

District Council of **ROBE**

Buildings and Structures



Asset Management Plan



Version

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Asset Management for Small, Rural or Remote Communities Practice Note

The Institute of Public Works Engineering Australia.

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1. EXECUTIVE SUMMARY

Context

The District Council of Robe is situated on Guichen Bay, about 350km south east of Adelaide. Robe has a population of approximately 1,400 people in winter months, with an influx of 15,000 people every summer.

Council has ageing infrastructure and in particular the road network and marina infrastructure needs maintenance, renewal and upgrading.

The Infrastructure Service

The infrastructure network comprises:

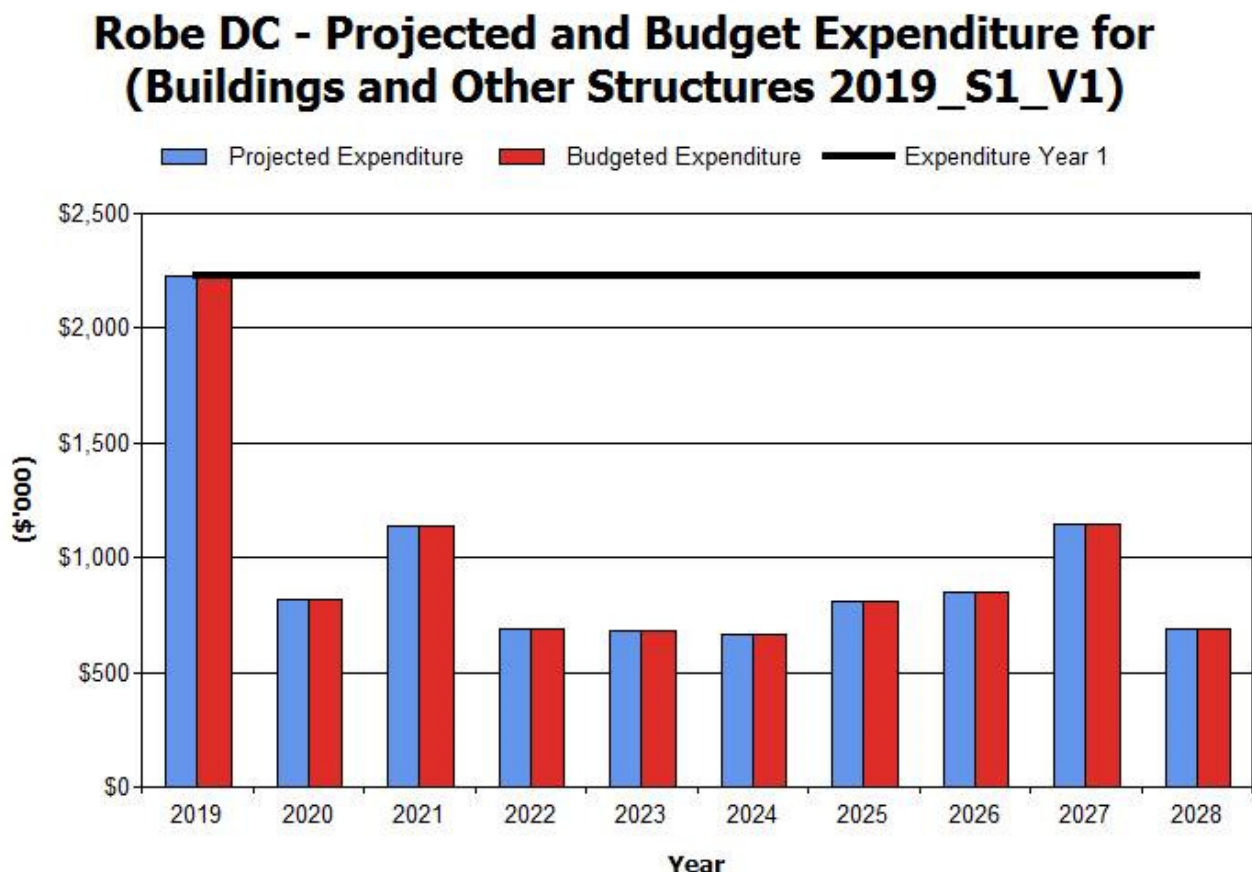
- Buildings and Other Structures
- Other Community Assets

These infrastructure assets have a replacement value of \$16,973,000

What does it Cost?

The projected cost to provide the services covered by this Asset Management Plan includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$10,715,000 or \$1,071,500 per year.

Council's estimated available funding for this period is \$9,721,000 or \$972,100 per year which is 100% of the cost to provide the service. Projected and budgeted expenditure are shown in the graph below.



Council's present funding levels are sufficient to continue to provide existing services at current levels in the medium term.

What we will do

Council plans to provide operation, maintenance, renewal and upgrade of infrastructure service assets to meet service levels set by council in annual budgets within the 10 year planning period.

What we cannot do

Council does not have enough funding to provide all services at increased service levels or provide new services.

Managing the Risks

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

- Insufficient resources including funding and staff to replace/renew assets in accordance with renewal forecasts.
- Incomplete/inaccurate asset data, particularly the condition of the road, marina and common effluent assets.

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

- Conducting regular condition assessments and site inspections to determine the remaining useful life of assets and maintenance requirements.
- Request funding for renewals as required and monitor trends of maintenance.

The Next Steps

The actions resulting from this asset management plan are:

- Continue to improve the data in relation to condition assessments of infrastructure assets.
- Use the condition assessments of infrastructure assets to better determine the remaining useful life.

2. INTRODUCTION

2.1 Background

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

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

- District Council of Robe Strategic Plan 2014-2018
- District Council of Robe Long Term Financial Plan 2019-2028
- Development Plan
- Annual Budget

This infrastructure assets covered by this asset management plan are shown in Table 2.1.

Table 2.1: Assets covered by this Plan

Asset category	Replacement Value
Buildings and Other Structures	\$16,798,000
Other Community Assets	\$ 175,000
TOTAL	\$16,973,000

2.2 Goals and Objectives of Asset Management

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

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

- Taking a life cycle 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 demand management and infrastructure investment,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices.¹

The goal 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.

¹ IPWEA, 2006, *IIMM* Sec 1.1.3, p 1.3.

