

LOCKHART SHIRE COUNCIL



TRANSPORT SERVICES

Asset Management Plan

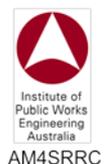


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Asset Management for Small, Rural or Remote Communities Practice Note

The Institute of Public Works Engineering Australia.

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1. EXECUTIVE SUMMARY

Context

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

There are major State and Regional roads running through the Shire which see large volumes of traffic daily, added to this, the region is a major producer of grain which sees large tonnages of grain travelling on the Shire's local roads each year. It is this volume of traffic travelling through the Shire that presents the majority of the transport network issues.

The Shire has 1,374 km roads, over 1000 culverts and 12 bridges.

The Transport Service

The Transport network comprises:

- Roads
- Culverts
- Kerb & Gutter
- Bridges

These infrastructure assets have a replacement value of \$196,842,930.

At this stage of the development of the Transport Asset Management Plan which includes migrating Transport assets to new BizeAssets Management software. Data for culverts is incomplete and bridges, kerb and gutter, Stormwater and footpaths requires further refinement. It is estimated that the value of roads represent 95% of the total Transport assets.

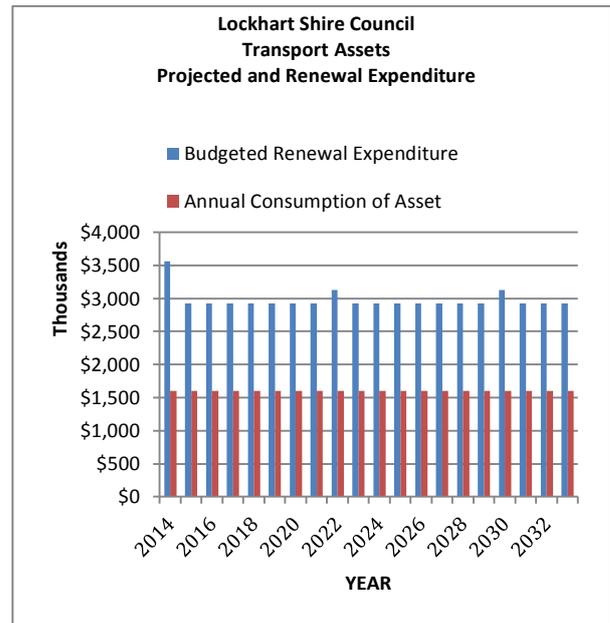
It is considered that the current asset Registers provide sufficient information to develop a usable Transport Asset Plan. As Asset registers are developed and knowledge of the performance of the infrastructure improves the Transport asset plan will increase in its value as a management and decision making tool.

What does it Cost?

The projected cost to provide the services covered by this Asset Management Plan includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$2,633,394 per year.

Council's estimated available funding for this period is \$4,061,100 per year which is 153% of the cost to provide the service. This is a funding surplus of

\$1,407,706 per year. Projected and budgeted expenditure are shown in the graph below.



Council's present funding levels are sufficient to continue to provide existing services at current levels in the long term.

What we will do

Council plans to provide Transport services for the following:

- Operation, maintenance, renewal and upgrade of Roads, Bridges, Culverts, Kerb & Gutter, Stormwater and foot paths, bridges to meet service levels set by Council in annual budgets.
- Improve infrastructure progressively to meet the expectations of the community. Identified assets with defects will be able to be prioritised to renew the asset to new condition.

What we cannot do

Council is only able to improve the level of service in targeted areas where new risks are identified such as changes to heavy transport usage.

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:

- Deterioration of the road network leading to less safe roads
- Increased water damage to roads
- Demand to use higher productivity vehicles such as HML.

- Demand to provide quality footpaths for pedestrians and “gophers”
- Demand for protection from Flooding.

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

- Prioritising roads through a classification system and then setting realistic service levels
- Recognising the long term requirements and funding accordingly.

The Next Steps

The actions resulting from this asset management plan are:

- Development of long term financial plans.
- Development of long term renewal and upgrade works.

Questions you may have

What is this plan about?

This asset management plan covers the infrastructure assets that serve the Lockhart Shire Community's Transport needs. It aims to ensure that transport renewal and upgrade decisions are based on accurate information and takes a long term approach to decision making. It ensures that people are able to move through and within the Shire in an effective and safe manner.

What is an Asset Management Plan?

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

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

What is a funding shortfall?

Most of the Council's transport network was constructed from government grants often provided and accepted without consideration of ongoing operations, maintenance and replacement needs.

If the renewal of these assets does not match the consumption (depreciation) of these assets there is a shortfall in the in renewal of these assets.

Councils' present funding levels is sufficient to continue to provide existing services at current levels

and to progressively improve the service in the medium term.

What options do we have?

1. Improve asset knowledge so that data accurately records the asset inventory, how assets are performing and when assets are not able to provide the required service levels
2. Improve our efficiency in operating, maintaining, replacing existing and constructing new assets to optimise life cycle costs
3. Identify and managing risks associated with providing services from infrastructure
4. Make trade offs between service levels and costs to ensure that the community receives the best return from infrastructure
5. Identify assets surplus to needs for disposal to make saving in future operations and maintenance costs
6. Consult with the community to ensure that transport services and costs meet community needs and are affordable
7. Develop partnership with other bodies, where available to provide services
8. Seek additional funding from governments and other bodies to better reflect a 'whole of government' funding approach to infrastructure services.

What happens if we don't manage the shortfall?

Council will have to reduce service levels in some areas. For transport, the service level reduction may include; closing some roads, less frequent maintenance on all roads and load limit restrictions being established.



What can we do?

Council can develop options and priorities for future transport services using an accurate and reliable asset management plan as in key management and decision making tool.

2. INTRODUCTION

2.1 Background

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

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

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

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

Table 2.1: Assets covered by this Plan

Asset category	Dimension	Replacement Value
Earth Formation	136.68 km	\$4,481,688
Gravel Class 1	176.47 km	\$15,941,022
Gravel Class 2	548.07 km	\$35,680,326
Regional Sealed	119.09 km	\$45,561,849
Rural Sealed	351.19 km	\$81,089,513
Urban Sealed	42.64 km	\$7,214,979
Bridges		\$2,383,000
Culverts		\$3,341,000
Stormwater		\$657,000
Footpaths		\$254,000
TOTAL	1,374.14 km	\$196,604,377

2.2 Goals and Objectives of Asset Management

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

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

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

The goal of this asset management plan is to:

- Document the services/service levels to be provided and the costs of providing the service,
- Communicate the consequences for service levels and risk, where desired funding is not available, and

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

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

Council’s vision is:

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

Council’s mission is:

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

Table 2.2: Organisation Goals and how these are addressed in this Plan

Goal	Objective	How Goal and Objectives are addressed in AMP
To maximise community wellbeing, public health and safety	To ensure a safe environment for the community.	The provision and maintenance of transport infrastructure is an important component contributing to the cultural and social needs of the community.
To provide infrastructure of a high standard that supports community wellbeing, economic growth and environmental quality.	To construct Council infrastructure that is safe in design and use, is in the best interest of the community and employs sustainable environmental methods.	A primary objective of the asset management plan is to develop a lifecycle approach to the provision of transport infrastructure. This aims to minimise the lifecycle cost of assets while maximising the service that is delivered.
To ensure sound corporate governance through effective strategic/ financial planning, budget control, statutory compliance and organisational management.	To implement asset management awareness corporate-wide by the writing and adoption of Asset Management Policy, Asset Management Strategy and Asset Management Plans.	Provide transport facilities that support community needs. Communicate options for future planning. Achieve lowest lifecycle cost by appropriate planning. Manage and control risk.

2.3 Plan Framework

Key elements of the plan are:

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

2.4 Core and Advanced Asset Management

This asset management plan is prepared in accordance with the International Infrastructure Management Manual¹. It is prepared to meet minimum legislative and organizational 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.

¹IPWEA, 2006.

2.5 Community Consultation

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

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

Council has not carried out any research on customer expectations. This will be investigated for future updates of the asset management plan.

3.2 Legislative Requirements

Council has to meet many legislative requirements including Australian and State legislation and State regulations.

Table 3.2: Legislative Requirements

Legislation	Requirement
Local Government Act 1993	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
Roads Act 1993	Sets out the role powers and responsibilities of Council for the provision of roads.
Work Health & Safety Act 2011	Sets out the responsibility of Council for the protection of the health and safety of employees, contractors and visitors to the Council's workplace.
Native Vegetation Act 2003	To manage native vegetation, to protect native vegetation, to improve native vegetation and to encourage revegetation of land.
Environmental Planning & Assessment Act 1979	Sets out guidelines for land use planning and promotes sharing of responsibilities between various levels of government in the State.
Australian Standards	The Australian Accounting Standards Section 27 (AAS27) requires that assets be valued and reported in the annual accounts, which also includes depreciation value (i.e. how fast are these assets wearing out).
Civil Liability Act 2002	Sets out the role and responsibility of Council to protect, manage and keep safe the various public transport infrastructure facilities under its control.

3.3 Current Levels of Service

Council has defined service levels in two terms.

Community Levels of Service relate to the service outcomes that the community wants in terms of safety, quality, quantity, reliability, responsiveness, cost effectiveness and legislative compliance.

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

Quality	How good is the service?
Function	Does it meet users' needs?
Safety	Is the service safe?

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

Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services such as opening hours, cleansing frequency, mowing frequency, etc.

- Maintenance – the activities necessary to retain an assets as near as practicable to its original condition (e.g. road patching, unsealed road grading, building and structure repairs),
- Renewal – the activities that return the service capability of an asset up to that which it had originally (e.g. frequency and cost of road resurfacing and pavement reconstruction, pipeline replacement and building component replacement),
- Upgrade – the activities to provide an higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

Council’s current service levels are detailed in Table 3.3.

