



BUILDING

INFRASTRUCTURE AND ASSET MANAGEMENT PLAN



2008

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ABBREVIATIONS

AAAC	Average annual asset consumption
ACC	Adelaide City Council
ARI	Average recurrence interval
BOD	Biochemical (biological) oxygen demand
CRC	Current replacement cost
CWMS	Community wastewater management systems
DA	Depreciable amount
DoH	Department of Health
EF	Earthworks/formation
IAMP	Infrastructure and asset management plan
IRMP	Infrastructure risk management plan
GPT	Gross Pollutant Trap
MMS	Maintenance management system
PCI	Pavement condition index
RV	Residual value
SS	Suspended solids
vph	Vehicles per hour

GLOSSARY

Annual service cost (ASC)

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 operating, maintenance, depreciation, finance/ opportunity and disposal costs, less revenue.

Asset class

Grouping of assets of a similar nature and use in an entity's operations (AASB 166.37).

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 management

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.

Assets

Future economic benefits controlled by the entity as a result of past transactions or other past events (AAS27.12).

Property, plant and equipment including infrastructure and other assets (such as furniture and fittings) with benefits expected to last more than 12 month.

Average annual asset consumption (AAAC)*

The amount of a local government's asset base consumed during a year. This may be calculated by dividing the Depreciable Amount (DA) by the Useful Life and totalled for each and every asset OR by dividing the Fair Value (Depreciated Replacement Cost) by the Remaining Life and totalled for each and every asset in an asset category or class.

Brownfield asset values**

Asset (re)valuation values based on the cost to replace the asset including demolition and restoration costs.

Capital expansion expenditure

Expenditure that extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure, which increases future operating, and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group, eg. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

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 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

Capital new expenditure

Expenditure which creates a new asset providing a new service to the community that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operating and maintenance expenditure.

Capital renewal expenditure

Expenditure on an existing asset, which returns the service potential or the life 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 has no impact on revenue, but may reduce future operating 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. Where capital projects

involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital upgrade expenditure

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 operating and maintenance expenditure in the future because of the increase in the council'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. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

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

An individual part of an asset which contributes to the composition of the whole and can be separated from or attached to an asset or a system.

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, plus any costs necessary to place the asset into service. This includes one-off design and project management costs.

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.

Current replacement cost "As New" (CRC)

The current cost of replacing the original service potential of an existing asset, with a similar modern equivalent asset, i.e. the total cost of replacing an existing asset with an as NEW or similar asset expressed in current dollar values.

Cyclic Maintenance**

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

Depreciable amount

The cost of an asset, or other amount substituted for its cost, less its residual value (AASB 116.6)

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.

Fair value

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

Greenfield asset values **

Asset (re)valuation values based on the cost to initially acquire the asset.

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 of the entity or of another entity that contribute to meeting the public's 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 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 (AASB 140.5)

Level of service

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

Loans / borrowings

Loans result in funds being received which are then repaid over a period of time with interest (an additional cost). Their primary benefit is in 'spreading the burden' of capital expenditure over time. Although loans enable works to be completed sooner, they are only ultimately cost effective where the capital works funded (generally renewals) result in operating and maintenance cost savings, which are greater than the cost of the loan (interest and charges).

Maintenance and renewal gap

Difference between estimated budgets and projected expenditures for maintenance and renewal of assets, totalled over a defined time (eg 5, 10 and 15 years).

Maintenance and renewal sustainability index

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

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

An item is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial report. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

Modern equivalent asset.

A structure similar to an existing structure and having the equivalent productive capacity, which could be built using modern materials, techniques and design. Replacement cost is the basis used to estimate the cost of constructing a modern equivalent asset.

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, eg. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

Operating expenditure

Recurrent expenditure, which is continuously required excluding maintenance and depreciation, eg power, fuel, staff, plant equipment, on-costs and overheads.

Pavement management system

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

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.

PMS Score

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

Rate of annual asset consumption*

A measure of average annual consumption of assets (AAAC) expressed as a percentage of the depreciable amount (AAAC/DA). Depreciation may be used for AAAC.

Rate of annual asset renewal*

A measure of the rate at which assets are being renewed per annum expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

Rate of annual asset upgrade*

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

Reactive maintenance

Unplanned repair work that carried out in response to service requests and management/supervisory directions.

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 operating and maintenance expenditure.

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining life

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

Renewal

See capital renewal expenditure definition above.

Residual value

The net amount which an entity expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

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, eg 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 capacity to provide goods and services in accordance with the entity's objectives, whether those objectives are the generation of net cash inflows or the provision of goods and services of a particular volume and quantity to the beneficiaries thereof.

Service potential remaining*

A measure of the remaining life of assets expressed as a percentage of economic life. 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 (DRC/DA).

Strategic Management Plan (SA)**

Documents Council objectives for a specified period (3-5 yrs), the principle activities to achieve the objectives, the means by which that will be carried out, estimated income and expenditure, measures to assess performance and how rating policy relates to the Council's objectives and activities.

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. It is the same as the economic life.

Value in Use

The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. 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 new cash flows, where if deprived of the asset its future economic benefits would be replaced.

Source: DVC 2006, Glossary

Note: Items shown * modified to use DA instead of CRC

Additional glossary items shown **

EXECUTIVE SUMMARY

Overview

This Infrastructure and Asset Management plan focuses on the management of the City of Adelaide's property and buildings. This plan specifies the life cycle requirements for effective management, inspection and replacement of this asset group and outlines the financial implications and standards to be adhered to. This plan is intended to demonstrate how Council will achieve this outcome by applying the principles of responsible asset management planning, the object of which is to:

'Deliver the required level of service to existing and future customers in the most cost effective way'

Council plans to operate and maintain its property portfolio to achieve the following strategic objectives.

- Ensure the Council's building portfolio contributes to the strategic objectives of residential, student, worker and visitor growth by providing the required property services.
- Ensure the councils properties are maintained at a safe and functional standard as set out in this infrastructure and asset management plan.
- Ensure the inspection and maintenance plan for the Council's buildings are sufficient to meet legislative requirements and provide the required levels of service.

The contribution of property assets towards the strategic goals and asset management objectives will be achieved by:

- Ongoing stakeholder consultation to establish and confirm service standards.
- Implementing a program of inspections and monitoring activities to assess asset condition and performance.
- Identifying operational, maintenance, renewal and upgrade requirements and applying economic analysis to establish the most cost effective works programs.
- Ensuring services are delivered at the right price and quality.
- Continuously reviewing and improving the quality of Asset Management practices and updating the Infrastructure and Asset Management Plan as a result.

What Council Provides

Council provides a property portfolio that houses its staff and delivers community benefit in the form of community buildings and spaces.

The portfolio comprises Council's administration facilities (Town Hall, Colonel Light Centre, London Road Depot) specific community buildings (Central Market, Aquatic Centre), City U-Parks, public conveniences and a large number of various Park Land buildings.

What does it Cost?

The current property portfolio has a replacement value of almost \$280 million, a written down value of \$160 Million as at the 2002 revaluation.

The total lifecycle cost of the property portfolio is \$8.8 million per year. This is the averaged annual level of spend required to ensure all assets are maintained in accordance with current standards. Actual annual expenditure requirements will differ from year to year as specific assets come up for replacement, maintenance and renewal. The actual annual budget's for the property assets will be based on best information and requirements for that year and will not always compare favourably to the averaged annual figure.

Levels of Service

This plan is focused on clarifying and defining key elements of service for property assets and then identifying and costing future operations, maintenance, renewal and upgrade works required to meet these levels of service. The key target levels of service are presented below. This is the first step towards confirming the levels of service required by the community. The next step is to monitor relevant performance measures and undertake consultation with the community to confirm that these service levels are required and relevant.

Asset Base

Existing Assets

Adelaide City currently owns a significant portfolio of property assets. The investment into many of these Council assets has occurred over several generations and includes a number of heritage listed assets which require specific increased levels of maintenance.

Condition and Renewal Needs

Generally, the property assets are in good condition. Capital renewal costs are focussed on replacing building asset services to ensure the building assets continue to provide the required level of service to the community. Any requirement for additional renewal expenditure will be

reviewed on an annual basis in conjunction with the Annual Business Plan and Budget process.

Demand Projections

Growth

Overall increased population in the City will increase customer expectations (civic buildings, community facilities etc) with regards to the performance and provided services of the property portfolio.

Changing climatic circumstances and increased environmental awareness is expected to lead to increased customer expectation with regard to the environmental sustainability of Council's property portfolio. This will lead to a greater emphasis on water use reduction and re-use schemes and alternative energy source use within Council properties.

It is expected that overall growth will have minimal impact on the ability of the existing building assets to meet the required levels of service for the community, but services and assets may need to be redefined to target specific local interests.

Increase in Levels of Service

Community consultation on desired levels of service will be undertaken as part of the improvement process for this Infrastructure and Asset Management Plan. If community consultation indicates that the current levels of service are inadequate, there may be a need to upgrade the network in order to meet these new requirements. These outcomes may influence future revisions of this plan.

Financial Projections

Operation and Maintenance Trends

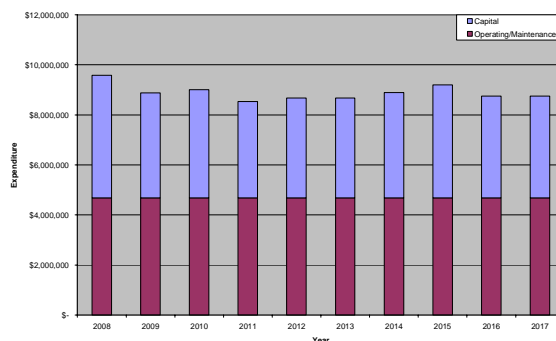
This plan does not recommend any increase or decrease in operational expenditure. It is however recommended that the maintenance plan is improved to ensure maintenance practices align with service levels.

