






City of  
Mount Gambier

# Interim Asset Management Summary 2024-2033

May 2023

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# 1. Summary

The City of Mount Gambier currently manages approximately \$300 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 2022.

**Table 1: Infrastructure, Property, Plant and Equipment Summary, as at 30 June 2022**

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**	37,816	-	37,816	-
<b>BUILDINGS &amp; STRUCTURES</b>				
Fair Value level 2*	4,020	2,131	1,889	113
Fair Value level 3***	103,373	50,605	52,768	2,782
<b>CAROLINE LANDFILL</b>				
Waste Management	10,231	8,086	2,145	842
<b>INFRASTRUCTURE</b>				
Stormwater drainage	8,149	2,471	5,678	117
Footpaths and Kerbing	77,571	20,981	56,590	1,206
Roads	73,028	22,029	50,999	1,932
Carparks	10,578	3,122	7,456	257
<b>PLANT AND EQUIPMENT</b>				
Plant & Equipment	9,385	3,304	6,081	788
Office Equipment	2,288	1,609	679	115
<b>SUNDRY/OTHER</b>				
Riddoch Collection	3,525	-	3,525	-
Other	4,408	2,497	1,911	139
<b>TOTAL</b>	<b>359,973</b>	<b>116,835</b>	<b>243,138</b>	<b>8,291</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. Strategic Review of Asset Management**

Due to growth and strategic priorities, Council is progressing a restructure of the current asset classes and asset allocation. Whilst this work has commenced, to continue to undertake the depth of work required a thorough review of Asset Management Planning has been identified as a strategic priority for Council, and features in the strategic work plan to be delivered throughout the next 3 years.

The Asset Management Planning approach is a priority project that will determine what people are required, what systems are required and what process is required to establish the clear integration point for Asset Management and Asset Accounting. The purpose of this work is to implement industry best practices critical for Councils legislative compliance in terms of Strategic Infrastructure & Asset Management, Capital works program and service delivery.

### **2.2. 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. To inform this work, Council have recently completed a CBD Disability Audit and the development of a Shared Path Masterplan is currently underway, due to be completed in the latter part of 2023.

The CBD Disability Audit and the Shared Path Masterplan will identify the future use, and guide development of the methodology, service level and maintenance of the shared path network throughout the City.

### **2.3. Buildings and Structures Strategic Analysis**

Developing 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. Condition audits for this asset class are scheduled across the next two financial years with the valuation for this asset category due for completion in FY 2024 (as at 1 July 2023).

## 2.4. Mobilising the Workforce

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

Equipping infrastructure staff whilst 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.

## 3. 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.

The ongoing issues with current market conditions and 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 have been approved. Whilst the tender process for construction has not been finalised at the time of preparing this summary, the financial implication has been revised in the Long Term Financial Plan (LTFP) financial modelling.

Due to growth, cost increases and a tightly regulated environment Waste Management master planning for Councils' Waste service, from kerbside to landfill, has commenced with the first draft due by December 2023. This masterplan will inform the next iteration of the Asset Management Plan/LTFP in December 2023.

## 4. New Projects

The Asset Management Plan includes 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.

The adopted and proposed forward works program has been restated to include Caroline construction as new/upgrade.

## 5. Asset Management Plan

This interim asset management summary outlines the volume of work underway to strategically review Council's approach to asset management. The revised asset classes and asset management plans will be prepared for inclusion in the LTFP to be developed in the first half of FY 2024.

**Infrastructure Condition Audits and Valuation** - The condition audits have recently been submitted and valuation for this asset category are due for completion in FY 2023 (as at 30 June 2023).

**Buildings Condition Audits and Valuation** - Condition audits are scheduled across the next two financial years with the valuation for this asset category due for completion in FY 2024 (as at 1 July 2023).

**Plant and Equipment** - A review has been undertaken to revise asset lives and to also align the asset management plan with lead times.

**Library, IT and Sundry** – Library books have been transferred to operating.

Council is continuing the process of reviewing asset classes and establishing clear service level standards to better inform the asset management plans. Parks and Gardens is one asset class that is yet to be introduced. Implementation of the Sport, Recreation and Open Space Strategy (SROSS) has been identified as a priority strategic project that will be key to defining the management of this asset class.

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

## **6. Asset Management Practices**

### **6.1. 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 December 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.

