Buildings and Structures

ASSET MANAGEMENT PLAN

Version 2.0
Revised 22 May 2014
<table>
<thead>
<tr>
<th>Rev No</th>
<th>Date</th>
<th>Revision Details</th>
<th>Author</th>
<th>Reviewer</th>
<th>Approver</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>6 October 2010</td>
<td>Draft</td>
<td>GF</td>
<td>PB</td>
<td>DP</td>
</tr>
<tr>
<td>1.1</td>
<td>8 Dec 2010</td>
<td>Adoption by Council</td>
<td>GF</td>
<td>PB</td>
<td>DP</td>
</tr>
<tr>
<td>2.0</td>
<td>22 May 2014</td>
<td>Full Revision</td>
<td>BDO</td>
<td>PB/SA</td>
<td></td>
</tr>
</tbody>
</table>

GF: Greg Fraser  Asset Engineer - 2010  
BDO: Ben O'Regan  Asset Engineer 2010 -  
PB: Peter Benson  Administration Engineer  
SA: Simon Armitage  Manager Bathurst Works  
DP: Doug Patterson  Director Engineering Services  

Document ID: f:\assets\adopted asset management plans\buildings revised amp_2014_v2.docx
## TABLE OF CONTENTS

1. **EXECUTIVE SUMMARY** ........................................................................................................... 4  
   What Council Provides .................................................................................................................. 4  
   What does it Cost? ......................................................................................................................... 4  
   Plans for the Future ...................................................................................................................... 4  
   Measuring our Performance ........................................................................................................ 4  
   The Next Steps ............................................................................................................................ 4  

2. **INTRODUCTION** ....................................................................................................................... 1  
   2.1 Background ............................................................................................................................ 1  
   2.2 Goals and Objectives of Asset Management ........................................................................ 2  
   2.3 Plan Framework ...................................................................................................................... 3  
   2.4 Core and Advanced Asset Management .............................................................................. 3  

3. **LEVELS OF SERVICE** ............................................................................................................ 5  
   3.1 Customer Research and Expectations .................................................................................... 5  
   3.2 Legislative Requirements ....................................................................................................... 8  
   3.3 Current Levels of Service ....................................................................................................... 8  

4. **FUTURE DEMAND** .................................................................................................................. 11  
   4.1 Demand Drivers ...................................................................................................................... 11  
   4.2 Demand Forecast .................................................................................................................... 11  
   4.3 Demand Impact on Assets ..................................................................................................... 11  
   4.4 Demand Management Plan .................................................................................................. 11  
   4.5 New Assets from Growth ...................................................................................................... 12  

5. **LIFECYCLE MANAGEMENT PLAN** ..................................................................................... 14  
   5.1 Background Data ................................................................................................................... 14  
   5.1.1 Physical Data .................................................................................................................... 14  
   5.1.2 Asset capacity and performance ...................................................................................... 16  
   5.1.3 Asset condition ................................................................................................................. 16  
   5.1.4 Asset valuations ................................................................................................................ 17  
   5.2 Risk Management Plan ........................................................................................................ 18  
   5.3 Routine Maintenance Plan .................................................................................................... 19  
   5.3.1 Maintenance plan ............................................................................................................ 19  
   5.3.2 Standards and specifications ............................................................................................. 19  
   5.3.3 Summary of future maintenance expenditures .............................................................. 19  
   5.3.4 Summary of future maintenance expenditures .............................................................. 20  
   5.4 Renewal/Replacement Plan .................................................................................................. 21  
   5.4.1 Renewal plan .................................................................................................................... 21  
   5.4.2 Renewal standards ............................................................................................................ 21  
   5.4.3 Summary of future renewal expenditure ......................................................................... 21  
   5.5 Creation/Acquisition/Upgrade Plan ...................................................................................... 22  
   5.5.2 Standards and specifications ............................................................................................. 22  
   5.6 Disposal Plan ....................................................................................................................... 22  

6. **FINANCIAL SUMMARY** .......................................................................................................... 23  
   6.1 Financial Statements and Projections .................................................................................... 23  
   6.1.1 Sustainability of service delivery ..................................................................................... 23  
   6.2 Funding Strategy .................................................................................................................... 25  
   6.3 Valuation Forecasts ............................................................................................................... 25  
   6.4 Key Assumptions made in Financial Forecasts .................................................................... 25  

7. **ASSET MANAGEMENT PRACTICES** ..................................................................................... 26  
   7.1 Accounting/Financial Systems ............................................................................................. 26  
   7.2 Asset Management Systems ................................................................................................. 26  
   7.3 Information Flow Requirements and Processes .................................................................... 26  

8. **CONCLUSION** ........................................................................................................................ 27  

9. **PLAN IMPROVEMENT AND MONITORING** ....................................................................... 28  
   9.1 Performance Measures .......................................................................................................... 28  
   9.2 Monitoring and Review Procedures ....................................................................................... 28  

10. **REFERENCES** ....................................................................................................................... 28  

11. **ABBREVIATIONS** .................................................................................................................. 29  

12. **GLOSSARY** .......................................................................................................................... 30
1. EXECUTIVE SUMMARY

What Council Provides
Council owns and maintains a buildings and structures portfolio to enable the ability to deliver the myriad of services to the people of the Bathurst Regional Local Government Area.

The portfolio consists of

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Replacement $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>261</td>
<td>164,235.6k</td>
</tr>
<tr>
<td>Structures</td>
<td>150</td>
<td>11,008.9k</td>
</tr>
<tr>
<td>Total</td>
<td>411</td>
<td>175,243.5k</td>
</tr>
</tbody>
</table>

What does it Cost?
There are two key indicators of cost to provide the formed 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 $2,851m per annum. Council's planned life cycle expenditure for year 1 of the asset management plan is $1,554m which gives a life cycle sustainability index of 0.55.

The total maintenance expenditure budgeted to provide the Building portfolio in the next 10 years is estimated at $13,530m. This is an average of $1,353m per annum; giving a 10 year sustainability index of 0.47.

Plans for the Future
Council plans to operate and maintain the Building portfolio to achieve the following strategic objectives.

