



MOIRA SHIRE
ASSET PLAN
2021-2031



MAYOR'S MESSAGE



The Asset Plan 2021–2031 comes at a time of recovery, stabilisation and growth for our communities as we transition out of the economic, health and social strains placed upon us all during the COVID-19 pandemic.

Moira Shire Council is responsible for an extensive range of infrastructure assets.

Council maintains more than 1,086km sealed, 1,660km gravel and 904km of farm access roads; 76 bridges and major culverts; 294km of kerb and channel; 160km of footpaths; 77 playgrounds; 54 public toilet blocks and public barbecues; plus 673 council buildings and facilities including sport and recreation areas, four libraries, a mobile library service and nine waste transfer stations.

Council is continually faced with the ongoing dilemma of what resources and funds need to be provided to ensure these assets continue to provide the required services to its community in the most cost effective manner for the present and future.

There are a number of factors that require Council to critically assess the way in which it manages these assets.

These include:

- Increased pressure from the community for improved service levels in a rate capping environment;
- Changes in legislation requiring the identification and depreciation of infrastructure assets; and
- Dealing with replacement schedules, upgrade requirements and appropriate rationalisation.

This plan provides the vision and direction for asset management in Moira Shire and details how that vision and direction is being addressed now and how it will be achieved in the future.

Cr Libro Mustica

Mayor, Moira Shire Council

The Moira Shire acknowledges the traditional custodians of country, Yorta Yorta. We acknowledge their continuing connection to land, water and community and pay our respects to them and their cultures and to their elders past, present and emerging.

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1. INTRODUCTION

Council's infrastructure assets include sealed roads, unsealed roads, buildings, bridges, footpaths, kerbs, drainage, culverts, recreation and aerodrome with an estimated replacement cost valuation of almost \$600 million. This represents approximately 80% of the overall value of Council's asset base.

Providing effective and efficient management of assets is a key obligation of the Moira Shire (Council).

As custodian of community assets, Council has the responsibility for managing these assets in the most cost effective manner. This is achieved through managing our assets through their entire lifecycle from creation and acquisition to maintenance and operation, through to rehabilitation and disposal. These actions are undertaken with the goal of providing efficient, safe, and reliable services for current and future generations.

This Asset Plan represents one of the keystones in the way we manage our community's assets. It provides a strategic and financial view of how we will manage the assets that we own and control over the next ten (10) years and beyond. It defines our high-level strategic asset management priorities and addresses all aspects of the lifecycle management of our assets.

1.1

WHAT IS AN ASSET?

The most basic definition of an asset is something that is of value to a person or an organisation. Assets can be tangible, meaning they are physical and can be touched, or they can be intangible like financial assets.

Physical public assets that Council manages like buildings and property, roads, playgrounds, sports fields, etc. are tangible assets and are covered by this Asset Plan.

1.2

WHAT IS ASSET MANAGEMENT?

Asset management refers to the coordinated series of activities that monitor and maintain things of value — in this case, physical assets. This involves balancing risk, cost, opportunities, and performance to realise the value of an asset fully and effectively over its entire lifespan.

Ultimately, asset management is a way to align strategic planning with infrastructure and service delivery in the real world considering what assets people need and how these assets are made to last and perform best.

Asset Management in Short

The right assets, in the right place, at the right time, managed by the right people!

1.3 WHY IS ASSET MANAGEMENT IMPORTANT?

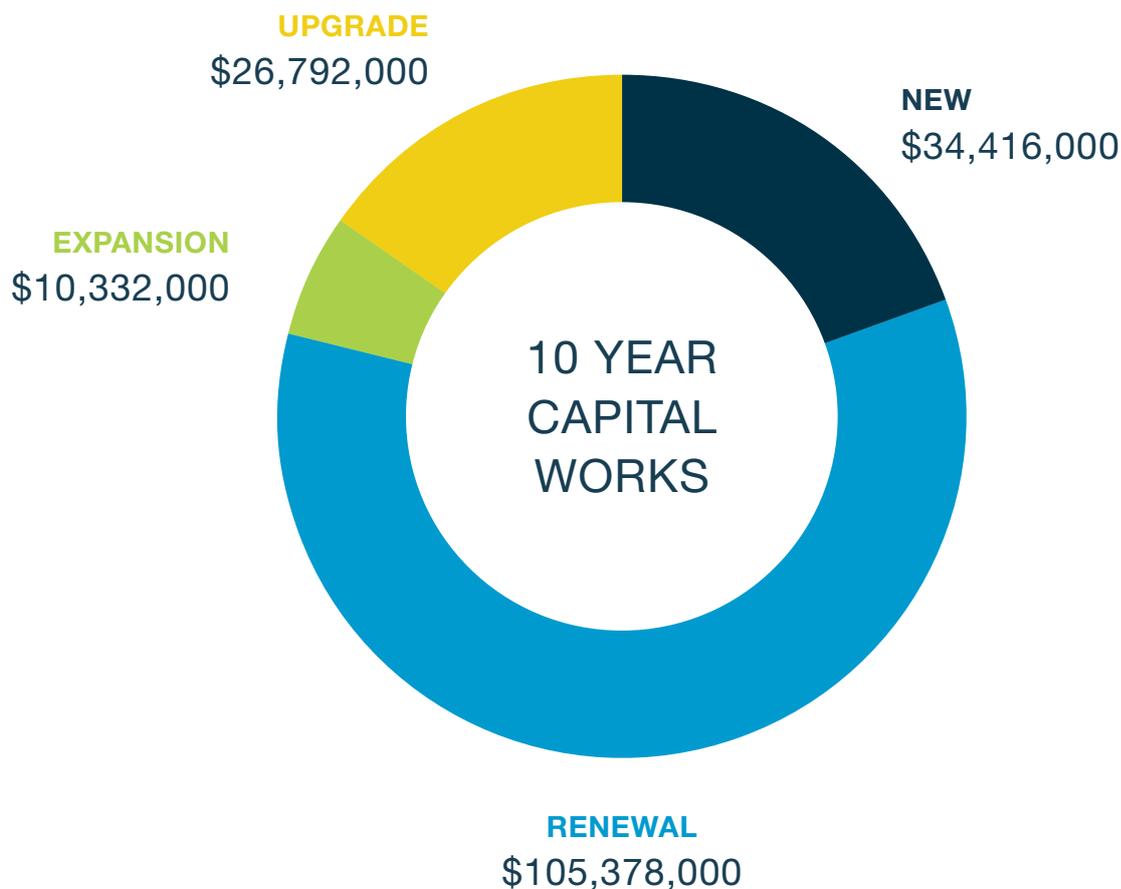
We manage a portfolio of assets that have a combined value and replacement cost of \$800 million. This includes all our property, plant and equipment, and infrastructure. These assets have been built up progressively over many years.

