What is a Capital Replacement Plan?

A *Capital Replacement Plan* is a statement of all the required tasks, responsibilities and costs that should be taken into consideration for the future replacement of infrastructure. This important document can help you plan for the eventual replacement of sport and recreation facilities, and ensures that eventual replacement costs have been adequately considered.

The development of a *Capital Replacement Plan* may be a condition of a Sport and Recreation Victoria grant where facilities need to be periodically replaced or renewed (eg: synthetic surfaces).

What should be included in a Capital Replacement Plan?

Your *Capital Replacement Plan* should include (but not limited to) the following components:

* Organisation name and contact details.
* Major component(s) along with their approximate replacement cost and useful life. These details should be obtained by consulting with product suppliers and state sporting associations to determine realistic lifespan.
* The approximate annual amount that needs to be set aside for the eventual replacement of the facility.
* Consideration should be given to escalation costs over the life of the facility and maintenance to extend asset life
* Agreement of Council and/or Club roles in the replacement of the facility including sinking fund contributions.
* Who will take the necessary steps to ensure stakeholders meet their responsibilities? Be sure to include a reference as to how contributing organisations will meet their commitment (eg: opening of a sinking fund bank account, scheduling for works within the capital replacement program of Council, etc.).

What should a Capital Replacement Plan look like?

The policies and procedures of your Council will determine the approach of your Capital Replacement Plan. For minor projects under $250,000 it is suggested that you keep the document simple for ease of reference (see template).

For large scale synthetic surface projects you may wish to refer to the [Surface Evaluation Model](http://www.sport.vic.gov.au/surface-evaluation-model-spreadsheet) which was developed as part of the [Artificial Grass for Sport Guide](http://www.sport.vic.gov.au/artificial-grass-sport-guide-low-resolution-version). This model provides a calculation tool for larger artificial grass projects of all types having the ability to incorporate factors such as inflation and discounted cash flows over time and their effects on an effective facility sinking fund.

Who do I contact if I have further questions?

For further information on the Capital Replacement Plan, please contact your Sport and Recreation Victoria representative.

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| **Project Details** | | | |  |  |  | |  |  | |  |  |  |  |
| **Organisation name** | |  | | | | | | | | | | | | | |
| **Project name** | |  | | | | | | | | | | | | | |
| **Project location** | |  | | | | | | | | | | | | | |
| **Date CRP developed** | |  | | | | | | | | | | | | | |
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| **Replacement Schedule** | | | | | | | | | |  | | | | | |  |
| **Infrastructure item** | | **Approx. replacement cost** | **Approx. useful life (years)** | | | | **Average annual replacement amount** | | | **Organisation responsible/income source for replacement** | | | | | |
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| **Total Annual REPLACEMENT Cost** | | | | | | | **$** | | |  | | | | | |
| **Escalation (CPI) likely increase between 3% and 5%** | | | | | | | **$** | | |  | | | | | |
| **TOTAL REPLACEMENT PROGRAM COST** | | | | | | | **$** | | |  | | | | | |

**NB:** If a Club is responsible for the capital replacement, then a letter of acknowledgement must also be provided.