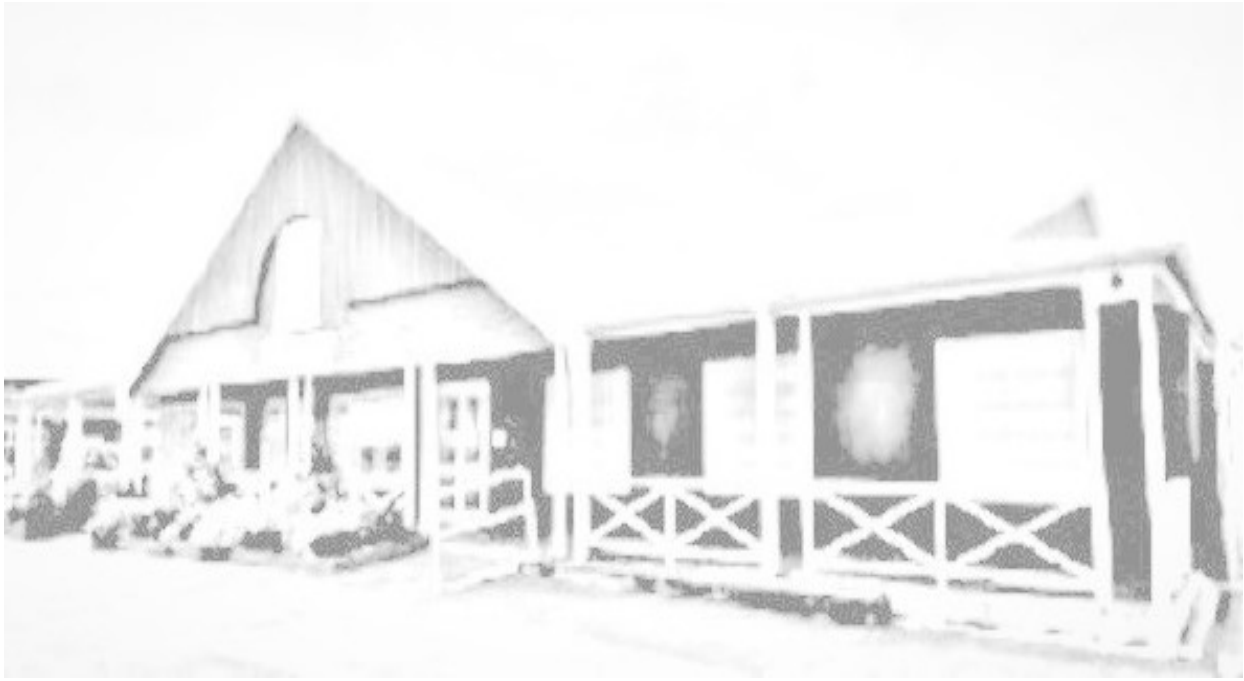
NORFOLK ISLAND
Regional Council

ASSET MANAGEMENT PLAN

Buildings



Adopted - 5 July 2023 (Res: 2023/67)

Document Control	Buildings Asset Management Plan

Rev No	Date	Effective Date	Revision Details	Author	Reviewer	Approver
Draft	June 2019		Draft	Alan Buckley		
Final	June 2019	26 June 2019	Final			Council
V1.0	June 2023		Draft	Roger Nielsen	Gordon Malesevic	Andrew Roach
Final	July 2023	5 July 2023	Final	Roger Nielsen		Council

Contents

1.0 EXECUTIVE SUMMARY

1.1 Context

This Asset Management Plan (AM Plan) details information about Building assets with actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks.

This plan covers the assets In the Buildings-specialised asset class[1] with an estimated replacement cost of $48.2m[2] consisting of:

Category	# Building Assets	Category	# Building Assets
■ Accommodation	15	■ Liquor Bond	1
■ Administration	1	■ Ports	1
■ Airport	26	■ Sewerage Treatment	1
■ Community Services	17	■ Tanalith	1
■ Electricity Supply	7	■ Telecom	7
■ Emergency Services	1	■ Tourism	1
■ Fuel Farm	5	■ Waste Management	6
■ Lighterage	5	■ Works	13

1.2 Levels of Service

The allocation in the planned budget is sufficient to continue providing existing services at current levels for the planning period. The target level of service is to ensure that buildings remain operational, are safe to occupy and meet users' expectations.

1.3 Condition Assessment

The June 2023 valuation of buildings determined that sixty seven per cent of this asset class is in fair condition, seventeen percent rated in very good to good condition and sixteen percent rated in poor or very poor condition. This means that sixteen percent of building assets have significant defects or are physically unsound.

Lifecycle Management Plan

The forecast lifecycle costs necessary to provide the services covered by this AM Plan include operating, maintenance, renewal and acquisition of assets. The AM Plan informs a long-term financial planning period of ten years. Therefore, a summary output from the AM Plan is the forecast of ten year total outlays, which for the Buildings Class is estimated at $8.98m on average per year.

1.4 Financial Summary

The reality is that only what is funded in annual budgets can be provided. Informed decision making depends on the AM Plan emphasising the consequences of planned budgets on the service levels provided and risks. One of the key assumptions in this AM Plan is that there is sufficient funding in forward estimates of updated long term financial plans to cover the required outlays contained in this AM Plan.

1.5 Monitoring and Improvement Program

Reviewing and updating this AM Plan as part of the annual budget process will ensure that it remains current and funding allocations are in line with service requirements. Asset management practices, asset hierarchy management and the asset management system will be reviewed in line with the improvement plan.

[1] The 30 June 2020 revaluation report considered building assets to be of a specialist nature with no observable active market for the assets.

[2] All figure values are shown in current-day dollars (June 2023). The building assets were revalued by PP&E Valuations (NSW) Pty Ltd in June 2023.

2.0 Introduction

2.1 Background

An AM Plan is developed to demonstrate planned management of assets and the services provided from those assets, compliance with regulatory requirements, and to define the funding needed to provide the planned levels of service over a ten year planning period.

The development of this AM Plan was guided by the AM Plan structure and content recommendations set down in the IPWEA's International Infrastructure Management Manual (IIMM, Version 6.0, 2020)

This AM Plan is to be read in conjunction with Council's Asset Management Policy and with reference to the current versions of the following key planning documents:

- Community Strategic Plan
- Long Term Financial Plan
- Operational Plan including the annual budget

Asset management planning within Council is developing. The aim is to have asset management plans at the IPWEA's Core maturity level[3]. This means that AM Plans contain content including asset information, levels of service, demand and lifecycle strategies linking to financial forecasts with key assumptions stated.

The Buildings assets covered by this AM Plan are shown in Table 2.1.

Table 2.1: Buildings assets covered by this AM Plan

Category	# Building Assets	Replacement Value	Category	# Building Assets	Replacement Value
■ Accommodation	15	$6.69m	■ Liquor Bond	1	$2.52m
■ Administration	1	$3.86m	■ Ports	1	$8k
■ Airport	26	$8.38m	■ Sewerage Treatment	1	$15.6k
■ Community Services	17	$6.87m	■ Tanalith	1	$299k
■ Electricity Supply	7	$2.49m	■ Telecom	7	$5.3m
■ Emergency Services	1	$2.55m	■ Tourism	1	$482k
■ Fuel Farm	5	$278k	■ Waste Management	6	$3.39m
■ Lighterage	5	$681k	■ Works	13	$4.36m

The above assets have an estimated replacement value of $48.2m as of June 2023[4].

2.2 Asset Data

Council's Asset Management System, AssetFinda, currently stores data on Building assets controlled by Council.

The data being captured is reliant on the type of asset being entered into the AssetFinda system. For example, larger complex assets, such as networks, that have significant parts with differing lifecycles are componentised.

[3] IPWEA, 2020, Sec 3.6.5, Aligning the AM PLANs and Corporate Plan: identifies 5 levels of maturity from Aware to Advanced. Core level is level 3. Currently, Council's AM planning is considered to be at level 2, Basic.

[4] All figure values are shown in current-day dollars (June 2023). The building assets were revalued by PP&E Valuations (NSW) Pty Ltd in June 2023.

The asset hierarchy, componentisation and estimated useful lives are set down in Council Policy Statement No. 3.07 Asset Accounting Policy and are summarised in Table 5.3 of this AM Plan.

2.3 Key Stakeholders

Key stakeholders in the preparation and implementation of this AM Plan are shown in Table 2.3.

Table 2.3: Key Stakeholders in the AM Plan

Key Stakeholder	Role in Asset Management Plan
Norfolk Island Community	■ As consumers of the services provided by the assets.
Emergency services	■ As consumers of the services provided by the assets.
Government services	■ As consumers of the services provided by the assets.
Tourists and visitors	■ As casual customers of the services provided by the assets.
Council Administrator and General Manager	■ Endorse the AM Plan, ■ Allocate resources to meet planning objectives in providing services while managing risks, ■ Ensure services are sustainable.
Audit and Risk Management Committee	■ Independent assurance and assistance to Council on Council's risk, control and compliance frameworks, and external accountability.
Management	■ Support the objectives of the AM Plan, ■ Provide strategic and operational input and support, ■ Project manage the design and implementation of renewal, upgrade and new construction of infrastructure assets. ■ Allocate and manage the necessary resources to support the implementation of the AM Plan.
Engineer and technical officers	■ Provide technical input and support, ■ Prepare and update works programmes, ■ Delivery of works programmes, ■ Update and maintain the integrity of asset data.
Corporate and Finance	■ Ensure the integrity of financial data relevant to the implementation of the AM Plan.
Council staff	■ Utilise the asset services in their roles with Council.

