

# Blayney Shire Council





## Building and Other Structures **Asset Management Plan**



Version 1.1

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**Asset Management for Small, Rural or Remote Communities Practice Note**

The Institute of Public Works Engineering Australia.

[www.ipwea.org.au/AM4SRRC](http://www.ipwea.org.au/AM4SRRC)

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## 1. EXECUTIVE SUMMARY

### Context

Blayney Shire Council has an area of 1,618 square kilometres, with a population of 6,364 (2006 Census). The main administrative centre of Blayney is located approximately 32 km south of Orange, or 235 km west of Sydney.

It is predominantly rural in nature, supporting primary industries such as dairying, beef, lamb, wool, viticulture, orchards, potatoes, canola and other grains. The Local Government Area (LGA) also supports industrial activities including mining, manufacturing, transportation and food processing.

Council owns and maintains a buildings and other structures portfolio to enable the effective delivery of services to the Blayney Shire Council area. Council's building assets range from bus and park shelters to the Centrepont leisure complex, community halls and Council's works depot and chambers. Many of these assets showcase Blayney Shire to visitors and the wider community. To project the desired image requires high levels of maintenance and presentation which is difficult to provide for a council of Blayney's size.

**The Buildings and Other Structures portfolio comprises:**

- 6 Community Halls,
- 3 Community Facilities,
- 1 Residential facility,
- 11 Bus Shelters,
- 23 Park / viewing shelters,
- 19 Toilet facilities,
- 19 Sporting facilities,
- 10 Emergency (RFS & SES) buildings,
- 3 waste management structures, and
- 13 Administration / Operations buildings and structures.

These infrastructure assets have a replacement value of \$20.8M.

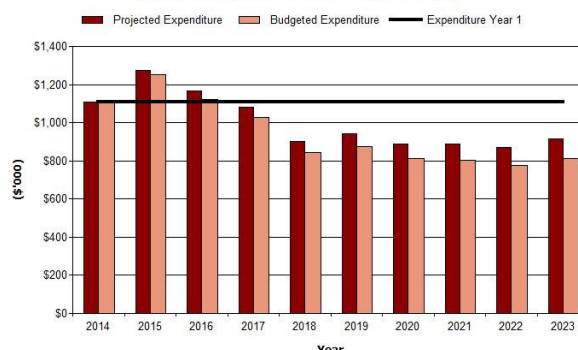
### What does it Cost?

The projected cost to provide the services covered by this Asset Management Plan including operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$9,875,000 or \$987,000 per year.

Council's estimated available funding for this period is \$9,272,000 or \$927,000 per year which is 94% of the

cost to provide the service. This is a funding shortfall of -\$60,000 per year. Projected and budgeted expenditure are shown in the graph below.

**Blayney SC - Projected and Budget Expenditure for (Buildings and Other Structures)**



Councils' present funding levels are insufficient to continue to provide existing services at current levels in the medium term.

### What we will do

Subject to funding, Council plans to provide Buildings and Other Structure services for the following:

- Operation, maintenance, renewal and upgrade of Community Halls and Facilities, Shelters, Toilets, Sporting facilities, emergency services and council administration and works facilities to meet service levels set by council in annual budgets (which may be less than community expectations).
- Upgrade of council chambers and the Centrepont Leisure Centre and the renewal of minor sporting facilities and some toilet blocks within the 10 year planning period.

### What we cannot do

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

- Redevelopment of the Blayney library,
- Provision of council owned halls in all villages and localities,
- Replacement of the council chambers and Works Depot Buildings.

### Managing the Risks

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

- Reduced levels of service due to maintenance funding requirements identified in the Long Term Financial Plan, not being available.
- Closure of facilities resulting from a lack of identified renewal funding.

- A decrease in the fair value of council's buildings and other structures, due to closures / disposal of poorly maintained structures, without adequate funding being available for their replacement.

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

- Improving data collection and analysis, particularly relating to component condition of council chambers and Centrepont Leisure Centre.
- Identifying funding requirements for required renewal work at the component level for all of council buildings and structures.
- Manage the allocation of major maintenance and renewal expenditure on a risk management basis.

### The Next Steps

The actions resulting from this asset management plan are:

- Engage the community on service delivery, and funding issues raised in this AM Plan.
- Improve asset information and knowledge, particularly in terms of condition assessment of major building components.
- Clearly assigning appropriate responsibility for the management of the maintenance and renewal of councils building and other structures.

### Questions you may have

#### What is this plan about?

This asset management plan covers the infrastructure assets that serve the Blayney Shire Community's building needs. These assets include halls, public toilets, change rooms and other community facilities throughout the Council area that enable people to participate in educational, cultural and sporting activities.

#### What is an Asset Management Plan?

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

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

#### Why is there a funding shortfall?

Large numbers of the Council's buildings and other structures were constructed from government grants or 'donated' by the NSW government, often without

consideration of ongoing operations, maintenance and replacement needs.

#### Bequeathed

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

Councils' existing funding levels are insufficient to continue to provide existing services at current levels in the medium term.

#### What options do we have?

Resolving the funding shortfall involves several steps:

1. Improving asset knowledge so that data accurately records the asset inventory, how assets are performing and when assets are not able to provide the required service levels,
2. Improving our efficiency in operating, maintaining, replacing existing and constructing new assets to optimise life cycle costs,
3. Identifying and managing risks associated with providing services from infrastructure,
4. Making tradeoffs 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 other structure services and costs meet community needs and are affordable,
7. Developing partnerships with other bodies, where available to provide services;
8. Seeking additional funding from government's and other bodies to better reflect a 'whole of government' funding approach to infrastructure services.





### **What happens if we don't manage the shortfall?**

It is likely that council will have to reduce service levels in some areas, unless new sources of revenue are found. For buildings and other structures, the service level reduction may include a reduction in council supported community services, sporting or recreation facilities and a reduced ability to provide other services from council administrative and operations facilities.



### **What can we do?**

Council will engage with the community to plan future facilities that match community expectations and the ability to pay, whilst maximising the benefit and minimising the long term cost of providing the facility.

### **What can you do?**

Council will be pleased to consider your thoughts on the issues raised in this asset management plan and suggestions on how Council may change or reduce its building and other structures mix 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.

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

- Blayney Shire 2025; All the pieces together, The strategic plan of the Blayney Shire community; 2012,
- Blayney Shire Council 2011-12 Management Plan, and
- Blayney Shire Council policies and procedures relating to Buildings.

The infrastructure assets covered by this asset management plan are shown in Table 2.1.

**Table 2.1: Assets covered by this Plan**

Asset category	Dimension	Replacement Value
Community Halls	7	\$3,090,717
Community Facilities	4	\$838,240
Residential properties	2	\$1,711,543
Bus Shelters	10	\$54,398
Park / viewing shelters	20	\$276,066
Toilet facilities	18	\$1,846,480
Sporting facilities	17	\$5,620,035
Emergency (RFS & SES) buildings	10	\$1,244,065
Waste management structures	3	\$59,000
Administration / Operations buildings & structures	13	\$4,124,000
<b>TOTAL</b>	<b>104</b>	<b>\$18,864,544</b>

### 2.2 Goals and Objectives of Asset Management

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

Council's goal in managing infrastructure assets is to meet the required level of service in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Taking a life cycle approach,
- Developing cost-effective management strategies for the long term,
- Providing a defined level of service and monitoring performance,



- Understanding and meeting the demands of growth through demand management and infrastructure investment,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices.<sup>1</sup>

The goal of this asset management plan is to:

- Document the services/service levels to be provided and the costs of providing the service,
- Communicate the consequences for service levels and risk, where desired funding is not available, and
- Provide information to assist decision makers in trading off service levels, costs and risks to provide services in a financially sustainable manner.

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<sup>1</sup> IPWEA, 2006, *IIMM* Sec 1.1.3, p 1.3.

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

Council's vision is:

### **Our Shire of welcoming communities**

The many communities of the Shire's town, villages and settlements are supportive and welcoming to those who live here and also those who visit.

### **Beautiful and productive landscapes**

The landscape in which we live is both beautiful and productive.

### **Rural and mining heritage**

Our heritage of rural living amidst agricultural and mining production has taught us much about the nature of these activities and how they can exist in harmony.

### **Showing the world how agriculture, mining and industry can work together for the greatest good**

We are eager to share these lessons and learnings with other communities around the world.

### **A place to live your dreams**

In Blayney Shire there is both space and time to make and live your dreams!

Council's purpose or reason for existence is set out in the adopted values statement,

**With a generosity of spirit we will:  
Be inclusive and united  
Act honestly and respect each other  
Have a "can do" attitude  
Think outside the square and  
Back ourselves**

Relevant goals and objectives and how these are addressed in this asset management plan are shown in Table 2.2.