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

Council's vision is:

The District Council of Robe will be a vibrant, harmonious and prosperous place to live, work & visit.

Council's mission is:

The District Council of Robe will achieve its vision by;

- ***Building a sense of community***
- ***Maintaining our built natural environment***
- ***Providing strong leadership and prudent stewardship***
- ***Delivering services within a sound financial framework***

Relevant goals and objectives and how these are addressed in this asset management plan are shown in Table 2.2.

Table 2.2: Organisation Goals

Goal	Objective	How Goal and Objectives are addressed in AMP
Governance and Financial sustainability – Provide leadership, good governance, and efficient, effective and responsive Council services	<ul style="list-style-type: none"> • Safeguarding Council assets by implementing appropriate asset management strategies and appropriate financial resources for those assets. • Creating an environment where Council Elected Members and senior staff take an integral part in overall management of Council assets by creating and sustaining an asset management awareness throughout the organisation by training and development. • Meeting legislative requirements for asset management. 	This asset management plan documents the strategies and funding levels for asset replacement, renewal & upgrades over the long-term to ensure the ongoing financial sustainability of the Council.

2.3 Plan Framework

Key elements of the plan are

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

2.4 Core and Advanced Asset Management

This asset management plan is prepared as a first cut 'core' asset management plan in accordance with the International Infrastructure Management Manual². It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

2.5 Community Consultation

This 'core' asset management plan is prepared to facilitate community consultation initially through feedback on public display of draft asset management plans prior to adoption by 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 to pay for the service.

² IPWEA, 2006.

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

Council has not carried out any research on customer expectations. This will be investigated for future updates of the asset management plan.

3.2 Legislative Requirements

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

Table 3.2: Legislative Requirements

Legislation	Requirement
Local Government Act	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
Local Government (Financial Management and Rating) Amendment Act 2005	Impetus for the development of a Strategic Management Plan, comprising an (Infrastructure) Asset Management Plan and Long-term Financial Plan
Work Health and Safety Act 2012	An Act to provide for the health, safety and welfare of persons at work.
Disability Discrimination Act 1992	The objectives of this act are to eliminate, as far as possible, discrimination against persons on the grounds of disability. It sets the standard for accessibility.
Development Act 1993	An Act to provide for planning and regulate development in the State; to regulate the use and management of land and buildings; to make provision for the maintenance and conservation of land and buildings where appropriate; and for other purposes.
Building Code of Australia	The Building Code of Australia (BCA) is a uniform set of technical provisions for the design and construction of buildings and other structures throughout Australia.
Food Safety Act 2003	The objectives of this Act include the following: (a) To ensure food for sale is both safe and suitable for human consumption, (b) To prevent misleading conduct in connection with the sale of food, (c) To provide for the application in this State of the Food Standards Code. In particular, Part 5 Improvement notices and prohibition orders for premises or equipment impact on this Asset Management Plan.
National Asset Management Framework Legislation 2010	Focuses on long term financial sustainability and provides a mandate to have long term strategy, financial statements and annual reporting mechanisms.
Australian Accounting Standards	Sets out the financial reporting standards for the (re)valuation and depreciation of assets

3.3 Current Levels of Service

Council has defined service levels in two terms.

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.

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

Quality	How good is the service?
Function	Does it meet users' needs?
Capacity/Utilisation	Is the Service over or under used?
Accessibility	Is the Service accessibly to all users?
Safety	Is the service safe?

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

Technical service measures are linked to annual budgets covering:

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

Council's current service levels are detailed in Table 3.3.

Table 3.3: Current Service Levels

Key Performance Measure	Level of Service Objective	Performance Measure Process	Desired Level of Service	Current Level of Service
COMMUNITY LEVELS OF SERVICE				
Quality	Provide buildings and structures that are clean, attractive to users and damage free	Number of complaints from users per year	Less than 2 per year	Customer complaints are recorded however a formal system needs to be set up and resources need to be allocated to accurately measure complaints across buildings and structures
Function	Provide buildings and structures that meet user requirements	Regular contact with tenants and users providing an opportunity to raise functionality issues	All items and fixtures are to be in working order	Council does regular inspections Council does contact tenants and users however a formal system need to be set up and resources need to be allocated to accurately measure functionality issues
Capacity/Utilisation	Provide buildings with a capacity matched to need	Regular contact with tenants and users providing an opportunity to raise capacity/utilisation	100% Compliance	Council does contact tenants and users however a formal system needs to be set up and resources need to be

		issues		allocated to accurately measure capacity/utilisation issues
Accessibility	Provide buildings that are accessible to all	Implementation of Disability Discrimination Act	100% Compliance	Disability access plan needs to be developed and further resources allocated to enable the development of the plan
Safety	Provide safe suitable buildings and structures free from hazards	Number of Injury and/or property damage claims	Less than 2 per year	Hazards, incidents and near misses are reported and investigated and action undertaken to rectify any issues Claims are less than 2 for the past year

TECHNICAL LEVELS OF SERVICE				
Operations	Ensure buildings are kept clean and have good sanitation	Number of complaints	Cleaning frequency is monitored and increased during the Christmas and Easter periods as required	Council does regular inspections Customer complaints are recorded and acted upon to ensure building are clean and have good sanitation
Maintenance	Buildings are suitable for purpose	Reactive service requests completed in a timely manner	Buildings and Structures maintenance program meets community expectations	Council has commenced the development of a building maintenance program however further resources need to be allocated to include structures
Renewal	Buildings and Structures are safe and reliable	Annual renewal program is delivered on time and within budget	Renewal of buildings and structures that the community is willing to accept and pay for	Capital works program is on target
Upgrade/New	Buildings and structures are suitable for their purpose	Monitor to determine upgrade requirements	Buildings and Structures meets the capacity and safety requirements of the community	New or upgraded buildings and structures are signed off by the relevant authority to ensure capacity and safety requirements are met

3.4 Desired Levels of Service

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

4. FUTURE DEMAND

4.1 Demand Forecast

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

Demand factor trends and impacts on service delivery are summarised in Table 4.1.

Table 4.1: Demand Factors, Projections and Impact on Services

Demand factor	Present position	Projection	Impact on services
Population	1,400	+0.1%	Nominal

4.2 Changes in Technology

Technology changes are forecast to have little effect on the delivery of services covered by this plan.

