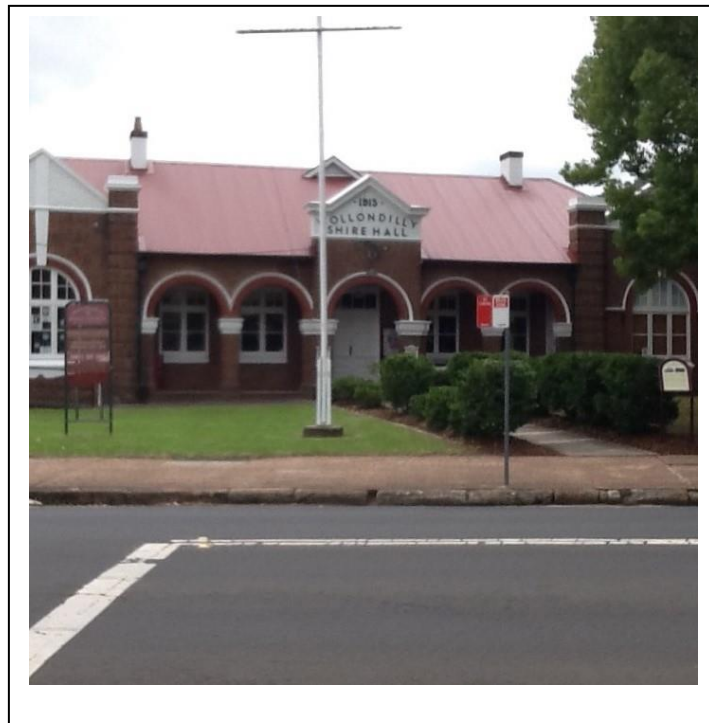


Wollondilly Shire Council



Buildings

Asset Management Plan



Version 1.0

January 2015

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TABLE OF CONTENTS

1.	EXECUTIVE SUMMARY	1
	Context	1
	What does it Cost?.....	1
	DO Nothing Option	1
	8.5% SRV	1
	10.8% SRV	2
	What we will do	2
	What we cannot do	2
	Managing the Risks.....	2
	Confidence Levels	2
	The Next Steps.....	2
2.	INTRODUCTION.....	4
	2.1 Background.....	4
	2.2 Goals and Objectives of Asset Management.....	6
	2.3 Plan Framework.....	6
	2.4 Core and Advanced Asset Management	8
	2.5 Community Consultation.....	8
	Community Consultation for the Special Rate Variation (SRV)	8
	3.1 Customer Research and Expectations	9
	3.2 Strategic and Corporate Goals	9
	3.3 Legislative Requirements	9
	3.4 Community Levels of Service.....	10
	3.5 Technical Levels of Service	13
4.	FUTURE DEMAND	16
	4.1 Existing Community Facilities in the Shire.....	16
	4.2 Demand Forecast- Growth	16
	4.3 Impact of Growth on Assets	16
	4.4 Growth Implications for New Community Buildings	17
	4.5 Growth Implications for Existing Community Buildings	17
	4.6 Demand Management Plan.....	17
	4.7 Asset Programs to meet Demand.....	18
5.	LIFECYCLE MANAGEMENT PLAN.....	20
	5.1 Background Data	20
	5.2 Infrastructure Risk Management Plan.....	23
	5.3 Routine Operations and Maintenance Plan	24
	5.4 Renewal/Replacement Plan	27
	5.5 Creation/Acquisition/Upgrade Plan	30
	5.6 Disposal Plan	32
	5.7 Service Consequences and Risks	32
6.	FINANCIAL SUMMARY	33
	6.1 Financial Statements and Projections	33
	6.2 Funding Strategy.....	45
	6.3 Valuation Forecasts	45
	6.4 Key Assumptions made in Financial Forecasts	47
	6.5 Forecast Reliability and Confidence	48
7.	PLAN IMPROVEMENT AND MONITORING	49
	7.1 Status of Asset Management Practices	49
	Implementation of the Civica AIM Asset Management system at Wollondilly Council is a work in progress. It is anticipated that future versions of this Buildings AM Plan will have greater inputs from the AM system, as Council’s use of the system grows in sophistication. 7.2 . Improvement Plan	
	7.3 Monitoring and Review Procedures	50
	7.4 Performance Measures	50
8.	REFERENCES.....	51
9.	APPENDICES.....	52

Appendix A	Maintenance Response Levels of Service.....	53
Appendix B	Projected 10 year Capital Renewal and Replacement Works Program.....	54
Appendix C	Projected Upgrade/Exp/New 10 year Capital Works Program.....	55
Appendix D	Budgeted Expenditures Accommodated in LTFP.....	56
Appendix E	Abbreviations.....	59
Appendix F	Glossary	60

1. EXECUTIVE SUMMARY

Context

Wollondilly Shire is planning for significant growth over the next 30 years. However the growth will not generate the revenue needed now by Council to improve the levels of service that building assets deliver to the community.

Long term financial modelling by Council currently estimates that Council faces an \$80 million deficit across all asset classes at the end of ten years unless there is a significant change to revenue or expenditure.

A proposed Special Rate Variation is being considered to enable Council to maintain essential infrastructure and services.

Through this asset management (AM) plan, Council is seeking to plan for the most sustainable allocation of funding to building assets, to enable services to be maintained to the community during the period of significant growth.

This AM Plan describes how the proposed Special Rate Variation will better enable Council to maintain buildings infrastructure in line with the expectations of the community.

The Buildings Service

The Wollondilly Council buildings portfolio comprises:

- Council Office and Administration Centre (1)
- Council Works Depot (15 items)
- Public Halls (20 items)
- Library (1)
- Childcare Centres and Youth Centre (4)
- Amenities/ Toilets (17 items)
- Sheds (28 items)
- Sports Facilities (29 items)
- Other (i.e. rotunda and picnic shelters in parks, radio transmission stations, and animal management buildings) (25 items)

These infrastructure assets have a replacement value of \$87,489,000.

What does it Cost?

DO Nothing Option

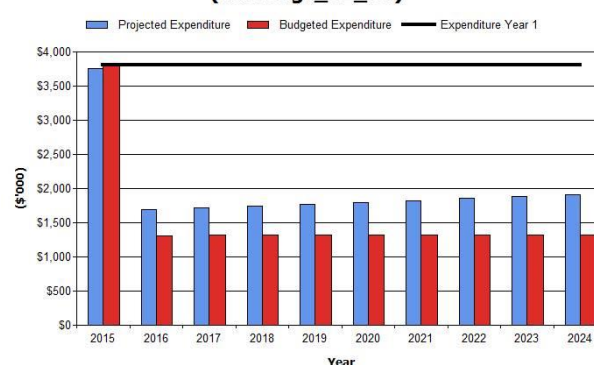
For the Do Nothing SRV option, the projected outlays necessary to provide the services covered by this Asset Management Plan (AM Plan) including operations, maintenance, renewal and upgrade of existing assets

over the 10 year planning period is \$19,961,000 or \$1,961,000 on average per year.

Estimated available funding for this period is \$15,670,000 or \$1,567,000 on average per year which is 78% of the cost to provide the service. This is a funding shortfall of -\$429,000 on average per year.

Projected expenditure required to provide services in the AM Plan compared with planned expenditure currently included in the Long Term Financial Plan are shown in the graph below.

Wollondilly SC - Projected and Budget Expenditure for (Buildings_S2_V7)



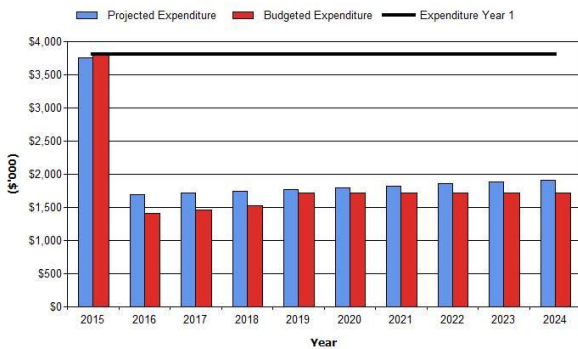
8.5% SRV

For the 8.5% SRV option, the projected outlays necessary to provide the services covered by this Asset Management Plan (AM Plan) including operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$19,960,000 or \$1,996,000 on average per year.

Estimated available funding for this period is \$18,520,000 or \$1,852,000 on average per year which is 93% of the cost to provide the service. This is a funding shortfall of -\$144,000 on average per year.

Projected expenditure required to provide services in the AM Plan compared with planned expenditure currently included in the Long Term Financial Plan are shown in the graph following.

Wollondilly SC - Projected and Budget Expenditure for (Buildings_S2_V8)



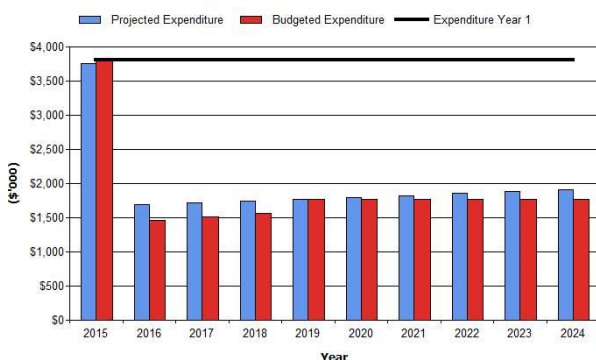
10.8% SRV

For the 10.8% SRV option, the projected outlays necessary to provide the services covered by this Asset Management Plan (AM Plan) including operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$19,960,000 or \$1,996,000 on average per year.

Estimated available funding for this period is \$18,970,000 or \$1,897,000 on average per year which is 95% of the cost to provide the service. This is a funding shortfall of -\$99,000 on average per year.

Projected expenditure required to provide services in the AM Plan compared with planned expenditure currently included in the Long Term Financial Plan are shown in the graph below.

Wollondilly SC - Projected and Budget Expenditure for (Buildings_S2_V9)



What we will do

We plan to provide buildings services for the following:

- Operation, maintenance, renewal and upgrade of amenities, childcare centres, halls, library and sports facilities to meet service levels set by Council in annual budgets.
- Undertake a major renewal of the library building

- Undertake renewals in accordance with the works program derived from the condition assessment in 2014 (Refer to Appendix B).

What we cannot do

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

- Have every building refurbished to a modern standard.
- Fully comply with Disability Access Standards AS1428.
- Design and build new assets for every community group.

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:

- The rate of deterioration of buildings accelerates with age and is exacerbated by inadequate maintenance funding.
- Deterioration of internal furnishings past their useful life.
- Increased end of life costs to upgrade building.
- Closure of underutilised buildings

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

- Prioritise work required through the condition rating assessment.
- Prioritise work on buildings with high utilisation.
- Assessing the needs of building users.

Confidence Levels

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

The Next Steps

The key action resulting from this asset management plan will be the determination of funding for Wollondilly Buildings Assets through the Special Rate Variation application, should Council decide to proceed down this path.

This AM Plan has been prepared in support of an application to IPART. It describes the real need for additional funding to maintain, renew and augment Wollondilly buildings assets. Once there is certainty regarding the funding that will be available to these assets, this AM Plan should be amended to reflect one scenario, rather than three.

Questions you may have

What is this plan about?

This asset management plan covers the Council building assets that serve the Wollondilly community. These assets include halls, sports facilities, amenities and child care facilities throughout the community area that enable people to meet, enjoy leisure time and care for their families.

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 building network was constructed by developers and from government grants, often provided and accepted without consideration of ongoing operations, maintenance and replacement needs.

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

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

What options do we have?

Resolving the funding shortfall involves several steps:

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

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

What happens if we don't manage the shortfall?

It is likely that we will have to reduce service levels in some areas, unless new sources of revenue are found. For buildings, the service level reduction may include closure of under-utilised buildings that are in poor condition.



Thirlmere Hall now closed due to poor condition

What can we do?

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

What can you do?

We will be pleased to consider your thoughts on the issues raised in this buildings asset management plan and suggestions on how we may change or reduce it's the services offered by Council buildings, to ensure that the appropriate level of service can be provided to the community within available funding.

2. INTRODUCTION

2.1 Background

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

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

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

- Wollondilly Community Strategic Plan 2033
- Wollondilly Resourcing Strategy 2013/14- 2022/23
- Wollondilly Operational Plan 2014/15
- Wollondilly Shire Council Open Space, Recreation and Community Facilities Strategy May 2014

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

Table 2.1: Assets covered by this Plan

Asset Category	Number of Items	Total Value (Insurance Liability)
Amenities	17	\$8,754,000
Child care centre	4	\$3,204,000
Depot	15	\$5,056,000
Public Halls and Community Centres	20	\$17,907,000
Library	1	\$2,888,000
Offices	1	\$9,402,000
Other (such as rotunda and picnic shelters in parks, radio transmission stations, and animal management buildings)	25	\$9,341,000
Sheds	28	\$4,771,000
Sports facilities	29	\$23,071,000
Total	140	\$84,394,000

Note this data has been taken from Council’s June 2014 “Percentage Desktop Update Summary Insurance Values”. The insurance valuation spreadsheet does not include Council’s lowest value buildings (approximately 50 in number) which is why this total varies from the Current Replacement Cost of Council’s building asset portfolio discussed elsewhere in this document.

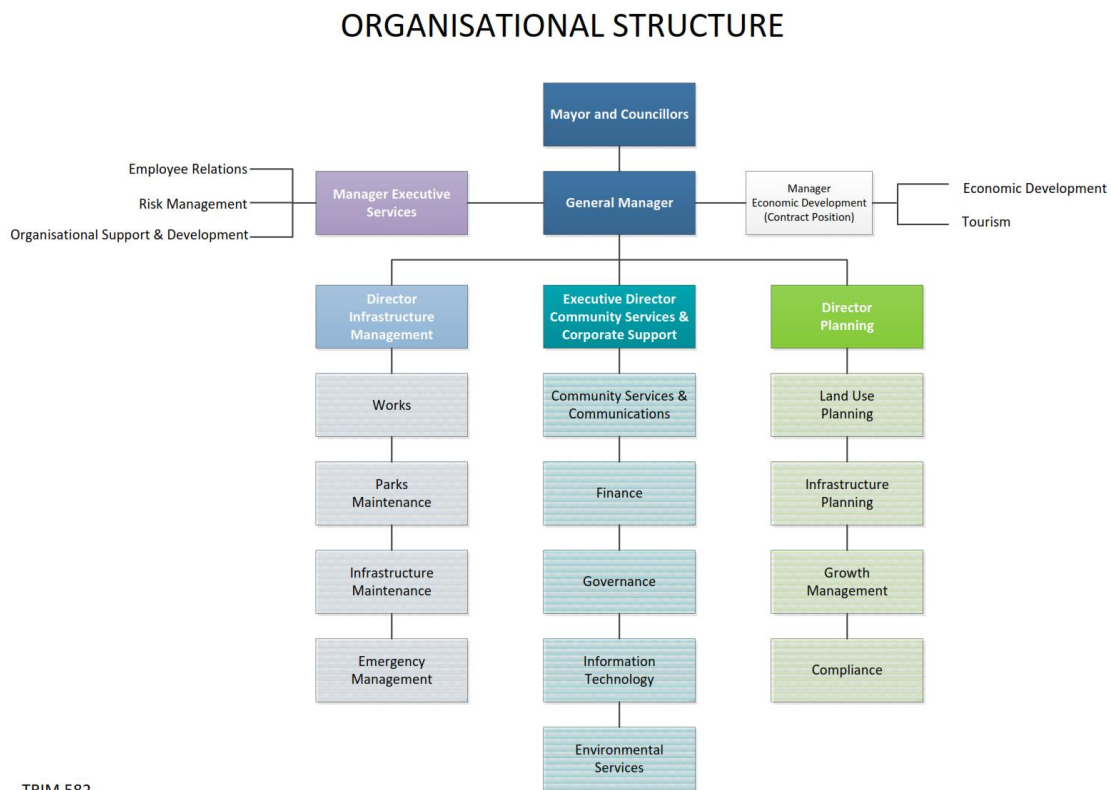
¹ IPWEA, 2011, Sec 4.2.6, *Example of an Asset Management Plan Structure*, pp 4 | 24 – 27.