1. Ensure assets are maintained to a safe and functional standard as set out in this AM Plan
2. Ensure that future expansion of the buildings asset portfolio is planned to appropriately cater for growth predictions for the LGA
3. Maximise an asset's economic life while minimising lifecycle expenditure
4. Maintain a high level of community satisfaction in the portfolio

Measuring our Performance
Quality
Building assets will be maintained in a reasonably usable condition. Defects found or reported that are outside our service standard will be repaired.

Function
Our intent is that Building assets are maintained in partnership with stakeholders to ensure community satisfaction is maintained and safety is not compromised.

Safety
Reported defects are recorded on the Customer Request Maintenance System (CRMS) and sent to the appropriate manager for assessment. Repairs are carried out in accordance CRMS timeframes and available funding.

The Next Steps
This actions resulting from this asset management plan are:

- Work towards advanced management plans for individual major buildings in conjunction with the respective building manager
- Undertake Condition assessments on the buildings portfolio where appropriate resources are available
- Improve the date of construction information held in the asset register
- Continue the internal processes to ensure the financial and asset systems agree in respect of building assets
- Make use of available financial data to produce accurate input to future budgets

---

1 For the purposes of this plan a building is considered to be enclosable (ie 4 walls and a roof) whereas a structure is not (eg picnic shelter)
2. INTRODUCTION

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

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

- Asset Management Policy 2013,

Council buildings have a number of important roles within the Bathurst community. These range from utility and administration to community support to commercial real estate. They support the delivery of services to the community and in many instances act as a focal point for community life. They contribute to the social, cultural and economic development of the local community.

The building portfolio reflects the current state of the Council’s services and in many ways the historical development within the Bathurst area. Accordingly the standards of construction vary widely and the conditions of a number of the buildings are more dependent on age rather than patterns of demand and usage.

Currently the Council’s building portfolio contains approximately 411 buildings and structures, ranging from large multi storey buildings to very basic picnic shelters and bus shelters. Due to the varied nature of the Council’s building portfolio a comprehensive management plan is required to ensure that the maximum amenity and value for money is achieved.

This asset management plan covers the following infrastructure assets:

<table>
<thead>
<tr>
<th>Feature Type</th>
<th>Number</th>
<th>Replacement Value ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BD - Aquatic Centre</td>
<td>1</td>
<td>13,639,280.00</td>
</tr>
<tr>
<td>BD - Bush Fire Shed</td>
<td>22</td>
<td>1,833,610.00</td>
</tr>
<tr>
<td>BD - Civic/offices</td>
<td>24</td>
<td>68,180,170.00</td>
</tr>
<tr>
<td>BD - Clubhouse</td>
<td>16</td>
<td>7,616,000.00</td>
</tr>
<tr>
<td>BD - Cottages/residence</td>
<td>22</td>
<td>6,748,800.00</td>
</tr>
<tr>
<td>BD - Garage/workshop</td>
<td>11</td>
<td>2,695,370.00</td>
</tr>
<tr>
<td>BD - Halls</td>
<td>4</td>
<td>2,052,400.00</td>
</tr>
<tr>
<td>BD - Indoor Stadium</td>
<td>1</td>
<td>4,771,600.00</td>
</tr>
<tr>
<td>BD - Kiosks-Building</td>
<td>15</td>
<td>804,200.00</td>
</tr>
<tr>
<td>BD - Other Buildings</td>
<td>17</td>
<td>36,634,550.79</td>
</tr>
<tr>
<td>BD - Sheds</td>
<td>68</td>
<td>7,033,429.00</td>
</tr>
<tr>
<td>BD - Toilets/amenities</td>
<td>54</td>
<td>11,295,390.00</td>
</tr>
<tr>
<td>BD - Transport</td>
<td>3</td>
<td>866,060.00</td>
</tr>
<tr>
<td>BD - Utility</td>
<td>3</td>
<td>64,745.45</td>
</tr>
<tr>
<td>OS - Grandstands</td>
<td>23</td>
<td>9,086,624.62</td>
</tr>
<tr>
<td>OS - Structure: Bus Shelter</td>
<td>42</td>
<td>329,000.00</td>
</tr>
<tr>
<td>OS - Structure: Shelter shed</td>
<td>80</td>
<td>1,488,435.10</td>
</tr>
<tr>
<td>OS - Structures Misc</td>
<td>5</td>
<td>104,237.49</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>411</strong></td>
<td><strong>175,243,902.45</strong></td>
</tr>
</tbody>
</table>
Key stakeholders in the preparation and implementation of this asset management plan are:

<table>
<thead>
<tr>
<th>Councillors</th>
<th>Formulate policy for the allocation of resources to maximise benefit to the community whilst minimising the Council’s exposure to risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Council</td>
<td>To manage the implementation of policy in a timely and cost effective manner. To ensure resources are effectively utilised</td>
</tr>
<tr>
<td>General Public</td>
<td>Users of many of Council’s buildings</td>
</tr>
<tr>
<td>Sporting Clubs and Bodies</td>
<td>Users of buildings associated with sporting facilities</td>
</tr>
<tr>
<td>Community Groups</td>
<td>Users of Council buildings for accommodation</td>
</tr>
<tr>
<td>Residential rental tenants</td>
<td>A number of Council properties are leased for residential</td>
</tr>
<tr>
<td>Commercial rental tenants</td>
<td>Council has commercial space available</td>
</tr>
</tbody>
</table>

### 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.\(^2\)

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

Council’s vision:

*“To enhance the lifestyle and environment through effective leadership, community involvement and commitment to service.”*

Council’s mission

*“The equitable development and maintenance of services provided for the general health and well-being of the citizens of the Bathurst Region and the adjustment of these services to meet changing needs.”*  

\(^2\) IIMM 2006 Sec 1.1.3, p 1.3
Relevant Council goals and objectives and how these are addressed in this asset management plan are:

Table 2.2. Council Goals and how these are addressed in this Plan

<table>
<thead>
<tr>
<th>Goal</th>
<th>Objective</th>
<th>How Goal and Objectives are addressed in IAMP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate infrastructure for projected population of 80,000 by 2050</td>
<td>To have in place quality infrastructure that meets the needs of the community by providing adequate facility for a population of 80,000 by the year 2050</td>
<td>Ensure the provision of buildings is adequate for the demand of the community. To ensure that current buildings meet and continue to meet a level of service that is affordable and acceptable by the public</td>
</tr>
<tr>
<td>To enhance the lifestyle of residents and visitors to the Bathurst Region by providing and maintaining recreation and leisure facilities; by provision of a range of cultural facilities; by increasing access to quality and affordable community facilities and services</td>
<td>To provide facilities and services in response to the cultural, sporting and community needs of Bathurst Region residents and visitors</td>
<td>Implementing programs for compliance with the Department of Water and Energy Best Practice Guidelines</td>
</tr>
<tr>
<td>To liaise with the community in the management of the Region’s building assets</td>
<td>Promoting the principles of ecologically sustainable development while preserving the existing environment.</td>
<td>Through public consultation and question time at monthly Council meeting and annual village consultations.</td>
</tr>
<tr>
<td>Promoting the principles of ecologically sustainable development while preserving the existing environment.</td>
<td></td>
<td>Ensuring future buildings are compliant with legislated environmental standards. Assessing public interest on environmental issues through public forums.</td>
</tr>
</tbody>
</table>

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 over.

