

Dungog Shire Council



Buildings



Asset Management Plan



Version 7

November 2018



Document Control		Asset Management for Small, Rural or Remote Communities			
		 			
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	2/5/2012	Version 1 - Draft for Comment	CL, JR, JH, AM	JR	
2	9/5/2012	Version 2 - For Council Review	CL, JR, JH, AM	JR	JR, SH
3	17/06/2012	Version 3 - Updated alternate calculations	CL, JR, JH, JM		
4	30/06/2012	Version 4 - Scenario 1 Version 2 updated including Appendix B	CL, JR, JH, JM		
5	29/08/2014	Version 5 - Final Draft	SH	SH	
6	13/03/2015	Version 6 - Post Audit Review	SH	SH	
7	14/11/2018	Version 7 - Minor Revision & Statistical Update	SH		

Asset Management for Small, Rural or Remote Communities Practice Note

The Institute of Public Works Engineering Australia.

www.ipwea.org.au/AM4SRRC

© Copyright 2011 – All rights reserved.

TABLE OF CONTENTS

1.	EXECUTIVE SUMMARY.....	v
2.	INTRODUCTION	1
2.1	Background.....	1
2.2	Goals and Objectives of Asset Management.....	1
2.3	Plan Framework.....	2
2.4	Core and Advanced Asset Management	2
2.5	Community Consultation.....	3
3.	LEVELS OF SERVICE	4
3.1	Customer Research and Expectations	4
3.2	Legislative Requirements	4
3.3	Current Levels of Service	4
3.4	Desired Levels of Service	6
4.	FUTURE DEMAND	7
4.1	Demand Forecast.....	7
4.2	Changes in Technology	7
4.3	Demand Management Plan.....	8
4.4	New Assets for Growth.....	8
5.	RISK MANAGEMENT	9
5.1	Risk Management Plan	9
6.	LIFECYCLE MANAGEMENT PLAN	10
6.1	Background Data	10
6.2	Renewal/Replacement Plan	12
6.3	Creation/Acquisition/Upgrade Plan	13
6.4	Asset Disposal	14
6.5	Asset Condition.....	14
6.6	Asset Valuations	15
6.7	Useful Life	15
7.	FINANCIAL SUMMARY	16
7.1	Financial Statements and Projections	16
7.2	Funding Strategy.....	19
7.3	Valuation Forecasts	19
7.4	Key Assumptions made in Financial Forecasts	19
8.	ASSET MANAGEMENT PRACTICES.....	20
8.1	Accounting/Financial Systems.....	20
8.2	Asset Management Systems	20
8.3	Information Flow Requirements and Processes.....	21
8.4	Standards and Guidelines.....	21
9.	PLAN IMPROVEMENT AND MONITORING.....	22
9.1	Performance Measures	22
9.2	Improvement Plan	22
9.3	Monitoring and Review Procedures	22
	REFERENCES	23
	APPENDICES.....	24
	Appendix A Capital Works Programme	25
	Appendix B Abbreviations	35
	Appendix C Glossary	36

Tables

TABLE 1: ASSETS COVERED BY THIS PLAN	1
TABLE 2: ORGANISATION GOALS AND HOW THESE ARE ADDRESSED IN THIS PLAN	2
TABLE 3: LEGISLATIVE REQUIREMENTS	4
TABLE 4: CURRENT SERVICE LEVELS	5
TABLE 5: DEMAND FACTORS, PROJECTIONS AND IMPACT ON SERVICES	7
TABLE 6: CHANGES IN TECHNOLOGY AND FORECAST EFFECT ON SERVICE DELIVERY	7
TABLE 7: DEMAND MANAGEMENT PLAN SUMMARY	8
TABLE 8: RISK IDENTIFICATION AND TREATMENT PLAN	9
TABLE 9: BUILDING CATEGORIES AND QUANTITIES	10
TABLE 10: MAINTENANCE EXPENDITURE TRENDS	12
TABLE 11: ASSET CONDITION DESCRIPTORS	15
TABLE 12: IMPROVEMENT PLAN	22

Figures

FIGURE 1: BUILDING CATEGORY PERCENTAGE BY VALUE	11
FIGURE 2: ASSET AGE PROFILE	11
FIGURE 3: CAPITAL EXPENDITURE FORECAST	13
FIGURE 4: CAPITAL EXPENDITURE FORECAST	14
FIGURE 5: OPERATIONS & MAINTENANCE EXPENDITURE FORECAST	16
FIGURE 6: OPERATIONS - BUDGETED VERSUS REQUIRED EXPENDITURE	16
FIGURE 7: MAINTENANCE - BUDGETED VERSUS REQUIRED EXPENDITURE	17
FIGURE 8: CAPITAL EXPENDITURE FORECAST	17

1. EXECUTIVE SUMMARY

Context

The Shire of Dungog is part of the Hunter Region and the Lower Hunter Sub-Region and is bound by MidCoast Council to the East and North, Upper Hunter Shire to the North-west Singleton Shire to the West, Port Stephens Shire and the City of Maitland to the South.

Dungog Shire covers an area of 2248 sq. kilometres. The Council is situated in the Barrington tops region and has a population of 8,975 (2016 Census). The Shire consists predominantly of very rugged to hilly country which becomes less rugged from north to south. The major population centres within the Shire include:

- Dungog
- Clarence Town
- Paterson
- Gresford
- Martins Creek
- Vacy

The Australian Bureau of Statistic’s annual Estimated Residential Population for Local Government Areas reported that Dungog Shire recorded a growth rate of 0.4% and that over the previous five years had recorded an average annual growth rate of 0.7%.

Buildings and Structure

These infrastructure assets have a replacement value of \$20.6M.

What does it Cost?

The projected cost to provide the services covered by this Asset Management Plan includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$1.195 million per year (this figure excludes depreciation and is averaged over the 10 year period).

The annual projected expenditure requirements averaged over the 10 year period are as follows:-

Budget Area	Budgeted	Required	Increase Required
Operations	\$706,139	\$706,139	Nil
Maintenance	\$209,741	\$262,176	\$52,435 (25%)
Capital	\$99,731	\$226,395	\$126,664 (127%)

It should be noted that Council had budgeted for three (3) major capital projects in 2014/2015 and 2015/2016 being:

- Council Administration Building \$100,000
- Clarence Town Holiday Park Cabins \$240,000
- New Toilet Block at Dungog \$150,000

These were not subsequently funded and have been delayed. However, even with these projects, the estimated annual operations, maintenance and capital renewal funding is \$1,015,611 per year giving a 10 year funding shortfall of \$179,099 per year and a 10 year sustainability indicator of 0.85. This indicates that Council has only allocated 85% of the projected expenditures needed to provide the services documented in the asset management plan.

It can also be seen that significant increases in funding is required to retain the building assets in their current condition and to undertake capital works as they become required . If the funding shortfall is not addressed, this will lead to a reduced level of service and further deterioration of the building network across the Shire.

One of the primary purposes of this building asset management plan is to identify levels of service that the community needs and can afford and develop the necessary long term financial plans to provide the service in a sustainable manner. This will dictate that Council needs to take a long term view of existing assets and the overall service provided.

What we will do

Council plans to provide building services for the following:

- Operation, maintenance, renewal and upgrade of Building Assets to meet service levels set by council in annual budgets.
- Explore all avenues for grants and subsidies to increase expenditure on the Building Assets
- Review Capital Works Programmes annually and prioritise works accordingly;
- Ensure new works receive renewal and maintenance at required intervals to ensure projected useful lives of the asset are achieved;
- Improve the underlying information with an annual review of service level trends.

What we cannot do

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

- Provision of all the additional buildings and structures to support the services desired by the community
- Funding of the Capital Works Programme identified in Appendix C without a significant increase in Capital Revenue.

Managing the Risks

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

- Controlling the deterioration of buildings due to lack of renewal funding.
- Rising costs of managing infrastructure
- Meeting Community expectations for services
- Providing the most appropriate and affordable infrastructure for the community

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

- Manage the existing infrastructure
- Manage the expansion of building infrastructure based on the priorities established in the Community Plan
- Expand infrastructure in a financially responsible manner and as funded in Council's Long Term Financial Plan.
- Seek additional funding in the form of grants wherever possible.
- Review the utilisation of building to determine whether low function low utilisation buildings warrant capital investment in future renewal.
- Annual review and update of service level and risk projections as data improves. This review will inform the annual budget process.

