



Asset Management Plan

BUILDING ASSETS

2022

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Related documents	Asset Management Policy Asset Management Strategy Asset Management Plans Delivery Program and Operational Plan Community Strategic Plan 2032 Integrated Planning and Reporting requirements
Responsible officer	Manager Strategic Assets
Department/Section	Strategic Assets
Category	Financial & Asset Management
Community Strategic Plan Priority	Maintaining and developing our infrastructure network to meet the ongoing needs of our population
	<p>SO 4.1 Provide for replacement, improvement and additional Community and open space infrastructure through investment, best practice and risk management.</p> <p>SO 4.2 Provide inviting public spaces that are clean, green, properly maintained, well designed, encourage active participation, family friendly and accessible to all.</p> <p>SO 4.3 Provide safe and reliable water and sewerage services to meet the demands of current and future generations.</p> <p>SO 4.4 Maintain and upgrade the road network and bridges.</p> <p>SO 4.5 Advocate and improve access to communication services.</p>

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EXECUTIVE SUMMARY

1.1 Context

Upper Hunter Shire is located in the Hunter Region of NSW, approximately 250km north of Sydney. The Shire is predominantly rural and encompasses 8,100km². The Upper Hunter Local Government Area is home to a diverse mix of businesses such as agriculture, thoroughbred horse studs, retail, light and heavy industry. This Buildings Asset Management Plan (BAMP) documents Council's current practices and performance. Importantly, it also provides direction for continuous improvement of the asset management practices applied to Council's building portfolio.

Council plans to operate and maintain its building assets to achieve the following strategic objectives:

- Deliver the required level of service to existing and future customers in the most cost effective way
- Anticipate, plan and prioritise spending on the assets
- Optimise the life of assets at the most economic cost over time (lifecycle approach)
- Undertake a risk based approach to identify operational, maintenance, renewal and capital development needs and apply economic analysis to select the most cost effective work program

The contribution towards achievement of these strategic goals and asset management objectives will be achieved by:

- Stakeholder consultation to establish and confirm service standards.
- A regular program of inspections and monitoring activities to assess asset condition and performance.
- Application of a systematic analysis to prioritise renewals and establish the most cost effective works programs.
- Continuously reviewing and improving the quality of Asset Management practices.

1.2 What does it cost?

The projected expenditure necessary to provide the services covered by this Buildings Asset Management Plan (AMP) includes operations, maintenance, renewal and upgrade of existing assets.

The total amount of forecasted expenditure for building operations, maintenance and capital works for the next ten years will be approximately \$34 million (as shown in Figure 1) with annual forecasted expenditure varying between approximately \$3.2 to \$4 million per annum.

Forecasted operational expenditure for the ten-year cycle will be approximately \$31.5 million which equates to 92.54% of the total forecasted expenditure and capital expenditure approximately \$2.5 million which equates to 7.46%. The Levels of Service (LOS) capital expenditure is for increasing the service level delivered by the assets.

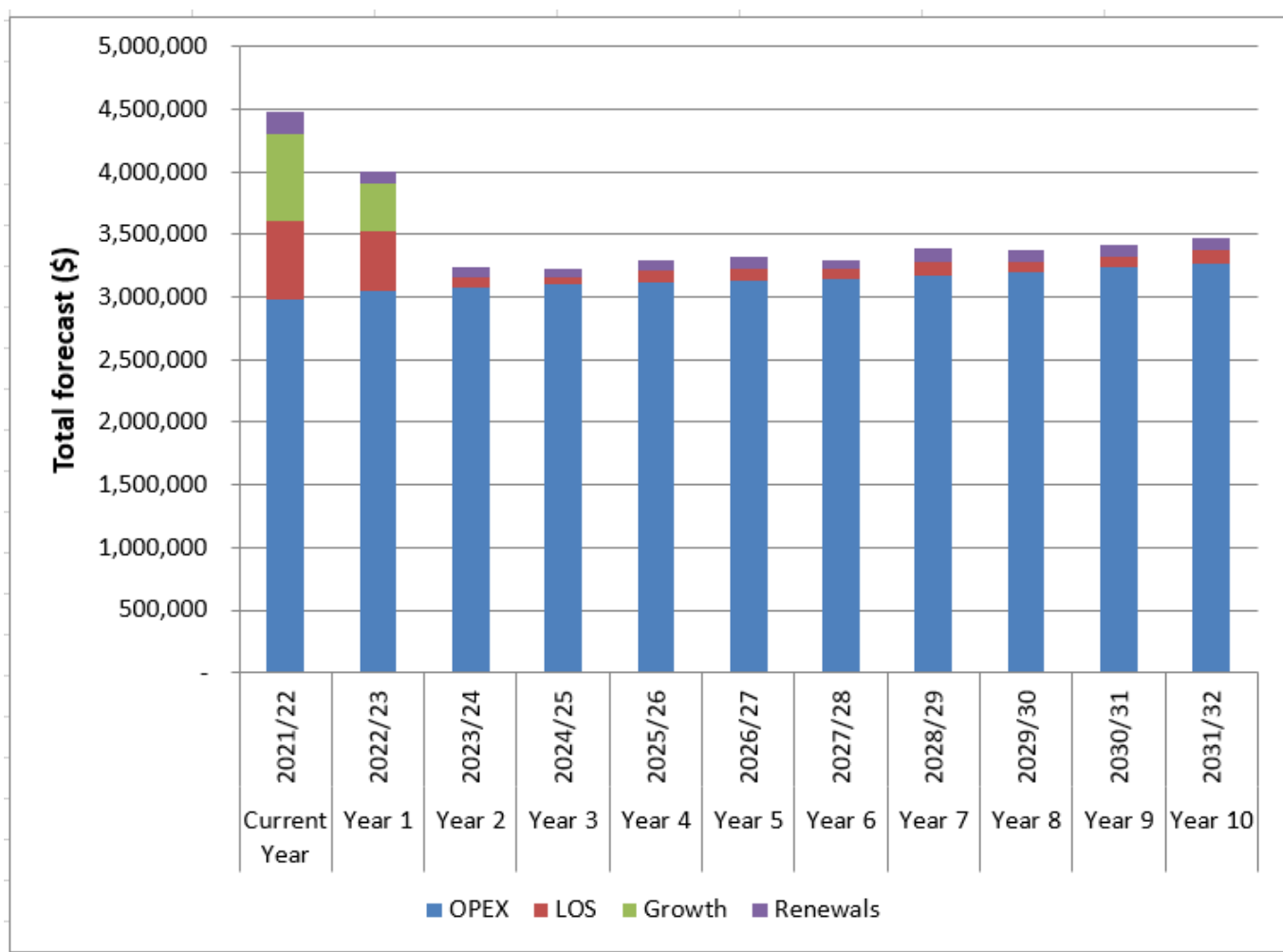


Figure 1: Summary of Building Total Expenditure Forecast

Not that expenditure forecasts (operational and capital) are based on the revised current year budget 2021/22 and the 2018/19 to 2022/23 Delivery Program and Operational Plan (DPOP).

1.3 What we will do

Council seeks to manage infrastructure in the most cost effective way over the life of the asset. This is done in a number of ways including the following:

- Operation, maintenance, renewal, upgrade and monitoring of Upper Hunter Shire's building assets to meet the service levels set in this plan
- Inspect the building infrastructure annually to ensure that they are performing and reassess their condition grading
- Plan any works to address the defects found from asset inspections
- Plan building renewals based on failure statistics.
- Renewals planned within the ten year planning period have been identified to ensure that this is an acceptable backlog
- Investigate poor performing assets based on service failure and customer requests to ensure service continuity.
- Maximise community benefits against costs.

- Develop options, costs and priorities for future asset management activities.
- Consult with the community to plan future services to match the community service needs with ability to pay for services.

1.4 Managing the Risks

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

- Poor or incomplete asset management practices including AMP, lifecycle management plans (LCMP) and asset condition assessments.
- Overall asset life and condition is compromised due to maintenance and renewal programs not well targeted or limited in scope.
- Financial implications with inaccurate asset valuation and long term planning including renewal forecasts.

We will endeavour to manage these risks by:

- Complete the actions identified in the Building AMP including lifecycle management plans (LCMP); complete the resourcing levels for building asset management and complete the asset condition survey.
- Complete the full revision of the Building AMP; complete the asset condition assessment program.
- Implement the asset management improvement program; continue with regular inspections and reporting on assets; start proactively analysing and reporting on data availability; start building core asset management capability; complete asset condition survey.

1.5 The Next Steps

The actions resulting from the Building AMP are:

- Complete the comprehensive condition survey of all building assets on a five-year cycle.
- Review the currently used asset useful lives prior to the next major asset revaluation.
- Implement adequate resourcing and capability for updating the building services asset inventory, collection of asset repair data, and updating asset condition assessment records.
- Revise and improve the effectiveness of the current renewal programs.
- Start recording maintenance works conducted on buildings in Council's asset management software "CONFIRM" to improve renewal planning.
- Improve the delineation between planned, cyclic and reactive maintenance.
- Develop data collection methods to ensure consistency and ongoing improvement of condition data collection.

1.6 Questions you may have

What is an asset?

An asset is an item of property owned by the Council regarded as having value. Council's assets range from roads and footpaths to buildings, playgrounds, building infrastructure and street furniture.

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 AMP 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.

What are the objectives of asset management?

The basic premise of infrastructure asset management is to intervene at strategic points in an asset's life cycle to extend the expected service life, and thereby maintain its performance. Generally speaking, the cost of maintaining an asset decreases with planned maintenance rather than unplanned maintenance, however, excessive planned maintenance increases costs. An objective of asset management is to strategically time infrastructure renewals before unplanned maintenance costs become excessive, but not so soon that assets are renewed before it is really needed.

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

- Taking a life cycle approach.
- Developing cost-effective management strategies for the long term.
- Providing a defined level of service and monitoring performance.
- Understanding and meeting the demands of growth through demand management and infrastructure investment.
- Managing risks associated with asset failures.
- Sustainable use of physical resources, and
- Continuous improvement in asset management practices.

How do we determine when renewals are required?

Renewals are determined by considering the ability of an asset to meet an agreed standard of service. This is done by regularly reviewing the condition of assets and using this information as a basis to prioritise renewals.

How do we determine our levels of service?

Our levels of service have been developed based on legislative requirements, customer research and expectations, and strategic goals.

Why does Council need an Asset Management Plan?

Under section 122 of the Local Government Act, the Upper Hunter Shire Council has a legislative requirement to develop Asset Management Plans. In addition to the legislative requirement, there is a need for the Council to ensure effective investment in assets which need it most by having a planned, systematic approach to Asset Management.

How does Council include community feedback into the Plan?

We will be pleased to consider your thoughts on the issues raised in this asset management plan and suggestions on how we may change or reduce the mix of services we provide to ensure that the appropriate level of service can be provided to the community at the lowest possible cost.