These assets are predominantly used to provide services and amenity to our community. The standard to which they are maintained and the extent to which they are grown and improved are a key consideration in setting and delivering on our Community Vision and Council Plan.

Without these assets, we could not provide our diverse range of services to the quality that our community expect.

Over the next ten (10) years, we expect to budget a total of \$176 million for renewing, improving, and growing our assets. We are also projected to allocate around \$239 million over the same period to operate and maintain our assets.

Combined, on average 52 per cent of our forecast total annual expenditure is asset related. This investment is made so that our assets remain fit-for-purpose, are safe, and support the delivery of services to our community.



It is vital that we are good asset managers so that our assets support community outcomes. Asset management helps us effectively plan the maintenance and renewal of our assets as timely investments save money in the long term.

Moira Shire Council is home to a population in excess of 29,000 people and encompasses a geographic area of 4,057 square kilometres from Bundalong in the east to Barmah in the west. Our northern boundary is defined by the Murray River and our south-west, southern and southeast regions share boundaries with the municipalities of Campaspe, Greater Shepparton, Benalla, Wangaratta and Indigo. Moira is centrally located to the regional cities of Shepparton, Wangaratta and Albury-Wodonga.

The Moira Shire's municipal region includes four major towns; Cobram, Nathalia, Numurkah and Yarrowonga and 22 smaller communities: Barmah, Bearii, Bundalong, Burramine, Invergordon, Kaarimba, Katamatite, Katunga, Koonoomoo, Kotupna, Lake Rowan, Peechelba, Picola, St James, Strathmerton, Tungamah, Waaia, Wilby, Wunghnu, Yabba North, Yalca and Yarroweyah.

The median age of Moira Shires population is 47 years, which is higher than the State and National medians of 37 and 38 years, respectively. Children aged 0-14 years make up 17.7% of the population and people aged 65 years and over make up 25.0% of the population.

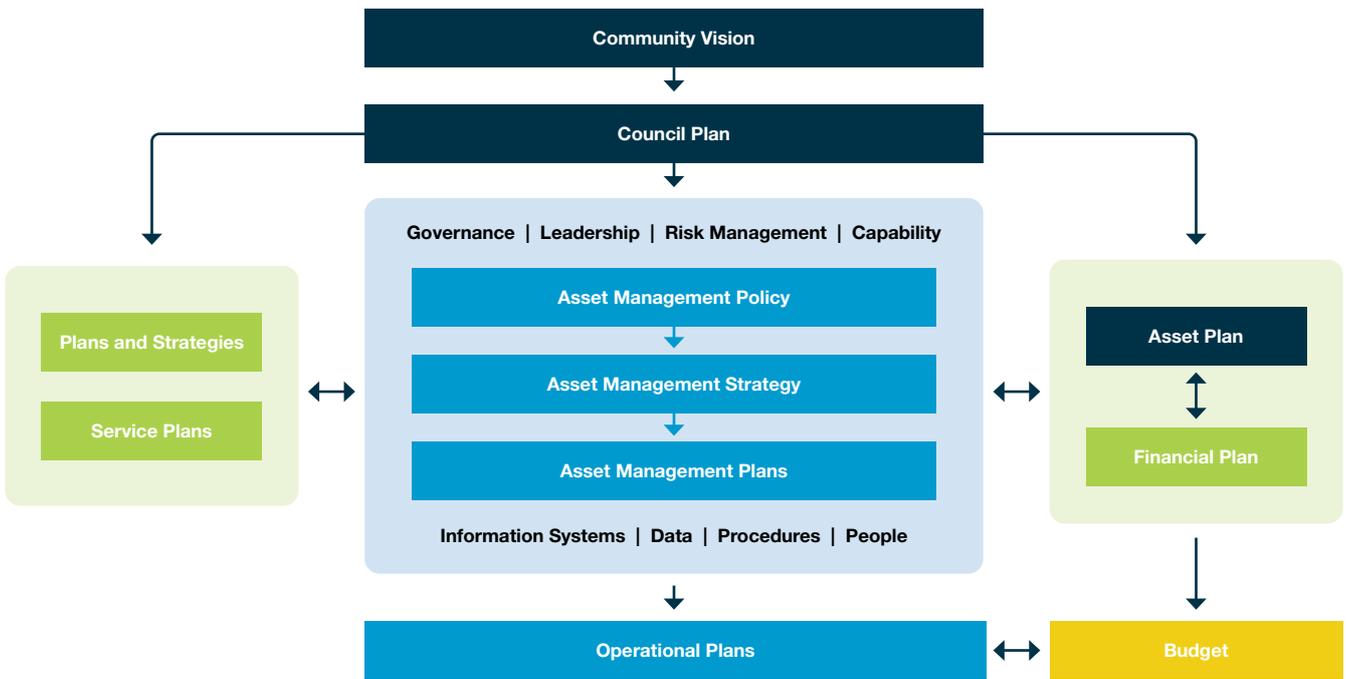
Moira Shire is home to a variety of agricultural industries including horticulture, cereal, oilseed, livestock and dairy production. Agricultural land use accounts for approximately 71 per cent of the total land area, currently divided equally between irrigated and dry land production.

