

# LOCKHART SHIRE COUNCIL



## COMMUNITY FACILITIES Asset Management Plan



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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

The Lockhart Shire covers an area of 2942.23 square kilometres and is located in the Southern Riverina area of New South Wales. With a population of 2998 (2011 Census) the Shire includes the major townships of Lockhart and The Rock and the smaller villages of Milbrulong, Yerong Creek and Pleasant Hills.

### The Buildings Service

The Buildings network comprises:

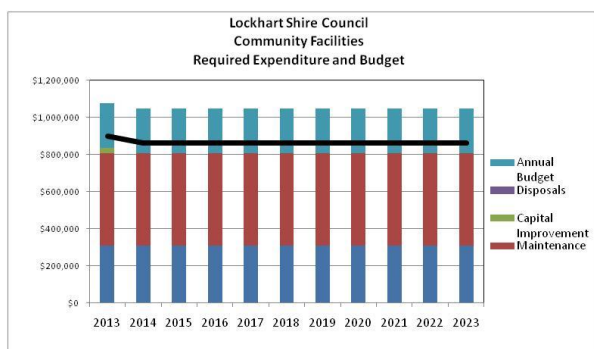
- Caravan Parks
- Council Offices
- Medical/Dental
- Museums/Galleries
- NSW RFS and SES facilities
- Public Amenities
- Public Swimming Pools
- Public Halls
- Public Parks
- Recreation Grounds
- Aged, Rental, Staff and Youth Accommodation
- Showgrounds
- Works Depots

These infrastructure assets have a replacement value of \$13,892,513.

### What does it Cost?

The projected cost to provide the services covered by this Asset Management Plan includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$10,431,780 or \$1,043,178 per year.

Council's estimated available funding for this period is \$8,598,100 or \$859,810 per year which is 84% of the cost to provide the service. This is a funding shortfall of \$183,368 per year. Projected and budgeted expenditure are shown in the graph below.



Councils' present funding levels are not sufficient to continue to provide existing services at current levels in the long term.

These funding levels do not include full replacement of the two town swimming pools, estimated to be \$4.2M. Just to keep the pools operational for the next 15 years requires \$2M capital injection, which also has not been included in this plan until funding streams are confirmed.

### What we will do

Council will

- Complete the Identification and addition Parks and Recreation infrastructure to the Asset Register
- Develop a valuation strategy that provides realistic valuations of the Building Assets
- Review the rationale for useful life and residual value
- Develop a disposal strategy for infrastructure which is no longer needed
- Develop a long-term Community Facilities Needs Plan
- Develop and fund a Long-Term Renewal Program
- Replace the existing swimming pools at both Lockhart and The Rock in the short-term subject to confirmation of funding streams.

### What we cannot do

Provide upgraded or new facilities until the reviews listed above are completed other than for the swimming pools.

### 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:

- Rising costs of managing infrastructure
- Meeting community expectations for services
- Providing the most appropriate and affordable infrastructure for the community
- The closing of both swimming pools in the short-term if funding and refurbishment does not occur.

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

- Develop a long-term Community Facilities Needs Plan
- Develop and fund a Long-Term Renewal Program
- Confirm funding for the swimming pools refurbishment.

### The Next Steps

The actions resulting from this asset management plan are:

- Continue to improve asset information and knowledge.
- Develop a single corporate asset register for financial and reporting purposes.
- Develop a valuation strategy that provides realistic valuations of the Building Assets
- Review the rationale for useful life and residual value
- Develop a disposal strategy for infrastructure which is no longer needed
- Develop a long-term Community Facilities Needs Plan
- Develop and fund a Long-Term Renewal Program
- Integrate Renewal Program into the Long Term Financial Plan
- Develop funding model to replace swimming pools in the short-term.

### Questions you may have

#### What is this plan about?

This asset management plan covers the infrastructure assets that serve the Lockhart Shire Community's Buildings needs.

#### What is an Asset Management Plan?

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

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

provided, how the services are provided and what funds are required to provide the services.

#### Why is there a funding shortfall?

Most of the Council's Communities Facilities were constructed from government grants or volunteers efforts and fund raising, often provided and accepted without consideration of ongoing operations, maintenance and replacement needs.

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

Councils' present funding levels are insufficient to continue to provide existing services at current levels in the medium term. This is particularly applicable to the swimming pools.

#### 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 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 Community Facilities 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. This could include applying for Special Rate Variation to fund swimming pools replacement.

#### 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. This could include closing the two swimming pools in the short-term.



## 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, Asset Management Strategy and the following associated planning documents:

- Community Strategic Plan
- Operational Plan
- Delivery Plan
- Long Term Financial Plan

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

Asset category	Number	Replacement Value
Accommodation Facilities		\$2,382,336
Community Facilities		\$765,770
Halls		\$1,791,922
Commercial Facilities		\$1,157,046
Operation Facilities		\$3,561,509
Parks		\$291,381
Public Toilets.		\$195,943
Swimming Pools		\$1,478,620
Recreation Grounds		\$2,268,079
<b>TOTAL</b>		<b>\$13,892,513</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 or community 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

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

- Provide information to assist decision makers in trading off service levels, costs and risks to provide services in a financially sustainable manner.

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

Council's vision is:

"Provide an environment where people may enjoy a quality of life which they aspire to."

Council's mission is:

"Provide leadership and meet the community's needs in an equitable and inclusive way that enhances the area's environment, social and economic qualities."

**Table 2.2: Organisation Goals and how these are addressed.**

Goal	Objective	Action
<b>A2: OUR COMMUNITY SERVICES AND FACILITIES MEET THE NEEDS OF THE COMMUNITY</b>	Support, or partner to provide, welcoming and well maintained community spaces and facilities. .	Plan, develop and maintain facilities, parks and gardens that respond to the needs of the community.
<b>B1: Our Shire is attractive and welcoming to businesses, industry, residents, and visitors</b>	Manage and improve the appearance of our towns, in line with their desired identities	Develop and implement a long-term beautification plan for each of the shire's towns.
<b>B2: Our community has a strong tourism sector</b>	Create a thriving tourism economy in Lockhart Shire.	Support and develop infrastructure for our tourism sector.
<b>C1: Our environmental practices are sustainable</b>	Ensure that Council buildings and facilities are environmentally sensitive	<ul style="list-style-type: none"> <li>• Where practical improve the energy efficiency of Council buildings.</li> <li>• Investigate installation of new energy efficient street lighting.</li> </ul>
<b>C3: Our open space and natural environment are protected for future generations</b>	Provide nature reserves and protected areas for our community.	<ul style="list-style-type: none"> <li>• Provide protection, management and promotion of Galore Hill.</li> <li>• Advocate to, and support the National Parks Wildlife Service, in their management of The Rock Hill Nature Reserve.</li> <li>• Provide protection, management and promotion of nature reserves under the control of Council.</li> </ul>
<b>D1: OUR ASSETS AND INFRASTRUCTURE ARE WELL PLANNED AND MANAGED TO MEET THE NEEDS OF THE</b>	Strategically plan for our sports and recreation infrastructure, as well as cemeteries.	<ul style="list-style-type: none"> <li>• Ensure appropriate provision, planning and use of all open space and recreation facilities and cemeteries.</li> </ul>

<p><b>COMMUNITY NOW AND INTO THE FUTURE</b></p>		<ul style="list-style-type: none"> <li>• Prepare and implement strategic replacement and upgrade plans for Lockhart Swimming Pool to address ageing infrastructure and to meet the community's long term needs.</li> <li>• Prepare and implement strategic replacement and upgrade plans for The Rock Swimming Pool to address ageing infrastructure and to meet the community's long term needs.</li> </ul>
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### 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 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.

Council has consulted with the community in April 2016, June 2016 and October 2016 regarding the swimming pools. It was clear the community wished to continue having public pools in both Lockhart and The Rock and were prepared to pay to have these pools upgraded into modern standard pools.

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

### 3. LEVELS OF SERVICE

#### 3.1 Customer Research and Expectations

Council has only carried out basic research on customer expectations in regards Community Facilities. Council has undertaken three separate community sessions regarding replacing the town swimming pools, with overwhelming consensus that community wishes for the pools to be replaced. During recent Community Strategic Plan (CSP) consultation sessions the communities also expressed importance of the Shire sport and recreation facilities.

#### 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 1993 Local Government Amendment (Planning and Reporting) Act 2009 (the 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. The amendments to the Act give effect to the Integrated Planning and Reporting framework.
Workplace Health & Safety Act 2011	Sets out roles and responsibilities to secure the health, safety and welfare of persons at work. Council is to provide a safe working environment and supply equipment to ensure safety.
Disability Discrimination Act 1992 and other relevant disability legislation.	Sets out the responsibilities to all in regards to discrimination. This Act makes it unlawful to discriminate against people because of their disability.
Building Code of Australia	Sets out acceptable standards and deemed to satisfy provisions for building work both residential and commercial.
Local Environmental Plan	Sets out the zoning of lands within the Council area and what development is permissible on the land.
Dividing Fences Act	Local government exempt from 50/50 contribution for dividing fences abutting public open space.
Section 94A Plans	Provides information on contributions for developments that will require or increase the demand for public facilities in the area such as open space, community facilities and recreation facilities.
Crown Land (Reserves) Act 1989	Regulates what can be done on Crown land.
Swimming Pools Act 1992	General requirements for outdoor swimming pools.
Public Health Act 2010 No. 127	Division 3 – control of public swimming pools and spa pools.
Protection of the Environment Operations Act 1998	Sets out the role, purpose, responsibilities and powers of Council relating to protection and preservation of the environment.

#### 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? Is it accessible?
Capacity or Utilisation	Is the asset substantially over or under capacity?
Safety	Is the service safe? This is managed by the Risk Management Plan and the governance process that reports any high residual risks to Council.