4.3 Demand Management Plan

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

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

There are no opportunities identified to date for demand management. Opportunities will be considered and developed in future revisions of this asset management plan.

4.4 New Assets for Growth

There are no additional building and structure assets resulting from growth over the next ten years unless significant government funding becomes available.

5. LIFECYCLE MANAGEMENT PLAN

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

5.1 Background Data

5.1.1 Physical parameters

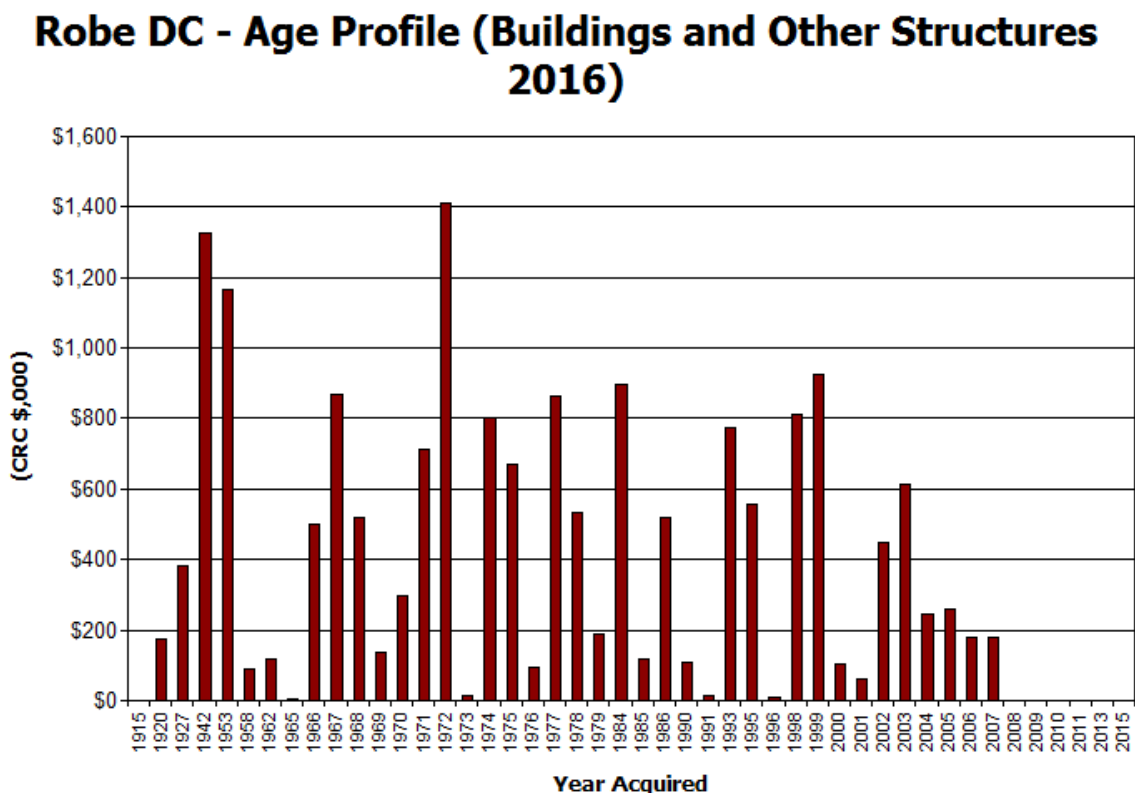
The assets covered by this asset management plan are shown in Table 2.1.

Building and Structure assets are provided for the community throughout Robe. The majority of assets were constructed or reconstructed in their current forms from about the 1940's through to 1970's and reconstructions continue to occur as required.

The Council owns and maintains buildings of varying size, purpose and quality. These are used for a variety of civic, operational, community, sporting and commercial purposes. The most prominent civic building is the Robe institute which houses the Library and Visitor Information Centre. Other buildings include the Council depot, Council offices and community buildings, among them being a Caravan Park and Sporting Clubrooms.

The following age profile has been developed based on a combination of data of known acquisition dates and assumed acquisition dates. The assumed acquisition dates rely on extrapolating acquisition dates based on the current condition of the asset. This is considered to be the best method for estimating with the present data. Improvement in this data will continue to be made and is noted in the Improvements section of this plan.

Figure 2: Asset Age Profile



5.1.2 Asset capacity and performance

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

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

Table 5.1.2: Known Service Performance Deficiencies

Location	Service Deficiency
Robe	Some buildings are ageing and no longer fit for purpose, in need of major renewal, a review of the key stakeholder requirements to be conducted.
Disability Access across Buildings and structures	Unable to be used by certain members of the Community. A review shall be conducted to determine an appropriate strategy to identify deficiencies and enhance the user experience at these facilities.

The above service deficiencies were identified from inspections

5.1.3 Asset condition

Asset condition data has been updated at 1/7/18 in conjunction with the Asset Revaluation by AssetVal Pty Ltd

5.1.4 Asset valuations

The value of assets recorded in the asset register as at 01/07/2018 covered by this asset management plan is shown below. Assets were last revalued at 01/07/2018.

Current Replacement Cost	\$16,973,000
Depreciable Amount	\$16,973,000
Depreciated Replacement Cost	\$ 8,740,000
Annual Depreciation Expense	\$ 356,000

Council's sustainability reporting reports the rate of annual asset consumption and compares this to asset renewal and asset upgrade and expansion.

Asset Consumption (Depreciation/Depreciable Amount)	2.10%
Asset renewal (Capital renewal exp/Depreciable amount)	9.4%
Annual Upgrade/New (Capital upgrade exp/Depreciable amount)	0%
Annual Upgrade/New (including contributed assets)	0%

Council is currently renewing assets at 450% of the rate they are being consumed and increasing its asset stock by 0% each year.

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

5.1.5 Asset hierarchy

No authority can deliver everything, all of the time. In fact, in line with good practice and affordable service delivery, it may not be practical or cost effective to deliver the same level of service across the entire asset portfolio.

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

Council does not have an asset hierarchy or service level hierarchy. This will be developed in future revisions of this asset management plan.

5.2 Risk Management Plan

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

Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the Infrastructure Risk Management Plan are summarised in Table 5.2.