2.4 Goals and Objectives of Asset Management

Our goal for managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost effective manner for the present and future community. We have acquired infrastructure assets by purchase, by contract, by construction by our staff and by donation of assets constructed by the Commonwealth and others.

The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,

- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Linking to a Long-Term Financial Plan which identifies required, affordable forecast costs and how it will be allocated.

2.5 AM Plan Framework

- The IIMM outlines that there is no single correct way to structure an AM Plan and many councils have developed their own[5]. This plan incorporates the IIMM AM Plan structure although it has modified elements to suit Council's asset management position at this point in time.
- The key structure of the plan is as follows:
    - Levels of service – specifies the services and levels of service to be provided,
    - Future demand – how this will impact on future service delivery and how this is to be met,
    - Lifecycle management – how to manage its existing and future assets to provide defined levels of service,
    - Risk management,
    - Financial summary – what funds are required to provide the defined services,
    - Monitoring – how the plan will be monitored to ensure objectives are met,
    - Asset management improvement plan – how we increase asset management maturity.

[5] IPWEA, IIMM,2020, Sec 3.6.3, The Portfolio AM PLAN, Activity and Service Plans

3.0 LEVELS OF SERVICE

3.1 Community Research and Expectations

Council receives community input from a variety of sources including:

- the community strategic planning consultation process,
- feedback on Council's delivery program,
- submissions on the annual Operational Plan including the annual budget,
- reports from the Council advisory committees,
- consultation outcomes from planning and review undertakings, and
- ad hoc representations from community groups and individuals.

The **Norfolk Island Community Strategic Plan: 2016-2026** was prepared in consultation and cooperation with a broad cross section of the community and reflects the aspirations and values of the people who live on Norfolk Island. Development of the Plan was undertaken in three phases and included twenty-one focus groups, individual surveys, community workshops, public forums and a draft plan released for public consultation during each phase.

The community's vision and the Council's mission are set down in the Plan.

Our vision is:

> *Norfolk Island – the Best Small Island in the World*

Our mission is:

> *The Norfolk Island Regional Council will provide local civic leadership and governance through good decision making, accountability and transparency.*
>
> *We will protect and enhance our unique culture, heritage, traditions and environment for the Norfolk Island People. We will do this through promoting a healthy and sustainable lifestyle, by looking after our community assets, and by fostering a prosperous economy.*

The community's aspirations from the Strategic Plan are incorporated into the **Delivery Program** that each elected Council commits to undertake during its four-year term of office. These commitments are given substance by Council's annual **Operational Plan** which includes the annual budget. The cost to procure and renew assets are detailed in the annual budget along with the forecast operation and maintenance costs to ensure that the assets can deliver their intended level of service to the community.

The local government act covering Norfolk Island stipulates a minimum of twenty-eight days of public exhibition of the draft operational plan before it is adopted. During that period, submissions from the community are received and considered by Council.

Council advisory committees provide a structure for interested residents and subject matter experts to play an active role in contributing to council policy and direction. Advisory committees provide an important link for the council with the community and are supported via other community consultative methods.

Council has established four advisory committees, being:

- Business, Innovation and Tourism,
- Reserves and Conservation,
- Sustainability, and
- Youth.

3.2 Community Values

Service levels are defined in three ways, community values, community levels of service and technical levels of service.

Community values indicate:

- what aspects of the service are important to the community,
- whether they see value in what is currently provided and
- the likely trend over time based on the current budget provision

With the exception of the buildings within the community services category, buildings contribute indirectly to the provision of Council services. It is not practical to identify the exact community values as buildings are used across all of Council.

The Norfolk Island Community Strategic Plan: 2016 – 2026 identifies a high level community value as *The Norfolk community sees value in the renovation of infrastructure and the provision of quality services*. An objective of the Community Strategic Plan is to *ensure all services meet minimum health and safety standards* (Objective 13.2).

3.3 Levels of Service

Levels of service are the defined qualities of assets against which performance can be measured.

Table 3.3: Levels of Service

Service attribute	Level of Service Objective	Performance Measure	Desired Level of Service	Current Level of Service
Quality/ Condition	Provide buildings that are operational	Building inspection rates the building as operational	Buildings have a condition grading of 3 or above.	84% of components have a condition grading of 3 or above
Safety	Assets are safe to occupy	Building inspection identifies no material safety issues	100% of buildings comply with health and safety standards	Annual fire safety inspections are performed. Council has an asbestos management plan.
Function	Buildings meet user expectations	User feedback	Buildings are fit for purpose	Unknown

It is important to monitor the service levels regularly as circumstances can and do change. Current performance is based on existing resource provision and work efficiencies. It is acknowledged changing circumstances such as legislative requirements and customer priorities will change over time.

3.4 Legislative Requirements

There are many legislative requirements relating to the management of assets. The key legislative requirements that impact the Buildings Asset Class are outlined in Table 3.4.

Table 3.4: Legislative Requirements

Legislation	Requirement
Local Government Act 1993 (NSW) (NI)	Sets out the role, purpose, responsibilities, and powers of the Norfolk Island Regional Council including the preparation of a long-term financial plan supported by asset management plans for sustainable service delivery.
Employment Act 1988 (NI)	Part 4, Safe Working Practices, sets out employer and employee obligations to prevent a person's death, injury, or illness from being caused by a workplace, by a relevant workplace area, by work activities, or by machinery or substances for use at a relevant place.
Environment Act 1990 (NI)	To prevent, so far as is practicable, the degradation and destruction of the natural environment and landscape beauty of Norfolk Island.

Legislation	Requirement
Environment Protection and Biodiversity Conservation Act 1999 (Commonwealth)	To protect and manage unique plants, animals, habitats and places. This includes heritage sites and the Norfolk Marine Park.
Australian Accounting Standards (AAS)	The Local Government Act 1993 (NSW) (NI) requires Council to comply with AAS. Standard AASB 116, Property Plant and Equipment stipulates requirements on the recognition, valuation, depreciation and disposal of assets.
Planning Act 2002 (NI)	To provide planning and approval processes for the management, development and conservation of the natural and man-made resources of Norfolk Island for the social, health and economic welfare of the community and a better environment.
Building Act 2002 (NI)	To provide for procedures and processes for building approvals, inspections and compliance and development of the Norfolk Island Building Code.
Heritage Act 2002 (NI)	To provide for the promotion of the conservation of the heritage of Norfolk Island. Establishes the Heritage Register and the Panel of Heritage Advisers.
Airport Act 1991 (NI)	Defines the airport land area; the making of regulations to control access to and security and safety at the airport; and the control of commercial activities at the airport.
Civil Aviation Act 1988 (Commonwealth)	The main object of this Act is to establish a regulatory framework for maintaining, enhancing and promoting the safety of civil aviation, with particular emphasis on preventing aviation accidents and incidents.

4.0 FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include things such as population change, regulations, changes in demographics, seasonal factors, vehicle ownership rates, community preferences and expectations, technological changes, economic factors, agricultural practices, environmental awareness, etc.

Norfolk Island is one of Australia's most isolated communities. It is an external Australian territory in the Pacific Ocean about 1600 km northeast of Sydney. The island has notable historic sites having been settled six weeks after Australia's initial settlement and is of significant biological importance with many native species being unique to the island.

The projection and impact on services from demand drivers on the building assets is documented in Table 4.1

Table 4.1: Demand Drivers and Impact on Services

Demand Drivers	Projection	Impact on Services
Population	Norfolk Island has a population of 2,188 (ABS 2021), this compares with a population of 1,748 (ABS 2016) and 1,796 in 2011 (Norfolk Island Government Census).	Minimal
Development	Moderate growth over the term of this plan	Minimal
Technological	While significant innovation is expected to occur on the island during the period, it is not expected to have any material impact on the service provision of the building assets.	Minimal
Legislative change	Replacing current Norfolk legislation with Australian mainland legislation may impact the provision of services.	Unknown
Climate change	This may have an effect in the future, particularly if climate extremes such as increased rainfall eventuate	Unknown
Community expectations	Affordable, reliable, sustainable services	Minimal

4.2 Demand Impact and Demand Management Plan

The impact of demand drivers that may affect future service delivery and use of assets will be managed through a combination of managing existing assets, upgrading existing assets and providing new assets to meet demand and demand management. Demand management practices can include non-asset solutions, insuring against risks and managing failures.

Subject to available resources, demand management plans will be developed in future revisions of this AM Plan.

5.0 LIFECYCLE MANAGEMENT PLAN

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

5.1 Background Data

5.1.1 Physical parameters

The assets covered by this AM Plan are shown in Table 5.1.1.

