



Asset Management Plan

Cultural Centres

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1. EXECUTIVE SUMMARY

Shoalhaven City Council supports the establishment, management and maintenance of several Cultural and Arts facilities throughout the city. The facilities in the Shoalhaven local government area are best described in two (2) categories; these are Museums and Art Centres (galleries).

Museums

- Support the provision of venues and opportunities to preserve, conserve and showcase its communities heritage
- Support the provision of high quality educational experience and programs for visitors and residents

Museums Australia defines “museum” as an institution with the following characteristics: A museum helps people understand the world by using objects and ideas to interpret the past and present and explore the future. A museum preserves and researches collections, and makes objects and information accessible in actual and virtual environments. Museums are established in the public interest as permanent, not-for-profit organizations that contribute long term value to communities. Museums of science, history and art may be designated by many other names (including Gallery and Keeping Place).

Arts Centre

- Provision of a facility that serves as a vibrant and creative centre for Arts focused activities
- Encourage the development, access and education of the arts and related activities for the use and enjoyment of the entire community

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

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

Council is currently 'owner' of the following assets:

SHOALHAVEN CITY ARTS CENTRE

Ground Floor:

- **Three exhibition Gallery spaces:**
Main gallery – Travelling and Special Exhibitions, Managed by Bundanon trust in partnership with the arts gallery.
Foyer Gallery and Access Gallery – Showcase community Arts and Crafts, Available for hire by the community for arts/cultural activities.
- **Recital Space** – Used for mini conferences, recitals, music practice, art installations, video/short film, multi media, poetry, Literary Readings, drama etc.
- **Workshop Areas** – One open plan room for annual lease to the Shoalhaven Arts Society Inc for their use for painting, workshops, exhibitions and meetings. Another workshop space available for hire on a day to day basis for arts workshops, meetings, music rehearsal, lectures and arts activity.
- **Entrance Foyer** – Shopfront for commercial/arts sales area. There is an office space for administration and a service counter in the foyer space.
- **Dr Ivan Englund Room** – serves as a members lounge and small meeting room and contains a library of over 100 Art Books and 2 paintings donated to the community by Dr Ivan & Beryl Englund; residents of the Shoalhaven.
- **Other Spaces Include** – a staff room with kitchenette and storage, a sculpture courtyard, 2 storage rooms, toilet facilities including disabled access, loading dock, 2 disabled car parking spaces and disabled access.

First Floor:

- Proposed development into a Music and Multi Media Centre

BERRY MUSEUM

- **Central Museum Area** – Collection displaying family and local History
- **Entrance Foyer**

NOWRA MUSEUM

- **Central Museum Area** – Collection displaying local History and resource centre
- **Entrance Foyer**

LADY DENMAN HERITAGE COMPLEX

- **Museum Complex** – Features the restored Lady Denman ferry, local heritage and Maritime history collection.

LAKE TABOURIE MUSEUM

- **Central Museum Area** – Collection displaying an informed and learned display of minerals, fossils, rocks, aboriginal artefacts, glass, farming and blacksmithing implements.
- **Entrance Foyer**
- **Toilet Facilities**

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.

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 (2) 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 cultural centres 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 cultural centres 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:

