Disclaimer:

This is a DRAFT document which has been prepared for public discussion purposes and does not necessarily indicate the position of Council. Council will adopt this plan after consideration of all public submissions received and amendments have been made to address concerns where appropriate

Draft Asset Management Plan

Buildings – June 2017

bega valley shire council

Document Control	

Rev No	Date	Revision Details	Author	Reviewer	Approver
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Bemboka Memorial Hall

1. EXECUTIVE SUMMARY

Context

Bega Valley Shire is located on the far south coast of NSW and has a population of approximately 33,500 people. The Shire covers a large area of over 6,280 square kilometres.

The size of the Shire and wide distribution of population raises some building asset challenges for Council and the community. Despite this, Council is committed to providing and maintaining a range of buildings to meet the needs of residents and visitors.

In addition, there are several other key issues and challenges which Council aims to address for the future successful management of community buildings. These include:

- An aging volunteer population, which has predominately managed and maintained community buildings;
- Changing community needs and expectations of building quality and amenity of the community;
- A history of community managed and maintained buildings, as well as Crown owned facilities becoming the responsibility of Council through changing legislation and demand on volunteers;
- Effective management of real and perceived risk;
- Fully understanding the condition of and accounting for all Council building assets in the Shire;
- Providing for significant renewal and upgrade opportunities of community buildings; and
- Understanding the 'value' of community buildings to remote and isolated communities.

To meet the needs of the community, Council is developing and improving its methods of community engagement and communication through a recently released *Community Engagement & Communications Toolkit*. This Toolkit will help Council to understand and address the management of different types of community buildings in conjunction with the community. Additionally, Council undertook a comprehensive community consultation in 2016 (2040 – working towards our future).

Buildings provide Council and the community the capacity to facilitate services that are enjoyed by all, everything from artistic and cultural activities, learning opportunities, information provision, children's activities, community events and functions, social gatherings, history preservation, civic activities, meeting places and celebrations.

The Buildings Service

The Buildings AM Plan (AM Plan) includes:

- Community Halls – Twenty one sites with a total of 34 buildings across the sites
- Office and Depot's – Five sites (One office (Bega) and four depot locations with 20 buildings at Bega, Merimbula, Eden and Bermagui)
- Cultural Buildings – Eight (Four Libraries - Bermagui, Bega, Eden and Merimbula / Tura Beach, one Regional Gallery (Bega) and Museums buildings)
- Childcare & Preschool Buildings – Five
- Other Council Buildings – Twenty two (various buildings or groups of buildings to support community activities)
- Emergency Services – 35 buildings. These are typically managed by the Rural Fire Service (RFS) but within Council's Asset Management remit

These Building assets have a capital replacement value of **$67,659**. (All figures are reported to $000). These assets are valued based on a 2013 physical assessment that was then revalued to fair value in 2016 according to the changes required by AASB116 requirements. Both valuations were undertaken by Council's Valuers. Saleyards have not been included as part of this plan but have been accounted for in the Corporate Asset Management Plan.

Buildings – Our data

Our data is based on what we know at the time this document has been drafted. Council engaged a specialist to assist us with condition

rating our assets via inspection. The next iteration of the Buildings Asset Management Plan will contain that data.

Buildings - Community versus Operational use – the distinction

Community Use Buildings

Community Buildings are provided to ensure communities have access to safe, well-structured meeting places that benefit the broader community. Buildings need to be considered against the current and future needs of the population and while local heritage is an important element of our culture, fit for purpose buildings are our main focus.

Council is responsible for the provision of Community Buildings. As custodian of the building, Council will look to make available a safe, functional building for the broad use of the community. Council will accept responsibility for the programmed maintenance and capital renewal of community buildings, however the reactive maintenance and usage costs of the community buildings will be expected to be provided by the users of the building. In return a rebate off market rental will be provided, and the costs borne by the broader community through rates and charges. The rebate does not apply to community halls.

Operational Use Buildings

Operational Buildings are generally those buildings not classed as Community Buildings. These buildings include commercial spaces, Offices and Depots.

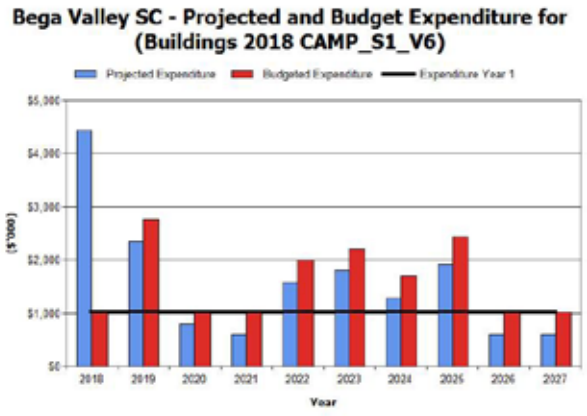
Where Council has Operational Buildings, some of which are leased commercially, full lifecycle costs are expected to be borne by the lessee's of those sites. The community should not be expected to subsidise the operation nor renewal of these sites that are commercially leased. In fact, Council should be looking to make a profit from the leasing of these sites to be reinvested back into the provision of community buildings. If that cannot occur then consideration should be given to the divestment of that commercial asset.

Buildings which Council acts as custodians for on behalf of the Community, such as museums, could have their renewals mitigated through the divestment of that asset. As long as the divestee is aware of the state of the asset, both the positives and negatives, a divestment position can assist both the Community, Council and the group using that building.

What does it Cost?

The projected outlays necessary to provide the services covered by this AM Plan include operations, maintenance, renewal and upgrade of existing assets over a 10 year planning period is a total of **$16,042** or **$1,604** on average per year. Estimated available funding for this period is **$16,202** or **$1,620** on average per year which is **101%** of the cost to provide the service. This is a funding surplus of $**16** on average per year. Projected expenditure required to provide services in the AM Plan compared with planned expenditure currently included in the Long Term Financial Plan are shown in the graph below, which includes the Special Rate Variation of $441 per annum.

BVSC – Projected and Budget Expenditure for Buildings 2018



What we will do

Council plans to provide Building services for the following:

- Operation, maintenance, renewal and upgrade of Community Halls, Office & Depots (where not commercially leased), Cultural Buildings, Childcare & Preschool Buildings and other Community Buildings required to

meet service levels set by Council in annual budgets within the 10 year planning period.

What we cannot do

We do **not** have enough funding to provide all services that the community request or seek at the desired service levels or to provide new services.

Works and services that cannot be provided under present funding levels are:

- Projects that do not align to Council's strategic direction;
- Building renewals that are not multi-faceted in their design to cater for a range of uses;
- Buildings that are the remit of other levels of government to provide; and
- Building upgrades or renewals that duplicate existing facilities at the detriment of areas without facilities.

Managing the Risks

There are risks associated with providing Council's current building portfolio and not being able to complete all identified activities and projects.

We have identified major risks as:

Table 11 – Building Infrastructure Assets Major Risks

Major Risk	We will endeavour to manage risks within available budget by:
Community Halls Buildings not maintained or managed appropriately increasing the risk of injury or failure. Major natural disaster or event that destroys asset. Buildings are not fit for purpose.	Provide support to volunteer Committees of Management in the maintenance of Council assets. Ensure staff with facility management responsibility implement appropriate facility management plans and routine maintenance programs. Ensure all facilities are maintained to withstand weather conditions and that emergency plans are in place if required. This is particularly relevant for village and locality assets.
Office and Depots WH&S compliance due to asset condition and functional performance.	Inspect and identify hazards and schedule repairs. Implement capital renewal action.
Cultural Buildings Buildings not maintained or managed appropriately increasing the risk of injury or failure. Assets not developed to meet changing community needs or expectations.	Provide support to volunteer Committees of Management in the maintenance of Council assets Set up systems and processes to ensure adequate maintenance and renewal programs and projects which are fit for purpose.
Childcare and Preschools Change in legislative requirements. Reduction in age group/enrolments.	Monitor policy development and advocate as required.
Other Council Buildings Buildings not maintained or managed appropriately increasing the risk of injury or failure. Major natural disaster or event that destroys asset.	Provide support to volunteer Committees of Management in the maintenance of Council assets. Ensure staff with facility management responsibility implement appropriate facility management plans and routine maintenance programs. Ensure all facilities are maintained to withstand weather conditions and that emergency plans are in place if required. This is particularly relevant for village and

	locality assets.

Confidence Levels

This AM Plan is based on a medium level of confidence information.

Key Assumptions

Chapter 7 addresses Key Assumptions.

In summary, the integrity of the BAMP in reducing the predicted deficit from the table below, to the scenario within this document, depends on the following factors.

Bega Valley SC - Report 4 - Table 6.1.1 Renewals Financing (Buildings_S1_V1)

Year End Jun-30	Projected Renewals ($'000)	LTFP Renewal Budget ($'000)	Renewal Financing Shortfall ($'000) (- gap, + surplus)	Cumulative Shortfall($'000) (- gap, + surplus)
2017	$5,189	$440	-$4,749	-$4,749
2018	$0	$440	$440	-$4,309
2019	$4,270	$440	-$3,830	-$8,139
2020	$353	$440	$87	-$8,052
2021	$0	$440	$440	-$7,612
2022	$981	$440	-$541	-$8,153
2023	$1,193	$440	-$753	-$8,906
2024	$672	$440	-$232	-$9,138
2025	$2,298	$440	-$1,858	-$10,996
2026	$0	$440	$440	-$10,556
2027	$0	$440	$440	-$10,116
2028	$0	$440	$440	-$9,676
2029	$0	$440	$440	-$9,236
2030	$2,030	$440	-$1,590	-$10,826
2031	$0	$440	$440	-$10,386
2032	$2,643	$440	-$2,203	-$12,590
2033	$0	$440	$440	-$12,150
2034	$0	$440	$440	-$11,710
2035	$7,975	$440	-$7,535	-$19,244
2036	$0	$440	$440	-$18,804

Factors supporting a substantial reduction in deficit:

- Council's intent and execution of a divestment strategy
- Conditions in commercial leases that support zero net liability to Council remain in place
- Contributions to Emergency Services remain as an operational versus renewal expenditure
- Council is able to successfully explore and enter into some arrangements that allow partners to provide a services to the community
- Council pursues a strategy to provide multi-purpose facilities to gain economies of scale and reduce total quantum of assets

Should the above not occur, or only partly occur, the status of the building liability will fall somewhere in between the above table and the following table:

Year End Jun-30	Projected Renewals ($'000)	LTFP Renewal Budget ($'000)	Renewal Financing Shortfall ($'000) (- gap, + surplus)	Cumulative Shortfall($'000) (- gap, + surplus)
2018	$2,312	$420	-$1,892	-$1,892
2019	$1,743	$2,170	$427	-$1,465
2020	$191	$420	$229	-$1,236
2021	$0	$420	$420	-$816
2022	$981	$1,401	$420	-$396
2023	$1,193	$1,613	$420	$24
2024	$672	$1,092	$420	$444
2025	$1,304	$1,836	$532	$976
2026	$0	$420	$420	$1,396
2027	$0	$420	$420	$1,816
2028	$0	$1,021	$1,021	$2,837
2029	$0	$1,021	$1,021	$3,858
2030	$2,030	$1,021	-$1,009	$2,849
2031	$0	$1,021	$1,021	$3,871
2032	$1,099	$1,021	-$78	$3,793
2033	$0	$1,021	$1,021	$4,814
2034	$0	$1,021	$1,021	$5,835
2035	$7,975	$1,021	-$6,953	-$1,118
2036	$0	$1,021	$1,021	-$97
2037	$3,492	$1,021	-$2,471	-$2,568

The table above assumes the best case scenario.

A corresponding challenge exists within operational/servicing maintenance.

Historically, BVSC and local government in general, up until the introduction of the Integrated Planning and Reporting requirements in 2009, have mostly managed buildings in a reactionary way. MBM, Council's building condition assessors, have recently quantified that our statutory & non-statutory maintenance back-log is approximately $1.7 million per year for the next four years.

This information (MBM Report) arrived too recently to be incorporated into this revision of the BAMP, CAMP and subsequent Operational 2017/18 Budget. Once the MBM Report is fully scrutinised it will be able to inform the 2018/19 Operational Budget and pro-active maintenance schedule.

How we Govern

The operational governance of the Buildings portfolio is undertaken by a governing body known as the Functional Asset Owners Group (FAOG). This group was established to ensure that all stakeholders responsible for buildings are afforded appropriate consultation regarding operational decisions about the portfolio. An example of this is decisions regarding allocation of funds from the Special Rate Variation. The FAOG meets on a monthly basis and operates within a charter.

Bega Pioneers Museum

The Next Steps

The actions resulting from this AM Plan are to:

- Review corporate strategies and enhance the AM Plan focus integrating it with the Integrated Planning and Reporting (IP&R) and Community Strategic Plan (CSP) processes;
- Continue to provide good governance over operational decision making;
- Implement Asset Management and Maintenance systems and resourcing;
- Develop clear and measureable operational specifications (technical service levels) and maintenance programs to deliver efficient and consistent service levels across the asset group;
- Review, refine and implement revised data collection processes – in particular, inclusion of revised data from formal building inspections;
- Develop and implement delivery plans for specific asset classes of this AM Plan eg. The Facility Management Plans for Community Buildings; and
- Enhance the consultation process so that elected representatives are better informed about strategic requirements.

Questions you may have

What is this plan about?

This AM Plan covers the infrastructure assets that serve the Bega Valley Shire Council community building needs. These assets include Halls, Libraries, Regional Gallery, Office and Depots, Children's Centres, Council owned Museums and other community buildings throughout the Shire that enable people to enjoy and participate in a range of activities.

What is an Asset Management Plan?

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

An AM Plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost effective manner. The plan defines the services to be provided, how the services are provided and what funds are required to provide the services.

Why is there a funding shortfall?

Most of the Council's building network was constructed by developers and from government grants, often provided and accepted without consideration of ongoing operations, maintenance and replacement needs.

Many of these assets are approaching the later years of their life and require replacement. Services from the assets are decreasing and maintenance costs are increasing.

Our present funding levels are insufficient to continue to provide existing services at current levels in the medium term.

This is being pro-actively managed through consideration of divestment. Divestment resolutions from Council to date have technically limited funding shortfalls.

What options do we have?