Table 5.1.1: Assets covered by this Plan

Category and components	Estimated Replacement Value[6]	Category and components	Estimated Replacement Value
Accommodation	**$6.69m**	**Lighterage**	**$681.2k**
Fittings	$893.3k	Fittings	$14.9k
Floor Coverings	$178.7k	Floor Coverings	$2.8k
Driveways and Parking	$109.9k	Structures	$497.7k
Structures	$3.46m	Roof structures	$78.9k
Roof structures	$497k	Mechanical & Electrical Services	$66.3k
Mechanical & Electrical Services	$1.07m	Water Services	$20.6k
Water Services	$458.8k	**Liquor Bond**	**$2.52m**
Fire Services	$25k	Fittings	$177.4k
Administration	**$3.86m**	Floor Coverings	$50.7k
Fittings	$474.6k	Structures	$1.72m
Floor Coverings	$270.1k	Roof structures	$177.4k
Structures	$2.13m	Mechanical & Electrical Services	$380.2k
Roof structures	$308.7k	Fire Services	$12.7k
Mechanical & Electrical Services	$656k	**Ports**	**$8.3k**
Fire Services	$19.3k	Structures	$6.2k
Airport	**$8.38m**	Roof structures	$0.8k
Fittings	$1.01m	Mechanical & Electrical Services	$1.2k
Floor Coverings	$343.5k	**Sewage Treatment**	**$15.6k**
Structures	$4.97m	Structures	$12.5k
Roof structures	$739.6k	Roof structures	$3.1k
Mechanical & Electrical Services	$1.16m	**Tanalith**	**$299k**
Water Services	$95.7k	Fittings	$15k
Fire Services	$64.9k	Floor Coverings	$3k
Community Services	**$6.87m**	Structures	$215.3k
Fittings	$945.9k	Roof structures	$29.9k
Floor Coverings	$299.6k	Mechanical & Electrical Services	$35.9k
Structures	$3.98m	**Telecom**	**$5.3m**
Roof structures	$644.6k	Fittings	$586.6k
Mechanical & Electrical Services	$970.3k	Floor Coverings	$160.4k
Water Services	$35k	Structures	$3.38m
Fire Services	$3.7k	Roof structures	$336k
Electricity Supply	**$2.49m**	Mechanical & Electrical Services	$786k
Fittings	$152.6k	Water Services	$10.8k

[6] P&E Valuations (NSW) Pty Ltd Valuation of Buildings and Operational Land report, June 2023

Category and components	Estimated Replacement Value[6]	Category and components	Estimated Replacement Value
Floor Coverings	$42.7k	Fire Services	$43.1k
Structures	$1.73m	**Tourism**	**$482.4k**
Roof structures	$179.3k	Fittings	$72.4k
Mechanical & Electrical Services	$374.8k	Floor Coverings	$24.1k
Fire Services	$11.9k	Structures	$289.4k
Emergency Services	**$2.55m**	Roof structures	$48.2k
Fittings	$433.3k	Mechanical & Electrical Services	$48.2k
Floor Coverings	$48.1k	**Waste Management**	**$3.4m**
Structures	$1.52m	Fittings	$210.2k
Roof structures	$144.4k	Floor Coverings	$7.9k
Mechanical & Electrical Services	$240.7k	Structures	$2.55m
Water Services	$141.1k	Roof structures	$279.6k
Fire Services	$24.1k	Mechanical & Electrical Services	$232.2k
Fuel Farm	**$278k**	Water Services	$114.9k
Fittings	$8.8k	**Works**	**$4.36m**
Structures	$230.1k	Fittings	$131.7k
Roof structures	$17.7k	Floor Coverings	$39k
Mechanical & Electrical Services	$21.3k	Structures	$3.46m
		Roof structures	$435.8k
		Mechanical & Electrical Services	$219.7k
		Water Services	$70.4k
		Fire Services	$2.6k

5.1.2 Building Components

The components that have been adopted for buildings are defined in Table 5.1.2.1.[7]

Table 5.1.2.1: Building components

Component	Description
Driveways and Parking	A driveway is a defined area used by vehicles travelling between a carriageway and a property adjacent or near to a road. Parking is a defined space for parking vehicles including associated infrastructure such as guard rails, wheel stops, fences and signage. This component is used for footpaths.
Fire services	Are services provided to detect and or extinguish fires including sprinklers and other automatic extinguishing systems; fire indicator boards; manual and automatic fire alarm installations; firefighting equipment; hydrant installations and hose reels.
Fittings	The items necessary to fit out the building with built-up fitments and fixed items such as kitchen items, cupboards, toilets/sanitary, light fixtures and some special equipment, but excluding loose furniture and furnishings. It also includes built-

[7] Adapted from the P&E Valuations (NSW) Pty Ltd Valuation of Buildings and Operational Land report, June 2023.

Component	Description
	up fitments and fixed items included in the main contract, including - benches; cupboards; shelving; racks; seats and counters.
Floor Coverings	All floor preparation work and floor covers, including skirting, screeds, timber floor finishes, dividing strips, mats, and mat wells.
Mechanical and Electrical Services	Mechanical services include all air conditioning, evaporative cooling, mechanical ventilation, and hot water systems. Electrical services include all lighting and emergency lighting, power outlets, light fittings, distribution boards, sub-mains and systems such as telephone, public address, and closed circuit television.
Roof Structures	Includes roof cladding, insulation, skylights, and stormwater drainage runs.
Structures	Includes the substructure of the buildings, such as concrete slabs and foundations, as well as bearers, posts and joists and includes the main superstructure, including external cladding, load bearing walls, columns, stairs and external walls built upon the before mentioned base/floor.
Transport Services	Includes lifts, hoists, conveyor systems, and escalators.
Water Services	Water storage, connections and pumps

The percentage apportionment of components is consistent with AASB requirements and is based on PP&E Valuations building cost models.[8] The actual percentage and spread depend on the specific building type. Table 5.1.2.2 indicates the range for each building component.

Table 5.1.2.2: Percentage Apportionment of Building Components

Component	Typical % of Total Value
Driveways and Parking	1% - 3%
Fire Services	0.75% - 2%
Fittings	6% - 15%
Floor Coverings	0.75% - 7%
Mechanical / Electrical Services	12% - 40%
Roof Structures	5% - 40%
Structures	40% - 80%

[8] Adapted from the P&E Valuations (NSW) Pty Ltd Valuation of Buildings and Operational Land report, June 2023.

Component	Typical % of Total Value
Transport Services	5%
Water Services	0.5% - 1%

5.1.3 Asset condition

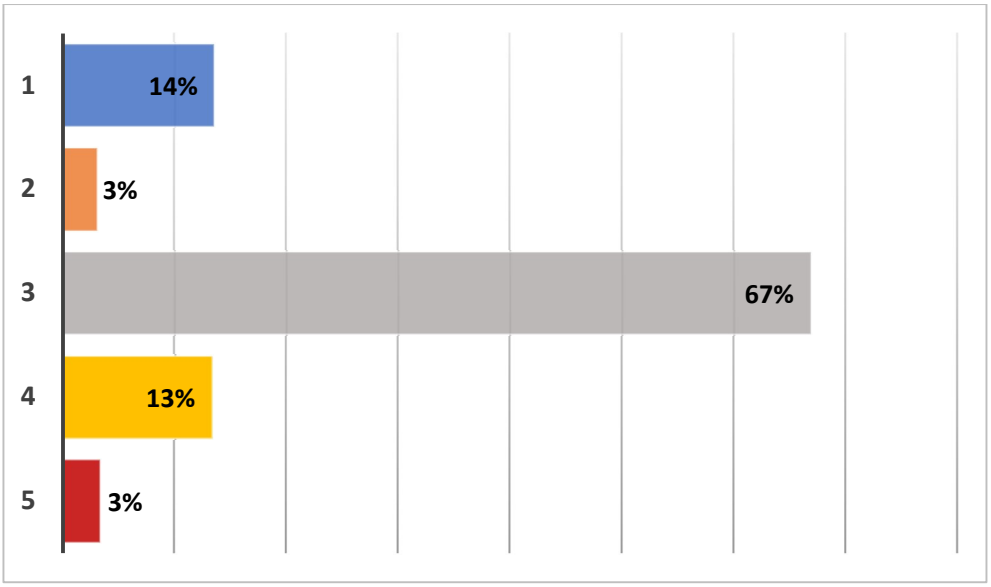
Condition is measured using a 1 – 5 grading system[9] as detailed in Table 5.1.3. It is important that a consistent approach is used in reporting asset performance enabling effective decision support. A finer grading system may be used at a more specific level, however, for reporting in the AM plan results are translated to a 1 – 5 grading scale for ease of communication.

Table 5.1.3: Condition Grading System

Condition Grading	Description of Condition
1	**Very Good**: free of defects, only planned and/or routine maintenance required
2	**Good**: minor defects, increasing maintenance required plus planned maintenance
3	**Fair**: defects requiring regular and/or significant maintenance to maintain service
4	**Poor**: significant defects, higher order cost intervention likely
5	**Very Poor**: physically unsound and/or beyond rehabilitation, immediate action required

The condition profile of the Council's building assets is shown in Figure 1.