The Next Steps

The actions resulting from this asset management plan are:

- Continue to improve asset information and knowledge.
- Continue to develop the 10 year forward programme of building maintenance and renewal activities necessary to achieve a satisfactory level of service.
- Develop a single corporate asset register for financial and reporting purposes
- Monitor the provision of building infrastructure alongside the community expectations for community facilities.

Questions you may have

What is this plan about?

This asset management plan covers the Building Assets that serve the Dungog Shire Community's building needs. These assets include Corporate and Community Buildings throughout the Council area to enable the Council to function in an efficient and effective manner.

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 asset management 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 buildings and structures network was constructed from government grants often provided and accepted without consideration of ongoing operations, maintenance and replacement needs.

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

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,
2. Improving our efficiency in operating, maintaining, replacing existing and constructing new assets to optimise life cycle costs,
3. Identifying and managing risks associated with providing services from infrastructure,
4. Making trade-offs between service levels and costs to ensure that the community receives the best return from infrastructure,
5. Identifying assets surplus to needs for disposal to make saving in future operations and maintenance costs
6. Consulting with the community to ensure that building services and costs meet community needs and are affordable,
7. Developing partnership with other bodies, where available to provide services;
8. Seeking additional funding from governments and other bodies to better reflect a 'whole of government' funding approach to infrastructure services.

What happens if we don't manage the shortfall?

It is likely that council will have to reduce service levels in some areas, unless new sources of revenue are found. For buildings, the service level reduction may include a reduction in maintenance and operating costs and an inability to renew existing buildings in line with renewal programmes. One option is to review the sustainability of buildings that are in poor condition and have poor levels of use to provide a higher overall service level with less buildings.

What can we do?

Council can develop options and priorities for future buildings services with costs of providing the services, consult with the community to plan future services to match the community services needs with ability to pay for services and maximise benefit to the community for costs to the community.

What can you do?

Council will be pleased to consider your thoughts on the issues raised in this asset management plan and suggestions on how Council may change or reduce its building services mix to ensure that the appropriate level of service can be provided to the community within available funding.

2. INTRODUCTION

2.1 Background

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

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

- Dungog Shire Council Operational Plan
- Dungog Shire Council Delivery Program
- Dungog Shire Community Strategic Plan

This infrastructure assets covered by this asset management plan are shown in Table 1.

Table 1: Assets covered by this Plan

Asset Sub-Category	Asset Replacement Cost (*Calculated from asset register)	Depreciated Replacement Cost *
Administration	\$2,693,463	\$581,239
Community Services and Education	\$3,334,529	\$1,369,227
Economic Affairs	\$856,954	\$419,463
Housing and Community Amenities	\$816,200	\$132,024
Public Order and Safety	\$2,397,376	\$1,308,746
Recreation and Culture	\$10,530,958	\$2,222,566
TOTAL	\$20,629,480	\$6,033,265

* Calculations are based on the last revaluation of the assets

2.2 Goals and Objectives of Asset Management

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

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

- Taking a life cycle approach,
- Developing cost-effective management strategies for the long term,
- Providing a defined level of service and monitoring performance,
- Understanding and meeting the demands of growth through demand management and infrastructure investment,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices.¹

The goal of this asset management plan is to:

- Document the services/service levels to be provided and the costs of providing the service,
- Communicate the consequences for service levels and risk, where desired funding is not available, and
- Provide information to assist decision makers in trading off service levels, costs and risks to provide services in a financially sustainable manner.

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

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

Council’s theme is:

"A vibrant, united community, with a sustainable economy. An area where rural character, community safety, and lifestyle are preserved."

Council’s mission is:

"To manage, enhance, and protect, the resources of the Shire, in consultation with the community."

Relevant goals and objectives and how these are addressed in this asset management plan are shown in Table 2.

Table 2: Organisation Goals and how these are addressed in this Plan

STRATEGY	PROGRAM / ACTIVITY	HOW THE ACTIONS ARE BEING ADDRESSED IN THIS AMP
5. Ensure that community assets and facilities and public infrastructure are maintained and improved to a reasonable standard.	5.1.3 Review of Plans of Management for Community Facilities	This document will form part of the review of the Plans of Management for Community Facilities
	5.2.1 Maintain facilities and assets within budgetary limitations.	Infrastructure is provided to support services. Getting the correct infrastructure appropriate to the needs of the community is a primary goal of Asset Management. As Council has limited resources, the Asset Management Planning process sets the priorities and allocations of these resources in line with community expectations in the Community Strategic Plan.
	5.3.1 Continue to explore opportunities to submit grant applications for facility upgrades	The AMP will be utilised as the basis for future funding requirements and grant applications

2.3 Plan Framework

Key elements of the plan are

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

2.4 Core and Advanced Asset Management

This asset management plan is prepared as a first cut ‘core’ asset management plan in accordance with the International Infrastructure Management Manual². It is prepared to meet minimum legislative and organisational

² IPWEA, 2006.

requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

2.5 Community Consultation

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

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

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

3.2 Legislative Requirements

Council has to meet many legislative requirements including Australian and State legislation and State regulations. Relevant legislation is shown in Table 3.

Table 3: Legislative Requirements

Legislation	Requirement
Local Government Act 1993 and Local Government Amendment (Planning and Reporting) Act 2009 (the Act).	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery. The amendments to the Act give effect to the Integrated Planning and Reporting framework.
Building Code of Australia (or BCA)	The Building Code of Australia is the edition, current at the relevant time, of the Building Code of Australia (including the Queensland Appendix) published by the body known as the Australian Building Codes Board.
Australian Standards & Codes of Practice	Referenced in the Building Code of Australia. Governs a vast range of building construction and management.
Work Health & Safety Act & Regulations	Sets out roles and responsibilities to secure the health, safety and welfare of persons at work. Council is to provide a safe working environment and supply equipment to ensure safety.
Disability Discrimination Act and other relevant disability legislation.	Sets out the responsibilities to all in regards to discrimination. This Act makes it unlawful to discriminate against people because of their disability.
Environmental Protection Act and Local Environment Plans	Sets out the zoning of lands within the council area and what development is permissible on the land. Regulations regarding noise, sustainability, etc
Dividing Fences Act	Local Government exempt from 50/50 contribution for dividing fences abutting public open space.
Section 94 Plans	Provides information on contributions for developments that will require or increase the demand for public facilities in the area such as open space, community facilities and recreation facilities.
Crown land (Reserves) Act (1989):	Regulates what can be done on Crown land

3.3 Current Levels of Service

Council has defined service levels in two terms.

Community Levels of Service relate to the service outcomes that the community wants in terms of safety, quality, quantity, reliability, responsiveness, cost effectiveness and legislative compliance.

- Quality How good is the service?
- Function Does it meet users' needs?
- Capacity or Utilisation Is the asset substantially over or under capacity.
- Safety Is the service safe? This is managed by the risk management plan and the governance process that reports any high residual risks to the audit committee and Council.

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

Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services such as opening hours, cleansing frequency, etc.
- Maintenance – the activities necessary to retain an assets as near as practicable to its original condition (e.g. building and structure repairs),
- Renewal – the activities that return the service capability of an asset up to that which it had originally (e.g. building component replacement),
- Upgrade – the activities to provide an higher level of service (e.g. replacing a kitchen with a larger size) or a new service that did not exist previously (e.g. a new library).
- Quality or Condition of finishes
- Function such as standard and range of facilities and amenities in the building
- Capacity and utilisation. How effectively is the building being used.

Table 4: Current Service Levels

COMMUNITY LEVELS OF SERVICE				
Key Performance Measure	Customer Level of Service	Performance Measure	Performance Target	Current Performance
Quality	Well maintained and clean At a quality or standard suitable for their purpose	Customer surveys Customer requests % of buildings by value that have poor or very poor condition or finish quality	To be provided from the Resident Survey Most buildings satisfactory % poor / very poor	Requests received should not increase annually Maintain current standard % poor / very poor
Function	Facility is fit for purpose and accessible.	Customer surveys Customer requests	To be provided from the Resident Survey Requests received should not increase annually	Not measured at this time Not increasing
Safety	Facilities are safe and free from hazards	Incident Reports Customer Service Requests	<5 per year <5 per year related to safety	Achieved Achieved

TECHNICAL LEVELS OF SERVICE				
Key Performance Measure	Customer Level of Service	Performance Measure	Performance Target	Current Performance
Condition	All buildings will be in good condition for their purpose	Building condition inspections	100% of buildings have a condition audit undertaken as scheduled	Building condition audit undertaken in June/July 2014
Serviceability	All buildings will be serviced within appropriate timeframes to ensure maximisation of asset life	Percentage of buildings maintained in accordance with the maintenance plan	90% of activities completed within set timeframes	Not measured at this time
Cost / Affordability	Ensure number of facilities meets agreed service level	Facilities meet agreed utilisation rates	Has not been fully assessed at this time	Not assessed at this time
	Ensure maintenance works and services provide value for money	% of maintenance works achieved within budget	90% of activities are undertaken within budgetary restraints	Achieved
Safety	Ensure all customers, staff and contractors have personal safety	Compliance inspections for fire services	95% inspections undertaken within approved timeframes	Achieved
		Safety audit of facility	Defects repaired within approved timeframes and budgetary restraints	Not currently measured

3.4 Desired Levels of Service

At present, indications of desired levels of service are obtained from various sources including residents' feedback to Councillors and staff, service requests and correspondence. There will be an ongoing challenge for Council to review levels of service and budget allocations in attempting to more closely match these with community expectations.

