

ASSET PLAN 2022



LODDON
SHIRE

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Building Asset Management Plan
Footpath Asset Management Plan
Parks and Gardens Asset Management Plan
Recreation, Leisure and Community Facilities Asset Management Plan
Road Asset Management Plan
Stormwater Drainage Plan
Asset Management Policy
Asset Management Strategy
Council Plan
Community Vision

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This document is available in alternative formats (e.g. larger font) if requested.

ACKNOWLEDGEMENT OF COUNTRY

Loddon Shire Council acknowledges the Traditional Custodians of the land comprising the Loddon Shire Council area. Council would like to pay respect to their Elders both past and present.

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EXECUTIVE SUMMARY

Purpose of the plan

This Asset Plan has been developed in accordance with the Local Government Act 2020 (the Act).

The Act states that an Asset Plan must:

- include information about maintenance, renewal, acquisition, expansion, upgrade, disposal and decommissioning in relation to each class of infrastructure asset under the control of the Council and any other matters prescribed by the regulations
- be developed, adopted and kept in force in accordance with the Council's deliberative engagement practices.

This Asset Plan is to be read with Council's Asset Management Policy, Asset Management Strategy, Community Vision, Council Plan and asset management plans.

The Asset Plan gives an overview of asset management practices at Loddon Shire including the asset classes and assets they comprise; levels of service; asset condition; lifecycle management plan including renewal, upgrade and operations and maintenance; and the funding required to provide the services described in this Asset Plan and the associated asset management plans.

Asset description

Council has a variety of asset classes each with their own asset management plan. The asset classes are:

- buildings
- roads
- bridges and major culverts
- footpaths
- stormwater drainage
- recreational, leisure and community facilities
- parks, open spaces and streetscapes.

Asset valuations have been completed for all asset classes except recreational, leisure and community facilities, and parks, open spaces and streetscapes.

The remaining assets have significant replacement value of **\$526.7 million**.

Levels of service

No additional levels of service was assumed as part of the Asset Plan. The levels of service for each asset class are listed in the relevant asset management plan.

Future demand

Future expenditure demands for each asset class have been evaluated. Refer to the relevant asset management plan for details of each.

Lifecycle management plan

Lifecycle planning describes the approach to maintaining an asset from construction to disposal. It involves the prediction of future performance of an asset, or a group of assets, based on investment scenarios and maintenance strategies.

As part of the development of each asset class' asset management plan, forecasted renewal, operations and maintenances expenditure demand was determined. In addition, recommended expenditure for renewal, new / upgraded assets, operations and maintenance were also assessed.

Financial summary

The projected outlays necessary to provide the services covered by this plan, which includes operations, maintenance, renewal, upgrade and new assets over the 10-year planning period for all asset classes is **\$167.2M** or **\$16,718,078** on average per year.

What funding sources are available

Estimated available funding for the next 10 financial years is **\$145.5M** or **\$14,553,213** on average per year as per the Financial Plan and Annual Budget forecast. This is **87%** of the cost to sustain the current level of service at the lowest lifecycle cost.

Allocated funding contained in Council's 10 year Financial Plan leaves a shortfall of **\$2,164,874** on average per year of the projected expenditure required to provide the services in this Asset Plan. This may have a moderate impact on service levels for Council's assets.

Risk management

The risks for each asset class were evaluated as part of each asset management plan. Refer to each asset management plan for details.

Monitoring and improvement program

The next steps resulting from this Asset Plan will be to review all of the improvement projects in each asset management plan and prioritise them against each other. It is expected that many of the projects will be able to be grouped and undertaken together which will lead to efficiencies in completing them.

1 PURPOSE

The purpose of this Asset Plan (AP) is to demonstrate responsible management of Loddon Shire Council's infrastructure assets, comply with the Victorian Local Government Act 2020 and model the funding required to maintain assets in their current condition.

The Victorian Local Government Act 2020 states that an Asset Plan must:

- Include information about maintenance, renewal, acquisition, expansion, upgrade, disposal and decommissioning in relation to each class of infrastructure asset under the control of the Council and any other matters prescribed by the regulations
- be developed, adopted and kept in force in accordance with the Council's deliberative engagement practices.

This Asset Plan is to be read with Council's Asset Management Policy, Asset Management Strategy, Community Vision, Council Plan and asset management plans.

2 BUDGET IMPLICATIONS

No new funding recommendations have been made as part of this plan. All of the funding required for asset renewals, upgrades and new assets has been recommended in each asset management plan. The total funding required for operations, maintenance, renewal, upgrade and new assets over the 10-year planning period for all asset classes is \$167.2M or \$16,718,087 on average per year. The total funding available for operations, maintenance, renewal, upgrade and new assets over the 10-year planning period for all asset classes is \$145.5M or \$14,553,213 on average per year.

3 RISK ANALYSIS

The risks for each asset class of Council's assets are detailed in the relevant asset management plan. For all assets, there are risks associated with providing the service and not being able to complete all identified activities and projects.

The main risks are:

- insufficient funding for maintenance, renewal, and upgrade of Council's assets and infrastructure
- failure of assets and infrastructure
- failure to meet the levels of services associated with assets and infrastructure.

Council will endeavour to manage these risks within available funding by:

- regular inspections to identify hazards before they occur
- collation of data relating to assets and infrastructure
- review renewal modelling and update the Financial Plan regularly.