**Table 2.2: Organisation Goals and how these are addressed in this Plan**

Goal	Objective	How Goal and Objectives are addressed in AMP
Grow the wealth of the Shire	CSP 1.3 - A well established, connected and prosperous tourism industry.	To be developed
	CSP 1.5 - Sustainable water, energy and transport sectors support future growth.	
	CSP 1.6 - A vibrant local business sector.	
A centre for sports and culture	CSP 2.2 – Strong participation in sporting events and competitions.	
	CSP 2.3 - Blayney Shire - a centre for arts, performance and entertainment.	
Preserve and enhance our heritage and rural landscapes	CSP 3.3 – Heritage items in the natural and built environment are identified and understood.	
Develop and maintain shire infrastructure	CSP 4.1 - Adequate provision of transport, roads, rail, information and community technologies and community social assets.	
	CSP 4.4 - Integrated medical and aged care facilities across the Shire.	
Develop strong and connected communities	CSP 5.1 - A diverse and sustainable population in our communities and villages.	
	CSP 5.2 - Fit and healthy community members.	
	CSP 5.4 - Capable, self sufficient communities engaged in decision making about issues that affect them.	
Leadership	CSP 6.1 - Good governance across our communities.	
	CSP 6.2 - Meaningful communication between the Shire's communities and Council	

## 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 the organisation will manage its existing and future assets to provide the required services
- Financial summary – what funds are required to provide the required services.

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

## **2.4 Core and Advanced Asset Management**

This asset management plan is prepared as a first cut ‘core’ asset management plan in accordance with the International Infrastructure Management Manual<sup>2</sup>. It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a ‘top down’ approach where analysis is applied at the ‘system’ or ‘network’ level.

## **2.5 Community Consultation**

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

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<sup>2</sup> IPWEA, 2006.

### 3. LEVELS OF SERVICE

#### 3.1 Customer Research and Expectations

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

#### 3.2 Legislative Requirements

Council has to meet many legislative requirements including Australian and State legislation and State regulations. Relevant legislation is shown in Table 3.2.

**Table 3.2: Legislative Requirements**

Legislation	Requirement
Local Government Act	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
Disability Discrimination Act	Sets out the responsibilities of Council and staff in dealing with access and use of public infrastructure
Building Code of Australia	Sets out the acceptable standards, and deemed to satisfy provisions for building work both residential and commercial
Child Protection Act	Provides requirements in relation to the protection of children in public spaces
Work Health and Safety Act 2011	Sets out the responsibilities of Council to secure and promote the health, safety and welfare of people at work
Heritage Act 1977	To promote understanding of heritage issues and conservation of items of heritage significance.
Crown Lands Act 1989	Sets out the objectives and principles for Crown Land management
Local Environmental Plans	Sets out the zoning of lands within the Council area and what development can be achieved on the land.
Liquor Act	Sets out the responsibilities of those serving liquor and what must be done before service can commence.
Food Act	Sets out the issues and standards required for food, the handling, preparation and storage of food products.

#### 3.3 Current Levels of Service

Council has defined service levels in two terms.

**Community Levels of Service** relate to the service outcomes that the community wants in terms of safety, quality, quantity, reliability, responsiveness, cost effectiveness and legislative compliance.

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

Quality	How good is the service?
Function	Does it meet users' needs?
Safety	Is the service safe?

**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 council undertakes to best achieve the desired community outcomes.

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 its original condition (eg road patching, unsealed road grading, building and structure repairs),
- Renewal – the activities that return the service capability of an asset up to that which it had originally (eg frequency and cost of road resurfacing and pavement reconstruction, pipeline replacement and building component replacement),
- Upgrade – the activities to provide an higher level of service (eg widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (eg a new library).

Council's current service levels are detailed in Table 3.3.

**Table 3.3: Current Service Levels**

Key Performance Measure	Level of Service Objective	Performance Measure Process	Desired Level of Service	Current Level of Service
<b>COMMUNITY LEVELS OF SERVICE</b>				
Quality	Building facilities are clean & appropriate for users	Customer request system	<2 / month	Not currently measured
Function	Facilities are available and meet user needs	Customer request system	<1/month request not able to be met.	Not currently measured
Safety	Building facilities are safe and healthy	Customer request system Injury reports Insurance claims	Nil/year	Not currently measured
<b>TECHNICAL LEVELS OF SERVICE</b>				
Operations				
Operations	Building facilities meet users needs	Annual condition & defects inspection	10% Decrease in identified defects / annum	Not currently measured
	Buildings are clean	Cleaning frequency	As per cleaning schedule (weekly cycle)	Not currently measured
			Highly used public toilets cleaned 5 times / week.	Not currently measured
			Other Public Toilets cleaned weekly	Not currently measured
		Budget	Inspections \$X Cleaning \$X Other \$X	Inspections \$X Cleaning \$X Other \$X
Maintenance	Buildings are suitable for purpose	Reactive service requests completed within adopted time frames	Defects made safe within 3 working days Repairs completed within 1 month	X% defects made safe within time X% repairs completed within time
		Planned maintenance	100% of Planned	X% completed

Key Performance Measure	Level of Service Objective	Performance Measure Process	Desired Level of Service	Current Level of Service
		activities completed to schedule	maintenance completed to schedule	
		Budget	Reactive Maint. \$X Planned Maint. \$X	Reactive Maint. \$X Planned Maint. \$X
Renewal	Building facilities meet users needs	Condition of buildings	<5% with condition 4 or 5	X%
		Budget	\$'s = 10 year Buildings Renewal Plan (Current year)	(\$'s allocated / expended) / (\$'s projected)
Upgrade/New	Complete planned upgrades / New Assets	Time to commission	Within timeline	Actual time to commission
		Budget	Within budget	Actual cost

### 3.4 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 Forecast

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

Demand factor trends and impacts on service delivery are summarised in Table 4.1.

**Table 4.1: Demand Factors, Projections and Impact on Services**

Demand factor	Present position (2006)	Projection (2026)	Impact on services
Population	6,900	7,200	Minimal increase in demand for services
Demographics	0 – 14 years of age = 22%	0-14 years of age = 19%	Slight reduction in demand for child based facilities
Demographics	65+ years of age = 15%	65+ years of age = 23%	Shift in demand toward more accessible amenities

### 4.2 Changes in Technology

Technology changes are forecast to have little effect on the delivery of services covered by this plan.

### 4.3 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 council to own the assets. Examples of non-asset solutions include providing services from existing infrastructure such as aquatic centres and libraries that may be in another council area or public toilets provided in commercial premises.

Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this asset management plan.

**Table 4.3: Demand Management Plan Summary**

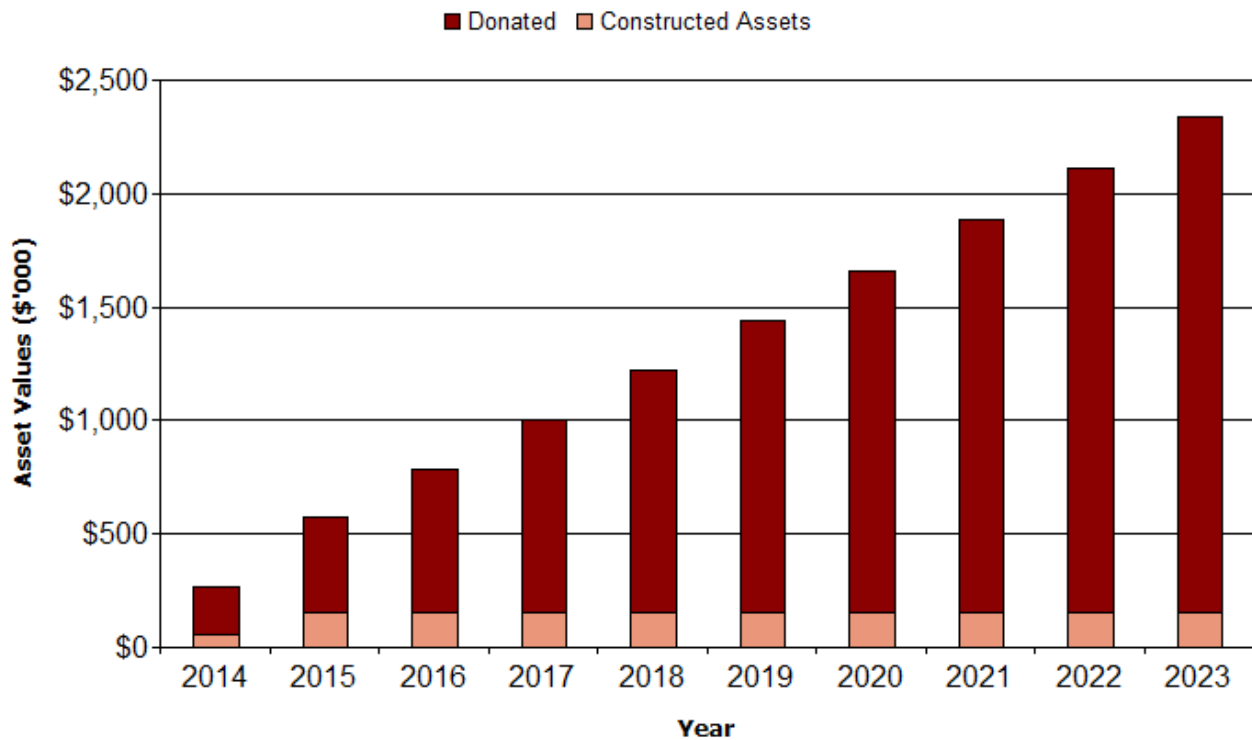
Service Activity	Demand Management Plan
Assess demand for service / facility relative to the cost of providing the asset and demand for other infrastructure assets.	Consider Councils involvement in the provision of building and other structure services, based on existing / future demand, relative to the maintenance, operations, and capital costs of providing those services relative to provision of other asset services to the Blayney Shire community. E.g. Should public toilets be closed overnight, as the vandalism costs of providing that service may exceed the local demand for that service.
Pricing	Consider new and existing pricing structures and levels for new and existing Council provided buildings and other structures, such as Community Halls, CentrePoint Leisure Centre.
Additional measures to be developed	To be developed

#### 4.4 New Assets for Growth

The new assets required to meet growth will be acquired free of cost from land developments and constructed/acquired by Council. The new contributed and constructed asset values are summarised in Figure 1.

