BUILDINGS

ASSET MANAGEMENT PLAN

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TABLE OF CONTENTS

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

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

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 discretional 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 re-sheeting 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 discretional 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 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 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 is 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 Building infrastructure in partnership with Community and other levels of government to provide or facilitate delivery of services to the community in accordance with Council's service delivery objectives

Albury City Council owns 533 building assets which are situated across 191 sites. These include Civic buildings, Community centres, childcare facilities, sporting/recreational buildings, Airport, public toilets, depots, bus shelters and Sundry buildings. From these assets council provides or facilitates a range of services to the local and greater community including

- Sports and recreations opportunities
- Childcare and preschool services
- Administration support
- Arts, Cultural & historic experience and
- Crematorium
- Airport services

What does it Cost?

There are two key indicators of cost to provide the Buildings 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 service is estimated at $5,477,980 per annum. Council's planned life cycle expenditure for year 1 of the asset management plan is $3,260,640 which gives a life cycle sustainability index of 0.6.

The total maintenance and capital renewal expenditure required to provide the Buildings service in the next 10 years is estimated at $37,960,000. This is an average of 3,796,000 per annum.

Council's maintenance and capital renewal expenditure for year 1 of the asset management plan is $3,260,640 giving a 10 year sustainability index of 0.86.

Plans for the Future

Council plans to operate and maintain the Building infrastructure to achieve the following strategic objectives.

1. Ensure Buildings are maintained at a safe and functional standard.
2. To optimise the provision and management of physical assets and public facilities to meet the social, environmental and economic goals of the Council.
3. To meet community expectations in a financially responsible manner.

Measuring our Performance

Quality
Buildings 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 network is maintained in partnership with other levels of government and stakeholders to ensure they meet current and future needs.

Buildings assets will be maintained at a safe level and associated signage and equipment be provided as needed to ensure public safety. We need to ensure key functional objectives are met:

- Provide a building network from which the council deliver a range of services to the community

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

The actions resulting from this asset management plan are:

- Ongoing improvement of asset management systems and processes
- Integration with Council's Annual Business Plans and Long Term Financial Management Plan
- Development of Infrastructure Risk Management Plan
- Review service levels based on community consultation and determine financial implications
- Ongoing assessment of condition and function of Council buildings
- Periodic review of the plan

2. INTRODUCTION

2.1 Background

The purpose of this asset management plan is to demonstrate responsible management of building assets, compliance with regulatory requirements, and to communicate funding required to provide the desired levels of service.

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

- Albury 2030 Corporate Plan – Articulates the long-term strategic direction of Council.
- Long-term Financial Plan – Outlines all aspects of the key financial strategic objectives and commitments.
- Annual Works Plan- Detailed action plan on projects and finances for each particular year
- Asset Management Policy
- Section 94 Development Servicing Plan 2005 (Amended June 2009)
- Energy Savings Action Plan 22nd May 2008
- Building Fair Value Report 29th May 2008

This asset management plan covers the following infrastructure assets:

Buildings

Table 2.1. Assets covered by this Plan

Asset Category	Sites	Buildings	Replacement Value
Airport Facilities	1	5	8,344,820
Bus Shelter	45	45	621,790
Car park	1	1	7,744,450
Children's Facilities	11	41	6,979,530
Cultural Facilities	6	10	32,211,030
Emergency Services Buildings	7	8	4,642,610
Halls/Community Centres	11	18	9,045,650
Miscellaneous Commercial Sites	5	27	3,729,920
Office Building	2	2	21,812,350
Parks/Reserve Buildings	22	57	5,602,340
Sporting Facilities	38	174	40,381,210
Tourist Facilities	3	15	3,784,680
Water/Sewer Facilities	36	86	17,532,060
Work Depot	3	44	5,541,980
Total	**191**	**533**	**167,974,420**

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

Stakeholder Group	Role
Federal and State Governments and Agencies	Funding assistance and standards development
Councillors	Community representation and administration
Community	End-user involvement
Utilities / Developers	Providers of services and infrastructure facilities.
Engineering Services Group	Preparation of the plan
MANEX (Senior Management)	Review and comment

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.

Council's Vision

"In the year 2030 Albury is a vibrant, safe and welcoming regional City, drawing inspiration and life from our heritage, strategic location and connection to the majestic River Murray"

[1] IIMM 2006 Sec 1.1.3, p 1.3

Mission Statement- Engineering

"To deliver to the community of AlburyCity, quality infrastructure and services, major projects and sustainable development with a customer focussed and the value for money ethos."

Objectives

1. Ensure Council's services and infrastructure is provided in a sustainable manner, with appropriate levels of service to residents, visitors and the environment.
2. Protect Council assets by implementing appropriate asset management strategies and allocating appropriate financial resources to those assets.
3. Maintain an awareness of asset management throughout Council which encourages all Council employees to play a proactive role.
4. Meet all legislative requirements of asset management.
5. Ensure resources and operational capabilities are identified and responsibility for asset management is allocated.
6. Demonstrate transparent and responsible asset management processes that align with appropriate best practice.

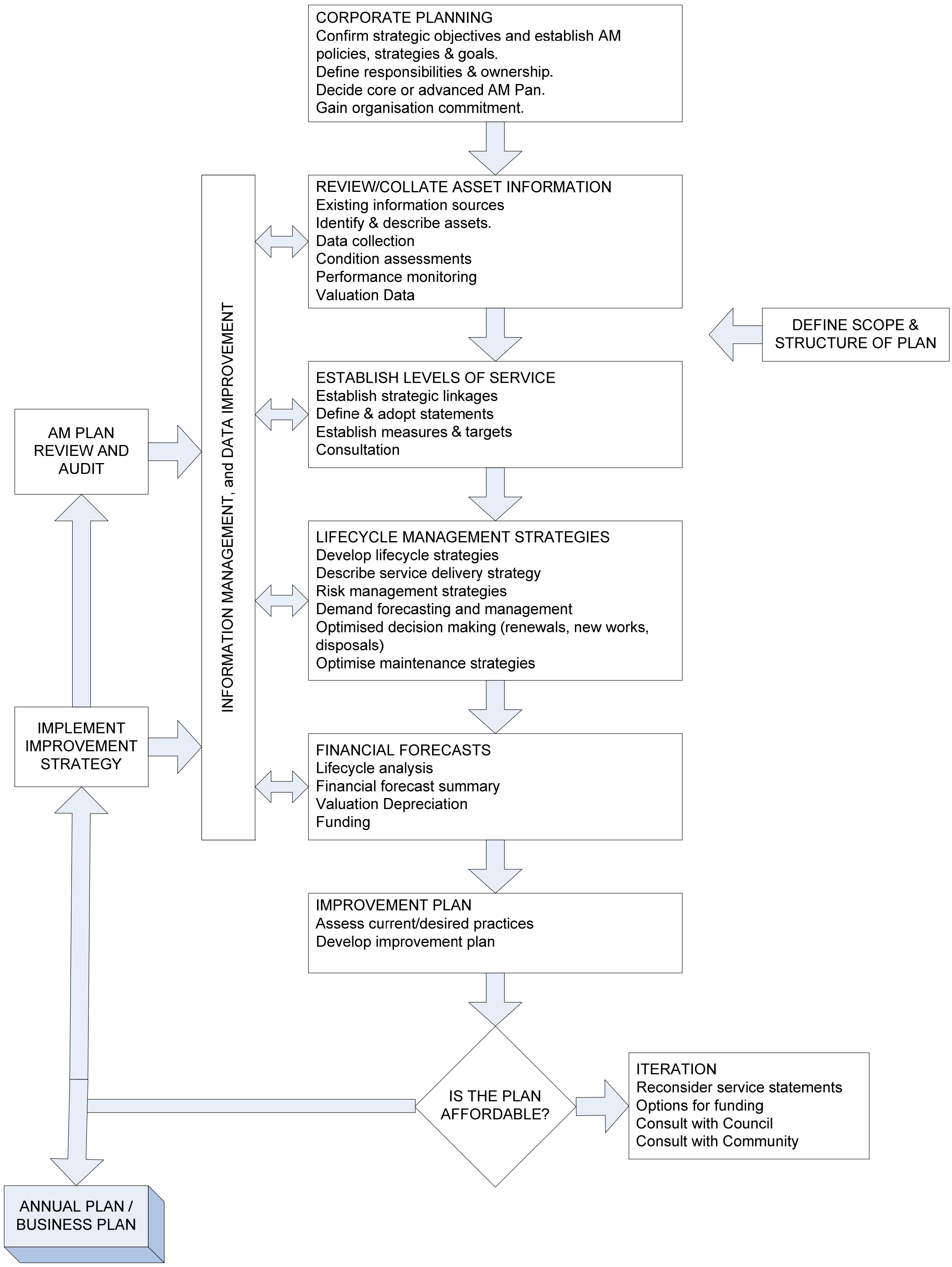
2.3 Plan Framework

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 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 conducted customer satisfaction surveys to measure the performance of council services. These telephone surveys polled a sample of residents on their level of satisfaction with Council's services. The most recent customer satisfaction survey was conducted in 2006.