2 INTEGRATED PLANNING AND REPORTING FRAMEWORK

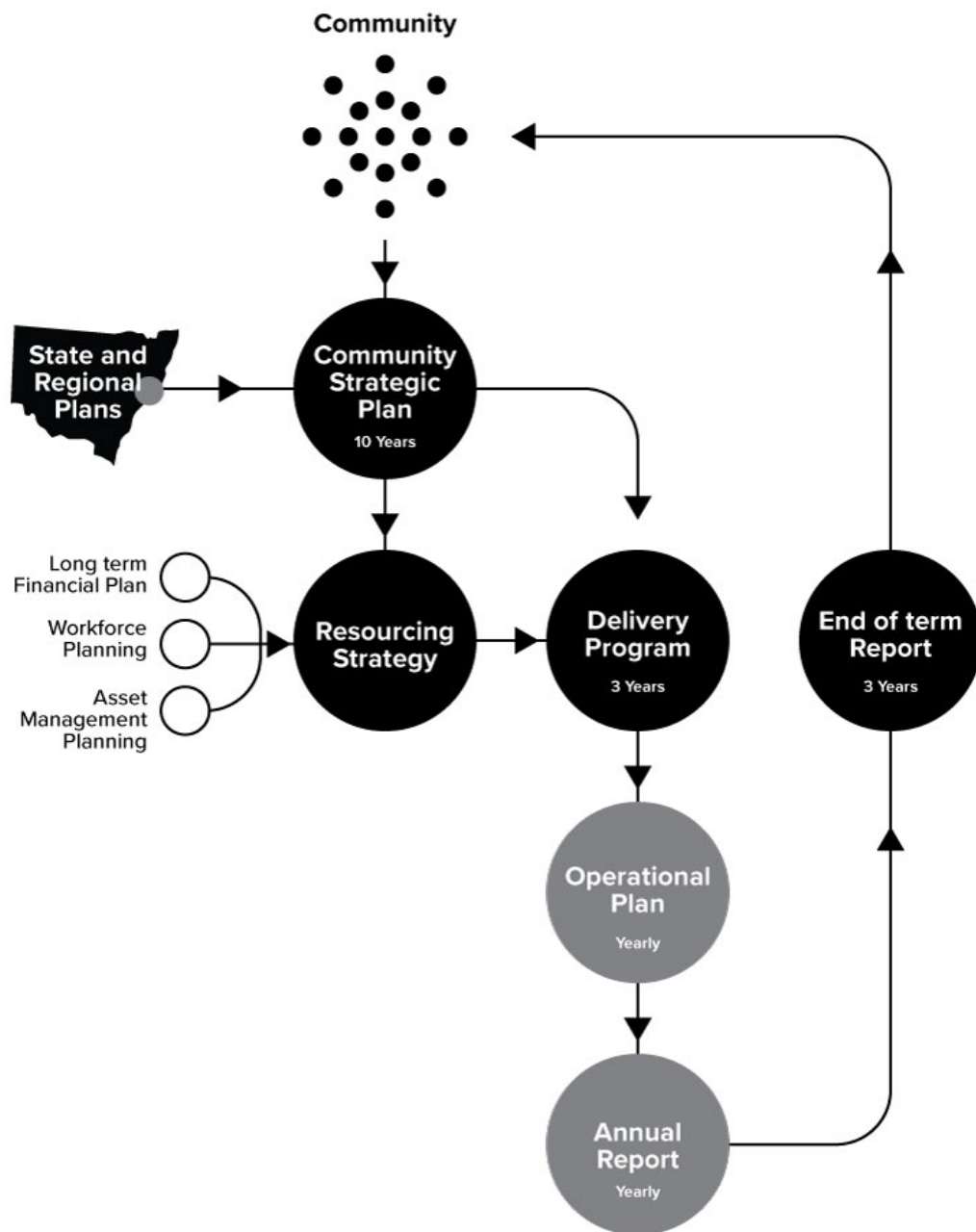
The Local Government Integrated Planning and Reporting (IP&R) Framework aims to ensure a more sustainable Local Government sector. The Local Government Act 1993 requires Council to work with the

community to review the Community Strategic Plan and other documents within the Integrated Planning and Reporting Framework after the commencement of each four-year elected Council term.

Councils need to take a long term view and consider social, economic and environmental aspects and the needs of the current and future generations when making decisions. This underpins the Integrated, Planning and Reporting Framework. The importance of Civic Leadership and accountability and transparency in decision making should also underpin the Plan.

All NSW Councils are required to develop a Community Strategic Plan along with a Delivery Program (4 years) and Operational Plan (1 year). The CSP 2032 and its strategic objectives provide a foundation for our Delivery Program and Operational Plan. The Delivery Program and Operational Plan detail how each service addresses the CSP 2032 objectives, ongoing activities, priority projects and the strategies supporting this work.

These documents are informed by a Resourcing Strategy that is made up of a Long Term Financial Plan, Asset Management Plans and Workforce Management Plan. In order to achieve the integration envisaged by the IP&R Framework, there is an alignment between the CSP 2032, Delivery Program, Operational Plan and the other key documents. This is identified on the Upper Hunter Shire Integrated Planning and Reporting Framework.



3 INTRODUCTION

3.1 Background

About this Plan

The Building AMP is to demonstrate responsible 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 the next 10 year planning period.

The Building AMP is to be read with Council's Asset Management Policy and Strategy and the following associated planning documents:

- Revised current year budget 2021/22
- Delivery Program 2018/2019-2022/23 and Operational Plan 2022/2023
- Community Strategic Plan 2032
- Infrastructure Asset Revaluation Supporting Documentation
- Council files on Buildings Assets
- Upper Hunter Shire Council Resident Satisfaction Survey Results

Scope of Services

Upper Hunter Shire is located in the Hunter Region of NSW, approximately 250km north of Sydney. The Shire is predominantly rural and encompasses 8,100km² and includes numerous towns and villages as shown in figure 2.



Figure 2: Map of Upper Hunter Shire Towns

Within the Shire multiple buildings and structures fall under the care, control and responsibility of Council which are collectively referred to within this plan as “building assets”.

Table 1 below shows the total Gross replacement cost of building assets held at 30 June 2021. These building assets have been categorised into the respective Council service areas in which they relate.

Table 1: Asset Category and Gross Replacement Cost

Asset category	Gross Replacement Value (\$)
Administration	10,967,117
Public Order	3,359,141
Community Services	8,303,448
Housing	1,467,428
Recreation & Culture	21,763,861
Transport	108,600
Economic	11,976,518
Environment	289,020
Non-Specialised	335,000
TOTAL	58,570,133

Our Stakeholders

Key stakeholders interested in building assets are shown in Table 2.

Table 2 Key Stakeholders in Building Assets

Key Stakeholder	Area of Interest and Role in AMP
Councillors	Represent needs of community/stakeholders
	Allocate resources to meet the organisation’s objectives in providing services while managing risks
	Ensure organisation is financially sustainable
	Set policy
General Manager	Provide leadership and community engagement
Senior Management Group	Development of overall strategy
Director Infrastructure Services	Oversee development of strategies and liaison with all relevant parties
Building Program Area	Owner of this plan and responsible for assets covered by this plan
Strategic Assets	Owner of Asset Management Policies and Strategies
Local resident’s	Users of Council Assets and Services
Local business	As User of Council Assets and the future of new commercial and community growth

Key Stakeholder	Area of Interest and Role in AMP
Developers	Users of Council's infrastructure and services
	Build infrastructure and hand over to Council ownership
Environmental groups	Interested in improvement to the natural environment and efficiency initiatives

3.2 Goals and Objectives of Asset Management

Upper Hunter Shire 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 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 associated with asset failure
- Having a long-term financial plan which identifies required, affordable expenditure and how it will be financed
- Continuous improvement in asset management practices.

The Building AMP is prepared under the direction of Council's Vision, Charter and Corporate Values contained within Council's:

- Asset Management Policy
- Asset Management Strategy
- Community Strategic Plan 2032

Council's goal is to achieve this in an efficient, cost effective manner while remaining ecologically sustainable and to investigate the future delivery of services.

Council's vision is:

“A quality rural lifestyle in a vibrant, caring and sustainable community”

Our commitment to the Community:

- We will deliver high quality, innovative, consistent and responsive services to the community.
- We respect the rights of everyone to be treated fairly.
- We will keep our community informed about Council services and financial position.
- We will continually strive to improve our services to the community and encourage community engagement.
- We will deliver increased effort in the protection of the environment.

Council's relevant community strategic objectives (as stated in the Community Strategic Plan 2032) and how these are addressed in this AMP are outlined in Table 3.

Table 3: Organisation objectives and how these are addressed in this Plan

COMMUNITY PRIORITY	STRATEGIC OBJECTIVES	HOW OBJECTIVES AND INITIATIVES ARE ADDRESSED IN AMP
Ensuring the ongoing protection of our environment and natural resources.	Plan, facilitate and provide for a changing population for current and future generations.	By sustainably managing the asset portfolio and by renewing and upgrading structures as required.
Strengthening our vibrant industries and economy while seizing emerging opportunities.	Provide attractive and functional town centres and support revitalisation of the towns and villages including investment in built heritage and improvement of existing buildings.	By providing for the cost effective development, upgrade, renewal and maintenance of building assets in the Shire and by ensuring that they are effectively managed to deliver the required services.
Maintaining and developing our infrastructure network to meet the ongoing needs of our population	Provide for replacement, improvement and additional Community and open space infrastructure through investment, best practice and risk management	By proactively surveying the asset condition of our building assets we will understand and make long term plans for a sustainable infrastructure. By measuring the achievement of our service levels to our communities to ensure adequate services provision.

4 LEVELS OF SERVICE

Levels of service relate to outcomes the customer receives in terms of quality, quantity, responsiveness and performance as it is provided by the asset utilised by Council to provide the service. To achieve and maintain acceptable levels of service for Council's building network, a system of setting, recording and reviewing service levels achieved with the assistance of Community input is required. Future iterations of this plan will involve further and more detailed community consultation in this regard.

The levels of service have been reviewed as part of the AMP development. They support Council's strategic goals and are based on user expectations, statutory and state standard requirements. The following is the target level of service for building assets.

- Provides a place for governance and opportunity for residents and visitors to gain information on the Shire within a safe, convenient and comfortable environment.
- To provide the community with reasonable access to hall facilities that is safe, convenient and comfortable and enables the conduct of community activities and events.

- To provide the opportunity for residents and visitors to the community to meet & undertake recreational activities within a safe, convenient and comfortable environment.
- To provide Senior Citizens access to facilities that are safe, comfortable and assist in meeting their recreational and social pursuits.
- To provide tourist facilities that are safe comfortable and meet the functional requirements of staff, users and visitors.
- To provide the community the opportunity to access information and meet within a safe, convenient and comfortable environment.

4.1 Community Consultation

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

4.2 Customer Research and Expectations

In a broader attempt to assess the priorities and service expectations of our wider community, across all areas of performance, Council has commissioned detailed surveys through the company Micromex Research Consultants. They undertook extensive telephone surveys in 2009, 2013, 2015 and 2017.

This survey concentrated on establishing the community's assessment of the importance of, and their satisfaction with, a number of services (52 in total). A scale of 1 to 5 was used in all rating questions where 1 was the lowest importance or satisfaction, and 5 was the highest importance or satisfaction.

