

Attachment 16.7

SA Power Networks: Strategic Property Plan 2015-2020





Strategic Property Plan 2015 - 2020

September 2014

SA Power Networks

www.sapowernetworks.com.au

Version control

SECTION	DATE	VERSION NO.	CHANGE	BACKGROUND
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	07/07/14	0.2 Draft	Early draft document for feedback	
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Appendix 1 - 2015-202 Property Capital Works Program (Spreadsheet)

Supporting Documents

- Business Cases
- Property Portfolio Review and Analysis

1. Introduction

The Strategic Property Plan describes our property strategy, asset management plan and expenditure program for the 2015 – 2020 Regulatory Control Period (RCP) to meet SA Power Networks' strategic objectives and operational business requirements.

We own and lease a range of properties across the state of South Australia (SA). Property expenditure relates to the acquisition, maintenance, refurbishment and disposal of commercial, industrial and metropolitan and country depots and office accommodation.

Property associated with substations and line easements is excluded from this Strategic Property Plan as it is managed by the network management department.

The Strategic Property Plan will be reviewed annually and updated as required to respond to any changing business requirements and ensure ongoing alignment with our strategic direction.

The Strategic Property Plan contains the following sections:

Section 2: Context – provides a description of our operating environment and sets the scene for the Strategic Property Plan, including key challenges and opportunities.

Section 3: Strategic Direction and Operational Drivers – identifies our strategic framework, key operational drivers and the property strategy, which articulates Property Services' strategic intent, core areas of focus and key outcomes.

Section 4: Property Composition – outlines the current status and composition of our property portfolio.

Section 5: Property Services Structure, Role and Functions – outlines the role and functions of the Property Services group.

Section 6: Property Management Lifecycle – describes the business-as-usual operational practices, management and governance arrangements across the property management lifecycle, to deliver the property strategy.

Section 7: 2010 - 2015 Period Performance – briefly describes the expenditure and operational performance over the current period, including key projects delivered.

Section 8: 2015 – 2020 Property Program – outlines the capital program of work for the 2015 - 2020 period.

2. Context

SA Power Networks' primary task is planning, building, operating and maintaining the South Australian electricity distribution network. Our existing network is ageing necessitating a need to invest in replacing these assets to keep the network in good condition to maintain reliability. In recent years, SA Power Networks has undertaken extensive asset inspections providing improved and detailed asset information. Significant investment is essential over the next decade to renew ageing assets so that the network's reliability, performance and manage our risk profile back to acceptable levels in accordance with the Safety, Reliability, Maintenance and Technical Management Plan and at the least possible life-cycle cost.

The South Australian Government's 30 Year Plan for greater Adelaide targets higher population density growth corridors and transit oriented developments, as well as a reduction of average residential energy consumption. This will influence the number and types of premises requiring connection to our network over the next 10-15 years.

The electricity sector is experiencing unprecedented change driven by factors such as national energy market reform, changes in customer and community expectations, new intelligent technology, new participants in the market and changes in environmental policies. These factors will impact on our operating environment into the future.

We recognise the significance of this change and the associated challenges and opportunities it brings. This is reflected in our long-term strategic framework. The *SA Power Network's Future Operating Model, 2013 – 2028*, *The South Australian Distribution Network: Directions and Priorities 2015 to 2020* and the *SA Power Networks Strategic Plan 2014 to 2018* set out the long-term vision, strategic direction and priorities for the business.

Within this context, the role of Property Services is to support the business both in the long-term as it negotiates a rapidly changing environment, and in the day to day operations of the business in the delivery of efficient, reliable and safe network performance.

We currently have 30 depots, with eight located throughout the greater Adelaide metropolitan area and 22 located in regional cities and country/rural areas. In addition we have 9 commercial and 6 industrial properties in the metropolitan area. As a result of downward economic trends and dwindling populations in regional and rural areas we have rationalised and closed a number of depots in recent years.

A challenge for the business is that some property locations in Adelaide's greater metropolitan area are becoming further away from major growth areas. As such there is non-productive time spent travelling to and from the depots in the ongoing delivery of our work program and during emergency response activities.

Other key challenges and opportunities for Property Services include:

- implementation of a more strategic and innovative approach to property provision, including optimisation of property locations and maximisation of productivity;
- provision of fit-for-purpose, safe and legislatively compliant properties in a timely manner to enable the efficient and effective delivery of the business' significant network program of work over the next five years;
- ensuring ongoing compliance with the range of legislative and regulatory compliance obligations across the property management lifecycle; and
- continuing to apply a services focus and a common design thread throughout the property portfolio, to achieve a standardised yet flexible approach to depot design and office fit-out with an emphasis on functionality, safety, security and cost-efficiency.