Table 3.1. Community Satisfaction Survey Levels (out of 10)

Performance Measure	2000	2001	2002	2003	2004	2006
Maintenance of Community Buildings (Community Centre/Toilets/Amenities blocks)	7.42	6.67	6.62	6.51	6.49	NA
Provision of Sport Stadium	NA	NA	7.81	7.66	7.58	7.50
Maintenance of Public Toilets	NA	NA	NA	NA	NA	5.48

It is recommend that future revisions of this Asset Management Plan be guided by more comprehensive Customer Surveys to assist in determining desired levels of service from the community.

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
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.
Development Act 1993	Have consideration of, adhere to and fulfil the requirements of the Development Act.
Building Code of Australia, Building Act 1993, and Building Regulations 1994	Have consideration of, adhere to and fulfil the requirements of the BCA and Building Act.
Disability Discrimination Act 1992 and other relevant disability legislation	Have consideration of, adhere to and fulfil the requirements of the DDA and other relevant legislation.
Occupational Health & Safety Act 2000 and Regulations 2001	Have consideration of, adhere to and fulfil the requirements of the OH&S Act.
Children's Services Act 1996 and Children's Services Regulations 1998	Have consideration of, adhere to and fulfil the requirements
Australian Standard AS1891 Fire Services	Have consideration of, adhere to and fulfil the requirements
AS/NZS 2293.3:1995 Emergency Evaluation Lighting	Have consideration of, adhere to and fulfil the requirements
AS1428 Design for Access and Mobility	Have consideration of, adhere to and fulfil the requirements
Environment, Planning & Assessment Act	Have consideration of, adhere to and fulfil the requirements

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	Condition of Building
Function/Accessibility	Meets user requirements
Safety	Statutory compliance

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

Table 3.3. Current Service Levels

Buildings - Main Categories (i.e. Town Halls, Community Centres, Sport Complex and Club Houses etc)

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
COMMUNITY LEVELS OF SERVICE				
Quality	Provide clean accessible well maintained facility	Customer service requests/ complaints, customer surveys	< 4 complaints per year/ building	Not currently measured
Function	Facilities are fit for purpose, meet users requirements & industry standards	Customer service requests/ complaints, customer surveys	< 2 complaints per year/ building	Not currently measured
Safety	Ensure facilities are safe	Reported accidents	Zero reported accidents	Not currently measured
TECHNICAL LEVELS OF SERVICE				
Condition	Building functionality is not compromised by condition	Regular building condition inspections	Increase planned maintenance. Current 43%	50% Planned maintenance
Function/Accessibility	DDA legislative compliance	Provide access and service for all user groups	100% compliance in 10 years	80%
Cost effectiveness	Provide service in cost effective manner	Budget compliance	Expenses within budget	Satisfactory

Safety	Ensure facilities are safe	Safety audit of facility. Cyclic Maintenance & Customer Request System	Safety inspections - electrical tagging/ testing - as required to standards - Legislative audit - as per safety regulations - Safety inspection - 6 monthly or yearly All defects repaired within approved timeframes	Satisfactory

3.4 Desired Levels of Service

At present, indications of desired levels of service are obtained from various sources including the Customer Satisfaction survey, residents' feedback to Councillors and staff, service requests and correspondence. In the short term Council will concentrate on determining the condition of existing assets prior to detailed community consultation.

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	49779	58,652 by 2027	Increase in the population may increase the demand on facilities
Demographics	Children (0-14) 20.0% Elderly(65+) 14.0% Working age (15-64) 66.0%	Children(0-14) 18.6%by 2021 Elderly(65+) 16.4% by 2021 Working Age(15-64) 65% by 2021	Increase in aged population may change accessibility and usage requirements of Council buildings

4.2 Changes in Technology

Technological changes, more particularly those related to climate change, energy consumption patterns, water usage and building design improvements may have some effect on service delivery. These impacts will be investigated and qualified in future revision of the asset management 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

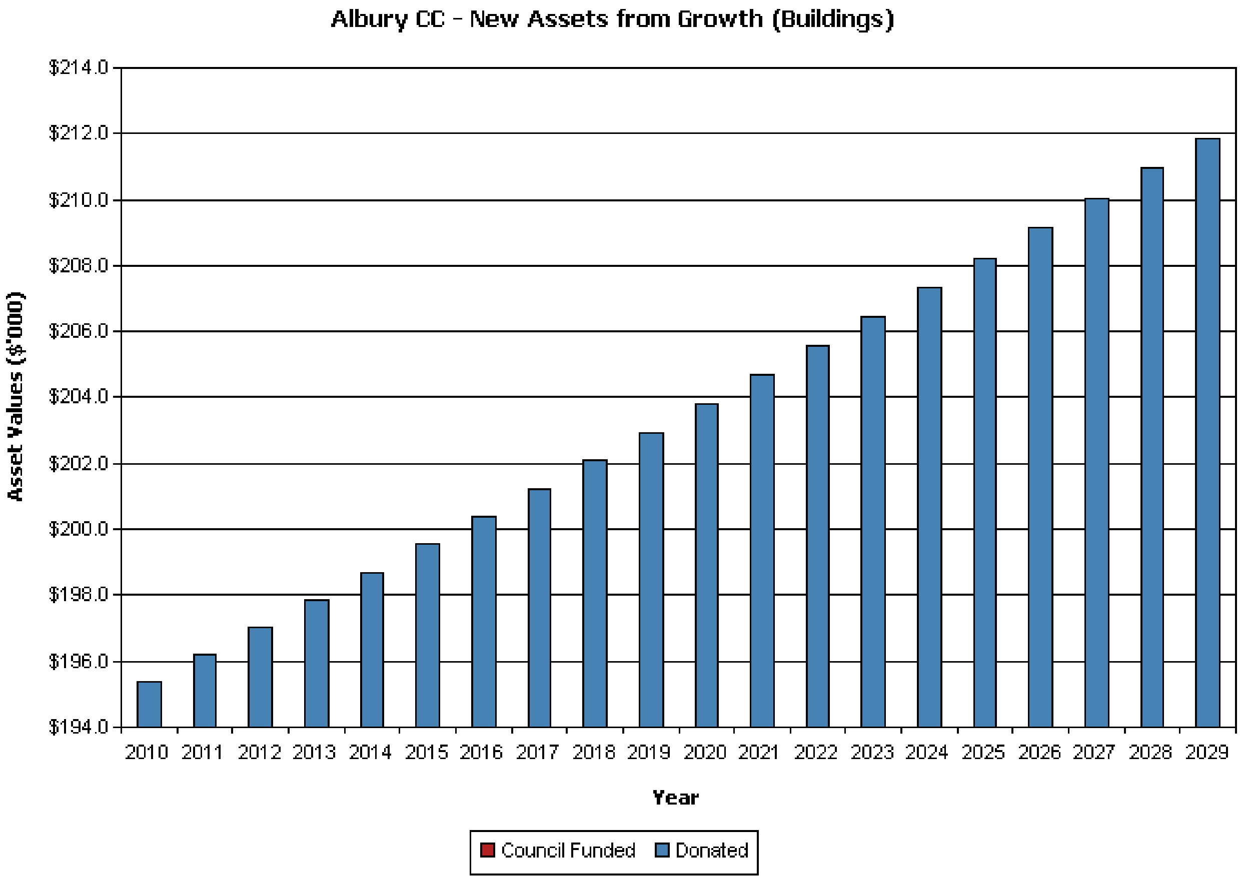
Service Activity	Demand Management Plan
Building Maintenance and Upgrades	Upgrades to meet population growth demand, changes identified in review reports and planning studies and changed legislative requirements.
Safety Improvement plan	Upgrades to Improve user safety – Regular safety audits

It should be noted that some buildings and structures in this plan have been built by community/sporting organisations on council or crown land. These buildings are leased to the organisations and in this case the leased agreement covers the maintenance requirements. Generally the occupier is responsible for the minor maintenance and council is responsible for major maintenance. Council may not intend to renew these buildings when they reach service life although occupier may intend to renew the assets. These buildings should be further investigated to ascertain whether these buildings should be included in the future revision of this plan.

4.4 New Assets from Growth

The new assets required to meet growth will be acquired from Council, developer and community funded projects. The new asset values are summarised in Fig 1.

Fig 1. New Assets from Growth



Acquiring these new 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.

4.5 Future Projects

A number of major building projects are in the initial stages of investigation. These projects, which are outlined below, currently have no funding commitment by Council. The progression of these projects will be dependent on a number of factors including partnership agreements with external bodies, grant applications to both State and Federal Government, commitment from AlburyCity Council and further public consultation. As it is not known what timeframe these projects may be completed the financial impact has not been modelled within this plan.

