

Resource Strategy

Building Asset Management Plan



**COBAR SHIRE
COUNCIL**
outback nsw

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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
DoH	Department of Health
DPES	Director of Planning & Environmental Services
EF	Earthworks/formation
GM	General Manager
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

GLOSSARY

Annual service cost (ASC)

An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operating, maintenance, depreciation, finance/ opportunity and disposal costs, less revenue.

Asset class

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

Asset condition assessment

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

Asset management

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

Assets

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

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

Average annual asset consumption (AAAC)*

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

Brownfield asset values**

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

Capital expansion expenditure

Expenditure that extends an existing asset, at the same standard as is currently enjoyed by residents, to a new

group of users. It is discretionary expenditure, which increases future operating, and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group, eg. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

Capital expenditure

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

Capital funding

Funding to pay for capital expenditure.

Capital grants

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

Capital investment expenditure

See capital expenditure definition

Capital new expenditure

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

Capital renewal expenditure

Expenditure on an existing asset, which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time, eg. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital upgrade expenditure

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base, eg. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Carrying amount

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

Class of assets

See asset class definition

Component

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

Cost of an asset

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

Current replacement cost (CRC)

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

Current replacement cost "As New" (CRC)

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

Cyclic Maintenance**

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

Depreciable amount

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

Depreciated replacement cost (DRC)

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

Depreciation / amortisation

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

Economic life

See useful life definition.

Expenditure

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

Fair value

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

Greenfield asset values **

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

Heritage asset

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

Impairment Loss

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

Infrastructure assets

Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services, eg. roads, drainage, footpaths and cycleways. These are

typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no market value.

Investment property

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

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business (AASB 140.5)

Level of service

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

Life Cycle Cost **

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

Life Cycle Expenditure **

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

Loans / borrowings

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

Maintenance and renewal gap

Difference between estimated budgets and projected expenditures for maintenance and renewal of assets, totalled over a defined time (eg 5, 10 and 15 years).

Maintenance and renewal sustainability index

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

Maintenance expenditure

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

Materiality

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

Modern equivalent asset.

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

Non-revenue generating investments

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

Operating expenditure

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

Pavement management system

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

Planned Maintenance**

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

PMS Score

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

Rate of annual asset consumption*

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

Rate of annual asset renewal*

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

Rate of annual asset upgrade*

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

Reactive maintenance

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

Recoverable amount

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

Recurrent expenditure

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

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining life

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

Renewal

See capital renewal expenditure definition above.

Residual value

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

Revenue generating investments

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

Risk management

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

Section or segment

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

Service potential

The capacity to provide goods and services in accordance with the entity's objectives, whether those objectives are the generation of net cash inflows or the provision of goods and services of a particular volume and quantity to the beneficiaries thereof.

Service potential remaining*

A measure of the remaining life of assets expressed as a percentage of economic life. It is also a measure of the percentage of the asset's potential to provide services that is still available for use in providing services (DRC/DA).

Strategic Management Plan (SA)**

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

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

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

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

Value in Use

The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate new cash flows, where if deprived of the asset its future economic benefits would be replaced.

Source: DVC 2006, Glossary

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

Additional glossary items shown **

1. EXECUTIVE SUMMARY

What Council Provides

Council provides a buildings network made up of a number of buildings in each of the following categories.

- Housing
- Commercial
- Depots
- Public Toilets and Shelters
- Public Buildings

What does it Cost?

There are two key indicators of cost to provide the buildings asset service.

- The life cycle cost being the average cost over the life cycle of the asset, and
- The total maintenance and capital renewal expenditure required to deliver existing service levels in the next 10 years covered by Council's long term financial plan.

The life cycle cost to provide the buildings asset service is estimated at \$996,240 per annum. Council's planned life cycle expenditure for year 1 of the asset management plan is \$284,740 which gives a life cycle sustainability index of 0.29.

The total maintenance and capital renewal expenditure required to provide the building asset service the in the next 10 years is estimated at \$1,603,485. This is an average of \$160,348 per annum.

Council's maintenance and capital renewal expenditure for year 1 of the asset management plan of \$284,740 giving a 10 year sustainability index of 0.18.

Plans for the Future

Council plans to operate and maintain the buildings asset network to achieve the following strategic objective.

- Ensure the buildings asset network is maintained at a safe and functional standard as set out in this asset management plan.

Measuring our Performance

Quality

Building assets will be maintained in a reasonably usable condition. Defects found or reported that are outside our service standard will be repaired. See our maintenance response service levels for details of defect prioritisation and response time.

Function

Our intent is that an appropriate buildings asset network is maintained in partnership with other levels of government and stakeholders to provide a buildings network which is available for use by relevant consumers.

Buildings asset attributes will be maintained at a safe level and associated signage and equipment be provided as needed to ensure public safety.

Safety

We inspect all buildings regularly and prioritise and repair defects in accordance with our inspection schedule to ensure they are safe.

The Next Steps

This actions resulting from this asset management plan are:

- Improve asset data.
- Undertake condition rating.
- Improve budgeting in accordance with service levels.
- Improve service levels criteria.

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 required to provide the required levels of service.

The asset management plan is to be read with the following associated planning documents:

- Insurances 2010/2011 Buildings & Contents Schedule;
- Cobar Shire Council Valuation for Accounting Compliance Purposes – Specified Buildings and Land Assets – 30 June 2008 – AssetVal Pty Ltd.

This asset management plan covers the following buildings assets as set out in Table 2-1.

Table 2.1. Assets covered by this Plan

Asset category	Dimension	Replacement Value (\$)
Housing	See Schedule 1	4,099,740
Commercial	See Schedule 2	7,582,220
Depots	See Schedule 3	1,533,140
Public Toilets and Shelters	See Schedule 4	281,485
Public Buildings	See Schedule 5	17,581,050
TOTAL		31,077,635

Key stakeholders in the preparation and implementation of this asset management plan are:

Rate Payers & Residents	Consumer
Council Staff	Consumer
NSW Land & Property Management Authority	Regulator/Land Owner
NSW Department of Community Services	Regulator/Consumer
NSW Department of Health	Regulator
Business & Industry	Consumer
NSW Department of Environment, Climate Change & Water	Regulator

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.¹

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

Our Vision:

Our Vision is for Cobar Shire to be an attractive, healthy and caring environment in which to live, work and play, achieved in partnership with the community through initiative, foresight and leadership.

Our Mission:

Our Mission is to provide sound and sensible government and ensure that works and services are delivered effectively and equitably to the community of Cobar Shire.

Council will also develop and constantly review its policy on the maintenance of its road network with current priorities to include the sealing of the following strategic roads within the Shire; Ivanhoe Road, Louth Road and Tilpa Road.

Our Values:

Council has adopted the following Values that should be reflected in how the whole organisation operates and interacts with others:

- *Continually strive for improvement in every aspect of Council's activities and recognise initiative.*
- *All activities are to be customer focused and provide equity for all.*
- *Involve the community in decision making through open government and consultative processes.*
- *Foster and promote sustainable ecological and economic development, rural pursuits and industries that contribute to the wealth of the region and in keeping with the environment and residents lifestyle.*
- *Conserve and protect the natural beauty of the area.*
- *Promote a spirit of regional cooperation particularly in regard to planning, infrastructure, economic development, tourism and employment.*

¹ IIMM 2006 Sec 1.1.3, p 1.3

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

- To ensure Council buildings are maintained to an agreed standard and service requirement.
- To Implement planning strategies to secure high quality building facilities and services for the Cobar Shire area, within Council's financial capacity.
- To ensure buildings are efficiently and effectively used in the best interests of the community.
- To provide public buildings which benefit the broader community in an economically responsible manner.
- To provide a forum that encourages public participation in the decision making process.
- To maintain budgetary and financial reporting systems which comply with statutory obligations.
- To strive for excellence in service provision.
- To continuously review systems to ensure resources are being used efficiently and effectively.

