

179	Pit	87	High Street	0	2015	\$2,864	100
						Subtotal	\$174,702
						Program Total	\$174,702

Appendix C Projected Upgrade/Exp/New 10 year Capital Works Program

Projected Expenditure	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Capital Expenditure on Renewal/Replacement of existing assets	\$175	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Expenditure on Upgrade/New assets	\$300	\$1,300	\$1,300	\$1,300	\$1,300	\$300	\$300	\$300	\$300	\$300
Operational cost of existing assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance cost of existing assets	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Operational cost of New assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance cost of New assets	\$0	\$0	\$2	\$4	\$6	\$8	\$9	\$9	\$10	\$10
Disposal of Surplus assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Appendix D Budgeted Expenditures Accommodated in LTFP

NAMS PLUS3 Asset Management Northern Midlands

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Asset Management Plan

Stormwater_S1_V1

Stormwater First year of expenditure projections 2015 values
 Next values at start of planning period
 Current replacement cost
 Connectable replacement cost
 Annual depreciation expense

2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025
 \$34,065 (000)
 \$25,938 (000)
 \$25,938 (000)
 \$411 (000)

2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025
 \$34,065 (000)
 \$25,938 (000)
 \$25,938 (000)
 \$411 (000)

Operations and Maintenance Costs for New Assets
 Additional operations costs
 Additional maintenance
 Additional depreciation
 Planned renewal budget (information only)

Existing %age calculated from data in worksheets
 0.00% of CRC (4y average)
 0.15% of CRC (4y average)
 1.61% of Cap Amt
 0.18% of CRC (Year 1 comparison)

Planned Expenditures from LTFP

Note: Enter all values in current 2015 values

Financial Year ending	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (CRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Planned renewal budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Planned upgrade/new budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New growth contributed asset value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (CRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Average of first 10 years Expenditure Outlays required from IRMP

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034			
Additional Expenditure Outlays required and not included above	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Capital Renewal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
User Comments #2																							

Average of first 10 years Capital Renewal & Upgrade Expenditures

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
Forecast Capital Renewal from Form 2A B 2B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Forecast Capital Upgrade from Form 2C	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Appendix E Abbreviations

AAAC	Average annual asset consumption
AM	Asset management
AM Plan	Asset management plan
ARI	Average recurrence interval
ASC	Annual service cost
BOD	Biochemical (biological) oxygen demand
CRC	Current replacement cost
CWMS	Community wastewater management systems
DA	Depreciable amount
DRC	Depreciated replacement cost
EF	Earthworks/formation
IRMP	Infrastructure risk management plan
LCC	Life Cycle cost
LCE	Life cycle expenditure
LTFP	Long term financial plan
MMS	Maintenance management system
PCI	Pavement condition index
RV	Residual value
SoA	State of the Assets
SS	Suspended solids
vph	Vehicles per hour
WDCRC	Written down current replacement cost

Appendix F Glossary

Annual service cost (ASC)

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

Asset

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

Asset category

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

Asset class

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

Asset condition assessment

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

Asset hierarchy

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

Asset management (AM)

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

Asset renewal funding ratio

The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an 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 expenditure

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

Capital expenditure - expansion

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

Capital expenditure - new

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

Capital expenditure - renewal

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

Capital expenditure - upgrade

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

Capital funding

Funding to pay for capital expenditure.

Capital grants

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

Capital investment expenditure

See capital expenditure definition

Capitalisation threshold

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

Carrying amount

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

Class of assets

See asset class definition

Component

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

Core asset management

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

Cost of an asset

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

Critical assets

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

Current replacement cost (CRC)

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

Deferred maintenance

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

Depreciable amount

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

Depreciated replacement cost (DRC)

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

Depreciation / amortisation

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

Economic life

See useful life definition.

Expenditure

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

Expenses

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

Fair value

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

Financing gap

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

Heritage asset

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

Impairment Loss

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

Infrastructure assets

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

Investment property

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

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

Key performance indicator

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

Level of service

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

Life Cycle Cost *

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

Life Cycle Expenditure

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

Loans / borrowings

See borrowings.

Maintenance

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

- **Planned maintenance**
Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.
- **Reactive maintenance**
Unplanned repair work that is carried out in response to service requests and management/supervisory directions.
- **Specific maintenance**
Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.
- **Unplanned maintenance**
Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance expenditure *

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

Materiality

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

Modern equivalent asset

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

Net present value (NPV)

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

Non-revenue generating investments

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

Operations

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

Operating expenditure

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

Operating expense

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

Operating expenses

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

Operations, maintenance and renewal financing ratio

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

Operations, maintenance and renewal gap

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

Pavement management system (PMS)

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

PMS Score

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

Rate of annual asset consumption *

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

Rate of annual asset renewal *

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

Rate of annual asset upgrade/new *

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

Recoverable amount

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

Recurrent expenditure

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

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining useful life

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

Renewal

See capital renewal expenditure definition above.

Residual value

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

Revenue generating investments

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

Risk management

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

Section or segment

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

Service potential

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

Service potential remaining

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

Source: IPWEA, 2009, Glossary

Additional and modified glossary items shown *

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.

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

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

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

Value In Use

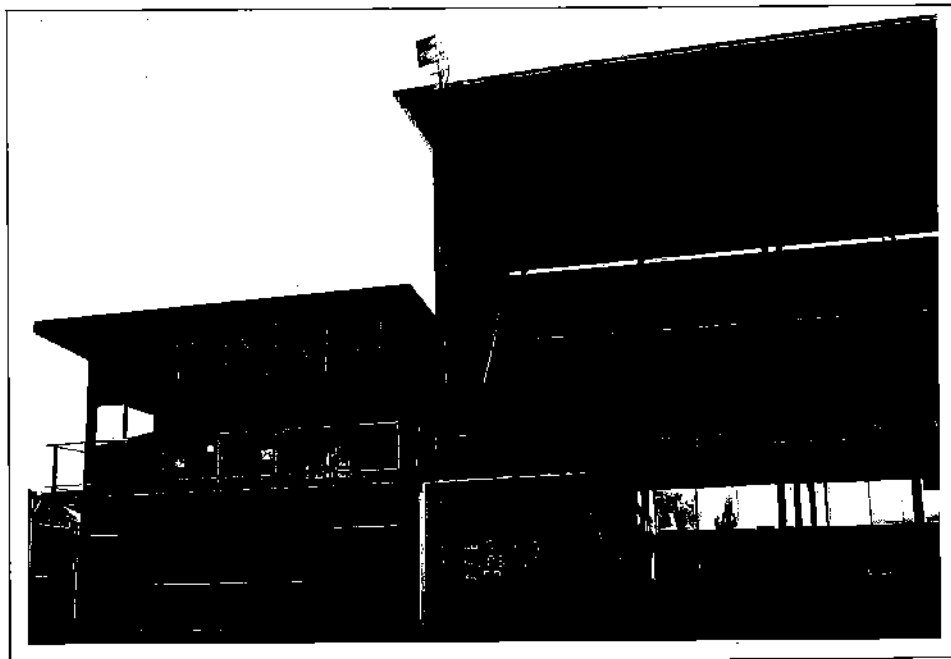
The present value of future cash flows expected to be derived from an asset or cash generating unit. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, where the entity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



**NORTHERN
MIDLANDS
COUNCIL**


BUILDINGS

Asset Management Plan



Version 1

February 2016

Document Control		 IPWEA <small>INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALASIA</small>			
Document ID: 59 299 140531 nams plus3 amp template v3.1					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1a	Feb 2016		MB		

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1. EXECUTIVE SUMMARY

Context

Northern Midlands Council provides a building network within its town areas to enable delivery of Council's services. The range of buildings and facilities owned by Northern Midlands Council is infrastructure provided to the community for a range of uses and services. This type of infrastructure represents a significant investment by the community and is vital to its life-style, health and well-being.

Council employs a Works Manager to oversee Council assets including buildings maintenance repairs, replacements and upgrades, with a number of facilities jointly managed with community user committees. New and major works are predominantly undertaken by private contractors. Council building maintenance is undertaken by the maintenance staff or by contractors.

The Building Service

The Buildings network comprises of assets situated on Council owned property, including:

- Amenities/ public toilets
- Sheds/ garages
- Community facilities
- Council offices/ depots
- Recreation facilities/ shelters
- Halls / Community centres

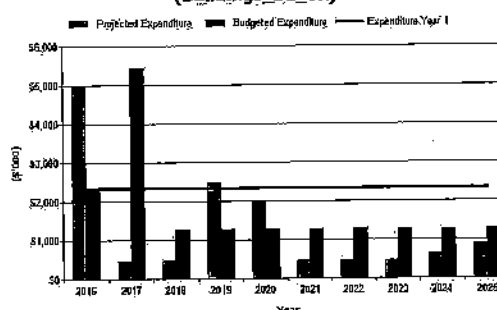
These infrastructure assets have a replacement value of \$47,070,609.

What does it Cost?

The projected outlays necessary to provide the services covered by this Asset Management Plan (AM Plan) includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$13,205,000 or \$1.321m on average per year.

Estimated available funding for this period is \$17.8m or \$1.784m on average per year which is 135 percent of the cost to provide the service. This is a funding shortfall of \$463,000 on average per year. Projected expenditure required to provide services in the AM Plan compared with planned expenditure currently included in the Long Term Financial Plan are shown in the graph below.

Northern Midlands - Projected and Budget Expenditure for (Buildings \$1 VI)



What we will do

We plan to provide Building services for the following:

- To achieve the optimal delivery of services through the efficient and effective management of building assets at the optimum cost.
- Ensure all stakeholders have the ability to provide input into quality, extent and performance of the building infrastructure which are the responsibility of Council.
- Replace/upgrade the Campbell Town Recreation Ground Complex \$1.8m, extend the Longford Sports Centre \$1.0m, replace/upgrade several recreation ground clubroom and public amenity buildings within the 10 year planning period.

What we cannot do

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

- All works identified in facility Master Plans without external funding being obtained,
- All community/management committee requests without external funding and long term planning.

Managing the Risks

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

- adequate maintenance of assets
- renewal at optimal time
- over-engineering/design
- emergency management.

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

- maintenance levels
- condition assessments at regular intervals
- qualified experienced staff.

Confidence Levels

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

The Next Steps

The actions resulting from this asset management plan are:

- Refine asset condition inspection, data collection and modelling,
- Review risk analysis of buildings network to better identify priority items,
- Capital works expenditure to be further refined/ investigated,

Council can develop master plans and priorities for future building services with costs of providing the services matching community needs with the ability to pay.

Questions you may have

What is this plan about?

This asset management plan covers the infrastructure assets that serve the Northern Midlands Council community's Building asset needs. These assets include halls, community centres, libraries, public toilets and other facilities throughout the community for enjoyment by the public.

What is an Asset Management Plan?

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

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

Why is there a funding shortfall?

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

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

Our present funding levels may be insufficient to continue to provide existing services at current levels in the long term.

What options do we have?

Resolving the funding shortfall involves several steps:

1. Improving asset knowledge so that data accurately records the asset inventory, how assets are performing and when assets are not able to provide the required service levels,
2. Improving our efficiency in operating, maintaining, renewing and replacing existing assets to optimise life cycle costs,
3. Identifying and managing risks associated with providing services from infrastructure,
4. Making trade-offs between service levels and costs to ensure that the community receives the best return from infrastructure,

5. Identifying assets surplus to needs for disposal to make saving in future operations and maintenance costs,
6. Consulting with the community to ensure that building services and costs meet community needs and are affordable,
7. Developing partnership with other bodies, where available to provide services,
8. Seeking additional funding from governments and other bodies to better reflect a 'whole of government' funding approach to infrastructure services.

What happens if we don't manage the shortfall?

It is likely that we may have to reduce service levels in some areas, unless new sources of revenue is found or building rationalisation is implemented. For Buildings, the service level reduction may include lower levels of maintenance and slower renewal/ replacement of assets.



What can we do?

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

What can you do?

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

2. INTRODUCTION

2.1 Background

This asset management plan is to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding needed to provide the required levels of service over a 20 year planning period.

The asset management plan follows the format for AM Plans recommended in Section 4.2.6 of the International Infrastructure Management Manual¹.

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

- **Mapping Our Direction' – 2017 Strategic Plan**
This document outlines Council's vision and guiding principles to meet strategic objectives.
- **Annual / Financial Report**
This outlines Council's activities and achievements for the financial year compared to its annual plan and strategic objectives, it also reports on the financial performance and position of Council.
- **Annual Plan**
A detailed plan of projects and financial commitments for each year.
- **Asset Management Policy & Strategy**
These documents outline Council's commitment to Asset Management.
- **10 Year Financial Plan**
This plan details Council's planned financial operating results, financial position and cash flows for each of the next 10 years. It outlines all aspects the key financial strategy objectives, funding parameters and commitments.
- **10 Year Capital Works Plan**
A detailed list of scheduled capital works projects for each year for the next 10 years.

This infrastructure assets covered by this asset management plan are shown in Table 2.1. These assets are used to provide building services to the community.

Table 2.1: Assets covered by this Plan

Asset category	No. of Buildings	Replacement Value
Amenities/Public Buildings	40	\$5,444,000.00
Community Facility	36	\$8,138,000.00
Depot/Workshop	8	\$1,370,000.00
Halls/Civic Centre	16	\$17,390,000.00
House/Unit	11	\$2,189,704.00
Office Building	11	\$7,320,934.00
Recreation	18	\$3,326,000.00
Shed/Shelter/Garage/Carport	56	\$1,891,969.00
	196	\$47,070,607.00

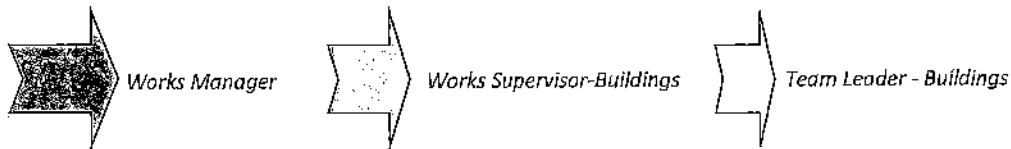
Key stakeholders in the preparation and implementation of this asset management plan are: Shown in Table 2.1.1.

¹ IPWEA, 2011, Sec 4.2.6, *Example of an Asset Management Plan Structure*, pp 4|24 – 27.

Table 2.1.1: Key Stakeholders in the AM Plan

Key Stakeholder	Role in Asset Management Plan
Councillors	<ul style="list-style-type: none"> • Represent needs of community, • Allocate resources to meet the organisation's objectives in providing services while managing risks, • Ensure organisation is financial sustainable.
Staff	<ul style="list-style-type: none"> • Maintain a proactive approach to holistic asset management processes and procedures, • Inform Councillors to make decisions.
General Public	<ul style="list-style-type: none"> • Reporting shortcomings, damage, safety concerns etc with current infrastructure.
Community Groups	<ul style="list-style-type: none"> • Assisting with the maintenance, planning and performance of asset infrastructure.
Users	<ul style="list-style-type: none"> • Providing input for the management and upkeep of the building asset stock.