Capital Expenditure

Building service capital renewal expenditure is based on life cycle analysis of building plant and equipment. The Capital Program is developed in conjunction with the regular maintenance and inspection programs. The current capital renewal plan only considers works to, and within existing buildings and does not cover the complete demolition and re-construction of any Council buildings. This approach is considered appropriate as complete building demolition and replacement is outside the scope of simple asset renewal and would be undertaken as a major strategic business decision within Council. However, structural maintenance and major repairs to existing buildings is within the program scope and has been included in the financial calculations and estimates.

10-Year Expenditure Forecast

In order to meet the renewal and operational needs of the building asset group to provide the required levels of service the average total annual expenditure required is \$8.8 million with minor annual variations over the next 10 years.



Conclusion

The main driver of this plan is to determine the ongoing expenditure required to manage the assets to provide appropriate levels of service for the Community of Adelaide. The expenditure has been determined using all existing information regarding the asset base, its condition and expected service delivery.

This plan is the first step towards an overall integrated management program for Council's property portfolio. It is anticipated that this document will be live and be updated annually as part of the Business Plan and Budget Process of Council. The plan improvements and actions resulting from this initial asset management plan include:

- Integrating this plan with other asset groups to provide an overall integrated renewal plan in line with current financial policy.
- Developing a rolling 3 year programs for the Adelaide City Council Annual Business Plan and Budget process.
- Providing financial forecasts to be incorporated into the Long Term Financial Plan
- Continuing to refine and improve this plan, specifically:
 - Improving the quality and volume of asset data through targeted data collection programs.
 - Engaging the Community to verify the required levels of service for drainage assets.
 - Continuing to understand industry standards and innovations with regards to building assets and services.

1 INTRODUCTION

1.1 Background to Plan

The format of this plan is based on the Local Government Association Infrastructure and Asset Management Plan template provided by the LGA in 2007. This plan has been developed in 2007 by Adelaide City Council and uses improved asset management calculations and techniques to analyse and present the asset information held within the Corporation's asset management systems.

Adelaide City currently owns a significant portfolio of property assets. The investment into many of these Council assets has occurred over several generations and consequently many of these assets are now requiring increased levels of maintenance. This Property Asset Management Plan is an important document that provides clear direction and guidance for the effective short and long term management of property under Council's control. This plan is the first document to look at the whole property portfolio owned by Council in a comprehensive and holistic manner.

This plan is intended to demonstrate how Council will achieve this outcome by applying the principles of responsible Asset Management Planning, the object of which is to:

'Deliver the required level of service to existing and future customers in the most cost effective way'

The key objectives of this Property Asset Management Plan are to:

- communicate the current condition of all Council buildings and review the budgets/practices used to operate and maintain them.
- undertake financial planning by adopting a life cycle approach to asset budgeting,
- develop cost-effective management strategies for the long term,
- define a level of service for each building type to meet community needs,
- understand and meet the demands of growth through demand management and infrastructure investment,
- avoid disruptions to services by managing risks associated with asset failures (i.e. inspection regimes, developing preventative maintenance and renewal programs)
- continuous improvement in asset management practices.¹

The contribution of the property portfolio towards the strategic goals and Asset Management objectives will be achieved by:

- Ongoing stakeholder consultation to establish and confirm service standards.
- Implementing a program of inspections and monitoring activities to assess asset condition and performance.
- Identifying operational, maintenance, renewal and upgrade requirements and applying economic analysis to establish the most cost effective works programs.
- Ensuring services are delivered at the right price and quality.

¹ IIMM 2006 Sec 1.1.3, p 1.3

- Continuously reviewing and improving the quality of Asset Management practices and updating the Infrastructure and Asset Management Plan as a result.

1.2 Scope of the Plan

The Asset Management plan is a tool which combines management, financial, engineering and technical practices to ensure the level of service required by customers is provided at the most economical cost to the community. This plan covers the property portfolio assets which can be broadly classified into the following types:

- Council Operational Facilities - Major (Colonel Light Centre, Depot etc) and Minor (Gardeners sheds, lunch rooms etc)
- Business Operation Facilities - Council buildings for business purposes (U-Park, Aquatic Centre etc)
- Community Facilities - Major (Town Hall, Conservatory, Rotunda etc) and Minor (Park Land Sporting Club Facilities, Boat Sheds etc)
- Public Conveniences
- Leased Properties - Those properties under Council control that we do not own (Vaughan Place Car Park, Star Car Park etc)

Table 1.1 summarises the assets within these groups covered by this plan.

Table 1.1: Assets Covered by this Plan

Property Type	Number
Council Operational Facilities (Major)	18
Council Operations Buildings (Minor)	39
Business Operation Facilities	20
Major Community Facilities	8
Minor Community Park Land Facilities	71
Public Conveniences	31
Leased Properties (Council as Lessee)	9
TOTAL	196

It should be noted that strategic development properties that are being developed by Council but are unlikely to remain owned by Council at the completion of the development stage are not included within this plan. If the situation changes and decisions are made to retain ownership of these developments, then they will be included within the plan at a later date.

1.3 Key Stakeholders

Key stakeholders in the preparation and implementation of this infrastructure and asset management plan are listed in Table 1.2.

Table 1.2: Key Plan Stakeholders

Internal Stakeholders	Additional Information
Capital Planning Team	The Capital Planning Team is responsible for the production and maintenance of this asset management plan
Asset Manager: Property (Adrian Tero)	Provide technical advice, Review.
Corporate Planning and Strategy (Clare Mockler / Nicholas Carr)	Annual Business Plan and Budget Process / strategic Management Plan Review
Finance (Mike Carey)	Long Term Financial Plan input
Manager Capital Works	Review and Management Sign Off
Manager Corporate Real Estate Management	Review and Management Sign Off
General Manager City Business	Executive Management Endorsement, Sign Off and Executive Ownership.
General Manager City Places and Projects	Executive Management Endorsement & Sign Off.
Adelaide City Council Elected Members	Adoption and Asset Management Leadership.

External Stakeholders are listed in Table 1.3.

Table 1.3: External Stakeholders

External Stakeholders
Local Government Association
Federal and State Government
Community
Visitors
Insurers

1.4 Relationship with other Plans

This Property Asset Management Plan is to be read with the following associated planning documents:

- Strategic Management Plan
- Annual Business Plan
- Long Term Financial Plan

1.5 Plan Framework

Key elements of the plan are

- Levels of service – specifies the services and levels of service to be provided by council.
- Future demand – how this will impact on future service delivery and how this is to be met.
- 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 is meeting Council's objectives.
- Asset management improvement plan

A road map for preparing an infrastructure and asset management plan is shown below.

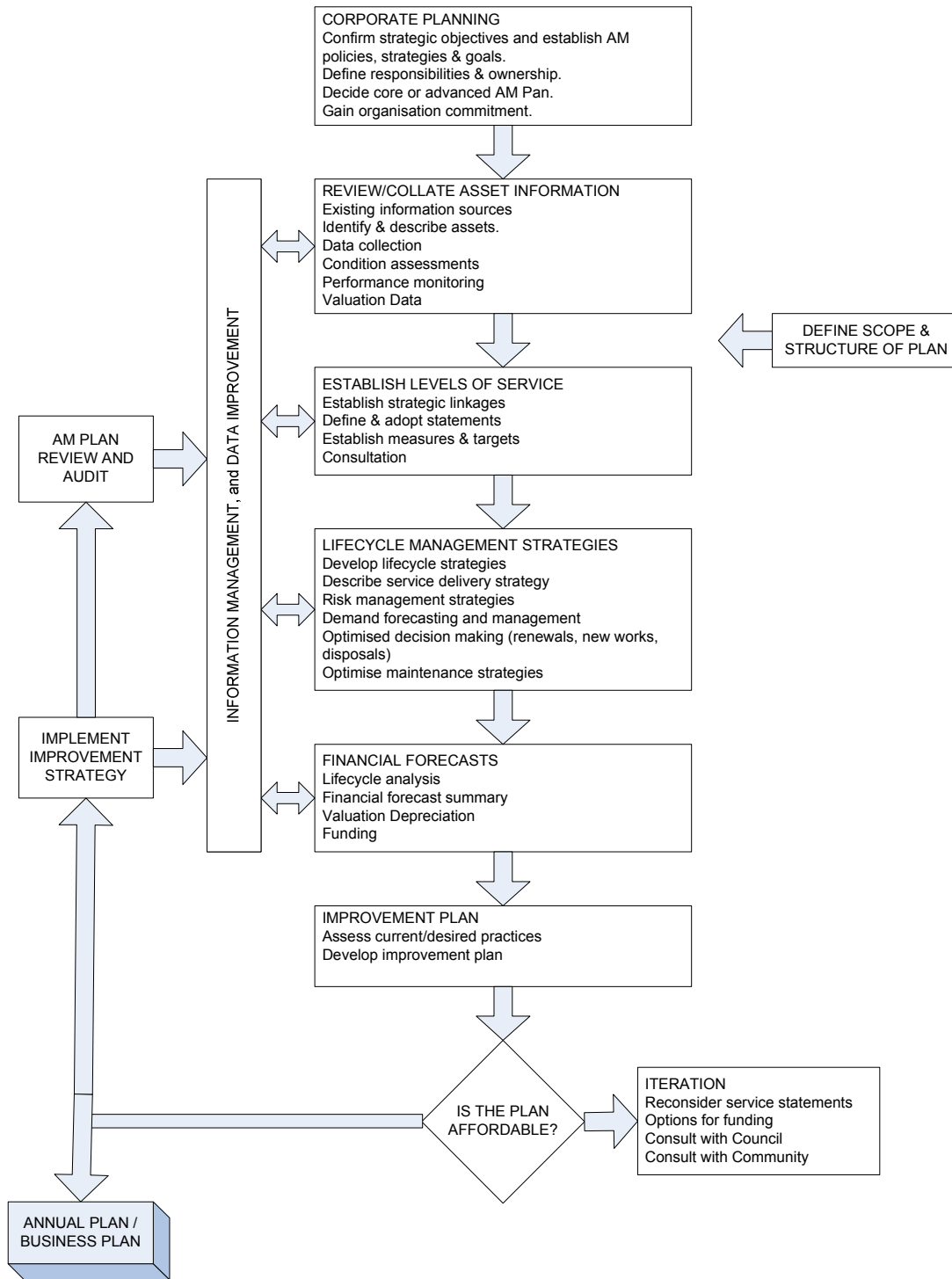


Figure 1.1: Road Map for preparing an Asset Management Plan

Source: IIMM Fig 1.5.1, p 1.11

2 LEVELS OF SERVICE

This section defines the service levels or performance standards that are required and why they have been selected as relevant to the Council's Property Portfolio. The service levels are introduced to support Council's strategic goals and statutory requirements.

