

<b>Term Or Acronym</b>	
<p><b>Abnormal Item</b> Items of revenue and expense included in the operating result for the reporting period, which are considered abnormal by reason of their size and effect on the operating result for the reporting period.</p>	<p>ACC UserInfo SWMU</p>
<p><b>Accounting Period</b> The year commencing 1 July and ending 30 June. <i>See Financial Year.</i></p>	<p>ACC UserInfo SWMU</p>
<p><b>Accounting Policy</b> The specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.</p>	<p>ACC UserInfo SWMU</p>
<p><b>Accounting Standard</b> A set of rules that govern the way in which financial statements are prepared to ensure that these statements are comparable through time for an entity and across similar entities. <i>See Australian Accounting Standards.</i></p>	<p>ACC UserInfo SWMU</p>
<p><b>Accrual Basis Of Accounting</b> A system which recognises, as far as possible, the financial effects of transactions and events in the periods in which they occur, irrespective of whether cash has been received and paid.</p>	<p>ACC UserInfo SWMU</p>
<p><b>Accumulated Depreciation</b> The aggregate, at a given point of time, of the depreciation charges made in respect of a particular depreciable asset or class of depreciable assets.</p>	<p>FIN UserInfo SWMU</p>
<p><b>Acquisition</b> Acquisition, in relation to assets, means undertaking the risks, and receiving the rights to future benefits, as would be conferred with ownership, in exchange for a cost of acquisition. Acquisition includes establishing control over an asset.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Acquisition Cost</b> See Cost Of Acquisition.</p>	<p>ACC UserInfo SWMU</p>
<p><b>Activity</b> An activity is the work undertaken on an asset or group of assets to achieve a desired service outcome. The activity is the level at which services are identified in a Program, Sub-Program, Activity based budgeting system.</p>	<p>ACC UserInfo SWMU</p>
<p><b>Amortisation</b> The writing-down of the book value of an asset over time or the systematic repayment of a debt.  Amortisation of a debt is the gradual reduction in value of the debt through the payment of regular instalments until the total amount has been discharged. A loan which is not amortised would involve the payment of interest only during the term of the loan and then the repayment of the principal in full.  Accountants use 'Amortisation' to describe 'Depreciation' when writing down the value of intangibles such as patents or capitalised oil exploration expenses.</p>	<p>FIN UserInfo SWMU</p>
<p><b>Annual Plan</b> See Plan - Annual.</p>	<p>ACC UserInfo SWMU</p>

<p><b>Asset</b></p> <p>A resource:</p> <p>(a) controlled by an entity as a result of past events; and (b) from which future economic benefits are expected to flow to the entity.</p> <p>A physical component of a facility which has value, enables services to be provided and has an economic life of greater than 12 months.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset - Aggregate</b></p> <p>Aggregate Asset: A group of assets with similar characteristics which individually fall below the recognition threshold established by an entity but which in total are significant and may be recorded as a single asset in the asset register.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset - Complex</b></p> <p>Complex Asset: An Asset that is capable of disaggregation into significant components.</p> <p>The components may themselves be worth recognising as Assets in the Asset Register, and may be capable of further disaggregation. See Asset Hierarchy.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset - Critical</b></p> <p>Critical Asset: An Asset for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation.</p> <p>Critical assets have a lower threshold for action than non-critical assets.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset - Current / Non-Current</b></p> <p>Current Asset: An Asset which the entity either:</p> <p>a) intends to sell or consume in its normal operating cycle; or, (b) holds primarily for the purpose of trading; or, (c) expects to realise the asset within twelve months after the reporting date; or (d) holds and are cash or a cash equivalent (and are not restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period).</p> <p>Non-Current Asset:</p> <p>a) any asset which it is not expected will be either fully consumed or converted into cash within 12 months after the end of the reporting period; or b) all assets other than current assets, including assets held but not traded by a business in order to carry out its activities.</p> <p>Such assets are intended for use, not exchange, and normally include physical resources such as land, buildings, drains, parks, water supply and sewerage systems, furniture and fittings.</p>	<p>ACC UserInfo SWMU</p>
<p><b>Asset - Depreciable</b></p> <p>Depreciable Asset: A Non-Current Asset having a limited useful life.</p>	<p>ACC UserInfo SWMU</p>
<p><b>Asset - Financial</b></p> <p>Financial Asset: Cash or an equity instrument of another entity or a contractual right or similar that can readily be converted to cash.</p> <p>Financial Assets include cash deposits, fixed deposits, receivables and investments.</p>	<p>ACC UserInfo SWMU</p>
<p><b>Asset - Fixed</b></p> <p>Fixed Asset: Assets that are tangible, relatively long lived, and used in the operating activities of the entity.</p>	<p>ACC UserInfo SWMU</p>

**Asset - Heritage**

Heritage Asset: An Asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

Refer to Triple Bottom Line and Quadruple Bottom Line.

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**Asset - Infrastructure**

Infrastructure Asset:

1. Non current assets that comprise the public facilities which provide essential services and enhance the productive capacity of the economy.

OR

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

Examples include water and sewerage schemes, road networks, stormwater drainage networks. These are typically large, interconnected networks 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.

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**Asset - Intangible**

Intangible Asset: An identifiable non-monetary Asset without physical substance.

Examples include Intellectual Property and Good Will.

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**Asset - Network**

Network Asset: A grouping of components that are spread out spatially.

The individual components need to be recognised as assets with regard to their criticality and / or value.

Examples include segments of roads, pipes and cables, and nodes such as roundabouts and switches.

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**Asset - Property Plant & Equipment**

Property, Plant and Equipment Assets: Infrastructure and other Assets (such as furniture and fittings) with benefits expected to last more than 12 month.

Property includes Land and Buildings;  
Plant includes electricity, airconditioning, water and sewerage and other components fitted within Buildings;  
Equipment includes tools and other components that are more or less mobile.

