



ASSET MANAGEMENT PLAN

BUILDINGS & STRUCTURES



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EXECUTIVE SUMMARY

1.1 The Purpose of the Plan

Asset management planning is a comprehensive process to ensure delivery of services from infrastructure is provided in a financially sustainable manner.

This asset management plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The plan defines the services to be provided, how the services are provided and what funds are required to provide the services over a 20-year planning period.

This plan covers the infrastructure assets – Buildings & Structures.

1.2 Asset Description

These assets include:

The Buildings & Structures network comprises:

- Council owned and occupied (including occupation under a lease or licence) buildings
- Council owned structures that are not occupied buildings

These infrastructure assets have a replacement value of \$58.97m.

1.3 Levels of Service

Our present funding levels are sufficient to continue to provide existing services at current levels in the medium term, noting that increased funding for planned preventative maintenance is highly desirable.

The main services consequences if funding is not available are:

- Decline in the presentation of the asset
- Removal of some assets
- Functionality of assets does not meet community expectations.

Our present funding levels are insufficient to continue to manage all risks in the medium term.

The main risk consequences are:

- Loss of functionality of building or structure
- Damage to asset due to lack of appropriate levels of maintenance
- Closure/removal of some assets

1.4 Future Demand

The main demands for new services are created by:

- Community expectations
- Availability of capital funding grants
- Operational needs of building occupiers
- Legislative changes

These 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.

- Maximising building utilisation
- Regular inspections and response to urgent maintenance
- Ensuring occupiers of Council buildings conform with their tenancy obligations

1.5 Lifecycle Management Plan

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 \$2,216,776 (rounded value) on average per year.

It should be noted that identified works that make up the 10 year renewal budget are less than the 10 year accumulated depreciation costs, hence Council is deliberately (based on current asset condition) deferring some expenditure to future planning periods.

1.6 Financial Summary

What we will do

Estimated available funding for this 10-year planning period is \$22,167,763 or \$2,216,776 on average per year which is 100% of the cost to provide the service.

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 figure 7.

We plan to provide Building & Structures services for the following:

- Operation, maintenance, renewal and upgrade of Buildings & Structures (to meet defined service levels) in annual budgets.

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:

- Financial Risk due to prolonging building life beyond its economic life
- Reputational Risk due to poor building presentation and functionality
- Public Liability Risk due to building failures or not being fit for purpose (eg poor food preparation areas)
- Non-Compliance with Building Code in key areas such as fire services, access/egress and accessibility
- Inability to complete identified tasks due to availability of skilled personnel
- Council buildings occupied by community-based groups not being adequately maintained
- Overly conservative condition reporting

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

- Understanding the current condition of all buildings and structures
- Funding projects have regard to identified risks
- Endeavouring to allocate more funding for asset renewal works (as distinct from upgrades) and preventative maintenance works
- Disposal of surplus buildings
- Assigning appropriate condition ratings

1.7 Asset Management Practices

Our systems to manage assets include:

- Long Term Financial Planning
- Strategic Management Plan
- Asset Management Plans for all asset classes
- Strategic reporting to Council on asset condition

1.8 Monitoring and Improvement Program

The next steps resulting from this asset management plan to improve asset management practices are:

- Establish and maintain annual renewal budgets as forecast, to ensure long term sustainability of the Buildings & Structures
- Review operations and maintenance activities and budgets in the aim to achieve a planned maintenance and renewal program.

2. INTRODUCTION

2.1 Background

This asset management plan communicates the actions required for the responsive management of assets (and services provided from assets), compliance with regulatory requirements, and 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 of the International Infrastructure Management Manual¹.

The asset management plan is to be read with the Wattle Range Council strategic planning documents and policies. This should include the Asset Management Policy and Asset Management Strategy where these have been developed along with the following associated planning documents:

- Long Term Financial Plan
- Strategic Management Plan
- Annual Budget
- Asset Management Policy

The infrastructure assets covered by this asset management plan are shown in Table 2.1.1. These assets are used to provide Buildings & Structures services to the community.

Table 2.1.1: Assets covered by this Plan

Asset Category	Dimension	Replacement Value
Buildings	74 Buildings	\$38.69m
Structures	267 Structures	\$20.28m
TOTAL	341	\$58.97m

Key stakeholders in the preparation and implementation of this asset management plan are shown in Table 2.1.2.

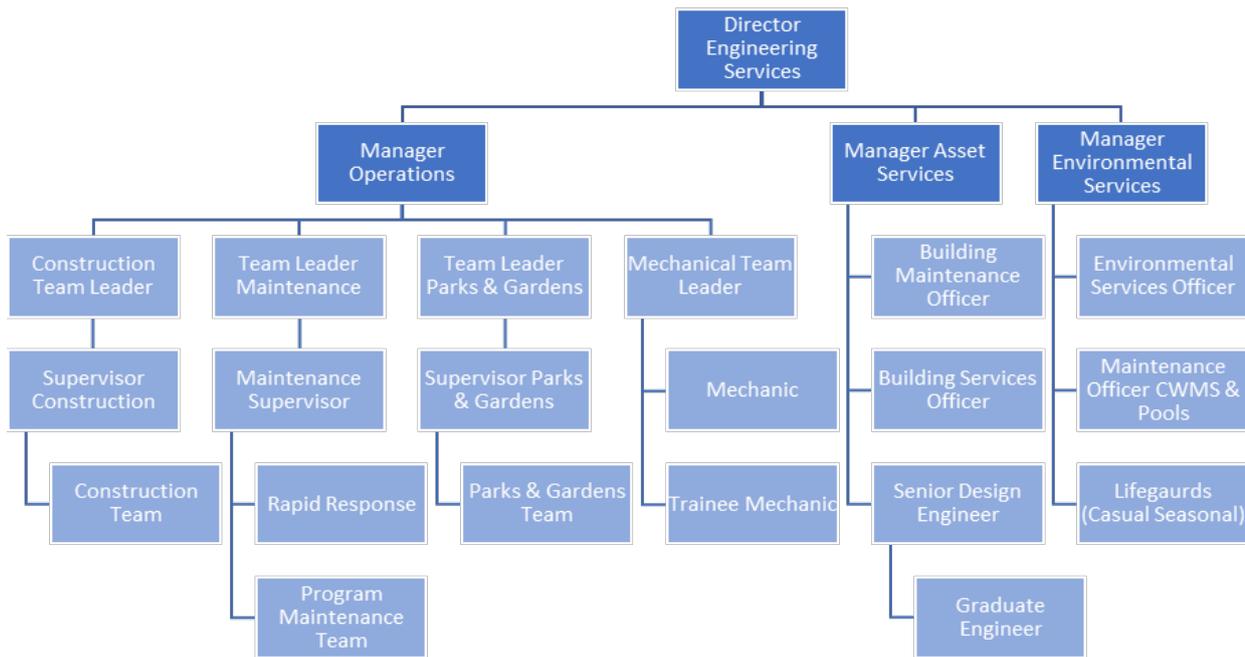
Table 2.1.2: Key Stakeholders in the AM Plan

Key Stakeholder	Role in Asset Management Plan
Wattle Range Council	<ul style="list-style-type: none"> · Represent needs of community/shareholders · Allocate resources to meet planning objectives in providing services while managing risks · Ensure organisation is financial sustainable
CEO	<ul style="list-style-type: none"> · Allocate resources to meet the organisations objectives in providing services while managing risks · Ensure organisation is financially sustainable · Overall responsibility for budgets and implementation of plan · Provide leadership in influencing decision-making processes related to Asset Management
Director Engineering Services	<ul style="list-style-type: none"> · Overall responsibility for Asset Management · Manage resources and delivery of the organisations objectives in providing services while managing risks · Provide leadership in influencing decision-making processes related to Asset Management
Manager Asset Services	<ul style="list-style-type: none"> · Provide leadership for effective Asset Management · Deliver services in a cost effective and sustainable manner · Improve asset management and risk management performance · Coordinate with skilled personnel and Data Collection Officers to identify areas of need and process improvement · Deliver nominated renewal and upgrade projects

¹ IPWEA, 2015, Sec 4.2, Example of an Asset Management Plan Structure, pp 4|37 – 39.

Key Stakeholder	Role in Asset Management Plan
Senior Design Engineer	<ul style="list-style-type: none"> Collate available data and produce Asset Management Plans Liaise between Manager Asset Services Asset Services personnel Report and manage actions resulting from the preparation of Asset Management Plans
Engineer/Data Collection Officer	<ul style="list-style-type: none"> Collection and collation of raw data Data input into collection system Work towards an overall process improvement in data management of asset classes

Our structure for service delivery from infrastructure assets is detailed below;



2.2 Goals and Objectives of Asset Ownership

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

Our goal in managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Linking to a long-term financial plan which identifies required, affordable expenditure and how it will be financed.²

Key elements of the planning framework are

- Levels of service – specifies the services and levels of service to be provided,

² Based on IPWEA 2015 IIMM, Sec 1.3, p 1| 8

- Future demand – how this will impact on future service delivery and how this is to be met,
- Life cycle management – how to manage its existing and future assets to provide defined levels of service,
- Financial summary – what funds are required to provide the defined services,
- Asset management practices – how we manage provision of the services,
- Monitoring – how the plan will be monitored to ensure objectives are met,
- Asset management improvement plan – how we increase asset management maturity.

