

Overall Asset Management Plan

2021 – 2031
V1.0



Adopted by Council 22 June 2022

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EXECUTIVE SUMMARY

Infrastructure asset management is the combination of financial, economic, engineering, geospatial science and other practices applied to physical assets with the objective of providing the required level of service for assets in the most cost-effective manner. It includes the management of the entire lifecycle - including design, construction, commissioning, operating, maintaining, repairing, modifying, replacing and decommissioning/disposal of physical and infrastructure assets.

Operating and management of assets in a constrained budget environment requires prioritisation, which takes into consideration: stakeholder expectations; risk; mitigation and management; legal and regulatory considerations; intergenerational equity, and constant changes to technology, methodologies and demographics.

The Moira Shire Council is custodian of an extensive range of community assets that contribute to facilitate delivery of its services to the community. The replacement cost of these assets at 30 June 2021 is valued in excess of \$812 million dollars. Typically, Council infrastructure assets within local government include local roads, bridges, drainage, footpaths, kerbs, parks, reserves, recreation facilities, waste disposal facilities, plant and equipment.

Strategic directions may be implemented, whereby the service levels or a particular asset group may be increased or decreased, depending on the competing priorities of Council and the expectations of the community. The means by which Council achieves the delivery of such strategies is the process of 'asset management'.

Case Study Example – in 2018/19 Council's Community and Recreation department reviewed the current intervention levels and condition ratings on existing buildings and compared these to the desired intervention levels. Forecast modelling was completed using the desired intervention levels to show the impact on Council's financial resources. The net result being an increase in the building renewal gap from \$4million to over \$46million. Whilst the new intervention levels maybe desirable for the community, it would place an unsustainable burden on Council's financial resources.

Council has developed a Strategic Resource Plan 2019-2023 (SRP) which sets out the financial framework to meet Council's strategic objectives over the next four years. To achieve these outcomes a greater focus is being placed on asset management.

The following are considered areas of strength regarding Council's approach to Asset Management:

- Council's Asset Management System (Conquest) captures detailed data surrounding the assets of Moira. Such as the location, type, classification, condition, age, configuration and quantity of the asset together with a history of the assets including any additions, deletions and changes to the local road asset.
- This Asset Management Plan (AMP) links to Moira's corporate strategies, plans, budgets and systems.
- Asset condition assessments are performed in line with the documented timelines within the AMP.
- Asset revaluations are performed on an annual basis in line with the accounting standards. All asset disposals follow the approval guidelines outlined in the AMP
- A Council Wide Risk Management Plan and Policy is maintained outlining Moira's approach to Risk Management.
- Asset Renewal shall take priority where possible before of the construction of new assets or expansion or upgrade of existing assets.

1 INTRODUCTION

This plan establishes the process for operation, maintenance, renewal, refurbishment and upgrade of Council's assets, reflecting the current situation. The plan has been prepared to embody the principles of Council's Asset Management Policy into a working document and to ensure that the direction of Council's Asset Management Strategy is maintained.

Council last reviewed and adopted the Asset Management Policy on 23 October 2019.

1.1 Legislative Basis for the Plan

This Moira Shire Council Asset Management Plan (AMP) has been prepared in accordance with the following Acts, Regulations and Codes of Practice:

- *Local Government Act (2020)* (Refer section 14 within this document for full details)
- *Road Management Act (2004)*

1.2 Purpose of the AMP

The purpose of the AMP is to establish the processes for operations, maintenance, renewal, refurbishment and upgrade of assets under the management of the Moira Shire Council based on meeting an agreed level of service. It also sets the relevant standard in relation to discharge of duties in the performance of asset management functions. In doing this, it will achieve compliance with the Local Government Act 2020.

1.3 Scope of the Plan

This AMP has been set up to meet the objectives of Council's Asset Management Policy. Moira Shire Council is responsible for \$780 million of assets, including land, buildings, drainage, waste and roads, footpaths, kerbs, airports and recreational infrastructure. Individual (sub) asset management plans are being developed for each asset type and will be approved by Council's Management Team as required. These sub plans will include the following:

- Appendix 1.1 Footpaths
- Appendix 1.2 Kerb and Channel
- Appendix 1.3 Local Roads
- Appendix 1.4 Bridges and Major Culverts
- Appendix 1.5 Public Toilets - TBC
- Appendix 1.6 Public Swimming Pools - TBC
- Appendix 1.7 Transfer Stations –
- Appendix 1.8 Parks and Gardens - TBC
- Appendix 1.9 Buildings and Other Structures
- Appendix 1.10 Public Halls TBC
- Appendix 1.11 Leisure & Recreation
- Appendix 1.12 Drainage

Further plans will be developed for other infrastructure assets as required.

The individual (sub) plans are attached to the overall asset plan as appendices and each contain the following information:

- asset portfolio summary;
- sub assets details;
- valuations;

- current condition summary;
- intervention level;
- asset life; and
- estimated renewal demand.

1.4 Background

Moirá Shire Council is home to a population in excess of 29,000 people and encompasses a geographic area of 4,057 square kilometres from Bundalong in the east to Barmah in the west. Our northern boundary is defined by the Murray River and our south-west, southern and southeast regions share boundaries with the municipalities of Campaspe, Greater Shepparton, Benalla, Wangaratta and Indigo. Moirá is centrally located to the regional cities of Shepparton, Wangaratta and Albury-Wodonga.

The Moirá Shire's municipal region includes four major towns; Cobram, Nathalia, Numurkah and Yarrawonga and 22 smaller communities: Barmah, Bearii, Bundalong, Burramine, Invergordon, Kaarimba, Katamatite, Katunga, Koonoomoo, Kotupna, Lake Rowan, Peechelba, Picola, St James, Strathmerton, Tungamah, Waaia, Wilby, Wunghnu, Yabba North, Yalca and Yarroweyah.

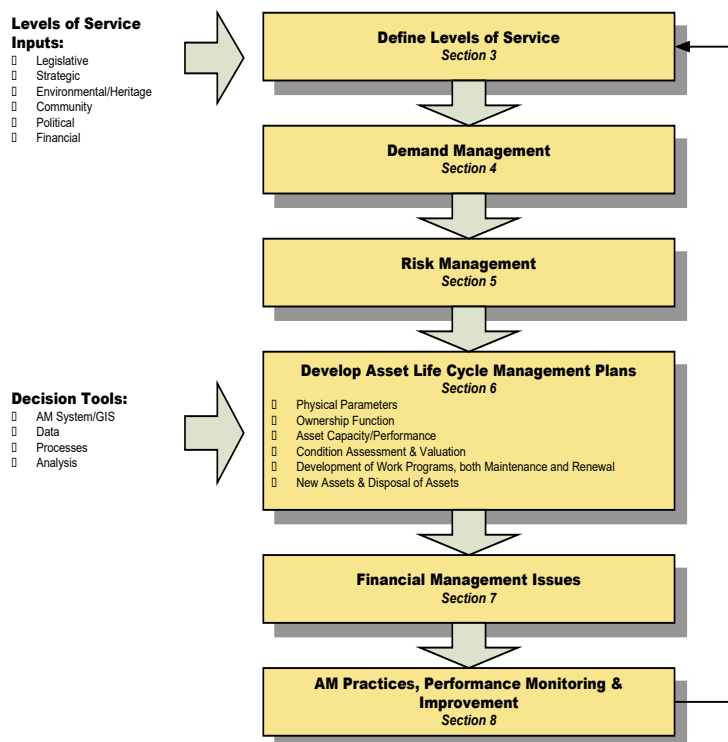
The median age of Moirá Shires population is 47 years, which is higher than the State and National medians of 37 and 38 years, respectively. Children aged 0 - 14 years make up 17.7% of the population and people aged 65 years and over make up 25.0% of the population.

Moirá Shire is home to a variety of agricultural industries including horticulture, cereal, oilseed, livestock and dairy production. Agricultural land use accounts for approximately 71 per cent of the total land area, currently divided equally between irrigated and dry land production.

The development of a Strategic Resource Plan (SRP) in accordance with Part 4 – Planning and Financial Management of the Local Government Act (2020) has provided the focus for Council to seek to improve the way in which it manages the assets under its control.

1.5 Plan Format

The prime guidance used for development of Council's AMP's is the International Infrastructure Management Manual (IIMM) developed jointly by the NZ National Asset Management Steering Group and the Institute of Public Works Engineering of Australia. This manual is highly recognised around the world as one of, if not the leading Infrastructure Management Manual for public works authorities such as municipal councils.



The IIMM recommended structure for an Infrastructure AM Plan is the basis for the Moira Shire Council AMP.

While this structure has been adopted by many AM organisations in Australia and New Zealand, and is recommended by the Municipal Association of Victoria it is noted that there is no ideal structure.

Diagram 1.5 illustrates the Plan's structure.

1.6 Key Stakeholders

The key stakeholder groups of the community who are both users of Council's physical assets and/or are affected by it include:

- the community in general;
- emergency agencies (police, fire, ambulance, Vic ses);
- utility agencies that utilise the road reserve for their infrastructure (water, sewerage, gas, electricity, telecommunications);
- council as custodian of the asset;
- state & federal government that provide support funding to assist with management of council's assets.

1.7 Local Government Act - Non-Feasance

The removal of non-feasance from the Local Government Act for roads has increased the profile of asset management within local government.

Within Australia, the "law of negligence" is a fault-based system where a person who carelessly causes injury or loss to another person should compensate that person. In 2000, the High Court ruled that this should also apply to an authority (including Local Government) that does not maintain its assets to an appropriate standard and is therefore subject to the law of negligence. To address this issue the State Government has introduced the Road Management Act 2004 in the roads area.

1.8 Rationale for Asset Ownership

Authorities such as municipal councils exist principally to supply various core and non-core services that meet the needs of their communities. The type of services provided, and how they are provided depends on the level of service required by the community.

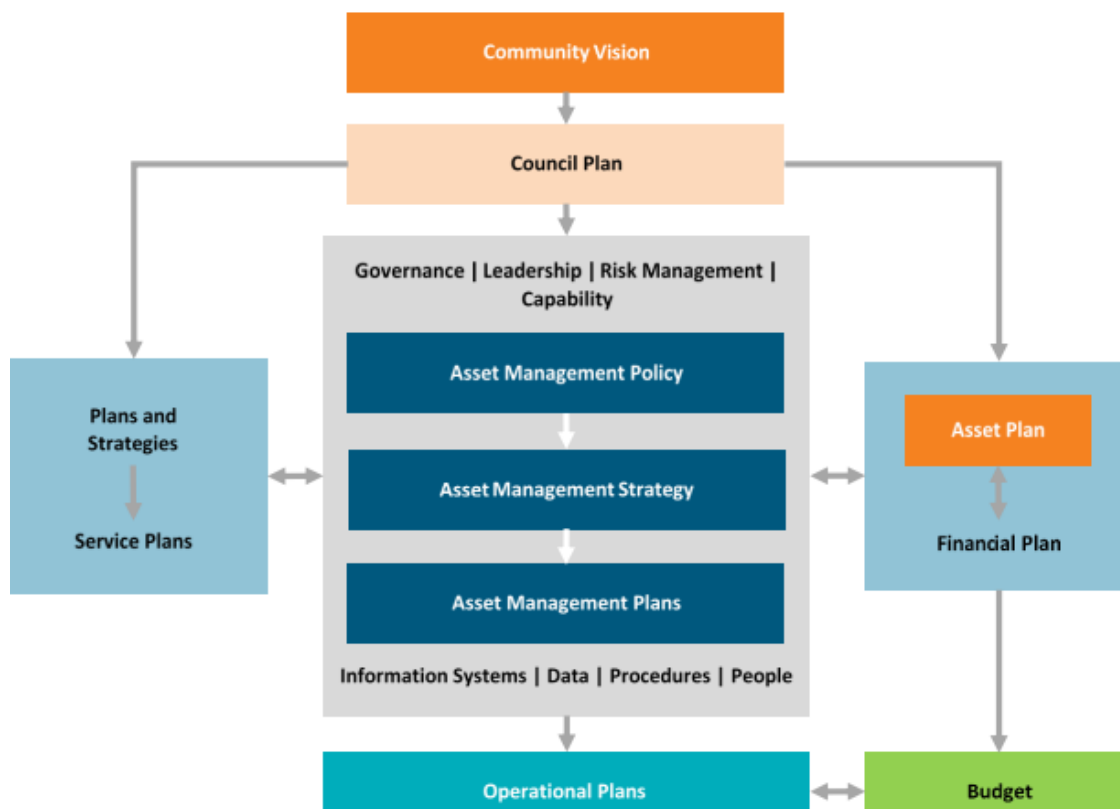
In regional areas, the means for some service delivery is through Council ownership of assets. In the future, Council may be able to support private sector developers/landowners in the provision of infrastructure through development of various components of the road network, in accordance with engineering standards and planning objectives.