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

Table 2.1.1: Key Stakeholders in the AM Plan

Key Stakeholder	Role in Asset Management Plan
Councillors	<ul style="list-style-type: none"> • Represent needs of community/shareholders, • Allocate resources to meet the organisation’s objectives in providing services while managing risks, • Ensure organisation is financial sustainable.
General Manager	<ul style="list-style-type: none"> • Supporting implementation of best practice asset management at Wollondilly • Ensuring that staff are provided with appropriate systems, training and resources because it is difficult to develop a long term vision when crisis management and short term asset development are stretching resources.
Rate payers and residents	<ul style="list-style-type: none"> • Consumer of the services provided by buildings assets
Business and industry	<ul style="list-style-type: none"> • Consumer (and funder in some circumstances i.e. mining industry may fund the capital costs of some buildings)
Federal Government and NSW Government	<ul style="list-style-type: none"> • Where grant funds are provided, they can be confident that their investment is secure and economic returns are being maximised

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



TRIM 582

2.2 Goals and Objectives of Asset Management

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

Our goal in managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Having a long-term financial plan which identifies required, affordable expenditure and how it will be financed.²

2.3 Plan Framework

Key elements of the plan are

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

A road map for preparing an asset management plan is shown on the following page.

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

2.4 Core and Advanced Asset Management

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

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

2.5 Community Consultation

This 'core' asset management plan is prepared to facilitate community consultation initially through feedback on public display of draft asset management plans prior to adoption by the Council. Future revisions of the asset management plan will incorporate community consultation on service levels and costs of providing the service. This will assist the Council and the community in matching the level of service needed by the community, service risks and consequences with the community's ability and willingness to pay for the service.

Community Consultation for the Special Rate Variation (SRV)

Since 1977, Council revenues have been regulated in NSW under "rate pegging". The Independent Pricing and Regulatory Tribunal (IPART) sets a rate peg which limits the amount by which councils can increase their rate revenue from one year to the next. For many years, the rate peg limit has not kept pace with the financial needs of councils in NSW and the resident's needs for appropriate services.

Independent modelling undertaken by Wollondilly Shire Council indicates that there will be an \$80 million deficit (across all asset classes – including Council buildings) at the end of 10 years unless there is a significant change to expenditure or revenue. Council is therefore seeking a Special Rate Variation (SRV) to obtain the funds necessary to maintain and manage current and future infrastructure.

To consult with the community, seeking feedback on the proposal to seek from IPART a SRV, Council has embarked on a comprehensive program of community conversation opportunities.

- Four drop in sessions were held in Picton
- Additional sessions were held in; Warragamba, Tahmoor and Appin
- Detailed newsletters were distributed to all residents
- Telephone survey conducted by external service provider.

In addition, residents were encouraged to make a submission by mail, email, telephone or social media.

This Buildings Asset Management Plan has been developed to help demonstrate the real need for additional funding through a SRV. Modelling for this document shows that without increased funding for buildings, Wollondilly cannot maintain and renew its existing building portfolio, let alone grow to meet anticipated demand.

³ IPWEA, 2011, IIMM.

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

Council is in the process of consulting with the community regarding the application to IPART for a Special Rate Variation.

The organisation will use the information obtained in developing its Strategic Plan and in allocation of resources in the budget.

3.2 Strategic and Corporate Goals

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

Our vision is:

Our Vision - Rural living

Council’s vision reflects the Community’s desire to maintain Wollondilly Shire’s rural character together with the sense of belonging to caring communities that have been at its core for generations.

Our mission is:

To create opportunities in partnership with the Community and to enhance the quality of life and the environment, by managing growth and providing sustainable services and facilities

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

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

Goal (CSP Outcome)	Objective (CSP Strategy)	How Goal and Objectives are addressed in AM Plan
Access to a range of activities, services and facilities	Strategy CO1 Community building well-being and identity Deliver a range of community programmes, services, facilities and events which strengthen the capacity, well-being and cultural identity of our community.	This plan describes how Council will manage its portfolio of buildings so they can deliver a range of programmes, events and services which strengthen the capacity, well-being and cultural identity of our community.
Safe maintained and effective infrastructure	Strategy IN3 Provision of facilities Provide a range of recreation and community facilities that meet the needs of the community.	This plan details how Council will operate, maintain and renew its portfolio of public buildings to meet the needs of the community.

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

3.3 Legislative Requirements

Wollondilly Shire Council has to meet many legislative requirements including Australian and State legislation and State regulations. These include:

Table 3.3: Legislative Requirements

Legislation	Requirement	Application to Council
Local Government Act, 1993	This is the Act that provides for local government in NSW. It provides the legal framework for an effective,	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term

Legislation	Requirement	Application to Council
	environmentally responsible and open system of local government in the State.	financial plan supported by asset management plans for sustainable service delivery.
Work Health and Safety Act 2011	This Act aims to secure and promote the health, safety and welfare of people at work and to protect people at a place of work against risks to health or safety arising out of the activities at work.	As the provider of buildings which act as places of work for both Council staff and the community, Council must follow the requirements of this Act.
Commonwealth Disability Discrimination Act 1992	This Act aims to eliminate as far as possible, discrimination against persons on the grounds of disability in the areas of; <ul style="list-style-type: none"> • Work, accommodation, education, access to premises, clubs and sport; and • The provision of goods, facilities, services and land; and • Existing laws • The administration of Commonwealth laws and programs 	In the provision of buildings to the community, Council must seek as far as possible, to not discriminate against any person.
Environmental Planning and Assessment Act 1979	This Act institutes a system of environmental planning and assessment for the State of New South Wales.	Any proposals for the renewal, replacement and upgrade of Council building assets must comply with the requirements of this Act.
Building Code of Australia	The Building Code of Australia provides a nationally accepted and uniform set of technical requirements for all areas of building, from design to construction. It covers such topics as structure, fire resistance, health and amenity, building access and egress, building services and equipment.	As far as practicable, Council buildings must comply with the requirements of the Building Code of Australia.
Wollondilly Local Environmental Plan 2011	The aim of this plan is to make local environmental planning provisions for land in Wollondilly in accordance with the relevant EPI. The relevant aims are is.... <i>(b) to protect, conserve and enhance the built, landscape and Aboriginal cultural heritage</i> <i>(d) To encourage development that provides for an integrated transport and infrastructure system and adequate facilities and service provision for future growth.</i>	Any proposals to redevelop Council building assets must follow the direction of the gazetted <i>Wollondilly LEP 2011</i> .

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

3.4 Community Levels of Service

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

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

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

Quality	How good is the service?
Function	Does it meet users' needs?
Capacity/Utilisation	Is the service over or under used?

The organisation's current and expected community service levels are detailed in Tables 3.4 and 3.5. Table 3.4 shows the agreed expected community levels of service based on resource levels in the current long-term financial plan and community consultation/engagement.

Tables 3.4.1 to 3.4.7 - Current and Desired Service Levels

Table 3.4.1: Amenities / Toilet Buildings

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	Expected position in 10 years based on current LTFP
COMMUNITY LEVELS OF SERVICE				
Quality	Provide clean facilities appropriately stocked	Monitoring of complaints Visual assessment by staff through regular inspections.	High usage facilities maintained daily as per maintenance roster	Renewal required.
Function	Provide service to acceptable standard - Facilities are fully operational and are accessible.		Not meeting standards	Renewal required.
Capacity/ Utilisation	Available when required		Reasonable capacity	Renewal required.

Table 3.4.2 - Childcare Centres

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	Expected position in 10 years based on current LTFP
COMMUNITY LEVELS OF SERVICE				
Quality	Meet appropriate standards for childcare centres	Monitoring of customer feedback	Adequate (except for Warragamba)	Warragamba - renew Tahmoor - maintain Picton – maintain Expected position is determined in consultation with private service providers
Function		Incident reports and outcomes of WH&S audits.	Adequate (except for Warragamba, which does not meet fire standards)	
Capacity/ Utilisation		Visual assessment by staff through regular inspections.	Near capacity	

Table 3.4.3 - Council Office

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	Expected position in 10 years based on current LTFP
COMMUNITY LEVELS OF SERVICE				
Quality	Buildings that provide administrative services, ceremonial activities and community functions	Incident reports and outcomes of WH&S audits.	Overcrowded	Progressive upgrading and increase of capacity to cater for growth and workplace functional requirements. Long term consideration of construction of a new administrative centre to service growth.
Function		Functional layout determined by organisational requirements	Ongoing adjustments to meet functional requirements	
Capacity/ Utilisation		High utilisation	Determined by staff numbers required to service organisational needs and growth	

Table 3.4.4 - Public Halls/ Community Centre/ Library

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	Expected position in 10 years based on current LTFP
COMMUNITY LEVELS OF SERVICE				
Quality	Provide a facility that meets community standards	Feedback/ complaints from users. Incident reports and outcomes of WH&S audits.	Repair and renew as funding becomes available	Monitor and review. Integrate functions into other community facilities.
Function	Provide a facility that meets community demands	Investigate the consolidation of community halls	Lack of use evidences lack of need/demand	Monitor and review. Integrate functions into other community facilities.
Capacity/ Utilisation	Match provision to usage	Booking records	Poor utilisation	A review of facilities is required. Investigate disposal of assets in consultation with Council and users.

Table 3.4.5 - Sheds (Bushfire)

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	Expected position in 10 years based on current LTFP
COMMUNITY LEVELS OF SERVICE				
Quality	Conform to RFS requirements	RFS Service Level Agreement	Meets requirements	Meets requirements
Function				
Capacity/ Utilisation				

Table 3.4.6 - Sporting Facilities (Grandstands & other structures)

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	Expected position in 10 years based on current LTFP
COMMUNITY LEVELS OF SERVICE				
Quality	Provide a facility that meets community standards	Feedback/ complaints from users. Incident reports and outcomes of WH&S audits. Visual assessment by staff through regular inspections.	Adequate	Maintain
Function	Provide a facility that meets community demands		Adequate	Monitor usage
Capacity/ Utilisation	Spectator use		Adequate	Monitor usage

Table 3.4.7 - Works Depot

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	Expected position in 10 years based on current LTFP
COMMUNITY LEVELS OF SERVICE				
Quality	An efficient location for council staff, storage and maintenance of plant and stores, which forms a home base for operational staff	Incident reports and outcomes of WH&S audits.	Adequate	Maintain current works depot with ongoing improvements to improve amenity, function and security.
Function			Adequate	
Capacity/ Utilisation	High utilisation		Adequate	Increase depot accommodation to service the needs of growth

3.5 Technical Levels of Service

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

Technical service measures are linked to annual budgets covering:

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

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

⁴ IPWEA, 2011, IIMM, p 2.22

Table 3.5 shows the technical level of service expected to be provided under this AM Plan. The agreed sustainable position in the table documents the position agreed by the Council following community consultation and trade-off of service levels performance, costs and risk within resources available in the long-term financial plan.

Table 3.5: Technical Levels of Service

Service Attribute	Service Objective	Activity Measure Process	Current Performance *	Desired for Optimum Lifecycle Cost **	Agreed Sustainable Position ***
TECHNICAL LEVELS OF SERVICE					
Operations		Annual Budget: \$165,000	Adequate	Additional operational resources may be required to service needs of growth	Review to meet needs of growth
Maintenance	Provide facilities that are well maintained and meet user requirements.	Annual Budget: 2016 - \$250,000 2017 - \$255,000 2018 - \$265,000	Deficient	Additional maintenance funding required to maintain new assets provided by growth	Additional maintenance funding for proactive and planned maintenance, particularly for new growth assets
Renewal	Provide facilities that are well maintained and functional throughout their life cycle due to adequate renewal expenditure		Deficient	Building age impacts deficiency of funding for renewals	Long term increase in renewals program to match depreciation
	Deteriorate	Do Nothing Option Annual Budget: \$700,000	Deficient	Condition will continue to deteriorate due to the shortfall in renewals	Agreed Sustainable Position depends on whether Council decides to pursue, and IPART subsequently grants and Special Rate Variation (SRV); 1. Do nothing (base case) option 2. 8.5% SRV for 4 years or 3. 10.8% SRV for 4 years
	Stabilise	8.5% SRV Option Annual Budget: 2016 - \$800,000 2017 - \$850,000 2018 - \$900,000 2019 onwards - \$1,100,000		Deterioration of asset condition will be stabilised through renewals.	
	Improve	10.8% SRV Option: Annual Budget: 2016 - \$850,000 2017 - \$900,000 2018 - \$950,000 2019 onwards - \$1,150,000		Renewal program to meet needs can be funded.	
Upgrade/New	Provide new facilities to service the growth projections.	Annual Budget: \$50,000	Deficient	Defined in Developer Servicing Plans	

4. FUTURE DEMAND

4.1 Existing Community Facilities in the Shire

According to the *Open Space, Recreation and Community Facilities Strategy*, the provision of Wollondilly Shire’s current community buildings dates back to the early part of the twentieth century, when the Wollondilly Shire Hall and Picton School of Arts were built. From the 1940’s onwards, the pattern has been to provide small community halls in each of the major towns and villages throughout the Shire, or to adapt and re-use for a community purpose other buildings that were no longer suitable for their original use, such as the old post office in Picton. As a consequence Wollondilly Shire lacks contemporary community facilities that have been built for purpose with one or two exceptions.

The Strategy states that the current provision of community buildings in Wollondilly Shire reflects the relatively small and dispersed pattern of population in the Shire. Facilities which meet local needs (and some district needs), are scattered among the townships and villages. The Shire lacks major regional facilities.

The recent condition assessment of public amenities across the Shire by Campbelltown Council has identified that many require full replacement. The quality of toilet facilities has a direct impact on park usage and visitor experience.

The local government area has one public library which is scheduled for renewal in 2015.

4.2 Demand Forecast- Growth

The Wollondilly Resourcing Strategy 2013- 14 states “Up until 2011, there was little prospect of major land releases in Wollondilly Shire, with growth predicted to grow at about 2% per year, based on historical trends. This was confirmed through Council’s first Growth Management Strategy in 2010, with recognition of ongoing growth pressures in and around each of the townships, along with some rural subdivision activity, at a modest level.

In late 2011 the State Government invited owners of lands greater than 100 hectares to nominate their sites for an accelerated housing strategy across the Sydney Metropolitan area. There were some 43 nominations across Sydney, with 11 of these proposals in Wollondilly. Subsequently, Council is now supporting a proposal for a major land release at Wilton Junction, with the potential for an additional 30,000 population over the next 30 years, along with 10,000 new jobs.

Additionally, there are a large number of other development proposals across the Shire that will sharply accelerate the population of the Shire if they are all successful and brought to market”.

It is estimated in Council’s draft Growth Management Strategy, that the population of the Shire may grow to 80,000 by 2026, 125,000 in the medium term and 150,000 in the long term.”

4.3 Impact of Growth on Assets

The impact of the key demand driver that will affect future service delivery and utilisation of assets is shown in Table 4.3.

Table 4.3: Demand Drivers, Projections and Impact on Services

Demand drivers	Present position	Projection	Impact on services
Population change	Current population: 43,259 (2011 Census) growing to 46,295 (ABS ERP 2013)	Council’s Growth Management Strategy defines population projections.	Critical impact on service provision. Council’s portfolio of community buildings must grow to meet needs of future population

4.4 Growth Implications for New Community Buildings

According to the *Open Space, Recreation and Community Facilities Strategy*;

- A growing population will require an increase in recreational diversity
- With most residents travelling outside the local government area for work, community facilities such as buildings will come under heaviest demand for use in the evenings, mornings and weekends.
- Steady population levels of children and youth (at least to 2031) means investment in age specific facilities will be well founded.
- Steady population growth in middle band years (25-44), a stable residential pattern of home ownership and smaller households imply that residents will continue to live in the Shire as they age. Community facilities should be designed to be flexible and accommodate a “whole of life’ pattern of use.