Our organisational structure for service delivery from infrastructure assets is detailed below,



2.2 Goals and Objectives of Asset Management

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

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.²

2.3 Plan Framework

Key elements of the plan are

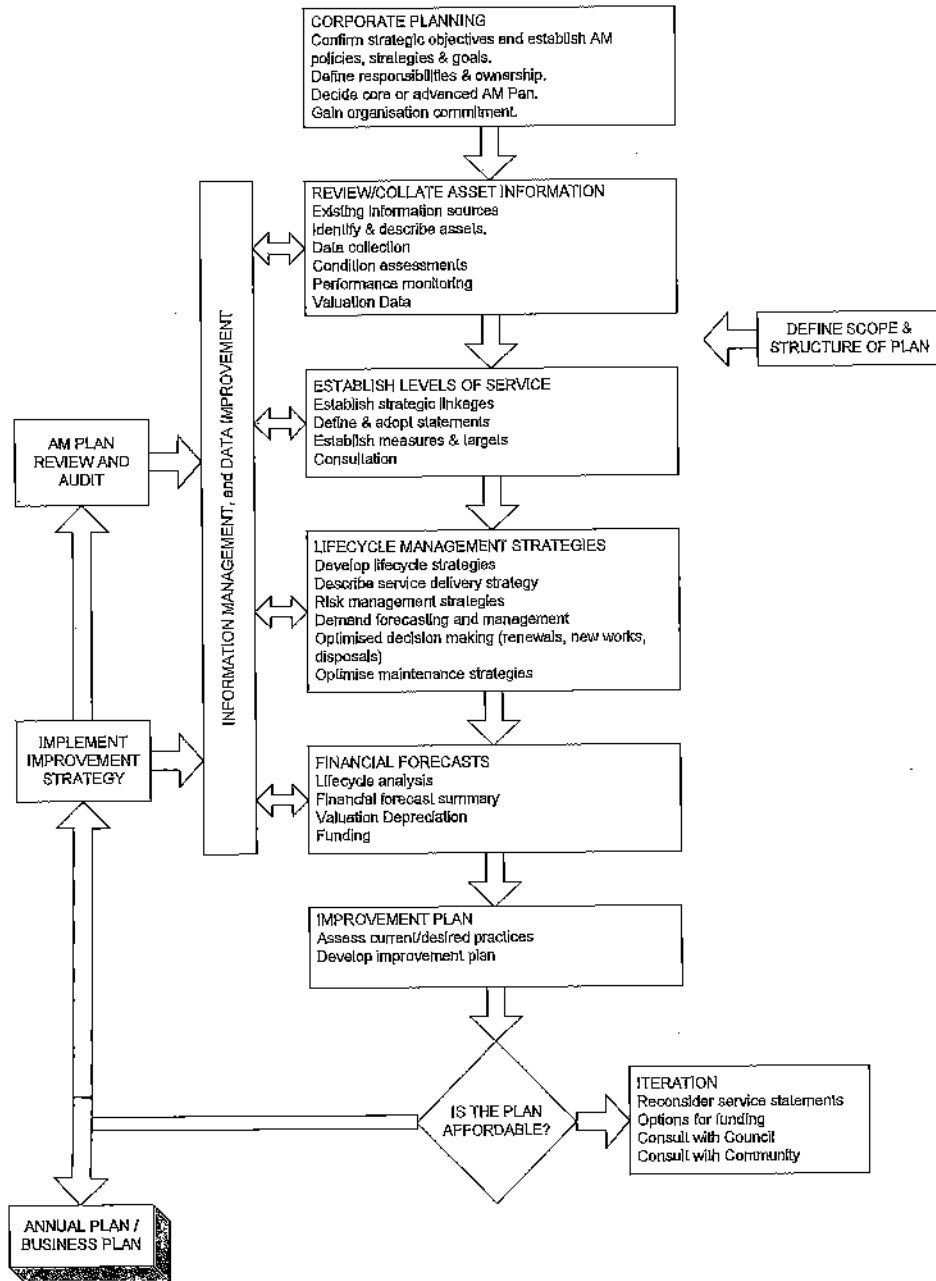
- Levels of service – specifies the services and levels of service to be provided by the organisation,
- Future demand – how this will impact on future service delivery and how this is to be met,
- Life cycle management – how Council will manage its existing and future assets to provide defined levels of service,
- Financial summary – what funds are required to provide the defined services,
- Asset management practices,

² Based on IPWEA, 2011, IIMM, Sec 1.2 p 1 | 7.

- Monitoring – how the plan will be monitored to ensure it is meeting organisation's objectives,
- Asset management improvement plan.

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

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



2.4 Core and Advanced Asset Management

This asset management plan is prepared as a 'core' asset management plan over a 20 year planning period in accordance with the International Infrastructure Management Manual³. It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

2.5 Community Consultation

Future revisions of the asset management plan will incorporate community consultation on service levels and costs of providing the service. This will assist the Council and the community in matching the level of service needed by the community, service risks and consequences with the community's ability and willingness to pay for the service.

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

Council continues to Master Plan major facilities with a large consultation process for future development ideas. Council also receives verbal/ written feedback with regard to completed capital and maintenance projects, and invites budget submissions from the local district committees and other community groups for Council consideration. Council's customer request system continues to be used to determine trends in community expectations.

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

3.2 Strategic and Corporate Goals

This asset management plan is prepared under the direction of the organisation's vision, mission, goals and objectives.

Our vision is:

Northern Midlands is an enviable place to live, work and play. Connected communities enjoy safe, secure lives in beautiful historical towns and villages. Our clean, green agricultural products are globally valued. Local business and industry is strongly innovative and sustainable.

Our mission is:

Lead and Progress
Leadership - Serve with honesty, integrity, innovation and pride
Progression - Nurture and support economic health and wealth
 People and Place
People - Build a vibrant society that respects the past
Place - Nurture our heritage environment

Relevant organisational goals and objectives and how these are addressed in this asset management plan are:

Table 3.2: Organisational Goals and how these are addressed in this Plan

Goal	Objective	How Goal and Objectives are addressed in AM Plan
Good Governance	Provide asset management services in a sustainable and deliver effectively and efficiently	Completion and adoption and review of asset management plans
Enhanced service levels	Identify current service levels and	An ongoing task which will be monitored and improved.

³ IPWEA, 2011, IIMM.

	target affordable levels	
Improved management risk	Identify and address all known significant risks to building assets	Implement a structured approach to identify and manage significant risks.
Sustainability	Identify financial efficiencies within the building asset class	An ongoing task will be monitored and improved for all aspects of decisions.

The organisation will exercise its duty of care to ensure public safety in accordance with the infrastructure risk management plan prepared in conjunction with this AM Plan. Management of infrastructure risks is covered in Section 5.2

3.3 Legislative Requirements

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

Table 3.3: Legislative Requirements

Legislation	Requirement
Local Government Act	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
Building Code of Australia	All new building works is to comply with the BCA. The BCA defines the standards for particular building types.
Building Act 2000 & Regulations 2004	Legislates the process and requirements for building works.
Director's Specified List	The Building Act requires a number of matters to be specified by the Director of Building Control, this document contains a full list of building requirements.
Workplace Health & Safety Act 2012	Legislates the requirements for design and building works.
Disability Services Act 1992	Legislates the requirements in regards to provisions for people with disabilities in public buildings.

The organisation will exercise its duty of care to ensure public safety in accordance with the infrastructure risk management plan linked to this AM Plan. Management of risks is discussed in Section 5.2.

3.4 Community Levels of Service

Service levels are defined service levels in two terms, customer levels of service and technical levels of service.

Community Levels of Service measure how the community receives the service and whether the organisation is providing community value.

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?

3.5 Technical Levels of Service

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

Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services such as opening hours, cleansing, energy, inspections, etc.
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition (eg 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 building component replacement),
- Upgrade – the activities to provide a higher level of service (eg extending a building to a larger size) or a new service that did not exist previously (eg a new community centre).

Service and asset managers plan, implement and control technical service levels to influence the customer service levels.⁴

Table 3.5 shows the technical level of service expected to be provided under this AM Plan.

⁴ IPWEA, 2011, IMM, p 2.22

Table 3.5: Levels of Service

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
COMMUNITY LEVELS OF SERVICE				
Quality	Provide buildings that meets community expectations by adequate acquisition and disposal	Master planning and number of customer service requests / complaints	<1 per month	
Function	Provide facilities that are suitable for intended use	Master planning and number of customer service requests / complaints	All properties meeting minimum standards	Nil properties not meeting standard
Safety	Provide hazard free facilities	Inspections regularly – number of reports of inconvenience, health or safety claims.	<10 per annum	
Responsiveness	Council's response to various community raised issues ranging from calls about problems, handling correspondence and service applications	(a) Provision of a 24 hour, 7 day per week call-out service to attend to issues (b) Percentage of issues responded to in set timeframes	100% of time 95% of time	
TECHNICAL LEVELS OF SERVICE				
Condition	Undertake inspections, routine maintenance tasks and repairs in a timely manner	Frequency of inspections, maintenance or repairs	Inspect every 24 months and repair within 3 months. Monitor cleaning contractors or management committees.	95% of time
Accessibility	Ensure adequate building assets are available	Master planning, capital works budget, and number of customer service requests / complaints	Improvement program exists. Regular inspections. Access Plan developed.	
Cost Effectiveness	Provide services in a cost effective manner	Benchmarking against other councils or contractors	Validate cost of council compared to contractor undertaking works or cost to maintain system is < or = to that of other municipalities	On a case by case basis. No current benchmarking against other Councils.
Safety	Ensure building infrastructure poses low risk to community and provides physical barriers or signage to identify and protect from hazards.	Number of injury / damage claims, defect and condition survey results and site specific risk assessments	Less than 1 claim for compensation per building network and any high risks identified are addresses within 3 months	No currently measured

4. FUTURE DEMAND

4.1 Demand Drivers

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

4.2 Demand Forecast

The present position and projections for demand drivers that may impact future service delivery and utilisation of assets were identified and are documented in Table 4.3.

4.3 Demand Impact on Assets

The impact of demand drivers that may affect future service delivery and utilisation of assets are shown in Table 4.3.

Table 4.3: Demand Drivers, Projections and Impact on Services

Demand factor	Present position	Projection	Impact on services
Population	12,775 as at 31/12/2015		Increase in population require an extension of the stormwater system to drain new properties and businesses
Demographics	Median age of 40 as at June 2011	Continued increase in median age	Increased median age may lead to more unit developments which will increase pressure on the existing system
Climate Change	Can be hotter, wetter, and windier.	May increase seasonal extremes in rainfall, temperature, winds and pressure systems	What was once a 1 in 20 year system may be 1 in 10 year system. May require review of service levels and capital upgrades.
Density	Smaller land sizes	Likely to increase number of multiple tenancies, gated communities for retirees	Consider impact and possible overloading of stormwater assets
Planning Scheme	Revised Development Plans	Changes to zoning to facilitate new building uses	Implications on existing infrastructure, consider need to redirect, detain, reuse, upgrade – or limit development
Water Quality	Limit structures to make improvements to public environmental awareness	Greater demand energy efficiency	Increase in cost to install, maintain and replace a water/hot water system that reduces usage
Fashion & Trends	Traditional outdoor sports and recreation. Technology advances.	Indoor sport trends such as basketball, indoor cricket and soccer, squash, badminton & volleyball. New building techniques, materials and products.	May increase costs of facilities, or endorsing of multi-use facilities. Energy efficient building elements and construction techniques will have significant effects on building operational costs.

4.4 Demand Management Plan

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

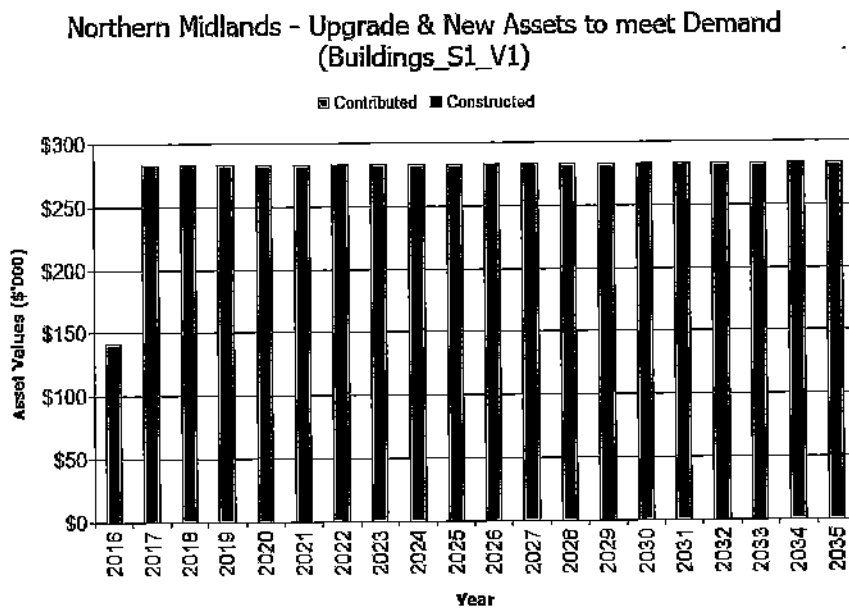
Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures⁵. Examples of non-asset solutions include providing services from existing infrastructure such as pools and libraries that may be in another community area or public toilets provided in commercial premises.

Further opportunities will be developed in future revisions of this asset management plan.

4.5 Asset Programs to meet Demand

The new assets required to meet growth will be generally acquired or constructed by Council. The cumulative value of new contributed and constructed asset values are summarised in Figure 1.

Figure 1: Upgrade and New Assets to meet Demand



Acquiring new assets will commit the organisation to fund ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs in Section 5.

⁵ IPWEA, 2011, IIMM, Table 3.4.1, p 3 | 58.

5. LIFECYCLE MANAGEMENT PLAN

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

5.1 Background Data

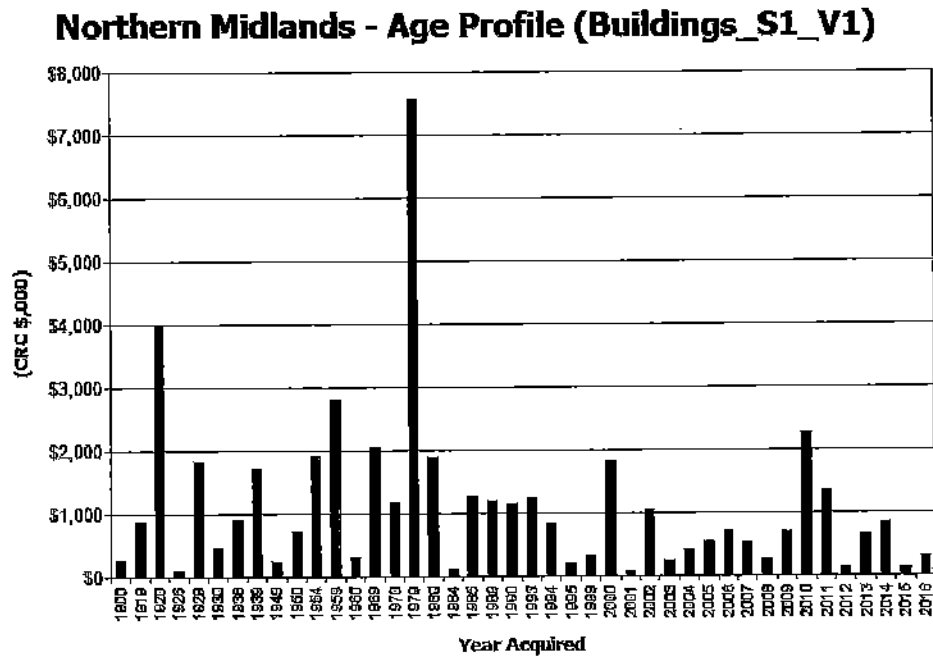
5.1.1 Physical parameters

The assets covered by this asset management plan are shown in Table 5.1.1.

Building Type	Number of Buildings	Useful Life (Years)
Amenities/Public Toilets	40	75
Community Facility	36	150
Depot/Workshop	8	150
Halls/Civic Centre	16	150
House/Unit	11	150
Office Building	11	150
Recreation	18	100
Shed/Shelter/Garage/Carport	56	75
75%Total	196	

The age profile of the assets include in this AM Plan is shown in Figure 2.

Figure 2: Asset Age Profile



5.1.2 Asset capacity and performance

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

Deficiencies in service performance are to be investigated in future revisions of this asset management plan. Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

Table 5.1.2: Known Service Performance Deficiencies

Location	Service Deficiency
Campbell Town Recreation Complex	No longer caters for mixed gender sporting activities
Longford Sports Centre	Size of gym facility too small to cater for increase in utilisation
Cressy Recreation Ground Amenities	Renewal to current standards required
Longford Recreation Ground Amenities	Renewal to current standards required

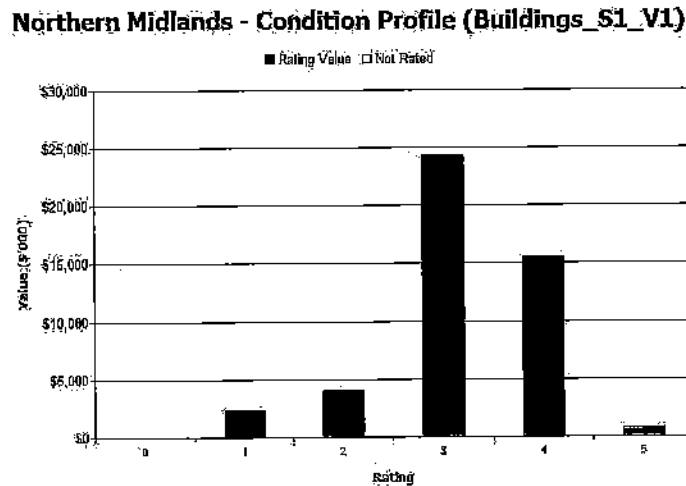
The above service deficiencies were identified from inspection program, Master planning and community feedback.

5.1.3 Asset condition

Council currently undertakes annual building maintenance inspections and risk assessments for all Council owned building structures. The purpose of these visual inspections is to identify defects and risk issues which are included into the annual maintenance program. Programmed maintenance is vital for extending the useful life of building components and elements to the full potential.