The development of this Asset Plan in accordance with section 92 of 'The Act' 2020 has provided the focus for Council to seek to improve the way in which it manages the assets under its control.



1.4 ASSET MANAGEMENT FRAMEWORK

Our Strategic Asset Management Framework shown below aims to ensure that a systematic approach to asset management delivers prudent and efficient outcomes that meet both our corporate and asset management objectives.



DOCUMENT	ROLE	DETAILS
Asset Plan	High-level 10-year view of Council's priorities around maintenance, renewal, acquisition, expansion, upgrade and disposal of infrastructure asset under the control of the Council.	Combines key information from the Asset Management Strategy and Asset Management Plans and also links to Financial Plan.
Asset Management Policy	Guides sustainable management of Council's assets to support services that will meet current and future community needs.	Outlines Council's vision and principles.
Asset Management Strategy	Outlines how we will deliver our asset management policy intentions.	Establishes the direction and actions necessary for improvement of relevant asset management practices to achieve the Council's vision and organisational objectives.
Asset Management Plans	How we intend to manage our assets to meet the demands of our community in the future.	Provides a roadmap for achieving value from our assets by optimising cost, risk, and performance across the lifecycle of an asset.

1.5 THE PURPOSE OF THE ASSET PLAN

This Asset Plan has been prepared to meet the requirements of section 92 of 'The Act' 2020. We need to have our Asset Plan in place by 30 June 2022. We are preparing it now, so it is included as part of our integrated approach to planning our long-term goals.

The Asset Plan is a general overview document that summarises the key elements of the individual Asset Management Plans that we have developed for each of our major asset classes.

The purpose of this Asset Plan is to:

- Show how we will responsibly manage our assets to meet the service delivery needs of our community into the future in a cost-effective way.
- Summarise the operating and capital expenditure requirements for our assets.
- Ensure that there is integration between our asset management planning outcomes with our strategic objectives, Financial Plan, and Budget.
- Maximise alignment with Council, Regional and Government Strategies, Policies and Plans that effect the management of our assets.
- Make sure that we comply with our legislative obligations.

The development of this Asset Plan is dependent and relies upon our understanding of the performance of our assets and number of key assumptions. Assumptions and forecasts will change based on enhancement of our asset knowledge along with ever evolving internal and external drivers.

This Asset Plan will be actively monitored and updated every four-years or within six-months of a Council election to reflect any major changes.

1.6 SCOPE OF THE ASSET PLAN

While we manage an extensive portfolio of assets, this Asset Plan only covers all infrastructure that is under the control and is recognised as an asset of the Council. Our infrastructure assets include:



Roads



Pathways



Public Lighting



Facilities



Storm Water



Open Spaces



**Structures
(bridges, culverts and retaining walls)**

2. STRATEGIC CONTEXT

The delivery of services to the community is guided by the Community Vision, Council plans, strategies, and policies. These also drive our approach to asset management.

2.1 THE FINANCIAL PLAN

The Financial Plan provides a long-term view of the resources that we expect to be available to us and how these will be allocated and prioritised over the next ten (10) years. Our Financial Plan identifies our current and projected financial capacity to continue delivering high quality services, facilities, and infrastructure while identifying critical new capital investment to support our community's prosperity and to respond to our future challenges.

This Asset Plan is intrinsically linked with the budgets and projections outlined in our Financial Plan. Ongoing affordability and financial sustainability are our key objectives. The Financial Plan in combination with the Asset Plan supports us in achieving this aim.

2.2 THE COUNCIL PLAN

Our Council Plan makes a commitment to outcomes and priority initiatives across a number of strategic objectives. Effective asset management supports the outcomes of the Council Plan and the delivery of sustainable services. We recognise our stewardship role in appropriately managing the assets we have and aim to fulfill our obligations to future communities to provide sustainable assets and services.

2.3 THE REGULATORY FRAMEWORK

We operate in a complex legislative and policy environment that directly influences the way we do business. The principal legislation in Victoria governing the establishment and operation of councils is the *Local Government Act 2020* ('The Act'). This defines the purposes and functions of local government as well as providing the legal framework for establishing and administering councils.

The Act requires all councils to develop an integrated, longer-term, and transparent approach to planning organised around a ten (10) year community vision.

This Asset Plan is an important part of our integrated planning framework. As well as the general powers and responsibilities given under the Act, we are responsible for a wide range of services and functions under various other Acts of Parliament. In fact, we have responsibilities under more than 120 different Victorian pieces of legislation.