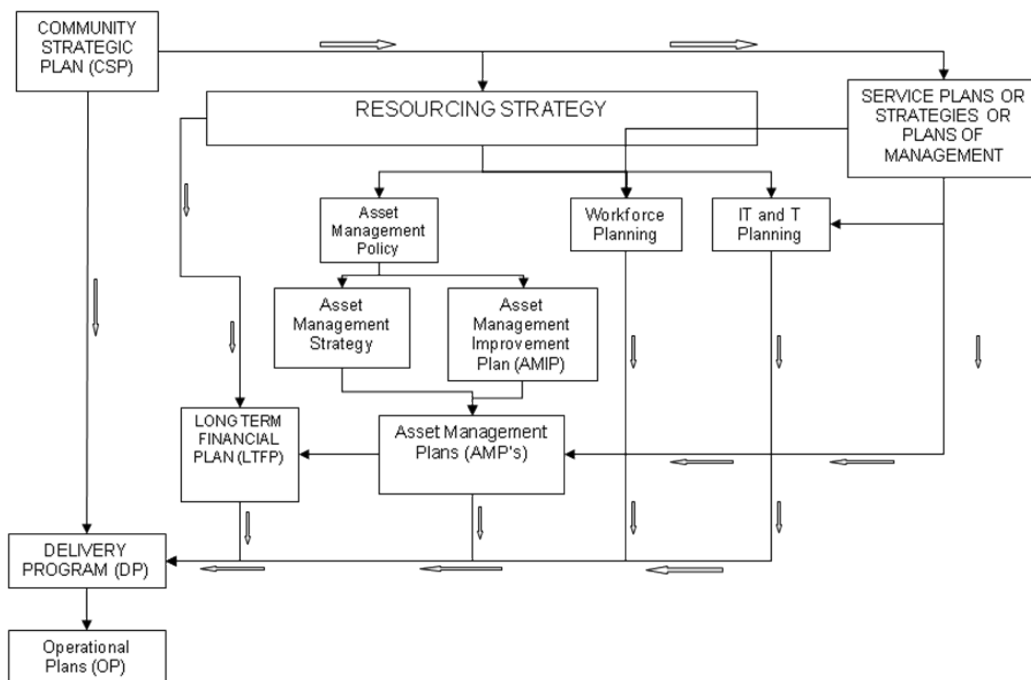


Diagram 1: SCC Organisational Operational Chart

2.2. Goals and Objectives of Asset Ownership

Council is committed to providing safe and efficient Cultural Facilities with the objectives being:

Museums

- Application of best practice techniques in museum management, conservation and maintenance of buildings and grounds
- Marketing the complexes as a major tourist and local visitor attraction
- Prudent financial management to ensure our economic sustainability
- Attracting and supporting volunteers
- Undertaking suitable entrepreneurial activities
- Ensuring that Council meets and embraces its ESD obligations under the Local Government Act

Arts Centre

- encourage, promote and showcase all levels of artistic and cultural strength, diversity and activity by the arts community of the Shoalhaven;
- include a balance of exhibitions and activities that present artistic expression within the Australian art scene and beyond;
- efficient management and marketing, quality education programs and quality facilities making the centre sustainable and enjoyable to the residents and visitors alike
- provide a public venue - to view and enjoy "everyday art forms", including collectibles, private collections and craft showcase
- provide opportunities to - attend music, art, literature and related workshops – hear local city bands and youth orchestra – view and enjoy the City Art Collection;
- allow the hire of space for art related workshops and gallery exhibitions
- creation of potential opportunities to increase the Shoalhaven's cultural tourism
- ensuring that Council meets and embraces its ESD obligations under the Local Government Act

Strategically the key objective of Council's Strategic City Plan, which is adopted in June 2010 is *"To foster a diversity of cultural...activities to enrich the lifestyle of residents and visitors"*
Ref: City Plan – Shoalhaven City Council

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.

