



City of  
Mount Gambier

# Asset Management Summary 2023-2032

June 2022

**Document Control**

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## 1. Summary

The City of Mount Gambier currently manages approximately \$260 million of assets on behalf of the community. Council recognises the importance that these assets be provided and maintained at a satisfactory level taking into consideration legislative and compliance obligations, community expectations and available resources.

Assets are categorised into asset classes. Each class contains complex data, including information about an asset's age, location, use, type, estimated useful life and residual values. Table 1 provides a summary of Council's asset categories as at 30 June 2021.

Table 1: Infrastructure, Property, Plant and Equipment Summary, as at 30 June 2021

Asset Class	Net Fair Value \$'000	Accumulated Depreciation \$'000	Carrying Amount \$'000	Annual Depreciation \$'000
<b>LAND</b>				
Fair Value level 2*	15,601	-	15,601	-
Fair Value level 3**	37,791	-	37,791	-
<b>BUILDINGS &amp; STRUCTURES</b>				
Fair Value level 2*	3,987	2,018	1,969	-
Fair Value level 3***	110,607	55,304	55,303	2,630
Waste Management	10,081	8,920	1,161	795
<b>INFRASTRUCTURE</b>				
Stormwater drainage	8,110	2,353	5,757	115
Footpaths and Kerbing	75,902	19,807	56,095	1,157
Roads	70,457	20,216	50,241	1,861
Carparks	10,496	2,865	7,631	257
Plant & Equipment	8,997	2,707	6,290	724
Office Equipment	2,064	1,499	565	114
Riddoch Collection	3,515	-	3,515	-
Other	4,175	2,358	1,817	122
<b>TOTAL</b>	<b>361,783</b>	<b>118,047</b>	<b>243,736</b>	<b>7,775</b>

**NB** – This table excludes work in progress and right of use assets.

### **\*Fair value hierarchy level 2 valuations**

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

### **\*\*Fair value hierarchy level 3 valuations of land**

Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

### **\*\*\*Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets**

There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

## **2. Key Asset Management Projects**

### **2.1. Footpath Construction Program**

Council is reviewing its ongoing footpath construction program to improve accessibility to its Community using alternative means of transportation to motor vehicle transport. The Draft Long Term Financial Plan (LTFP) supports an investment of approximately \$3.8M for this program over the next 10 years.

### **2.2. Buildings and Structures strategic analysis**

Development of Council's categorisation and understanding of building and structure assets is a priority to enable better planning for annual budgeting, capital renewal and maintenance requirements.

## **3. Mobilising the Workforce**

One of Council's priorities is to mobilise field staff to update and maintain asset data whilst on the job in real time.

Equipping staff in the field with appropriate technology / devices will allow identification and reporting of any asset-related issues in real time which will streamline maintenance schedules and procedures. It will also assist with more accurate costings, further strengthening the ability to allocate, track and forecast Council's resources.

## 4. Caroline Landfill

Caroline Landfill is a critical piece of infrastructure for the region, being the only engineered landfill in South Australia located south of Murray Bridge. Financial modelling on the anticipated consumption of airspace of waste cells has been developed to assist with annual forecasting of depreciation, long term movements in cash outlays provide for more accurate forecasting of remediation provisions.

Recent changes to EPA requirements for construction of fully engineered landfill cells has had a significant impact on the cost of construction. Current Cell designs lodged with the EPA are undergoing review to ensure regulatory compliance with the new requirements. The impact is as yet unknown until the design is approved and tenders sought for construction. For this reason, the Caroline Landfill AMP last reviewed in FY2021 remains current until the impact of construction costs is examined further.

The Caroline Landfill AMP has not been included in this review.

## 5. New Projects

The Asset Management Plans include a provision for new/upgrade projects over the next 10 years. This creates the capacity for future investment. Individual projects will be incorporated in each annual budget following a ranking process undertaken to ensure that Council invests in priorities that will deliver public value to the community.

## 6. Asset Management Plans

This year Council has reviewed at a high level updated asset management plans for the following classes:

- Infrastructure
  - Roads
  - Footpaths
  - Drainage
  - Carparks
- Buildings and Structures
- Plant and Equipment
- Library, IT and Sundry.

Council is in the process of reviewing asset classes as part of reviewing service level standards to better inform the asset management plans. Parks and Gardens is one asset class that is missing from the current AMPs. Due to the many varied open spaces within the City of Mount Gambier a Sport, Recreation and Open Space Strategy (SROSS) has been developed to better understand the needs of the community in this space. Due to the inherent risks that require detailed planning and forecasting, especially when considering the inclusion of the Wulanda Recreation and Convention Centre in this space, this asset class will be included in future AMPs to define the service levels.

Refer to Appendix 1 for the Summary Forward Capital Works Program.

## 7. Asset Management Practices

### 7.1. Accounting / Financial Systems

- Local Government authorities in South Australia are established under the provisions of the Local Government Act, 1999.