**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.

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>COMMUNITY LEVELS OF SERVICE</b>				
Quality	Facilities maintained and clean. Quality of facility is acceptable to the community.	Community Feedback. Community survey	<10 requests per year. No deficiencies are recorded in the Community Survey	Meets target  Meets target
Function	Ensure that facilities are able used for intended purpose	Usage rates.	All Individuals and users groups are catered for.	Meets target
Safety	Facilities provide a safe environment to users without unexpected hazards	Reports safety incidents	Nil incidents for the year.	Meets target
Sustainability	Regular inspections and maintenance carried out to maximise life.	Condition assessment	Less than 10% of measured assets to rated at 4 or 5	Currently <10%
<b>TECHNICAL LEVELS OF SERVICE</b>				
Operations	Facilities operated within accordance with Council's requirements	Compliance with agreed opening and access requirements	100%	100%
Budget			\$304,543	
Maintenance	Current maintenance schedules maintained	Current regular maintenance completed on time. Irregular maintenance completed within agreed level of service	100% completed on time.  Initial response within 48hrs	Not Known  Not Known
Budget			\$498,288	
Renewal	Renewal of elements before unacceptable failure rate	Maintenance Costs	Maintenance costs remain static	Maintenance Costs remain static
Budget			\$61250	
Upgrade/New	Compliance with higher legislative requirements. Meet community and customer expectation	Compliance with legislative requirements. Meet goals set in Community Strategic Plan	100% compliance  Achieves objectives of Delivery Plan	100% compliance  Not measured.
Budget			\$30000	

### **3.4 Desired Levels of Service**

At present, indications of desired levels of service are obtained from various sources including CSP community sessions, community sessions regarding swimming pools upgrade, residents' feedback to Councillors and staff, service requests and correspondence. Council has yet to fully quantify desired levels of service, although it was clear from these consultation sessions that sport & recreation facilities are important to the community.. 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	Projection	Impact on services
Population	2,998	Population projection for the Shire in the next 10 years is zero net change (as forecast by forecast2.id)	Generally no increase in demand for infrastructure services.
Demographics	<p>Median Age 44 years</p> <p>English at Home 95.5%</p> <p>Rural area population 44.6%</p> <p>Major Urban areas The Rock 51.9% (862) Lockhart 48.1% (800)</p>	<p>There has been a slow increase in the median age. Up from 42 years in 2006. It is expected that this will continue.</p> <p>This has remained static for many years and expected to continue.</p> <p>This has decreased by .34% per annum over last 10 years.</p> <p>The Rocks population is remaining static and Lockhart is reducing by 1.1% per year</p>	<p>There will be a greater need to provide mobility options for the aging population.</p> <p>No additional impact on services</p> <p>Agricultural businesses are using higher productivity vehicles increased size and weight.</p>

### 4.2 Changes in Technology

Technology changes are forecast to have some on the delivery of services covered by this plan, including the ability to heat the town swimming pools.

### 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. An example of demand management is the very likely scenario of closing the town swimming pools due to failure.

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.

### 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.

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 will be identified and considered in developing forecasts of future operations and maintenance costs for inclusion in the annual Operational and Delivery Plans.

## 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.

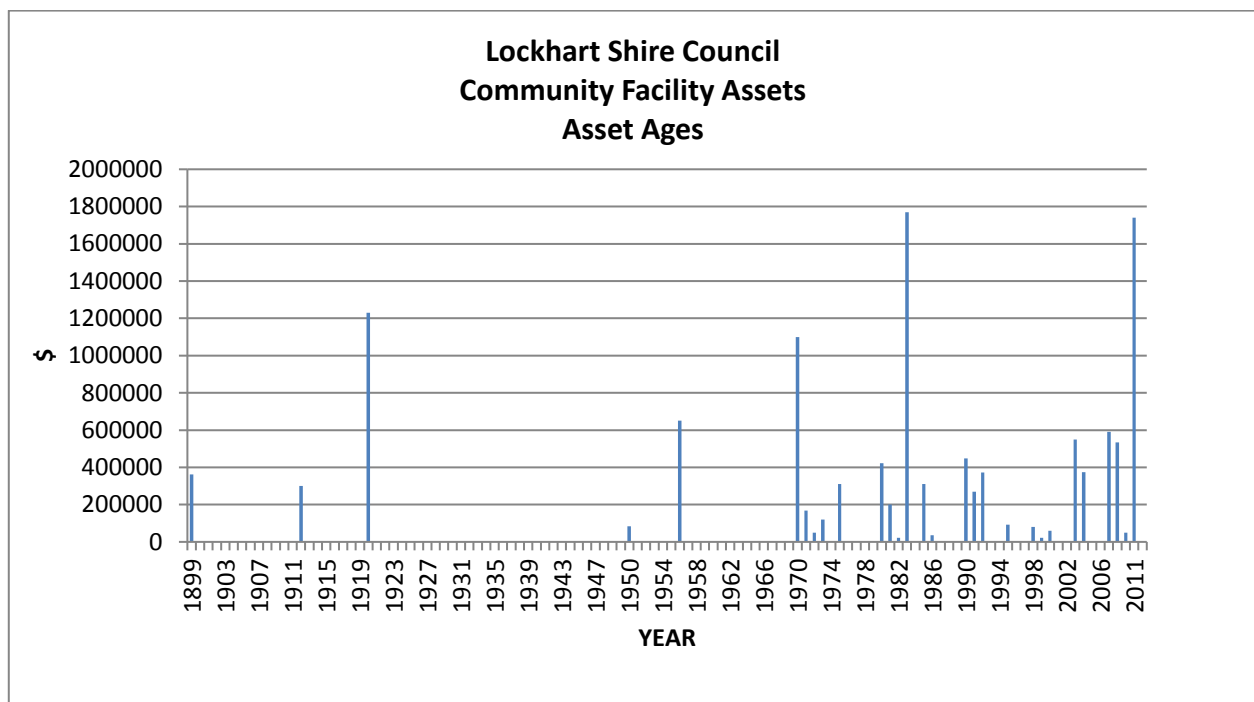
### 5.1 Background Data

#### 5.1.1 Physical parameters

The assets covered by this asset management plan are shown in Appendix E.

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

*Figure 2: Asset Age Profile*



#### 5.1.2 Asset capacity and performance

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

#### 5.1.3 Asset condition

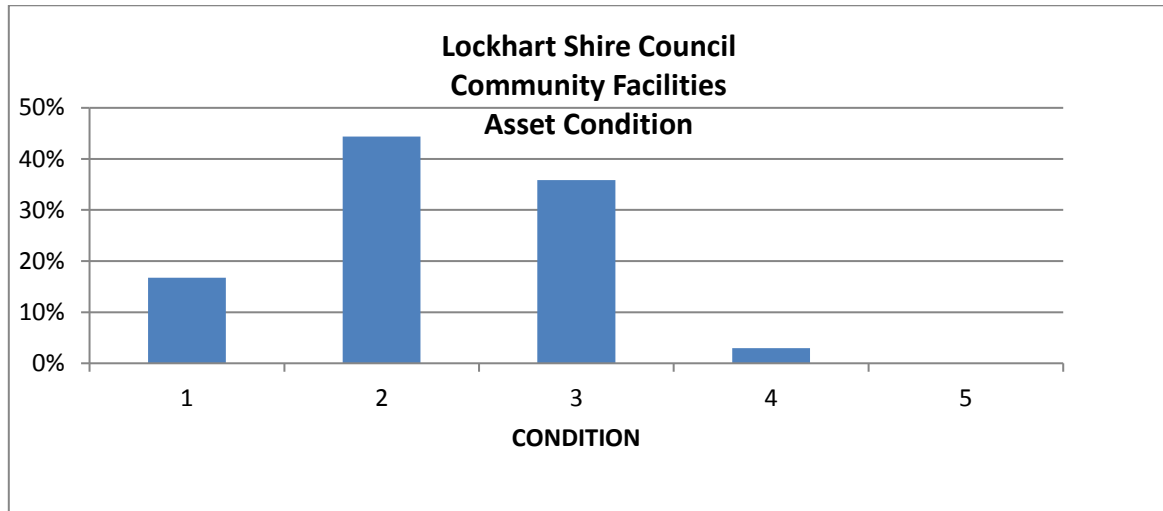
The condition profile of assets included within this AM Plan is shown in Figure 3. Full condition assessment was undertaken of town swimming pools in December 2014. Further work is required to assess the conditions of other community assets. Asset life will be considered in future versions of the plan. A well-maintained building with adequate maintenance will have a long life which could be 100s of years. In particular water must be kept out of the building along with white ants and vermin. Failure to manage these areas will result in the life of the structure being significantly reduced.

The swimming pools were found to have between 2-5 years remaining life in when assessed by external consultant in late 2014. A new swimming pool would be expected to have a life of 50 years.

The building assets have not been compartmentalised in this Asset Management Plan. Up to 40% of new buildings are considered as nonstructural. These elements have a useful life of approximately 20 years and may be renewed many times during the life of a building. This issue will be considered in the next review of the asset management plan



**Figure 3: Asset Condition Profile**



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**

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 2016 value of assets recorded in the asset covered by this asset management plan is shown below.

Current Replacement Cost	\$ 13,892,513
Depreciable Amount	\$ 13,638,955
Depreciated Replacement Cost	\$ 10,470,953
Annual Depreciation Expense	\$ 240,347

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)	1.76%
Asset renewal (Capital renewal exp/Depreciable amount)	0.45
Annual Upgrade/New	0.22%

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

(Capital upgrade exp/Depreciable amount)

Annual Upgrade/New                      0%  
(including contributed assets)

Council is currently renewing assets at 25.5% of the rate they are being consumed and increasing its asset stock by 0% 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.

