CITY OF PROSPECT

Open Spaces

Asset Management Plan

Document Control	Asset Management Plan				
Document ID :					
Rev No	**Date**	**Revision Details**	**Author**	**Reviewer**	**Approver**
V1.10	July 2021	Initial draft	SW (AE)		
V2	Aug 2021	Review following comments by Council	SW(AE)	NP	
V3	Feb 2022	Amendments made to 'key assumptions made in financial forecasts' & final document	SW(AE)		

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1.0 EXECUTIVE SUMMARY

1.1 The Purpose of the Plan

This Asset Management Plan (AM Plan) details information about infrastructure assets with actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The plan defines the services to be provided, how the services are provided and what funds are required to provide over the 10year planning period. The AM Plan will link to a Long-Term Financial Plan which typically considers a 10-year planning period.

1.2 Development of the Plan

City of Prospect has challenged its asset management practice and purpose to ensure it is being driven from a pure asset perspective that in the first instance and is supported by industry best practice in relation to service standards and levels. This has necessitated returning to first principles to ensure that Council is not being contained by our Long Term Financial Plan as an asset planning tool.

In reviewing assets and defining a way forward, a conservative approach has been taken to ensure that Council is setting a realistic financial target to keep assets in a functional and workable condition, but not at a level that is not financially supportable by the community.

This plan has been developed as an implementation of the Open Space Strategy. As such it has taken preliminary costs associated with renewals and upgrades across all Council reserves and articulated them in this document.

1.3 Asset Description

The open space assets comprise infrastructure on 25 reserves including:

- Lighting
- Irrigation
- Fences
- Playgrounds
- Shelters & structures
- Signs
- Public art
- Park Furnniture

The above infrastructure assets have valuation replacement value estimated at $9m.

1.4 Levels of Service

The planned budget (draft long term financial plan) has been developed from preliminary costing to deliver the improved service levels defined via renewals and upgrades in the open space strategy.

As such the proposed service levels have informed the development of the draft long term financial plan (LTFP) rather than the LTFP dictating the levels of service that Council provides.

1.5 Future Demand

The factors influencing future demand and the impacts they have on service delivery are created by:

- Increasing population density
- Aging population
- Low ratio of public open space to population

These demands will be approached using a combination of managing existing assets, upgrading existing assets and providing new assets to meet demand. Demand management practices may also include a combination of non-asset solutions, insuring against risks and managing failures.

1.6 Lifecycle Management Plan

1.6.1 What does it Cost?

The forecast lifecycle costs necessary to provide the services covered by this AM Plan includes operation, maintenance, renewal, acquisition, and disposal of assets. A summary output from the AM Plan is the forecast of 10 year total outlays, which is estimated as $14,244,714 or $1,424,471 on average per year.

1.6.2 What we will do

Estimated available funding for the 10 year period is $14,635,970 or $1,463,597 on average per year as per the Long-Term Financial plan or Planned Budget. This is 102.75% of the cost to sustain the current level of service at the lowest lifecycle cost.

The figure below shows the planned budget against the forecast lifecycle costs.

Forecast Lifecycle Costs and Planned Budgets

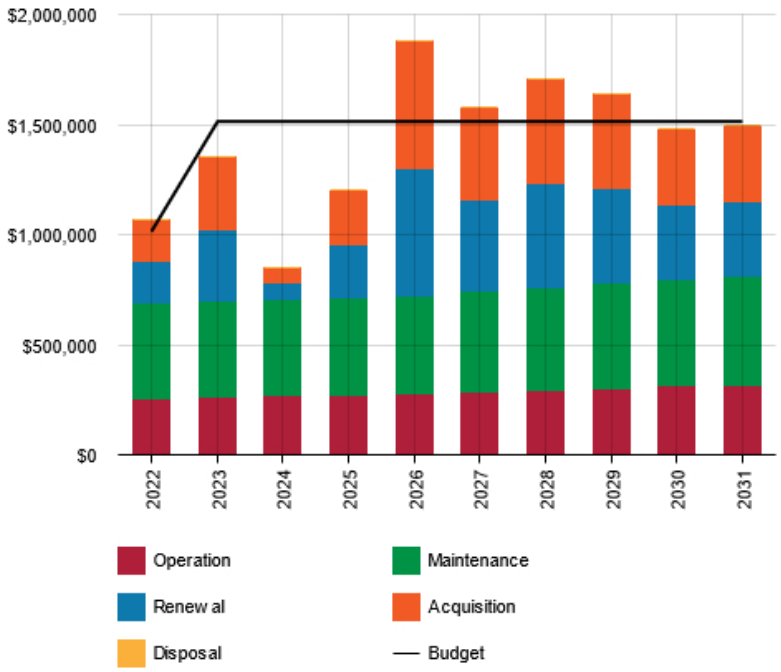


Figure Values are in current dollars.

1.6.3 Managing the Risks

Our draft budget levels are sufficient to continue to manage risks in the medium term.

The main risk consequences are:

- Insufficient provision of open space
- Potential for injury to public using playgrounds

We will endeavour to manage these risks within available funding by:

- Review open space strategy
- Continue regular auditing of playgrounds

1.7 Monitoring and Improvement Program

The next steps resulting from this AM Plan to improve asset management practices are:

- Develop a land acquisition and disposal strategy
- Plan to provide innovative shared use spaces that cater for a multitude of needs
- Plan to provide a quality local park within 400-500m of every household
- Engage with schools with the objective of developing community use of school 'open space', particularly in areas that are lacking open space.

2.0 Introduction

2.1 Background

This AM Plan communicates the requirements for the sustainable delivery of services through management of assets, compliance with regulatory requirements, and required funding to provide the appropriate levels of service over the planning period.

The AM Plan is to be read with City of Prospect's following planning documents.

- Our Community Plan – Towards 2040
- Annual Business Plan & Budget 2021/22
- Open Space Strategy 2018

The infrastructure assets covered by this AM Plan include lighting, irrigation. fences, , playgrounds, shelters, signs, and park furniture refer to Table in Section 5.

The infrastructure assets included in this plan have a total replacement value of $33m.

2.2 Goals and Objectives of Asset Ownership

Our goal for managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Linking to a Long-Term Financial Plan which identifies required, affordable forecast costs and how it will be allocated.