Table 5.2: Critical Risks and Treatment Plans

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Associated Costs
All Buildings	Electrical/Switchboard failure	High	Regular switchboard maintenance and RCD testing undertaken by contractor. Testing and tagging of electrical equipment.	\$3,000 per Annum
All Buildings	Fire Damage	High	Regular building condition assessment and maintenance inspections. Regular maintenance of fire detection and fighting equipment as per legislative requirements.	\$5,000 per Annum
All Buildings	Lack of funding provision for maintenance, operations and renewal activities resulting in declining asset condition	High	Ensure adequate annual funding is allocated for the maintenance, operation and renewal of building assets.	\$620K of Reactive Maintenance is included throughout the LTFP which is currently sufficient
All Buildings	Lack of maintenance inspections	High	Ensure building maintenance inspections are conducted annually.	Maintenance Inspections included in \$620K above.

5.3 Routine Maintenance Plan

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

5.3.1 Maintenance plan

Maintenance includes reactive, planned and specific maintenance work activities.

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

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

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

Actual past maintenance expenditure is shown in Table 5.3.1.

Table 5.3.1: Maintenance Expenditure Trends

Year	Maintenance Expenditure
Previous Year 2016	\$467,133
Previous Year 2017	\$464,957
Last Year 2018	\$500,161

Further condition assessments need to be undertaken to determine if current maintenance expenditure levels are adequate. Future revision of this asset management plan will include linking required maintenance expenditures with required service levels.

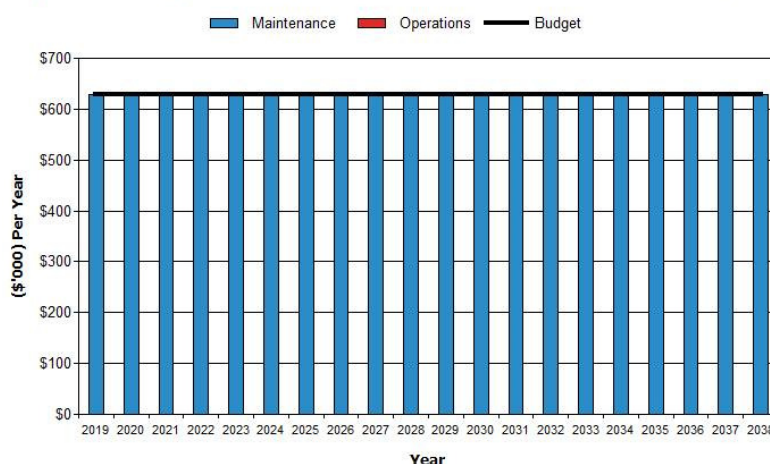
Assessment and prioritisation of reactive maintenance is undertaken by operational staff using experience and judgement.

5.3.3 Summary of future operations and maintenance expenditures

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 4. Note that all costs are shown in 2019 dollar values.

Figure 4: Projected Operations and Maintenance Expenditure

Robe DC - Projected Operations & Maintenance Expenditure (Buildings and Other Structures 2019_S1_V1)



Deferred maintenance, ie 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.

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

5.4 Renewal/Replacement Plan

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.

5.4.1 Renewal plan

Assets requiring renewal are identified from one of three methods provided in the 'Expenditure Template'.

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

Method 3 was used for this asset management plan.

The District Council of Robe does not have a ranking system or criteria for renewal of building assets and it is envisaged this will be developed in future plans.

The ranking criteria used to determine priority of identified renewal proposals is detailed in Table 5.4.1.

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 cost.

Examples of low cost renewal include

- Minor repair of an asset rather than major replacement (eg replace a section of roof sheeting as opposed to replacing all of the roofing material).

5.4.2 Renewal standards

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

- Development Act 1993
- Minister's Specification SA 76
- Building Code of Australia (Now includes Disability Discrimination Act 1993)
- Australian Standards (those relevant to building works)

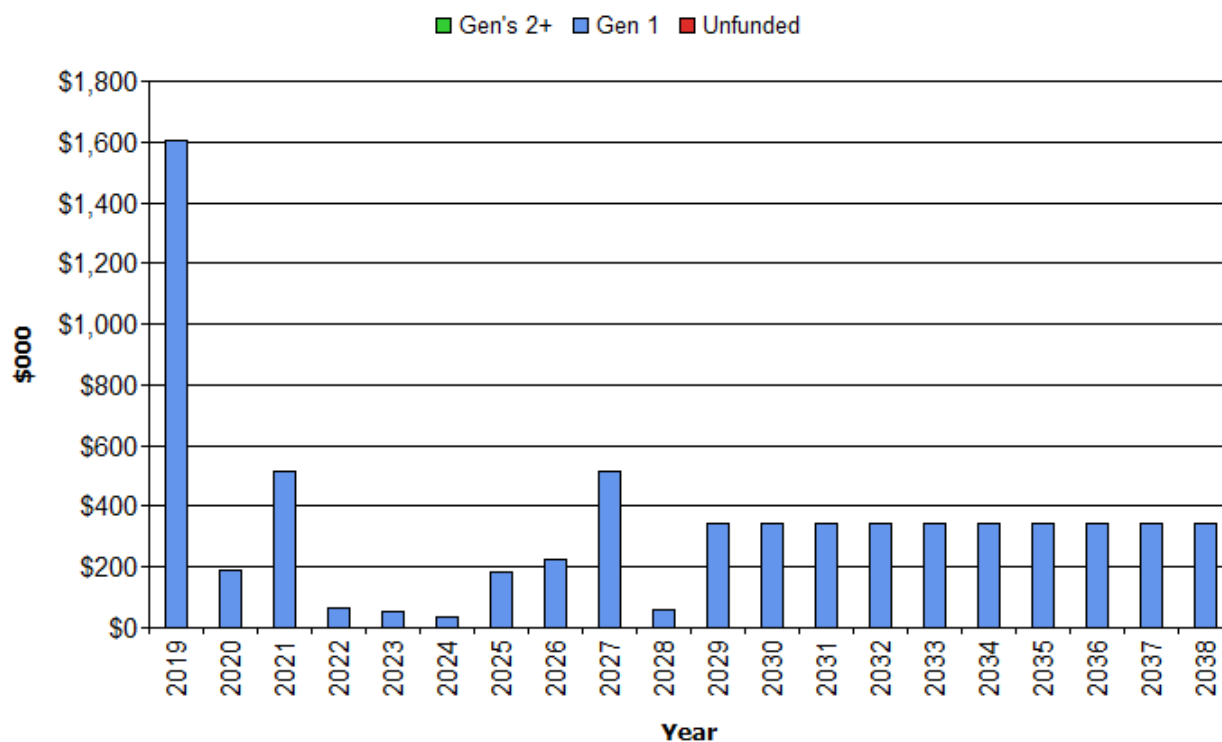
5.4.3 Summary of projected renewal expenditure

Projected future renewal expenditures are forecast to increase over time as the asset stock ages. The costs are summarised in Figure 5. Note that all costs are shown in 2019 dollar values.