2.3 *Plan Framework*

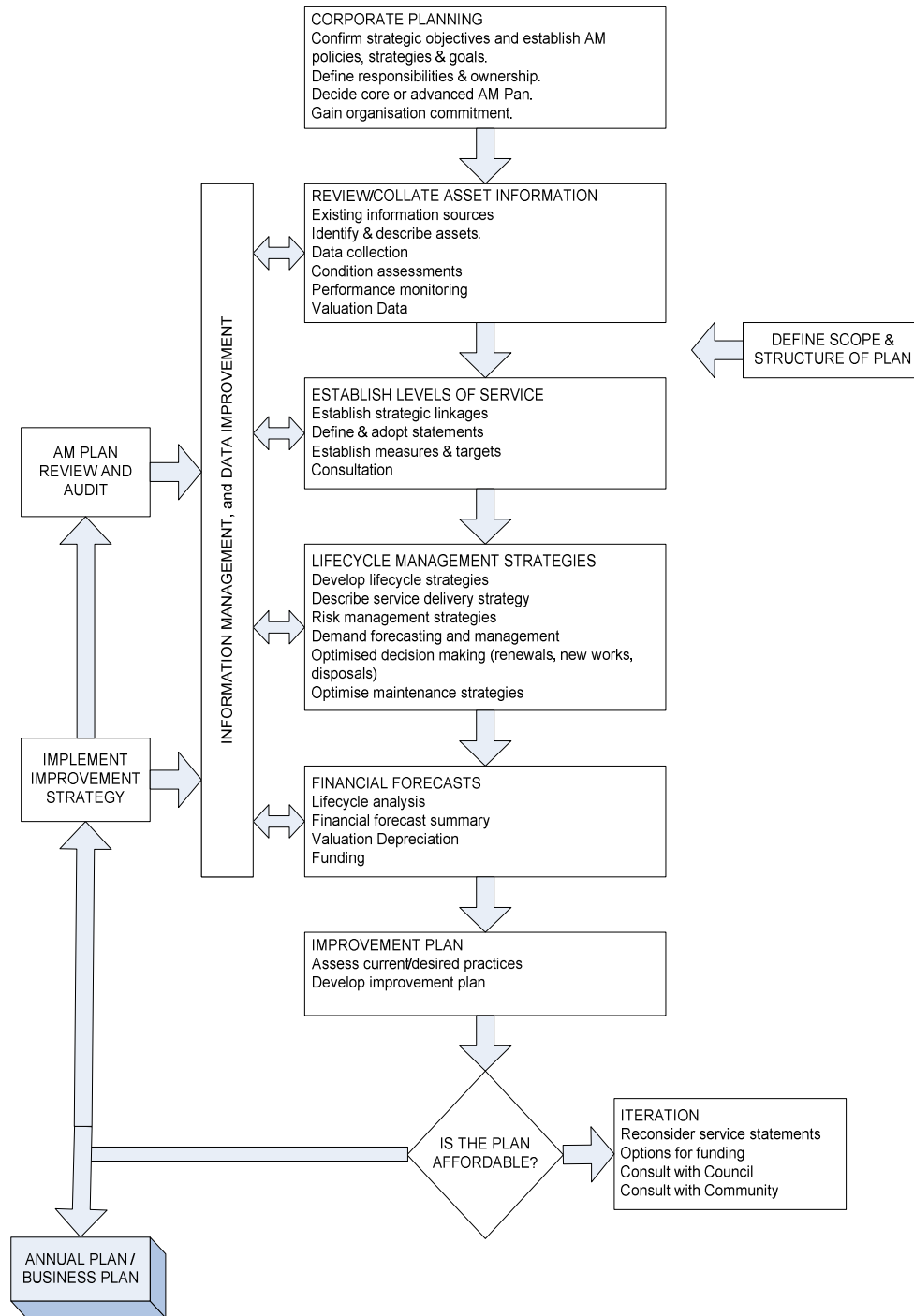
Key elements of the plan are:

- Levels of service – specifies the services and levels of service to be provided by council.
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how Council will manage its existing and future assets to provide 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 Council's objectives.
- Asset management improvement plan.

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

Road Map for preparing an Asset Management Plan

Source: IIMM Fig 1.5.1, p 1.11



2.4 Core and Advanced Asset Management

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

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

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. These include:

Table 3.2. Legislative Requirements

Legislation	Requirement
1. Management	
Local Government Act 1993	Need to be more accountable. Need for better asset management.
Crown Lands Act 1989	Crown land is managed for the benefit of the people of NSW.
Environmental Planning and Assessment Act 1979	Relevant building and planning controls are satisfied.
Disability Discrimination Act (DDA) 1992	To manage discrimination against persons on the ground of disability.
2. Environmental Protection	
Protection of the Environment Operations Act 1997 Brings together: - Clean Air Act 1961 - Clean Waters Act 1970 - Pollution Control Act 1970 - Noise Control Act 1975 - Environmental Offences and Penalties (EOP) Act 1989	Regulating pollution activities and issue of licenses as well as the monitoring of and reporting on waste output. Council is required to be "duly diligent" in undertaking the scheme operations
Environmental Planning and Assessment Act 1979	Encourages the proper management of natural and man-made resources, the orderly use of land, the provision of services and protection of the environment.

3. Health and Safety	
Public Health Act 1991	Public Health Risks. Provision and Promotions of Health Services. Safety of Drinking Water. Microbial Control. General health matters.
Occupational Health and Safety Act 2000 (and Regulations 2001)	Health, safety and welfare of employees and others at places of work. Applies to all places of work. Note public safety – insurance implications.
Food Act 2003	Construction standards for food premises.

3.3 Current Levels of Service

Council has defined service levels in two terms.

Community Levels of Service relate to how the community receives the service in terms of safety, quality, quantity, reliability, responsiveness, cost/efficiency and legislative compliance.

Supporting the community service levels are operational or technical measures of performance developed to ensure that the minimum community levels of service are met. These technical measures relate to service criteria such as:

Service Criteria	Technical measures may relate to
Quality	Smoothness of roads
Quantity	Area of parks per resident
Availability	Distance from a dwelling to a sealed road
Safety	Number of injury accidents

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

Table 3.3. Current Service Levels

Buildings - General

Key Performance Measure	Levels of Service	Performance measure process	Performance Target	Current Performance
Community Levels of Service				
Quality	Ensure that buildings are attractive and Accessible	Customer service requests	Less than 1 per month	4 per month
Function	Ensure that the buildings meet user requirements	Customer service requests	Less than 6 per year	1 per month
Safety	Ensure Facilities are safe	Customer service requests	Zero requests relating to Safety	6 per year
Technical Levels of Service				

Condition	Carry out regular inspection of facilities	Inspection frequency (times per period)	All buildings 4 x per year	50% inspected
Cost Effectiveness	Provide services in a cost effective manner	Maintenance cost	Compliance with budget	Budget variance + 10%
Safety	Ensure Facilities are safe	Compliance inspections for fire service	Zero non-compliance reports	4 non compliance reports

Buildings – Commercial (Caravan Park)

Key Performance Measure	Levels of Service	Performance measure process	Performance Target	Current Performance
Community Levels of Service				
Quality	Provide accommodation in accordance with Caravan Park rating.	Customer surveys Customer service requests/complaints Caravan park accommodation rating	100% satisfaction < 3 per year * * *	Est. 80-90% 6 per year * * *
Function	Ensure facility is clean and meets user requirements and industry standards	Customer service requests relating to service, quality and convenience	< 3 per year	6 per year
Safety	Provide safe accommodation in a safe environment free of hazards for families	No injury reports No accident/incident reports	< 1 report pa < 1 per pa	< 1 report pa < 1 per pa
Technical Levels of Service				
Condition	Carry out routine maintenance as per service levels agreement	Cabin and caravan maintenance/cleaning (frequency)	Daily after each customer	Daily after each customer
Availability	Provide safe and clean environment, clean accommodation	Cabin availability rate	All unoccupied cabins are available and accessible	100% availability
Safety	Provide safe accommodation & environment by	Annual park industry evaluation.	Park hazard rating > 3 star rating	3 star

	cabin maintenance, signage for hazards and park signs for guidelines & rules	Customer service requests relating to safety issues from tourism commission Insurance Claims	< 1 pa < 1 pa	< 1 pa < 1 pa
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Buildings - Public Toilets

Key Performance Measure	Levels of Service	Performance measure process	Performance Target	Current Performance
Community Levels of Service				
Quality	Facilities are clean and well lit	Customer service requests	< 1 per month	2 per month
Function	Facility meets minimum health and operations requirements	Defects recorded in weekly inspections	< 1 defects / week	2 defects /week
Safety	Service is safe and free from hazards	Reported accidents	< 1 per month	1 per month
Technical Levels of Service				
Condition	Facility is clean and fully operational	Daily inspections and condition/operational defect reporting	< 1 reported defects / month	4 defects / month
Function	Minimal graffiti damage	Daily inspection and defect reporting	< 1 reported defects / month	1 defects/month
		Maintenance repair response rates	100% of maintenance defects responded to within 1working day	100% of maintenance defects responded to within 1working day
Cost effectiveness	Ammenties operation expense is within budget	Operation & maintenance costs within budget	Expense within 10% of budget	Expense within 10% of budget
Safety	Amenities are safe to use	Insurance claims	0 insurance claims	< 1 pa

3.4 Desired Levels of Service

At present, indications of desired (target) levels of service have been obtained from various knowledge of building asset managers and maintenance officers and the users of council's buildings and facilities. Council has quantified the desired levels of service using this information and professional knowledge. User satisfaction surveys will be used in future revisions of this asset management plan to further quantify desired levels of service.

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	5,000	7,000	Need for increased number of staff housing, increased services provided by and in public buildings
Demographics	2.6 persons per household	2.4 persons per household	Need for increased number of staff housing, increased services provided by and in public buildings
Industrial Activity	Activity relating to 3 mines operating at Cobar	Additional activity relating to 3 mines operating at Cobar, all with increased capacity and the following additional: 1 mine operating at Nymagee 1 mine operating at Wontawinta 1 mine operating at Mount Hope or elsewhere	Need for increased number of staff housing, increased services provided by and in public buildings

4.2 Changes in Technology

Technology changes are forecast to have little effect on the delivery of services covered by this plan.

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.

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
Housing	Development of a staff housing strategy that will plan the appropriate increase of required housing.
Public Buildings	Development of individual public building utilization management plan in conjunction with building and facility users.

