

**Guidelines for  
Implementing Total Management Planning**

**Asset Management**

**GLOSSARY OF TERMS**



<b>Active asset</b> <sup>1</sup>	Generally applies to above-ground assets (e.g. reservoir, pump station).
<b>Asset</b> <sup>1</sup>	An item with an independent physical and functional identity and age, within a facility (e.g. pump, motor, sedimentation tank, main).
<b>Asset</b> <sup>6</sup>	Service potential or future economic benefits controlled by entity as a result of past transactions or other past events.
<b>Asset (modern equivalent)</b> <sup>9</sup>	The notional asset that would replace an existing asset's service potential, using the latest technology available.
<b>Asset (network)</b> <sup>7</sup>	Individual asset which, together with others, performs a service.
<b>Asset (non-current)</b> <sup>7</sup>	An asset of a business which is expected to be consumed over more than one financial year.
<b>Asset register</b> <sup>4</sup>	A systematic record of items considered worthy of identification as discrete assets, including information such as construction and technical details about each.
<b>Asset replacement profile</b> <sup>9</sup>	The projected variation over time of capital expenditure on replacement of assets.
<b>Breakdown maintenance</b>	<i>See</i> Emergency maintenance.
<b>Component (of asset)</b> <sup>1</sup>	An item with an independent physical and functional identity within an asset (e.g. impeller, hydrant).
<b>Condition-based depreciation</b> <sup>9</sup>	The determination of accumulated depreciation as the cost in any reporting period of restoring an asset's gross service potential, based on the condition of the asset within the period. Changes from year to year in the cumulative depreciation so determined represent the annual depreciation.
<b>Condition-based maintenance</b> <sup>5</sup>	The preventive maintenance initiated as a result of knowledge of the condition of an item from routine or continuous monitoring. ( <i>May also form part of predictive maintenance.</i> )
<b>Condition monitoring</b> <sup>5</sup>	The continuous or periodic measurement and interpretation of data to indicate the condition of an item to determine the need for maintenance.
<b>Control</b> <sup>10</sup>	Control of an asset means the capacity of an entity to benefit from the asset in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.
<b>Corrective maintenance</b> <sup>5</sup>	The maintenance carried out after a failure has occurred, and intended to restore an item to a state in which it can perform its required function. ( <i>This may include breakdown or reactive maintenance.</i> )
<b>Cost (current)</b> <sup>8</sup>	An asset's cost measured by reference to the lowest cost at which the gross service potential of the asset could currently be obtained in the normal course of events. ( <i>Synonymous with 'gross current cost'.</i> )
<b>Cost (replacement)</b> <sup>9</sup>	The cost of restoring an existing asset's gross service potential on deprival, whether by reproduction of the existing asset or replacement with a reference asset.
<b>Cost (reproduction)</b> <sup>9</sup>	The cost of restoring an existing asset's gross service potential on deprival by reproducing the existing asset.

<b>Cost (written down current)</b> <sup>8</sup>	An asset's current cost less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired service potential of the asset
<b>Depreciation</b> <sup>4</sup>	In an economic sense, depreciation is equivalent to the rate of consumption of assets. In a practical sense it is a decrease in the value of an asset due to wear and tear, physical degradation, obsolescence or any other cause which reduces its useful economic life. In an accounting sense it is a mechanism for systematically distributing the net cost or other basic value of assets over their useful lives.
<b>Deprival value</b>	See Value (current).
<b>Disaggregation</b> <sup>9</sup>	The subdivision of composite assets into assemblages and/or components for purposes of registration, valuation, or other purpose.
<b>Emergency maintenance</b> <sup>5</sup>	The maintenance that is necessary to put in hand immediately to avoid serious consequences. ( <i>May also be called breakdown or reactive maintenance.</i> )
<b>Excessive infiltration/inflow</b> <sup>1</sup>	The quantity of infiltration/inflow that can be cost-effectively eliminated from a sewer.
<b>Facility</b> <sup>1</sup>	A group of assets that provides a function or service (e.g. pump station, reservoir, treatment plant, reticulation system).
<b>Facility</b> <sup>4</sup>	A complex of assets (e.g. a hospital, water treatment plant, sporting complex) that represents a single management unit for financial, operational, maintenance or other purposes.
<b>Gross current cost</b>	See Cost (current).
<b>Infiltration/inflow</b> <sup>1</sup>	The combination of groundwater infiltration, stormwater inflow, and rainfall-dependent infiltration.
<b>Life (residual)</b> <sup>9</sup>	The difference between useful life and elapsed life.
<b>Life (useful)</b> <sup>8</sup>	In relation to a depreciable asset, the estimated total period, from the date of acquisition, over which the service potential of the asset is expected to be used up in the business of the entity.
<b>Life cycle</b> <sup>4</sup>	Life cycle has two meanings: <ol style="list-style-type: none"> <li>1. The cycle of activities that an asset (or aggregation of assets) goes through while it retains an identity as that asset. These activities include planning, design, acquisition and support, including rehabilitation and disposal.</li> <li>2. The period of time between a selected date and the cut-off year or last year, over which the criteria (e.g. costs) relating to a decision or alternative under study will be assessed.</li> </ol>
<b>Life cycle cost</b> <sup>4</sup>	The total cost of an asset throughout its life including planning, design, acquisition, operations, rehabilitation and disposal costs.
<b>Maintenance</b> <sup>5</sup>	The combination of all technical and associated administrative actions intended to retain an item in, or restore it to, a state in which it can perform its required function.
<b>Maintenance history</b> <sup>5</sup>	A history record which is used for the purpose of maintenance planning.

