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Asset Management Plan 2018-19

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This document forms part of the Plan Section of the City of Playford Business Planning Framework

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## EXECUTIVE SUMMARY

### WHAT COUNCIL PROVIDES

City of Playford has a significant portfolio of community assets under its care and control. These assets form an integral part of providing services to the community which support the governance and accountability of Council. These services are provided in partnership with end users to enable a systematic process of capturing, organising, sharing and using information to enable us to meet our strategic objectives and deliver services to our Community.

Sound asset management is a key to the financial sustainability of the City of Playford. The Council has an obligation to ensure that current assets are managed efficiently and effectively and that decisions regarding the acquisition of new assets and the sale and maintenance of current assets are undertaken in an open and transparent fashion. The management of assets cannot be done in isolation and needs to consider financial, social and environmental factors in decision making.

Most importantly, the assets that Council is responsible for are community assets and as such the service level provided by each asset must be set in recognition of the feedback received from the various customer survey avenues.

### ASSET BASED SERVICES PROVIDED BY COUNCIL

City of Playford owns and is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities to the community. Asset Management Plans have been developed to ensure that Council continues to provide effective and comprehensive management of its asset portfolios. Plans have been completed for the following asset portfolios:

- Buildings
- Fleet
- Footpaths
- Information Technology
- Parks & Recreation
- Stormwater
- Transportation

This document has been prepared as a summary of the above plans.

Asset Management Plans (AMP) are reviewed during the annual budget preparation and amended to recognise any changes in service levels and / or resources available to provide those services as a result of the budget decision process.

The City of Playford has continued to improve our data collection and condition rating accuracy.

### WHAT DOES IT COST?

The projected outlays necessary to provide the services covered by this AMP includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$592m or \$59.2m on average per year.

## PLANS FOR THE FUTURE

City of Playford plans to operate and maintain the assets network to achieve the following strategic objectives.

1. Ensure the assets network is maintained at a safe and functional standard as set out in this Asset Management Plan.
2. Provide rapid response to assets issues.
3. Comply with the Disability & Discrimination Act (DDA).
4. Reduce the level of risk exposure to Council and ensure the network complements Council's strategies.
5. Meet community expectations in a financially sustainable manner via improved risk management, legislative compliance and management processes.
6. Prompt wider community participation and engagement in local community activities.

## MEASURING OUR PERFORMANCE

### *Quality*

Assets will be maintained in a reasonably usable condition. Defects found or reported that are outside our service standard will be repaired. Maintenance response service levels are in the detailed AM plans.

### *Function*

Assets will be managed to function at a required service level. The Council's intent is that an appropriate Asset Management System is maintained to facilitate this service level.

The main consequence of the service function of our assets is the sustainable provision of built assets that contribute to community wellbeing.

### *Safety*

We monitor all Assets and prioritise and repair defects in accordance with our inspection schedule to ensure they are safe and fully operational.

## CONFIDENCE LEVELS

This AMP is based on medium level of confidence information.

## THE NEXT STEPS

These actions resulting from this Asset Management Plan are:

- Review data management quality procedures and seek improvements.
- Maintain Geographic Information System data regarding assets.
- Develop criteria for risk treatment.
- Assess asset capacity and condition rating.
- Communicate public responsibilities with respect to environmental care.
- Research international best practice.
- Improve collaboration with SA LGA Asset Management Network (SALGAMN) and other associated bodies.
- Develop better processes for capturing new and disposed assets, to ensure they are recorded into the asset register.
- Investigate maintenance and operating procedures, costs at an asset level.

- Move towards service driven asset management using a ‘bottom up’ approach for gathering asset information for individual assets to support the optimisation of activities and programs to meet agreed community service levels.
- Incorporate revaluations of Assets and develop the migration of the information into the asset register.
- Develop a Corporate process to determine a ranking system across all of its Assets, to assist in the prioritisation of expenditure.
- Review internal communication procedures for works approval undertaken by external organisations.

Accuracy of future financial forecasts may be improved in future revisions of this Asset Management Plan by the above actions.

## GROWTH

A significant challenge for the City of Playford is the current and forecast growth of the City. As reinforced by the 30 Year Plan for Greater Adelaide, the northern region is the designated growth corridor for Adelaide. Asset growth via developer contributions at ever increasing service standards (to meet customer expectations in the competitive real estate market), add millions of dollars to the asset life cycle cost each year. Coupled with this is the need for Council to construct social assets such as sporting and other community facilities.

## QUESTIONS YOU MAY HAVE

### *What is an Asset Management Plan?*

Asset management planning is a comprehensive process to ensure delivery of services from assets is provided in a financially sustainable manner.

Asset management plan details information about assets including actions required to provide an agreed level of service in the most cost effective manner. The plan defines the services to be provided, how the services are provided and what funds are required to provide the services.

Playford CC - Report 1 - Executive Summary AM Plan (Playford All 2019_S1_V1)		(\$000)
10 year total cost [10 yr Ops, Maint, Renewal & Upgrade Proj Exp]		\$592,026
10 year average cost		\$59,203
10 year total LTFP budget [10 yr Ops, Maint, Renewal & Upgrade LTFP Budget]		\$592,023
10 year average LTFP budget		\$59,202
10 year AM financial indicator		100%
10 year average funding shortfall		\$0

## 2. INTRODUCTION

### 2.1. BACKGROUND

This document has been developed as a summary of the Asset Management Plans (AMPs) developed by the City of Playford. The Plans cover the following Asset Groups:

AMP	Assets Covered
Transportation	Road pavement & seal, unsealed roads, kerbing car parks, pedestrian bridges, other road structures.
Stormwater	Pipes, pits, headwalls & trash racks, Wetland infrastructure and other drainage structures.
Footpaths	Footpaths / cycle ways (along roads and within reserves).
Buildings	Council owned buildings & storage sheds either occupied by Council or others.
Parks and Recreation	Irrigation, playgrounds, park furniture and oval lighting.
Information Technology	IT equipment and assets such as computers, printers, servers.
Fleet	Cars, trucks, utes, heavy equipment and other vehicle types.

The AMPs are extensive technical documents of approximately 54 pages each so the detail cannot be included in this summary.

The plans themselves contain the results of the data analysis pertinent to the specific asset group. It should be noted that the Asset Management Plans do not cover every category of asset or *green* assets such as trees, sports field turf, etc. While some assets, such as office furniture, do not have a separate Asset Management Plan, the combined capital value is recorded for financial purposes.

These asset management plans follow the format for AM Plans recommended in Section 4.2.6 of the International Infrastructure Management Manual<sup>1</sup>.

The assets covered by this asset management plan are shown in Table 2.1. These assets are used to provide the assets network to its community.

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<sup>1</sup> IPWEA, 2011, Sec 4.2.6, Example of an Asset Management Plan Structure, pp 4 | 24 – 27.

Table 2.1: Assets covered by this Plan

Subcategory	Asset	Dimension	Renewal \$
Transportation	Car park	302,586 m <sup>2</sup>	9,091,044
	Kerb	1,124 km	64,785,094
	Structures	7,355 ea.	26,439,073
	Sealed Road	799 km	401,267,073
	Unsealed Road	71 km	4,232,797
Stormwater	Pipes	462,081 m	117,382,979
	Pits	12,412 ea.	31,531,008
	Other Capture	82,362 m	7,505,087
	Water Delivery	384,528 m	20,113,990
Footpaths	Footpaths	724 km	88,654,831
	Other	7,728 ea.	1,805,041
Buildings	Community	43 ea.	39,743,429
	Corporate	42 ea.	41,484,101
	Other	43 ea.	999,814
	Public Toilet	19 ea.	1,863,156
	Sporting	50 ea.	43,232,831
Parks & Recreation	Irrigation	366 ea.	16,930,304
	Playground	94 ea.	6,893,061
	Other Structures	2,497 ea.	22,996,811
Information Technology		1,770 ea.	3,113,106
Fleet	Vehicles	194 ea.	14,070,509
	Trailers	72 ea.	705,988
	Plant	70 ea.	575,957

These assets have a renewal value of \$965,417,084.

### Assumptions

This Plan is based on current service level and indexed 2017/2018 dollars. It does not take into consideration any new equipment or systems that may be implemented over the coming year.

Key stakeholders in the preparation and implementation of this are:

Assets & Project Management	Governance and Asset Management Strategies
Councillors/Board Members	<ul style="list-style-type: none"> <li>Represent needs of community/shareholders.</li> <li>Allocate resources to meet the organisation's objectives in providing services while managing risks.</li> <li>Ensure organisation is financially sustainable.</li> </ul>
CEO/General Manager	<ul style="list-style-type: none"> <li>Manage organisation operational activities and future planning strategic direction.</li> </ul>
Operational Teams	<ul style="list-style-type: none"> <li>Design, documentations, capital work projects.</li> <li>Operational and service levels, data information and analysis.</li> </ul>
Finance Team	<ul style="list-style-type: none"> <li>Long Term Financial Plans and operational financial data.</li> </ul>
Community & Ratepayers	<ul style="list-style-type: none"> <li>End user of services.</li> </ul>

## 2.2. STEWARDSHIP

A principal role of Council is the provision of services to its community. Some of these services are provided by assets. Council's goal in managing assets is to meet the required level of service in the most cost-effective manner for present and future consumers.

The objective of the Asset Management Plans (AMPs) is to enable responsible management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding required to provide required levels of service for the lowest whole of life cost.

The key elements of asset management are:

- Taking a total life cycle approach.
- Developing cost effective management strategies for the long term.
- Providing a defined level of service and monitoring performance.
- Understanding and meeting the demands of growth through demand management and asset investment.
- Managing risks associated with asset failures.
- Sustainable use of physical resources.
- Continuous improvement in asset management practices.

The asset management plan is to be read in conjunction with the organisation's other strategic documents as follows:

- Strategic Plan.
- Long Term Financial Plan 2018/19 – 2027/28.
- Playford Community Vision 2043.

## 2.3. PLAN FRAMEWORK

Key elements of the plan are:

- Levels of service – specifies the services and levels of service provided by Council.
- Future demand – how this will impact on future service delivery.
- Life cycle management – how Council will manage its existing and future assets to provide the required services.
- Financial summary – what funds are required to provide the required services.
- Asset management practices.
- Monitoring – how the plan will be monitored to ensure it meets Council's objectives.
- Asset Management Improvement Plan.

## 2.4. CORE AND ADVANCED ASSET MANAGEMENT

This Asset Management Plan is prepared as a 'core' asset management plan in accordance with the International Infrastructure Management Manual. It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

Future revisions of this will move towards 'advanced' asset management using a 'bottom up' approach for gathering asset information for individual assets to support the optimisation of activities and programs to meet agreed service levels.

## 2.5. COMMUNITY CONSULTATION

This 'core' asset management plan is prepared to facilitate community consultation initially through feedback on public display of the draft AMP prior to adoption by Council.

## 3. LEVELS OF SERVICE

### 3.1. CUSTOMER RESEARCH AND EXPECTATIONS

The City of Playford has been undertaking an independent evaluation of Council services through a Resident Satisfaction Survey since 2001.

#### Objectives

The broad objectives of the Resident Satisfaction Survey include:

- Assessing and establishing the community's priorities and satisfaction in relation to Council activities, services and facilities.
- Identifying the community's overall satisfaction with Council's performance.
- Identifying the community's level of satisfaction with regards to contact they have had with Council staff.

#### Methodology

Micromex Research, together with City of Playford Council developed the questionnaire. The sample consisted of a total 601 households via computer assisted telephone interviews (CATI). The survey was conducted in July 2017.

### SUMMARY RESULTS:

The Resident Satisfaction Survey carried out in 2017 evaluated Council's service delivery for the 2016/17 financial year against these goals. In January 2014, Council endorsed its new Strategic Plan and future Resident Satisfaction Surveys and results will be reported according to the five strategies in that document. 2013 – 2017 Resident Satisfaction Survey Measures

Interpreting the Mean Score	
1.99 or lower	Very low satisfaction
2.00 – 2.49	Low satisfaction
2.50 – 2.99	Moderately low satisfaction
3.00 – 3.59	Moderate satisfaction
3.60 – 3.89	Moderately high satisfaction
3.90 – 4.19	High satisfaction
4.20 – 4.49	Very high satisfaction
4.50 +	Extremely high satisfaction

#### Key Performance Indicators – Year-on-Year Change

Measures	Mean Score (1-5)				
	2013	2014	2015	2016	2017
Overall Satisfaction with Council	3.50	3.35	3.57	3.76	3.68
Planning for the future	3.45	3.30	3.55	3.56	3.55
Being open & accountable to the community	3.25	3.00	3.32	3.25	3.36
Community input to Council decision-making	3.05	2.80	3.23	3.16	3.25
Council provide value for money for the rates paid	2.85	2.60	3.00	2.94	2.98
Presentation of the City	3.45	3.50	3.57	3.64	3.56
Overall satisfaction with Council's level of customer service	3.90	3.90	3.76	3.95	3.83

Council uses this information in developing the Strategic Management Plan and in allocation of resources in the budget.

