

Uralla Shire Council



Buildings

Asset Management Plan



20 November 2017

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TABLE OF CONTENTS

1.	EXECUTIVE SUMMARY	2
	Context	2
	What does it Cost?.....	3
	What we will do	3
	What we cannot do	3
	Managing the Risks.....	3
	Confidence Levels	3
	The Next Steps.....	3
2.	INTRODUCTION.....	6
	2.1 Background.....	6
	2.2 Goals and Objectives of Asset Management.....	7
	2.3 Plan Framework.....	7
	2.4 Core and Advanced Asset Management	9
	2.5 Community Consultation.....	9
3.	LEVELS OF SERVICE	9
	3.1 Customer Research and Expectations.....	9
	3.2 Strategic and Corporate Goals	9
	3.3 Legislative Requirements	10
	3.4 Community Levels of Service.....	10
	3.5 Technical Levels of Service	11
4.	FUTURE DEMAND	13
	4.1 Demand Drivers.....	13
	4.2 Demand Forecast	13
	4.3 Demand Impact on Assets.....	13
	4.4 Demand Management Plan.....	13
5.	LIFECYCLE MANAGEMENT PLAN.....	14
	5.1 Background Data	14
	5.2 Infrastructure Risk Management Plan – Emergency Management Plan - Risk Management Plan	18
	5.3 Routine Operations and Maintenance Plan	18
	5.4 Renewal/Replacement Plan	22
	5.5 Creation/Acquisition/Upgrade Plan	26
	5.6 Disposal Plan	27
	5.7 Service Consequences and Risks	27
6.	FINANCIAL SUMMARY	28
	6.1 Financial Statements and Projections	28
	6.2 Funding Strategy.....	34
	6.3 Valuation Forecasts	34
	6.4 Forecast Reliability and Confidence	36
7.	PLAN IMPROVEMENT AND MONITORING	38
	7.1 Improvement Plan.....	38
	7.2 Monitoring and Review Procedures	38
	7.3 Performance Measures	38
8.	REFERENCES.....	39
9.	APPENDICES.....	40
	Appendix A Maintenance Response Levels of Service.....	41
	Appendix B Projected 10 year Capital Renewal and Replacement Works Program.....	42
	Appendix C Projected Upgrade/Exp/New 10 year Capital Works Program.....	43
	Appendix D Budgeted Expenditures Accommodated in LTFP.....	44
	Appendix E Abbreviations	45
	Appendix F Glossary	46

1. EXECUTIVE SUMMARY

Context

This Asset Management Plan (AMP) covers the Building Assets for Uralla Shire Council (USC)

The Building assets are key to the continued provision of a number of council services, in that they are used to:

- House council staff and equipment e.g. depots, council chambers, library
- Provide expected services to the community e.g. amenities, aged care, sports, visitor information, preschool etc.

To date, the buildings portfolio has been managed on a year-to-year basis, where many issues have been addressed as they arise, and no formalised prioritisation of renewal, maintenance and funding has been undertaken. This has resulted in the deferral of maintenance and repairs to many assets in recent years.

USC will undertake a review of community service levels expected of these assets, and prioritise works needed to meet these, and fund the ongoing management of these assets to maintain these service levels.

The Buildings Service

The assets comprise 66 buildings across the suburbs of Balala, Bundarra, Invergowrie, Kentucky, Kingstown, Rocky River, Uralla and Yarrowyck. Of these buildings, 21 are considered as major buildings and 45 are minor buildings.

Buildings categorised as 'major' buildings have assets recorded at the following building component levels; external finishes, fixtures and fittings, internal, mechanical and electrical, site features and structural. 'Minor' category buildings have been assessed as a whole structure.

The **major buildings** are listed as follows:

Bundarra

- Bundarra Health Centre and Grace Munro Aged Hostel
- Main Shed - Bendemeer Street
- Bundarra School of Arts Hall

Uralla

- Community Centre
- Council Chambers
- Courthouse
- Depot Amenities and Lunchroom
- Depot Explosives Bunker
- Depot Flammables Store
- Depot Offices and Workshops
- Depot Old Fuel Store
- Hill Street Aged Persons Unit
- Library
- McMaugh Gardens Aged Care Centre
- Memorial Hall
- Preschool
- Queen Street Caretakers Residence and Office
- Sporting Complex, Squash Courts and Amenities
- Tennis Club
- Uralla Landfill Office and Shed
- Visitor Information Centre

The **minor buildings** include 45 buildings in various towns, including amenities, sheds and utility buildings, shelters, site offices, a kiosk, a street stall, rotundas, **swimming pools**, and a cubby

The **Buildings network** comprises:

- **Major Buildings**
 - External Finishes
 - Fixture & Fittings
 - Internal
 - Mechanical and electrical
 - Site Features
 - Structural
- **Minor Buildings**
 - Whole Structure

These infrastructure assets have a replacement value of;

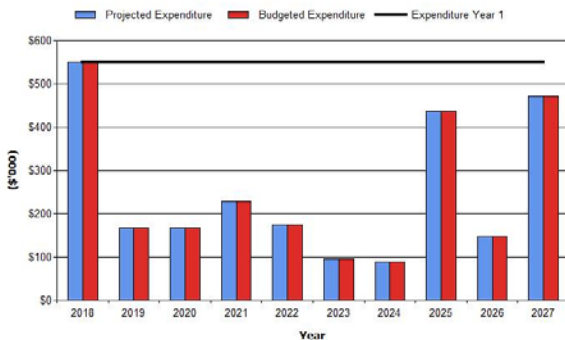
External Finishes	\$1,409,600
Fixture & Fittings	\$843,250
Internal	\$2,507,580
Mechanical and electrical	\$612,250
Site Features	\$1,158,550
Structural	\$1,665,000
Whole Structure	\$2,774,000

What does it Cost?

The projected outlays necessary to provide the services covered by this Asset Management Plan (AM Plan) includes maintenance and renewal of existing assets over the 10 year planning period is \$240,000 on average per year. Note that these costs do not include operations costs, and there are no confirmed upgrades at the time of writing this AMP.

USC intends to fund these costs as per the forecast expenditure, therefore the estimated available funding for this period is also \$240,000 on average per year which is 100% of the cost to provide the service. This is a funding shortfall of zero on average per year. Projected expenditure required to provide services in the AM Plan compared with planned expenditure currently included in the Long Term Financial Plan are shown in the graph below.

Uralla SC - Projected and Budget Expenditure for (Buildings_S1_V1)



What we will do

We plan to provide Building services for the following:

- Operation, maintenance, renewal and upgrade of building assets to meet service levels set by Council in annual budgets.
- Undertake the renewal or replacement of building assets reaching the end of their useful lives, or failing to meet service level standards within the 20 year planning period (refer section 5.4.3).

What we cannot do

We do **not** have enough funding to provide all services at the desired service levels or provide new services. Works and services that cannot be provided under present funding levels are:

- **Nothing that USC has identified that we cannot achieve at this time.**

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:

- **Disruption to other council operations and services**
- **Deferred maintenance and renewal resulting in large future expenditure**
- **Deferred maintenance and renewal resulting in large future expenditure**

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

- **Prioritisation of maintenance and renewal works based on service levels and risks**
- **Accessing additional funding through grants where possible.**

Confidence Levels

This AM Plan is based on medium level of confidence information. Asset conditions and values are high confidence based on a visual condition assessment undertaken on the network in preparation for this AMP. However, demand drivers, growth projections, operations expenditure and upgrade/new expenditure is to be better defined.

The Next Steps

The actions resulting from this asset management plan are:

- **Establish an Asset Management Policy and Strategy**
- **Establish service levels**
- **Assess asset risks and criticality**
- **Revise maintenance and renewal regimes and delivery mechanisms to enact AMP.**
- **Establish asset management information systems**

Questions you may have

What is this plan about?

This asset management plan covers the infrastructure assets that serve the Uralla Shire Council and community needs. These assets include Buildings and structures throughout the community area that enable council to operate and the community to provide a range of activities and services.

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 is there a funding shortfall?

Most of the Council's Building network was constructed by Council with the aim of delivering council services. These have traditionally been funded from Council rates, but some have been received from other sources e.g. State government.

It is common for councils and the community to lose focus and consideration of ongoing operations, maintenance and replacement needs, especially when assets are newer and cheaper to maintain to service levels.

As assets approach the later years of their life and require replacement, services from the assets decrease and maintenance costs increase.

If historic funding levels were to continue, these would be insufficient to continue to provide existing services at current levels in the medium term.

What options do we have?

Resolving a 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 saving in future operations and maintenance costs,
6. Consulting with the community to ensure that Property 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 a shortfall?

If there is to be a funding shortfall, we would have to reduce service levels in some areas, unless new sources of revenue were found. For Buildings, the service level reduction may include

- **Reduction of other council operations and services**
- **Deferring maintenance and renewal**
- **Finding ways to make assets last longer**
- **Selling the asset**



What can we do?

We can develop options, costs and priorities for future Buildings services, consult with the community to plan future services to match the community service needs with ability to pay for services and maximise community benefits against costs.

**FOLLOWING PARAGRAPH IS
OPTIONAL FOR A PUBLIC DOCUMENT**

What can you do?

We will be pleased to consider your thoughts on the issues raised in this asset management plan and suggestions on how we may change or reduce its Buildings mix of 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 20 year planning period.

The asset management plan follows the format for AM Plans recommended in Section 4.2.6 of the International Infrastructure Management Manual¹.

The asset management plan is to be read with the organisation's Asset Management Policy, Asset Management Strategy and the following associated planning documents. Currently, these documents have not been written and adopted, and this is listed as an asset management improvement.

- **Asset Management Policy is yet to be drafted**
- **Asset Management Strategy is yet to be drafted**

This infrastructure assets covered by this asset management plan are shown in Table 2.1. These assets are used to provide Buildings services to the community.

Table 2.1: Assets covered by this Plan

Asset category	Dimension	Replacement Value
External Finishes	N/A	\$1,572,900
Fixture & Fittings	N/A	\$843,250
Internal	N/A	\$2,507,580
Mechanical and Electrical	N/A	\$612,250
Site Features	N/A	\$1,158,550
Structural	N/A	\$1,665,000
Whole Structure	N/A	\$2,774,000
TOTAL		\$ 10,970,230

Key stakeholders in the preparation and implementation of this asset management plan are: Shown in Table 2.1.1.

