ASSET MANAGEMENT STRATEGY 2019-2024

Provide State



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Mayor's Introduction

One of the biggest challenges we face in our city is how we manage the growth that is happening now and is expected in the future. This includes investing wisely in our city's infrastructure assets that the Council is responsible for, which comprises our streetscapes (footpaths and roads), stormwater systems, parks and gardens and community buildings.

These infrastructure assets deliver important services and environmental, economic and social benefits to our community, whether it is driving safely on our roads, walking without harm on our footpaths or enjoying the amenity of our parks, gardens and buildings.

To preserve and improve the livability of our city we need to design, plan and manage our assets in a strategic and innovative way that is focused on meeting the current and future needs of our diverse community. We also need to understand some of the key trends that will shape our city into the future. This includes understanding the impacts of projected demographic, environmental and technological changes. For example considering the changes in rainfall patterns that will affect how we design and manage our stormwater systems and using smart technology to monitor the use and performance of our assets.

A significant issue facing local government throughout Australia is the management of ageing assets in need of renewal and replacement, as well as balancing the operational and maintenance (lifecycle) costs to a standard expected by the community. To meet this challenge an international industry standard known as ISO55000, has been used by councils to guide asset planning and management.

This strategic plan, which has a 5 year timeframe, is modelled on this standard. This includes setting a clear vision and improvement targets, demonstrating how the strategy delivers on the City Plan 2030 outcomes, using sound data to inform decision making and, setting in place systems, processes and resources to ensure the strategy is delivered through improvements to practice and action. It is an ambitious plan that challenges conventional practice and strives for excellence in asset management.

Our success in meeting this challenge will be highly dependent on how effectively we identify and respond to community need and how well we partner with other asset managers in our city. In doing this we will be achieving the City Plan's goal of creating...

'A city that values its diverse community and embraces change through innovation, resilience and community leadership'

We look forward to your involvement in this exciting journey.





What is the Asset Management Strategy?

A key issue facing local government is remaining financially sustainable whilst managing ageing assets that could be in need of renewal and replacement. Asset management is the process for whole-of life asset management from planning, purchasing, operation, maintenance, renewal and disposal of assets. It encompasses the integration of asset and service delivery outcomes.

To deliver on the key business outcome of asset management capability, Council has an asset management system. The asset management system comprises people, policies and strategies, processes, information systems and other resources required to deliver asset management. Asset management requires both a corporate approach and corporate commitment to provide an appropriate level of resources to underpin Council's asset management capability.

To advance our current practice in Asset Management, this strategy has been framed using the International Infrastructure Management Manual (IIMM) which aligns with the international standard ISO 55000.

ISO 55000 is an international standard covering the management of assets. ISO 55000 defines as Asset Management Strategic Plan as:

"documented information that specifies how organisational objectives are to be converted into asset management objectives, the approach for developing asset management plans, and the role of the asset management system in supporting achievement of the asset management objectives" ISO 55000 definition 3.3.2

An Asset Management Strategy is a high level strategic plan that:

- I. Documents the relationship between the organisational objectives and the asset management objectives,
- 2. Defines the framework required to achieve the asset management objectives,
- 3. Should be used to develop the asset management plan(s) and advance the practice of asset management within the organisation.

This Asset Management Strategy attempts to fulfil the requirements of ISO55000, by:

- Identifying where this strategy fits within the hierarchy of our Council's planning documents, and how Asset Management will contribute towards delivering the City Plan 2030.
- Setting a path for improvement from our current level of practice to a targeted level of practice within 5 years. A structure of improvement has been created that will influence annual section planning to ensure ongoing project progression, and establishing a reporting process to an internal Steering Group to not only track but also support works through internal collaboration and resourcing.
- Declaring key deliverables around broader thinking and informed decision making. This Strategy identifies the multitude of services our organisation delivers, and ensures our decision making considers reliable asset data along with the broader strategy around the need for a new or replacement of an asset to ensure that its value is realised financially and socially.
- Providing a Vision Statement that symbolises where the practice of Asset Management will be in 2024. It represents a shift from an engineering and financial focus, to a new position of strong decision making that is built around community engagement that realises the social and financial value from all services delivered.



Our Asset Story

Council has an enormous portfolio of assets that deliver services and facilities that our community value. This portfolio ranges from smaller asset types such as bins, benches, and lighting, to larger types like playgrounds, pump stations, and buildings to lineal assets that stretch for hundreds of kilometers in roads, footpaths and stormwater systems. Their condition and longevity can be difficult to determine, and as such careful planning is required for potential large peaks and troughs in expenditure when renewing and replacing such assets. The demand for new and improved services adds to the planning and financial complexity. As of June 2019 the total financial value of these assets was estimated to be \$1.738 billion.

The key focus of asset management is to realise value from the significant investment we make in these assets. This value is created in two ways:

- realising the 'public good' (which includes the social and environmental value) that is delivered via our assets and the services they support,
- realising the financial value by ensuring the asset is monitored and maintained regularly to achieve its full life cycle.

In financial terms these assets are often referred to as fixed assets because unlike liquid assets, such as cash, their potential value is locked and realised over time. In the case of some assets, such as roads, stormwater systems and buildings, this can be 50-100 years or more. The creation of new assets also presents challenges in funding the ongoing operating and replacement costs necessary to provide the needed service over the assets' full life cycle. Therefore, the design of and planning for these assets needs to take future demands into consideration, including:

Growth factors:

Our city has a growing population and expanding local economy. This growth leads to an increase in demand for services and supporting infrastructure assets.

The population at the 2016 Census was 121,230, an increase of 7.5% since the 2011 Census. The population is projected to continue to increase, with continued redevelopment of older areas and new land releases in Port Adelaide and Oakden/Gilles Plains, with a projected population in 2031 of approximately 143,600 people.

Our city is home to a significant amount of strategic economic infrastructure including port facilities, industrial land, commercial and retail areas and tourism assets. This includes approximately 30% of Adelaide's Industrial land. The biggest area of economic growth in recent years has been in defence related industries, based predominantly on the Lefevre Peninsula.

Demographic change:

Our city has an increasingly diverse population with an increasing proportion of people born overseas (33%) and an ageing population. We also have a comparatively high Aboriginal and Torres Strait Islander population, representing 2.3% of the population compared with 1.4% for Greater Adelaide. Knowing the demography of the city influences decisions on where and how we deliver services.

