

ASSET MANAGEMENT STRATEGY AND ASSET MANAGEMENT PLAN SUMMARY



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EXECUTIVE SUMMARY

Guyra Shire is located on the top of the Northern Tablelands in the New England region of NSW. The Council services a growing population of 4,397 people and an area of 4,369km2. The Council is based in Guyra. It is a general purpose Council which supplies a large range of services to the towns of Guyra, Tingha, and the villages of Black Mountain, Ben Lomond, Ebor, and Wandsworth. The Shire includes spectacular scenic mountain ranges, water falls, national parks and streams, together with the Mother of Ducks and Little Llangothlin lagoons.



A key issue facing Council is the management of ageing assets in need of renewal and replacement. Council infrastructure, particularly council roads present particular challenges and present the major financial risk facing Council and the community. The 2013 report on Councils financial capability prepared by NSW Treasury Corporation noted that Council faced 3 specific risks:

1. High reliance of grant funding resulting in limited fiscal flexibility

2. Continued deterioration of infrastructure

3. An ageing population with a marginal forecast decline in population.

This asset management strategy reflects Council's determination to live within its means whilst engaging

the community on affordable levels of service. Council in 2009/10 received a special rate variation of 8.43% (including 3.5% rate pegging). This special rate variation equates to approximately \$180,000 per year for Council to provide ongoing services to our community. The special rate variation was approved for a period of 5 years and runs out in June 2014. Council believes that in order to maintain our assets and provide a reasonable level of service it will need to retain this additional rates base. Council has therefore resolved to apply for this variation to remain permanently. To meet the needs of our communities, now and into the future, Council has engaged with the community on an agreed way forward which includes a 2 part strategy to balance revenues and expenditures in the long term by rebalancing service levels to affordable levels. The first stage has received some community support as detailed in the community engagement strategy for the special rate variation.

Stage 1 – Continuation of the current special rate variation by application to IPART in 2014.

Stage 2 – Ongoing engagement with the community throughout 2014 to balance long term revenues and service levels. This means some combination of service reduction, increased revenues and improved efficiency.

RISK MANAGEMENT PLAN

Guyra now has a risk management framework in place and risk registers are in the formative stage. The critical task for the implementation of the asset management strategy is to identify and fund the most effective risk management options by linking the asset management plans with the budget process. Risk management plans accompany each asset management plan to guide the effective allocation of resources.

Strategic Risks for Guyra Council

- 1. Age and condition of infrastructure. Over \$25 Million of Guyra Council's assets are in poor / very poor condition. This represents 22 % of asset value and this is estimated to over 30% over the next 10 years if current funding levels and mix of services are not changed. This risk can be managed by implementing this asset management strategy. It requires a three phase plan;
 - a. Plan, Consult, Inform and Engage.
 - i. Plan scenarios for asset renewal guided by the long term financial plan integrated with the asset management and risk management plan.
 - ii. Continue the current community consultation and engagement program during 2014 to provide an input to Councils determination on the service levels and level of rates that will allow Council to move to a financially sustainable position over a 10 year period.
 - iii. Communicate risks and risk management strategies to the community. This is supported by the communication and engagement strategy that shows what Guyra Council can and can't afford to deliver with current levels of funding and scenarios for rates increases.
 - iv. Improve asset and risk management to very high levels very quickly.
 - b. Implement
 - i. Decide on the best balance of rates and services that will move Council to a sustainable position, update the resourcing strategy as needed and implement.
 - ii. Implement the program of works in the asset management plans to manage risk, ensure value management on expenditure and manage scenarios for rebalancing service levels.
 - c. Review and Report
 - i. Establish clear governance and reporting processes to internal and external stakeholders.
 - ii. Implement ongoing communication and engagement on affordable service levels.
 - iii. Annual reviews and reporting in the annual reports as per the IPR processes.
- 2. Organisational Capacity and Loss of skilled people. Despite the age and condition of Guyra Council infrastructure, Guyra Council performs at a very high level because of the skills and experience of Guyra Council's people. These people are very effective at managing increasing risks as assets reach end of useful operating life. The demographic profile of Guyra Council corresponds to the national workforce and many skilled and experienced people could leave Guyra Council over the next 10 years. When combined with the rapidly ageing infrastructure, this represents a critical risk. This risk can be managed by effective governance and communication. The current asset management project has established a risk register that has enabled Guyra Council to tap into the experience and knowledge of Guyra Council staff so that this knowledge can inform the budget process.

ASSET MANAGEMENT STRATEGIES

- 1. Ongoing consultation with the community on affordable service levels and risks balanced to the revenues set in the long term financial plan to move to a financially sustainable position over a 10 year period.
- 2. Implement a risk management plan to ensure residual risks are managed
- 3. The delivery program and annual budgets will align with Councils asset management plans and be guided by the following principles:
 - a. Resource allocation (capital or maintenance/operating) will consider existing highest residual risk in the risk register
 - b. Resource allocation will consider assessed need determined by a gap between the actual service level and set affordable targets in the service plan / asset management plan.
 - c. Resource allocation will consider alternative options to minimize life cycle costs and propose the best option.
 - d. Resource allocation align with the resourcing strategy for long term financial sustainability
- 4. Develop and implement an advocacy campaign with other Councils to other levels of Government with the following messages:
 - a. Council is a responsible and competent asset manager and provides value for money services within available revenues.
 - b. The service levels that are affordable by the community are likely to have adverse long term infrastructure impacts and risks as defined by asset management plans and resourcing strategy.
 - c. State and federal government objectives can be enhanced by assisting Council in funding key infrastructure projects identified in the asset management plans.

1. INTRODUCTION

Guyra Council assets represent community investment in infrastructure over a long period. A key issue facing Guyra Council is the management of aging assets in need of renewal and replacement.

Infrastructure assets such as roads, facilities, drains and utilities present particular challenges. Their condition and longevity can be difficult to determine. Financing needs are large, requiring planning for the expenditure for renewing and replacing such assets. The demand for new and improved services adds to the planning and financing complexity.

The creation of new assets also presents challenges in funding the ongoing operating and replacement costs necessary to provide the needed service over the assets' full life cycle.

Guyra Council is adopting a longer-term approach to service delivery and funding comprising:

- A strategic longer-term plan covering, as a minimum, the next 20 years and:
 - o bringing together asset management and long term financial plans,
 - \circ $\;$ demonstrating how the organisation intends to resource the plan, and
 - consulting with stakeholders on the plan
- Annual budget showing the connection to the strategic objectives, and
- Annual report with:
 - \circ explanation on the impact of the asset management strategy on staff and customers,
 - report of operations with review on the performance of the organisation against strategic objectives.

Guyra Council Asset Planning and Management has seven elements to assist in highlighting key management issues, promote prudent, transparent and accountable management of Guyra Council assets and introduce a strategic approach to meet current and emerging challenges.

- 1. Asset management policy,
- 2. Strategy and planning,
 - a. asset management strategy,
 - b. asset management plan,
- 3. Governance and management arrangements,
- 4. Defining levels of service,
- 5. Data and systems,
- 6. Skills and processes, and
- 7. Evaluation and reporting on value for money.

The asset management strategy is to enable the organisation to show:

- how its asset portfolio will meet the service delivery needs of Guyra Council customers and the community into the future,
- to enable asset management policies to be achieved, and
- to ensure the integration of asset management with its long term strategic plan.

The goal of asset management is to ensure that services are provided:

- in the most cost effective manner,
- through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets,
- for present and future consumers.

The objective of the Asset Management Strategy is to establish a framework to guide the planning, construction, maintenance and operation of the infrastructure essential to provide services to the community.

1.1 LEGISLATIVE REQUIREMENTS

The table below shows the NSW legislative requirements and their connection a national asset management framework.

Table 1: Summary of Legislative Requirements			
<u>Elements of a National</u> <u>Approach 1</u>	<u>Core Level Assessment</u> <u>In Appendix A and Key</u> <u>Improvement Tasks in</u> <u>Appendix B</u>	<u>Core Level Content and Documentation as per IPR and</u> <u>Agreed Nationally Consistent Frameworks</u>	
Strategic longer term plan (Strategic Plan) – Framework 3 - Element 4.2	Practice Area = Strategic Plan	 The plan should include: where the council is at that point in time – current position; where it wants to get to – vision and strategic objectives of the council; how it is going to get there – strategies for achieving those objectives; mechanisms for monitoring the achievement of the objectives; and how the plan will be resourced. 	
Budget – Framework 3 - Element 4.3	Practice Area = Budget	 A budget includes: Estimates of revenue and expenditure with an explanation of the assumptions and methodologies underpinning the estimates; Explanation of how revenue will be applied; Connection to the strategic objectives; and Explanation of the financial performance and position of the council. 	
Annual Report – Framework 3 - Element 4.4	Practice Area = Annual Report	 The report of the council's operations (in the annual report) needs to include a broad range of information, particularly: reviews on the performance of the council against strategic objectives; information on a range of other matters such as major works undertaken, the range of activities undertaken, major policy initiatives and major changes in the council's functions or structures; and details about the council, including information about the councillors, the General Manager, senior officers and the organisational structure. 	
Development of an Asset Management Policy – Framework 2 - Element 4.1	Practice Areas = AM Policy	Adopt and implement a Policy that requires the adoption of an asset management plan informed by community consultation and local government financial reporting, and which is supported by training in financial and asset management.	
Strategy and Planning – Framework 2 - Element 4.2 Long Term Financial Plan Asset Management Plans Asset Management Strategy	Practice Areas = AM Strategy and AM Plans	The development of an asset management strategy by councils will enable councils to show how their asset portfolio will meet the service delivery needs of their communities into the future, enable councils' asset management policies to be achieved and ensure the integration of councils' asset management with their long term strategic plans.	

¹ Local Government Financial Sustainability Nationally Consistent Frameworks Frameworks 1,2 & 3, May 2009

Governance and Management Arrangements- Framework 2 - Element 4.3 Defining Levels of Service - Framework 2 - Element 4.4	Practice Areas = Governance Practice Area = Levels of Service	 Evidence of good corporate governance in asset management would include councils: assigning roles and responsibilities for asset management between the GM, the Council and senior managers/ asset managers; and having a mechanism in place to provide high level oversight of the delivery of council's asset management strategy and plan; and maintaining accountability mechanisms to ensure that council resources are appropriately utilised to address councils' strategic plans and priorities. Establish service delivery needs and define service levels in consultation with the community; establish quality and cost standards for services to be delivered from assets; and regularly review their services in consultation with the community to determine the financial impact of a reduction,
Data and Systems - Framework 2 - Element 4.5	Practice Area = Data and Systems	 maintenance or increase in service The enhanced framework provides for the collection of asset management data to: enable the State and/or councils to measure asset management performance over time; identify infrastructure funding gaps; and enable councils to benchmark within the sector and council groups within their State and across Australia. Councils should also continually work to improve the consistency of the financial data they produce, particularly in relation to capital expenditure and the allocations between maintenance, renewal and upgrade.
Skills and Processes - Framework 2 - Element 4.6	Practice Areas = Skills and Processes. This is reporting on how effectively Council is utilising state and national improvement programmes.	 The enhanced asset management framework contains a continuous improvement program, which includes: providing councils with a 'whole of organisation' perspective and a best practice framework to enable continuous improvement of their asset management practices. This would include helping councils to set targets for future improvement; developing and providing ongoing training programs for councillors, council management and officers on key asset management topics in partnership with peak bodies and agencies; and providing the sector with best practice guides on key asset management topics to improve condition assessment, valuation of assets and accounting treatment.
Evaluation - Framework 2 - Element 4.7 and Use of Indicators - Framework 1 - Element 4.7 and	Practice Area = Evaluation This reports on internal and external reporting including how Council reports on service level trends and risks where renewal levels as stipulated in the asset management plan are not being met – in other words there is a renewal gap that is not being addressed.	 An asset management framework should contain a mechanism which measures its effectiveness including the asset management programs and initiatives implemented and Accounting Standards are independently audited. AND Indicators are signals used to convey evidence of certain directions being taken by a council and to assess whether or not desired outcomes are being achieved. To be effective, it is essential that indicators: measure those factors which define financial sustainability; be relatively few in number; and be based on information that is readily available and reliable.

1.2 ASSET MANAGEMENT PLANNING PROCESS

Asset management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an economically optimal way. In turn, affordable service levels can only be determined by assessing financially sustainability under scenarios with different proposed service levels.

Asset management planning commences with defining stakeholder and legal requirements and needs, incorporating these needs into the organisation's strategic plan, developing an asset management policy, strategy, asset management plan and operational plans, linked to a long-term financial plan with a funding plan.²



² IPWEA, 2009, Australian Infrastructure Financial Management Guidelines, Quick Guide, Sec 4, p 5.

2. WHAT ASSETS DO WE HAVE?

Council uses infrastructure assets to provide services to the community. The range of infrastructure assets and the services provided from the assets is shown in Figure 1. Figure 1: Assets In the Scope of This Strategy



BUILDINGS = TRANSPORT = RECREATION = STORMWATER

	Current Replacement Cost (Note 9a 30 June 2013		CRC%
BUILDINGS	\$	21,465,000.00	18.6%
TRANSPORT	\$	89,583,000.00	77.6%
RECREATION	\$	2,014,000.00	1.7%
STORMWATER	\$	2,330,000.00	2.0%
TOTAL	\$	115,392,000.00	100.0%

3. THE ASSETS AND THEIR MANAGEMENT

3.1 STATE OF THE ASSETS

The current condition state of the assets is shown in figure 2.



Figure 3: Overall Asset Condition Profile

Over 20% of assets are in poor or very poor condition (low to moderate confidence level)



Figure 4: Asset Condition by Value Roads Represents the Major Proportion of Asset Replacement Values



3.2 SERVICE LEVELS AND PERFORMANCE REPORTING

Performance monitoring uses the International Infrastructure Management Manual (IIMM) by IPWEA (Institute of Public Works Engineering Australasia). Guyra Council uses the NAMSPLUS system of standards and templates. IPWEA is represented on the International Standards Organisation (ISO) Committee to ensure that the IIMM and NAMS.PLUS system remains consistent with the ISO 55000 international standards.

IPWEA's NAMS.PLUS includes an enhanced Level of Service table for the Advanced Asset Management Plan template. The NAMS.PLUS community levels of service are based on the City of Edmonton (CoE) State of the Assets reporting criteria for Quality (CoE Condition), Function and Capacity/Utilisation (CoE Demand Capacity).

Quality - refers to the condition of the physical infrastructure that allows it to meet the intended service.

Function – is the ability of the physical infrastructure to meet program delivery needs.

Capacity/Utilization – is the ability of the physical infrastructure to meet service needs.

Table 2: Quality/Condition Grading
Very Good: only planned maintenance required
Good: minor maintenance required plus planned maintenance
Fair: significant maintenance required
Poor: significant renewal/rehabilitation required
Very Poor: physically unsound and/or beyond rehabilitation
Source: NAMS.PLUS2 Guidelines, Based on IPWEA, 2011, IIMM, Table 2.5.2, Sec 2.5.4, p 2 79. Table 3: Function Grading
Very Good: meets program/service delivery needs in a fully efficient and effective manner
Good: meets program/service delivery needs in acceptable manner

Fair: meets most program/service delivery needs and some inefficiencies and ineffectiveness present Poor: limited ability to meet program/service delivery needs

Very Poor: is critically deficient, does not meet program/service delivery and is neither efficient nor effective

Source: IPWEA NAMS.PLUS2 Guidelines, Based on Cloake & Sui, 2002, p 9. Table 4: Capacity/Utilization Grading

Very Good: usage corresponds well with design capacity and no operational problems experienced

Good: usage is within design capacity and occasional operational problems experienced

Fair: usage is approaching design capacity and/or operational problems occur frequently

Poor: usage exceeds or is well below design capacity and/or significant operational problems are evident

Very Poor: exceeds design capacity or is little used and/or operational problems are serious and ongoing

Source: IPWEA NAMS.PLUS2 Guidelines, Based on Cloake & Sui, 2002, p 9.

3.3 SCENARIOS TO DETERMINE AFFORDABLE LEVELS OF SERVICE

Council has consulted with the community on 2 scenarios.

Funding scenario 1 is based on the discontinuation of the current rate variation. This will stop the levy for road and bridge maintenance which will reduce the revenue by \$200k. Under this scenario Council will not be able to maintain the current levels of service and the condition of Council's infrastructure assets will deteriorate over the next 10 years.

Funding scenario 2 is based on the current rate variation continuing. With the current levy roads & bridges maintenance and renewal are still underfunded by \$200k. Reserves run out in 3 years. With current levels of funding condition of Council's roads are still expected to deteriorate over the next 10 years. This funding scenario seeks to maintain the existing rate variation permanently, whilst Council continues to consult with the community on balancing service levels and risks to achieve financial sustainability within the next 10 years.

These scenarios are set out in the following extracts for Council's asset management strategy dashboards that provide a summary of this asset management strategy and supporting asset management plans. These strategy dashboards have been on public exhibition and used in public meetings for a period of over 2 months during December 2013 and January / February 2014.

3.4 AFFORDABLE LEVELS OF SERVICE – TRANSPORT

Figure 5: Transport Service Levels – Scenario 1

This Funding Scenario Summary shows the current and projected service levels, budget and expenditure profiles for the current Long Term Financial Plan balanced to the Asset Management Plan.



Figure 6: Transport Expenditure Projections – Scenario 1

This Funding Scenario Summary shows the expenditure needed to maintain today's service levels (bars) compared to the long term financial plan scenario with the current rate variation stopped. Note that the current service level of over 20% of roads in poor condition cannot be funded and road condition will get worse.



LOCAL RURAL SEALED ROADS-269KM

Rehabilitation of these roads cost in the order of \$250-400k per km. Bitumen resurfacing of these roads cost in the order of \$15k per km. Council spends approximately \$500k annually to routinely maintain these roads including resurfacing, mowing and pothole patching. Rehabilitation is subject to further budget allocations from Council. Other works in recent years have been undertaken to widen & rehabilitate sealed roads using Auslink Roads to Recovery funds where Council is allocated \$2.14M over 5 years (~\$428k per year). 2013/14 is the last year of the current 5 year program.

LOCAL RURAL UNSEALED GRAVEL ROADS-537KM

Routine maintenance grading of these roads cost in the order of \$1k per km. Gravel resheeting of these roads cost in the order of \$30-50k per km.

LOCAL URBAN ROADS-36KM

Rehabilitation of these roads cost in the order of \$80-120k per block (~200m) Bitumen resurfacing of these roads cost in the order of \$4k per block Council spends approximately \$250k annually to routinely maintain these roads including resurfacing, mowing and pothole patching. Rehabilitation is subject to further budget allocations from Council.

REGIONAL ROADS-123KM

Rehabilitation of these roads cost in the order of \$400k per km. Bitumen resurfacing of these roads cost in the order of \$20k per km. Council receives in the order of \$780k annually to routinely maintain these roads including resurfacing, mowing and pothole patching. Any additional funding is subject to grant project applications to the RMS in competition with the remaining state regional network.

Figure 7: Transport Service Levels – Scenario 2

This Funding Scenario Summary shows the current and projected service levels for the current Long Term Financial Plan balanced to the Asset Management Plan.

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Funding scenario 2 is based on the current rate variation continuing. With the current levy roads & bridges maintenance and renewal are still underfunded by \$200k. Reserves run out in 3 years. With current levels of funding condition of Council's roads are still expected to deteriorate over the next 10 years. This funding scenario seeks to maintain the existing rate variation permanently. Figure 8: Transport Expenditure Projections – Scenario 2

This Funding Scenario Summary shows the expenditure needed to maintain today's service levels (bars) compared to the long term financial plan scenario with the current rate variation continued. Note that the current service level of over 20% of roads in poor condition still cannot be funded and road condition will get worse.



A major risk for sealed roads is that if roads deteriorate to poor quality the renewal cost is up to 4 times more than if renewal of the seal is done in time to protect the underlying pavement.

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Continuation of the Current Special Rate Variation

Council in 2009/10 received a special rate variation of 8.43% (including 3.5% rate pegging). This special rate variation equates to approximately \$180,000 per year for Council to provide ongoing services to our community.

The special rate variation was approved for a period of 5 years and runs out in June 2014. Council believes that in order to maintain our assets prevent accelerating decline in level of service it will need to retain this additional rates base while it consults further with the community on the longer term options to balance service levels and revenues. Council has therefore resolved to apply for this variation to remain permanently.

What has Council spent it on previously?

\$100,000 on resealing roads, \$50,000 on drainage throughout the Shire, and \$30,000 on the community village plans each year of the current rate variation.

How will Council spend the continuation of the Current Rate Variation.

It is proposed to continue utilising the additional revenue in accordance with previous years to assist with asset maintenance requirements.