Table 2.1.1: Key Stakeholders in the AM Plan

Key Stakeholder	Role in Asset Management Plan
Councillors/Board Members	<ul style="list-style-type: none"> • Represent needs of community/shareholders,
General Manager	<ul style="list-style-type: none"> • Allocate resources to meet the organisation's objectives in providing services while managing risks, • Authorize Delegations of Authority to undertake AMP works. • Ensure organisation is financial sustainable.
Chief Financial Officer	Ensure organisation is financial sustainable.
Director Infrastructure & Regulation	Coordinate the budget Identify changes in work flows or Council requirements.
Manager of Planning & REGULTAION	Oversee the works of the Asset Management Plan
Coordinator of Building Maintenance	Schedule the works and maintenance as per the AMP
Contractors / Employees	Undertake the works as per the schedule.

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

2.2 Goals and Objectives of Asset Management

The organisation exists to provide services to its community. Some of these services are provided by infrastructure assets. We have acquired infrastructure assets by 'purchase', by contract, construction by our staff and by donation of assets constructed by developers and others to meet increased levels of service.

Our goal in managing infrastructure assets is to meet the defined level of service (as amended from time to time) 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.²

2.3 Plan Framework

Key elements of the plan are

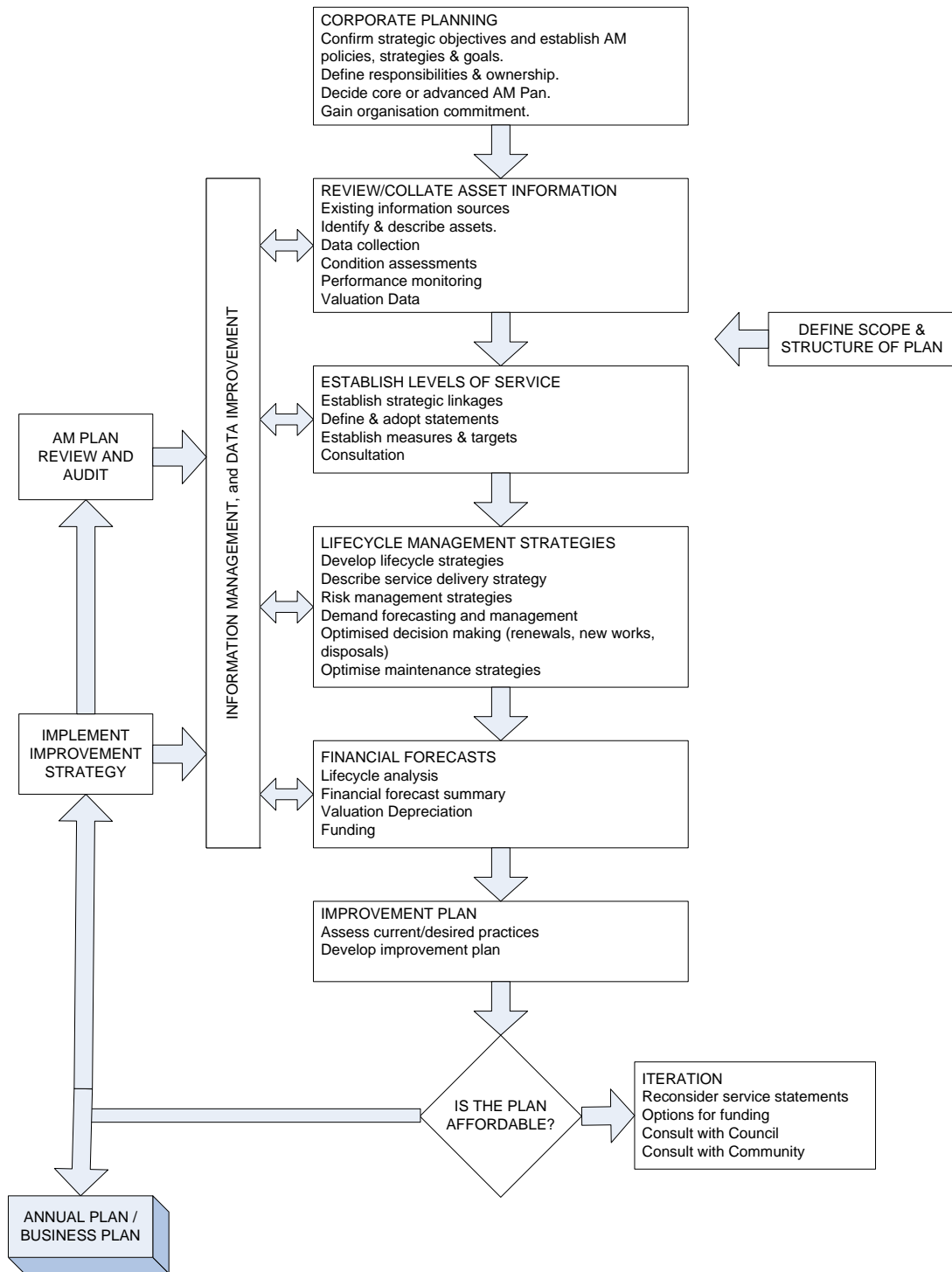
- Levels of service – specifies the services and levels of service to be provided by the organisation,
- Future demand – how this will impact on future service delivery and how this is to be met,
- Life cycle management – how Council will manage its existing and future assets to provide defined levels 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 organisation's objectives,
- Asset management improvement plan.

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

² Based on IPWEA, 2011, IIMM, Sec 1.2 p 1|7.

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 20 year planning period in accordance with the International Infrastructure Management Manual³. 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.

Future revisions of this asset management plan will move 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 in a financially sustainable manner.

2.5 Community Consultation

This ‘core’ asset management plan is prepared to facilitate community consultation initially through feedback on public display of draft asset management plans prior to adoption by the Council/Board. Future revisions of the asset management plan will incorporate community consultation on service levels and costs of providing the service. This will assist the Council/Board and the community in matching the level of service needed by the community, service risks and consequences with the community’s ability and willingness to pay for the service.

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

The organisation has not carried out any research on customer expectations to the entirety of the operations. This will be investigated for future updates of the asset management plan.

Table 3.1: Community Satisfaction Survey Levels

Performance Measure	Satisfaction Level				
	Very Satisfied	Fairly Satisfied	Satisfied	Somewhat satisfied	Not satisfied
Not yet Undertaken			√		

The organisation uses this information in developing its Strategic Plan and in allocation of resources in the budget.

3.2 Strategic and Corporate Goals

This asset management plan is prepared to assist in the deliverables of Council’s strategies and realisation of Council’s goals as detailed in the Uralla Shire Council Community Strategic Plan.

Our mission is:

Uralla Shire Council is committed to creating a unique environment which offers an excellent quality of life and economic opportunities for its people

Relevant organisational goals and objectives and how these are addressed in this asset management plan are:

Table 3.2: Organisational Goals and how these are addressed in this Plan

Goal	How Goal and Objectives are addressed in AM Plan
To ensure that the	Development of service levels and community

³ IPWEA, 2011, IIMM.

community is appropriately consulted and well-informed concerning Council's activities and to be responsive to the community's needs.	consultation plan. Communication of the content of this AMP in terms of the asset portfolio, its condition and estimated expenditure required to bring it up to, and maintain, those levels of service.
To effectively and responsibly manage, maintain and develop Council's infrastructure, operational and financial assets.	Maintenance and application of this AMP. Implement recommended improvements, commit required expenditure to maintain and renew assets.
To provide cultural and recreational facilities to serve the expectations of the community	Development of service levels and community consultation plan. Application of these to prioritise asset works required to meet these community needs.

The organisation will exercise its duty of care to ensure public safety is accordance with the infrastructure risk management plan prepared in conjunction with this AM Plan. Management of infrastructure risks is covered in Section 5.2

3.3 Legislative Requirements

The organisation has to meet many legislative requirements including Australian and State legislation and State regulations. These include:

Table 3.3: 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.
Environmental Planning & Assessment Act	Legislative requirements of buildings and places of public to comply to the National Construction Codes.

The organisation will exercise its duty of care to ensure public safety in accordance with the **linfrastructure risk management plan** linked to this AM Plan. Management of risks is discussed in Section 5.2.

3.4 Community Levels of Service

Service levels are defined service levels in two terms, customer levels of service and technical levels of service. **Council is yet to finalise its service level plans for the services associated with much of its building assets.**

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?

The organisation's current and expected community service levels are detailed in Tables 3.4 and 3.5. Table 3.4 shows the agreed expected community levels of service based on resource levels in the current long-term financial plan and community consultation/engagement.

Table 3.4: Sample Community Level of Service Table

Service Attribute	Service Objective	Performance Measure Process	Current Performance	Expected position in 10 years based on current LTFP
COMMUNITY OUTCOMES				
Outcome to be determined				
COMMUNITY LEVELS OF SERVICE				
Quality	"[Enter objective]"			

3.5 Technical Levels of Service

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 the organisation 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, cleansing, mowing grass, energy, inspections, etc.
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition (eg road patching, unsealed road grading, building and structure repairs),
- Renewal – the activities that return the service capability of an asset up to that which it had originally (eg frequency and cost of road resurfacing and pavement reconstruction, pipeline replacement and building component replacement),
- Upgrade – the activities to provide a higher level of service (eg widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (eg a new library).

Service and asset managers plan, implement and control technical service levels to influence the customer service levels.⁴

Table 3.5 shows the technical level of service expected to be provided under this AM Plan. The agreed sustainable position in the table documents the position agreed by the Council/Board following community consultation and trade-off of service levels performance, costs and risk within resources available in the long-term financial plan.



⁴ IPWEA, 2011, IIMM, p 2.22

Table 3.5: Sample Table for Technical Levels of Service

Service Attribute	Service Objective	Activity Measure Process	Current Performance *	Desired for Optimum Lifecycle Cost **	Agreed Sustainable Position ***
TECHNICAL LEVELS OF SERVICE					
Operations					
Maintenance					
Renewal					
Upgrade/New					

Note: * Current activities and costs (currently funded).

** Desired activities and costs to sustain current service levels and achieve minimum life cycle costs (not currently funded).

*** Activities and costs communicated and agreed with the community as being sustainable (funded position following trade-offs, managing risks and delivering agreed service levels).