4.4 *New Assets from Growth*

This Asset Management Plan assumes that there will be no new building assets provided under normal council funding except new staff housing in the near future. ie. No building assets just from growth.

This does not include the upgrade of current assets by council funds and other government grants.

It should be noted that any acquisition of new or upgraded assets 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 operating 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*

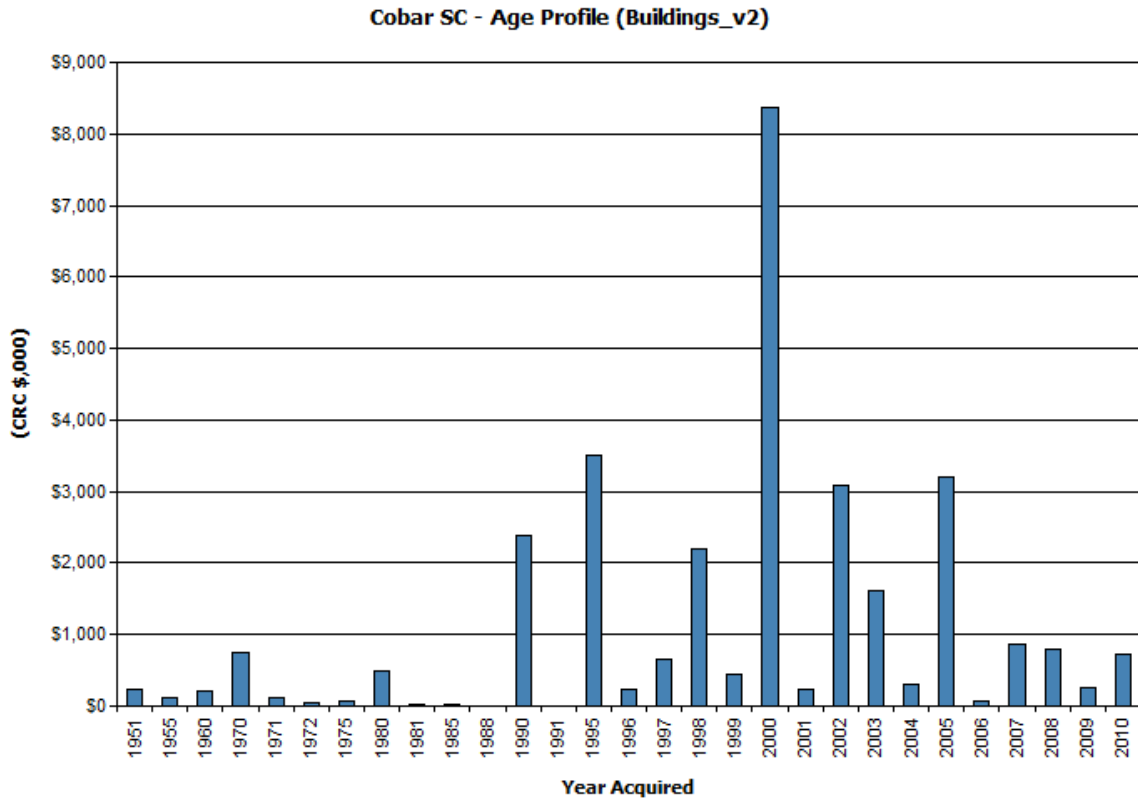
5.1.1 *Physical parameters*

The assets covered by this asset management plan are shown below.

Asset category	Dimension
Housing	See Schedule 1
Commercial	See Schedule 2
Depots	See Schedule 3
Public Toilets and Shelters	See Schedule 4
Public Buildings	See Schedule 5

The age profile of Council’s assets is shown below. The year of acquisition for each building has been estimated based on condition.

Fig 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
Commercial	Leaking roofs, Air conditioning breakdowns, Storm water blockages, Dilapidation of cinema building.
Public Buildings	Leaking roofs, Air conditioning breakdowns, Storm water blockages, Dilapidation of some buildings.
Housing	General standard (eg. Airport, Maidens Ave, Becker St, Broomfield St)
Public Toilets	General Standard (eg. Ward Oval Public Toilets)
Depots	Cobar Works Depot & Euabalong Works Depot - Modernisation program required.
The above service deficiencies were identified from Councils complaint system and maintenance requests	

5.1.3 Asset condition

The condition profile of Council's Building Assets has been based on age and has been found to be generally in average to good condition.

Condition is measured using a 1 – 5 rating system.²

Rating	Description of Condition
1	Excellent condition: Only planned maintenance required.
2	Very good: Minor maintenance required plus planned maintenance.
3	Good: Significant maintenance required.
4	Average: Significant renewal/upgrade required.
5	Poor: Unserviceable.

5.1.4 Asset valuations

The value of assets as at 30 June 2010 covered by this asset management plan is summarised below. Assets were last revalued at 30 June 2008. Assets are valued at brownfield rates.

Current Replacement Cost	\$31,077,635
Depreciable Amount	\$31,077,635
Depreciated Replacement Cost	\$20,644,825
Annual Depreciation Expense	\$859,173

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

Asset Consumption	2.76%
Asset renewal	0.40%
Annual Upgrade/expansion	0.48%

5.2 Risk Management Plan

An assessment of risks associated with service delivery from infrastructure assets has identified critical risks to Council. 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.

² IIMM 2006, Appendix B, p B:1-3 ('cyclic' modified to 'planned')

Table 5.2. Critical Risks and Treatment Plans

Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan
Housing	Loss of serviceability(Fire)	H	Ensure appropriate fire detection systems in place. Ensure appropriate Business Continuity Plan developed.
Commercial	Loss of serviceability(Fire)	H	Ensure appropriate fire detection systems in place. Ensure appropriate Business Continuity Plan developed.
Depot	Loss of serviceability(Fire)	H	Ensure appropriate fire detection systems in place. Ensure appropriate Business Continuity Plan developed.
Public Toilets	Loss of serviceability(Vandalism)	H	Ensure appropriate after hours access is limited.
Public Buildings	Loss of serviceability(Fire)	H	Ensure appropriate fire detection systems in place. Ensure appropriate Business Continuity Plan developed.

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 cyclic 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.

Cyclic 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.

Current data on maintenance expenditure has not been split into reactive, planned or cyclic activities. Future revisions of this asset management plan will report on each of the maintenance activities.

Maintenance expenditure levels are not considered to be adequate to meet the current service levels. 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 Council staff using experience and judgement.

5.3.2 Standards and specifications

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

Codes, Standards and Specifications relevant to building maintenance and construction:

- Building Code of Australia
- National Construction Code
- Plumbing Code of Australia
- NSW Code of Practice for Plumbing and Drainage
- Standard Building Specifications. Example list of suppliers; Master Builders Association, Housing Industry Association, NATSPEC the national building specifications
- Current schedule of documents referenced by Building Code of Australia, as listed below:

AS/ISO 717 Part 2	2004	Acoustics — Rating of sound insulation in buildings and building elements Impact sound insulation
AS 1038 Part 15	1995	Coal and coke — Analysis and testing Higher rank coal ash and coke ash — Ash fusibility
AS/NZS 1170 Part 0	2002	Structural design actions General principles Amdt 1
Part 1	2002	Permanent, imposed and other actions Amdt 1 Amdt 2
Part 2	2002	Wind actions Amdt 1
Part 3	2003	Snow and ice actions Amdt1
AS 1170 Part 4	2007	Structural design actions Earthquake actions in Australia
AS 1191	2002	Acoustics — Method for laboratory measurement of airborne sound insulation of building elements
AS/NZS 1200	2000	Pressure equipment

AS/NZS 1276 Part 1	1999	Acoustics — Rating of sound insulation in buildings and of building elements. Airborne sound insulation [Note: Test reports based on AS1276 – 1979 and issued prior to AS/NZS 1276.1 – 1999 being referenced in the BCA, remain valid. The STC values in reports based on AS 1276 – 1979 shall be considered to be equivalent to R _w values. Test reports prepared after the BCA reference date for AS/NZS 1276.1 – 1999 must be based on that version]
AS 1288	2006	Glass in buildings — Selection and Installation Amdt 1
AS 1428 Part 1 Part 4	2001 1992	Design for Access and Mobility General requirements for access — New building work Tactile ground surface indicators for orientation of people with vision impairment Amdt 1
AS 1530 Part 1 Part 2 Part 4	1994 1993 2005	Methods for fire tests on building materials, components and structures Combustibility test for materials Test for flammability of materials Amdt 1 Fire-resistance tests on elements of construction
		[Note: Subject to the note to AS 4072.1, reports relating to tests carried out under earlier editions of AS 1530 Parts 1 to 4 remain valid. Reports relating to tests carried out after the date of an amendment to a Standard must relate to the amended Standard]
AS/NZS 1530 Part 3	1999	Methods for fire tests on building materials, components and structures Simultaneous determination of ignitability, flame propagation, heat release and smoke release
AS 1562 Part 1	1992	Design and installation of sheet roof and wall cladding Metal Amdt 1 Amdt 2
AS/NZS 1562 Part 2 Part 3	1999 1996	Design and installation of sheet roof and wall cladding Corrugated fibre-reinforced cement Plastics