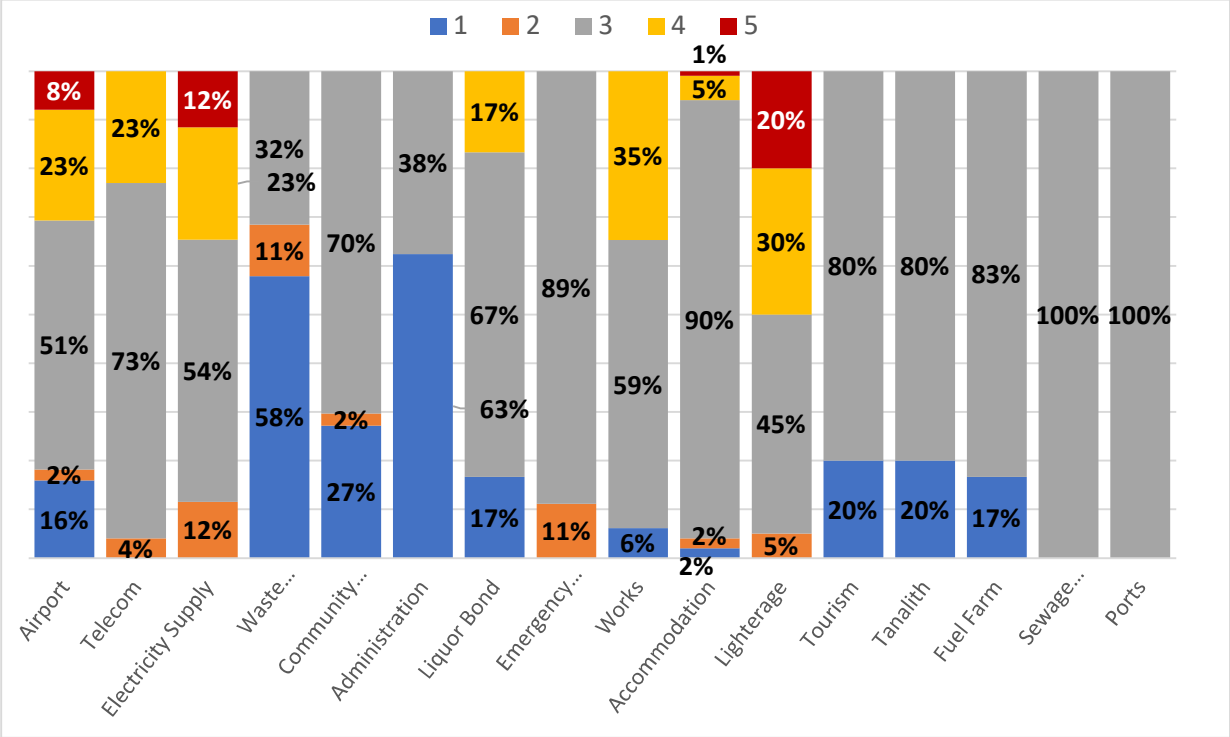
Figure 1: Asset Condition Profile



[9] IPWEA, 2020, IIMM, Sec 2.5.4

The June 2023 valuation[10] of buildings determined that sixty seven per cent of this asset class is in fair condition, seventeen percent rated in very good to good condition and sixteen percent rated in poor or very poor condition. This means that sixteen percent of building assets have significant defects or are physically unsound.

Figure 2: Asset Category Condition Profile



Asset condition gradings for existing assets are assessed at the time of a comprehensive revaluation or from technical reports. Renewal and new assets are given a condition grading of 1 at the date of commissioning. The most recent comprehensive revaluation of Building assets was for the financial year ending 30 June 2023[11].

5.2 Operations and Maintenance Work

Operations are the regular day to day activities undertaken by the Council in order to provide a level of service to the community. To be able to deliver these services, the Council is required to allocate funds for resources such as staff wages, utility consumption, fuel, overheads, contractors, etc.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating.

There is no effective distinction between operating and maintenance costs in the Council's works and finance systems. Furthermore, the four tasks in the works system that can be linked to building maintenance do not appear to be capturing complete and accurate data on building maintenance expenditure.

Table 5.2 shows costs charged to the building maintenance tasks over the three year period 2020 to 2022. It is likely that a significant portion of the $186.7k of expenditure incurred in 2021 is capital work not maintenance.

[10] P&E Valuations (NSW) Pty Ltd Valuation of Buildings and Operational Land report, June 2023.

[11] P&E Valuations (NSW) Pty Ltd Valuation of Buildings and Operational Land report, June 2023

§

Table 5.2: Trend in Maintenance Costs[12]

Task	2020 Actuals $	2021 Actuals $	2022 Actuals $
Building Fire & Safety Service Maintenance	1,151	-	-
Building Fitting Maintenance	-	142	2,106
Building Maintenance	30,265	186,705	17,203
Building Mechanical Services Maintenance	-	-	371
Total	31,416	186,847	19,680

Planned or scheduled maintenance is repair work identified and managed through planned inspections by assessing the condition of the assets through various skilled technicians and general condition surveys.

Reactive maintenance is all maintenance that is not planned. The assessment and priority of reactive maintenance work is undertaken by staff using experience and judgement.

Building maintenance work is reactive.

Forecast maintenance costs

In general, maintenance costs will vary in relation to the total value of the asset stock. If additional assets are acquired, future maintenance costs will increase. If assets are disposed of future maintenance costs are expected to decrease.

An estimate of annual maintenance costs for buildings is $80k. This figure will be revised in future plans once actual maintenance costs are recorded in the works system.

5.3 Renewal Plan

Renewal is capital work which does not significantly alter the original service provided by the asset, but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to its original service potential is considered to be an acquisition resulting in additional future maintenance costs.

Assets requiring renewal are identified using asset register data to project the renewal costs (current replacement cost) and renewal timing (acquisition year plus updated useful life) to determine the renewal year.

The typical useful lives of assets used to develop projected asset renewal forecasts along with the average remaining useful life of each subcategory are shown in Table 5.3. Asset useful lives were last reviewed in June 2023.[13]

Table 5.3: Useful Lives of Assets

Category and components	Useful Life (years)	Average Remaining Useful Life
Accommodation		
Driveways and Parking	40	38

[12] Depreciation expense and an allocation of Council wide overheads are excluded from these figures.

[13] P&E Valuations (NSW) Pty Ltd Valuation of Buildings and Operational Land report, June 2023

Category and components	Useful Life (years)	Average Remaining Useful Life
Fire Services	20	10
Fittings	30-40	20
Floor Coverings	30-30	15
Mechanical & Electrical Services	30-40	19
Roof structures	40-60	34
Structures	40-100	31
Water Services	5-60	22
Administration		
Fire Services	20	19
Fittings	40	39
Floor Coverings	30	29
Mechanical & Electrical Services	30	21
Roof structures	40	39
Structures	30-60	30
Airport		
Fire Services	20	8
Fittings	40	15
Floor Coverings	25-30	10
Mechanical & Electrical Services	30	14
Roof structures	30-50	19
Structures	30-75	24
Water Services	40-60	23
Community Services		
Fire Services	25	10
Fittings	40	24
Floor Coverings	30-40	22
Mechanical & Electrical Services	30-40	17
Roof structures	40-60	28
Structures	50-150	38
Water Services	40	31
Electricity Supply		
Fire Services	20	4
Fittings	40	12
Floor Coverings	30	9
Mechanical & Electrical Services	30-50	13
Roof structures	40-50	16
Structures	50-75	19
Emergency Services		
Fire Services	20	8
Fittings	40	28
Floor Coverings	30	15
Mechanical & Electrical Services	30	15
Roof structures	40	28
Structures	60	48
Water Services	40-60	44
Fuel Farm		

Category and components	Useful Life (years)	Average Remaining Useful Life
Fittings	40	12
Mechanical & Electrical Services	25-30	12
Roof structures	40	35
Structures	40-60	11
Lighterage		
Fittings	20-40	5
Floor Coverings	20	6
Mechanical & Electrical Services	20-30	7
Roof structures	30-40	10
Structures	30-50	11
Water Services	40	29
Liquor Bond		
Fire Services	20	6
Fittings	40	12
Floor Coverings	30	9
Mechanical & Electrical Services	30	6
Roof structures	40	38
Structures	75	23
Ports		
Mechanical & Electrical Services	30	12
Roof structures	40	16
Structures	50	20
Sewage Treatment		
Roof structures	40	12
Structures	50	15
Tanalith		
Fittings	40	12
Floor Coverings	30	9
Mechanical & Electrical Services	30	9
Roof structures	40	36
Structures	50	15
Telecom		
Fire Services	20	5
Fittings	4	12
Floor Coverings	30	8
Mechanical & Electrical Services	30	9
Roof structures	40	12
Structures	40-100	26
Water Services	40	30
Tourism		
Fittings	40	20
Floor Coverings	30	15
Mechanical & Electrical Services	30	15
Roof structures	40	39
Structures	75	45
Waste Management		

Category and components	Useful Life (years)	Average Remaining Useful Life
Fittings	40	16
Floor Coverings	30	12
Mechanical & Electrical Services	30	23
Roof structures	40	33
Structures	40-50	37
Water Services	40	29
Works		
Fire Services	20	6
Fittings	20-40	10
Floor Coverings	30	8
Mechanical & Electrical Services	20-30	11
Roof structures	30-40	14
Structures	30-60	16
Water Services	40-60	23

5.3.1 Renewal Strategy

The Council plans capital renewal projects to meet the level of service objectives and minimise infrastructure service risks by:

- Planning and scheduling renewal projects to deliver the defined level of service most efficiently,
- Undertaking project scoping for all capital renewal projects to identify:
    - the service delivery 'deficiency', present risk and optimum time for renewal/replacement,
    - the project objectives to rectify the deficiency,
    - the range of options, estimated capital and life cycle costs for each option that could address the service deficiency,
    - evaluate the options against evaluation criteria adopted by the Council, and
    - select the best option to be included in capital renewal programs,
- Using 'low cost' renewal methods (cost of renewal is less than replacement) wherever possible,
- Review current and required skills base to determine if contractors will be required or the workforce requires training and development to meet required construction and renewal needs,
- Review management of capital renewal and replacement activities to ensure Council is obtaining the best value for resources used.