2.4 RELEVANT STRATEGIC DOCUMENTS

This plan supports a number of other strategic Council documents including but not limited to:

- Moira '2035' Community Vision
- Council Plan 2021-2025
- Financial Plan 2021-2031
- Road Management Plan
- Recreation Strategy 2016-2026
- Aquatic Facility Strategy 2018-2027
- Arts and Culture Strategy 2020-2026
- Asset Management Plan 2021-2031
- Asset Management Policy

3. OUR ASSETS

We manage a portfolio of assets worth over \$800 million. This includes all our property, plant and equipment, and infrastructure. These assets have been built up progressively over many years.

All our infrastructure assets, collectively worth over \$600 million, belong to ratepayers and are managed and operated by Council on their behalf. Ensuring our assets are appropriate for the community and visitors needs enables us to deliver the services that make Moira Shire the best Local Government area within Australia.

ASSET CATEGORY	QUANTITY	REPLACEMENT COST \$'000
Roads	3,655 kilometres of roads and 12 off-street carparks	\$229,846
Bridges	47 vehicular bridges and 37 pedestrian bridges	\$30,598
Buildings	683 buildings	\$149,479
Drainage	1,852 kilometres of underground pipes, 2,245 pits and 1,819 culverts	\$69,687
Pathways	181 kilometres	\$30,820
Kerb & Channel	299 kilometres of kerb network	\$68,589
Recreation	5 pools, 81 playgrounds and 28 netball/tennis courts	\$17,590
Other Infrastructure	Fences, levees, town signs, boat ramps, solar lighting and Irrigation systems	\$13,015

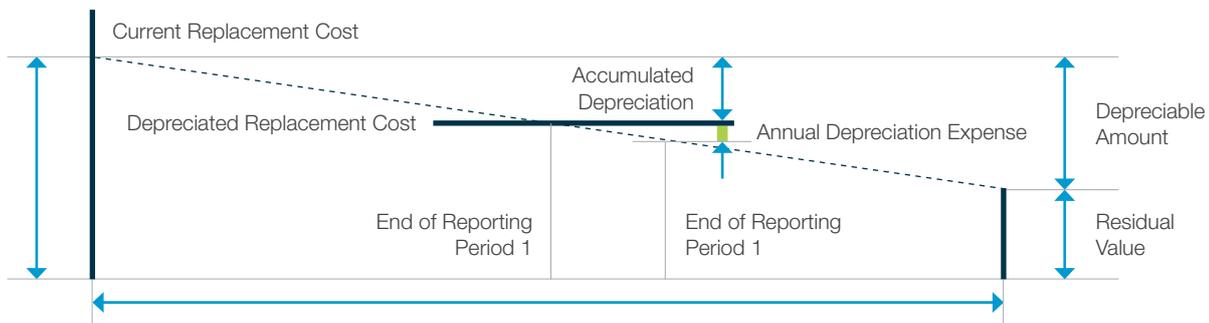


3.1 STATE OF OUR ASSETS

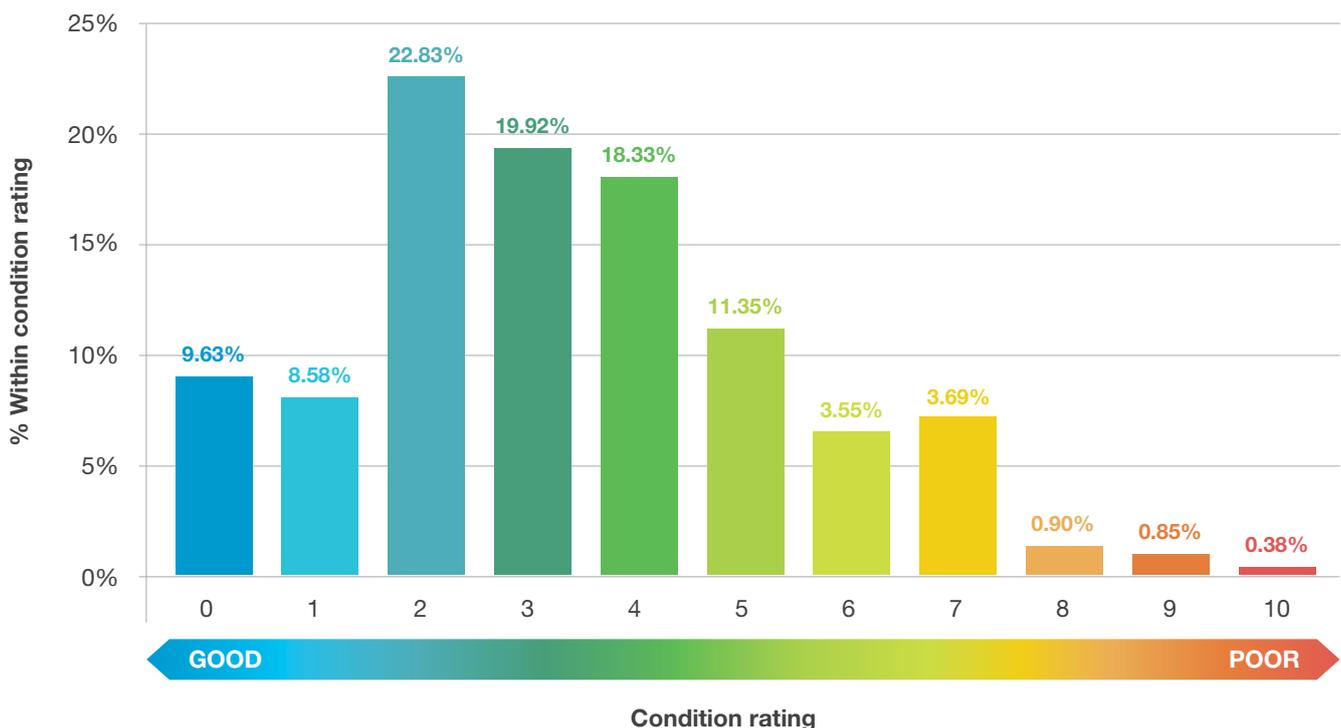
Our community determine the demand and value of the services our assets provide. The performance of our infrastructure is measured on agreed service levels through ongoing condition assessments of our infrastructure.

