DRAFT ASSET MANAGEMENT STRATEGY

2025-2034

CITY OF PARRAMATTA

Contents

PARRAMATTA

EXECUTIVE SUMMARY

BACKGROUND AND PURPOSE

This Asset Management Strategy details the City of Parramatta Council's approach to managing and continually improving its assets over the next ten years, so that Council can meet the changing needs of our City and community.

The Council's infrastructure assets are a critical component of its service delivery to the community. The asset groups covered by this strategy are transport, property, stormwater drainage, and open space and recreation. Council is committed to managing, upgrading, and acquiring assets for the community within its financial capacity, while ensuring these assets are managed to meet the strategic direction of Council and the community.

The Asset Management Strategy states the approach for implementing the principles and the objectives set out in the Asset Management Policy. It outlines the processes, resources, structures, roles, and responsibilities necessary to establish and maintain the asset management system.

The Asset Management Strategy also highlights the major issues Council must address for each asset class over the next few years. It details the actions Council will take to help close the gaps in current asset management practice and move towards a "best appropriate practice" position in the future.

KEY AREAS TO IMPROVE OUR ASSET MANAGEMENT

Council will begin addressing gaps in asset management by focusing on five key strategy areas. All activities undertaken as part of the Asset Management Improvement Plan fall under one of these key areas.

1. Asset knowledge and data processes	Focuses on improving knowledge management and making asset data more accessible to support asset management activities. It defines, collects, and specifies information and data needs for asset management.
2. Strategic asset planning processes	Recommends alignment of strategic long-term plans, requirements, and compliance with the practices and processes involved with managing and documenting assets within asset management plans.
3. Asset operations and maintenance	Identifies operations and maintenance management improvement actions, including maintenance strategies and planning, service level agreements, and processes for managing planned and unplanned operational and maintenance activities and tasks.
4. Asset information systems	Improves Council's information systems, including its asset registers and business, corporate and asset management system functionality/needs.
5. Organisational context	Ensures asset management drives Council strategy for asset creation, use, management, maintenance, renewal, rationalisation, and disposal of assets through strong integration with Council policies and strategies, levels of service, and the Long-Term Financial Plan; including defining roles and responsibilities for those managing asset management improvements.

SNAPSHOT OF COUNCIL'S ASSET PORTFOLIO*

Value

Major Asset Class	Gross Replacement Cost (GRC)	Depreciation Expense	Accumulated Depreciation	Written Down Value (WDV)
Parks and Open Spaces	103,132,493	4,973,916	41,400,391	61,732,102
Road Infrastructure	1,930,128,662	26,729,089	486,438,406	1,443,690,256
Stormwater	783,689,404	7,147,755	236,114,120	547,575,283
Buildings Portfolio	483,671,551	9,124,883	86,279,721	397,391,830

As of 30 June 2023 – Infrastructure, property, plant, and equipment of the Annual Financial Statements

Condition

Asset Condition (% of CRC)					
Major Asset Class	**Very Good**	**Good**	**Fair**	**Poor**	**Very Poor**
Road Infrastructure	22.9%	40.3%	23.7%	9.8%	1.5%
Buildings	80.0%	16.1%	3.2%	0.6%	0.1%
Stormwater	12.9%	25.0%	55.2%	4.5%	2.3%
Parks & Open Spaces	41.6%	29.9%	25.1%	3.1%	0.4%
Total	32.3%	31.7%	27.1%	6.6%	1.4%

Inventory

Major Asset Class	Quantity		Major Asset Class	Quantity	
Transport (Roads)	650	Rd - km	Transport (Bridges)	109	No
Transport (Kerbs)	1270	km	Buildings	189	assets
Open Space/ Recreational assets	3,538	assets	Stormwater drainage (Conduit)	543	km
Transport (Footpaths)	892	km	Stormwater drainage (Structure)	24,250	assets

Expenditure and reporting

10-year asset lifecycle expenditure

Council's 10-year asset lifecycle expenditure, as illustrated in Figure 1, displays large spikes in capital between 2025-2027 for new projects committed to in Council's Delivery Program, including the WestInvest Grant funded projects, Riverside Theatres Redevelopment, and various other key projects. New/expanded capital from 2028 onwards has been predicted using 2026/2027 forecast budgets, including historical works and contributions from past years as a benchmark and average new development per year, excluding major projects. The initial acquisition and construction costs of any asset represent only a portion of the costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew, and dispose of in the future.

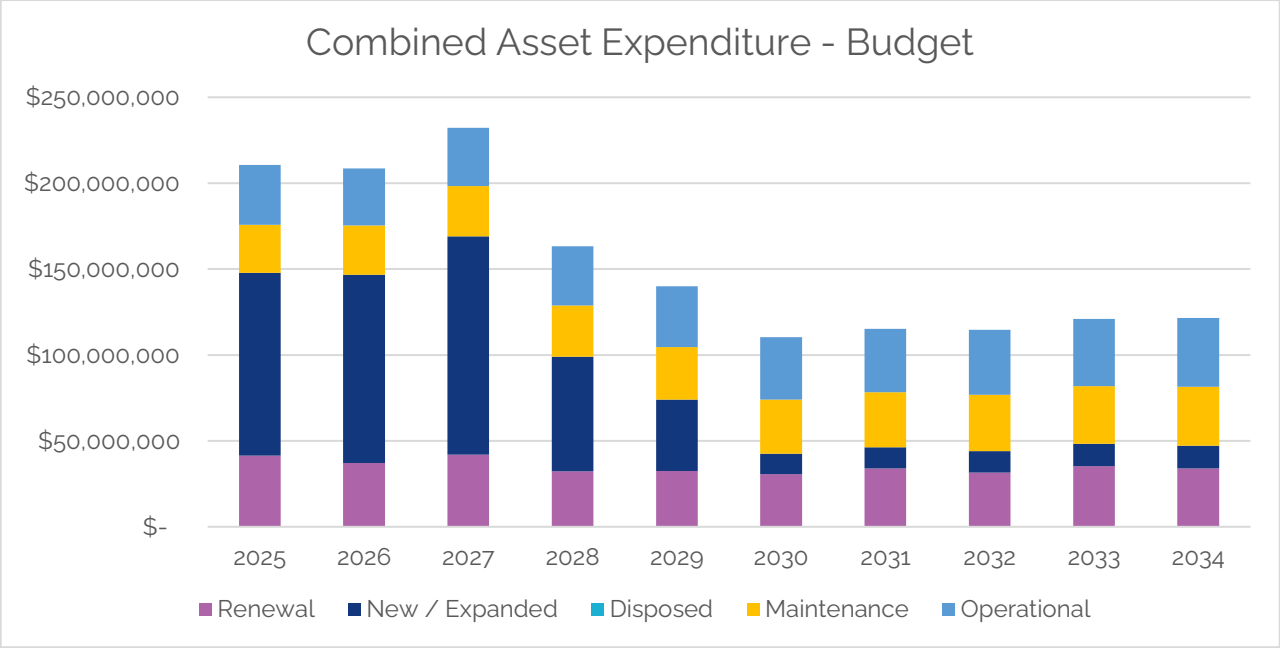


Figure 1 **Combined asset expenditure per expenditure category**

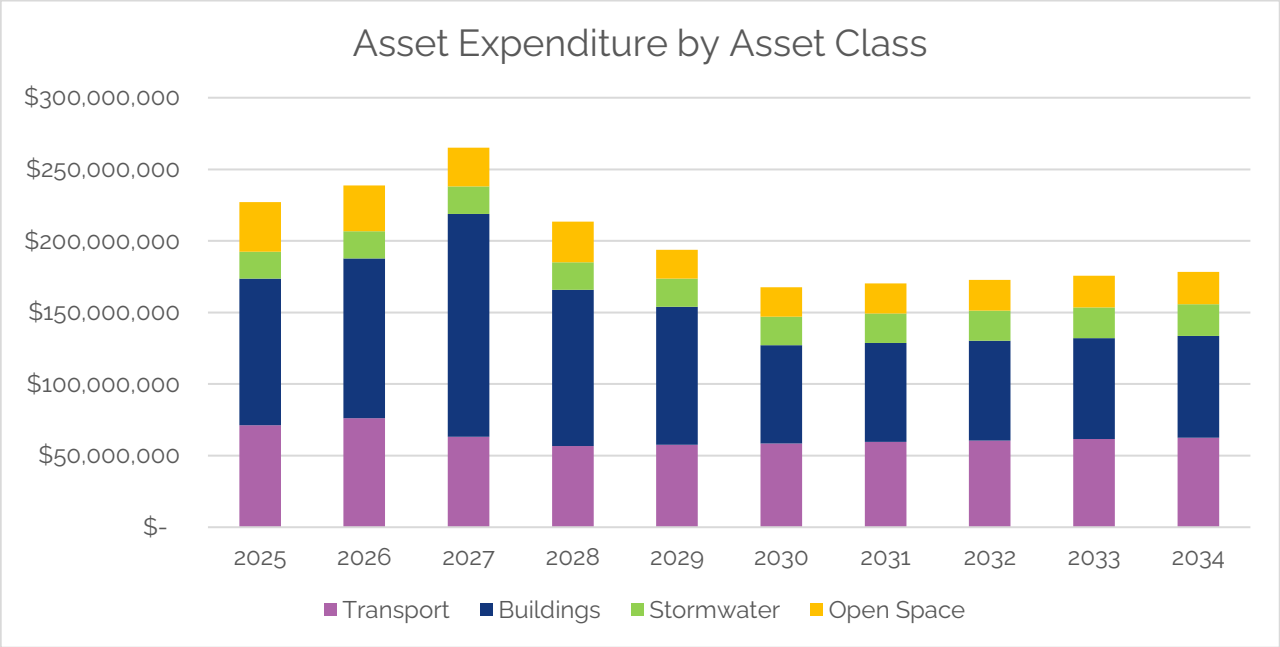


Figure 1-1 **Combined asset expenditure by Asset Class**

Key risks and gaps

Renewals

Table 1 Combined asset renewals gap 2024/25 to 2033/34

Combined Asset Renewals	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Actual renewal ($m)	$41.46	$37.07	$42.03	$32.29	$32.49	$30.69	$33.89	$31.57	$35.34	$33.94	$350.06
Required renewal/ depreciation ($m)	$40.41	$43.48	$46.58	$49.86	$52.46	$54.60	$56.42	$58.30	$60.24	$62.24	$524.59
GAP ($m)	$1.05	-$6.41	-$4.55	-17.57	-19.97	-23.91	-22.53	-26.73	-24.89	-28.30	-174.53

The projected cost of required asset renewals (annual depreciation used as a metric to indicate the ideal funding to maintain the average condition of the asset portfolio) over the next ten years is $524.59 million. The estimated available 10-year average Long Term Financial Plan budget is $350.06 million, which is 67% of the cost to provide the services required. This results in actual spending on renewals being $174.53 million less than forecast depreciation over ten years. This is due to the number of significant recent projects and those due for completion in the next few years and indicates that the funding shortfall accumulates in the mid and long term and may be due to a lack of committed projects past the timeframe of Council's Delivery Program.

The combined asset renewals ratio of Council in 2024/25 is 103%. However, it is projected to sharply decline over the 10-year term as shown in Figure 2. The increase in renewal shortfall amount over the 10-year term is due to the significant amount of additional new assets to be constructed and managed each year due to City of Parramatta's projected growth in population.

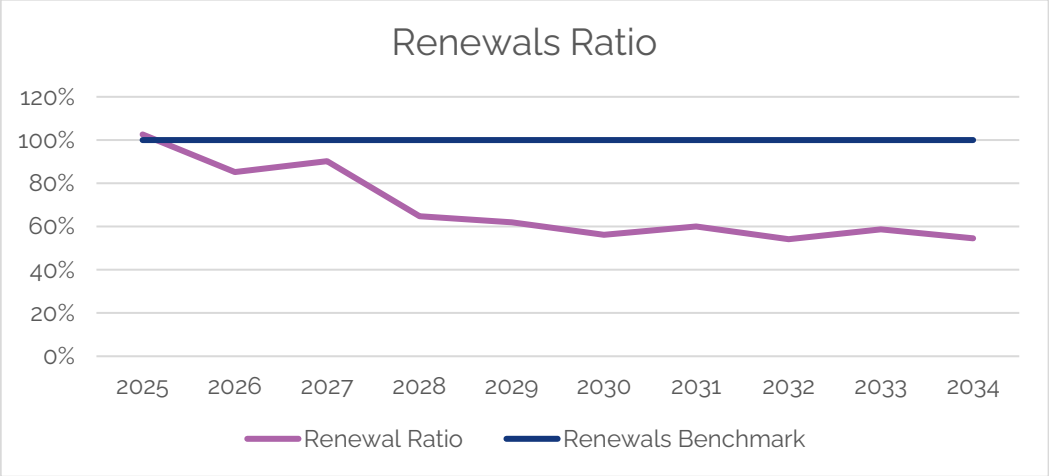


Figure 2 Renewals ratio projected over ten years

When compared to the industry benchmark, there appears to be an underspend of renewals in all asset classes after 2025. With the given budget allocation, the renewals gap is expected to increase each year over the 10-year term.

Although there appears to be a significant gap in renewals expenditure both in the future and in past years, the reported condition of the assets contradicts these shortfalls. Most assets are reported to be in good to very good condition, suggesting adequate renewals expenditure in the past. This indicates that Council staff are optimising the capital

forward works program and maximising the return in investment in terms of increasing service levels. There is also a proportion of new and upgraded capital that renews the service level provided by the asset, however, is not captured in the renewal's ratio as an actual renewal.

Given the high depreciation of Council's asset portfolio, it also seems possible that assets are being depreciated at a higher rate than their actual useful lives. This creates higher renewals requirements, hence a shortfall. Council reviews asset useful lives annually, however further data is required to support a major change in useful life. Council is currently in the process of condition assessing and revaluing the Open Space, Roads, Kerbs & Gutters, and Building assets and will be re-adjusting the useful lives in the future period, as may be required. Further to this, new capital could increase asset service levels and overall condition, resulting in what appears to be a lower renewals ratio.