## **5.2 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.

### **5.2.1 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.

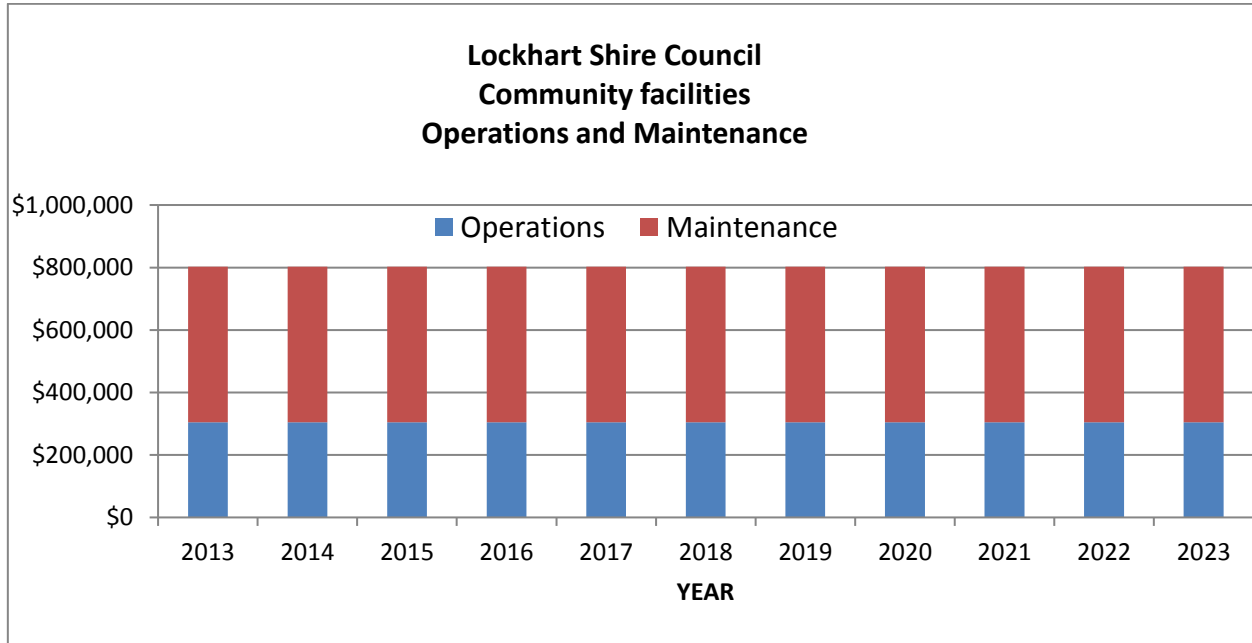
Future revision of this asset management plan will include linking required maintenance expenditures with required service levels.

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

### **5.2.2 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 2016 dollar values.

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



Deferred maintenance, i.e. 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.

## 6. FINANCIAL SUMMARY

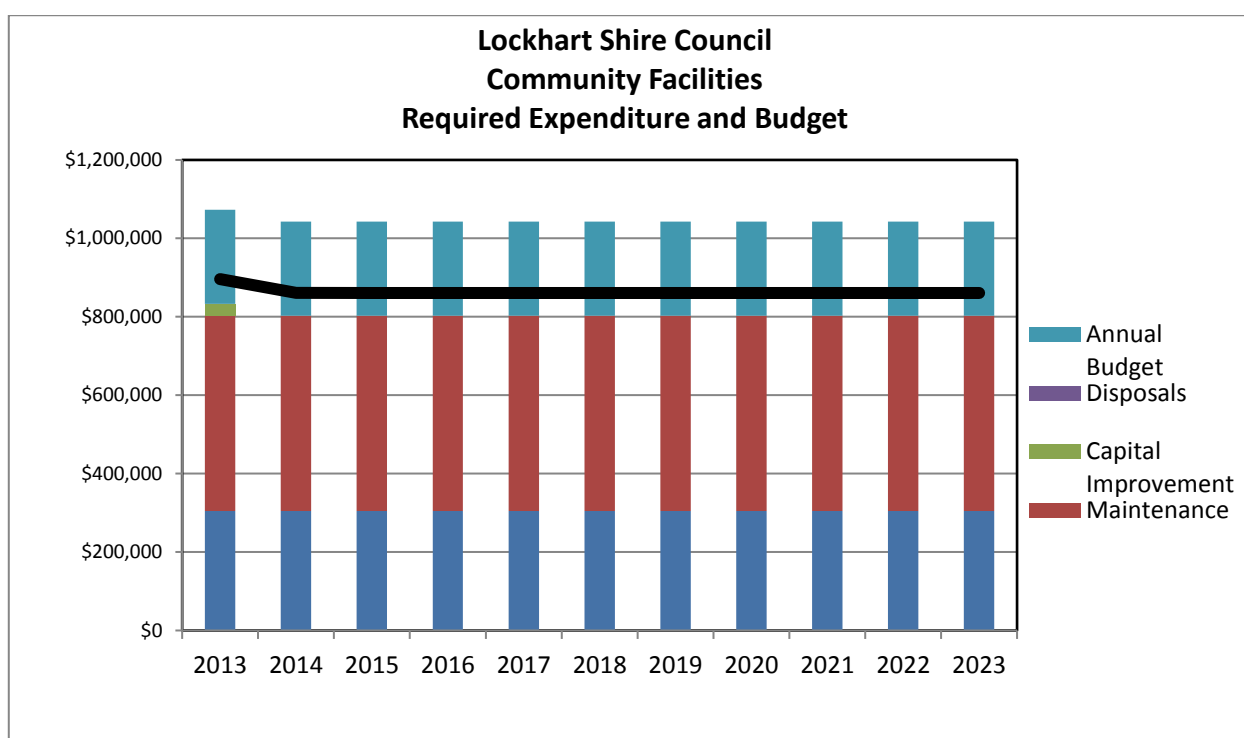
This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset 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 2016 dollar values.

**Figure 7: Projected Operating and Capital Expenditure and Budget**



#### 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 \$1,043,178 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 \$864,081, (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 -\$179,097 per year (-ve = gap, +ve = surplus).

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. The long-term Sustainability index is 0.828

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 \$1,043,178 per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$859,810 per year giving a 10-year funding shortfall of \$183,368 per year and a 10-year sustainability indicator of .824.

#### **Medium Term – 5-year financial planning period**

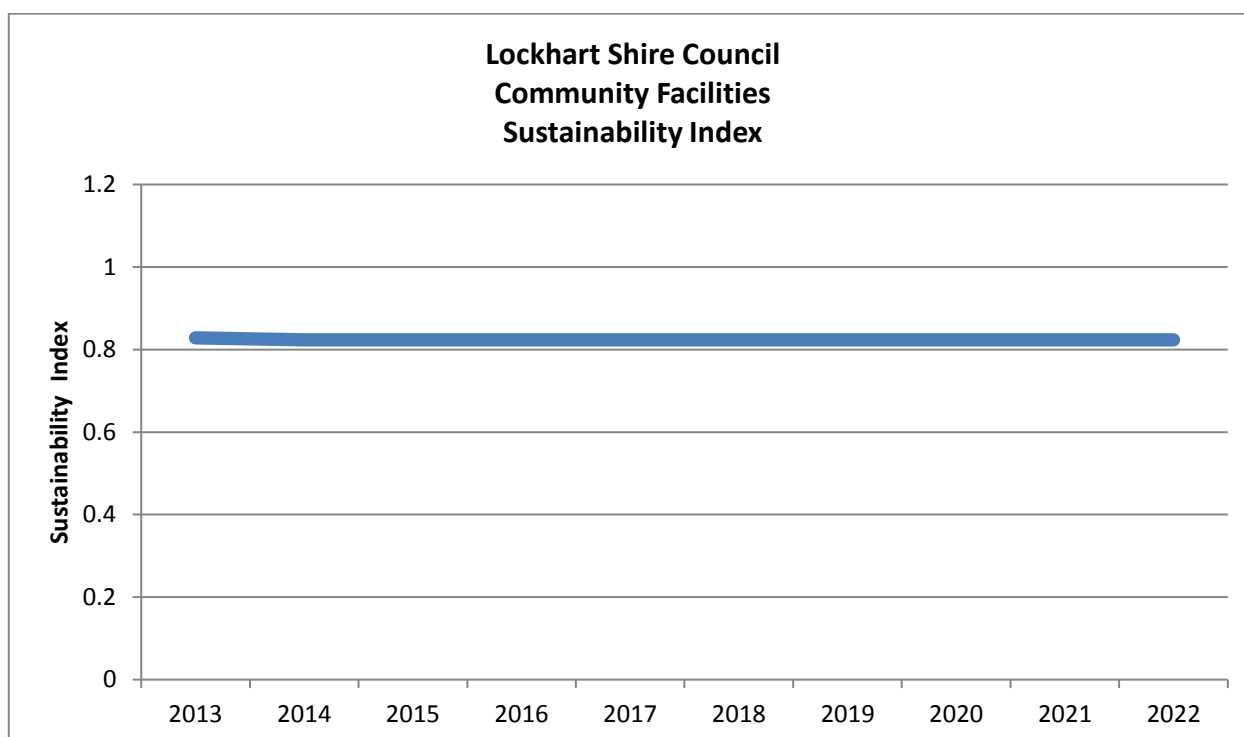
The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$1,043,178 per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$860,081 per year giving a 5-year funding shortfall of 183,097. This is 82% of projected expenditures giving a 5-year sustainability indicator of 0.824.

#### **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**



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 AMPlan.

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. This figure does not include funding of the swimming pool upgrades (\$4.2m) as funding streams are yet to be determined. A minimum of \$2m is required just to keep the two pools operational in the short-medium term.