Table 3.3: Current Service Levels–Sealed Roads (Regional, rural, Local)

Key Performance Measure	Level of Service Objective	Performance Measure Process	Desired Level of Service	Current Level of Service
COMMUNITY LEVELS OF SERVICE				
Quality	Smooth ride adequate driver information (signs, Line marking, guideposts) Footpaths even surface without trip hazards	Customer requests Customer requests	<10 per annum <10 per annum <10 per annum	
Function	Availability Width	% road is open Customer request	100% <5 per annum	
Safety	Road safe for users	Customer requests Number of accidents	<10 per annum <10 per annum	
TECHNICAL LEVELS OF SERVICE				
Operations	Streets clean Streets lights working	Number times cleaned per year Number of non-operating lights	2 times per year <10 per year	
		Budget	Street lighting \$35K Street cleaning not separated from maintenance	
Maintenance	Roads are suitable for purpose Sealed Roads Edge break minimised Traffic facilities visible in all conditions Maintenance grade Bridges	Defects repaired within agreed level of service % treated each year %visible in all conditions Class 1 Class 2 Earth formation Physical inspection	90% >10% >90% 1 per 12 months 1 per 18 months 1 per 3 years Level 1. 1 per year Level 2. 1 per 2	Maintenance grade Class 1- 1 per 12 months Class 2- 1 per 18 months Earth form 1 per 3 Years

	Footpaths	Physical inspection	year Level 3. as needed 1 per 6 months	
		Budget	\$1,031k	
Renewal	Bitumen surface management Gravel road resheets	Annual r eseals Local rural roads Local urban roads Regional roads Class 1 Class 2	>5.0% >5.0% >5.0% >6.67% >6.67%	
		Budget	\$3,057k	
Upgrade/New	Roads are constructed to Councils Standards	Compliance with council's agreed standard	100%	
		Budget	0	

3.4 Desired Levels of Service

At present, indications of desired levels of service are obtained from various sources including residents' feedback to Councillors and staff, service requests and correspondence. Council has yet to quantify desired levels of service. This will be done in future revisions of this asset management plan.

4. FUTURE DEMAND

4.1 Demand Forecast

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

Demand factor trends and impacts on service delivery are summarised in Table 4.1.

Table 4.1: Demand Factors, Projections and Impact on Services

Demand factor	Present position	Projection	Impact on services
Population	2,998	Population projection for the Shire in the next 10 years is zero net change (as forecast by forecast2.id)	Generally no increase in demand for infrastructure services.
Demographics	Median Age 44 years English at Home 95.5% Rural area population 44.6% Major Urban areas The Rock 51.9% (862) Lockhart 48.1% (800)	There has been a slow increase in the median age. Up from 42 years in 2006. It is expected that this will continue. This has remained static for many years and expected to continue. This has decreased by .34% per annum over last 10 years. The Rocks population is remaining static and Lockhart is reducing by 1.1% per year	There will be a greater need to provide mobility options for the aging population. No additional impact on services Agricultural businesses are using higher productivity vehicles i.e. increased size and weight.

4.2 Changes in Technology

The introduction of higher productivity vehicles may increase axle loadings and turning requirements to access locations. This will mostly impact on the rural areas.

The introduction of larger farm machinery will impact on the width of roads.

4.3 Demand Management Plan

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

Non-asset solutions focus on providing the required service without the need for the Council to own the assets.

Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this asset management plan.

Table 4.3: Demand Management Plan Summary

Service Activity	Demand Management Plan
Demand for use of higher productivity vehicles such as HML and wider agricultural plant.	Monitor community and business expectations and communicate service levels and financial capacity to balance priorities for infrastructure with what the community is prepared to pay for. Continue to seek grant funding for projects identified in the Community Plan and Asset Management Plans. Continue to analyse the costs of providing service and the capacity to fund at the current level of service.

Demand to access higher quality footpaths for pedestrians and "gophers".	Monitor community expectations and usage. Balance priorities with what the community is prepared to pay for. Continue to seek grant funding for projects identified in the Community Plan and Asset Management Plans. Continue to analyse the costs of providing service and the capacity to fund at the current level of service.
Demand for protection from flooding	Undertake flood studies to identify issues and assess mitigation strategies Continue to seek grant funding for projects identified in the Community Plan and mitigation strategies.

4.4 New Assets for Growth

New assets will not be required to meet growth will be required for the life of the plan.

Assets acquired free of cost from land developments and constructed/acquired by Council will commit Council to fund ongoing operations and maintenance costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations and maintenance costs.

5. LIFECYCLE MANAGEMENT PLAN

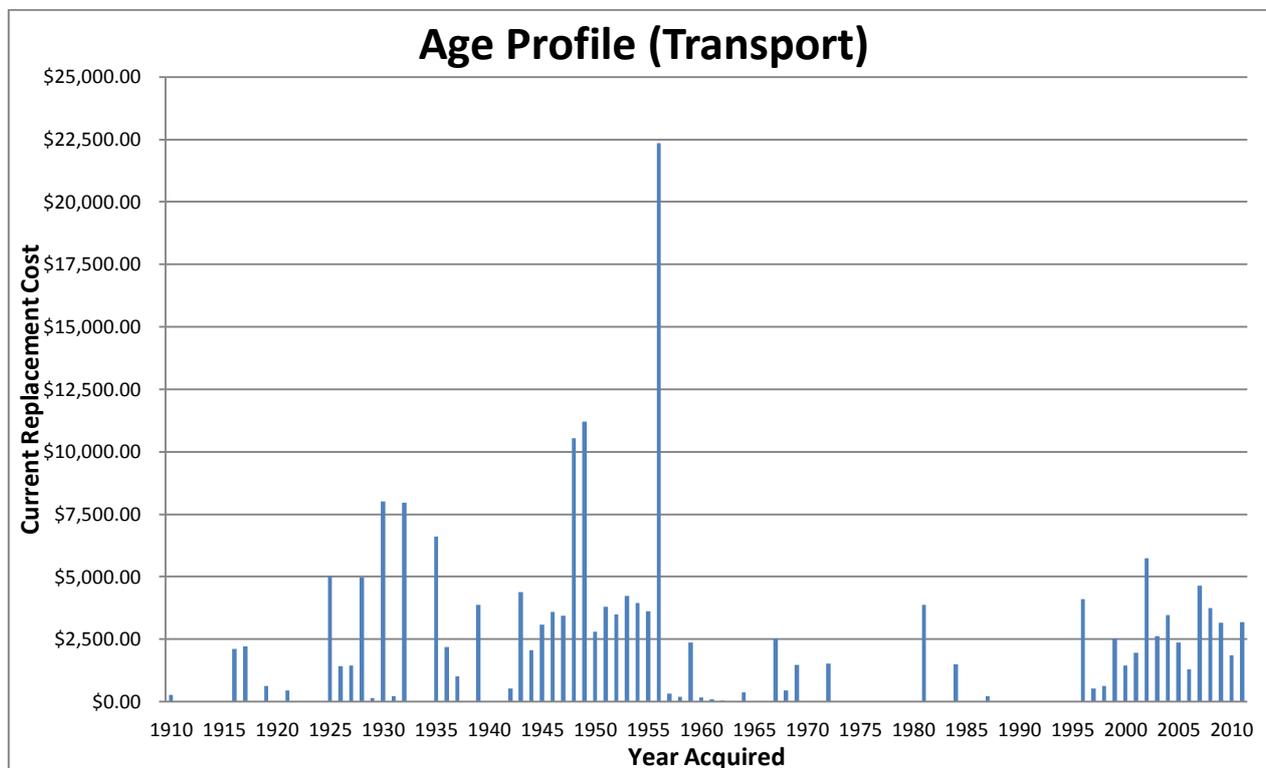
The lifecycle management plan details how Council plans to manage and operate the assets at the agreed levels of service (defined in Section 3) while optimising life cycle costs.

5.1 Background Data

5.1.1 Physical parameters

The age profile of the assets include in this AM Plan is shown in Figure 2. The table is based on incomplete records. Estimates have been made on the age of some roads. In particular the period from 1957 to 1995 show very little renewal or upgrade and the 1943 to 1956 period is over represented. It is considered that the 1956 figure is an anomaly.

Figure 2: Asset Age Profile



5.1.2 Asset capacity and performance

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

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

Table 5.1.2: Known Service Performance Deficiencies

Location	Service Deficiency
Unsealed Roads.	Local gravels may be substandard Roads do not have structural capacity for heavy vehicles particularly when sub grades are saturated Drainage inadequate in some areas
Sealed Roads	Roads do not have structural capacity particularly when subgrades are saturated

	<p>Drainage is inadequate in some areas Some roads do not meet adopted council standards for alignment, width and clear zones Roads not wide enough for HPV and farm machinery Turning trucks may damage sealed surface</p>
Drainage	<p>Culverts under sized Inadequate inspection and maintenance regime Towns and village drainage/ kerb and gutter not completed</p>
Bridges	<p>Bridge capacity is not known Bridge design and width may not meet modern standards Inadequate inspection and maintenance regime</p>
Footpaths	<p>Inadequate inspection and maintenance regime Ramps do not meet current standards and not suitable for "gophers"</p>

5.1.3 Asset condition

The condition profile has not been completed.

5.1.4 Asset valuations

The value of roads assets recorded in the asset register as at 1 July 2011 covered by this asset management plan is shown below. Assets were last revalued at June 2012.

Current Replacement Cost	\$ 196,604,377
Depreciable Amount	\$ 61,421,294
Depreciated Replacement Cost	\$ 172,973,944
Annual Depreciation Expense	\$ 1,602,394

Council's sustainability reporting reports the rate of annual asset consumption and compares this to asset renewal and asset upgrade and expansion.

Asset consumption (Depreciation/Depreciable Amount)	2.61%
Asset renewal (Capital renewal exp/Depreciable amount)	4.90%
Annual upgrade/new (Capital upgrade exp/Depreciable amount)	0.57%
Annual upgrade/new (including contributed assets)	0%

Council is currently renewing assets at **187.1%** of the rate they are being consumed and increasing its asset stock by 0.57% each year.

To provide services in a financially sustainable manner, Council will need to ensure that it continues to renew assets at the rate they are being consumed over the medium-long term and funding the life cycle costs for all new assets and services in its long term financial plan.

5.1.5 Asset hierarchy

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

Council's service hierarchy is shown in Table 5.1.5.

Table 5.1.5: Asset Service Hierarchy

Service Hierarchy	Service Level Objective
Regional roads	To provide safe 2 lane use for local and through traffic on sealed roads Achieve adequate maintenance whilst delaying the need to reconstruct
Sealed Local Roads	Provide safe 2 lane use for local traffic Achieve adequate maintenance whilst delaying the need to reconstruct
Class 1 Gravel Roads	Provide access to local properties and form a connecting link to strategic through roads Ensure roads are trafficable in weather conditions
Class 2 Gravel Roads	Provide access to properties Ensure roads are trafficable in the majority of weather conditions
Earth Formed Roads	Provide access to properties in dry weather
Bridges	Provide safe access across waterways for all traffic Achieve adequate maintenance whilst delaying the need to reconstruct
Culverts	Provide adequate drainage to ensure protection of the asset Achieve adequate maintenance whilst delaying the need to reconstruct
Stormwater	Provide adequate drainage to minimise damage
Footpaths	Provide safe use by pedestrians and mobility scooters

5.2 Risk Management Plan

An assessment of risks² associated with service delivery from infrastructure assets has identified critical risks that will result in loss or reduction in service from infrastructure assets or a 'financial shock' to the organisation. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the Infrastructure Risk Management Plan are summarised in Table 5.2.

