



SHIRE OF MENZIES

ASSET MANAGEMENT FRAMEWORK

Policy, Strategy, Plan

July 2013 – June 2017

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Australian Government



Government of Western Australia
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Introduction

The Local Government Act was recently amended to require local governments to prepare two different plans to help guide and shape the future of the community –

1. Strategic Community Plan

The Strategic Community Plan will help shape the services that the Shire of Menzies will deliver over the next ten years, as not every objective can be met immediately.

2. Corporate Business Plan

The Corporate Business Plan identifies what we will achieve in the shorter term, and the steps we will take to reach our long term vision, and will enable us and the community to review and monitor our progress towards achieving our aspirations.

This Asset Management Framework has been developed to provide foundational information for the Corporate Business Plan, for the purpose of achieving the aspirations identified in the Strategic Community Plan.

The Institute of Public Works Engineering Australia's (IPWEA) International Infrastructure Management Manual, defines an AMP as follows –

"A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost effective manner to provide a specified level of service. A significant component of the plan is a long-term cashflow projection for the activities."

There is no legal requirement to prepare an AMP, however, Local Government (Administration) Regulation 19DA states –

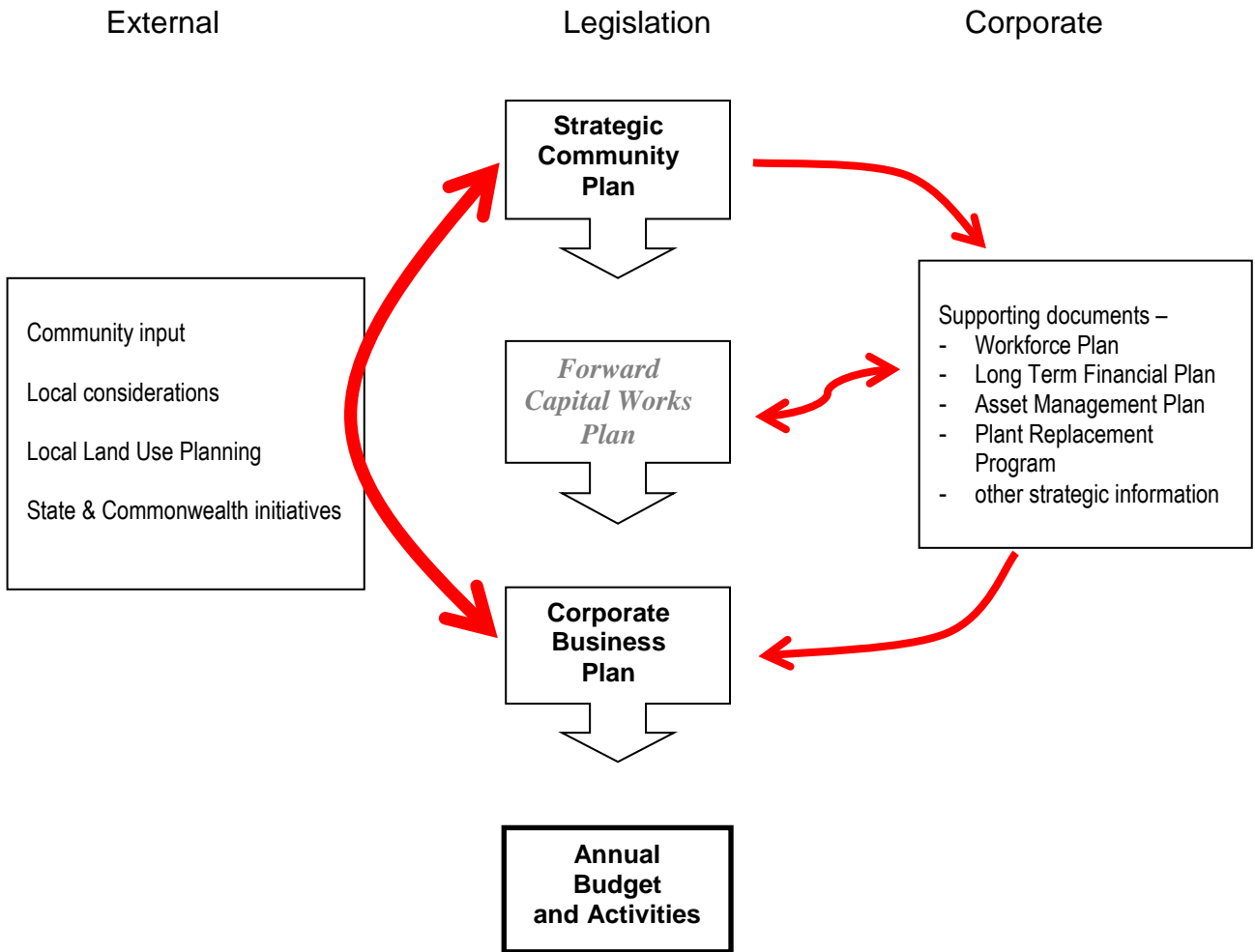
(3) *A corporate business plan for a district is to –*

- (a) set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government's priorities for dealing with the objectives and aspirations of the community in the district; and*
- (b) govern a local government's internal business planning by expressing a local government's priorities by reference to operations that are within the capacity of the local government's resources; and*
- (c) develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.*

The Western Australian IPR framework recognises Asset Management as a key component of the overall framework and the guidelines. The criteria have been developed by recognising the existing local and national asset initiatives that include –

- WAAMI (Western Australian Asset Management Improvement) program – developed by the WA Local Government Association
- National Asset Management and Financial Planning Assessment Framework – a national framework for assessing maturity in Asset Management.

1. Planning Framework



The Forward Capital Works Plan is required in order to qualify for Country Local Government Fund grants, administered by the Department of Regional Development and Lands.

The other required plans are mandated by the Local Government Act s.5.56 and Administration Regulations 19BA, 19CA, 19C, 19DA and 19D.

2. The Need for Asset Management

The IPR Framework requires all local governments to plan for the future including considering how the local government will continue to deliver services to the community on a long-term basis.

In the majority of cases service delivery is underpinned by assets. For example, to deliver library services, a building is needed to function as a library. If the building fails and the roof leaks, it threatens the delivery of the service.

Asset management is about ensuring that the local government has the necessary plans in place to ensure that funds and resources are on hand at the optimum time to repair or replace the building roof before it starts to leak and threaten the ongoing delivery of the service.

This issue is complicated by the fact that local governments have care, control and responsibility for a large and disparate network of assets. This network of assets supports existing and new service delivery which creates significant demand to renew / refurbish / replace them with finite resources. The management of these assets and the balance of available resources is a complex issue.

Asset Management Strategy sets out how we will implement and improve asset management practices and processes. The key objective being a useful AMP which links to the long-term financial plan (LTFP) and set out what resources we intend to allocate in the coming years.

The Asset Management Improvement – Tasks is part of the overall asset management approach that includes the Strategy, Policy, Plans and Systems. The Strategy is a key component of the IPR and sets out the following –

- Where are we now with asset management?
- Where do we want to be in 5 years' time?
- What are the tasks that we need to undertake to fill the gap?
- What are the timeframes over which each task will be carried out?
- Who will be responsible for each task?
- What resources do we need (\$ and/or time) to achieve each task in the selected timeframe.

3. What is Asset Management?

Asset Management is the task of managing non-current assets for the lowest lifecycle cost. It is a multi-disciplinary task combining the key activities of –

- Management;
- Finance;
- Economics;
- Engineering;

Not all property or plant will be considered an asset. Council policy establishes a financial value and/or a minimum useful life that will define what will be treated as an asset. By excluding small value items, the Council ensures that investment and resources on maintenance and renewal are focused in the most efficient and effective way.

We aim to ensure our assets support the required service delivery to the community and they are delivered for the most optimum lifecycle cost. In some instances this may mean we have third parties who own or operate the asset to ensure maximum value. (This is referred to as a “non-asset ownership solution”).

We have care, control and responsibility of a diverse and extensive of infrastructure assets which are used to deliver our services to the community. Assets have been accumulated over a number of years and have been either purchased, constructed or gifted from other tiers of government, private developers or the community.

Assets are often built in waves that align with economic need or prosperity (e.g. post war construction, the mining boom, and economic stimulus). Often infrastructure assets are provided by means other than our own source funding e.g. via State or Federal Government grants rather than rates. All these various assets requiring maintenance, refurbishment and renewal mean that if we want the services to continue using the relevant assets we need to plan for and ensure suitable expenditure at the correct time.

The most cost effective way to do this is to maintain or renew the asset at the optimum time. Renewing the asset too early wastes life in the asset, whereas renewing the asset too late increases risk and consequently cost. The challenge for local government is to choose the optimum time and ensure enough resources are on hand to fund the maintenance and renewal at the optimum time.

A problem that local government faces is that often the same source of funding that provided the asset does not supply ongoing revenue to maintain the asset and is no longer available to replace the asset when the optimum time arrives. It can also be a significant challenge for most local governments to choose the optimum time for replacement. If we can understand our assets and can estimate the optimum replacement cycle, we can then put in place strategies to ensure the funds and resources are available when required.

At the most basic level we need the following in place in order to achieve the above outcome –

- Know what infrastructure assets are owned or controlled by ourselves;
- Know what condition the infrastructure is in;
- Understand the expected life of the asset;
- Understand the future demand for the service and associated asset;
- Know the cost to provide the service and asset;
- Have a system in place to prioritise resource allocation that is aligned with the Strategic Community Plan and Corporate Business Plan;
- Have all of the above summarised in an AMP; and
- All costs are captured in the financial management system and entered into the LTFP.

Asset management is a continually evolving program of strategic planning, implementation and review of data, processes and outcomes.

4. Glossary

4.1 Definitions

The following terms are used in this strategy.

(Definitions from the International Infrastructure Management Manual, International Edition 2006 except where noted)

Asset

A physical component of a facility, which has value, provides service or enables services to be provided and has an economic life of greater than 12 months.

Asset Management

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

Asset Management Plan

A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques over the lifecycle of the asset in the most cost-effective manner to provide a specified level of service.

Asset Management Strategy

A strategy for asset management covering the development and implementation of plans and programmes for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure that the desired levels of service and other operational objectives AM achieved at optimum cost.

Current Replacement Cost

The cost of replacing the service potential of an existing asset, by reference to some measure of capacity, with an appropriate modern equivalent asset.

Depreciation

The wearing out, consumption or other loss of value of an asset whether arising from use, passing of time or obsolescence through technological and market changes. It is accounted for by the allocation of the cost (or revalued amount) of the asset less its residual value over its useful life.

Fair Value ¹

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

Gap Analysis

A method of assessing the gap between a business's current asset management practices and the future desirable asset management practices. Also called needs analysis.

Geographic Information System (GIS)

Software, which provides a means of spatially viewing, searching, manipulating, and analysing an electronic database.

Infrastructure Assets

Stationary systems forming a network and serving whole communities, where the system as a whole is intended to be maintained indefinitely at a particular level of service potential by the continuing replacement and refurbishment of its components. The network may include normally recognised ordinary assets as components.

Key Performance Indicator (KPI)

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

Level of Service

The defined service quality for a particular activity (i.e. roads) or service area (i.e. Street lighting) against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

¹ Dept of Local Government: Asset Management Framework and Guidelines, May 2011

Life

A measure of the anticipated life of an asset or component; such as time, number of cycles, distance intervals, etc.

Lifecycle Cost

The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, and rehabilitation and disposal costs.

Maintenance

All actions necessary for retaining an asset as near as practicable to its original condition, but excluding rehabilitation or renewal.