To meet future needs The *Open Space, Recreation and Community Facilities Strategy* recommends a hierarchy of community facilities, developed through the application of following themes;

1. District level community facilities/ hubs in Picton and Wilton
2. Neighbourhood level community facilities in Warragamba, The Oaks, Thirlmere, Tahmoor and Wilton (2 facilities)
3. Local level community facilities in Tahmoor, Bargo, Wilton, Appin, Douglas Park and Camden Park/ Menangle

It is anticipated that many of the community buildings required by the growing population of Wollondilly Shire, will be provided by developers at minimal cost to Council, following the themes outlined in the Strategy. The challenge facing Council will be the operational, maintenance and renewal costs of these new buildings.

4.5 Growth Implications for Existing Community Buildings

The growth assumptions will impact on Council’s existing building assets in several key ways:

- Some existing assets will deteriorate faster due to increased usage, particularly buildings which are conveniently located and fit for purpose. Other buildings (which are not fit for purpose) such as the poor condition Thirlmere Hall, will continue to deteriorate whilst closed. Council will need to consider how to best rationalise its portfolio of buildings to spend finite renewal funds wisely.
- The need to upgrade facilities to meet need will accelerate, such as the need for modern, fully accessible amenities at parks and community buildings
 - The quality and accessibility of toilet facilities has a direct bearing on community facility users. For the elderly and those with children, the presence and quality of toilets direct affects decisions as to which facilities they use and visit.
 - The visible profile of all facilities on the street front is the key to community awareness, sense of safety, greater use and a perception of ownership.
 - The quality and adequacy of lighting affects perceptions of safety.
- All new assets will require maintenance, which will need to be funded
- The new population cannot address the existing shortfall in funding for maintaining existing assets, such as the amenities building which presently require replacement. (i.e. the infrastructure backlog).

4.6 Demand Management Plan

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

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

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

Table 4.4: Demand Management Plan Summary

Demand Driver	Impact on Services	Demand Management Plan
Population Growth	Need for new and upgraded community buildings	<p><i>Traditional Approach -Asset Solutions</i> New building assets to be acquired to meet demand through a combination of developer and council construction.</p> <p>Council to plan for future maintenance and operations requirements and set adequate funding aside.</p> <p><i>Non- Asset Solutions</i> Encouraging the development of public/ private partnerships in community facility provision, particularly in areas of specialised services where high capital or recurrent costs are involved and where user pays is an accepted practice, such child care centres.</p> <p>Explore options for community use of school facilities for recreation and community facilities such as room hire.</p>

4.7 Asset Programs to meet Demand

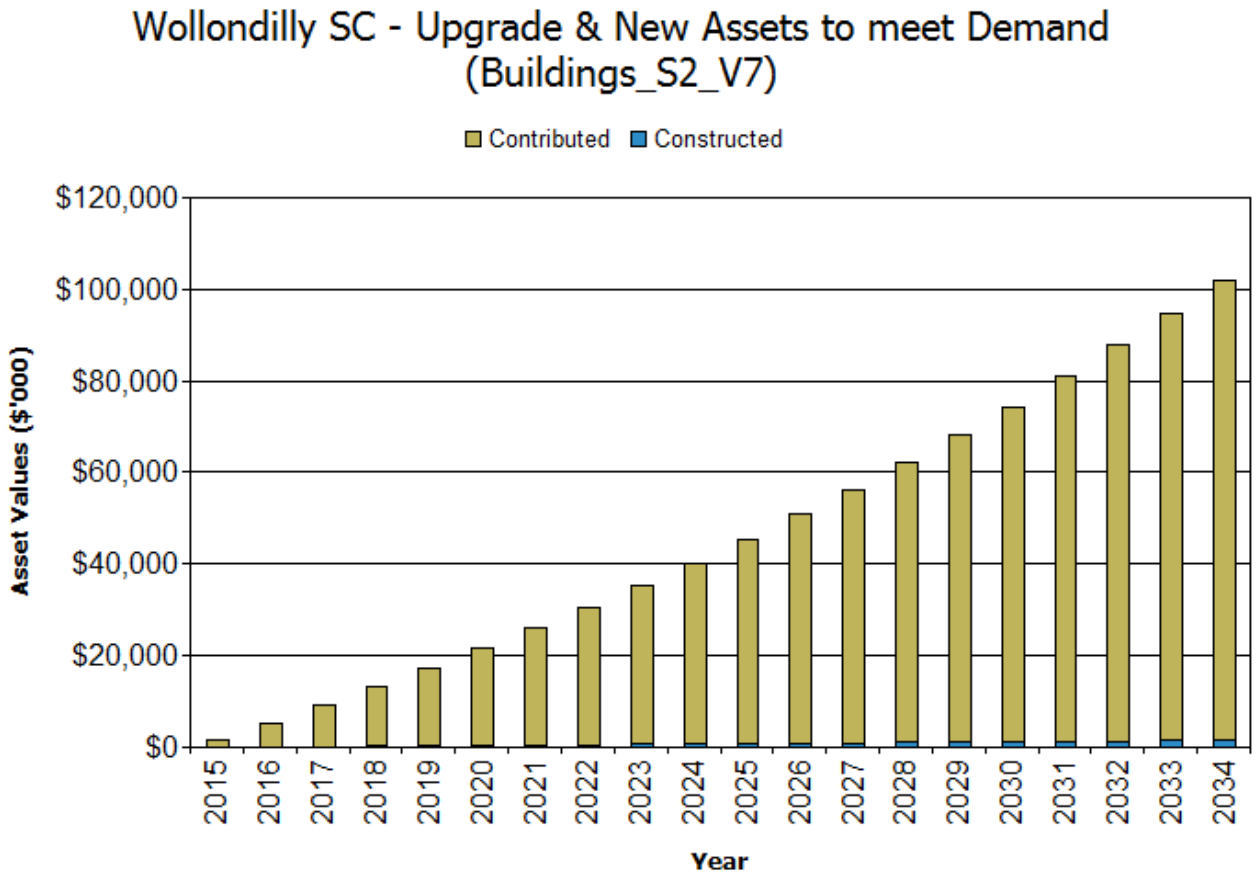
The new assets required to meet growth will be acquired free of cost from land developments and constructed/acquired by the organisation. New assets constructed/acquired by the organisation are discussed in Section 5.5. The cumulative value of new contributed and constructed asset values are summarised in Figure 1.

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

Figure 1: Upgrade and New Assets to meet Demand

Base Case “Do Nothing”, 8.5% SRV and 10.8% SRV

(all three graphs the same)



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

5. LIFECYCLE MANAGEMENT PLAN

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

5.1 Background Data

5.1.1 Physical parameters

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

- The provision of community buildings across Wollondilly reflects the relatively small and dispersed pattern of population of the Shire. Halls and amenities have been provided in each of the major towns and villages.
- Most buildings are more than 20 years old and many are not being used for the purpose for which they were built (e.g. Picton Old Post Office building). They have been refurbished and extended over the years to meet community needs.
- Many community buildings and public amenities do not meet community expectations for community facilities or contemporary standards. For example, they are not accessible to people with a disability.
- A number of amenities buildings require full replacement. They have reached end of life.

Plans showing the buildings assets are:

- Plans of certain buildings are stored electronically on Council's document management system
- The locations of Council's buildings are described in Council's geographic information system (GIS)
- Paper and electronic plans of building projects are being scanned and maintained through the ADAC system

5.1.2 Asset capacity and performance

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

Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

Table 5.1.2: Known Service Performance Deficiencies

Location	Service Deficiency
Thirlmere Hall	Closed, non-operational, poor condition. No strategy in place.
Antil Golf Course	Buildings in poor condition. High value capital asset with poor income. Currently leased for peppercorn rent. Historical significance.
Library	Does not meet fire standards, not accessible, structural deficiencies in walls, non-compliant exits, inadequate capacity, deficient technology, inadequate functional areas, no loading dock for mobile library vans. Upgrade planned in 2015.
Council Administration Centre	Overcrowded, structural concerns (sloping floor), aged infrastructure, vibration and uneven floor, leaking roof. Non-compliant lift for accessibility (classed as a goods lift). Repair strategy only – No renewal or upgrades.
Warragamba Neighbourhood Centre	Does not meet fire compliance, high asbestos
Amenities blocks at sportsgrounds (several) eg Thirlmere Memorial Park, Bargo sports ground	Replacement is the preferred strategy

The above service deficiencies were identified from workshops with operational staff.

5.1.3 Asset condition

A comprehensive condition assessment of all Council’s building assets was performed in 2014. The condition profile of our assets is shown in Figure 3.

Fig 3a: Asset Condition Profile

Condition	Percentage of Total Buildings Portfolio
Condition 1	0.00%
Condition 2	14.07%
Condition 3	78.12%
Condition 4	6.68%
Condition 5	1.13%

Fig.3b Asset Condition Distribution

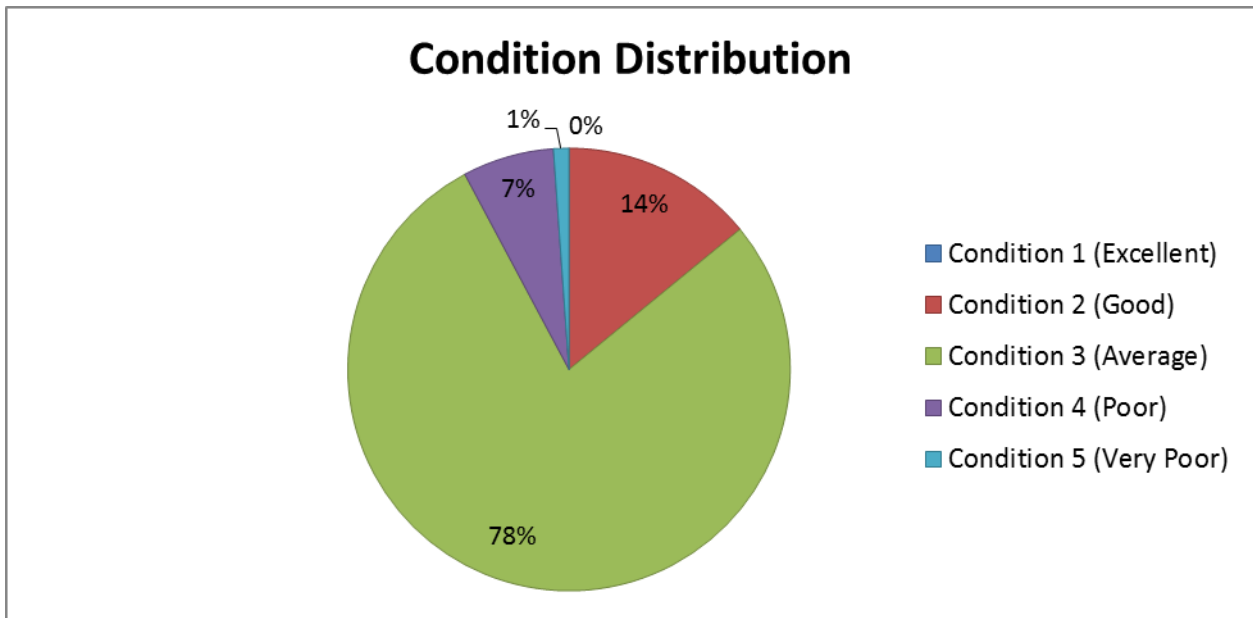


Figure 3c Asset Condition by Category

A summary of the condition of Council’s building asset portfolio is summarised as follows;

Asset Category Description	% in Condition
Amenities/Toilet Building	
Condition 1	0.00%
Condition 2	18.43%
Condition 3	76.47%
Condition 4	5.11%
Condition 5	0.00%
Childcare Centres	
Condition 1	0%
Condition 2	0%
Condition 3	64%
Condition 4	36%
Condition 5	0%
Council Offices (one building)	

Condition 3	100%
Library (one building)	
Condition 3	100%
Other Buildings	
Condition 1	0%
Condition 2	40.36%
Condition 3	44.64%
Condition 4	13.18%
Condition 5	1.82%
Public Halls/Community Centre	
Condition 1	0%
Condition 2	16.27%
Condition 3	77.38%
Condition 4	4.41%
Condition 5	1.95%
Sheds (RFS)	
Condition 1	0%
Condition 2	19.91%
Condition 3	73.68%
Condition 4	3.34%
Condition 5	3.07%
Sporting Facilities	
Condition 1	0%
Condition 2	1.46%
Condition 3	82.54%
Condition 4	16.00%
Condition 5	0%
Works Depot	
Condition 1	0%
Condition 2	9.89%
Condition 3	74.07%
Condition 4	16.05%
Condition 5	0%

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

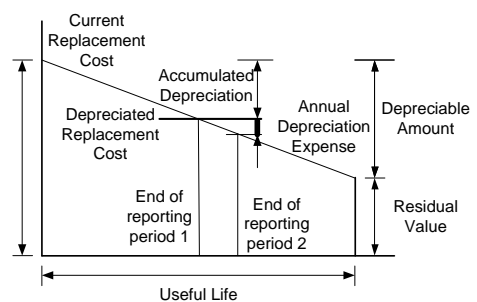
Table 5.1.3: Simple Condition Grading Model

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

5.1.4 Asset valuations

The value of assets recorded in the asset register as at 30 June 2014 covered by this asset management plan is shown below. Assets were last formally revalued at 30 June 2013. For this document, assets are valued using Rawlinson's estimate for the types of building multiplied by building area.

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



Current Replacement Cost	\$87,489,000
Depreciable Amount	\$87,489,000
Depreciated Replacement Cost ⁷	\$39,792,000
Annual Depreciation Expense	\$1,157,000

Useful lives are yet to be reviewed.
They will be reviewed in future revisions of this AM plan.

Key assumptions made in preparing the valuations were:

- Rawlinson’s estimates for current replacement value were accurate enough for use in this document. No other information available. Other key financial values were extrapolated from this figure.

Major changes from previous valuations are due to adopted methodology. Council holds a current insurance valuation for all buildings with a total replacement cost of \$83,235,000. This amount excludes 50 of the smallest sheds and amenities, so is consistent with the Rawlinson’s calculations.

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

Rate of Annual Asset Consumption (Depreciation/Depreciable Amount)	1.8%
Rate of Annual Asset Renewal (Capital renewal exp/Depreciable amount)	3.7%

In 2015 the organisation plans to renew assets at 202.50 % of the rate they are being consumed and will be increasing its asset stock by 2% in the year, because in 2015, Council will be undertaking significant renewal and upgrade capital works on the Picton library building. This is a one-off “big ticket” item, not reflective of future capital works expenditure trends.

5.1.5 Historical Data

Paper plans are accessible if required for most Council buildings.

5.2 Infrastructure Risk Management Plan

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

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

Table 5.2: Critical Risks and Treatment Plans

Asset at Risk	Incident	Cause	Likelihood	Risk Rating	Risk Treatment Plan
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⁷ Also reported as Written Down Current Replacement Cost (WDCRC).

Buildings	Destruction of Council Administration Building	Fire / Flood	Possible	Very High	<ul style="list-style-type: none"> • Maintain adequate insurance • Disaster Management Plan updated and current • Offsite storage of data backups
Buildings	Damage to buildings causing closure of infrastructure	Vandalism Act of God	Possible	High	<ul style="list-style-type: none"> • Staff temporarily repair damage • Contractor engaged. • Routine maintenance inspections.
Buildings and public amenities	Increased injury risk to users due to age and condition	Inadequate maintenance program.	Likely	Medium	<ul style="list-style-type: none"> • Capital works and maintenance program in place. • Communication with community groups, clubs and lease holders.
Buildings	Capacity issues with existing Council buildings and facilities	Increase in staffing levels in response to community demand for services	Likely	Low	<ul style="list-style-type: none"> • Adequate strategic planning for future accommodation needs
Recreation Assets	Damaged or degraded facilities or equipment presenting a risk of injury to public	Natural deterioration or deliberate damage to equipment or facilities	Very Likely	High	<ul style="list-style-type: none"> • Inspection and condition monitoring of buildings carried out on a regular basis • Timely repairs undertaken once defects are identified

5.3 Routine Operations and Maintenance Plan

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

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

5.3.1 Operations and Maintenance Plan

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

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating, eg road patching but excluding rehabilitation or renewal. Maintenance may be classified into reactive, planned and specific maintenance work activities.