Key elements of the planning framework are

- Levels of service – specifies the services and levels of service to be provided,
- Risk Management,
- Future demand – how this will impact on future service delivery and how this is to be met,
- Lifecycle management – how to manage its existing and future assets to provide defined levels of service,
- Financial summary – what funds are required to provide the defined services,
- Asset management practices – how we manage provision of the services,
- Monitoring – how the plan will be monitored to ensure objectives are met,
- Asset management improvement plan – how we increase asset management maturity.

Other references to the benefits, fundamentals principles and objectives of asset management are:

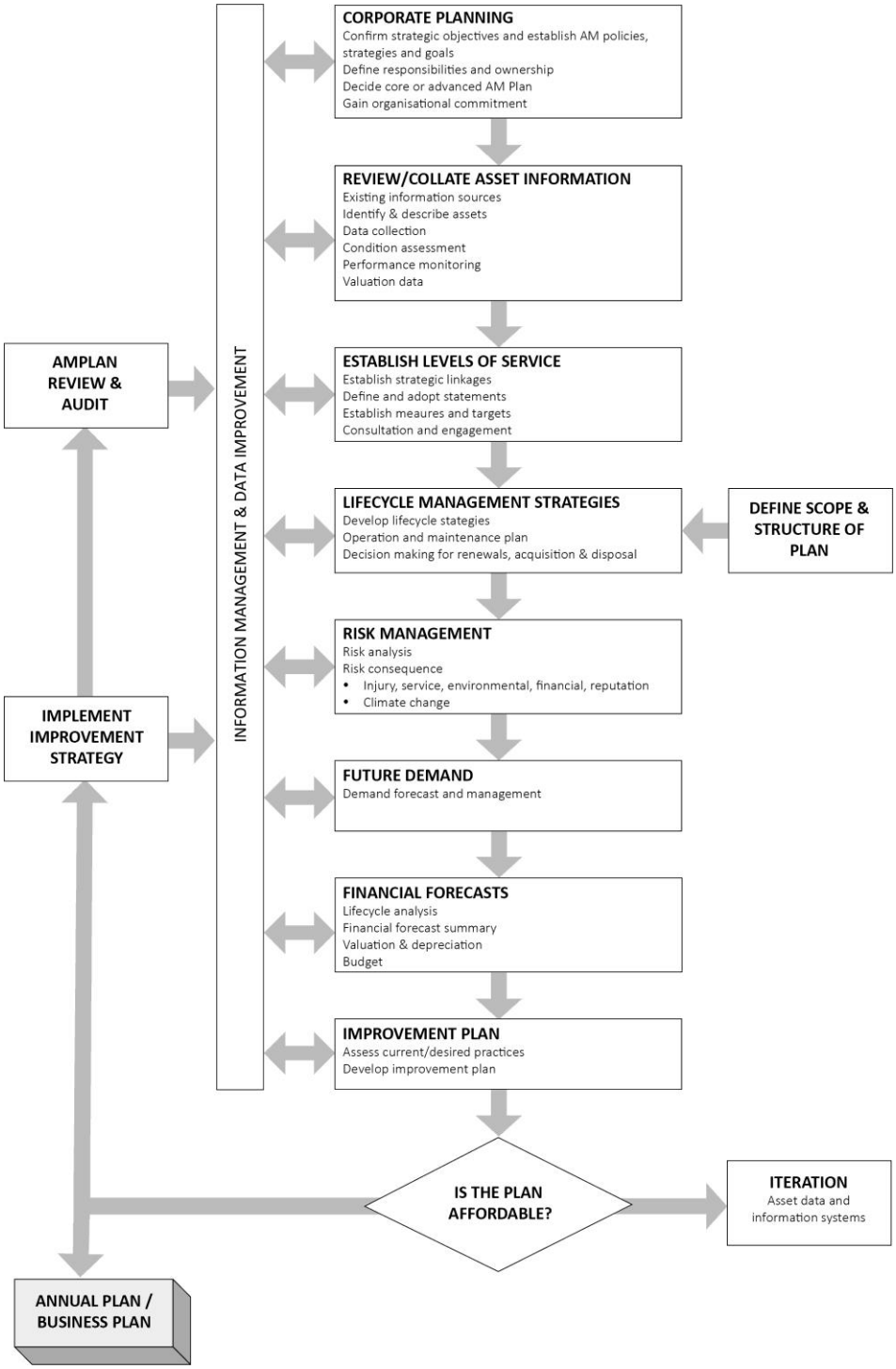
- International Infrastructure Management Manual 2015 [1]
- ISO 55000[2]

[1] Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2| 13
[2] ISO 55000 Overview, principles and terminology

A road map for preparing an AM Plan is shown below.

Road Map for preparing an Asset Management Plan

Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11



3.0 LEVELS OF SERVICE

3.1 Customer Research and Expectations

Council has recently undertaken a customer satisfaction survey (November 2020).

This survey asked to rank the importance and satisfaction with the city's Parks / reserves / gardens / ovals, together with the question "how satisfied are you with Prospect Council's maintenance of the city's reserves, parks, gardens and ovals".

A 93% importance and 80% satisfaction rating was recorded for Parks / reserves / gardens / ovals which placed the service within the 'maintain current performance category' and is considered 'high' compared to performance against other asset categories.

The majority (81%) of respondents were satisfied with the Council's maintenance of the city's reserves, parks, gardens and ovals, rising 3 percentage points from 2017. A high satisfaction rating of 4.1 was recorded.

The survey did not however explore the issue of whether there was adequate provision of open space assets or specifically reserves throughout the Council.

3.2 Customer Values

Service levels are defined in three ways, customer values, customer levels of service and technical levels of service.

Customer Values indicate:

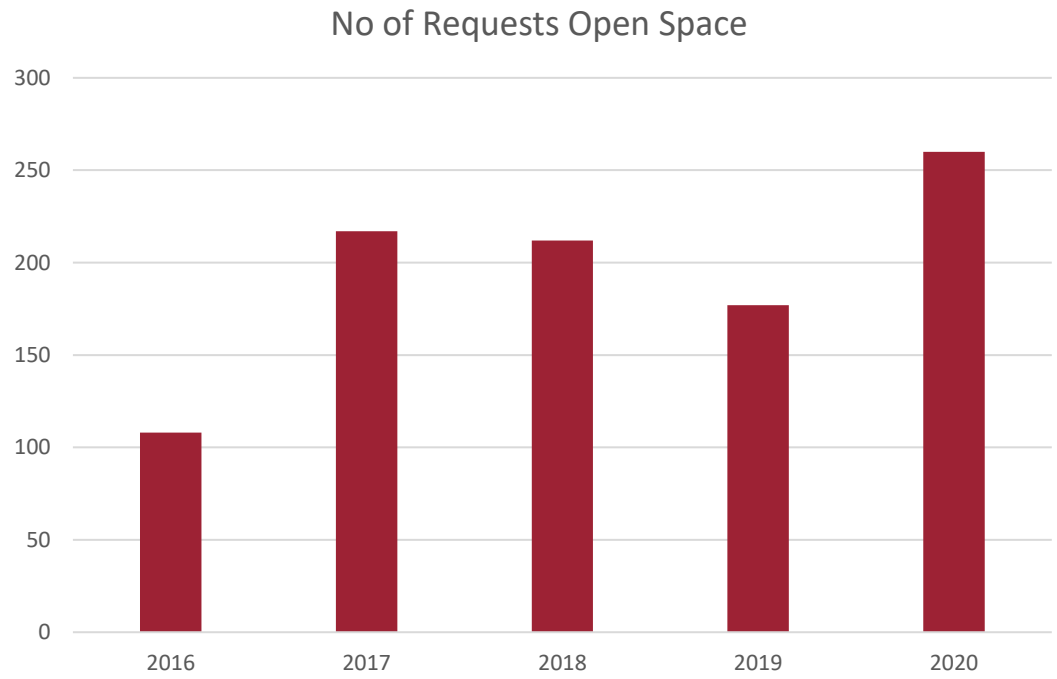
- what aspects of the service is important to the customer,
- whether they see value in what is currently provided and
- the likely trend over time based on the current budget provision

Table 3.4: Customer Values

Customer Values	Customer Satisfaction Measure	Current Feedback	Expected Trend Based on Planned Budget
Adequate lighting on reserves	Customer Service Requests relating to park lighting	311 requests average per annum	Reduction in requests over the term of the long-term financial plan following increase in capital expenditure
Safe Playgrounds	Customer Service Requests relating to playground maintenance	29 requests average per annum	Reduction in requests over the term of the long-term financial plan following increase in capital expenditure
Reserves are adequately irrigated	Customer Service Requests relating to reserve irrigation	59 requests average per annum	Reduction in requests over the term of the long-term financial plan following increase in capital expenditure
Reserves are generally free from weeds	Customer Service Requests relating to weed removal on reserves	118 requests average per annum	Expected to remain stable

Council has been tracking customer service requests since 2016 over which time it has been noted that the requests have generally been increasing on an annual basis. In response to this, the funding directed to infrastructure renewal has been increased substantially in the current draft LTFP to reflect an increase in the levels of service provided to the community and accordingly an anticipated reduction in customer service requests over time.

The graph below tracks customer service requests that have been received by Council (defined by set categories) since 2016 relating to reserves which reflects the accumulation of lighting, playground maintenance, irrigation maintenance and weed removal:



3.3 Customer Levels of Service

The Customer Levels of Service are considered in terms of:

Condition How good is the service … what is the condition or quality of the service?

Function Is it suitable for its intended purpose …. Is it the right service?

Capacity/Use Is the service over or under used … do we need more or less of these assets?

In Table 3.5 under each of the service measures types (Condition, Function, Capacity/Use) there is a summary of the performance measure being used, the current performance, and the expected performance based on the current budget allocation.

These are measures of fact related to the service delivery outcome (e.g. number of occasions when service is not available or proportion of replacement value by condition %'s) to provide a balance in comparison to the customer perception that may be more subjective.

Table 3.5: Customer Level of Service Measures

Type of Measure	Level of Service	Performance Measure	Current Performance	Expected Trend Based on Planned Budget
Condition	Poor condition	Percentage of open space assets in very poor condition	14%	7%
	Confidence levels		Medium	Medium
Function	Reserves requiring upgrade	Percentage of reserves that do not require an upgrade to meet expectations documented in the open space strategy over the next 10 years	50%	50%
	Confidence levels		High	Medium
Capacity	Amount of open space available for community use	Hectares of open space per 1000 people – Prospect ranks as one of the lowest inner metropolitan Adelaide Councils in terms of access to open space for each person	1.2	1.2
	Confidence levels		High	High

3.4 Technical Levels of Service

Technical Levels of Service – To deliver the customer values, and impact the achieved Customer Levels of Service, are operational or technical measures of performance. These technical measures relate to the activities and allocation of resources to best achieve the desired customer outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

- **Acquisition** – the activities to provide a higher level of service (e.g. upgrading of a playground to a higher standard) or a new service that did not exist previously (e.g. a new dog park).
- **Operation** – the regular activities to provide services (e.g. water / electricity supply, etc).
- **Maintenance** – the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. painting benches, replacing bins, luminaire replacement etc),
- **Renewal** – the activities that return the service capability of an asset up to that which it had originally provided (e.g. replacement of a playground / park furniture to the same standard as existing),

Service and asset managers plan, implement and control technical service levels to influence the service outcomes.[3]

Table 3.6 shows the activities expected to be provided under the current 10 year Planned Budget allocation, and the Forecast activity requirements being recommended in this AM Plan.

[3] IPWEA, 2015, IIMM, p 2|28.

Table 3.6: Technical Levels of Service

Lifecycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
TECHNICAL LEVELS OF SERVICE				
Acquisition	Acquisitions (upgrades) are linked to renewals of open space infrastructure and are associated with delivering a higher level of service at the next renewal.	Reserve / open space infrastructure acquisitions / upgrades undertaken as per program	Upgrades have been scheduled as part of the open space strategy pending funding being available	Upgrades are undertaken and scheduled in accordance with the open space strategy
		Budget	$387,500	$341,016
Operation	Due to the lack of open space the limited space needs to be at a high standard. Costs associated with this include irrigation (water supply) and staffing costs associated with BBQ cleaning etc	The level of irrigation that is undertaken on reserves and the associated quality of the turf (water supply).	Reserves are delivered to a high standard in association with the hierarchy defined in the open space strategy.	Reserves continue to be delivered to a high standard in association with the hierarchy defined in the open space strategy.
		Budget	$257,949	$284,871
Maintenance	Maintain reserves	Reserve maintenance works being undertaken which may include oiling of timber furniture / equipment, painting, graffiti removal etc.	Proactive and reactive maintenance undertaken	Retain existing expenditure and service levels
		Budget	$430,648	$457,570
Renewal	Renewal of reserve / open space infrastructure which are linked to acquisitions.	Reserve / open space infrastructure renewals undertaken as per program	Renewals have been scheduled as part of the open space strategy pending funding being available	Renewals are undertaken and scheduled in accordance with the open space strategy's Action Plan
		Budget	$387,500	$341,016
Disposal	No disposals are planned over the course of the plan			
		Budget	$0	$0

Note: * Current activities related to Planned Budget.
** Expected performance related to forecast lifecycle costs.

