Asset Management Plan

Surf Lifesaving Clubs

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1. EXECUTIVE SUMMARY

Surf Lifesaving Clubs supply services that minimize danger and prevent loss of life or injury to beach users in a beach and aquatic environment. They have an educational role to raise the skills and knowledge of surf lifesavers to meet the needs and changing demands of the community and to further educate the beach going public in areas of raising surf danger awareness, aquatic safety and recreation.

Shoalhaven City Council supports the establishment, management and maintenance of several Surf Life Saving Club facilities throughout the city. The clubs provide beach patrols each weekend and on public holidays during the patrol season from October through to April

Council is currently 'owner' of the following assets:

- Shoalhaven Heads SLSC located at Seven Mile Beach
- Shoalhaven Heads SLSC garage located at Shoalhaven Heads pool compound
- Nowra-Culburra SLSC located at Pacific Park
- Sussex Inlet SLSC located at Cudmirrah Beach
- Mollymook SLSC located at Mollymook Beach

Council is committed to providing safe and efficient Surf Life Saving Club facilities with the main objectives being:

- Supply Professional and Voluntary Life Saving services to the community with view to promote surf and water safety for all ages;
- Manage beach safety and effecting rescue and recovery (including providing first aid) on an as required basis;
- Encourage and Promote Health and Fitness activities;
- Provide adequate resources to fulfill community needs and provide sense of community;
- Provide professional development enabling skilled, adequately trained staff and volunteers to provide the above services;
- Ensuring that Council meets and embraces its ESD obligations under the Local Government Act

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 an objective to have a reasonable level of defects and none that affect customer health and safety or facility 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.

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 concrete 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 levels of service 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

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 valid objective to have a reasonable level of defects with none affecting customer health and safety or the structural integrity of the facility.

The ideal outcome is that the annual capital works and maintenance programs needed to allocate sufficient resources to ensure these objectives are obtained.

1.2. Asset Description

The existing Surf Lifesaving Clubs operate from four (4) facility locations with temporary facilities provided during peak demand at four (4) additional locations 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. This Asset Management Plan deals with the Surf Lifesaving Clubs building Infrastructure only.

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 surf lifesaving clubs is 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 Surf Lifesaving Clubs 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 indicates a good quality 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.

1.8. Monitoring and Improvement Programme

Asset Management Plan (AMP) is a dynamic document, reflecting and responding to changes over time and in accordance with the Improvement Programme available. Monitoring of 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 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 surf lifesaving clubs 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:

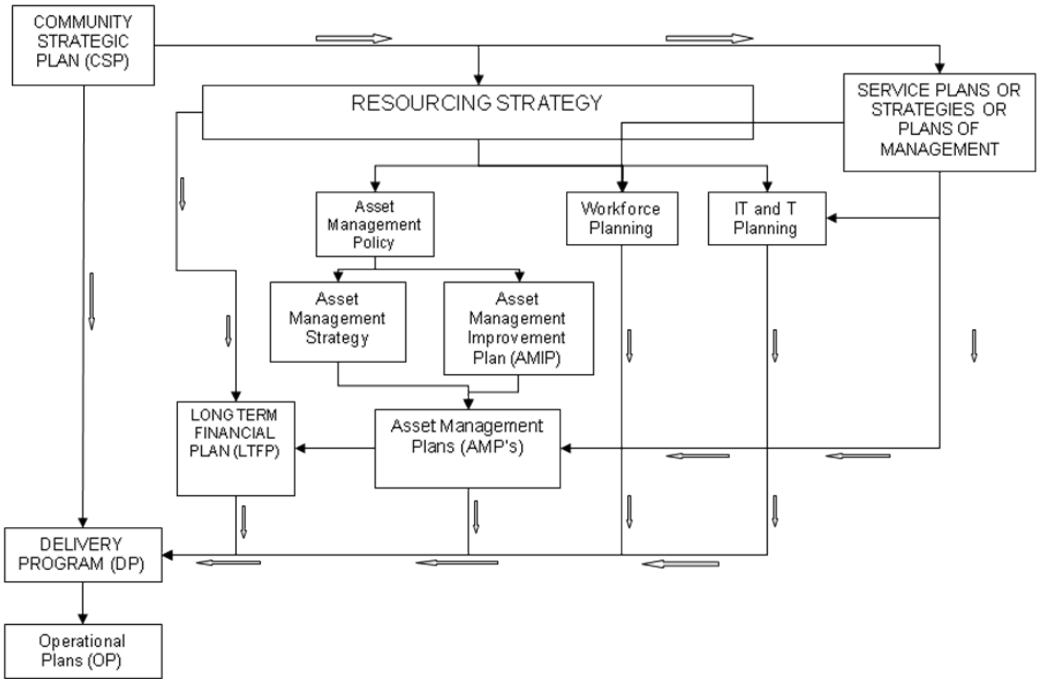

Diagram 1: SCC Organisational Operational Chart

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 – specifying 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 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