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

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

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

Actual past maintenance expenditure and the figures are obtained from Council’s financial statements. The figures adopted for the purposes of NAMS modelling are shown in Table 5.3.1.

Table 5.3.1: Maintenance Expenditure Trends

Expenditure Type	2013/14 Actual Expenditure	2015/16 Proposed	2016/17 Proposed	2017/18 Proposed	2018/19 Proposed
Operations	\$165,000	\$165,000	\$165,000	\$165,000	\$165,000
Reactive Maintenance	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000
Planned Maintenance	\$250,000	\$250,000	\$255,000	\$260,000	\$265,000

At Wollondilly, planned maintenance work is currently 45% of total maintenance expenditure. Maintenance expenditure levels are not considered to be adequate to meet projected service levels. Additional maintenance funding is required for proactive and planned maintenance.

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

5.3.2 Operations and Maintenance Strategies

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

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

Asset hierarchy

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

There is no documented service hierarchy. Decisions regarding service priority are based on the factors shown in Table 5.3.2.

Table 5.3.2: Asset Service Hierarchy

Service Hierarchy Factor	Service Level Objective
Utilisation	Higher utilised building have higher service priority
Safety considerations	Priority is given to rectification of safety issues eg broken glass is given immediate priority
Strategic importance (Open Space, Recreation and Community Facilities Strategy)	The Strategy determines the strategic importance of service levels
Grant funding availability	The availability of grant funding for a particular project will increase the priority of service

Critical Assets

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

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

Table 5.3.2.1: Critical Assets and Service Level Objectives

Critical Assets	Critical Failure Mode	Operations & Maintenance Activities
Council Administration Building	Fire, structural failure	Refer Disaster Management Strategy
Works Depot	Fire in sheds	Plant & Machinery could be sourced from external providers. Repair of workshop could be initiated.

Standards and specifications

Maintenance work is carried out in accordance with accepted industry standards and specifications such as :

- AS 1428.1-2001 Design for access and mobility
- Building codes of Australia
- Scaffolding and Elevated Work Platform licences
- Safe Work Method Statements and Safe Operating Procedures

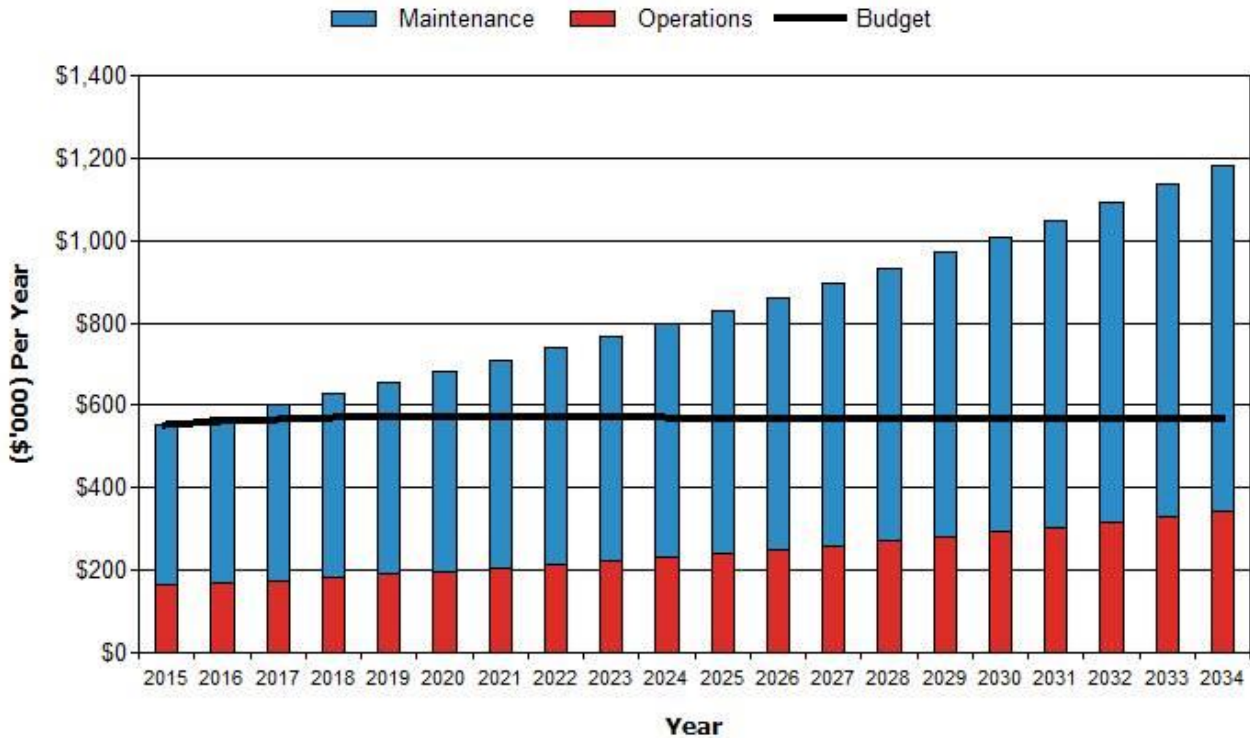
5.3.3 Summary of future operations and maintenance expenditures

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 4. Note that all costs are shown in current 2015 dollar values (ie real values).

Figure 4: Projected Operations and Maintenance Expenditure

BASE CASE, 8.5% SRV and 10.8% SRV

Wollondilly SC - Projected Operations & Maintenance Expenditure (Buildings_S2_V7)



Looking at Figure 4, it can be observed that the budgeted expenditure follows the required (or projected) operations and maintenance expenditures in the first two years. After that the growth in required expenditure accelerates beyond the budgeted expenditure. It is expected however that Council's rate income will start to grow also as a natural result of growth. This is not shown in the black line as further work is required to refine the financial planning associated with growth. More rates income will enable more funds to be allocated to maintenance. It is therefore suggested that the modelling be revisited within 4 years to ensure that it accurately reflects Council's planned budget.

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

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

5.4 Renewal/Replacement Plan

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

5.4.1 Renewal plan

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

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

Method 3 was used for this asset management plan.

The useful lives of assets used to develop projected asset renewal expenditures are shown in Table 5.4.1. Asset useful lives are based on comparative industry standards and were last reviewed on December 2014.

Table 5.4.1: Useful Lives of Assets

Asset (Sub)Category	Useful life
Amenities/Toilet Building	50 years
Childcare Centres	40 years
Council Offices	60 years
Other Buildings	60 years
Public Halls/Community Centre	60 years
Sheds	40 years
Sporting Facilities	50 years
Works Depot	40 years

5.4.2 Renewal and Replacement Strategies

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

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

Renewal ranking criteria

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (eg replacing a bridge that has a 5 t load limit), or

- To ensure the infrastructure is of sufficient quality to meet the service requirements (eg roughness of a road).⁸

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

- Have a high consequence of failure,
- Have a high utilisation and subsequent impact on users would be greatest,
- The total value represents the greatest net value to the organisation,
- Have the highest average age relative to their expected lives,
- Are identified in the AM Plan as key cost factors,
- Have high operational or maintenance costs, and
- Where replacement with modern equivalent assets would yield material savings.⁹

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

Table 5.4.2: Renewal and Replacement Priority Ranking Criteria

Criteria	Weighting
Utilisation and economic return	30%
Safety considerations	30%
Strategic importance (Open Space, Recreation and Community Facilities Strategy)	20%
Grant funding availability	20%
Total	100%

Renewal and replacement standards

Renewal work is carried out in accordance with accepted industry standards and specifications such as:

- AS 1428.1-2001 Design for access and mobility
- Building codes of Australia
- Scaffolding and Elevated Work Platform licences
- Safe Work Method Statements and Safe Operating Procedures

5.4.3 Summary of future renewal and replacement expenditure

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

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

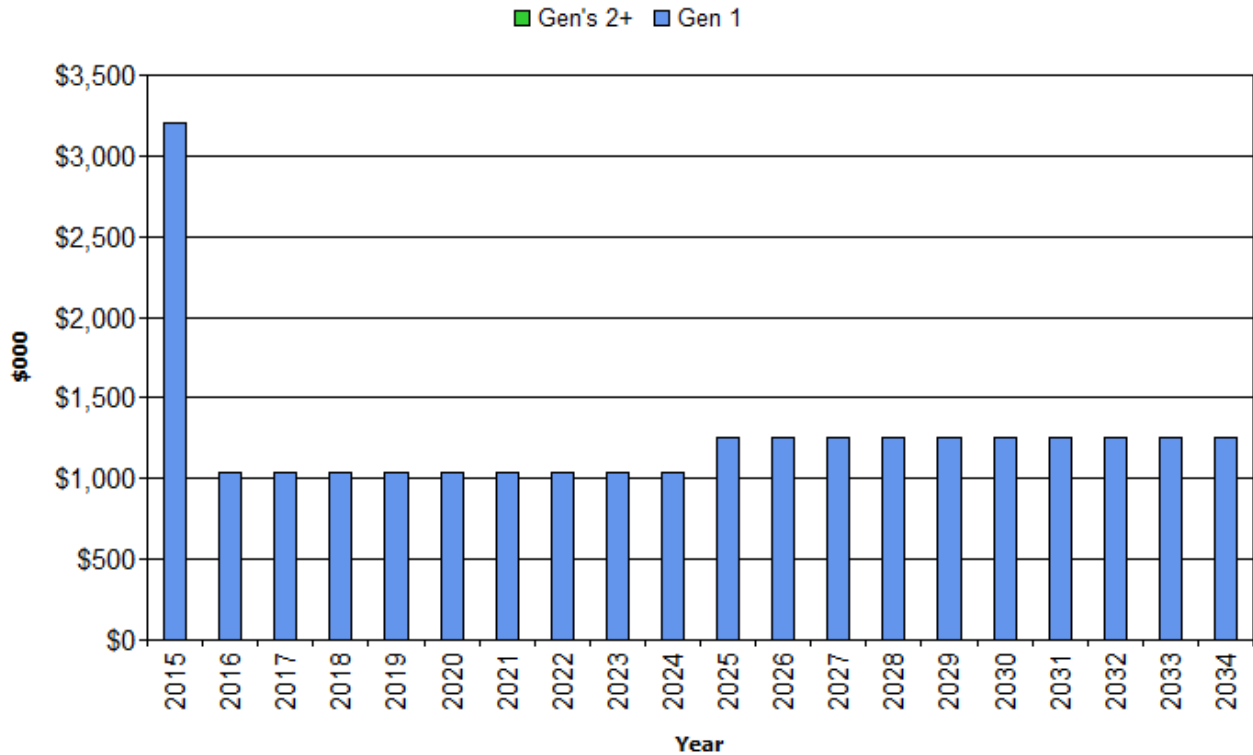
⁸ IPWEA, 2011, IIMM, Sec 3.4.4, p 3|60.

⁹ Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3|66.

Fig 5: Projected Capital Renewal and Replacement Expenditure

BASE CASE, 8.5% SRV and 10.8% SRV

**Wollondilly SC - Projected Capital Renewal Expenditure
(Buildings_S2_V7)**



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

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

5.5 Creation/Acquisition/Upgrade Plan

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

5.5.1 Selection criteria

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

Table 5.5.1: New Assets Priority Ranking Criteria

Criteria	Weighting
Developer Contributions Plan and growth projections	50 %
Availability of funding from grants	30%
Councillor/ Community requests	20%
Total	100%

5.5.2 Capital Investment Strategies

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

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

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

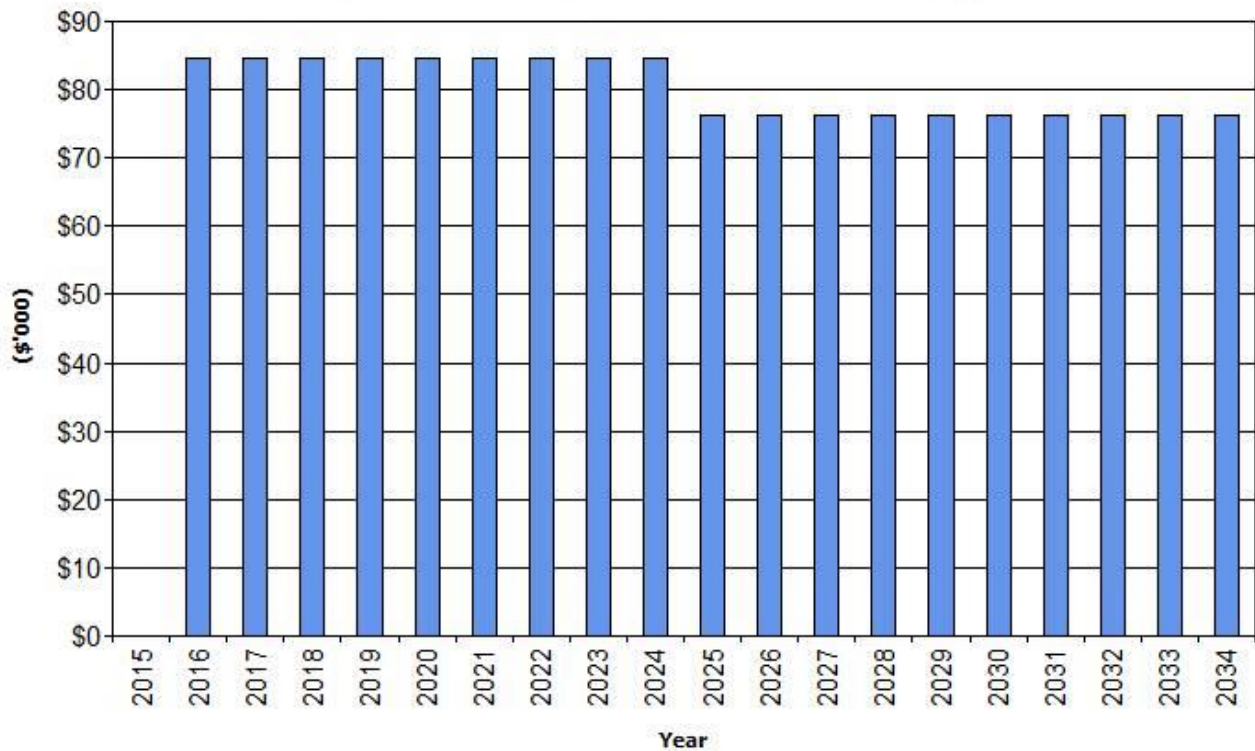
5.5.3 Summary of future upgrade/new assets expenditure

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

Fig 6: Projected Capital Upgrade/New Asset Expenditure

BASE CASE, 8.5% SRV and 10.8% SRV

Wollondilly SC - Projected Capital Upgrade/New Expenditure (Buildings_S2_V7)



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

5.6 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. No assets are currently identified for disposal.

Council monitors the usage of community buildings and will assess the possibility of disposal of underutilised and dilapidated assets in future revisions of the plan.

5.7 Service Consequences and Risks

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

Scenario 1 – Base case “Do Nothing”

Scenario 2 – 8.5% SRV over 4 years

Scenario 3 – 10.8% SRV over 4 years

The scenario adopted by the community and council will impact the funding available for road assets into the future.

5.7.1 What we cannot do

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

- Have every building refurbished to a modern standard.
- Fully comply with Disability Access Standards AS1428.
- Design and build new assets for every community group.