1.9 Linkages to Key Corporate Strategies, Plans & Systems

The AMP is a vital component of Council's overall strategic planning process. It links to the following Key Corporate Strategies, Plans & Systems as shown in the following diagram:

Specifically, linkages include:

- Asset Plan 2021-2031 (TBD) - In accordance with the Local Government Act 2020, Council must develop a 10-year Asset Plan. The Asset Plan will set the framework for how Council manages Infrastructure and Building assets, under its control, through their asset lifecycle. It will document Council's strategies in managing these assets, as well as future challenges and opportunities facing Council in the future. The Asset Plan will also document Council's commitment to investing in assets to meet the service delivery needs of our community and address the aspirations of the community vision, priorities of the Council Plan and alignment with the Financial Plan.
- Council Plan 2021-2025 – The Council Plan is integral in both defining and navigating the strategic direction of Council. This key document underpins all that Council strive to achieve in our operations, decision-making and service delivery.
- Financial Plan 2021-22 to 2030-31 Strategic Resource Plan 2019-2023 – The Strategic Resource Plan (SRP) is the key medium term financial plan produced by Council on a rolling basis that summarises the resourcing forecasts for at least four years. The SRP forms part of the Council Plan.
- Council Budget – Council prepares an annual budget report that details the financial position, capital works program and fees & charges schedule. The requirements for the budget are in line with s.94 – Division 2 of the Local Government Act 2020. The Council budget is established based on meeting the objectives of the Council Plan and Strategic Resource Plan.
- The Long Term Financial Plan (LTFP) - is populated using the results of the demand and renewal analysis of asset management and updated within Council's annual budget process.
- Contracts – The service levels, strategies and information requirements contained in the AM plans are translated into contract specifications and reporting requirements.
- By-Laws, standards and policies – These tools for asset creation and subsequent management are needed to support AM tactics.
- Business Plans – These service levels policies, processes and budgets defined in AM plans are incorporated into business plans as activity budgets, management strategies and performance measures.
- Asset Management Policy and Strategy - Council reviewed and adopted an Asset Management Policy on 23 October 2019 and was prepared to enhance the previous Asset Management Policy and identify areas for improvement for asset management in order to meet national benchmarks. The Asset Management Strategy is currently under review so that it too will enhance the most recent Asset Management Policy.



1.10 Basic & Advanced Asset Management

Guidance in the development process of this Plan has been taken from the International Infrastructure Management Manual, IIMM 2015.

The International Infrastructure Management Manual (IIMM) - defines basic asset management as asset management, which relies primarily on the use of an asset register, maintenance management systems, job/resource management, inventory control, condition assessment and defined levels of service, in order to establish alternative treatment options and long-term cash flow predictions.

Advanced Asset Management (AAM) - employs predictive modelling, risk management and optimised decision-making techniques to establish life-cycle treatment options and related long term cash flow predictions.

Moirá Shire Council is implementing practices that will take it further along Advanced Asset Management by recording our current status and identifying improvement actions required to meet national benchmarks, in particular the National Asset Management Assessment Framework (NAMAF). This will assist Council officers responsible for asset management in improving the effective management and maintenance of all assets within Moirá Shire Council.

2 ASSET LEVELS OF SERVICE

2.1 Community Consultation

Our community plays a major role in developing the vision and priorities for the Asset Management Plan 2021-2031. Council will consult widely with the community, ensuring they have their say for the future of the assets within the shire, using deliberative engagement methods in accordance with the *Local Government Act 2020* during the on-going life of this Asset Management Plan.

Community engagement enables a deeper understanding of community member's perceptions of the topics and contexts on a particular issue and facilitates stronger relationships among and between community members. As part of the deliberative engagement process, it was planned for Council's assets staff to hold four community consultations in the main centres of Moira Shire - Cobram, Nathalia, Numurkah and Yarrowonga in order to better understand the community's opinions and expectations as to the current state of Council's entire asset base. However, with Covid-19 implications this has not been a viable option to continue. In lieu of holding these community consultations, Council assets and communications staff undertook a comprehensive asset survey with the community in February 2021 using Council's website and advertised extensively using Social media, local newspapers and internal resources encouraging community participation.

The community will have another opportunity to have their say when this draft Asset Management Plan 2021-2031 is released for feedback, with further extensive advertising across various media platforms.

Council has prepared this Asset Management Plan using deliberative engagement practices in accordance with its Community Engagement Policy.

Council has a statutory obligation under the *Local Government Act 2020* (s.92) to develop an Asset Plan and must undertake community engagement by way of Deliberative Engagement. This form of engagement involves bringing together a group of representative community members to consider evidence and diverse perspectives to weigh up the various options and come to a judgement on the way forward and develop a set of recommendations.

Examples of deliberative engagement practices are:

- Working with Advisory Panels
- Online proposals and ideas, discussed by a panel or community members;
- Participants asked to consider and prioritise ideas and options; and
- A representative group participates in a series of sessions of information exchange.

Council is committed to providing opportunities for the community to influence the decisions, policies and plans of Council by actively participating in engagement programs and processes. Council will provide the tools to conduct effective and consistent engagement with the community to better inform future planning of services, setting budgets and developing policies and strategies.

2.2 Asset Management Planning Survey

Council's Construction & Assets department recently asked the community to participate in a survey to gain a better understanding of current community satisfaction levels relating to Council's asset portfolio.

Key findings from the 2021 survey were as follows:

- At the beginning of the survey, 49% of respondents found Council’s assets met their expectations and 47% found they were below their expectations.
- At the end of the survey 55%, found Council’s assets did meet their expectations whilst 42% still found the asset did not meet their expectations.
- Sealed Local Roads, Storm Water Drainage and Footpaths were the main priority assets where the respondents felt Council should be spending its money.
- 57% of respondents have lived in the shire for greater than 20 years
- 64% of respondents live in town
- 39% of respondents were from Numurkah
- 38% of respondents were from Yarrawonga
- 60% of respondents were female
- 43% of respondents were aged over 60 years old.
- 14 respondents indicated a desire to join an Asset Management Focus Group

Asset Group	% Satisfied	% Less than satisfied	% Don't Use	Target Expenditure Rankings
Sealed Local Roads	53	47		1
Unsealed Local Roads	43	45	12	7
Footpaths	41	49	10	3
Kerb	51	42	7	8
Stormwater Drainage	34	62	4	2
Sports & Recreation	53	40	7	6
Buildings	69	27	4	4
Parks & Gardens	74	25	1	5

2.3 Background to Levels of Service

The ‘level of service’ is the defined service quality for a particular activity or service area against which service performance can be measured. They provide the basis for the life cycle management strategies and works programme identified within the AMP.

The levels of service will be used to:

- inform customers of the proposed type and level of service to be offered;
- identify the costs and benefits of the services offered;
- enable customers to assess suitability, affordability and equity of the services offered;
- as a measure of the effectiveness of the AMP, and;
- as a focus for the AM strategies developed to deliver the required level of service

The levels of service are based on:

- community research, consultation and expectations
- information gathered from customers on expected quality and cost of services
- strategic and corporate goals

- legislative requirements
- legislation, regulations, environmental standards and industry and Australian standards that impact on the way assets are managed.
- design standards and codes of practice
- Australian design standards also provide the minimum design parameters for infrastructure delivery.

The levels of service provide guidance for the scope of current and future services offered, the manner of the service delivery and they define the specific levels of service, which the Organisation wishes to achieve.

The service levels are divided into two types:

- operations based; and
- community based

Operations based levels of service relate to the *technical and maintenance* standards and the outputs the customer receives in terms of:

- service standards;
- maintainability;
- reliability and performance;
- responsiveness;
- capacity;
- environmental impacts; and
- cost/affordability.

Community based levels of service relate to the *function* of the service provided and how the customer receives the service in terms of:

- service quality & appearance;
- safety;
- legislative requirements;
- responsiveness to requests;
- empathy (understanding, individual attention); and
- assurance (knowledge, courtesy, trust, confidence)

2.4 Maintenance Standards/Levels of Service

Moirá Shire has a duty of care to the community, to maintain all assets for which it is responsible, in a safe condition and to specific maintenance targets that meet community expectations having regard to relevant government policies, and available funds.

The Level of Service (LOS) specifies the requirements for management of the municipal public asset. The LOS takes into account:

- community views and values,
- industry standards,
- the need to provide facilities that are safe for all users, and
- ability of council to fund maintenance activities.

Notwithstanding the above, Council may consider service solutions which do not require the provision of Council owned assets. (E.g. private/public partnerships.)

2.5 Current Levels of Service

The levels of service currently provided by Council are based on historic practices (that's the way we have always done it) or as documented in the individual asset management plans (refer section 1.3) or as documented in Road Management Plan (RMP) 2021.

Council's overall objective is to maintain the existing levels of service however, a reduction in levels of service may occur in the short to medium term due to unforeseen events.

Current service levels are based on:

- asset renewal - based on overall condition intervention levels and
- asset defect reporting and rectification timelines - as documented in the individual asset plans and the Road Management Plan.

Council will monitor and identify (wherever possible) any likely change in the population demographic or commercial / industrial activities that would require an increase to the number or size of Council's assets in order to maintain the existing levels of service.

From time to time Council may deliver what may appear to be a higher level of service particularly in relation to repairing defects before the agreed timelines or repairing a defect that has not reached the intervention level for repairs. These type of repairs may be undertaken due to commercial and financial reasons, as it is more economical to repair a pothole that has reached intervention and the pothole located within the same area even though it has not quite reached the intervention levels. This early treatment in no way indicates Council can afford to deliver a higher level of service but it shows prudent financial management and common sense on behalf of the Council and the community.

The agreed levels of service for asset renewal intervention based on overall asset condition will undergo a continual review by Service Managers and may be refined over a period to better balance the expectation of customers. Subject to available funding this requires a clear understanding of customer needs, expectations, preferences and their willingness to pay for any increase in the levels of service.

2.6 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:

- Assets with defect ratings at Extreme
- Assets with defects that pose serious risk of injury to members of the community.
- Assets requiring immediate renewal or maintenance works following inspection and risk assessment taking into account the likelihood of the risk and the consequence of the risk.

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

- Undertaking cyclic asset inspections as documented within the Road Management Plan and Council's individual Asset Management Plans.
- Inspecting asset faults reported via Council's CRM system and recording actions in Conquest if defects are confirmed and based on level of risk.
- Undertaking reactive inspections and recording work actions in Conquest based on level of risk.

2.7 Desired Levels of Service

A requirement of Council's Asset Management Policy and the *Local Government Act 2020* is for Council to continue to review asset defect maintenance and rectification timelines like those documented in the Road Management Plan 2021 Version 8.

Council will also review the agreed asset renewal intervention levels for infrastructure assets based on the overall condition of the asset to ensure they remain fit for purpose and can function safely at a standard acceptable to the community in the most cost effective manner.

As per the case study example shown earlier in the executive summary section in order to address community desire for an increased level of service via improved assets, Council will consider opportunities to acquire additional Federal, State and community funding to improve the amenity of any of Council's assets based on the following principles

- renewal / asset protection
- social, economic and environmental benefits
- cost to council and external funding
- risk

2.8 Service Plans

Service plans have not been developed for each service Council provides to the community.

Service plans when developed should include:

- what assets are required to deliver the services,
- what the agreed condition/intervention levels will be,
- what the agreed condition inspection frequency will required, and
- what the agreed defect inspection frequency will be required.