Separately, comprehensive community surveys were undertaken in 2010, 2013, 2015 and 2017 using a mix of phone and face to face surveys. The 2017 results for building services are summarized in Table 4.

Table 4: Survey results for Buildings Services

Service	Importance	Satisfaction	Performance Gap
Medical Facilities	4.95	3.70	1.25
Youth services & facilities	4.00	3.15	0.85
Children services & facilities	4.20	3.50	0.70
Community centres & community halls	4.10	3.50	0.60

Source: Community Research, Micromex Research (October 2017)

4.3 Strategic and Corporate Goals

The Building AMP is prepared under the direction of Council's Vision, Charter and Corporate Values. It is intended to expand on the strategies defined in Council's Publication "Community Strategic Plan 2032". Table 5 shows the areas of focus and key objectives.

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

Table 5: Building Asset Objectives

Focus Areas	Objectives
Customer Service	Meet Levels of Service to which customers have agreed and can afford
	Establish affordable service areas and solutions
	informed and be responsive to its needs
	Community consulted and considered on all major expenditure decisions
Financial Management	Evaluate options to achieve capital and maintenance programs with affordable rates and relatively low levels of reserves
	Set up the sewer fund as an independent business
	Promote and assist establishment of industry and developers in the Upper Hunter Shire Council area
Asset Management	Ensure reliable, secure and cost effective service using latest technology
	Ensure the system provides levels of service agreed
	Provide a Capital Works Program which supplies system needs
Human Resources	Maintain a capable, motivated and skilled workforce
Environment	Manage the system to prevent adverse environmental impacts
	Promote and assist establishment of industry and developers in the Upper Hunter Shire Council area.

4.4 Legislative Requirements

Council is required to adhere to many Federal and State Government legislative regulations and requirements as shown in Table 6.

Table 6: Legislative Requirements

Legislation	Requirement
Local Government Act, 1993 and Local Government (General) Regulation 2005	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.
National Asset Management Framework Legislation 2010	Focuses on long term financial sustainability and provides a mandate to have long term strategy, financial statements and annual reporting mechanisms. AM plans are likely to be audited.
OLG Integrated Planning NSW	Key requirement is to integrated community plans with operational and delivery plans.
Protection of Environment Operations (POEO) Act, 1997	Under the POEO Act, it is an offence for the operator of any facility to cause pollution, including odour.

Legislation	Requirement
Building Code Australia	Code of Practice relevant for all building design & construction.
Australian Standards & Codes of Practice	Referenced in the Building Code of Australia. Governs a vast range of building construction & management.
Heritage Act	Protection of historic buildings, structures & precincts.
WHS Act and Regulations	Council must ensure a safe workplace for all its employees and the public
Disability Discrimination Act	Sets out the responsibilities of Council and staff dealing with access and use of public infrastructure.
Planning & Development Act	Defines the land use and zoning in relation to building infrastructure.

4.5 Current Levels of Service

We have defined service levels in two terms.

Community Levels of Service

This measure how the community receives the service and whether the organisation is providing community value.

Community levels of service measures used in the AMP are:

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

Technical Levels of Service

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

Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services to meet legislative requirements and environmental outcomes.
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition (e.g. repair damaged building)
- Renewal – the activities that return the service capability of an asset up to that which it had originally (e.g. building replacement).
- Upgrade – the activities to provide a higher level of service (e.g. widening a building, or a new building that did not exist previously).

The building levels of service are summarised in Table 7. The full levels of service (LOS) table including performance measures and targets are detailed in Section 8.2.

Table 7: Building Customer LOS

Key Service Attribute	Customer LOS
Safety	Facilities are safe and free for hazards
Quality	Ensure that buildings are attractive and accessible
Accessibility	Council's high use public building to be made accessible to all
Sustainable -Environmental performance	Provide a network that meets customer requirements
Sustainable -Cost Effectiveness	Provide service in a cost effective manner
Function	Facility is fit for purpose. Building is available when needed, clean and maintained adequately according to user requirements.
Responsiveness	Availability of maintenance in the case of failure of useability of the building

4.6 Desired Levels of Service

Indications of desired levels of service are obtained from community consultation/engagement. The building asset management planning process includes the development of scenarios to assist in planning future levels of service that are financially sustainable, and provide what the community wants at an affordable price.

The rollout of building assets to a number of new areas is considered during a review of councils Strategic Business Plan, which includes detailed and long term financial modelling of options for service extensions.

5 FUTURE DEMAND

5.1 The Shire's Growth

The total population of Upper Hunter Shire as reported by the 2016 Census was 14,350. Population projections for the Shire, as published by the NSW Department of Planning and Infrastructure, are shown in Table 8: Population Projections for Upper Hunter Shire reflecting an average annual growth rate of -0.50 % pa.

Table 8: Population Projections for Upper Hunter Shire

Population	2016 Census	2021	2026	2031	2036	2041	Total Change	Annual % Change
UHSC	14,350	14,200	13,950	13,600	13,200	12,700	-1,650	-0.50%

Source: Population Estimates & Projections for Local Areas NSW; NSW Planning & Infrastructure, 2019

5.2 Demand Forecast

The key factors that directly impact the demand for Building infrastructure are:

- population growth
- demographic changes
- residential development
- extension of services to towns and villages

Demand factor trends and impacts on service delivery are summarised in Table 9.

Table 9: Demand Factors

Demand factor	Present position	Projection	Impact on services
Population	Upper Hunter Shire Council's population in 2016 was 14,350	Upper Hunter Shire Council's population is predicted to decline over the next 10 years.	Negative growth rate will have a small decrease in demand
Demographics	28.6% of the Shire's population is aged between 15 – 39 years. This is lower than the national average of 35.5% and can be attributed to fewer job opportunities and lack of higher educational institutions in the area	The percentage of the population in this age group is expected to remain static or increase slightly.	Insignificant
Residential development	Low growth rate reflects demand for residential development	Future growth rate is likely due to the proximity to the coal mining industry	Small increase in demand on services
Climate Change	Extremes increasing	More frequent extreme weather events and increased exposure to radiation effects.	More rapid deterioration of building, increasing frequency of inspections and maintenance and repairs.

5.3 Changes in Technology

Technology changes are forecast to affect the delivery of services covered by this plan as shown in Table 10.

Table 10: Changes to Technology

Technology Change	Effect on Service Delivery
Australian Standards/guidelines continuously updating.	Puts today's "acceptable" to a "redundant" to meet new requirements especially in legal terms. Legal compliance drives renewal and supervision compliances.

Technology Change	Effect on Service Delivery
Improvements in material and design of various components	Changes to compete and meet demand expectations which may increase the life of building components, reducing the susceptibility to damage, or by reducing the cost of construction or maintenance.
Change in building construction methods and the materials used	May increase the life of building components, reducing the susceptibility to damage, or by reducing the cost of construction or maintenance.
Implementation of electronic asset management system	Key areas of concern in service delivery will be identified and addressed as implementation progresses and more data becomes available on level of service criteria. Service provision is also expected to become more efficient, enabling increased service delivery.
Improvements in data capture, analysis and monitoring	Accurate and up-to-date asset registers will lead to more accurate works planning and financial data. This will enable a more pro-active approach in asset management.
Introduction of new machinery	Reduced costs, improved productivity and WHS
Renewal treatments	Increased residual life and lower lifecycle costs

5.4 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 to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Opportunities identified to date for demand management are shown in Table 11. Further opportunities for demand management will be developed in future revisions of this AMP.

Table 11: Demand Management Plan

Service Activity	Demand Management Plan
Community engagement	Engage with the community to identify justifiable community needs from other expectations and consider only community needs consistent with Council's Charter.
Customer requests	Analyse customer requests to optimise the use and performance of existing road services and look for non-asset based solutions to meet demand for services
Functional serviceability of all buildings.	Review of all Council's building assets to determine the suitability in line with service function.

Service Activity	Demand Management Plan
Higher demands on the level of service and delivery of sustainable service levels.	Develop strategies to ensure service levels meet the expectations of the community and costed which include:
	Responsively address ongoing maintenance and repair needs;
	Planned electrical, air-conditioning, plumbing and fire protection equipment maintenance; •
	Pest control;
	Provide replacement components as required
	Reactive maintenance of structures including floor coverings;
	Material painting to meet acceptable service standards;
	General repairs undertaken and graffiti removed.
Reduction or deferral of the acquisition of new assets.	Determine the creation of any new building asset against whole of life costs and building function.
Energy consumption	A review of water and electricity consumption in association with the effects of global warming on all community buildings with hirer and lease agreements to identify strategies to reduce consumables.

5.5 Asset Programs to meet Demand

The new assets required to meet growth will either be acquired free of cost from land developments (in most cases) or funded by Section 94 contribution plans and constructed by the Council or its nominated contractor.

The cumulative value of new contributed and constructed asset values have not been considered in any detail in this plan, as the historical and expected growth rates for Council have not been particularly high, and would not be considered to have any significant impact in the 10-year horizon of this plan.

Acquiring these new assets will commit the organisation to fund ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs will be more accurately identified, and options considered, as part of the revision process. In particular, there will be full financial provision for maintenance and renewal costs of these new assets in the revised financial plan. This information will be incorporated in future versions of the Building AMP.

5.6 Growth and Demand Assumptions

The key growth and demand assumptions are as follows:

- Population projections are based on Population Estimates and Projections for Local Areas NSW; NSW Planning and Infrastructure, 2019.

- Projections have been based on historic census data and it has been assumed that the trends that have been observed will continue.

6 LIFECYCLE MANAGEMENT PLAN

Overview

The lifecycle management plan details how Council plans to manage and operate the building assets at the agreed levels of service defined in Section 3 while optimising life cycle costs. The building assets are maintained and developed in a way that is fit for purpose and sustainable over time and consistent across the Shire.

Council's key asset management principle is meeting the service levels and managing risk while minimising whole-of-life costs. It is important that asset lifecycle costs are considered in decision making as they are typically several times greater than the initial development costs.

The Asset Lifecycle

Figure 3 below provides a graphical representation of the asset lifecycle including each of the stages an asset passes through during its life.

Figure 3: Asset Lifecycle



6.1 Background Data

6.1.1 Physical parameters

The summary of the building asset classes covered by this AMP are shown in Table 12. The most recent information available for the quantities and total values are detailed in Section 8.

Table 12: Building asset classes

Building Asset Class
Administration
Public Order
Community Services
Housing
Recreation & Culture
Transport
Economic
Environment
Non-Specialised

Currently the financial system does not readily enable the identification of individual operation, maintenance, renewal and capital costs for a particular asset. It is therefore difficult to track trends in the various costs for each building or building group. The system does however provide details on the combined operational and maintenance expenditures for an asset group. These details have been extracted and analysed to allow identification of the different expenditure classes. This is currently under review so that each building asset can be readily identifiable within councils financial and asset management systems.