5.7.2 Service consequences

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

- The rate of deterioration of buildings accelerates with age and is exacerbated by inadequate maintenance funding.
- Deterioration of internal furnishings past their useful life.
- Increased end of life costs to upgrade building.
- Closure of underutilised buildings

5.7.3 Risk consequences

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

- No buildings available for community meetings at peak times.
- Substandard community facilities not meeting contemporary community expectations

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

6. FINANCIAL SUMMARY

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

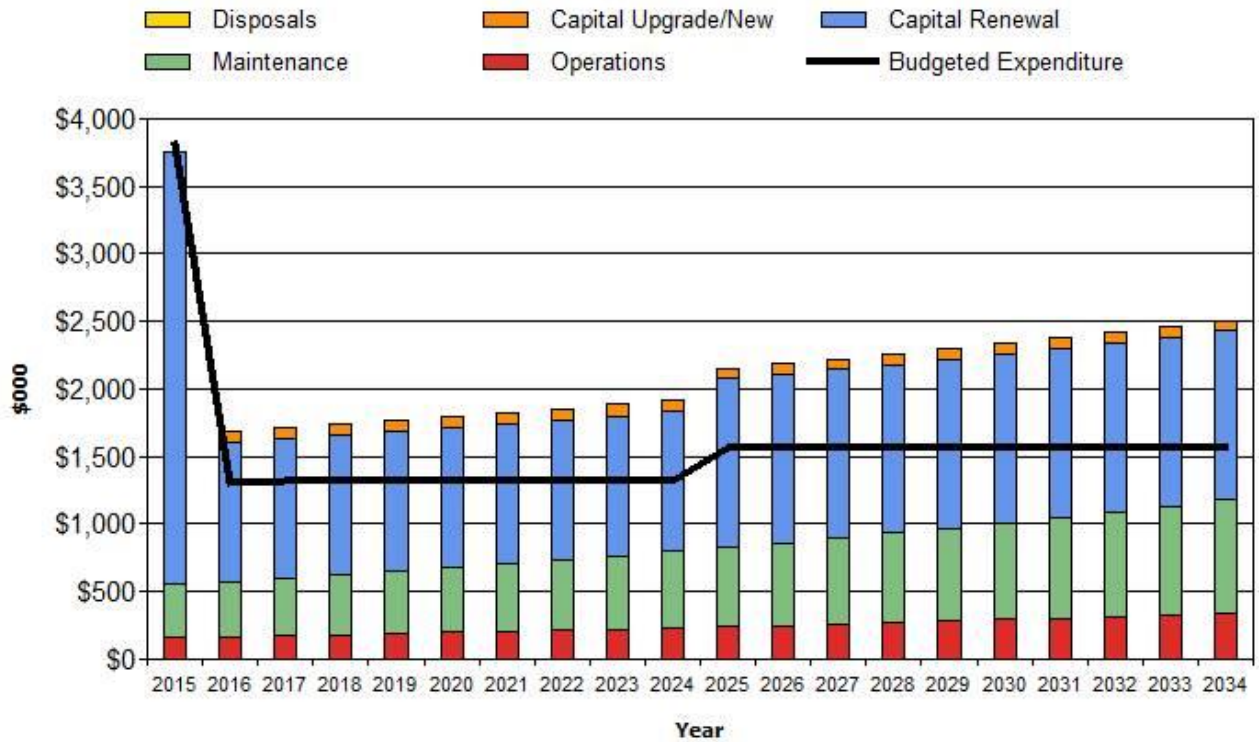
6.1 Financial Statements and Projections

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

Fig 7: Projected Operating and Capital Expenditure

BASE CASE “DO NOTHING”

Wollondilly SC - Projected Operating and Capital Expenditure (Buildings_S2_V7)

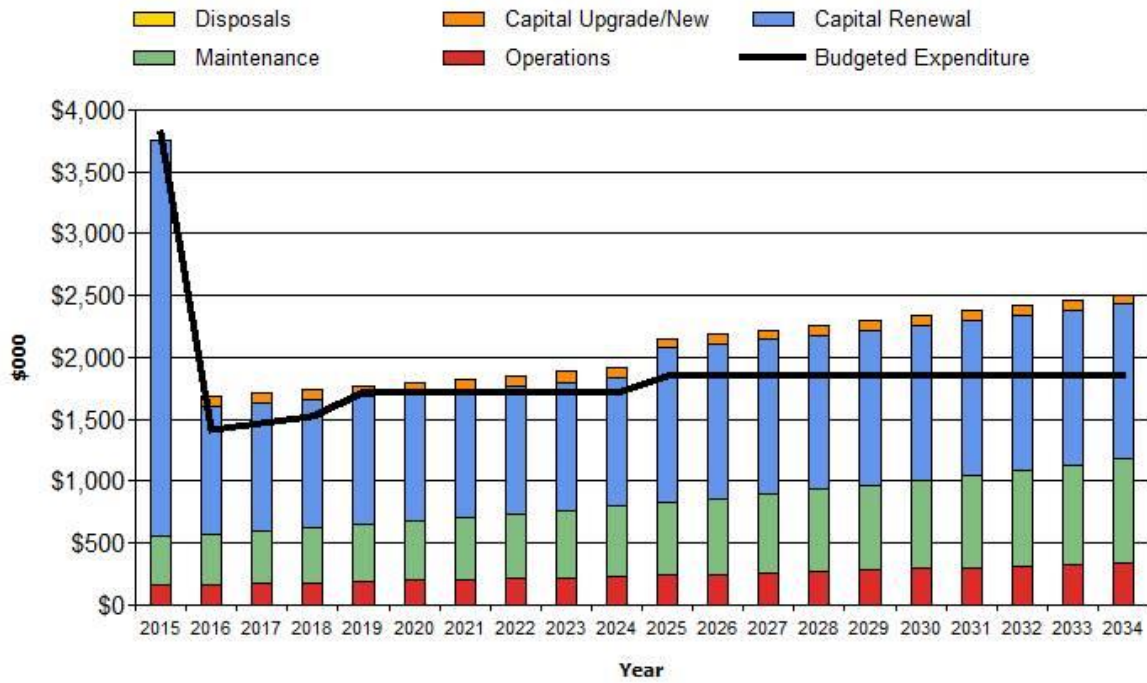


From Figure 7 Base Case “Do Nothing” it can be observed that the budgeted expenditure (the black line) does not match the coloured columns representing maintenance, renewal and upgrade expenses. This is an unsustainable financial situation.

On the following page, the two Special Rate Variation options are detailed. It can be observed that it is possible to meet projected maintenance, renewal and upgrade expenses if funding increases.

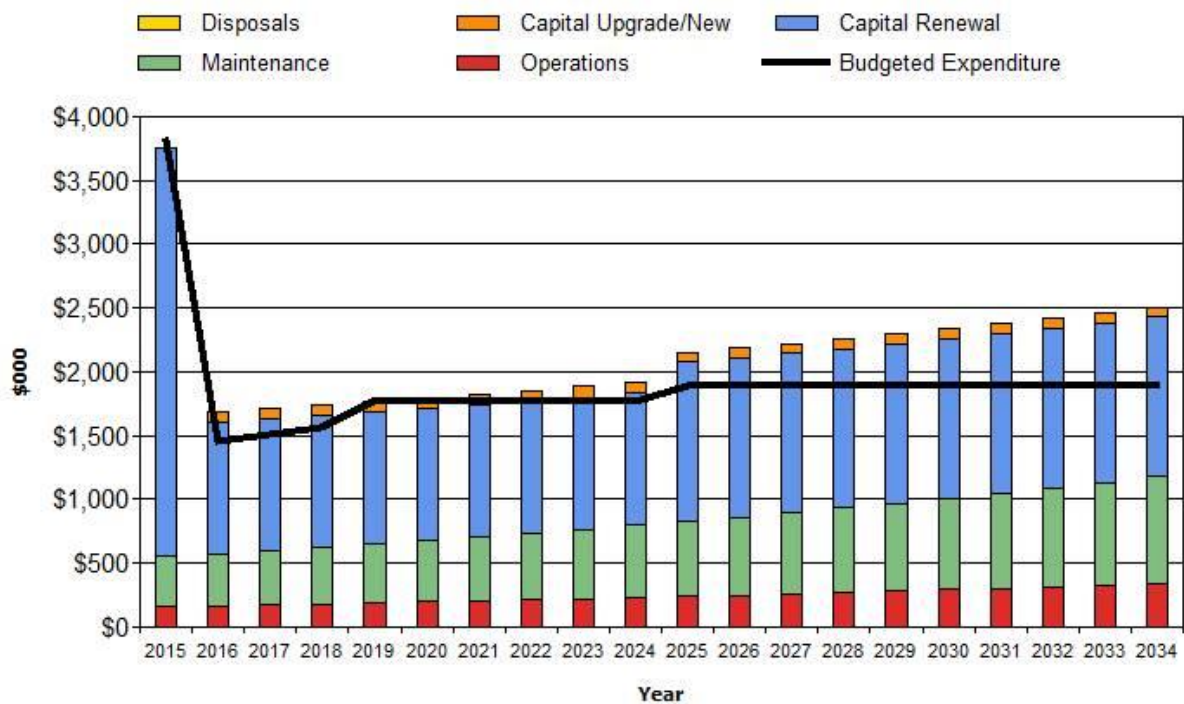
8.5% SRV

Wollondilly SC - Projected Operating and Capital Expenditure (Buildings_S2_V8)



10.8% SRV

Wollondilly SC - Projected Operating and Capital Expenditure (Buildings_S2_V9)



6.1.1 Sustainability of service delivery

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

Asset Renewal Funding Ratio

Base Case “Do Nothing”

Asset Renewal Funding Ratio¹⁰ 77%

8.5% SRV

Asset Renewal Funding Ratio 98%

10.8% SRV

Asset Renewal Funding Ratio 102%

The Asset Renewal Funding Ratio is the most important indicator and reveals that over the next 10 years. The higher the ratio, the better the outcome. 100% is ideal. The funds that Council is forecasting that it will have for the optimal renewal and replacement of its assets will depend on the funding scenario that is pursued.

Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). Life cycle costs can be compared to life cycle expenditure to give an initial indicator of affordability of projected service levels when considered with age profiles. Life cycle expenditure includes operations, maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals.

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap. The life cycle indicator shows life cycle expenditure as a percentage of life cycle costs.

Long Term - Life Cycle Costs	Base Case “Do Nothing”	8.5% SRV	10.8% SRV
Life Cycle Cost (Average 10 years projected operations and , maintenance expenditure and depreciation)	\$2,228,000	\$2,228,000	\$2,228,000
Life Cycle Expenditure (Average 10 years Long Term Financial Plan budget for operations, maintenance and capital renewal expenditure)	\$1,517,000	\$1,802,000	\$1,847,000
Life Cycle Gap(life cycle cost- life cycle expenditure) negative = a gap	-\$711,000	-\$426,000	-\$381,000
Life Cycle Indicator (life cycle expenditure/ life cycle cost)	68 %	81 %	83 %

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.

¹⁰ AIFMG, 2012, Version 1.3, Financial Sustainability Indicator 4, Sec 2.6, p 2.16

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.

Medium Term - 10 Year Financial Planning Period	Base Case "Do Nothing"	8.5% SRV	10.8% SRV
10 year Operations, Maintenance and Renewal Projected Expenditure	\$1,920,000	\$1,920,000	\$1,920,000
10 year Maintenance and Renewal Long Term Financial Plan Expenditure	\$1,517,000	\$1,802,000	\$1,847,000
10 year financing shortfall (10 year projected expenditure- LTFP budget expenditure)	-\$403,000	-\$118,000	-\$73,000
10 year financing indicator (LTFP budget expenditure/ 10 year projected expenditure)	79 %	94 %	96 %

The financing indicator reveals the percentage of the required expenditure Council expects to have in order to provide the services documented in this asset management plan. In an ideal situation, Council would have 100% of the necessary funding.

If the base case "do nothing" scenario is adopted, Council will have only 79% of the required funds. Alternatively, if the 8.5% SRV is adopted, Council will have 94% and if the 10.8% SRV is adopted, Council will have 96%.

Medium Term – 5 year financial planning period

Looking at the first 5 years of the planning period:

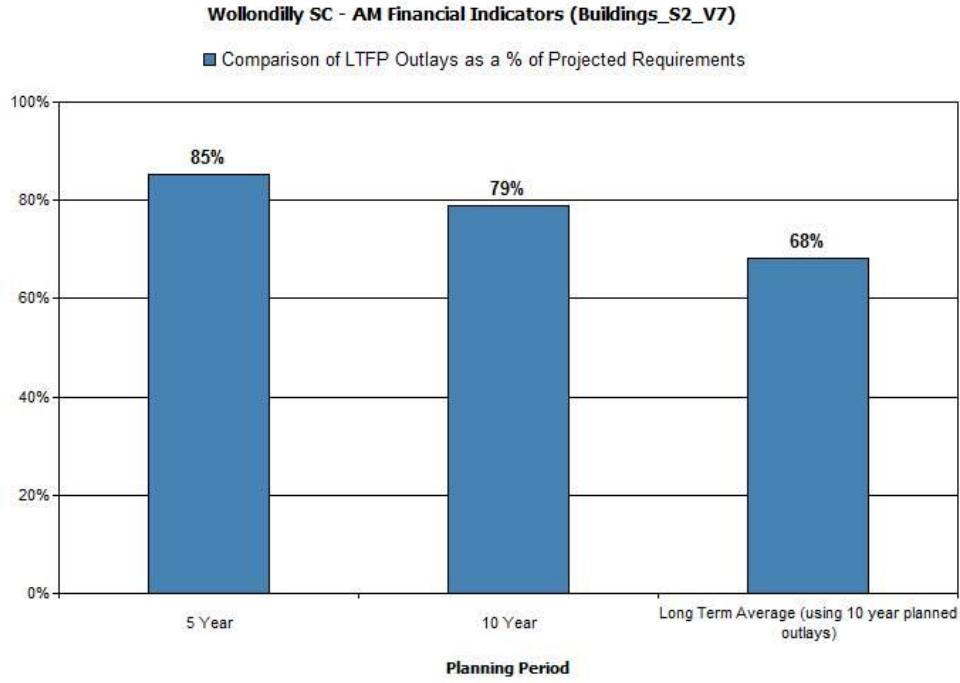
Medium Term - 5 Year Financial Planning Period	Base Case "Do Nothing"	8.5% SRV	10.8% SRV
5 year Operations, Maintenance and Renewal Projected Expenditure	\$2,068,000	\$2,068,000	\$2,068,000
5 year Maintenance and Renewal Long Term Financial Plan Expenditure	\$1,764,000	\$1,934,000	\$1,974,000
5 year financing shortfall (10 year projected expenditure- LTFP budget expenditure)	-\$304,000	-\$134,000	-\$94,000
5 year financing indicator (LTFP budget expenditure/ 10 year projected expenditure)	85 %	94 %	95 %

Asset management financial indicators

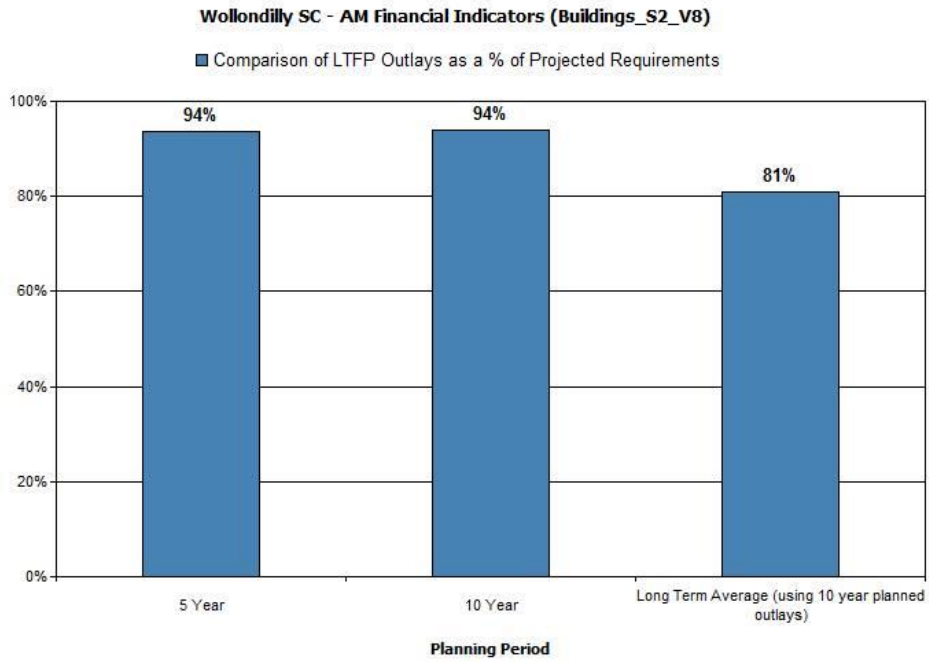
Figure 7A shows the asset management financial indicators over the 10 year planning period and for the long term life cycle.