The condition profile of our assets is shown in Figure 3.

Fig 3: Asset Condition Profile



Condition is measured using a 1 – 5 grading system⁶ as detailed in Table 5.1.3.

⁶ IPWEA, 2011, IIMM, Sec 2.5.4, p 2 | 79.

Table 5.1.3: Simple Condition Grading Model

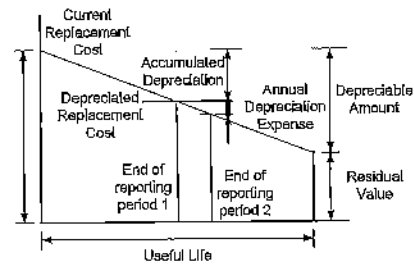
Condition Grading	Description of Condition
5	Very Good: only planned maintenance required
4	Good: minor maintenance required plus planned maintenance
3	Fair: significant maintenance required
2	Poor: significant renewal/rehabilitation required
1	Very Poor: physically unsound and/or beyond rehabilitation

5.1.4 Asset valuations

The value of assets recorded in the asset register as at 1 July 2016 covered by this asset management plan is shown below. Assets were last revalued at 1 July 2015.

The overall asset replacement value has been determined by Murray Bugg Valuer and each building components percentage of the valuation has been determined using Rawlinsons Construction Cost Guide 2016 Edition 24. Useful lives adopted have been sourced from Building Practitioner Wayne Chellis.

Current Replacement Cost	\$47,070,609
Depreciable Amount	\$47,070,609
Depreciated Replacement Cost ⁷	\$23,473,536
Annual Depreciation Expense	\$606,407
Useful lives were reviewed	1 July 2015



A key assumption made in preparing the valuations was that for practical reasons Council has not gone down to the level of detail that is provided in the Rawlinsons manual but has instead chosen to group the components to some extent.

Council has broken down its building assets into the following components:

Structure	Substructure, plus Preliminaries (It was determined that the biggest percentage of preliminaries could be related back to the Structure categorisation)
Roof	Roof Component of Superstructure
External	External Walls/Doors/Windows
Internal	Internal Walls/Screens/Doors/Fittings/Finishes
Services	Plumbing, Mechanical, Fire and Electrical
Site	
Services	External Services and Contingency

(Note for definition information on element see page 30 of Rawlinsons Guide).

Varying percentages of the total value of each asset are then applied to the individual asset dependant on the Council Category it has been allocated to see above.

Major changes from previous valuations are due to componentisation of the assets.

Various ratios of asset consumption and expenditure have been prepared to help guide and gauge asset management performance and trends over time.

Rate of Annual Asset Consumption (Depreciation/Depreciable Amount)	2.5%
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⁷ Also reported as Written Down Current Replacement Cost (WDCRC).

Rate of Annual Asset Renewal 0%
(Capital renewal exp/Depreciable amount)

In 2016 the organisation plans to renew assets at 2.4% of the rate they are being consumed and will be increasing its asset stock by 0.4% in the year.

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

5.1.5 Historical Data

Council has made substantial improvement to buildings over recent years and the expenditure breakdown for the last 5 year period is detailed in Table 5.1.5.

Table 5.1.5: Building Asset Capital Expenditure History

Year	New Assets	Replacement Value
2011/12	\$229,888	\$301,232
2012/13	\$177,415	\$41,338
2013/14	\$208,385	\$473,795
2014/15	\$81,255	\$395,944
2015/16	\$226,734	\$198,644
TOTAL	\$923,677	\$1,410,953

5.2 Infrastructure Risk Management Plan

A risk management plan identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Future revisions of this asset management plan will include an assessment of risks associated with service delivery from building assets. Refer to the Improvement Plan section 8.2.

5.3 Routine Operations and Maintenance Plan

Maintenance includes reactive, planned and cyclic maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions.

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

Specific maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, etc. This work generally falls below the capital/maintenance threshold but may require specific budget allocation.

Assessment and prioritisation of reactive maintenance is undertaken by Council staff using experience and judgement.

Reactive maintenance is carried out in accordance with response levels of service detailed in Appendix A.

5.3.2 Operations and Maintenance Strategies

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

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

Asset hierarchy

An asset hierarchy provides a framework for structuring data in an information system to assist in collection of data, reporting information and making decisions. The hierarchy includes the asset class and component used for asset planning and financial reporting and service level hierarchy used for service planning and delivery.

The organisation’s service hierarchy is shown in Table 5.3.2.

Table 5.3.2: Asset Service Hierarchy

Service Hierarchy	Service Level Objective
Structure	
Roof	
External	
Internal	
Services	
Site	

Critical Assets

Critical assets are those assets which have a high consequence of failure but not necessarily a high likelihood of failure. By identifying critical assets and critical failure modes, organisations can target and refine investigative activities, maintenance plans and capital expenditure plans at the appropriate time.

Operations and maintenance activities may be targeted to mitigate critical assets failure and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels, etc. Critical assets failure modes and required operations and maintenance activities are detailed in Table 5.3.2.1.

Table 5.3.2.1: Critical Assets and Service Level Objectives

Critical Assets	Critical Failure Mode	Operations & Maintenance Activities
Council Offices		
Council Depot		

Standards and specifications

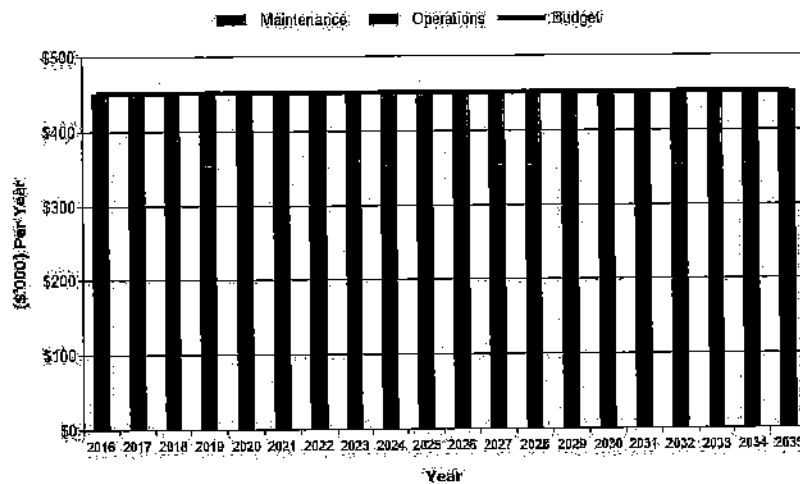
Maintenance work is carried out in accordance with the BCA (Building Code of Australia) and Council standard operating procedures.

5.3.3 Summary of future operations and maintenance expenditures

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 4. Note that all costs are shown in current 2016 dollar values (ie real values).

Figure 4: Projected Operations and Maintenance Expenditure

Northern Midlands - Projected Operations & Maintenance Expenditure (Buildings S1_V1)



Maintenance is funded from the operating budget where available. This is further discussed in Section 6.2.

5.4 Renewal/Replacement Plan

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

5.4.1 Renewal plan

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

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

Method 1 was used for this asset management plan.

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

The useful lives of assets used to develop projected asset renewal expenditures are shown in Table 5.4.1. Asset useful lives were last reviewed on 1 July 2015.

Table 5.4.1: Useful Lives of Assets

Asset (Sub)Category	Useful life
Structure	See attached schedule
Roof	See attached schedule
External	See attached schedule
Internal	See attached schedule
Services	See attached schedule
Site	See attached schedule

5.4.2 Renewal and Replacement Strategies

The organisation will plan capital renewal and replacement projects with the following Standards and Specifications.

- BCA (Building Code of Australia)
- Relevant Australian Standards
- Council Standard Operating Procedures.

Renewal ranking criteria

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate, or
- To ensure the infrastructure is of sufficient quality to meet the service requirements.

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

- Have a high utilisation and subsequent impact on users would be greatest,
- The total value represents the greatest net value to the organisation,
- Have the highest average age relative to their expected lives,
- Have high operational or maintenance costs, and
- Where replacement with modern equivalent assets would yield material savings.⁸

5.4.3 Summary of future renewal and replacement expenditure

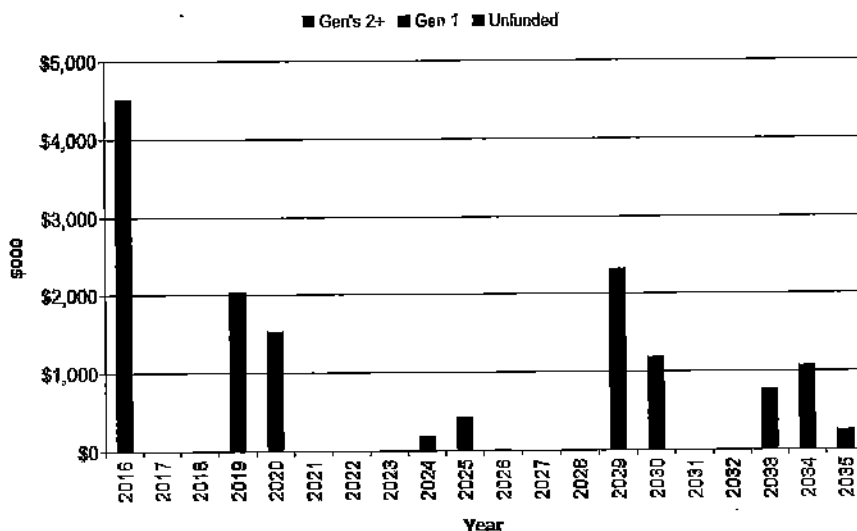
Projected future renewal and replacement expenditures are forecast to increase over time as the asset stock increases from growth. The expenditure is summarised in Fig 5. Note that all amounts are shown in real values.

The projected capital renewal and replacement program is shown in Appendix B.

Fig 5: Projected Capital Renewal and Replacement Expenditure

⁸ Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3 | 66.

Northern Midlands - Projected Capital Renewal Expenditure (Buildings_S1_V1)



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

Renewals and replacement expenditure in the organisation's capital works program will be accommodated in the long term financial plan. This is further discussed in Section 6.2.

5.5 Creation/Acquisition/Upgrade Plan

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

5.5.1 Selection criteria

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

Table 5.5.1: New Assets Priority Ranking Criteria

Criteria	Weighting
Risk/Safety	25%
Technical	20%
Corporate	20%
Building Usage	15%
Social/Community Impact	10%
Environmental	10%
Total	100%

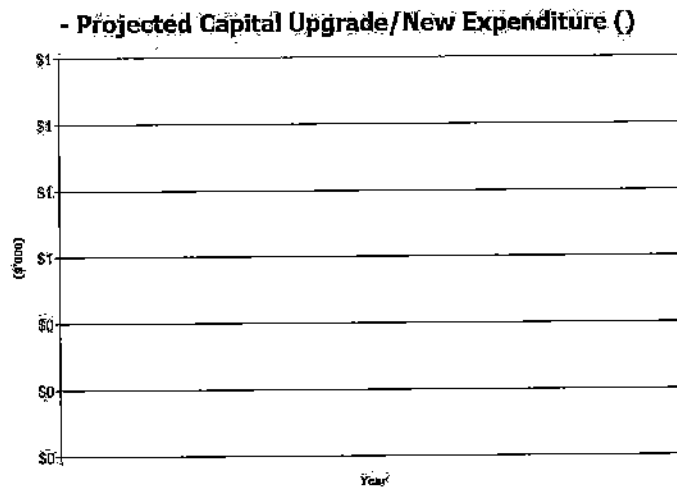
5.5.2 Capital Investment Strategies

Standards and specifications for new assets and for upgrade/expansion of existing assets are the same as those for renewal shown in Section 5.4.2.

5.5.3 Summary of future upgrade/new assets expenditure

Projected upgrade/new asset expenditures are summarised in Fig 6. The projected upgrade/new capital works program is shown in Appendix C. All amounts are shown in real values.

Fig 6: Projected Capital Upgrade/New Asset Expenditure



Expenditure on new assets and services in the organisation’s capital works program will be accommodated in the long term financial plan and funded from grants where available. This is further discussed in Section 6.2.

5.6 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. At this stage there are no assets identified for disposal (other than a recently purchased house for demolition), others will be investigated and revised in future revisions of this asset management plan.

Table 5.6: Assets Identified for Disposal

Asset	Reason for Disposal	Timing	Disposal Expenditure	Operations & Maintenance Annual Savings
15 Smith Street, Longford	Carpark	2016		Nil

5.7 Service Consequences and Risks

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

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

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

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

The development of scenario 1 and scenario 2 AM Plans provides the tools for discussion with the Council and community on trade-offs between what we would like to do (scenario 1) and what we should be doing with existing budgets (scenario 2) by balancing changes in services and service levels with affordability and acceptance of the service and risk consequences of the trade-off position (scenario 3).

5.7.1 What we cannot do

There are some operations and maintenance activities and capital projects that are unable to be undertaken within the next 10 years. These include:

- To be determined.

5.7.2 Service consequences

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

- To be determined.

5.7.3 Risk consequences

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

- To be determined.

These risks have been included with the Infrastructure Risk Management Plan summarised in Section 5.2 and risk management plans actions and expenditures included within projected expenditures.

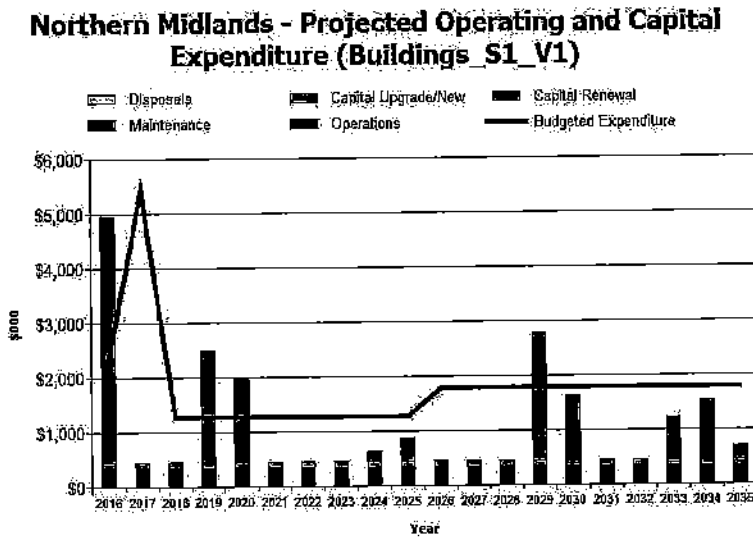
6. FINANCIAL SUMMARY

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.

6.1 Financial Statements and Projections

The financial projections are shown in Fig 7 for projected operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets). Note that all costs are shown in real values.

Fig 7: Projected Operating and Capital Expenditure



6.1.1 Sustainability of service delivery

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

Asset Renewal Funding Ratio

Asset Renewal Funding Ratio⁹ 75%.

The Asset Renewal Funding Ratio is the most important indicator and reveals that over the next 10 years, Council is forecasting that it will have 75% of the funds required for the optimal renewal and replacement of its assets.

Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan is \$1.058m per year (average operations and maintenance expenditure plus depreciation expense projected over 10 years).

⁹ AIFMG, 2012, Version 1.3, Financial Sustainability Indicator 4, Sec 2.6, p 2.16

Life cycle costs can be compared to life cycle expenditure to give an initial indicator of affordability of projected service levels when considered with age profiles. Life cycle expenditure includes operations, maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure over the 10 year planning period is \$1.147m per year (average operations and maintenance plus capital renewal budgeted expenditure in LTFP over 10 years).

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap. The life cycle surplus for services covered by this asset management plan is \$88,000 per year.

Life cycle expenditure is 108% of life cycle costs.

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

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

Medium term – 10 year financial planning period

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

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

The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is \$1.321m on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$1.147m on average per year giving a 10 year funding shortfall of \$174,000 per year. This indicates that Council expects to have 87% of the projected expenditures needed to provide the services documented in the asset management plan.

Medium Term – 5 year financial planning period

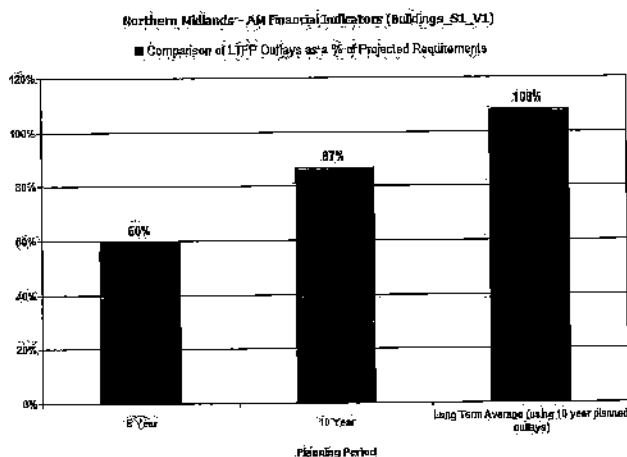
The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$2.068m on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$1.233m on average per year giving a 5 year funding shortfall of \$835,000. This indicates that Council expects to have 60% of projected expenditures required to provide the services shown in this asset management plan.