The projected capital renewal program is shown in Appendix B.

Figure 5: Projected Capital Renewal Expenditure

Robe DC - Projected Capital Renewal Expenditure (Buildings and Other Structures 2019_S1_V1)



Deferred renewal, ie 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.

Renewals are to be funded from capital works programs and grants where available. This is further discussed in Section 6.2.

5.5 Creation/Acquisition/Upgrade Plan

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

5.5.1 Selection criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as councillor or community requests, proposals identified by strategic plans or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop a preliminary estimate.

The District Council Robe does not have any ranking system or criteria for renewal of building assets. It is envisaged that this feature will be a key area for development in the next revision of this Plan

5.5.2 Standards and specifications

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

5.5.3 Summary of projected upgrade/new assets expenditure

Projected upgrade/new capital works program is shown in Appendix C. All costs are shown in 2019 dollar values. New assets and services are to be funded from capital works program and grants where available. This is further discussed in Section 6.2

5.6 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.6, together with estimated annual savings from not having to fund operations and maintenance of the assets.

Table 5.6: Assets identified for Disposal

Asset	Reason for Disposal	Timing	Net Disposal Expenditure (Expend +ve, Revenue -ve)	Operations & Maintenance Annual Savings
N/A	N/A	N/A	N/A	N/A

6. FINANCIAL SUMMARY

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

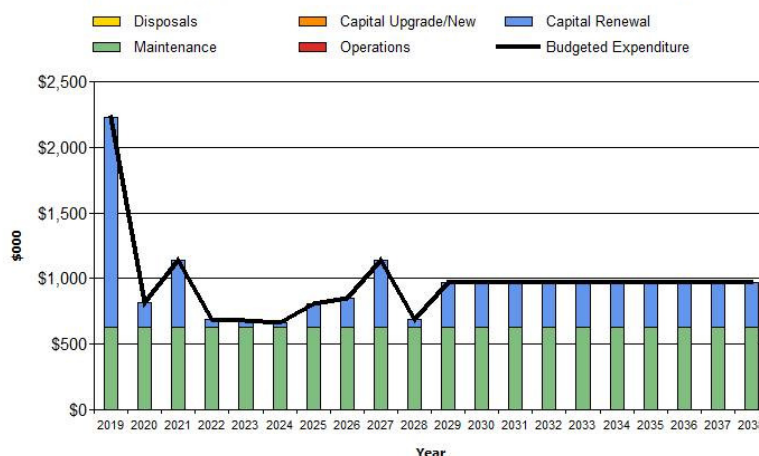
6.1 Financial Statements and Projections

The financial projections are shown in Figure 7 for projected operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets), net disposal expenditure and estimated budget funding.

Note that all costs are shown in 2019 dollar values.

Figure 7: Projected Operating and Capital Expenditure and Budget

Robe DC - Projected Operating and Capital Expenditure (Buildings and Other Structures 2019_S1_V1)



6.1.1 Financial sustainability in service delivery

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.

Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan is \$984,000 per year (operations and maintenance expenditure plus depreciation expense in year 1).

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 in year 1. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the start of the plan is \$972,000 (operations and maintenance expenditure plus budgeted capital renewal expenditure in year 1).

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap.

The life cycle gap for services covered by this asset management plan is (\$12) per year (-ve = gap, +ve = surplus).

Life cycle expenditure is 99% of life cycle costs giving a life cycle sustainability index of 0.099

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

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

Medium term – 10 year financial planning period

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

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

The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is \$972,000 per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$972,000 per year giving a 10 year funding shortfall of \$0 per year and a 10 year sustainability indicator of 1.00. This indicates that Council has 100% of the projected expenditures needed to provide the services documented in the asset management plan.

Short Term – 5 year financial planning period

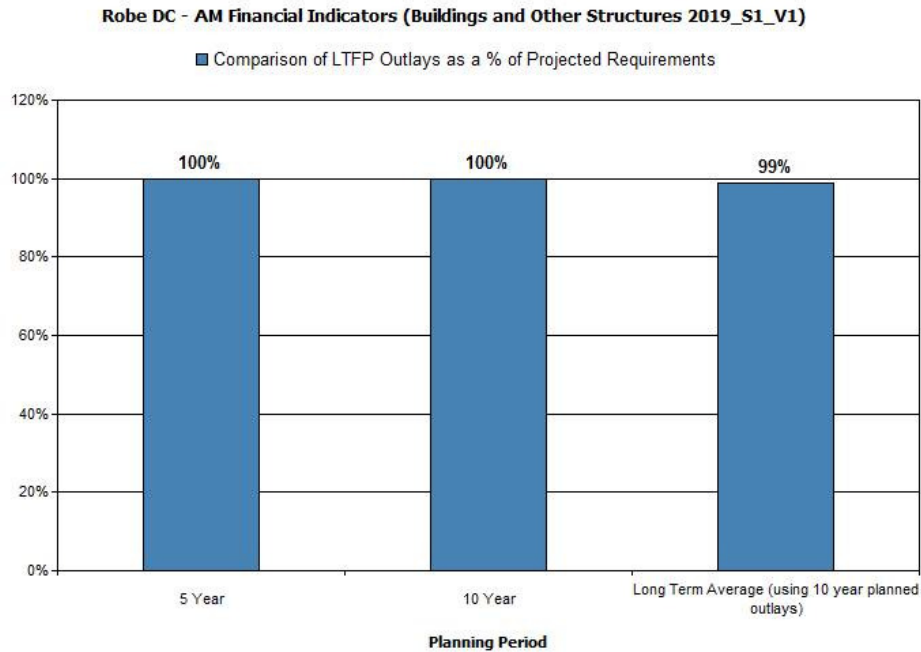
The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$1,113,000 per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$1,113,000 per year giving a 5 year funding shortfall of \$0. This is 100% of projected expenditures giving a 5 year sustainability indicator of 1.00.

