





# Asset Management Plan Buildings



Version 3

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## 1. EXECUTIVE SUMMARY

### Context

Gilgandra is nestled on the banks of the Castlereagh River in Central NSW at the junction of three major inland highways being the Newell Oxley and Castlereagh and half way between Brisbane and Melbourne. In addition to the township of Gilgandra the Shire has two villages, Tooraweenah located at the southern entrance to the Warrumbungle National Park and Armatree located in the north of the Shire.

Gilgandra is a great place to live. It is a proud, passionate, vibrant, solid and supportive rural based community. We are fortunate to have excellent schools for our children, a comprehensive range of medical services, fantastic sporting facilities, and a thriving cultural presence within the region. Although our population is ageing, social capital through volunteerism is strong, and this strength is reflected in the many events (cultural, sporting, community and nation building) that are conducted by volunteers.

Gilgandra is located just 65 kilometres north of Dubbo, one of the largest inland cities in New South Wales. This allows residents to have close access to a base hospital, specialist medical services, employment opportunities and a regional airport.

Agriculture including cereal cropping, wool production, sheep and cattle is a large contributor to the Gilgandra economy. In recent years, health and aged care have developed as large employers in the community and form an important part of a diversifying economy. For a community its size, Gilgandra is well serviced with medical, retail, accommodation, professional and financial services. The community and Council have invested heavily in medical infrastructure to ensure the community has access to essential medical and allied health services.

Gilgandra Shire, like so many other rural communities has seen significant challenges as result of an extended period of drought followed by two flood events. The decline of employment numbers in agriculture has made the need to diversify the economy even more of an essential action for the community.

Gilgandra Shire Council is responsible for 126 Council and Community building assets. Council owns and operates a wide variety of facilities which vary significantly in age and condition.

Councils building assets are critical in the provision of a range of services to the community including community services, corporate and governance, recreational, sporting and cultural activities.

### Council Buildings

Councils Building Assets are comprised of

- Council owned and operated assets
- Council owned assets leased to third parties
- Assets established on Council land

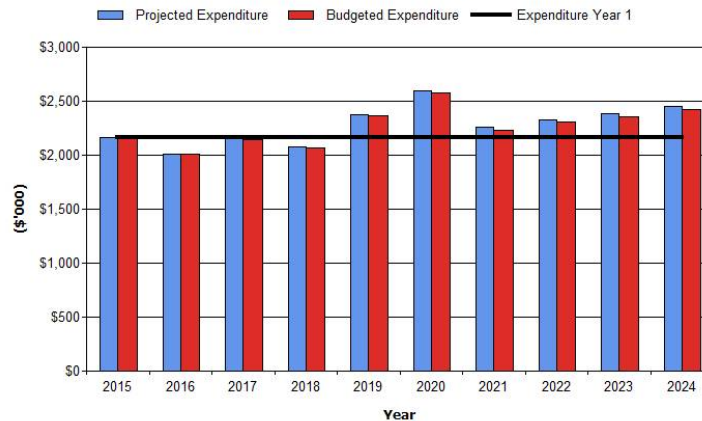
The Building assets under control of Council have a total replacement value of \$44.2 million

### What does it Cost?

The projected outlays necessary to provide the services covered by this Asset Management Plan (AM Plan) includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$2.28 million on average per year.

Council's estimated available funding for this period is \$2.27 million on average per year which is 99% of the cost to provide the service. Projected expenditure to provide services in this AM Plan compared with planned expenditure currently included in the Long Term Financial Plan is shown in the graph below.

### Gilgandra SC - Projected and Budget Expenditure for (Buildings\_S3\_V2)



### What we will do

Council plans to provide building services for the following:

- Operation, maintenance, renewal and upgrade of building assets to meet service levels set by Council in annual budget allocations.
- Renewal/Upgrade of the Gilgandra and Rural Waste Facilities
- Upgrade of the facilities at the Gilgandra Youth and Citizens Club
- Renewal/Upgrade of Aged Care and Disability Services accommodation

### What we cannot do

It is anticipated that Council does have enough funding to maintain and renew its critical (level 1) building assets as they fall due. However funding for maintenance and renewal of building assets categorised as less than critical (level 2 and Level 4) may not always be achievable in a timely manner within existing budgets. Requests for new and upgraded building assets may not be achievable.

### Managing the Risks

There are risks associated with providing the service and not being able to complete all identified activities and projects. We have identified major risks as:

- Total building loss due to catastrophic events
- Personal injury and in extreme cases potential loss of life
- Compliance with changing regulatory and legislative requirements
- Exposure to asbestos containing materials
- The dependence on grants from other tiers of government.

We will endeavour to manage these risks within available funding by:

- Ensuring adequate insurance provisions and loss prevention measures are in place
- Implementing consistent council wide inspection and fault identification and management practices
- Establishing an asbestos register

### The Next Steps

The actions resulting from this asset management plan are:

- Maintain the current building assets in safe condition
- Continue to monitor the condition of building assets so that there is adequate planning time for periods of major renewals
- Establish a building hierarchy
- Continue to improve building asset information and knowledge.
- Maintain a single corporate asset register for financial and reporting purposes
- Monitor the provision of building assets alongside the community expectations as expressed in the Community Strategic Plan.

## Questions you may have

### What is this plan about?

This asset management plan covers the building assets that serve the Gilgandra Shire Community's needs. These assets include key civic and community buildings, local recreational and sporting facilities etc. that enable people to pursue a range of activities in our Shire. (Refer to table 2.1)

### What is an Asset Management Plan?

Asset management planning is a comprehensive process to ensure delivery of services from infrastructure is provided in a financially sustainable manner.

An asset management plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost effective manner. The plan defines the services to be provided, how the services are provided and what funds are required to provide the services.

### Why could there be a funding shortfall?

Most of the Council's buildings were constructed with the assistance of government grants often provided and accepted without consideration of ongoing operations, maintenance and replacement needs.

Some of these assets are approaching the later years of their life and require replacement. Services from some of these assets are decreasing and maintenance costs are increasing.

Councils' present funding levels may be insufficient to continue to provide existing services at current levels in the medium term particularly for those building assets classified as less critical (level 2 and level 4)

### What options do we have?

Resolving the funding shortfall involves several steps:

1. Improving asset knowledge so that data accurately records the asset inventory, how assets are performing and when assets are not able to provide the required service levels,
2. Improving our efficiency in operating, maintaining, renewing and replacing existing assets to optimise life cycle costs,
3. Identifying and managing risks associated with providing services from infrastructure,
4. Making trade-offs between service levels and costs to ensure that the community receives the best return from infrastructure,
5. Identifying assets surplus to needs for disposal to make savings in future operations and maintenance costs
6. Consulting with the community to ensure that building services and costs meet community needs and are affordable,
7. Developing partnership with other bodies, where available to provide services;
8. Seeking additional funding from governments and other bodies to better reflect a 'whole of government' funding approach to infrastructure services.

### What happens if we don't manage the shortfall?

It is possible that Council will have to reduce service levels in the some areas unless new sources of revenue are found. For buildings the service level reduction may include maintaining some level 2 and 4 building assets at a lessor condition rating than is acceptable to the community and an inability to fund renewal of these assets as they fall due for renewal.



### **Hunter Park Public Toilets**

#### **What can we do?**

Council will continue to consult with the community to plan future building services to match the community's needs with the ability to pay for services while maximising community benefits against costs.

#### **What can you do?**

Council will be pleased to consider your thoughts on the issues raised in this asset management plan and suggestions on how Council may change or reduce its building services to ensure that the appropriate level of service can be provided to the community within available funding.



## 2. INTRODUCTION

### 2.1 Background

This asset management plan is to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding needed to provide the required levels of service over a 10 year planning period.

The asset management plan follows the format for AM Plans recommended in Section 4.2.6 of the International Infrastructure Management Manual<sup>1</sup>.

The asset management plan is to be read with Council's Asset Management Policy, Asset Management Strategy and the following associated planning documents:

- Gilgandra Shire Community Strategic Plan 2013/14-2022/23
- Gilgandra Shire Council Delivery Program 2013/14-2016/17
- Gilgandra Shire Council Operational Plan 2013/14-2016/17
- Gilgandra Shire Council Long Term Financial Plan 2014/15-2023/24
- Gilgandra Shire Council Workforce Plan 2011-2014
- Gilgandra Shire Council Pedestrian Access Mobility Plan

The building assets covered by this asset management plan are shown in Table 2.1.

**Table 2.1: Assets covered by this Plan**

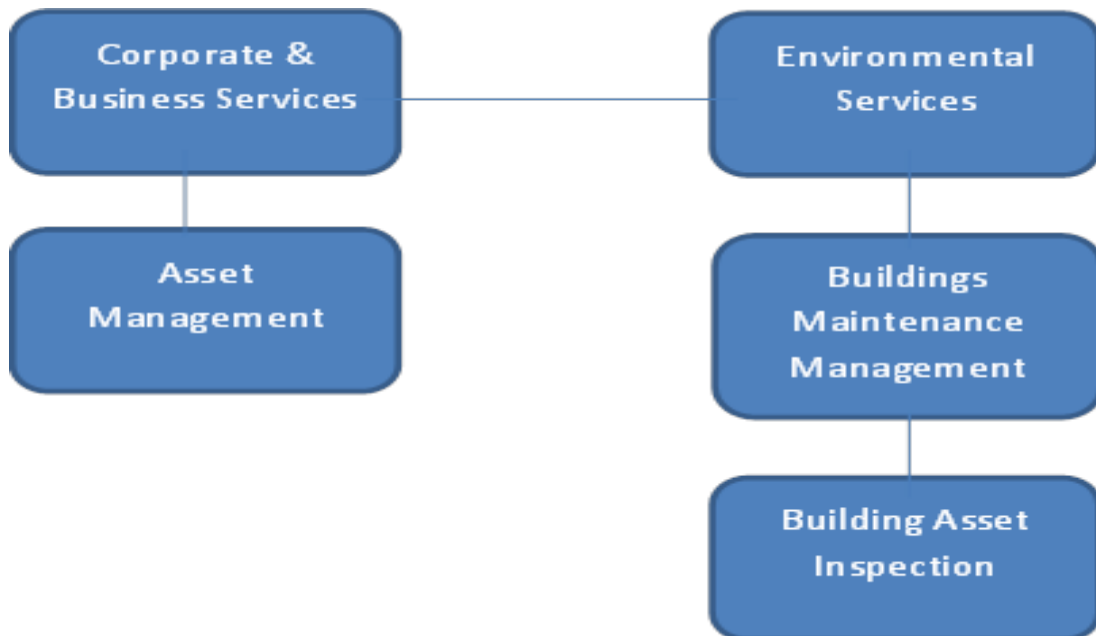
Asset Sub-Category	Dimension20	Replacement Value
Community	20	\$11,165,968
Corporate	13	\$3,977,177
Public Amenities	10	948,758
Residential	51	\$23,452,836
Commercial / Industrial	11	\$3,362,040
Emergency Services	6	\$832,590
Storage Sheds	15	\$442,013
<b>TOTAL</b>	<b>126</b>	<b>\$44,181,382</b>

<sup>1</sup> IPWEA, 2011, Sec 4.2.6, Example of an Asset Management Plan Structure, pp 4 | 24 – 27.

**Table 2.1.1: Key stakeholders in this Plan**

Key Stakeholder	Role in asset Management Plan
Council	<ul style="list-style-type: none"> <li>• Represent needs of the community</li> <li>• Allocate resources to meet Councils objectives in providing services while managing risks</li> <li>• Ensure Council is financially sustainable</li> </ul>
Council Infrastructure Committee	<ul style="list-style-type: none"> <li>• Recommend Policy and Strategic Direction to Council</li> <li>• Put forward AMPS and Renewal/Replacement Programs for Councils adoption</li> </ul>
General Manager	<ul style="list-style-type: none"> <li>• Have confidence that an accurate AMP is developed and maintained</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Expect Council to know what assets we have, where they are located, how they work and that services are provided at an economical rate</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>• Require reassurance that we act within all applicable statutes</li> </ul>
Strategic Managers	<ul style="list-style-type: none"> <li>• Require information about current services for planning purposes</li> </ul>
Operational Managers	<ul style="list-style-type: none"> <li>• Need to know what work is required –today and tomorrow</li> </ul>

Council’s organisational structure for service delivery from transport infrastructure assets is detailed below



## **2.2 Goals and Objectives of Asset Management**

Council exists to provide services to its community. Some of these services are provided by infrastructure assets. Council has acquired infrastructure assets by 'purchase', by contract, construction by council staff and by donation of assets constructed by developers and others to meet increased levels of service.