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 Drivers, Projections and Impact on Services

Demand drivers	Present position	Projection	Impact on services
Not yet Developed			

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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 the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures⁵. Examples of non-asset solutions include providing services from existing infrastructure such as aquatic centres and libraries that may be in another community 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

Demand Driver	Impact on Services	Demand Management Plan
Not Yet Developed		

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⁵ IPWEA, 2011, IIMM, Table 3.4.1, p 3|58.

5. LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how the organisation 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 assets comprise 66 buildings across the suburbs of Balala, Bundarra, Invergowrie, Kentucky, Kingstown, Rocky River, Uralla and Yarrowyck. Of these buildings, 21 are categorised as major buildings and 45 are minor buildings.

Buildings categorised as ‘major’ buildings have assets recorded at the following building component levels; external finishes, fixtures and fittings, internal, mechanical and electrical, site features and structural. ‘Minor’ category buildings have been assessed as a whole structure.

The **major buildings** are listed as follows:

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- Bundarra Health Centre and Grace Munro Aged Hostel
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- Tennis Club
- Uralla Landfill Office and Shed
- Visitor Information Centre

The **minor buildings** include 45 buildings in various towns, including amenities, sheds and utility buildings, shelters, site offices, a kiosk, a street stall, rotundas, **swimming pools**, and a cubby.

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

Note that the dates shown are NOT the actual construction/acquisition dates of the assets. Rather, these are derived from the collective condition and replacement values of the collective assets recently inspected and assessed.

For example, a shed has a theoretical total effective life of 40 years. If the condition was assessed (2016/17) as a level 2 (Good), then it is considered to be, on average, 20% through its life i.e. we expect it to last another 32 years. So the derived “year acquired” for the shed is considered to be 8 years prior to the condition assessment (i.e. 2008 in this example).

It is possible to have an 80-year old building, that has had the visible assets renewed over time such that the building assets can be expected to last for many more years. Therefore, the following graph does not attempt to indicate the actual age of the buildings, but the collective age of the existing building elements making up the building, based on their current condition.

Figure 2: Asset Age Profile

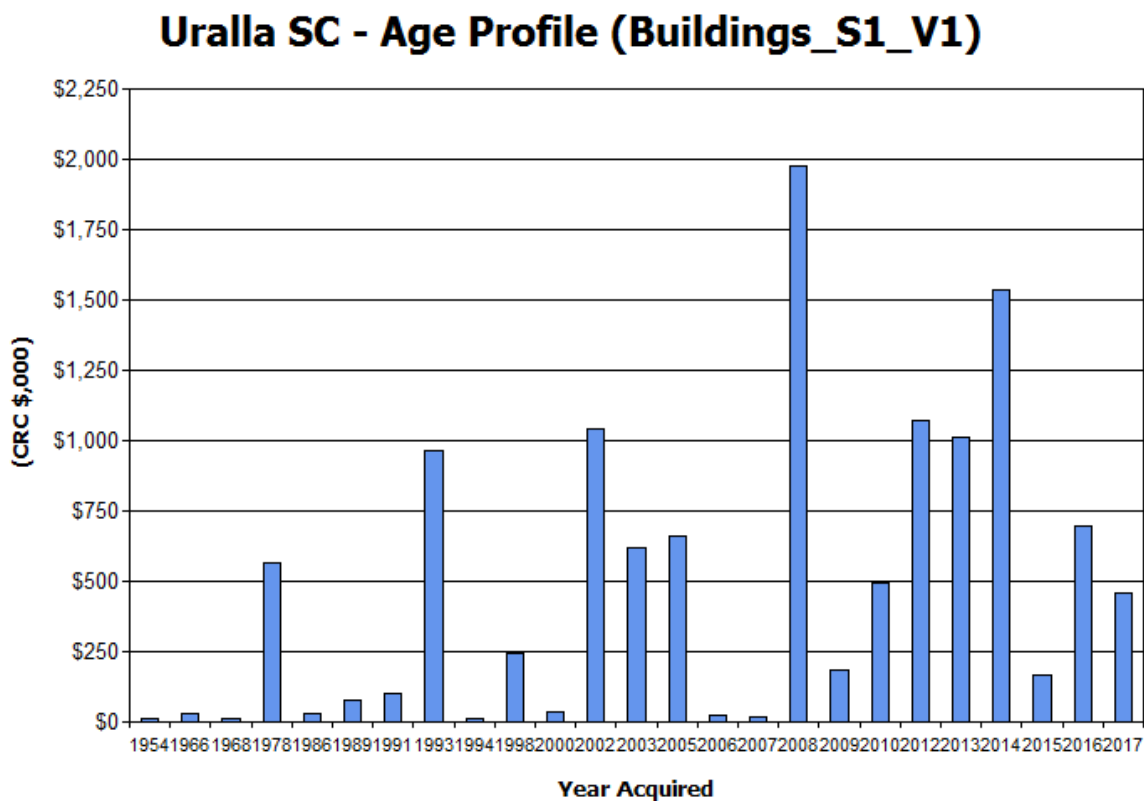


Figure 2 demonstrates that, while the buildings are generally older, the asset elements in the buildings have been maintained and renewed over the years, and the bulk of the assets are equivalent to having been constructed in the last 10 years. “Older” assets are typically those with longer expected lives e.g. foundations, frames and structural walls, driveways, and some small buildings that are presently in lower condition.

The spike in 2008 indicates a number of floor coverings in various buildings that are currently in fair condition.

5.1.2 Asset capacity and performance

The organisation’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
Memorial Hall	Flooring needs to be replaced. Roofing needs sarking to stop moisture issues

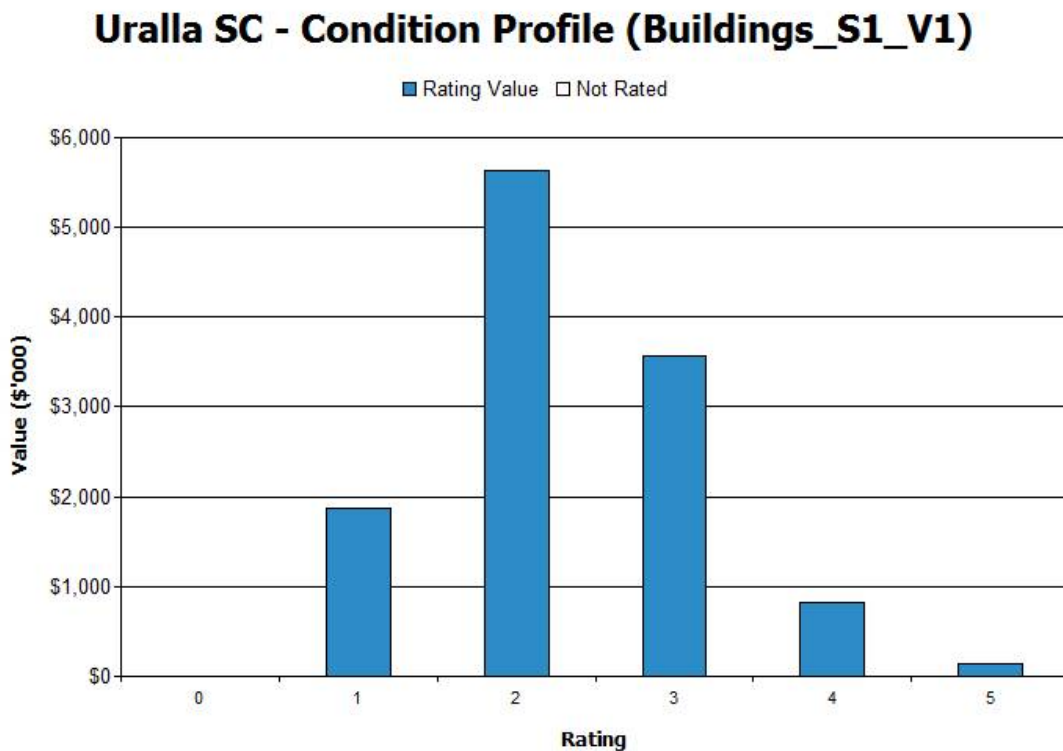
The above service deficiencies were identified from a visual condition assessment of all buildings was undertaken by GHD Pty Ltd

5.1.3 Asset condition

In preparation for this AMP, a visual condition assessment of all buildings was undertaken by GHD Pty Ltd. Condition of asset elements was assessed for ‘major’ buildings, and an overall condition was provided for ‘minor’ structures.

The condition profile of our assets is shown in Figure 3.

Fig 3: Asset Condition Profile



Condition is measured using a 1 – 5 grading system⁶ as detailed in Table 5.1.3.

Table 5.1.3: Simple Condition Grading Model

Condition Grading	Description of Condition
1	Very Good - Asset has no defect; appearance is as new. Only normal maintenance required.
1.5	No defects, little wear, but not new
2	Good - Asset exhibits superficial wear and tear, minor signs of deterioration to surface finishes; but does not require major maintenance; no major defects exist.

⁶ IPWEA, 2011, IIMM, Sec 2.5.4, p 2 | 79.

2.5	Better than average but needs attention
3	Fair - Asset is in average condition; deteriorated surfaces require attention; services are functional, but require attention; backlog maintenance work exists.
3.5	Worse than average but not failing
4	Poor - Asset is in poor condition; deteriorated surfaces require significant attention; services are functional but failing often; significant backlog maintenance work exists.
4.5	Reaching end of life
5	Very Poor - Asset has deteriorated badly; serious structural problems; general appearance is poor with eroded protective coatings; elements are broken, services are not performing; significant number of major defects exist.

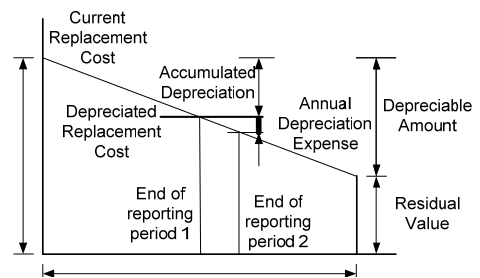
While around two-thirds of the asset portfolio value is in Good or Very Good condition. The remaining third is considered Fair or Poor. This figure is concerning and indicates that assets have been allowed to deteriorate in recent years, and if this is allowed to continue, the proportion of those condition 3 and below will increase and compromise council objectives.

