



## **POLICY**

### *ASSET MANAGEMENT POLICY*

**Approved by:** *Urban Services Committee. Date: 9 February 1998*

Completely retyped and reformatted on 16 January 2007

**Next Review Date:**

**Responsible Officer**

Position: *Manager Asset Management Services*

Location: Capital Works

Phone: 8203 7203

*ACC2007/104911*

**FOR MORE INFORMATION** contact the owner of this document. Owners title and phone number are on the front cover.

**PROPOSING CHANGES**

If you wish to suggest changes to this policy, complete and forward the “REQUEST TO CHANGE POLICY” form via electronic mail or internal mail. This form is attached as appendix 2 of this document.

**DOCUMENT CONTROL SHEET**

<b>Amendment</b>	<b>Page No(s)</b>	<b>Issue No</b>

---

## TABLE OF CONTENTS

	<b>Page</b>
<b>1.0 INTRODUCTION</b>	<b>4</b>
<b>2.0 PRINCIPLES OF ASSET MANAGEMENT</b>	<b>5</b>
<b>3.0 PURPOSE</b>	<b>7</b>
<b>4.0 POLICY APPLICATION</b>	<b>8</b>
<b>5.0 DEFINITIONS</b>	<b>8</b>
<b>6.0 CORPORATE MISSION STATEMENT AND GOALS</b>	<b>9</b>
<b>7.0 POLICY STATEMENTS</b>	<b>10</b>
<b>7.1 Associated policies</b>	<b>10</b>
<b>7.2 Demand and Customer Expectations Policy</b>	<b>11</b>
<b>7.3 Asset Planning and Budgeting Policy</b>	<b>12</b>
<b>7.4 Asset Operations and Maintenance Policy</b>	<b>13</b>
<b>7.5 Asset Accounting and Costing Policy</b>	<b>14</b>
<b>7.6 Risk Assessment and Management Policy</b>	<b>15</b>
<b>7.7 Total Asset Management Plans Policy</b>	<b>16</b>
<b>7.8 Information Systems Policy</b>	<b>17</b>
<b>7.9 Data Management Policy</b>	<b>18</b>
<b>7.10 Asset Acquisition Modification or Disposal Policy</b>	<b>19</b>
<b>APPENDICES</b>	
<b>ONE Associated / Support Policy Documents Standards and Systems</b>	
<b>TWO Glossary of Terms</b>	

## 1. INTRODUCTION

The City of Adelaide is in the business of providing services to the community. The assets of the City of Adelaide enable and support the provision of most of these services. Council has a responsibility to manage its assets to ensure cost effective delivery of its services. Elected members have a stewardship role to ensure that the City's assets are cared for and protected for future generations. Asset Management is based on the principle of sustainability of the built and natural environment.

The statement below encapsulates this notion of stewardship responsibilities:

*“Today I was warmed by fires I did not build  
I drank from a well I did not dig.  
I sat in the shade of a tree I did not plant.  
Let me pause to give thanks for the efforts  
of those who came before me.”*

**Asset Management** is about the way in which we look after our assets. This is both from a day-to-day (operations and maintenance) and a medium to long term (strategic and forward planning) basis.

**Asset Management** is associated with the current or desired levels of service for our customers, the associated costs in providing these services, and the practices and systems that assist the City of Adelaide in achieving this in the most efficient and effective manner.