*Figure 1: New Assets for Growth*

### Blayney SC - New Assets for Growth (Buildings and Other Structures)



Acquiring these new assets will commit council to fund ongoing operations and maintenance 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 and maintenance costs.

## 5. LIFECYCLE MANAGEMENT PLAN

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

### 5.1 Background Data

#### 5.1.1 Physical parameters

The assets covered by this asset management plan are shown in Table 2.1.

Buildings and Other Structure assets covered by this Plan include all council owned building and other significant structures in council owned Parks, Community lands and council administrative and operational facilities. Assets on Crown land controlled by council are included in this AMP, e.g. Centrepont Leisure Centre, Council Chambers and Community Centre.

A brief description of the different asset sub-groups that make up the buildings and other structures asset category is provided below. In all cases the buildings and other structures asset grouping excludes the grounds, landscaping, fencing etc on the property.

- **Community Halls:** Blayney Shire Community Centre, Blayney Showground Hall, CWA Hall and various village Halls.
- **Community Facilities:** Includes buildings provided by council for the operation of facilities such as the Blayney Shire Library and 'The Cottage' tourist information centre.
- **Residential properties:** Includes the Inala Aged Units.
- **Shelters:** Including bus shelters, park picnic / BBQ shelters and the Carcoar Dam and Heritage Park Viewing Platforms.
- **Toilet facilities:** Toilet Blocks at various sporting and recreational facilities.
- **Sporting facilities:** Including Centrepont Leisure Centre, various Kiosks / Canteens, Change / Dressing Rooms, Grandstands and Commentator facilities at various sporting grounds throughout the shire.
- **Emergency (RFS & SES) buildings:** RFS and SES sheds and buildings in Blayney, villages and localities throughout the shire.
- **Waste management structures:** Council owned structures at the Blayney Waste Management Centre.
- **Administration / Operations buildings and structures:** Council chambers / offices and other council buildings and structures, including office and sheds at council's works depot.

Community Halls	7	\$3,090,717
Community Facilities	4	\$838,240
Residential properties	2	\$1,711,543
Bus Shelters	10	\$54,398
Park / viewing shelters	20	\$276,066
Toilet facilities	18	\$1,846,480
Sporting facilities	17	\$5,620,035
Emergency (RFS & SES) buildings	10	\$1,244,065

Waste management structures	3	\$59,000
Administration / Operations buildings & structures	13	\$4,124,000
<b>TOTAL</b>	<b>104</b>	<b>\$18,864,544</b>

Age profile information is currently condition based and does not necessarily reflect the actual age of buildings. As actual age data is obtained, it will be entered into the Buildings and Other Structures Asset Register.

Plans and other asset information, relating to Buildings and Other Structures assets are:

- Maintained on Spreadsheets / councils financial system (SynergySoft),
- Individual asset, or upgrade / renewal files, and
- Will be entered and maintained in councils SynergySoft Asset Management Module software system.

### 5.1.2 Asset capacity and performance

Council'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
CentrePoint Sport & Leisure Centre	Air exchange system inadequate, roof leaks, Pool boiler system needs replacement, Chemical Storage Depot needs upgrading, Sand Filter System needs upgrading and Hydraulic Filtration System needs upgrading.
Council Chambers / Administration offices	Roof leaks, suspended ceiling requires replacement, main switchboard needs upgrading, renewal of heating / cooling system, poor layout and insufficient work spaces.
Napier Oval Toilet Block	Requires demolition and possible replacement.
Redmond Oval Tennis Facility	Shed and Shelter require demolition and replacement.
Redmond Oval Kiosk	Poor condition requires upgrading or replacement.
Blayney Library	Undersize.
Council Works Depot	Various Sheds / storage facilities require renewal.
Village community halls	Food handling areas not meeting current health standards.
Animal pound	Does not meet contemporary standards.

The above service deficiencies were identified from maintenance and asset condition inspections and feedback from the community.

### 5.1.3 Asset condition

Asset condition information is not currently available. Condition assessment of council's buildings and other structures is currently underway and will be reported in future iterations of this plan.

Condition is measured using a 1 – 5 rating system<sup>3</sup> as detailed in Table 5.1.3.

**Table 5.1.3: IIMM Description of Condition**

<sup>3</sup> IIMM 2006, Appendix B, p B:1-3 ('cyclic' modified to 'planned', 'average' changed to 'fair')

Condition Rating	Description
1	Excellent condition: Only planned maintenance required.
2	Very good: Minor maintenance required plus planned maintenance.
3	Good: Significant maintenance required.
4	Fair: Significant renewal/upgrade required.
5	Poor: Unserviceable.

#### 5.1.4 Asset valuations

The value of assets recorded in the asset register as at March 2013 covered by this asset management plan is shown below. Assets were last revalued at the end of March 2013.

Current Replacement Cost	\$20,836,000
Depreciable Amount	\$20,836,000
Depreciated Replacement Cost	\$12,570,674
Annual Depreciation Expense	\$405,538

Council's sustainability reporting reports the rate of annual asset consumption and compares this to asset renewal and asset upgrade and expansion.

Asset Consumption (Depreciation/Depreciable Amount)	1.9%
Asset renewal (Capital renewal exp/Depreciable amount)	1.2%
Annual Upgrade/New (Capital upgrade exp/Depreciable amount)	0.3%
Annual Upgrade/New (including contributed assets)	1.3%

Council is currently renewing assets at 61.8% of the rate they are being consumed and increasing its asset stock by 1.3% each year.

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

#### 5.1.5 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.

Council's service hierarchy is shown in Table 5.1.5.

**Table 5.1.5: Asset Service Hierarchy**

Service Hierarchy	Service Level Objective
Administration & Operations - Major	Maintain buildings in a clean and tidy manner suitable for human occupation. Highly visible buildings should be well presented in keeping with the image that council would like to project.
Administration & Operations - Minor	Ensure buildings provide protection to plant and equipment that they house and are not a hazard to the personnel who use them.
Community – Major	Maintain buildings in a clean and tidy manner, that are well presented and suitable for human occupation. Highly visible buildings should be well presented in keeping with the image that council would like to project.
Community – Minor	Ensure buildings are well presented and don't detract from the surrounding environs.
Commercial	Ensure buildings are safe and maintained by tenants to a suitable standard.

## 5.2 Risk Management Plan

An assessment of risks 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 are summarised in Table 5.2.

**Table 5.2: Critical Risks and Treatment Plans**

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Associated Costs
Building Maintenance	Maintenance costs increasing due to inadequate renewal program	H	1. Secure funding to implement identified renewal plan 2. Refine renewal priorities based on risk. 3. Improved data & analysis to understand building renewal costs.	Staff time Renewal and Defect repair Costs
Buildings Levels of Service	Inadequate maintenance & renewal expenditure resulting in a reduced service standard with increased risk	H	Implement renewal plan.	Staff time Renewal and Defect repair Costs
Renewal Funding	Increased risk of failure / closure of assets	M	Develop and implement system of funding reserves to provide for future renewal works	Financial system

## 5.3 Routine Maintenance Plan

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 Maintenance plan

Maintenance includes 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, building roof replacement, etc. This work generally 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	Total Operations Expenditure	Total Maintenance Expenditure	Combined O & M Expenditure
2005/6	\$386,817	\$160,856	\$547,673
2006/7	\$380,725	\$132,646	\$513,371
2007/8	\$659,486	\$170,678	\$830,164
2008/9	\$606,575	\$200,291	\$806,866
2009/10	\$551,430	\$156,943	\$708,373
<b>Average</b>	<b>\$517,007</b>	<b>\$164,283</b>	<b>\$681,289</b>

Current maintenance expenditure levels are considered to be inadequate to meet required service levels. Future revision of this asset management plan will include linking required maintenance expenditures with required service levels. Council has recently implemented a new Corporate Finance System, which will provide more accurate information on the cost of building maintenance and operations.

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

### 5.3.2 Standards and specifications

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

- Appropriate Development and Planning Regulations.
- Building Code of Australia.
- Australian Standards.
- Documented Work Health and Safety provisions.
- WBC Strategic Alliance, Guidelines for Engineering Works, December 2008.
- Other appropriate legislation and codes.
- Manufacturer's requirements for proprietary products.