It is important to monitor the service levels regularly as circumstances can and do change. Current performance is based on existing resource provision and work efficiencies. It is acknowledged changing circumstances such as technology, customer priorities and development of plans, such as a Land Acquisition and Disposal Strategy, will change over time.

4.0 FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include things such as population change, regulations, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices, environmental awareness, etc.

4.2 Demand Forecasts

The present position and projections for demand drivers that may impact future service delivery and use of assets have been identified and documented.

4.3 Demand Impact and Demand Management Plan

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.3.

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

Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this AM Plan.

Table 4.3: Demand Management Plan

Demand driver	Current position	Projection	Impact on services	Demand Management Plan
Population density	Population density growing following an increase in the proportion of people living in high density housing	Population density will continue to grow	Reliance upon quality public open space following an absence of private open space	Monitor usage of current open space in proximity of high-density development and revise renewal ranking priority as appropriate
Aging population	Status quo	Community will age as life expectancy increases and single person households increase, together with a move to elderly living at home programs	Engagement and design of public open space may need to change	Review engagement and design of open space with the aim of becoming an age friendly city
Low ratio of public open space to population in comparison to other inner metropolitan Councils	1.2 hectares of open space per 1000 people	Decreasing over the medium to long term as population gradually increases	Increased demand for well-designed and optimally utilised open space	Review supply and quality of open space in undertaking an update of the open space strategy In replacement of infrastructure on reserves a high level of service is to be provided which will in turn be associated with upgrades. Consideration for multi-functional spaces associated with upgrades to provide for a diverse range of activities that meets the community's needs. Investigate dual use of open space provided by schools

4.4 Asset Programs to meet Demand

The new / upgraded assets required to meet demand may be acquired, donated or constructed. Additional assets are discussed in Section 5.4.

Acquiring new / upgraded assets will commit the City of Prospect to ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs for inclusion in the long-term financial plan (Refer to Section 5).

5.0 LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how the Council plans to manage and operate the assets at the agreed levels of service (Refer to Section 3) while managing life cycle costs.

5.1 Background Data

5.1.1 Physical parameters

The assets covered by this AM Plan are shown in Table 5.1.1.

Table 5.1.1: Assets covered by this Plan

Asset Category	Dimension (approx.)	Est. Renewal Cost ($)	Valuation Replacement Value ($)
Parks and reserves	25 (no. of)	28.3m	$9,07m

All figure values are shown in current day dollars.

The Parks and Reserves Open Space classifications are as follows:

- Regional Park (RP)
- District Park (DP)
- Neighbourhood Park (NP)
- Local Park (LP)

The parks are listed by their classifications as follows:

PARK / RESERVE	RP	DP	NP	LP
1 Prospect Oval & Memorial Gardens				
2 Broadview Oval				
3 Charles Cane Reserve / Parndo Yerta				
4 George Whittle Reserve				
5 Prospect Gardens / Narnu Wirra				
6 St Helens Park				
7 Peppermint Gums Reserve				
8 Prospect Estate Reserve				
9 Irish Harp Reserve				
10 Barker Gardens				
11 Braund Road Reserve				
12 Ern Sconce Rotary Park				
13 J.W. Rattley Reserve				
14 Percy Street Reserve				
15 R.L. Pash Reserve				
16 St Johns Wood Gardens				
17 Stan Watson Reserve				
18 W.T. Smith Reserve				
19 Cotton Street Reserve				
20 Matthews Reserve				
21 A.J. Shard Reserve				
22 Bradford Reserve				
23 Wilson Street Reserve				
24 Torrens Link Reserve				

5.2 Operations and Maintenance Plan

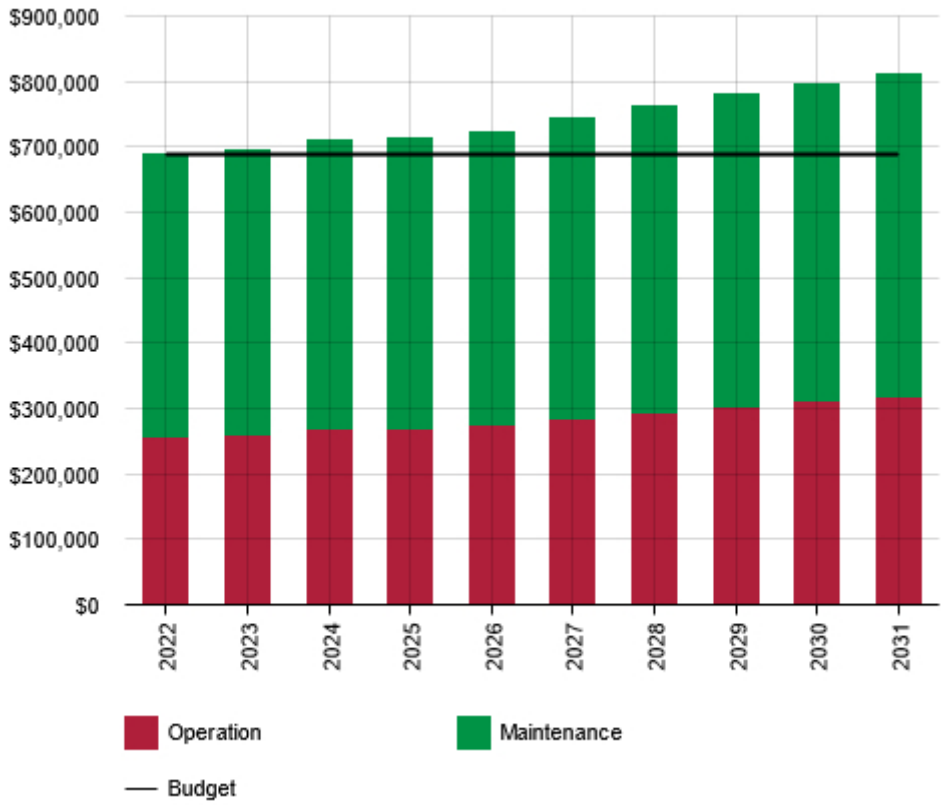
Operations include regular activities to provide services. Examples of typical operational activities include footpath sweeping and asset inspection costs.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating. Examples of typical maintenance activities include trip step repairs, isolated lift and relay and works associated with isolated defects.