Retreatment Intervention Condition Level (RICL)

This variable defines the condition level at which an asset should be rehabilitated. It will vary from asset to asset depending on the condition assessment criteria. It is the condition level at which rehabilitation is planned to take place, based upon the required condition outcome and rehabilitation methodologies.

0 = nothing to do, highest possible condition, brand new,

10 = everything to be re-done, extremely poor condition, unusable

Renewal

Works to upgrade refurbish or replace existing facilities with facilities of equivalent capacity or performance capacity.

Replacement

The complete replacement of an asset that has reached the end of its life, to provide a similar or agreed alternative, level of service.

Replacement Cost

The cost of replacing an existing asset with an identical new asset.

Strategic Plan

A plan containing the long-term goals and strategies of an organisation. Strategic plans have a strong external focus, cover major portions of the organisation and identify major targets, actions and resource allocations relating to the long-term survival, value and growth of the organisation.

4.2 Abbreviations

AM	Asset Management
LOS	Level of Service
LTFP	Long Term Financial Plan
RICL	Retreatment Intervention Condition Level
ROMAN II	Road Management System – database administered by WA Local Government Association
WAAMI	West Australian Asset Management Improvement (Program)

PART A – ASSET MANAGEMENT POLICY

5. Asset Management Policy

To ensure that there is organisation-wide commitment to asset management and the objectives of the Asset Management Improvement and the Asset Management Plan are achieved, an Asset Management Policy has been developed.

The Policy is based on core principles –

- regular review of services provided based on the needs of the community,
- services must align with the Strategic Community Plan and fit within the Corporate Business Plan,
- options for the council to facilitate delivery of the service by a third party will be identified and considered (non-asset ownership service delivery option),
- if the service is needed, assets that are required to deliver the service will be identified along with –
 - o the whole of life cost of delivering the service; and
 - o the whole of life planning, maintenance, operation, renewal and disposal cost of the asset required to support the service delivery,
- service delivery and asset whole of life costs are linked to the financial management system,
- options to renew infrastructure assets before acquiring new infrastructure assets being considered,
- rationalisation of assets will be considered.

5.1 Purpose

The purpose of this Policy is to provide the basis for and to guide the strategic management of the Shire's infrastructure assets in order to deliver the Shire's long term strategic objectives.

The purpose will be achieved by –

- a) Developing and implementing an Asset Management Strategy
- b) Consistent progress through Asset Management Improvement – Tasks and Timetable
- c) Preparing and maintaining an Asset Management Plan
- d) Maintaining up to date and validated asset management systems and processes that are aligned and integrated with the Shire's business practices

5.2 Materiality

Materiality is difficult, as the Shire acquires many items that have a useful lifespan of more than 12 months, but do not have significant value. In planning for asset management, to be required to include unnecessary detail for insignificant costs, is both pointless and time-consuming.

Accounting requirements stipulate that acquisitions above an amount determined by Council are to be treated as a capital expense, and therefore be recorded and treated as an asset.

For the purposes of asset management planning –

- the capitalisation threshold of assets, as adopted by Council applies, currently \$4,000,
- acquisition of assets below an estimated \$4,000 in value will not be included in estimates of future Plans,
- once recorded in the accounting system, assets less than this value, will be aggregated, either with similar assets or by purpose, for inclusion as historical data.

5.3 Scope

This Policy applies to infrastructure assets owned by the Shire. The minimum classes will be those stipulated by DLG –

- i) Land
- ii) Buildings
- iii) Infrastructure
- iv) Information Technology
- v) Plant and Equipment
- vi) Other Assets

The asset classes currently do not align, and separation into the various classes and appropriate sub-classes is to be addressed.

The Council has care, control and responsibility for over \$85 million of infrastructure assets (Annual Report as audited by UHY Haines Norton for 2011-2012). The information in this Framework is compiled from existing databases and asset registers.

Asset Registers are to be held separately for the Asset Classes as defined by this Policy.

Asset classes used for the data and estimates of this AMP, in the LTFP and in the accounting system need to be reconciled and aligned.

5.4 Objective

The objective of this Policy is to provide a consistent framework that is aligned and integrated with the Shire's business practices and is consistent with the State Government's Integrated Planning and Reporting requirements such that –

- a) assets are managed in accordance with the requirements of relevant legislation;
- b) assets are managed in accordance current best practice, taking affordability into account;
- c) a "whole of life" approach is taken to operational, maintenance, renewal and acquisition plans;
- d) funding levels to ensure that assets deliver the required Levels of Service are identified and reported;
- e) Levels of Service and risks are taken into account in the development of operational, maintenance, renewal, and acquisition plans;
- f) the performance of assets is able to be measured and reported against the required levels of service and associated target performance levels;
- g) assets are accounted for in accordance with the requirements of the appropriate accounting standards and reporting requirements;

5.5 Organisational Context

The Shire's Strategic Community Plan indicates a set of goals and objectives that incorporate the community's goals –

Our Vision – Take a look around!

Our Aim – Our aim is for the Shire of Menzies to be a prosperous, sustainable and dedicated community in which all residents are able to participate in decision making and benefit from the Shire's many opportunities and resources.

1. Local economy

- A strong local economy, diversified through commercial growth, providing jobs and services.
- A local economy that has close working partnerships with mining companies and industries.
- A local economy accessing the commercial options and services in place, for timely development.

2. Community

- Our community will be cohesive, inclusive and interactive, where people feel safe, are welcomed and can live comfortably.
- Our community will value each other, building relationships and networks to interact, socialise and for recreation.
- Our community will have access to all necessary service requirements.

3. Civic Leadership

- Sustainability through our leadership, our regional and government partnerships and ensure we make informed resource decisions for our community good.
- Engagement with our community, to advocate on behalf of our community, to be accountable and to manage within our governance and legislative framework.
- Participation in regional activities to the benefit of our community.

4. Heritage

- Our natural environment will be protected and preserved for future generations.
- Our built environment will be managed to sustain our growing needs, while protecting and restoring buildings of historical value.
- Heritage and cultural places and items will be protected.
- A strengthening of our cultural and heritage awareness and values.

5.6 Principles

The Shire is the owner of public assets and is responsible for the sustainable management of them and to provide for their replacement or renewal.

Asset management is a structured process which seeks to ensure best value for money from assets to deliver the strategic objectives of the Shire and which informs the operations and maintenance, renewal, disposal and acquisition of assets with an overall objective to optimize service delivery and manage related risks and costs over the asset's life cycle.

Infrastructure assets are fundamental to the Shire's overall service delivery.

The Shire recognises asset management as a core activity. Accordingly, every employee of the Shire is either directly or indirectly involved in the management of Shires' assets.

This Policy supports the Shires' intent to raise its Asset Management Practice to a level that is best practice, subject to affordability, through the provision of assets and their timely maintenance and renewal at appropriate levels to meet service needs.

The Shire recognises that its assets incur ongoing operating costs and require maintenance and the replacement of components to ensure that they remain serviceable throughout their life. Some assets may also be disposed of. This combined cost, together with the capital cost of asset acquisition is termed lifecycle cost. This policy supports the Shire's commitment to ensure that the Levels of Service delivered by the assets are achieved at the best lifecycle cost.

The Shire also acknowledges through this policy that the acquisition of new assets will take into account the full cost of acquisition, operation, maintenance, renewal and disposal over its life cycle. Accordingly, the future cost impact of new assets is to be fully considered as part of any new asset approval.

In undertaking asset management of the infrastructure assets, the Shire will –

- Develop an Asset Management Strategy and a life-cycle based Asset Management Plan in accordance with this Policy and review them every 4 years;
- Ensure that the Asset Management Framework is aligned to the Shire's Strategic Plan and to the State Governments Integrated Planning and Reporting Requirements;
- Determine future levels of service taking into account both community expectations and needs, and affordability;
- Make decisions regarding asset operations and maintenance, renewal, disposal and acquisitions taking levels of service and affordability into account and based on lifecycle costs;
- Ensure compliance with relevant accounting standards;
- Ensure that all relevant legislation is taken into account;
- Collect, store, manage and analyse data on asset performance and condition and utilise the data to inform operations and maintenance, renewal, disposal and acquisition plans;
- Manage the risks of injury, liability and asset failure through risk and condition assessments;
- Develop long term financial plans on the basis of funding the asset operations and maintenance, renewal, disposal and acquisitions plans in accordance with this Policy;
- Taking affordability into account, ensure that best practice asset management practices and systems are employed to support the management of the Shire's infrastructure assets.

5.7 Social value of assets

It is acknowledged that an asset is not solely economic in nature, but often has a significant social value that cannot be quantified in economic terms.

Asset management must take into account the social factors, or else it is severely deficient in its purpose.

5.8 **Roles and Responsibilities**

Councillors –

- Adopt the Asset Management Framework, incorporating –
 - o Policy;
 - o Strategy, and
 - o Plan
- Support the use of asset management planning throughout the organisation;
- Make decisions regarding infrastructure assets in accordance with the Asset Management Framework.

Chief Executive Officer –

- Develops and maintains the Asset Management Framework – Policy, Strategy and Plan;
- Ensures alignment between the Asset Management Framework with other policies and processes in the organisation;
- Ensures compliance with legislative requirements;
- Ensures infrastructure assets are managed in accordance with Asset Management Framework;
- Supports the use of asset management planning throughout the organisation;
- Facilitates best practice asset management.

Staff and Consultants –

- As directed by the CEO.

PART B – ASSET MANAGEMENT STRATEGY

6. Governance and Management Arrangements

The importance of asset management is a core part of our operations and the overall long term sustainability that requires clear guidance and leadership from across the organisation.

6.1 Responsible Officer

The CEO will oversee the implementation of asset management and its link to the long-term financial planning.

There is a knowledge gap to meet the requirements of the Asset Management Tasks. Training needs will be prioritised to target specific training of staff in critical areas.

The CEO is to ensure –

- officers comply with the endorsed Asset Management Policy;
- the asset hierarchy including common asset numbers and linkages across asset registers;
- asset inventory information is up-to-date and regularly reviewed;
- asset condition reports are maintained;
- the account structure and system is sufficiently detailed to allow the reporting of operating, maintenance, renewal and new expenditure at the right component level and by asset hierarchy into the finance system;
- apply the Council endorsed Risk Management Framework;

6.2 Improvement of Skills and Processes

The CEO has the responsibility for improvement of skills and processes that include –

- review and update of the Asset Management Improvement Tasks
- revise the asset renewal demand projections in the Asset Management Plan,
- update the renewal model and ensure the LTFP is updated with changes;
- revise the roles & responsibilities matrix;
- analysis of the realistic useful lives of assets in order to refine the renewal demand model;
- ensure assets are reflected at fair value.

6.3 Evaluation

The CEO will ensure there is a process in place to evaluate and monitor asset management performance. This will include:

- Assessment of progress of the Asset Management Improvement Tasks.
- Monitoring of Community and Technical Level of Service KPIs.

7. Data and System Requirements

Asset management requires high quality data and systems to ensure the most efficient and effective approach and investments are undertaken.

7.1 Fair Value

The Local Government Financial) Regulations state –

17A. Assets — fair value measurement required

(1) In this regulation –

fair value, in relation to an asset, means the fair value of the asset measured in accordance with the AAS.

(2) Subject to subregulation (3), the value of an asset shown in a local government's financial reports must be the fair value of the asset.

(3) A local government must show in each financial report –

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government –

(i) that are plant and equipment; and

(ii) that are –

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

(4) A local government must revalue all assets of the local government of the classes specified in column 1 of the Table to this subregulation on the day specified in column 2 of the Table and at the end of each subsequent period of 3 years.