The main asset considered less than poor is the asphalt driveway at the Uralla Landfill Office.

5.1.4 Asset valuations

The value of assets recorded in the asset register as at December 2016 covered by this asset management plan is shown below. Assets were last revalued, and remaining useful lives assessed, in October 2016 as part of the condition assessment. Assets are valued at 'fair value cost to replace service capacity' i.e. the cost was estimated for each element (or minor structure) based on replacement value for each element or structure.

Current Replacement Cost	\$10,970,000
Depreciable Amount	\$10,970,000
Depreciated Replacement Cost ⁷	\$7,845,000
Annual Depreciation Expense	\$337,000



Key assumptions made in preparing the valuations were:

- Projections are based on local operating knowledge only,
- Expenditure projections are very preliminary with a range of +20%
- Age of existing assets has been estimated based on current condition
- Useful lives have been estimated

This was the first valuation of this nature undertaken; therefore it is difficult to assess any major changes from previous valuations.

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)	3.1%
Rate of Annual Asset Renewal (Capital renewal exp/Depreciable amount)	0.1%

⁷ Also reported as Written Down Current Replacement Cost (WDCRC).

In 2017 the organisation plans to renew assets at 3.7% of the rate they are being consumed and will be increasing its asset stock by 0% in the year.

5.1.5 Historical Data

The following historical data has been provided by Uralla Shire Council in regards to reactive maintenance, planned maintenance and planned upgrade expenditure over the past 3 financial years (2014/15 – 2016/17);

- Reactive maintenance: \$40,771
- Planned Maintenance: \$0
- Planned Upgrades: \$955,000

The planned upgrades figure includes \$320,000 over the last 3 years on upgrading the Visitor Information Centre, \$55,000 over the last 2 years on the Salisbury St Memorial Hall, \$230,000 on sprinkler system upgrades across Grace Munro Centre and McMaugh Gardens Aged Care Centre, and \$350,000 on the upgrade of the Plane Ave sporting complex. **The upgrade of the Plane Ave sporting complex has not yet progressed.**

5.2 Infrastructure Risk Management Plan – Emergency Management Plan - Risk Management Plan

An assessment of risks⁸ 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. These risks are reported to management and Council/Board.

The Infrastructure Risk Management Plan is yet to be completed.

Table 5.2: Critical Risks and Treatment Plans

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Structure					

Note * The residual risk is the risk remaining after the selected risk treatment plan is operational.

5.3 Routine Operations and Maintenance Plan

Operations include regular activities to provide services such as public health, safety and amenity, eg cleansing, street sweeping, grass mowing and street lighting. Operation costs are currently not included in this AMP.

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. Operation costs are currently not included in this AMP.

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, e.g. 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
2014/15	\$50,000	\$190,000
2015/16	\$690,000	\$199,000
2016/17	\$317,000	\$209,000

Planned and specific maintenance – encapsulates the cost the council has spent on general maintenance across the building facilities.

Planned maintenance work is currently 0% 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 Council 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/Board,
- 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 Council is obtaining best value for resources used.

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 maintenances 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 assets failure modes and required operations and maintenance activities are detailed in Table 5.3.2.1.

Table 5.3.2.1: Critical Assets and Service Level Objectives

The Critical Assets and Service Level Objectives are to be developed

Critical Assets	Critical Failure Mode	Operations & Maintenance Activities
Building	Breakdown of Materials	Painting of Surfaces

Standards and specifications

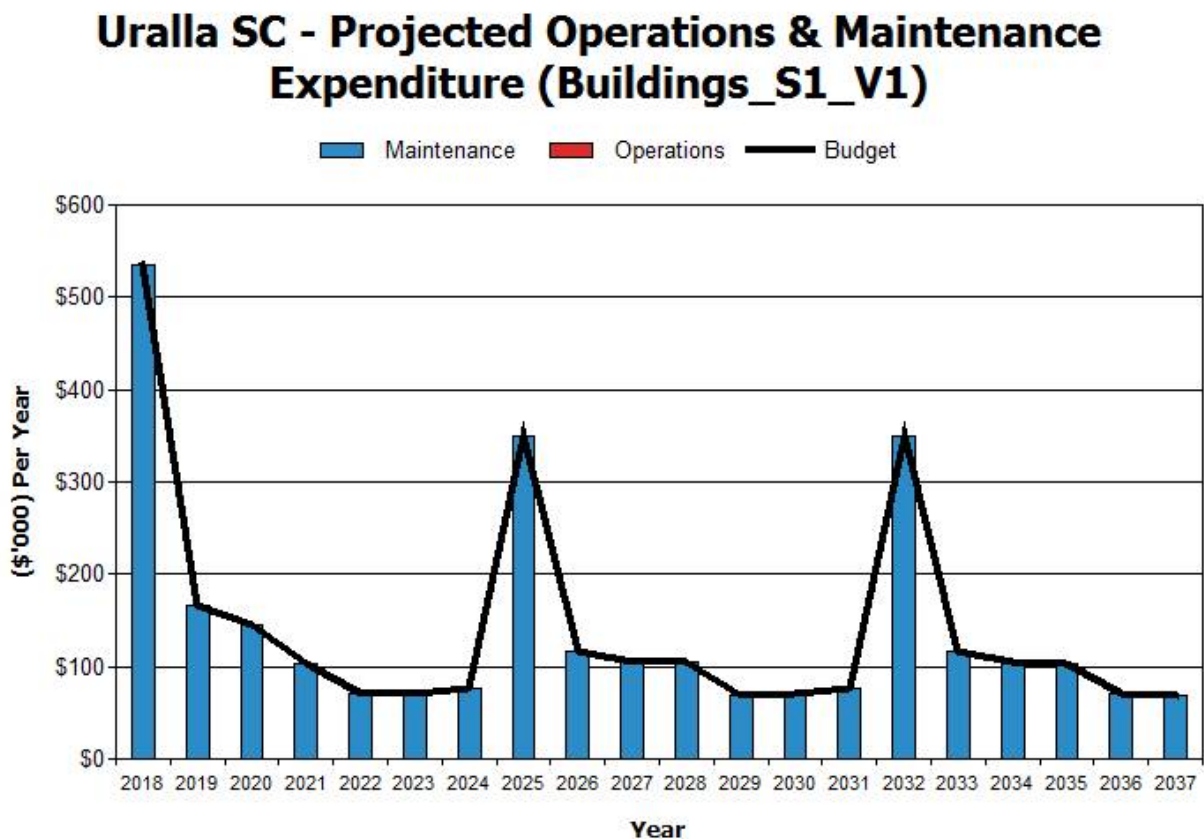
Maintenance work is carried out in accordance with the following Standards and Specifications.

- **National Construction Code**
- **Australian Standards**
- **Plumbing & Drainage Standards**
- **Electrical Standards**
- **Painting Standards**

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 current 2016 dollar values (i.e. real values). Note that operations costs are not identified in this version of the AMP.

Figure 4: Projected Operations and Maintenance Expenditure



The Figure demonstrates that there is a regular annual maintenance requirement providing a base annual cost figure. The spike in 2018 is due to the current need to refresh a large quantity of painted surfaces as well as address a backlog of deferred maintenance, the other spikes in 2025 and 2032 reflect the need to renew the painted surfaces every 7 years. This can obviously be staggered in future, especially if different frequencies of painting refresh are established for various assets as the result of a Levels of Service exercise.

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 are identified from one of three methods provided in the ‘Expenditure Template’.

- Method 1 uses Asset Register data to project the renewal costs using acquisition year and useful life to determine the renewal year, or
- Method 2 uses capital renewal expenditure projections from external condition modelling systems (such as Pavement Management Systems), or
- Method 3 uses a combination of average *network renewals* plus *defect repairs* in the *Renewal Plan* and *Defect Repair Plan* worksheets on the ‘Expenditure template’.

Method 2 was used for this asset management plan.

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 October 2016.⁹

Table 5.4.1: Useful Lives of Assets

Asset Component	Asset Sub-Component	Useful life
External Finishes	Eaves	50
	Lighting	15
	Lightning pole	40
	Roof	25
	Tanks	20
	Wall Finish	50
	Windows and External Doors	25
Fixtures and Fittings	Brick	50
	External stairs	40
	Fire	10
	Fixtures and Fittings	20
	Frame	40
	Kitchen	20
	Mirror	20
	Pergola	10
	Pergolas	40
	Sanitary Plumbing	30
	Shadecloth	10
	Shed	40
	Skylights	25
	Wood heater	20

⁹ GHD Condition Assessment 2016

Internal	Ceilings	25
	Floor Coverings	20
	Walls	50
	Electrical Services	25
	Gas meter	25
	Heating and Ventilation	20
	Hot Water System	25
Site Features	Deck	50
	Driveway / Access	30
	Fences	20
	Shed	30
Structural	Foundations	80
	Frames and Structural Walls	80
External Finishes	Eaves	50
	Lighting	15
	Lightning pole	40
	Roof	25
	Tanks	20
	Wall Finish	50
	Windows and External Doors	25
Fixtures and Fittings	Brick	50
	External stairs	40
	Fire	10
	Fixtures and Fittings	20
	Frame	40
	Kitchen	20
Whole Structure	Various	20 - 50

5.4.2 Renewal and Replacement Strategies

The organisation 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 Council/Board,
- 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 Council 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 (eg replacing a bridge that has a 5 t load limit), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (eg roughness of a road).¹⁰

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.¹¹

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

Renewal and Replacement Priority Ranking Criteria is yet to be developed

Criteria	Weighting
Total	100%

Renewal and replacement standards

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

- **National Construction Code**
- **Australian Standards**
- **Plumbing & Drainage Standards**
- **Electrical Standards**
- **Painting Standards**