The building assets are also recorded as a single entity which only provides limited information, overall condition ratings and averaged useful lives. As part of the review process and implementation of the electronic asset management system each building asset will be componentised to a level that provides detailed information for expenditure (maintenance, operational and capital), yearly depreciation and accepted useful lives.

6.1.2 Asset Capacity and Performance

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

Council's building assets would have been designed to meet the current standards applicable at the time of construction, taking into account forecast growth. This may mean that some of the older structures may need to be re-assessed to determine if their loading capacity is adequate and relevant to today's building design standards and traffic composition. Building capacities may need to be assessed as part of Councils floodplain risk management processes for emergency access.

Locations where significant deficiencies in service performance are known are detailed in Table 13.

Table 13: Known Service Performance Deficiencies

Location	Service Deficiency
Various with major urban areas	No significant deficiencies noted however disabled access to be reviewed .

6.1.3 Asset condition

Condition surveys

Asset condition is an important determinant for Council's asset renewal planning. Condition is monitored through failure statistics, routine maintenance inspections and customer requests. The frequency of condition assessments will depend on a number of factors including the age, life, risk and criticality of the asset.

The visual condition assessments are measured using a 1-5 rating system as shown in Table 14.

Table 14: Visual Condition Assessment

Rating Scale	Condition Description
1	A near new asset with no visible signs of deterioration
2	An asset in a very good overall condition but with some early stages of deterioration evident.
3	An asset in fair overall condition. Deterioration in condition would be obvious and there would be some serviceability loss.
4	An asset in poor overall condition. Deterioration would be quite severe and would be starting to limit the serviceability of the asset. Maintenance costs would be high.

Rating Scale	Condition Description
5	An asset in extremely poor condition with severe serviceability problems and needing rehabilitation immediately. There would be an extreme risk in leaving the asset in service.

Buildings have a vast range of factors that influence their usability. From an asset management perspective the various factors fall into one of the following groups:

- fitness for use
- fitness for purpose

Fitness for use is a measure of a building's physical condition relative to its condition when first constructed or refurbished. This measurement takes account of the current condition of the building structure, architectural finished and services supporting the building use by the occupants. Fitness for use has been the basis of the building condition audit undertaken. When rating fitness for use, Council uses a standard scale 1 – 5, where 1= new and 5 = total deterioration.

Table 15: Visual Condition Assessment

Rating Scale	Condition Description
1	Excellent – little to no maintenance required (planned maintenance)
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

Fitness for purpose is a measure of a buildings match to its current or intended use. It considers the minimum feature set required and additional features desirable to enhance the usability of a building asset. Fitness for purpose is tied to the use of a building asset rather than the asset itself and takes account of changing requirements for different features over time. In terms of fitness for purpose, a building initially fit for its intended purpose may cease to be so as standards and expectations change.

Condition assessment

A desktop assessment of asset condition has been completed for the purposes of developing this AMP. Periodic building condition assessments are critical in keeping a grasp on the condition of a building asset's various components. Council undertakes asset condition inspections on a yearly basis to give a snap shot of the condition of each of the following asset category.

This high level assessment of asset condition is summarised in Table 16. Note that the percentages are based on gross replacement costs.

Table 16: Assessed Building asset condition summary

Building asset class	Asset condition grade				
	1	2	3	4	5
Buildings	53.3%	45.0%	0.0%	0.0%	0.0%

6.1.4 Asset valuations

The value of assets as at 30 June 2021 covered by this asset management plan is summarised below. Assets are valued at Brownfield rates with the unit rates for each asset type based on recent similar construction projects.

Current Replacement Cost	\$58,570,132
Accumulated Depreciation	\$18,156,484
Written Down Value	\$40,393,648

The assets recorded in the asset register are on a valuation basis with any additions constructed by Council for new and/or renewed assets, since this valuation, recorded at cost or for any assets received by Council on an “in-kind” basis from property developer’s (i.e. free of cost to Council) valued using industry data to estimate the cost of their construction. It also noted that where applicable, adjustments are made to the asset register for the value of any corresponding redundant assets that have been renewed.

The write-down of assets is based on the useful life of the asset class within their asset lifecycle. This predominantly entails the use of a consumption based curve which shows an increase in the deterioration of the asset in the later part of its lifecycle as depicted in figure 4.

Asset revaluations are required to be completed by Council’s on a 5-year cycle (at a minimum) in accordance with the “Local Government Code of Accounting Practice and Financial Reporting”. This revaluation considers the suitability of design, useful life and condition assessment of the asset components that are being revalued. It also uses industry specific data to estimate the current replacement cost of the assets held.

Useful lives were last reviewed in June 2017 as part of the revaluation process with the assets to be reviewed again in 2022/23 in line with the revaluation cycle as set by the Office of Local Government.

Key assumptions made in preparing the valuations were:

- Industry standard design lives are used for all asset classes
- NSW Reference rates used for most assets replacement cost estimate.

There has been no major variation to the revaluation processes since the last Council adopted Asset Management Plan other than the change in methodology for asset write-down from a straight line method to consumption usage method which provide a more realistic approach for the deterioration of the asset.

6.2 Infrastructure Risk Management Plan

The objective of the risk management process with regards to building assets is to ensure that

- All significant operational and organisational risks are understood and identified.
- The highest risks that need to be addressed in the short to medium term are identified.
- Strategies and treatments to address risks are identified and applied.

An assessment of risks associated with service delivery from infrastructure assets has identified the most critical risks to Council. The risk assessment process identifies and assesses risks, develops a risk rating and develops a risk treatment plan for non-acceptable risks.

The key risk management criteria relating to Council’s building assets include:

- Public health and safety

- Service provision
- Environmental and legal compliance
- Security, theft and vandalism
- Business interruption
- Financial risk (escalating costs in deterioration)
- Asset damage through storms, flooding, water damage or events such as accidents.

Risk identification for building assets can be identified from a number of resources such as:

- Routine inspections
- Reports and complaints from general public
- Information obtained from incidents
- Advice from professional bodies
- Past experience.

Once risks have been assessed and rated, the most significant risks (those rated as high or extreme) are isolated for treatment/control. Those identified as moderate or low will continue to be monitored and reviewed if circumstances change.

Options to treat risk posed by building assets include (but not limited to):

- risk elimination
- reduction in the cause or likelihood of the event occurring
- reduction in the consequence or severity of the event if it were to occur
- increasing the maintenance regime
- initiating council improvements
- changing operating processes and procedures
- sharing the risk through insurance or contracts
- doing nothing and accepting the risk

Asset risks have been identified for the building activity using the NAMS risk management framework including the likelihood and consequence tables. The full activity risk register is detailed in Appendix E.

Table 17 shows the very high (VH), high (H) and medium (M) risks identified (top 3 only shown), the current controls and additional controls through mitigation strategies which will be implemented to result in the mitigated risk rating.

Table 17: Critical Risks and Treatment Plan

Asset at Risk	What can happen	Risk Rating	Risk treatment plan
All Buildings	Deterioration of building assets	H	Ensure regular inspections are carried out as Preventive Planned maintenance and faults identified rectified within time lines.
	Significant loss from disaster	M	Keep insurances current. Develop a process to ensure the insured values reflect the actual valuations.

Asset at Risk	What can happen	Risk Rating	Risk treatment plan
	Injury to staff or community member	M	Prioritise capital and renewal works based on condition.
			Allocate applicable funding and resources.
			Ensure staff and community are notified and aware of specific dangers
	Non-compliance with legislation or regulations	L	Undertake regular inspections and maintenance.
			Non-Compliance works to be given priority
Building Containing Asbestos Products	Asbestosis / Mesosoma	H	Staff Awareness & Training / Maintenance / Inspection Program - Removal where identified

6.3 Routine Operations and Maintenance Plan

Operations include regular activities to provide services at the agreed service levels.

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. Maintenance includes reactive, planned and cyclic work activities.

6.3.1 Operations and Maintenance Plan

Maintenance includes reactive, planned and cyclic maintenance work activities.

- Reactive maintenance is unplanned repair work carried out in response to service requests, risk assessment priorities and management/supervisory directions. Assessment and prioritisation of reactive maintenance is undertaken by Council staff using experience and judgement, and risk management procedures.
- Planned maintenance is repair work that is identified and managed through a maintenance program. 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.
- Cyclic maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting. This work generally falls below the capital/maintenance threshold.

Maintenance expenditure trends are shown in Table 18.

Table 18: Maintenance Expenditure Trends

Maintenance Expenditure	
Planned and Specific	Unplanned
40%	60%

Planned/cyclic maintenance work is approximately 40% of total maintenance expenditure depending on the frequency and intensity of natural disasters which occur during the year. It is Council's goal to increase this amount progressively and reduce the amount of reactive maintenance, which should then provide operational cost savings, and maximised asset performance.

The assessment and prioritisation of reactive maintenance is undertaken by Council staff using professional experience and judgement.

6.3.2 Operations and Maintenance Strategies

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

- Scheduling operations activities to deliver the defined level of service in the most efficient manner
- Maintain and review on an annual basis a current infrastructure risk register for assets. 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
- Review management of operations and maintenance activities to ensure Council is obtaining best value for resources used

6.3.3 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.

A high level criticality assessment has been completed for Council's infrastructural asset groups including building assets. Different building asset elements were assessed as high, medium or low criticality rating and are detailed in Table 19. The next step is to identify and rank the critical assets using this methodology across the asset inventory.

Table 19: Critical Building Assets

	High	Medium	Low
Civic Purpose	Yes		
Size	Large	Medium	Small
Multipurpose	>4 users	3 - 2 users	1 primary user
Frequency of Use	Daily	3 - 4 time per week	1 - 2 time per week

	High	Medium	Low
Hazardous Materials Stored Onsite	Yes		

6.3.4 Standards and Specifications

Maintenance work is carried out by council staff.

6.3.5 Future Maintenance Expenses

Future maintenance costs are forecast to trend in line with the value of the asset network, plus an allowance for increase in levels of service over the planning period. Asset values are forecast to increase as additional assets are added to the asset network from construction and acquisition by Council and from assets constructed by land developers and others that are donated to Council.

6.4 Renewal/Replacement Plan

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

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

6.4.1 Renewal plan

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

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

- heating, cooling and air conditioning units
- roofs, downpipes and ceilings
- electrical system and wiring
- floors and floor coverings
- plumbing systems (new cisterns, hand basins)
- doors, windows etc. and
- replacement of internal partitioning

6.4.2 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
- evaluate the options against evaluation criteria adopted by Council
- 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.

6.4.3 Renewal standards

Renewal work is always carried out to current standards and capacity unless a reduced capacity can be justified.

6.4.4 Summary of future renewal expenditure

Future renewal costs are forecast to increase over time as the asset network ages and traffic loading and use increases. Renewals are to be funded from the council’s capital works program and grants where available, see appendix B.

6.4.5 Impact of Deferring Renewal Works

Renewal works identified in terms of renewal strategies may be deferred if the cost (or aggregate cost) is beyond the current financial ability to fund it. This can occur when there are short term renewal profile peaks, or higher priority works are required on other infrastructure asset groups.

