



Asset Management Plan

Community Buildings

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1. EXECUTIVE SUMMARY

This Asset Management Plan includes all Community Buildings not considered in alternate plans. The Shoalhaven City Council considers that the social development of local communities requires community buildings to be provided, and that local residents use them for their activities. Local Government is traditionally responsible for the provision of community facilities.

Council is committed to providing safe and efficient facilities with the main objectives being:

- Where possible design community buildings so that the facility will work in harmony with nearby shops, bus shelters and/or other recreational activities,
- To provide buildings designed for flexible use and where possible allow for future expansion,
- To ensure that Council meets and embraces its ESD obligations under the Local Government Act.

Ideally, the annual capital works and maintenance programs need to allocate sufficient resources to ensure these objectives are obtained.

1.1. The Purpose of the Plan

The purpose of an Asset Management Plan (AMP) is to manage assets, based on thorough data research and investigation, to determine how assets are to be managed in a sustainable and effective method.

AMPs are used to demonstrate how Council's assets are managed based on past and present information to produce reliable future planning. AMPs will provide the guidance for decisions of renewal, replacement or demolition of an asset.

AMPs are also designed to ensure that assets acquired support and meet the strategic and annual objectives of the organisation and that the cost of providing the service to the community does not outweigh the benefits.

AMPs are fundamental to achieving key elements of asset management, the foundation of the Plan includes as follows:

- Defining levels of service (LoS) – specifies the services and LoS to be provided by Council for each asset type
- Condition assessment – specifies the technical tools used to assess the condition of each asset
- Life cycle management – how Council 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 – how the organisation will manage its assets and the tools it will use to accomplish this
- Monitoring – how the Plan will be monitored to ensure it is meeting Council's objectives
- Asset management improvement plan

1.2. Asset Description

Council supports the establishment, management and maintenance of Community Buildings and is currently 'owner' of the following facilities;

- **Youth Services –**
Nowra Integrated Youth Facility,
Southern Shoalhaven Youth Services
- **Neighbourhood Centres –**
East Nowra Community Transport Building 1,
East Nowra Neighbourhood Centre Building 2,
East Nowra Family Support Building 3,
East Nowra HACC – Home Care & Support Unit - Cottage 1,
East Nowra HACC – Interchange & Southern Zone Meals on Wheels - Cottage 2,
East Nowra HACC – Lavender Grove Adult Care Respite - Cottage 3,
Shoalhaven Neighbourhood Centre,
Ulladulla Meals on Wheels & Home Care
Ulladulla Community Resources Centre
- **Other Government –**
South East Community College,
Crookhaven Heads Pilot Station Reserve,
Royal Volunteer Coastal Patrol Sussex Inlet
- **Other –**
Huskisson Meals on Wheels,
Nowra Senior Citizens,
Shoalhaven Visitor Information Centre,
Sussex Inlet Lions Club Storage Shed,
Milton Ulladulla Historic House

1.3. Levels of Service

Understanding Levels of Service (LoS) determines what type of assets will be provided; how often they will be maintained, and when assets will be rehabilitated or replaced. The current LoS is balancing budget and expenditure to be as sustainable and efficient as possible. The reality is that the level of expenditure for works required maintaining community buildings can be much higher than the budget available. This results in an unsatisfactory level of service due to the need to prioritising work on buildings based on short term priorities.

1.4. Future Demand

Factors affecting demand include, but are not limited to population change, changes in demographics, seasonal factors, vehicle ownership, consumer preferences and expectations, economic factors, agricultural practices and environmental awareness.

Demand for infrastructure is generated predominantly through either, an increased utilisation of existing infrastructure brought about by the above factors or the requirement for new infrastructure to meet the needs of development generated growth.

The demand created by these two circumstances calls for an analysis to consider the ramifications to existing infrastructure networks and the ability of these networks to cope with the increased infrastructure.

1.5. Lifecycle Management Plan

The management of community buildings is predominantly related to the maintenance and renewal stages of an individual assets life. After construction phase, it moves into what is known as the “Maintain” phase. Maintenance activities are required to minimise continued deterioration of an asset. As the asset components move towards the end of its life, activities are undertaken to restore the asset to a condition close to that of the original. This is referred to as the “Renewal” phase.

The importance of the time for intervention for renewal is paramount. If renewal activities are not undertaken in a timely manner, the condition of the asset will deteriorate rapidly to failure, with the attendant cost of reconstruction being many times more that of renewal activities.

1.6. Financial Summary

This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance. It should be noted that specific projections and information is available at the level of service and individual asset type/group.

1.7. Asset Management Practices

An ideal Asset Management Practice should be reflective of strong governance and accountability; more sustainable decisions, enhanced customer service, effective risk management; and improved financial efficiency.

This section identifies the strategies, practices and guidelines supporting Asset Management at Shoalhaven City Council. These activities provide the tools and functions required to support the management, maintenance, renewal, creation and disposal of assets. It includes system planning and monitoring; system record management; and asset management planning and policy.

1.7.1. Accounting/ Financial Systems

Financial transactions are recorded in Council’s corporate SunSystems Financial Software and are viewable through the Financial Information System (FIS). Finance staffs are responsible for operating the finance system especially the general ledger and budget accounts receivable. A systems Accountant assists in providing technical support for the systems operation and maintenance.

Continued analysis of the Financial Model, capital expenditure, asset renewal, maintenance and operations requirements, and the interrelationships between service levels and expenditure is expected to be part of the Asset Management Improvement Programme (AMIP). The Local Government Act 1993 requires that Council prepare and maintain all accounting records, accounts and financial statements in accordance with all relevant Australian Accounting Standards. The following accounting standards and guidelines must be complied with:

- AASB 116 Property, Plant & Equipment – prescribes requirements for recognition and depreciation of property, plant and equipment assets
- AASB 136 Impairment of Assets – aims to ensure that assets are carried at amounts that are not in excess of their recoverable amounts
- AASB 1021 Depreciation of Non-Current Assets – specifies how depreciation is to be calculated
- AAS 1001 Accounting Policies – specifies the policies that Council is to have for recognition of assets and depreciation
- AASB 1041 Accounting for the reduction of Non-Current Assets – specifies the frequency and basis of calculating depreciation and revaluation basis used for assets
- AAS 1015 Accounting for acquisition of assets – method of allocating the value to new assets on acquisition
- AAS 27 Financial reporting by Local Government
- AAS 1010 Recoverable Amounts of Non-Current Asset – specifies requirement to test the reasonableness of valuations

The objective of the above Accounting Policies is to provide guidance around identifying, classifying, valuing, recording and disposing of non-current physical assets. This will provide for greater understanding and accuracy of Council's capital requirements and depreciation expenses in the context of financial sustainability and intergenerational equity as well as ensuring that Council is meeting its statutory reporting obligations.