2.4 Core and Advanced Asset Management

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

While advanced Asset Management Plans for each individual major building would be desirable, future revisions of this asset management plan will hope to incorporate a review of the benefits of an ‘advanced’ plan offset the investment in systems and processes to provide better value for Council.

3 [See pp 14 NAMS PLUS3 Guidelines]: “Seeking advanced practice in all areas may not be the best solution for all organisations. It will depend on the scale and type of assets the organisation manages and the business context. Significant investment in systems, data and process is required to achieve advanced asset management.”
Road Map for preparing an Asset Management Plan

**Source:** IIMM Fig 1.5.1, p 1.11

1. **CORPORATE PLANNING**
   - Confirm strategic objectives and establish AM policies, strategies & goals.
   - Define responsibilities & ownership.
   - Decide core or advanced AM Pan.
   - Gain organisation commitment.

2. **REVIEW/COLLATE ASSET INFORMATION**
   - Existing information sources
   - Identify & describe assets.
   - Data collection
   - Condition assessments
   - Performance monitoring
   - Valuation Data

3. **ESTABLISH LEVELS OF SERVICE**
   - Establish strategic linkages
   - Define & adopt statements
   - Establish measures & targets
   - Consultation

4. **LIFECYCLE MANAGEMENT STRATEGIES**
   - Develop lifecycle strategies
   - Describe service delivery strategy
   - Risk management strategies
   - Demand forecasting and management
   - Optimised decision making (renewals, new works, disposals)
   - Optimise maintenance strategies

5. **FINANCIAL FORECASTS**
   - Lifecycle analysis
   - Financial forecast summary
   - Valuation Depreciation
   - Funding

6. **IMPROVEMENT PLAN**
   - Assess current/desired practices
   - Develop improvement plan

7. **IS THE PLAN AFFORDABLE?**
   - Reconsider service statements
   - Options for funding
   - Consult with Council
   - Consult with Community

8. **IMPLEMENT IMPROVEMENT STRATEGY**

9. **AM PLAN REVIEW AND AUDIT**

10. **INFORMATION MANAGEMENT, and DATA IMPROVEMENT**

11. **ANNUAL PLAN / BUSINESS PLAN**
3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

The 2012 Bathurst Regional Council Community Survey was conducted between 15 November 2012 and 1 February 2013. The survey aimed to gauge resident satisfaction with a range of Council provided services and facilities and to determine the importance of a variety of local issues. A total of 269 surveys were completed.

Respondents were asked to nominate their top five priorities from a list of fourteen options.

Respondents were provided with a list of the key infrastructure projects identified in the Bathurst 2036 Community Strategic Plan and were asked to nominate on a scale of 1 to 10, with 10 being the highest level of importance, how important each project was to them. The results are shown in Chart 2.1 across.

As can be seen below, respondents indicated that the most important projects were:

- New or upgraded community buildings including childcare facilities, youth facilities, community halls and public toilets;
Respondents were asked to rate their satisfaction, on a scale of 1 to 10 with 10 being the highest score, with a range of services and facilities provided by Council. This question has been asked in a number of previous Community Surveys. Table 1.4 below shows the average satisfaction levels between 2004 and 2012.

Table 1.4: Average satisfaction with services and facilities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bathurst Regional Library</td>
<td>7.8</td>
<td>8.2</td>
<td>8</td>
<td>8.5</td>
<td>8.3</td>
<td>8</td>
<td>8.1</td>
<td>8.4</td>
</tr>
<tr>
<td>The Bathurst Memorial Entertainment Centre</td>
<td>7.3</td>
<td>7.8</td>
<td>7.6</td>
<td>7.6</td>
<td>7.8</td>
<td>7.8</td>
<td>7.7</td>
<td>8.1</td>
</tr>
<tr>
<td>The Bathurst Regional Art Gallery</td>
<td>7.1</td>
<td>7.5</td>
<td>7.5</td>
<td>7.7</td>
<td>7.6</td>
<td>7.8</td>
<td>7.9</td>
<td>8</td>
</tr>
<tr>
<td>The Australian Fossil and Mineral Museum</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8.3</td>
<td>8.4</td>
<td>8.2</td>
<td>8.6</td>
<td>8</td>
</tr>
<tr>
<td>The Visitor Information Centre</td>
<td>-</td>
<td>-</td>
<td>8.1</td>
<td>8.3</td>
<td>8.2</td>
<td>7.9</td>
<td>8.1</td>
<td>7.8</td>
</tr>
<tr>
<td>Mt Panorama facilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7.1</td>
<td>7.2</td>
<td>7.7</td>
<td>7.5</td>
<td></td>
</tr>
<tr>
<td>Sports fields and sporting amenities</td>
<td>7.3</td>
<td>7.5</td>
<td>7.5</td>
<td>7.6</td>
<td>7.6</td>
<td>7.6</td>
<td>7.9</td>
<td>7.4</td>
</tr>
<tr>
<td>Bathurst Aquatic Centre</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7.4</td>
</tr>
<tr>
<td>Home of Ben Chifley</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7.7</td>
<td>7.5</td>
<td>8.1</td>
<td>7.2</td>
<td></td>
</tr>
<tr>
<td>The National Motor Racing Museum</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7.8</td>
<td>7.8</td>
<td>7.5</td>
<td>7.9</td>
<td>7.1</td>
</tr>
<tr>
<td>The overall appearance of the Bathurst region</td>
<td>-</td>
<td>-</td>
<td>7.7</td>
<td>7.3</td>
<td>7.2</td>
<td>7.1</td>
<td>7.8</td>
<td>6.8</td>
</tr>
<tr>
<td>Environmental management*</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7.7</td>
<td>7.5</td>
<td>7.6</td>
<td>6.3</td>
<td>5.7</td>
</tr>
<tr>
<td>Condition of urban road surfaces*</td>
<td>-</td>
<td>5.7</td>
<td>6.1</td>
<td>6.4</td>
<td>6.5</td>
<td>6.3</td>
<td>5.7</td>
<td>6.4</td>
</tr>
<tr>
<td>Condition of rural road surfaces*</td>
<td>-</td>
<td>4.8</td>
<td>5.7</td>
<td>5.4</td>
<td>5.6</td>
<td>5.2</td>
<td>4.9</td>
<td>5.7</td>
</tr>
</tbody>
</table>