Resolving the funding shortfall involves several steps:

1. Improving asset knowledge so that data accurately records the asset inventory, how assets are performing and when assets are not able to provide the required service levels. To that extent we are 'ground truthing' information for our asset base via industry experts;
2. Improving our efficiency in operating, maintaining, renewing and replacing existing assets to optimise life cycle costs;
3. Identifying and managing risks associated with providing services from building assets;
4. Making trade-offs between service levels and costs to ensure that the community receives the best return from its building assets;
5. Identifying assets surplus to needs for disposal or divestment to make savings in future operations and maintenance costs (ie. rationalising assets);
6. Consulting with the community to ensure that community building services and costs meet changing community needs and are affordable;
7. Developing partnerships with other bodies where available to provide services; and
8. Improving the Governance model (through the Functional Asset Owners Group) to appropriate consultative decision making.

What happens if we don't manage the shortfall?

Where a shortfall in funding occurs, there are a number of approaches for managing the ongoing asset portfolio. This can be a combination of reduction in levels of service, as well as critically appraising which assets require works. It is likely that we will have to reduce service levels in some areas, unless new sources of revenue are found. For Community Buildings, the service level reduction may include the types, timings and levels of renewal and upgrades that can occur.

It is also important to recognise that Council needs to maintain balance between its building stocks and community expectations. This means that decisions will be required about potential divestment scenarios into the future. These scenarios will be managed via community consultation and Councillor workshops and are expected to occur in the 2017 calendar year.

What can we do?

We can develop options, costs and priorities for future community building services, consult with the community to plan future services to match the community service needs with ability to pay for services and maximise community benefits against costs.

2. LEVELS OF SERVICE

2.1 Customer Research and Expectations

The 2016 Bega Valley Shire Local Government Community Survey measured residents' level of satisfaction with various Council services. The survey reported satisfaction levels for the community buildings services as follows:

Table 2.1: Community Survey Satisfaction Levels

Performance Measure	Satisfaction Levels	
	High	Low
Management of community halls		√
Provision of library services	√	
Provision of the Regional Gallery	√	

The organisation uses this information in developing its Community Strategic Plan and in the allocation of resources in the budget.

2.2 Strategic and Corporate Goals

This AM Plan is prepared under the direction of the organisation's vision, mission and key directions.

Our vision is:

'Your place, our place, great place'

Our mission is:

'The Bega Valley is a community that works together achieving a balance between quality of life, enterprising business, sustainable development and conservation of the environment.'

Community ambitions are set out within theme areas and how these are addressed in this AM Plan are:

Table 2.2: Community Ambitions and outcomesand how these are addressed in this Plan

Outcome	Goal	How Outcomes and Goals are addressed in AMP
Liveable Places	A range of goods and services that meet local needs is available within our Shire.	Maintain Council's involvement in the provision of Children's Services and the buildings to deliver services from.
		Continue to deliver Library Services through Council

Outcome	Goal	How Outcomes and Goals are addressed in AMP
		buildings and renew these to meet changing community expectations.
	Our Shire continues to be a vibrant, enjoyable, safe and affordable place to live.	Building renewals and upgrades are compliant with BCA and other regulatory standards to cater for all.
Strong, Consultative leadership	We are an informed and engaged community with a transparent, consultative and responsive Council.	The community are key stakeholders in the ongoing management, maintenance and renewal of community buildings.
	Our council is financially sustainable and services and facilities meet community need.	New facilities take account of population locations and make use of existing services to add value to projects.
		The financing of community buildings is balanced between grants, loans and rate funds and are constructed to meet a variety of uses and functions.

2.3 Legislative Requirements

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

Table 2.3: Legislative Requirements

Legislation	Requirement
Local Government Act 1993 (NSW)	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
Environmental Planning and Assessment Act 1979 (NSW)	Adequate management, development and conservation of natural and artificial resources.
Building Code of Australia	Enables the achievement of nationally consistent, minimum necessary standards of relevant safety, health, amenity and sustainability objectives efficiently.
Disability Discrimination Act 1992 (Commonwealth)	Aims to eliminate, as far as possible, discrimination against persons on the grounds of disability in the areas of access to premises and the provision of facilities and services.
AS1428-Pts 1-5 (2011) Design for Access and Mobility	To ensure infrastructure provides access for all.
Work Health & Safety Act 2011 (Commonwealth)	Sets out requirements for safe work practices.
Children (Education & Care Services) National Law 2010 (NSW)	Sets out the requirements for delivery of children's services including building requirements.

Legislation	Requirement
National Quality Framework	The NQF operates under an applied law system, comprising the Education and Care Services National Law and the Education and Care Services National Regulations. The NQF applies to most long day care, family day care, outside school hours care and preschools / kindergartens in Australia.

The Council will exercise its duty of care to ensure public safety in accordance with the infrastructure risk management plan linked to this AM Plan. Management of risks is discussed in Section 4.2.

2.4 Community Levels of Service

There are two types of service levels – community levels of service and technical levels of service.

Community levels of service measure how the community receives the service and whether the Council is providing community value.

Community levels of service measures used in the AM plan are:

- Quality - How good is the service?
- Function - Does it meet users' needs?
- Capacity/Utilisation - Is the service over or under used?

The organisation's current and expected community service levels are detailed in Tables 2.4 and 2.5. Table 2.4 shows the expected community levels of service based on resource levels in the current long-term financial plan and community consultation/engagement.

Table 2.4: Community Levels of Service

Service Attribute	Service Objective	Performance Measure Process	Current Performance	Expected position in 10 years based on current LTFP
COMMUNITY OUTCOMES				
The community have access to affordable learning opportunities for all children and libraries are seen as centres for life-long learning. Council engages the community and appropriate expertise in facility design to provide the opportunity for members of our community to access services and to age in place successfully. Council ensures that community infrastructure is constructed in compliance with standards and is 'fit for purpose', safe and well maintained so as to meet the cultural, recreational, tourism and community service needs of all ages and abilities. Key community facilities are developed in key locations and are supported by public transport services. Plans for the site, size and design of public infrastructure and facilities are adaptable to the changing demographics in the Shire, are modular in capacity and are financed under the principle of intergenerational equity.				
COMMUNITY LEVELS OF SERVICE **Community Halls**				

Service Attribute	Service Objective	Performance Measure Process	Current Performance	Expected position in 10 years based on current LTFP
Quality	Halls are well maintained and fit for purpose	LG Community Satisfaction Survey	Low	Medium
Function	Halls are well suited to their intended purpose	Community feedback	Medium	Medium
Capacity/ Utilisation	Halls are well used by multiple user groups	User statistics	Medium	Medium
COMMUNITY LEVELS OF SERVICE **Depots and Offices**				
Quality	Facilities are well maintained and fit for purpose	LG Community Satisfaction Survey	Low	Medium
Function	Facilities are well suited to their intended purpose	Staff feedback and compliance with BCA	TBC	Suitable
Capacity/ Utilisation	Facilities support the delivery of Council functions	Community feedback	Medium	Medium
COMMUNITY LEVELS OF SERVICE **Cultural Buildings**				
Quality	Cultural Buildings are well maintained in a neat and fit for purpose	LG Community Satisfaction Survey	Low	Medium
Function	Cultural Buildings are multi-faceted facilities to cater for different uses	Community feedback	Mixed	TBC
Capacity/ Utilisation	Cultural Buildings are well used by multiple groups	User statistics	TBC	TBC
COMMUNITY LEVELS OF SERVICE **Childcare & Preschool**				
Quality	Childcare & Preschools buildings are is fit for purpose condition	Meet minimum standards for accreditation	High	High
Function	Childcare & Preschools buildings are well maintained	Meet minimum standards for accreditation	Medium	High
Capacity/	Childcare & Preschools	Enrolments	High	High

Service Attribute	Service Objective	Performance Measure Process	Current Performance	Expected position in 10 years based on current LTFP
Utilisation	buildings are well utilised			
COMMUNITY LEVELS OF SERVICE **Other Community Buildings**				
Quality	Facilities are well maintained and fit for purpose	LG Community Satisfaction Survey	Low	Medium
Function	Facilities are well suited to their intended purpose	Compliance with regulation	Suitable	Suitable
Capacity/ Utilisation	Facilities support the delivery of Community activities	Community feedback	Medium	Medium

2.5 Technical Levels of Service

Technical Levels of Service

Supporting the community service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities that the Council undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance.

The technical level of service to be provided under this AM Plan will meet legislative, regulatory and contract specifications. These requirements are provided within resources available in the long-term financial plan. The detailed technical levels of service will be developed in future revision of this AM Plan.

Technical service measures are linked to annual budgets covering:

- **Operations** – the regular activities to provide services such as opening hours, cleaning, mowing grass, energy, inspections, etc;
- **Maintenance** – the activities necessary to retain an asset as near as practicable to an appropriate service condition (e.g. painting, building and structure repairs);
- **Renewal** – the activities that return the service capability of an asset up to that which it had originally (eg. replacing a roof); and
- **Upgrade** – these are required to provide a higher level of service (eg. a new kitchen) or a new service that did not exist previously (eg. a new library).

Service and asset managers plan, implement and control technical service levels to influence the customer service levels.[1]

[1] IPWEA, 2011, IIMM, p 2.22

Eden Library & Visitor Information Centre

3. FUTURE DEMAND

3.1 Demand Drivers

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

3.2 Demand Forecast

The present position and projections for demand drivers that may impact future service delivery and utilisation of assets were identified and are documented in Table 3.3.

3.3 Demand Impact on Assets

The impact of demand drivers that may affect future service delivery and utilisation of assets are shown in Table 3.3.

Table 3.3: Demand Drivers, Projections and Impact on Services

Demand drivers	Present position	Projection	Impact on services
Population Changes	34,000 population	In 2031 the population is projected to be 41,610 a 25.74% increase	Increase in demand for some services and reduction in demand for others with changing community profile and expectations
Ageing Population	We have an average age of 45 which is 8 years older than the state average	Increasingly ageing population with projected migration of retiree age groups	Increased need to ensure that buildings are fit for purpose and cater for people with reduced mobility
Access for all	Many buildings have non-compliant or limited accessible paths of travel or accessible amenities	All new works will need to meet BCA requirements and community expectations	Additional funds required to upgrade and retro fit accessibility ramps and make existing facilities accessible
Economic Factors	Increase in utility and maintenance costs and reducing grant and funding sources	Costs likely to continue to increase	Increased cost to maintain and use community buildings
Environmental Awareness	Trend toward sustainable resource use	Continuation towards practices that are environmentally and economically sustainable (i.e. water harvesting, solar water heating, insulation, solar panels etc.)	Potentially reduced running costs, but high retro fitting costs that need additional funding/grants

Demand drivers	Present position	Projection	Impact on services
Specialist Facilities	Services and activities generally run from multi-faceted facilities with exception of museums and children's education facilities	Buildings need to be designed to cater for specialist activities, whilst at the same time being multi-faceted	Increase in design and construction costs as facilities become more complex to cater for different users and more complex management arrangements

3.4 Demand Management Plan

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

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures[2]. 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 3.4. Further opportunities will be developed in future revisions of this Asset Management Plan.

Table 3.4: Demand Management Plan Summary

Demand Driver	Impact on Services	Demand Management Plan
Population Changes	Increase in demand for some services and reduction in demand for others with changing community profile and expectations	Continue to work with community and stakeholders to understand expectations and needs, and develop renewal plans that address requirements
Ageing Population	Increase need to ensure that buildings are fit for purpose and cater for people with reduced mobility	Identify grant opportunities to retro fit buildings and ensure renewals and upgrades meet current BCA requirements for accessibility
Access for all	Additional funds required to upgrade and retro fit accessibility ramps and make existing facilities accessible	Identify grant opportunities to retro fit buildings and ensure renewals and upgrades meet current BCA requirements for accessibility

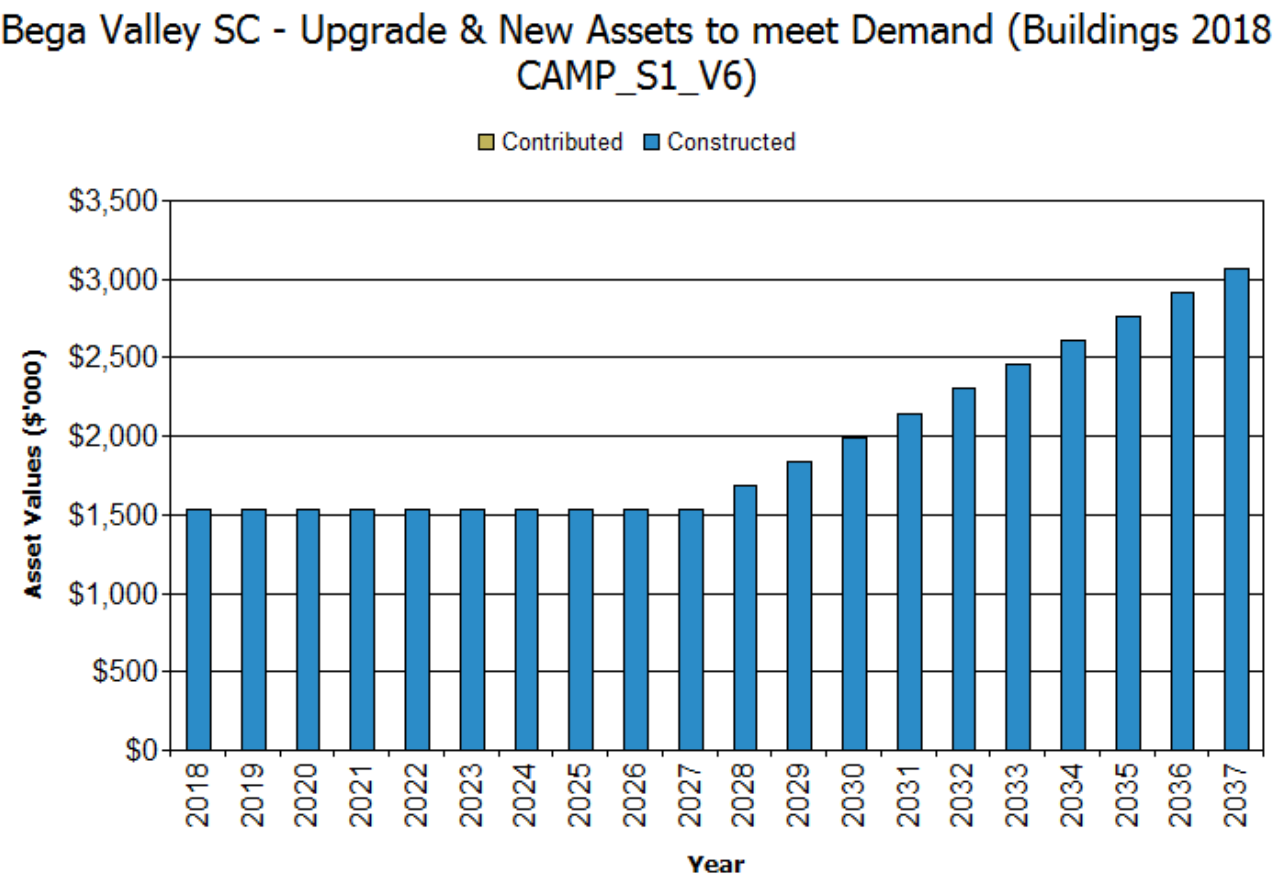
[2] IPWEA, 2011, IIMM, Table 3.4.1, p 3|58.