Summary of forecast operations and maintenance costs

Forecast operations and maintenance costs are expected to vary in relation to the total value of the asset stock. If additional assets are acquired, the future operations and maintenance costs are forecast to increase. If assets are disposed of the forecast operation and maintenance costs are expected to decrease. Figure 5.2 shows the forecast operations and maintenance costs relative to the proposed operations and maintenance Planned Budget.

Figure 5.2: Operations and Maintenance Summary



All figure values are shown in current day dollars.

The percentage of operations and maintenance expenditure for open space as a percentage of the current replacement costs is as follows:

Operations 2.85%

Maintenance 4.75%

Given the figures above it could be argued that that this provision is quite sustainable, accordingly the percentage of operations and maintenance expenditure for new assets has been pegged at 2% (4% in total).

5.3 Renewal Plan

Renewal is major capital work which does not significantly alter the original service provided by the asset, but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is considered to be an acquisition resulting in additional future operations and maintenance costs.

Examples of the useful lives of assets used to develop asset valuations are shown in Table 5.3.

Table 5.3: Useful Lives of Assets

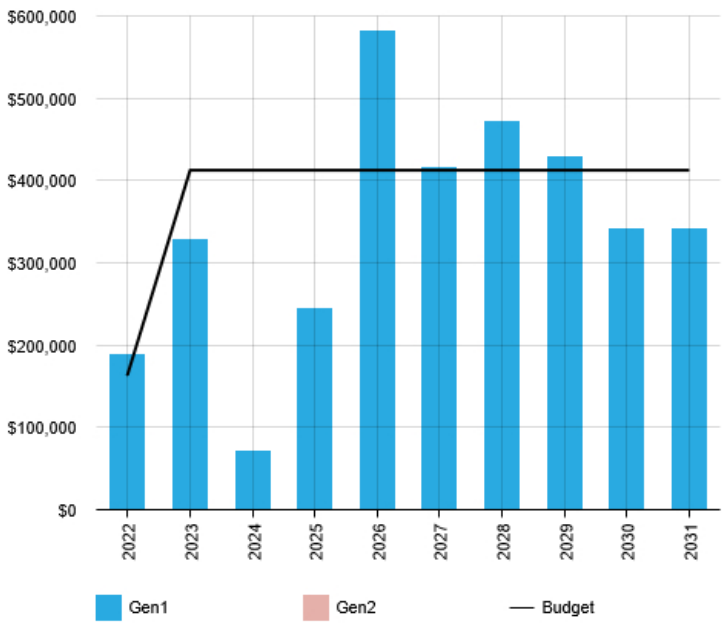
Asset (Sub)Category	Valuation Useful life (Yrs)
Bin	10
Lighting	20
Bollard	15
Irrigation	20
Seats	10
Playground equipment	10-20

It should be noted that the renewal program has not been derived from the valuation register but has been prepared based on a detailed renewal and upgrade program that has been prepared to implement the findings of the open space strategy.

5.4 Summary of future renewal costs

The forecast costs associated with renewals are shown relative to the proposed renewal budget in Figure 5.4.1. A detailed summary of the forecast renewal costs is shown in Appendix D.

Figure 5.4.1: Forecast Renewal Costs



'Gen' in the above graph refers to generations of renewals i.e., it may be the case where an individual asset required renewal several course of the planning period. In this case Gen 1 refers to the first generation of renewals and Gen 2 the second generation of renewals.

All figure values are shown in current day dollars.

The renewal program has been developed from a detailed review and project level costing based on the implementation of the open space strategy on a reserve-by-reserve basis. The renewals are inherently linked to upgrades associated with delivering a higher level of service from the Council's limited open space.

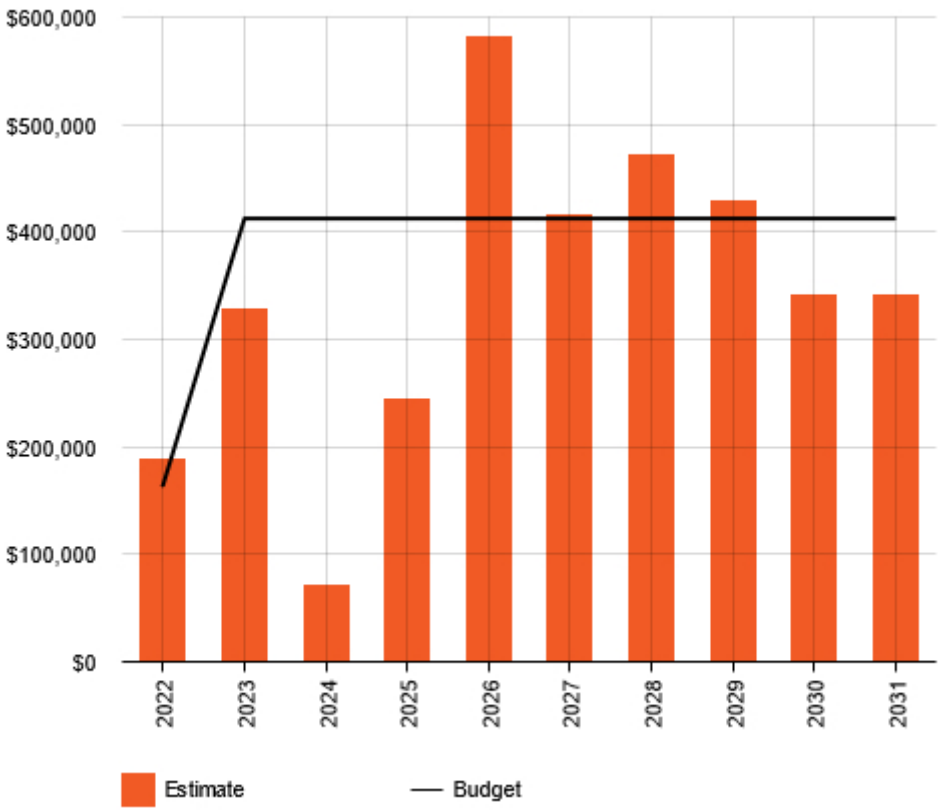
5.5 Acquisition Plan

Acquisitions reflect new assets that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, demand, social or environmental needs. Assets may also be donated to the City of Prospect.

Summary of future asset acquisition costs

Forecast acquisition asset costs are summarised in Figure 5.5.1 and shown relative to the proposed acquisition budget. The forecast acquisition capital works program is shown in Appendix A.