Each facility, apart from those marked * have a section of the building portfolio as part of the service delivered at that location. If the suitability of the building is taken as part of the facility, then Community Satisfaction with provision of services by buildings is trending stable or positive in the better part of the range (see graph below).
This asset management plan does not recommend performing wide spread public consultation on the management of the Council’s building portfolio.

**Fig 3.1.1 Customer Requests related to Buildings**

Figure 3.1.1 shows a declining trend in the number average number of complaints registered in Council’s Customer Request Management System (CRMS) per month from 2006 to July 2014.
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**

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Government Act 1993</td>
<td>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. Details Council’s role as custodian and trustee of public assets, and its associated responsibility to effectively account for and manage these assets.</td>
</tr>
<tr>
<td>Civil Liabilities Act 2002</td>
<td>Sets out the provisions that give protection from civil liability and the responsibilities of Council and public alike.</td>
</tr>
<tr>
<td>Environmental Planning and Assessment Act 1979</td>
<td>The proper management, development and conservation of natural resources, including agricultural land, natural areas, forests, minerals, water, the city, towns and villages for the purpose of promoting the social and economic welfare of the community and a better environment.</td>
</tr>
<tr>
<td>Protection of the Environment Operations Act 1997</td>
<td>To protect, restore and enhance the quality of the environment having regard to the need to maintain ecologically sustainable development.</td>
</tr>
<tr>
<td>Building Code of Australia, 2007</td>
<td>Code of Practice relevant for all building design and construction.</td>
</tr>
<tr>
<td>Heritage Act 1977</td>
<td>Protection of historic buildings, structures and precincts.</td>
</tr>
<tr>
<td>Australian Standards</td>
<td>Provides a minimum standard in many areas including formed Building design, signage, provision of hand rails, etc.</td>
</tr>
<tr>
<td>Work Health &amp; Safety Act 2011</td>
<td>To secure and promote the health, safety and welfare of people at work.</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Service Criteria</th>
<th>Technical measures may relate to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>Smoothness of formed Building surface</td>
</tr>
<tr>
<td>Quantity</td>
<td>Total length of formed Building network</td>
</tr>
<tr>
<td>Availability</td>
<td>The areas accessible and the ease of access to and from the formed Building network</td>
</tr>
<tr>
<td>Safety</td>
<td>Number of injury accidents</td>
</tr>
</tbody>
</table>

A general level of service statement covering target service levels for all buildings provides a starting point for the development of specific service levels for each building category.
General Level of Service Statement for existing Building Infrastructure:

Council buildings will be maintained to a level that allows the building to function adequately for its intended purpose. This includes (but is not limited to) the management of:

- occupational health and safety issues,
- issues of general public safety and public liability,
- defects effecting short and long term structural integrity of the building,
- defects effecting the comfort of the buildings users,
- accessibility issues

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

### Table 3.3. Current Service Levels

<table>
<thead>
<tr>
<th>Key Performance Measure</th>
<th>Level of Service</th>
<th>Performance Measure Process</th>
<th>Performance Target</th>
<th>Current Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMMUNITY LEVELS OF SERVICE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td>Building assets are appropriate for their intended purpose</td>
<td>Public comments and complaints on record regarding inappropriate building facilities.</td>
<td>&lt;1 per building per month</td>
<td>Not currently measured</td>
</tr>
<tr>
<td>Accessibility and Quantity</td>
<td>Buildings are accessible to everyone, regardless of physical ability</td>
<td>Complaints regarding the accessibility of public buildings</td>
<td>Nil</td>
<td>Not currently measured</td>
</tr>
<tr>
<td>Maintenance</td>
<td>Council buildings are well maintained</td>
<td>Complaints relating to the upkeep of buildings</td>
<td>Average 10.0 per month</td>
<td>Average 2.8 per month, 2014</td>
</tr>
<tr>
<td>Safety</td>
<td>Buildings are safe</td>
<td>Insurance claims for injury received in buildings</td>
<td>0 per month</td>
<td>Not currently measured</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Complaints received by customers as a result of injury sustained whilst using Council Buildings.</td>
<td>0 per month</td>
<td>Not currently measured</td>
</tr>
<tr>
<td><strong>TECHNICAL LEVELS OF SERVICE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td>Buildings are adequate and suitable for intended purpose</td>
<td>Buildings meet or exceed the Australian building codes specifications for space and amenity</td>
<td>All new buildings meet or exceed</td>
<td>Council is meeting this target</td>
</tr>
<tr>
<td>Condition</td>
<td>Buildings are maintained to ensure structural soundness</td>
<td>Condition of building structure</td>
<td>Average condition ≥ 3</td>
<td>Not currently measured</td>
</tr>
<tr>
<td></td>
<td>Buildings are maintained to ensure aesthetic and amenity qualities</td>
<td>Condition of aesthetic and amenity assets</td>
<td>Average condition ≥ 3</td>
<td>Not currently measured</td>
</tr>
<tr>
<td>Expenditure</td>
<td>Buildings maintenance expenditure is within budget</td>
<td>Annual maintenance expenditure is within the budget allocated</td>
<td>Annual expenditure is within ± 10% of annual budget</td>
<td>Period from 2003-2007 2.6% over budget.</td>
</tr>
</tbody>
</table>
## TECHNICAL LEVELS OF SERVICE

<table>
<thead>
<tr>
<th>Safety</th>
<th>Buildings are safe</th>
<th>Insurance claims for injury received on park assets</th>
<th>0 p.a.</th>
<th>Not currently measured</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Building emergency systems are adequate</td>
<td>Emergency equipment is adequate and inspected as per legislated schedules</td>
<td>All emergency equipment complies with legislation</td>
<td>Unknown</td>
</tr>
</tbody>
</table>

Notes: Although many of the performance measures are not currently measured it may benefit Council in making decisions regarding particular buildings on the portfolio. It is recommended that some kind of measurement of the above (or similar) requests or comments be developed.
4. FUTURE DEMAND

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

4.2 Demand Forecast
The present position and projections for demand drivers that may impact future service delivery and utilisation of assets were identified and are documented in Table 4.3.