### 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 2010 dollar values.

**Figure 4: Projected Operations and Maintenance Expenditure**



## Blayney SC - Projected Operations and Maintenance Expenditure (Buildings and Other Structures)



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

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

### 5.4 Renewal/Replacement Plan

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

#### 5.4.1 Renewal plan

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

- Method 1 uses Asset Register data to project the renewal costs for renewal years using acquisition year and useful life, 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 ranking criteria used to determine priority of identified renewal proposals is detailed in Table 5.4.1.

**Table 5.4.1: Renewal Priority Ranking Criteria**

Criteria	Weighting
Any risk to staff or public requiring closure of the facility	Ranking/ Weighting to be determined
Level of service being provided by the facility (e.g. Does the building perform required function?)	Ranking/ Weighting to be determined
Demand for that asset in the shire and within the actual locality	Ranking/ Weighting to be determined
Alignment with any Council Plans or Strategies.	Ranking/ Weighting to be determined
<b>Total</b>	<b>100%</b>

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

Examples of low cost renewal include replacement of storage sheds with shipping containers.

#### 5.4.2 Renewal standards

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

- Appropriate Development and Planning Regulations.
- Building Code of Australia.
- Australian Standards.
- Documented Work Health and Safety provisions.
- WBC Strategic Alliance, Guidelines for Engineering Works, December 2008.
- Other appropriate legislation and codes.
- Manufacturer's requirements for proprietary products.

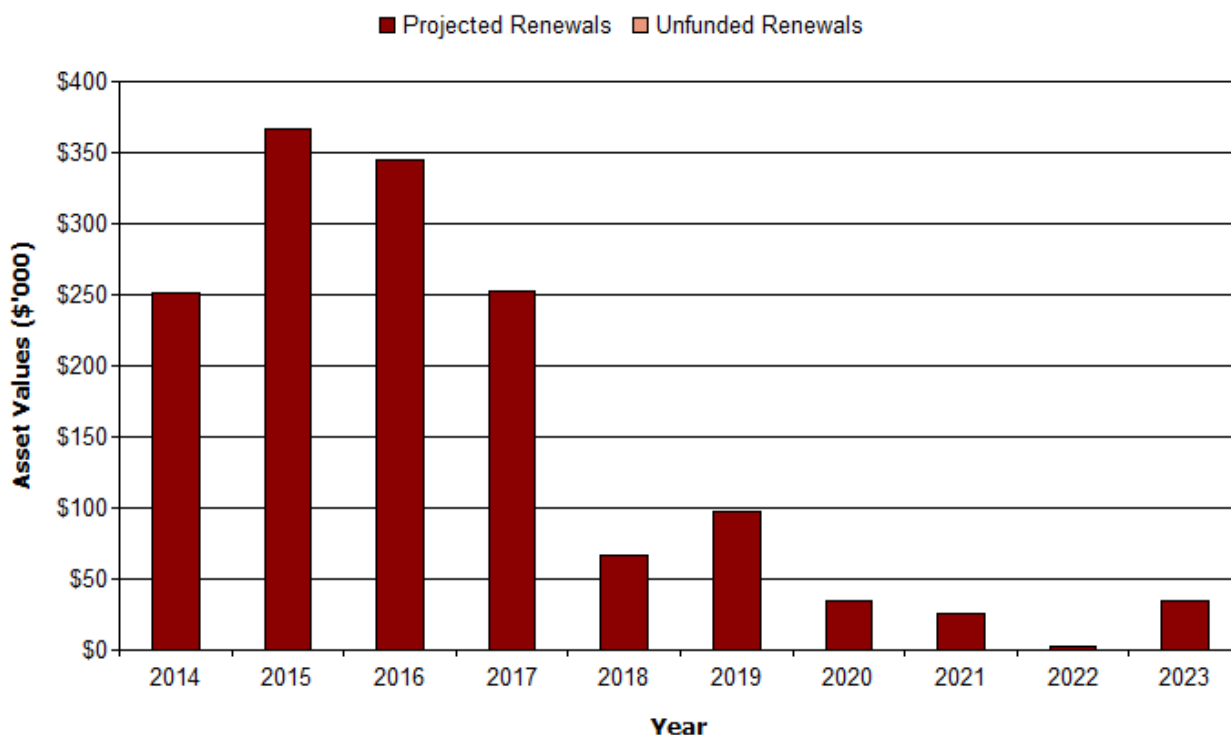
#### 5.4.3 Summary of projected renewal expenditure

Projected future renewal expenditures are forecast to increase over time as the asset stock ages. The costs are summarised in Figure 5. Note that all costs are shown in 2013 dollar values.

The projected capital renewal program is shown in Appendix B.

Figure 5: Projected Capital Renewal Expenditure

## Blayney SC - Projected Capital Renewal Expenditure (Buildings and Other Structures)



Deferred renewal, i.e. those assets identified for renewal and not scheduled for renewal in capital works programs are to be included in the risk assessment process in the risk management plan.

Renewals are to be funded from capital works programs and grants where available. 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 Council 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 estimate. Verified proposals are ranked by priority and available funds and are scheduled in future works programmes. The priority ranking criteria is detailed in Table 5.5.1.

**Table 5.5.1: Upgrade/New Assets Priority Ranking Criteria**

Criteria	Weighting
Alignment with any Council Plans or Strategies.	30%
Demand for that asset in the shire / locality, balanced against the distributional equity (location & population demographics) of assets across the shire.	10%
Funding opportunity to provide assets ahead of projected time e.g. government and privately funded cycleways.	30%
Life cycle cost of maintaining and renewing the asset.	30%
<b>Total</b>	<b>100%</b>

### 5.5.2 Standards and specifications

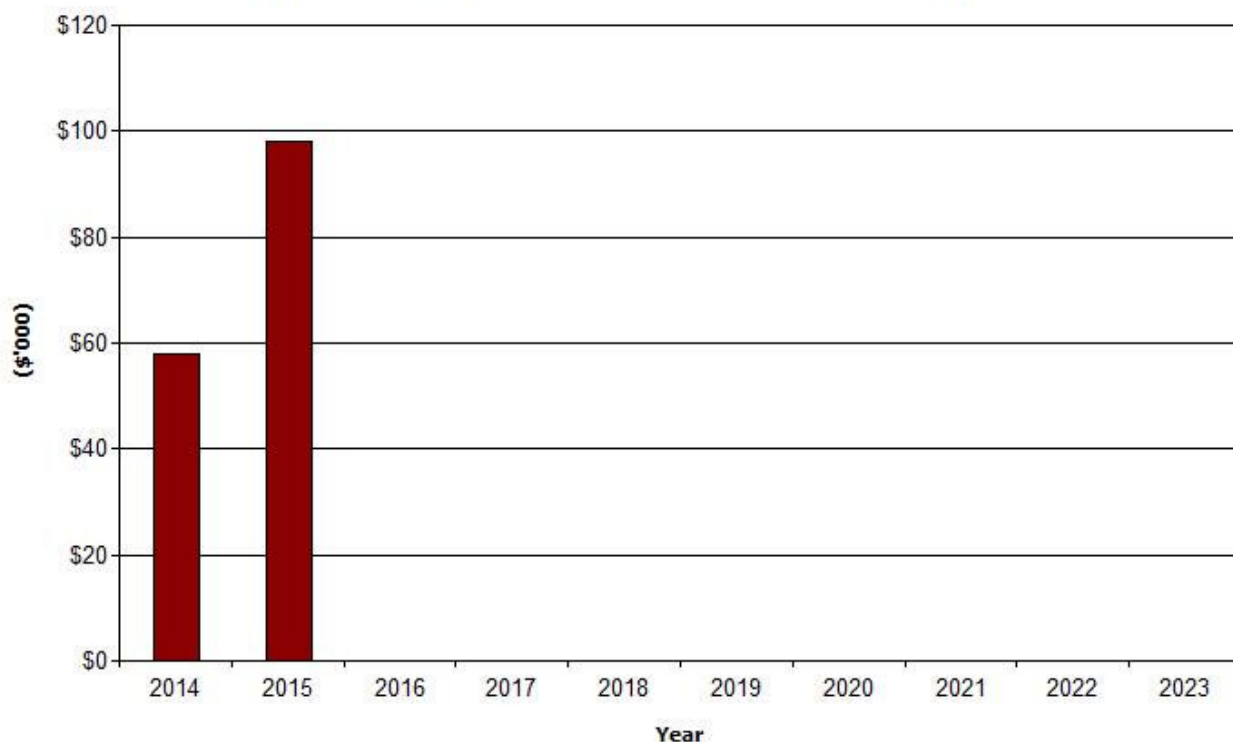
Standards and specifications for new assets and for upgrade/expansion of existing assets are the same as those for renewal shown in Section 5.4.2.

### 5.5.3 Summary of projected upgrade/new assets expenditure

Projected upgrade/new asset expenditures are summarised in Figure 6. The projected upgrade/new capital works program is shown in Appendix C. All costs are shown in current 2010 dollar values.

**Figure 6: Projected Capital Upgrade/New Asset Expenditure**

## Blayney SC - Projected Capital Upgrade/New Expenditure (Buildings and Other Structures)



New assets and services are to be funded from capital works programs and grants where available. This is further discussed in Section 6.2.