AS 1657	1992	Fixed platforms, walkways, stairways and ladders — Design, construction and installation (SAA Code for Fixed Platforms, Walkways, Stairways and Ladders)
AS/NZS 1664		Aluminium structures
Part 1	1997	Limit state design
Part 2	1997	Amdt 1 Allowable stress design Amdt 1
AS/NZS 1668		The use of ventilation and airconditioning in buildings
Part 1	1998	Fire and smoke control in multi-compartment buildings Amdt 1
AS 1668		The use of mechanical ventilation and air-conditioning in buildings
Part 2	1991	Mechanical ventilation for acceptable indoor-air quality
AS 1670		Fire detection, warning, control and intercom systems — Systems design, installation and commissioning
Part 1	2004	Fire
Part 3	2004	Fire alarm monitoring
Part 4	2004	Sound systems and intercom systems for emergency purposes
AS/NZS 1680		Interior lighting
Part 0	1998	Safe Movement
AS 1684		Residential timber-framed construction
Part 2	2006	Non-cyclonic areas Amdt 1
Part 3	2006	Cyclonic areas Amdt 1
Part 4	2006	Simplified — non-cyclonic areas Amdt 1

AS 1720		Timber structures
Part 1	1997	Design methods Amdt 1 Amdt 2 Amdt 3 Amdt 4
Part 4	1990	Fire resistance of structural timber
AS 1735		Lifts, escalators and moving walks
Part 1	2003	General Requirements Amdt 1
Part 2	2001	Passenger and goods lifts — Electric
Part 11	1986	Fire-rated landing doors
Part 12	1999	Facilities for persons with disabilities Amdt 1
AS 1860		Particleboard flooring
Part 2	2006	Installation
AS 1905		Components for the protection of openings in fire-resistant walls
Part 1	2005	Fire-resistant doorsets
Part 2	2005	Fire-resistant roller shutters
AS 1926		Swimming pool safety
Part 1	2007	Safety barriers for swimming pools Amdt 1
Part 2	2007	Location of safety barriers for swimming pools Amdt 1
Part 3	2003	Water recirculation and filtration systems
AS 2047	1999	Windows in buildings — Selection and installation Amdt 1 Amdt 2
AS 2049	2002	Roof tiles Amdt 1

AS 2050	2002	Installation of roof tiles Amdt 1
AS 2118 Part 1	1999	Automatic fire sprinkler systems General requirements Amdt 1
Part 4	1995	Residential
Part 6	1995	Combined sprinkler and hydrant
AS 2159	1995	Piling — Design and installation Amdt 1
AS 2159	2009	Piling — Design and installation
AS/NZS 2208	1996	Safety glazing materials in buildings
AS 2293 Part 1	2005	Emergency escape lighting and exit signs for buildings System design, installation and operation Amdt 1
AS 2327 Part 1	2003	Composite structures Simply supported beams
AS 2419		Fire hydrant installations
Part 1	2005	System design, installation and commissioning Amdt 1
AS 2441	2005	Installation of fire hose reels Amdt 1
AS 2444	2001	Portable fire extinguishers and fire blankets — Selection and location
AS 2665	2001	Smoke/heat venting systems — Design, installation and commissioning
AS 2870	1996	Residential slabs and footings — Construction Amdt 1 Amdt 2 Amdt 3 Amdt 4

AS 2890		Parking facilities
Part 1	1993	Off-street car parking
AS/NZS 2904	1995	Damp-proof courses and flashings Amdt 1
AS/NZS 2908		Cellulose cement products
Part 1	2000	Corrugated sheets
Part 2	2000	Flat sheets
AS/NZS 2918	2001	Domestic solid-fuel burning appliances — Installation
AS/NZS 3013	2005	Electrical installations — Classification of the fire and mechanical performance of wiring system elements
AS/NZS 3500		National plumbing and drainage
Part 3	2003	Stormwater drainage Amdt 1
Part 4	2003	Heated water services Amdt 1
AS 3600	2001	Concrete structures
		Amdt 1 Amdt 2
AS 3660		Termite management
Part 1	2000	New building work
AS/NZS 3666		Air-handling and water systems of buildings — Microbial control
Part 1	2002	Design, installation and commissioning
Part 2	2002	Operation and maintenance
AS 3700	2001	Masonry structures Amdt 1 Amdt 2 Amdt 3
AS 3740	2004	Waterproofing of wet areas within residential buildings

AS 3786	1993	Smoke alarms Amdt 1 Amdt 2 Amdt 3 Amdt 4
AS 3823 Part 1.2	2001	Performance of electrical appliances - Airconditioners and heat pumps Test Methods — Ducted airconditioners and air-to-air heat pumps — Testing and rating for performance Amdt 1 Amdt 2 Amdt 3 Amdt 4
AS/NZS 3837	1998	Method of test for heat and smoke release rates for materials and products using an oxygen consumption calorimeter
AS 3959	2009	Construction of buildings in bushfire-prone areas Amdt 1
AS 4072		Components for the protection of openings in fire-resistant separating elements
Part 1	2005	Service penetrations and control joints Amdt 1 [Note: Systems tested to AS 1530.4 prior to 1 January 1995 need not be retested to comply with the provisions in AS 4072.1]
AS 4100	1998	Steel Structures
AS/NZS 4200 Part 1 Part 2	1994 1994	Pliable building membranes and underlays Materials Amdt 1 Installation requirements
AS 4254	1995	Ductwork for air-handling systems in buildings Amdt 1 Amdt 2

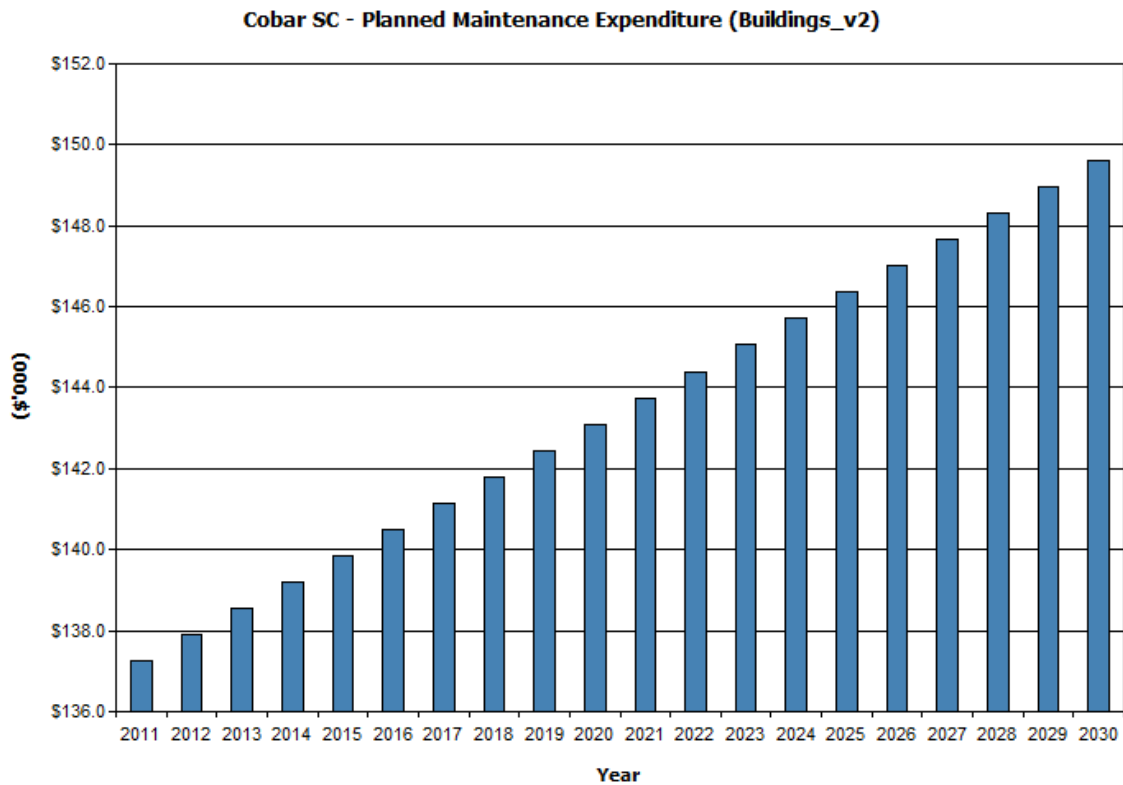
AS/NZS 4256		Plastic roof and wall cladding materials
Part 1	1994	General requirements
Part 2	1994	Unplasticized polyvinyl chloride (uPVC) building sheets
Part 3	1994	Glass fibre reinforced polyester (GRP)
Part 5	1996	Polycarbonate
AS/NZS 4600	2005	Cold-formed steel structures
AS/NZS 4859		Materials for the thermal insulation of buildings
Part 1	2002	General criteria and technical provisions Amdt 1
AS ISO 9239		Reaction to fire tests for flooring
Part 1	2003	Determination of the burning behaviour using a radiant heat source
AS ISO 9705	2003	Fire tests — Full-scale room test for surface products
AISC	1987	Guidelines for assessment of fire resistance of structural steel members
ASTM C1279	2009	Standard Test Method for Non-Destructive Photoelastic Measurement of Edge and Surface Stresses in Annealed, Heat-Strengthened, and Fully Tempered Flat Glass
ASTM D3018-90	1994	Class A asphalt shingles surfaced with mineral granules
ASTM E72-80	1981	Standard method of conducting strength tests of panels for building construction
ASTM E695-79	1985	Standard method of measuring relative resistance of wall, floor and roof construction to impact loading
ARI 460	2000	Remote mechanical-draft air-cooled refrigerant condensers
ARI 550/590	1998	Water chilling packages using the vapour compression cycle
BS 7190	1989	Assessing thermal performance of low temperature hot water boilers using a test rig
ABCB	2006	Protocol for House Energy Rating Software Version 2006.1
ABCB	2006	Protocol for Building Energy Analysis Software Version 2006.1
ISO 140		Acoustics — Measurement of sound insulation in buildings and of building elements
Part 6	1998E	Laboratory measurements of impact sound insulation of floors