4.3 Demand Impact on Assets
The major factor affecting demand on the Council’s building infrastructure is population growth.

<table>
<thead>
<tr>
<th>Table 4.3. Demand Drivers, Projections and Impact on Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand drivers</td>
</tr>
<tr>
<td>Population</td>
</tr>
<tr>
<td>Demographic (% population over 65)</td>
</tr>
<tr>
<td>Seasonal Factors</td>
</tr>
<tr>
<td>Lifestyle changes</td>
</tr>
<tr>
<td>Technological changes</td>
</tr>
<tr>
<td>Growing awareness of environmental factors</td>
</tr>
</tbody>
</table>

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

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures. Examples of non-asset solutions include providing services from existing infrastructure such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified to date for demand management are shown in Table 4.4. Further opportunities will be developed in future revisions of this asset management plan.

---

4 IPWEA, 2011, IIMM, Table 3.4.1, p 3|58.
**Table 4.4. Demand Management Plan Summary**

<table>
<thead>
<tr>
<th>Service Activity</th>
<th>Demand Management Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning for future public buildings</td>
<td>Undertake a community consultation process to assess the demand and need for future public buildings. A business plan should also be created for each new proposed asset to show how the asset will be funded in future years.</td>
</tr>
<tr>
<td></td>
<td>Supplement this with available demographic data to develop a profile of required public buildings for the future.</td>
</tr>
<tr>
<td>Combining public building uses</td>
<td>Multi-purpose buildings may reduce the demand for more specific, individual buildings</td>
</tr>
</tbody>
</table>

### 4.5 New Assets from Growth

Most building assets are not constructed directly as a result of population growth, with perhaps the exception of bus shelters and public toilets.

The decision to construct large new Council buildings is an intensive process involving feasibility studies and public consultation.

From time to time Council also acquires buildings from various sources for various reasons.

Acquiring these new assets will commit the organisation to fund ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs in Section 5.

Table 4.5 outlines new buildings constructed since 2009. The total value of the assets added to the portfolio in this period is not necessarily typical for any 5 year period.
Table 4.5. New Assets from Grown

<table>
<thead>
<tr>
<th>Description</th>
<th>Replacement Value</th>
<th>Year Constructed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residence, 200 College Rd (purchased)</td>
<td>632,500.00</td>
<td>2009</td>
</tr>
<tr>
<td>Toilet block in George Park</td>
<td>516,780.00</td>
<td>2013</td>
</tr>
<tr>
<td>Toilet &amp; Shower Block on 21st Avenue Pit Paddock (Conrod Straight side)</td>
<td>498,750.00</td>
<td>2010</td>
</tr>
<tr>
<td>Perthville Hall</td>
<td>442,500.00</td>
<td>2009</td>
</tr>
<tr>
<td>Sustainable Lifestyle House # 17 McGirr St, Llanarth.</td>
<td>406,000.00</td>
<td>2010</td>
</tr>
<tr>
<td>Netball Clubrooms, John Matthews Sports Complex, Durham Street</td>
<td>399,000.00</td>
<td>2013</td>
</tr>
<tr>
<td>Marshall’s and Volunteers amenities shed, Pit Paddock, Mount Panorama</td>
<td>396,000.00</td>
<td>2009</td>
</tr>
<tr>
<td>Buy back facility shed (The Junktion)</td>
<td>286,580.00</td>
<td>2009</td>
</tr>
<tr>
<td>Camp Cullen - Emergency Services Shed adjacent to Police Compound Reid Park</td>
<td>244,000.00</td>
<td>2010</td>
</tr>
<tr>
<td>Chiffeley Engine Shed</td>
<td>198,285.00</td>
<td>2011</td>
</tr>
<tr>
<td>Toilet Block, Machattie Park, Court House Ln</td>
<td>180,090.00</td>
<td>2009</td>
</tr>
<tr>
<td>Toilet Block, Stevens Park, Rockley</td>
<td>157,300.00</td>
<td>2012</td>
</tr>
<tr>
<td>Toilet Block Berry Park, Lions Club Drive</td>
<td>140,000.00</td>
<td>2011</td>
</tr>
<tr>
<td>Victoria Park adventure playground toilets</td>
<td>132,000.00</td>
<td>2009</td>
</tr>
<tr>
<td>Garage, 200 College Rd (purchased)</td>
<td>117,250.00</td>
<td>2009</td>
</tr>
<tr>
<td>Wattle Flat Bush Fire Shed</td>
<td>90,480.00</td>
<td>2009</td>
</tr>
<tr>
<td>Men’s Shed, Kelso Community Centre</td>
<td>59,800.00</td>
<td>2009</td>
</tr>
<tr>
<td>Shade shelter at entrance to BMEC William St, Bathurst</td>
<td>45,000.00</td>
<td>2011</td>
</tr>
<tr>
<td>Electronic scoreboard, far side of KC Laird Field (Rugby Grounds)</td>
<td>25,532.29</td>
<td>2009</td>
</tr>
<tr>
<td>Supernatant recycle pump well</td>
<td>23,545.45</td>
<td>2011</td>
</tr>
<tr>
<td>Transfer Station Dust Suppression spray unit at WMC</td>
<td>20,780.00</td>
<td>2011</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,012,172.74</strong></td>
<td></td>
</tr>
</tbody>
</table>

Fig 4.5. New Assets from Growth (by $)
5. LIFECYCLE MANAGEMENT PLAN
The lifecycle management plan details how Council plans to manage and operate the assets at the agreed levels of service (defined in section 3) while optimising life cycle costs.