2.1 Introduction

A key objective of this Infrastructure and Asset Management plan is to identify the current level of service provided by the asset group. The levels of service defined in this section will be used:

- To inform customers (internal and external) of the proposed type and level of service they should expect.
- As a focus for the development of Asset Management strategies to meet these levels of service.
- As a measure of the effectiveness of Council's Asset Management practices and the performance of this plan.
- To identify the costs and benefits of the services offered.
- To enable Council and customers to discuss and assess the suitability, affordability and equality of the existing service level and to determine the impact of increasing or decreasing this level in future.

Levels of service for property assets is closely aligned to property maintenance programs which can broadly be defined into one of two types, preventative or reactive where:

Reactive maintenance includes corrective or repair works arising from the Service Request System. They are prioritised in accordance with urgency and put into the property maintenance program.

Preventative maintenance programs are designed to deliver maintenance and servicing to property assets and building services on a regular basis. The preventative maintenance program is developed to encompass:

- cyclic programs for the servicing, cleaning and routine repairs and replacement of building elements and building service items.
- scheduled tests and inspections to ensure that all statutory obligations such as Occupational Health and Safety, Fire Safety Provisions and Building Codes and Standards are complied with.

The adopted levels of service for property assets are developed reflecting current industry standards and practices and are based on:

- Legislative Requirements (Section 2.2): Standards, Regulations, Acts and Council By-Laws that impact the way assets are managed.
- Customer/Stakeholder Expectations (Section 2.3): Information gained from customers/stakeholders on expected service levels
- Strategic and Corporate Goals (Section 2.4): Provides guidelines for the scope of current and future services offered and defines specific levels of service which the organisation wishes to achieve.

2.2 Legislative Requirements

Adelaide City Council is required to meet the following legislative requirements, Standards and Codes of Practice with respect to levels of service. As a result the following legislative requirements have been taken into account when developing the minimum level of service standard presented in Section 2.5.

Table 2.1: Legislative Requirements

Legislation	Requirement
Local Government Act, 1999 (SA)	Sets out the role, purpose, responsibilities and powers of local governments including the requirements to prepare a strategic management plan and long term financial plan supported by infrastructure and asset management plans for sustainable service delivery.
Building Code of Australia, 2007	Code of Practice relevant for all building design and construction.
All relevant Australian Standards and Codes of Practice	Referenced in the Building Code of Australia. Covers design, demolition, painting, pest management, electrical installations, plumbing, design and access for mobility and virtually every aspect of building construction and management.
Disability Discrimination Act, 1992	To ensure that persons with disabilities have the same rights as the rest of the community (including access to premises)
Environment Protection Act, 1993 (SA)	Regulations regarding noise, sustainability, land fill, stormwater and groundwater resources.
Heritage Act, 1993 (SA)	Protection of historic buildings, structures and precincts.
Emergency Management Act, 2004 (SA)	Requires lifeline utilities to function at the fullest possible extent during and after an emergency and to have plans for such functioning (business continuity plans)
Occupational Health, Safety and Welfare Act, 1986 (SA)	Provide a work environment that is safe, and, as far as practicable, without risk to health.
Adelaide Park Lands Act, 2005	Sets out the requirements for work and leases on the Adelaide Park Land.
Crown Lands Act, 1929 (SA)	Sets out requirements for work and leases on Crown Land.

2.3 Customer/stakeholder Research and Expectations

Adelaide City Council's knowledge of customer/stakeholder expectations is based on the following:

- Customer satisfaction surveys.
- Analysis of customer service requests and complaints.
- Consultation for specific capital works projects.

- Feedback from elected members.
- The annual business plan and budget process.
- Staff knowledge of their customers expectation.

The overall expectations of the various stakeholder groups are summarised in Table 2.2.

Table 2.2: Stakeholder Expectations

Stakeholders	Potential Expectations
Internal - Employees & Volunteers	Safe working environment, well maintained assets.
Government	Systems in place to sustain building infrastructure, accountability, transparency and to deliver acceptable levels of service to the community.
Councillors	Meeting community needs, sound management, good governance
Community	Value for money, equitable and responsible service, well maintained assets, aiming for continuous improvement, adequate consultation.
Visitors	Well maintained assets, accessible services, safe facilities
Contractors & Suppliers	Safe working environment, well maintained assets.
Insurers	Appropriate risk management policies and practices, safe working environment, well maintained assets.

2.4 Strategic and Corporate Goals

In 2008 Council developed and adopted its Strategic Directions which set out Council's vision and path into the future. Council's vision is for:

"A vibrant, prosperous and sustainable Capital City built upon Adelaide's heritage and lifestyle"

To assist Council in achieving this vision, a number of outcomes and strategies were developed. The following strategy links Infrastructure and Asset Management Plans to the strategic outcomes and direction of Council:

Strategy 52: Provide new and maintain existing Council assets and infrastructure in accord with Asset Management Plans and policies.

In addition to this, Council is required by legislation to develop a Corporate Management Plan which describes Council's role in supporting its vision and sets out the key targets and principles that drive the operation of council. The Infrastructure and Asset Management Plans sit within this framework as part of the suite of documents that make up Council's Corporate Management Plan and document the principles and directions for management and maintenance of council's asset base. In order to reflect changes in asset portfolios, asset management practices and emerging strategic directions, these plans are updated annually as part of the annual business plan and budget process.

Adelaide City Council plans to operate and maintain the existing buildings and properties to meet these goals through the following strategic objectives.

- Ensure the property portfolio contributes to the strategic objectives by providing the required community facilities.
- Ensure Council properties are maintained at a safe and functional standard as set out in this Property asset management plan.

2.5 Current Levels of Service

This is the first comprehensive building asset management plan to be undertaken by the Adelaide City Council and therefore the first time that levels of service have been considered in an Asset Management context. As a result the organisation is not in a position to clearly articulate what its current levels of service are for the building categories under its responsibility. Table 2.3 provides a general statement about the target level of service for each of the building categories, while Table 2.5 presents the current levels and targets set by the organisation for buildings as a whole for both community and technical or operational levels of service.

Table 2.3: Target Levels of Service for Each Building Type

Building Category	Target Level of Service
Council Operational Facilities (Major)	To provide customers and staff with facilities that are appropriately maintained, comfortable, and safe and meet the administrative needs and Council's corporate goals.
Council Operations Buildings (Minor)	To provide staff with facilities that are appropriately maintained, comfortable, safe and meet the administrative needs and Council's corporate goals.
Business Operation Facilities	To provide buildings that are appropriately maintained, safe and meet the business operation needs.
Major Community Facilities	To provide the community with access to appropriately maintained buildings that are safe, comfortable and meet the functional needs of the community.
Minor Community Park Land Facilities	To provide the community with access to appropriately maintained buildings that are safe and support the delivery of community, sport and recreation activities.
Public Conveniences	To provide the community and visitors with sufficient access to public toilets that are safe, clean and appropriately maintained.

Table 2.4: Current Service Levels

Key Performance Criteria	Performance Measure	Performance Target	Performance Measure Process	Current Performance
Legislative Compliance	Percentage of properties that comply with all relevant legislation, regulations and standards.	100% compliance	Monitor compliance through annual audits and inspection program.	Working towards by undertaking an analysis of ongoing inspection program.
Safety	Speed of response to ensure all customers, staff and contractors have personal safety with minimal health risk	All significant hazards reported. Endeavour to action all hazards based on risk level: Extreme: Immediate High: Within 24 hours Medium: Within 5 working days Low: With routine procedures	Audit of safety reports and hazard register. Monitor tracking and response through VERSA - OHS on line system and discussed at monthly OHS meetings..	Hazards reported. Statistic provided at monthly OHS meetings.
Accessibility	Percentage of Council Buildings that are accessible to all	100% compliance for relevant buildings	Annual audit of relevant Council Buildings	Working towards by undertaking an analysis on ongoing inspection program.
Customer Satisfaction	Performance rating from customer's satisfaction of Council facilities. Percentage of users who think the facility is fit for purpose and maintained properly	7 out of 10 90% of users	Monitor community satisfaction through LGA consultation surveys. Monitor user satisfaction through survey.	(2007 survey) Unknown, existing annual survey to be amended to include specific reference to Council facilities.

Key Performance Criteria	Performance Measure	Performance Target	Performance Measure Process	Current Performance
Inspection	Number of assets inspected annually to assess condition and service performance	Major Properties inspected every 2 to 5 years. Minor properties inspected every 5 to 10 years.	Audit/inspection of Council properties including building fabric and internal services.	Working towards a program of regular inspections with 80% of all buildings inspected within the last 10 years.
Condition	Percentage of properties assessed as good condition for purpose	80%	Audit of inspection data	Working Towards with analysis of ongoing inspection program.
Serviceability	Percentage of properties inspected, cleaned and maintained in accordance with the preventative maintenance plan (See Table 2.5 below).	95%	Audit of properties at key seasonal times during the year	Working Towards with performance measures and maintenance program being established with contractors.
Responsiveness	Availability of call out services for response to system failures - Provision of 24 hour, 7 day service for emergency repairs	100% availability	Monitor availability of customer service/operations staff.	Achieved

Key Performance Criteria	Performance Measure	Performance Target	Performance Measure Process	Current Performance
Responsiveness	Percentage of service request and system failure responses dealt within target response time	90% meet response targets based at minimising risk: Priority 1: Within 4 hours Priority 2: Within 24 hours Priority 3: Within 3 days Priority 4: Within 5 days Priority 5: Within 10 days Priority 6: Within 30 days Priority 7: Within 90 days	Monthly report from the service report system (SRS) system to check compliance with targets.	Working towards establishment of appropriate reports within the (SRS).
	Speed of response to public enquiries	100%	Measured and reported on Business Unit TRIM results.	Working towards through increased emphasis and analysis of reporting system.