Backlog

Backlog is defined as assets that do not meet a satisfactory condition. The condition of any given asset is determined through community consultation, and generally results in a classification of a good to fair condition.

Backlog is estimated using a standardised approach to calculate the cost to achieve a satisfactory level as per Special Schedule 7 in the Annual Financial Report. Council's analysis of backlog highlights a minor increase in the next 4 years, caused mostly by road renewals, followed by a progressive increase in backlog year after year over the remainder of the planning period.

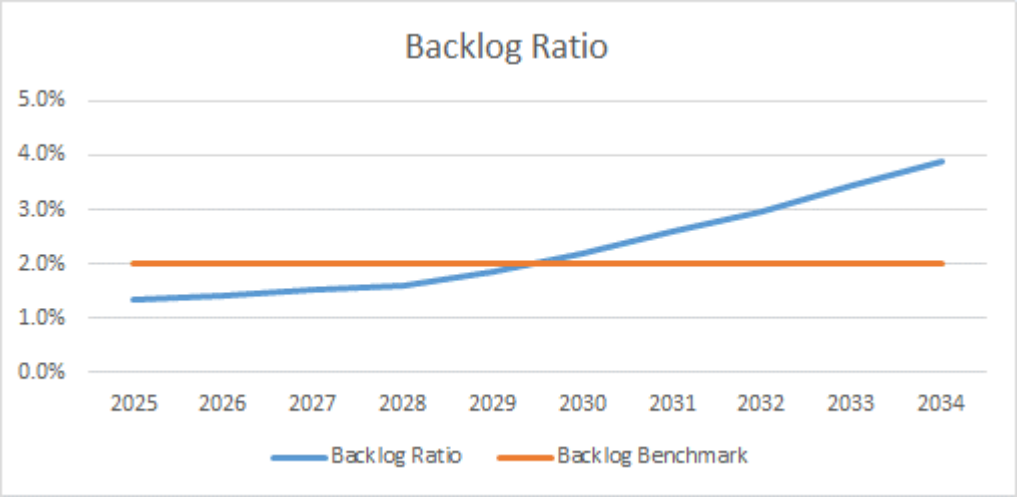


Figure 3 **Combined backlog ratio projected over ten years**

Council's current combined infrastructure backlog is estimated to be $29.7 million, or a backlog ratio of 1.3%. The current estimated backlog is below the industry benchmark of 2%.

Operational and maintenance

It is estimated that a total of $964.1 million is required over the next 10 years in operational and maintenance (O&M) expenditure to sustain the desired service levels. The required operational and maintenance budgets are based on industry best practice for various asset classes, which range from 0.48% to 3.3% of the current replacement cost of the assets. Figure 4 indicates that the current maintenance ratio (the actual maintenance expenditure/required maintenance expenditure) is projected to trend below the industry benchmark of 100%, as shown in Figure 4.

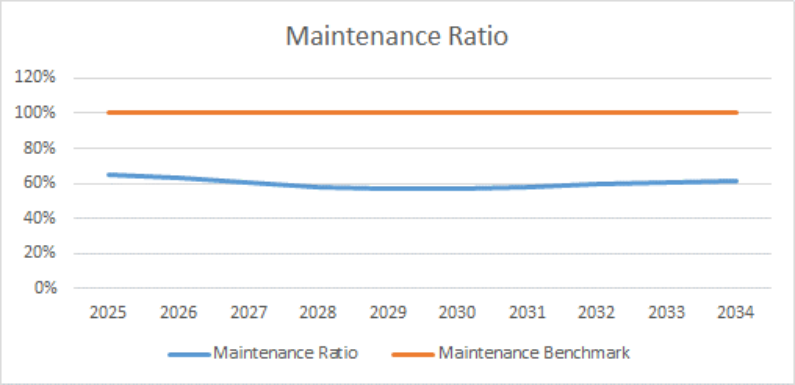


Figure 4 **Combined maintenance ratio projected over ten years**

Table 2 **Combined O&M expenditure gap**

Combined Asset O&M	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Actual O&M ($m)	$62.92	$61.89	$63.30	$64.41	$65.91	$67.79	$69.02	$70.63	$72.63	$74.33	$672.83
Req. O&M ($m)	$80.33	$85.49	$91.61	$96.96	$99.89	$101.17	$101.56	$101.96	$102.37	$102.78	$964.12
GAP ($m)	-$17.41	-$23.60	-$28.31	-$32.55	-$33.98	-$33.37	-$32.54	-$31.33	-$29.74	-$28.45	-$291.28

The annual O&M budget builds a significant shortfall in future years due to the substantial increase in new assets to be delivered by Council.

High level strategic actions

Based on observations and analysis of current asset management practices, Council has developed high level strategic actions that apply to all asset classes. These strategic actions, outlined in Table 3, will ensure we make adequate provisions for the long-term management of our infrastructure assets.

- By adopting the following strategic actions and implementing good asset management practices, Council and the community will benefit from:
    - more effective and sustainable decisions.
    - more efficient allocation of capital and recurrent expenditure, making the best use of available funds.
    - stronger focus on long-term planning and making long-term financial sustainability more achievable.
- Enhanced customer service:
    - improved understanding of service requirements and options.
    - improved performance and control of service delivery to the community's required standards; and
    - agreed levels of service and improved systems to ensure responsiveness.
- More confidence in risk management:
    - reduced risk by identifying critical and high-risk assets and ensuring they are addressed as priority.

- demonstrated compliance with legal and regulatory requirements; and
- improved safety by the timely identification of risks and the proactive maintenance of Assets.

- Strong governance and accountability
  - demonstrate to the community and stakeholders that services are being delivered effectively and efficiently.
  - transparent and auditable basis for making service/risk/price trade off decisions.
  - improved accuracy of financial information relating to assets; and
  - improved understanding of funding limitations and their impacts.

Table 3: City of Parramatta high level strategic actions

Ref No.	High Level Strategic Actions	Outcome	Priority	Deliver by:
1.	Establish transparent and responsible asset management processes that align with best appropriate practice. This includes ensuring consistency across the Asset Management Strategy, Long Term Financial Plan, Technology One asset registers, levels of service for all asset classes, data collection, validation, and reporting.	Automate and establish processes to integrate asset management, financial and service planning processes. This includes alignment of systems, roles, and data. i.e. ensure asset data across the asset register, pavement management system and GIS is consistently reconciled.	High	2024/25
2.	Review and establish clear assumptions and a consistent approach to calculating depreciation and backlog. Apply this approach across all asset classes to obtain the most accurate backlog. Assess the backlog against Council's infrastructure priorities, financial budgets and Long Term Financial Planning.	Refine backlog calculations and assumptions to improve the understanding and tracking of Council's backlog. This includes overlaying asset criticality, utilisation, and functionality data points to assess backlog against a consistent methodology	High	2024/25
3.	Clearly identify all asset expenditure requirements into four categories: renewals, new, maintenance, and operational. Establish clear budgets and reporting lines for each category.	Development of asset expenditure thresholds and definitions including adoption of Asset Capitalisation Policy.	High	2024/25
4.	Allocate and clarify roles, resources, and responsibilities for asset management. This includes establishing a good understanding of asset data, finance, and budgets. Establish clear communication protocols between finance and the wider organisation.	Roles and responsibilities mapped across Council. Key roles around asset data ownership, asset budget management, and asset service planning responsibilities.	High	2024/25
5.	Review and establish agreed levels of services in consultation with the community, outlined in the asset management plans.	Undertake detailed community consultation engagement including trade off analysis based on utilisation, community importance and risk.	Medium	2025/26
6.	Review and estimate the future lifecycle costs of all decisions relating to new service levels and new assets, donated, or built.	All new asset lifecycle costs are estimated and included in business cases and long term financial plans.	Medium	2024/25
7.	Review the future lifecycle costs and effects of donated assets on financial sustainability and the level of service delivery to the community. Create an asset disposal plan that feeds information into the Long Term Financial Plan.	All donated asset lifecycle costs are estimated and included in business cases and long term financial plans. Develop an asset rationalisation program to dispose of any assets not providing service to community or do not meet cost benefit principles.	Medium	2024/25

8.	Prioritise and plan asset renewals to meet agreed service levels based on site inspections, infrastructure priorities and community importance.	100% of assets have been assessed against agreed level of service criteria, are inspected, and prioritised per required (risk based) criteria.	Medium	2025/26
9.	Identify and prioritise critical assets for Council and the community. Establish emergency response plans and asset ownership for critical assets.	All asset sub classes assessed for criticality and emergency response plans adopted for all critical assets.	Medium	2025/26
10.	Create an environment where Council employees take part in the overall management of Council assets by developing asset management awareness and capability throughout the organisation.		Medium	2024/25

INTRODUCTION: ASSET MANAGEMENT PLANNING

City of Parramatta Council provides numerous services to residents and visitors across the local government area. Many of these services, such as local roads, libraries, parks, and play-spaces, require the use of council assets and are critical everyday necessities of life that need to be kept at a satisfactory level of service for residents and visitors to have a reasonable quality of life.

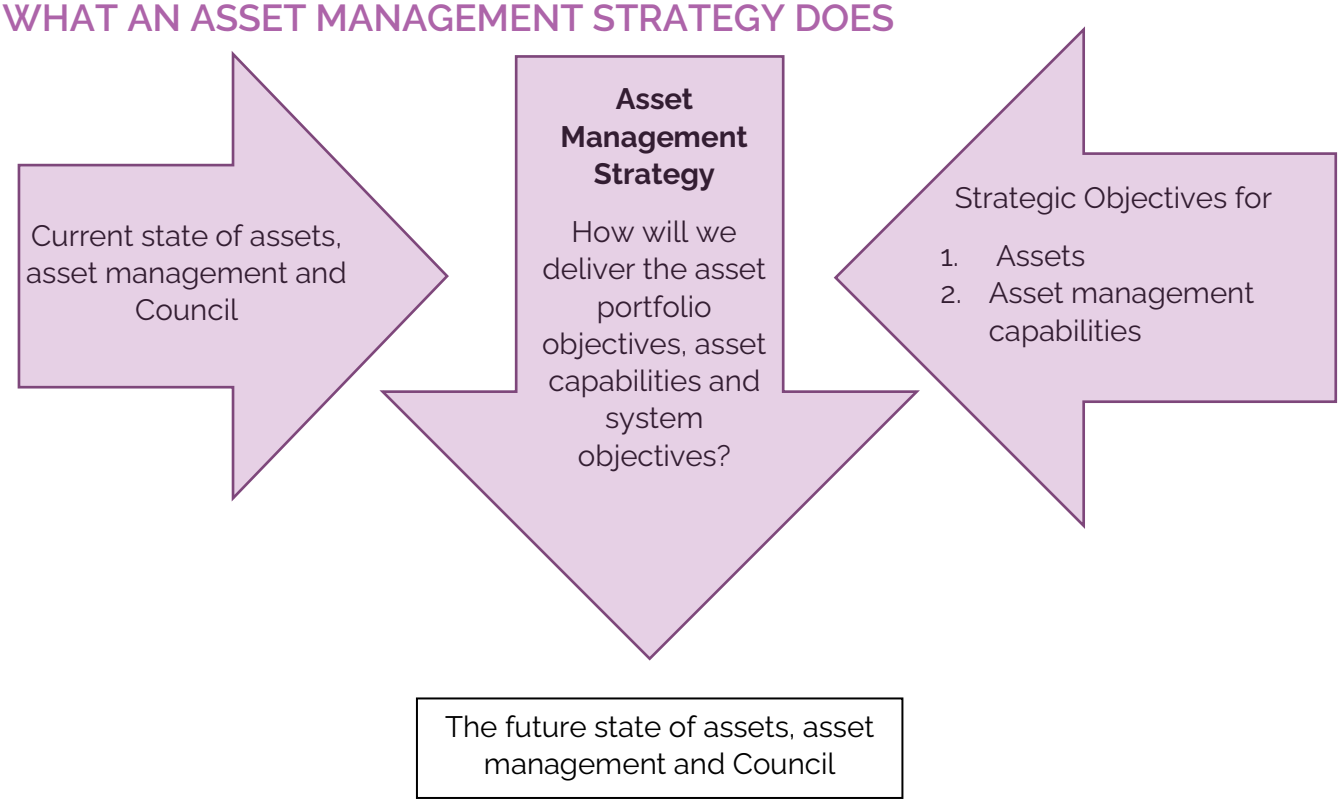
Council's community assets affect how we travel (roads, footpaths, cycle paths), how we relax and play (parks, sports fields, libraries), where we meet (public areas, town halls, community centres) and the environment around us (stormwater, natural assets, bushland).

This strategy details:

- what assets Council uses to provide community services, including their **current condition, value, and performance;**
- how we take Council objectives and turn them into **asset objectives, plans, and defined levels of service;**
- where we can **make improvements on how we manage assets**, including Council's systems, processes, culture, and mapping; and
- why decisions on **asset renewals and maintenance** are prioritised for different asset types.

The document can be read either from start to finish, or by selecting sections based on your own interests or needs.

WHAT AN ASSET MANAGEMENT STRATEGY DOES



An Asset Management Strategy coordinates the activities of Council to realise value from assets in the delivery of services. It involves balancing costs, risks, and benefits over time, while providing an understanding of how to best align the asset portfolio so it best meets the service delivery needs of the community.

Effective asset management of Council infrastructure assets will help deliver the vision for the City of Parramatta by contributing towards the following strategic objectives from the Community Strategic Plan.