Council's goal in managing infrastructure assets is to meet the required level of service in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to developing cost-effective management strategies for the long term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Having a long term financial plan which identifies required, affordable expenditure and how it will be financed.<sup>2</sup>

## **2.3 Plan Framework**

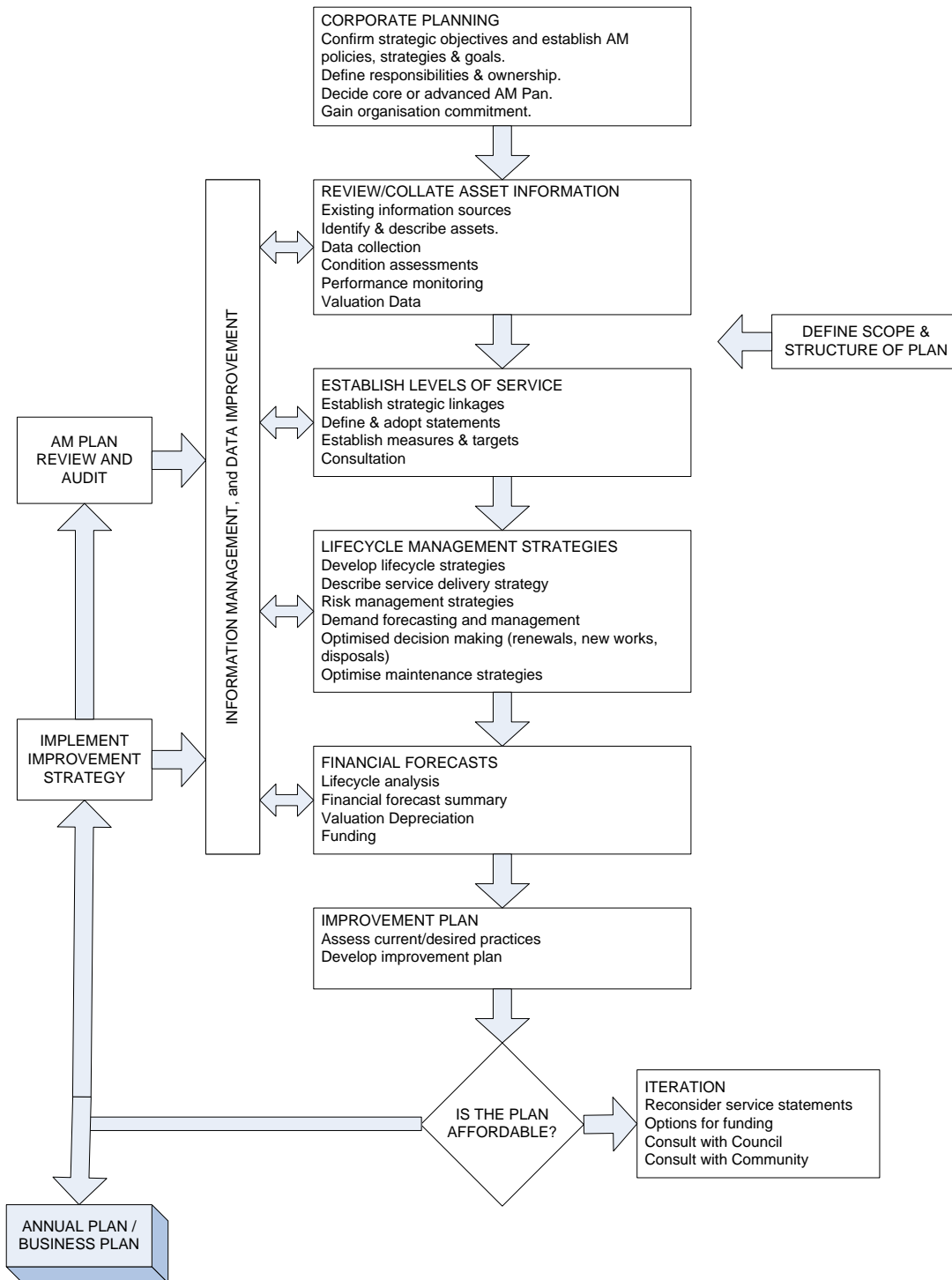
Key elements of the plan are

- Levels of service – specifies the services and levels of service to be provided by council.
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how Council will manage its existing and future assets to provide defined levels of service
- Financial summary – what funds are required to provide the defined services.
- Asset management practices
- Monitoring – how the plan will be monitored to ensure it is meeting Councils objectives.
- Asset management improvement plan

A road map for preparing an asset management plan is shown below.

### Road Map for preparing an Asset Management Plan

Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11.



## 2.4 Core and Advanced Asset Management

This asset management plan is prepared as a 'core' asset management plan over a 10 year period in accordance with the International Infrastructure Management Manual<sup>3</sup>. It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

Council is moving towards 'advanced' asset management using a 'bottom up' approach for gathering asset information for individual assets to support the optimisation of activities and programs to meet agreed service levels.

## 2.5 Community Consultation

This 'core' asset management plan is a revision of an initial combined asset management plan and incorporates initial community consultation on service levels and costs of providing the buildings service. Consultation to date and additional proposed consultation will assist Council and the community in matching the level of service needed by the community, service risks and consequences with the community's ability to pay for the service.

## 3. LEVELS OF SERVICE

### 3.1 Customer Research and Expectations

Council's latest community surveys and consultation sessions relating to integrated planning and reporting were conducted in June/July 2013. This consultation confirmed the results of previous surveys that indicated a strong community view that the building assets being provided by Council are generally in line with community needs.

### 3.2 Strategic and Corporate Goals

This asset management plan is prepared under the direction of Council's vision, values, goals and objectives.

Council's vision for its community is:

***"Gilgandra Shire is a strong and sustainable rural centre with a caring community that is building a future together"***

Council's Values are:

***"Integrity, leadership, inclusivity, selflessness, objectivity, accountability, openness, honesty, respect, professionalism"***

Relevant community outcomes and Council strategies and how these are addressed in this asset management plan are shown in Table 2.2.

**Table 2.2: Community Outcomes and Council Strategies and Actions in relation to Transport Services**

Outcome	Strategy	Action
1.1 An active community with a focus on physical and mental well being	1.1.1 Establish and maintain programs and facilities that promote and encourage a healthy lifestyle	1.1.1.1 Provide a range of recreational sporting facilities which enable the residents of the Shire to pursue active recreational pursuits  1.1.1.2 Continue to Implement the Pedestrian Access and Mobility Plan (PAMP)

Outcome	Strategy	Action
<p>1.2 A community that has great pride and instils this pride from a young age</p> <p>4.1 A community with well constructed, maintained and managed public infrastructure including water and sewer infrastructure, public buildings and facilities and plant and equipment</p>	<p>1.2.1 Encourage and support community groups, festivals celebrations and events</p>	<p>1.2.1.1 Assist village community committees to maintain their public facilities</p> <p>1.2.1.2 Provide a Shire Hall facility that meets community needs</p>
	<p>4.1.1 Develop and implement asset management policies, strategies and plans</p> <p>4.1.2 Develop and implement forward works infrastructure programs and plans</p>	<p>4.1.1.2 Establish Levels of Service for all infrastructure assets</p> <p>4.1.1.3 Ensure all infrastructure assets are inspected and conditionally rated in accordance with the determined level of service</p> <p>4.1.2.1 Ensure all Council buildings are maintained in a safe and operable condition</p> <p>4.1.2.2 Provide a swimming pool facility</p>

### 3.3 Legislative Requirements

Council has to meet many legislative requirements including Australian and State legislation and State regulations. Relevant legislation is shown in Table 3.2.

**Table 3.2: Legislative Requirements**

Legislation	Requirement
Local Government Act	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
The Australian Accounting Standards	The Australian Accounting Standards (AASB 116) requires that assets be valued, and reported in the annual accounts, which also includes depreciation value (i.e. how fast are these assets wearing out).
Environmental Planning and Assessment Act 1979	Sets out guidelines lines for land use planning and promotes sharing of responsibilities between various levels of government in the state.
Environmental Planning and Assessment Amendment Act 2008	Sets out guidelines for land use planning and promotes sharing of responsibilities between various levels of government in the state.
Protection of the Environment Operations Act 1997	Sets out Council responsibility and powers of local area environment and its planning functions.
Building Act 1975 Reprinted as in force on 1	Provides for what building work is assessable development for the Planning Act.

September 2011	Imposes requirements, in addition to those under the Planning Act, for a building development.
Building Code of Australia (or BCA)	The Building Code of Australia (or BCA) is the edition, current at the relevant time, of the Building Code of Australia (including the Queensland Appendix) published by the body known as the Australian Building Codes Board.
Occupational Health & Safety Act 2000 & Regulations 2001	Sets out roles and responsibilities to secure the health, safety and welfare of persons at work. Council is to provide a safe working environment and supply equipment to ensure safety.
Disability Discrimination Act 1992 and other relevant disability legislation.	Sets out the responsibilities to all in regards to discrimination. This Act makes it unlawful to discriminate against people because of their disability.
Crown land (Reserves) Act (1989):	Regulates what can be done on Crown land
Public Works Act	<ul style="list-style-type: none"> <li>Role of DPWS is planning and construction of new assets.</li> </ul>

### 3.4 Current Levels of Service

Council has defined service levels in two terms.

**Community Levels of Service** measure how the community receives the service and whether the organisation is providing community value.

Community levels of service measures used in the asset management plan are:

Quality	How good is the service?
Function	Does it meet users' needs?
Capacity/Utilisation	Is the service over or under used?

**Technical Levels of Service** - Supporting the community service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities that Council undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance.

Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services such as opening hours, cleaning frequency, mowing frequency, etc.
- Maintenance – the activities necessary to retain assets as near as practicable to an appropriate service condition (e.g. patching a hole in the wall or fixing leaky plumbing or replacing a light bulb),
- Renewal – the activities that return the service capability of an asset up to that which it had originally (e.g. replacing floor coverings or reroofing a building),
- Upgrade – the activities to provide an higher level of service (e.g. building extensions ) or a new service that did not exist previously (e.g. a new building or facility ).

Council's current service levels are detailed in Table 3.4.

**Table 3.4: Current and Desired Service Levels**

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	Optimal Level of Service
<b>COMMUNITY LEVELS OF SERVICE</b>				
Quality	Ensure that buildings	Bi Annual Community	High level of	High level of community

	are clean, inviting and safe for user groups and are free from major defects and faults including vandalism and graffiti related issues	Survey  Customer Requests	community satisfaction  Less than 10 customer requests per month	satisfaction  Less than 5 customer requests per month
Function	Ensure that facilities are fit for purpose, meet use group activity requirements and buildings are accessible for users of all abilities and do not pose undue risk for specific users and activities	Customer Requests	Less than 2 customer service requests per month	Less than 2 customer service requests per month
Capacity/ Utilisation	Facilities are safe and free from hazards	Reported accidents/incidents  Customer Requests	To be determined  Less than 2 customer service requests per month	Nil incidents / accidents  Less than 2 customer service requests per month
<b>TECHNICAL LEVELS OF SERVICE</b>				
Operations	Maintain essential safety measures in all Council buildings	Bi annual community survey  Customer service requests	To be determined  Less than 2 customer service requests per month	To be determined  Less than 2 customer service requests per month
		Budget 2014/15 \$997,000		
Maintenance	Provide a safe well maintained building asset portfolio	Bi annual community survey  Customer service requests  Condition assessments	To be determined  Less than 2 customer service requests per month  As detailed in Councils building hierarchy	75% community satisfaction rating  Less than 2 customer service requests per month  As detailed in Councils building hierarchy
		Budget 2014/15		



		\$562,000		
Renewal	Refer to section 5.4.2	Condition assessments	As detailed in Councils building hierarchy	As detailed in Councils building hierarchy
		Budget 2014/15 \$559,000		
Upgrade/New	Upgrade renewed assets to acceptable standards	Building assets comply with current standards	Complying with current standards	Complying with current standards
		Budget 2014/15 \$50,000		

### 3.4.1 Building Categories

To enable an analysis of the building stock owned and managed by Council, buildings have been grouped into one of 7 categories as follows:

- Community,
- Corporate,
- Residential,
- Commercial / Industrial,
- Emergency Services,
- Storage Sheds and
- Other Structures (shelters gazebos, retaining walls etc)

### 3.4.2 Classifications

The level of service provided to each individual building will be based on the classification of that building to ensure that those with the highest utilisation, requiring the best presentation, increased response times and increased levels of renewal can be separated from those that essentially provide a storage function, as well as classes in between.

The use of building hierarchies has not been formally recognised prior to the development of this plan. While Council has historically applied higher levels of service and response to the buildings it considered more important, agreed processes to support this did not exist.

A simple ranking scheme of A, B and C is proposed; where A has the highest ranking. An extra class "O" is proposed for buildings that are the responsibility of Council, but where the usual maintenance tasks are performed by the community groups or tenants who use them, rather than Council.

Factors considered in assigning the ranking of individual buildings were:

- Building occupancy and usage.

- Community profile of the building.
- Impact on the community if the building was non-functional

Hence the characteristics of each building class are summarised in Table 3.5

**Table 3.5: Building Classification Characteristics**

Classification	Characteristic
<b>A</b>	<ul style="list-style-type: none"> <li>• Buildings that house the corporate and administrative functions of Council</li> <li>• Buildings that are used more than 30 hours per week by Council staff or the public</li> <li>• Buildings that require a high standard of presentation, access, safety and maintenance</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>• Buildings that house community and cultural activities</li> <li>• Buildings that are used regularly by Council staff or the public</li> <li>• Buildings that do not require the highest standards of presentation</li> <li>• Buildings that require access and facilities for the disabled</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>• Structures that are not fully enclosed</li> <li>• Buildings that are used for storage, workshops, and other operational uses</li> <li>• Buildings that are only accessed by Council staff for short periods</li> </ul>
<b>O</b>	<ul style="list-style-type: none"> <li>• Buildings that house community and cultural activities, with the community groups providing minor maintenance and cleaning.</li> <li>• Buildings that are leased, with the lessees determining the day-to-day</li> </ul>

	<p>requirements of the building.</p> <ul style="list-style-type: none"> <li>Buildings that are not accessed by Council staff unless requested to do so</li> </ul>
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An analysis of each building owned or managed by Council has been completed in conjunction with the preparation of this Plan with the groupings and classes developed based on their occupancy type and use using the characteristics in Table 3.5.

Table 3.6 outlines the mix of buildings by their category and class to assist in the determination of levels of service and an affordable renewal regime.

A complete list of buildings with their grouping and classes is contained in Appendix B.

**Table 3.6: Building Categories and Classes**

Building Category	Total	Class A	Class B	Class C	Class O
Community	20	6	5	1	8
Corporate	13	8	3	2	0
Public Amenities	10	3	2		5
Residential	51	0	51	0	0
Storage Sheds	15	0	1	12	2
Commercial / Industrial	11	4	1	0	6
Emergency Services	6	0	0	0	6

### 3.4.3 Considerations

At present, indications of desired levels of service are obtained from various sources including residents' feedback to Councillors and staff, service requests and correspondence.

Council's approach to the BAMP is driven by what it takes to provide acceptable, accessible and functional building assets to support the delivery of Council's services to the community.

Development of the levels of service considers the following:

- Council has established key services that are delivered to the community via its building asset portfolio. These services form the basis of funding objectives and the program of works for each building. This describes both the current state of assets and services and Council's vision for future services and assets.
- Council will establish and document 'acceptable levels' at which these services may be provided. These levels will form the basis for future resource levels and tactics.
- The agreed levels of service are used to determine the:
  - ❖ Standard of new building assets and their functional features.
  - ❖ Upgrade requirements for existing assets.
  - ❖ Minimum maintenance requirements for existing assets, so that service levels are met.
  - ❖ Response times to requests for maintenance (e.g. leaky toilets)

Strategies are being developed considering:

- Financial resources required for the short-term and the long-term to meet the target service levels.
- Condition monitoring of building assets to manage the physical state and the serviceability potential of the assets.
- Critically monitoring building assets to develop prioritisation mechanisms that will enable Council to target funds more appropriately.
- Resource allocation to meet service level targets.

The monitoring and review process is intended to regularly improve the quality of information, strategies and associated tactics and plans.