Proposed Special Rate Variation Allocation				
(To be funded with the continuation of the current SRV)				
2015	Bitumen Resurfacing	Sections of Tenterden Road, Wandsworth Road, Tubbamurra Road		
2015	Rural Drainage Maintenance	proposed for longitudinal drainage to improve drainage and reduce moisture saturation leading to pavement failure.		
2016	Bitumen Resurfacing	Sections of Wards Mistake Road, New Valley Road, Howell Road		
2016	Rural Drainage Maintenance	proposed for longitudinal drainage to improve drainage and reduce moisture saturation leading to pavement failure.		
2017	Bitumen Resurfacing	Sections of Tenterden Road, Tubbamurra Road, Wandsworth Road		
2017	Rural Drainage Maintenance	proposed for longitudinal drainage to improve drainage and reduce moisture saturation leading to pavement failure.		

3.5 AFFORDABLE LEVELS OF SERVICE - DRAINAGE

Funding scenario 1 is based on the discontinuation of the current rate variation. This will reduce the annual funding available for renewal of Council's stormwater drainage network by \$5k. Under this scenario Council will not be able to maintain the current levels of service and the condition of Council's stormwater drainage assets will deteriorate over the next 10 years.







10 Year Projected Operating & Capital Expenditure Funding Scenario 1—Existing Rate Variation Discontinued



This Funding Scenario Summary shows the current and projected service levels, budget and expenditure profiles for the current Long Term Financial Plan balanced to the Asset Management Plan.

Figure 11: Drainage Service Level Projections – Scenario 2

Funding scenario 2 for drainage is based on the current rate variation continuing. With the special rate variation the stormwater drainage renewals are still underfunded by \$5k each year. With current levels of funding condition of Council's drainage assets are still expected to deteriorate over the next 10 years but at a slower rate with Council able to channel the additional funding into priority works. This funding scenario seeks to maintain the existing rate variation permanently.







This Funding Scenario Summary shows the current and projected service levels, budget and expenditure profiles for the current Long Term Financial Plan balanced to the Asset Management Plan.

Funding scenario 2 is based on the current rate variation continuing. With the special rate variation the storm water drainage renewals are still underfunded by \$5k each year. With current levels of funding condition of Council's drainage assets are still expected to deteriorate over the next 10 years but at a slower rate with Council able to channel the additional funding into priority works. This funding scenario seeks to maintain the existing rate variation permanently.

3.6 AFFORDABLE LEVELS OF SERVICE - BUILDINGS

Council owns and is responsible for some seventy buildings throughout the Shire. The bulk of these buildings are in reasonable condition and are appropriately maintained. The Guyra Museum and the Wing Hing Long Museum in Tingha, are generally maintained by the committee members who manage and operate those premises and have not been subject to assessment in some time.

Apart from the SES building in Falconer Street Guyra, which has fallen into disrepair, all other Council owned buildings are inspected annually and provision is made for required maintenance.

It should be noted that of the approximately seventy buildings owned by Council some forty two are believed to contain asbestos and will need to be assessed and an asbestos management plan prepared for each premises as soon as possible.

Figure 13: Buildings Service Level Projections – Scenario 1





10 Year Projected Operating & Capital Expenditure

Funding Scenario 1—Existing Rate Variation Discontinued



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Figure 15: Buildings Service Level Projections – Scenario 2

Funding scenario 2 is based on the current rate variation continuing. With the special rate variation the buildings renewals are still underfunded by \$23,000 per year. With current levels of funding condition of Council's buildings are still expected to deteriorate over the next 10 years but at a slower rate with Council able to channel the additional funding into priority works. This funding scenario seeks to maintain the existing rate variation permanently.



Figure 16: Buildings Expenditure Projections – Scenario 2 **10 Year Projected Operating & Capital Expenditure** Funding Scenario 2—Current Variation Continued . Disposals Capital Upgrade/New Capital Renewal Maintenance Operations Budgeted Expenditure \$300 \$250 Asset Values (\$'000) \$200 \$150 \$100 \$50 \$0 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 Year Source: NAMS PLUS2 Buildings_2014_SRV 1 S2 V1 (Where no bars displayed the projected expenditure for this funding type is \$0)

Risks and responses of underfunding buildings maintenance and renewal.

Risks	RESPONSES
 Common risks to buildings include: Fire safety; Building Code of Australia (BCA) compliance; Public safety; Buildings not meeting the needs of the community; Structural damage; and Disability Discrimination Act (DDA) compliance. 	 Council can manage these risks by: Proceeding with BCA & Fire Safety Audit Monitoring the ongoing service requirements of users; Ensure upgrade & renewal requirements are addressed for high priori ty infrastructure; Review monitoring & testing procedures & emergency procedures.

3.7 AFFORDABLE LEVELS OF SERVICE - RECREATION

Recreational facilities in both Guyra and Tingha are in relatively good condition with major playground equipment replacements carried out since 2011 in most public park areas.

Sporting fields have also had improvements with the assistance of government grant funding and community assistance. Guyra's central recreational area at Rotary Park on the New England Highway features good facilities with toilets, barbeques, seating, and extensive children's play equipment.



Figure 18: Recreational Facilities Expenditure Projections – Scenario 1

20 Year Projected Operating & Capital Expenditure Funding Scenario 1—Existing Rate Variation Discontinued



Source: NAMS PLUS2 Recreation_2014_NoSRV 52 V1 (Where no bars displayed the projected expenditure for this funding type is \$0)



Figure 19: Recreational Facilities Service Level Projections – Scenario 2

Funding scenario 2 is based on the current rate variation continuing. With the special rate variation the recreational asset renewals are still underfunded by \$5k. While this is a minor renewal gap this will still equate to \$50k shortfall in renewals over 10 years. With current levels of funding condition of Council's recreational there is still expected to be a slight increase in assets in poor condition over 10 years. This funding scenario seeks to maintain the existing rate variation permanently.

Figure 20: Recreational Facilities Expenditure Projections – Scenario 2

20 Year Projected Operating & Capital Expenditure Funding Scenario 2—Current Variation Continued



Source. WAMS FLOS2 Recreation_2014_SRV 1 32 V2 (Where no bars displayed the projected expenditure for this funding type is 50)		
Risks	Responses	
 Common risks to recreational facilities infrastructure are: Play equipment becomes unsafe, no longer complies with current Australian Standards Injury to users from unsafe equipment & surfaces Sportsgrounds kept in playable condition that does not adversely impact users. Changing user requirements 	 Council can manage these risks by: Improving documentation of service levels & risks to develop maintenance priorities; Communicate with Council and the community to establish sustainable levels of service with available funding; Regular inspection program that is targeted and prioritised based on risk, levels and types of use Continue to monitor not only the condition of recreational facilities but how well they meet the needs of users. 	

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3.8 ASSET GOVERNANCE STRUCTURE

Work has commenced on the improvement of asset management governance. A draft charter has been developed and implementation will progress early in 2014.

This will ensure a 'whole of organisation' approach to asset management can be developed to ensure Guyra Council can:

- demonstrate corporate support for sustainable asset management,
- encourage corporate buy-in and responsibility,
- coordinate strategic planning, information technology and asset management activities,
- promote uniform asset management practices across the organisation,
- continue to develop information sharing across IT hardware and software,
- pooling of corporate expertise
- championing of asset management process,
- wider accountability for achieving and reviewing sustainable asset management practices.
- Manage and communicate risk

Figure 21: Asset Management Roles and Responsibilities



4. WHERE DO WE WANT TO BE?

4.1 VISION, MISSION, GOALS AND OBJECTIVES

The organisation has adopted a Vision for the future in the Strategic Plan:

A PROSPEROUS COMMUNITY SUSTAINING A UNIQUE RURAL LIFESTYLE

Council's purpose is set out in the adopted mission statement:

To provide community leadership and local government services in a sustainable, effective and efficient manner - meeting the needs of our community.

The Community Strategic Plan sets goals and objectives to be achieved in the planning period. The goals set out where asset custodian wants to be. The objectives are the steps needed to get there. Goals and objectives relating to the delivery of services from infrastructure are shown in Table 3.

Goals	Objectives
Transport Provide infrastructure for effective transport & access	 Maintain and develop roads & bridges that meet community needs Explore transport options for the community Provide safe and convenient options to drive, park, cycle or walk.
Storm water Drainage Develop sustainable infrastructure to support future needs	• Plan for the needs of the Shire through sustainable design and maintain the storm water system to ensure continued function.
Buildings Provide and maintain fully equipped community facilities	• Provide and maintain buildings that meet the needs of the community
Recreation Facilities Provide and maintain fully equipped community facilities	 Provide and maintain fully equipped sporting facilities to encourage a healthy and active lifestyle Provide and maintain facilities for recreational purposes throughout the Shire

Table 5: Goals and Objectives for Infrastructure Services³

4.2 ASSET MANAGEMENT POLICY

Asset Management Policy defines the vision and service delivery objectives for asset management in accordance with the Strategic Plan and applicable legislation.

The asset management strategy is developed to support the asset management policy and is to enable the organisation to show:

- how its asset portfolio will meet the affordable service delivery needs of the community into the future,
- enable asset management policies to be achieved, and

³ Source: *Community Strategic Plan 2013-2023*

• ensure the integration of asset management with its long term strategic plans. The asset management policy is included in appendix A.

4.3 ASSET MANAGEMENT VISION

To ensure the long-term financial sustainability of the organisation, it is essential to balance the community's expectations for services with their ability to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, the organisation aspires to:

Develop and maintain asset management governance, skills, process, systems and data in order to provide the level of service the community need at present and in the futures, in the most cost-effective and fit for purpose manner.

In line with the vision, the objectives of the asset management strategy are to:

- ensure that the infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to financial sustainability,
- safeguard assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets,
- adopt the long term financial plan as the basis for all service and budget funding decisions,
- meet legislative requirements for all operations,
- ensure resources and operational capabilities are identified and responsibility for asset management is allocated,
- provide high level oversight of financial and asset management responsibilities through Audit Committee/GM reporting to the organisation on development and implementation of Asset Management Strategy, Asset Management Plan and Long Term Financial Plan.

Strategies to achieve this position are outlined in Section 5.

5. STRATEGY IMPLEMENTATION

The implementing strategies above need the following projects and programs Table 6: Asset Management Projects and Programs

No	Projects and Programs	Desired Outcome				
1	Move from Annual Budgeting to Long Term Financial Planning	The long term implications of services are considered in annual budget deliberations.				
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.				
3	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide services.				
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.				
5	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	The asset custodian and the community are aware of changes to service levels and costs arising from budget decisions.				
6	Report financial position, financial sustainability	Financial sustainability information is available for				

No	Projects and Programs	Desired Outcome			
	and performance against strategic objectives in Annual Reports.	all Guyra Council stakeholders.			
7	Ensure decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.			
8	Report on resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.			
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.			
10	Implement an Improvement Plan to realize the level of maturity needed to achieve this asset management strategy with timing aligned to phases 1,2 and 3.	Essential core capacity in place needed to implement the necessary levels of asset, risk and project management.			
11	Report six monthly to the organisation by Audit Committee/GM on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.			

6. ASSET MANAGEMENT IMPROVEMENT PLAN

Following adoption of this strategy a review of Guyra Council asset management maturity will be carried out to set the improvement plan needed for Guyra Council to achieve target maturity needed to achieve phases 1, 2 and 3 of this asset management strategy.

7. COMMUNITY CONSULTATION AND ENGAGEMENT RESULTS

7.1 COMMUNITY CONSULTATION

Future revisions of the Asset Management Plans will incorporate community consultation on service levels and costs of providing the service. This will assist the Council and the community in matching the level of service needed by the community, service risks and consequences with the community's ability and willingness to pay for the service.

7.2 CUSTOMER RESEARCH AND EXPECTATIONS

Council undertook a survey of the community to determine satisfaction with the services provided by Council. The survey was undertaken in 2013-14 and a final report was presented to Council in February 2014. This survey polled residents on their level of satisfaction with Council's services. This survey reported a majority of respondents were 'satisfied' with each of Council's services. Overall the areas with the highest satisfaction scores were:

- Playgrounds
- Sporting Facilities
- Library

Table 7: Community Satisfaction Results												
	Completely Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied	Not Applicable / Unsure	Average Rating					
Sealed road maintenance	2.33%	18.60%	14.73%	56.59%	6.98%	0.78%	3.48					
Unsealed road maintenance	6.87%	22.14%	18.32%	40.46%	6.11%	6.11%	3.18					
Bridges	2.31%	6.15%	16.92%	57.69%	11.54%	5.38%	3.74					
Kerb and guttering	7.58%	16.67%	16.67%	36.36%	9.09%	13.64%	3.26					
Footpaths and cycleway	5.26%	20.30%	15.04%	34.59%	10.53%	14.29%	3.29					
Water	3.05%	3.82%	12.21%	36.64%	25.19%	19.08%	3.95					
Sewer	0.79%	3.15%	16.54%	33.86%	22.05%	23.62%	3.96					
Town beautification and street scaping	4.69%	14.84%	14.84%	43.75%	13.28%	8.59%	3.5					
Cleanliness of streets	3.05%	6.11%	9.92%	51.91%	22.90%	6.11%	3.91					
Playgrounds	1.55%	1.55%	13.18%	45.74%	27.13%	10.85%	4.07					
Sporting facilities	1.55%	3.10%	13.18%	47.29%	27.13%	7.75%	4.03					
Public toilets	1.57%	4.72%	14.17%	46.46%	22.05%	11.02%	3.93					
Community facilities such as the Community Hall	2.40%	8.80%	13.60%	48.80%	18.40%	8%	3.78					
Waste collection and disposal	2.34%	7.81%	10.94%	46.88%	24.22%	7.81%	3.9					
Aged care	2.44%	5.69%	17.07%	43.09%	18.70%	13.01%	3.8					
Library	1.61%	3.23%	5.65%	38.71%	37.90%	12.90%	4.24					
Cemeteries	2.31%	10%	22.31%	41.54%	13.85%	10%	3.61					
Animal control	8.59%	14.06%	23.44%	35.16%	7.81%	10.94%	3.22					

Table 7: Community Satisfaction Results


Figure 22: Community Satisfaction Results

This survey rated satisfaction against importance. While playgrounds, sporting facilities, and the library received a high satisfaction score, the respondents also identified them as being among those services of lowest importance. Other Council services deemed to be of low importance included town beatification and streets aping, cemeteries, and animal control.

Areas identified as having highest importance, with the average score determining these services as 'essential,' were sealed and unsealed road maintenance, bridges, water, sewer, and waste collection and disposal.

In accordance with these results respondents also identified areas that they would be willing to accept a decrease in service level.





APPENDIX A ASSET MANAGEMENT POLICY						
				Doc No		
GUYRA SHIRE COUNCIL	ASSE [*] POLIC	ASSET MANAGEMENT POLICY			Dате 21 Feb 2014	
CONTROLLER:		APPROVED BY:	Review Date			
GENERAL MANAGER		COUNCIL <mark>"[Enter date]"</mark>	<mark>"[Enter</mark>	'[Enter date]"		

- **1.0 Purpose** To set guidelines for implementing consistent asset management processes throughout Guyra Shire Council.
- **2.0 Objective** To ensure adequate provision is made for the long-term replacement of major assets by:
 - Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
 - Safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
 - Creating an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining asset management awareness throughout the organisation by training and development.
 - Meeting legislative requirements for asset management.
 - Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
 - Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.
- **3.0 Scope** This policy applies to all Council activities.

4.0 Policy 4.1 Background

4.1.1 Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of the organisation. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.

4.1.2 Council owns and uses approximately \$391 M of non-current assets to support its core business of delivery of service to the community.

4.1.3 Asset management practices impact directly on the core business of the organisation and appropriate asset management is required to achieve

our strategic service delivery objectives.

4.1.4 Adopting asset management principles will assist Council in achieving its Strategic Longer-Term Plan and Long Term Financial objectives.

4.1.5 A strategic approach to asset management will ensure that the Council delivers the highest appropriate level of service through its assets. This will provide positive impact on;

- Members of the public and staff;
- Council's financial position;
- The ability of Council to deliver the expected level of service and infrastructure;
- The political environment in which Council operates; and
- The legal liabilities of Council.

4.2 Principles

4.2.1 A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best-practice throughout all Departments of Council.

4.2.2 All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.

4.2.3 Asset management principles will be integrated within existing planning and operational processes.

4.2.4 Asset Management Plans will be developed for major service/asset categories. The plans will be informed by community consultation and financial planning and reporting.

4.2.5 An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.

4.2.6 Asset renewals required to meet agreed service levels and identified in adopted asset management plans and long term financial plans will be fully funded in the annual budget estimates.

4.2.7 Service levels agreed through the budget process and defined in adopted Asset Management Plans will be fully funded in the annual budget estimates.

4.2.8 Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.

4.2.9 Systematic and cyclic reviews will be applied to all asset classes and are to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards.

4.2.10 Future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets.

4.2.11 Future service levels will be determined in consultation with the community.

4.2.12 Training in asset and financial management will be provided for councillors and relevant staff.

5.0 Legislation Local Government Act 1993.

6.0 Documen	Related ts	Local Government Amendment (Planning and Reporting) Act 2009. The Act sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery. The amendments to the Act give effect to the Integrated Planning and Reporting framework. Asset Management Strategy and associated Asset Management Plans.			
Responsibility		Councillors are responsible for adopting the policy and ensuring that sufficient resources are applied to manage the assets.			
		The GENERAL MANAGER has overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council.			
Review Date		This policy has a life of 4 years. It will be reviewed in April 2018.			
Council Date	Meeting				

APPENDIX B CAPITAL WORKS PRIORITISATION MATRIX

Using Example Data – To be Applied to each capital project.

Description	Estimate		Cumulative Estimate	Appraisal Score	Risk Indicator	Annual Service	Operating Expense	Addit. Revenue	
	Renewal	Upgrade/ expansion	Total				Cost	(\$/pa)	%age
Parks and Rese	Parks and Reserves								<u>.</u>
NON DISCRETIC	DNARY								
Renewal A	\$50,000		\$50,000	\$50,000					
DISCRETIONAR	Y								
Proposal B	\$0	\$105,000	\$105,000	\$155,000	92.50	L	\$30,600	\$22,100	0.04%
Proposal C	\$60,000	\$130,000	\$190,000	\$345,000	91.00	Н	\$37,400	\$22,600	0.09%
Total	\$110,000	\$585,000	\$695,000					\$71,700	0.32%

Source: Asset Investment Guidelines, Local Government Victoria

Practice Area	Improvement Plan Actions	Status
Strategic Longer Term Plan	1. Update the service level projection in the CSP and ensure service measures align with the community service levels in the AMPs.	In progress – due June 2014
Annual Budget	1. Ensure budget aligns with CSP service targets.	In progress – due for 30 June 2014 report
Annual Report	1. Ensure the special schedule 7 summary aligns with AMPs and annual report overview	In progress – due for 30 June 2014 report
	2. Add a state of the assets graph showing % Good/Fair/Poor for quality/condition, function and capacity.	Need condition inspection programme over the next 2 years to improve confidence levels
AM Policy	1. Review policy as needed following completion of IPR documents.	Completed
AM Strategy	. Ensure the strategy covers the following areas under IPR: The Asset Management Strategy must include a council endorsed Asset Management Policy. The Asset Management Strategy must identify assets that are critical to the Council's operations and outline risk management strategies for these assets. The Asset Management Strategy must include specific actions required to improve Council's asset management capability and projected resource requirements and timeframes.	Completed
AM Plans	1. Complete asset management plans using the NAMS templates.	Completed
Governance and Management	 AM working group implements the Asset Management Improvement Plan AMIP and reports progress to EMT. This report is the initial AMIP. Use available template for prioritising capital expenditures. 	In Progress Due 2014
Levels of Service	 Use AMP and templates to develop technical and community service levels Link community service levels in AMPs with CSP. 	Completed – improve confidence levels
Data & Systems	 Implement a knowledge management strategy including business processes to update component and financial registers. Formalise the current high level of knowledge and expertise used to develop forward programmes. Add risk management documentation as part of the inspection procedures. Use this maturity assessment to benchmark AM performance. 	In Progress Due 2014 - 15

Practice Area	Improvement Plan Actions	Status
Skills and Processes	 Document audit trail processes for asset register updates. Implement risk management processes to link AMP risk management plan to high level residual risks in a corporate risk register. Knowledge management strategy will need to address what to do about GIS in the next 12 months. 	In Progress Due 2014 - 15
Evaluation	1. Use this AMIP to implement all tasks through.	In Progress Due 2014 - 15









ROADS AND BRIDGES ASSET MANAGEMENT PLAN 2013 TO 2023

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1 EXECUTIVE SUMMARY

STRATEGIC AND CORPORATE GOALS

This Asset Management Plan is prepared under the direction of Council's vision, mission, goals and objectives.

Our Vision:

A Prosperous Community Sustaining a Unique Rural Lifestyle

Our Mission:

To provide community leadership and local government services in a sustainable, effective, and efficient manner – meeting the needs of our community.