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**Asset - Restricted**

Restricted Asset: An Asset the uses of which are restricted, wholly or partially, by regulations or other externally imposed requirements.

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**Asset - Specialised / Non-Specialised**

Specialised Asset: An asset designed for a specific limited purpose.

Specialised assets include buildings such as schools, hospitals, court houses, emergency services buildings (police fire, ambulance and emergency services), specialised buildings to house infrastructure (pump stations, etc.), some heritage properties and most infrastructure assets.

Non-specialised Asset: An Asset such as commercial and general purpose buildings and other assets for which there is a secondary market.

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<p><b>Asset Category</b> Sub-group of assets within a class hierarchy for financial reporting and management purposes.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset Class</b> 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.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset Condition Assessment</b> 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.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset Hierarchy</b> A framework for segmenting an asset base into appropriate classifications. The asset hierarchy can be based on asset function; asset type or a combination of the two.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset Management</b> 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.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset Management - Advanced</b> Asset management which employs predictive modelling, risk management and optimised decision-making techniques to establish asset lifecycle treatment options and related long term cashflow predictions. <i>See Asset Management - Core</i></p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset Management - Core</b> Asset management which relies primarily on the use of an asset register, maintenance management systems, job resource management, inventory control, condition assessment, simple risk assessment and defined levels of service, in order to establish alternative treatment options and longterm cashflow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than detailed risk analysis and optimised decision- making). <i>See Asset Management - Advanced</i></p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset Management Plan</b> <i>See Plan - Asset Management.</i></p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset Management Strategy</b> A strategy for asset management covering the development and implementation of plans and programmes for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure that the desired levels of service and other operations objectives are achieved at optimum cost.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset Register</b> A record of asset information considered worthy of separate identification including inventory, historical, condition, construction, technical and financial information about each.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Asset Revaluation Reserve</b> A reserve created to reflect increments and subsequent reductions to revalued assets in the value of non-current assets arising from revaluations.</p>	<p>ASM UserInfo SWMU</p>

**Audit**

Auditing is a systematic and documented verification process of objectively obtaining and evaluating evidences to determine the conformity of a system to the criteria set by an organisation and communicating the results of this process to the management.

An Audit is a structured review of a defined "Business Area" by comparison with a well-documented and authoritative framework.

The "Business Area" could be the provision of a service (for example, drinking water) or a business unit (for example, engineering) or of a business function (for example, finance) or infrastructure (for example IT).

Typically an audit will investigate relevant processes and information flows, and interview staff to establish their understanding and commitment to the processes and the validity of information.

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**Audit - Compliance**

Compliance Audits seek to determine the extent to which Business Units are adhering to applicable federal, state, and entity rules, regulations, policies, and guidelines.

**Audit - Facility**

A Facility is a group of assets that function to provide a well-defined service. Examples include hospital blocks, water and sewerage treatment works, and commercial buildings.

Facility Audit involves the physical survey of a facility and its functioning, usually required for valuation, life-cycle cost analysis, short-term maintenance planning and long-term planning purposes.

**Audit - Financial**

Financial Audits address questions of accounting, recording, and reporting of financial transactions. Reviewing the adequacy of internal controls also falls within the scope of financial audits.

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**Audit - Information Systems**

Information Systems (IS) Audits address the internal control environment of automated information processing systems and how these systems are used. IS audits typically evaluate system input, output and processing controls, backup and recovery plans, and system security, as well as computer facility reviews.

**Audit - Investigative**

Investigative Audits are performed when appropriate. These audits focus on alleged violations of federal and state laws and of entity policies and regulations. This may result in prosecution or disciplinary action. Internal theft, misuse of assets, and conflicts of interest are examples of investigative audits.

**Audit - Operational**

Operational Audits examine the use of entity resources (including assets) to evaluate the extent to which those resources are being utilised / operated in the most efficient and effective way to fulfill the entity's mission and objectives. An operational audit may include elements of a compliance audit, a financial audit, and an information systems audit.

**Audit - Performance**

Performance Audits examine the use of entity resources (including assets) to evaluate the extent to which those resources are providing the required levels of services and meeting key performance indicators (KPIs) including efficiency, effectiveness and risk mitigation.

**Australian Accounting Standard**

Accounting standards are developed in Australia by the Australian Accounting Research Foundation and approved by the Institute of Chartered Accountants in Australia and the Australian Society of CPA's. Exposure drafts of Accounting Standards do not qualify as Australian Accounting Standards.

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**Australian Accounting Standards Board**

The AASB is an independent agency of the Australian Government with responsibility to make accounting standards under section 334 of the Corporations Act, to formulate accounting standards for other purposes and to participate in and contribute to the development of a single set of international accounting standards for worldwide use. The Chairman of the AASB reports to the Minister for Superannuation and Corporate Law regarding the organisation's operations.

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**Backlog**

See preferred term - Unfunded Renewals.

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**Balance Sheet**

A financial statement that presents assets, liabilities and equity of an entity at a given point of time (Alternatively referred to as the Statement of Financial Position).

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**Benefit - Cost Ratio**

The sum of the present values of all benefits (including residual value, if any) over a specified period, or the lifecycle, of the asset or facility, divided by the sum of the present value of all costs.

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**Borrowing**

A borrowing or loan provides the means for the borrowing entity to finance outlays (typically physical assets) when it has insufficient funds of its own to do so, and for the lending entity to make a financial return, normally in the form of interest revenue, on the funding provided.

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**Business Continuity Plan**

See Plan - Business Continuity.

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**Business Plan**

See Plan - Business.

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**Business Unit**

Logical element or segment of a firm (such as accounting, production, marketing) representing a specific business function, and a definite place on the organisational chart, under the domain of a manager.

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Also called department, division, or a functional area.

**Capital Expenditure**

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

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*Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.*

**Capital Expenditure - Expansion**

See Capital Expenditure - New Growth.