Note: As this is the first infrastructure and asset management plan for Council properties, the data required to monitor and report on all of Council's specific performance in some areas is not available. Improved collection of this data is listed as a required improvement outcome for this plan and will provide the required data for future revisions of this plan.

Table 2.5: Preventative Maintenance Program

System	Level of Service	Current Performance
Air Conditioning	Monthly service and repairs as necessary	Achieved, contract in place
Building and Property Cleaning.	Monthly service and repairs as necessary	Achieved, contract in place.
Building Inspection	See Table 5.2 for details on inspection program	Working towards.
Cooling Towers	Monthly service and repairs as necessary	Achieved, contract in place.
Electrical Services	Monthly service and repairs as necessary	Achieved, contract in place.
Exit and Emergency Lighting	Monthly service and repairs as necessary	Achieved, contract in place.
Fire Services	Monthly service and repairs as necessary	Achieved, contract in place.
General Building Maintenance	Daily Inspections	Working towards, developing inspection programs.
Graffiti	Weekly inspection, removal in two days	Achieved
Plumbing Services	Monthly service and repairs as necessary	Achieved, contract in place.
Waste Removal	Daily Removal	Working towards, finalising contracts
Vertical Transport	Monthly service and repairs as necessary	Achieved, contract in place.

3 FUTURE DEMAND

This section of the plan analyses the potential factors effecting demand including population growth, social and technology changes. The impact of these trends is examined and demand management strategies recommended as required to modify demand without compromising customer satisfaction.

3.1 Demand Growth Trends

3.1.1 Population Growth

The primary strategy of Council's Strategic Management Plan 2004-07 is to "increase the number of people living, visiting, working and learning in the City to an optimum sustainable level" and has given rise to four growth plans focusing on growth in resident, worker, student and visitor populations.

Growth targets to 2010 have been set for each population area and are summarised as follows.

By 2010:

- Adelaide will have an overnight population of 34,000, including at least 26,000 permanent residents
- Adelaide will have a City workforce of at least 111,000
- Adelaide will have at least 66,000 students in institutional learning
- visitor activity in the City will have grown to generate daily movement counts of at least 140,000 in Rundle Mall

Population figures as at June 2007 are listed in Table 3.1 against the 2010 targets.

Table 3.1: Population Targets and 2007 Actuals

Population	2007 Actual	2010 Target
Residents (overnight population)	18,427	26,000
Workers	108,007	111,000
Students	75,398	66,000
Visitors	129,982	140,000

The achievement of the 2010 targets will be dependent on a number of factors including:

- general economic conditions;
- government policy decisions;
- metropolitan investment decisions;
- consumer preferences; and
- industry trends.

The effectiveness of the projects and programs arising for each of Council's Population Growth Plans, and other Council Strategies aimed at creating the conditions for sustainable activity and quality of life, will also impact on population growth.

Based on recent growth trends:

- the 2010 resident population target appears out of reach, however continued growth is forecast
- the 2010 workforce population target appears achievable
- continued growth of student numbers is forecast
- there will be only marginal growth in visitor numbers.

The increased traffic volumes (vehicle, pedestrian, cyclists) generated via the population growth forecast in the near term are unlikely to impact significantly on the scheduled useful life of base infrastructure (roads, footpaths, street furniture etc). The impacts of student, worker and visitor population growth will largely be concentrated in the northern part of the Central Business Area and Mixed Use Zones.

3.2 Other Influences on Demand

3.2.1 Technology Advances

Technology advances applicable to the life cycle management of property assets are being made available in the following areas:

- The ability to incorporate and use solar and wind power as alternate energy sources and to include energy saving devices within Council Properties.
- The ability to incorporate storm-water and waste water systems which collect and re-use water within Council properties decreasing the demand on the potable water supply.

Council will monitor and investigate advances in technology and introduce them as appropriate.

3.2.2 Legislative Changes

Legislative change has the potential to significantly affect the Councils ability to meet minimum levels of service, and may require improvements to infrastructure assets. Changes in Building and Fire Safety Standards and water quality standards within cooling towers in particular may influence property assets and recent amendments to the Local Government Act 1999, now requires all Councils to develop Asset Management Plans for Council assets.

3.2.3 Changes in Customer Expectations

Council staff will continue to monitor customer expectation with regards to its property portfolio and community facilities. Customers expect council to provide usable community facilities in line with surrounding residential and commercial population. As these areas expand in number and size and begin to interact and intersect spatially, Council will monitor the asset performance and set improvement plans as appropriate.

3.2.4 Climate Change

As a result of climate changes Adelaide City Council may face increasing demand to incorporate energy and water saving/re-use systems within their property assets. Adelaide City Council needs to be aware of the changes in demand for these strategies and implement plans and policies to deal with related issues as they occur, for example, incorporating water saving devices on services within Council properties.

3.3 Impact of Trends on Infrastructure Assets

Overall increased population in the City will increase customer expectations (civic buildings, community facilities etc) with regards to the performance and provided services of the property portfolio.

Changing climatic circumstances and increased environmental awareness is expected to lead to increased customer expectation with regard to the environmental sustainability of Council's property portfolio. This will lead to a greater emphasis on water use reduction and re-use schemes and alternative energy source use within Council properties.

Table 3.2 is a summary of the above issues and how they may impact on the management of building assets.

Table 3.2: Summary of issues affecting Building Assets

Issues	Impact on Building Assets
Population Growth	Little impact, will increase customer expectation.
Development	No impact
Technological Change	Little or no impact
Legislative Change	No current legislation that will impact on property assets
Customer Expectations	Higher level of service in the longer term to meet increased customer expectations
Climate Change	Investigation required to identify quantifiable impact

3.4 Demand Management Strategies

Demand management strategies provide alternatives to the creation of new assets in order to meet demand and look at ways to modify customer demands in order that the utilisation of existing assets is maximised and the need for new assets deferred or reduced. The objective of demand management is to actively seek to modify customer demands for services in order to

- Optimise utilisation/performance of existing assets.
- Reduce or defer the need for new assets.
- Meet organisation's strategic objectives.
- Deliver a more sustainable service.
- Respond to changing customer needs.

4 ASSET MANAGEMENT PRACTICES

This section identifies the strategies, practices and guidelines supporting Asset Management at Adelaide City Council. These activities have no direct impact on the condition or performance of the asset themselves, but provide the tools and functions required to support the maintenance, renewal and enhancement plans. These functions include:

- System planning and monitoring
- System record management
- Asset management planning and policy

4.1 Standards and Guidelines

Asset Management practices and processes are driven by a number of legislative requirements and assisted by developed guidelines.

Local Government Act 1999 (sets out Councils Asset Management responsibility and the requirement to develop asset management plans)

Australian Accounting Standard 27 Financial Reporting by Local Governments 1996 (sets out the asset accounting requirements)

International Infrastructure Management Manual, NAMS (Provides guidance and direction on asset management policy and plan development)

Local Government – Asset Management Template Document (Provides Local Government Organisations with a standard template to adopt for the development of Asset Management Plans)

4.2 Information Flow Requirements and Processes

The key information flows *into* this infrastructure and asset management plan are:

- The asset register data on size, age, value, remaining life of the network;
- The unit rates for categories of work/material;
- The adopted service levels;
- Projections of various factors affecting future demand for services;
- Correlations between maintenance and renewal, including decay models;
- Data on new assets acquired by council.

The key information flows *from* this infrastructure and asset management plan are:

- The assumed Works Program and trends;
- The resulting budget, valuation and depreciation projections;
- The useful life analysis.

These will impact the Long Term Financial Plan, Strategic Business Plan, annual budget and departmental business plans and budgets.

Financial projections in this plan are developed in consultation with the Finance Department and are provided to the Finance department for incorporation into the Long term Financial Plan. Both capital and renewal projects identified by this plan will be the basis of rolling 3 year plans that will form the foundation of the Strategic Business Plan and Annual Budget from year to year.

New assets are added to the Hansen asset management system by the Capital Planning team. Every capital project results in a handover file that is checked by the relevant asset manager prior to forwarding to Capital Planning. Hansen and the GIS records are updated to reflect any changes made to the asset inventory. Additionally, data pertaining to the capital expenditure is capture for each asset. Once this is complete, the project is removed from the Work In Progress (WIP) ledger.

4.3 Risk Management

4.3.1 Overview

Adelaide City Council aims to manage its asset risks in a responsible manner to enable property asset business objectives to be consistently met. The objective of the risk management process with regards to property assets is to ensure that

- All significant operational and organisational risks are understood and identified.
- The highest risks that should be addressed in the short to medium term are identified.
- Risk reduction strategies and treatments are identified and applied.

An assessment of risks associated with service delivery from infrastructure 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.

All network assets or groups of assets with similar risk characteristics have been screened considering potential failure modes and events to identify risks.

The adopted Adelaide City Council Risk Management Framework and Methodology presented graphically in Figure 4.1 includes the following components:

- Establishing the internal and external context;
- The identification of major business risks;
- The analysis of identified risk in terms of potential impact and likelihood of occurrence;
- An evaluation of the external and control environment to manage the risk;
- Development of action plans (treatments) to correct identified weaknesses; and
- Monitoring and reviewing the effectiveness of the risk management process.