Financial Sustainability Indicators

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

Figure 7A: Financial Sustainability Indicators



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

Figure 8 shows the projected asset renewals in the 10 year planning period from Appendix B. The projected asset renewals are compared to budgeted renewal expenditure in the capital works program and capital renewal expenditure in year 1 of the planning period in Figure 8.

Figure 8: Projected and Budgeted Renewal Expenditure

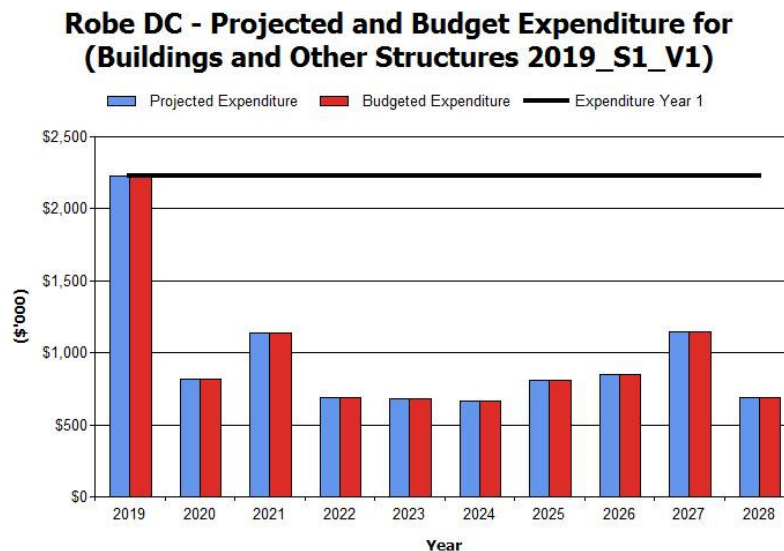


Table 6.1.1 shows the shortfall between projected and budgeted renewals

Table 6.1.1: Projected and Budgeted Renewals and Expenditure Shortfall

Robe DC - Report 4 - Table 7.1.1 Renewals Financing Comprehensive (Buildings and Other Structures 2019_S1_V1)

Year End Jun-30	Projected Renewals (\$'000)	LTFP Renewal Budget (\$'000)	Renewal Financing Shortfall (\$'000) (- gap, + surplus)	Cumulative Shortfall(\$'000) (- gap, + surplus)
2019	\$1,602	\$1,602	\$0	\$0
2020	\$190	\$190	\$0	\$0
2021	\$513	\$513	\$0	\$0
2022	\$65	\$65	\$0	\$0
2023	\$54	\$54	\$0	\$0
2024	\$38	\$38	\$0	\$0
2025	\$181	\$181	\$0	\$0
2026	\$223	\$223	\$0	\$0
2027	\$514	\$514	\$0	\$0
2028	\$61	\$61	\$0	\$0

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

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.

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.

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

6.1.2 Expenditure projections for long term financial plan

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

Expenditure projections are in current (non-inflated) values. Disposals are shown as net expenditures (revenues are negative).

Table 6.1.2: Expenditure Projections for Long Term Financial Plan (\$000)

Robe DC - Report 5 - Table 7.1.2 Long Term Financial Plan (Buildings and Other Structures 2019_S1_V1)

Year	Operations	Maintenance	Projected Capital Renewal	Capital Upgrade/New	Disposals
2019	\$0.00	\$628.00	\$1,602.00	\$0.00	\$0.00
2020	\$0.00	\$628.00	\$190.00	\$0.00	\$0.00
2021	\$0.00	\$628.00	\$513.00	\$0.00	\$0.00
2022	\$0.00	\$628.00	\$65.00	\$0.00	\$0.00
2023	\$0.00	\$628.00	\$54.00	\$0.00	\$0.00
2024	\$0.00	\$628.00	\$38.00	\$0.00	\$0.00
2025	\$0.00	\$628.00	\$181.00	\$0.00	\$0.00
2026	\$0.00	\$628.00	\$223.00	\$0.00	\$0.00
2027	\$0.00	\$628.00	\$514.00	\$0.00	\$0.00
2028	\$0.00	\$628.00	\$61.00	\$0.00	\$0.00

Note: All projected expenditures are in 2019 values

6.2 Funding Strategy

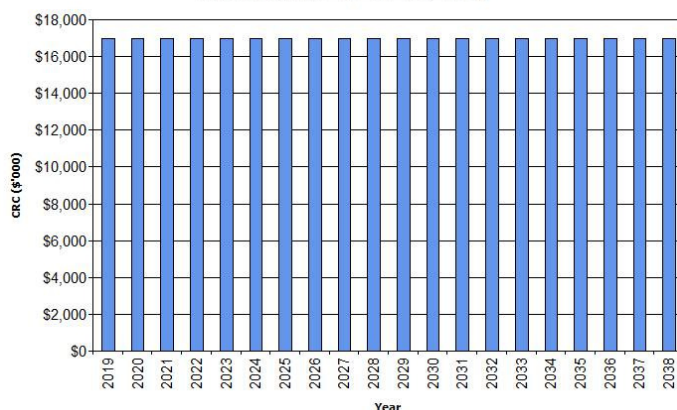
Projected expenditure identified in Section 6.1 is to be funded from future operating and capital budgets. The funding strategy is detailed in the organisation's 10 year long term financial plan.

6.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council. Figure 9 shows the projected replacement cost asset values over the planning period in 2015 dollar values.