Table 5.2: Critical Risks and Treatment Plans

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Associated Costs
Sealed Roads	Loss of shape from heavy vehicles	H	Develop inspection and intervention strategy	Staff Time
	Potholing and rutting	H	Develop inspection and intervention strategy Long term resealing program Ongoing maintenance program	Staff time Incorporate into LTFP
	Edge break			
Unsealed Roads	Loss of shape	H	Implement and monitor regular grading program	Similar to existing OP

²TBA

	Loss of gravel		Implement monitor and evaluate regular resheeting program	Similar to existing OP
Bridges	Progressive asset deterioration followed by catastrophic failure		Implement regular inspection program	Staff time
Culverts	Culverts blocked causing flooding or scouring of adjacent assets		Implement regular inspection program	Staff Time
Stormwater	Stormwater drains blocked		Implement regular inspection program of inlets and outlets Monitor during storm events	Staff time.
Footpaths	Cracking creating trip hazards.		Implement regular inspection program and follow up repair program	Staff time

5.3 Routine Maintenance Plan

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

5.3.1 Maintenance plan

Maintenance includes reactive, planned and specific maintenance work activities.

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

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

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

Actual past maintenance expenditure is shown in Table 5.3.1.

Table 5.3.1: Maintenance Expenditure Trends

Year	Maintenance Expenditure
15/16	\$1,031,000
14/15	\$1,031,000
13/14	\$1,031,000
12/13	\$1,031,000
11/12	\$560,500
FY 10/11	\$337,300
FY 9/10	\$1,519,000
FY 8/9	\$1,269,000

Current maintenance expenditure has been subject to influences such as National Disaster Recovery Assistance Grants totaling \$13m. It is expected following the completion of the grant program that the road maintenance budgets will stabilise.

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

Assessment and prioritisation of reactive maintenance is undertaken by operational staff by considering the current service levels, and the staff experience and judgement.

Reactive maintenance is carried out in accordance with response levels of service detailed in Appendix A.

5.3.2 Standards and specifications

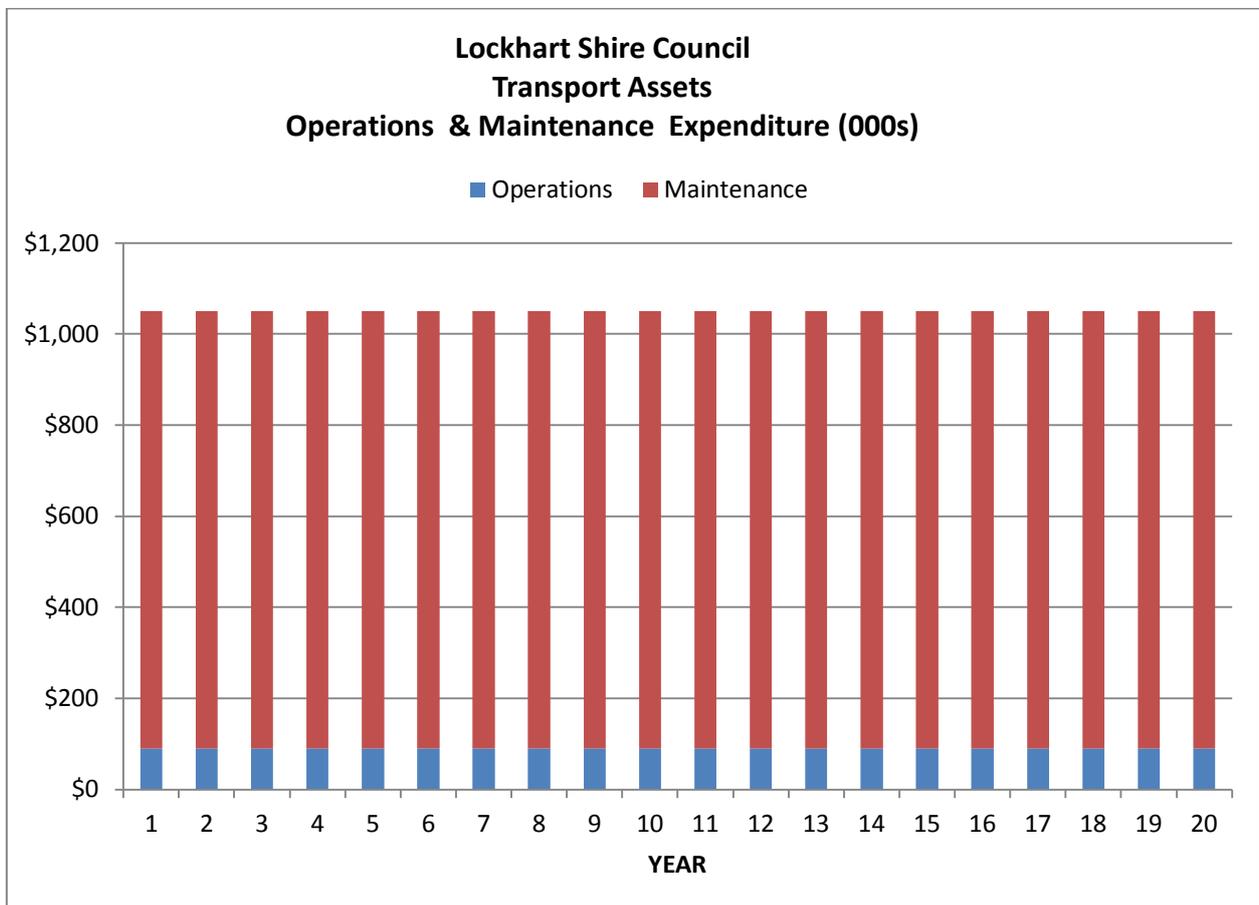
Maintenance work is carried out in accordance with the following Standards and Specifications.

- RTA and Council specifications
- Councils policies and procedures

5.3.3 Summary of future operations and maintenance expenditures

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 4.

Figure 4: Projected Operations and Maintenance Expenditure



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

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

5.4 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.

5.4.1 Renewal plan

Assets requiring renewal are identified from one of three methods provided in the ‘Expenditure Template’.

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

Method 3 was used for this asset management plan.

The ranking criteria used to determine priority of identified renewal proposals is detailed in Table 5.4.1.

Table 5.4.1: Renewal Priority Ranking Criteria

Criteria	Weighting
Community - function	25%
Community - quality	5%
Community - safety	15%
Technical - condition	10%
Technical - risk of failure	35%
Technical - maintenance costs	20%
Total	100%

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 cost.

Examples of low cost renewal include resealing sealed roads and resheeting unsealed roads.

5.4.2 Renewal standards

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

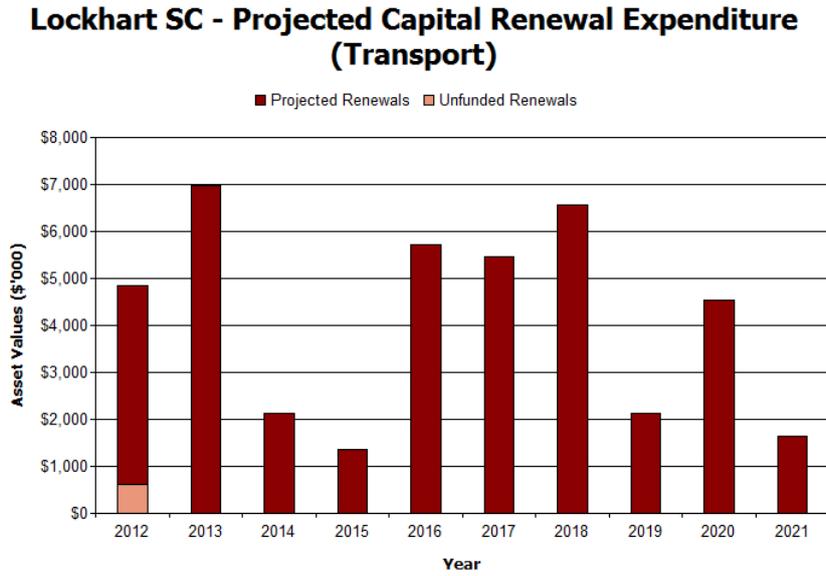
- RTA and Council specifications

5.4.3 Summary of projected renewal expenditure

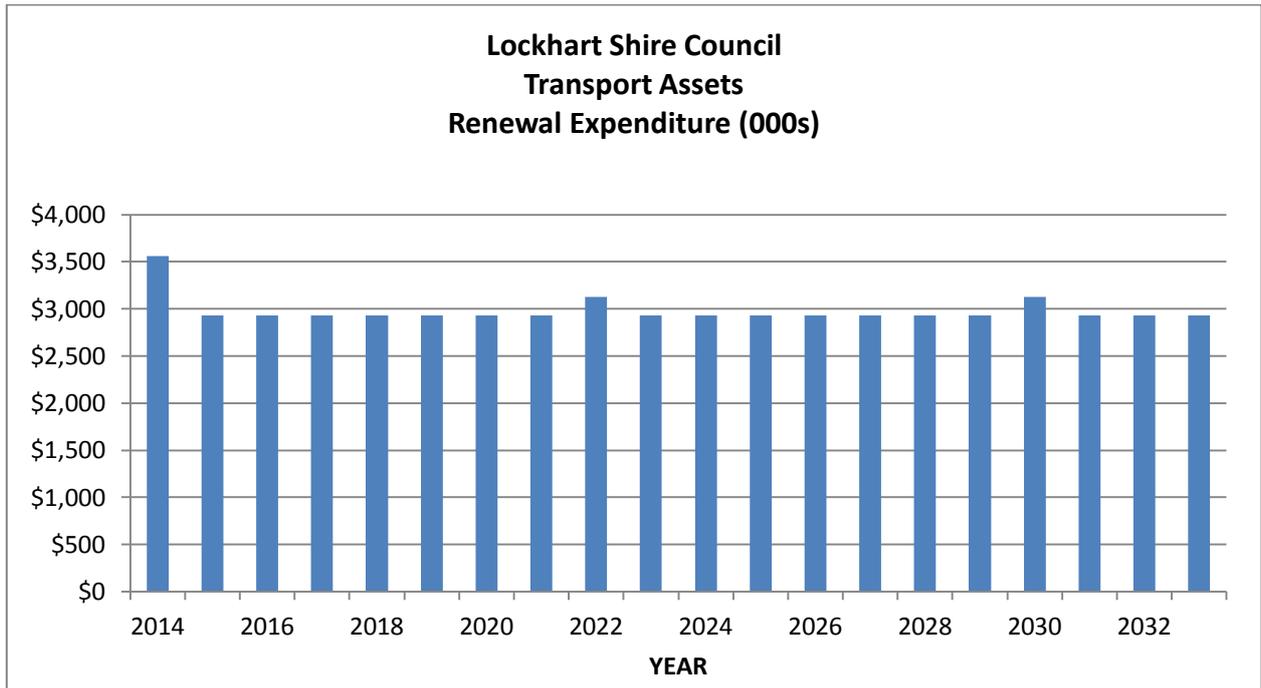
Projected future renewal expenditures are forecast to increase over time as the asset stock ages. The costs are summarised in Figure 5. Note that all costs are shown in 2012 dollar values.