CONTEXT

Guyra Shire Council (GSC) provides a transport network of roads, bridges and associated infrastructure to enable access between properties, localities and towns in the region.

The summary of assets included in this Asset Management Plan are as follows:

- 36 km Urban Roads;
- 269 km Local Rural Sealed Roads;
- 537 km Local Unsealed Gravel Roads;
- 123 km Regional Roads.
- 6 Timber Bridges on Local Roads
- 40 Concrete Bridges on Local Roads

These infrastructure assets have a replacement value of \$88.3 million as at 2013.

1.2.1 LINKS TO THE COMMUNITY STRATEGIC PLAN

OBJECTIVE: OUR TRANSPORT & ACCESS - PROVIDE INFRASTRUCTURE FOR EFFECTIVE TRANSPORT AND ACCESS



BACKGROUND

This Asset Management Plan is to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding needed to provide the required levels of service over a 20 year planning period.

The Asset Management Plan follows the format for AM Plans recommended in Section 4.2.6 of the International Infrastructure Management Manual¹.

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

- Guyra Shire Council Policy Roads
- Guyra Shire Council DCP, LEP and Engineering Standards

WHAT IS THIS PLAN ABOUT?

This Asset Management Plan covers the infrastructure assets that serve the GSC community's transport access needs. These assets include roads and bridges throughout the Council area that enables people to travel and transport goods around the region.

WHAT DOES IT COST?

The projected outlays to provide the necessary services including operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$39,970,000 or \$3,997,000, on average, per year.

Council's estimated available funding for this period is \$37,970,000 or \$37,970, on average, per year which is 89% of the cost required to provide the service. This is a funding shortfall of \$200,000, on average, per year.

WHAT WE WILL DO

Council plans to provide transport services for the following:

- Operation, maintenance, renewal and upgrade of roads and bridgs to meet reasonable service levels within annual budgets.
- Assess the condition of all assets within the shire road network and prioritise critical renewals within the 10 year planning period.
- Improve assumptions used in financial forecasting for the Road and Bridge Asset Management Plan.
- Improve understanding current community needs and technical levels of service.
- Develop greater understanding of critical infrastructure risks and treatment plans in conjunction with GSC's Enterprise Risk Management.

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

WHAT WE CANNOT DO

Council has only limited funding to provide all services at the desired service levels or to provide new services. Works and services that cannot be provided under present funding levels are:

- Renewals of all existing road and bridge assets to match their annual depreciation expense.
- The construction of capital transport infrastructure in order to improve road and bridges to a desirable level of service.

MANAGING THE RISKS

There are risks associated with providing the service and not being able to complete all identified activities and projects. The risks are likely to be exacerbated with increasing traffic volumes, demand for higher loading standards on heavy vehicles to enhance commercial production efficiencies, and increasing costs of materials for road construction.

Therefore, there are moderate risks which have been identified:

- The capacity for the road network to cater for freight movement.
- The ability of the road network to provide for safe movement of traffic.
- The ability of bridges to function in order to permit transport access over waterways

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

• Ensuring that the existing transport infrastructure is working as efficiently as possible by ensuring roads and associated infrastructure is maintained.

THE NEXT STEPS

The actions resulting from this Asset Management Plan are:

- Continue to undertake inspections of roads and bridges to determine asset condition.
- Continue to maintain the assets according to the Operational Plan as adopted by Council.
- Improve data and refine assumptions in Asset Register including useful life and remaining life.
- Work in conjunction with our insurers and regulators to ensure compliance with risk and environmental management.
- Improve the accuracy of our unit rates used to determine current replacement costs.

2 INTRODUCTION

The infrastructure assets covered by this Asset Management Plan are shown in the following table. These assets are used by Council to provide stormwater drainage services to the community.

Assets Covered by this Plan

Asset Category	Туре	Replacement Value (\$ Million)
Roads	Sealed	54.9
Roads	Unsealed	6.3
Bridges	Timber and concrete	26.4
TOTAL		88.3

Key stakeholders in the preparation and implementation of this Asset Management Plan are shown in the following table:

Key Stakeholders in the AM Plan

Key Stakeholder	Role in Asset Management Plan
Councillors	 Represent needs of community Allocate resources to meet the organisation's objectives in providing services while managing risks Ensure organisation is financial sustainable
CEO/General Manager	Inform Councillors of issues surrounding asset management and lead organisation towards asset sustainability
Community	Levels of Stormwater service
Department of Public Infrastructure	Design and project management
Road and Drainage Services	Service delivery and asset management
Roads and Maritime Services	Wider road network management issues

3 SERVICE LEVELS

3.1 LEVEL OF SERVICE STATEMENT

Council's current service level is to ensure that roads and bridges operate at a standard to provide safe access relative to the function standard, and to minimize ongoing maintenance expense burden.

3.2 LEGISLATIVE REQUIREMENTS

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

Legislation	Requirement
Local Government Act 1993	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.
Roads Act 1993	Compliance with road operation regulations.
Protection of the Environment	Control of pollutants from roadways and drainage systems.
Operations Act 1997	
Work Health and Safety Act 2012	Providing a healthy and safe work environment at all road
	work sites.
Contaminated Land management	Managing road work sites with possible contaminated soil
Act 1997	near watercourses.

Legislative Requirements

4 FUTURE DEMAND

Key Performance Measure	Community Expectation	Performance Measure Process	Current Level of Service	10 Year Projection With Discontinued SRV	10 Year Projection With Continued SRV
COMMUNITY I	LEVELS OF SERVIC	E			
Quality	Well maintained roads Do not pond water Look well maintained Transport infrastructure	Customer surveys Customer requests	To be provided from the Resident Survey and Community Plan research. Has not been fully assessed at this time	It is anticipated that customer requests and community dissatisfaction would increase over the next 10 yeas	Requests received should not increase annually. Further assessment required to inform future revisions of this Asset Management Plan
C h re C m	condition meets hierarchy requirements for condition measures	State of the Assets Report. % Poor/Very Poor	32% 22% 46% Confidence Level: Moderate/High	27% 33% 40% Confidence Level: Moderate/High	30% 26% 44% Confidence Level: Moderate/High
Function	Ensure access to facilities and services is provided that is suited to the use Transport Infrastructure meets hierarchy	Customer surveys Customer requests	To be provided from the Resident Survey and Community Plan research Has not been fully assessed at this time	It is anticipated that customer requests and community dissatisfaction would increase over the next 10 yeas	Requests received should not increase annually. Further assessment required to inform future revisions of this Asset Management Plan
	requirements for traffic volumes, design speed, width, alignment, access etc.	State of the Assets Report. % Poor/Very Poor	1% 8% 95% Confidence Level:	1% 4% 95% Confidence Level:	1% 4% 95% Confidence Level:
			Moderate/High	Moderate/High There is not expected to be a material variation in the function of Council's roads over the next 10 years.	Moderate/High There is not expected to be a material variation in the function of Council's roads over the next 10 years.
Capacity/ Utilisation	Network meets the capacity requirements appropriate to hierarchy	State of the Assets Report. % Poor/Very Poor	25% 25% Confidence Level: Moderate/High	235 854 9356 Confidence Level: Moderate/High	23% 23% Confidence Level: Moderate/High

Key Performance Measure	Community Expectation	Performance Measure Process	Current Level of Service	10 Year Projection With Discontinued SRV	10 Year Projection With Continued SRV
				There is not expected to be a material variation in the capacity of Council's roads over the next 10 years.	There is not expected to be a material variation in the capacity of Council's roads over the next 10 years.

TECHNICAL LEVELS OF SERVICE							
Budget Area	Activities	Measure	Current Level of Service with No SRV	Current Funded Level of Service with SRV	Optimal Level of Service (Scenario 2)		
Operations	Verge Mowing Litter & other debris Collection Inspections Management Systems	Frequency	Has not been fully assessed at this time. Further assessment required to inform future revisions of this Asset Management Plan	Reactive to limit of budget allocation.	Requires further assessment to identify and determine whether basic service level expectations would be met		
Operational Co	ist		\$0 pa used in modelling for the next 10 years, although likely the operations cost has been incorporated into maintenance.	\$0 pa used in modelling for the next 10 years, although likely the operations cost has been incorporated into maintenance.	\$0 pa used in modelling for the next 10 years, although likely the operations cost has been incorporated into maintenance.		
Maintenance	Remove hazards Repair damage to Transport Infrastructures within appropriate intervention levels	Respond to complaints Budget and resources are adequate to complete the required works within an acceptable time	Has not been fully assessed at this time. Further assessment required to inform future revisions of this Asset Management Plan	Reactive maintenance to limit of budget allocation.	Regular Inspections Planned Maintenance		
Maintenance Cost		\$2,254,000 pa over the next 10 years	\$2,254,000 pa over the next 10 years	\$2,254,000 pa over the next 10 years			
Renewal	Renewal of assets	Replacement Cycle	Network in average condition. Renewal replacement cycle will not be met in the following areas:	Network in average condition. Renewal replacement cycle will not be fully met.	Required renewal cycles will be achieved. Current network condition would be		

TECHNICAL LEVELS OF SERVICE					
Budget Area	Activities	Measure	Current Level of Service with No SRV	Current Funded Level of Service with SRV	Optimal Level of Service (Scenario 2)
			 Bitumen Resurfacing Rural Drainage Maintenance 		sustained. Refer to Appendix B for Forecast Required Renewal Program to sustain service levels.
Renewal Cost		\$1,303,000* average pa provided	\$1,543,000* average pa provided	Renewal requirements would essentially be met. The Scenario 2 estimate of average annual renewal requirements is \$1,743,000* Avg pa over the next 10 years	
Upgrade/New	Provide services in a cost effective manner	Cost, Meet Corporate Strategy	No Upgrade/New Proposed	No Upgrade/New Proposed	No Upgrade/New Proposed
Upgrade/New Cost		No Upgrade/New Proposed	No Upgrade/New Proposed	No Upgrade/New Proposed	

*THESE FIGURES DO NOT INCLUDE REGIONAL ROADS



4.1 DEMAND MANAGEMENT PLAN

The impact of demand drivers that may affect future service delivery and utilisation of assets are shown in the following table:

Demand Drivers, Projections and Impact on Services

Demand Drivers	Present Position	Projection	Impact on Services
Residential development	Roads are generally adequate for existing developments, however, some deficiencies have been identified	2% increase in population	Possible requirement to increase the extent of the network and strength of pavements
Commercial development	Road networks are barely adequate for existing developments	Unknown	Any increase in commercial development could impact on future life cycles of roads
Public safety	Roads are generally adequate for existing traffic conditions	2% increase in population	Public perception is generally that roads should be increasing in safety
Regulatory requirement to manage traffic	Traffic compliance could be enhanced	increased demand	Greater operational demand upon traffic facilities such as intersections, signage and markings to control regulatory operations.

Opportunities identified to date for demand management are shown in the following table. Further opportunities will be developed in future revisions of this Asset Management Plan.

Demand Management Plan Summary

Demand Driver	Impact on Services	Demand Management Plan
Residential development	Possible requirement to increase the extent of the network and strength of pavements	Ensure existing infrastructure is working as efficiently as possible and upgrade when asset does not meet agreed service levels
Commercial development	Any increase in commercial development could impact on future life cycles of roads	Ensure existing infrastructure is working as efficiently as possible and upgrade when asset does not meet agreed service levels
Public safety	Public perception is generally that roads should be increasing in safety	Monitor traffic operations for safety and identify assets that will require upgrading if required
Regulatory requirement to manage traffic	Greater operational demand upon traffic facilities such as intersections, signage and markings to control regulatory operations.	Monitor traffic compliance with regulatory function in conjunction with Roads and Maritime Services and identify assets that will require upgrading if required

4.2 ASSET PROGRAMS TO MEET DEMAND

The new assets required to meet growth will be acquired free of cost from land developments and constructed/acquired by Council. New assets constructed/acquired by Council are discussed in Section 5.5.

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

5 LIFECYCLE MANAGEMENT PLAN

The Lifecycle Management Plan details how Council plans to manage and operate the assets at the agreed levels of service while optimising life cycle costs.

5.1 BACKGROUND DATA

5.1.1 PHYSICAL PARAMETERS

Guyra's bridges include a number of concrete structure and some remaining timber structures. The road transport network includes sealed and unsealed gravel roads in both the rural and urban areas of the shire, some concrete footpaths, kerb and gutters, and general road traffic facilities such as signs, medians and road markings.

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 the following table:

Location	Service Deficiency
Guyra Road	Rehabilitation required to strengthen failing pavement and resurfacing.
Inn Road	Rehabilitation required to failing pavement and resurfacing to address cracked aged seal.
Tubbamurra Road	Rehabilitation required to failing pavement and resurfacing to address cracked aged seal.
Bradley Street	Sections to be strengthened and resurfaced to prevent pavement deterioration from moisture damage.
Karoola Bridge	Timber bridge replacement with structure suitable to meet long term access requirements
Tenterden Bridge	Timber bridge replacement with structure suitable to meet long term access requirements
Old Mill Bridge	Timber bridge replacement with structure suitable to meet long term access requirements

Known Service Performance Deficiencies

5.1.3 ASSET CONDITION

Condition is monitored using information from assessments of roads. The condition profile of Council's assets is shown in below.



Condition is measured using a 1 - 5 grading system² as detailed in Table 5.1.3.

Table 5.1.3: Simple Condition Grading Model

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

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

5.1.4 ASSET VALUATIONS

Assets were last valued in 2013 and recorded in the Asset Register in 2013 as shown below. Assets were valued at the current replacement cost, at that time.



Key assumptions made in preparing the valuations were:

- That useful life is 80 years for concrete bridge assets and 40 years for timber bridge assets.
- Where the construction year for a particular asset is unavailable, then the construction year was
 a function of condition which was assumed to be condition 3 (based on the selection of
 transport assets condition assessed)
- Unit rates used for replacement calculations were based on best available information, using both internal and external prices to undertake the work associated with replacing the transport asset
- Remaining life predications for transport assets are based on condition assessments of a representative sample of similar assets

5.2 RISK MANAGEMENT ACTION PLAN

An assessment of risks⁴ 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 Risk Management Action Plan, together with the estimated residual risk after the selected treatment plan is operational are summarised in the table below. These risks are reported to management and Council. At this stage no risks have been identified as 'very high', however this will be examined with greater detail during the improvement phase of the Road and Bridges Asset Management Plan.

³ Also reported as Written Down Current Replacement Cost (WDCRC).

⁴ Guyra Shire Council Risk Management Action Plan

5.3 ROUTINE OPERATIONS AND MAINTENANCE PLAN

Operations include regular activities to provide services such as safety and amenity, and satisfactory performance of the asset.

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

5.3.1 OPERATIONS AND MAINTENANCE PLAN

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

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

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

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

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

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

5.3.2 OPERATIONS AND MAINTENANCE STRATEGIES

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

- Scheduling operations activities to deliver the defined level of service in the most efficient manner,
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes. Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (50 - 70% planned desirable as measured by cost),
- Maintain a current Infrastructure Risk Register for assets and present service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council,

- 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 over utilised assets and appropriate remedies and customer demand management options,
- Maintain a current hierarchy of critical assets and required operations and maintenance activities,
- Develop and regularly review appropriate emergency response capability,
- Review management of operations and maintenance activities to ensure Council is obtaining best value for resources used.

Year	Maintenance Expenditure		
	Planned and Specific	Unplanned	
2014	\$2,254,000	\$	
2015	\$2,254,000	\$	
2016	\$2,254,000	\$	

Guyra SC - Projected Operations & Maintenance Expenditure (Roads_2014_NoSRV_S2_V2)



Critical Assets

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

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

5.4 RENEWAL/REPLACEMENT PLAN

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

5.4.1 RENEWAL PLAN

The useful lives of general road assets are shown the table below. Asset lives are subject to changes in use, loading and climatic effects. Asset useful lives were last reviewed in 2013

Useful Lives of Assets

Asset (Sub)Category	Useful life
Road Pavements	20 - 40 years
Timber Bridges	40 years
Concrete Bridges	80 years

5.4.2 RENEWAL AND REPLACEMENT STRATEGIES

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

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

Renewal Ranking Criteria

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (eg. replacing a bridge that has a 5 t load limit), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (eg. roughness of a road).⁵

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

- Have a high consequence of failure,
- Have a high utilisation and subsequent impact on users would be greatest,
- The total value represents the greatest net value to the organisation,
- Have the highest average age relative to their expected lives,
- Are identified in the AM Plan as key cost factors,
- Have high operational or maintenance costs, and
- Where replacement with modern equivalent assets would yield material savings.⁶

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in the following table:

Criteria	Weighting
Available budget	30
Condition	30
Risk	20
Regulatory	20
Total	100%

Renewal and Replacement Priority Ranking Criteria

Renewal and Replacement Standards

Renewal work is carried out in accordance with the following standards and specifications:

- GSC Development Control Plan
- Engineering Standards

5.4.3 SUMMARY OF FUTURE RENEWAL AND REPLACEMENT EXPENDITURE

Projected future renewal and replacement expenditures are forecast to increase over time as the asset stock increases from growth.

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

⁵ IPWEA, 2011, IIMM, Sec 3.4.4, p 3 60.

⁶ Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3 66.



Guyra SC - Projected Capital Renewal Expenditure (Roads_2014_NoSRV_S2_V2)

Deferred renewal and replacement, ie. those assets identified for renewal and/or replacement and not scheduled in capital works programs are to be included in the risk analysis process in the Risk Management Action Plan.

Renewals and replacement expenditure in the Council's capital works program will be accommodated in Council's Long Term Financial Plan which is further discussed in Section 7.

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.

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 renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed below.

Criteria	Weighting
Arterial Roads	40
Collector Roads	30

New Assets Priority Ranking Criteria

Access Roads	20
Other Roads	10
Total	100%

5.5.2 CAPITAL INVESTMENT STRATEGIES

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

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

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

5.5.3 SUMMARY OF FUTURE UPGRADE/NEW ASSETS EXPENDITURE

No assets identified for disposal in this asset management plan.

6.2 IMPROVEMENT PROGRAM

The Asset Management Improvement Plan generated from this Asset Management Plan is shown below.

Task No	Task	Responsibility	Resources Required	Timeline
1	Refine useful life assumptions	Director of Engineering	Staff	Within 24 months
2	Refine remaining life assumption	Director of Engineering	Staff	Within 24 months
3	Validate units rates use to determine current replacement costs	Director of Engineering	Staff	Within 24 months

Improvement Plan

7 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.

Guyra SC - Projected Operating and Capital Expenditure (Roads_2014_NoSRV_S2_V2)



7.1.1 SUSTAINABILITY OF SERVICE DELIVERY

Long Term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this Asset Management Plan is \$3,981,000 per year (average operations and maintenance expenditure plus depreciation expense projected over 10 years).

Life cycle costs can be compared to life cycle expenditure to give an initial indicator of affordability of projected service levels when considered with age profiles. Life cycle expenditure includes operations, maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure over the 10 year planning period is \$3,997,000 per year (average operations and maintenance plus capital renewal budgeted expenditure in LTFP over 10 years).

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap. The life cycle gap for services covered by this Asset Management Plan is 5% per annum. Life cycle expenditure is 95% of life cycle costs.

