

Key Topics		Principles/terms to be defined
Life Cycle Costs	<i>General</i>	Life Cycle Costs
	<i>Acquisition</i>	Acquisition Cost
	<i>Maintenance</i>	Service Cost
		Maintenance Cost
		Operating Cost
	<i>Renewal</i>	Asset Valuation
		Renewal/Rehabilitation Cost
Replacement Cost		
<i>Disposal</i>	Asset Depreciation	
Level of Service	<i>General</i>	Level of Service
	<i>Level of Service</i>	Community LOS
		Current LOS
		Service Gap
		Desired LOS
		Strategic LOS
		Operational LOS
Technical LOS		
Asset Lifecycle	<i>General</i>	Asset Lifecycle
	<i>Asset Acquisition</i>	Asset Acquisition
		Critical Asset
		Useful Life
	<i>Asset Maintenance</i>	Asset Maintenance
		Condition
		Asset Performance Review
		Risk Management
		Maintenance Plan
	<i>Asset Renewal</i>	Asset Renewal
		Infrastructure Backlog
		Modern Equivalent Asset
		Useful Remaining Life
<i>Asset Disposal</i>	Asset Disposal	
	Disposal Plan	
Asset Maintenance	<i>Types of Maintenance</i>	Proactive/Planned Maintenance
		Reactive/Unplanned Maintenance
		Specific Maintenance
		Deferred Maintenance
		Corrective Maintenance
		Emergency Corrective Maintenance
		Cyclic Maintenance
Asset Management System	<i>General</i>	Asset Management System
		Asset
		Asset Management
		Asset Register
	<i>Asset Management Framework</i>	Asset Management Framework
		Asset Management Plan
		Asset Management Policy
		Asset Management Strategy

- All topics are kept in the same order and then defined in alphabetical order within the glossary below.

## *Life Cycle Costs*

**Acquisition Cost:** The amount of cash or cash equivalents paid to acquire an asset at the time of its acquisition or construction, including any costs necessary to place the asset into service.

**Asset Depreciation:** The reduction in the value of an asset due to usage, the passage of time, environmental factors, wear and tear, obsolescence, depletion, or inadequacy.

**Asset Valuation:** An estimation of the value of assets based on the review of existing asset attributes and condition data.

**Lifecycle Costs:** The total cost of an asset throughout its lifecycle, including planning, design, construction, acquisition, operation, maintenance, rehabilitation, and disposal costs.

**Maintenance Cost:** Recurrent expenditure, which is periodically required to ensure that the asset achieves its useful life and provides the required level of service.

**Operating Cost:** Expenditure on providing a service, which is continuously required including staff salaries and wages, plant hire, materials, power, fuel, accommodation and equipment rental, on-costs, and overheads. Operating expenditure excludes maintenance and depreciation.

**Renewal/Rehabilitation Cost:** Periodically required expenditure on an existing asset or replacing an existing asset, which returns the service level of the asset up to that which it had originally. It generally has no impact on revenue but may reduce future operating and maintenance expenditure if completed at the optimum time.

**Replacement Cost:** The cost of replacing an existing asset with a substantially identical new asset or a modern equivalent.

**Service Cost:** Cost of providing a service including operations, maintenance, depreciation, finance/opportunity, and disposal costs less revenue.

## *Level of Service*

**Community:** The level of service measuring how the community receives the service and whether the organisation/council is providing community value.

**Current:** The level of service that an organisation or a department or unit within an organisation currently delivers.

**Desired:** The level of service that an organisation or a department or unit within an organisation wishes to deliver.

**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.

**Operational:** The level of service associated with the operation of an asset which provide performance outcomes, measures and targets for day-to-day asset management activities and decision making.

**Service Gap:** The difference between Current and Desired Level of Service.

**Strategic:** The level of service concerned with customer outcomes but also relates to how an organisation (i.e., council) describes these services.

**Technical:** The level of service relating to the allocation of resources to service activities that the Council undertakes to best achieve the desired community outcomes and demonstrate effective Council performance.

## *Asset Lifecycle*

**Asset Acquisition:** The process by which an entity assumes control of an asset.

It can be broken down into 6 stages:

1. Planning
2. Assessing Requirements
3. Feasibility
4. Acquire (procure or construct)
5. Asset identification, recognition and recording
6. Recording and accounting

**Asset Disposal:** Any activity associated with the removal of a decommissioned asset including sale, demolition, or relocation.

**Asset Lifecycle:** The periods of ownership of an asset from its initial acquisition, through its maintenance and operational life, across renewal/replacement phases through to decommissioning or disposal.

**Asset Maintenance:** All actions necessary for retaining an asset as close to an appropriate service condition, including ongoing day-to-day work necessary to keep assets operating, but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

**Asset Performance Review:** The process of continuous or periodic inspection, assessment, measurement and interpretation about the value, condition, performance, or any other aspect of an entity's assets.

**Asset Renewal:** The activities that restore and rehabilitate the level of service of an asset up to that which it had originally.

**Condition:** A measure of the health of an asset. A key parameter in determining remaining useful life and can be used to predict how long it will be before an asset needs to be repaired, renewed, or replaced.

**Critical Asset:** An asset for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation.

**Disposal Plan:** A document that defines how an organisation decides when an asset should be retired or disposed of, and the activities associated with the process, including sale, demolition, or relocation.

**Infrastructure Backlog:** Renewal work that has not been completed within the designated time frame.

**Maintenance Plan:** A documented collection of processes and tasks for the maintenance of physical assets.

**Modern Equivalent Asset:** Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. Could be built using modern materials, techniques, and design.

**Risk Management:** The application of a formal process to identify, analyse, direct and control an organisation's risk.

**Useful Life:** The period over which an asset or component is expected to be available for use by an entity

**Useful Remaining Life:** The time remaining until an asset ceases to provide the required service level or economic usefulness.

## *Asset Maintenance*

**Corrective:** Corrective work required in the short-term to restore an asset as a result of failure to working condition so it can continue to deliver the required service.

**Cyclical:** Maintenance which is repeated on a periodic basis.

**Deferred:** The shortfall in maintenance work required to maintain the service potential of an asset.

**Emergency Corrective:** Maintenance that is necessary to put in hand immediately to avoid serious consequences.

**Proactive/Planned:** Planned maintenance is anticipated maintenance due to expected normal usage, which can be scheduled in advance. This includes inspection, assessing the condition and reporting what was done to improve maintenance and service delivery performance.

**Reactive/Unplanned:** Repair work that is carried out in response to service requests and management/supervisory directions to restore an asset to working condition so it can continue to deliver the required service.

**Specific:** Replacement of higher value components/subcomponents of assets that is undertaken on a regular cycle and may require a specific budget allocation.

## *Asset Management System*

**Asset Management System:** A set of interrelated or interacting elements of an organisation, including the Asset Management policy, Asset Management objectives, Asset Management Strategy, Asset Management Plans, and the processes to achieve these objectives.

**Asset Management Framework:** The overarching Asset Management hierarchy including the Asset Management Policy, Objectives, Strategy, and the Asset Management Plan.

**Asset Management Policy:** A high-level statement of an organisation's principles and approach to asset management.

**Asset Management Strategy:** A strategy for asset management covering the development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure that the desired levels of service and other operations objectives are achieved at optimum cost.

**Asset Management Plan:** A plan developed for the management of assets over its lifecycle to provide an agreed level of service in the most cost-effective manner. (Usually, 10-20 years or more for infrastructure)

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

**Asset Register:** A record of asset information considered worthy of separate identification including inventory, historical, condition, construction, technical and financial information about each.

**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.