4.5.1 Emergency Management Centre Stage 2

AlburyCity is leading an innovative and ambitious approach to regional emergency services management in Australia with the establishment of a multi-purpose co-ordination, response and training facility at the Albury Airport.

Stage one of the Albury Regional Emergency Management Centre (AREMC), opened by the Honourable Nathan Rees MP in 2008, provided a new headquarters for the New South Wales Rural Fire Service including office and administrative areas, a training room, amenities and store rooms. The facilities are also utilised as the Local Emergency Operations Centre (LEOC).

The completion of the AREMC would provide a series of operational buildings surrounding a central, multi-purpose core, storage sheds and car parking. The centre would include:

- The headquarters for emergency response agencies such as the SES;
- The Albury Regional Operations Centre – this centre would be available for use in emergency management events by AlburyCity, Greater Hume Shire and surrounding local government areas as required;
- An alternative Police operational site and a Federal Police command centre in the advent of a major incident including airport security and response to terrorism related events;
- A state of the art training facility, which will be available for all emergency service groups to utilise;
- Communications equipment, including GIS mapping;
- Training theatrette including plasma screens and projection equipment;
- A commercial kitchen, toilets and conference meeting areas for community use;
- Car parking; and
- Storage sheds for vehicles and equipment.

When complete the AREMC will house the region’s emergency response agencies in a central location. While each service will continue to operate independently, their co-location will result in improved communications and the sharing of resources, information and training. This will be of particular benefit in times of major emergencies through greater co-operation and co-ordination.

AlburyCity believes the centre has the potential to position the city as a leader in emergency services management and training and be seen as a model for regional Australia.

4.5.2 Permanent Display for the Uiver Replica

This project involves the extension to the Albury Airport terminal building for the purpose of establishing a dedicated facility for the housing and display of one of the last eight DC2 planes left in the world.

The project is Council’s side of a two party agreement whereby in exchange for a private party completing a voluntary restoration of the aging plane, Council will undertake to house it on permanent display in a prominent position next to the airport terminal along with associated memorabilia relating to the famous DC2 “Uiver” incident which occurred in Albury on 24 October 1934.

It is estimated this project would cost approximately $2.5 million. Council will undertake extensive public consultation to determine if this project will proceed.

4.5.3 Albury Art Gallery Redevelopment

The redevelopment of the Albury Art Gallery involves the linking with the neighbouring Council owned building - Burrows House, creation of 3 new contemporary gallery spaces as well as 2 permanent collection galleries and an emerging artist gallery, flexible and self contained education and workshops areas, community and volunteer reference and meeting rooms, large multipurpose foyer/3D gallery space, indoor/outdoor, self contained café, Gallery Shop, open plan administration area and comprehensive collection storage facilities including separate painting, object and works on paper store, secure and covered loading dock, crate store and conservation area.

4.5.4 Albury Entertainment Centre

The Albury Entertainment Centre (AEC) comprises two separate prominent buildings in the heart of the Albury CBD, being the Convention Centre built in 1972 and the Performing Arts Centre built in 1962. These buildings have served the purpose of providing the primary forum for exhibitions, conferences, public functions and performing arts in Albury. Because of the age of the facility many areas have become significantly out dated and are at a point where they need to be replaced.

The importance of the AEC is borne out by the identification of its upgrade as a key action in the Albury 2030 community strategic plan and the development of cultural services provided by the AEC is also a strategic objective in Albury 2030.

Both these plans have necessarily required public consultation to develop and because of this, the implementation of their key actions is a high priority for Council.

Council is committed to addressing the identified key actions for the ultimate benefit of the community which had input in developing them.

Works to be carried out to the Albury Entertainment Centre (AEC) to complement the major upgrade carried out in 2010/2011. These works will include replacement of floors in the convention centre, replacement of banquet hall sound system, replacement of theatre stage curtains and lighting, replacement of carpet in convention wing and replacement of tables.

These works along with complementing the upgrades undertaken in 2010/2011 will bring outdated sound and lighting equipment up to current industry standards for the benefit of venue users and overcome potential OH&S issues within the AEC.

4.5.5 Change Room & Public Toilet Upgrades

The project involves the upgrade or construction of replacement community buildings associated with sports fields or other public open space buildings (e.g. public toilets). Buildings that have been identified as a high priority include.

This project would fast track the replacement and upgrade of these facilities which currently lie outside of the current capital and operating budgets. Priorities for these projects are outlined below;

Public Toilet upgrade

- Eastern Hill lookout
- Collings Park
- Sarvaas Park
- Oddies Creek Park/ Australia Park
- Union Road toilets.

Change rooms

- Thurgoona Oval
- Urana Road Oval
- JC King Park.

4.5.6 Lavington Sports Field Redevelopment

Council purchased the Lavington Sports Ground in July 2009 from Panthers Entertainment Group. This received significant support from the community as otherwise the facility would have been sold to private developers and possibly lost to the city with residential development.

The sports field is the premier playing surface for AFL, Rugby and Cricket between Melbourne, Canberra and Sydney. The facility has hosted AFL practise matches with attendances over 21,000. It is a significant community and tourist facility. A draft master plan for the facility is being developed that aims to meet the future needs of the facility. Identified in the plan is the extension of the Grandstand which:

- addresses the shortfall in the requirements of holding AFL games
- address access issues
- provides space to administer sport.

The project involves a three level extension of the existing grandstand facility to meet AFL requirements, provide space to house the administration of sporting organisations and improve access to the facility for disabled and emergency services. The project will also improve the visual presentation on the rear of the existing grand stand.

The extension includes:

- Two new high ceiling change rooms
- New third (female) umpires room
- Unisex disabled toilet & shower
- Lift to all levels with capacity to transport a stretcher (direct access to ambulance bay)
- New toilets to serve existing upstairs Clubrooms
- Storage
- Office space
- Function VIP area for minimum 100 people
- Improved landscaping to improve the aesthetics of the facility entrance
- Parking (cars 23 and coach parking 2).

4.5.7 JC King Park

JC king Park is home of the Albury Netball Association Inc. The netball facility is located on the south west corner of David and North Street Central Albury and has 12 fully lit netball courts, which cater for netballers of all ages.

Albury Netball Association has approached Council indicating that the construction of a new amenities building was a high priority. In consultation with the club Council is developing a design brief that shall include, but not limited to:

- Change rooms (x2)
- Umpires rooms (male and female)
- Public toilets (external entrances only with no entry from the building)
- Toilet facilities (internal use only)

- Family room with disabled toilet and baby change facilities
- Kiosk facing the courts
- Kitchen area
- Community room/training room
- Marshalling room
- Administration offices
- Storage

4.5.8 Urana Road Oval

Council has been approached by The New City Cricket Club in conjunction with the Murray Magpies Football club to construct a multipurpose facility at Urana Road Oval. This facility would replace existing amenities, change rooms and ticket box buildings.

The Cricket Club is currently completing the designs and it is estimated the project would cost approximately $1.1 million to construct. If approved funding for the project would consist of contributions from the clubs, Council and any grants funding that may be available.

4.5.9 Aquatic Facilities

It has been identified that the pool shells at Lavington Swim Centre are in poor condition and it is required to conduct a specialised Engineering inspection. This Engineering inspection is planned for 2011/12 and will produce a report outlining recommendations for scope of works required and or replacement timelines. When works have been identified they will be considered in future budget processes.

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.