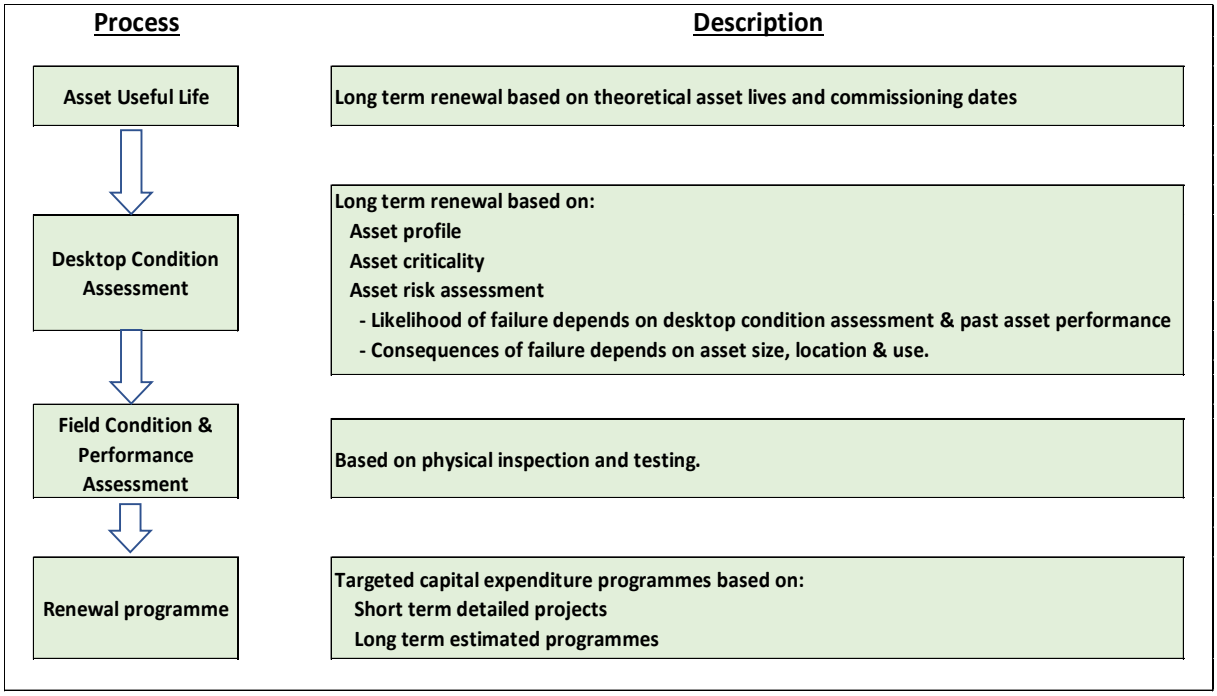
5.3.2 Renewal process

Assets requiring renewal are identified from estimates of remaining life obtained from the asset register. Identified assets are inspected to verify the accuracy of the remaining life estimate and to develop a preliminary renewal estimate. Verified proposals will be ranked by priority and available funds and scheduled in future works programmes.

Priority rankings vary between asset classes and are contingent upon the asset's criticality, consequences of failure and defined service levels.

The renewal process is summarised in the following diagram.

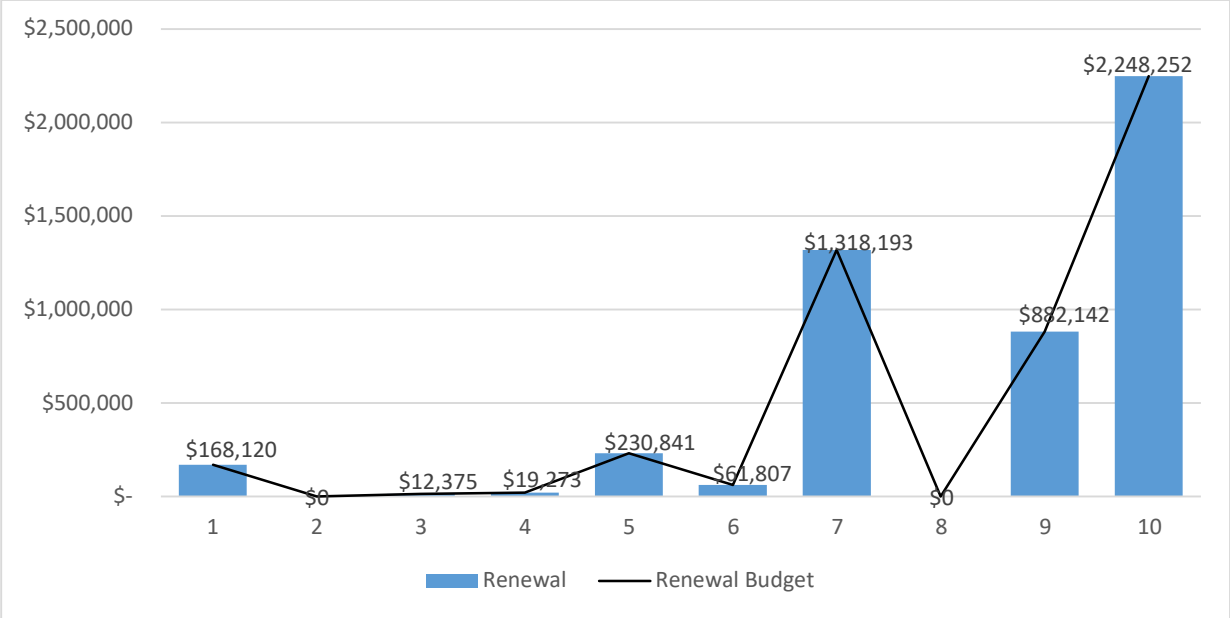
Figure 3: Renewal process



5.4 Summary of future renewal costs

Forecast renewal costs are projected to increase over time if the asset stock increases. The forecast costs associated with renewals are shown relative to the proposed renewal budget in Figure 4. A detailed summary of the forecast renewal costs is shown in Appendix A.

Figure 4: Forecast Renewal Costs and Planned Budget



All figure values are shown in current-day dollars (June 2023).[14]

[14] Comprehensive revaluation by PP&E Valuations (NSW) Pty Ltd as 30 June 2023

Assets requiring renewal are identified from estimates of remaining life obtained from the asset register while the budget forecast is based on an estimate of what can be achieved with the available resources. The total budget allocation required over the ten year period is $11.6m, averaging $1.16m per year.

By using the renewal process identified in section 5.3.2 above, the replacement of assets which are not critical can be deferred to balance service delivery with funding limits. A risk analysis will be included as part of this process to identify those assets with the lowest risk being scheduled for future periods. A consequence of renewal deferral is increased maintenance costs that will need to be assessed and included in future versions of this AM Plan.

5.5 Acquisition Plan

Acquisitions are new assets that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, demand, and social or environmental needs. Assets may also be donated or come under the control of the Council.

5.5.1 Selection criteria

Proposed acquisition of new assets, and upgrade of existing assets, are identified from various sources such as community requests, proposals identified by strategic plans or partnerships with others. Potential upgrades and new works should be reviewed to verify that they are essential to the provision of services to the community. The proposed upgrade and new work analysis should also include the development of a preliminary renewal estimate to ensure that the services are sustainable over the longer term. Verified proposals can then be ranked by priority and available funds and scheduled in future works programmes.

5.5.2 Future asset acquisitions

When a council commits to new assets, it must be prepared to fund future operations, maintenance and renewal costs. Council must also account for future depreciation when reviewing long-term sustainability.

Expenditure on new assets in the capital works program will be accommodated in the long-term financial plan, but only to the extent that there is available funding.

Planned future acquisitions for Infrastructure programmes are listed in Table 5.5.2.

Table 5.5.2 Planned Future Acquisitions

Programme description	Forecast period	Forecast
Waste management reuse shed	2024	$415k
The Norfolk Island Airport Master Plan Draft Final Report, July 2020, has identified the need to replace the airport passenger terminal building. This project is still in the planning stage.		

5.6 Disposals

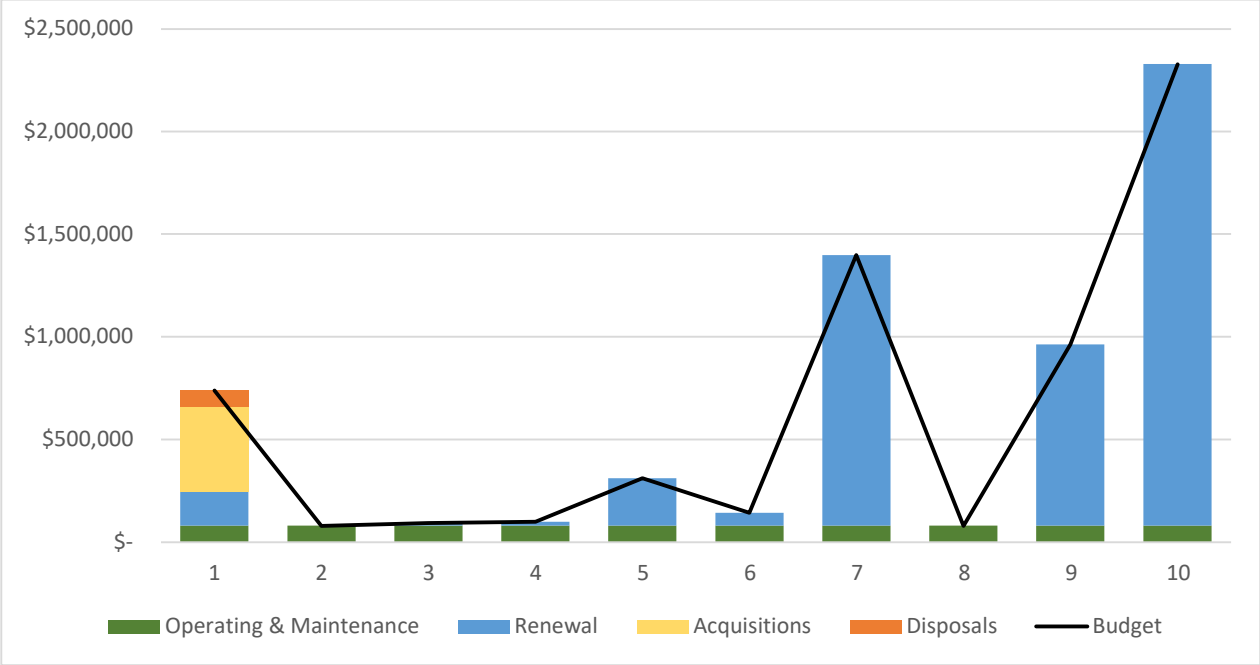
The airport old fire shed and the airport ground maintenance compound will have asbestos management works undertaken in 2024 with a forecast cost of $75k.