Table

Class of asset	Day
Plant and equipment	30 June 2016
Land, buildings and infrastructure for which the fair value was shown in the local government's annual financial report for the financial year ending on 30 June 2014	30 June 2017
All other classes of asset	30 June 2018

Accordingly, all asset values data must be on the basis of fair value by 2015. This is not to be confused with current value or replacement value. For public infrastructure, in almost every case, the fair value based on the definition provided by DLG, will be far less than current or replacement values.

7.2 Data Quality

The data is held in Asset Registers that are coordinated and monitored by the Deputy CEO. Asset Registers should be driven from the asset management system rather than be separate paper documents. This re-orientation of priority will need to be addressed.

Data held in Asset Registers needs to include a data rating assessment against the following criteria –

Grade	Title	Quantity	Data age	Collection method	Usage
A	Highly reliable	95 - 100% complete	less than 12 months old	best practice and consistent within the asset group and between other asset groups	can be used for accurate forecasting
B	Reliable	80-95% complete	1 - 2 years old	consistent within the asset group but not with other asset groups	must be qualified if used for forecasting
C	Unreliable	60-80% complete	2-5 years old	ad hoc	must be qualified if used for forecasting and possibly require other scenarios to be modelled
D	Highly unreliable	under 60% complete	more than 5 years old	unknown	should not be used for forecasting or reporting

7.3 Systems

The Asset Management System (AMS) will become a core part of the Shire's overall financial governance and needs to be interfaced with the accounting system and ROMAN II so that any changes in asset data are reflected in the finance data.

The Asset Management System (AMS) needs to include the following key functionality –

- Interface to ROMAN II;
- Interface to accounting records including comprehensive financial reporting, audit trails, depreciation calculation, reporting thresholds, records of acquisitions and disposal. This needs to be recognised in the finance account structure
- Store, maintain and update asset condition reporting and defect conditions
- Asset registers
- Procedures for renewal and maintenance unit rates
- Processes to plan long-term operation, maintenance, renewal and upgrades
- Forward capital works programs

7.4 Data Systems Management and Development

Given the Shire's size and workforce turnover, capabilities and commitments, there is minimal capacity to develop and maintain appropriate data libraries, processes and plans.

Accordingly, asset management capability will need to be outsourced at additional cost, in order to meet the standards set by DLG.

Priorities for sourcing this specialist expertise will be –

1. Regional cooperation – project, officer or consultant
2. Consultant – future longevity and continuity of asset management service

8. Renewal Modelling

Based on the infrastructure held, we can prepare a renewal demand estimate utilising a renewal model. The renewal model is a spreadsheet model which is used to predict renewal demand based on the following variables –

- asset quantity;
- asset value;
- asset life;
- asset condition; and
- retreatment intervention condition level (RICL)

With an increase in the accuracy of variable estimates, the renewal demand results become more accurate.

The asset management system will allow the integration of asset plans that show renewal estimates to allow accurate forecasting of renewal estimates.

Estimate of renewal demand across all major asset classes are shown in the Schedules.

8.1 Current Renewal Funding

At the time of preparation, the current average annual renewal expenditure was not available. The framework in time needs to focus on renewal demand, and reliable data therefore needs to be developed. Once current renewal expenditure is available, this information will be added to the report.

8.2 Renewal Funding Gap

The renewal funding gap is obtained by subtracting the current renewal expenditure from renewal demand –

- If the resultant figure in any one year is positive (above the zero \$ line) there is a funding gap and indicates that more funds are needed for that particular asset group in order to close the gap. Otherwise, the level of service needs to be critically reviewed.
- If the figure in any one year is negative (below the zero \$ line) this is an indication of over funding and represents an opportunity to reallocate funds to another asset group where needed or placed into reserve for future renewal demand.

As no current renewal expenditure was available, the renewal gap equals the renewal demand at present. This will be revised in future versions of the AMP.

PART C – ASSET MANAGEMENT PLAN

9. Levels of Service

9.1 Defining LOS

Levels of Service (LOS) are defined in the International Infrastructure Management Manual as –
'The defined service quality for a particular activity or service area against which performance can be measured. The service levels usually relate to quantity, reliability, responsiveness, environmental acceptability and cost.'

LOS			Assessed by
Community	How the community perceives the service provided.	Includes – style, appearance, level of cleanliness, quality and type of consumables, maintenance responsiveness, safety and accessibility	1. Appropriate staff member 2. Valid complaints received 3. Community survey as considered necessary
Technical	How the organisation provides the service	Includes – physical condition, meets relevant standards of use	4. Feedback sheet at Office, Resource Centre and website

Community and Technical Level of service can often mean the same thing but can also be interpreted differently.

For example, a stormwater pipe network can be designed to meet identified technical requirements and have sufficient hydraulic capacity to take water from Point A to Point B and in so doing protect property. However if the design results in an unacceptable visual addition to the streetscape it would not be meeting the community criteria in terms of appearance.

The community also provides feedback as to how well the Shire is performing against the various services and facilities. The gaps between the community's importance and the community's performance rating of the various services and facilities, provides a measure of our asset levels of service.

As expectations can change and short term issues can affect performance scores, a gap range is adopted as opposed to an absolute number. The reasons are as follows –

- If a small gap is achieved, the Shire could afford to spend less on asset maintenance and renewal.
- If a large gap is delivered, the Shire should increase its asset maintenance and renewal spending to improve community satisfaction and to bring the LOS score back within the defined range.

9.2 Linkages LOS

The first step is to document levels of service based on asset policy and strategy. This is then followed up by creating targeted levels of service based on community and technical requirements and then develop strategies to bridge the gap.

An example could be if the Shire adopts a rural road hierarchy of –

- Regional Distributors
- Local Distributors
- Local Access

After consultation with key stakeholders such as road users and the transport industry, the Council may decide that the design standard for all Regional Distributors is a 7m wide seal with 1.5m unsealed gravel shoulders. The Shire would then undertake a gap analysis between the current standard of the Regional Distributor network and desired standard and put a strategy in place to bring the network up to the desired standard. This would involve developing key performance indicators such as widening a given length of road over a given time horizon, followed by monitoring and reporting against whether this is being achieved.

9.3 Current LOS

Key Performance Measure	Level of Service	Performance Measurement Process	Target Performance	Current Performance
ROADS AND FOOTPATHS				
Community				
Quality	A smooth ride is provided	Number of complaints about smoothness of ride	No increase in current number/year	To be confirmed
Function	User requirements for availability and travel time are met	Number of complaints availability and travel time	No increase in current number/year	To be confirmed
	Customer satisfaction with roads	Number of complaints availability	Current performance rating is maintained	
Safety	Safe roads are provided	Number of injury crashes on shire roads caused by road condition or layout	0	
	Safe footpaths are provided	Number of trip incidents on footpaths caused by the condition of the footpath	No increase in current number/year	To be confirmed
Technical				
Condition	Assessed road condition	Condition assessment	Current average unsealed road condition to be maintained	
	Assessed road condition	Condition assessment	Current average sealed road condition to be maintained	
	Assessed footpath condition	Condition assessment	Current average footpath condition to be maintained	
Sustainability	Roads network is managed sustainably	Sealed Road Sustainability Index*	To be benchmarked	
	Roads network is managed sustainably	State of the roads assets*	To be benchmarked	
Cost effectiveness	Maintenance undertaken in an efficient manner	Maintenance cost of sealed and unsealed roads	Current costs \$/km does not increase (allowing for inflation)	\$503/km (2010/11)
BUILDINGS AND STRUCTURES				
Community				
Quality	Buildings and structures are provided to an acceptable quality	Number of complaints about Shire buildings and structures quality	No increase in current number/year	To be confirmed
Function	User requirements for availability are met	Number of complaints about community halls and public/civic buildings availability	No increase in current number/year	To be confirmed
	Customer satisfaction with Shire buildings and facilities	Community Survey	Current performance rating is maintained	Town appearance

Key Performance Measure	Level of Service	Performance Measurement Process	Target Performance	Current Performance
Safety	Safe buildings are provided	Number of injury accidents caused by the quality or condition of Shire buildings and structures		
Technical				
Condition	Assessed condition of buildings and structures	Condition assessment as part of annual inspection	Current condition to be maintained	
Safety	Compliance with safety legislation	Safety inspection as part of annual inspection	Compliance with safety legislation	
RECREATION AND OPEN SPACE				
Community				
Quality	Recreation facilities are provided to an acceptable quality	Number of complaints regarding recreation facilities	No increase in current number/year	To be confirmed
Function	User requirements for availability are met	Number of complaints about recreation facilities availability	No increase in current number/year	To be confirmed
	Customer satisfaction with recreation facilities	Community Survey	Current performance rating is maintained	
Safety	Safe recreation facilities are provided	Number of injury accidents caused by the quality or condition of recreation facilities		
Technical				
Condition	Assessed condition of recreation facilities	Condition assessment as part of annual inspection	Current condition to be maintained	
Safety	Compliance with safety legislation	Safety inspection as part of annual inspection	Compliance with safety legislation	

9.4 Asset conditions

Asset condition data should be used for each asset set. Limited asset condition information is available at present. Estimates of condition have been made based on working knowledge of the assets and the default condition distribution profiles. Future versions of the AMP will progressively include the results of actual condition surveys.

Rating	Condition		Residual Life - %age of Useful Life	Mean %age Residual Life
1	Excellent condition	Only planned maintenance required.	>86	95
2	Very good	Minor maintenance required plus planned maintenance	65 to 85	80
3	Good	Significant maintenance required.	41 to 64	55
4	Average	Significant renewal/upgrade required.	10 to 40	35
5	Poor	Unserviceable	<10	5

Information from KPMG in 2012 indicate the estimated average condition profile of Council's assets as shown following –

Asset group		Estimated Average Condition	Adjusted
Road Unsealed		3.2	
Road Sealed		3.3	
Footpaths		3.5	
Kerbing		3	
Buildings	Commercial	4	
	Recreation	3.8	
	Council/Depot	3.5	
	Public/Civic	2.8	
	Housing	2.7	
Public/Civic Assets		2.5	
Recreation Assets		3	
Airport Assets		3	5

10. Future Demand

Since 2001, the population of the Menzies local government area has decline by about one third. In other words, the population has declined by more than 3.5% year-on-year since 2001. Years 2007 to 2009 were the only years in the sample where there was an observed increase in the Menzies population. The current population in Menzies is expected to be around 231 (ABS: 2010) and roughly half of these live outside the Menzies township, most notably on the Tjuntjuntjara Reserve. Note that some of the figures below are revised estimates (r) or projected estimates (p).

The compound annual growth rate in population growth across WA over the sample period has been (positive) 1.94%. Since population growth elsewhere in the state is outstripping that of the Shire, asset demands may be relatively lower in Menzies than elsewhere in WA. If the population continues to decline, this will affect management decisions regarding assets going forward.

Year	Population	Increase	% Change
2001	349		
2002	336	-13	-3.72%
2003	309	-27	-8.04%
2004	282	-27	-8.74%
2005	261	-21	-7.45%
2006	238	-23	-8.81%
2007r	239	1	0.42%
2008r	240	1	0.42%
2009r	250	10	4.17%
2010r	242	-8	-3.20%
2011p	231	-11	-4.55%
Compound annual growth rate in population			-3.68%

10.1 Demand Forecast

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

Demand factor	Present position	Projection	Impact on services
Population	The population of the Shire of Menzies is currently 231 approx..	Population may grow slightly, but will remain essentially static, unless mining companies start to use Menzies town for industrial purposes.	Minimal population increase will mean little need to change, although community expectations will continue to increase.
		Aged persons are expected to continue to prefer to relocate to towns having better access to services.	
	FIFO the dominant mining workforce accommodation mode	Mining FIFO will remain the dominant residential mode.	Minimal impact
Demographics	Essentially static	Minimal growth	Increased demand on services as a result of expectations rather than population.