The projected capital renewal program is shown in Appendix B.

Figure 5: Projected Capital Renewal Expenditure (Scenario 1 Use of the Asset Register)



The renewal profile in Scenario1 (Asset Register) generates a highly variable renewal profile. This is inconsistent with the renewal plans developed in the Long Term Financial Plan which tend to be relatively stable. This indicates that there are a number of assumptions to generate the Asset Register which require further refinement before the asset register is used as the principal capital renewal planning tool.



Renewals are to be funded from capital works programs and grants where available. This is further discussed in Section 6.2.

5.5 Creation/Acquisition/Upgrade Plan

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

5.5.1 Selection criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as Councillor or community requests, proposals identified by strategic plans or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop a preliminary estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programs. The priority ranking criteria is detailed in Table 5.5.1.

Table 5.5.1: Upgrade/New Assets Priority Ranking Criteria

Criteria	Weighting
Expansion of transport assets is made based on corporate priorities to meet community expectations and as identified in the Community Strategic Plan Community Benefits (usage, bus routes, transport access)	35%
Safety	25%
Community expectation	10%
Lifecycle costs	30%
Total	100%

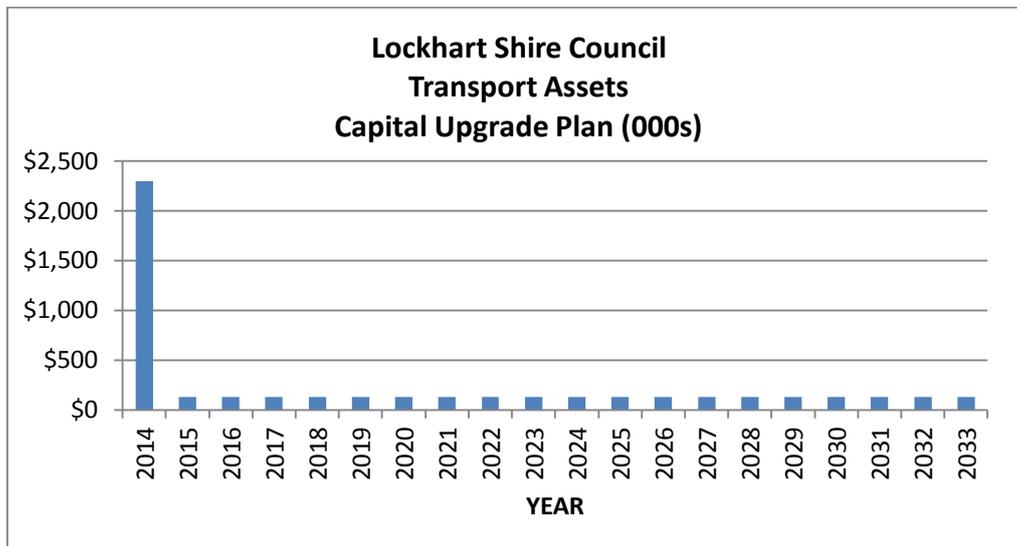
5.5.2 Standards and specifications

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

5.5.3 Summary of projected upgrade/new assets expenditure

Projected upgrade/new asset expenditures are summarised in Figure 6. The projected upgrade/new capital works program is shown in Appendix C. All costs are shown in current 2012dollar values.

Figure 6: Projected Capital Upgrade/New Asset Expenditure



New assets and services are to be funded from capital works program and grants where available. This is further discussed in Section 6.2.

5.6 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.6, together with estimated annual savings from not having to fund operations and maintenance of the assets. These assets will be

further reinvestigated to determine the required levels of service and see what options are available for alternate service delivery, if any.

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

Table 5.6: Assets identified for Disposal

Asset	Reason for Disposal	Timing	Net Disposal Expenditure (Expend +ve, Revenue -ve)	Operations & Maintenance Annual Savings
No assets are identified for disposal in this asset management plan.				

6. FINANCIAL SUMMARY

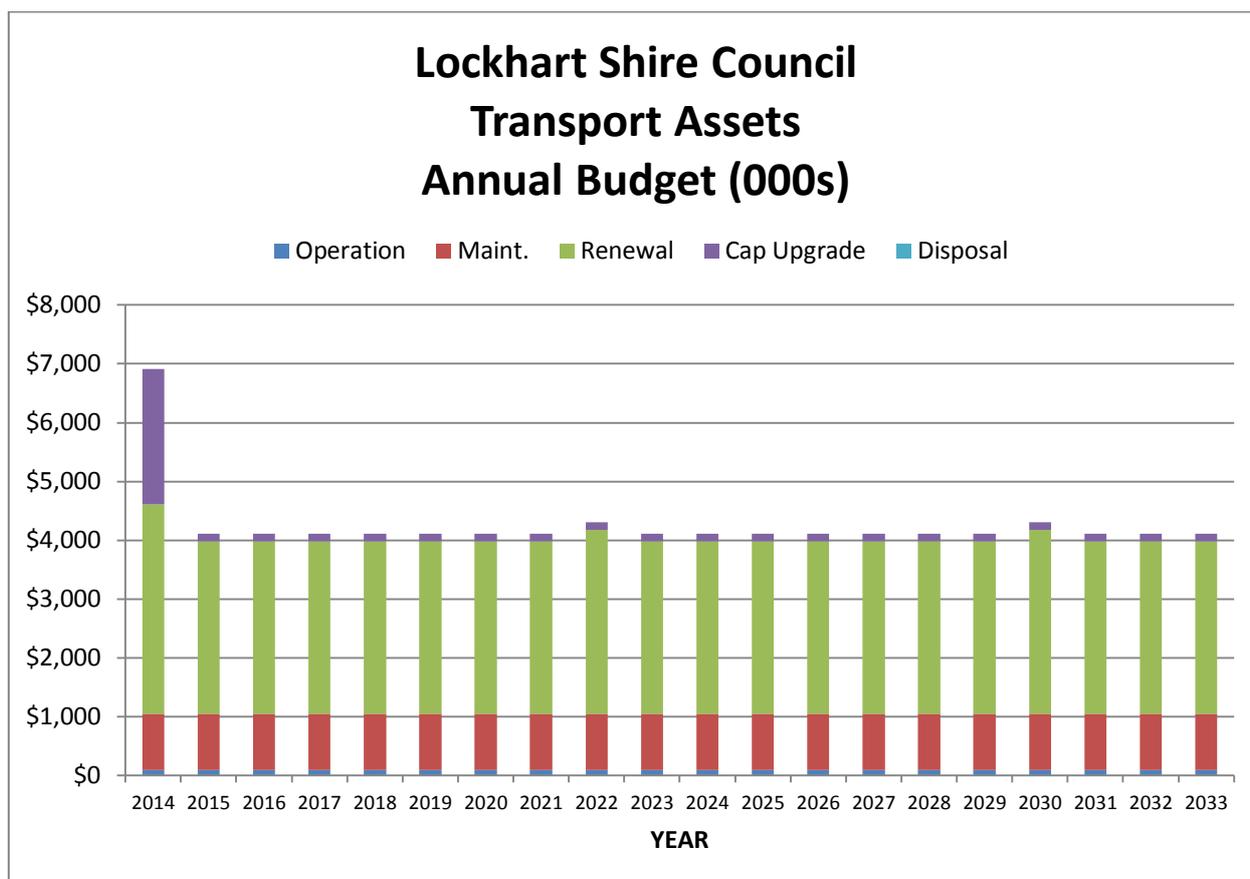
This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset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

6.1 Financial Statements and Projections

The financial projections are shown in Figure 7 for projected operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets), net disposal expenditure and estimated budget funding.

Note that all costs are shown in 2012 dollar values.

Figure 7: Projected Operating and Capital Expenditure and Budget



6.1.1 Financial sustainability in service delivery

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

Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan is \$2,633,394 per year (operations and maintenance expenditure plus depreciation expense in year 1).

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operations, maintenance and capital renewal expenditure in year 1. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the start of the plan is \$3,728,000 (operations and maintenance expenditure plus budgeted capital renewal expenditure in year 1).

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap.

The life cycle gap for services covered by this asset management plan is a surplus of \$1,094,606 per year.

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than that life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.

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

Medium term – 10 year financial planning period

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

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

The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is \$2,633,394 per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$3,007,100 per year giving a 10 year funding surplus of \$373,706 per year and a 10 year sustainability indicator of 1.14. This indicates that Council has 114% of the projected expenditures needed to provide the services documented in the asset management plan.