The value of assets recorded in the asset register as at 30/06/2021 is shown here. Assets are typically re-valued every three or four years at fair value based on replacement costs less accumulated depreciation as at the date of valuation. (See section 7 for a full summary of the State of the Assets)

VALUE OF ASSETS AS AT 30/6/2021	
Current Replacement Cost	\$812,846,141
Depreciable Amount	\$216,593,152
Depreciated Replacement Cost	\$596,252,989
Annual Depreciation Expense	\$11,145,153



Present condition distribution by % of asset base



4. LIFECYCLE MANAGEMENT

The goal of asset management is to meet a required level of service in the most cost-effective manner, through the prudent and efficient management of assets for present and future customers.

The key elements of effective asset management are:

- Adopting a life-cycle approach.
- Developing cost-effective management strategies for the long term.
- Providing defined and agreed levels of service.
- Monitoring performance.
- Understanding and meeting the impact of changing service needs
- Managing risk associated with asset failures.
- Sustainably using physical resources.
- Continually improving asset management processes and practices.

A formal approach to the management of assets is essential to providing our services in the most cost effective manner. This enhances our ability to demonstrate our approach to asset management to our stakeholders

Our approach to asset management is centred on asset lifecycle management. There are four key stages in the asset lifecycle:

Renewal, Replacement or Disposal

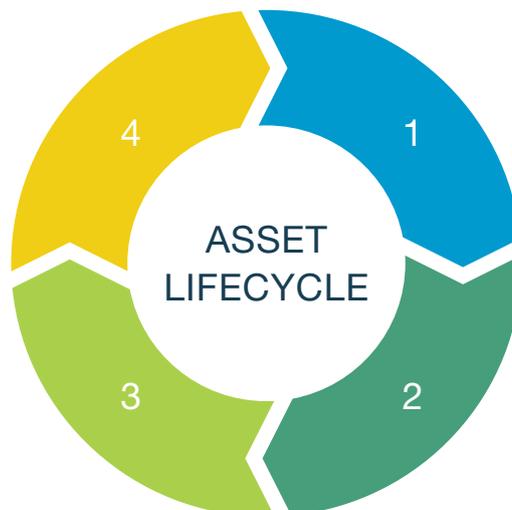
At the end of an asset's lifecycle.

If there is still a need for the asset, it is renewed or replaced and the lifecycle recommences. If not, the asset is sold, repurposed or recycled.

Operations and Maintenance

Operations and maintenance.

The operations and maintenance stage indicates the application and management of an asset, including ongoing maintenance.



Planning

Planning is the first stage of the asset lifecycle.

This stage establishes asset requirements based on evaluation of business need and options.

Creation or Acquisition

This begins the lifecycle of the asset.

Once the asset is identified, acquired or constructed it can be monitored throughout its entire lifecycle.

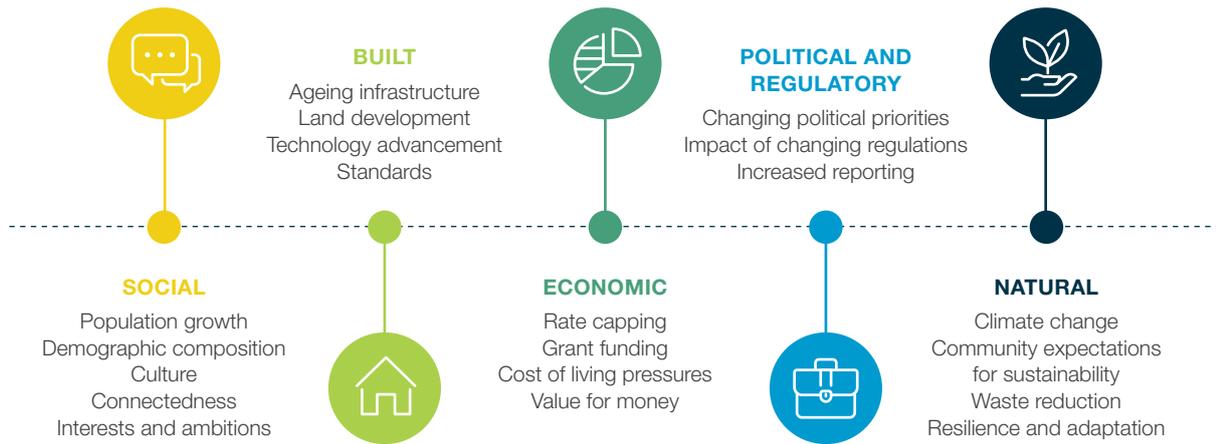
4.1 LIFECYCLE STRATEGIES

Each phase of the lifecycle has a corresponding lifecycle strategy, which describes our approach to the activities in that stage, objectives relevant to that stage, and strategies for providing performance to required levels. Our lifecycle strategies that we employ in each phase are summarised below.