When renewal works are deferred, the impact of the deferral on the assets ability to still provide the required level of service will be assessed. Although the deferral of some renewal works may not impact significantly on the short-term operation of the assets, repeated deferral will create a liability (backlog) in the longer term.

6.5 Creation/Acquisition/Upgrade Plan

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

6.5.1 Selection criteria

The strategy for Council acquiring new building assets or undertaking significant refurbishment is to firstly complete a project proposal and business case which addresses issues such as:

- relevance to corporate goals
- community need
- anticipated benefits
- environmental impacts

- risk identification and treatment
- total lifecycle costs
- impact on existing services
- forecasted usage rates and
- value for money

6.6 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. It is unlikely that any building would be disposed of while it is still in service. Demolition and disposal of building assets will occur during the replacement process. Any sale of buildings is subject to Council's Policy - Disposal of Surplus Council Land and Buildings.

7 FINANCIAL SUMMARY

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

The improvements proposed for condition monitoring and establishing more accurate useful lives for the Building system will be an input into that process also.

7.1 Financial Projections

7.1.1 Financial Summary Overview

The projected expenditure necessary to provide the services covered by this Buildings AMP includes operations, maintenance, renewal and upgrade of existing assets.

The total amount of forecasted expenditure for building operations, maintenance and capital works for the next ten years will be approximately \$34 million (as shown in Figure 1) with annual forecasted expenditure varying between \$3.2 to \$4 million per annum.

Forecasted operational expenditure for the ten-year cycle will be approximately \$31.5 million which equates to 92.54% of the total forecasted expenditure and capital expenditure approximately \$2.5 million which equates to 7.46%.

The capital expenditure is separated into three categories being Level of Service (LOS), growth and renewals.

- Level of Service (LOS); which increases the service level delivered by the assets. This accounts for approximately \$1.3 million or 50% of total capital expenditure.
- Renewal; which replaces the asset as new. This equates to approximately \$894,065 or 35.23% of total capital expenditure.
- Growth; refer to the expansion of the existing asset network. This accounts for approximately \$375,000 or 35.23% of total capital expenditure.

Whilst the operational expenditure remains relatively consistent over the ten-year cycle with increases relating primarily to general price indexation and increments in depreciation and insurance through increased asset values, the capital works schedule is sporadic with significant capital works anticipated in the current year 2021/22 and again in 2022/23.

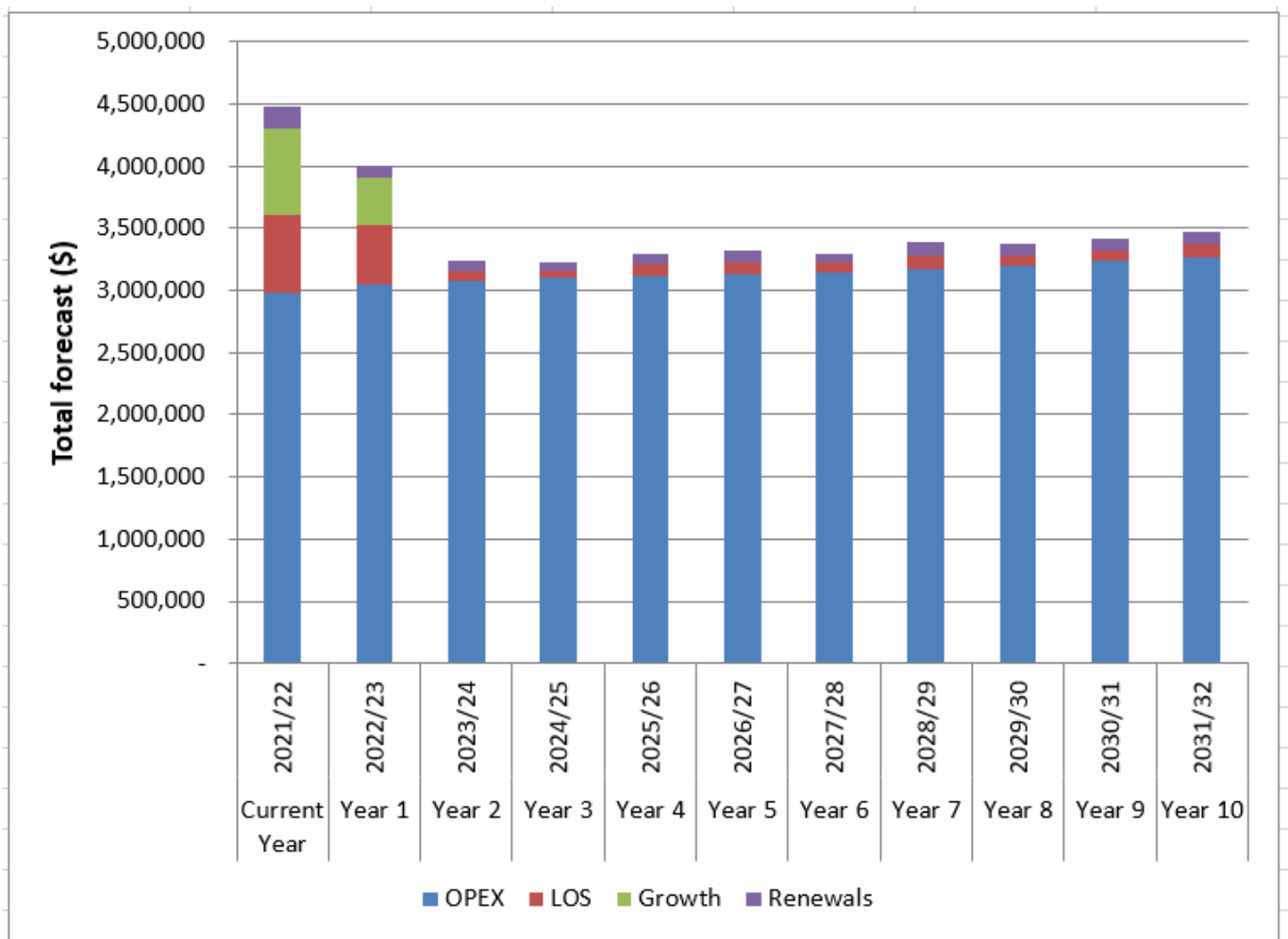


Figure 5: Summary of Building Total Expenditure Forecast



Table 20: Summary of Buildings Total Expenditure Forecast

Building Summary	Current year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
OPEX	2,977,048	3,054,242	3,074,647	3,097,959	3,119,945	3,135,497	3,150,294	3,165,885	3,192,990	3,232,785	3,267,696	31,491,940
LOS	628,881	473,550	83,524	64,764	87,916	92,967	73,103	111,024	90,162	89,642	102,414	1,269,065
Growth	701,310	375,000	-	-	-	-	-	-	-	-	-	375,000
Renewals	168,479	98,550	83,524	64,764	87,916	92,967	73,103	111,024	90,162	89,642	102,414	894,065
TOTAL	4,475,718	4,001,342	3,241,695	3,227,487	3,295,777	3,321,430	3,296,499	3,387,933	3,373,314	3,412,069	3,472,524	34,030,070

7.1.2 Operational expenditure summary

The recommended ten-year operational expenditure forecast is shown in Table 21 with \$31.5 million forecast over the next ten years. This shows that depreciation charge is 36.94% of the total operations expenditure, followed by overhead costs at 15.35% and building maintenance at 8.5%.



Table 21: Summary of Buildings Operational Expenditure

Buildings's OPEX Summary	Current year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
Operating Expenditure												
Direct asset costs												
Administration - Building Maintenance	39,600	40,000	41,275	42,536	43,778	44,892	46,034	47,205	48,406	49,638	50,501	454,265
Community Services & Education - Building Maintenance	111,673	117,184	120,976	124,763	128,539	131,818	135,182	138,631	142,169	145,797	149,518	1,334,577
Economic Affairs - Building Maintenance	77,910	117,910	114,500	118,098	121,619	125,049	128,217	131,466	134,797	138,213	141,716	145,308
Housing & Community Amenities - Building Maintenance	14,750	13,800	14,225	14,635	15,027	15,405	15,793	16,191	16,598	17,016	17,445	156,135
Public Order & Safety - Building Maintenance	18,200	19,450	20,056	20,647	21,222	21,764	22,321	22,892	23,477	24,078	24,693	220,600
Recreation & Culture - Building Maintenance	24,470	24,400	25,177	25,947	26,709	27,394	28,097	28,817	29,557	30,315	31,053	277,466
Recreation & Culture - Old Court Theatre Building Maintenance	3,000	9,000	9,283	9,560	9,831	10,082	10,340	10,604	10,875	11,153	11,438	102,166
Indirect asset costs												
Depreciation	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	11,633,680
Administration Overheads	383,970	421,296	436,041	451,302	467,098	478,776	490,746	503,014	515,590	528,479	541,691	4,834,033
Utilities	822,249	846,436	871,830	895,803	918,199	941,153	964,684	988,800	1,013,521	1,038,858	1,064,829	9,544,113
Building Loans	317,858	281,398	257,916	231,300	204,555	175,796	145,512	114,897	94,632	85,870	71,444	1,663,320
TOTAL	2,977,048	3,054,242	3,074,647	3,097,959	3,119,945	3,135,497	3,150,294	3,165,885	3,192,990	3,232,785	3,267,696	31,491,940

7.1.3 Capital expenditure

There is a total of \$2.5 million for capital expenditure for the next ten years as shown in Table 20. Total annual renewals fluctuate between years with a ten-year average at approximately \$89,406 per annum for building assets. It is estimated that 50% of the capital expenditure is for LOS works, 15% for new growth building assets and 35% on renewals of existing building assets. The full capital expenditure program is detailed in Appendix B.

7.2 Forecast Reliability and Confidence

The expenditure and valuations projections in the Building AMP are based on the 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 in accordance with Table 21.

Table 21: Data Confidence Grading System

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

The estimated confidence level for and reliability of data used in Building AMP is shown in Table 22.

Table 22: Data Confidence Assessment for Data used in AMP

Data	Confidence Assessment	Comment
Demand drivers	C	
Growth projections	C	Multiple scenarios developed and considered during 30 year financial modelling
Operations expenditures	B	Current levels generally known and recorded, scenarios considering additional resourcing need to be developed
Maintenance expenditures	B	Generally known but maintenance history not recorded at asset ID level. Need to start recording work history to asset lengths in CONFIRM to improve renewal planning.
Projected Renewal exps. -Asset values	B	Asset revaluation completed in June 2020. Major revaluation scheduled for every five years and due 2025/26.
- Asset useful lives	B	Useful lives were last reviewed in June 2015 and will be reviewed in 2019/20 prior to the major asset revaluation.

- Condition modelling	E	There has been limited condition information collected and therefore no modelling undertaken to date.
- Network renewals	C	Generally sound renewal programs based on operational knowledge and identified defects.
- Defect repairs	C	
Upgrade/New expenditures	B	Based on specific studies and/or designs.
Disposal expenditures	C	Generally, as part of a capital project or at asset component level for complex assets. Disposal costs are generally included as part of the capital project.

Over all data sources, the data confidence is assessed as reliable confidence level for data used in the preparation of this AMP.