Figure 7A: Asset Management Financial Indicators

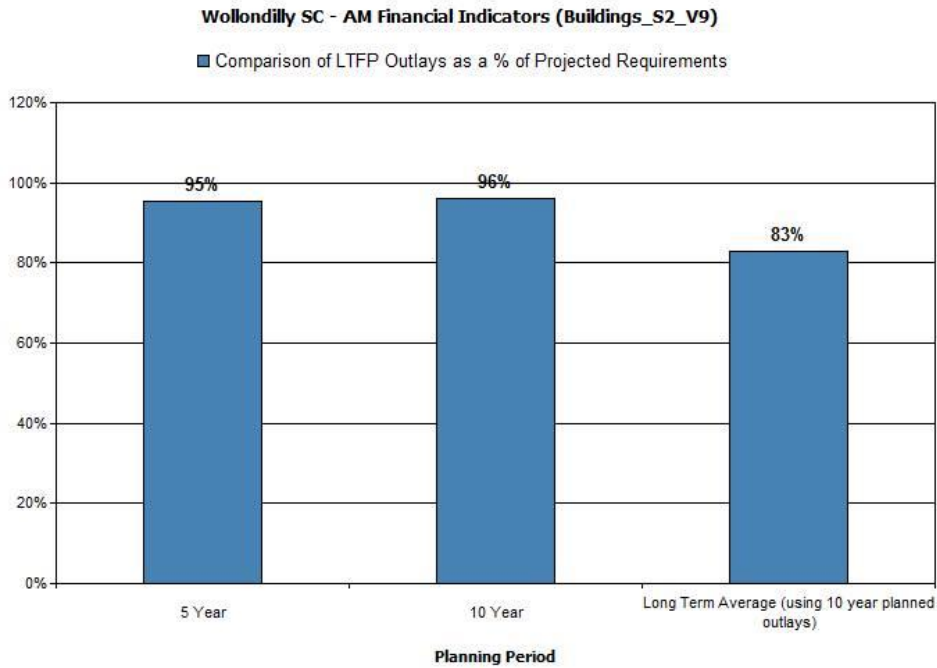
BASE CASE “DO NOTHING”



8.5% SRV



10.8% SRV



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

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

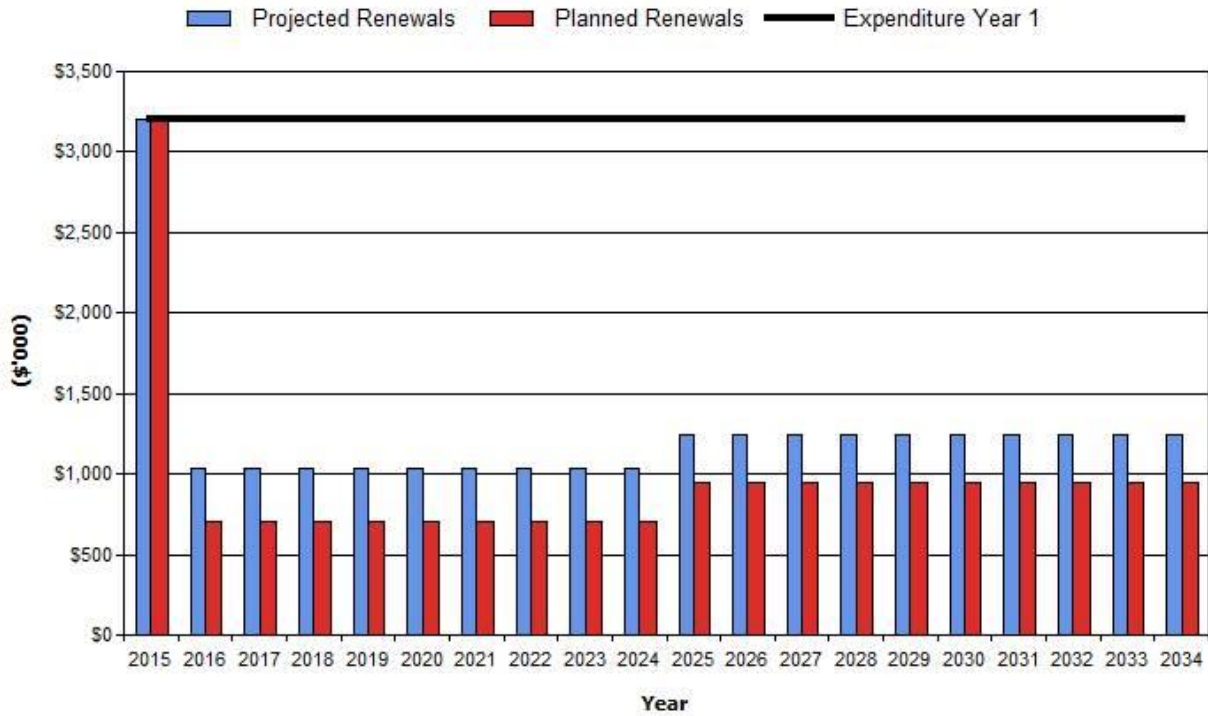
The three scenarios are shown: base case “do nothing”, 8.5% SRV and 10.8% SRV.

The SRV graphs are more favourable than the base case as the red and blue columns approach one another, particularly in the 10.8% SRV, indicating that planned funding is approaching required funding.

Figure 8: Projected and LTFP Budgeted Renewal Expenditure

BASE CASE “DO NOTHING”

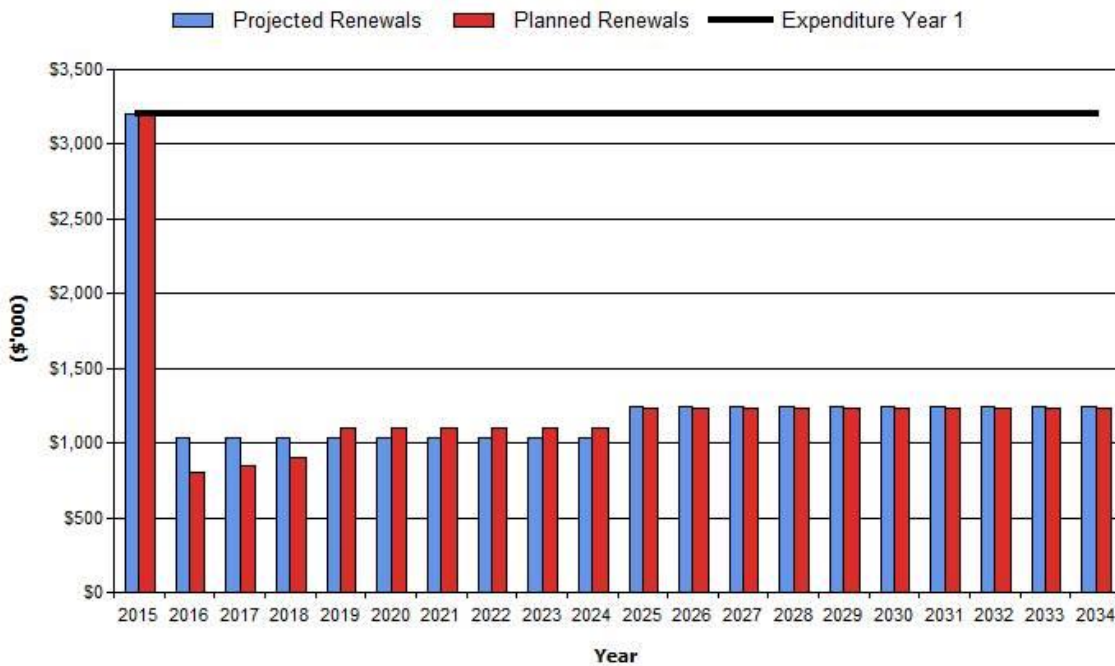
Wollondilly SC - Projected & LTFP Budgeted Renewal Expenditure (Buildings_S2_V7)



8.5%

SRV

Wollondilly SC - Projected & LTFP Budgeted Renewal Expenditure (Buildings_S2_V8)



10.8% SRV

Wollondilly SC - Projected & LTFP Budgeted Renewal Expenditure (Buildings_S2_V9)

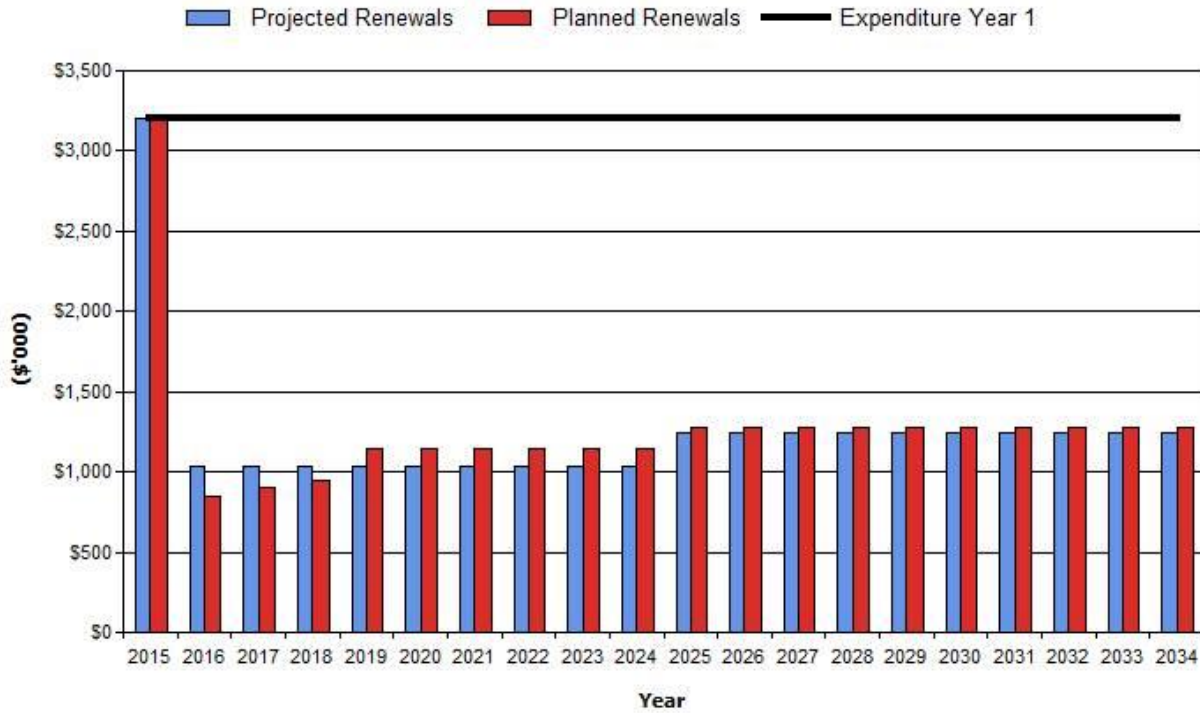


Table 6.1.1 shows the shortfall between projected renewal and replacement expenditures and expenditure accommodated in long term financial plan. Budget expenditures accommodated in the long term financial plan or extrapolated from current budgets are shown in Appendix D.

Table 6.1.1: Projected and LTFP Budgeted Renewals and Financing Shortfall

BASE CASE “DO NOTHING”

Year	Projected Renewals (\$'000)	LTFP Renewal Budget (\$'000)	Renewal Financing Shortfall (\$'000) (-ve Gap, +ve Surplus)	Cumulative Shortfall (\$'000) (-ve Gap, +ve Surplus)
2015	\$3,201	\$3,200	-\$1	-\$1
2016	\$1,032	\$700	-\$332	-\$333
2017	\$1,032	\$700	-\$332	-\$665
2018	\$1,032	\$700	-\$332	-\$998
2019	\$1,032	\$700	-\$332	-\$1,330
2020	\$1,032	\$700	-\$332	-\$1,662
2021	\$1,032	\$700	-\$332	-\$1,994
2022	\$1,032	\$700	-\$332	-\$2,326
2023	\$1,032	\$700	-\$332	-\$2,659
2024	\$1,032	\$700	-\$332	-\$2,991

2025	\$1,249	\$950	-\$299	-\$3,290
2026	\$1,249	\$950	-\$299	-\$3,589
2027	\$1,249	\$950	-\$299	-\$3,888
2028	\$1,249	\$950	-\$299	-\$4,187
2029	\$1,249	\$950	-\$299	-\$4,486
2030	\$1,249	\$950	-\$299	-\$4,785
2031	\$1,249	\$950	-\$299	-\$5,084
2032	\$1,249	\$950	-\$299	-\$5,383
2033	\$1,249	\$950	-\$299	-\$5,682
2034	\$1,249	\$950	-\$299	-\$5,981

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

8.5% SRV

Year	Projected Renewals (\$000)	LTFP Renewal Budget (\$000)	Renewal Financing Shortfall (\$000) (-ve Gap, +ve Surplus)	Cumulative Shortfall (\$000) (-ve Gap, +ve Surplus)
2015	\$3,201	\$3,200	-\$1	-\$1
2016	\$1,032	\$800	-\$232	-\$233
2017	\$1,032	\$850	-\$182	-\$415
2018	\$1,032	\$900	-\$132	-\$548
2019	\$1,032	\$1,100	\$68	-\$480
2020	\$1,032	\$1,100	\$68	-\$412
2021	\$1,032	\$1,100	\$68	-\$344
2022	\$1,032	\$1,100	\$68	-\$276
2023	\$1,032	\$1,100	\$68	-\$208
2024	\$1,032	\$1,100	\$68	-\$141
2025	\$1,249	\$1,235	-\$14	-\$155
2026	\$1,249	\$1,235	-\$14	-\$169
2027	\$1,249	\$1,235	-\$14	-\$183
2028	\$1,249	\$1,235	-\$14	-\$197
2029	\$1,249	\$1,235	-\$14	-\$211
2030	\$1,249	\$1,235	-\$14	-\$225
2031	\$1,249	\$1,235	-\$14	-\$239
2032	\$1,249	\$1,235	-\$14	-\$253
2033	\$1,249	\$1,235	-\$14	-\$267
2034	\$1,249	\$1,235	-\$14	-\$281

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

10.8% SRV

Year	Projected Renewals (\$000)	LTFP Renewal Budget (\$000)	Renewal Financing Shortfall (\$000) (-ve Gap, +ve Surplus)	Cumulative Shortfall (\$000) (-ve Gap, +ve Surplus)
2015	\$3,201	\$3,200	-\$1	-\$1

2016	\$1,032	\$850	-\$182	-\$183
2017	\$1,032	\$900	-\$132	-\$315
2018	\$1,032	\$950	-\$82	-\$398
2019	\$1,032	\$1,150	\$118	-\$280
2020	\$1,032	\$1,150	\$118	-\$162
2021	\$1,032	\$1,150	\$118	-\$44
2022	\$1,032	\$1,150	\$118	\$74
2023	\$1,032	\$1,150	\$118	\$192
2024	\$1,032	\$1,150	\$118	\$309
2025	\$1,249	\$1,280	\$31	\$340
2026	\$1,249	\$1,280	\$31	\$371
2027	\$1,249	\$1,280	\$31	\$402
2028	\$1,249	\$1,280	\$31	\$433
2029	\$1,249	\$1,280	\$31	\$464
2030	\$1,249	\$1,280	\$31	\$495
2031	\$1,249	\$1,280	\$31	\$526
2032	\$1,249	\$1,280	\$31	\$557
2033	\$1,249	\$1,280	\$31	\$588
2034	\$1,249	\$1,280	\$31	\$619

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

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

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

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

6.1.2 Projected expenditures for long term financial plan

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

Expenditure projections are in 2015 real values.

