



Open Spaces and Recreation Facilities

Asset Management Plan

February 2023 (Version 1)

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Further Document Information and Relationships

Related Legislation*	<i>Local Government Act 1993 (the Act) and the Local Government (General) Regulation 2021 (the Regulation)</i>
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

2.1 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 Council and its employees will strive to uphold and follow the practices outlined in this Open Spaces and Recreation Facilities Asset Management Plan (OSRFAMP).
- 1.1.3 This OSRFAMP 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 open spaces and recreation assets provide a valuable service to the community through safe and reliable open spaces and recreation facilities. These assets must be properly maintained and developed to continue to provide equitable benefits and services for future generations.
- 1.1.7 Council will undertake a review of community service levels expected of these assets, and prioritise works needed to meet these, and fund the ongoing management of these assets to maintain these service levels.
- 1.1.8 The critical issues factored into Council's management of its open spaces and recreation assets include:
 - Maintenance and repair costs
 - Replacement or Rehabilitation cost
 - Age of assets
 - Life cycle of asset
 - Usage and data capture, and
 - Financial requirement projection.

2.2 What assets do we have?

- 1.1.1 Council's open spaces and recreation assets comprise of:
 - Park and facility lighting
 - Park and facility signage
 - Playground and fitness equipment
 - Park infrastructure, e.g. shade structures, picnic shelters, park furniture, drinking fountains, BBQs
 - Recreation infrastructure (e.g. Tennis courts, Multipurpose courts, Skate park)
 - Fencing
 - Caravan parks infrastructure
 - Cemeteries infrastructure
- 1.1.2 As at 30 June 2022 these assets have a replacement value of \$2,854,439.

2.3 Managing the Risks

1.1.3 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:

- Deferred maintenance and renewal resulting in large future expenditure
- Poor design/construction causes damage or injury
- Overall condition of assets decrease due to inadequate renewal and maintenance programs
- Resource constraints affect the management of the assets
- Assets are damaged or destroyed by fire, severe storm, or flooding
- Impact on climate change on assets.

1.1.4 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
- Preparation of designs and project supervision by suitably qualified and experienced people
- Inspecting assets regularly
- Conducting routine maintenance and renewal work as required
- Allocating funds to an asset renewal reserve.

2.4 Confidence Levels

1.1.5 This OSRFAMP is based on an uncertain level of confidence. Asset data is based on sound records, procedures, investigations and analysis which is incomplete, unsupported, or an extrapolation from limited data. Council's open spaces and recreation assets data is contained in one register, but is comprised of different categories/descriptions. Additionally, a small number of assets are lacking asset condition and value data.

2.5 The Next Steps

1.1.6 The plan provides a framework for good management of open spaces and recreation assets by detailing:

- New established levels of service that have been prepared in detail with specific key performance indicators (KPIs). Further consultation is required with the community for adaptation.
- New simplified improvement plan which highlights on-going or next items for continuous improvement in asset management

1.1.7 The average capital and maintenance expenditure on Council assets over the ten-year forecast period is approximately \$828,316 per year. This compares to the expenditure which is required to maintain, operate and renew the asset network as required being \$938,487 per year. This indicates that the next revision of the Council's Long Term Financial Plan will require approximately 13% increase in annual funding. Council continue reviewing management of operations and maintenance activities to ensure best value for the resources used given that recent grant funded programs.

- 1.1.8 The analysis of the asset data and expenditure data suggest that there is an under expenditure on asset renewals and an over expenditure of asset maintenance
- 1.1.9 This asset class is relatively small in size in value and as such one-off expenditure and minor maintenance expenditure can maintain the asset class in good condition. Council will need to have a good understanding of the functionality of its asset network, as this will likely drive replacement and upgrade expenditure into the future.

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3. INTRODUCTION

3.1 Background

- 3.1.1 This OSRFAMP 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.
- 3.1.2 The OSRFAMP 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 - 2025
 - Operational Plan 2022
 - Draft Long Term Financial Plan 2022 - 2032
- 3.1.3 This plan has a direct relationship with the following associated planning process and documents, as set out in Figure 2.1.3 below.
- 3.1.4 Council's current open spaces and recreation assets covered by this plan are tabled in Appendices A-B.

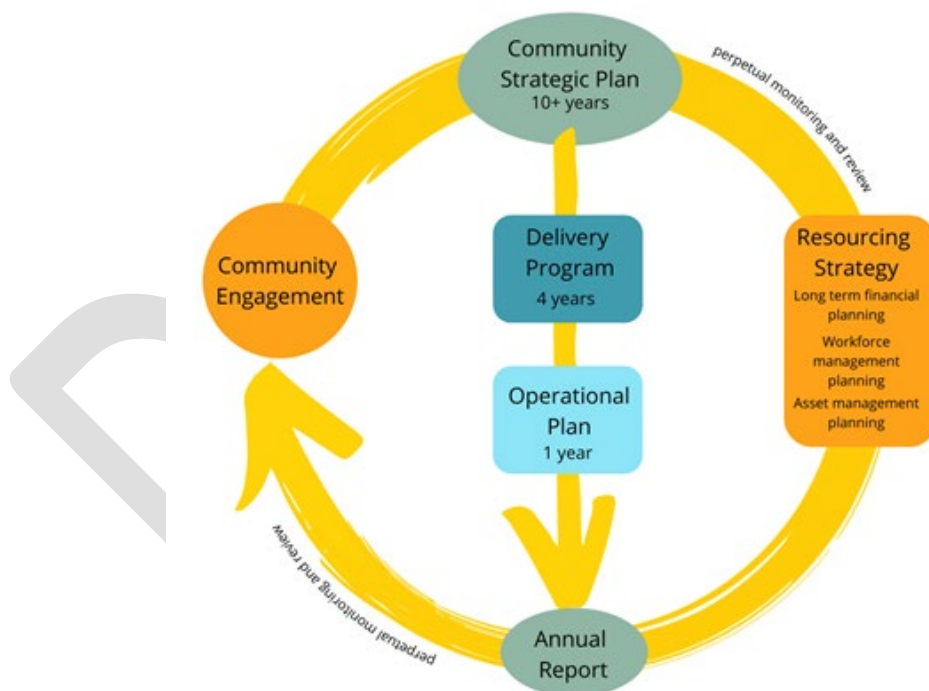


Figure 2.1.3: Asset management planning process within the Integrated Planning and Reporting Framework

3.2 Goals and Objectives of Asset Management

- 3.2.1 Council exists to provide services to its community. Most of these services (from a dollar 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.