4. FUTURE DEMAND

4.1 Demand Forecast

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

Demand factor trends and impacts on service delivery are summarised in Table 5.

Table 5: Demand Factors, Projections and Impact on Services

Demand factor	Present position	Projection	Impact on services
Population	8,975 (2016)	9830 (2029) ³	Increased Assets and demand on existing assets will have a follow on impact on maintenance and renewal costs.
Building Costs	The cost to construct, maintain and renew infrastructure is increasing at a rate greater than council's revenue	Costs anticipated to increase	Increasing building costs will impact on the future management of buildings and level of service able to be provided.
Regulation	Current regulations	Regulations relating to buildings increasing e.g. accessibility	Will add further to the cost of providing, operating, maintaining and renewing buildings
Demographics	High percentage of older persons residing within the shire.	Anticipated to continue to rise due to fewer job opportunities and lack of higher education facilities	Increasingly difficult to maintaining the current level of service
Climate Change	Higher frequency of extreme weather events	Unknown, but changes likely.	Addition costs may be imposed to fund environmental initiatives

4.2 Changes in Technology

Technology changes forecast to affect the delivery of services covered by this plan are detailed in Table 6.

Table 6: Changes in Technology and Forecast effect on Service Delivery

Technology Change	Effect on Service Delivery
Change in building construction methods and the materials used	May increase the life of building components, reducing the susceptibility to damage, or by reducing the cost of construction or maintenance. E.g. improved graffiti removal methods

³ Projection based on 0.7% average annual growth rate provided by the Australian Bureau of Statistic's annual Estimated Residential Population for Local Government Areas

4.3 Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management.

The objective of demand management is to actively seek to modify customer demands for services in order to:

- optimise the utilisation and performance of existing assets;
- reduce or defer the need for new assets;
- meet the organisations strategic objectives;
- deliver a more sustainable service;
- respond to customer needs.

It is vital to the success of the Asset Management Plan that demand factors be analysed comprehensively and their impact quantified in terms of the following:

- the effect of the growth of the asset network;
- any possible future need to increase or decrease infrastructure;
- the implementation of non-asset solutions, such as managing demand.

In addition to the factors mentioned above, risk affects demand for services and consequently the following must be taken into account:

- the methodology and accuracy of forecasts;
- the uncertainty of forecasts
- any unforeseen natural factors

Opportunities identified to date for demand management are shown in Table 7. Further opportunities will be developed in future revisions of this asset management plan.

Table 7: Demand Management Plan Summary

Service Activity	Demand Management Plan
Communicate options and capacity to fund building infrastructure with the community	Monitor community expectations and communicate service levels and financial capacity with the community to balance priorities for infrastructure with what the community is prepared/able to pay for
Funding priority building works	Continue to seek grant funding for projects identified in the Community Plan and Asset Management Plans

4.4 New Assets for Growth

The new assets required to meet growth will be acquired from land developments or constructed by Council. Acquisition of these new assets will commit Council to funding for ongoing operational costs for the period of service provided by the asset.

5. RISK MANAGEMENT

5.1 Risk Management Plan

An assessment of risks associated with service delivery from infrastructure assets has identified critical risks to Council. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as Extreme, requiring immediate corrective action and High, requiring prioritised corrective action identified in the infrastructure risk management plan are summarised in Table 8.

Table 8: Risk Identification and Treatment Plan

Risk Details	Likelihood	Consequence	Risk Rating	Risk Treatment Plan
Ongoing deterioration of building assets	Likely	High	High	<ul style="list-style-type: none"> Regular condition inspections Annual allocation of sufficient funding and resources
Significant asset loss from disaster	Unlikely	Extreme	High	<ul style="list-style-type: none"> Sufficient insurance coverage Preparation of business continuity plan
Building in poor condition causes injury to staff or community member	Possible	Medium	Medium	<ul style="list-style-type: none"> Prioritise capital and maintenance works Resources requested for building inspections and maintenance
Inadequate values used for insurance purposes	Possible	Extreme	High	<ul style="list-style-type: none"> Ongoing professional evaluations
Building non compliant with new legislation or regulations	Likely	Low	Medium	<ul style="list-style-type: none"> Non compliant work to be given priority Undertake regular inspection and maintenance regimes
Inconsistent and unsatisfactory management of user groups	Likely	Medium	High	<ul style="list-style-type: none"> Develop property procedure that applies equally to all user groups Ensure all user groups sign and agree to relevant tenancy arrangements
Heritage Buildings not adequately protected / funded	Possible	High	High	<ul style="list-style-type: none"> Actively seek funding for heritage projects Seek advice when performing significant works on heritage buildings

6. LIFECYCLE MANAGEMENT PLAN

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

6.1 Background Data

6.1.1 Physical parameters

The assets covered by this asset management plan are shown in Table 9.

Table 9: Building Categories and Quantities

Asset Classification	Quantity
Council Offices	1
Council Works Depot	7
Alison Court	20
Caravan Park Buildings and Cabins	6
Community Centres	3
Emergency Services	3
Fire Protection	13
Housing / Real Estate	1
Museums (Historical Significance)	6
Public Halls	6
Public Libraries	1
Public Pool Buildings	4
Public Toilets	20
Sale Yards Buildings	3
Sports Ground Buildings	30
Visitor Information Centres	1
Waste Management	1
Additional Storage	4
TOTAL	130

Dungog Shire Council’s building assets are valued at an estimated replacement cost of approximately \$20,629,480. Council captures the majority of building information into a building facility database. A brief inspection of all buildings has been carried out which has enabled meaningful information to be produced, better enabling Council to manage its building assets in accordance with specific standards and levels of service. Specific parameters are not documented for all of the building (e.g age & size). These limitations will be addressed as part of the building asset management improvement program. Figure 1 below illustrates the value of the building infrastructure by category:-

The age profile of the assets include in this AM Plan is shown in Figure 1 and the approximate Age Profile is shown in Figure 2:-

