CLARENCE CITY COUNCIL

Clarence... a brighter place

Building

Asset Management Plan 2018

Scenario 1 Version 1
July 2018

Document Control	

Document ID: 59 299 140531 nams plus3 amp template v3.1

Rev No	Date	Revision Details	Author	Reviewer	Approver
1	21 Sept 2017	Rev 1 for audit panel review	JJ	RLG	
2	14 Mar 2018	Rev 2 from audit panel comments	JJ	RLG	
3	30 July 2018	Rev 3 from audit panel comments	TM	RLG	
4	9 November 2018	Rev 4 Building 10 Year Plan update	JJ		
5	22 November 2018	Rev 5 Building 10 Year Plan update	JJ		

Note: Scenario and Version (S V) designations relate to the data used in construction of this Asset Management Plan. An explanation of how this information is utilised is included in section 5.7.

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

Context

The City of Clarence has an area of 386 square kilometres and forms part of the Greater Hobart metropolitan area and is situated on a peninsula bounded by the River Derwent estuary to the west and Frederick Henry Bay and Pitt Water to the east.

Clarence is dominated by the Meehan Range which runs the full length of the City. The range has a maximum height above sea level of only 544m, and features numerous ravines and escarpments. The coastline, some 191km long, boasts some of Southern Tasmania's most popular recreational beaches.

The Council's building portfolio provides venues for council and community use to support creative and sustainable growth and deliver strong, vibrant and connected communities. The portfolio of 149 buildings includes offices, community centres, halls, sports facilities, child care centres, depot, operational buildings, heritage buildings, public toilet blocks and houses.

The Building Service

The Building portfolio comprises the following categories, **Community Buildings** e.g. Community Halls, Public Toilets, Child Care Centres, **Administration Facilities**, e.g. Council Administration Centre, Depot, **Active Recreation & Sports Buildings** e.g. Pavilions (Change Rooms), Sporting Clubs Rooms, Aquatic Centre, **Dwellings** e.g. Houses for future development site, **Shelters** e.g. BBQ/Shade Shelters.

What does it Cost?

Many of the Council's assets are specialist buildings such as community halls for which there is no real market so. As a result of this, building asset values in this report represent the anticipated replacement cost of the building asset based on current project costs and building values. As of 24 August 2017 the total estimated replacement value of all Council buildings has been assessed to $**147,205,020**.

The value of buildings constructed by tenants, for example Bellerive Oval complex, is not included in this figure.

Once in use buildings start to deteriorate and depreciate in value.

There are several of the Council's major sporting pavilions and public toilet assets that have been replaced or refurbished and are therefore relatively new however those remaining are reaching the end of their useful life and need to be replaced in the short term. The associated cost to replace and or refurbish will be considerably more than replacement with like, due to the Legislative requirement to comply with the *Disability (Access to Premises - buildings) Standards 2010* (the Premises Standards) that commenced on 1 May 2011, and due to better building codes and standard requirements.

Other factors influence funding demand such as timely maintenance, changes in usage, service reviews, upgrades, new Legislative compliance etc. For these reasons demand does not always compare favourably to the average annual figure and adjustments need to be made based on current and anticipated circumstances.

The financial impact of new building infrastructure for identified green field sites is a major factor that will impact funding demand and therefore have a flow on effect of long term replacement of existing buildings that have or are reaching the end of their community acceptable standard. Replacement buildings are expensive and lead-in times are long. Any unallocated replacement funding needs to be retained in a building replacement reserve for future years when demand for replacements may be higher or alternatively Council will need to budget for peak replacement costs over and above funding for new green field sites.

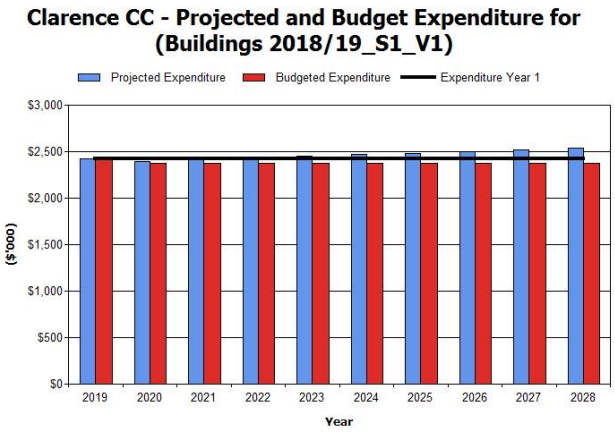
The projected outlays necessary to provide the services covered by this Building Asset Management Plan (BAMP) includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is **$24,626,000** or **$2,463,000** on average per year.

Estimated available funding for this period is **$23,801,000** or **$2,380,000** on average per year which is **97%** of the cost to provide the service. This is a funding shortfall of **$82,000** on average per year.

Projected expenditure required to provide services in the BAMP compared with planned expenditure currently included in the Long Term Financial Plan (Council's 10 Year Financial Management Plan) are shown in Figure 4, below.

The purpose of this BAMP is to assess the condition of buildings and the associated impact of their deterioration; and the budget to ensure replacement is timely and appropriate.

Figure 4: Projected Operations and Maintenance Expenditure (From 5.3.3)



What Council will do

Council plan's to provide building services for the following:

- Operation, maintenance, renewal and upgrade of buildings to meet service levels set in annual budgets.
- Public utilised buildings will be upgraded as necessary within the 10 year planning period.
- Ensure buildings are maintained in a safe and functional standard, meeting corporate objectives as set out in this BAMP.
- To develop and apply asset management principles to support the maintenance and management of public assets.
- Programmed approach to building maintenance.
- Utilisation of key performance indicators to measure level of service.
- Protection of Council's heritage assets.
- Inspect all buildings regularly and prioritise and repair defects in accordance with inspection schedules.

What Council cannot do

As a result of broad budgetary shortfall, Council does not have enough funding to provide all services at intended service levels or provide new services. Works and services that cannot be provided under present funding levels are:

- The upgrading of all public buildings to meet community and key stakeholder expectations within a short timeframe.

Managing the Risks

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

- The expectation by traditional users of some buildings that their activities may have to be transferred to other facilities to address risk issues.
- The closure of building's to address unplanned maintenance issues.
- Address all defects identified within acceptable timeframes based on the level of risk the defect represents to the community and Council.

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

- Prioritise the upgrading of facilities based on assessment/condition inspections.
- Proactive inspection of all buildings on a regular scheduled basis.

Confidence Levels

This BAMP is based on "C Uncertain" levels of confidence information, in accordance with the grading system outlined in Table 6.5.

The Next Steps

The actions resulting from this BAMP are:

- Undertake detailed condition assessment and Access Appraisals of all buildings,
- Collate/interpret asset condition data,
- Prioritise asset replacement based on sound condition data information and
- Subsidise replacement upgrade through external funding opportunities where possible *(e.g. Federal funding for solar upgrade of associated heating components).*

Questions you may have

What is this plan about?

This asset management plan covers the infrastructure assets that serve the Clarence City Council community's building needs. These assets include community halls, administration offices, sportsground pavilions, clubrooms, heritage buildings, shade structures etc. throughout the community area that enable people to work together for a vibrant, prosperous and sustainable city.

What is an Asset Management Plan?

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

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

Why is there a funding shortfall?

Most of the Council's buildings were constructed from Council's Annual Operating Plan funding allocations together with some government grants, often provided and accepted without consideration of ongoing operations, maintenance and replacement needs.

Many of these assets are approaching the later years of their life and require replacement.
Council's present funding levels are sufficient to continue to provide existing services at current levels in the medium (5 to 10 year) term.

What options does Council have?

Resolving the funding shortfall involves several steps:

1. Improving asset knowledge so data accurately records the asset inventory, how assets are performing and when assets are not able to provide the required service levels,
2. Improving Council's efficiency in operating, maintaining, renewing and replacing existing assets to optimise life cycle costs,
3. Identifying and managing risks associated with providing services from infrastructure,
4. Making trade-offs between service levels and costs to ensure the community receives the best return from infrastructure,
5. Identifying assets surplus to needs for disposal to make saving in future operations and maintenance costs,
6. Consulting with the community to ensure building services and costs meet community needs and are affordable,
7. Developing partnership with other bodies, where available to provide services,
8. Seeking additional funding from governments and other bodies to better reflect a 'whole of government' funding approach to infrastructure services.

What happens if Council doesn't manage the shortfall?

It is likely Council will have to reduce service levels in some areas, unless new sources of revenue are found. For Buildings, the service level reduction may include the closure of public facilities either permanently or for extended periods.

What can Council do?

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

Lauderdale Hall - May 2013
External Weatherboard Deterioration

Internal Floor Deterioration

Richmond Hall - 2011
External Weatherboard & Floor Joist Deterioration

2. INTRODUCTION

2.1 Background

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

The asset management plan follows the format for AM Plans recommended in Section 4.2.6 of the International Infrastructure Management Manual[1].

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

- Clarence City Council Strategic Plan 2016 to 2026,
- Clarence City Council 10 Year Financial Management Plan (Long Term Financial Plan),
- Clarence City Council Annual Report 2016/2017,
- Clarence City Council Risk Management Policy 2013,
- Clarence City Council Strategic Asset Management Policy.

The infrastructure assets covered by this asset management plan are shown in Table 2.1. These assets are used to provide meet the needs and expectations of the community at large within acceptable funding levels.

Table 2.1: Assets covered by this Plan

Asset category	Number	Replacement Value
Active Recreation & Sports Buildings	64	$ 51,265,020
Community Buildings (Including Shelters)	42	$ 49,580,000
Corporate Buildings	7	$ 24,350,000
Heritage Buildings	6	$ 10,900,000
Investment Properties (Future Development Sites)	4	$ 120,000
Public Toilets	31	$ 10,990,000
Total	**154**	**$ 147,205,020**

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

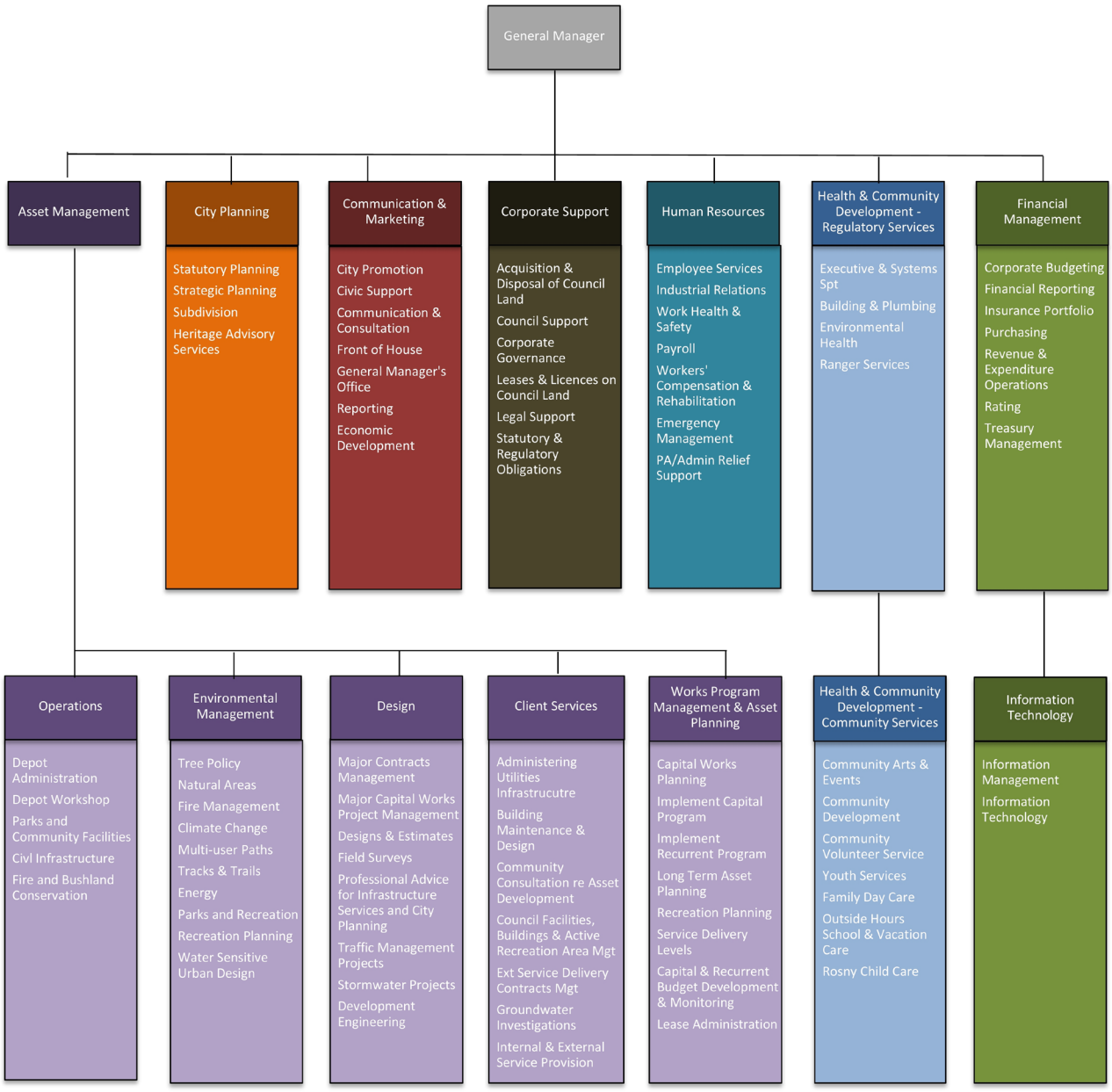
Table 2.1.1: Key Stakeholders in the AM Plan

Key Stakeholder	Role in Asset Management Plan
Aldermen	• Represent needs of community/shareholders, • Allocate resources to meet the Council's objectives in providing services while managing risks, • Ensure organisation is financial sustainable, • Stewardship and Asset Management Leadership, • Endorsement of the BAMP, • Adoption of the key principles of the BAMP and the approval of Annual Operating Plan Capital Works Budgets that supports good Asset Management principles.
General Manager	To communicate to Council the service and financial implications arising from the BAMP
Group Manager Asset Management	To determine and identify any implications of not meeting funding requirements identified in this BAMP, i.e. consequences of reducing levels of service.
Manager Finance and Information Management	To determine and identify any implications the BAMP may have on Council's financial sustainability.
Staff	End user monitoring of usage to ensure long term sustainability of assets.
Committees of Council	To manage on a day to day basis the operation and minor maintenance of specific buildings.
Tenants, building user groups, Casual Users and staff	End user involvement and feedback.

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

Key Stakeholder	Role in Asset Management Plan
Ratepayer Groups and Residents	Stakeholder Consultation.