### 3.2. STRATEGIC AND CORPORATE GOALS

The current vision and goals of the Council are outlined in the Strategic Plan as aligned with the Playford Community Vision 2043.

The AMPs have been developed in accordance with the strategies outlined. The table below summarises the key strategic points.

*Table 3.2. Council Strategies that are addressed in this Plan*

Goal Plan	Objective
Our foundations – services, city presentation and community pride	<ul style="list-style-type: none"> <li>- Liveable City with mix of services and facilities</li> <li>- Environmental responsibility</li> <li>- Attractive and sustainable open spaces</li> <li>- Improved Visual amenity</li> <li>- Enhanced reputation</li> </ul>
Securing Playford’s future and building value	<ul style="list-style-type: none"> <li>- Well planned and sustainable City</li> <li>- Diversified and expanding economic base</li> </ul>
Elizabeth, Adelaide’s northern CBD	<ul style="list-style-type: none"> <li>- Provision of CBD facilities and services</li> <li>- Vibrant, walkable and cosmopolitan lifestyle</li> <li>- Opportunities for social interactions</li> </ul>
Securing Playford’s future in the global economy	<ul style="list-style-type: none"> <li>- Key economic drive of the State</li> <li>- Robust local economy with local job opportunities</li> <li>- Part of Southern Food Bowl with national and international links</li> <li>- Re-focused manufacturing to support economic growth in the north of the State</li> </ul>
Building our capabilities	<ul style="list-style-type: none"> <li>- Highly performing organisation</li> <li>- Delivering value for money services</li> <li>- Effective government and private sector partnerships</li> </ul>

### 3.3 LEGISLATIVE REQUIREMENTS

Council has to meet many legislative requirements including Australian and State legislation and State regulations. These include those listed in Table 3.3 below and in the detailed asset plans:

Table 3.3. Legislative Requirements

Legislation	Requirement
Local Government Act	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a Long Term Financial Plan supported by Asset Management Plans for sustainable service delivery.
Local Government Act-Annual Reporting Section 428(2)(d)	(d) A report of the condition of the public works, under the control of City of Playford as at the end of that year together with: (i) An estimate (at current values) of the amount of money required to bring the works up to a satisfactory standard: and (ii) An estimate (at current values) of the annual expense of maintain the works at that standard; and (iii) The City of Playford's programme for maintenance for that year in respect of the works.
Australian Accounting Standards	Set out the financial reporting standards relating to. Inter alia, the (re)valuation and depreciation of Assets.
Disability Discrimination Act (DDA)	To ensure, as far as practicable, that persons with disabilities have the same rights to equality before the law as the rest of the community.
WHS Act 2012	To secure the health, safety and welfare of persons at work. To eliminate, at their source, risks to the health, safety and welfare of persons at work. To protect the public against risks to health or safety arising out of or in connection with the activities of persons at work, or the use of operation of various types of plant.
Community Land Management Act	Section 194 The Act places obligations and responsibilities on City of Playford to manage community land for the current and future benefit of the community.

### 3.4. CURRENT LEVELS OF SERVICE

Asset managers plan, implement and control technical service levels to influence the customer service levels.<sup>2</sup>

Service levels are the result of balancing community need with the cost of providing the service at a given level of satisfaction. In most cases a decision to provide an increased level of service will require additional funding to provide the service. Alternatively, a decision to reduce funding will generally result in lower service levels.

Service levels have been developed on two parameters for each of the AMPs:

- Community levels of service
- Technical levels of service.

Community levels of service are performance measures developed from the customer's perspective (how they *receive* the service).

Technical service levels are performance measures used in *providing* the service using technical terms.

Technical levels of service are planned, implemented and controlled, in order to influence the customer service levels. The customer and technical dimensions are usually (but not always) dependant on each other, such that high technical quality contributes to high service quality.

<sup>2</sup> IPWEA, 2011, IIMM, p 2.22

Various levels of service have been developed for each of the AMPs based on our current service provision. These are contained in the detailed asset management plans and will be further developed with improved measures and reporting in future revisions of the AMPs. Performance reporting is the responsibility of, and is available from, the Senior Managers of each asset portfolio. Some measures are reported within Council’s quarterly performance reports whereas others are utilised within teams as operational performance management tools.

*Below are example levels of service for Irrigation contained within the Parks & Recreation AMP:*

Key Performance Measure	Level of Service / Outcome	Performance Measure Process
COMMUNITY LEVELS OF SERVICE		
Quality	To ensure all equipment is operating efficiently.	CRS or Inspection.
Function	To irrigate an area so that it meets service function of the reserve.	Inspection and Recreation strategy.
Environmental	Operation within SA Water restrictions.	Meter reading, IPOS Code of Practice.
Safety	No sprinkler tripping hazards.	CRS or Inspection.
TECHNICAL LEVELS OF SERVICE		
Condition	To provide appropriate sustainable irrigation network.	Audits and CRS.
Resource allocation	To provide an irrigation network in a cost effective manner for the total life of the asset.	Compliance with budget.

Council is currently in the process of reviewing service levels and changes made will be reflected in future plans.

### 3.5. DESIRED LEVELS OF SERVICE

At present, indications of desired levels of service are obtained from various sources including the LGASA Customer Satisfaction survey, resident’s feedback to Councillors and staff, service requests and correspondence.

## 4. FUTURE DEMAND

### 4.1. DEMAND DRIVERS

Drivers affecting demand include, but are not limited to: population change, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices, and environmental awareness.

### 4.2. DEMAND FORECAST

Playford continues to experience new residential development, most recently in Angle Vale, Blakeview, Eyre, Munno Para and Munno Para West. The most significant gains in population are expected in Angle Vale, Blakeview, Eyre, Munno Para, Munno Para West, Munno Para Downs and Virginia. The forecast population growth rates are higher than household growth across the LGA, as a result of the increasing number of people per household.

There is a need to resolve a range of issues to manage the growth in a way that it retains City of Playford as a desirable location in which to live. Such issues include, but are not limited to: land availability, infrastructure, regional facilities, industrial land, employment opportunities, and transport.

### 4.3. DEMAND IMPACT ON ASSETS

Demand factor trends and impacts on service delivery are summarised in Table 4.3

*Table 4.3. Demand Factors, Projections and Impact on Services*

Demand factor	Present position	Projection	Impact on services
Population	Resources are allocated to what we can fund or provide, not service driven.	The population increase is projected to be 41,055 persons over 20 years.	Population growth will increase traffic volumes and demand for more shared use paths and parks.
New land Divisions	Rapid increase in demand for residential land and infrastructure	Land development is expected in Buckland Park and Playford North	Increase in demand for maintenance of parks and associated infrastructure.
Climate Change	Climate change is not currently factored into decision making.	Temperature rise. Rainfall decrease. Rise in sea level.	Potential for decrease in rainfall to affect ground movements in reactive soils and therefore potentially increase park hazards or defects.

### 4.4. DEMAND MANAGEMENT PLAN

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures<sup>3</sup>. Examples of non-asset solutions include providing services from existing infrastructure such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified to date for demand management are contained in the detailed plans. Further opportunities will be developed in future revisions of this plan.

### 4.5. ASSET PROGRAMS TO MEET DEMAND

Changes to the size and scope of City of Playford’s Assets network is an ongoing issue that can be driven by changes in work practices, technology, and growth. Acquiring these new assets will commit City of Playford to fund ongoing operations and maintenance costs for the period that the service provided from the assets is required. City of Playford would need to increase annual maintenance budgets to ensure sufficient maintenance funds over the life cycle of all newly created assets.

Figure 1. Upgrade and New Assets to meet Demand

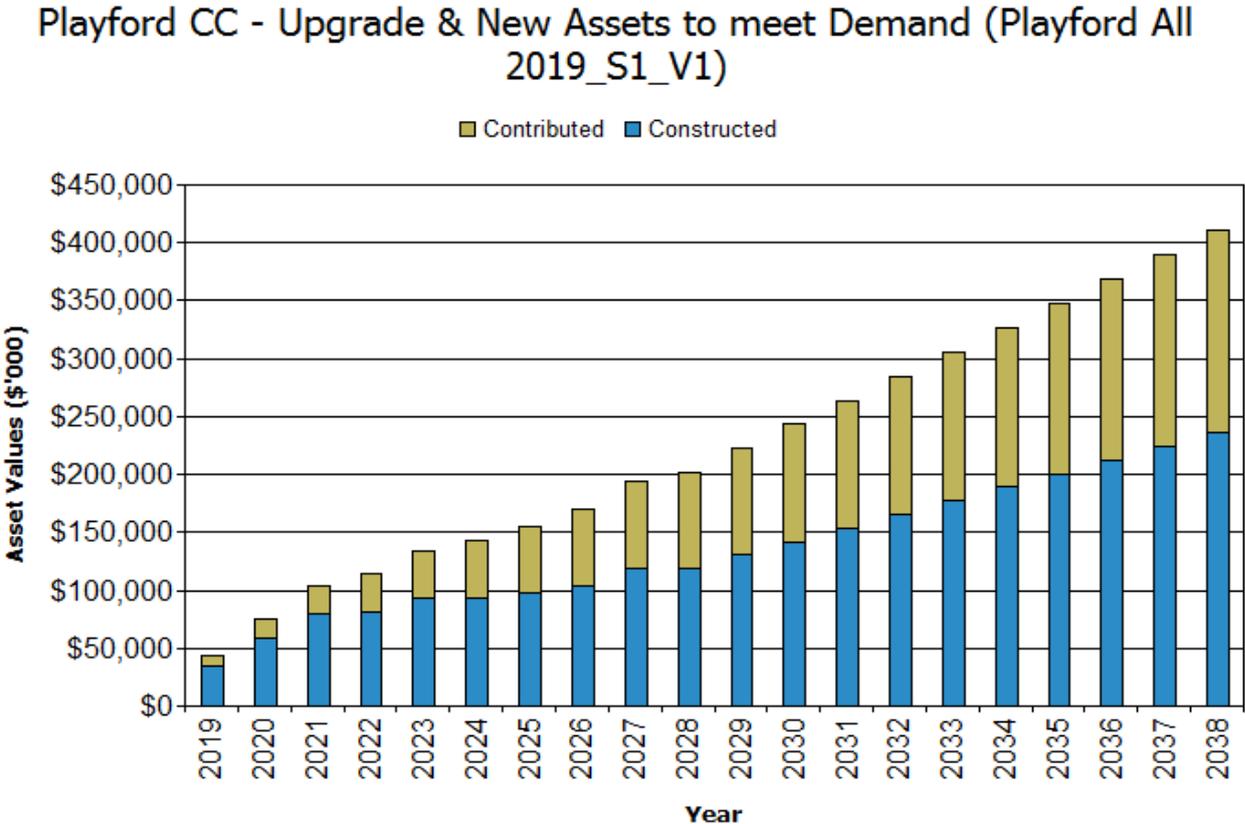


Figure 1 shows a linear growth over the 20-year period. Acquiring these new assets will commit the organisation to fund ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs in Section 5.

<sup>3</sup> IPWEA, 2011, IIMM, Table 3.4.1, p 3|58.

## 5. LIFECYCLE MANAGEMENT PLAN

The Lifecycle Management Plan details how Council plans to manage and operate the assets at the agreed levels of service (defined in Section 3) while optimising life cycle costs.

### 5.1. BACKGROUND DATA

This data covers currently owned assets. Many of City of Playford's Assets are nearing the end of their useful life. Therefore, careful monitoring of those assets with low condition rating at a detailed component level is necessary to manage appropriate service provision and associated risk.