5.7 Summary of asset forecast costs

The financial projections from this asset plan are shown in Figure 5. These projections include the estimated forecast costs for maintenance, renewal and acquisitions. These forecast costs are shown relative to the proposed budget.

The bars in the graphs represent the forecast costs needed to minimise the life cycle costs associated with the service provision. The proposed budget line indicates the estimate of available funding. The gap between the forecast work and the proposed budget is the basis of the discussion on achieving a balance between costs, levels of service and risk to achieve the best value outcome.

Figure 5: Lifecycle Summary



All figure values are shown in current-day dollars (June 2023)[15].

[15] Comprehensive revaluation by PP&E Valuations (NSW) Pty Ltd as 30 June 2023

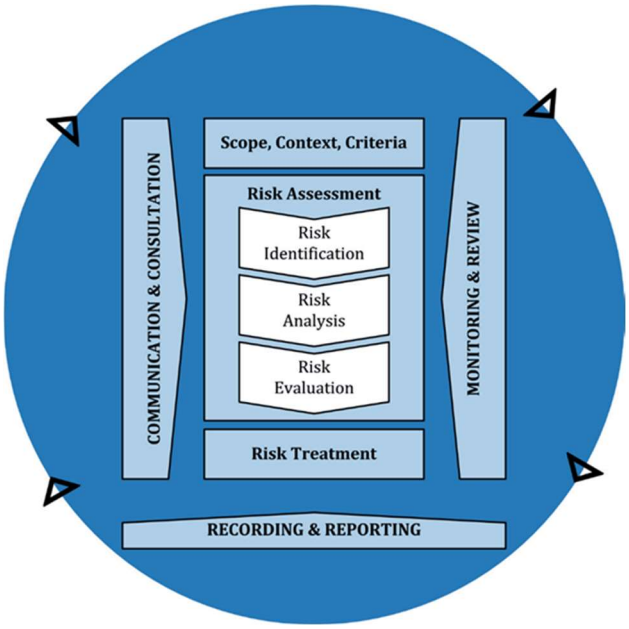
6.0 RISK MANAGEMENT PLANNING

The purpose of infrastructure risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2018 Risk management – Principles and guidelines.

The risk management process used is shown in Figure 6 below.

Figure 6: Risk Management Process – Abridged

Source: ISO 31000:2018, Figure 1, p9



It is an analysis and problem-solving technique designed to provide a logical process for the management of unacceptable risks.

6.1 Risk Assessment

A risk assessment documents the significance of risks through the allocation of a risk rating to each identified risk, the evaluation of those risks, and the development of a risk treatment plan for each risk.

Council manages risks at the strategic level throughout the organisation and at the operational level.

The NIRC Strategic Risk Register (2023) contains information on risk assessment, risk rating and required actions for strategic risk management.

An assessment of strategic risks[16] has identified 2 significant strategic risks relating to effective asset management which are summarised in Table 6.1.1.

Table 6.1.1 Significant Strategic Risks

Risk Description	Detail	Risk Rating*
Sub-optimal management of infrastructure & assets	Asset management and infrastructure strategies do not meet the needs of the Council or the community. Assets and infrastructure are not appropriately maintained and replaced in accordance with established levels of service.	High 16

[16] Refer NIRC Strategic Risk Register, 2023.

Risk Description	Detail	Risk Rating*
Financial sustainability is compromised	Council is unable to maintain its financial and infrastructure capital over the medium to long term due to poor short-term financial decisions, and/or political and management financial literacy deficiencies.	Moderate 8

* See the NIRC Strategic Risk Register for an understanding of the risk ratings.

Identified operational risks associated with the service delivery of the assets covered by this AM Plan are summarised in Table 6.1.2.

Table 6.1.2 Identified Operational Risks

Detail	Risk Treatment
Building materials containing asbestos	Asbestos management plan and register[17]
Fire safety	Annual fire safety audit with follow-up rectification work as identified
Declining asset condition due to lack of scheduled maintenance	Property manager position created and filled.
No resources to ensure the collection, recording and maintenance of asset data.	Establish a permanent asset management position with sufficient authority to establish and maintain practices across the organisation.

[17] Asbestos Audits Queensland, Asbestos Management Plan and Register for Norfolk Island Council Buildings,2018

7.0 FINANCIAL SUMMARY

This section contains the financial requirements resulting from the information presented in the previous sections of this AM Plan. The financial projections will be improved as the discussion on desired levels of service and asset performance matures.

7.1 Financial Sustainability and Projections

7.1.1 Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the AM Plan for this service area. The two indicators are the:

- asset renewal funding ratio (proposed renewal budget for the next ten years/forecast renewal costs for the next ten years), and
- medium-term forecast costs/proposed budget (over ten years of the planning period).

Asset Renewal Funding Ratio

Asset Renewal Funding Ratio is 100% due to the assumption that all identified renewal works are funded over the ten year planning period.

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next ten years, we expect to have the necessary funds required for the renewal of assets.

The forecast renewal work along with the estimated cost of each renewal project is provided in Appendix A.

Medium-term – ten year financial planning period

This AM Plan identifies the forecast maintenance, renewal and acquisition costs required to provide an agreed level of service to the community over the ten year period. This provides input into the long term financial planning process aimed at providing the required services in a sustainable manner.

The forecast costs over the ten year planning period is $623.1k on average per year. Currently, this is fully funded.

7.1.2 Forecast costs (outlays) for the long-term financial plan

Table 7.1.2 shows the forecast costs (outlays) required for consideration in the ten year long-term financial plan.

Providing services in a financially sustainable manner requires a balance between the forecast outlays required to deliver the agreed service levels with the planned budget allocations in the long-term financial plan.

Forecast costs are shown in current-day dollars (June 2023).

Table 7.1.2: Forecast Costs (Outlays) for the Long-Term Financial Plan

Plan Period	Year	Maintenance $	Renewal $	Acquisitions $	Disposals $	Total Outlays $
1	2024	80,000	168,120	415,000	75,000	738,120
2	2025	80,000	-			80,000
3	2026	80,000	12,375			92,375
4	2027	80,000	19,273			99,273
5	2028	80,000	230,841			310,841
6	2029	80,000	61,807			141,807
7	2030	80,000	1,318,193			1,398,193
8	2031	80,000	-			80,000
9	2032	80,000	882,142			962,142
10	2033	80,000	2,248,252			2,328,252

7.2 Funding Strategy

The proposed funding for assets is outlined in the Council's Long Term Financial Plan and annual budget.

The financial strategy of the entity determines how funding will be provided, whereas the AM Plan communicates how and when this will be spent, along with any service and risk consequences of various service alternatives if required.

7.3 Asset Valuations

The best available estimate of the value of assets included in this AM Plan is shown below. The figures are taken from the comprehensive revaluation of building assets as at 30 June 2023[18]:

Estimated Renewal Cost (June 2023)	$48,191,513
Gross carrying amount (June 2023)	$48,191,513
Depreciated Cost[19]	$22,523,086
Annual Depreciation	$997,689

7.4 Key assumptions made in financial forecasts

In compiling this AM Plan, it was necessary to make some assumptions. This section details the key financial assumptions made in the development of this AM plan and should provide readers with an understanding of the level of confidence in the data behind the financial forecasts.

Key financial assumptions made in this AM Plan are:

- Data contained in the valuation report of building assets delivered by PP&E Valuations (NSW) Pty Ltd as at 30 June 2023 is a fair assessment of the condition, remaining useful lives, current replacement cost and fair value of the building assets.
- The maintenance forecast cost is reasonable considering the lack of supporting figures and will remain constant over the ten year plan.
- There is sufficient funding in forward estimates of updated long term financial plans to cover the required outlays contained in this AM Plan.

[18] Comprehensive revaluation by PP&E Valuations (NSW) Pty Ltd as 30 June 2023

[19] Also reported as Written Down Value, Carrying amount or Net Book Value.

8.0 PLAN IMPROVEMENT AND MONITORING

8.1 Asset management and financial data source

This AM Plan utilises asset management data sourced from the council's asset register being the Assetfinda product supplied and maintained by Univerus software solutions.

The data being captured relies on the type of asset data being entered into the AssetFinda system. For example, larger complex assets, such as buildings, that have significant parts with differing lifecycles are componentised.

The asset hierarchy, componentisation and estimated useful lives are set down in Council Policy Statement No. 3.07 Asset Accounting Policy and are summarised in Table 5.3 of this AM Plan.

Council utilises modules in the Civica enterprise management system to process and store financial information. The general ledger records and reports high level financial information across the Council while the work order system is designed to record, track and report the detail of financial transactions. There are only consolidated work orders being used to record transactions for the assets in this AM Plan. Therefore, there is no distinction between operating and maintenance costs; capital works are commingled into a single work order making it impossible to identify and cost individual works for updating the asset register without the assistance of the engineer and technical staff.

8.2 Improvement Plan

It is important that an entity recognise areas of their AM Plan and planning process that require future improvements to ensure effective asset management and informed decision making. The improvement plan generated from this AM Plan is shown in Table 8.2.