Figure 1: Building Category Percentage by Value

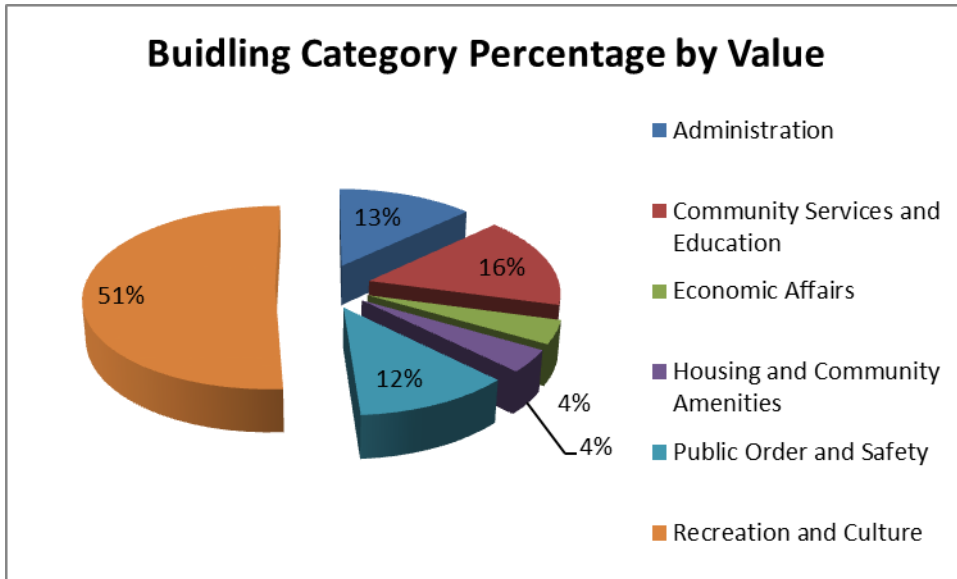
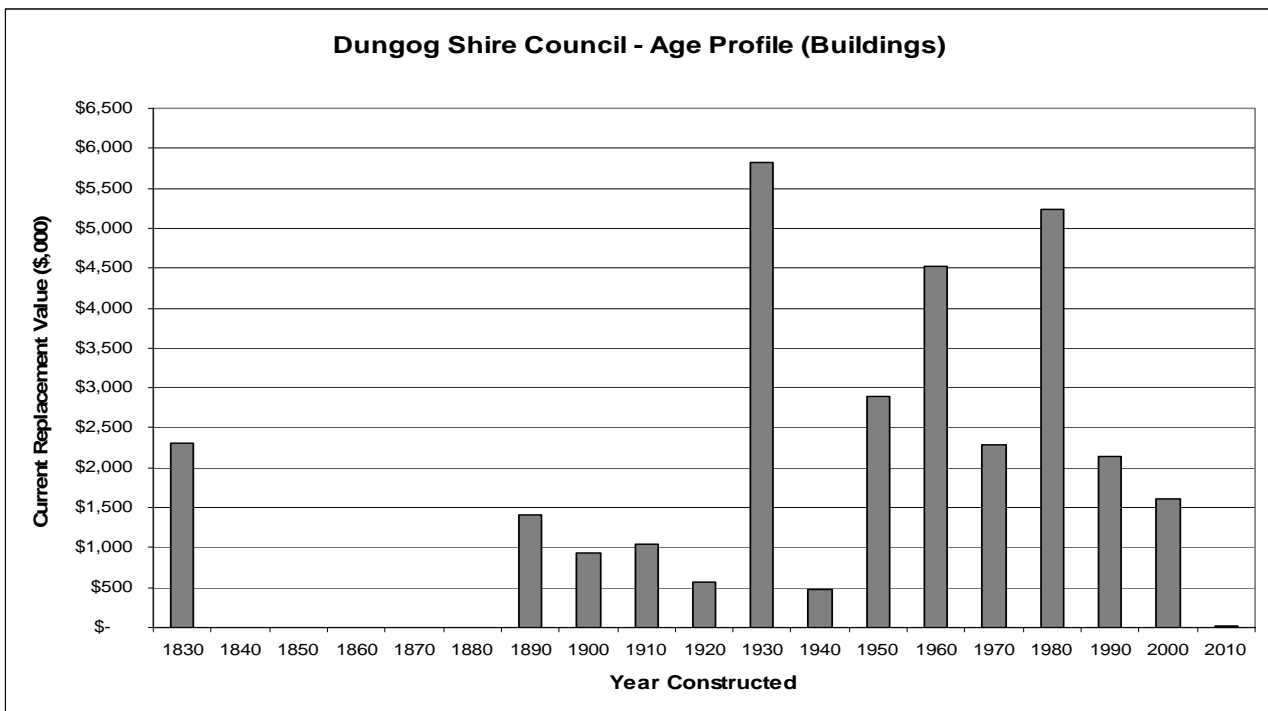


Figure 2: Asset Age Profile



Currently the financial system does not readily enable the identification of individual operation, maintenance, renewal and capital costs for a particular asset. It is therefore difficult to track trends in the various costs for each building or building group. The system does however provide details on the combined operational and maintenance expenditures for an asset group. These details have been extracted and analysed to allow identification of the different expenditure classes.

6.1.2 Work Category Definitions

Operations: Operational activities keep the asset utilised but have little to no effect on condition. Typical operational activities include:

- Cleaning
- Pest control
- Utility costs
- Security services
- Rates & Charges
- Insurance

Maintenance: Maintenance activities are those routine works which keep assets operating to the required service levels. They fall broadly into two categories:

- Planned Maintenance (Proactive) - Inspection and maintenance works planned to prevent asset failure; and
- Unplanned Maintenance (Reactive) - Reactive action to correct asset faults and failures on an as required basis (ie emergency repairs).

Maintenance expenditure trends are shown in Table 10:

Table 10: Maintenance Expenditure Trends

Year	Maintenance Expenditure		
	Maintenance & Repair	Operational	Total
2015	\$185,075	\$623,095	\$808,170
2016	\$190,165	\$640,230	\$830,395
2017	\$195,395	\$657,835	\$853,230
2018	\$200,770	\$675,925	\$876,695

Maintenance is funded from Council's operating budget and grants where available. As can be seen from the above figure additional maintenance expenditure is required by Council over the future years to maintain the assets. This increase is predominately due to the maintenance requirements on Council's aging infrastructure and the construction of new building assets increasing the networks size and value. It is Council's aim to reduce some of the increase in required costs by increasing the percentage of planned maintenance and reducing reactive maintenance, however this may still not offset all the expected future increases.

Future revision of this asset management plan will include linking required maintenance expenditures with required service levels

6.2 Renewal/Replacement Plan

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

Renewal will be undertaken using 'low cost' renewal methods where practical. The aim of 'low cost' renewals is to restore the service potential or future economic benefits of the asset by renewing the assets at a less cost than actual replacement costs. Typical building renewal works include the replacement of existing:-

- Heating and cooling systems
- Roofs, downpipes and ceilings
- Electrical systems and wiring
- Floors and floor coverings
- Full building repainting works
- Plumbing system renewals
- Doors, windows, etc
- Replacement of internal walls and partitioning

6.2.1 Renewal plan

Assets requiring renewal are identified from estimates of remaining life obtained from condition surveys. A full condition audit will be undertaken for each building on a three year rolling programme to identify and cost renewal needs.

6.2.2 Renewal standards

Renewal work is carried out in accordance with relevant standards, specifications and legal requirements.

6.3 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 or level of service. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to the Council from land development.

6.3.1 Selection criteria

The strategy for Council acquiring new building assets or undertaking significant refurbishment is to firstly complete a project proposal and business case which addresses issues such as:-

- Relevance to corporate goals
- Community need
- Anticipated benefits
- Environmental impacts
- Risk identification and treatment
- Total lifecycle costs
- Impact on existing services
- Forecast usage rates
- Value for money