1.7.2. Asset Management Systems

Physical Asset data is recorded in Council's Conquest Asset Register. Customer enquiries are managed via Council's MERIT system, with document management undertaken using the TRIM system.

Responsibilities for administering asset management systems generally sit with the Infrastructure Systems and Support team. Data entry on a job by job basis is handled via several staff across Council, with significant data entry by Council's City Works and Infrastructure Divisions.

1.8. Monitoring and Improvement Programme

AMPs are dynamic documents, reflecting and responding to changes over time and in accordance with the Improvement Programme available. Monitoring of an AMP is required to ensure compliance with the proposed improvement program milestone and to ensure compliance with adopted standards and procedures for condition and performance.

Ideally, full review of an AMP should be undertaken every three to five years to document progress and set out proposals for the next ten to fifteen years.

2. INTRODUCTION

2.1. Background

This Asset Management Plan (AMP) is to assist Council to meet its goals and objectives in a way that best serves the community. It provides a framework for future management of community buildings within the Council area based on current and historical information.

Council has approximately thirty (30) Asset Management Plans which is divided based on each asset types. An area, such as a sporting complex may consist of a few asset types. Therefore, each AMP interrelates with one another.

AMPs are positioned within Council's organisation chart to link with corporate and operational objectives as shown below:

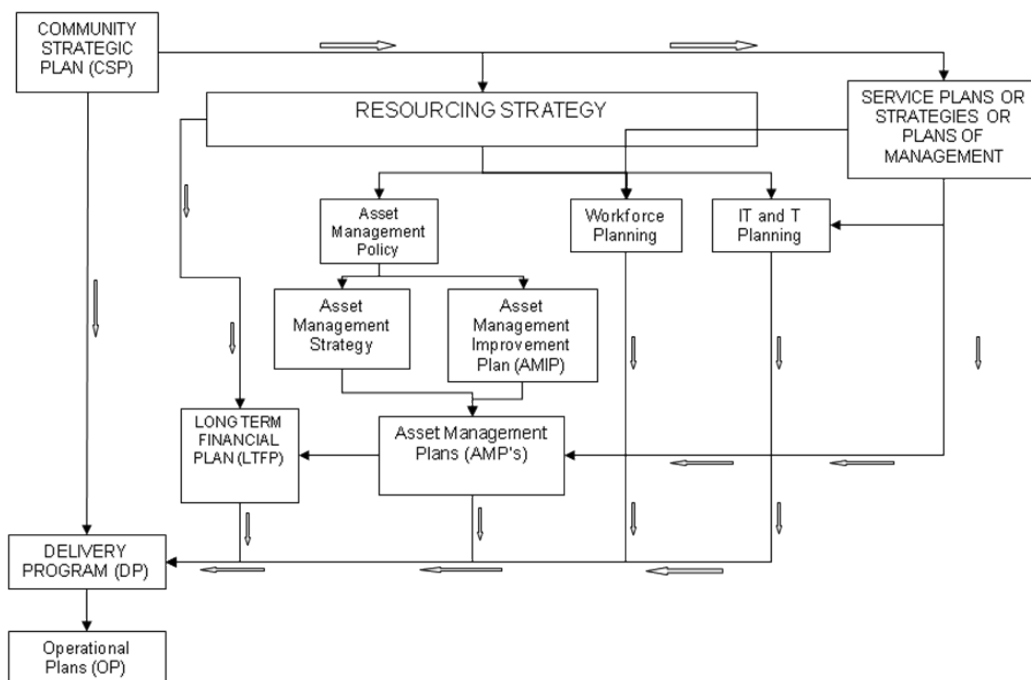


Diagram 1: SCC Organisational Operational Chart

2.2. Goals and Objectives of Asset Ownership

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 and construction by developers.

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

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

Council is committed to ensuring that the facilities are maintained to a high standard and in a manner that ensures available resources are effectively applied. It is recognized that it is neither reasonable nor practical to target zero defects. However it is a recognised objective to have a reasonable level of defects with none affecting customer health and safety or structural integrity.

The desirable situation is that the annual capital works and maintenance programs need to allocate sufficient resources to ensure these objectives are obtained.

2.3. Plan Framework

The key elements that affect this AMP are:

Asset Management Policy

The policy is used as a base of principles and requirements to create an AMP that is in accordance with the organisation's strategic plan. (2011, International Infrastructure Management Manual)

Asset Management Strategy

A strategy for asset management covering development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation/ replacement, disposal and performance monitoring to ensure desired level of service and other operational objectives are achieved at optimum cost.

The basic key elements of the AMP consist of:

- Level of service (LoS) – specifying the services and LoS 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 Council will manage its existing and future assets to provide the required services
- Financial summary – what funds are required services
- Plan Improvement and Monitoring – how the plan will be monitored to ensure it is meeting Council's objectives