Climate change:

The projected increases in sea level and increased frequency and intensity of extreme weather events including storms and heatwaves means that infrastructure assets need to be designed to allow for adaptation and repurposing.

Sustainability demand:

With the decline of natural resources and the rise of social responsibility, more and more consumers are demanding ethically sourced and environmentally-friendly goods. Procuring and constructing with sustainable goods and materials can reduce the impact on the environment as well as unlock opportunities to improve operational efficiencies.

Technological advances:

Data analysis informs many asset decisions at a strategic and operational level. Digital technologies such as smart meters, networks of sensors and cloud based services all present new opportunities to improve asset planning and management.

Service needs and aspirations:

To realise the full value from investing in our assets it is important to know what the community needs and values and how this changes over time.

8,437	33%	124,818	294	225
Businesses	Residents born overseas	Population	Buildings rv \$230,357,000	Roundabouts RV \$14,114,096
	692km Local Roads RV \$502,960,081	I ,246km Footpaths RV \$221,098,838		I ,748km Kerb RV \$228,108,323
128 Playgrounds RV \$11,907,047	58 Bridges RV \$8,435,625	Open Space Recreation & Passive RV \$81,098,633	I 2 Pump Stations RV \$25,814,949	359 Bus Shelters RV \$6,169,786
Tree Maintenance RV \$2,574,672	Linemarking Maintenance RV \$481,200		549km Length Storm RV \$431	18,778 Connections water ,969,333

The Strategy

The Asset Management Strategy is based on five elements that fulfil the requirements of ISO55000 and guide the strategic process in improving Asset Management within this organisation.





Strategic Alignment

The Asset Management Strategy delivers on a range of the City Plan 2030 outcomes. This is summarised in the following tables.

CITY PLAN 2030 GOALS	ASSESSMENT MANAGEMENT POLICY OBJECTIVES	KEY LINKS TO OTHER POLICIES AND PLANS
Leadership A city confident in its leaders	The organisation recognises the importance of AM planning and adequately resources the AM System. The organisation is committed to understanding the services valued by the community and to provide and maintain assets through informed decision making. Decision making is outcome based and developed on reliable asset information. The organisation will actively and transparently engage with stakeholders as to how infrastructure assets are managed and maintained.	Long Term Financial Plan: Indicator 4 - Net Financial Liabilities Ratio The extent to which net financial liabilities of a Council could be met by its operating revenue. An increase in the ratio may mean that Council is incurring higher net operating costs e.g. as a result of additional maintenance and depreciation costs from new assets. Long Term Financial Plan: Indicator 6 - Asset Sustainability Ratio This ratio indicates the extent to which existing assets are being renewed and replaced, compared with what is needed to cost-effectively maintain service levels. It is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the optimal level of such expenditure proposed in Council's Infrastructure and Asset Management Plans
	A continual improvement approach is taken to advance asset management practice throughout the organisation. Infrastructure assets are to be managed in a financially prudent manner.	 Marketing and Communication Framework: Communication A considerable effort will be placed on increasing the visibility of Council services and projects, to ensure residents and the community understand the value provided by the City of PAE. Sports Development Plan: Strategy 6 Develop and adopt an equitable and sustainable approach to facility management and maintenance. Disability Discrimination Action Plan: Strategy 30 Embedding DDA Plan into other Council planning processes

CITY PLAN 2030 GOALS	ASSESSMENT MANAGEMENT POLICY OBJECTIVES	KEY LINKS TO OTHER POLICIES AND PLANS
Economy A City of Opportunity	Infrastructure assets will support business and industry to grow and prosper.	Tourism Strategy & Action Plan: Priority Area I Increase the desirability of Port Adelaide as a travel destination, inspiring more people to visit, stay longer and spend more. Economic Development Strategy: (4) Challenges
		Ensuring that infrastructure investment keeps pace with the needs of industry and business.

CITY PLAN 2030 GOALS	ASSESSMENT MANAGEMENT POLICY OBJECTIVES	KEY LINKS TO OTHER POLICIES AND PLANS
Community A city that supports community wellbeing	Administration will engage with the community and it's Elected Members on expected levels of service. Infrastructure assets will support community wellbeing.	Community Engagement Policy: Operational Where practical, this may include activities undertaken to identify community need and establish community interests in the discretionary services and day to day operational matters of Council.
		Community Engagement Policy: Performance evaluation / Customer satisfaction
		This is made up of council-wide and individual service/issue assessments of community perceptions of council performance (otherwise known as satisfaction surveys or market research).
		Sports Development Plan: Strategy 2
		Review and adapt existing facilities to meet community sporting needs.
		Sports Development Plan: Strategy 4
		Provide/investigate new facilities that meet the needs of the community.

CITY PLAN 2030 GOALS	ASSESSMENT MANAGEMENT POLICY OBJECTIVES	KEY LINKS TO OTHER POLICIES AND PLANS
Environment	Environmental impacts associated	Living Environment Strategy: Strategy 2.3
A city which cares for its natural environment and	with infrastructure assets are mitigated. Infrastructure assets will be designed and managed to enhance and protect our environment.	The provision and design of urban form and infrastructure, the public domain, and green spaces, will support and enhance environmental outcomes.
		The development and management of the urban environment will support the community's health, wellbeing, and sense of place.
	City's heritage.	Living Environment Strategy: Strategy 2.6
		The region's economy, community, and environment will be resilient and adaptive to the impacts of climate change and will have reduced greenhouse gas emissions.
		Energy and Water Efficiency Plan: Strategy I
		Implement innovative programs and projects that improve energy efficiency for Council assets, sport and street lighting.
		Waste Management Strategy: Initiative 15
		Review and change technical standards and procurement practices to maximise recycling performance in the construction and maintenance of City-owned infrastructure.
		AdaptWest Climate Change Adaptation Plan
		Embed climate change considerations in asset management plans.
		Establish soft and hard infrastructure protection measures along the coast.
		Relocate assets and infrastructure away from high risk areas.
		Plan and design climate resilient buildings, places



CITY PLAN 2030 GOALS	ASSESSMENT MANAGEMENT POLICY OBJECTIVES	KEY LINKS TO OTHER POLICIES AND PLANS
Placemaking	All infrastructure is considered	Tourism Strategy & Action Plan: Priority Area 3
A city where people	access and linkage for people to conduct their life and business activity. All new initiatives must consider full lifecycle costs.	Creating a great Visitor Experience.
love to be		Public Health and Community Wellbeing: Strategic Action 8.1.6
		Ensure Council considers age-friendly and disability- access in its programs, and consideration of the aged and disabled in the design of streetscapes, communities, facilities, and recreation reserves.
		Disability Discrimination Action Plan: Strategy I
		Strengthening the approach to social inclusion.
		Disability Discrimination Action Plan: Strategy 8
		Incorporating the experience of people living with a disability into the planning process.
		Disability Discrimination Action Plan: Strategy
		Pro-active inclusion.





