URALLA SHIRE COUNCIL

Buildings

Asset Management Plan

August 2022 (Version 5)

INFORMATION ABOUT THIS DOCUMENT

Date Adopted by Council		**Resolution No.**	
Document Owner	Executive Director Infrastructure & Development		
Document Development Officer	Asset Manager		
Review Timeframe	Every 4 years; within 12 months of each Council election		
Last Review Date:	2022	**Next Scheduled Review Date**	2026

Document History

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1	January 2017	First issue – prepared by GHD
2	March 2017	First Issue – reviewed H&B Surveyor
3	July 2017	2nd Issue – Water & Sewer Removed and further edits – reviewed H&B Surveyor
4	September 2017	Adopted by Uralla Shire Council resolution 25.09/17
5	March 2022	Document revised and updated
5.1	10 May 2022	Revisions by Finance Advisory Committee
5.2	September 2022	Reviewed by staff, circulated to Capital Works Working Group for out-of-session review
5.3	TBC	Presented to Council for public exhibition
5.4	TBC	Adopted

Further Document Information and Relationships

Related Legislation*	*Local Government Act 1993* (the Act) and the *Local Government (General) Regulation 2021* (the Regulation)
Related Policies	Uralla Shire Council Community Strategic Plan 2022 - 2032 Uralla Shire Council Draft Long Term Financial Plan 2022 - 2032 Uralla Shire Council Asset Management Policy, 2022 Uralla Shire Council Asset Management Strategy, 2022
Related Procedures/ Protocols, Statements, documents	NSW Office of Local Government - Integrated Planning & Reporting Guidelines for Local Government in NSW International Infrastructure Management Manual (IIMM) 6th edition, Institute of Public Works Engineering Australasia (IPWEA, 2021) ISO 55000 Standards and Australian Accounting Standards

**Note: Any reference to Legislation will be updated in the Strategy as required. See website http://www.legislation.nsw.gov.au/ for current Acts, Regulations and Environmental Planning Instruments.*

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1. EXECUTIVE SUMMARY

1.1 Context

1.1.1 This asset management plan has been prepared to meet Uralla Shire Council's legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting.

1.1.2 Uralla Shire Council and its employees will strive to uphold and follow the practices outlined in this Buildings Asset Management Plan (BAMP).

1.1.3 This BAMP is one of seven asset management plans (AMPs) covering all community assets for which Council is responsible. These fall under Council's Asset Management Policy and Asset Management Strategy.

1.1.4 Asset management planning is a comprehensive process to facilitate service delivery from infrastructure assets in a financially sustainable manner.

1.1.5 Asset management plans detail information about infrastructure assets, including actions required to provide an agreed level of service in the most cost effective manner. This plan defines the services to be provided, how the services are provided, and what funds are required to provide the services.

1.1.6 Council buildings 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); and
- Provide expected services to the community (e.g. amenities, aged care, visitor information, sport, preschool, etc.)

1.1.7 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.

1.1.8 Council will undertake a review of community service levels expected of these assets, consider any feedback from each of the facility users, and prioritise works needed to meet these, and fund the ongoing management of these assets to maintain these service levels.

1.1.9 The critical issues factored into Council's buildings asset management include:

- Maintenance and repair costs
- Replacement or Rehabilitation cost
- Age of assets
- Life cycle of asset
- Integrating new technologies
- Usage and data capture
- Budget

1.2 The Buildings Service

1.2.1 The assets comprise 66 buildings across the Uralla Shire, of which 21 are considered as major buildings, 45 as minor buildings, and the rest as other building structures.

1.2.2 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' and 'other' category buildings have been assessed as a whole structure.

1.2.3 The major buildings portfolio comprises:

- 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 Caravan Park Caretakers Residence and Office
  - Sporting Complex, Squash Courts and Amenities
  - Tennis Club
  - Uralla Landfill Office and Shed
  - Visitor Information Centre

1.2.4 The minor buildings include 57 buildings in various towns, including amenities, sheds and utility buildings, shelters, site offices, a kiosk, a street stall, rotundas, swimming pool, and a cubby.

1.2.5 As at 30 June 2022 these infrastructure assets had a replacement value of $26,275,000.

1.3 What we will do

1.3.1 This first Buildings Asset Management Plan has been prepared based on the Information and projects identified in the 2018 assets condition assessment and revaluation.

1.3.2 The Council plans to provide Building and Structures asset services for the following:

- Operation and maintenance of Buildings and Structures to meet service levels set by Council in annual budgets.

- Major Asset renewals include buildings components in condition rating 2, 3 and 4 and including the Council Chambers, Depot stores and Offices. Sporting Complex Centre, Grace Munro Aged Care Centre, Bundarra School of Arts etc.
- Major asset upgrades include McMaugh Gardens Aged Care Facility staged expansion from 35 to 50+ beds and conversion of Old Court House to community space, .

1.3.3 The asset management plan has projected capital works plan that will need to be reviewed and aligned to the Long Term Financial Plan. Buildings condition assessment and revaluation has been planned for 2022/2023 and will be used in future review of capital works plan in the projected 10-year renewal plan contained in the Asset Management Plan.

1.4 What does it Cost?

1.4.1 The projected outlays necessary to provide the services covered by this BAMP includes operation, maintenance and capital renewals.

1.4.2 Estimated required capital funding for this period is approximately $9,138,610 or $913,861 on average per year. The operational funding over the 10-year planning period is on average $371,186 per year. The projected expenditure required to provide services in the BAMP need to be included in the Long-Term Financial Plan. Figure 1.3.2 compares projected operational and capital renewals for the planning period.

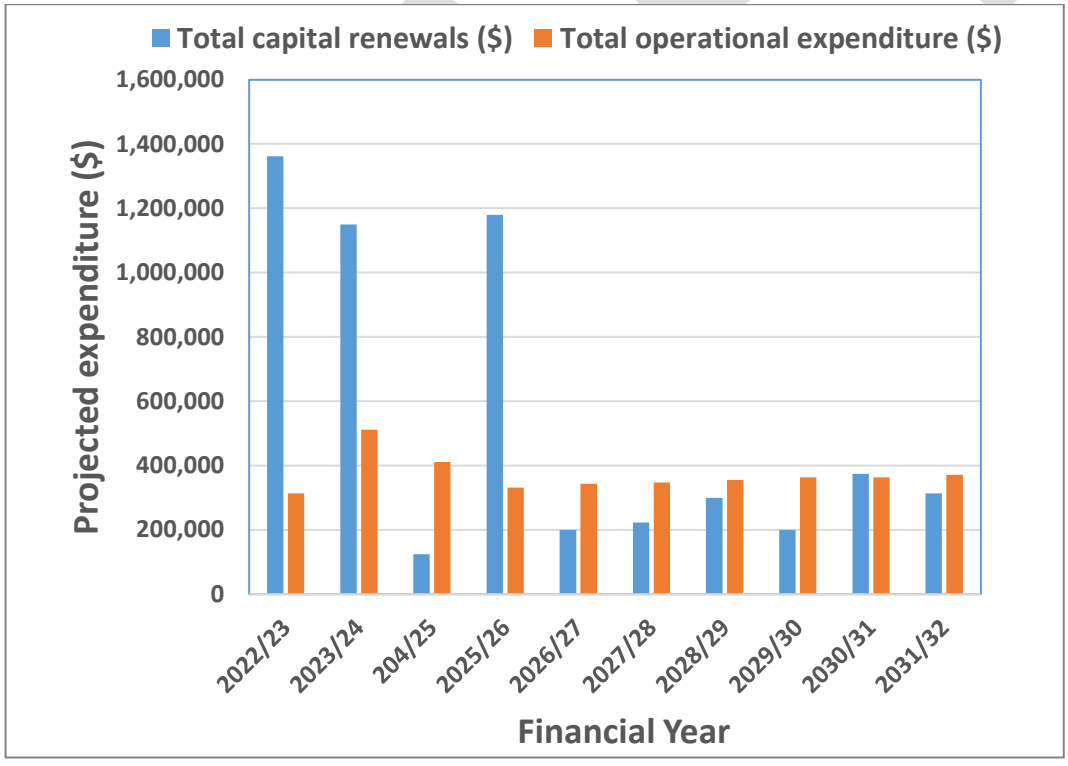

Figure 1.3.2: Buildings Projected operational and capital renewals expenditure from 2022 to 2032.

1.5 Managing the Issues and Risks

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

- Disruption to other council operations and services
- Deferred maintenance and renewal resulting in large future expenditure and possible Work Health and Safety risks
- Insufficient funding for required operational and maintenance activities
- Insufficient funding for required building renewal treatments
- Building failure due to poor condition
- Environmental and climate change risks.

1.5.2 Council 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.
- Identifying critical buildings
- Implementing risk treatment plans
- Understanding the risk treatment costs

1.6 Confidence Levels

1.6.1 This BAMP is based data with a medium level of confidence. Asset conditions and values are giving a high level of 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.

1.7 The Next Steps

1.7.1 The plan provides a framework for good management of building assets by detailing:

- New established levels of service that have be prepared in detail with specific key performance indicators (KPIs). This will enable further consultation with the community for future adjustments
- New simplified improvement plan which highlights on-going or next items for continuous improvement in asset management.

1.7.2 The average capital and maintenance expenditure on Council building assets over the ten-year forecast period is approximately $ 617,936 per year. This is operation, maintenance, renewal and upgrade of existing buildings costs to meet legislative requirements and current service levels.

1.7.3 The analysis of the asset data and expenditure data provide Council with its obligation on expenditure on asset renewals and expenditure of asset maintenance.

1.7.4 Under the current funding arrangements, it is likely that a new condition of these assets have deteriorated and an asset backlog may continue to develop, as such a greater focus on asset renewals is required. Options that Council may consider to address this financial challenge include increasing revenue, reducing expenditure and ranking projects that would reduce buildings infrastructure funding backlog if and when grants become available.

1.7.5 Council will need to need to continue to consult community and review agreed service levels, assess asset risks and criticality building assets, revise maintenance and renewal regimes, implement asset management information systems and deliver mechanisms to enact this AMP so as to achieve its objective of financial sustainability.

2. INTRODUCTION

2.1 Background

2.1.1 This BAMP defines and demonstrates responsive management of assets (and services provided from assets), compliance with regulatory requirements, and communicates the funding needed to provide the required levels of service.