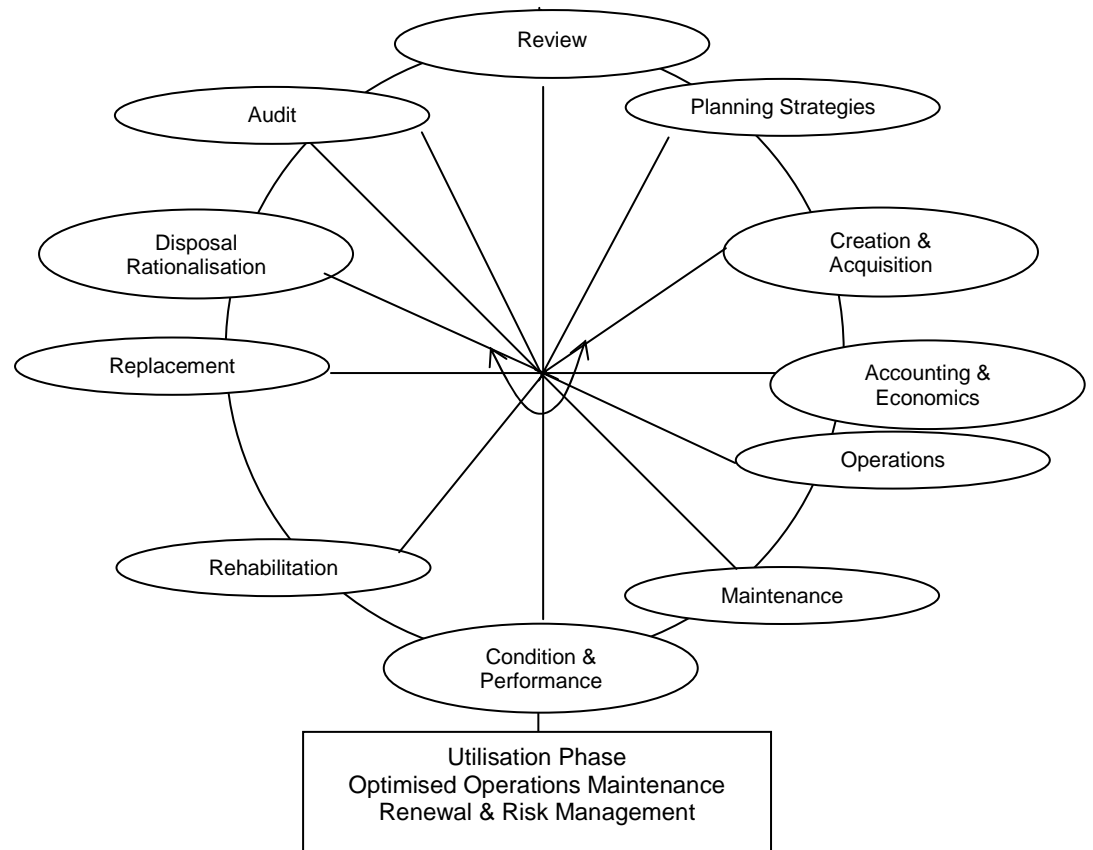
**Asset Management Strategies** must be environmentally sustainable and effective asset management practices and procedures will ensure this is the case over the whole of the asset's life.

Assets include infrastructure such as buildings, roads and stormwater drainage as well as non infrastructure such as land, plant and equipment, heritage and cultural assets, and Park Lands.

This document sets out the key Corporate Asset Management Policies associated with the effective management of the City's assets.

## 2. PRINCIPLES OF ASSET MANAGEMENT

Asset Management functions are set out in the diagram below, commencing with the planning for assets through to review:



To responsibly manage assets the organisation needs to know:

- the assets it owns or controls
- the current condition and residual lives of the assets
- the present or current replacement dates of assets
- the cost of maintenance, replacement and rehabilitation programmes
- how programmes will be financed and funds accumulated
- how funding will affect the organisation's expenditures and incomes
- levels of service acceptable or expected by customers
- dates that assets are constructed or acquired
- whether assets will be replaced at the end of their life

More advanced asset management requires a knowledge of:

- what the assets and components consist of down to the level at which maintenance can be managed
- the rate of decay of assets
- the impact that possible future failures and technological change will have, both from a business point of view and in terms of how the assets are managed
- the strategies to counter failures and changes
- the optimal maintenance and renewal required for reliability or long life at least cost
- whether assets are being operated efficiently and effectively
- how different levels of funding will affect level of service

- what risks the many different management options constitute for the organisation
- what investment options there are for maintenance, rehabilitation and renewal over the life cycle of the asset
- the service capacity of components, and the potential for the service capacity to be exceeded prior to the end of the physical life of the asset.