- 3.2.2 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.
- 3.2.3 Assets are inspected, maintained, upgraded and renewed when grant funding is available 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.
- 3.2.4 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.

3.3 Core and Advanced Asset Management

- 3.3.1 This asset management plan is prepared as a 'core' asset management plan over a 10 year planning period in accordance with the International Infrastructure Management Manual (IPWEA, 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.
- 3.3.2 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.

3.4 Community Consultation

- 3.4.1 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 community consultation on service levels and costs of providing the service. 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

3.5 Customer Research and Expectations

- 3.1.1 Community consultation to determine customer expectations, needs and wishes for all Council services conducted for the development of Council's overarching Community Strategic Plan has guided the development of this asset management plan.
- 3.1.2 Consultation undertaken by Council which has informed the development of this plan includes:
- Listening Posts and Council's Postcard Project undertaken in preparation of the Community Strategic Plan 2022-2031
 - On-site visits by Councillors and Council staff to all towns, villages and hamlets within the Shire during the development of the Council Open Space Strategy
 - Engagement with local schools in undertaking developments to Alma Park and the Bundarra Multipurpose Courts
 - Stakeholder meetings and surveys for projects under the Public Spaces Legacy Program (Rotary Park, Alma Park, Pioneer Park and the Glen and Constellations of the South)
 - Stakeholder consultation on Fossicking Area upgrades Project
- 3.1.3 Council surveyed the community in December 2017 to better understand how the local community uses the Shire's public open spaces and recognise how Council can better serve the community through future developments.
- 3.1.4 Key outcomes of the survey are listed below:
- 39% of respondents said they accessed parks within the Shire on a weekly basis.
 - The elements that the community liked the most about the open space facilities they visit was the proximity to their house and the shade amenity they provide.
 - Features that the community valued most or wanted most in a park included play equipment, additional shade tree planting, and an increase to safety levels.
 - Barriers for accessing open space facilities included lack of variety and issues relating to maintenance of the spaces.
- 3.1.5 Ongoing consultation including feedbacks on garden maintenance in garden maintenance in the blisters and Alma Park provides insight on current customer expectations and therefore any comments or submissions received during the public exhibition period will be presented to Council for consideration.
- 3.1.6 Further investigation and consultation may be resourced should Council determine the need to do so.

3.6 Strategic and Corporate Goals

- 3.1.7 This plan is prepared under the direction of Council's vision, mission, goals and objectives as set out in the Community Strategic Plan.
- 3.1.8 **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.

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

3.1.10 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.

3.1.11 Infrastructure assets play both a direct and an indirect role in achieving the strategic objectives of the Community Strategic Plan. The following table indicates how Council's open spaces and recreation 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.

3.1.12 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 plan. 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 ensure that the community is appropriately consulted and well-informed 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.

3.7 Legislative Requirements

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

3.8 Current Levels of Service

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

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.

Table 3.3.1: Legislative Requirements and Standards

Legislation	Requirement
<i>Local Government Act 1993 and Local Government (General) Regulation 2021</i>	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.
<i>Environmental Planning and Assessment Act 1979 and Environmental Planning and Assessment Amendment Act 2008</i>	Sets the legislative requirements of public places to comply with the National Construction Codes.
Australian Accounting Standards	Sets out the financial reporting standards relating to the (re)valuation and depreciation of assets
<i>Disability Discrimination Act 1992</i>	An Act that bans discrimination of people based on a disability.
<i>Work Health and Safety Act 2011 and Work Health and Safety Regulation 2017</i>	Council must ensure a safe workplace for all its employees and the public.
<i>Civil Liability Act 2002</i>	Defines the liability of public authorities and the principles which establish the duty of care of a public authority.
<i>Protection of the Environment Act 1997</i>	To protect, restore and enhance the environment in NSW and to promote public access to information and involvement in environment protection.
<i>National Parks and Wildlife Act 1974</i>	Legislates conservation of nature and the conservation of cultural objects.
<i>Biodiversity Conservation Act 2016</i>	Sets the requirements to maintain a healthy, productive and resilient environment for the greatest well-being of the community.
<i>Cemeteries and Crematoria Act 2013 and Cemeteries and Crematoria Regulation 2014</i>	Sets the requirements for cemetery service providers.
<i>Crown Land Management Act 2016</i>	Provides for the consistent, efficient, fair and transparent management of Crown land reserves
Australian Standards for Playgrounds	Guides the development, installation, inspection, maintenance and operation of playgrounds.

3.1.15 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?

3.1.16 **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.

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

- Operations – the regular activities to provide services, such as cleaning of amenities, mowing, 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 recreational facilities to accommodate additional services) or a new service that did not exist previously (e.g. construction of a new recreational facility).

3.9 Desired Levels of Service

3.1.18 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. 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	Parks and sporting facilities are well maintained, clean and safe to use	Inspections and maintenance activities are undertaken as scheduled	Frequency	90%
	Reduction of number of defects	Annual inspection	Reduce the number of high priority defects identified	100%
	Compliance with Council's documented response time	Council complaints register	90%	90%
Function	Park facilities provide easy access and are accessible to everyone	Continuous monitoring as part of operational activities	Parks open and accessible to community 365 days/year, pending weather closures	100%
	Park facilities are provided that meet the needs of the community	Community feedback online form	< 10 complaints received per annum regarding overcrowding of facilities	90%
Safety	Safe park and sporting facilities are provided	Annual inspections, operational reports and safety audits	< 5 reported safety incidents per year in parks and reserves	100%
			Reduction of number of safety issues identified through audits	90%

TECHNICAL LEVELS OF SERVICE				
Operations	Access to facilities and services is affordable and cost effective	Review of benchmark with other councils	Total operating costs per hectare of park in line with benchmarking against comparable councils'	90%
Maintenance	Percent of physical assets in condition 3 or better	Condition assessment	80% for all assets	89%
		Review recent grant funded programs playground equipment, tennis court upgrade	Maintenance cost reduction for best value for resources used	0%
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. Ensure the plan is approved by authorities and updated every 4 years.	100%
	Assets meet financial sustainability ratios	Consumption ratio	Between 50% and 75%	46.1%
		Renewal funding ratio	Between 90% and 110%	0%
		Long term funding ratio	Between 95% and 105%	0%

3.10 Condition and Quality of Assets

- 3.1.19 The condition of Council's open spaces and recreation 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.
- 3.1.20 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.

3.1.21 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 3.6.3: 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%

3.1.22 Open spaces and recreation 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. 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.

3.1.23 The condition of each open space and recreation asset has been assessed by estimating the proportion of each asset's expected useful life that has been consumed.