2.1.2 The BAMP is to be read in conjunction with Council's Asset Management Policy, Asset Management Strategy and the following associated Council planning documents, and future updates:

- Community Strategic Plan 2022 - 2032
- Delivery Program 2022 - 2026
- Operational Plan 2022
- Draft Long Term Financial Plan 2022 - 2032

2.1.3 This plan has a direct relationship with the following associated planning process and documents, as set out in Figure 2.1.3 below:

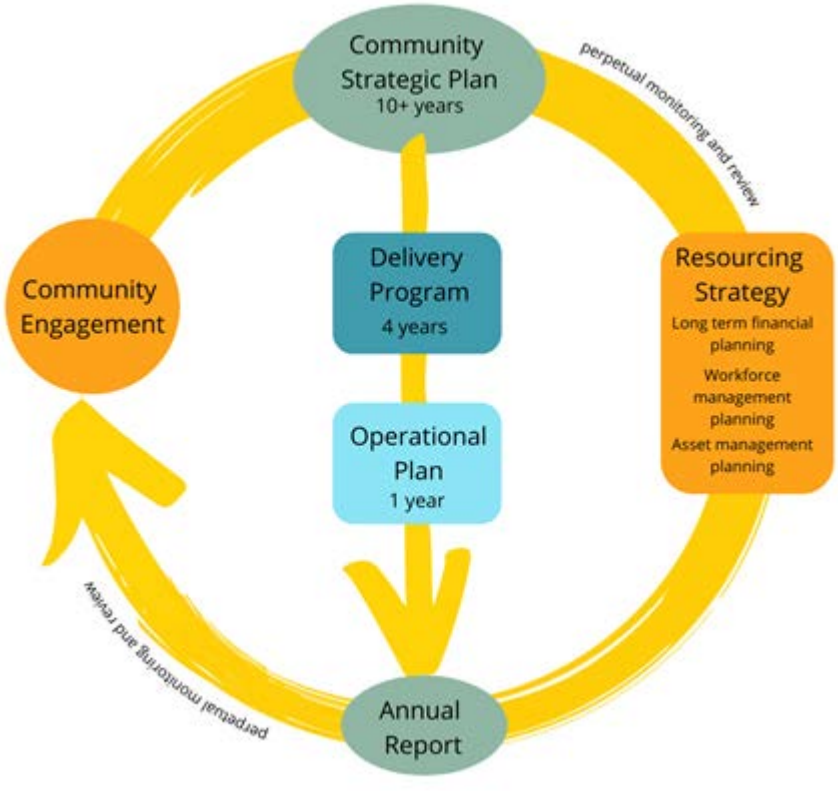

Figure 2.1.3: Asset management planning process within the Integrated Planning and Reporting Framework

2.2 Goals and Objectives of Asset Management

2.2.1 Council exists to provide services to its community. Most of these services (from a value perspective) are provided by infrastructure assets. Council acquires infrastructure assets by purchase, by contract, construction by Council staff, and by donation of assets constructed by developers and others to increase the levels of service over time.

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

- Taking a life cycle cost management approach;
- Developing cost-effective management strategies for the long term;
- Providing a defined level of service and monitoring performance;
- Understanding and meeting the demands of growth through future demand analysis and infrastructure investment;
- Managing risks associated with asset failures;
- Sustainable use of physical resources; and
- Continuous improvement in asset management practices.

2.2.3 Assets are inspected, maintained, upgraded and renewed as necessary or as specified in specific works programs so that they:

- Reach their expected lifecycle;
- Perform to their maximum capability;
- Satisfy community expectations and needs;
- Satisfy budget limitations; and
- Meet safety and regulatory requirements.

2.2.4 The purpose of this asset management plan is to:

- Document the services/service levels to be provided and the costs of providing the service;
- Communicate the consequences for service levels and risk, where desired funding is not available; and
- Provide information to assist decision makers in trading off service levels, costs and risks to provide services in a financially sustainable manner.

2.3 Core and Advanced Asset Management

2.3.1 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 Manual (IPWEA, 2006, 2021). 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.

2.3.2 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.

2.4 Community Consultation

2.4.1 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 Council. Future revisions of the asset management plan will incorporate a more effective community consultation that will include community questionnaires and engagement to raise community awareness to what service levels is required and what cost. This will assist Council and the community in matching the level of service needed by the community, service risks and consequences with the community's ability and desire to pay for the service.

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

3.1.1 Council has not yet carried out any formal research on customer expectations in relation to its buildings infrastructure as envisioned in Section 2.4.1. It is proposed that comments and submissions received during the document's public exhibition period be incorporated into the plan for Council's consideration. However, survey data about the Draft Long Term Financial Plan (LFTP 2022-31) indicated that approximately 55% of the respondents would prefer to reduce operating costs, capital expenditure or a combination of the two to cut in standard or reliability on building infrastructure as compared to other infrastructure asset groups (See Figure 3.1.1 below).

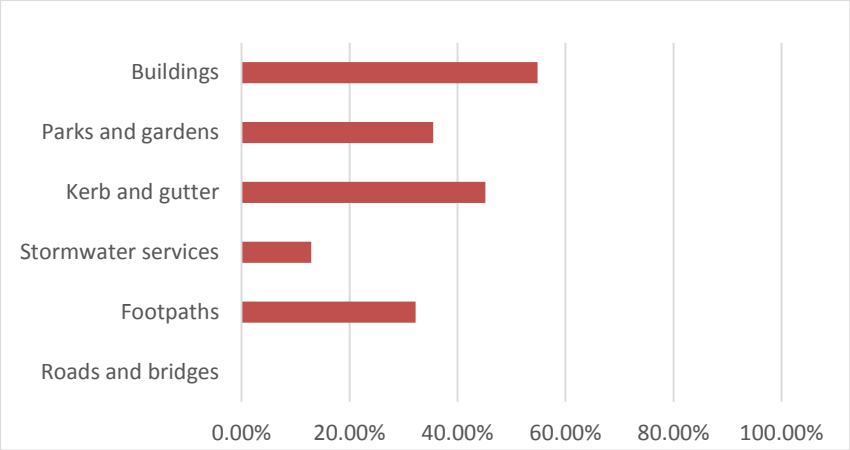

Figure 3.1.1: Comparison of infrastructure areas where community would prefer Council made a cut in service standard or reliability.

3.1.2 Community consultation to determine customer expectations, needs and wishes for all Council services is conducted to inform the development of Council's overarching Community Strategic Plan, which will in turn influence future updates of this asset management plan.

3.1.3 Further investigation and consultation may be resourced should Council determine the need to do so.

3.2 Strategic and Corporate Goals

3.2.1 This asset management plan is prepared under the direction of Council's vision, mission, goals and objectives as set out in the Community Strategic Plan.

3.2.2 **Council's Vision:** In 2032 the Uralla Shire community will be vibrant with a growing economy supporting a sustainable quality of life that values its heritage.

3.2.3 **Council's Mission:** Uralla Shire Council listens to and facilitates the aspirations of the community.

3.2.4 **Council's Community Strategic Objectives:**

1. We have an accessible, inclusive and sustainable community.
2. We drive the economy to support prosperity.
3. We are good custodians of our environment
4. We are an independent shire and well-governed community.

3.2.5 Infrastructure assets play both a direct and an indirect role in achieving the strategic objectives of the Community Strategic Plan. The following Table 3.2.5 indicates how Council's buildings assets play a role in the delivery of the key strategies linked to the Community Strategic Plan.

Table 3.2.5: Community Strategic Plan Strategic Objectives

Theme	Strategic Objective	Strategy
Society	We have an accessible, inclusive and sustainable community.	A growing community with an active volunteer base and participation in community events A safe, active and healthy shire A diverse and creative culture that celebrates our history. Access to and equity of services
Economy	We drive the economy to support prosperity.	An attractive environment for the business sector Grow and diversify employment, through existing and new businesses Communities that are well serviced with essential infrastructure
Environment	We are good custodians of our environment	To preserve, protect and renew our beautiful natural environment Maintain a healthy balance between development and the environment Avoid, reduce, reuse (repair), and recycle (recover) wastage to minimise waste disposal Secure, sustainable and environmentally sound water-cycle infrastructure and services
Leadership	We are an independent shire and well-governed community.	Informed and collaborative leadership in our community A strategic, accountable and representative Council An efficient and effective independent local government.

3.2.6 With respect to this BAMP, the relevant organisational goals relating to this plan are listed in Table 3.2.6 below.

Table 3.2.6: Organisational Goals

Organisation Goals	How Goals are addressed
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.
To appropriately consult and well- inform community concerning Council's activities and to be responsive to the community's needs.	Development of service levels and community 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.

3.4 Legislative Requirements

3.4.1 Council has to meet many legislative requirements including Australian and State legislation and State regulations. Key legislation which is relevant to this plan is listed in Table 3.3.1below.

Table 3.3.1: Legislative Requirements and Standards

Legislation	Requirement
Local Government Act 1993 and *Local Government (General) Regulation 2021*	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 and Assessment Act 1979 and Environmental Planning and *Assessment Amendment Act 2008*	Sets the legislative requirements of buildings and places of public to comply with the National Construction Codes.
Development Act 1993	To provide for planning and regulate development in the state; to regulate the use and management of land and buildings, and the design and construction of buildings; to make provision for the maintenance and conservation of land and buildings where appropriate; and for other purposes.
Australian Accounting Standards	Sets out the financial reporting standards relating to the (re)valuation and depreciation of assets
Building Code of Australia 2016	States the minimum requirements for the design, construction and maintenance of buildings
Disability Discrimination Act 1992	An Act that bans discrimination of people based on a disability.
Work Health and Safety Act 2011 and *Work Health and Safety Regulation 2017*	Require Council to provide a safe workplace for all its employees and the public.
Heritage Act 2004	An Act that conserves places with heritage value.
Food Act 2001	Council must comply with all necessary requirements of this Act.
Asbestos Removal Code of Practice	States the management and maintenance of asbestos.
Electrical Wiring Code AS3000	States the management and maintenance of electrical installations

3.5 Current Levels of Service

3.5.1 Council has defined service levels in two terms: community levels of service and technical levels of service.

3.5.2 **Community Levels of Service** relate to the service outcomes that the community wants in terms of safety, quality, quantity, reliability, responsiveness, cost effectiveness and legislative compliance.