Other references to the benefits, fundamentals principles and objectives of asset management are:

- International Infrastructure Management Manual 2015³
- ISO 55000⁴

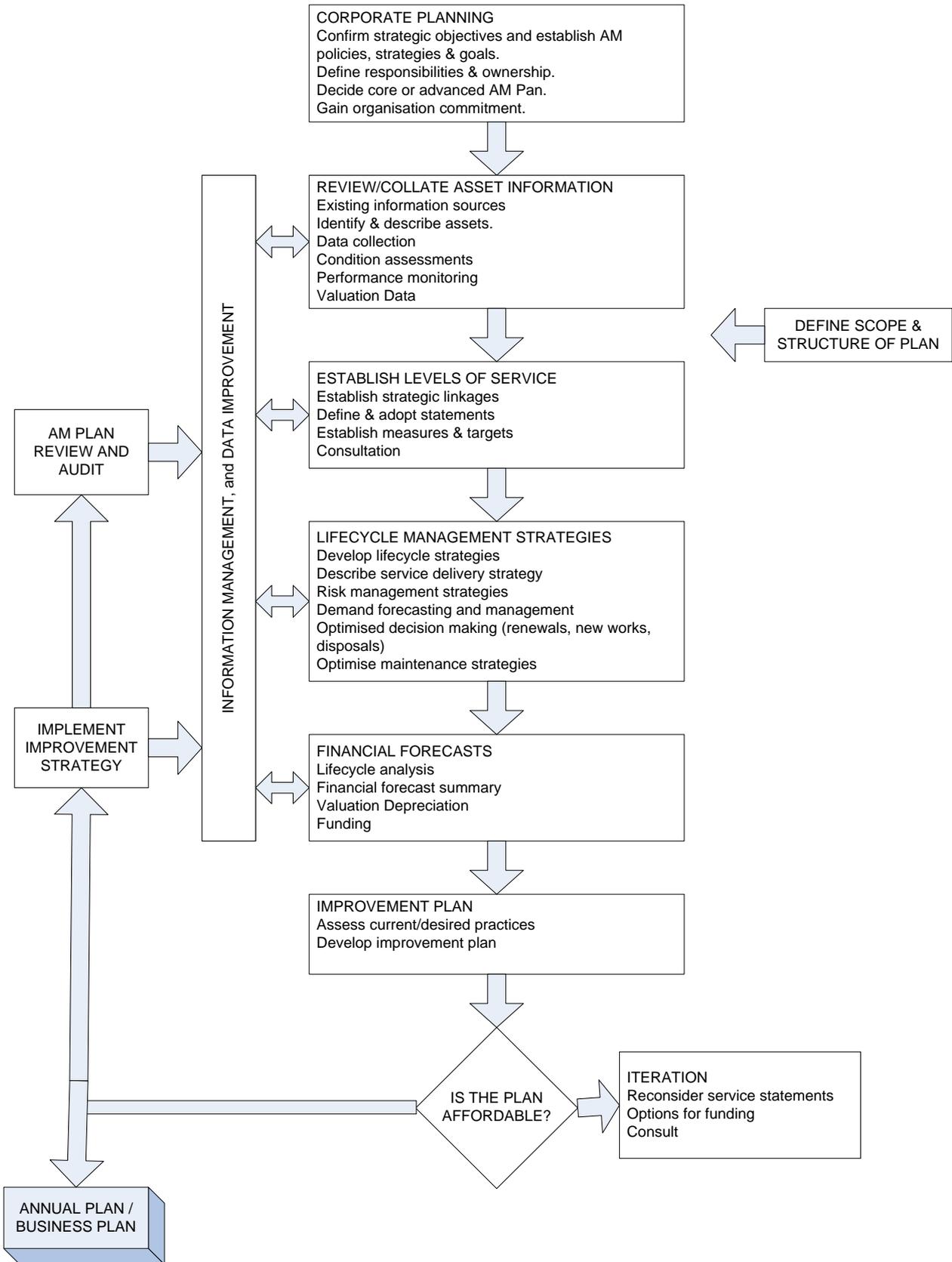
³ Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2 | 13

⁴ ISO 55000 Overview, principles and terminology

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

Road Map for preparing an Asset Management Plan

Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11



2.3 Core and Advanced Asset Management

This asset management plan is prepared as a 'core' asset management plan over a 20 year planning period in accordance with the International Infrastructure Management Manual⁵. It is prepared to meet minimum legislative and user requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the system or network level.

Future revisions of this asset management plan will move towards 'advanced' asset management using a 'bottom up' approach for gathering detailed asset information for individual assets to support the provision of activities and programs to meet agreed service levels in a financially sustainable manner.

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

This 'core' asset management plan is prepared to facilitate consultation initially through feedback on draft asset management plans prior to adoption by the Wattle Range Council. Future revisions of the asset management plan will incorporate community consultation on service levels and costs of providing the service. This will assist the Wattle Range Council and stakeholders in matching the level of service required, service risks and consequences with the community's ability and willingness to pay for the service.

3.2 Strategic and Corporate Goals

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

Our vision is:

Wattle Range a Great Place to Live and Work

Our values are:

Trust – The glue that binds us all together as a community

Teamwork – The cornerstone of high performing organisations

Fun – The importance of enjoying what we do and how we do it should never be underestimated

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

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

Goal	Objective	How Goal and Objectives are addressed in AM Plan
Create a sustainable stock of assets, with appropriate long-term asset planning and optimal use	Regularly assess building condition and maintain asset condition rating register	Data sets prepared by external consultants and reviewed on a regular basis. Review data collection methodology and establish a condition rating regime that accurately reflects current condition of building stock.
Plan and provide for a safe building stock that is fit for purpose and meets the future and current needs of our community	Maintain the Asset Management Plan and develop maintenance and renewal programs that can be delivered in a timely manner	Deploy appropriate resources to maintenance and renewal services, using both in house and external labour resources. Regular checking of building stock to identify maintenance works that typically do not get assessed during the condition rating survey.

The organisation will exercise its duty of care to ensure public safety in accordance with the infrastructure risk management plan prepared in conjunction with this AM Plan. Management of infrastructure risks is covered in Section 6.

⁵ IPWEA, 2015, IIMM.

3.3 Legislative Requirements

The organisation must meet many legislative requirements relating to the management of assets. These include:

Table 3.3: Legislative Requirements

Legislation	Requirement
Local Government Act	Sets out role, purpose, responsibilities and powers of Local Governments including the preparation of a long-term financial plan supported by asset management plans and works programs for sustainable service delivery.
Australian Standards	Various standards which give the necessary guidelines and specifications for infrastructure assets.
Workplace Health & Safety Act and Regulations	Prescribes the organisational responsibility for work, health and safety including individual responsibilities, systems, reporting incidents and non-conformities and corrective actions.

3.4 Customer Levels of Service

Service levels are defined service levels in two terms, **customer** levels of service and **technical** levels of service. These are supplemented by organisational measures.

Customer Levels of Service measure how the customer receives the service and whether value to the customer is provided.

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

Quality How good is the service ... *what is the condition or quality of the service?*

Function Is it suitable for its intended purpose *Is it the right service?*

Capacity/Use Is the service over or under used ... *do we need more or less of these assets?*

The current and expected customer service levels are detailed in Tables 3.4 and 3.5. Table 3.4 shows the expected levels of service based on resource levels in the current long-term financial plan.

Organisational measures are measures of fact related to the service delivery outcome. E.g. number of occasions when service is not available, condition %'s of Very Poor, Poor/Average/Good, Very good.

These provide a balance compared to customer perception that can be more subjective.

Table 3.4: Customer Level of Service

	Expectation	Performance Measure Used	Current Performance	Expected Position in 10 Years based on the current budget.
Service Objective: Provide functional, safe, fit for purpose assets that meet the changing needs of the community				
Quality	Maintain buildings and structures to an acceptable level of presentation	Number of customer complaints received	Average of 75 complaints per annum across entire building stock	No more than 40 complaints per annum across entire building stock
	Confidence level		reliable	reliable
Function	Ensure buildings meet the needs of occupiers	Number of complaints received	Average of 75 complaints per annum across entire building stock	No more than 20 complaints per annum across entire building stock
	Ensure buildings and structures are safe	Staff inspections	Approximately 20 defects noted per year	No more than 10 defects noted per year
	Confidence level		reliable	reliable
Capacity and Use	Council will strive for efficient service delivery for building maintenance works	Annual cost of maintenance	As per budget	More services for same level of expenditure
	Provide for access to all buildings at all times	Number of building lockouts	Nil lockouts	Nil lockouts
	Confidence level		reliable	reliable

3.5 Technical Levels of Service

Technical Levels of Service – Supporting the customer service levels are technical measures of performance. These technical measures relate to the allocation of resources to service activities to best achieve the desired customer outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

- Operations – the regular activities to provide services (e.g. opening hours, cleansing, mowing grass, energy, inspections, etc.)
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. road patching, unsealed road grading, building and structure repairs),
- Renewal – the activities that return the service capability of an asset up to that which it had originally (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement),
- Upgrade/New – the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

Service and asset managers plan, implement and control technical service levels to influence the customer service levels.⁶

Table 3.5 shows the technical levels of service expected to be provided under this AM Plan. The “Desired” position in the table documents the position being recommended in this AM Plan.

⁶ IPWEA, 2015, IIMM, p 2|28.

