



Naracoorte Lucindale Council

Better by Nature

Summary Infrastructure and Asset Management Plan

2020 – 2030

(1 July 2020 – 30 June 2030)



*The Best place in regional South Australia to live, work,
do business, raise a family and retire.*

*Created by having a Prosperous Community with Healthy Landscapes,
Liveable Neighbourhoods and a focus on Harmony and Culture*

Revision History

Comments	Date	Minute Reference
2020 - 2030 Reviewed		
2019 – 2029 version 1 Reviewed and supporting plans removed from summary document	25 June 2019	Council – Resolution 296/19
2017 – 2027 version Summary document included supporting plans	28 August 2018	Council – Resolution 47/19

The Naracoorte Lucindale Story

The Naracoorte Lucindale Council is located at the heart of the Limestone Coast region. The Council is approximately 300 kilometres from Adelaide and 450 kilometres from Melbourne. Naracoorte is the main service centre for the Council district, which also contains the smaller communities of Lucindale, Hynam, Kybybolite and Frances.

Settlement began in the 1840s. The Naracoorte town layout is a result of its beginning as two separate towns. Prior to European settlement, several groups of Indigenous peoples occupied the region, with the Meintangk most closely aligned to our district.

The district is characterised by reliable rainfall and contains prime agricultural land and accessible underground water. It is home to a thriving and vibrant rural economy; featuring beef and dairy cattle, sheep for both wool and meat, and cereal growing.

Two large enterprises; Teys

Australia Meat Processing Facility and Mini Jumbuk wool manufacturing centre value add to the primary produce with large grain storage facilities supporting the cereal growing industry. Naracoorte Lucindale Council is central to some of Australia's best wine producing areas with parts of both the Wrattenbully and Padthaway wine regions within the district.

There is a strong tourism industry in the Council area supported by the Visitor Information Centre in Naracoorte. South Australia's only World Heritage site, Naracoorte Caves and Bool Lagoon Game Reserve, a wetland of international importance, are the district's two best known natural features. Several more conservation parks and reserves are home to abundant wildlife. Other attractions in the area include the Sheep's Back Museum, Mini Jumbuk Centre, Cockatoo Lake, Limestone Coast Cheese Factory, Naracoorte Golf Club, Lucindale Country Club and the Naracoorte Swimming Lake.

The official population count from the 2016 Census is 8291, with 52% males and 48% females. This was a small decline from the 2011 Census. Since the 2011 Census, there has been an increase in migrants settling in Naracoorte, reflected by the decrease in Australian born residents from 85% to 80.4% with 8.6% from non-English speaking backgrounds. Employment levels remain high at over 96% of the labour force. Of these 58.3%, a decrease from 64% in 2011, are working fulltime.



Strategic Plans

Naracoorte Lucindale Council's high level strategic documents include the Strategic Management Plan 2016-2026, Infrastructure and Asset Management Plan and Long Term Financial Plan.

The Strategic Plan is the key document guiding the direction of Council. It is structured so that Council's decision making can be informed by the outcomes and actions set in the Strategic Plan.

Council's Strategic Management Plan provides a vision for the Naracoorte Lucindale community.

By 2026 NLC will be:

The best place in regional South Australia to live, work, do business, raise a family and retire.

*Created by having a **Prosperous Community** with **Healthy Landscapes, Liveable Neighbourhoods** and a focus on **Harmony and Culture***

An organisation known for:

Progressive Leadership with strong community connections, efficiently managing our shared assets, services and natural resources.