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

- Quality – How good is the service?
- Function – Does it meet users' needs?
- Safety – Is the service safe?

3.5.4 **Technical Levels of Service** are operational or technical measures of performance which support the community service levels. These technical measures relate to the allocation of resources to service activities that Council undertakes to best achieve the desired community outcomes.

3.5.5 Technical service measures are linked to annual budgets, covering:

- Operations – the regular activities to provide services, such as opening hours, hire facilities, etc.

- Maintenance – the activities necessary to retain an asset as near as practicable to its original condition (e.g. routine inspections and maintenance.)
- Renewal/Rehabilitation – the activities that return the service capability of an asset up to that which it was as new. *Renewal* refers to a complete changeover (old to new.) *Rehabilitation* refers to refurbishing and upgrading components.
- Upgrade – the activities to provide a higher level of service (e.g. refurbishment of a building to accommodate additional facilities) or a new service that did not exist previously (e.g. construction of a new structure.)

3.6 Desired Levels of Service

3.6.1 Indications of desired levels of service are obtained from various sources including service requests and correspondence, feedback and maintenance schedules. These asset based level of service have not been fully consulted with the community and may likely be modified in time to fully match community expectations.

3.6.2 Council's current service levels are detailed in Table 3.5.2 below.

Table 3.5.2: Current and Desired Service Levels

Key Performance Measure	***Level of Service***	**Performance Measure Process**	**Target Performance**	**Current Performance**
COMMUNITY LEVELS OF SERVICE				
Quality	Residents are aware of the range of facilities available and how to access them	Customer satisfaction surveys or consultations	80% of the community are aware of the facilities available to them	100%
	Provide adequate physical access to facilities	Disability Discrimination Act (DDA) compliance	80% of public facilities are DDA compliant	50%
	Services are reliable	Community satisfaction survey	90% of the occupiers are satisfied with maintenance response times. Pending development of customer relationship management system (CRMS)	70%
Function	Facilities provide a good quality experience for all users and customers	Customer complaints	User groups consulted once every two years on their current and future facilities needs	N/A
	Facilities provided are being used and meet the needs of the community	Record of facility hire bookings	Number of bookings /uses per year.	No current metrics
Safety	Buildings/facilities are safe and do not cause a hazard to people.	Annual inspections, operational reports and safety audits	Annual Fire Safety Statements are certified for each facility requiring it	100%
	A safe working environment	WH&S reported incidents	Work, Health and Safety audit undertaken annually on high use facilities	50%

TECHNICAL LEVELS OF SERVICE				
Operations	Services are affordable and managed using the most cost effective methods for the required level of service	Review of service agreements and benchmark with other councils	Total operating costs at or below industry benchmarks	Unknown
			Maintenance cost/ annual fees for usage (cost recovery)	Cost recovery below benchmark
Maintenance	Percent of physical assets in condition 3 or better	Condition assessment	95% for all assets (by value)	100%
Renewal / Rehabilitation	Assets are managed with respect for future generations	Life cycle approach to managing assets	Prepare a 10 year asset condition and age based renewals plan. Deliver approved and updated plan every 4 years.	Plan prepared. Review in place.
	Assets meet financial sustainability ratios	Consumption ratio	Between 50% and 75%	68%
		Renewal funding ratio	Between 90% and 110%	12.6%
		Long term funding ratio	Between 95% and 105%	36.6%

3.7 Condition and Quality of Assets

3.7.1 The condition of Council's buildings assets is currently assessed every five years. This asset condition information is then used to plan the timing of our maintenance and capital renewal activities.

3.7.2 Quality has more to do with manner and type of the asset rather than its condition. An asset may be poor in quality yet have a condition which is described as good.

3.7.3 Condition is a measure of an assets physical condition relative to its condition when first constructed. When rating asset condition, Council uses a scale of 1 - 5, where 1 = new and 5 = totally failed. Council's condition rating matrix is set out in Table 3.6.3 below.

Table 3.5.3: Description of Condition

Condition Rating	Condition	Description	Guide	Residual life as a % of total life	Mean percentage residual life
1	Excellent	An asset in excellent overall condition.	Normal/planned maintenance required.	>86%	95%
2	Good	An asset in good overall condition with some possible early stages of slight deterioration evident, minor in nature and causing no serviceability issues.	Normal maintenance plus minor repairs required (to 5% or less of asset).	65 to 85%	80%
3	Satisfactory	An asset in fair overall condition with some deterioration evident, which may be slight or minor in nature and causing some serviceability issues.	Significant maintenance and/or repairs required (to 10-20% of asset).	41 to 64%	55%
4	Poor	An asset in poor overall condition, moderate to high deterioration evident.	Significant renewal required (to 10-40% of asset).	10 to 40%	35%
5	Worn	An asset in extremely poor condition or obsolete. The asset no longer provides an adequate level of service and/or immediate remedial action required to keep the asset in service in the near future.	Over 50% of the asset requires renewal.	<10%	5%

3.7.4 Building infrastructure assets in condition 4 will require renewal in the short- to medium-term. Assets in condition 5 may require urgent and immediate renewal or replacement.

3.7.5 Funding may be needed to support the required level of renewals each year. Council will be allocating funds to an asset renewal reserve each year to help in managing these funding needs.

3.7.6 The condition of each building infrastructure asset has been assessed by estimating the proportion of each asset's expected useful life that has been consumed.

3.7.7 The current condition ratings of Council's buildings assets as at 30 June 2022 are summarised in Figure 3.6.6 below.

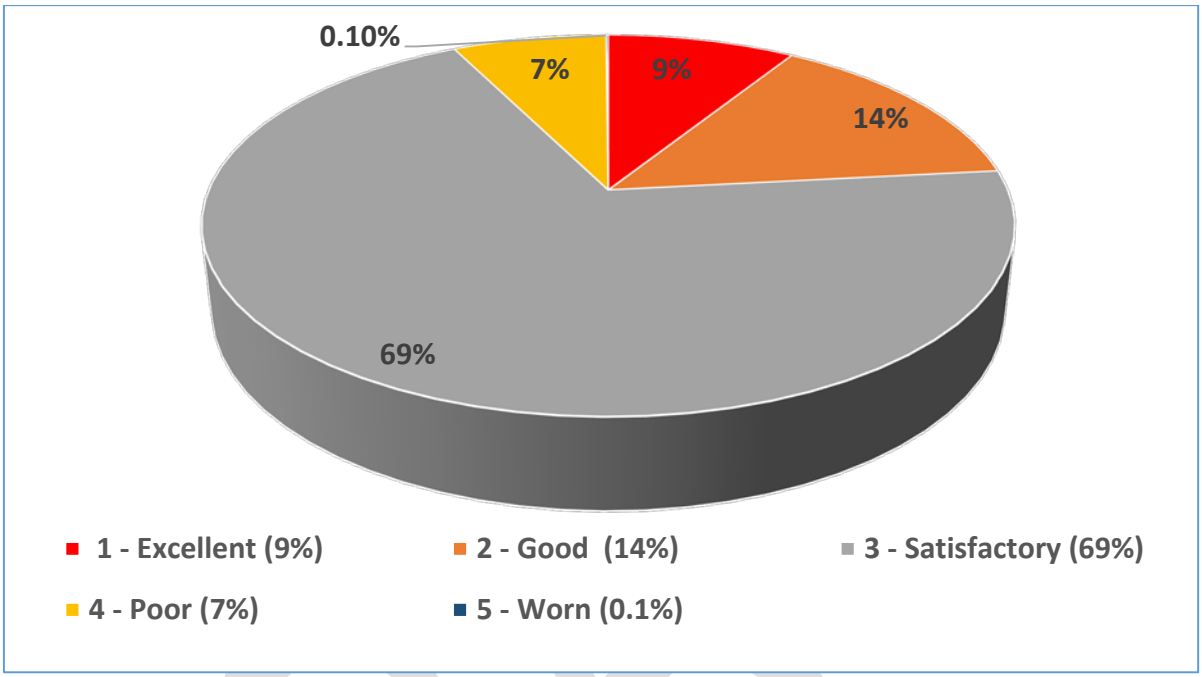

Figure 3.6.6: Asset Condition percentage Profile by replacement cost as at 30 June 2022

3.8 Responsiveness

3.8.1 Council places a high emphasis on customer service and its responsiveness to customer enquiries. Council will maintain assets in a serviceable and be responsive to the needs of the community now and into the future. Council implements strategies which maintain a high level of customer support.

3.9 Customer satisfaction

3.9.1 Council will continue to provide services to the community in a manner that is efficient and effective. Council will continue to monitor community satisfaction with its current services and strive to improve community satisfaction where possible.

3.9.2 From the recent feedback on Draft Long Term Financial Plan 2022-32 (LTFP 22-32), the level of community satisfaction on the standard of maintenance of Council building infrastructure is as shown in Figure 3.8.1 below.

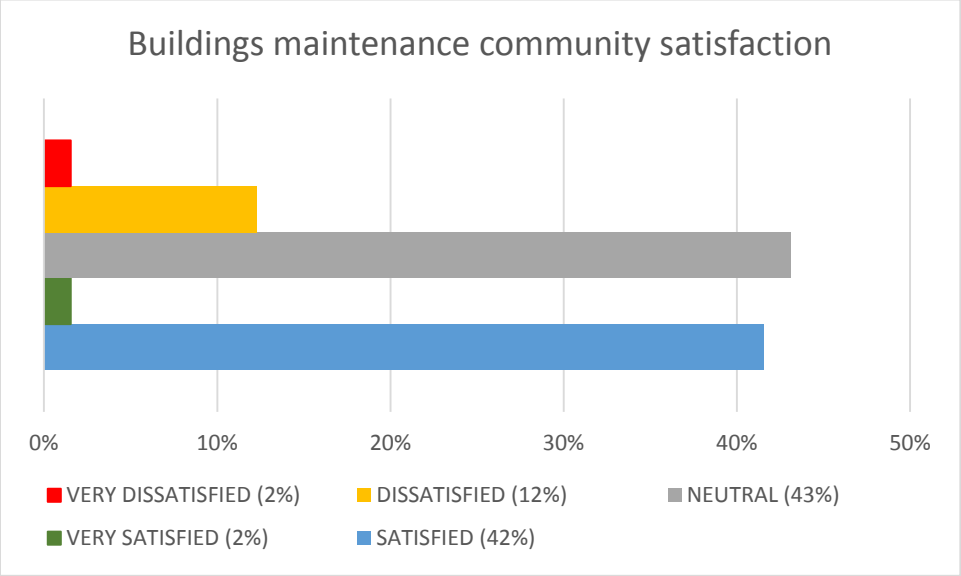

Figure 3.8.1: Feedback on Uralla Shire Long Term Financial Plan 2022-31 (Draft LTFP 2022-32) on Buildings infrastructure maintenance

3.10 Affordability

3.10.1 Council will maintain its infrastructure assets in a cost effective affordable manner in accordance with responsible economic and financial management. In order for Council's assets to assist in meeting the strategic goals and in attaining optimum asset expenditure, Council will need to continually review its current operational strategies and adopt new and proven techniques to maintain assets in their current condition.