Asset management financial indicators

Figure 7A shows the asset management financial indicators over the 10 year planning period and for the long term life cycle.

Figure 7A: Asset Management Financial Indicators



Providing services from infrastructure in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and financing to achieve a financial indicator of approximately 1.0 for the first years of the asset management plan and ideally over the 10 year life of the Long Term Financial Plan.

Figure 8 shows the projected asset renewal and replacement expenditure over the 20 years of the AM Plan. The projected asset renewal and replacement expenditure is compared to renewal and replacement expenditure in the capital works program, which is accommodated in the long term financial plan

Figure 8: Projected and LTFP Budgeted Renewal Expenditure

Northern Midlands - Projected & LTFP Budgeted Renewal Expenditure (Buildings_S1_V1)

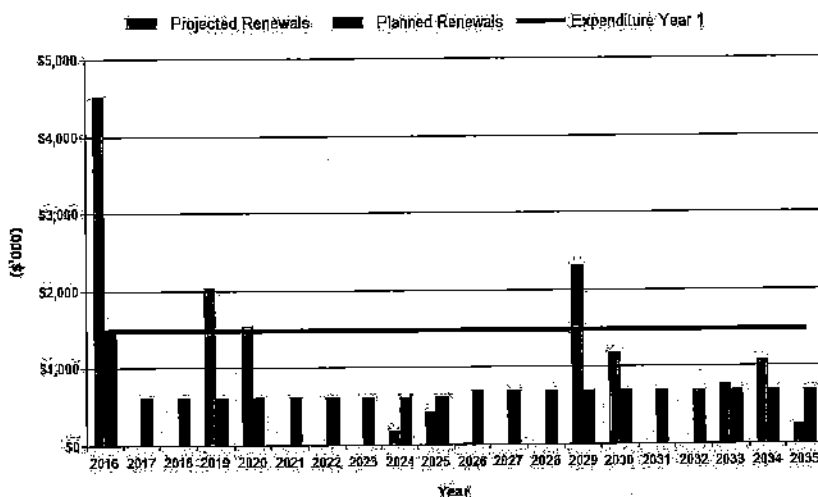


Table 6.1.1 shows the shortfall between projected renewal and replacement expenditures and expenditure accommodated in long term financial plan. Budget expenditures accommodated in the long term financial plan or extrapolated from current budgets are shown in Appendix D.

Table 6.1.1: Projected and LTFP Budgeted Renewals and Financing Shortfall

Year	Projected Renewals (\$000)	LTFP Renewal Budget (\$000)	Renewal Financing Shortfall (\$000) (-ve Gap, +ve Surplus)	Cumulative Shortfall (\$000) (-ve Gap, +ve Surplus)
2016	\$4,510	\$1,475	-\$3,035	-\$3,035
2017	\$0	\$610	\$610	-\$2,425
2018	\$0	\$610	\$610	-\$1,815
2019	\$2,036	\$610	-\$1,426	-\$3,241
2020	\$1,534	\$610	-\$924	-\$4,165
2021	\$0	\$610	\$610	-\$3,555
2022	\$0	\$610	\$610	-\$2,945
2023	\$0	\$610	\$610	-\$2,335
2024	\$174	\$610	\$436	-\$1,899
2025	\$428	\$610	\$182	-\$1,717
2026	\$13	\$697	\$684	-\$1,034
2027	\$0	\$697	\$697	-\$337
2028	\$0	\$697	\$697	\$359
2029	\$2,317	\$697	-\$1,620	-\$1,261
2030	\$1,184	\$697	-\$487	-\$1,748
2031	\$0	\$697	\$697	-\$1,051
2032	\$0	\$697	\$697	-\$355
2033	\$774	\$697	-\$78	-\$432
2034	\$1,074	\$697	-\$378	-\$810
2035	\$251	\$697	\$445	-\$365

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

Providing services in a sustainable manner will require matching of projected asset renewal and replacement expenditure to meet agreed service levels with the corresponding capital works program accommodated in the long term financial plan.

A gap between projected asset renewal, planned asset renewals and funding indicates that further work is required to manage required service levels and funding to eliminate any funding gap.

We will manage the 'gap' by developing this asset management plan to provide guidance on future service levels and resources required to provide these services, and review future services, service levels and costs with the community.

6.1.2 Projected expenditures for long term financial plan

Table 6.1.2 shows the projected expenditures for the 10 year long term financial plan.

Expenditure projections are in 2016 real values.

Table 6.1.2: Projected Expenditures for Long Term Financial Plan (\$000)

Year	Operations (\$000)	Maintenance (\$000)	Projected Capital Renewal (\$000)	Capital Upgrade/ New (\$000)	Disposals (\$000)
2016	\$350	\$100	\$4,510	\$0	\$0
2017	\$351	\$100	\$0	\$0	\$0
2018	\$352	\$101	\$0	\$0	\$0
2019	\$352	\$101	\$2,036	\$0	\$0
2020	\$352	\$101	\$1,534	\$0	\$0
2021	\$352	\$101	\$0	\$0	\$0
2022	\$352	\$101	\$0	\$0	\$0
2023	\$352	\$101	\$0	\$0	\$0
2024	\$352	\$101	\$174	\$0	\$0
2025	\$352	\$101	\$428	\$0	\$0
2026	\$352	\$101	\$13	\$0	\$0
2027	\$352	\$101	\$0	\$0	\$0
2028	\$352	\$101	\$0	\$0	\$0
2029	\$352	\$101	\$2,317	\$0	\$0
2030	\$352	\$101	\$1,184	\$0	\$0
2031	\$352	\$101	\$0	\$0	\$0
2032	\$352	\$101	\$0	\$0	\$0
2033	\$352	\$101	\$774	\$0	\$0
2034	\$352	\$101	\$1,074	\$0	\$0
2035	\$352	\$101	\$251	\$0	\$0

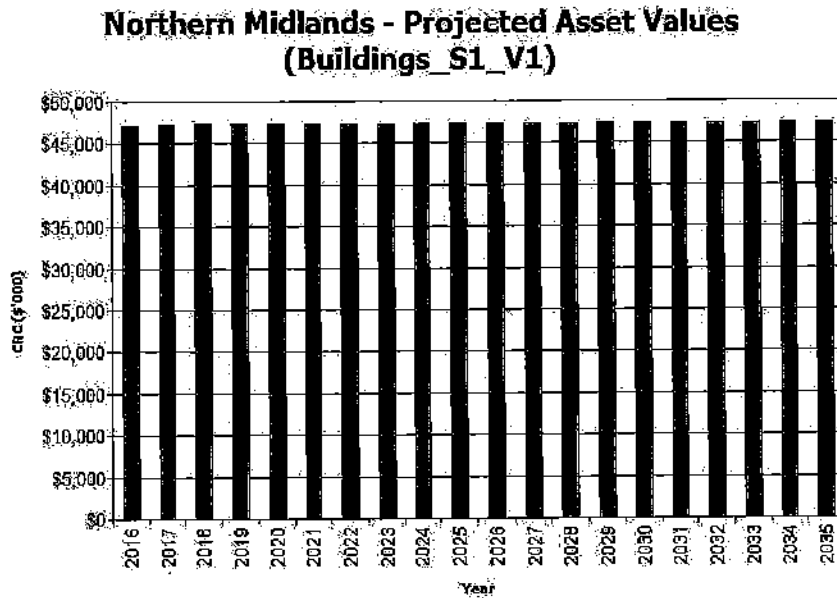
6.2 Funding Strategy

After reviewing service levels, as appropriate to ensure ongoing financial sustainability projected expenditures identified in Section 6.1.2 will be accommodated in the Council's 10 year long term financial plan.

6.3 Valuation Forecasts

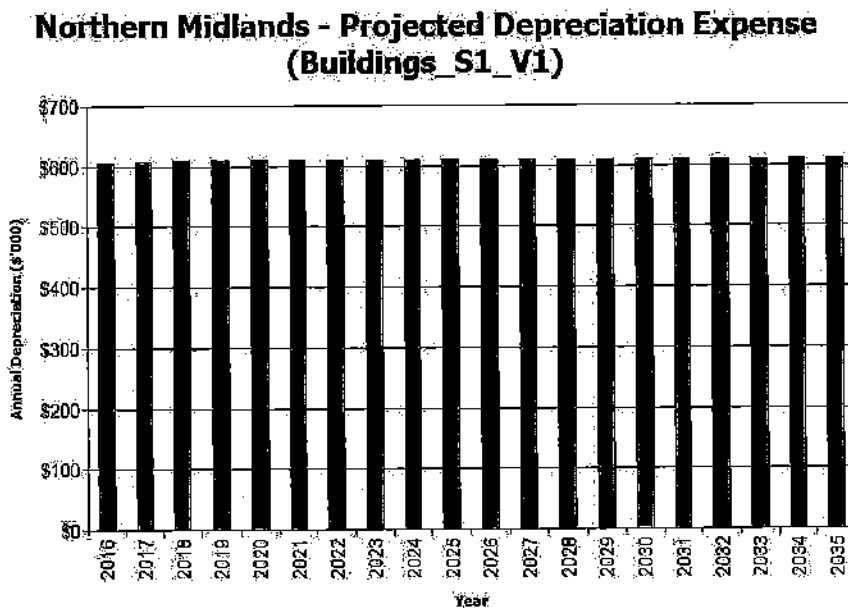
Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council. Figure 9 shows the projected replacement cost asset values over the planning period in real values.

Figure 9: Projected Asset Values



Depreciation expense values are forecast in line with asset values as shown in Figure 10.

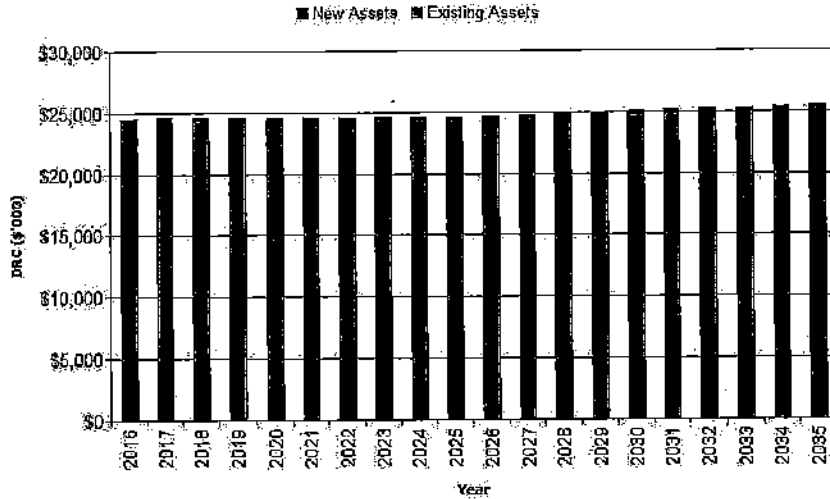
Figure 10: Projected Depreciation Expense



The depreciated replacement cost will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets. Forecast of the assets' depreciated replacement cost is shown in Figure 11. The depreciated replacement cost of contributed and new assets is shown in the darker colour and in the lighter colour for existing assets.

Figure 11: Projected Depreciated Replacement Cost

Northern Midlands - Projected Depreciated Replacement Cost (Buildings_S1_V1)



6.4 Key Assumptions made in Financial Forecasts

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

Key assumptions made in this asset management plan and risks that these may change are shown in Table 6.4.

Table 6.4: Key Assumptions made in AM Plan and Risks of Change

Key Assumptions	Risks of Change to Assumptions
Average population growth over the planning period of < 1%	
Asset construction costs to remain stable in real dollar terms	
Some success in grant funding application processes	

6.5 Forecast Reliability and Confidence

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale¹⁰ in accordance with Table 6.5.

¹⁰ [PWEA, 2011, IIMM, Table 2.4.6, p 2] 59.

Table 6.5: Data Confidence Grading System

Confidence Grade	Description
A Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and recognised as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 6.5.1.

Table 6.5.1: Data Confidence Assessment for Data used in AM Plan

Data	Confidence Assessment	Comment
Demand drivers	Reliable	
Growth projections	Uncertain	
Operations expenditures	Reliable	
Maintenance expenditures	Reliable	
Projected Renewal exps.	Uncertain	
- Asset values		
- Asset residual values	Reliable	
- Asset useful lives	Reliable	
- Condition modelling	Very uncertain	
- Network renewals	Uncertain	
- Defect repairs	Uncertain	
Upgrade/New expenditures	Uncertain	
Disposal expenditures	Unknown	

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

7. PLAN IMPROVEMENT AND MONITORING

7.1 Status of Asset Management Practices

7.1.1 Accounting and financial systems

The Corporate Services Department is responsible for the set up and operation of Council's financial systems. Council operates OpenOffice Solution (Finesse) software to manage its accounting functions. This system includes a fully integrated creditor, debtor, payroll, general ledger, receipting modules. The system has a fully integrated asset system however it is only used for fleet operating management.

Council is required to prepare its annual financial report in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Local Government Act 1993 (as amended).

AASB 116 Property, plant and equipment, AASB 136 Impairment of Assets, AASB 140 Investment Property and AASB 5 Non-current Assets held for Sale and Discontinued Operations are applied when preparing council's annual financial statements.

The cost method of accounting is used for the initial recording of all assets acquired. Cost is determined as the fair value of the assets given as consideration plus cost incidental to the acquisition including architects fees, engineering design fees, consulting fees, administration charges and all other costs incurred in getting the assets ready for use. In addition the cost of non-current assets constructed by Council, 'cost' includes all material used in construction, direct labour used on the project and an appropriate proportion of overheads.

Non-monetary assets received in the form of grants and donations are recognised as assets and revenues at their fair value at the date of receipt. Fair value means the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Generally maintenance, repair costs and minor renewals are charged as expenditure when incurred unless the total value exceeds 10% of the assets written down value or increase the economic life by more than 10%.

Expenditure is capitalised when it provides a future economic benefits which extends beyond one year and can be measured reliably. A \$5,000 limit applies to the recognition of the acquisition of building assets.

7.1.2 Accounting standards and regulations

The asset management policies and references used by Northern Midlands Council include:

- Northern Midlands Asset Management Policy – March 2016
- Northern Midlands Asset Management Strategy – March 2016
- International Infrastructure Management Manual, Association of Local Government Engineering New Zealand & Institute of Public Works Engineering Australia 2006
- Australian Infrastructure Financial Management Guidelines, Institute of Public Works Engineering Australia 2009

7.1.3 Capital/maintenance threshold

Capital/maintenance asset thresholds are detailed in the Northern Midlands Council Accounting Policy.

7.1.4 Asset management system

Northern Midlands Council currently has four software systems utilised for managing asset data. These are: TechnologyOne 'ECM' Customer Request System; OpenOffice 'Community - Finesse' Financial System; IntraMaps; Geographic Information System for electronic mapping; and 'Moloney Asset Management' System for data storage

and asset registers. These four systems contribute to the overall management of the long term planning of its infrastructure assets in order to:

Know what and where its assets are;

Know their condition;

Establish suitable operational, maintenance and renewal regimes to suit the assets and level of services required of them by present and future customers;

Establish asset function and asset maintenance to meet the needs of the present and future customers;

Review maintenance practices and optimising operational procedures;

Implement management strategies for resources and work programs;

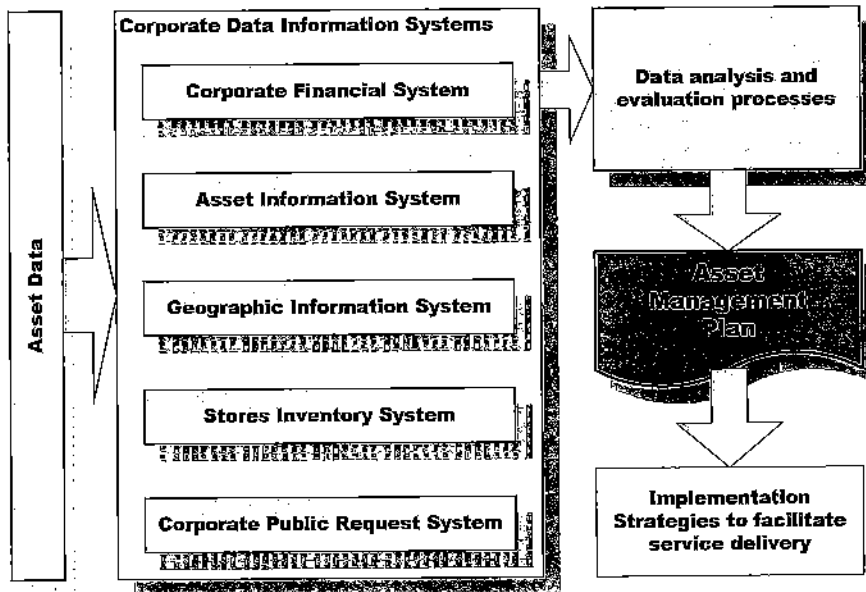
Improve risk management techniques; and

Identify the true cost of operations and maintenance and predict future capital investments and maintenance expenditure required to optimise the asset function and lifecycle.