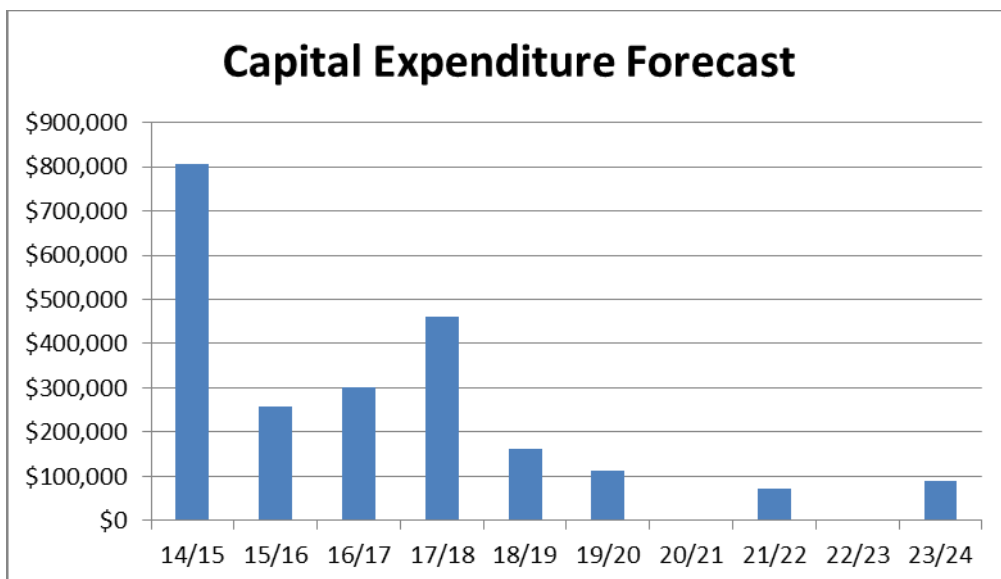
6.3.2 Standards and specifications

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

6.3.3 Summary of projected renewals/upgrade/new assets expenditure

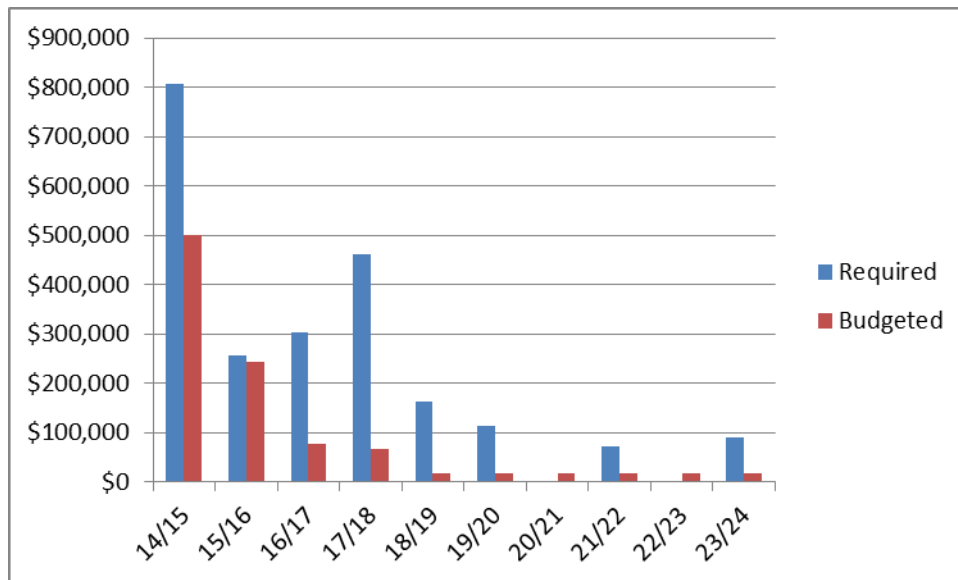
Projected upgrade/new asset expenditure requirements are summarised in Figure 3. The projected upgrade/new capital works program is shown in Appendix A. Council has taken out a \$1 Million loan borrowing to fund more critical infrastructure renewal and maintenance works which are also shown in Appendix A.

Figure 3: Capital Expenditure Forecast



For the four years commencing 2014/2015, the forecast Capital Expenditure Requirements versus budget is shown in Figure 4:-

Figure 4: Capital Expenditure Forecast



New assets and services are to be funded from capital works program, S94 Plans and grants where available.

6.4 Asset Disposal

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Presently there are no building assets identified for decommissioning or disposal within this plan.

6.5 Asset Condition

Buildings have a vast range of factors that influence their usability. From an asset management perspective the various factors fall into one of the following groups:

- Fitness for use
- Fitness for purpose

Fitness for use is a measure of a building's physical condition relative to its condition when first constructed or refurbished. This measurement takes account of the current condition of the building structure, architectural finished and services supporting the building use by the occupants. Fitness for use has been the basis of the building condition audit undertaken. When rating fitness for use, Council uses a standard scale 1 – 5, where 1= new and 5 = total deterioration. Examples of these conditions are set out below:

Table 11: Asset Condition Descriptors

Condition Rating	Description
1	Excellent condition: A near new asset with no visible signs of deterioration
2	Very good: An asset in a very good overall condition but with some early stages of deterioration evident
3	Fair: An asset in fair overall condition. Deterioration in condition would be obvious and there would be some serviceability loss
4	Poor: An asset in poor overall condition. Deterioration would be quite severe and would be starting to limit the serviceability of the asset. Maintenance costs would be high
5	Very Poor: An asset in extremely poor condition with severe serviceability problems and needing rehabilitation immediately. There would be an extreme risk in leaving the asset in service

Fitness for purpose is a measure of a buildings match to its current or intended use. It considers the minimum feature set required and additional features desirable to enhance the usability of a building asset. Fitness for purpose is tied to the use of a building asset rather than the asset itself and takes account of changing requirements for different features over time. In terms of fitness for purpose, a building initially fit for its intended purpose may cease to be so as standards and expectations change.

6.6 Asset Valuations

The value of assets recorded in Council’s asset register covered by this asset management plan is shown below.

Current Replacement Cost	\$20,629,480
Depreciable Amount	\$20,629,480
Depreciated Replacement Cost	\$6,033,265
Annual Depreciation Expense	\$357,982

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

Asset Consumption (Depreciation/Depreciable Amount)	1.70%
Asset Renewal/Upgrade (Capital upgrade and renewal expenditure/Depreciable amount)	0.48% 10 Year average

Council is currently renewing assets at 48% of the rate they are being consumed. This includes a major increase in expenditure on building assets for the next 4 years due to a recent audit showing a major backlog of works and the need for significant renewal works.

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

6.7 Useful Life

Useful life is used to determine the current value of the asset. Lifecycles have been based on the IPWEA’s “International Infrastructure Manual”.