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

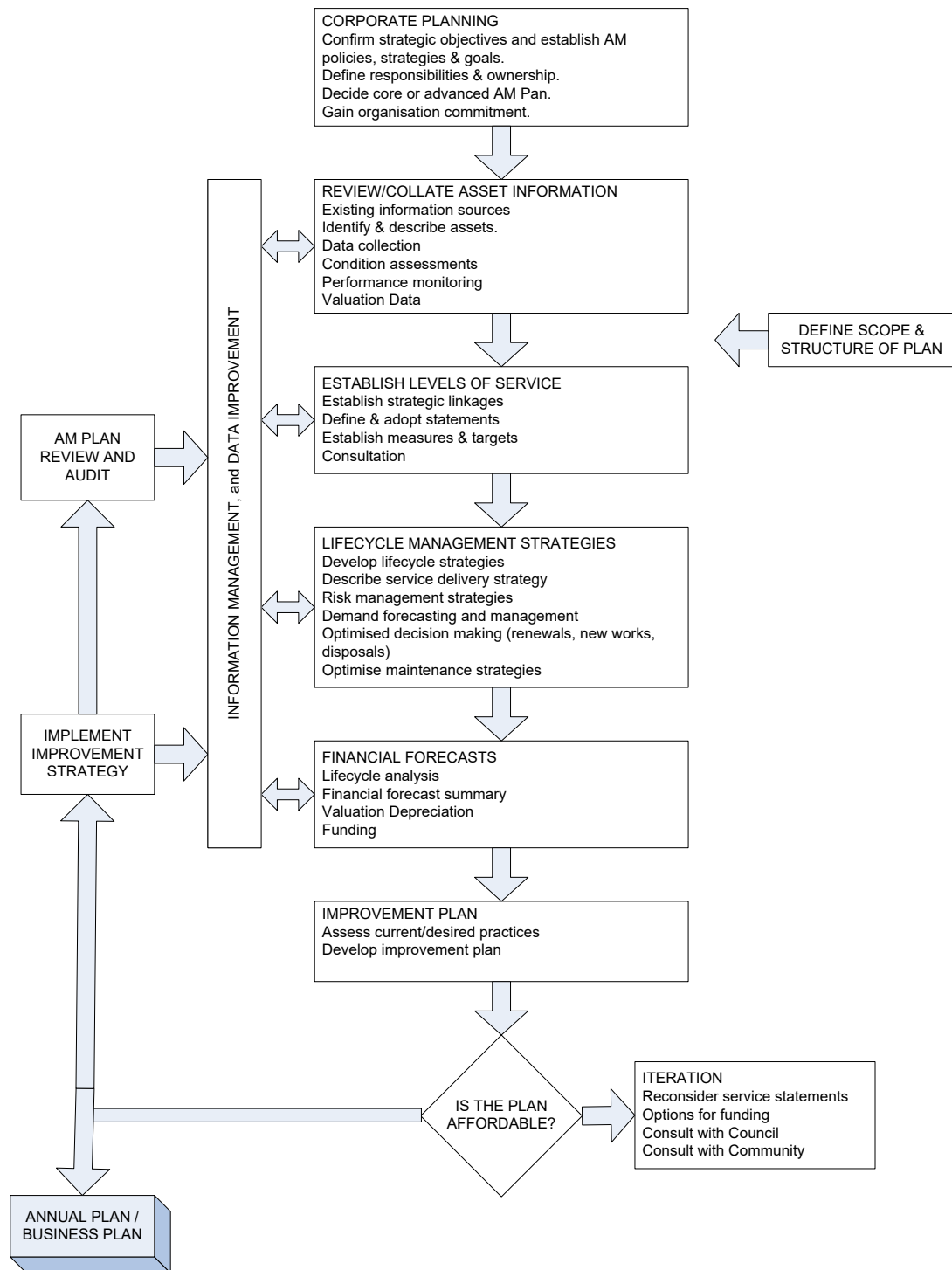


Diagram 2: Road Map for preparing an Asset Management Plan

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

2.4. Core and Advanced AM

Asset Management Plan is a continuous document that will require ongoing evaluation. Currently, the level of this AMP is at the Minimum level which contains basic information on assets and financial forecasts.

3. LEVELS OF SERVICE

3.1. Customer Research and Expectations

Community consultation is undertaken to reflect the community's views for satisfaction and importance of Council facilities provided and for identifying community needs and wants in relation to these Community Buildings. Achieved by periodic meetings with user groups, it also provides a focal point of contact with council representatives where requests for advice is made and given. This further assists council in ensuring that tenant responsibilities within the lease are being regulated and Work Health and Safety issues addressed.

There are limited opportunities for consultation in regard to programmed maintenance works.

3.2. Strategic and Corporate Goals

The AMP provides clear guidelines for the effective management of the assets owned and managed by Council. Local Authorities exist principally to supply core services that meet the needs of their communities.

Council's goal in managing assets is to meet the required level of service in a sustainable manner for present and future stakeholders. The key elements to strategic goals of asset management are:

- Demonstrating responsible stewardship;
- Taking a life cycle approach to asset ownership;
- Defining the infrastructure assets physically and financially;
- Providing a defined Level of Service and monitoring the performance against service levels and service expectations;
- Understanding and meeting the demands of growth through demand management and infrastructure investment;
- Managing risks associated with asset failure; and
- Support long term financial planning.

Council objective is to ensure financial strategies underpin Council's asset management policies and strategic. Its goal is to have long term vision for sustainability. In order to do so, the action that can be done is to prepare and review the Council's short and medium term financial plans for Risk Management; Plant & Equipment, Information Technology, Section 94; Asset Management Plans and case reverses.

Acting as a leader in the delivery of social, financial, environmental, and operational objectives, Council needs to ensure good governance and administrative support for the Council and organization.

Council's other goals are to plan, manage and fund Council's public assets to meet the community expectations and defined levels of services. Furthermore, the safety of the community is paramount and is acknowledged and supported through proactive policies, programs and strategies.

3.3. Legislative Requirements

Table 1: Lists of legislation requirements

Legislation	Requirement
National Asset Management Framework Legislation 2010	Focuses on long term financial sustainability and provides a mandate to have a long term strategy, financial statements and annual reporting mechanisms.
DLG Integrated Planning NSW	Key requirement is to integrated community plans with operational and delivery plans
Local Government Act 1993	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery
Work Health and Safety Act 2011	Aims to secure the health, safety and welfare of people at work. It lays down general requirements which must be met at places of work in New South Wales. The provisions of the Act cover every place of work in New South Wales. The Act covers self employed people as well as employees, employers, students, contractors and other visitors.
Occupational Health and Safety Regulation 2001	Regulations on the control and management or risk in the work place
The Protection of the Environment Operations Act 1997 (POEO Act)	Is the key piece of environment protection legislation administered by Department of the Environment and Climate Change (DECC). The POEO Act enables the Government to set out explicit protection of the environment policies (PEPs) and adopt more innovative approaches to reducing pollution.
Disability Discrimination Act	Sets out responsibilities of Council and staff in dealing with access and use of public infrastructure
Australian Accounting Standards	Sets out the financial reporting standards relating to infrastructure assets. Standards of particular relevance to Infrastructure Assets include:
	AASB116 Property, Plant & Equipment - prescribes requirement for recognition and depreciation of property, plant and equipment assets
	AASB136 Impairment of Assets - aims to ensure that assets are carried at amounts that are not in excess of their recoverable amounts
	AASB1021 Depreciation of Non-Current Assets - specifies how depreciation is to be calculated
	AAS1001 Accounting Policies - specifies the policies that Council is to have for recognition of assets and depreciation
	AASB1041 Accounting for the reduction of Non-Current Assets - specifies the frequency and basis of calculation depreciation and revaluation basis used for assets
	AAS1015 Accounting for acquisition of assets - method of allocating the value to new assets on acquisition
Crown Lands Act 1989	Defined principles for the use and management of Crown land which may be under Trust to Council, they may prescribe: Lease & licences of Crown Lands (Part 4, Division 3 & 4); and Plans of Management for Crown Lands (Part 5, Division 6)
AS 3600-2001 Concrete Structures	Proposes a set of standard for achieving a design life of 40-60 years for concrete structures.