**Figure 8: Projected and Budgeted Renewal Expenditure**

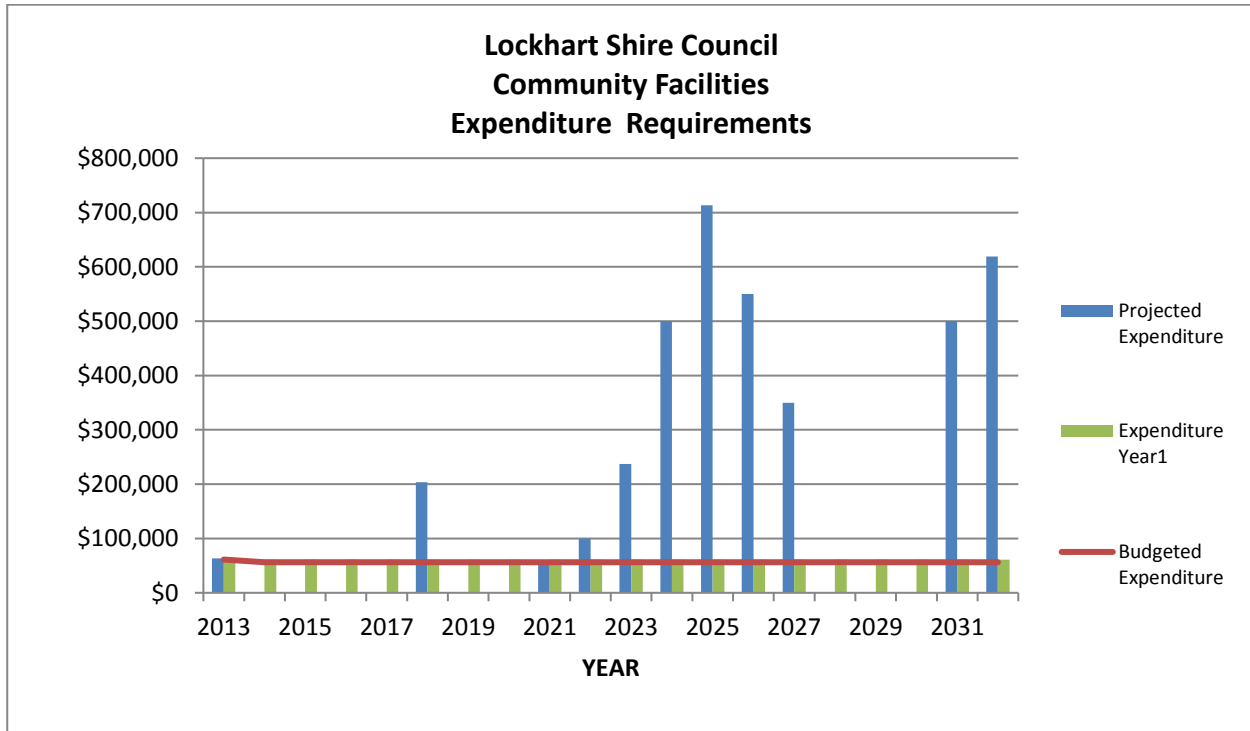


Table 6.1.1 shows the shortfall between projected and budgeted renewals

**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)
2013	\$63	\$61	-\$2	-\$2
2014	\$0	\$56	\$56	\$54
2015	\$0	\$56	\$56	\$110
2016	\$0	\$56	\$56	\$166
2017	\$0	\$56	\$56	\$222
2018	\$204	\$56	-\$148	\$74
2019	\$0	\$56	\$56	\$130
2020	\$0	\$56	\$56	\$186
2021	\$59	\$56	-\$3	\$183

2022	\$100	\$56	-\$44	\$139
------	-------	------	-------	-------

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.

The current information suggests that, except for the town swimming pools, Council's contribution to renewal of its community facility assets is sustainable for the next ten years. However there are two issues that need to be considered in this result. Firstly, the majority of the renewal funds are earmarked for community groups to manage facilities. It is currently unclear if the community groups are aware of asset management concepts. Figure 8 also shows that on current estimates that there is a large number of community facility assets which will require renewing in approximately 10 years. Secondly, Council is yet to determine funding streams for the swimming pool replacement, which require significant capital injection in the short term to keep operational or will have to be closed.

Council needs to improve its knowledge of the assets in relation useful life. This is particularly important for building fittings which have much shorter useful life than the structure. Up to 40% of new public buildings can be considered fittings whereas in older buildings the figure will be much less.

### 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)
2013	\$304	\$498	\$61	\$30	\$0
2014	\$304	\$498	\$56	\$0	\$0
2015	\$304	\$498	\$56	\$0	\$0
2016	\$304	\$498	\$56	\$0	\$0
2017	\$304	\$498	\$56	\$0	\$0
2018	\$304	\$498	\$56	\$0	\$0
2019	\$304	\$498	\$56	\$0	\$0
2020	\$304	\$498	\$56	\$0	\$0
2021	\$304	\$498	\$56	\$0	\$0
2022	\$304	\$498	\$56	\$0	\$0

*Note: All projected expenditures are in 2013 values*

## 6.2 Funding Strategy

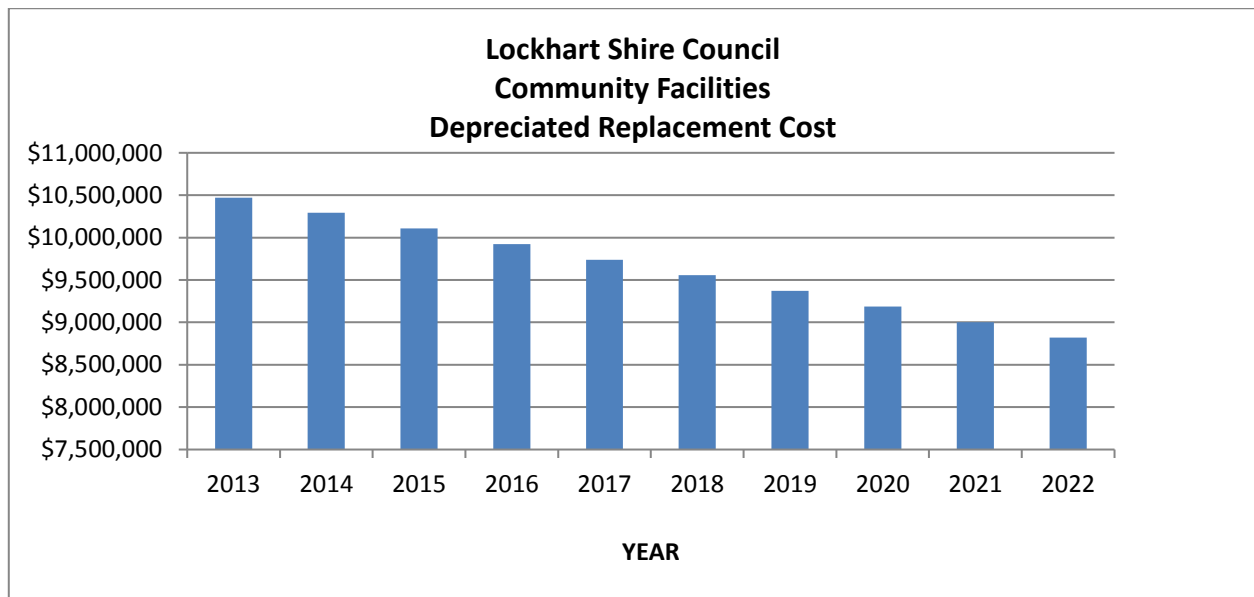
Projected expenditure identified in Section 6.1 is to be funded from future operating and capital budgets. The funding strategy is detailed in the organisation's 10-year long term financial plan, however this excludes the swimming pool refurbishment as funding streams are yet to be determined.

## 6.3 Valuation Forecasts

Asset values will increase if 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. Council is currently not planning any major additions to its stock of community facilities.

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.

**Figure 11: Projected Depreciated Replacement Cost**



#### **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:

- That buildings assets will remain in Council's ownership throughout the planning period and that levels of service will remain unchanged.
- Required maintenance is assumed to take place with relevant codes and standards.
- Natural disasters (such as flood), and other unplanned events are not considered in the asset lifecycles.
- Assets are assumed to reach their allocated design lives even though degradation will vary according to location, prevailing weather and usage.
- Maintenance expenditure is based on historical expenditure and assumes there will be no significant change.
- Maintenance and operations allocations are largely based on maintaining current service levels.
- Swimming pools refurbishment has not been included in forecasts until funding streams are confirmed.



## 7. ASSET MANAGEMENT PRACTICES

### 7.1 Accounting/Financial Systems

#### 7.1.1 Accounting and financial systems

Practical Plus Accounting System

#### 7.1.2 Accountabilities for financial systems

Director Corporate & Community Services

#### 7.1.3 Accounting standards and regulations

AASB116

Local Government Act 1993 as amended for DPR

#### 7.1.4 Capital/maintenance threshold

See Asset Management Policy

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

All asset registers current in Excel and Practical Plus are being integrated to Bizeasset Systems.

### 7.2 Asset Management Systems

#### 7.2.1 Asset management system

The Bizeasset System using MapInfo as an interface for the addition, maintenance and disposal of assets, with financial data attached to points, lines and regions on a map.

#### 7.2.2 Asset registers

All asset registers current in Excel and Practical Plus are being integrated to Bizeasset Systems.

#### 7.2.3 Linkage from asset management to financial system

Quarterly update of capital transactions from Practical Plus to current Asset Registers.

#### 7.2.4 Accountabilities for asset management system and data

Director Engineering & Environmental Services and Director Corporate & Community Services.