### **6.2. 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.

### **6.3. 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.

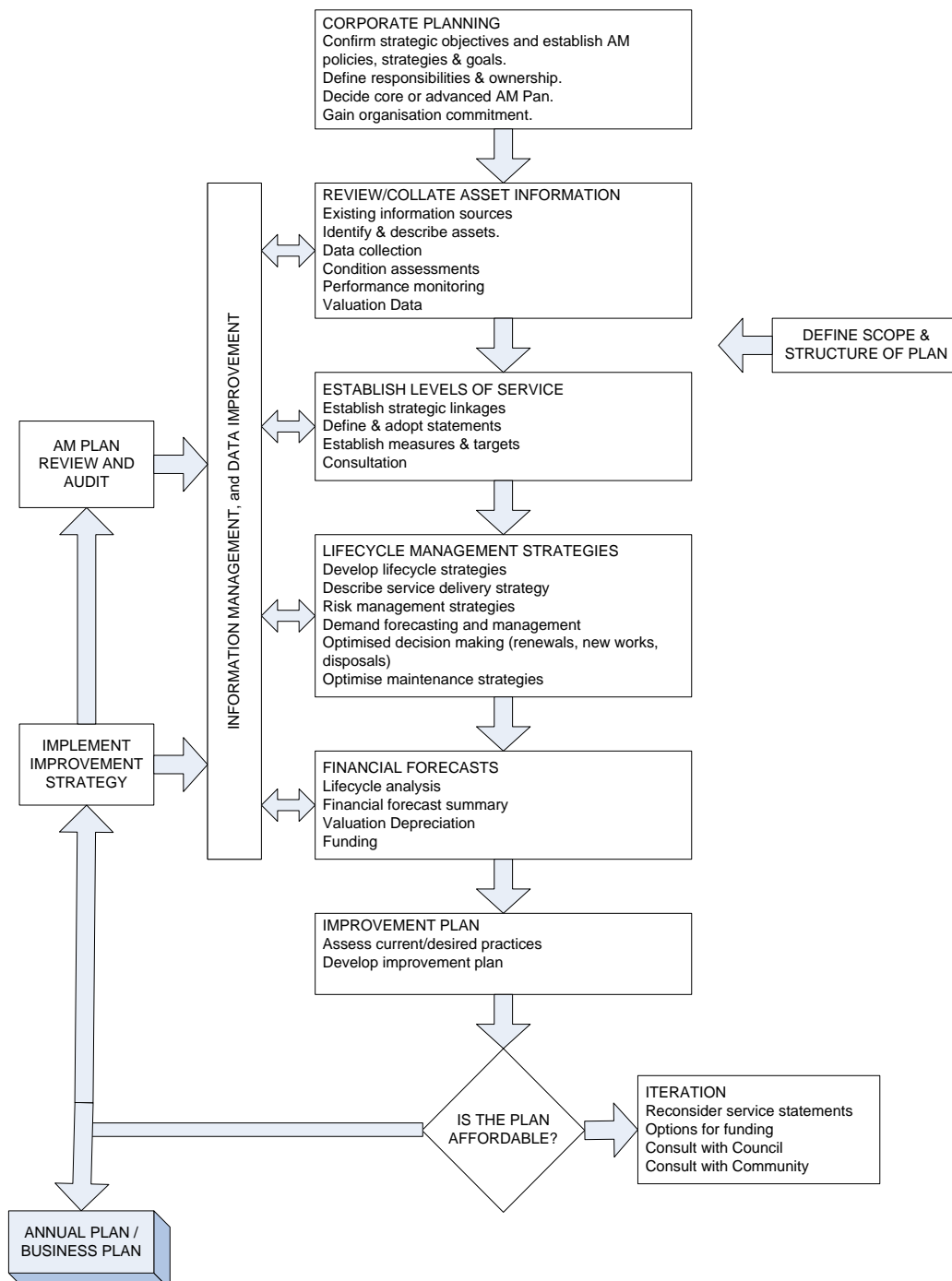
Key elements of the Plan are:

- Levels of service – specifies the services and levels of service to be provided by Council.
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how Council will manage its existing and future assets to provide the required services.
- Financial summary – what funds are required to provide the required services.
- Asset management practices.
- Monitoring – how the Plan will be monitored to ensure it is meeting Council's objectives.
- Asset management improvement plan.

A road map for preparing an Infrastructure and Asset Management Plan is shown below.

### Road Map for preparing an Infrastructure and Asset Management Plan

Source: IIMM Fig 1.5.1, p 1.11



## **7. Plan Improvement and Monitoring**

### **7.1. 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 Interim Asset Management Summary are incorporated into Council's Strategic Plan, LTFP, and Annual Business Plan & Budget.
- 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.

### **7.2. Improvement Plan**

Improvements identified for each individual asset class are detailed in their relevant Asset Management 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.

### **7.3. Monitoring and Review Procedures**

This Interim Asset Management Summary outlines Councils approach to revised asset classes and asset management plans that will be prepared in draft form by December 2023. This approach remains aligned with Councils integrated planning process undertaken at the same time of the annual business plan and budget and Long-Term Financial Plan. During this review Councils existing AMPs will remain current.

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

Asset Management Plan - 2024-2033											
\$'000s		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Infrastructure	Renewal	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
	Upgrade/new	374	374	374	374	374	374	374	374	374	374
Buildings	Renewal	700	700	700	700	700	700	700	700	700	700
	Upgrade/new	1,080	124	104	104	104	104	104	104	104	104
Plant	Renewal	1,742	2,223	1,092	1,160	1,066	2,264	1,343	1,825	667	1,785
	Upgrade/new	40	40	40	40	40	40	40	40	40	40
Caroline Landfill	Upgrade/new	2,200	0	0	0	0	3,333	0	0	2,960	0
IT	Renewal	30	193	193	193	193	193	193	193	193	193
	Upgrade/new	30	79	79	79	79	79	79	79	79	79
Sundry	Renewal	90	90	90	90	90	90	90	90	90	90
	Upgrade/new	179	80	80	80	80	80	80	80	80	80
TOTAL	Renewal	5,762	6,406	5,275	5,343	5,249	6,447	5,526	6,008	4,850	5,968
	Upgrade/new	3,903	697	677	677	677	4,010	677	677	3,637	677
	TOTAL	9,665	7,102	5,951	6,019	5,925	10,456	6,202	6,684	8,486	6,644

\*Please note that the forecast numbers above are unindexed. Indexation is applied when the numbers are included in the Long Term Financial Plan.