3 FUTURE DEMAND

3.1 Demand Drivers

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

Moirá Shire has been experiencing some small growth over recent years; the figures show around 1.6% increase based on 5-year population growth periods. However due to COVID-19 pandemic we are experiencing exponential growth by way of development applications in Cobram, Yarrowonga and Numurkah townships with planning applications increasing from an average 200 per annum just 2-years ago to now 500 per annum. This is expected to place increasing demands on Council resources (financial and human) for creating and maintaining assets in the future years.

Potential development of new commercial and industrial sites may also generate significantly increased volumes of light and heavy vehicles on specific roads. With the generation of new jobs within the community, the impact of increased maintenance on those roads can cause a significant financial burden to all ratepayers if these organisations or developments are not considered in the overall management of the road and infrastructure network.

Some activities, businesses & industries that are traffic generators include:

- Agriculture dairy, fruit and vegetable trucks, intensive but finite duration each harvest;
- Grain storage & wine production – trucks, intensive but seasonal;
- Changes in cropping practices;
- Changes to the dairy Industry - more intensive beef programs
- Quarries – regular truck usage;
- School and Tourist buses

3.2 Demand Forecast

New assets required to meet demand growth are typically provided by land developers and are known as ‘Contributed Assets’ and at no cost to Council. They are covered by a 12-month defect liability with the onus on the developer to maintain and repair any defects during this period prior to the assets being transferred to Council for ongoing operational and maintenance responsibility.

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

The following statistical data on growth for Moirá Shire has been sourced from the Australian Bureau of Statistics and Victoria in Future 2019 (VIF2019). The 2018 data was released on 28 July 2020 and is already likely to be out of date due to the COVID 19 pandemic! This table will be updated in future asset management plans following the release of any new data statistics.

	2019	2020	2021	2026	2031	2036
Estimated Residential Population	29925	30037	30169	30921	31662	32384
Estimated Occupied Private Dwellings			13115	13674	14200	14650
Estimated Total Dwellings			14301	14872	15451	15980

3.3 Demand Management Planning

Demand management planning provides alternatives to the creation of new assets in order to meet demand. It also examines ways of modifying customer demands so that the utilisation of existing assets is maximised and the need for new assets is deferred or reduced.

For instance, Council's current funding of the road network is under continual pressure and any new developments need to be considered in the overall funding assessment. New developments that generate additional traffic should be given serious consideration, with a funding balance being established between a general rate increase for the additional maintenance burden or alternatively a reallocation of funds or development contributions.

Planning controls that introduce road use levies for specific road users (such as gravel haulers & timber trucks) or industry controlled levies that are directed by that industry towards maintenance of the roads under pressure may become part of the Council's management to ensure that the existing, and future, road network continues to function successfully.

With time, the community may seek higher levels of service than currently provided; therefore, Council, will review existing levels of service to ensure

- levels of service meet community expectations (via community consultation)
- levels of service can be maintained financially and operationally.

3.4 Demand Management Strategy

Council's long-term financial strategy has been developed via the 10-year Capex program

Future renewal funding demands will increase during this 10-year AMP period and the amount of this increase will be monitored as condition assessments are done and asset lives and degradation curves are refined. If it is identified that the Shire is living beyond its means, then serious consideration will need to be given to the existing levels of service provided and what (if any) alternative means of funding are available to assist maintaining the current service levels.

It is therefore critically important that there is community input into any proposal to downgrade any levels of service, as there may well be impacts on the community of which Council is unaware and which will result in Council receiving negative comments through direct or indirect means. At the same time, the community may well be strong advocates of the process if it can see a decrease of operational or maintenance costs arising from user's groups that may be contributing little or nothing to the community, which bears the cost.

3.5 Demand Management Plan

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

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

Opportunities identified to date for demand management are shown in the table below.

Demand Driver	Impact on Services	Demand Management Plan
Rate Capping	Loss of income which could impact on Council’s ability to provide current service levels	Develop levels of service
Population Growth or Decline	Some assets will become surplus in our smaller towns, but more will be needed in our larger towns.	Identify areas of growth and future requirements
Tourism	Tourists will drive requests for increase in service levels	Identify areas of growth and future requirements
Ageing Population	Residents will require an increase in service levels	Identify areas of growth and future requirements

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

4 ASSET PORTFOLIO'S

4.1 General Information

Moirá Shire operates an Asset Management System (AMS) capturing specific information to ensure the asset is capable of functioning as it was built to function (fit for purpose) and that it continues to meet the needs and expectations of the community.

The AMS includes an asset register that enables the necessary information to be recorded such as the location, type, classification, condition, age, configuration and quantity together with a history of the asset including additions, deletions and changes to the asset. The AMS also records details of the valuation of the asset (e.g. replacement value, depreciation) in accordance with relevant accounting standards and enables the Council to develop a long-term asset management financial plan based on deterioration rates and life expectancy using age and condition of the individual local asset.

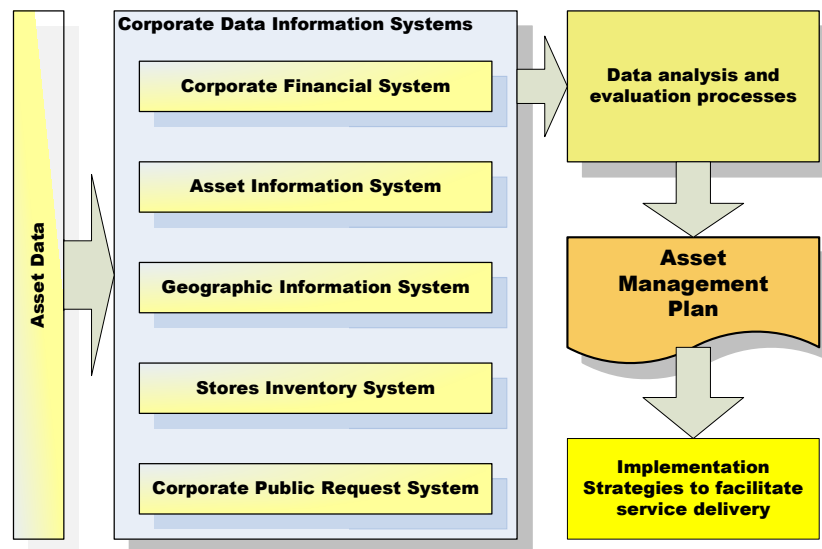
The asset register within the AMS is an integral component of Council's overall records management system as it enables Council to comply with the evidentiary provisions and maintain records of defects or other matters that have required refurbishment, renewal, repair or maintenance as part of the custodianship of Council's assets.

4.2 Asset Management Data, Processes & Strategies

Several areas that are vital to managing the asset include:

- Asset data:** Information on the actual physical details of the assets including quantity, dimensions, age, condition, cost to provide, replacement cost, useful life span, etc. It must be appropriate for the required purpose, reliable and accessible.
- Information systems:** This includes all the data information systems necessary to competently manage the asset. Key systems include the corporate accounting system, asset information system, geographic information system and public request system. Ideally, data should be input once only into one of these systems and be accessible through other systems through interfacing.
- Processes:** This involves the various processes to analyse and evaluate the data from the above systems to produce relevant management reports and works programs.
- Strategies:** Implementation strategies for organisational management, including contractual, people and resource issues, are essential to ensure that the asset management process overall is conducted in a sound and competent manner.

The following chart illustrates the relationship



4.3 Condition Assessments

In order to manage all the assets effectively, up to date valuations and condition assessments need to be completed on a timely basis. To this end, revaluations and condition assessments are to be carried out for all asset types except those categorised as Other Infrastructure Assets every 4-years other than Councils Local Roads (3-years) and vehicular bridges (as per the Vic Roads – Roads Structures Inspection Manual guidelines).

Other Infrastructure assets are those assets that are typically valued less than the Capital threshold minimums or where there is a minimal quantity of assets included. Other Infrastructure Assets will not have its own individual asset plan and not all assets within this category are subject to condition inspections. Assets included in this category include fences, town signage, public furniture, levees, sprinkler systems, streetscapes, bollards, dog bag dispensers, water tanks, planter boxes, dump units and septic tanks. Assets identified as being subject to condition inspections every 4-years are fences, levees, septic tanks, dump units and water tanks and inspection details are recorded in Councils asset management register

Condition Inspections are completed by staff depending on existing skill level or alternatively by external qualified companies or contractors. Condition ratings recorded from previous inspections may have the rating increased or decreased as determined by the inspector only when another inspection is recorded in Councils asset management system including the inspectors name, organisation and inspection date and comments justifying the change.

Condition standards have been standardised so that when an asset has 2% to 5% of its life remaining (up to 6 months to 4 years); it is assessed to be at Condition 8. This has been adopted as Council's agreed levels of service and intervention levels. It reflects Council's current practice and allows an asset to remain in service as long as possible before it is renewed or replaced. Hence good asset management practice is to inspect the assets, analyse the data, identify those at or above intervention levels and program to renew or replace them before any of the following occurs

- their condition causes significant damage to adjoining assets
- the risks associated with their use cannot be controlled by maintenance
- the annual repair or maintenance cost becomes excessive.

4.4 Condition Audits

Asset condition assessments are generally carried out in order to manage assets effectively and plan for future renewal funding requirements. A significant part of asset management is the identification of the remaining life of an asset (condition assessment) and hence its' written down value; this leads to the determination of renewal funding (for budgetary purposes) to ensure each asset remains operational. Within a number of asset classes, Council only has a broad scale to assess condition, typically

- Excellent (90%)
- Good (70%)
- Moderate (50%)
- Fair (30%)
- Poor (10%)

These have been used in the past with the percentage of asset life remaining to calculate accumulated depreciation and written down value.

In subsequent years, these assets have been depreciated (by 1% per annum for 100-year life assets). When it is time to reassess the asset condition by field inspection, it is not possible to provide an assessment of 67% (3 years' depreciation for an asset that had been classified as good). Instead, it is now recognised that the above classes provide a range of percentage of life remaining. Subsequent condition inspections should identify that an asset is in good condition, implying a remaining life between 80% and 60%. Hence the asset life which has depreciated to 67% is accurate and no condition assessment revaluation is required.

4.5 Standard Condition Scores and Definitions

Score	Definition	% Asset Remaining (Based on delivery of future economic benefit)
0	An new asset or an asset recently rehabilitated back to new condition.	100
10	A near new asset with no visible signs of deterioration often moved to condition 1 based upon the time since construction rather than observed condition decline.	90
20	An asset in excellent overall condition. There would be only very slight condition decline but it would be obvious that the asset was no longer in new condition.	80
30	An asset in very good overall condition but with some early stages of deterioration evident, but the deterioration still minor in nature and causing no serviceability problems.	70
40	An asset in good overall condition but with some obvious deterioration evident, serviceability would be impaired very slightly.	60
50	An asset in fair overall condition, deterioration in condition would be obvious and there would be some serviceability loss.	50
60	An asset in fair to poor overall condition. The condition deterioration would be quite obvious. Building serviceability would now be affected and maintenance cost would be rising.	40
70	An asset in poor overall condition, deterioration would be quite severe and would be starting to limit the serviceability. Maintenance cost would be high.	30
80	An asset in very poor overall condition with serviceability now being heavily impacted upon by the poor condition. Maintenance cost would be very high and the asset would be a point where it needed renewal.	20
90	An asset in extremely poor condition with severe serviceability problems and needing renewal immediately. Could also be a risk to remain in service?	10
100	An asset that has failed, is no longer serviceable and should not remain in service. There would be an extreme risk in leaving the asset in service.	0

4.6 Condition Examples

A series of photographs illustrating various infrastructure condition-rating examples are shown on the following pages. They do not cover the complete condition range for all asset types but provide some guidance to the selection of an acceptable re-treatment intervention level.

Council's AMP's including buildings, bridges, drainage, playgrounds and other recreational asset types or surfaces will contain examples of condition ratings to assist with determining retreatment intervention levels.