The Moloney Asset Management System is not linked to the accounting system, however it is constantly reconciled to the Finesse system.

The ongoing responsibility of the Asset Management system is primarily that of the Asset Management Officer, including the annual valuation adjustments, upkeep of the existing and new/acquired assets, and depreciation calculations of the assets.

The following chart illustrates the relationship of the information systems:



7.1.5 Information Flow Requirements and Processes

The key information flows into this asset management plan are:

The asset register data on size, age, value, remaining life of the network;

The unit rates for categories of work/material;

The adopted service levels;

Projections of various factors affecting future demand for services;

Correlations between maintenance and renewal, including decay models;

Data on new assets acquired by council.

The key information flows from this asset management plan are:

The assumed Works Program and trends;

The resulting budget, valuation and depreciation projections;

The useful life analysis.

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

One of the essential aspects of asset management is to maintain data records to ensure that they are up to date and accurate. Asset Managers are responsible for updating and maintaining the asset data to meet the organisations operational and financial requirements in delivering efficient and effective asset management.

7.2 Improvement Plan

The asset management improvement plan generated from this asset management plan is shown in Table 7.2.

Table 7.2: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Review condition assessments to increase condition data for better understanding of asset useful lives			
2	Improve system for capital works upgrade/new expenditure with project ranking			
3	Investigation to determine reporting requirements in regard to the breakdown of maintenance expenditure			
4	Formalise and document the data entry process specific to each asset			
5	Completion of facility Master Plans and assessment of recommendations/issues raised			
6	Further develop risk management plans.			

7.3 Monitoring and Review Procedures

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

The AM Plan will be updated annually to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into the organisation's long term financial plan.

The AM Plan has a life of 4 years (Council election cycle) and is due for complete revision and updating on that basis.

7.4 Performance Measures

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

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

8. REFERENCES

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

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

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Sample Council, 'Strategic Plan 2017 – 2022',

Sample Council, 'Annual Plan and Budget'.

9. APPENDICES

Appendix A Maintenance Response Levels of Service

Appendix B Projected 10 year Capital Renewal and Replacement Works Program

Appendix C Projected 10 year Capital Upgrade/New Works Program

Appendix D LTFP Budgeted Expenditures Accommodated in AM Plan

Appendix E Abbreviations

Appendix F Glossary

Asset Category Schedule

Asset Categories	Useful Lives
Buildings - Amenities/Public Toilet - Structure	75.00
Buildings - Amenities/Public Toilet - Roof	75.00
Buildings - Amenities/Public Toilet - External	75.00
Buildings - Amenities/Public Toilet - Internal	75.00
Buildings - Amenities/Public Toilet - Services	75.00
Buildings - Amenities/Public Toilet - Site	75.00
Buildings - Community Facility - Structure	150.00
Buildings - Community Facility - Roof	100.00
Buildings - Community Facility - External	150.00
Buildings - Community Facility - Internal	50.00
Buildings - Community Facility - Services	40.00
Buildings - Community Facility - Site	40.00
Buildings - Depot/Workshop - Structure	150.00
Buildings - Depot/Workshop - Roof	100.00
Buildings - Depot/Workshop - External	150.00
Buildings - Depot/Workshop - Internal	50.00
Buildings - Depot/Workshop - Services	40.00
Buildings - Depot/Workshop - Site	40.00
Buildings - Halls/Civic Centre - Structure	150.00
Buildings - Halls/Civic Centre - Roof	100.00
Buildings - Halls/Civic Centre - External	150.00
Buildings - Halls/Civic Centre - Internal	50.00
Buildings - Halls/Civic Centre - Services	40.00
Buildings - Halls/Civic Centre - Site	40.00
Buildings - House/Unit - Structure	150.00
Buildings - House/Unit - Roof	100.00
Buildings - House/Unit - External	150.00
Buildings - House/Unit - Internal	50.00
Buildings - House/Unit - Services	40.00
Buildings - House/Unit - Site	40.00
Buildings - Office Building - Structure	150.00
Buildings - Office Building - Roof	100.00
Buildings - Office Building - External	150.00
Buildings - Office Building - Internal	50.00
Buildings - Office Building - Services	40.00
Buildings - Office Building - Site	40.00
Buildings - Recreation Facility - Structure	100.00
Buildings - Recreation Facility - Roof	100.00
Buildings - Recreation Facility - External	100.00
Buildings - Recreation Facility - Internal	50.00
Buildings - Recreation Facility - Services	40.00
Buildings - Recreation Facility - Site	40.00

Buildings - Shed/Shelter/Garage/Carport - Structure	75.00
Buildings - Shed/Shelter/Garage/Carport - Roof	75.00
Buildings - Shed/Shelter/Garage/Carport - External	75.00
Buildings - Shed/Shelter/Garage/Carport - Internal	75.00
Buildings - Shed/Shelter/Garage/Carport - Services	75.00
Buildings - Shed/Shelter/Garage/Carport - Site	75.00

Appendix A Maintenance Response Levels of Service

Performance Indicators	Operational Objectives	Reporting and Monitoring Processes	Performance Targets	Current Status/Progress
COMMUNITY LEVELS OF SERVICE				
Quality	Provide buildings that meets community expectations by adequate acquisition and disposal	Master planning and number of customer service requests / complaints	<1 per month	
Function	Provide facilities that are suitable for intended use	Master planning and number of customer service requests / complaints	All properties meeting minimum standards	Nil properties not meeting standard
Safety	Provide hazard free facilities	Inspections regularly – number of reports of inconvenience, health or safety claims.	<10 per annum	
Responsiveness	Council's response to various community raised issues ranging from calls about problems, handling correspondence and service applications	(a) Provision of a 24 hour, 7 day per week call-out service to attend to issues (b) Percentage of issues responded to in set timeframes	100% of time 95% of time	
TECHNICAL LEVELS OF SERVICE				
Condition	Undertake inspections, routine maintenance tasks and repairs in a timely manner	Frequency of inspections, maintenance or repairs	Inspect every 24 months and repair within 3 months. Monitor cleaning contractors or management committees.	95% of time
Accessibility	Ensure adequate building assets are available	Master planning, capital works budget, and number of customer service requests / complaints	Improvement program exists. Regular inspections. Access Plan developed.	
Cost Effectiveness	Provide services in a cost effective manner	Benchmarking against other councils or contractors	Validate cost of council compared to contractor undertaking works or cost to maintain system is < or = to that of other municipalities	On a case by case basis. No current benchmarking against other Councils.
Safety	Ensure building infrastructure poses low risk to community and provides physical barriers or signage to identify and protect from hazards.	Number of injury / damage claims, defect and condition survey results and site specific risk assessments	Less than 1 claim for compensation per building network and any high risks identified are addresses within 3 months	No currently measured

Appendix B Projected 10 year Capital Renewal and Replacement Works Program

Northern Midlands - Report 6 - Appendix B 10 year Renewal & Replacement Program (Buildings_S1_V1)

Asset ID	Buildings Category	Asset Name	Form	Loc	Age (Years)	Planned Renewal Year	Estimated Cost (\$)	Life (Years)
8005.0005	Build-C5	Stables		Ross	-76	1940	\$10,300	40
8005.0006	Build-C6	Stables		Ross	-76	1940	\$1,550	40
8005.0004	Build-C4	Stables		Ross	-66	1950	\$11,350	50
3033.5005	Build-O5	Doctors Surgery	Church Street	Ross	-56	1960	\$62,890	40
3033.1005	Build-O5	Library	Church Street	Ross	-56	1960	\$198,600	40
3033.5006	Build-O6	Doctors Surgery	Church Street	Ross	-56	1960	\$5,510	40
3033.1006	Build-O6	Library	Church Street	Ross	-56	1960	\$17,400	40
3008.0005	Build-C5	Old Works Depot (Mens Shed)	Bond Street	Ross	-50	1966	\$17,304	40
3008.0006	Build-C6	Old Works Depot (Mens Shed)	Bond Street	Ross	-50	1966	\$2,604	40
3110.4005	Build-C5	Grandstand	Barclay Street	Evandale	-47	1969	\$12,772	40
3110.4006	Build-C6	Grandstand	Barclay Street	Evandale	-47	1969	\$1,922	40
3172.0005	Build-H5	Hall		Liffey	-47	1969	\$38,080	40
3172.0006	Build-H6	Hall		Liffey	-47	1969	\$4,760	40
7730.0005	Build-U5	Shack		Lake Leake	-47	1969	\$9,027	40
7730.0006	Build-U6	Shack		Lake Leake	-47	1969	\$1,888	40
3033.5004	Build-O4	Doctors Surgery	Church Street	Ross	-46	1970	\$41,610	50
3033.1004	Build-O4	Library	Church Street	Ross	-46	1970	\$131,400	50
3025.2001	Build-A1	Toilets	Esplanade	Ross	-41	1975	\$18,816	75
3025.2002	Build-A2	Toilets	Esplanade	Ross	-41	1975	\$9,344	75
3025.2003	Build-A3	Toilets	Esplanade	Ross	-41	1975	\$23,424	75
3008.0004	Build-C4	Old Works Depot (Mens Shed)	Bond Street	Ross	-40	1976	\$19,068	50
3110.4004	Build-C4	Grandstand	Barclay Street	Evandale	-37	1979	\$14,074	50
3078.2005	Build-C5	Rural Youth Building	Macquaire Street	Cressy	-37	1979	\$29,870	40

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3078.200 6	Build-C6	Rural Youth Building	Macquaire Street	Cressy	-37	1979	\$4,495	40
3005.000 5	Build-D5	Works Depot	Bedford Street	Campbel l Town	-37	1979	\$89,040	40
3005.000 6	Build-D6	Works Depot	Bedford Street	Campbel l Town	-37	1979	\$21,200	40
3124.000 4	Build-H4	Falls Park Market	Logan Road	Evandale	-37	1979	\$369,360	50
3172.000 4	Build-H4	Hall		Liffey	-37	1979	\$41,310	50
3186.100 4	Build-H4	Hall	Midlands Highway	Epplng Forest	-37	1979	\$43,740	50
3192.000 5	Build-H5	Old Police Garage	Falmouth Street	Avoca	-37	1979	\$6,100	40
3192.000 6	Build-H6	Old Police Garage	Falmouth Street	Avoca	-37	1979	\$1,900	40
3044.100 5	Build-R5	Tennis Centre Office	High Street	Evandale	-37	1979	\$34,545	40
3044.100 6	Build-R6	Tennis Centre Office	High Street	Evandale	-37	1979	\$2,835	40
7730.000 4	Build-U4	Shack		Lake Leake	-37	1979	\$15,458	50
3042.200 4	Build-H4	Old School	Falmouth Street	Avoca	-36	1980	\$61,965	50
3078.200 4	Build-C4	Rural Youth Building	Macquaire Street	Cressy	-27	1989	\$32,915	50
3178.300 5	Build-C5	Rotunda	Wellington Street	Longford	-27	1989	\$7,828	40
3178.300 6	Build-C6	Rotunda	Wellington Street	Longford	-27	1989	\$1,178	40
3005.000 4	Build-D4	Works Depot	Bedford Street	Campbel l Town	-27	1989	\$14,840	50
3192.000 4	Build-H4	Old Police Garage	Falmouth Street	Avoca	-27	1989	\$8,750	50
3044.100 4	Build-R4	Tennis Centre Office	High Street	Evandale	-27	1989	\$25,305	50
3188.200 1	Build-A1	Toilets	Bridge Street	Ross	-22	1994	\$32,340	75
3188.000 1	Build-A1	Town Hall, East Side	Bridge Street	Ross	-22	1994	\$72,030	75
3188.200 2	Build-A2	Toilets	Bridge Street	Ross	-22	1994	\$16,060	75
3188.000 2	Build-A2	Town Hall, East Side	Bridge Street	Ross	-22	1994	\$35,770	75
3188.200 3	Build-A3	Toilets	Bridge Street	Ross	-22	1994	\$40,260	75
3188.000 3	Build-A3	Town Hall, East Side	Bridge Street	Ross	-22	1994	\$89,670	75
3188.200 4	Build-A4	Toilets	Bridge Street	Ross	-22	1994	\$49,060	75
3188.000 4	Build-A4	Town Hall, East Side	Bridge Street	Ross	-22	1994	\$109,270	75
3188.000 5	Build-A5	Town Hall, East Side	Bridge Street	Ross	-22	1994	\$165,130	75

3188.000 6	Build-A6	Town Hall, East Side	Bridge Street	Ross	-22	1994	\$18,130	75
3146.000 5	Build-C5	Grandstand/Clubrooms	High Street	Campbell Town	-22	1994	\$175,100	40
3146.000 6	Build-C6	Grandstand/Clubrooms	High Street	Campbell Town	-22	1994	\$26,350	40
3196.300 5	Build-R5	Office and Canteen	Main Street	Cressy	-22	1994	\$26,978	40
3146.300 5	Build-R5	Swimming Pool - Office	High Street	Campbell Town	-22	1994	\$11,515	40
3196.300 6	Build-R6	Office and Canteen	Main Street	Cressy	-22	1994	\$2,214	40
3146.300 6	Build-R6	Swimming Pool - Office	High Street	Campbell Town	-22	1994	\$945	40
3232.000 1	Build-S1	Water Pump Station	South of Bridge	Ross	-21	1995	\$5,082	75
3232.000 2	Build-S2	Water Pump Station	South of Bridge	Ross	-21	1995	\$4,928	75
3232.000 3	Build-S3	Water Pump Station	South of Bridge	Ross	-21	1995	\$4,620	75
3232.000 4	Build-S4	Water Pump Station	South of Bridge	Ross	-21	1995	\$3,850	75
3232.000 5	Build-S5	Water Pump Station	South of Bridge	Ross	-21	1995	\$2,684	75
3232.000 6	Build-S6	Water Pump Station	South of Bridge	Ross	-21	1995	\$836	75
3178.300 4	Build-C4	Rotunda	Wellington Street	Longford	-17	1999	\$8,626	50
3033.000 5	Build-R5	Pool	Church Street	Ross	-17	1999	\$141,470	40
3021.000 5	Build-U5	House		Lake Leake	-17	1999	\$28,305	40
7241.000 5	Build-U5	House	14 King Street	Campbell Town	-17	1999	\$39,780	40
3021.000 6	Build-U6	House		Lake Leake	-17	1999	\$5,920	40
7241.000 6	Build-U6	House	14 King Street	Campbell Town	-17	1999	\$8,320	40
8005.000 2	Build-C2	Stables		Ross	-16	2000	\$7,550	100
3094.300 5	Build-C5	Small Grandstand	Smith Street	Longford	-16	2000	\$90,640	40
3094.300 6	Build-C6	Small Grandstand	Smith Street	Longford	-16	2000	\$13,640	40
3025.000 2	Build-U2	Accommodation Units	Esplanade	Ross	-16	2000	\$38,920	100
3172.100 1	Build-A1	Toilets		Liffey	-12	2004	\$6,762	75
3152.200 1	Build-A1	Toilets	King Street	Campbell Town	-12	2004	\$11,466	75
3044.300 1	Build-A1	Toilets - Tennis Club	High Street	Evandale	-12	2004	\$5,439	75
3172.100 2	Build-A2	Toilets		Liffey	-12	2004	\$3,358	75