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

BASE CASE “DO NOTHING”

Year	Maintenance (\$000)	Projected Capital Renewal (\$000)	Capital Upgrade/ New (\$000)
2015	\$165.00	\$390.00	\$3,201.00
2016	\$168.30	\$403.04	\$1,032.19
2017	\$175.19	\$424.83	\$1,032.19
2018	\$182.35	\$447.28	\$1,032.19
2019	\$189.79	\$465.41	\$1,032.19
2020	\$197.53	\$484.25	\$1,032.19

2021	\$205.56	\$503.82	\$1,032.19
2022	\$213.91	\$524.17	\$1,032.19
2023	\$222.59	\$545.31	\$1,032.19
2024	\$231.61	\$567.28	\$1,032.19
2025	\$240.98	\$587.12	\$1,249.07
2026	\$250.71	\$610.81	\$1,249.07
2027	\$260.82	\$635.44	\$1,249.07
2028	\$271.32	\$661.04	\$1,249.07
2029	\$282.25	\$687.65	\$1,249.07
2030	\$293.60	\$715.31	\$1,249.07
2031	\$305.40	\$744.07	\$1,249.07
2032	\$317.67	\$773.95	\$1,249.07
2033	\$330.42	\$805.02	\$1,249.07
2034	\$343.68	\$837.32	\$1,249.07

8.5% SRV

Year	Maintenance (\$000)	Projected Capital Renewal (\$000)	Capital Upgrade/ New (\$000)
2015	\$165.00	\$390.00	\$3,200.97
2016	\$168.30	\$403.04	\$1,032.19
2017	\$175.19	\$424.83	\$1,032.19
2018	\$182.35	\$447.28	\$1,032.19
2019	\$189.79	\$465.41	\$1,032.19
2020	\$197.53	\$484.25	\$1,032.19
2021	\$205.56	\$503.82	\$1,032.19
2022	\$213.91	\$524.17	\$1,032.19
2023	\$222.59	\$545.31	\$1,032.19
2024	\$231.61	\$567.28	\$1,032.19
2025	\$240.98	\$587.12	\$1,249.07
2026	\$250.71	\$610.81	\$1,249.07
2027	\$260.82	\$635.44	\$1,249.07
2028	\$271.32	\$661.04	\$1,249.07
2029	\$282.25	\$687.65	\$1,249.07
2030	\$293.60	\$715.31	\$1,249.07
2031	\$305.40	\$744.07	\$1,249.07
2032	\$317.67	\$773.95	\$1,249.07
2033	\$330.42	\$805.02	\$1,249.07
2034	\$343.68	\$837.32	\$1,249.07

10.8% SRV

Year	Maintenance (\$000)	Projected Capital Renewal (\$000)	Capital Upgrade/ New (\$000)
2015	\$165.00	\$390.00	\$3,200.97
2016	\$168.30	\$403.04	\$1,032.19
2017	\$175.19	\$424.83	\$1,032.19
2018	\$182.35	\$447.28	\$1,032.19
2019	\$189.79	\$465.41	\$1,032.19

2020	\$197.53	\$484.25	\$1,032.19
2021	\$205.56	\$503.82	\$1,032.19
2022	\$213.91	\$524.17	\$1,032.19
2023	\$222.59	\$545.31	\$1,032.19
2024	\$231.61	\$567.28	\$1,032.19
2025	\$240.98	\$587.12	\$1,249.07
2026	\$250.71	\$610.81	\$1,249.07
2027	\$260.82	\$635.44	\$1,249.07
2028	\$271.32	\$661.04	\$1,249.07
2029	\$282.25	\$687.65	\$1,249.07
2030	\$293.60	\$715.31	\$1,249.07
2031	\$305.40	\$744.07	\$1,249.07
2032	\$317.67	\$773.95	\$1,249.07
2033	\$330.42	\$805.02	\$1,249.07
2034	\$343.68	\$837.32	\$1,249.07

6.2 Funding Strategy

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

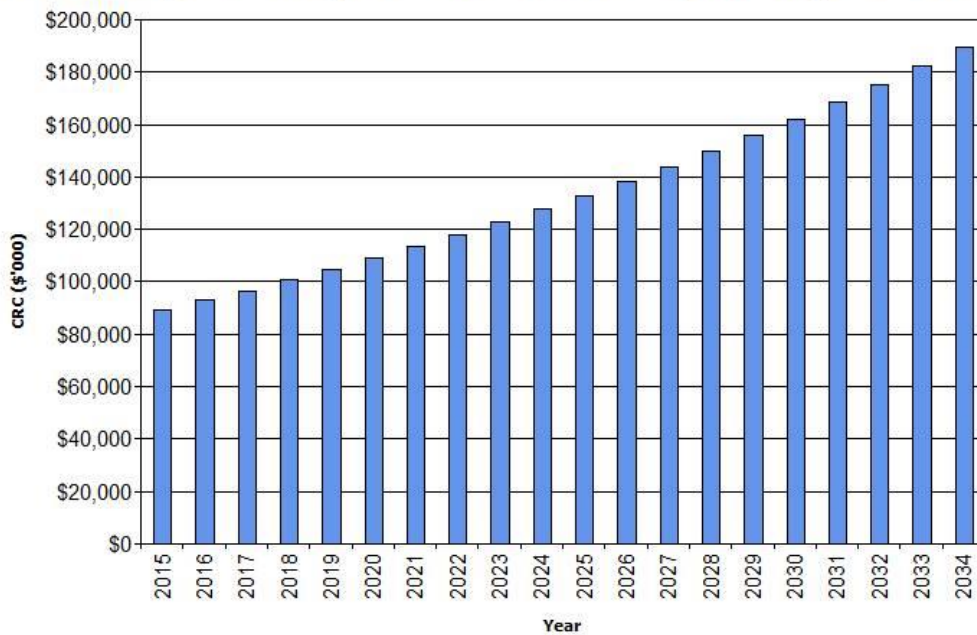
6.3 Valuation Forecasts

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

Figure 9: Projected Asset Values

BASE CASE, 8.5% SRV and 10.8% SRV

Wollondilly SC - Projected Asset Values (Buildings_S2_V7)

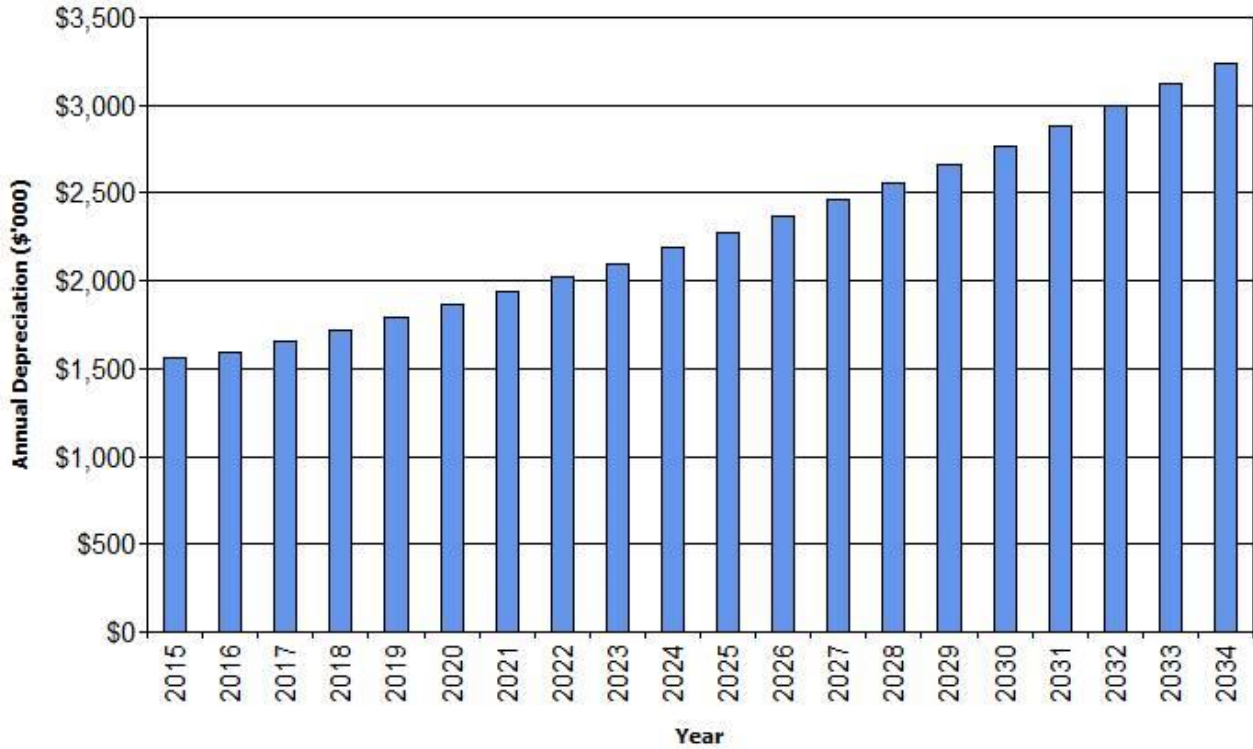


Depreciation expense values are forecast in line with asset values as shown in Figure 10.

Figure 10: Projected Depreciation Expense

BASE CASE, 8.5% SRV and 10.8% SRV

**Wollondilly SC - Projected Depreciation Expense
(Buildings_S2_V7)**

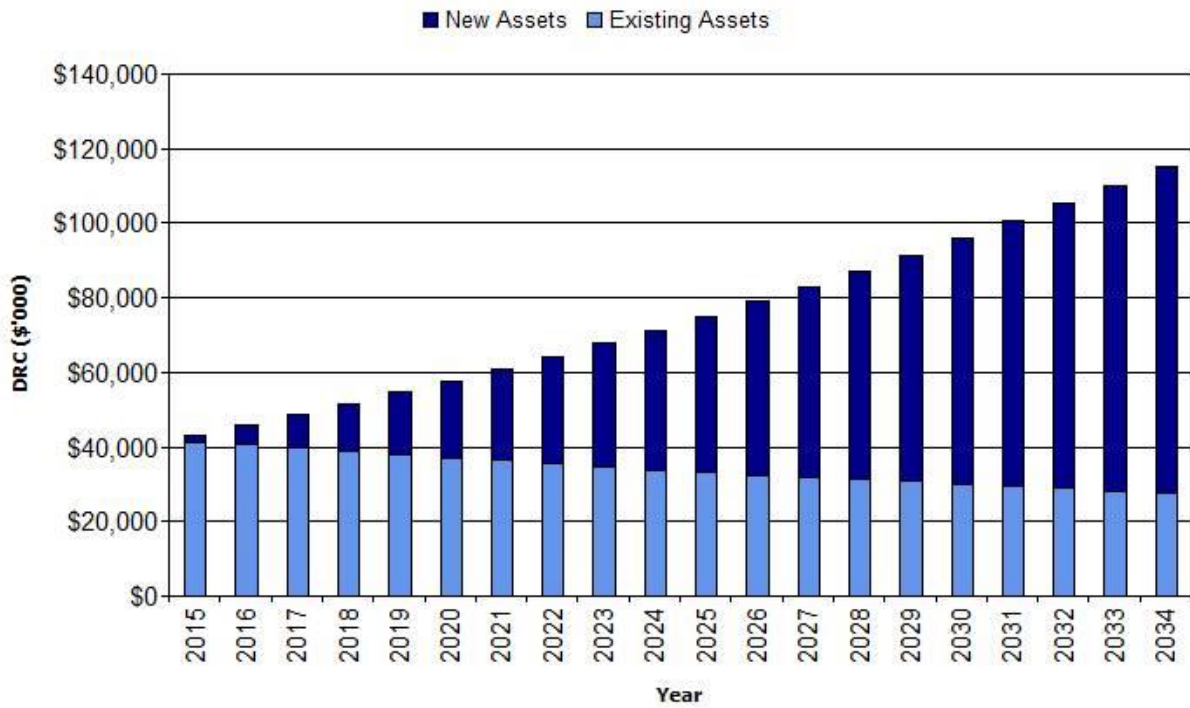


The depreciated replacement cost will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets. Forecast of the assets' depreciated replacement cost is shown in Figure 11. The depreciated replacement cost of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

Figure 11: Projected Depreciated Replacement Cost

BASE CASE, 8.5% SRV and 10.8% SRV

Wollondilly SC - Projected Depreciated Replacement Cost (Buildings_S2_V7)



6.4 Key Assumptions made in Financial Forecasts

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

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

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

Key Assumptions	Risks of Change to Assumptions
The renewals works program provided by the condition assessment consultant was provided across four years only. The works program has been averaged across the period 2016 to 2014 to reflect Council's capacity and funding capability.	During the preparation of this AM Plan, Council staff have attempted to estimate a realistic renewals works program. In doing so, the timing of renewals expenditure will require further refinement to improve the accuracy of the works program.
The renewals works program for 2015 reflects the "one-off" expenditure on the library renewal	Outputs for 2015 reflect a "one-off" high renewals expenditure.
Insurance valuations performed in June 2013 are still correct	Assets may be undervalued
Condition data is accurate	Some repairs and renewals will have been performed since data was compiled
Historical financial data is relevant in a high growth situation	Wollondilly Shire is expected to experience significant growth. In the absence of more reliable information, historical expenditures have been analysed to estimate future expenditure. May not be accurate.

6.5 Forecast Reliability and Confidence

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale¹¹ in accordance with Table 6.5.

Table 6.5: Data Confidence Grading System

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

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

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

Data	Confidence Assessment	Comment
Demand drivers	Medium	Based on feedback from users and usage. Good information contained in the open space strategy, which was referenced during the preparation of this plan
Growth projections	Medium	Based on best available information which concedes that figures may be "fluid"
Operations expenditures	Medium	Based on analysis of historical expenditures
Maintenance expenditures	Medium	Based on analysis of historical expenditures
Projected Renewal expenditures.	High	Based on works program arising from the condition assessment undertaken in 2014
- Asset values	High	Based on insurance valuations
- Asset residual values	High	Based on insurance valuations
- Asset useful lives	Medium	Based on industry practice
- Condition modelling	High	Based on the componentised condition assessment undertaken in 2014
- Network renewals	High	Based on the componentised condition assessment and renewal needs analysis undertaken in 2014.
- Defect repairs	High	Need more data
Upgrade/New expenditures	Medium	Provided by Recreation Planner
Disposal expenditures	Low	No disposals planned

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

¹¹ IPWEA, 2011, IIMM, Table 2.4.6, p 2|59.

7. PLAN IMPROVEMENT AND MONITORING

7.1 Status of Asset Management Practices

7.1.1 Accounting and financial systems

Authority

Accountabilities for financial systems

Council uses the Authority Finance System

Accounting standards and regulations

Council operates under the Australian Accounting Standards and NSW State Legislation/Regulations and Directives issued by the Division of Local Government

Capital/maintenance threshold

Council's capital threshold policy specifies a \$10,000 limit for expenditure that is expensed. Expenditure of over \$10,000 on an asset is to be classed as capital expenditure and capitalised against the asset, particularly where identified as a project in Council's strategic plans.

Required changes to accounting financial systems arising from this AM Plan

- Maintenance and operational expenditures to be split
- Clearer differentiation between planned and reactive maintenance activities

7.1.2 Asset management system

Council is in the process of implementing the Civica AIM Asset Management System.

Asset registers

Detailed asset registers are held in spreadsheets.

Linkage from asset management to financial system

By implementing the Civica AIM Asset Management System, Council's AM system will be linked to the Civica Authority Finance system.