## 5.6 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. 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.

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

**Table 5.6: Assets identified for Disposal**

Asset	Reason for Disposal	Timing	Net Disposal Expenditure (Expend +ve, Revenue -ve)	Operations & Maintenance Annual Savings
Blayney Shire Saleyards (Kiosk, Toilet Block, Shelter & Scale House)	Obsolete	2014	+\$18,000	c\$3,500
Lyndhurst Bus Stop (MW Hwy)	Obsolete	2014	+\$1,000	N.A
"The Cottage" Garage	Obsolete, not water tight	2015	+\$3,000	C\$50

## 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.

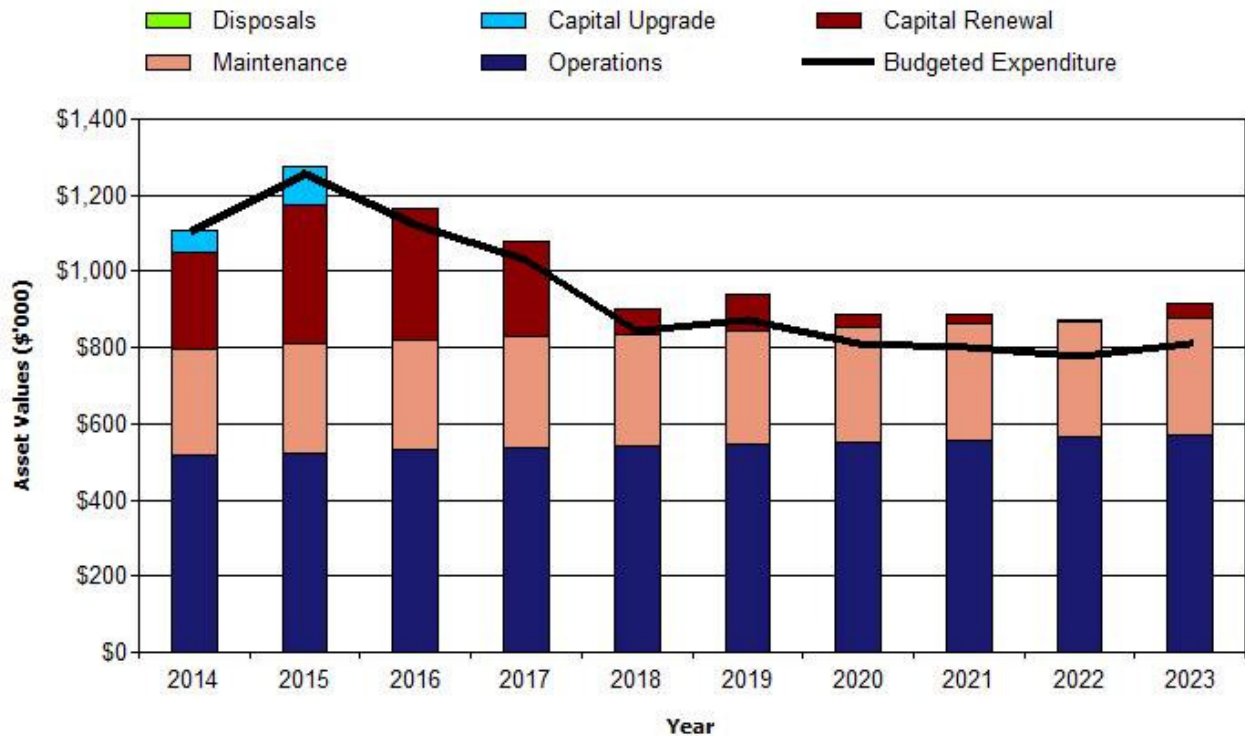
### 6.1 Financial Statements and Projections

The financial projections are shown in Figure 7 for projected operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets), net disposal expenditure and estimated budget funding.

Note that all costs are shown in 2013 dollar values.

Figure 7: Projected Operating and Capital Expenditure and Budget

## Blayney SC - Projected Operating and Capital Expenditure (Buildings and Other Structures)



### 6.1.1 Financial sustainability in service delivery

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

#### 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 longest asset life. 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 \$1,204,000 per year (operations and maintenance expenditure plus depreciation expense in year 1).

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operations, maintenance and capital renewal expenditure in year 1. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the start of the plan is \$1,049,000 (operations and maintenance expenditure plus budgeted capital renewal expenditure in year 1).

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap.

The life cycle gap for services covered by this asset management plan is -\$155,000 per year (-ve = gap, +ve = surplus).

Life cycle expenditure is 87.1% of life cycle costs giving a life cycle sustainability index of 0.87.

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 \$987,000 per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$927,000 per year giving a 10 year funding shortfall of -\$60,000 per year and a 10 year sustainability indicator of 0.94. This indicates that Council has 94% 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 \$1,075,000 per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$1,040,000 per year giving a 5 year funding shortfall of -\$35,000. This is 97% of projected expenditures giving a 5 year sustainability indicator of 0.97.

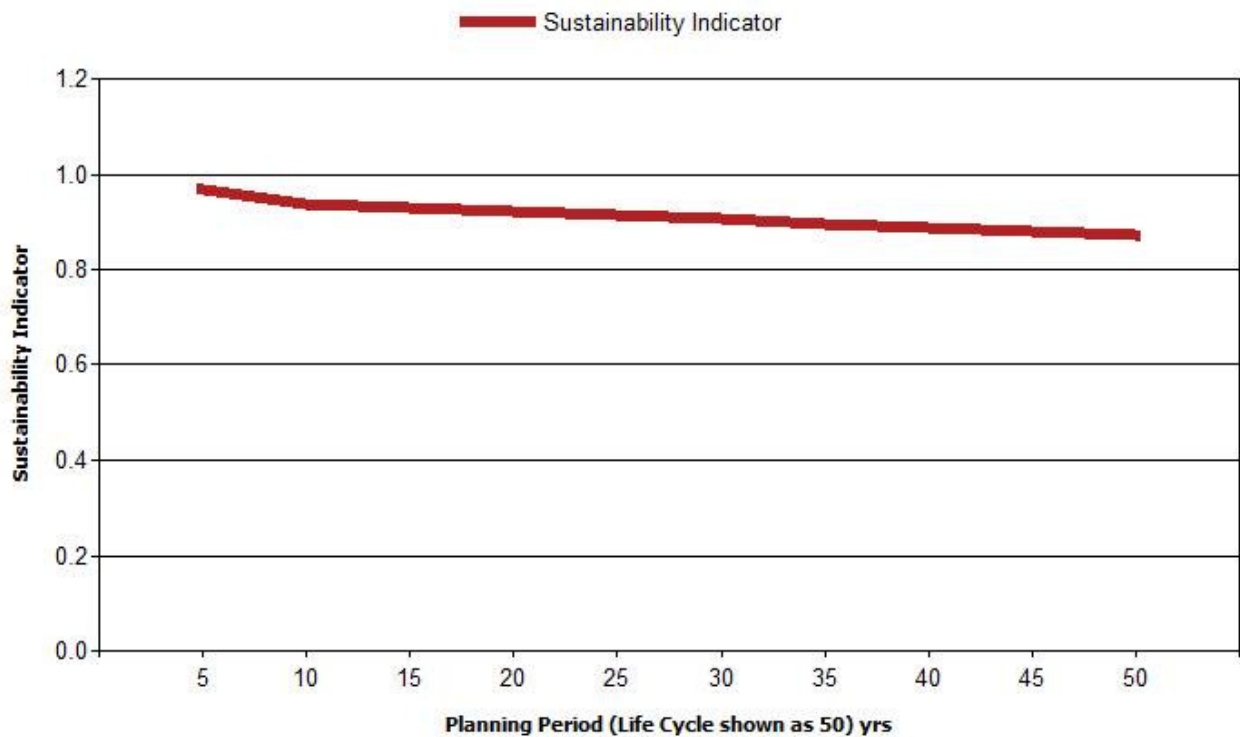


### Financial Sustainability Indicators

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

*Figure 7A: Financial Sustainability Indicators*

## Blayney SC - Financial Sustainability Indicators (Buildings and Other Structures)



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

Figure 8 shows the projected asset renewals in the 10 year planning period from Appendix B. The projected asset renewals are compared to budgeted renewal expenditure in the capital works program and capital renewal expenditure in year 1 of the planning period in Figure 8.