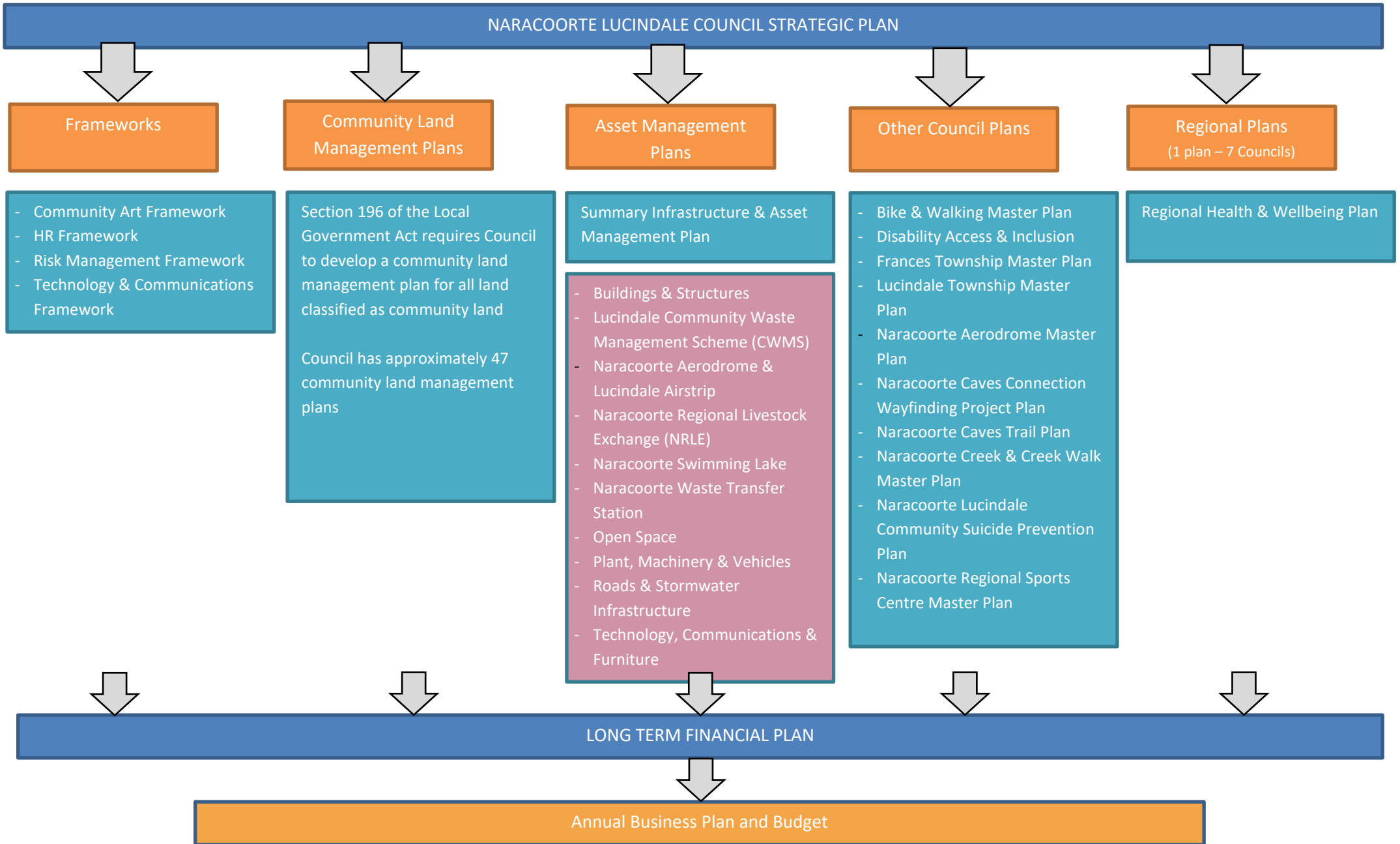
Council's **VISION** will be reached by achieving a number of **Themes** (principal goals), **Outcomes** (specific results), **Actions** and **Targets**.

The purpose of Council's Infrastructure & Asset Management Plan (IAMP) is to ensure Council maintains and renews its existing assets in a financially sustainable manner and plans for the known future.

Due to the nature of Local Government and the high level of long-lived assets that Council is responsible for, Council's Infrastructure and Asset Management Plan is integral to the development of a robust Long-Term Financial Plan (LTFP).