4 INTRODUCTION

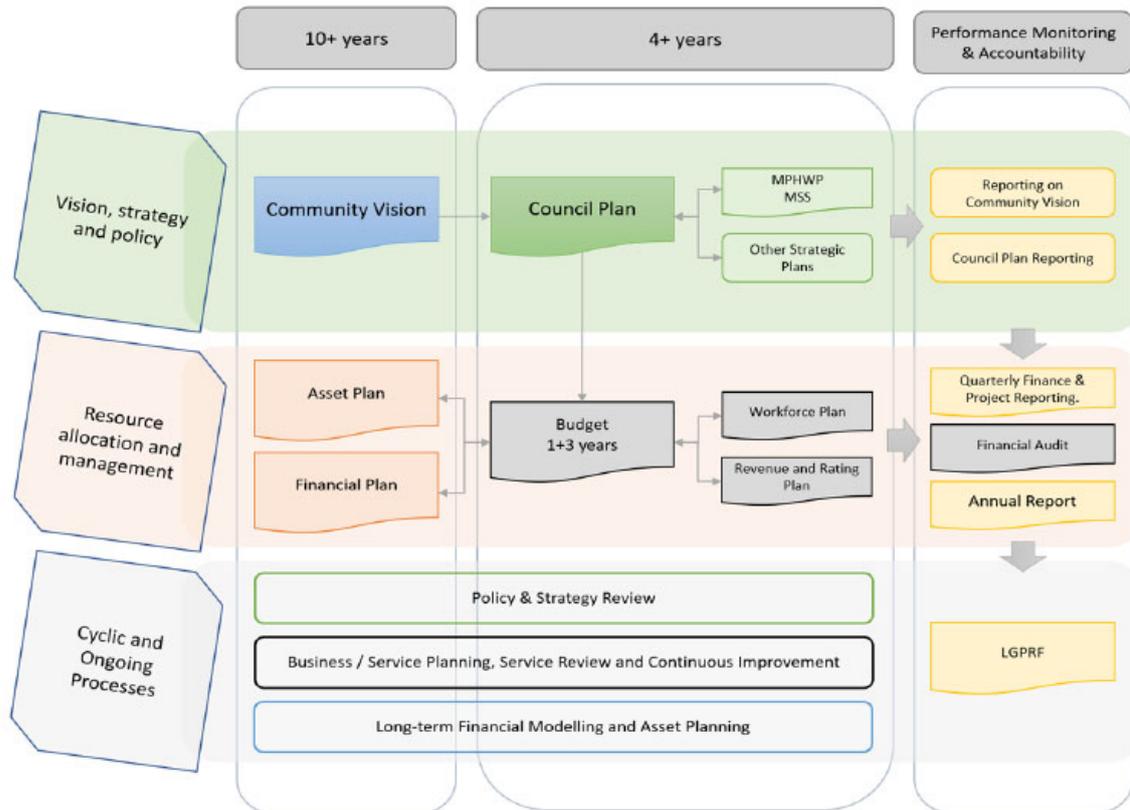
4.1 Related plans and document relationships

Loddon Shire Council manages a significant value of assets. This plan has been developed to ensure Council is in compliance with the Victorian Local Government Act 2020 which states that an Asset Plan be developed.

It provides a higher level overview of Council's assets and asset management practices and collates asset and financial data evaluated in each of Council's asset management plans to give an overall perspective of asset management at Loddon Shire.

Figure 1 shows the different documents that influence and inform the Asset Plan.

Figure 1 - Asset management document relationship



4.2 Assets covered by this plan

The infrastructure assets covered by this Asset Plan are shown in the following table. Each class of infrastructure has its own asset management plan which describes the asset management practices for these assets in detail. The type of assets that are included in each asset class are also listed in the following table.

Table 1 – Assets covered by this plan

Asset class	Assets included
Buildings	<ul style="list-style-type: none"> • Public toilets • Public halls • Administration buildings • Recreation buildings • Caravan parks • Senior citizens • Maternal health • Preschools • Community centres • Elderly Persons Units

Asset class	Assets included
Roads	<ul style="list-style-type: none"> • Roads – pavements, substructure, formation and earthworks • Roads – kerb, channel, minor culverts and other
Bridges and major culverts	<ul style="list-style-type: none"> • Bridges – deck and substructure
Footpaths	<ul style="list-style-type: none"> • Footpaths • Tracks and trails
Drainage	<ul style="list-style-type: none"> • Urban drainage
Recreational, leisure and community facilities	<ul style="list-style-type: none"> • Swimming pools • Sports grounds • Trotting tracks • Lakes (water holdings)
Parks, open spaces and streetscapes	<ul style="list-style-type: none"> • Park and street trees • Playgrounds • Outdoor exercise equipment • Picnic shelters • Street furniture • BBQs and shelters • Rotundas and band stands

4.3 Value of assets covered by the plan

Valuation of Council's assets is undertaken annually. The value of the assets covered by this Asset Plan is \$526.7M and is shown in the following table:

Table 2 – Valuation of Council’s assets

Asset class	Current replacement value	Written down value	Accumulated depreciation	Yearly depreciation
Buildings	\$89,163,754	\$47,987,159	\$41,176,595	\$1,504,207
Roads	\$375,393,062	\$254,995,697	\$120,397,365	\$6,577,668
Bridges and major culverts	\$38,599,332	\$19,623,777	\$18,975,555	\$391,248
Footpaths	\$7,562,619	\$5,516,275	\$2,046,344	\$160,331
Drainage	\$15,978,485	\$7,619,075	\$8,359,411	\$212,151
Recreational, leisure and community facilities	-	-	-	-
Parks, open spaces and streetscapes	-	-	-	-
Total	\$526,697,253	\$335,741,983	\$190,955,270	\$8,845,605

Asset values are unknown for recreational, leisure and community facilities, and parks, open spaces and streetscapes.

5 LEVELS OF SERVICE

Service levels can be defined in two interconnected ways, customer levels of service and technical levels of service. These are supplemented by organisational measures which are the Community Plan, Council Plan, and the Annual Budget. Service performance results are reported through Council’s Annual Reports.

At present, indications of current and target levels of service are obtained from various sources including:

- community satisfaction surveys
- residents' feedback to Council and staff
- works staff feedback to management
- feedback from other stakeholders
- service requests and related correspondence entered in Council's customer request system
- physical measurements of quality standards
- legislative standards (minimum requirements).

In future, it is expected that Council will undertake deliberative community engagement to validate these levels of service.

5.1 Levels of service definitions

Service levels are defined service levels in two terms, customer levels of service and technical levels of service. These are supplemented by organisational measures.

Customer levels of service measure how the customer receives the service and whether value to the customer is provided.

Customer levels of service measures used in Council’s asset management plans are:

Quality	How good is the service? <i>What is the condition or quality of the service?</i>
Function	Is it suitable for its intended purpose? <i>Is it the right service?</i>
Capacity / use	Is the service over or under used? <i>Does Council need more or less of these assets?</i>

Organisational measures are measures of fact related to the service delivery outcome (e.g. number of occasions when service is not available, condition % of very poor, poor, average, good, very good).

These organisational measures provide a balance in comparison to the customer perception that may be more subjective.

Technical levels of service are measures relating to the allocation of resources to service activities to best achieve the desired customer outcomes and demonstrate effective performance. They support the customer service levels using operational or technical measures of performance.

Technical service measures are linked to the activities and annual budgets covering:

Operations	The regular activities to provide services (e.g. temporary signage, inspections, etc).
Maintenance	The activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. Road patching, unsealed road grading, building and structure repairs).
Renewal	The activities that return the service capability of an asset up to that which it had originally (e.g. Road resurfacing and pavement reconstruction, pipeline replacement and building component replacement).
Asset improvements	The activities to provide a higher level of service (e.g. Widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. A new library).

Service and asset managers plan, implement and control technical service levels to influence the customer service levels.

Refer to Council's asset management plans for details of levels of service for each asset class.

6 FUTURE DEMANDS

The objective of asset management is to create, operate, maintain, rehabilitate, and replace assets at the required level of service for present and future customers in a cost effective and environmentally sustainable manner. Council's asset management plans must therefore forecast the needs and demands of the community in the future and outline strategies to develop the assets to meet these needs.