Demand factor	Present position	Projection	Impact on services
Transport Network	A significant freight task is imposed on the road network, particularly the Goldfields Highway. Other local roads have major mining impact	In order to utilise rail, a spur line to be developed south of Menzies town, to tranship from road to rail.	This is a new freight task, increasing pressure on several western roads and will not alleviate pressure on other roads
Tourism	Moves to develop tourism in the Shire are in the process of being implemented	Increase in numbers of visitors to the Shire	Increase in demand on roads assets, as well as tourist facilities and locations. Minimal economic benefit.
Mining	New mines being developed	Minimal benefit to local economy other than through rates and community benefit contributions	Significant increases in road traffic to and from the mines and increased rail freight movements Continual increase in mining activity will result in need for a Strategic Industrial Area.
	New rail spur line to be constructed south of Menzies town to serve two mines	Temporary camp for construction teams, and possible caretaker residences	Private roads used by quad road trains crossing public roads
Community Expectations	The communities expectations about the levels and scope of services provided by the Shire have increased over the last few years	The increase in expectation is likely to continue	May be wide ranging

10.2 New Assets from Growth

New assets required to meet growth and demand changes will be constructed by Council, and are noted in the Forward Capital Works section of the Long Term Financial Plan.

They include –

New Asset/s	Year	Funding	Driver
Staff Housing (3)	2013-14 2014-15	Majority funded by others Part funded by others	Ageing housing stock Staff requirement/expectation
Recreation – water playground	2015-16	Majority funded by others	Community expectation
Roads – Western	On-going	Funded by Council	Improved road system Mining activity Tourism activity
Roads – Tjuntjuntjara	On-going	Mostly fully funded by others	Community requirements and expectation
Strategic Industrial Area – Rail Spur Line / Road Train	2013-14 2014-15	Minimal Shire. Funded by developers	Planning Construction Mining
Aged Persons Units		Council funds \$300,000. Remainder funded by others	Need for units yet to be validated

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.

11. Risk Management

Risk management is used as a decision making tool to help focus on priority areas requiring a response to mitigate risks or realise potential benefits for communities and appropriately assign levels of service to different levels of the functional hierarchy.

Risk management will become a core element for setting business planning priorities. On this basis risk management is a key area covered in the Shire's Corporate Business Planning processes.

Risk	Consequence	Risk Rating	Risk Treatment Plan
Overall condition of assets decreases due to inadequate renewal programs	LOS not achieved	High	Determine renewal priorities based on lifecycle costs and effects on service
Overall condition of assets decreases due to inadequate maintenance programs	LOS not achieved	High	Determine maintenance priorities based on lifecycle costs and effects on service
Incorrect or incomplete asset data	Inaccurate financial forecasts and inappropriate maintenance and renewals programs	High	Undertake a data audit and collection program
Resource issues affect the management of the assets	Levels of Service not achieved, condition of assets deteriorates	High	Establish clear management plans, with forecast costs, to maintain Levels of Service and debate with Council
Unforeseen increases in fuel, plant and materials costs	Increased costs of carrying out maintenance and renewals	High	Monitor costs
Loss of power	Adverse effect on delivery of services and local economy	High	Continue to lobby for a more robust power network for the community
Asbestos in buildings	Potential for health issues	High	Implement program to remove asbestos from buildings
Changes in legislation affect the responsibilities of Council	Increases in compliance costs and resource requirements	Medium	Monitor legislative changes
Decline in population	Reduced income, under used assets	Medium	Monitor population trends
Climate change/major storm event	Demands on assets affected directly and via effects on local economy	Medium	Manage assets taking climate change into account
Buildings owned by others on the Shire's land	Shire assumes responsibility for the building if the owner defaults	Low	Ensure lease conditions clearly identify owners responsibilities regarding building maintenance
Health and Safety incident whilst working on assets	Prosecution risk	Low	Ensure Council has H&S procedures and staff are trained in them. Ensure all contractors have H&S policy and procedures and they are compliant
Closure of mines	Reduction in local economy and use of assets	Low	Monitor situation
Failure of materials supplies	Delays to maintenance and renewals and increased materials costs	Low	Identify if there are any alternative supplies for critical materials and establish purchasing arrangements

12. Lifecycle Management

The Shire has a basic understanding of the composition, location and extent of its infrastructure assets. Further work is required in this area to finalise a definitive inventory of Infrastructure Assets.

12.1 Operation and Maintenance Strategy

The Council does not have a current documented Operation and Maintenance Strategy. This Strategy will need to be developed as part of future revisions of the Plan.

12.2 Renewal and Replacement Strategy

The Council does not have a current documented Renewal and Replacement Strategy. This Strategy will need to be developed as part of future revisions of the Plan.

12.3 New, Upgrade Strategy (Capital Investment)

The Council does not have a current documented Capital Investment Strategy. This Strategy will need to be developed as part of future revisions of the Plan.

12.4 Disposal Strategy

The Council does not have a current documented Asset Disposal Strategy. This Strategy will need to be developed as part of future revisions of the Plan.

13. Financial Projections

A key component of determining sustainability is estimating renewal demand used to model long-term renewal requirements.

The 'current' financial projection analysis is based on historical actual renewal and maintenance expenditure.

13.1 Current Position

The renewal cost estimate of the Council's infrastructure assets was not able to be accurately estimated. Accordingly, all the current renewal and maintenance figures shown should be considered only as indicative.

The schedules and chart in the Schedules will need to be updated once renewal and maintenance figures have been better calculated, and a more accurate asset management data system is in place.

Some parameters need to be implemented in order to prepare estimates, such as –

- Asset life
- Asset intervention levels
- Asset condition degradation data.

These should be reviewed and varied if necessary in future revisions of the plan in order to refine and improve confidence in the results.

13.2 Asset Life

Estimates need to be prepared outlining the anticipated deterioration of asset from their condition when new (Condition 0) to their condition when the asset is totally unusable at the end of its life (Condition 10). It does this over the life span of the asset which varies from asset to asset.

13.3 Retreatment Intervention Condition Level (RICL)

This variable defines the condition level at which it is considered an asset should be rehabilitated. It will vary from asset to asset depending upon the condition assessment criteria. It is the condition level at which rehabilitation is planned to take place, based upon the required condition outcome and rehabilitation methodologies.

If an asset is at Condition 10, it is totally unusable for its purpose. The Shire will need to intervene at some point before Condition 10 to lift the asset to a higher condition level. It may be uneconomic to return the asset to an as new condition, and the decision will have to be made on a case by case basis. The point at which a decision is made for renewal, is usually in the range of Condition 7 to 8 dependent upon the importance of the asset (i.e. its place in the functional hierarchy).

These levels need to be reviewed and an assessment made for each asset and recorded.

14. Renewal

Financial forecasts assist in predicting the future financial requirements. The forecasts are based on the presumption that assets continue to be utilised and will be replaced when their condition reaches the intervention condition.

Decisions needs to be made about what conditions will be acceptable, and for what classes or uses of facilities will the condition ratings and intervention levels differ for both the AMP and LTFP to be accurate. Also, decisions will need to be made about affordable levels of service in order to use the predictive model of financial requirements with a better degree of accuracy.

This section presents a forecast financial summary based on identified assumptions and trends and actual capital and maintenance expenditure figures averaged over the financial years 2013/14 to 2022/23. It is anticipated that the financial summary will be reviewed annually and continue to be refined as planning studies, strategies and increased financial analysis are completed.

The estimates provide Council with the opportunity to ensure the LTFP predicts expenditure requirements and asset conditions based on adopted asset management criteria.

As data is developed and input, and systems of reporting become more sophisticated, accuracy will improve substantially.

This Plan uses an asset-based approach – the resources needed to replace the worn out or ageing asset. Two outcomes are available to Council from the asset management plan, being –

- Given a fixed, or pre-determined, expenditure level the model predicts the overall average asset condition rating at a future date, and plots a bar graph of asset condition versus asset amount,
- A desired minimum asset condition level is established, and the model determines the required annual expenditure to achieve the pre-determined asset condition level.

In order to determine how much money needs to be spent on an asset to keep it in functional order, a decision is required in regard to when to intervene to undertake works to renew the asset, and to what level the asset should be returned to.

14.1 Renewal Demand

The predicted renewal demand based on the asset life, condition and nominated intervention is detailed in the Schedules, and indicates that the average renewal demand over the coming years. Further work is needed to establish the demand and will be in future revision of the AMP.

14.2 Renewal Expenditure

At the time of preparation, the current average annual renewal expenditure was not available, but will be incorporated when able. These estimates formula driven in this AMP, but once more detailed estimates are made, they will be revised in future versions of the plan

14.3 Renewal Gap

The estimates subtracts estimated renewal expenditure from the renewal demand to identify the overall renewal funding gap.

14.4 Cumulative Renewal Gap

The Schedule also indicates the long term cumulative funding impact if council funds asset renewal at current levels

14.5 Asset Base not Requiring Intervention

Assets which currently fall outside of intervention is not able to be ascertained at this time, and will need to be developed as part of future revisions of the Plan.

15. Funding Strategy – New paradigm in Budgeting

The Renewal Gap process includes a modelling process that provides the Council with the opportunity and ability to predict future expenditure requirements and asset conditions based on adopted asset degradation curves.

The modelling relies on realistic expenditure profiles for renewal and maintenance of the assets and asset condition profiles for the network.

The traditional Local Government method for determining annual recurrent budget allocations is to take last years' actual expenditure and add a small percentage, which would hopefully cover inflation and scope expansion and be sufficient to maintain the same level of service. There is typically no recognition that recurrent expenditure includes both non-discretionary activities (maintenance) and discretionary activities (operations).

Capital expenditure is generally treated as 'discretionary' expenditure, with little or no distinction between renewal, replacement and new projects, or the whole of life consequences of the types of projects or programs.

As an example to illustrate the traditional budgetary framework –

Operating Budget (Recurrent Expenditure)	Capital Budget (One-off Expenditure)
Maintenance and Operations (Often combined)	Refurbishment, Renewal, Upgrade and New
Gully cleaning Pipe cleaning Litter collection Pit maintenance Pipe replacement Sump maintenance	Pipe and sump replacement New litter bins Drainage development New drainage systems
'Non-Discretionary' Funding	'Discretionary' Funding

This traditional methodology does not recognise the level of expenditure actually required to renew, maintain and operate assets and services over the whole of life of the assets and services – these costs are included in broader activity statements and not discernible for the asset owner and service provider without considerable additional work.

If asset management practices are to ensure the ability to sustain Council's infrastructure assets and services into the future, which is the basis of long term financial planning, then a new perspective and strategy must be applied.

The first phase of a revised budget structure strategy which should apply to all future budgets utilises four key funding areas, rather than the traditional two.

The revised structure recommends that capital expenditure is separated into two components. The first non-discretionary component is to fund the ongoing asset refurbishment and renewal requirements to ensure sustainability of Council's assets. The second component provides the discretionary funding for the Council to undertake new projects and programs (again based on whole of life costing).