3.1.24 A majority of Council's open spaces and recreation assets (59%) have been commissioned in the last five years due to increased grant funding opportunities. Accordingly, a majority of assets are in excellent or good condition.

3.1.25 The current condition ratings of Council's open spaces and recreation assets as at 30 June 2022 are summarised in Figure 3.6.7 below.

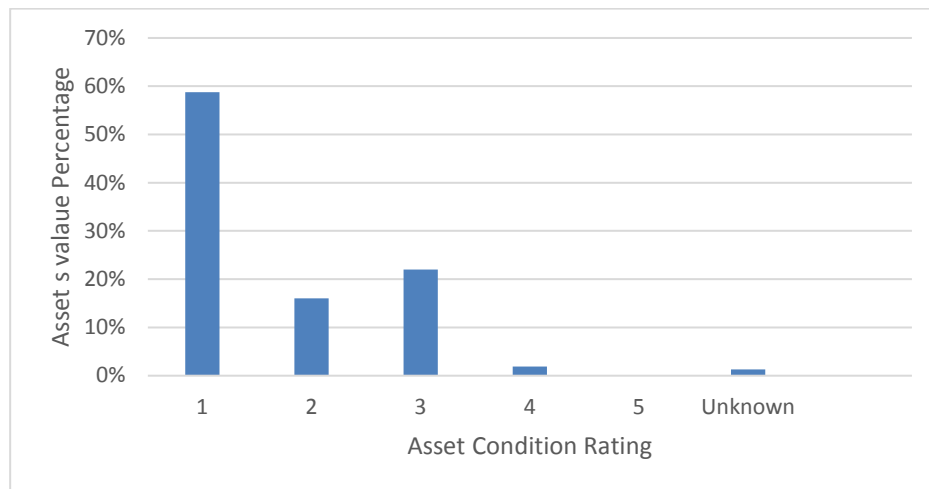


Figure 3.6.7: Asset Condition Profile as at 30 June 2022

3.11 Responsiveness

3.1.26 Council places a high emphasis on customer service and its responsiveness to customer enquiries. Council will maintain assets in a working condition and be responsive to the needs of the community now and into the future.

3.12 Customer satisfaction

3.1.27 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.

3.13 Affordability

3.1.28 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.

3.14 Sustainability

3.1.29 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 ensuring efficient and effective service delivery and ensuring appropriate funds are allocated to maintain and renew infrastructure assets.

3.1.30 Where Council has provided an asset through grant funding, renewal or replacement of the asset may be subject to future grant funding

3.15 Health and Safety

- 3.1.31 Council will endeavour to identify and mitigate all key health and safety risks created by provision of services.
- 3.1.32 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.
- 3.1.33 Council will take measures to isolate unsafe areas until repairs can be made.

3.16 Financial Based Service Levels

- 3.1.34 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.
- 3.1.35 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

3.17 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 open spaces and recreation assets are summarised in Table 4.1.2 below.

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 decrease of 1.15% over the next 20 years to 5,450 in 2041. ¹	A decrease in population is anticipated to lead to decreased use of open spaces and recreation assets.
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.	A decrease in younger population is anticipated to lead to decreased use of open spaces and recreation assets. Accessible facilities will be required to meet the demands of an ageing population.
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.	Demand for open spaces and recreation infrastructure which supports sporting, recreational and cultural activities is anticipated to remain steady.
Environmental awareness	The community and Council are more environmentally aware and responsible.	Energy efficiency in Council facilities will be identified as a priority.	Additional resources will be required for energy efficiency upgrades to recreation facilities.
Climate	Extremes increasing	An increase in average maximum temperatures, may result in increased public demand for certain open spaces and recreation assets including shade structures/shelters and tree plantings.	Additional costs may be incurred to fund additional facilities or structures with increased capacity. Increased likelihood of drought conditions will result in higher maintenance cost of parks and gardens and necessitate native and/or drought resistant plantings.

¹ <https://www.planning.nsw.gov.au/Research-and-Demography/Population-projections/Projections>
Figures to be updated following release of 2021 census data (projected for June 2022.)

3.18 Changes in Technology

- 4.1.3 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.
- 4.1.4 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.

3.19 Demand Management Plan

- 4.1.5 Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets, and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks, and managing failures.
- 4.1.6 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 State-managed parks or sporting facilities that may be in another council area.
- 4.1.7 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 plan.

Table 4.3.3: Demand Management Plan Summary

Demand driver	Demand Management Plan
Population	Develop upgrade and renewal works after consultation with the community and other stakeholders that will address their needs and expectations.
Demographics	Identify grant opportunities to ensure renewals and upgrades meet accessibility requirements.
Climate Change	Identify grant and funding opportunities to implement energy efficient features, which can be maximised during renewals and upgrades.

3.20 New Assets for Growth

- 4.1.8 New open spaces and recreation assets are those assets that Council did not previously possess, or infrastructure expenditure that upgrades or improves an existing asset beyond its existing capacity.
- 4.1.9 New assets may result from the need to support growth or to create additional service level capacity.
- 4.1.10 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.

- 4.1.11 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.
- 4.1.12 Council does not currently anticipate demand for new open spaces and recreation assets over the lifetime of this plan. However, the Council is well focused on managing how recent grant funded programs such as replacement work for playground equipment, tennis court upgrade etc may add to asset maintenance costs.

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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.

3.21 Background Data

Physical Parameters

- 5.1.1 This plan covers the open spaces and recreation assets that serve the Uralla Shire's community needs.
- 5.1.2 The asset inventory, values and conditions as per the current asset register are summarised in Table 5.1.2 below.

Table 5.1.2: Asset inventory, values and conditions

Open Spaces and Recreation Assets								
Gross Replacement Cost	Written Down Value	Annual Depreciation Expense	Condition					
			1	2	3	4	5	Unknown
\$2,854,439	\$1,822,600	\$ 202,882	59%	16%	22%	2%	0%	1%

Asset capacity and performance

- 5.1.3 Council's services are generally provided to meet design standards where these are available.
- 5.1.4 No known service performance deficiencies are available, however deficiencies will be identified from the knowledge of Council management, community enquiries, and Council inspections in be included in the next update of this plan.

3.22 Operations and Maintenance Plan

Maintenance Plan

- 5.1.5 Council's maintenance activities for open spaces and recreation assets include routine, proactive, specific and reactive maintenance.
- 5.1.6 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.
- 5.1.7 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.
- 5.1.8 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.
- 5.1.9 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.