Sealed Pavement



Condition 0 – 1 No Failures no Shape loss



Condition 6 Moderate failures and shape loss

Sealed Surface (Wearing Course)



Condition 0 – 1 Seal in Excellent near new condition



Condition 6.5 - 7 Oxidized and Stripping

Unsealed Pavement



Condition 0 – 1 Average Depth 150 mm



Condition 7 – Average depth 20 – 30 mm only

Kerb & Channel



Condition 3 - Old but only Minor loss of shape & movement



Condition 6 - Movement and Concrete breakdown

Footpaths



Condition 0 – 1 Excellent condition



Condition 7 - Extensive cracking and movement

Bridges



Condition 0 – As New Pedestrian



Condition 6 – Road Bridge - Fair to poor overall condition

Buildings



Condition 0 – As New



Condition 5 – Fair overall condition

Drainage Pits



Condition 0 - As new condition



Condition 7 - Poor overall condition

4.7 Conquest

Council utilises the Conquest Asset Management System as the knowledge database to manage its assets. Conquest records financial and physical attributes of assets and is used for maintenance reporting, defect & condition recording and reporting. It includes custom built reporting & programming of works as well as condition and defect inspection data from assessments that are undertaken on a regular basis.

Each asset is given a unique identifier in the Conquest database that can also be applied to any other database, such as Council's Geographical Information System (GIS), where it is listed. A sequential number is allocated to each asset when it is created in the database.

The extent of data to be recorded in the database will be that identified by the organisation as important to its management needs.

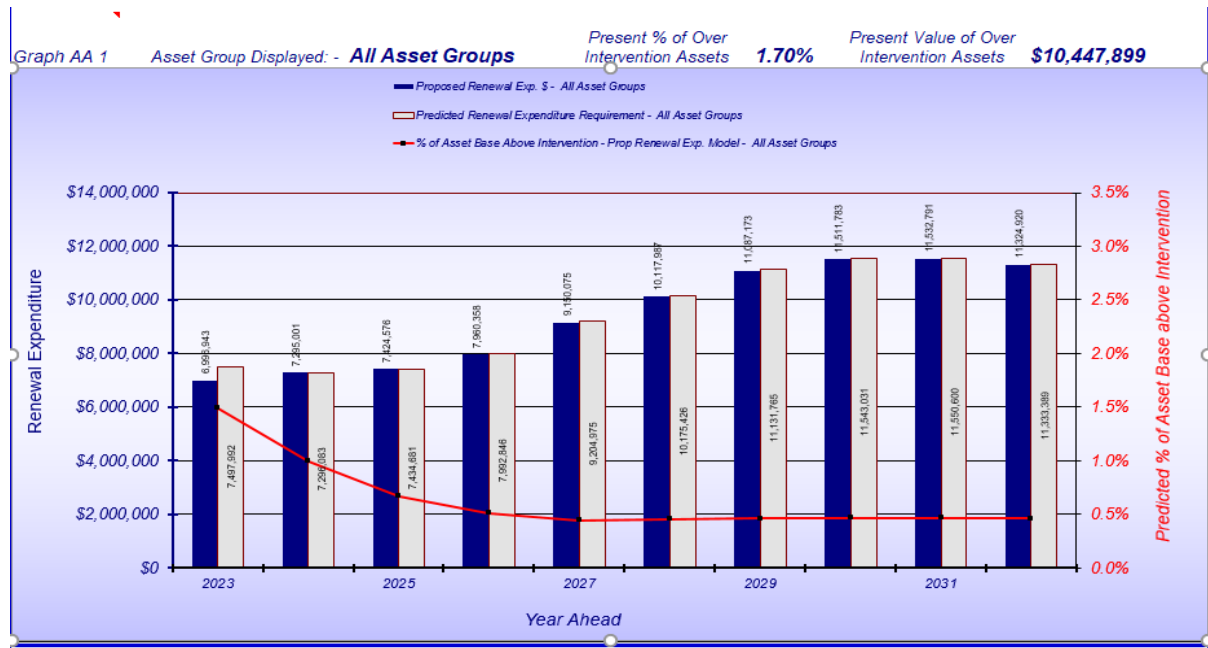
4.8 IntraMaps

The majority of Council's asset types have been mapped on a GIS database - IntraMaps.

4.9 Moloney

Council uses the Moloney Asset Management Systems (MAMS) to conduct analysis on asset renewal financial gap and long term financial modelling to reduce the asset renewal gap.

The following graph (as at 30 June 2021) shows the predicted annual capital expenditure requirement (white columns) to treat all assets that reach intervention level and Council's proposed renewal expenditure (blue columns). The difference between the two columns is known as the renewal gap and the ongoing challenge to Council is to reduce or close the gap to the point where there is no gap!



5 RISK MANAGEMENT

5.1 Risk Assessment Principles and Process

Council’s risk assessment process utilises principles established in Australian & New Zealand **Risk Management Standard AS/NZS ISO 31000:2009**

The overall objectives of a formal risk management approach are to:

- outline the process by which Council manages risk associated with its assets, so that all risks can be identified and evaluated in a consistent manner,
- identify operational and organisational risks at a broad level,
- identify and analyse Council’s liability associated to Risk,
- prioritise the risks to identify the highest ones to be addressed in the short to medium term,
- determine the most appropriate option for minimising Council’s exposure to financial and physical loss inclusive of Community Assets under the control of Council,
- allocate responsibility for managing risks to specific staff to improve accountability,
- encourage the identification and reporting of potential risks,
- promote and support Risk Management practices within the Organisation, and
- protect Council’s corporate image as being a professional, responsible and ethical organisation.

The following chart shows the overview of the risk management process as outlined in the above Standard that is the basis of Council’s process.

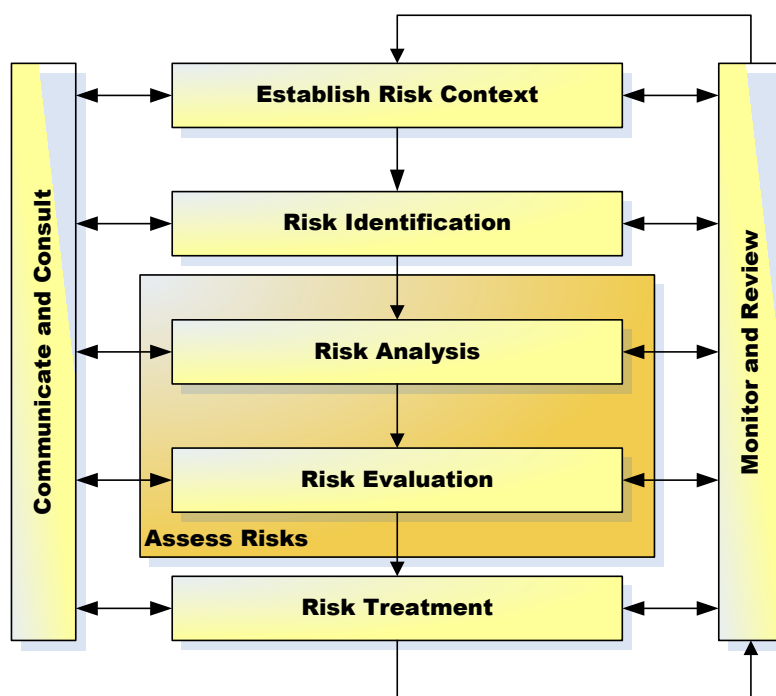


Chart: Risk Management Overview

5.2 Responding to Emergencies

While Council has an essential role in emergency management planning and community engagement, and in leading relief and recovery efforts, the risks and consequences of emergencies are ultimately shared across all levels of government and the community.

Council's strengths are particularly in working with the community during and after emergencies and Council is not a response agency

Council's roles and responsibilities are documented in Council's Emergency Management Manual

Outside of major emergency events, Council has an after hour's contact number available to the community to report any failures to existing assets outside of normal working hours.

5.3 Contingency Planning

The General Manager – Infrastructure has delegated authority to undertake works that may arise because of unanticipated conditions like a flood event.

In order to manage all the assets effectively, up to date valuations and condition assessments need to be completed. To this end, revaluations and condition assessments are to be carried out every 4-years other than roads which are 3-yearly. These are completed either internally by staff or externally by contract depending on the staff availability and skill level.

5.4 Creation/Acquisition/Augmentation Plan

Moirá Shire Council is cognisant of the difficulty for funding existing infrastructure, both maintenance and renewals; therefore, Council is very cautious about undertaking creation of new assets.

Provision of new works fall into the following categories depending upon the extent and type of works:

- council funded, or
- developer funded as part of subdivisional development, or
- contribution to the cost by either the developer and/or council

Where possible, developers of new subdivisions are required, as part of the development approvals process, to provide the basic infrastructure to the standard appropriate for that development.

There are occasions when Council is required to upgrade an asset because of changed usage requirements. In such instances, the project is scrutinised closely by officers and is dealt with as part of the annual budget process.

New operational costs may be required for new infrastructure. These additional costs should be included in the overall cost of the project in included in the whole of life cost calculations when the project is being evaluated.

5.5 Risk Criteria

We have identified major risks as:

- assets with defect ratings at extreme
- assets with defects that pose serious risk of injury to members of the community
- assets requiring immediate renewal or maintenance works following inspection and risk assessment taking into account the likelihood of the risk and the consequence of the risk

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

- undertaking cyclic asset inspections as documented within the Road Management Plan and Council's individual Asset Management Plans
- inspecting asset faults reported via Council's CRM system and recording actions in Conquest if defects are confirmed and based on level of risk
- undertaking reactive inspections and recording work actions in Conquest based on level of risk

6 LIFECYCLE MANAGEMENT

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.

6.1 Physical Parameters

The assets covered by this asset management plan are shown in section 1.3. For individual asset data including quantities and values, refer to the individual AMP's.

The asset intervention levels are set at eight (8 out of 10) for the majority of asset classes other than Roads – Sealed Surfaces where the intervention level is set at 7. When assets reach intervention level they are either programmed for renewal or considered for disposal. Assets are considered no longer fit for purpose when they reach the intervention level score of 10 and should be disposed or closed to the public immediately.

6.2 Asset Capacity and Performance

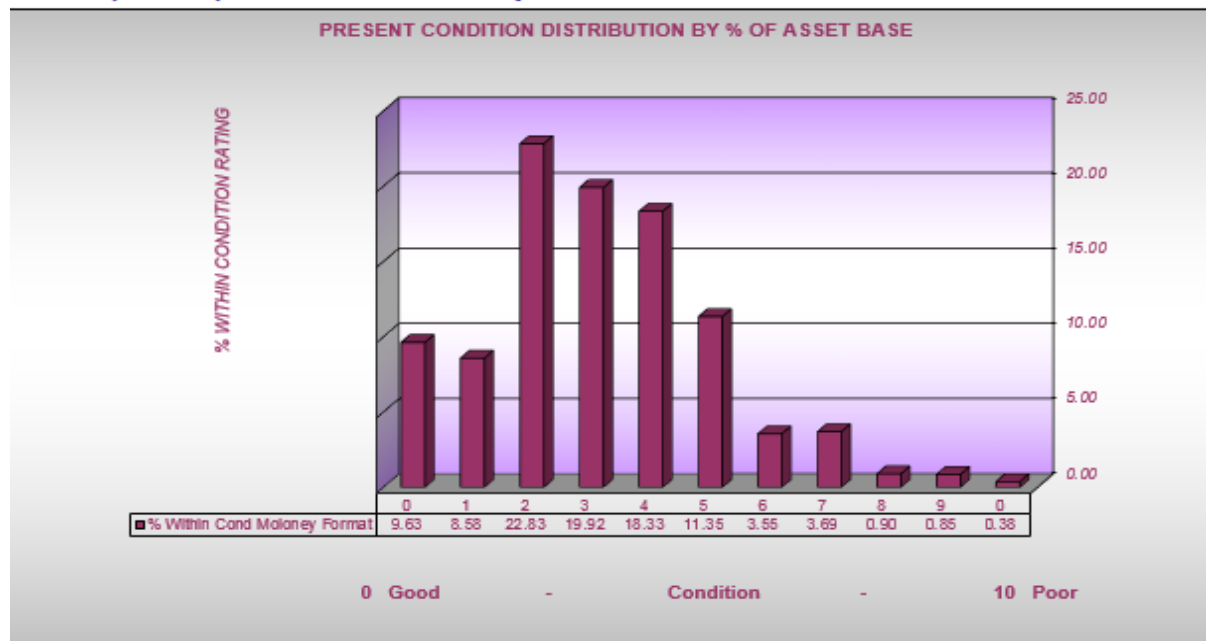
Council services are generally provided to meet design standards where these are available.