### **3. PURPOSE**

The purpose of this policy document is to provide a framework within which the City of Adelaide will undertake the management of its vast portfolio of assets.

The policies are designed to provide assistance to those people, with asset management responsibilities, adopt best appropriate practices. These practices may vary dependant on the differing nature and requirements of the particular asset types, but will be consistent with the intent of the contents of this document.

The overriding objective for the adoption of best appropriate Asset Management practices is to provide the most appropriate service delivery for the benefit of the user of the City.

#### 4. POLICY APPLICATION

These policies affect most Departments of the Corporation in some way and therefore apply to staff at various levels within the organisation. External service providers through contracts to the Corporation also are bound by these policies when applicable.

The policies are for the City of Adelaide and therefore are adopted by, and applicable to the Elected Members of Council. The Corporation is the provider of a large range of services using its vast portfolio of assets and the Council, having a stewardship responsibility, is the final decision maker on all matters related to their management and care.

Those under the influence of these policies must be made aware of the contents of this and associated documents.

#### 5. DEFINITIONS

A Glossary of Terms is included in Appendix Two.

The term **Service Provider** is used throughout this document and to avoid confusion in interpretation is defined as follows:

A **Service Provider** for the purpose of this policy document refers to any distinct functional area (sometimes referred to as activity or cost centre) within the Corporation and may be either a Division, Department or Section within the Administration. The term includes both sections that provide services to internal customers as well as sections that provide services to external customers.

Examples include:

- Asset Managers – external service providers and receivers of internal services
- Financial Service Department – internal service provider
- Operations Department – internal service provider and receiver
- Aquatic Centre – external service provider and receiver of internal services

## 6. CORPORATION MISSION STATEMENT AND GOALS

(ref. *City of Adelaide Corporate Plan 1997-2002*)

The Mission Statement of the City of Adelaide is:

***“We will excel in the provision of local government services for the City of Adelaide to meet the needs of ratepayers, residents and visitors and to support the role of the City in the economic development of the State and the community and cultural life of the people of South Australia, delivering:***

- ***Excellence in the provision of services to support the role and responsibilities of the Council and the economic, environmental and social life of the City;***
- ***Efficient and effective management, maintenance and development of the public realm of the City of its broad community of users;***
- ***Customer service which continually exceeds customer expectations delivered through expert, committed, focused employees with common goals and objectives.”***

The City of Adelaide’s Goals relate to:

- **Civic Leadership**
- **Local Government Excellence**
- **Economic Growth and Investment**
- **Environmental Quality**
- **Community and Cultural Vitality**
- **Urban Design, Development and Access**
- **City Living**
- **Asset Management**

The above mission statement and corporate goals are about delivery of service to the users of the City. In order to deliver that service, appropriate and well maintained assets are needed.

The Asset Management Goal as contained in the Corporate Plan is:

**“The Council will optimise the provision, management and disposal of assets at the least whole of life costs so that the service delivery strategies which they support meet their defined levels of service.”**

## 7. POLICY STATEMENTS

### 7.1 Associated policies

The Corporation shall adopt the following policies:

- The document titled “**Strategic Asset Management Framework**” Jan 96 published by the South Australian Government shall, together with this document constitute the Asset Management Policy document for The City of Adelaide.
- The intent of the State Government document is to provide an asset management framework for all government agencies and authorities and therefore takes a high level strategic approach.
- In support of this whole of government approach the Corporation shall not unreasonably withhold data, information or advice when in receipt of requests from other authorities or agencies. The Corporation shall at all times ensure a cooperative approach is adopted.
- The policy statements within this City of Adelaide document are designed to tailor the State Government (State Govt) policy direction to Local Government and more particularly City of Adelaide requirements whilst still remaining under the umbrella of a ‘whole of government’ direction.
- Any policy statement contained within the City of Adelaide document shall take precedence over any statements within the State Govt document if a conflict or ambiguity exists.
- Supporting this document there shall be Asset Management policies and procedures for specific asset groups, such as, roads, Park Lands, plant and equipment as well as associated functional activities such as asset financial accounting.
- **Appendix One** contains references to all support documents, standards and systems.
- Where a conflict or ambiguity exists between the contents of a support document and a statement within this document, the statement contained within this document shall apply.
- Any such conflict or ambiguity shall be resolved in a formal manner to produce policy modifications. This will be resolved by the Manager, Asset Management Services.

## **7.2 Demand and Customer Expectations Policy**

The Corporation shall adopt the following policies:

- The Corporation will complete regular customer surveys or satisfaction surveys in all of their service provision areas and will determine service quality and customer expectations in all key areas.
- The Corporation will match customer service expectations with the costs for the provision of that same level of service through appropriate customer consultative groups. These informed groups shall advise the Corporation on key issues affecting customers and assist with the development of strategies to meet expectations.
- Service purchasers and providers will use this information to drive their service delivery programs and the appropriate programmes as outlined in the asset planning and budgeting policy.
- Regular communication with the Corporation's customers setting out results of surveys, performance, strategies etc. will be prepared.

### 7.3 Asset Planning and Budgeting Policy

The Corporation shall adopt the following policies:

- All assets will be managed from a life cycle perspective in accordance with the **National Asset Management Manual** published by the Institute of Municipal Engineers Australia.
- The capital allocations for new and existing assets will only be made following the Corporation's capital expenditure review process.
- All capital investment will be judged on a life cycle cost approach with capital expenditure only being approved in conjunction with appropriate recurrent expenditure budgets (maintenance and operations).
- Capital investment proposals will be evaluated prioritised and selected in accordance with criteria which include a benefits cost analysis for both renewed and new assets.
- Asset renewal and maintenance programs will be met prior to any new or additional assets being considered except through the above processes.
- Appropriately audited preventative maintenance programs will be undertaken on all infrastructure and other assets to ensure that the lowest life cycle cost is achieved and asset values are maintained.
- Appropriate asset accounting and costing processes together with risk assessment and management will be undertaken in accordance with other policies.

## **7.4 Asset Operations and Maintenance Policy**

The Corporation shall adopt the following policies.

- Instigate appropriate planned maintenance regimes to assist the City's assets meeting their design lives in the most cost effective manner.
- Maintenance plans will be designed using best available analysis techniques as appropriate and shall incorporate a cost benefits approach.
- Benchmarking of all asset maintenance and life cycle management techniques will be undertaken to ensure the Corporation is adopting best appropriate practices.
- Information shall be captured within the Corporation's information systems about the activities undertaken to assist in the analysis of current and planning for future activities and expenditure.

## 7.5 Asset Accounting and Costing Policy

The Corporation shall adopt the following policies:

- The Corporation will keep detailed asset registers on all assets owned or under its care and control.
- These assets will be revalued at intervals of no greater than 5 years using the deprival valuation as the basis.
- Effective economic lives will be given to each of these assets with the written down value and depreciation value determined in accordance with the current applicable accounting regulations.
- Depreciation charges shall be calculated for all assets on an appropriate basis. The basis for determination of depreciation shall be subject to review with the objective being to use a method that best reflects the true consumption of the asset or conversely provides an indication of the future cashflows necessary to sustain the asset condition such that the required level of service is maintained.
- The Corporation will determine the cost of asset service delivery on a full cost recovery basis which as a minimum includes the appropriate distribution of costs and overheads from:
  - administration including any finance charges
  - operation
  - maintenance
  - depreciation expressed as either straight line or average annual annuity of the renewal cashflow.
- All costs will be determined on an accurate accrual basis and any cost subsidies or cost of Governance obligations will be clearly defined and transparent to all stakeholders and customers.
- Planned asset acquisitions, modifications or disposals shall only proceed if proposed expenditure has been included as part of the asset management plan development which capital works evaluation forms a part.
- Joint use facilities will be costed as stated above and full costs transferred to the relevant service provider based on usage of assets.