In the development of Levels of Service (LOS) there are two distinct groupings to be used. The first relates to programmed works and relates to maintenance service levels undertaken on a routine (proactive) basis. The second pertains to reactive maintenance (reactive) including response to storm damage, vandalism etc.

#### ***Maintenance Service Levels (MSL) (Proactive)***

It has been the practice in the past for maintenance activities to generally involve a cyclical approach to routine works, combined with the need from time to time to respond to specific buildings suffering particular deterioration. This can result in buildings which receive the greatest use or which have the least serviceable integrity receiving the most maintenance effort.

This reactive approach to maintenance can mean that some buildings are left for lengthy periods without maintenance attention and in some cases left to gradually deteriorate to levels which are past the point of being restorable to a satisfactory level of service with normal maintenance type of activity.

To rationally allocate maintenance effort to individual buildings requires the establishment of a relationship between the relative function of the building within the building portfolio, the service level that the building should provide and the maintenance effort required to maintain that service level. The structural building hierarchy (class) provides a basis upon which to establish this relationship and the recommended hierarchy facilitates that process.

### ***Response Service Levels (Reactive)***

Given the nature of the assets, issues will continually arise that require a reactive response. Defining the proposed levels of service for reactive responses provides measurable performance criteria and outlines the target response times to our customers. The recommended LOS is as follows:

- All works requests relating to the operation of toilets, power, gas, lighting, water intrusion into ceilings or building structural integrity to be actioned within 4 hours for Class A buildings, and within a day for Class B buildings.
- All works requests regarding damage to the mains pressure water supply, fire fighting equipment, safety concerns or loss of integrity of the security of the building should be actioned as soon as possible.
- Requests relating to the operation of hot water systems, termites and vermin, heating or cooling units, floor surface failure, to be investigated within 2 business days and actioned within 1 week.
- All other written requests / enquiries will be responded to on a priority basis or in order of receipt. Whilst it is not always possible for the response to be in full, an acknowledgement listing the action to be taken, if any, and the name and telephone number of the officer dealing with the matter will be provided.
- Telephone and counter requests / enquiries will be handled promptly and where information is not readily available, verbal enquiries will be answered on a priority basis or in order of receipt.

The MSL will depend on the building class. These classes address the minimum requirements that Council buildings must meet to ensure that all contractual, regulatory and employment responsibilities are adequately covered.

### ***Scheduled Maintenance***

Preventative maintenance activities are essential to the protection of the fabric of a building, or are activities required to meet compliance and regulatory standards for continued occupation of a building. Routine maintenance tasks will be undertaken on building class as follows:

#### **3.4.4 Recommended Maintenance Levels of Service**

Regular building maintenance will be actioned on the following criteria for each building class:

##### ***Class A buildings***

- Daily tasks
  - Cleaning of floors, toilets and kitchens
  - Removal of rubbish
- Weekly Tasks
  - Mowing of lawns (Summer)

- Garden maintenance
- Monthly Tasks
  - Remove cobwebs
  - Removal of dust from all visible surfaces
  - Inspect and service air conditioning
  - Inspect box gutter systems
- Three Monthly Tasks
  - Removal of smears on glass from entrance areas
  - Automatic door service
- Six Monthly Tasks
  - Clean all interior windows and glass surfaces
  - Check and tag fire extinguishers
  - Inspect emergency lighting systems and smoke detectors
  - Tree maintenance
  - Pest Control
  - Clean all gutters and ensure roofs are clear of fallen leaves and twigs
  - Storm water pits and sumps
- Annual Tasks
  - Clean carpets and upholstery if required
  - Dust high surfaces
  - Clean all exterior windows and high glass surfaces.
  - Clear all exterior cobwebs
  - Service and maintain sprinkler and hydrant fire system
- Condition of infrastructure
  - Electrical System working properly
  - Adequate lighting for all work stations
  - Emergency exit lights working
  - Air Conditioning/heating/cooling working

- Hot water systems working
- No leaking taps
- Toilets in working order
- Telephone and computer systems working
- Safe entry and egress to and from the building
- Floor free of trip / slip hazards
- All blinds/sun control devices working properly
- No water leaks into the building from guttering and roof system
- No vermin
- Fire service and detection system operational
- Mechanical system operational
- Security system maintained in good order
- Kitchens maintained in a hygienic standard
- Additional Maintenance Level of Service Options
  - No “piggy-back” electrical cords and connections
  - Exterior lights working
  - Mechanical components installed in building kept in good order
  - Air vents correctly aligned and calibrated for air flow
  - Air conditioning filters clean
  - All trees cut clear of roofing and building
  - All paving kept level
  - Clear entry to delivery access
  - All stair nosings in good order
  - Identified hazards rectified as soon as possible

***Class B buildings (excluding residential buildings):***

- Tasks as Required Depending On Use
  - Cleaning of floors, toilets and kitchens
  - Removal of rubbish
  - Mowing of lawns (Summer)
  - Garden maintenance

- Removal of smears on glass from entrance areas
  -
- Monthly Tasks
  - Inspect and service air conditioning
- Three Monthly Tasks
  - Automatic door service
- Six Monthly Tasks
  - Clean all interior windows and glass surfaces
  - Check and tag fire extinguishers
  - Inspect emergency lighting systems and smoke detectors
  - Removal of dust from all visible surfaces
  - Remove cobwebs
- Annual Tasks
  - Clean carpets and upholstery if required
  - Dust high surfaces
  - Clean all exterior windows and high glass surfaces.
  - Clear all exterior cobwebs
  - Service and maintain sprinkler and hydrant fire system
  - Clean all gutters and ensure roofs are clear of fallen leaves and twigs
  - Storm water pits and sumps
  - Tree maintenance ○ Pest Control
- Condition of infrastructure
  - Electrical System working properly
  - All emergency exit lights working
  - Adequate lighting
  - Adequate Heating/cooling
  - Hot Water system working
  - No leaking taps
  - Toilets in working order
  - Safe entry and egress to and from the building



- Floor free of trip / slip hazards
- All blinds/sun control devices working properly
- No water leaks into the building from guttering and roof system
- No vermin
- Fire service and detection system operational
- Security system maintained in good order
- Mechanical system operational
- Kitchens maintained in a hygienic standard
- Additional Maintenance Level of Service Options
  - No “piggy-back” electrical cords and connections
  - Adequate lighting for all work stations
  - Emergency exit lights working
  - Exterior lights working
  - Mechanical components installed in building kept in good order
  - Air Conditioning/heating/cooling working
  - Air vents correctly aligned and calibrated for air flow
  - Air conditioning filters clean
  - Telephone or computer systems working
  - All trees cut clear of roofing and building
  - All paving kept level
  - Clear entry to delivery access
  - All stair nosings in good order
  - Identified hazards rectified as soon as possible

***Class C buildings:***

- Monthly Tasks
  - Remove rubbish
  - Keep all walkways swept clear
- Six Monthly Tasks
  - Clean all windows and glass surfaces readily accessible at floor level
  - Inspect and tag fire extinguishers
- Annual Tasks
  - Tree maintenance

- Pest Control if required
- Clean all gutters and ensure rooves are clear of fallen leaves and twigs
- Clear all areas in the exterior of the building to reduce fire and vermin risks
- Condition of infrastructure
  - All emergency exit lights working
  - Electrical System working properly
  - Adequate lighting ○ No leaking taps
  - Toilets in working order
  - Safe entry and egress to and from the building
  - Floor free of trip/ slip hazards
  - Security system maintained in good order
- Additional Maintenance Level of Service Options
  - Identified hazards rectified as soon as possible

***Class O Buildings:***

- Six Monthly Tasks
  - Inspect and tag fire extinguishers

**3.5 Inspections**

To ensure that buildings remain viable and well maintained, it is essential that inspections are undertaken on a regular basis to assess the condition of each building. In addition we need to update risk management plans and ensure that the building portfolio is adequately insured.

As part of this inspection regime we can ensure that the building is functioning as intended with respect to: the standard of presentation, the degree of usage, and any necessary modifications to programmed maintenance can be identified.

To support this process, the following inspection regime is proposed:

- Annual inspections:
  - Inspect building for signs of damage or wear and update condition assessment data.
  - Assess building condition for insurance and valuation purposes
  - Determine need for internal refit of fittings and fixtures to meet changing demands
  - Assess air conditioning units

- Inspection for signs of termite and vermin infestation
- Inspection of electrical systems, wiring and tagging of electrical appliances
- Inspect, and replace as required, hot water services
- Review need to paint all interior / exterior paintwork
- Inspect box gutters for signs of rust or leakage
- Ten yearly:
  - Assess power infrastructure and ensure that power supply is adequate
  - Review requirements for replacement of tiling in kitchens, toilets and bathrooms
  - Inspect compressors on air conditioning
  - Inspect roofing, flashings, ridge capping and guttering for signs of damage or wear
  - Inspect carpets and blinds to assess need for replacement
  - Ensure that fire fighting and safety equipment is adequate

### **3.6 Renewal / Upgrade Levels of Service**

In order to assist in the prioritisation of works when planning renewal, a scoring mechanism should be developed in stage 2 of the development of the BAMP. Scoring for each project will be specific to the issues being addressed whether they are social, risk, or asset management. The proposed criteria for determination of priorities within each core activity for capital works include:

- Safety concerns
- Accessibility and compliance issues
- Potential benefit from upgrade work
- Current and future utilisation
- Structural issues
- Heritage/Community significance
- Maintenance costs
- Requests received (including their source)

The decision process for determining priorities for projects within the Capital Upgrade Programme is primarily one of considering Asset Management factors where the existing building stock is maintained at the highest sustainable (affordable) levels of serviceability that can be achieved and which accord with the reasonable needs and expectations of building users.

The proposed renewal frequencies for each class of building are outlined below:

***Class A Buildings (Condition 3):***

- Repaint interior walls at 15 years
- Repaint exterior every 8 years
- Replace carpets and vinyl floors at 14 years
- Timber floors resealed every 4 years and replaced every 30 years
- Tiled floors replaced every 30 years
- Renew lighting over all work areas every 25 years
- No Asbestos products in building infrastructure within 10 years
- Disabled access indicators required within 5 years
- Renew data cabling every 15 years.
- Complete additional car park to Civic Centre precinct.
- Kitchen and bathrooms remodelled every 30 years
- Ducted air conditioning system renewed / upgraded every 30 years.
- Split air conditioning units renewed every 10 years
- Automatic Doors replaced every 15 years
- Renew lifts every 30 years
- Renew roofing every 50 years and guttering every 15 years
- Renew electrical switchboards every 25 years

***Class B Buildings (Condition 4):***

- Repaint interior walls at 18 years
- Repaint exterior every 13 years
- Replace carpets and vinyl floors at 20/25 years
- Timber floors resealed every 5 years and replaced every 45 years
- Tiled floors replaced every 45 years
- Renew lighting over all work areas every 30 years
- No Asbestos products in building infrastructure within 15 years

- Disabled access indicators required within 5 years
- Renew data cabling every 30 years.
- Kitchen and bathrooms remodelled every 45 years
- Ducted air conditioning system renewed / upgraded every 45 years.
- Split air conditioning units renewed every 12 years
- Automatic Doors replaced every 15 years
- Renew lifts every 45 years
- Renew roofing every 75 years and guttering every 20 years
- Renew electrical switchboards every 27 years

***Class C buildings (Condition 4):-***

- Repaint internal every 25 years / exterior every 15 years
- Replace floor coverings every 25-30 years
- Timber floors resealed every 10 years and replaced every 50 years
- Tiled floors replaced every 50 years
- Renew lighting over all work areas every 40 years
- No Asbestos products in building infrastructure within 20 years
- Disabled access indicators required within 10 years
- Kitchen and bathrooms remodelled every 55 years
- Renew roofing every 85 years and guttering every 20 years
- Renew electrical switchboards every 30 years
- 

***Class O buildings: -***

- Exterior to be repainted every 13 years
- Interior walls to be repainted at 18 years
- Floor surfaces to be renovated after 20/25 years,
- Tiled floor surfaces to be renovated when they become damaged or hazardous.

## 4. FUTURE DEMAND

### 4.1 Demand Drivers

Drivers affecting demand include population change, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices, environmental awareness, etc.

### 4.2 Demand Forecast

The present position and projections for demand drivers that may impact future service delivery and utilisation of assets were identified and are documented in Table 4.3.

### 4.3 Demand Impact on Assets

The impact of demand drivers that may affect future service delivery and utilisation of assets are shown in Table 4.3

**Table 4.3: Demand Factors, Projections and Impact on Services**

Demand factor	Present position	Projection	Impact on services
Population	4355 (2012)	8.9% Decrease (2011-2031)	<ul style="list-style-type: none"> <li>• Small decrease in usage of public buildings and facilities</li> </ul>
Ageing population	21 % over 65 years	Working age population projected to decrease by 19.9% (2011-2031)	<ul style="list-style-type: none"> <li>• Greater demand for aged and disabled accessible buildings and facilities</li> <li>• Less demand in peak hours</li> </ul>
Climate change	Higher frequency of extreme weather events	Unknown, but changes likely.	<ul style="list-style-type: none"> <li>• Additional costs may be incurred to maintain and renew buildings</li> </ul>

### 4.4 Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Non-asset solutions focus on providing the required service without the need for Council to own the assets and management actions including reducing demand for the service, reducing the level of the service(allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures.

Examples of non-asset solutions include providing services from existing infrastructure such as aquatic centres and libraries that may be in another council area or public toilets provided in commercial premises.

Opportunities identified to date for demand management are shown in Table 4.4. Further opportunities will be developed in future revisions of this asset management plan.