Table 8.2: Improvement Plan

Task #	Task	Timeline
1	Collect accurate operating and maintenance costs by correctly recording costs against the appropriate tasks in the works system	Commence 1 July 2023.
2	Develop criticality criteria and a 5-level single score criticality rating and rate the assets covered by this AM Plan to assist with planning and the scheduling of works.	By the end of March 2024
3	Establish an inspection programme for assets covered by this AM Plan and undertake planned maintenance to reduce the extent of reactive maintenance.	By the end of December 2024
4	Develop demand management plans.	Subject to available resources

8.3 Monitoring and Review Procedures

This AM Plan will be reviewed in time for the annual budget planning process and revised to show any material changes in service levels, risks, forecast costs and proposed budgets as a result of budget decisions.

The AM Plan will be reviewed and updated annually to ensure it represents the current service level, asset values, forecast operations, maintenance, renewals, acquisition and asset disposal costs and planned budgets. These forecast costs and proposed budget will be incorporated into the Long-Term Financial Plan once completed.

9.0 REFERENCES

- IPWEA, 2020, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org
- IPWEA, 2015, 'Australian Infrastructure Financial Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org
- ISO, 2014, ISO 55000:2014, Asset management overview, principles and terminology
- ISO, 2018, ISO 31000:2018, Risk management – Guidelines
- Norfolk Island Regional Council, Policy Statement No. 4.04: Asset Management Policy, V2, Draft
- Norfolk Island Community Strategic Plan: 2016-2026
- Norfolk Island Regional Council, Draft Operational Plan 2023-2024
- Norfolk Island Regional Council, Policy Statement No. 3.07: Asset Accounting Policy
- Norfolk Island Regional Council, Strategic Risk Register, 2023
- Australis Asset Advisory Group, 2020 NIRC Infrastructure Revaluation, June 2020, COMMERCIAL-IN-CONFIDENCE
- Leading Edge Aviation Planning Professionals Pty Ltd., Norfolk Island Airport Master Plan Draft Final Report, July 2020
- PP&E Valuations (NSW) Pty Ltd, Valuation of Buildings and Operational Land Assets for Financial Reporting Purposes as at 30 June 2023
- Asbestos Audits Queensland, Asbestos Management Plan and Register for Norfolk Island Council Buildings, January 2018

10.0 APPENDICES

Appendix A 10 year Renewal Forecast

Asset ID	Category	Asset Name	Component	Remaining Life	Forecast Renewal Year	Renewal Cost $
1034.8	Accommodation	Concrete water tank approximately 40,000 gallon (approx 150,000 litre) with roof	Water Services	0	2024	165,000
1012.1	Airport	Airport - old check in hut	Structures	0	2024	2,496
1012.2	Airport	Airport - old check in hut	Roof structures	0	2024	624
1004.8	Accommodation	Steel fabricated water tank 10,000 gallons (approx 37,800 litres)	Water Services	2	2026	12,375
1009.8	Accommodation	Pump and Filter Block A	Water Services	3	2027	2,047
1011.8	Accommodation	Pump and Filter Block C	Water Services	3	2027	2,047
1010.8	Accommodation	Back Pump	Water Services	3	2027	1,638
1010.8	Accommodation	Pump and Filter Block B	Water Services	3	2027	2,047
1027.5	Electricity Supply	Airport storage next to mechanics	Mechanical & Electrical Services	3	2027	608
1051.5	Lighterage	Lighterage Depot - Low Clearance Storage Shed	Mechanical & Electrical Services	3	2027	6,485
1060.5	Airport	Old Airport Deep Well Pump Shed	Mechanical & Electrical Services	3	2027	2,808
1061.5	Airport	Old Airport Foam Storage Shed	Mechanical & Electrical Services	3	2027	1,593
1060.2	Airport	Old Airport Deep Well Pump Shed	Roof structures	4	2028	1,872
1076.2	Airport	Shed opposite Airport Fuel Site	Roof structures	4	2028	1,920

Asset ID	Category	Asset Name	Component	Remaining Life	Forecast Renewal Year	Renewal Cost $
1109.1	Fuel Farm	Overhead Fuel Stand Awning	Structures	4	2028	41,200
1111.1	Fuel Farm	Ball Bay reservoir covering	Structures	4	2028	89,200
1051.1	Lighterage	Lighterage Depot - Low Clearance Storage Shed	Structures	4	2028	38,910
1051.2	Lighterage	Lighterage Depot - Low Clearance Storage Shed	Roof structures	4	2028	12,970
1051.4	Lighterage	Lighterage Depot - Low Clearance Storage Shed	Fittings	4	2028	6,485
1045.6	Electricity Supply	Electricity - Power House	Fire Services	4	2028	11,880
1030.6	Telecom	Anson Bay Earth Station	Fire Services	4	2028	25,796
1027.2	Electricity Supply	Airport storage next to mechanics	Roof structures	4	2028	608
1027.1	Electricity Supply	Airport storage next to mechanics	Structures	5	2029	4,867
1006.8	Accommodation	Concrete underground water tank 2,500 gallon (Approx 9,500 litres)	Water Services	5	2029	4,125
1007.8	Accommodation	Concrete underground water tank 2,500 gallon (Approx 9,500 litres)	Water Services	5	2029	4,125
1003.8	Accommodation	Concrete underground water tank 2,500 gallon (Approx 9,500 litres)	Water Services	5	2029	4,125
1001.8	Accommodation	Concrete underground water tank 2,500 gallon (Approx 9,500 litres)	Water Services	5	2029	4,125
1119.8	Airport	Airport bore concrete tanks with 2 x "ONGA" pumps approx 41,000 Litres	Water Services	5	2029	14,025
1089.8	Works	Underground concrete WATERTKS approx 10,000 gallons (approx 37,000litres) each x 3	Water Services	5	2029	12,375
1060.1	Airport	Old Airport Deep Well Pump Shed	Structures	5	2029	14,040

Asset ID	Category	Asset Name	Component	Remaining Life	Forecast Renewal Year	Renewal Cost $
1090.6	Works	Works Depot - Stores A	Fire Services	6	2030	2,637
1086.3	Works	Works Depot - Mechanical, Grounds, Panel Bay & Parking	Floor Coverings	6	2030	4,585
1086.5	Works	Works Depot - Mechanical, Grounds, Panel Bay & Parking	Mechanical & Electrical Services	6	2030	76,415
1088.5	Works	Works Depot - Old Fire Station	Mechanical & Electrical Services	6	2030	17,483
1093.5	Works	Works Depot Timber Rack Building	Mechanical & Electrical Services	6	2030	6,398
1026.5	Airport	Airport Shed - near Private Hangar	Mechanical & Electrical Services	6	2030	4,004
1016.5	Airport	Airport Booster Pump Shed	Mechanical & Electrical Services	6	2030	2,201
1013.3	Airport	Airport Amenities and Machinery Shed	Floor Coverings	6	2030	7,592
1013.5	Airport	Airport Amenities and Machinery Shed	Mechanical & Electrical Services	6	2030	35,427
1030.5	Telecom	Anson Bay Earth Station	Mechanical & Electrical Services	6	2030	283,752
1030.3	Telecom	Anson Bay Earth Station	Floor Coverings	6	2030	77,387
1028.6	Airport	Airport Terminal	Fire Services	6	2030	57,010
1029.3	Airport	Airport Tractor Shed & Carpentry Shed	Floor Coverings	6	2030	2,484
1029.5	Airport	Airport Tractor Shed & Carpentry Shed	Mechanical & Electrical Services	6	2030	37,255
1042.6	Telecom	Communications Centre	Fire Services	6	2030	17,294
1045.5	Electricity Supply	Electricity - Power House	Mechanical & Electrical Services	6	2030	225,715

Asset ID	Category	Asset Name	Component	Remaining Life	Forecast Renewal Year	Renewal Cost $
1045.3	Electricity Supply	Electricity - Power House	Floor Coverings	6	2030	35,639
1049.5	Lighterage	Lighterage - Awning Structure	Mechanical & Electrical Services	6	2030	2,600
1050.5	Lighterage	Lighterage Depot - Lighterage Storage Shed 1	Mechanical & Electrical Services	6	2030	9,753
1053.3	Lighterage	Lighterage Depot - Single Demountable Style Office	Floor Coverings	6	2030	2,808
1053.4	Lighterage	Lighterage Depot - Single Demountable Style Office	Fittings	6	2030	8,424
1053.5	Lighterage	Lighterage Depot - Single Demountable Style Office	Mechanical & Electrical Services	6	2030	8,424
1054.5	Liquor Bond	Liquor Mart Building	Mechanical & Electrical Services	6	2030	380,232
1054.6	Liquor Bond	Liquor Mart Building	Fire Services	6	2030	12,674
1010.8	Accommodation	Pump and Filter Block B	Water Services	8	2032	2,047
1010.8	Accommodation	Back Pump	Water Services	8	2032	1,638
1011.8	Accommodation	Pump and Filter Block C	Water Services	8	2032	2,047
1009.8	Accommodation	Pump and Filter Block A	Water Services	8	2032	2,047
1013.2	Airport	Airport Amenities and Machinery Shed	Roof structures	8	2032	32,897
1013.4	Airport	Airport Amenities and Machinery Shed	Fittings	8	2032	25,305
1016.2	Airport	Airport Booster Pump Shed	Roof structures	8	2032	1,835
1026.2	Airport	Airport Shed - near Private Hangar	Roof structures	8	2032	4,004