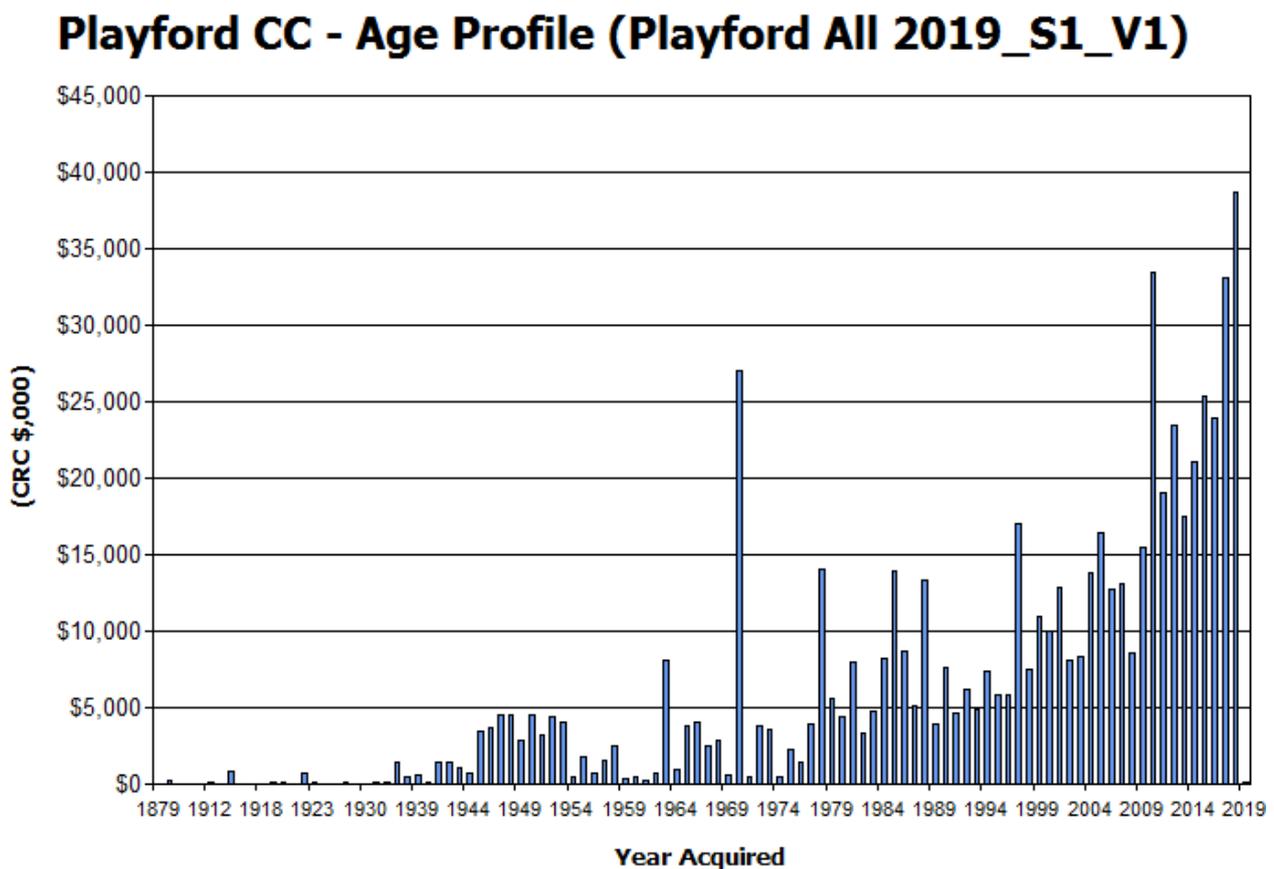
#### 5.1.1. PHYSICAL PARAMETERS

The Council owned assets covered by this are shown in Table 2.1.

The useful life of an asset is defined as a period over which a depreciable asset is expected to be fully utilised. This period can be significantly impacted by City of Playford's maintenance practices.

The age profile of Council's assets is shown in Figure 2.

Figure 2. Asset Age Profile



#### 5.1.2. ASSET CAPACITY AND PERFORMANCE

Council's services are generally provided to meet design standards where these are available.

Service deficiencies are identified from Customer Requests and regular safety and technical inspections undertaken by City of Playford employees.

# Playford CC - Condition Profile (Playford All 2019\_S1\_V1)

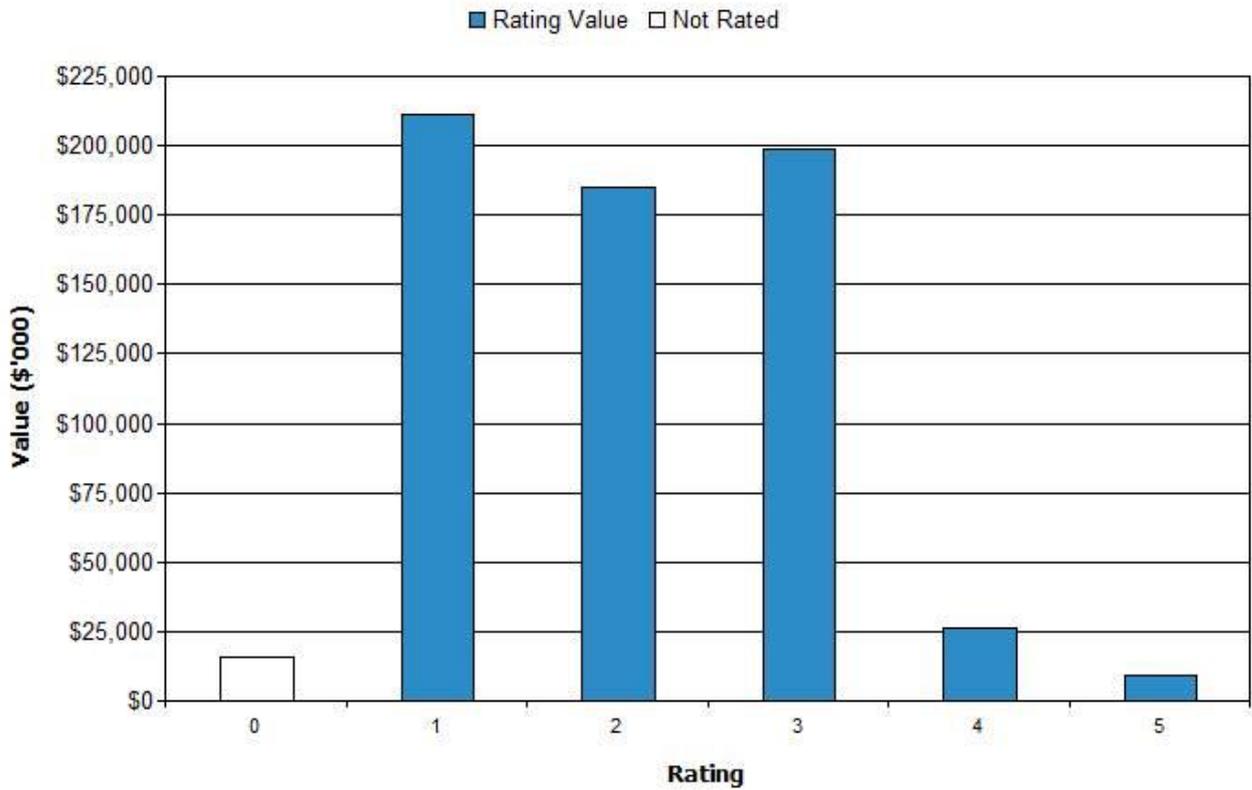


Table 5.1.2. Condition Profile

Condition Profile Breakdown		
Rating Value	Description	Value (\$'000)
1	As new	211,083
2	Minor deterioration	185,243
3	Fair condition	198,448
4	Poor condition	26,320
5	Requires renewal	9,188
0	Not rated	15,702

### 5.1.3. ASSET VALUATIONS

The value of assets as at 2017/2018 covered by this is summarised below. Assets were last revalued in 2016/17. Assets are listed at replacement rates.

Playford CC - Report 2 - Section 5.1.4 Valuations (Playford All 2019)	
Asset Values	('000)
Current Replacement Cost	\$891,595
Depreciable Amount	\$885,176
Depreciated Replacement Cost	\$613,236
Annual Depreciation Expense	\$17,616
Rate of Annual Asset Consumption	2.0%
Rate of Annual Asset Renewal	2.8%
Rate of Annual Asset Upgrade	3.9%
Rate of Asset Upgrade (Including Contributed Assets)	4.8%
Asset renewals as percentage of consumption	138.6%
Percentage Increase in asset stock	4.8%

Council's sustainability reporting reports the rate of annual asset consumption and compares this to asset renewal and asset upgrade and expansion.

Various ratios of asset consumption and expenditure have been prepared to help guide and gauge asset management performance and trends over time.

In the 2018/19 financial year the organisation plans to renew assets at close to 138.6% of the rate they are being consumed. Asset stock will increase by 4.8% in the year due to upgrades and contributed assets arising from development activity.

### 5.2. RISK MANAGEMENT PLAN

An assessment of risks<sup>4</sup> associated with service delivery from assets has identified critical risks to Council. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Risk has been considered in the context of Asset Management for the following reasons:

- Determination about the rehabilitation, replacement or disposal of an asset should to be based on the 'critical failure mode' established from risk management principles.
- To target maintenance plans, capital plans and investigations.
- To enable condition assessment to be focused on the critical mode of failure.
- The reduction or avoidance of risk needs to be quantified as a benefit when making decisions.
- Cost of actions to reduce risk need to be balanced against benefits achieved.

Risks that may prevent, degrade or delay service delivery have been identified in workshops by Council staff.

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<sup>4</sup> Reference to Councils' Risk Management strategies and controls

The risk assessment process identifies the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as ‘Very High’ - requiring immediate corrective action and ‘High’ – requiring prioritised corrective action identified in the Risk Management Plan are summarised in the detailed plans.

### 5.3. ROUTINE OPERATIONS AND MAINTENANCE PLAN

Routine maintenance is the regular ongoing work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

#### 5.3.1. OPERATIONS AND MAINTENANCE PLAN

Operations activities affect service levels including quality and function through street sweeping and grass mowing frequency, intensity and spacing of street lights and cleaning frequency and opening hours of building and other facilities.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating, e.g. road patching but excluding rehabilitation or renewal. Maintenance may be classified into reactive, planned and specific maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions.

Planned maintenance is repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Specific maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacing air conditioning units, etc. This work falls below the capital/maintenance threshold but may require a specific budget allocation.

Expected maintenance expenditure is shown in Table 5.3.1.

Table 5.3.1. Expected Maintenance Expenditure

Maintenance Expenditure	
Reactive	Planned/Specific
\$1,109,742	\$9,796,975

Planned maintenance work is 90% of total maintenance expenditure.

Maintenance expenditure levels are considered to be adequate to meet projected service levels, which may be less than or equal to current service levels. Where maintenance expenditure levels are such that will result in a lesser level of service, the service consequences and service risks have been identified and service consequences highlighted in this AMP and service risks considered in the Risk Management Plan.

Assessment and prioritisation of reactive maintenance is undertaken by Council staff using experience and judgement.

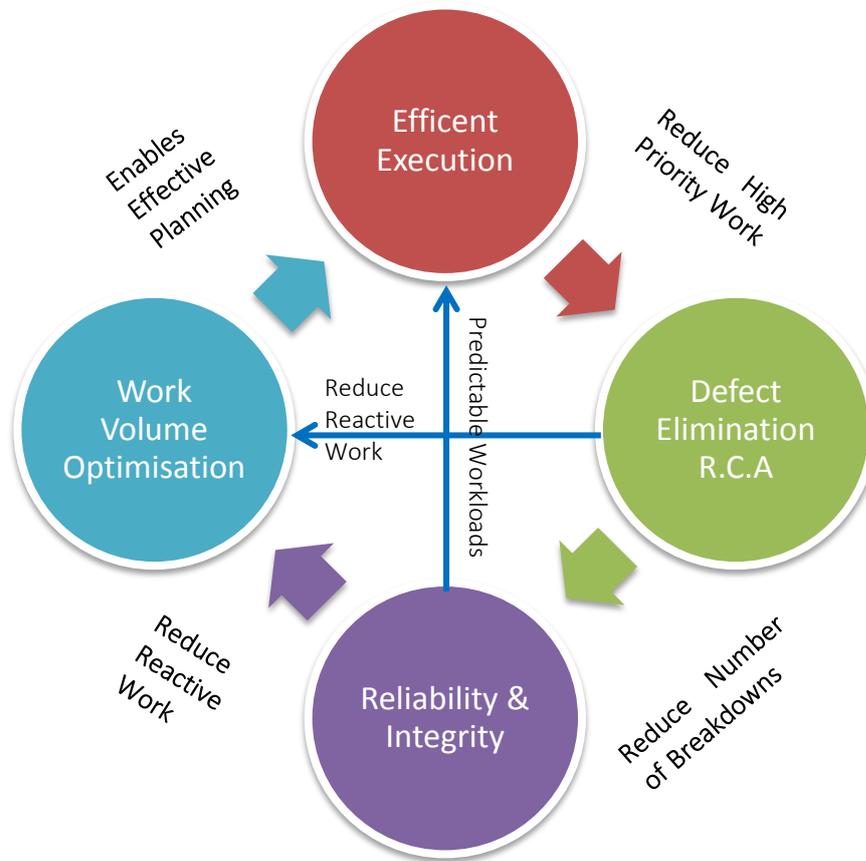
### 5.3.2 OPERATIONS AND MAINTENANCE STRATEGIES

The organisation will operate and maintain assets to provide the defined level of service to approved budgets in the most cost-efficient manner. The operation and maintenance activities include:

- Scheduling operations activities to deliver the defined level of service in the most efficient manner
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes. Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (at least 70% planned as measured by cost).
- Maintain a current asset risk register for assets and present service risks associated with providing services from assets and reporting Very High and High risks and residual risks after treatment to management and Council.
- Review current and required skills base and implement workforce training and development to meet required operations and maintenance needs.
- Review asset utilisation to identify underutilised assets and appropriate remedies, and over utilised assets and customer demand management options.
- Maintain a current hierarchy of critical assets and required operations and maintenance activities.
- Develop and regularly review appropriate emergency response capability.
- Review management of operations and maintenance activities to ensure Council is obtaining best value for resources used.
- Review and make improvements to the collection and allocation of costings to asset classes

## Holistic Model: Maintenance and Reliability

As we evolve from core Asset Management to advance Asset Management predictive modelling. Optimised maintenance and reliability strategies will be a key element in driving Whole of Life Asset Management. Below is a diagram driving efficiency in City of Playford through the maintenance of assets.