SUPPORTING THE COMMUNITY STRATEGIC PLAN

The Asset Management Strategy is a key contributor to following strategic objectives in the Community Strategic Plan:

Strategic objective in the Community Strategic Plan	**Strategies to achieve objectives**	**Asset Management Strategy**
Fair – we can all benefit from the opportunities the City offers	Invest in services and facilities for our growing population Support people to live active and healthy lives	Provide fit-for-purpose and cost-effective infrastructure that meets community needs Enable provision of infrastructure to enable healthy lifestyles, for example parks and sports fields, footpaths and cycleways

	Deliver effective, responsible, and ethical decision-making, reflective of community needs and aspirations	Engage the community on levels of service and test satisfaction
Accessible – we can all get to where we want to go	Design our City so that it is usable by people of all ages and abilities Make our City more enjoyable and safe for walking and cycling Provide and upgrade roads and improve safety for all road users	Council's infrastructure provides places to walk, ride and drive, and meeting points for the community Includes the plans that manage the maintenance and renewal of local footpaths and cycleways Includes the plans that manage the maintenance and renewal of local roads
Green – we care for and enjoy our environment	Protect and enhance our natural environment Provide green spaces for recreation, relaxation and enjoyment Prepare for and lessen the impacts of extreme weather events	Promote ecologically sustainable development, meeting the needs of the present without compromising the ability of future generations to meet their own needs Support conservation and enhancement of the City's environment, and promote energy, water and waste efficiencies Provide the community with open spaces, including playgrounds, parks and sports fields Help to manage the impact of planned and unplanned events on existing assets
Thriving – we benefit from having a thriving CBD and local centres	Plan and deliver a vibrant, attractive, and safe CBD and local centres	Facilitate and support the growth of our City, businesses and community through the provision of infrastructure
Welcoming – we celebrate culture and diversity – past, present, and future	Recognise that Parramatta has always been a gathering place, and our diversity is our strength	Provide and advocate for facilities that are inclusive, enabling people and communities to connect Provide for renewal of heritage buildings
Innovative – we collaborate and champion new ideas to create a better future	Embrace technology, creativity and innovation to solve complex problems and improve our City Manage the City's assets and financial resources in a responsible manner and provide the best possible services for the community	Improve our knowledge management to ensure appropriate data is accessible and supports asset management activities Keep Council accountable, responsible, and sustainable when planning our future infrastructure needs Ensure asset management drives Council strategy for asset creation, use,

		management, maintenance, renewal, rationalisation, and disposal of assets through strong integration with Council policies and strategies, levels of service, and Council's Long Term Financial Plan Provide risk management and decision-making frameworks

ASSET MANAGEMENT STRATEGY – APPROACH, INPUTS, AND OUTPUTS

APPROACH TO STRATEGIC ASSET PLANNING

- **Alignment:** Align the Asset Management Strategy to Council goals and broader objectives.
- **Engagement:** Foster ongoing communication and consultation with community, councillors and stakeholders.
- **Information and evidence-based decision making**: Accurate asset data and tools to support decision-making and Council-wide planning.

INPUTS INTO STRATEGIC ASSET PLANNING

- Program and Council priorities
- Legislation and standards
- Capital plans and forecasts
- Strategic plans – i.e. social sustainability framework, environmental plan
- Community and Councillor input
- Asset data (location, condition, age, cost)
- Council, Western Sydney and NSW context and information

OUTPUTS OF STRATEGIC ASSET PLANNING

- Whole-of-life approach for all assets under Council's control, spanning the planning, acquisition, operation and maintenance, renewal, and disposal phases of each asset's lifecycle.
- Long-term objectives of Council's asset portfolio.
- Clear understanding of the asset portfolio by asset class and program area (i.e. community facilities, transport infrastructure, stormwater).
- Optimised 10-year work programs to meet asset management objectives.
- Coordinated capital plans.

PURPOSE OF THIS STRATEGY

The purpose of this Asset Management Strategy is to:

- communicate information about Council's asset portfolio (including condition and performance);
- outline how Council will provide services that meet the Community Strategic Plan strategic objectives at service levels that are affordable and acceptable to the community by identifying strategies and actions required to provide defined levels of service;
- prioritise and address asset renewal and maintenance to ensure ongoing service priority to the community;
- set out a plan for improving Council's asset management capabilities, systems and culture;
- detail how Council's asset management approach will be based on:
    - legislative requirements, risk and best value service delivery;
    - community expectations;
    - Council's strategies, plans, and frameworks; and
- support long term financial planning across all asset classes.

ASSET MANAGEMENT POLICY AND PRINCIPLES

Council's Asset Management Policy was last reviewed in June 2022. It provides a framework for managing infrastructure assets to support the service delivery needs of the community. The Asset Management Policy also supports the requirements of Council's organisational goal of creating 'efficient asset management".

The objective of the policy is to ensure:

a) the average condition of existing assets by classification is Condition 3;

b) legislative requirements are met;

c) the adequate provision of assets in response to future growth; and

d) the sustainable management of existing assets.

Expanding on the objectives of the Asset Management Policy, the key asset management principles that underpin Council's Asset Management Strategies are:

- Prioritise and manage assets currently in poor, very poor condition or at risk with appropriate planning and action.
- Demonstrate fiscal responsibility by implementing the Asset Management Improvement Program, to ensure asset risks are effectively managed and available resources are prioritised.
- Utilise community consultation to identify community levels of service and validate satisfactory conditions of assets. Community engagement results are used to identify representative insights that reflect the community's expectations for the condition of Council's assets, and to drive and prioritise programs and budgets on asset maintenance and renewal – i.e. determining satisfactory levels so Council can allocate the optimal resourcing to deliver that level of service.
- Establish affordable service level targets in the asset management plans. Any future service level upgrades or new services will have a corresponding service level trade off or increased revenue. In turn, the Long Term Financial Plan and Asset Management Strategy will be updated.
- Implement the Asset Management Strategy to demonstrate that Council is providing the best balance of service levels and risk within its financial capacity.
- Continue to engage with the community, reviewing and readjusting service levels in line with community priorities and available resources.

ASSET MANAGEMENT PLANS

Council has developed four class specific asset management plans: road infrastructure, buildings, stormwater, and parks and open spaces.

The purpose of an asset management plan is to define the services, how the services are provided, the funds required to provide the services, and the actions required to meet agreed levels of service – all in the most economical manner. The plan also outlines how much investment is needed across each asset class to meet these defined service standards over the next ten years.

The asset management plans are prepared as a core asset management plan in accordance with the International Infrastructure Management Manual. It is prepared to meet legislative and organisational requirements for sustainable service delivery and long-term financial planning and reporting.

Asset Class	LIFECYCLE ACTIVITIES			
	Operational	Maintenance	Renewal	New
Road Infrastructure	Street sweeping, cleaning, planning	Road patching, pavement repairs, joint sealing, pothole and footpath repairs, kerb and gutter repairs, bridge painting/repairs, line marking	Road resurfacing, concrete road pavement replacement, footpath reconstruction	Streetscape upgrades, new traffic management facilities, bicycle paths, kerb ramps, bus shelters
Parks & Open Spaces	Mowing, weeding, cleaning, planning, testing	Playground equipment repairs, minor repairs, and replacements	Replacement of multiple components/ assets, re-turfing, replacing trees	Upgrading the level of service of parks, playgrounds, amenity buildings, new facilities
Stormwater	Cleaning, planning, education	Repairs of pits and pipes	Relining of pipes, reconstruction of pits/pipes	New pits/pipes/bioretention system/WSUD device, increase of capacity of pits/pipes
Buildings	Air conditioning, electrical tagging and testing, emergency exit lighting, fire services, hygiene, landscaping/plants, pest control, sanitary, security, trade waste agreements, water testing	Preventative and cyclical maintenance including fire equipment, exit and emergency lighting replacement, lifts, roof and gutter cleaning, air conditioning, reactive maintenance, and repairs	Replacement of large building and facility components that have significant capital expenditure, for example, roof replacements, internal refits, replacement of HVAC units	Upgrading of existing buildings and facilities to meet community expectations and operational needs and the creation of new assets

SUMMARY OF COUNCIL'S ASSET PORTFOLIO

ROAD INFRASTRUCTURE

Council's road infrastructure assets are valued at $1.9 billion. They include:

- 650 km of roads;
- 892 km of footpaths;
- 1,270 km of kerbs; and
- 109 road bridges and foot bridges.

Table 4 shows the lifecycle budget expenditure for the road infrastructure assets in Council's Delivery Program 2023-2025.

Table 4 City of Parramatta lifecycle budget expenditure for road infrastructure assets

Lifecycle Expenditure	2025	2026	2027
	Budget	**Budget**	**Budget**
Operational	$8,734,384	$8,941,432	$9,153,659
Maintenance	$5,658,623	$5,785,468	$5,915,481
Capital renewal	$24,741,928	$18,589,852	$21,103,470
Capital upgrade and new	$20,554,466	$24,067,741	$9,849,643
Total	$59,689,401	$57,384,493	$46,022,253

Table 5 below shows the average condition index (1-5) of existing transport assets based on the planned budget (excluding new assets planned).

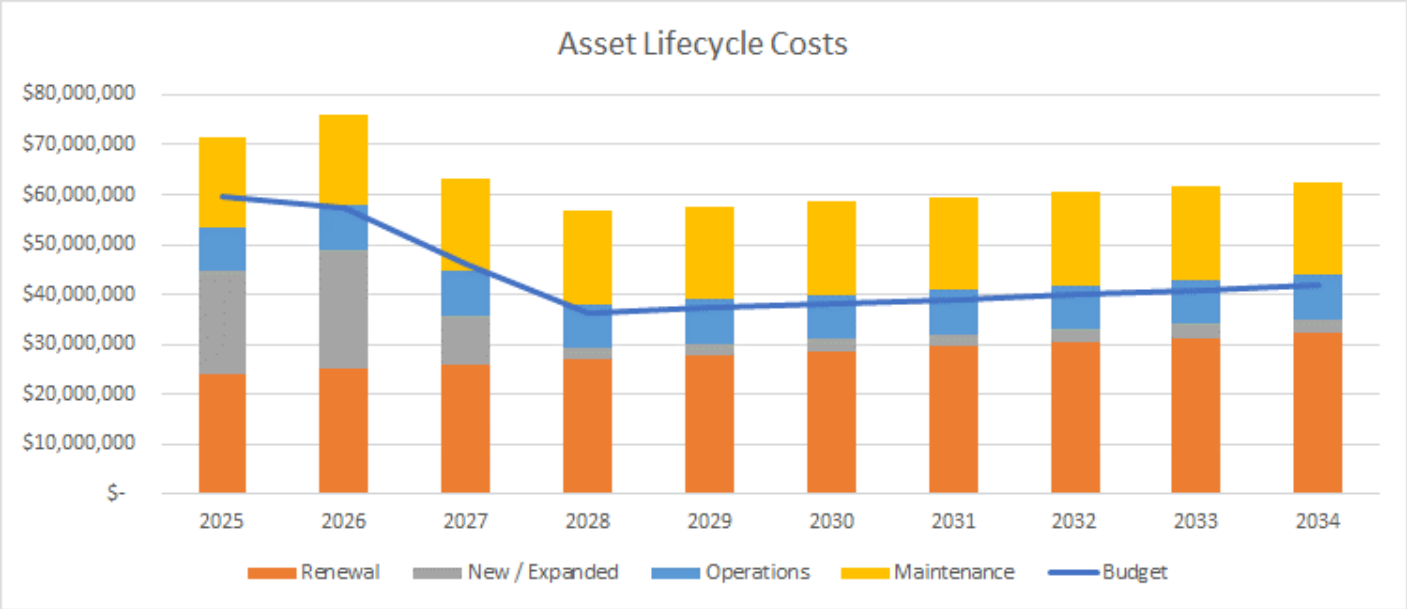
Table 5 City of Parramatta condition data for transport assets (2020 data)

Condition Rating	Description	% of Gross Replacement Cost
1	As new, requires normal maintenance only	22.9%
2	Good condition, requires minor maintenance	40.3%
3	Acceptable condition, requires significant maintenance	32.1%
4	In very poor condition, requires renewal	1.4%
5	Unserviceable or unusable	0.8%

The average condition index for Road Surface (SCI) and Footpath and Pavement (PCI) is determined by predicting the rate at which road and pavement deteriorates. Deterioration has two general causes: environmental due to weathering and aging, and structural caused by repeated traffic loadings. The scores have been based on a weighted formula using condition scores for the road wearing surface and pavement for each road segment.

10-year asset lifecycle expenditure

Figure 5 Road Infrastructure 10 years expenditure forecast



BUILDINGS & PROPERTY

Council's property assets are valued at $484 million. They include various types of building and functions:

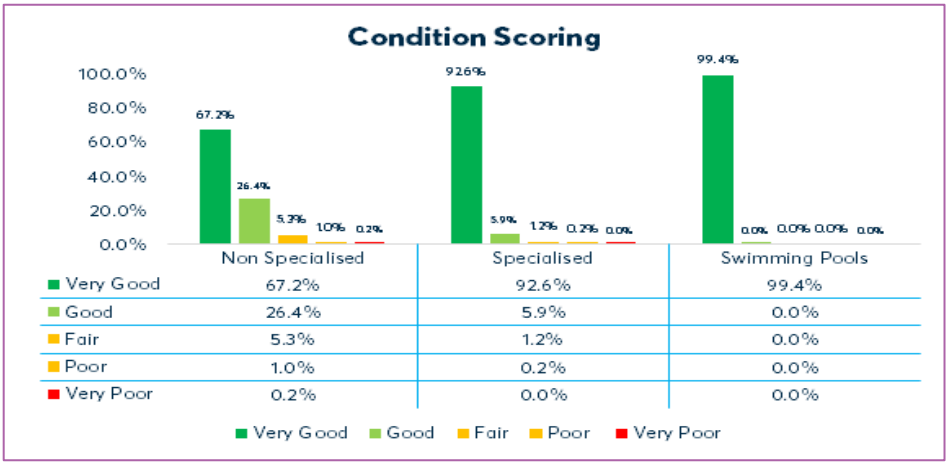
- Amenity buildings
- Animal holding facilities
- Aquatic facilities
- Arts facilities
- Baby health centres
- Child care centres
- Clubhouses
- Commercial buildings
- Community facilities
- Community halls
- Depots
- Heritage and visitor information centres
- Libraries
- Operational buildings
- Operations centres
- Park operations
- Public parking stations
- Residential buildings
- Riverside Theatre
- Tennis courts
- Toilet blocks
- Town Hall

Table 6 below shows the lifecycle budget expenditure for Council's property assets in Council's Delivery Program 2025-2027.