<b>Maintenance planning</b> <sup>5</sup>	Deciding in advance the jobs, methods, tools, machines, labour time required, and timing of maintenance actions.
<b>Maintenance program</b> <sup>5</sup>	A time-based plan allocating specific maintenance tasks to specific periods.
<b>Maintenance schedule</b> <sup>5</sup>	A comprehensive list of items and the maintenance required, including the intervals at which maintenance should be performed.
<b>Passive asset</b> <sup>1</sup>	Generally applies to mains and channels.
<b>Planned maintenance</b> <sup>5</sup>	The maintenance organised and carried out with forethought, control and the use of records to a predetermined plan.
<b>Preventive maintenance</b> <sup>5</sup>	The maintenance carried out at predetermined intervals, or corresponding to prescribed criteria, and intended to reduce the probability of failure or the performance degradation of an item.
<b>Reactive maintenance</b>	<i>See</i> Emergency maintenance.
<b>Rehabilitation</b> <sup>4</sup>	Works to rebuild, or replace parts of components of, an asset to restore it to the required functional condition and/or extend its life. This could also incorporate some modification. Generally involves repairing the asset to deliver similar function using available techniques and standards (i.e. not a significant upgrade or renewal). Examples include heavy patching of roads and slip-lining of sewer mains.
<b>Reinforcement</b> <sup>2</sup>	Construction of an additional pipeline to supplement the capacity of an existing pipeline or provide an alternative to it.
<b>Reliability</b> <sup>5</sup>	The ability of an item to perform a required function under stated conditions for a stated period of time.
<b>Renewal</b> <sup>4</sup>	Works completed to upgrade facilities significantly from the existing asset.
<b>Renovation</b> <sup>2</sup>	Term frequently used to mean lining of pipelines.
<b>Repair</b> <sup>4</sup>	Action to restore an item after failure or damage.
<b>Replacement</b> <sup>4</sup>	Complete removal and use of another item in place of an asset that has reached the end of its life, so as to provide a similar or agreed level of service.
<b>Scheduled maintenance</b> <sup>5</sup>	Preventive maintenance carried out to a predetermined interval of time, number of operations, kilometres, etc.
<b>Terotechnology</b> <sup>5</sup>	A combination of management, financial, engineering, building and other practices applied to physical assets in pursuit of economic life cycle costs.
<b>Unplanned maintenance</b> <sup>5</sup>	The maintenance carried out to no predetermined plan. ( <i>May also include breakdown or reactive maintenance.</i> )
<b>Value (current)</b> <sup>9</sup>	The current value of a non-current asset of a local government is the loss that it would incur if it were deprived of the asset's utility (or service potential). ( <i>Synonymous with 'deprivation value'.</i> )
<b>Value (deprivation)</b> <sup>9</sup>	The loss that an entity would incur if it were deprived of the asset's utility.

<b>Work order</b> <sup>5</sup>	A written instruction detailing work to be carried out.
<b>Work specification</b> <sup>5</sup>	A document describing the way in which work is to be carried out. It may define the materials, tools, time and standards.

## SOURCES OF REFERENCE

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