Sorell Council

Buildings and Open Space

Asset Management Plan

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FOREWORD

The compilation of an Asset Management Plan is a process of investigation and review of data from multiple sources including the Finance Department, External Works Force and Councils Engineering staff.

The process of compiling these asset plans has identified some significant deficiencies in Councils asset knowledge, documentation and maintenance scheduling. These deficiencies are already being addressed through introduction of asset field inspection records to improve data knowledge, investigation into condition surveying of assets and improved dialogue between all involved departments.

Generally, assets across all classes are operating satisfactorily and the current level of service maintained by the external workforce for the available funds is appropriate.

The coming years will see significant improvements in asset management as a whole, with future budget and capital works determination coming from an asset register of high data confidence and a collective involvement of many departments.

1. EXECUTIVE SUMMARY

1.1 Context

The Sorell Council is one of the fastest growing municipalities in Tasmania. As is the case with most Councils, Sorell has an ageing infrastructure which will require some significant renewal over the planning period. This plan will allow Council to take a long term focus on what is required in terms of the Buildings and OS Service, and help Council to deal with the challenges that high population growth and ageing infrastructure provides.

The Buildings and OS Service

The Buildings and OS network comprises:

- Buildings
- Land Improvements (Sports Grounds, Play Grounds, Gardens etc.)
- Parks and Reserves
- Play Equipment
- Bush trails
- Open space car parks
- Other infrastructure (Lighting, In-ground irrigation etc.)

These infrastructure assets have a replacement value of $9,302,000.

1.2 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 $17,540,000 or $1,754,000 on average per year.

Estimated available funding for this period is $16,880,000. This equates to an average cost of $1,688,000 per year to provide the service. This is a funding gap of -$66,000 on average per year which indicates that the maintenance of new assets will require an increase in asset expenditure. 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.

1.3 What we will do

We plan to provide Buildings and OS services for the following:

- Operation, maintenance, renewal and upgrade of buildings, sports grounds, parks/reserves, play equipment and bush trails to meet service levels set in annual budgets.

1.4 What we can do

We do have enough funding to provide all services at the current service levels and provide limited new services.

1.5 Confidence Levels

This AM Plan is based on a low level of confidence information.

1.6 The Next Steps

The actions resulting from this asset management plan are:

- Conditionally assess all Buildings and OS Assets
- Revalue Buildings and OS Assets

1.7 What is this plan about?

This asset management plan covers the infrastructure assets that serve the Sorell community's Buildings and OS needs. These assets include buildings, sports grounds, parks/reserves, play equipment and bush trails throughout the community area that enable people to use Buildings and OS services.

1.8 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.

1.9 How can we improve Asset Management processes?

The efficiency of Asset Management processes can be improved in many ways and by undertaking the following 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 Buildings and OS 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.

1.10 What can we do to ensure that the community is receiving Buildings and OS services at the desired level?

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

1.11 What can you do?

We will be pleased to consider your thoughts on the issues raised in this asset management plan and suggestions on how we may change or reduce the Buildings and OS 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 Manual[1].

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

- 10 Year Capital Works Programme
- Strategic Plan

This infrastructure assets covered by this asset management plan are shown in Table 2.1. These assets are used to provide Buildings and OS services to its community.

Fig 2.1: Assets covered by this Plan

- Buildings
- Land Improvements (Sports Grounds, Play Grounds, Gardens etc.)
- Parks and Reserves
- Play Equipment
- Bush trails
- Open space car parks
- Other infrastructure (Lighting, In ground irrigation etc.)

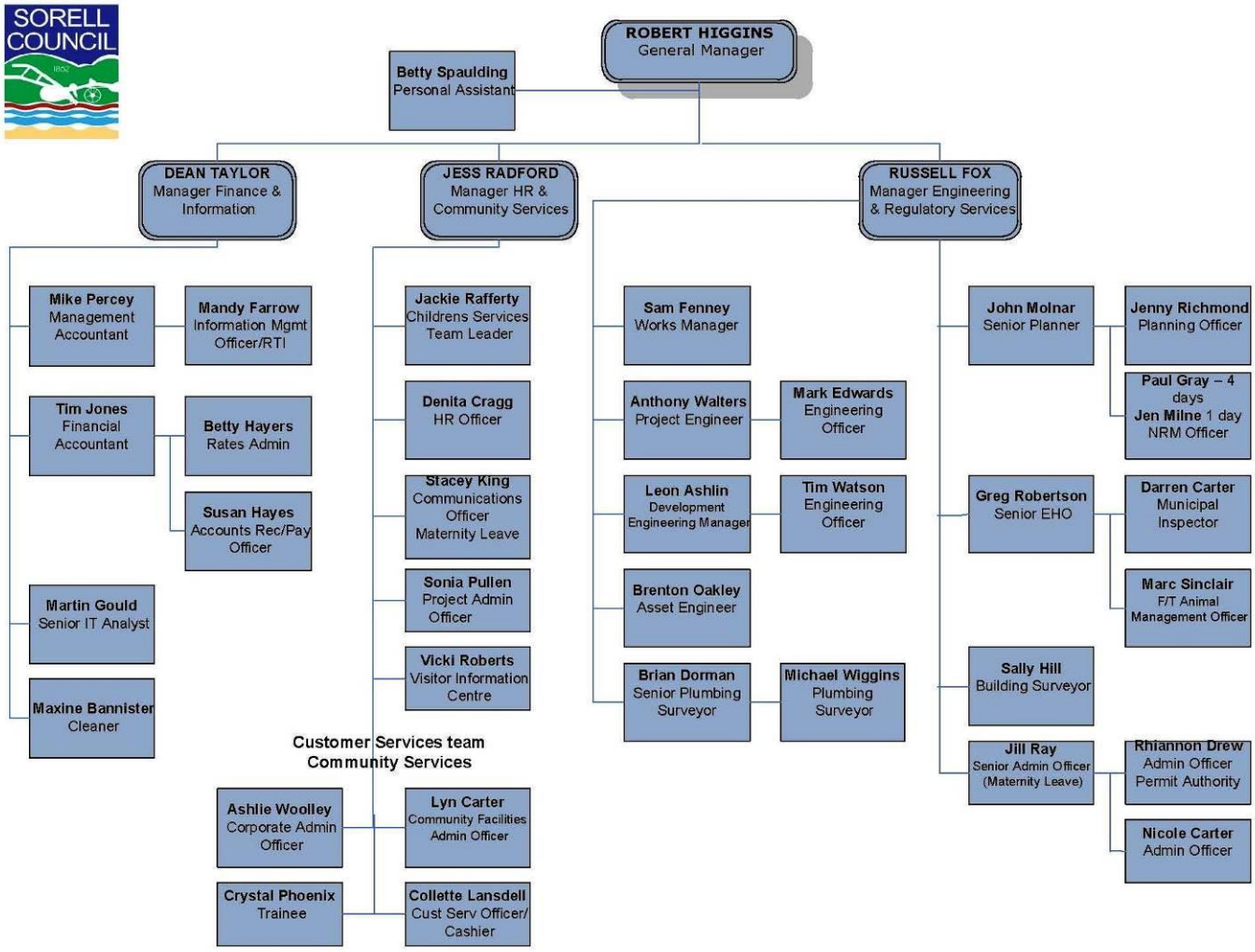
Key stakeholders in the preparation and implementation of this asset management plan are: Shown in Table 2.1.1.

Table 2.1.1: Key Stakeholders in the AM Plan

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

Key Stakeholder	Role in Asset Management Plan
Councillors	• Represent needs of community/shareholders; • Ensure the organisation is financial sustainable.
General Manager	• Appoint resources to meet the organisation's objectives in providing services while managing risks; • Overall responsibility for Asset Management; • Ensure funds are invested appropriately to ensure best value for money is delivered to the community; • Ensuring Asset Management services are provided in accordance with Councils Long-term Financial Plan and Council priorities; • Provide leadership in influencing decision making processes related to AM.
Manger of Engineering and Regulatory Services	• Allocate resources to meet the organisation's objectives in providing services while managing risks; • Identify resource requirements for delivering various asset management services to the community; • Ensuring Asset Management services are provided in accordance with Corporate Plan and Council priorities; • Provide leadership in influencing decision making processes related to AM.
Asset Engineer	• Provide leadership for effective Asset Management; • Identify resource requirements for delivering various asset management services to the community; • Ensuring Asset Management services are provided in accordance with • Corporate Plan and Council priorities; • Deliver services in a cost effective and sustainable manner; • Coordinate with Engineering staff, Works Manager and Field Supervisors to identify areas of need, process improvement; • Responsible for reviewing and keeping AM plan up to date; • Responsible for preparing budget submissions in accordance with the AM plan • Custodian of Asset data; • Responsible for keeping asset data up to date; • Preparation of asset management Plan; • Assist with financial accounting for assets.
Works Manager and Field Supervisors	• Operation and Maintenance management to meet agreed levels of service; • Highlight issues requiring attention of senior management.
Internal Users of Asset Systems	• Provide timely advice as to future asset usage and requirements; • Communicate asset condition and maintenance requirements as needed.

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

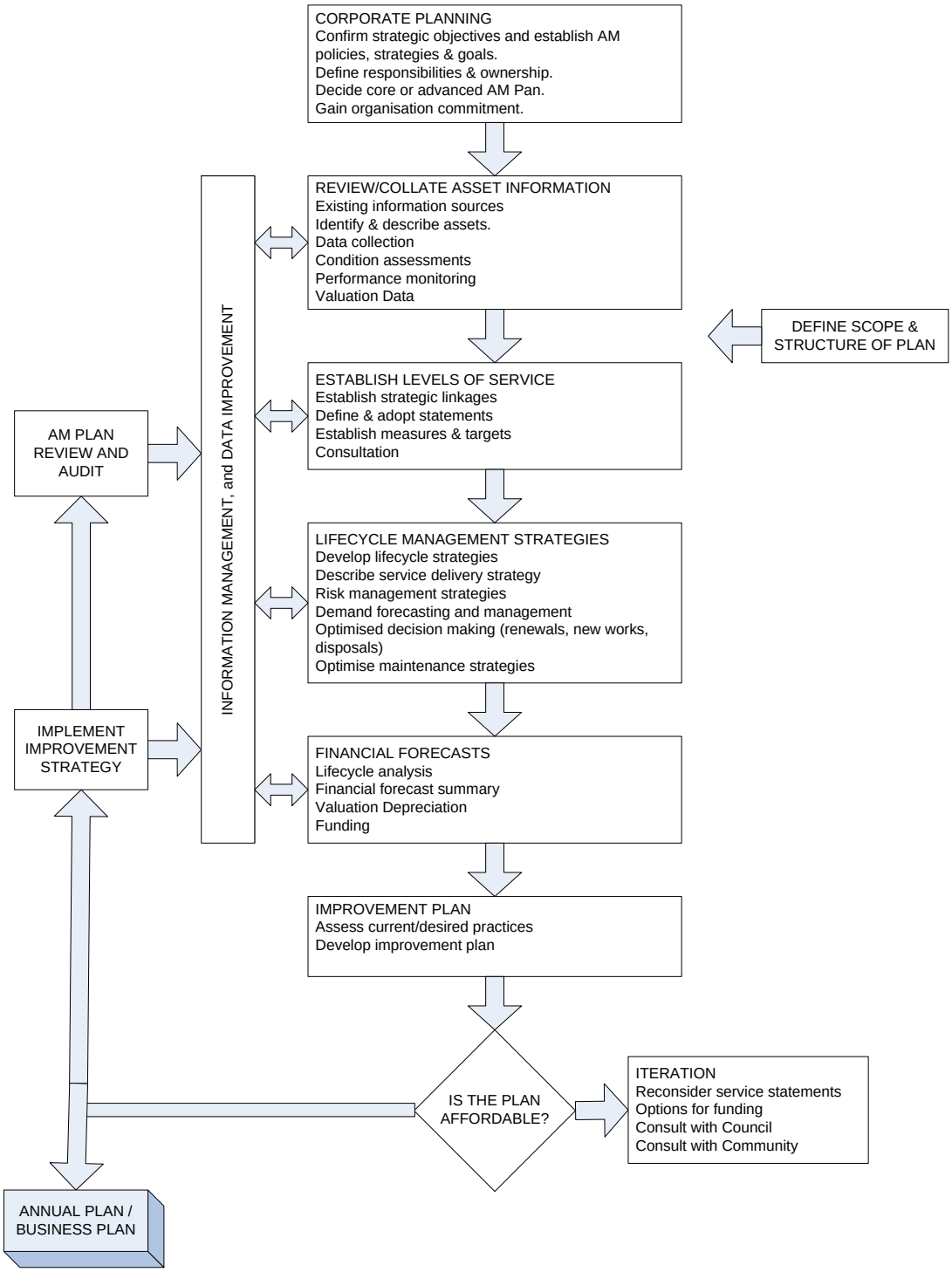
- Levels of service – specifies the services and levels of service to be provided by Council,
- Future demand – how this will impact on future service delivery and how this is to be met,
- Life cycle management – how we will manage our existing and future assets to provide defined levels of service,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

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

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

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 Manual[3]. 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.

Future revisions of this asset management plan will move towards 'advanced' asset management using a 'bottom up' approach for gathering asset information for individual assets to support the optimisation of activities and programs to meet agreed service levels.

2.5 Community Consultation

This 'core' asset management plan is prepared to facilitate community consultation initially through feedback on public display of draft asset management plans prior to adoption by the Council/Board. 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/Board 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

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

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:

A commitment that together Council and the community plan a balanced social, commercial and residential environment to enhance the quality of life in the municipality

Our mission is:

The Sorell Council exists to protect and develop the unique qualities of the municipality in a responsive, friendly and caring way

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

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

Goal	Objective	How Goal and Objectives are addressed in AM Plan
Financial Sustainability	Ensure revenue meets expenditure	Financial analysis
Reasonable Service Standard	Maintain assets to the standard	Service standards and condition assessments

The Council 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

We have to meet many legislative requirements including Australian and State legislation and State regulations. These include:

[3] IPWEA, 2011, IIMM.