Recurrent Expenditure		Non Recurrent Expenditure	
Operations	Maintenance	Renewal	New/Upgrade
Gully cleaning Pipe cleaning Litter collection	Pit maintenance Pipe replacement Sump maintenance	Pipe replacement Pit Replacement Sump rehabilitation	New side entry pits Increased drain capacity Drainage extensions New pipes
'Discretionary' if lifting standard / quality	'Non- Discretionary'	'Non-Discretionary'	'Discretionary' Capital Funding

Note: "Operational" funding includes a discretionary component only if Service Standards are reviewed and changed based on customer service trends or improved efficiencies.

The budget structure also recognises the consequential whole of life costs as recurrent, non-discretionary, (maintenance and operational), which are increased or decreased with the addition of or improved management of assets.

The introduction of this budget structure uniformly to all asset classes provides a greater appreciation of the whole of life costs and 'operating' costs for service provision as well as total asset management. The exercise will need to be planned so that financial data complements the implementation of asset and services management improvements.

The value of introduction of this additional information is to be assessed prior to implementation.

In order to determine how much money needs to be spent on an asset to maintain it, a decision is required in regard to when to intervene to undertake works to rehabilitate the asset.

Useful lives for assets should be tested according to local criteria and industry standards. Regional uniformity would be desirable but will be dependent upon specifications and other local factors. The current depreciation standards are valid according to industry standards.

The factors used in this AMP are very much preliminary. Inputs will be reviewed, and where necessary the calculations and assumptions refined and validated. Once this is complete, the Shire will then be in a strong position to review level of service and refine in order to implement options and strategies to close the funding gap and put the Shire on a long-term sustainable footing.

16. Essential Further Development of Asset Management Framework

As noted in Section 7.4, during the developing this initial AMP, it has been recognised that there is critical impediments to the Shire – funding, access to consultants, development of asset management systems.

This AMP focusses on development of processes that can be undertaken by the Shire, elimination of matters that have no relevance or no value, and identification of tasks that do need to be undertaken to make the AMP a useful and accessible tool for elected members and staff.

A wide range of matters has been noted as needing attention in future reviews of the AMP, is listed in Appendix A.

Very significant discrepancies in information provided by KPMG and as audited by UHYHN have also been noted. Depending on the purpose of the information, either may have been used in the preparation of this AMP, so as to provide a more complete view, however, it is imperative that this be resolved as early as possible. For example –

- | | |
|---|---------------|
| - UHYHN road assets at cost, as per audited annual statements | \$ 74,840,850 |
| - KPMG road assets renewal estimate, as per Draft AMP 2012 | \$431,462,668 |

It is presumed that KPMG have included the value of land under roads, which is excluded from the financial statements by Council Policy.

A number of matters are known to have been excluded from this Plan, that are necessary components of asset management, and these are listed in Appendix B. Some of these matters relate to the development of data, others are more process or information oriented. These gaps are to be addressed with the engagement of a suitable asset management person.

This action was taken to –

- avoid unnecessary cost, and impact on staff time in obtaining data,
- in particular, as the Goldfields Esperance Regional Collaborative Group of Councils, is working towards a joint regional solution for asset management,
- therefore avoiding the need to do much of the data collection and assessment a second time in two years.

Appendices

A – Asset Management Improvement – Tasks

	Task	Year ending 30 June				Responsible Person
		2014	2015	2016	2017	
1	Appoint consultant to develop and maintain asset management systems	1				CEO
2	Align asset classes and sub-classes in AMP, LTFP and financial systems	1				Consultant DCEO UHYHN
3	Renewal modelling	1				Consultant
4	Gap analysis	1				Consultant
5	Review Asset Management Framework – - Policy - Strategy - Plan	1				Consultant
6	Create new Schedules, update / replace as necessary	1				Consultant
7	Prepare an asset condition inspection and assessment plan that describes processes, frequencies and condition data management	1				Consultant
8	Carry out a condition assessment of – - Roads - Buildings, - Recreation - Other infrastructure assets	1				Consultant EHO
9	Re-valuation of, buildings and recreation assets	1				AVP Valuers
11	Complete Framework documents as detailed in Apx.B.	1				Consultant CEO DCEO
12	Incorporate outcomes of Asset Renewal Gap Model, into long- term financial plans	1				Consultant DCEO
13	Prepare / review detailed Forward Capital Works and Plant Replacement Programs for inclusion in both AMP and LTFP	2				Consultant DCEO
14	Prepare a program to investigate for and remove asbestos from buildings	2				EHO
15	Develop priority ranking criteria for renewals projects	3				CEO
16	Transfer of information from the AMP to the financial systems including annual and monthly report templates	✓	✓	✓	✓	Consultant DCEO UHYHN
17	Education, familiarity with AMP and budget processes and concepts – - Elected members - Senior staff	✓	✓	✓	✓	CEO
18	Review accuracy and completeness of asset register, bring to an appropriate standard	✓	✓	✓	✓	Consultant DCEO
19	Re-valuation of roads and other infrastructure assets		1			AVP Valuers
20	Collect financial information so that maintenance costs (planned and reactive) and operational costs can be separately identified for each asset class		1			DCEO UHYHN

	Task	Year ending 30 June				Responsible Person
		2014	2015	2016	2017	
21	Improve financial reporting so that all capital work is separately identified as either renewal, upgrade or new and costs are correctly allocated		1			DCEO UHYHN
22	Develop Asset Management processes, tools and templates that cover; <ul style="list-style-type: none"> - Reporting - Condition assessment guidelines - Data collection and input - General asset information for existing & new assets - Whole of life asset costs - Life cycle planning - Risk management 		1			Consultant DCEO UHYHN
23	Develop Asset Management Plans – <ul style="list-style-type: none"> - Roads - Buildings, - Recreation - Other infrastructure assets 		2			Consultant CEO EHO WM
24	Review property leases and negotiate amendments as necessary to ensure the Shires risks regarding on-going liabilities are managed		2			CEO DCEO
25	Undertake a Data Audit to review such things as – <ul style="list-style-type: none"> - Location of data across the organisation - Service levels - Format of data - Data integrity 			1		Consultant DCEO UHYHN
26	Define & develop business process improvements for – <ul style="list-style-type: none"> - Capital works evaluation including risk and criteria - Risk framework - Service levels – criteria and reviews - Capitalisation - Revaluation 			2		CEO DCEO Consultant WM
27	Full review and update the Asset Management Framework – <ul style="list-style-type: none"> - Policy - Strategy - Plan - Improvement Tasks 				1	Consultant CEO DCEO WM
28	Desk top review of all assets				2	AVP Valuers

B – Asset Management Improvement – Framework Document

Matters identified in this document as being required –

Section	Matter for completion / improvement	Comment	
7.1	Fair Value	Ensure compliance with regulation deadlines	Consultant DCEO
8.1	Current Renewal Funding	Develop data for incorporation into AMP and LTFP	Consultant
8.2	Renewal Funding Gap		
9.2	Defining LOS	Confirm LOS and incorporate into planning	Consultant
9.3	Current LOS		
9.4	Asset Condition		
12.1	Operations and Maintenance Strategy	Develop strategies and incorporate into AMP	Consultant CEO
12.2	Renewal and Replacement Strategy		
12.3	New, Upgrade Strategy (Capital Investment)		
12.4	Disposal Strategy		
13.1	Current position	Asset figures to be reflected/reconciled with accounting system	Consultant DCEO
13.2	Asset Life	Develop and incorporate into AMP	Consultant
13.3	Retreatment Intervention Condition Level		
14.1	Renewal Demand	Figures to be included into Schedules	Consultant
14.2	Current Renewal Expenditure		
14.3	Renewal Gap		
14.4	Cumulative Renewal Gap		
14.5	Asset Base Outside of Intervention		
15	Funding Strategy – New Paradigm in Budgeting	Assess value of developing accounting system to enable recording of costs as operating, maintenance, renewal or new / upgrade	DCEO UHYHN
Sch	All Schedules	Update / replace all Schedules following collation of detailed data, and implementation of comprehensive systems	Consultant

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Key Performance Indicators

	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Asset Consumption Ratio										
Land	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Buildings	75.6%	76.3%	75.3%	74.8%	73.8%	73.1%	72.4%	71.9%	71.3%	70.7%
Furniture & Equipment	39.9%	37.7%	35.8%	34.0%	32.4%	31.0%	29.7%	28.5%	27.4%	26.3%
Plant & Equipment	42.6%	45.7%	48.6%	47.4%	51.0%	53.7%	50.9%	47.2%	46.3%	47.0%
Roads	83.6%	82.0%	80.3%	78.7%	77.3%	75.9%	74.7%	73.5%	72.3%	71.2%
Other Infrastructure	93.9%	92.3%	91.0%	89.6%	88.2%	86.8%	85.7%	85.1%	84.2%	83.0%
	67.1%	66.8%	66.2%	64.9%	64.5%	64.1%	62.7%	61.2%	60.3%	59.7%

Depreciated replacement cost of assets (written down value) divided by current replacement costs of depreciable assets.
This shows the written down current value of a local government's depreciable assets relative to their 'as new' value in up to date prices.
The ratio highlights the aged condition of the local government's stock of physical assets.

Standard is not met if ratio data cannot be identified or ratio is less than 50%
Basic standard is met if ratio can be calculated and ratio is greater than 50%
Advanced standard is met if ratio is between 60% and 75%

Asset Sustainability Ratio (ASR)

Land	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Buildings	365.7%	560.8%	204.7%	291.9%	190.1%	244.1%	235.6%	254.6%	245.1%	236.5%
Furniture & Equipment	149.0%	99.4%	99.8%	100.2%	100.5%	100.8%	101.2%	101.4%	101.7%	102.0%
Plant & Equipment	-104.0%	585.0%	1024.2%	178.2%	1023.4%	960.4%	108.5%	55.7%	169.8%	325.7%
Roads	208.4%	131.6%	103.0%	120.6%	128.2%	121.9%	148.0%	151.5%	139.2%	143.0%
Other Infrastructure	1383.9%	278.7%	390.5%	248.8%	191.1%	177.6%	300.6%	463.8%	294.0%	200.7%
	340.0%	184.3%	145.4%	142.1%	164.0%	163.1%	156.3%	162.8%	157.4%	167.0%

Major spending on new and renewal

Est NV of disposals exceeds Dep'n exp

Greater effort to "catch up" being made

Capital expenditure on replacement or renewal of assets divided by the depreciation expense.
This measures the extent to which assets managed by the local government are being replaced as they reach the end of their useful lives.