The above diagram shows the 'two way' relationship between the Asset Management Strategy and the organisation's other strategic and operational plans.

Through the consideration of other strategic priorities and initiatives, the Asset Management Strategy directs the advancement of Asset Management practice within the organisation. The Asset Management Strategy is the overarching strategic plan for the suite of Asset Management Plans for the following asset classes: buildings; parks and gardens; stormwater; pump stations; footpaths and roads.

Through lifecycle cost analysis, the Asset Management Plans forecast the required expenditure levels to maintain and replace existing infrastructure, or increase services through new or upgraded assets. The financial forecasts ascertained through the practice of Asset Management planning inform the Long Term Financial Plan, which considers the current and future income requirements needed to sustainably support the community – as directed by the objective and themes of the City Plan 2030.

The Asset Management Plans further direct the current initiatives that have been funded through the Annual Business Plan and budget. Initiatives include community surveys as well as construction and maintenance activities. The information received through such initiatives will grow the organisation's knowledge of its infrastructure assets through quantitative asset reporting and qualitative community feedback. This flow of activity is an important mechanism that informs the organisations progress and success by the indicators set within the City Plan 2030.

How will we score in 2024?

Vision and Objectives

The following vision statement portrays where the practice of Asset Management will be in 2024. It represents a shift from an engineering and financial focus, to a new position of integrated planning that includes the social, environmental and economic value of projects.

Being inclusive and respecting the views of the community and understanding the scope of services delivered by this organisation, will enable strong and supported decision making for the infrastructure services we deliver and maintain.

An Inclusive Asset Management practice will advance this Multi-Disciplinary organisation by enabling Informed Decision Making that will deliver the Responsible and Sustainable management of infrastructure to our evolving Community.

This vision is underpinned by the following operating principles:

OUTCOMES

- **Financially Sustainable** Through Long Term Financial Planning, Council will ensure that infrastructure is provided to the community at an appropriate service level that achieves best value for the current and future rate dollar.
- Environmentally Sustainable When designing new assets or replacing old infrastructure there will be a focus on water and energy efficiency, waste minimisation, reducing greenhouse gas emissions and mitigating the impacts of climate change.
- Safe, Healthy and Accessible The infrastructure provided by Council will be provided and maintained to allow all members of our community the opportunity to enjoy a quality life; being unrestrictive and delivering opportunity for those in need.
- **Prosperous** The lifecycle management of new and current infrastructure will assist delivering a successful and thriving City that connects business to opportunity, and attracts new businesses for a strong economy and more local jobs. This will support people and communities to grow and flourish.

ATTITUDES

- Multi-disciplinary The practice of Asset Management must respect the range of services delivered by us particularly with regard to assets that support social services.
- **Responsible** The practice of Asset Management will always act within legislative and industry standards to ensure accountability and safety to the community.
- Inclusive The practice of Asset Management will engage the Community, Elected Members and Council Administration via a '3-way' inclusive understanding of expected service levels and the resources required for service delivery.

- **Community** The community must be front and centre to Asset Management thinking and decision making, as it is the range and diversity of the social profile that we provide and maintain the City's infrastructure for.
- Informed decision making –To achieve best value and the objectives of the City Plan 2030, an array of economic, social, and environmental criteria must be included in decision making to justify financial outlay.

In 2019 Council approved the Asset Management Policy which sets out the following policy objectives that now underpin the Asset Management Strategy.

Objective I
The organisation recognises the importance of asset management planning and adequately resources the asset management system.
Objective 2
The organisation is committed to understanding the services valued by the community and to provide and maintain assets through informed decision making.
Objective 3
Decision making is outcome based and developed on reliable asset information.
Objective 4
The organisation will actively and transparently engage with stakeholders as to how infrastructure assets are managed and maintained.
Objective 5
A continual improvement approach is taken to advance asset management practice throughout the organisation.
Objective 6
Infrastructure assets are to be managed in a financially prudent manner.
Objective 7
Infrastructure assets will support business and industry to grow and prosper.
Objective 8
Administration will engage with the community and it's Elected Members on expected levels of service.
Objective 9
Infrastructure assets will support community wellbeing.
Objective 10
Environmental impacts associated with infrastructure assets are mitigated.
Objective I I
Infrastructure assets will be designed and managed to enhance and protect our environment
Objective 12
Ensure the preservation of our heritage assets.
Objective 13
All infrastructure is considered safe for the community – ensuring access and linkage for people to conduct their life and business activity
Objective 14

All new initiatives must consider full lifecycle costs.

Where are we today?

Benchmarking

A survey was conducted to assess the status of our current asset management practice across the range of asset classes. The survey used the IIMM: Asset Management Maturity Index (IIMM, 1.4.2), which provides key asset management activities and a continuum of maturity statements (aware, basic, core, intermediate and advanced). Benchmarking against this index provides a point-in-time measuring tool that can be used to track improvements in asset management practice.



MATURITY SELF-ASSESSMENT RESULTS

The below graph is a visual representation of results from the IIMM Maturity Index survey. An overview of the results is included as Appendice 2.

Activities that relate specifically to physical assets such as condition rating, levels of service, and works planning have been grouped and depicted by the blue columns to identify the maturity status of each asset class, and how each maturity score relate to the 2024 target score of 80 (purple line). The average score for all asset classes is represented by the red dashed line which identifies Parks and Gardens and Buildings trailing the other asset types.

The services and systems provided by Corporate Services (green) and Asset systems (orange) have been separated from each asset class to identify the role in which they play within the overall Asset Management system - for example, Management and Information Systems, Policy development, and Service Delivery Mechanisms. This separation identifies the improvement needed within these business and support functions to advance the overall delivery of Asset Management.



The benchmarking indicates that the City of Port Adelaide Enfield is currently performing Basic to Core in terms of asset management maturity.

It is the aim of the strategy to set the path for improvement from our current level of practice to a targeted level of 'advanced' practice by 2024.