ISO 717 Part 1	1996	Acoustics — Rating of sound insulation in buildings and of building elements Airborne sound insulation
ISO 8336	1993E	Fibre cement flat sheets
EN 14179 Part 1	2005	Glass in buildings – Heat soaking thermally toughened soda lime silicate safety glass Definition and description
NASH Standard Part 1	2005	Residential and low-rise steel framing Design criteria Amdt A Amdt B

5.3.3 Summary of future maintenance expenditures

Future maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Fig 4. Note that all costs are shown in current 2010/2011 dollar values.

Fig 4. Planned Maintenance Expenditure



Deferred maintenance, ie 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 Council's 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 estimates of remaining life obtained from the asset register worksheets on the 'Planned Expenditure template'. Candidate proposals are inspected to verify accuracy of remaining life estimate and to develop a preliminary renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in Table 5.4.1.

Table 5.4.1 *Renewal Priority Ranking Criteria*

Criteria	Weighting
Asset Condition	30%
Asset Priority	30%
Failures	30%
Customer Service Requests	30%
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.

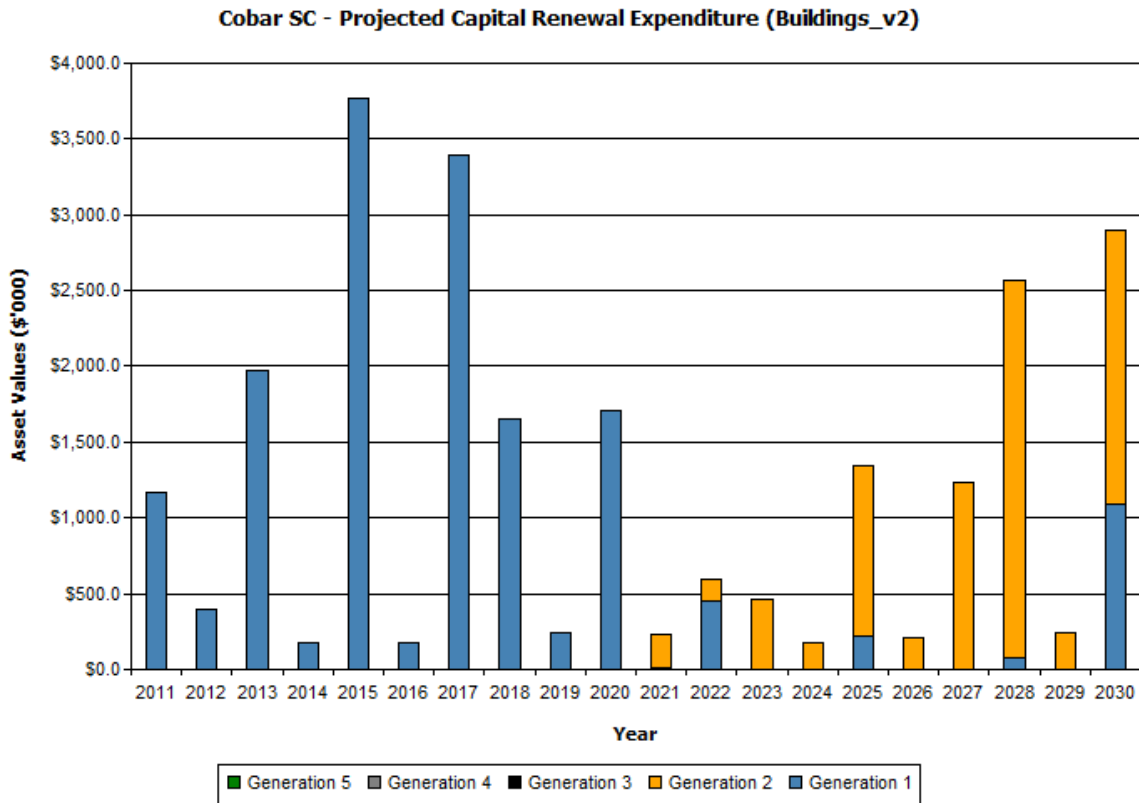
5.4.2 *Renewal standards*

Codes, standards and specifications for renewals of existing assets are the same as those for maintenance shown in Section 5.3.2

5.4.3 *Summary of future renewal expenditure*

Projected future renewal expenditures are forecast to increase over time as the asset stock ages. The costs are summarised in Fig 5. Note that all costs are shown in current 2010/2011 dollar values.

Fig 5. Projected Capital Renewal Expenditure



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

Renewals are to be funded from Council's capital works program 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 renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed below.

Table 5.5.1 New Assets Priority Ranking Criteria

Criteria	Weighting
Expansion of Building Assets are currently not being fully funded by Council and is based on condition assessment only.	Assessed on merit and subject to available grant funding.

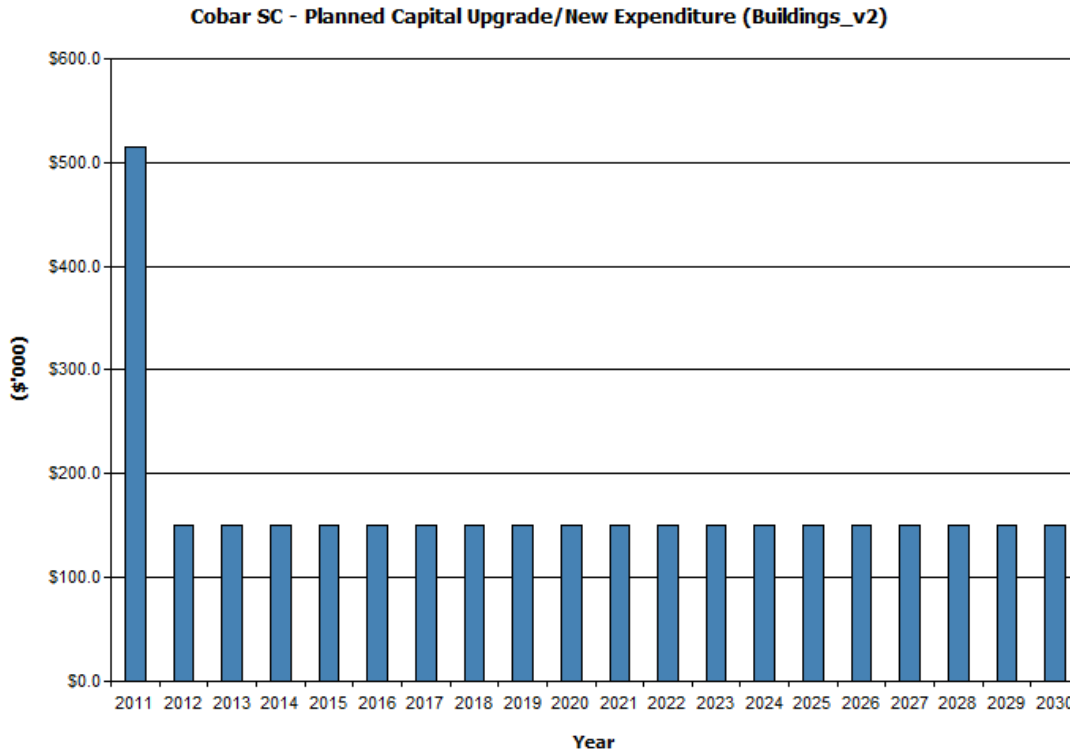
5.5.2 Standards and specifications

Codes, standards and specifications for new assets and for upgrade/expansion of existing assets are the same as those for maintenance shown in section 5.3.2.

5.5.3 Summary of future upgrade/new assets expenditure

Planned upgrade/new asset expenditures are summarised in Fig 6. All costs are shown in current 2010/2011 dollar values. The planned upgrade/new capital works program for 2011 is shown in Schedule 6.

Fig 6. Planned Capital Upgrade/New Asset Expenditure



New assets and services are to be funded from Council's 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 Schedule 7. 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. A decision in respect of the disposal of these assets is needed within the next 12 months for inclusion in the next revision of this asset management.