Figure 5.5.1: Acquisition (Constructed) Summary



All figure values are shown in current day dollars.

When an Entity commits to new assets, they must be prepared to fund future operations, maintenance and renewal costs. They must also account for future depreciation when reviewing long term sustainability.

Expenditure on new assets and services in the capital works program will be accommodated in the long-term financial plan, but only to the extent that there is available funding.

It has been recognised that as open space assets are renewed, they are rarely replaced with assets identical to the assets currently in place. A typical example of this is a playground where an exiting playground may have a CRC of $20,000 but is replaced with a play space that may have a cost multiple times this amount. In order to account for this the estimated project costs have been split 50:50 between capital renewal and capital upgrade.

5.6 Disposal Plan

Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation.

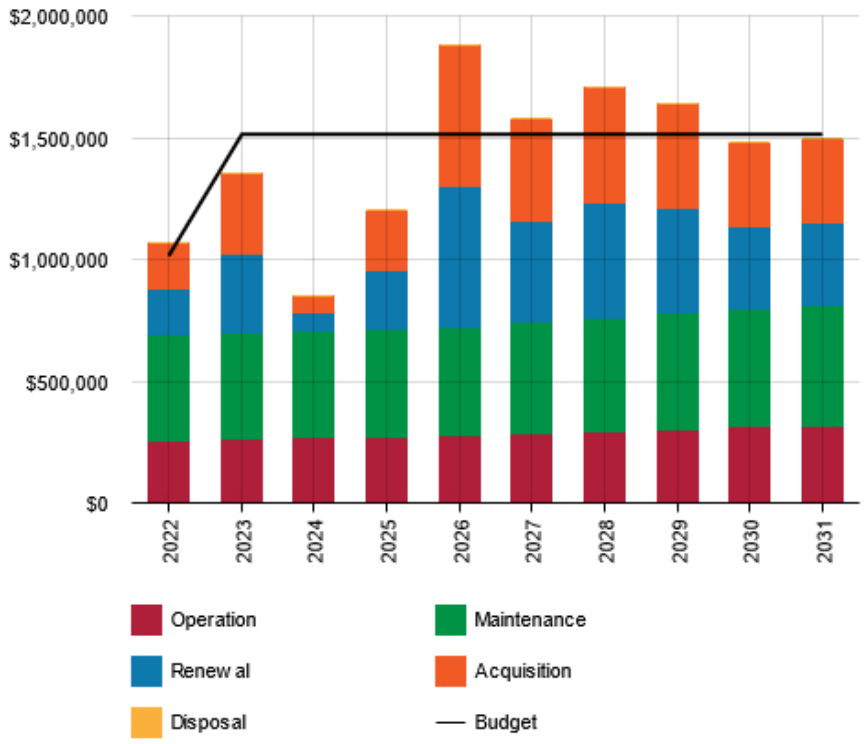
No disposal of open space assets are proposed over the course of the plan.

5.7 Summary of Asset Forecast Costs

The financial projections from this asset plan are shown in Figure 5.4.3. These projections include forecast costs for operation, maintenance and renewal. These forecast costs are shown relative to the proposed budget.

The bars in the graphs represent the forecast costs needed to minimise the life cycle costs associated with the service provision. The proposed budget line indicates the estimate of available funding. The gap between the forecast work and the proposed budget is the basis of the discussion on achieving balance between costs, levels of service and risk to achieve the best value outcome.

Figure 5.5.3: Lifecycle Summary



All figure values are shown in current day dollars.

As discussed previously, the renewal / upgrade program has been developed from preliminary estimates (on a reserve-by-reserve basis) that have been prepared to implement the findings of the open space strategy. It is expected that these estimates will become more accurate as detailed implementation drawings are prepared at the project level. The draft budget is currently fixed between 2023 and 2031. It is expected that projects may be moved between years to facilitate a match with the budget in any one year.

6.0 RISK MANAGEMENT PLANNING

The purpose of infrastructure risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2018 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2018 as: 'coordinated activities to direct and control with regard to risk'[4].

An assessment of risks[5] associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a 'financial shock', reputational impacts, or other consequences. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluation of the risks and development of a risk treatment plan for those risks that are deemed to be non-acceptable.

6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Critical assets have been identified and along with their typical failure mode, and the impact on service delivery, are summarised in Table 6.1. Failure modes may include physical failure, collapse or essential service interruption.

Table 6.1 Critical Assets

Critical Asset(s)	Failure Mode	Impact
Playgrounds	Compliance to current standards Inclusive accessibility	Safety of users Exclusion of users

By identifying critical assets and failure modes an organisation can ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

6.2 Risk Assessment

The risk management process used is shown in Figure 6.2 below.

It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of International Standard ISO 31000:2018.

[4] ISO 31000:2009, p 2

[5] REPLACE with Reference to the Corporate or Infrastructure Risk Management Plan as the footnote

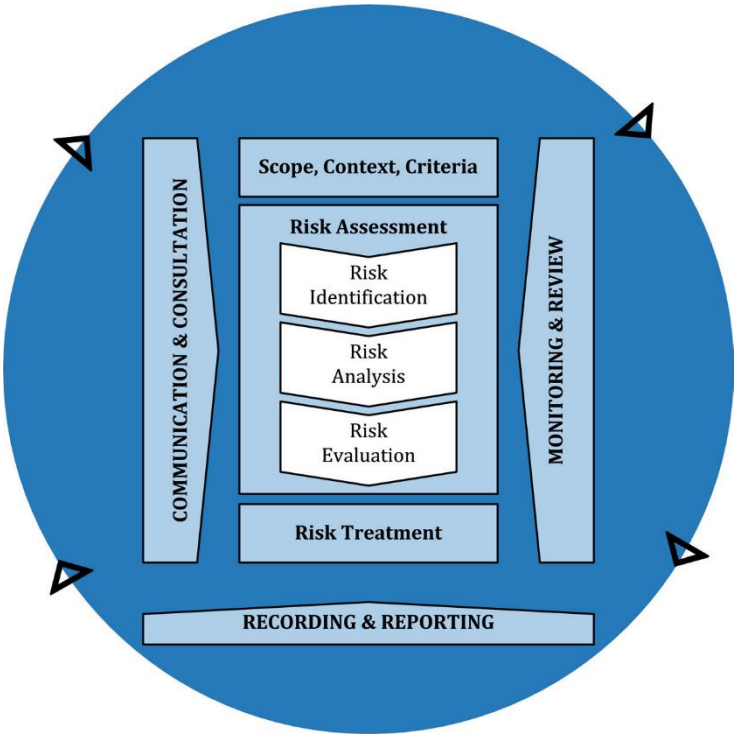


Fig 6.2 Risk Management Process – Abridged
Source: ISO 31000:2018, Figure 1, p9

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

An assessment of risks[6] associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a 'financial shock', reputational impacts, or other consequences.