3.4. Current Level of Service

Community Levels of Service - relate to how the community receives or derives benefit from the service of each asset in terms of safety, quality, quantity, reliability and responsiveness.

Supporting the community service levels are operational or technical measures of service developed to ensure that the minimum community levels of service are met. These technical levels of service may relate to cost/ efficiency and legislative compliance.

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

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

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 organisation undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance.

Technical service measures are linked to annual budgets covering:

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

3.5. Desired Level of Service

Maintenance activities will be undertaken by our internal service provider Works and Services section (W&S), or under contract, depending on availability of resources, skills required and cost considerations. Works will be performed in accordance with the Defect and Risk Management Inspection Procedure and this Asset Management Plan.

The Service Agreement will include a financial provision for 'Programmed Maintenance' from a prioritized list of defects as well as provision for urgent repairs arising from hazard inspections, customer reporting or cyclic defect/ condition inspections.

Service delivery will be monitored by unit cost of repairs, random audits of quality and achievement of the specified annual 'Programmed Maintenance'.

The provision of new Community Buildings will generally be undertaken in accordance with an adopted Capital Works Program by external contract.

4. FUTURE DEMANDS

4.1. Demand Drivers

In 1996 the total number of population in Shoalhaven was 76,726. The data collected in 2011 showed the population to be 98,542. It is projected that in 2016 the number of population is 104,079 and in 2021, it is projected to be 111,401 (<http://www.id.com.au/forecast/shoalhaven>). Based on this information, the percentage of population has been increasing 6.4% every five (5) years. Therefore it is more than likely that demand for facilities will increase commensurably.

Any enhancements of the existing facilities would need to be justified in relation to upgrading existing facilities providing an increase in the “level of service” rather than a maintenance activity prolonging the useful life of the building.

4.2. Demand Forecasts

Any enhancements of the existing facilities would need to be justified in relation to upgrading existing facilities which would provide an increase in the “level of service” rather than a maintenance activity which would be prolongs useful life of the buildings.

4.3. Demand Impacts on Assets

Demands are usually impacted by a number of components which includes:

- Population or demographic changes
- Changes in community’s expectation
- Changes in usage pattern
- Seasonal variation
- Cyclical variations
- Random variations which cannot be attributed to specific causes

Effective asset utilisation seeks to provide the maximum return on funds invested in assets. Over-utilisation can cause failure to achieve levels of service due to asset ‘capacity failure’. Under-utilisation of an asset is also a ‘capacity failure’ and represents a lack of demand for the service the asset provides causing a less than cost effective level of utilisation. (International Infrastructure Management Manual, 2011)

4.4. Demand Management Plan

Strategies for ensuring that assets are well utilised include:

- Effective demand forecasting before creating new assets, to ensure asset capacity and demand requirements are matched
- Maximising the asset utilisation by providing other assets to meet the demand or operational asset solutions to improve overall asset capacity and hydraulic performance
- Management of customer demand, to reduce demand for over-utilised assets or vice versa

(International Infrastructure Management Manual, 2011)

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

The planning for infrastructure due to demand is a constant process of review and assessment of existing infrastructure and its ability to cope with increasing demand, versus the need to augment with new infrastructure.

Demand on infrastructure is created through increased utilisation generated from a growing population and changing patterns of behaviour, ranging from social demographics to transport options and solutions. Often this increasing demand will stem from urban or residential growth increasing the utilisation of a range of community infrastructure.

Council develops strategies for demand management on single or groups of affected assets and continues to manage the relationship between existing and new asset requirements in the context of asset management. This demand management also includes asset rationalisation as discussed in this plan.

4.5. Asset Programmes to Meet Demand

Section 94

The Section 94 Contribution plan effective from March 2010 for Community Facilities identifies the current proposed projects and provides a detailed estimate of costs for implementation and construction, reference to the relevant sections of the plan presents the estimate breakdown.

With approximately 25% of projects included in the Plan classified as Community buildings (other), the following table presents a summary of projects identifying:

- those at present requiring Capital Works budgets,
- those completed and monies are being recuperated,
- those deleted with funds being transferred.

Table 2: Section 94 References

Project Reference Number	Project Description	Estimated Project Cost	Estimated Delivery Date	Estimated Dev. Contributions	Actual Dev. Contributions Received	Balance at 17 th Dec 2012
MACFAC 4001	Northern Shoalhaven District Integrated Children's Services	\$1,609,654	2020/24	\$388,088	\$319,991	\$289,511
CWCFAC0004	Shoalhaven Mobile Children's Services	\$542,209	2024/24	\$127,907	\$11,569	\$11,569

Accessibility Issues

Council is committed to improving accessibility to all community facilities for people with physical, sensory and intellectual needs by the completion of Access Audits and implementation of recommendations. Access Audits are based on the process of assessing access from street frontages into and through facilities, and include consideration of site specific issues, parking areas, open space, building entrances, infrastructure, retail and commercial areas, signage, lighting, floor finishes, furniture, fixtures and equipment. The following documents are referenced and considered in the process of formulating access audits and reports.

Disability Discrimination Act 1992,

Australian Standard AS 1428 Parts 1, 2 & 4,

The Building Code of Australia,

Advisory Notes on Access to premises, Human Rights and Equal Opportunities Commission

A total of approximately \$119,750 of tasks was identified for these Community Buildings. The majority of identified access defects are minor in nature, however there are some primary access needs to be addressed and a program is under development to progressively ensure satisfactory access into all facilities.

Council resolved (Minute 298) to consider providing an annual budget for improvements in accessibility to all council facilities. The recommended budget is \$200,000 per annum; council provided a budget of \$150,000 for access capital works for all facilities and services in 2003/04, however this funding level is not available in the 2004/05 budget. Access improvements to Community Buildings will be undertaken as funds permit under this annual program.