Medium Term – 5 year financial planning period

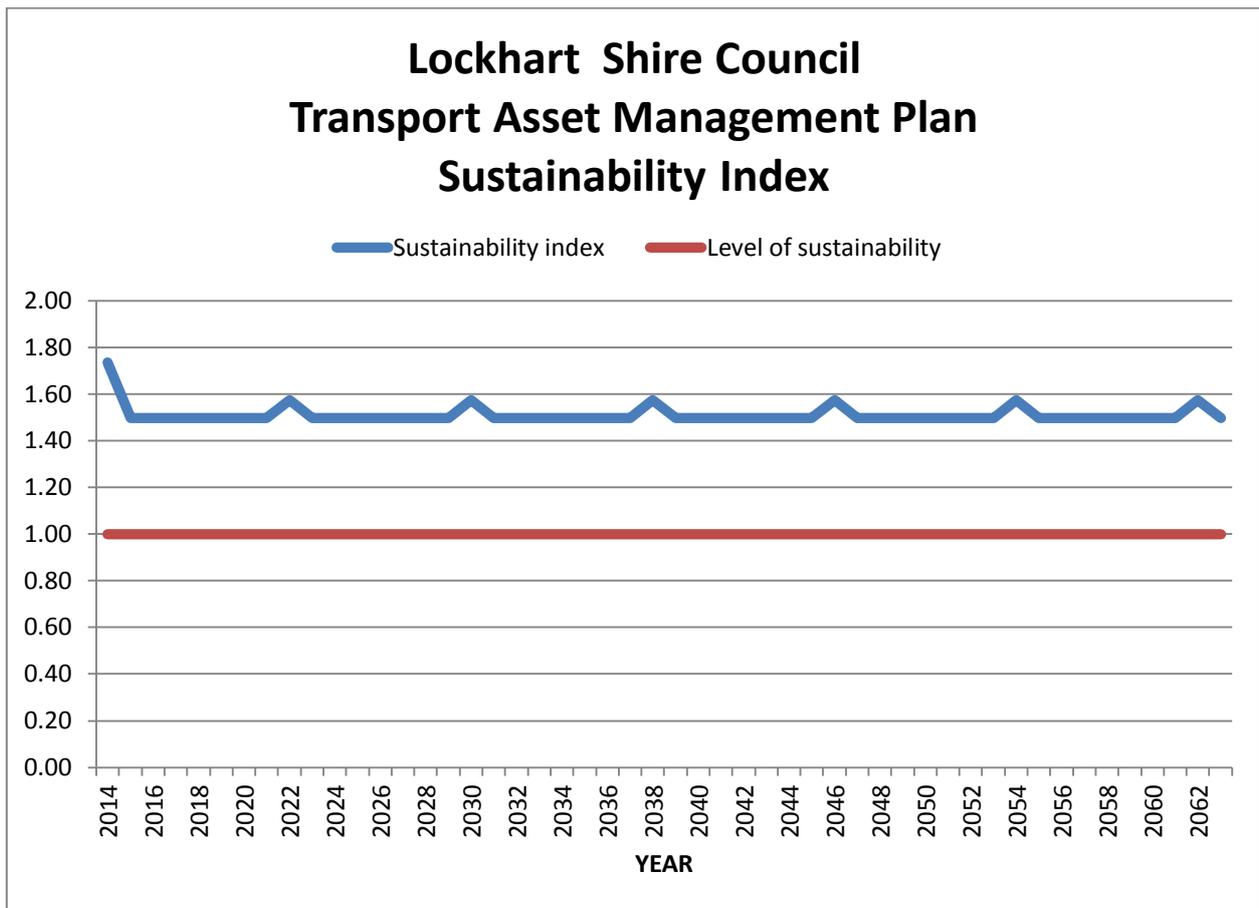
The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$2,633,394 per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$3,047,000 per year giving a 5 year annual funding surplus of \$413,616. This is 116% of projected expenditures giving a 5 year sustainability indicator of 1.16.

Financial Sustainability Indicators

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

Figure 7A: Financial Sustainability Indicators



Providing services from infrastructure in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and funding to achieve a financial sustainability indicator of 1.63 for the first years of the asset management plan and ideally over the 10 year life of the Asset Management Plan.

Figure 8 shows the projected asset renewals in the 10 year planning period from Appendix B. The projected asset renewals are compared to budgeted renewal expenditure in the capital works program and capital renewal expenditure in year 1 of the planning period in Figure 8.

Figure 8: Projected and Budgeted Renewal Expenditure

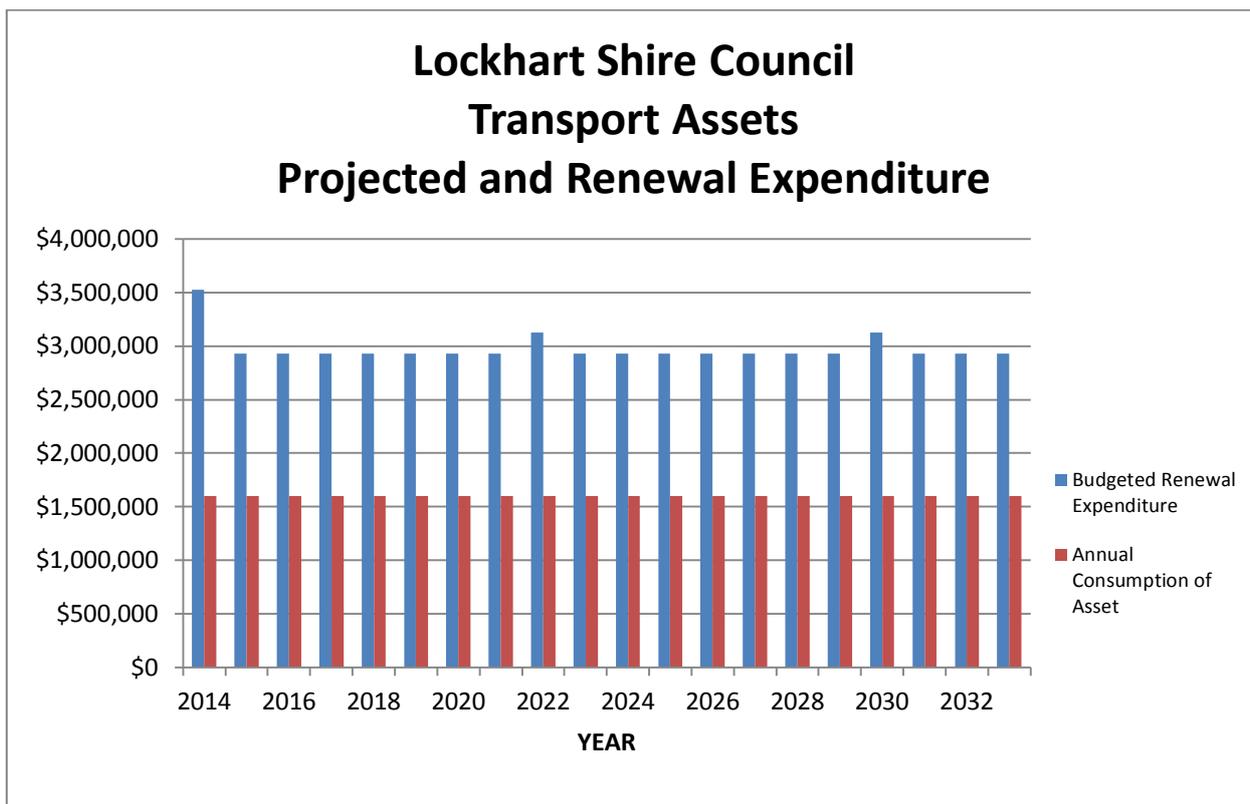


Table 6.1.1: Projected and Budgeted Renewals and Expenditure Shortfall

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

Providing services in a sustainable manner will require matching of projected asset renewals to meet agreed service levels with planned capital works programs and available revenue.

A gap between projected asset renewals, planned asset renewals and funding indicates that further work is required to manage required service levels and funding to eliminate any funding gap.

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

6.1.2 Expenditure projections for long term financial plan

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

Expenditure projections are in current (non-inflated) values. Disposals are shown as net expenditures (revenues are negative).

Table 6.1.2: Expenditure Projections for Long Term Financial Plan

**Lockhart Shire Council
Transport Asset Management
Long Term Financial Plan**

Year	Operations	Maintenance	Renewal	Capital Upgrade	Disposals
2014	\$90,000	\$961,000	\$3,528,000	\$1,086,000	\$0
2015	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2016	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2017	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2018	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2019	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2020	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2021	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2022	\$90,000	\$961,000	\$3,127,000	\$130,000	\$0
2023	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2024	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2025	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2026	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2027	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2028	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2029	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2030	\$90,000	\$961,000	\$3,127,000	\$130,000	\$0
2031	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2032	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0
2033	\$90,000	\$961,000	\$2,927,000	\$130,000	\$0

6.2 Funding Strategy

Projected expenditure identified in Section 6.1 is to be funded from future operating and capital budgets. The funding strategy is detailed in the organisation’s 10 year long term financial plan.

6.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council. Figure 9 shows the projected replacement cost asset values over the planning period in 2013 dollar values.