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

Shoalhaven City Council
Asset Management Plan – Cultural Centres

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

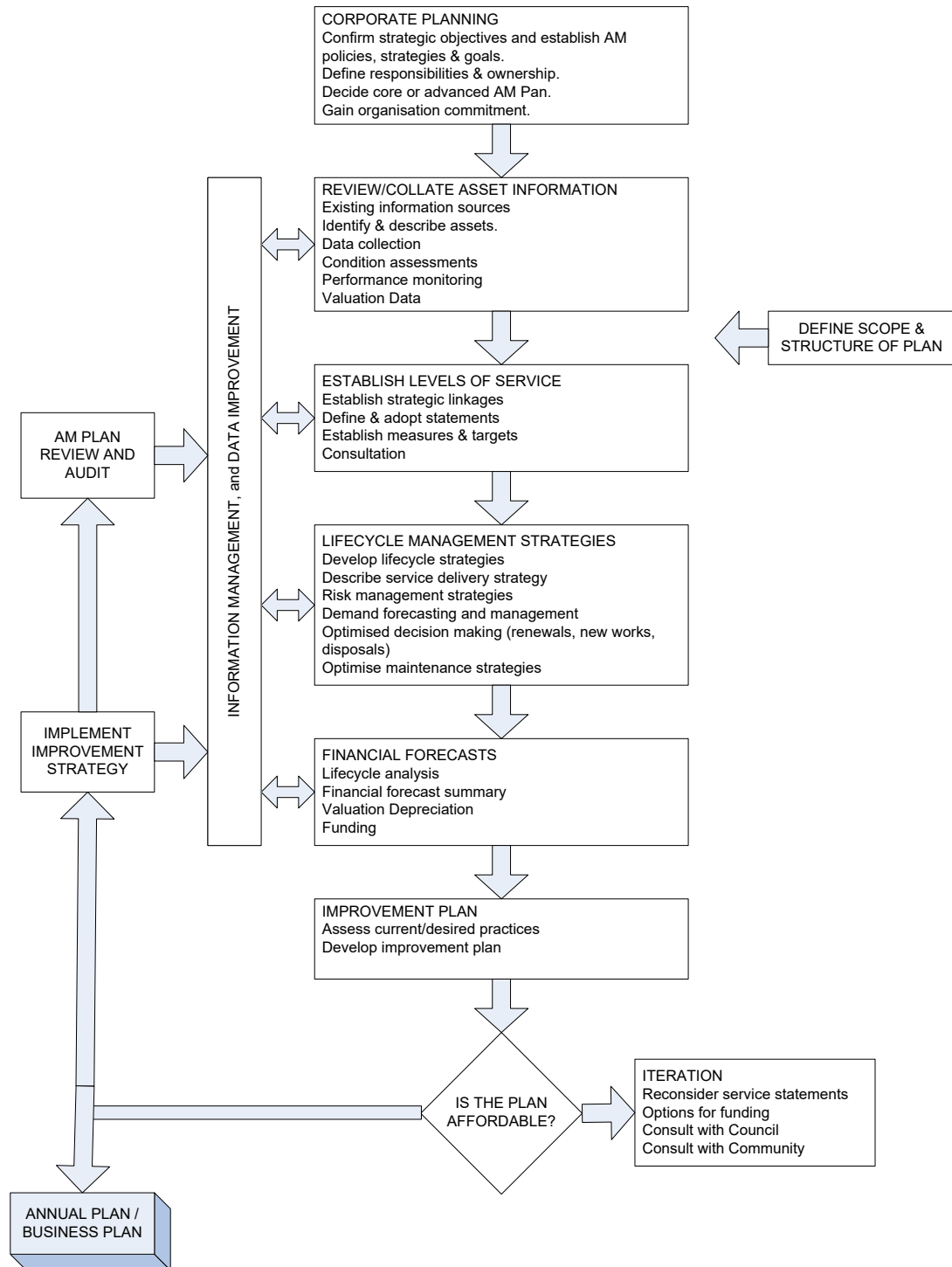


Diagram 2: Road Map for preparing an Asset Management Plan

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 has previously been undertaken by Cultural Centre Management for surveys of various descriptions. These surveys have been conducted to reflect the community's views for satisfaction of services and for identifying community arts needs and wants.

Additionally community consultation occurs during the day to day operations of the cultural centres, due to the extensive involvement of community members on the Management Committees and the valuable contribution of service through volunteers.

Continuous opportunities will exist to add value through community consultation in particular with regard to the operational function.

Opportunities to add value through community consultation with regard to maintenance is extensive with Management Committees where operating being responsible under Management Committee Guidelines as follows;

Clause 2.1(a) & (b) Planning:

- (a) The local Government Act, 1993 requires Councils and their agents (including management committees) to be more transparent, accountable and responsible in their management of public facilities. This requires, in part the establishment of clear objectives and targets for each service provided and reports on these targets.*
- (b) Management committees are required to play their part in this change by adopting and implementing sound business practices. Specifically, each committee is required to prepare annually a five (5) year Facility Management Plan. Plans will incorporate the following items:*
 - goals and objectives for the facility;*
 - action plan for achieving the goals and objectives;*
 - performance targets;*
 - performance indicators;*
 - capital improvements to the facility;*
 - repairs and maintenance of the facility;*
 - general expenditure and income;*
 - budgets;*
 - monitoring procedures;*
 - each facilities Management Plan is subject to an annual review.*

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 (LoS) 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 LoS 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 strategies. 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 of 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, cleaning frequency, mowing frequency, etc.
- Maintenance – the activities necessary to retain an asset 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).

3.5. Desired Level of Service

The preferred internal service provider, Works and Services Section (W&S), will undertake a percentage of maintenance activities 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'.