Table 3.3: Legislative Requirements

Legislation	Requirement
Local Government Act	Sets out role, purpose, responsibilities and powers of local government, including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
Local Government (Highways) Act	Sets out role, purpose, responsibilities and powers of local government in relation to Highways and Roads.
Roads and Jetties Act	Sets out role, purpose, responsibilities and powers of local government in relation to Highways and Roads.
Traffic (Road Rules) Regulations	Sets out role, purpose, responsibilities and powers of road users

3.4 Current Levels of Service

We have defined service levels in two terms.

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?

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

Technical service measures are linked to annual budgets covering:

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

Asset managers plan, implement and control technical service levels to influence the customer service levels.[4]

Our current service levels are detailed in Table 3.4.

[4] IPWEA, 2011, IIMM, p 2.22

Table 3.4: Current and Desired Service Levels

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	Optimal Level of Service
COMMUNITY LEVELS OF SERVICE				
Quality	Performance in providing and maintaining Council buildings and OS assets.	Works requests relating to Council owned buildings and OS.	TBA	TBA
Safety	Provide buildings and OS assets that are low risk to the community.	Number of reported injuries on Council property.	TBA	TBA
TECHNICAL LEVELS OF SERVICE				
Condition	Council building and OS assets are maintained at the most economic cost to achieve or better asset useful life.	Condition rating after inspection.	Condition assessment required.	Remaining life calculated from asset condition is equal to or greater than remaining useful life in asset register.

3.5 Desired Levels of Service

At present, indications of desired levels of service are obtained from various sources including residents' feedback to Councillors and staff, service requests and correspondence. Council has yet to quantify desired levels of service. This will be done in future revisions of this asset management plan.

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

Urban Roads

Demand drivers	Present position	Projection	Impact on services
Population	13,969 (2014)	17,492 (2032)	There will be a growing need for additional Council owned buildings to deliver various services to the community. If the current level of building coverage to current population is to be continued as the standard level of service into the future.
Accessibility	Some equal access open spaces.	Increased need for additional play spaces that are accessible to people of varying abilities.	The planning of new and the renewal of existing play spaces should take into account the need for equal access.

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 failures[5]. Examples of non-asset solutions include providing services from existing infrastructure such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified to date for demand management are shown in Table 4.4. Further opportunities will be developed in future revisions of this asset management plan.

Table 4.4: Demand Management Plan Summary

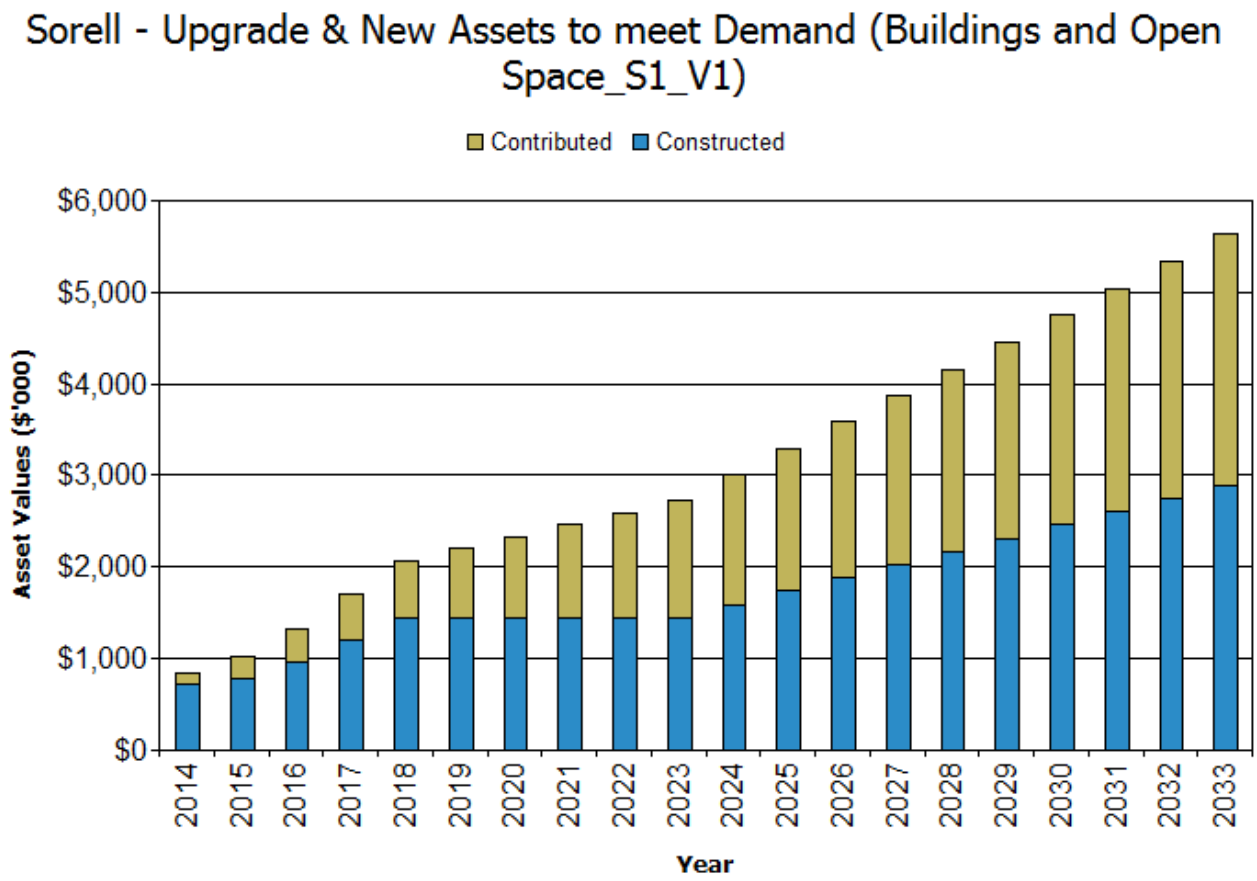
Service Activity	Demand Management Plan
Upgrade of existing assets and provision of new assets.	Upgrading of existing assets should be planned and budgeted for as increased demand levels are identified. Furthermore, adoption of new assets at the time of land development and redevelopment (both green field and brown) should help support future demand.

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

4.5 Asset Programs to meet Demand

The new assets required to meet growth will be acquired free of cost from land developments and constructed/acquired by the organisation. New assets constructed/acquired by the organisation are discussed in Section 5.5. 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 these 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. 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 Fig 2.1.

5.1.2 Asset capacity and performance

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

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
All Buildings	Until recently the building asset class has been managed by the Sorell Council Community Services Department. The building asset class require a review to ensure that the asset register is updated. Conditional assessments also need to be done to plan for future renewal works.

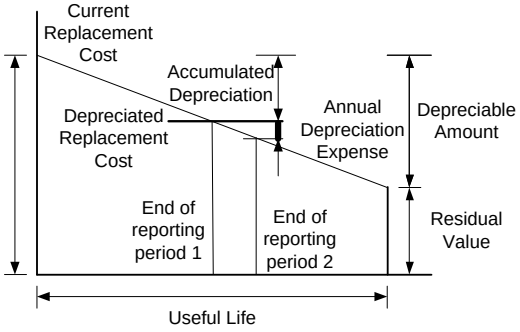
5.1.3 Asset condition

Condition is monitored and reassessed every 3 – 5 years as part of the asset revaluation process. Current condition data is out of date. The Sorell Council will begin the process conditionally assessing all of its building stock in March 2014.

5.1.4 Asset valuations

The value of assets recorded in the asset register as at 15 August 2012 covered by this asset management plan is shown below. Assets were last revalued at 30 June 2012. Assets are valued at greenfield rates.

Current Replacement Cost	$9,302,000
Depreciated Replacement Cost[6]	$6,939,000
Annual Depreciation Expense	$178,000



Useful lives were reviewed in 2013 by the Sorell asset management staff.

Key assumptions made in preparing the valuations were:

- The average maintenance costs for new assets are assumed to be 2.0% of the asset value.
- The average depreciation for new assets is assumed to be 1.91% of the asset value.
- The population in 2032 is projected to 17,492

Major changes from previous valuations are due to:

[6] Also reported as Written Down Current Replacement Cost (WDCRC).

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)	1.9%
Rate of Annual Asset Renewal (Capital renewal exp/Depreciable amount)	5.1%
Rate of Annual Asset Upgrade/New (Capital upgrade exp/Depreciable amount)	7.7%

In 2013 the organisation plans to renew assets at 272% of the rate they are being consumed and will be increasing its asset stock by 9% in the year.

5.2 Infrastructure Risk Management Plan

An assessment of risks[7] associated with service delivery from infrastructure assets has identified critical risks that will result in loss or reduction in service from infrastructure assets or a 'financial shock' to the organisation. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the Infrastructure Risk Management Plan, together with the estimated residual risk after the selected treatment plan is operational are summarised in Table 5.2. These risks are reported to management and Council/Board.

Table 5.2: Critical Risks and Treatment Plans

Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan
Buildings	Fall from height resulting in minor to potentially serious injuries.	H	Ensure maintenance and construction work is carried out in accordance with the safety standards listed in 5.3.2 of this plan.
Play Equipment	Fall from height resulting in minor to potentially serious injuries.	H	Ensure maintenance and construction work is carried out in accordance with the safety standards listed in 5.3.2 of this plan.

5.3 Routine Operations and Maintenance Plan

Operations include regular activities to provide services such as public health, safety and amenity, e.g. street sweeping, grass mowing and street lighting.

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

5.3.1 Operations and Maintenance Plan

Operations activities affect service levels including quality and function through street sweeping and grass mowing frequency, intensity and spacing of street lights and cleaning frequency and opening hours of building and other facilities.

Maintenance includes 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, e.g. road patching but excluding rehabilitation or renewal. Maintenance may be classifies into reactive, planned and specific 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, replacing air conditioning units, etc. This work falls below the capital/maintenance threshold but may require a specific budget allocation.

Actual past maintenance expenditure is shown in Table 5.3.1.

Table 5.3.1: Maintenance Expenditure Trends

Year	Maintenance Expenditure
2012/13	$480,000

Maintenance expenditure levels are considered to be adequate to meet projected service levels, which may be less than or equal to current service levels. Where maintenance expenditure levels are such that will result in a lesser level of service, the service consequences and service risks have been identified and service consequences highlighted in this AM Plan and service risks considered in the Infrastructure Risk Management Plan.

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/Board,
- 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 is Table 5.3.2.

Table 5.3.2: Asset Service Hierarchy

Council will develop an appropriate 'Asset Service Hierarchy' for its Buildings and OS assets to help prioritise and prescribe the most appropriate treatment for each Buildings and OS asset.

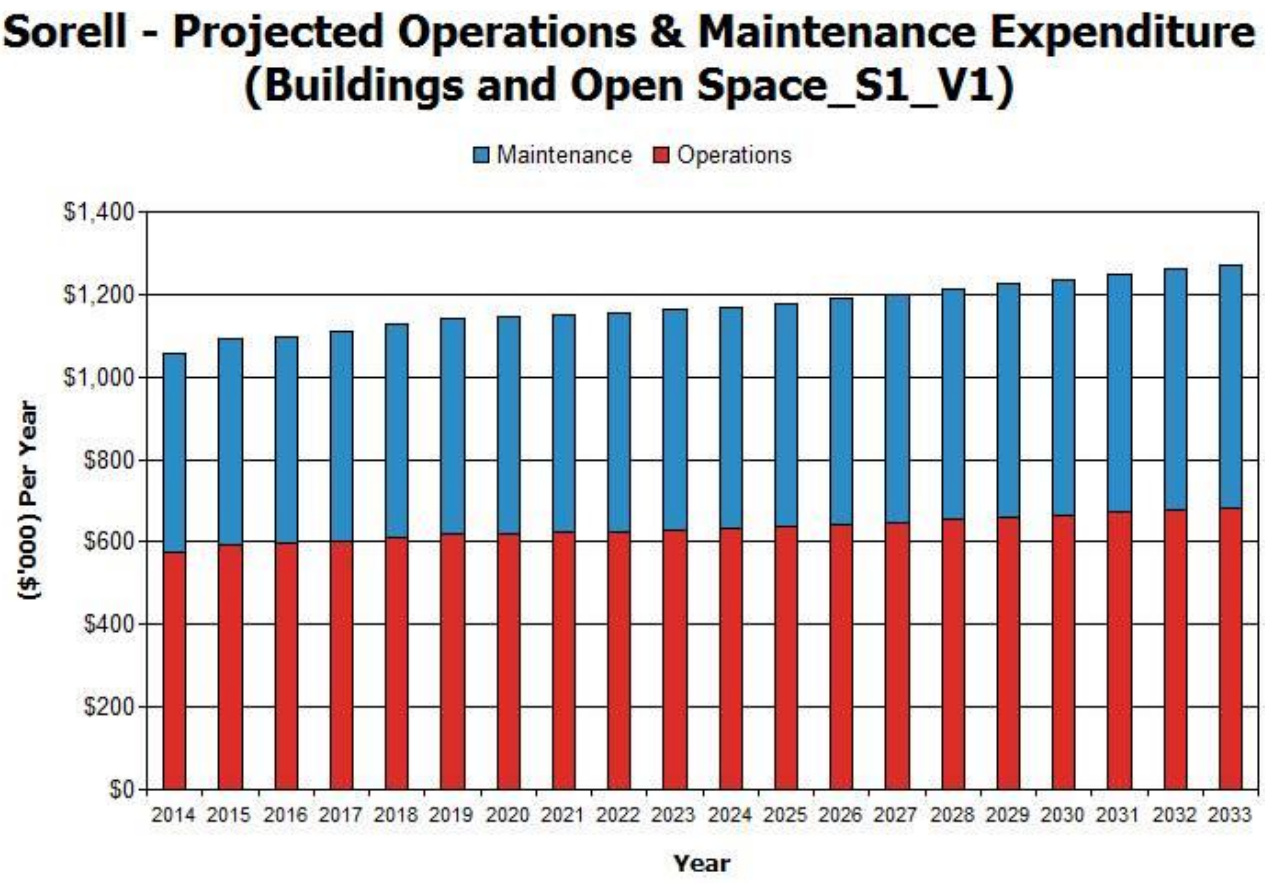
Standards and specifications

- Maintenance work is carried out in accordance with the following Standards and Specifications.
- Maintenance work is carried out in accordance with the following Standards and Specifications.
- Municipal Standard Specifications – IPWEA Tasmania Division
- Municipal Standard Drawings – IPWEA Tasmania Division
- Workplace Health and Safety Act 1995 and Regualtions1988
- Manufacturer's Installation Requirements
- Sorell Council's Health and Safety Requirements

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 2012/13 dollar values (i.e. real values).