Refer to Council's asset management plans for details of future demands for each asset class.

7 LIFECYCLE MANAGEMENT PLAN

7.1 Asset condition

Asset condition is a measure of the health of an asset and is a key consideration in determining remaining useful life, as well as predicting how long it will be before an asset needs to be repaired, renewed or replaced. Asset condition is also an indicator of how well it can perform its function. Condition data is valuable for developing long term funding scenarios for strategic planning of Council's budget.

Council measures the condition of its assets using a standardised 0 to 10 grading system.

A summary of the condition rating scale used for the assets covered by this Asset Plan is detailed in the following table. Council's condition grading system follows good practice guidance as provided by various industry standards including the *International Infrastructure Management Manual*.

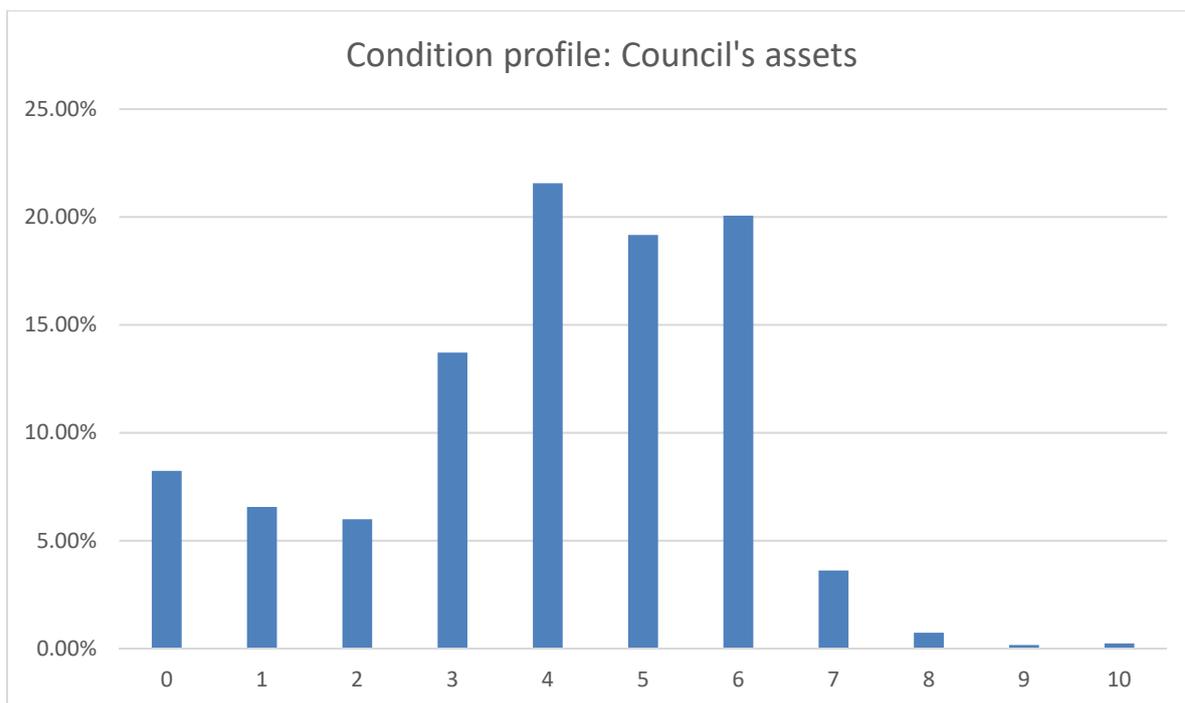
Condition data for Council's infrastructure assets is recorded in its asset register and is used for renewal modelling, capital works planning, and financial reporting.

Table 3 - Condition rating system

Score	Condition rating	Description
0	New	New asset or an asset recently rehabilitated back to new condition.
1	Near new	No visible signs of deterioration, often based upon the time since construction rather than observed condition decline.
2	Excellent	Very slight condition decline obvious, no longer in new condition.
3	Very good	Early stages of minor deterioration, no serviceability problems.
4	Good	Some obvious deterioration evident, slightly impaired serviceability.
5	Fair	Obvious deterioration, some serviceability loss.
6	Fair to poor	Quite obvious deterioration, serviceability would be affected, rising maintenance costs apparent.
7	Poor	Severe deterioration, serviceability limited, high maintenance costs.
8	Very poor	Serviceability heavily impacted, very high maintenance costs, needed to be rehabilitated.
9	Extremely poor	Severe serviceability problems, needing rehabilitation immediately, could also be a risk to remain in service.
10	Failed	No longer serviceable and should not remain in service. extreme risk.

The following figure provides an overview of the condition of all of Council's assets.

Figure 2 – Condition profile of Council's assets



For more specific details around the condition of each asset class refer to the relevant asset management plan.

The figure shows that overall Council's assets are in good condition with a low percentage of assets with a condition of 7 or higher. Most Council assets are between a condition of 3 and 6. This indicates that condition inspections will need to continue to be undertaken to monitor assets to plan for their replacement.

7.2 Routine operations and maintenance plan

Effective maintenance strategies are essential to ensure that an asset performs at the desired service level on a day-to-day basis.

Operations	Regular activities to provide public health, safety, and amenity (e.g. street sweeping, grass mowing, street lighting, cleaning pipes, etc).
Maintenance	Regular ongoing day-to-day work necessary to ensure asset achieves its defined useful life (e.g. pothole patching, replacement of a window, footpath grinding, etc).

7.2.1 Maintenance strategy

The following general maintenance and operations strategies are applied to Council's assets:

Table 4 - Maintenance strategy summary

Operations	Use and manage the assets in a manner that minimises the long term overall total cost. Undertake scheduled inspections as justified by the consequences of failure on levels of service, costs, public health, or safety.
Reactive maintenance	A suitable level of preparedness for prompt and effective response to service requests or asset failures is maintained.
Planned or preventative maintenance	Undertake planned asset maintenance activities to minimise the risk of critical asset failure and to maintain assets in a manner that minimises ongoing lifecycle costs.

For further details around operations and maintenance of each asset class refer to the relevant asset management plan.

7.2.2 Future operations and maintenance demand

Future operations and maintenance expenditure demand was forecast in each of the asset management plans and is summarised in the following table. Operation and maintenance expenditure demand for bridges and major culverts and drainage are captured under the roads expenditure demand. There are currently no available expenditure demands for recreational, leisure and community facilities.