Lifecycle Expenditure	2025	2026	2027
	Budget	**Budget**	**Budget**
Operational	$17,378,074	$15,787,620	$16,212,576
Maintenance	$4,731,319	$4,847,601	$4,966,790
Capital renewal	$3,500,000	$1,000,250	$3,460,506
Capital new	$59,298,370	$64,160,463	$102,178,963
Total	$84,907,763	$85,795,934	$126,818,835

Table 6 **City of Parramatta lifecycle budget expenditure for property assets**

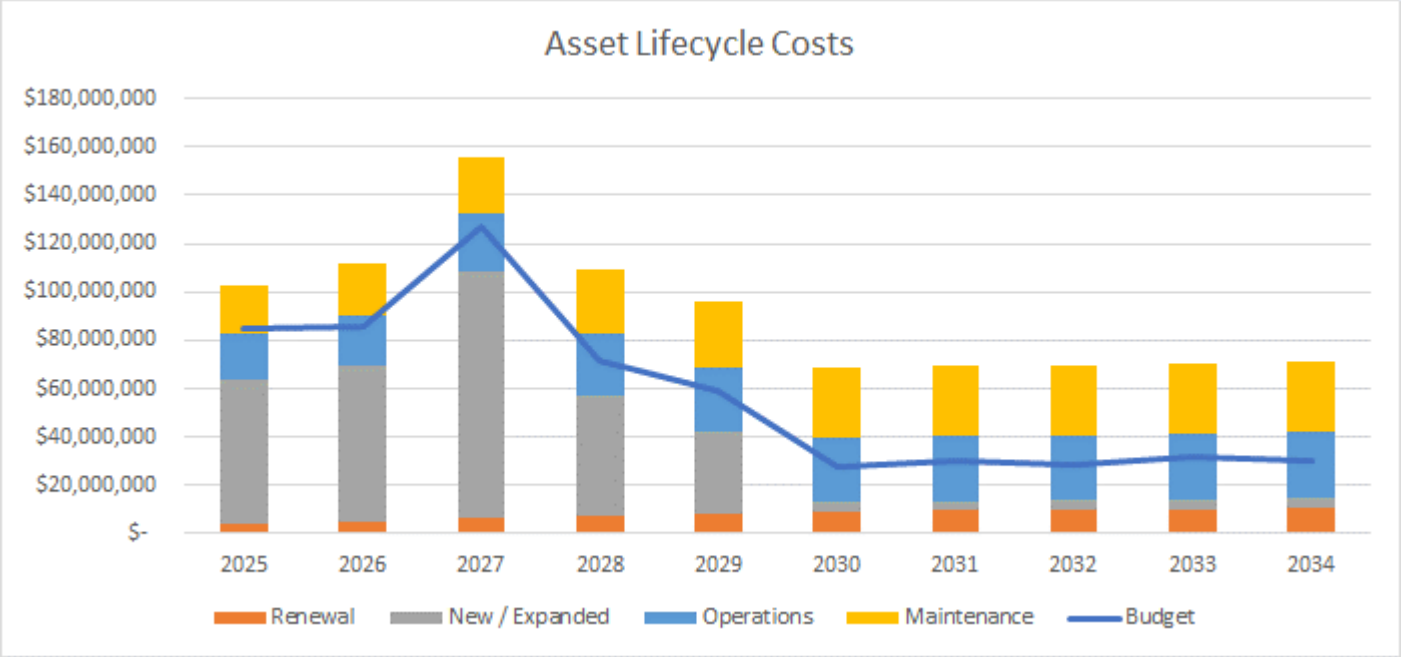
Table 7 below shows the average condition index (1-5) of property assets based on the planned budget (excluding new buildings planned).



10-year asset lifecycle expenditure

Council's Property Assets 10-year Resourcing Strategy, as illustrated in Figure 6, displays large spikes in capital between 2025-2027 for new projects committed to in Council's Delivery Program, including Aquatic Centres and the Riverside Theatre upgrade. The initial acquisition and construction costs of any asset represent only a portion of the costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew, and dispose of in the future.

Figure 6 **Property assets expenditure forecast for 2024/25–2033/34**



STORMWATER

Council's drainage assets are valued at $698 million. They include:

- 543 km of stormwater pipes;
- 24,140 stormwater structures (pits); and
- 110 other asset types including gross pollutant traps.

Table 8 shows the lifecycle budget expenditure for drainage assets in Council's Delivery Program 2025-2027.

Table 8 City of Parramatta lifecycle budget expenditure for stormwater assets

Lifecycle Expenditure	2025	2026	2027
	Budget	**Budget**	**Budget**
Operational	$5,474,967	$5,126,950	$5,188,425
Maintenance	$2,066,150	$2,116,690	$2,168,491
Capital renewal	$6,539,603	$6,712,640	$7,131,376
Capital upgrade and new	$3,926,009	$3,758,346	$3,716,758
Total	$18,006,729	$17,714,625	$18,205,051

Table 9 shows the average condition index (1-5) of the stormwater assets based on the planned budget (excluding new assets planned).

Table 9 Average stormwater drainage condition index (2019 data)

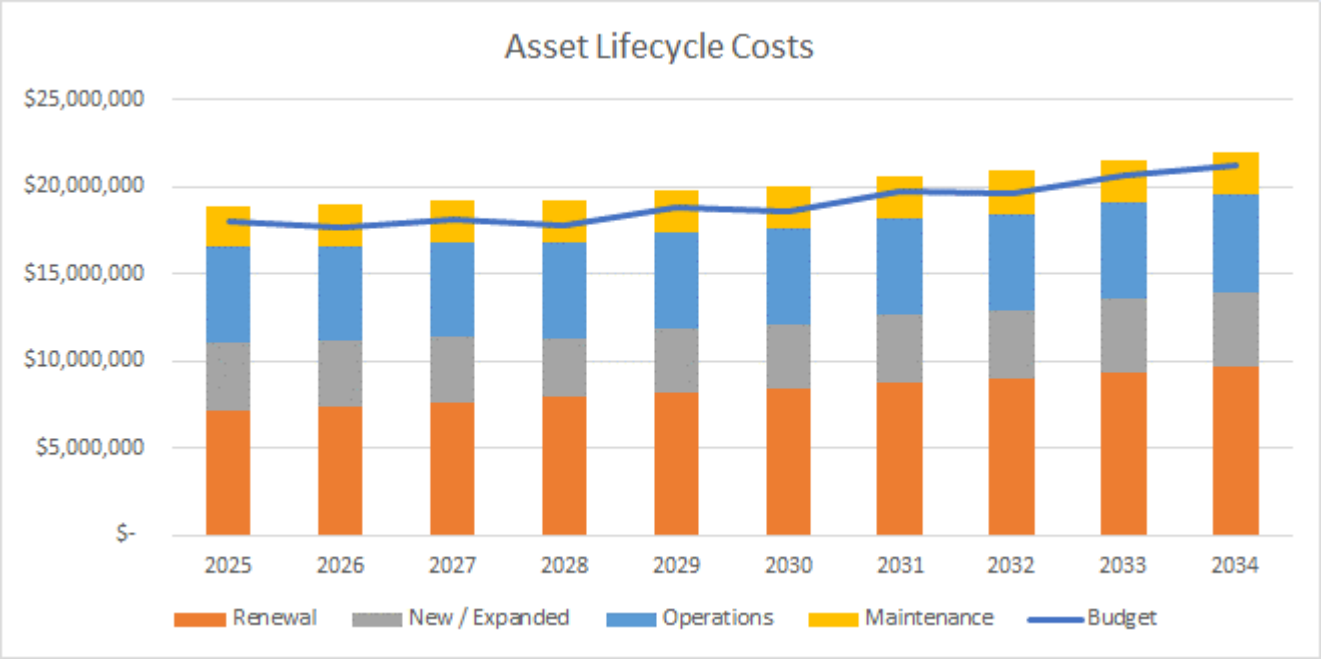
Asset	Condition Rating	Scores Description	Condition (%)
Stormwater (Conduits)	1	As new, no maintenance required	12.92
	2	Good condition, requires routine maintenance	24.99
	3	Acceptable condition, requires minor maintenance	55.22
	4	In poor condition, requires replacement/repair	4.52
	5	Very poor condition, unserviceable or unusable. Requires renewal.	2.34
Stormwater (Structures)	1	As new, no maintenance required	0.37
	2	Good condition, requires routine maintenance	18.59
	3	Acceptable condition, requires minor maintenance	80.92
	4	In poor condition, requires replacement/repair	0.12
	5	Very poor condition, unserviceable or unusable. Requires renewal.	0.04
Stormwater (Other Assets)	1	As new, no maintenance required	3.96
	2	Good condition, requires routine maintenance	36.63
	3	Acceptable condition, requires minor maintenance	50.5
	4	In poor condition, requires replacement/repair	6.93
	5	Very poor condition, unserviceable or unusable. Requires renewal.	1.98

The average condition index for stormwater drainage assets is determined by modelling the predicted deterioration of the stormwater drainage network, by developing a simulation model that takes into consideration the remaining life profiles based on condition, identifying the current treatments and unit rates to deliver these treatments, and setting up treatment decision matrices defined for optimal interventions for each treatment. The model is used to predict the future condition of Council's stormwater drainage asset stock based on the current budget expenditure.

10-year asset lifecycle expenditure

Council's Stormwater Assets 10-year Resourcing Strategy, as illustrated in Figure 7, displays capital expenditure builds gradually and increases over the 10 year period for renewal and new projects committed to in Council's Delivery Program, including the Flood Mitigation Program, major drainage construction projects, and the waterways restorations program. The initial acquisition and construction costs of any asset represent only a portion of the costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew, and dispose of in the future.

Figure 7 Stormwater assets 10 years expenditure forecast



PARKS AND RESERVES

Council's parks and open space assets are valued at $103.1 million. They include:

- external playing surfaces;
- landscaping and pathways;
- lighting;
- outdoor furniture; and
- playground equipment.

Table 10 below shows the lifecycle budget expenditure for the parks and reserves assets in Council's Delivery Program 2025-2027.

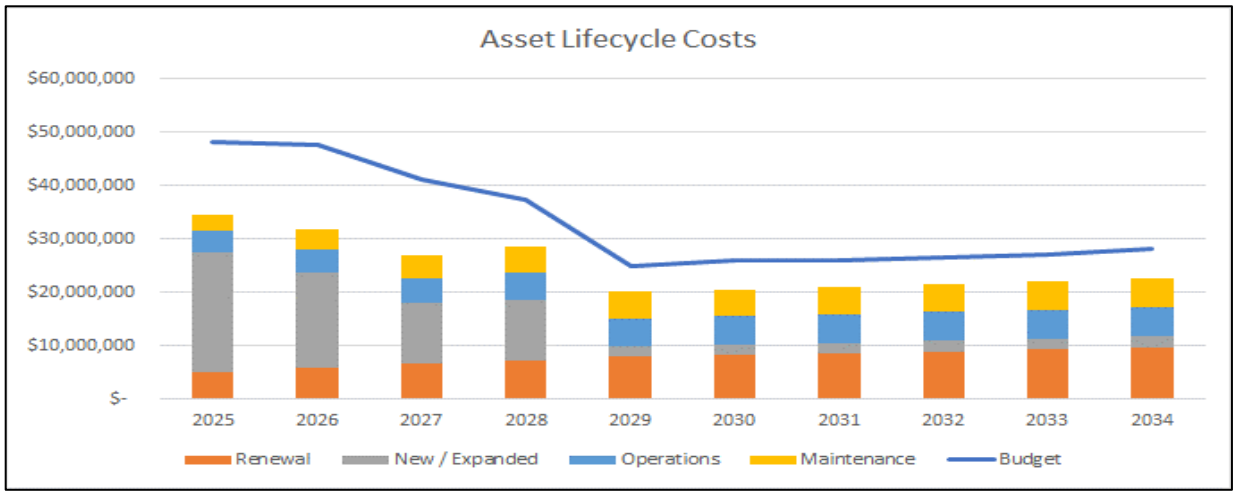
Table 10 City of Parramatta lifecycle budget expenditure for parks and reserves assets

Lifecycle Expenditure	2025	2026	2027
	Budget	**Budget**	**Budget**
Operational	$3,279,645	$3,346,519	$3,415,065
Maintenance	$15,599,122	$15,935,378	$16,280,038
Capital renewal	$6,680,571	$10,764,649	$10,335,528
Capital upgrade and new	$22,525,489	$17,697,295	$11,211,474
Total	$48,084,827	$47,743,840	$41,242,105

10-year asset lifecycle expenditure

Council's Open Space Assets 10-year Resourcing Strategy, as illustrated in Figure 8, displays larger spikes in capital between 2025-2028 for new projects committed to in Council's Delivery Program, including the FS Garside, programs of work for the River City, and Newington Reserve Upgrade. The initial acquisition and construction costs of any asset represent only a portion of the costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew, and dispose of in the future.

Figure 8 Open Space assets 10 years expenditure forecast



LOOKING FORWARD

CITY OF PARRAMATTA CONTEXT

Parramatta is currently a city of 286,000 people. By 2041, Parramatta's population will nearly double to more than 446,021 people. This growth forecast highlights the need for additional infrastructure assets, and for existing assets to be managed differently to accommodate growing demand.

DEMAND DRIVERS

Increased demand for open spaces, services, and facilities. Our growing population, coupled with a move towards higher density living, will lead to greater demand for open spaces and community facilities, as well as new and upgraded assets.

Infrastructure. The infrastructure projects that will most impact our City and community over the next five years are Parramatta Square, Parramatta Aquatic Centre, and the construction of Stages 1 and 2 of the Parramatta Light Rail, Sydney Metro, and the Westmead Redevelopment.