3. Strategic Direction and Property Drivers

3.1 SA Power Networks’ strategic framework

SA Power Networks’ strategic framework is comprised of three core documents. These are –

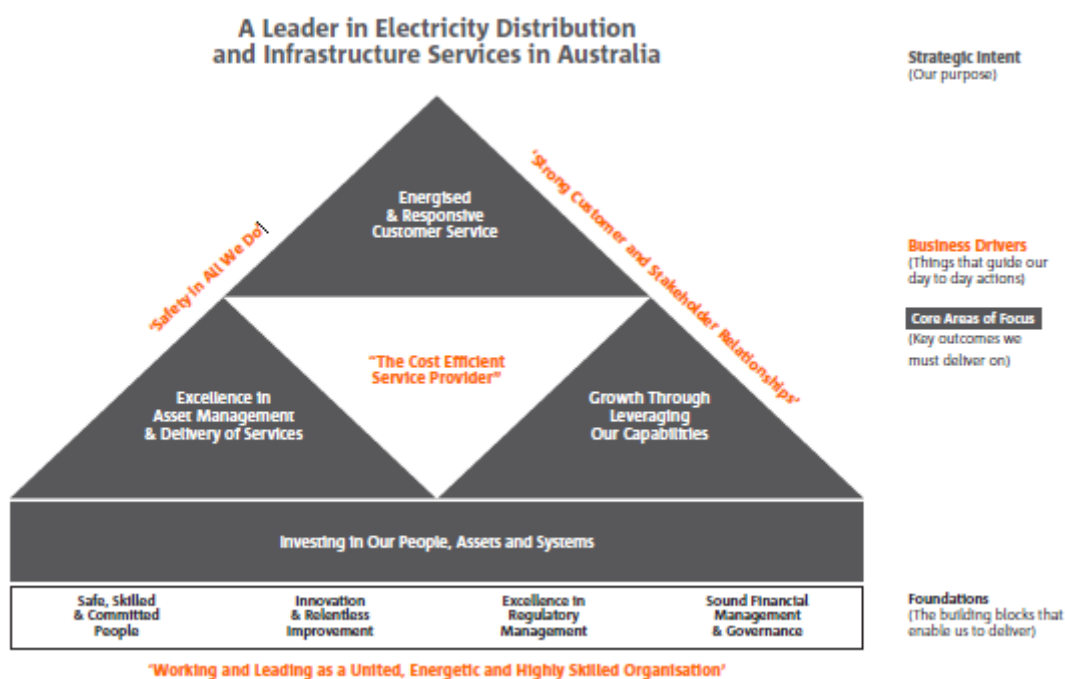
- SA Power Networks Strategic Plan 2014 to 2018
- South Australian Distribution Network: Directions and Priorities 2015 to 2020
- SA Power Network’s Future Operating Model, 2013 – 2028.

SA Power Networks Strategic Plan 2014 to 2018

The SA Power Networks Strategic Plan 2014 to 2018 reflects the business’ outlook, strategic intent, values, key performance indicators, aspirations, goals and initiatives over the medium term. As illustrated in Figure 1, SA Power Networks’ strategic framework includes the:

- principles that guide us through all our day to day actions ... our ‘business drivers’
- key outcomes that our business must deliver on ... our ‘core areas of focus’
- building blocks that enable us to deliver ... our ‘foundations’.

Figure 1 – SA Power Networks strategic framework



South Australian Distribution Network: Directions and Priorities 2015 to 2020

The South Australian Distribution Network: Directions and Priorities 2015 to 2020 (Directions and Priorities) outlines the findings from our extensive engagement program, ‘Talking Power’. It sets out the challenges and opportunities we face as well as emerging directions and priorities in planning, building, operating and maintaining our electricity distribution network.

Of particular relevance to the Strategic Property Plan, Directions and Priorities identifies the need to enhance our information systems, depot facilities and fleet to ensure we have a sufficient and competently skilled workforce to deliver these services. In the 2015-20 RCP, we will invest in the

right mix of internal and external resources to deliver on our work programs, including modern, safe and fit-for-purpose property, systems, equipment, and fleet resources.

SA Power Network's Future Operating Model, 2013 – 2028

The *SA Power Network's Future Operating Model, 2013 – 2028* (Future Operating Model) provides employees, customers and stakeholders with a longer term view of the organisation's strategic direction describing the key challenges and opportunities that will shape SA Power Networks over the next 15 years. The Future Operating Model identifies the key business drivers that inform our strategic direction.

In relation to property, our Future Operating Model recognises a need for 'depots of the future', utilising designs that are environmentally sustainable, standardised, sensitive to its surroundings, and away from residential areas. They will feature safety in design and integrated logistics for efficient vehicle, pedestrian and materials storage and movement. The location of depots will allow the service areas to be optimised creating faster response times for supply restoration and better employee to customer ratios.

3.2 Property drivers

In addition to the strategic direction and priorities outlined above, there are a number of key drivers of property expenditure. These include:

- **Network program of work** – The network program of work is a key driver of property expenditure. Significant investment is needed over the next decade to replace our ageing assets in order to maintain the network's reliability and performance into the future. Forecast work volume and employee growth has a material influence on the level of resourcing required across non-network parts of the business, including property provision, to support delivery of the network program of work. The nature of the network investment required (e.g. augmentation, customer connections, and asset replacement) influences the quantity, type and location of property assets (i.e. industrial, commercial, country, metropolitan depots) needed to support delivery of the network program of work. The capacity of the property portfolio to respond to forecast demand is, therefore, a key consideration in the developing the property expenditure program.
- **Location, functionality, condition and compliance based assessment** – A comprehensive assessment of our property portfolio has identified a number of key requirements to be addressed in development of the property expenditure program, including:
 - compliance with building codes, WH&S requirements and environmental standards is a critical and ongoing driver of property expenditure. A list of core compliance requirements is outlined at Table 1. Note that there is an expectation of 90% compliance with the Disability (Access to Premises – Buildings) Standards by December 2017;
 - alleviation of accommodation constraints;
 - facility upgrades and depot rebuilds i.e. refurbishment and modernisation;
 - location, accessibility and local pressures on service delivery;
 - additional new properties / buildings on new and existing sites;
 - depot security, associated with mitigating the risk of increasing thefts;
 - employee and public safety;