Demand Driver	Impact on Services	Demand Management Plan
Economic Factors	Increase cost to maintain and use community buildings	Ensure community buildings are managed in a way that minimises running costs and consider level of Council subsidy in setting fees and charges
Environmental Awareness	Potentially reduced running costs, but high retro fitting costs that need additional funding/grants	Identify grant and funding opportunities to retro fit community buildings with environmentally friendly features, which can be maximised during renewals and upgrades
Specialist Facilities	Increase in design and construction costs as facilities become more complex to cater for different users, and more complex management arrangements	Work with the community and stakeholders to deliver multi-function facilities that cater for a range of users and functions, without diminishing the specific needs of the users with specialised requirements
Rationalisation	Council needs to maintain a balance between maintaining its building stock and community expectations. To this extent, an ongoing focus will be to critically examine the building stock with a view to divesting assets where appropriate. Ultimately this will have an impact on Council's ability to schedule projects or programs across building assets	Work with the community, stakeholders and Councillors to continue examining stock which has the potential for divestment.

3.5 Asset Programs to meet Demand

New assets required to meet growth can be acquired through land developments and/or constructed/acquired by the organisation (eg. Tura Library was a Council acquisition). New assets constructed/acquired by the organisation are discussed in Section 4.5. The cumulative value of newly acquired and constructed asset values are summarised in Figure 3.5.

Figure 3.5: Upgrade and New Assets to meet Demand



Acquiring new assets commits the organisation to fund ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs in Section 4.

4. LIFECYCLE MANAGEMENT PLAN

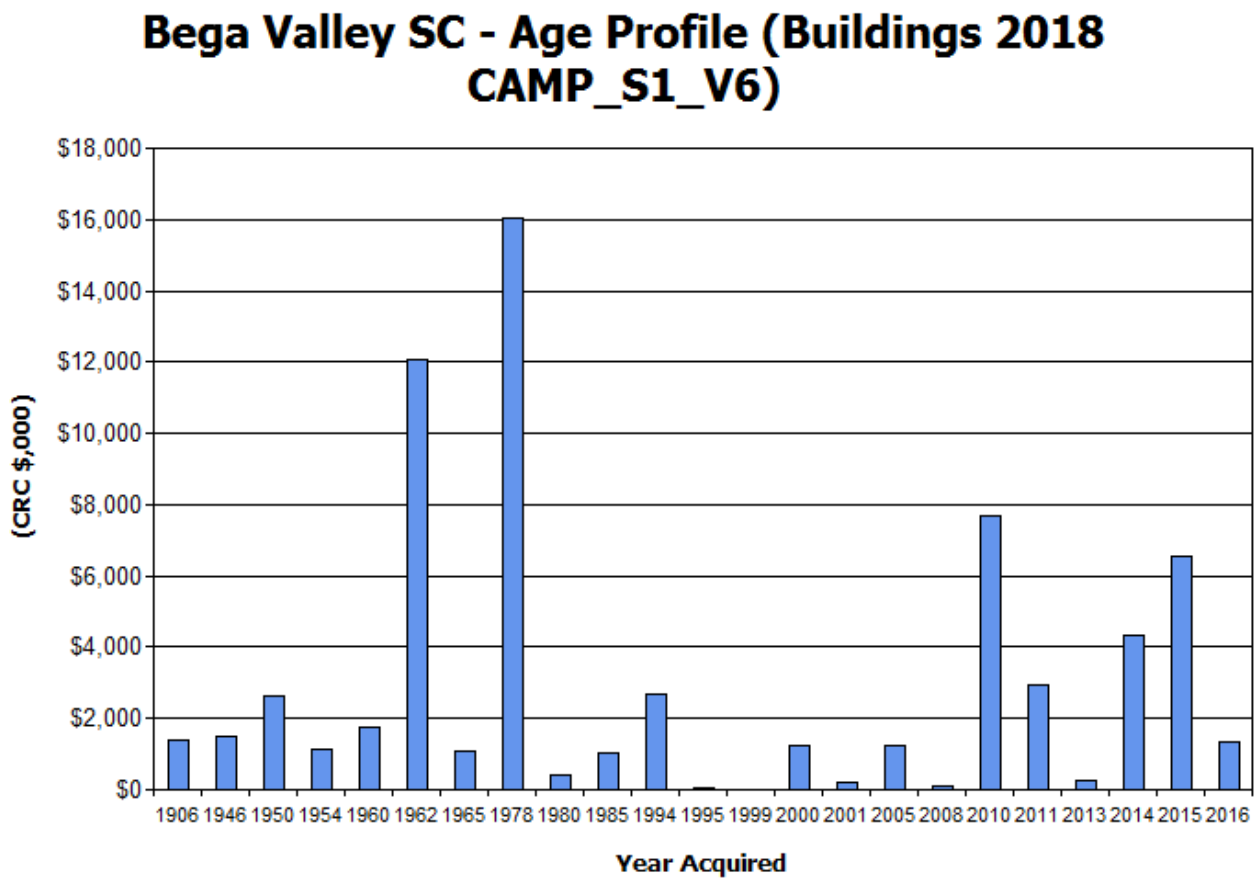
The lifecycle management plan details how the organisation plans to manage and operate the assets at the agreed levels of service (defined in Section 2) while optimising life cycle costs.

4.1 Background Data

4.1.1 Physical parameters

Age profile information is not currently available. An age profile will be developed in future revisions of the Asset Management Plan.

Figure 4.1.1: Building Age Profile



4.1.2 Asset capacity and performance

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

Locations where deficiencies in service performance are known are detailed in Table 4.1.2.

Table 4.1.2: Known Service Performance Deficiencies

Asset Type	Service Deficiency
Community Halls	A backlog of maintenance and upgrades has been identified and will be partly addressed through the special rate variation that came into force in 2015/16. In particular termite damage in a number of halls, kitchen upgrades, roof replacements, painting regimes, and energy

Asset Type	Service Deficiency
	efficiency features all need attention.
Office and Depot's	Remedial work has been undertaken on Council's main Bega Works Depot to bring it up to modern standards and ensure a secure and safe working environment. The civic offices (administration centre) at Bega has been identified as not complying with the BCA and requires significant work to meet the Code. The HVAC system in the civic offices is over 30 years old and requires a major overhaul. The Technical Workshop and Council's main Stores facility are rated as being past end of life and not serviceable.
Cultural Buildings	Ageing stock that will need injection of funds to maintain them at acceptable levels of service. Similar requirements to Community Halls. Work is needed at libraries to maintain their appeal for users and allow for changing uses of libraries as learning & community hubs not just book repositories. The current Regional Gallery space is small. It requires an upgrade to its HVAC system to ensure that art works can be kept in optimal conditions and meet loaner specifications.
Childcare & Preschools	Generally fit for purpose. Changing policy environment can necessitate asset upgrade or renewal.
Other Council Buildings	A backlog of maintenance and upgrades has been identified and will be partly addressed through the Special Rate Variation that came into force in 15/16. More detailed assessment work required to fully understand asset deficiencies (in both condition and service level requirements).

The above service deficiencies were identified from officer observation, community reports, knowledge of the building stock and service requirements. The service deficiencies will be quantified in the next iteration of this document (in 2018 following revaluation) when data from the recent 2017 building condition assessment exercise has been collated, interpreted and subsequently included in this document. The Service Performance Deficiencies table will be refreshed at that point.

4.1.3 Asset condition

Community buildings are managed by volunteers and/or Council staff. A regime of annual inspections is in place to ensure safety of building users (essential services) and general condition of asset (including pest control).

Community and committee reports and notifications of specific maintenance requirements is collected and prioritised within budget constraints. Further work is required to provide more in depth assessment of building stock.

The data used to inform this AM Plan has not originally included a full set of condition ratings for each component of the building stock (ie. roof, sub floor etc.) and as such has presented a higher level 'picture' of the building stock. A more detailed condition profile of the building stock will be included in the next iteration of this document.

Condition is measured using a 0 – 5 grading system[3] as detailed in Table 4.1.3.

Table 4.1.3: Simple Condition Grading Model

Condition Grading	Description of Condition
0	Asset not assessed ie. asset not depreciable or mothball/end of life assets
1	Very Good: only planned maintenance required
2	Good: minor maintenance required plus planned maintenance
3	Fair: significant maintenance required
4	Poor: significant renewal/rehabilitation required
5	Very Poor: physically unsound and/or beyond rehabilitation

4.1.4 Asset valuations

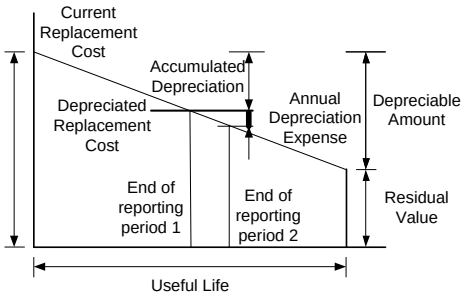
The value of assets recorded in the asset register as at 2016 covered by this AM Plan is shown below. Assets were last revalued in 2016, with further 'ground truthing' work undertaken via inspection in 2017. Assets are valued at replacement value.

Current Replacement Cost - **$67,659**

Depreciable Amount - **$67,644**

Depreciated Replacement Cost[4] - **$50,797**

Annual Depreciation Expense - **$1,114**



Useful lives were reviewed in 2016 by Council staff.

Key assumptions made in preparing the valuations were:

- There is no residual value at the end of asset lives;
- All assets have a flat line consumption rate;
- Useful lives are constant across the Shire. (ie. no account has been made for different environmental conditions); and
- Renewal works will need to be 'ground truthed' as works fall due (undertaken in 2017).

There is further work to be done on how building assets are valued, as well as those assets we manage, but do not own (ie. Crown assets).

4.1.5 Historical data

The 2012 Building Asset Management Plan has been used as a key data source (baseline) in the development of the asset inventory. This was reviewed and merged with additional information collected since that plan was adopted, eg. APV 2013 and 2016 valuation and assessments.

[3] IPWEA, 2011, IIMM, Sec 2.5.4, p 2|79.
[4] Also reported as Written Down Current Replacement Cost (WDCRC).

The financial data from the 2012 AM Plan identified the following asset valuations:

- Current Replacement Cost - $70,821
- Depreciable Amount - $35,410
- Depreciated Replacement Cost - $35,411
- Annual Depreciation Expense - $885.4

Further, extensive work was undertaken by Council staff in 2016 to ensure that valuation of stock was accurate and that the inventory was accurate. In particular the Assets team (which provides an asset 'Bureau' service) was engaged to assist with data centralisation and cleansing.

4.2 Community Building Risk Management Plan

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

Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the Infrastructure Risk Management Plan, together with the estimated residual risk after the selected treatment plan is operational, are summarised in Table 4.2. These risks are reported to management and to Council.

Table 4.2: Critical Risks and Treatment Plans

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk	Treatment Costs
Community Halls	Buildings not maintained or managed appropriately increasing the risk of injury or failure. Major natural disaster or event that destroys asset.	H	Provide support to volunteer committees of management in the maintenance of Council assets. Ensure staff with facility management responsibility implement appropriate facility management plans. Ensure all facilities are maintained to withstand weather conditions and that emergency plans are in place if required. This is particularly relevant for village and locality assets.	H/M	Within 2017/18 budget
Office and Depot's	WH&S compliance due to asset condition and functional performance.	H	As an immediate and medium term prospect, inspect and identify hazards and schedule repairs to permit ongoing safe use. Develop a **Masterplan** in 2017 for the Bega Depot precinct and Council's	Ongoing M	These will be verified as a result of WH&S inspections and incorporated into the next

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk	Treatment Costs
			Administration Office.		iteration of this document.
Cultural Buildings	Buildings not maintained or managed appropriately increasing the risk of injury or failure. Assets not developed to meet changing community needs or expectations.	H	Provide support to volunteer committees of management in the maintenance of Council assets. Set up systems and processes to ensure adequate maintenance and renewal to remain fit for purpose.	M	Within 2017/18 budget
Childcare & Preschools	Change in legislative requirements. Reduction in age group / enrolments	M	Monitor policy development and advocate as required.	M	Within 2017/18 budget
Other Council Buildings	Buildings not maintained or managed appropriately increasing the risk of injury or failure. Major natural disaster or event that destroys asset.	H	Provide support to volunteer committees of management in the maintenance of Council assets. Ensure all facilities are maintained to withstand weather conditions and that emergency plans are in place if required. This is particularly relevant for village and locality assets.	H/M	Within 2017/18 budget

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

4.3 Routine Operations and Maintenance Plan

Operations include regular activities required to provide services such as public health, safety and amenity, eg. cleaning, utilities, annual essential fire service inspections, pest inspections and security etc.

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.

4.3.1 Operations and Maintenance Plan

Operational activities that affect service levels including quality and function through grass mowing frequency, amount of exterior lighting, cleaning frequency and opening hours of building and other facilities. The operational activities in this plan only relate to the building footprint and not the exterior

precinct within the property boundary except for mowing. These activities will be quantified in a future version of this AM Plan.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating, eg. painting, gutter cleaning and minor repairs. 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.

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

Assessment and prioritisation of reactive maintenance is undertaken by Council staff using experience and judgement. As the building maintenance is distributed across a number of sections of Council, further work is required to fully map the actual past maintenance expenditure and trends. A recent exercise aimed at comprehensively inspecting Council buildings at a componentised level will lead to a number of forward maintenance programs which are risk based. These will be included in the next iteration of this Plan.

4.3.2 Operations and Maintenance Strategies

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

- Scheduling operations activities to deliver the defined level of service in the most efficient manner;
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes. Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (50 – 70% planned desirable as measured by cost);
- Maintain a current infrastructure risk register for assets and present service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council;
- Review current and required skills base and implement workforce training and development to meet required operations and maintenance needs;
- Review asset utilisation to identify underutilised assets and appropriate remedies, and over utilised assets and customer demand management options;
- Maintain a current hierarchy of critical assets and required operations and maintenance activities,
- Develop and regularly review appropriate emergency response capability; and
- Review management of operations and maintenance activities to ensure Council is obtaining best value for resources used and achieving economies of scale where possible by coordinating procurement of like services across all building types.