Where the facility is managed in accordance with councils Management Committee Guidelines, the extent of the committee's responsibilities for maintenance is determined by *Section 2.3 Managing Facility Maintenance* and the following clauses;

Clause 2.3.1 General:

- (a) Committees are responsible for ensuring that facilities under their control are properly maintained.*
- (b) In the course of their normal duties, Council staff will inspect these facilities. However committees are expected to inform Council of any substantial repair or upgrading work required on relevant facilities by inclusion in the facility Management Plan.*
- (c) Any works/purchases to be carried out in the near future which have been addressed in the Facility Management Plan, estimated to cost in excess of one thousand dollars (\$1,000) must be referred to the Liaison Officer. The works should be previously identified in the works program and management plan. The management committee must obtain three (3) quotes and make a recommendation as to which quote is acceptable. The Liaison officer must approve the works/purchases before undertaken.*

Clause 2.3.2 Public Buildings

- (a) Generally Council will be responsible for the following maintenance and improvements. These works should be identified in the Facility Management Plan for inclusion in Council's Condition Report:*
 - External Painting;*
 - Re-roofing, gutters and downpipes;*
 - Building Extensions;*
 - Structural Repairs;*
 - External freestanding lighting;*
 - Car park surface*
 - Replacement of paths, surface drainage and retaining walls;*
 - Trees over three (3) metres.*
- (b) Committees will be responsible for:*
 - Application fees;*
 - Utilities and services such as telephone, electrical, water, gas, garbage and effluent disposal, liquid or solid trade waste, cleaning;*
 - Internal painting;*
 - Repairs and maintenance to building fixtures, fittings, windows, plumbing, electrical, appliances and furniture to ensure they are in good working order;*
 - Maintain gardens including replacement of flowers, plants, shrubs, and trees; mowing of lawns, trimming of edges and maintenance of trees under three (3) metres;*
 - Cleaning of paths;*
 - Ensure that the building is kept clean and presentable at all times;*
 - Take all reasonable precautions to keep free of rodents, vermin, insects and pests.*

The Management Committee Guidelines outline the available and approved procedures to be followed when planning to complete the works as classified above. These are contained in the following relevant clauses:

Clause 2.2.7 – Employment of persons

Clause 2.2.8 – Hire of Contractors

Clause 2.2.9 – Volunteer Workers

The provision of Capital Works projects for museums and arts centres will generally be undertaken in accordance with the 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 prolong useful life of the cultural centres.

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

All defects identified through the Access Audits are assigned a condition and priority rating as per the Defect and Asset Condition Assessment process.

The museum buildings are due for access audit inspections identifying necessary tasks; however these may also be affected or physically unachievable by existing building design, particularly the case with buildings of heritage significance.

Capital Enhancement Works

If activities are identified as a result of the 'Defect and Asset Condition Assessment Inspections' that require Capital Works funding, these activities will be included for consideration in the annual budgets. No works are currently identified.

Accessibility issues also 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. No works are identified at present for Cultural Centres.

The program for the Installation of Roof Anchors for safe working does not identify any Cultural Centres; however there may be a requirement for the Shoalhaven City Arts Centre to be added to the scheduled program.

With regard to the Museums, the management committees were invited to submit items for consideration for 'capital improvements'. Submissions were received from Lady Denman (> \$600,000) and Lake Tabourie (about \$70,000). All the submissions were for works that expanded the services or increased the level of service of existing facilities.

There is no existing Policy on funding for these types of capital works and for this Asset Plan it is assumed that the Management Committees need to develop a Business Plan and 'self fund' development projects. Grants or loans are expected to be the funding source and hence there is no expected impact on funding requirements from Council. Funding is provided annually for 'Museum Development' and is generally distributed as \$30,000 for Lady Denman and \$12,000 for other museums.

5. LIFECYCLE MANAGEMENT PLAN

5.1. Background Data

5.1.1. Physical Parameters

The existing Cultural Centres consist of four (4) museums operated by council in conjunction with the local Historical Societies and Heritage committees, and one (1) City Arts Centre administered by Shoalhaven City Council. They are located at various sites throughout the local government area. The facilities consist of various types of construction, materials and differing ancillary assets including, electrical and mechanical services, car-parks etc. A brief general description of each existing museum facility is shown on Table 2 below:

Table 2a: Museums

	Berry Museum			Nowra Museum	Lake Tabourie Museum
Description	Museum	Garage	Boat Shelter	Museum	Museum

Shoalhaven City Council
Asset Management Plan – Cultural Centres

Location	135 Queen St...			Cnr Kinghorne & Plunket St.	Princess Highway
Asset I.D.	204	156185	156186	667	219
Floor Area (m2)	324	27	32	196	234
Wall Material	Brick		Brick	Brick	FC Hardiflex
Floor Material	Timber			Timber	Timber
Roof Material	Timber Frame/Tiles		Timber Metal clad	Timber Frame/Tiles	Custom Orb
Mechanical Services	N/A	N/A	N/A	N/A	N/A
Electrical Services	New sub-boards installed 2001. Installed underground mains 2004 to meter point	N/A	N/A	Standard Metering	Standard Metering