Standard is not met if ratio data cannot be identified or ratio is less than 90%.
Basic standard is met if ratio data can be calculated and ratio is 90% or greater.
Advanced standard is met if this ratio is between 90% and 110%

Asset Renewal Funding ratio

	<i>Not required. Noted only to indicate trend.</i>				
Land	0.0%	0.0%	0.0%	0.0%	0.0%
Buildings	75.4%	75.5%	69.5%	73.2%	74.8%
Furniture & Equipment	47.0%	43.8%	42.9%	42.0%	41.1%
Plant & Equipment	85.8%	84.2%	79.9%	74.5%	74.4%
Roads	78.4%	71.6%	69.7%	70.8%	74.1%
Other Infrastructure	62.2%	45.4%	43.6%	39.9%	38.3%
	76.6%	70.0%	67.3%	67.3%	69.0%

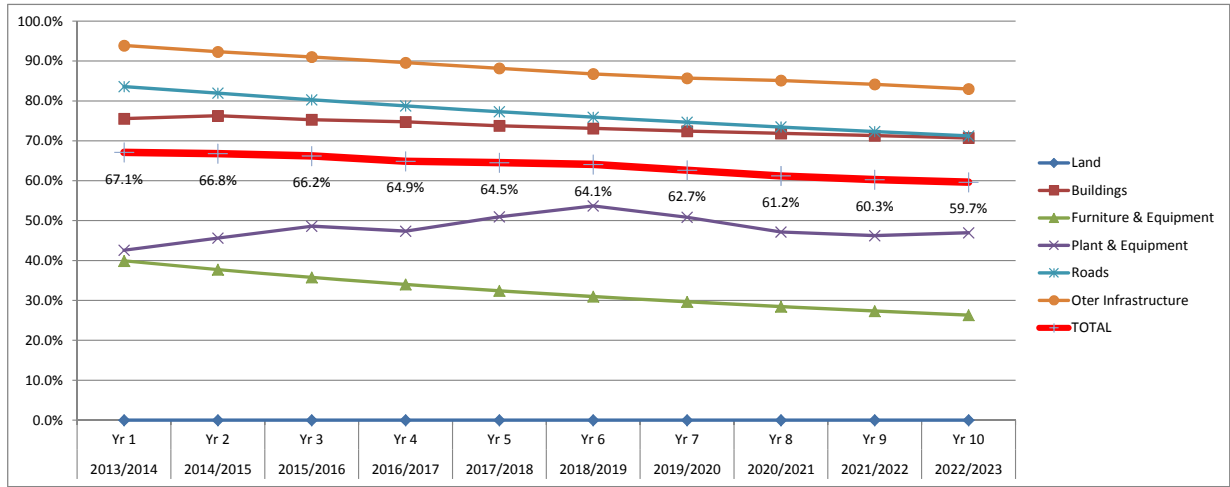
Net present value of planned capital expenditure based on current Departmental guidance on renewals over ten years divided by the net present value of the required capital expenditures on renewals over the same period.
This indicates whether the local government has the financial capacity to fund asset renewal as required, and can continue to provide existing levels of services in future, without -
- additional operating income; or
- reductions in operating expenses; or
- an increase in net financial liabilities above that currently projected.

Standard is not met if ratio data cannot be identified or ratio is less than 75%
Basic standard is met if ratio data can be identified and ratio is between 75% and 95%.
Advanced standard is met if this ratio is between 95% and 105% and the ASR falls within the range 90% to 110% and ACR falls within the range of 50% to 75%.

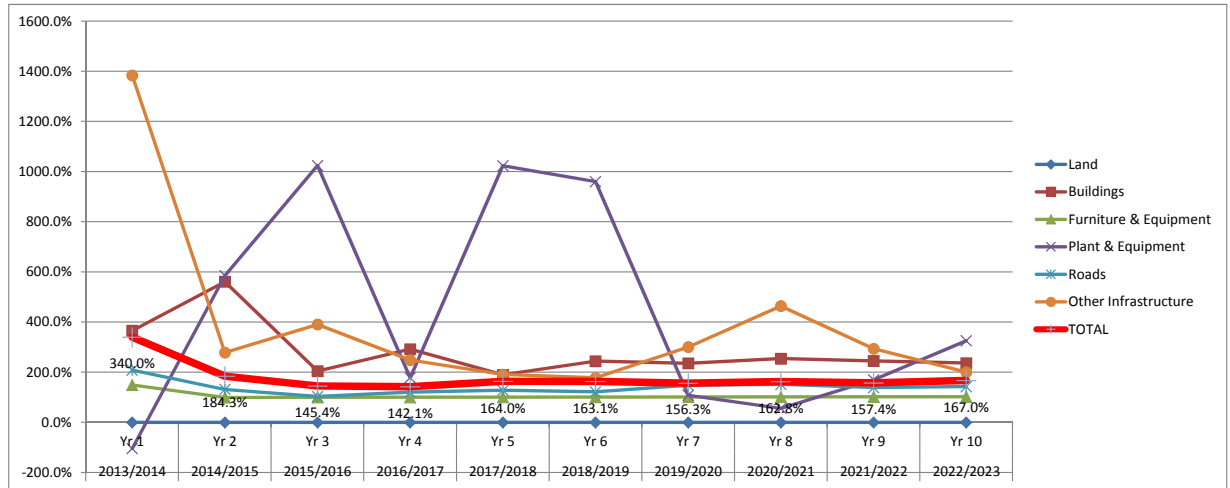
Key Performance Indicators - Graphs

2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10

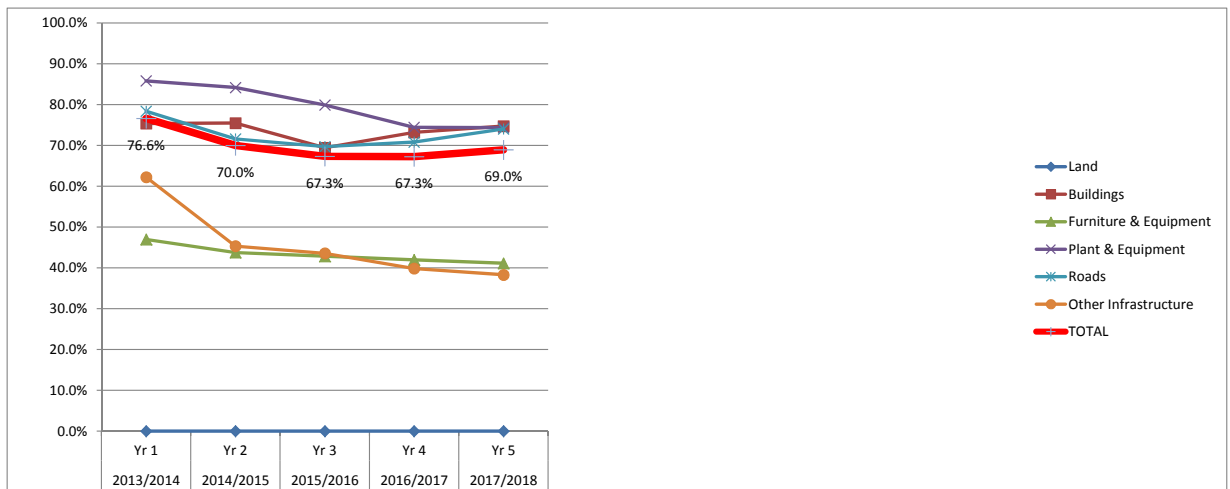
Asset Consumption Ratio



Asset Sustainability Ratio (ASR)



Asset Renewal Funding ratio



Renewal Estimates

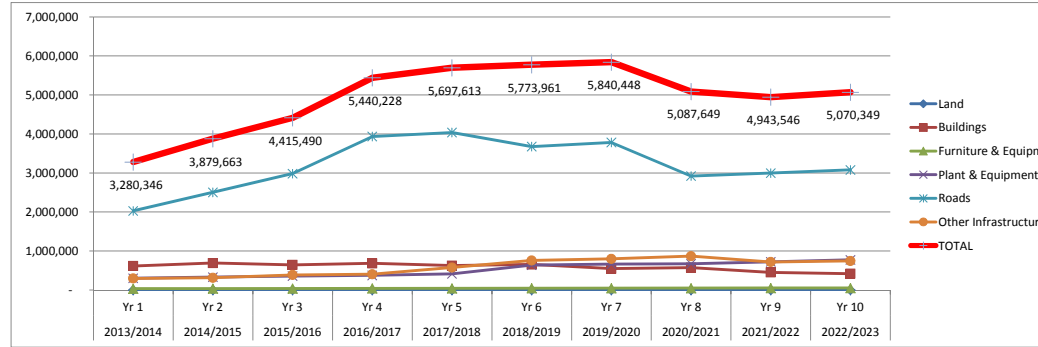
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Estimated Renewal Requirement										
Land	-	-	-	-	-	-	-	-	-	-
Buildings	616,734	692,734	645,314	683,564	625,645	655,645	548,516	575,516	451,887	419,677
Furniture & Equipment	35,514	37,464	39,411	41,356	43,297	45,235	47,171	49,103	51,033	52,960
Plant & Equipment	301,125	330,714	358,331	375,366	414,668	639,693	662,174	673,000	723,058	774,445
Roads	2,030,143	2,505,472	2,986,401	3,935,508	4,038,108	3,676,629	3,783,829	2,921,272	2,998,672	3,079,072
Other Infrastructure	296,829	313,279	386,033	404,433	575,896	756,758	798,758	868,758	718,896	744,196
	3,280,346	3,879,663	4,415,490	5,440,228	5,697,613	5,773,961	5,840,448	5,087,649	4,943,546	5,070,349
Estimated Annual Expenditure (net)										
Land	-	-	-	-	-	-	-	-	-	-
Buildings	460,000	800,000	300,000	450,000	300,000	400,000	400,000	450,000	450,000	450,000
Furniture & Equipment	29,800	19,800	19,800	19,800	19,800	19,800	19,800	19,800	19,800	19,800
Plant & Equipment	339,650	474,750	520,150	282,800	694,000	726,490	264,900	139,500	468,150	597,800
Roads	3,627,165	2,310,000	1,810,000	2,130,000	2,280,000	2,180,000	2,680,000	2,780,000	2,580,000	2,680,000
Other Infrastructure	1,124,365	235,000	350,000	230,000	180,000	170,000	300,000	500,000	330,000	230,000
	5,580,980	3,839,550	2,999,950	3,112,600	3,473,800	3,496,290	3,664,700	3,889,300	3,847,950	3,977,600
Estimated Annual Depreciation Expense										
Land	-	-	-	-	-	-	-	-	-	-
Buildings	(125,792)	(142,647)	(146,581)	(154,166)	(157,812)	(163,867)	(169,770)	(176,776)	(183,606)	(190,266)
Furniture & Equipment	(19,998)	(19,929)	(19,846)	(19,770)	(19,700)	(19,635)	(19,575)	(19,519)	(19,466)	(19,416)
Plant & Equipment	326,497	(81,148)	(50,787)	(158,732)	(67,815)	(75,648)	(244,249)	(250,398)	(275,628)	(183,567)
Roads	(1,740,886)	(1,755,114)	(1,756,486)	(1,765,824)	(1,778,678)	(1,788,711)	(1,810,994)	(1,835,219)	(1,853,838)	(1,874,492)
Other Infrastructure	(81,246)	(84,321)	(89,635)	(92,442)	(94,193)	(95,709)	(99,795)	(107,799)	(112,243)	(114,598)
	(1,641,425)	(2,083,158)	(2,063,334)	(2,190,933)	(2,118,198)	(2,143,571)	(2,344,383)	(2,389,711)	(2,444,782)	(2,382,341)
Annual Renewal Funding Gap										
Land	-	-	-	-	-	-	-	-	-	-
Buildings	156,734	(107,266)	345,314	233,564	325,645	255,645	148,516	125,516	1,887	(30,323)
Furniture & Equipment	5,714	17,664	19,611	21,556	23,497	25,435	27,371	29,303	31,233	33,160
Plant & Equipment	(38,525)	(144,036)	(161,819)	92,566	(279,332)	(86,797)	397,274	533,500	254,908	176,645
Roads	(1,597,022)	195,472	1,176,401	1,805,508	1,758,108	1,496,629	1,103,829	141,272	418,672	399,072
Other Infrastructure	(827,536)	78,279	36,033	174,433	395,896	586,758	498,758	368,758	388,896	514,196
	(2,300,634)	40,113	1,415,540	2,327,628	2,223,813	2,277,671	2,175,748	1,198,349	1,095,596	1,092,749
Cumulative Renewal Gap										
Land	-	-	-	-	-	-	-	-	-	-
Buildings	156,734	49,467	394,782	628,346	953,991	1,209,636	1,358,152	1,483,668	1,485,555	1,455,232
Furniture & Equipment	5,714	23,379	42,990	64,546	88,043	113,478	140,848	170,151	201,384	234,544
Plant & Equipment	(38,525)	(182,561)	(344,381)	(251,814)	(531,147)	(617,943)	(220,670)	312,830	567,738	744,383
Roads	(1,597,022)	(1,401,550)	(225,149)	1,580,359	3,338,467	4,835,096	5,938,926	6,080,198	6,498,870	6,897,942
Other Infrastructure	(827,536)	(749,257)	(713,223)	(538,790)	(142,894)	443,864	942,623	1,311,381	1,700,277	2,214,473
	(2,300,634)	(2,260,521)	(844,981)	1,482,647	3,706,460	5,984,131	8,159,879	9,358,228	10,453,824	11,546,573