Our organisational structure for service delivery from infrastructure assets is below:



2.2 Goals and Objectives of Asset Management

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

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

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

2.3 Plan Framework

Key elements of the plan are

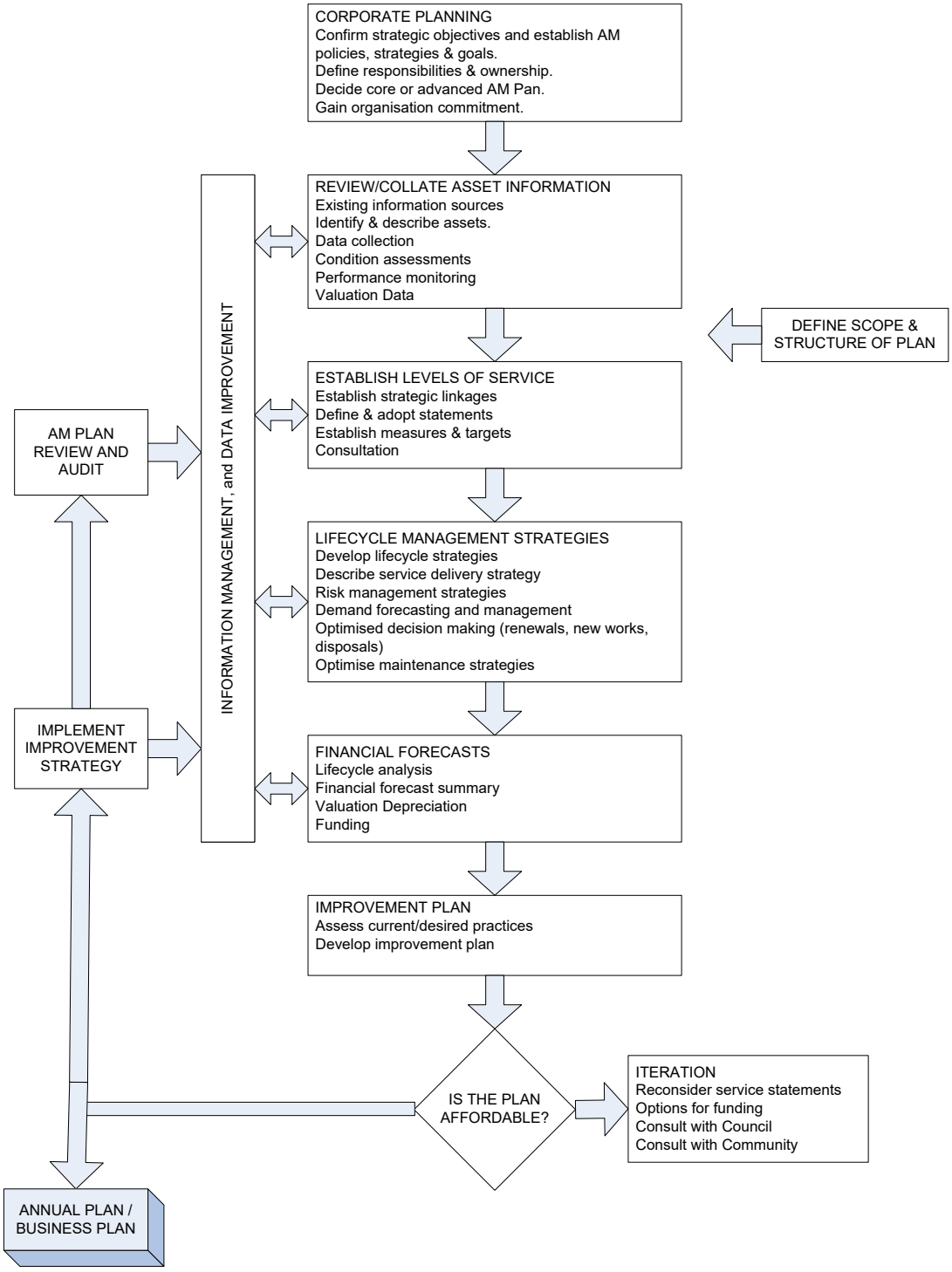
- Levels of service – specifies the services and levels of service to be provided by Council,
- Future demand – how this will impact on future service delivery and how this is to be met,
- Life cycle management – how Council will manage its existing and future assets to provide defined levels of service,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

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

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

Road Map for preparing an Asset Management Plan

Source: IPWEA, 2006, IIMM, Figure 1.5.1, p 1.11.



2.4 Core and Advanced Asset Management

This asset management plan is prepared as a 'core' asset management plan over a 20 year planning period in accordance with the International Infrastructure Management Manual[3]. It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

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

2.5 Community Consultation

While community feedback informs the Council's Level of Service quality assessment, no community consultation has been undertaken in the preparation of the Building Asset Management Plan. Future revisions of the asset management plan may incorporate community consultation to assist in Council and the community matching the level of service needed by the community, service risks and consequences with the community's ability and willingness to pay for the service.

[3] IPWEA, 2011, IIMM.

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

Council engages a consultant to conduct the Clarence City Council Service Quality Biennial Report. The report compiles results from a telephone survey of Clarence residents which gauges the importance the community places on a services provided by Council and the level of satisfaction with the delivery of those services. The most recent service quality survey covered two areas of Council provided buildings asset related questions, with reported satisfaction levels as follows:

Table 3.1: Community Satisfaction Survey Levels

Performance Measure	% Performance Score						
	2016	2014	2012	2010	2008	2006	2004
Use and maintenance of Community Halls	73	71	70	67	56	68	72
Location and maintenance of public toilets	66	61	60	59	59	58	60

Community responses show there is a great deal of importance placed on the quality of service Council provides in relation to public accessible building assets. Community responses in relation to the services levels adopted by Council in the provision and maintenance of Public Toilets indicate a higher level of facility is desirable in the upgrading and replacement and maintenance of these assets.

3.2 Strategic and Corporate Goals

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

Our vision is:

To make Clarence a Vibrant, Prosperous and Sustainable City.

Our mission is:

Responding to the changing needs of the community through a commitment to excellence in leadership, advocacy, innovative governance and service delivery.

Relevant organisational goals and objectives and how these are addressed in this asset management plan are shown in Table 3.2.

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

Goal	Objective	How Goal and Objectives are addressed in AM Plan
Governance and Leadership - To provide leadership and accessible, responsive, transparent and accountable governance of the City.	Internal operating systems - Ensure appropriate management of risk associated with Council's operations and activities.	The development of this BAMP will inform Council of the consequences of its decisions and ensure the provision and maintenance of buildings is sustainable.
A People City - Clarence is a city which values diversity and encourages equity and inclusiveness, where people of all ages and abilities have the opportunity to improve their health and quality of life.	Community Safety and Well-being – Provide essential infrastructure to support, sustain and enhance community safety and social well-being. Public Spaces and Amenity - Develop and implement Asset Management Plans that respond to the identified needs of local communities.	The development of this BAMP will help identify additional infrastructure needs and plan for the associated financial implications.
A Well Planned, Liveable City: - Clarence will be a well-planned liveable city with services and supporting infrastructure to meet current and future needs.	Establish and review a prioritised list of outstanding road transport and alternative transport issues for the City to facilitate the appropriate ranking of projects for capital works planning and funding.	The development of this BAMP will inform long term strategic planning for the City.
Council's Assets & Resources - To efficiently and effectively manage Council's financial, human, and property resources to attain Council's strategic goals and meet statutory obligations.	Develop and implement a long term financial plan - Develop and implement long term strategic asset management plans aligned with our long term financial planning.	The development of this BAMP will inform funding decisions and ensure sustainable service delivery in the long term.
A Prosperous City - Clarence will develop its economy, improve prosperity, and expand both the level and equity of personal opportunity within its communities.	Economic Development - Provide and plan for essential infrastructure to support economic development.	The development of this BAMP will help identify additional infrastructure needs and plan for the associated financial implications.
An Environmentally Responsible City - Clarence is a city that values its natural environment and seeks to protect, manage, and enhance its natural assets for the long term environmental, social and economic benefit of the community.	Built Environment - Develop and implement strategic asset management plans for all Council asset classes.	The development of this BAMP will directly address this objective.

3.3 Legislative Requirements

Council has to meet many legislative requirements including Australian and State legislation and State regulations. These legislative requirements are shown in Table 3.3.

Table 3.3: Legislative Requirements

Legislation	Requirement
Local Government Act 1993	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
Building Act 2016 **Building Regulation 2016**	An Act to regulate the construction and maintenance of buildings and building and plumbing matters and to provide for permits, enforcement matters and resolution of disputes.
National Construction Code (NCC)	The National Construction Code (NCC) is an initiative of the Council of Australian Governments (COAG) developed to incorporate all on-site construction requirements into a single code. The NCC comprises the Building Code of Australia (BCA), Volume One and Two; and the Plumbing Code of Australia (PCA), as Volume Three.
Disability Discrimination Act 1992	An Act relating to discrimination on the ground of disability.
Disability (Access to Premises-Buildings) Standards 2010	The objects of these Standards are: (a) To ensure that dignified, equitable, cost-effective and reasonably achievable access to buildings, and facilities and services within buildings, is provided for people with a disability; and (b) To give certainty to building certifiers, building developers and building managers that, if access to buildings is provided in accordance with these Standards, the provision of that access, to the extent covered by these Standards, will not be unlawful under the Act.
Work Health and Safety Act 2012 **Work Health and Safety Regulations 2012**	The main object of this Act is to provide for a balanced and nationally consistent framework to secure the health and safety of workers and workplaces.
Other Acts/Policies	Telecommunication, Electricity and Gas Acts. Heritage Act 2004. Historic Cultural Heritage Act 1995.
Land Use Planning and Approvals Act 1993	An Act to make provision for land use planning and approvals.

3.4 Community Levels of Service

Service levels are defined service levels in two terms, customer levels of service and technical levels of service. Community Levels of Service measure how the community receives the service and whether the organisation is providing community value.

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

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

The current community levels of service are detailed in Table 3.4.

Table 3.4: Community Level of Service

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance

COMMUNITY LEVELS OF SERVICE				
Quality	Facilities are maintained properly.	Community Survey Index (average for buildings).	7 out of 10.	Nil recorded.
		Analysis of Building Assessment.	3.5 out of 5.	Nil recorded.
		Responsiveness.	90% attended within time.	Nil recorded.
Function	Facilities are suitable for intended use.	Analysis of Customer Service Requests relating to functionality.	Less than 10 per year.	Nil recorded.
		Analysis of Building Assessment.	3.5 out of 5.	Nil recorded.
	Ensure building facilities meet user requirements.	Usage of facilities.	Average usage of facilities to be 75% occupancy for each building.	Recreational: To be assessed. Community: To be assessed.
Cost/Affordability	Facilities are affordable to hire/lease.	Recreation Survey.	3.5 out of 5.	Nil recorded.
Safety	Provide healthy and safe buildings for the public and staff.	Number of reported incidents.	< 5 Incidents per annum.	0 Insurance Claims in the 12 months to June 2017.
	The 34 Buildings containing asbestos are well maintained and free from hazards.	Number of reported asbestos related incidents.	< 5 per annum.	Nil recorded.
	Building fire safety and security systems well maintained.	Regular servicing of firefighting equipment, emergency lighting and security systems.	100% servicing carried out in accordance with building Standards.	100%.

Council will exercise its duty of care to ensure public safety is in accordance with the risk management process linked to this AM Plan. Management of infrastructure risks is covered in Section 5.2.

3.5 Technical Levels of Service

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

Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services such as opening hours, cleaning, energy, inspections, etc.
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition (eg surface maintenance, path restoration, building and structure repairs),
- Renewal – the activities that return the service capability of an asset up to that which it had originally (eg frequency and cost of roof and building component replacement),
- Upgrade – the activities to provide a higher level of service (eg widening a doorway, sealing an unsealed path, constructing additional working spaces) or a new service that did not exist previously (eg a new library).

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

The current technical levels of service are detailed in Table 3.5.

Table 3.5: Technical Levels of Service

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
TECHNICAL LEVELS OF SERVICE				
Responsiveness	Adequately respond to requests and complaints within the allowed timeframe.	Number of requests and complaints completed. Maximo system and After Hours Call Out information.	85% of requests and complaints completed with the allowed timeframe.	Nil recorded.
Compliance	Compliance with the Building Code of Australia and related legislative/ technical standards (structural adequacy, access/egress, firefighting, lighting & ventilation.	All new work and significant refurbishment to comply with current standards.	Development Application approval and compliance with Building Code of Australia.	Most properties identified as requiring work. All of which have been actioned in accordance with BCA requirements.
Condition	Provide facilities are in a safe and well maintained condition.	5 yearly condition & compliance audit.	Audit completed for all buildings annually.	Programmed for 2018.
		Structural audits of roof trusses.	Audit completed for all buildings on a 5 yearly cycle.	Program to be developed to inspect all high-risk roofs over 5 year period.
		Annual Building Condition Audit rating 1 =Very Good 2= Good 3= Moderate 4= Poor 5 = Very poor	Recreation Centres, Operational buildings & Community Centres – All Condition Rating 2. Sporting, Residential & Amenities- All Condition Rating 30	It is planned to assess condition ratings for all building assets as part of the Improvement Plan refer to of this report.
		Star rating of facility by independent Auditor.	Different star rating for different facilities.	To be developed.
TECHNICAL LEVELS OF SERVICE				
Cost/Affordability	Operational expenditure costs (annual average lifecycle cost).	Introduced works order system. BIS financial system accounts Reconfigured.	All plant labour & material costs attributed to the building.	To be developed.

[4] IPWEA, 2011, IIMM, p 2.22

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
		Leases and licences signed off.	Min 75% of buildings available for lease, are leased.	100% of Councils buildings identified for lease are leased.
	Income (Cost of entry, hiring costs, leasing of community facilities).	Annual fees and charges.	Recommended no less than CPI increase. Determined by Council annually.	Council Fees & Charges Register approved annually.
Water Usage and disposal	The use of water in buildings is controlled to reduce the impact on the environment.	Water mL consumed.	To be determined.	To be determined.
Energy Efficiency	The use of energy in buildings is controlled to reduce the impact on the environment (at this stage only contestable buildings are assessed).	Energy consumption consumed. Carbon Footprint.	To be determined.	Data being recorded for Trench sites.
Maintenance & Renewals	Efficiency of planned maintenance and renewal works. Compliance with maintenance contracts and service agreements.	Review effectiveness against budget, standards and timelines.	95%.	100% maintenance contracts and service agreements completed. 90% planned maintenance and renewal works completed 2017/18.
Accessibility	Disability accessible facilities provided.	Survey/Audit.	Complete the DDA Action Plan for building upgrades.	Nil recorded.
	Signage and information meets corporate standards.	Regular survey of signage.	Aquatic Centre.	Completed.

3.6 Desired Levels of Service

Desired levels of service are those that Council wants to achieve beyond the current community and technical levels of service. Indicators of desired levels of service may be obtained from various sources including the biennial Community Perception Survey, facility user feedback, key stakeholder feedback to the Aldermen and staff, service requests and correspondence. The Council has yet to quantify any desired levels of service for this BAMP.

As part of the ongoing rollout of OneCouncil, Council will be expanding its capacity to record and evaluate service level data to improve on areas where data is considered to be insufficient These processes will be outlined in the 2022 version of the AMP, as it is too early in their development to comment on specific implementation details.

4. FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand are broader trends of change which may result in unavoidable increases in demand on Council's resources and time, impacting the overall Level of Service Council may be able to provide.

4.2 Demand Forecast

The present position and projections for demand drivers that may impact future service delivery and utilisation of assets were identified and are documented in Table 4.3.

4.3 Demand Impact on Assets

The impact of demand drivers that may affect future service delivery and utilisation of assets are shown in Table 4.3.

Table 4.3: Demand Drivers, Projections and Impact on Services

<table>
<tr><th>Demand drivers</th><th>Present position</th><th>Projection</th><th>Impact on services</th></tr>
<tr><td>Land Use</td><td>Council's planning scheme maintains control of areas of future development.

Urban in-fill development increasing population growth in older areas.</td><td>Re-zonings to facilitate new residential/industrial subdivisions.

Increased urban in-fill development and increased residential population densities.</td><td>Increased expectations from new residents will impact on the capacity of existing infrastructure.</td></tr>
<tr><td>Demographics</td><td>As based on ABS 2016 Census CCC Population breakdown as follows:-

Age Groups % of Population
0-19 years 24.7%
20-24 years 5.4%
25-34 years 11.8%
35-49 years 19.1%
50-59 years 14%
60+ years 25%

Age Group Trend as % of population.
<table>
<tr><th>Age Group</th><th>2001</th><th>2006</th><th>2011</th><th>2016</th></tr>
<tr><td>0-34</td><td>46%</td><td>44%</td><td>43%</td><td>42%</td></tr>
<tr><td>35-54</td><td>30%</td><td>29%</td><td>29%</td><td>26%</td></tr>
<tr><td>Over 55</td><td>24%</td><td>27%</td><td>28%</td><td>32%</td></tr>
</table></td><td>Median age of persons
Census year
<table>
<tr><td>1996</td><td>35</td></tr>
<tr><td>2001</td><td>38</td></tr>
<tr><td>2006</td><td>39</td></tr>
<tr><td>2011</td><td>40</td></tr>
<tr><td>2016</td><td>42</td></tr>
</table>
This indicates a decrease in the younger age groups.</td><td>The population forecast is that the City's population is ageing.

Again, while the age structure % is to vary, the actual numbers in each age group do not significantly decrease, however, there is a significant increase over the past 15 years in the number of people in the 55+ age group. There is unlikely to be a decrease in the demand on services however there is likely to be a change in the programmes involved.</td></tr>
<tr><td>Population</td><td>55,175 (ABS Estimated resident population June 2016).</td><td>70,882 (Projected resident population June 2037 @ 1.2%).</td><td>Facility upgrade and new facilities required to service growth.</td></tr>
<tr><td>Sea Level Rise</td><td>Some low-lying, coastal assets inundated during storm surges.</td><td>Frequency and duration of inundation likely to increase.</td><td>Requirement to relocate key stakeholders to other areas away from their traditional regions. Development on green field sites (e.g. Lauderdale Football Club).</td></tr>
</table>

Demand drivers	Present position	Projection	Impact on services
Legislation - DDA Compliance	Compliance to existing codes and standards.	Reviews of Legislation.	Requirement to comply with Legislation may have a substantial cost implication on stakeholders.
Recreation Plan	Currently being developed.	Possible financial long term implications on Council to provide additional facilities.	To be determined as result of BAMP.
Technological Changes- Security	Mixture of mechanical and electronic locks, some security cameras	Potential demand for more electronic security measures.	Increased expectation of electronic security measures, surveillance in Council facilities.
Residential Development of New Areas	Currently meeting stated Level of Service for existing areas.	Demand for facilities in new suburbs.	Requirement to provision facilities to meet promised service levels for new communities.
Fit for Purpose Facilities	Council facilities either purpose built for when organisation was smaller, or else retrofitted to new purposes to meet requirements.	Maintenance and upgrade of ageing buildings in established communities.	Requirement to either construct new facilities or heavily modify existing facilities to fit Council's growing needs.

