most visible services we provide to our communities. Parks are used by people of all ages from all of our communities. They provide an opportunity for play, competition and relaxation and can help contribute to a healthy and active lifestyle. Providing a variety of public recreation spaces is even more important as residential development styles change, and housing blocks become smaller, thereby reducing the opportunities for backyard play.

Council's open space assets include natural areas, parks, sportsgrounds and other areas used for general community purposes, such as drainage reserves. Generally, Council has accurate, detailed data on the condition of its parkland areas, and is in the process of implementing systems to gain accurate data on maintenance. Accordingly, Council's Asset Management Strategy for parks, ovals and reserves is focussed on using the available data to improve asset management practices.

Council's City Parks assets are maintained to a good standard which meets the expectations and requirements of the community. The parks and recreation facilities serviced by Council are located to serve the needs of the surrounding communities. Sporting grounds are more concentrated in the urban areas of the City, and located to be centrally available to more of our residents. Improvements are planned, to ensure that Council's assets are maintained to the highest quality, remain sustainably and economically viable, and respond to the needs of our changing communities.

Level of service

Parks, playgrounds and sports fields are included in one of the most popular and well-used services that Council provides. They are used by our communities for a range of different activities throughout the year. Some facilities and places are also used by visitors to the City.

The Customer Satisfaction Survey asks a number of questions to gauge community views on the condition and provision of parks and sportsgrounds, and the 2009 survey responses are summarised below.

The survey indicates that a large proportion of the respondents view the condition and provision of parks and sportsgrounds as highly important. The respondents are generally satisfied with Council's performance in these areas (particularly parks and playgrounds). It is therefore reasonable to assume the current level of service is acceptable to our communities, and Council should work to at least maintain that level of service.

Future Demand

Future demand for parks assets will primarily come from residents and from new urban development. With a growing population and increases in new subdivisions, Council needs to ensure that sufficient recreational space is made available in ideal locations easily accessible by the surrounding communities.

Penrith's communities will influence demand for the maintenance and construction of new City parks assets, in terms of their expectations. Council will need to provide playgrounds to cater for a relatively young population and also meet the needs of our older residents for exercising or socialising in our City's parks. As the number of parks assets increases and our population grows, the costs and resource allocation need to be apportioned to ensure both levels of service and financial requirements are met effectively.

Parks and ovals specific risk analysis

As different assets are included within the Parks asset category, there are a range of risks that need to be considered.

Vandalism of play equipment and other structures is a key risk that can render assets unsafe for use. Similarly, damage to sports fields through extreme weather (generally rain, but also drought) can render them unsafe for particular sports. This situation is exacerbated when sports grounds are located in detention basins, as water may remain on the playing surface for an extended period and need significant work to return the fields to a 'playable' standard. Bushfire can present a significant hazard for natural areas and assets, particularly structures such as play equipment and fencing.

Risk management approaches to address these risks are limited. Parks are difficult to protect from vandalism as our communities expect that they will be accessible at all times. Use of damage resistant materials for structures can help, but will not prevent all instances of vandalism. There are procedures in place to close sports grounds if adverse weather means that they are either dangerous to play on, or are likely to be damaged by the sporting activities.

Good maintenance regimes can assist with reducing the impact from particular events, particularly in the case of sports grounds and passive recreation areas. Generally, however, risk management approaches for parks and open space areas consist generally of monitoring and repair.

Element	Importance		Satisfaction	
	% high	score	% high	score
Condition of parks and playgrounds	91.1	8.65	56.6	6.60
Provision of parks and playgrounds	90.7	8.58	59.0	6.81
Conditions of sportsgrounds and playing fields	88.5	8.47	62.6	7.01
Provision of sportsgrounds and playing fields	87.9	8.45	67.8	7.24
Maintenance of facilities around the River	84.9	8.42	54.6	6.83

'% high' refers to the percentage of residents who rated this element as of high importance / high satisfaction
'score' means the overall score out of 10 for importance / satisfaction

Part Four - Strategic 'Asset Management' Actions

The Asset Management Strategy contributes to Strategic Objectives and Community Outcomes as outlined in Chapter Two.

The Asset Management Strategy, including specific strategic actions, is implemented through a number of programs in Council's four year *Delivery Program*. The programs all have relevant service activities which contribute to ensuring that Council manages its assets sustainably into the future. This Asset Management Strategy, implemented through the programs outlined below, also contributes to the appropriate resourcing and effective implementation of Council's *Delivery Program*.

3.16 Alignment with Council's Delivery Program

The *Delivery Program 2009-2013* sets out what Council will do in that four year period to work towards achieving the agreed Community Outcomes contained in the *Strategic Plan*. Council has two main areas of responsibility – what it will do as an organisation and what it will do in the City. Both of these areas are relevant for asset management.