LIFECYCLE PHASE	OUR LIFECYCLE STRATEGIES
Planning	<ul style="list-style-type: none"> • We consider asset requirements necessary to support our long term objectives and to ensure that the right assets are provided to meet service needs. • Future asset planning and service design considers and balances the key principles of affordability, equity, and the environment. • We use transparent, informed decision-making processes that consider the whole-of-life implications of acquiring, operating, maintaining, and disposing of an asset.
Creation or Acquisition	<ul style="list-style-type: none"> • Our projects are comprehensively defined so that its objectives are clear. • We select appropriate procurement strategies to ensure we work with the right project partners and achieve value for money. • We use systems and processes to plan, manage, and control projects that result in the creation of assets. • We integrate environmentally sustainable approaches to the design and construction of assets. • Newly acquired assets are checked for quality before they are put into service.
Operations and Maintenance	<ul style="list-style-type: none"> • We act to enable existing assets operate to their service potential over their useful life. • We regularly inspect, service, and maintain our assets so that they are safe, compliant, and are continuously available for use. • Maintenance is planned to minimise the risk of critical asset failure and ongoing lifecycle costs. • We use systems and processes to help record information about our assets and monitor their performance. • We continue to develop and improve our existing asset management system to monitor and record actions, effort and cost of maintenance to maintain assets.
Renewal, Replacement or Disposal	<ul style="list-style-type: none"> • We continuously assess the condition of our assets. • We aim to optimise the timing of the renewal or replacement of our assets so they remain safe and functional and to minimise overall lifecycle costs. • Our goal is to maximise the use of our assets through adaptive reuse or relocation of services where appropriate. • Where assets do not directly support core service delivery they are considered for rationalisation.

5. FUTURE CHALLENGES AND OPPORTUNITIES

There are some issues facing Council that can dictate how we plan for the future and what direction is taken. They may impact on how we deliver our assets and services.



New assets required to meet demand growth are typically provided by land developers and are known as 'Contributed Assets' and at no cost to Council. They are covered by a 12-month defect liability with the onus on the developer to maintain and repair any defects during this period prior to the assets being transferred to Council for ongoing operational and maintenance responsibility.

Acquiring these new assets will commit Council to fund ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required.

These future costs should be identified and considered in developing forecasts of future operations, maintenance and renewal costs

The following statistical data on growth for Moira Shire has been sourced from the Australian Bureau of Statistics and Victoria in Future 2019 (VIF2019). The 2018 data was released on 28 July 2020 and is already likely to be out of date due to the COVID-19 pandemic! This table will be updated in future asset management plans following the release of any new data statistics.

	2019	2020	2021	2026	2031	2036
Estimated Residential Population	29,925	30,037	30,169	30,921	31,662	32,384
Estimated Occupied Private Dwellings			13,115	13,674	14,200	14,650
Estimated Total Dwellings			14,301	14,872	15,451	15,980

5.1 DEMAND MANAGEMENT PLANNING

Demand management planning provides alternatives to the creation of new assets in order to meet demand. It also examines ways of modifying customer demands so that the utilisation of existing assets is maximised and the need for new assets is deferred or reduced.

For instance, Council's current funding of the road network is under continual pressure and any new developments need to be considered in the overall funding assessment. New developments that generate additional traffic should be given serious consideration, with a funding balance being established between a general rate increase for the additional maintenance burden or alternatively a reallocation of funds or development contributions.

Planning controls that introduce road use levies for specific road users (such as gravel haulers and timber trucks) or industry controlled levies that are directed by that industry towards maintenance of the roads under pressure may become part of the Council's management to ensure that the existing, and future, road network continues to function successfully.

With time, the community may seek higher levels of service than currently provided; therefore, Council, will review existing levels of service to ensure

- levels of service meet community expectations (via community consultation)
- levels of service can be maintained financially and operationally.

5.2 DEMAND MANAGEMENT STRATEGY

Council's long-term financial strategy has been developed via the 10-year Capex program.

Future renewal funding demands will increase during this 10-year Asset Plan and the amount of this increase will be monitored as condition assessments are done and asset lives and degradation curves are refined. If it is identified that the Shire is living beyond its means, then serious consideration will need to be given to the existing levels of service provided and what (if any) alternative means of funding are available to assist maintaining the current service levels.

It is therefore critically important that there is community input into any proposal to downgrade any levels of service, as there may well be impacts on the community of which Council is unaware and which will result in Council receiving negative comments through direct or indirect means. At the same time, the community may well be strong advocates of the process if it can see a decrease of operational or maintenance costs arising from user's groups that may be contributing little or nothing to the community who bears the cost.

5.3 DEMAND MANAGEMENT PLAN

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures.

Examples of non-asset solutions include providing services from existing infrastructure such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified to date for demand management are shown in the table here.