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

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 – 5-10 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 \$3,797,000 on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$200,000, on average, per year giving a 10 year funding shortfall of \$5,000 per year. This indicates that Council expects to have 95% of the expenditures needed to provide the services documented in the Asset Management Plan. Summary of Service Sustainability Ratios

	Discontinued SRV (\$000's)	ContinuedSRV (\$000's)
Asset Renewal Funding Ratio		
Asset Renewal Funding Ratio	75 %	89 %
Life Cycle Cost (long term)'(\$000)		
Life Cycle Cost (depreciation + ops. and maintenance. eexpenditures – 10 year average)	\$3,981	\$3,981
Life Cycle Exp. (Capital renewal. + operations + maintenance expenditure 10 year average)	\$3,557	\$3,797
Life Cycle Gap [life cycle expenditure - life cycle cost [-ve = gap]	-\$424	-\$184
Life Cycle Sustainability Indicator [life cycle expenditure / LCC]	89 %	95 %
Medium Term (10 yrs) Sustainability		

	Discontinued SRV (\$000's)	ContinuedSRV (\$000's)
10 year Operations, Maintenance & Renewal Projected Expenditure	\$3,997	\$3,997
10 year Operations, Maintenance & Renewal Planned (Budget) Expenditures	\$3,557	\$3,797
10 year Funding Shortfall (10 year projected. expenditures Planned (Budget) Expenditures)	-\$440	-\$200
10 year Sustainability Indicator (10 year planned exp. / projected. Expenditure)	89 %	95 %
Short Term (5 years) Sustainability		
5 year Operations, Maintenance & Renewal Projected Expenditure	\$4,021	\$4,021
5 year Operations, Maintenance & Renewal Planned (Budget) Expenditure	\$3,581	\$3,821
5 year Funding Shortfall (5 year projected expenditures planned (budget) expenditures)	-\$440	-\$200
5 year Sustainability Indicator (5 year planned expenditures. / projected expenditures)	89 %	95 %

Guyra SC - AM Financial Indicators (Roads_2014_NoSRV_S2_V2)



Comparison of LTFP Outlays as a % of Projected Requirements

Planning Period

	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
Urban Rehab	80	83	87	112	118	77	90	72	67	68	140
Urban Reseals	54	140	53	77	45	40	50	52	51	50	63
Rural Rehab	213	225	200	179	303	209	145	233	233	248	233
Rural reseals	226	302	251	199	236	197	220	221	193	219	114
Regional Rehab	229	2411	1414	372	281	322	459	468	403	620	650
Regional reseals	143	116	112	123	162	123	175	140	191	200	166
Gravel resheeting	120	120	120	120	120	120	120	120	120	120	120
Kerb and Gutter	24	0	40	0	39	22	17	15	0	0	29
Footpaths	50	45	38	29	0	35	13	8	84	38	30
Cycleways	0	0	0	0	0	0	0	0	0	0	0
Bridges and causeways	120	64	391	391	175	12	304	309	338	322	0
Sub total - renewals	1259	3506	2706	1602	1479	1157	1593	1638	1680	1885	1545
Rural upgrade	0	0	0	0	300	250	250	0	0	100	400
Kerb and Gutter (new)	0	0	31	0	0	72	0	0	0	25	0
Footpaths (new)	0	0	14	21	0	0	0	0	0	0	0
Sub total - upgrades	0	0	45	21	300	322	250	0	0	125	400
	1259	3506	2751	1623	1779	1479	1843	1638	1680	2010	1945

Summary of Projected 10 Year Renewal and Upgrading Works
Projected and LTFP Budgeted Renewals and Financing Shortfall



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

Providing services in a sustainable manner will require matching of projected asset renewal and replacement expenditure to meet agreed service levels with the corresponding capital works program accommodated in the Long Term Financial Plan.

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

Council 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.

7.2 FUNDING STRATEGY

After reviewing service levels as appropriate to ensure ongoing financial sustainability, projected expenditures identified in Section 7.1.2 will be accommodated in the Council's 10 Year Long Term Financial Plan.

7.3 KEY ASSUMPTIONS MADE IN FINANCIAL FORECASTS

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

Key assumptions made in this Asset Management Plan and risks that these may change are shown in the following table.

Key Assumptions	Risks of Change to Assumptions
Useful Life	If useful life has been overestimated then annual depreciation expense will
	increase
Remaining Life	If remaining life has been overestimated then renewal programs will need to
	be implemented sooner
Unit Rates	Unit rates impact on replacement costs and annual depreciation expenses.
	Improving the accuracy of our unit rates will increase the certainty we have
	with our financial forecasting
Condition Rating	Improving the accuracy of our condition ratings will increase the certainty of
	our renewal programs and financial forecasting

Key Assumptions made in AM Plan and Risks of Change

7.4 FORECAST RELIABILITY AND CONFIDENCE

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale⁷ in accordance with the following table.

Data Confidence Grading System

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

⁷ IPWEA, 2011, IIMM, Table 2.4.6, p 2|59.

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

The estimated confidence level for and reliability of data used in this AM Plan is shown in the following table.

Data	Confidence Assessment	Comment
Demand Drivers	В	Some improvement required
Growth Projections	В	More reliable the closer the projections are to
		present day
Operations	A	Reliable
Expenditures		
Maintenance	В	Less reliable than Operations expenditure
Expenditures		
Projected Renewal	С	More data required on asset condition to
Exps.		determine renewal expenditure
- Asset Values		
- Asset Residual	В	As we become more familiar with new
Values		technology (ie. relining) we should be able to
		predict residual values
- Asset Useful Lives	В	Civil structures are usually long lived however
		our assumption of 80 years my need refining
- Condition Modelling	D	More work required
- Network Renewals	С	Some uncertainty as not all assets have been
		condition assessed
- Defect Repairs	С	Some uncertainty as not all assets have been
		condition assessed
Upgrade/New	В	Have a generally good understanding where
Expenditures		new assets are required
Disposal Expenditures	E	More work required

Data Confidence Assessment for Data used in AM Plan

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

8 **REFERENCES**

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, <u>www.ipwea.org.au/IIMM</u>

IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australia, Sydney, <u>www.ipwea.org.au/namsplus</u>.

IPWEA, 2009, 'Australian Infrastructure Financial Management Guidelines', Institute of Public Works Engineering Australia, Sydney, <u>www.ipwea.org.au/AIFMG</u>.

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9 APPENDICES

Appendix A Abbreviations

Appendix B Glossary

APPENDIX A ABBREVIATIONS

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

APPENDIX B GLOSSARY

Annual service cost (ASC)

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

Asset

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

Asset category

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

Asset class

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

Asset condition assessment

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

Asset hierarchy

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

Asset management (AM)

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

Asset renewal funding ratio

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

Average annual asset consumption (AAAC)*

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

Borrowings

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

Capital expenditure

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

Capital expenditure - expansion

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

Capital expenditure - new

Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases

service potential it may impact revenue and will increase future operations and maintenance expenditure.

Capital expenditure - renewal

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

Capital expenditure - upgrade

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

Capital funding

Funding to pay for capital expenditure.

Capital grants

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

Capitalisation threshold

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

Carrying amount

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

Class of assets

See asset class definition

Component

Specific parts of an asset having independent physical or functional identity and having specific attributes such as

different life expectancy, maintenance regimes, risk or criticality.

Core asset management

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

Cost of an asset

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

Critical assets

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

Current replacement cost (CRC)

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

Deferred maintenance

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

Depreciable amount

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

Depreciated replacement cost (DRC)

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

Depreciation / amortisation

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

Economic life

See useful life definition.

Expenditure

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

Fair value

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

Financing gap

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

Heritage asset

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

Impairment loss

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

Infrastructure assets

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

Investment property

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

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

Key performance indicator

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

Level of service

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

Life Cycle Cost*

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

Life cycle expenditure

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

Loans / borrowings

See borrowings.

Maintenance

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

• Planned maintenance

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

• Reactive maintenance

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

• Specific maintenance

Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.

• Unplanned maintenance

Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance expenditure*

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

Materiality

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

Modern equivalent asset

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques.

Net present value (NPV)

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

Non-revenue generating investments

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

Operations

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

Operating expenditure

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

Operating expense

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

Operating expenses

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

Operations, maintenance and renewal financing ratio

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

Operations, maintenance and renewal gap

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

Pavement management system (PMS)

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

PMS Score

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

Rate of annual asset consumption*

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

Rate of annual asset renewal*

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

Rate of annual asset upgrade/new*

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

Recoverable amount

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

Recurrent expenditure

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

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining useful life

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

Renewal

See capital renewal expenditure definition above.

Residual value

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

Revenue generating investments

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

Risk management

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

Section or segment

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

Service potential

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

Service potential remaining

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

Specific maintenance

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

Strategic longer term plan

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

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

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

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

Value in use

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

Source: IPWEA, 2009, Glossary

Additional and modified glossary items shown*





BUILDINGS AND PROPERTY ASSET MANAGEMENT PLAN 2013 TO 2023

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1 EXECUTIVE SUMMARY

1.1 STRATEGIC AND CORPORATE GOALS

This Asset Management Plan is prepared under the direction of Council's vision, mission, goals and objectives.

Our Vision:

A Prosperous Community Sustaining a Unique Rural Lifestyle

Our Mission:

To provide community leadership and local government services in a sustainable, effective, and efficient manner – meeting the needs of our community.

1.2 CONTEXT

The Health and Building Department provides maintenance and management for the following:

- Fixed assets such as buildings
- Fixed assets located within buildings such as carpets, kitchens, etc
- Non-fixed assets such as furniture, partitions, etc
- Rental properties
- Historic properties

The Buildings network is comprised of community buildings infrastructure and has a total replacement value of \$21,465,000.

1.2.1 LINKS TO THE COMMUNITY STRATEGIC PLAN

OBJECTIVE: OUR COMMUNITY FACILITIES - PROVIDE AND MAINTAIN FULLY EQUIPPED COMMUNITY FACILITIES



1.3 BACKGROUND

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

The Asset Management Plan follows the format for AM Plans recommended in Section 4.2.6 of the International Infrastructure Management Manual¹.

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

• Community Strategic Plan, Delivery Plan and Operational Plan

1.3.1 WHAT IS THIS PLAN ABOUT?

This asset management plan covers the infrastructure assets that serve the Guyra Shire Councils community's building's needs. These assets include community buildings throughout the area that support administrative, operational and community needs.

1.3.2 WHAT DOES IT COST?

The projected outlays necessary to provide the services covered by this Asset Management Plan (AM Plan) includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$2,574,000 or \$257,000 on average per year.

Estimated available funding for this period is \$2,074,000 or \$207,000 on average per year which is 81% of the cost to provide the service. This is a funding shortfall of -\$50,000 on average per year. Projected expenditure required to provide services in the AM Plan compared with planned expenditure currently included in the Long Term Financial Plan are shown in the graph below.

1.3.3 WHAT WE WILL DO

We plan to provide building maintenance services for the following:

• Operation, maintenance, renewal and upgrade of operational, community, public halls, rental and heritage properties to meet service levels set in annual budgets within the 10 year planning period

1.3.4 WHAT WE CANNOT DO

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

• Services outside the adopted Council maintenance service agreement

1.3.5 MANAGING THE RISKS

There are risks associated with providing the service and not being able to complete all identified activities and projects. Identification of all major risks is an ongoing program of Council..

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

- Undertaking regular inspections
- Preparing action plans to minimise disruption to services
- Continuing to identify productivity savings
- •

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

1.3.6 THE NEXT STEPS

The actions resulting from this Asset Management Plan are:

- Improve risk strategies
- Refine service levels
- Valuation methods
- Improve condition assessments

2 INTRODUCTION

The infrastructure assets covered in this Asset Management Plan are shown in the following table. These assets are used to provide community, local government administration and library services to the community.

		Replacement
Asset Category	Dimension	Value (\$M)
Buildings used for operational	Council Administration / Library Building	
purposes	Works Depot Ryanda Street	
	SES Headquarters Building	
	NSW Rural Fire Service Brigade Sheds	
	Totals	
Buildings used for community	Museum	
purposes	HACC Building	
	Preschool	
	Kolora	
	Guyra Community Hall	
	Rotary Park Bus Shelter	
	Tingha Community Hall	
	Total	
	Total	
Rental Properties		
	Low Income Flats - Nincoola Street	
	Ollera Street Units	
	Total	
Heritage Buildings		
TOTAL		\$21,465,000

Assets Covered by this Plan

Key stakeholders in the preparation and implementation of this Asset Management Plan are shown in the table below.

Key Stakeholder	Role in Asset Management Plan
Councillors	 Represent needs of community/shareholders, Allocate resources to meet the organisation's objectives in providing services while managing risks, Ensure organisation is financially sustainable.
CEO/General Manager	Financial and human Resourcing
Community	User safetyCommunity satisfaction

Key Stakeholders in the AM Plan

3 SERVICE LEVELS

3.1 LEVEL OF SERVICE STATEMENT

Council's current service level is to detailed below:

Key Performance Measure	Community Expectation	Performance Measure Process	Current Level of Service	10 Year Projection With No SRV	10 Year Projection With SRV Continued
COMMUNITY I	LEVELS OF SERVIC	E			
Quality	Look well maintained and clean At a quality or standard suitable for their purpose	Customer surveys Customer requests	To be provided from the Resident Survey and Community Plan research. Has not been fully assessed at this time	It is anticipated that customer requests and community dissatisfaction would increase over the next 10 yeas	Requests received should not increase annually. Further assessment required to inform future revisions of this Asset Management Plan
		State of the Assets Report. % Poor/Very Poor	24% 22% 54% Confidence Level: Moderate/High	41% Confidence Level: Moderate/High	22% 30% 48% Confidence Level: Moderate/High
Function	Easy to access Fit for their use.	Customer surveys Customer requests	To be provided from the Resident Survey and Community Plan research Has not been fully assessed at this time	It is anticipated that customer requests and community dissatisfaction would increase over the next 10 yeas	Requests received should not increase annually. Further assessment required to inform future revisions of this Asset Management Plan
		State of the Assets Report. % Poor/Very Poor	Confidence Level: Moderate/High	Confidence Level: Moderate/High	Confidence Level: Moderate/High
Capacity/ Utilisation	Building facilities meets the capacity requirements appropriate to hierarchy	State of the Assets Report. % Poor/Very Poor	Confidence Level:	47% 40% Confidence Level: Moderate/High	Confidence Level:

Budget Area	Activities	Measure	Current Level of Service with No SRV	Current Funded Level of Service with SRV	Optimal Level of Service (Scenario 2)
Operations	Opening hours Cleanliness Provision of power and operational services	Frequency	Has not been fully assessed at this time. Further assessment required to inform future revisions of this Asset Management Plan	Reactive to limit of budget allocation.	Requires further assessment to identify and determine whether basic service level expectations would be met
Operational Co	IST		\$68,526 pa used in modelling for the next 10 years	\$68,526 pa used in modelling for the next 10 years	\$68,526 pa used in modelling for the next 10 years
Maintenance	Remove hazards Repair damage to Building Infrastructures within appropriate intervention levels intervention levels	Respond to complaints Budget and resources are adequate to complete the required works within an acceptable time	Has not been fully assessed at this time. Further assessment required to inform future revisions of this Asset Management Plan	Reactive maintenance to limit of budget allocation.	Regular Inspections Planned Maintenance
Maintenance C	ost		\$40,897 pa used in modelling for the next 10 years	\$40,897 pa used in modelling for the next 10 years	\$40,897 pa used in modelling for the next 10 years
Renewal	Replacement of building components	Replacement Cycle	Network in average condition. Renewal replacement cycle will not be met.	Network in average condition. Renewal replacement cycle will not be fully met.	Required renewal cycles will be achieved. Current network condition would be sustained. Refer to Appendix B for Forecast Required Renewal Program to sustain service levels.
Renewal Cost			\$98,000 average pa provided	\$125,000 average pa provided	Renewal requirements would essentially be met. The Scenario 2 estimate of average annual renewal requirements is \$148,000 avg pa over the next 10

TECHNICAL LEVELS OF SERVICE					
Budget Area	Activities	Measure	Current Level of Service with No SRV	Current Funded Level of Service with SRV	Optimal Level of Service (Scenario 2)
					years
Upgrade/New	Provide services in a cost effective manner	Cost, Meet Corporate Strategy	No Upgrade/New Proposed	No Upgrade/New Proposed	No Upgrade/New Proposed
Upgrade/New Cost			No Upgrade/New Proposed	No Upgrade/New Proposed	No Upgrade/New Proposed



3.2 LEGISLATIVE REQUIREMENTS

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

Legislative Requirements

Legislation	Requirement	
Local Government Act 1993	Sets out role, purpose, responsibilities and powers of local	
	governments including the preparation of a Long Term	
	Financial Plan supported by Asset Management Plans for	
	sustainable service delivery	
Environmental Planning and	Fire safety regulations and disability access	
Assessment Act 1979		
Building Code of Australia	Determine the standards required for the construction of new	
	and upgrade of existing buildings	
Australian Standards	Determines the standards required.	
Heritage Act 1977	Server to promote and encourage the preservation of the	
	State's heritage	

4 FUTURE DEMAND

4.4 DEMAND MANAGEMENT PLAN

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

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures². Examples of non-asset solutions include providing services from existing infrastructure such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified to date for demand management are shown in the table below. Further opportunities will be developed in future revisions of this Asset Management Plan.

Demand drivers	Present position	Projection	Impact on services
Demographics	Increasing shift towards average age increasing	Aging population expected to continue	Changing service needs and hence changing building requirements
Building Costs	Current costs	Costs anticipated to increase	The shortage of skilled labour, high labour costs and increasing building costs will impact on the future management of buildings
Regulation	Current regulations	Regulations relating to buildings increasing e.g. accessibility	Will add further to the cost of providing, operating, maintaining and renewing buildings
Population	Move towards higher density living.	Population density increasing	General increase in demand for services provided utilising council's buildings

Demand Management Plan Summary

² IPWEA, 2011, IIMM, Table 3.4.1, p 3|58.

5 LIFECYCLE MANAGEMENT PLAN

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

5.1 BACKGROUND DATA

5.1.1 PHYSICAL PARAMETERS

Age profile information is not currently available. An age profile will be developed in future revisions of the asset management plan.

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 the table below.

Known Service Performance Deficiencies

Location	Service Deficiency
Community buildings	Whilst most buildings meet the Building Code of Australia, more could be done to enhance their fire safety, security and comfort levels
Public halls	The general condition of public halls is good. However, fire safety and air conditioning will assist to serve the ageing population at a later stage

The above service deficiencies were identified from condition monitoring and visual inspection by the Manager.

5.1.3 ASSET CONDITION

Condition is monitored by visual inspection by the Manager and Council's Building Inspectors. The condition profile of our assets is shown in the figure below.



Condition is measured using a 1 - 5 grading system³ as detailed in Table 5.1.3.

Table 5.1.3: Simple Condition Grading Model

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

Condition is measured using a 1 - 5 grading system⁴ as detailed in the table below.

³ IPWEA, 2011, IIMM, Sec 2.5.4, p 2|79.

⁴ IPWEA, 2011, IIMM, Sec 2.5.4, p 2 | 79.

5.1.4 ASSET VALUATIONS

The value of assets recorded in the Asset Register as at 30 June 2013 covered by this Asset Management Plan is shown below. Assets were last revalued at June 2013. Assets are valued at Brownfield rates.

Current Replacement Cost\$21,465,000Depreciable Amount\$21,465,000Depreciated Replacement Cost⁵ \$19,775,000\$137,000Annual Depreciation Expense\$137,000



Useful lives were reviewed in June 2013 by using the whole building value and acquisition cost. Various ratios of asset consumption and expenditure have been prepared to help guide and gauge asset management performance and trends over time:

Rate of Annual Asset Consumption	0.6%
(Depreciation/Depreciable Amount)	
Rate of Annual Asset Renewal	0.5%
(Capital Renewal exp/Depreciable Amount)	
Rate of Annual Asset Upgrade/New	0%
(Capital Upgrade exp/Depreciable Amount)	
Rate of Annual Asset Upgrade/New	0%
(Including Contributed Assets)	

In 2014 the organisation plans to renew assets at 71.5% of the rate they are being consumed and will be increasing its asset stock by 0% in the year.

⁵ Also reported as Written Down Current Replacement Cost (WDCRC).

5.1.5 HISTORICAL DATA

Council holds historical data on financial expenditure in its finance system.

5.2 INFRASTRUCTURE RISK MANAGEMENT PLAN

An assessment of risks⁶ associated with service delivery from infrastructure assets has identified critical risks that will result in loss or reduction in service from infrastructure assets or a 'financial shock' to the organisation. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' - requiring prioritised corrective action identified in the Infrastructure Risk Management Plan, together with the estimated residual risk after the selected treatment plan is operational are summarised in the table below. These risks are reported to management and Council.

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Fire Safety	In severe case buildings can be destroyed, loss of asset.	Н	Proceeding with fire safety audit	Reduced	Costs are included in Estimates for Required Renewals (Scenario 2)
Building Code of Australia (BCA) compliance	Not meeting compliance requirements. Potential fines. Council credibility.	Н	Proceeding with BCA audit	Reduced	Costs are included in Estimates for Required Renewals (Scenario 2)
Public safety	Structural damage or unsafe assets could lead to public injury. Potential exposure to litigation.	Н	Ensure upgrade & renewal requirements are addressed for high priority infrastructure	Reduced	Costs are included in Estimates for Required Renewals (Scenario 2)
Disability Discrimination Act (DDA) compliance	Council services not catering for the Disabled. Council credibility.	Н	Review monitoring and testing procedures and emergency procedures	Reduced	Costs are included in Estimates for Required Renewals (Scenario 2)

Critical Risks and Treatment Plans

5.3 ROUTINE OPERATIONS AND MAINTENANCE PLAN

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

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

5.3.1 OPERATIONS AND MAINTENANCE PLAN

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

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

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

1

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

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

Actual past maintenance expenditure is shown in the table below.

Year	Maintenance Expenditure	
	Planned and Specific	Unplanned
2014	\$40,897	\$
2015	\$40,897	\$
2016	\$40,897	\$

Maintenance Expenditure Trends

Planned maintenance work is currently not identified as a proportion of total maintenance expenditure.

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

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

5.3.2 OPERATIONS AND MAINTENANCE STRATEGIES

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

- Scheduling operations activities to deliver the defined level of service in the most efficient manner
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes. Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (50 - 70% planned desirable as measured by cost)
- Maintain a current Infrastructure Risk Register for assets and present service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council
- 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 and over-utilised assets and appropriate remedies and customer demand management options
- Maintain a current hierarchy of critical assets and required operations and maintenance activities
- Develop and regularly review appropriate emergency response capability
- Review management of operations and maintenance activities to ensure Council is obtaining best value for resources used

Asset Hierarchy

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

Council's service hierarchy is shown in the table below.