The focus areas across the organisation for improvement are:

- Levels of Service and Performance Measurement
 To collaborate with City Scorecard reviews to understand what is and isn't achieving the
 satisfaction of the Community.
- 2. Demand Forecasting

To engage with relevant staff across Council to understand demographics shifts and environmental initiatives that must be factored into future decision making.

3. Risk Management

To establish reporting processes that capture the consideration of Risk into decision making – particularly as part of the annual Capital and Maintenance works budgets.

4. Management and Information Systems That all current business functions and processes are integrated, communicated, and available to streamline work process and decision making.

From a data capture and financial reporting perspective, some asset categories are more advanced than others. It must be noted that a few of the performance indicators depicted in the AM Maturity Index suffer due to current data levels varying between categories. The following table identifies the current data confidence of each asset category.

ASSET TYPE	CONFIDENCE LEVEL
Buildings	Low to Medium *
Parks and Gardens	Low to Medium
Stormwater	Medium
Pump Stations	Medium to High
Footpaths	Medium to High
Roads	High

* Once the revised Building AMP has been adopted in 2019, the maturity score will be revised to Medium

Strategic Alignment

Tool Set

The table below outlines the set of 'tools' that are available for the planning and management of our infrastructure assets.

Asset Management Policy	Specifically establishes the strategic context within the organisation.
Asset Management Strategy	A high level document that identifies our current maturity level,
	there.
Asset Management Steering Group	Establishes an organisational approach to Asset Management. Is a body
	of staff that will both monitor and assist in improving the organisation practice of Asset Management.
	Refer to diagram 'Asset Management Improvement Groups'.
Asset Management Custodian Groups	For each asset class, a mix of service and asset staff will improve
	processes and structures in the delivery and maintenance of
	infrastructure.
	Refer to diagram 'Asset Management Improvement Groups'.
Asset Management Plans	Individual plans for specific asset type that are reviewed every four years.
	These are details plans that encompass the relevant issues relating to the
	management of the asset class – particularly: levels of service, demand
	forecasts, lifecycle costs and activities, valuation/accounting measures,
	future renewal and replacement programs, and improvement plans.
	The Improvement Plans will inform Section Planning, and the status of
	project initiatives will be reported to the AM Steering Group.
Section Plans	Identifies specific projects with acquired budgeting, and are monitored by the Section Manager.
Operational Staff	Internal and Field Staff that actively advance Asset Management and
	contribute to the Asset Register.
Asset Management System (Software)	IPS (Infor Public Sector) is an Asset Management database that controls
	the Asset Register, captures works activities and costs, and allows
	modelling of asset lifecycles.
Geographic Information System (GIS)	ESRI ArcMap is used to capture, manage, and analyse spatial data. GIS
Software	provides the visual / locational representation of assets on a City map.

A key enabler to advance asset management within the organisation is Leadership. Effective leaders establish a clear vision and then create the culture that enables that vision to be achieved. Leadership is not the same as Management – and although both are necessary in effective organisations, it is leadership that enables transformation.

To achieve our asset management objectives requires a commitment at all levels within the organisation. The Asset Management Steering Group and supporting Asset Management Custodian Groups will play an important leadership role in delivering improvements to our asset management practice.



The Steering Group has a senior staff member from each section of the organisation, which will assist in delivering the actions identified from this Strategic Plan by contributing their specific knowledge, skill sets, and potential resources. All Improvement initiatives will further be monitored and controlled by the Steering Group. The Steering Group supports clear communication across the organisation, and further enables resource sharing, and coordination of strategies and programs.

The Custodian Groups are a mix of service and asset staff that will improve processes and structures in the delivery and maintenance of infrastructure. The Asset Planner communicates between the Steering Group and Custodian Groups.

Priority Focus

Decision making

Formal decision making and prioritisation techniques are applied to all operational and capital asset programmes within each main budget category.

Critical assumptions and estimates are tested for sensitivity to results

Decision making will be applied using either analysis of Multi Criteria (MCA) or Cost Benefit (BCA). MCA is used where important benefits and costs are more difficult to value in dollar terms and are both quantitative and qualitative in nature. BCA is used to assess relative costs and benefits of increasing or reducing current performance levels, or investing in a new project.

Risk Management

- Critical assests and high risk register
 - Critical services identified
- Documented risk strategies

Management and Information Systems

- Corporate systems aligned
- Corporate information available
- Spacial relationship capability
- AM systems meets the requirements of ISO55001

Demand Forecasting

- Population Growth
- Social Demographics
- Technology
- Climate Change

Levels of Service and Performance Management

- Community service levels/ Corporate service levels
- Customer Groups established
- Customers are consulted on significant service levels and options

Asset Register

- Collection/Identification of assets
- Establish Hierarchies
- Componentisation levels
- Unit Rates
- Asset Life
 Life Cycle
- Life Cycle Costs

Asset Condition

- Data suitable to plan maintenance and renewals
- Condition and performance date is modelled against AM objecties
- Climate Change

Outcomes

Operational Planning
 Risk & Opportunity

Intervention Levels defined

- Alignment with organisational objectives
- Capital Works Planning
 Project register with
 prioritisation

3-5 year Capital program fully scoped and estimated

Major projects for 10-20 years conceptually identified

Funding Strategies I0 financial forecast based on comprehensive AMPs with detailed assumptions

AM Plans
 Approach to risk described

Condition & performance assessment

Future demand forecasts

10 year financial forecasts

Improvement Planning
 Performance assessed
 and gaps used to drive
 improvement actions

Improvement plans identify objectives, timeframes, deliverables, resources and responsibilities

Formal monitoring and reporting on improvements to Executive Team

Basic Maturity

Action Plan

The 'Focus of Priority' diagram represents a bottom up approach of key focus areas that will drive our organisational maturity. To enable this organisation to advance our decision-making, initial focus must be placed on our asset register which will then lead to improving service levels and understanding demand factors. Strengthening these areas will enable confidence in our risk modelling and decision-making.

Having advanced our criteria in the Priority area, will enable advancement in all items listed as Outcomes.

Action activities will control organisational improvement, by becoming Improvement Strategies identified in future reviews of the Asset Management Plans. The numeric reference (as per Appendices 4) will be maintained to enable reporting capability – from the AM Strategy, through the AM Plans, and then to Section Plans.

The reporting of Improvement Projects will be performed through the AM Custodian Groups and reported to the Steering Group, as demonstrated below.