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**Capital Expenditure - Improved Level Of Service**

Expenditure which enhances an existing asset to provide a higher level of service, or that will increase the life of the asset beyond that which it had originally, or both.

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Upgrade expenditure often does not result in additional revenue unless direct user charges apply.

It will increase operating and maintenance expenditure in the future because of the increase in the organisation's asset base, eg. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.

**Capital Expenditure - New**

Expenditure which creates a new asset providing a new service / output that did not exist beforehand.

As it increases service potential it may impact revenue and will increase future operating and maintenance expenditure.

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**Capital Expenditure - New Growth**

Expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to a new group of users.

It increases future operating, and maintenance costs, because it increases the entity's asset base, but may be associated with additional revenue from the new user group, eg. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

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**Capital Expenditure - Renewal**

Expenditure on an existing asset or on replacing an existing asset, which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it generally has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time, eg. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

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**Capital Funding**

Funding to pay for capital expenditure.

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**Capital Grant**

Revenues received generally from other spheres of government that are tied to specific projects or purposes, which are often for capital upgrade and/or expansion or new investments.

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**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.

See *Materiality*.

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**Cash**

Includes cash on hand, currency, cheques, money orders or electronic transfer that a bank will accept as a deposit and demand deposits.

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**Cash Flow**

The stream of costs and/or benefits over time resulting from a project investment or ownership of an asset.

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**Cash Flow Statement**

See Statement of Cash Flows.

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**Chart Of Accounts**

A framework for classification and recording of financial transactions.

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**Component (of An Asset)**

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.

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**Condition Monitoring**

Continuous or periodic inspection, assessment, measurement and interpretation of the resultant data, to indicate the condition of a specific component so as to determine the need for some preventive or remedial action.

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**Consolidated Financial Report**

The financial reports of an economic entity compiled by combining the individual financial reports of each of the entities comprising the economic entity and the presentation of the aggregated information as one financial report.

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**Cost Of Acquisition**

The 'purchase consideration' plus any costs incidental to the acquisition.

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**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.

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**Cost Of Disposal**

The incremental costs directly attributable to the disposal of an asset or a group of assets, excluding finance costs and income tax expense.

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**Cost Of Inventory**

The aggregate of:-

- (a) the cost of purchase;
- (b) the cost of conversion; and
- (c) other costs incurred in the normal course of business in bringing the inventories to their present location and condition.

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**Current Cost**

Current cost in relation to an asset, means its cost measured by reference to the lowest cost at which the gross service potential of that asset could currently be obtained in the normal course of business.

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**Current Liability**

A liability that the entity either:

- (a) expects to settle in its normal operating cycle; or,
- (b) holds primarily for the purpose of trading; or,
- (c) is due to be settled within twelve months after the end of the reporting date; or
- (d) does not have an unconditional right to defer settlement of for at least twelve months after the reporting date.

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**Current Replacement Cost**

The current cost of replacing the original service potential of an existing asset, with a similar modern equivalent asset, i.e. the total cost of replacing an existing asset with an as NEW or similar asset expressed in current dollar values.

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**Data Warehouse**

A system that is used to centralise a group of disparate databases in an organisation to facilitate access into each of those databases.

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**Date Of Acquisition**

The date on which the risks and rights to future benefits of an asset, as would be conferred with ownership, pass to the acquiring entity.

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**Date Of Commissioning**

The date on which an asset is deemed to have been made available for routine use.

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Where the measure of Life of an asset is not time, the Date of Commissioning is a proxy - eg zero kilometres driven.

**Date Of Construction**

The date on which asset is deemed to have been constructed.

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**Date Of Decommissioning**

The date on which an asset is deemed to have been made removed from routine use.

Where the measure of Life of an asset is not time, the Date of Decommissioning is a proxy - eg 50,000 kilometres driven.

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**Date Of Observation**

The date at which the condition and status of an asset are observed, noted and registered in an Asset Management System.

Where the measure of Life of an asset is not time, the Date of Observation would be registered along with the measurement of Life - eg 25,000 kilometres driven.

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**Decommission**

Activities required to take an asset out of service.

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**Deferral**

The postponement of the recognition of expenses or revenues that have been paid for or received during the accounting period.

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**Demand Management**

The active intervention in the market to influence demand for services and assets with forecast consequences, usually to avoid or defer CAPEX expenditure. Demand management is based on the notion that as needs are satisfied expectations rise automatically and almost every action taken to satisfy demand will stimulate further demand.

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**Depreciable Amount**

The historical cost of a depreciable asset together with any adjustments for revaluation, less amount expected to be recovered on disposal.

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**Depreciated Replacement Cost**

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.

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The replacement cost of an existing asset less an allowance for wear or consumption having regard for the remaining economic life of the existing asset.

**Depreciation**

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

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**Depreciation Charge**

A systematic charge against revenue made for the purpose of allocating the depreciable amount of a depreciable asset over its useful life.

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**Depreciation Method**

The method used to allocate the depreciable amount of an asset over its useful life. This includes, for example the straight-line, diminishing balance or units of production methods.

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**Deprival Value**

The value of an asset to the present owner if the owner were deprived of the asset and was required to continue to deliver the same level of service. Assets are valued at an amount that represents the entire loss that might be expected to be incurred if the entity were deprived of the service potential or future economic benefits of particular assets at the reporting date. This is a valuation basis that reflects a non-market concept of the value in use of assets as part of a going concern.

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**Deterioration Rate**

The rate at which an asset approaches failure.