4.4 Demand Management Plan

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

Non-asset solutions focus on providing the required service without the need for Council to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures[5]. Examples of non-asset solutions include providing services from existing infrastructure such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

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

Table 4.4: Demand Management Plan Summary

Demand Driver	Impact on Services	Demand Management Plan
Residential Development of New Areas	Demand for facilities in new suburbs.	• The development of a Community Facilities Plan would identify the number and nature of buildings required to serve new growth suburbs and funding by developers and grants wherever possible. • Allocation of capital expenditure on creation of new assets and upgrade of existing assets where appropriate. • Public consultation to help steer the location and nature of new buildings.

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

		• Whole Life Costing to ensure development of sustainable, flexible and affordable new buildings.
Fit for Purpose Facilities	Maintenance and upgrade of ageing buildings in established communities.	• Renew before new concept, including upgrading and extending existing facilities. Planned maintenance and minor works programmes to ensure buildings are fit for purpose. • Ensure adequate capital asset renewal funding in long term financial budget plans.

4.5 Asset Programs to meet Demand

The City is currently going through a "Development" phase with new residential areas of Tranmere, Rokeby growth corridor, Glebe Hill, Oakdowns and infill development throughout the older suburbs. As a consequence, there is an expectation that facilities will be developed as areas develop.

In order to keep pace with rapid development and urban renewal within the City, a Community Facilities Plan is required which would identify buildings needed to support communities and informs discussions with land developers related to developer contributions towards community infrastructure. Ideally wherever possible new assets required to meet growth would generally be funded from land development.

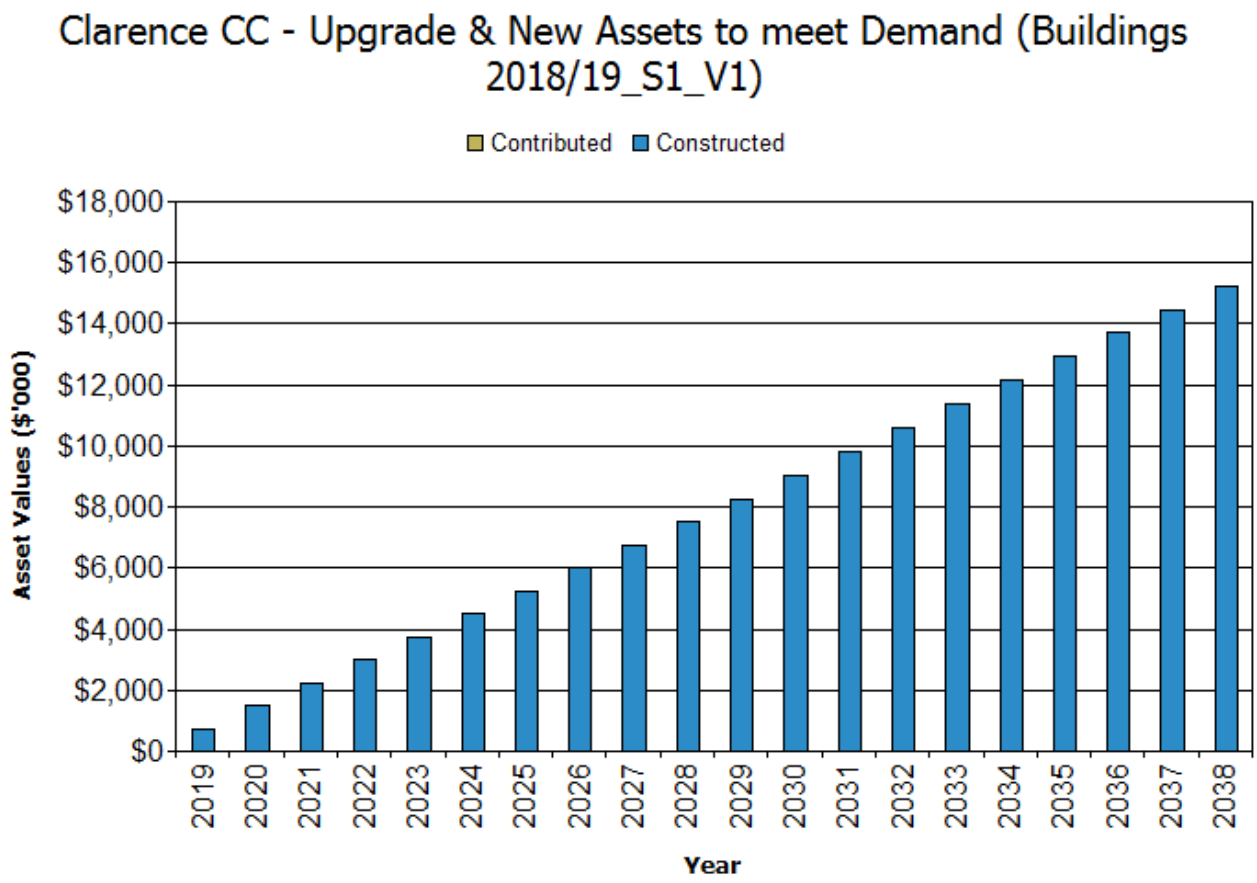
These assets would either be constructed by the Council as part of its annual Capital Works Program or by developers with design approved by the Council.

Where possible demand may be met by upgrading existing facilities in accordance with the "renew before new" principal (e.g. Cambridge Oval sports complex redevelopment v Seven Mile Beach green field site).

In addition to the creation of community facilities there will be increasing demand for corporate floor space to accommodate additional staff to serve the larger population.

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

Figure 1: Upgrade and New Assets to meet Demand



The acquisition of new assets either through donated assets or Council (community) funded 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 are identified and considered in developing forecasts of future operations, maintenance and renewal costs in Section 5.

5. LIFECYCLE MANAGEMENT PLAN

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

In order to develop and implement an effective building maintenance lifecycle plan, accurate information about the performance, condition and objectives of the individual buildings needs to be collected and interpreted. Resources can then be allocated to areas of most need in order to meet corporate objectives, support services, meet key stakeholder/user expectations and maintain the value of assets.

By developing a structured evidence based approach to asset management, buildings can be kept functional, components renewed prior to failure and eventual replacement planned and budgeted. The Council owns buildings as venues for service delivery and the nature of the service and expectation of users can lead to buildings becoming functionally or aesthetically redundant before the end of their physical life. Collection of additional data such as suitability (quality assessment), usage (quantitative assessment), energy efficiency, running costs etc helps to build up a more holistic picture of the value of the building to the community and influences decision making on renewal, upgrade, replacement and even closure.

The renewal modelling exercise helps to predict how much renewal will cost for components of building assets and when these are anticipated to reach an unacceptable condition where intervention is needed. The difference between what is currently being spent and how much is needed is the renewal gap. Through this process better budget planning for asset renewal is possible.

This section identifies the aspects of building performance and condition that influence decision- making and the recommendations made later in this plan.

5.1 Background Data

5.1.1 Physical parameters

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

Table 2.1: Assets covered by this Plan

Asset category	Number	Replacement Value
Active Recreation & Sports Buildings	64	$ 51,265,020
Community Buildings (Including Shelters)	42	$ 49,580,000
Corporate Buildings	7	$ 24,350,000
Heritage Buildings	6	$ 10,900,000
Investment Properties (Future Development Sites)	4	$ 120,000
Public Toilets	31	$ 10,990,000
Total	**154**	$ 147,205,020

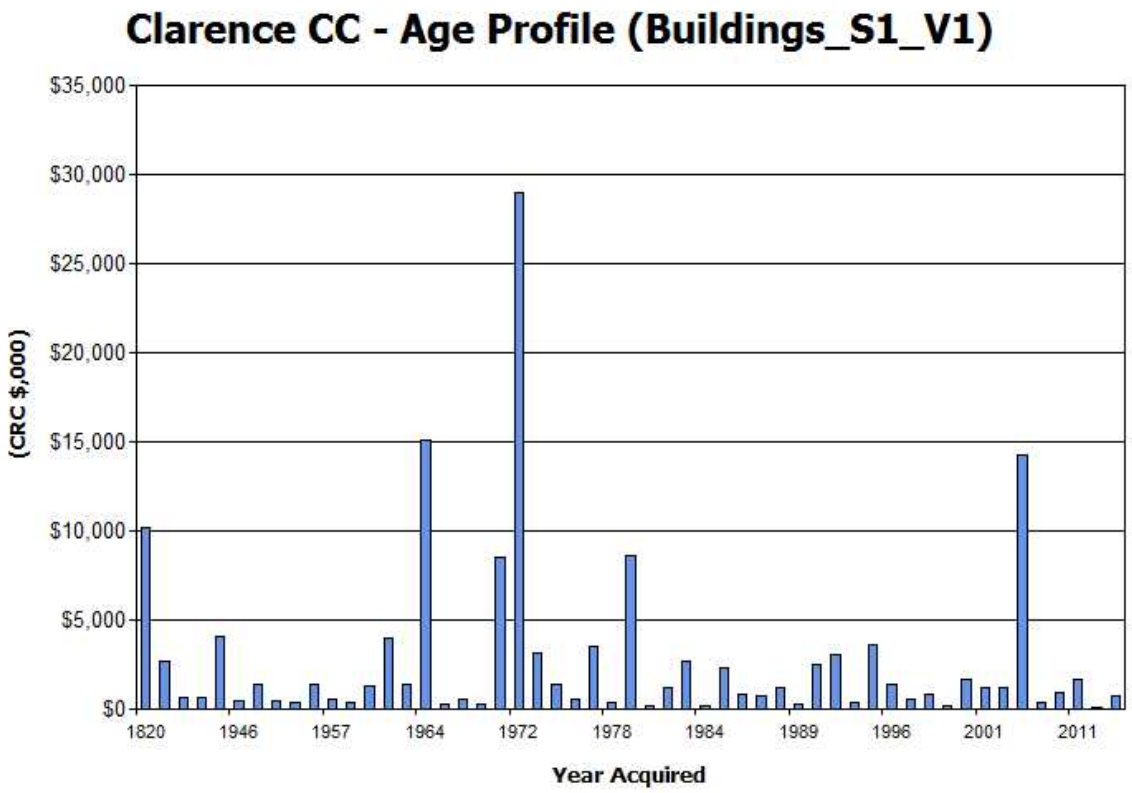
Note: Includes all buildings – The Investment Properties (rented dwellings on Cambridge Road) are included at value although these sites have been purchased for future commercial / residential development and only minimal maintenance is undertaken.

Bellerive Oval has not been included in this Asset Management Plan. The Bellerive Oval is held under a formal lease agreement from Council with Cricket Tasmania for a term of 45 years from 2001. Cricket Tasmania is responsible under the terms of the lease for full maintenance and associated cost pertaining to that facility. Development of the facility has been through funding provided by Cricket Australia and both State and Federal Government's.

Even with a planned approach to asset management, buildings do not last forever. Their age is generally a good indicator of their likely condition (unless significantly upgraded). Older buildings may be less flexible in use, no longer meet the user's needs and be less efficient to operate.

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

Figure 2: Asset Age Profile



The residual life of all buildings are assessed from their age and used together with condition surveys to predict the renewal gap for budgeting purposes. In reality the functional life can be significantly lower due to the previously identified demand factors and the nature of the usage.

Planned maintenance and refits help to preserve the useful life in most cases. Condition surveys will be prioritised for all properties with less than 10 years estimated remaining functional life and the future of these buildings will be considered using the methodology identified later in this plan. Not all leasehold buildings are included at this stage, but further data will be collected to enable inclusion in future plans as appropriate.

5.1.2 Asset capacity and performance

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

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

Table 5.1.2: Known Service Performance Deficiencies

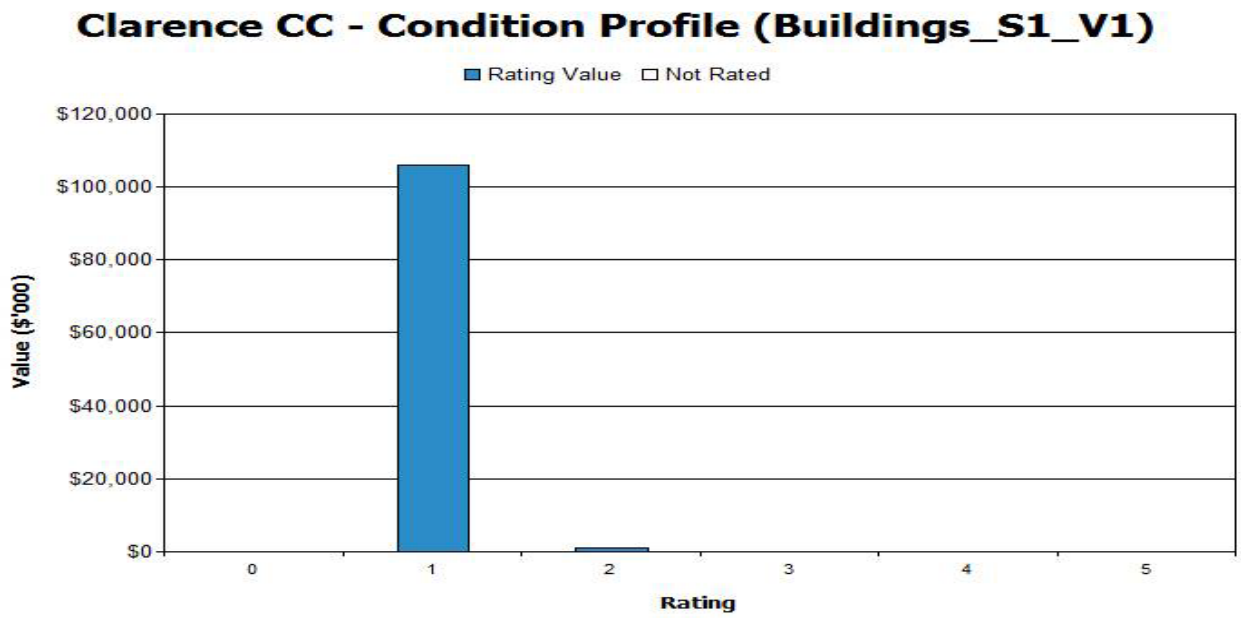
Location	Service Deficiency
Facilities in Growth Areas	Full range of community facilities to support new and expanding residential communities is yet to be addressed. A Community Facilities Plan is needed to identify the likely buildings and sites needed. This would also address the funding implications, procurement and timing on a 10 year capital programme including discussion with developers on location sites/funding contributions.
Accessibility to Buildings	The current access standards under the NCC and DDA are higher than when most Council buildings were constructed. The Code is not retrospective but any discrimination complaints would need to be addressed. Adjustments have been made but more work is still required to ensure compliance and fair access for all. *Class 10a buildings:* A Class 10a building is a non-habitable building. Certain Class 10a buildings are required to be accessible if they are located in an accessible area. Examples of Class 10a buildings to which the Access Code may apply are a toilet block in a park or at the start of a trail, a structure used to provide shelter, and change rooms associated with a sports field or swimming pool. Generally, if the building is located at a point where it would be relatively easy for a person with disability to get to, such as where there is a car-park next to the building or a formed pathway or drop-off point at the beginning of a walkway or track the Premises Standards will apply.
Sporting Facilities	A number of older Sporting facilities have deficient change rooms due to ageing infrastructure and will require significant expenditure to be upgraded. There are also additional service demands with the growth of female and disabled sport participation requiring courts to have additional facilities.
Energy Efficiency	Even in relatively modern buildings there is unnecessary consumption of energy adding to both the running costs and carbon emissions. Current electrical infrastructure makes informed energy management difficult. This is being tackled though awareness campaigns to encourage reduced usage together with energy saving works being carried out such as use of renewable energy technology, retrofitting of lighting, whole life costing and sustainable design.
Heritage Buildings	Heritage buildings present an ongoing problem given the restrictions in regard to maintenance and upgrading placed on them due to their status. Energy efficiencies are hard to achieve in these cases.
Council Offices	With the growth of the Council and associated services, there is a need for increased staff numbers placing pressure on the space available in the Council Office.

5.1.3 Asset condition

Assessments of all public buildings in regards to DDA compliance is being undertaken, however, buildings with known issues or critical items (i.e. Aquatic Centre), are inspected more frequently. The purpose is to assess the condition for budgeting purposes and to report any disrepair. Currently all public buildings are being assessed for compliance and to identify any contraventions of legislation such as the Building Code Australia. As part of the ongoing rollout of OneCouncil, Council will seek to implement more comprehensive condition evaluation processes for its assets, to be implemented in the 2022 version of this document.