- planned building maintenance and repairs; and
- Customer integration and resultant site functionality.
- **Office accommodation standards** – we have adopted a set of office accommodation standards to be applied to any new or refurbished office and depot accommodation fit-out. The standards represent leading thinking in workplace design to create a happy, healthy and safe working environment for all our employees;
- **Generic depot design** – we have adopted a common depot design to achieve a standardised yet flexible approach with an emphasis on functionality, safety, security and cost-efficiency. There is also a standardised approach to the design and layout of material storage areas in depots to improve the efficiency and safety of materials handling and storage. The standardised approach will incorporate one-way traffic flows, dedicated loading / off-loading areas to include exclusion zones, safe and efficient storage solutions and dedicated parking areas;
- **Future Depot Locations** – In 2011, we accepted a number of recommendations from the ‘Future Depot Locations’ report. Implementation of the accepted recommendations has been on an opportunistic basis and a number of these are yet to be implemented and as such will inform the property expenditure program over the 2015-20 RCP; and
- **Other drivers** - include adherence to SA Power Networks’ directives, policies, practices and procedures and responding to changing business needs.

Table 1 – Property compliance requirements

Compliance Type	Key Requirements
Legislation	<ul style="list-style-type: none"> • The Development Act 1993 (Section 53A) • Development Regulations 2008 (Regulation 80) • Disability (Access to Premises – Buildings) Standards 2010 • Work Health and Safety Regulations 2012 • Environment Protection Act 1993
Australian Standards	<ul style="list-style-type: none"> • Design for Access and Mobility AS 1428.1- 2009 and relevant Supplements. • National Construction Code (NCC) - Building Code of Australia (BCA) 2014 Volumes 1 and 2 • Car Parking Standards AS/NZS 2890. Part 1 & 2 (2004) and Part 6 (2009)
Codes of Practice	<ul style="list-style-type: none"> • Safe Work Australia – Managing the Work Environment and Facilities. Code of Practice – Dec 2011.

3.3 Property strategy

Property Services has undertaken a phased approach to the development of the property program for the 2015-20 RCP, including engagement with internal stakeholders. The property strategy has been developed taking into account the outcomes of this engagement, our strategic direction and priorities and property drivers. The strategy articulates Property Services' strategic intent, core areas of focus and key objectives.

Strategic intent

Our strategic intent is ... *'The provision of fit-for-purpose, safe and compliant property assets to SA Power Networks to enable the business to achieve its strategic priorities and operational objectives.'*

Core areas of focus

Three of SA Power Networks' core areas of focus are of particular relevance to Property Services.

They describe the key outcomes we must deliver on:

- Excellence in Asset Management and Delivery of Services;
- Investing in Our People, Assets and Systems; and
- Energised and Responsive Customer Service.

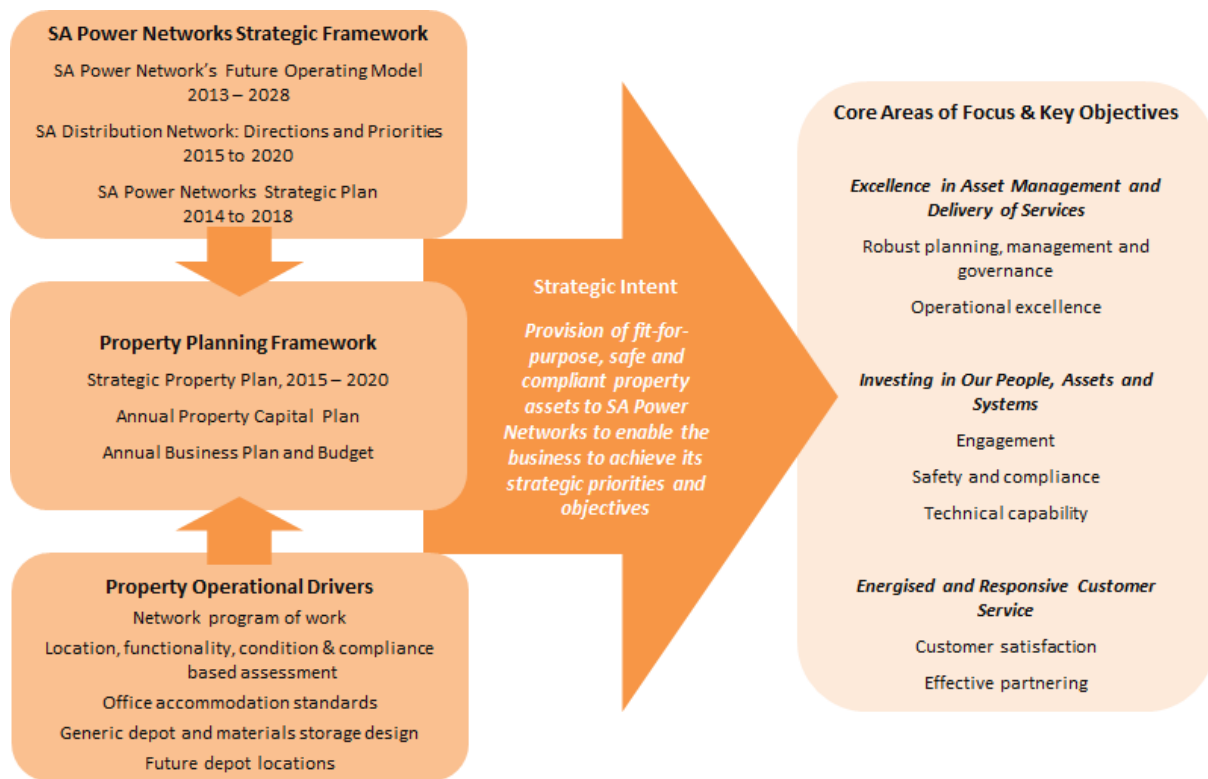
Key outcomes

To achieve our strategic intent and core areas of focus, Property Services is focussed on delivery of the following key objectives:

- *Customer satisfaction* – Ongoing consultation with our customers and high levels of responsiveness to ensure ongoing customer satisfaction
- *Engagement* – Ongoing engagement with our staff and internal stakeholders to continue to identify and respond to their needs as they evolve
- *Operational excellence* – Equitable and fit-for-purpose property provision in a cost-effective and timely manner to enable the efficient and effective operation of the business
- *Safety and compliance* – Build and maintenance of all property assets in accordance with legislative requirements and standards to maximise the safety, functionality and operating environment of our depots and office accommodation
- *Effective partnering* – Effective and professional relationships with our internal and external service providers to promote delivery of cost-effective business outcomes
- *Technical expertise* – Ensuring a high-level of core capability and technical expertise to identify, evaluate and provide optimal solutions to our customers
- *Robust planning, management and governance* – Clearly defined structure, roles and accountabilities and effective planning, management and governance across the property management lifecycle to ensure we achieve our strategic intent and core areas of focus.

Figure 2 demonstrates the relationship between SA Power Networks' strategic framework, property drivers, the property planning framework and the property strategy.

Figure 2 –Property Services strategic framework



4. Property Profile

We own and lease a range of properties across the State, including a mix of commercial, industrial and metropolitan and country depots and office accommodation.

Our strategic approach has traditionally been to purchase (rather than lease) the vast majority of its non-system assets, including property assets, for the delivery of its network program of work based on robust financial analysis. We therefore own property assets, except where it was more cost-efficient to lease a property or where suitable purchase options were unavailable.

Our property portfolio (i.e. the number of type of property assets) reflects the strategic and operational requirements of the business. The current composition and profile of our property assets as at 30 June 2014 is shown at Table 2. The location of our metropolitan property across greater Adelaide is shown in Figures 3 and our property locations across regional and rural South Australia is shown in Figure 4.

Table 2 – Property portfolio as at 30 June 2014

Property type	Owned	Leased
Commercial	3	6
Industrial	5	1
Metropolitan depots	6	2
Country depots	20	2
Total	34	11

Figure 3 – Metropolitan Property Locations

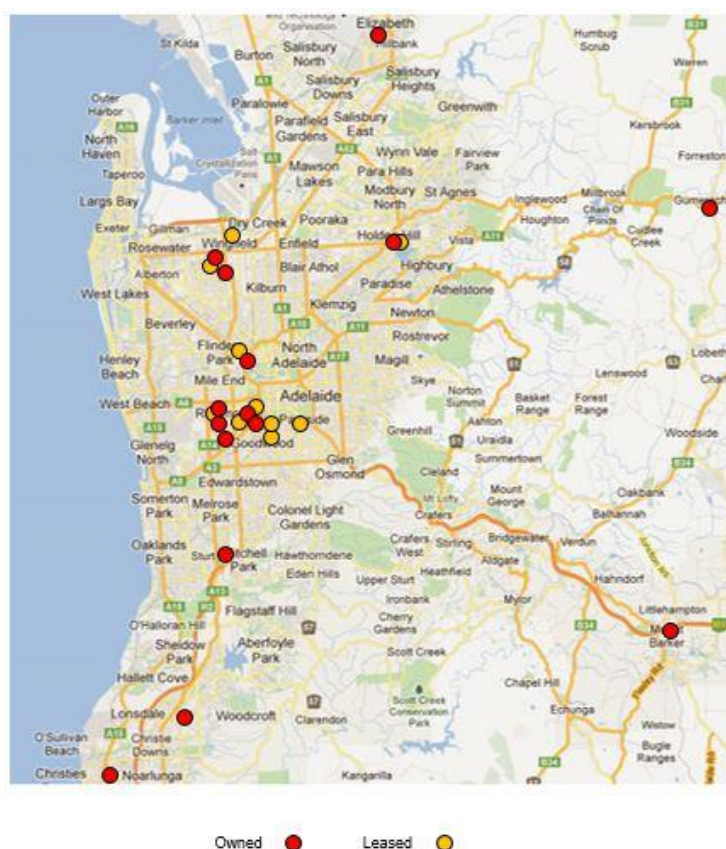
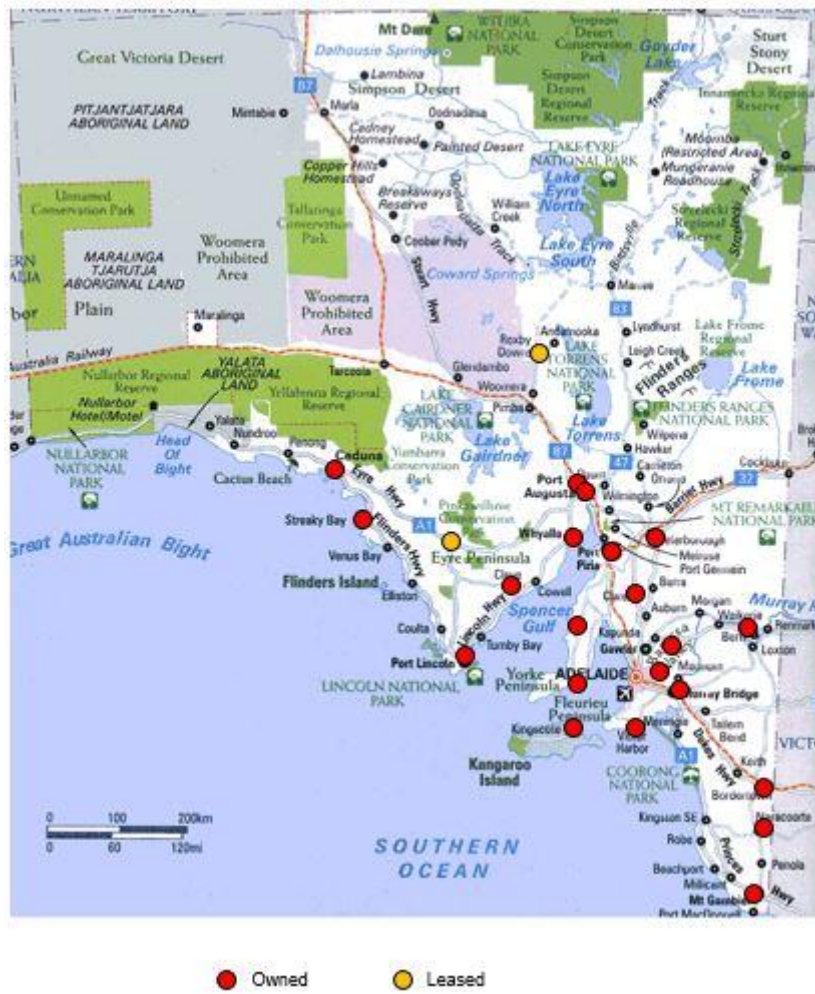


