



City of  
Mount Gambier



# Asset Management Plan Summary

2020/2029

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## ABBREVIATIONS

<b>AM</b>	Asset Management
<b>AMPs</b>	Asset Management Plans
<b>CVR</b>	Capital Value Record
<b>IRMP</b>	Infrastructure Risk Management Plan
<b>LTFP</b>	Council's Long Term Financial Plan

# 1. Summary

The City of Mount Gambier currently manages approximately \$247 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 eight broad 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 2018.

Table 1: Infrastructure, Property, Plant and Equipment Summary, as at 30 June 2018

Asset Class	Net Fair Value \$'000	Accumulated Depreciation \$'000	Carrying Amount \$'000	Annual Depreciation \$'000
<b>LAND</b>				
Fair Value level 2*	10,063	-	10,063	-
Fair Value level 3**	41,951	-	41,951	-
<b>BUILDINGS &amp; STRUCTURES</b>				
Fair Value level 2*	1,018	-	1,018	-
Fair Value level 3***	98,268	33,793	64,475	2,363
Waste Management	8,876	6,068	2,808	623
<b>INFRASTRUCTURE</b>				
Stormwater drainage	7,185	1,986	5,199	99
Bridges	164	73	91	3
Footpaths and Kerbing <sup>1</sup>	70,928	16,555	54,373	702
Roads	63,332	15,194	48,138	1,826
Carparks <sup>2</sup>	10,231	2,092	8,139	249
Plant & Equipment	7,625	2,491	5,134	701
Office Equipment	2,060	1,648	412	158
Riddoch Collection	3,434	-	3,434	-
Other	3,232	1,501	1,731	280
<b>TOTAL</b>	<b>328,367</b>	<b>81,401</b>	<b>246,966</b>	<b>7,004</b>

<sup>1</sup> This includes the value of grass footpath

<sup>2</sup> This includes any new additional carparks constructed in the 2018 Financial Year

### **\*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.

Council recognises the need for a high level strategy to manage its assets and has developed an Asset Management Strategy (the Strategy). The Strategy sets a clear direction for Council's approach to manage its assets whilst maximising their benefits to Council, the Community and utilising resources as efficiently and effectively as possible.

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

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

Council is continuing its ongoing footpath construction program to improve accessibility to its Community using alternative means of transportation to motor vehicle transport. The Long Term Financial Plan (LTFP) supports an investment of approximately \$3.5M 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. Council has recently established a set of five groupings that all its building and structure assets will be categorised within. Supporting these groupings are seven criteria or attribute questions. A key task of Council this year is to answer these attribute questions for all buildings to ensure a consistent and methodical approach to categorising the relevant assets. Attached to each grouping is a set of financial modelling assumptions. Once the grouping of each building asset is known, high-level financial modelling will be completed and assessed in conjunction with Council's LTFP and strategies.

### 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. This year Council will develop financial modelling on the anticipated consumption of airspace of waste cells to assist with annual forecasting of depreciation, long term movements in cash outlays and provide for more accurate forecasting of remediation provisions.

### 5. New Projects

Council has recently submitted funding applications to the State and Federal Government for the development of a Community and Recreation Hub. The anticipated build cost of this facility is \$39.1 million, which equates to approximately 16% of the current carrying value of Council's total assets. Should this project go ahead, it would be a substantial investment for our community and the broader region and require significant planning and resourcing. Due to this, Council have recently started expanding its forward works programming from 10 year horizons to 20 year horizons. Over the next 2 years Council plans to develop all forecasting, including its LTFP to 20 years to ensure we are best placed to plan for asset renewal, cash flows and operating surpluses.

### 6. Asset Management Plans

This year Council has developed separate asset management plans for the following classes:

- Infrastructure
  - Roads
  - Footpaths
  - Drainage
  - Carparks
- Buildings and Structures
- Caroline Landfill (new)
- Plant and Equipment
- Information Technology and Systems (new).

Council has developed two new asset management plans (as listed above) for classes of assets that are considered significant in their own right and due to the nature of the asset(s) require detailed planning and forecasting.

Should the Community and Recreation Hub project go ahead, a separate AMP may be required to cover its unique community, aquatic, sporting and recreation renewal and maintenance requirements.

## 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 Standard.
- Council's financial and accounting function is subject to a comprehensive Internal Control Policy and has reporting responsibilities to Council's Audit Committee whose membership is derived from persons both internal and external of the 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 accounting and AM 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.

The AM program allows the linking of Capital Value Records (CVR) for all assets and for the posting of actual costs for either planned work or maintenance work on assets through the work order system. The system also allows for the general ledger information to be directly linked and reported from within the AIM program

Civica have developed a link with GIS products to allow easier navigation to various assets that Council owns. This also makes the product more user friendly to browser users as well as assisting field staff undertake inspections, condition assessments and the recording of new assets in the field.

The program allows for the exporting of all data into excel spreadsheets for easier reporting and data manipulation purposes as it is limited in being able to undertake detailed asset management tasks such as asset consumption forecasts.

### 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 Budget and departmental business plans and budgets.

## **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 will be reviewed during annual budget preparation and amended to recognise any changes in service levels and/or resources available to provide those services as a result of the budget decision process.

The Plan has a life of 4 years and is due for revision and updating within 2 years of each Council election.

## REFERENCES

City of Mount Gambier Community Plan – The Futures Paper 2016-2020

City of Mount Gambier Annual Report 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)

# APPENDICES

Appendix A      Maintenance Response Levels of Service

## LEVELS OF SERVICE

## APPENDIX A

The following table outlines standard levels of service for all council assets. Refer to Infrastructure and Asset Management Plan for information of class specific exceptions, how well the assets are performing and how Target Performance will be sought.

Key Performance Indicator	Level of Service	Performance Measurement Process	Target Performance
<b>Community Utility</b>			
Legislative Compliance	to ensure compliance with relevant acts and legislative requirements	audit and review of compliance requirements	full compliance
Safety	to provide safe access and amenity	audit and review of compliance requirements	full compliance
Customer Satisfaction	to provide assets that meet customer requirements and expectations in relation to accessibility, form and function	conduct customer survey in relation to asset provision	customers to provide an average satisfaction level of good to excellent (greater than 7 on scale 0-10)
<b>Operating or Technical</b>			
Condition	to provide the asset base in a condition that is safe, asethetic, fit for purpose and meets customer expectations	to complete city wide progressive condition audit and risk assessment audit every two years	90% of assets to have a condition rating of fair to excellent
Responsiveness	to respond to customer requests consistent with corporate standards and service agreements	periodic reports on customer request turn around times and customer satisfaction feedback forms  level of overall customer requests monitored	90% of customer requests to be processed within the agreed timeframes  10% reduction in reactive customer requests per annum
Performance	to ensure the assets perform cost effectively and provide adequate service to the community	performance analysis  level of service reviews and audits	individual asset groups to meet identified needs
Design and Capacity	level to provide assets that meet required service levels and standards, design standards and specifictions	endorsed service standards and specifictions for the building and maintenance of assets	100% compliance
Cost Effectiveness	to provide and maintain the assets according to best value over the lifecycle while meeting Council objectives	lifecycle cost in conjunction with intervention and deterioration modelling	reduction of lifecycle costs to equivalent of benchmarked best pralice



City of  
Mount Gambier



10 Watson Terrace (PO Box 56)  
Mount Gambier SA 5290

**Phone** 08 8721 2555

**Email** [city@mountgambier.sa.gov.au](mailto:city@mountgambier.sa.gov.au)

[www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au)