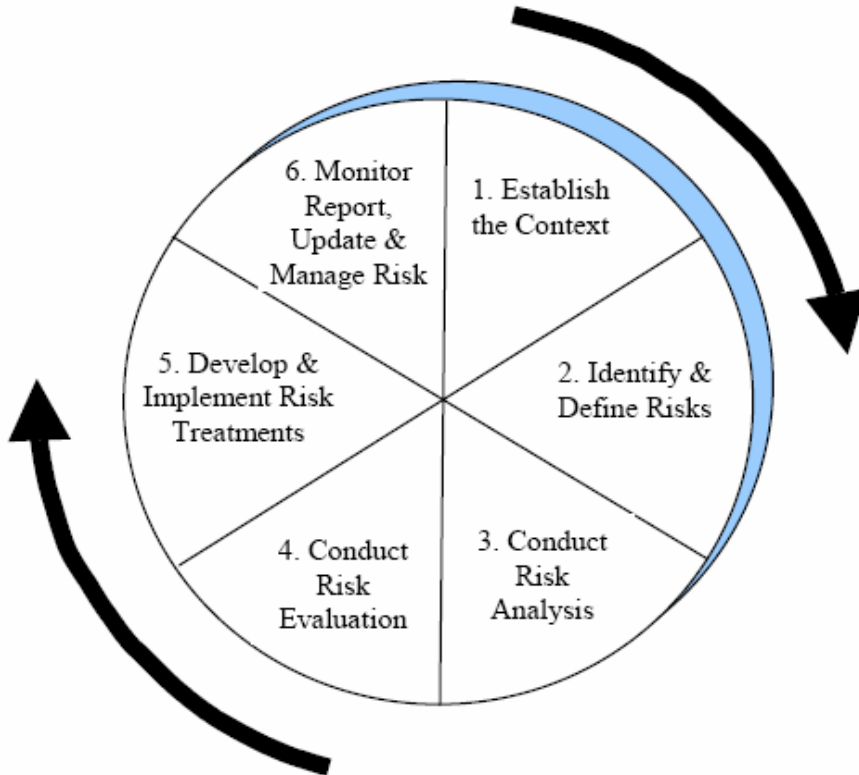


Figure 4.1: Risk Management Framework at ACC

4.3.2 Step 1 - Context - Risk Criteria and consequence of Risk

The key risk management criteria relating to Council building assets include:

- Public health and safety.
- Service provision.
- Environmental and legal compliance.
- Security, theft and vandalism.
- Business interruption.
- Financial risk (escalating costs in deterioration).
- Property damage through storms, flooding, water damage or fire damage (including arson).
- User group accountability.

The establishment of risk management criteria is one of the most important steps in the risk management process, as it sets the framework for consistent risk decision making.

4.3.3 Step 2 - Risk Identification

Risk identification for building assets can be identified from a number of resources such as:

- Routine inspection by Council officers.

- Reports from user groups and occupants.
- Reports and complaints from general public.
- Information obtained from incidents (property damage reports, break in reports etc)
- Details from past insurance claims.
- Advice from professional bodies.
- Past experience.

4.3.4 Step 3 & 4 - Risk Analysis and Evaluation

Risk analysis and evaluation determines the likelihood and consequence of events and other risks to Council property and then uses a risk rating to determine the level of risk for the particular activity or event. These risks are then evaluated against the systems currently in place to determine if they are appropriate as is to mitigate the risk or determines prioritised actions to work towards risk mitigation.

Consequence

Table 4.1 provides a list of various risk categories along with descriptions of the different consequences. This table is used as assistance to the assessor who will identify a hazard and then select the most relevant risk category and consequence severity. It is feasible that a hazard or event could result in any of the consequences listed, but the ones selected should be the one most likely to occur.

Table 4.1: ACC Consequence Table

Risk Category	Consequences			
	Minor	Moderate	Significant	Major
Financial	< \$250,000, or An event that can be managed within divisional budget	\$250k - \$1 million, or An event that can be met out of Council budget without a net Corporate variation	\$1 - \$4 million, or An event that requires a major change to Council budget	> \$4 million
Employee Welfare/Public Safety	Injuries requiring medical attention High incidence of non treatment injuries	Hospitalisation of staff Single permanent disability	Multiple permanent disability to staff Hospitalisation of multiple staff	Death or multiple deaths
Legal	Dispute that may be resolved without legal remedy	Fines or penalties of a minor nature being imposed on the Corporation	Corporation directed to undertake specific activities to remedy breaches in legislation	Major breach of legislation resulting in severe Corporation penalties, fines or imprisonment of Corporation staff Class actions
Environment	Adverse events that can be remedied immediately	Adverse events that are short term and reversible	Significant adverse event causing widespread damage which may be reversed through appropriate remedial action	Major adverse environmental event requiring continuing long term remedial attention
Reputation / Brand Image / Political	Localised community concern	State wide adverse media attention Detrimental inter governmental relationships	Prolonged adverse media attention state wide or national media attention Ongoing disagreement between State Government and Council	Prolonged adverse media campaign Irreparable damage to government relations Lord Mayor / Councillors / CEO forced to resign
Service Delivery	Interruption to service not requiring any further remedial action (i.e. minimal impact on customers)	Interruption to a service that can be immediately remedied with moderate impact on customers	Interruption to services causing significant customer inconvenience	Inability to deliver an essential public service for an extended period

Likelihood

Each possible event must now be subjectively assigned an estimate of likelihood or probability of a hazard occurring. This is achieved with reference to the Likelihood values in Table 4.2.

Table 4.2: ACC Likelihood Table

Likelihood of Occurrence	Descriptor
Almost Certain	Is expected to occur in most circumstances
Likely	Will probably occur in most circumstances
Possible	Might occur some of the time
Unlikely	Could remotely occur some of the time or only in exceptional circumstances

Risk Rating

The overall risk rating is determined by combining the consequences and their likelihood. The following can be used to determine the overall rating for the identified risk.

Table 4.3: ACC Risk Rating Matrix

Likelihood	Consequence			
	Minor	Moderate	Significant	Major
Almost Certain	High	High	Extreme	Extreme
Likely	Moderate	High	High	Extreme
Possible	Low	Moderate	High	Extreme
Unlikely	Low	Low	Moderate	High

Once the risks have been assessed and rated, the most significant risks (those rated as extreme) are isolated for treatment/control. High risks are forwarded to the Property Asset Management group for consideration (may require future property budget allocations) while those identified as moderate or low will continue to be monitored and reviewed if circumstances change.

Options to treat risk posed by buildings include (but not limited to)

- risk elimination
- reduction in the cause or likelihood of the event occurring
- reduction in the consequence or severity of the event if it were to occur
- increasing the maintenance regime

- initiating council improvements
- changing operating processes and procedures
- sharing the risk through insurance or contracts
- doing nothing and accepting the risk

Some risks may require substantial capital or operating expenditure before treatment options can be undertaken. In these situations, those responsible must also consider short term controls to mitigate the risk until a solution can be implemented.

Risk Register

The overall risk rating is determined by combining the consequences and their likelihood. Table 4.4 indicates the major corporate risks posed by property asset portfolio and the suggested treatment options.

Table 4.4: Risk Register - Major Corporate Risks posed by Building Assets

For: All Council Properties – All Locations.

Risk Identified	Consequence	Likelihood	Risk Rating	Proposed Treatment	Responsibility	Completion Date
Ongoing deterioration of Building Stock	Major	Possible	Extreme	<ol style="list-style-type: none"> 1. Annual Condition Inspections 2. Annual allocation of appropriate funding and resources 3. Ongoing improvement of Asset Management plan and practices 	<ol style="list-style-type: none"> 1. CP and AM Property 2. AM Property 3. CP and AM Property 	<ol style="list-style-type: none"> 1. Annually 2. Annually 3. Annual Review
Significant asset loss from disaster (Fire, Flood etc)	Major	Possible	Extreme	<ol style="list-style-type: none"> 1. Keep insurance current 2. Complete Business Interruption Plan for key Buildings and Services 	<ol style="list-style-type: none"> 1. Risk Management Officer 2. AM Property 	<ol style="list-style-type: none"> 1. Annually 2. DATE ?
Building in poor condition causes serious injury to staff or community member	Major	Possible	Extreme	<ol style="list-style-type: none"> 1. Prioritise property capital and maintenance works based on condition. 2. Allocate appropriate funding and resources 3. Ensure staff and community are aware of any specific dangers 	<ol style="list-style-type: none"> 1. AM Property, EMT and Council 2. AM Property 3. AM Property 	<ol style="list-style-type: none"> 1. Annually 2. Annually 3. Ongoing
Building non compliant with legislation or regulations.	Moderate	Possible	Moderate	<ol style="list-style-type: none"> 1. Non-Compliance works to be given priority 2. Undertake regular inspection and maintenance regimes 3. Allocate appropriate funding and resources 	<ol style="list-style-type: none"> 1. AM Property 2. Council and EMT 3. AM Property 	<ol style="list-style-type: none"> 1. Ongoing 2. Ongoing 3. Annually

Risk Identified	Consequence	Likelihood	Risk Rating	Proposed Treatment	Responsibility	Completion Date
Recommended improvements in Property AM Plan not fully implemented	Moderate	Possible	Moderate	<ol style="list-style-type: none"> 1. Assign responsibility for actions and drive plan 2. Annual Review and Reporting to Council as part of Business Plan and Budget Process 3. Succession planning and knowledge management initiatives to minimise disruption caused by loss/unavailability of staff/knowledge/skills. 	<ol style="list-style-type: none"> 1. CP & EMT 2. CP, AM Property & EMT 3. EMT 	<ol style="list-style-type: none"> 1. July 2008 2. July 2009 3. Ongoing
Inconsistent and unsatisfactory management of user groups	Minor	Possible	Low	<ol style="list-style-type: none"> 1. Develop property policy that applies equally to all user groups 2. Continue to ensure all user groups in Council sign and agree to relevant tenancy agreements 	<ol style="list-style-type: none"> 1. AM Property 2. Commercial Property 	<ol style="list-style-type: none"> 1. July 2009 2. Ongoing

4.4 Accounting/Financial Systems

Adelaide City Council operates the Technology One system for management of financial information. This system is managed by the Finance Business Unit. Technology One is interfaced with the Hansen Asset Management System (see below) to enable the transfer of financial asset information between the two systems.