Key Actions to be completed by 2024:

The following is a list of key actions that have been categorised by key asset activities. Each statement is extracted from the IIMM: Asset Management Maturity Index and further maintains the numerical referencing as per the IIMM Manual (refer Appendices 4). Maintaining the referencing will assist with future benchmarking.

All actions will be reported to the Asset Management Steering Group to ensure projects are monitored and appropriately resourced.

Action Number	Action	IIMM Ref
	Asset Condition	
1.	Asset Condition Inspections to be a performed every 4 years all major asset types.	2.4.3
2.	Review and project the performance of assets against corporate and AM objectives over the long term .	2.5.1
	Asset Register	
3.	Continual review and update of Asset register which will result from unit rate and useful life adjustments and results from Asset condition surveys.	2.4.3
4.	Review and improve asset hierarchy for the Parks and Gardens and Buildings asset classes.	2.4.1
5.	Advance the level of asset types and/or components within the Parks and Gardens and Building asset categories.	2.4.1
	Levels of Service & Performance Management	
6.	Customer groups defined and service needs analysed.	2.2.3
7.	Conduct a community survey to understand the level of importance and satisfaction ratings for all major asset types.	2.2.4
8.	Levels of service and performance measures in place covering major asset types.	2.2.1
9.	Levels of service and cost relationships developed and presented to Steering Group.	2.2.4
	Demand Forecasting	
10.	Prepare a discussion paper on how social, environmental, technological demand factors will impact on planning our City's future and present to Steering Group.	2.3.5
11.	Integrate initiatives with adopted Corporate strategic plans into the Asset Management planning framework.	2.3.5
	Risk Management	
12.	Review of the likelihood and consequence outcomes from the (2.3) Demand Forecasting discussion paper and present to Steering Group.	2.3.2
13.	Identify a list of critical assets within each major asset class, consider what is serviced by these assets, and the social, environmental, economic, and financial impact of failure. Report containing strategies to mitigate risk to be presented to Steering Group.	3.2.1
14.	Corporate risk register to be reviewed by the Custodian Groups and Steering Group annually.	3.2.5
15.	Develop a Risk Management prioritisation model that aids all capital and maintenance decision making.	3.2.6

Action Number	Action	IIMM Ref
	Management & Information Systems	
16.	Undertake a business systems audit, to ensure all internal management systems are aligned.	4.3.5
17.	Develop AM objectives that align with Corporate goals within the City Plan 2030.	4.3.3
18.	Continue to develop automated analysis processes in capturing data across various asset process types.	4.3.6
19.	Increase spatial relationship capabilities.	4.3.6
	Decision Making	
20.	Formal decision making and prioritisation techniques are applied to all operational and capital asset programmes within each main budget category. Decision making will be applied using either analysis of Multi Criteria (MCA) or Cost Benefit (BCA).	3.1.2
21.	Critical assumptions and estimates are tested for sensitivity to results.	3.1.3
	Capital Works Planning	
22.	Projects have been collated from a wide range of sources and collated into a project register.	3.4.1
23.	Capital works programs for the next 3 years are fully scoped and estimated.	3.4.2
24.	Develop a prioritisation framework to rank the importance of capital works projects.	3.4.3
25.	Major capital projects for the next 10 years are conceptually identified and broad cost estimates are available.	3.4.5
	Operational Planning	
26.	Operational objectives and intervention levels are defined and implemented. Alignment with organisational objectives can be demonstrated.	3.3.4
	Financial & Funding Strategies	
27.	10 year financial forecasts based on current comprehensive AMP's with details supporting assumptions / reliability factors.	3.5.2
AM Teams		
28.	Maintain Steering Group to ensure the ownership and support of AM by leadership. Organisational structure supports AM.	4.1.3
29.	Continue Custodian Groups to ensure a consistent approach to AM across the organisation, and that an internal communication plan is established.	4.1.6
	Improvement Planning	
30.	Performance assessed and gaps used to drive improvement actions. Report to Steering Group.	4.6.I
31.	Improvement plans to identify objectives, timeframes, deliverables, resources, and responsibilities. To be endorsed by Steering Group.	4.6.2

Appendices

Appendices I – Legislative and Industry Considerations

The Legislative Requirement

The Local Government and Planning Ministers' Council (LGPMC) at their meeting on 26 March 2007 endorsed a national framework on 'asset planning and management and financial planning and reporting'. The framework requires Councils to adopt a longer-term approach to service delivery and funding comprising:

- A strategic longer-term plan covering, as a minimum, the term of office of the Elected Members and:
- bringing together asset management and long term financial plans,
- demonstrating how Council intends to resource the plan, and
- consulting with communities on the plan.

Annual budget showing the connection to the strategic objectives, and

- Annual report with:
- explanation to the community on variations between the budget and actual results,
- any impact of such variances on the strategic longer-term plan,
- report of operations with review on the performance of the Council against strategic objectives.

The Asset Management Strategy is to enable Council to show:

- how its asset portfolio will meet the service delivery needs of its community into the future,
- to enable Council's asset management policies to be achieved, and
- to ensure the integration of Council's asset management with its long term strategic plan the City Plan 2030.

Legislation and Industry Standards

Legislation / Standards	Requirement
ISO 55000 - International Standard for Asset Management	An international standard covering management of physical assets. It provides an overview of asset management, its principles and terminology, and the expected benefits from adopting asset management.
IIMM - International Infrastructure Management Manual	A manual that covers a wide range of asset and infrastructure related topics, including detailed advice on how to improve the way an organisation manages its assets.
NAMS - National Asset Management Strategy	A Strategy that assists the industry in writing asset management plans and linking to long term financial plans.
Local Government Act 1999	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.
Australian Accounting Standards (AASB116)	Sets out the financial reporting standards relating for the valuation and depreciation of Councils infrastructure assets.
Disability Discrimination Act 1992	Sets out standards to ensure that new infrastructure is designed and constructed to provide safe and equitable access to those with a disability.
Development Act 1993 and Regulations 2008	Regulates development in South Australia. Sets out the principles of development for all land use types. Establishes requirements for civil infrastructure and the hand-over of Free of Charge Assets from major land divisions.
Environment Protection Act 1993	Sets out the requirements to sustainably protect the environment during both the construction and life of the asset.
Work Health Safety Act 2012 and Work Health Safety Regulations 2012	An act to provide for the health, safety and welfare of persons at work, and for other purposes.
Residential Tenancies Act 1995	An Act to regulate the relationship of landlord and tenant under residential tenancy agreements; and for other purposes.
Public and Environmental Health Act 1987	An Act dealing with public and environmental health.
Heritage Places Act 1993	An Act to make provision for the identification, recording and conservation of places and objects of non-Aboriginal heritage significance; to establish the South Australian Heritage Council; and for other purposes.
River Torrens Linear Park Act 2006	Provides Protection for the Linear Park as a world class asset to be preserved as an urban park for present and future generations.
South Australian State Records Act 1997	To ensure the City of Port Adelaide Enfield records and stores all relevant information as set out by the State Government of SA.
National Construction Code (NCC) & Building Code of Australia (BCA)	A guide for building works assessment and approval (Fire and Occupant Health and Safety).
Relevant Australian, New Zealand and International Standards and Codes of Practice	Ensure works are completed as per relevant Standards.