5.1 Background Data

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

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>BD</td>
<td>Aquatic Centre</td>
<td>1</td>
</tr>
<tr>
<td>BD</td>
<td>Bush Fire Shed</td>
<td>22</td>
</tr>
<tr>
<td>BD</td>
<td>Civic/offices</td>
<td>24</td>
</tr>
<tr>
<td>BD</td>
<td>Clubhouse</td>
<td>16</td>
</tr>
<tr>
<td>BD</td>
<td>Cottages/residence</td>
<td>22</td>
</tr>
<tr>
<td>BD</td>
<td>Garage/workshop</td>
<td>11</td>
</tr>
<tr>
<td>BD</td>
<td>Halls</td>
<td>4</td>
</tr>
<tr>
<td>BD</td>
<td>Indoor Stadium</td>
<td>1</td>
</tr>
<tr>
<td>BD</td>
<td>Kiosks-Building</td>
<td>15</td>
</tr>
<tr>
<td>BD</td>
<td>Other Buildings</td>
<td>17</td>
</tr>
<tr>
<td>BD</td>
<td>Sheds</td>
<td>68</td>
</tr>
<tr>
<td>BD</td>
<td>Toilets/amenities</td>
<td>54</td>
</tr>
<tr>
<td>BD</td>
<td>Transport</td>
<td>3</td>
</tr>
<tr>
<td>BD</td>
<td>Utility</td>
<td>3</td>
</tr>
<tr>
<td>OS</td>
<td>Grandstands</td>
<td>23</td>
</tr>
<tr>
<td>OS</td>
<td>Structure: Bus Shelter</td>
<td>42</td>
</tr>
<tr>
<td>OS</td>
<td>Structure: Shelter shed</td>
<td>80</td>
</tr>
<tr>
<td>OS</td>
<td>Structures Misc</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Grand Total</td>
<td>411</td>
</tr>
</tbody>
</table>

Assets can be characterised as:

**BD - Building** –
- “Habitable” or ‘enclosable’ (4 walls and a roof)
- Useful life of generally 100 years

**OS – Other Structures** –
- Not “Habitable” (fewer than 4 walls)
- Useful life varies (15, 30, 50 years)
The above graph shows the number of building or structures built per year whereas the graph below shows the replacement value built per year.

### NOTE
- There is no definitive register of the age of building assets owned by Council. The data contained in figure 5.1.1 is a combination of actual dates where known and estimations where exact construction dates are unknown.

The average age of the portfolio is 24 years, however as each building is generally a conglomeration of individual components, a break down into the components and analysis of the component useful lives would be helpful to better understand where the overall building may be in it's useful life.

This analysis is beyond the scope of this AM Plan at a ‘Core’ level and current levels of resourcing would not allow development to an “Advanced” AM Plan level of detail. Additionally, buildings are essentially under a constant state of repair or renewal which renders the useful life very ‘elastic’.
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.

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

**Table 5.1.2. Known Service Performance Deficiencies**

<table>
<thead>
<tr>
<th>Location</th>
<th>Service Deficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civic Centre</td>
<td>Civic Centre building is not large enough to accommodate the Council administration staff in accordance with the Australian Building Codes</td>
</tr>
</tbody>
</table>

5.1.3 Asset condition
Council has not previously collected any systematic data on building condition.

For the purposes of this AM plan, building age has been used in lieu of condition information. This is not ideal. In future, to better assess the efficiency of Council’s management of the buildings portfolio, a condition assessment should be performed on the portfolio.

<table>
<thead>
<tr>
<th>Condition Rating</th>
<th>Life left (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100-90</td>
</tr>
<tr>
<td>2</td>
<td>80-70</td>
</tr>
<tr>
<td>3</td>
<td>60-40</td>
</tr>
<tr>
<td>4</td>
<td>30-10</td>
</tr>
<tr>
<td>5</td>
<td>5-10</td>
</tr>
</tbody>
</table>

Condition rating will be measured using a 1 – 5 rating system as broadly outlined below. This will be on the overall condition of the building and not of any individual components.

**Rating**  **Description of Condition**

1. Excellent condition: Sound condition, well maintained, no defects.
2. Good: Minor deterioration.
3. Fair: Functionally sound, deterioration beginning to impact on Building integrity.
4. Poor: Significant defects, marked deterioration.
5. Bad: Near failure.
## 5.1.4 Asset valuations

The value of assets as at 30 June 2014 covered by this asset management plan is summarised below.

<table>
<thead>
<tr>
<th></th>
<th>Replacement Value</th>
<th>Depreciated Replacement Cost</th>
<th>Depreciable Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>164.2</td>
<td>131.8</td>
<td>31.0</td>
</tr>
<tr>
<td>Other Structures</td>
<td>11.0</td>
<td>8.6</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>175.2</strong></td>
<td><strong>140.4</strong></td>
<td><strong>32.8</strong></td>
</tr>
</tbody>
</table>

**Annual Depreciation Expense:** $1.7m
5.2 Risk Management Plan

An assessment of risks associated with service delivery from infrastructure assets has identified critical risks to Council. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as ‘Very High’ - requiring immediate corrective action and ‘High’ – requiring prioritised corrective action identified in the infrastructure risk management plan are summarised in Table 5.2.

Table 5.2. Critical Risks and Treatment Plans

<table>
<thead>
<tr>
<th>Asset at Risk</th>
<th>What can Happen</th>
<th>Risk Rating</th>
<th>Risk Treatment Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessibility issues</td>
<td>Poorly accessible buildings can exclude some members of the community</td>
<td>EXTREME</td>
<td>Assessment and prioritisation of the Bathurst Access Committee recommendations</td>
</tr>
<tr>
<td>Significant asset loss</td>
<td>The loss of a major Council asset through catastrophic event (fire, flood etc)</td>
<td>HIGH</td>
<td>The regular inspection of Council building fire safety equipment</td>
</tr>
<tr>
<td>Injury or death</td>
<td>Injury or death may result from a building defect</td>
<td>HIGH</td>
<td>Building maintenance is prioritised according to the risk posed by any defect</td>
</tr>
</tbody>
</table>
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.