Standards and specifications

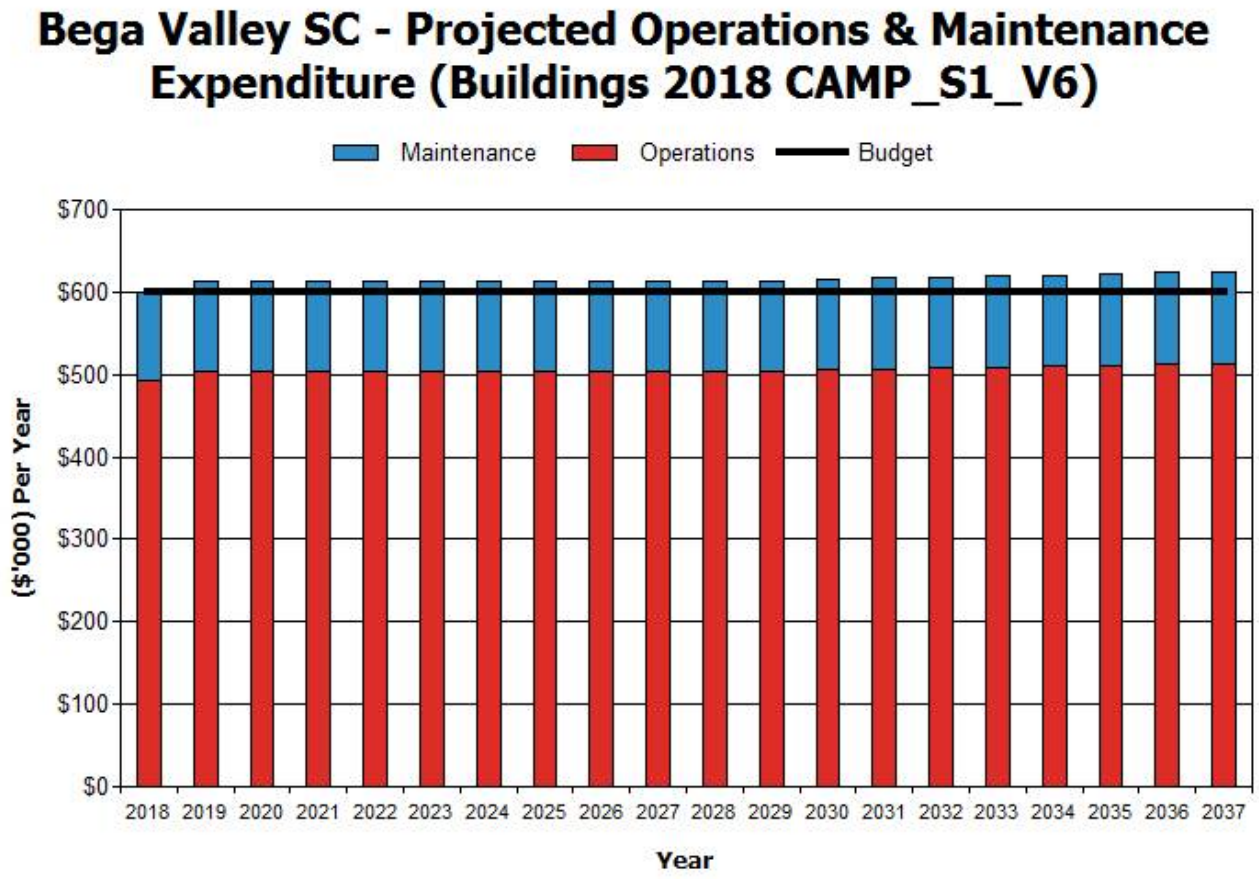
Maintenance work is carried out in accordance with the following Standards and Specifications.

- Building Code of Australia and associated regulations.

4.3.3 Summary of future operations and maintenance expenditures

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 4.3.3. Note that all costs are shown in current 2017 dollar values (i.e. real values).

Figure 4.3.3: Projected Operations and Maintenance Expenditure



Deferred maintenance, ie. works that are identified for maintenance and unable to be funded are to be included in the risk assessment and analysis in the infrastructure risk management plan. Deferring maintenance however does create a level of risk for the Council which needs to be treated and/or controlled until renewal can occur. Implementing such treatments/controls will have associated costs in any event. Continued divestment of assets which are reaching the later stages of life is another option available to Council in order to mitigate the risk. This is discussed further in Section 4.6 Disposals.

Maintenance is funded from the operating budget where available. This is further discussed in Section 5.2.

4.4 Renewal/Replacement Plan

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

4.4.1 Renewal plan

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

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

Method 1 was used for this AM Plan.

The useful lives of assets used to develop projected asset renewal expenditures are shown in Table 4.4.1. Asset useful lives were last reviewed in 2015.[5]

Table 4.4.1: Useful Lives of Assets

Asset (Sub)Category	Useful life
Community Halls	See appendix A
Offices and Depot's	
Cultural Buildings	
Childcare & Preschools	
Emergency Services	
Other Council Buildings	

4.4.2 Renewal and Replacement Strategies

The organisation will plan capital renewal and replacement projects to meet level of service objectives and minimise community building 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 option that could address the service deficiency;
  - evaluate the options against evaluation criteria adopted by the organisation; and
  - select the best option to be included in capital renewal programs;
- Using innovative and/or cost efficient renewal methods (so that cost of renewal is less than replacement) wherever possible;

[5] Enter Reference to Report documenting Review of Useful Life of Assets

- Develop an 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;
- Investigate public/private partnerships for non- community use buildings which return a benefit to the community, or investigate avenues for commoditisation of the assets (eg privately run) where appropriate;
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required; and
- Review management of capital renewal and replacement activities to ensure Council is obtaining best value for resources used.

Renewal ranking criteria

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing building to deliver the service it was constructed to facilitate; or
- To ensure the building is of sufficient quality to meet the service requirements .[6]

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

- Have a high consequence of failure;
- Have a high utilisation and subsequent impact on users would be greatest;
- The total value represents the greatest net value to the organisation;
- Have the highest average age relative to their expected lives;
- Are identified in the AM Plan as key cost factors;
- Have high operational or maintenance costs; and
- Where replacement with modern equivalent assets would yield material savings.[7]

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in Table 4.4.2.

[6] IPWEA, 2011, IIMM, Sec 3.4.4, p 3|60.
[7] Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3|66.

Table 4.4.2: Renewal and Replacement Priority Ranking Criteria

Criteria	Weighting
Risk/Safety	30%
Link to strategic planning (Council adopted)	20%
Utilisation/Fit for purpose	20%
Community partnership proposal	20%
Link to similar works	10%
Total	**100%**

Renewal and replacement standards

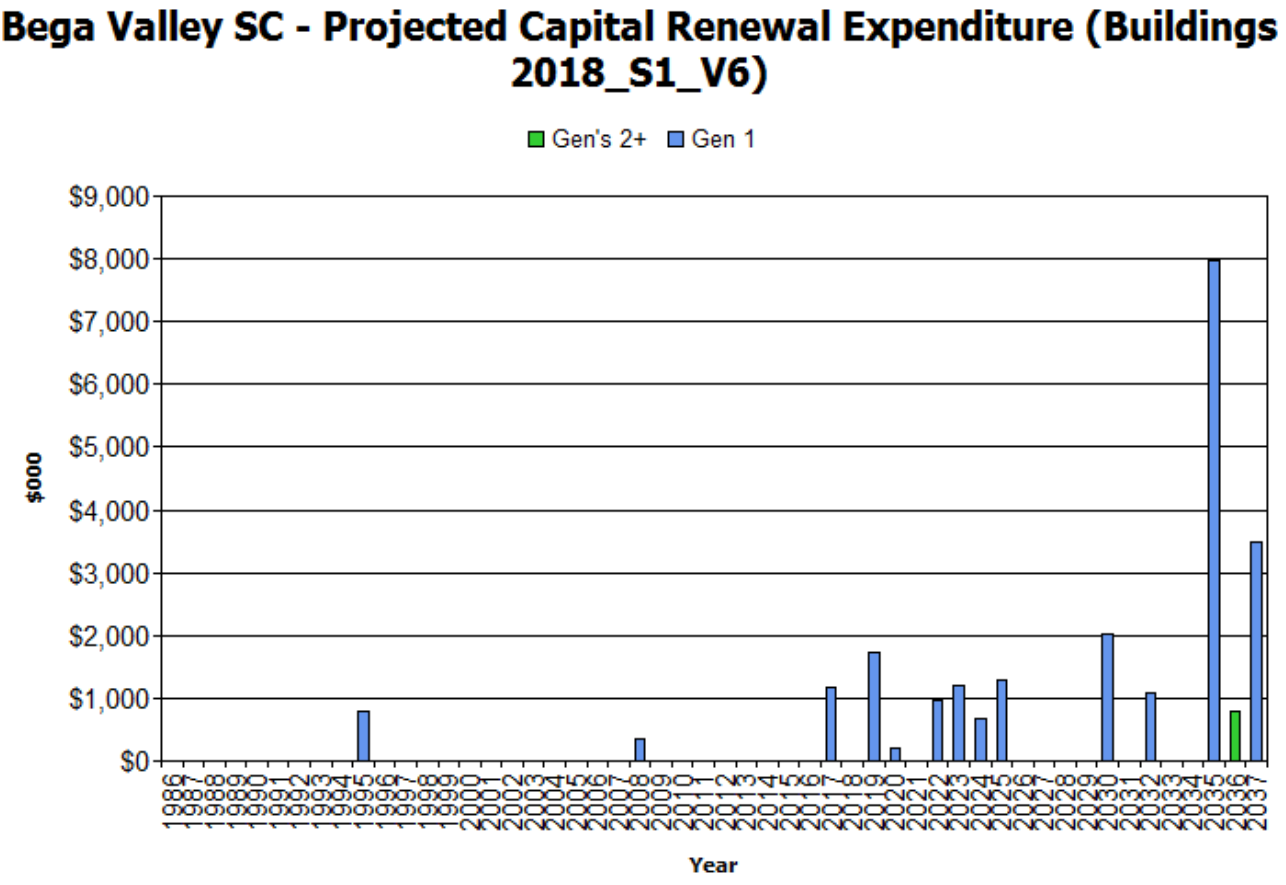
Renewal work is carried out in accordance with the following Standards and Specifications:

- BCA and other relevant standards
- Planning & Environment Act requirements

4.4.3 Summary of future renewal and replacement expenditure

Projected future renewal and replacement expenditures are forecast to increase over time as the asset stock increases from growth. The expenditure is summarised in Fig 4.4.3. Note that all amounts are shown in real values.

Fig 4.4.3: Projected Capital Renewal and Replacement Expenditure



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

Renewals and replacement expenditure in the organisation's capital works program will be accommodated in the long term financial plan. This is further discussed in Section 5.2.

4.5 Creation/Acquisition/Upgrade Plan

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

4.5.1 Selection criteria

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

Table 4.5.1: New Assets Priority Ranking Criteria

Criteria	Weighting
Strategic Planning (Council adopted)	50%
Community partnership proposal	30%
Legislative / Industry standard upgrade	20%
Total	**100%**

4.5.2 Capital Investment Strategies

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

- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner;
- Undertake project scoping for all capital upgrade/new projects to identify:
    - the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset;
    - the project objectives to rectify the deficiency including value management for major projects;
    - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency;
    - management of risks associated with alternative options;
    - and evaluate the options against evaluation criteria adopted by Council; and
    - select the best option to be included in capital upgrade/new programs;
- Review current and required skills base and implement training and development to meet required construction and project management needs;
- Review management of capital project management activities to ensure Council is obtaining best value for resources used;
- Utilise partnerships where appropriate; and
- Strategically examining whether one facility may have the ability to be incorporated within another as a multi-purpose facility – effectively replacing two or more assets with one.

Standards and specifications for new assets and for upgrade/expansion of existing assets are the same as those for renewal shown in Section 4.4.2.

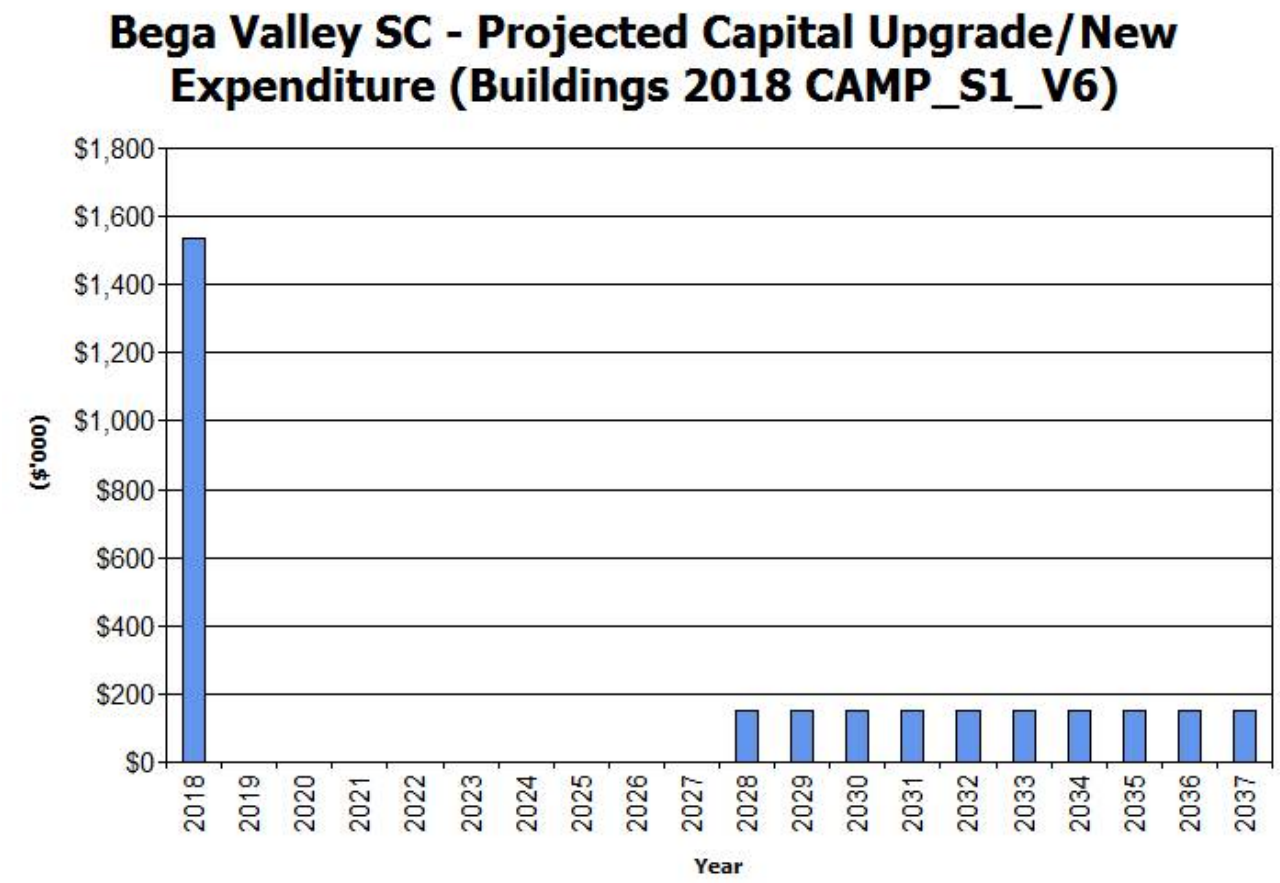
4.5.3 Summary of future upgrade/new assets expenditure

Projected upgrade/new asset expenditures are summarised in Fig 4.5.3.