Table 3.5: Technical Levels of Service

Service Attribute	Service Activity Objective	Activity Measure Process	Current Performance *	Desired for Optimum Lifecycle Cost **
TECHNICAL LEVELS OF SERVICE				
Operations	Building maintained at all times and ready for use	Regular inspections and response to unplanned maintenance requirements	Ad hoc inspections	Programmed inspections
Operational Cost – estimated at \$350,391 on average per annum over next 10 years				
Maintenance	Schedule maintenance works as required to maintain the asset in fit for purpose condition and to ensure economic life of each asset is achieved	Completion of annual works program	Ad hoc maintenance in response to identification of an issue – maintenance is currently reactive	Annual and long term works programs developed and funded, with all works completed annually.
Maintenance Cost – estimated at a ten-year average cost of \$537,800 per annum.				
Renewal	Building and structures renewed if required or demolished if no longer required	Works completed in accordance with annual works program	Very low level of expenditure on asset renewal	Works done in accordance with Building and Structures AMP and expenditure levels reflect asset consumption rates.
Renewal Cost – estimated at \$890,767 per annum				
Upgrade/ New	Respond to community expectations	Number of requests received and assessed	As identified to meet fit for purpose standards	Improve amenity and presentation in addition to fit for purpose
Upgrade/New Cost – estimated at \$452,818 on average per annum over next 10 years.				

It is important to monitor the service levels provided regularly as these will change. The current performance is influenced by work efficiencies, availability of skilled personnel, technology and customer priorities that may change over time. Review and establishment of the agreed position which achieves the best balance between service, risk and cost is essential.

4. FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include things such as population change, regulations, changes in demographics, consumer preferences and expectations, technological changes, economic factors, environmental awareness, aspirations etc.

4.2 Demand Forecasts

The present position and projections for demand drivers that may impact future service delivery and use of assets were identified and are documented in Table 4.3.

4.3 Demand Impact on Assets

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.3.

Table 4.3: Demand Drivers, Projections and Impact on Services

Demand drivers	Present position	Projection	Impact on services
Community Expectations	Increasing demand for improved building stock	Each application will be assessed on merit	Upgrade works will increase Councils annual depreciation expense, renewal works will assist in meeting sustainability targets
Safety Requirements	Many building deficient in fire safety provisions and food handling standards	Improve fire safety standards to near as possible current Building code requirements and health requirements	These works will need to be given priority and maybe at the expense of other improvement works
Accessibility Requirements	Many buildings do not comply with Disability Access requirements	Implement a program to bring buildings into conformity with current requirements	These works will need to be given priority and maybe at the expense of other improvement works
Risk Management	Buildings routinely assessed for a range of risk factors	Respond to identified risks as required	These works will need to be given priority and maybe at the expense of other improvement works

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 asset ownership 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 failures⁷. Examples of non-asset solutions include providing services from existing infrastructure such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified to date for demand management are shown in Table 4.4. Further opportunities will be developed in future revisions of this asset management plan.

Table 4.4: Demand Management Plan Summary

Demand Driver	Impact on Services	Demand Management Plan
New Buildings/Structures	Will likely reduce funds available for asset renewal	Investigate opportunities to dispose of building/structures stock, investigate co occupation opportunities to reduce demand for new buildings

4.5 Asset Programs to meet Demand

Some new assets required to meet growth maybe acquired free of cost from land developments and constructed/acquired. New assets constructed/acquired are discussed in Section 5.5. The summary of the cumulative value of new contributed and constructed asset values is shown in Figure 1 – no graph presented due to very low number of “gifted assets”

⁷ IPWEA, 2015, IIMM, Table 3.4.1, p 3|89.

Acquiring new assets will commit ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs (which will be relatively low) are identified and considered in developing forecasts of future operations, maintenance and renewal costs in Section 5.

4.6 Heritage Considerations

Council, at the time of preparing this plan, does not have formal heritage controls within its authorised Development Plan, but the Council may, at its own discretion as a building owner, apply the well-established principles of heritage preservation and restoration to its building stock. This plan recognises the heritage value of Council buildings and will therefore endeavour, where practicable and reasonable to do so, retain and maintain important heritage aspects of its building stock as a key element of its asset management strategy.

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 managing life cycle costs.

5.1 Background Data

5.1.1 Physical parameters

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

Wattle Range Council owns 74 discrete buildings and 267 separate non-building structures (e.g. monuments, playgrounds, platforms). Current at the time of preparing this report.

The age profile of the assets included in this AM Plan are shown in Figure 2.

Figure 2: Asset Age Profile
(Accurate age data is not available at this time)

Council has registers identifying, in detail, each individual asset covered by this plan – refer Assetic – Cloud

5.1.2 Asset capacity and performance

Assets are generally provided to meet design standards where these are available.

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

Table 5.1.2: Known Service Performance Deficiencies

Location	Service Deficiency
Various buildings to varying degrees – further detailed assessment required	Fire Services, health standards, accessibility

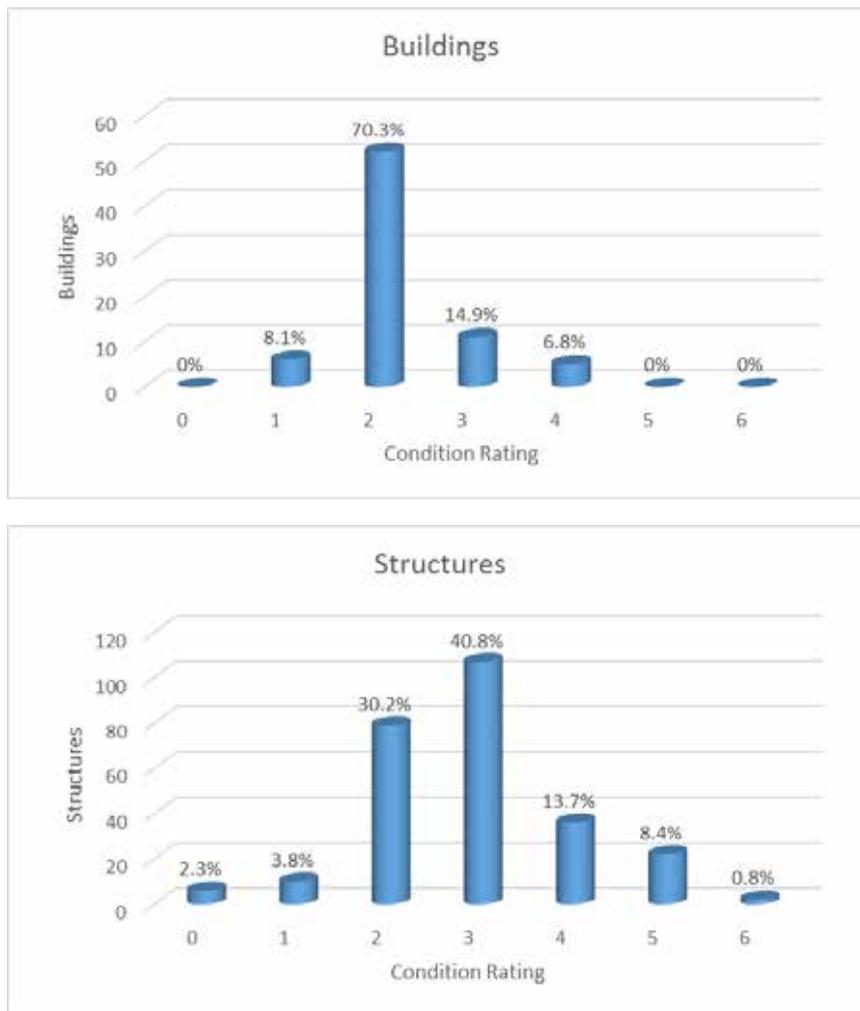
The above service deficiencies were identified from inspection of a number of buildings by Council staff

5.1.3 Asset condition

Condition is monitored by regular (biannual) field inspection

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

Fig 3: Asset Condition Profile



The condition rating for Buildings is somewhat unusual (most are assessed at condition 2) and will require further examination to ensure the data collected to date is a true representation of building condition. Some cross checking has indicated that the condition 2 ratings in some cases is an over estimation of the asset condition. Further programmed assessments will improve the reliability of the data.

Note: The condition ratings shown in this graph are the overall ratings for individual buildings and structures. This value was derived by Council following review of the condition ratings provided by the independent condition assessor. The independent assessor componentised the buildings and structures into several elements and each element was condition rated. Council has combined all the individual component ratings for each building and structure into a single overall score for ease of presentation of data.

Condition is measured using a 0 – 6 rating system⁸ as detailed in Table 5.1.3.

⁸ IPWEA, 2015, IIMM, Sec 2.5.4, p 2|80.

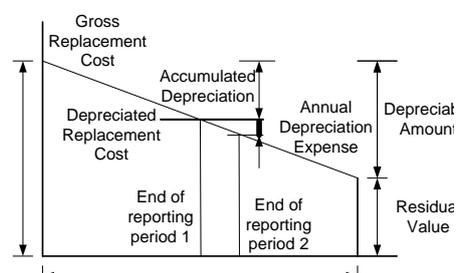
Table 5.1.3: Simple Condition Rating Model

Condition Rating	Description of Condition
0	Brand New
1	Very Good Condition, As brand new asset
2	Good Condition, only normal maintenance required
3	Minor Defects Only, Minor maintenance required (say 5% of asset)
4	Maintenance Required to Return to Acceptable Level of Service, Significant maintenance required (say 5-20 % of asset)
5	Renewal Required, Significant renewal work required (say 20-50% of asset)
6	Asset Unserviceable, over approximately 80% of asset requires replacement

5.1.4 Asset valuations

The value of assets recorded in the asset register as at 30 June 2017 covered by this asset management plan is shown below. Assets were last revalued at 1st July 2016. Assets are valued at fair value in accordance with AASB13 and AASB116.

Gross Replacement Cost	\$58,972,000
Depreciable Amount	\$58,972,000
Depreciated Replacement Cost ⁹	\$45,591,000
Annual Average Asset Consumption	\$913,000



Useful lives were reviewed in 2016 in accordance with AASB116 .