6.3 Asset Condition

Condition is monitored via a condition inspection as per Council's Road Management Plan and Individual asset plans. Typically, Council undertakes asset condition assessments every 4-years with the exemption of sealed and unsealed roads that are inspected every 3-years as mentioned in section 4.3.

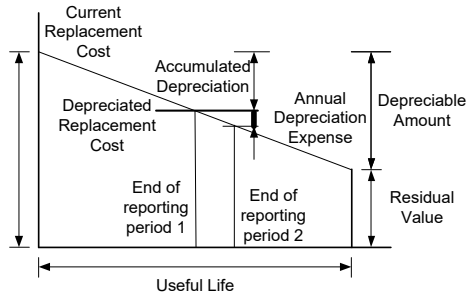
The current (present) condition profile of our assets as at 30 June 2021 is shown in the following graph;

Graphical Representation of the Moloney Format Condition Distribution.



6.4 Asset Valuations

The value of assets recorded in the asset register as at 30/06/2021 covered by this asset management plan is shown below. Assets are typically re-valued every 3 –or 4-years at fair value based on replacement costs less accumulated depreciation as at the date of valuation.



Current Replacement Cost	\$812,846,141
Depreciable Amount	\$216,593,152
Depreciated Replacement Cost ¹	\$596,252,989
Annual Depreciation Expense	\$11,145,153

¹ Also reported as Written Down Current Replacement Cost (WDCRC).

7 OPERATIONS AND MAINTENANCE

7.1 Operations

Operational expenditure such as utility running costs have no effect on asset condition, however cleaning and regular condition and defect inspections are necessary to keep the asset in service and fit for purpose, appropriately utilised and remain within agreed intervention levels.

Operational expenditure is distinguished from maintenance expenditure in Council’s financial system and includes such costs as the electricity for street lighting, heating or air-conditioning, public toilet cleaning, building condition inspections, play equipment inspections, road, footpath kerb & drainage inspections.

7.2 Routine Maintenance

Maintenance is the day-to-day work required to keep assets fit for purpose and operating at required service levels giving it every possible opportunity to reach its life expectancy.

Maintenance typically falls into two broad categories:

- planned (proactive) maintenance: proactive inspection and maintenance works to prevent asset failure
- unplanned (reactive) maintenance: reactive action to correct asset malfunctions and failures on an as required basis (i.e. emergency repairs)

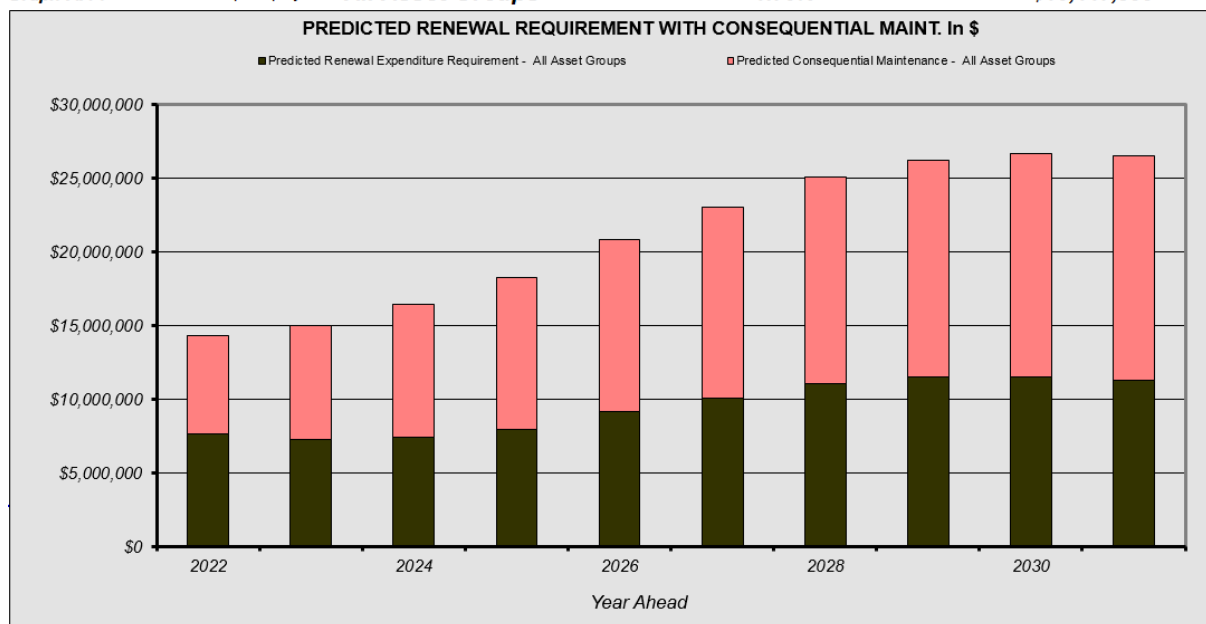
Maintenance includes all repairs/maintenance that are not classified as renewals.

Operational and maintenance costs are forecast over the next 10 years in conjunction with the Finance Department and details of these forecasts are included in the Council’s LTFP.

7.3 Predicted maintenance

Predicted maintenance costs are estimated to average \$12.6 million p.a over the next 10-years with predicted renewal forecast to average \$9.8 million over the same period.

Graph AA 7 Asset Group Displayed: - **All Asset Groups** Present % of Over Intervention Assets **1.70%** Present Value of Over Intervention Assets **\$10,447,899**



Deferred maintenance, i.e. works that are identified for maintenance and unable to be funded are to be included in the risk assessment and analysis in the Infrastructure Risk Management Plan.

Maintenance of existing assets is to allow the asset to remain fit for purpose and deliver the intended service within agreed condition levels and is funded from the operating budget where available.

7.4 Defect Inspections

Council undertake defect inspections on a regular basis and utilises tablet devices to record defect descriptions, defect types, defect locations and defect risk ratings as well as capturing photographic imagery of the said defect. Any defects detected during routine inspections or reported via CRM's will be recorded in Council's asset register against the relevant asset.

7.5 General Defect Rating

All defects reported following routine or reactive inspections should be rated with a general defect rating taking into account all risks associated with the defect as outlined above.

Risk	Defect Rating Category	Action
1	Low	No action required
2	Minor	Defects identified – Record and Monitor
3	Moderate	To be programmed for future works and continue monitoring.
4	High	Works required and should be programmed.
5	Extreme	Urgent action required.

*Defects will be rated for urgency of works and validated by Council staff and management and when recorded in Conquest are also mapped and can be viewed on the GIS system.

Defects or actions previously identified from previous inspections may have the rating increased or decreased as determined by the inspector only when another inspection is recorded in Councils asset management system including the inspectors name, organisation and inspection date and comments justifying the change.

Combinations of the criteria and statistical information recorded against each asset will enable prioritisation of works. After completion of works, relevant details will be recorded against the defect.

A full history of inspections, outstanding defects, completed works and costs will be available for each asset in the asset register. This information will become vital in assessing efficiency and life cycle economy requirements.

NOTE: Programmed works will be prioritised based on the rating given and repair timelines documented within the individual asset management plans as listed in section 1.3 or Council's Road Management Plan.

8 RENEWALS / REPLACEMENTS

8.1 Renewal

Renewal and replacement expenditure is major work that is not intended to increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original or a less required service potential. At times the renewal or replacement of an existing asset to meet today's current standards may actually increase the asset service levels and even provide a longer than expected life expectancy (i.e a bridge replacement may provide a higher load limit than what was previously provided just because it is designed to meet the new minimum standards). Work over and above restoring an asset to original service potential is normally considered upgrade/expansion or new works expenditure.

Renewal works fall into the following categories:

- **Rehabilitation:** Involves the repair of a short length of road that has prematurely failed or is close to doing so. This rehabilitation work does not provide for a planned increase in the operating capacity or design loading. It is intended to enable the road to meet the current standards of service. This section will be replaced when the road is eventually replaced.
- **Renovation:** Involves work that increases the strength of the existing base course by a stabilisation process (such as use of a bitumen, cement or lime stabiliser) then re-compacting the base course material. As for rehabilitation, renovation does not provide for a planned increase in the operating capacity or design loading, simply enabling the road to meet the current standards of service.
- **Reconstruction:** Involves reconstructing the road base to provide a new asset with the equivalent size or capacity (i.e. does not provide for a planned increase to the operating capacity or design loading). Some minor increase in capacity may result from the process of renewal, but a substantial improvement is needed before system development is considered to have occurred.

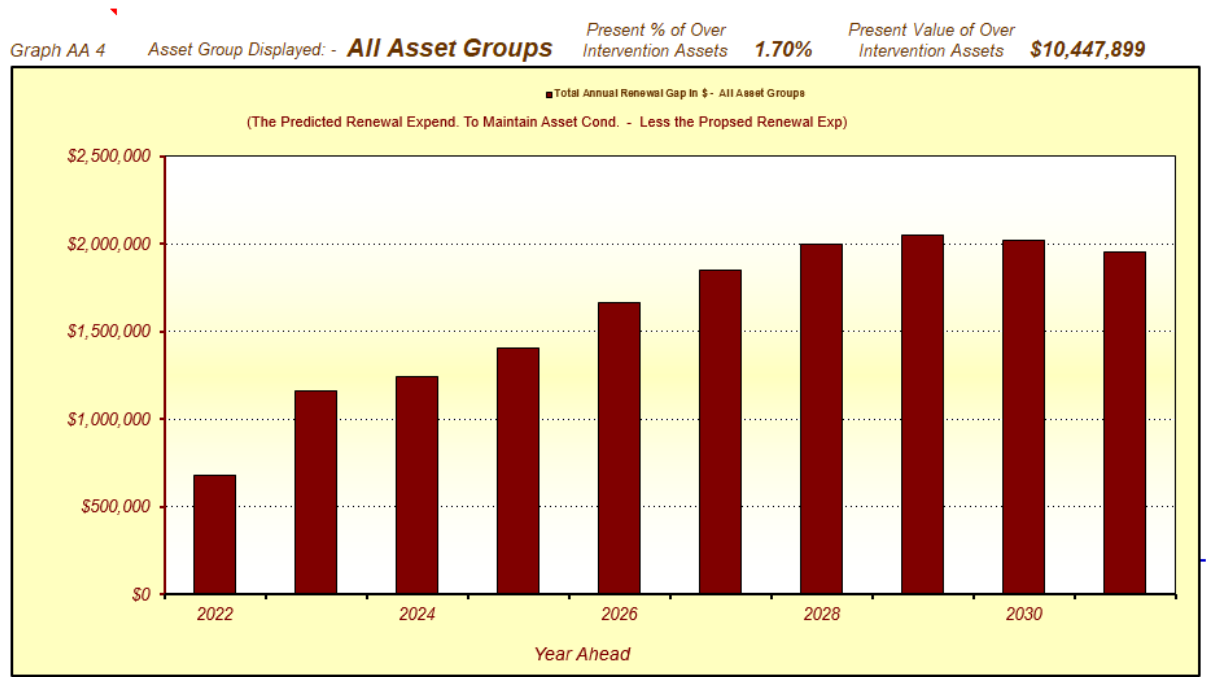
Renewal expenditure (above the minimum capital works, threshold limits (refer section 10) includes but is not limited to the following:

- the renewal and rehabilitation of existing assets to their original size and functional capacity
- the renewal and rehabilitation of existing assets to meet current day standards
- the replacement or reconstruction of the entire component of the asset with the equivalent size or capacity or,
- the replacement/reconstruction component of the capital works which increase the capacity of the assets (that portion of the work which restores the assets to their original size and capacity).
- resurfacing, rehabilitation or reconstruction of roads
- replacement of footpath segments
- replacement of kerb segments
- replacement of major structures such as bridges and retaining walls or their components, streetlight components such as poles, brackets and lights, and street furniture such as bus shelters and litter bins with like for like products
- replacement of building roofs (including gutters and downpipes), mechanical items (air-conditioners, hot water services etc.) and the building fit outs (carpets, kitchens etc.)
- replacement of playground and other recreational assets