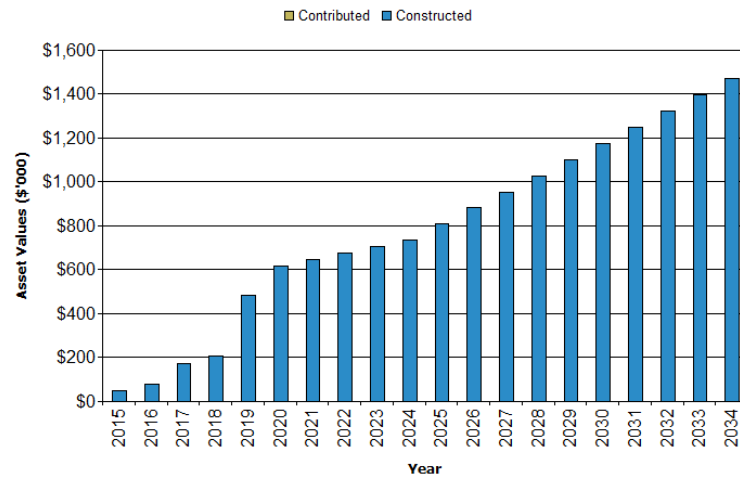
**Table 4.4: Demand Management Plan Summary**

<b>Demand Driver</b>	<b>Impact on Services</b>	<b>Demand Management Plan</b>
Communicate options and capacity to fund building infrastructure works with the community	Building infrastructure works prioritised in line with available budgets and Local Road Hierarchy Plan	Monitor community expectations and communicate service levels and financial capacity with the community to balance priorities for building infrastructure with what the community is prepared to pay for.  Continue to seek grant funding for projects identified in Councils Delivery Program and Operational Plan
Ageing Population	Greater emphasis on access requirements	Greater compliance with access standards for community buildings and facilities
Reduced population	Lees demand for and usage of public buildings and facilities	Monitor demand and utilisation levels, and tailor asset renewal to meet demand

#### 4.5 Asset Programs to meet Demand

The new assets required to meet demand will be acquired free of cost from land developments and constructed/acquired by Council. New assets constructed/acquired by Council are discussed in Section 5.5. The cumulative value of new contributed and constructed asset values are summarised in Figure 1.

Gilgandra SC - Upgrade & New Assets to meet Demand (Buildings\_S3\_V2)



Acquiring these new assets will commit Council to fund ongoing operations maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations maintenance and renewal costs in Section 5.



## 5. LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how Council plans to manage and operate the assets at the agreed levels of service (defined in Section 3) while optimising life cycle costs.

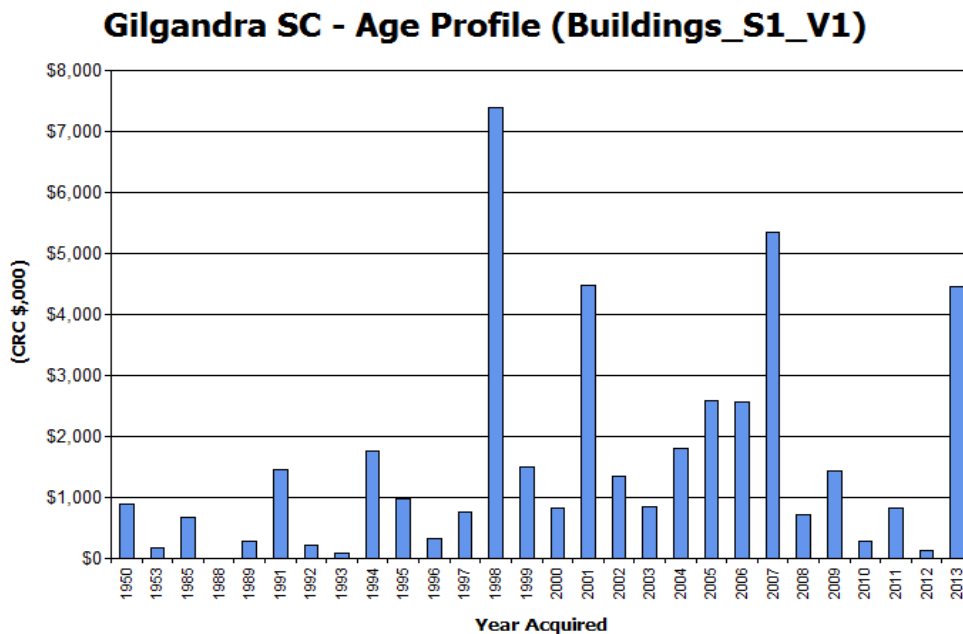
### 5.1 Background Data

#### 5.1.1 Physical parameters

The assets covered by this asset management plan are shown in Table 2.1

The age profile of the assets included in this AM Plan is shown in Figure 2

Figure 2: Asset Age Profile



#### 5.1.2 Asset capacity and performance

Council's services are generally provided to meet design standards where these are available.

Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

Table 5.1.2: Known Service Performance Deficiencies

Location	Service Deficiency
Hunter Park Toilets	Outdated facilities that do not meet community expectations
Councils Works Depot	Aging structures in less than satisfactory condition that no longer meet service requirements

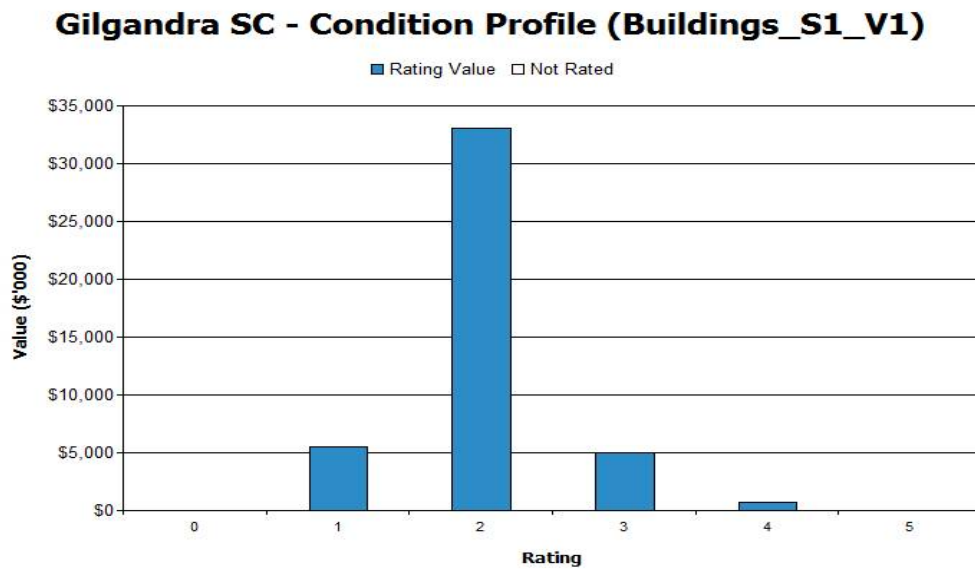
The above service deficiencies were identified from regular condition inspections by experienced staff

**5.1.3 Asset condition**

All Council buildings are inspected on an annual basis using a condition ranking system and the information obtained is used to provide data for regular maintenance, renewal and upgrade projects. Buildings are rated on a 1 to 5 scale condition grading system.

The condition profile of Council’s assets is shown in Figure 3.

**Fig 3: Asset Condition Profile**



Condition is measured using a 1-5 grading system as detailed in Table 5.1.3

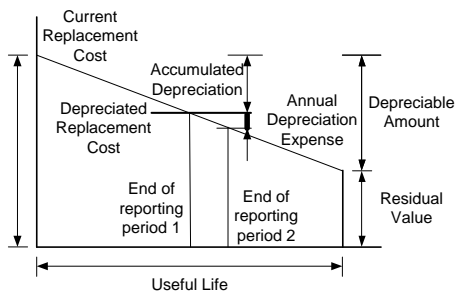
**Table 5.1.3: Simple Condition Grading Model**

Condition Grading	Description of Condition
1	<b>Very Good:</b> only planned maintenance required
2	<b>Good:</b> minor maintenance required plus planned maintenance
3	<b>Fair:</b> significant maintenance required
4	<b>Poor:</b> significant renewal/rehabilitation required
5	<b>Very Poor:</b> physically unsound and/or beyond rehabilitation

**5.1.4 Asset valuations**

The value of assets recorded in the asset register as at 30 June 2014 covered by this asset management plan is shown below. Building assets were last revalued at 30 June 2013. Building assets are valued at current replacement cost or market value where applicable.

Current Replacement Cost	\$44,181,000
Depreciable Amount	\$44,181,000
Depreciated Replacement Cost	\$39,612,000
Annual Depreciation Expense	\$330,000



Useful lives used for this asset management plan were reviewed in June 2013 by third party consultants engaged to undertake the asset class revaluation process.

Various ratios of asset consumption and expenditure have been prepared to help guide and gauge asset management performance and trends over time.

Rate of annual Asset Consumption (Depreciation/Depreciable Amount)	0.7%
Rate of Annual Asset Renewal (Capital renewal exp/Depreciable amount)	1.3%
Rate of Annual Asset Upgrade/New (Capital upgrade exp/Depreciable amount)	0.10%
Rate of Annual Upgrade/New (including contributed assets )	0.10%

In 2014/15 Council plans to renew building assets at 169.4% of the rate they are being consumed and will be increasing its asset stock by 0.1% in the year.

**5.1.5 Historical Data**

Council holds data on the acquisition, modification, and operational management of its buildings. The level of detail varies across the portfolio and is generally managed across a range of information management systems and departmental practices. The asset management improvement plan identifies the need to aggregate critical asset data in a centralized database, with consistent management practices to maintain the currency of this data across the portfolio. Council holds detailed historical records regarding the financial expenditure and depreciated liability of its building asset portfolio. This data is updated on a periodic basis, and verified by third party consultants.

### 5.2 Infrastructure Risk Management Plan

An assessment of risks associated with service delivery from infrastructure assets has identified critical risks that will result in loss or reduction in service from infrastructure assets or a ‘financial shock’ to the organisation. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as ‘Very High’ - requiring immediate corrective action and ‘High’ – requiring prioritised corrective action identified in the Infrastructure Risk Management Plan, together with the estimated residual risk after the selected treatment plan is operational are summarised in Table 5.2.

**Table 5.2: Critical Risks and Treatment Plans**

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan
All buildings	Destruction By fire	Medium	Inspection of all buildings to ascertain adequacy for fire detection systems. Check adequacy of insurance, install fire alarms and develop continuity plans as required.
Older aged buildings	Structural damage	High	Inspect, monitor and report
Community & Sporting buildings	Failure to meet Disability Discrimination Act (DDA) requirements and other codes	High	Assess assets and optimise funding
Aged Buildings	Obsolescence	Medium	Planned maintenance Program
Security	Damage by vandals	High	Inspection of all buildings to ascertain adequacy for security systems.

### 5.3 Routine Operations and Maintenance Plan

Operations include regular activities to provide services such as public health, safety and amenity e.g. street sweeping grass mowing and street lighting.

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

#### 5.3.1 Operations and Maintenance Plan

Operations activities affect service levels including quality and function through street sweeping and grass mowing frequency, intensity and spacing of street lights and cleaning frequency and opening hours of building and other facilities.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating, eg road patching but excluding rehabilitation or renewal. Maintenance may be classified into reactive, planned and specific maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions.

Planned maintenance is repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Specific maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacing air conditioning units, etc. This work falls below the capital/maintenance threshold but may require a specific budget allocation.

Actual past maintenance expenditure is shown in Table 5.3.1.

**Table 5.3.1: Maintenance Expenditure Trends**

Year	Maintenance Expenditure	
	Planned and Specific	Unplanned
2012/13	\$1,222,000	\$305,000
2013/14	\$1,184,000	\$297,000

Planned maintenance work is currently 80% of total maintenance expenditure.

Maintenance expenditure levels are considered to be adequate to meet projected service levels, which may be less than or equal to current service levels. Where maintenance expenditure levels are such that will result in a lesser level of service, the service consequences and service risks have been identified and service consequences highlighted in this AM Plan and service risks considered in the Infrastructure Risk Management Plan.

Assessment and prioritisation of reactive maintenance is undertaken by the organisation's staff using experience and judgement.

### **5.3.2 Operations and Maintenance Strategies**

The organisation will operate and maintain assets to provide the defined level of service to approved budgets in the most cost-efficient manner. The operation and maintenance activities include:

- Scheduling operations activities to deliver the defined level of service in the most efficient manner,
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes. Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (50 – 70% planned desirable as measured by cost),

- Maintain a current infrastructure risk register for assets and present service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council/committee,
- Review current and required skills base and implement workforce training and development to meet required operations and maintenance needs,
- Review asset utilisation to identify underutilised assets and appropriate remedies, and over utilised assets and customer demand management options,
- Maintain a current hierarchy of critical assets and required operations and maintenance activities,
- Develop and regularly review appropriate emergency response capability,
- Review management of operations and maintenance activities to ensure the organisation is obtaining best value for resources used.

#### Asset Hierarchy

An asset hierarchy provides a framework for structuring data in an information system to assist in collection of data, reporting information and making decisions. The hierarchy includes the asset class and component used for asset planning and financial reporting and service level hierarchy used for service planning and delivery. Council's service hierarchy is shown in Table 5.1.5.

**Table 5.3.2: Asset Service Hierarchy**

Service Hierarchy	Service Level Objective
Building Classification (A,B,C and O)	Refer to table 3.4 and 3.5 and sections 3.4.4 and 3.5
Building components	<ul style="list-style-type: none"> <li>• Floor</li> <li>• Floor Coverings</li> <li>• Envelope</li> <li>• Fit Out</li> <li>• Roof</li> <li>• Mechanical Services</li> <li>• Other Services</li> </ul>

#### Critical Assets

Critical assets are those assets which have a high consequence of failure but not necessarily a high likelihood of failure. By identifying critical assets and critical failure modes, organisations can target and refine investigative activities, maintenance plans and capital expenditure plans at the appropriate time.

Operations and maintenance activities may be targeted to mitigate critical assets failure and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels, etc.

Critical building assets have not yet been identified and this task is included in the improvement plan to be completed to inform future versions of the plan.

#### Standards and specifications

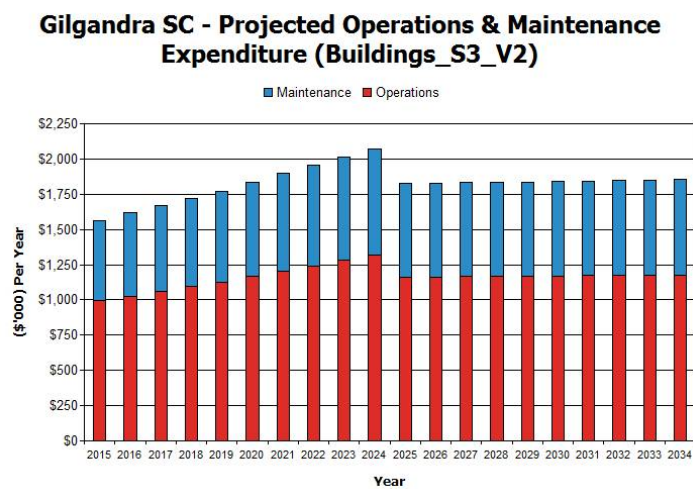
Maintenance work is carried out in accordance with the following Standards and Specifications.