The spike in 2017 relates to work required on the Bega Depot Stage 2 as identified in Council's Special Schedule 7 for financial year ending 2016.

All upgrades have been identified as Headline Projects subject to Council funding and are not funded as part of this AM Plan.

Fig 4.5.3: Projected Capital Upgrade/New Asset Expenditure



Expenditure on new assets and services in the organisation's capital works program will be accommodated in the long term financial plan. This is further discussed in Section 5.2.

4.6 Disposal Plan

Disposal includes any activity associated with disposal of an asset decommissioned or functional including sale, demolition, or divestment to a community organisation.

Council has over recent years passed a number of resolutions to dispose of Council building assets including the Australasia Hotel, Bega Family Museum, Bemboka Community Nurse House & Garage and the former CBC Bank Building using a combination of strategies as discussed above. Disposal costs are only reported or considered where a net liability from the disposal exists for Council. Disposal costs are reviewed when

strategies or resolutions for disposal/divestment are implemented. These will be reviewed in future revisions of this AM Plan. Disposal costs could include demolition fees and legal fees etc.

4.7 Service Consequences and Risks

The organisation has prioritised decisions made in adopting this AM Plan to obtain the optimum benefits from its available resources. Decisions were made based on the development of 3 scenarios of AM Plans.

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

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

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

The development of scenario 1 and scenario 2 AM Plans provides the tools for discussion with the Council/community on trade-offs between what we would like to do (scenario 1) and what Council should do 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).

4.7.1 What Council 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:

- Providing funding to community generated ideas and projects that fall outside the Resourcing Strategy without significant amendment to that Strategy; and
- Undertaking projects that do not have broad community benefit.

4.7.2 Service consequences

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

- Decreased provision (decommissioning of assets prior to renewal being possible) – asset may no longer be able to be used in its current form due to changes is legislative requirements;
- Dissatisfaction by community with levels of service due to buildings no longer being fit for purpose to meet changing community needs or expectations;
- Decreased quality (using the asset beyond desired service levels); and
- Reduction in regular servicing (operational and maintenance programs), which will result in lower use and capacity.

4.7.3 Risk consequences

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

- Reduced asset use;
- Increased exposure to injury and liability due to WH&S compliance issues;
- Reactive and inefficient delivery of 'one out' works and projects;
- Higher reactive maintenance costs after extended period of use below service level; and
- Real or perceived inequity in provision of facilities.

These risks have been included with the Risk Management Plan summarised in Section 4.2 and risk management plans, actions and expenditures included within projected expenditures.

Nethercote Hall

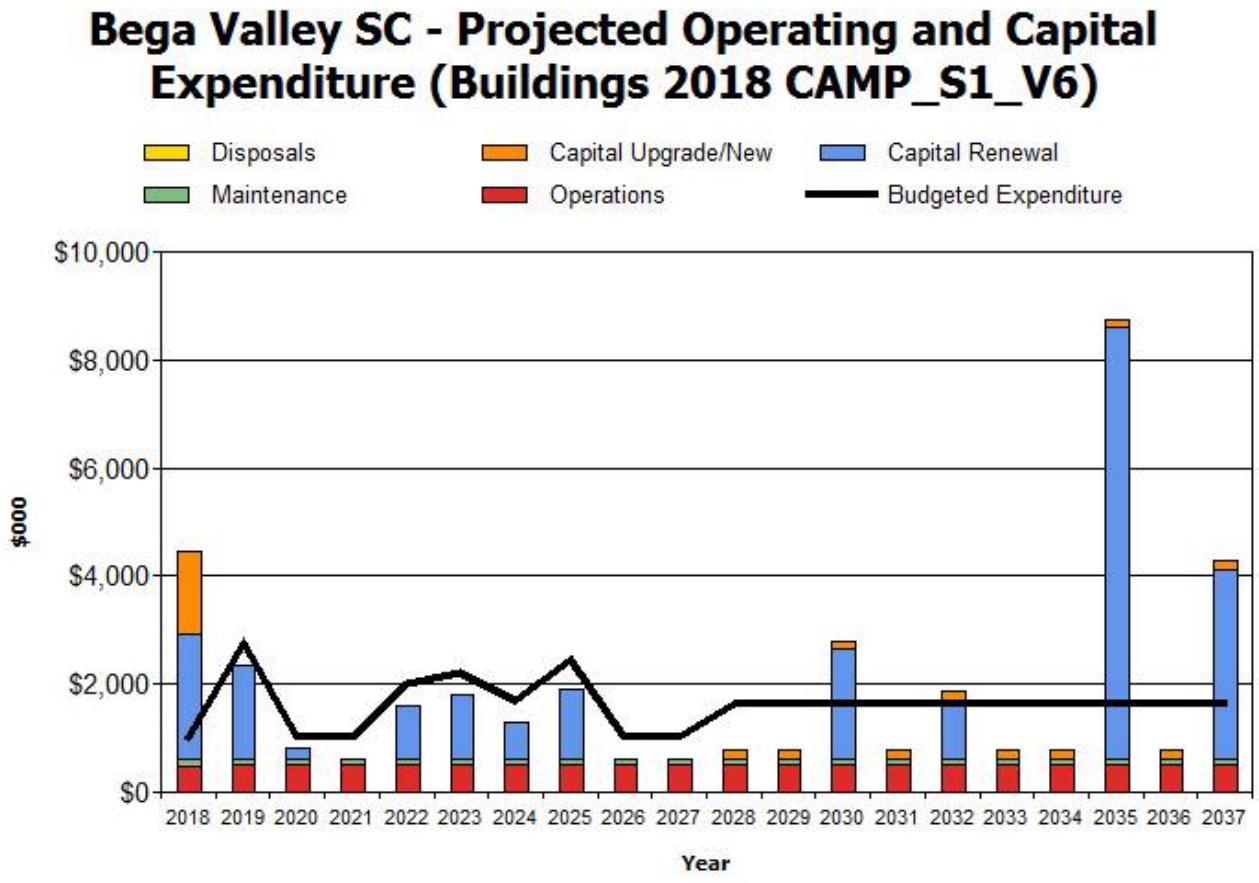
5. FINANCIAL SUMMARY

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

5.1 Financial Statements and Projections

The financial projections are shown in Figure 5.1 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 5.1: Projected Operating and Capital Expenditure



5.1.1 Sustainability of service delivery

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

Asset Renewal Funding Ratio[8] - **115%**

The Asset Renewal Funding Ratio is the most important indicator and reveals that over the next 10 years, Council is forecasting that it will have **115 %** of the funds required for the optimal renewal and replacement of its assets.

[8] AIFMG, 2012, Version 1.3, Financial Sustainability Indicator 4, Sec 2.6, p 2.16

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 AM Plan is **$1,725** 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 **$1,620** 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 community buildings covered by this AM Plan is **-$105** 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 organisations in providing services to their communities in a financially sustainable manner. This is the purpose of the asset management plans and long term financial plan.

Medium term – 10 year financial planning period

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

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

The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is **$1,451** on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is **$1,620** on average per year giving a 10 year funding shortfall of **$169** per year. This indicates that Council expects to have **112%** of the projected expenditures needed to provide the services documented in the asset management plan.

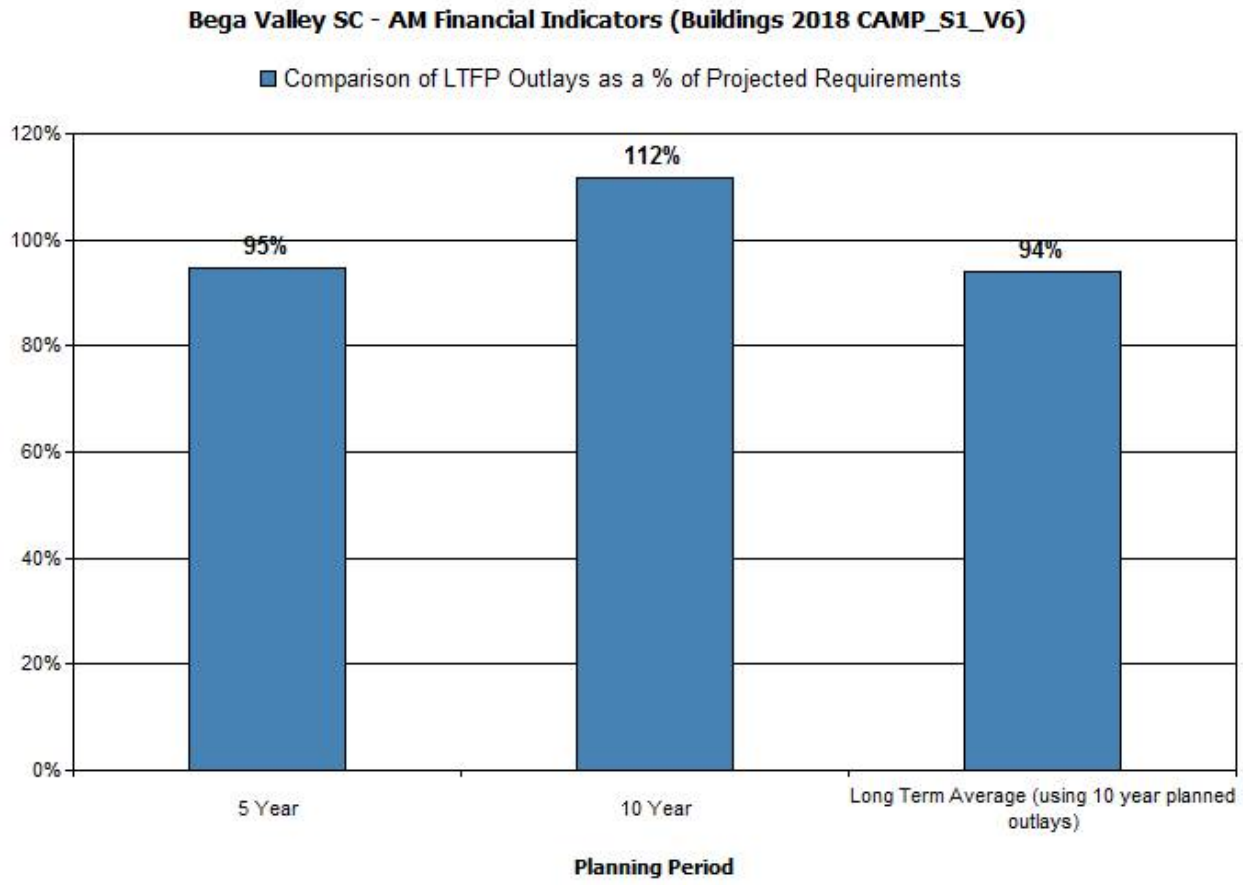
Medium Term – 5 year financial planning period

The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is **$1,655** on average per year. Estimated (budget) operations, maintenance and capital renewal funding is **$1,565** on average per year giving a 5 year funding shortfall of **-$90** per year. This indicates that Council expects to have **95%** of projected expenditures required to provide the services shown in this AM Plan.

Asset management financial indicators

Figure 5.1.1 shows the asset management financial indicators over the 10 year planning period and for the long term life cycle.

Figure 5.1.1: 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 AM Plan and ideally over the 10 year life of the Long Term Financial Plan. The 10 year timeframe indicates a surplus but this is based on an existing level of service agreement with RFS that includes a 14% contribution towards capital works that is considered operational expense. A number of other buildings are not included in the renewal demand because they have either been identified for potential disposal or have arrangements in place whereby the lessee is fully responsible for the renewal of the building structure and Council has ownership of the land only. The funding ratio may be overstated pending the existing arrangements and assumptions holding true. The funding ratios for the five year and long term timeframes are similarly affected.

Figure 5.1.1a 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.