Population growth. The City of Parramatta LGA is forecasted to grow by an additional 112,000 dwellings between 2016 and 2041, an increase in population of from 260,000 in 2021 to 487,000 by 2041, and more than 196,000 jobs than currently in the City of Parramatta.

Demographics. The over 55 population is expected to almost double over the next 20 years.

DEMAND MANAGEMENT STRATEGIES

1. **Environmental Sustainability Strategy**: The Environmental Sustainability Strategy 2017 outlines Council's key environmental directions and priorities. As we work towards our bigger goal of building Australia's next great city, it is essential that we protect our environment and focus on sustainable solutions. We want all residents, workers, and visitors to enjoy the benefits of well-managed growth.
2. **Culture and Our City**: Our cultural plan, *Culture and Our City 2017-2022,* prepares the City for the opportunities and challenges that unprecedented growth brings. It provides a roadmap that positions culture and the arts at the heart of our changing cityscape.

3. **Socially Sustainable Parramatta Framework**: *Sharing the Opportunities of Growth for All* 2017/18 is Council's framework for advancing social sustainability. It sets out a new way of working that puts people first.
4. **Community Infrastructure Strategy**: The Community Infrastructure Strategy 2020 outlines the City of Parramatta Council's long term direction for social infrastructure provision. It will be used to identify priorities for future social infrastructure, direct sound decision making about planning, funding, delivering, and negotiating for social infrastructure. It will also assist with a coordinated approach within Council to undertake this work.
5. **Economic Development Plan**: Council's Economic Development Plan 2017 -2021 outlines the challenges and opportunities that lie ahead for our local economy. It sets out our key economic directions and priorities and recognises that employment growth is essential to ensuring the wellbeing of our community.
6. **Transport planning**: Council's Integrated Transport Plan is critical to the future of a sustainable, live able and productive city. Smart, multi-modal transport solutions are being considered and progressing to planning and delivery stages that will transform the joint futures of both the Sydney and Parramatta metro regions. They include:
    a. Parramatta Light Rail;
    b. Sydney Metro West;
    c. Parramatta Bike Plan;
    d. Parramatta Ways Walking Strategy; and
    e. Western Sydney Airport.
7. **Disability Inclusion Action Plan:** Council is actively addressing accessibility to comply with *the Disability Discrimination Act 1992* (Cth) and the newly adopted Disability Inclusion Action Plan 2022-2026. We have addressed accessibility initiatives and projects in asset management plans and other Council strategies.

The current asset portfolio will continue to grow to meet the demands of growth and development within the LGA. With the help of developer contributions, we will acquire new assets. Council will continue to develop asset-based strategies to effectively manage the increased use of and demand for Council's assets.

ASSET PRIORITIES

- The growing importance of the city centre
- Parramatta Square and Phive
- New council facilities and public domain
- Parramatta Light Rail
- Parramatta Aquatic Centre
- Riverside Theatre
- Major precincts:
    - Parramatta North
    - Westmead
    - Camellia
    - Granville
    - Rydalmere
    - Telopea
    - Epping Town Centre
    - Wentworth Point
    - Carter Precinct.

HOW COUNCIL FUNDS ITS ASSETS

This strategy identifies future funding requirements and service delivery in the context of:

- current asset condition and performance;
- levels of service;

- forecast demand for infrastructure and services; and
- funding constraints.

HOW COUNCIL SETS ITS ASSET BUDGETS

Council considers a wide range of alternative ways to fund the delivery of essential infrastructure and takes a risk management-based approach. The Long Term Financial Plan outlines Council's funding strategies in further detail.

The budget has been based on the following information:

- The priorities and objectives adopted for the City of Parramatta through Council's internal and external consultation process.
- Council is financially viable based on the next 4-year budgets.

CHALLENGES AND RISKS

Funding the ongoing maintenance and operations of new assets in the pipeline and those forecast to meet growing demands. The cost of asset creation or acquisition is generally a portion of the lifecycle cost of an asset, which includes operation, maintenance, refurbishment, and disposal. Before any asset is purchased or constructed, Council considers its lifecycle costs and risks, as it will inevitably have a long-term impact on Council's budget. In an extreme position, councils can make themselves financially unsustainable in the longer term with an aggressive asset creation program that does not consider the life cycle costs.

Assets to meet growth. The forecast growth highlights the need for additional infrastructure assets, and for existing assets to be managed differently to accommodate the additional demand.

Maintaining our growth into the future. The primary role of assets is to support services that deliver Council's long-term objectives. As Council's assets age, maintenance, refurbishment, and disposal costs increase, which in turn increases the cost of the services they support.

RISK MANAGEMENT

CRITICAL ASSETS

Critical assets are defined as those assets where the likelihood of an asset failure, under a given scenario, would cause sufficiently negative consequences. The assets in the table below are critical to Council's operations. Council has undertaken a risk assessment to develop risk management strategies for these assets.

	Critical Asset	Why is Asset Critical?	How is the Risk Mitigated?
Roads	Regional roads High volume roads High risk roads	Roads classed as regional roads experience high volumes of traffic, have a high percentage of heavy vehicles, and more severe accidents. **Risk:** Insufficient financial allocations to undertake remedial works and meet maintenance requirements resulting in increased asset failures, breakdowns, public liability, legal non-compliance, and risk to the environment, for example vehicle collision, public injury, significant pavement failures, class actions.	Regional roads are fully owned and managed by Council. Roads and Maritime Services provides grant funding for maintenance of regional roads. Council undertakes minor works generated from service requests. 4 yearly condition assessment surveys are conducted for whole road network including laser profiling and visual crack and road defect inspection. Condition data is used to prioritise and identify works programs, resealing, and resurfacing priorities. Prioritisation of maintenance and repair works is based on risk and public safety, using best practice guidelines.
Drainage	Stormwater	**Risk:** Insufficient financial allocations to undertake remedial works and meet maintenance requirements, resulting in increased asset failures, breakdowns, public liability, legal non-compliance, and risk to the environment, for example major pipeline breaks, surcharging onto private property, and property and public infrastructure damage with the potential to expose Council to significant liabilities.	Additional funding provided in future operational budgets.
	Lake Parramatta Dam	**Risk:** The failure of the dam will cause major flooding downstream around North Parramatta, and potentially loss of life and property.	Council has invested substantial capital to monitor movement and seepage in the dam and rainfall data via a telemetry system. The dam is also inspected three times a week as per the Dam Safety Committee requirement.

	Critical Asset	Why is Asset Critical?	How is the Risk Mitigated?
			Emergency plans are in place with Council's Local Emergency Management Officer when there is imminent danger of the dam failing.
	Briens Road culvert	The culvert located beneath Briens Road drains a large catchment. It is approximately 20 metres wide and 15 metres deep and consists of four box culverts. The culvert has experienced partial blockages during storm events. **Risk:** A full blockage could occur during a 1-in-50- or 1-in-100-year storm and would cause flooding to private properties.	Briens Road culvert is inspected quarterly, and during and/or following storm events.
	McCoy Park Basin Toongabbie	The basin is a flood mitigation structure to control and reduce the impact of flooding to downstream properties. **Risk:** A full blockage could occur during a 1-in-50- or 1-in-100-year storm and would cause flooding to private properties.	This structure is inspected monthly in accordance with Dam Safety Committee Requirements. Council has invested capital in a telemetry system to monitor water depths in the basin during flood events. Emergency plans are also in place with Council's Local Emergency Management Officer when there is any imminent danger of the basin failing.
Footpaths	CBD, highly trafficked footpaths, and accessibility-critical footpaths	Footpaths in the CBD have a high volume of pedestrians and pose a high risk to Council. Footpaths near hospitals need to be monitored as pedestrian accessibility is more critical. **Risk:** Trip hazards due to structural failures.	Footpaths in the CBD are inspected daily as part of Council cleaning duties. While there are no response times documented, Council will be required to undertake a multi-departmental review to identify and set expectations around key performance indicators. Trip hazards are given highest maintenance priority by operational staff. Failures are risk-rated and fixed using Council's adopted risk-based system and with operational funds available.
Bridges	Moxhams Road bridge	**Risk:** Moxhams Road bridge is a timber bridge that is prone to termite attack.	Termite inspections are undertaken every six months. Timber components of the bridge are replaced about every ten years.
Parks and open spaces	Destination parks used by large numbers of the public Historic cemeteries	Council classifies parks and reserves as critical based on several criteria: • geographical area being serviced (catchment);	Playgrounds are audited annually by KICO Playground Inspection Services and inspected quarterly by Parks staff.

	Critical Asset	Why is Asset Critical?	How is the Risk Mitigated?
	Parks with heritage significance (Prince Alfred Square. St Patricks Cemetery, Lake Parramatta Reserve)	• size (ha); • level of use, for example major events; and • Significance. Historic cemeteries are to be protected and have limited capacity and suitability for recreation uses by the community. **Risk:** Adoption of new areas and assets without commensurate budget; failure to meet community expectations; emergence of new/ changes in recreational trends.	When master plans or enhancements to parks and reserves are being planned, consultation is undertaken with the community and a balance between heritage principles and significant heritage elements identified are prioritised and balanced with principles and priorities to deliver effective open and recreation spaces and facilities aligned to community needs.
Buildings	Administration Building Rydalmere Operations Centre Riverside Theatres Child Care Centres Parramatta Town Hall Community Neighbourhood Centres	Properties classed as critical have high occupancy rates, are used by vulnerable groups, and/or are used during emergency operations.	No proactive asset inspections are undertaken on property assets, however Council has established required response times for service requests on defects.

COMMUNITY ENGAGEMENT

LEVELS OF SERVICE

The levels of service decision-making hierarchy at Council flows from:

- legislative requirements, to
- community expectation, to
- Council strategies.

Council uses the levels of service to measure its performance and establish forward works programs, maintenance schedules and delivery programs for short and long-term planning.

Community levels of service

Council translates what the community needs into technical levels of service. We measure the achievement of desired levels of service through customer satisfaction surveys, customer feedback, service requests and correspondence, and community engagement.

Community levels of service measure how the community receives the service, in terms of:

- Quality – How good is the service?
- Function – Does it meet the user's needs?
- Capacity/utilisation – Is the service over or underused?

The community levels of service, including performance measures, current levels of service and optimal levels of service, are listed in the detailed asset management plans. The community levels of service below describe the quality, function and safety expected from Council's assets.

Asset class	Quality	Function	Safety
Roads	Smooth roads and footpaths that remain clear and offer a pleasant experience.	Provide access to facilities and transport, accessible with clear signage, and water drains away quickly by kerb and gutter.	Traffic volume is monitored to ensure no injuries from accidents nor unexpected delays in travel time.
Footpaths			Footpaths free of trip hazards.
Stormwater	Use of roads and footpaths is not obstructed by flooding.	Flooding of private property is minimised.	Stormwater drains are appropriate for stormwater discharge.

			High hazard local flooding is reduced.
Properties including public toilets	Appealing to use, clean and in useable condition.	Accessible for use for required event or purpose.	Safe and accessible buildings and toilets in adequate locations.
Playgrounds	Appealing to use, clean and in useable condition.	Accessible for use as a playground.	Safe and accessible playgrounds in adequate locations.

COMMUNITY CONSULTATION

It is important that our community have a say. Obtaining community feedback on the condition of our assets is important for council to understand as it impacts how we prioritise work, allocate Council budget, make recommendations to Councillors on future budget decisions, including the level of rates required to fund important infrastructure and improve safety and quality of life for our community.

Council must maintain community infrastructure to acceptable standards for safety and functional usage. However, when determining the community levels of service, we look beyond the minimum standards and work with the community to define acceptable standards for a range of assets, so we can better align resources with community priorities.

Council consulted with the community in February 2022 on the condition of its infrastructure assets as part of the development of the Community Strategic Plan and Resourcing Strategy.

Community Survey results

Council conducted a community engagement program to help inform the review of the Asset Management Strategy. The research sought to explore the criteria used by the community to determine if community assets are in good condition or not and wow community assets are prioritised by the community.

Potential participants were recruited using the Participate Parramatta Community. 20 people from each ward were invited to participate in a week-long online research community where participants were selected to ensure a reasonable spread of age, gender, household type, household income and cultural background were represented.

A total of 67 people completed 50% or more of the tasks set in the community:

- 14 from Dundas
- 16 from Epping
- 11 from North Rocks
- 13 from Parramatta
- 13 from Rosehill

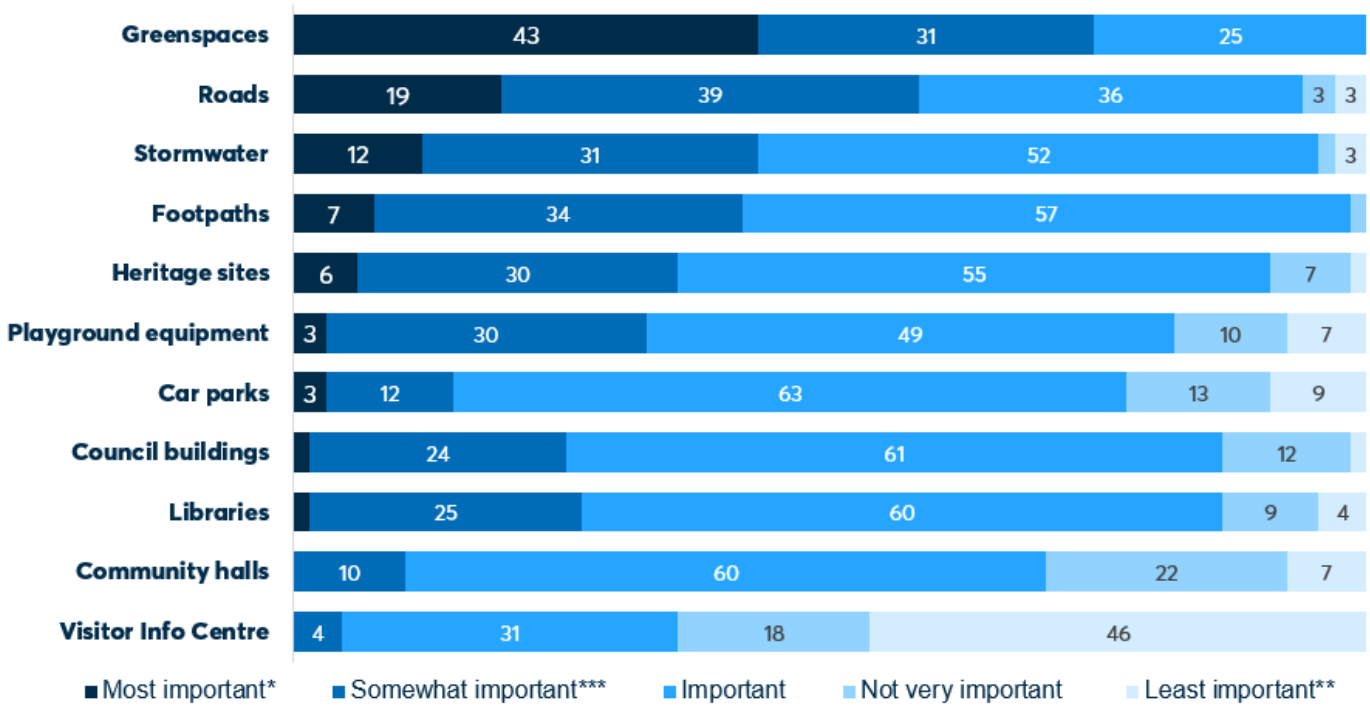
How the community prioritises assets

Survey participants were asked to complete a short survey with 2 prioritisation tasks.