- Building Code / National Construction Code
- Australian Standards
- Manufacturers or Suppliers standard requirements

### 5.3.3 Summary of future operations and maintenance expenditures

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 4. Note that all costs are shown in 2014/15 dollar values (ie real values)

**Figure4: Projected Operations and Maintenance Expenditure (Transport)**



Deferred maintenance, i.e. works that are identified for maintenance and unable to be funded are to be included in the risk assessment and analysis in the infrastructure risk management plan.

Maintenance is funded from the operating budget where available. This is further discussed in Section 6.2.

### 5.4 Renewal/Replacement Plan

Renewal and replacement expenditure is major work which does not increase the asset’s design capacity but restores, rehabilitates, replaces or renews an existing asset to its original or lesser required service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

#### 5.4.1 Renewal plan

Assets requiring renewal / replacement identified in this asset management plan use the Asset Register data to project the renewal costs using acquisition year and useful life to determine the renewal year

The useful lives of assets used to develop projected asset renewal expenditures are shown in Table 5.4.1. Asset useful lives were last reviewed on 30 June 2013 .

**Table 5.4.1: Useful Lives of Assets**

Asset (Sub)Category	Useful life (years)	Residual (%)
Floor		

<ul style="list-style-type: none"> <li>• Timber</li> <li>• Timber Heritage</li> <li>• Concrete</li> <li>• Concrete Heritage</li> </ul>	<p>60 130 100 150</p>	<p>50 50 50 50</p>
<p>Envelope</p> <ul style="list-style-type: none"> <li>• Timber</li> <li>• Timber Heritage</li> <li>• Concrete</li> <li>• Concrete Heritage</li> <li>• Concrete Block</li> <li>• Concrete Block Heritage</li> <li>• Cavity Brick</li> <li>• Cavity Brick Heritage</li> <li>• Brick Veneer</li> <li>• Colourbond</li> <li>• Galvanised Iron</li> <li>• Galvanised Iron Heritage</li> <li>• Fibre Cement</li> <li>• Asbestos Sheeting</li> </ul>	<p>60 125 75 150 75 150 70 150 70 45 45 150 65 40</p>	<p>65 65 90 150 65 65 65 65 65 65 65 65 50 35</p>
<p>Floor Coverings</p> <ul style="list-style-type: none"> <li>• Carpet</li> <li>• Vinyl</li> <li>• Ceramic Tiles</li> <li>• Polished Timber</li> </ul>	<p>15 15 25 80</p>	<p>0 0 0 50</p>
<p>Fit Out (internal Screens)</p> <ul style="list-style-type: none"> <li>• Fibre Cement</li> <li>• Glass</li> <li>• Plaster Board</li> <li>• Hardboard</li> <li>• Timber Panel</li> <li>•</li> </ul>	<p>20 20 20 45 45</p>	<p>60 60 60 60 60</p>
<p>Roof</p> <ul style="list-style-type: none"> <li>• Colour Bond</li> <li>• Galvanised Iron</li> <li>• Metal Decking</li> <li>• Corrugated Asbestos</li> <li>• Concrete Tile</li> <li>• Clay Tile</li> <li>• Reinforced Concrete</li> <li>• Shade Cloth</li> <li>• Timber</li> </ul>	<p>40 40 40 65 65 65 90 15 20</p>	<p>50 50 50 50 50 50 50 0 0</p>
<p>Mechanical Services</p> <ul style="list-style-type: none"> <li>• Air Con Ducted</li> <li>• Air Con Split</li> </ul>	<p>35 25</p>	<p>25 0</p>



<ul style="list-style-type: none"> <li>• Air Con Wall</li> <li>• Ventilation / Fans</li> </ul>	<p>25</p> <p>35</p>	<p>0</p> <p>40</p>
<p>Other Services</p> <ul style="list-style-type: none"> <li>• Fire</li> <li>• Security</li> <li>• Emergency</li> </ul>	<p>40</p> <p>15</p> <p>15</p>	<p>70</p> <p>30</p> <p>30</p>

#### 5.4.2 Renewal and Replacement Strategies

Council will plan capital renewal and replacement projects to meet level of service objectives and minimise infrastructure service risks by:

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner,
- Undertaking project scoping for all capital renewal and replacement projects to identify:
  - the service delivery ‘deficiency’, present risk and optimum time for renewal/replacement,
  - the project objectives to rectify the deficiency,
  - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency,
  - and evaluate the options against evaluation criteria adopted by the organisation, and
  - select the best option to be included in capital renewal programs,
- Using ‘low cost’ renewal methods (cost of renewal is less than replacement) wherever possible,
- Maintain a current infrastructure risk register for assets and service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and the Council/Committee,
- Review current and required skills base and implement workforce training and development to meet required construction and renewal needs,
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required ,
- Review management of capital renewal and replacement activities to ensure the organisation is obtaining best value for resources used.

#### Renewal ranking criteria

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate or
- To ensure the infrastructure is of sufficient quality to meet the service requirements.<sup>2</sup>

It is possible to get some indication of capital renewal and replacement priorities by identifying assets or asset groups that:

- Have a high consequence of failure,
- Have a high utilisation and subsequent impact on users would be greatest,
- The total value represents the greatest net value to the organisation,
- Have the highest average age relative to their expected lives,
- Are identified in the AM Plan as key cost factors,
- Have high operational or maintenance costs, and
- Where replacement with modern equivalent assets would yield material savings.<sup>3</sup>

<sup>2</sup> IPWEA, 2011, IIMM, Sec 3.4.4, p 3|60.

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in Table 5.4.2.

**Table 5.4.2: Renewal and Replacement Priority Ranking Criteria**

Criteria	Weighting
Demand : Requirement to service increased demand or deficiency in existing buildings	15%
Condition : Critical components have fallen below acceptable standard	20%
Asset Priority : Ranking of parent asset in overall portfolio	30%
Compliance : Components (or total assets) are not compliant with updated legislative requirements or have deteriorated to a state of non compliance	35%
<b>Total</b>	<b>100%</b>

#### **5.4.2 Renewal and replacement standards**

Renewal work is carried out in accordance with the following Standards and Specifications

- Building Code / National Construction Code
- Australian Standards
- Manufacturers or Suppliers of proprietary items standard requirements

#### **5.4.3 Summary of future renewal and replacement expenditure**

Projected future renewal and replacement expenditures are forecast to increase over time as the asset stock ages. The expenditure is summarised in Figure 5. Note that all amounts are shown in real values.

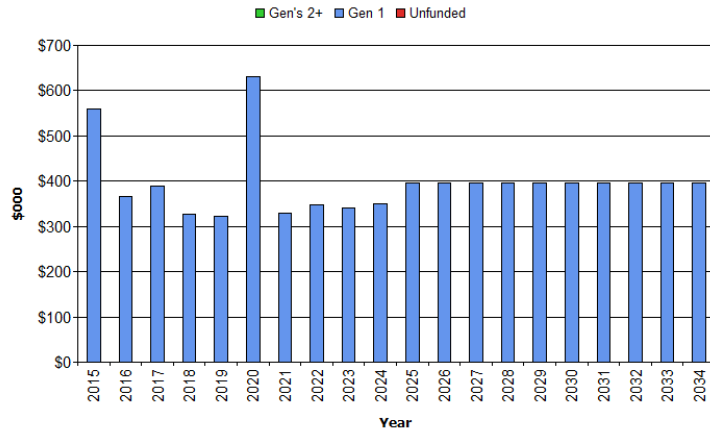
The projected capital renewal and replacement program is shown in Appendix B.

**Figure 5.1: Projected Capital Renewal and Replacement Expenditure (Buildings)**

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<sup>3</sup> Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3|66.

**Gilgandra SC - Projected Capital Renewal Expenditure  
(Buildings\_S3\_V2)**



Deferred renewal and replacement, i.e. those assets identified for renewal and/or replacement and not scheduled in capital works programs are to be included in the risk analysis process in the risk management plan.

Renewals and replacement expenditure in Councils capital works program will be accommodated in Councils Long Term Financial Plan . This is further discussed in Section 6.2.

**5.5 Creation/Acquisition/Upgrade Plan**

New works are those works that create a new asset that did not previously exist, or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to the Council from land development. These assets from growth are considered in Section 4.4.

**5.5.1 Selection criteria**

New assets and upgrade/expansion of existing assets are identified from various sources such as councillor or community requests, proposals identified by strategic plans or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop a preliminary estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in below

**Table 5.5.1: New Assets Priority Ranking Criteria**

Criteria	Weighting
Community Benefits (Building Classification A,B,C and O)	40%
Community Expectation	10%
Lifecycle Costs	10%
Safety	40%
<b>Total</b>	<b>100%</b>

### **5.5.2 Capital Investment Strategies**

Council will plan capital upgrade and new projects to meet level of service objectives by:

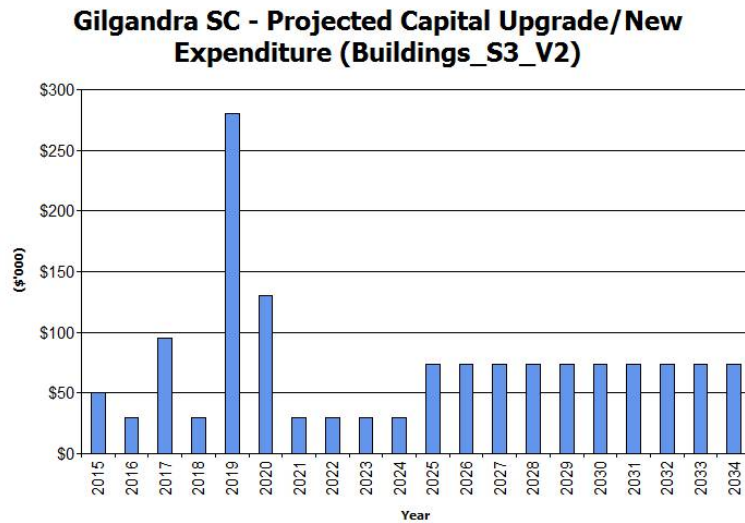
- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner,
- Undertake project scoping for all capital upgrade/new projects to identify:
  - the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset,
  - the project objectives to rectify the deficiency including value management for major projects,
  - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency,
  - management of risks associated with alternative options,
  - and evaluate the options against evaluation criteria adopted by Council/Board, and
  - select the best option to be included in capital upgrade/new programs,
- Review current and required skills base and implement training and development to meet required construction and project management needs,
- Review management of capital project management activities to ensure the organisation is obtaining best value for resources used.

Standards and specifications for new assets and for upgrade/expansion of existing assets are the same as those for renewal shown in Section 5.4.2.

### **5.5.3 Summary of future upgrade/new assets expenditure**

Projected upgrade/new asset expenditures are summarised in Fig 6. The projected upgrade/new capital works program is shown in Appendix C. All amounts are shown in real values.

***Figure 6.1: Projected Capital Upgrade/New Asset Expenditure (Buildings)***



Expenditure on new assets and services in Councils capital works program will be accommodated in Councils Long Term Financial Plan. This is further discussed in Section 6.2.

### 5.6 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.6, together with estimated annual savings from not having to fund operations and maintenance of the assets. These assets will be further reinvestigated to determine the required levels of service and see what options are available for alternate service delivery, if any. Any revenue gained from asset disposals is accommodated in Councils long term financial plan.

Where cash flow projections from asset disposals are not available, these will be developed in future revisions of this asset management plan.

**Table 5.6: Assets identified for Disposal**

Asset	Reason for Disposal	Timing	Disposal Expenditure	Operations & Maintenance Annual Savings
No building assets identified for disposal				

### 5.7 Service Consequences and Risks

Council has prioritised decisions made in adopting this AM Plan to obtain the optimum benefits from its available resources. Decisions were made based on the development of 3 scenarios of AM Plans.

**Scenario 1** - What we would like to do based on asset register data

**Scenario 2** – What we should do with existing budgets and identifying level of service and risk consequences (ie what are the operations and maintenance and capital projects we are unable to do, what is the service and risk consequences associated with this position).

**Scenario 3** – What we can do and be financially sustainable with AM Plans matching long-term financial plans.

#### **5.7.1 What we cannot do**

There are some operations and maintenance activities and capital projects that are unable to be undertaken within the next 10 years. These include:

- Renewal of Hunter Park Public Toilets
- Renewal of Councils Works Depot

#### **5.7.2 Service consequences**

Operations and maintenance activities and capital projects that cannot be undertaken may maintain or create service consequences for users. These include:

- Facilities not being fully utilised
- Facilities portraying a negative image to the public

#### **5.7.3 Risk consequences**

The operations and maintenance activities and capital projects that cannot be undertaken may maintain or create risk consequences for Council. These include:

- Safety
- Reduction in usable life ( increased renewal costs)

These risks have been included with the Infrastructure Risk Management Plan summarised in Section 5.2 and risk management plans actions and expenditures included within projected expenditures.

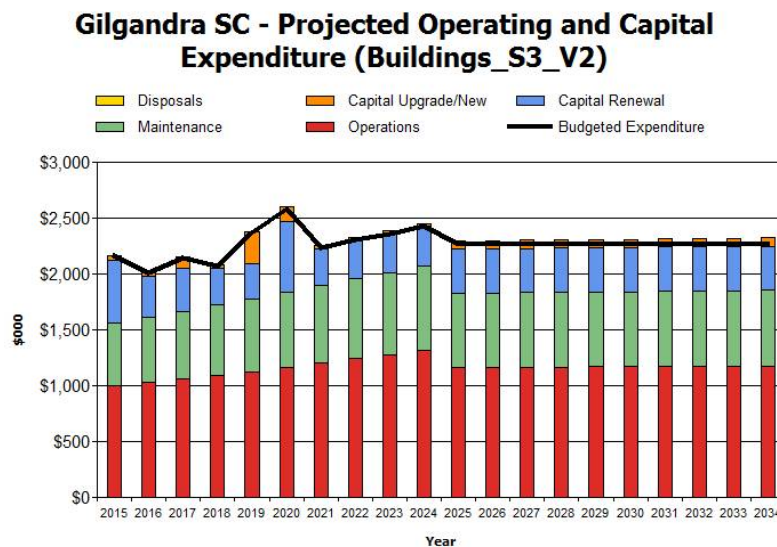
## 6. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

### 6.1 Financial Statements and Projections

The financial projections are shown in Figure 7 for projected operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets), Note that all costs are shown in real values.