Service Hierarchy	Service Level Objective
Community Buildings	Community Buildings will generally be provided to support Council and Community's activities.
Administration	Administration Buildings will generally be provided to support Councils activities e.g. Administration Building and Depot

CRITICAL ASSETS

Critical assets are those assets which have a high consequence of failure but not necessarily a high likelihood of failure. By identifying critical assets and critical failure modes, organisations can target and refine investigative activities, maintenance plans and capital expenditure plans at the appropriate time. Operations and maintenances activities may be targeted to mitigate critical assets failure and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels, etc. Critical assets failure modes and required operations and maintenance activities are detailed in the table below.

Critical Assets and Service Level Objectives

Critical Assets	Critical Failure Mode	Operations & Maintenance Activities
Not yet identified within the Asset Management Plan	Condition degradation	Intervention maintenance (reactive and planned)

STANDARDS AND SPECIFICATIONS

Maintenance work is carried out in accordance with the Building Standards of Australia.

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 the figure below.

Note that all costs are shown in current 2013 dollar values.

Projected Operations and Maintenance Expenditure

Guyra SC - Projected Operations & Maintenance Expenditure (Buildings_2014_NoSRV_S2_V1)



Deferred maintenance, ie. works that are identified for maintenance and unable to be funded are to be included in the risk assessment and analysis in the Infrastructure Risk Management Plan. Maintenance is funded from the operating budget where available which is further discussed in Section 6.2.

5.4 RENEWAL/REPLACEMENT PLAN

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

5.4.1 RENEWAL PLAN

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

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

Method 1 was used for this Asset Management Plan.

The useful lives of assets used to develop projected asset renewal expenditures are shown in the table below. Asset useful lives were last reviewed in 2013.

Useful Lives of Assets

Asset (Sub)Category	Useful Life
Historic buildings	100 years
Civic and other masonry buildings	80 years
Storage or metal clad buildings	40 years
Transportable buildings	20 years

5.4.2 RENEWAL AND REPLACEMENT STRATEGIES

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

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

Renewal Ranking Criteria

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (eg. replacing a bridge that has a 5 t load limit), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (eg. roughness of a road).⁷

⁷ IPWEA, 2011, IIMM, Sec 3.4.4, p 3|60.

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

- Have a high consequence of failure
- Have a high utilisation and subsequent impact on users would be greatest
- The total value represents the greatest net value to the organisation
- Have the highest average age relative to their expected lives
- Are identified in the AM Plan as key cost factors
- Have high operational or maintenance costs and
- Where replacement with modern equivalent assets would yield material savings.⁸

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in the table below.

Renewal and Replacement Priority Ranking Criteria

Criteria	Weighting
Fit for purpose	25%
Safety	50%
Maintenance requirements	15%
Community expectation	10%
Total	100%

Renewal and Replacement Standards

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

- Building Code of Australia
- Disability Standards

5.4.3 SUMMARY OF FUTURE RENEWAL AND REPLACEMENT EXPENDITURE

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

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

⁸ Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3|66.

Projected Capital Renewal and Replacement Expenditure

Guyra SC - Projected Capital Renewal Expenditure (Buildings_2014_SRV 1_S2_V1)



■ Gen's 2+ ■ Gen 1

Deferred renewal and replacement, ie. those assets identified for renewal and/or replacement and not scheduled in capital works programs are to be included in the risk analysis process in the Risk Management Plan.

Renewals and replacement expenditure in Council's capital works program will be accommodated in the Long Term Financial Plan which 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 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 renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programs. The priority ranking criteria is detailed below:

New Assets Phoney Runking Citteria		
Criteria	Weighting	
Regulatory/Legislative requirement	30%	
Compliance with Community Strategic Plan	30%	

New Assets Priority Ranking Criteria

Council resolution	20%
Other Council Plans linked to Strategic Plan	20%
Total	100%

5.5.2 CAPITAL INVESTMENT STRATEGIES

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

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

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

5.5.3 SUMMARY OF FUTURE UPGRADE/NEW ASSETS EXPENDITURE

Projected upgrade/new asset expenditures are summarised in the figure below. The projected upgrade/new capital works program is shown in Appendix C (all amounts are shown in real values).

Expenditure on new assets and services in Council's capital works program will be accommodated in the Long Term Financial Plan which 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. These assets will be further reinvestigated to determine the required levels of service and see what options are available for alternate service delivery, if any. Any revenue gained from asset disposals is accommodated in Council's Long Term Financial Plan.

Where cashflow projections from asset disposals are not available, these will be developed in future revisions of this Asset Management Plan.

6 PLAN IMPROVEMENT AND MONITORING

6.1 PERFORMANCE MEASURES

The effectiveness of the Asset Management Plan can be measured in the following ways:

• The degree to which the required projected expenditures identified in this Asset Management Plan are incorporated into 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 Asset Management Plan
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the organisation's Strategic Plan and associated plans
- The Asset Renewal Funding Ratio achieving the target of 1.0.

7 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.

7.1 FINANCIAL STATEMENTS AND PROJECTIONS

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

Guyra SC - Projected Operating and Capital Expenditure (Buildings_2014_SRV 1_S2_V1)



7.1.1 SUSTAINABILITY OF SERVICE DELIVERY

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

Asset Renewal Funding Ratio⁹ 66%

The Asset Renewal Funding Ratio is the most important indicator and reveals that over the next 10 years, the organisation is forecasting that it will have 66% of the funds required for the optimal renewal and replacement of its assets.

Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan is \$246,000 per year (average operations and maintenance expenditure plus depreciation expense projected over 10 years).

Life cycle costs can be compared to life cycle expenditure to give an initial indicator of affordability of projected service levels when considered with age profiles. Life cycle expenditure includes operations, maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure over the 10 year planning period is \$207,000 per year (average operations and maintenance plus capital renewal budgeted expenditure in LTFP over 10 years).

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap. The life cycle gap for services covered by this asset management plan is -\$39,000 per year (-ve = gap, +ve = surplus).

Life cycle expenditure is 84% of life cycle costs.

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

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

Medium term – 10 year financial planning period

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

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

The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is \$257,000 on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$207,000 on average per year giving a 10 year funding shortfall of -\$50,000 per year. This indicates that the organisation expects to have 81% of the projected expenditures needed to provide the services documented in the asset management plan.

⁹ AIFMG, 2009, Financial Sustainability Indicator 8, Sec 2.6, p 2.18

Medium Term – 5 year financial planning period

The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$257,000 on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$207,000 on average per year giving a 5 year funding shortfall of -\$50,000. This indicates that the organisation expects to have 81% of projected expenditures required to provide the services shown in this asset management plan.

	Discontinued SRV (\$000's)	Continued SRV (\$000's)
Asset Renewal Funding Ratio		
Asset Renewal Funding Ratio	66 %	84 %
Life Cycle Cost (long term)'(\$000)		
Life Cycle Cost (depreciation + ops. and maintenance. eexpenditures – 10 year average)	\$246	\$246
Life Cycle Exp. (Capital renewal. + operations + maintenance expenditure 10 year average)	\$207	\$234
Life Cycle Gap [life cycle expenditure - life cycle cost [-ve = gap]	-\$39	-\$12
Life Cycle Sustainability Indicator [life cycle expenditure / LCC]	84 %	95 %
Medium Term (10 yrs) Sustainability		
10 year Operations, Maintenance & Renewal Projected Expenditure	\$257	\$257
10 year Operations, Maintenance & Renewal Planned (Budget) Expenditures	\$207	\$234
10 year Funding Shortfall (10 year projected. expenditures Planned (Budget) Expenditures)	-\$50	-\$23
10 year Sustainability Indicator (10 year planned exp. / projected. Expenditure)	81 %	91 %
Short Term (5 years) Sustainability		
5 year Operations, Maintenance & Renewal Projected Expenditure	\$257	\$257
5 year Operations, Maintenance & Renewal Planned (Budget) Expenditure	\$207	\$234
5 year Funding Shortfall (5 year projected expenditures planned (budget) expenditures)	-\$50	-\$23
5 year Sustainability Indicator (5 year planned expenditures. / projected expenditures)	81 %	91 %

Summary of Service Sustainability Ratios

Guyra SC - AM Financial Indicators (Buildings_2014_SRV 1_S2_V1)



Comparison of LTFP Outlays as a % of Projected Requirements

8. **REFERENCES**

Guyra Shire Council, Annual Plan and Budget.

Guyra Shire Council Community Strategic Plan 2013-2023

- NSW DLG Integrated Planning Guidelines and Manual 2010, 2013
- NSW 2021: A Plan To Make NSW Number One September 2011
- IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, <u>www.ipwea.org.au/IIMM</u>
- IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australia, Sydney, <u>www.ipwea.org.au/namsplus</u>.
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- IPWEA, 2011, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, <u>www.ipwea.org.au/IIMM</u>

9. APPENDICES

Appendix A	Maintenance Response Levels of Service
Appendix B	Projected 10 year Capital Renewal and Replacement Works Program
Appendix C	Projected 10 year Capital Upgrade/New Works Program
Appendix D	Budgeted Expenditures Accommodated in LTFP
Appendix E	Abbreviations
Appendix F	Glossary

APPENDIX A MAINTENANCE RESPONSE LEVELS OF SERVICE

Maintenance response is based on site judgement using the condition and risk associated with the defect and to the extent of the current budget.

APPENDIX B PROJECTED 10 YEAR CAPITAL RENEWAL AND REPLACEMENT WORKS PROGRAM

			(\$000)
Year	Item	Description	Estimate
2014	1	Projected renewal requirements to maintain current levels of service for GSC buildings	\$148
2015	1	Projected renewal requirements to maintain current levels of service for GSC buildings	\$148
2016	1	Projected renewal requirements to maintain current levels of service for GSC buildings	\$148
2017	1	Projected renewal requirements to maintain current levels of service for GSC buildings	\$148
2018	1	Projected renewal requirements to maintain current levels of service for GSC buildings	\$148
2019	1	Projected renewal requirements to maintain current levels of service for GSC buildings	\$148
2020	1	Projected renewal requirements to maintain current levels of service for GSC buildings	\$148
2021	1	Projected renewal requirements to maintain current levels of service for GSC buildings	\$148
2022	1	Projected renewal requirements to maintain current levels of service for GSC buildings	\$148
2023	1	Projected renewal requirements to maintain current levels of service for GSC buildings	\$148

Guyra SC Projected Capital Renewal Works Program

APPENDIX D BUDGETED EXPENDITURES ACCOMMODATED IN LTFP (WITHOUT SRV & WITH SRV)

Note: Enter all values in current

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lings_2014_NoSRV_S2_V1 Asset Management Plan

First year of expenditure projections	2014	(financial yr	ending)	
Buildings_2014_NoSRV		-	-	
Asset values as at end financial year	2013		Calc CRC from As	set
Current replacement cost	\$21,465	(000)	\$0 (0	00)
Depreciable amount	\$21,465	(000)	This is a check fe	or y
Depreciated replacement cost	\$19,775	(000)		
Annual depreciation expense	\$137	(000)		
		_		
Diannad Expanditures from LTE	ם'			

Planned Expenditures from LTFP

20 Year Expenditure Projections



2014

values

ENGINEERING AUSTRALIA **Operations and Maintenance Costs** for New Assets % of asset value Additi

Additional operations costs	0.32%				
Additional maintenance	0.19%				
Additional depreciation	0.64%				
Planned renewal budget (information only)					

INSTITUTE OF PUBLIC WORKS

You may use these values

calculated from your data or overwrite the links.

Financial year ending	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	Expenditure	e Outlays	included in	Long Term	n Financial	Plan (in c	urrent\$v	alues)		
Operations										
Operations budget	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69
Management budget	\$0 [°]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$0 [°]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total operations	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69
Maintenance			• •							
Reactive maintenance budget	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41
Planned maintenance budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Specific maintenance items budget	<mark>\$0</mark>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total maintenance	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41
Capital										
Planned renewal budget	<mark>\$98</mark>	\$98	\$98	\$98	\$98	\$98	\$98	\$98	\$98	\$98
Planned upgrade/new budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-growth contributed asset value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Disposals Fst Cost to dispose of assets	¢0	\$0	¢∩	¢O	¢O	¢O	¢∩	¢∩	¢∩	¢0
Carrying value (DRC) of disposed assets	\$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0

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dings_2014_SRV 1_S2_V1 Asset Management Plan



Planned Expenditures from LTFP

20	Year	Expenditure	Projections	
----	------	-------------	-------------	--

Note: Enter all values in current



Operations and Maintenance Costs for New Assets

% c	f asset value			
Additional operations costs	0.32%			
Additional maintenance	0.19%			
Additional depreciation	0.64%			
Planned renewal budget (information only)				

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

×.

Financial year ending	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	Expenditure	e Outlays	included in	Long Tern	n Financia	l Plan (in c	urrent \$ v	alues)		
Operations										
Operations budget	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69
Management budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total operations	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69
Maintenance										
Reactive maintenance budget	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41
Planned maintenance budget	<mark>\$0</mark>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Specific maintenance items budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total maintenance	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41
Capital										
Planned renewal budget	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125
Planned upgrade/new budget	<mark>\$0</mark>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-growth contributed asset value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Disposals										
Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
				Pag	ge 33 of 40					

2014

values

APPENDIX E ABBREVIATIONS

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

APPENDIX F - GLOSSARY

Annual service cost (ASC)

1) Reporting actual cost

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

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

Asset

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

Asset category

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

Asset class

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

Asset condition assessment

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

Asset hierarchy

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

Asset management (AM)

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

Asset renewal funding ratio

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

Average annual asset consumption (AAAC)*

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

Borrowings

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

Capital expenditure

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

Capital expenditure - expansion

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

Capital expenditure - new

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

Capital expenditure - renewal

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

Capital expenditure - upgrade

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

Capital funding

Funding to pay for capital expenditure.

Capital grants

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

Capital investment expenditure

See capital expenditure definition.

Capitalisation threshold

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

Carrying amount

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

Class of assets

See asset class definition

Component

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

Core asset management

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

Cost of an asset

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

Critical assets

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

Current replacement cost (CRC)

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

Deferred maintenance

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

Depreciable amount

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

Depreciated replacement cost (DRC)

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

Depreciation / amortisation

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

Economic life

See useful life definition.

Expenditure

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

Expenses

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

Fair value

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

Financing gap

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

Heritage asset

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

Impairment Loss

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

Infrastructure assets

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

Investment property

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

(a) use in the production or supply of goods or services or for administrative purposes; or

(b) sale in the ordinary course of business.

Key performance indicator

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

Level of service

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

Life Cycle Cost *

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

Life Cycle Expenditure

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

Loans / borrowings

See borrowings.

Maintenance

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

Planned maintenance

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

Reactive maintenance

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

Specific maintenance

Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.

Unplanned maintenance

Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance expenditure *

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

Materiality

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

Modern equivalent asset

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques

Net present value (NPV)

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

Non-revenue generating investments

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

Operations

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

Operating expenditure

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

Operating expense

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

Operating expenses

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

Operations, maintenance and renewal financing ratio

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

Operations, maintenance and renewal gap

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

Pavement management system (PMS)

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

PMS Score

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

Rate of annual asset consumption *

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

Rate of annual asset renewal *

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

Rate of annual asset upgrade/new *

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

Recoverable amount

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

Recurrent expenditure

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

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining useful life

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

Renewal

See capital renewal expenditure definition above.

Residual value

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

Revenue generating investments

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

Risk management

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

Section or segment

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

Service potential

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

Service potential remaining

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

Specific Maintenance

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

Strategic Longer-Term Plan

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

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

(a) the period over which an asset is expected to be available for use by an entity, or

(b) the number of production or similar units expected to be obtained from the asset by the entity.

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

Value in Use

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

Source: IPWEA, 2009, AIFMG Glossary

Additional and modified glossary items shown *





PARKS AND RESERVES ASSET MANAGEMENT PLAN 2013 TO 2023

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1 EXECUTIVE SUMMARY

1.1 STRATEGIC AND CORPORATE GOALS

This Asset Management Plan is prepared under the direction of the organisation's vision, mission, goals and objectives.

1.2 Context

Guyra Shire Council (GSC) provides a parks and reserves network in partnership with sporting groups and volunteers to provide clean, safe and attractive recreation spaces for both residents and visitors.

Services that are supplied are linked through maintenance programs and the annual budget. Park furniture and signage are the areas of concern for our assets. While Council has been able to upgrade much of the playground equipment in recent years, there still needs to be a focus for ongoing maintenance of this equipment to ensure it remains in a safe and serviceable condition. The signage located within parks and reserves needs to be maintained as this is essential as a form of risk management in the use of the park equipment by remote supervision of the area.

The Engineering section of GSC manages and maintains the parks and playing fields and other assets for the community of the Guyra Shire

The Recreation Network Comprises:

- Active Parks
- Passive Parks

These recreation infrastructure assets have a replacement value of \$2.01 million.

1.2.1 LINKS TO THE COMMUNITY STRATEGIC PLAN

OBJECTIVE: OUR COMMUNITY FACILITIES - PROVIDE AND MAINTAIN FULLY EQUIPPED COMMUNITY FACILITIES



1.3 BACKGROUND

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

The Asset Management Plan follows the format for AM Plans recommended in Section 4.2.6 of the International Infrastructure Management Manual 1.

1.3.1 WHAT DOES IT COST?

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

The projected outlays necessary to provide the services covered by this Asset Management Plan (AM Plan) includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$163,500, on average, per year.

Estimated available funding for this period is \$1.58m or \$158,500 on average per year which is 97% of the cost to provide the service. This is a funding shortfall of \$5,000, on average, per year. Projected expenditure required to provide services in the AM Plan compared with planned expenditure currently included in the Long Term Financial Plan are shown in the graph below.

1.3.2 WHAT WE WILL DO

We plan to provide civic and recreation services for the general community to use in both active sporting participation as well as passive recreational use. These facilities are provided for all ages of the community across the shire.

1.3.3 WHAT WE CANNOT DO

We do not have enough funding to continue to provide additional services at the desired service levels.

1.3.4 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:

- Customer dissatisfaction
- Damage to Council's image

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

- Communications
- Strive to create efficiencies within operations
- Return benefits of efficiencies to the assets
- Confidence levels
- This AM Plan is based on medium level of confidence information
- The actions resulting from this Asset Management Plan are:
 - Improve risk strategies
 - Improve asset data construction/acquisition dates
 - Improve valuation methods
 - Improve works programmes
 - Improve condition assessment methods

2 INTRODUCTION

This infrastructure assets covered by this Asset Management Plan are shown in the following table. These assets are used to provide civic and recreation services to its community.

Asset Category	Dimension
PASSIVE PARKS - open space areas dedicated to passive recreation, ie. parks, reserves and bushland	24 ha
ACTIVE PARKS - open space areas dedicated to active recreation, ie. sports grounds	9 ha
TOTAL	33 ha

Assets Covered by this Plan

Key stakeholders in the preparation and implementation of this Asset Management Plan are shown in the following table.

Key Stakeholders in the AM Plan

Key Stakeholder	Role in Asset Management Plan
Councillors	 Represent needs of community/shareholders Allocate resources to meet the organisation's objectives in providing services while managing risks Ensure organisation is financially sustainable
General Manager	Financial and human resourcing
Community	User safetyCommunity satisfaction

3 SERVICE LEVELS

3.1 LEVEL OF SERVICE STATEMENT

Council's current service level is to ensure that parks and reserves are adequate for recreational and sporting use. As population growth and further community involvement increases demand for use of these facilities, measures would be taken to maximize usage of existing parks and reserves to an acceptably sustainable level for the community.

3.2 LEGISLATIVE REQUIREMENTS

We have to meet many legislative requirements including Australian and State legislation and State regulations. These include:

Legislative Requirements

Legislation	Requirement
Local Government Act 1993	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a Long Term Financial Plan supported by Asset Management Plans for sustainable service delivery
Environmental Planning and Assessment Act 1979	Sets out the role and responsibilities of local governments and others for environmental planning and assessment in relation to developments
Australian Standard AS/NZ 4422- 1996	Sets out the role and responsibilities of playground owners, including maintenance and inspection requirements

3.3 CURRENT LEVELS OF SERVICE

Our current service levels are detailed in the following table.