The value of remaining tasks is listed in table 3 below.

Table 3: Access Task Value

Nowra Youth Centre	\$0
Southern Shoalhaven Youth Services	No Inspection Data
East Nowra Family Support Service - Building 1	\$35,500
East Nowra N/hood Centre Building - 2	
East Nowra Community Transport - Building 3	
East Nowra Home and Community Care Centre Cottages 1 - 3	New Facility with Access Inc.
Nowra Neighbourhood Centre	\$25,250
South East Community College	No Inspection Data
Crookhaven Heads Pilot Station	No Inspection Data
Royal Volunteer Coastal Patrol – Sussex Inlet	No Inspection Data
Huskisson Meals on Wheels	No Inspection Data
Nowra Senior Citizens	\$59,000
Shoalhaven Visitor Information Centre	No Inspection Data
Sussex Inlet Lions Club Shed	No Inspection Data
Milton Ulladulla Historic House	No Inspection Data
Ulladulla Meals on Wheels & Home Care	No Inspection Data
Ulladulla Community Resources Centre	No Inspection Data
Total Value Accessibility Tasks = \$119,750	

5. LIFECYCLE MANAGEMENT PLAN

5.1. Background Data

5.1.1. Physical Parameters

The existing Community Buildings consist of numerous facilities, located at various sites throughout the local government area. The facilities have various types of construction materials and differing ancillary assets including, electrical and mechanical services, car-parks etc. A brief general description of each existing Community Building is shown in Table 4.

Table 4: Existing Services

	Asset I.D.	Floor Area (m2)	Floor	Walls	Roof	Year Const. Effec. Life	Car Parks Other
YOUTH SERVICES							
Nowra Integrated Youth Facility 132 Kinghorne Street	156235	498	Concrete	Brick Veneer	Steel	Renovated 2004	3 Spaces 1 Disabled
Southern Shoalhaven Youth Services 80 St Vincent St, Ulladulla	164802	275	Concrete	Brick	Colorbond Steel	2006	Included in Resources Centre
NEIGHBOURHOOD CENTRES							
East Nowra Family Support Service Building 1 Cottage 1, 80 Park Road	48315	256	Concrete	Brick Veneer	Tiles	1998	7 Spaces 2 Disabled 6Bus
East Nowra Neighbourhood Centre Building 2 Cottage 2, 80 Park Road	220	256	Concrete	Brick Veneer	Tiles	1998	
East Nowra Community Transport Building 3 Cottage 3, 80 Park Road	48316	256	Concrete	Brick Veneer	Tiles	1998	
East Nowra HACC Home Care & Support Unit Cottage 1, Holloway Road	160107	305	Concrete	Brick Veneer	Tiles	2004	On site Carpark
East Nowra HACC Interchange & Southern Zone Meals on Wheels Cottage 2, Holloway Road	160108	230	Concrete	Brick Veneer	Tiles	2004	

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East Nowra HACC Lavender Grove Adult Care Respite Cottage 3, Holloway Road	160109	250	Concrete	Brick Veneer	Tiles	2004	
Shoalhaven Neighbourhood Centre 134 Kinghorne Street, Nowra Garage	201 156151	192 36	Timber Concrete	Brick/ Timber	Tiles		Street Parking
Ulladulla Meals on Wheels & Home Care 82 St Vincent St	164803	260	Concrete	Brick	Colorbond Steel	2006	Included in Resources Centre
Ulladulla Community Resources Centre 78 St Vincent St	164801	322	Concrete	Brick	Colorbond Steel	2006	26 Spaces
OTHER GOVERNMENT							
South East Community College Mattes Way, Bomaderry	156227	895	Concrete	Brick Veneer	Colorbond Steel		15 Space 2 Disabled
Crookhaven Heads Pilot Station Reserve Prince Edward Avenue Garage	47493 47501	162 24	Timber	Weatherboard	Colorbond Steel		On site Parking Unsealed
Royal Volunteer Coastal Patrol Building 28 Sussex Road, Sussex Inlet Jetty	635 48286	77.6	Timber	Weatherboard	Colorbond Steel		On site Parking Unsealed
OTHER							
Huskisson Meals on Wheels Unit 2, 3 Watt Street	218	87	Timber	Timber clad	Colorbond Steel		N/A
Shoalhaven Senior Citizens Association Lot 2, 39A Berry Street, Nowra	208	150	Concrete	Brick	Colorbond Steel		
Shoalhaven Visitor Information Centre Pleasant Way / Princess Hwy, Nowra Cafe	251 156637	305 446	Timber	Rendered Brick	Metal Deck Roof		Sealed 65 Spaces 1 Dis.
Sussex Inlet Old Fire Shed Lions Club Storage Shed Off Neilson Lane	216		Concrete	Brick	Metal Deck Roof		N/A

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Milton Ulladulla Historical Society Historic House 275 Green Street	156234		Timber	Timber clad	Metal Deck Roof		N/A
Nowra Showground Menshed							

5.1.2. Asset Capacity / Performance

Refer to section 5.1.1 above

5.1.3. Asset Condition

Full Defect and Asset Condition Assessment Inspections are scheduled to be performed on a two (2) yearly frequency for Community Buildings and are currently due for completion. Consideration is given in respect to the level of defects identified when assessing the overall building condition; however they are not a direct reflection of the overall lifecycle. For example a building may consist of hundreds of elements, the defect assessment may identify say twenty five (25) elements in poor condition, and hence the overall building condition is not classified as poor. As a facility increases in size, this relationship is accentuated. Therefore the judgment of overall facility condition is assessed considering a broader range of factors.

The overall conditions of the Community Buildings were considered by the Asset Management Unit and classified as listed in Table 5 below. As prioritized maintenance tasks are completed the overall condition of facilities will improve, consequently satisfying the key performance indicator to achieve facilities in fair or better condition each year.