Key assumptions made in preparing the valuations were:

- Inspected items are compliant with regulatory and government statutes
- Assets valued assuming full ownership by Council with no monies owing
- Assets have been subject to normal wear and tear and have been properly maintained

Major changes from previous valuations are due to:

1. Full buildings valuation and condition assessment undertaken. *Realised in the Replacement Value, Accumulated Depreciation, Written Down Value and Annual Depreciation.*
2. Contractor Valuation of 75% (by value) of structures in 2016/17.
3. Useful lives have been revised to reflect more accurate useful lives where possible. This change has been substantiated via local engineering knowledge of how the assets have behaved over time and also where data was available, taking into account the known construction periods of these assets and their expected remaining useful lives. Refer to the following Useful Life Section. *Realised in the Annual Depreciation, Accumulated Depreciation and Written Down Value.*
4. Assets have been componentised with long and short lives applied to the components.
5. As a result of collating data for the recent implementation of a single core asset repository, asset attribute data such as materials, asset dimensions such as widths, lengths and quantities have improved. *Realised in the Replacement Value, Annual Depreciation, Accumulated Depreciation and Written Down Value.*
6. Previously assigned condition data has been revised as a result of recent network visual condition inspections by an independent contractor in 2016/17. *Realised in the Annual Depreciation, Accumulated Depreciation and Written Down Value.*

⁹ Also reported as Written Down Value, Carrying or Net Book Value.

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)	1.55
Rate of Annual Asset Renewal (Capital renewal expenditure/Depreciable amount – 10 year average)	0.92

In 2019/20 the organisation will renew Buildings and Structures assets at 51% of the rate they are being consumed and will also be increasing its asset stock during the year by \$1,514,379.

5.1.5 Historical Data

Annual Expenditure	Year			
	15/16	16/17	17/18	18/19 (budgeted)
Annual Depreciation	\$1,278,000	\$906,000	\$943,000	\$919,000
Annual Maintenance Costs	\$106,000	\$165,000	\$151,000	\$454,000
Asset Renewal	\$472,000	\$241,000	\$678,000	\$641,000
Asset Upgrade/New	\$0	\$122,000	\$546,000	\$1,063,000

5.2 Operations and Maintenance Plan

Operations include regular activities to provide services such as public health, safety and amenity, e.g. cleaning, power, insurance.

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, e.g. painting.

5.2.1 Operations and Maintenance Plan

Operations activities affect service levels including quality and function through the types and timing of activities, and the design of the infrastructure. Examples of these include cleaning and painting frequency, opening hours of building and other facilities etc.

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

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

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

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

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

5.2.2 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. 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 use to identify under used assets and appropriate remedies, and over used assets and customer demand management options,
- Maintain a current hierarchy of critical assets and required operations and maintenance activities,
- Develop and regularly review appropriate emergency response capability,
- Review management of operations and maintenance activities to ensure best value for the 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 service hierarchy is shown in Table 5.2.2.

Table 5.2.2: Asset Service Hierarchy

Service Hierarchy	Service Level Objective
Building Safety	Satisfy risk management objectives
Statutory Compliance	Satisfy legislative requirements
Accessibility	Satisfy legislative requirements
Asset presentation and serviceability	Meeting community expectations

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, investigative activities, maintenance plans and capital expenditure plans can be targeted at the appropriate time.

Operations and maintenance activities may be targeted to mitigate critical assets failure and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels, etc. Critical assets failure modes and required operations and maintenance activities are detailed in Table 5.3.2.1.

Table 5.2.2.1: Critical Assets and Service Level Objectives

Critical Assets	Critical Failure Mode	Operations & Maintenance Activities
Council Administration Buildings	Unsuitable for use and occupation	Maintain fire alert systems, regular risk inspections (and response)
Public Conveniences	Not suitable for use	Regular maintenance and regular risk inspections, Rapid Response capability
Recreation Facilities	Not suitable for use	Regular maintenance and regular risk inspections, ensure building occupiers meet their lease/license obligations

Standards and specifications

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

- Council's internal standards
- Relevant National Construction Codes requirements and subservient legislation and codes
- Accepted industry practice

5.2.3 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 2019 dollar values (i.e. real values).

Figure 4: Projected Operations and Maintenance Expenditure



Council's LTFP has allocated funds to meet operational costs but Council has also recognised the need to increase funding to meet increased maintenance targets. Annual budgets are expected to have higher maintenance budgets (both planned and reactive) than historical levels to meet increased identification of maintenance works. Increased maintenance allocations are not shown in this plan as they are yet to be ratified by Council.

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

Maintenance is funded from the operating budget. This is further discussed in Section 7.

5.3 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 service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure resulting in additional future operations and maintenance costs.

5.3.1 Renewal plan

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

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

Method 2 was used for this asset management plan.

The useful lives of assets used to develop projected asset renewal expenditures are shown in Table 5.3.1. Asset useful lives were last reviewed on 1st July 2016.¹⁰

Appendix D is the 10 year Asset Renewal Program in place at the time of the formal adoption by Council of this Asset Management Plan. Appendix D will be subject to review by Council each year as part of its annual budget process and for the financial years beyond 2020/21 reference will need to be made to the annual budget and business plan for the latest iteration of the 10 year plan.

¹⁰ Assetic – Wattle Range Council Buildings Valuation & Condition Assessment

Table 5.3.1: Useful Lives of Assets

Component / Asset Type	Council Adopted Useful Life (Years)	
	Short Life	Long Life
Fitouts & Fittings	30	60
Fitouts (Floor Coverings)	25 Carpet	60 Tiles and Timber
Roof	75	150
Services (Electrical)	30	60
Services (Fire)	20	40
Services (Hydraulics)	30	70
Services (Mechanical)	30	70
Services (Security)	20	40
Services (Transport)	25	50
Site Infrastructure	45	90
Site Services	30	60
Sub-Structure	100	200
Super-Structure	100	200
Sheds/Shelters	40 – 60	80 – 120
Playground Equipment	20	40
Lighting	25	50
Effluent Disposal Point	30	60
Fencing	25 – 50	50 – 100

5.3.2 Renewal and Replacement Strategies

We will plan capital renewal and replacement projects to meet level of service objectives and minimize 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 adopted evaluation criteria, 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 the best value for resources used is obtained.

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 (e.g. replacing a roof), or

- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. mechanical services are upgraded).¹¹

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 high use and subsequent impact on users would be greatest,
- Have a total value represents the greatest net value,
- 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
- Have replacement with a modern equivalent asset that would provide the equivalent service at a savings.¹²

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in Table 5.3.2.

Table 5.3.2: Renewal and Replacement Priority Ranking Criteria

Criteria	Weighting
Operational needs of Council	30%
Level of Community use	30%
Existing condition	20%
Forecast use/value of asset	20%
Total	100%

Renewal and replacement standards

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

- National Construction Code and subservient legislation
- Development Plan
- Council Policies

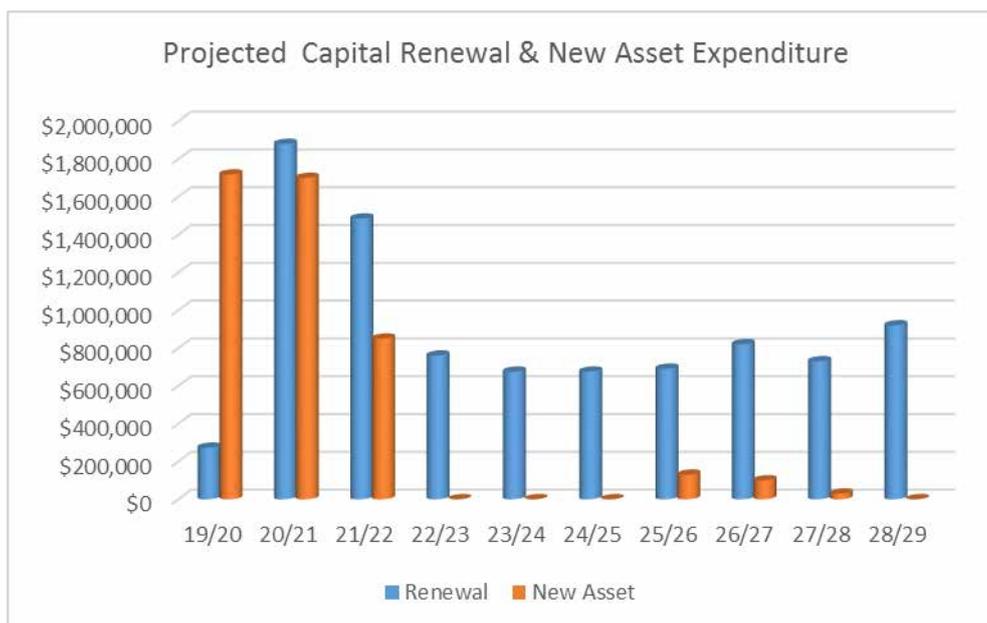
5.3.3 Summary of future renewal and new asset/upgrade expenditure

Projected future renewal and new asset expenditures are forecast to increase over time when the asset stock increases. The expenditure that is required is shown in Fig 5. Note that all amounts are shown in real values.

¹¹ IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

¹² Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.

Fig 5: Projected Capital Renewal and New Asset Expenditure



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

Renewals and replacement expenditure in the capital works program will be accommodated in the long term financial plan. This is further discussed in Section 7.

5.4 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. These additional assets are considered in Section 4.4.

5.4.1 Selection criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as community requests, proposals identified by strategic plans or partnerships with others. Candidate proposals are inspected to verify need and to develop a preliminary renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed below.

Table 5.4.1: New Assets Priority Ranking Criteria

Criteria	Weighting
Financial sustainability	25%
Environmentally sustainable	25%
Community benefit	25%
Economic benefit	25%
Total	100%

5.4.2 Capital Investment Strategies

Capital upgrade and new projects will be planned 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.