Council's infrastructure and asset management plan aims to predict infrastructure consumption and renewal needs, as well as considering new infrastructure to meet the future service needs and desires of our community. The results generated by this plan are very dependent on the accuracy of data (eg. road condition, length, material, etc) and assumptions made (eg. useful lives and residual values). Due to the amount of data involved, it makes the analysis and verification of this data a complex process. As Council's infrastructure and asset management plan matures, so will the LTFP.

Council's Infrastructure & Asset Management Plan is not set in stone, but is a live document and will be reviewed and updated on an annual basis as data is validated and improved and community needs change. The purpose of this document is to provide a broad long-term view of the costs associated with managing current assets and development of new assets and to provide a data driven LTFP.



Legislative Requirements

The Local Government Act, Section 122 (1a) (b) states that a Council must adopt an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the Council for a period of at least 10 years.

Section 122 (1b) states that the financial projects in a LTFP adopted by Council must be consistent with those in the IAMP adopted by the Council.

Section 122(4) (b) states that in any event, Council must undertake a comprehensive review of its strategic management plans (which includes the IAMP) within 2 years after each general election of the Council.

Levels of Service

Service levels will be reviewed over time and maintained, increased or reduced as appropriate. Service levels will be defined in the documents that support this Plan.

Desired levels of service are determined from customer requests and feedback from Councillors and staff. In the future consultation with identified stakeholders will be undertaken to assist in the determination of sustainable service levels.

Supporting Documents and Source Data

The following documents are used as source documents: -

- Buildings & Structures Management Plan
- Naracoorte Waste Transfer Station Management Plan
- Community Waste Management Scheme Management Plan
- Naracoorte Regional Livestock Exchange Management Plan
- Naracoorte Aerodrome Management Plan
- Naracoorte Swimming Lake Management Plan
- Road & Stormwater Management Plan

Risk Management

An Organisational Risk Register has been developed and is reviewed biannually by Council's Management Team.

Council's Audit Committee's Works Program includes the task of monitoring "*whether an assessment has been undertaken to identify Council's risk exposure and actions established to minimize their likelihood and effect*". The Committee's annual review of this task includes a review of the Organisational Risk Register. The Committee's review is presented to Council for endorsement.

The Register achieves the following: -

- Identifies risks, including risks created by and to Council infrastructure
- Identifies existing controls
- Assesses the consequences and likelihood and assigns a risk level/rating
- Includes new controls and actions to be introduced
- Assesses the residual risk
- Assigns responsibility

Financial Sustainability

Financial Sustainability is defined as:

“A Council’s long-term financial performance and position is sustainable where planned long term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.”

Council’s target is an asset renewal funding ratio of between 90% and 110% over any three (3) year period.

Council’s actual ratio for 2018-19 and 2019-20 was 81% and 96% respectively with a forecast ratio of 183% in 2020-21. The three (3) year average for the period 1 July 2018 – 30 June 2021 is estimated to be 120%.

The asset renewal funding ratio measures the extent to which assets are being replaced/renewed as they wear out. If Council achieves a ratio of 100% it means that it is performing well and renewing its assets at a sustainable level. If the ratio is consistently below 90% it means that assets are wearing out and not being renewed within the identified optimum timeframe. This would create a backlog of asset renewals and potentially have financial impacts on future generations.

The ratio is calculated by dividing actual expenditure on asset replacement/renewal by forecast expenditure in the asset management plan.

Under spending on renewal and replacement over the medium to long term is likely to adversely impact on the achievement of preferred, affordable service levels and could potentially undermine Council’s financial sustainability.