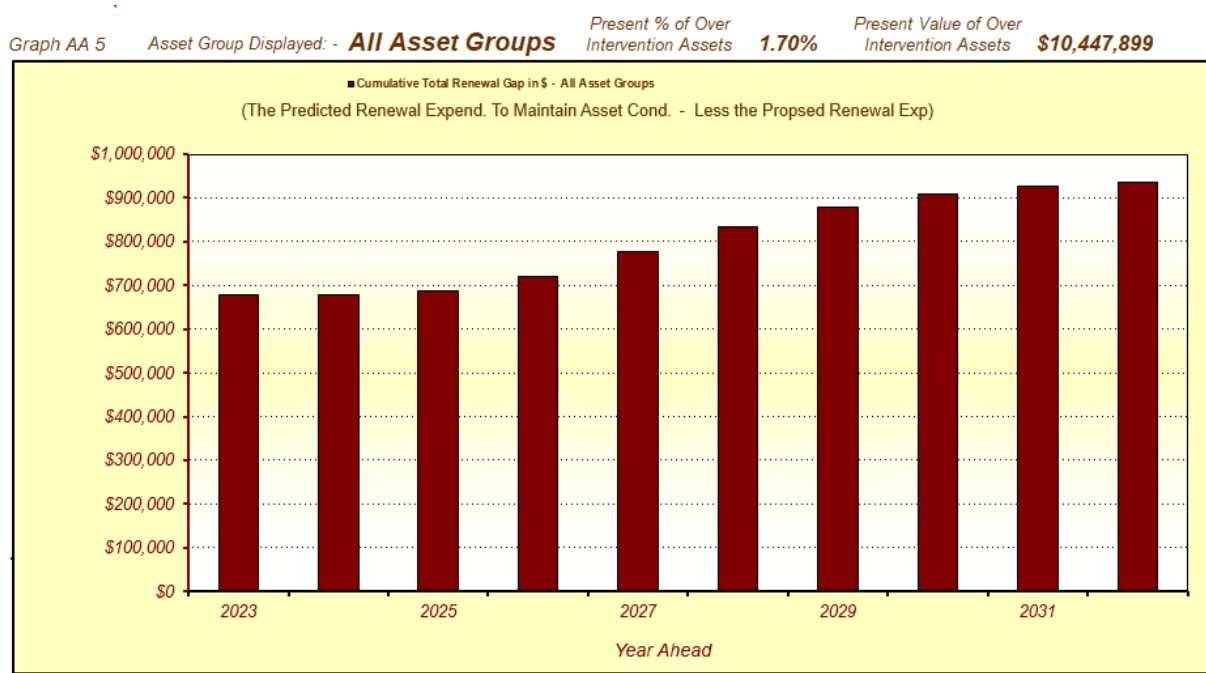
The predicted forecast renewal expenditure required from Council over this 10-year AMP period is \$95.16 million.

The proposed renewal expenditure by Council over the same 10-year period is \$79.31 million.

The difference between the predicted expenditure and the proposed expenditure is known as the annual renewal gap as shown in the graph below. The cumulative renewal gap is predicted to be \$16 million by the end of 2031/32 based on current expenditure levels.



With Council funding 100% renewal funding requirements, the cumulative renewal gap is predicted to be \$8million over the same period as shown in the graph below



8.2 Renewal Strategy

The general renewal strategy is to rehabilitate or replace assets when they have reached intervention levels or are at risk of failing resulting in the asset being withdrawn from service.

Assets requiring renewal/replacement are identified from cyclic condition assessments undertaken by external consultants or by using in-house employees experienced in particular asset classes.

Condition scores combined with risk assessments, previous maintenance expenditure levels, ongoing service level requirements, asset utilization rates, traffic count data, asset estimated useful lives, asset construction dates and current Council objectives are all used to help determine project prioritization and budget allocation depending on the level of funding available each year.

The annual review of the asset condition data and the service requirements is undertaken using Conquest and the Moloney Asset Management System both of which provides the input for the development of the annual capital renewal/replacement works program for consideration with the annual budget. During the renewal/reconstruction process some of the existing assets can be recycled or reused, while some may have to be removed from the site as they are of no further use or pose significant risks to the community they will be permanently withdrawn from service.

Council's asset records in Conquest will be adjusted to reflect the change in asset value because of reconstruction, rehabilitation and/or the creation of a 'new' asset with a higher value than the one replaced. The asset component that is reused may also have a residual value.

The renewal of existing assets is justified by assessing:

- **Risk:** The risk of failure and associated financial and social impact justifies action (e.g. impact and extent of resulting inability to achieve access along the road, probable extent of damage to business, and any health risk arising from the impediment to access).
- **Asset performance:** Renewal of an asset when it fails to meet the required level of service. Non-performing assets are identified by the monitoring of asset reliability, capacity and efficiency during planned maintenance inspections and operational activity.

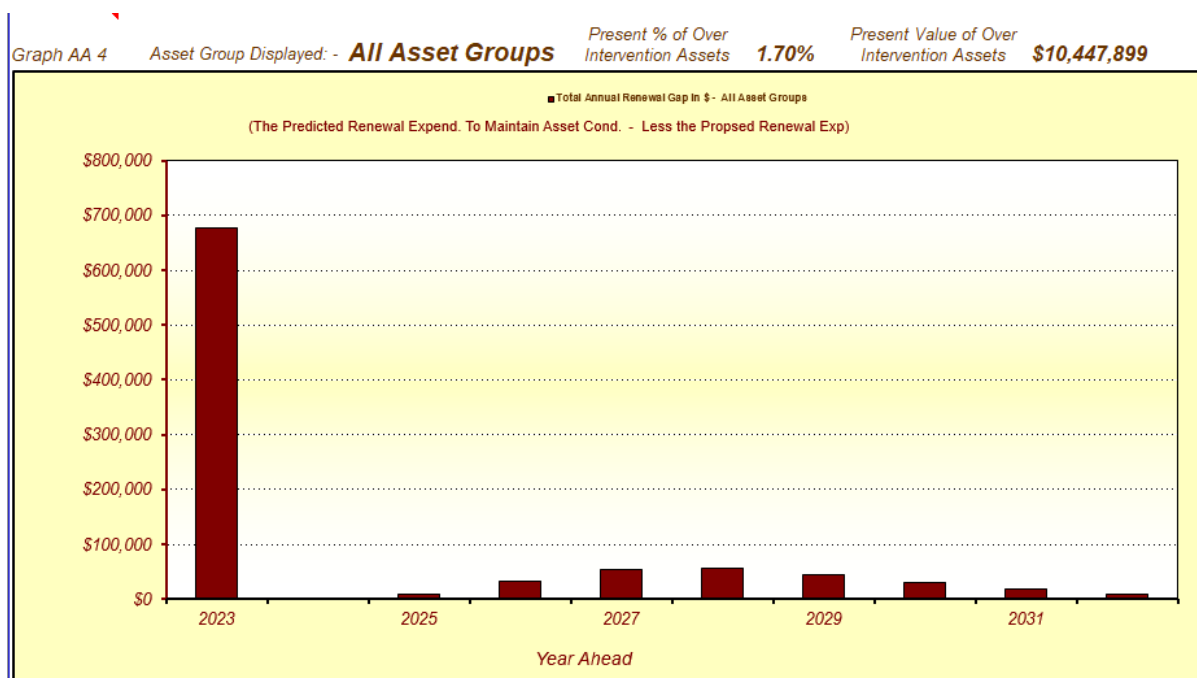
Indicators of non-performing assets include:

- constant closures due to impassability;
- roughness causing damage to vehicles and produce;
- risk to safety is rated high on an increasing frequency
- **Economics:** It is no longer economic to continue repairing the asset (i.e., the annual cost of repairs exceeds the annualised cost of renewal) and/or the poor condition of the asset is having a deleterious effect on an adjacent asset (e.g. a leaking roof is damaging the structure of a building).
- **Community Priorities:** As previously documented in section 2.2 – Asset Management Planning, Council's asset management department completed a community survey in order to better understand community levels of satisfaction for existing assets and to assist with future renewal funding priorities based on levels of importance. Sealed Local Roads, Storm Water Drainage and Footpaths were the main priority assets where the respondents felt Council should be spending its money.
- **Annual Renewal Budget Allocation:** Previously, Council allocated 80% of the 100% recommended Moloney Financial Modelling funding requirements for its annual asset renewal program across all asset types. This strategy has a two-fold effect.

1. Council’s asset renewal gap will only continue to grow wider over time as shown in 8.1 and;
2. Council may be under spending in various asset types and over spending in other asset types.

Predicted modelling indicates if Council continue at 80% renewal funding levels, the cumulative renewal gap will reach \$15.85 million by the end of 2031/32. This may result in assets remaining in poor condition, unfit for use and higher maintenance costs to Council if left in service.

However if Council increase renewal expenditure to 100% funding the modelling is indicating the cumulative renewal gap will fall to just under \$8 million by the end of 2031/32 or just under \$1million annually. The result will be a greater amount of assets remaining in very good to good condition, remain fit for use and require less maintenance and repair costs.



It is the recommendation of the Asset Management Working Group (AMWG) that Council reconsider the current renewal funding strategy and increase the renewal allocation to 100% effective from 2022/23

8.3 Renewal Forecasts

Renewal forecast modelling is predicting an average \$9.5 million expenditure over the next 10-years. Council’s Long Term Financial Plan includes proposed average renewal expenditure of \$7.9 million across all major asset classes as shown in the table below for the same period. The difference between the predicted expenditure and the proposed expenditure is on average \$1.4 million per year resulting in a cumulative difference of approximately \$16 million by the end of 2032/32. This difference is known as the renewal gap as discussed in 8.1

	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32
Roads	3,273,093	3,110,098	3,170,049	3,607,461	3,955,761	4,336,525	4,446,590	4,369,153	4,200,737	4,012,587
Kerbs	194,390	154,051	114,138	97,954	82,267	90,726	100,223	111,022	123,343	137,353
Pathways	104,199	107,594	104,232	121,175	149,994	182,661	210,183	229,909	242,085	248,457
Bridges	135,594	110,117	88,300	74,859	64,030	60,689	59,206	59,287	60,681	63,177
Drainage	0	0	1,565	5,704	12,991	23,670	37,736	55,006	75,172	97,844
Culverts	118,395	79,058	40,122	21,501	3,685	6,393	9,967	14,360	19,491	25,262
Buildings	1,695,934	1,997,984	2,410,077	2,893,634	3,290,148	3,614,390	3,790,768	3,838,677	3,791,143	3,683,329
Recreation	296,404	361,098	413,523	462,883	493,088	506,796	504,035	497,418	496,599	504,969
Pumps	15,804	16,046	17,071	17,873	18,329	18,626	18,996	19,617	20,591	21,956
Aerodrome	2,177	3,592	9,163	16,941	23,985	29,108	31,518	31,522	29,767	26,987
	5,835,992	5,939,637	6,368,240	7,319,985	8,094,279	8,869,584	9,209,222	9,225,970	9,059,610	8,821,921

8.4 Long Term Financial Plan

Council has developed and maintains a financial plan at least for the next 10 financial years as part of the Local Government Act 2020 requirements (refer Part 4 – Section 91 – Financial Plan). This financial plan is also known as the Long Term Financial Plan.