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

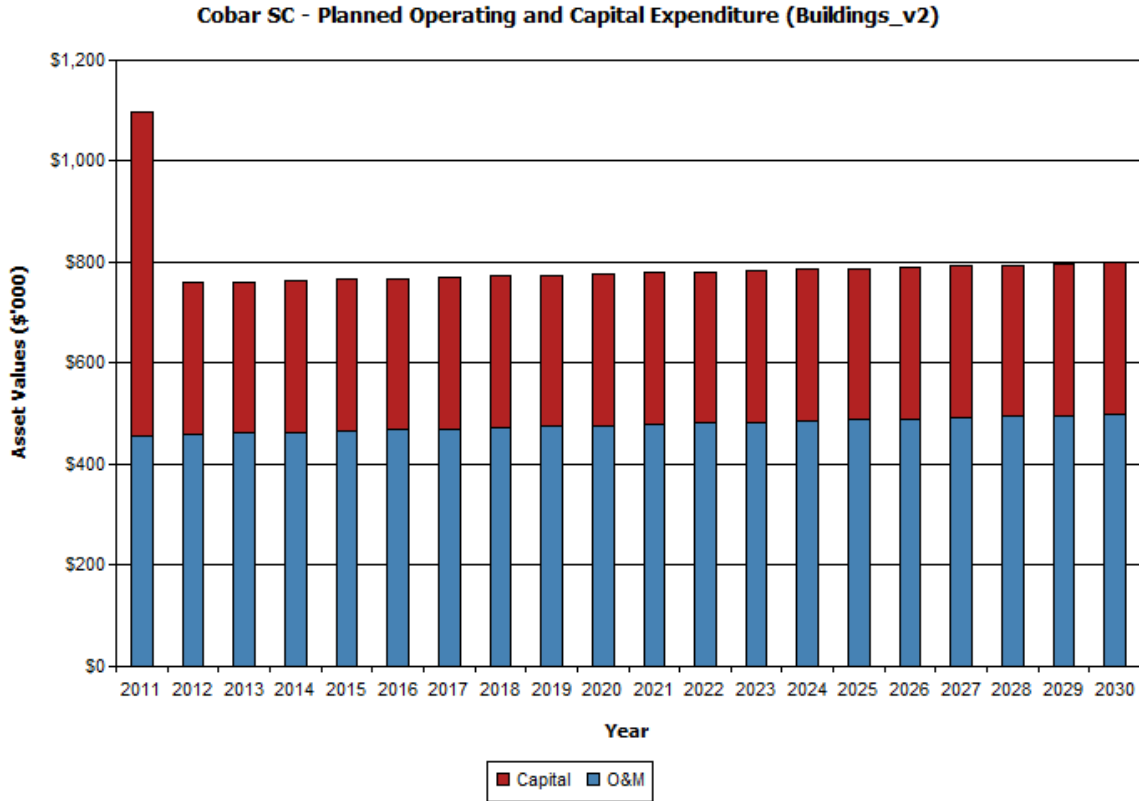
6. FINANCIAL SUMMARY

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 Fig 7 for planned operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets).

Fig 7. Planned Operating and Capital Expenditure



Note that all costs are shown in current 2010/2011 dollar values.

6.1.1 Sustainability of service delivery

There are two 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 and medium term costs over the 10 year financial 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 maintenance and asset consumption (depreciation expense). The annual average life cycle cost for the services covered in this asset management plan is \$996,240.

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes maintenance plus capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the start of the plan is \$284,740.

A gap between life cycle costs and life cycle expenditure gives an indication as to whether present consumers are paying their share of the assets they are consuming each year. The purpose of this Building Asset Management Plan is to identify levels of service that the community needs and can afford and develop the necessary long term financial plans to provide the service in a sustainable manner.

The life cycle gap for services covered by this asset management plan is \$711,500 per annum. The life cycle sustainability index is 0.29.

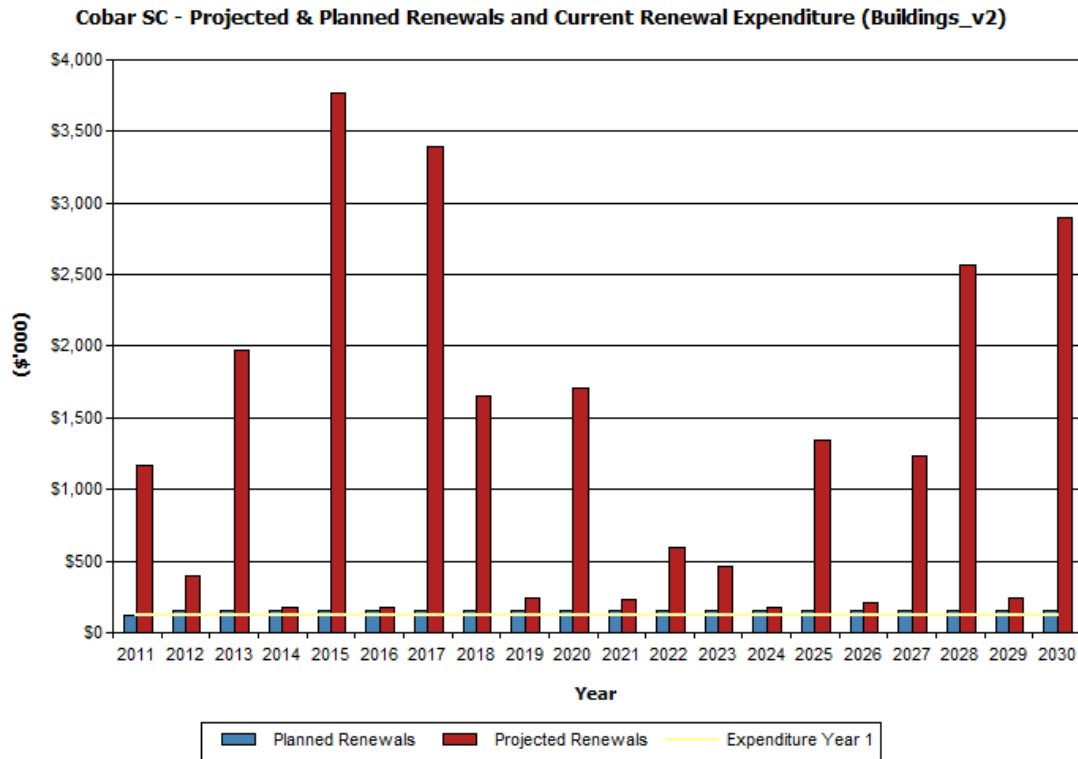
Medium term – 10 year financial planning period.

This asset management plan identifies the estimated maintenance and capital expenditures required to provide an agreed level of service to the community over a 20 year period for input into a 10 year financial plan and funding plan to provide the service in a sustainable manner.

This may be compared to existing or planned expenditures in the 20 year period to identify any gap. In a core asset management plan, a gap is generally due to increasing asset renewals.

Fig 8 shows the projected asset renewals in the 20 year planning period from the asset register. The projected asset renewals are compared to planned renewal expenditure in the capital works program and capital renewal expenditure in year 1 of the planning period as shown in Fig 8.

Fig 8. Projected and Planned Renewals and Current Renewal Expenditure



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.

Council 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 where required reduce the service levels to what is allowed by the funding provided by Council.

Council's long term financial plan covers the first 10 years of the 20 year planning period. The total maintenance and capital renewal expenditure required over the 10 years is \$1,603,485.

This is an average annual expenditure of \$160,348. Estimated maintenance and capital renewal expenditure in year 1 is \$284,740. The 10 year sustainability index is 0.18.

6.2 Funding Strategy

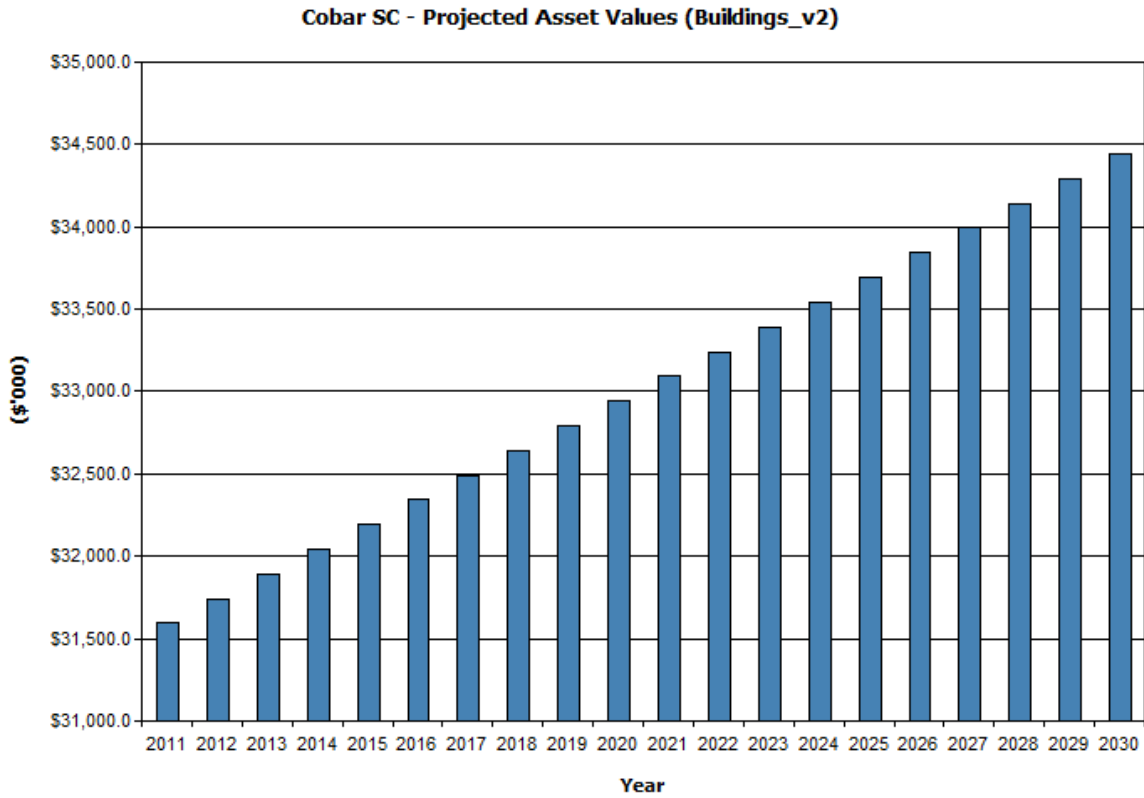
Projected expenditure identified in Section 6.1 is to be funded from Council's operating and capital budgets. The funding strategy is detailed in the Council's 10 year long term financial plan.