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

Continued migration of Asset Registers to Bizeasset.

### 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:

- Local Government Act (NSW) 1993
- Local Government Amendment (Planning and Reporting) Act 2009
- Local Government (Finance Plans and Reporting) Regulation 2010
- AAS116

## 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 cash flows 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	Complete the identification and addition of Parks and Recreation infrastructure to the Asset Register	DEES	Staff Time	May 2017
2	Develop a valuation strategy that provides realistic valuations of the existing buildings	DCCS	Staff Time	May 2017
3	Review the rationale for useful life and residual value	DEES	Staff Time	May 2017
4	Develop a disposal strategy for infrastructure which is no longer needed	DEES	Staff Time	Next AM Plan
5	Develop a long term Community Facilities Needs Plan	DEES	Staff Time	Next AM Plan
6	Develop and fund a Long Term Renewal Program	DEES	Staff Time	May 2017
7	Integrate Renewal Program into the Long Term Financial Plan	DCCS	Staff Time	May 2017
8	Confirmation of funding streams to allow refurbishment of the existing swimming pools at both Lockhart and The Rock	DEES	Staff Time	Feb 2017

### 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 4 years and is due for revision and updating within 12 months of each Council election.

## REFERENCES

Lockhart Shire Council, Community Strategic Plan 2013 – 2022, Lockhart Shire Council.

Lockhart Shire Council, Long Term Financial Plans 2013 - 2022, Lockhart Shire Council.

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**APPENDICES**

Appendix A Base Assumptions

Appendix B Operation and Maintenance Costs

Appendix C Projected 10 year Capital Renewal Works Program

Appendix D Planned Upgrade/Exp/New 10 year Capital Works Program A

Appendix E Abbreviations

Appendix F Asset Register

Appendix G Glossary

## Appendix A Base Assumptions

### Lockhart community Facilities Asset Management Plans

#### Base Assumptions

May 2013

#### LIFE OF ASSETS.

##### **Buildings/Structures.** All types.

50-60 years with 0% residual. Source: Staff assessment.

No consideration has been taken into account for different types of buildings or materials that buildings have constructed from.

This issue will be considered in the new version of the Asset Management Plan.

##### **Fittings.** All types

60 years with 0% residual. Source: Staff assessment.

No allowance has been made for fittings to be renewed at more regular intervals. It is likely that air conditioners, carpets, plumbing, pumps and electrical fittings will require renewal at periods of 15 to 25 years.

This issue will be considered in the new version of the Asset Management Plan.

No consideration has been taken into account for different types of mains.

##### **Parks.**

Fixtures and Fittings.

20 Years with 10% residual Source: Local experience with park equipment

Minor assets (less than \$5000) have not been considered unless grouped such as playground equipment.

Consumption rates will depend on the type of fixture and fitting along with the amount and type of usage of the asset.

##### **Net ball Courts, Tennis Courts, Skate Park.**

20 Years with 50% Residual. Source: Local experience with park equipment

Consumption rates will depend on the type of fixture and fitting along with the amount and type of usage of the asset.

##### **Recreation Grounds**

Sporting fields have not been considered in this version of the Asset Management plan. Inclusion will be considered in the next version of the Asset Management Plan. This will require an assessment of determining the cost of construction and life of the asset. This may vary with usage, types of activities, current construction and types of soils.

#### **Irrigation.**

Irrigation systems have not been considered in the Asset Management Plan. Inclusion will be considered in the next version of the Asset Management Plan.

#### **Street Trees, Park Trees and Garden Beds.**

Street Trees, Park Trees and Garden Beds have not been considered in the Asset Management Plan. Inclusion will be considered in the future versions of the Asset Management Plan.

Careful consideration of methods of valuing these assets. Current methods of measuring the amenity value of these assets is highly subjective. Current best practice appears to accept the amenity value is intangible but lifecycle costs can be measured and these used as the basis for the asset valuations.

#### **ASSET ELEMENTS.**

##### **Buildings**

Buildings have been valued on an individual basis using staff experience as principal source of valuation. These valuations have been determined using guidance from professional valuations for insurance purposes carried out in 2008 and 2013. These valuations are considerably higher than the values suggested in the Asset Management Plans. The reasons for this may include;

- Valuations are for insurance purposes. This involves removal and disposal of the old building, relocation and administration costs and construction of a new building.
- Valuations assume various types of buildings will be constructed to a much higher finish than has been traditional throughout the Shire.

Staff knowledge will improve as buildings are replaced and actual costs can be determined.

##### **Parks**

Park fixtures and fittings have been valued using staff experience. Staff knowledge will improve as fixtures are replaced and actual costs can be determined.

##### **Net ball Courts, Tennis Courts, Skate Park.**

These assets have been have been valued using staff experience. Staff knowledge will improve as assets are replaced and actual costs can be determined.

## Appendix B Operations and Maintenance Costs

Lockhart Shire Council													
Community Facilities Asset Management Plan													
Operation and Maintenance Costs 2013/14													
Information from 2013/14 Draft Operational Plan													
	Operation								Maintenance		Depreciation (From budget)		
	Labour	Insurance	Electricity	Telephone	Rates	Water	Cleaning	Suppliers	Staff	Section 355	Building	Structures	
Administration		\$58,061	\$17,922		\$1,425	\$1,391	\$19,055		\$17,450				
Engineering											\$25,926		
Depot									\$41,500		\$10,756	\$8,052	
Health											\$9,141	\$2,265	
Aged & Disabled Mag Lodge 1		\$3,844	\$618		\$3,337	\$2,318			\$10,440				
Aged & Disabled Mag Lodge 2		\$1,807	\$355		\$3,495	\$1,710			\$6,953				
Residences		\$8,150			\$4,332	\$1,477			\$9,000				
Youth Flats		\$2,460			\$2,466	\$917			\$5,923				
Cemeteries					\$200	\$4,130			\$60,590				
Toilets									\$13,500		\$30,841	\$8,907	
Halls									\$1,000	\$7,500			
Lockhart Swimming Pool	\$16,000	\$10,545	\$4,369	\$515	\$543	\$3,230		\$8,000	\$12,600				
The Rock Swimming Pool	\$16,000	\$10,860	\$5,400	\$464	\$3,090			\$6,000	\$39,000				
P & G		\$4,500	\$3,660		\$1,818				\$210,537	\$14,750	\$135,821	\$150,861	
Caravan park	\$24,150		\$12,500		\$2,778	\$1,133			\$36,145				
Shops		\$1,587			\$1,924	\$515			\$5,200				
Other					\$7,593	\$1,957			\$1,500				
Lockhart Hall		\$3,092	\$2,200		\$501	\$263			\$1,500				
The Rock Medical		\$2,871			\$1,128	\$206			\$1,200				
Lockhart Medical		\$3,378	\$756		\$1,238	\$309			\$2,000		\$6,522	\$6,957	
<b>Total</b>	<b>\$56,150</b>	<b>\$111,155</b>	<b>\$47,780</b>	<b>\$979</b>	<b>\$35,868</b>	<b>\$19,556</b>	<b>\$19,055</b>	<b>\$14,000</b>	<b>\$476,038</b>	<b>\$22,250</b>	<b>\$219,007</b>	<b>\$177,042</b>	
								<b>\$304,543</b>		<b>\$498,288</b>		<b>\$396,049</b>	
<b>2013/14 Renewal &amp; Capital Improvement Notes</b>													
The Rock pool	Repaint	Maint	\$30,000	Required every 4 years									
Caravan park	New Veranda	Capital impr	\$30,000										
	Amenity rene	Renewal	\$5,000										
Halls	Sect 355	Renewal	\$19,375	Assume allocation 50% operations and maintenance. 50% to Volunteer Contribution 150% of renewal									
Rec Grounds	Sect 355	Renewal	\$36,875	Assume allocation 50% operations and maintenance. 50% to Volunteer Contribution 150% of renewal									



## Appendix C Projected 10 year Capital Renewal Works Program

### Lockhart SC

#### Projected Capital Renewal Works Program - Community Facilities

\$000

Year	Item	Description	Estimate
2014		<b>Network Renewals</b>	
	1	Amenity Renewal Caravan Park	\$5,000
	2	Hall Management Committees	\$19,375
	3	Recreation Ground Management Committee	\$36,875
2014		Total	\$61,250

Year	Item	Description	Estimate
2015		<b>Network Renewals</b>	
	1	Hall Management Committees	\$19,375
	2	Recreation Ground Management Committee	\$36,875
2015		Total	\$56,250

\$000

Year	Item	Description	Estimate
2016		<b>Network Renewals</b>	
	1	Hall Management Committees	\$19,375
	2	Recreation Ground Management Committee	\$36,875
2016		Total	\$56,250

Year	Item	Description	Estimate
2017		<b>Network Renewals</b>	
	1	Hall Management Committees	\$19,375
	2	Recreation Ground Management Committee	\$36,875
2017		Total	\$56,250

Year	Item	Description	Estimate
2018		<b>Network Renewals</b>	
	1	Hall Management Committees	\$19,375
	2	Recreation Ground Management Committee	\$36,875
2018		Total	\$56,250

Year	Item	Description	Estimate
2019		<b>Network Renewals</b>	
	1	Hall Management Committees	\$19,375
	2	Recreation Ground Management Committee	\$36,875
2019		Total	\$56,250

\$000

Year	Item	Description	Estimate
2020		<b>Network Renewals</b>	
	1	Hall Management Committees	\$19,375
	2	Recreation Ground Management Committee	\$36,875
2020		Total	\$56,250

Year	Item	Description	Estimate
2021		<b>Network Renewals</b>	
	1	Hall Management Committees	\$19,375
	2	Recreation Ground Management Committee	\$36,875
2021		Total	\$56,250

Year	Item	Description	Estimate
2022		<b>Network Renewals</b>	
	1	Hall Management Committees	\$19,375
	2	Recreation Ground Management Committee	\$36,875
2022		Total	\$56,250

Year	Item	Description	Estimate
2023		<b>Network Renewals</b>	
	1	Hall Management Committees	\$19,375
	2	Recreation Ground Management Committee	\$36,875
2023		Total	\$56,250

## NOTE:

**1. Hall Committee's Grants Assumptions.**

50% of Annual allocation to Operations and Maintenance.

