

Attachment 1 - Terminology

Terminology/Abbreviations

It is important while considering and discussing Corporate Asset Management to set guidelines and terminology to ensure all future correspondence is clear and more easily understood with less confusion arising from terms used (i.e. everyone involved is “on the same page”). Note the definition is supplemented where appropriate with the Collins Dictionary definition and is included in *italics* below.

List;

Annual Report – The report due in September each year that outlines achievements and progress against objectives set out in the Management Plan for the proceeding financial year as defined by the LGA 1993

Asset – Physical assets e.g. property, plant, equipment owned or managed by Council on behalf of the Community (*Anything valuable or useful*)

Asset Management (‘AM’) – A specific set of guidelines and procedures (as part of a plan) for managing and maintaining (“looking after”) Community Assets now and in the future.

Asset Management Coordinator (‘AMC’) – A role adopted by a number of Councils to manage the process for improved asset management and manage the Asset Management Improvement Plan.

Asset Management Plan (‘AMP’) – A plan developed within a specific asset group, to reflect the long term financial requirements associated with maintaining, renewing and disposing of assets within that group.

Asset Management Improvement Plan (‘AMIP’) – the plan that will drive a ‘sustainable’ asset management culture into an organisation and will be managed by the AMC. This plan will form the basis of the Asset Management Strategy.

Asset Management Strategy – a document that describes the processes, procedures and responsibilities for achieving Good Asset Management Practice over the longer term

Asset Management System (‘AMS’) – a key system that will allow repeatability and skills/knowledge capture across the asset management process and the delivery of an ‘AMIP’ for an organisation. The asset management system consists of an asset register and an asset works order system and other components required for maintaining and renewing assets.

Asset Register (‘AR’) – a key and essential component of a good AMS

Asset Works Order System (‘AWOS’) – the other key and essential component of a good AMS. This is the operational tool to plan works on assets (in the short term) and ensures that resources (people and equipment) as well as materials are available as required. This delivers the jobs/tasks that need to be carried out as part of the “Maintenance Planning”. This allows the individual asset managers to deliver the maintenance efficiently and effectively, within the budget constraints. The AWOS stores history of all maintenance done on assets and can provide this information to the AMP for long term forecasting. The AWOS receives its initial short term forecasts from the AMP. (ie there is a feed forward and a feedback process involved).

Benefit – generally represents a “positive” outcome from “planned” actions, and should be measurable in financial or satisfaction terms. (*Something that improves or promotes*)

Best of Breed (‘BoB’) – an old term that refers to ‘Best Practice’ or “Best Functionality” – over used and over abused (*Most excellent of a particular group, category*)

Best Practice – this is a comparative term and generally will refer to comparison with a group of peers (against set, defined criteria) and achieving the resultant highest level of performance (compared to others in the group) – refer ‘Good Asset Management Practice’ – a best practice process.

Budget – short term planning process that generally refers to dollar flows (in/out) for an organisation over a 12 month period. (*Summary of probable financial outlays and incomes over a specific period*)

Budget Process – the measurement of how the annual cash flows and inventory levels vary from one month (year) to the next

Computerised Maintenance Management System (‘CMMS’) – This is a term used (primarily in industry) to describe the computer system for (asset) maintenance management e.g. the Asset management System. It consists of basically an asset register and a works order system (refer to AMS).

Community – every person who lives in or interacts from within the local government area for the defined council/shire (includes rate payers, businesses, tourists etc) (*The people living in one locality; common ownership or participation*)

Community Consultation – the process of discussing issues with the relevant community members and gathering and recording their feedback and inputs

Community Corporate (Strategic) Plan – Proposed long term (10 year) planning document defined by the local government DLG Position Paper that needs to integrate with the strategic asset management and financial plans

Contract – a written agreement to provide services or products at an agreed price and under agreed conditions (*An agreement to provide goods and/or services on mutually agreed terms; in writing*)

Condition – the state of an asset that defines how well it can perform its tasks and duties or continue to provide a service (to the community) and is generally represented by a qualitative or quantitative measurement e.g. Condition Rating (*a particular state of being or existence, situation with respect to circumstances*)

Condition assessment ('CA') – the process of recording the “condition” of assets

Condition Rating ('CR') – a qualitative or quantitative measure (i.e. a single number) of the condition of an asset that can be related to another characteristic of an asset (e.g. serviceability)

Corporate Strategic Plan – refer to Community Corporate Plan

Council – Local Government entity that reports to NSW Government under the Local Government Act (1993)

Data – generally refers to “raw” readings that are recorded electronically or manually (on paper). (*A series of observations, measurements or facts*)

Data Collection – the process of gathering and recording data (can be manual or electronic)

Data Quality – refers to the level of confidence in the accuracy of the data (how representative it is as a measurement) and will cover the engineering accuracy as well as the relevance of the data)

Deliverables – generally refers to “Outcomes” of a process or project. (*Produce or perform something promised or expected*)

Delivery Program – Proposed medium term planning document that details how objectives from the Community, Asset Management & Financial Strategic Plans will be achieved (over a 4 year period or council term)

DLG - Department of Local Government (NSW)

Drivers – generally external inputs to a process that determine the process requirements and often provide a ‘KPI’ for the process (*To compel, to urge; to goad or force into a specific attitude or state*)

Education - the process for transferring generally new knowledge (on a subject) to a student (person) who can be an employee, consultant, supplier, the public etc (*The act or process of imparting knowledge*)

Effective – providing the right (desired) outcomes (for the situation being addressed) – i.e. Do the Right thing! (*Productive and /or capable of producing a result*)

Efficient – providing outcomes at the desired cost and quality, with the minimum resources and within the minimum time – Do Things Right! (*Functioning or producing effectively and with the least amount of effort*)