3.11 Sustainability

3.11.1 Council will maintain its assets in a manner to enable the long term financial sustainability for current and future generations. This will be achieved by appropriate funds to maintain and renew infrastructure assets.

3.12 Health and Safety

3.12.1 Council will endeavour to identify and mitigate all key health and safety risks created by provision of services.

3.12.2 Each of the service level outcomes is related directly to Council's Community Strategic Plan by the way each asset class helps deliver the services required by the community. These service level outcomes are essential to maintain the asset portfolio to a satisfactory level, and also caters to the future demands of the community whilst balancing the potential risks to the community and Council.

3.13 Financial Based Service Levels

3.13.1 The premise of asset management is that asset requirements and asset management strategies should be driven by defined and acceptable service levels and performance standards. This section defines the

various factors that are considered relevant in determining the levels of service for Council's assets that have been used to provide the basis for the life cycle management strategies and works programme identified within this asset management plan.

3.13.2 Levels of Service is a generic term used to describe the quality of services provided by an asset. Specific financial based service levels are described in Table 3.12.2 below.

Table 3.12.2: Financial Based Service Levels

Asset Consumption Ratio	The average proportion of 'as new' condition remaining for assets. This ratio shows the written down current value of the local government's depreciable assets relative to their 'as new' value. It highlights the aged condition of a local government's stock of physical assets and the potential magnitude of capital outlays required in the future to preserve their service potential.
Asset Sustainability Ratio	Are assets being replaced at the rate they are wearing out? This ratio indicates whether a local government is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out. It is calculated by measuring capital expenditure on renewal or replacement of assets relative to the rate of depreciation of assets for the same period. A local government would need to understand and be measuring its renewal expenditure to be able to determine this ratio.
Asset Renewal and Renewals Funding Ratio	Is there sufficient future funding for renewal and replacement of assets? This ratio indicates whether Council is allocating sufficient funds in its long term financial plan to adequately fund asset renewals.
Asset Backlog Ratio	This ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure. The benchmark is less than 2%. The ratio is determined by dividing the estimated cost to bring assets to a satisfactory condition by the carrying value of infrastructure, building, other structures and depreciable land improvement assets.
Asset Maintenance Ratio	This ratio compares actual versus required annual asset maintenance for each asset class. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing. The benchmark is greater than 100%.

4. FUTURE DEMAND

4.1 Demand forecast

4.1.1 The future infrastructure demand for community infrastructure and facilities is driven by changes and trends in population change, changes in demographics, lifestyle changes, residential occupancy levels, seasonal and climatic factors, consumer preferences and expectations, technological advancement, economic factors, agricultural practices, environmental awareness.

4.1.2 Demand factor trends and impacts on buildings infrastructure assets are summarised in Table 4.1.2.

Table 4.1.2: Demand Factors, Projections and Impact on Services

Demand driver	Present position	Projection	Impact on services
Population	5,971 (2021 Census)	The NSW Department of Planning and Environment has predicted minor annual population decrease of 1.15% over the next 20 years to 5,450 in 2041. [1]	Insignificant impact on services.
Demographics	In 2021, the median age of people in Uralla Shire was 47 years. People aged 65 years and over made up 23.2% of the population.	The working age population (aged 15-64) is estimated to decrease by 3,750 from 2016 to 2,900 in 2041. The number of people aged 65 and over is estimated to increase from 1,200 in 2016 to 1,700 by 2041.	The trend towards an older population will place an increased demand on some assets, especially aged care facilities, community centres and recreation assets.
Lifestyle	Sporting, recreational and cultural activities are organised and supported throughout the Shire.	Residents will continue to demand and utilise the sporting, recreational and cultural activities that are currently on offer.	Increased demand for building infrastructure which supports sporting, recreational and cultural activities.
Environmental awareness	The community and Council are more environmentally aware and responsible.	Energy efficiency in Council buildings may be identified as a priority	Initial funding resources required for energy efficiency upgrades.
Climate	Extremes increasing	An increase in average maximum temperatures, resulting in increased public demand for air conditioning in Council buildings.	Additional costs may be incurred to fund environmental initiatives e.g. energy efficient lighting and other systems.

4.2 Changes in Technology

4.2.1 Technology changes may affect the delivery of infrastructure services as a result of improvements to construction materials, methods, maintenance and operations. These may potentially increase the life of some assets and reduce susceptibility to damage.

4.2.2 Technology changes are forecast to affect the delivery of services covered by this plan. Construction techniques, available materials and improvements to plant and equipment will evolve and will be assessed on merit and applied where efficiencies can be achieved in construction and maintenance practices.

[1] https://www.planning.nsw.gov.au/Research-and-Demography/Population-projections/Projections
These figures to be updated following release of 2021 census data (anticipated June 2022.)

4.3 Demand Management Plan

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

4.3.2 Non-asset solutions focus on providing the required service without the need for Council to own the assets. Examples of non-asset solutions include providing services from existing infrastructure such as aquatic centres and libraries that may be in another council area, or public toilets provided in commercial premises.

4.3.3 Opportunities identified to date for demand management are shown in Table 4.3.3 below. Further opportunities will be developed in future revisions of this asset management plan.

Table 4.3.3: Demand Management Plan Summary

Demand driver	Demand Management Plan
Population	Develop upgrade/renewal works after consultation with the community and other stakeholders that will address their needs and expectations.
Demographics	Identify grant opportunities to retro fit buildings so that renewals and upgrades meet current Building Code Australia requirements for accessibility.
Climate Change	Identify grant and funding opportunities to retro fit community buildings with environmentally friendly features, which can be maximised during renewals and upgrades.

4.4 New Assets for Growth

4.4.1 New building infrastructure assets are those assets that Council did not previously possess, or building infrastructure expenditure that upgrades or improves an existing asset beyond its existing capacity.

4.4.2 New assets may result from the need to support growth or to create additional service level capacity.

4.4.3 New assets and upgrade/expansion of existing assets are identified from various sources such as staff, councillor or community requests, proposals identified by strategic plans or reports, analysis of external plant hire charges incurred, testing or demonstrations of new technologies, or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop a preliminary estimate. Verified proposals are ranked by priority and available funds are scheduled into replacement programs.

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

4.4.5 Council does not anticipate demand for new building infrastructure assets over the lifetime of this AMP except new public amenities buildings at Rotary Park.

4.4.6 Council has planned for upgrades of McMaugh Gardens Aged Care Facility and Old Court House. McMaugh Gardens Aged Care Facility has been planned for staged expansion from 35 to 50+ beds and conversion of Old Court House to community space.

5. LIFE CYCLE MANAGEMENT

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

5.1 Background Data

Physical Parameters

5.1.1 This Asset Management Plan covers the infrastructure assets that serve the Uralla Shire's community needs. The assets comprise 66 buildings across the Uralla Shire. Of these buildings, 21 are categorised as major buildings and 45 are minor buildings.

5.1.2 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. Asset conditions are set out in Figure 3.6.6.

Asset capacity and performance

5.1.3 The useful life of an asset is the period of time over which an asset is expected to deliver a given level of service. Table 5.1.5 shows major and minor Buildings location, useful life , remaining and current condition rating

Table 5.1.5: Major and Minor Buildings location, useful life, remaining and condition rating as at 30 June 2022

No	Building Asset Description	Location	Town	Total Gross Floor Area (m2)	Total Life	Remaining Life	Condition Rating
		Major Buildings					
1	Library	106 Bridge Street, Uralla NSW 2358	Uralla	401	60	37	2
2	Visitor Information Centre	104 Bridge St Uralla	Uralla	153	60	37	2
3	Memorial Hall	27 Salisbury Street Uralla	Uralla	591	50	20	3
4	Council Chambers	32 Salisbury St Uralla	Uralla	505	60	19	3
5	Amenities & Lunchroom, Machinery Parking Bay,	Depot Rd Uralla	Uralla	347	50	15	3
6	Depot, Office and Workshops	Depot Rd Uralla	Uralla	828	50	15	3
7	Gantry Shed	Depot Rd Uralla	Uralla	539	50	15	3
8	Community Centre	9 Hill ST Uralla	Uralla	393	60	31	3
9	Courthouse	9 Hill ST Uralla	Uralla	204	60	19	3
10	Bundarra School of Arts Hall	29 Bendemeer St Bundarra	Bundarra	323	50	10	4
11	McMaugh Gardens Aged Care Centre	39 King ST Uralla	Uralla	2,305	60	31	3
12	Queen Street Caravan Park O	17 Queen St Uralla	Uralla	48	15	1	3
13	Preschool	5 Hill St Uralla	Uralla	207	60	31	3
14	Sporting Complex, Squash Courts and Amenities	Plane Ave Uralla	Uralla	391	50	15	3
15	Bundarra Health Centre and Grace Munro Aged Hostel	Dawkins Street, Bundarra NSW 2359	Bundarra	853	60	25	3
16	Main Shed	Bendemeer St Bundarra	Bundarra	200	50	15	3
17	Tennis Club	Plane Ave Uralla	Uralla	54	60	31	3
18	Flammables Store,	Depot Rd Uralla	Uralla	18	30	4	4
19	Uralla Landfill Office & Shed	Tip Rd Uralla	Uralla	20	50	25	3
20	Large Store (next to Gantry shed)	Depot Rd Uralla	Uralla	100	50	10	4