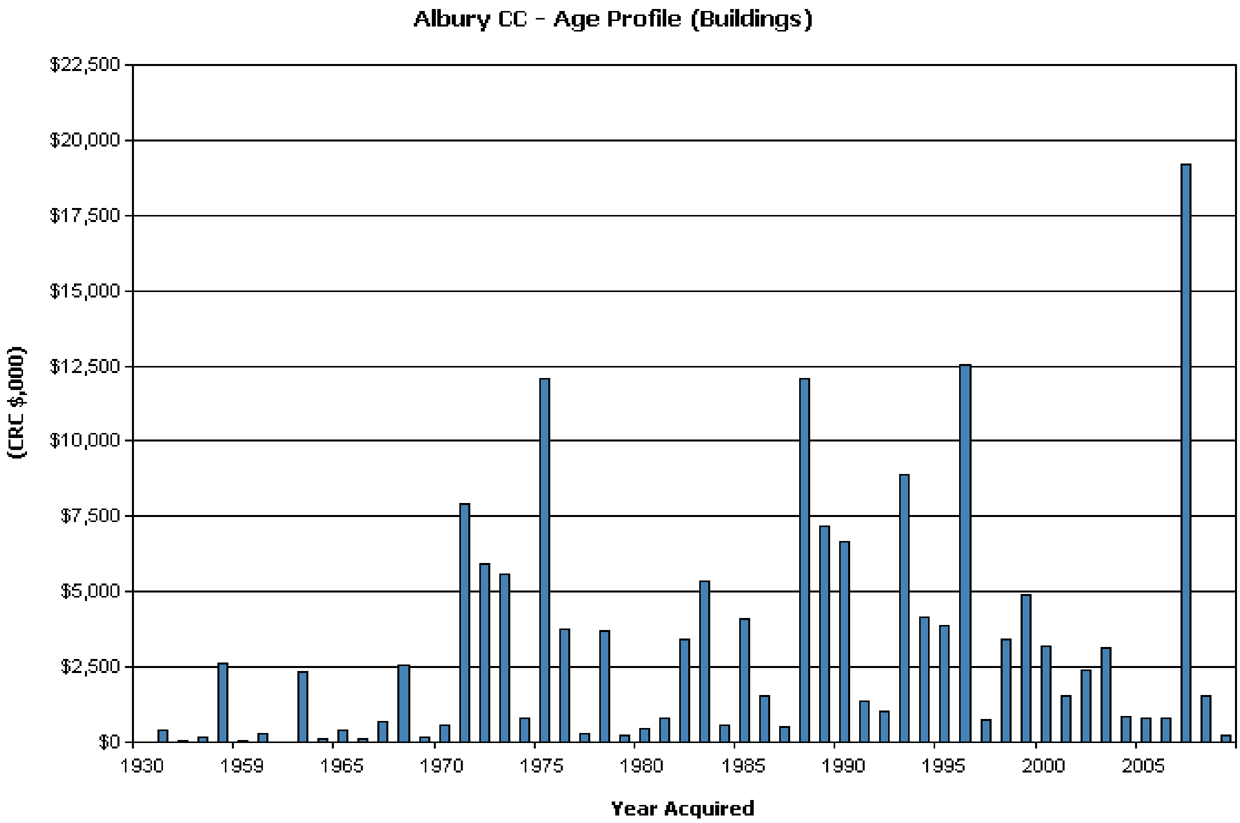
5.1 Background Data

5.1.1 Physical parameters

The assets covered by this asset management plan are shown in Table 2.1 page 2 of this plan

The age profile of Council's assets is shown below.

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.

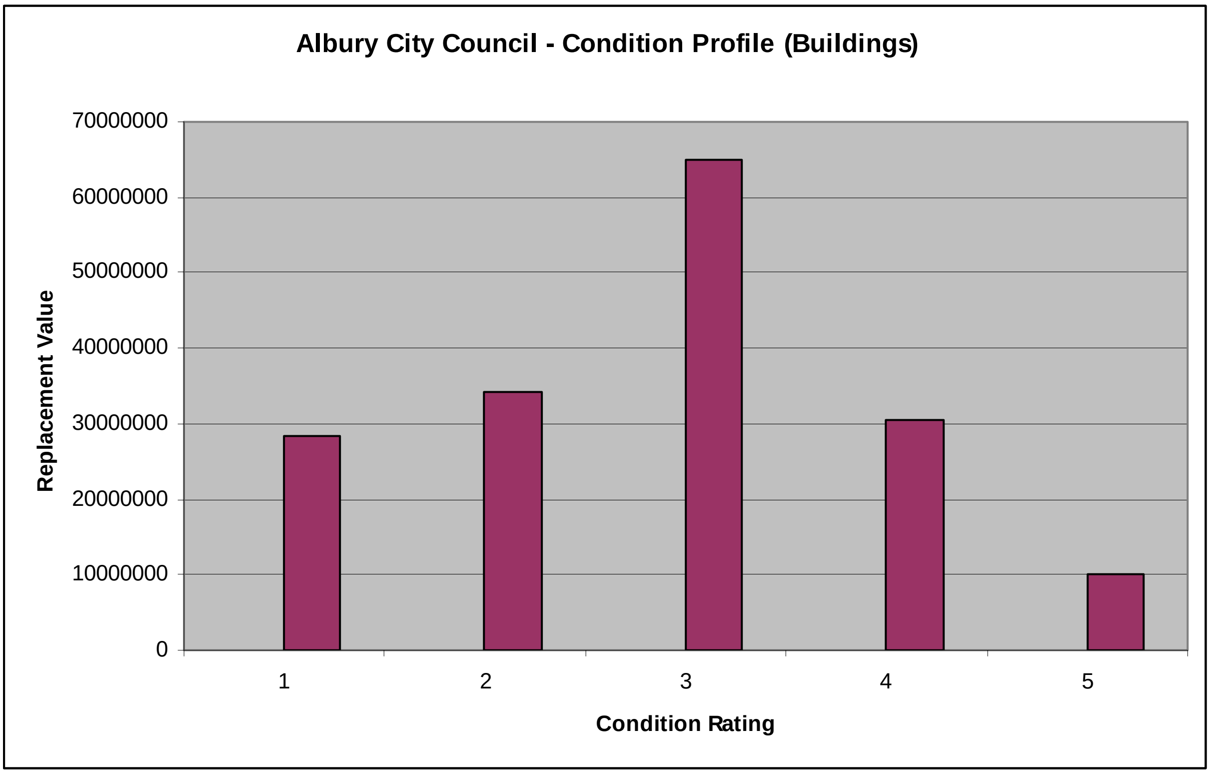
Table 5.1.2. Known Service Performance Deficiencies

Location	Service Deficiency
Various Buildings - Disabled Upgrades	Some buildings are not compliant with current disabled access regulations. There has been a program in place since 1998, and approx 80% are now complete. Some deficiencies will only be rectified if buildings are replaced.
Sporting facilities - Canteen Upgrades	In 2005 it was identified that many of the canteens in AlburyCity's sporting facilities were not compliant with Health Regulations in terms of physical infrastructure. An example being the floor coverings need upgrading and separate hand washing facility installed. Approximately 50% of the 25 canteens which needed upgrading have been completed. At the current rate we will have them all complete in 5 years.
Sundry Buildings-Roof Access	Many of our buildings have poor/non compliant roof access. An audit of Council buildings is required to identify and prioritise works.
Various Building -Asbestos	A list has been compiled of buildings that may have asbestos. The next step is to employ a consultant for further investigation and to prioritise the work required.
Various Buildings - Sustainability	An energy audit was conducted in 2008 which identified all the major energy savings for 12 council sites. Council is currently implementing the highest priority recommendations. Further investigation is required to identify energy saving opportunities at Council buildings.

5.1.3 Asset condition

The condition profile of Council's assets is shown below.

Fig 3. Asset Condition Profile



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.

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

5.1.4 Asset valuations

The value of assets as at 30 June 2009 covered by this asset management plan is summarised below. Assets were last revalued at 30 June 2009. Assets are valued at Brownfield rates.

Current Replacement Cost	$167,974,420
Depreciable Amount	$167,974,420
Depreciated Replacement Cost	$92,961,500
Annual Depreciation Expense	$4,201,050

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

Asset Consumption	2.50%
Asset renewal	1.18%
Annual Upgrade/expansion	2.63%

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 are summarised in Table 5.2.

Table 5.2. Critical Risks and Treatment Plans

Asset at Risk	What can Happen	Risk Rating	Risk Treatment Plan
All buildings	Destruction By fire	Medium	Check adequacy of insurance, install fire alarms and develop continuity plan
Older aged buildings	Structural damage	High	Inspect, monitor and report
Community & Sporting buildings	Failure to meet Disability Discrimination Act (DDA) requirements and other codes	High	Assess assets and optimise funding
Aged Buildings	obsolescence	Medium	Planned maintenance Program
Child Care Facilities	Failure to meet licensing requirements	Low	Planned maintenance program to ensure facilities meet current requirements.

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 the Capital works and minor works program. Activities include inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

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

There is a cyclic maintenance schedule for all the minor buildings with the city split into 4 zones. Buildings in each zone are accessed maintenance is preformed as required every on a 4 year cycle.

Maintenance expenditure trends are shown in Table 5.3.1

Table 5.3.1. Maintenance Expenditure Trends

Maintenance Expenditure

Year	Reactive	Planned		Planned %
		Planned	Cyclic	
2006/07	$618,577	$262,610	$354,438	49
2007/08	$726,123	$223,768	$409,205	46
2008/09	$747,723	$171,998	$397,852	43

Planned maintenance work is 0.45 of total maintenance expenditure on average. However the trend is showing reduced planned maintenance which needs further investigation.