Figure 5.1.1a: Projected and LTFP Budgeted Renewal Expenditure

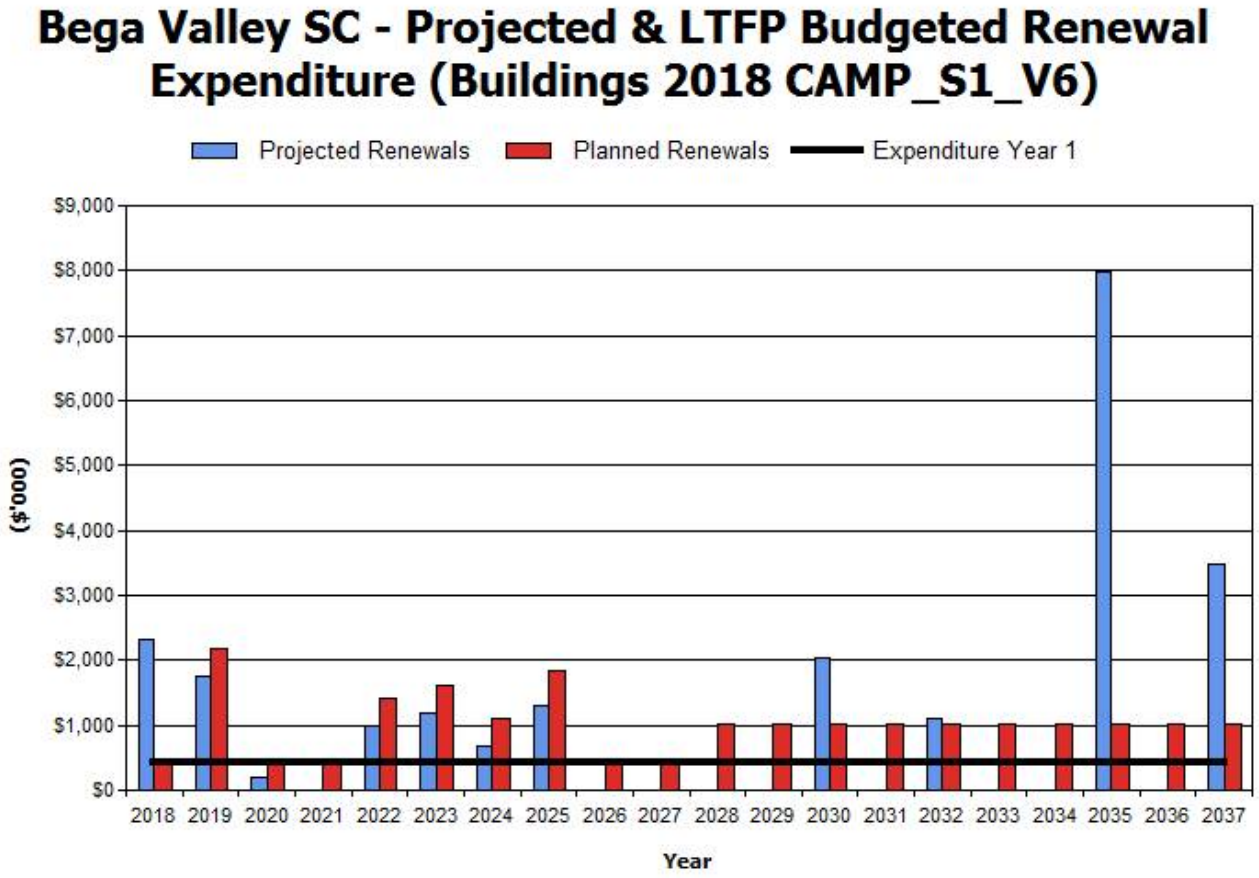


Table 5.1.1 shows the shortfall between projected renewal and replacement expenditures and expenditure accommodated in long term financial plan. Budget expenditures accommodated in the long term financial plan or extrapolated from current budgets are shown in Appendix D.

Table 5.1.1: Projected and LTFP Budgeted Renewals and Financing Shortfall

Year	Projected Renewals ($000)	LTFP Renewal Budget ($000)	Renewal Financing Shortfall ($000) (-ve Gap, +ve Surplus)	Cumulative Shortfall ($000) (-ve Gap, +ve Surplus)
2018	$2312	$420	$-1892	$-1892
2019	$1743	$2170	$427	-$1465
2020	$191	$420	$229	-$1236
2021	$0	$420	$420	-$816
2022	$981	$1401	$420	-$396
2023	$1193	$1613	$420	$24
2024	$672	$1092	$420	$444
2025	$1304	$1836	$532	$976
2026	$0	$420	$420	$1396

Year	Projected Renewals ($000)	LTFP Renewal Budget ($000)	Renewal Financing Shortfall ($000) (-ve Gap, +ve Surplus)	Cumulative Shortfall ($000) (-ve Gap, +ve Surplus)
2027	$0	$420	$420	$1816
2028	$0	$1021	$1021	$2837
2029	$0	$1021	$1021	$3858
2030	$2030	$1021	-$1009	$2,849
2031	$0	$1021	$1021	$3,871
2032	$1099	$1021	-$78	$3,793
2033	$0	$1021	$1021	$4814
2034	$0	$1021	$1021	$5835
2035	$7975	$1021	-$6953	-$1118
2036	$0	$1021	$1021	-$97
2037	$3492	$1021	-$2471	-$2568

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

Providing services in a sustainable manner will require matching of projected asset renewal and replacement expenditure to meet agreed service levels with **the corresponding** capital works program accommodated in the long term financial plan. This may include disposal/divestment strategies as discussed in Section 4.6 Disposals. Even with these strategies in place, a long term shortfall of -$2,568 is anticipated. The shortfall could be expected to be larger should the existing arrangements and strategies for select buildings change, as discussed in Section 4.6 Disposals.

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 finalising the AM Plan to manage required service levels and funding to eliminate any funding gap.

Council will need to manage the 'gap' by developing this AM 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.

5.1.2 Projected expenditures for long term financial plan

Table 5.1.2 shows the projected expenditures for the 10 year long term financial plan.

Expenditure projections are in 2015 real values.

Table 5.1.2: Projected Expenditures for Long Term Financial Plan ($000)

Year	Operations ($000)	Maintenance ($000)	Projected Capital Renewal ($000)	Capital Upgrade/ New ($000)	Disposals ($000)
2018	$492	$184.00	$2312	$1534	$0.00
2019	$503	$104.00	$1743	$0.00	$0.00

Year	Operations ($000)	Maintenance ($000)	Projected Capital Renewal ($000)	Capital Upgrade/ New ($000)	Disposals ($000)
2020	$503	$104.00	$191	$0	$0.00
2021	$503	$106.55	$0	$0.00	$0.00
2022	$503	$107	$981	$0.00	$0.00
2023	$503	$109	$1193	$0.00	$0.00
2024	$503	$109	$672	$0.00	$0.00
2025	$503	$109	$1304	$0.00	$0.00
2026	$503	$109	$0	$0.00	$0.00
2027	$503	$109	$0	$0.00	$0.00
2028	$503	$109	$0	$153	$0.00
2029	$504	$110	$0	$153	$0.00
2030	$505	$110	$2030	$153	$0.00
2031	$507	$110	$0	$153	$0.00
2032	$508	$110	$1099	$153	$0.00
2033	$509	$111	$0	$153	$0.00
2034	$510	$111	$0	$153	$0.00
2035	$511	$111	$7975	$153	$0.00
2036	$512	$111	$0	$153	$0.00
2037	$513	$112	$3492	$153	$0.00

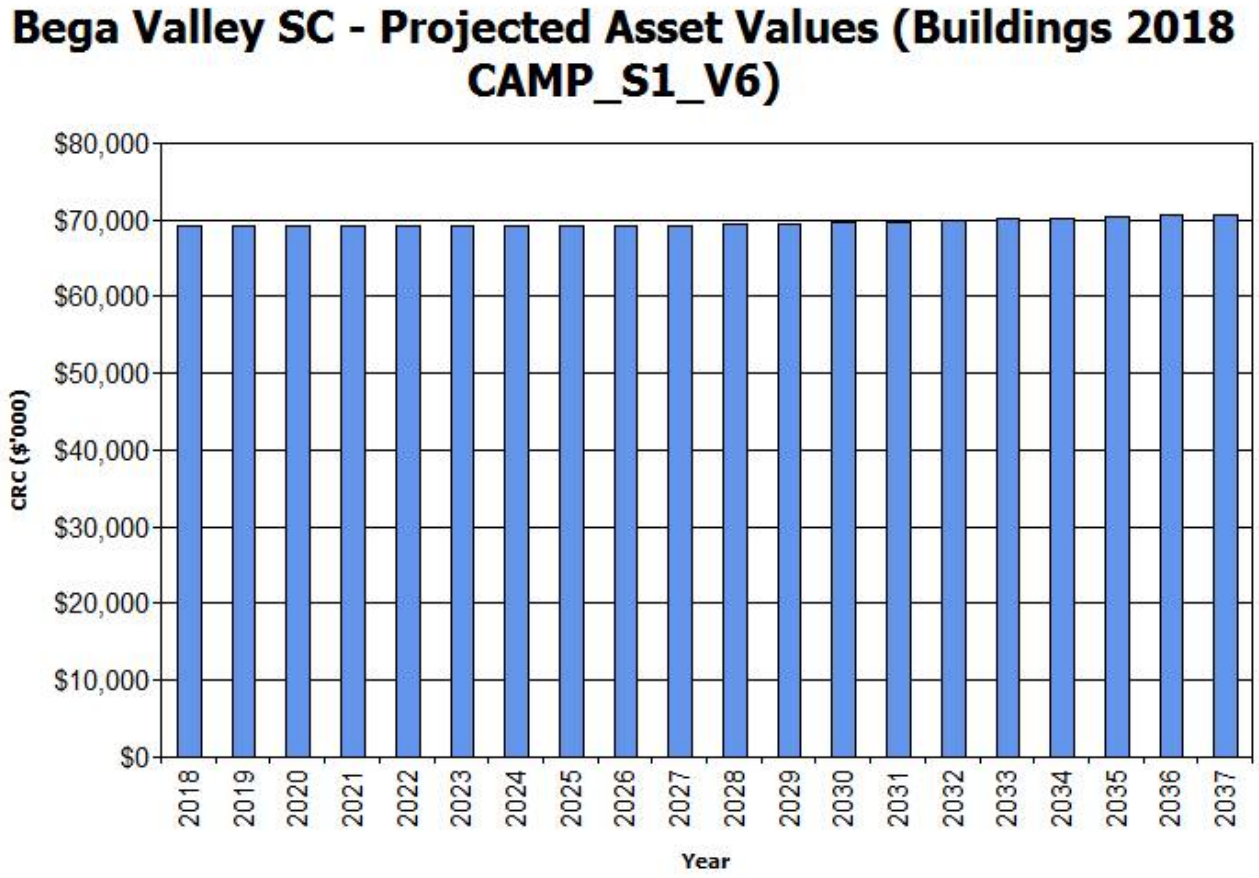
5.2 Funding Strategy

After reviewing service levels, as appropriate to ensure ongoing financial sustainability, projected expenditures identified in Section 5.1.2 will be accommodated in the Council's 10 year long term financial plan.

5.3 Valuation Forecasts

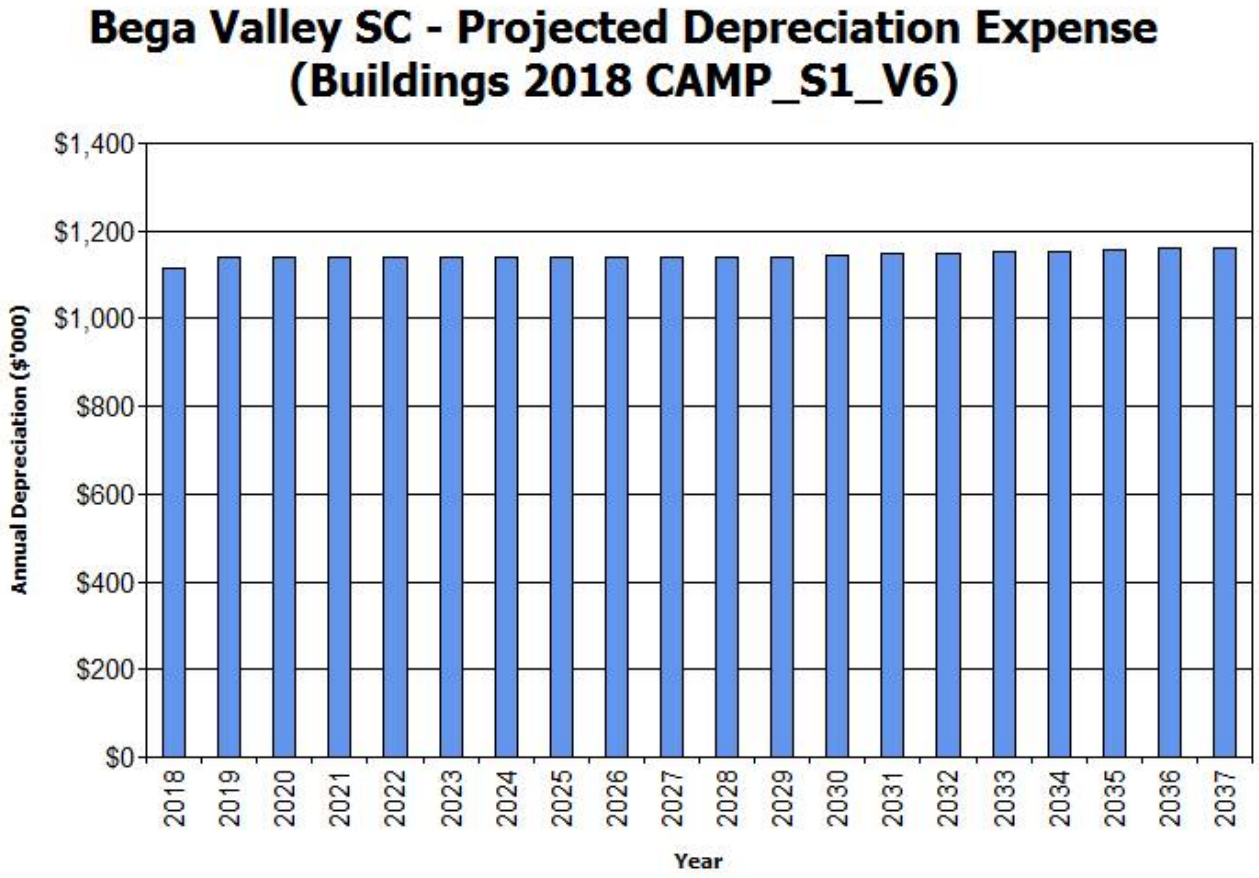
Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council. Figure 5.3a shows the projected replacement cost asset values over the planning period in real values.