Task 1 asked participants to rate the 'importance' of categories.

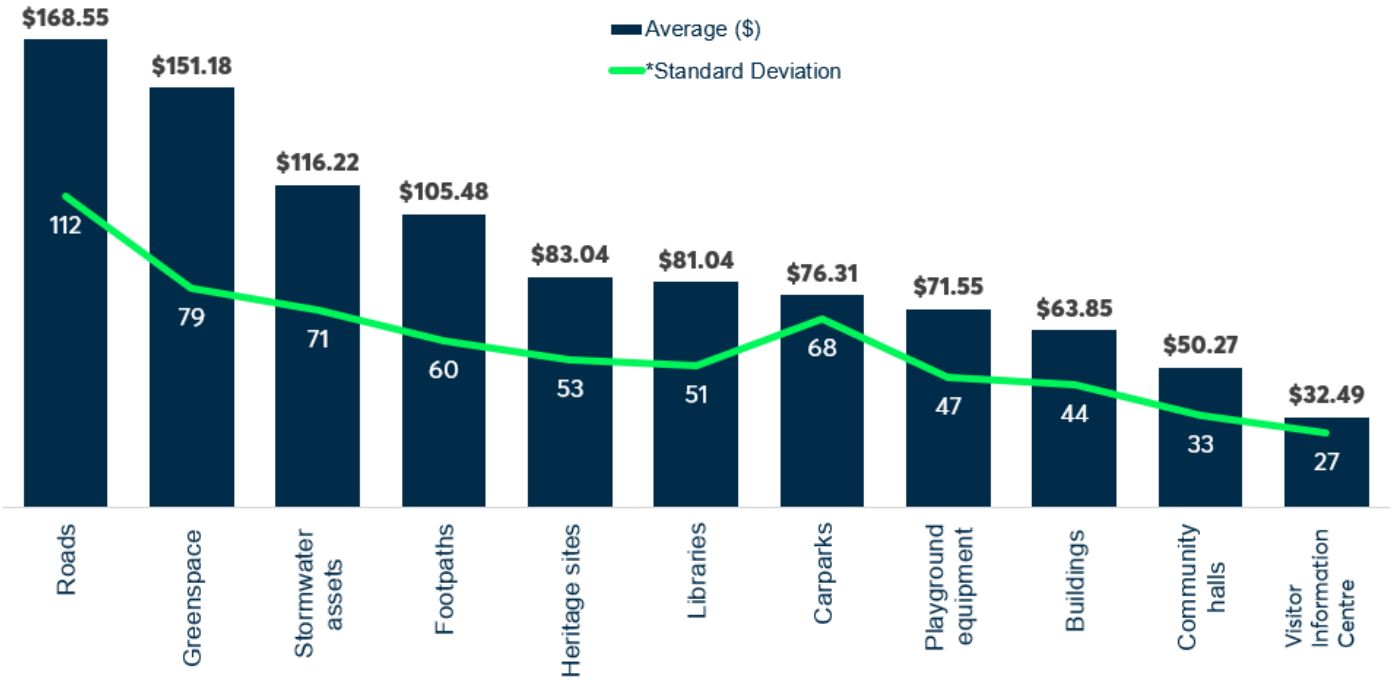
Task 2 asked participants to treat the categories like their household budget. They were allotted $1,000 and had to allocate a proportion of that $1,000 across all categories.

The results of rating the importance of asset classes (Task 1) in the table below reveals that 43% of participants rated Greenspaces as the most important asset and 19% for Roads as the second most important, with stormwater and all other asset classes score significantly lower in importance.

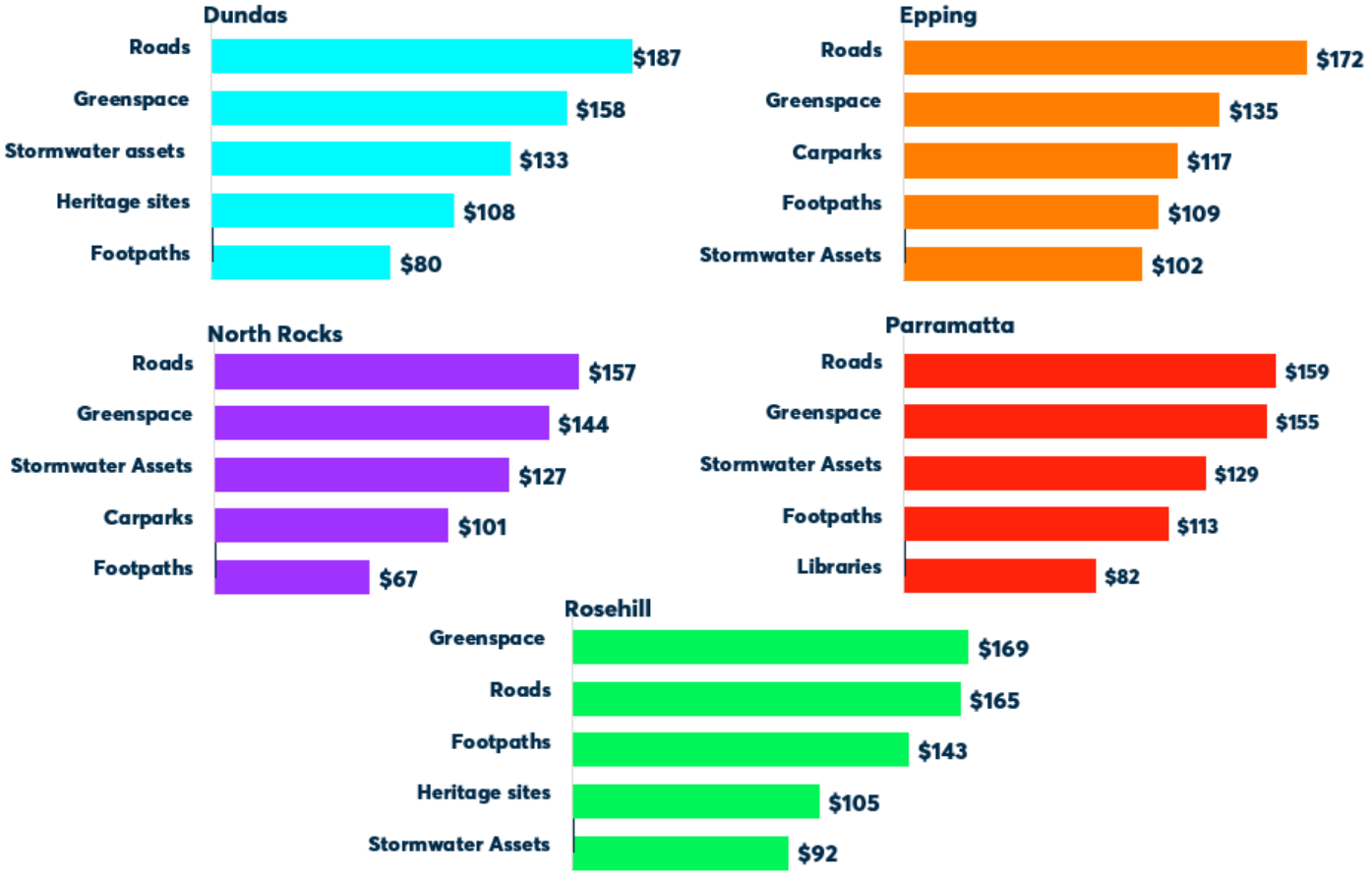


Once a budget was introduced (Task 2), roads were allocated the biggest chunk of the budget in task 2, followed closely by greenspace and stormwater assets. Roads, however, had the greatest polarisation of values (a high standard deviation) with participants allocations ranging from a low of $1 to a maximum of $500.

Greenspace allocation was second highest in value but was less polarising (a lower standard deviation) with values ranging from $30 to $400.



Top 5. Differences by Ward

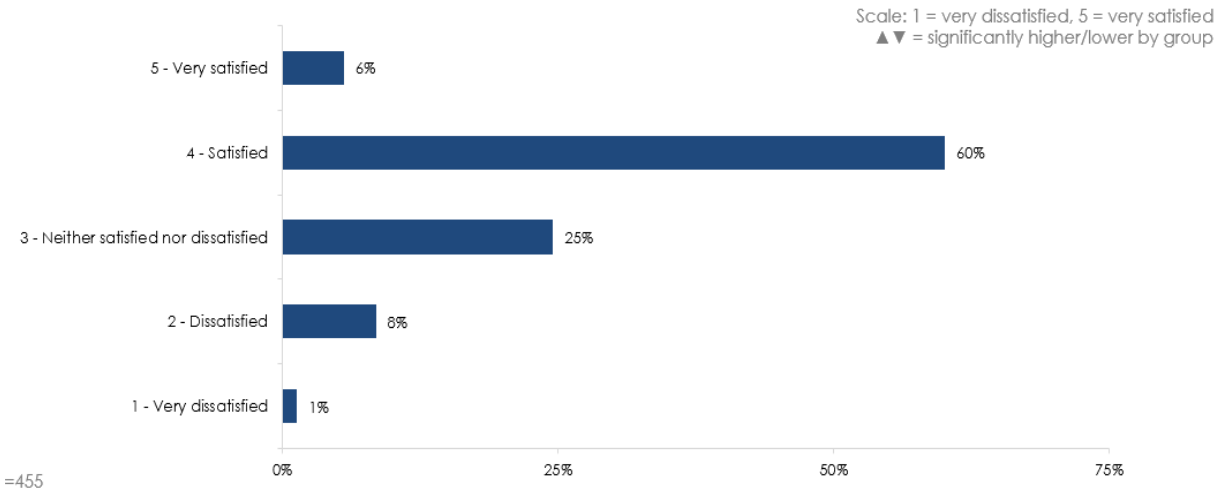


Breaking down the budget allocation into wards, allocations differed slightly by Ward:

- Roads allocation was much higher from Dundas & Epping residents.
- Greenspace allocation was highest from Rosehill.
- On average Dundas, Parramatta and North Rocks allocated higher amounts to stormwater assets other wards.
- Rosehill allocated the highest average amount to footpaths compared to all other wards.
- Heritage sites reached the top 5 in Dundas and Rosehill (but not in other wards).
- Carparks in Epping were allocated a higher average than all other wards.

Satisfaction with current community assets

Results from a previous community engagement program conducted in 2018, showed that residents are satisfied with the quality of community assets, with two-thirds stating they are "satisfied" or “very satisfied”.



Usage, acceptable standards and investment

The table below presents the results of the community consultation exercise. It plots the major asset classes against community usage of assets, the minimum acceptable standard of assets, and Council assets identified as requiring more investment. An interesting result worth noting is that while footpaths and local urban roads are the most used assets, they have the highest percentage of the community accepting a fair conditioned asset standard over a good standard asset.

Rank
Primary
Secondary
Tertiary

Asset	Usage % used regularly/ occasionally	Acceptable Standard % good condition	Investment % more investment Post-info pack (N=300)
Park amenities (toilets)	37%	48%	64%
Community facilities and buildings	42%	44%	57%
Footpaths	91%	39%	56%
Major town centres	64%	61%	56%
Local suburban roads	95%	37%	55%
Parks infrastructure and sporting fields	72%	58%	55%
Parramatta CBD	52%	65%	53%

ASSET MANAGEMENT PRACTICES AND CAPABILITIES

STRATEGIC PRIORITIES FOR ASSET MANAGEMENT AT COUNCIL

Council is working towards implementing uniform processes across the whole organisation to better evaluate investment and forecast operations, maintenance, renewals, and new works requirements.

Such processes involve linking Council corporate goals to asset investments and works programs by:

- applying best appropriate lifecycle processes and practices;
- acquiring and maintaining necessary data and knowledge;
- storing this data and knowledge in appropriate asset management information systems;
- preparing asset management plans so that the strategy is transparent across Council; and
- adopting appropriate and best value commercial tactics.

An independent asset management maturity assessment identified the following key strategic themes:

- data governance;
- asset management culture;
- budget, valuation, financial policy and models;
- asset creation and handover;
- policy and strategy update;
- risk management plans;
- Integrated Planning and Reporting; and
- asset management system development.

THE ASSET DECISION LIFECYCLE MANAGEMENT MODEL

Council utilises technical expertise and systems involving extensive research on deterioration of asset components based on key criteria and environmental conditions.

All works programs developed by asset managers need to be flexible to allow for further inspections of all the assets from the programs to determine the scope of works at each location, estimate costs and allocate priority.