Table 2b: Lady Denman Heritage Complex – 11 Dent Street Huskisson

	Asset I.D.	Floor Area	Walls	Floor	Roof	Mechanical Services
Amenities	156140	87	Brick	Concrete	Metal	N/A
Boatshed/ Shelter.	156139	333	Timber	Timber	Metal	N/A
Caretakers Cott.	156135	69	Metal	Timber	Custom Orb	N/A
Carpark Dent St	156141	326		Gravel		N/A
Carpark Woolamia Rd	156138	1146		Gravel		N/A
Gallery	157019	24	Timber	Timber	Colorbond	N/A
Heritage Complex	700	1523	Brick	Concrete	Tile	N/A
Historic Church	156136	27	W/board	Timber	Colorbond	N/A
Classroom A	156137	85	W/board	Timber	Colorbond	N/A
Classroom B	156143	73	W/board	Timber	Colorbond	N/A
Museum of Science	156134	330	Brick	Concrete	Tile	N/A
Slipway	156424	181				N/A
Slipway Shelter	157018	181	Timber	Timber	Metal	N/A
Wharf	156142	107	Metal	Concrete	Metal	N/A
Workshop	157020	42	Metal	Concrete	Metal	N/A

The Shoalhaven City Arts Centre consists of a three level building recently converted from a former TAFE centre, level one is occupied by the Arts Centre and the basement by the Electrical Switch room and storage. Level three is currently being developed into a multi-media and music centre.

Table 2c: Shoalhaven City Arts Centre – 12 Berry Street, Nowra

	Asset I.D.	Floor Area	Construction Materials	Mechanical Services
Green Gallery-Recital	Not Assigned	72	Double clinker brick construction, with concrete slabs.	Packaged Air Conditioning Unit 25kW Ducted
Access Gallery		43	Galleries lined with two hour fire rated plasterboard with timber floating floor	Split system Air Conditioner Roof Cassette 10kW
Foyer Gallery		29		Split system Air Conditioner Roof Cassette 5kW
Main Gallery		115	Meeting room/ Workshop/ Library have timber infill panels on southern wall.	Packaged Air Conditioning Unit 30kW Ducted
Storeroom Recital Space		11	Workshop-vinyl floor	Refer Green Gallery
Storeroom Boyd Gallery		11		Refer Main Gallery
Workshop (SAS Room)		58	Meeting Room/ Office carpeted	2 x 2hp Room Air Conditioners
Meeting Room		58		2 x 2hp Room Air Conditioners
Dr Ivan Englund Room		15	Foyer-Shop tiled floor	N/A
Foyer		39	Foyer and Stairwells glazed	N/A
Foyer Shop		15		Split system Air Conditioner 3.7kW Mounted in office
Office		15	Amenities tiled	
Courtyard-Events Area		126		N/A
Amenities		58		N/A
Car park	Two disabled and one loading zone – Concrete construction			
Electrical Supply - Electrical supply upgraded into switch room, CT metering installed, distributed to three boards Level 1, Level 2 & Mechanical services				

5.1.2. Asset Capacity / Performance

Refer to section 5.1.1

5.1.3. Asset Condition

Full Defect and Asset Condition Assessment Inspections are scheduled to be performed on a three (3) yearly frequency for museums. 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, 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 cultural buildings were considered by the Asset Management Unit as listed in Table 3 below;

Table 3: Overall Building Conditions

CONDITION	Locations	% by Network Replacement Value
C1 – As new Residual life 40 to 50 years	Nil	0
C2- Good Residual life 30 to 40 years	Shoalhaven City Arts Centre	27%
C3 – Fair Residual life 15 to 30 years	Berry, Nowra, Lake Tabourie, Lady Denman Heritage Complex	73%
C4 – Poor Residual life 5 to 15 years	Nil	0
C5 – Requires replacement Residual life 0 to 5 years	Nil	0

The value of programmed maintenance defects as at the dates listed (excl. Access identified requirements) to the full cultural centre network was as listed below;

Table 4: Prioritised Defect Value

Defect Description	Total Value
P5 - Undertake immediately	\$4,240
P4 – Undertake within 1 year	\$353,618
P3 - Undertake within 2 years	\$206
P2 - Undertake within 3 to 5 years	\$177,520
P1 - Undertake beyond 5 years	\$0
Totals	\$535,584

The above estimates do not include repairs / defects that are the responsibility of the lessee / user group.