5.5 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.5, together with estimated annual savings from not having to fund operations and maintenance of the assets. These assets will be further reinvestigated to determine the required levels of service and see what options are available for alternate service delivery, if any. Any costs or revenue gained from asset disposals is accommodated in the long-term financial plan.

Where cash flow projections from asset disposals are not available, these will be developed in future revisions of this asset management plan.

Table 5.5: Assets Identified for Disposal

24 Foster Street Beachport (Crown Land)
Old Netball clubrooms, Millicent
Italian Club
Tantanoola PO and Council Building
Kalangadoo Depot
Tower Road Refuse Depot
Mount Burr Football Club Clubrooms

* Disposal of these assets is possible

6. RISK MANAGEMENT PLAN

The purpose of infrastructure risk management is to document the results and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2009 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2009 as: “coordinated activities to direct and control with regard to risk”¹³.

An assessment of risks¹⁴ 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’. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Similarly, critical failure modes are those which have the highest consequences.

Research on critical assets has not yet been undertaken. This will be investigated in future updates of the asset management plan.

¹³ ISO 31000:2009, p 2

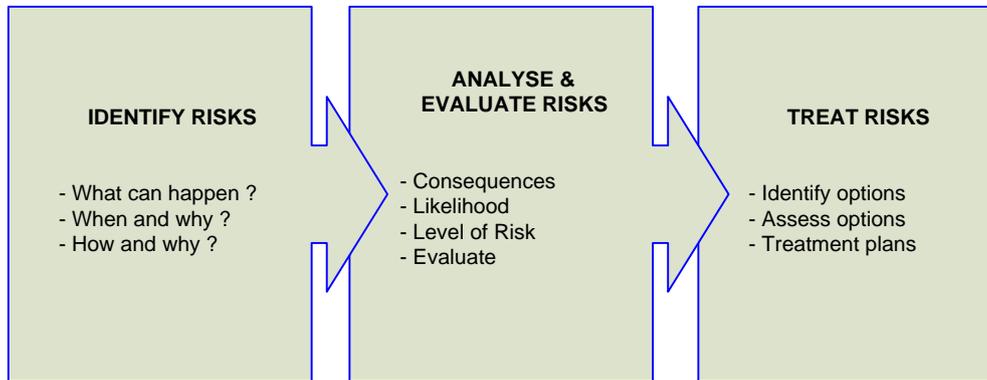
6.2 Risk Assessment

The risk management process used in this project is shown in Figure 6.2 below.

It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of ISO risk assessment standard ISO 31000:2009.

Fig 6.2 Risk Management Process – Abridged



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.

An assessment of risks¹⁵ associated with service delivery from infrastructure assets has identified the critical risks that will result in significant loss, 'financial shock' or a reduction in service. This information can be found in "Sharepoint" and will not be repeated in this document.

6.3 Infrastructure Resilience Approach

The resilience of our critical infrastructure is vital to our customers and the services we provide. To adapt to changing conditions and grow over time we need to understand our capacity to respond to possible disruptions and be positioned to absorb disturbance and act effectively in a crisis to ensure continuity of service.

To enhance our capacity to manage unforeseen or unexpected risk to the continuity of operations we take an infrastructure resilience approach using an 'all hazards' methodology.

The 'all-hazards' approach involves:

- An initial assessment of critical assets;
- A resilience assessment for these assets; and
- Identification of related improvements or interventions

Council has in place Business Continuity Plans – refer "SharePoint" for further details and information.

6.4 Service and Risk Trade-Offs

The decisions made in adopting this AM Plan are based on the objective to achieve the optimum benefits from the available resources.

Options were considered based on the development of 3 scenarios.

Scenario 1 - What we would like to do based on asset register data

Scenario 2 – What we should do with existing budgets and identifying level of service and risk consequences (i.e. what are the operations and maintenance and capital projects we are unable to do, what is the service and risk consequences associated with this position). This may require several versions of the AM Plan.

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

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

This AM Plan has been developed using **Scenario 3**

6.4.1 What we cannot do

There are some operations and maintenance activities and capital projects that are unable to be undertaken within the next 10 years. These include:

Nothing identified at this time

6.4.2 Service trade-off

Operations and maintenance activities and capital projects that cannot be undertaken will maintain or create service consequences for users. These include:

Nothing identified at this time.

6.4.3 Risk trade-off

The operations and maintenance activities and capital projects that cannot be undertaken may maintain or create risk consequences. These include:

Nothing identified at this time.

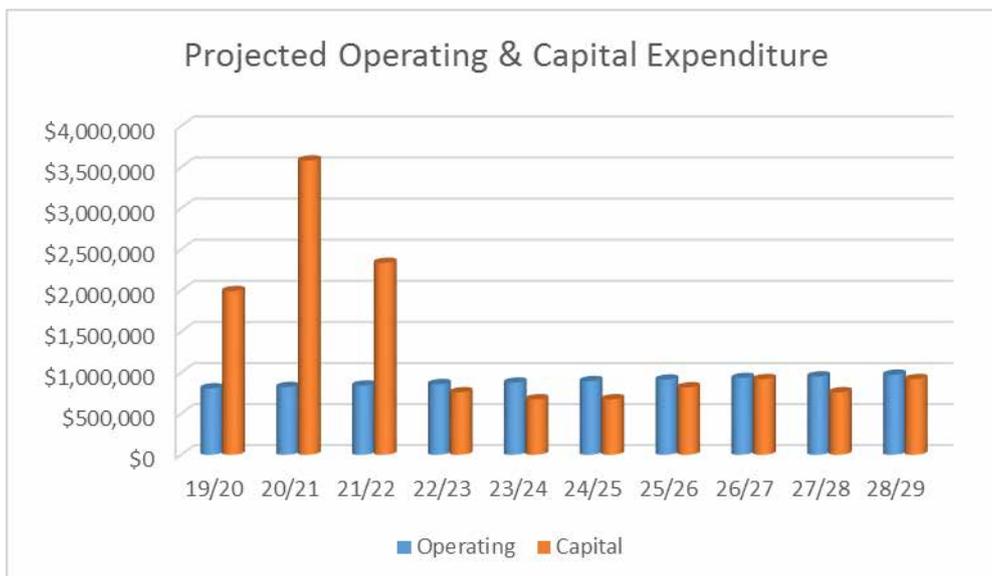
7. FINANCIAL SUMMARY

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 Fig 7 for projected operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets). Note that all costs are shown in real values.

Fig 7: Projected Operating and Capital Expenditure



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 10 years of the planning period.

Asset Renewal Funding Ratio

Asset Renewal Funding Ratio¹⁶ 0.9

The Asset Renewal Funding Ratio is the most important indicator and reveals that over the next 10 years of the forecasting that we will have only 90% of the funds required for the **optimal** renewal and replacement of assets (based on annualised consumption of assets over their whole of life – \$976,000 in 2019/20).

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 **\$1,890,691** 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 **\$1,778,958** 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 **-\$111,733** per year (-ve = gap, +ve = surplus).

Life cycle expenditure is **94%** 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 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 for **optimal** asset services is \$1,890,691 on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$1,778,958 on average per year giving a 10 year funding shortfall of \$111,733 per year.

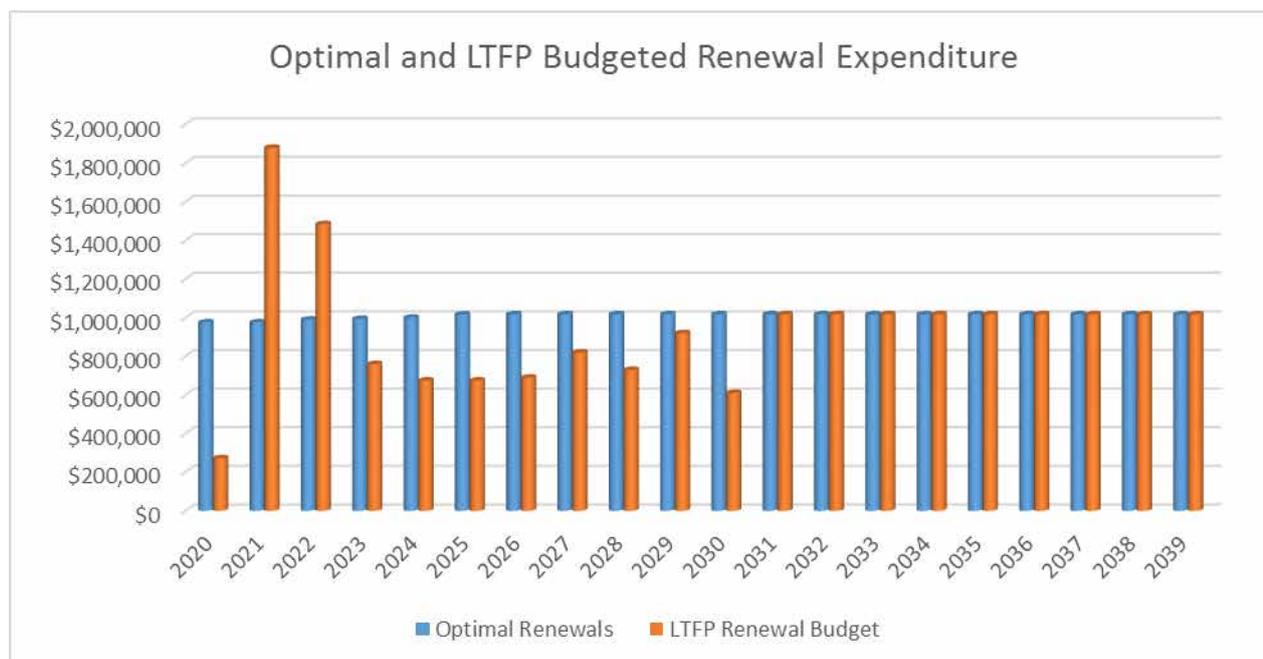
Asset management financial indicators

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

Figure 8 shows the projected asset renewal and replacement expenditure over the 20 years of the AM Plan. The projected asset renewal and replacement expenditure is compared to renewal and replacement expenditure in the capital works program, which is accommodated in the long term financial plan

¹⁶ AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.