Figure 9: Projected Asset Values

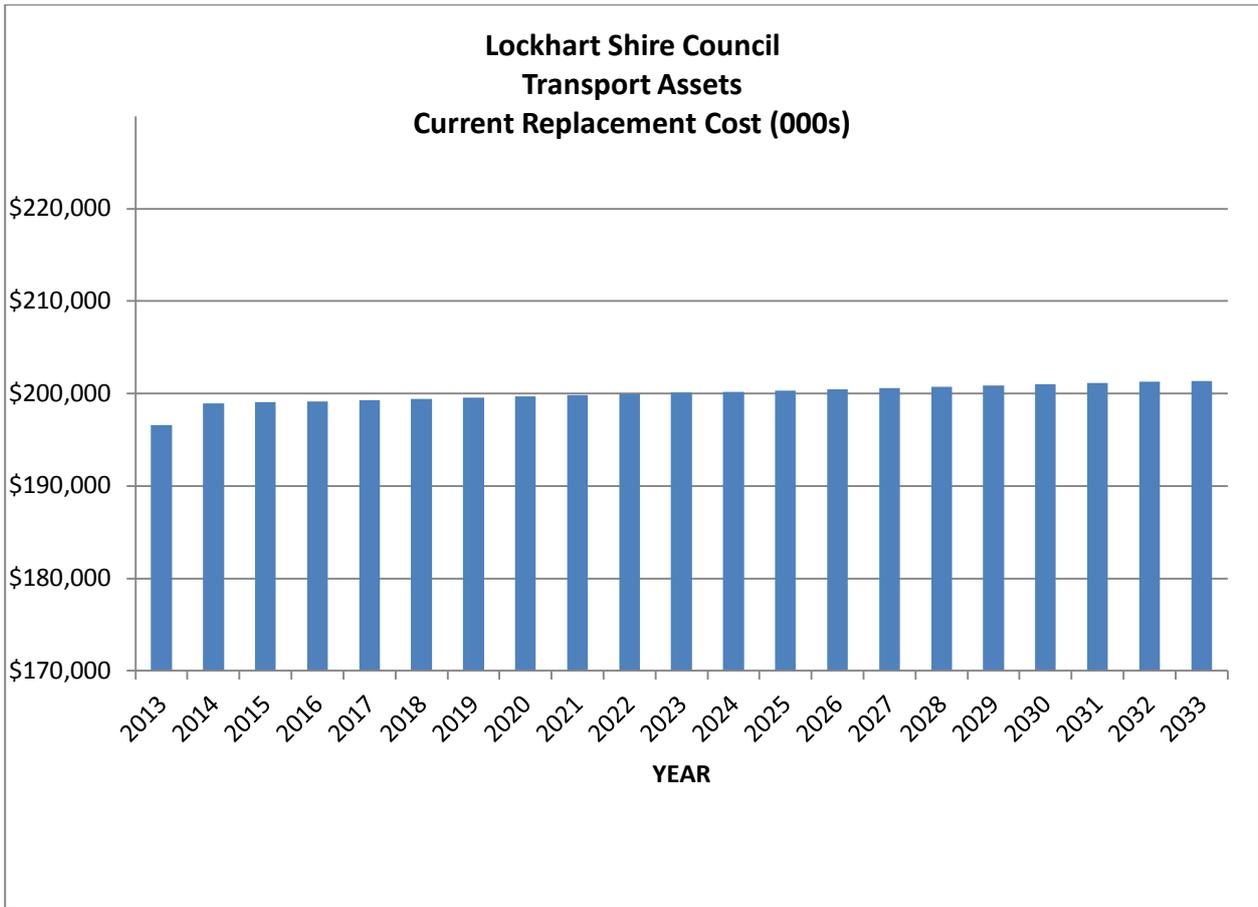
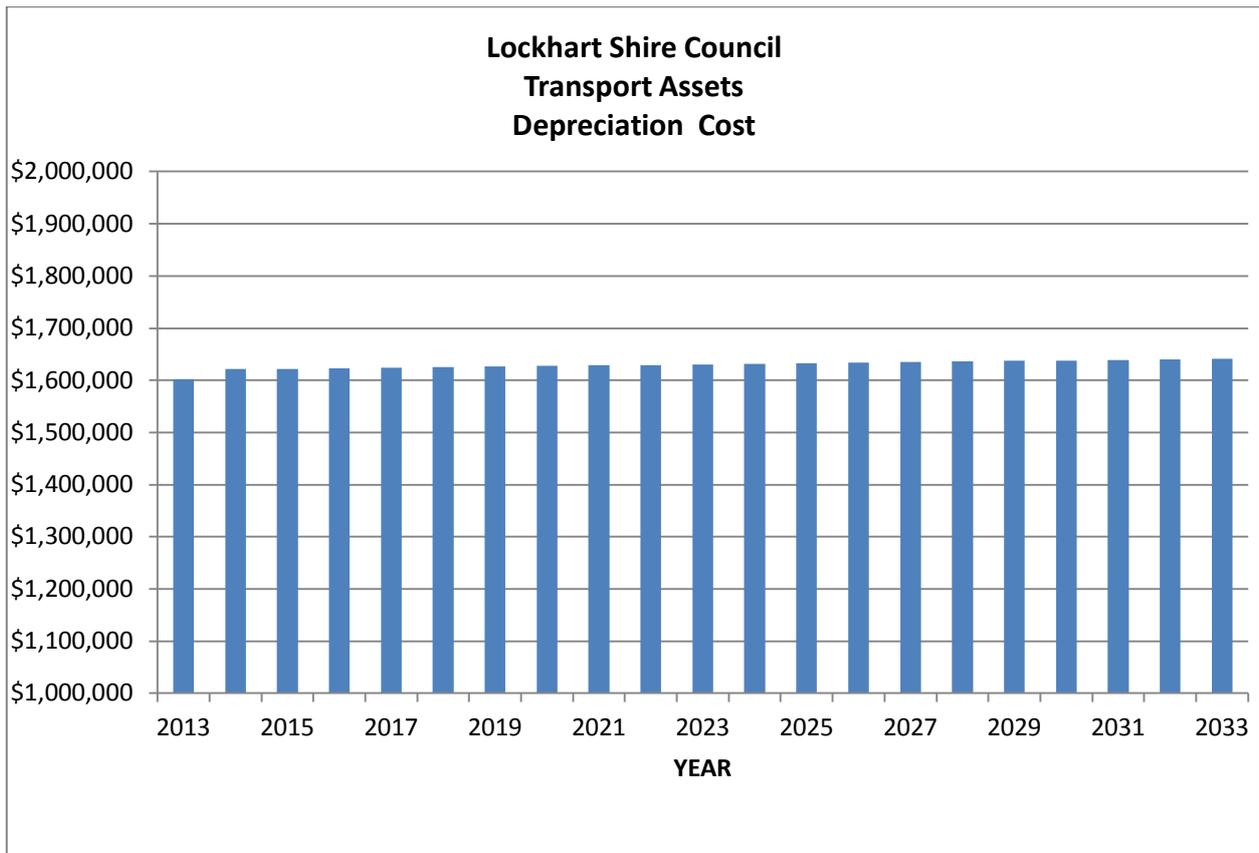


Figure 10: Projected Depreciation Expense

The depreciated replacement cost (current replacement cost less accumulated depreciation) will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets. Forecast of the assets' depreciated replacement cost is shown in Figure 11. The effect of contributed and new assets on the depreciated replacement cost is shown in the light colour bar.

Figure 11: Projected Depreciated Replacement Cost



6.4 Key Assumptions made in Financial Forecasts

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

Key assumptions made in this asset management plan are:

- Levels of income will remain similar of today's figures
- Levels of expenditure will remain similar to today's figures
- There will be no major growth pressure
- Estimates of asset life and residuals are accurate
- Estimate of consumption of the asset is accurate
- Transport numbers and mix will remain static

7. ASSET MANAGEMENT PRACTICES

7.1 Accounting/Financial Systems

7.1.1 Accounting and financial systems

Practical Plus Accounting System

7.1.2 Accountabilities for financial systems

Director Corporate Services

7.1.3 Accounting standards and regulations

AASB116

Local Government Act 1993 as amended for DPR

7.1.4 Capital/maintenance threshold

See Asset Management Policy

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

All asset registers current in Excel and Practical Plus will be integrated to BizeAssets Systems

Some adjustments will be required in Cost Centre Headings and Capital Works Budgets to align will the Asset Management Plan

7.2 Asset Management Systems

7.2.1 Asset management system

The BizeAssets System is used as the Asset Register. The goal is to use MapInfo as an interface for the addition, maintenance and disposal of assets, with financial data attached to points, lines and regions on a map.

NAMs will be used to develop the Asset Management Plans.

7.2.2 Asset registers

All asset registers current in Excel and Practical Plus will be integrated to BizeAssets Systems.

7.2.3 Linkage from asset management to financial system

The goal is to ensure annual update of previous year's renewal and capital work is included in the Asset register prior to the preparation of the next operational plan to allow accurate figures to be incorporated.

7.2.4 Accountabilities for asset management system and data

Director Engineering

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

Continued migration of Asset Registers to BizeAssets.

7.3 Information Flow Requirements and Processes

The key information flows *into* this asset management plan are:

- Council strategic and operational plans,
- Service requests from the community,
- Network assets information,
- The unit rates for categories of work/materials,
- Current levels of service, expenditures, service deficiencies and service risks,
- Projections of various factors affecting future demand for services and new assets acquired by Council,
- Future renewal and capital improvement works programs,
- Financial asset values.

The key information flows *from* this asset management plan are:

- The projected Works Program and trends,
- The resulting budget and long term financial plan expenditure projections,
- Financial sustainability indicators.

These will impact the Long Term Financial Plan, Strategic Longer-Term Plan, annual budget and departmental business plans and budgets.

7.4 Standards and Guidelines

Standards, guidelines and policy documents referenced in this asset management plan are:

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

8. PLAN IMPROVEMENT AND MONITORING

8.1 Performance Measures

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

- The degree to which the required cash flows identified in this asset management plan are incorporated into the organisation's long term financial plan and Community/Strategic Planning processes and documents,
- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the asset management plan;

8.2 Improvement Plan

The asset management improvement plan generated from this asset management plan is shown in Table 8.2.

Table 8.2: Improvement Plan 2013/2014

Task No	Task	Responsibility	Resources Required	Timeline
1	Complete data acquisition footpaths, bridges etc. TBA	DES	Staff Time	Ongoing
2	Review unit rates to improve accuracy. Provide reasons for chosen values	DES	Staff Time	1/3/2014
3	Review Whole of life periods to improve accuracy. Provide reasons for chosen values	DES	Staff Time	1/3/2014
4	Review residuals to improve accuracy. Provide reasons for chosen values	DES	Staff time	1/3/2014
5	Revise Financial plan to match subcategories in Asset Management Plan	DCS	Staff time	1/5/2014
6	Separate Renewal, upgrade and new in Capital works plans	DCS & DES	Staff time	1/5/2014
7	Ensure Capital works plans match subcategories in the Asset Management plan	DCS & DES	Staff Time	1/5/2014

8.3 Monitoring and Review Procedures

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

The Plan has a life of 4 years and is due for revision and updating within 12 months of each Council election.

REFERENCES

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APPENDICES

Appendix A Base Rates

Appendix B Projected 10 year Capital Renewal Works Program

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

Appendix D Council Policy

Appendix E Abbreviations

Appendix F Glossary

Appendix A Base Data

**Lockhart Shire Council
Transport Asset
Base Rates**

Roads	Type	Life	Residual	Depreciable %	Unit Rate
Formed Road	Formation	100	100	0	\$ 4.00
Gravel Rd Class 1	Formation	100	100	0	\$ 5.00
	Gravel pavement	15	60	40	\$ 7.80
Gravel Rd Class 2	Formation	100	100	0	\$ 4.50
	Gravel pavement	15	60	40	\$ 3.90
Sealed local Rural	Formation	100	100	0	\$ 6.00
	Pavement	80	60	40	\$ 15.75
	Seal	18	60	40	\$ 4.75
Sealed Local Urban	Formation	100	100	0	\$ 5.00
	Pavement	80	60	40	\$ 14.75
	Seal	20	60	40	\$ 4.75
Regional Roads	Formation	100	100	0	\$ 7.50
	Pavement	80	60	40	\$ 18.90
	Seal	20	60	40	\$ 4.75

Appendix B Planned Renewal and Defects Repair 10 year Capital Works Program

Lockhart SC

Projected Capital Renewal Works Program - TransportS2V5

(\$000)

Year	Item	Description	Estimate
2014		Network Renewals	
	1	Regional Roads Pavement Renewal 1403767m2@1.25% x \$11.34/m2	\$627
	2	Regional Roads Reseals 91220m2 @ 6.67% x \$2.85m2	\$250
	3	Rural Sealed Roads Pavement Renewal 2908438m2@1.25% x \$9.45/m2	\$993
	4	Rural Sealed Roads Reseals 2053008m2@5.56% x \$2.85/m2	\$360
	5	Urban /Sealed /Roads Pavement Renewal 256012m2@ 1.25% x \$8.85/m2	\$154
	6	Urban /Sealed /Roads Reseals 248927m2@ 5.00% x \$2.85/m2	\$40
	7	Rural Unsealed Class 1 Pavement Renewal 905140m2 @6.67% x \$4.68/m2	\$346
	8	Rural Unsealed Class 2 Pavement Renewal 2806344m2 @6.67% x \$2.34/m2	\$157
2014		Defect Repairs	
	1	Culverts	\$300
	2	Defects Repair	\$301
2014		Total	\$3,528