The condition profile of our assets is shown in Figure 3.

Figure 3: Asset Condition Profile



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

Table 5.1.3: Simple Condition Grading Model

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

Proposed surveys will separately grade components of buildings i.e. structure, roof, services and building fit out. Building components deteriorate at different rates and depend on the levels of periodic servicing and the nature and extent of use of the building. Intervention will also depend on the use i.e. a storage facility for non-perishable items could be allowed to deteriorate further than a community centre.

As services are well maintained they are often kept operational beyond their anticipated life and are therefore difficult to grade. Older units are less efficient and energy audits should reveal whether replacement on economic grounds is justified. Improved information on services is being collected and once this is available the rating for service components will be reviewed.

Useful lives for Council's Annual Report are currently assumed at 66 years for depreciation values however they are being reviewed in accordance with Table 5.1.4..

For the purpose of financial modelling for this BAMP the component lives and intervention level used are identified in Table 5.1.4.

The intervention levels relate to renewal only. Most buildings would require at least one upgrade to meet changing user needs and expectations before reaching renewal intervention point.

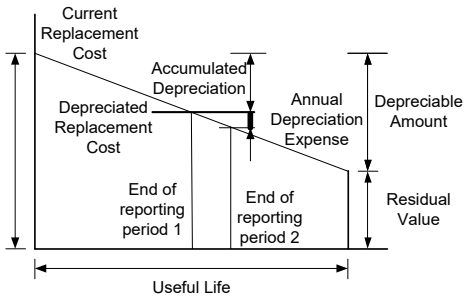
Table 5.1.4: Life and Intervention condition

Building Asset Component	Estimated Useful Life	Average Intervention condition
Structure long life (solid construction)	100	8
Structure short life (metal or wooden)	70	8
Public Toilets	40-50	7
Sports Pavilions	50-70	8
Roof	50	7
Services (electrics, Plant, water supply)	25	7
Building fit out	30	7

5.1.4 Asset valuations

The value of assets recorded in the asset register as at 30 June 2017 covered by this BAMP is shown below. Assets were last revalued at 30 June 2017 These values are indexed annually and newly constructed assets values are updated into the register.

Current Replacement Cost	$147,205,020
Depreciable Amount	$42,356,000
Depreciated Replacement Cost[6]	$37,905,000
Annual Depreciation Expense	$1,472,000



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

Rate of Annual Asset Consumption (Depreciation/Depreciable Amount)	3.5%
Rate of Annual Asset Renewal (Capital renewal exp/Depreciable amount)	1.4%
Rate of Annual Asset Upgrade/New (Capital upgrade exp/Depreciable amount)	0.5%
Rate of Annual Asset Upgrade/New (including contributed assets)	0.5%

In 2018/19 Council plans to renew assets at 41% of the rate they are being consumed and increasing its asset stock by 0.5% in the year 2018/2019.

5.1.5 Historical Data

Historical data on actual maintenance works undertaken is not collated in detail however this will be addressed as part of this BAMP.

5.2 Infrastructure Risk Management Plan

A formalised infrastructure risk management plan will be prepared with the next review of this plan. In the meantime, Council currently manages risk by undertaking regular inspections of public open space and the assets within. The resulting remediation action/programs are prioritised according to an assessed level of residual risk.

An assessment of risks[7] associated with service delivery from infrastructure assets has identified critical risks that will result in loss or reduction in service from infrastructure assets or a financial loss to Council. The risk assessment process identifies credible risks, the consequences and likelihood of the associated risk event occurring, the controls available to either eliminate or minimise the risks, and then evaluates the risk and develops a risks and develops a risk treatment plan.

Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' – requiring prioritised corrective action will be identified in the Infrastructure Risk Management Plan currently under development, together with the estimated residual risk after the selected treatment plan is operational.

[6] Also reported as Written Down Current Replacement Cost (WDCRC).
[7] Clarence City Council, Risk Management Policy, 2013.

5.3 Routine Operations and Maintenance Plan

Operations include regular activities to provide services such as public health, safety and amenity.

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

5.3.1 Operations and Maintenance Plan

Operations activities affect service levels including quality and function through grass mowing frequency and cleaning frequency and opening hours of buildings and other facilities.

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

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

Reactive maintenance for Council's building assets includes the following examples:

- Clearing of blocked pipes;
- Replacement of leaking hot water systems;
- Replacement of broken glass e.g. Rosny Bus Mall shelters.

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

Planned maintenance for Council's building assets includes the following examples:

- Resealing of Community Hall floors;
- Gutter Cleaning;
- External and internal painting;
- Lighting maintenance.

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

Table 5.3: Maintenance Categories

Type	Detail	Example
Reactive	Work carried out on an item, following reported failure, to return it to an effective operational condition.	Faults, major breakdown, vandal damage.
Planned / Minor works	Activities organised with forethought and control to a predetermined plan based on a survey of maintenance needs to preserve the building asset and prolong economic life.	Contracts for cyclical maintenance of air conditioning, plant maintenance roof cleaning, programme of repainting, servicing of lifts, firefighting equipment etc.
Major works	Improvement work that adds to or alters the originally specified building Improvements of this nature are managed as capital works items.	Plant upgrades, offices refurbishment, carpet installation / replacement, access ramps.

Actual past maintenance expenditure is shown in Table 5.3.1.

Table 5.3.1: Maintenance Expenditure Trends

Year	Maintenance Expenditure	
	Planned and Specific	**Unplanned**
2012/13	$195,000	$130,000
2013/14	$200,090	$114,000
2014/15	$183,165	$117,000
2015/16	$204,000	$117,000
2016/17	$141,000	$117,000

Planned maintenance work is currently 55% of total maintenance expenditure. Industry figures propose 30-50% of unplanned maintenance is desirable. The council's figure of 45% represents an effective Council works program in this area.

Maintenance expenditure levels are considered to be inadequate to meet projected service levels, which may be less than or equal to current service levels. If expenditure levels are such that will result in a lesser level of service, the service risks will be identified and service consequences considered in the future Infrastructure Risk Management Plan.

Assessment and prioritisation of reactive maintenance is undertaken by Council staff using experience and judgement. The Maintenance Response Levels of Service is detailed in Appendix A.

5.3.2 Operations and Maintenance Strategies

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

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

Asset hierarchy

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

Council does not have a service hierarchy for their buildings at the moment and will develop one in the future.

Table 5.3.2: Asset Service Hierarchy

Service Hierarchy	Service Level Objective
Clarence City Council does not have a service hierarchy for this category as of yet.	NA

Critical Assets

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

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

Table 5.3.2.1: Critical Assets and Service Level Objectives

Critical Assets	Critical Failure Mode	Operations & Maintenance Activities
Clarence Aquatic Centre, Council Chambers	Plant breakdown	Planned Maintenance monthly inspection.
Council Administration Centre, Critical IT	Electrical failure	Power backup (UPS). (Currently no afterhours

components (Servers)		monitoring of failure)
Public Facilities	BCA Compliance	Health and Safety inspections undertaken in accordance with Regulations.

Standards and specifications

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

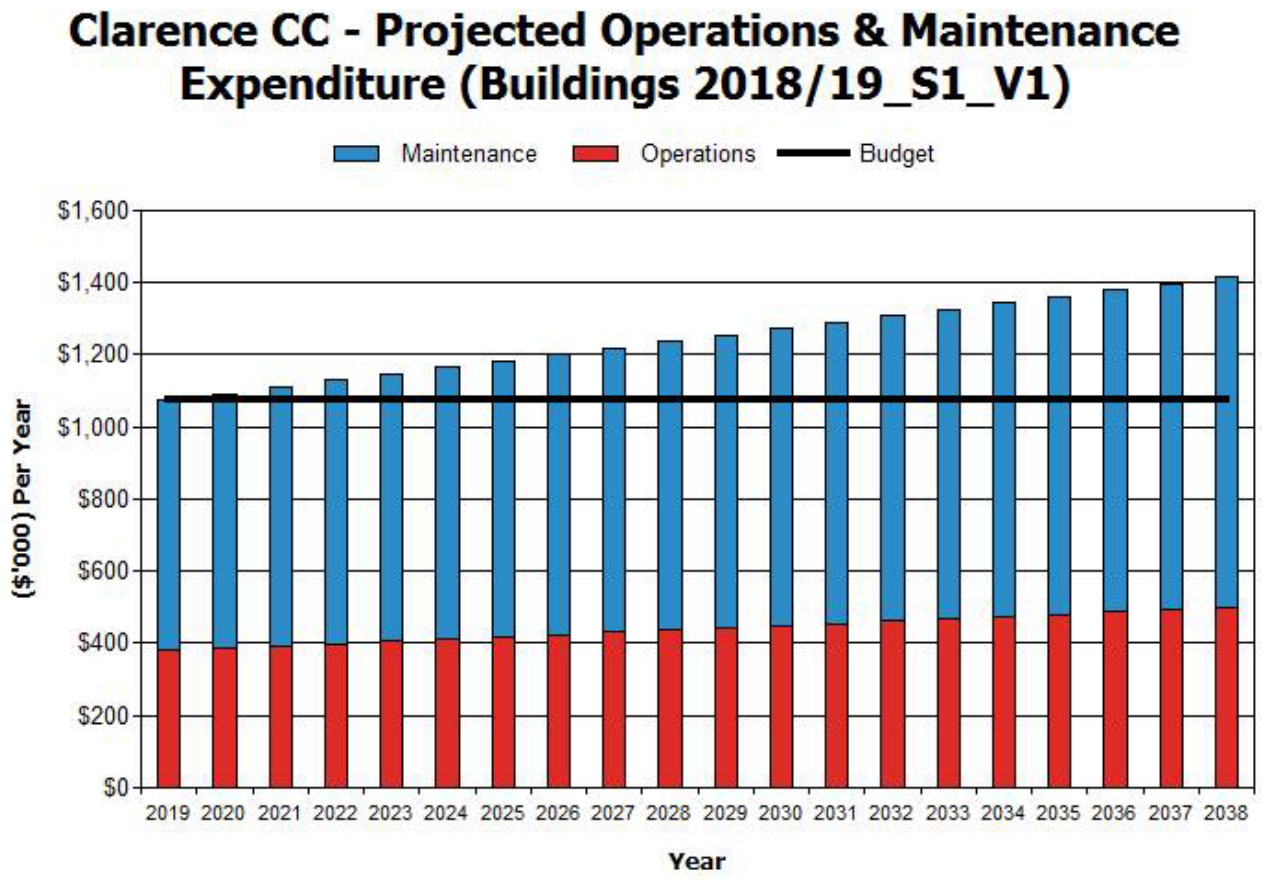
- National Construction Code (consists of the Building Code of Australia (Volumes 1 & 2) and also the Plumbing Code of Australia (Volume 3);
- Disability Discrimination Act 1992;
- Work Health and Safety Act 2012;
- Manufacturers requirements for propriety products.

The same standards apply for renewals and new building works.

5.3.3 Summary of future operations and maintenance expenditures

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 4. Note that all costs are shown in current 2017 dollar values (i.e. real values).

Figure 4: Projected Operations and Maintenance Expenditure



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

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

5.4 Renewal/Replacement Plan

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

Council implements its asset management programs based on information collected about those assets, either from inspection or from community feedback. For existing assets, priority is given to assets which do not comply with DDA requirements or new legislation, are damaged,

It will be noted that Council's Community Halls do not comply with the current DDA regulations in regard to access and public toilets. Under current legislation there is no requirement to bring them up to this standard until new/refurbishment works are undertaken. These are being assessed to address immediate maintenance and to program for future budget consideration.

5.4.1 Renewal plan

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

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

Method 1 was used for this asset management plan. With maturity of data this may be revived in the later versions of this BAMP.

The renewal modelling predicts only the funding required to renew existing assets/elements, like for like, at the appropriate time based on their physical current condition assessment and pre-determined intervention point. Often, requests for capital works are for upgrades due to functional issues impacting on the quality of service, new assets to fill service deficits and to address impact of Legislative compliance to new standards. The capital programme, therefore, allocates capital for building new assets, upgrades and rehabilitation.

The useful lives of assets used to develop projected asset renewal expenditures are shown in Table 5.4.1. Asset useful lives were last reviewed in 2016.[8]

Table 5.4.1: Useful Lives of Assets

Asset (Sub)Category	Useful life[9]
Structure Long Life (Masonry/Brick Buildings)	100 years
Structure Long Life (Timber Buildings)	70 years
Public Toilets	40-50 years
Sports Pavilions	50-70 years
Roof	50 years
Mechanical Services (Plant – Heating, Cooling etc.)	25 years
Building Fit Out (Floor Coverings etc.)	30 years

5.4.2 Renewal and Replacement Strategies

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

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

Renewal ranking criteria

Lump sums are included in the capital programme for building or elemental renewal. The level of funding does not create a prioritised programme and indeed there are other factors that may influence the timing of renewals. Evidence suggests that the short term focus will be on building fit out, re-roofing and services rather than the building structure. Building re-fits (i.e. kitchens and toilet facilities) would almost certainly include some upgrading.

Much of the focus of asset management is on the physical condition of the building i.e. how fit it is for use. Fitness for purpose is much more subjective and harder to quantify but is an important consideration in long term strategic planning. The perceived need to replace a building rather than demolish and rebuild in another demographic area

[8] Clarence City Council, 2016, Annual Report, P 56.

needs to be assessed. Traditional use of buildings by small groups needs to be assessed against the overall cost to the community at large particularly for under-utilised assets. Not all buildings need to be maintained to the same standard, some of the flagship buildings should continue to be maintained to a high standard whereas some of the ancillary buildings could be allowed to decline further, provided they remain serviceable.

Decisions to include buildings in the renewal programme will therefore take into consideration a number of factors not just the condition grading. Given the nature of the buildings that Council provides to the community the complexity of these factors makes it difficult to create a prioritisation process that fits all circumstances.

The compliance to the DDA standard for Public Toilets and Sportsground Pavilions will have a large impact on funding allocations as there are a large number of facilities that whilst they have not reached the end of their estimated useful life are of a standard that is not acceptable to the community at large.

The following Table 5.4.2 details buildings that do not comply with the DDA standards.

Table 5.4.2: List of Buildings That Does Not Comply With DDA Standards

Public Toilets	Lauderdale Canal Toilet Block
	Opossum Bay Toilet Block
	South Arm Jetty Road Toilet Block
	Bayview Road Toilet Block
	Lauderdale Hall Toilet Block
	Rokeby Toilet Block
	Cambridge Oval Toilet Block
	South Arm Hall Toilet Block
	Richmond Football Club Rooms
Sports Pavilions	Cambridge Oval Clubhouse & Change Rooms
	Sandford Oval Cricket Club Rooms
	Wentworth Park Change Rooms Left Hand side
	Edgeworth Street Sports Ground Change Rooms
	Risdon Vale Oval Change Rooms
	Cambridge Oval Change Rooms
	Geilston Bay Tennis Club
	Lindisfarne Tennis Club
	Rosny Park Tennis Club Inc
	Bligh Street (Golf Course Office)
	Clarendon Vale Oval Change Rooms
	Beltana Bowls Club
	Eastern-shore Croquet Club
	Eastern Subs Rugby Union Club
	Lauderdale Yacht Club
	Sunshine Tennis Club
	Acton Equestrian Centre

Council staff is considering how the following qualitative data on buildings can best be collected and used to inform decision-making. Once a methodology has been agreed the data collected on each building will be used to support CAPEX funding requests.

- Suitability measure – based on user and/or officer perception of how well the building meets the needs of users.
- Building criticality – based largely on usage data.
- Compliance to new Legislative Standards relating to non- habitable buildings e.g. public toilets and shower facilities to DDA standard.
- Efficiency – running costs.
- Sustainability and environmental.

Council has recently included budgets in its Facilities Management (Building) Annual Plan to improve DDA Compliance. This has been conducted via consultants appraising the specific access concerns of Council buildings and structures. Buildings completed include the Council Chambers, Lindisfarne Citizens Activity Centre and Simmons Park toilet facilities, with noted issues being included in future budgets in order of the issue's associated level of priority.