Table 5 – Future operations and maintenance demandYear	Buildings	Roads	Bridges and major culverts*	Footpaths	Drainage*	Recreational, leisure and community facilities*	Parks, open spaces and streetscapes	Total
2021/22	\$774,869	\$6,295,694	-	\$57,823	-	-	\$1,022,802	\$8,151,188
2022/23	\$790,742	\$6,385,040	-	\$58,980	-	-	\$1,143,298	\$8,378,061
2023/24	\$807,154	\$6,477,869	-	\$60,159	-	-	\$1,243,298	\$8,588,480
2024/25	\$824,122	\$6,579,619	-	\$61,362	-	-	\$1,243,298	\$8,708,401
2025/26	\$841,667	\$6,669,388	-	\$62,590	-	-	\$1,243,298	\$8,816,943
2026/27	\$859,825	\$6,768,598	-	\$63,841	-	-	\$1,337,003	\$9,029,267
2027/28	\$878,611	\$6,877,595	-	\$65,118	-	-	\$1,337,003	\$9,158,327
2028/29	\$898,057	\$6,989,222	-	\$66,421	-	-	\$1,337,003	\$9,290,703
2029/30	\$918,185	\$7,103,516	-	\$67,749	-	-	\$1,337,003	\$9,426,453
2030/31	\$939,032	\$7,220,631	-	\$69,104	-	-	\$1,442,890	\$9,671,657
10 year total	\$8,532,264	\$67,367,171	-	\$633,147	-	-	\$12,686,896	\$89,219,479
Average annual demand	\$853,226	\$6,736,717	-	\$63,315	-	-	\$1,268,690	\$8,921,948

*N.B. Bridges and major culverts and drainage operations and maintenance demand are captured under the Roads asset class. Operations and maintenance demand is unavailable for recreational, leisure and community facilities

7.2.3 Future operations and maintenance allocations

Operations and maintenance allocated expenditure for each of the asset classes was recommended in each of the asset management plans and is summarised in the following table. Operation and maintenance allocations for bridges and major culverts and drainage are captured under the roads allocation. There are currently no available allocations for recreational, leisure and community facilities.

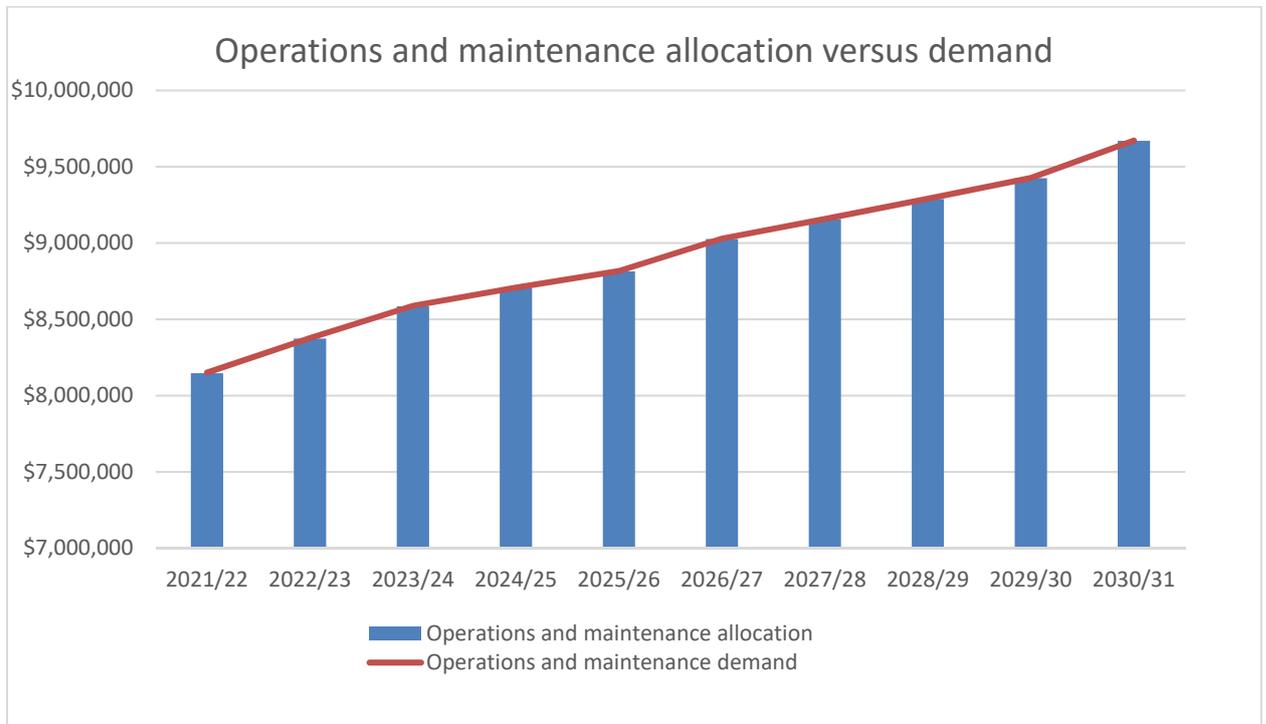
Table 6 – Future operations and maintenance allocations

Year	Buildings	Roads	Bridges and major culverts*	Footpaths	Drainage*	Recreational, leisure and community facilities*	Parks, open spaces and streetscapes	Total
2021/22	\$774,869	\$6,295,694	-	\$53,310	-	-	\$1,022,802	\$8,146,675
2022/23	\$790,742	\$6,385,040	-	\$54,711	-	-	\$1,143,298	\$8,373,792
2023/24	\$807,154	\$6,477,869	-	\$56,163	-	-	\$1,243,298	\$8,584,484
2024/25	\$824,122	\$6,579,619	-	\$57,650	-	-	\$1,243,298	\$8,704,689
2025/26	\$841,667	\$6,669,388	-	\$59,154	-	-	\$1,243,298	\$8,813,507
2026/27	\$859,825	\$6,768,598	-	\$60,727	-	-	\$1,337,003	\$9,026,153
2027/28	\$878,611	\$6,877,595	-	\$62,334	-	-	\$1,337,003	\$9,155,543
2028/29	\$898,057	\$6,989,222	-	\$63,994	-	-	\$1,337,003	\$9,288,276
2029/30	\$918,185	\$7,103,516	-	\$65,688	-	-	\$1,337,003	\$9,424,392
2030/31	\$939,032	\$7,220,631	-	\$67,416	-	-	\$1,442,890	\$9,669,969
10 Year Total	\$8,532,264	\$67,367,171	-	\$601,147	-	-	\$12,686,896	\$89,187,479
Average annual allocation	\$853,226	\$6,736,717	-	\$60,115	-	-	\$1,268,690	\$8,918,748

*N.B. Bridges and major culverts and drainage operations and maintenance allocations are captured under the Roads asset class. Operations and maintenance allocation is unavailable for recreational, leisure and community facilities

The following chart shows the allocated expenditure versus the expenditure demand for operations and maintenance of Council’s assets.

Figure 3 – Operations and maintenance allocations vs demand



The current allocation for operations and maintenance in the Financial Plan is \$89.19M over the next ten (10) years which is less than the forecast expenditure demand amount of \$89.22M. This is an under allocation of \$32,000 and will have a minimal effect on operations and maintenance service levels.