Table 5: Overall Building Conditions

CONDITION	Locations	% Network Value based on Construction Replacement Costs
C1 – As new	Southern Shoalhaven Youth Services Ulladulla Meals on Wheels & Home Care Ulladulla Community Resources Centre	14.4%
C2- Good	Nowra Youth Centre Nowra Home & Community Care Centre East Nowra Family Support Service Bldg 1 East Nowra Neighbourhood Centre Bldg 2 East Nowra Community Transport Bldg 3 Shoalhaven Visitor Information Centre South East Community College Nowra Senior Citizens	73%
C3 – Fair	Sussex Inlet Old Fire Shed Nowra Neighbourhood Centre & Garage Crookhaven Heads Pilot Station Reserve Huskisson Meals on Wheels Milton Ulladulla Historic House	10.9%
C4 – Poor	Royal Volunteer Coastal Patrol	1.7%

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The value of prioritized defects as at 17th December 2012 (excl. Access identified requirements) to the Community Buildings network is listed in table 6 below.

The total replacement costs of the existing Community Buildings network are also as listed below.

Table 6: Prioritised Defect Value and Facility Replacement Costs

Defect Description	P5 – Immediately	P4 – Within 1yr	P3 – Within 2yrs	P2 – Within 3 to 5 yrs	P1 – Beyond 5 yrs	Totals	Facility Replacement Costs
Nowra Integrated Youth Facility	Not Known	\$926.50	\$0	\$0	\$0	\$926.50	\$955,000
Southern Shoalhaven Youth Services	\$0	\$4,256	\$0	\$0	\$0	\$4,256.00	\$550,000
East Nowra Family Support Service Bldg 1	\$0	\$0	\$0	\$0	\$0	\$0.00	\$330,000
East Nowra N/hood Centre Bldg 2	\$0	\$1,500	\$0	\$0	\$0	\$1,500.00	\$352,000
East Nowra Community Transport Bldg 3	\$0	\$300	\$0	\$0	\$0	\$300.00	\$453,000
Home Care & Support Unit	\$180	\$5,830	\$0	\$0	\$0	\$6,010.00	\$228,550
Interchange and Southern Zone Meals on Wheels	\$180	\$7,080	\$0	\$0	\$0	\$7,260.00	\$197,077
Lavender Grove Adult Care Respite	\$180	\$4,430	\$0	\$0	\$0	\$4,610.00	\$236,660
Shoalhaven Neighbourhood Centre	\$0	\$0	\$0	\$1,200	\$0	\$1,200.00	\$285,000
Garage	\$0	\$0	\$0	\$0	\$0	\$0.00	\$25,000
Ulladulla Meals on Wheels & Home Care	\$0	\$3,800	\$0	\$0	\$0	\$3,800.00	\$426,000
Ulladulla Community Resources Centre	\$0	\$4,700	\$0	\$0	\$0	\$4,700.00	\$426,000
South East Community College	\$0	\$9,300	\$800	\$11,000	\$0	\$21,100.00	\$1,731,000
Crookhaven Heads Pilot Station	\$500	\$7,745	\$9,700	\$300	\$0	\$18,245.00	\$286,000
Garage	\$0	\$0	\$0	\$0	\$0	\$0	\$22,000
Royal Volunteer Coastal Patrol Jetty	\$0	\$38,700	\$0	\$2,750	\$0	\$41,450.00	\$92,000
	\$0	\$7,200	\$0	\$0	\$0	\$7,200.00	\$57,000
Huskisson	\$0	\$1,200	\$0	\$0	\$0	\$1,200.00	\$124,000

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Meals on Wheels							
Shoalhaven Senior Citizens Association	\$0	\$0	\$0	\$0	\$0	\$0.00	\$621,000
Shoalhaven Visitor Information Centre	\$0	\$2,700	\$30,000	\$0	\$0	\$32,700.00	\$1,360,000
Cafe	\$0	\$300	\$0	\$0	\$0	\$300.00	
Sussex Inlet Lions Club Shed	\$0	\$930	\$0	\$0	\$0	\$930.00	\$99,000
Milton Ulladulla Historic House	\$0	\$300	\$0	\$0	\$0	\$300.00	\$126,000
Nowra Showground Menshed							
TOTAL VALUES	\$1040.00	\$101,197.50	\$40,500.00	\$15,250.00	\$0.00		
TOTAL PRIORITISED DEFECT VALUE						\$157,987.50	\$8,982,287.00
TOTAL COMMUNITY BUILDINGS NETWORK REPLACEMENT VALUE							

5.1.4. Asset Valuations

There is currently no information available for this section

5.1.5. Historical Data

There is currently no information available for this section

5.2. Infrastructure Risk Management Plan

The 'Defect and Risk Management Inspection Procedure' specifies the following inspection frequencies –

- Other Community Buildings – Defect Inspections-every three (3) years

Any hazards identified will be prioritised and undertaken as either “Urgent Maintenance” or listed in the Defects Register and undertaken as annual “Programmed Maintenance” in accordance with the ‘Defect and Risk Management Inspection Procedure’.

Leaseholders are responsible for Risk Management procedures pertaining to those particular activities that are performed on site.

There are two (2) main risks that Council is facing as follows:

- **Strategic Risk** – Risk managed through Council’s annual Risk Management Plan due to the potential affect a failure in this area can have on Council’s operations
- **Operational Risk** – Risks that relate to the day-to-day operations of Council. Operational risk arises from inadequate internal controls, inadequate or no documentation, poor planning and implementation, or inadequate supervision.

This risk management section of the asset management plan concentrates on identification of practical risks at the asset level. An assessment of the risks associated with the service delivery of building assets has identified some 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; and
- Evaluates the risk and develops a risk treatment plan for non-acceptable risks.

5.3. Routine Operations and Maintenance Plan

5.3.1. Operations and Maintenance Plan

Operational Arrangements

Each of these Community Buildings is managed under a lease agreement with Shoalhaven City Councils Property Services Unit. Reference to Attachment 1 provides details for Operating Income and Operating Expenditure in addition to the programmed maintenance work valued under section 5 of this Asset Management Plan.

There are variations in lease conditions for the differing user groups. It is intended to report to Council to review and determine an appropriate leasing strategy.

There is no information presently available on longer term forecast budget needs.

Operational Programs

These various categories of Community Buildings managed through lease agreements with council, provide their own Operational programs in accordance with appropriate regulations for their respective activities.

5.3.2. Operations and Maintenance Strategies

The funding needed to achieve a satisfactory programmed maintenance condition based Level of Service of P5 Defects - <\$500 and P4 Defects - <\$5,000 in five (5) years has been modeled and it is estimated that an annual allowance of \$37,000 is required to achieve this standard (not including Access tasks). This includes an assumption that the annual value of new identified defects is \$10,000.