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

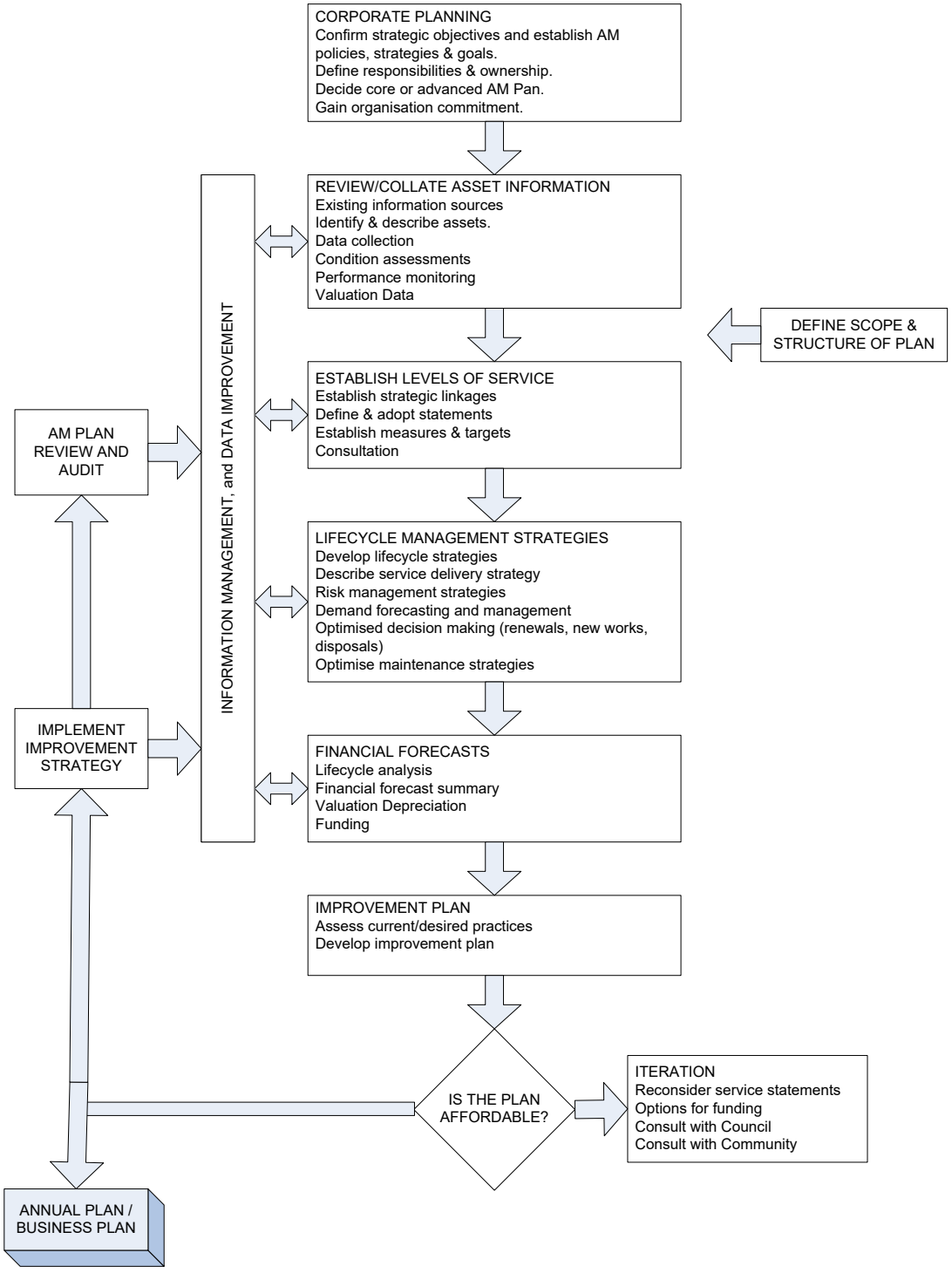

Diagram 2: Road Map for preparing an Asset Management Plan
Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11.

2.4. Core and Advanced AM

Asset Management Plan is a 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 of services and for identifying community Surf Life Saving needs and wants.

Additionally community consultation occurs during the operations of the Surf Life Saving Clubs, due to the extensive involvement of community members and the valuable contribution of service through volunteers operating the clubs.

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 relevane 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 acquistion of assets - method of allocating the value to new assets on acquistion
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, cleaning 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 a 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).

Opportunities to add value through community consultation with regard to maintenance is extensive with Lessees where operating being responsible under Lease Agreement Guidelines as follows:

Care of Property
1.1 The Lessee and Council both acknowledge the condition and state of repair of the premises at the commencement of the Lease as set out in the Condition of Property Report annexed hereto and *marked "Annexure B".*
1.2 The Lessee shall maintain the premises and any of Council's equipment or fittings on the premises in the condition they were in at the commencement of the Lease, fair wear and tear excepted.
1.3 Without limiting the generality of Clause 11.2 hereof the Lessee shall maintain the Premises and any of Council's equipment or fittings on the Premises in accordance with the maintenance specifications as set out in the Maintenance Schedule marked "Annexure C". The Lessee shall notify Council prior to authorising any maintenance or improvement work estimated to cost in excess of $1,000 and all works shall be carried out by a suitably qualified tradesperson, approved by Council.

1.4 Subject to the provisions of Clause 11.2 and 11.3 Council shall maintain the structure of buildings, car parking areas and pathways as well as essential services on the premises.
1.5 Without limiting the generality of Clause 11.4, Council shall maintain the structure of buildings, car parking areas and pathways as well as essential services on the Premises in accordance with the maintenance specifications as set out in the Maintenance Schedule marked "Annexure C".

ANNEXURE C

THIS IS ANNEXURE C REFERRED TO IN THE LEASE BETWEEN SHOALHAVEN CITY COUNCIL (THE LESSOR) OF THE ONE PART AND (THE LESSEE) OF THE OTHER PART

LESSEE'S MAINTENANCE OBLIGATIONS

The Lessee will without affecting the generality of clauses 11, 12, 13, 14 and 15 of this Lease at the Lessee's expense:

a) *Maintain and repair the internal surfaces of the premises including floor coverings and finishes, blinds and curtains and maintain the external surfaces of the premises including car parking areas, courtyards, steps, ramps and stairwells.*
b) *Maintain all trees, shrubs and plants less than five (5) metres high, gardens, landscaped areas and lawns in a properly groomed condition including mowing and litter collection to adjacent footpath areas.*
c) *Maintain and repair all fences, gates, hinges and locks on the premises and keep them in proper working order.*
d) *Ensure that all infrastructure upon the premises, including but not limited to, stormwater gutters and drains and pits shall be cleaned regularly and shall be kept in a condition that allows unobstructed flow of stormwater.*
e) *Ensure that all buildings on the premises shall be painted internally every five (5) years or as required or upon vacating the premises, whichever shall first occur. All surfaces of the premises shall be made good immediately by the Lessee should the surfaces be damaged or marked under any circumstances including vandalism and graffiti. All paint and materials shall be suitable for the purpose, match the existing, be applied in accordance with the manufacturers specifications and be approved by Council.*
f) *Maintain all equipment, fittings and fixtures, including but not limited to, plumbing fittings and fixtures, electrical fittings and glazing on the premises in proper working order.*
g) *Provide and maintain fire protection equipment as required by statutory bodies and the Lessee's insurer in relation to the approved use of the premises.*
h) *Report all incidents, damage and repairs to Council, on Council's Incident Report Form, within 24 hours of an occurrence.*
i) *Be responsible for the security of the premises.*
j) *Ensure that the interior and exterior of the premises is properly cleaned to normal cleaning industry standards.*
k) *Ensure that the premises is maintained free of rodents, vermin, insects and pests.*
l) *Make good any damage caused by vandalism.*

NB. Council shall retain its prerogative for regular inspections of the building and fire protection equipment.