Figure 4: Projected Operations and Maintenance Expenditure



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Deferred maintenance, i.e. works that are identified for maintenance and unable to be funded are to be included in the risk assessment and analysis in the infrastructure risk management plan.

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 2 was used for this asset management plan.

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 30th June 2012.[8]

Table 5.4.1: Useful Lives of Assets

Asset (Sub)Category	Useful life
Buildings	30 - 100
Tracks and Cycle ways	10 - 50
Car parks	15 - 30
Open Space assets	15 - 30

5.4.2 Renewal and Replacement Strategies

The organisation will plan capital renewal and replacement projects to meet level of service objectives and minimise infrastructure service risks by:

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner,
- Undertaking project scoping for all capital renewal and replacement projects to identify:
    - the service delivery 'deficiency', present risk and optimum time for renewal/replacement,
    - the project objectives to rectify the deficiency,
    - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency,
    - and evaluate the options against evaluation criteria adopted by Council, and
    - select the best option to be included in capital renewal programs,
- Using 'low cost' renewal methods (cost of renewal is less than replacement) wherever possible,
- Maintain a current infrastructure risk register for assets and 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 construction and renewal needs,
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required ,
- Review management of capital renewal and replacement activities to ensure Council is obtaining best value for resources used.

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 (e.g. replacing a bridge that has a 5 t load limit), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. roughness of a road).[9]

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

- Have a high consequence of failure,
- 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,
- Are identified in the AM Plan as key cost factors,
- Have high operational or maintenance costs, and
- Where replacement with modern equivalent assets would yield material savings.[10]

[8] POLLUX\Asset Management\Road Asset Report
[9] IPWEA, 2011, IIMM, Sec 3.4.4, p 3|60.
[10] Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3|66.

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in Table 5.4.2.

Table 5.4.2: Renewal and Replacement Priority Ranking Criteria

Renewal and replacement standards

Renewal work is carried out in accordance with the following Standards and Specifications.

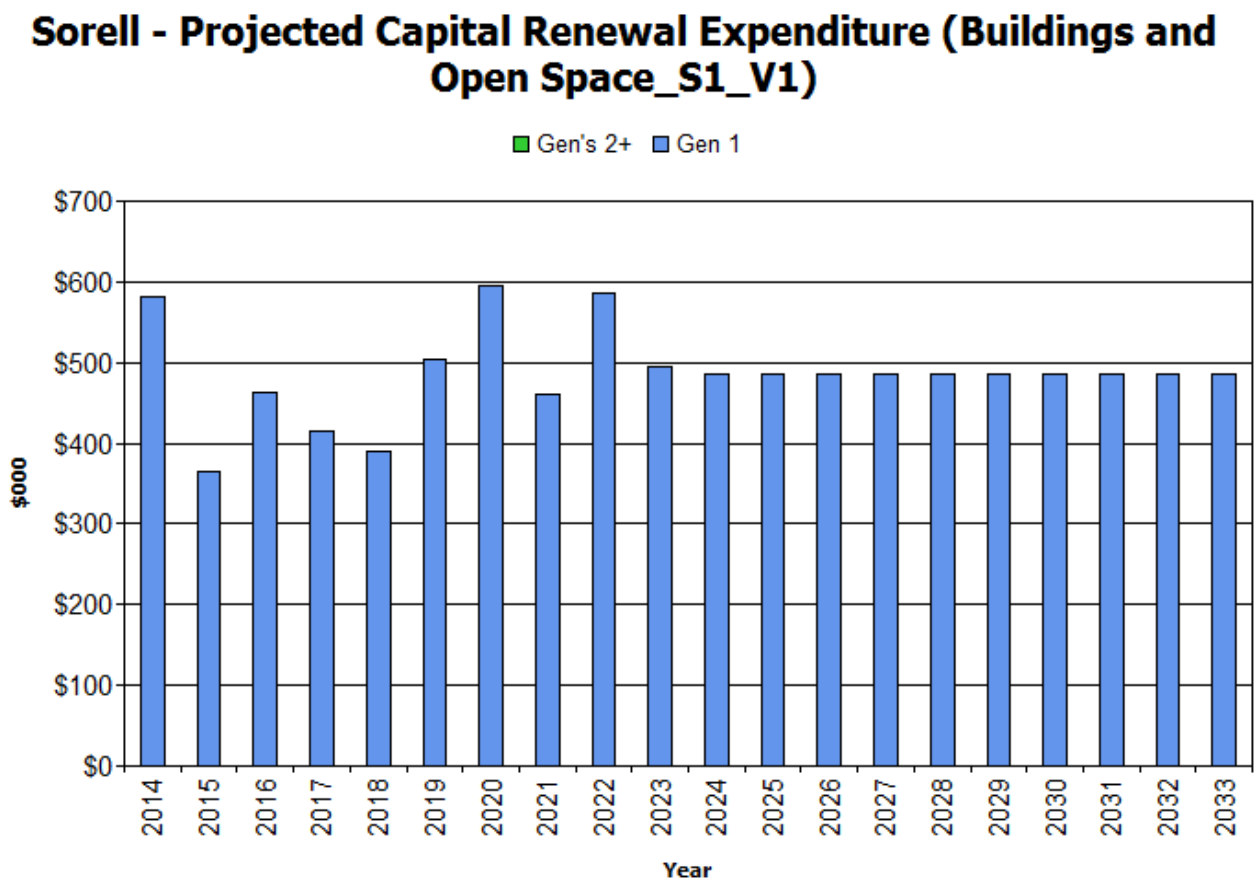
- Maintenance work is carried out in accordance with the following Standards and Specifications.
- Maintenance work is carried out in accordance with the following Standards and Specifications.
- Municipal Standard Specifications – IPWEA Tasmania Division
- Municipal Standard Drawings – IPWEA Tasmania Division
- Workplace Health and Safety Act 1995 and Regualtions1988
- Manufacturer's Installation Requirements
- Sorell Council's Health and Safety Requirements

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



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 in the risk management plan.

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

5.5.2 Capital Investment Strategies

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

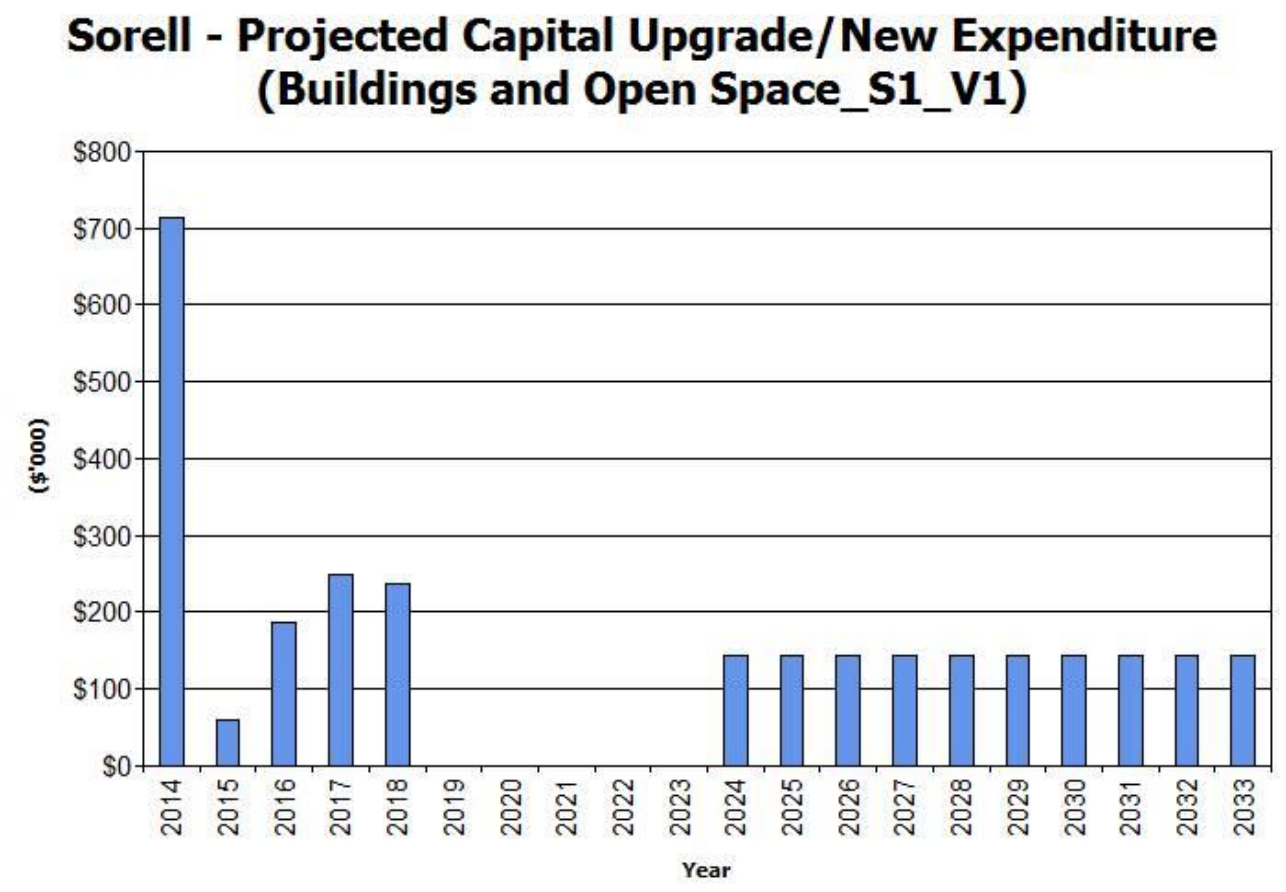
- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner,
- Undertake project scoping for all capital upgrade/new projects to identify:
    - the service delivery 'deficiency', present risk and required timeline for delivery of the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

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. 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. Assets identified for possible decommissioning and disposal are shown in Table 5.6, together with estimated annual savings from not having to fund operations and maintenance of the assets. These assets will be further reinvestigated to determine the required levels of service and see what options are available for alternate service delivery, if any. Any revenue gained from asset disposals is accommodated in the organisation's long term financial plan.

Where cashflow projections from asset disposals are not available, these will be developed in future revisions of this asset management plan.

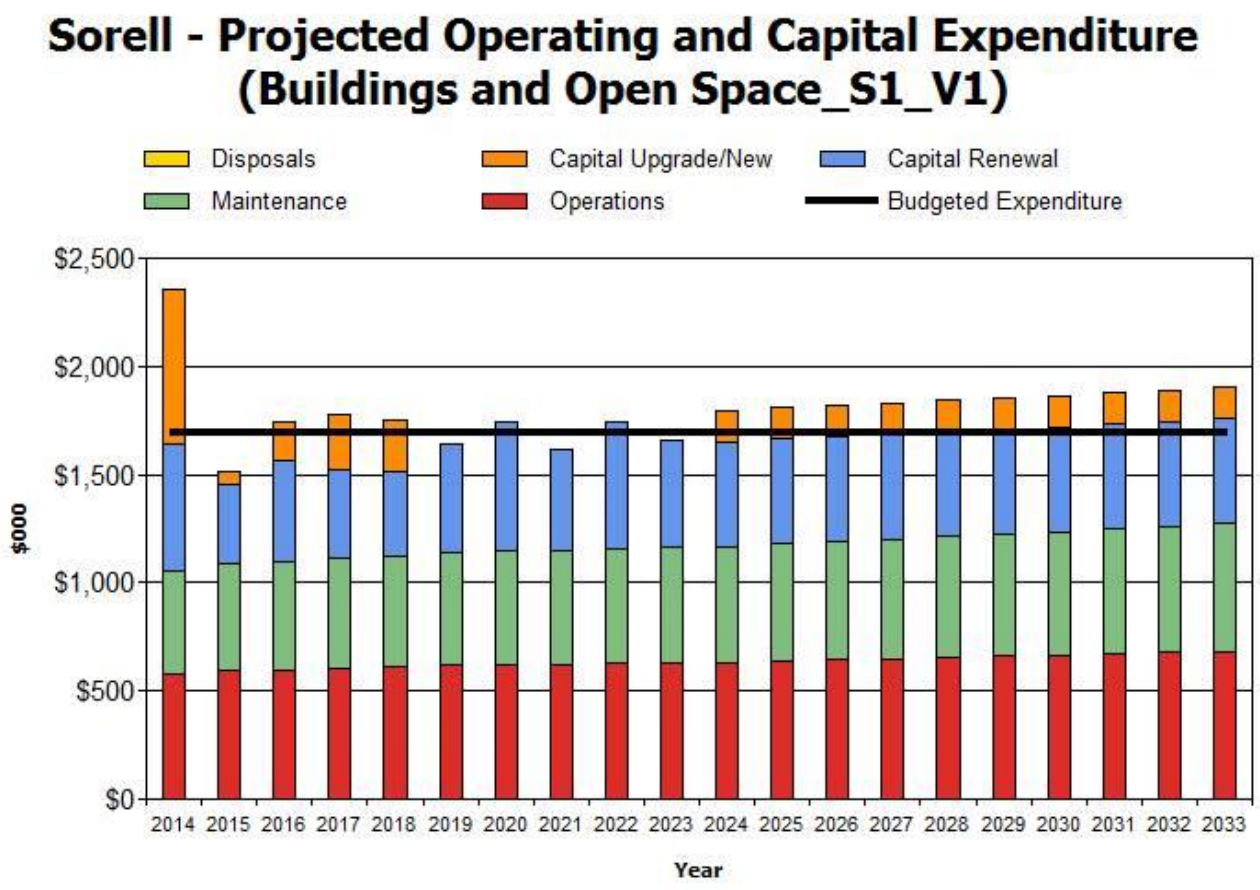
6. FINANCIAL SUMMARY

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 Ratio[11] 101%

The Asset Renewal Funding Ratio is the most important indicator and reveals that over the next 10 years, the organisation is forecasting that it will have 392% of the funds required for the optimal renewal and replacement of its assets.