**Defect Elimination and Root Cause Analysis (R.C.A)** enables Council to question why are our assets failing and then implement corrective actions to prevent future similar failings, this can reduce number of breakdowns/failures and improve reliability and integrity.

Improving the **reliability and integrity** of our assets ensures a reduction of reactive work and greater focus on proactive maintenance. This produces predictable workload leading to work volume optimisation.

**Work volume optimisation** enables effective planning which leads to efficient execution.

**Efficient execution** is about minimising errors and thereby minimising cost subsequently introduced from early failures and/or rework.

The holistic maintenance and reliability model reduces cost, risk and improves service level.

### *Asset hierarchy*

An asset hierarchy provides a framework for structuring data in an information system to assist in collection of data, reporting information and making decisions. The hierarchy includes the asset class and component used for asset planning and financial reporting and service level hierarchy used for service planning and delivery.

The organisation's service hierarchy are to be reviewed in future plans.

### *Critical Assets*

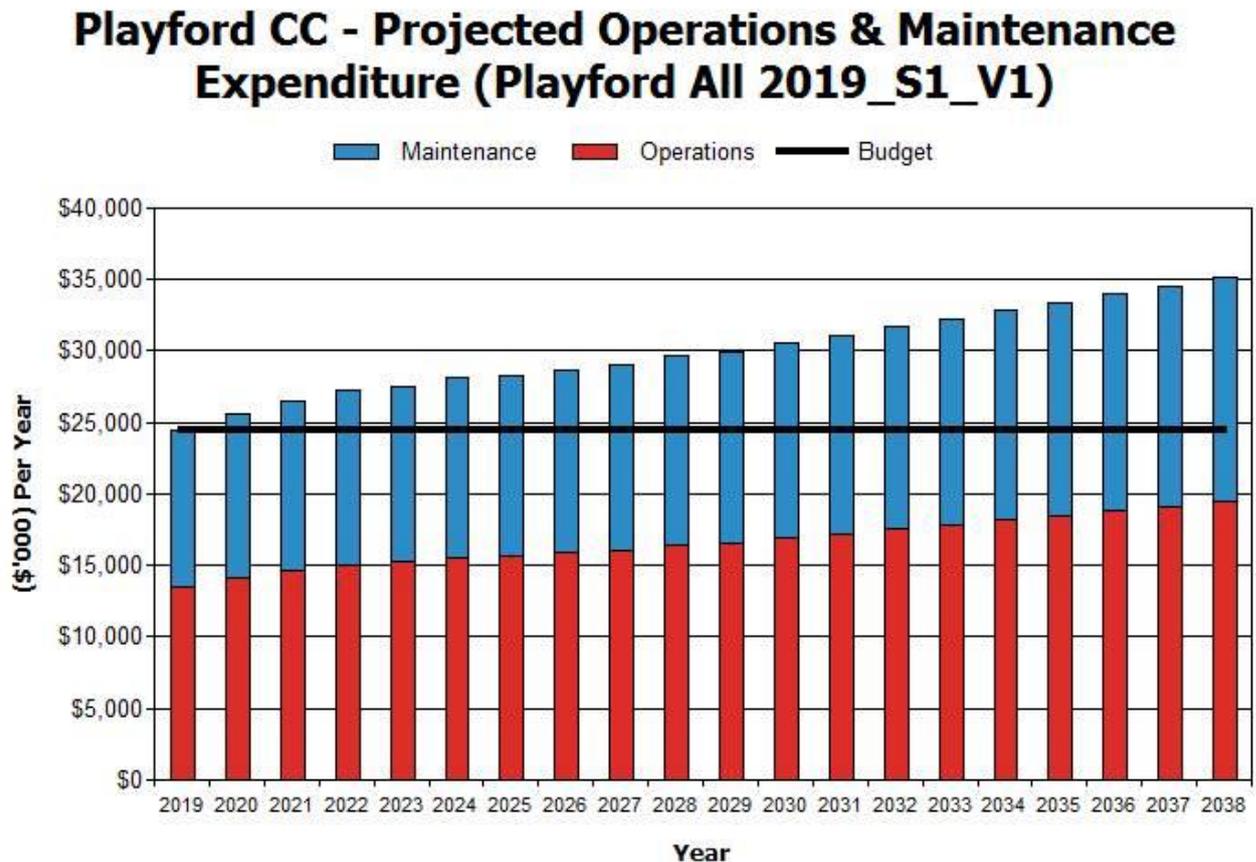
Critical assets are those assets which have a high consequence of failure but not necessarily a high likelihood of failure. By identifying critical assets and critical failure modes, organisations can target and refine investigative activities, maintenance plans and capital expenditure plans at the appropriate time.

Operations and maintenance activities may be targeted to mitigate critical assets failure and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels, etc. Critical assets failure modes and required operations and maintenance activities are to be reviewed in future plans.

### 5.3.3 SUMMARY OF FUTURE OPERATIONS AND MAINTENANCE EXPENDITURES

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 4. Note that all costs are shown in indexed 2016/17 dollar values.

Figure 4. Projected Operations and Maintenance Expenditure



Deferred maintenance, i.e. works that are identified for maintenance and unable to be funded is to be included in the risk assessment process in the Assets Risk Management Plan.

Maintenance is funded from Council’s operating budget and grants where available. This is further discussed in Section 6.2.

### 5.4. RENEWAL/ REPLACEMENT PLAN

Renewal expenditure is major work which does not increase the asset’s design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is upgrade / expansion or new works expenditure.

### 5.4.1. RENEWAL PLAN

Assets requiring renewal are identified from estimates of remaining life obtained from the asset register through the *'Renewal Model'*. Candidate proposals are inspected to verify accuracy of remaining life estimate and to develop a preliminary renewal estimate.

Assets requiring renewal / replacement are identified from one of three methods provided in the 'Expenditure Template'.

- Method 1 uses Asset Register data to project the renewal costs using acquisition year and useful life to determine the renewal year, or
- Method 2 uses capital renewal expenditure projections from external condition modelling systems (such as Pavement Management Systems), or
- Method 3 uses a combination of average *network renewals* plus *defect repairs* in the *Renewal Plan* and *Defect Repair Plan* worksheets on the 'Expenditure template'.

Method 1 was used for this asset management plan.

The useful lives of assets used to develop projected asset renewal expenditures are detailed in the individual plans.

## 5.4.2. RENEWAL AND REPLACEMENT STRATEGIES

The organisation will plan capital renewal and replacement projects to meet level of service objectives and minimise infrastructure service risks by:

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner.
- Undertaking project scoping for all capital renewal and replacement projects to identify:
  - the service delivery 'deficiency', present risk and optimum time for renewal/replacement,
  - the project objectives to rectify the deficiency,
  - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency,
  - and evaluate the options against evaluation criteria adopted by Council, and
  - select the best option to be included in capital renewal programs.
- Using 'low cost' renewal methods (cost of renewal is less than replacement) wherever possible.
- Maintain a current infrastructure risk register for assets and service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council.
- Review current and required skills base and implement workforce training and development to meet required construction and renewal needs.
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required.
- Review management of capital renewal and replacement activities to ensure Council is obtaining best value for resources used.

### *Renewal ranking criteria*

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. replacing a bridge that has a 5 t load limit), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. roughness of a road).<sup>5</sup>

It is possible to get some indication of capital renewal and replacement priorities by identifying assets or asset groups that:

- Have a high consequence of failure.
- Have a high utilisation and subsequent impact on users would be greatest.
- The total value represents the greatest net value to the organisation.
- Have the highest average age relative to their expected lives.
- Are identified in the AMP as key cost factors.
- Have high operational or maintenance costs, and
- Where replacement with modern equivalent assets would yield material savings.<sup>6</sup>

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in Table 5.4.2.

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<sup>5</sup> IPWEA, 2011, IIMM, Sec 3.4.4, p 3|60.

<sup>6</sup> Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3|66.

Table 5.4.2. Renewal Priority Ranking Criteria

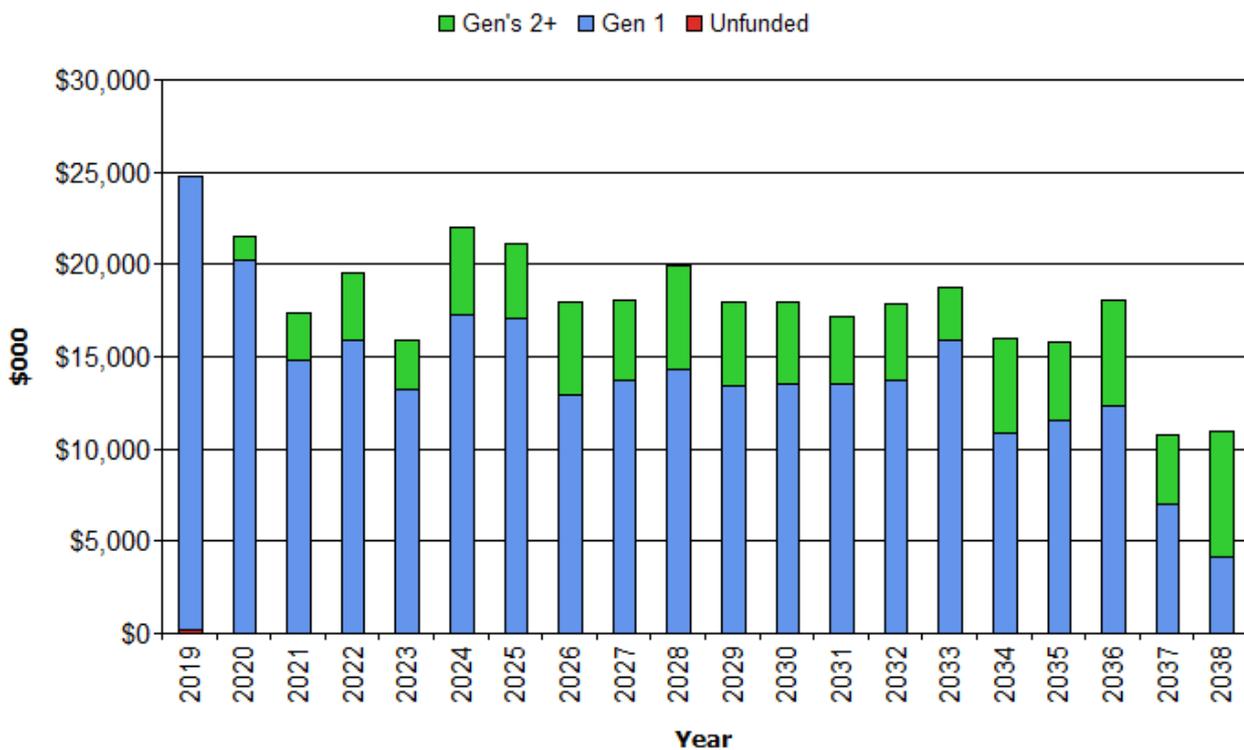
Criteria	Weighting
Alignment with Council’s strategic objectives.	25 %
Funding within 10 Year Financial Plan	25 %
Current Service Level	30 %
Legislative requirements	20 %

### 5.4.3. SUMMARY OF FUTURE RENEWAL EXPENDITURE

Projected future renewal expenditures are summarised in Figure 5. Note that all costs are shown in indexed 2016/17 dollar values.

Figure 5. Projected Capital Renewal and Replacement Expenditure

## Playford CC - Projected Capital Renewal Expenditure (Playford All 2019\_S1\_V1)



Gen 1 represents the first time those assets reach expiry, Gen 2 the second.

Deferred renewal, i.e. those assets identified for renewal but not scheduled for renewal in the current capital works programs, are to be rescheduled and included in future work plans. This most frequently occurs when timing of the renewal of an asset is adjusted to align with the timing of strategic projects such as a major upgrade or Lighthouse Project.

## 5.5. CREATION/ ACQUISITION / UPGRADE PLAN

New works are those works that create a new asset that did not previously exist or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs.

### 5.5.1. SELECTION CRITERIA

New assets and upgrade / expansion of existing assets are identified from various sources such as councillor or service requests, proposals identified by strategic plans or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop a preliminary renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed below.