3.5. Desired Level of Service

The extent of future demands and enhancement needs for Surf Club Operations are dependent on the local government areas growth rate, representing the expanding populations in the Northern, Basin and Southern areas. Generally the following requirements will need to be considered:

- Adequate facilities and additional equipment to maintain levels of service
- Additional staff and staff/ volunteer training
- Increased hours of service operation

The above items are funded from the Operating/ Non-Operating expenditure budgets or Capital Works program accordingly.

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 Surf Club services/ facilities will generally be undertaken in accordance with the adopted Capital Works Program by external contract.

4. FUTURE DEMANDS

4.1. Demand Drivers

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.

4.2. 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 prolong useful life of the building.

Factors affecting demand for surf lifesaving clubs include population growth and density; changes in demographics; seasonal factors; social and economic factors; environmental awareness and technological changes.

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

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 $604,000 of tasks was identified for the Surf Life Saving Clubs Network, currently no access works have been programmed for completion, and this will be instigated when funding is allocated.

On completion of access audits for all facilities, Council considered a report and determined an ideal funding level of $200,000 / annum for all facilities. Funding is only available to the extent of $50,000/ annum.

The value of remaining tasks at present is listed below

Table 2: Access Task Value

Defect Description	Mollymook	Culburra	Shoalhaven Heads	Sussex Inlet	Value
Access – Non Programmed	$206,770	$205,530	$124,310	$183,210	
Total					**$722,920**

5. LIFECYCLE MANAGEMENT PLAN

5.1. Background Data

5.1.1. Physical Parameters

A brief general description of each existing Surf Life Saving Club building is shown on Table 3 below:

Table 3: Existing Services

	Mollymook	**Culburra**	**Shoalhaven Heads (Club, Boat Shed & Garage)**	**Sussex Inlet (Club & Viewing Tower)**
Location	Ocean Street	Farrant Avenue	McIntosh Street	Pacificana Drive
Asset I.D.	364	362	303, 580 & 163298	363 & 163299
Floor Area (m2)	832	384	498 & 64	501
Wall Material	Brick	Brick	Brick/ Timber	Brick
Floor Material	Concrete	Concrete	Concrete	Concrete
Roof Material	Tile	Kliplok	Tile/ Colorbond	Custom Orb
Mechanical Services	N/A	N/A	N/A	N/A
Electrical Services	Standard Metering	Standard Metering	Standard Metering	Standard Metering
Car-parks	Bitumen	Bitumen	Bitumen	Bitumen
Other				

Council additionally provides Beach Inspectors at eight (8) of its beaches during peak Christmas Holiday season, supplying supervision between the flags, life saving and rescue services, first aid treatment and advice on beach and water safety. At four (4) of these beaches council provides temporary facilities, three (3) of which are portable container type structures and at one location a caravan hired for the peak period, they are not council assets.

5.1.2. Asset Capacity / Performance

There is no information regarding asset capacity/ performance in this AMP

5.1.3. Asset Condition

Full Defect and Asset Condition Assessment Inspections are scheduled to be performed on a three yearly frequency for Surf Lifesaving Club Facilities. 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 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 condition of the Surf Lifesaving Club buildings were considered by the Asset Management Unit as listed in Table 4 as follows;

Table 4: Overall Building Conditions

CONDITION	Locations	% Network Value based on Construction Replacement Costs
C1 – As new Residual life 40 to 50 years	Nil	**0%**
C2- Good Residual life 30 to 40 years	Nil	**0%**
C3 – Fair Residual life 15 to 30 years	Sussex Inlet, Mollymook, Shoalhaven Heads (Club & Garage)	**85%**
C4 – Poor Residual life 5 to 15 years	Culburra	**15%**
C5 – Requires replacement Residual life 0 to 5 years	**Nil**	**0%**