Critical risks are those assessed with 'Very High' (requiring immediate corrective action) and 'High' (requiring corrective action) risk ratings identified in the Infrastructure Risk Management Plan. The residual risk and treatment costs of implementing the selected treatment plan is shown in Table 6.2.

[6] REPLACE with Reference to the Corporate or Infrastructure Risk Management Plan as the footnote

Table 6.2: Risks and Treatment Plans

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs ($)
Provision of sufficient open space	Open space provision is inadequate to meet the needs of the community.	H	Develop a land acquisition and disposal strategy Develop innovative shared use spaces that cater for a multitude of needs Ensure a net increase in open space over the next 10 years Review open space strategy	M	20,000 (Strategy only)
Playgrounds	Injury to public	H	Continue to regularly audit playgrounds	L	Staff time only
Playgrounds	Do not meet requirements for inclusive accessibility	H	Develop plan to provide inclusive accessibility play spaces alongside the renewal / upgrade program	L	Staff time only

Note * The residual risk is the risk remaining after the selected risk treatment plan is implemented.

6.3 Service and Risk Trade-Offs

The decisions made in adopting this AM Plan are based on the objective to achieve the optimum benefits from the available resources.

6.3.1 What we cannot do

There are some operations and maintenance activities and capital projects that are unable to be undertaken within the next 10 years. These include:

- Undertake significant renewals that are not defined in the open space strategy
- Provision of additional open space

6.3.2 Service trade-off

If there is forecast work (operations, maintenance, renewal, acquisition or disposal) that cannot be undertaken due to available resources, then this will result in service consequences for users. These service consequences include:

- Some assets that are not recognised in the open space strategy will continue to deteriorate and provide lower and potentially unacceptable levels of service

6.3.3 Risk trade-off

The operations and maintenance activities and capital projects that cannot be undertaken may sustain or create risk consequences. These risk consequences include:

- Inadequate open space provided to satisfy the needs of the growing community particularly in new high-density settings

These actions and expenditures are considered and included in the forecast costs, and where developed, the Risk Management Plan.

7.0 FINANCIAL SUMMARY

This section contains the financial requirements resulting from the information presented in the previous sections of this AM Plan. The financial projections will be improved as the discussion on desired levels of service and asset performance matures.

7.1 Financial Sustainability and Projections

7.1.1 Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the AM Plan for this service area. The two indicators are the:

- asset renewal funding ratio (proposed renewal budget for the next 10 years / forecast renewal costs for next 10 years), and
- medium term forecast costs/proposed budget (over 10 years of the planning period).

Asset Renewal Funding Ratio

Asset Renewal Funding Ratio[7] 113.63%

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next 10 years we expect to have 113.63% of the funds required for the optimal renewal of assets.

The forecast renewal work along with the proposed renewal budget, and the cumulative surplus, is illustrated in Appendix D.

It is considered that the apparent overfunding of renewals by 13% is likely to be close to actual renewal costs given the uncertainty of the projects and the potential impact of community consultation changing project scope.

Medium term – 10 year financial planning period

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

This forecast work can be compared to the proposed budget over the first 10 years of the planning period to identify any funding shortfall.

The forecast operations, maintenance and renewal costs over the 10 year planning period is $1,083,456 average per year.

The proposed (budget) operations, maintenance and renewal funding is $1,076,097 on average per year giving a nominal 10 year funding excess of only $7,359 per year. This indicates that 99.32% of the forecast costs needed to provide the services documented in this AM Plan are accommodated in the proposed budget. Note, these calculations exclude acquired assets.

Providing sustainable services from infrastructure requires the management of service levels, risks, forecast outlays and financing to achieve a financial indicator of approximately 1.0 for the first years of the AM Plan and ideally over the 10 year life of the Long-Term Financial Plan.

7.1.2 Forecast Costs (outlays) for the long-term financial plan

Table 7.1.3 shows the forecast costs (outlays) used in the development of the current 10 year long-term financial plan.

Providing services in a financially sustainable manner requires a balance between the forecast outlays required to deliver the agreed service levels with the planned budget allocations in the long-term financial plan.

[7] AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.

A gap between the forecast outlays and the amounts allocated in the financial plan indicates further work is required on reviewing service levels in the AM Plan (including possibly revising the long-term financial plan).

There is only a nominal gap (favourable) that has been identified between the draft LTFP and the estimated renewals & operations / maintenance costs idented in the development of this plan.

Forecast costs are shown in 2020/21 dollar values.

Table 7.1.2: Forecast Costs (Outlays) for the Long-Term Financial Plan

Year	Acquisition	Operation	Maintenance	Renewal	Disposal
2022	188,250	257,949	430,648	188,250	0
2023	328,875	261,714	434,413	328,875	0
2024	70,500	268,292	440,991	70,500	0
2025	243,750	269,702	442,401	243,750	0
2026	580,500	274,577	447,276	580,500	0
2027	416,250	286,187	458,886	416,250	0
2028	471,000	294,512	467,211	471,000	0
2029	429,000	303,932	476,631	429,000	0
2030	341,016	312,512	485,211	341,016	0
2031	341,016	319,332	492,031	341,016	0

7.2 Funding Strategy

The proposed funding for assets is outlined in the Council's budget and Long-Term financial plan.

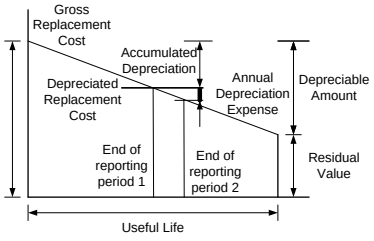
The financial strategy of the Council determines how funding will be provided, whereas the AM Plan communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.

7.3 Valuation Forecasts

7.3.1 Asset valuations

The best available estimate of the value of assets included in this AM Plan are shown below:

Replacement Cost (Current/Gross)	$9,071,750
Depreciable Amount	$9,071,750
Depreciated Replacement Cost[8]	$4,721,194
Depreciation	$484,304



7.4 Key Assumptions Made in Financial Forecasts

In compiling this AM Plan, it was necessary to make some assumptions. This section details the key assumptions made in the development of this AM plan and should provide readers with an understanding of the level of confidence in the data behind the financial forecasts.