## **7.6 Risk Assessment and Management Policy**

The Corporation shall adopt the following policies:

- All staff responsible for and involved in activities associated with the management of the City's assets will be trained to an appropriate level to ensure that risk assessment practices are applied.
- Each service provider will annually assess their overall business risks and determine the most appropriate strategies to manage these.
- All service providers and their subsidiaries will be responsible and accountable for their risk assessment and management and shall include any related costs (including losses).
- Insurance policies and premiums will be developed on an individual service provider basis with each unit meeting these full premium costs and any excess charges levied against their activities.

## **7.7 Total Asset Management Plans Policy**

The Corporation shall adopt the following policies:

- The Corporation will develop a Total Asset Management Plan (TAMP) which will apply to all the asset groups under the care and control of the City of Adelaide.
- The TAMP will include a total life cycle approach from asset needs identification to asset disposal.
- The TAMP will include comprehensive planning from long term strategic planning aspects through to short term operations and maintenance plans.
- The TAMP will include the total aspect of asset management involving effectiveness, efficiency, and economic viability (in a full business sense) of delivering the level of service required for the lowest possible cost.
- The TAMP will take account of the Corporation's community service obligations and all plans and programmes must be environmentally sustainable and comply with the contents of intent of the Corporation's "Environmental Management Plan – Local Agenda 21".
- The TAMP will comply with the intent of the Corporate Asset Management Policy statements.
- The TAMP will provide the basis for financial planning for assets. Evaluation of asset renewal and creation projects for inclusion on Corporate programs will include the identified needs contained within the TAMP as a major criteria.
- The TAMP will be subject to a disciplined continuous improvement program.

## **7.8 Information Systems Policy**

The Corporation shall adopt the following policies:

- The Corporate Asset Management System (including Corporate data) will be used without exception by all service providers for their Asset Management related activities.
- Service providers will be given the authority to acquire local systems subject to Corporate policies and procedures. For systems to assist asset and works management this will only be approved if the Corporate system cannot provide the necessary functionality and the requirement is justified on a consideration of benefit and cost.
- Local systems must be compatible with the Corporate system. If enhancements to the Corporate system provide the functionality provided by the local system, the local system will be migrated to the Corporate system.
- All requests or proposals for local systems which are related to asset or works management must be referred to the Manager, Asset Management Services for comment, before a Business Case is prepared and forwarded to the Manager, Information Technology, as required by the IT Purchasing Policy.
- Responsibility for Administration of the Corporate Asset management System rests with Asset Management Services and will be bound by the relevant Corporate IT policies.
- Corporate Asset Management System enhancements and purchasing will be the responsibility of Asset Management Services and be bound by the relevant IT policy.

## **7.9 Data Management Policy**

The corporation shall adopt the following policies:

- Responsibility for data management rests with the Corporate Asset Management System Administrator.
- Responsibility for data accuracy and currency rests with the Asset Managers.
- Data will be periodically audited to ensure compliance with Corporate Policies and Procedures.
- Data capture will be the responsibility of the relevant Asset Manager and comply with the Corporate data capture policy.

## **7.10 Asset Acquisition, Modification or Disposal Policy**

The Corporation shall adopt the following policies:

- Asset acquisition, modifications or disposals will look at alternative options to deliver the desired product as specified by the Asset Management Plan. These options shall be evaluated on a benefits and costs basis.
- A formal asset acquisition, modifications or disposals process shall be established that ensures the desired asset or service is delivered and the appropriate information systems updated to identify, account and manage the asset appropriately from day one of asset handover.