Note -

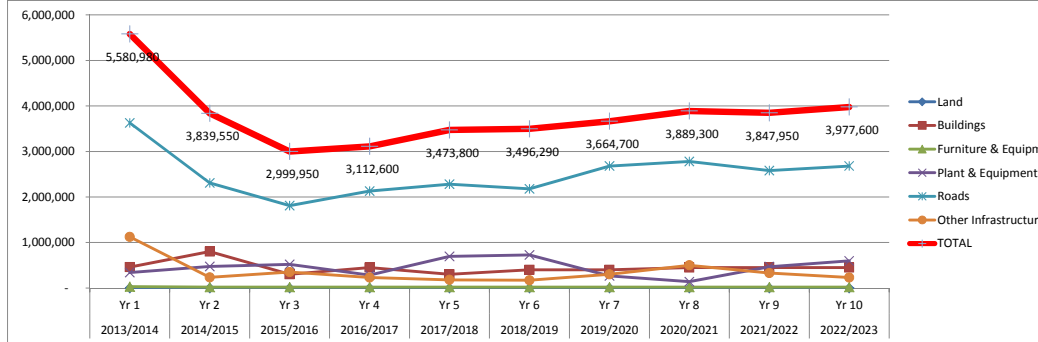
Figures provided by KPMG in October 2012, show a renewal demand across all major asset classes is estimated to be \$7.538m in the first year of the model (2012/2013), decreasing each of the following years to \$1.983m by 2019, before increasing again to \$4.591m by 2022. The long-term average renewal demand is estimated to be \$ 4.350m / annum or \$87.008m over 20 years.

2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10

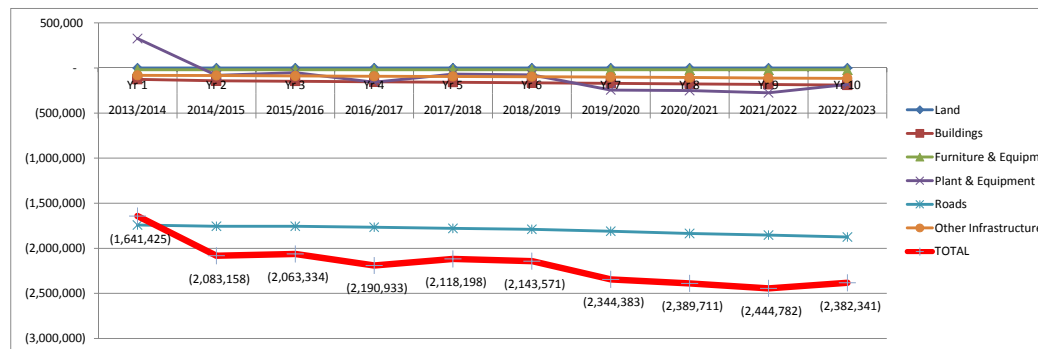
Estimated Renewal Requirement



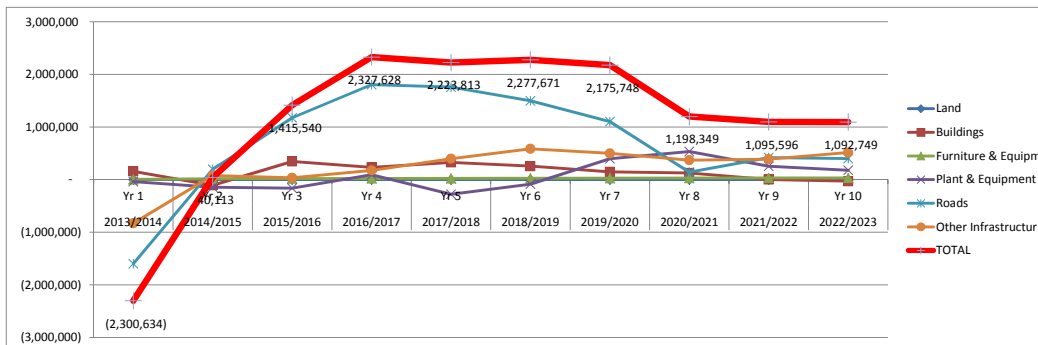
Estimated Annual Expenditure (net)



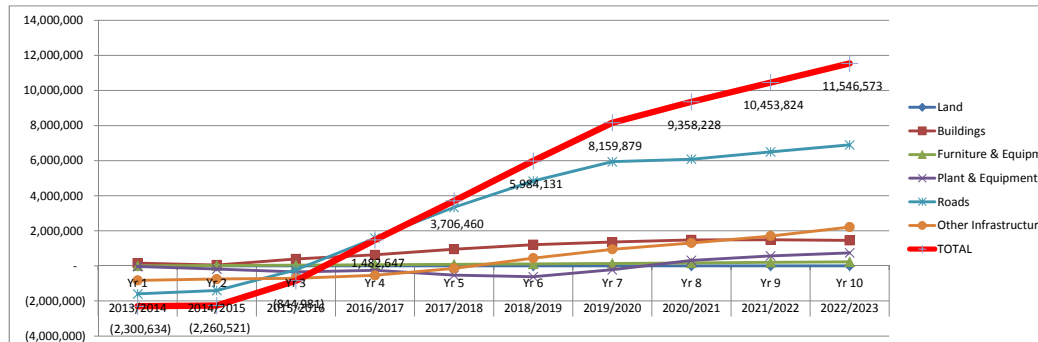
Estimated Annual Depreciation Expense



Annual Renewal Funding Gap



Cumulative Renewal Gap



Assets - Annual Summary

Year 1 - 2013/2014

	1 July 2013			2013/2014						30 June 2014			Book Value of assets disposed
	Cost as at	Accumulated Depreciation	Net Book Value as at	Additions	Depreciation on Additions	Disposal (residual value)	Depreciation on Disposals	Net Estimated Depreciation	Est. Annual Depreciation	Cost as at	Accumulated Depreciation	Net Book Value	
Assets By Category													
Land	278,100	-	278,100	-	-	-	-	-	-	278,100	-	278,100	-
Buildings	6,031,933	(1,460,272)	4,571,661	460,000	(11,500)	-	-	(11,500)	(125,792)	6,491,933	(1,586,064)	4,905,869	-
Furniture & Equipment	325,637	(193,312)	132,325	30,000	(3,750)	(200)	(292)	(3,458)	(19,998)	355,145	(213,310)	141,834	(492)
Plant & Equipment	3,731,298	(2,359,924)	1,371,374	646,650	(64,665)	(307,000)	(528,300)	463,635	326,497	3,542,648	(2,033,427)	1,509,222	(835,300)
Roads	77,578,569	(11,570,286)	66,008,283	3,627,165	(90,679)	-	-	(90,679)	(1,740,886)	81,205,734	(13,311,172)	67,894,562	-
Other Infrastructure	3,116,052	(178,115)	2,937,937	1,124,365	(22,487)	-	-	(22,487)	(81,246)	4,240,417	(259,361)	3,981,056	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total by Category	91,061,589	(15,761,909)	75,299,680	5,888,180	(193,081)	(307,200)	(528,592)	335,511	(1,641,425)	96,113,977	(17,403,334)	78,710,643	(835,792)

Stlie of Menzies - Asset Management Framework

Assets - Annual Summary

Year 2 - 2014/2015

	1 July 2014			2014/2015						30 June 2015			Book Value of assets disposed
	Cost as at	Accumulated Depreciation	Net Book Value as at	Additions	Depreciation on Additions	Disposal (residual value)	Depreciation on Disposals	Estimated Depreciation	Est. Annual Depreciation	Cost as at	Accumulated Depreciation	Net Book Value	
Assets By Category													
Land	278,100	-	278,100	-	-	-	-	-	-	278,100	-	278,100	-
Buildings	6,491,933	(1,586,064)	4,905,869	800,000	(20,000)	-	-	(20,000)	(142,647)	7,291,933	(1,728,710)	5,563,223	-
Furniture & Equipment	355,145	(213,310)	141,834	20,000	(2,500)	(200)	(301)	(2,199)	(19,929)	374,644	(233,239)	141,405	(501)
Plant & Equipment	3,542,648	(2,033,427)	1,509,222	568,750	(56,875)	(94,000)	(126,649)	69,774	(81,148)	3,890,749	(2,114,574)	1,776,174	(220,649)
Roads	81,205,734	(13,311,172)	67,894,562	2,310,000	(57,750)	-	-	(57,750)	(1,755,114)	83,515,734	(15,066,286)	68,449,448	-
Other Infrastructure	4,240,417	(259,361)	3,981,056	235,000	(4,700)	-	-	(4,700)	(84,321)	4,475,417	(343,682)	4,131,735	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total by Category	96,113,977	(17,403,334)	78,710,643	3,933,750	(141,825)	(94,200)	(126,950)	(14,875)	(2,083,158)	99,826,577	(19,486,492)	80,340,085	(221,150)

July 2013 - June 2017

Assets - Annual Summary

Year 3 - 2015/2016

	1 July 2015			2015/2016						30 June 2016			Book Value of assets disposed
	Cost as at	Accumulated Depreciation	Net Book Value as at	Additions	Depreciation on Additions	Disposal (residual value)	Depreciation on Disposals	Estimated Depreciation	Est. Annual Depreciation	Cost as at	Accumulated Depreciation	Net Book Value	
Assets By Category													
Land	278,100	-	278,100	-	-	-	-	-	-	278,100	-	278,100	-
Buildings	7,291,933	(1,728,710)	5,563,223	300,000	(7,500)	-	-	(7,500)	(146,581)	7,591,933	(1,875,291)	5,716,642	-
Furniture & Equipment	374,644	(233,239)	141,405	20,000	(2,500)	(200)	(330)	(2,170)	(19,846)	394,114	(253,085)	141,029	(530)
Plant & Equipment	3,890,749	(2,114,574)	1,776,174	684,150	(68,415)	(164,000)	(195,246)	126,831	(50,787)	4,215,653	(2,165,361)	2,050,292	(359,246)
Roads	83,515,734	(15,066,286)	68,449,448	1,810,000	(45,250)	-	-	(45,250)	(1,756,486)	85,325,734	(16,822,772)	68,502,962	-
Other Infrastructure	4,475,417	(343,682)	4,131,735	350,000	(7,000)	-	-	(7,000)	(89,635)	4,825,417	(433,317)	4,392,100	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total by Category	99,826,577	(19,486,492)	80,340,085	3,164,150	(130,665)	(164,200)	(195,575)	64,910	(2,063,334)	102,630,951	(21,549,826)	81,081,125	(359,775)