Current and Desired Service Levels

Key Performance Measure	Community Expectation	Performance Measure Process	Current Level of Service	10 Year Projection With No SRV	10 Year Projection With SRV
COMMUNITY I	EVELS OF SERVICE				
Quality	Look well maintained and clean Fields have playable surface At a quality or standard suitable for their purpose	Customer surveys Customer requests	To be provided from the Resident Survey and Community Plan research. Has not been fully assessed at this time	It is anticipated that customer requests and community dissatisfaction would increase over the next 10 yeas	Requests received should not increase annually. Further assessment required to inform future revisions of this Asset Management Plan
		State of the Assets Report. % Poor/Very Poor	20% 20% 80% Confidence Level: Moderate/High	Confidence Level: Moderate/High	Z4% Confidence Level: Moderate/High
Function	Easy to access Fit for their use Create a pleasant experience Recreation facilities meets hierarchy	Customer surveys Customer requests	To be provided from the Resident Survey and Community Plan research Has not been fully assessed at this time	It is anticipated that customer requests and community dissatisfaction would increase over the next 10 yeas	Requests received should not increase annually. Further assessment required to inform future revisions of this Asset Management Plan

Key Performance Measure	Community Expectation	Performance Measure Process	Current Level of Service	10 Year Projection With No SRV	10 Year Projection With SRV
		State of the Assets Report. % Poor/Very Poor	Some Level: Moderate/High	Sz% 35% Confidence Level: Moderate/High	Confidence Level: Moderate/High
Capacity/ Utilisation	Network meets the capacity requirements appropriate to hierarchy	State of the Assets Report. % Poor/Very Poor	Some Level: Moderate/High	47% 42% Confidence Level: Moderate/High	Confidence Level: Moderate/High

TECHNICAL LEV	TECHNICAL LEVELS OF SERVICE					
Budget Area	Activities	Measure	Current Level of Service with No SRV	Current Funded Level of Service with SRV	Optimal Level of Service (Scenario 2)	
Operations	Inspections Opening hours Cleanliness Provision of power and operational services	Frequency Scheduled, documented record of inspections in corporate system Any hazards managed Compliance with regulations Mowing Field Maintenance	Has not been fully assessed at this time. Further assessment required to inform future revisions of this Asset Management Plan	Reactive to limit of budget allocation.	Requires further assessment to identify and determine whether basic service level expectations would be met	
Operational Cos	st		\$982,000 pa used in modelling for the next 10 years.	\$982,216 pa used in modelling for the next 10 years	\$982,216 pa used in modelling for the next 10 years.	
Maintenance	Remove hazards Repair damage to Recreation Infrastructures within appropriate intervention levels	Respond to complaints Budget and resources are adequate to complete the required works within an acceptable time	Has not been fully assessed at this time. Further assessment required to inform future revisions of this Asset Management Plan	Reactive maintenance to limit of budget allocation.	Regular Inspections Planned Maintenance	
Maintenance Cost		<mark>\$500, 391 pa over the</mark> next 10 years	\$500,391 pa over the next 10 years	\$500,391 pa over the next 10 years		
Renewal	Renewal of assets	Replacement Cycle	Network in average condition. Renewal	Network in average condition. Renewal	Required renewal cycles will be	

TECHNICAL LEVELS OF SERVICE					
Budget Area	Activities	Measure	Current Level of Service with No SRV	Current Funded Level of Service with SRV	Optimal Level of Service (Scenario 2)
		Compliance with Industry Standard Monitor Condition Replace when agreed standards are not met Replace at the age determined to meet minimum service standard	replacement cycle not being fully met in some areas Increasing renewal required in short to medium term, due to the age of the network.	replacement cycle not being fully met in some areas Increasing renewal required in short to medium term, due to the age of the network.	achieved. Current network condition would be sustained. Refer to Appendix B for Forecast Required Renewal Program to sustain service levels.
Renewal Cost			\$30,000 average pa provided	\$40,000 average pa provided	Renewal requirements would essentially be met. The Scenario 2 estimate of average annual renewal requirements is \$54,000 Avg pa over the next 10 years
Upgrade/New	Provide services in a cost effective manner	Cost, Meet Corporate Strategy	No Upgrade/New Proposed	No Upgrade/New Proposed	No Upgrade/New Proposed
Upgrade/New Cost		No Upgrade/New Proposed	No Upgrade/New Proposed	No Upgrade/New Proposed	



4 FUTURE DEMAND

4.1 DEMAND IMPACT ON ASSETS

The impact of demand that may affect future service delivery and utilisation of assets will be subject to current use of equipment being maintained and with proper care of equipment to keep it in good functioning condition. Further asset impacts would be subject to population growth and demand for additional equipment into the future.

4.2 DEMAND MANAGEMENT PLAN

Opportunities identified to date for demand management are shown in the following table. Further opportunities will be developed in future revisions of this Asset Management Plan.

Demand Management Plan Summary

Demand Driver	Impact on Services	Demand Management Plan
Requests for additional playground facilities	More assets to maintain and operate	Encourage sharing of facilities
Requests for additional passive area facilities	More assets to maintain and operate	Encourage sharing of facilities

It is expected that each new proposal would be assessed for need through assessment under, and compliance with Council's Community Strategic Plan. However, demand will also be managed through co-operative agreements for the sharing of infrastructure assets.

4.3 ASSET PROGRAMS TO MEET DEMAND

The new assets required to meet growth will be acquired free of cost from land developments and constructed/acquired by Council. New assets constructed/acquired by Council are discussed in Section 5.5.

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

5 LIFECYCLE MANAGEMENT PLAN

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

5.1 BACKGROUND DATA

5.1.1 PHYSICAL PARAMETERS

ASSETS

Recreation Land (Parks & Open Space)	See Appendix B
Passive Recreation	
Recreation Land (Sports Grounds) Active	
Recreation	
Playgrounds	
Barbeques	
Skate Parks	
Sportsground Floodlighting	
Cricket Wickets & Practice Nets	
Tennis Courts	
Park Furniture & Signage	
Park Fencing	
Irrigation Systems	

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 the following table.

Known Service Performance Deficiencies

Service function	Service Deficiency
Sports Ground Fencing	Fencing in the parks system has generally been well maintained with the majority being in the "new" to "good" to "fair' category. There are some active park areas which would be improved by additional security fencing, however there is no major service deficiency in this area.
Signage	Signage throughout parks and sports grounds requires improvement to meet Best Practice guidelines for remote supervision as determined by State Wide Mutual. Deficiencies include lack of a signage audit, hierarchy of locations and style continuity.
Park Furniture (including barbeques)	There is generally sufficient seating and shelters in the parks and sports grounds for current demand. Damaged seating that has been removed and has been replaced with more functional equipment. Barbeque facilities are new having been installed within the past 5 years.
Playgrounds	There are eight playgrounds with equipment provided within the LGA. Recent installation of new playground equipment has the current standard at a high level with few current deficiencies.

5.1.3 ASSET CONDITION

Condition is monitored through visual inspections during servicing and more detailed inspections such as playground safety inspections.

The condition profile of our assets is shown in the following figure.



Condition is measured using a 1 – 5 grading system² as detailed in Table 5.1.3.

Table 5.1.3:	Simple	Condition	Grading N	lodel

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

e following figure.
Asset Condition Profile

5.1.4 ASSET VALUATIONS

Assets were last valued in 2013 and recorded in the Asset Register in 2013 as shown below. Assets are valued at the current replacement cost at that time.

Current Replacement Cost	\$2,013,942		
Depreciated Replacement Cost ³	\$ 1,663,513	Current Replacement Cost	
Annual Depreciation Expense	\$ 63,935	Depreciated Replacement Cost	Annual Depreciable Amount
		End of reporting period 1 period 1	g Value

Useful Life

Key assumptions made in preparing the valuations were:

- What it would cost to replace at today's dollars
- Actual construction costs on recent acquisitions
- Actual purchase and installation costs of recent assets

Major changes from previous valuations are due to the use of current replacement costs being used rather than depreciation based on remaining life.

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

Rate of Annual Asset Consumption (Depreciation/Depreciable Amount)	3.2 %
Rate of Annual Asset Renewal (Capital Renewal exp/Depreciable Amount)	0 %
Rate of Annual Asset Upgrade/New (Capital Upgrade exp/Depreciable Amount)	0.5 %
Rate of Annual Asset Upgrade/New (Including Contributed Assets)	0.5 %

5.2 INFRASTRUCTURE RISK MANAGEMENT PLAN

An assessment of risks⁴ 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 Council. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' - requiring prioritised corrective action identified in the Infrastructure Risk Management Plan, together with the estimated residual risk after the selected treatment plan is operational are summarised in the following table. These risks are reported to management and Council.

Critical Risks and Treatment Plans

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Overall	Play equipment	High	Improving documentation of service	Not reduced	Costs are

³ Also reported as Written Down Current Replacement Cost (WDCRC).

⁴ Infrastructure risk management plan is yet to be formulated

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Compliance	becomes unsafe, no longer complies with current Australian Standards		levels & risks to develop maintenance priorities	but next actions are understood but risks are reduced by funding priority areas	Included in Estimates for Required Renewals (Scenario 2)
Injuries	Injury to users from unsafe equipment & surface	High	Communicate with Council and the community to establish sustainable levels of service with available funding	Not reduced but next actions are understood but risks are reduced by funding priority areas	Costs are Included in Estimates for Required Renewals (Scenario 2)
Service standard	Sportsgrounds kept in playable condition that does not adversely impact users	High	Regular inspection program that is targeted and prioritised based on risk, levels and types of use	Reduced	Costs are Included in Estimates for Required Renewals (Scenario 2)
Meeting user requirements	Changing user requirements	High	Continue to monitor not only the condition of recreational facilities but how well they meet the needs of users	Not reduced but next actions are understood but risks are reduced by funding priority areas	Costs are Included in Estimates for Required Renewals (Scenario 2)

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Overall Compliance	Play equipment becomes unsafe, no longer complies with current Australian Standards	High	Improving documentation of service levels & risks to develop maintenance priorities	Not reduced but next actions are understood but risks are reduced by funding priority areas	Costs are Included in Estimates for Required Renewals (Scenario 2)
Injuries	Injury to users from unsafe equipment & surface	High	Communicate with Council and the community to establish sustainable levels of service with available funding	Not reduced but next actions are understood but risks are reduced by funding priority areas	Costs are Included in Estimates for Required Renewals (Scenario 2)
Service standard	Sportsgrounds kept in playable condition that does not adversely impact users	High	Regular inspection program that is targeted and prioritised based on risk, levels and types of use	Reduced	Costs are Included in Estimates for Required Renewals (Scenario 2)
Meeting user requirements	Changing user requirements	High	Continue to monitor not only the condition of recreational facilities but how well they meet the needs of users	Not reduced but next actions are understood but risks are reduced by	Costs are Included in Estimates for Required Renewals (Scenario 2)

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

5.3 ROUTINE OPERATIONS AND MAINTENANCE PLAN

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

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

5.3.1 OPERATIONS AND MAINTENANCE PLAN

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

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

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

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

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

Actual past maintenance expenditure is shown in in the following table.

Year Maintenance Expenditure **Active Parks Passive Parks** 2009-2010 \$40,484 \$47,925 2010-2011 \$ 56,465 \$91,928 2011-2012 \$49,867 \$108,240 2012-2013 \$38,233 \$ 124,186

Maintenance Expenditure Trends

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

Assessment and prioritisation of reactive maintenance is undertaken by Council staff using experience and judgment.

5.3.2 OPERATIONS AND MAINTENANCE STRATEGIES

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

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

- Maintain a current infrastructure risk register for assets and present service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council
- 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 over-utilised assets and the appropriate remedies and customer demand management options
- Maintain a current hierarchy of critical assets and required operations and maintenance activities
- Develop and regularly review appropriate emergency response capability
- Review management of operations and maintenance activities to ensure Council is obtaining best value for resources used.

Asset Hierarchy

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

The organisation's service hierarchy is shown in the following table.

Asset Service Hierarchy

Service Hierarchy	Service Level Objective
Active Parks	To provide quality open space active recreation areas to meet the needs and expectations of the community in a cost effective and efficient manner
Passive Parks	To provide quality open space passive recreation areas to meet the needs and expectations of the community in a cost effective and efficient manner

Critical Assets

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

Operations and maintenances activities may be targeted to mitigate critical assets failure and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels, etc. Critical assets failure modes and required operations and maintenance activities are detailed in the following table.

Critical Assets and Service Level Objectives

Critical Assets	Critical Failure Mode	Operations & Maintenance Activities
Playground equipment	Damage or malfunction leading to injury	Inspection of equipment and routine repairs / maintenance.

Standards and Specifications

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

• AS/NZS4486.1:1997

Playgrounds and playground equipment - development, installation, inspection, maintenance and operation

5.4 RENEWAL/REPLACEMENT PLAN

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

5.4.1 RENEWAL PLAN

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

 Method 1 uses Asset Register data to project the renewal costs using acquisition year and useful life to determine the renewal year, or

- Method 2 uses capital renewal expenditure projections from external condition modelling systems (such as Pavement Management Systems), or
- Method 3 uses a combination of average *network renewals* plus *defect repairs* in the *Renewal Plan* and *Defect Repair Plan* worksheets on the 'Expenditure Template'.

Method 1 was used for this Asset Management Plan.

The useful lives of assets used to develop projected asset renewal expenditures are shown in the following table.

Useful Lives of Assets

Asset (Sub)Category	Useful life
Play Equipment	15 to 30 years
Barbeques	20 years
Buildings	80 years
Monuments	100 years
Tables /Seats	20 years

5.4.2 RENEWAL AND REPLACEMENT STRATEGIES

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

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

RENEWAL RANKING CRITERIA

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (eg. replacing a bridge that has a load limit).
- To ensure the infrastructure is of sufficient quality to meet the service requirements (eg. roughness of a road).⁵

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

- Have a high consequence of failure,
- Have a high utilisation and subsequent impact on users would be greatest,
- The total value represents the greatest net value to the organisation,
- Have the highest average age relative to their expected lives,
- Are identified in the AM Plan as key cost factors,
- Have high operational or maintenance costs, and
- Where replacement with modern equivalent assets would yield material savings.⁶

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in the following table.

Criteria	Weighting
Fit for purpose	25%
Safety	50%
Maintenance requirements	15%
Community expectation	10%
Total	100%

Renewal and Replacement Priority Ranking Criteria

RENEWAL AND REPLACEMENT STANDARDS

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

- Building Code of Australia
- Guyra Shire Council Engineering Standards
- Australian Standard AS/NZ 4422-1996

5.4.3 SUMMARY OF FUTURE RENEWAL AND REPLACEMENT EXPENDITURE

Projected future replacement expenditures will e subject to demand, budget sustain.

Deferred renewal and replacement, ie. those assets identified for renewal and/or replacement and not scheduled in capital works programs are to be included in the risk analysis process in the Risk Management Plan.

Renewals and replacement expenditure in Council's capital works program will be accommodated in the Long Term Financial Plan. This is further discussed 7.

5.5 CREATION/ACQUISITION/UPGRADE PLAN

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

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 renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed below.

New Assets Priority Ranking Criteria

Criteria	Weighting
Regulatory/Legislative Requirement	30%
Compliance with Community Strategic Plan	30%
Council Resolution	20%
Other Council Plans Linked to Strategic Plan	20%
Total	100%

⁶ Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3|66.

5.5.2 CAPITAL INVESTMENT STRATEGIES

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

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

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

5.6 DISPOSAL PLAN

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets proposed to be considered for possible decommissioning and disposal provide annual savings from not having to fund operations and maintenance of the assets. These assets will be further reinvestigated to determine the required levels of service and assessment as they become due for renewal.
6 PLAN IMPROVEMENT AND MONITORING

6.1 IMPROVEMENT PROGRAM

The Asset Management Improvement Plan generated from this Asset Management Plan is shown in in the following table.

Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Improve risk strategies	Manager	Within current budgets	12 months
2	Improve asset data construction/acquisition dates	Manager	Within current budgets	12 months
3	Improve valuation methods	Manager	Within current budgets	18 months
4	Improve works programmes	Manager	Within current budgets	18 months
5	Improve condition assessment methods	Manager	Within current budgets	18 months
6	Get valuation of pool structures	Manager	Within current budgets	12 months

7 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.

7.1 FINANCIAL STATEMENTS AND PROJECTIONS

7.1.1 SUSTAINABILITY OF SERVICE DELIVERY

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

Long Term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this Asset Management Plan is \$176,471 per year (average operations and maintenance expenditure plus depreciation expense projected over 10 years).

Life cycle costs can be compared to life cycle expenditure to give an initial indicator of affordability of projected service levels when considered with age profiles. Life cycle expenditure includes operations, maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure over the 10 year planning period is \$1.59m (average operations and maintenance plus capital renewal budgeted expenditure in the Long Term Financial Plan over 10 years) or \$158,500 annually over 10 years.

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap. The life cycle gap for services covered by this Asset Management Plan is \$18,471 annually.

Life cycle expenditure is 90% of life cycle costs.

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

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist Council in providing services to the community in a financially sustainable manner. This is the purpose of the Asset Management Plan and Long Term Financial Plan.

Medium Term – 5-10 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 \$168,500, on average, per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$158,500 per year giving a 10 year funding shortfall of \$5,000 per year. This indicates that Council expects to have 97% of the projected expenditures needed to provide the services documented in the Asset Management Plan.

Projected and LTFP Budgeted Renewal Expenditure

PRIORITY BY YEAR	PARK	DESCRIPTION	COST \$
1	APEX PARK	REPLACE TABLE AND SEATS	5000
2	APEX PARK	REPLACE TIMBER TOILET STRUCTURE	10000
3	LIONS PARK	UPGRADE TOILET BLOCK	10000
4	LIONS PARK	UPGRADE TOILET BLOCK	10000
5	LIONS PARK	UPGRADE PARKING AREAS	10000
6	REC GROUND	UPGRADE TOILET BLOCK	15000
7	REC GROUND	BRICK CANTEEN	10000
8	REC GROUND	BRICK CANTEEN	10000
9	LAGOON PARK	UPGRADE ROTUNDA	10000
10	LAGOON PARK	UPGRADE ROTUNDA	10000

Providing services in a sustainable manner will require matching of projected asset renewal and replacement expenditure to meet agreed service levels with the corresponding capital works program accommodated in the Long Term Financial Plan.

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

Council 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.

7.2 FUNDING STRATEGY

After reviewing service levels as appropriate to ensure ongoing financial sustainability, projected expenditures identified in Council's 10 Year Long Term Financial Plan.

7.3 VALUATION FORECASTS

Asset values are not forecast to increase significantly as there is not any immediate requirement for additional assets beyond the current facilities. Any further required facilities may be added to the asset stock from construction and acquisition by the organisation and from assets constructed by land developers. The additional of additional assets to the current stock will be at Council's discretion and subject to consideration of the sustainability for Council to fund ongoing maintenance and replacement into the future..

7.4 KEY ASSUMPTIONS MADE IN FINANCIAL FORECASTS

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

Key assumptions made in this Asset Management Plan and risks that these may change are shown in the following table.

Key Assumptions made in AM Plan and Risks of Change

Key Assumptions	Risks of Change to Assumptions
That the plan has been formulated on the best available	That the total amounts for assets will change and the
information at the time	expenditure required will change
Replacement costs from varied sources	Review replacement costs assumptions

7.5 FORECAST RELIABILITY AND CONFIDENCE

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale⁷ in accordance with the following table.

⁷ IPWEA, 2011, IIMM, Table 2.4.6, p 2|59.

Data Confidence Grading System

Confidence Grade	Description
A Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and recognised
	as the best method of assessment. Dataset is complete and estimated to be accurate \pm 2%
B Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor
	shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed
	on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate ± 10%
C Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported,
	or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially
	complete but up to 50% is extrapolated data and accuracy estimated \pm 25%
D Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be
	fully complete and most data is estimated or extrapolated. Accuracy ± 40%
E Unknown	None or very little data held

The estimated confidence level for and reliability of data used in this AM Plan is shown in the following table.