## APPENDIX ONE

### ASSOCIATED / SUPPORT POLICY DOCUMENTS; STANDARDS AND SYSTEMS

#### SUPPORT POLICIES

The Corporation's policies and procedures documents listed below support this policy:

1. Asset Management Policies & Procedures – Roads, \*
2. Asset Management Policies & Procedures – Footpaths, \*
3. Asset Management Policies & Procedures – Bridges, \*
4. Asset Management Policies & Procedures – Stormwater Drainage, \*
5. Asset Management Policies & Procedures – Park Lands, \*
6. Asset Management Policies & Procedures – Lighting & Electrical, \*
7. Asset Management Policies & Procedures – Properties, \*
8. Asset Management Policies & Procedures – Aquatic Centre, \*
9. Asset Management Policies & Procedures – Mechanical Plant & Equipment, \*
10. Asset Management Policies & Procedures – Office Furniture & Equipment, \*
11. Asset Management Policies & Procedures – Civic Collection, \*
12. Asset Management Policies & Procedures – Street Furniture, \*
13. Asset Management Policies & Procedures – Traffic Signals, \*
14. Asset Management Policies and Procedures – Accounting Requirements
15. Asset Management Policies and Procedures – Risk Management, \*
16. Asset Management Policies and Procedures – Asset Data Management, \*
17. Asset Management Policies and Procedures – Asset Data Capture, \*
18. Asset Management Policies and Procedures – Asset Creation, Disposal & Modification\*
19. Capital Investment Evaluation Policy & Procedures - \*
20. Contestability
21. IT Equipment – Purchase of
22. IT Equipment – Disposal of
23. Purchasing Policies and Procedures

\* - yet to be drafted

## **SUPPORT DOCUMENTS AND STANDARDS**

The documents, publications and standards listed below support this policy:

1. Strategic Asset Management Framework – *Government of South Australia, Jan 1996*
2. National Asset Management Manual – *Institute of Municipal Engineering Australia, 1994*
3. Australian Accounting Standard 27 (AAS 27) – Financial Reporting by Local Governments
4. Australian Accounting Standard 10 – Accounting for the Revaluation of Non-Current Assets
5. Australian Accounting Standard 4 – Depreciation of Non-Current Assets
6. City of Adelaide Corporate Plan 1997 – 2002 – *Corporation of the City of Adelaide*
7. The City of Adelaide Environmental Management Plan – Local Agenda 21 – *Corporation of the City of Adelaide*
8. Streets, Squares and Park Lands – Adelaide's Public Realm – *Corporation of the City of Adelaide*

## **INFORMATION TECHNOLOGY SYSTEMS**

The Corporation's Information Technology Systems which support Asset Management activities are:

1. Corporate Asset Management System (AMS) – *Hansen Version 7 – Infrastructure Management Solutions (IMS)*
2. Corporate Financial Management System – *CA Masterpiece*
3. Corporate Human Resource Management System – *Chris*
4. Corporate Geographic Information System (GIS) – *Arc Info, Arc View*
5. Corporation's Pavement Management System (PMS) – *PARMMS for Windows*