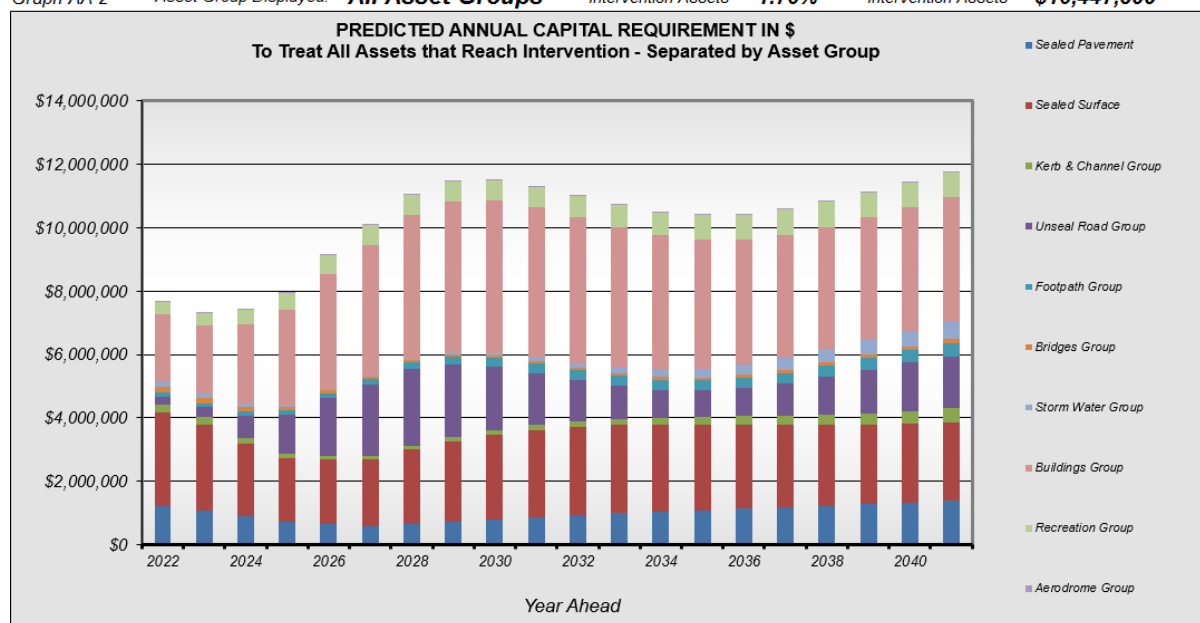
Future projects including renewal, upgrade new or expansion projects are recorded in Council’s LTFP as shown in the 10-year forecast table below;

	Budget 2020/21 \$'000	Budget 2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	Projections 2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000
Property											
Land	-	-	-	-	-	-	-	-	-	-	-
Land improvements	410	2,295	4,000	6,255	9,560	1,236	1,251	1,242	1,268	1,252	1,271
Total land	410	2,295	4,000	6,255	9,560	1,236	1,251	1,242	1,268	1,252	1,271
Buildings	9,118	2,300	736	1,179	1,458	1,515	1,529	1,845	1,902	1,734	1,981
Total buildings	9,118	2,300	736	1,179	1,458	1,515	1,529	1,845	1,902	1,734	1,981
Total property	9,528	4,595	4,736	7,434	11,018	2,751	2,781	3,087	3,170	2,987	3,252
Plant and equipment											
Fixtures, fittings and furniture	14	14	84	85	88	89	91	94	97	99	101
Computers and telecommunications	-	-	-	-	-	-	-	-	-	-	-
Total plant and equipment	1,298	1,416	1,623	1,622	1,610	1,634	1,610	1,628	1,738	1,740	1,748
Infrastructure											
Roads	4,655	3,640	4,017	4,451	4,575	4,220	4,384	4,555	4,733	4,918	5,110
Bridges	90	-	-	-	-	1,200	-	-	1,300	-	-
Footpaths and cycleways	1,200	805	303	311	319	322	342	343	341	347	374
Drainage	3,177	1,490	5,963	4,223	2,695	3,261	2,315	2,364	2,420	2,463	2,519
Kerb and channel	540	540	521	583	598	613	628	644	660	676	693
Recreational, leisure and community facilities	1,211	1,064	1,001	1,065	1,198	1,251	1,276	1,301	1,327	1,354	1,381
Waste management	900	-	900	-	900	450	950	475	975	500	1,000
Parks, open space and streetscapes	157	135	250	268	231	280	277	296	305	318	330
Aerodromes	-	100	-	-	-	300	-	300	-	300	-
Off street car parks	-	150	-	-	-	-	-	-	-	-	-
Other infrastructure	30	560	100	75	745	750	680	714	721	716	699
Total infrastructure	11,960	8,484	13,055	10,975	11,260	12,646	10,852	10,991	12,782	11,591	12,105
Total capital works expenditure	22,786	14,495	19,414	20,030	23,888	17,031	15,242	15,705	17,690	16,318	17,105
Represented by:											
New asset expenditure	11,666	4,645	8,132	6,647	6,501	1,102	1,630	1,160	1,667	1,206	1,726
Asset renewal expenditure	8,737	8,985	8,888	9,048	10,082	11,308	10,572	11,206	11,811	11,748	11,730
Asset expansion expenditure	425	200	671	1,304	1,817	1,854	671	881	900	909	925
Asset upgrade expenditure	1,958	665	1,723	3,031	5,489	2,767	2,169	2,458	3,312	2,455	2,724
Total capital works	22,786	14,495	19,414	20,030	23,888	17,031	15,242	15,705	17,690	16,318	17,105

8.5 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 the graph below. Note that all amounts are shown in real values.

Graph AA 2 Asset Group Displayed: - **All Asset Groups** Present % of Over Intervention Assets **1.70%** Present Value of Over Intervention Assets **\$10,447,899**



8.6 Upgrade / New / Expansion

Projects (including land purchase) for the extension, upgrading or construction/purchasing new assets required to cater for growth or additional levels of service are subject to business case completion and review to be considered on future budget years. Generally, any new assets being proposed are conditioned, subject to approval of external funding, before proceeding or committing Council’s own funding. However, this is considered on a project-by-project basis.

Project works may include;

- works which create an asset that did not exist in any shape or form, or
- works which improves an asset beyond its original size or capacity, or
- upgrade works which increase the capacity of an asset, or
- works designed to produce an improvement in the standard and operation of the asset beyond its original capacity.

9 DISPOSALS

9.1 Asset Disposal

Consideration of an asset disposal is initiated when

- the economic life of the asset has expired, or
- its service specification is no longer relevant (i.e. technical obsolescence), or
- when the need for the service provided by the asset has disappeared

Disposal of an asset will occur only after approval has been obtained as documented within the Asset Disposal Policy.

9.2 Disposal Process

To enable assets to be disposed of appropriately, Council will

- prepare detailed asset disposal procedures and identify and communicate the preferred arrangements for disposals to relevant staff;
- ensure that Asset Management Plans for the various asset classes, contain information and consideration of the future disposal of items in that class;
- prepare and evaluate proper costing to support the selection of the most cost effective disposal methods;
- engage experts to value the asset, determine methods of sale and develop the terms of contract and to assist in preparing the contract (particularly for complex and non-standard disposals) to minimise the exposure to risk;

9.3 Disposal Means

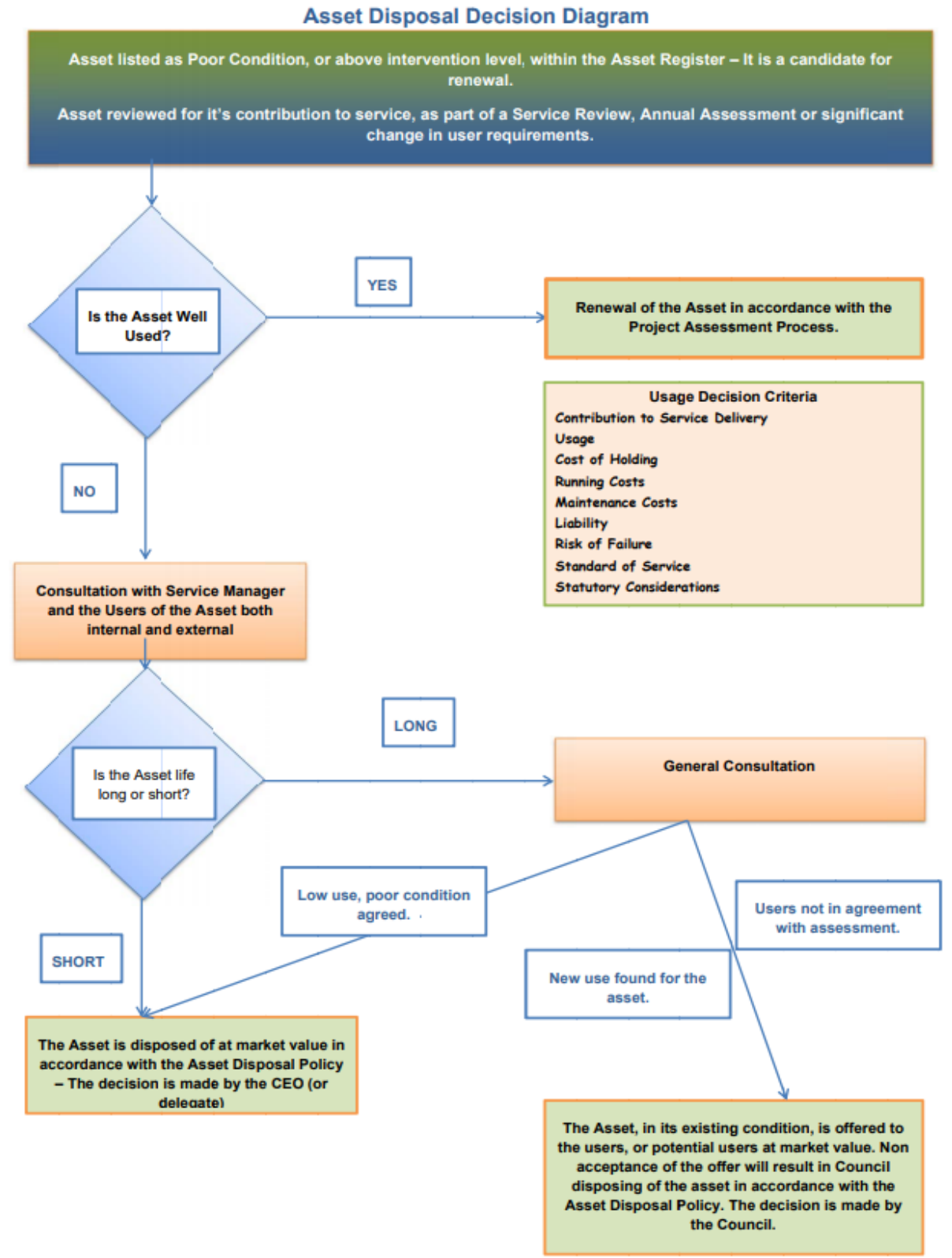
Appropriate means of disposal may include:

- public auction
- public tender
- transfer to another entity
- sale to another entity
- sale to staff
- trade-in
- scrap

To determine the correct means of disposal, the following matters should be considered:

- nature of the asset (i.e. a specialised asset or common item)
- potential market value
- other intrinsic value of the asset (i.e. cultural / heritage aspects etc.)
- location
- size or volume
- trade-in value
- ability to support wider Government programs
- environmental considerations
- market conditions
- asset (useful) life

9.4 Disposal Decision Diagram



10 FINANCIALS

10.1 Moira Annual Budget Process

Funding requests for any new asset must compete against other existing assets and a wide range of other services provided by Council.

When allocating maintenance funds to an asset during the budget process Council aims to:

- ensure that all extreme and high risk defects are attended;
- ensure that the asset survives until the predicted life of the asset type is achieved while providing an appropriate level of service
- move towards the desired level of service

Draft budgets and supporting documentation is prepared in December of each year. Council adopts the final budget by June in line with legislative requirements.