**Figure 7: Projected Operating and Capital Expenditure ( Buildings )**



#### 6.1.1 Sustainability of service delivery

There are four key indicators for service delivery sustainability that have been considered in the analysis of the services provided by this asset category, these being the asset renewal funding ratio, long term life cycle costs/expenditures and medium term projected/budgeted expenditures over 5 and 10 years of the planning period.

##### Asset Renewal Funding Ratio

Asset Renewal Funding Ratio<sup>4</sup> 100%

The Asset Renewal Funding Ratio is the most important indicator and reveals that over the next 10 years, the organisation is forecasting that it will have 100% of the funds required for the optimal renewal and replacement of its building assets.

##### Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation)

<sup>4</sup> AIFMG, 2009, Financial Sustainability Indicator 8, Sec 2.6, p 2.18

expense). The life cycle cost for the services covered in this asset management plan is \$2.14 m per year (average operations and maintenance expenditure plus depreciation expense projected over 10 years).

Life cycle costs can be compared to life cycle expenditure to give an initial indicator of affordability of projected service levels when considered with age profiles. Life cycle expenditure includes operations, maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure over the 10 year planning period is \$2.19 m per year (average operations and maintenance plus capital renewal budgeted expenditure in LTFP over 10 years).

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap. The life cycle gap for services covered by this asset management plan is +\$.05m per year (-ve = gap, +ve = surplus).

Life cycle expenditure is 102% of life cycle costs.

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than that life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing services to their communities in a financially sustainable manner. This is the purpose of the asset management plans and long term financial plan.

#### Medium term – 10 year financial planning period

This asset management plan identifies the projected operations, maintenance and capital renewal expenditures required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

These projected expenditures may be compared to budgeted expenditures in the 10 year period to identify any funding shortfall. In a core asset management plan, a gap is generally due to increasing asset renewals for ageing assets.

The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is \$2.2 m on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$2.19 m on average per year giving a 10 year funding shortfall of \$.01 m per year. This indicates that the organisation expects to have 99% of the projected expenditures needed to provide the services documented in the asset management plan.

#### Medium Term – 5 year financial planning period

The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$2.06 m on average per year.

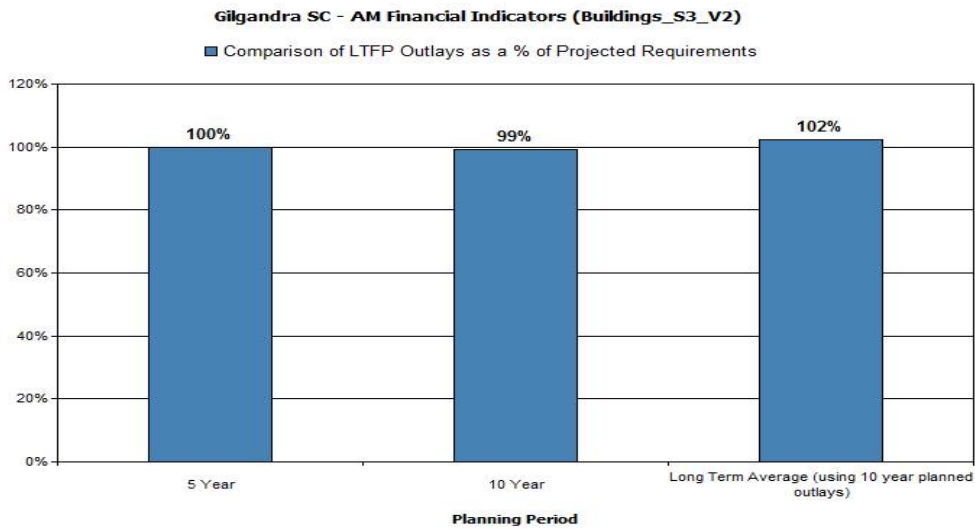
Estimated (budget) operations, maintenance and capital renewal funding is \$2.06 m on average per year. This indicates that the organisation expects to have 100% of projected expenditures required to provide the services shown in this asset management plan.

#### Asset management financial indicators

Figure 7A shows the asset management financial indicators over the 10 year planning period and for the long term life cycle.



**Figure 7A: Asset Management Financial Indicators**



Providing services from infrastructure in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and financing to achieve a financial indicator of approximately 1.0 for the first years of the asset management plan and ideally over the 10 year life of the Long Term Financial Plan.

Figure 8 shows the projected asset renewal and replacement expenditure over the 10 years of the AM Plan. The projected asset renewal and replacement expenditure is compared to renewal and replacement expenditure in the capital works program, which is accommodated in Councils Long Term Financial Plan.

**Figure 8: Projected and LTFP Budgeted Renewal Expenditure**

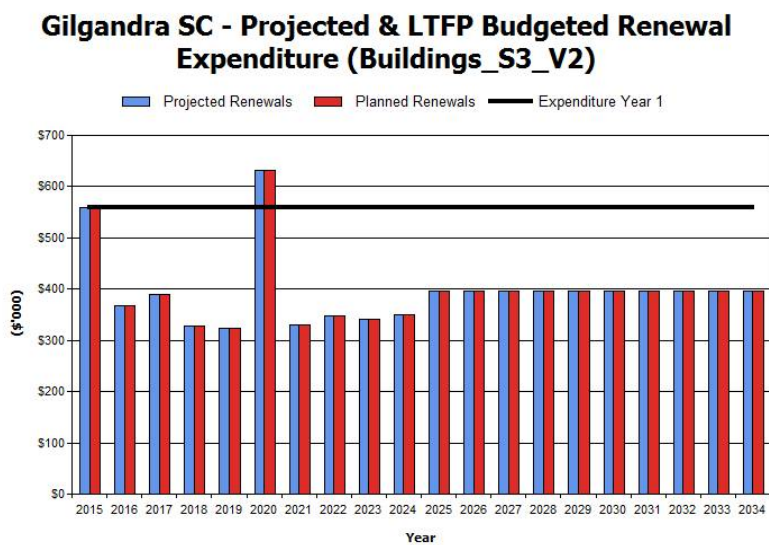


Table 6.1.1 shows the shortfall between projected renewal and replacement expenditures and expenditure accommodated in long term financial plan. Budget expenditures accommodated in the long term financial plan or extrapolated from current budgets are shown in Appendix D.

**Table 6.1.1: Projected and LTFP Budgeted Renewals and Financing Shortfall**

Year	Projected Renewals (\$000)	LTFP Renewal Budget (\$000)	Renewal Financing Shortfall (\$000) (-ve Gap, +ve Surplus)	Cumulative Shortfall (\$000) (-ve Gap, +ve Surplus)
2014/15	\$559	\$559	\$0	\$0
2015/16	\$367	\$367	\$0	\$0
2016/17	\$389	\$389	\$0	\$0
2017/18	\$327	\$327	\$0	\$0
2018/19	\$323	\$324	\$1	\$1
2019/20	\$632	\$632	\$0	\$1
2020/21	\$330	\$330	\$0	\$1
2021/22	\$347	\$348	\$1	\$2
2022/23	\$341	\$342	\$1	\$3
2023/24	\$350	\$351	\$1	\$4

Note: A negative shortfall indicates a financing gap, a positive shortfall indicates a surplus for that year.

Providing services in a sustainable manner will require matching of projected asset renewal and replacement expenditure to meet agreed service levels with the corresponding capital works program accommodated in the long term financial plan.

A gap between projected asset renewal/replacement expenditure and amounts accommodated in the LTFP indicates that further work is required on reviewing service levels in the AM Plan (including possibly revising the LTFP) before finalising the asset management plan to manage required service levels and funding to eliminate any funding gap.

We will manage the 'gap' by developing this asset management plan to provide guidance on future service levels and resources required to provide these services, and review future services, service levels and costs with the community.

### 6.1.2 Projected expenditures for long term financial plan

Table 6.1.2 shows the projected expenditures for the 10 year long term financial plan.

Expenditure projections are in 2014/15 real values.

**Table 6.1.2: Projected Expenditures for Long Term Financial Plan (\$000)**

Year	Operations (\$000)	Maintenance (\$000)	Projected Capital Renewal (\$000)	Capital Upgrade/ New (\$000)	Disposals (\$000)
2014/15	\$997	\$562	\$559	\$50	\$0
2015/16	\$1,027	\$589	\$367	\$30	\$0
2016/17	\$1,059	\$607	\$389	\$95	\$0
2017/18	\$1,094	\$627	\$327	\$30	\$0
2018/19	\$1,127	\$646	\$323	\$280	\$0
2019/20	\$1,168	\$669	\$632	\$130	\$0
2020/21	\$1,206	\$691	\$330	\$30	\$0
2021/22	\$1,243	\$712	\$347	\$30	\$0
2022/23	\$1,279	\$733	\$341	\$30	\$0
2023/24	\$1,318	\$755	\$350	\$30	\$0

## 6.2 Funding Strategy

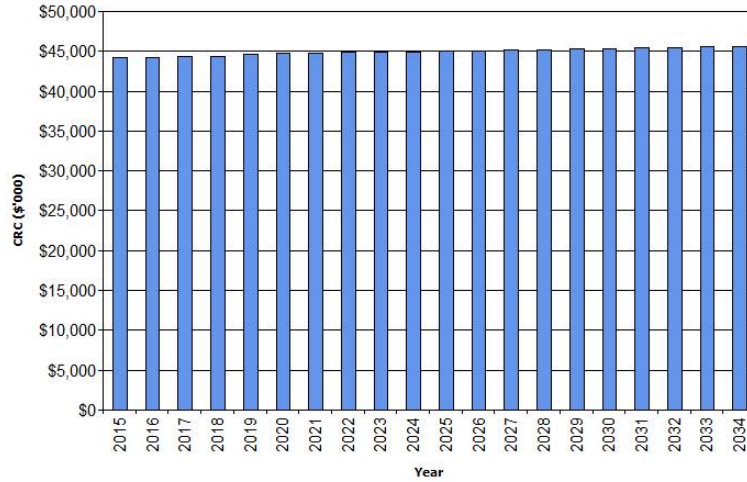
After reviewing service levels, as appropriate to ensure ongoing financial sustainability projected expenditures identified in Section 6.1.2 will be accommodated in the organisation's 10 year long term financial plan.

## 6.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by the organisation and from assets constructed by land developers and others and donated to the organisation. Figure 9 shows the projected replacement cost asset values over the planning period in real values.

Figure 9: Projected Asset Values

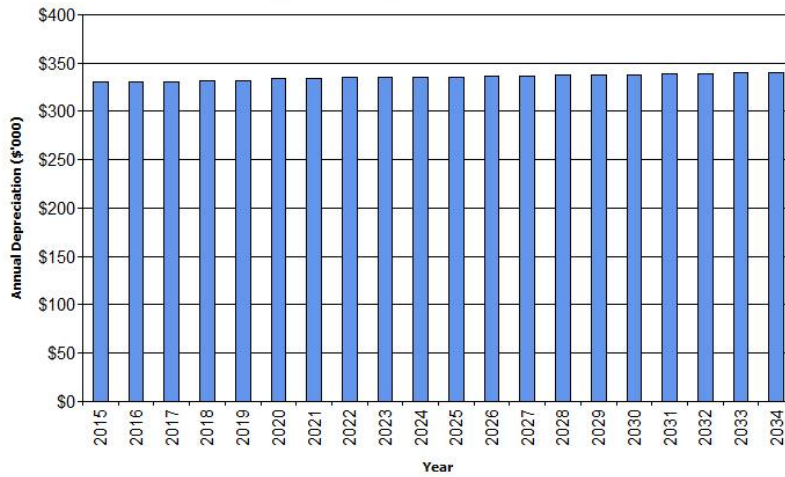
**Gilgandra SC - Projected Asset Values (Buildings\_S3\_V2)**



Depreciation expense values are forecast in line with asset values as shown in Figure 10.

Figure 10: Projected Depreciation Expense

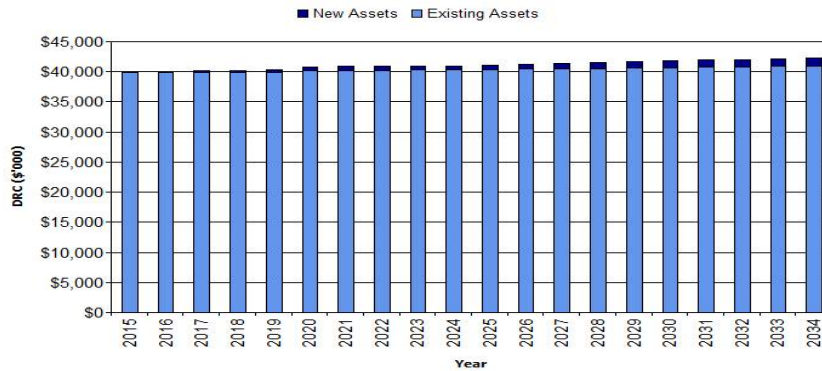
**Gilgandra SC - Projected Depreciation Expense (Buildings\_S3\_V2)**



The depreciated replacement cost will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets. Forecast of the assets' depreciated replacement cost is shown in Figure 11. The depreciated replacement cost of contributed and new assets is shown in the darker colour and in the lighter colour for existing assets.

**Figure 11: Projected Depreciated Replacement Cost**

**Gilgandra SC - Projected Depreciated Replacement Cost (Buildings\_S3\_V2)**



**6.4 Key Assumptions made in Financial Forecasts**

This section details the key assumptions made in presenting the information contained in this asset management plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this asset management plan and risks that these may change are shown in Table 6.4.

**Table 6.4: Key Assumptions made in AM Plan and Risks of Change**

Key Assumptions	Risks of Change to Assumptions
Straight Line Depreciation	No risk due to Australian Standards Does not reflect actual degradation of assets
Valuations based on average replacement cost with like for life	Increased costs due to changed standards
Asset lives based on judgements made by independent valuer who has a long experience of asset performance in local conditions	Depreciation changes

**6.5 Forecast Reliability and Confidence**

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale<sup>5</sup> in accordance with Table 6.5.

**Table 6.5: Data Confidence Grading System**

Confidence Grade	Description
A Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and recognised as the best method of assessment. Dataset is complete and estimated to be accurate ± 2%
B Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate ± 10%
C Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported,

<sup>5</sup> IPWEA, 2011, IIMM, Table 2.4.6, p 2 | 59.

	or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 6.5.1.