2015		Network Renewals	
	1	Regional Roads Pavement Renewal 1403767m2@1.25% x \$11.34/m2	\$627
	2	Regional Roads Reseals 91220m2 @ 6.67% x \$2.85m2	\$250
	3	Rural Sealed Roads Pavement Renewal 2908438m2@1.25% x \$9.45/m2	\$816
	4	Rural Sealed Roads Reseals 2053008m2@5.56% x \$2.85/m2	\$400
	5	Urban /Sealed /Roads Pavement Renewal 256012m2@ 1.25% x \$8.85/m2	\$57
	6	Urban /Sealed /Roads Reseals 248927m2@ 5.00% x \$2.85/m2	\$30
	7	Rural Unsealed Class 1 Pavement Renewal 905140m2 @6.67% x \$4.68/m2	\$300
	8	Rural Unsealed Class 2 Pavement Renewal 2806344m2 @6.67% x \$2.34/m2	\$447
2015		Defect Repairs	
2015		Total	\$2,927

(\$000)

Year	Item	Description	Estimate
2016		Network Renewals	
	1	Regional Roads Pavement Renewal 1403767m2@1.25% x \$11.34/m2	\$627
	2	Regional Roads Reseals 91220m2 @ 6.67% x \$2.85m2	\$250
	3	Rural Sealed Roads Pavement Renewal 2908438m2@1.25% x \$9.45/m2	\$816
	4	Rural Sealed Roads Reseals 2053008m2@5.56% x \$2.85/m2	\$400
	5	Urban /Sealed /Roads Pavement Renewal 256012m2@ 1.25% x \$8.85/m2	\$57
	6	Urban /Sealed /Roads Reseals 248927m2@ 5.00% x \$2.85/m2	\$30
	7	Rural Unsealed Class 1 Pavement Renewal 905140m2 @6.67% x \$4.68/m2	\$300
	8	Rural Unsealed Class 2 Pavement Renewal 2806344m2 @6.67% x \$2.34/m2	\$447
2016		Defect Repairs	

2016		Total	\$2,927
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2017		Network Renewals	Estimate
	1	Regional Roads Pavement Renewal 1403767m2@1.25% x \$11.34/m2	\$627
	2	Regional Roads Reseals 91220m2 @ 6.67% x \$2.85m2	\$250
	3	Rural Sealed roads Pavement Renewal 2908438m2@1.25% x \$9.45/m2	\$816
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	5	Urban /Sealed /Roads Pavement Renewal 256012m2@ 1.25% x \$8.85/m2	\$57
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	8	Rural Unsealed Class 2 Pavement Renewal 2806344m2 @6.67% x \$2.34/m2	\$447
2017		Defect Repairs	
2017		Total	\$2,927

(\$000)

Year	Item	Description	Estimate
2018		Network Renewals	
	1	Regional Roads Pavement Renewal 1403767m2@1.25% x \$11.34/m2	\$627
	2	Regional Roads Reseals 91220m2 @ 6.67% x \$2.85m2	\$250
	3	Rural Sealed Roads Pavement Renewal 2908438m2@1.25% x \$9.45/m2	\$816
	4	Rural Sealed Roads Reseals 2053008m2@5.56% x \$2.85/m2	\$400
	5	Urban /Sealed /Roads Pavement Renewal 256012m2@ 1.25% x \$8.85/m2	\$57
	6	Urban /Sealed /Roads Reseals 248927m2@ 5.00% x \$2.85/m2	\$30
	7	Rural Unsealed Class 1 Pavement Renewal 905140m2 @6.67% x \$4.68/m2	\$300
	8	Rural Unsealed Class 2 Pavement Renewal 2806344m2 @6.67% x \$2.34/m2	\$447
2018		Defect Repairs	
2018		Total	\$2,927

2019		Network Renewals	
	1	Regional Roads Pavement Renewal 1403767m2@1.25% x \$11.34/m2	\$627
	2	Regional Roads Reseals 91220m2 @ 6.67% x \$2.85m2	\$250
	3	Rural Sealed Roads Pavement Renewal 2908438m2@1.25% x \$9.45/m2	\$816
	4	Rural Sealed Roads Reseals 2053008m2@5.56% x \$2.85/m2	\$400
	5	Urban /Sealed /Roads Pavement Renewal 256012m2@ 1.25% x \$8.85/m2	\$57
	6	Urban /Sealed /Roads Reseals 248927m2@ 5.00% x \$2.85/m2	\$30
	7	Rural Unsealed Class 1 Pavement Renewal 905140m2 @6.67% x \$4.68/m2	\$300
	8	Rural Unsealed Class 2 Pavement Renewal 2806344m2 @6.67% x \$2.34/m2	\$447
2019		Defect Repairs	
2019		Total	\$2,927

(\$000)

Year	Item	Description	Estimate
2020		Network Renewals	
	1	Regional Roads Pavement Renewal 1403767m2@1.25% x \$11.34/m2	\$627
	2	Regional Roads Reseals 91220m2 @ 6.67% x \$2.85m2	\$250
	3	Rural Sealed Roads Pavement Renewal 2908438m2@1.25% x \$9.45/m2	\$816

	4	Rural Sealed Roads Reseals 2053008m2@5.56% x \$2.85/m2	\$400
	5	Urban /Sealed /Roads Pavement Renewal 256012m2@ 1.25% x \$8.85/m2	\$57
	6	Urban /Sealed /Roads Reseals 248927m2@ 5.00% x \$2.85/m2	\$30
	7	Rural Unsealed Class 1 Pavement Renewal 905140m2 @6.67% x \$4.68/m2	\$300
	8	Rural Unsealed Class 2 Pavement Renewal 2806344m2 @6.67% x \$2.34/m2	\$447
2020		Defect Repairs	
2020		Total	\$2,927

2021		Network Renewals	
	1	Regional Roads Pavement Renewal 1403767m2@1.25% x \$11.34/m2	\$627
	2	Regional Roads Reseals 91220m2 @ 6.67% x \$2.85m2	\$250
	3	Rural Sealed Roads Pavement Renewal 2908438m2@1.25% x \$9.45/m2	\$816
	4	Rural Sealed Roads Reseals 2053008m2@5.56% x \$2.85/m2	\$400
	5	Urban /Sealed /Roads Pavement Renewal 256012m2@ 1.25% x \$8.85/m2	\$57
	6	Urban /Sealed /Roads Reseals 248927m2@ 5.00% x \$2.85/m2	\$30
	7	Rural Unsealed Class 1 Pavement Renewal 905140m2 @6.67% x \$4.68/m2	\$300
	8	Rural Unsealed Class 2 Pavement Renewal 2806344m2 @6.67% x \$2.34/m2	\$447
2021		Defect Repairs	
	1	Bridge Renewal	\$200
2021		Total	\$3,127

(\$000)

Year	Item	Description	Estimate
2022		Network Renewals	
	1	Regional Roads Pavement Renewal 1403767m2@1.25% x \$11.34/m2	\$627
	2	Regional Roads Reseals 91220m2 @ 6.67% x \$2.85m2	\$250
	3	Rural Sealed Roads Pavement Renewal 2908438m2@1.25% x \$9.45/m2	\$816
	4	Rural Sealed Roads Reseals 2053008m2@5.56% x \$2.85/m2	\$400
	5	Urban /Sealed /Roads Pavement Renewal 256012m2@ 1.25% x \$8.85/m2	\$57
	6	Urban /Sealed /Roads Reseals 248927m2@ 5.00% x \$2.85/m2	\$30
	7	Rural Unsealed Class 1 Pavement Renewal 905140m2 @6.67% x \$4.68/m2	\$300
	8	Rural Unsealed Class 2 Pavement Renewal 2806344m2 @6.67% x \$2.34/m2	\$447
	9		
	10		
2022		Defect Repairs	
	1		
	2		
	3		
	4		
	5		
	6		
	7		
	8		
	9		
	10		

2022		Total	\$2,927
2023		Network Renewals	
	1	Regional Roads Pavement Renewal 1403767m ² @1.25% x \$11.34/m ²	\$627
	2	Regional Roads Reseals 91220m ² @ 6.67% x \$2.85/m ²	\$250
	3	Rural Sealed Roads Pavement Renewal 2908438m ² @1.25% x \$9.45/m ²	\$816
	4	Rural Sealed Roads Reseals 2053008m ² @5.56% x \$2.85/m ²	\$400
	5	Urban /Sealed /Roads Pavement Renewal 256012m ² @ 1.25% x \$8.85/m ²	\$57
	6	Urban /Sealed /Roads Reseals 248927m ² @ 5.00% x \$2.85/m ²	\$30
	7	Rural Unsealed Class 1 Pavement Renewal 905140m ² @6.67% x \$4.68/m ²	\$300
	8	Rural Unsealed Class 2 Pavement Renewal 2806344m ² @6.67% x \$2.34/m ²	\$447
2023		Defect Repairs	
2023		Total	\$2,927

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

Lockhart SC

Projected Capital Upgrade/New Works Program - TransportS2V4

(\$000)

Year	Item	Description	Estimate
2014	1	Boree Creek Rd	\$150
	2	Western Rd shoulders	\$150
	3	Ford St/ Urana St The rock	\$358
	4	Plunkett St Yerong Creek	\$216
	5	Emily Street Lane, The Rock	\$32
	6	Urana St Lane The Rock	\$50
	7	Pamps	\$90
	8	Stormwater/ K&G	\$40
2014		Total	\$1,086

(\$000)

Year	Item	Description	Estimate
2015	1	Footpaths	\$90
	2	Stormwater/kerb and gutter	\$40
2015		Total	\$130

(\$000)

Year	Item	Description	Estimate
2016	1	Footpaths	\$90
	2	Stormwater/kerb and gutter	\$40
2016		Total	\$130

(\$000)

Year	Item	Description	Estimate
2017	1	Footpaths	\$90
	2	Stormwater/kerb and gutter	\$40
2017		Total	\$130

(\$000)

Year	Item	Description	Estimate
2018	1	Footpaths	\$90
	2	Stormwater/kerb and gutter	\$40
2018		Total	\$130

(\$000)

Year	Item	Description	Estimate
2019	1	Footpaths	\$90
	2	Stormwater/kerb and gutter	\$40
2019		Total	\$130

(\$000)

Year	Item	Description	Estimate
2020	1	Footpaths	\$90
	2	Stormwater/kerb and gutter	\$40
2020		Total	\$130

(\$000)

Year	Item	Description	Estimate
2021	1	Footpaths	\$90
	2	Stormwater/kerb and gutter	\$40
2021		Total	\$130

(\$000)

Year	Item	Description	Estimate
2022	1	Footpaths	\$90
	2	Stormwater/kerb and gutter	\$40
2022		Total	\$130

(\$000)

Year	Item	Description	Estimate
2023	1	Footpaths	\$90
	2	Stormwater/kerb and gutter	\$40
2023		Total	\$130

Appendix D Council Policy

2.17 Local Roads Classification & Maintenance

POLICY TITLE: LOCAL ROADS CLASSIFICATION & MAINTENANCE

FILE REF: R40-115, SHIRE ROADS MAP FEB. 2001

EXPIRY DATE: SUBJECT TO ANNUAL REVIEW PURSUANT CLAUSE 1.3

OBJECTIVES

- i) To clearly designate for information of the Council and public the classification of roads within the Shire.
- ii) To facilitate management of Council's road system by indicating priorities and preferences with a view to the limited funds available for road maintenance being expended in the most equitable and effective manner.