3152.200 2	Build-A2	Toilets	King Street	Campbel l Town	-12	2004	\$5,694	75
3044.300 2	Build-A2	Toilets - Tennis Club	High Street	Evandale	-12	2004	\$2,701	75
3172.100 3	Build-A3	Toilets		Liffey	-12	2004	\$8,418	75
3152.200 3	Build-A3	Toilets	King Street	Campbel l Town	-12	2004	\$14,274	75
3044.300 3	Build-A3	Toilets - Tennis Club	High Street	Evandale	-12	2004	\$6,771	75
3172.100 4	Build-A4	Toilets		Liffey	-12	2004	\$10,258	75
3152.200 4	Build-A4	Toilets	King Street	Campbel l Town	-12	2004	\$17,394	75
3044.300 4	Build-A4	Toilets - Tennis Club	High Street	Evandale	-12	2004	\$8,251	75
3172.100 5	Build-A5	Toilets		Liffey	-12	2004	\$15,502	75
3152.200 5	Build-A5	Toilets	King Street	Campbel l Town	-12	2004	\$26,286	75
3044.300 5	Build-A5	Toilets - Tennis Club	High Street	Evandale	-12	2004	\$12,469	75
3172.100 6	Build-A6	Toilets		Liffey	-12	2004	\$1,702	75
3152.200 6	Build-A6	Toilets	King Street	Campbel l Town	-12	2004	\$2,886	75
3044.300 6	Build-A6	Toilets - Tennis Club	High Street	Evandale	-12	2004	\$1,369	75
3146.000 4	Build-C4	Grandstand/Clubrooms	High Street	Campbel l Town	-12	2004	\$192,950	50
3196.300 4	Build-R4	Office and Canteen	Main Street	Cressy	-12	2004	\$19,762	50
3146.300 4	Build-R4	Swimming Pool - Office	High Street	Campbel l Town	-12	2004	\$8,435	50
3110.500 1	Build-S1	Shed	Barclay Street	Evandale	-12	2004	\$8,316	75
3110.500 2	Build-S2	Shed	Barclay Street	Evandale	-12	2004	\$8,064	75
3110.500 3	Build-S3	Shed	Barclay Street	Evandale	-12	2004	\$7,560	75
3110.500 4	Build-S4	Shed	Barclay Street	Evandale	-12	2004	\$6,300	75
3110.500 5	Build-S5	Shed	Barclay Street	Evandale	-12	2004	\$4,392	75
3110.500 6	Build-S6	Shed	Barclay Street	Evandale	-12	2004	\$1,368	75
3132.000 5	Build-C5	BBQ Shelter	Russell Street	Evandale	-7	2009	\$10,712	40
3094.100 5	Build-C5	Main Grandstand	Smith Street	Longford	-7	2009	\$257,500	40
3132.000 6	Build-C6	BBQ Shelter	Russell Street	Evandale	-7	2009	\$1,612	40
3094.100 6	Build-C6	Main Grandstand	Smith Street	Longford	-7	2009	\$38,750	40
3174.000 4	Build-H4	Community Centre	Main Street	Cressy	-7	2009	\$199,260	50

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3033.000 4	Build-R4	Pool	Church Street	Ross	-7	2009	\$103,630	50
3094.400 5	Build-R5	Press Box	Smith Street	Longford	-7	2009	\$9,870	40
3070.500 5	Build-R5	Scoreboard	Fairtlough Street	Perth	-7	2009	\$4,277	40
3094.400 6	Build-R6	Press Box	Smith Street	Longford	-7	2009	\$810	40
3070.500 6	Build-R6	Scoreboard	Fairtlough Street	Perth	-7	2009	\$351	40
3021.000 4	Build-U4	House		Lake Leake	-7	2009	\$48,470	50
7241.000 4	Build-U4	House	14 King Street	Campbell Town	-7	2009	\$68,120	50
3094.300 4	Build-C4	Small Grandstand	Smith Street	Longford	-6	2010	\$99,880	50
3156.000 5	Build-C5	Club Rooms	Park Street	Ross	-6	2010	\$195,700	40
3078.100 5	Build-C5	Clubrooms	Macquaire Street	Cressy	-6	2010	\$31,930	40
3156.000 6	Build-C6	Club Rooms	Park Street	Ross	-6	2010	\$29,450	40
3078.100 6	Build-C6	Clubrooms	Macquaire Street	Cressy	-6	2010	\$4,805	40
3078.500 5	Build-R5	Score Box	Macquaire Street	Cressy	-6	2010	\$3,290	40
3078.500 6	Build-R6	Score Box	Macquaire Street	Cressy	-6	2010	\$270	40
3146.700 1	Build-A1	Toilets	High Street	Campbell Town	-2	2014	\$12,495	75
3078.300 1	Build-A1	Toilets	Macquaire Street	Cressy	-2	2014	\$10,290	75
3146.700 2	Build-A2	Toilets	High Street	Campbell Town	-2	2014	\$6,205	75
3078.300 2	Build-A2	Toilets	Macquaire Street	Cressy	-2	2014	\$5,110	75
3146.700 3	Build-A3	Toilets	High Street	Campbell Town	-2	2014	\$15,555	75
3078.300 3	Build-A3	Toilets	Macquaire Street	Cressy	-2	2014	\$12,810	75
3146.700 4	Build-A4	Toilets	High Street	Campbell Town	-2	2014	\$18,955	75
3078.300 4	Build-A4	Toilets	Macquaire Street	Cressy	-2	2014	\$15,610	75
3146.700 5	Build-A5	Toilets	High Street	Campbell Town	-2	2014	\$28,645	75
3078.300 5	Build-A5	Toilets	Macquaire Street	Cressy	-2	2014	\$23,590	75
3146.700 6	Build-A6	Toilets	High Street	Campbell Town	-2	2014	\$3,145	75
3078.300 6	Build-A6	Toilets	Macquaire Street	Cressy	-2	2014	\$2,590	75
3078.400 1	Build-S1	Pavilion	Macquaire Street	Cressy	-2	2014	\$18,480	75
3018.600	Build-S1	Ticket Box	Archer	Longford	-2	2014	\$1,386	75

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1			Street						
3078.400	Build-S2	Pavilion	Macquaire Street	Cressy	-2	2014	\$17,920	75	
2									
3018.600	Build-S2	Ticket Box	Archer Street	Longford	-2	2014	\$1,344	75	
2									
3078.400	Build-S3	Pavilion	Macquaire Street	Cressy	-2	2014	\$16,800	75	
3									
3018.600	Build-S3	Ticket Box	Archer Street	Longford	-2	2014	\$1,260	75	
3									
3078.400	Build-S4	Pavilion	Macquaire Street	Cressy	-2	2014	\$14,000	75	
4									
3018.600	Build-S4	Ticket Box	Archer Street	Longford	-2	2014	\$1,050	75	
4									
3078.400	Build-S5	Pavilion	Macquaire Street	Cressy	-2	2014	\$9,760	75	
5									
3018.600	Build-S5	Ticket Box	Archer Street	Longford	-2	2014	\$732	75	
5									
3078.400	Build-S6	Pavilion	Macquaire Street	Cressy	-2	2014	\$3,040	75	
6									
3018.600	Build-S6	Ticket Box	Archer Street	Longford	-2	2014	\$228	75	
6									
							\$4,510,154		
							Subtotal		
3094.300	Build-C2	Small Grandstand	Smith Street	Longford	3	2019	\$66,440	100	
2.									
3132.000	Build-C4	BBQ Shelter	Russell Street	Evandale	3	2019	\$11,804	50	
4									
3094.100	Build-C4	Main Grandstand	Smith Street	Longford	3	2019	\$283,750	50	
4									
3122.000	Build-C5	BBQ Shelter	Leighlands Road	Evandale	3	2019	\$5,356	40	
5									
7417.000	Build-C5	BBQ Shelter	Lions Park	Campbell Town	3	2019	\$6,180	40	
5									
3070.000	Build-C5	Club Rooms	Fairtlough Street	Perth	3	2019	\$185,400	40	
5									
3122.000	Build-C6	BBQ Shelter	Leighlands Road	Evandale	3	2019	\$806	40	
6									
7417.000	Build-C6	BBQ Shelter	Lions Park	Campbell Town	3	2019	\$930	40	
6									
3070.000	Build-C6	Club Rooms	Fairtlough Street	Perth	3	2019	\$27,900	40	
6									
3238.000	Build-H5	Community Centre	Fairtlough Street	Perth	3	2019	\$441,280	40	
5									
3094.000	Build-H5	Sports Centre	Burghley Street	Longford	3	2019	\$761,600	40	
5									
3238.000	Build-H6	Community Centre	Fairtlough Street	Perth	3	2019	\$55,160	40	
6									
3094.000	Build-H6	Sports Centre	Burghley Street	Longford	3	2019	\$95,200	40	
6									
3094.400	Build-R4	Press Box	Smith Street	Longford	3	2019	\$7,230	50	
4									
3070.500	Build-R4	Scoreboard	Fairtlough Street	Perth	3	2019	\$3,133	50	
4									

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3240.000 5	Build-R5	Tennis Courts	Fairtlough Street	Perth	3	2019	\$47,705	40
3240.000 6	Build-R6	Tennis Courts	Fairtlough Street	Perth	3	2019	\$3,915	40
3035.000 6	Build-U6	4 Units	William Street	Campbell Town	3	2019	\$15,680	40
7389.100 6	Build-U6	Unit 1	2-4 Murray Street	Evandale	3	2019	\$4,040	40
7389.200 6	Build-U6	Unit 2	2-4 Murray Street	evandale	3	2019	\$4,040	40
7389.300 6	Build-U6	Unit 3	2-4 Murray Street	evandale	3	2019	\$4,040	40
7389.400 6	Build-U6	Unit 4	2-4 Murray Street	evandale	3	2019	\$4,040	40

							\$2,035,629	
							Subtotal	

3156.000 4	Build-C4	Club Rooms	Park Street	Ross	4	2020	\$215,650	50
3078.100 4	Build-C4	Clubrooms	Macquaire Street	Cressy	4	2020	\$35,185	50
3078.000 5	Build-C5	Clubrooms	Macquaire Street	Cressy	4	2020	\$144,200	40
3078.000 6	Build-C6	Clubrooms	Macquaire Street	Cressy	4	2020	\$21,700	40
3190.000 2	Build-H2	Drill Hall	Church Street	Ross	4	2020	\$54,520	100
3180.000 2	Build-H2	Town Hall	Wellington Street	Longford	4	2020	\$307,400	100
3044.000 2	Build-H2	Visitor Information Centre	High Street	Evandale	4	2020	\$156,600	100
3044.000 5	Build-H5	Visitor Information Centre	High Street	Evandale	4	2020	\$302,400	40
3044.000 6	Build-H6	Visitor Information Centre	High Street	Evandale	4	2020	\$37,800	40
3033.500 2	Build-O2	Doctors Surgery	Church Street	Ross	4	2020	\$11,590	100
3033.100 2	Build-O2	Library	Church Street	Ross	4	2020	\$36,600	100
3058.000 2	Build-O2	Library & Access Centre	Wellington Street	Longford	4	2020	\$82,350	100
8723.000 5	Build-O5	Community Medical Centre	8a High Street	Evandale	4	2020	\$115,850	40
8723.000 6	Build-O6	Community Medical Centre	8a High Street	Evandale	4	2020	\$10,150	40
3078.500 4	Build-R4	Score Box	Macquaire Street	Cressy	4	2020	\$2,410	50

							\$1,534,405	
							Subtotal	

3039.000 1	Build-A1	Toilets	Talisker Street	Perth	8	2024	\$11,025	75
3039.000 2	Build-A2	Toilets	Talisker Street	Perth	8	2024	\$5,475	75
3039.000 3	Build-A3	Toilets	Talisker Street	Perth	8	2024	\$13,725	75
3039.000 4	Build-A4	Toilets	Talisker Street	Perth	8	2024	\$16,725	75
7729.000 5	Build-C5	BBQ Shelter		Lake Leake	8	2024	\$11,330	40
7729.000 6	Build-C6	BBQ Shelter		Lake Leake	8	2024	\$1,705	40
3156.500 1	Build-S1	Bar	Park Street	Ross	8	2024	\$7,854	75
3156.100 1	Build-S1	Cricket Shed	Park Street	Ross	8	2024	\$4,389	75
3156.400 1	Build-S1	Rodeo Judges Box	Park Street	Ross	8	2024	\$1,617	75
3156.200 1	Build-S1	Score Box	Park Street	Ross	8	2024	\$1,848	75
3156.300 1	Build-S1	Shed 21m2	Park Street	Ross	8	2024	\$2,772	75
3156.600 1	Build-S1	Shed VB	Park Street	Ross	8	2024	\$7,854	75
3156.500 2	Build-S2	Bar	Park Street	Ross	8	2024	\$7,616	75
3156.100 2	Build-S2	Cricket Shed	Park Street	Ross	8	2024	\$4,256	75
3156.400 2	Build-S2	Rodeo Judges Box	Park Street	Ross	8	2024	\$1,568	75
3156.200 2	Build-S2	Score Box	Park Street	Ross	8	2024	\$1,792	75
3156.300 2	Build-S2	Shed 21m2	Park Street	Ross	8	2024	\$2,688	75
3156.600 2	Build-S2	Shed VB	Park Street	Ross	8	2024	\$7,616	75
3156.500 3	Build-S3	Bar	Park Street	Ross	8	2024	\$7,140	75
3156.100 3	Build-S3	Cricket Shed	Park Street	Ross	8	2024	\$3,990	75
3156.400 3	Build-S3	Rodeo Judges Box	Park Street	Ross	8	2024	\$1,470	75
3156.200 3	Build-S3	Score Box	Park Street	Ross	8	2024	\$1,680	75
3156.300 3	Build-S3	Shed 21m2	Park Street	Ross	8	2024	\$2,520	75
3156.600 3	Build-S3	Shed VB	Park Street	Ross	8	2024	\$7,140	75
3156.500 4	Build-S4	Bar	Park Street	Ross	8	2024	\$5,950	75
3156.100 4	Build-S4	Cricket Shed	Park Street	Ross	8	2024	\$3,325	75
3156.400 4	Build-S4	Rodeo Judges Box	Park Street	Ross	8	2024	\$1,225	75
3156.200 4	Build-S4	Score Box	Park Street	Ross	8	2024	\$1,400	75

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3156.300 4	Build-S4	Shed 21m2	Park Street	Ross	8	2024	\$2,100	75
3156.600 4	Build-S4	Shed VB	Park Street	Ross	8	2024	\$5,950	75
3156.500 5	Build-S5	Bar	Park Street	Ross	8	2024	\$4,148	75
3156.100 5	Build-S5	Cricket Shed	Park Street	Ross	8	2024	\$2,318	75
3156.400 5	Build-S5	Rodeo Judges Box	Park Street	Ross	8	2024	\$854	75
3156.200 5	Build-S5	Score Box	Park Street	Ross	8	2024	\$976	75
3156.300 5	Build-S5	Shed 21m2	Park Street	Ross	8	2024	\$1,464	75
3156.600 5	Build-S5	Shed VB	Park Street	Ross	8	2024	\$4,148	75
3156.500 6	Build-S6	Bar	Park Street	Ross	8	2024	\$1,292	75
3156.100 6	Build-S6	Cricket Shed	Park Street	Ross	8	2024	\$722	75
3156.400 6	Build-S6	Rodeo Judges Box	Park Street	Ross	8	2024	\$266	75
3156.200 6	Build-S6	Score Box	Park Street	Ross	8	2024	\$304	75
3156.300 6	Build-S6	Shed 21m2	Park Street	Ross	8	2024	\$456	75
3156.600 6	Build-S6	Shed VB	Park Street	Ross	8	2024	\$1,292	75

							Subtotal	\$173,935
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3008.100 5	Build-C5	Fire Station	Bond Street	Ross	9	2025	\$22,660	40
3008.100 6	Build-C6	Fire Station	Bond Street	Ross	9	2025	\$3,410	40
3003.100 5	Build-D5	Mechanics Workshop	Park Street	Longford	9	2025	\$31,080	40
3003.100 6	Build-D6	Mechanics Workshop	Park Street	Longford	9	2025	\$7,400	40
3184.100 5	Build-O5	Library	High Street	Campbell Town	9	2025	\$52,960	40
3003.000 5	Build-O5	Truck Shed Works Depot Offices	Park Street	Longford	9	2025	\$281,350	40
3184.100 6	Build-O6	Library	High Street	Campbell Town	9	2025	\$4,640	40
3003.000 6	Build-O6	Truck Shed Works Depot Offices	Park Street	Longford	9	2025	\$24,650	40

							Subtotal	\$428,150
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							Subtotal	\$1,072,412
							Subtotal	\$

Appendix C Projected Upgrade/Exp/New 10 year Capital Works Program

10 year Projected Capital Upgrade/New Program from Worksheet *Upgrade-New Program*

Appendix D Budgeted Expenditures Accommodated in LTFP

10 Year Budgeted Expenditures

NAMS PLUS3 Asset Management Northern Midlands		Asset Management Plan																			
Buildings - S1 - W1		Financial (ending)																			
Planned Expenditures from LTFP		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operating Budget	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124
Management Budget	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
AMF Budget	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30
Total Expenditures	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254	\$254
Operating Budget	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Management Budget	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
AMF Budget	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34
Total Expenditures	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154
Operating Budget	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Management Budget	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
AMF Budget	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34
Total Expenditures	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154
Operating Budget	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Management Budget	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
AMF Budget	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34
Total Expenditures	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154	\$154

Appendix E Abbreviations

AAAC	Average annual asset consumption
AM	Asset management
AM Plan	Asset management plan
ARI	Average recurrence interval
ASC	Annual service cost
BOD	Biochemical (biological) oxygen demand
CRC	Current replacement cost
CWMS	Community wastewater management systems
DA	Depreciable amount
DRC	Depreciated replacement cost
EF	Earthworks/formation
IRMP	Infrastructure risk management plan
LCC	Life Cycle cost
LCE	Life cycle expenditure
LTFP	Long term financial plan
MMS	Maintenance management system
PCI	Pavement condition index
RV	Residual value
SoA	State of the Assets
SS	Suspended solids
vph	Vehicles per hour
WDCRC	Written down current replacement cost

Appendix F Glossary

Annual service cost (ASC)

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

Asset

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

Asset category

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

Asset class

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

Asset condition assessment

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

Asset hierarchy

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

Asset management (AM)

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

Asset renewal funding ratio

The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an 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 expenditure

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

Capital expenditure - expansion

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

Capital expenditure - new

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

Capital expenditure - renewal

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

Capital expenditure - upgrade

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

Capital funding

Funding to pay for capital expenditure.