Table 5.5.1. New Assets Priority Ranking Criteria

Criteria	Weighting
Alignment with Council Plan and Goal Committee Priorities	30%
Funding within 10 Year Financial Plan	20%
Current Service Level	30%
Legislative WHS	20%

### 5.5.2. CAPITAL INVESTMENT STRATEGIES

The organisation will plan capital upgrade and new projects to meet level of service objectives by:

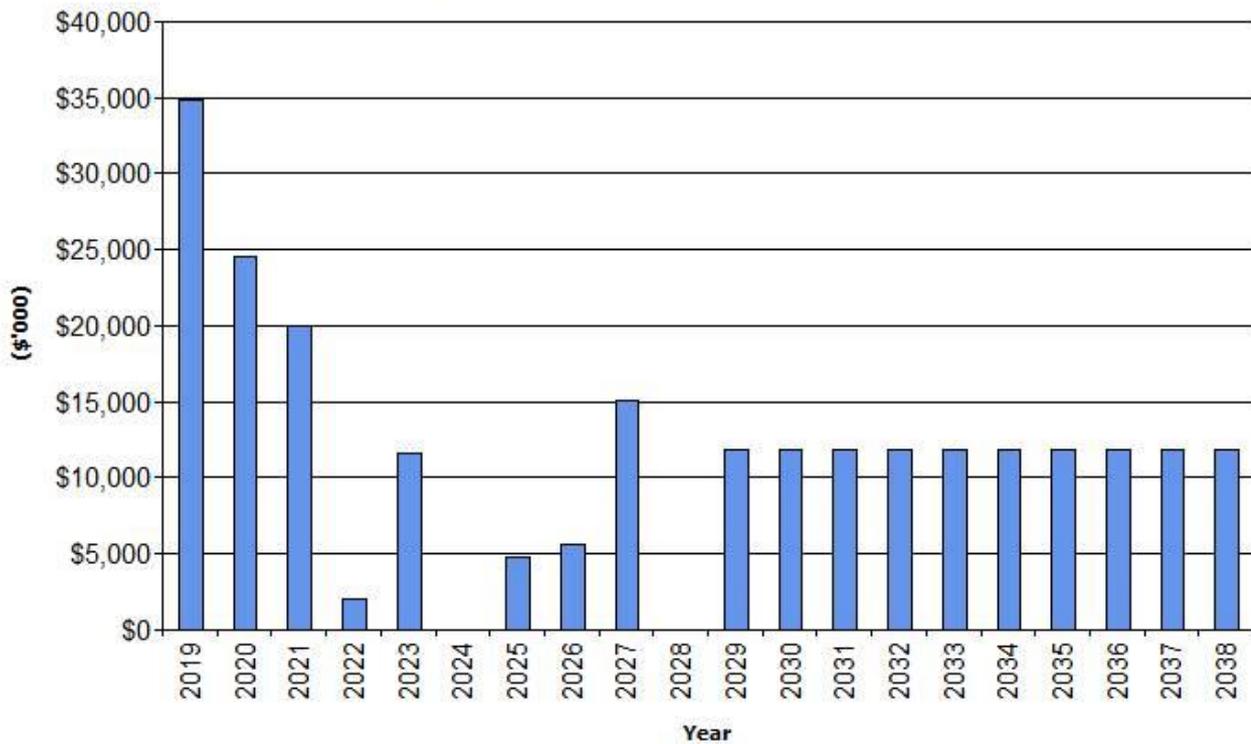
- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner.
- Undertake project scoping for all capital upgrade/new projects to identify:
  - the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset,
  - the project objectives to rectify the deficiency including value management for major projects,
  - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency,
  - management of risks associated with alternative options,
  - and evaluate the options against evaluation criteria adopted by Council, and
  - select the best option to be included in capital upgrade/new programs.
- Review current and required skills base and implement training and development to meet required construction and project management needs.
- Review management of capital project management activities to ensure Council is obtaining best value for resources used.

### 5.5.3 SUMMARY OF FUTURE UPGRADE / NEW ASSETS EXPENDITURE

Planned upgrade / new asset expenditures are summarised in figure 6. All costs are shown in indexed 2017/2018 dollar values.

Figure 6. Planned Capital Upgrade / New Asset Expenditure

#### Playford CC - Projected Capital Upgrade/New Expenditure (Playford All 2019\_S1\_V1)



New assets and services are to be funded from Council's capital works program and grants where available. This is further discussed in Section 6.2.

## 5.6. DISPOSAL PLAN

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.6. These assets will be further reinvestigated to determine the required levels of service and see what options are available for alternate service delivery, if any. Any revenue gained from asset disposals is accommodated in the organisation's long term financial plan.

Where cash flow projections from asset disposals are not available, these will be developed in future revisions of this AMP.

*Table 5.6. Assets identified for Disposal*

Asset	Reason for Disposal	Timing
Angle Vale Pre-School (excluding land sales)	Redevelopment of site and alternative site use	2018/19
Andrews Road CT-6195/344 DP115603 A1003 and A1006	Align with adjacent development	2018/19

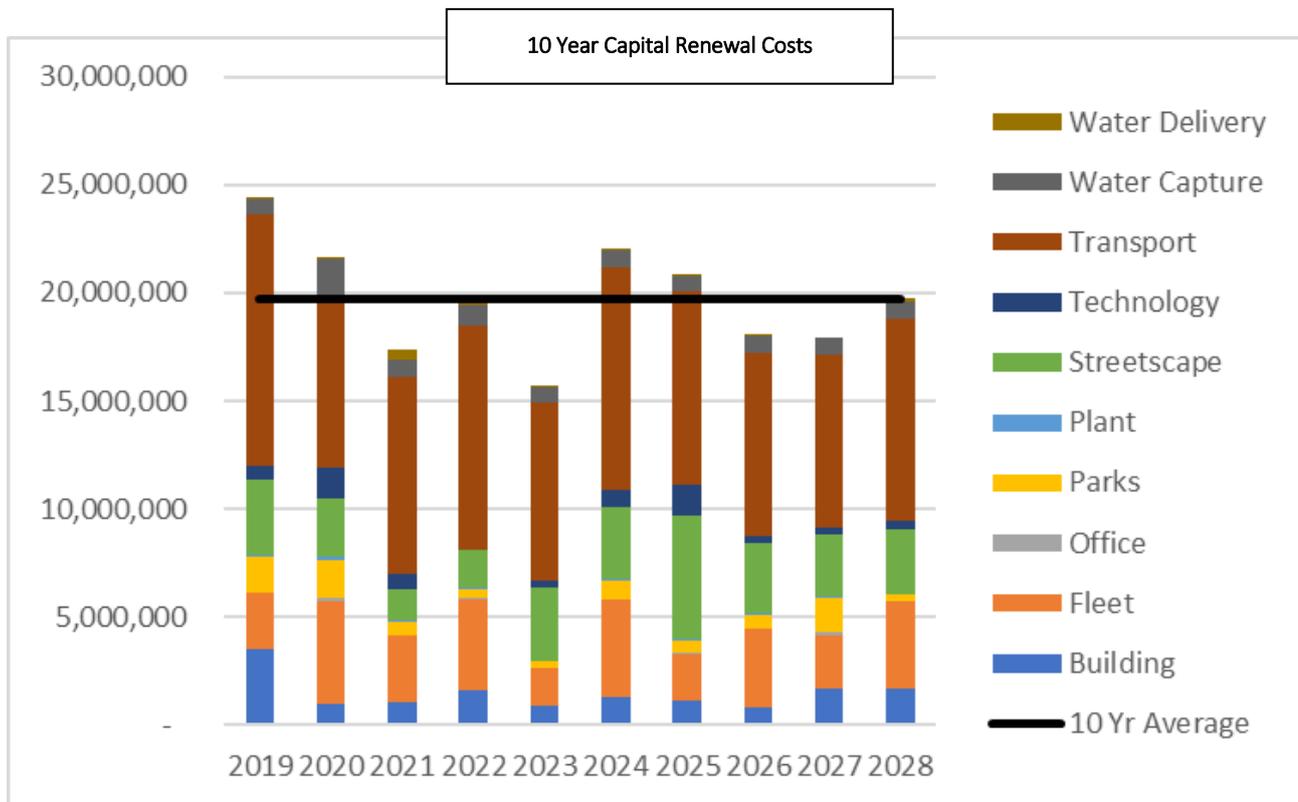
## 6. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

The development of a long term (20 year) Asset Renewal Plan for all Assets from the AMPs provides a direct input into Council’s Long Term Financial Plan. This is a key outcome from Asset Management development within the City of Playford as it provides a forecast of what finances the City requires to be sustainable over the longer term.

Levels of service that the community requires are applied to detailed asset data within each AMP. This enables service-based decisions in the development of a sustainable Long Term Financial Plan.

The Graph below shows the annual asset renewal requirements:

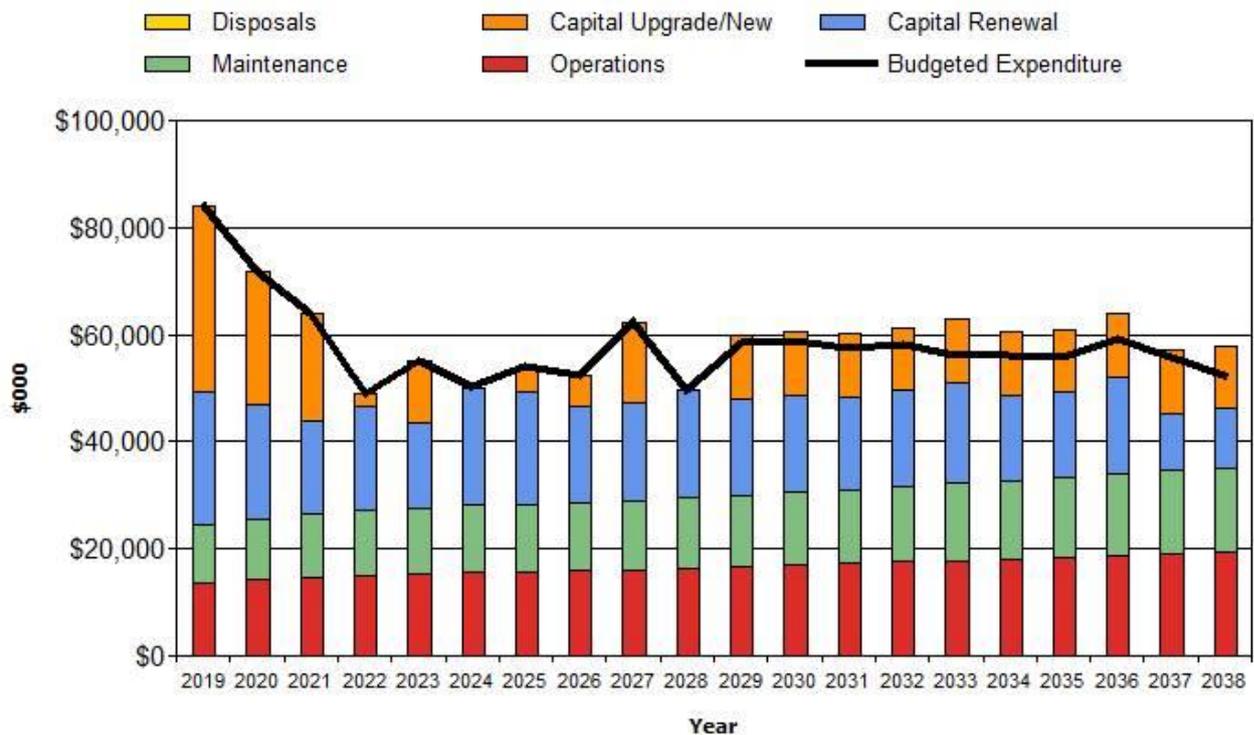


## 6.1. FINANCIAL STATEMENTS AND PROJECTIONS

The financial projections are shown in Figure 7 for planned operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets).

Figure 7. Planned Operating and Capital Expenditure

### Playford CC - Projected Operating and Capital Expenditure (Playford All 2019\_S1\_V1)



Note that all costs are shown in indexed 2017/18 dollar values.

#### 6.1.1 SUSTAINABILITY OF SERVICE DELIVERY

There are four key indicators for service delivery sustainability that have been considered in the analysis of the services provided by this asset category, these being the asset renewal funding ratio, long term life cycle costs/expenditures and medium term projected / budgeted expenditures over 5 and 10 years of the planning period.

##### Asset Renewal Funding Ratio

The Asset Renewal Funding Ratio<sup>7</sup> is the most important indicator and reveals that over the next 10 years, the organisation is forecasting to the target of 95-100% of the funds required for the optimal renewal and replacement of its assets.

##### Long Term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this AMP is \$45m per year (average operations and maintenance expenditure plus depreciation expense projected over 10 years).

Life cycle costs can be compared to life cycle expenditure to give an initial indicator of affordability of projected service levels when considered with age profiles. Life cycle expenditure includes operations,

<sup>7</sup> AIFMG, 2009, Financial Sustainability Indicator 8, Sec 2.6, p 2.18

maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure over the 10 year planning period is \$44m per year (average operations and maintenance plus capital renewal budgeted expenditure in LTFP over 10 years).

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap. The life cycle gap for services covered by this AMP is \$-1.037m per year (-ve = gap, +ve = surplus).

Life cycle expenditure is 98% of life cycle costs (see further explanation below).

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than that life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing services to their communities in a financially sustainable manner. This is the purpose of the AMPs and LTFP.

#### *Medium term – 10 year financial planning period*

This AMP identifies the projected operations, maintenance and capital renewal expenditures required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

These projected expenditures may be compared to budgeted expenditures in the 10 year period to identify any funding shortfall. In a core AMP, a gap is generally due to increasing asset renewals for ageing assets.