Criteria considered in Council's lifecycle model (based on the Asset Management Council's framework) include:

- Physical condition based on the asset lifecycle affected by:
    - Usage (wear and tear);

- Design life / deterioration profile (material, construction type);
- Environmental or other external effects (coastal, marine, landslips, storms, vandalism); and
- Asset (technical) performance (breakdowns, utility costs).

- Asset criticality in terms of:
  - Health and safety (asbestos, lead, mould, fire safety);
  - Impact on overall asset system (roofing, services);
  - Impact on service (aesthetics);
  - Regulatory/legislative requirements (building code); and
  - Asset risk tolerance (likelihood/consequence).
- Other considerations (where applicable), for example heritage.
- Cost of construction/replacement/maintenance/monitoring.

ASSET MANAGEMENT SYSTEM – CURRENT PRACTICES

It is mandatory for Council, and all local governments, to develop asset management plans. Council's Asset Management Strategy and plans follow the *Integrated Planning and Reporting Guidelines for Local Government in NSW* that accompany the *Local Government Amendment (Planning and Reporting) Act 2009* (NSW).

The primary role of assets is to support services that deliver Council and the community's long-term objectives. As Council's assets age, maintenance, refurbishment, and disposal costs increase, which in turn increases the cost of the services they support.

Figure 9 shows the relationship between the various plans and resourcing strategies that make up our asset management system.

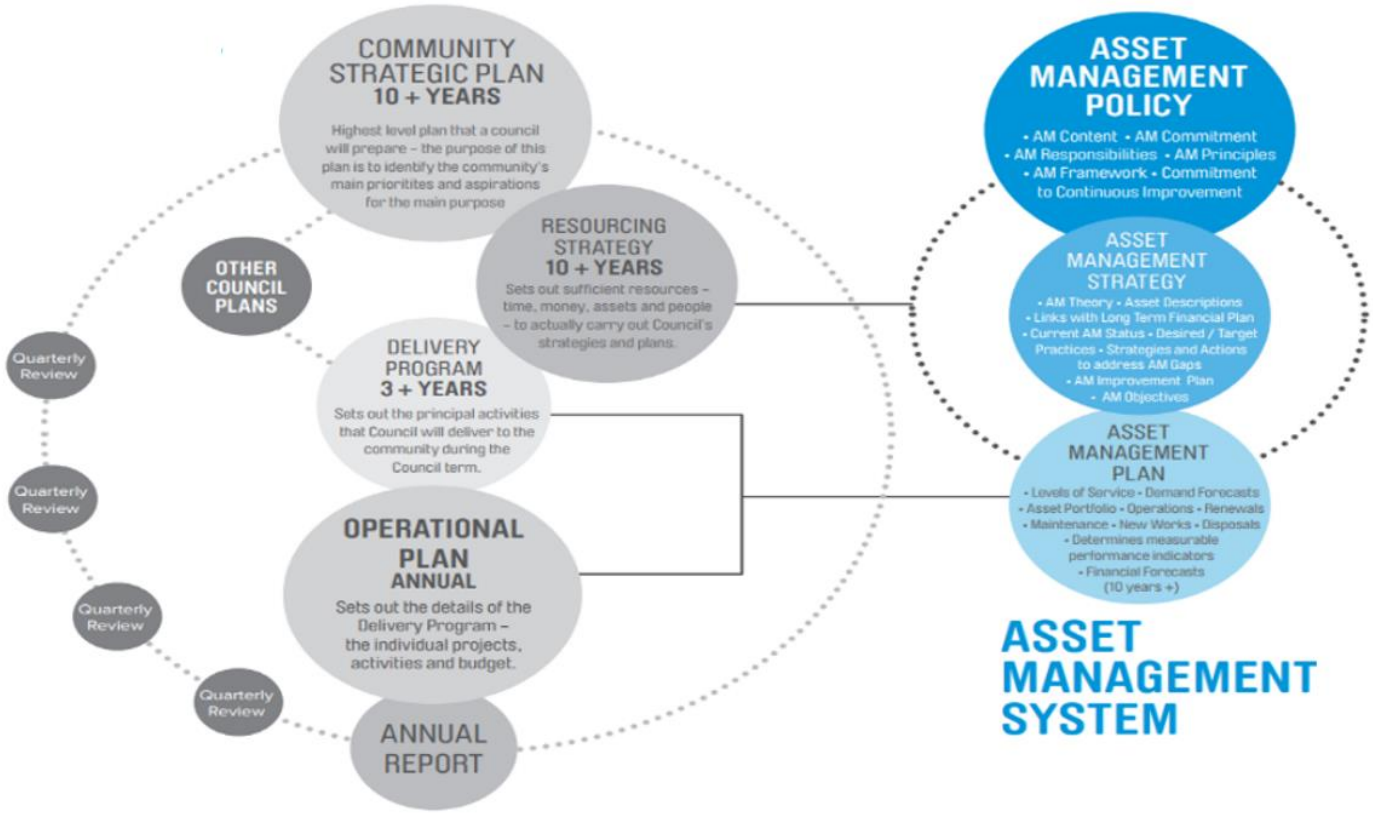


Figure 9 City of Parramatta Relationship between plans and strategies – Asset Management linkage

The components the Integrated Planning and Reporting Guidelines for Local Government in NSW that are linked to the asset management system are:

- **Community Strategic Plan** – outlines what the community wants, defines the objectives of the community, and sets strategies to achieve those objectives.
- **Resourcing Strategy** – details the resources available to Council to deliver the Community Strategic Plan.
- **Delivery Program and Operational Plan** – how Council will use the resources that it has to meet the objectives in the Community Strategic Plan, specifically where Council has been identified as responsible or as a supporting partner in the identified strategies.
- **Annual Report** – provides Council with a mechanism to report on the activities and actions proposed in its Delivery Program and Operational Plan.

COUNCIL'S ASSET PERFORMANCE

- Depreciation
- 10-year renewal forecasts
- Backlog ratio
- Asset maintenance ratio (operational and maintenance)

Depreciation

Based on independent research of good practice by consultants Morrison Low, the total annual depreciation of infrastructure assets should be approximately 1.2% of the current replacement cost of the assets. Based on the available data, Council's overall rate of depreciation is approximately 1.2%, which is as per the benchmark for councils of its size.

10-year renewal forecasts

Industry best practice suggests Council's annual renewals expenditure should match the annual depreciation of its assets. Therefore, 100% is the renewals benchmark against which Council compares its renewal ratio. Council's combined asset renewals ratio in 2024/25 is 103% (Figure 10), which is forecast to decline rapidly over the future years. The increase in renewal shortfall amount over the 10-year term is due to the significant amount of additional new assets to be constructed and managed each year due to City of Parramatta's projected growth in population.

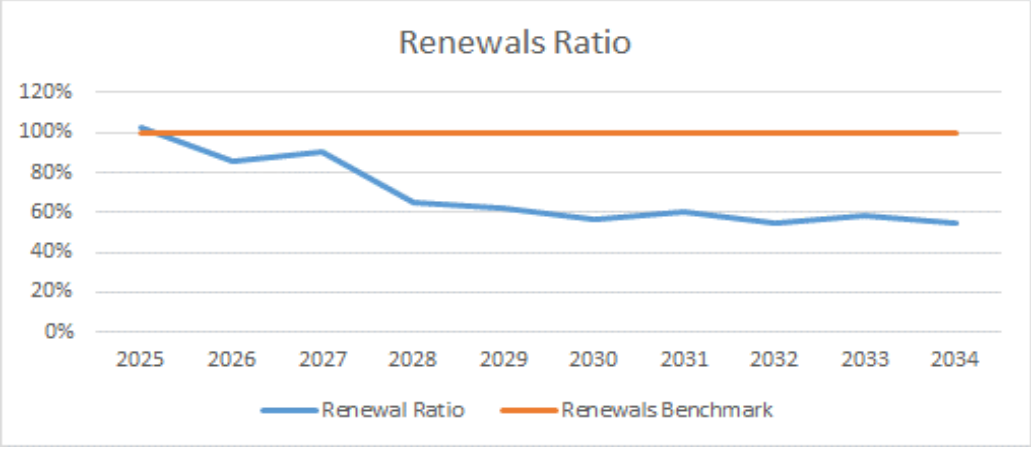


Figure 10 City of Parramatta asset renewals ratios 2025-34

Table 13 Combine asset renewals gap over 10-year term – depreciation 1.2% (LTFP)

Combined Asset Renewals	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Actual renewal ($m)	$41.46	$37.07	$42.03	$32.29	$32.49	$30.69	$33.89	$31.57	$35.34	$33.94	$350.06
Req. renewal/ depreciation ($m)	$40.41	$43.48	$46.58	$49.86	$52.46	$54.60	$56.42	$58.30	$60.24	$62.24	$524.59
GAP ($m)	$1.05	-$6.41	-$4.55	-17.57	-19.97	-23.91	-22.53	-26.73	-24.89	-28.30	-174.53

The projected cost of required asset renewals over the next ten years is $524.59 million. The estimated available 10-year average Long Term Financial Plan budget is $350.06 million, which is 67% of the cost to provide the services required. This results in actual spend on renewals being $174.53 million less than forecast depreciation over ten years.

When compared to the industry's benchmark, there is a shortfall of renewals in all asset classes after 2025/26. With the given budget allocation, the renewals gap is expected to increase each year over the 10-year term.

Although there appears to be a significant gap in renewals expenditure both in the future and in past years, the reported condition of the assets contradicts these shortfalls. Most assets are reported to be in good to very good condition, suggesting adequate renewals expenditure in the past. This may indicate that Council is optimising the capital forward works program and maximising the return in investment in terms of increasing service levels.

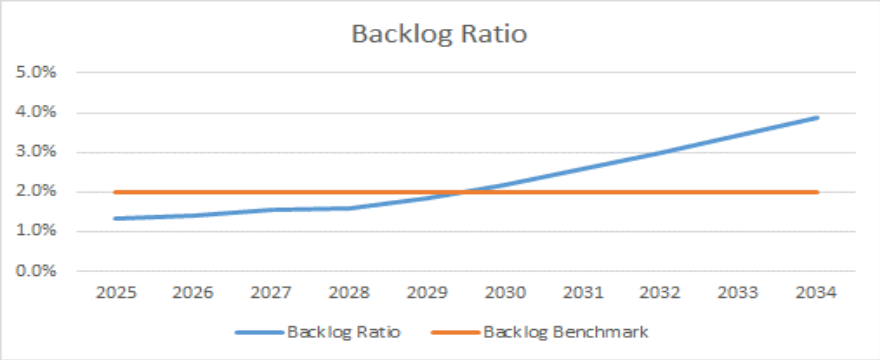
Backlog

Backlog is defined as assets that do not meet a satisfactory condition. The condition of any given asset is determined through community consultation, and generally results in a classification of a good to fair condition.

Important - *The backlog figure in the Asset Management Strategy is calculated using a standardised approach to calculate the cost to achieve a satisfactory level and is adopted in the Long Term Financial Plan and Special Schedule 7 of 30 June 2023 Annual Financial Statements. Another backlog methodology used within the Asset Management Plans uses a combination of existing recorded backlog for transport and stormwater assets and calculated backlog for Property, open spaces, and shared infrastructure assets, using a standardised approach to calculate the cost to achieve a satisfactory level. Council's analysis of its backlog highlights a steadily increasing backlog trend over the next ten years.*

Council's current combined infrastructure backlog is estimated to be $29.7 million, or a backlog ratio of 1.3%. The current estimated backlog is below the industry benchmark of 2%.

Figure 11 City of Parramatta backlog ratio – 2024/25–2033/34



Operational and maintenance

It is estimated that a total $964.12 million is required over the next 10 years in operational and maintenance (O&M) expenses to sustain the desired service levels. The required operational and maintenance budgets are based on industry best practice for various asset classes, which range from 0.48% to 3.3% of the current replacement cost of the assets.

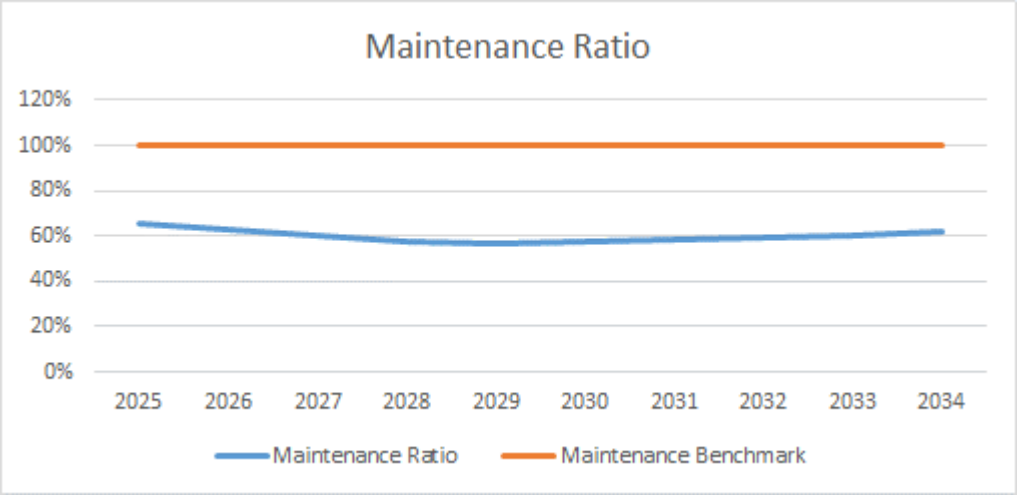


Figure 12 City of Parramatta asset maintenance ratio 2024/25–2033/34

Table 14 Combined O&M expenditure gap

Combined Asset O&M	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Actual O&M ($m)	$62.92	$61.89	$63.30	$64.41	$65.91	$67.79	$69.02	$70.63	$72.63	$74.33	$672.83
Req. O&M ($m)	$80.33	$85.49	$91.61	$96.96	$99.89	$101.17	$101.56	$101.96	$102.37	$102.78	$964.12
GAP ($m)	-$17.41	-$23.60	-$28.31	-$32.55	-$33.98	-$33.37	-$32.54	-$31.33	-$29.74	-$28.45	-$291.28

MANAGING THE ASSET GAP

Demand for new services will be met through a combination of managing and upgrading existing assets, and providing new assets as required. New technologies will provide opportunities to deliver better products with lower lifecycle costs.