Figure 8: Projected and Budgeted Renewal Expenditure

## Blayney SC - Projected & Budget Renewal Expenditure (Buildings and Other Structures)

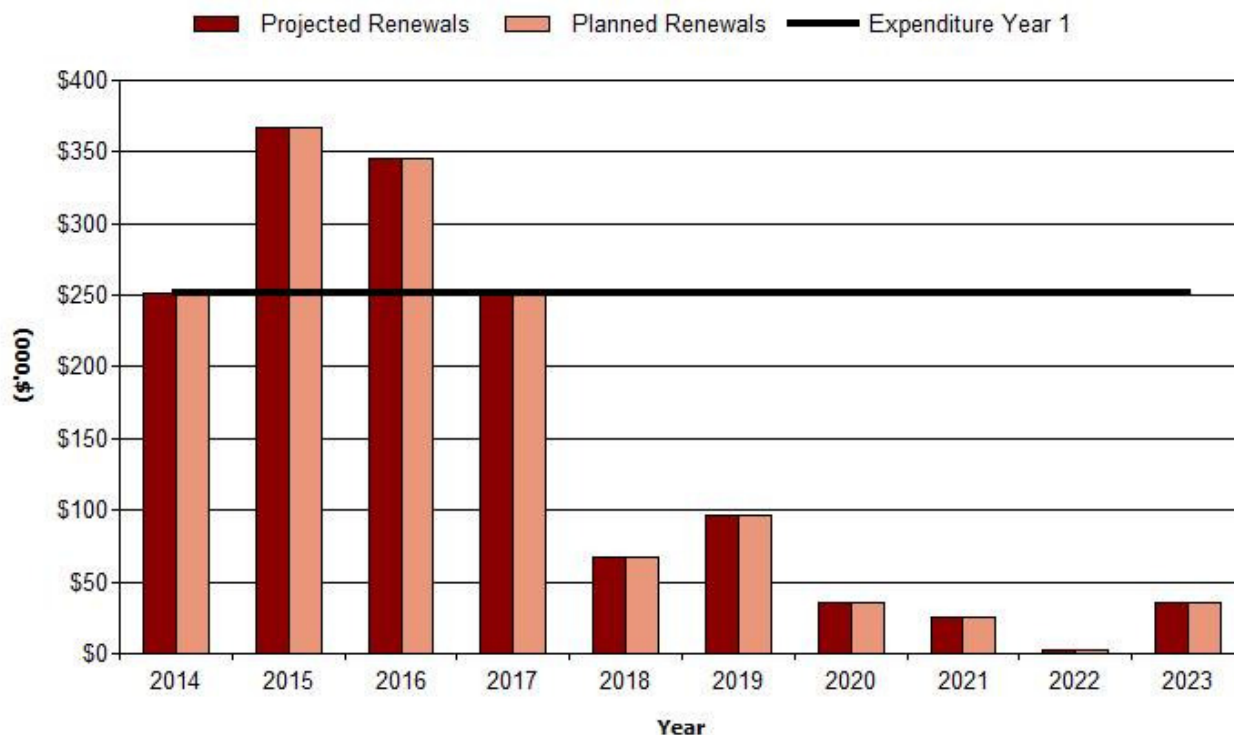


Table 6.1.1 shows the shortfall between projected and budgeted renewals

Table 6.1.1: Projected and Budgeted Renewals and Expenditure Shortfall

Year	Projected Renewals (\$000)	Planned Renewal Budget (\$000)	Renewal Funding Shortfall (\$000) (-ve Gap, +ve Surplus)	Cumulative Shortfall (\$000) (-ve Gap, +ve Surplus)
2014	\$251.00	\$251.00	\$0.0	\$0.0
2015	\$367.00	\$367.00	\$0.0	\$0.0
2016	\$345.00	\$345.00	\$0.0	\$0.0
2017	\$252.00	\$252.00	\$0.0	\$0.0
2018	\$67.00	\$67.00	\$0.0	\$0.0
2019	\$97.00	\$97.00	\$0.0	\$0.0
2020	\$35.00	\$35.00	\$0.0	\$0.0
2021	\$25.00	\$25.00	\$0.0	\$0.0
2022	\$2.00	\$2.00	\$0.0	\$0.0
2023	\$35.00	\$35.00	\$0.0	\$0.0

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

Providing services in a sustainable manner will require matching of projected asset renewals to meet agreed service levels with planned capital works programs and available revenue.

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

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

### 6.1.2 Expenditure projections 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 current (non-inflated) values. Disposals are shown as net expenditures (revenues are negative).

**Table 6.1.2: Expenditure Projections for Long Term Financial Plan (\$000)**

Year	Operations (\$000)	Maintenance (\$000)	Projected Capital Renewal (\$000)	Capital Upgrade/ New (\$000)	Disposals (\$000)
2014	\$517.00	\$281.00	\$251.00	\$58.00	\$0.00
2015	\$523.61	\$284.59	\$367.00	\$98.00	\$0.00
2016	\$531.26	\$288.75	\$345.00	\$0.00	\$0.00
2017	\$536.54	\$291.62	\$252.00	\$0.00	\$0.00
2018	\$541.86	\$294.51	\$67.00	\$0.00	\$0.00
2019	\$547.24	\$297.44	\$97.00	\$0.00	\$0.00
2020	\$552.68	\$300.39	\$35.00	\$0.00	\$0.00
2021	\$558.16	\$303.37	\$25.00	\$0.00	\$0.00
2022	\$563.71	\$306.39	\$2.00	\$0.00	\$0.00
2023	\$569.31	\$309.43	\$35.00	\$0.00	\$0.00

*Note: All projected expenditures are in 2011 values*

## 6.2 Funding Strategy

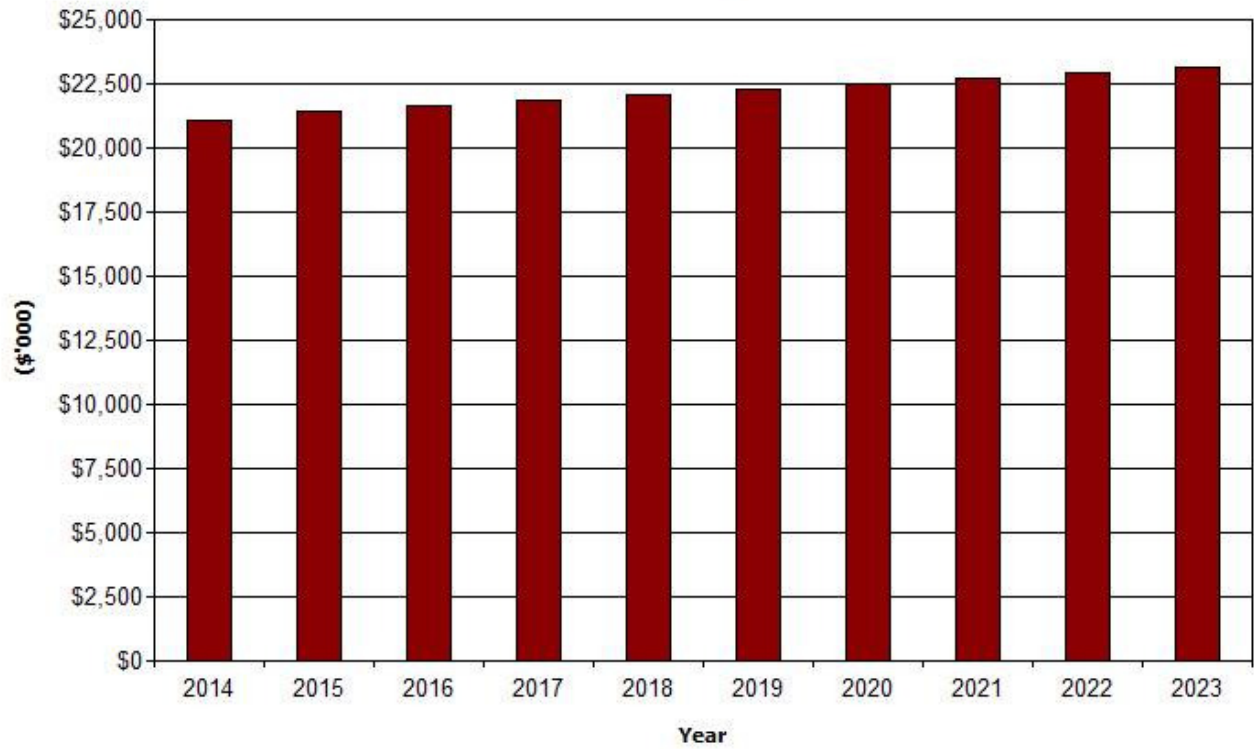
Projected expenditure identified in Section 6.1 is to be funded from future operating and capital budgets. The funding strategy is detailed in the organisation's 10 year long term financial plan.

## 6.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council. Figure 9 shows the projected replacement cost asset values over the planning period in 2013 dollar values.