DEMAND DRIVER	IMPACT ON SERVICES	DEMAND MANAGEMENT PLAN
Rate Capping	Loss of income which could impact on Council's ability to provide current service levels.	Develop levels of service.
Population Growth or Decline	Some assets will become surplus in our smaller towns, but more will be needed in our larger towns.	We will need to expand our services and assets to cater for our growing community. Council will need to make a financial investment in infrastructure so that our assets are of a suitable capacity to cater for growth and that exemplary urban renewal is achieved.
Changing Community Needs	The community expects Council to be able to quickly respond to emerging needs, without knowing how long the demand might last.	We will need to plan assets that are responsive and adaptable to meet shifting stakeholder needs. We will need to seek to form strategic alliances with service delivery partners to enhance non-asset based service delivery solutions in turn optimising the use of Council's asset portfolio.
Ageing Infrastructure	One of the biggest financial challenges facing us is the cost of renewing our ageing infrastructure. Council's assets have been built and developed many years in the past. This period of development has created a large peak in the need to invest in asset maintenance and renewal.	<p>There is a critical need to introduce systems and processes to ensure that our spending on our existing assets is optimised.</p> <p>As our assets continue to age, more investment in maintenance and renewal expenditure will be required to ensure that the current levels of service enjoyed by the community continue to be delivered.</p>
Climate Adaption	We are already experiencing the impacts of climate change. In the future, we can expect; increased flooding of coastal properties and public facilities; storm damage to infrastructure; beach erosion; decreased water quality and security of water supply; reduced summer outdoor activities; and hotter urban spaces.	Changing weather may lead to increased need for reactive maintenance for storm and flood damage repair. Assets will need to be built and renewed to a standard that can withstand at least 1.5 degrees of warming. This may require different materials, methods of construction and other innovative approaches. There may also be increased expectation for leadership from Council to make use of sustainable energy sources and to provide assets that are environmentally efficient. In the longer-term, there may be greater community demand for weather protection, for sports and leisure activities that have traditionally occurred outdoors.

6. FINANCIAL INTEGRATION

The main theme underpinning our Asset Plan and broader asset management planning principles is ensuring responsible stewardship of our assets to meet the needs of tomorrow's community.

This acknowledges the many and varied factors that influence the delivery of our community's infrastructure.

Some of these challenges are legacy issues (e.g., decisions of past Councils or how things were built over 40 years ago). Others are simply the demands of a progressive society that is constantly seeking to improve. Either way, we are responsible for ensuring built infrastructure enhances community wellbeing and is fit for purpose, good quality, safe, future-proofed, cost effective and appropriately funded.

6.1 SPENDING CATEGORIES

For the purposes of this Asset Plan, our spending on our infrastructure is categorised as follows:

EXPENDITURE CATEGORY	ACTIVITY	DESCRIPTION
Recurrent	Maintenance	Ongoing work required to keep an asset performing at the required level of service.
	Operations	Recurrent expenditure that is continuously required to provide a service
Renewal	Renewal	Returns the service potential or the life of the asset up to that which it had originally
Growth	Upgrade	Enhancements to an existing asset to provide a higher level of service.
	Expansion	Extends or expands an existing asset at the same standard as is currently enjoyed by residents, to a new group of users.
	New	Creates a new asset that provides a service that does not currently exist.

Classifying our expenditure in this way helps us to plan our budgets and track how we spend our money on our assets and services.

6.2 INVESTMENT EVALUATION

As an organisation that relies on assets to deliver our services, we follow an investment philosophy that:

- Ensures that capital investment for infrastructure assets aids in the achievement of our strategic objectives.
- Aids the development of a service needs directed long-term capital works program, to better inform our Financial Plan.
- Ensures capital investment delivers best value.
- Ensures that capital investment is financially sustainable, and in accordance with asset management principles for the whole life cycle costs of our infrastructure.
- Builds a robust capital infrastructure asset investment system that is impartial and priority-based for allocating Council resources.
- Enhances transparency and public confidence in our capital investment decision-making process.

It is essential that we make sound capital investment decisions with its finite capital resources that maximise public value for current and future generations.

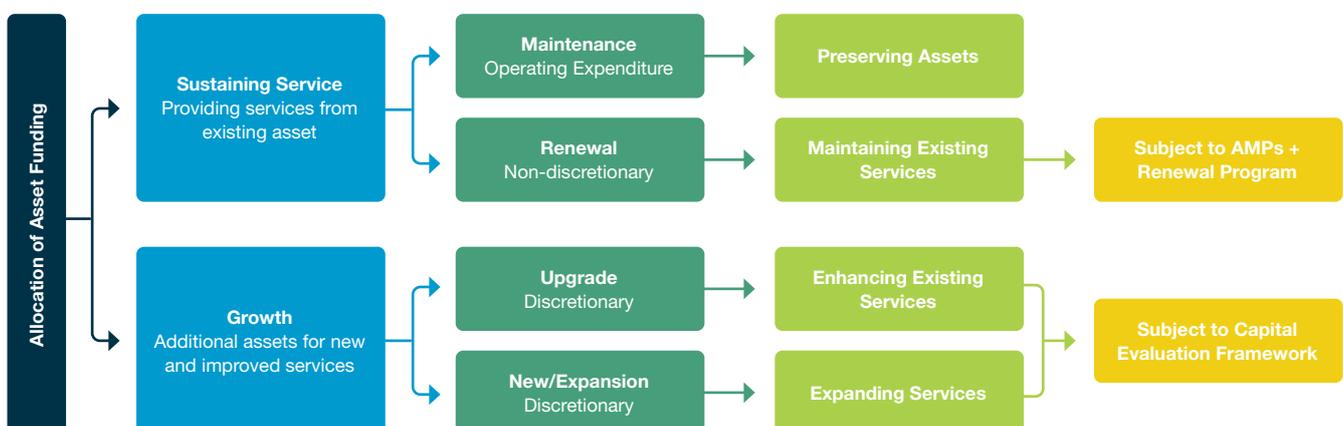
Our approach provides a means of evaluating and appraising proposed infrastructure investments, as well as setting priorities within the context of our long-term asset and service needs.