Figure 4 – Regional and Rural Property Locations



5. Property Services Structure, Roles and Functions

The Property Services group is managed by the Manager, Environment and Property and comprised of three business units, namely Maintenance Services; Office Services and Capital Works. This does not include construction or maintenance of Network assets such as substations, nor does it include property related transactions (easements, acquisitions / divestments etc) undertaken by the Real Estate Branch

The Manager, Environment and Property is responsible for the 'Plan' and 'Manage' components of the property management lifecycle. A brief description of the roles and function of each business unit is described below.

Maintenance Services

Maintenance Services is responsible for the ongoing supply of:

- building maintenance – the maintenance of all buildings and offices (other than substations) and their associated plant. This includes all fixed building electrical fittings, air conditioning, fencing, general yard and hard stand areas, the fabric of buildings and the associated services such as plumbing
- minor capital building works – the management of minor capital building work includes fit outs, extensions, relocations, minor civil works and consultancy advice; and
- asbestos inspections and removals from our buildings (including substations).

Office Services

Office Services is responsible for the ongoing supply of the following services:

- cleaning;
- waste removal;
- pest control;
- lift maintenance;
- catering;
- sanitary services;
- fire equipment maintenance;
- mail services;
- security systems; and
- stores (Keswick only).

The above services are supplied to all building and office locations to the standards set by Office Services in negotiation with the internal stakeholders.

Maintenance and Office Services are collectively responsible for the 'Maintain' component of the property management lifecycle.

Capital Works

The capital works group are responsible for coordinating a range of activities associated with the refurbishment and renewal of our property portfolio. This includes strategic property planning,

office refurbishments (both large and small) as well as construction of new buildings and property infrastructure.

Capital Works is responsible for the '*Build*' component of the property management lifecycle.

Procurement

Building and refurbishment projects are outsourced to a preferred panel of building suppliers. The current panel was established in late 2013 by the Procurement and Contracts team following a competitive procurement process. The panel has been established for a period of 3 years with the option to extend by one term of 2 years in accordance with Australian Standard Construction Terms and Condition (AS4000). The panel agreement includes an agreed schedule of rates, although cost consultants are engaged to assist with managing large projects.

Detailed building design and scoping ensure compliance with relevant legislative requirements and standards, including our Generic Depot Design Concept and Office Accommodation Standards

Scheduled maintenance, cleaning and repairs to our properties are undertaken by a preferred panel of cleaning services and building maintenance providers. The integrated facilities management panel was established in June 2014 by the Procurement and Contracts team following a competitive procurement process. The panel arrangement has been established for a period of 3 years with the option to extend for a further 2 years.

6. Property Management Lifecycle

We take a lifecycle approach to the management of our property portfolio. To achieve our strategic intent, core areas of focus and key objectives, property assets are managed and operated in accordance with a *Plan – Build – Maintain – Manage* mode of operation. Figure 5 provides an overview of the key activities, core documents, key accountabilities and outcomes for each stage of the property management lifecycle.