7. FINANCIAL SUMMARY

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

7.1 Financial Statements and Projections

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

Figure 5: Operations & Maintenance Expenditure Forecast

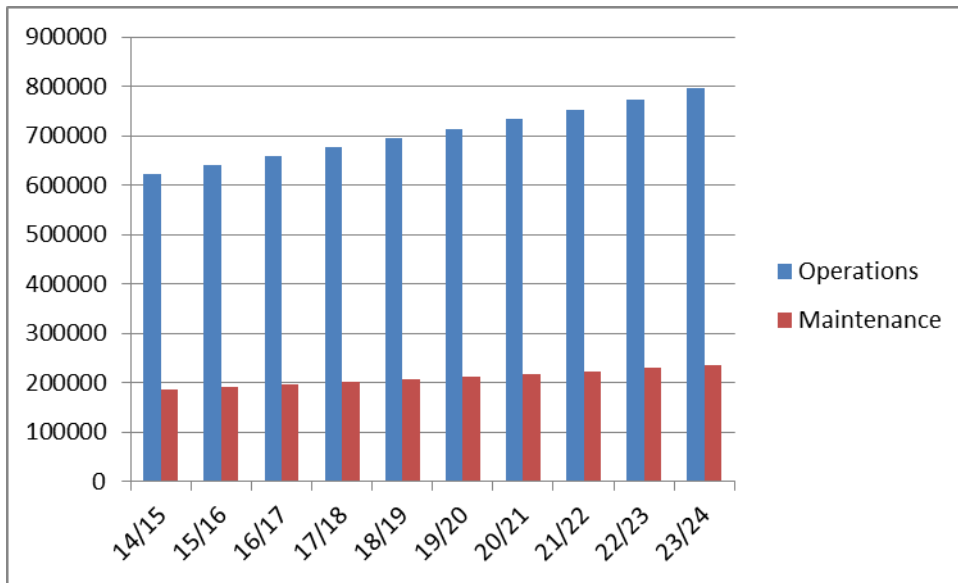


Figure 6: Operations - Budgeted versus Required Expenditure

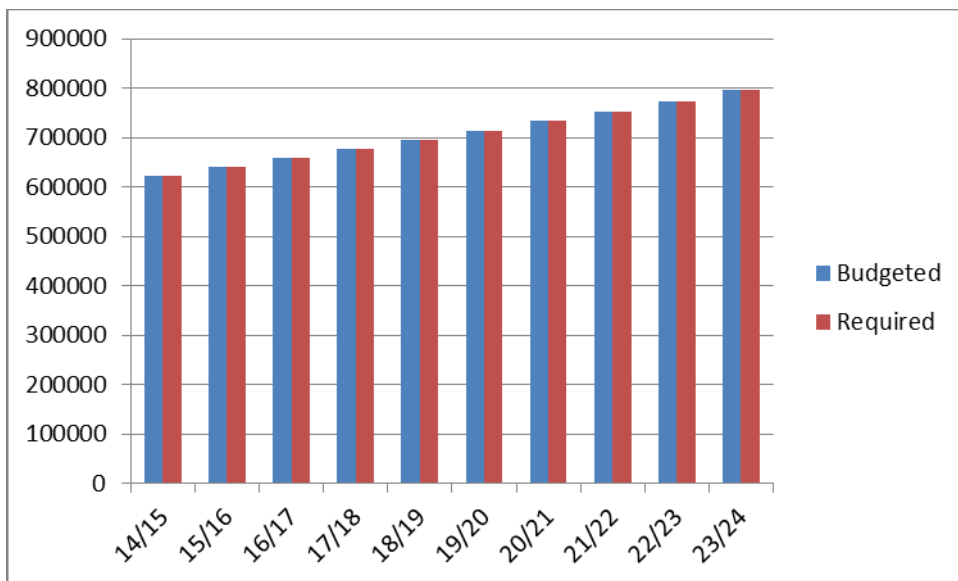


Figure 7: Maintenance - Budgeted versus Required Expenditure

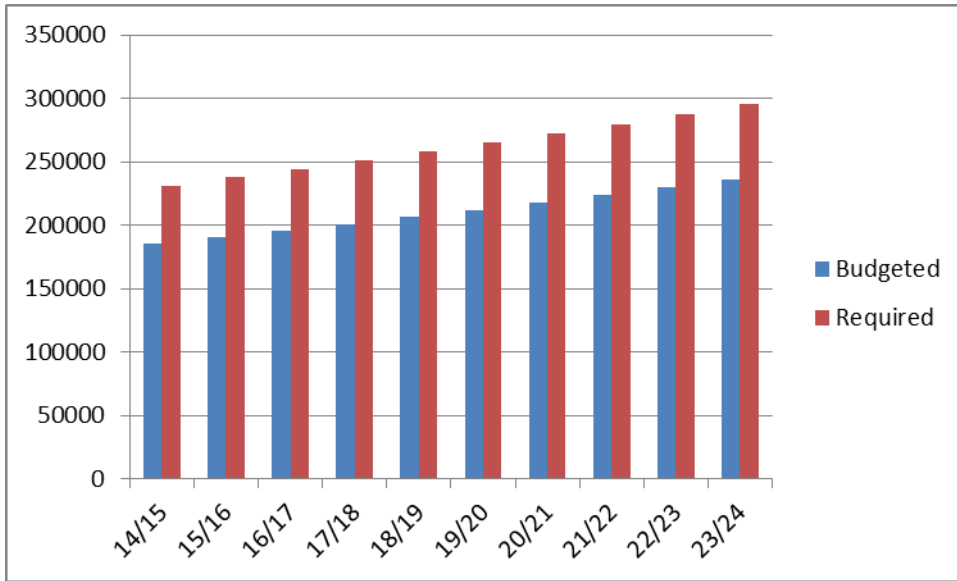
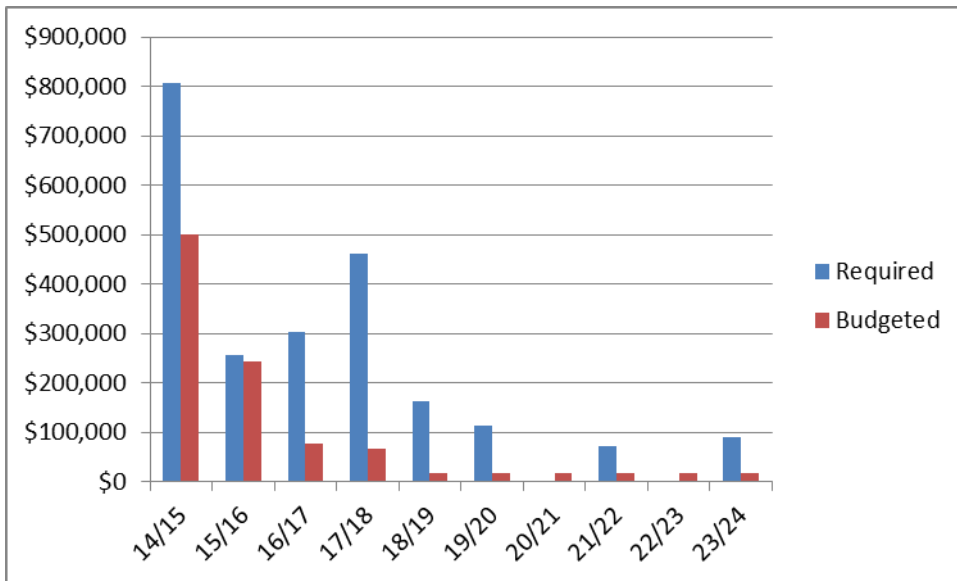


Figure 8: Capital Expenditure Forecast



Council can expect the total financial expenditure required for building infrastructure to increase over the duration of the planning period due to the backlog of works on ageing infrastructure. The implication for Council of the projected required expenditures is that long term financial plans will have to accommodate the required increase in overall expense if these assets are to be adequately serviced and maintained.

7.1.1 Financial sustainability in service delivery

There are two key indicators for financial sustainability that have been considered in the analysis of the services provided by this asset category, these being long term life cycle costs and medium term life cycle costs over the 10 year planning period.

Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operations and maintenance expenditure, asset consumption (depreciation expense) and capital works. The annual average life cycle cost for the services covered in this asset management plan is \$1,552,692 per year.

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operations, maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The average annual life cycle expenditure at the start of the plan is \$1,015,611.

A gap between life cycle costs and life cycle expenditure gives an indication as to whether present consumers are paying their share of the assets they are consuming each year. The purpose of this building asset management plan is to identify levels of service that the community needs and can afford and develop the necessary long term financial plans to provide the service in a sustainable manner.

The life cycle gap for services covered by this asset management plan is \$537,081 per annum. The Life cycle sustainability index is 0.65.

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

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

Medium term – 10 year financial planning period

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

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

The annual projected expenditure requirements averaged over the 10 year period are as follows:-

Budget Area	Budgeted	Required	Increase Required
Operations	\$706,139	\$706,139	Nil
Maintenance	\$209,741	\$262,176	\$52,435 (25%)
Capital	\$99,731	\$226,395	\$126,664 (127%)

The average operations, maintenance and capital renewal expenditure (excluding depreciation) required over the 10 year planning period is \$1,194,710 per year.

Estimated annual (budget) operations, maintenance and capital renewal funding is \$1,015,611 per year giving a 10 year funding shortfall of \$179,099 per year and a 10 year sustainability indicator of 0.85. This indicates that Council has 85% of the projected expenditures needed to provide the services documented in the asset management plan.

It should be noted that this figure is inflated somewhat by 3 major Capital works (which have been delayed due to lack of funding) being:

- Council Administration Building \$100,000
- Clarence Town Holiday Park Cabins \$240,000
- New Toilet Block at Dungog \$150,000

Removing these projects reduces the sustainability indicator to 0.81.

7.2 Funding Strategy

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

7.3 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.

7.4 Key Assumptions made in Financial Forecasts

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

Key assumptions made in this asset management plan are:

- That Building assets will remain in Council's ownership throughout the planning period and that levels of service remain unchanged;
- Required maintenance is assumed to take place in accordance with relevant codes and standards.
- Natural disasters (such as flood), vandalism and other unplanned events are not considered in the asset lifecycles.
- That Building assets will be replaced at the end of their useful life;
- Building assets are assumed to reach their allocated design lives even though degradation will vary according to location, prevailing weather and usage.
- All upgrade and renewal expenditure is stated in 2012 dollar values;
- Information within the buildings register is based on current knowledge only;
- Maintenance and operations allocations are largely based on maintaining current service levels, expenditure is stated in 2012 dollar values;
- The depreciation has been calculated on a straight-line basis

Accuracy of future financial forecasts may be improved in future revisions of this asset management plan by the following actions.

- Full Implementation of a single Asset Register
- Maintaining the Asset Register
- Reviewing useful lives for assets in conjunction with developing suitable hierarchies within the asset categories.
- Higher detail and definition in relation to the current expenditures by type e.g. operating, maintenance, renewal, upgrade/new

8. ASSET MANAGEMENT PRACTICES

8.1 Accounting/Financial Systems

8.1.1 Accounting and financial systems

The financial system used by Dungog Shire Council is Civica Authority 6.5

This system is managed by Council Finance Department. A financial report is produced annually

8.1.2 Accountabilities for financial systems

The Executive Manager Corporate Services is responsible for the operation and maintenance of the Financial Reporting Systems.

8.1.3 Accounting standards and regulations

Council currently complies with the following standards and regulations with respect to asset accounting:

- The Australian equivalents to international Financial Reporting Standards
- The Local Government Code of Accounting and Financial Reporting
- The Local Government Act 1993 – as amended for the Integrated Planning and Reporting Framework
- AASB116 Property, Plant and Equipment
- AAS 27 Financial Reporting by Local Governments
- Dungog Shire Council Accounting Policy

8.1.4 Capital/maintenance threshold

Refer Dungog Shire Council Accounting Policy

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

All asset registers currently in XL will be migrated to e-lifecycle

8.2 Asset Management Systems

8.2.1 Asset management system

Dungog Shire Council have data inventory in MapInfo Geographic Information System (GIS) and Microsoft Excel spreadsheets. The asset management systems are not integrated with Council's Finance System. Improvements in this area would require substantial changes to the use and level of investment of Authority within Council.