Data	Confidence Assessment	Comment
Demand drivers	С	Known demand drivers are based on community makeup.
		Others to be ascertained through future community
		consultation
Growth projections	A	Derived from Census data
Operations expenditures	A	Based upon actuals
Maintenance expenditures	A	Based upon actuals
Projected renewal exps.	С	Based upon today's dollars only
 Asset values 		
- Asset residual values	С	Based upon best guess acquisition dates
- Asset useful lives	С	Based upon a number of sources. However, some based on
		industry experience
- Condition modelling	С	No formal condition assessment model adopted
- Network renewals	С	Based upon industry experience
- Defect repairs	В	Based upon Inspection reports
Upgrade/New expenditures	В	Sourced from other adopted plans
Disposal expenditures	N/A	None identified

Data Confidence Assessment for Data used in AM Plan

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

8 **REFERENCES**

- IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, <u>www.ipwea.org.au/IIMM</u>
- IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australia, Sydney, <u>www.ipwea.org.au/namsplus</u>.
- IPWEA, 2009, 'Australian Infrastructure Financial Management Guidelines', Institute of Public Works Engineering Australia, Sydney, <u>www.ipwea.org.au/AIFMG</u>.
- IPWEA, 2011, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, <u>www.ipwea.org.au/IIMM</u>

9 APPENDICES

- Appendix A Projected 10 Year Capital Renewal and Replacement Works Program
- Appendix B Detailed Parks Inventory
- Appendix C Abbreviations
- Appendix D Glossary

APPENDIX A PROJECTED 10 YEAR CAPITAL RENEWAL AND REPLACEMENT WORKS PROGRAM

PRIORITY	PARK	DESCRIPTION	COST
BY YEAR			\$
1	APEX PARK	REPLACE TABLE AND SEATS	5000
2	APEX PARK	REPLACE TIMBER TOILET STRUCTURE	10000
3	LIONS PARK	UPGRADE TOILET BLOCK	10000
4	LIONS PARK	UPGRADE TOILET BLOCK	10000
5	LIONS PARK	UPGRADE PARKING AREAS	10000
6	REC GROUND	UPGRADE TOILET BLOCK	15000
7	REC GROUND	BRICK CANTEEN	10000
8	REC GROUND	BRICK CANTEEN	10000
9	LAGOON PARK	UPGRADE ROTUNDA	10000
10	LAGOON PARK	UPGRADE ROTUNDA	10000

NOTE - AVERAGES OUT TO \$ 10,000 PER ANNUM OVER TEN YEARS LOW VALUE CAPITAL PROGRAM DUE TO CURRENT CONDITION OF FACILITIES

APPENDIX B DETAILED PARKS INVENTORY

Table of passive recreation areas (parks are identified by park name or number and may consist of multiple land parcels)

Park Name	Area Mow n	Asset Description	Constru ction Date	Ass et No.	Tot al Use ful life	CURR ENT YEAR	Remai ning Useful Life	Replace ment Date	Condit ion Rating	Replace ment Cost (New)	Annual Depreci ation	Accumul ated deprecia tion	WDV (Writt en Down Value)
	hect are				Yea rs		Years	DD/MM/Y YYY	1-5 (G- B)	\$	\$	\$	\$
Apex Park	1.81	Playground equipment	2005		15	2013	7	2020	3	9800	653	5227	4573
		Single toilet block	1070		50	2012	7	2020	Λ	10000	200	8600	1400
		timber	1970		50	2015	/	2020	4	10000	200	8000	1400 1040
		Brick shelter	1990		75	2013	52	2065	3	15000	200	4600	0
		Wishing well	1992		80	2013	59	2072	3	5000	63	1313	3688
		Table and seats	2005		15	2013	7	2020	4	3000	200	1600	1400
Rotary Park	0.71	Shadecloth structure	2009		15	2013	11	2024	2	11080	739	2955	8125
		Playground equipment St1 Playground	2005		15	2013	7	2020	2	20100	1340	10720	9380 1164
		equipment St2	2011		15	2013	13	2026	2	134411	8961	17921	90
		Playground fencing	2009		15	2013	11	2024	2	5643	376	1505	4138 3250
		Lamb statue	1985		80	2013	52	2065	2	50000	625	17500	0 2237
		Bus shelter and toilets	2009		50	2013	46	2059	2	243192	4864	19455	37 1350
		Exercise equipment	2013		15	2013	15	2028	1	13500	900	0	0
White Park	0.4	Playground											1646
		equipment	2011		15	2013	13	2026	2	19000	1267	2533	7
Volunteer Park	0.07	Toilet block	1980		75	2013	42	2055	3	25000	333	11000	1400

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												0
Symes Park	2.71	Toilet block	1975	75	2013	37	2050	3	15000	200	7600	7400
		Community garden	2012	15	2013	14	2027	2	10000	667	667	9333
Graham Park	0.4											1363
		Mural wall	2011	50	2013	48	2061	1	14200	284	568	2
		Disversing site works	2011	20	2012	10	2021	n	12100	650	1210	1186 2
		Playground	2011	20	2015	10	2051	Z	12100	059	1210	2 2166
		equipment purchase	2011	15	2013	13	2026	2	25000	1667	3333	2100
		Steel perimeter										
		fencing	2012	20	2013	19	2032	1	9500	475	475	9025
		Covered table/seat	2011	15	2013	13	2026	2	4050	270	540	3510
Bowden Park	1.13	No facilities										
Coakes Park	0.71	No facilities										
Georges Close Park	2.38	No facilities										
Holts Park	2.17	No facilities										
Izzeard Park	3.62	No facilities										
Leggo Park	1.3	No facilities										
McKie Park (opp	0.71											1250
Moredun)	ļ	Exercise equipment	2013	15	2013	15	2028	1	12500	833	0	0
MCKIE Park (Golf		Evercice equipment	2012	15	2012	15	2020	1	12700	017	0	1270
Mother of Ducks	4	Potunda shelter	1022	10	2013	15	2028	1	25000	625	15625	0275
Lagoon Park		Rotuliua sheller	1900	40	2015	15	2028	4	23000	025	13023	1333
		Toilet block	1988	75	2013	50	2063	3	20000	267	6667	3
South Guyra Park	0.6	Playground										1968
		equipment	2011	15	2013	13	2026	2	22716	1514	3029	7
Railway East Park	0.71	No facilities										
Railway West Park	0.72	No facilities										
Ruby Street Park	0.13	Toilet block	1970	75	2013	32	2045	3	20000	267	11467	8533

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Rudd Park 0.	43 No facilities										
Taylor Park1.	47 No facilities										
Tingha Skate Park											4549
	Skate bowl	2000	50	2013	37	2050	3	61473	1229	15983	0
	Table and seats	2005	15	2013	7	2020	3	5000	333	2667	2333
Rotary Anniversary Park	Covered table/seat	2011	15	2013	13	2026	2	4050	270	540	3510
Lions Park 6.	27 Playground										1822
	equipment	2011	15	2013	13	2026	2	21024	1402	2803	1
	Sports Complex										5158
	building	2011	75	2013	73	2086	2	530000	7067	14133	67
											2333
	Field lighting	2012	15	2013	14	2027	2	25000	1667	1667	3
	Irrigation system	2012	15	2012	1/	2027	С	75000	5000	5000	7000
	Cool posts	2012	15	2013	14	2027	2	10000	5000	5000	0
	Goal posts	2012	15	2013	14	2027	Z	10000	007	007	9333
	Toilet block (old)	1990	75	2013	52	2065	4	20000	267	6133	1360
	Manproof fencing	1000	,,,	2010	52	2000	·	20000	207	0100	
	(53m)	2013	20	2013	20	2033	1	4500	225	0	4500
											1262
	Lions shelter	2013	20	2013	20	2033	1	12624	631	0	4
Tennis and 2.	52										1494
Recreation Ground	Tennis courts x6	2000	50	2013	37	2050	3	202002	4040	52521	81
											-
	Tennis court lights	1000	15	2013	-8	2005	3	27000	1800	41400	1440
	Terrins court lights	1550	15	2015	-0	2005	5	27000	1000	41400	1317
	Tennis courts fencing	2011	20	2013	18	2031	2	14636	732	1464	2
			-		_						1575
	Exercise equipment	2013	15	2013	15	2028	1	15750	1050	0	0
	Playground	2011	15	2013	13	2026	2	20866	1391	2782	1808

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	equipment										4
											3848
	Skate bowl	2000	50	2013	37	2050	3	52000	1040	13520	0
	BMX track	2011	50	2013	48	2061	3	10000	200	400	9600
	Toilet block	1975	75	2013	37	2050	4	20000	267	10133	9867
											2399
	Cricket nets	2012	20	2013	19	2032	2	25257	1263	1263	4
											1120
	Brick canteen	1980	75	2013	42	2055	4	20000	267	8800	0
	Recreation ground										3734
	fence	2009	20	2013	16	2029	2	46676	2334	9335	1
	Playground										1951
Claret Ash Reserve	equipment	2011	15	2013	13	2026	2	22512	1501	3002	0

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APPENDIX C ABBREVIATIONS

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

APPENDIX D GLOSSARY

ANNUAL SERVICE COST (ASC)

1) Reporting actual cost

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

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

ASSET

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

ASSET CATEGORY

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

ASSET CLASS

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

ASSET CONDITION ASSESSMENT

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

ASSET HIERARCHY

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

ASSET MANAGEMENT (AM)

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

ASSET RENEWAL FUNDING RATIO

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

AVERAGE ANNUAL ASSET CONSUMPTION (AAAC)*

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

BORROWINGS

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

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, e.g. 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.

CORE ASSET MANAGEMENT

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

COST OF AN ASSET

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

CRITICAL ASSETS

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

CURRENT REPLACEMENT COST (CRC)

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

DEFERRED MAINTENANCE

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

DEPRECIABLE AMOUNT

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

DEPRECIATED REPLACEMENT COST (DRC)

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

DEPRECIATION / AMORTISATION

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

ECONOMIC LIFE

See Useful life definition.

EXPENDITURE

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

FAIR VALUE

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

FINANCING GAP

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

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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, e.g. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no separate market value.

INVESTMENT PROPERTY

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

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

KEY PERFORMANCE INDICATOR

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

LEVEL OF SERVICE

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

LIFE CYCLE COST*

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

LIFE CYCLE EXPENDITURE

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

LOANS / BORROWINGS

See borrowings.

MAINTENANCE

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

• Planned maintenance

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

• Reactive maintenance

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

• Specific maintenance

Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.

Unplanned maintenance

Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

MAINTENANCE EXPENDITURE*

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

MATERIALITY

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

MODERN EQUIVALENT ASSET

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques

NET PRESENT VALUE (NPV)

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

NON-REVENUE GENERATING INVESTMENTS

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

OPERATIONS

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

OPERATING EXPENDITURE

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

OPERATING EXPENSE

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

OPERATING EXPENSES

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

OPERATIONS, MAINTENANCE AND RENEWAL FINANCING RATIO

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

OPERATIONS, MAINTENANCE AND RENEWAL GAP

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

PAVEMENT MANAGEMENT SYSTEM (PMS)

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

PMS SCORE

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

RATE OF ANNUAL ASSET CONSUMPTION*

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

RATE OF ANNUAL ASSET RENEWAL*

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

RATE OF ANNUAL ASSET UPGRADE/NEW*

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

RECOVERABLE AMOUNT

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

RECURRENT EXPENDITURE

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

RECURRENT FUNDING

Funding to pay for recurrent expenditure.

REHABILITATION

See capital renewal expenditure definition above.

REMAINING USEFUL LIFE

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

RENEWAL

See capital renewal expenditure definition above.

RESIDUAL VALUE

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

REVENUE GENERATING INVESTMENTS

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, 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).

SPECIFIC MAINTENANCE

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

STRATEGIC LONGER-TERM PLAN

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

SUB-COMPONENT

Smaller individual parts that make up a component part.

USEFUL LIFE

Either:

(a) the period over which an asset is expected to be available for use by an entity or

(b) the number of production or similar units expected to be obtained from the asset by the entity.

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

VALUE IN USE

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

Source: IPWEA, 2009, Glossary

Additional and modified glossary items shown*

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STORMWATER DRAINAGE ASSET MANAGEMENT PLAN 2013 TO 2023

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1 EXECUTIVE SUMMARY

1.1 STRATEGIC AND CORPORATE GOALS

This Asset Management Plan is prepared under the direction of Council's vision, mission, goals and objectives.

Our Vision:

A Prosperous Community Sustaining a Unique Rural Lifestyle

Our Mission:

To provide community leadership and local government services in a sustainable, effective, and efficient manner – meeting the needs of our community.

1.2 CONTEXT

Guyra Shire Council (GSC) provides a stormwater drainage network to enable water runoff to be directed into a pipe network and then conveyed to creeks. Storm events which produce higher rates of runoff are directed to natural watercourses using aboveground channels, either in roadways or constructed open channels which often double as recreational land in dry weather. GSC also aims to reduce gross pollutants entering the environment.

The underground stormwater piped network in Guyra and Tingha features a number of relatively short length structures connecting a series of open drains. The longer sections of piped network are in fair condition being quite aged with a number of improvements required to ensure good flow conditions in the event of peak storm flows. A key requirement is to ensure clear inlet or pipe entry conditions to prevent bypass flows.

The summary of assets included in this Asset Management Plan are as follows:

- 1.08 km of underground pipes;
- 157 pits;
- 36 culverts (excluding culverts which are part of the road network);

These infrastructure assets have a replacement value of \$2.33 million as at 2013.

1.2.1 LINKS TO THE COMMUNITY STRATEGIC PLAN

OBJECTIVE: OUR UTILITIES - PROVIDE WATER AND SEWER INFRASTRUCTURE



1.3 BACKGROUND

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

The Asset Management Plan follows the format for AM Plans recommended in Section 4.2.6 of the International Infrastructure Management Manual¹.

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

- Guyra Stormwater Management Plan
- Guyra Shire Council DCP, LEP and Engineering Standards

1.3.1 WHAT IS THIS PLAN ABOUT?

This Asset Management Plan covers the infrastructure assets that serve the GSC community's Stormwater needs. These assets include Pipes, pits, culverts, channels, & GPT's throughout the Council area that enables people to protect both life and property from larger storm events and minimise disturbances from minor storms.

1.3.2 WHAT DOES IT COST?

The projected outlays to provide the necessary services including operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$540,000 or \$54,000, on average, per year.

Council's estimated available funding for this period is \$490,000 or \$49,000, on average, per year which is 91% of the cost required to provide the service. This is a funding shortfall of \$5,000, on average, per year. Projected expenditure required to provide services in the AM Plan compared with planned expenditure currently included in the Long Term Financial Plan are shown in the graph following.

1.3.3 WHAT WE WILL DO

Council plans to provide stormwater services for the following:

- Operation, maintenance, renewal and upgrade of pipes, pits, and culverts to meet reasonable service levels within annual budgets.
- Assess the condition of all assets within the stormwater network and prioritise critical renewals within the 10 year planning period.
- Improve assumptions used in financial forecasting for the Stormwater Drainage Asset Management Plan.
- Improve understanding current community needs and technical levels of service.
- Develop greater understanding of critical infrastructure risks and treatment plans in conjunction with GSC's Enterprise Risk Management.

1.3.4 WHAT WE CANNOT DO

Council has only limited funding to provide all services at the desired service levels or to provide new services. Works and services that cannot be provided under present funding levels are:

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

- Renewals of existing stormwater assets to match their annual depreciation expense.
- The construction of capital drainage infrastructure in order to improve stormwater drainage to a desirable level of service.

1.3.5 MANAGING THE RISKS

There are risks associated with providing the service and not being able to complete all identified activities and projects. The risks are likely to be exacerbated with climate change as current climate models predict that our LGA will be affected by shorter high intensity rainfall events (flash flooding).

Therefore, there are moderate risks which have been identified:

- The potential for public and private property flooding in areas where stormwater drainage is inadequate.
- The risk that public may enter flooded drainage areas.

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

• Ensuring that the existing drainage infrastructure is working as efficiently as possible by ensuring pipes and associated infrastructure is maintained.

1.3.6 THE NEXT STEPS

The actions resulting from this Asset Management Plan are:

- Continue to undertake inspections of pits, headwalls and culverts to determine asset condition.
- Continue to maintain the assets according to the Operational Plan as adopted by Council.
- Improve data and refine assumptions in Asset Register including useful life and remaining life.
- Work in conjunction with our insurers and regulators to ensure compliance with risk and environmental management.
- Improve the accuracy of our unit rates used to determine current replacement costs.

2 INTRODUCTION

The infrastructure assets covered by this Asset Management Plan are shown in the following table. These assets are used by Council to provide stormwater drainage services to the community.

Assets Covered by this Plan

Asset Category	Dimension	Replacement Value (\$ Million)
Pipes	225 - 900mm	1.81
Pits	All types and sizes	0.39
Culverts	All sizes	0.13
TOTAL		2.33

Key stakeholders in the preparation and implementation of this Asset Management Plan are shown in the following table:

Key Stak	eholders	in the	AM	Plan
----------	----------	--------	----	------

Key Stakeholder	Role in Asset Management Plan	
Councillors	 Represent needs of community Allocate resources to meet the organisation's objectives in providing services while managing risks Ensure organisation is financial sustainable 	
CEO/General Manager	Inform Councillors of issues surrounding asset management and lead organisation towards asset sustainability	
Community	Levels of Stormwater service	
Department of Public Infrastructure	Design and project management	
Waste and Drainage Services	Service delivery and asset management	
Northern Rivers CMA	Wider catchment management issues	
Southern New England Landcare (SNELC)	Riparian vegetation along natural watercourses	

3 SERVICE LEVELS

3.1 LEVEL OF SERVICE STATEMENT

Council's current service level is to ensure that average annual rainfall runoff is diverted and/or captured without damage to property or infrastructure. Where nuisance flooding or inundation occurs as a result of average rainfall, a property protection plan for those specific localised areas may be developed, which may then increase infrastructure capacity to rectify the problem.

3.2 LEGISLATIVE REQUIREMENTS

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

Legislation	Requirement
Local Government Act 1993	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
Water Management Act 2000	Water quality and retardation issues
Protection of the Environment	Control of pollutants from waterways and stormwater
Operations Act 1997	systems
Catchment Management	Northern Rivers CMA as a stakeholder
Authorities Act 2003	
Work Health and Safety Act 2012	Providing a healthy and safe work environment at all drainage
	work sites
Contaminated Land management	Managing land sites with possible contaminated soil near
Act 1997	watercourses

Legislative Requirements

4 FUTURE DEMAND

Key Performance Measure	Community Expectation	Performance Measure Process	Current Level of Service	10 Year Projection With SRV Discontinued	10 Year Projection With Continued SRV
COMMUNITY I	EVELS OF SERVIC	E			
Quality Don't get flooded Minimise overflow through private property Not inconvenienced No property damage No	Customer surveys Customer requests	To be provided from the Resident Survey and Community Plan research. Has not been fully assessed at this time	It is anticipated that customer requests and community dissatisfaction would increase over the next 10 yeas	Requests received should not increase annually. Further assessment required to inform future revisions of this Asset Management Plan	
	environmental damage to receiving waters Reuse stormwater	State of the Assets Report. % Poor/Very Poor	Confidence Level: Moderate/High	37% 32% 31% Confidence Level: Moderate/High	26% 44% 30% Confidence Level: Moderate/High
Function	Ensure access to facilities and services is provided that is suited to the use Water drained by stormwater system	Customer surveys Customer requests	To be provided from the Resident Survey and Community Plan research Has not been fully assessed at this time	It is anticipated that customer requests and community dissatisfaction would increase over the next 10 yeas	Requests received should not increase annually. Further assessment required to inform future revisions of this Asset Management Plan
		State of the Assets Report. % Poor/Very Poor	Confidence Level: Moderate/High	35% 31% 34% Confidence Level: Moderate/High	23% 29% Confidence Level: Moderate/High
Capacity/ Utilisation	Stormwater network has adequate capacity appropriate to risk	State of the Assets Report. % Poor/Very Poor	Confidence Level: Moderate/High	32% 22% 40% Confidence Level: Moderate/High	46% 33% Confidence Level: Moderate/High

TECHNICAL LE	EVELS OF SERVIC	E			
Budget Area	Activities	Measure	Current Level of Service with No SRV	Current Funded Level of Service with SRV	Optimal Level of Service (Scenario 2)
Operations	Cleaned regularly to reduce the risk of blockages	Frequency	Has not been fully assessed at this time. Further assessment required to inform future revisions of this Asset Management Plan	Reactive to limit of budget allocation.	Requires further assessment to identify and determine whether basic service level expectations would be met
Operational Co	st		\$17,991 pa used in modelling for the next 10 years, although likely the operations cost has been incorporated into maintenance.	\$17,991 pa used in modelling for the next 10 years, although likely the operations cost has been incorporated into maintenance.	\$17,991 pa used in modelling for the next 10 years, although likely the operations cost has been incorporated into maintenance.
Maintenance	Remove hazards Repair damage to stormwater infrastructures within appropriate intervention levels	Respond to complaints Budget and resources are adequate to complete the required works within an acceptable time	Has not been fully assessed at this time. Further assessment required to inform future revisions of this Asset Management Plan	Reactive maintenance to limit of budget allocation.	Regular Inspections Planned Maintenance
Maintenance C	ost		\$11,107pa over the next 10 years	\$11,107 pa over the next 10 years	\$11,107 pa over the next 10 years
Renewal	Renewal of assets	Replacement Cycle	Renewal replacement cycle not being met in some areas Increasing renewal required in short to medium term, due to the age of the network.	Network in average condition. Renewal replacement cycle will not be fully met.	Required renewal cycles will be achieved. Current network condition would be sustained. Refer to Appendix B for Forecast Required Renewal Program to sustain service levels.
Renewal Cost			\$15,000 average pa provided	\$20,000 average pa provided	Renewal requirements would essentially be met. The Scenario 2 estimate of average annual renewal requirements is

TECHNICAL LE	TECHNICAL LEVELS OF SERVICE				
Budget Area	Activities	Measure	Current Level of Service with No SRV	Current Funded Level of Service with SRV	Optimal Level of Service (Scenario 2)
					\$25,000 Avg pa over the next 10 years
Upgrade/New	Provide services in a cost effective manner	Cost, Meet Corporate Strategy	No Upgrade/New Proposed	No Upgrade/New Proposed	No Upgrade/New Proposed
Upgrade/New (Cost		No Upgrade/New Proposed	No Upgrade/New Proposed	No Upgrade/New Proposed



4.1 DEMAND MANAGEMENT PLAN

The impact of demand drivers that may affect future service delivery and utilisation of assets are shown in the following table:

Demand Drivers, Projections and Impact on Services

Demand Drivers	Present Position	Projection	Impact on Services
Residential development	Stormwater is generally adequate for existing developments, however, some deficiencies have been identified	2% increase in population	Possible requirement to increase capacity of stormwater drainage assets
Commercial development	Stormwater is adequate for existing developments	Unknown	Unknown
Climate change	Stormwater is adequate for existing climatic conditions	Unknown	Unknown
Regulatory	Stormwater runoff water	Control runoff sources	Greater operational

requirement to	quality	could	be	to remove pollutants	expenses to maintain
improve	enhanced				and clean water inlets
stormwater quality					

Opportunities identified to date for demand management are shown in the following table. Further opportunities will be developed in future revisions of this Asset Management Plan.