Figure 8: Optimal and LTFP Budgeted Renewal Expenditure



It is important to note that Council has allocated funding in its LTFP, based on long term works programs for renewals and upgrades for next 10 years.

Table 7.1.1 shows the shortfall between projected renewal and replacement expenditures and expenditure in the long-term financial plan. Budget expenditures accommodated in the long-term financial plan or extrapolated from current budgets are shown in Appendix A.

Table 7.1.1: Asset Consumption and LTFP Budgeted Renewals and Financing Shortfall

Year	Consumption of Assets	LTFP Renewal Budget	Renewal Financing Shortfall (-ve Gap, +ve Surplus)	Cumulative Shortfall (-ve Gap, +ve Surplus)
2020	\$976,000	\$272,688	-\$703,332	-\$703,332
2021	\$976,000	\$1,880,000	\$904,000	\$200,668
2022	\$990,000	\$1,485,000	\$495,000	\$695,668
2023	\$994,000	\$760,000	-\$234,000	\$461,668
2024	\$1,000,000	\$675,000	-\$325,000	\$136,668
2025	\$1,017,000	\$675,000	-\$342,000	-\$205,332
2026	\$1,018,000	\$690,000	-\$328,000	-\$533,332
2027	\$1,018,000	\$820,000	-\$198,000	-\$731,332
2028	\$1,018,000	\$730,000	-\$288,000	-\$1,019,332
2029	\$1,018,000	\$920,000	-\$98,000	-\$1,117,332
2030	\$1,018,000	\$610,000	-\$408,000	-\$1,525,332
2031	\$1,018,000	\$1,018,000	\$0	-\$1,525,332
2032	\$1,018,000	\$1,018,000	\$0	-\$1,525,332

Year	Consumption of Assets	LTFP Renewal Budget	Renewal Financing Shortfall (-ve Gap, +ve Surplus)	Cumulative Shortfall (-ve Gap, +ve Surplus)
2033	\$1,018,000	\$1,018,000	\$0	-\$1,525,332
2034	\$1,018,000	\$1,018,000	\$0	-\$1,525,332
2035	\$1,018,000	\$1,018,000	\$0	-\$1,525,332
2036	\$1,018,000	\$1,018,000	\$0	-\$1,525,332
2037	\$1,018,000	\$1,018,000	\$0	-\$1,525,332

Providing services in a sustainable manner will require matching of projected asset renewal and replacement expenditure to meet agreed service levels with the corresponding capital works program accommodated in the long term financial plan.

A gap between projected asset renewal/replacement expenditure and amounts accommodated in the LTFP indicates that further work is required on reviewing service levels in the AM Plan (including possibly revising the LTFP) before adopting the asset management plan to manage required service levels and funding to eliminate any funding gap.

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

7.1.2 Projected expenditures for long term financial plan

Table 7.1.2 shows the projected expenditures for the 10 year long term financial plan.

Table 7.1.2: Projected Expenditures for Long Term Financial Plan

Year	Operations	Maintenance	Projected Capital Renewal	Capital Upgrade/ New	Disposals
2020	\$320,000	\$488,000	\$272,688	\$1,718,184	\$0
2021	\$326,400	\$498,000	\$1,880,000	\$1,700,000	\$100,000
2022	\$332,928	\$509,000	\$1,485,000	\$850,000	\$0
2023	\$339,587	\$520,000	\$760,000	\$0	\$0
2024	\$346,378	\$531,000	\$675,000	\$0	\$0
2025	\$353,306	\$543,000	\$675,000	\$0	\$0
2026	\$360,372	\$554,000	\$690,000	\$130,000	\$0
2027	\$367,579	\$566,000	\$820,000	\$100,000	\$0
2028	\$374,931	\$578,000	\$730,000	\$30,000	\$0
2029	\$382,430	\$591,000	\$920,000	\$0	\$0

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 10 year long term financial plan.

7.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition of assets. Figure 9 shows the projected gross replacement cost asset values over the planning period in real values.

Figure 9: Projected Asset Values

No data available

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

Figure 10: Projected Depreciation Expense

The depreciated replacement cost will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets. Forecast of the assets' depreciated replacement cost is shown in Figure 11. The depreciated replacement cost of contributed and new assets is shown in the darker colour and in the lighter colour for existing assets.

Figure 11: Projected Depreciated Replacement Cost

Not applicable

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 Table 7.4.

Table 7.4: Key Assumptions made in AM Plan and Risks of Change

Key Assumptions	Risks of Change to Assumptions
Council will fully fund projected capital renewal expenditure	Council reduce annual funding creating a funding gap
Council allocate additional funding to reactive and planned maintenance	Additional funding not provided resulting in a deterioration in building condition

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 scale¹⁷ in accordance with Table 7.5.

¹⁷ IPWEA, 2015, IIMM, Table 2.4.6, p 2|71.

Table 7.5: Data Confidence Grading System

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

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 7.5.1.

Table 7.5.1: Data Confidence Assessment for Data used in AM Plan

Data	Confidence Assessment	Comment
Demand drivers	reliable	Can change due to community expectations
Growth projections	reliable	No foreseeable growth in SMP
Operations expenditures	reliable	No reason for costs to rise beyond inflation
Maintenance expenditures	reliable	Likely will need to increase with time
Projected Renewal expenditures. - Asset values	reliable	Funded in LTFP
- Asset useful lives	reliable	Assessed independently by asset experts
- Condition modelling	reliable	Independently assessed but needs further refinement to build confidence
- Network renewals	n/a	
- Defect repairs	reliable	Likely will require additional funds over time
Upgrade/New expenditures	reliable	Funded in LTFP
Disposal expenditures	reliable	Disposals may occur

Over all data sources the data confidence is assessed as medium.

8. PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices

8.1.1 Accounting and financial data sources

- Synergy Soft
- Assetic Cloud

Accountabilities for financial systems

The financial systems are managed by the Financial Services Team with assistance from the Assets Team.

Accounting standards and regulations

The standards and regulations relating to Asset Management are:

- Local Government Act
- AASB 116 Property, Plant and Equipment

- AASB 13 Fair Value Measurement
- AASB 136 Impairment of Assets
- AASB 1021 Depreciation

Capital/maintenance threshold

Council has allocated the required finances according to independent valuations, further work is now required to develop and implement works programs to appropriately maintain, renew and upgrade assets.

Required changes to accounting financial systems arising from this AM Plan

None identified.

8.1.2 Asset management data sources

Buildings Valuation and Condition Assessment – Assetic 2016

Asset registers

Asset data relating to buildings and structures is stored in Assetic Cloud

Linkage from asset management to financial system

The asset database contains all required financial indicators relating to each identified asset. Assetic Cloud is the primary storage for the buildings and structures assets and Synergy Soft draws this information and produces the annual reports. Reconciliation between the two is undertaken on an annual basis after the end of financial year.

Accountabilities for asset management system and data maintenance

The asset management systems and data maintenance are carried out by:

- Engineering Services – Asset Team
- Corporate Services – Financial Team

Required changes to asset management system arising from this AM Plan

Development of rolling works programs.

8.2 Improvement Plan

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

Table 8.2: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Develop asset renewal plan	MAS	nil	Dec 19
2	Develop Preventative Maintenance Plan	BMO	nil	Sep 19

8.3 Monitoring and Review Procedures

This asset management plan will be reviewed during annual budget planning processes and amended to show any material changes in service levels and/or resources available to provide those services as a result of budget decisions.

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

The AM Plan has a life of 4 years and is due for revision and updating in 2022.

8.4 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 long term financial plan,
- The degree to which 1-5 year detailed works programs, budgets, business plans and corporate 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 Strategic Plan and associated plans,
- The Asset Renewal Funding Ratio achieving the target of 1.0.