Figure 9: Projected Asset Values

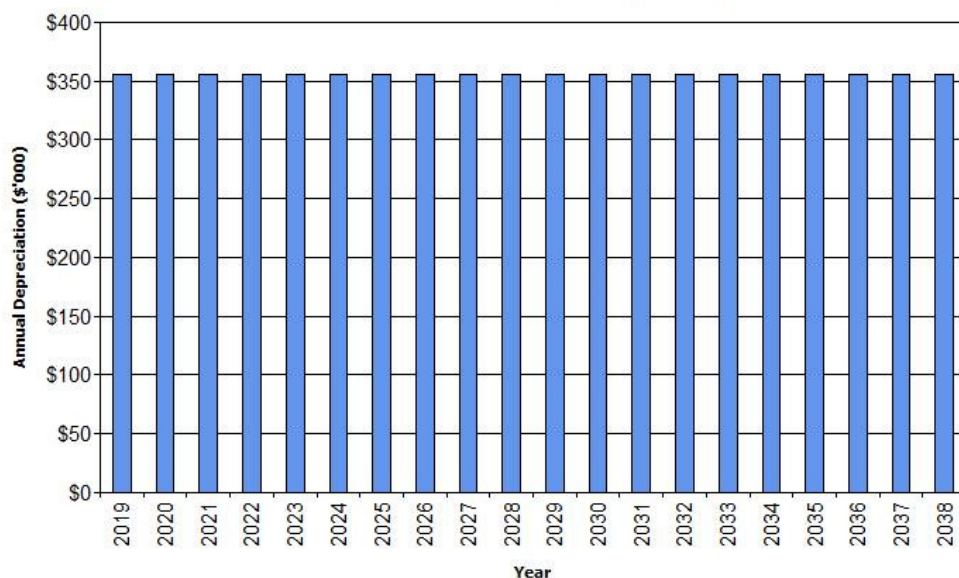
Robe DC - Projected Asset Values (Buildings and Other Structures 2019_S1_V1)



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

Figure 10: Projected Depreciation Expense

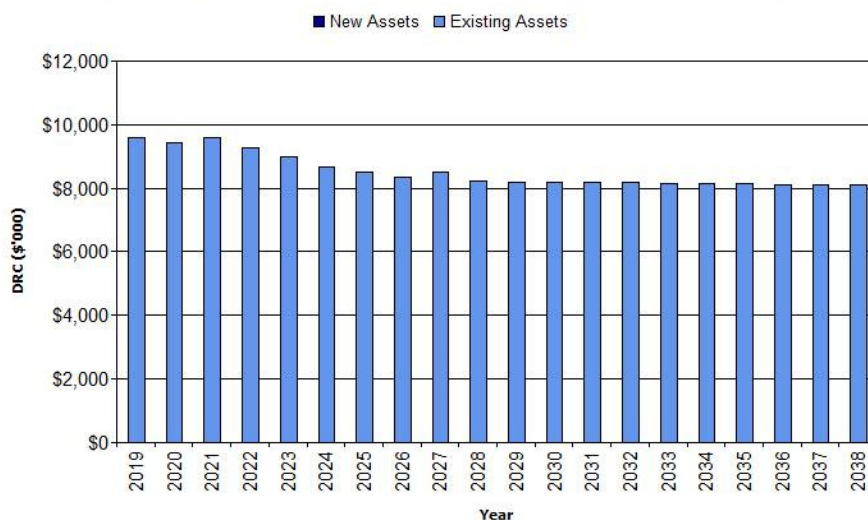
Robe DC - Projected Depreciation Expense (Buildings and Other Structures 2019_S1_V1)



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 11. The effect of contributed and new assets on the depreciated replacement cost is shown in the darker colour.

Figure 11: Projected Depreciated Replacement Cost

Robe DC - Projected Depreciated Replacement Cost (Buildings and Other Structures 2019_S1_V1)



6.4 Key Assumptions made in Financial Forecasts

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

Key assumptions made in this asset management plan are:

- This is the current position of building asset management in District Council of Robe and represents the starting point of the building and asset management journey
- Financial data obtained is accurate
- Forecasted on “today's dollars”, CPI is added in the financial budgeting cycle
- Staffing needs are resourced adequately
- No significant changes in Legislation
- Growth as forecast
- Current levels of service remain unchanged
- Community expectation remain consistent

7. ASSET MANAGEMENT PRACTICES

7.1 Accounting/Financial Systems

7.1.1 Accounting and financial systems

Council's financial accounting system is a combination of ITVision's Synergy Soft System and Microsoft Spreadsheets. Synergy Soft is used to record the budgets for all projects and captures all operating and capital expenses. This information is manually transferred to Council's asset registers located in Microsoft Excel which produces the required outputs.

7.1.2 Accountabilities for financial systems

Management of Synergy Soft and the Council's Asset Registers is the responsibility of all staff.

7.1.3 Accounting standards and regulations

Council's accounting practices comply with the Local Government Act 1999 and the Local Government (Financial Management) Regulations and applicable Accounting Standards. Council is also subject to regular independent audits of its accounting systems and practices.

7.1.4 Capital/maintenance threshold

Council's Asset Capitalisation and Materiality Threshold Policy states that the Capitalisation threshold is \$1,000.

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

No changes are required to financial systems arising from this AM Plan.

7.2 Asset Management Systems

7.2.1 Asset management system

Combination of SynergySoft and Microsoft excel spreadsheets

7.2.2 Asset registers

All Infrastructure asset register data is held in Microsoft excel spreadsheets

7.2.3 Linkage from asset management to financial system

Currently all financial data is linked manually to the asset register

7.2.4 Accountabilities for asset management system and data

All Staff

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

No changes to the asset management system are planned at this point. Council's current asset management system in conjunction with regular (every 5 years) asset revaluations keeps the asset data relevant.

7.3 Information Flow Requirements and Processes

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,
- Financial asset values.

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,
- Financial sustainability indicators.

These will impact the Long Term Financial Plan, Strategic Longer-Term Plan, annual budget and departmental business plans and budgets.

7.4 Standards and Guidelines

Standards, guidelines and policy documents referenced in this asset management plan are:

- District Council of Robe Asset Management Policy
- District Council of Robe Asset Management Strategy
- District Council of Robe Strategic Plan 2014-2018

8. PLAN IMPROVEMENT AND MONITORING

8.1 Performance Measures

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

- The degree to which the required cashflows identified in this asset management plan are incorporated into the organisation's long term financial plan and Community/Strategic Planning processes and documents,
- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the asset management plan;

8.2 Improvement Plan

The asset management improvement plan generated from this asset management plan is shown in Table 8.2.