8.2.2 Asset registers

All asset registers currently in Microsoft Excel

8.2.3 Linkage from asset management to financial system

Quarterly update of capital transactions from asset management to financial system to keep excel asset register up to date for: condition, remaining life, useful life, values. Synchronisation of financial system and excel asset register when a revaluation occurs.

8.2.4 Accountabilities for asset management system and data

The Executive Manager Infrastructure and Assets is responsible for the operation and maintenance of the Asset Registers.

The Executive Manager Corporate Services is responsible for the operation and maintenance of the Geographic Information System.

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

Implementation of a new asset register and update of asset register as per table 20 in section 8.2.

8.3 Information Flow Requirements and Processes

The key information flows *into* this asset management plan are:

- Council strategic and operational plans,
- Service requests from the community,
- Assets information,
- The unit rates for categories of work/materials,
- Current levels of service, expenditures, service deficiencies and service risks,
- Projections of various factors affecting future demand for services and new assets acquired by Council,
- Future capital works programs,
- Financial asset values.

The key information flows from this asset management plan are:

- The projected Works Program and trends,
- The resulting budget, depreciation and long term financial plan expenditure projections,
- Financial sustainability indicators.

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

8.4 Standards and Guidelines

Development of this plan is in accordance with:

- The International Infrastructure Management Manual (IIMM)
- Australian Infrastructure Financial Management Guidelines
- Dungog Shire Council Asset Management Policy
- Dungog Shire Asset Management Resourcing Strategy

9. PLAN IMPROVEMENT AND MONITORING

9.1 Performance Measures

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

- The degree to which the required cashflows identified in this asset management plan are incorporated into the organisation's long term financial plan and Community/Strategic Planning processes and documents,
- The degree to which 1-10 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the asset management plan;

9.2 Improvement Plan

The asset management improvement plan generated from this asset management plan is shown in Table 12.

Table 12: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Continue the development of the corporate asset register, in which financial calculations including calculation of annual depreciation are undertaken by council.	Assets and Corporate	Staff Time	Ongoing
2	Develop the forward capital renewal programme and develop strategy for acquiring condition data for use in condition reporting	Assets and Corporate	Staff Time	June 2019
3	Continue to Improve project cost accounting to record costs against the asset component and develop valuation unit rates	Assets and Corporate	Staff Time	June 2019
4	Review and update the service level in section 3.3 to enable annual state of the assets reporting on condition, function and utilisation	Assets	Staff Time	Dec 2019
5	Review methodology for determining remaining life, with detail assessment for assets requiring renewal in the medium term (next 10-20 years)	Assets and Corporate	Staff Time	Dec 2019
6	Continue to review the procedures for maintaining the Asset and Financial Registers	Assets and Corporate	Staff Time	June 2020
7	Review the utilisation of building to determine whether low function low utilisation buildings warrant capital investment in future renewal. This may involve additional future community consultation.	Assets, Corporate and Council	Staff Time	June 2020

9.3 Monitoring and Review Procedures

This asset management plan will be reviewed during annual budget preparation and amended to recognise any material changes in service levels and/or resources available to provide those services as a result of the budget decision process.

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

REFERENCES

Dungog Shire Council Annual Report 2010/11

Dungog Shire Council Management Plan 2011/14

DVC, 2006, *Asset Investment Guidelines*, Glossary, Department for Victorian Communities, Local Government Victoria, Melbourne, <http://www.dpcd.vic.gov.au/localgovernment/publications-and-research/asset-management-and-financial>.

IPWEA, 2006, *International Infrastructure Management Manual*, Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au.

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

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

IPWEA, 2011, *Asset Management for Small, Rural or Remote Communities* Practice Note, Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/AM4SRRC.

APPENDICES

Appendix A	Capital Works Programme	25
Appendix B	Abbreviations	35
Appendix C	Glossary	36

Appendix A Capital Works Programme

Buildings Maintenance and Improvement Program											
Building	Work Required	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
Dungog Showground											
Grandstand	Install flashings to skillion roof						500				
	Paint roof trusses to grandstand									10000	
	Replace high level guttering to front									2000	
	Paint rendered brickwork									5000	
Secretary office											
	Repair stumps to rear deck						1500				
	Paint external building						7000				
	Replace skillion roof over deck									3500	
Old Lions Bar											
	Replace iron roof						7000				
	Replace skillion roof and structure						6000				
	Paint external building						2500				
	Repair and paint ceiling						2000				
Pony Club shelter											
	Treat surface rust on knee braces						2000				
Animal nursery											
	Replace structure						50000				
Caretakers cottage											
	Consider demolition						15000				
Poultry pavilion											
	Replace structure						30000				
Horse stall											
	Repair broken roof timbers to rear						1000				
	Replace roof and wall sheeting						15000				
Mary street toilets											
	Replace roof sheets						3500				
	Grind trip hazzards in floor						500				
	Paint fascia, rafters and doors						2000				
	Repair cracks in brickwork						400				
Announcers box											
	Paint external building						3000				
	Repair termite damaged floor joists						1000				
	Replace roof sheets									3500	
	Paint inside									1500	

Pavilion	Replace rotten timber window									1000	
	Replace front skillion roof									10000	
	Repair termite damaged timbers									5000	
	Replace some external wall sheets									6000	
Toilets near Girl guides	replace rear door and 1 internal lock							600			
	Paint external building							1500			
Apex bar	Paint fascia board, paint and repair ceiling							1000			
Dungog Buildings											
SES	Paint front deck							500			
Council depot	Replace fuel tanks – Bowsers replaced – fuel system installed	200000									
	Replace emulsion tank – Upgrades complete		80000								
	Replace clear height light sheets in workshop - Complete		3000								
	Install concrete apron at workshop entrance							30000			
	Bitumen seal around workshop							200000			
	Replace timber hand rail to top deck - Complete	3000									
	Install stairs top deck for public access to engineers							3000			
	Construct car park spaces at front for public access - Complete		2000								
	Install lining and paint to mechanic office							2500			
	Install transportable building for storeman							15000			
	Paint external top floor and fascia board - Complete					4000					
	Replace top floor timber cladding and parapet - Complete					6000					
	Replace storage containers with shed						25000				
	Construct carport cover for plant at rear						40000				
	Replace carpet tiles to crib and locker rooms							2000			
	Repair wall sheets - Complete					2000					

Council chambers	Paint external building					10000					
	Paint internal building - Complete	15000									
	Replace carpet					25000					
	Upgrade sanitary facilities						20000				
	Replace roof sheets - Complete	40000									
Public toilet Brown Street	Future use to be evaluated										
ACF shed	Reseal front access						20000				
Dungog Swimming pool	Replace roof sheets		35000								
	Replace translucent roof sheets over outside cover - Complete		5000								
	Replace damaged fascia board, paint external - Complete		8000								
	Replace timber windows and pump doors - Complete		6000								
	Enclose/Relocate switchboard - Complete		2000								
	Cut down pipes (trip) in concrete - Complete	1000									
	Fix broken tiles at waterline in pool - Complete	1500									
	Repair concrete pool surrounds						20000				
Alison Court	Paint carport Dowling Street entrance						1000				
	Replace numerous barge boards and paint - Complete	15000									
	Paint external - Complete	15000									
	Replace fire hose reel cabinets - Complete	2500									
	Replace damaged sub floor doors - Complete	1000									
	Refurb 4 internal units carpet, paint, kitchen, bath, laundry - Complete		72000								
	Refurb 4 internal units carpet, paint, kitchen, bath, laundry - Complete			72000							
	Refurb 4 internal units carpet, paint, kitchen, bath, laundry - Complete				72000						

	Refurb 2 internal units carpet, paint, kitchen, bath, laundry - Complete									72000	
	Refurb Common Room										72000
Dins	Paint external building								7000		
Dungog Museum	Re water proof front balcony floor - Complete		1000								
	Replace rust roof screws - Complete		2000								
	Sand and reseal buckle in main room floor - Complete		1000								
Library	Point roof tiles							1000			
	Paint external building							7000			
	Replace rear timber windows							2500			
	Paint internal building									5000	
	Clean brickwork									1000	
James Theatre	Repair eaves and broken hardiplank - Complete	2000									
	Paint external building from stucco render back - Complete	10000									
VIC	Paint external(trusses)								2000		
Doug Walters Pavilion	Replace non compliant handrail and seats - Complete	10000									
	Paint external building							8000			
	Replace roof and guttering - Complete			27500							
	Paint inside up and down - Complete			6000							
	Repair edge of concrete top deck							1000			
	Reseal upstairs floor				10000						
Frank Robinson park toilets	Paint inside and out							4000			
	Replace HWS										2500
	Paint Gazebo										1000
	Replace roof sheets										4000
Lioness Park Toilets	Replace and paint external doors - Complete		1200								
	Paint roof timbers							1000			