8 PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices

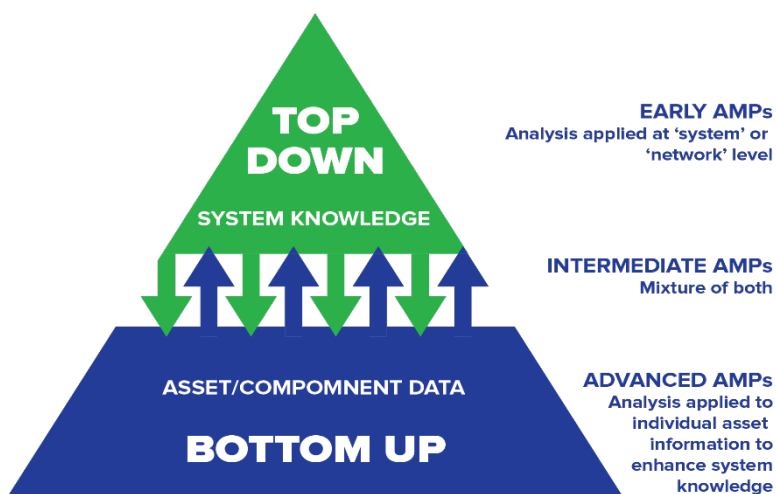
Asset Management Commitment

Through the initiatives presented in this section, Council is committed to appropriate asset management practices. This practice is being developed in line with the IPWEA NAMS practice as presented the suite of asset management publications including the 2015 IIMM. Council is committed to delivering the most appropriate levels of service balanced with affordability and good industry practice.

Core and Advanced Asset Management

This plan is prepared as a 'core' AMP over a 10 year planning period in accordance with the 2015 IIMM. 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 as shown in Figure 6.

Future revisions of this AMP will move towards 'intermediate' 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:



6: Core versus advanced asset management status

8.1.1 Accounting and financial systems

Council uses the Authority suite for its financial / accounting systems. Responsibility for the financial system lies with the Finance Manager and the Director of Corporate & Community Services. Council currently has a maintenance/capital threshold.

Council manages and is responsible for all of the accounting, budgeting and financial aspects of all of its assets. The primary issue for the financial systems section is to:

- Ensure that asset valuations are conducted regularly
- Valuations match what is out in the field
- Ensure that updates to the system are regularly undertaken.

Accountabilities for financial systems

Under the Local Government Act 1993 the Finance Section of Upper Hunter Shire Council must meet reporting requirements. These include budget reviews with all AMP sections within the Council. They also must provide an annual report outlining the year's achievements, in terms of meeting its objectives and performance targets as it had set out. This document also outlines the amount of expenditure required to meet the standards set in the asset plans, the amount of annual maintenance required to keep the assets at the level of service specified, and Upper Hunter Shire Council's maintenance program for the year in relation to the work carried out.

Accounting standards and regulations

To effectively account for the Building assets of Upper Hunter Shire Council, the Finance Section must meet statutory and regulatory reporting protocols. These protocols are addressed in the Local Government Act 1993.

Capital/maintenance threshold

Renewal or enhancement works over \$5,000 are capitalised.

8.1.2 Asset registers and management systems

Council uses the asset management software “CONFIRM” which is supplemented by spreadsheets and the Records database “TRIM” documentation. There is a need to obtain more sophisticated reports from CONFIRM, and also to increase the skills and training of a number of Council officers who either presently, or could in future, use the CONFIRM system. Currently, there is a link between asset management systems and accounting systems. In order for this AMP to grow in maturity and improve in accuracy it is vital that integration of asset register systems and financial systems be further improved.

Required changes to asset management system arising from this AMP

- Condition monitoring and obsolescence to be accounted for and recorded
- The link between the financial plan, asset plan and the works order system will be addressed in the future
- Establish recording systems where reactive maintenance can be measured in terms of frequency and scope of work undertaken
- For CONFIRM, improve the provision for, and records contained, in the large single point assets.

8.2 Action and Improvement Program

Key improvement programmes and associated projects have been developed through a review of the gaps in developing this draft AMP and the issues identified. The improvement programme is summarised in Table 23.

Table 23: Improvement Plan Summary Programme

AM Improvement Area	Action	Indicative Timeframe	Priority	Responsibility
Asset Data	Develop a regime covering inspection program and reporting and recording mechanisms.	2021/22	Very High	Strategic Assets
Asset valuation	Review the currently used asset useful lives prior to the next major asset revaluation.	2021/22	High	Strategic Assets
Asset capability	Implement adequate resourcing and capability for updating the building asset inventory, collection of asset repair data, and updating asset condition assessment records.	2021/22	Very High	Strategic Assets
Renewal planning	Undertake proactive and regular analysis of the building assets and history.	2021/22	High	Strategic Assets, Operations
	Revise and improve the effectiveness of the current Building renewal program	2021/22	High	Strategic Assets

AM Improvement Area	Action	Indicative Timeframe	Priority	Responsibility
Risk management	Develop an Emergency Response Plan for the critical Bridge assets.	2021/22	High	Strategic Assets, Internal Auditor/Risk Co-ordinator
Systems Improvements	Maintenance Service Agreement – review current levels of service, covering maintenance activities and service standards, to reflect the work undertaken with the current budget	2021/22	Very High	Strategic Assets, Information Technology, Operations

8.3 Monitoring and Review Procedures

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

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

8.4 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 AMP are incorporated into the organisation'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 AMP
- 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 organisation's Strategic Plan and associated plans

9 LATEST ASSET and LOS INFORMATION

9.1 Building asset summary

A summary of the Council's building assets values is below as at 30 June 2021 are shown in Table 24.

These building assets have been categorised into the respective Council service areas in which they relate.

Table 24: Value of Building asset classes

Building Asset Class	Current Replacement Value (\$)	Accumulated Depreciation (\$)	Written Down Value (WDV) (\$)
Administration	10,967,117	3,415,578	7,551,539
Public Order	3,359,140	815,644	2,543,496
Community Services	8,303,448	2,900,860	5,402,588
Housing	1,467,428	551,238	916,190
Recreation & Culture	21,763,861	7,958,397	13,805,464
Transport	108,600	21,758	86,842
Economic	11,976,518	2,440,129	9,536,389
Environment	289,020	52,880	236,140
Non-Specialised	335,000	27,356	307,644
TOTAL	58,570,132	18,156,484	40,393,648

9.2 Service Level Summary

The levels of service and performance measures for building assets have not been determined but will be included in future versions of the AMP.

9.3 Infrastructure Asset Performance Indicators

The asset performance indicators are summarised in Table 25. The ten asset ratio forecasts based on three year rolling averages are detailed in Appendix D.

Table 26: Asset performance indicators

Ratio	Purpose	2020/21	Benchmarks	Achieved	Comments
Infrastructure Renewals Ratio	To assess the proportion spent on infrastructure renewals vs infrastructure deterioration	33.50%	>100%	No	Building assets are ageing and significant investment and focus on renewals is required.

Ratio	Purpose	2020/21	Benchmarks	Achieved	Comments
Infrastructure Backlog Ratio (estimated cost to bring the assets to a satisfactory condition/ value of assets)	To assess the infrastructure backlog against the total value of council's infrastructure	1.89%	<2%	Yes	Majority of assets are in condition 3 or higher. Though assets are aging and will require further renewal expenditure.
Asset Maintenance Ratio	To assess the actual vs required annual maintenance expenditure	113%	>100%	Yes	Majority of assets are in condition 3 or higher. Although assets are aging and will require further maintenance expenditure.
Capital Expenditure Ratio (assessed as annual capital expenditure/ annual depreciation)	To assess the extent to which council is expanding its asset base through capital expenditure (on both new assets and through replacement of existing assets)	1.9	>1.1	Yes	The first year meets the benchmark but after that there is a significant shortage.

10 REFERENCES

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

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

IPWEA, 2015, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/IIMM

(Refer to Section 2.1 for relevant Council's documents in relation to this AMP).

11 APPENDICES

- Appendix A Acronym Glossary
- Appendix B Projected 10 Year Capital Renewal, Replacement and New Works Program
- Appendix C Operational Expenditure
- Appendix D Forecast of Asset Ratios to Local Government benchmarks
- Appendix E Building Services Activity Risk Register
- Appendix F Glossary/ Definitions

Appendix A - Acronym Glossary

Acronym	Definition
AAAC	Average annual asset consumption
AM	Asset management
AMP	Asset management plan
AMS	Asset management system
BASIX	Building Sustainability Index
CRC	Current replacement cost

Acronym	Definition
CRM	Customer Request Management system
DA	Depreciable amount
DRC	Depreciated replacement cost
DPI	Department of Primary Industries Water
DPOP	Delivery Program and Operational Plan
EF	Earthworks/formation
IIMM	International Infrastructure Management Manual
IWCM	Integrated Water Cycle Management Plan
LCMP	Lifecycle Management Plan
LOS	Levels of Service
LTFP	Long term financial plan
MMS	Maintenance management system
POEO	Protection of Environment Operations Act
RV	Residual value
WARR	Waste Avoidance and Recovery Act
WDV	Written Down Value

Appendix B: Projected 10 year Capital Renewal, Replacement and New Works Program

PROJECT DESCRIPTION	TYPE OF WORKS			COST OF RENEWALS	TOTALS	Current Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total 10 Years
	Improved LOS	Growth	Renewals			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
BUILDING CAPITAL PROJECTS																	
1200. Scn Depot Yard Upgrades	50%		50%	135,598	271,195	20,000	20,000	20,630	21,254	21,871	22,440	31,000	32,000	33,000	34,000	35,000	271,195
4206. Merriwa Depot Upgrades	50%		50%	85,057	170,113	20,000	15,000	15,468	15,924	16,367	16,785	17,213	17,652	18,102	18,564	19,038	170,113
0727. Admin Capital Works - Scn	50%		50%	56,378	112,756	10,000	10,000	10,300	10,583	10,848	11,119	11,397	11,682	11,974	12,273	12,580	112,756
4013. Upgrade Storage Facilities	50%		50%	25,400	50,800	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,800	5,000	50,800
1101. Hostel Air Conditioning Upgrade	50%		50%	-	-	10,000	-	-	-	-	-	-	-	-	-	-	-
4043. Hostel Room Upg on Changeover	50%		50%	28,190	56,380	2,500	5,000	5,150	5,292	5,424	5,560	5,699	5,841	5,987	6,137	6,290	56,380
4552. Bed & Furniture Replacement	50%		50%	45,000	90,000	10,000	-	-	-	-	30,000	-	30,000	-	30,000	-	90,000
4805. Hostel equipment upgrades	50%		50%	84,568	169,136	1,190	15,000	15,450	15,875	16,272	16,679	17,096	17,523	17,961	18,410	18,870	169,136
1027. Mdi ILU Replace Floor Coverings	50%		50%	8,750	17,500	2,500	2,500	3,000	-	3,000	-	3,000	-	3,000		3,000	17,500
1028. Mdi ILU Kitchen Upgrades	50%		50%	12,000	24,000	5,000	6,000	6,000		-	6,000		-	6,000			24,000
1029. Mwa ILU Replace Air Conditioner	50%		50%	2,250	4,500	2,500	-	1,500	-	-	1,500	-	-	1,500	-	-	4,500
1034. Mdi ILU Painting	50%		50%	12,000	24,000	1,500	2,000	3,000	-	4,000	-	5,000	-	5,000		5,000	24,000
1035. Mwa ILU Painting	50%		50%	6,500	13,000	1,500	2,000	3,000	-	-	-	-	4,000		-	4,000	13,000
1037. Mdi ILU Replace Air Conditioner	50%		50%	3,000	6,000	1,500	1,500	1,500	-	-	1,500		-	1,500	-	-	6,000
1040. Mwa ILU Kitchen Upgrades	50%		50%	12,000	24,000	1,000	6,000	-	-	6,000	-	-	6,000	-	-	6,000	24,000
1042. Mwa ILUs Bathroom upgrades	50%		50%	9,750	19,500	3,000	-	4,500	-	-	7,500		-	7,500	-	-	19,500