7.3 Renewal / replacement plan

Renewal expenditure is major work which does not increase the asset’s design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential.

Increasing the design capacity of an asset is an upgrade/expansion or new work expenditure resulting in additional future operations and maintenance costs.

Assets requiring renewal are identified through inspections, condition assessments, and service level assessments to identify specific assets requiring renewal.

7.3.1 Renewal strategy

Renewal strategies are based on assessing a range of factors to ensure the appropriate level of investment is targeted at the optimum time to ensure assets remain fit for purpose and that renewal plans are efficient and effective. The factors considered include the following:

- criticality
- maintenance and/or failure history (i.e. when do ongoing maintenance works become uneconomic)
- age
- expected life
- remaining useful life
- condition (where known)

- condition prediction
- geographical grouping
- timing in relation to linked asset renewal plans.

As a general principle the number and cost of repairs will determine the optimum timing to invest in the renewal of assets. Every time an asset is repaired it provides information about its performance, rate of deterioration, and a prediction of the optimum time to renew.

As the rate of repairs increase a prediction can be made about the optimum time to renew an asset to keep the cost of ownership at the optimum level.

7.3.2 Future renewal demand

As part of developing the asset management plans for each class of asset, renewal demand expenditure projections were undertaken. These are all summarised in the following table. Due to a lack of data, projections were not undertaken for recreational, leisure and community facilities, and parks and gardens.

For details of each asset class renewal demand refer to the relevant asset management plan.

Overall the renewal demand over the next 10 years is assessed to be \$72.4M for Council's assets.

Table 7 – Future renewal demand

Year	Buildings	Roads	Bridges and major culverts	Footpaths	Drainage	Recreational, leisure and community facilities*	Parks, open spaces and streetscapes*	Total
2021/22	\$166,822	\$4,875,528	\$166,822	\$173,251	\$2,162,505	-	-	\$5,825,862
2022/23	\$267,462	\$5,246,125	\$267,462	\$163,999	\$1,918,336	-	-	\$5,742,291
2023/24	\$383,621	\$5,517,931	\$383,621	\$144,392	\$1,382,066	-	-	\$5,444,391
2024/25	\$479,821	\$5,515,449	\$479,821	\$129,130	\$853,309	-	-	\$5,130,467
2025/26	\$558,784	\$5,429,954	\$558,784	\$127,037	\$575,082	-	-	\$5,042,646
2026/27	\$622,884	\$5,264,775	\$622,884	\$125,779	\$302,225	-	-	\$4,923,689
2027/28	\$674,186	\$5,158,640	\$674,186	\$132,413	\$278,053	-	-	\$5,027,343
2028/29	\$714,492	\$5,061,596	\$714,492	\$138,098	\$257,675	-	-	\$5,103,967
2029/30	\$745,365	\$4,993,798	\$745,365	\$143,337	\$240,482	-	-	\$5,157,431
2030/31	\$768,168	\$4,966,826	\$768,168	\$148,120	\$225,967	-	-	\$5,190,839
10 Year Total	\$5,381,605	\$52,030,622	\$5,381,605	\$1,425,556	\$8,195,700	-	-	\$72,415,088
Average annual renewal demand	\$538,161	\$5,203,062	\$538,161	\$142,556	\$819,570	-	-	\$7,241,509

*N.B. Renewal demand is unknown for recreational, leisure and community facilities and parks, open spaces and streetscapes

7.3.3 Future renewal allocations

Renewal expenditure allocations for each of the asset classes was recommended in each of the asset management plans and is summarised in the following table. Renewal allocations for recreational, leisure and community facilities and parks and gardens is currently unavailable.

For details of each asset class recommended renewal expenditure allocation refer to the relevant asset management plan.

Overall the recommended renewal expenditure allocation over the next 10 years is \$50.8M for Council's assets.

Table 8 – Renewal allocations

Year	Buildings	Roads	Bridges and major culverts	Footpaths	Drainage	Recreational, leisure and community facilities	Parks, open spaces and streetscapes	Total
2021/22	\$492,376	\$6,720,066	\$210,000	\$108,324	\$281,500	-	-	\$7,812,266
2022/23	\$400,000	\$3,059,750	\$149,488	\$126,183	\$350,000	-	-	\$4,085,421
2023/24	\$400,000	\$3,115,386	\$152,328	\$132,061	\$350,000	-	-	\$4,149,775
2024/25	\$400,000	\$3,268,731	\$155,223	\$122,610	\$350,000	-	-	\$4,296,564
2025/26	\$400,000	\$3,634,701	\$158,784	\$133,024	\$350,000	-	-	\$4,675,897
2026/27	\$400,000	\$3,918,132	\$161,177	\$142,836	\$350,000	-	-	\$4,972,145
2027/28	\$400,000	\$4,004,257	\$164,239	\$145,113	\$350,000	-	-	\$5,063,609
2028/29	\$400,000	\$4,092,083	\$167,380	\$144,743	\$350,000	-	-	\$5,154,206
2029/30	\$400,000	\$4,181,629	\$170,540	\$144,913	\$350,000	-	-	\$5,247,082
2030/31	\$400,000	\$4,272,968	\$173,780	\$144,637	\$350,000	-	-	\$5,341,385
10 year total	\$4,092,376	\$40,267,703	\$1,662,327	\$1,344,444	\$3,431,500	-	-	\$50,798,350
Average annual renewal allocation	\$409,238	\$4,026,770	\$166,233	\$134,444	\$343,150	-	-	\$5,079,835