	PARKS	ROADS	FOOTPATH	PUMP S	TATIONS STORMWATER	BUILDINGS
		AUDIT	8 GOV	ANCE	ASSETS	
Section	Aware 5 10 15 20	Basic 25 30 35 40	Core 45 50 55	60	Intermediate 65 70 75 80	Advanced 90 95 100
2.1 AM Policy Development	Corporate awareness of the benefits of AM.	Corporate expectation expressed in relation to development of AM Plans and AM objectives.	AM Policy and AM Object developed, algned to cor goals and strategic conte	porate sxt.	AM System scope is defined and documented. Strategic context (internal, external, customer environment) analysed and implications for the AM System and cumented in the Strategic AM Plan.	AM Policy and Strategic AM Plan fully integrated into the organisation's business processes and subject to defined audit, review and updating procedures.
2.2 Levels of Service and Performance Management	Level of service requirements generally understood but not documented of quantified.	Asset contribution to organisation's objectives and some basic levels of service have bendefined. Customer difruge defined and requirements informally understood.	Lévels of service and per measures in place coveri of service atributes. Annual reporting against performance targets. Customer Group needs a Level of service and cost relationship understood.	formance ng a range analysed.	Customers are consulted on significant service levels and options.	Customer communications plan in place. Levels of service are integral to decision making and business planning.
2.3 Demand Forecasting	Future demand requirements generally understood but not documented or quantified. Demand forecasts based on mathematical analysis of past trends and primary demand factors.	Demand forecasts based on experienced staff predictions with consideration of known past demand trends and likely future growth patterns.	Demand Forecasts based projection of a primary di farojection of a primary di farojection of a primary di faronal sector and a pristorici Risk associated with dem change broadly understo document co bernand mated develooment to majo develooment	d on robust emand with) and trends. nand onsidered r project	A range of demand scenarios is developed (eg: high/medium/low). Demand management is considered in all strategy and project decisions.	Risk assessment of different demand scenarios with mitigation actions identified.
2.4 Asset Register Data	Asset information in combination of sources and formats. Awareness of need for asset register.	Basic physical information recorded in a spreadsheet or similar (e.g. location, size, type), but may be based on broad assumptions or not complete.	Sufficient information to asset valuation (basis att replacement cost and as iffe) and support promitis programmes (criticality), hierarchy, identification a attribute systems docum Metadata held as approcu-	complete tributes, set age, atton of Asset and oented, oriate.	A reliable register of physical, financial and risk attributes recorded in an information system with data analysis and reporting functionality. Systematic and documented data collection process in place.	Information on work history type and cost, condition, performance, etc. recorded at asset component level. Systematic and fully optimised data collection programme with supporting metadata.
2.5 Asset Condition	Condition and performance understood but not quantified or documented.	Adequate data and information to confirm current performance against AM objectives.	Condition and performar information is suitable to plan maintenance and re meet over the short term	nce be used to newals to	Future condition and performance information is modelled to assess whether AW objectives cambe met in the long term. Contextual information, such as demand, is used to estimate likely performance.	The type, quality and amount of data are optimised to the decisions being made. The underlying data collection programme is adapted to reflect the assets lifecycle stage.
3.1 Decision Making	AM decisions based largely on staff judgement	Corporate priorities incorporated into decision making.	Formal decision making t (MCA / BCA) are applied major projects and progra where criteria are based organisations' AM object	techniques to ammes, on the ives.	Formal decision making and prioritisation techniques are applied to all operational and capital asset budget category. Critical assumptions and estimates are tested for sensitivity to results.	AM objectives/targets are set based on formal decision making techniques, supported by the estimated costs and benefits of achieving targets. The framework enables projects and programmes to be optimised across all activity areas. Formal risk-based sensitivity analysis is carried out.

Appendices 2 – Maturity Index

	PARKS	ROADS	FOOTPATH	DRAINAGE STORMWATER	BUILDINGS
		AUDIT 8	GOV FINANCE	ASSETS	
Section	Aware 5 10 15 20	Basic 25 30 35 40	Core 45 50 55	60 65 70 75 80	Advanced 90 95 100
3.2 Risk Management	Risk management is identified as a future improvement. Risk framework developed.	Critical services and assets understood and considered by staff involved lin maintenance / renewal decisions.	Critical assets and high risks identified. Documented risk management strategies for critical assets and high risks.	Resilience level assessed and improvements identified. Systematic risk analysis to assist key decision-making. Risk register regularly monitored and reported. Risk managed and prioritised consistently across the organisation.	Resilience strategy and programme in place including defined levels of service for resilience. Formal risk management policy in place. Risk is quantified and risk mitigation options evaluated. Risk is integrated into all aspects of decision making.
3.3 Operational Planning	Operational processes based on historical practices.	Operating procedures are available for critical operational processes. Operations organisational structure in place and roles assigned	Operating procedures are availa for all operational processes Operational support requiremen are in place	ble Risk and opportunity planning completed intervention levels defined and implemented. Alignment with organisational objectives can be demonstrated.	Continual improvement can be demonstrated for all operational processes. Comparison with iso 55001 requirements complete.
3.4 Capital Works Planning	Capital investment projects are identified during annual buoget process	There is a schedule of proposed capital projects and associated costs for the next 3-5 years, based on staff jurgement of future requirements.	Projects have been collated from wide range of sources and collat into a project register Capital projects for the next Capital projects for the next estimated A prioritisation framework is in place to rank the importance of capital projects.	n a Formal options analysis and business red case development has been completed for major projects in the 3-5 year period. Major capital projects for the next 10-20 are conceptually identified and broad cost estimates are available.	Long-term capital investment programmes are developed using advanced decision techniques such as predictive renewal modelling.
3.5 Financial and Funding Strategies	Financial planning is largely an annual budget process, but there is intention to develop longer term forecasts	Assets re-valued in compliance with financial reporting and accounting standards. Io year financial forecasts are based on extrapolation of past trends and broad assumptions about the future. Expenditure categories compliant with FRS.	Asset revaluations have a 'B' gra data confidence 10 year + financial forecasts based on current comprehensiv AMPs with detailed supporting assumptions / reliability factors	de Asset revaluations have a 'B' grade data confidence 10 year + financial forecasts based on current comprehensive AMPs with detailed supporting assumptions / reliability factors.	Asset revaluations have an 'A' grade data confidence 10 year + financial forecasts based on comprehensive, advanced AM plans with detailed underlying assumptions and high confidence in accuracy. Advanced financial modelling provides sensitivity analysis, demonstrable whole of life costing and cost analysis for level of service options.
4,1 AM Teams	Leadership is supportive of AM	AM functions are carried out by small groups. Roles reflect AM requirements	Position descriptions incorporat AM roles AM coordination processes established Ownership and support of AM b leadership Awareness of AM across most o the organisation	 Organisational structures support AM Roles reflect AM resourcing requirements and reflected in position descriptions for key roles. Consistent approach to AM across the organisation Internal communication plan established. 	Roles reflect AM requirements and defined in all relevant position descriptions Formal documented assessment of AM capability and capacity requirements to achieve AM objectives Demonstrable alignment between AM objectives, AM systems and individual responsibilities