Council has identified two scenarios that will inform our approach and drive us towards achieving the commitments outlined in the Community Strategic Plan. By establishing these resourcing scenarios, we are better positioned to understand and respond to the needs of our community, recognise, and take opportunities, and minimise risks associated with unforeseen events.

The development process for the Asset Management Strategy and Long Term Financial Plan incorporated financial modelling of different scenarios to provide Council with an idea of how much flexibility we have built into our planning and how much latitude we have with various projects and programs.

These models are important when discussing the financial implications of the Community Strategic Plan with the community and assist Councillors in the development of the Delivery Program.

The two scenarios we modelled were:

Scenario 1 – Continue **to provide a level of service driven by existing budget allocation** – the current balanced Asset Management Plan and Long-Term Financial Plan. This scenario results in an overall deterioration of the average asset portfolio.

Scenario 2 – Allocate funding to **meet the desired levels of service agreed with the community.** This scenario adjusts funding levels based on risk management and levels of service (i.e. eliminating assets in poor and very poor condition, and increasing the number of condition 1, 2 and 3 assets) to achieve the minimum acceptable conditions ascertained through community feedback. This scenario also forecasts the costs in delivering the draft Developer Contribution Plan currently in development.

The financial models for each scenario are included below:

Scenario 1

Capital New	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Road Infrastructure	$20,554,466	$24,067,741	$9,849,643	$2,385,313	$2,444,946	$2,506,069	$2,568,721	$2,632,939	$2,698,762	$2,766,231	$72,474,831
Buildings	$59,298,370	$64,160,463	$102,178,963	$49,459,439	$33,385,998	$3,781,423	$3,843,134	$3,906,415	$3,971,308	$4,036,840	$328,022,353
Stormwater	$3,926,009	$3,758,346	$3,716,758	$3,441,111	$3,728,495	$3,672,565	$3,976,285	$3,915,754	$4,223,657	$4,329,248	$38,688,226
Parks and Open Spaces	$22,525,489	$17,697,295	$11,211,474	$11,337,490	$1,947,077	$1,973,254	$2,000,085	$2,027,587	$2,055,777	$2,084,672	$74,860,199
Total	$106,304,333	$109,683,844	$126,956,840	$66,623,353	$41,506,515	$11,933,311	$12,388,224	$12,482,695	$12,949,504	$13,216,991	$514,045,610

Capital Renewal	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Road Infrastructure	$24,741,928	$18,589,852	$21,103,470	$18,627,458	$19,062,079	$19,507,597	$19,964,288	$20,432,430	$20,912,312	$21,402,961	$203,628,868
Buildings	$3,500,000	$1,000,250	$3,460,506	$1,011,019	$3,532,788	$1,022,070	$3,606,891	$1,035,566	$3,697,937	$1,036,168	$22,903,195
Stormwater	$6,539,603	$6,712,640	$7,131,376	$6,793,255	$7,339,167	$7,080,898	$7,658,617	$7,383,144	$7,963,994	$8,163,093	$72,765,787
Parks and Open Spaces	$6,680,571	$10,764,649	$10,335,528	$5,855,548	$2,556,844	$3,080,118	$2,660,972	$2,714,996	$2,770,371	$3,339,630	$50,759,224
Total	$41,462,102	$37,067,391	$42,030,879	$32,287,281	$32,490,878	$30,690,683	$33,890,767	$31,566,136	$35,344,613	$33,941,851	$350,057,073

Maintenance	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Road Infrastructure	$5,658,623	$5,785,468	$5,915,481	$6,048,745	$6,185,343	$6,325,361	$6,468,872	$6,615,972	$6,766,752	$6,921,299	$62,691,916
Buildings	$4,731,319	$4,847,601	$4,966,790	$5,088,956	$5,214,178	$5,342,531	$5,474,094	$5,608,943	$5,747,167	$5,888,846	$52,910,425
Stormwater	$2,066,150	$2,116,690	$2,168,491	$2,221,590	$2,276,017	$2,331,803	$2,388,984	$2,447,596	$2,507,672	$2,569,248	$23,094,240
Parks and Open Spaces	$15,599,122	$15,935,378	$16,280,038	$16,633,314	$16,995,426	$17,366,595	$17,747,037	$18,136,990	$18,536,690	$18,946,384	$172,176,973
Total	$28,055,213	$28,685,137	$29,330,800	$29,992,605	$30,670,964	$31,366,290	$32,078,987	$32,809,501	$33,558,281	$34,325,777	$310,873,555

Operational	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Road Infrastructure	$8,734,384	$8,941,432	$9,153,659	$9,371,185	$9,594,158	$9,822,705	$10,056,960	$10,297,075	$10,543,192	$10,795,459	$97,310,209
Buildings	$17,378,074	$15,787,620	$16,212,576	$16,247,295	$16,641,640	$17,395,847	$17,460,147	$17,884,812	$18,670,093	$19,124,997	$172,803,101
Stormwater	$5,474,967	$5,126,950	$5,188,425	$5,314,792	$5,444,316	$5,577,079	$5,713,161	$5,852,639	$5,995,607	$6,142,152	$55,830,088
Parks and Open Spaces	$3,279,645	$3,346,519	$3,415,065	$3,485,324	$3,557,340	$3,631,156	$3,706,817	$3,784,366	$3,863,853	$3,945,330	$36,015,415
Total	$34,867,071	$33,202,521	$33,969,725	$34,418,596	$35,237,454	$36,426,787	$36,937,085	$37,818,892	$39,072,745	$40,007,938	$361,958,814

Scenario 2

Capital New	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Road Infrastructure	$100,213,010	$103,726,285	$89,508,187	$82,043,856	$82,103,489	$96,542,530	$96,605,181	$96,669,399	$96,735,223	$96,802,691	$955,195,362
Buildings	$144,928,253	$149,790,345	$187,808,846	$135,089,322	$119,015,880	$44,377,650	$44,439,361	$44,502,643	$44,567,535	$44,633,068	$959,152,904
Stormwater	$3,926,009	$3,758,346	$3,716,758	$3,441,111	$3,728,495	$3,672,565	$3,976,285	$3,915,754	$4,223,657	$4,329,248	$38,688,226
Parks and Open Spaces	$120,876,513	$116,048,319	$109,562,499	$109,688,514	$100,298,102	$85,294,199	$85,321,030	$85,348,532	$85,376,722	$85,405,617	$983,220,047
Total	$369,943,784	$373,323,295	$390,596,291	$330,262,804	$305,145,966	$229,886,944	$230,341,857	$230,436,328	$230,903,136	$231,170,624	$2,936,256,540

Capital Renewal	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Road Infrastructure	$24,741,928	$18,589,852	$21,103,470	$18,627,458	$19,062,079	$19,507,597	$19,964,288	$20,432,430	$20,912,312	$21,402,961	$203,628,868
Buildings	$3,500,000	$1,000,250	$3,460,506	$1,011,019	$3,532,788	$1,022,070	$3,606,891	$1,035,566	$3,697,937	$1,036,168	$22,903,195
Stormwater	$6,539,603	$6,712,640	$7,131,376	$6,793,255	$7,339,167	$7,080,898	$7,658,617	$7,383,144	$7,963,994	$8,163,093	$72,765,787
Parks and Open Spaces	$6,680,571	$10,764,649	$10,335,528	$5,855,548	$2,556,844	$3,080,118	$2,660,972	$2,714,996	$2,770,371	$3,339,630	$50,759,224
Total	$41,462,102	$37,067,391	$42,030,879	$32,287,281	$32,490,878	$30,690,683	$33,890,767	$31,566,136	$35,344,613	$33,941,851	$350,057,073

Maintenance	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Road Infrastructure	$6,455,208	$6,582,054	$6,712,066	$6,845,330	$6,981,928	$7,265,726	$7,409,237	$7,556,337	$7,707,117	$7,861,664	$71,376,666
Buildings	$7,300,215	$7,416,498	$7,535,686	$7,657,852	$7,783,074	$6,560,418	$6,691,981	$6,826,830	$6,965,054	$7,106,733	$71,844,341
Stormwater	$2,066,150	$2,116,690	$2,168,491	$2,221,590	$2,276,017	$2,331,803	$2,388,984	$2,447,596	$2,507,672	$2,569,248	$23,094,240
Parks and Open Spaces	$18,549,652	$18,885,908	$19,230,569	$19,583,845	$19,945,957	$19,866,223	$20,246,665	$20,636,618	$21,036,318	$21,446,012	$199,427,769
Total	$34,371,226	$35,001,149	$35,646,813	$36,308,618	$36,986,977	$36,024,170	$36,736,867	$37,467,381	$38,216,161	$38,983,657	$365,743,017

Operational	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Road Infrastructure	$8,814,042	$9,021,091	$9,233,318	$9,450,844	$9,673,817	$9,916,741	$10,150,996	$10,391,111	$10,637,228	$10,889,495	$98,178,684
Buildings	$19,946,971	$18,356,517	$18,781,472	$18,816,191	$19,210,536	$18,613,734	$18,678,034	$19,102,699	$19,887,980	$20,342,884	$191,737,018
Stormwater	$5,474,967	$5,126,950	$5,188,425	$5,314,792	$5,444,316	$5,577,079	$5,713,161	$5,852,639	$5,995,607	$6,142,152	$55,830,088
Parks and Open Spaces	$6,230,176	$6,297,049	$6,365,596	$6,435,855	$6,507,871	$6,130,784	$6,206,445	$6,283,994	$6,363,481	$6,444,958	$63,266,210
Total	$40,466,156	$38,801,607	$39,568,811	$40,017,682	$40,836,540	$40,238,339	$40,748,637	$41,630,444	$42,884,297	$43,819,490	$409,012,001

WHAT WE WILL COMMIT TO DOING

It is important that our asset management processes and practices over the next ten years support the aspirations of our community, as outlined in the Community Strategic Plan. We therefore commit to:

- collecting and analysing better information (condition assessment, data collection, analytics);
- developing better processes (strategic asset planning, levels of service, financial planning and capital);
- implementing better systems (system integration, GIS-finance-asset management linkages and business processes);
- making better decisions (risk management, decision-making framework); and
- developing a more supportive and aligned organisational context (PD alignment with AM, roles and responsibilities, training).

We will keep Council sustainable by:

- extending the useful lives of our ageing facilities and infrastructure;
- optimising or rationalising our poor or non-performing facilities; and
- finding innovative ways and technologies to maximise limited resources and address challenges.

IMPROVEMENT PROGRAM

Based on these observations and analysis of current asset management practices, Council has developed a range of strategic actions that apply to all asset groups. These strategic actions will ensure adequate provision is made for the long-term management of Council's infrastructure assets.

Table 15: City of Parramatta high level strategic actions

Ref No.	High Level Strategic Actions	Outcome	Priority	Deliver by:
1.	Establish transparent and responsible asset management processes that align with best appropriate practice. This includes ensuring consistency across the Asset Management Strategy, Long Term Financial Plan, Technology One asset registers, levels of service for all asset classes, data collection, validation, and reporting.	Automate and establish processes to integrate asset management, financial and service planning processes. This includes alignment of systems, roles, and data. i.e. ensure asset data across the asset register, pavement management system and GIS is consistently reconciled.	High	2024/25
2.	Review and establish clear assumptions and a consistent approach to calculating depreciation and backlog. Apply this approach across all asset classes to obtain the most accurate backlog. Assess the backlog against Council's infrastructure priorities, financial budgets and Long Term Financial Planning.	Refine backlog calculations and assumptions to improve the understanding and tracking of Council's backlog. This includes overlaying asset criticality, utilisation, and functionality data points to assess backlog against a consistent methodology.	High	2024/25
3.	Clearly identify all asset expenditure requirements into four categories: renewals, new, maintenance,	Development of asset expenditure thresholds and definitions including	High	2024/25

	and operational. Establish clear budgets and reporting lines for each category.	adoption of Asset Capitalisation Policy.		
4.	Allocate and clarify roles, resources, and responsibilities for asset management. This includes establishing a good understanding of asset data, finance, and budgets. Establish clear communication protocols between finance and the wider organisation.	Roles and responsibilities mapped across Council. Key roles around asset data ownership, asset budget management, and asset service planning responsibilities.	High	2024/25
5.	Review and establish agreed levels of services in consultation with the community, outlined in the asset management plans.	Undertake detailed community consultation engagement include trade off analysis based on utilisation, community importance and risk.	Medium	2025/26
6.	Review and estimate the future lifecycle costs of all decisions relating to new service levels and new assets, donated, or built.	All new asset lifecycle costs are estimated and included in business cases and long term financial plans.	Medium	2024/25
7.	Review the future lifecycle costs and effects of donated assets on financial sustainability and the level of service delivery to the community. Create a disposal assets plan that feeds information into the Long Term Financial Plan.	All donated asset lifecycle costs are estimated and included in business cases and long term financial plans. Develop asset rationalisation program to dispose of any assets not providing service to community or do not meet cost benefit principles.	Medium	2024/25
8.	Prioritise and plan asset renewals to meet agreed service levels based on site inspections, infrastructure priorities and community importance.	100% of assets have been assessed against agreed level of service criteria, are inspected and prioritised per required (risk based) criteria.	Medium	2025/26
9.	Identify and prioritise critical assets for Council and its community. Establish emergency response plans and asset ownership for critical assets.	All asset sub classes assessed for criticality and emergency response plans adopted for all critical assets	Medium	2025/26
10.	Create an environment where Council employees take part in the overall management of Council assets by developing asset management awareness and capability throughout the organisation.		Medium	2024/25

A detailed Asset Management Improvement Plan has been prepared and highlights areas of improvement across:

- asset knowledge and data processes.
- strategic asset planning processes.
- asset operations and maintenance.
- asset information systems; and
- organisational context.

Improvement actions have been assigned to each asset class to continue developing and enhancing Council's asset management planning practices.