Capital grants

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

Capital investment expenditure

See capital expenditure definition

Capitalisation threshold

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

Carrying amount

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

Class of assets

See asset class definition

Component

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

Core asset management

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

Cost of an asset

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

Critical assets

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

Current replacement cost (CRC)

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

Deferred maintenance

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

Depreciable amount

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

Depreciated replacement cost (DRC)

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

Depreciation / amortisation

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

Economic life

See useful life definition.

Expenditure

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

Expenses

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

Fair value

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

Financing gap

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

Heritage asset

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

Impairment Loss

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

Infrastructure assets

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

Investment property

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

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

Key performance indicator

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

Level of service

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

Life Cycle Cost *

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

Life Cycle Expenditure

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

Loans / borrowings

See borrowings.

Maintenance

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

- **Planned maintenance**
Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.
- **Reactive maintenance**
Unplanned repair work that is carried out in response to service requests and management/ supervisory directions.
- **Specific maintenance**
Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.
- **Unplanned maintenance**
Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance expenditure *

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

Materiality

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

Modern equivalent asset

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

Net present value (NPV)

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

Non-revenue generating Investments

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

Operations

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

Operating expenditure

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

Operating expense

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

Operating expenses

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

Operations, maintenance and renewal financing ratio

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

Operations, maintenance and renewal gap

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

Pavement management system (PMS)

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

PMS Score

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

Rate of annual asset consumption *

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

Rate of annual asset renewal *

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

Rate of annual asset upgrade/new *

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

Recoverable amount

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

Recurrent expenditure

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

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining useful life

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

Renewal

See capital renewal expenditure definition above.

Residual value

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

Revenue generating investments

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

Risk management

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

Section or segment

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

Service potential

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

Service potential remaining

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

Source: IPWEA, 2009, Glossary

Additional and modified glossary items shown *

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.

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

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

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

Value in Use

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



**NORTHERN
MIDLANDS
COUNCIL**

“FINANCING OUR DIRECTION”

2017 - 2027

LONG TERM FINANCIAL PLAN

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LONG TERM FINANCIAL PLAN

1. Introduction

This Long Term Financial Plan was revised by Northern Midlands Council on 15 of May 2017. It has been prepared to assist determine and illustrate Council's capacity to optimally meet our community's affordable service level preferences and the associated financial implications. The key objective of the Long Term Financial Plan (LTFP) is the achievement of financial sustainability in the medium to long term whilst achieving Council's strategic objectives.

The LTFP provides a mechanism for Council to consider the financial impact of its decisions and strategic direction on Council's financial sustainability.

2. Financial Sustainability

Financial sustainability means to Northern Midlands Council a long term financial position where planned long term infrastructure levels and provision of services to required standards are met without rate shocks or disruptive cuts to levels of service.

Local Government infrastructure assets are typically long-lived but as they age they require additional maintenance to preserve preferred minimum service levels. At a point of time it is necessary and cost effective that they be replaced. The LTFP incorporates financial projections for future asset maintenance and renewal consistent with that identified as cost-effectively warranted in Council's Asset Management Plans for major infrastructure classes.

Many of Northern Midlands Council's services are asset based and the assets have long lives. Council has \$354m in gross assets (replacement cost) including physical assets of roads, bridges, buildings, stormwater infrastructure, plant and equipment etc.

In 2016-17 Council has a total budgeted operating revenue of \$16.5m including rate revenue of \$9.8m, fees and charges revenue of \$1.7m, and a total budgeted operating expenditure of \$16.7m, including wages costs of \$5.1m (65 full time equivalent employees), materials & services of \$5.0m, and depreciation of \$5.3m. Council's underlying result in 2016-17 is an expected deficit of \$0.02m.

It is important for Council to adequately fund its asset management to ensure assets achieve their expected service standards, however Council also need to weigh up the continuing higher expectations and pressures to increase service levels from its community (population 12,700) while at the same time achieve sound long term financial management.

3. Financial Strategy

Northern Midlands Council's financial strategy is to achieve its affordable service level objectives while also maintaining, or where necessary equitably improving its long term financial sustainability.

Council has embarked on a strategy to improve its ongoing financial sustainability. The level of operating revenue generated by Council in past years has been less than its operating expenses. The LTFP projects approximately a balanced operating position moving forward.

Key measures proposed to help achieve this are as follows:

- Financial parameters to fund ongoing operational expenditure by annual ongoing income where possible
- New services and increased service levels to be funded from new income
- Use or implement user pay principle where possible
- Forecasted flow of TasWater dividend revenue
- Minimise reliance on Interest revenue
- Continued commitment for Roads to Recovery grant funding until 2024
- Disposing of some Council land that is surplus to needs.

4. Strategic Planning

Following election of the new Council in 2014 the Strategic Plan 2017-2027 has been adopted and new statements and targets set for what the municipal area will be like if that vision is achieved.

The current Strategic Plan states that Council will '*provide practical, viable, sustainable financial management policies and procedures*', and '*ensure that assets are planned, designed, developed, constructed and maintained to meet service, safety, and efficiency standards acceptable to the community*'.

The LTFP accommodates where possible the key priority projects and service levels identified in Council's current Strategic Plan 2017-2027.

5. Long Term Financial Plan

The LTFP provides for Council to consider financial impacts of its decisions on Council's long term sustainability. It aims to communicate

- the importance of a stable and predictable rate revenue stream,
- maintaining and improving levels of service,
- impacts of new initiatives on long term financial planning.

Inflation has not been taken into account in estimation of future values all forecasted figures are in real (current day year 1) values.

6. Assumptions

In preparation of the LTFP the model assumptions include:

- Service delivery maintained at current levels
- Asset Renewal requirements are based on Council's Asset Management Plans for major assets classes, and depreciation levels for minor classes
- Current debt level maintained (excluding State Stimulus funding)
- Receivables maintained at current averaged levels
- Liabilities maintained at current averaged levels
- Capital grants are not included in operating surplus
- Asset revaluations are not included as they are usually adjusted directly to equity
- Rate income increases are forecasted at 1.5 percent per annum for two years and 1.0 percent for the remainder of the 10 year period, over the current level (plus cost indexation) without other identified operating savings, plus 0.75 percent for development. Rate income includes General Rate, Fire Levy Rate, Waste Management Charges, & Riverworks Special Rates, and associated interest and penalty.
- Fees & Charges maintained at current levels
- Operating Grants are forecast to be ongoing and at current levels
- Dividends are forecast to be received from TasWater based on the targeted distributions as approved by the General Meeting with a one third reduction in 2018.
- Interest revenue is based on 2.5 percent of the average cash balance
- Capital income – Roads to Recovery grant funding is committed until 2024 and assumed to be ongoing
- Employees numbers maintained at current levels (including 2016 appointments/redundancies)
- Salaries & Wages & Oncosts at current Enterprise Bargaining Agreement 2016 provisions, and maintained at constant levels thereafter
- Materials & Services maintained at current levels
- Energy costs maintained at current levels
- Depreciation maintained in accordance with Asset Management Plans plus allowance for new/upgraded assets
- Other expenditure includes special committee costs, councilor allowances, sundry reimbursements and contributions at current levels.

7. New Initiatives

The LTFP has been based on current best estimate forecasts of existing services and service levels, as well as expected property development growth of 0.75 percent.

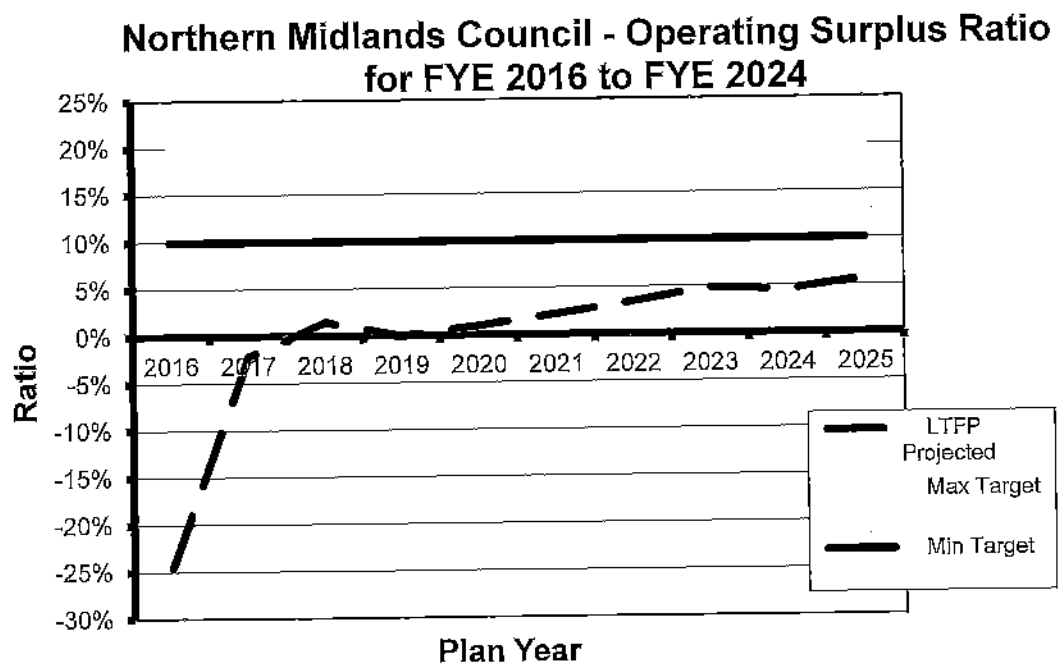
New initiatives included are:

- Major timber bridge replacement into concrete structures.
- Extension of the stormwater, and footpath infrastructure.
- Building Stimulus Program.

8. Financial Sustainability Measures

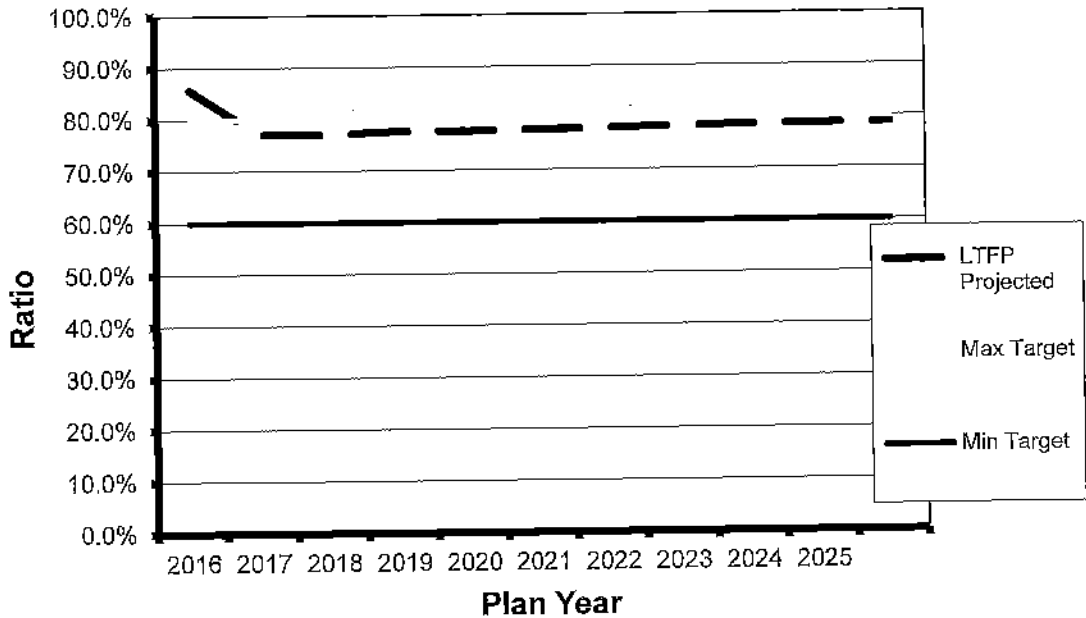
The Framework for *Long Term Financial and Asset Management Planning* Report for all Tasmanian Councils, recommended that the following nine financial sustainability measures be used as an indication to long-term financial sustainability:

- Operating result – The operating surplus (deficit) before amounts received specifically for new or upgraded assets and physical resources received free of charge (and excluding capital grants such as Roads to Recovery). **See Table 1 – Operating Statement, page 11.**
- Operating surplus ratio - The percentage by which the operating surplus or deficit as defined above varies from the major controllable income source plus predictable operating grants.



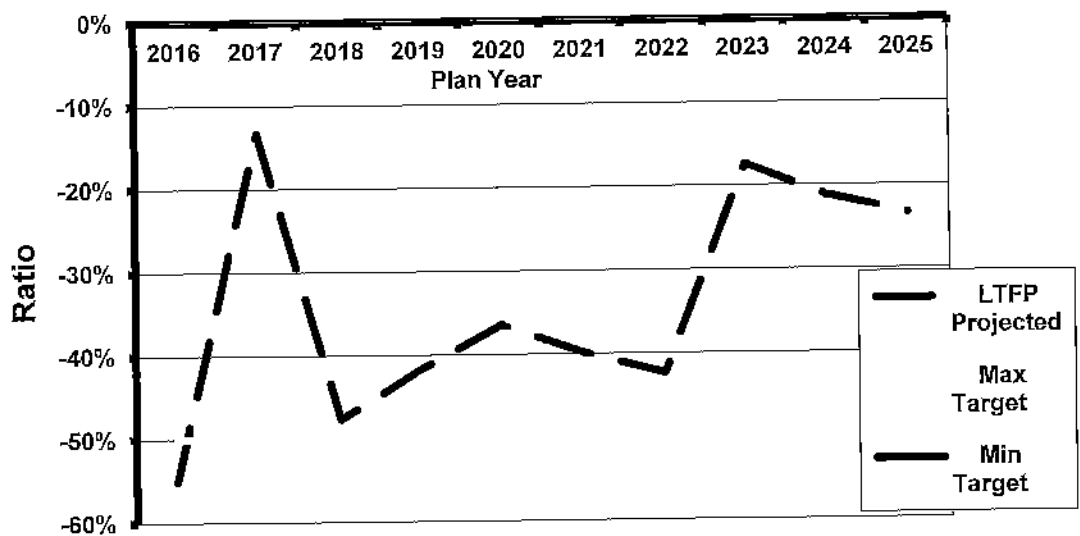
- Own Source Revenue Ratio – The ratio of revenue raised by Council excluding grant income.