No	Building Asset Description	Location	Town	Total Gross Floor Area (m2)	Total Life	Remaining Life	Condition Rating
21	Explosives Bunker,	Depot Rd Uralla	Uralla	4	50	20	3
		Minor Buildings					
1	Rotunda Fuller Park	Cnr East & Dumaresq Street Uralla	Uralla	8	20	3	3
2	Recycling Shed (Assumed to be Bundarra)	Bendeemer Street	Bundarra	5	30	13	3
3	Public Toilets Kingstown	Kingstown Rd	Kingstown	4	50	30	2
4	SES Offices & Garage Area (Workorder 562)	Depot Rd Uralla	Uralla	320	50	30	2
5	Public Toilets Pioneer Cemetery (Workorder 399)	John St Uralla	Uralla	2	50	35	2
6	Shed, (Preschool)	5 Hill St Uralla	Uralla	21	30	22	1
7	Crusher Compound,	Tip Rd Uralla	Uralla	80	30	4	4
8	Shed - Water and Sewer,	Depot Rd Uralla	Uralla	63	30	13	3
9	Storage Shed - Uralla Library -	Depot Rd Uralla	Uralla	20	30	22	1
10	Storage Shed - Tourism -	Depot Rd Uralla	Uralla	20	30	22	1
11	Site Office - Kingstown Waste Transfer	Bendemeer Road Kingstown	Kingstown	4	60	43	2
12	CRC Shed at Uralla Waste & Recycling	Tip Rd Uralla	Uralla	279	50	35	2
13	Ranbuild Shed at McMaugh Gardens	39 King ST Uralla	Uralla	18	50	35	2
14	Toilet Block	BMX Park, Gostwyck Road, Uralla	Uralla	32	50	15	3
15	Raw water pump well	Waterworks Road Uralla	Uralla	94	60	19	3
16	Old water facilities building	Waterworks Road Uralla	Uralla	252	50	15	3
17	Shed	Rifle Range Road Rocky River	Rocky River	12	50	40	1
18	Shed	29 Bendemeer St Bundarra	Bundarra	18	30	13	3
19	Fuel bowsers	Depot Rd Uralla	Uralla	8	30	4	4
20	Green Communication Building - Mt Mutton	Lookout Road Uralla	Uralla	10	30	16	2
21	White Old Com Building - Mt Mutton	Lookout Road Uralla	Uralla	4	30	7	3
22	Old Treatment Building Uralla	Waterworks Road Uralla	Uralla	45	50	20	3
23	Office Treatment Works Rd Rocky River	Rifle Range Road Rocky River	Rocky River	60	60	25	3
24	Old Lunch Room Treatment Works Rd Rocky River	Rifle Range Road Rocky River	Rocky River	18	60	7	4
25	Sign Store	Depot Rd Uralla	Uralla	9	30	7	3
26	Records Storage Shed	Depot Rd Uralla	Uralla	40	30	19	2
27	Garage behind Court House	9 Hill ST Uralla	Uralla	47	50	5	4
28	Public Toilets	Hill St Uralla	Uralla	25	50	10	4
29	Large Shed	39 King ST Uralla	Uralla	25	50	35	2
30	Public Toilets & Playground Equipment,	Bilga Road Invergowrie	Invergowie	2	50	35	2
31	Public Toilet, Turkey Creek Hall,	Retreat Road Balala	Balala	2	50	0	5
32	Amenities	Bendemeer St Bundarra	Bundarra	3	50	5	4
33	Small Store (next to Gantry Shed)	Depot Rd Uralla	Uralla	36	50	15	3
34	Public Toilets	Court St Bundarra	Bundarra	56	50	15	3
35	Old Shed	Bendemeer St Bundarra	Bundarra	33	50	5	4
36	Amenities	17 Queen St Uralla	Uralla	46	50	15	3
37	Transfer Station	Tip Rd Uralla	Uralla	200	50	25	3
38	Main Shed - Recycling	Tip Rd Uralla	Uralla	450	50	15	3
39	Long Shelter	Wood St Uralla	Uralla	93	40	11	3
40	Pool	Wood St Uralla	Uralla	98	50	10	4
41	Shed and Equipment	Thunderbolts Way Rocky River	Rocky River	96	50	35	2
42	Shed and Equipment	2653 Thunderbolts Way Yarrowyck	Yarrowyck	80	50	30	2
43	Shed and Equipment	6 Bilga Rd Invergowrie	Invergowie	184	50	35	2
44	Shed and Equipment	4411 Kingstown Rd Kingstown	Kingstown	80	50	30	2
45	Shed and Equipment	Turkey Creek Ag Site Retreat Rd Balala	Balala	80	50	35	2

No	Building Asset Description	Location	Town	Total Gross Floor Area (m2)	Total Life	Remaining Life	Condition Rating
46	Amenities Fossicking Area	135 Devoncourt Rd Uralla	Uralla	4	50	15	3
47	Public Toilets	Noalimba Ave Kentucky	Kentucky	3	50	20	3
48	Shed and Equipment	43 Eastern Ave Kentucky	Kentucky	180	50	30	2
49	Cubby	5 Hill St Uralla	Uralla	16	25	15	2
50	Public Toilet Block	17A Queen St Uralla	Uralla	25	50	35	2
51	Rotunda	17A Queen St Uralla	Uralla	10	20	3	3
52	Bundarra Bushfire Shed	1-3 Oliver St Bundarra	Bundarra	100	50	35	2
53	Bundarra Water Treatment Plant	Goldfinch Rd Bundarra	Bundarra	27	50	40	1
54	Public Toilets	Thunderbolts Way Bundarra	Bundarra	15	50	10	4
55	Amenities	29 Bendemeer St Bundarra	Bundarra	34	50	10	4
56	Public Toilets Salisbury St Uralla	27 Salisbury Street Uralla	Uralla	25	50	35	2
57	Public Toilets	Barleyfields Rd Uralla	Uralla	56	50	15	3

5.2 Operations and Maintenance Plan

Maintenance Plan

5.2.1 Council's maintenance activities for building infrastructure assets include routine, proactive, specific and reactive maintenance.

5.2.2 Routine maintenance is the regular ongoing work that is necessary to keep assets operational and to help assets reach their useful life. It includes work on an asset where a portion may fail and needs immediate repair to make it operational again.

5.2.3 Proactive maintenance (or 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.

5.2.4 Specific maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle. This work generally falls below the capital/maintenance threshold but may require a specific budget allocation.

5.2.5 In addition to planned maintenance, which is defined and scheduled over the medium-term, Council must also repair unforeseen damage caused by storms or accidents. This type of maintenance is referred to as either reactive or unplanned maintenance.

5.2.6 Council's unplanned maintenance work is often carried out because of issues identified through customer requests for service.

5.2.7 Routine operational and maintenance activities are set out in Table 5.2.7 below.

Table 5.2.7: Buildings Routine Operational and Maintenance Activities

Operational Activities	Frequency
Cleaning	Varies from daily (e.g. Council Administration offices) to when an event is held (e.g. parks/showground)
Paying utilities (e.g. electricity, telephone, rates)	Ongoing
Undertaking administration and operational activities within buildings	Ongoing
Responding to customer complaints	As required
Maintenance Activities	
Inspecting building components	Annually for major and Minor buildings components, whole building every five years
Undertaking planned maintenance	Annually
Removing graffiti and repairing vandalised buildings	As required
Undertaking unplanned maintenance and repairs	As required

5.2.8 Actual past maintenance expenditure need to be updated periodically.

5.2.9 Assessment and prioritisation of reactive maintenance is undertaken by operational staff using experience and judgement.

5.2.10 Council's current operational maintenance expenditure level is not adequate to meet the higher service levels.

Standards and specifications

5.2.11 Maintenance work is carried out by Council staff in accordance with the following Standards and Specifications:

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

Summary of future operations and maintenance expenditures

5.2.12 Future maintenance costs are forecast to trend in line with the value of the asset stock, plus an allowance for increase in levels of service over the planning period. Asset values are forecast to increase at an assumed rate of 2. 5%.

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

5.2.14 Maintenance is funded from the operating budget and grants where available.

5.2.15 Council will proactively pursue grants to renew community buildings to minimise operational maintenance costs.

Operations and Maintenance Strategies

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

- Scheduling operations activities to deliver the defined level of service in the most efficient manner;
- Maintaining and reviewing a current infrastructure risk register for assets on an annual basis. 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;
- Review current and required skills base and implement workforce training and development to meet required operations and maintenance needs;
- Review asset utilisation to identify under-utilised 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; and
- Review management of operations and maintenance activities to obtain best value for resources used.

5.3 Renewal/Replacement Plan

5.3.1 Renewal 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 service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

5.3.2 Capital renewal activities involve restoring, refurbishing or replacing an asset to bring it back to its original capacity and performance capability.

5.3.3 Renewal will be undertaken using 'low cost' renewal methods where practical. The aim of 'low cost' renewals is to restore the service potential or future economic benefits of the asset by renewing the assets at a cost less than replacement costs.

5.3.4 The annual required renewal costs reflect the amount needed to be spent on assets that have deteriorated to a point at which renewal is required based on the community's level of service expectations.

5.3.5 Typically, building infrastructure assets in condition 4 will provide a poor level of service and will need to be renewed in the short to medium-term and assets in condition 5 may require urgent and immediate renewal or replacement.

Renewal plan

5.3.6 Assets requiring renewal are identified from estimates of remaining life obtained from the condition survey. The estimated service life of whole structure building assets ranges between 50-60 years. Based on the asset conditions recorded in the asset register, approximately 30% of Council's whole structure building assets have a remaining life estimated to be greater than 30 years as shown in Figure 5.3.6.