The value of defects as at 2012/13 (excl. Access identified requirements) to the full Surf Life Saving Club facilities network was as listed below:

Table 5: Prioritised Defect Value

Defect Description	Mollymook	Culburra	Shoalhaven Heads	Sussex Inlet	Value
P5 – Undertake immediately	$0	$0	$0	$0	**$0.00**
P4 – Undertake within 1 yr.	$136,977	$61,910	$20,820	$8,548	**$228,255.00**
P3 – Undertake within 2 yrs.	$3,090	$0	$0	$0	**$3,090.00**
P2 – Undertake within 3 to 5 yrs.	$0	$0	$0	$0	**$0.00**
P1 – Undertake beyond 5 yrs	$0	$0	$0	$0	**$0.00**
Totals	**$140,067.00**	**$61,910.00**	**$20,820.00**	**$8,548.00**	**$231,345.00**

The total replacement costs of the existing Surf Life Saving club network are as follows:

Table 6: Facility Replacement Costs

Item Description	Mollymook	Culburra	Shoalhaven Heads	Sussex Inlet	Overall Costs
Buildings	$2,639,000	$1,340,000	$1,021,000	$703,000	**$5,703,000**
Equipment/ Contents	Owned by Surf Clubs				**$0**
Total Network Replacement Costs					**$5,703,000**

5.1.4. Asset Valuations

There is no information regarding asset capacity/ performance in this AMP

5.1.5. Historical Data

There is no information regarding asset capacity/ performance in this AMP

5.2. Infrastructure Risk Management Plan

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

- Surf Clubs – Defect Inspections-every three 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'.

Surf Life Saving Clubs staff and volunteers perform Risk Management procedures in alignment with the Surf Lifesaving Services Pty Ltd – Lifeguard Operations Manual 2003/2004, Section 12 "Risk Management". This manual recognises the obligation to identify and assess foreseeable hazards in accordance with the OHS Regulation 2001 and states procedures regarding Risk Management.

Other relevant sections of this manual include guidelines to "Workplace Occupational Health and Safety" Section 11. And "Workers Compensation and Injury Management" Section 13.

There are two 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

Routine maintenance is the regular on-going work or actions necessary to keep an asset operating or as near as practical to an acceptable condition, but excluding refurbishment, renewal, replacement or demolition. These works do not add to the value of the asset. In general maintenance falls into two broad categories:

- Planned (proactive) or maintenance planned to prevent asset failure; and
- Unplanned (reactive) or maintenance to correct asset malfunctions and failures as required, such as emergency repairs.

A key element of advanced asset management planning is determining the most cost-effective mix of planned and unplanned maintenance.

Maintenance includes proactive, reactive and cyclic maintenance work activities. Reactive maintenance is unplanned repair work carried out in response to service requests and management / supervisory directions. Community and customers directly affected by the asset generally make these requests. To provide the highest level of service, Council's objective in relation to maintenance requests is to inspect and prioritize the work requests as quickly as possible.

General maintenance strategies have been developed to have an annual asset inspection to identify any defects which have developed since the time of the previous inspection. A reasonable base condition of the facilities has been established and documents in the Asset Audit Reports for each of the facilities.

When the defect is identified, it is recorded in Conquest database with a condition assessment and priority for action. The data in the data base forms the basis of the annual programmed maintenance program. Any defects which show up and are considered a risk or hazard are rectified from the maintenance budget.

Capital Investment Strategies for the creating of a new facility requires overlooking the whole life cost of the new asset. The method of construction affects the operational and maintenance method. Having a more expensive way to build that will produce an asset that is cheaper to operate and maintain may be a better option than the opposite.

5.3.2. Operations and Maintenance Strategies

Each of the Surf Life Saving Clubs except Sussex Inlet is managed under a lease agreement with Shoalhaven City Councils Property Services Unit. The table below provides details for Operating Income and Operating Expenditure in addition to the programmed maintenance work valued under section five of this Asset Management Plan.