**Table 6.5.1: Data Confidence Assessment for Data used in AM Plan**

Data	Confidence Assessment	Comment
Demand drivers	B	Based on experienced organisational staff
Growth projections	B	Australian Bureau of Statistics
Operations expenditures	A	The understanding of split between operations and maintenance is uncertain ; however the total of operations and maintenance is reliable
Maintenance expenditures	A	As above
Projected Renewal exps. - Asset values	A	Valuations undertaken June 2013
- Asset residual values	A	Residual values reviewed June 2013
- Asset useful lives	A	Useful lives reviewed June 2013
- Condition modelling	A	Conditions assessed June 2013
- Network renewals	C	Process of identifying renewals currently under review
- Defect repairs	B	Based on regular inspection and customer request system
Upgrade/New expenditures	B	No major new expenditures planned/affordable
Disposal expenditures	NA	No disposals included

Over all data sources, the data confidence is assessed as high confidence level for data used in the preparation of this AM Plan

## **7. PLAN IMPROVEMENT AND MONITORING**

### **7.1 Status of Asset Management Practices**

#### **7.1.1 Accounting and financial systems**

Council uses IT Vision's SynergySoft software solution for asset accounting.

##### **Accountabilities for financial systems**

The financial systems are managed by the Finance Section of the Corporate and Business Services Department of Council

##### **Accounting standards and regulations**

Council works under Australian Accounting Standards and NSW State Legislation/Regulations and Directives issued by the Division of Local Government

NSW Local Government Act 1993

Local Government Amendment (Planning and Reporting) Act 2009

NSW Local Government Code of Accounting Practice and Financial Reporting

Australian Accounting Standards Board AASB116

#### Capital/maintenance threshold

Council is in the process of developing a capitalisation and depreciation policy to guide its decision making on issues such as capital/maintenance thresholds.

#### Required changes to accounting financial systems arising from this AM Plan

Changes to asset management systems identified as a result of preparation of this asset management plan are:

- Develop identification and reporting on expenditures, with of separate cost for operations, maintenance and capture capital expenditures as renewal or upgrade/new,
- Development of a single corporate asset register, in which financial calculations including calculation of annual depreciation can be undertaken by council.
- Linking of the customer service system to the corporate asset register to link requests to asset records,
- Improved project cost accounting to record costs against the asset component and develop valuation unit rates.

#### 7.1.2 Asset management system

Council uses “Asset Edge-Reflect” software to collect and collate information on its assets. This information in the entered into the ITVision SynergySoft Asset Management module.

#### Asset registers

Council has one Asset Register held in an ITVision SynergySoft Module.

#### Linkage from asset management to financial system

A linkage between the asset management and asset register modules has been developed by ITVision.

#### Accountabilities for asset management system and data maintenance

Councils Asset Manager is responsible for asset management and data collection and maintenance.

#### Required changes to asset management system arising from this AM Plan

- Continued development of a single technical asset register as the corporate asset register, in which financial calculations including calculation of annual depreciation can be undertaken by council.

#### 7.2 Improvement Program

The asset management improvement plan generated from this asset management plan is shown in Table 7.2.

• **Table 7.2: Improvement Plan**

<b>Task No</b>	<b>Task</b>	<b>Responsibility</b>	<b>Resources Required</b>	<b>Timeline</b>
1	Integrate Councils Asset Register and Asset Management SynergySoft Modules	Corporate & Business Services (Asset Manager & Finance Manager)	Staff Time	June 2014
2	Link the customer service system to the corporate asset register to link requests to asset records	Corporate & Business Services (Records Officer)	Staff Time	June 2014
3	Review methodology for determining remaining life, with detail assessment for assets requiring renewal in the medium term (next 10-20 years)  An outcome should be that the remaining lives from the asset register will generate a renewal scenario aligning with the Asset Replacement Program and Long Term Financial Plan. (Scenario 1 described in this asset management plan will match Scenario 3)	Corporate & Business Services (Asset Manager & Finance Manager)	Staff Time	June 15
4	Monitor and report Levels of Service performance measures and targets.	Technical	Staff Time	June 2015
5	Carry out revaluation of all building assets	Corporate & Business Services (Asset Manager)	Staff Time	December 2018

### **7.3 Monitoring and Review Procedures**

This asset management plan will be reviewed during annual budget planning processes and amended to recognise any material changes in service levels and/or resources available to provide those services as a result of the budget decisions.

The AM Plan has a life of 4 years (Council election cycle) and is due for complete revision and updating within 12 months of each Council election.



## **7.4 Performance Measures**

The effectiveness of the asset management plan can be measured in the following ways:

- The degree to which the required projected expenditures identified in this asset management plan are incorporated into Councils Long Term Financial Plan.
- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the asset management plan.
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into Councils Community Strategic Plan and associated plans.
- The Asset Renewal Funding Ratio achieving the target of 1.0

## **8. REFERENCES**

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au/IIMM](http://www.ipwea.org.au/IIMM)

IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au/namsplus](http://www.ipwea.org.au/namsplus).

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Gilgandra Shire Community Strategic Plan 2013/14-2022/23,

Gilgandra Shire Council Delivery Program 2013/14-2016/17

Gilgandra Shire Council Operational Plan 2013/14

Gilgandra Shire Council Long Term Financial Plan 2013/14-2022/23

Gilgandra Shire Council Local Road Hierarchy Plan Version 1 (July 2013)

## **9. APPENDICES**

Appendix A Maintenance Response Levels of Service

Appendix B Budgeted Expenditures Accommodated in LTFP

Appendix C Abbreviations

Appendix D Glossary

**Appendix A Building Register**

<b>Asset Description</b>	<b>Location</b>	<b>Location</b>	<b>Category</b>	<b>Class</b>
Edward Medical Centre	Gilgandra MPS (Hospital)	Chelmsford Ave	Commercial / Industrial	O
Medical Centre	Gilgandra Medical Centre	3 Warren Rd	Commercial / Industrial	A
Garbage Depot Shed	Waste Facility	Pines Dr	Commercial / Industrial	A
Kiosk	Ernie Knight Oval	Warren St	Commercial / Industrial	B
Amenities / Kiosk	McGrane Oval	Eiraben St	Commercial / Industrial	B
Kiosk	Speedway	Newell Hwy	Commercial / Industrial	O
Kiosk	Swimming Pool	Newell Hwy	Commercial / Industrial	A
Cabin No 5	Rotary Caravan Park	53 Newell Hwy	Commercial / Industrial	O
Cabin No 6	Rotary Caravan Park	53 Newell Hwy	Commercial / Industrial	O
Office / Managers Residence	Rotary Caravan Park	53 Newell Hwy	Commercial / Industrial	O
Medical Centre		5-7 Miller St	Commercial / Industrial	A
Cooee Lodge Hall	Cooee Lodge Complex	Cooee Dr	Community	A
Baby Health Centre (now used by CWA)	Health Centre	3 Warren Rd	Community	O
Preschool	PreSchool	6 Court Street	Community	O
Library	Library	1 Warren St	Community	A
Curban Hall	Hall	7 National Park Rd	Community	O
Shire Hall	Hall	15 Warren St	Community	A
Tooraweenah Hall	Hall	Bridge Street	Community	O
Amphitheatre	Heritage Centre	Newell Hwy	Community	B
Tennis Club	Hunter Park	Newell Hwy	Community	O
Elevated Commentary Box	McGrane Oval	Eiraben St	Community	B
Grandstand	McGrane Oval	Eiraben St	Community	B
Tennis Club	Tooraweenah Park & Recreation Ground	Cnr Murray St & Mendooran Rd	Community	O
Shed with Admin Office	Museum	Newell Hwy	Community	O

Museum	Museum	Newell Hwy	Community	A
Clubhouse	Swimming Pool	Newell Hwy	Community	O
Awning - Basketball Court	Youth Club	4 Hall St	Community	B
Youth Club	Youth Club	4 Hall St	Community	A
Amenities	Aerodrome	Middleton Memorial Dr	Community	B
Tooraweenah Aerodrome Buildings	Aerodrome	111 Tooraweenah Aerodrome Road	Community	C
Heritage Centre	Heritage Centre	Newell Hwy	Community	A
Council Chambers & Offices	Administration Building	15 Warren St	Corporate	A
Cat Shed	Pound	83 Newell Hwy	Corporate	C
Dog Pound	Pound	83 Newell Hwy	Corporate	C
Site Office	Waste Facility	Pines Dr	Corporate	A
Bldg Maintenance Crew Shed	Depot	Oxley Hwy	Corporate	B
Workshop	Depot	Oxley Hwy	Corporate	A
Office/Store	Depot	Oxley Hwy	Corporate	A
Workshop/Welding Bay	Depot	Oxley Hwy	Corporate	B
Portable Office x3	Depot	Oxley Hwy	Corporate	B
Orana Lifestyle Admin Building	McGrane Oval	Eiraben St	Corporate	A
Day Access Options Building		12 Byrne Ave	Corporate	A
Amenities	Depot	Oxley Hwy	Corporate	A
Government Access Centre	18B Miller St		Corporate	A
RFS Shed - Curban			Emergency Services	O
RFS Shed - Tooraweenah	Depot	Brennan Street	Emergency Services	O
Bushfire Station	Armatree Bush Fire Brigade Station		Emergency Services	O
Bushfire Headquarters	Control Central	Deri St	Emergency Services	O

Bushfire Stations	Control Central	Mendooran Rd (near Murray St)	Emergency Services	O
SES Headquarters	Control Central	Deri St	Emergency Services	O
Cemetery Toilets	Gilgandra Cemetery	Castlereagh Hwy	Public Amenity	A
Miller St Toilets	Gilgandra CBD	Miller St	Public Amenity	A
Toilets	Hunter Park	Newell Hwy	Public Amenity	A
Amenities Block	Ernie Knight Oval	Warren St	Public Amenity	B
Amenities Block	Tooraweenah Park & Recreation Ground	Cnr Murray St & Mendooran Rd	Public Amenity	B
Amenities Blocks	Speedway	Newell Hwy	Public Amenity	O
Amenities	Rotary Caravan Park	53 Newell Hwy	Public Amenity	O
Disabled Toilet Block/Elect control room	Rotary Caravan Park	53 Newell Hwy	Public Amenity	O
Shower Block/Laundry	Rotary Caravan Park	53 Newell Hwy	Public Amenity	O
Toilet Block	Rotary Caravan Park	53 Newell Hwy	Public Amenity	O
Disability House	Waugan St	10 Waugan St	Residential	B
Wattle Cres - 8	Cooee Lodge Complex	8 Wattle Cres	Residential	B
Wattle Cres - 10	Cooee Lodge Complex	10 Wattle Cres	Residential	B
Cooee Dr - 68	Cooee Lodge Complex	68 Cooee Dr	Residential	B
Cooee Dr - 69	Cooee Lodge Complex	69 Cooee Dr	Residential	B
Cooee Dr - 70	Cooee Lodge Complex	70 Cooee Dr	Residential	B
Cooee Dr - 71	Cooee Lodge Complex	71 Cooee DR	Residential	B
Cooee Dr - 72	Cooee Lodge Complex	72 Cooee Dr	Residential	B
Cooee Dr - 73	Cooee Lodge Complex	73 Cooee Dr	Residential	B
Cooee Dr - 75	Cooee Lodge Complex	75 Cooee Dr	Residential	B
Cooee Dr - 77	Cooee Lodge Complex	77 Cooee Dr	Residential	B
Dental Accommodation	Cooee Lodge Complex	8 Banksia crescent	Residential	B
Doctors Residence	Cooee Lodge Complex	6 Banksia crescent	Residential	B
Nurses Residence	Cooee Lodge Complex	5 Banksia Crescent	Residential	B

Banksia Place - 2 & 4	Cooee Lodge Complex	2 & 4 Banksia Crescent	Residential	B
Cooee Drive - 37 & 39	Cooee Lodge Complex	37 & 39 Cooee Drive	Residential	B
Cooee Drive - 64 & 66	Cooee Lodge Complex	64 & 66 Cooee Drive	Residential	B
Cooee Drive - 65 & 67	Cooee Lodge Complex	65 & 67 Cooee Drive	Residential	B
Grevella Place - 1 & 2	Cooee Lodge Complex	1 & 2 Grevella Place	Residential	B
Grevella Place - 3 & 5	Cooee Lodge Complex	3 & 5 Grevella Place	Residential	B
Grevella Place - 4 & 6	Cooee Lodge Complex	4 & 6 Grevella Place	Residential	B
Grevella Place - 8 & 10	Cooee Lodge Complex	8 & 10 Grevella Place	Residential	B
McCarthy Crescent - 1 & 3	Cooee Lodge Complex	1 & 3 McCarthy Crescent	Residential	B
McCarthy Crescent - 2 & 4	Cooee Lodge Complex	2 & 4 McCarthy Crescent	Residential	B
McCarthy Crescent - 5 & 7	Cooee Lodge Complex	5 & 7 McCarthy Crescent	Residential	B
McCarthy Crescent - 6 & 8	Cooee Lodge Complex	6 & 8 McCarthy Crescent	Residential	B
McCarthy Crescent - 9 & 11	Cooee Lodge Complex	9 & 11 McCarthy Crescent	Residential	B
McCarthy Crescent - 10 & 12	Cooee Lodge Complex	10 & 12 McCarthy Crescent	Residential	B
McCarthy Crescent - 13 & 15	Cooee Lodge Complex	13 & 15 McCarthy Crescent	Residential	B
McCarthy Crescent - 14 & 16	Cooee Lodge Complex	14 & 16 McCarthy Crescent	Residential	B
Townsend Drive - 1 & 3	Cooee Lodge Complex	1 & 3 Townsend Drive	Residential	B
Townsend Drive - 5 & 7	Cooee Lodge Complex	5 & 7 Townsend Drive	Residential	B
Townsend Drive - 9 & 11	Cooee Lodge Complex	9 & 11 Townsend Drive	Residential	B
Townsend Drive - 13 & 15	Cooee Lodge Complex	13 & 15 Townsend Drive	Residential	B
Wattle Street - 1 & 3	Cooee Lodge Complex	1 & 3 Wattle Street	Residential	B
Wattle Street - 2 & 4	Cooee Lodge Complex	2 & 4 Wattle Street	Residential	B
Wattle Street - 5 & 7	Cooee Lodge Complex	5 & 7 Wattle Street	Residential	B