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<p><b>Developer Charge</b> A charge levied on developers to recover part of the capital costs incurred in providing infrastructure to new development of water supply, sewerage and stormwater, under Section 64 of the Local Government Act 1993.</p>	<p>FIN UserInfo WATDIR</p>
<p><b>Discharge Factor</b> Discharge Factor. The proportion of water consumption (volume) for a particular development that is discharged to the sewerage system.</p>	<p>FIN UserInfo WATDIR</p>
<p><b>Discount Rate</b> A rate used to relate present and future money values, e.g. to convert the value of all future dollars to the value of dollars at a common point in time, usually the present. <i>See also Effective Interest Rate.</i></p>	<p>FIN UserInfo SWMU</p>
<p><b>Discounted Cash Flow Analysis</b> A method of valuing a project, company, or financial asset or liability based on the concept of the time value of money. All future cash flows and their timing are estimated and discounted to give them a present value. The discount rate used is generally the appropriate cost of capital, and may incorporate judgments of the uncertainty (riskiness) of the future cash flows.</p>	<p>FIN UserInfo SWMU</p>
<p><b>Disposal</b> Activities necessary to dispose of decommissioned assets.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Economic Value</b> 1. The value of an asset deriving from its ability to generate income which is measured by discounting the net cashflow of the asset by an appropriate risk adjusted discount rate. For non-cash generating assets, the economic value is the value of the goods and services produced or provided to meet the entity's objectives.  2. An assets discounted cashflow value derived by discounting the free cashflow of the asset by an appropriate risk adjusted discount rate.</p>	<p>ACC UserInfo SWMU</p>
<p><b>Effective Interest Rate</b> The rate that exactly discounts estimated future cash payments or receipts through the expected life of the asset to the net carrying amount of that asset or liability.</p>	<p>ACC UserInfo SWMU</p>
<p><b>Entity</b> Any legal, administrative, or fiduciary arrangement, organisational structure or other party (including a person) having the capacity to deploy resources in order to achieve objectives. <i>See also Organisation and Business Unit.</i></p>	<p>ACC UserInfo SWMU</p>
<p><b>Equity</b> The residual interest in the assets of the entity after deducting all of its liabilities.</p>	<p>ACC UserInfo SWMU</p>
<p><b>Equivalent Person</b> A measure of the demand or loading a development will have on infrastructure in terms of the average water consumption or average sewage discharge for an average person.</p>	<p>FIN UserInfo WATDIR</p>
<p><b>Equivalent Tenement</b> Equivalent Tenement. A measure of the demand or loading a development will have on infrastructure in terms of the average water consumption or average sewage discharge for an average residential dwelling.</p>	<p>FIN UserInfo WATDIR</p>
<p><b>Expenditure</b> The spending of money on goods and services.  Expenditure includes recurrent and capital outlays.</p>	<p>ACC UserInfo SWMU</p>

**Expense**

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.

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**Extraordinary Item**

Items of revenue and expense which are attributable to events or transactions of a type that are outside the ordinary operations of the reporting entity and are not of a recurring nature.

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**FINMOD**

NSW Financial Planning Model, and the software application allowing for modelling different scenarios.

*FINMOD was developed by the Department of Land and Water Conservation (2000). Currently supported by NOW.*

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**Facilities Audit**

See Audit - Facilities.

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**Facility**

A complex comprising many assets (e.g. a hospital, water treatment plant, recreation complex, etc.) which represents a single management unit for financial, operational, maintenance or other purposes.

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**Facility Management**

The primary function of Facility Management (FM) is to manage and maintain the efficient operation of a "built environment":

- ensuring that services are delivered in a way that contributes to the productivity and profitability of those people who utilize a facility;
- reducing the impact of the use of facilities on the environment;
- minimising operational life cycle costs of facilities;
- repairs and maintenance, security and cleaning as well as more highly technical services required for the efficient operation of a facility.

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**Fair Value**

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

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**Financial Plan**

See Plan - Financial.

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**Financial Report**

The financial report consists of a statement of financial position (balance sheet), statement of comprehensive income (income statement), a statement of cash flows, a statement of changes in equity and notes which are an integral part of the financial statements. The objective of financial statements is to provide information about the financial position, performance and cash flows that is useful to a wide range of users for making economic decisions.

*See Statement - Various Sorts.*

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**Financial Statement**

Balance sheets, profit and loss accounts, statements of changes in financial position, notes and other statements which collectively are intended to give a true and fair view of the state of affairs and profit or loss for an entity for a defined period.

*See Statement - Various Sorts.*

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**Gain On Disposal Of Asset**

When the consideration received on the disposal of an asset is greater than the carrying amount of the asset in the accounts of the selling entity.

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**Gap Analysis**

A method of assessing the gap between a business's current (asset management) practices and the future desirable (asset management) practices.  
*Also called Needs Analysis.*

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**Geographic Information System**

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

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**Going Concern**

An assumption made by accountants in preparing financial statements that the entity is expected to continue in operation for the foreseeable future.

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**Greenfield**

A location where assets can be constructed new without any significant costs in site remediation, or demolition and removal of pre-existing items.

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**Historical Cost**

The original cost of an asset.

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**Holding Cost**

Costs arising from the ownership of property.

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**Inflation Rate**

A rate of increase applied to costs incurred at a future date to reflect the comparative purchasing power of money relative to a particular time, usually the present.

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**Integrated Planning And Reporting Framework**

The Integrated Planning And Reporting Framework was prescribed (from 2010 onwards) by the NSW Division of Local Government as the basis of management for Local Government.

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**Integrated Water Cycle Management**

Integrated Water Cycle Management is the integrated management of water supply, sewerage, and stormwater services within a whole of catchment strategic framework in accordance with NOW Best Practice Management Guidelines.

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**Internal Rate Of Return**

The discount (or interest) rate which will equate the present value of the net cash inflows from a project with its initial cash outlay, that is the net present value is zero. The internal rate of return is the true yield and is expressed as the average rate of return per annum or other chosen period.

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**International Financial Reporting Standard**

International Financial Reporting Standards (IFRS) are standards and Interpretations adopted by the International Accounting Standards Board (IASB) (Refer to Australian equivalents to IFRS).