5.4.3 Summary of future renewal and replacement expenditure

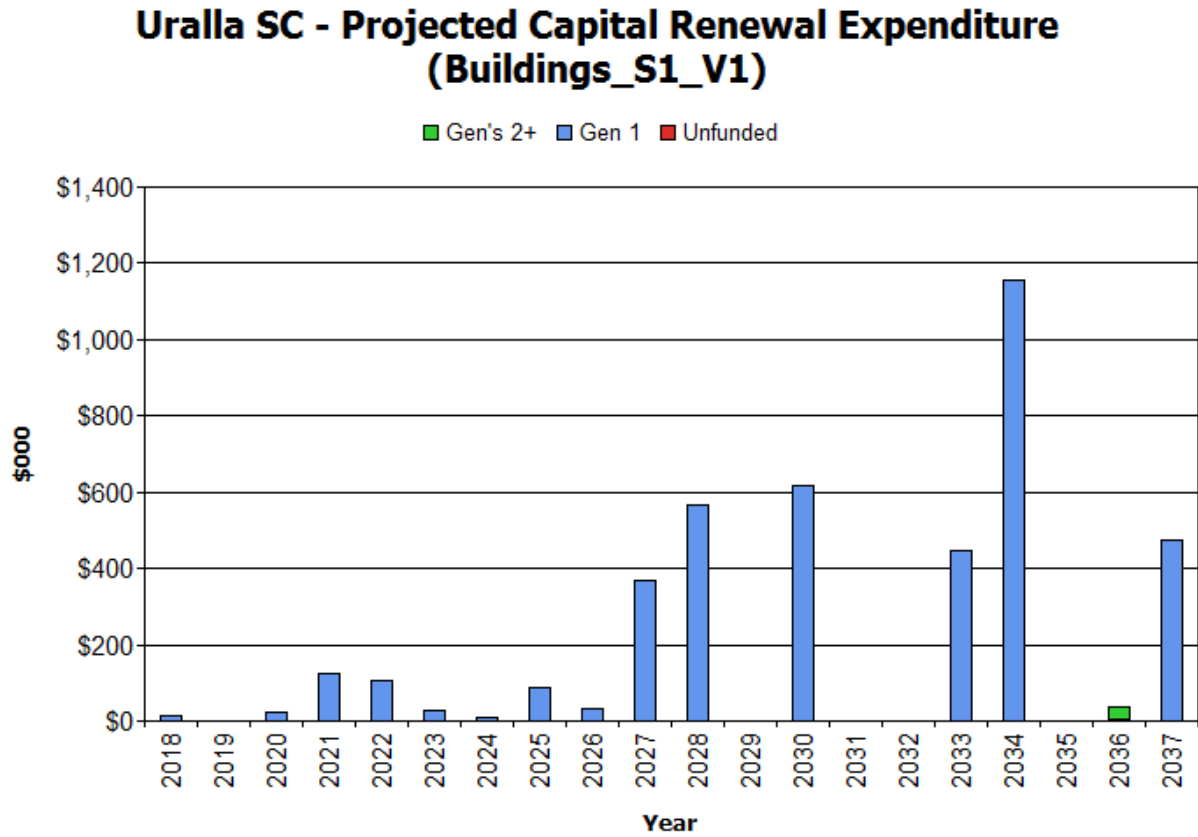
Projected future renewal and replacement expenditures are forecast to increase over time as the asset stock increases from growth. The expenditure is summarised in Fig 5. Note that all amounts are shown in real values.

The projected capital renewal and replacement program is shown in Appendix B. At this stage, it is the intention of USC to commit the replacement expenditure necessary to undertake renewals and replacements as they are required.

¹⁰ IPWEA, 2011, IIMM, Sec 3.4.4, p 3 | 60.

¹¹ Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3 | 66.

Fig 5: Projected Capital Renewal and Replacement Expenditure



The biggest value replacement items in the next 20 years are summarised as follows:

Year Ending	Building and asset elements	Cost
2020	Uralla Council Chambers flooring	\$21,000
2021	Bundarra Old Shed	\$25,000
	Uralla Landfill Office asphalt driveway	\$100,000
2025	Uralla Hill St Aged Persons Unit kitchen and laundry	\$40,000
2027	Uralla Courthouse roof and ceiling	\$230,000
	Bundarra School of Arts ceiling	\$45,000
	Uralla Sporting Complex ceiling	\$20,000
2028	Uralla Memorial Hall flooring, parking, driveway and kitchen	\$260,000
	Uralla Sporting Complex flooring, change room and toilets	\$90,000
	Bundarra School of Arts flooring	\$45,000
	Bundarra Main Shed fence	\$25,000
	Uralla Courthouse carpet	\$21,000
2029	Uralla Memorial Hall ceilings	\$180,000
	Uralla Council Chambers roof and ceilings	\$142,500
	Uralla Sporting Complex roof	\$90,000
	Uralla Depot Office windows and doors	\$60,000
	Uralla Courthouse windows and doors	\$40,000
	Uralla Tennis Club fence	\$24,000
Uralla Hill St Aged Persons Unit ceilings	\$20,000	
2033	Uralla Hill St Aged Persons Unit bathrooms and car park	\$80,000
	Uralla Courthouse Toilets	\$60,000

	Bundarra Amenities	\$50,000
	Uralla Green Communication Building	\$34,000
	Uralla Transfer Station	\$30,000
	Kingstown Shed	\$20,500
	Uralla Amenities Fossicking Area	\$20,000
2034	Uralla McMaugh Gardens Aged Care floorings, kitchen, switchboard, generator, solar, HVAC, hot water and fences	\$287,500
	Uralla Library flooring, electrical	\$110,000
	Uralla Memorial Hall roof	\$90,000
	Uralla Visitor Information Centre floorings and roof	\$54,000
	Uralla Community Centre HVAC and electrical	\$50,000
	Bundarra School of Arts roof	\$45,000
	Bundarra Health Centre floorings	\$42,000
	Bundarra Main Shed concrete slab	\$30,000
	Uralla Preschool floorings	\$25,000
	Uralla Old Fuel Store floorings	\$25,000
	Uralla Hill St Aged Persons Unit roof	\$20,000
2036	Bundarra Old Shed	\$25,000
2037	Uralla Depot fences, switchboard, sheds, crusher compound	\$305,500
2038 (not shown on graph – outside 20-year window)	Uralla Community Centre roof, windows and external doors, ceilings	\$208,500
	Bundarra Health Centre roof, ceilings, generator, solar power	\$160,000
	Uralla McMaugh Gardens Aged Care roof and ceilings	\$120,000
	Uralla Preschool roof and ceilings	\$100,000
	Uralla Pool office, kiosk and long shelter	\$92,500
	Uralla Library roof, windows and external doors	\$85,000
	Uralla Visitor Information Centre ceilings	\$30,000
	Uralla Council Chambers windows and external doors	\$28,500
	Uralla Depot roof	\$25,000

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 the organisation’s capital works program will be accommodated in the 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 organisation from land development. These assets from growth are considered in Section 4.4. At this stage, no new assets are planned or anticipated.

5.5.1 Selection criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as councillor/director 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 renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed below.

Table 5.5.1: New Assets Priority Ranking Criteria

Criteria	Weighting
Sporting Complex	1
Total	100%

5.5.2 Capital Investment Strategies

The organisation 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, 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 Council 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

At this stage, apart from the potential additional works at the Plane Ave sporting complex, no new assets are planned or anticipated.

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 Council's 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. At this stage, no new assets have been identified for disposal.

Table 5.6: Assets Identified for Disposal

Asset	Reason for Disposal	Timing	Disposal Expenditure	Operations & Maintenance Annual Savings
King Street Duplex units	Age	12month	\$10,000	General maintenance

5.7 Service Consequences and Risks

The organisation 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). This may require several versions of the AM Plan.

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

The development of scenario 1 and scenario 2 AM Plans provides the tools for discussion with the Council/Board and community on trade-offs between what we would like to do (scenario 1) and what we should be doing with existing budgets (scenario 2) by balancing changes in services and service levels with affordability and acceptance of the service and risk consequences of the trade-off position (scenario 3).

5.7.1 What we cannot do

No maintenance activities and capital projects have been identified that will not be able to be undertaken within the next 10 years.

5.7.2 Service consequences

No service consequences for operational, maintenance activities or capital projects have been identified which will not be able to be undertaken.

5.7.3 Risk consequences

Risk consequences have not been identified.

6. FINANCIAL SUMMARY

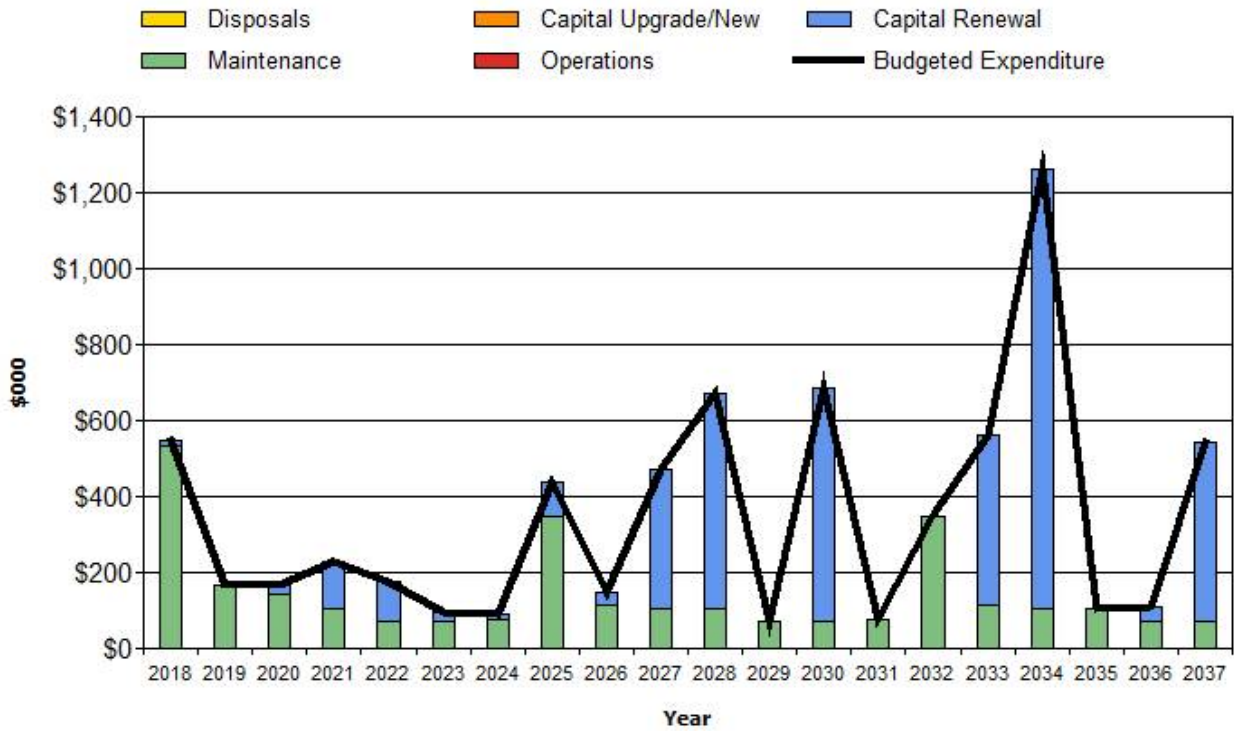
This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset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

6.1 Financial Statements and Projections

The financial projections are shown in Fig 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.