Library Public toilets	Paint - Complete		750							
Gazebo Coronation park	Demolish and replace - Complete	23000								
Clarence town Buildings										
Caravan Park	Replace decking and handrail 4 cabins					20000				
	Replace kitchen bench tops x 4					4000				
	Repair leaking windows in cabins					1000				
	Paint inside cabins x 4					3000				
	Install ceiling to amenities								7500	
Tennis club house	New building – No works req									
Museum	Paint external building					13000				
	Repair internal water damage and paint internal – Complete	35000								
	Repair rear stairs - Complete	1000								
	Replace roof sheets					25000				
Senior citizens	Repaint inside									4000
Community centre	Paint external – Complete	13000								
	Repair guttering – Complete	1000								
	Repair sagging roof trusses – Complete	15000								
	Install kerb to replace bollards							1500		
	Paint internal – Complete			13000						
	Replace roof sheets – Complete			45000						
Soccer club	Paint internal kitchen - Complete			3500						
	Install shower in change room					5000				
	Replace roof over spectator area							6000		
SOA	Repair sagging ceiling to store room					2750				
	Replace window on south side and projection room					2750				
	Paint and repair external building - Complete	21000								
	Replace 4 sets of emergency exit doors					6000				

	Replace flooring in front entry						2000				
	Repair pressed metal ceiling behind stage						500				
	Replace decking on external landings						750				
	Paint internal										12000
Swimming pool	Re concrete shade sail posts						1000				
	Replace roof over filter room - Complete			1500							
	Replace roof over ablutions								10000		
Football club	Repair and paint kitchen ceiling – Complete	1000									
	Paint external and change rooms - Complete			2000							
	Replace roof sheets								12000		
	Improve field lighting								10000		
SOA public toilet	Replace roof sheets – Complete	3000									
	Replace light covers – Complete	500									
	Paint inside and out – Complete	1500									
Bridge reserve public toilets	Repair broken tiles - Complete	500									
	Replace broken glass blocks - Complete	1000									
	Replace sleeper stairs - Complete	2500									
	Paint inside over dark colours - Complete	1000									
Wharf reserve public toilets	Paint over dark internal colours - Complete	1500									
	Replace power pole - Complete	2000									
	Repair barge boards - Complete	500									
	Raise floor in service duct - Complete	1000									
Paterson Buildings											
Museum	Replace roof - Complete			35000							
SOA	Repair front awning fixings	700									
	Clean guttering	700									
	Repair 4 broken window panes						800				

	Adjust exit doors and replace guide to rear						1300				
	Repair disabled ramp handrail						500				
	Replace fibro shets in female toilets						400				
	Ease male toilet door						100				
	Replace stand under ac unit on kitchen roof						350				
	Repair vanity top female toilets						250				
	Repair access door under stage						100				
	Replace exit light in main hall						350				
	Paint external building									7500	
	Paint internal									12000	
	Replace internal wall vents									500	
	Sand and seal floor from stage back									7500	
Tennis club	Vermin proof eaves - Complete	2000									
	Replace 5 light poles - Complete			50000							
	Paint and repair internal ceiling - Complete			2000							
Badminton Hall / Boxing Shed	Replace iron to walls							15000			
Kings Park toilet & bbq shelters	Remove graffiti inside toilets – Complete	500									
	Paint toilet doors, frames, gables - Complete	1200									
	Clean bbq roof's and paint structures						1200				
	Replace whirly bird and fix tiles bbq						500				
Tucker park toilets	Paint inside and out - Complete	2000									
Football club	Paint inside outside - Complete	2500									
	Improve kitchen Facilities					10000					
Gresford Buildings											
Sports ground	Replace kitchen roof – Complete			5000							
	Paint external & external kitchen building - Complete			4500							
	Replace skillion roof spectators area								4000		

SOA toilets	Replace roof sheets – Complete	3500									
	Repair fascia – Complete	500									
	Paint inside and out - Complete	3000									
SOA	Install lever latches to rear stage exit doors					250					
	Install illuminated exit signs rear stage					500					
	Paint external including timber windows							8000			
	Paint internal									8000	
SOA supper hall	Paint external building						12000				
	Replace exit doors			3000							
	Paint inside									10000	
Martins Creek Buildings											
SOA	Replace barge caps toilet block - Complete	300									
	Replace 3 sets of exit doors - Complete	4500									
	Ease exit door ground floor - Complete	250									
	Check battery back up in emergency lights - Complete	250									
	Stabilise asbestos behind stage (paint) - Complete	500									
	Replace stairs north exit - Complete	2500									
	Paint external building - Complete		12000								
	Paint internal building									10000	
Tennis club	Replace guttering - Complete	600									
	Repair eave behind guttering - Complete	600									
	Repair broken electrical junction box on pole - Complete	200									
	Install RCD to internal switch board - Complete	500									
	Install master key system					500					
	Paint inside and out							3000			
	Replace 2 toilet doors							600			

Bendolba	Replace building id sign						1000				
	Paint internal building						2500				
	Paint PVC down pipes						250				
Flat Tops	Paint internal building						2500				
Vacy	Paint External Building						2500				
	Repair and paint cracked brickwork internal						2000				
	Repair cracked tiles internal						1500				
	Paint internal building										3000
Eccleston	Paint PVC down pipes and external door						1500				
	Paint internal building										3000
Martins Creek	Repair tiles in toilet						750				
	Replace rusty roof and wall screws									2000	
	Paint internal building										2500
Gresford	Paint External Building						2500				
	Replace fibreglass sheeting						1000				
	Paint internal building										3000
Clarence town	Paint and repair external building						4000				
	Repair external render						1500				
	Paint internal building									3000	
		474300	215950	139500	94000	76250	229350	302000	53600	99500	163000

Appendix B Abbreviations

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

Appendix C Glossary

Annual service cost (ASC)

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

Asset

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

Asset class

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

Asset condition assessment

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

Asset management (AM)

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

Average annual asset consumption (AAAC)*

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

Borrowings

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

Capital expenditure

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

Capital expenditure - expansion

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

Capital expenditure - new

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

Capital expenditure - renewal

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

Capital expenditure - upgrade

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

Capital funding

Funding to pay for capital expenditure.

Capital grants

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

Capital investment expenditure

See capital expenditure definition

Capitalisation threshold

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

Carrying amount

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

Class of assets

See asset class definition

Component

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

Cost of an asset

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

Current replacement cost (CRC)

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

Depreciable amount

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

Depreciated replacement cost (DRC)

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

Depreciation / amortisation

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

Economic life

See useful life definition.

Expenditure

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

Fair value

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

Funding gap

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

Heritage asset

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

Impairment Loss

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

Infrastructure assets

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

Investment property

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

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

Key performance indicator

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

Level of service

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

Life Cycle Cost

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

Life Cycle Expenditure

The Life Cycle Expenditure (LCE) is the actual or planned annual operations, maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of life cycle sustainability.

Loans / borrowings

See borrowings.

Maintenance

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

• **Planned maintenance**

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

• **Reactive maintenance**

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

• **Significant maintenance**

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

• **Unplanned maintenance**

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

Maintenance and renewal gap

Difference between estimated budgets and projected required expenditures for maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

Maintenance and renewal sustainability index

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

Maintenance expenditure

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

Materiality

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

Modern equivalent asset

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

Net present value (NPV)

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

Non-revenue generating investments

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

Operations expenditure

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

Operating expense

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

Pavement management system

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

PMS Score

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

Rate of annual asset consumption

A measure of average annual consumption of assets (AAAC) expressed as a percentage of the depreciable amount (AAAC/DA). Depreciation may be used for AAAC.

Rate of annual asset renewal

A measure of the rate at which assets are being renewed per annum expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

Rate of annual asset upgrade

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

Recoverable amount

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

Recurrent expenditure

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

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining useful life

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

Renewal

See capital renewal expenditure definition above.

Residual value

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

Revenue generating investments

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

Risk management

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

Section or segment

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

Service potential

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

Service potential remaining

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

Strategic Longer-Term Plan

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

Specific Maintenance

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

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

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

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

Value in Use

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

Source: IPWEA, 2009, Glossar