4.5 Asset Management System

Adelaide City Council operates the Hansen system for management of asset information. The asset management system is linked to the finance system via a software interface.

Asset managers are responsible for maintaining data pertaining to their asset area. Capital Planning are responsible for addition or deletion/expiry of new or disposed assets.

Complementing the Hansen database, geographical data is held on all assets. ArcMap software is used to display and edit geographical data.

5 LIFECYCLE MANAGEMENT PLAN

This section presents asset performance and condition information and uses the Asset Management principles and decision making presented in Section 4 to develop broad strategies and specific work programs to achieve the goals and standards outlined in Section 2 and 3.

It presents an analysis of available asset information and the life cycle management plans covering the three key work activities to manage the property portfolio;

- **Operations and Maintenance Plan:** Activities undertaken to ensure efficient operation and serviceability of the assets. This will ensure that the assets retain their service potential over the course of their useful life.
- **Renewal Plan:** Provides a program of progressive replacement of individual assets that have reached the end of their useful life. Deteriorating asset condition primarily drives renewal needs.
- **Enhancement Plan:** Provides a program of system enhancements to improve parts of the system performing below target service standards and to develop the system to meet any future demand requirements. Sub-standard asset performance primarily drives asset development needs.

5.1 Asset Information

Council provides a property portfolio that houses its staff and delivers community benefit in the form of community buildings and spaces.

The portfolio comprises Council's administration facilities (Town Hall, Colonel Light Centre, London Road Depot) specific community buildings (Central Market, Aquatic Centre), City U-Parks, Public conveniences and a large number of various Park Land buildings.

5.1.1 Asset Description

The assets covered by this infrastructure and asset management plan are shown in Table 5.1 below.

Table 5.1: Property Assets

Asset Type	Quantity	Replacement Value
Council Operational Facilities (Major)	18	\$24,923,000
Council Operations Facilities (Minor)	39	\$2,389,750
Business Operation Facilities	20	\$91,826,000
Major Community Facilities	8	\$71,374,000
Minor Community Park Land Facilities	71	\$9,917,500
Public Conveniences	31	\$1,888,400
Leased Properties (Council as Lessee)	9	\$1,510,000 (Value of Improvements Council has funded in Leased Buildings)

TOTALS	236	\$279,593,860
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A brief description of the different asset groups that make up the building and property assets are provided below:

- Council Operations Facilities (Major): Main buildings which are used to run the Council Operations. Includes Colonel Light Centre, London Road Depot, Eagle, Queens and Gladstone Chambers and Nursery.
- Council Operations Facilities (Minor): Minor Operational buildings predominantly scattered throughout the Park Lands. Includes Horticultural Lunch Rooms/Facilities, Storage Sheds etc
- Business Operation Facilities: Buildings which are used for Council business purposes. Includes Gold Course Club House, Aquatic Centre, Central Market, U-Parks.
- Major Community Facilities: Council buildings/structures which have a predominant community use focus, includes Town Hall, Tynte St Library, Elder Park Rotunda, Rundle Canopy
- Minor Community Facilities: Minor Council buildings/structures which have a community use focus or are used by community groups. Majority relate to Park Lands sporting groups.
- Public Conveniences
- Leased Properties: Buildings that the council is the Lessee. Includes Grote and Hutt St Libraries and some U-Parks.

5.1.2 Building Inspections and Audits

Adelaide City Council has a schedule of inspection and building audits to meet legislative and operational needs. Legislation requirements are met through inspections undertaken by contractors and external consultants. These are either linked in with existing maintenance contracts or consultants are engaged as required. These inspections ensure council properties comply with relevant legislation and required elements (Fire systems, building evacuation systems etc) work as required. These are discussed further in Section 5.2.

Council has also commenced a program of inspections and audits to provide information for the formation of this infrastructure and asset management plan. These inspections focus on the condition and remaining life of Council buildings and building service assets, and feed into the long term replacement and renewal planning process. Inspections currently occur on a rolling basis so that every major building is inspected at least every 4 years and every minor building at least every 8 years. These time frames are deemed appropriate based on the cost of inspections and the risk of asset failure and service loss.

The condition audit for all major buildings incorporates an assessment of the buildings structural condition and all building services (Hydraulic systems, Fire services, Vertical transport systems etc) with a view to developing replacement and renewal programs for asset services to maintain appropriate levels of customer comfort and amenity. The minor building audit is less detailed and focuses on structural and safety issues. (Most minor buildings do not contain many if any building service assets). The current inspection program for major buildings commenced in 2005 with 80% of major buildings completed prior to 2007/08, while a complete audit of all minor buildings is scheduled for 2008/09. A concise list of properties and their current inspection status is provided below.

Table 5.2: Building Inspection Program

Building ID	Building Description	Last Inspection Date	Next Inspection Date	Estimated Inspection Cost
MINOR	All Minor Buildings	1999	2008/09	\$200K
PR40020B	Central Market Complex	2005/06	2009/10	\$25K
PR40022B	Grenfell Street Car Park	2005/06	2009/10	\$15K
PR40023B	Pirie Street Car Park	2005/06	2009/10	\$15K
PR40024B	Rundle Street Car Park	2005/06	2009/10	\$15K
PR40025B	Topham Mall and Car Park	2005/06	2009/10	\$15K
PR40026B	Wyatt Street Car Park	2005/06	2009/10	\$15K
PR40030B	Migrant Resource Centre (Coglin Street)	2005/06	2009/10	\$10K
PR40073B	North Adelaide Golf Course Club House	2006/07	2010/11	\$15K
PR40078B	Aquatic Centre	2006/07	2010/11	\$15K
PR40103B	Jolly's Restaurant	2006/07	2010/11	\$15K
PR40138B	Pavilion on the Park Restaurant	2006/07	2010/11	\$20K
PR40190B	London Road Depot Buildings	2006/07	2010/11	\$25K
PR40000B	Town Hall	N/A – (2007/08)	2011/12	\$15K
PR40001B	Eagle/Gladstone/Queen Chambers	N/A – (2007/08)	2011/12	\$25K
PR40002B	Colonel Light Centre	N/A – (2007/08)	2011/12	\$25K
PR40003B	Methodist Meeting Hall	N/A – (2007/08)	2011/12	\$10K
PR42050B	Victoria Park Complex	? (See Note)	? (See Note)	\$30K

Note: There is a degree of uncertainty currently surrounding Victoria Park and its future. When this has been determined and Council's role in the complex defined, aspects of this plan relating to Victoria Park will be finalised.

During inspection each building service component (Structural, Electrical, Hydraulic etc) is given a condition rating which can then be averaged across the building to obtain an overall condition rating for the property. A summary of this information for major council properties is provided in Figure 5.1. A target condition rating of Good or Fair has been set as appropriate to ensure buildings provide the required level of service. It is clear from this graph that Council properties are currently fit for purpose and are available to deliver adequate service to the community.

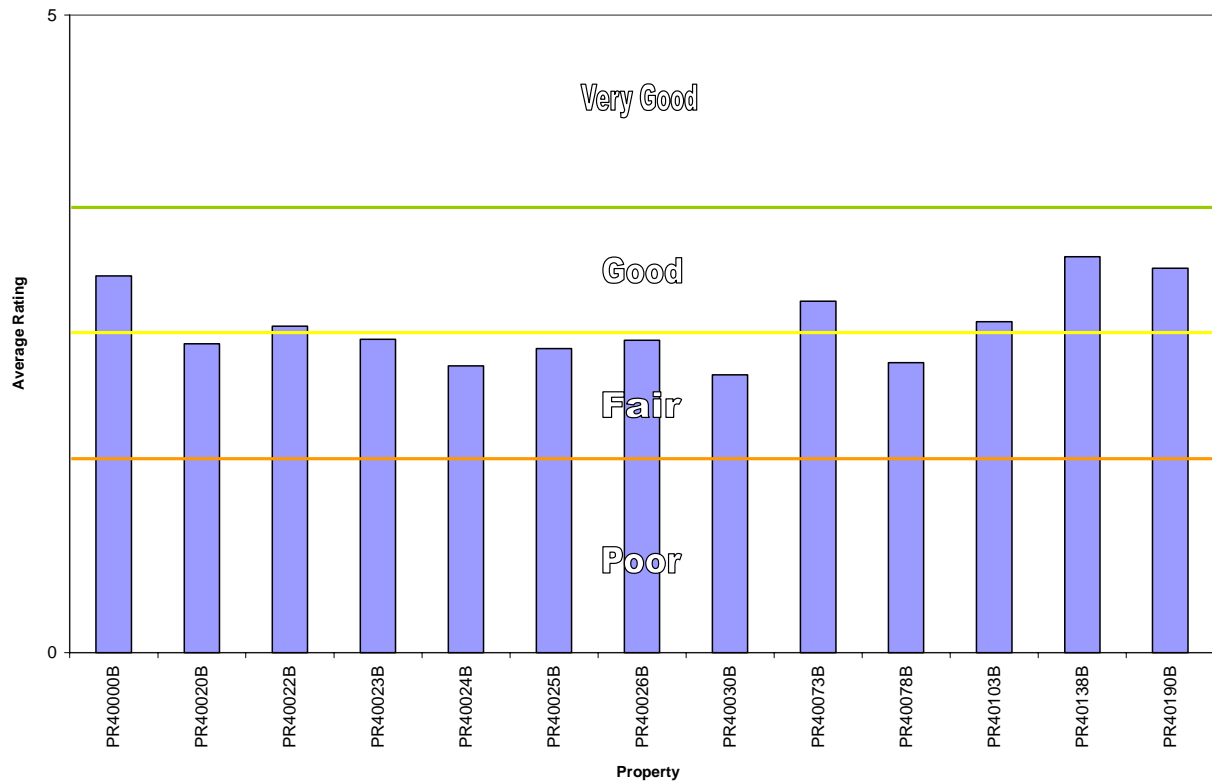


Figure 5.1: Property Condition Ratings Dec 2007

5.2 Operations and Maintenance Plan

5.2.1 Overview

Operations and maintenance strategies have been developed to optimise the day-to-day activities and works on Council properties. Operational and maintenance activities fall into the following categories, each having distinct objectives and triggering mechanisms:

Operations: Activities designed to ensure sufficient utilisation of the asset. These are the regular tasks that are undertaken to ensure the assets achieve their service potential. Operations strategies include activities such as inspections & system monitoring.