- 5.1.10 Council's unplanned maintenance work is often carried out because of issues identified through customer requests for service.
- 5.1.11 Actual past operation and maintenance expenditure excluding depreciation is shown in Table 5.2.7 below.

Table 5.2.7: Historical operation and maintenance expenditure trends

Year	Operation and maintenance expenditure
2019/20	\$ 387,486
2020/21	\$ 524,572
2021/22	\$ 464,401

- 5.1.12 Assessment and prioritisation of reactive maintenance is undertaken by operational staff using experience and judgement.
- 5.1.13 Council's current operation and maintenance expenditure are combined. Council will need to consider undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance as well as undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (eg 50 – 70% planned desirable as measured by cost).

Standards and specifications

- 5.1.14 Maintenance work is carried out by Council staff in accordance with the relevant Standards and Specifications.

Summary of future operations and maintenance expenditures

- 5.1.15 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 as assets age and require maintenance and renewal.
- 5.1.16 Deferred maintenance, i.e. 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.
- 5.1.17 Maintenance is funded from the operating budget and grants where available.

Operations and Maintenance Strategies

- 5.1.18 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; and

- Review management of operations and maintenance activities to obtain best value for resources used.

3.23 Renewal/Replacement Plan

5.1.19 Council will strive to operate and maintain assets to provide the defined level of service to approved budgets in the most cost-efficient manners through:

- Forecasting operations activities to deliver the defined level of service in the most efficient and cost effective manner
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities;
- Developing infrastructure risk register for assets and present service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment.
- Implement workforce training and development to meet required operations and maintenance needs;
- Identifying under and over-used assets, appropriate remedies and customer demand management choices,
- Maintaining a current hierarchy of critical assets and required operations and maintenance activities; and
- Developing and regularly reviewing appropriate emergency response capability .

5.1.20 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.

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

5.1.22 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.

5.1.23 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.

5.1.24 Typically, open spaces and recreation 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

5.1.25 Assets requiring renewal are identified from estimates of remaining life obtained from the condition survey. The estimated service life of open spaces and recreation assets varies by asset type as set out in Table 5.3.6 below.

Table 5.3.6: Open Spaces and Recreation Asset Service Life

Asset type	Asset Service Life (Years)
Soft fall	5
Cricket pitch	5
Shade sails	5-50
Liberty Swing	10
Shelters – (Park, BBQ)	10-30
Lighting – (Tennis Courts, Park)	10-30
BBQs	10-25
Caravan Park Camp Kitchen	15
Cemetery infrastructure (eg pergola, beams)	15-30
Playground, fitness equipment	15-25
Park tables/seating	15-30
Park Signage	15
Drinking fountain	15
Park bins	15
Drainage	20
Fencing	20
Water tank	20
Skate park	30
Caravan park septic	30
Caravan park electrical	30
Tennis courts	30
Multipurpose courts	50
Cemetery niche wall	100

5.1.26 Based on the asset conditions recorded in the asset register, approximately 49% of Council's open spaces and recreation assets have a remaining life estimated to be greater than 15 years as shown in Figure 5.3.7 below.

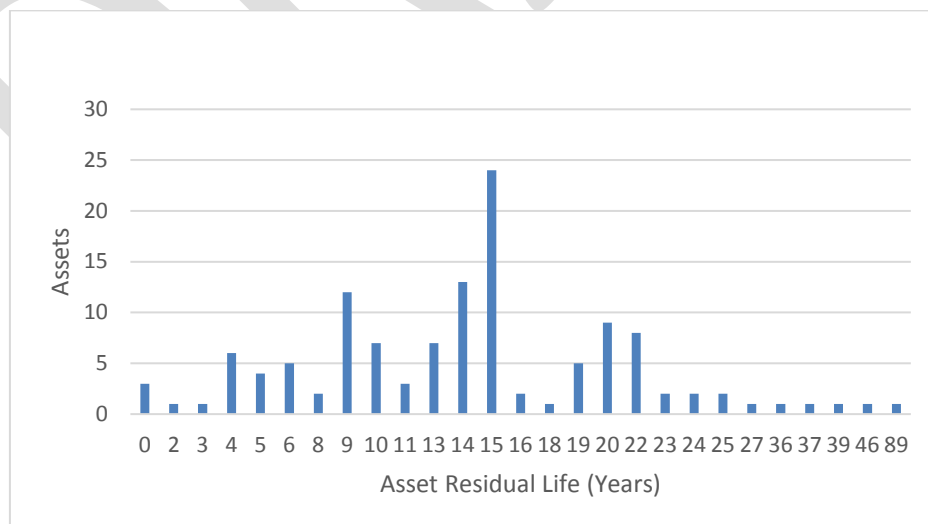


Figure 5.3.7: Open Spaces and Recreation Assets Residual Life as at 30 June 2021

5.1.27 Council's next scheduled assessment will examine the condition of the open spaces and recreation assets and determine renewal requirements. This 10-year (2022-32) renewal plan

has been prepared with current condition information. This will be updated on completion of new assessment and included in future revisions of this plan.

Renewal and replacement strategies

5.1.28 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 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 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

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

Summary of projected renewal expenditure

5.1.30 Projected future renewal expenditures are forecast to increase over time as the asset stock ages. The projected capital renewal program has been prepared for the next 10 years in this plan.

5.1.31 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.

5.1.32 Renewals are to be funded from capital works programs and grants where available. Assets which reach 'end of life' will only be renewed or replaced if grant funded or if council is able to fund renewals.

Impact of Deferring Renewal Works

- 5.1.33 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.
- 5.1.34 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.

3.24 Creation/Acquisition/Upgrade Plan

- 5.1.35 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 on page 13.
- 5.1.36 Council does currently anticipate any new open spaces and recreation assets over the lifetime of this plan. However, upgrades based on current condition rating has been planned in the medium term such as Fuller Park, Pioneer Park, The Glen and Rotary Park upgrades.

3.25 Disposal Plan

- 5.1.37 Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation.
- 5.1.38 No open spaces and recreation assets are currently identified for possible decommissioning and disposal.