9. REFERENCES

- IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM
- IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/namsplus.
- IPWEA, 2015, 2nd edn., 'Australian Infrastructure Financial Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/AIFMM.
- IPWEA, 2015, 3rd edn., 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM
- Wattle Range Council Strategic Plan 2017-2021
- Wattle Range Council Budget

10. APPENDICES

- Appendix A LTFP Budgeted Expenditures Accommodated in AM Plan
- Appendix B Abbreviations
- Appendix C Glossary

Appendix A Budgeted Expenditures Accommodated in LTFP

NAMS.PLUS3 Asset Management		Wattle Range								
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Buildings & Structures_S1_V1		Asset Management Plan								
First year of expenditure projections		2020 (financial yr ending)								
Buildings & Structures	Asset values at start of planning period	Calc CRC from Asset Register	Operations and Maintenance Costs for New Assets							
Current replacement cost	\$58,972 (000)	\$0 (000)	% of asset value							
Depreciable amount	\$58,972 (000)	This is a check for you.	Additional operations costs							
Depreciated replacement cost	\$45,591 (000)		Additional maintenance							
Annual depreciation expense	\$913 (000)		Additional depreciation							
			Planned renewal budget (information only)							
			You may use these values calculated from your data or overwrite the links.							
Planned Expenditures from LTFP										
20 Year Expenditure Projections		Note: Enter all values in current 2020 values								
Financial year ending	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenditure Outlays Included in Long Term Financial Plan (in current \$ values)										
Operations										
Operations budget	\$320,000	\$326,400	\$332,928	\$339,587	\$346,378	\$353,306	\$360,372	\$367,579	\$374,931	\$382,430
Management budget	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
AM systems budget	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Total operations	\$323,000	\$329,400	\$335,928	\$342,587	\$349,378	\$356,306	\$363,372	\$370,579	\$377,931	\$385,430
Maintenance										
Reactive maintenance budget	\$488,000	\$498,000	\$509,000	\$520,000	\$531,000	\$543,000	\$554,000	\$566,000	\$578,000	\$591,000
Planned maintenance budget	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000
Specific maintenance items budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total maintenance	\$521,000	\$531,000	\$542,000	\$553,000	\$564,000	\$576,000	\$587,000	\$599,000	\$611,000	\$624,000
Capital										
Planned renewal budget	\$272,688	\$1,880,000	\$1,485,000	\$760,000	\$675,000	\$675,000	\$690,000	\$820,000	\$730,000	\$920,000
Planned upgrade/new budget	\$1,718,184	\$1,700,000	\$850,000	\$0	\$0	\$0	\$130,000	\$100,000	\$30,000	\$0
Non-growth contributed asset value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Disposals										
Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)										
Additional Expenditure Outlays required and not included above	2020 \$000	2021 \$000	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Renewal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
User Comments #2										
Forecasts for Capital Renewal using Methods 2 & 3 (Form 2A & 2B) & Capital Upgrade (Form 2C)										
Forecast Capital Renewal from Forms 2A & 2B	2020 \$000	2021 \$000	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000
Forecast Capital Upgrade from Form 2C	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Appendix B Abbreviations

AAAC	Average annual asset consumption
AM	Asset management
AM Plan	Asset management plan
GRC	Gross replacement cost
DA	Depreciable amount
DRC	Depreciated replacement cost
IRMP	Infrastructure risk management plan
LCC	Life Cycle cost
LTFP	Long term financial plan
MMS	Maintenance management system
RV	Residual value

Appendix C 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 (ARFR)

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 [AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9].

Average annual asset consumption (AAAC)*

The amount of the 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 asset base, but may be associated with additional revenue from the new user group, e.g. 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 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 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

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

Capital investment expenditure

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months (See capital expenditure definition)

Capitalisation threshold

The value of expenditure on non-current assets above which the expenditure is recorded 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 in the balance sheet after deducting any accumulated depreciation / amortisation and accumulated impairment losses.

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, top-down condition assessment, simple risk assessment and defined levels of service, in order to establish alternative treatment options and a long-term cash flow projection.

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

Those assets that are likely to result in a more significant financial, environment and social cost in terms of impact on organisational objectives.

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 gross replacement cost (GRC) 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 arm's 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.

Gross replacement cost (GRC)

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.

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 for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycle ways. 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.

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 parameters or combination of parameters that reflect social, political, economic and environmental outcomes that the organisation delivers.

Levels of service statements describe the outputs or objectives an organisation or activity intends to deliver to customers.

Life Cycle

The cycle of activities that an asset (or facility) goes through while it remains an identity as a particular asset i.e. from planning and design to decommissioning or disposal.

Life Cycle Cost (LCC)

Total LCC

The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.

Average LCC

The life cycle cost 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 (LCE)

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.

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.

Maintenance may be classified as:

- **Planned maintenance**

Falls into three categories:

- a) Periodic – necessary to ensure the reliability or to sustain the design life of an asset.
- b) Predictive – condition monitoring activities used to predict failure.
- c) Preventive – maintenance that can be initiated without routine or continuous checking and is not condition based.

- **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. The modern equivalent asset is evidenced by renewal strategies in asset management plans and financing in a long-term financial plan covering at least 10 years.

***Net present value (NPV)**

The value 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 e.g. 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, e.g. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

Operations

Regular activities to provide services such as public health, safety and amenity, e.g. 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, e.g. power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

Operating expense

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

decreases relating to distributions to equity participants.

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 (e.g. 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 expenditure - renewal.

Remaining useful life

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

Renewal

See capital expenditure - renewal.

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. Residual value reflects consideration receivable from an asset at the end of its useful life to the entity and accordingly would not include cost savings from the re-use of in-situ materials.

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 facilities, sporting and recreation facilities, tourist information facilities, 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).

Strategic Asset Management Plan

A plan that documents and specifies how the organizational objectives are to be converted into AM

objectives, the approach for developing AM Plans and the role of the AM system in supporting the achievement of AM objectives.

Strategic Plan

A plan containing the long-term goals and strategies of an organisation. Strategic plans have a strong external focus, cover major portions of the organisation and identify major targets, actions and resource allocations relating to the long-term survival, value and growth of the organisation.

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 entity.

Valuation

The process of determining the worth of an asset or liability. Assessed asset value which may depend on the purpose for which the valuation is required, i.e. replacement value for determining maintenance levels, market value for lifecycle costing and optimised deprival value for tariff setting.

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, IIMM & AIFMM 2015, Glossary

Additional and modified glossary items shown *

Appendix D - Buildings and Structures Forward Works Program V1.1
July 2019

Refer attached

Buildings & Structures Forward Works Program

Project No.	Asset ID	Location	Description	Year	New	Renewal	Notes
Year 1 2019/2020							
1	TBC	Millicent	Parklett	1	\$ 44,000		
2	TBC	Penola	Seating Poets Corner	1	\$ 10,140		
3	TBC	Penola	Greenrise Pumping Station - Power Supply	1	\$ 104,835		
4	TBC	Tantanoola	Tantanoola Town Entrance Signs	1	\$ 5,000		
5	TBC	Millicent	Dog Park for off leash exercise area	1	\$ 16,500		
6	TBC	Nangwarry	Fire Danger rating sign	1	\$ 16,500		
7	TBC	Burrungule	Fire Danger rating sign	1	\$ 16,500		
8	TBC	Beachport	Southern Ocean Tourist Park - Recreational Hall	1	\$ 220,550		
9	TBC	Glencoe	Glencoe War Memorial	1	\$ 60,000		
10	TBC	Millicent	Millicent Domain (TBA - Various Structures)	1	\$ 935,000		
11	TBC	Millicent	Records Storage Facility - Compactus Units	1	\$ 66,000		
12	TBC	Millicent	Road Traffic School - Shade Structure	1	\$ 10,000		
13	TBC	Nangwarry	Nangwarry Pools - Step Ladder	1	\$ 9,354		
14		Beachport	Southern Ocean Tourist Park - A Block Refurbishment	1		\$ 29,000	
15		Millicent	Gladys Smith Early Learning Centre - Re - Roof Storage Shed	1		\$ 8,000	
16		Millicent	Millicent Depot Office - Replace lino lunch room	1		\$ 18,000	
17		Southend	Southend Pedestrian Access Bridge - Repairs	1		\$ 27,500	
18		Millicent	Glenn Street Toilets - Refurbishment	1		\$ 50,000	
19		Millicent	Millicent Saleyards - Replace treated timber fence posts	1		\$ 12,000	
20		Beachport	Southern Ocean Tourist Park - Power Pod Replacements	1		\$ 6,188	
21		Millicent	Gladys Smith Early Learning Centre - Staff room kitchen cupboard replacement	1		\$ 10,400	
22		Penola	Penola dog pound refurbishment	1		\$ 5,500	
23		Millicent	Courtyard Entrance to Library & Council Offices	1		\$ 10,000	
24		Penola	Penola Stadium re-roofing of the lower section	1		\$ 60,150	
25		Beachport	Beachport Recreation Centre Entry and Roof	1		\$ 231,000	
					\$ 1,514,379	\$ 467,738	

Year 2 2020/21

26	ST.0160.02	Beachport	Museum - Machinery Display - new roof	2		\$ 20,000	
27	ST.0668.01	Millicent	Council Depot-renew 2 sheds and construct new workshop	2	\$ 500,000	\$ 200,000	total cost \$700,000 - requires \$500k upgrade
28	ST.0078.08	Beachport	Centennial Park - renew Lighting Tower	2		\$ 10,000	
29	ST.0597.01	Millicent	Civic & Arts, Library & Gallery, renew parapet façade and gutters	2		\$ 200,000	
30	ST.0027.01	Southend	Renew toilets and change rooms (into a single, relocatable building)	2		\$ 180,000	
31	ST.0158.04	Millicent	Domain Playground - softfall Stage 1	2		\$ 50,000	
32	ST.0104.01	Millicent	Mowbray St playground - replace play equipment	2		\$ 60,000	
33	ST.0668.09	Millicent	Council Depot - new pre-mix shed			\$ 110,000	
34		Beachport	New Waste Transfer Station	2	\$ 450,000	\$ -	
35	ST.0597.02	Millicent	Main Office renewal	2	\$ 900,000	\$ 900,000	
					\$ 1,850,000	\$ 1,730,000	

Year 3 2021/22

36	ST.0668.01	Millicent	Council Depot-convert existing workshop to lunch room/training	3		\$ 120,000	
37			- convert existing lunchroom to reception/offices	3		\$ 120,000	
38			-renew toilets at rear of reception area	3		\$ 90,000	includes ST.0597.02 & ST.0597.03
39	ST.0078.08	Beachport	Centennial Park - renew footbridge	3		\$ 20,000	
40	ST.0132.01	Penola	Lions Park - replace playground equipment	3		\$ 30,000	
41	ST.0170.06	Penola	Swimming Pool - replace light towers x 6	2		\$ 30,000	includes ST.1167.05
42	ST.1167.04	Kalangadoo	BBQ & Shelter at Riddoch Hall - renew both	2		\$ 20,000	
43	ST.0597.02	Millicent	Main Office renewal	3	\$ 850,000	\$ 850,000	
44	ST.0190.17	Penola	Basketball Stadium - renew court floor	2		\$ 200,000	
45	ST.1263.01	Mount Burr	walkway lighting - renew 2 x lighting towers	2		\$ 5,000	Are these capital items??
					\$ 850,000	\$ 1,485,000	