POLICY STATEMENT

1. CLASSIFICATION

That the Shire road system be classified on the following priority basis, which is hereby adopted as policy:

1.1 RURAL

- a) Sealed Local Roads – these rural roads of strategic importance or carrying sufficient traffic volumes to warrant sealing. The objective is to achieve adequate maintenance whilst delaying for as long as possible the need to reconstruct.
- b) Class 1 Gravel Roads – being gravel roads which, as well as providing access to individual properties, form essential connecting links for “through” traffic or are otherwise of strategic importance. The objective is for these roads to be trafficable in all weather conditions recognising that it is not financially possible for these roads to be kept consistently in an “ideal” condition.
- c) Class 2 Gravel Roads - the objective for these roads is to be trafficable in the majority of weather conditions however, it is possible that water may cross the road in minor storm events and that the maintenance interval between treatments could be less than desired. Maintenance works should ensure that all causeways are gravelled.
- d) Earth Formed Roads - the objective is for earth formed roads to be trafficable in dry weather only however, gravelling of causeways may occur in problem areas. Installation of “dry weather road only” signs on these roads will be actively pursued.
- e) Fire Access - the objective for these roads is that they be trafficable during the bush fire season and only in dry weather.
- f) Unformed Roads - the objective for these roads is to rectify any drainage problems that may occur and the control of weeds.

1.2 URBAN

- a) Sealed Streets - these streets are to be treated the same as sealed local roads.
- b) Unsealed Streets - these streets are to be treated the same as Class 1 Gravel Roads.
 - c) Back Lanes - these are to be treated the same as Class 2 Gravel Roads.

1.3 GENERAL

That the Council makes available appropriate maps of the Shire depicting these road classifications and that the classifications be reviewed annually in conjunction with consideration of the Council's Management Plan.

2. MAINTENANCE

2.1 FINANCIAL PRIORITIES

That priorities for local roads maintenance and construction expenditure be:

- a) Routine Maintenance of Sealed Roads – to maintain roads to accepted standards.
- b) The execution of all reseals and/or enrichments deemed necessary to maintain sealed roads in good order and minimise reconstruction needs. Generally seeking a maximum rural seal age of 12 years and urban seal age of 20 years.

Lockhart Shire Council - Policy Register Section 2 Page 19 Revision Date: 15 December 2011

2.17 Local Roads Classification & Maintenance (cont'd)

- c) The shoulder grading on local sealed roads as necessary to maintain verges in good order and avoid loss of seal through edge break.
- d) The resheeting of Class 1 Gravel Roads, bitumen sealing of additional roads, and/or reconstruction of existing bitumen and/or Class 1 Gravel Roads as may be determined by Council from year to year.
- e) The routine maintenance, including regravelling of short sections where lower cost techniques will be inadequate, of Class 1 Gravel Roads.
- f) The maintenance of Class 2 Gravel Roads including gravelling of water crossing points and very slippery sections.
- g) The maintenance of the balance of the road system.
- h) That Council continue to accept (and even actively seek) private contributions towards the execution of road works not able to be otherwise funded, in particular such activities as gravelling and culvert construction on Class 2 Gravel and earth formed roads, and the forming of unconstructed roads but that care be taken to ensure that Council's meeting of its share of costs on any such works does not significantly affect established priorities on other roads.

2.2 TECHNICAL DETAILS

That, subject to such specific directives as Council may lay down, all road maintenance is to comply with relevant aspects of New South Wales Roads and Traffic Authority and other Government Policies and Standards, recognised text and accepted sound practice in the industry. Rural roads maintenance will achieve the following:

- a) Trees – to maintain existing areas cleared of trees; to undertake an assessment of trees for removal from a road safety, construction standard and value of remnant vegetation perspective.
- b) Drainage – construction of wide flat table drains, to minimise soil erosion, rather than steep V-shaped ones where the terrain dictates. The clearing out of drains that have silted up over the years, returning any useable gravel to the road surface; and construction of adequate drains where, previous ones were minimal. Mitre drains shall begin at the back of table drains.

Any program of works on table drains should also include associated mitre drains and connections to and from works on private properties to the best advantage of landholders without significant detriment to the road system.

- c) Pavements – should have adequate crossfall and width should be selected for maximum long term economy but reasonable safety. This will generally result in bitumen roads being sealed seven (7) metres wide, Class 1 Road gravelled six (6) metres wide to a depth of 10mm, Class 2 Roads gravelled five (5) metres wide but on a useable formation of about six (6) metres, and Earth Formation Roads being four (4) metres wide but with table drains useable by passing traffic in most seasons.
- d) Formation – formation of roads with inadequate crossfall should continue progressively. Desired formation is 4 to 6% crossfall maintained to inside edge of mitre drain with peak in centre of road. The rate of progress achieved on this activity from time to time will not only depend on financial and operational capacity, but also weather conditions and road user tolerance of poor conditions whilst such results are being progressively achieved, for example, rocks and dying grass being left on the pavement between forming and final finishing, which may be separated by periods of some weeks.
- e) Inspection – all roads are to be inspected before maintenance work to ensure compliance with financial priorities and maintenance standards.

3. MAINTENANCE STANDARDS

3.1 RURAL

- a) Sealed Local roads – the maintenance objective for these roads is the undertaking of pothole patching, edge break repairs, crack sealing, heavy patching, shoulder grading, shoulder gravelling and reseals at the most optimum time so as to offset the need to reconstruct for as long as possible.
- b) Council's priority for maintenance of directional and advisory signs will also coincide with sealed roads.
- c) Class 1 Gravel Roads – the objective for these roads is to maintain a gravel depth of approximately 100mm for the entire length of the roadway and prevent water from crossing the road in minor storm events via reconstruction

of appropriate drainage works. The maintenance of Class 1 Gravel Roads with poorer quality gravel may require several treatments with plant in any given year.

d) Class 2 Gravel Roads – the objective for these roads is to be trafficable in the majority of weather conditions however, it is possible that water may cross the road in minor storm events and that the maintenance interval between treatments could be less than desired. Maintenance works should ensure that all causeways are gravelled.

e) Earth Formed Roads – the objective is for earth formed roads to be trafficable in dry weather only, however, gravelling of causeways may occur in problem areas. Installation of “dry weather only” signs on these roads will be actively pursued.

f) Fire Access – the objective for these roads is that they be trafficable during the bush fire season and only in dry weather.

g) Formed Roads – the objective for these roads is to rectify any drainage problems that may occur and the control of weeds.

3.2 URBAN

a) Sealed Streets – these streets are to be treated the same as sealed local roads.

b) Unsealed Streets – these streets are to be treated the same as Class 1 Gravel Roads.

c) Back Lanes – these are to be treated the same as Class 2 Gravel Roads.

Amendments adopted by Council – 19 March 2001

Refer Minute No. 22546

Confirmed by Council 17 August 2009

Refer minute 283/09

Appendix E Abbreviations

AAAC	Average annual asset consumption
AMP	Asset management plan
ARI	Average recurrence interval
BOD	Biochemical (biological) oxygen demand
CRC	Current replacement cost
CWMS	Community wastewater management systems
DA	Depreciable amount
EF	Earthworks/formation
IRMP	Infrastructure risk management plan
LCC	Life Cycle cost
LCE	Life cycle expenditure
MMS	Maintenance management system
PCI	Pavement condition index
RV	Residual value
SS	Suspended solids
vph	Vehicles per hour

Appendix F Glossary

Annual service cost (ASC)

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

Asset

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

Asset class

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

Asset condition assessment

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

Asset management (AM)

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

Average annual asset consumption (AAAC)*

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

Borrowings

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

Capital expenditure

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

Capital expenditure - expansion

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

Capital expenditure - new

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

Capital expenditure - renewal

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

Capital expenditure - upgrade

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

Capital funding

Funding to pay for capital expenditure.

Capital grants

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

Capital investment expenditure

See capital expenditure definition

Capitalisation threshold

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

Carrying amount

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

Class of assets

See asset class definition

Component

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

Cost of an asset

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

Current replacement cost (CRC)

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

Depreciable amount

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

Depreciated replacement cost (DRC)

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

Depreciation / amortisation

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

Economic life

See useful life definition.

Expenditure

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

Fair value

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

Funding gap

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

Heritage asset

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

Impairment Loss

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

Infrastructure assets

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

Investment property

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

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

Key performance indicator

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

Level of service

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

Life Cycle Cost

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

Life Cycle Expenditure

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

Loans / borrowings

See borrowings.

Maintenance

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

- **Planned maintenance**

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

- **Reactive maintenance**

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

- **Significant maintenance**

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

- **Unplanned maintenance**

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

Maintenance and renewal gap

Difference between estimated budgets and projected required expenditures for maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

Maintenance and renewal sustainability index

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

Maintenance expenditure

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

Materiality

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

Modern equivalent asset

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

Net present value (NPV)

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

Non-revenue generating investments

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

Operations expenditure

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

Operating expense

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

Pavement management system

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

PMS Score

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

Rate of annual asset consumption

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

Rate of annual asset renewal

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

Rate of annual asset upgrade

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

Recoverable amount

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

Recurrent expenditure

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

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining useful life

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

Renewal

See capital renewal expenditure definition above.

Residual value

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

Revenue generating investments

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

Risk management

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

Section or segment

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

Service potential

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

Service potential remaining

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

Strategic Longer-Term Plan

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

Specific Maintenance

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

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

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

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

Value in Use

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

Source: IPWEA, 2009, Glossary