6. RISK MANAGEMENT

3.26 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 Once the asset criticality and likelihood have been identified and rated, the risk score can be calculated. The risk matrix in Table 6.1.3 below shows the resulting range of ratings

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

3.27 Strategic Infrastructure Risks

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

3.28 Critical Assets

6.1.6 Council has not identified any open spaces and recreation assets as critical assets. However, Council will continue reviewing infrastructure risks and reporting in accordance to Table 6.3.1 below

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	<ul style="list-style-type: none"> • Designs prepared and construction projects supervised by suitably qualified and experienced people • Repair structural faults or hazards that may injure an occupant 	Y	N/A
Damage caused by vandalism including graffiti	Possible	Moderate	Medium	<ul style="list-style-type: none"> • Install security systems • Hold adequate insurance 	Y	
Overall condition of assets decrease due to inadequate renewal and maintenance programs	Likely	Moderate	High	<ul style="list-style-type: none"> • Inspect assets regularly, Conduct routine maintenance and 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	Moderate	Medium	None	N	Obtain alternative supply arrangements
Open spaces and recreation assets are damaged or destroyed by fire, severe storm, or flooding	Unlikely	Major	High	<ul style="list-style-type: none"> • Monitor known flooding hot spots • Hold adequate insurance 	Y	
Impact on climate change on assets	Possible	Major	High	Monitor conditions of assets	Y	.Develop strategies to manage climate change
Assets fail to meet the Disability Discrimination Act requirements or other codes	Possible	Minor	Medium	<ul style="list-style-type: none"> • Assess assets • Optimise funding 	Y	

6.1.7 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 high

7. FINANCIAL SUMMARY

3.29 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 open spaces and recreation operations, maintenance and capital over the next ten years is forecast to be approximately \$12,090,879 with annual forecasted averaged expenditure \$1,209,088 (including new assets) and revenue of \$173,787. Forecasted operational expenditure for the ten year cycle will be approximately \$8,766,009 which equates to 73 % of the total forecasted expenditure (including capital renewals).
- 7.1.3 Projected operating (operations and maintenance) expenditure (assets) and depreciation expenditure and estimated income from open space and recreation assets are set out in Table 7.1.3 in Appendix B.

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. Although the plan provides optimal year of renewals for each asset, to set the estimate 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.
- 7.1.5 Projected capital expenditure (renewal and upgrade/expansion/new assets), net of disposal expenditure are set out in Table 7.1.4 in Appendix B.
- 7.1.6 Note that all costs are shown in 2021 dollar values in Tables 7.1.3 and 7.1.4 in appendix B. (Shortfall gap : -ve = gap, +ve = surplus). Council has to monitor the budgeted and actual costs of routine activities undertaken and costs incurred to sustain the asset in a functional state in accordance with Special schedules – Local Government Code of Accounting 2021/22 – Section 4.
- 7.1.7 Combined projected operating (operations and maintenance) expenditure (assets) and capital renewal cost for open space and recreation assets are provided in Figure 7.1.7 below. The first year of this plan benefits from known grants for parks, gardens and open space asset renewals and upgrades. Figure 7.1.8 illustrates required capital renewal costs (funded internally or through a grant funding opportunity) and known grant capital renewal costs

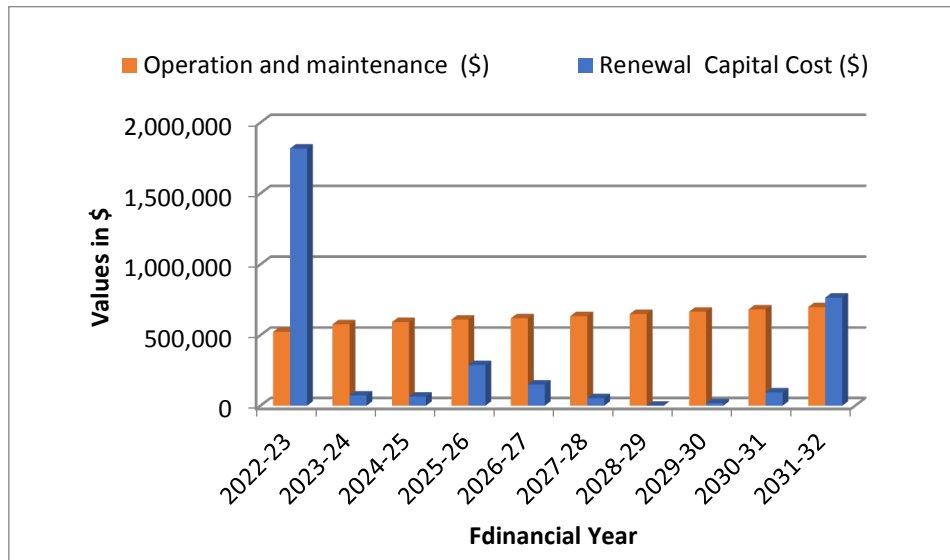


Figure 7.1.7. Operation and maintenance and capital renewal costs 2022-32

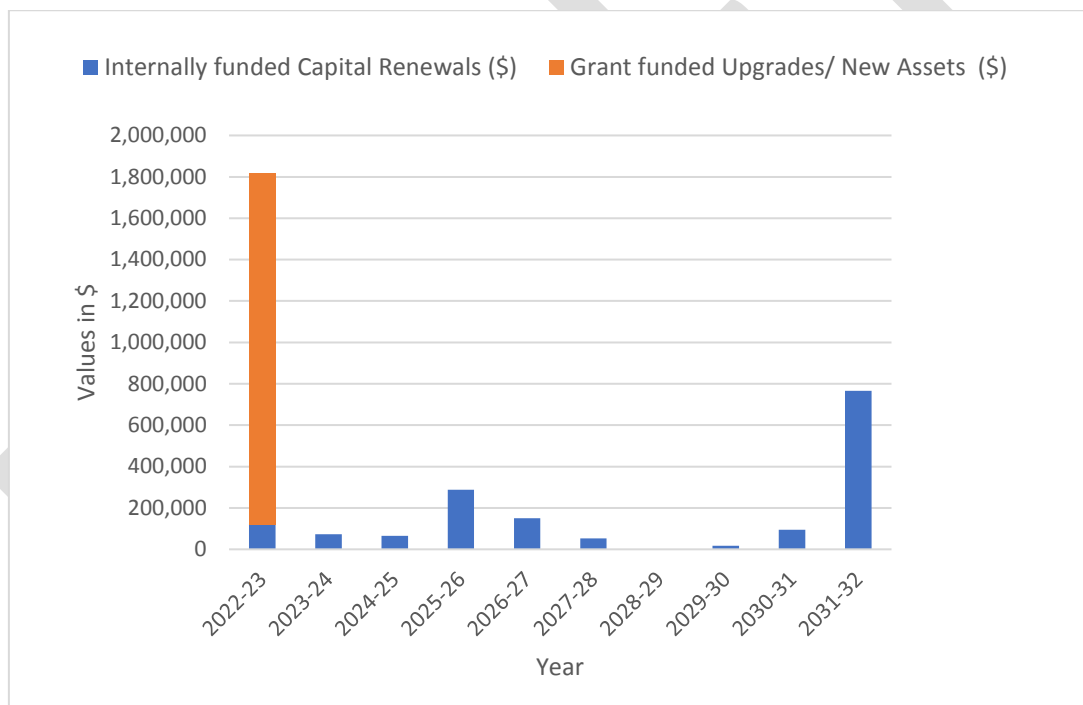


Figure 7.1.8. Capital renewal costs (internally funded or through a grant and known grant funded upgrades/new assets) 2022-32

7.1.8 Council has not yet undertaken targeted consultation with the community regarding service levels and has not agreed to a condition level for Council's assets, therefore, the estimated cost to bring to a satisfactory standard (required renewals) has been measured against the condition 2 rating of 'Good' as stated in the Integrated Planning and Reporting Manual for local government in NSW.