Maintenance expenditure levels are considered to be adequate to meet required 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

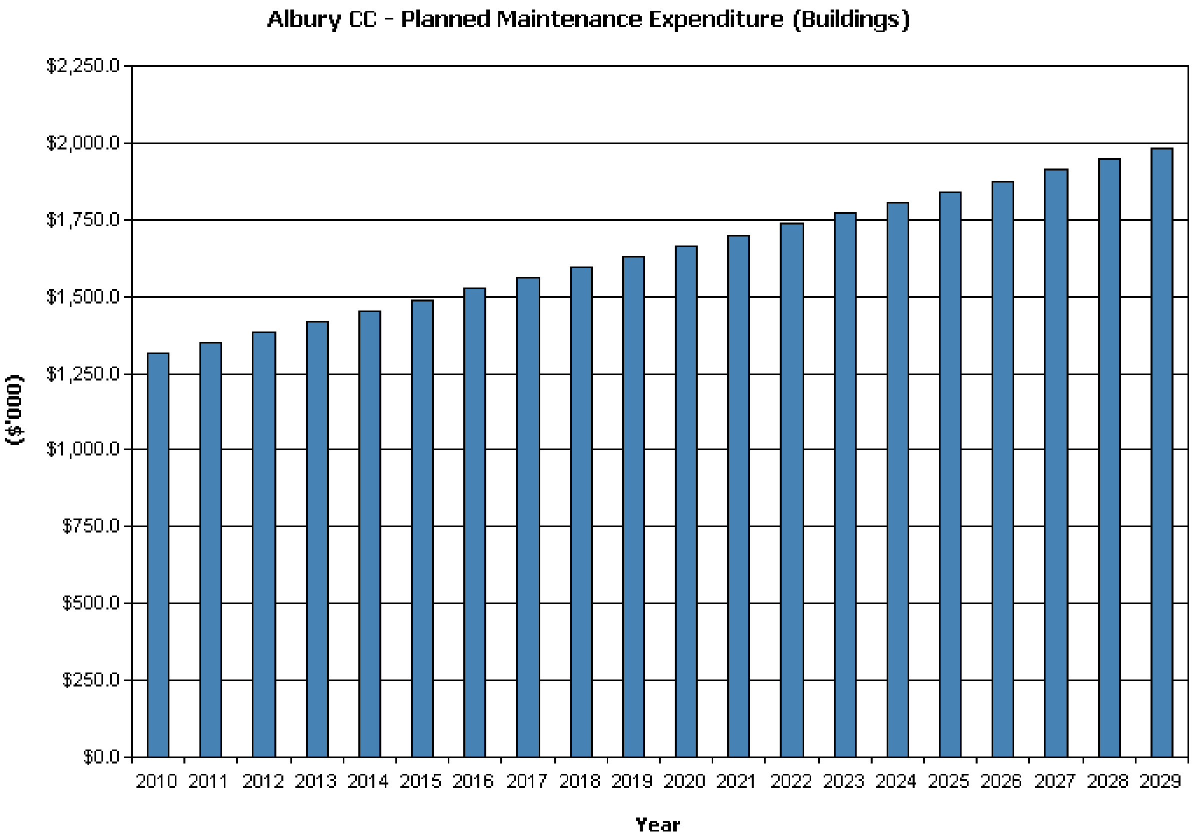
Maintenance work is carried out in accordance with the following Standards and Specifications.

- Building code of Australia
- Relevant Australian Standards and Codes
- Material and product Specifications

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 2009 dollar values.

Fig 4. Planned Maintenance Expenditure



Deferred maintenance, i.e. works that are identified for maintenance and unable to be funded is 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 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

Criterion
Safety
Condition
Community needs
Customer/Community requests

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

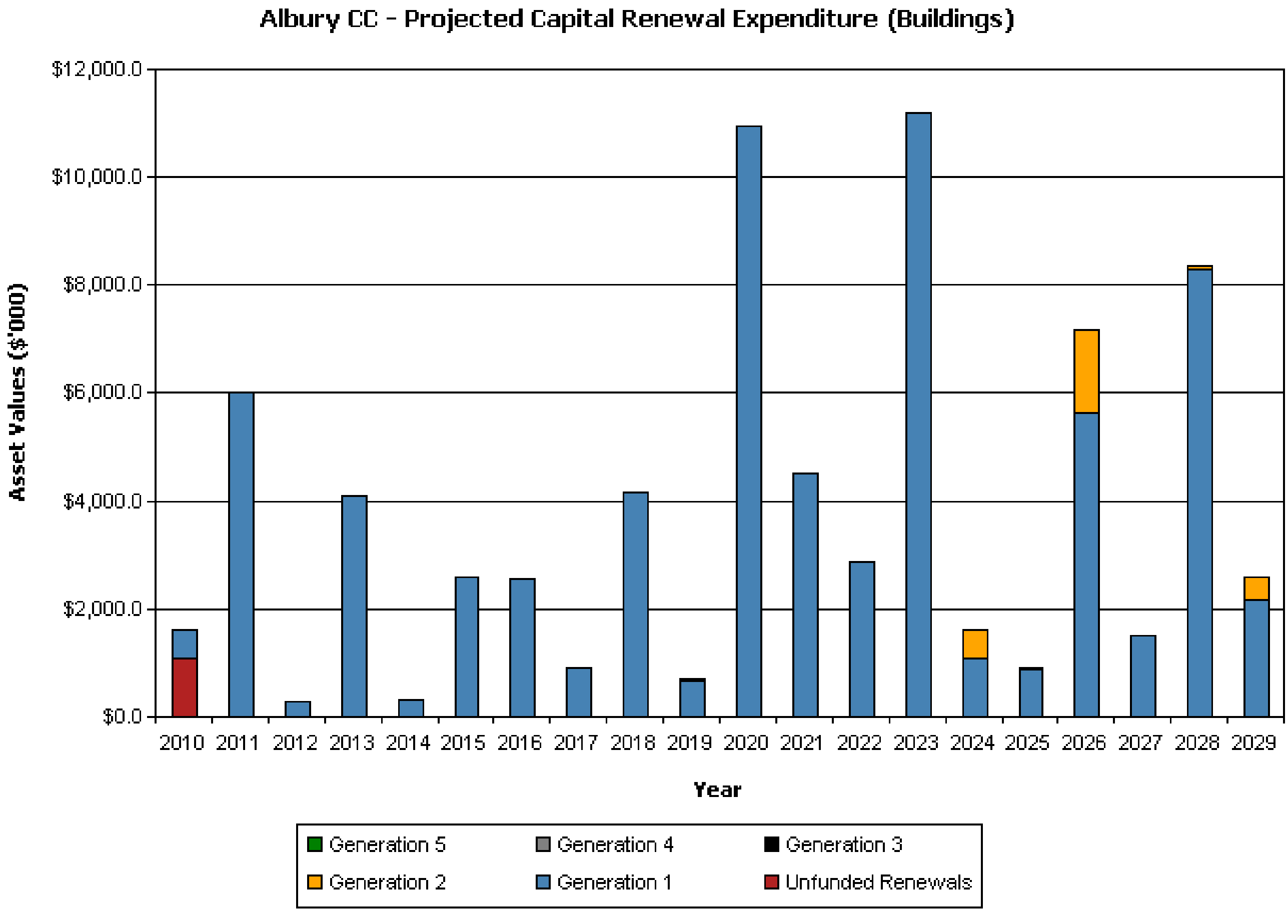
Renewal work is carried out in carried out in accordance with the following Standards and Specifications.

- Building code of Australia
- Relevant Australian Standards and Codes
- Material and product Specifications

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 2009 dollar values.

Fig 5. Projected Capital Renewal Expenditure



Deferred renewal, i.e. 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 or community groups. 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 via the New Initiative process.

A Creation/acquisition/upgrade plan for buildings has not been prepared but will be developed in future revision of this asset management plan.

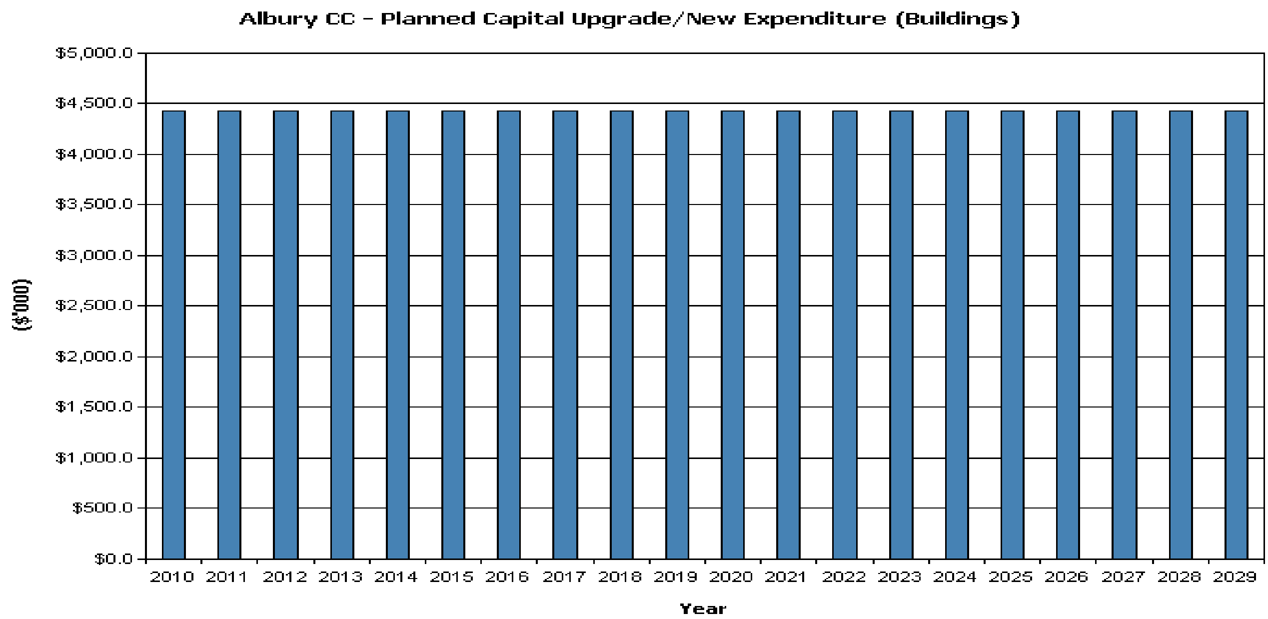
5.5.2 Standards and specifications

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 future upgrade/new assets expenditure