Condition Data has been collected as at 1/7/18 and used for this plan. This Improvement plan is included as collection of condition data is ongoing to ensure the plans remain relevant

Table 8.2: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Collect condition data on all building assets	Senior Managers	In house and consultants	Ongoing
2	Condition assessments of major building assets to be undertaken	Senior Managers	Consultants	Ongoing
3	Develop a formal system to record complaints regarding buildings and structures	Council Senior Managers	Budget allocations for IT system and staff resources	2022
4	Develop a system to record functionality/capacity/utilisation issues for buildings and structures	Council Senior Managers	Budget allocations for IT system and staff resources	2022
5	Develop Disability Access Plan	Senior Managers	Staff resources	2021
6	Develop a maintenance program for buildings and structures	Senior Managers	Staff resources	2021
7				
8				
9				
10				

8.3 Monitoring and Review Procedures

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.

The Plan has a life of 4 years and is due for revision and updating annually.

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APPENDICES

Appendix A	Maintenance Response Levels of Service
Appendix B	Projected 10 year Capital Renewal Works Program
Appendix C	Planned Upgrade/Exp/New 10 year Capital Works Program A
Appendix D	Abbreviations
Appendix E	Glossary

Appendix A Maintenance Response Levels of Service

To be developed.

Appendix B Projected 10 year Capital Renewal Works Program

This capital works program is subject to change based on annual assessment and Council priorities

Robe DC Projected Capital Renewal Works Program - Buildings and Other Structures 2019_S1_V1

(\$000)

Year	Item	Description	Estimate
2019		Network Renewals	
	1	Robe Institute	\$40
	2	War Memorial Works	\$25
	3	Casuarina Lodge Electrical Meter Board Upgrade	\$22
	4	District Council of Robe	\$30
	5	Interpretive Signage	\$8
	6	Foreshore Watering System	\$40
	7	Christmas Tree lighting	\$5
	8	Medical Centre	\$1,213
	9	Toilets / Other	\$219
2019		Total	\$1,602

2020		Network Renewals	
	1	Casuarina Lodge / Hateley Crescent Units	\$170
	2	Other Community Assets	\$20
2020		Total	\$190

(\$000)

Year	Item	Description	Estimate
2021		Network Renewals	
	1	Robe Institute Civil Works North Entry	\$41
	2	Other Community Assets	\$20
	3	Council Office	\$452
2021		Total	\$513

2022		Network Renewals	Estimate
	1	Lake Fellmongery Boat Ramp	\$17
	2	District Council of Robe Works Depot Mechanics Shed Fitout	\$28
	3	Other Community Assets	\$20
2022		Total	\$65

(\$000)

Year	Item	Description	Estimate
2023		Network Renewals	
	1	Robe Street Reserve Drinking Fountain	\$5
	2	Robe Community Nursery Shadehouse	\$4
	3	Robe Institute South Side Fitout	\$40
	4	Other Community Assets	\$5
2023		Total	\$54

Appendix B Projected 10 year Capital Renewal Works Program Cont

This capital works program is subject to change based on annual assessment and Council priorities

Robe DC

Projected Capital Renewal Works Program - Buildings and Other Structures 2019_S1_V1

2024		Network Renewals	
	1	Lipson Park Irrigation	\$7
	2	Robe Information Bay Seating & Tables	\$4
	3	Lipson Park Picnic Setting	\$7
	4	Other Community Assets	\$20
2024		Total	\$38

(\$000)

Year	Item	Description	Estimate
2025		Network Renewals	
	1	District Council of Robe Works Depot Town Maintenance Shed Fitout	\$54
	2	Airconditioners	\$25
	3	District Council of Robe Works Depot Amentities Block Fitout	\$82
	4	Other Community Assets	\$20
2025		Total	\$181

2026		Network Renewals	
	1	Robe Cemetery Shelter	\$4
	2	Long Beach rotunda	\$96
	3	District Council of Robe Works Depot Fuel System	\$86
	4	Robe Community Nursery Shed	\$17
	5	Other Community Assets	\$20
2026		Total	\$223

(\$000)

Year	Item	Description	Estimate
2027		Network Renewals	
	1	Robe Cemetery Stone Wall	\$204
	2	Robe Foreshore Seating	\$40
	3	Robe Foreshore Irrigation	\$8
	4	Robe Institute, Library and Tourist Information Centre Seating	\$5
	5	Other Community Assets	\$20
	6	Obelisk Reserve	\$197
	7	Council Chambers Reserve Irrigation	\$7
	8	Lake Butler Lighting	\$33
2027		Total	\$1,960

2028		Network Renewals	
	1	Lipson Park Toilet Block	\$11
	2	Lannum Park Toilet Block	\$11
	3	Customs House Services	\$19
	4	Other Community Assets	\$20
2028		Total	\$61

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

NIL

Appendix D Abbreviations

AAAC	Average annual asset consumption
AMP	Asset management plan
ARI	Average recurrence interval
BOD	Biochemical (biological) oxygen demand
CRC	Current replacement cost
CWMS	Community wastewater management systems
DA	Depreciable amount
EF	Earthworks/formation
IRMP	Infrastructure risk management plan
LCC	Life Cycle cost
LCE	Life cycle expenditure
MMS	Maintenance management system
PCI	Pavement condition index
RV	Residual value
SS	Suspended solids
vph	Vehicles per hour

Appendix E Glossary

Annual service cost (ASC)

- 1) Reporting actual cost
The annual (accrual) cost of providing a service including operations, maintenance, depreciation, finance/opportunity and disposal costs less revenue.
- 2) For investment analysis and budgeting
An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operations, maintenance, depreciation, finance/opportunity and disposal costs, less revenue.

Asset

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

Asset 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 resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

Capital expenditure - upgrade

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

Capital funding

Funding to pay for capital expenditure.

Capital grants

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

Capital investment expenditure

See capital expenditure definition

Capitalisation threshold

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

Carrying amount

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

Class of assets

See asset class definition

Component

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

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, eg road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

• Planned maintenance

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

• Reactive maintenance

Unplanned repair work that is carried out in response to service requests and management/supervisory directions.

• 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 (eg 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 eg the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

Non-revenue generating investments

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

Operations expenditure

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

Operating expense

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

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, eg public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

Risk management

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

Section or segment

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

Service potential

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

Service potential remaining

A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's potential to provide services that is still available for use in providing services (Depreciated Replacement Cost/Depreciable Amount).

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