Northern Midlands Council - Own Source Revenue for FYE 2016 to FYE 2024



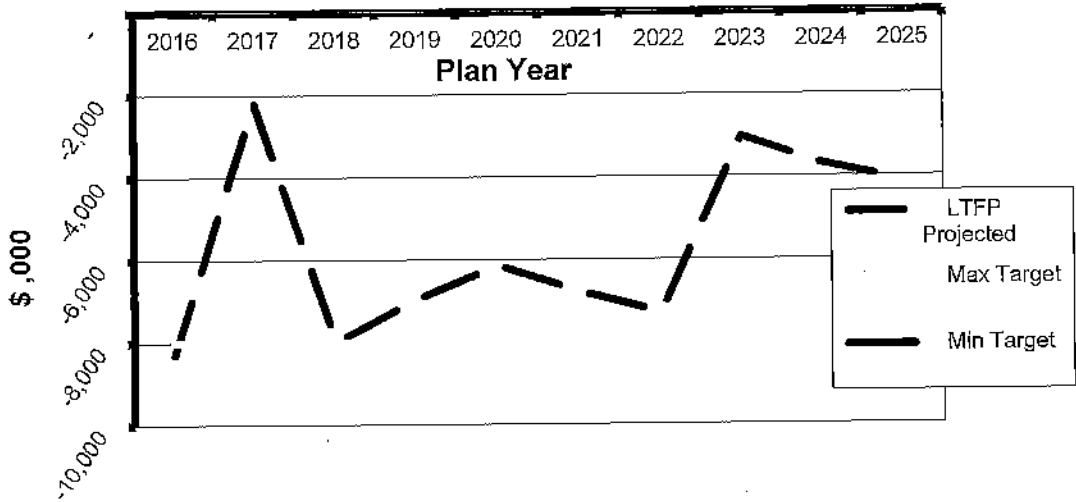
- Net financial liabilities – What is owed to others less money held, invested or owed to the entity. *See also Table 2 – Operating Statement, page 12.*

Northern Midlands Council - Net Financial Liabilities Ratio from FYE 2016 to FYE 2024



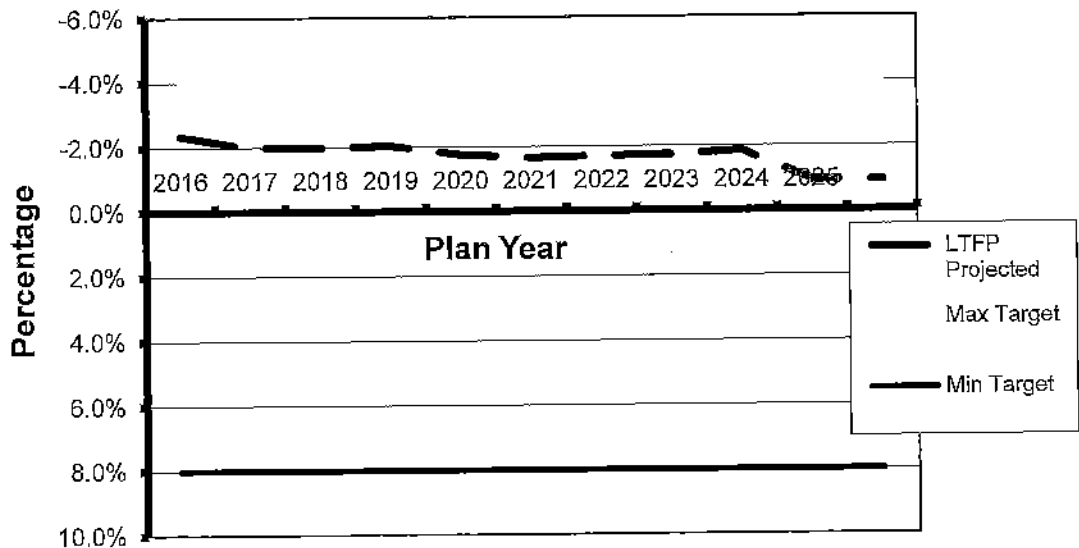
- Net financial liabilities ratio – The significance of net amount owed compared with the period’s income.

Northern Midlands Council - Net Financial Liabilities from FYE 2016 to FYE 2024



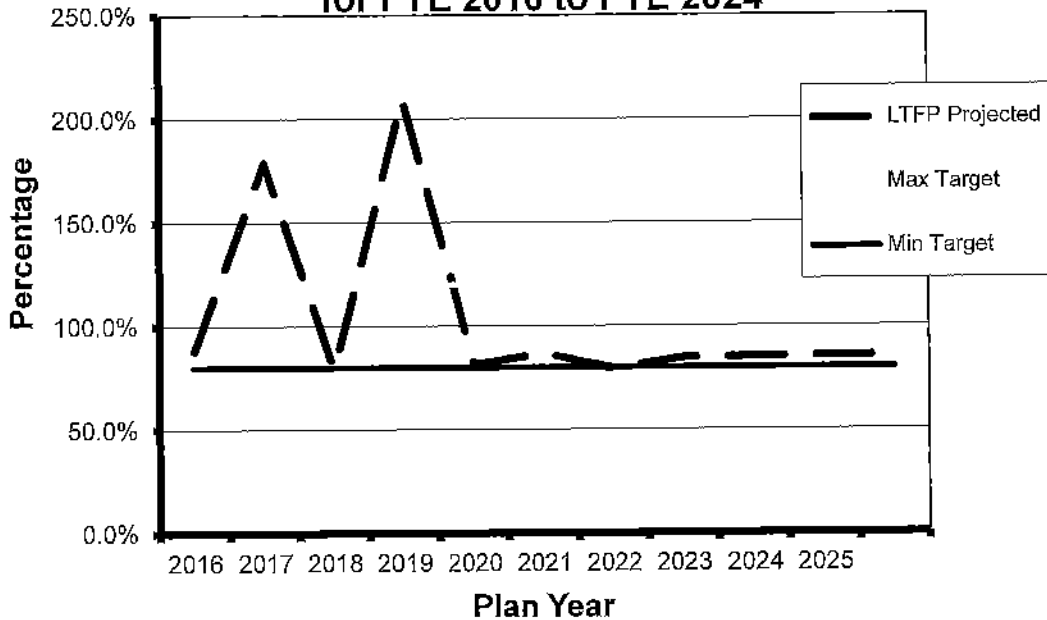
- Interest cover ratio – The proportion of day-to-day operating income used to pay interest on loans net of interest income.

Northern Midlands Council - Net Interest Cover Percentage from FYE 2016 to FYE 2024



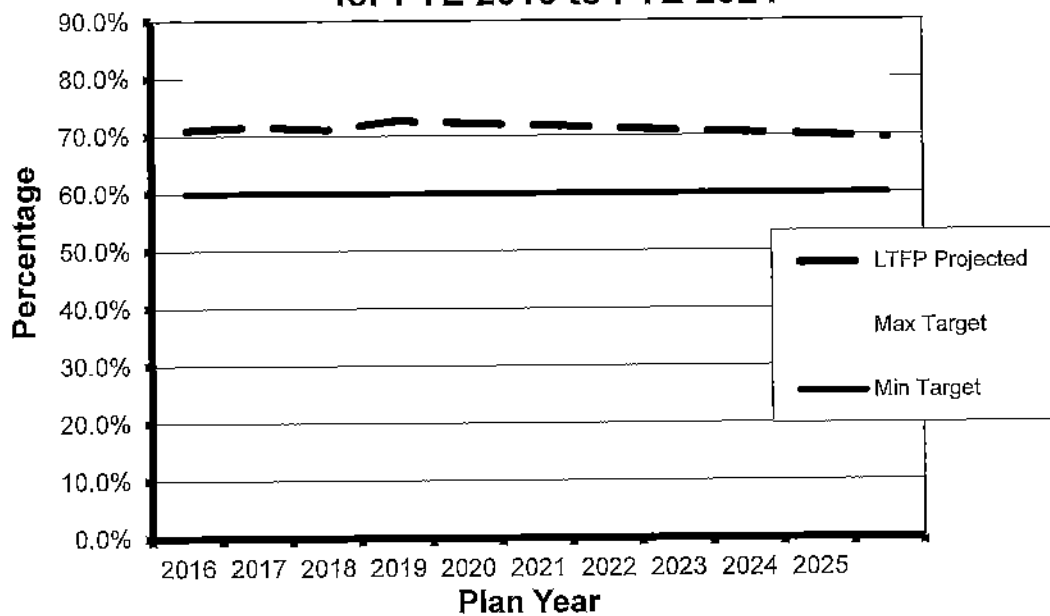
- Asset sustainability ratio – The ratio of asset replacement expenditure relative to depreciation for a period. It measures whether assets are being replaced at the rate they are wearing out.

Northern Midlands Council - Asset Sustainability Ratio for FYE 2016 to FYE 2024



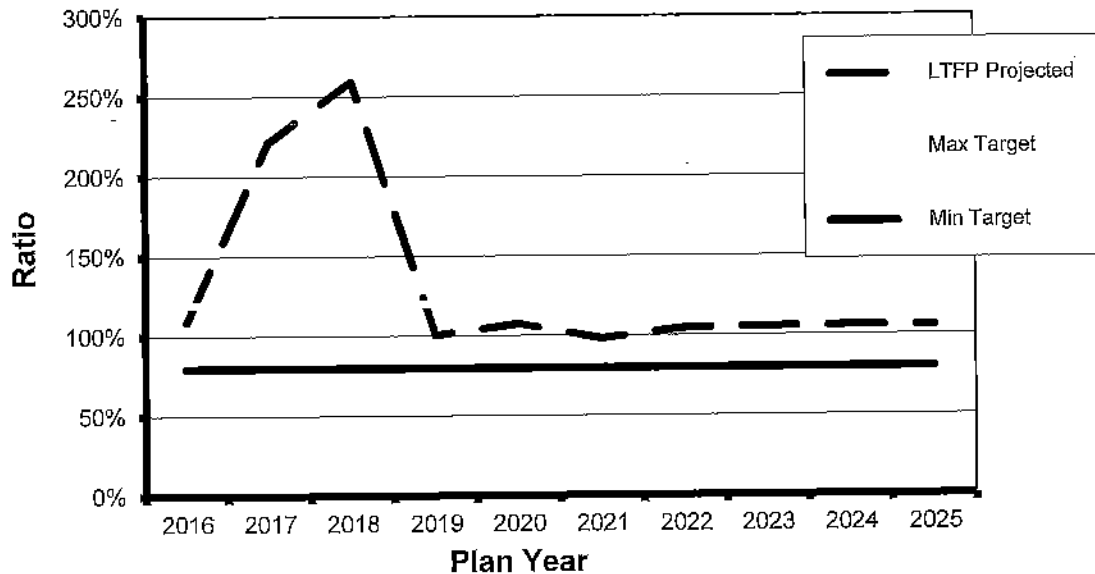
- Asset consumption ratio – The average proportion of ‘as new condition’ left in assets.

Northern Midlands Council - Asset Consumption Ratio for FYE 2016 to FYE 2024



- Asset renewal funding ratio – The ratio of net present value of asset replacement funding accommodated over a 10 year period in a LTFP relative to the net present value of projected capital renewal expenditures identified in an asset management plan for the same period. It assesses the entity's financial capacity to fund asset renewal.

Northern Midlands Council - Asset Renewal Funding Ratio for FYE 2016 to FYE 2024



9. Long Term Estimation and Risk

The LTFP is based on assumptions about the future. The future is uncertain and therefore there is high risk that circumstances may change some of which are within Council's control (eg policies, service delivery, community needs, emergencies) and some outside Council's control (eg legislation, demographics, development levels).

Council's three largest revenue streams are rates, operational grants and user fees and three largest expense items are wages, materials and services, and depreciation. The outcomes of the LTFP are significantly affected if actual results in these major categories are different to forecasted.

The plan will be reviewed and updated by no later than June each year, to coincide with the budget process, and even more regularly if new information is available and will significantly impact on the Council's long term financial sustainability.

10. Sensitivity Analysis

A sensitivity analysis has been undertaken showing the impact of some of the most significantly assumptions e.g. lower level of growth, lower level of dividends, wages percentage increase above consumer price index etc. The results indicate that these would have significant impact on Council's financial position should this occur.

11. Cash Reserves & Borrowing

In order to minimize financial risk the LTFP will make provision for cash reserves for the following accounts:

- Employee provisions and contractual commitments \$0.5m
- Carry Forward projects and grants \$0.5m
- Asset Replacement at a level of 1 percent of asset replacement value \$3m.

The LTFP projects that Council will not need to borrow (other than accept State Stimulus Loan funding) over the planning period in order to meet cashflow needs arising from proposed capital works associated with provision of identified new and renewable assets.

Council has set a financial parameter that it will not borrow from external sources for operating expenditure, and for capital expenditure (for new assets) unless repayments are funded from new rates raised.

12. Forecast Financial Position

Based on the long term financial strategies listed above the following outcomes will be achieved:

Table 1 Operating Statement

	Year Ending 30 June:										Year	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		2026
	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenue												
Rates	9,546	9,799	10,019	10,245	10,424	10,607	10,792	10,981	11,173	11,369	11,568	11,770
Charges	1,762	1,732	1,502	1,502	1,502	1,502	1,502	1,502	1,502	1,502	1,502	1,502
Grants - FAG	1,672	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348
Grants - Non FAG	340	329	329	329	329	329	329	329	329	329	329	329
Investment Income - Interest	355	330	342	293	280	289	299	323	164	164	153	136
Investment Income - Dividends	702	702	687	449	439	430	421	412	403	395	387	379
Other	551	163	463	463	463	463	463	463	463	463	463	463
Total Operating Revenue	15,062	16,508	16,756	16,693	16,850	17,033	17,219	17,423	17,448	17,635	17,814	17,992
Operating Expenses												
Salaries & Wages	4,959	5,166	5,092	5,117	5,143	5,169	5,194	5,220	5,247	5,273	5,299	5,326
Materials & Services	4,592	5,061	4,731	4,731	4,731	4,731	4,731	4,731	4,731	4,731	4,731	4,731
Government Levies and Charges	665	685	685	685	685	685	685	685	685	685	685	685
Depreciation	5,336	5,327	5,425	5,482	5,511	5,541	5,560	5,579	5,599	5,618	5,641	5,669
Finance Charges	0	0	0	0	0	0	0	0	0	0	0	0
Other	1,851	476	676	676	676	676	676	676	676	676	676	676
Total Operating Expenses	17,403	16,715	16,609	16,691	16,746	16,801	16,846	16,892	16,937	16,983	17,032	17,087
Operating Surplus / (Deficit)	(2,341)	(207)	147	2	104	231	373	531	511	652	782	905
Physical Resources Free of Charge	13,100	430	753	753	753	753	753	753	753	753	753	753
Amounts specifically for new or upgraded assets	3,225	2,357	8,698	350	700	700	700	(4,820)	700	700	700	700
Net Surplus / (Deficit)	13,984	2,580	9,598	1,105	1,557	1,684	1,826	(3,536)	1,964	2,105	2,235	2,358
Other Comprehensive Income	1,084	0	0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income	12,900	2,580	9,598	1,105	1,557	1,684	1,826	(3,536)	1,964	2,105	2,235	2,358

Table 2 Balance Sheet

As at 30 June:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

ASSETS

Financial Assets

Cash and Cash Equivalents	10,603	12,569	10,322	9,295	8,482	9,122	9,629	5,370	6,028	6,453	6,549	6,721
Current Trade & Other Receivables	537	537	537	537	537	537	537	537	537	537	537	537
Current Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Non Current Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total Financial Assets	11,140	13,106	10,859	9,832	9,019	9,659	10,166	5,907	6,565	6,990	7,086	7,258

Non Financial Assets

Investment Properties	29	29	29	29	29	29	29	29	29	29	29	29
Infrastructure, Property, Plant & Equipment	241,923	242,563	254,191	256,145	258,365	259,163	260,219	261,284	262,358	263,815	265,774	267,755
Other Non-current Assets	39,683	39,683	39,683	39,683	39,683	39,683	39,683	39,683	39,683	39,683	39,683	39,683
Total Non Financial Assets	281,635	282,275	293,903	295,857	298,077	298,875	299,931	300,996	302,070	303,527	305,486	307,467
Total Assets	292,775	295,381	304,762	305,689	307,095	308,535	310,097	306,902	308,635	310,517	312,572	314,725

LIABILITIES

Current Liabilities

Trade & Other Payables	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680
Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051
Other Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current Liabilities												
Trade & Other Payables	0	0	0	0	0	0	0	0	0	0	0	0
Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	121	147	147	147	147	147	147	147	147	147	147	147
Other Non-current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
	121	147	147	147	147	147	147	147	147	147	147	147
Total Liabilities	2,852	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878
Net Assets	289,923	292,503	301,884	302,811	304,217	305,657	307,219	304,024	305,757	307,639	309,694	311,847
EQUITY												
Accumulated Surplus	154,043	156,623	166,221	167,326	168,883	170,567	172,393	168,858	170,821	172,926	175,161	177,519
Asset Revaluation Reserves	135,880	135,880	135,880	135,880	135,880	135,880	135,880	135,880	135,880	135,880	135,880	135,880
Other Reserves	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment to Cash & Borrowings for effects of Inflation	0	0	(217)	(395)	(546)	(791)	(1,054)	(713)	(944)	(1,167)	(1,347)	(1,552)
Total Equity	289,923	292,503	301,884	302,811	304,217	305,657	307,219	304,024	305,757	307,639	309,694	311,847