Year 4 2022/23

46	ST.1456.01	Beachport	Beachport Bowls Club - renewal works identified in 2011 report	3		\$ 250,000	
47	ST.0006.01	Penola	Council Depot - renew kitchen & lunchroom, building cladding	3		\$ 60,000	Consider new greenfield depot near WTC.
48	ST.1167.01	Kalangadoo	Riddoch Hall - underpin foundation to supper room	3		\$ 30,000	
49	ST.0930.01	Beachport	Council Depot - renew all buildings and consolidate to a single structure	3		\$ 400,000	
50	ST.0121.08	Nangwarry	Recreation Ground - replace pump house	3		\$ 20,000	
					\$ -	\$ 760,000	

Year 5 2023/24

51	ST.0597.03	Millicent	Civic & Arts Centre -Complete foyer renewal	4		\$ 300,000	
52	ST.0669.01	Millicent	Swimming Lake - reroof toilets and tidy remainder of building	4		\$ 120,000	
53	ST.0190.01	Penola	Rymill Hall - renew main hall& supper room floors, external shed	4		\$ 60,000	
54	ST.0078.08	Beachport	Centennial Park - renew lagoon pump shed	4		\$ 25,000	
55	ST.0926.14	Beachport	SOTP - renew water softeners x 2	4		\$ 20,000	
56	ST.1174.01	Kalangadoo	Lions Club Reserve - renew playground equipment	4		\$ 30,000	
57	ST.1445.01	Southend	Access Road - renew information shelter	4		\$ 10,000	
58	ST.0190.17	Penola	McCorquindale Park Basketball Stadium - renew change rooms & toilets	4		\$ 80,000	
59	ST.1314.01	Tantanoola	Tantanoola Reserve -renew BBQ and walls of shelter	4		\$ 30,000	
					\$ -	\$ 675,000	

Year 6 2024/25

60	ST.0177.01	Penola	VIC - replace gutters and fascia's	5		\$ 40,000	
61	ST.0597.03	Millicent	Civic & Arts Centre - renew theatre seating - upper level & lighting	5		\$ 70,000	
62	ST.1175.01	Tantanoola	Hall - partial renewal of kitchen facilities	5		\$ 30,000	
63	ST.1344.01	Mount Burr	Football Club Rooms -asbestos removal	5		\$ 10,000	
			-glazing/windows	5		\$ 10,000	
			-re roof as required	5		\$ 20,000	
			-renew toilets (internal)	5		\$ 70,000	
			-renew electricals	5		\$ 40,000	
			-electrical services/fire safety	5		\$ 20,000	
			-access/egress renewal, light/ventilation	5		\$ 30,000	

64	ST.0178.01	Penola	Memorial Park - replace playground equipment	5		\$ 100,000	
65	ST.0178.02	Penola	Memorial Park - replace playground softfall	5		\$ 40,000	
66	ST.0178.05	Penola	Memorial Park - replace light towers	5		\$ 30,000	
67	ST.0178.08	Penola	Memorial Park - replace playground fencing	5		\$ 30,000	
68	ST.0178.04	Penola	Memorial Park - Renew toilets	5		\$ 100,000	

\$ - \$ 640,000

Year 7 2025/26

69	ST.0597.01	Millicent	Library - renew air conditioning system	6		\$ 100,000	
70	ST.0011.01	Penola	Cemetery - renew shed	6		\$ 20,000	
71	ST.0011.04	Penola	Cemetery - renew fencing	6		\$ 20,000	
72	ST.0081.04	Beachport	Susan Wilson playground - renew playground equipment	6		\$ 80,000	
73	ST.0157.05	Millicent	Jubilee Park Rotunda - renew balustrade	6		\$ 30,000	
74	ST.0147.01	Kalangadoo	Council Depot and workshop - renew building elements	6		\$ 40,000	
75	ST.0559.12	Millicent	Airstrip - reseal and reline runway and aprons	6		\$ 70,000	
76	ST.0925.02	Beachport	Pool of Siloam - renew change rooms (treat roof frame etc)	6		\$ 30,000	
77	ST.0027.05	Southend	Foreshore steps x 2 - renew	8		\$ 70,000	
78	ST.1313.01	Rendelsham	Oval playground - renew equipment	6		\$ 30,000	
79	ST.0718.02	Penola	Greenrise Lake Toilets - renew effluent disposal, lights & showers	6	\$ 30,000	\$ 30,000	Plus \$30,000 with power & showers
80	ST.1333.03	Beachport	Surf Beach Toilet renewal	6		\$ 100,000	
81	ST.0598.01	Millicent	Centennial Park Toilets renewal	6		\$ 50,000	
82	ST.0606.03	Millicent	Jubilee Park RSL - renew window lintels and new toilets	6	\$ 100,000	\$ 20,000	Upgrade toilets to include disabled \$100,000

\$ 130,000 \$ 690,000

Year 8 2026/27

83	ST.1175.01	Tantanoola	Hall - renew internal toilets	7		\$ 60,000	
84	ST.0078.05	Beachport	Centennial Park - renew entrance	7		\$ 20,000	
85	ST.0136.02	Glencoe	Keelap Glade - renew BBQ & Shelter	7		\$ 20,000	
86	ST.0136.04	Glencoe	Keelap Glade - renew playground equipment	7		\$ 40,000	
87	ST.0417.06	Millicent	Cemetery - renew perimeter fencing	7		\$ 20,000	
88	ST.1257.01	Mount Burr	renew playground equipment	7		\$ 40,000	
89	ST.0078.11	Beachport	Centennial Park - renew skatepark and upgrade	7	\$ 100,000	\$ 100,000	Plus \$100,000 to upgrade the facility
90	ST.0011.02	Penola	Greenrise Cemetery - renew niche wall	7		\$ 20,000	
91	ST.0559.14	Millicent	Airstrip - renew PAALC lighting to apron and runway	7		\$ 100,000	
92	ST.0597.03	Millicent	Civic & Arts Centre -main hall refurbishment	7		\$ 400,000	

\$ 100,000 \$ 820,000

Year 9 2027/28

93	ST.0081.03	Beachport	Susan Wilson playground - renew bbq & shelter	8		\$ 40,000	
94	ST.0081.08	Beachport	Susan Wilson playground - renew fencing	8		\$ 20,000	
95	ST.0236.01	Tantanoola	Community Park - replace playground equipment	8		\$ 30,000	
96	ST.0417.03	Millicent	Cemetery - renew windmill and tank	8		\$ 10,000	
97	ST.1299.01	Southend	Nigel Phillip Harvey Memorial Playground - renew equipment	8		\$ 40,000	
98	ST.0597.03	Millicent	Civic & Arts Centre -supper room and external walls refurbishment	8		\$ 500,000	
99	ST.0061.01	Millicent	Lake McIntyre - renew toilets and provide disabled	8	\$ 30,000	\$ 60,000	Plus \$30,000 for new disabled facility
100	ST.1322.01	Millicent	Cochrane Park - renew playground equipment	8		\$ 30,000	

\$ 30,000 \$ 730,000

Year 10 2028/29

101	ST.0061.03	Millicent	Lake McIntyre - renew fencing and gates	9		\$ 30,000	
102	ST.0096.02	Kalangadoo	Railway Reserve playground - replace play equipment	9		\$ 50,000	
103	ST.0598.02	Millicent	Centennial Park - renew playground equipment	9		\$ 50,000	
104	ST.0669.04	Millicent	Swimming Lake - renew playground equipment	9		\$ 60,000	
105	ST.0597.01	Millicent	Library - refurbishment	9		\$ 400,000	
106	ST.0926.09	Beachport	SOTP - Block D renewal	9		\$ 200,000	
107	ST.0669.07	Millicent	Swimming Lake - renew BBQ & shelter, pool fencing	9		\$ 100,000	
108	ST.1251.01	Nangwarry	Nangwarry Reserve Playground - renew playground equipment	9		\$ 30,000	

\$ - \$ 920,000

Year 11 2029/30

109	ST.0058.01	Beachport	Recreation Centre - re roof main stadium	10		\$ 150,000	
110	ST.0190.17	Penola	Basketball Stadium - renew roof cladding	10		\$ 80,000	
111	ST.0078.08	Beachport	Centennial Park - renew playground equipment	10		\$ 50,000	
112	ST.0158.03	Millicent	Domain Playground - stage 1 renewal of play equipment	10		\$ 150,000	
113	ST.0158.04	Millicent	Domain Playground - stage 2 renewal of rubber softfall	10		\$ 40,000	
114	ST.0170.05	Penola	Swimming Pool - renew perimeter fencing	10		\$ 30,000	
115	ST.0668.20	Millicent	Depot - renew perimeter fencing	10		\$ 40,000	
116	ST.0669.10	Millicent	Swimming Lake - renew lighting towers	10		\$ 20,000	
117	ST.0926.16	Beachport	SOTP - reclad shed	10		\$ 10,000	
118	ST.1257.03	Mount Burr	renew shade sails at playground	10		\$ 10,000	
119	ST.0236.01	Tantanoola	Community Park - renew playground	10		\$ 30,000	

\$ - \$ 610,000