	PARKS	ROADS	FOOTPATH	DRA	INAGE	STORMWATER	BUILDINGS
		AUDIT	& GOV FINAN	ACE	ASSET	S	
Section	Aware 5 10 15 20	Basic 0 25 30 35 40	Core 0 45 50 55	60	Intermediate 65 70	75 80	Advanced 85 90 95 100
4.2 AM Plans	Stated intention to develop AM Plans	AM Plans contains basic information on assets, service levels, planned wor and financial forecasts (5-10 years) and future improvements.	AM objectives are defined consideration of strategic rks Approach to risk and critic described, top-down cono performance assessment, demand forecasts, descrip of supporting AM processe year financial forecasts, 3) improvement plan.	with context. context. al assets altiton and fitton and otton es, 10 es, 10 vear AM	Analysis of asset of performance trent customer engager LoS, ODM/risk teo major programme analysed with risk responses describ	condition and ds (past/future), ment in setting iniques applied to is. Strategic context s, issues and ed.	Evidence of programmes driven by comprehensive ODM techniques, risk management programmes and level of service/cost trade-off analysis. Improvement programmes largely complete with focus on ongoing maintenance of current practice.
4.3 Management Systems	Awareness of need to formalise systems and processes.	Simple process documentation in place fo service-critical AM activitie	Basic Quality Managemen system in place that cover es. organisational activities. Critical AM processes are commented, monitored a subject to review. AM System meets the requ of ISO 55001.	t rs all nd uirements	Process documen implemented in ac AM System to app detail. Internal managem aligned.	tration ccordance with the propriate level of nent systems are	ISO certification to multiple standards for large asset intensive organisations, including ISO 55001. Strong integration of all management systems within the organisation.
4.3 Information Systems	Intention to develop an electronic asset register / AMIS.	Asset register can record core asset attributes – size material, etc. Asset information reports can be manually generated for AM Plan input.	 Asset register enables hier reporting (at component t level). Customer request tracking planned maintenance fund enabled. System enables manual re be generated for valuation forecasting. 	archical to facility g and ctionality ports to , renewal	Spatial relationshi More automated a on a wider range o	p capability analysis reporting of information.	Financial, asset and customer service systems are integrated and all advanced AM functions are enabled. Asset optimisation analysis can be completed
4.4 Service Delivery Mechanisms	AM roles generally understood,	Service delivery roles clearl allocated (internal and external), generally followir historic approaches.	 V Core functions defined Procurement strategy/poli Procurements in place with t agreements in place with t primary internal service prima and contract for the prima external service providers. 	icy vel the owiders ary	Risks, benefits and outsourcing option determined. Competitive tends applied with integi accountability.	d costs of various ns considered and ering practices rity and	All potential service delivery mechanisms reviewed and formal analysis carried out to identify best delivery mechanism.
4.6 Improvement Planning	Recognition of AM improvements.	Improvement actions identified and allocated to appropriate staff.	Current and future AM performance assessed and used to drive the improven actions. Improvement plans identif objectives, timeframes, de resource requirements and responsibilities	d gaps ment fy diverables,	Formal monitoring on the improveme Executive Team. Project briefs dew improvement acti	s and reporting ant programme to eloped for all key ons.	Improvement plans specify key performance indicators (KPIs) for monitoring AM improvement and these are routinely reported.

		SCORE	AVERAGE
2.1: AM Policy Development	Audit & Gov	50	50.00
2.2: Levels of Service and Performance Management	Parks & Gardens Roads Footpaths Pump Stations Stormwater Buildings	40 40 40 40 30	38.33
2.3: Demand Forecasting	Parks & Gardens Roads Footpaths Pump Stations Stormwater Buildings	40 50 40 55 25 25	44.17
2.4: Asset Register Data	Assets Finance	50 60	55.00
2.5: Asset Condition	Parks & Gardens Roads Footpaths Pump Stations Stormwater Buildings	25 75 60 45 50	51.67
3.1: Decision Making	Parks & Gardens Roads Footpaths Pump Stations Stormwater Buildings	25 75 40 60 40	50.00

		SCORE	AVERAGE
3.2: Risk Management	Parks & Gardens Roads Footpaths Pump Stations Stormwater Buildings Audit & Gov	40 45 40 45 40 55	41.67
3.3: Operational Planning	Parks & Gardens Roads Footpaths Pump Stations Stormwater Buildings	60 55 55 55 50 30	50.83
3.4: Capital Works Planning	Parks & Gardens Roads Footpaths Pump Stations Stormwater Buildings	45 55 45 50 20	43.33
3.5: Financial and Funding Strategies	Finance	75	75.00
4.1: AM Teams	Assets	45	45.00
4.2: AM Plans	Assets	45	45.00
4.3: Management Systems	Assets	45	45.00
4.3:Information Systems	Assets	85	85.00
4.4: Service Delivery Mechanisms	Audit & Gov	60	60.00
4.6: Improvement Planning	Assets	50	50.00
		0	E1 00
		Average	51.00