Achieving the appropriate financial strategy will require a much greater increase in funding levels.

6.3 Valuation Forecasts

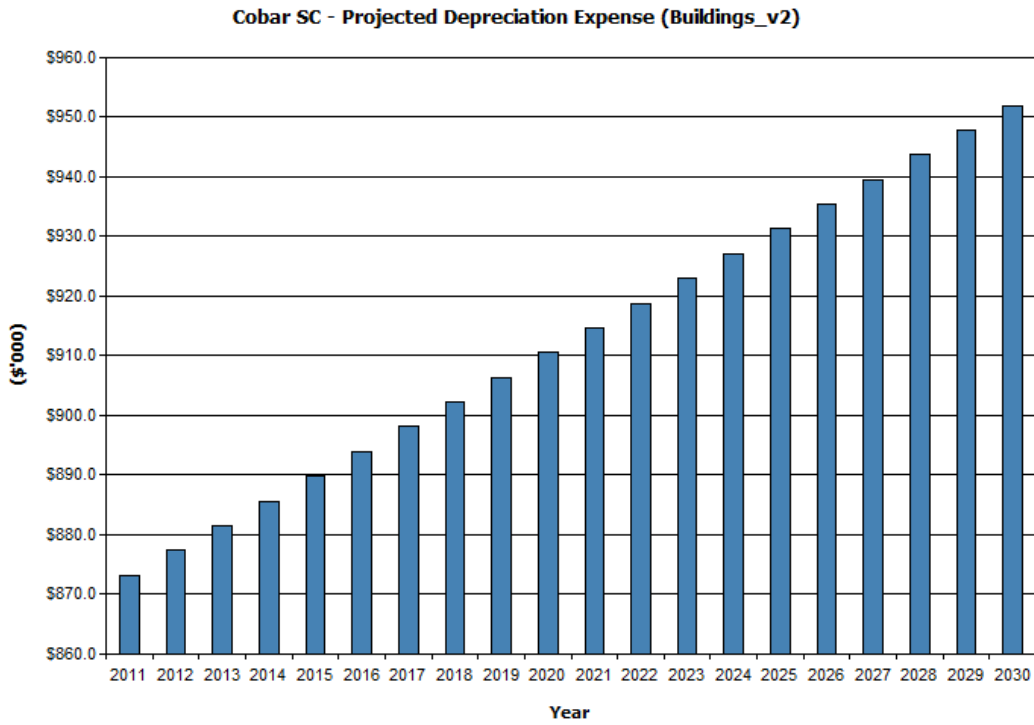
Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council. Fig 9 shows the projected replacement cost asset values over the planning period in current 2010/2011 dollar values.

Fig 9. Projected Asset Values



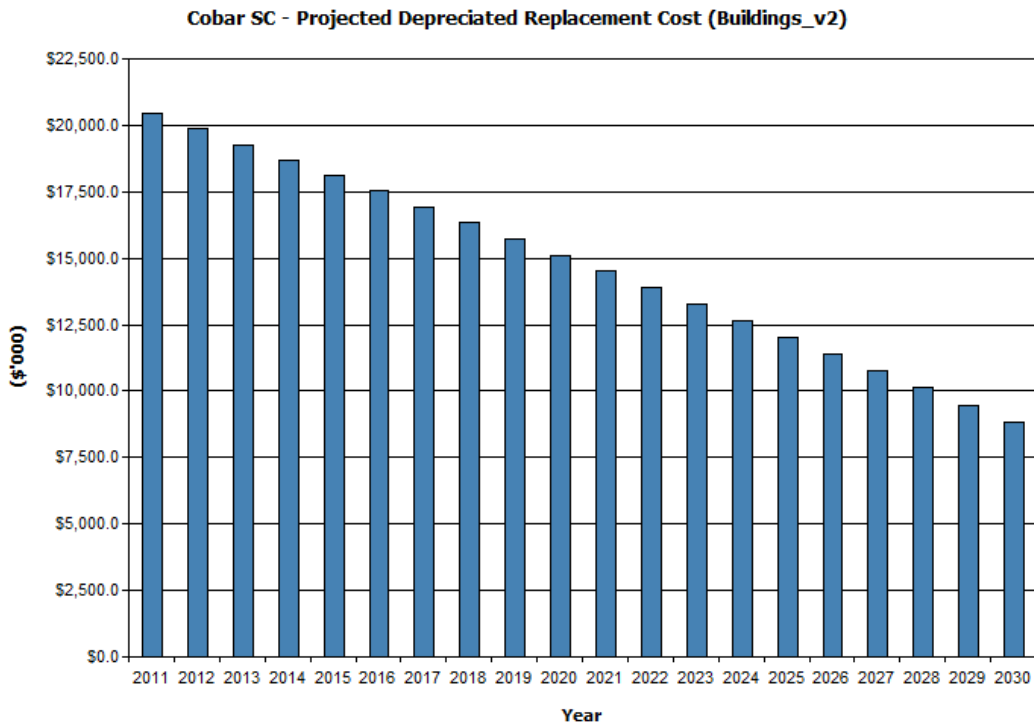
Depreciation expense values are forecast in line with asset values as shown in Fig 10.

Fig 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 Fig 11.

Fig 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:

- Use of existing inventory data.
- Use of existing valuation, useful lives and remaining lives determined from the financial data contained within Council's asset register for Buildings.
- Condition of assets being determined to the level of "average - good".
- Replacement costs for buildings based on local operating knowledge of the asset.

Accuracy of future financial forecasts may be improved in future revisions of this asset management plan by the following actions.

- Improving the inventory data contained within the asset register.
- Maintaining the asset register.
- Reviewing useful lives for assets in conjunction with better condition assessment and development of suitable hierarchy within the asset categories.

7. ASSET MANAGEMENT PRACTICES

7.1 Accounting/Financial Systems

- Identification of capital expenditures as renewal and upgrade / new.
- Development of a single corporate asset register.
- Linking of the customer service system to the corporate asset register to link requests to asset records.
- Improved project cost accounting to record costs against the asset component and develop valuation unit rates.

7.2 Asset Management Systems

A number of systems relevant to asset management are used by Cobar Shire Council. These include:

Property and Rating System used is Civic View.

No Asset Modelling has been undertaken for Building Assets. Asset Management Plans are in accordance with the IPWEA National Asset Management Strategy System NAMSPlus.

The responsibility for operating and maintaining the core Asset Management Systems and processes for Buildings Assets is with the Planning & Environmental Services Department of Council.

Due to the additional requirements to meet financial reporting standards for Fair Value and the likely requirements for a higher standard of reporting on infrastructure assets, it is likely that there will be need to consolidate asset management information into one core corporate system. The ongoing maintenance of this system should then become a core function within Council's operations.

7.3 Information Flow Requirements and Processes

The key information flows into this asset management plan are:

- The asset register data on size, age, value, remaining life of the network;
- The unit rates for categories of work/material;
- The adopted service levels;
- Projections of various factors affecting future demand for services;
- Correlations between maintenance and renewal, including decay models;
- Data on new assets acquired by council.

The key information flows from this asset management plan are:

- The assumed Works Program and trends;
- The resulting budget, valuation and depreciation projections;
- The useful life analysis.

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

7.4 Standards and Guidelines

Standards and Guidelines referenced in this Asset Management Plan are:

- Cobar Shire Council Asset Management Policy,
- Cobar Shire Council Asset Management Strategy.

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 cashflows identified in this asset management plan are incorporated into council's long term financial plan and Strategic Management Plan;
- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the asset management plan;

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

Task No	Task	Responsibility	Resources Required	Timeline
1.	Improve data in asset register	DPES	Staff time	Dec 2011
2.	Undertake condition assessment	DPES	Staff time	March 2012
3.	Improve budgeting	DPES	Staff time	June 2012
4.	Improve service level criteria	DPES	Staff time	Dec 2012

8.3 *Monitoring and Review Procedures*

This asset management plan will be reviewed during annual budget preparation and amended to recognise any 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 1 year of each Council election.