- Financial and Accounting practices and procedures are required to be in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations and the Australian Accounting Standards.
- Council's asset accounting policy (as adopted in April 2022) ensures that all Council owned assets are valued and depreciated in accordance with relevant Australian Accounting Standards ("the Standards") pursuant to Local Government Act 1999 under section 303(4).organisation.
- Council's audit regime includes the required annual statutory audit required by legislation and also a periodic 'procedural' audit. This process is also completed on an annual basis.
- Council's accounting and financial systems utilise the Civica local government enterprise software solution entitled 'Authority'.
- The Authority software solution enables integration of all Council operations including the Finance and Asset Management functions.

## 7.2. Asset Management Systems

Council uses the Civica software AM program as its core asset management program. This program records all asset classes owned by Council together with all the relevant information on each asset. It allows assets to be linked to inspection and condition assessments as well as the historical information about the asset.

## 7.3. Information Flow Requirements and Processes

The key information that flows into the AM Plans 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 that flows from the AM Plans are:

- The assumed Works Program and trends
- The resulting budget, valuation and depreciation projections;
- The useful life analysis
- Funding gap/excess considerations
- Improvements for AM planning.

These will impact on the LTFP, Community Plan, Annual Business Plan and Budget.

## 8. Plan Improvement and Monitoring

### 8.1. Performance Measures

The effectiveness of the Infrastructure and Asset Management Plan can be measured in the following ways:

- The degree to which the required cashflows identified in this AM Summary are incorporated into Council's LTFP and Community Plan;
- The degree to which 1-20 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the Asset Management Plans.

### 8.2. Improvement Plan

Improvements identified for each individual asset class are detailed in their relevant AM plan. General improvements identified across all categories include:

- Development of a single corporate Asset Register
- Defining levels of service
- Standard categorisation of assets for improved reporting.

### 8.3. Monitoring and Review Procedures

This AM Summary and supporting Asset Management Plans will be reviewed annually as part of the development of an integrated planning process at the same time of the annual business plan and budget and Long Term Financial Plan to ensure alignment. At this time AMPs will be amended to recognise any changes in service levels and/or resources available to provide those services that will flow into the LTFP and ABP.

Under the Local Government Act 1999, the Plan has a life of 4 years and is due for revision and updating within 2 years of each Council election.



## REFERENCES

The City of Mount Gambier Futures Paper

City of Mount Gambier Strategic Plan 2020-2024

City of Mount Gambier Annual Business Plan and Budget

DVC, 2006, 'Asset Investment Guidelines', 'Glossary', Department for Victorian Communities, Local Government Victoria, Melbourne

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au](http://www.ipwea.org.au)

**Appendix 1 – Summary Forward Capital Works Program**

<b>Asset Management Plan - 2023-2032</b>											
		<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>
<b>Infrastructure</b>	<b>Renewal</b>	3,710,056	3,456,868	3,460,193	3,652,994	3,463,794	3,465,712	3,467,755	3,469,712	3,471,721	3,473,782
	<b>Upgrade/new</b>	549,000	374,000	374,000	374,000	374,000	374,000	374,000	374,000	374,000	374,000
<b>Buildings</b>	<b>Renewal</b>	850,800	587,389	1,089,158	1,091,021	1,092,884	1,094,869	1,096,984	1,099,010	1,101,089	1,103,222
	<b>Upgrade/new</b>	12,829,421	353,640	53,640	53,640	53,640	53,640	53,640	53,640	53,640	53,640
<b>Plant</b>	<b>Renewal</b>	1,386,000	2,054,251	1,580,377	984,964	445,707	1,628,588	1,944,328	1,598,618	1,626,884	1,376,407
	<b>Upgrade/new</b>	620,940	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
<b>Caroline</b>	<b>Renewal</b>	0	0	0	2,090,664	0	0	2,154,013	2,187,152	0	0
<b>Library</b>	<b>Renewal</b>	108,000	163,713	167,970	172,455	176,939	181,716	186,804	191,679	196,682	201,816
<b>IT</b>	<b>Renewal</b>	30,000	192,459	197,463	202,735	208,006	213,622	219,604	225,336	231,217	237,252
	<b>Upgrade/new</b>	0	78,497	80,538	82,688	84,838	87,129	89,568	91,906	94,305	96,766
<b>Sundry</b>	<b>Renewal</b>	100,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
	<b>Upgrade/new</b>	80,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
<b>TOTAL</b>	<b>Renewal</b>	6,184,856	6,524,680	6,565,161	8,264,833	5,457,330	6,654,507	9,139,487	8,841,507	6,697,592	6,462,478
	<b>Upgrade/new</b>	14,079,361	976,137	678,178	680,328	682,478	684,769	687,208	689,546	691,945	694,406
	<b>TOTAL</b>	<b>20,264,217</b>	<b>7,500,817</b>	<b>7,243,339</b>	<b>8,945,161</b>	<b>6,139,808</b>	<b>7,339,276</b>	<b>9,826,695</b>	<b>9,531,053</b>	<b>7,389,537</b>	<b>7,156,884</b>

**NB** – The Caroline Asset Management Plan has not been updated at this stage.