## APPENDIX TWO

### GLOSSARY OF TERMS

<b>Accrual Accounting</b>	Recognition of revenues as they are earned and expenses as they are incurred. <b>1.</b>
<b>Administration</b>	The Corporation's staff
<b>Asset Accounting</b>	Is financial accounting as it relates to assets
<b>Asset Handover</b>	The time when the work to rehabilitate, renew or create a new asset is complete whereby the asset is able to be used for its intended purpose. Asset handover is a formal process whereby all the information associated with the works is provided to the client.
<b>Asset Management</b>	The integration of the asset utilisation and performance with the broader business requirements of those whom it is intended to serve. It includes consideration of procurement, ongoing support, rehabilitation and disposal and the markets the asset is intended to serve. <b>1.</b>
<b>Asset Management Framework</b>	A high level strategy to assist those involved in the management of assets adopt best appropriate asset management practices.
<b>Asset Management</b>	Identifies the short and long term requirements of an agency and provides a framework for managing its asset portfolio. These needs are driven by goals defined in an agency's corporate plan and service delivery strategies. <b>2.</b>
<b>Asset Managers</b>	Staff within the Corporation whose responsibilities include the management of specific categories of the City's assets.
<b>Asset Register</b>	A record of items considered worthy of identification as discrete assets, including information such as construction and technical details about each. <b>1.</b>
<b>Asset Renewal</b>	The process of improving the service potential an asset delivers through such methods as replacement, rehabilitation or reconstruction.
<b>Asset Values</b>	A determination of the value of the asset which depends on the purpose for which it is required.

<b>Benchmarking</b>	Is a process for measuring products, costs, services and practices against those recognised as industry leaders, in order to improve agency performance. <b>2.</b>
<b>Benefits Costs Analysis</b>	A technique for the evaluation of projects or proposals where all benefits and costs, both direct and indirect, are considered. <b>2.</b>
<b>Best Appropriate</b>	The target for the development of the Asset Management Practices for the City. This target differs from the target of “worlds best practice” in that “best appropriate practice” is defined by analysis of costs and benefits achievable.
<b>Capital Expenditure Review Process</b>	A process whereby capital projects are evaluated according to certain criteria and prioritised for implementation.
<b>Capital Works</b>	A term which relates to the procurement of physical assets through the expenditure of capital funds. <b>2.</b>
<b>Contestability</b>	Processes which are used by the Corporation to define then compare its services, through a process of benchmarking, against other appropriate service providers and to evaluate the quality, efficiency and effectiveness of the service provided. A contestability process may include service analysis, customer research, cultural change, benchmarking, and activity based costing.
<b>Continuous Improvement Program</b>	A program of review of service delivery, procedures, practices and plans to assess and implement improvement opportunities.
<b>Corporate Asset Management System Administrator</b>	A position within the organisation which has the responsibility for the management and administration of aspects associated with the Corporate Asset Management System.
<b>Cost of Government</b>	Costs incurred as a consequence of being a government authority. These are costs which would typically not be incurred by a commercial enterprise. Eg. Provision of free advice to ratepayers, consultants etc., regulatory function.
<b>Customer Consultative Groups</b>	Focus groups representing key customer interest groups to assist the Corporation in its determination of level service and cost for provision of the services.
<b>Data Management</b>	The management of data that is held with the Corporate computer system to ensure its structure complies with the requirements and specifications of the system.
<b>Demand and Customer Expectations Departments</b>	The demand for services and expectations of level of service expected by the users of the City.  The Corporation’s second level in its hierarchical organisational structure.

<b>Depreciation</b>	A system of accounting which aims to distribute the cost or other basic value of tangible assets, less salvage value if any, over the estimated useful life of the assets in a systematic manner. <b>1.</b>
<b>Deprival Value</b>	The cost to the Corporation if it were deprived of an asset and was required to continue to provide the services using that asset. <b>1.</b>
<b>Design Life</b>	The proposed life of the asset determined as part of the design process. It becomes an input into the design criteria.
<b>Disposal</b>	A process whereby an asset is disposed of, sold or decommissioned. <b>2.</b>
<b>Division</b>	The Corporation's highest level in its hierarchical organisational structure.
<b>Economic Life</b>	The period from acquisition of the asset to the time when the asset, while physically able to provide a service, ceases to be the lowest cost alternative to satisfy a particular need. <b>1.</b>
<b>External Customers</b>	Customer's of the Corporation's Service Providers who are not part of the organisation, typically users of the City.
<b>Functionality</b>	Is a term that refers to the functions that a software system carries out.
<b>Information Systems</b>	Computer based systems for the collection and analysis of data associated with a particular function.
<b>Infrastructure</b>	Major capital works constructed to provide a framework for the social and economic development of the City. <b>2.</b>
<b>Internal Customers</b>	Customers of the Corporation's Service Providers who are located within the organisation.
<b>Levels of Service</b>	The level of asset service determined by both the quality and the quantity of services provided by an asset under consideration. <b>1.</b>
<b>Life Cycle</b>	The complete life of an asset from planning through acquisition, operation, maintenance and disposal.
<b>Life Cycle Cost</b>	The total cost of an asset throughout its life including planning, design, acquisition, operations, rehabilitation, and disposal costs. <b>1.</b>
<b>Local Systems</b>	Computer based systems that are not Corporate in their application. That is the use is confined to the functional area for which it is acquired only.