Fig 7: Projected Operating and Capital Expenditure

Uralla SC - Projected Operating and Capital Expenditure (Buildings_S1_V1)



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 Ratio¹² 100%

The Asset Renewal Funding Ratio is the most important indicator and reveals that over the next 10 years, Council is forecasting that it will have 100% of the funds required for the optimal renewal and replacement of its 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 expense). The life cycle cost for the services covered in this asset management plan is \$544,000 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 \$253,000 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 \$-292,000 per year (-ve = gap, +ve = surplus).

Life cycle expenditure is 46% 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 \$253,000 on average per year.

¹² AIFMG, 2012, Version 1.3, Financial Sustainability Indicator 4, Sec 2.6, p 2.16

Estimated (budget) operations, maintenance and capital renewal funding is \$253,000 on average per year giving a 10 year funding shortfall of \$0 per year. This indicates that Council expects to have 100% of the projected expenditures needed to provide the services documented in the asset management plan.

Medium Term – 5 year financial planning period

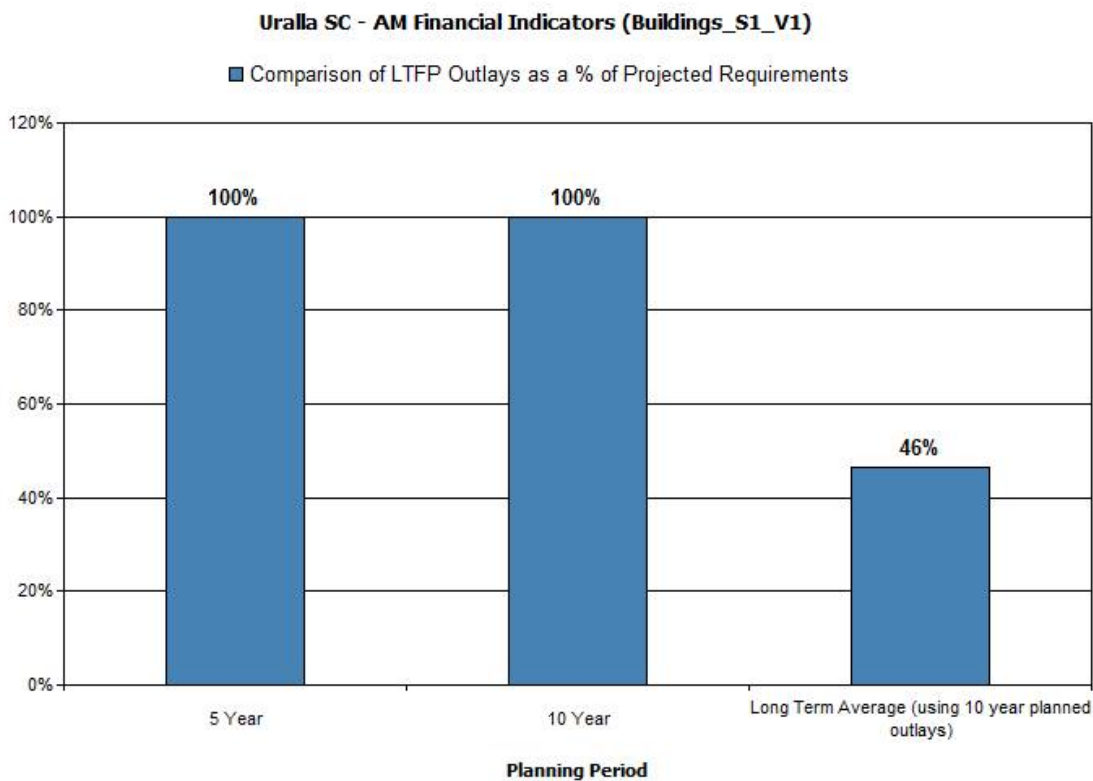
The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$258,000 on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$258,000 on average per year giving a 5 year funding shortfall of \$0. This indicates that Council 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 20 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 the long term financial plan

Figure 8: Projected and LTFP Budgeted Renewal Expenditure

Uralla SC - Projected & LTFP Budgeted Renewal Expenditure (Buildings_S1_V1)

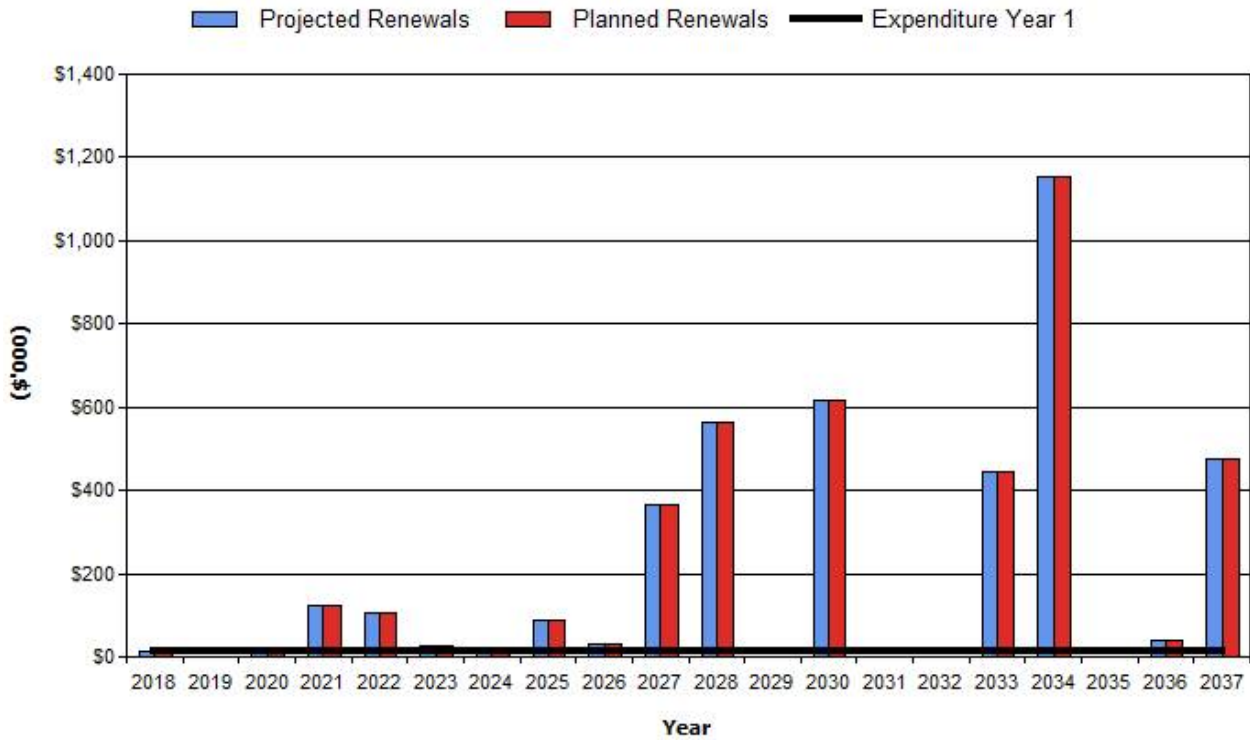


Table 6.1.1 shows the shortfall between projected renewal and replacement expenditures and expenditure accommodated in long term financial plan. Budget expenditures accommodated in the long term financial plan or extrapolated from current budgets are shown in Appendix D.

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)
2018	\$14	\$14	\$0	\$0
2019	\$0	\$0	\$0	\$0
2020	\$23	\$23	\$0	\$0
2021	\$125	\$125	\$0	\$0
2022	\$105	\$105	\$0	\$0
2023	\$26	\$26	\$0	\$0
2024	\$12	\$12	\$0	\$0
2025	\$87	\$87	\$0	\$0

2026	\$32	\$32	\$0	\$0
2027	\$367	\$367	\$0	\$0
2028	\$565	\$565	\$0	\$0
2029	\$0	\$0	\$0	\$0
2030	\$617	\$617	\$0	\$0
2031	\$0	\$0	\$0	\$0
2032	\$0	\$0	\$0	\$0
2033	\$447	\$447	\$0	\$0
2034	\$1,155	\$1,155	\$0	\$0
2035	\$1	\$1	\$0	\$0
2036	\$39	\$39	\$0	\$0
2037	\$475	\$475	\$0	\$0

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 2017/18 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)
2018	Not projected	\$535	\$14	\$0	\$0
2019	Not projected	\$167	\$0	\$0	\$0
2020	Not projected	\$145	\$23	\$0	\$0

2021	Not projected	\$103	\$125	\$0	\$0
2022	Not projected	\$70	\$105	\$0	\$0
2023	Not projected	\$70	\$26	\$0	\$0
2024	Not projected	\$77	\$12	\$0	\$0
2025	Not projected	\$349	\$87	\$0	\$0
2026	Not projected	\$117	\$32	\$0	\$0
2027	Not projected	\$104	\$367	\$0	\$0