Maintenance: Maintenance strategies are designed to enable existing assets to operate to their service potential over their useful life. There are two types of maintenance:

- **Unplanned Maintenance:** Work carried out in response to reported problems (i.e. attending to a break down of building service)
- **Planned Maintenance:** Work carried out to a pre-determined schedule (i.e. cooling tower inspection and testing) or programmed as a result needs identified during inspection (list of maintenance works to a number of fire system devices)

A key element of asset management planning is determining the most cost effective blend of planned and unplanned maintenance.

5.2.2 Operations and Maintenance Strategies

Adelaide City Council is responsible for coordinating the provision of operation, maintenance and renewal works to Council buildings. Minor maintenance works are undertaken in house with the majority of cleaning, maintenance and inspections carried out by external contractors. Contractors are either engaged under an ongoing annual arrangement for regular preventative maintenance/inspections (Fire

systems, air conditioners), on a preferred supplier for small individual jobs (emergency repairs) or through seeking quotes or tenders for larger jobs in line with Council's purchasing policy.

Council's operational and maintenance arrangements including ongoing purchase orders or contracts are presented in Table 5.3. This operations and maintenance strategy is intended to retain the current levels of service and mitigate risk while minimising cost. The arrangements listed below ensure Council meet the legislative, inspection and operational requirements for properties under its control.

Table 5.3: Property Services Contracts and Agreements Currently in Place

Service	Sub Service	Scope	Current Expiry Date	Contract Status 07- 08
Cleaning	All	ACC General Office Cleaning	01/11/2007	Tender to be issued Sept 07
Fire	All	Preventative & Emergency Maintenance	Expired	Specifications being prepared
Wingfield	Plant Hire	Provision of Plant and Equipment	Expired	Tender to be issued Sept 07
Plumbing	All	Emergency Response and Ad Hoc Repairs	30/09/2007	Tender Issued
Mechanical	Air Flow - Air Conditioner, Chillers, Boilers, Exhaust Fans etc	Preventative & Emergency Maintenance	01/02/2008 + 1 yr option	N/A Under Contract
	Microbiology Services for Air Conditioner and Evaporative Coolers	Preventative & Emergency Maintenance	10/01/2008 + 1 yr option	N/A Under Contract
	Air Conditioner Controllers	Preventative & Emergency Maintenance		Specifications being prepared
Electrical	All	Preventative & Emergency Maintenance	21/04/2009	N/A Under Contract
Vertical Transport	Lifts and Escalators	Preventative & Emergency Maintenance	31/08/2008 + 1 yr option	N/A Under Contract
Waste Management	All	Bin and Recycling Services		Specifications being prepared
Indoor Plant Hire	All	Provision and Maintenance of Office Plants	31/07/2008	N/A Under Contract
Security	U-Park and ACC Events	Provision of Guards	Rolling Monthly Contract	Specifications being prepared
	Central Market	Provision of Guards	Rolling Monthly Contract	Specifications being prepared
	CLC, TH and Rundle Mall	Provision of Guards	Rolling Monthly Contract	Specifications being prepared
	All Materials	Supply of Equipment and Materials	Rolling Monthly Contract	Specifications being prepared
Asbestos	All	Inspections Only		N/A Under Contract
Minor Building Works	All	Minor Building Works and Maintenance		Specifications being prepared
Pest Control	All	Routine control and maintenance	N/A	Undertaken by City Operations
Painting	Old Methodist hall	Painting, Inspection and Maintenance	08/02/2011	N/A Under Contract
	Town Hall	Painting, Inspection and Maintenance	30/06/2010	N/A Under Contract
	Queens Chambers	Painting, Inspection and Maintenance	30/06/2008	N/A Under Contract
	West Terrace Rotunda	Painting, Inspection and Maintenance	30/06/2008	N/A Under Contract
	All other buildings	Ad Hoc Painting and Painting Maintenance	N/A	Arranged As Required

5.2.3 Operations and Maintenance Standards and Specifications

All materials used in the maintenance and repair of the buildings and properties will comply with all relevant standards, legislation and guidelines. All maintenance work undertaken will be in accordance with:

- Appropriate Development and Planning Regulations.
- Australian Standards related to buildings.
- Other appropriate legislation and codes.
- Documented Occupational Health and Safety provisions.

5.3 Renewal Plan

5.3.1 Overview

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 existing service potential. Work over and above restoring an asset to original service potential is considered upgrade or enhancement and is not considered within the renewal plan.

Building service renewal is based on the maintenance and life cycle of building plant and equipment and is linked to our 3 year rolling Capital program. The Capital Program is also developed in conjunction with the regular maintenance and inspection programs presented in Section 5.2. The current renewal plan only considers works to, and within existing buildings and does not cover the complete demolition and reconstruction of any Council buildings. This approach is considered appropriate as complete building demolition and replacement is outside the scope of simple asset renewal and would be undertaken as a major strategic business decision within Council. However, structural maintenance and major repairs to existing buildings is within the program scope and has been included in the financial calculations and estimates.

The required level of expenditure on the renewal program for buildings will vary from year to year and will reflect:

- the age of the assets
- the condition of the asset systems
- the ongoing maintenance demand
- potential alignment to the renewal or upgrade of other asset groups in the same location (i.e. all air conditioners within a building, all ticket machines within a U-Park).

5.3.2 Renewal Strategy

The general renewal strategy is to renew assets when justified by:

- Risk – When the risk of failure and associated impact justifies action (building or individual building service (Vertical transport system etc), probable damage to property/person as a result of inaction)
- Asset performance – When the asset fails to meet the required levels of service. Non-performing assets are identified by monitoring asset reliability, capacity and efficiency during planned maintenance and inspections. Indicators of non-performing assets are frequent air conditioner breakdowns, repeated lifts out of service etc etc.

- Economics – When it is no longer economically viable to continue to maintain the asset.

Assets requiring renewal are identified during the program of regular inspections and from records of installation and remaining life obtained from the asset register through the *'Renewal Model'*. The renewal model is based on renewing assets within or at the expiration of their useful life. Remaining useful life is based on installation date and expected life in the instances where no condition data exists or may be adjusted based on available condition information arising out of regular inspections.

Where it is proposed that an asset is renewed after the expiration of its useful life, it is inspected to confirm that the asset can continue to provide adequate service prior to renewal.

5.3.3 Impact of Deferring Renewal Works

Renewal works identified in terms of renewal strategies may be deferred if the cost (or aggregate cost) is beyond the current financial ability to fund it. This can occur when there are short term renewal profile peaks or higher priority works are required on other infrastructure asset classes.

When renewal works are deferred, the impact of the deferral on the systems ability to still provide the required level of service will be assessed. Although the deferral of some renewal works may not impact significantly on the short-term operation of the assets, repeated deferral will create a liability in the longer term.

5.3.4 Renewal standards and Specifications

The standards and specifications for renewal works will reflect the best current technologies, national standards and legislative requirements. All renewal work will be carried out in accordance with the following Standards and Specifications:

- Council's Urban Elements Catalogue (contains specifications and construction standards)
- Building Code of Australia

5.4 Property Program Expenditure

Operational and maintenance expenditure levels are considered to be adequate to meet service levels. It is currently considered that maintenance expenditure is appropriate for Council's property assets and that there is no maintenance items that have been deferred. Maintenance is funded from Council's operating budget and grants where available. This is further discussed in Section 6.3 - Funding Strategy.

Future revisions of this infrastructure and asset management plan will include linking the expected operational and maintenance expenditure levels with defined required service levels to enable an analysis of the appropriateness of existing maintenance and operational expenditure.

The projected average future property program expenditures (renewal and operational expenditure) are forecast to increase marginally over time as the asset stock ages with variations from year to year as various assets require work/replacement. The costs are summarised in Figure 5.2. Note that all costs are shown in current 2007 dollar values.