Demand Management Plan Summary

Demand Driver	emand Driver Impact on Services Demand Management Plan	
Residential development	Greater demand on stormwater drainage assets	Ensure existing infrastructure is working as efficiently as possible and upgrade when asset does not meet agreed service levels
Commercial Development	Greater demand on stormwater drainage assets	Ensure existing infrastructure is working as efficiently as possible and upgrade when asset does not meet agreed service levels
Climate Change	Possible greater demand on stormwater drainage assets	Monitor intensity and duration of rainfall events and compare with long term averages and identify assets that will require upgrading if required

4.2 ASSET PROGRAMS TO MEET DEMAND

The new assets required to meet growth will be acquired free of cost from land developments and constructed/acquired by Council. New assets constructed/acquired by Council are discussed in Section 5.5.

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

5 LIFECYCLE MANAGEMENT PLAN

The Lifecycle Management Plan details how Council plans to manage and operate the assets at the agreed levels of service while optimising life cycle costs.

5.1 BACKGROUND DATA

5.1.1 PHYSICAL PARAMETERS

Guyra's stormwater pipes range in size from 225mm pipes to larger 900mm pipes. Pits include kerb inlet pit, junction pits and drop inlet pips.

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 the following table:

Known Service Performance Deficiencies

Location	Service Deficiency
White Street and surrounds	Completion of system upgrade with extension to Ollera Street required to address existing capacity deficiencies and to improve nuisance ponding along surface drains.
Sole Street / Youman Street / Lochaber Crescent and surrounds	Amplication of pipes to cater for larger storm events and detention basin to control peak runoff volumes. Also renewal of poor stormwater pits to enhance runoff capture.
Open drain leading to Nielsen Street and surrounds	Investigation of easements for future pipe systems to relieve existing restrictions.

The above service deficiencies were identified and recorded at the Infrastructure Planning Committee meeting on 25 March, 2013; and from observations during significant rainfall events. The Committee also recognised additional priority areas for the future such as opportunity for provision of stormwater in Ryanda Street when kerb and guttering is provided; and extension of the box culvert in Leggo Park which narrows to a 350mm pipe and should be improved.

5.1.3 ASSET CONDITION

Condition is monitored using information from assessments of stormwater drainage pipes. The condition profile of Council's assets is shown in below.

The condition profile of our assets is shown below:



Condition is measured using a 1 - 5 grading system² as detailed in Table 5.1.3.

Table 5.1.3: Simple Condition Grading Model

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

² IPWEA, 2011, IIMM, Sec 2.5.4, p 2 | 79.
5.1.4 ASSET VALUATIONS

Assets were last valued in 2013 and recorded in the Asset Register in 2013 as shown below. Assets were valued at the current replacement cost, at that time.



Useful lives were reviewed in 2013 by undertaking condition assessment of a selection of stormwater assets.

Key assumptions made in preparing the valuations were:

- That useful life is 80 years for stormwater assets
- Where the construction year for a particular asset is unavailable, then the construction year was a function of condition which was assumed to be condition 3 (based on the selection of stormwater assets condition assessed)
- Unit rates used for replacement calculations were based on best available information, using both internal and external prices to undertake the work associated with replacing the stormwater asset
- Remaining life predications for stormwater drainage assets are based on condition assessments of a representative sample of similar assets

5.2 RISK MANAGEMENT ACTION PLAN

An assessment of risks⁴ 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 Risk Management Action Plan, together with the estimated residual risk after the selected treatment plan is operational are summarised in the table below. These risks are reported to management and Council. At this stage no risks have been identified as 'very high' and only one risk has be identified as 'high', however this will be examined with greater detail during the improvement phase of the Stormwater Drainage Asset Management Plan.

³ Also reported as Written Down Current Replacement Cost (WDCRC).

⁴ Guyra Shire Council Risk Management Action Plan

Critical Risks and T	reatment Plans
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Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Pipes & culverts	Pipe collapse	Н	Continue to inspect condition of pipes and renew where necessary.	Slight risk of collapse which would lead to public inconvenience.	\$20,000/annum

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

5.3 ROUTINE OPERATIONS AND MAINTENANCE PLAN

Operations include regular activities to provide services such as public health, safety and amenity, Routine maintenance is the regular ongoing work necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

5.3.1 OPERATIONS AND MAINTENANCE PLAN

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

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

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

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

Actual past maintenance expenditure is shown in the table below.

Maintenance Expenditure Trends

Year	Maintenance Expenditure				
	Planned and Specific	Unplanned			
2013	\$33,711	\$			
2012	\$16,148	\$			
2011	\$38,978	\$			
2010	\$22,976	\$			
2009	\$16,076	\$			
Average maintenance expenditure - \$25,000 annual					

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

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

5.3.2 OPERATIONS AND MAINTENANCE STRATEGIES

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

- Scheduling operations activities to deliver the defined level of service in the most efficient manner,
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes. Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (50 70% planned desirable as measured by cost),
- Maintain a current Infrastructure Risk Register for assets and present service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council,
- 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 over utilised assets and appropriate remedies and customer demand management options,
- Maintain a current hierarchy of critical assets and required operations and maintenance activities,
- Develop and regularly review appropriate emergency response capability,
- Review management of operations and maintenance activities to ensure Council is obtaining best value for resources used.

5.3.3 SUMMARY OF FUTURE OPERATIONS AND MAINTENANCE EXPENDITURES

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

Deferred maintenance, ie works that are identified for maintenance and unable to be funded are to be included in the risk assessment and analysis in the infrastructure risk management plan. Maintenance is funded from the operating budget where available.

Critical Assets

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

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

5.4 RENEWAL/REPLACEMENT PLAN

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

5.4.1 RENEWAL PLAN

The useful lives of assets are shown the table below. Asset useful lives were last reviewed in 2013

Asset (Sub)Category	Useful life
Pipes	80 years
Pits	80 years
Culverts	80 years

Useful Lives of Assets

5.4.2 RENEWAL AND REPLACEMENT STRATEGIES

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

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

- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required ,
- Review management of capital renewal and replacement activities to ensure Council is obtaining best value for resources used.

Renewal Ranking Criteria

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (eg. replacing a bridge that has a 5 t load limit), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (eg. roughness of a road).⁵

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

- Have a high consequence of failure,
- Have a high utilisation and subsequent impact on users would be greatest,
- The total value represents the greatest net value to the organisation,
- Have the highest average age relative to their expected lives,
- Are identified in the AM Plan as key cost factors,
- Have high operational or maintenance costs, and
- Where replacement with modern equivalent assets would yield material savings.⁶

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in the following table:

Renewal and Replacement Priority Ranking Criteria

Criteria	Weighting
Available budget	30
Condition	30
Risk	20
Regulatory	20
Total	100%

Renewal and Replacement Standards

Renewal work is carried out in accordance with the following standards and specifications:

- GSC Development Control Plan
- Engineering Standards
- Plumbing and Drainage Code

5.4.3 SUMMARY OF FUTURE RENEWAL AND REPLACEMENT EXPENDITURE

⁵ IPWEA, 2011, IIMM, Sec 3.4.4, p 3|60.

⁶ Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3|66.

Projected future renewal and replacement expenditures are forecast to increase over time as the asset stock increases from growth.

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

Deferred renewal and replacement, ie. those assets identified for renewal and/or replacement and not scheduled in capital works programs are to be included in the risk analysis process in the Risk Management Action Plan.

Renewals and replacement expenditure in the Council's capital works program will be accommodated in Council's Long Term Financial Plan which is further discussed in Section 7.

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.

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 renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed below.

Criteria	Weighting
CBD drainage	40
Residential drainage	30
Industrial drainage	20
Public open space drainage (Parks)	10
Total	100%

New Assets Priority Ranking Criteria

5.5.2 CAPITAL INVESTMENT STRATEGIES

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

- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner,
- Undertake project scoping for all capital upgrade/new projects to identify:
 - the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset,
 - the project objectives to rectify the deficiency including value management for major projects,
 - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency,
 - management of risks associated with alternative options,
 - and evaluate the options against evaluation criteria adopted by Council, and

- select the best option to be included in capital upgrade/new programs,
- Review current and required skills base and implement training and development to meet required construction and project management needs,
- Review management of capital project management activities to ensure Council is obtaining best value for resources used.

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

5.5.3 SUMMARY OF FUTURE UPGRADE/NEW ASSETS EXPENDITURE

At current there is no projected capital upgrade/new asset expenditures planned. This will be further investigated and monitored to ensure all stormwater drainage infrastructure upgrades and new assets have been accounted for in future revisions to this asset management plan.

6 PLAN IMPROVEMENT AND MONITORING

6.1 IMPROVEMENT PROGRAM

The Asset Management Improvement Plan generated from this Asset Management Plan is shown below.

Task Timeline Task Responsibility Resources No Required Refine useful life assumptions Director of Staff Within 24 1 Engineering months 2 Refine remaining life assumption Director of Within 24 Staff months Engineering 3 Validate units rates use to determine current Director of Staff Within 24 replacement costs Engineering months

Improvement Plan

7 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.

Guyra SC - Projected Operating and Capital Expenditure (Drainage_2014_NoSRV_S2_V1)



7.1 FINANCIAL STATEMENTS AND PROJECTIONS

The financial projections are shown in the following figure for projected operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets). Note: costs are shown in 2013 dollar values, ie. current values.

7.1.1 SUSTAINABILITY OF SERVICE DELIVERY

Long Term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this Asset Management Plan is \$72,000 per year (average operations and maintenance expenditure plus depreciation expense projected over 10 years).

Life cycle costs can be compared to life cycle expenditure to give an initial indicator of affordability of projected service levels when considered with age profiles. Life cycle expenditure includes operations, maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure over the 10 year planning period is \$49,000 per year (average operations and maintenance plus capital renewal budgeted expenditure in LTFP over 10 years).

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap. The life cycle gap for services covered by this Asset Management Plan is 32% per annum. Life cycle expenditure is 68% of life cycle costs.

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

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 – 5-10 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 \$54,000 on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$49,000, on average, per year giving a 10 year funding shortfall of \$5,000 per year. This indicates that Council expects to have 91% of the expenditures needed to provide the services documented in the Asset Management Plan.

	Discontinued SRV (\$000's)	Continued SRV (\$000's)
Asset Renewal Funding Ratio		
Asset Renewal Funding Ratio	60 %	80 %
Life Cycle Cost (long term)'(\$000)		
Life Cycle Cost (depreciation + ops. and maintenance. eexpenditures – 10 year average)	\$72	\$72
Life Cycle Exp. (Capital renewal. + operations + maintenance expenditure 10 year average)	\$44	\$49
Life Cycle Gap [life cycle expenditure - life cycle cost [-ve = gap]	-\$28	-\$23
Life Cycle Sustainability Indicator [life cycle expenditure / LCC]	61 %	68 %

Summary of Service Sustainability Ratios

	Discontinued SRV (\$000's)	Continued SRV (\$000's)
Medium Term (10 yrs) Sustainability		
10 year Operations, Maintenance & Renewal Projected Expenditure	\$54	\$54
10 year Operations, Maintenance & Renewal Planned (Budget) Expenditures	\$44	\$49
10 year Funding Shortfall (10 year projected. expenditures Planned (Budget) Expenditures)	-\$10	-\$5
10 year Sustainability Indicator (10 year planned exp. / projected. Expenditure)	82 %	91 %
Short Term (5 years) Sustainability		
5 year Operations, Maintenance & Renewal Projected Expenditure	\$54	\$54
5 year Operations, Maintenance & Renewal Planned (Budget) Expenditure	\$44	\$49
5 year Funding Shortfall (5 year projected expenditures planned (budget) expenditures)	-\$10	-\$5
5 year Sustainability Indicator (5 year planned expenditures. / projected expenditures)	82 %	91 %

Guyra SC - AM Financial Indicators (Drainage_2014_NoSRV_S2_V1)



Comparison of LTFP Outlays as a % of Projected Requirements

Planning Period

PRIORITY	STREET	LOCATION	SIZE	LENGTH	COST	COMMENTS
BY YEAR			mm	metres	\$	
1	WHITE ST	MOORE to OLLERA	375		15600	Refer Infr Plan Cmttee 25/3/13 and STW Mgmt Plan 17
1	OLLERA ST	WHITE to BRADLEY			35100	Refer Infr Plan Cmttee 25/3/13 and STW Mgmt Plan 18
2	NINCOOLA ST	BOOROLONG & WHITE			48000	Refer Infr Plan Cmttee 25/3/13 and STW Mgmt Plan 13
2	BOOROLONG ST	MOORE to NINCOOLA ST			18600	Refer Infr Plan Cmttee 25/3/13 and STW Mgmt Plan 16
3	MOORE ST	BOROLONG to WHITE ST			11500	Refer Infr Plan Cmttee 25/3/13 and STW Mgmt Plan 15
3	YOUMAN ST	YOUMAN / O'DONNELL	0	0	2450	Refer Infr Plan Cmttee 25/3/13 and STW Mgmt Plan 1
4	YOUMAN ST	YOUMAN to SOLE ST			65150	Refer Infr Plan Cmttee 25/3/13 and STW Mgmt Plan 3
5	YOUMAN ST	YOUMAN to O'DONNELL AVE			76900	Refer Infr Plan Cmttee 25/3/13 and STW Mgmt Plan 4
6	LOCHABER CR	LOCHABER CR to O'DONNELL AVE			12325	Refer Infr Plan Cmttee 25/3/13 and STW Mgmt Plan 5
6	WIRRUNA ST	ABERCROMBIE to PRISK			24125	Refer Infr Plan Cmttee 25/3/13 and STW Mgmt Plan 6
6	ABERCROMBIE ST	ABERCROMBIE to LOCHABER CR			16625	Refer Infr Plan Cmttee 25/3/13 and STW Mgmt Plan 7
7	O'DONNELL AVE	ABERCROMBIE ST			16100	Refer Infr Plan Cmttee 25/3/13 and STW Mgmt Plan 8
7	YOUMAN ST	ABERCROMBIE ST	0	0	4000	Refer Infr Plan Cmttee 25/3/13 and STW Mgmt Plan 8b
7	NEILSON ST	PRIVATE PROPERTY	0	0	30000	Refer Infr Plan Cmttee 25/3/13 - Open drain &
						surrounds
7	LLANGOTHLIN ST	OPP O'DONNELL AVE			2400	STW Mgmt Plan 2
8	RYANDA ST	MANSE to ABOOMALA OUTLET			50000	Required for items STW Mgmt Plan 9,10,11
9	RYANDA ST	LACKEY to MANSE			64000	STW Mgmt Plan 9
10	RYANDA ST	DUTTON PDE to LACKEY			43200	STW Mgmt Plan 10
10	RYANDA ST	OLLERA to DUTTON PDE			5800	STW Mgmt Plan 11

Summary of Projected 10 Year Renewal and Upgrading Works



7.2 FUNDING STRATEGY

After reviewing service levels as appropriate to ensure ongoing financial sustainability, projected expenditures identified in Section 7.1.2 will be accommodated in the Council's 10 Year Long Term Financial Plan.

7.3 KEY ASSUMPTIONS MADE IN FINANCIAL FORECASTS

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

Key assumptions made in this Asset Management Plan and risks that these may change are shown in the following table.

Key Assumptions made in AM Plan and Risks of Change

Key Assumptions	Risks of Change to Assumptions
Useful Life	If useful life has been overestimated then annual depreciation expense will
	increase
Remaining Life	If remaining life has been overestimated then renewal programs will need to
	be implemented sooner
Unit Rates	Unit rates impact on replacement costs and annual depreciation expenses.
	Improving the accuracy of our unit rates will increase the certainty we have
	with our financial forecasting
Condition Rating	Improving the accuracy of our condition ratings will increase the certainty of
	our renewal programs and financial forecasting

7.4 FORECAST RELIABILITY AND CONFIDENCE

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale⁷ in accordance with the following table.

Data Confidence Grading System

Confidence Grade	Description
A Highly Reliable	Data based on sound records, procedures, investigations and analysis, documented properly and recognised as the best method of assessment. Dataset is complete and estimated to be accurate ± 2%.
B Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate \pm 10%.
C Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated \pm 25%.
D Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy \pm 40%.
E Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is shown in the following table.

⁷ IPWEA, 2011, IIMM, Table 2.4.6, p 2|59.

Data confidence Assessment for Data used in AM Plan				
Data	Confidence Assessment	Comment		
Demand Drivers	В	Some improvement required		
Growth Projections	В	More reliable the closer the projections are to present day		
Operations Expenditures	A	Reliable		
Maintenance Expenditures	В	Less reliable than Operations expenditure		
Projected Renewal Exps. - Asset Values	С	More data required on asset condition to determine renewal expenditure		
- Asset Residual Values	В	As we become more familiar with new technology (ie. relining) we should be able to predict residual values		
- Asset Useful Lives	В	Civil structures are usually long lived however our assumption of 80 years my need refining		
- Condition Modelling	D	More work required		
- Network Renewals	С	Some uncertainty as not all assets have been condition assessed		
- Defect Repairs	С	Some uncertainty as not all assets have been condition assessed		
Upgrade/New Expenditures	В	Have a generally good understanding where new assets are required		

Disposal Expenditures

Ε

ta Confidence Assessment for Data used in AM Plan

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

More work required

8 **REFERENCES**

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9 APPENDICES

Appendix A Abbreviations

Appendix B Glossary

APPENDIX A ABBREVIATIONS

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

APPENDIX B GLOSSARY

Annual service cost (ASC)

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

Asset

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

Asset category

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

Asset class

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

Asset condition assessment

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

Asset hierarchy

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

Asset management (AM)

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

Asset renewal funding ratio

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

Average annual asset consumption (AAAC)*

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

Borrowings

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

Capital expenditure

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

Capital expenditure - expansion

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

Capital expenditure - new

Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases

service potential it may impact revenue and will increase future operations and maintenance expenditure.

Capital expenditure - renewal

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

Capital expenditure - upgrade

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

Capital funding

Funding to pay for capital expenditure.

Capital grants

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

Capitalisation threshold

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

Carrying amount

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

Class of assets

See asset class definition

Component

Specific parts of an asset having independent physical or functional identity and having specific attributes such as

different life expectancy, maintenance regimes, risk or criticality.

Core asset management

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

Cost of an asset

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

Critical assets

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

Current replacement cost (CRC)

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

Deferred maintenance

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

Depreciable amount

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

Depreciated replacement cost (DRC)

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

Depreciation / amortisation

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

Economic life

See useful life definition.

Expenditure

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

Fair value

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

Financing gap

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

Heritage asset

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

Impairment loss

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

Infrastructure assets

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

Investment property

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

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

Key performance indicator

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

Level of service

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

Life Cycle Cost*

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

Life cycle expenditure

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

Loans / borrowings

See borrowings.

Maintenance

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

• Planned maintenance

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

• Reactive maintenance

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

• Specific maintenance

Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.

• Unplanned maintenance

Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance expenditure*

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

Materiality

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

Modern equivalent asset

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques.

Net present value (NPV)

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

Non-revenue generating investments

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

Operations

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

Operating expenditure

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

Operating expense

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

Operating expenses

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

Operations, maintenance and renewal financing ratio

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

Operations, maintenance and renewal gap

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

Pavement management system (PMS)

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

PMS Score

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

Rate of annual asset consumption*

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

Rate of annual asset renewal*

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

Rate of annual asset upgrade/new*

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

Recoverable amount

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

Recurrent expenditure

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

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining useful life

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

Renewal

See capital renewal expenditure definition above.

Residual value

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

Revenue generating investments

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

Risk management

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

Section or segment

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

Service potential

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

Service potential remaining

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

Specific maintenance

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

Strategic longer term plan

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

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

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

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

Value in use

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

Source: IPWEA, 2009, Glossary

Additional and modified glossary items shown*