[11] AIFMG, 2009, Financial Sustainability Indicator 8, Sec 2.6, p 2.18

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 $1,302 per year (average operations and maintenance expenditure plus depreciation expense projected over 10 years).

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 $1,543 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. For the Buildings and OS service which is covered by this asset management plan there is a life cycle surplus of $241,000 per year.

Life cycle expenditure is 118% 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 $1,609 on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is $1,543 on average per year giving a 10 year funding gap of $66,000 per year. This indicates that Council expects to have 96% of the projected expenditures needed to provide the services documented in the asset management plan.

Medium Term – 5 year financial planning period

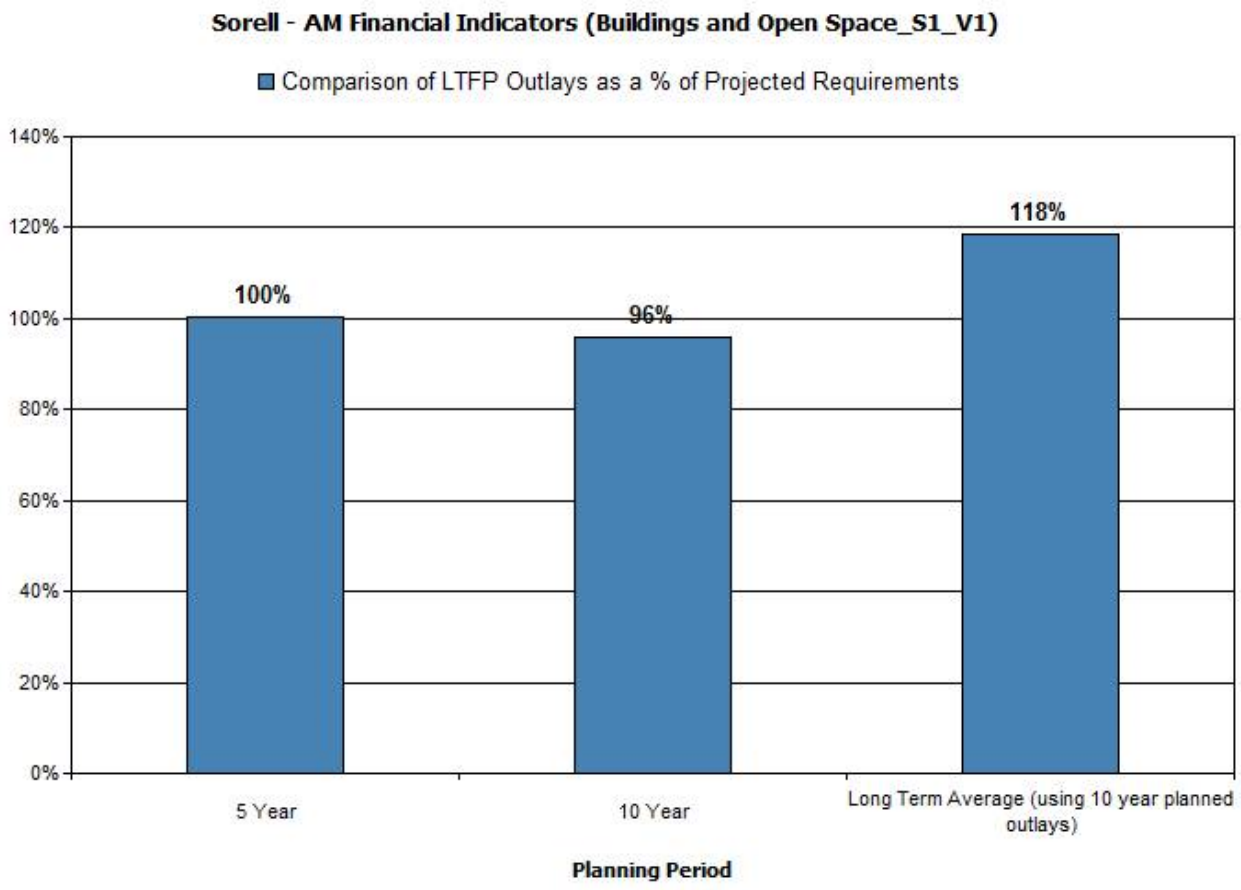
The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is $1,540 on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is $1,543 on average per year giving a 5 year surplus of $3,000. This indicates that Council expects to have 100% 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

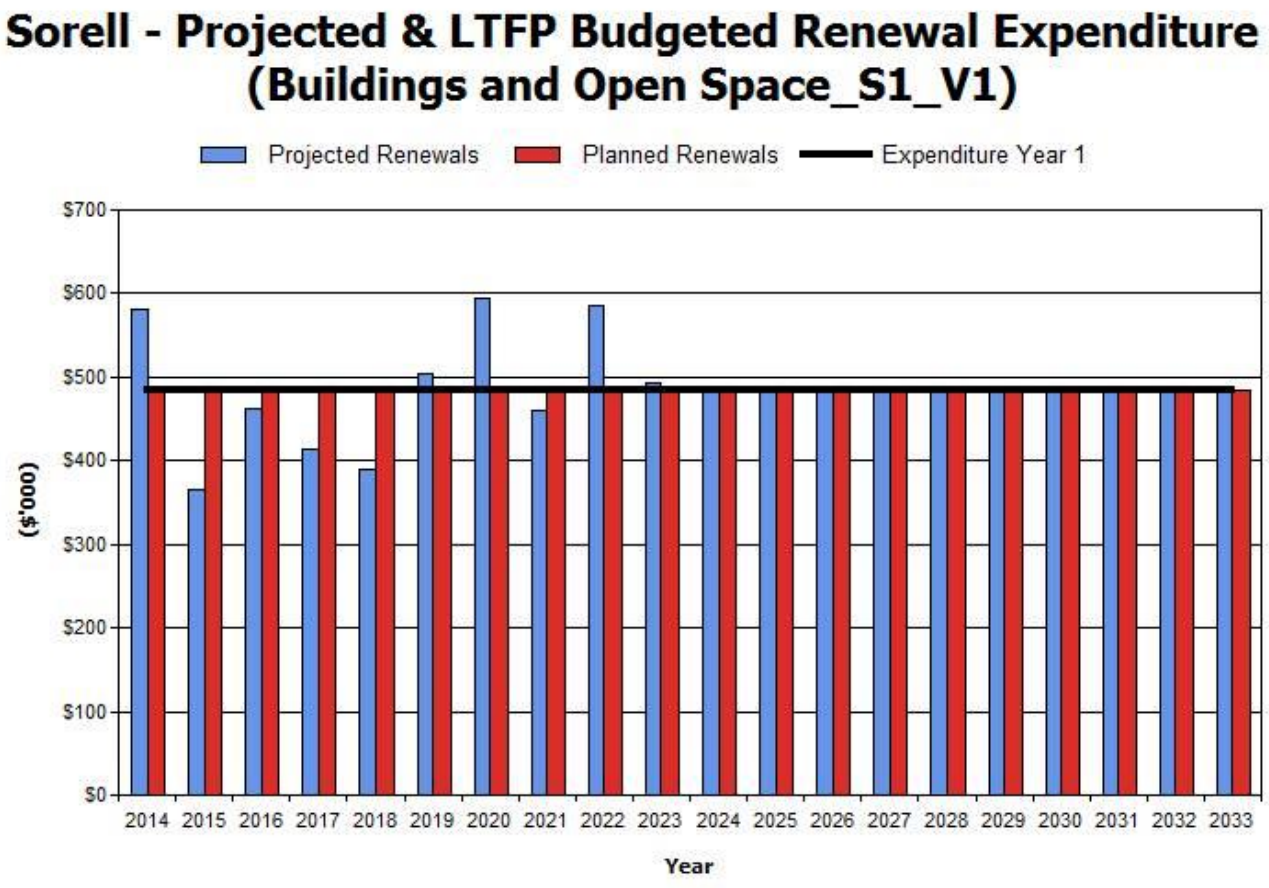


Table 6.1.1 shows the shortfall between projected renewal and replacement expenditures and expenditure accommodated in long term financial plan. Budget expenditures accommodated in the long term financial plan or extrapolated from current budgets are shown in Appendix D.

Table 6.1.1: Projected and LTFP Budgeted Renewals and Financing Shortfall

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

Year End June 30	Projected Renewals ($'000)	LTFP Renewal Budget ($'000)	Renewal Financing Shortfall (- gap, + surplus) ($'000)	Cumulative Shortfall (- gap, + surplus) ($'000)
2014	$582	$485	$-97	$-97
2015	$364	$485	$121	$24
2016	$462	$485	$23	$47
2017	$415	$485	$70	$117
2018	$390	$485	$95	$212
2019	$503	$485	$-18	$194
2020	$594	$485	$-109	$85
2021	$461	$485	$24	$109
2022	$585	$485	$-100	$9
2023	$494	$485	$-9	$0
2024	$485	$485	$0	$0
2025	$485	$485	$0	$0
2026	$485	$485	$0	$0
2027	$485	$485	$0	$0
2028	$485	$485	$0	$0
2029	$485	$485	$0	$0
2030	$485	$485	$0	$0
2031	$485	$485	$0	$0
2032	$485	$485	$0	$0
2033	$485	$485	$0	$0

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/replacement expenditure and amounts accommodated in the LTFP** indicates that **further work is required on reviewing service levels in the AM Plan (including possibly revising the LTFP)** before finalising the asset management plan to manage required service levels and funding **to eliminate any funding gap**.

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 2012/13 real values.

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

Year	Operations	Maintenance	Projected Capital Renewal	Capital Upgrade/New	Disposals
2014	$577	$481	$582	$714	$0
2015	$594	$498	$364	$60	$0
2016	$597	$501	$462	$186	$0
2017	$604	$508	$415	$250	$0
2018	$611	$515	$390	$238	$0
2019	$618	$522	$503	$0	$0
2020	$621	$525	$594	$0	$0
2021	$624	$528	$461	$0	$0
2022	$626	$530	$585	$0	$0
2023	$629	$533	$494	$0	$0
2024	$632	$536	$485	$145	$0
2025	$637	$541	$485	$145	$0
2026	$643	$547	$485	$145	$0
2027	$649	$553	$485	$145	$0
2028	$654	$558	$485	$145	$0
2029	$660	$564	$485	$145	$0
2030	$666	$570	$485	$145	$0
2031	$672	$576	$485	$145	$0
2032	$678	$582	$485	$145	$0
2033	$684	$588	$485	$145	$0

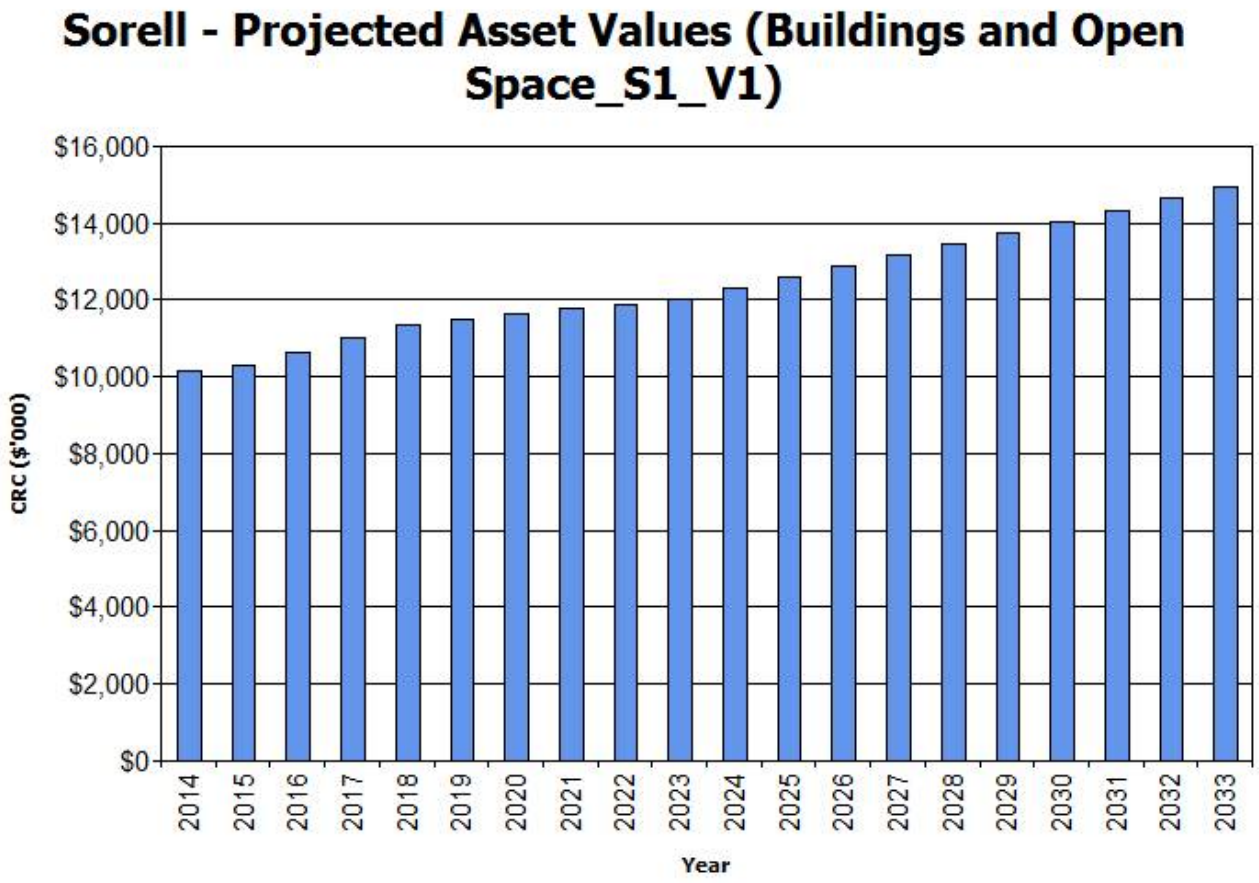
6.2 Funding Strategy

After reviewing service levels, as appropriate to ensure ongoing financial sustainability projected expenditures identified in Section 6.1.2 will be accommodated in the organisation'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 the organisation and from assets constructed by land developers and others and donated to the organisation. 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