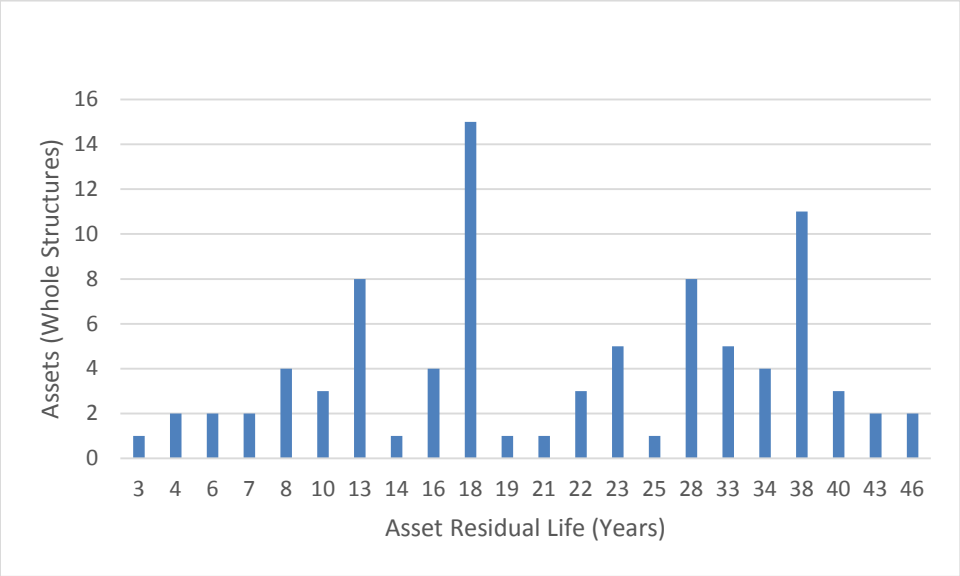

Figure 5.3.6: Buildings Assets- Whole Structures Residual Life as at 30 June 2022

5.3.7 The useful lives of building component assets are based on industry standards and are then adjusted, where relevant, to align with local conditions. The range of expected useful lives for our building components is set out in Table 5.3.7 below.

Building component	Expected useful life (years) of asset components
Floor coverings	25
Mechanical and electrical	36
Fixtures & fittings	36
Walls	50-60
Ceilings	50-60
Roofs	50-60

Figure 5.3.7: Expected useful life of building asset components

5.3.8 Council's next scheduled assessment in 2022/23 will examine the condition of the building assets and determine renewal requirements. A renewal plan will be prepared on completion of assessment and included in future revisions of this BAMP.

Renewal and replacement strategies

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

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner;
- Undertaking project scoping for all capital renewal and replacement projects to identify:
  - the service delivery 'deficiency', present risk, and optimum time for renewal/replacement;
  - the project objectives to rectify the deficiency; and
  - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency;
- 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, high risks and residual risks after treatment to management and Council;
- 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; and
- Review management of capital renewal and replacement activities to obtain best value for resources used.

Renewal standards

5.3.10 Renewal work is always carried out to current standards and capacity unless a reduced capacity can be justified.

Summary of projected renewal expenditure

5.3.11 Projected future renewal expenditures are forecast to increase over time as the asset stock ages.

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

5.3.13 Renewals are to be funded from capital works programs and grants where available.

Impact of Deferring Renewal Works

5.3.14 Renewal works identified in terms of renewal strategies may be deferred if the cost (or aggregate cost) is beyond the current financial ability to fund it. This can occur when there are short term renewal profile peaks, or higher priority works are required on other infrastructure asset groups.

5.3.15 When renewal works are deferred, the impact of the deferral on the assets ability to still provide the required level of service will be assessed. Although the deferral of some renewal works may not impact significantly on the short-term operation of the assets, repeated deferral will create a liability (backlog) in the longer term.

5.4 Creation/Acquisition/Upgrade Plan

5.4.1 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. These assets from growth are considered in Section 4.4.

5.4.2 Council is not anticipating any significant changes in the populations of the Shire.

5.5 Disposal Plan

5.5.1 Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation.

5.5.2 No building infrastructure assets are currently identified for possible decommissioning and disposal except through renewal or replacement.

6. RISK MANAGEMENT

6.1 Risk Assessment

6.1.1 Risk management is defined in AS/NZS 4360:2004 as "the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects".

6.1.2 Council is committed to the identification and elimination or reduction of risks associated with hazards that arise throughout Council's operations as far as reasonably practicable. Our risk assessment process includes:

- Identifying credible risks;
- Analysing the likelihood of the risk event occurring;
- Assessing the consequences should the event occur;
- Developing a risk rating ('likelihood' times 'consequences',
- Evaluating the risk; and
- Detailing a risk treatment plan for non-acceptable risks.

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

6.1.4 The risk assessment process compares the likelihood of a risk event occurring against the consequences of the event occurring. In the risk rating Table 6.1.3 below, a risk event with a likelihood of 'possible' and a consequence of 'major' has a risk rating of 'high' as shown Table 6.2.1

Table 6.1.3: Uralla Shire Council Risk Matrix

	CONSEQUENCES				
LIKELIHOOD	Minimal	Minor	Moderate	Major	Catastrophic
Almost certain	Medium	Medium	High	Catastrophic	Catastrophic
Likely	Medium	Medium	High	Catastrophic	Catastrophic
Possible	Low	Medium	Medium	High	Catastrophic
Unlikely	Low	Low	Medium	High	High
Rare	Low	Low	Medium	Medium	High

6.2 Strategic Infrastructure Risks

6.2.1 Some high-level infrastructure based risks have been identified that are associated with the management of building infrastructure assets. These strategic risks are identified in Table 6.2.1 below.

6.3.1 Critical assets are specific assets which have a high consequence of failure but not necessarily a high likelihood of failure. For example, failure would cause a financial loss within the community or a marked reduction of service.

Table 6.2.1: Strategic Infrastructure Risks

Risk Details / Event	Likelihood	Consequence	Risk	Existing Controls	Controls Adequate	Actions Needed / Treatment Plan
Poor design/construction causes damage or injury	Unlikely	Major	High	Designs and construction projects by suitably qualified and experienced people	Y	N/A
Damage caused by vandalism including graffiti	Possible	Moderate	Medium	• Install security systems • Hold adequate insurance • Choose appropriate components or material	Y	
Overall condition of assets decrease due to inadequate renewal and maintenance programs	Likely	Moderate	High	• Inspect assets regularly • Routine maintenance • Conduct renewal work as required • Allocate funds to asset renewal reserve	N	Develop Asset Inspection strategy and long term renewals plan
Changes in legislation affect Council's responsibilities	Unlikely	Moderate	Medium	Monitor legislative changes	Y	
Resource constraints affect the management of the assets	Possible	Major	High	None	N	Allocate funds to an asset renewal reserve
Failure of materials supplies	Possible	Major	High	None	N	Obtain alternative supply arrangements for critical materials
Buildings are damaged or destroyed by fire, severe storm, or flooding	Unlikely	Major	High	• Maintain and conduct regular inspections of fire alarms and monitor known flooding hot spots • Maintain network as per Stormwater Drainage AMP • Hold adequate insurance • Develop business continuity plans	Y	
Impact on climate change on assets	Possible	Major	High	Monitor conditions of assets	Y	Identify impacts on assets and develop strategies to manage climate change during renewal program
Buildings become obsolete / no longer required	Possible	Moderate	Medium	Plan to replace or sell buildings as appropriate	N	
Buildings fail to meet the Disability Discrimination Act requirements and other codes	Possible	Minor	Medium	• Assess assets • Disability inclusion plan • Optimise funding	N	

6.3.2 By identifying critical assets and critical failure modes, Council can target and refine inspection regimes, maintenance plans and capital expenditure plans at appropriate times.

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

6.3.4 Council has determined that the following building assets are critical assets:

- Uralla and Bundarra Water Treatment Plants
- Uralla Sewer Treatment Plant
- Bundarra Sewer Treatment Plant
- Council Depot
- Council Administration Offices and Chambers (including main server room)
- McMaugh Gardens Aged Care Facility
- Community Centre (TCT and TCSO)
- Grace Munro Centre
- Library
- Visitor Information Centre, and
- Uralla Preschool

7. FINANCIAL SUMMARY

7.1 Financial Statements and Projections

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

7.1.2 The total amount of expenditure for building infrastructure operations, maintenance and capital over the next ten years is forecast to be approximately $9,138,610.

7.1.3 Projected operating (operations and maintenance) (Table 7.1.3 below). The estimates are to be considered in the long term financial plan funding.

Table 7.1.3: Projected Operating Expenditure and operational Income

Year	Projected operating, maintenance and depreciation expenditure				Total operational expenditure ($)	Operational Income ($)
	Operational expense ($)	Maintenance expense($)	Total operation and maintenance ($)	Depreciation expense($)		
2022/23	188,081	56,212	244,293	69,121	313,414	143,422
2023/24	188,082	253,131	441,213	70,849	512,062	147,008
204/25	235,653	102,532	338,185	72,620	410,805	150,683
2025/26	167,085	90,128	257,213	74,436	331,649	154,450
2026/27	175,851	90,932	266,783	76,297	343,080	158,311
2027/28	213,981	55,308	269,289	78,204	347,493	162,269
2028/29	219,204	55,732	274,936	80,159	355,095	166,326
2029/30	226,297	54,828	281,125	82,163	363,288	170,484
2030/31	223,378	55,596	278,974	84,217	363,191	174,746
2031/32	231,272	54,188	285,460	86,323	371,783	179,115
10 year=	**2,068,884**	**868,587**	**2,937,471**	**774,389**	**3,711,860**	**1,606,814**
5 year=	**954,752**	**592,935**	**1,547,687**	**363,323**	**1,911,010**	**753,874**

Note the activities categorised as operational and those classified as maintenance activities are set out in Table 5.2.7 on page 25.

Renewals

7.1.4 Asset age and condition based renewals plans have been developed which provide a more realistic renewals pattern and renewals expenditure requirements.

7.1.5 Although the plan provides optimal year of renewals for each asset, to set the budget to match the pattern is not practical. Therefore, it is important to review the renewals plan against estimated depreciation and establish a reserve that can be used as required.

7.1.6 Table 7.1.4 below shows the projected capital renewal and new/upgrade costs for the entire period of this plan. Upgrades include Rotary Park amenities building block at Uralla and McMaugh Gardens Aged Care Centred staged expansion. Renewals include Staged one and two Main Office block, Staged one Depot Office, Roller doors at Depot Office and Court House.

Table 7.1.4. Buildings Renewal Costs

Year	Projected Capital Renewals/New/upgrade costs		Total capital renewals ($)
	Renewals ($)	New/Upgrades ($)	
2022/23	1,207,000	155,000	1,362,000
2023/24	250,000	900,000	1,150,000
204/25	125,000	0	125,000
2025/26	279,100	900,000	1,179,100
2026/27	200,000	0	200,000
2027/28	222,800	0	222,800
2028/29	300,000	0	300,000
2029/30	200,000	0	200,000
2030/31	374,500	0	374,500
2031/32	313,350	0	313,350
10 year=	**3,471,750**	**1,955,000**	**5,426,750**
5 year=	**2,061,100**	**1,955,000**	**4,016,100**

Financial sustainability in service delivery

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

7.1.8 The capacity to meet the projected/budgeted expenditures is dependent upon the capacity of the organisation to provide sufficient funding from its own resources to sustain the ongoing costs.