Asset Management Plan – Buildings



PROJECT DESCRIPTION	TYPE OF WORKS			COST OF RENEWALS	TOTALS	Current Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total 10 Years
	Improved LOS	Growth	Renewals			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
1149. Mdi ILU Design 2 x Addtnl Units	50%	50%		-	-	266,100	-	-	-	-	-	-	-	-	-	-	-
1293. Mwa ILU Carport Installation	50%		50%	-	-	10,000	-	-	-	-	-	-	-	-	-	-	-
4832. Mwa ILU Floor Coverings	50%		50%	3,000	6,000	4,200	-	-	3,000	-	-	-	3,000		-	-	6,000
4833. Mdi ILU Bathroom Upgrades	50%		50%	12,000	24,000	6,500	-	-	9,000	-	-	7,500	-	-	7,500	-	24,000
4834. Mdi ILU Blinds	50%		50%	11,500	23,000	-	8,000	3,750	-	3,750	-	-	3,750	-	-	3,750	23,000
4836. Mdi ILU Stormwater Upgrade	50%		50%	-	-	10,000	-	-	-	-	-	-	-	-	-	-	-
4838. Mdi ILU Tank Stand Upgrades	50%		50%	9,000	18,000	2,000	-	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	18,000
4840. Mwa ILU Plumbing Upgrades	50%		50%	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-
5429. MWA ILU Fire Alarm Systems	50%		50%	-	-	2,500	-	-	-	-	-	-	-	-	-	-	-
1030. ELC Painting Works	50%		50%	14,250	28,500	4,500	7,500	-	-	6,000	-	-	7,000	-	-	8,000	28,500
1112. Playground development	50%		50%	36,250	72,500	22,500	22,500	15,000	-	-	15,000	-	-	20,000	-	-	72,500
1165. ELC - Replace Whitegoods	50%		50%	-	-	1,000	-	-	-	-	-	-	-	-	-	-	-
1290. Additional furniture and equipment	50%		50%	16,250	32,500	10,000	10,000	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	32,500
4820. ELC Air Conditioner Replacement	50%		50%	6,000	12,000	-	-	4,000	-	-	4,000	-	-	4,000	-	-	12,000
1167. Yth Ctr - Painting	50%		50%	28,500	57,000	-	-	13,000	-	14,000	-	-	15,000	-	-	15,000	57,000
4150. Residential Capital Works	50%		50%	10,000	20,000	-	20,000	-	-	-	-	-	-	-	-	-	20,000
4810. Youth Hostel Segenhoe - Air Conditioner	50%		50%	4,125	8,250	5,000	2,500	-	-	-	2,750	-	-	-	3,000	-	8,250

Asset Management Plan – Buildings



PROJECT DESCRIPTION	TYPE OF WORKS			COST OF RENEWALS	TOTALS	Current Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total 10 Years
	Improved LOS	Growth	Renewals			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
4909. 7 Bottlebrush Place Scone	50%		50%	25,000	50,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000
4952. Campbells Corner Scone		100%		-	-	125,000	-	-	-	-	-	-	-	-	-	-	-
5476. Campbells Corner Roofing		100%		-	-	175,110	-	-	-	-	-	-	-	-	-	-	-
5516. Campbells Corner Business Case	100%			-	-	50,000	-	-	-	-	-	-	-	-	-	-	-
5450. Emergency Housing Renovation Works	50%		50%	15,000	30,000	70,000	-	-		10,000	-	-	10,000		-	10,000	30,000
1036. Low income Housing Painting	50%		50%	8,250	16,500	1,500	1,500	-	5,000	-	-	5,000	-		5,000	-	16,500
1039. Low Income Replace Floor coverings	50%		50%	6,000	12,000	-	2,000	2,000	2,000	-	2,000	-	2,000	-	2,000	-	12,000
4842. Low Income Housing Air-Conditioner	50%		50%	3,000	6,000	2,500	1,500	1,500	-	-	1,500	-	-	1,500			6,000
8540. Low Income Laundry Upgrades	50%		50%	-	-	3,500	-	-	-	-	-	-	-	-	-	-	-
8541. Low Income Electrical Upgrades	50%		50%	-	-	1,500	-	-	-	-	-	-	-	-	-	-	-
5446. Abbotsford Park Wingen New Toilet Block	50%	50%		-	-	9,349	-	-	-	-	-	-	-	-	-	-	-
5457. Murrurundi SES Shed	50%	50%		-	-	38,302	-	-	-	-	-	-	-	-	-	-	-
5497. Scone Emergency Operations Centre	50%	50%		-	-	348,648	-	-	-	-	-	-	-	-	-	-	-
0730. Gummun RFS Shed	70%		30%	-	-	4,952	-	-	-	-	-	-	-	-	-	-	-
1317. Bow RFS Shed	70%		30%	-	-	5,800	-	-	-	-	-	-	-	-	-	-	-
1319. Idaville RFS Shed	50%	50%		-	-	30,000	-	-	-	-	-	-	-	-	-	-	-
1348. Dangarfield RFS Shed	50%	50%		-	-	30,000	-	-	-	-	-	-	-	-	-	-	-
5472. Cassilis RFS Shed	70%		30%	-	-	6,004	-	-	-	-	-	-	-	-	-	-	-

Asset Management Plan – Buildings



PROJECT DESCRIPTION	TYPE OF WORKS			COST OF RENEWALS	TOTALS	Current Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total 10 Years
	Improved LOS	Growth	Renewals			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
1075. Abn Hall Upgrade	50%		50%	-	-	2,482	-	-	-	-	-	-	-	-	-	-	-
5342. Murrurundi War Memorial Gates	50%		50%	-	-	29,133	-	-	-	-	-	-	-	-	-	-	-
5365. Community Halls Revitalisation	50%		50%	50,000	100,000	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100,000
5507. Cassilis Hall - District Nurse Room Upgrade	50%		50%	-	-	7,000	-	-	-	-	-	-	-	-	-	-	-
1067. Scn Museum - Minor upgrade works	50%		50%	21,750	43,500	5,200	3,500	5,200	3,500	5,200	3,500	5,200	3,500	5,200	3,500	5,200	43,500
1172. Museum Disabled Access Improvement	50%		50%	1,250	2,500	-	2,500	-	-	-	-	-	-	-	-	-	2,500
5430. Mwa Bottle Museum - Painting External	50%		50%	1,000	2,000	-	2,000	-	-	-	-	-	-	-	-	-	2,000
1227. Abn - Library Upgrade	50%		50%	15,000	30,000	10,000	-	-	-	10,000	-	-	10,000	-	-	10,000	30,000
1229. Additional Furniture	50%		50%	43,000	86,000	3,700	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	86,000
4824. Murrurundi Furnishings Upgrade	50%		50%	5,000	10,000	-	-	-	-	-	5,000	-	-	5,000	-	-	10,000
4825. Merriwa Furnishings Upgrade	50%		50%	15,000	30,000	-	-	-	-	10,000	-	-	10,000	-	-	10,000	30,000
4826. Scone Library Development	50%	50%		-	750,000	80,000	750,000	-	-	-	-	-	-	-	-	-	750,000
4830. Technology Upgrades	50%		50%	-	-	2,000	-	-	-	-	-	-	-	-	-	-	-
4831. Youth Resources	100%	0%		-	-	2,500	-	-	-	-	-	-	-	-	-	-	-
1348. Dangarfield RFS Shed	50%	50%		-	-	30,000	-	-	-	-	-	-	-	-	-	-	-
5472. Cassilis RFS Shed	70%		30%	-	-	6,004	-	-	-	-	-	-	-	-	-	-	-
1075. Abn Hall Upgrade	50%		50%	-	-	2,482	-	-	-	-	-	-	-	-	-	-	-

Asset Management Plan – Buildings



PROJECT DESCRIPTION	TYPE OF WORKS			COST OF RENEWALS	TOTALS	Current Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total 10 Years
	Improved LOS	Growth	Renewals			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
5342. Murrurundi War Memorial Gates	50%		50%	-	-	29,133	-	-	-	-	-	-	-	-	-	-	-
5365. Community Halls Revitalisation	50%		50%	50,000	100,000	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100,000
5507. Cassilis Hall - District Nurse Room Upgrade	50%		50%	-	-	7,000	-	-	-	-	-	-	-	-	-	-	-
1067. Scn Museum - Minor upgrade works	50%		50%	21,750	43,500	5,200	3,500	5,200	3,500	5,200	3,500	5,200	3,500	5,200	3,500	5,200	43,500
1172. Museum Disabled Access Improvement	50%		50%	1,250	2,500	-	2,500	-	-	-	-	-	-	-	-	-	2,500
5430. Mwa Bottle Museum - Painting External	50%		50%	1,000	2,000	-	2,000	-	-	-	-	-	-	-	-	-	2,000
1227. Abn - Library Upgrade	50%		50%	15,000	30,000	10,000	-	-	-	10,000	-	-	10,000	-	-	10,000	30,000
1229. Additional Furniture	50%		50%	43,000	86,000	3,700	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	86,000
4824. Murrurundi Furnishings Upgrade	50%		50%	5,000	10,000	-	-	-	-	-	5,000	-	-	5,000	-	-	10,000
4825. Merriwa Furnishings Upgrade	50%		50%	15,000	30,000	-	-	-	-	10,000	-	-	10,000	-	-	10,000	30,000
4826. Scone Library Development	50%	50%		-	750,000	80,000	750,000	-	-	-	-	-	-	-	-	-	750,000
4830. Technology Upgrades	50%		50%	-	-	2,000	-	-	-	-	-	-	-	-	-	-	-
4831. Youth Resources	100%	0%		-	-	2,500	-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL WORKS EXPENDITURE PROPOSED FOR TEN YEAR PERIOD						1,498,670	947,100	167,048	129,528	175,832	185,933	146,205	222,048	180,324	179,284	204,828	2,538,130
TOTAL RENEWALS ONLY EXPENDITURE PROPOSED FOR TEN YEAR PERIOD				894,065													