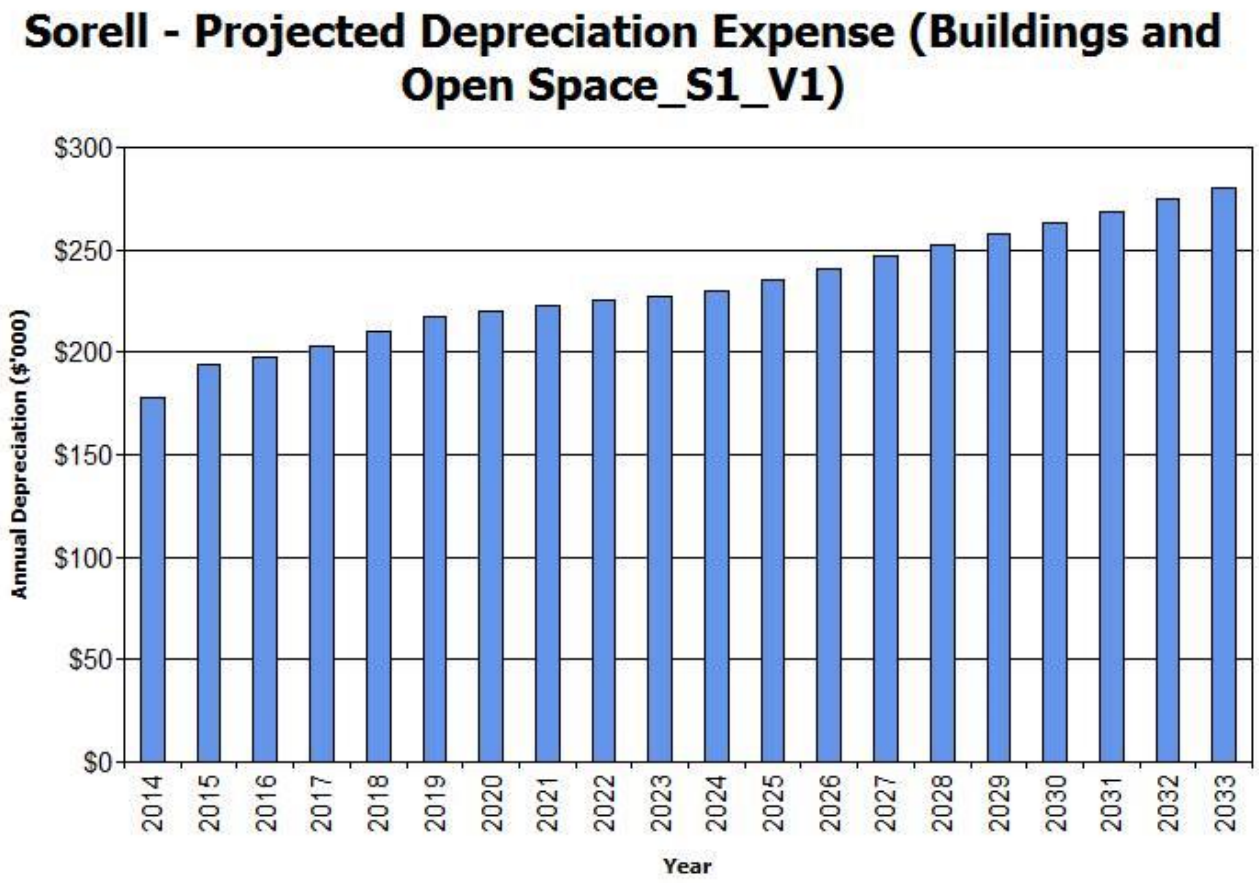
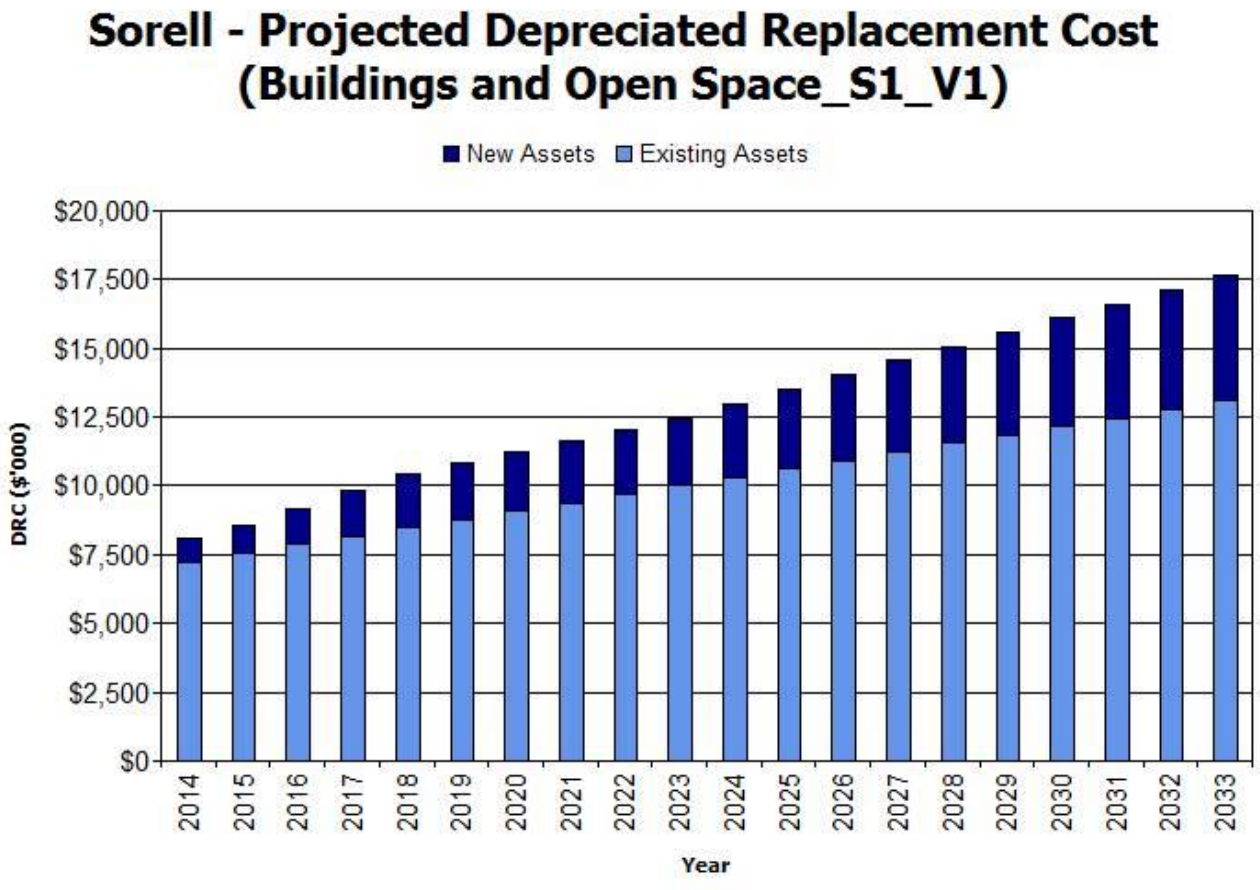


Figure 11: Projected Depreciated Replacement Cost



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.

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
Current rates of maintenance, operational and depreciation expenditure are an indicator for future assets.	Future assets will attract a greater or lesser amount of ongoing operational expenditure.
Sorell municipality will increase in population as per ABS projections.	If the Sorell population increases less than projected it will mean less than projected asset expansion and associated costs. An increase in population that is greater than projected figures will result in greater than projected asset expansion and associated costs. However, it will also result in greater ratal income.

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 scale[12] in accordance with Table 6.5.

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 ± 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 ± 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 ± 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 ± 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
Demand drivers	C
Growth projections	C
Operations expenditures	B
Maintenance expenditures	B
Projected Renewal exps.	C-
- Asset values	C
- Asset residual values	C
- Asset useful lives	C
- Condition modelling	D
- Network renewals	B+
- Defect repairs	B
Upgrade/New expenditures	B+
Disposal expenditures	C

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

[12] IPWEA, 2011, IIMM, Table 2.4.6, p 2|59.

7. PLAN IMPROVEMENT AND MONITORING

7.1 Status of Asset Management Practices

7.1.1 Accounting and financial systems

Council's uses Navision as its finance system. The Navision system manages all financial transactions and holds the general ledger.

Accountabilities for financial systems

The Deputy General Manager / Corporate Services Manager is responsible for managing the finance system. Council's IT section provides technical support for the operation and maintenance of the finance system.

Accounting standards and regulations

The Local Government Act 1993 requires that Council prepare and maintain all accounting records, accounts and financial statements in accordance with all the relevant Australian Accounting Standards. The following accounting standards and guidelines must be complied with.

- AASB 116 Property, Plant & Equipment – prescribes requirements for the recognition and depreciation of property, plant and equipment assets.
- AASB 136 Impairment of Assets – aims to ensure that assets are carried at amounts that are not in excess of their recoverable amounts.
- AASB1021 Depreciation of non-current assets – specifies how depreciation is to be calculated.
- AAS 1001 Accounting Policies – specifies the policies that is to have for the recognition of assets and depreciation.
- AASB 10141 Accounting for the reduction of non-current assets- specifies the frequency and basis of calculating depreciation and revaluation basis used for these assets.
- AAS 1015 Accounting for the acquisition of assets.
- AAS 27 Financial reporting by Local Government
- AAS 1010 Recoverable Amounts of Non-Current Assets – specifies requirements to test the reasonableness of valuations.

Capital/maintenance threshold

Maintenance and Repairs Costs – are expensed when incurred. If the maintenance costs significantly increase the economic life of an assets or the total value exceeds the written down carrying value, and the costs are consistent with the asset acquisition limits, then the costs will be capitalised.

Expenditure greater than $5000 is considered capital work, expenditure less than $5000 is deemed to be maintenance.

Required changes to accounting financial systems arising from this AM Plan

None

7.2.1 Asset management system

Council uses Civica Authority as its asset management system.

Asset registers

The Civica Authority system contains Council's asset register and is used to run annual revaluation and quarterly depreciation on Council's assets.

The Asset Engineer is responsible for managing the asset system. Council's IT section provides technical support for the operation and maintenance of the asset management system.

Linkage from asset management to financial system

Council's asset management system is not linked automatically to Council's finance system. Figures from the asset management system are manually reconciled with the finance system at end of each financial year.

Accountabilities for asset management system and data maintenance

Asset Engineer

Required changes to asset management system arising from this AM Plan

The current asset register contains many flaws and vital linkages are missing, including links to the CVR and the Geographical Information System (GIS).

The Asset Hierarchy or structure within the asset register requires significant revision. A summary of necessary changes is listed below:

- Large scale data collection, verification and cleansing of existing data is required for this asset class;
- Development of asset registers for Parks / Reserves / Open Spaces and Buildings.

7.2 Improvement Program

The asset management improvement plan generated from this asset management plan is shown in Table 8.2.

Table 7.2: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Capture data on all Buildings and OS Assets	BO, RF, SF,	Staff Time	30/12/2014
2	Conditionally assess all Buildings and OS Assets	BO, RF, SF,	Staff Time	30/03/2015
3	Revalue Buildings and OS Assets	BO, RF, TJ	Staff Time	30/6/2015
4				
5				
6				
7				
8				
9				
10				

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 Council's long term financial plan.

The AM Plan has a life of 4 years and is due for complete revision and updating on an annual 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 the organisation'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 organisation's Strategic Plan and associated plans,

8. REFERENCES

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

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

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

IPWEA, 2011, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/IIMM

8.1 Extract from the Sorell Council Strategic Plan 2014 – 2018

Stakeholder Community

The Strategic Plan aims to provide information and guidance on the future planning directions for Sorell to the following stakeholder groups:–

- General public
- Residents
- Community groups
- Property owners
- Businesses
- Tourists
- Common services partners
- South East Regional Development Authority
- Southern Tasmanian Councils Authority
- Local Government Association of Tasmania
- State Government
- Federal Government
- Sorell Councillors and staff

Guiding Principles

The Strategic Plan is guided by the following principles:–

- Valuing the balance between the natural environment, community settlements, rural landscape, scenic waterways and development
- Striving for financial sustainability
- Maximise Sorell Council's value to the Municipal Area and encourage a positive customer focused culture
- Facilitating growth and new opportunities
- Prioritising resources
- Acknowledging and accepting community diversity
- Engaging and communicating with the community
- Supporting regional cooperation
- Council's Annual Operating Plans, budgets and performance targets will align with the Key Focus Areas
- Develop a positive organisational culture that values the contribution of staff and Council

Primary Focus

- Maximise Sorell Council's value to the Sorell Municipal Area
- Ensure organisational health through the development of people, processes, products and partners
- Diversify and grow the rate base

Key Focus Areas

- Identify, scope and attract key priority infrastructure projects
- Identify, scope and attract new industry and businesses
- Form alliances between public, community and private organisations to take projects and strategies forward and advocate accordingly (includes partnership with the State Government and continuing to investigate and implement shared services)
- Identify, promote and market existing local businesses, events and places of interest in the Sorell Municipal Area
- Support and encourage sustainable community facilities
- Promote the Sorell Municipal Area as a good place to live
- Identify, promote and market the potential use of the coast line of the Municipal Area
- Develop and implement a land acquisition and disposal strategy

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 Budgeted Expenditures Accommodated in LTFP

Appendix E Abbreviations

Appendix F Glossary

Appendix A Maintenance Response Levels of Service

A formal maintenance response level of service is yet to be determined.