7.1.9 Life cycle costs (or whole of life costs) are the total annual costs that are required to sustain the service levels over the assets life. Life cycle costs include the original purchase, operations, depreciation and maintenance expenditure to hold the asset over its period of use.

7.1.10 A comparison should be used between the predicted life cycle costs and actual life cycle expenditure to highlight any differences. If the life cycle expenditure is more than that life cycle cost, it is most likely that charges will need to be increased to meet requirements.

7.1.11 Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operations, maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals.

7.1.12 A shortfall between life cycle cost and life cycle expenditure is the life cycle gap. The expenditure projections in Table 7.1.3 above looks at the annual expenditure gap by comparing planned budgets in the Long Term Financial Plan against the required expenditure, calculated based on best practices. The allocation of adequate budget in each budget category demonstrates Council's knowledge and understanding of asset's life cycle requirements.

7.1.13 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.

7.1.14 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.

Long term – 10 year financial planning period

7.1.15 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.

7.1.16 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.

7.1.17 The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is $9,138,610. This is budgeted cost to sustain the current level of service at the lowest life-cycle cost.

7.1.18 Estimated (budget) operations, maintenance and capital renewal funding is $913,861per year over the 10 year funding period.

Medium Term – 5 year financial planning period

7.1.19 The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is $ 5,426,750.

Financial Sustainability Indicators

7.1.20 Providing services from infrastructure in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and funding to achieve a financial sustainability.

7.1.21 Providing services in a sustainable manner will require matching of projected asset renewals to meet agreed service levels with planned capital works programs and available revenue.

7.1.22 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. A gap between projected asset renewals, planned asset renewals and funding indicates that further work is required to manage required service levels and funding to eliminate any funding gap.

7.1.23 Council manages 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, seek grant funding, service levels and costs with the community.

7.1.24 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 lifecycle costs/expenditures and medium-term projected/budgeted expenditures over five and 10 years of the planning period.

7.2 Funding Strategy

7.2.1 Council funds building infrastructure assets through rent, hire fees, grants, general funds, and borrowings.

7.2.2 Income such as rent and fees is generated from the users and tenants of the building portfolio.

7.2.3 Grant funding is required when major projects need to be undertaken.

7.2.4 General funds are used in two ways for our building infrastructure assets. Firstly, they are used to support the maintenance of our building infrastructure assets. Secondly, they are used to build an asset renewal reserve each year. This will help in reducing Council's reliance on grant funding for renewal projects.

7.2.5 Council also has the option of borrowing to support investments in building infrastructure assets. This option requires careful monitoring of Council's debt service ratio.

7.3 Valuations

Asset valuations

7.3.1 Based on the value of assets recorded in the asset register as at 30 June 2021 covered by this asset management plan, the 2022 projected values are as shown below. Building infrastructure assets were last revalued at 30 June 2018.

Current Replacement Cost	$ 26,275,363
Depreciable Amount	$ 13,793,216
Depreciated Replacement Cost	$ 12,482,148
Estimated depreciation expense	$ 662,068
Annual Renewals (2022/23)	$ 1,362,000

7.3.2 Council's sustainability reporting reports the rate of annual asset consumption and compares this to asset renewal and asset upgrade and expansion. Various ratios of asset consumption and expenditure have been prepared to help guide and gauge asset management performance and trends over time. These ratios are based on 2021 buildings valuation and 2022 budgeted capital expenditure values.

Asset Consumption	$ 12,482,148 /13,793,216	= 90.5 %	Bench mark >= 100 %
Asset renewal ratio (Capital renewal expense /Depreciable amount)	$ 1,362,000/ 13,793,216	= 9.87%%	Benchmark < 2.00%
Annual Upgrade/New (Capital upgrade exp/Depreciable amount)		= 0%	
Annual Upgrade/New (including contributed assets)		= 0%	

7.3.3 This asset consumption ratio measures the extent to which depreciable assets have been consumed by comparing their depreciated replacement cost to their replacement cost

7.3.4 Council is currently renewing assets at 9.87%% of the rate they are being consumed. This rate is supported by grants for Court house renewals.

7.3.5 To provide services in a financially sustainable manner, Council will need to renew assets at the rate they are being consumed over the medium-long term, and fund the life cycle costs for all new assets and services in its long term financial plan.

Valuation Forecasts

7.3.6 Asset values are forecast to increase over the planning period as asset renewal is minimal.

7.3.7 Figure 7.3.6 below shows the projected replacement cost asset values over the planning period.

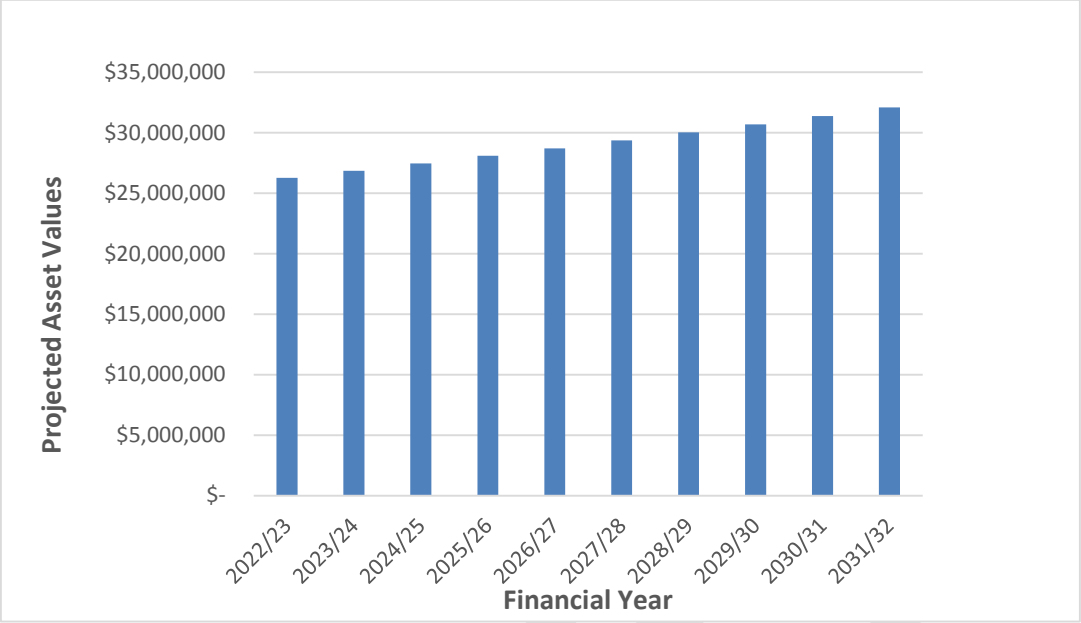

Figure 7.3.6: Projected Asset Values

7.3.8 Depreciation expense values are forecast in line with asset values as shown in Figure 7.3.7.

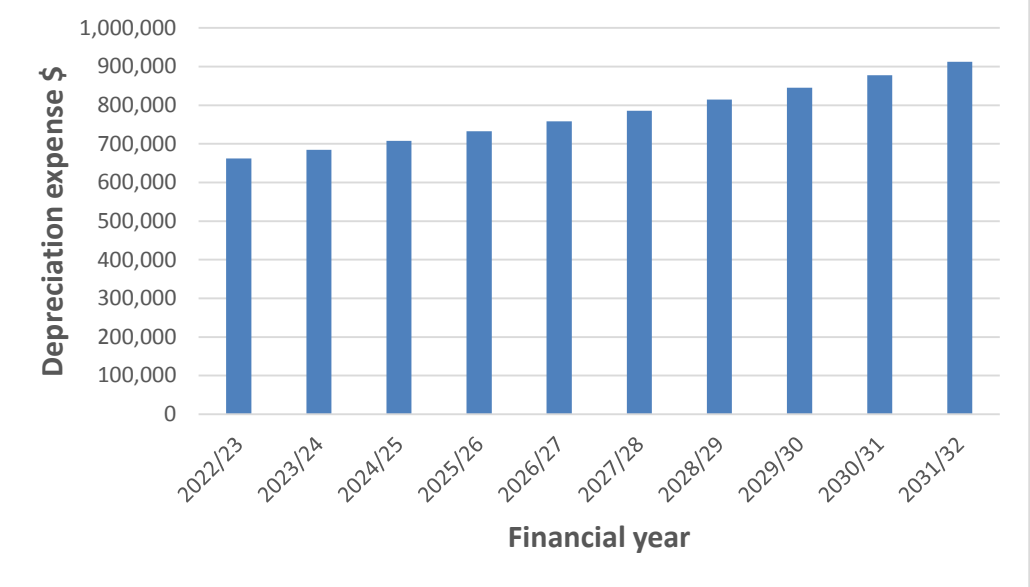

Figure 7.3.7: Projected Depreciation Expense

7.3.9 The depreciated replacement cost (current replacement cost less accumulated depreciation) 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 7.3.8 below.

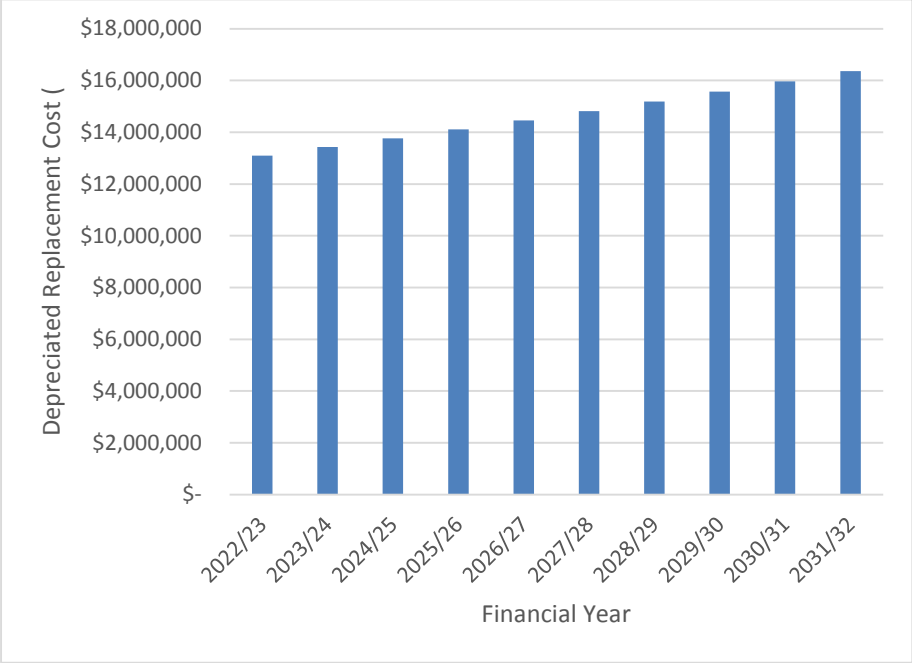

Figure 7.3.8: Projected Depreciated Replacement Cost from 2022 to 2032.