Renewal and replacement standards

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

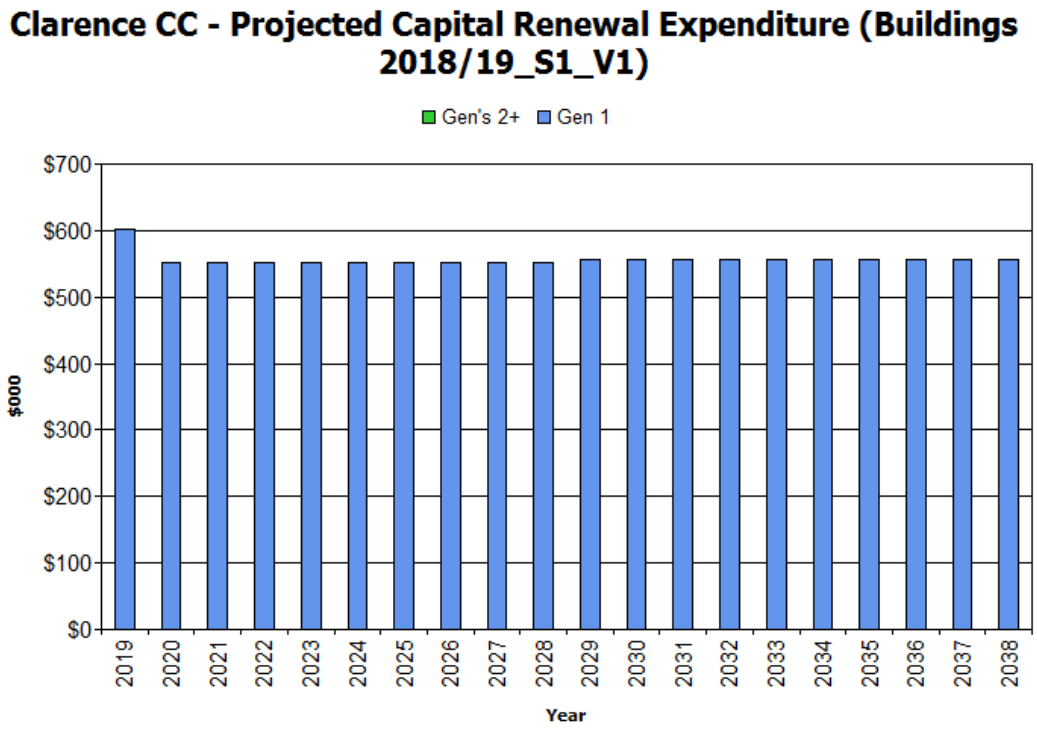
- Building Act 2016;
- National Construction Code (NCC);
- Disability Discrimination Act 1992;
- Disability (Access to Premises-Buildings) Standards 2010;
- Work Health and Safety Act 2012.

5.4.3 Summary of future renewal and replacement expenditure

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

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

Figure 5: Projected Capital Renewal and Replacement Expenditure



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

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

5.5 Creation/Acquisition/Upgrade Plan

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

5.5.1 Selection criteria

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

Table 5.5.1: New Assets Priority Ranking Criteria

Criteria	Weighting

There are no priority ranking criteria ATM	N/A
Total	**N/A**

5.5.2 Capital Investment Strategies

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

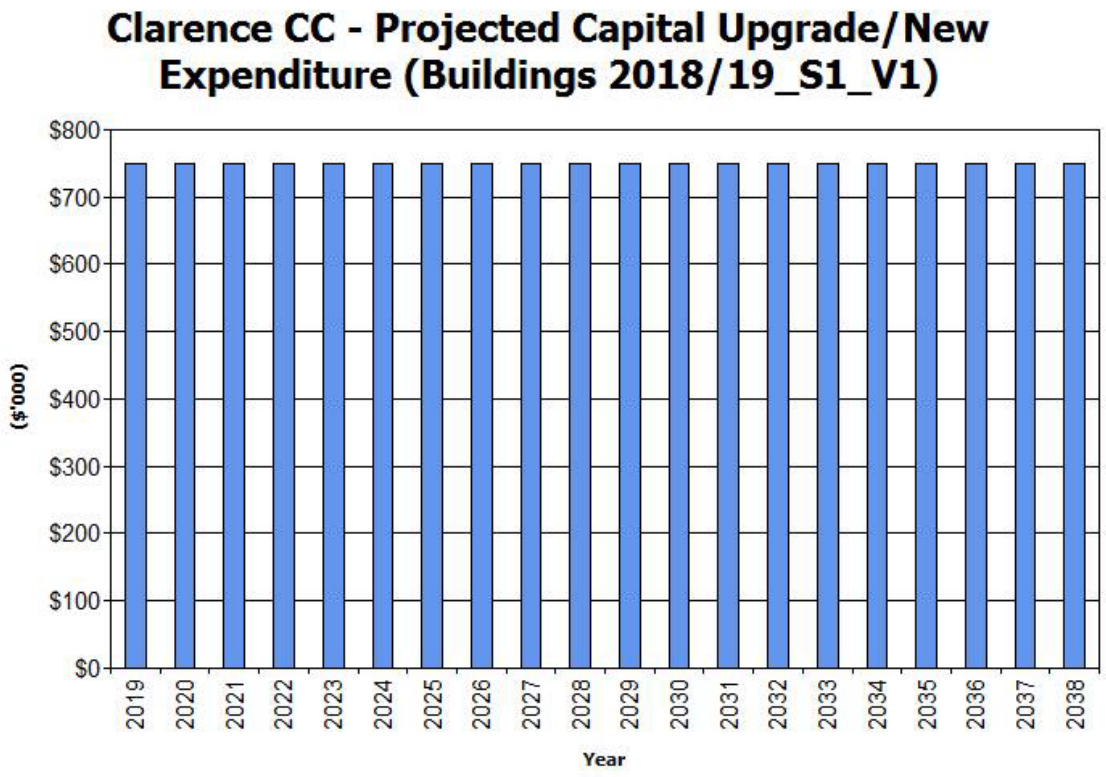
- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner,
- Undertake project scoping for all capital upgrade/new projects to identify:
    - the service delivery 'deficiency', present risk and required timeline for delivery of the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

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

5.5.3 Summary of future upgrade/new assets expenditure

For new Building assets, priority is determined based on the ability of existing facilities to meet Council's desired Level of Service. Projected upgrade/new asset expenditures are summarised in Figure 6. The projected upgrade/new capital works program is shown in Appendix C. All amounts are shown in real values.

Figure 6: Projected Capital Upgrade/New Asset Expenditure



Expenditure on new assets and services in Council's capital works program will be accommodated in the long term financial plan. This is further discussed in Section 6.2. In some cases, High capital expenditure in the current year reflects the presence of carryover construction from the previous financial year. Council does not currently review the influence of carryover funds on expenditure beyond the current financial year.

5.6 Disposal Plan

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

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

Table 5.6: Assets Identified for Disposal

Asset	Reason for Disposal	Timing	Disposal Expenditure	Operations & Maintenance Annual Savings
92 Cambridge Road	Development Site	Dependent on Kangaroo Bay Urban Master Plan and proposed development timeline.	Unknown	$1,500 (Rates + Maintenance)
94 Cambridge Road	Development Site	Dependent on Kangaroo Bay Urban Master Plan and proposed development timeline.	Unknown	$1,500 (Rates + Maintenance)
96 Cambridge Road	Development Site	Dependent on Kangaroo Bay Urban Master Plan and proposed development timeline.	Unknown	$3,500 (Rates + Maintenance)
98 Cambridge Road	Development Site	Dependent on Kangaroo Bay Urban Master Plan and proposed development timeline.	Unknown	$3,500 (Rates + Maintenance)

5.7 Leasing/Management and Community involvement

The Council has a long history of enabling community groups to take control of the buildings that they use through an approved Lease or as a Committee of Council. The management includes day to day operational matters and use, minor maintenance and payment of outgoings including service charges.

Table 5.7: List of Buildings that are managed on Council's behalf

Facility	Management Structure
Lindisfarne Activity Centre	Committee of Council
Howrah Recreation Centre	Committee of Council
Bellerive Seniors Centre	Committee of Council
Warrane Basketball Centre	Leased
Clarence Aquatic Centre	Leased
Risdon Vale Community Centre	Committee of Council
Lauderdale Oval Clubrooms	Leased
Dampier Street Soccer Complex	Leased
Richmond Oval Buildings	Leased
Rosny Choir Building	Partially Leased

Bellerive Oval has not been included in this BAMP. The Bellerive Oval is held under a formal lease agreement from Council with Cricket Tasmania for a term of 45 years from 2001. Cricket Tasmania is responsible under the terms of the lease for full maintenance and associated cost pertaining to that facility. Development of the facility has been thorough funding provided by Cricket Australia and both State and Federal Government's.

All other Council facilities that are leased are under a standard lease agreement. This agreement is used for all new lettings and is being rolled out for existing tenancies as they are renewed. Tenants are responsible for running costs and all non-structural repairs. Repairs to any structural elements of these buildings are considered on a case-by-case basis. Many of these properties provide well used community facilities at very little cost to the Council and they therefore need to be included in this plan so that major refurbishment or replacement can be considered alongside Council managed facilities.

Inspections to BCA, Health and Safety compliance are undertaken in accordance with the Code under a contractual agreement.

Currently staff levels do not allow time for set inspections of leased buildings to ensure that they adequately maintained by the tenants, many of whom are volunteers managing buildings on very small budgets. At present the Council does not systematically collect and record data on customer/user satisfaction with leased/hired buildings. A key focus of building asset management will be to develop an understanding of how and when leased facilities are used, whether they meet users expectations, compliance with lease terms and the community outcomes delivered from these buildings.

5.8 Heritage Assets

As custodian of some important heritage assets, the Council should lead by example and set the standard for the community in the management and maintenance of these assets. These buildings are included on the State Heritage Register and are subject to the highest level of protection and could be eligible for grants and incentives.

The Heritage buildings owned and managed by Council are of great significance and any site disturbance needs to be preceded by archaeological advice. Painting of the building's needs to be done with extreme care to ensure that all evidence of the buildings painted history is retained for future generations interpretation. Where repairs are necessary the work must be done in such a manner with minimum intervention of the existing fabric. With the exception of the heritage buildings at Richmond the last Heritage Buildings – External Maintenance Report undertaken on Council's heritage buildings was undertaken in a number of years ago and a new report is now necessary.

A list of all Heritage buildings in the Council's ownership or control is included in Table 5.8.

Table 5.8: Heritage Buildings

Facility	Tenure
19 Alma Street Bellerive Bellevue - Clarence Senior Centre	Council
Bridge Street Richmond - Richmond Municipal Buildings	Council

Millers Cottage - Richmond	Council
15 Cambridge Road - Former Police Station	99 Year lease to Council from the Crown
19 Cambridge Road – Former Bellerive Post Office	Council
6 Grange Road Rokeby – Former Rokeby Public School	Council
1/18 Bligh Street Rosny - Cottage	Council
1/18 Bligh Street Rosny - Barn	Council

Figure 6.1: Images of Heritage Buildings owned by Council

Richmond - Council Chambers

Bridge Street Richmond - Hall

Bligh Street Rosny - Cottage

Bligh Street Rosny – Barn

5.9 Sustainability and Energy Efficiency

It has been recognised in the Strategic Plan that there are social implications of mitigating climate change on the management and provision of essential infrastructure to support, sustain and enhance community safety and social well-being.

On 29 May 2005, Tasmania became a participating jurisdiction in the National Electricity Market (NEM). With the introduction of a contestable market in electricity at the generation level, the State Government is progressively introducing retail competition. With the recent addition (from 1 July 2012) of small contestable Aurora Energy has notified the Council that it now has two additional sites that are contestable as defined in the Electricity Supply Industry (Contestable Customer) Regulations 2005. As a result, Council now has four sites in total that are contestable, these are:

- Clarence Aquatic Centre at 4 Loinah Crescent, Montagu Bay, Tasmania (“Aquatic Centre”);
- Council Offices at 32-38 Bligh Street, Rosny Park, Tasmania (“Council Offices”);
- Wentworth Park Sports Field at 165A Clarence Street, Howrah (“Wentworth Park”) and;
- Clarence City Council Depot at 1 Depot Road, Mornington (“The Depot”).

The rising cost of energy is imposing severe pressure on the Council’s budget. The construction and operation of buildings are major contributors to the Council’s energy consumption and carbon emissions. Carbon footprints can be measured by taking into account the release of carbon into the atmosphere from all stages of the construction and use of the building, from the manufacture of building materials through to electricity used for lighting.

New and improving technology to monitor energy usage has been installed on those Council buildings that are now contestable sites. This data is being considered to help to understand more about how and when energy is used and the success and implication of any intervention. Using this data Council installed 75KW of solar photovoltaic supply on the roof of the Clarence Aquatic Centre in August 2017.

It is almost inevitable that some form of carbon trading will be introduced in the future. Major adaptations to buildings can be expensive and take time to deliver and so early preparation will not only cut running costs now, but will leave the Council in a stronger position to cope with more prescriptive energy management in the future. Schemes such as the installation of solar panels, low energy lighting, energy efficient heating and cooling are being implemented where appropriate, but need staff and building users to be engaged in ensuring that unnecessary energy is not consumed.

5.10 Specific Building Asset Management Plans

The intention is to prepare individual whole life BAMPs for the Council's most critical and valuable assets including:

- City of Clarence Administration Centre;
- City of Clarence Depot Complex;
- Clarence Aquatic Centre;
- Risdon Vale Community Centre;
- Lindisfarne Activity Centre;
- Howrah Recreation Centre;
- Bellerive Senior Citizens Centre;
- Warrane Basketball Centre;

Bellerive Oval has been excluded from this Asset Management Plan.

These high value buildings produce large spikes in funding demand as they reach intervention point. Some of the renewal expenditure can be spread to even out the cost and impact of the works. By creating building specific capital works projections the demand for funding becomes more realistic and deliverable to ensure that these high profile assets remain "fit for purpose".

Replacement needs to be programmed to minimise impact on building users and to help to spread the cost. These plans will also consider the funding required to upgrade these facilities throughout their anticipated life. Particular attention is being given to ensuring that consultancy and construction contracts contain provisions for the timely production of manuals and that there is relevant staff training in the buildings operations.

5.11 Service Consequences and Risks

The intention is to prioritise decisions in adopting this BAMP to obtain the optimum benefits from available resources based on the development of 3 scenarios of BAMP's.

Scenario 1 - What Council would like to do based on asset register data.

Scenario 2 – What Council should do with existing budgets and identifying level of service and risk consequences (i.e. what are the operations and maintenance and capital projects Council is unable to do, what is the service and risk consequences associated with this position). This may require several versions of the BAMP.

Scenario 3 – What Council can do and be financially sustainable with BAMP's matching long-term financial plans.

The development of Scenario 1 and Scenario 2 BAMP's provides the tools for discussion with the Council and community on trade-offs between what Council would like to do (Scenario 1) and what Council should be doing with existing budgets (Scenario 2) by balancing changes in services and service levels with affordability and acceptance of the service and risk consequences of the trade-off position (Scenario 3).

5.11.1 What Council cannot do

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

- Renew and replace as necessary all non-compliant public buildings / CAPEX Funding.
- Renew and replace as necessary all public buildings that are no longer of a community acceptable standard / CAPEX Funding.
- Upgrade to energy efficient systems for all Council buildings e.g. Solar Hot Water.

5.11.2 Service consequences

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

- Usage will decline.
- Maintenance costs will increase.
- Energy consumption costs will increase.

5.11.3 Risk consequences

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

- Risk of asbestosis if the asbestos dust is released.
- Deterioration of building fabric and possible injury from failing components.

Council is currently reviewing its organisational Risk Management plans. The resultant Infrastructure Risk Management Plan will be included in the 2022 revision of this document.