The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is \$47m on average per year.

Estimated (budget) operations, maintenance and renewal LTFP is \$44m on average per. This indicates that Council expects to have 93% of the projected expenditures needed to provide the services documented in the AMP.

#### *Medium Term – 5 year financial planning period*

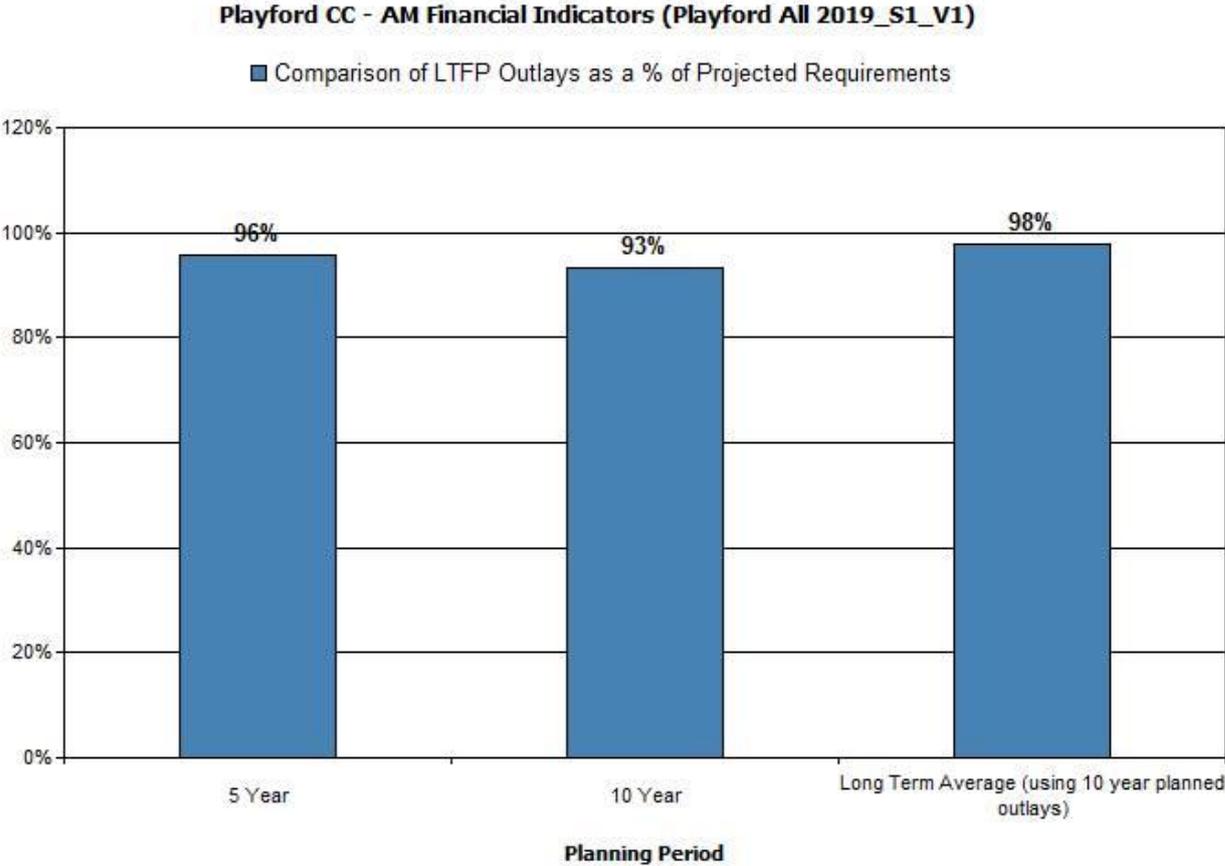
The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$46m on average per year.

Estimated (budget) operations, maintenance and LTFP is \$44m on average per year. This indicates that Council expects to have 96% of projected expenditures required to provide the services shown in this asset management plan.

#### *Asset management financial indicators*

Figure 7a shows the asset management financial indicators over the 10 year planning period and for the long term life cycle.

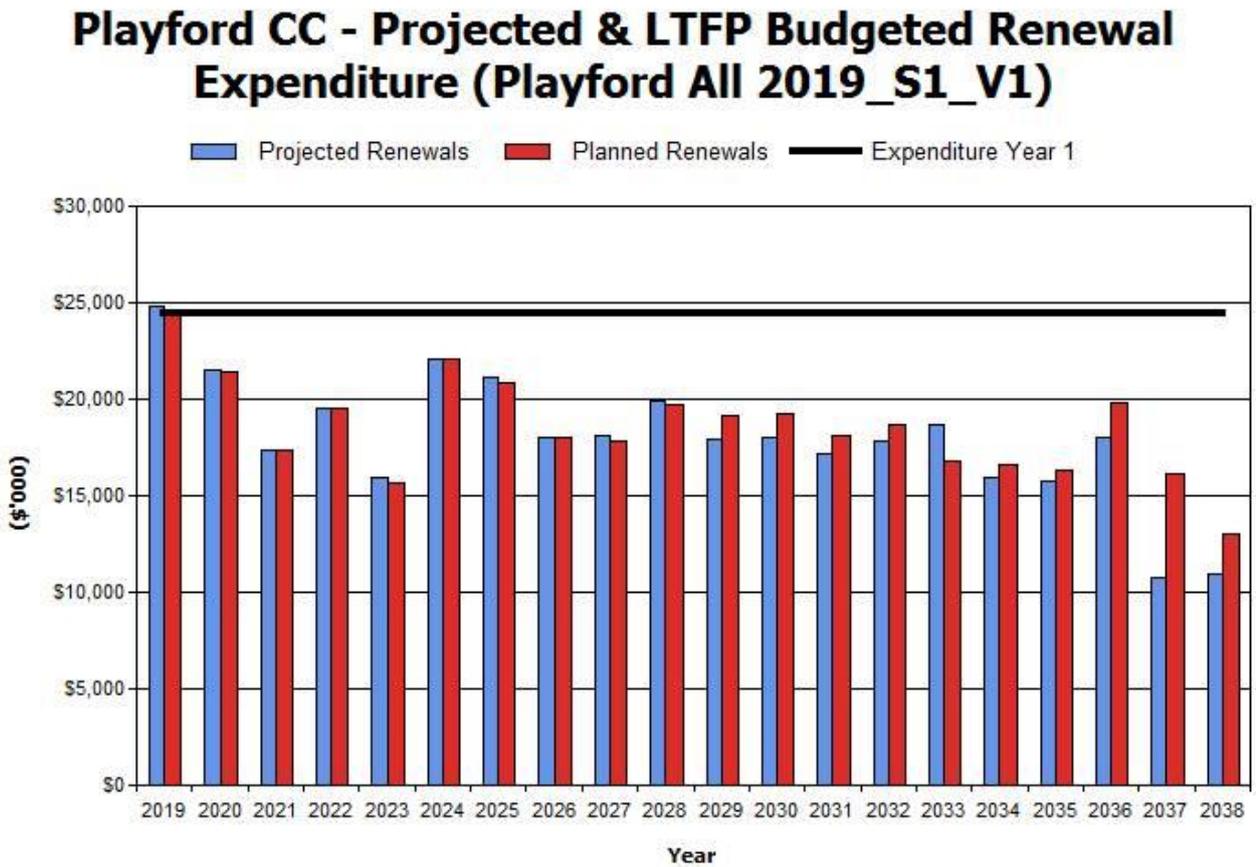
Figure 7a: Asset Management Financial Indicators



The above graph reflects that Council is in a strong sustainable position as the results are close to the 100% target for these measures. Providing services from assets in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and financing to achieve a financial indicator of approximately 1.0 for the first years of the asset management plan and ideally over the 10 year life of the Long Term Financial Plan.

Figure 8 shows the projected asset renewals in the 20 year planning period from the asset register. The projected asset renewals are compared to planned renewal expenditure in the capital works program and capital renewal expenditure in year 1 of the planning period as shown in Figure 8.

Figure 8. Projected and Planned Renewals and Current Renewal Expenditure



Report 4, Table 6.1.1 shows the shortfall between projected renewal and replacement expenditures and expenditure accommodated in Long Term Financial Plan.

Table 6.1.1: Projected and LTFP Budgeted Renewals and Financing Shortfall

Year End	Projected Renewals	LTFP Renewal Budget	Renewal Financing	Cumulative Shortfall
Jun-30	(\$'000)	(\$'000)	Shortfall (- gap, + surplus) (\$'000)	(- gap, + surplus) (\$'000)
2019	24784	24419	-365	-365
2020	21501	21499	-52	-417
2021	17349	17349	0	-416
2022	19495	19495	0	-416
2023	15899	15690	-209	-625
2024	22030	22030	0	-625
2025	21145	20803	-342	-967
2026	18008	18013	5	-962
2027	18084	17794	-290	-1252
2028	19916	19729	-187	-1439

Providing services in a sustainable manner will require matching of projected asset renewal and replacement expenditure to meet agreed service levels with the corresponding capital works program accommodated in the long term financial plan.

A gap between projected asset renewal/replacement expenditure and amounts accommodated in the LTFP indicates that further work is required on reviewing service levels in the AM Plan (including possibly revising the LTFP) before finalising the asset management plan to manage required service levels and funding to eliminate any funding gap.

We will manage the ‘gap’ by developing this asset management plan to provide guidance on future service levels and resources required to provide these services, and review future services, service levels and costs with the community.

Table 6.1.2 shows the projected expenditures for the 10 year long term financial plan.

Table 6.1.2: Projected Expenditures for Long Term Financial Plan (\$000)

Year	Operations	Maintenance	Projected		Disposals
			Capital Renewal	Capital Upgrade/New	
2019	\$ 13,520	\$ 10,907	\$ 24,784	\$ 34,901	\$ -
2020	\$ 14,171	\$ 11,432	\$ 21,501	\$ 24,501	\$ -
2021	\$ 14,665	\$ 11,831	\$ 17,349	\$ 19,942	\$ -
2022	\$ 15,091	\$ 12,175	\$ 19,495	\$ 2,066	\$ -
2023	\$ 15,248	\$ 12,301	\$ 15,899	\$ 11,651	\$ -
2024	\$ 15,551	\$ 12,545	\$ 22,030	\$ 0	\$ -
2025	\$ 15,678	\$ 12,648	\$ 21,145	\$ 4,765	\$ -
2026	\$ 15,879	\$ 12,810	\$ 18,008	\$ 5,661	\$ -
2027	\$ 16,094	\$ 12,983	\$ 18,084	\$ 15,074	\$ -
2028	\$ 16,453	\$ 13,273	\$ 19,916	\$ 0	\$ -

## 6.2. FUNDING STRATEGY

Projected expenditure identified in Section 6.1 is to be funded from Council’s operating and capital budgets. The funding strategy is detailed in the Council’s 10 Year Long Term Financial Plan.

Achieving the financial strategy will require informing the Long Term Financial Plan and link our asset provision to the service delivery and developing growth and future demand modelling.

## 6.3. VALUATION FORECASTS

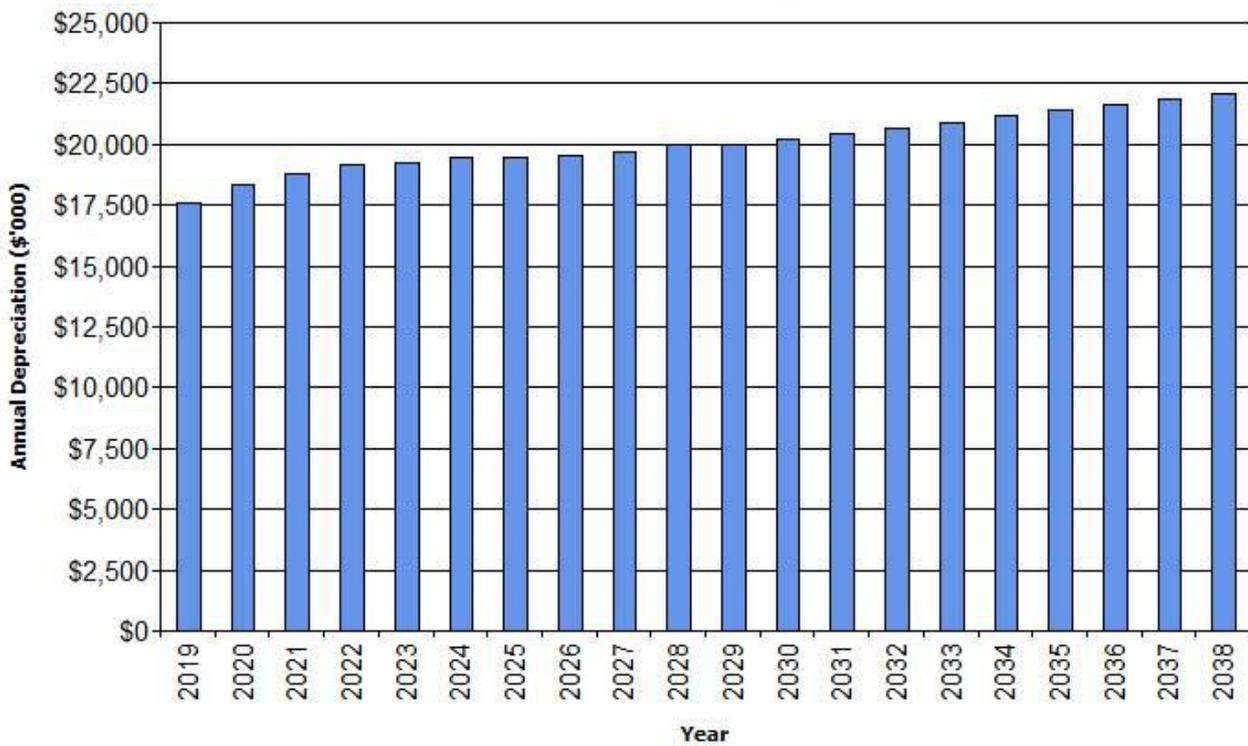
Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council. Figure 9 shows the projected replacement cost asset values over the planning period in indexed 2016/2017 dollar values.