Figure 5.3a: Projected Asset Values



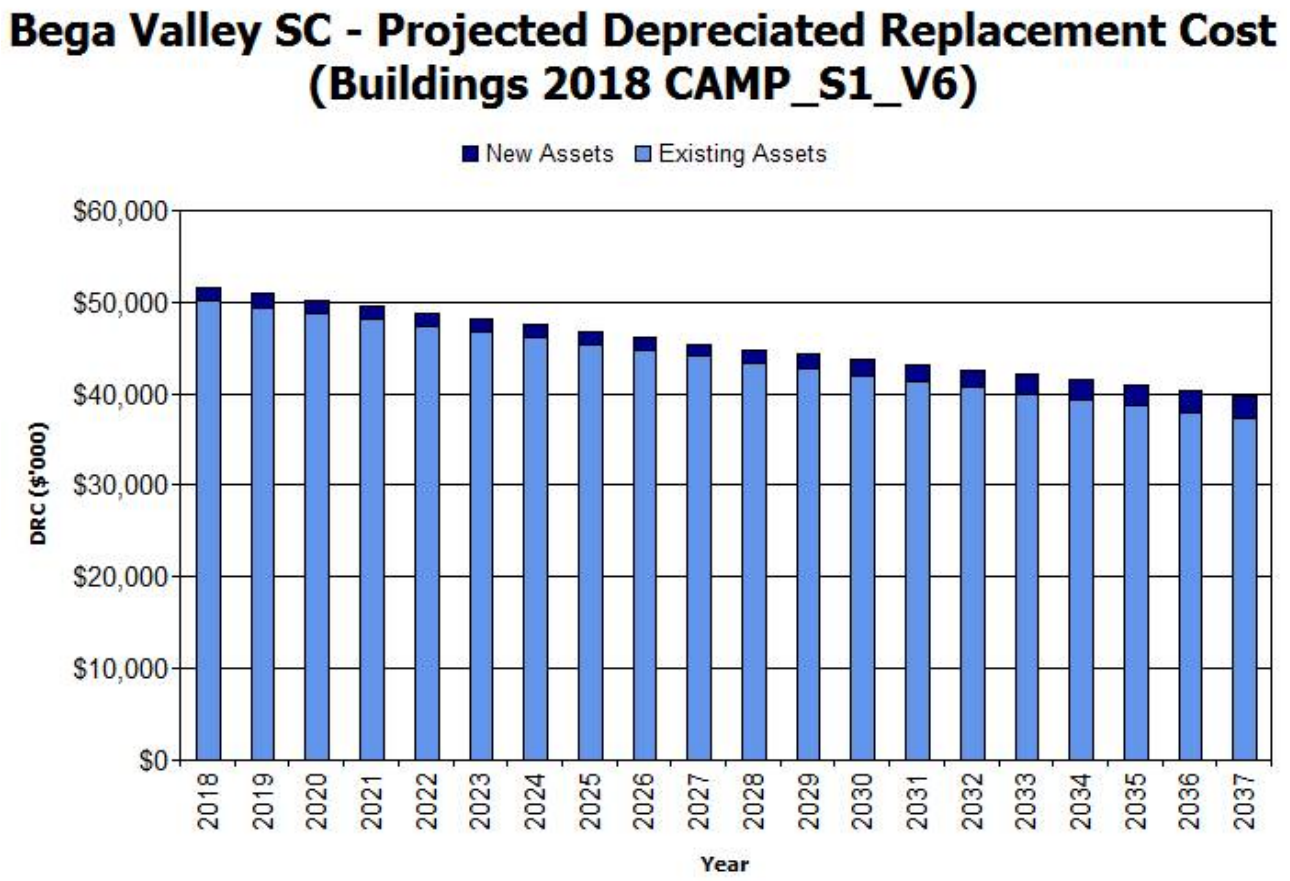
Depreciation expense values are forecast in line with asset values as shown in Figure 5.3b.

Figure 5.3b: 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 5.3c. The depreciated replacement cost of contributed and new assets is shown in the darker colour and in the lighter colour for existing assets.

Figure 5.3c: Projected Depreciated Replacement Cost



5.4 Key Assumptions made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this AM 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 AM Plan and risks that these may change are shown in Table 5.4.

Table 5.4: Key Assumptions made in AM Plan and Risks of Change

Key Assumptions	Risks of Change to Assumptions
No change in operational or maintenance budgets	Reduction in level of service that can be provided
No significant increase in building assets	New assets require increase in operational and maintenance budgets
No significant or unexpected deterioration to building assets due to natural disaster or event	Levels of service may not be able to be maintained if external grants to support replacement are not found
Maintain current levels of service for building assets	Increased demand for higher levels of service
Saleyards not included in the Buildings Asset Management Plan as a separate Asset Management Plan will be developed	Buildings Asset Management Plan not aligned with Corporate Asset Management Plan
Council contribution for Emergency Services is	Renewal burden

Key Assumptions	Risks of Change to Assumptions
operational expense, not capital	
All building upgrades are identified as Headline Projects that are subject to Council funding. Headline Projects are not considered as part of this AM Plan	Funding of building related Headline Projects to be included in this AM Plan.

5.5 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 scale[9] in accordance with Table 5.5.

Table 5.5: Data Confidence Grading System

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

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 5.5.1.

[9] IPWEA, 2011, IIMM, Table 2.4.6, p 2|59.

Table 5.5.1: Data Confidence Assessment for Data used in AM Plan

Data	Confidence Assessment	Comment
Demand drivers	A	Based on local corporate knowledge, studies, ABS stats interpreted by ID profile and State Government projections. Data is good but needs to be viewed in context.
Growth projections	A	Based on State Government projections and ABS statistics
Operations expenditures	B	Council Records, based on historic expenditure, reflecting renewals in LTFP, operational costs are not fully valued due to high level of volunteer involvement.
Maintenance expenditures	B	Council finance records, based on historic expenditure, maintenance costs are not fully valued due to high level of volunteer involvement. Efforts being invested in forward maintenance schedule to allow appropriate forward projections.
Projected Renewal expenditures - Asset values	B	Based on finance records
- Asset useful lives	B	Useful lives based on industry standards, needs further local assessment and trend monitoring
- Condition modelling	B	Varies between buildings and limited new stock
- Network renewals	B	Consultants Engaged to undertake condition modelling
- Defect repairs	B	Based on finance records
Upgrade/New expenditures	B	Based on finance records
Disposal expenditures	B	Based on finance records

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

Tathra Hall

6. PLAN IMPROVEMENT AND MONITORING

6.1 Status of Asset Management Practices

6.1.1 Accounting and financial systems

Council's accounting and financial systems predominantly involve the use of:

- Civica© "Authority" software

Accountabilities for financial systems

- Accountabilities for Council's financial systems lie with Council's Director Strategy and Business Services.

Accounting standards and regulations that are applicable are:

- AASB 13
- AASB 116
- AASB 117

Capital/maintenance threshold

- Further developed and reviewed based on the individual asset category and hierarchy.

Required changes to accounting financial systems arising from this AM Plan

- None identified

6.1.2 Asset management system

Council's Asset Management system comprises the following components:

- NAMS Plus 3
- TRIM (Council's EDRMS)
- Civica© "Authority" software
- Spatial software - MapInfo
- Limited use (trial) of Asset Management software Aston -I as a Maintenance Management Systems (MMS)

Accountabilities for asset management system and data maintenance related to this Asset Management Plan:

- Manager Community, Cultural & Information – Functional Asset Owner
- Manager Children's Services – Functional Asset Owner
- Manager Leisure & Recreation – Functional Asset Owner
- Manager Works – Functional Asset Owner
- Manager Business Services – Asset Class Accountability
- Manager Finance
- Strategic Asset Services team – Data Stewards and Subject Matter Experts for all asset classes, including NAMS Plus 3
- Executive Manager Organisational Development and Governance - TRIM
- Director of Strategy & Business Services – Civica Authority / Finance / IT
- Director of Transport and Utilities – Strategic Asset Services

Required changes to asset management system arising from this AM Plan

- Ongoing improvements with data refinement and location intelligence.

6.2 Improvement Plan

The asset management improvement plan generated from this AM Plan is shown in Table 6.2.

Table 6.2: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1.	Continue to review levels of service	BVSC	In-house	Ongoing
2.	Continue development and implementation of data capture and conditioning processes	BVSC	In-house / consultant	Ongoing
3.	Review and develop performance measures and reporting	BVSC	In-house	Jan 2017
4.	Continue risk analysis/assessment and implementation of risk management system and processes – in particular for operational use of Stores and Mechanical Workshop	BVSC	In-house	Ongoing
5.	Continued development and documentation of operations and maintenance strategy	BVSC	In-house	May 2017
6.	Continued implementation of condition monitoring and assessment processes	BVSC	In-house / consultant	Ongoing
7.	Develop and implement AM training and awareness	BVSC	In-house / consultant	Ongoing
8.	Develop AM policy and procedure	BVSC	In-house	July 2017
9.	Develop/confirm AM improvement plan	Group Manager	In-house	Jun 2017
10.	Continued review of asset register unit rates and useful lives and collation into a single register	BVSC	In-house	Utilisation of single register complete Ongoing for business process improvement
11.	Implement Strategic Asset Services team to provide Bureau service across all asset classes	BVSC	In-house	Ongoing
12.	Perform Gap Analysis on Saleyards operations compared to industry practice	BVSC	Consultant	October 2017
13.	Prepare Saleyards Asset Management Plan pending findings of Gap Analysis	BVSC	In-house / Consultant	July 2018
14.	Prepare Buildings Infrastructure Risk	BVSC	Functional Asset	October

Task No	Task	Responsibility	Resources Required	Timeline
	Management Plan		Owners Group (In house)	2017
15.	Develop Masterplan for Stores/Mechanical Worskhop/Bega Works Depot and Council's main administration building	BVSC	Consultant	November 2017
16.	Review and develop technical levels of service following review of buildings condition assessment	BVSC	Functional Asset Owners Group (In house)	February 2018

6.3 Monitoring and Review Procedures

This AM Plan will be reviewed during annual budget planning processes and amended to recognise 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 organisation's long term financial plan.

The AM Plan has a life of 4 years (Council election cycle) and is due for complete revision and updating within 12 months of each Council election.

6.4 Performance Measures

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

- The degree to which the required projected expenditures identified in this AM Plan are incorporated into Council's long term financial plan,
- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the asset management plan,
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the Council's Strategic Plan and associated plans,
- The Asset Renewal Funding Ratio achieving the target of 1.0.

Murrah Hall

7. REFERENCES

IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/namsplus.

IPWEA, 2015, 'Australian Infrastructure Financial Management Guidelines', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/AIFMG

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IPWEA, 2009, 'Building Condition & Performance Assessment Guidelines, Practice Note 3 Buildings', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM

APV, 2013, Valuation of Current Assets

APV, 2016, Revaluation of Current Assets in Accordance with Australian Accounting Standards

APV, 2016, Valuation of New and Recently Acquired Buildings

NSW Rural Fire Service, 2012, Rural Fire District Service Agreement, Far South Coast Team

Iris Research, 2016, Bega Valley Shire Local Government Community Survey, Final Management Report

Functional Asset Owners Group, Charter

Various Council Resolutions

Various Lease Agreements

Pambula Town Hall

8. APPENDICES

Appendix A - Asset Register & Condition Rating

Appendix B - Budgeted Expenditures Accommodated in LTFP

Appendix C - Abbreviations

Appendix D - Glossary

Appendix E – 10 Year Renewal Plan

Appendix A - Asset Register & Condition Rating

Asset ID	Asset Description	Building Category	Year Acquired	Condition	CRC	Expected Life	Remaining Life	Renewal Cost	Criticality Rating
167284	Amenities / EOC Building Bega Depot	Office & Depot's	2016	1	778590	48	46	778590	5
84295	ATCO portable Telstra Building Bega	Office & Depot's	2000	2	95098	60	42	95098	4
167283	Australasian Hotel Eden	Other Council Buildings	1906	5	1379050	80	0		1
78409	Bandara Childcare Bega	Childcare & Preschool	1962	3	824144	60	40	824144	5
141561	Bega Civic Centre	Community Halls	2015	1	6345600	48	47	6345600	5
78413	Bega Family Museum	Cultural	1946	4	1163058	58	39		1
154796	Bega Valley Regional Training Centre	Other Council Buildings	2010	1	3388000	67	54	3388000	5
78706	Bemboka Memorial Hall	Community Halls	1978	4	1108801	72	55	1108801	3
78831	Bermagui Community Centre and Hall	Community Other	1994	1	2428396	43	37	2428396	5
78975	Bermagui Pre-School	Childcare & Preschool	1962	3	389640	80	24	389640	5
78890	Bermagui Surf Life Saving Clubhouse	Surf Life Saving	2011	1	1534997	80	75	1534997	3
79034	Brogo Public Hall	Community Halls	1962	3	602828	63	45	602828	3
80205	Bushfire Shed Buckajo/Springvale	Emergency Services	2014	1	145631	60	58		2
78724	Bushfire Shed 1 Bemboka	Emergency Services	2014	1	145631	60	38		2
80238	Bushfire Shed 1 Kiah	Emergency Services	1965	5	37533	60	9		2
80330	Bushfire Shed 1 Tathra	Emergency Services	1965	5	37533	60	9		2
80525	Bushfire Shed 1 Towamba	Community Halls	1965	5	37533	60	9		2
80242	Bushfire Shed 2 Kiah	Emergency Services	2011	1	131571	60	55		2
80334	Bushfire Shed 2 Tathra	Emergency Services	2011	1	120607	60	55		2
80530	Bushfire Shed 2 Towamba	Emergency Services	2005	1	139358	60	49		2
80195	Bushfire Shed Angledale	Emergency Services	1965	3	37533	60	9		2
80198	Bushfire Shed Barraga Bay	Emergency Services	1965	4	37533	60	9		1
78523	Bushfire Shed Bega	Emergency Services	1965	3	69711	60	9		3
78874	Bushfire Shed Bermagui	Emergency Services	1965	3	155492	60	9		2
79029	Bushfire Shed Brogo (Warrigal Range Rd)	Emergency Services	1965	1	77211	60	9		2
80208	Bushfire Shed Burragate	Emergency Services	1965	2	37533	60	9		2
79043	Bushfire Shed Candelo	Emergency Services	2014	1	145631	60	58		2

Asset ID	Asset Description	Building Category	Year Acquired	Condition	CRC	Expected Life	Remaining Life	Renewal Cost	Criticality Rating
79123	Bushfire Shed Cobargo	Emergency Services	1965	2	37533	60	9		2
80232	Bushfire Shed Dignams Creek	Emergency Services	1965	4	37533	60	9		2
79292	Bushfire Shed Eden	Emergency Services	1965	4	34315	80	9		2
80166	Bushfire Shed Gordon St Quaama	Emergency Services	2013	1	128685	60	57		2
80235	Bushfire Shed Jellat Jellat	Emergency Services	1965	3	69704	60	9		2
79731	Bushfire Shed Merimbula	Emergency Services	1965	2	112600	60	9		2
80254	Bushfire Shed Mt Darragh	Emergency Services	1965	5	21447	60	9		2
80261	Bushfire Shed Nethercote	Emergency Services	1965	3	37533	60	9		2
80277	Bushfire Shed Numbugga	Emergency Services	2016	1	141260	60	60		2
79997	Bushfire Shed Pambula	Emergency Services	2015	1	143689	60	39		2
80280	Bushfire Shed Rocky Hall	Emergency Services	1965	3	37533	60	9		2
80287	Bushfire Shed Tanja	Emergency Services	2015	1	78702	60	59		2
80324	Bushfire Shed Tarraganda	Emergency Services	1965	3	37533	60	9		2
154797	Bushfire Shed Upper Brogo	Emergency Services	2014	1	21447	60	58		2
80296	Bushfire Shed Wapengo	Emergency Services	1965	3	37533	60	9		2
80687	Bushfire Shed Wolumla	Emergency Services	1965	4	37533	60	9		2
80717	Bushfire Shed Wonboyn	Emergency Services	2001	2	181620	60	45		2
80734	Bushfire Shed Wyndham	Emergency Services	2013	1	117961	60	57		2
84263	Candelo Hall Garage	Community Halls	1999	2	7273	96	93	7273	1
79118	Candelo Town Hall Building	Community Halls	1978	2	1167676	75	61	1167676	3
79612	Cattery Kalaru Pound	Office & Depot's	1985	1	123752	104	98	123752	4
84254	Chemical Store Telstra Building Bega	Office & Depot's	1978	3	58182	98	83	58182	1
84268	Cobargo Hall Toilets	Community Halls	1978	5	20779	82	57	20779	2
79130	Cobargo School Of Arts Hall	Community Halls	1978	4	820086	67	38	820086	3
78761	Community Nurse House Bemboka	Community Other	1962	4	162078	58	33		1
78511	Council Chambers Bega	Office & Depot's	1978	3	7974595	57	38	7974595	5
79342	Eden Child Care Centre (aka Long Day Care)	Childcare & Preschool	1962	3	635885	68	58	635885	5
79355	Eden Gateway Centre (Library)	Other Community Buildings	1962	3	1743029	57	45	1743029	5