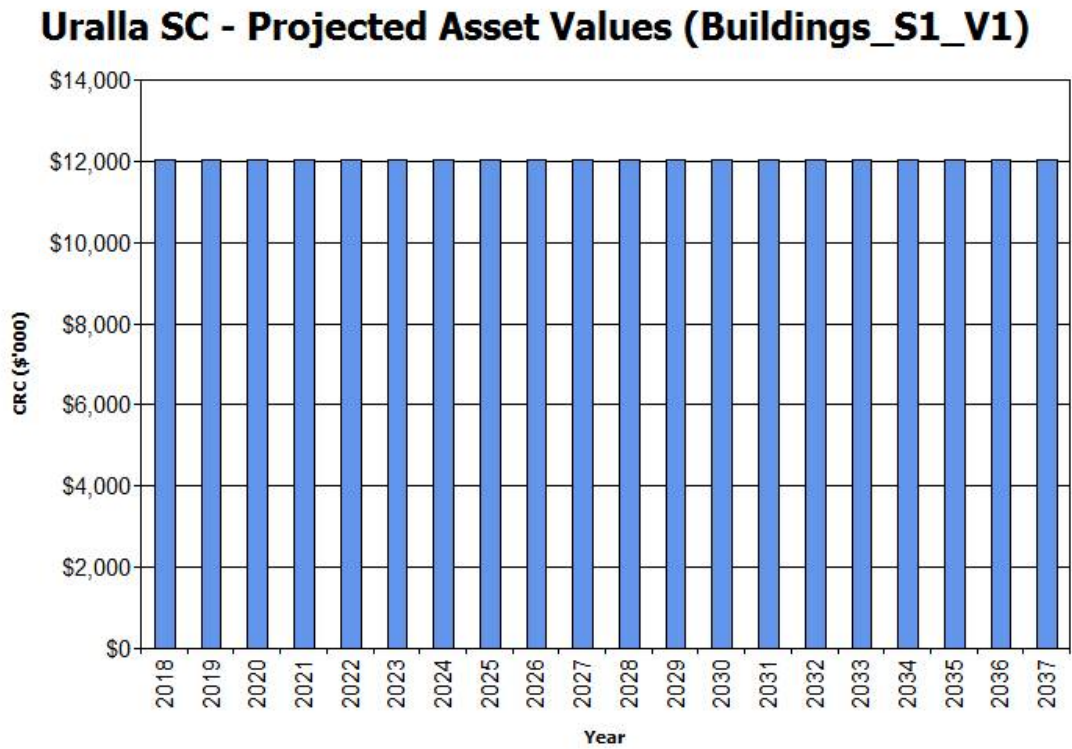
6.2 Funding Strategy

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

6.3 Valuation Forecasts

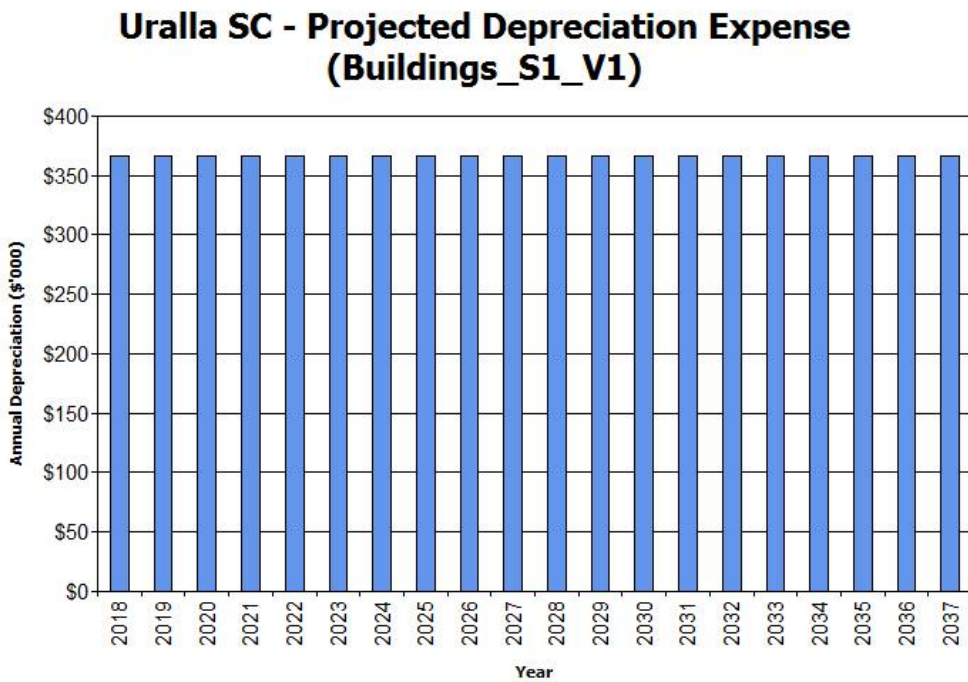
Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council. Figure 9 shows the projected replacement cost asset values over the planning period in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

Figure 9: Projected Asset Values



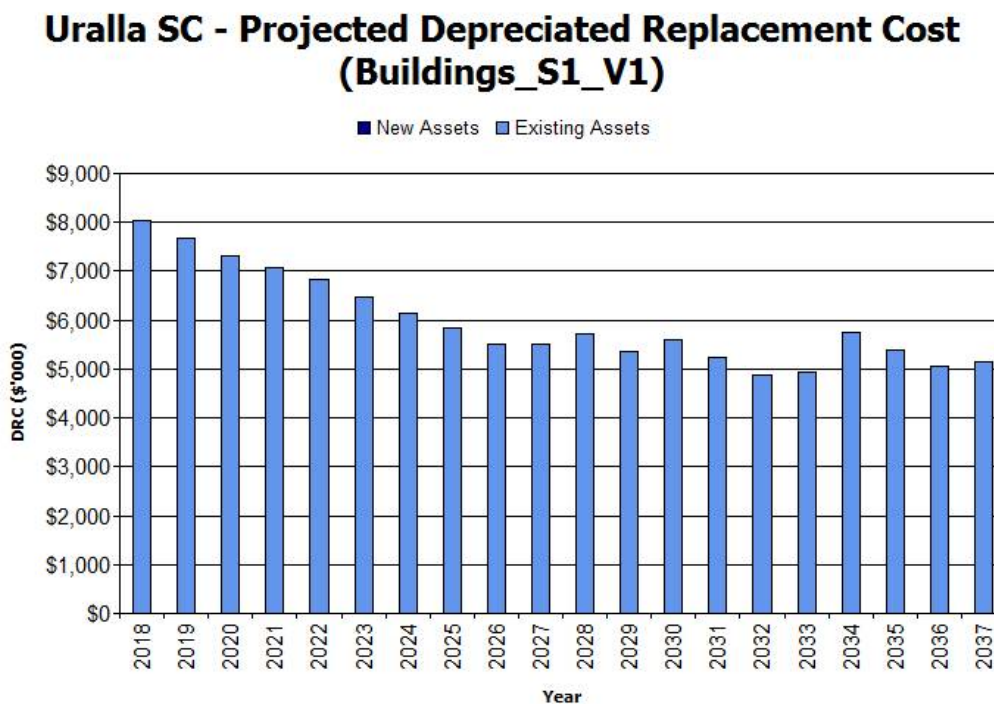
Depreciation expense values are forecast in line with asset values as shown in Figure 10.

Figure 10: Projected Depreciation Expense



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



6.4 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 scale¹³ 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 \pm 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 \pm 10%
C Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, 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	"[Enter confidence assessment]"	"[Enter comment on reliability of data in AM Plan]"
Growth projections	"[Enter confidence assessment]"	"[Enter comment on reliability of data in AM Plan]"
Operations expenditures	"[Enter confidence assessment]"	"[Enter comment on reliability of data in AM Plan]"
Maintenance expenditures	medium	Condition assessment on all buildings October 2016
Projected Renewal exps. - Asset values	high	Condition assessment on all buildings October 2016
- Asset residual values	high	Condition assessment on all buildings October 2016
- Asset useful lives	high	Condition assessment on all buildings October 2016
- Condition modelling	medium	Condition assessment on all buildings October 2016
- Network renewals	high	Condition assessment on all buildings October 2016
- Defect repairs	high	Condition assessment on all buildings October 2016
Upgrade/New expenditures	"[Enter confidence assessment]"	"[Enter comment on reliability of data in AM Plan]"
Disposal expenditures	"[Enter confidence assessment]"	"[Enter comment on reliability of data in AM Plan]"

Over all data sources the data confidence is assessed as **medium** confidence level for data used in the preparation of this AM Plan.

¹³ IPWEA, 2011, IIMM, Table 2.4.6, p 2|59.



7. PLAN IMPROVEMENT AND MONITORING

7.1 Improvement Plan

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

[GHD suggested improvements shown below]

Table 7.2: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Form and adopt council asset management policy and strategy	TBA	TBA	TBA
2	Establishment of Levels of Service	TBA	TBA	TBA
3	Undertake Risk Management exercise to determine asset criticality and respond to service levels and community needs	TBA	TBA	TBA
4	Revise maintenance and renewal regimes and delivery mechanisms to enact AMP.	TBA	TBA	TBA
5	Establish asset management information systems	TBA	TBA	TBA
6				
7				
8				
9				
10				

7.2 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 budget decisions.

The AM Plan will be updated annually to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into the organisation's long term financial plan.

The AM Plan has a life of 4 years (Council/Board election cycle) and is due for complete revision and updating within 2 years of each Council/Board election.

7.3 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 Council's 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 the Council's 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 Australasia, Sydney, www.ipwea.org/IIMM

IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/namsplus.

IPWEA, 2009, 'Australian Infrastructure Financial Management Guidelines', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/AIFMG.

IPWEA, 2011, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM

Uralla Shire Council, 'Community Strategic Plan 2017 – 2027',

Uralla Shire Council, 'Delivery Program 2017 – 2021',

9. APPENDICES

- Appendix A Maintenance Response Levels of Service

- Appendix B Projected 10 year Capital Renewal and Replacement Works Program

- Appendix C Projected 10 year Capital Upgrade/New Works Program

- Appendix D LTFP Budgeted Expenditures Accommodated in AM Plan

- Appendix E Abbreviations

- Appendix F Glossary

Appendix A Maintenance Response Levels of Service

Insert maintenance response level of service where available

To be developed.