Council’s management of building maintenance is somewhat ad hoc with no overriding policy covering maintenance issues on the entire buildings portfolio. Managers of buildings that accommodate a business function of Council usually make decisions on required maintenance, which in most circumstances is appropriate. However, the actual management of maintenance issues varies with some building managers responsible for identifying issues and arranging for their rectification, whilst others rely on the Building Maintenance Manager to assess any issues and arrange for the appropriate work. Although no data is available, these inconsistencies will ultimately result in Council buildings experiencing different levels of maintenance and possible variations in the value for money delivered in performing maintenance.

**Reactive maintenance** is unplanned repair work carried out in response to service requests and management/supervisory directions. Reactive Building maintenance consists primarily of:

- Maintenance of plumbing, electrical and mechanical services
- Maintenance of internal environmental conditions (especially air conditioning).
- Repair of structural defects
- Repair of some cosmetic defects

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

- Replacement of some building components, for example roofs and air conditioning units
- Interior refits

**Cyclic maintenance** is repetitive maintenance performed without specific programming. This can include:

- Painting of some buildings
- Cleaning of buildings
- Cleaning of air conditioning filters
- Maintenance of emergency equipment

Assessment and prioritisation of reactive maintenance is undertaken by Council staff using experience and judgement.

5.3.2 Standards and specifications

Building maintenance will be carried out in accordance with the Building Codes of Australia where appropriate and to the satisfaction of the Council’s Building Maintenance Supervisor in areas not covered by the building codes.

5.3.3 Summary of future maintenance expenditures

It is difficult to forecast maintenance expenditure required for the buildings as the growth in the asset register is not able to be clearly defined. The average minimum expenditure on maintenance required will be current expenditure plus inflation variations. However with additional assets to maintain added over time this will not be sufficient.

The political nature of providing many public buildings and the unpredictability of construction ensure that predictions of future maintenance requirements are not possible.

Future maintenance expenditure is forecast to trend in line with the value of the current asset stock as shown in Fig 6. Note that all costs are shown in current 2014 dollar values.
5.3.4 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 5.3.4.

Fig 5.3.4 Planned Maintenance Expenditure

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

Council does not have a comprehensive renewal plan for the building portfolio.

Larger building assets that are made up of many individual components may be renewed at the component level over a period of time. Examples include renewal of air-conditioning components as required, replacement of roofs and replacement of carpets. The renewal of the building components is usually not planned far into the future, rather as needed.

The renewal of entire buildings is generally a major expense. Major public building replacement becomes a political issue as well as a technical issue. Depending on the purpose of the renewal a process of public consultation will generally be embarked upon.

There is no specific long term plan or budgetary allocation for periodic renewal or replacement of assets. Rather, assets requiring renewal or replacement are identified during the compilation of the following year’s management plan.

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.

Table 5.4.1 outlines a basic scoring system that may be used in future to prioritise renewal candidate proposals.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condition of asset</td>
<td>40%</td>
</tr>
<tr>
<td>Purpose of asset</td>
<td>20%</td>
</tr>
<tr>
<td>Population serviced by asset</td>
<td>20%</td>
</tr>
<tr>
<td>Projected capital cost</td>
<td>10%</td>
</tr>
<tr>
<td>Proximity to similar assets</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

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

- Building renewal will be carried out in accordance with the Building Codes of Australia.
5.4.3 Summary of future renewal expenditure

Fig 5.4.3. Projected Capital Renewal Expenditure

5.5 Creation/Acquisition/Upgrade Plan

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

New building assets are not necessarily added to the asset register in direct proportion to population growth. There are a number of considerations that determine when and where new buildings will be built. These can include:

- Operational requirements such as sewer service and water supply;
- Population and demographic change;
- Development of new park areas requiring public toilets;
- Buildings with capacity constraints such as the Civic Centre;
- Assisting and supporting the public cause;
- Compulsory acquisition for improved service to the public such as purchasing properties located within the flood plain;
- Acquisition at market rates to expand the Council’s portfolio.

5.5.2 Standards and specifications

New work is carried out in accordance with the Bathurst Regional Council’s engineering guidelines and appropriate Australian Standards.

5.6 Disposal Plan

There are no current plans for asset disposal from the buildings portfolio.

In the future, it may be necessary through rationalisation of the portfolio to dispose of a council building. This, however, will not be a frequent occurrence and will be considered on a case by case basis. In some instances a comprehensive public consultation process will be required before Council may dispose of a public building.

Similarly from time to time a building within the parks and recreation asset portfolio may no longer be relevant and require disposal. Again, consideration to disposal will be on a case by case basis.
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 6.1. Planned Operating and Capital Expenditure

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 $2,851 million p.a.

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 $1,555 million.

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.

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 10 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 10 year period to identify any gap. In a core asset management plan, a gap is generally due to increasing asset renewals.
Fig 6.1.1 shows the projected asset renewals in the 10 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 6.1.1.

**Fig 6.1.1. Projected and Planned Renewals and Current Renewal Expenditure**

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

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

Council’s long term financial plan covers the first 10 years of the 20 year planning period. The total maintenance and capital renewal expenditure projected over the 10 years is **$13.53 million**. This is an average expenditure of **$1.353 million p.a.** Estimated maintenance and capital renewal expenditure in year 1 is **$1.554 million**. The 10 year sustainability index is **0.47**.
6.2 **Funding Strategy**

This asset management has not dealt with funding strategies for the Council buildings portfolio. Future versions of the asset management may address some of the following points:

- Council’s rental strategies for residential buildings;
- Council’s rental strategies for commercial buildings;
- The subsidies council provides for buildings generating income – such as Bathurst Memorial Entertainment Centre, Aquatic Centre and the Mt Panorama Pit Complex;
- The subsidies council provides for buildings accommodating community services – such as the Home and Community Care Centre, the Bathurst Neighbourhood Information Centre and the Library.

Each of these points should be considered as part of the long term sustainability of the buildings. Close cooperation between Council’s engineering, finance and corporate services will be required to formulate this section of the plan.

6.3 **Valuation Forecasts**

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council.

As buildings are not necessarily constructed or acquired in proportion to growth, any forecasts made of future valuations other than a simple current value plus CPI variations are not going to be accurate. Due to this none are supplied.

The depreciated replacement cost (current replacement cost less accumulated depreciation) will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets.

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:

- Useful lives have been estimated through experience and by using published lives from the Local Government Asset Accounting Manual published by the NSW DLG.
- Depreciation is calculated on a straight line method, with revaluation of entire portfolio (usually by external providers) every 5 years.