Planned upgrade/new asset expenditures are summarised in Fig 6. All costs are shown in current 2009 dollar values.

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. At this stage council has not identified any building assets for decommissioning and disposal. Future revisions of this plan will reassess if any assets are appropriate for disposal.

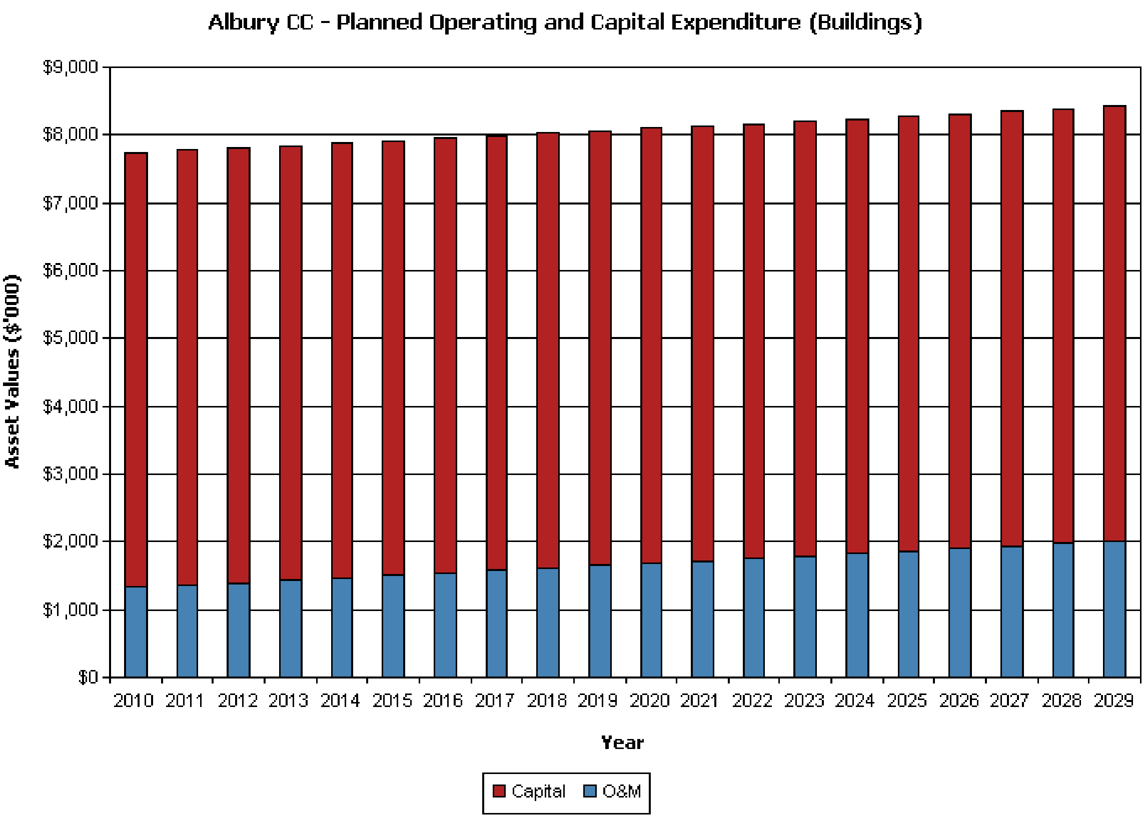
6. FINANCIAL SUMMARY

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 2009 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 $5,477,980.

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 $3,260,640.

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 2,217,340 per annum. The life cycle sustainability index is 0.6

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

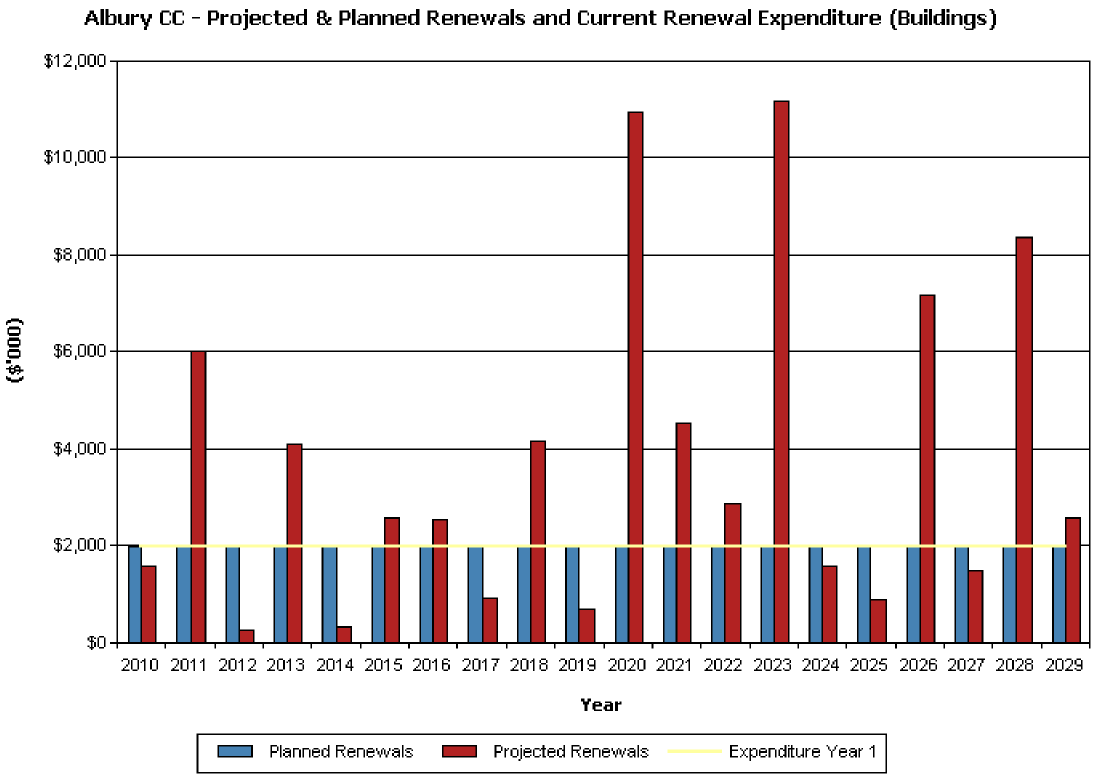


Table 6.1.1 shows the gap between projected and planned renewals.

Table 6.1.1 Projected and Planned Renewals and Expenditure Gap

Year End Jun-30	Projected Capital Renewal Expenditure ($'000)	Planned Capital Upgrade/New Expenditure ($'000)	Planned Capital Renewal Expenditure ($'000)	Shortfall in Renewal Expenditure (Projected - Planned) ($'000)	Cumulative Renewal Funding Shortfall ($'000)
2010	$1,602.97	$4,426.00	$1,984.00	-$381.03	-$381.03
2011	$6,004.54	$4,426.00	$1,984.00	$4,020.54	$3,639.51
2012	$275.93	$4,426.00	$1,984.00	-$1,708.07	$1,931.44
2013	$4,108.13	$4,426.00	$1,984.00	$2,124.13	$4,055.57
2014	$326.28	$4,426.00	$1,984.00	-$1,657.72	$2,397.85
2015	$2,584.89	$4,426.00	$1,984.00	$600.89	$2,998.74
2016	$2,557.61	$4,426.00	$1,984.00	$573.61	$3,572.35
2017	$915.74	$4,426.00	$1,984.00	-$1,068.26	$2,504.09
2018	$4,173.43	$4,426.00	$1,984.00	$2,189.43	$4,693.52
2019	$696.17	$4,426.00	$1,984.00	-$1,287.83	$3,405.69
2020	$10,952.59	$4,426.00	$1,984.00	$8,968.59	$12,374.28
2021	$4,519.50	$4,426.00	$1,984.00	$2,535.50	$14,909.78
2022	$2,876.09	$4,426.00	$1,984.00	$892.09	$15,801.87
2023	$11,184.00	$4,426.00	$1,984.00	$9,200.00	$25,001.87
2024	$1,598.95	$4,426.00	$1,984.00	-$385.05	$24,616.82
2025	$908.69	$4,426.00	$1,984.00	-$1,075.31	$23,541.51
2026	$7,185.30	$4,426.00	$1,984.00	$5,201.30	$28,742.81
2027	$1,490.44	$4,426.00	$1,984.00	-$493.56	$28,249.25
2028	$8,371.29	$4,426.00	$1,984.00	$6,387.29	$34,636.54
2029	$2,582.34	$4,426.00	$1,984.00	$598.34	$35,234.88

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.