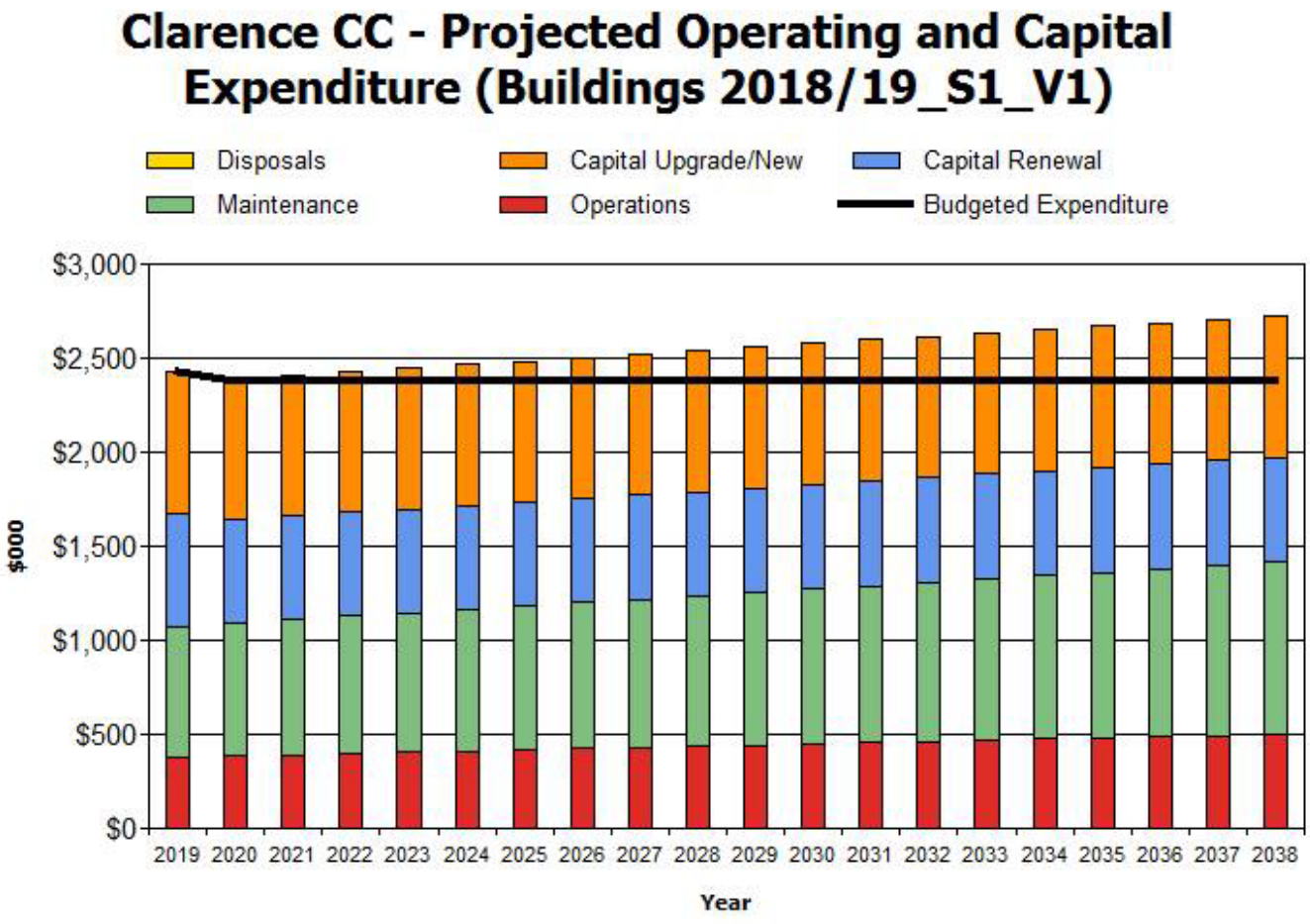
6. FINANCIAL SUMMARY

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

6.1 Financial Statements and Projections

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

Figure 7: Projected Operating and Capital Expenditure



6.1.1 Sustainability of service delivery

There are four key indicators for service delivery sustainability that have been considered in the analysis of the services provided by this asset category, these are:

- The asset renewal funding ratio;
- The long term life cycle costs/expenditures;
- The medium term projected/budgeted expenditures over 5 years of the planning period and;
- The medium term projected/budgeted expenditures over 10 years of the planning period.

Asset Renewal Funding Ratio

Asset Renewal Funding Ratio[10] 100%

The Asset Renewal Funding Ratio is the most important indicator and reveals that over the next 10 years, Council is forecasting that it will have 95% of the funds required for the optimal renewal and replacement of its assets.

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

Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this BAMP is **$2,621,000** per year (average operations and maintenance expenditure plus depreciation expense projected over 10 years). The Long Term Financial Plan (LTFP) was developed alongside the Asset Management Plans (AMP) using expenditure projections from the AMP's to underpin a 10 year sustainable funding model for the Council. These AMP projections are quantified in the LTFP in terms of asset value, planned and reactive maintenance expense, life cycle depreciation and asset replacement costs of each asset portfolio.

Life cycle costs can be compared to life cycle expenditure to give an initial indicator of affordability of projected service levels when considered with age profiles. Life cycle expenditure includes operations, maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure over the 10 year planning period is **$1,630,000** per year (average operations and maintenance plus capital renewal budgeted expenditure in LTFP over 10 years).

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap. The life cycle gap for services covered by this asset management plan is **$-254,000** per year (-ve = gap, +ve = surplus).

Life cycle expenditure is **62%** of life cycle costs.

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than that life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future. Should Council endorse additional funding to meet life cycle costs then this will need to take into account staff resourcing, plant, materials and capital works required to achieve this.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing services to their communities in a financially sustainable manner. This is the purpose of the asset management plans and long term financial plan.

Medium term – 10 year financial planning period

This asset management plan identifies the projected operations, maintenance and capital renewal expenditures required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

These projected expenditures may be compared to budgeted expenditures in the 10 year period to identify any funding shortfall. In a core asset management plan, a gap is generally due to increasing asset renewals for ageing assets.

The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is **$1,657,000** on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is **$1,630,000** on average per year giving a 10 year funding shortfall of **$26,000** per year. This indicates that Council expects to have **98%** of the projected expenditures needed to provide the services documented in the asset management plan.

Medium Term – 5 year financial planning period

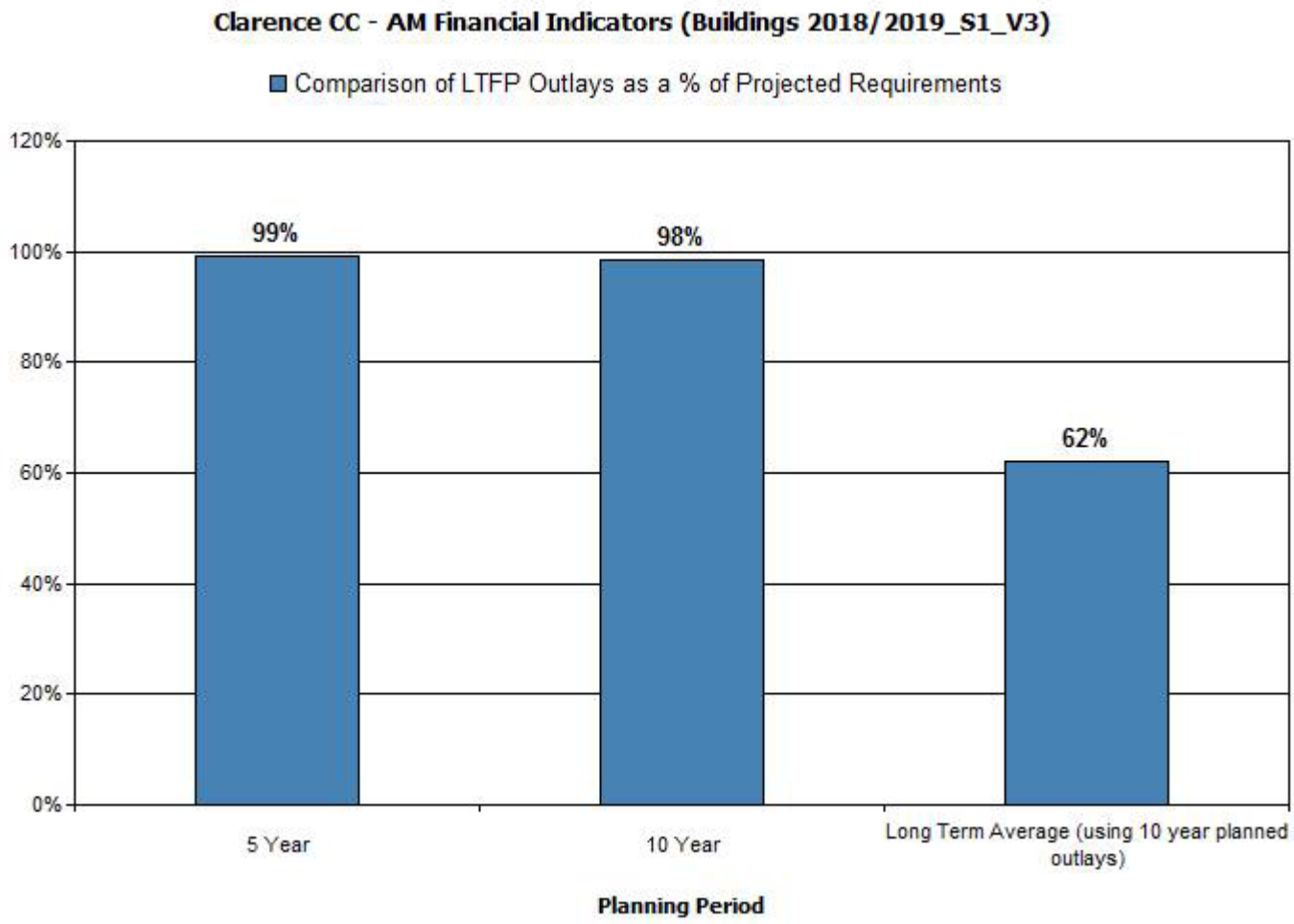
The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is **$1,648,000** on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is **$1,635,000** on average per year giving a 5 year funding surplus of **$13,000**. This indicates that Council expects to have **99%** of projected expenditures required to provide the services shown in this asset management plan.

Asset management financial indicators

Figure 8 shows the asset management financial indicators over the 10 year planning period and for the long term life cycle.

Figure 8: Asset Management Financial Indicators



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

Figure 9 shows the projected asset renewal and replacement expenditure over the 20 years of the BAMP. The projected asset renewal and replacement expenditure is compared to renewal and replacement expenditure in the capital works program, which is accommodated in the long term financial plan

Figure 9: Projected and LTFP Budgeted Renewal Expenditure

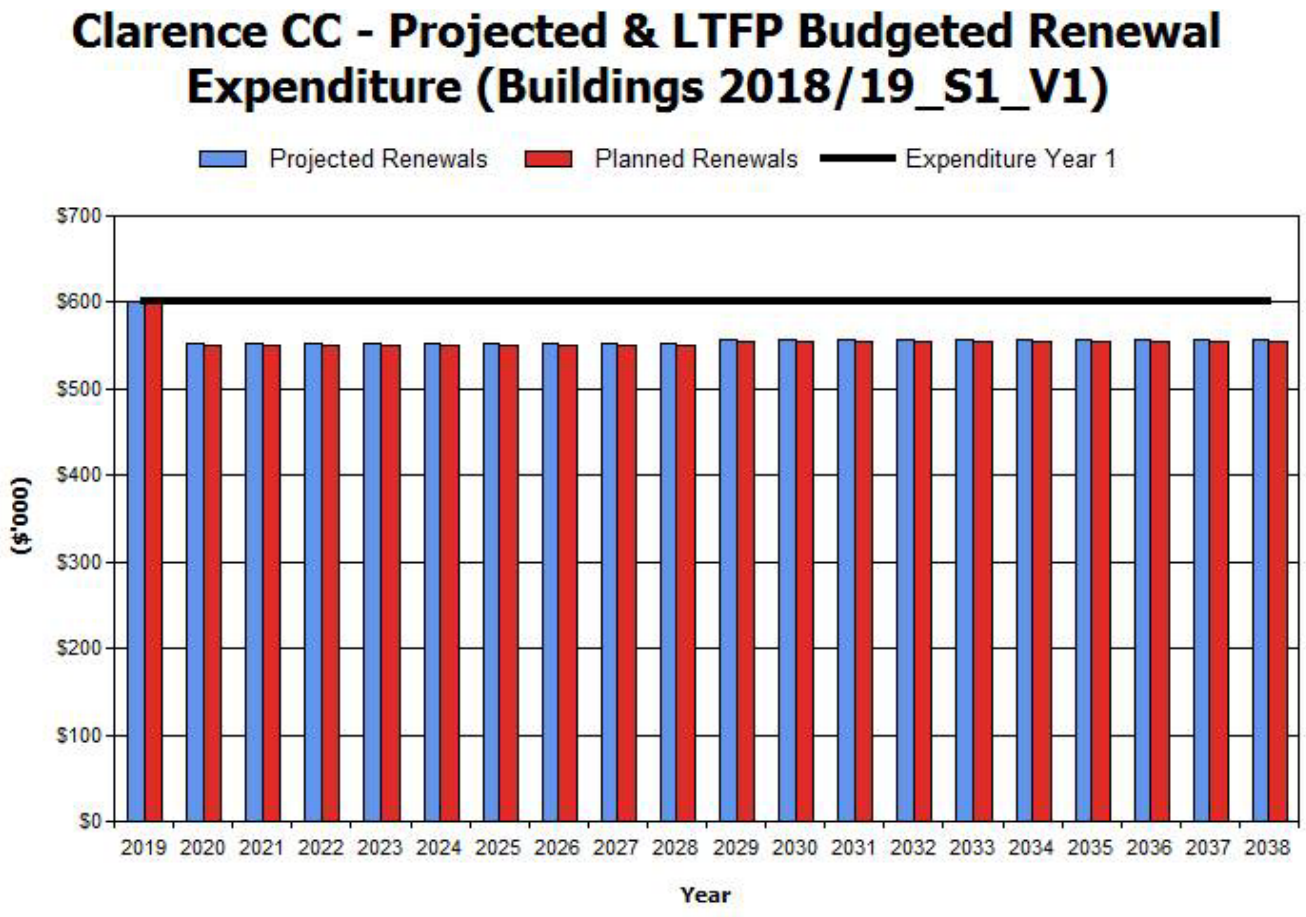


Table 6.1.1 shows the shortfall between projected renewal and replacement expenditures and expenditure accommodated in long term financial plan. Budget expenditures accommodated in the long term financial plan or extrapolated from current budgets are shown in Appendix D.

Table 6.1.1: Projected and LTFP Budgeted Renewals and Financing Shortfall

Year	Projected Renewals ($000)	LTFP Renewal Budget ($000)	Renewal Financing Shortfall ($000) (-ve Gap, +ve Surplus)	Cumulative Shortfall ($000) (-ve Gap, +ve Surplus)
2019	$601	$601	$0	$0
2020	$552	$550	$-2	$-2
2021	$552	$550	$-2	$-4
2022	$552	$550	$-2	$-6
2023	$552	$550	$-2	$-8
2024	$552	$550	$-2	$-10
2025	$552	$550	$-2	$-12
2026	$552	$550	$-2	$-14
2027	$552	$550	$-2	$-16
2028	$552	$550	$-2	$-18
2029	$557	$555	$-2	$-20
2030	$557	$555	$-2	$-22

2031	$557	$555	$-2	$-23
2032	$557	$555	$-2	$-25
2033	$557	$555	$-2	$-27
2034	$557	$555	$-2	$-29
2035	$557	$555	$-2	$-31
2036	$557	$555	$-2	$-32
2037	$557	$555	$-2	$-34
2038	$557	$555	$-2	$-36

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

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

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

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

6.1.2 Projected expenditures for long term financial plan

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

Expenditure projections are in 2017 real values.