Finance – generally the practice or the group responsible for managing the assets/liabilities and the incomes/expenditures of an organisation (*The system of money, credit, etc especially with respect to Government revenues & expenditures*)

Financial Plan – a plan that considers the finances of an organisation into the future

Financial Process – procedures by which the financial plan is delivered and achieved

Financial Reporting – the outcomes of the financial process (and plan)

Features – an aspect of a solution that will deliver a benefit (but is not the benefit)

Function/Functionality – the means to providing an outcome/result (not the result)

Gantt Chart – a graphical technique used to display (report) project plans, progress etc

Good Asset Management Practice ('GAMP') – taking the best, global asset management advice, experience, training/education and practice and applying it to the current AM situation

Information – the result of turning raw data into useful, quality output (*Computer; the results derived from the processing of data according to programmed instructions*)

Key Performance Indicator ('KPI') – measurable, desirable outcomes (consequences) of a process (or set of processes – a project) often used to assess the progress or even the “success” of a process/project

Level of Service ('LoS') – generally refers to a service or a facility that is delivered to a recipient (the community) at a measurable level. Service delivery can be measured qualitatively or quantitatively but should be measured

LGA 1993 – The Local Government Act (of 1993)

Life Cycle Cost ('LCC') – the “whole of life” cost associated with an asset which needs to include; Initial cost, maintenance, inspection and operating cost (over the life time) and disposal cost

Maintenance Management ('MM') – Management of maintenance activities, which includes the allocation of resources, materials and equipment to jobs/tasks for the maintaining of assets. This is a operational function supported by the AWOS. Maintenance activities fall into three categories; Breakdown, Planned, Reactive. These categories overlap, in that “breakdown” and “reactive” should end up as planned activities.

Management Plan – Existing medium term plan (1-3 years) planning document under current planning & reporting framework as defined by LGA 1993

Milestones – key dates for specific, key deliverables (outcomes)

Operational Plan – Proposed short term planning document that covers 1 year (within the Delivery Plan)

Organisational Structure – the structured layout of the people who manage and carry out duties (within categories) as employees of the organisation, generally showing lines of responsibility and reporting

Outcomes – the results of a process, project or action (*Something that follows from an action; results*)

Pavement Management System ('PMS') - a system that delivers a long term (10-20 years) plan for maintaining roads and road infrastructure. The PMS feeds long term financial information to the AMP and subsequently on to the long term financial planning process.

Procedure – general understood way of carrying out a process (*A way of acting or progressing in a course of action; an established method*)

Process – step or steps used to achieve the outcomes of a project (*A series of actions directed to achieving a result or condition*)

Project – A defined process (or set of processes) with defined inputs, steps, milestones, outcomes (*A task requiring considerable or concerted effort*)

Project Management – the process of managing a project

Project Plan – the details of how a project will be achieved (how, who, when)

Quadruple Bottom Line ('QBL') – This process involves setting consistent goals and targets across all strategic (community, social and environmental) plans. Corporate governance is a key component of QBL that ensures compliance and consistency across the strategic planning processes of Council.

Quality – generally refers to achieving a defined level of expectation or a defined level of specification (*A distinguishing characteristic*)

Qualitative – generally refers to a measurement that is not represented by a number but a comparative symbol (e.g. A-F) – (*Relating to distinguishing based on quality or qualities*)

Quantitative – generally refers to a measurement that can be represented numerically (e.g. 1, 1.6, 0.003) – (*Capable of being measured*)

Quality Assurance ('QA') – the act of ensuring that the quality system is performing and that quality is obtained, achieved or maintained

Quality Control ('QC') – the process of managing quality through measurement and action

Risk – measures the acceptable level of non compliance of a result or outcome from a process, decision, action (or non action) – (*The possibility of incurring misfortune or loss; Chance of loss or other event on which a claim may be filed*)

Risk Assessment ('RA') – the professional measurement associated with risk

Risk Factors ('RF') – are generally described via a matrix comprising different levels for “Likelihood of Failure” and “Consequence of Failure”. These factors are often measured “qualitatively.”

Risk Management ('RM') – managing the outcomes (of decisions, actions, processes) to ensure an acceptable returns are achieved (i.e. no significant losses, claims, damages, injuries are forthcoming)

Risk Rating ('RR') – This is a qualitative or quantitative measure (i.e. single value) that is used to describe the Risk level. (refer also to Condition Rating – CR)

Satisfaction – A state of mind often measured in “subjective”, comparative terms which can be compared across groups/categories (*Fill desires or needs (of a person)*)

Serviceability – the ability of an asset to provide the service it was designed (or agreed) to provide (*Capable or ready for service; usable*)

Skills – generally relates to work related tasks and can be based on training and/or experience (*Specialty in a task acquired by training*)

Start Date ('SD') – Important point of a plan or project being the start of activities for a project

Strategic – related to plans generally refers to a longer term plans (covering 10 years+) and providing a high level view of planned activities (drivers, milestones, outcomes, benefits etc) – (*The art or science of planning*)

Strategic Asset Management Plan – this is a long term plan that describes the on going Asset Management Process – refer AM Strategy and AMIP

System – in the AMS context will generally refer to a software system and is applied to asset management and is asset centric. There are other systems that need to interface with the AMS e.g. financial system, GIS, customer service, documentation, email, communications (*Any assembly of components with interdependent functions usually forming a self contained unit*)

Systems Integration – the bringing together of information from one system to another system generally electronically (but could involve manual interaction)

Training - the process for transferring generally skills or practical experience (on a subject) to a student (person) who would usually be an employee, consultant, supplier, a representative of the public, councillor etc) – (*To guide or teach by subjecting to various exercises or experiences*)

Wingecarribee Shire Council ('WSC')