Figure 9 shows the projected replacement cost asset values over the planning period.

Depreciation expense values are forecast in line with asset values as shown in Figure 10.

Figure 10. Projected Depreciation Expense

### Playford CC - Projected Depreciation Expense (Playford All 2019\_S1\_V1)



The depreciated replacement cost (current replacement cost less accumulated depreciation) will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets. Forecast of the assets' depreciated replacement cost is shown in figure 11.

Figure 11. Projected Depreciated Replacement Cost

## Playford CC - Projected Depreciated Replacement Cost (Playford All 2019\_S1\_V1)



### 6.4. KEY ASSUMPTIONS MADE IN FINANCIAL FORECASTS

This section details the key assumptions made in presenting the information contained in this Asset Management Plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this Asset Management Plan and risks that may change are shown in the detailed plans.

Accuracy of future financial forecasts may be improved in future revisions of this Asset Management Plan by the following actions:

- Undertaking regular defect surveys.
- Improved tracking of operation / maintenance and rehabilitation costs.
- Centralised asset management and data analysis.
- Asset audit and improved data collection.
- Improved analysis in growth and demand factors.

## 6.5. FORECAST RELIABILITY AND CONFIDENCE

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale<sup>8</sup> in accordance with Table 6.5.

Table 6.5: Data Confidence Grading System

Confidence Grade	Description
A Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and recognised as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 6.5.1.

<sup>8</sup> IPWEA, 2011, IIMM, Table 2.4.6, p 2|59.

Table 6.5.1: Data Confidence Assessment for Data used in AMP

Data	Confidence Assessment	Comments
Demand drivers	Uncertain	To be addressed
Growth projections	Reliable	
Operations expenditures	Reliable	
Maintenance expenditures	Reliable	
Projected renewal expenditures.	Reliable	
Asset values	Reliable	
Asset residual values	Reliable	
Asset useful lives	Reliable	
Condition modelling	Reliable	
Network renewals	Reliable	
Defect repairs	Uncertain	To be addressed
Upgrade/New expenditures	Uncertain	To be addressed
Disposal expenditures	Reliable	

Over all data sources the data confidence is assessed as reliable confidence level for data used in the preparation of this AMP.

## 7. PLAN IMPROVEMENT AND MONITORING

### 7.1. IMPROVEMENT PROGRAM

The asset management improvement plan generated from this AMP is shown in Table 7.2.

Table 7.2. Improvement Plan

#### CORPORATE ASSET MANAGEMENT

Task No	Task	Responsibility	Resources Required	Plan Due date	Link to Holistic Maintenance & Reliability model
1.	Move towards service driven asset management using asset information to support the optimisation of activities and programs to meet agreed community service levels	Senior Manager Capital Works & Assets	Current Resources	2018/19	Work Volume Optimisation
2.	Implement and develop a Strategic Asset Management tool (Assetic) for greater predictive modelling and scenario testing.	Manager - Assets & Projects	Current Resources	2018/19	Efficiency of Execution
3.	Define current technical and community based service levels for all asset classes	Senior Manager Capital Works & Assets	Current Resources	2018/19	Reliability & Integrity
4.	Develop an asset management strategy / roadmap to move towards 'advanced' asset management.	Senior Manager Capital Works & Assets	Current Resources	2018/19	Efficiency of Execution
5.	Align asset management outcomes to the smart working program	Senior Manager Capital Works & Assets	Current Resources	2018/19	Work Volume Optimisation
6.	Identify surplus Assets and develop disposal strategies.	Senior Manager Capital Works & Assets	Current Resources	Ongoing	Work Volume Optimisation

## BUILDINGS

Task No	Task	Responsibility	Resources Required	Plan Due date	Link to Holistic Maintenance & Reliability model
1.	Undertake an external audit of buildings recording condition, component details and useful lives.	Senior Manager Asset Operations	Requires budget	2018/19	Reliability & Integrity
2.	Undertake a strategic review of community needs which require building services.	Senior Manager Asset Operations	Current Resources	2019/20	Work Volume Optimisation
3.	Develop more synergistic renewal strategies for Building and Park Assets that take a whole of facility view.	Senior Manager Capital Works & Assets	Current Resources	2018/19	Efficiency of Execution
4.	Review building asset register to ensure data aligns with the Smart Working Mobility Project requirements.	Manager - Assets & Projects	Current Resources	2018/19	Work Volume Optimisation
5.	Develop minimum guidelines for plans and specifications for Clubs undertaking enhancements to Council buildings.	Senior Manager Asset Operations	Current Resources	Completed	Efficiency of Execution
6.	Review internal service provision maintenance and renewal rates against industry benchmarks to ensure continuous improvement in service delivery.	Senior Manager Asset Operations	Current Resources	2018/19	Efficiency of Execution
7.	Undertake compliance works program identified in the building data collection project.	Senior Manager Asset Operations	Current Resources	Ongoing	Defect Elimination

## PARKS & RECREATION

Task No	Task	Responsibility	Resources Required	Plan Due date	Link to Holistic Maintenance & Reliability model
1.	Develop maintenance and service levels in line with the reserve hierarchy.	Manager - Assets & Projects	Current Resources	2018/19	Efficiency of Execution
2.	Review the need for other Parks & Recreation Assets (e.g. Significant trees, landscaping, etc.) in future revisions of the plan.	Senior Manager Capital Works & Assets Senior Manager City Operations	Current Resources	2018/19	Work Volume Optimisation
3.	Review parks & recreation asset register to ensure data aligns with the Smart Working Mobility Project requirements.	Manager - Assets & Projects	Current Resources	2018/19	Work Volume Optimisation

## CIVIL TRANSPORTATION

Task No	Task	Responsibility	Resources Required	Plan Due date	Link to Holistic Maintenance & Reliability model
1.	Develop service levels for all asset categories.	Senior Manager Service Improvement	Current Resources	2018/19	Efficiency of Execution
2.	Continue to undertake annual condition assessments of the road network.	Manager - Assets & Projects	Current Resources	Ongoing	Defect Elimination
3.	Review transportation assets to ensure data aligns with the Smart Working Mobility Project requirements.	Manager - Assets & Projects	Current Resources	2018/19	Work Volume Optimisation
4.	Review accuracy of current unit rates	Manager - Assets & Projects	Current Resources	2018/19	Efficiency of Execution
5.	Develop a plan for proactive maintenance and renewal works, including recording all costs against each job.	Senior Manager City Operations	Current Resources	Plan complete, costs against each job to be completed through the smart working program 2018/19.	Work Volume Optimisation
6.	Ensure greater utilisation of condition data to drive better maintenance outcomes	Manager - Assets & Projects	Current Resources	2018/19	Work Volume Optimisation
		Manager - Roads & Stormwater			

## INFORMATION COMMUNICATION TECHNOLOGY

Task No	Task	Responsibility	Resources Required	Plan Due date	Link to Holistic Maintenance & Reliability model
1.	Review process to develop a model to support decision making in regard to leasing or purchasing of Assets	Manager ICT	Current Resources	2018/19	Efficiency of Execution
2.	Hardware audit and data capture	Manager ICT	Current Resources	Completed	Work Volume Optimisation
3.	Develop a process for asset purchase and disposal	Manager ICT	Current Resources	2018/19	Work Volume Optimisation
4.	Software audit & data capture	Manager ICT	Current Resources	Completed	Work Volume Optimisation
5.	Develop tools to assist Growth Modelling for technology assets	Manager ICT	Current Resources	2019/20	Work Volume Optimisation
6.	Develop model to redefine Service Levels	Manager ICT	Current Resources	2019/20	Efficiency of Execution

## FLEET

Task No	Task	Responsibility	Resources Required	Plan Due date	Link to Holistic Maintenance & Reliability model
1.	Investigate Utilisation and develop benchmarks.	Senior Manager Asset Operations	Current Resources	2018/19	Work Volume Optimisation
2.	Undertake a major review of fleet asset management plan on a 2 year cycle	Senior Manager Asset Operations	Current Resources	2018/19	Efficiency of Execution
3.	Review of risk management plan detailed in section 5.2	Senior Manager Asset Operations	Current Resources	Complete	Defect Elimination

### 7.3. MONITORING AND REVIEW PROCEDURES

This AMP will be reviewed during annual budget planning processes as part of the Annual Business Plan, and amended to recognise any material changes in service levels and/or resources available to provide those services as a result of budget decisions.

The AMP will be updated annually to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into the Council's long term financial plan.

The AMP has a life of 4 years (Council election cycle) and is due for complete revision and updating within 12 months of each Council election.

### 7.4. PERFORMANCE MEASURES

The effectiveness of the AMP can be measured in the following ways:

- The degree to which the required projected expenditures identified in this AMP are incorporated into the organisation's LTFP.
- The degree to which 1 to 5 year detailed works programs, budgets, business plans and organisational structures take into account the overarching works program trends provided by the AMP.
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the organisation's Strategic Plan and associated plans.
- The Asset Renewal Funding Ratio achieving the target of 1.0.

## 8. REFERENCES

- IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au/IIMM](http://www.ipwea.org.au/IIMM)
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- IPWEA, 2011, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au/IIMM](http://www.ipwea.org.au/IIMM)
- City of Playford 'Strategic Plan',
- City of Playford, 'Annual Business Plan'.

## 9. APPENDICES

- Appendix A Abbreviations
- Appendix B Glossary

## APPENDIX A ABBREVIATIONS

<b>AAAC</b>	Average annual asset consumption
<b>AM</b>	Asset management
<b>AMP</b>	Asset management plan
<b>ARI</b>	Average recurrence interval
<b>ASC</b>	Annual service cost
<b>BOD</b>	Biochemical (biological) oxygen demand
<b>CRC</b>	Current replacement cost
<b>CWMS</b>	Community wastewater management systems
<b>DA</b>	Depreciable amount
<b>DRC</b>	Depreciated replacement cost
<b>EF</b>	Earthworks/formation
<b>IRMP</b>	Infrastructure risk management plan
<b>LCC</b>	Life Cycle cost
<b>LCE</b>	Life cycle expenditure
<b>LTFP</b>	Long term financial plan
<b>MMS</b>	Maintenance management system
<b>PCI</b>	Pavement condition index
<b>RV</b>	Residual value
<b>SoA</b>	State of the Assets
<b>SS</b>	Suspended solids
<b>vph</b>	Vehicles per hour
<b>WDCRC</b>	Written down current replacement cost

## APPENDIX B GLOSSARY

### Annual service cost (ASC)

#### 1) Reporting actual cost

The annual (accrual) cost of providing a service including operations, maintenance, depreciation, finance/opportunity and disposal costs less revenue.

#### 2) For investment analysis and budgeting

An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operations, maintenance, depreciation, finance / opportunity and disposal costs, less revenue.

### Asset

A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

### Asset category

Sub-group of assets within a class hierarchy for financial reporting and management purposes.

### Asset class

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.

### Asset condition assessment

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.

### Asset hierarchy

A framework for segmenting an asset base into appropriate classifications. The asset hierarchy can be based on asset function or asset type or a combination of the two.

### Asset management (AM)

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.

### Asset renewal funding ratio

The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an asset management plan for the same period [AIFMG Financial Sustainability Indicator No 8].

### Average annual asset consumption (AAAC)\*

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

### Borrowings

A borrowing or loan is a contractual obligation of the borrowing entity to deliver cash or another financial asset to the lending entity over a specified period of time or at a specified point in time, to cover both the initial capital provided and the cost of the interest incurred for providing this capital. 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.

### Capital expenditure

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

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 is discretionary expenditure, which increases future operations and maintenance costs, because it increases the organisation's asset base, but may be associated with additional revenue from the new user group, e.g. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

### 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 operations and maintenance expenditure.

### Capital expenditure - renewal

Expenditure on an existing asset or on replacing an existing asset, which returns the service capability 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 operations and maintenance expenditure if completed at the optimum time, e.g. 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.

