

## Appendix A: Glossary of Terms

<b>Activity</b>	An activity is the work undertaken on an asset or group of assets to achieve a desired outcome.
<b>Activity Management Plan (AM Plan)</b>	Activity Management Plans are key strategic documents that describe all aspects of the management of assets and services for an activity. The documents feed information directly in the Council's LTCCP, and place an emphasis on long term financial planning, community consultation, and a clear definition of service levels and performance standards.
<b>Advanced Asset Management (AAM)</b>	Asset management that employs predictive modelling, risk management and optimised renewal decision-making techniques to establish asset lifecycle treatment options and related long term cash flow predictions. (See Basic Asset Management).
<b>Annual Plan</b>	The Annual Plan provides a statement of the direction of the Council and ensures consistency and co-ordination in both making policies and decisions concerning the use of the Council resources. It is a reference document for monitoring and measuring performance for the community as well as the Council itself.
<b>Asset</b>	A physical component of a facility that has value enables services to be provided and has an economic life of greater than 12 months.
<b>Asset Management (AM)</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.
<b>Asset Management System (AMS)</b>	A system (usually computerised) for collecting analysing and reporting data on the utilisation, performance, lifecycle management and funding of existing assets.
<b>Asset Management Plan (AMP)</b>	A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to provide a specified level of service. A significant component of the plan is a long-term cash flow projection for the activities.
<b>Asset Management Strategy (AMS)</b>	A strategy for asset management covering, the development and implementation of plans and programmes for asset creation, operation, maintenance, renewal, disposal and performance monitoring to ensure that the desired levels of service and other operational objectives are achieved at optimum cost.
<b>Asset Register</b>	A record of asset information considered worthy of separate identification including inventory, historical, financial, condition, construction, technical and financial information about each.
<b>Basic Asset Management</b>	Asset management which relies primarily on the use of an asset register, maintenance management systems, job/resource management, inventory control, condition assessment and defined levels of service, in order to establish alternative treatment options and long term cashflow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than risk analysis and optimised renewal decision making).

<b>Benefit Cost Ratio (B/C)</b>	The sum of the present values of all benefits (including residual value, if any) over a specified period, or the life cycle of the asset or facility, divided by the sum of the present value of all costs.
<b>Business Plan</b>	A plan produced by an organisation (or business units within it) which translate the objectives contained in an Annual Plan into detailed work plans for a particular, or range of, business activities. Activities may include marketing, development, operations, management, personnel, technology and financial planning
<b>Capital Expenditure (CAPEX)</b>	Expenditure used to create new assets or to increase the capacity of existing assets beyond their original design capacity or service potential. CAPEX increases the value of an asset.
<b>Condition Monitoring</b>	Continuous or periodic inspection, assessment, measurement and interpretation of resulting data, to indicate the condition of a specific component so as to determine the need for some preventive or remedial action
<b>Critical Assets</b>	Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than non-critical assets.
<b>Current Replacement Cost</b>	The cost of replacing the service potential of an existing asset, by reference to some measure of capacity, with an appropriate modern equivalent asset.
<b>Deferred Maintenance</b>	The shortfall in rehabilitation work required to maintain the service potential of an asset.
<b>Demand Management</b>	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.
<b>Depreciated Replacement Cost (DRC)</b>	The replacement cost of an existing asset after deducting an allowance for wear or consumption to reflect the remaining economic life of the existing asset.
<b>Depreciation</b>	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 historical cost (or revalued amount) of the asset less its residual value over its useful life.
<b>Disposal</b>	Activities necessary to dispose of decommissioned assets.
<b>dTIMS</b>	Deighton Total Infrastructure Management System. This is a specialist modelling tool used by all NZ road controlling authorities doing deterioration modelling. It uses algorithms developed by the World Bank, (HDM3 and HDM4) and modified for NZ conditions together with information on road condition, traffic volume, road roughness climate, projected funding allocations etc to forecast deterioration rates and the future state of the network. An important feature of dTIMS in its current state of development is that it is currently best suited for Network Level analysis and predictions. Its capabilities for road-by-road and project level analysis are still being developed nationally.

<b>Economic life</b>	The period from the 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 level of service. The economic life is at the maximum when equal to the physical life however obsolescence will often ensure that the economic life is less than the physical life.
<b>Facility</b>	A complex comprising many assets (eg. swimming pool complex, etc.) which represents a single management unit for financial, operational, maintenance or other purposes.
<b>Geographic Information System (GIS)</b>	Software which provides a means of spatially viewing, searching, manipulating, and analysing an electronic data-base.
<b>Infrastructure Assets</b>	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.
<b>Level of Service (LOS)</b>	The defined service quality for a particular activity (ie. water) or service area (ie. Water quality) against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.
<b>Life</b>	A measure of the anticipated life of an asset or component; such as time, number of cycles, distance intervals etc.
<b>Life Cycle</b>	Life cycle has two meanings:
	The cycle of activities that an asset (or facility) goes through while it retains an identity as a particular asset ie. from planning and design to decommissioning or disposal.
	The period of time between a selected date and the last year over which the criteria (eg. costs) relating to a decision or alternative under study will be assessed.
<b>Life Cycle Cost</b>	The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
<b>Life Cycle Maintenance</b>	All actions necessary for retaining an asset as near as practicable to its original condition, but excluding rehabilitation or renewal.
<b>Long Term Plan - LTP</b>	The Long Term Plan (LTP) is the primary strategic document through which the Council communicates its intentions over the next 10 years for meeting community service expectations and how it intends to fund this work. The LTP is a key output required of Local Authorities under the Local Government Act 2002.
<b>Long Term Financial Strategy</b>	The Long Term Financial Strategy has been superseded by the Long Term Plan.
<b>Maintenance Plan</b>	Collated information, policies and procedures for the optimum maintenance of an asset, or group of assets.