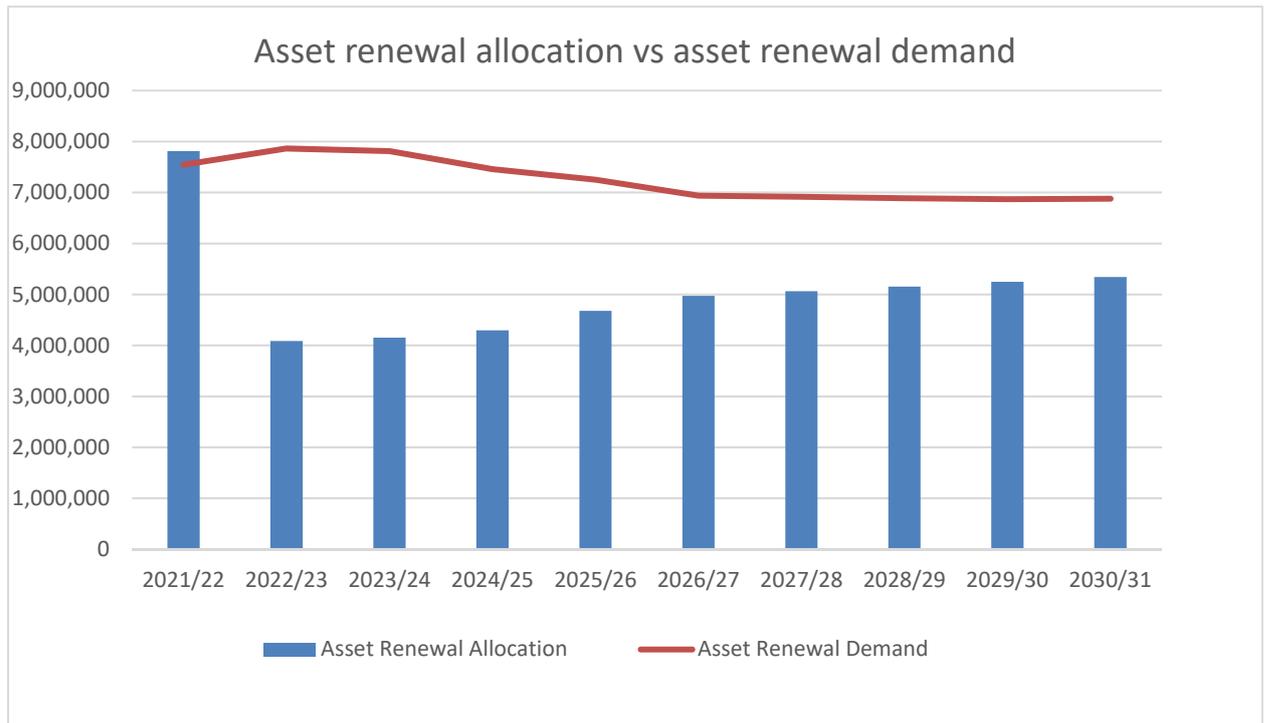
*N.B. Renewal allocations are unknown for recreational, leisure and community facilities and parks, open spaces and streetscapes

7.3.4 Renewal gap

The current allocation for renewal in the Financial Plan is \$50.8M over the next ten (10) years which is less than the forecast required demand of \$72.4M. This is an under allocation of \$21.6M and equates to Council allocating 70% of the forecast expenditure required for renewal over the next 10 years. This may have a moderate effect on renewal and subsequently asset condition.

The following chart shows the allocated expenditure versus demand for renewal of Council's assets for each of the next 10 years.

Figure 4 – Asset renewal allocation versus asset renewal demand



The renewal gap has been evaluated for each asset class and is shown in the following table.

Table 9 – Renewal gap by asset class

Renewal Gap	Buildings	Roads	Bridges and Major Culverts	Footpaths	Drainage	Recreational, leisure and community facilities	Parks, open spaces and streetscapes	Total
Renewal Demand 10 Year Total	\$5,381,605	\$52,030,622	\$5,381,605	\$1,425,556	\$8,195,700	-	-	\$72,415,088
Average Annual Renewal Requirement	\$538,161	\$5,203,062	\$538,161	\$142,556	\$819,570	-	-	\$7,241,509
Renewal Allocation 10 Year Total	\$4,092,376	\$40,267,703	\$1,662,327	\$1,344,444	\$3,431,500	-	-	\$50,798,350
Average Annual New/Upgrade	\$409,238	\$4,026,770	\$166,233	\$134,444	\$343,150	-	-	\$5,079,835
Renewal Gap 10 Year Total	-\$1,289,229	-\$11,762,919	-\$3,719,278	-\$81,112	-\$4,764,200	-	-	-\$21,616,738
Average Annual Renewal Gap	-\$128,923	-\$1,176,292	-\$371,928	-\$8,111	-\$476,420	-	-	-\$2,161,674
Asset Renewal Ratio 10 Year (Renewal Allocation / Renewal Demand)	76%	77%	31%	94%	42%	-	-	70%

The asset renewal ratios show that over the next 10 years, that the renewal funding versus the projected required renewal expenditure Council has allocated is:

- adequately funding the renewal for footpath asset
- moderately underfunding the renewal of buildings and roads assets
- acutely underfunding the renewal of bridges and major culverts, and drainage assets.

The underfunding may have an effect on the service levels and condition of some asset classes. This can be managed by monitoring asset condition through regular condition inspections and applying for grant funding to reduce the renewal gaps.

7.4 Creation / acquisition / upgrade plan

New works are those works that create a new asset that did not previously exist or works that upgrade or improve an asset beyond its existing capacity or performance in response to changes in supply needs or customer expectations.

Within the context of Council assets, new asset, or upgrade creation includes:

- those works that create a new asset that did not exist in any shape or form, i.e. new roads typically resulting from land development
- works which improve an existing asset beyond its existing capacity or performance, i.e. footpath widening.

There are occasions when Council are required to upgrade an asset because of changing demand or use requirements. In such instances, the project is scrutinised closely by officers and is considered as part of the annual budget planning process.

In accordance with Council's budget development framework, when Council considers its discretionary capital expenditures for new or upgraded assets it is essential to establish the consequential recurring operational and maintenance costs that will occur once the new or upgraded asset becomes operational.

This consequential additional cost is 'non-discretionary' as it will be incurred if the new asset is provided.

As new projects are brought forward for consideration with the annual budget, they will also have an assessment of these ongoing operational (recurrent) costs presented to Council as part of the overall project cost projections.

7.4.1 New / upgrade allocation

The new / upgrade expenditure allocation was recommended in each of the asset management plans. For details of the new/upgrade expenditure allocation recommendations refer to the relevant asset management plan.

Overall \$5.5M of expenditure was recommended for new / upgrade of assets over the next 10 years.

New / upgrade expenditure demands were not evaluated as demand does not apply to new assets. Demand is an evaluation of the amount of expenditure required to maintain assets in an adequate condition so can't be evaluated for new assets.

Table 10 – New / upgrade allocations

Year	Buildings	Roads	Bridges and major culverts	Footpaths	Drainage	Recreational, leisure and community facilities	Parks, open spaces and streetscapes	Total
2021/22	\$66,000	\$856,491	\$0	\$0	\$181,500	-	-	\$1,103,991
2022/23	\$0	\$198,924	\$0	\$300,000	\$0	-	-	\$498,924
2023/24	\$0	\$283,391	\$0	\$300,000	\$0	-	-	\$583,391
2024/25	\$0	\$180,000	\$0	\$300,000	\$0	-	-	\$480,000
2025/26	\$0	\$180,000	\$0	\$300,000	\$0	-	-	\$480,000
2026/27	\$0	\$180,000	\$0	\$300,000	\$0	-	-	\$480,000
2027/28	\$0	\$180,000	\$0	\$300,000	\$0	-	-	\$480,000
2028/29	\$0	\$180,000	\$0	\$300,000	\$0	-	-	\$480,000
2029/30	\$0	\$180,000	\$0	\$300,000	\$0	-	-	\$480,000
2030/31	\$0	\$180,000	\$0	\$300,000	\$0	-	-	\$480,000
10 year total	\$66,000	\$2,598,806	\$0	\$2,700,000	\$181,500	-	-	\$5,546,306
Average annual new / upgrade	\$6,600	\$259,881	\$0	\$270,000	\$18,150	-	-	\$554,631

7.5 Disposal plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition, or relocation.

Council currently has no immediate or current strategic direction to retire or dispose of any infrastructure assets, however does respond to requests for acquisition from other parties as required or selling of some infrastructure assets on a case by case assessment.