Appendix C: Operational Expenditure

BUILDINGS OPEX SUMMARY	CURRENT	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	10 YEAR TOTAL
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
OPERATING EXPENDITURE												
DIRECT ASSET COSTS												
Administration Building Maintenance	39,600	40,000	41,275	42,536	43,778	44,892	46,034	47,205	48,406	49,638	50,501	454,265
Community Services & Education Building Maintenance	111,673	117,184	120,976	124,763	128,539	131,818	135,182	138,631	142,169	145,797	149,518	1,334,577
Economic Affairs Building Maintenance	77,910	117,910	114,500	118,098	121,619	125,049	128,217	131,466	134,797	138,213	141,716	145,308
Housing & Community Amenities Building Maintenance	14,750	13,800	14,225	14,635	15,027	15,405	15,793	16,191	16,598	17,016	17,445	156,135
Public Order & Safety Building Maintenance	18,200	19,450	20,056	20,647	21,222	21,764	22,321	22,892	23,477	24,078	24,693	220,600
Recreation & Culture Building Maintenance	24,470	24,400	25,177	25,947	26,709	27,394	28,097	28,817	29,557	30,315	31,053	277,466
Recreation & Culture Old Crt Theatre Building Maintenance	3,000	9,000	9,283	9,560	9,831	10,082	10,340	10,604	10,875	11,153	11,438	102,166
INDIRECT ASSET COSTS												
Depreciation	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	11,633,680
Administration Overheads	383,970	421,296	436,041	451,302	467,098	478,776	490,746	503,014	515,590	528,479	541,691	4,834,033
Utilities	822,249	846,436	871,830	895,803	918,199	941,153	964,684	988,800	1,013,521	1,038,858	1,064,829	9,544,113
Buildings – Loan Interest	317,858	281,398	257,916	231,300	204,555	175,796	145,512	114,897	94,632	85,870	71,444	1,663,320
TOTAL	2,977,048	3,054,242	3,074,647	3,097,959	3,119,945	3,135,497	3,150,294	3,165,885	3,192,990	3,232,785	3,267,696	31,491,940



Appendix D: Forecast of Asset Ratios to Local Government Benchmarks

	2021/22 Current Year	2022/23 Year 1	2023/24 Year 2	2024/25 Year 3	2025/26 Year 4	2026/27 Year 5	2027/28 Year 6	2028/29 Year 7	2029/30 Year 8	2030/31 Year 9	2031/32 Year 10
INFRASTRUCTURE RENEWAL											
Asset Renewals	168,479	98,550	83,524	64,764	87,916	92,967	73,103	111,024	90,162	89,642	102,414
Depreciation Expense	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368
INFRASTRUCTURE BACKLOG											
Estimated Cost to bring back to Satisfactory	317,268	385,152	391,834	397,015	404,048	411,485	417,334	426,215	433,428	440,600	448,793
Closing Value of Assets	39,230,280	38,066,912	36,903,544	35,740,176	34,576,808	33,413,440	32,250,072	31,086,704	29,923,336	28,759,968	27,596,600
ASSET MAINTENANCE											
Asset Maintenance Expense	289,603	341,744	345,492	356,186	366,725	376,404	385,984	395,806	405,879	416,210	426,364
Required Asset Maintenance	599,003	607,489	608,324	608,972	609,851	610,780	611,511	612,622	613,523	614,420	615,444
CAPITAL EXPENDITURE											
Annual Capital Expenditure	1,498,670	947,100	167,048	129,528	175,832	185,933	146,205	222,048	180,324	179,284	204,828
Annual Depreciation Expense	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368	1,163,368
SS7 Data											
Gross Replacement Cost (GRC)	59,900,323	60,748,873	60,832,397	60,897,161	60,985,077	61,078,043	61,151,146	61,262,170	61,352,332	61,441,974	61,544,388
% Infrastructure Condition 4 and above	0.22%	0.36%	0.37%	0.38%	0.40%	0.41%	0.42%	0.44%	0.45%	0.47%	0.48%
% Infrastructure Condition 3 and above	2.65%	3.17%	3.22%	3.26%	3.31%	3.37%	3.41%	3.48%	3.53%	3.59%	3.65%
RATIOS BASED ON 3YR AVERAGE											
	Benchmark										
Infrastructure Renewal	100%	27.47%	18.60%	10.04%	7.07%	6.77%	7.04%	7.28%	7.94%	7.86%	8.33%
Infrastructure Backlog	2%	1.54%	1.25%	0.96%	1.06%	1.11%	1.17%	1.23%	1.30%	1.37%	1.45%
Asset Maintenance	1.00	0.91	0.72	0.54	0.57	0.58	0.60	0.62	0.63	0.65	0.66
Capital Expenditure	1.10	1.84	1.33	0.75	0.36	0.14	0.14	0.15	0.16	0.16	0.17
ACTUAL RATIO MEETING BENCHMARK											
Infrastructure Renewal		X	X	X	X	X	X	X	X	X	X
Infrastructure Backlog		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset Maintenance		X	X	X	X	X	X	X	X	X	X
Capital Expenditure		✓	✓	X	X	X	X	X	X	X	X



Note: The infrastructure renewal and capital expenditure ratios are below suggested industry standards for period of the projected 10-year financial plan due to the nature of building assets and the minimal requirement for continual asset renewal works and capital expenditure to maintain the building asset class to a satisfactory standard.

Appendix E: Building Activity Risk Register

Risk	Consequence	Likelihood	Risk Rating	Proposed Treatment	Responsibility	Completion Date
Damage affecting structural performance	Moderate	Likely	High	SEPs are inspected on an annual basis and several proactive litter management programs are in place. A register of known flooding issues also exists in Council's GIS that can be prioritised in terms of importance and remedied.	Operations	Ongoing
Load Limit signs missing, illegible or damaged making signs substantially ineffective	Major	Possible	High	Annual Flood Mitigation Program	Engineering, Strategic Assets	Ongoing
Broken timber deck plan	Moderate	Possible	High	Kerb renewal works and flood mitigation works	Engineering, Strategic Assets	Ongoing

Appendix F: Glossary

Annual service cost (ASC)

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 operating, maintenance, depreciation, finance/ opportunity and disposal costs, less revenue.

Asset class

Grouping of assets of a similar nature and use in an entity's operations (AASB 166.37).

Asset condition assessment

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

Asset management

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.

Assets

Future economic benefits controlled by the entity as a result of past transactions or other past events (AAS27.12).

Property, plant and equipment including infrastructure and other assets (such as furniture and fittings) with benefits expected to last more than 12 month.

Average annual asset consumption (AAAC)*

The amount of a local government's asset base consumed during a year. This may be calculated by dividing the Depreciable Amount (DA) by the Useful Life and totalled for each and every asset OR by dividing the Fair Value (Depreciated Replacement Cost) by the Remaining Life and totalled for each and every asset in an asset category or class.

Brownfield asset values**

Asset (re)valuation values based on the cost to replace the asset including demolition and restoration costs.

Capital expansion expenditure

Expenditure that extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure, which increases future operating, 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

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 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

Capital new expenditure

Expenditure which creates a new asset providing a new service to the community that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operating and maintenance expenditure.

Capital renewal expenditure

Expenditure on an existing asset, which returns the service potential or the life 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 has no impact on revenue, but may reduce future operating 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. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital upgrade expenditure

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 operating and maintenance expenditure in the future because of the increase in the 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. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

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

An individual part of an asset which contributes to the composition of the whole and can be separated from or attached to an asset or a system.

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, plus any costs necessary to place the asset into service. This includes one-off design and project management costs.

Current replacement cost (CRC)

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

Current replacement cost “As New” (CRC)

The current cost of replacing the original service potential of an existing asset, with a similar modern equivalent asset, i.e. the total cost of replacing an existing asset with an as NEW or similar asset expressed in current dollar values.

Cyclic Maintenance**

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

Depreciable amount

The cost of an asset, or other amount substituted for its cost, less its residual value (AASB 116.6)

Depreciated replacement cost (DRC)

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

Depreciation / amortisation

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

Economic life

See useful life definition.

Expenditure

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

Fair value

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

Greenfield asset values **

Asset (re)valuation values based on the cost to initially acquire the asset.

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 of the entity or of another entity that contribute to meeting the public's 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 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 (AASB 140.5)

Level of service

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

Life Cycle Cost **

The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises annual maintenance and asset consumption expense, represented by depreciation expense. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

Life Cycle Expenditure **

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

Loans / borrowings

Loans result in funds being received which are then repaid over a period of time with interest (an additional cost). Their primary benefit is in 'spreading the burden' of capital expenditure over time. Although loans enable works to be completed sooner, they are only ultimately cost effective where the capital works funded (generally renewals) result in operating and maintenance cost savings, which are greater than the cost of the loan (interest and charges).

Maintenance and renewal gap

Difference between estimated budgets and projected expenditures for maintenance and

renewal of assets, totalled over a defined time (eg 5, 10 and 15 years).

Maintenance and renewal sustainability index

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

Maintenance expenditure

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

Materiality

An item is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial report. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

Modern equivalent asset.

A structure similar to an existing structure and having the equivalent productive capacity, which could be built using modern materials, techniques and design. Replacement cost is the basis used to estimate the cost of constructing a modern equivalent asset.

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 bridge, libraries, etc.

Operating expenditure

Recurrent expenditure, which is continuously required excluding maintenance and depreciation, eg power, fuel, staff, plant equipment, on-costs and overheads.

Pavement management system

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

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.

PMS Score

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

Rate of annual asset consumption*

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

Rate of annual asset renewal*

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

Rate of annual asset upgrade*

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

Reactive maintenance

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

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 operating and maintenance expenditure.

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining life

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

Renewal

See capital renewal expenditure definition above.

Residual value

The net amount which an entity expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

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 capacity to provide goods and services in accordance with the entity's objectives, whether those objectives are the generation of net cash

inflows or the provision of goods and services of a particular volume and quantity to the beneficiaries thereof.

Service potential remaining*

A measure of the remaining life of assets expressed as a percentage of economic life. 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 (DRC/DA).

Strategic Management Plan (SA)**

Documents Council objectives for a specified period (3-5 yrs), the principle activities to achieve the objectives, the means by which that will be carried out, estimated income and expenditure, measures to assess performance and how rating policy relates to the Council's objectives and activities.

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. It is the same as the economic life.

Value in Use

The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. 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 new cash flows,

where if deprived of the asset its future economic benefits would be replaced.

Source: DVC 2006, Glossary

Note: Items shown * modified to use DA instead of CRC

Additional glossary items shown **

Version History

Rev No	Date	Revision Details	Author	Reviewer	Approver
1	May 2011	Initial draft	JB/GD	JB	JB
2	February 2013	Update asset inventory and financial data	JB/GD	JB	JB
3	March 2017	Update asset inventory and financial data	JB - GNS	JB WP ST	
4	April 2019	Update asset inventory and financial data	GNS/AG	JB	
5	June 2020	Update asset inventory and financial data	GNS/KW	JB	
6	June 2021	Update asset inventory and financial data	GNS/KW	JB	
7	April 2022	Update asset inventory and financial data	KW	JB	