50% to Capital Renewal.

Volunteer in kind contribution to renewal considered to be 75% annual allocation.

Therefore renewal valued at 125% of annual contribution

**2. Recreation Ground Committee's Grants Assumptions.**

50% of Annual allocation to Operations and Maintenance.

50% to Capital Renewal.

Volunteer in kind contribution to renewal considered to be 75% annual allocation.

Therefore renewal valued at 125% of annual contribution

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

### Lockhart SC Projected Capital Upgrade - Community Facilities

(\$000)

Year	Item	Description	Estimate
2014	1	new verandahs Caravan park	\$30
2014		Total	\$30

Year	Item	Description	Estimate
2015	1		
	2		
2015			

Year	Item	Description	Estimate
2016	1		
	2		
2016			

Year	Item	Description	Estimate
2017	1	Lockhart Swimming Pool Upgrade	\$2,000
	2		
2017			

Year	Item	Description	Estimate
2018	1	The Rock Swimming Pool Upgrade	\$2,200
	2		
2018			

Year	Item	Description	Estimate
2019	1		
	2		
2019			

Year	Item	Description	Estimate
2020			
2020			

Year	Item	Description	Estimate
2021			
2021			

Year	Item	Description	Estimate
2022	1		
	2		
2022			

Year	Item	Description	Estimate
2023			
2023			

## Appendix E Abbreviations

<b>AAAC</b>	Average annual asset consumption
<b>AMP</b>	Asset management plan
<b>ARI</b>	Average recurrence interval
<b>BOD</b>	Biochemical (biological) oxygen demand
<b>CRC</b>	Current replacement cost
<b>CWMS</b>	Community wastewater management systems
<b>DA</b>	Depreciable amount
<b>EF</b>	Earthworks/formation
<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>PCI</b>	Pavement condition index
<b>RV</b>	Residual value
<b>SS</b>	Suspended solids
<b>vph</b>	Vehicles per hour

## Appendix F Asset Register

Asset Description	Install Year	Locality	Address	Current Replacement Cost	Residual %	Residual Value	Base Life	Age	Remain Life	Renewal Year	Current Replacement Cost CRC	Depreciated Replacement Value	Annual Deprec
Units 5 and 6 - 1 bedroom units	1983	Lockhart	184-186 Green St	\$540,000	0%	0	60	28.33	31.67	2045	\$540,000	\$405,000	\$9,000
Units 3 and 4 - 2 x 1 bedroom	1983	Lockhart	184-186 Green St	\$540,000	0%	0	60	28.33	31.67	2045	\$540,000	\$405,000	\$9,000
Units 1 and 2 - 2 x 1 bedroom	1983	Lockhart	184-186 Green St	\$540,000	0%	0	60	28.33	31.67	2045	\$540,000	\$405,000	\$9,000
Units 7, 8 and 9 - 3 x 1 bedroom units	1991	Lockhart	182 Green St	\$270,000	0%	0	60	19.58	40.42	2053	\$270,000	\$202,500	\$4,500
Carport - 6 vehicle	1985	Lockhart	184-186 Green St	\$21,000	0%	0	60	26.5	33.5	2047	\$21,000	\$15,750	\$350
Carport - 3 Vehicle	1995	Lockhart	182 Green Street, Lockhart	\$21,000	0%	0	60	16.5	43.5	2057	\$21,000	\$15,750	\$350
2 x 1 Bedroom Units	1992	Lockhart	9-11 Drummond St	\$180,000	0%	0	60	19.08	40.92	2054	\$180,000	\$90,000	\$3,000
2 x 1 bedroom units	1992	Lockhart	9-11 Drummond St	\$180,000	0%	0	60	19.08	40.92	2054	\$180,000	\$90,000	\$3,000
Carport - 4 vehicle	1992	Lockhart	9-11 Drummond St	\$12,000	0%	0	60	19.08	40.92	2054	\$12,000	\$9,000	\$200
8-berth, Original cabin	2004	Lockhart	Caravan Park Green St	\$40,000	0%	0	60	7.17	52.83	2066	\$40,000	\$40,000	\$667
8-berth, western cabin	2011	Lockhart	Caravan Park Green St	\$40,000	0%	0	60	0.17	59.83	2073	\$40,000	\$40,000	\$667
BBQ/Shelter	1,998	Lockhart	Caravan Park Green St	\$15,000	40%	\$6,000	20	15	5	2018	\$15,000	\$8,250	\$450
BBQ/Shelter/Bird Aviary	1,998	Lockhart	Caravan Park Green St	\$24,500	40%	\$9,800	20	15	5	2018	\$24,500	\$13,475	\$735
Storage/Display Shed	1972	Lockhart	Museum 35 Urana St	\$12,000	0%	0	60	39.5	20.5	2034	\$12,000	\$6,000	\$200
Machinery Display - North	1975	Lockhart	Museum 35 Urana St	\$27,500	0%	0	60	36.5	23.5	2037	\$27,500	\$13,750	\$458
Blacksmiths/Shearing Shed	1972	Lockhart	Museum 35 Urana St	\$37,500	0%	0	60	39.5	20.5	2034	\$37,500	\$18,750	\$625
Machinery Display - West	1975	Lockhart	Museum 35 Urana St	\$41,000	0%	0	60	36.5	23.5	2037	\$41,000	\$20,500	\$683
Ex Yuluma School Building	1998	Lockhart	Museum 35 Urana St	\$15,000	0%	0	60	13.5	46.5	2060	\$15,000	\$7,500	\$250
Verandah - Main Display Building	2011	Lockhart	Museum 35 Urana St	\$15,000	0%	0	60	0.42	59.58	2073	\$15,000	\$11,250	\$250
Lockhart Museum Shop	1971	Lockhart	Museum 35 Urana St	\$154,000	0%	0	60	40.5	19.5	2033	\$154,000	\$115,500	\$2,567
Lockhart Brigade Station	2004	Lockhart	Brookong St	\$35,000	0%	0	60	6.67	53.33	2066	\$35,000	\$26,250	\$583
Bushfire Brigade Shed	2007	Bidgeemia	Bidgeemia Rd	\$20,000	0%	0	60	4.5	55.5	2069	\$20,000	\$15,000	\$333
Bushfire Brigade Shed	1982	Milbrulong	Station St	\$22,000	0%	0	60	29	31	2044	\$22,000	\$16,500	\$367
West Brookong Bushfire Brigade Shed	2010	Boree Creek	Urana Boree Creek Rd	\$35,000	0%	0	60	0.92	59.08	2072	\$35,000	\$26,250	\$583
Yerong Creek Bushfire Brigade Shed	1998	Yerong Creek	Finlayson Lane	\$65,000	0%	0	60	13.5	46.5	2060	\$65,000	\$48,750	\$1,083
Pleasant Hills Bushfire Brigade Shed	1999	Pleasant Hills	Manson St	\$22,000	0%	0	60	11.58	48.42	2061	\$22,000	\$16,500	\$367
The Rock Bushfire Brigade Station	1985	The Rock	158 Urana St	\$60,000	0%	0	60	26.08	33.92	2047	\$60,000	\$45,000	\$1,000
The Rock SES & Rescue HQ	2000	The Rock	154 Urana St	\$60,000	0%	0	60	11.08	48.92	2062	\$60,000	\$45,000	\$1,000
Playground Equipment (Hall)	1998	Pleasant Hills		\$30,000	10%	\$3,000	20	15	5	2,018	\$30,000	\$9,750	\$1,350
Lockhart Memorial Hall	1920	Lockhart	71 Green St	\$500,000	0%	0	60	91.5	0	2013	\$500,000	\$375,000	\$8,333
Bidgeemia Public Hall	1920	Bidgeemia	Soldier Settlement Rd	\$180,000	0%	0	60	91.5	0	2013	\$180,000	\$180,000	\$3,000
Lockhart Shire Council													
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## Lockhart Shire Council