Table 7: Operating Income/ Expenditure Budget 2011/12

	Mollymook	Culburra	Shoalhaven Heads	Susse x Inlet	
Operating Income					
	Nil	Nil	Nil	Nil	**Nil**
Operating Expenditure –Surf Life Saving Clubs					
I	$8,720	$7,724	Nil	$4,907	**$21,351**
Operating Expenditure – Beach Patrols					
Beach Patrol Services – SLSA				$203,050	**$203,050**
Beach Control - Subsidies				$20,000	**$20,000**
Surf Club Operations				$17,342	**$17,342**
Beach Patrols – Sub Total					**$240,392**
Total					**$261,743**

Operational Programs

The Surf Life Saving Clubs managing the facilities through a lease agreement with council are responsible for Operational programs. These programs are planned, managed and implemented in accordance with the Local Government Act 1993, as Amended and Surf Life Saving Services Pty Ltd Policies and Regulations. Contents of the “Lifeguard Operations Manual” produced by the Surf Lifesaving Services Pty Ltd provide Lifeguard Operational Procedures.

5.3.3. Summary of Future Costs

Based on the total expenditure in 2011/12, the estimated expenditure for the next ten (10) years is listed below:

Year	Estimated Expenditure
2012/13	$270,904
2013/14	$280,386
2014/15	$290,199
2015/16	$300,356
2016/17	$310,869
2017/18	$321,749
2018/19	$333,010
2019/20	$344,666
2020/21	$356,729
2021/22	$369,214
2022/23	$382,137

5.4. Renewal / Replacement Plan

5.4.1. Renewal Plan

The Section 94 Contribution plan effective from March 2010 for Community Facilities does not identify any current proposed projects for the Surf Life Saving Assets.

Consideration should be given to those activities identified as a result of the 'Defect and Asset Condition Assessment Inspections' that require Capital Works funding.

Accessibility issues need to be considered for Capital Works funding and unlike the 'Defect and Asset Condition Assessment Inspections' performed on a scheduled frequency, Accessibility audits are a singular inspection unlikely to be repeated on each facility.

5.4.2. Renewal Strategies

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.

Currently there is no plan in the next ten (10) years to renew or replace surf lifesaving clubs.

5.4.3. Summary of Future Costs

There is no information available in this section, as there is no renewal/replacement work planned for the next ten (10) years.

5.5. Creation / Acquisition / Augmentation Plan

5.5.1. Selection Criteria

Currently there is no plan for any new surf lifesaving clubs.

5.5.2. Capital Investment Strategies

Capital Investment Strategies for creating 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 future summary cost to construct new surf lifesaving clubs is nil.

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 87% of the existing Surf Life Saving Club facilities in a fair condition are $10,000 (Programmed Maintenance) and $5,000(Reactive/ Urgent maintenance). With 2012/13 allocated funding for programmed maintenance and reactive/ urgent works totalling $24,000, it is considered funding levels are adequate to maintain the current service levels. Considering funding levels are maintained over the next five (5) years it is reasonable and achievable to have all Surf Club facilities in a "fair" condition or better within this time. It is estimated that the total new identified tasks through Defect and Asset Condition Assessments is approximately $10,000 per year.

There is no requirement presently for the replacement of existing facilities following major repairs to the Culburra Surf Life Saving Club. When future expansion or enhancement issues arise an investigation of alternative options will be conducted as per the Shoalhaven Aquatics Strategic Plan directions.

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

6.2. Funding Strategy

The funding needed to achieve a satisfactory programmed maintenance condition based Level of Service of P5 Defects - <$500 and P4 Defects - <$5,000 in 5 years has been modeled and it is estimated that an annual allowance of $10,000 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 health and safety of citizens and other high risk

Accordingly, there is an annual funding requirement of $15,000 and the current allocation for Surf Clubs programmed and reactive maintenance is considered adequate.

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’.

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 8: 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

One of the improvement programme identified is to have a further detailed investigation for the Long Term Financial Planning to be analysed more in the next Asset Management Plan, this also includes community consultation.

System Integration is also significant for AMP improvement. 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

http://www.id.com.au/forecast/shoalhaven

9. APPENDICES

9.1. Glossary

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 discretional 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 discretional 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 (e.g. 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 is 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 every five years.