[8] Also reported as Written Down Value, Carrying or Net Book Value.

Key assumptions made in this AM Plan are:

- Preliminary estimates prepared in the Open Space Strategy will translate to construction projects that are realisable

7.5 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this AM Plan are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on a C level scale[9] in accordance with Table 7.5.1.

Table 7.5.1: Data Confidence Grading System

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

[9] IPWEA, 2015, IIMM, Table 2.4.6, p 2|71.

8.0 PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices[10]

8.1.1 Accounting and financial data sources

This AM Plan utilises accounting and financial data. The source of the data is Council June 2020 valuations.

8.1.2 Asset management data sources

This AM Plan also utilises asset management data. The source of the data is revised condition data in Councils Asset Management System 'Conquest'.

8.2 Improvement Plan

It is important that an entity recognise areas of their AM Plan and planning process that require future improvements to ensure effective asset management and informed decision making. The improvement plan generated from this AM Plan is shown in Table 8.2.

Table 8.2: Improvement Plan

Task	Task	Responsibility	Resources Required	Timeline
1	Develop a land acquisition and disposal strategy	Mgr. Infrastructure & Assets	$20,000	22/23
2	Plan to provide a quality local park within 400-500m of every household	Mgr. Infrastructure & Assets	Staff resources	ongoing
3	Plan to provide innovative shared use spaces that cater for a multitude of needs	Mgr. Infrastructure & Assets	Staff resources	ongoing
4	Engage with schools with the objective of developing community use of school 'open space', particularly in areas that are lacking open space.	Mgr. Infrastructure & Assets	Staff resources	ongoing

[10] ISO 55000 Refers to this as the Asset Management System

9.0 REFERENCES

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- ISO, 2014, ISO 55000:2014, Overview, principles and terminology
- ISO, 2018, ISO 31000:2018, Risk management – Guidelines
- Our Community Plan – Towards 2040
- Annual Business Plan & Budget 2021/22
- Open Space Strategy 2018

10.0 APPENDICES

Appendix A Acquisition Forecast

A.1 – Acquisition Forecast Assumptions and Source

Acquisitions comprise upgrades associated with renewals for open space infrastructure, the split between upgrades and renewals is 50:50. This methodology has been implemented since it has been observed that open space infrastructure is rarely renewed to the same standard as the existing infrastructure.

A.2 – Acquisition Project Summary

The projects that comprise renewals are the same as those shown in Appendix B – 'renewals'

A.3 – Acquisition Forecast Summary

Table A3 - Acquisition Forecast Summary

Year	Constructed	Donated	Growth
2022	188,250	0	0
2023	328,875	0	0
2024	70,500	0	0
2025	243,750	0	0
2026	580,500	0	0
2027	416,250	0	0
2028	471,000	0	0
2029	429,000	0	0
2030	341,016	0	0
2031	341,016	0	0

Appendix B Operation Forecast

B.1 – Operation Forecast Assumptions and Source

The operations forecast has been prepared using Councils existing operations budget as the base. The forecast has been increased moving forward using a figure of 2% of new / upgrade assets.

B.2 – Operation Forecast Summary

Table B2 - Operation Forecast Summary

Year	Operation Forecast	Additional Operation Forecast	Total Operation Forecast
2022	257,949	3765	257,949
2023	257,949	6578	261,714
2024	257,949	1410	268,292
2025	257,949	4875	269,702
2026	257,949	11,610	274,577
2027	257,949	8325	286,187
2028	257,949	9420	294,512
2029	257,949	8580	303,932
2030	257,949	6820	312,512
2031	257,949	6820	319,332

Appendix C Maintenance Forecast

C.1 – Maintenance Forecast Assumptions and Source

The maintenance forecast has been prepared using Councils existing maintenance budget as the base. The forecast has been increased moving forward using a figure of 2% of new / upgrade assets.

C.2 – Maintenance Forecast Summary

Table C2 - Maintenance Forecast Summary

Year	Maintenance Forecast	Additional Maintenance Forecast	Total Maintenance Forecast
2022	430,648	3765	430,648
2023	430,648	6578	434,413
2024	430,648	1410	440,991
2025	430,648	4875	442,401
2026	430,648	11,610	447,276
2027	430,648	8325	458,886
2028	430,648	9420	467,211
2029	430,648	8580	476,631
2030	430,648	6820	485,211
2031	430,648	6820	492,031

Appendix D Renewal Forecast Summary

D.1 – Renewal Forecast Assumptions and Source

The renewal program has been established from the open space strategy by developing preliminary estimates for implementation on a reserve-by-reserve basis.

Uupgrades are associated with renewals for open space infrastructure, the split between upgrades and renewals is 50:50. This methodology has been implemented since it has been observed that open space infrastructure is rarely renewed to the same standard as the existing infrastructure.

D.2 – Renewal Forecast Summary

Recommend using NAMS+ Outputs Summary for Renewal

Table D3 - Renewal Forecast Summary

Year	Renewal Forecast	Renewal Budget
2022	188,250	162,500
2023	328,875	412,500
2024	70,500	412,500
2025	243,750	412,500
2026	580,500	412,500
2027	416,250	412,500
2028	471,000	412,500
2029	429,000	412,500
2030	341,016	412,500
2031	341,016	412,500

D.3 –Renewal Plan

Detail output from NAMS+ Report for the Register Method

Appendix 10 Year Report

Appendix E Disposal Summary

No disposals are planned during the term of this Asset Management Plan.

Appendix F Budget Summary by Lifecycle Activity

Table F1 – Budget Summary by Lifecycle Activity

Year	Acquisition	Operation	Maintenance	Renewal	Disposal	Total
2022	162,500	257,949	430,648	162,500	0	1,013,597
2023	412,500	257,949	430,648	412,500	0	1,513,597
2024	412,500	257,949	430,648	412,500	0	1,513,597
2025	412,500	257,949	430,648	412,500	0	1,513,597
2026	412,500	257,949	430,648	412,500	0	1,513,597
2027	412,500	257,949	430,648	412,500	0	1,513,597
2028	412,500	257,949	430,648	412,500	0	1,513,597
2029	412,500	257,949	430,648	412,500	0	1,513,597
2030	412,500	257,949	430,648	412,500	0	1,513,597
2031	412,500	257,949	430,648	412,500	0	1,513,597