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Asset Description	Install Year	Locality	Address	Current Replacement Cost	Residual %	Residual Value	Base Life	Age	Remain Life	Renewal Year	Current Replacement Cost CRC	Depreciated Replacement Value	Annual Deprec
Milbrulong Hall	1980	Milbrulong	Orange St	\$120,000	0%	0	60	31.5	28.5	2042	\$120,000	\$90,000	\$2,000
Pleasant Hills Public Hall	1912	Pleasant Hills	Manson St	\$300,000	0%	0	60	99.08	0	2013	\$300,000	\$150,000	\$5,000
The Rock Memorial Hall	1920	The Rock	140 Urana St	\$550,000	0%	0	60	91.08	0	2013	\$550,000	\$412,500	\$9,167
BBQ Shelter	2,003	Pleasant Hills		\$8,000	40%	\$3,200	20	10	10	2,023	\$8,000	\$5,600	\$240
Male & Female Toilets - The Rock Public Hall	2011	The Rock	140 Urana St	\$45,000	0%	0	60	0.08	59.92	2073	\$45,000	\$45,000	\$750
Ex- Doctor's Surgery	1970	Lockhart	47 Hebden St	\$50,000	0%	0	60	40.83	19.17	2032	\$50,000	\$25,000	\$833
Lockhart Medical Centre	2003	Lockhart	9 Matthews St	\$550,000	0%	0	60	8.5	51.5	2065	\$550,000	\$550,000	\$9,167
Dental Surgery	1973	Lockhart	85 Green St	\$120,000	0%	0	60	38.08	21.92	2035	\$120,000	\$60,000	\$2,000
The Rock Medical Centre Building	2008	The Rock	14 Day St	\$399,000	0%	0	60	3.08	56.92	2070	\$399,000	\$399,000	\$6,650
New Council Chambers	2011	Lockhart	65 Green St	\$1,685,000	0%	0	60	0.17	59.83	2073	\$1,685,000	\$1,685,000	\$28,083
The Rock Agency Office - Timber, Clad Frame	1995	The Rock	160 Urana St	\$72,000	0%	0	60	16.08	43.92	2057	\$72,000	\$36,000	\$1,200
3 Bedroom Dwelling	1970	Lockhart	47 Hebden St	\$312,000	0%	0	60	40.83	19.17	2032	\$312,000	\$156,000	\$5,200
Double Garage	1970	Lockhart	47 Hebden St	\$25,000	0%	0	60	40.83	19.17	2032	\$25,000	\$12,500	\$417
Carport	1970	Lockhart	47 Hebden St	\$8,000	0%	0	60	40.83	19.17	2032	\$8,000	\$4,000	\$133
4-Bedroom Dwelling with Dbl Garage	2007	Lockhart	17 Galore St	\$320,000	0%	0	60	4.5	55.5	2069	\$320,000	\$320,000	\$5,333
Dwelling - 3 Bed, Study and Garage	1975	Lockhart	1 Ferrier St	\$220,000	0%	0	60	36.5	23.5	2037	\$220,000	\$110,000	\$3,667
4 bed dwelling with dbl garage	2004	Lockhart	6 Drummond St	\$320,000	0%	0	60	7.5	52.5	2066	\$320,000	\$240,000	\$5,333
Storage Shed/Garage	1975	Lockhart	1 Ferrier St	\$22,000	0%	0	60	36.5	23.5	2037	\$22,000	\$11,000	\$367
Double Garage	2004	Lockhart	6 Drummond St	\$22,000	0%	0	60	7.5	52.5	2066	\$22,000	\$22,000	\$367
Office - Works Officer	1985	Lockhart	2-16 Reid St	\$10,000	0%	0	60	26.5	33.5	2047	\$10,000	\$5,000	\$167
Store/Office	1985	Lockhart	2-16 Reid St	\$20,000	0%	0	60	26.17	33.83	2047	\$20,000	\$15,000	\$333
Workshop	1980	Lockhart	2-16 Reid St	\$100,000	0%	0	60	31.17	28.83	2042	\$100,000	\$50,000	\$1,667
Skillion Shed - Plant, Reid St Fence	1980	Lockhart	2-16 Reid St	\$15,000	0%	0	60	31.17	28.83	2042	\$15,000	\$7,500	\$250
Carport over Works Supervisor's Office	1985	Lockhart	2-16 Reid St	\$8,000	0%	0	60	26.08	33.92	2047	\$8,000	\$4,000	\$133
Truck Shed	1985	Lockhart	2-16 Reid St	\$20,000	0%	0	60	26.17	33.83	2047	\$20,000	\$10,000	\$333
Tyre & Oil Shed	1985	Lockhart	2-16 Reid St	\$25,000	0%	0	60	26.08	33.92	2047	\$25,000	\$12,500	\$417
Cover over Lunchroom and Amenities	1990	Lockhart	2-16 Reid St	\$15,000	0%	0	60	21.17	38.83	2052	\$15,000	\$11,250	\$250
Parks & Gardens Shed	1980	Lockhart	2-16 Reid St	\$40,000	0%	0	60	31.17	28.83	2042	\$40,000	\$40,000	\$667
Concrete/Storage Shed	1980	Lockhart	2-16 Reid St	\$30,000	0%	0	60	31.17	28.83	2042	\$30,000	\$15,000	\$500
Signs Storage/Chemical Shed	1980	Lockhart	2-16 Reid St	\$50,000	0%	0	60	31.5	28.5	2042	\$50,000	\$25,000	\$833
Aggregate Storage Bays	1980	Lockhart	2-16 Reid St	\$10,000	0%	0	60	31.08	28.92	2042	\$10,000	\$5,000	\$167

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Asset Description	Install Year	Locality	Address	Current Replacement Cost	Residual %	Residual Value	Base Life	Age	Remain Life	Renewal Year	Current Replacement Cost CRC	Depreciated Replacement Value	Annual Deprec
Machinery Shed	1990	The Rock	1883 Bullenbong Rd	\$20,000	0%	0	60	21.08	38.92	2052	\$20,000	\$10,000	\$333
Signs/Storage Shed	1990	The Rock	1884 Bullenbong Rd	\$12,000	0%	0	60	21.08	38.92	2052	\$12,000	\$6,000	\$200
Lunch Room	1990	Lockhart	2-16 Reid St	\$15,400	0%	0	60	21.17	38.83	2052	\$15,400	\$11,550	\$257
Lunch Room - The Rock	1990	The Rock	1883 Bullenbong Rd	\$12,000	0%	0	60	21.08	38.92	2052	\$12,000	\$9,000	\$200
Female Amenities	2002	Lockhart	2-16 Reid St	\$1,000	0%	0	60	9.08	50.92	2064	\$1,000	\$1,000	\$17
Male Amenities	1985	Lockhart	2-16 Reid St	\$35,000	0%	0	60	26.17	33.83	2047	\$35,000	\$26,250	\$583
BBQ(electric)	2,003	The Rock		\$2,000	0%	\$0	20	10	10	2,023	\$2,000	\$1,000	\$100
Playground Equipment	2,003	The Rock		\$35,000	40%	\$14,000	20	10	10	2,023	\$35,000	\$24,500	\$1,050
BBQ Shelter	2,003	The Rock		\$3,000	40%	\$1,200	20	10	10	2,023	\$3,000	\$2,100	\$90
Playground Equipment/Signs	2,008	Lockhart		\$11,000	10%	\$1,100	20	5	15	2,028	\$11,000	\$8,525	\$495
BBQ's/Shelter (4)	2,008	Lockhart		\$20,000	40%	\$8,000	20	5	15	2,028	\$20,000	\$17,000	\$600
Picnic Shelter	1971	Galore	Galore Hill Reserve	\$7,000	0%	0	60	40.5	19.5	2033	\$7,000	\$3,500	\$117
Picnic Shelter - Saddle	1971	Galore	Galore Hill Reserve	\$7,000	0%	0	60	40.5	19.5	2033	\$7,000	\$3,500	\$117
Lookout Tower and Geodetic Station	1973	Galore	Galore Hill Reserve	\$30,000	0%	0	60	37.83	22.17	2035	\$30,000	\$15,000	\$500
Rotunda	2002	Lockhart	Walter Day Park, Halliday St	\$20,000	0%	0	60	9.08	50.92	2064	\$20,000	\$20,000	\$333
Shed	1990	Yerong Creek	Stan Galvin Park, Plunkett St	\$18,000	0%	0	60	21.08	38.92	2052	\$18,000	\$9,000	\$300
Fencing	1,998			\$50,000	0%	\$0	60	15	45	2,058	\$50,000	\$37,500	\$833
Playground Equipment	2,003	Lockhart		\$13,000	10%	\$1,300	20	10	10	2,023	\$13,000	\$7,150	\$585
BBQ/Shelter	1,998	Lockhart		\$4,800	40%	\$1,920	20	15	5	2,018	\$4,800	\$2,640	\$144
BBQ/Shelter	2,008	Lockhart		\$27,000	40%	\$10,800	20	5	15	2,028	\$27,000	\$22,950	\$810
Entrance Gate	1,988	Lockhart		\$10,000	0%	\$0	100	25	75	2,088	\$10,000	\$7,500	\$100
Lighting	2,003	Lockhart		\$24,000	50%	\$12,000	20	10	10	2,023	\$24,000	\$18,000	\$600
Telephone Exchange/Print Office	1980	Lockhart	35 Urana St	\$16,500	0%	0	60	31.5	28.5	2042	\$16,500	\$8,250	\$275
Toilet block and shed	1980	Milbrulong	Recreation Ground, Orange St	\$12,000	0%	0	60	31.5	28.5	2042	\$12,000	\$12,000	\$200
Male Toilets	1959	Lockhart	Walter Day Park, Urana St	\$16,500	0%	0	60	52.08	7.92	2021	\$16,500	\$8,250	\$275
Female Toilets	1959	Lockhart	Walter Day Park, Urana St	\$16,500	0%	0	60	52.08	7.92	2021	\$16,500	\$8,250	\$275
Disabled Access Unisex Toilets	1970	Lockhart	67 Green St	\$20,000	0%	0	60	41.5	18.5	2032	\$20,000	\$15,000	\$333
New Toilet Block	2009	Lockhart	Soldier Settlement Road, Bidgeemia	\$23,000	0%	0	60	2.5	57.5	2071	\$23,000	\$23,000	\$383
Toilet Block	1985	Pleasant Hills	Public Hall, Manson St	\$40,000	0%	0	60	26.08	33.92	2047	\$40,000	\$20,000	\$667
Disabled Access Toilets - Male & Female	2011	The Rock	Urana St	\$45,000	0%	0	60	0.25	59.75	2073	\$45,000	\$45,000	\$750