Appendix B Projected 10 year Capital Renewal and Replacement Works Program

SORELL COUNCIL
CAPITAL WORKS BUDGET 2014-15
FOURTH DRAFT

Asset Category	Sub Category	District	Project	Asset Desc	Asset Type	Detailled Description	Budget
Land Acqusitions	Land Acqusitions	Sorell		Neil Davis Car Park	N	Final Land Acquisition prior to construction. Total price $190,000 ($105,000 C/Fwd from 2013/14)	190,000
Land Acqusitions	Land Acqusitions	Sorell		Neil Davis Car Park	N	Pre-drainage works	20,000
Land Acqusitions	Land Acqusitions	Carlton		38 Moomere Street, Carlton	N	Footpath currently on private land	10,000
Land Improvements	Playgrounds/Sporting fields	Sorell	Pembroke Park	PPLighting Soccer	N	Eng fooring design purchase lighting and erection as per grant	38,397
Land Improvements	Playgrounds/Sporting fields	Sorell	Pembroke Park	PP Electrical Cabling	N	Instal remainder cable for lighting, irragation etc	40,123
Land Improvements	Playgrounds/Sporting fields	Sorell	Pembroke Park	PP Netball Lighting	N	Eng footing design/installation netball lights	50,000
Land Improvements	Playgrounds/Sporting fields	Sorell	Pembroke Park	PP Multipurpose Courts	N	Construct Multipurpose Courts (2)	190,280
Land Improvements	Playgrounds/Sporting fields	Sorell	Pembroke Park	PP Multipurpose Courts	N	Fencing Multi-purpose courts	45,120
Land Improvements	Playgrounds/Sporting fields	Sorell	Pembroke Park	PP Landscaping	N	Wind breaks/ tittavating per RDAF Grant	20,000
Land Improvements	Playgrounds/Sporting fields	Sorell	Pembroke Park	PP Seating BBQ's etc	N	Little Athletics, seating etc per RDAF Grant	40,000
Land Improvements	Playgrounds/Sporting fields	Sorell	Pembroke Park	Initial Design Provision of piping from SE irrigation scheme to Pembroke Park	N	Likely to to occur early 2015/16 Fin Year. Allow $10K Prelim Design Report	10,000
Land Improvements	Playgrounds/Sporting fields	Kelle	Kellevie Rec. Grou	Kellevie Rec. Ground	N	Concrete Slab for Shed	8,500
Land Improvements	Playgrounds/Sporting fields	Dun	Dunalley	Dunalley Imlay Street	U	First stage of concept design and replace playground equipment	250,000
Land Improvements	Streetscape	Dodges Ferry		Dodges Ferry Shopping Precinct	U	Upgrade as per vulnerable road user program incl park and ride yr 2/3	10,000
Land Improvements	Streetscape	Primrose Sands		Primrose Sands Shopping Precinct	U	As per resident survey yr 1/5	80,000
Land Improvements	Streetscape	Dunalley		Dunaley Streetscape Projects	N	As per Red Cross and Rotary Grant requirements	988,000
Land Improvements	Streetscape	Sorell		Fitzroy Street - Stage	U	Concept Design Sorell Business District yr3/5	248,923
Land Improvements	Streetscape	Sorell		Cemetry - Parsonage Lane	N	Storyboards X 5	5,000
Land Improvements	Reserves	Sorell		Sorell		St George Park driveway upgrade with dry kerb	10,000
Land Improvements	Reserves	Sorell		Sorell		Park Entrance upgrade two way	5,000
Land Improvements	Reserves	Copping		Copping Oval	U	Sh	5,000
Land Improvements	Boat Ramps	Lewisham		Lewisham	U	Finish par	-
Land Improvements	Boat Ramps	Primrose Sands		Gypsy Bay	U	Extend groin for safe users. Subject to MAST grant equal to Council $125,000	250,000
Land Improvements	CarParks	Sorell		Neil Davis	N	Commence Construction of carpark - Stage 1	119,070
Land Improvements	CarParks	Sorell	Pembroke Park	Pembroke Park	U	Gravel Car Park for access to soccer fields and multi purpose courts	50,000
Buildings	Couuncil Office Buildings	Sorell		Montague Street Depot	U	As per Risk assessment insurance incl gates intercom etc (Security Issue)	50,000
Buildings	Couuncil Office Buildings	Sorell		Depot Carpark	N	Truck/personnel carport stop frost and reduce risk early mornings winter	10,000
Buildings	Council Office Buildings	Sorell		Depot Shelving	U	As per insurance assessment	3,000
Buildings	Toilets	Boomer Bay		Boomer Bay	N	Boomer Bay Toilet	35,000
Buildings	Toilets	Midway Point		External extension to hall with toilet and locking system.	N	Construct outside toilet at Midway Point Hall	35,000
Buildings	Halls	Dodges Ferry		Dodges Ferry	N	Alarm system	-
Buildings	Halls	Primrose Sands		Primrose Sands	N	Fence + Gates for playground	-
Buildings	Halls	Sorell		Sorell Memorial Hall	U	Upgrade Supper Room	10,000
Buildings	Other	Sorell		Equestrian Centre	U	Stairs to Terrapin Building on site	5,000
Buildings	Bus Shelters	Vaious		Bus Shelters	N	As per Bus Stop stratergy with bus companies and Lions	5,000

Appendix C Budgeted Expenditures Accommodated in LTFP

ROLLING TEN (10) FINANCIAL PLAN

SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

	End of CSP 2012 2013	2013 2014	2014 2015	2015 2016	2016 2017	2017 2018	2018 2019	2019 2020	2020 2021	2021 2022	2022 2023
	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Operating Revenues	16,157,000	15,454,415	15,717,186	16,225,408	16,705,381	17,202,199	17,805,715	18,430,663	19,077,816	19,638,552	20,220,063
less Operating Expenses	15,150,000	15,659,663	13,772,869	14,184,390	14,694,041	15,206,942	15,809,131	16,407,645	16,944,784	17,484,018	18,039,348
Operating Surplus / (Deficit) Before Capital Amounts	1,007,000	(205,248)	1,944,317	2,041,018	2,011,340	1,995,256	1,996,584	2,023,018	2,133,032	2,154,535	2,180,715
Less: Net Outlays on Existing Assets											
Capital Expenditure on Existing Assets	4,295,000	[illegible]	6,006,000	4,941,000	4,779,000	4,977,000	5,022,000	5,118,000	5,584,000	5,773,000	6,112,000
less Depreciation, Amortisation & Impairment	3,845,000	[illegible]	[illegible]	4,412,000	4,532,000	4,650,000	4,845,000	4,983,000	5,124,000	5,265,000	5,411,000
less Grants received for existing	230,000	[illegible]	[illegible]	285,000	285,000	410,000	285,000	265,000	265,000	265,000	265,000
less Proceeds from Sale of Replaced Assets	114,000	191,000	[illegible]	168,000	179,000	165,000	166,000	173,000	214,000	215,000	178,000
Net Outlays on Existing Assets	336,000	553,476	1,571,009	[illegible]	68,000	162,000	11,000	(38,000)	246,000	293,000	523,000
Less: Net Outlays on New and Upgraded Assets											
Capital Expenditure on New	4,847,000	4,383,347	2,245,000	487,000	485,000	[illegible]	545,000	309,000	310,000	61,000	63,000
less Amounts received specifically for New	126,000	78,788	-	-	-	[illegible]	-	-	-	-	-
less Grants received for New	722,000	250,795	2,129,895	-	50,000	-	[illegible]	-	-	-	-
less Proceeds from Sale of Surplus Assets	-	770,000	-	-	-	-	[illegible]	-	-	-	-
Net Outlays on New and Upgraded Assets	3,999,000	3,283,764	115,105	487,000	435,000	305,000	545,000	[illegible]	310,000	61,000	63,000
Equals: Net Lending / (Borrowing) for Financial Year	(3,328,000)	(4,042,487)	258,203	1,193,018	1,508,340	1,528,256	1,440,584	1,752,018	1,577,032	1,800,535	1,594,715

In any one year, the financing transactions identified below are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result

	2012 2013	2013 2014	2014 2015	2015 2016	2016 2017	2017 2018	2018 2019	2019 2020	2020 2021	2021 2022	2022 2023
	Forecast	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
FINANCING TRANSACTIONS											
(Increase)/Decrease in Cash and Cash Equivalents	1,184,000	3,776,535	(45,865)	68,592	(1,659,881)	(1,821,699)	(1,626,215)	(1,925,163)	(1,784,316)	(2,023,052)	(1,841,563)
(Increase)/Decrease in Southern Water	6,000	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)
(Increase)/Decrease in Receivables	(1,083,000)	874,000	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in Receivables (MPIA)	(108,000)	7,889	-	8,000	-	-	-	(8,000)	-	-	-
Increase/(Decrease) in Trade and other payables	496,000	(166,000)	-	(500,000)	-	-	-	-	-	-	-
Increase/(Decrease) in Trust funds and deposits	28,000	(28,000)	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Interest Bearing Liabilities	(469,000)	(432,046)	(348,801)	(270,751)	(164,293)	(172,621)	(184,026)	(193,514)	(204,514)	(215,088)	(223,946)
Equals: Financing Transactions	54,000	3,987,378	(439,666)	(739,159)	(1,869,174)	(2,039,319)	(1,855,241)	(2,171,677)	(2,033,830)	(2,283,140)	(2,110,509)

ESTIMATE STATEMENT OF COMPREHENSIVE INCOME

	2012 2013	2013 2014	2014 2015	2015 2016	2016 2017	2017 2018	2018 2019	2019 2020	2020 2021	2021 2022	2022 2023
	Actual	Forecast	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
INCOME											
Rates and annual charges existing	8,082,000	8,497,243	8,790,347	9,089,219	9,436,753	9,767,040	10,094,200	10,447,496	10,813,159	11,180,764	11,572,091
Waste management services	1,639,000	1,717,573	1,762,230	1,849,073	1,935,381	2,030,172	2,129,351	2,233,113	2,341,663	2,460,362	2,584,670
Waste Water Treatment Systems	326,000	363,092	30,504	31,665	32,833	34,044	35,287	36,575	37,910	39,284	40,708
Fire levy charges	352,000	360,764	375,361	386,622	398,221	410,168	422,473	435,147	448,201	461,647	475,496
Growth general rate	-	-	-	50,493	22,850	23,648	39,163	40,534	41,951	54,277	56,175
User charges and fees	889,000	970,881	961,128	989,962	1,019,661	1,050,251	1,081,758	1,114,211	1,147,637	1,182,066	1,217,528
Grants	3,631,000	1,792,035	2,953,239	2,953,239	2,953,239	2,953,239	3,041,836	3,133,091	3,227,084	3,227,084	3,227,084
Other income	580,000	1,240,924	358,927	369,695	380,786	392,209	403,976	416,095	428,578	441,435	454,678
Investment Income from water corporation	505,000	511,904	485,450	505,440	525,658	541,428	557,671	574,401	591,633	591,633	591,633
Share of interest in joint ventures and associates using the equity method	153,000	-	-								
Total Revenues	16,157,000	[illegible]	15,717,186	16,225,408	16,705,381	17,202,199	17,805,715	18,430,663	19,077,816	19,638,552	20,220,063
EXPENSES											
Employee benefits	5,673,000	[illegible]	[illegible]	4,930,000	5,078,000	5,230,000	5,387,000	5,549,000	5,715,000	5,886,000	6,063,000
Materials and contracts	4,191,000	[illegible]	[illegible]	3,567,000	3,751,000	3,941,000	4,136,000	4,337,000	4,544,000	4,758,000	4,978,000
Depreciation	3,845,000	4,759,875	[illegible]	4,412,000	4,532,000	4,650,000	4,845,000	4,983,000	5,124,000	5,265,000	5,411,000
Amortisation	46,000	46,003	[illegible]	[illegible]	61,000	61,000	61,000	61,000	70,000	70,000	70,000
Other	-	-	-	[illegible]	-	-	-	-	-	-	-
Other expenses	1,618,000	1,251,715	1,347,951	[illegible]	[illegible]	1,472,942	1,517,131	1,604,645	1,607,784	1,611,018	1,614,348
Total Expenses	15,373,000	15,884,914	13,969,316	[illegible]	[illegible]	[illegible]	15,946,131	16,534,645	17,060,784	17,590,018	18,136,348
OPERATING SURPLUS/(DEFICIT) BEFORE	784,000	(430,499)	1,747,870	1,867,018	1,853,340	[illegible]	1,859,584	1,896,018	2,017,032	2,048,535	2,083,715
Interest income	568,000	338,901	245,052	273,000	285,500	[illegible]	[illegible]	303,500	309,500	315,500	321,500
Finance Costs	(223,000)	(225,251)	(196,447)	(174,000)	(158,000)	(148,000)	[illegible]	[illegible]	(116,000)	(106,000)	(97,000)
NET OPERATING SURPLUS/(DEFICIT)	1,129,000	(316,849)	1,796,475	1,966,018	1,980,840	1,990,756	2,020,084	[illegible]	2,210,532	2,258,035	2,308,215
Grants - capital existing	230,000	242,504	242,496	285,000	285,000	410,000	285,000	265,000	265,000	265,000	265,000
Grants - capital new	722,000	250,795	2,129,895	-	50,000	-	-	-	-	-	-
Financial Assistance Grant in Advance	1,340,677	-	-								
Offset Financial Assistance Grant in Advance	(1,340,677)	-	-								
Contributions capital - non monetary	126,000	21,288	-								
Contributions capital - cash		57,500	-								
Impairment Expense	-	-	-								
Net gain (loss) on disposal of assets	(105,000)	363,901	-	-	-	-	-	-	-	-	-
Net expense bushfires		-	-								
Fair value adj. investment property - non monetary	-	881,668	-	30,000	31,000	32,000	32,000	33,000	34,000	35,000	36,000
SURPLUS (DEFICIT)	2,102,000	1,500,808	4,168,866	2,281,018	2,346,840	2,432,756	2,337,084	2,370,518	2,509,532	2,558,035	2,609,215
Less Fair value adjustment for financial assets at fair value	-	-	-								
Fair value adj. Southern Water Final Order	-	-	-								
Fair value adj. on available for sale assets	(6,000)	-	-	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Net asset revaluation increment Southern waste - non monetary	-	-	-	-	-	-	-	-	-	-	-
Net asset revaluation increment - non monetary	3,748,000	-	-	3,820,018	3,913,378	4,002,711	4,092,087	4,185,033	4,274,156	4,370,793	4,465,284
COMPREHENSIVE RESULT	5,844,000	1,500,808	4,168,866	6,146,036	6,305,218	6,480,467	6,474,171	6,600,551	6,828,688	6,973,828	7,119,499