7.6 Summary of asset expenditure requirements

The financial projections from this Asset Plan are shown for projected capital expenditure (renewal and upgrade / expansion / new assets) and operations are maintenance along with the expenditure allocations for each category are shown in the following graph. Note that all costs are shown in real values.

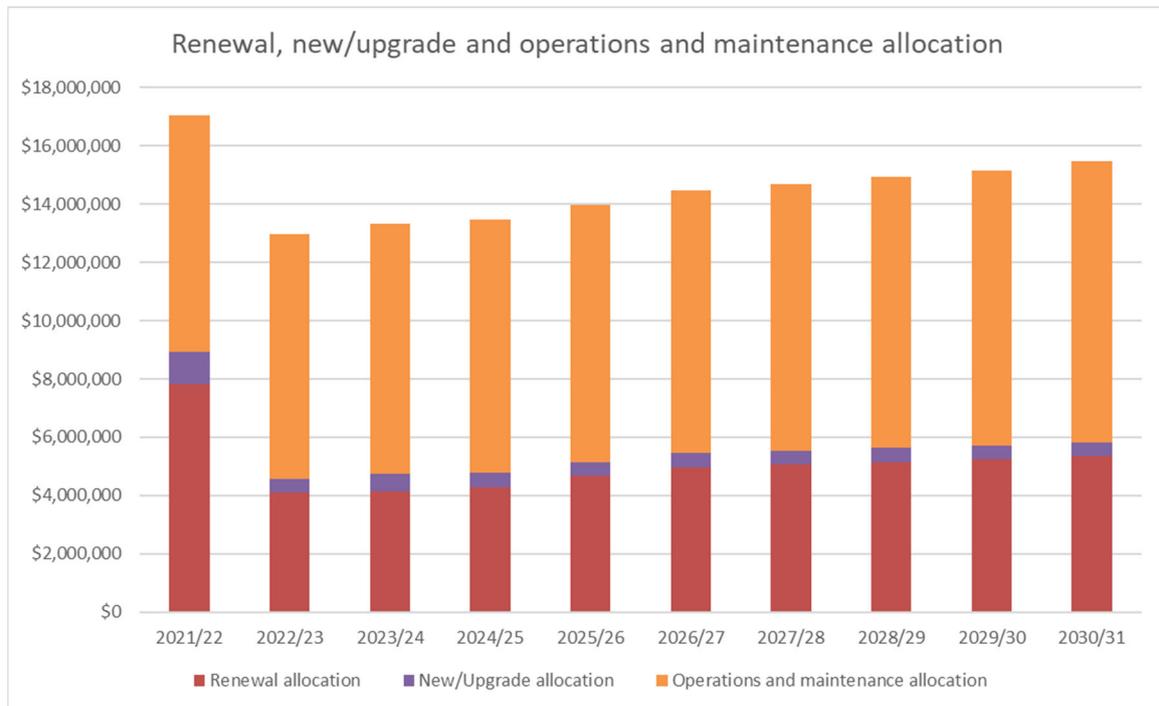
Table 11 – Summary of renewal, new / upgrade, operations and maintenance allocation, demand and funding shortfall / surplus for Council’s assets

Year	Renewal demand	Renewal allocation	Renewal funding shortfall / surplus	New / upgrade allocation	Operations and maintenance demand	Operations and maintenance allocation	Operations and maintenance funding shortfall / surplus	Total funding / allocation	Cumulative funding shortfall / surplus
2021/22	\$7,544,928	\$7,812,266	\$267,388	\$1,103,991	\$8,151,188	\$8,146,675	-\$4,513	\$17,062,932	\$262,825
2022/23	\$7,863,384	\$4,085,421	-\$3,777,963	\$498,924	\$8,378,061	\$8,373,792	-\$4,269	\$12,958,137	-\$3,519,407
2023/24	\$7,811,631	\$4,149,775	-\$3,661,856	\$583,391	\$8,588,480	\$8,584,484	-\$3,996	\$13,317,650	-\$7,185,259
2024/25	\$7,457,530	\$4,296,564	-\$3,160,966	\$480,000	\$8,708,401	\$8,704,689	-\$3,712	\$13,481,253	-\$10,349,937
2025/26	\$7,249,641	\$4,675,897	-\$2,573,744	\$480,000	\$8,816,943	\$8,813,507	-\$3,436	\$13,969,404	-\$12,927,117
2026/27	\$6,938,547	\$4,972,145	-\$1,966,402	\$480,000	\$9,029,267	\$9,026,153	-\$3,114	\$14,478,298	-\$14,896,633
2027/28	\$6,917,478	\$5,063,609	-\$1,853,869	\$480,000	\$9,158,327	\$9,155,543	-\$2,784	\$14,699,152	-\$16,753,286
2028/29	\$6,886,353	\$5,154,206	-\$1,732,147	\$480,000	\$9,290,703	\$9,288,276	-\$2,427	\$14,922,482	-\$18,487,860
2029/30	\$6,868,347	\$5,247,082	-\$1,621,265	\$480,000	\$9,426,453	\$9,424,392	-\$2,061	\$15,151,474	-\$20,111,186
2030/31	\$6,877,249	\$5,341,385	-\$1,535,864	\$480,000	\$9,671,657	\$9,669,969	-\$1,688	\$15,491,354	-\$21,648,738
10 year total	\$72,415,088	\$50,798,350	-\$21,616,738	\$5,546,306	\$89,219,479	\$89,187,479	-\$32,000	\$145,532,135	-\$21,648,738
Annual average	\$7,241,509	\$5,079,835	-\$2,161,674	\$554,631	\$8,921,948	\$8,918,748	-\$3,200	\$14,553,213	

The table shows that overall there is a moderate shortfall for funding of renewal, new / upgrade, operations and maintenance of Council assets with the funding shortfall evaluated as being \$21.6M over the next 10 years. This may have a moderate effect on the condition of Council's assets and may result in a some reduction in levels of service.

The overall expenditure allocation for renewal, new/upgrade and operations and maintenance of Council's assets is shown in the following figure.

Figure 5 - Overall renewal, new / upgrade and operations and maintenance allocations for Council's assets



8 RISK MANAGEMENT PLAN

The purpose of this section is to describe the basis of Council's strategic risk and investment policies and the way it will manage risk associated with Council's assets.