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

- Development of condition based depreciation method that satisfies accounting standards
- Collection of condition data through an asset survey
7. ASSET MANAGEMENT PRACTICES

7.1 Accounting/Financial Systems
Council currently uses Civica Authority as the primary Corporate System Administrator: IT manager

Relevant accounting standards are:
- AAS 27 “Financial Reporting by Local Governments”
- AASB 136 Impairment of Assets
- AASB 1021 Depreciation of Non-Current Assets
- AASB 1041 Accounting for the reduction of Non-Current Assets
- AAS 1015 Accounting for acquisition of assets

7.2 Asset Management Systems
Council uses CONFIRM asset management software. The current version is 14.10b.AM.5048.
CONFIRM team:
- Team leader: Administration Engineer
- Administrator: Asset Engineer
- Data entry: 2 x Asset Technicians
- Field inspections: Asset Inspector

CONFIRM consists of:
- A comprehensive Building inventory;
- Condition rating option for the formed Building portfolio;
- Data Management, with reporting procedure to present inventory and assessment information;
- Asset Accounting, AAS27 reporting capability and life cycle costing
- MapInfo GIS system linked to CONFIRM.

As a result of this plan it is intended to improve the Asset management system by:
- Undertaking a condition survey of the portfolio,
- Linking of Confirm to Financial Software to gain more accurate costs of works.

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. The current communication between financial and asset systems is limited to manually entering the relevant data. It is expected that CONFIRM will provide asset valuations and capitalisations. These figures will be supplied to the finance system for reporting purposes.
8. CONCLUSION

Council buildings provide accommodation for a number of Council’s Principal Activities. The buildings range from large complex structures to simple shelter structures.

The building portfolio consists of 261 buildings and 150 structures with an average age of 24 years.

The current replacement cost is $175.244 million. The annual depreciation expense is $1.752 million p.a. Assets were last revalued in line with DLG requirements as at 30 June 2013.

The current maintenance budget is approximately $1.164 million p.a.

Future budgets have been estimated by adding a factor for CPI at the time of budget preparation. The ‘inputs’ to Building maintenance (e.g. materials/fuel) have consistently increased at above CPI. Maintenance costs increase; thus the maintenance load will increase as the buildings age. If the current level of maintenance funding is not increased above the traditional CPI figure and as the aging building infrastructure requires, a real and measurable drop in the overall condition could be expected.

The current Building renewal budget for 2013/14 is $0.39 million.

The building assets have varied useful lives. The practical useful life will vary from asset to asset depending on the level of maintenance performed. Although the final assessment on capital renewal of building assets will be based on the criteria in 5.4.1, asset age is still the best indicator available to predict the future expenditure required to replace building assets that have deteriorated to a point where it is no longer serviceable.
9. PLAN IMPROVEMENT AND MONITORING

9.1 Performance Measures

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

<table>
<thead>
<tr>
<th>Task No</th>
<th>Task</th>
<th>Responsibility</th>
<th>Resources Required</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Improvement in accuracy of construction dates for buildings</td>
<td>Asset Engineer</td>
<td>Plans, Contracts, data sources</td>
<td>June 2015</td>
</tr>
<tr>
<td>2</td>
<td>Condition assessment of all buildings</td>
<td>Asset Team</td>
<td></td>
<td>June 2015</td>
</tr>
<tr>
<td>3</td>
<td>Development of business case based Capital Program</td>
<td>BRC</td>
<td></td>
<td>June 2015</td>
</tr>
<tr>
<td>4</td>
<td>Review plan Annually</td>
<td>Asset Engineer</td>
<td></td>
<td>June 2015</td>
</tr>
</tbody>
</table>

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

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

9.2 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.

10. REFERENCES

Bathurst Regional Council, ‘Asset Management Policy’ 2013,


### ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAAC</td>
<td>Average annual asset consumption</td>
</tr>
<tr>
<td>AMP</td>
<td>Asset management plan</td>
</tr>
<tr>
<td>ARI</td>
<td>Average recurrence interval</td>
</tr>
<tr>
<td>BOD</td>
<td>Biochemical (biological) oxygen demand</td>
</tr>
<tr>
<td>CRC</td>
<td>Current replacement cost</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td>CWMS</td>
<td>Community wastewater management systems</td>
</tr>
<tr>
<td>DA</td>
<td>Depreciable amount</td>
</tr>
<tr>
<td>DoH</td>
<td>Department of Health</td>
</tr>
<tr>
<td>EF</td>
<td>Earthworks/formation</td>
</tr>
<tr>
<td>IRMP</td>
<td>Infrastructure risk management plan</td>
</tr>
<tr>
<td>LCC</td>
<td>Life Cycle cost</td>
</tr>
<tr>
<td>LCE</td>
<td>Life cycle expenditure</td>
</tr>
<tr>
<td>MMS</td>
<td>Maintenance management system</td>
</tr>
<tr>
<td>PCI</td>
<td>Pavement condition index</td>
</tr>
<tr>
<td>RV</td>
<td>Residual value</td>
</tr>
<tr>
<td>SS</td>
<td>Suspended solids</td>
</tr>
<tr>
<td>vph</td>
<td>Vehicles per hour</td>
</tr>
</tbody>
</table>
GLOSSARY

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

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

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

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

Assets
Future economic benefits controlled by the entity as a result of past transactions or other past events (AAS27.12).
Property, plant and equipment including infrastructure and other assets (such as furniture and fittings) with benefits expected to last more than 12 month.

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

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

Capital expansion expenditure
Expenditure that extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure, which increases future operating, and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group, eg. extending a drainage or formed Building 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, e.g. resurfacing or resheeting a material part of a formed Building network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital upgrade expenditure
Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base, e.g. widening the sealed area of an existing formed Building, 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, 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 arm’s 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, e.g. formed Buildings, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no market value.

Investment property
Property held to earn rentals or for capital appreciation or both, rather than for:
(a) use in the production or supply of goods or services or for administrative purposes; or
(b) sale in the ordinary course of business (AASB 140.5)

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

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

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

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

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

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

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

Materiality
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, e.g. parks and playgrounds, footpaths, formed Buildings and bridges, libraries, etc.

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

Pavement management system
A systematic process for measuring and predicting the condition of formed Building 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, acting on 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 formed Building 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, e.g. public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

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

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

**Service potential 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 are 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 **