ESTIMATE STATEMENT OF FINANCIAL POSITION

	2012 2013 Actual $	2013 2014 Forecast $	2014 2015 Plan $	2015 2016 Plan $	2016 2017 Plan $	2017 2018 Plan $	2018 2019 Plan $	2019 2020 Plan $	2020 2021 Plan $	2021 2022 Plan $	2022 2023 Plan $
ASSETS											
Current Assets											
Cash & cash equivalents	7,023,000	3,246,465	3,292,330	3,223,737	4,883,619	6,705,317	8,331,532	10,256,695	12,041,010	14,064,063	15,905,626
Financial assets	-										
Trade & other receivables	2,138,000	653,000	653,000	645,000	645,000	645,000	645,000	653,000	653,000	653,000	653,000
Inventories	41,000	40,000	40,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Other assets	605,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000
Total Current Assets	9,807,000	4,234,465	4,280,330	4,263,737	5,923,619	7,745,317	9,371,532	11,304,695	13,089,010	15,112,063	16,953,626
Non-current Assets											
Trade & other receivables	53,000	45,111	45,111	45,111	45,111	45,111	45,111	45,111	45,111	45,111	45,111
Interests in associates	711,000	711,000	711,000	711,000	711,000	711,000	711,000	711,000	711,000	711,000	711,000
Intangible assets	101,000	54,997	8,989	237,989	176,989	115,989	54,989	(6,011)	(76,011)	(146,011)	(216,011)
Assets held for sale	-										
Infrastructure, Property, Plant & Equipment	182,304,000	[illegible]	1,000,889	195,668,924	200,135,558	204,604,341	209,251,673	213,707,778	218,539,669	223,264,197	228,305,842
Investment property	1,127,000	1,127,000	[illegible]	1,186,000	1,217,000	1,249,000	1,281,000	1,314,000	1,348,000	1,383,000	1,419,000
Investment Southern Water	29,535,000	29,580,000	[illegible]	29,670,000	29,715,000	29,760,000	29,805,000	29,850,000	29,895,000	29,940,000	29,985,000
Other assets	4,000	4,000	[illegible]	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total Non-current Assets	213,835,000	218,704,063	222,550,989	227,523,[illegible]4	232,004,658	236,489,441	241,152,773	245,625,878	250,466,769	255,201,297	260,253,942
Total Assets	223,642,000	222,938,528	226,831,319	231,786,762	237,928,277	244,234,759	250,524,305	256,930,573	263,555,780	270,313,360	277,207,568
LIABILITIES											
Current Liabilities											
Trade & Other Payables	2,086,000	1,900,000	1,900,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Trust funds and deposits	173,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000
Interest bearing liabilities	432,000	349,000	271,000	164,000	173,000	184,000	194,000	205,000	205,000	205,000	205,000
Provisions	1,147,000	1,130,000	1,130,000	710,000	710,000	710,000	710,000	710,000	710,000	710,000	710,000
Total Current Liabilities	3,818,000	3,524,000	3,446,000	2,419,000	2,428,000	2,439,000	2,449,000	2,460,000	2,460,000	2,460,000	2,460,000
Non-current Liabilities											
Interest bearing liabilities	3,281,000	2,911,954	2,641,153	2,477,402	2,304,109	2,120,489	1,926,462	1,721,948	1,517,434	1,302,346	1,078,400
Provisions	82,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Total Non-current Liabilities	3,323,000	2,941,954	2,671,153	2,507,402	2,334,109	2,150,489	1,956,462	1,751,948	1,547,434	1,332,346	1,108,400
Total Liabilities	7,141,000	6,465,954	6,117,153	4,926,402	4,762,109	4,589,489	4,405,462	4,211,948	4,007,434	3,792,346	3,568,400
NET ASSETS	216,501,000	216,472,574	220,714,166	226,860,360	233,166,168	239,645,270	246,118,843	252,718,625	259,548,346	266,521,014	273,639,168
EQUITY											
Accumulated Surplus	65,050,000	67,015,000	71,993,000	74,018,000	76,089,000	78,231,000	80,260,000	82,306,000	84,474,000	86,441,000	88,458,000
Council Equity Interest	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Asset Revaluation Reserve	149,537,000	149,592,000	149,592,000	153,412,000	157,325,000	161,328,000	165,420,000	169,605,000	173,879,000	178,250,000	182,715,000
Fair Value Reserve	809,000	809,000	809,000	854,000	899,000	944,000	989,000	1,034,000	1,079,000	1,124,000	1,169,000
Other Reserves	1,050,000	531,000	(278,000)	(23,000)	253,000	544,000	852,000	1,177,000	1,518,000	2,110,000	2,701,000
TOTAL EQUITY	216,501,000	218,002,000	222,171,000	228,316,000	234,621,000	241,102,000	247,576,000	254,177,000	261,005,000	267,980,000	275,098,000
	-	(1,529,426)	(1,456,834)	(1,455,641)	(1,454,832)	(1,456,730)	(1,457,157)	(1,458,375)	(1,456,654)	(1,458,986)	(1,458,832)

ESTIMATE STATEMENT OF CHANGES IN EQUITY

Check

	2012 2013 Actual $	2013 2014 Forecast $	2014 2015 Plan $	2015 2016 Plan $	2016 2017 Plan $	2017 2018 Plan $	2018 2019 Plan $	2019 2020 Plan $	2020 2021 Plan $	2021 2022 Plan $	2022 2023 Plan $
ACCUMULATED SURPLUS											
Balance at end of previous reporting period	62,893,000	64,995,000	67,015,156	71,992,728	74,018,306	76,089,488	78,230,816	80,260,229	82,306,346	84,474,245	86,440,646
Comprehensive Result	2,102,000	1,500,808	4,168,866	2,281,018	2,346,840	2,432,756	2,337,084	2,370,518	2,509,532	2,558,035	2,609,215
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Adjustment direct to equity											
Fair value adj availabe for sale assets	-	-	-	-	-	-	-	-	-	-	-
Transfers to Other Reserves	-	-	-	(505,440)	(525,658)	(541,428)	(557,671)	(574,401)	(591,633)	(591,633)	(591,633)
Transfers from Other Reserves		519,348	808,706	250,000	250,000	250,000	250,000	250,000	250,000	-	-
Balance at end of period	64,995,000	67,015,156	71,992,728	74,018,306	76,089,488	78,230,816	80,260,229	82,306,346	84,474,245	86,440,646	88,458,229
COUNCIL EQUITY INTEREST											
Balance at end of previous reporting period	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Southern Waste Solutions Equity Movement	-	-	-	-	-	-	-	-	-	-	-
Sale of water and sewerage assets											
Balance at end of period	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
ASSET REVALUATION RESERVE											
Balance at end of previous reporting period	145,844,000	149,592,000	149,592,000	149,592,000	153,412,018	157,325,396	161,328,107	165,420,194	169,605,227	173,879,383	178,250,176
Gain on revaluation of infrastructure, property, plant & equipment	3,748,000	-	-	3,820,018	3,913,378	4,002,711	4,092,087	4,185,033	4,274,156	4,370,793	4,465,284
Transfer to Accumulated Surplus on sale of water and sewerage assets											
Transfers from Other Reserves											
Balance at end of period	149,592,000	149,592,000	149,592,000	153,412,018	157,325,396	161,328,107	165,420,194	169,605,227	173,879,383	178,250,176	182,715,460
FAIR VALUE RESERVE											
Balance at end of previous reporting period	815,000	809,000	809,000	809,000	854,000	899,000	944,000	989,000	1,034,000	1,079,000	1,124,000
Transfers from Accumulated Surplus											
Fair Value Adjustment	(6,000)	-	-	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Balance at end of period	809,000	809,000	809,000	854,000	899,000	944,000	989,000	1,034,000	1,079,000	1,124,000	1,169,000
OTHER RESERVES											
Balance at end of previous reporting period	1,050,000	1,050,000	530,652	(278,054)	(22,614)	253,044	544,472	852,143	1,176,544	1,518,177	2,109,810
Transfers from Accumulated Surplus	-	-	-	505,440	525,658	541,428	557,671	574,401	591,633	591,633	591,633
Transfers to Accumulated Surplus	-	(519,348)	(808,706)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	-	-
Balance at end of period	1,050,000	530,652	(278,054)	(22,614)	253,044	544,472	852,143	1,176,544	1,518,177	2,109,810	2,701,443
TOTAL EQUITY AT END OF REPORTING PERIOD	216,501,000	218,001,808	222,170,674	226,316,710	234,621,928	241,102,395	247,576,566	254,177,117	261,005,805	267,979,632	275,099,132

KEY FINANCIAL INDICATORS

	2012 2013 Actual $'000	2013 2014 Forecast $'000	2014 2015 Plan $'000	2015 2016 Plan $'000	2016 2017 Plan $'000	2017 2018 Plan $'000	2018 2019 Plan $'000	2019 2020 Plan $'000	2020 2021 Plan $'000	2021 2022 Plan $'000	2022 2023 Plan $'000
KEY FINANCIAL INDICATORS											
Operating margin > 1	1.05	[illegible]	1.13	1.13	1.12	1.12	1.12	1.11	1.12	1.12	1.11
Self Financing Ratio %	25.4%	28.5%	[illegible]1%	30.1%	35.6%	35.2%	35.2%	34.9%	35.1%	35.1%	35.0%
Own Source revenue %	78.3%	88.7%	81.5%	82.1%	82.6%	83.1%	83.2%	83.3%	83.4%	83.8%	84.3%
Liquidity Ratio > 2	4.0	1.7	1.8	2.[illegible]	3.5	4.7	5.6	6.8	7.9	9.2	10.3
Debt Service Ratio	4.2%	4.3%	3.5%	2.7%	1.[illegible]	1.9%	1.8%	1.7%	1.7%	1.6%	1.5%
Asset renewal gap = 100%	112%	116%	136%	112%	[illegible]	107%	104%	103%	109%	110%	113%
Asset investment	234%	207%	187%	123%	116%	[illegible]	115%	109%	115%	111%	114%
Indebtness Ratio	25%	21%	21%	19%	17%	[illegible]	[illegible]%	11%	10%	8%	6%
Rates per capita	$ 751	$ 778	$ 776	$ 805	$ 830	$ 857	$ [illegible]	$ 911	$ 940	$ 969	$ 999
Rates General per rateable property	$ 967	$ 1,006	$ 1,029	$ 1,062	$ 1,091	$ 1,116	$ 1,141	$ 1,167	$ 1,194	$ 1,218	$ 1,244
Operating costs per rateable property	$ 1,866	$ 1,908	$ 1,658	$ 1,689	$ 1,731	$ 1,767	$ 1,811	$ 1,854	$ 1,889	$ 1,919	$ 1,950
Population	13,851	14,051	14,114	14,177	14,240	14,320	14,399	14,479	14,558	14,653	14,749
Number of rateable properties	8,358	8,443	8,543	8,606	8,670	8,776	8,882	8,988	9,094	9,221	9,348