Key Assumptions and Basis for Preparation of the Infrastructure & Asset Management Plan

The following assumptions have been used as the basis for preparing the IAMP:

- Based on best estimates, it has been assumed that the movement in Consumer Price Index (CPI) as at December each year will be 2% for the period 2020 - 2030.
- A modest growth factor is assumed
- Provision of services is based on current practice and it is assumed that no additional services will be introduced for the term of the Plan
- Priority is given to funding the maintenance or renewal of existing assets
- Minimal extension or expansion of assets will occur for the term of the Plan
- Priority is given to undertaking works which reduce the future maintenance costs of Council and/or significantly extend the useful life of existing assets.
- There are a number of potential projects that Council discusses in general terms from time to time. These projects have not been taken into consideration when formulating this Plan.
- Funding opportunities will continue to be investigated and grant revenue targeted in a strategic manner.
- Estimated total life, remaining life and replacement value is sourced from Council’s asset management registers as at 30 June.
- This Plan excludes the following asset classes (refer Note 7 of Annual Financial Statements): Land and Library Materials.

What Council Owns

The value of assets included in this Plan, as at 30 June 2020, are included in the following table:

ASSET CATEGORY	REPLACEMENT VALUE AND / OR HISTORIC AS AT 30 JUNE 2020 (\$)
Buildings & Structures	\$23,042,216
Open Space	\$4,331,314
Naracoorte Transfer Station	\$1,445,900
Lucindale Community Waste Management Scheme (CWMS)	\$3,766,894
Naracoorte Regional Livestock Exchange (NRLE)	\$10,844,350
Naracoorte Swimming Lake	\$3,983,140
Aerodromes	\$3,751,266
Plant, Machinery & Vehicles	\$8,214,453
IT & Furniture	\$952,041
Infrastructure	
- Bridges & Drainage	\$6,538,613
- Roads (includes pathways, kerb, water table, etc)	\$187,747,725
- Stormwater	\$17,156,481
TOTAL	\$271,774,393

Measuring Our Performance

Quality

Naracoorte Lucindale Council's assets will be maintained in a suitably usable condition. Issues found or reported that are outside normal maintenance and/or servicing will be assessed and appropriate remedial action taken.

Some buildings and other infrastructure are leased by external parties and certain obligations rest with the Lessee.

Function

Our intent is that assets will be suitably fit for purpose, assessed and repaired as appropriate, and meet minimum regulations and standards.

Asset attributes will be maintained at an appropriately safe level and associated signage and equipment be provided as needed to ensure public safety.

Safety

Due to the large number of assets, the public plays an important role in the reporting of issues and defects.

Periodic inspections of buildings take place with regard to fire safety, asbestos and Work Health & Safety. Scheduled inspections are being introduced with the intent of providing proactive, planned maintenance moving forward.

Any reported issue, defect or hazardous material will be assessed and actioned based on level of risk and resource implications and appropriate remedial action taken.

What Does It Cost

There are two key indicators of cost to manage the open space assets. The average cost of existing assets for the term of this plan and the total planned expenditure on existing assets required to deliver current service levels in the next 10 years.

The average cost of existing assets for the term of this plan (maintenance plus depreciation) is estimated at \$11,960,943 per annum.

Council's average planned expenditure (maintenance plus capital renewal) over the life of this plan is \$11,589,938 per annum which gives a life cycle sustainability index of 97% (this is because the renewal expenditure identified as warranted over the period of this plan is slightly less than the depreciation for the period).

The total forecast expenditure to provide the assets included in this plan over the period of this plan is \$158,288,535 (incorporates maintenance, operating, debt servicing costs, internal loan and capital [renewal & new]).

This is an average of \$15,828,853 per annum.

Forecast Income

Operating

Operating Income includes grant income, rental charges and user fees.

The current forecast operating income for the term of the plan is \$29,723,529.

Capital

Capital Income primarily includes grant income.

The current forecast capital income for the term of the plan is \$9,462,074.

Loan Borrowing

New loan borrowings of \$1,000,000 are forecast for the latter part of 2020-21 for the library project.

Forecast Expenditure

Operating

Operating includes costs associated with operating the assets and includes costs such as electricity and insurance. Ancillary costs are excluded from this calculation.

The current forecast operating expenditure for the term of the plan is \$23,350,510.