#### **Capital expenditure - upgrade**

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operations and maintenance expenditure in the future because of the increase in the organisation's asset base, e.g. 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 funding**

Funding to pay for capital expenditure.

#### **Capital grants**

Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

#### **Capital investment expenditure**

See capital expenditure definition

#### **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.

#### **Carrying amount**

The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

#### **Class of assets**

See asset class definition

#### **Component**

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.

#### **Core asset management**

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 long-term 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).

#### **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.

#### **Critical assets**

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.

#### **Current replacement cost (CRC)**

The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

#### **Deferred maintenance**

The shortfall in rehabilitation work undertaken relative to that required to maintain the service potential of an asset.

#### **Depreciable amount**

The cost of an asset, or other amount substituted for its cost, less its residual value.

#### **Depreciated replacement cost (DRC)**

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.

#### **Depreciation / amortisation**

The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

#### **Economic life**

See useful life definition.

#### **Expenditure**

The spending of money on goods and services. Expenditure includes recurrent and capital outlays.

#### **Expenses**

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.

### **Fair value**

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

### **Financing gap**

A financing gap exists whenever an entity has insufficient capacity to finance asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current financing gap means service levels have already or are currently falling. A projected financing gap if not addressed will result in a future diminution of existing service levels.

### **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.

### **Impairment Loss**

The amount by which the carrying amount of an asset exceeds its recoverable amount.

### **Infrastructure assets**

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios 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. Generally the components and hence the assets have long lives. They are fixed in place and are often have no separate market value.

### **Investment property**

Property held to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

### **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.

### **Level of service**

The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

### **Life Cycle Cost \***

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

**2. Average LCC** The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises average operations, maintenance expenditure plus asset consumption expense, represented by depreciation expense projected over 10 years. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

### **Life Cycle Expenditure**

The Life Cycle Expenditure (LCE) is the average operations, maintenance and capital renewal expenditure accommodated in the long term financial plan over 10 years. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of affordability of projected service levels when considered with asset age profiles.

### **Loans / borrowings**

See borrowings.

### **Maintenance**

All actions necessary for retaining an asset as near as practicable to an appropriate service condition, including regular ongoing day-to-day work necessary to keep assets operating, e.g. road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

#### **• Planned maintenance**

Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include 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.

- **Reactive maintenance:** Unplanned repair work that is carried out in response to service requests and management/ supervisory directions.

- **Specific maintenance:** Maintenance work to repair components or replace sub-components that need to be identified as a specific maintenance item in the maintenance budget.

- **Unplanned maintenance:** 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.

#### **Maintenance expenditure \***

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.

#### **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 non-disclosure 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.

#### **Modern equivalent asset**

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

#### **Net present value (NPV)**

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

#### **Non-revenue generating investments**

Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Council, e.g. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

#### **Operations**

Regular activities to provide services such as public health, safety and amenity, e.g. street sweeping, grass mowing and street lighting.

#### **Operating expenditure**

Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, e.g. 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.

#### **Operating expenses**

Recurrent expenses continuously required to provide a service, including power, fuel, staff, plant equipment, maintenance, depreciation, on-costs and overheads.

#### **Operations, maintenance and renewal financing ratio**

Ratio of estimated budget to projected expenditure for operations, maintenance and renewal of assets over a defined time (e.g. 5, 10 and 15 years).

#### **Operations, maintenance and renewal gap**

Difference between budgeted expenditures in a long term financial plan (or estimated future budgets in absence of a long term financial plan) and projected expenditures for operations, maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

#### **Pavement management system (PMS)**

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

#### **PMS Score**

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

#### **Rate of annual asset consumption \***

The ratio of annual asset consumption relative to the depreciable amount of the assets. It measures the amount of the consumable parts of assets that are consumed in a period (depreciation) expressed as a percentage of the depreciable amount.

#### **Rate of annual asset renewal \***

The ratio of asset renewal and replacement expenditure relative to depreciable amount for a period. It measures whether assets are being replaced at the rate they are wearing out with capital renewal expenditure expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

#### **Rate of annual asset upgrade/new \***

A measure of the rate at which assets are being upgraded and expanded per annum with capital upgrade/new expenditure expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

#### **Recoverable amount**

The higher of an asset's fair value, less costs to sell and its value in use.

**Recurrent expenditure**

Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operations and maintenance expenditure.

**Recurrent funding**

Funding to pay for recurrent expenditure.

**Rehabilitation**

See capital renewal expenditure definition above.

**Remaining useful life**

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.

**Renewal**

See capital renewal expenditure definition above.

**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.

**Revenue generating investments**

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, e.g. public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

**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.

**Section or segment**

A self-contained part or piece of an infrastructure asset.

**Service potential**

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.

**Service potential remaining**

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 are still available for use in providing services (Depreciated Replacement Cost/Depreciable Amount).

**Specific Maintenance**

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, 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.

**Strategic Longer-Term Plan**

A plan covering the term of office of councillors (4 years minimum) reflecting the needs of the community for the foreseeable future. It brings together the detailed requirements in the Council's longer-term plans such as the asset management plan and the long-term financial plan. The plan is prepared in consultation with the community and details where the Council is at that point in time, where it wants to go, how it is going to get there, mechanisms for monitoring the achievement of the outcomes and how the plan will be resourced.

**Sub-component**

Smaller individual parts that make up a component part.

**Useful life**

Either:

- (a) the period over which an asset is expected to be available for use by an entity, or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council.

**Value in Use**

The present value of future cash flows expected to be derived from an asset or cash generating unit. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Source: IPWEA, 2009, Glossary

Additional and modified glossary items shown \*





# Asset Management Policy

[playford.sa.gov.au](http://playford.sa.gov.au)

# Asset management policy

*This policy is set by Council for use by the community and council administration*

ECM Document Set No.: 2986660

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Version No.: 1.0

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Responsible Team: Assets & Projects

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Authorised By Council

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Resolution No.:

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Date of Next Review 26/06/2023

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## **1. Purpose**

To set the guidelines for implementing consistent asset management practice and procedure throughout the City of Playford.

## **2. Scope**

This policy applies to Council's non-current assets within the City of Playford that are owned, managed and/or under the care control of Council.

Asset Management at Council is the combination of management, financial, economic and technical practices applied to physical assets, with the objective of meeting the required levels of service in the most cost-effective and fit for purpose manner.

This policy applies to all physical assets owned or controlled by Council. Asset categories covered by this policy are categorised as follows:

- Roads, bridges & major culverts
- Stormwater & water delivery infrastructure
- Footpaths & pathways
- Buildings
- Parks & recreation
- Land & vegetation
- Information technology
- Other physical assets such as fleet, plant & equipment

Note: This policy does not include intangible assets, people, intellectual property and financial instruments.

### 3. Legislation and References

#### Local Government Act, 1999

Section 99(1)(g) - the function of the Chief Executive Officer includes to ensure that the assets and resources of the council are properly managed and maintained.

Section 122 - Council must develop and adopt an Infrastructure and Asset Management Plan.

#### Australian Accounting Standards:

- AASB 116 Property, Plant and Equipment
- AASB 136 Impairment of Assets
- AASB 13 Fair Value Measurement

#### Asset Management Practices

- International Infrastructure Management Manual (IIMM) 2015
- Institute of Public Works Engineering Australia – NAMS.PLUS

#### 2016 – 2020 Smart City, Connected Community Strategic Plan

4.2. Strategy 2 - Securing Playford's Future and Building Value

#### Long Term Financial Plan

The City of Playford's Long Term Financial Plan (LTFP) ensures Council can deliver services, maintain assets and achieve its strategic objectives in a financially sustainable manner.

#### Growth Land Management Agreements

- Road Infrastructure Deed
- Social Infrastructure Deed
- Interim Stormwater Infrastructure Deed

### 4. Definitions

**Assets** are resources controlled by the City of Playford as a result of past events and from which future economic benefits or service potential are expected to flow to the City of Playford. An essential characteristic of an asset is that the City of Playford must have control over the future economic benefits or service such that it is able to enjoy those benefits or services and deny or regulate the access of others to the benefits.

**Asset Class** is an asset class is a grouping of assets of a similar nature and use.

**Asset Management** is 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.

**Asset Management Plan** encompasses all the assets under the City's control, identify asset service standards, and contain long-term projections of asset maintenance, rehabilitation and replacement costs.

**Asset Management Strategy** provides a road map for improving the efficient management of Council's assets.

**Councillor** is a person appointed or elected by the electors of a particular ward, as a representative of the ward in the City of Playford.

**Depreciation** is the mechanism by which the depreciable amount of an asset is expensed over its service life. It represents the amount by which the future economic benefits provided by the asset are being consumed over a period of time.

**Employee** is a person employed by the Organisation on an ongoing or fixed term full time, part time and/or long-term casual basis

**Level of Service** is the defined quality and quantity of services to meet community expectations delivered by Council. In the context of asset management, this applies to assets such as parks and reserves, roads and infrastructure, buildings, drainage, natural areas and traffic and transportation.

**Life Cycle** of activities through which an asset progresses whilst retaining an identity as a particular asset, i.e. from planning and design through to decommissioning or disposal

**Life Cycle Cost** is the total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.

**Net Life Cycle Cost** is the Life Cycle Cost *less* any income directly derived by an asset throughout its life.

**Non-current assets** are assets which are not easily convertible to cash or not expected to become cash within the next year. Examples include land, buildings, roads, drainage and other infrastructure.

**Organisation** is the local government entity known as City of Playford.

**Renewal** is expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally.

**Service life** is the period that an asset is expected to be available for use by City of Playford

## 5. Policy

### Principles

The following principles will be used by Council to guide Asset Management planning and decision making:

- All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
- Preparation of an Asset Management Strategy which details how this policy is to be implemented;
- Asset Management Plans will be developed for major service/asset categories. The plans will be informed by community consultation, strategic plans and financial planning and reporting.
- Agreed service levels defined in adopted Asset Management Plans and the effectiveness of the current assets to provide that level of service will form the basis of future asset renewal plans and annual budget estimates.
- Current and desired levels of service are defined for asset based services that consider: community expectations; legislative and technical requirements; the cost of service and economic, environmental and social sustainability
- An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- Assets are managed to achieve the lowest possible whole-of-life cost whilst controlling exposure to risk and level of service.
- Systematic and cyclic reviews will be applied to all asset classes to ensure assets are managed, valued and depreciated in accordance with accepted industry practices and applicable Australian Standards.
- Strategic and targeted expansion of the asset base will be undertaken where the benefits to the Community justify the whole of net life cycle costs.
- Developer contributed assets will comply with current engineering, landscaping and weed management standards to ensure they do not become an unnecessary burden on the community.
- A planned approach is taken to the impacts of growth and demographic change through demand management and asset investment using an agreed growth and demographic model.
- Actively identifying and disposing of those assets that are determined to be underutilised, at the end of their useful lives, subject to consultation with the community and determining the impact of non-replacement on the community.
- Utilisation of technological advances relevant to asset management.
- Improving maintenance and rehabilitation practices and ensuring it is in a manner, which is acceptable to the community in terms of financial burden, safety, quality, impact on the environment, need and Council's ability to fund those works.
- Future life cycle costs will be reported and considered in decisions relating to new services and assets and upgrading of existing services and assets.
- Monitoring its performance in accordance with measures developed as part of its Asset Management Strategy.
- Assets are identified and recorded in a register with the level of detail and accuracy being based on:
  - (1) Statutory requirements; and then
  - (2) Risk management requirements; and then
  - (3) cost/benefit.
- Council will undertake a comprehensive review of its infrastructure and asset management plans within 2 years after each general election of the Council.

## 6. Responsibilities

**Councillors** adopt the policy and ensure sufficient resources are applied to effectively manage the assets.

**The Chief Executive Officer** has overall responsibility for developing asset management business processes, systems, organisational policies and procedures and reporting on the status and effectiveness of asset management within Council.

**General Managers and Senior Managers** are responsible for developing asset management plans, implementing asset management business processes, systems, organisational policies and procedures.

**Managers** will be held accountable for the management of assets within their areas of responsibility as determined under the asset management plans and Council's documented programs and services (organisation chart).

**Employees** will be tasked with delivering the levels of service defined in the various asset management plans and will be responsible for the timely completion of activities contained within these plans. Employees are also responsible for providing input in to the development of Asset Management Plans where appropriate.

**Asset Management Department** is accountable for developing and maintaining Asset Management Plans, providing professional advice and comment to other departments of Council in relation to asset management and developing and maintaining an Asset Management Information System to facilitate efficient and effective asset management.

## 7. Relevance to Strategic Plan

4.2. Strategy 2 - Securing Playford's Future and Building Value

## 8. Accessibility

This Policy and supporting documentation can be found on City of Playford's website and internal intranet Click

## 9. Feedback

We invite your feedback on this policy which can be directed to the 'Senior Manager Capital Works & Assets' - [playford@playford.sa.gov.au](mailto:playford@playford.sa.gov.au).

## 10. Approval and Change History

Version	Approval Date	Approval by	Change
1.0	09/03/2018	Paul Alberton	
1.1	01/06/2018	Paul Alberton	Feedback from consultation