<b>Maintenance</b>	All actions necessary for retaining an asset as near as practical to its original condition, but excluding <b>rehabilitation</b> . <b>1.</b> The work needed to maintain an asset in a condition that enables it to reach its service potential and may expand the assets service life. <b>2.</b> <i>Note maintenance does not include modification of an asset from its original design.</i>
<b>Maintenance Program</b>	A specific plan of identified maintenance activities to be undertaken & recorded for an asset or aggregation of assets. <b>2.</b>
<b>Manager, Asset Management Services</b>	A position within the organisation which has the responsibility for the management of the Asset Management Services Team. The team's role is the implementation of the Corporation's Asset Management Improvement Plan.
<b>Market Value</b>	The estimated value of an existing item, asset or facility if put up for sale on the current market, representing the amount of money the asset would realise under prevailing market conditions and subject to a free bargaining process. <b>2.</b>
<b>Operations</b>	Active process utilising an asset. It will consume resources including human, energy, chemicals and materials. Costs are part of <b>life cycle costs</b> of an asset. <b>1.</b>
<b>Overheads</b>	Is the application of a portion of indirect costs.
<b>Performance Measurement</b>	Continuous or periodic quantitative assessments of the actual physical and economic performance against specific objectives, targets and standards. <b>1.</b>
<b>Preventative Maintenance</b>	The actions performed to retain an item in a specified condition by providing systematic inspection, detection, and prevention of incipient failure. Preventative maintenance is usually programmed. <b>1.</b>
<b>Recurrent Expenditure Budgets</b>	Are that part of the annual expenditure budget that is recurrent in nature eg. Operating and maintenance expenditure.
<b>Replacement Value</b>	Reflects the cost of replacing the service potential of an existing asset, by reference to some measure of capacity, with an appropriate modern facility, eg modern equivalent asset.
<b>Risk Assessment</b>	The process used to determine risk measurement priorities by evaluating and comparing the level of risk against predetermined standards, target risk levels and other criteria. <b>2.</b>
<b>Risk Management</b>	A management technique used to identify and analyse potential risks and to implement appropriate responses. <b>2.</b>

<b>Sections</b>	The Corporation's third level in its hierarchical organisational structure
<b>Service Provider</b>	Is a distinct section of the Corporation's Administration that provides service to either internal Corporation customers or Customers external to the Corporation.
<b>Straight Line Basis</b>	Is a basis of calculating depreciation. It assumes that an asset deteriorates along a straight line from the time of its acquisition through to the end of its useful life.
<b>Total Asset Management Plan</b>	Contains a number of key elements – total life cycle approach from assets needs identification to asset disposal; comprehensive planning from long term strategic aspects through to short term operations and maintenance plans; total aspect of asset management involving effectiveness, efficiency and economic viability of delivering the level of service required for the lowest possible cost.
<b>Written Down Value</b>	Is the appropriate value of an asset in current dollar terms minus its accumulated depreciation.

#### **References**

1. National asset Management Manual – *IMEA 1994*
2. Glossary of Building and Asset Management Terms – *Govt. of SA Aug 1996*