Financial sustainability in service delivery

- 7.1.9 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.
- 7.1.10 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.
- 7.1.11 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.
- 7.1.12 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. The life cycle cost for the open spaces and recreation assets is \$876,601 per year (operations and maintenance expenditure plus depreciation expense).
- 7.1.13 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.
- 7.1.14 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.
- 7.1.15 A shortfall between life cycle cost and life cycle expenditure is the life cycle gap.
- 7.1.16 Assets requiring renewal have been identified using Asset Register data to project the renewal costs for renewal years using acquisition year and useful life.
- 7.1.17 The expenditure projections in Tables 7.1.3 and 7.1.4 are 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. Table 7.1.17 sets out Council's detailed Projected 10 year Capital works plan.
- 7.1.18 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.
- 7.1.19 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.

Table 7.1.17: Projected 10 year Capital Works Program 2022 – 2032

Financial Year	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Total capital renewal cost
Cemeteries	0	0	0	0	0	0	0	4027	0	0	4027
Known grants for capital expansion/upgrades	0	0	0	0	0	0	0	0	0	0	0
Capital Renewals	0	0	0	0	0	0	0	4,027	0	0	4,027
Parking Facilities	0	0	11,740	0	0	0	0	0	0	0	11,740
Known grants for capital expansion/upgrades	0	0	0	0	0	0	0	0	0	0	0
Capital Renewals	0	0	11,740	0	0	0	0	0	0	0	11,740
Parks, Gardens and Open Space	1,734,768	0	12,485	101,482	10,851	53,394	0	13,766	59,055	185,877	2,171,677
Capital Renewals	38,768	0	12,485	101,482	10,851	53,394	0	13,766	59,055	185,877	475,677
Known grants for capital expansion /upgrades	1,696,000			0	0	0	0	0	0	0	1,696,000
Sporting Grounds & Facilities	82,704	57,047	28,625	184,836	139,480	0	0	0	29,246	554,998	1,076,936
Known grants for capital expansion/upgrades	0	0	0	0	0	0	0	0	0	0	0
Capital Renewals	82,704	57,047	28,625	184,836	139,480	0	0	0	29,246	554,998	1,076,936
Caravan Parks & Camping Grounds	0	15,500	11,740	2,200	0	0	0	0	6,000	25,050	60,490
Known grants for capital expansion/upgrades	0	0	0	0	0	0	0	0	0	0	0
Capital Renewals	0	15,500	11,740	2,200	0	0	0	0	6,000	25,050	60,490
Total capital renewal cost	1,817,472	72,547	64,590	288,518	150,331	53,394	0	17,793	94,301	765,925	3,324,870

Long term – 10 year financial planning period

- 7.1.20 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.
- 7.1.21 The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is \$1,209,088 per year.
- 7.1.22 Estimated capital renewal funding is \$332,487 per year. This is the projected expenditures needed for upgrades and capital renewals needed to provide the services documented in the asset management plan.

Medium Term – 5 year financial planning period

- 7.1.23 The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$320,967 per year.

Financial Sustainability Indicators

- 7.1.24 Providing services from infrastructure in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and funding to achieve financial sustainability.
- 7.1.25 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.
- 7.1.26 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.
- 7.1.27 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, service levels, and costs with the community.

3.30 Funding Strategy

- 7.1.28 Council funds open spaces and recreation assets through grants, general funds, and borrowings. However, in some instances community clubs maintain some sports facilities.
- 7.1.29 Grant funding is required when major projects need to be undertaken.
- 7.1.30 General funds are used in two ways for our open spaces and recreation assets. Firstly, they are used to support the maintenance of our open spaces and recreation assets. Secondly, they are used to build an asset renewal reserve each year. However, general funds is never enough for the Council to achieve its organisation objectives. Other options such as creating income generating activities, grant funding for renewal projects, disposing surplus or underutilised assets and making greater use of under- used resources will be explored.
- 7.1.31 Council also has the option of borrowing to support investments in open spaces and recreation assets. This option requires careful monitoring of Council's debt service ratio.
- 7.1.32 Council will apply Uralla Shire Council Section 7.12 Development Contributions Plan 2021 – Fixed Levy to provide the appropriate public facilities which are required to maintain and enhance amenity and service delivery within the area

3.31 Valuations

Asset valuations

7.1.33 The value of assets recorded in the asset register as at 30 June 2021 covered by this asset management plan is shown below. Open spaces and recreation assets were last revalued at 30 June 2021 and the following vales have been projected based on 2021 dollar values.

• Current Replacement Cost	\$2,854,439
• Depreciable Amount	\$2,058,291
• Annual Depreciation Expense	\$202,882
• First year capital renewal	\$121,472
• First year capital upgrade	\$1,696,000

7.1.34 Council's sustainability reporting reports the rate of annual asset consumption and compares this to asset renewal and asset upgrade and expansion as follows:

• Asset Consumption (Depreciation Amount /Replacement cost) (Desired >= 100%)	78%
• Asset renewal ratio (Asset renewals/Depreciation) (Desired >= 100%)	60%
• Annual Upgrade/New (Capital upgrade exp/ Depreciable amount)	59%

7.1.35 Council is currently renewing assets at 60% of the rate they are being consumed of the rate they are being consumed (the benchmark is greater than 100%²) and upgrading its asset stock by 59%.

7.1.36 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. It may be cheaper in the long run to intervene more frequently than to allow an asset to fall into a condition requiring major works.