Asset ID	Asset Description	Building Category	Year Acquired	Condition	CRC	Expected Life	Remaining Life	Renewal Cost	Criticality Rating
79426	Eden Log Cabin	Community Halls	1994	2	258586	78	60	258586	3
79346	Eden Pre-School	Childcare & Preschool	1962	3	672307	62	45	672307	5
78524	Fire Control Centre Bega	Emergency Services	2000	2	629389	79	75		5
79321	Flammables Store Depot Eden	Office & Depot's	1962	3	9144	80	24	9144	2
84257	Fleet Storage Shed Minyama Parade Bega	Office & Depot's	1954	3	53276	92	83	53276	2
78526	Former CBC Bank Bega	Other Council Buildings	1954	4	297835	63	40		1
79322	Garage - 4 bay Depot Eden	Office & Depot's	1995	1	37403	96	93	37403	1
84276	Garage - 8 bay Depot Eden	Office & Depot's	1962	3	87273	97	95	87273	1
84266	Garage Community Nurse House Bemboka	Community Other	1962	4	10967	80	60		1
80245	Kiah Public Hall	Community Halls	1978	2	473304	64	42	473304	3
79408	Killer Whale Museum Eden	Cultural	1962	3	2526520	57	43		4
80477	Kiosk/Café Tathra	Other Council Buildings	1946	3	342857	62	47		3
84292	Large Display Shed Bega Family Museum Bega	Cultural	1980	4	100639	91	68	100639	1
80163	Mens Shed Bermaguee St Quaama	Mens Shed	1965	3	37533	60	9	37533	2
79735	Merimbula Depot Shed	Office & Depot's	1962	3	156763	60	8	156763	1
78507	Minyama Office Building Bega (formerly Telstra)	Office & Depot's	1954	2	794227	41	36		5
80652	Montreal Goldfields Visitor Information Centre	Cultural	2014	1	144770	60	32	144770	1
84270	Murrah Hall Kiosk	Community Halls	1978	2	22511	92	74	22511	2
84269	Murrah Hall Public Toilets	Community Halls	2000	2	135757	96	80	135757	2
80257	Murrah Public Hall	Community Halls	1978	2	245656	65	43	245656	3
79806	Museum (Old Merimbula School)	Cultural	1962	3	1098989	70	48	1098989	1
79126	Narira Retirement Villages (10 units) Cobargo	Community Other	1962	3	740663	75	56	740663	5
80264	Nethercote Public Hall	Community Halls	2010	1	331544	73	66	331544	3
84264	New Store Rocky Hall Public Hall	Community Halls	2010	1	4848	96	93	4848	1
79323	Office / Store Depot Eden	Office & Depot's	2010	2	420018	74	64	420018	3
79734	Office Depot Merimbula	Office & Depot's	1962	3	452381	83	71	452381	3

Asset ID	Asset Description	Building Category	Year Acquired	Condition	CRC	Expected Life	Remaining Life	Renewal Cost	Criticality Rating
84273	Office/Radio Base Towamba Hall	Community Halls	1980	2	11775	88	75	11775	2
80003	Old Courthouse Pambula	Emergency Services	1950	3	1059990	80	32	1059990	1
79796	Old Merimbula Office & Library	Community Other	1960	5	1544472	72	43	1544472	1
80069	Pambula Beach Surf Life Saving Clubhouse	Surf Life Saving	2010	1	3496008	80	74	3496008	4
80009	Pambula School Of Arts Public Hall	Community Halls	1978	2	664934	61	42	664934	3
84278	Pottery Group Gateway Centre Eden	Other Community Buildings	1962	5	114747	76	56	114747	1
84274	Public Booth Towamba Hall	Community Halls	1980	2	102511	98	92	102511	1
80005	Public Toilets Pambula School of Arts Hall	Cultural	1980	2	57027	91	71	57027	2
80188	Quaama School of Arts Hall	Community Halls	1978	2	535642	62	38	535642	3
79615	Rangers Office and Dog Kennels Kalaru Pound	Office & Depot's	1985	3	45252	64	46	45252	4
80283	Rocky Hall Public Hall	Community Halls	1978	2	528600	65	48	528600	3
79290	Scout Hall Bicentenary Park Eden	Community Halls	1950	4	334252	80	14	334252	2
79846	Scout Hall Merimbula	Community Halls	1950	4	37533	60	12		1
78683	SES Building Depot Bega	Emergency Services	2014	1	213549	60	58		2
79000	SES Shed Bermagui	Emergency Services	2008	1	103352	78	74		2
79528	Shed SES Depot Eden	Emergency Services	2005	1	281868	77	70		2
84293	Small Display Shed Bega Family Museum Bega	Cultural	1980	4	50090	98	79	50090	1
167303	Stores and Mechanical Workshop Bega Depot	Office & Depot's	1950	4	1174449	67	51		5
84271	Tanja Hall Toilets	Community Halls	1978	2	57720	86	65	57720	2
80290	Tanja Public Hall	Community Halls	1978	2	323232	59	38	323232	3
84262	Tarraganda Hall Toilets	Community Halls	1978	4	37138	60	38	37138	2
80327	Tarraganda Public Hall	Community Halls	1978	2	160577	64	44	160577	3
167304	Tathra Green Shed	Other Council Buildings	1978	5	81974	60	22	81974	1
80440	Tathra Pre-School	Childcare & Preschool	1962	3	348913	63	52	348913	5
80444	Tathra Public Hall	Community Halls	1978	2	583434	66	45	583434	3
80481	Tathra Surf Life Saving Clubhouse	Surf Life Saving	2011	2	1165713	65	51	1165713	4

Asset ID	Asset Description	Building Category	Year Acquired	Condition	CRC	Expected Life	Remaining Life	Renewal Cost	Criticality Rating
80518	Tathra Wharf (Includes Cargo)	Other Council Buildings	1985	3	864876	60	25	864876	4
79324	Toilets Depot Eden	Office & Depot's	2010	1	54680	80	24	54680	2
80539	Towamba Hall Public Toilets	Community Halls	1980	2	99740	90	72	99740	2
80533	Towamba Public Hall (includes Tennis Clubrooms)	Community Halls	1978	2	462684	69	50	462684	3
167280	Town Team Workshop	Office & Depot's	2016	1	425100	84	84	425100	3
140754	Tura Library and Community Centre	Cultural	2014	1	2712800	45	42	2712800	4
140753	Tura Library Residence	Other Council Buildings	2014	1	437200	61	51	437200	1
79912	Twyford Hall Merimbula	Community Halls	2005	2	791688	58	47	791688	4
79916	Visitor Information Centre Merimbula	Other Council Buildings	1960	3	191169	60	49	191169	4
80294	Wandella Public Hall	Community Halls	1962	3	277056	63	40	277056	3
80690	Wolumla Public Hall	Community Halls	1962	3	1193188	61	37	1193188	3
78878	Works Depot Bermagui	Office & Depot's	2000	2	323974	78	74	323974	4
78515	Workshop & Tech Services Office Bega Depot	Office & Depot's	2014	2	375824	74	62	375824	3
78518	WSS Storage Shed Depot Bega	Office & Depot's	2000	2	56727	96	93	56727	3
167305	Wyndham Men's Shed	Mens Shed	1965	4	37533	60	9	37533	2
80761	Wyndham Public Hall	Community Halls	1978	2	512554	70	47	512554	3
78685	Youth Space Bega	Community Other	1978	2	220260	78	68	220260	3

Notes:

- Consultation with the community will be undertaken when assets are due for renewal.
- Ground truthing will be undertaken with stakeholders when assets are due for renewal to confirm requirements and need.
- The works program is based on an annual budget process. A notional allocation in this plan does not commit future Councils to undertaking the works or allocating the resources to that building if the asset is not renewed.

Appendix B - Projected Upgrade/Expenditure/New 10 year Capital Works Program

This program is to be developed and in particular will focus on the backlog of works as outlined in Table 4.1.2: Known Service Performance Deficiencies. In particular termite damage in a number of halls, kitchen upgrades, roof replacements, painting regimes, and energy efficiency features all need attention.

The scope of works and specific costs associated with each building renewal/upgrade need to be confirmed; however the 'Public Domain Buildings' Special Rate Variation that commenced in 2015/16 will be used towards these works.

Appendix C - Budgeted Expenditures Accommodated in LTFP

Buildings 2018 CAMP_S1_V6 Form 3 Data

Created on 27/04/2017

Asset Values ($000)	
CRC	67,659
Depreciable Amt	67,659
DRC	50,797
Annual Depreciation	1,114

Operations and Maintenance Costs from New Assets	
Additional Ops	0.72 %
Additional Maint	0.15 %
Additional Depreciation	1.65 %
Renewal Ratio	0.62 %

Edit Growth Details

View, Edit or Add Register

» Scroll right for more »

Financial Year ending 30 June	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Expenditure Outlays included in Long Term Financial Plan (in current $ values)										
Operations	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Operations **Budget**	492	492	492	492	492	492	492	492	492	492
Management **Budget**	0	0	0	0	0	0	0	0	0	0
AM Systems **Budget**	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATIONS	492	492	492	492	492	492	492	492	492	492
Maintenance										
Reactive Maintenance **Budget**	107	107	107	107	107	107	107	107	107	107
Planned Maintenance **Budget**	0	0	0	0	0	0	0	0	0	0
Specific Maintenance Items **Budget**	0	0	0	0	0	0	0	0	0	0
TOTAL MAINTENANCE	$ 107	$ 107	$ 107	$ 107	$ 107	$ 107	$ 107	$ 107	$ 107	$ 107
Capital										
Planned Renewal **Budget**	420	2,170	420	420	1,401	1,613	1,092	1,836	420	420
Planned Upgrade/New **Budget**	0	0	0	0	0	0	0	0	0	0
Non-growth contributed asset value	0	0	0	0	0	0	0	0	0	0
Asset Disposals										
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	2018 $000	2019 $000	2020 $000	2021 $000	2022 $000	2023 $000	2024 $000	2025 $000	2026 $000	2027 $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	to be incorporated into Register (where Method 1 is used) OR Defect Repairs (where Method 2 or 3 is used									
Capital Upgrade	0	0	0	0	0	0	0	0	0	0
Forecasts for Capital Renewal using Methods 2 & 3 (Form 2A & 2B) & Capital Upgrade (Form 2C)										
	2018 $000	2019 $000	2020 $000	2021 $000	2022 $000	2023 $000	2024 $000	2025 $000	2026 $000	2027 $000
Forecast Capital Renewal from Form 2A & Form 2B	0	0	0	0	0	0	0	0	0	0
Forecast Capital Upgrade/New from Form 2C	1,534	0	0	0	0	0	0	0	0	0

Appendix D - Abbreviations

AAAC	Average annual asset consumption
AM	Asset management
AM Plan	Asset management plan
ASC	Annual service cost
CRC	Current replacement cost
DA	Depreciable amount
DRC	Depreciated replacement cost
LCC	Life Cycle cost
LCE	Life cycle expenditure
LTFP	Long term financial plan
MMS	Maintenance management system
RV	Residual value

Appendix E - Glossary

Annual service cost (ASC)

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

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

Asset

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

Asset category

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

Asset class

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

Asset condition assessment

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

Asset hierarchy

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

Asset management (AM)

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

Asset renewal funding ratio

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

Average annual asset consumption (AAAC)*

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

remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

Borrowings

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

Capital expenditure

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

Capital expenditure - expansion

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

Capital expenditure - new

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

Capital expenditure - renewal

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

Capital expenditure - upgrade

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

Capital funding

Funding to pay for capital expenditure.

Capital grants

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

Capital investment expenditure

See capital expenditure definition

Capitalisation threshold

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

Carrying amount

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

Class of assets

See asset class definition

Component

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

Core asset management

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

Cost of an asset

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

Critical assets

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

Current replacement cost (CRC)

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

Deferred maintenance

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

Depreciable amount

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

Depreciated replacement cost (DRC)

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

Depreciation / amortisation

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

Economic life

See useful life definition.

Expenditure

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

Expenses

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

Fair value

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

Financing gap

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

Heritage asset

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

Impairment Loss

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

Infrastructure assets

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

Investment property

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

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

(b) sale in the ordinary course of business.

Key performance indicator

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

Level of service

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

Life Cycle Cost *

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

Life Cycle Expenditure

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

Loans / borrowings

See borrowings.

Maintenance

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

- **Planned maintenance**

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

- **Reactive maintenance**

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

- **Specific maintenance**

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

- **Unplanned maintenance**

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

Maintenance expenditure *

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

Materiality

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

Modern equivalent asset

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

Net present value (NPV)

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

Non-revenue generating investments

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

Operations

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

Operating expenditure

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

Operating expense

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

Operating expenses

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

Operations, maintenance and renewal financing ratio

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

Operations, maintenance and renewal gap

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

Pavement management system (PMS)

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

PMS Score

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

Rate of annual asset consumption *

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

Rate of annual asset renewal *

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

Rate of annual asset upgrade/new *

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

Recoverable amount

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

Recurrent expenditure

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

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining useful life

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

Renewal

See capital renewal expenditure definition above.

Residual value

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

Revenue generating investments

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

Risk management

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

Section or segment

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

Service potential

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

Service potential remaining

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

Specific Maintenance

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

Strategic Longer-Term Plan

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

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

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

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

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

Value in Use

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

Source: IPWEA, 2009, Glossary