The total replacement costs of the existing museums network are as follows:

Table 5a: Facility Replacement Costs - Museums

Item Description	Berry	Nowra	Lake Tabourie	Lady Denman	Overall Costs
Buildings	\$765,200	\$480,000	\$465,000	\$5,857,000	
Contents	Not Valued	Not Valued	\$25,100	\$3,596,800	
Total Network Replacement Costs	\$765,200	\$480,000	\$490,100	\$9,453,800	\$11,189,100

Table 5b: Facility Replacement Costs – City Arts Centre

Shoalhaven City Arts Centre	Buildings	Contents	Total Replacement Costs
Values	\$4,260,000	\$50,000	\$4,310,000

5.1.4. Asset Valuations

There is currently no information for this section

5.1.5. Historical Data

There is currently no information for this section

5.2. Infrastructure Risk Management Plan

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

- Museums – 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’.

Where the facility is managed as per councils Management Committee Guidelines Risk Management procedures will be in accordance with the following clause:

Clause 2.2.6 – Risk Management

Management of facilities must be undertaken in accordance with the Occupational Health and Safety Act 2001 as amended, and these management Committee guidelines. Each committee must ensure that the premises (and access to and egress from) are without risk to health. A plan and description of the facility should be held by the committee and by council.

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

Each of the Cultural Centres is managed with different arrangements which determine the operating expenditure and the operating income (not always received by council). The arrangements for each centre are described below.

Table 6: Cultural Centres Management

Museum	Management Body	Arrangement	Net Operating Support Funding (C&O)	Net Operations Funding (CS)	Operating Income
Berry	Lease agreement administered by Property Unit	Lease	\$2,500	\$1,500	Management Committee
Nowra	No Current agreement	No Arrangement	\$2,500	\$150	Management Committee
Lake Tabourie	Tabourie Lake Museum Foundation	Letter of trust	\$5,305	\$1,120	Management Committee
Lady Denman Heritage Complex	Lady Denman Heritage Complex Incorporated	Management Committee Guidelines	\$69,000	\$150	Management Committee
Sub Totals					
Shoalhaven City Arts Centre			\$114,500	\$800	
Totals			\$193,805	\$3,720	

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

5.3.2. Operations and Maintenance Strategies

The funding needed to achieve a satisfactory programmed maintenance condition based Level of Service of P5 Defects - <0 and P4 Defects - <\$5,000 in 5 years has been modeled and it is estimated that an annual allowance of \$6,000 is required to achieve this standard (not including Access tasks). This includes an assumption that the annual value of new identified defects is \$5,000.

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

- \$3,000 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 defects.

Accordingly, there is an annual funding requirement of \$9,000 for 'programmed' maintenance. The total Budget allocation for Community Facilities maintenance for 2012/13 is adequate for this activity.

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'.

5.3.3. Summary of Future Costs

The operating expenditure for cultural centres in 2011/12 is \$602,603. Based on this figure, the estimated expenditure for the next ten (10) years is as follows:

Year	Estimated Expenditure
2011/12	\$602,603
2012/13	\$623,694
2013/14	\$645,523
2014/15	\$668,117
2015/16	\$691,501
2016/17	\$715,703
2017/18	\$740,753
2018/19	\$766,679
2019/20	\$793,513
2020/21	\$821,286
2021/22	\$850,031
2022/23	\$879,782

5.4. Renewal / Replacement Plan

As stated in Section 4 of this Asset Management Plan, the only project included in the Section 94 Contribution Plan classified as cultural facilities, was the Shoalhaven City Arts Centre, completed as a recuperation project. There is no requirement for a capital works program for replacement works.

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

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.

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 Cultural Centres

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 Cultural Centres is currently not available

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

There is no requirement presently for the replacement of existing facilities. To maintain levels of service to the community, the current facilities are adequate. When future expansion or enhancement issues arise an investigation of alternative options will be conducted as per the Cultural Centres Strategic Plan directions.

There are neither Capital Works identified nor accessibility tasks to be completed

6.2. Funding Strategy

The identified annual maintenance funding to maintain 73% of the existing cultural centres in a fair condition is \$9,000. Funding may be inadequate for 2012/13 as the allocated budget for programmed maintenance and reactive/ urgent works for all community facilities only total \$85,000.

Operational funding levels are adequate to maintain the existing levels of service, however these can vary considerably throughout the year as new programs/ needs are identified and grants through request are received.

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

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 –

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

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.