Allowances also need to be made annually for the following activities:

- \$5,000 for urgent works arising from hazards identified between defect inspections, arising from customer reporting and risk management inspections. These works include activities that may threaten the health and safety of public and other high risk defects.

5.3.3. Summary of Future Costs

The total amount of operational cost in 2011/12 is \$161,596. Based on this figure and adding up Consumer Price Index (CPI) every year, the summary operational future cost for community buildings are listed below:

Year	Expenditure
2011/12	\$161,596
2012/13	\$167,252
2013/14	\$173,106
2014/15	\$179,164
2015/16	\$185,435
2016/17	\$191,925
2017/18	\$198,643
2018/19	\$205,595
2019/20	\$212,791
2020/21	\$220,239
2021/22	\$227,947
2022/23	\$235,925

5.4. Renewal / Replacement Plan

5.4.1. Renewal Plan

There are no identified buildings that require replacement at present. However, consideration should be given to those activities identified as a result of future 'Defect and Asset Condition Assessment Inspections' and that require Capital Works funding.

The requirement to replace existing facilities depends upon the structural adequacy of the building, if the structural integrity is endangering the facilities use for intended purposes, then it would not be considered fit for purpose. It is not likely that any buildings will need replacing within the next twenty (20) years; however there may be a need for refurbishment works to maintain existing levels of service to the occupiers, the extent of these works may be governed by requirements to provide increased facilities for expanding services or the change of a buildings classification as determined by users. Therefore Capital Funding may be required to address future needs when identified, though at present there is no funding for replacements required.

5.4.2. Renewal Strategies

The ten (10) year capital works program indicates that there will be an annual renewal for community buildings including equipment renewal (replacement of equipment that are associated with fabric and integrity of the building) and minor works.

Capital Works funding will be required for construction of the projects identified within the current Section 94 Contribution Plan.

5.4.3. Summary of Future Costs

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Community Building Equip Renew	\$11,000	\$11,000	\$11,000	\$12,000	\$12,000	\$12,000	\$13,000	\$13,000	\$13,390	\$14,000
Community Building Minor Works	\$72,000	\$74,000	\$76,000	\$79,000	\$81,000	\$84,000	\$86,000	\$89,000	\$91,670	\$94,000

5.5. Creation / Acquisition / Augmentation Plan

5.5.1. Selection Criteria

The adopted Section 94 Contributions Plan 2010 includes the construction and establishment of one additional Community Building. The timing of the draft Capital Works Program may require revision, if funding cannot be made available or if Section 94 contributions are not adequate for progression.

5.5.2. Capital Investment Strategies

Capital Investment Strategies for the creating of a new facility requires considering the whole life cost of the new asset. This includes the initial capital cost, operating cost and selling or disposing of the asset. A more expensive way to construct that produces an asset that is cheaper to operate and maintain may be a better option than the alternative.

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

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

5.5.3. Summary of Future Costs

The ten (10) year future capital works program does not indicate any new capital work. A new project is indicated to be built in the future beyond ten years in section 94 contribution plan which is Northern Shoalhaven District Integrated Children's Services.

5.6. Disposal Plan

The opportunity to dispose of assets (remove and not replace) is minimal. However the need to retain assets will be reviewed on an individual case basis as the need for replacement is identified.

6. FINANCIAL SUMMARY

6.1. Financial Statements and Projections

The identified funding required maintaining 97% of these existing Community Buildings facilities in a fair condition or better is \$37,000 (Programmed Maintenance) and \$5,000 (Reactive/ Urgent maintenance). The allocated funding for 2012/13 programmed maintenance and reactive/ urgent works totals \$27,000 for all Community Facilities, depending on priorities, the level of funding may be inadequate.

Considering funding levels are increased over the next five (5) years it is reasonable and achievable to maintain the existing percentage of these Community Buildings in a "fair" condition or better within this time, assuming that the total new identified tasks through Defect and Asset Condition Assessments is approx. \$10,000 per year.

6.2. Funding Strategy

There is no budget allocated for completion of Accessibility tasks in 2012/13.

Operational support funding levels are adequate to maintain the existing levels of service.

Accordingly, there is an annual funding requirement of \$42,000 to satisfy the objective five year programmed maintenance model. The total Budget allocation for Community Buildings programmed and reactive maintenance for 2012/13 is \$27,000; the allocation for Community Buildings will be proportional depending upon high priority tasks. Some tasks may need to have their priority status reviewed if funding is not available.

To maximize the benefits from available funding, an annual "programmed maintenance" list of works will be prepared and forwarded to the internal service provider for implementation. The "programmed maintenance" list of works will be derived from the register of prioritized defects arising from the regular 'Defect and Condition Inspections'. Alternatively works may be completed under contract, depending on availability of resources, skills required and cost considerations.

6.3. Valuation Forecasts

According to Australian Accounting Standard (AASB) 116, asset classes only need to be revalued if there have been material change otherwise it is every five (5) years. The due date of revaluation to each asset class is shown below:

Table 7: Fair Valuation – Infrastructure, property, plan and equipment

Asset Class	Due
Water & Sewer	30-Jun-12
Property, plant and equipment, operational land, buildings	30-Jun-13
Roads, bridges, footpaths, drainage, bulk earth works	30-Jun-15
Community land, other assets, land improvement	30-Jun-16

6.4. Key Assumptions Made in Financial Forecasts

Key assumption made in presenting the information in this AMP and in preparing forecast of required operating and capital expenditure and asset values, depreciation expenses and carrying amount estimates are detailed below. They are presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecast.

Key assumption:

- Average useful lives and average remaining lives of the asset classes are based on current local knowledge and experience, historical trends and accepted industry practice. These need to be reviewed and the accuracy improved, based on regular re-assessment of asset deterioration.
- Reviews of the effective useful lives of assets and population/ demographic changes have the potential for greatest variance in future cost predictions.
- Changes in development needs associated with the rate and location of growth and changes in the desired level of service and service standards from those identified in the Asset Management Plan, will both impact on future funding.

Accuracy of future financial forecasts may be improved in future revisions of the Plan by the following actions:

- Implementation of a Job Costing system to incorporate continuously current unit rate data.
- More refined condition rating data with more history for reference.
- Greater degree of componentisation in the rating process.
- Development of better degradation models through national research and development programs.
- Development of better financial models through collaborative processes.
- Implementation of an asset information system.

Specific annual maintenance and renewal cost trends are detailed for each asset category in the relevant Sections.