ESTIMATE STATEMENT OF CASH FLOWS

	2012 2013 Actual $	2013 2014 Forecast $	2014 2015 Plan $	2015 2016 Plan $	2016 2017 Plan $	2017 2018 Plan $	2018 2019 Plan $	2019 2020 Plan $	2020 2021 Plan $	2021 2022 Plan $	2022 2023 Plan $
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts											
Rates and annual charges	10,266,000	10,847,672	10,958,442	11,407,072	11,826,038	12,265,072	12,720,474	13,192,865	13,682,884	14,196,334	14,729,140
User charges and fees	947,000	1,943,770	961,128	997,962	1,019,661	1,050,251	1,081,758	1,106,211	1,147,637	1,182,066	1,217,528
Interest received	605,000	338,901	245,052	273,000	285,500	291,500	297,500	303,500	309,500	315,500	321,500
Other income	120,000	1,140,924	258,927	269,695	280,786	292,209	303,975	316,093	328,575	341,431	354,673
Rents (Inc. of GST)	100,000	100,000	100,000	100,000	100,000	100,000	100,001	100,002	100,003	100,004	100,005
Grants (Inc. of GST)	3,432,000	1,792,035	2,953,239	2,953,239	2,953,239	2,953,239	3,041,836	3,133,091	3,227,084	3,227,084	3,227,084
Contributions (Inc. GST)	-	-	-	-	-	-	-	-	-	-	-
Payments											
Payments to employees	(5,513,000)	(6,059,579)	(4,786,611)	(5,350,000)	(5,078,000)	(5,230,000)	(5,387,000)	(5,549,000)	(5,715,000)	(5,886,000)	(6,063,000)
Payments to government	(629,000)	(646,000)	(666,315)	(686,000)	(707,000)	(728,000)	(750,000)	(773,000)	(796,000)	(820,000)	(820,000)
Payments to suppliers (Inc. GST)	(5,674,000)	(4,704,000)	(4,069,000)	(4,829,000)	(4,474,000)	(4,686,000)	(4,903,000)	(5,169,000)	(5,356,000)	(5,549,000)	(5,772,000)
Interest paid	(271,000)	(225,251)	(196,447)	(174,000)	(158,000)	(148,000)	(137,000)	(127,000)	(116,000)	(106,000)	(97,000)
Trust funds and deposits	28,000	(28,000)	-	-	-	-	-	-	-	-	-
Net GST refund/payment	831,000										
Net Cash provided by (or used in) Operating Activities	4,242,000	471	5,758,415	4,961,968	6,048,223	6,160,271	6,368,544	6,533,762	6,812,683	7,001,419	7,197,930
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Amounts specifically for new or upgraded assets	670,000	493,000	237,000	285,000	335,000	410,000	285,000	265,000	265,000	265,000	265,000
Contributions (Inc. GST)	-	57,500	-	-	-	-	-	-	-	-	-
Sale of replaced assets	114,000	191,000	34,000	168,000	179,000	165,000	166,000	173,000	214,000	215,000	178,000
Sale of surplus assets	-	770,000	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-
Net disposal of investment securities	3,109,000	-	-	-	-	-	-	-	-	-	-
Financial investment return from Southern Water	506,000	511,904	485,450	505,440	525,658	541,428	557,671	574,401	591,633	591,633	591,633
Distributions received from associated entities											
Payments											
Expenditure on renewal/replacement of assets	(2,117,000)	(4,266,259)	(3,821,000)	(4,008,000)	(4,151,000)	(4,127,000)	(4,[illegible])	(4,[illegible])	(4,535,000)	(5,203,000)	(5,560,000)
Expenditure on upgraded assets	(2,029,000)	(1,128,092)	(2,185,000)	(683,000)	(628,000)	(850,000)	(939,000)	(949,000)	(949,000)	(520,000)	(527,000)
Expenditure on expansion assets	(149,000)	(110,000)	-	(250,000)	-	-	-	(100,000)	(100,000)	(50,000)	(25,000)
Expenditure on new assets	(4,721,000)	(4,362,059)	(2,245,000)	(487,000)	(485,000)	(305,000)	(545,000)	(309,000)	(310,000)	(61,000)	(63,000)
Loss on financial assets	-	-	-	-	-	-	-	-	-	-	-
Expenditure on equity injection CJA	(312,000)										
Expenditure for revaluation costs				(290,000)							
Expenditure for water rights	(23,000)	-									
Capital contributed to associated entities	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Investing Activities	(4,952,000)	(7,843,006)	(5,359,550)	(4,759,560)	(4,224,342)	(4,165,572)	(4,558,329)	(4,414,599)	(4,823,367)	(4,762,367)	(5,140,367)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
MPIA Scheme	(18,000)										
Proceeds from Borrowings											
Payments											
Repayments of interest bearing liabilities	(456,000)	(432,000)	(353,000)	(271,000)	(164,000)	(173,000)	(184,000)	(194,000)	(205,000)	(216,000)	(216,000)
Net Cash provided by (or used in) Financing Activities	(474,000)	(432,000)	(353,000)	(271,000)	(164,000)	(173,000)	(184,000)	(194,000)	(205,000)	(216,000)	(216,000)
Net Increase (Decrease) in cash held	(1,184,000)	(3,776,535)	45,865	(68,592)	1,659,881	1,821,699	1,626,215	1,925,163	1,784,316	2,023,052	1,841,563
Cash & cash equivalents at beginning of period	8,207,000	7,023,000	3,246,465	3,292,330	3,223,737	4,883,619	6,705,317	8,331,532	10,256,695	12,041,010	14,064,063
Cash & cash equivalents at end of period	7,023,000	3,246,465	3,292,330	3,223,737	4,883,619	6,705,317	8,331,532	10,256,695	12,041,010	14,064,063	15,905,626
	0	-	-	-	-	-	-	-	-	-	-
Reconciliation of Cash flow											
Comprehensive result	2,102,000	1,500,808	4,168,866	2,281,018	2,346,840	2,432,756	2,337,084	2,370,518	2,509,532	2,558,035	2,609,215
Add Non Cash Items back											
Depreciation	3,845,000	4,759,875	4,400,991	4,412,000	4,532,000	4,650,000	4,845,000	4,983,000	5,124,000	5,265,000	5,411,000
Amortisation	46,000	46,003	46,008	61,000	61,000	61,000	61,000	61,000	70,000	70,000	70,000
Impairment	-	-	-	-							
Valuation of investment property at fair value	-	(881,668)	-	(30,000)	(31,000)	(32,000)	(32,000)	(33,000)	(34,000)	(35,000)	(36,000)
Profit loss on interest in associate	(153,000)	-	-	-	-	-	-	-	-	-	-
Contributions non monetary	(126,000)	(21,288)	-	-	-	-	-	-	-	-	-
Less cash in surplus not accounted for in operating		-									
Loss or profit on sale of assets	105,000	(363,901)	-	-	-	-	-	-	-	-	-
Investment income Southern water	(505,000)	(511,904)	(485,450)	(505,440)	(525,658)	(541,428)	(557,671)	(574,401)	(591,633)	(591,633)	(591,633)
Revaluation expense	-	-	-	290,000	-	-	-	-	-	-	-
Capital grants	(670,000)	(550,799)	(2,372,391)	(285,000)	(335,000)	(410,000)	(285,000)	(265,000)	(265,000)	(265,000)	(265,000)
Equity Injection	-	-	-	-	-	-	-	-	-	-	-
Trust funds	-	-	-	-	-	-	-	-	-	-	-
Payment of water right	-										
Change in assets and liabilities											
Rates and annual charges	**91,000**	**(91,000)**	-	-	-	-	-	-	-	-	-
User charges and fees	**-**	**501,000**	-	-	-	-	-	-	-	-	-
Net GST Receivable	**(252,000)**	**292,000**	-	-	-	-	-	-	-	-	-
MPIA	4,000	(1,000)	-	8,000	-	-	-	(8,000)	-	-	-
Other	(1,174,000)	464,000	-	-	-	-	-	-	-	-	-
Inventories	**86,000**	**1,000**	-	**(60,000)**	-	-	-	-	-	-	-
Prepayments	**122,000**	**(119,000)**	-	-	-	-	-	-	-	-	-
Accrued Revenue	**115,000**	**(115,000)**	-	-	-	-	-	-	-	-	-
Receivables current	**(112,000)**	**8,889**	-	-	-	-	-	-	-	-	-
Other assets non current	**27,000**	**-**	-	-	-	-	-	-	-	-	-
Intangible Assets Non Current	-	-	-	(290,000)	-	-	-	-	-	-	-
Goods and services	274,000	(85,000)	-	(300,000)	-	-	-	-	-	-	-
Accrued Expenses	**64,000**	**144,000**	-	**(200,000)**	-	-	-	-	-	-	-
Revenue in advance	**158,000**	**(225,000)**	-	-	-	-	-	-	-	-	-
Other workers compensation on leave	**-**	**-**	-	-	-	-	-	-	-	-	-
Other payroll tax on leave provisions	**-**	**-**	-	-	-	-	-	-	-	-	-
Southern Water Adjustment											
Annual leave	**65,000**	**-**	-	**(200,000)**	-	-	-	-	-	-	-
RDO	**3,000**	**6,000**	-	**(20,000)**	-	-	-	-	-	-	-
LSL	**127,000**	**(23,000)**	-	**(200,000)**	-	-	-	-	-	-	-
Southern Water Adjustment											
LSL	**3,000**	**(32,000)**	-	-	-	-	-	-	-	-	-
Southern Water Adjustment											
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	3,000	232,542	(391)	(390)	(41)	58	(131)	355	216	(18)	(348)
Trade & other receivables											
Rates and annual charges	209000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000
User charges and fees	751000	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000
Net GST Receivable	387000	95000	95000	95000	95000	95000	95000	95000	95000	95000	95000
MPIA	7000	8000	8000	0	0	0	0	8000	8000	8000	8000
Other	464000	0	0	0	0	0	0	0	0	0	0
Receivables non current											
MPIA	54000	45111	45111	45111	45111	45111	45111	45111	45111	45111	45111
Inventories	41000	40000	40000	100000	100000	100000	100000	100000	100000	100000	100000
Assets held for sale											
Sorell Council Officers	432000	0	0	0	0	0	0	0	0	0	0
Other Current assets											
Prepayments	410	160000	160000	160000	160000	160000	160000	160000	160000	160000	160000
Accrued Revenue	20	135000	135000	135000	135000	135000	135000	135000	135000	135000	135000
Other Assets Non Current											
Prepayments	4000	0	4000	4000	4000	4000	4000	4000	4000	4000	4000
Intangible Assets Non Current											
Revaluation	**101,000**	**54,997**	**8,989**	**237,989**	**176,989**	**115,989**	**54,989**	**(6,011)**	**(76,011)**	**(146,011)**	**(216,011)**
Trade & other Payables											
Goods and services	1385000	1300000	1300000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
Accrued Expenses	306000	450000	450000	250000	250000	250000	250000	250000	250000	250000	250000
Revenue in advance	375000	150000	150000	150000	150000	150000	150000	150000	150000	150000	150000
Other workers compensation on leave	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other payroll tax on leave provisions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Trust funds	173000	145000	145000	145000	145000	145000	145000	145000	145000	145000	145000
Provisions Current											
Annual leave	500000	500000	500000	300000	300000	300000	300000	300000	300000	300000	300000
RDO	**24000**	30000	30000	10000	10000	10000	10000	10000	10000	10000	10000
LSL	623000	600000	600000	400000	400000	400000	400000	400000	400000	400000	400000
Provisions Non Current											
LSL	62000	30000	30000	30000	30000	30000	30000	30000	30000	30000	30000
Interest and investment income	$ 620,663	$ 477,000	$ 284,500	$ 273,000	$ 285,500	$ 291,500	$ 297,500	$ 303,500	$ 309,500	$ 315,500	$ 321,500
Penalty and interest rates	$ 151,757	$ 157,000	$ 162,000	$ 168,000	$ 173,000	$ 179,000	$ 185,000	$ 191,000	$ 197,000	$ 203,000	$ 209,000
Cash	$ 340,906	$ 320,000	$ 122,500	$ 105,000	$ 112,500	$ 112,500	$ 112,500	$ 112,500	$ 112,500	$ 112,500	$ 112,500
Investments	$ 128,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
FAG received in Advance		0									
Offset Financial Assistance Grant	-1340677	0	0								

Appendix D EXAMPLE: Extract from NAMS.PLUS TEMPLATE

NAMS.PLUS2 Asset Management **Sorell**

Buildings & OS_S1_V1 Asset Management Plan

IPWEA INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALASIA JRA

First year of expenditure projections **2013** (financial yr ending)

Buildings & OS

Asset values as at end financial year 2012

Current replacement cost	$9,302 (000)	Calc CRC from Asset Register $0 (000)
Depreciable amount	$9,302 (000)	This is a check for you.
Depreciated replacement cost	$6,939 (000)	
Annual depreciation expense	$178 (000)	

Operations and Maintenance Costs for New Assets

	% of asset value
Additional operations costs	2.00%
Additional maintenance	2.00%
Additional depreciation	1.91%
Planned renewal budget (information only)	

You may use these values calculated from your data or overwrite the links.

Planned Expenditures from LTFP

20 Year Expenditure Projections Note: Enter all values in current **2013** values

Financial year ending	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Expenditure Outlays included in Long Term Financial Plan (in current $ values)										
Operations										
Operations **budget**	$577	$577	$577	$577	$577	$577	$577	$577	$577	$577
Management **budget**										
AM systems **budget**										
Total operations	$577	$577	$577	$577	$577	$577	$577	$577	$577	$577
Maintenance										
Reactive maintenance **budget**	$481	$481	$481	$481	$481	$481	$481	$481	$481	$481
Planned maintenance **budget**										
Specific maintenance items **budget**										
Total maintenance	$481	$481	$481	$481	$481	$481	$481	$481	$481	$481
Capital										
Planned renewal **budget**	$482	$482	$482	$482	$482	$482	$482	$482	$482	$482
Planned upgrade/new **budget**	$481	$481	$481	$481	$481	$481	$481	$481	$481	$481
Non-growth contributed asset value	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Asset Disposals										
Est Cost to dispose of assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Carrying value (DRC) of disposed assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)										
Additional Expenditure Outlays required and not included above	2013 $000	2014 $000	2015 $000	2016 $000	2017 $000	2018 $000	2019 $000	2020 $000	2021 $000	2022 $000
Operations	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Maintenance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Renewal	to be incorporated into Forms 2 & 2.1 (where Method 1 is used) OR Form 2B Defect Repairs (where Method 2 or 3 is used)									
Capital Upgrade	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
User Comments #2										
Forecasts for Capital Renewal using Methods 2 & 3 (Form 2A & 2B) & Capital Upgrade (Form 2C)										
	2013 $000	2014 $000	2015 $000	2016 $000	2017 $000	2018 $000	2019 $000	2020 $000	2021 $000	2022 $000
Forecast Capital Renewal from Forms 2A & 2B	$466	$582	$364	$462	$415	$390	$503	$594	$461	$585
Forecast Capital Upgrade from Form 2C	$3,360	$714	$60	$186	$250	$238	$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
WDCRD	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, e.g. 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, e.g. resurfacing or re-sheeting 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, e.g. 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.

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, e.g. 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, e.g. 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 e.g. 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, e.g. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

Operations
Regular activities to provide services such as public health, safety and amenity, e.g. 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, e.g. 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 (e.g. 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, e.g. 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).

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.

Source: IPWEA, 2009, Glossary

Additional and modified glossary items shown *