Asset ID	Category	Asset Name	Component	Remaining Life	Forecast Renewal Year	Renewal Cost $
1050.1	Lighterage	Lighterage Depot - Lighterage Storage Shed 1	Structures	8	2032	73,145
1050.2	Lighterage	Lighterage Depot - Lighterage Storage Shed 1	Roof structures	8	2032	14,629
1049.1	Lighterage	Lighterage - Awning Structure	Structures	8	2032	41,600
1049.2	Lighterage	Lighterage - Awning Structure	Roof structures	8	2032	7,800
1048.6	Emergency Services	Emergency Services Station	Fire Services	8	2032	24,073
1045.4	Electricity Supply	Electricity - Power House	Fittings	8	2032	11,880
1045.2	Electricity Supply	Electricity - Power House	Roof structures	8	2032	71,279
1029.4	Airport	Airport Tractor Shed & Carpentry Shed	Fittings	8	2032	17,386
1030.4	Telecom	Anson Bay Earth Station	Fittings	8	2032	257,956
1029.2	Airport	Airport Tractor Shed & Carpentry Shed	Roof structures	8	2032	29,804
1030.2	Telecom	Anson Bay Earth Station	Roof structures	8	2032	128,978
1099.1	Works	Roads Depot - Open & Front Shed	Structures	8	2032	3,510
1099.2	Works	Roads Depot - Open & Front Shed	Roof structures	8	2032	2,340
1088.2	Works	Works Depot - Old Fire Station	Roof structures	8	2032	24,975
1088.4	Works	Works Depot - Old Fire Station	Fittings	8	2032	12,488
1086.4	Works	Works Depot - Mechanical, Grounds, Panel Bay & Parking	Fittings	8	2032	25,981

Asset ID	Category	Asset Name	Component	Remaining Life	Forecast Renewal Year	Renewal Cost $
1092.2	Works	Works Depot - Tent Storage	Roof structures	8	2032	15,678
1093.2	Works	Works Depot Timber Rack Building	Roof structures	8	2032	19,195
1076.1	Airport	Shed opposite Airport Fuel Site	Structures	8	2032	7,680
1061.2	Airport	Old Airport Foam Storage Shed	Roof structures	8	2032	1,274
1073.4	Works	Roads Depot - Office	Fittings	8	2032	12,177
1073.5	Works	Roads Depot - Office	Mechanical & Electrical Services	8	2032	6,494
1071.5	Community Services	Radio Station Storage	Mechanical & Electrical Services	9	2033	7,081
1077.5	Tanalith	Tanalith Building	Mechanical & Electrical Services	9	2033	35,880
1077.3	Tanalith	Tanalith Building	Floor Coverings	9	2033	2,990
1091.5	Works	Works Depot - Stores B	Mechanical & Electrical Services	9	2033	8,288
1090.5	Works	Works Depot - Stores A	Mechanical & Electrical Services	9	2033	11,427
1090.3	Works	Works Depot - Stores A	Floor Coverings	9	2033	2,637
1087.3	Works	Works Depot - Office, Tea, Amenities, Roads, Building Maintenance & Stores	Floor Coverings	9	2033	31,736
1087.5	Works	Works Depot - Office, Tea, Amenities, Roads, Building Maintenance & Stores	Mechanical & Electrical Services	9	2033	79,340
1108.5	Airport	Airport Old Fire Station	Mechanical & Electrical Services	9	2033	30,580
1108.3	Airport	Airport Old Fire Station	Floor Coverings	9	2033	5,097

Asset ID	Category	Asset Name	Component	Remaining Life	Forecast Renewal Year	Renewal Cost $
1028.5	Airport	Airport Terminal	Mechanical & Electrical Services	9	2033	855,150
1033.5	Telecom	Anson Bay Earth Station Tennis Court Shed	Mechanical & Electrical Services	9	2033	2,917
1034.5	Fuel Farm	Ball Bay Fuel Depot - Fire Pump Shed	Mechanical & Electrical Services	9	2033	6,338
1031.5	Telecom	Anson Bay Earth Station Annex Building	Mechanical & Electrical Services	9	2033	54,966
1032.3	Telecom	Anson Bay Earth Station House	Floor Coverings	9	2033	13,842
1032.5	Telecom	Anson Bay Earth Station House	Mechanical & Electrical Services	9	2033	92,280
1042.3	Telecom	Communications Centre	Floor Coverings	9	2033	69,174
1036.5	Fuel Farm	Ball Bay Fuel Depot - Lab/Testing Building	Mechanical & Electrical Services	9	2033	13,260
1042.5	Telecom	Communications Centre	Mechanical & Electrical Services	9	2033	345,870
1044.5	Electricity Supply	Electricity - Mechanical Workshop - Airport	Mechanical & Electrical Services	9	2033	57,525
1047.5	Electricity Supply	Electricity - Power House Yard Hut	Mechanical & Electrical Services	9	2033	5,391
1054.3	Liquor Bond	Liquor Mart Building	Floor Coverings	9	2033	50,698
1055.5	Telecom	Mount Pitt Hutt Radio Building	Mechanical & Electrical Services	9	2033	6,188
1053.1	Lighterage	Lighterage Depot - Single Demountable Style Office	Structures	9	2033	32,011
1053.2	Lighterage	Lighterage Depot - Single Demountable Style Office	Roof structures	9	2033	4,493
1028.3	Airport	Airport Terminal	Floor Coverings	9	2033	285,050

Asset ID	Category	Asset Name	Component	Remaining Life	Forecast Renewal Year	Renewal Cost $
1024.5	Airport	Airport Reservoir Building	Mechanical & Electrical Services	9	2033	16,848
1017.3	Airport	Airport Emergency Services Building - Ex Catering	Floor Coverings	9	2033	13,755
1017.5	Airport	Airport Emergency Services Building - Ex Catering	Mechanical & Electrical Services	9	2033	33,012
1001.5	Accommodation	1 DCA - 184A Ferny Lane	Mechanical & Electrical Services	9	2033	64,720

Appendix C Glossary

Asset

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

Asset* (Council definition)

This means property, plant and equipment controlled by the Council that supports the provision of services to the community or produces revenue to contribute to the provision of services or is held for administration purposes and is expected to be used for more than 12 months. Infrastructure is included in this definition

Asset Category

Sub-group of assets within a class hierarchy for financial reporting and management purposes.

Asset Class

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

Asset Condition Assessment

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

Asset Hierarchy

A framework for segmenting an asset base into appropriate classifications. The asset hierarchy can be based on asset function or asset type or a combination of the two.

Asset Management (AM)

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

Asset Management Plan (AM Plan)

A plan developed for the management of each asset class that identifies asset service standards and long-term (at least 10 years) projects and cash flow estimates for maintenance, rehabilitation, replacement and improvement.

Asset Management Policy*

A Council policy that describes how Council intends to apply asset management across the organisation. It establishes the Asset Management Strategy; asset management plans and allocates responsibility to ensure effective asset management.

Asset Management Strategy*

The Council document that describes the 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 are achieved.

Asset Register*

A record of asset information including inventory, historical, condition, construction, technical and financial details.

Asset Renewal Funding Ratio

The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an AM Plan for the same period.

Capital Expenditure (Renewal, Upgrade, Acquisition)

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, rehabilitation, 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.

Capitalisation Threshold

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

Carrying Amount

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

Commissioned

When the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. The date depreciation commences.

Community Strategic Plan*

Council document that states the community's vision and aspirations for a period of ten years.

Component

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

Cost of an Asset

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

Critical Assets

Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than noncritical assets.

Current Replacement Cost (CRC)

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

Depreciable Amount (DA)

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

Depreciated Replacement Cost (DRC)

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

Depreciation / Amortisation

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

Expenses

Decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or increases in liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Fair Value

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

Funding Gap

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

Gross Carrying Amount

The amount that a class of assets is recognised prior to deducting any accumulated depreciation and accumulated impairment losses.

Impairment Loss

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

Infrastructure Assets

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and 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. They are fixed in place and are often have no separate market value.

Level of Service

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

Life Cycle Cost *

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

2. Average LCC: the life cycle cost (LCC) is the average cost to provide the service over the longest asset life cycle. It comprises average operations, maintenance expenditure and asset consumption expense, represented by depreciation expense projected over 10 years. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

Maintenance

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

- **Planned maintenance**

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

- **Reactive maintenance**

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

- **Specific maintenance**

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

• Unplanned maintenance

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

Maintenance Expenditure *

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

Materiality

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

Net Present Value (NPV)

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

Operations

Regular activities to provide services such as public health, safety and amenity, e.g. street sweeping, grass mowing and street lighting.

Operating Expenditure

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

Operating Expense

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

Operations, Maintenance and Renewal Financing Ratio

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

Operational Plan*

Council's annual action plan for achieving the community priorities outlined in the Community Strategic Plan. Includes the annual budget and revenue policy.

Rate of Annual Asset Consumption *

The ratio of annual asset consumption relative to the depreciable amount of the assets. It measures the amount of the consumable parts of assets that are consumed in a period (depreciation) expressed as a percentage of the depreciable amount.

Rate of Annual Asset Renewal *

The ratio of asset renewal and replacement expenditure relative to the depreciable amount for a period. It measures whether assets are being replaced at the rate they are wearing out with capital renewal expenditure expressed as a percentage of the depreciable amount (capital renewal expenditure/DA).

Recoverable Amount

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

Remaining Useful Life

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

Residual Value

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

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.

Road Pavement

The formed and sealed part of the road reserve used for traffic, generally measured from the back of kerb to back of kerb (or shoulder).

Road

Includes the entire gazetted road reserve area from property boundary to property boundary.

Service Potential

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

Specific Maintenance

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

Sub-Component

Smaller individual parts that make up a component part.

Useful Life

Either:

(a) the period over which an asset is expected to be available for use by an entity, or

(b) the number of production or similar units expected to be obtained from the asset by the entity.

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

Verge

The area from behind a kerb or road shoulder to a private property boundary.

Value in Use

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

Source: IPWEA, 2020, Glossary
* Additional and modified glossary items shown