<b>New Zealand Transport Agency</b>	Previously known as: Land Transport Safety Authority; Transfund New Zealand; LTSA; Ikiiki Whenua Aotearoa; Transit NZ. The New Zealand Transport Agency is a new government agency formed on 1 August 2008 from the merger of Land Transport New Zealand and the Transit NZ by the Land Transport Management Amendment Act.
	The New Zealand Transport Agency objective is to contribute to an integrated, safe, responsive and sustainable land transport system. They work in partnership with central, regional and local government and with many other stakeholders to help develop land transport solutions. The New Zealand Transport Agency is also responsible for managing the State Highway network.
<b>Objective</b>	An objective is a general statement of intention relating to a specific output or activity. They are generally longer-term aims and are not necessarily outcomes that managers can control.
<b>Operation</b>	The active process of utilising an asset which will consume resources such as manpower, energy, chemicals and materials. Operation costs are part of the life cycle costs of an asset.
<b>Optimised Renewal Decision Making (ORDM)</b>	An optimisation process for considering and prioritising all options to rectify performance failures of assets. The process encompasses NPV analysis and risk assessment.
<b>Pavement Rehabilitation</b>	Pavement Rehabilitation is pavement renewal of a limited area of road pavement in which there are no geometric improvements. These may include overlays, rip and relays and chemical stabilisation.
<b>Performance Indicator (PI)</b>	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. Also referred to as Key Performance Indicator (KPI).
<b>Performance Monitoring</b>	Continuous or periodic quantitative and qualitative assessments of the actual performance compared with specific objectives, targets or standards.
<b>Planned Maintenance</b>	Planned maintenance activities fall into 3 categories :
	Periodic – necessary to ensure the reliability or sustain the design life of an asset.
	Predictive – condition monitoring activities used to predict failure.
	Preventive – maintenance that can be initiated without routine or continuous checking (eg. using information contained in maintenance manuals or manufacturers' recommendations) and is not condition-based.
<b>Recreation</b>	Means voluntary non-work activities for the attainment of personal and social benefits, including restoration (recreation) and social cohesion.
<b>Rehabilitation</b>	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 using available techniques and standards to deliver its original level of service without resorting to significant upgrading or replacement.

<b>Renewal</b>	Works to upgrade, refurbish, rehabilitate or replace existing facilities with facilities of equivalent capacity or performance capability.
<b>Renewal Accounting</b>	A method of infrastructure asset accounting which recognises that infrastructure assets are maintained at an agreed service level through regular planned maintenance, rehabilitation and renewal programmes contained in an asset management plan. The system as a whole is maintained in perpetuity and therefore does not need to be depreciated. The relevant rehabilitation and renewal costs are treated as operational rather than capital expenditure and any loss in service potential is recognised as deferred maintenance.
<b>Repair</b>	Action to restore an item to its previous condition after failure or damage.
<b>Replacement</b>	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.
<b>Remaining Economic Life</b>	The time remaining until an asset ceases to provide service level or economic usefulness.
<b>Risk Cost</b>	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.
<b>Risk Management</b>	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.
<b>Road Assessment and Maintenance Management system (RAMM)</b>	RAMM is an application suite for road asset management. RAMM includes the following: asset inventory; asset valuation; condition assessment; utilities for importing, loading and exporting data; graphical displays; and reporting, query and forecasting tools. It has been the benchmark for road asset management software in New Zealand for 20 years, and is used by virtually all Councils and Road Controlling Authorities in New Zealand.
<b>Routine Maintenance</b>	Day to day operational activities to keep the asset operating (replacement of light bulbs, cleaning of drains, repairing leaks, etc.) and which form part of the annual operating budget, including preventative maintenance.
<b>Service Potential</b>	The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset.
<b>Strategic Plan</b>	Strategic planning involves making decisions about the long term goals and strategies of an organisation. Strategic plans have a strong external focus, cover major portions of the organisation and identify major targets, actions and resource allocations relating to the long term survival, value and growth of the organisation.
<b>Unplanned Maintenance</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.

<b>Upgrading</b>	The replacement of an asset or addition/ replacement of an asset component which materially improves the original service potential of the asset.
<b>Valuation</b>	Estimated asset value that may depend on the purpose for which the valuation is required, i.e. replacement value for determining maintenance levels or market value for life cycle costing.