Accountabilities for asset management system and data maintenance

The Director of Infrastructure Management is responsible for the asset management system and data maintenance.

Required changes to asset management system arising from this AM Plan

Implementation of the Civica AIM Asset Management system at Wollondilly Council is a work in progress. It is anticipated that future versions of this Buildings AM Plan will have greater inputs from the AM system, as Council's use of the system grows in sophistication.

7.2 Improvement Plan

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

Table 7.2: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	This plan outlines three funding options; “do nothing”, 8.5% SRV and 10.8% SRV. Once it is clear which funding option will be adopted, this Buildings AM Plan should be updated to reflect the new reality.	Staff/ consultants	The input of staff across the organisation will be required.	30 June 2015
2	Growth estimates will need to be clarified as Council’s strategic planning progresses. This will allow modelling to be updated and made more accurate.			
3	This Buildings Plan outlines estimates of new assets that will be required to meet future demand. It is anticipated that most of these assets will be provided by developers. Some will need to be provided by Council. The extent of the assets that Council will need to fund may not become apparent until the growth unfolds. This plan will require updating as developments are approved.			
4	This Buildings plan is informed by condition evaluation and expenditure information provided by a consultant (Campbelltown Council). It is essential that Council develop a works program that reflects the capacity to undertake the renewals nominated.			
5	Financial information used to inform this Buildings AM Plan is based on projections of operational costs and maintenance costs. Reviewing these costs will allow more in-depth analysis and accurate modelling.			

7.3 Monitoring and Review Procedures

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

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

The AM Plan has a life of 4 years (Council election cycle) and is due for complete revision and updating within one year of each Council election.

7.4 Performance Measures

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

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

8. REFERENCES

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

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

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

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

Wollondilly Shire Council Community Integrated Planning and Reporting Documents

Wollondilly Shire Council "Addressing Our Future Needs"

9. APPENDICES

- Appendix A Maintenance Response Levels of Service

- Appendix B Projected 10 year Capital Renewal and Replacement Works Program

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

- Appendix D LTFP Budgeted Expenditures Accommodated in AM Plan

- Appendix E Abbreviations

- Appendix F Glossary

Appendix A Maintenance Response Levels of Service

To be developed in future revisions of the asset management plan.

Appendix B Projected 10 year Capital Renewal and Replacement Works Program

TABLE B-1 Adopted works program for the purposes of modelling

Year	Renewal	Defect Repairs	Upgrades
2015	\$3,200,000	\$970	\$0
2016	\$721,218	\$310,970	\$84,728
2017	\$721,218	\$310,970	\$84,728
2018	\$721,218	\$310,970	\$84,728
2019	\$721,218	\$310,970	\$84,728
2020	\$721,218	\$310,970	\$84,728
2021	\$721,218	\$310,970	\$84,728
2022	\$721,218	\$310,970	\$84,728
2023	\$721,218	\$310,970	\$84,728
2024	\$721,218	\$310,970	\$84,728

NOTES ON ADJUSTMENTS TO CAMPBELLTOWN DATA

As part of the comprehensive assessment of all Council buildings, Campbelltown Council provided a Final Action Report with a four year horizon. This report contained a list of hundreds of works that Campbelltown Council recommended be performed on Council buildings.

For the purpose of NAMS.PLUS modelling the tasks were classified into;

- Renewals
- Defect repairs
- Upgrades

The works program extracted from the Campbelltown data I shown in Table B-2. This works program is not realistic because:

- Council will not have the capacity or the funds to undertake all the work listed between 2015 and 2019.
- The modelling assumes that all renewal works will be completed by 2019, which is unrealistic

Table B-1 reflects a works program that is levelled, with the expenditure averaged over a 9 year period. The 2015 expenditure includes the one-off expenditure on the library renewal.

Table B-2 - Works program extracted from the Campbelltown data

Year	Renewal	Defect Repairs	Upgrades
2015	\$6,230	\$970	\$0
2016	\$2,735,720	\$1,050,240	\$551,550
2017	\$1,581,800	\$915,390	\$178,700
2018	\$153,440	\$33,100	\$32,300
2019	\$2,020,000	\$800,000	\$0
	\$6,497,190	\$2,799,700	\$762,550

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

To be included in future revisions of the asset management plan as growth projections become more certain

Appendix D Budgeted Expenditures Accommodated in LTFP

Do Nothing Option

Projected Expenditure	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capital Expenditure on Renewal/Replacement of existing assets	\$3,201.00	\$1,032.19	\$1,032.19	\$1,032.19	\$1,032.19	\$1,032.19	\$1,032.19	\$1,032.19	\$1,032.19	\$1,032.19
Capital Expenditure on Upgrade/New assets	\$0.00	\$84.73	\$84.73	\$84.73	\$84.73	\$84.73	\$84.73	\$84.73	\$84.73	\$84.73
Operational cost of existing assets	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00
Maintenance cost of existing assets	\$390.00	\$395.00	\$400.00	\$405.00	\$405.00	\$405.00	\$405.00	\$405.00	\$405.00	\$405.00
Operational cost of New assets	\$0.00	\$3.30	\$10.19	\$17.35	\$24.79	\$32.53	\$40.56	\$48.91	\$57.59	\$66.61
Maintenance cost of New assets	\$0.00	\$8.04	\$24.83	\$42.28	\$60.41	\$79.25	\$98.82	\$119.17	\$140.31	\$162.28
Disposal of Surplus Assets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

All dollar values in ('000)'s

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Buildings_S2_V7 Asset Management Plan

First year of expenditure projections **2015** (financial yr ending)

Buildings

Asset values at start of planning period

Current replacement cost	\$87,489 (000)	Calc CRC from Asset Register	\$0 (000)
Depreciable amount	\$87,489 (000)	This is a check for you.	
Depreciated replacement cost	\$39,792 (000)		
Annual depreciation expense	\$1,557 (000)		

Operations and Maintenance Costs for New Assets

	% of asset value
Additional operations costs	0.19%
Additional maintenance	0.46%
Additional depreciation	1.78%
Planned renewal budget (information only)	

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

Planned Expenditures from LTFP

20 Year Expenditure Projections

Note: Enter all values in current **2015** values

Financial year ending	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenditure Outlays included in Long Term Financial Plan (in current \$ values)										
Operations										
Operations budget	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165
Management budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total operations	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165
Maintenance										
Reactive maintenance budget	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140
Planned maintenance budget	\$250	\$255	\$260	\$265	\$265	\$265	\$265	\$265	\$265	\$265
Specific maintenance items budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total maintenance	\$390	\$395	\$400	\$405	\$405	\$405	\$405	\$405	\$405	\$405
Capital										
Planned renewal budget	\$3,200	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700
Planned upgrade/new budget	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Non-growth contributed asset value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Disposals										
Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)										
Additional Expenditure Outlays required and not included above	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000	2023 \$000	2024 \$000
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Renewal	to be incorporated into Forms 2 & 2.1 (where Method 1 is used) OR Form 2B Defect Repairs (where Method 2 or 3 is used)									
Capital Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
User Comments #2										
Forecasts for Capital Renewal using Methods 2 & 3 (Form 2A & 2B) & Capital Upgrade (Form 2C)										
Forecast Capital Renewal from Forms 2A & 2B	\$3,201	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032
Forecast Capital Upgrade from Form 2C	\$0	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85

8.5% SRV

Projected Expenditure	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capital Expenditure on Renewal/Replacement of existing assets	\$8,581.00	\$10,753.00	\$13,918.00	\$11,932.00	\$12,000.00	\$10,389.00	\$14,375.00	\$13,449.00	\$12,886.00	\$15,263.00
Capital Expenditure on Upgrade/New assets	\$925.00	\$925.00	\$925.00	\$925.00	\$925.00	\$1,925.00	\$925.00	\$925.00	\$925.00	\$1,925.00
Operational cost of existing assets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance cost of existing assets	\$3,816.00	\$3,921.00	\$4,027.00	\$4,332.00	\$4,332.00	\$4,332.00	\$4,332.00	\$4,332.00	\$4,332.00	\$4,332.00
Operational cost of New assets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance cost of New assets	\$0.00	\$96.34	\$280.23	\$470.98	\$668.88	\$874.21	\$1,100.42	\$1,321.51	\$1,550.95	\$1,789.09
Disposal of Surplus Assets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

All dollar values in (\$'000)'s

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Buildings_S2_V8 Asset Management Plan

First year of expenditure projections **2015** (financial yr ending)

Buildings

Asset values at start of planning period

Current replacement cost	\$87,489 (000)	Calc CRC from Asset Register	\$0 (000)
Depreciable amount	\$87,489 (000)	This is a check for you.	
Depreciated replacement cost	\$39,792 (000)		
Annual depreciation expense	\$1,557 (000)		

Operations and Maintenance Costs for New Assets

Additional operations costs	0.19%
Additional maintenance	0.46%
Additional depreciation	1.78%
Planned renewal budget (information only)	

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

Planned Expenditures from LTFP

20 Year Expenditure Projections

Note: Enter all values in current **2015** values

Financial year ending	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000

Expenditure Outlays included in Long Term Financial Plan (in current \$ values)

Operations

Operations budget	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165
Management budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total operations	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165

Maintenance

Reactive maintenance budget	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140
Planned maintenance budget	\$250	\$255	\$260	\$265	\$265	\$265	\$265	\$265	\$265	\$265
Specific maintenance items budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total maintenance	\$390	\$395	\$400	\$405	\$405	\$405	\$405	\$405	\$405	\$405

Capital

Planned renewal budget	\$3,200	\$800	\$850	\$900	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
Planned upgrade/new budget	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50

Non-growth contributed asset value

	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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Asset Disposals

Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)

Additional Expenditure Outlays required and not included above	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Renewal	to be incorporated into Forms 2 & 2.1 (where Method 1 is used) OR Form 2B Defect Repairs (where Method 2 or 3 is used)									
Capital Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
User Comments #2										

Forecasts for Capital Renewal using Methods 2 & 3 (Form 2A & 2B) & Capital Upgrade (Form 2C)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Forecast Capital Renewal from Forms 2A & 2B	\$3,201	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032
Forecast Capital Upgrade from Form 2C	\$0	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85

10.8% SRV

Projected Expenditure	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capital Expenditure on Renewal/Replacement of existing assets	\$3,200.97	\$1,032.19	\$1,032.19	\$1,032.19	\$1,032.19	\$1,032.19	\$1,032.19	\$1,032.19	\$1,032.19	\$1,032.19
Capital Expenditure on Upgrade/New assets	\$0.00	\$84.73	\$84.73	\$84.73	\$84.73	\$84.73	\$84.73	\$84.73	\$84.73	\$84.73
Operational cost of existing assets	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00
Maintenance cost of existing assets	\$390.00	\$395.00	\$400.00	\$405.00	\$405.00	\$405.00	\$405.00	\$405.00	\$405.00	\$405.00
Operational cost of New assets	\$0.00	\$3.30	\$10.19	\$17.35	\$24.79	\$32.53	\$40.56	\$48.91	\$57.59	\$66.61
Maintenance cost of New assets	\$0.00	\$8.04	\$24.83	\$42.28	\$60.41	\$79.25	\$98.82	\$119.17	\$140.31	\$162.28
Disposal of Surplus Assets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

All dollar values in (\$'000)'s

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Buildings_S2_V9 Asset Management Plan

First year of expenditure projections **2015** (financial yr ending)

Buildings

Asset values at start of planning period

Current replacement cost	\$87,489 (000)
Depreciable amount	\$87,489 (000)
Depreciated replacement cost	\$39,792 (000)
Annual depreciation expense	\$1,557 (000)

Calc CRC from Asset Register

\$0 (000)
This is a check for you.

Operations and Maintenance Costs for New Assets

	% of asset value
Additional operations costs	0.19%
Additional maintenance	0.46%
Additional depreciation	1.78%

Planned renewal budget (information only)

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

Planned Expenditures from LTFP

20 Year Expenditure Projections

Note: Enter all values in current **2015** values

Financial year ending	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000

Expenditure Outlays included in Long Term Financial Plan (in current \$ values)

Operations

Operations budget	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165
Management budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total operations	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165

Maintenance

Reactive maintenance budget	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140
Planned maintenance budget	\$250	\$255	\$260	\$265	\$265	\$265	\$265	\$265	\$265	\$265
Specific maintenance items budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total maintenance	\$390	\$395	\$400	\$405	\$405	\$405	\$405	\$405	\$405	\$405

Capital

Planned renewal budget	\$3,200	\$850	\$900	\$950	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150
Planned upgrade/new budget	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Non-growth contributed asset value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Asset Disposals

Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Additional Expenditure Outlays required and not included above	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Renewal	to be incorporated into Forms 2 & 2.1 (where Method 1 is used) OR Form 2B Defect Repairs (where Method 2 or 3 is used)									
Capital Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
User Comments #2										

Forecasts for Capital Renewal using Methods 2 & 3 (Form 2A & 2B) & Capital Upgrade (Form 2C)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Forecast Capital Renewal from Forms 2A & 2B	\$3,201	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032	\$1,032
Forecast Capital Upgrade from Form 2C	\$0	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85

Appendix E Abbreviations

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

Appendix F Glossary

Annual service cost (ASC)

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

Asset

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

Asset category

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

Asset class

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

Asset condition assessment

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

Asset hierarchy

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

Asset management (AM)

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

Asset renewal funding ratio

The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an asset management plan for the same period [AIFMG Financial Sustainability Indicator No 8].

Average annual asset consumption (AAAC)*

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

Borrowings

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

Capital expenditure

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

Capital expenditure - expansion

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

Capital expenditure - new

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

Capital expenditure - renewal

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

Capital expenditure - upgrade

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

Capital funding

Funding to pay for capital expenditure.

Capital grants

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

Capital investment expenditure

See capital expenditure definition

Capitalisation threshold

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

Carrying amount

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

Class of assets

See asset class definition

Component

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

Core asset management

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

Cost of an asset

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

Critical assets

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

Current replacement cost (CRC)

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

Deferred maintenance

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

Depreciable amount

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

Depreciated replacement cost (DRC)

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

Depreciation / amortisation

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

Economic life

See useful life definition.

Expenditure

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

Expenses

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

Fair value

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

Financing gap

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

Heritage asset

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

Impairment Loss

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

Infrastructure assets

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

Investment property

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

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

Key performance indicator

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

Level of service

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

Life Cycle Cost *

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

Life Cycle Expenditure

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

Loans / borrowings

See borrowings.

Maintenance

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

- **Planned maintenance**

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

- **Reactive maintenance**

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

- **Specific maintenance**

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

- **Unplanned maintenance**

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

Maintenance expenditure *

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

Materiality

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

Modern equivalent asset

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

Net present value (NPV)

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

Non-revenue generating investments

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

Operations

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

Operating expenditure

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

Operating expense

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

Operating expenses

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

Operations, maintenance and renewal financing ratio

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

Operations, maintenance and renewal gap

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

Pavement management system (PMS)

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

PMS Score

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

Rate of annual asset consumption *

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

Rate of annual asset renewal *

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

Rate of annual asset upgrade/new *

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

Recoverable amount

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

Recurrent expenditure

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

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining useful life

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

Renewal

See capital renewal expenditure definition above.

Residual value

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

Revenue generating investments

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

Risk management

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

Section or segment

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

Service potential

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

Service potential remaining

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

Specific Maintenance

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacement of air conditioning equipment, etc. This work generally falls below the capital/ maintenance threshold and needs to be identified in a specific maintenance budget allocation.

Strategic Longer-Term Plan

A plan covering the term of office of councillors (4 years minimum) reflecting the needs of the community for the foreseeable future. It brings together the detailed requirements in the Council's longer-term plans such as the asset management plan and the long-term financial plan. The plan is prepared in consultation with the community and details where the Council is at that point in time, where it wants to go, how it is going to get there, mechanisms for monitoring the achievement of the outcomes and how the plan will be resourced.

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

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

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

Value in Use

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

Source: IPWEA, 2009, Glossary

Additional and modified glossary items shown *