Valuation Forecasts

7.1.37 Asset values are forecast to increase over the first year planning period as due to grant funded renewal works.

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

² Special schedules – Local Government Code of Accounting 2021/22 – Section 4

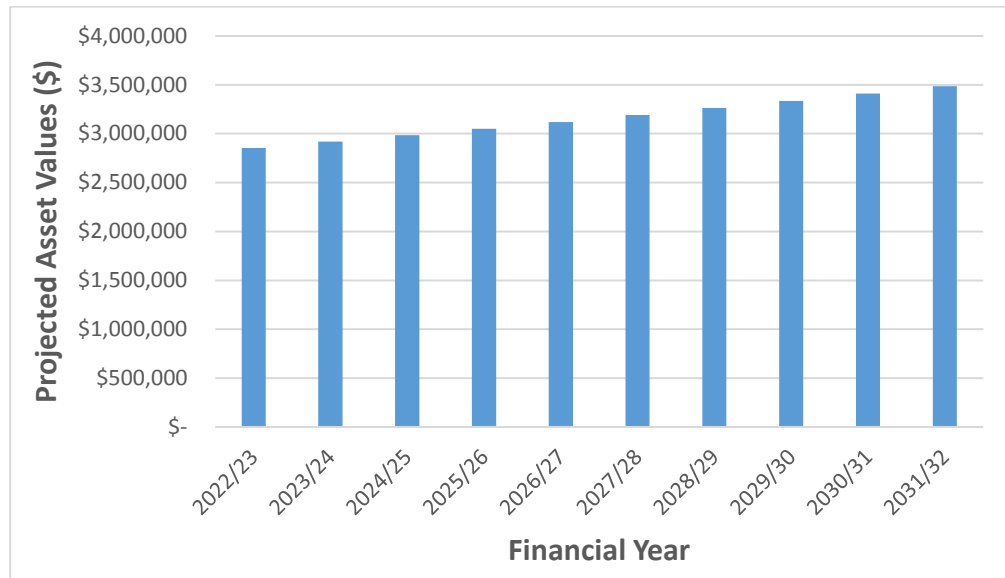


Figure 7.3.6: Projected Asset Values 2022 to 2032

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

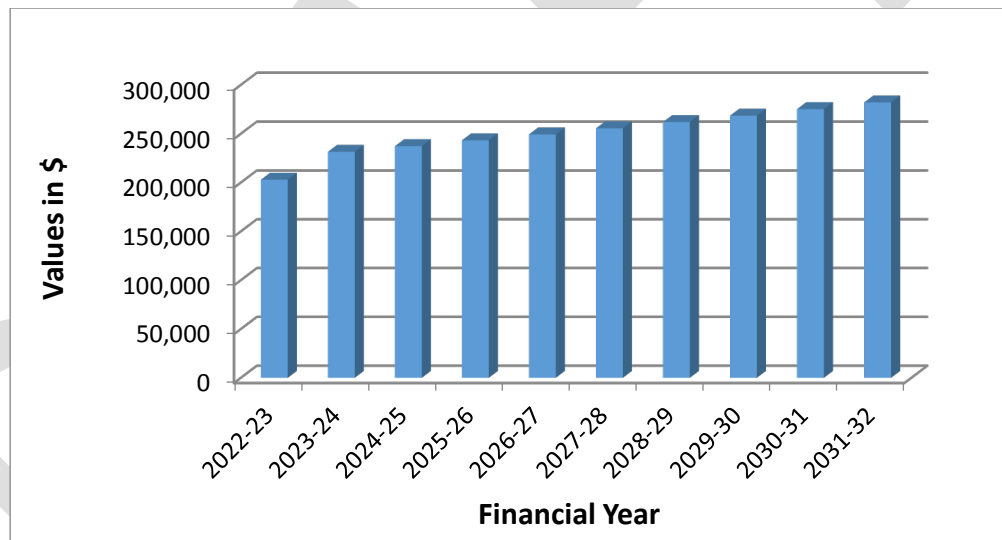


Figure 7.3.7: Projected Depreciation Expense

- 7.1.40 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.

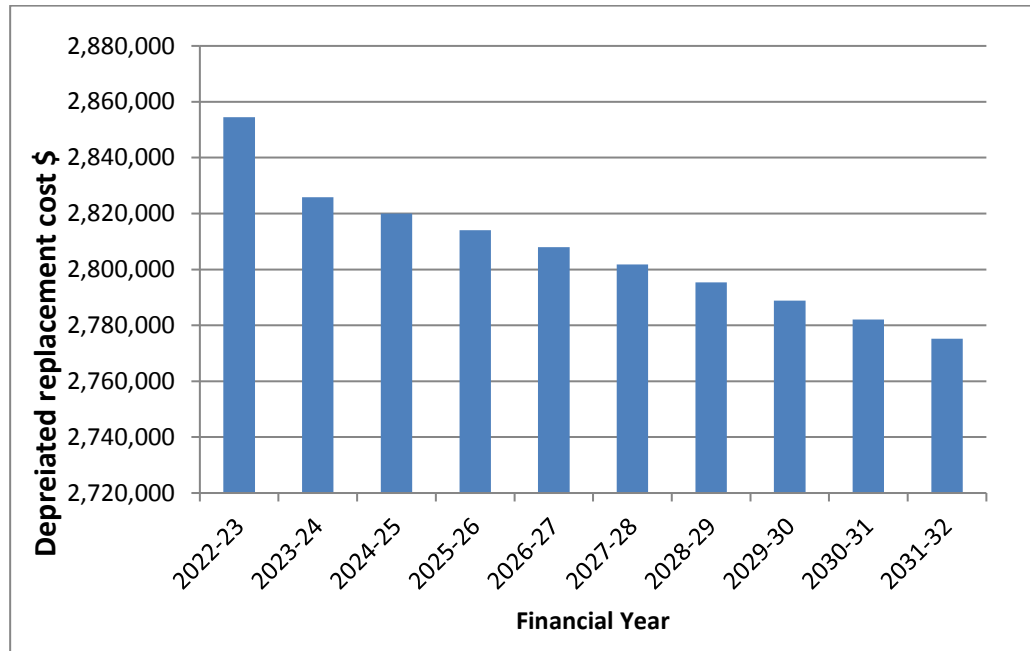


Figure 7.3.8: Projected Depreciated Replacement Cost

3.32 Factors affecting open spaces and recreation assets

Funding Uncertainties

- 7.1.41 Uralla Shire Council is highly reliant on grant funding and its rates revenues are limited.
- 7.1.42 Based on the size of our communities, it is difficult to fund the provision of our open spaces and recreation assets. Council will need to seek ongoing government funding, where available, to maintain and enhance our open spaces and recreation assets.

Council's asset renewal backlog

- 7.1.43 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.
- 7.1.44 Council's asset renewal backlog will need to be funded.