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**Inventory**

Assets held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

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**Key Performance Indicator**

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

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**Lease**

An agreement conveying the right from a lessor to a lessee to use property for a stated period of time in return for a series of payments by the lessee to the lessor.

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**Level Of Service**

The defined service quality for a particular activity (e.g. rubbish removal) or service area (e.g. roads and street lighting) against which service performance may be measured.

*Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.*

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**Liability**

A present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

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**Life**

Life is continuous existence of an asset or component.

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Life can be measured in one or more criteria such as time elapsed, number of production cycles run, distance travelled, benefits produced.

Life commences at a certain point ("Date of Construction"), and terminates at another point ("Date of Decommissioning").

Generally any measure of Life should be accompanied by a date at which the measurement is made in an Asset Management System database.

For example:

- a vehicle may have a Life of 500,000 km or 10 years at the Date of Acquisition when purchased new.
- a stamping mill may have a Life of 100,000 impressions at the Date of Construction if constructed in situ.

The following definitions of Life should be read with this in mind.

NOTES:

In these definitions, "Period" means the interval between two observations of the measure of Life adopted for the class of Assets:

- if time is used, then the Period will typically be expressed in Years.
- if production is used, then the Period will typically be expressed in the Units of Production.

Refer to the definitions of Dates for more information.

For assets where production is the measure, a Rate Of Useage (eg 20,000 kilometres per annum) would be required to develop a time line for the asset's Life.

**Life - Design**

Life - Design of an asset or class of assets is the "Period" specified in the Engineering Design Brief from the Date Of Commissioning to when the asset is expected to be unable or unnecessary to provide further service. The end point is the scheduled Date of Decommissioning.

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This assumes the appropriate maintenance of the asset during its useage.

NOTE: Generally the Life - Design of an asset is based on experience with the relevant class of similar assets.

*See Life - Performance.*

**Life - Economic**

Life - Economic of an asset is the "Period" from the Date of Commissioning to the time when the asset, while physically able to provide a service, ceases to be the lowest cost alternative to satisfy a particular level of service.

Life - Economic may be subject to factors such as technological obsolescence, unexpected increases in the cost or difficulty of maintenance, or to unexpected growth in demand, or combinations of these factors.

**Life - Performance**

The Life - Performance of an asset at a Date of Observation is the "Period" from the Date Of Commissioning to when the asset is judged to be likely to perform unsatisfactorily, in a particular installation.

For assets in service, the circumstances of use of the asset may be more or less benign than expected during the design of the asset, or the asset may be over- or under-engineered for the circumstances.

These issues may be significant for critical assets leading to safety and / or financial risks.

This means that the scheduled Date of Decommissioning could be earlier or later than originally scheduled during the design of the asset. If a sufficient number of assets are involved, the Design Brief might be revisited and other assets reviewed with regard to performance.

NOTE: Generally the Life - Performance of an asset is based on specific experience. Observation of the Life - Performance of a number of assets could result in a revision of the Life - Design for similar assets.

See *Life - Design*.

**Life - Physical (Age)**

The Life - Physical of an asset is the "Period" between the Date of Commissioning and the Measure of Life at the Date Of Observation.

When the Measure of Life is not time, a proxy for the Life - Physical would be the ratio of the asset's actual production versus the Life - Design.

When the Measure of Life is time, the Life - Physical is simply the Age of the asset.

**Life - Remaining**

Life - Remaining of an asset is the "Period" left at the Date of Observation before the asset is scheduled for Decommissioning.

Life - Remaining is the difference between Life - Physical (Age) and the lesser of Life - Design, - Performance and - Economic.

For example, an asset with a Life - Design of 10 years and an Age of 5 years would be decommissioned in 5 years.

An asset with a Life - Design of 50,000 units, and an age of 10,000 units would be decommissioned in 40,000 units. The elapsed time would depend on the Rate of Useage.

**Life - Residual**

See *Life - Remaining*.

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**Life - Useful**

The Life - Useful of an asset is the total "Period" between the Date of Commissioning and the scheduled Date of Decommissioning.

At the discretion of the asset owner:

- for new assets this would be Life - Design;
- for assets in use, with experience this would be Life - Performance or Life - Economic,

For assets where the Measure of Life is not time, the Rate Of Useage would need to be struck, and might be subject to change with experience.

Experience could be based on the specific asset, or from a class of assets.

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**Life Cycle**

The cycle of activities that an asset (or facility) goes through while it retains an identity as a particular asset, for example from planning and design to decommissioning or disposal.

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**Life Cycle Cost**

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

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

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**Life Cycle Cost Analysis**

Any technique which allows assessment of a given solution, or choice from among alternative solutions, on the basis of all relevant economic consequences over the service life of the asset.

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**Life Cycle Expenditure**

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

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**Maintainability**

A characteristic of design and installation usually identified by the time and effort that will be required to retain an asset as near as practicable to its new or desired condition within a given period of time.

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**Maintenance**

All actions necessary for retaining an asset as near as practicable to its original condition, including regular 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 achieves desired performance levels and reaches its expected useful life.

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Alternatively:

Expenditure on an asset which does not substantially improve its service potential or future economic benefits and which generally restores the asset to a reasonable condition.

**Maintenance - Condition-Based Preventive**

Maintenance initiated as a result of knowledge of an items condition from routine or continuous monitoring AND designed to prevent breakdown.

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**Maintenance - Corrective**

The remedial actions performed as a result of failure, to restore an item to a specified condition. Corrective maintenance may or may not be programmed.