Figure 5 – Property management lifecycle

Stages	PLAN	BUILD	MAINTAIN	MANAGE
Key Activities	<ul style="list-style-type: none"> Develop Strategic Property plan following: <ul style="list-style-type: none"> Review of corporate strategy Consultation with internal stakeholders, including capacity review of portfolio Location, functionality, condition & compliance based assessment Identification of operational and compliance requirements Industry research and analysis 	<ul style="list-style-type: none"> Acquisition or lease of property in accordance with capital program Research requirements, market availability, options, and costs Build and refurbishment of offices and depots Building design and scoping to in accordance with relevant legislative requirements and standards 	<ul style="list-style-type: none"> Property cleaned and maintained in accordance with the maintenance works plan and relevant legislative requirements and standards 	<ul style="list-style-type: none"> Management of internal resources & budgets Risk identification and mitigation Manage relationships with internal & external service providers Compliance monitoring Monthly performance reporting Administrative processes
Core Documents	<ul style="list-style-type: none"> Strategic Property Plan Annual Property Capital Plan Annual Business Plan and budget Business cases 	<ul style="list-style-type: none"> Strategic Property Plan Panel agreements for build and building fit-out services SA Power Networks – Office Accommodation Standards Generic Depot Design Concept Asset Register and corporate databases Building Security Directive 	<ul style="list-style-type: none"> Strategic Property Plan Maintenance work plan Integrated cleaning and building maintenance agreements Inspection reports Asset Maintenance Register and corporate databases 	<ul style="list-style-type: none"> Corporate Governance Manual Risk Management Policy & register Panel agreements Monthly performance reports
Key Accountabilities	<ul style="list-style-type: none"> Manager, Environment and Property 	<ul style="list-style-type: none"> Manager, Environment and Property Capital Works Co-ordinator Purchasing & Contracts team 	<ul style="list-style-type: none"> Service & Maintenance Coordinator Capital Works Coordinator 	<ul style="list-style-type: none"> Manager, Environment and Property
Approvals	<ul style="list-style-type: none"> Chief Financial Officer Finance Expenditure Review Committee 	<ul style="list-style-type: none"> As per corporate Financial Authorities 	<ul style="list-style-type: none"> Manager, Environment and Property General Manager 	<ul style="list-style-type: none"> General Manager Executive Management Group Risk Management & Compliance Committee
Outcomes	<p><i>Effective property planning aligned to SA Power Networks strategic direction, priorities and operational requirements</i></p>	<p><i>Fit-for-purpose, compliant and equitable property provision in a cost-effective and timely manner to enable the efficient and effective operation of the business</i></p>	<p><i>Property maintained in accordance with legislative requirements and standards to maximise the safety, functionality and operating environment of our depots and office accommodation</i></p>	<p><i>Quality management of property resources, budgets and internal and external service providers and robust governance across the property management lifecycle.</i></p>

The *Plan – Build – Maintain- Manage* model provides a clear structured framework and approach to the management and operation of our property assets. Quality management and robust governance arrangements are fundamental across the property management lifecycle. A brief description of each stage is provided below.

Plan

The ‘Plan’ phase is focussed on the development and review of the property planning framework. Core planning documents include the Strategic Property Plan, the annual Property Capital Plan and the annual Property Business Plan and budget.

The ‘Plan’ stage involves:

- consideration of any changes to SA Power Networks’ strategic direction and priorities;
- consultation with the business to determine business drivers and requirements, including a capacity review of the property portfolio;
- undertaking a comprehensive location, functionality, condition and compliance based assessment of each property location;

- undertaking market research to consider industry trends and changes to building, safety and environmental compliance obligation;
- reviewing the Strategic Property Plan and updating as necessary;
- development of the Annual Property Capital Plan, annual business plan and budget and relevant business cases; and
- approval of Property Service’s updated planning documents by the Financial Expenditure Review Committee (**FERC**).

At the end of the ‘Plan’ stage Property Services has a clear understanding of the business need, which is reflected in the Strategic Property Plan and approved Capital Plan and budget for the next financial year.

At the completion of each projects greater than \$500k, a Post Implementation Review (PIR) is undertaken, which identifies any variations to the approved plan. Any material variations to plan require the prior approval of the FERC. The PIR is presented to the FERC for review with ‘lessons learnt’ used to inform the future planning processes.

Build

The ‘Build’ stage is focussed on the acquisition (or lease) and build or major refurbishment of property in accordance with the Strategic Property Plan and annual Property Capital Plan. Key documents in this stage include the Strategic Property Plan, annual Property Capital Plan, Office Accommodation Standards, Generic Depot Design Concept and Financial Authorities.

The ‘Build’ stage involves:

- issuing the approved Strategic Property Plan and annual Property Capital Plan to the Capital Works Coordinator, ensuring a clear understanding of the purchase and refurbishment strategy for the upcoming financial year as detailed in the plan;
- undertaking comprehensive market research to assess the availability, options, and costs of relevant property for purchase (where required);
- allocation of dedicated project managers, responsible for managing and overseeing capital works projects;
- outsourcing building and refurbishment works to our preferred panel of building suppliers;
- regular inspections by project managers throughout the build and/or refurbishment process, including risk assessment and mitigation, as necessary; and
- ongoing liaison between project managers and depot management to minimise disruption and ensure ongoing functionality of the depot through the build and/or refurbishment process.

Maintain

The ‘Maintain’ stage is focussed on cleaning, maintenance and minor refurbishment of property assets in accordance with the Strategic Property Plan and relevant legislative requirements. The Service and Maintenance Coordinator oversees the Property maintenance program. Key documents during this stage include the Strategic Property Plan, annual maintenance work plan and financial authorities.

The ‘Maintain’ stage involves:

- maintenance and cleaning of all property assets in accordance with the annual maintenance work plan, the integrated facilities management contract, relevant legislative requirements, and environmental and workplace, health and safety standards;
- regular property inspections / audits and record of break / fix requirements;

- scheduling and outsourcing of maintenance and cleaning to our preferred panel of cleaning services and building maintenance providers; and
- ensuring the Asset Register and internal and external databases are updated to reflect maintenance undertaken at offices and depots.