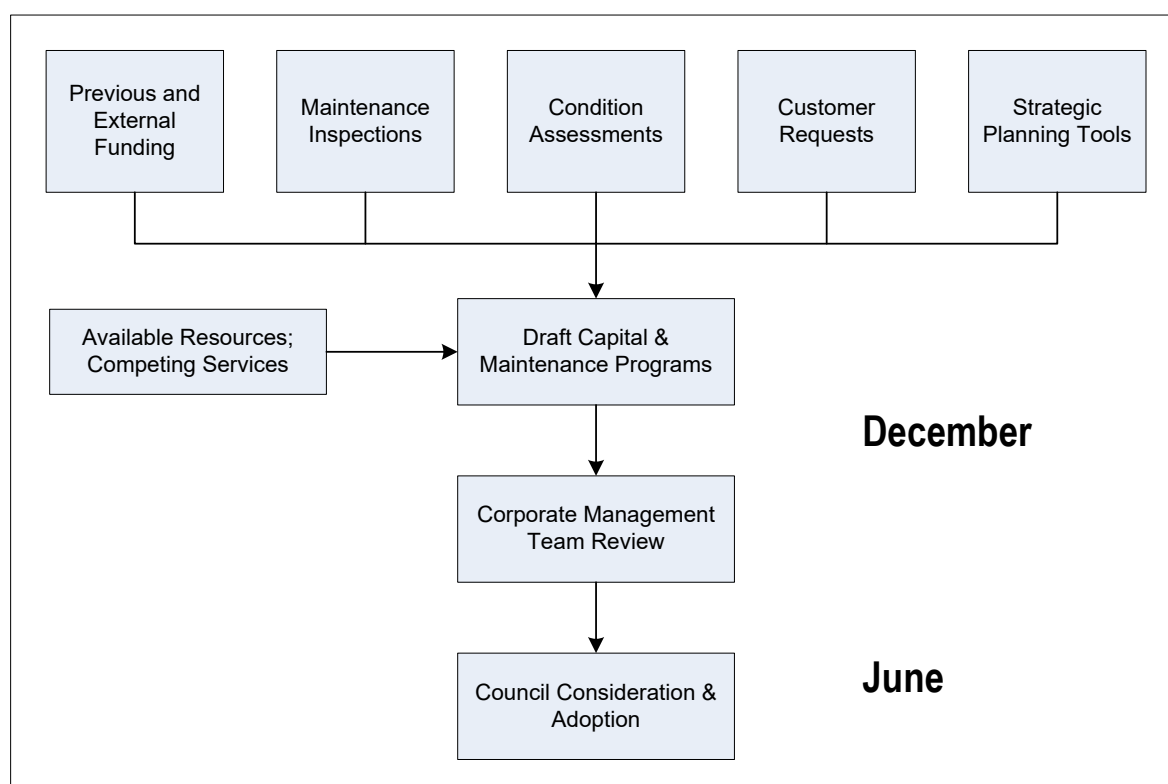


Figure - Budget process

All works must be resourced from the adopted budget.

10.2 Key Assumptions in Financial Forecast

The purpose of outlining key financial assumptions is to enable users of this document, particularly of the financial components, to understand the background, limitations and accuracy of various forecasts and conclusions made. In time, as more detailed information becomes available, such forecasts and conclusions may need amending. This will be easier to undertake if the background to current forecasts and conclusions is evident.

The following assumptions have been made:

- renewal projections are based on asset lives which have been determined from an analysis of current asset performance;
- renewal projections are based on existing condition data taken from Council's asset management system.
- renewal estimates are based on current replacement values and
- asset renewals have been extensively modelled within a financial modelling system.

10.3 Asset Valuations

Valuation of the Shire's infrastructure assets is undertaken using the application of AASB116 for the valuation of Non-Current Physical Assets (property, plant and equipment) for Financial Reporting purposes in the Victorian Local Government context. Refer to Guidance Note – Fair Value Asset Valuation Methodologies for Victorian Local Governments.

Asset valuations are also in accordance with the Australian Accounting Standards for Financial Reporting using the following methodology & approach.

- basis for calculating valuations is the asset data currently held in Council's existing database within Conquest.
- current replacement values have been determined from current construction costs via Rawlinson's Construction Guide 2019 or the contract schedule of rates based on the cost of replacing the asset with modern materials that provide the equivalent service in terms of capacity to the user.

Asset valuations have been determined on the actual unit replacement cost prevailing at the time of valuation taking into consideration existing site conditions, existing asset condition and costs associated with extraction and utilisation of the old asset.

All valuations and asset counts have been fully documented to provide a clear audit trail that is evident through to the accounting entries in the general Ledger.

The replacement value of each asset type is reviewed annually. Where a change in the replacement value is material (greater than 10%), revaluation of the assets will be carried out; alteration of the asset condition may not be applicable.

10.4 Capitalisation Threshold

Asset capitalisation thresholds have been reviewed and amended in 2017.

New threshold limits range from \$2,000 for asset types like land under roads, furniture and fittings and leased plant & equipment increasing up to \$5,000 for Infrastructure asset types like bridges, culverts, drainage pits & pipes, kerb & channel, footpaths and roads etc.

Land assets have a capital threshold of \$10,000

At budget time, capital works projects of less than the new minimum threshold limits will be classified as operating expenses.

Where individual assets are purchased with capital funds for less than the minimum threshold limits or where capital works of less than the minimum threshold limits are done on an asset, the expenditure will not be capitalised but will be expensed.

For further information, relating to Council's capitalisation threshold refer to Council's capitalisation threshold policy document.

10.5 Strategic Financial Direction

A number of strategic challenges remain ahead including renewing existing assets, continuing to provide an appropriate range and level of services to a growing community, maintaining a sound financial position and addressing the need for capital expansion.

The other related issues are the risks and liabilities that Council and the community face if Council does not invest in asset renewal at an adequate rate.

11 MONITORING AND IMPROVEMENT PROGRAM

This edition of the AMP uses levels of services & intervention levels that have existed over recent years.

It is intended that the AMP be reviewed and adopted by Council within a four-year period and within 6-months of a Council election in line with Council's strategic plans like the Council Plan and Strategic Resource Plan.

The AMP is to be a 'living' document that should always reflect as closely as practicable actual practices used in managing the asset portfolio.

Community consultation regarding on-going service levels should be undertaken so that the AMP can be reviewed and updated to reflect outcomes as scheduled in the AMP Strategy (to be adopted).

The Asset Management Working Group (steering committee) previously formed to coordinate, advise and facilitate the implementation of the adopted Asset Management Strategy continue to meet on a regular basis to review asset management processes, procedures, plans and strategic direction.

The following five improvement actions are considered as a priority for asset improvements as documented within Council's Asset Management Strategy.

Action 1:	Submit reviewed Asset Management Policy to CMT and Council for adoption	Do we intervene now?? And commit to 100% renewal through discussions with Council?
Action 2:	Review all AMP's during the next 24 months to ensure all core level requirements are included, especially upgrades identified in strategic documents	In progress. Overall AMP under review – Scheduled for adoption by Council 2021 and is a requirement of the LG Act 2020 to be adopted by 30 June 2022 then it will be reviewed every 4-years. The individual plans adopted by the AMWG will also be reviewed every 4-years.
Action 3:	Develop a Roles and Responsibilities matrix for all asset categories	Draft developed and currently out for review – Scheduled for 2021
Action 4:	Revitalise the Asset Management Working Group with regular meetings; review the terms of reference within the new Asset Management Strategy Document	Recommenced February 2018 – meets quarterly
Action 5:	Undertake the next community asset management survey to assist with determining agreed intervention levels and expenditure	Scheduled for 2023

12 INDIVIDUAL PLANS FOR ASSET TYPES

Individual plans for each asset type are being updated. When completed they will be attached as appendices to this document following approval by Council's Asset Management Working Group.

- Appendix 1.1 Footpaths
- Appendix 1.2 Kerb and Channel
- Appendix 1.3 Local Roads
- Appendix 1.4 Bridges and Major Culverts
- Appendix 1.5 Public Toilets – N/A – Included in Appendix 1.9
- Appendix 1.6 Public Swimming Pools – N/A – Included in Appendix 1.11
- Appendix 1.7 Transfer Stations & Waste Service
- Appendix 1.8 Parks and Gardens - TBC
- Appendix 1.9 Buildings and Other Structures
- Appendix 1.10 Public Halls – N/A – Included in Appendix 1.9
- Appendix 1.11 Leisure & Recreation
- Appendix 1.12 Drainage
- Appendix 1.13 Playgrounds – N/A Included in Appendix 1.11

The format of the individual plans will reflect the format of this Overall AMP but will be of a condensed version.

13 REFERENCES, STANDARDS AND GUIDELINES

Key standards, manuals & guidelines include:

- Local Government Act 2020
- International Infrastructure Management Manual (IIMM) 2015, IPWEA.
- Local Government Better Practice Guide 2015
- Fair Value Asset Valuation Methodologies for Victorian Local Governments
- Australian Accounting Standard AAS27 & AASB116
- Risk Management Standard, AS/NZS 4360:1999 & 2004 Editions
- Road Management Act 2004
- Infrastructure Design Manual
- Rawlinson's Construction Guide 2017

14 COUNCIL DOCUMENTS, POLICIES & PROCEDURES

Relevant Council engineering drawings & standards for design & construction are listed in the Road Asset Management System and Road Maintenance Management Service Agreement.

Other relevant Moira Council documents, Policies & Procedures include:

- Council Plan 2021-2025
- Strategic Resources Plan 2019-2023
- Financial Plan 2021/22 – 2031/32
- Asset Management Strategy 2017–2021
- Risk Management Strategy
- Asset Management Policy 2019

15 Local Government Act 2020 - Asset Plan

Local Government Act 2020
No. 9 of 2020

Part 4—Planning and financial management

92 Asset Plan

- (1) Subject to subsection (6), a Council must develop, adopt and keep in force an Asset Plan in accordance with its deliberative engagement practices.
- (2) The scope of an Asset Plan is a period of at least the next 10 financial years.
- (3) An Asset Plan must include the following—
 - (a) information about maintenance, renewal, acquisition, expansion, upgrade, disposal and decommissioning in relation to each class of infrastructure asset under the control of the Council;
 - (b) any other matters prescribed by the regulations.
- (4) Subject to subsection (6), a Council must develop or review the Asset Plan in accordance with its deliberative engagement practices and adopt the Asset Plan by 31 October in the year following a general election, other than the first general election to be conducted under section 257(1)(a).
- (5) The Asset Plan adopted under subsection (4) has effect from 1 July in the year following a general election.
- (6) A Council must develop and adopt an Asset Plan under this section in accordance with its community engagement policy by 30 June 2022 following the first general election to be conducted under section 257(1)(a).
- (7) The Asset Plan adopted under subsection (6) has effect from 1 July 2022.

Authorised by the Chief Parliamentary Counsel

16 GLOSSARY

Annual service cost (ASC)

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

Asset

A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment that 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 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, and engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

Asset renewal funding ratio

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

Average annual asset consumption (AAAC)*

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

Borrowings

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

Capital expenditure

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

Capital expenditure - expansion

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

Capital expenditure - new

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

Capital expenditure - renewal

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

Capital expenditure - upgrade

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

Capital funding

Funding to pay for capital expenditure.

Capital grants

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

Capital investment expenditure

See capital expenditure definition

Capitalisation threshold

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

Carrying amount

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

Class of assets

See asset class definition

Component

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

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 cash flow 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 noncritical 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 arm's length transaction.

Financing gap

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

Heritage asset

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

Impairment Loss

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

Infrastructure assets

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycle ways. 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, and rehabilitation and disposal costs.
2. **Average LCC** The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises average operations, maintenance expenditure plus asset consumption expense, represented by depreciation expense projected over 10 years. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

Life Cycle Expenditure

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

Loans / borrowings

See borrowings.

Maintenance

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

○ **Planned maintenance**

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

○ **Reactive maintenance**

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

○ **Specific maintenance**

Maintenance work to repair components or replace sub-components that need 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, improvements, and efficiencies in production and installation techniques

Net present value (NPV)

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

Non-revenue generating investments

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

Operations

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

Operating expenditure

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

Operating expense

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

Operating expenses

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

Operations, maintenance and renewal financing ratio

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

Operations, maintenance and renewal gap

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

Pavement management system (PMS)

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

PMS Score

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

Rate of annual asset consumption *

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

Rate of annual asset renewal *

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

Rate of annual asset upgrade/new *

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

Recoverable amount

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

Recurrent expenditure

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

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining useful life

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

Renewal

See capital renewal expenditure definition above.

Residual value

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

Revenue generating investments

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

Risk management

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

Section or segment

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

Service potential

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

Service potential remaining

A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's potential to provide services that are 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 *