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<p><b>Maintenance - Cyclic</b> Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, cycle, 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.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Maintenance - Deferred</b> The shortfall in rehabilitation work undertaken relative to that required to maintain the service potential of an asset.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Maintenance - Planned</b> 1. Planned maintenance activities fall into three categories:  (i) Periodic - necessary to ensure the reliability or to sustain the design life of an asset. (ii) Predictive - condition monitoring activities used to predict failure. (iii) Preventive - maintenance that can be initiated without routine or continuous checking (e.g. using information contained in maintenance manuals or manufacturers' recommendations) and is not condition-based.  2. Repair work that is identified and managed through a maintenance management system (MMS).</p>	<p>ASM UserInfo SWMU</p>
<p><b>Maintenance - Reactive</b> Unplanned repair work that is carried out in response to service requests and management/supervisory directions.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Maintenance - Reliability Centred</b> A process for optimising maintenance based on the reliability characteristics of the asset.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Maintenance - Routine</b> Day-to-day operational activities to keep the asset operating (replacement of light bulbs, patching potholes, repairing leaks, etc.) and which form part of the annual operating budget, including preventive maintenance.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Maintenance - Service</b> Service undertaken seasonally or annually to enable the required level of service to be delivered.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Maintenance - Significant</b> Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Maintenance - Unplanned</b> 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.</p>	<p>ASM UserInfo SWMU</p>
<p><b>Maintenance And Renewal Gap</b> Difference between estimated budgets and projected required expenditures for maintenance and renewal of assets to achieve / maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).</p>	<p>FIN UserInfo SWMU</p>
<p><b>Maintenance And Renewal Sustainability Index</b> Ratio of estimated budget to projected required expenditure for maintenance and renewal of assets to achieve / maintain specified service levels over a defined time (e.g. 5, 10 and 15 years).</p>	<p>FIN UserInfo AIFMG</p>
<p><b>Maintenance Expenditure</b> 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.</p>	<p>FIN UserInfo SWMU</p>

**Maintenance Managed Item**

Either an asset or a component of an asset. The MMI level establishes the lowest level of asset that should be recognised and maintained individually.

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**Maintenance Management System**

A Maintenance Management System (MMS) is a structured approach to 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.

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A Computerised Maintenance Management System (CMMS) uses modern computer technology to implement the MMS processes and data storage.

**Maintenance Plan**

See Plan - Maintenance.

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**Maintenance Standard**

The standards set for the maintenance service, usually contained in preventive maintenance schedules, operation and maintenance manuals, codes of practice, estimating criteria, statutory regulations and mandatory requirements, in accordance with maintenance quality objectives.

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**Market Value**

The estimated amount at which an asset would be exchanged on the date of valuation, between a willing buyer and a willing seller, in an arm's length transaction after proper marketing, and when the parties have each acted knowledgeably, prudently and without compulsion.

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Note 1: Market value should take into account any costs of sale which might be incurred by the seller in effecting the sale.

Note 2: Market value is based on highest and best use of the asset and not necessarily the existing uses.

**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 nondisclosure 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.

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**Modern Engineering Equivalent Asset**

Assets that replicate what is in existence with the most cost-effective asset performing the same (or greater) level of service.

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It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing.

It allows for technology changes and, improvements and efficiencies in production and installation techniques, as well as utilisation levels.

**Modern Equivalent Asset**

See Modern Equivalent Engineering Asset.

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**Net Present Value**

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 eg the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

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**Net Realisable Value**

The estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

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**Obsolescence**

The process of ageing of an asset due either to commercial or technical factors.

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**Occupancy Rate**

The average number of people per residential house.

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**Operating Expenditure**

Recurrent expenditure, which is continuously required to provide a service.

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It typically includes power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation.

Maintenance and depreciation is on the other hand included in operating expenses.

**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.

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**Operating Surplus (Deficit)**

An operating surplus (deficit) occurs when the value of operating income less operating expenses is positive (negative) and operating income is therefore sufficient (not sufficient) to cover all operating expenses.

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**Operation**

The active process of utilising an asset which will consume resources such as manpower, energy, chemicals and materials. Operation costs are part of the lifecycle costs of an asset.

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**Operations Analysis**

An Operations Analysis is a complete investigation of the adequacy of a system or facility (for example a water supply or sewerage system) to meet present and future needs.

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**Optimised Decision Making**

ODM is a formal process to identify and prioritise all potential solutions with consideration of financial viability, social and environmental responsibility and cultural outcomes.

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The process encompasses NPV analysis and risk assessment.

**Optimised Depreciated Replacement Cost**

The optimised replacement cost after deducting an allowance for wear or consumption to reflect the remaining economic or service life of an existing asset.

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ODRC is the surrogate for valuing assets in use where there are no competitive markets for assets, or for their services or outputs.

**Optimised Replacement Cost**

The minimum cost of replacing an existing asset with modern equivalent assets offering the same level of service. The optimisation process adjusts the value for technical and functional obsolescence, surplus assets or over-design.

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**Overhead**

Those elements of indirect cost necessary in the carrying out of works or providing services which are of such a nature that the amount applicable to a work or service cannot be determined accurately or readily. Usually they relate to those objects of expenditure which do not become an integral part of the work or service, such as management, supervision and labour on-costs.

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**PMS Score**

A measure of condition of a road segment determined from a Pavement Management System (PMS).

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**Pavement Management System**

A systematic process for measuring and predicting the condition of road pavements and wearing surfaces over time and recommending corrective actions.

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Engineering based software applications designed to record an inventory of roads and streets and associated features (except land) which have a limited life span and require identification for purposes of maintenance and ultimate replacement.

**Payback Period**

The time it takes for the cumulative benefits or savings of an investment to pay back the original investment and other accrued costs.

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**Performance Monitoring**

Continuous or periodic quantitative and qualitative assessments of the actual performance compared with specific objectives, targets or standards.

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**Plan**

A "plan" is a means of achieving one or more objectives.

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Typically it includes:

- understanding of the environment in which the objectives will be pursued;
- clear statements of the objectives,
- practical statements of what needs to be done to achieve them;
- a time line;
- risks and obstacles that need to be overcome;
- resources required such as money, skilled and experienced people, and tools and equipment;
- indicators and measures of success.