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 $37,960,000.

This is an average expenditure of $3,796,000. Estimated maintenance and capital renewal expenditure in year 1 is $3,260,640. The 10 year sustainability index is 0.86

6.2 Funding Strategy

Projected expenditure identified in Section 6.1 is to be funded from Council’s operating and capital budgets. Council funds construction, maintenance and improvements to infrastructure assets from a variety of sources, these will include recurrent income, grant and loan funding or any combination of these depending on the size and scope of the project.

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 2009 dollar values.

Fig 9. Projected Asset Values

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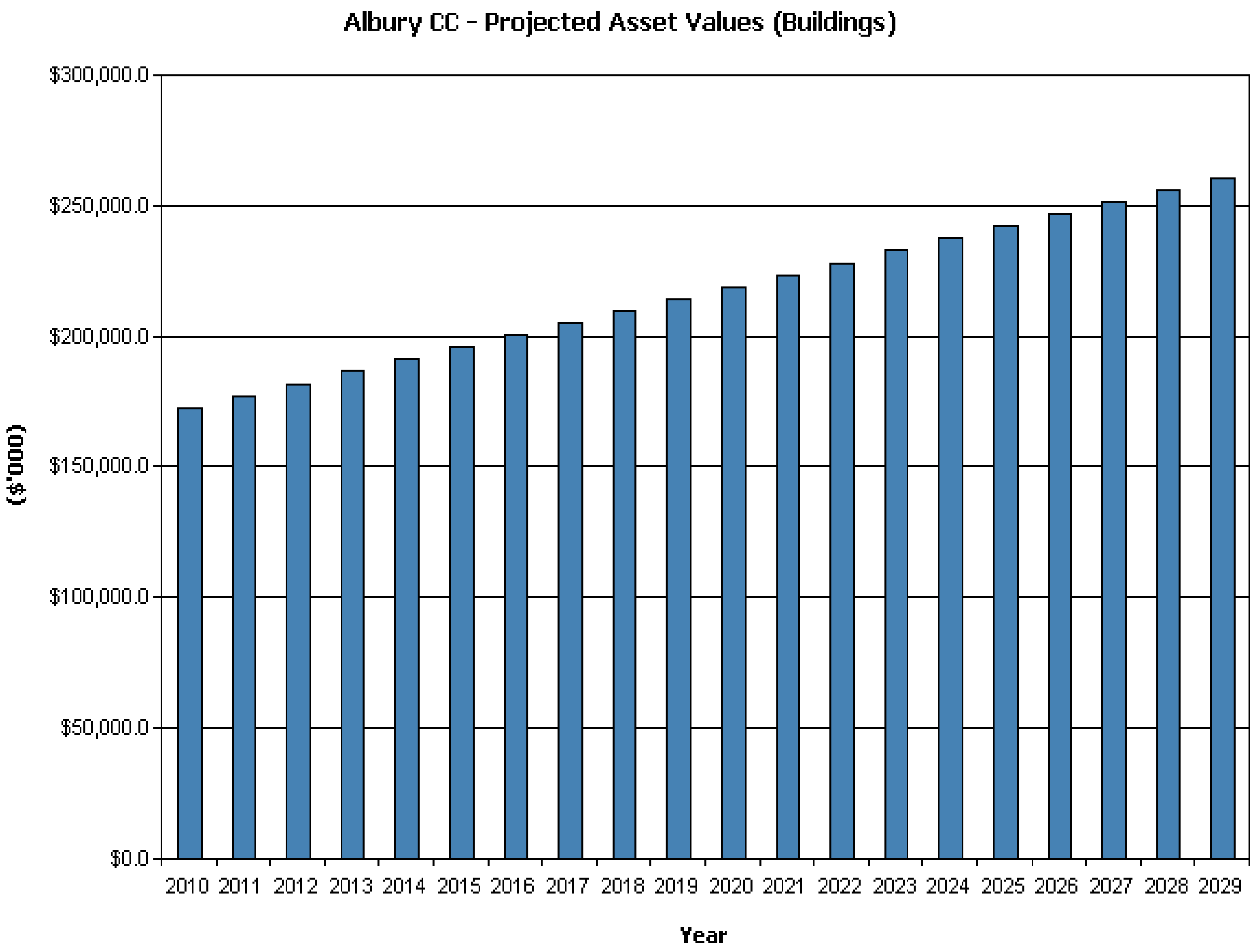
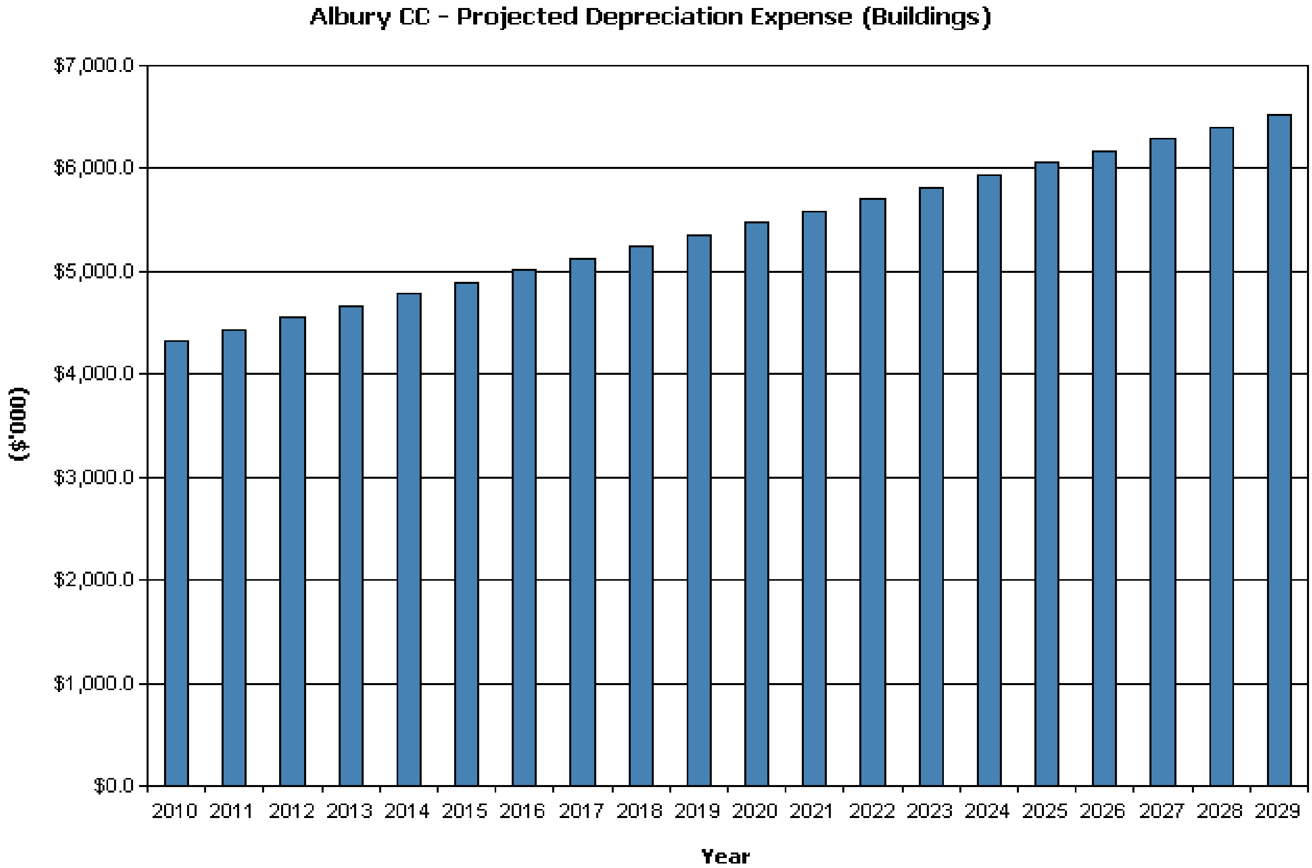
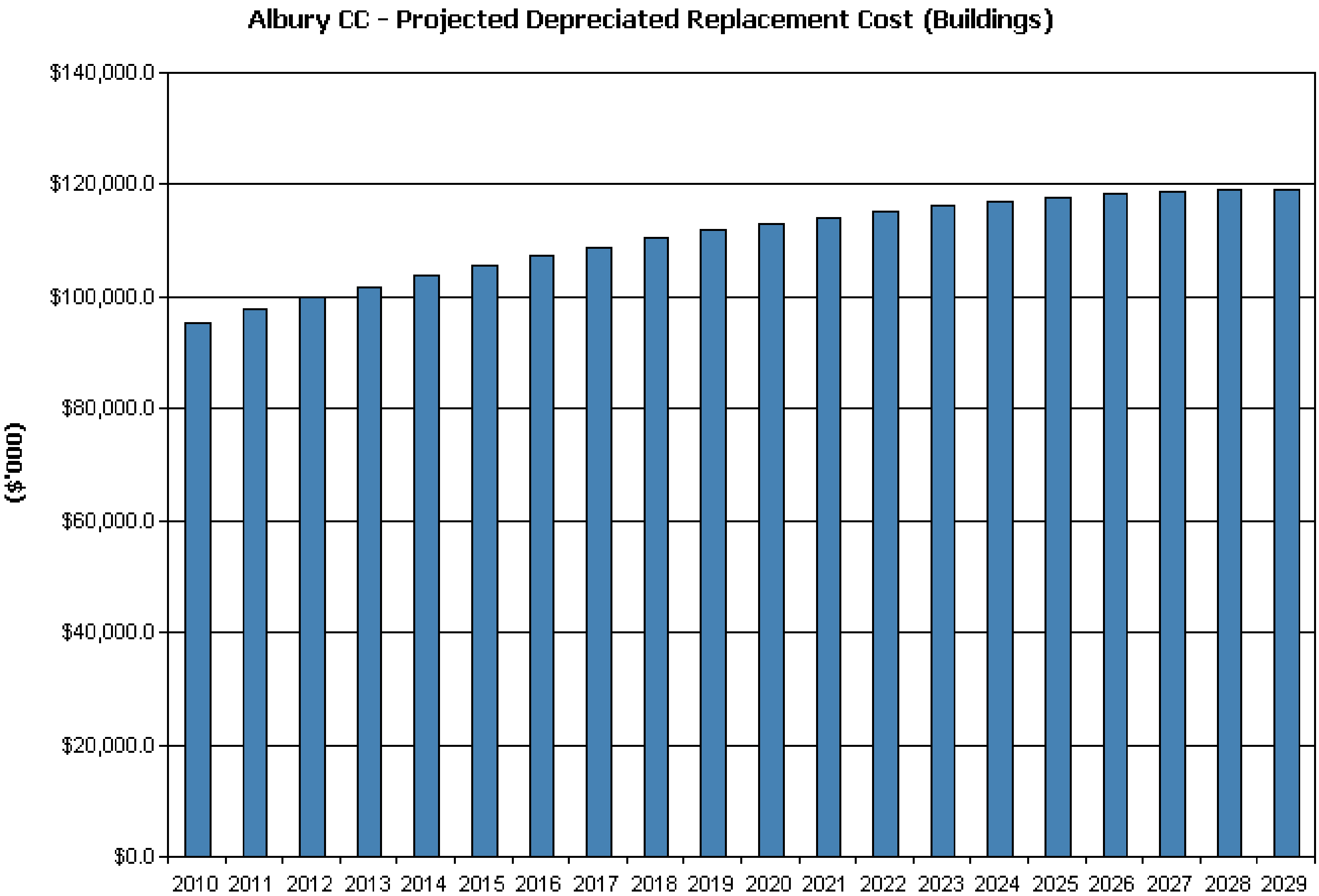