Stlie of Menzies - Asset Management Framework

Assets - Annual Summary

Year 4 - 2016/2017

	1 July 2016			2016/2017						30 June 2017			Book Value of assets disposed
	Cost as at	Accumulated Depreciation	Net Book Value as at	Additions	Depreciation on Additions	Disposal (residual value)	Depreciation on Disposals	Estimated Depreciation	Est. Annual Depreciation	Cost as at	Accumulated Depreciation	Net Book Value	
Assets By Category													
Land	278,100	-	278,100	-	-	-	-	-	-	278,100	-	278,100	-
Buildings	7,591,933	(1,875,291)	5,716,642	450,000	(11,250)	-	-	(11,250)	(154,166)	8,041,933	(2,029,457)	6,012,476	-
Furniture & Equipment	394,114	(253,085)	141,029	20,000	(2,500)	(200)	(359)	(2,141)	(19,770)	413,555	(272,854)	140,701	(559)
Plant & Equipment	4,215,653	(2,165,361)	2,050,292	360,800	(36,080)	(78,000)	(82,378)	46,298	(158,732)	4,416,076	(2,324,093)	2,091,983	(160,378)
Roads	85,325,734	(16,822,772)	68,502,962	2,130,000	(53,250)	-	-	(53,250)	(1,765,824)	87,455,734	(18,588,596)	68,867,138	-
Other Infrastructure	4,825,417	(433,317)	4,392,100	230,000	(4,600)	-	-	(4,600)	(92,442)	5,055,417	(525,759)	4,529,658	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total by Category	102,630,951	(21,549,826)	81,081,125	3,190,800	(107,680)	(78,200)	(82,737)	(24,943)	(2,190,933)	105,660,815	(23,740,759)	81,920,055	(160,937)

July 2013 - June 2017

Assets - Annual Summary

Year 5 - 2017/2018

	1 July 2017			2017/2018						30 June 2018			Book Value of assets disposed
	Cost as at	Accumulated Depreciation	Net Book Value as at	Additions	Depreciation on Additions	Disposal (residual value)	Depreciation on Disposals	Estimated Depreciation	Est. Annual Depreciation	Cost as at	Accumulated Depreciation	Net Book Value	
Assets By Category													
Land	278,100	-	278,100	-	-	-	-	-	-	278,100	-	278,100	-
Buildings	8,041,933	(2,029,457)	6,012,476	300,000	(7,500)	-	-	(7,500)	(157,812)	8,341,933	(2,187,269)	6,154,664	-
Furniture & Equipment	413,555	(272,854)	140,701	20,000	(2,500)	(200)	(388)	(2,112)	(19,700)	432,967	(292,554)	140,413	(588)
Plant & Equipment	4,416,076	(2,324,093)	2,091,983	902,500	(90,250)	(208,500)	(231,634)	141,384	(67,815)	4,878,442	(2,391,907)	2,486,535	(440,134)
Roads	87,455,734	(18,588,596)	68,867,138	2,280,000	(57,000)	-	-	(57,000)	(1,778,678)	89,735,734	(20,367,275)	69,368,459	-
Other Infrastructure	5,055,417	(525,759)	4,529,658	180,000	(3,600)	-	-	(3,600)	(94,193)	5,235,417	(619,952)	4,615,465	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total by Category	105,660,815	(23,740,759)	81,920,055	3,682,500	(160,850)	(208,700)	(232,021)	71,171	(2,118,198)	108,902,593	(25,858,957)	83,043,636	(440,721)

Stlie of Menzies - Asset Management Framework

Assets - Annual Summary

Year 6 - 2018/2019

	1 July 2018			2018/2019						30 June 2019			Book Value of assets disposed
	Cost as at	Accumulated Depreciation	Net Book Value as at	Additions	Depreciation on Additions	Disposal (residual value)	Depreciation on Disposals	Estimated Depreciation	Est. Annual Depreciation	Cost as at	Accumulated Depreciation	Net Book Value	
Assets By Category													
Land	278,100	-	278,100	-	-	-	-	-	-	278,100	-	278,100	-
Buildings	8,341,933	(2,187,269)	6,154,664	400,000	(10,000)	-	-	(10,000)	(163,867)	8,741,933	(2,351,135)	6,390,798	-
Furniture & Equipment	432,967	(292,554)	140,413	20,000	(2,500)	(200)	(417)	(2,083)	(19,635)	452,351	(312,189)	140,162	(617)
Plant & Equipment	4,878,442	(2,391,907)	2,486,535	1,011,490	(101,149)	(285,000)	(274,154)	173,005	(75,648)	5,330,778	(2,467,556)	2,863,222	(559,154)
Roads	89,735,734	(20,367,275)	69,368,459	2,180,000	(54,500)	-	-	(54,500)	(1,788,711)	91,915,734	(22,155,986)	69,759,748	-
Other Infrastructure	5,235,417	(619,952)	4,615,465	170,000	(3,400)	-	-	(3,400)	(95,709)	5,405,417	(715,661)	4,689,756	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total by Category	108,902,593	(25,858,957)	83,043,636	3,781,490	(171,549)	(285,200)	(274,571)	103,022	(2,143,571)	112,124,313	(28,002,528)	84,121,784	(559,771)

July 2013 - June 2017

Assets - Annual Summary

Year 7 - 2019/2020

	1 July 2019			2019/2020						30 June 2020			Book Value of assets disposed
	Cost as at	Accumulated Depreciation	Net Book Value as at	Additions	Depreciation on Additions	Disposal (residual value)	Depreciation on Disposals	Estimated Depreciation	Est. Annual Depreciation	Cost as at	Accumulated Depreciation	Net Book Value	
Assets By Category													
Land	278,100	-	278,100	-	-	-	-	-	-	278,100	-	278,100	-
Buildings	8,741,933	(2,351,135)	6,390,798	400,000	(10,000)	-	-	(10,000)	(169,770)	9,141,933	(2,520,905)	6,621,028	-
Furniture & Equipment	452,351	(312,189)	140,162	20,000	(2,500)	(200)	(445)	(2,055)	(19,575)	471,705	(331,764)	139,941	(645)
Plant & Equipment	5,330,778	(2,467,556)	2,863,222	354,900	(35,490)	(90,000)	(77,563)	42,073	(244,249)	5,518,115	(2,711,805)	2,806,310	(167,563)
Roads	91,915,734	(22,155,986)	69,759,748	2,680,000	(67,000)	-	-	(67,000)	(1,810,994)	94,595,734	(23,966,980)	70,628,754	-
Other Infrastructure	5,405,417	(715,661)	4,689,756	300,000	(6,000)	-	-	(6,000)	(99,795)	5,705,417	(815,456)	4,889,961	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total by Category	112,124,313	(28,002,528)	84,121,784	3,754,900	(120,990)	(90,200)	(78,008)	(42,982)	(2,344,383)	115,711,004	(30,346,911)	85,364,093	(168,208)

Slite of Menzies - Asset Management Framework

Assets - Annual Summary

Year 8 - 2020/2021

	1 July 2020			2020/2021						30 June 2021			Book Value of assets disposed
	Cost as at	Accumulated Depreciation	Net Book Value as at	Additions	Depreciation on Additions	Disposal (residual value)	Depreciation on Disposals	Estimated Depreciation	Est. Annual Depreciation	Cost as at	Accumulated Depreciation	Net Book Value	
Assets By Category													
Land	278,100	-	278,100	-	-	-	-	-	-	278,100	-	278,100	-
Buildings	9,141,933	(2,520,905)	6,621,028	450,000	(11,250)	-	-	(11,250)	(176,776)	9,591,933	(2,697,681)	6,894,252	-
Furniture & Equipment	471,705	(331,764)	139,941	20,000	(2,500)	(200)	(474)	(2,026)	(19,519)	491,031	(351,282)	139,749	(674)
Plant & Equipment	5,518,115	(2,711,805)	2,806,310	190,500	(19,050)	(51,000)	(49,283)	30,233	(250,398)	5,608,332	(2,962,204)	2,646,129	(100,283)
Roads	94,595,734	(23,966,980)	70,628,754	2,780,000	(69,500)	-	-	(69,500)	(1,835,219)	97,375,734	(25,802,199)	71,573,535	-
Other Infrastructure	5,705,417	(815,456)	4,889,961	500,000	(10,000)	-	-	(10,000)	(107,799)	6,205,417	(923,256)	5,282,161	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total by Category	115,711,004	(30,346,911)	85,364,093	3,940,500	(112,300)	(51,200)	(49,757)	(62,543)	(2,389,711)	119,550,547	(32,736,622)	86,813,926	(100,957)

July 2013 - June 2017

Assets - Annual Summary

Year 9 - 2021/2022

	1 July 2021			2021/2022						30 June 2022			Book Value of assets disposed
	Cost as at	Accumulated Depreciation	Net Book Value as at	Depreciation on Additions	Disposal Additons (residual value)	Disposal Depreciation on Disposals	Estimated Depreciation	Est. Annual Depreciation	Cost as at	Accumulated Depreciation	Net Book Value		
Assets By Category													
Land	278,100	-	278,100	-	-	-	-	-	-	278,100	-	278,100	-
Buildings	9,591,933	(2,697,681)	6,894,252	450,000	(11,250)	-	-	(11,250)	(183,606)	10,041,933	(2,881,287)	7,160,646	-
Furniture & Equipment	491,031	(351,282)	139,749	20,000	(2,500)	(200)	(503)	(1,997)	(19,466)	510,328	(370,748)	139,580	(703)
Plant & Equipment	5,608,332	(2,962,204)	2,646,129	620,150	(62,015)	(152,000)	(51,000)	(11,015)	(275,628)	6,025,482	(3,237,831)	2,787,651	(203,000)
Roads	97,375,734	(25,802,199)	71,573,535	2,580,000	(64,500)	-	-	(64,500)	(1,853,838)	99,955,734	(27,656,037)	72,299,697	-
Other Infrastructure	6,205,417	(923,256)	5,282,161	330,000	(6,600)	-	-	(6,600)	(112,243)	6,535,417	(1,035,499)	5,499,918	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total by Category	119,550,547	(32,736,622)	86,813,926	4,000,150	(146,865)	(152,200)	(51,503)	(95,362)	(2,444,782)	123,346,995	(35,181,403)	88,165,592	(203,703)

Stille of Menzies - Asset Management Framework

Assets - Annual Summary

Year 10 - 2022/2023

	1 July 2022			2022/2023						30 June 2023			Book Value of assets disposed
	Cost as at	Accumulated Depreciation	Net Book Value as at	Depreciation on Additions	Disposal Additons (residual value)	Disposal Depreciation on Disposals	Estimated Depreciation	Est. Annual Depreciation	Cost as at	Accumulated Depreciation	Net Book Value		
Assets By Category													
Land	278,100	-	278,100	-	-	-	-	-	-	278,100	-	278,100	-
Buildings	10,041,933	(2,881,287)	7,160,646	450,000	(11,250)	-	-	(11,250)	(190,266)	10,491,933	(3,071,553)	7,420,380	-
Furniture & Equipment	510,328	(370,748)	139,580	20,000	(2,500)	(200)	(531)	(1,969)	(19,416)	529,597	(390,165)	139,433	(731)
Plant & Equipment	6,025,482	(3,237,831)	2,787,651	743,800	(74,380)	(146,000)	(169,578)	95,198	(183,567)	6,453,705	(3,421,399)	3,032,306	(315,578)
Roads	99,955,734	(27,656,037)	72,299,697	2,680,000	(67,000)	-	-	(67,000)	(1,874,492)	102,635,734	(29,530,530)	73,105,204	-
Other Infrastructure	6,535,417	(1,035,499)	5,499,918	230,000	(4,600)	-	-	(4,600)	(114,598)	6,765,417	(1,150,097)	5,615,320	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total by Category	123,346,995	(35,181,403)	88,165,592	4,123,800	(159,730)	(146,200)	(170,109)	10,379	(2,382,341)	127,154,486	(37,563,744)	89,590,742	(316,309)

July 2013 - June 2017