Staff and resource shortages

- 7.1.45 As with financial constraints on the provision of our open spaces and recreation 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

3.33 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;
 - Ensure valuations match 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 open spaces and recreation assets, 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 open spaces and recreation facilities 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 open spaces and recreation 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 A.
- 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.
- 8.1.13 The general ledger in Magiq Reporting and Authority may require recoding to allow Council to differentiate between operational costs, maintenance costs, upgrades, refurbishment and renewal costs. Further research is required to ascertain if this recoding is necessary

Information Flow Requirements and Processes

- 8.1.14 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.
- 8.1.15 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.
- 8.1.16 The information flows listed above will impact the Long Term Financial Plan, annual budget, and departmental business plans and budgets.

3.34 Improvement Program

8.1.17 The open spaces and recreation facilities asset management improvement program generated from this asset management plan is shown in Table 8.2.1.

Table 8.2.1: Improvement Program

No	Action	Priority	Responsibility	Timeline
1	Review and confirm expenditure for all categories into renewals, new, maintenance and operational	High	Asset Manager	Two years
2	Review and adopt acceptable Level of Services in consultation with community, update any changes and measure progress annually	High	Asset Manager	2024/25
3	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	2023/24
4	Prioritise and plan 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	High	Asset Manager	2024/25
5	Prioritise and plan 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
6	Review and update future life cycle costs (unit rates) to improve accuracy of estimated lifecycle costs	Medium	Asset Manager	2024

3.35 Monitoring and Review Procedures

8.1.18 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.

8.1.19 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.

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

3.36 Performance Measures

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

- The degree to which the required projected expenditures identified in this AMP are incorporated into the organisation's long term financial plan;
- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the AMP; and
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the organisation's Strategic Plan and associated plans.

Key Performance Benchmarks

8.1.22 Council monitors and assesses its performance with respect to maintaining and renewing its assets using key performance benchmarks. These benchmarks are used to measure how well Council is meeting the community's expectations in relation to the condition of its assets.

8.1.23 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.

8.1.24 By using community-focussed performance benchmarks, Council maintenance and improvements to open spaces and recreation assets are directly relevant to the community.

8.1.25 The key performance benchmarks that have been established for the open spaces and recreation assets are outlined in Table 3.5.2 on page 8.

REFERENCES

- 1 NSW Office of Local Government, 2021, *Integrated Planning & Reporting Handbook for Local Councils in NSW*, ISBN 978-1-922001-90-0, www.olg.nsw.gov.au.
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- 3 Institute of Public Works Engineering Australasia (IPWEA), 2006, *International Infrastructure Management Manual*, Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au.
- 4 Institute of Public Works Engineering Australasia (IPWEA), 2008, *NAMS.PLUS Asset Management* Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/namsplus**Error! Hyperlink reference not valid..**
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- 6 International Infrastructure Management Manual (IIMM) 6th edition, Institute of Public Works Engineering Australasia (IPWEA, 2021)

APPENDICES

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| Appendix A | Key Stakeholder Responsibilities |
| Appendix B | Projected Operation, Maintenance and Capital expenditures 2022-2032 |
| Appendix C | Glossary of Terms |

Appendix A – Key Stakeholder Responsibilities

Stakeholder	Role in Open Spaces and Recreation Facilities Asset Management Plan
Councillors	<ul style="list-style-type: none"> Represent needs of community. Allocate resources in consultation with General Manager
General Manager	<ul style="list-style-type: none"> Allocate resources to meet the organisation's objectives in providing services while managing risks. Authorise Delegations of Authority to undertake AMP works. Ensure organisation is financial sustainable.
Manager Finance & IT	<ul style="list-style-type: none"> Ensure organisation is financial sustainable.
Executive Director Infrastructure & Development	<ul style="list-style-type: none"> Coordinate the budget. Identify changes in work flows or Council requirements.
Asset Manager	<ul style="list-style-type: none"> Schedule the works and maintenance as per the Asset Management Plan.
	<ul style="list-style-type: none"> Oversee the works of the Asset Management Plan.
Contractors / Employees	<ul style="list-style-type: none"> Undertake the works as per the schedule.
Residents, business owners, and members of the public	<ul style="list-style-type: none"> Provide feedback to Council regarding services and customer service Report safety and maintenance issues to Council regarding community infrastructure Contribute to community engagement programs run by Council

Appendix B – Operation, Maintenance and Capital Cost 2022-2032

Table 7.1.3: Projected Operating Expenditure, revenue level and expenditure deficit 2022 - 2032

Year	Projected operational Expenditure \$			Total income (\$)	Deficit (\$)
	Operation and maintenance (\$)	Depreciation (\$)	Total operational expenditure (\$)		
2022-23	523,876	202,882	726,758	155,900	-570,858
2023-24	577,228	231,504	808,732	159,331	-649,401
2024-25	593,369	237,292	830,661	162,996	-667,665
2025-26	610,383	243,224	853,607	166,906	-686,701
2026-27	619,962	249,305	869,267	171,076	-698,191
2027-28	635,339	255,537	890,876	175,350	-715,526
2028-29	650,444	261,925	912,369	179,730	-732,639
2029-30	666,566	268,474	935,040	184,220	-750,820
2030-31	682,433	275,186	957,619	188,823	-768,796
2031-32	699,015	282,065	981,080	193,540	-787,540
10 year=	6,258,615	2,507,394	8,766,009	1,737,872	-7,028,137
5 year=	2,924,818	1,164,207	4,089,025	816,209	-3,272,816

Table 7.1.4: Projected renewal capital cost net of disposals 2022 – 2032

Year	Projected capital renewals expenditure \$			Disposals	Net Capital Renewal Cost (\$)
	Capital Renewals (\$)	Upgrades/ New Assets (\$)	Renewal Capital Cost (\$)		
2022-23	121,472	1,696,000	1,817,472	0	1,817,472
2023-24	72,547	0	72,547	0	72,547
2024-25	64,589	0	64,589	0	64,589
2025-26	288,518	0	288,518	0	288,518
2026-27	150,331	0	150,331	0	150,331
2027-28	53,394	0	53,394	0	53,394
2028-29	0	0	0	0	0
2029-30	17,793	0	17,793	0	17,793
2030-31	94,301	0	94,301	0	94,301
2031-32	765,925	0	765,925	0	765,925
10 year=	1,628,870	1,696,000	3,324,870	0	3,324,870
5 year=	697,457	1,696,000	2,393,457	0	2,393,457

Appendix C – 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, eg. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

Capital expenditure - new

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

Capital expenditure - renewal

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