Depreciation expense values are forecast in line with asset values as shown in Fig 10.

Fig 10. Projected Depreciation Expense





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:

- The valuation of the buildings that were not included in the 2008 Valuations were valued using a square metre Rate "Rawlinsons Australian Construction Handbook 2009"

- Accurate construction years were only available for approximately 45% of buildings. The remaining construction dates were estimated from the 2008 Building valuations.

- Financial modelling based on age, and does not take into account the usage or operations of the building

- Pool shell valuations have not been included within this report. Engineering inspections of the Lavington Swim Centre will be conducted during 2011/12. Valuations for pool shells at Albury Swim Centre and Lavington Swim Centre will be included in future revisions of this plan.

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

- Future projected expenditure to be modelled on asset condition , usages and operations

- Continual review of depreciation rates as improved condition and asset consumption information becomes available

- Continual Improvement in the asset data

7. ASSET MANAGEMENT PRACTICES

7.1 Accounting/Financial Systems

AlburyCity uses Civica “Authority” software package for accounting and reporting purposes. This software package includes an Asset Register and General Ledger Module.

The projects register within authority is a subsidiary record supporting the balances of the General Ledger control. This register has each building with its individual asset number. It is set up so you can obtain costs of an individual building split into task, such as vandalism, projects, annual contracts and the like

The Authority Asset Register is set up to achieve reporting to satisfy statutory and internal reporting outcomes.

The Corporate Services Group of Council includes the Financial Services section.

The Financial Services section of Corporate Services is responsible for the central administration, planning and control of Council’s finances and for ensuring compliance with statutory requirements, accounting concepts and standards as laid down by professional accounting bodies. Other accountabilities and responsibilities are:

- Development of Council Financial Management Policies and Procedures;
- Planning and maintenance of budgetary and accounting systems to aid Directors, Group Leaders and Team Leaders in carrying out their financial management responsibilities;
- Provision of advice to Directors, Group Leaders and Team Leaders on financial matters; and
- Ensuring the Council complies with the statutory and regulatory requirements involved in the financial and related operations of the Council.

Council prepares General Purpose Financial Reports on an annual basis. These reports must comply with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act (1993) and Regulations and the Local Government Code of Accounting Practice and Financial Reporting.

Capital/Maintenance policy is:

Assets with an economic life which is determined to be longer than one year are only capitalised where the cost of acquisition/construction exceeds a set materiality threshold is established by Council for each type of asset. This material threshold for all assets purchased by AlburyCity is set at $5,000

7.2 Asset Management Systems

AlburyCity currently uses an in house Access based Building Asset System. This system is a register that contains basic core information relating to the buildings, including age, areas, maintenance history and photographs. The building asset number is generated from this data base and then linked with Authority

Finance system. The systems are reconciled manually; however, there is no direct link between the systems. Council is currently investigating to purchase an integrated asset management system which will resolve these issues.

The System is used to produce list of buildings for the asset valuations which occur approx every 3 years and for the building insurance list. It is the most comprehensive current list we have, and also stores historic information of buildings that are not current.

Building Maintenance is currently determined by compiling a list of requests throughout the year and annual visits to the buildings which are owned and operated by Council. The sundry buildings are maintained on a 4 year cycle with the city split into zones. Leased buildings are primarily maintained by the tenants as outlined in site specific lease agreements.

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

- AAS27, 'Financial Reporting by Local Governments', Australian Accounting Standards, June 1996
- AASB1031, 'Materiality', Australian Accounting Standards Board, July 2004
- AASB116, 'Property, Plant and Equipment', Australian Accounting Standards Board, July 2007
- 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, 2006

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 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.	Conduct Annual Audits of leased buildings	Assets	Internal	Annual
2.	Review useful lives, replacement costs & residual lives	Assets	Internal	Annual
3.	Asset Management System – Purchase and implement integrated Asset Management System	Assets, IT & Finance	Internal & external	June 2011
4.	Asset Management Processes – Document Maintenance Processes	Assets & Building Services	Internal	Dec 2010
5.	Community Group Funding Guidelines	Assets Community & Recreation	Internal	Jan 2011
6.	Develop Infrastructure Risk Management Plan	Assets Community & Recreation	Internal	June 2010
7.	Engineering Audit Lavington Swim Centre Pool Shell	Community & Recreation	Contract	June 2012
8.	Asbestos Audit	Assets	Contract	June 2012
9.	Roof Audit	Assets	Contract	June 2012
10.	Develop Demand Management Plan	Assets Community & Recreation	Internal	June 2012
11.	Building Valuation	Assets	Contract	June 2013
12.	Conduct Customer Survey to determine desired levels of service	Communications	Internal	June 2013

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 2 years of each Council election.

REFERENCES

DVC, 2006, 'Asset Investment Guidelines', 'Glossary', Department for Victorian Communities, Local Government Victoria, Melbourne, http://www.dvc.vic.gov.au/web20/dvclgv.nsf/allDocs/RWP1C79EC4A7225CD2FCA257170003259F6?OpenDocument

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