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

Year	Operations ($000)	Maintenance ($000)	Projected Capital Renewal ($000)	Capital Upgrade/ New ($000)	Disposals ($000)
2019	$380	$695	$601	$750	$0
2020	$386	$707	$552	$750	$0
2021	$393	$718	$552	$750	$0
2022	$399	$730	$552	$750	$0
2023	$405	$741	$552	$750	$0
2024	$412	$753	$552	$750	$0
2025	$418	$765	$552	$750	$0
2026	$424	$776	$552	$750	$0
2027	$431	$788	$552	$750	$0
2028	$437	$799	$552	$750	$0
2029	$443	$811	$557	$750	$0
2030	$450	$822	$557	$750	$0
2031	$456	$834	$557	$750	$0
2032	$462	$846	$557	$750	$0
2033	$469	$857	$557	$750	$0
2034	$475	$869	$557	$750	$0
2035	$481	$880	$557	$750	$0
2036	$488	$892	$557	$750	$0
2037	$494	$904	$557	$750	$0
2038	$500	$915	$557	$750	$0

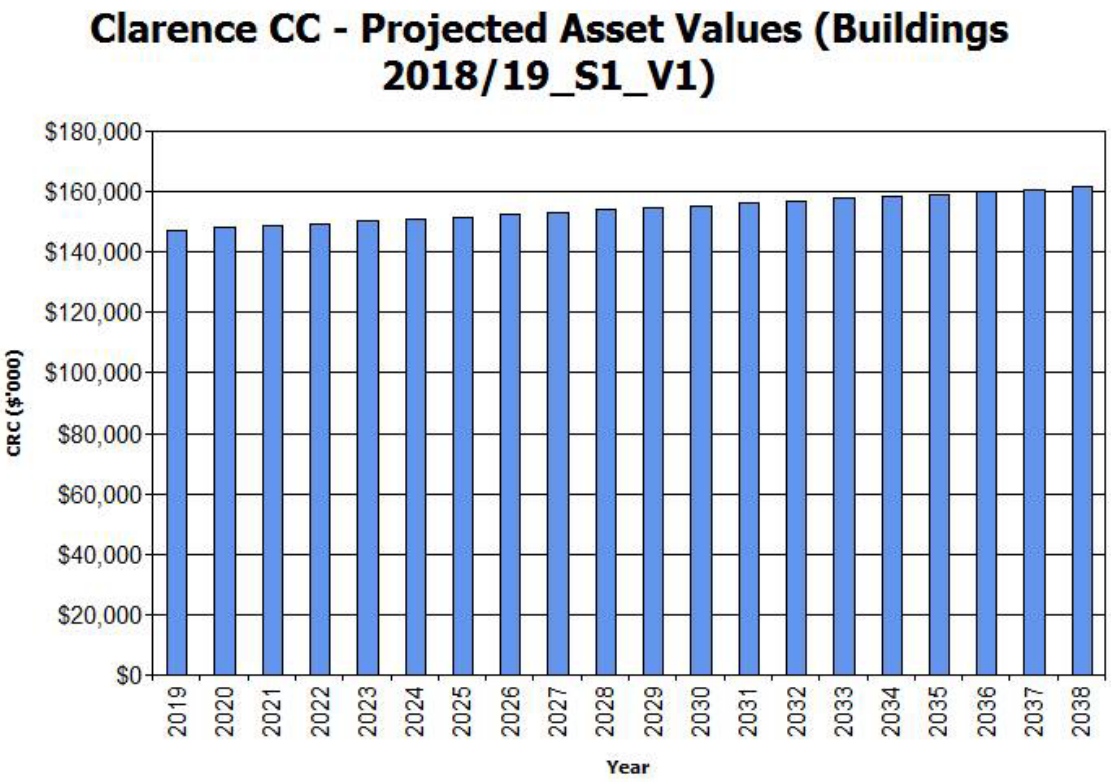
6.2 Funding Strategy

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

6.3 Valuation Forecasts

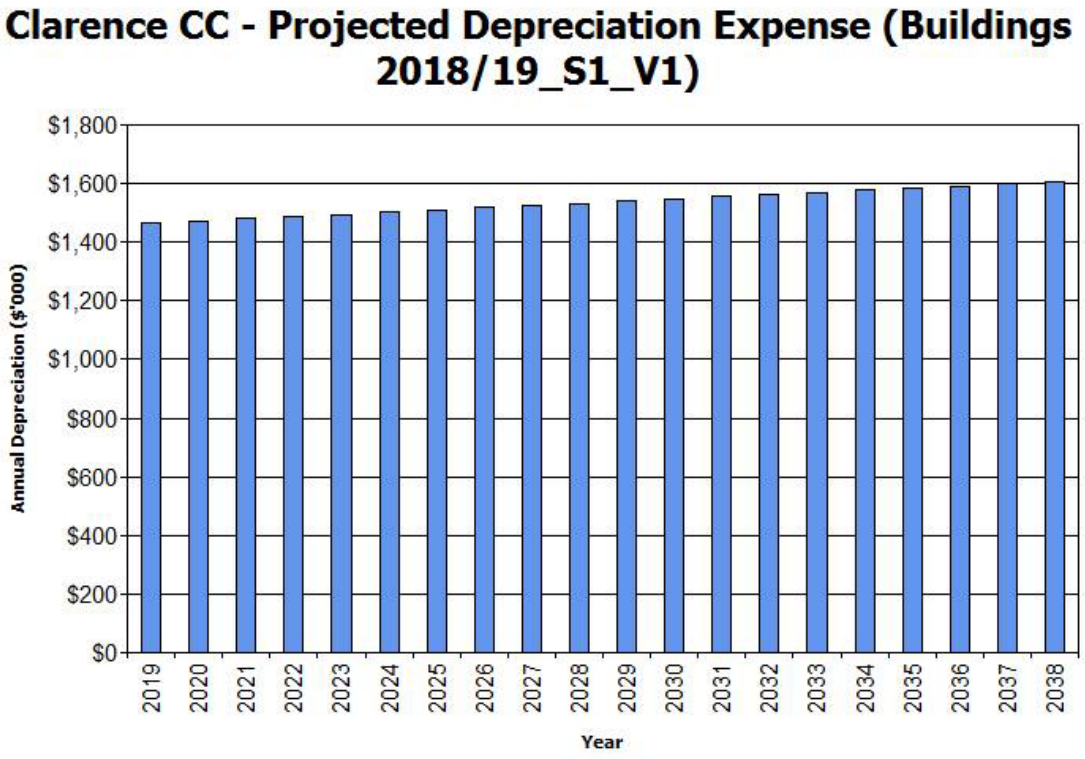
Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council. Figure 10 shows the projected replacement cost asset values over the planning period in real values.

Figure 10: Projected Asset Values



Depreciation expense values are forecast in line with asset values as shown in Figure 11.

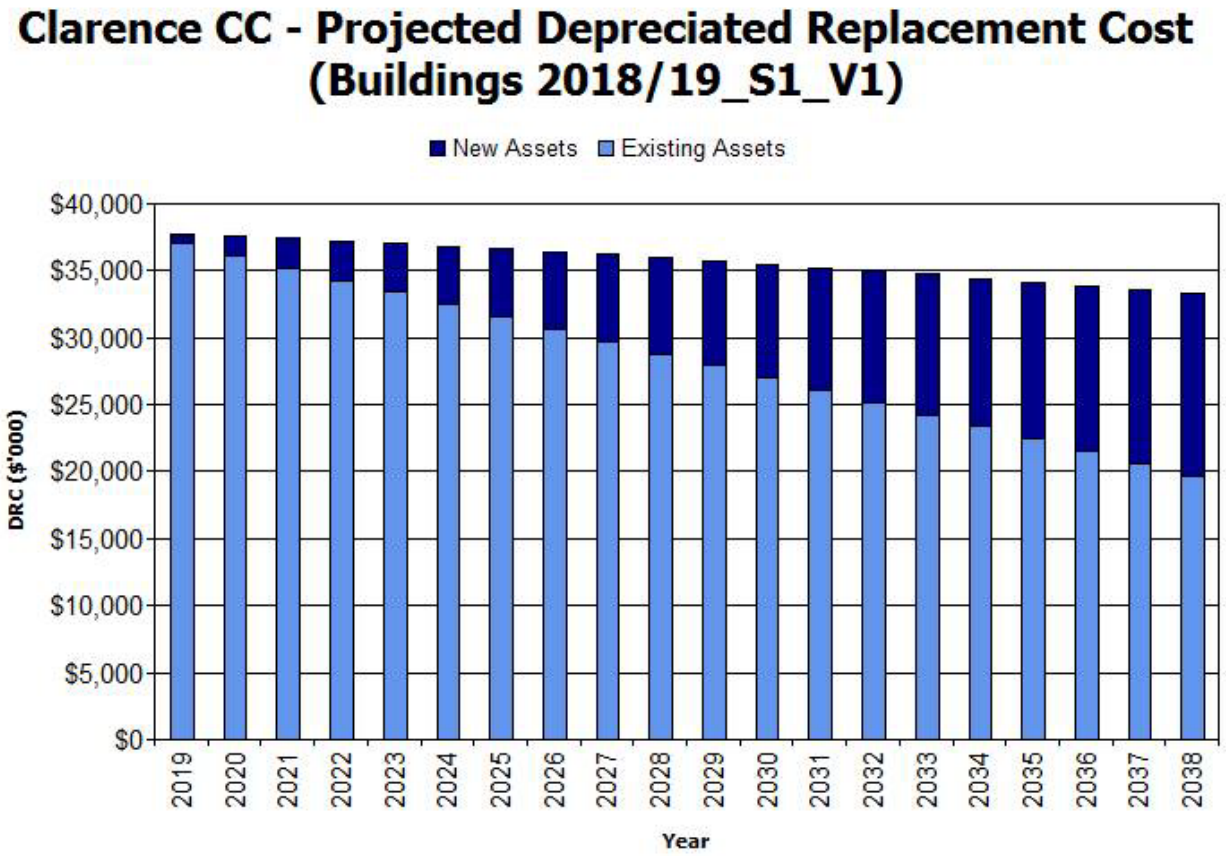
Figure 11: Projected Depreciation Expense



The depreciated replacement cost will vary over the forecast period depending on the rates of addition of new assets,

disposal of old assets and consumption and renewal of existing assets. Forecast of the assets' depreciated replacement cost is shown in Figure 12. The depreciated replacement cost of contributed and new assets is shown in the darker colour and in the lighter colour for existing assets.

Figure 12: Projected Depreciated Replacement Cost



6.4 Key Assumptions made in Financial Forecasts

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

Key assumptions made in this BAMP are:

- Buildings will remain in Council ownership throughout the planning period;
- Budget carryover represents where money is unexpended within an Annual Plan and carried over to the next financial year.
- All expenditure is in dollar values as at 2017 with no allowance included for inflation;
- Rate of building depreciation is constant throughout the useful life of a building;
- In order to keep pace with rising costs, maintenance expenditure is increased annually by inflation. All new projects need to identify the increase in operating costs associated with them;
- Planned renewal expenditure is as listed in the Council's Ten Year Capital Works Program for building renewals;
- Planned upgrade/new expenditure is as listed in the Council's Ten Year Capital Works Program;
- Renewal modelling is based on the condition and physical life of buildings which is generally higher than the estimated functional life. Some upgrading predictions have been made and as the approach becomes more advanced there will be more sophisticated data to inform upgrade decisions;

- Leased buildings originally constructed by the tenants (with a clause to demolish at lease end) are excluded. Where the Council owns the building, with the tenant responsible for non-structural repairs, the modelling is generally just for the roof and structure.

Accuracy of future financial forecasts may be improved in future revisions of this BAMP by the following actions:

- Descriptive maintenance expenditure in account reporting being split into Reactive, Planned and Cyclic items;
- Separating out the major buildings and creating detailed maintenance and renewal plans;
- Identify and improve capture of operational expenditure in the Council's financial system to enable more accurate reporting of operational expenditure for the various building asset components;
- If buildings are found to be functional and serviceable for a short or longer period than initially assumed, this information can be fed back into the financial plans and can be reassessed;
- Updating the building database when renewal or upgrade works completed;
- More refined condition-rating data with more history for reference;
- Greater degree of componentisation in the rating process i.e. structure, roof, services and building fit out.
- Implementation of a single Corporate Asset Information Database.

6.5 Forecast Reliability and Confidence

The 10 Year Long Term Financial Management Plan demonstrates the Council's commitment to funding building infrastructure projects in accordance with the aims of the Strategic Plan. The modelling gives a long-term view of expenditure required to renew the building assets.

Additionally significant funding will be needed to upgrade buildings to make them suitable for changing needs and expectations. As the approach to asset management matures a more holistic picture of the total amount of funding required to ensure that buildings contribute positively and efficiently to the delivery of excellent services will be developed.

It is more difficult to determine the renewal gap for buildings than for other assets groups as condition is not the only reason/driver for renewal. The nature and extent of use together with the expectations and nature of building users play an important role. There are overlaps in funding streams with some upgrade/new programs also addressing aspects of renewal. Decisions on refurbishment versus new development of aging buildings have a big impact on funding requirements as does Legislative changes and possible change to leasing policy and landlord/tenant responsibility. For these reasons the renewal gap is likely to fluctuate particularly at this early stage of asset management. Ability to plan ahead for renewal but also to retain flexibility to respond to changing funding priorities and circumstances is essential.

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale[11] in accordance with Table 6.5.

Table 6.5: Data Confidence Grading System

Confidence Grade	Description
A Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and recognised as the best method of assessment. Dataset is complete and estimated to be accurate ± 2%.
B Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate ± 10%.
C Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported,

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

	or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated ± 25%.
D Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy ± 40%.
E Unknown	None or very little data held.

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

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

Data	Confidence Assessment	Comment
Demand drivers	Uncertain	
Growth projections	Reliable	Based on historic information.
Operations expenditures	Reliable	However Service Charges for Energy, Water and Sewerage services will increase.
Maintenance expenditures	Uncertain	Dependent upon Council's commitment to replace / refurbish aging assets.
Projected Renewal exps. - Asset values	Reliable	Asset values derived from current tenders.
- Asset residual values	Reliable	Renewal assumes some residual value.
- Asset useful lives	Uncertain	Condition data to be collected / interpreted to review useful lives.
- Condition modelling	Uncertain	Condition data not recorded at present.
- Building renewals	Reliable	Age profile fairly complete.
- Defect repairs	Uncertain	More inspections required.
Upgrade/New expenditures	Reliable	Based on existing unqualified assessment of buildings.
Disposal expenditures	Uncertain	Early renewals of assets requiring upgrade are assumed to be similar to current replacement cost with salvage values assumed to be negligible.

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

7. PLAN IMPROVEMENT AND MONITORING

7.1 Status of Asset Management Practices

7.1.1 Accounting and financial systems

Council is currently implementing Technology One's OneCouncil system which will meet Council's Financial/Accounting IT requirements. OneCouncil is an integrated system used for all financial and accounting activities, including budget control, purchasing/debtors, invoicing/creditors, taxation and reporting. The system operates on a web browser platform with many employees across Council having regulated access on a needs basis. Finance Management generally operates the Finance modules of the system with other departments utilising it for purchasing tasks and for interrogation and reporting. Records are generally at a high level.

Accountabilities for financial systems

Manager Information and Finance Management is accountable for the finance system.

Accounting standards and regulations

As a State entity, the Audit Act 2008 require that following accounting principles be met:

- Unless otherwise required by any other written law, the financial statements are to be prepared in accordance with the accounting standards and other requirements issued by the Australian Accounting Standards Board.
- Revaluations of a class of assets normally occur at intervals of no greater than 5 years. However, a class of assets will be revalued at such time as there has been a significant movement in the current replacement cost of that asset class relative to the value disclosed in the financial statements. Market indices are applied as appropriate to reflect moderate market movements.

Capital/maintenance threshold

Thresholds determining the treatment of work undertaken on assets will vary according to the nature of the asset and relative scale/type of work undertaken. The judgement of qualified professionals will be obtained to determine the extent to which an activity represents maintenance (which retains the existing service potential of an asset and/or prevents untimely deterioration of the asset) or represents partial or full renewal of an asset. In any event, expenditure below $10,000 will generally be treated as maintenance.

Required changes to accounting financial systems arising from this AM Plan

Following the adoption of this policy, a full revaluation of the asset class will be undertaken (within reasonable time frames) to reflect the asset unit costs and asset lives identified within this policy. This is to ensure appropriate valuations are maintained for financial accounting purposes, and to ensure consistency between asset accounting records and adopted Asset Management Plans.

7.1.2 Asset management system

The OneCouncil system also includes an asset management module, Enterprise asset Management (EAM).

OneCouncil will be used by Engineering Services staff for generating work orders, periodic maintenance scheduling, reporting and maintaining the asset register.

Linkage from asset management to financial system.
OneCouncil is a fully integrated enterprise system.

Accountabilities for asset management system and data maintenance.
Group Manager Engineering Services is accountable for the asset management system and data maintenance.

Required changes to asset management system arising from this AM Plan.
Continual improvement, including the implementation of the Strategic Asset Management module (SAM).

7.2 Improvement Plan

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

Table 7.2: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Procurement of Building Asset condition modelling system.	Asset Management.	Staff time, consultants.	4 years.
2	GIS mapping of all building footprints.	Manager Works and Asset Planning.	Staff time, equipment.	Ongoing.
3	Building Asset Condition assessment and data collation for BSA compliance.	Asset Management.	Consultants.	To be Determined.
4	Implement detailed inspection program.	Asset Management.	Staff time, consultants.	4 years
5	Analyse condition data and review useful lives of Building assets.	Asset Management.	Staff time.	4 years
6	Preparation of financial projections for building asset replacement.	Asset Management.	Staff time, survey, modelling.	4 years
7	Appendix A - Develop Maintenance Response Levels of Service.	Asset Management.	Staff time.	To be Determined..
8	Develop a Risk Management Plan for building infrastructure.	Asset Management.	Staff time.	4 years
9	Develop a Community Facilities Plan for new and developing residential communities.	Asset Management.	Staff time.	4 years
10	Implement Specific Building Asset Management Plans	Asset Management.	Staff time.	To be Determined

7.3 Monitoring and Review Procedures

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

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

The BAMP has a life of 4 years (Council election cycle) and is due for complete revision and updating in 2021/22.

7.4 Performance Measures

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

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

8. REFERENCES

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

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

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Clarence City Council, 'Strategic Plan 2016 – 2026',

Clarence City Council, 'Annual Plan and Budget 2017/2018'.

9. APPENDICES

Appendix A Maintenance Response Levels of Service.

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

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

Appendix D LTFP Budgeted Expenditures Accommodated in AM Plan.

Appendix E Abbreviations.

Appendix F Glossary.

Appendix A Maintenance Response Levels of Service

Council will carry out building, planned and reactive maintenance with limited disruption to the key stakeholders utilising the premises within agreed priorities and timescales.
Council will ensure that statutory compliance checks and inspections are carried out and certification is current. Keep records of all maintained assets and undertake regulation inspections to monitor condition.
Council will prioritise backlog maintenance works and management of major maintenance projects.