7.4 Factors affecting supply of building infrastructure assets

Funding Uncertainties

7.4.1 Uralla Shire Council is highly reliant on grant funding and its rates revenues are limited.

7.4.2 Based on the size of our communities, it is difficult to fund the provision of our building infrastructure assets. Council will need to seek ongoing government funding, where available, to maintain and enhance our building infrastructure assets.

Council's asset renewal backlog

7.4.3 Assets that are below the minimum condition rating do not meet Council's minimum levels of service. Such assets will require renewal. These assets form part of Council's renewal backlog and Council should be ensuring that these assets are brought up to the agreed levels of service.

7.4.4 Council's asset renewal backlog will need to be funded.

Staff and resource shortages

7.4.5 As with financial constraints on the provision of our building infrastructure assets, difficulties in recruiting and retaining staff can be a challenge for Council. As a large rural Council, Council often faces challenges in filling technical and managerial positions. When technical or managerial positions are vacant it can affect Council's ability to provide some of the services expected by the community.

8. IMPROVEMENT PLAN AND MONITORING

8.1 Asset Management Practices

Accounting/Financial Systems

8.1.1 Council uses Authority and Magiq software for its financial/accounting systems. The system is managed by Council's Finance Section and produces quarterly financial reports for Council, while also producing reports for annual financial statements for audit and production to the Uralla Shire community.

8.1.2 Council manages and is responsible for all of the accounting, budgeting and financial aspects of all of its assets. The primary issue for the financial systems section is to:

- Conduct regular asset valuations;
- match valuations with what is out in the field; and
- Undertake regular updates to the system.

Accountabilities for Financial Systems

8.1.3 Under the *Local Government Act 1993,* Council must meet certain financial reporting requirements. These include budget reviews with all AMP sections within Council. Council must also provide an annual report outlining the year's achievements, in terms of meeting its objectives and performance targets as it had set out. The annual report also outlines the amount of expenditure required to meet the standards set in the asset plans, the amount of annual maintenance required to keep the assets at the level of service specified, and Council's maintenance program for the year in relation to the work carried out.

8.1.4 The determination of expenditure as capital or maintenance is a combination of purpose, value and economic life of the asset received from the expenditure. The guidelines for the determination are set out in Note C1-7 of the Annual Financial Statements as adopted annually by Council.

8.1.5 **Initial Recognition:** All non-current assets purchased are capitalised as the expenditure is incurred and assets are depreciated from the first full year of use. For the initial recognition, an asset's cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition. Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition or date of exchange of the asset to arrive at fair value. The discount rate used is Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

8.1.6 **Materiality:** Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining and in annually reviewing such thresholds, regard is had to the nature of the asset and its estimated service life.

8.1.7 **Subsequent Costs**: Subsequent costs are added to an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

8.1.8 **Maintenance**: All other expenditure on building infrastructure asset, including the excess of fair value addition expense noted above, is recorded as repairs and maintenance and charged to the Income Statement during the financial period in which they are incurred.

Asset Management Systems

8.1.9 A number of systems and registers are used by Council for the purpose of building infrastructure asset management:

- Microsoft® Excel spreadsheets – manipulate, interrogate and report on asset data
- Civica© "Authority" software – finance system
- TRIM (© (HP Software Division) – records and document management

8.1.10 The responsibility for operating and maintaining the core Asset Management systems relating to building infrastructure assets is with the Asset Manager and the Executive Director Infrastructure and Development. The development of an annual budget allocation is between the Executive Director, the Manager Finance and IT, and the General Manager, based upon the ten year financial plan forward estimates. Responsibilities of key stakeholders are set out in Appendix B.

8.1.11 Currently, there is no core corporate system for asset management thus various duplications of assets records exist in different databases and have misaligned information. There are no direct links with operations and maintenance expenses and the individual asset.

8.1.12 The ongoing maintenance of this system should become a core function within Council's operations. Linking Council's asset management system and financial system (Authority) is identified as a key strategy to improve Council's asset management practices.

Information Flow Requirements and Processes

8.1.13 The key information flows *into* this asset management plan are:

- Council strategic and operational plans,
- Service requests from the community,
- Network assets information,
- The unit rates for categories of work/materials,
- Current levels of service, expenditures, service deficiencies and service risks,
- Projections of various factors affecting future demand for services and new assets acquired by Council,
- Future capital works programs, and
- Financial asset values.

8.1.14 The key information flows *from* this asset management plan are:

- The projected Works Program and trends,
- The resulting budget and long term financial plan expenditure projections, and
- Financial sustainability indicators.

8.1.15 The information flows listed above will impact the Long Term Financial Plan, annual budget, and departmental business plans and budgets.

8.2 Improvement Program

8.2.1 The building infrastructure asset management improvement program generated from this asset management plan is shown in Table 8.2.1 below.

Table 8.2.1: Improvement Program

No	Action	Priority	Responsibility	Timeline
1.	Review and finalise buildings critical assets. Once agreed by Council as significant assets, develop emergency response plans, budgets and resources	High	Asset Manager	annually
2.	Carry out building inspections to determine correct value of assets in Condition 4 and 5.	High	Asset Manager	2022/23
3.	Review and adopt acceptable Level of Services in consultation with community, update any changes and measure progress annually	High	Asset Manager	Annually
4.	Review and confirm expenditure for all buildings sub-categories into renewals, new, maintenance and operational	High	Asset Manager	2023/24
5.	Re-calculate buildings backlog using new condition assessment results and regenerate renewals plan	High	Asset Manager	Annually
6.	Review and establish clear assumptions and approach for calculating depreciation and backlog. Apply this consistent approach across all asset sub categories to obtain most accurate backlog. Prioritise and create a plan to address the backlog by reaching an acceptable level, as consulted and agreed with the community	High	Asset Manager	2022/23
7.	Prioritise and plan buildings asset renewals to meet agreed service levels based on community's importance, asset category priority and site inspections. Standardise renewal expenditure where possible and reserve any extra funds separately for later use	Medium	Asset Manager	2024/25
8.	Review and update future life cycle costs (unit rates) to improve accuracy of estimated lifecycle costs	Medium	Asset Manager	2022/23

8.3 Monitoring and Review Procedures

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

8.3.2 This plan will be updated annually accurately represent 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 Council's long term financial plan.

8.3.3 This plan has a life of four years and is due for complete revision and updating within 12 months of each Council election.

8.4 Performance Measures

8.4.1 This BAMP details key improvement activities in Table 8.2.1 above that will result in more effective and mature asset management practices for Council managing its building infrastructure and services.

Key Performance Benchmarks

8.4.2 Council monitors and assesses its performance with respect to maintaining and renewing its assets using key performance benchmarks (current and desired levels of service provided in Table 3.5.2 on page 16). These

benchmarks are used to measure how well Council is meeting the community's expectations in relation to the condition of its assets.

8.4.3 Council recognises the importance of working with the local community when managing the Uralla Shire's assets on behalf of the community. Council works with the community in two important ways. Firstly, it creates community service expectations. These summarise what the community wants. Secondly, it measures its progress in meeting these community service expectations against key performance benchmarks.

8.4.4 By using community-focussed performance benchmarks, Council maintenance and improvements to building infrastructure assets are directly relevant to the community.

8.4.5 The key performance benchmarks that have been established for the building infrastructure assets are outlined in Table 3.5.2 on page 16.

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APPENDICES

Appendix A Key Stakeholder Responsibilities

Appendix B Glossary of Terms

Appendix A – Key Stakeholder Responsibilities

Stakeholder	Role in Buildings Asset Management Plan
Councillors	• Represent needs of community. • Allocating resources in consultation with the General Manager
General Manager	• Allocate resources to meet the organisation's objectives in providing services while managing risks. • Authorise Delegations of Authority to undertake AMP works. • Provide guidance on organization's broad plans to finance and fund its overall operations to meet its objectives, now and in the future.
Manager Finance & IT	• Guide organization's financial objectives (financial sustainability).
Executive Director Infrastructure & Development	• Coordinate the budget. • Identify changes in work flows or Council requirements.
Asset Manager	• Schedule the works and maintenance as per the Asset Management Plan.
Manager Planning & Development	• Oversee the works of the Asset Management Plan.
Contractors / Employees	• Undertake the works as per the schedule.

Appendix B – Glossary of Terms

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 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 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.

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, egg. 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, egg. resurfacing or re-sheeting 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, egg. 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.

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.

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.

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.

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

Funding gap
A funding gap exists whenever an entity has insufficient capacity to fund 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 funding gap means service levels have already or are currently falling. A projected funding 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 annual operations, maintenance and asset consumption expense, represented by depreciation expense. 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 actual or planned annual operations, maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of life cycle sustainability.

Loans / borrowings
See borrowings.

Maintenance
All actions necessary for retaining an asset as near as practicable to its original condition, including regular ongoing day-to-day work necessary to keep assets operating, egg 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.
- **Significant 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 and renewal gap
Difference between estimated budgets and projected required expenditures for maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

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

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 egg 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, egg. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

Operations expenditure
Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, egg 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.

Pavement management system
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
A measure of average annual consumption of assets (AAAC) expressed as a percentage of the depreciable amount (AAAC/DA). Depreciation may be used for AAAC.

Rate of annual asset renewal
A measure of the rate at which assets are being renewed per annum expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

Rate of annual asset upgrade
A measure of the rate at which assets are being upgraded and expanded per annum 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, egg 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).

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.

Specific Maintenance
Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, cycle, 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.

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