Maintenance

Maintenance includes costs associated with maintaining the assets and includes costs such as building maintenance, repairs, mowing, linemarking, shoulder maintenance, grading, sealed and unsealed repairs. This can also include internal costs, such as staff and plant. Ancillary costs are excluded from this calculation.

The current forecast maintenance expenditure for the term of the plan is \$51,750,593.

Depreciation

Other than land, all infrastructure, property, plant and equipment assets are systematically depreciated over their useful lives. Additional information relating to recognition of assets, depreciation and useful lives can be accessed in [Council's Policy – Account for Infrastructure, Property, Plant & Equipment](#).

The current forecast depreciation for the term of the plan is \$67,858,838.

The average depreciation per year for assets included in this plan is \$6,785,884

Debt Servicing Costs

The current forecast debt servicing costs for the term of the plan is \$2,741,898 (principal & interest).

Internal Loan payment of \$17,280 is paid by Naracoorte Regional Livestock Exchange on an annual basis.

Capital (Renewal)

Capital (Renewal) are capital costs associated with renewing or replacing current assets.

The current forecast capital (renewal) expenditure for the term of the plan is \$64,148,784.

Capital (New)

Capital (New) are capital costs associated with upgrading current assets or adding new assets.

The current forecast capital (new) expenditure for the term of the plan is \$14,123,950.

Summary

A summary of expenditure and income associated with specific asset classes is provided on the following page.

Summary

Income is indicated by () in the tables below.

Infrastructure and Assets	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	TOTAL
Operating Income	(3,034,783)	(3,085,065)	(3,141,553)	(3,204,270)	(2,736,092)	(2,790,701)	(2,846,402)	(2,903,217)	(2,961,167)	(3,020,276)	(29,723,529)
Operational Expenses	2,346,245	2,363,557	2,403,466	2,449,168	2,507,172	2,557,911	2,605,644	2,653,490	2,697,682	2,766,175	25,350,510
Maintenance	4,573,892	4,891,618	4,906,468	5,018,985	5,158,369	5,292,345	5,293,628	5,495,204	5,482,412	5,637,672	51,750,593
Depreciation	5,573,792	5,879,070	6,212,419	6,486,304	6,706,365	6,944,460	7,191,218	7,432,681	7,621,624	7,810,904	67,858,838
Debt Servicing costs	495,766	544,826	273,586	273,586	273,586	273,586	273,586	176,109	78,633	78,633	2,741,898
Internal Loan	17,280	17,280	17,280	17,280	17,280	17,280	17,280	17,280	17,280	17,280	172,800
Capital Income	(440,000)	(335,400)	(370,382)	(1,090,576)	(1,358,994)	(1,418,744)	(1,524,824)	(891,380)	(950,216)	(1,081,559)	(9,462,074)
Renewal / Replacement	7,062,944	6,289,880	6,326,177	7,892,160	6,905,389	6,819,746	6,407,092	5,011,583	5,347,428	6,086,385	64,148,784
New / Upgrade	3,174,340	3,091,090	1,781,685	575,706	828,061	1,081,999	1,565,365	789,721	644,413	591,571	14,123,950
NET	19,769,476	19,656,855	18,409,147	18,418,342	18,301,135	18,777,881	18,982,588	17,781,471	17,978,088	18,886,785	186,961,769

	Cost of Existing Assets for Term of This Plan	Planned Expenditure on Existing Assets	Sustainability Index	Total Forecast Expenditure
Operating Income	-	-		-
Operational Expenses	-	-		25,350,510
Maintenance	51,750,593	51,750,593		51,750,593
Depreciation	67,858,838	-		-
Debt Servicing Costs	-	-		2,741,898
Internal Loan	-	-		172,800
Capital Income	-	-		-
Renewal / Replacement	-	64,148,784		64,148,784
New / Upgrade	-	-		14,123,950
TOTAL	\$119,609,431	\$115,899,377		\$158,288,535
AVERAGE	\$11,960,943	\$11,589,938	97%	\$15,828,853