Typically a plan involves a level of iteration - that is as circumstances change, so the plan needs adaption.

Depending on the organisation, plans may be considered within Triple Bottom Line or Quadruple Bottom Line frameworks.

The following definitions of Plans show how the various Plans form a hierarchy. For example, longer term and whole-of-organisation plans (for example corporate strategies) need to be considered when formulating shorter term plans (for example annual plans) and flow through to more specific plans (for example operation plans) which are supported by services (for example maintenance plans),

At each level, risk management and mitigation are required.

**Plan - Annual**

Annual Plan:

Document produced annually by an organisation to inform stakeholders of its objectives, intended activities, performance, income, and expenditure required.

Typically the time span is one financial year.

It may also indicate anticipated future short-term income and expenditure.

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**Plan - Asset Management**

Asset Management Plan:

A plan developed for the management of the assets employed by an organisation in carrying on its core business.

The plan combines multidisciplinary management techniques (including technical and financial) over the lifecycle of the assets in the most cost effective manner to provide specified levels of service. A significant component of the plan is a long-term cashflow projection for the activities, to ensure sustainability of the services to be delivered.

The plan includes risk analysis and risk mitigation of issues relevant to the on-going availability of the assets.

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**Plan - Business**

Business Plan:

A Business Plan produced by an organisation (or business units within it) translates the objectives contained in the Annual Plan into detailed work plans for a particular, or range of, business activities aimed at delivering core services.

Key result areas included in the plan may address customers, marketing, development, operations, asset management, personnel, technology and financial planning.

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**Plan - Business Continuity**

A Business Continuity Plan (BCP) is a comprehensive roadmap for continuance and / or restoration of mission-critical functions during and after a disaster, such as a fire, flood, storm or even a disease epidemic.

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**Plan - Financial**

Financial Plan:

A financial plan is a plan for generating, spending and saving future income and raising and repaying borrowings as appropriate, over a period of time.

It will cover a period of at least 3 years but preferably longer (typically 20 years) and will highlight the financial implications of an entity's proposed activities and anticipated events.

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**Plan - Maintenance**

Maintenance Plan:

The Maintenance Plan specifies how the organisation's assets will be maintained during the period encompassed by the Annual Plan, so that the Operational Plan can be achieved.

See *Plan - Operation*.

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**Plan - Management**

Management Plan:

The Management Plan documents:

- entity objectives for a specified period (3-5 yrs),
- the principle activities to achieve the objectives,
- the means by which that will be carried out,
- estimated income and expenditure,
- measures to assess performance;
- measures to maximise income and minimise expenditure.

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**Plan - Operation**

Operation Plan:

The Operation Plan specifies how the organisation's assets will be used and operated during the period encompassed by the Annual Plan.

See *Plan - Maintenance*.

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**Plan - Strategic**

Strategic Plan:

A plan containing the long-term goals and strategies of an organisation.

Strategic plans:

- have a strong external focus,
- cover major portions of the organisation;
- identify major targets, actions and resource allocations relating to the long-term survival, value and growth of the organisation.

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**Quadruple Bottom Line**

Quadruple bottom line reporting uses the idea of triple bottom line reporting as its foundation; it makes businesses accountable and responsible for the economic, social, environmental and spiritual effects of doing business.

Both of these forms of accounting are popular for government agencies and nonprofit companies to show a commitment to social responsibilities; for many of these companies, true success is measured through social efforts, environmental impact and uncovering spiritual fulfillment rather than just focusing on financial performance.

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**Rate Pegging**

The percentage specified by the Minister by which councils' general income for a specified year may be varied. (LGA 1993 S.506)

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**Real Cost Of Capital**

The cost of capital is equal to the total cost of raising each element of capital (equity plus debt). It can be measured in either before or after tax terms. The real cost of capital is the actual costs adjusted for price increases which may be either the general level of prices (measure of inflation) or specific prices. The real cost of capital may be used as a hurdle rate for investment analysis. For local governments, the real cost of capital is the long term government bond rate adjusted by a local government price increase index.

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**Rehabilitation**

Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification.

Generally involves repairing the asset to deliver its original level of service (i.e. heavy patching of roads, sliplining of sewer mains, etc.) without resorting to significant upgrading or renewal, using available techniques and standards.

*See Capital Expenditure - Renewal.*

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**Renewal / Refurbishment**

Works to upgrade, refurbish or replace existing assets with assets of equivalent functionality, capacity or performance capability.

*See Capital Expenditure - Renewal.*

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**Repair**

Action to restore an item to its previous condition after failure or damage.

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**Repair And Maintenance Cost**

Costs of day-to-day servicing of property, plant and equipment that are primarily labour and consumables, and may include the cost of small parts.

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**Replacement**

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

*See Capex.*

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**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.

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**Revaluation**

The act of recognising a reassessment of values of non-current assets at a particular date.

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**Risk Cost**

The assessed annual cost or benefit relating to the consequence of an event. Risk cost equals the costs relating to the event multiplied by the probability of the event occurring.

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**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.

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**Road Assessment Maintenance Management System**

The computerised road maintenance management software system developed by Transit New Zealand for use nationally by all New Zealand road asset managers.

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**SWOT Analysis**

SWOT Analysis is consideration of the Strengths and Weaknesses of a Business Unit, and the Opportunities and Threats facing the Business Unit in the current and future Business Environment.

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Typically SWOT analysis informs plans by the Business Unit to build on strengths, mitigate weaknesses, seize opportunities, and handle threats.

**Service Potential**

The capacity to provide goods and services in accordance with the entity's objectives, whether those objectives are the generation of net cash inflows or the provision of goods and services of a particular volume and quantity to the beneficiaries thereof.