Appendix A-1 Addressing Maintenance Issues

While addressing a maintenance issue, the Council will:

- Provide office cover from 8.30am-5.15pm Monday to Friday. (Council will endeavour to provide a response outside of these times depending on Council staff availability).
- Provide emergency callout cover around the clock 365 days per year.
- Liaise with premises occupants prior to undertaking any disruptive works.
- Monitor the quality of work and take corrective action when necessary.
- Undertake reactive, routine, planned and statutory maintenance and inspections to buildings and building services. Examples of these include:
    - Electrical lighting and power systems.
    - heating systems.
    - hot and cold water systems.
    - fire alarms and emergency lighting systems.
    - Ventilation.
    - air conditioning.
    - building elements, e.g. painting and decoration.
    - floor coverings.
    - Locks.
    - glazing .
    - roofs.
    - internal surfaces.

Appendix A-2 Response Times and Priorities

Council will aim to achieve the following response/completion times and to complete subsequent work following an initial response as quickly as possible. Response times and examples of work type included, although not exhaustive are provided below.
If a job requirement is not listed or if the customer is unsure how the job will be prioritised they can contact Council's Building Maintenance Officer.

1. **Priority 1 - Emergency Response 8.30am – 5.15pm Monday to Friday**

    - Advice to all emergencies will be immediate.
    - Council attendance to the site will be as follows:
        - Normal working hours - attendance within 1 hour.
        - Outside normal working hours and weekends - attendance within 1-2 hours.

    Examples include:

    - Risk to life or substantial damage to property.
    - Smell of gas.
    - Major water leak or flood resulting in immediate damage to structure, services or equipment.
    - Major loss of power supply.
    - Major structure/damage, including ceiling collapse.
    - Total loss of heating in building.
    - Major loss of building security.
    - Main drainage blockage.

2. **Priority 2 - Respond within 24 hours during normal working hours 8.30am-5.15pm Monday to Friday**

    Examples include:

    - Internal lighting faults where accessible and area available.
    - Partial loss of heating.

- Loss of hot water.
- Loss of drinking water.
- Partial loss of power to room or area.
- Dangerous paving.
- Minor internal plumbing leaks.
- Blocked urinal.
- Overflow pipe discharging.
- Blocked toilet.

3. **Priority 3 - Fix within 3 working days**

   Examples include:
   - Broken WC seat.
   - Minor heating system leak.

4. **Priority 4 - Fix within 15 working days**

   Example include:
   - Making good holes in walls and ceilings or plaster repairs and graffiti.

5. **Priority 5 - Fix by agreed date**

   Example include:
   - Any work not falling into the above categories where the completion date is pre-arranged with key stakeholder.

Appendix A-3 Key Stakeholder Obligations

To assist with meeting maintenance response levels Council would like key stakeholders to:

- Provide accurate and concise information to the Building Maintenance Officer, including location, nature of fault, contact name, telephone number.
- Allow access at any reasonable time to carry out work.
- Co-operate with contractors in situations where disruption is inevitable.
- Immediately report any hazards or maintenance defects.
- Ensure a safe working environment for our staff and contractors.
- Gain Council approval before undertaking work in buildings or services for reasons of safety i.e. electrical safety, etc.
- Provide feedback on Councils performance if requested by Council.

Appendix B Projected 10 year Capital Renewal and Replacement Works Program

Clarence CC
Projected Capital Renewal Works Program - Buildings_S1_V1

($000)

Year	Item	Description	Estimate
2018	1	**Building Renewals**	
	2	Risdon Vale Sports Pavilion Upgrade Stage 1	$470
	3	Alma Street Senior Citizens Centre - Construction of DDA Toilet	$150
	4	Seven Mile Beach DDA Toilet	$180
	5	Other Renewals	$293
2018		**Total**	**$1093**

($000)

2019		**Building Renewals**	
	1	Howrah Community Centre DDA & Fire Control Panel Upgrade	$100
	2	Lauderdale Oval Visitors Change rooms	$100
	3	Calverton Hall DDA Public Toilet	$50
	4	Rosny Historic Centre	$39
	5	Estimated Building Renewals	$252
	6	South Arm Jetty Road DDA Toilet – Stage 1 Design	$30
2019		**Total**	**$571**

($000)

Year	Item	Description	Estimate
2020		**Building Renewals**	
	1	Alma Street Senior Citizens Centre - Construction of DDA Toilet	$125
	2	Edgeworth Street Sports Pavilion	$100
	3	Risdon Vale Community Centre Stage 3	$50
	4	Estimated Building Renewals	$400
	5	South Arm Jetty Rd. - DDA Toilet – Stage 2 Demolition of old toilet	$30
	6	Lindisfarne Oval – Pavilion Upgrade – Stage 1 Design/Approvals	$50
2020		**Total**	**$755**

($000)

2021		**Building Renewals**	Estimate
	1	Sports Facilities Refurbishment (Tennis Clubs)	$300
	2	Estimated Building Renewals	$500
	3	Lindisfarne Oval – Pavilion Upgrade – Stage 2 Construction & Demolition	$250
2021		**Total**	**$1.050**

Projected Capital Renewal Works Program - Buildings_S1_V1

($000)

Year	Item	Description	Estimate
2022		**Building Renewals**	
	1	Geilston Bay Stage 1 Toilets & Clubrooms - Design & Approvals	$50
	2	Sports Facilities Refurbishment (Tennis Clubs)	$150
	3	Estimated Building Renewals	$700
2022		**Total**	**$900**

($000)

2023		**Building Renewals**	
	1	Geilston Bay Stage 1 Toilets & Clubrooms – Construction & Demolition	$220
	2	Estimated Building Renewals	$600
		Salacia Ave – Passive Area - DDA Toilet Stage 1 Design & Approvals	$30
		Bellerive Beach Park – DDA Toilet Stage 1 Design & Approvals	$50
2023		**Total**	**$850**

($000)

Year	Item	Description	Estimate
2024		**Building Renewals**	
	1	Estimated Building Renewals	$500
	2	Council Administration Centre Refurbishment	$500
		Bellerive Beach Park –– Passive Area - DDA Toilet Stage 2 Construction	$200
		Salacia Ave – Passive Area - DDA Toilet Stage 2 Construction	$100
2024		**Total**	**$1,300**

($000

2025		**Building Renewals**	
	1	Estimated Building Renewals	$800
	2	Council Administration Centre Refurbishment	$500
2025		**Total**	**$1,300**

($000)

Year	Item	Description	Estimate
2026		**Building Renewals**	
	1	Estimated Building Renewals	$800
2026		**Total**	**$800**

($000)

2027		**Building Renewals**	
	1	Estimated Building Renewals	$800
2027		**Total**	**$800**

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

Clarence CC
Projected Capital Upgrade/New Works Program - Buildings_S1_V1

($000

Year	Item	Description	Estimate
2018	1	Seven Mile Beach Day Area - DDA Public Toilet	$100
	2	Alma Street Senior Citizens Centre - Construction of DDA Toilet	$150
	3	Demolition of "Old" Ferry Terminal	$57
	4	DDA Compliance Work	$140
	5	Howrah Community Centre - Development	$105
	6	Risdon Vale – Change-rooms and Public Toilets	$500
2018		**Total**	**$1,052**

($000)

Year	Item	Description	Estimate
2019	1	Howrah Community Centre DDA & Fire Control Panel Upgrade	$260
	2	Lauderdale Oval Visitors Change rooms	$150
	3	Calverton Hall DDA Public Toilet	$150
	4	Rosny Historic Centre	$35
	5	Misc Building & DDA Compliance Works	$185
2019		**Total**	**$780**

($000)

Year	Item	Description	Estimate
2020	1	Opossum Bay DDA Toilet	$30
	2	Alma Street Senior Citizens Centre - Construction of DDA Toilet	$250
	3	Edgeworth Street Sports Pavilion	$600
	4	South Arm Jetty Road. - DDA Toilet – Stage 2 Construction	$200
	5	Goodwins Road Sports Pavilion Upgrade Stage 1	$40
	6	Risdon Vale Community Centre Stage 3	$250
	7	Estimated Building Upgrade	$130
2020		**Total**	**$1,500**

($000)

Year	Item	Description	Estimate
2021	1	South Arm Oval DDA Toilet Upgrade Stage 1	$50
	3	Goodwins Road Sports Pavilion Upgrade Stage 2	$700
	4	Opossum Bay DDA Toilet	$150
	5	Lindisfarne Oval – Pavilion Upgrade – Stage 2 -Construction	$800
	6	Estimated Building Upgrade	$300
2021		**Total**	**$2,000**

Projected Capital Upgrade/New Works Program - Buildings_S1_V1

($000)

Year	Item	Description	Estimate
2022	1	South Arm – DDA Public Toilet Stage 2	$150
	2	Sports Facilities Refurbishment (Tennis Clubs)	$150
		Geilston Bay Stage 1 Toilets & Clubrooms – Construction	$500
	2	Estimated Building Upgrade	$750
2022		**Total**	**$1,150**

($000

Year	Item	Description	Estimate
2023	1	Council Administration Centre Refurbishment	$500
	2	Geilston Bay Stage 1 Toilets & Clubrooms – Construction	$1,000
	3	Estimated Building Upgrade	$800
2023		**Total**	**$2,300**

3 ($000)

Year	Item	Description	Estimate
2024	1	Estimated Building Upgrade	$900
	2	Bellerive Beach Park –– Passive Area - DDA Toilet Stage 2 Construction	$300
2024		**Total**	**$1,200**

($000)

Year	Item	Description	Estimate
2025	1	Estimated Building Upgrade	$900
		Salacia Ave – Passive Area - DDA Toilet Stage 2 Construction	$300
2025		**Total**	**$1,200**

($000)

Year	Item	Description	Estimate
2026	1	Estimated Building Upgrade	$1,200
2026		**Total**	**$1,200**

($000)

Year	Item	Description	Estimate
2027	1	Estimated Building Upgrade	$1,200
2027		**Total**	**$1,200**

Appendix D Budgeted Expenditures Accommodated in LTFP

NAMS.PLUS3 Asset Management **Clarence CC**

Buildings_S1_V1 **Asset Management Plan**

First year of expenditure projections **2018** (financial yr ending)

Buildings

Asset values at start of planning period

			Calc CRC from Asset Register	
Current replacement cost	$147,205	(000)	$0	(000)
Depreciable amount	$42,356	(000)	This is a check for you.	
Depreciated replacement cost	$37,905	(000)		
Annual depreciation expense	$1,472	(000)		

Operations and Maintenance Costs for New Assets

	% of asset value	Existing %ages calculated from data in worksheet	
Additional operations costs	0.84%	0.26%	of CRC (10 yr average)
Additional maintenance	0.02%	0.47%	of CRC (10 yr average)
Additional depreciation	3.48%	3.48%	of Dep Amt
Planned renewal budget (information only)		0.41%	of CRC (Year 1 comparison)

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

Planned Expenditures from LTFP

20 Year Expenditure Projections Note: Enter all values in current **2018** values

Financial year ending	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Expenditure Outlays included in Long Term Financial Plan (in current $ values)										**Average of first 10 year Expenditure Outlays from LTFP**									
Operations																				
Operations **budget**	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380
Management **budget**	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
AM systems **budget**	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total operations	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380	$380
Maintenance																				
Reactive maintenance **budget**	$365	$365	$365	$365	$365	$365	$365	$365	$365	$365	$365	$365	$365	$365	$365	$365	$365	$365	$365	$365
Planned maintenance **budget**	$230	$230	$230	$230	$230	$230	$230	$230	$230	$230	$230	$230	$230	$230	$230	$230	$230	$230	$230	$230
Specific maintenance items **budget**	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100
Total maintenance	$695	$695	$695	$695	$695	$695	$695	$695	$695	$695	$695	$695	$695	$695	$695	$695	$695	$695	$695	$695
Capital																				
Planned renewal **budget**	$601	$550	$550	$550	$550	$550	$550	$550	$550	$550	$555	$555	$555	$555	$555	$555	$555	$555	$555	$555
Planned upgrade/new **budget**	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750
Non-growth contributed asset valu	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Asset Disposals																				
Est Cost to dispose of assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Carrying value (DRC) of disposed asse	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

	Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)										**Average of first 10 years Expenditure Outlays required from IRMP**									
Additional Expenditure Outlays required and not included above	2018 $000	2019 $000	2020 $000	2021 $000	2022 $000	2023 $000	2024 $000	2025 $000	2026 $000	2027 $000	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000	2034 $000	2035 $000	2036 $000	2037 $000
Operations	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Maintenance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Renewal	to be incorporated into Forms 2 & 2.1 (where Method 1 is used) OR Form 2B Defect Repairs (where Method 2 or 3 is used)																			
Capital Upgrade	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
User Comments #2																				

	Forecasts for Capital Renewal using Methods 2 & 3 (Form 2A & 2B) & Capital Upgrade (Form 2C)										**Average of first 10 years Capital Renewal & Upgrade Forecasts**									
	2018 $000	2019 $000	2020 $000	2021 $000	2022 $000	2023 $000	2024 $000	2025 $000	2026 $000	2027 $000	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000	2034 $000	2035 $000	2036 $000	2037 $000
Forecast Capital Renewal from Forms 2A & 2B	$1,093	$571	$755	$1,050	$900	$850	$1,300	$1,300	$800	$800	$942	$942	$942	$942	$942	$942	$942	$942	$942	$942
Forecast Capital Upgrade from Form 2C	$1,052	$780	$1,500	$2,000	$1,150	$2,300	$1,200	$1,200	$1,200	$1,200	$1,358	$1,358	$1,358	$1,358	$1,358	$1,358	$1,358	$1,358	$1,358	$1,358

Appendix E Abbreviations

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

Appendix F Glossary

Annual service cost (ASC)

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

Asset

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

Asset category

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

Asset class

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

Asset condition assessment

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

Asset hierarchy

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

Asset management (AM)

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

Asset renewal funding ratio

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

Average annual asset consumption (AAAC)*

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

Borrowings

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

Capital expenditure

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

Capital expenditure - expansion

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

Capital expenditure - new
Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operations and maintenance expenditure.
Capital expenditure - renewal
Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it generally has no impact on revenue, but may reduce future operations and maintenance expenditure if completed at the optimum time, eg. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.
Capital expenditure - upgrade
Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operations and maintenance expenditure in the future because of the increase in Council's asset base, eg. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.
Capital funding
Funding to pay for capital expenditure.
Capital grants
Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.
Capital investment expenditure
See capital expenditure definition.
Capitalisation threshold
The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.
Carrying amount
The amount at which an asset is recognised after deducting any accumulated depreciation/amortisation and accumulated impairment losses thereon.
Class of assets
See asset class definition.
Component
Specific parts of an asset having independent physical or functional identity and having specific attributes such as different life expectancy, maintenance regimes, risk or criticality.
Core asset management
Asset management which relies primarily on the use of an asset register, maintenance management systems, job resource management, inventory control, condition assessment, simple risk assessment and defined levels of service, in order to establish alternative treatment options and long-term cashflow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than detailed risk analysis and optimised decision- making).
Cost of an asset
The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, including any costs necessary to place the asset into service. This includes one-off design and project management costs.
Critical assets
Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than 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 arms length transaction.

Financing gap
A financing gap exists whenever an entity has insufficient capacity to finance asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current financing gap means service levels have already or are currently falling. A projected financing gap if not addressed will result in a future diminution of existing service levels**.**
Heritage asset
An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.
Impairment Loss
The amount by which the carrying amount of an asset exceeds its recoverable amount.
Infrastructure assets
Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, eg. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no separate market value.
Investment property
Property held to earn rentals or for capital appreciation or both, rather than for:
(a) use in the production or supply of goods or services or for administrative purposes; or
(b) sale in the ordinary course of business.
Key performance indicator
A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.
Level of service
The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.
Life Cycle Cost *

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

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

Loans / borrowings
See borrowings.

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

- **Planned maintenance**
  Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.
- **Reactive maintenance**
  Unplanned repair work that is carried out in response to service requests and management/ supervisory directions.
- **Specific maintenance**
  Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.
- **Unplanned maintenance**
  Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

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

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

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

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

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

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

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

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

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

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

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

Pavement management system (PMS)
A systematic process for measuring and predicting the condition of road pavements and wearing surfaces over time and recommending corrective actions.

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

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

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

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

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

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

Recurrent funding
Funding to pay for recurrent expenditure.

Rehabilitation
See capital renewal expenditure definition above.

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

Renewal
See capital renewal expenditure definition above.

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

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

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

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

Service potential
The total future service capacity of an asset. It is normally determined by reference to the operating capacity and

economic life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

Service potential remaining

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

Specific Maintenance

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

Strategic Longer-Term Plan

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

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

(a) the period over which an asset is expected to be available for use by an entity, or

(b) the number of production or similar units expected to be obtained from the asset by the entity.

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

Value in Use

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

Source: IPWEA, 2009, Glossary

Additional and modified glossary items shown *