The ten programs which are primarily responsible for some element of Council's assets are:

1. Planning and Advocacy
2. Sustainability
3. Corporate Finance
4. Major Infrastructure Projects and Design
5. Community Facilities
6. Parks
7. Public Spaces and Community Safety
8. Roads, Footpaths and Buildings
9. Sport and Recreation
10. Traffic, Parking and Drainage.

The first four programs (Planning and Advocacy, Sustainability, Corporate Finance, and Major Infrastructure Projects and Design) deliver Council's assets through planning, sustainable design and funding. The remaining six programs provide a focus on constructing, managing and maintaining Council's assets.

The table below details the service activities in Council's adopted *Delivery Program 2009-2013* through which the Asset Management Strategy, including its strategic actions, and specific Asset Management Plans will be delivered.

Delivery Program 2009-2013	
Service activities – planning, sustainable design, funding	
Planning and Advocacy Implement Councils adopted Penrith City Centre Strategy, St Marys Town Centre Strategy and Employment Planning Strategy, through place management	2011 – 2021 ongoing service activity
Sustainability Research the impacts of climate change on the region, and develop plans to respond	2011 – 2021 ongoing service activity
Mainstream sustainability in the organisation by engaging with staff and implementing programs	2011 – 2021 ongoing service activity
Develop and implement a coordinated program of resource management for the organisation	2011 – 2021 ongoing service activity
Corporate Finance Maintain long term financial sustainability by providing key financial information and advice to Council's decision makers	2011 – 2021 ongoing service activity
Major Infrastructure Projects and Design Provide designs and plans for Council's parks, buildings, roads and drains, using sustainability principles	2011 – 2021 ongoing service activity
Construct Council's major infrastructure projects	2011 – 2021 ongoing service activity
Service activities – construction, management, maintenance	
Community Facilities Manage neighbourhood facilities using adopted policies, agreements and guidelines to ensure consistent management practices (Building Asset Management Plan)	2011 – 2021 ongoing service activity
Parks Manage and maintain sports grounds, parks and open space to meet community needs (Parks Asset Management Plan)	2011 – 2021 ongoing service activity
Public Spaces and Community Safety Improve levels of public safety and amenity across the City through a program of improvement plans and ongoing enhanced public space maintenance plans using 'Crime Prevention Through Environmental Design' principles (Building Asset Management Plan)	2011 – 2021 ongoing service activity
Roads, Footpaths and Buildings Manage the construction, renewal and maintenance of Council's buildings and facilities (Building Asset Management Plan)	2011 – 2021 ongoing service activity
Construct, manage and maintain Council's roads, drains and paths (Drainage Asset Management Plan and Transport Asset Management Plan)	2011 – 2021 ongoing service activity
Maintain Council's fleet, plant and equipment through optimising life-cycle costs (Fleet Asset Management Plan)	2011 – 2021 ongoing service activity
Sport and Recreation Provide facilities that meet community needs (Building Asset Management Plan and Parks Asset Management Plan)	2011 – 2021 ongoing service activity
Manage and operate sports and recreation facilities through best value operation and management models (Parks Asset Management Plan)	2011 – 2021 ongoing service activity
Traffic, Parking and Drainage Manage the safety, efficiency and effectiveness of the local road network to meet the mobility needs of the City (Transport Asset Management Plan)	2011 – 2021 ongoing service activity

3.17 Asset Management Strategy – strategic actions

Over the next two years Council's focus will continue to be on improving asset management procedures. More detailed information linking maintenance and replacement costs with current levels of service will assist in ongoing discussions with our communities about current levels of service, and the implications of improving them. Clearly, any improvement in current levels of service will come at a cost, and the implications of this will need to be incorporated into the Workforce Plan and Long Term Financial Model chapters in this *Resource Strategy*.

This section summarises the strategic actions that are required to implement the Asset Management Strategy over the next two years. These actions are drawn from the Asset Management Improvement Plan (2009) to guide our path to achieving more sustainable management practices for Council's assets into the future. The detailed Asset Management Plans that are appended to this *Resource Strategy* include actions that are specific to each asset group. These will also be implemented, and progress reviewed each year.

Asset Management Improvement Plan	
Asset Management Improvement Plan objectives	★ to achieve a high level of asset management competence by 2012
Actions (required for each Asset Category)	Timeframes
A1. Asset Knowledge and Data - improve knowledge about assets, including maintenance, condition and lifecycle costs (15 actions)	by June 2012
A2. Data processes / techniques – improve collection, management and linkages to all data on all asset classes (9 actions)	by June 2012
A3. Strategic Asset Planning Processes – improve strategic asset management, including levels of service, demand forecasting, risk management and lifecycle planning (14 actions)	by June 2012
A4. Operations Maintenance and Work Processes – improve maintenance strategies, contract administration and emergency response (8 actions)	by June 2012
A5. Information systems – improve the asset register, recording of works / maintenance actions and systems integration (8 actions)	by June 2012
A6. Organisational / commercial context – improve overall corporate approach to asset management, benchmarking against similar organisations and training and awareness for staff (10 actions)	by June 2012