6.5. Forecast Reliability and Confidence

The Long Term Financial Plan has been developed using the Conquest Asset Register, TRIM Records Management and FIS Financial System. These softwares provide historical information, coupled with valuations, capital and operations budget analysis, using the combined information held in the financial system. Asset renewal analysis has also been completed on a lifecycle management basis based on information provided by Conquest asset register, MERIT requesting system and MMS Maintenance system.

The finance system is the responsibility of the Finance section and the asset register (Conquest) is maintained by Infrastructure Group. The requesting system (MERIT) is maintained by Information Technology section. The Maintenance Management System (MMS) is maintained by Works and Services section.

7. PLAN IMPROVEMENT AND MONITORING

This section of the asset management plan outlines any asset management practices and improvements that have arisen during the process of documenting this first plan and can be incorporated into the organisation's methodology for further enhancement to the asset management practice as the second tier asset management plan is undertaken.

7.1. Status of AM Practices

It is desirable to have an Asset Management Practice that indicates sound governance and accountability; more sustainable decisions, enhanced customer service, effective risk management; and improved financial efficiency.

7.2. Improvement Programme

System integration is significant to be improved within Council. This includes linking the Asset Register (Conquest) to Strategic Planning Systems (Maloney Modelling Tool), Works Management Systems (MMS), Asset Costing Systems (Knowledge Base), Customer Request Systems (Merit), Plans & Records Management (Drawing Catalog), Electronic Data Management System (EDMS/TRIM), Financial Information System (SUN/FIS) and Spatial Mapping Systems (ESRI/GIS).

7.3. Monitoring and Review Procedures

Regular monitoring and review of this asset management plan is essential in order to ensure the document is able to continue to provide strategic guidance in the sustainable management of Council's open space and recreational assets. This is the second version of the AMP and it will be reviewed and further developed over the next few years with further detailed information for an advanced AMP.

7.4. Performance Measures

The following Key Performance Indicators will be used to gauge satisfactory outcomes from this Asset Management Plan and shall be measured as at 30th June each year:

- Total value of P4 and P5 defects
- % of total network in Condition 3 (Fair) or better as at 30th June each year and
- Net Maintenance and Operating Costs.

8. REFERENCES

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

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

9. APPENDICES

9.1. Glossary (sourced from IIMM 2011)

Age

The current date less year when asset was constructed

AMP

Asset Management Plan

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 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

A systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of asset based on 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

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 Register

A record of asset information including condition, construction, financial, historical, inventory and technical details

Asset renewal funding ratio

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

Average annual asset consumption (AAAC)*

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

Borrowings

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

Capital expansion expenditure

Expenditure that extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure, which increases future operating, and maintenance costs, because it increases council'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

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.

Capital new expenditure

Expenditure which creates a new asset providing a new service to the community that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operating and maintenance expenditure.

Capital renewal expenditure

Expenditure on an existing asset, which returns the service potential or the life 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 subcomponents of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating 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. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital upgrade expenditure

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 operating and maintenance expenditure in the future because of the increase in the council'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. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital Works

The creation of new assets or an increase in the capacity of existing assets beyond their original design capacity or service potential

Carrying amount

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

Component

An individual part of an asset which contributes to the composition of the whole and can be separated from or attached to an asset or a system.

Conquest

An asset management software package that includes Council's Asset Register and Asset Maintenance System

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, plus any costs necessary to place the asset into service. This includes one-off design and project management costs.

Council

Shoalhaven City Council

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.

Current replacement cost “As New” (CRC)

The current cost of replacing the original service potential of an existing asset, with a similar modern equivalent asset, i.e. the total cost of replacing an existing asset with an as NEW or similar asset expressed in current dollar values.

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 wearing out, consumption or other loss of value of an asset whether arising from use, passing of time or obsolescence through technological and market changes. It is accounted by the allocation of the cost (or revalued amount) of the asset less its residual value over its useful life.

Disposal

Activities necessary to dispose of decommissioned assets

DLG

NSW Division of Local Government, Department of Premier and Cabinet

Expenditure

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

Facility

A complex comprising many assets which represent a single management unit for financial, operational, maintenance and other purposes

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.

GIS

Geographical Information System, mapping and spatial location technology systems which show location and relationship to key geographical datum points

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 of the entity or of another entity that contribute to meeting the public's 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 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 (AASB 140.5)

Level of service

The defined service quality for a particular service against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, 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 actual or planned annual maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to Life Cycle Expenditure to give an initial indicator of life cycle sustainability.

Loans / borrowings

Loans result in funds being received which are then repaid over a period of time with interest (an additional cost). Their primary benefit is in 'spreading the burden' of capital expenditure over time. Although loans enable works to be completed sooner, they are only ultimately cost effective where the capital works funded (generally renewals) result in operating and maintenance cost savings, which are greater than the cost of the loan (interest and charges).

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 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

An item is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial report. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

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.

New Works

New work expenditure is Capital Works expenditure, i.e. money spent on new works (development costs) and upgrades to an existing asset or on creating a new asset

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 excluding maintenance and depreciation, eg power, fuel, staff, plant equipment, on-costs and overheads.

Operational Plan

Generally comprise detailed implementation plans and information with a 1-3 year outlook (short-term). The plans detail structure, authority, responsibilities, defined levels of service and emergency responses

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).

Reactive maintenance

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

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 operating and maintenance expenditure.

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining Useful life

Remaining useful life is determined for each individual asset from the condition rating. It is the time that the asset provides future economic benefit, from acquisition to expected replacement, renewal in full or replacement / disposal

Renewal

Works or actions to upgrade, refurbish or replace components of an asset to restore it to near new and required functional condition, extending its current remaining life

Residual value

The net amount which an entity expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

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

A benefit gained from utilising or accessing an asset and the associated work done by Council staff or others associated with the Council

Service expectation

The description of Level of Service available to users of an asset and any associated services, as described in consultation for developing and reviewing the Community Strategic Plan

Specific Maintenance

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

Strategic Longer-Term Plan

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

Stakeholder

A person; group; company or government department representing an interest in an asset; project or service utilising an asset

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. It is the same as the economic life.

Value in Use

The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. 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 new cash flows, where if deprived of the asset its future economic benefits would be replaced.

10. REVIEW

The Asset Management Plan shall be reviewed annually at the end of each financial year and the outcomes reported to Council.