*Figure 9: Projected Asset Values*

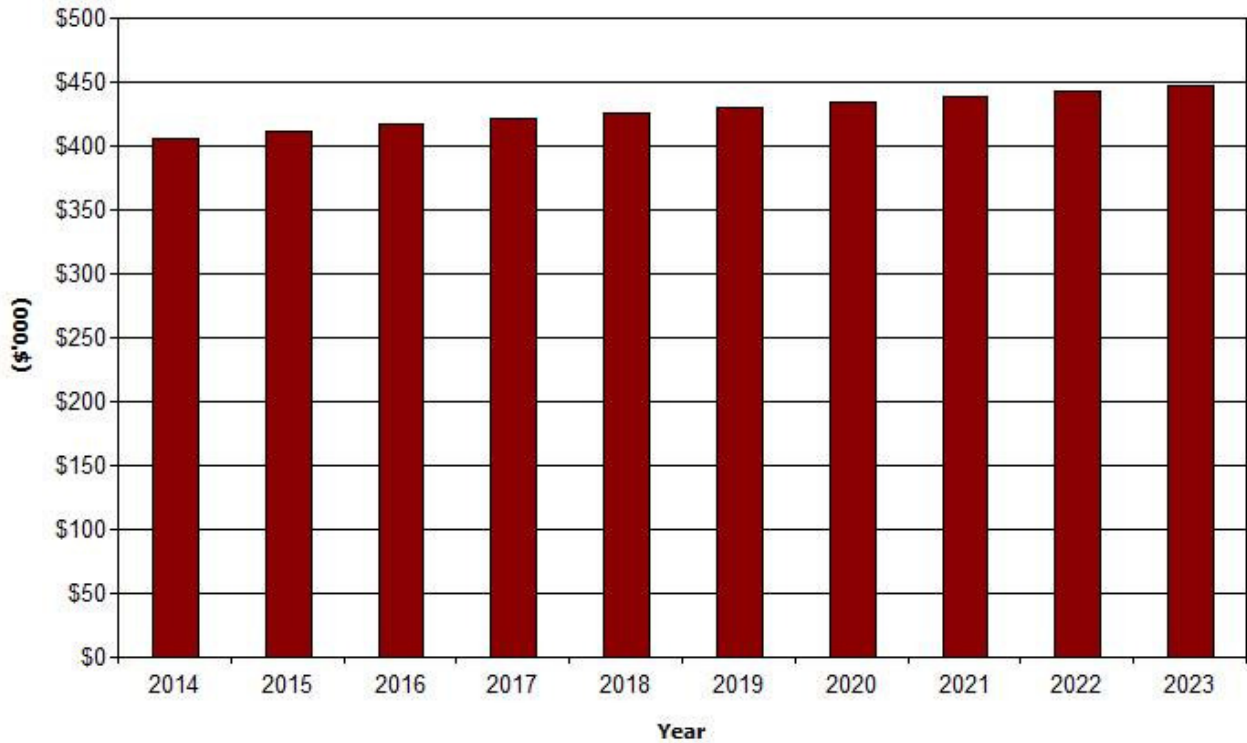
## **Blayney SC - Projected Asset Values (Buildings and Other Structures)**



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

*Figure 10: Projected Depreciation Expense*

### **Blayney SC - Projected Depreciation Expense (Buildings and Other Structures)**



The depreciated replacement cost (current replacement cost less accumulated depreciation) 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 effect of contributed and new assets on the depreciated replacement cost is shown in the light colour bar.

**Figure 11: Projected Depreciated Replacement Cost**

## **Blayney SC - Projected Depreciated Replacement Cost (Buildings and Other Structures)**



### **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 are:

- Financial projections based on past financial performance
- Financial data obtained is accurate and has been allocated to the correct works category
- Interpretation of the guidelines are correct
- Information is based on current knowledge only. The anticipated results of current surveys or reviews or their impact on future projections has not been considered
- This is the current position of asset management and represents the starting point of asset management in council

## 7. ASSET MANAGEMENT PRACTICES

### 7.1 Accounting/Financial Systems

#### 7.1.1 Accounting and financial systems

The accounting and financial system used by Blayney Shire Council has been Fujitsu 2000+, but is currently being transitioned to IT Visions SynergySoft, which is expected to be completed before the end of the 2012/13 financial year.

#### 7.1.2 Accountabilities for financial systems

Accountabilities and responsibilities for Council's financial system rest with the Responsible Accounting Officer (RAO), as per Local Government Regulations 2005. Specific responsibilities of the RAO include:

- The maintenance of a system of Budgetary Control.
- Preparation of Budgetary Statements to Council and the certification as to whether Council's Financial Position is satisfactorily.
- Responsibility for the Council's accounting records including specific requirements on debtors, banking; banking; assets and liabilities; and
- The Monthly reporting of Council's Financial Investments and certification that they are in accordance with the Act, Code and Regulations and Investment Policy of Council.

#### 7.1.3 Accounting standards and regulations

Council is required to comply with the following accounting standards and guidelines:

- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

#### 7.1.4 Capital/maintenance threshold

Council's capitalisation threshold policy states that items of infrastructure, property, plant and equipment need not be capitalised unless their cost of acquisition exceeds the following:

Category	Item	Threshold
Land	Council land	100% Capitalised
	Open space	100% Capitalised
Plant and Equipment	Office Furniture	> \$1,000
	Office Equipment	>\$1,000
	Other Plant and Equipment	>\$1,000
Buildings and Land Improvements	Park Furniture and Equipment	>\$2,000
	Building construction / extension	100% Capitalised
	Building renovations	>\$5,000
	Other structures	>\$2,000
Sewer Assets	Reticulation extensions	>\$5,000
	Other	>\$5,000
Stormwater Assets	Drains and Culverts	>\$5,000
	Other	>\$5,000
Transport Assets	Road construction and reconstruction	100% Capitalised
	Reseal / Re-sheet and major roads	>\$10,000
	Bridge construction and reconstruction	100% Capitalised



### 7.1.5 Required changes to accounting financial systems arising from this AM Plan

Possible changes to accounting and financial systems identified as a result of preparation of this asset management plan are:

- Linking of the customer service system to the corporate asset register to link requests to asset records,
- Improved maintenance and operations cost accounting to record costs against the asset components, and
- Review costing system to better capture maintenance, operations and renewal / upgrade activities.

## 7.2 Asset Management Systems

### 7.2.1 Asset management system

Blayney Shire Council is implementing the SnergySoft Asset Management System for buildings. For other asset classes council is using a Geographical Information Systems based Asset Management (AM) system, consisting of BizeAsset and Mapinfo software. Some information is maintained on spreadsheets or paper form, including condition assessment data and individual files for significant individual assets. Other asset classes, such as furniture and office equipment and fleet and plant are maintained on the Corporate financial system. Some of these data will be incorporated into the AM System in future revisions of this plan.

### 7.2.2 Asset registers

Asset registers are held in BizeAsset and the Corporate financial system. Some data is still held on paper and computer files and is yet to be entered into the AM Systems e.g. data on the age of infrastructure assets.

### 7.2.3 Linkage from asset management to financial system

For Buildings data is maintained in SynergySoft and Excel spreadsheets, while for Transport, and other structures, Parks and gardens, and Sewer asset classes, financial data is maintained in BizeAsset for manual transfer to the Corporate financial system. Other asset classes are maintained in the Corporate financial system.

### 7.2.4 Accountabilities for asset management system and data

The Asset Management System accountabilities and responsibilities for Council are:

Function	Responsibilities	Major accountabilities
Director of Infrastructure Services	<ul style="list-style-type: none"> <li>• Overseeing Works Program, and</li> <li>• Overseeing Asset Management System.</li> </ul>	Reporting to Council. Reporting to Department of Local Government. Works Program performance.
Director Environmental Health and Building	<ul style="list-style-type: none"> <li>• Budgetary control of Buildings and Other Structures.</li> </ul>	
Infrastructure Manager	<ul style="list-style-type: none"> <li>• Develop medium and long term Works Programs</li> <li>• Manage Asset Management System.</li> <li>• Manage development of: <ul style="list-style-type: none"> <li>○ Asset Registers,</li> <li>○ Risk Management Plans,</li> <li>○ GIS system, and</li> <li>○ Asset Management Plans.</li> </ul> </li> </ul>	Development of Asset systems. Ensuring system components in place. Day-to-day management of system. Accurate and timely collation of asset information.
Technical Officer – Infrastructure (not filled)	<ul style="list-style-type: none"> <li>• Collection and entry of asset information,</li> <li>• Provision of asset information as required.</li> </ul>	Accurate and timely development of GIS data layers.

Senior Surveyor	Building	• Delivery of Building and Other Structures maintenance and renewal program	Building Maintenance
Manager	Financial Services	Financial reporting to Department of Local Government to the satisfaction of Auditors.	Assembling Asset information into financial reports
Operations Manager		Development and management of Engineering projects in delivery program.	Accuracy of costing and efficient delivery of projects to estimates.

#### 7.2.5 Required changes to asset management system arising from this AM Plan

As a result of this Asset Management Plan, the following changes are proposed for the asset management system;

- Refinement of asset data, including actual age and condition rating at component level.
- Investigate the integration of the Asset Management System with the Records Management system,
- Link customer requests with specific assets or asset types and other steps to record customer satisfaction.

### 7.3 Information Flow Requirements and Processes

The key information flows *into* this asset management plan are:

- Council strategic and operational plans,
- Service requests from the community,
- Network assets information,
- The unit rates for categories of work/materials,
- Current levels of service, expenditures, service deficiencies and service risks,
- Projections of various factors affecting future demand for services and new assets acquired by Council,
- Future capital works programs,
- Financial asset values.

The key information flows *from* this asset management plan are:

- The projected Works Program and trends,
- The resulting budget and long term financial plan expenditure projections,
- Financial sustainability indicators.