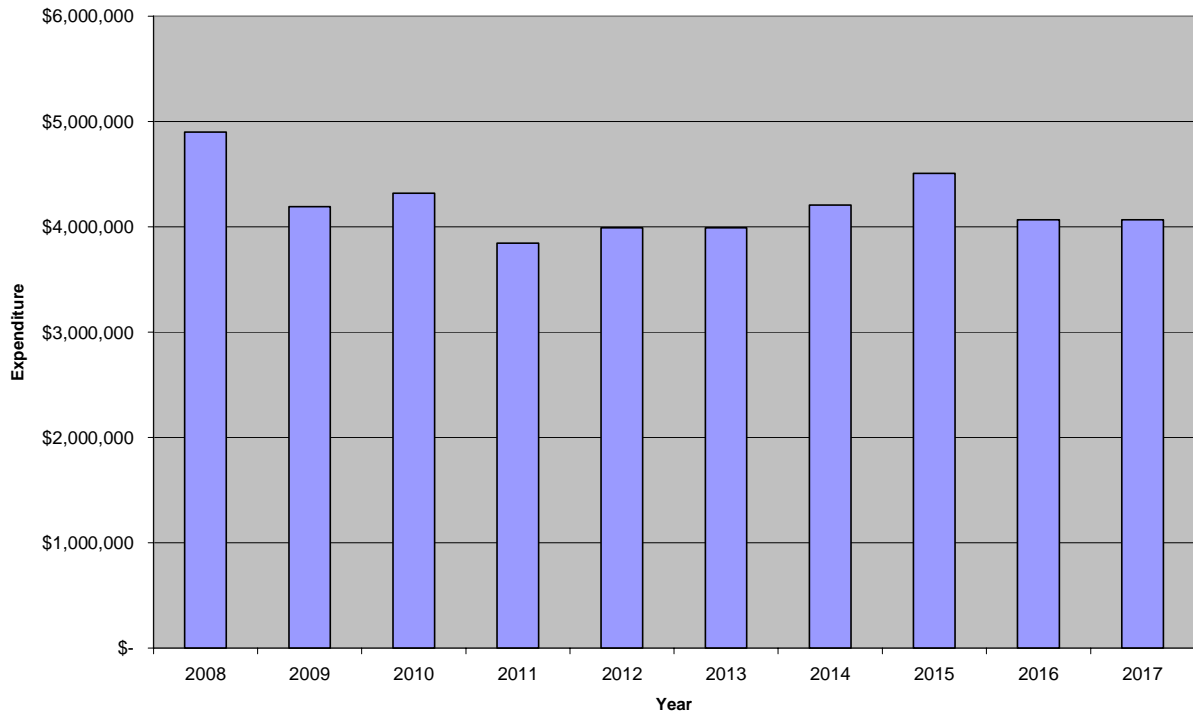


Figure 5.2: Projected Capital Renewal Expenditure

This renewal profile is based on renewing assets at the end of their useful life. Due to the nature of service installations within Council buildings in the past, the capital requirements are uneven. It is also likely that some assets will be replaced opportunistically with associated assets (i.e. components of an air conditioning system etc) and as a result this profile will constantly require review and revision.

5.5 Property Enhancement Plan

5.5.1 Overview

Asset enhancement 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. Enhancement projects are driven from the objectives of Council's Strategic Management Plan (see Section 2.4).

The impact on the property portfolio over the next 10 years as a result of the Enhancement Program is minimal. Only one project – Central Market Upgrade is proposed on Council Buildings with a \$750,000 budget over 3 years (2008/09 – 2010/11). This will result in much needed upgrades to the Central Market facility services, but will not provide any new building assets. It will have a minor impact on the operational and renewal expenditure profiles.

5.5.2 Standards and specifications

Standards and specifications for new assets and for upgrade/expansion of existing assets are the same as those for renewal shown in Section 5.3.4.

5.6 Property Asset Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. No assets have been identified for possible decommissioning and disposal at this point of time.

6 FINANCIAL SUMMARY

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

6.1 Financial Statements and Projections

The financial projections are shown in Figure 6.1 for projected operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets).

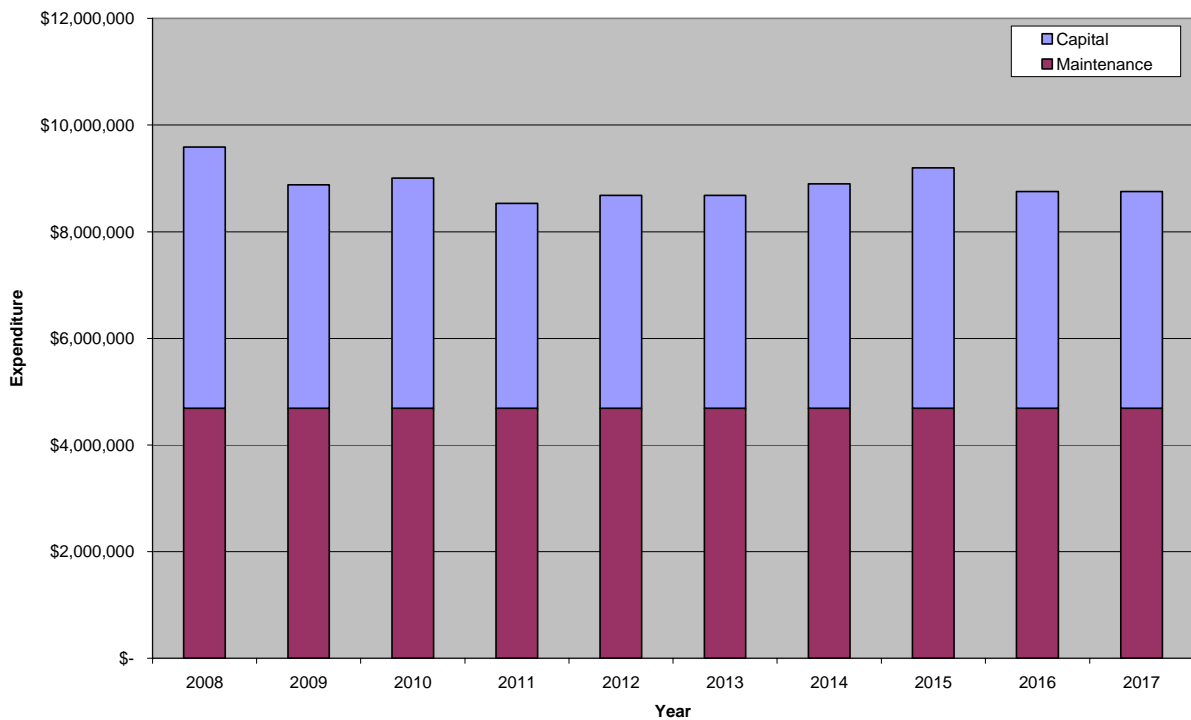


Figure 6.1: Projected Maintenance and Capital Expenditure

6.1.1 Life Cycle Costs

Life cycle costs (or whole of life costs) are the average annual costs that are required to sustain the service levels. Life cycle costs include maintenance and asset consumption (depreciation) expense.

Over the past 5 years our capital works program has had a level of funding that adequately meets condition based renewal requirements. This practice has seen all required works carried out and there is currently no funding gap or backlog of works. This amount differs from the amount that would be required to fund depreciation, therefore the comparison of life cycle expenditure to depreciation has not be used as a measure of sustainability.

Over 10 years, maintenance and capital renewal costs average out to \$8.9 Million per year.

6.2 Key Assumptions

The following general assumptions have been made when preparing the expenditure forecasts:

- Property assets will remain in Council ownership throughout the planning period.

- All expenditure is stated in dollar values as at June 2007 with no allowance made for inflation over the planning period.
- Asset renewal costs in years 1 to 3 are generally based on staff assessment of renewal needs, and from year 3 on, the costs are based on the life expectancy of the asset and the proposed alignment with other asset groups.
- Maintenance costs are based largely on historical expenditure and assume there are no significant increases in service requirements or contractor/material rates.
- The value of the assets were adopted from the Adelaide City Council 2003 Property Re-Valuation figures.
- Annual Lifecycle costs are the renewal, capital, maintenance and operational costs over 10 years.

6.3 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.

Capital renewal costs and maintenance costs are funded from general revenue. Major projects may attract external funding which is done on a case by case basis.

6.4 Valuation Forecasts

The Asset value of the portfolio is forecast to increase in the short term as projects like the Bus Depot and the re-development of the Balfour's site are completed. At this stage there are no planned future disposals (refer Section 5.6) or growth (refer Section 3.1), therefore no anticipated growth in asset valuation. Adelaide City Council's property portfolio will be re-valued in 2008, providing additional information on valuation forecast information.

At this stage there is no anticipated growth or asset disposal therefore no projected increase in depreciation expense in current 2007 dollars.

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. This plan will be updated to include projected depreciated replacement cost as these figures become relevant.

7 PLAN IMPROVEMENT AND MONITORING

This section outlines the improvement and monitoring program to enhance future revisions of this plan and associated AM plan strategies and financial projections.

7.1 Improvement Plan

The asset management improvement plan was generated from a gap analysis of the current situation and information available for the development of this plan. The proposed infrastructure and asset management improvement plan tasks are shown in Table 7.1.

Table 7.1: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1.	Update and revise plan to reflect changes in asset portfolio and business practices.	Capital Planning	Internal	Annual – part of Business Plan and Budget Process
2.	Review of property maintenance practices to ensure alignment with service level requirements.	Capital Planning, City Wide Services, Property Asset management	Internal	Annual – part of Business Plan and Budget Process
3.	Ongoing rolling program of data collection.	Capital Planning	\$60K	Ongoing
4.	Develop and review detailed risk analysis and planning for critical assets.	Capital Planning, Asset Management	Internal	June 2009
5.	Review service levels and commence Internal and Elected Member consultation on service level provision.	Capital Planning, Asset Management	Internal	June 2009
6.	Community consultation on service level provision	Capital Planning, Corporate Planning and Performance	TBC	Jun 2010

7.2 Plan Review and Monitoring

7.2.1 Plan Review

Once adopted, this plan will form part of the formal suite of plans required under the Local Government Act. This plan will remain current until replaced by an updated plan adopted in conjunction with the adoption of any New Strategic Management plan as required under the Local Government Act. At present this must occur within 2 years of a new Council being elected.

The Infrastructure and Asset Management Plan is a living document which is relevant and integral to the daily Asset Management activities at Council. To ensure the plan remains useful and relevant, the following process of AM plan monitoring and review activities will be undertaken:

- Formal adoption of the plan by Council in conjunction with the Strategic Management Plan
- Review and formally adopt levels of service
- Revise Plan annually to incorporate and document changes to work programs, outcomes of service level reviews and new knowledge resulting from the AM improvement program. (To be adopted as part of the Annual Business Plan and Budget Process each year)
- Quality assurance audits of AM information to ensure the integrity and cost effectiveness of data collected. (ongoing)

7.2.2 Plan Monitoring

The following indicators will be monitored to measure the effectiveness of this Plan.

- Compliance with legislative requirements – Audit of plan in comparison to Local Government Act, 1999 Requirements
- Quality of Services Delivery – Increasing or 100% compliance with service targets.
- Quality of Risk Management – No events occurring outside the risk profile.
- Benchmarking with comparable Councils – Maintain performance of Asset Management practices in comparison to other Local Government Organisations.

8 REFERENCES

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au

9 APPENDICES

Appendix A