REFERENCES

Cobar Shire Council, 'Management Plan and Budget.

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au

Cobar Shire Council Valuation for Accounting Compliance Purposes – Specified Buildings and Land Assets – 30 June 2008 – AssetVal Pty Ltd

APPENDICES

Appendix A - 5 Year Rolling Works Programs for Operations, Maintenance and Capital Works for each Asset Sub Category – Housing, Commercial Buildings, Depots, Public Toilets & Public Buildings.

Appendix A

Buildings: 5 Year Rolling Works Program

	2011/12	2012/13	2013/14	2014/15	2015/16
Operations:					
Housing	\$27,000	\$27,000	\$27,000	27,000	27,000
Commercial	\$37,000	\$ 37,000	\$37,000	\$37,000	\$37,000
Depots	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000
Public Toilets & Shelters	\$44,800	\$ 44,800	\$44,800	\$ 44,800	\$44,800
Public Buildings	\$60,000	\$ 0,000	\$60,000	\$60,000	\$60,000
Maintenance:					
Housing	\$ 3,500	\$ 23,500	\$ 23,500	\$ 23,500	\$23,500
Commercial	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
Depots	\$24,000	\$ 24,000	\$24,000	\$ 4,000	\$24,000
Public Toilets & Shelters	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Public Buildings	\$140,000	\$140,000	\$ 140,000	\$140,000	\$140,000
Capital:					
Housing					
<i>Renewals</i>	\$80,000	\$80,000	\$ 0,000	\$80,000	\$80,000
<i>Upgrade/New</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial					
<i>Renewals</i>	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
<i>Upgrade/New</i>	\$90,000	\$90,000	\$ 90,000	\$ 90,000	\$90,000
Depots					
<i>Renewals</i>	\$9,000	\$9,000	\$ 9,000	\$ 9,000	\$9,000
<i>Upgrade/New</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Public Toilets & Shelters					
<i>Renewals</i>	\$ 9,200	\$ 9,200	\$9,200	\$ 9,200	\$9,200
<i>Upgrade/New</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Public Buildings					
<i>Renewals</i>	\$ 16,000	\$ 16,000	\$16,000	\$ 16,000	\$16,000
<i>Upgrade/New</i>	\$ -	\$ -	\$ -	\$ -	\$ -

Note: The program is based on the 2011-2012 budget and has not included estimates for grant funding. In past years grant funding has financed renewal and upgrade/new capital works, particularly in the commercial and public buildings categories.

Schedule 1

Housing

9 Maidens Ave
19 Prince St
1 Rosewood Pl
34 Tindera St
1 Broomfield St
11 Becker St
8 Belagoy St
48 Brough St
24 Harcourt St
21 James Pl
17 Blakey St
7 Belah St
23 Nullamutt St (2 James Pl)
33 Nullamutt St (2 Wood St)

Schedule 2
Commercial Buildings

Lilliane Brady Village	Nullamutt St
Lilliane Brady Hostel	Nullamutt St
Medical Centre	26 Harcourt St
Doctors Surgery	53 Linsley St
Dental Practice & Residence	45 Barton St
Aerodrome Cottage	Lerida Rd
Aerodrome – Terminal Building	Lerida Rd
Cobar TV Service	Fort Bourke Hill
Cobar Caravan Park – Office/Managers Residence	101 Marshall St
Cobar Caravan Park – Workshop	101 Marshall St
Caravan Park – Storage Shed	101 Marshall St
Caravan Park – Amenities (New)	101 Marshall St
Caravan Park – Amenities (Old)	101 Marshall St
Caravan Park – Covered BBQ Area	101 Marshall St

Schedule 3

Depots

Works Depot – Main Shed	Blakey St
Works Depot – Office	Blakey St
Works Depot – Carport	Blakey St
Works Depot – Storage Shed 1	Blakey St
Works Depot – Storage Shed 2	Blakey St
Works Depot – Flammable Liquid Store	Blakey St
Works Depot – Transportable Amenities Building	Blakey St
Works Depot – Transportable Lunch Room	Blakey St
Depot – Main Building	Euabalong
Depot – Storage Shed	Euabalong
Animal Shelter	Blakey St
Depot Waste	Louth Rd

Schedule 4
Public Toilets & Shelters

Lions Park	Woodiwiss Ave
Newey Sports Area	Knight Dr
Drummond Park Toilets	Linsley St
Cemetery – Picnic Shelter 1	Sunset Dr
Cemetery – Picnic Shelter 2	Sunset Dr
Cemetery – Windyloo	Sunset Dr

Schedule 5
Public Buildings

Bush Fire Shed	Cobar
Bush Fire Shed	Euabalong
Bush Fire Shed	Mount Hope
Bush Fire Shed	Nymagee
SES Headquarters VRA	Cobar
SES Shed	Euabalong
Youth & Fitness Centre	Harcourt St
Nymagee Old School	Nymagee
Euabalong Library	Euabalong
Cobar Library	Marshall St, Cobar
Museum – Main Building	Cobar
Museum – Covered Awning	Cobar
Museum – Outside Toilet	Cobar
Museum – Train Shed	Cobar
Museum – Coach House	Cobar
Community Hall/Cinema	Barton St, Cobar
Community Hall	Euabalong
Scout Hall	Brennan St, Cobar
Mount Hope Hall	Mount Hope
Mount Hope Hall – Toilet Block	Mount Hope
Nymagee Hall	Nymagee
Nymagee Hall – Toilet Block	Nymagee

Euabalong Sports Ground - Grandstand	Euabalong
Euabalong Sports Ground - Kiosk	Euabalong
Euabalong Sports Ground -Changeroom	Euabalong
Euabalong Sports Ground – Male Toilet	Euabalong
Euabalong Sports Ground – Female Toilet	Euabalong
Euabalong Race Course – Main Building	Euabalong
Euabalong Race Course - Bar	Euabalong
Euabalong Race Course – Male Toilet	Euabalong
Euabalong Race Course – Female Toilet	Euabalong
Euabalong Race Course – Stewards Office	Euabalong
Euabalong Race Course – Shaded Area 1	Euabalong
Euabalong Race Course – Shaded Area 2	Euabalong
Dalton Park Race Course – Caretakers Residence	Cobar
Dalton Park Race Course – Bar	Cobar
Dalton Park Race Course – Toilet Block	Cobar
Dalton Park Race Course – Tie Up Stalls	Cobar
Dalton Park Race Course – Photo Finish Tower	Cobar
Dalton Park Race Course – Grandstand	Cobar
Ward Oval - Grandstand	Cobar
Ward Oval – Men’s West Toilet Block	Cobar
Ward Oval – Ladies West Toilet Block	Cobar
Ward Oval – Old Dining Room	Cobar
Ward Oval – Poultry Trade Pavilion	Cobar
Ward Oval – Main Pavilion	Cobar
Ward Oval – Dining Room Kiosk	Cobar
Ward Oval – Athletics Club	Cobar
Ward Oval – Bar	Cobar
Ward Oval – Display Pavilion	Cobar
Ward Oval – Shearing Shed	Cobar
Ward Oval – Meeting Hall	Cobar
Ward Oval – Shower Block Laundry	Cobar

Ward Oval – Main Toilet Block	Cobar
Ward Oval – Laundry Shower Block	Cobar
Ward Oval - Main Toilet Block	Cobar
Ward Oval – Animal/Goat Pen	Cobar
Ward Oval – Animal/Sheep Pen	Cobar
Ward Oval – Tie Up Stalls	Cobar
Nymagee Tennis Courts	Nymagee
Nymagee Tennis Courts – Transportable Toilet Block	Nymagee
Tom Knight Oval - Clubhouse	Cobar
Tom Knight Oval – Transportable Building Club Bar	Cobar
Tom Knight Oval – Transportable Building Referee’s Change Room	Cobar
Tom Knight Oval – Covered BBQ Area	Cobar
Tom Knight Oval – Toilet/Change Room	Cobar
Tom Knight Oval – Main Grandstand	Cobar
Tom Knight Oval – Secondary Grandstand	Cobar
Council Chambers	Linsley St, Cobar
Family Day Care	Linsley St, Cobar

Schedule 6

Planned Capital Upgrade/New Asset Expenditure for 2011

RTA Heavy Vehicle Inspections Workshop Building	\$315,000
Euabalong West Playground Shade Structure	\$20,000
Mt Hope Hall Upgrade	\$37,000
Cobar Cadet Hall Upgrade	\$54,000
Cobar Town Hall Cinema Upgrade	\$90,000

Schedule 7

Possible Disposals

Dwelling - 11 Becker St
Euabalong Sports Ground - Kiosk
Euabalong Sports Ground – Change room
Euabalong Race Course - Male Toilet
Euabalong Race Course - Female Toilet
Ward Oval - Toilet Block White Mens
Ward Oval - Old Dinning Room
Euabalong Race Course - Male Toilet
Euabalong Race Course - Female Toilet
Euabalong Race Course - Stewards Office

Version Control

No.	Date Adopted	Minute No.	Date Commenced	Date notified in Local Paper
1	24 March 2011	37.3.2011	25/03/2011	No