## Lockhart Shire Council

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Asset Description	Install Year	Locality	Address	Current Replacement Cost	Residual %	Residual Value	Base Life	Age	Remain Life	Renewal Year	Current Replacement Cost CRC	Depreciated Replacement Value	Annual Deprec
Amenities/Office Lkt Pool	1956	Lockhart	Cnr Halliday and Brookong St	\$150,000	0%	0	60	55.08	4.92	2018	\$150,000	\$150,000	\$2,500
Office/Shop and Amenities	1970	The Rock	Wilson St	\$132,000	0%	0	60	40.67	19.33	2032	\$132,000	\$99,000	\$2,200
Main Pool	1956	Lockhart	Cnr Halliday and Brookong St	\$500,000	0%	0	60	55.08	4.92	2018	\$500,000	\$375,000	\$8,333
Baby Pool	1986	Lockhart	Cnr Halliday and Brookong St	\$35,000	0%	0	60	25.08	34.92	2048	\$35,000	\$26,250	\$583
Baby Pool - 9x6m	1970	The Rock	Wilson St	\$25,000	0%	0	60	40.67	19.33	2032	\$25,000	\$18,750	\$417
Main Pool 25x9m	1970	The Rock	Wilson St	\$500,000	0%	0	60	40.67	19.33	2032	\$500,000	\$375,000	\$8,333
Pump Shed	1980	Lockhart	Cnr Halliday and Brookong St	\$22,000	0%	0	60	31.5	28.5	2042	\$22,000	\$16,500	\$367
Pump Shed	1970	The Rock	Wilson St	\$22,000	0%	0	60	40.67	19.33	2032	\$22,000	\$16,500	\$367
Lights	2,003	Lockhart		\$30,000	50%	\$15,000	20	10	10	2023	\$30,000	\$22,500	\$750
Pool Fence	1,998	Lockhart		\$12,000	0%	\$0	60	15	45	2058	\$12,000	\$9,000	\$200
Playground Equipment	2,003	Lockhart		\$2,000	10%	\$200	20	10	10	2023	\$2,000	\$1,100	\$90
Playground Equipment	2,003	Osborne		\$6,000	10%	\$600	20	10	10	2023	\$6,000	\$3,300	\$270
Playground Equipment	2,003	Yerong Creek		\$8,000	10%	\$800	20	10	10	2023	\$8,000	\$4,400	\$360
Tennis Courts (2) (enclosed)	2,003	Lockhart		\$100,000	50%	\$50,000	20	10	10	2023	\$100,000	\$75,000	\$2,500
Netball Courts	2,003	The Rock		\$24,000	50%	\$12,000	20	10	10	2023	\$24,000	\$18,000	\$600
Skate Park	2,008	Lockhart		\$132,000	50%	\$66,000	20	5	15	2028	\$132,000	\$115,500	\$3,300
Playground Equipment	2,003	Lockhart		\$22,000	10%	\$2,200	20	10	10	2023	\$22,000	\$12,100	\$990
Light Towers (5)	2,003	Osborne		\$75,000	30%	\$22,500	20	10	10	2023	\$75,000	\$48,750	\$2,625
Lights (netball courts)	2,003	The Rock		\$12,000	30%	\$3,600	20	10	10	2023	\$12,000	\$7,800	\$420
Amenities Block	1990	Osborne	Recreation Ground, Yerong Creek Rd	\$42,000	0%	0	60	21.08	38.92	2052	\$42,000	\$31,500	\$700
Mens Toilet and Shower	1990	Osborne	Recreation Ground, Yerong Creek Rd	\$18,000	0%	0	60	21.5	38.5	2052	\$18,000	\$9,000	\$300
Football Pavilion	1981	Lockhart	Day Street, Lockhart	\$200,000	0%	0	60	30.5	29.5	2043	\$200,000	\$100,000	\$3,333
Tennis Pavilion	2007	Lockhart	Day Street, Lockhart	\$50,000	0%	0	60	4.5	55.5	2069	\$50,000	\$37,500	\$833
Tennis Pavilion	1980	Milbrulong	Recreation Ground, Orange St	\$6,500	0%	0	60	31.08	28.92	2042	\$6,500	\$3,250	\$108
Player's Shed	1990	Osborne	Recreation Ground, Yerong Creek Rd	\$6,500	0%	0	60	21.08	38.92	2052	\$6,500	\$4,875	\$108
Recreation Pavilion	1990	Osborne	Recreation Ground, Yerong Creek Rd	\$140,000	0%	0	60	21.08	38.92	2052	\$140,000	\$140,000	\$2,333
Tennis Clubhouse	1990	Osborne	Recreation Ground, Yerong Creek Rd	\$8,000	0%	0	60	21.08	38.92	2052	\$8,000	\$6,000	\$133
Tennis Clubhouse	1990	Yerong Creek	Recreation Ground, Hay St	\$45,000	0%	0	60	21.08	38.92	2052	\$45,000	\$22,500	\$750
Pavilion	1990	Yerong Creek	Recreation Ground, Hay St	\$72,000	0%	0	60	21.08	38.92	2052	\$72,000	\$36,000	\$1,200
Change Rooms	1990	Yerong Creek	Recreation Ground, Hay St	\$5,000	0%	0	60	21.08	38.92	2052	\$5,000	\$2,500	\$83



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Machinery Shed	1990	Yerong Creek	Recreation Ground, Hay St	\$15,000	0%	0	60	21.08	38.92	2052	\$15,000	\$7,500	\$250
Catering Shed	1990	Yerong Creek	Recreation Ground, Hay St	\$5,000	0%	0	60	21.08	38.92	2052	\$5,000	\$2,500	\$83
Storage Shed/Shop	1985	Pleasant Hills	Recreation Ground, Crawford St	\$3,000	0%	0	60	26.08	33.92	2047	\$3,000	\$1,500	\$50
Tennis Club Amenities	1985	Pleasant Hills	Recreation Ground, Crawford St	\$61,000	0%	0	60	26.08	33.92	2047	\$61,000	\$30,500	\$1,017
Football Clubhouse/Function Room & Amenities	1983	The Rock	Victoria Park, Wilson St	\$150,000	0%	0	60	27.67	32.33	2045	\$150,000	\$75,000	\$2,500
Clubhouse/Change Rooms/Timekeepers Box	2007	The Rock	Victoria Park, Wilson St	\$200,000	0%	0	60	4.08	55.92	2069	\$200,000	\$200,000	\$3,333
Gazebo	2007	The Rock	Victoria Park, Wilson St	\$5,000	0%	0	60	4.08	55.92	2069	\$5,000	\$5,000	\$83
Ladies Toilets	1990	Yerong Creek	Recreation Ground, Hay St	\$12,500	0%	0	60	21.08	38.92	2052	\$12,500	\$6,250	\$208
Men's Toilets	1990	Yerong Creek	Recreation Ground, Hay St	\$12,500	0%	0	60	21.08	38.92	2052	\$12,500	\$6,250	\$208
Female Toilets	1990	The Rock	Victoria Park, Wilson St	\$20,000	0%	0	60	21.08	38.92	2052	\$20,000	\$10,000	\$333
Male Toilets	1990	The Rock	Victoria Park, Wilson St	\$20,000	0%	0	60	21.08	38.92	2052	\$20,000	\$10,000	\$333
Publican's Booth	1899	Lockhart	Treasure St	\$112,000	0%	0	60	112.5	0	2013	\$112,000	\$56,000	\$1,867
Harold Howard Hall	2008	Lockhart	Treasure St	\$135,000	0%	0	60	3.5	56.5	2070	\$135,000	\$135,000	\$2,250
Poultry Shed	1950	Lockhart	Treasure St	\$6,500	0%	0	60	61.5	0	2013	\$6,500	\$3,250	\$108
Officials Shed	1950	Lockhart	Treasure St	\$20,000	0%	0	60	61.17	0	2013	\$20,000	\$10,000	\$333
Amenities/Kitchen	1985	The Rock	Showground, 3778 Lockhart The Rock Rd	\$20,000	0%	0	60	26.08	33.92	2047	\$20,000	\$10,000	\$333
Poultry Display Shed	2010	The Rock	Showground, 3778 Lockhart The Rock Rd	\$15,000	0%	0	60	1.08	58.92	2072	\$15,000	\$7,500	\$250
Secretary's Office/Display Pavilion	1985	The Rock	Showground, 3778 Lockhart The Rock Rd	\$62,000	0%	0	60	26.08	33.92	2047	\$62,000	\$62,000	\$1,033
Grandstand	1899	Lockhart	Treasure St	\$250,000	0%	0	60	112.5	0	2013	\$250,000	\$250,000	\$4,167
Stables	1950	Lockhart	Treasure St	\$11,000	0%	0	60	61.17	0	2013	\$11,000	\$5,500	\$183
Sheep Pens	1950	Lockhart	Treasure St	\$11,000	0%	0	60	61.17	0	2013	\$11,000	\$5,500	\$183
Outdoor Stage	1950	Lockhart	Treasure St	\$15,000	0%	0	60	61.5	0	2013	\$15,000	\$7,500	\$250
Cattle/Sheep Pavilions	1970	the Rock	Showground, 3778 Lockhart The Rock Rd	\$25,000	0%	0	60	41.08	18.92	2032	\$25,000	\$6,250	\$417
Entrance Gate	1,988	Lockhart		\$15,000	0%	\$0	100	25	75	2088	\$15,000	\$11,250	\$150
Toilet Block	1950	Lockhart	Treasure Street, Lockhart	\$20,000	0%	0	60	61.17	28.83	2042	\$20,000	\$10,000	\$333
			2012/2013	\$13,435,700		\$245,220					\$13,435,700	\$10,396,065	\$232,444
			2013/14 Assume Inflation 1.034%			\$253,557					\$13,892,514	\$10,749,531	\$240,347

## Appendix G 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, and 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, 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 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, 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.

**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, 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 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, 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.

- **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 (e.g. 5, 10 and 15 years).

**Maintenance expenditure**

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

**Materiality**

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 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.

**Pavement management system**

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**

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, 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 are 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