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Other Statements:

1. The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic 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.

2. Economic utility of an asset to the entity based on the total benefit expected to be derived by the entity from use (and / or through sale) of the asset. Gross service potential means the total benefit expected to be derived when the asset was first acquired, and also the benefit from any subsequent upgradings.

3. Service potential in relation to an asset, means its economic utility to the entity, based on the total benefit expected to be derived by the entity from use (and / or through sale) of the asset. "Gross service potential" means the total benefit expected to be derived when the asset was first acquired, and also the benefit from any subsequent upgradings.

**Service Potential Remaining**

1. A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's potential to provide services that is still available for use in providing services (Depreciated Replacement Cost divided by Depreciable Amount).

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2. A measure of the remaining life of assets expressed as a percentage of economic life. It is also a measure of the percentage of the asset's potential to provide services that is still available for use in providing services (Depreciated Replacement Cost divided by Depreciable Amount).

**Statement - Mission**

A Mission Statement describes an organisation's core purpose, identity, values and principle business aims.

See *Vision Statement*.

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**Statement - Vision**

A Vision Statement provides a broad, aspirational image of the future for an organisation.

See *Mission Statement*.

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**Statement Of Cashflow**

Disclosure of cashflows from all sources relating to the operating, financing, and investing activities of the entity, encompassing all funds maintained by the entity.

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**Statement Of Changes In Equity**

A reconciliation of the equity of an entity at the beginning of a period with the equity at the end of that period. Changes in equity disclosed may include movements in retained earnings for the period, items of income and expense recognised directly in equity, and movements in each class of share and each reserve:

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**Statement Of Comprehensive Income**

A report on the net surplus/deficit, and its components, arising from activities or events during a given period, that are significant for the assessment of both past and future financial performance.

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Alternatively:

A statement of financial performance, income statement, operating statement or statement of profit and loss.

**Statement Of Cost Of Services**

Disclosure of the costs incurred for each significant activity by the reporting entity.

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**Statement Of Financial Performance**

A report on the net surplus/deficit, and its components, arising from activities or events during a given period, that are significant for the assessment of both past and future financial performance.

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**Statement Of Financial Position**

Disclosure of all assets and liabilities of the entity, appropriately classified including resources, financing structure and contingencies.

*Alternatively referred to as a Balance Sheet.*

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**Statement Of Movements In Equity**

A reconciliation of the equity of an entity at the beginning of a period with the equity at the end of that period.

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**Statement Of Objectives**

A formal expression of the mission and overall objectives of the reporting entity.

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**Statement Of Resources**

A description in physical terms of the major resources held by the reporting entity.

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**Statement Of Service Performance**

A report for each significant activity undertaken by the reporting entity, on the degree of success achieved in meeting agreed targets, in qualitative and quantitative terms.

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**Statements Of Accounting Concept**

These are statements released by the Australian Accounting Research Foundation with the approval of the Institute of Chartered Accountants in Australia and the Australian Society of CPAs. They provide the conceptual framework for the development of accounting standards.

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**Statements Of Accounting Practice**

These are statements released by the Australian Accounting Research Foundation with the approval of the Institute of Chartered Accountants in Australia and the Australian Society of Accountants. These statements do not have the authority of Australian Accounting Standards but provide guidance on specific issues.

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**Strategic Management Plan**

See Plan - Strategic Management.

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**Strategic Plan**

See Plan - Strategic.

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**Sub-Component**

Smaller individual parts that make up a component part.

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**Triple Bottom Line**

An addition of social and environmental values to the traditional economic / financial measures of a corporation or organisation's success.

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Triple Bottom Line accounting attempts to describe the social and environmental impact of an organisation's activities, in a measurable way, to its economic performance in order to show improvement or to make evaluation more in-depth.

There are currently few standards for measuring these other impacts, however.

**Unfunded Renewal**

The value of asset renewals projected to occur prior to the reporting date. The value of unfunded renewals is reflected in current levels of service.

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**Upgrade / Improvement**

Enhancements to an existing asset to provide higher levels of service, eg widen a sealed road.

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**Usage Charge**

Usage Charge is a charge made to fully or partially recover the cost of works, services, products or commodities provided by an organisation to a user / client for the direct benefit of the client.

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The Usage Charge will be proportional to the consumption of the commodity over the charge period.

Pricing policy usually complies with guidelines set by agencies such as the Independent Pricing and Regulatory Tribunal (IPART), for example IPART's Pricing Principles for Local Water Authorities.

**Valuation**

The process of determining the worth of an asset or liability, at least in money terms.

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Different valuation methods may be appropriate in different circumstances (see also Fair Value).

Value which may depend on the purpose for which the valuation is required, i.e. replacement value for determining maintenance levels, market value for lifecycle costing and optimised deprival value for tariff setting.

**Value Management**

An evaluation process which addresses the technical and functional dimensions at the early stages of a project (i.e. establishment of project objectives, preparation of project brief and consideration of concept/design options) to ensure a fully integrated approach has been taken, the project is consistent with strategic goals, and non-build solutions (including demand management) have been properly assessed.

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**Vesting**

The transfer of certain rights in relation to an asset or assets to a council. In most cases the transfer of the rights does not amount to a transfer of legal ownership. It does generally amount to a transfer of the economic benefits embodied in the asset or assets.

*See Custodianship.*

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**Water Directorate**

Water Directorate

*The Water Directorate provides focussed technical information to its members, councils and county councils providing water supply and / or sewerage services to local government areas in NSW.*

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Technical  
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**Weighted Average Cost Of Capital**

The weighted average cost of capital (WACC) is the rate that an entity is expected to pay to finance its assets. WACC is calculated by multiplying the cost of each capital component (common equity, preferred equity, straight debt, convertible debt, exchangeable debt, warrants, options, pension liabilities, executive stock options, governmental subsidies, etc) by its proportional weight and then summing.

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**Written Down Current Cost**

The current cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired service potential.

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