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

### 7.4 Standards and Guidelines

Standards, guidelines and policy documents referenced in this asset management plan are:

- Blayney Shire Council Asset Management Policy, 2011,
- Blayney Shire Council Draft Asset Management Strategy,
- Blayney Shire Council Draft Infrastructure Risk Management Plan, and
- Blayney Shire Council Financial Statements

## 8. PLAN IMPROVEMENT AND MONITORING

### 8.1 Performance Measures

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

- The degree to which the required cashflows identified in this asset management plan are incorporated into the organisation's long term financial plan and Community/Strategic Planning processes and documents,
- 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;

### 8.2 Improvement Plan

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

**Table 8.2: Improvement Plan**

Task No	Task	Responsibility	Resources Required	Timeline
1	Community Consultation – undertake targeted engagement with the community to establish acceptable and affordable levels of service	General Manager	All staff	June 2013
2	Establish a reporting system to update the Asset Register data from the field including new assets, renewed assets and disposed of assets.	Director, Planning & Environmental Services	Technical Officer – Infrastructure & Environmental Services staff	December 2013
3	Condition Rating – refine data collection, including a more formalised inspection regime	Director, Planning & Environmental Services	Senior Health & Building Surveyor & Technical Officer – Infrastructure	Complete
4	Review and critically analyse projected replacement dates for each asset to better match expected level of service.	Infrastructure Manager	Senior Health & Building Surveyor & Technical Officer – Infrastructure	Ongoing
6	Refine and improve information in Buildings and Other Structures asset register, including acquisition dates and technical information.	Infrastructure Manager	Technical Officer – Infrastructure	Ongoing
7	Finance - Restructure ledgers to separate maintenance, operations and renewal / new asset costs by asset sub category.	Finance Manager/ Infrastructure Manager	Various staff	December 2013
8	Devise strategies to retire assets that are of little use and investigate options for disposal.	Infrastructure Manager	Corporate Services staff	June 2013
9	Conduct revaluation of Buildings and Other Structures, when confidence in asset register data reaches High, or in 2013 - 2015	Infrastructure Manager	Technical Officer – Infrastructure	Complete

### **8.3 Monitoring and Review Procedures**

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

The Plan has a life of four years and is due for revision and updating within two years of each Council election.

## REFERENCES

- Blayney Shire Council, *Draft Strategic Long-Term Financial Plan 2012 – 2022 and Draft Community Strategic Plan 2012*, Blayney Shire Council,
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## **APPENDICES**

Appendix A	Maintenance Response Levels of Service
Appendix B	Projected 10 year Capital Renewal Works Program
Appendix C	Planned Upgrade/Exp/New 10 year Capital Works Program A
Appendix D	Abbreviations
Appendix E	Glossary

## **Appendix A Maintenance Response Levels of Service**

To be developed.

## Appendix B Projected 10 year Capital Renewal Works Program

Appendix B & C Project Type Codes	
D	Defect repair (currently identified defects)
R	Renewal work (including refurbishment & like-for-like replacement)
U	Upgrade works (enhanced level of service through improvement of amenity or expansion)
N	New asset (to be constructed)

### Blayney SC Projected Capital Renewal Works Program - Buildings & Other Structures

(\$000)

Year	Item	Description	Estimate
2014		<b>Network Renewals</b>	
	1	Renewals - Long Term Financial Plan Councillor Workshop	\$251
2014		<b>Total</b>	<b>\$251</b>

2015		<b>Network Renewals</b>	
	1	Renewals - Long Term Financial Plan Councillor Workshop	\$367
2015		<b>Total</b>	<b>\$367</b>

(\$000)

Year	Item	Description	Estimate
2016		<b>Network Renewals</b>	
	1	Renewals - Long Term Financial Plan Councillor Workshop	\$345
2016		<b>Total</b>	<b>\$345</b>

2017		<b>Network Renewals</b>	Estimate
	1	Renewals - Long Term Financial Plan Councillor Workshop	\$252
2017		<b>Total</b>	<b>\$252</b>

(\$000)

Year	Item	Description	Estimate
2018		<b>Network Renewals</b>	
	1	Renewals - Long Term Financial Plan Councillor Workshop	\$67
2018		<b>Total</b>	<b>\$67</b>

2019		<b>Network Renewals</b>	
	1	Renewals - Long Term Financial Plan Councillor Workshop	\$97
2019		<b>Total</b>	<b>\$97</b>

(\$000)

Year	Item	Description	Estimate
2020		<b>Network Renewals</b>	
	1	Renewals - Long Term Financial Plan Councillor Workshop	\$35
2020		<b>Total</b>	<b>\$35</b>



<b>2021</b>		<b>Network Renewals</b>	
	1	Renewals - Long Term Financial Plan Councillor Workshop	\$25
<b>2021</b>		<b>Total</b>	<b>\$25</b>

(\$000)

<b>Year</b>	<b>Item</b>	<b>Description</b>	<b>Estimate</b>
<b>2022</b>		<b>Network Renewals</b>	
	1	Renewals - Long Term Financial Plan Councillor Workshop	\$2
<b>2022</b>		<b>Total</b>	<b>\$2</b>

<b>2023</b>		<b>Network Renewals</b>	
	1	Renewals - Long Term Financial Plan Councillor Workshop	\$35
<b>2023</b>		<b>Total</b>	<b>\$35</b>

## Appendix C Planned Upgrade/Exp/New 10 year Capital Works Program

### Projected Capital Upgrade/New Works Program - Buildings & Other Structures

(\$000)

Year	Item	Description	Estimate
2014	1	Upgrade / New Asset - Long Term Financial Plan Councillor Workshop	\$58
	2		
2014		Total	\$58

(\$000)

Year	Item	Description	Estimate
2015	1	Upgrade / New Asset - Long Term Financial Plan Councillor Workshop	\$98
	2		
2015		Total	\$98

(\$000)

Year	Item	Description	Estimate
2016	1		
2016		Total	\$0

(\$000)

Year	Item	Description	Estimate
2017	1		
2017		Total	\$0

(\$000)

Year	Item	Description	Estimate
2018	1		
2018		Total	\$0

(\$000)

Year	Item	Description	Estimate
2019	1		
2019		Total	\$0

(\$000)

Year	Item	Description	Estimate
2020	1		
2020		Total	\$0

(\$000)

Year	Item	Description	Estimate
2021	1		

2021		Total	\$0
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(\$000)

Year	Item	Description	Estimate
2022	1		
2022		Total	\$0

(\$000)

Year	Item	Description	Estimate
2023	1		
2023		Total	\$0

## **Appendix D Abbreviations**

<b>AAAC</b>	Average annual asset consumption
<b>AMP</b>	Asset management plan
<b>ARI</b>	Average recurrence interval
<b>CRC</b>	Current replacement cost
<b>CWMS</b>	Community wastewater management systems
<b>DA</b>	Depreciable amount
<b>IRMP</b>	Infrastructure risk management plan
<b>LCC</b>	Life Cycle cost
<b>LCE</b>	Life cycle expenditure
<b>MMS</b>	Maintenance management system
<b>RV</b>	Residual value

## Appendix E 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 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 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.

### Average annual asset consumption (AAAC)\*

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

### Borrowings

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

### Capital expenditure

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

### Capital expenditure - expansion

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

### Capital expenditure - new

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

### Capital expenditure - renewal

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

**Capital expenditure - upgrade**

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

**Capital funding**

Funding to pay for capital expenditure.

**Capital grants**

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

**Capital investment expenditure**

See capital expenditure definition

**Capitalisation threshold**

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

**Carrying amount**

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

**Class of assets**

See asset class definition

**Component**

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

**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.

**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.

**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.

**Fair value**

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

**Funding gap**

A funding gap exists whenever an entity has insufficient capacity to fund 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 funding gap means service levels have already or are currently falling. A projected funding gap if not addressed will result in a future diminution of existing service levels.

### **Heritage asset**

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

### **Impairment Loss**

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

### **Infrastructure assets**

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

### **Investment property**

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

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

### **Key performance indicator**

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

### **Level of service**

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

### **Life Cycle Cost**

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

### **Life Cycle Expenditure**

The Life Cycle Expenditure (LCE) is the actual or planned annual operations, maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of life cycle sustainability.

### **Loans / borrowings**

See borrowings.

### **Maintenance**

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

#### **• Planned maintenance**

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

#### **• Reactive maintenance**

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

#### **• Significant maintenance**

Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.

#### **• Unplanned maintenance**

Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

**Maintenance and renewal gap**

Difference between estimated budgets and projected required expenditures for maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

**Maintenance and renewal sustainability index**

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

**Maintenance expenditure**

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

**Materiality**

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

**Modern equivalent asset**

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

**Net present value (NPV)**

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

**Non-revenue generating investments**

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

**Operations expenditure**

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

**Operating expense**

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

**Rate of annual asset consumption**

A measure of average annual consumption of assets (AAAC) expressed as a percentage of the depreciable amount (AAAC/DA). Depreciation may be used for AAAC.

**Rate of annual asset renewal**

A measure of the rate at which assets are being renewed per annum expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

**Rate of annual asset upgrade**

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

**Recoverable amount**

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

**Recurrent expenditure**

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

**Recurrent funding**

Funding to pay for recurrent expenditure.

**Rehabilitation**

See capital renewal expenditure definition above.

**Remaining useful life**



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

**Renewal**

See capital renewal expenditure definition above.

**Residual value**

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

**Revenue generating investments**

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

**Risk management**

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

**Section or segment**

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

**Service potential**

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

**Service potential remaining**

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

**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.

**Specific Maintenance**

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, cycle, 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.

**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