Target Score by 2023 80.00

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Appendices 3 - Condition Assessment Timeframe

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Appendices 4 - Action Reference

STRATEGIC

AM Policy Development

- 2.1.1 AM System scope is defined and documented
- 2.1.2 Strategic Context (internal, external, customer environment) analysed and implications for the AM system documented in the Strategic AM Plan

Risk Management

- 3.2.1 Critical assets and high risks identified
- 3.2.2 Documented risk management strategies for critical assets and high risks
- 3.2.3 Resilience level assessed and improvements identified
- 3.2.4 Systematic risk analysis to assist key decision making
- 3.2.5 Risk register regularly monitored and reported
- 3.2.6 Risk managed and prioritised consistently across the organisation

Service Delivery Mechanisms

- 4.4.1 Risk, benefits and costs of various outsourcing options considered and determined
- 4.4.2 Competitive tendering practices applied with integrity and accountability

LEVELS OF SERVICE

Levels of Service and Performance management

- 2.2.1 Levels of service and performance measures in place covering a range of service attributes
- 2.2.2 Annual reporting against performance targets
- 2.2.3 Customer Group defined and needs analysed
- 2.2.4 Level of service and cost relationship understood
- 2.2.5 Customers are consulted on significant service levels and options

FUTURE DEMAND

Demand Forecasting

- 2.3.1 Demand Forecasts based on robust projection of a primary demand factor (eg population growth) and extrapolation of historical trends
- 2.3.2 Risk associated with demand change broadly understood and document
- 2.3.3 Demand management considered as an alternative to major project development
- 2.3.4 A range of demand scenarios is developed (eg: high/medium/low)
- 2.3.5 Demand management is considered in all strategy and project decisions

LIFECYCLE MANAGEMENT PLAN

Operational Planning

- 3.3.1 Operating procedures are available for all operational processes.
- 3.3.2 Operational support requirements are in place
- 3.3.3 Risk and opportunity planning periodically reviewed
- 3.3.4 Operational objectives and intervention levels defined and implemented
- 3.3.5 Alignment with organisational objectives can be demonstrated

Capital Works Planning

- 3.4.1 Projects have been collated from a wide range of sources and collated into a project register.
- 3.4.2 Capital projects for the next 3 years are fully scoped and estimated
- 3.4.3 A prioritised framework is in place to rank the importance of capital projects
- 3.4.4 Formal options analysis and business case development has been completed for major projects in the 3-5 year period
- 3.4.5 Major Capital projects for the next 10-20 years are conceptually identified and broad cost estimates are available

DATA MANAGEMENT

Asset Register Data

- 2.4.1 Review all asset classes and confirm asset hierarchy, along with component age and type
- 2.4.2 A reliable register of physical, financial, and risk attributes recorded in an information system with data analysis and reporting functionality
- 2.4.3 Systematic and documented data collection process in place

Asset Condition

- 2.5.1 Condition and performance information is suitable to be used to plan maintenance and renewals to meet over the short term
- 2.5.2 Future condition and performance information is modelled to assess whether AM objectives can be met in the long term
- 2.5.3 Contextual information, such as demand, is used to estimate likely performance

FINANCIAL

Financial and Funding Strategies

- 3.5.1 Asset revaluations have a 'B' grade data confidence
- 3.5.2 10 year+ financial forecasts based on current comprehensive AMPs with detailed supporting assumptions /reliability factors

IMPROVEMENT AND MONITORING

Decision Making

- 3.1.1 Formal Decision making techniques are applied to major projects and programmes using Cost Benefit Analysis and Multi Criteria Analysis, with criteria based on organisations AM Objectives
- **3.1.2** Formal decision making and prioritisation techniques are applied to all operational and capital asset programmes within each main budget category
- 3.1.3 Critical assumptions and estimates are tested for sensitivity to results

AM Teams

- 4.1.1 Position descriptions incorporate AM roles
- 4.1.2 AM Coordination processes established
- 4.1.3 Ownership and support of AM by leadership
- 4.1.4 Awareness of AM across most of the organisation
- 4.1.4 Organisational structures support AM
- 4.1.5 Roles reflect AM resourcing requirements and reflected in position descriptions for key roles
- 4.1.6 Consistent approach to AM across the organisation
- 4.1.7 Internal communication plan established

AM Plans

- 4.2.1 AM objectives are defined with consideration of strategic context
- 4.2.2 Approach to risk and critical assets described, top-down condition and performance assessment, future demand forecasts, description of supporting AM processes, 10 year financial forecasts, 3 year AM improvement Plan
- 4.2.3 Analysis of asset condition and performance trends (past/future), customer engagement in setting LoS, ODM/Risk techniques applied to major programmes
- 4.2.4 Strategic context analysed with risks, issues and responses described

Management Systems

- 4.3.1 Basic Quality Management System in place that covers all organisational activities
- 4.3.2 Critical AM processes are documented, monitored, and subject to review
- 4.3.3 AM System meets the requirements of ISO 55001
- 4.3.4 Process Documentation implemented in accordance with the AM System to appropriate level of detail
- 4.3.5 Internal management systems are aligned

Information Systems

4.3.6 More automated analysis reporting on a wider range of information

Improvement Planning

- 4.6.1 Current and future AM performance assessed and gaps used to drive the improvement actions
- 4.6.2 Improvement Plans identify objectives, timeframes, deliverable, resource requirements, and responsibilities
- 4.6.3 Formal monitoring and reporting on the improvement programme to Executive Team
- 4.6.4 Project briefs developed for all key improvement actions

Glossary

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 asset.

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 - 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, eg. 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, eg. 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.

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.

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.

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 arms 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.

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, eg. 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.

International Infrastructure Management Manual (IIMM)

An industry based manual that promotes best management practice for all infrastructure assets regardless of ownership or location. The manual is copyright of the Institute of Public Works Engineering Australasia (IPWEA). The manual is based on the ISO Standards with the focus to achieve an appropriate balance between cost, risk, and performance from the assets in delivering the best service outcomes for all stakeholders.

International Organisation for Standardisation (ISO)

ISO is an independent, non-governmental international organisation with a membership of 164 national standards bodies. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges.

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, eg 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 needs 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.

Operations

Regular activities to provide services such as public health, safety and amenity, eg 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, eg 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.

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.

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.

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 is 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



Port Adelaide Enfield