Wattle Crescent - 6	Cooee Lodge Complex	6 Wattle Street	Residential	B
Wattle Crescent - 9	Cooee Lodge Complex	9 Wattle Street	Residential	B
Cooee Lodge Hostel Building	Cooee Lodge Complex	Townsend Drive	Residential	B
Cooee Lodge Special Care Wing	Cooee Lodge Complex	Townsend Drive	Residential	B
Dwelling		59 Waugan St	Residential	B
Dwelling	232 Warren Rd		Residential	B
Dwelling	4 Bencubbin St		Residential	B
Dwelling	59 Chelmsford Ave		Residential	B
Dwelling	57 Chelmsford Ave		Residential	B
Dwelling	22 Chelmsford Ave		Residential	B
Dwelling	29 Iris St		Residential	B
Dwelling	8 Myrtle St		Residential	B
Dwelling	21 Hall St		Residential	B
Dwelling	94 Wamboin St		Residential	B
Sporting Groups Storage Shed	McGrane Oval	Byrne Ave	Storage Shed	C
Cooee Lodge Caravan Shed	Cooee Lodge Complex	Cooee Dr	Storage Shed	C
Store Shed	PreSchool	6 Court Street	Storage Shed	O
Sweeper Shed	Waste Facility	Pines Dr	Storage Shed	C
Storage Shed	Hunter Park	Newell Hwy	Storage Shed	C
Storage Shed	Ernie Knight Oval	Warren St	Storage Shed	C
Storage Shed - Brick	McGrane Oval	Eiraben St	Storage Shed	C
Kiosk Shed	McGrane Oval	Eiraben St	Storage Shed	B
Storage shed - Older	McGrane Oval	Eiraben St	Storage Shed	C
Storage Shed	Tooraweenah Park & Recreation Ground	Cnr Murray St & Mendooran Rd	Storage Shed	C
Pump House	Swimming Pool	Newell Hwy	Storage Shed	C



Shed	Swimming Pool	Newell Hwy	Storage Shed	C
Rural Fire Storage Shed	Depot	Oxley Hwy	Storage Shed	O
Tooraweenah Depot Buildings - Shed	Depot	Brennan Street	Storage Shed	C
Storage	Heritage Centre	Newell Hwy	Storage Shed	C

## Appendix B Budgeted Expenditures Accommodated in LTFP

### NAMS.PLUS2 Asset Management Gilgandra SC

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#### Buildings\_S3\_V2 Asset Management Plan



First year of expenditure projections 2015 (yr ending 30 June)

#### Buildings

Asset values as at 30 June 2014		Calc CRC from Asset Register
Current replacement cost	\$44,181 (000)	\$0 (000)
Depreciable amount	\$44,181 (000)	This is a check for you.
Depreciated replacement cost	\$39,612 (000)	
Annual depreciation expense	\$330 (000)	

#### Operations and Maintenance Costs from New Assets

	% of asset value
Additional operations costs	2.59%
Additional maintenance	1.48%
Additional depreciation	0.75%

#### Planned Expenditures from LTFP

20 Year Expenditure Projections Note: Enter all values in current 2015 values

You may use these values calculated from your data or overwrite the links.

Financial year ending June 30	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenditure Outlays included in Long Term Financial Plan (in current \$ values)</b>										
<b>Operations</b>										
Operations budget	\$997	\$1,026	\$1,057	\$1,089	\$1,122	\$1,155	\$1,190	\$1,226	\$1,262	\$1,300
Management budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total operations</b>	<b>\$997</b>	<b>\$1,026</b>	<b>\$1,057</b>	<b>\$1,089</b>	<b>\$1,122</b>	<b>\$1,155</b>	<b>\$1,190</b>	<b>\$1,226</b>	<b>\$1,262</b>	<b>\$1,300</b>
<b>Maintenance</b>										
Reactive maintenance budget	\$562	\$588	\$606	\$624	\$643	\$662	\$682	\$702	\$723	\$745
Planned maintenance budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Specific maintenance items budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total maintenance</b>	<b>\$562</b>	<b>\$588</b>	<b>\$606</b>	<b>\$624</b>	<b>\$643</b>	<b>\$662</b>	<b>\$682</b>	<b>\$702</b>	<b>\$723</b>	<b>\$745</b>
<b>Capital</b>										
Planned renewal budget	\$559	\$367	\$389	\$327	\$324	\$632	\$330	\$348	\$342	\$351
Planned upgrade/new budget	\$50	\$30	\$95	\$30	\$280	\$130	\$30	\$30	\$30	\$30
<b>Non-growth contributed asset value</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Asset Disposals</b>										
Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)</b>										
Additional Expenditure Outlays required and not included above	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000	2023 \$000	2024 \$000
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Renewal	to be incorporated into Forms 2 & 2.1 (where Method 1 is used) OR Form 2B Defect Repairs (where Method 2 or 3 is used)									
Capital Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
User Comments #2										
<b>Forecasts for Capital Renewal using Methods 2 &amp; 3 (Form 2A &amp; 2B) &amp; Capital Upgrade (Form 2C)</b>										
Forecast Capital Renewal from Forms 2A & 2B	\$559	\$367	\$389	\$327	\$323	\$632	\$330	\$347	\$341	\$350
Forecast Capital Upgrade from Form 2C	\$50	\$30	\$95	\$30	\$280	\$130	\$30	\$30	\$30	\$30

## Appendix C Abbreviations

AAAC Average annual asset consumption

AM Asset management

<b>AM Plan</b>	Asset management plan
<b>ARI</b>	Average recurrence interval
<b>ASC</b>	Annual service cost
<b>BOD</b>	Biochemical (biological) oxygen demand
<b>CRC</b>	Current replacement cost
<b>CWMS</b>	Community wastewater management systems
<b>DA</b>	Depreciable amount
<b>DRC</b>	Depreciated replacement cost
<b>EF</b>	Earthworks/formation
<b>IRMP</b>	Infrastructure risk management plan
<b>LCC</b>	Life Cycle cost
<b>LCE</b>	Life cycle expenditure
<b>LTFP</b>	Long term financial plan
<b>MMS</b>	Maintenance management system
<b>PCI</b>	Pavement condition index
<b>RV</b>	Residual value
<b>SoA</b>	State of the Assets
<b>SS</b>	Suspended solids
<b>VPH</b>	Vehicles per hour
<b>WDCRD</b>	Written down current replacement cost

## Appendix D Glossary

### Annual service cost (ASC)

1) Reporting actual cost

The annual (accrual) cost of providing a service including operations, maintenance, depreciation, finance/opportunity and disposal costs less revenue.

2) For investment analysis and budgeting

An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operations, maintenance, depreciation, finance/ opportunity and disposal costs, less revenue.

### Asset

A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

### Asset category

Sub-group of assets within a class hierarchy for financial reporting and management purposes.

### Asset class

A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.

### Asset condition assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

### Asset hierarchy

A framework for segmenting an asset base into appropriate classifications. The asset hierarchy can be based on asset function or asset type or a combination of the two.

### Asset management (AM)

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

### Asset renewal funding ratio

The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an asset management plan for the same period [AIFMG Financial Sustainability Indicator No 8].

### Average annual asset consumption (AAAC)\*

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential)

and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

### **Borrowings**

A borrowing or loan is a contractual obligation of the borrowing entity to deliver cash or another financial asset to the lending entity over a specified period of time or at a specified point in time, to cover both the initial capital provided and the cost of the interest incurred for providing this capital. A borrowing or loan provides the means for the borrowing entity to finance outlays (typically physical assets) when it has insufficient funds of its own to do so, and for the lending entity to make a financial return, normally in the form of interest revenue, on the funding provided.

### **Capital expenditure**

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

#### **Capital expenditure - expansion**

Expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to a new group of users. It is discretionary expenditure, which increases future operations and maintenance costs, because it increases the organisation's asset base, but may be associated with additional revenue from the new user group, eg. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

#### **Capital expenditure - new**

Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operations and maintenance expenditure.

#### **Capital expenditure - renewal**

Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it generally has no impact on revenue, but may reduce future operations and maintenance expenditure if completed at the optimum time, eg. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

#### **Capital expenditure - upgrade**

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operations and maintenance expenditure in the future because of the increase in the organisation's asset base, eg. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.

### **Capital funding**

Funding to pay for capital expenditure.

### **Capital grants**

Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

**Capital investment expenditure**

See capital expenditure definition.

**Capitalisation threshold**

The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.

**Carrying amount**

The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

**Class of assets**

See asset class definition

**Component**

Specific parts of an asset having independent physical or functional identity and having specific attributes such as different life expectancy, maintenance regimes, risk or criticality.

**Core asset management**

Asset management which relies primarily on the use of an asset register, maintenance management systems, job resource management, inventory control, condition assessment, simple risk assessment and defined levels of service, in order to establish alternative treatment options and long-term cashflow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than detailed risk analysis and optimised decision-making).

**Cost of an asset**

The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, including any costs necessary to place the asset into service. This includes one-off design and project management costs.

**Critical assets**

Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than noncritical assets.

**Current replacement cost (CRC)**

The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

**Deferred maintenance**

The shortfall in rehabilitation work undertaken relative to that required to maintain the service potential of an asset.

**Depreciable amount**

The cost of an asset, or other amount substituted for its cost, less its residual value.

**Depreciated replacement cost (DRC)**

The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

**Depreciation / amortisation**

The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

**Economic life**

See useful life definition.

**Expenditure**

The spending of money on goods and services. Expenditure includes recurrent and capital outlays.

**Expenses**

Decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or increases in liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

**Fair value**

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arms length transaction.

**Financing gap**

A financing gap exists whenever an entity has insufficient capacity to finance asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current financing gap means service levels have already or are currently falling. A projected financing gap if not addressed will result in a future diminution of existing service levels.

**Heritage asset**

An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

**Impairment Loss**

The amount by which the carrying amount of an asset exceeds its recoverable amount.

**Infrastructure assets**

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, eg. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no separate market value.

**Investment property**

Property held to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

**Key performance indicator**

A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.

**Level of service**

The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

### **Life Cycle Cost \***

1. **Total LCC** The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
2. **Average LCC** The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises average operations, maintenance expenditure plus asset consumption expense, represented by depreciation expense projected over 10 years. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

### **Life Cycle Expenditure**

The Life Cycle Expenditure (LCE) is the average operations, maintenance and capital renewal expenditure accommodated in the long term financial plan over 10 years. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of affordability of projected service levels when considered with asset age profiles.

### **Loans / borrowings**

See borrowings.

### **Maintenance**

All actions necessary for retaining an asset as near as practicable to an appropriate service condition, including regular ongoing day-to-day work necessary to keep assets operating, eg road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

- **Planned maintenance**  
Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.
- **Reactive maintenance**  
Unplanned repair work that is carried out in response to service requests and management/ supervisory directions.
- **Specific maintenance**  
Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.
- **Unplanned maintenance**  
Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

### **Maintenance expenditure \***

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

### **Materiality**

The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

### **Modern equivalent asset**

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is



capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques

**Net present value (NPV)**

The value to the organisation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from eg the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

**Non-revenue generating investments**

Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the organisation, eg. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

**Operations**

Regular activities to provide services such as public health, safety and amenity, eg street sweeping, grass mowing and street lighting.

**Operating expenditure**

Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, eg power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

**Operating expense**

The gross outflow of economic benefits, being cash and non cash items, during the period arising in the course of ordinary activities of an entity when those outflows result in decreases in equity, other than decreases relating to distributions to equity participants.

**Operating expenses**

Recurrent expenses continuously required to provide a service, including power, fuel, staff, plant equipment, maintenance, depreciation, on-costs and overheads.

**Operations, maintenance and renewal financing ratio**

Ratio of estimated budget to projected expenditure for operations, maintenance and renewal of assets over a defined time (eg 5, 10 and 15 years).

**Operations, maintenance and renewal gap**

Difference between budgeted expenditures in a long term financial plan (or estimated future budgets in absence of a long term financial plan) and projected expenditures for operations, maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

**Pavement management system (PMS)**

A systematic process for measuring and predicting the condition of road pavements and wearing surfaces over time and recommending corrective actions.

**PMS Score**

A measure of condition of a road segment determined from a Pavement Management System.

**Rate of annual asset consumption \***

The ratio of annual asset consumption relative to the depreciable amount of the assets. It measures the amount of the consumable parts of assets that are consumed in a period (depreciation) expressed as a percentage of the depreciable amount.

**Rate of annual asset renewal \***

The ratio of asset renewal and replacement expenditure relative to depreciable amount for a period. It measures whether assets are being replaced at the rate they are wearing out with capital renewal expenditure expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

**Rate of annual asset upgrade/new \***

A measure of the rate at which assets are being upgraded and expanded per annum with capital upgrade/new expenditure expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

**Recoverable amount**

The higher of an asset's fair value, less costs to sell and its value in use.

**Recurrent expenditure**

Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operations and maintenance expenditure.

**Recurrent funding**

Funding to pay for recurrent expenditure.

**Rehabilitation**

See capital renewal expenditure definition above.

**Remaining useful life**

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.

**Renewal**

See capital renewal expenditure definition above.

**Residual value**

The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Revenue generating investments**

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, eg public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

**Risk management**

The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

**Section or segment**

A self-contained part or piece of an infrastructure asset.

**Service potential**

The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

**Service potential remaining**

A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's

potential to provide services that is still available for use in providing services (Depreciated Replacement Cost/Depreciable Amount).

**Specific Maintenance**

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacement of air conditioning equipment, etc. This work generally falls below the capital/ maintenance threshold and needs to be identified in a specific maintenance budget allocation.

**Strategic Longer-Term Plan**

A plan covering the term of office of councillors (4 years minimum) reflecting the needs of the community for the foreseeable future. It brings together the detailed requirements in the Council's longer-term plans such as the asset management plan and the long-term financial plan. The plan is prepared in consultation with the community and details where the Council is at that point in time, where it wants to go, how it is going to get there, mechanisms for monitoring the achievement of the outcomes and how the plan will be resourced.

**Sub-component**

Smaller individual parts that make up a component part.

**Useful life**

Either:

- (a) the period over which an asset is expected to be available for use by an entity, or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the organisation.

**Value in Use**

The present value of future cash flows expected to be derived from an asset or cash generating unit. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Source: IPWEA, 2009, AIFMG Glossary

Additional and modified glossary items shown \*