Appendix B Projected 10 year Capital Renewal and Replacement Works Program

Uralla SC - Report 6 - Appendix B 10 year Renewal & Replacement Program (Buildings_ S1_V1)									
Asset ID	Sub Category	Asset Name	From	To	Rem Life (Years)	Planned Renewal Year	Renewal Cost (\$)	Useful Life (Years)	
70_Rocky River_Old Lunch Room Treatment Works Rd R	Mechanical and Electrical	Electrical Services	Electrical Services	Two bayonet lights and 40L hot water service	0	2018	\$2,000	20	
64_Uralla_Visitor Information Centre	Mechanical and Electrical	Heating and Ventilation	Heating and Ventilation	Toilet vents	0	2018	\$400	20	
113_Bundarra_Amenities	Whole Structure	Amenities	Amenities	20m2 single brick building with corrugated iron roof. Separated into 3 sections. One toilet and one	0	2018	\$12,000	50	
							Subtotal	\$14,400	
107_Uralla_Sporting Complex, Squash Courts and Ame	Fixtures and Fittings	Wood heater	Wood heater	Wood heater	2	2020	\$2,000	20	
78_Uralla_Council Chambers	Internal	Floor Coverings	Floor Coverings	Carpet and tiles	2	2020	\$21,000	20	
							Subtotal	\$23,000	
2757_Uralla_Uralla Landfill Office & Shed	Site Features	Driveway / Access	Driveway / Access	1400m2 area of asphalt driveway, dirt track around back of shed	3	2021	\$100,000	30	
112_Bundarra_Old Shed	Whole Structure	Old Shed	Old Shed	60m2 corrugated iron shed on 1m high brick foundations, timber frame and no guttering. Power connect	3	2021	\$25,000	15	
							Subtotal	\$125,000	
73_Uralla_Depot, Office and Workshops	Fixtures and Fittings	Fixtures and Fittings	Fixtures and Fittings	20 double tube fluros lights 3 high bay lights 2 out door flood lights with sensor	4	2022	\$4,000	20	
107_Uralla_Sporting Complex, Squash Courts and Ame	Fixtures and Fittings	Fixtures and Fittings	Fixtures and Fittings	Kitchen canteen	4	2022	\$15,000	20	
107_Uralla_Sporting Complex, Squash Courts and Ame	Fixtures and Fittings	Kitchen	Kitchen	Kitchen canteen	4	2022	\$15,000	20	
107_Uralla_Sporting Complex, Squash Courts and Ame	Internal	Floor Coverings	Floor Coverings	Carpet	4	2022	\$5,000	20	
71_Uralla_Amenities & Lunchroom, Machinery Parking	Internal	Floor Coverings	Floor Coverings	Vinyl flooring in lunch room and back locker, concrete flooring in front locker room	4	2022	\$4,000	20	
107_Uralla_Sporting Complex, Squash Courts and Ame	Mechanical and Electrical	Electrical Services	Electrical Services	Fuses, RCDs and meters	4	2022	\$5,000	20	
66_Uralla_Memorial Hall	Mechanical and Electrical	Heating and Ventilation	Heating and Ventilation	Split system heaters in rooms. Gas heaters in hall.	4	2022	\$20,000	20	
68_Uralla_Old Treatment Building Uralla	Site Features	Fences	Fences	Man proof chain fence	4	2022	\$25,000	20	
83_Uralla_Aged Persons Unit x 4	Site Features	Fences	Fences	Palling fence	4	2022	\$12,000	20	
							Subtotal	\$105,000	
70_Rocky River_Old Lunch Room Treatment Works Rd R	External Finishes	Windows and External Doors	Windows and External Doors	5 double pane Windows, two external timber doors	5	2023	\$3,300	25	
64_Uralla_Visitor Information Centre	Fixtures and Fittings	Skylights	Skylights	Skylights	5	2023	\$2,400	25	
70_Rocky River_Old Lunch Room Treatment Works Rd R	Internal	Ceilings	Ceilings	Ceilings suspected to contain asbestos due to age of building	5	2023	\$20,000	25	
							Subtotal	\$25,700	
70_Rocky River_Old Lunch Room Treatment Works Rd R	Site Features	Driveway / Access	Driveway / Access	Besser block retaining wall and dirt walk ways	6	2024	\$4,000	30	
119_Bundarra_Bundarra School of Arts Hall	Site Features	Driveway / Access	Driveway / Access	Concrete and gravel	6	2024	\$7,500	30	
							Subtotal	\$11,500	
106_Uralla_Tennis Club	Fixtures and Fittings	Fixtures and Fittings	Fixtures and Fittings	Kitchen	7	2025	\$10,000	20	
83_Uralla_Aged Persons Unit x 4	Fixtures and Fittings	Fixtures and Fittings	Fixtures and Fittings	Kitchen and laundry	7	2025	\$40,000	20	
83_Uralla_Aged Persons Unit x 4	Internal	Floor Coverings	Floor Coverings	Carpet and lino	7	2025	\$14,000	20	
119_Bundarra_Bundarra School of Arts Hall	Mechanical and Electrical	Electrical Services	Electrical Services	Meter board and RCD board	7	2025	\$5,000	20	
106_Uralla_Tennis Club	Mechanical and Electrical	Electrical Services	Electrical Services	RCD and fuse board	7	2025	\$2,000	20	
119_Bundarra_Bundarra School of Arts Hall	Site Features	Fences	Fences	Some palings, some colorbond and some pickets	7	2025	\$16,000	20	
							Subtotal	\$87,000	
66_Uralla_Memorial Hall	Fixtures and Fittings	External stairs	External stairs	Timber stairs with steel handrail.	8	2026	\$5,000	40	
80_Uralla_Courthouse	Fixtures and Fittings	Fire	Fire	Fire extinguisher	8	2026	\$400	10	
119_Bundarra_Bundarra School of Arts Hall	Fixtures and Fittings	Fire	Fire	Fire extinguisher and hose reel	8	2026	\$600	10	
79_Uralla_Community Centre incl Tableland Communit	Fixtures and Fittings	Fire	Fire	Fire extinguishers	8	2026	\$600	10	
109_Bundarra_Bundarra Health Centre and Grace Munr	Fixtures and Fittings	Fire	Fire	Fire extinguishers and hose reels	8	2026	\$2,000	10	
102_Uralla_Preschool	Fixtures and Fittings	Pergola	Pergola	Timber and shadecloth	8	2026	\$3,000	10	
102_Uralla_Preschool	Fixtures and Fittings	Shadecloth	Shadecloth	Shadecloth roof. Covered sand pit	8	2026	\$2,000	10	
Not assigned_Uralla_White Old Com Building - Mt Mu	Whole Structure	White Old Com Building - Mt Mutton	White Old Com Building - Mt Mutton	16m2 weather board building, corrugated iron roof with guttering, on concrete slab. Wall mounted ai	8	2026	\$18,500	40	
							Subtotal	\$32,100	
80_Uralla_Courthouse	External Finishes	Roof	Roof	Iron	9	2027	\$200,000	25	
106_Uralla_Tennis Club	External Finishes	Windows and External Doors	Windows and External Doors	Aluminium sliding	9	2027	\$5,000	25	
107_Uralla_Sporting Complex, Squash Courts and Ame	External Finishes	Windows and External Doors	Windows and External Doors	Aluminium sliding windows and timber doors	9	2027	\$7,000	25	
83_Uralla_Aged Persons Unit x 4	External Finishes	Windows and External Doors	Windows and External Doors	Aluminium windows and fly screen doors with timber doors	9	2027	\$6,000	25	
66_Uralla_Memorial Hall	External Finishes	Windows and External Doors	Windows and External Doors	Timber doors, aluminium windows.	9	2027	\$12,000	25	
119_Bundarra_Bundarra School of Arts Hall	External Finishes	Windows and External Doors	Windows and External Doors	Timber doors, timber dh windows in the front part of the building and aluminium windows	9	2027	\$7,200	25	
106_Uralla_Tennis Club	Internal	Ceilings	Ceilings	Ceiling tile panels	9	2027	\$15,000	25	
107_Uralla_Sporting Complex, Squash Courts and Ame	Internal	Ceilings	Ceilings	Ceiling tile panels	9	2027	\$10,000	25	
107_Uralla_Sporting Complex, Squash Courts and Ame	Internal	Ceilings	Ceilings	Gyprock	9	2027	\$10,000	25	
107_Uralla_Sporting Complex, Squash Courts and Ame	Internal	Ceilings	Ceilings	Gyprock in toilets and change rooms.	9	2027	\$20,000	25	
80_Uralla_Courthouse	Internal	Ceilings	Ceilings	Timber lining boards	9	2027	\$30,000	25	
119_Bundarra_Bundarra School of Arts Hall	Internal	Ceilings	Ceilings	Timber lining boards in main hall and gyprock elsewhere	9	2027	\$45,000	25	
							Subtotal	\$367,200	
							Program Total	\$790,900	

Appendix C Projected Upgrade/Exp/New 10 year Capital Works Program

NIL

Appendix D Budgeted Expenditures Accommodated in LTFP

NAMS.PLUS3 Asset Management Uralla SC

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Buildings_S1_V1

Asset Management Plan



Buildings First year of expenditure projections **2018** (financial yr ending)

Asset values at start of planning period

Current replacement cost	\$12,031 (000)
Depreciable amount	\$12,031 (000)
Depreciated replacement cost	\$8,389 (000)
Annual depreciation expense	\$366 (000)

Calc CRC from Asset Register

\$12,031 (000)

This is a check for you.

Operations and Maintenance Costs for New Assets

Additional operations costs	% of asset value	0.00%
Additional maintenance		1.44%
Additional depreciation		3.04%

Planned renewal budget (information only)

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

Planned Expenditures from LTFP

20 Year Expenditure Projections Note: Enter all values in current 2018 values

Financial year ending	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenditure Outlays included in Long Term Financial Plan (in current \$ values)										
Operations										
Operations budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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
Total operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance										
Reactive maintenance budget	\$200	\$67	\$56	\$16	\$16	\$16	\$16	\$16	\$16	\$16
Planned maintenance budget	\$335	\$100	\$89	\$87	\$54	\$54	\$61	\$333	\$101	\$88
Specific maintenance items budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total maintenance	\$535	\$167	\$145	\$103	\$70	\$70	\$77	\$349	\$117	\$104
Capital										
Planned renewal budget	\$14	\$0	\$23	\$125	\$105	\$26	\$12	\$87	\$32	\$367
Planned upgrade/new budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-growth contributed asset value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Disposals										
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
Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)										
Additional Expenditure Outlays required and not included above	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
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										
Forecasts for Capital Renewal using Methods 2 & 3 (Form 2A & 2B) & Capital Upgrade (Form 2C)										
Forecast Capital Renewal from Forms 2A & 2B	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Forecast Capital Upgrade from Form 2C	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Appendix E Abbreviations

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

Appendix F 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 non-critical 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 Council, 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 Council.

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, Glossary

Additional and modified glossary items shown *