8.1 Risk management process

Council's risk management framework and processes are in accordance with AS/NZS ISO 31000:2009 – Risk Management – Principles and Guidelines and HB 436:2013 – Risk Management Guidelines.

The framework is designed to provide the architecture for a common platform for all risk management activities undertaken by Council and is used to identify specific risks associated with Council's delivery of services and management of assets.

The objective of the risk management process with regards to Council's assets is to ensure that:

- all significant operational and organisational risks are understood and identified
- the highest risks that need to be addressed in the short to medium term are identified
- strategies and treatments to address risks are identified and applied.

An assessment of risks associated with service delivery from infrastructure assets has identified the most critical risks to Council. The risk assessment process identifies and assesses risks, develops a risk rating and develops a risk treatment plan for non-acceptable risks.

8.1.1 Risk assessment

Network or system risks assessed as 'Very High' - requiring immediate corrective action and 'High' – requiring prioritised corrective action identified by Council's asset risk assessment process for each asset class. The risk assessment for each asset class have been undertaken in the relevant asset management plan. Refer to each asset management plan for details.

9 FINANCIAL SUMMARY

9.1 Asset valuations

The value of the assets covered by this Asset Plan as recorded in Council's asset register as at 30 June 2021 are shown in the following table:

Table 12 – Asset valuations by asset class

Asset class	Current replacement value	Written down value	Accumulated depreciation	Yearly depreciation
Buildings	\$89,163,754	\$47,987,159	\$41,176,595	\$1,504,207
Roads	\$375,393,062	\$254,995,697	\$120,397,365	\$6,577,668
Bridges and major culverts	\$38,599,332	\$19,623,777	\$18,975,555	\$391,248
Footpaths	\$7,562,619	\$5,516,275	\$2,046,344	\$160,331
Drainage	\$15,978,485	\$7,619,075	\$8,359,411	\$212,151
Recreational, leisure and community facilities	-	-	-	-
Parks, open spaces and streetscapes	-	-	-	-
Total	\$526,697,253	\$335,741,983	\$190,955,270	\$8,845,605

Asset values are unknown for recreational, leisure and community facilities, and parks, open spaces and streetscapes.

Assets are valued at fair value based on depreciated replacement cost according to Greenfield rates.

9.2 Asset and financial sustainability

Asset and financial sustainability was calculated by assessing the asset sustainability ratio, asset renewal ratio, asset consumption ratio, and by evaluating the short, medium and long term life cycle costs for Council's assets versus planned expenditure. The ratios are detailed in the following table.

Table 13 – Asset and financial sustainability indicators

Asset financial ratios (2021/22)	
Asset sustainability ratio (renewal allocation / depreciation)	88.32%
Asset renewal ratio (renewal allocation / projected renewal demand)	103.54%
Projected renewal as % of asset consumption (projected renewal demand / depreciation)	85.30%
Asset consumption ratio (written down value / current replacement value)	63.74%
Assets being added (new/upgrade) as % of asset stock	0.21%
Short term life cycle costs (1 year)	
1 year operational, maintenance, new / upgrade and renewal projected expenditure demand	\$16,800,107
1 year operational, maintenance, new / upgrade and renewal planned expenditure allocation	\$17,062,932
1 year funding shortfall (1 year allocation - demand)	+\$262,825
1 year sustainability indicator (1 year allocation / demand)	101.56%
Medium term life cycle costs (5 years)	
5 year operational, maintenance, new / upgrade and renewal projected expenditure demand	\$83,716,492
5 year operational, maintenance, new / upgrade and renewal planned expenditure allocation	\$70,789,375
5 year funding shortfall (5 year allocation - demand)	-\$12,927,117
5 year sustainability indicator (5 year allocation / demand)	84.56%
Long term life cycle costs (10 years)	
10 year operational, maintenance, new / upgrade and renewal projected expenditure demand	\$167,180,872
10 year operational, maintenance, new / upgrade and renewal planned expenditure allocation	\$145,532,135
10 year funding shortfall (10 year allocation - demand)	-\$21,648,738
10 year sustainability indicator (10 year allocation / demand)	87.05%

The asset financial ratios show that in 2021/22:

- Council is underspending on renewal versus depreciation
- Council is slightly overspending on renewal versus projected renewal demand
- a discrepancy between projected renewal demand and depreciation as represented by projected renewal being 85.30% of depreciation.

The short, medium and long term life cycle cost data shows Council is moderately funding assets over the next 10 years. For the 2021/22 year, the planned over the required expenditure has a ratio of 101.56% which indicates Council is spending in excess of the required expenditure to maintain Council's assets. This is results of COVID-19 stimulus funding being directed to the renewal and upgrade of assets.

The 5 and 10 year life cycle cost sustainability indicators both between 80-90% which indicates Council is moderately underfunding assets in the medium to long term. This may have a moderate impact on the condition of Council's assets and levels of service and can be addressed by applying for grant funding and/or identifying operational efficiencies.

9.3 Summary of planned expenditure

The current funding allocated to assets as recommended in the asset management plans is summarised in the following table:

Table 14 – Summary of planned expenditure

Year	Planned renewal expenditure	Planned new / upgrade expenditure	Planned operations and maintenance expenditure	Total expenditure
2021/22	\$7,812,266	\$1,103,991	\$8,146,675	\$17,062,932
2022/23	\$4,085,421	\$498,924	\$8,373,792	\$12,958,137
2023/24	\$4,149,775	\$583,391	\$8,584,484	\$13,317,650
2024/25	\$4,296,564	\$480,000	\$8,704,689	\$13,481,253
2025/26	\$4,675,897	\$480,000	\$8,813,507	\$13,969,404
2026/27	\$4,972,145	\$480,000	\$9,026,153	\$14,478,298
2027/28	\$5,063,609	\$480,000	\$9,155,543	\$14,699,152
2028/29	\$5,154,206	\$480,000	\$9,288,276	\$14,922,482
2029/30	\$5,257,082	\$480,000	\$9,424,392	\$15,151,474
2030/31	\$5,341,385	\$480,000	\$9,669,969	\$15,491,354
10 year total	\$50,798,350	\$5,546,306	\$89,187,479	\$145,532,135
Annual average	\$5,079,835	\$554,631	\$8,918,748	\$14,553,213

Over the next 10 years Council will spend \$50.8M on asset renewals, \$5.55M on asset upgrades and new assets, and \$89.2M on operations and maintenance costs for assets, for a total expenditure of \$145.5M.

10 PLANNED IMPROVEMENT AND MONITORING

The improvement plan associated with this Asset Plan is as follows.

Table 15 - Improvement plan

Task	Responsible Person	Resource Type	Timeline
Review all of the projects in the improvement plans of each asset management plan and prioritise against each other in an overall list.	Manager Assets & Infrastructure	Internal	As resources permit