Manage

The 'Manage' stage is focussed on quality management and robust governance across the property expenditure lifecycle to ensure the efficient and effective use of property assets and resources. Key documents include the SA Power Networks' Corporate Governance Manual, the Risk Management Policy and register, Panel Agreements and monthly performance reporting.

At a high level, effective property management and governance involves:

- ongoing monitoring and management of internal resources and budgets, in accordance with annual approved Capital Plan, business plan and budget;
- identification and management of risks in accordance with the Risk Management Policy and register;
- monitoring compliance with legislative building and WH&S requirements;
- managing our professional relationships with external service providers, including monitoring work in accordance with Panel Agreements and agreed key performance indicators (KPIs); and
- monitoring and reporting against budget and KPIs, allowing decisions and strategies to be adjusted as necessary.

7. 2010 – 2015 Property Capital Performance

Current period performance

The buildings and property actual/forecast expenditure versus the AER's approved allowance for the current period is shown in Table 3.

Table 3: Comparison of buildings and property AER allowance and actual/forecast capital expenditure (\$million nominal)

Building and Property (\$m)	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 F'cast	Total
Allowance	18.0	19.0	23.2	18.0	11.9	90.1
Actual/forecast	9.8	19.7	15.6	11.0	11.9	68.0
Variation	8.2	(0.7)	7.6	7.0	0.0	22.1

The program for the current 2010-15 RCP was developed on the basis of a rigorous condition-based assessment of all properties within the portfolio. Prior to this, there had been limited data regarding property asset condition or performance. Significant investment has been made during the current period to address the outcomes of the condition-based assessment, highlighted by the construction of a new depot at Holden Hill and a range of other major refurbishment projects.

During the period, a number of planned projects were deferred or alternative approaches adopted. These include:

- an increased number of leased properties where it was more cost-efficient to lease rather than buy;
- delays in land acquisition and construction for depot enhancement in response to the downturn in outer metropolitan residential growth and difficulty in sourcing suitable properties. For example, we recently secured a lease for an industrial property in the north west metropolitan area in the absence of a suitable and cost-effective property for ownership; and
- capital works undertaken at St Marys and Morphett Vale depots to support delivery of services in the Southern metropolitan area. The construction of a new depot at Seaford (Southern area) was deferred until housing development work planned for this growth area increased in line with expectations. Notwithstanding this delay in construction, the land was acquired during this period.

8. 2015 – 2020 Property Capital Program

Building and property capital expenditure required for the 2015 –20 RCP is shown in Table 4.

Table 4 – Building and Property Capital Expenditure 2015 – 2020 (June 2015, \$ million)

Property Expenditure	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Land expenditure	0.6	0.0	0.2	0.2	0.0	1.0
Buildings expenditure	13.6	26.5	21.8	26.3	19.1	107.3
Easements expenditure	0.6	0.6	0.6	0.7	0.7	3.2
Total Property Expenditure	14.8	27.1	22.6	27.2	19.8	111.5

The provision of a fit-for-purpose, functional, safe and compliant property is paramount to ensure our employees have the right facilities available to them and that these facilities meet modern standards, comply with all legal and regulatory requirements and provide a safe work environment.

Accordingly, our 2015-20 expenditure reflects:

- property refurbishment, upgrades and depot rebuilds required to address the outcomes of our comprehensive location, functionality, condition and compliance based assessment covering:
 - compliance with building codes and WH&S requirements;
 - the alleviation of accommodation constraints;
 - facility upgrades and depot rebuilds i.e. refurbishment and modernisation;
 - location, accessibility and local pressures on service delivery;
 - additional new properties / buildings on new and existing sites;
 - depot security, associated with mitigating the risk of increasing thefts;
 - employee and public safety;
 - planned building maintenance and repairs; and
 - customer integration and resultant site functionality.
- forecast employee growth to deliver the significant network program of work over the next period and the associated property requirements.

On this basis, we have identified a need for major investment in property locations such as:

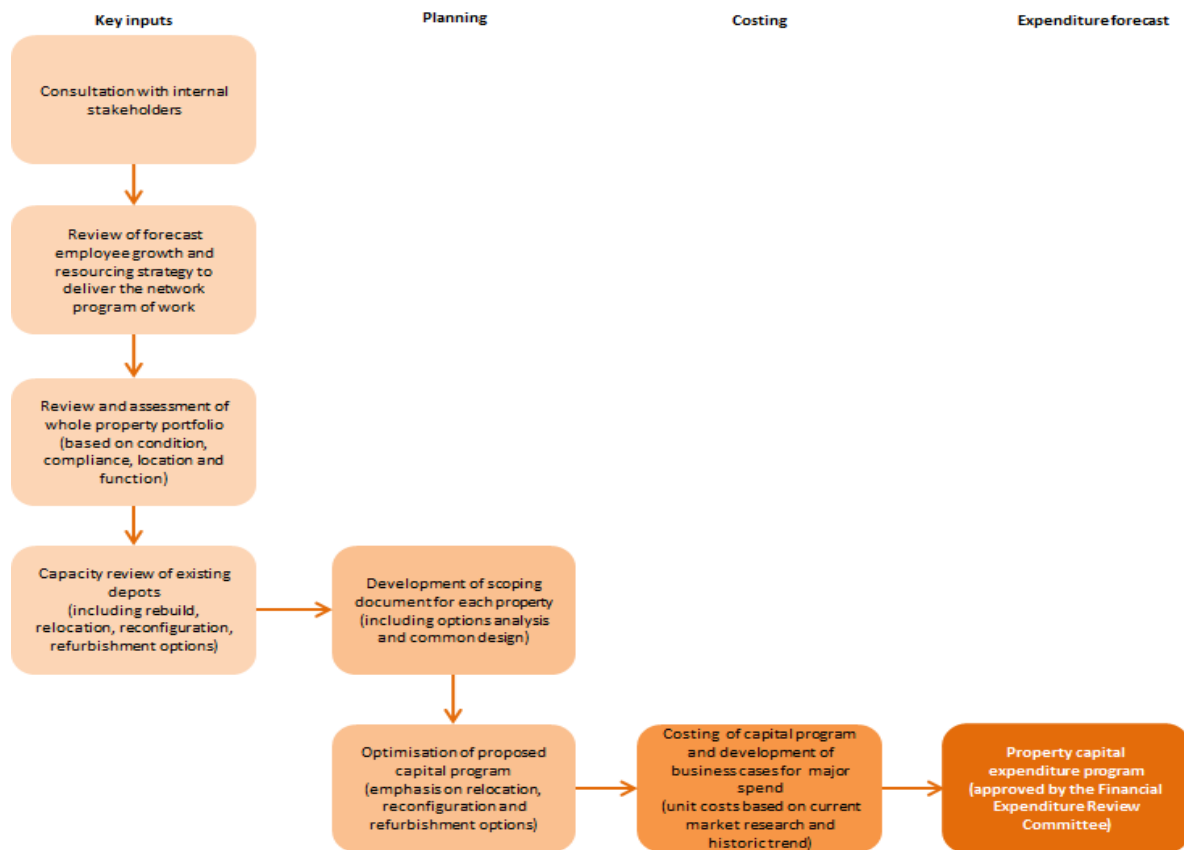
- Seaford - Build and fit-out of a new depot, plus the construction of a new industrial facility on vacant land owned;
- Angle Park North and Marleston North – relocation of functions and reconfiguration of existing sites;
- Keswick – ongoing refurbishment program of the corporate head office;
- Nuriootpa – Acquisition of land and construction of a larger depot; and
- Clare and Kadina - Build and fit-out of new and expanded depots on existing sites.

The remaining capital works program comprises moderate and minor works to address the outcomes of the location, functionality, condition and compliance based assessment.

Development of the capital works program

Our approach to the development of the 2015 – 2020 capital expenditure program is outlined in Figure 6.

Figure 6: Development of the capital works program



With the assistance of MRS Property, the program was developed through a collaborative and phased approach, which moved from an approach based primarily on asset condition to a more holistic view considering both individual property locations and the broader portfolio.

The process involved:

- consultation with internal stakeholders (through workshops and subsequent engagement) to examine the existing property portfolio, including functions undertaken at each location, capacity and forecast operations and employee growth, and to identify potential options to inform the 2015 – 2020 capital works program;
- an analysis by the business of forecast employee growth and the associated resourcing strategy to deliver the network program of work and the implications of this for SA Power Networks property portfolio; and a comprehensive review of the condition, functionality, compliance and condition of each property location. In order to attribute ratings/scores and therefore identify likely expenditure required over the next period, an assessment criteria and rating mechanism was established for all property types which was the subject of a workshop with key business personnel. Each property was subject to an assessment and scored. Table 5 sets out the assessment and scoring criteria.

Table 5: Property assessment criteria

Property assessment criteria	Scoring range	Scoring guide	Assessment factors
Location	1 – 5	Poor – Excellent	Business services catchment Access / egress Public transport Township
Functionality	1 – 10	Poor – Excellent	Suitability of use Site access Service vehicle parking Staff parking Circulation Main buildings Outbuildings Staff amenities
Condition	0 – 10	Obsolete - Excellent	Main buildings Outbuildings Paving and fencing Age Overall obsolescence
Compliance	1 – 2 – 5	No – Partial - Compliant	Contamination Site access Building Codes WH&S requirements Staff amenities

- a capacity review of depots, based on the outcomes of the above processes, including identification and analysis of options for each property location and consideration of land acquisition and new-build options;
- development of scoping documents for each property location, including the outcomes of the assessment; a summary of the existing property; an outline scope of identified works; cost estimates; and approximate timing of such expenditure across the 2015-2020 period;
- costings were estimated to reflect the identified works for each property. Cost estimates were sourced from recent works commissioned and supported by input from Wilde and Woollard Quantity Surveyors, Rider Levett Bucknall Quantity Surveyors and MRS Property.
- The costs were estimated on the following basis:
 - total building cost estimate, including fees – based on the required works and/or proposed development;
 - total development cost estimate, including land acquisition – includes the cost of a new site for the proposed development (where applicable);
 - net cost estimate – includes the gross realisation of any property disposal as a result of an assumed relocation; and
 - schematics and site design concepts were adopted through the costing exercise, and prepared by Grieve Gillett (Architects), Hassell (Interior Design/Architects) and Parade Studio Architects based on our generic depot designs and accommodation standards (where applicable).

- prioritisation and optimisation of the proposed capital program with an emphasis on relocation, reconfiguration, refurbishment and re-leasing options wherever possible to reduce to requirement for land acquisition, redevelopment and new industrial and office build;
- development of business cases for each of the major spend projects (identified above), including detailed options and costing analysis to support the proposed expenditure; and
- development of the property capital works program. A summary of the proposed capital works program for the 2015 – 20 RCP is provided at Appendix 1.