6.3 TIMING AND DELIVERABILITY OF WORKS PROGRAMS

We attempt to optimise our proposed works program in terms of capital and maintenance tasks. In particular, the optimisation of the timing and sequencing of asset renewal projects considers several factors, including the costs and benefits of aligning asset renewal with improvement projects or with maintenance activities. Where possible, we try to coordinate our works to:

- Take full advantage of our asset investment.
- Ensure the achievement of our strategic goals.
- Maintain performance, safety, and compliance of our assets.
- Ensure an acceptable risk profile across all assets.
- Ensure delivery of the works program.

Timely delivery of the capital works program is essential to minimising the likelihood of additional operating expenditure to sustain our assets beyond their expected service lives where run-to-failure is not employed.



6.4 FINANCIAL PROJECTIONS

This section outlines the projected expenditure requirements for our infrastructure over the next 10 years. These outlays have been determined based on the affordability assessments made in our Financial Plan and represent the investment that is required to maintain our existing levels of service

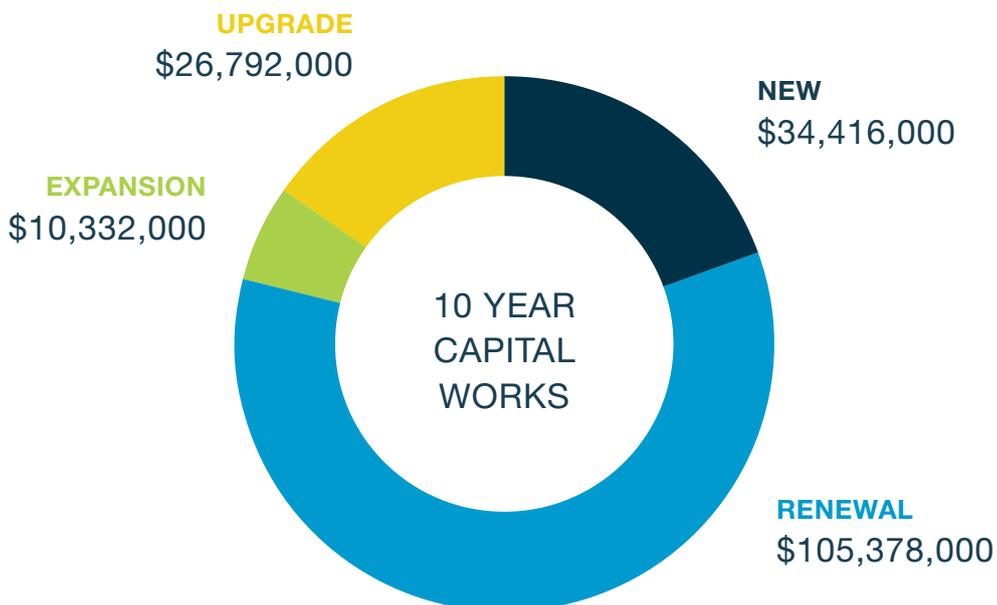
The projected capital and recurrent expenditure associated with our infrastructure assets over the next 10 years is shown below.

Over the next ten (10) years, we are a forecast to spend around \$390 million maintaining, renewing, and improving Councils infrastructure assets

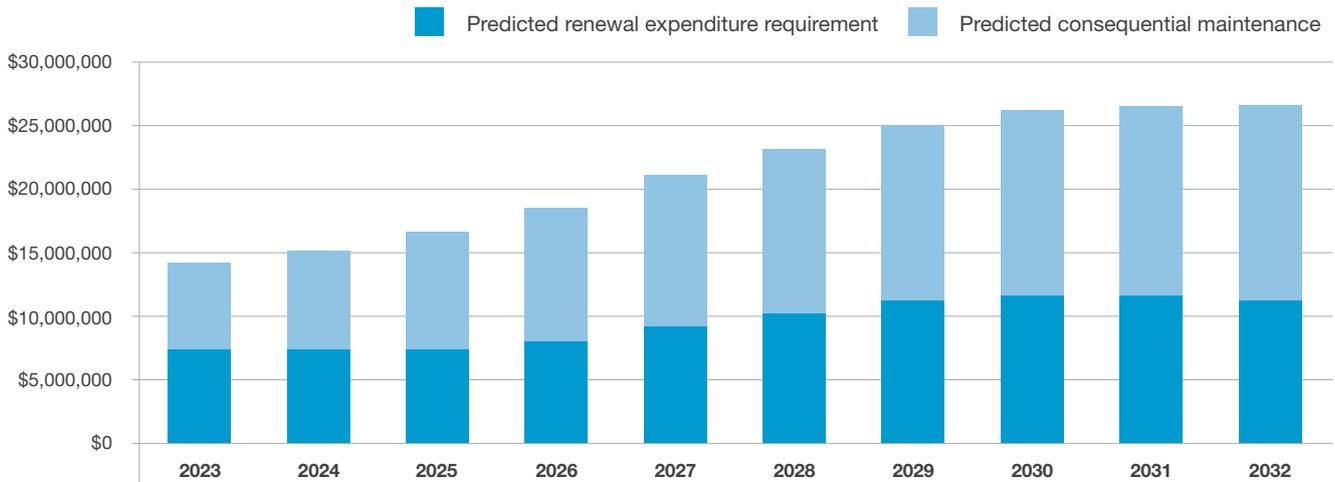
We allocate renewal and maintenance funding at a level that aims to keep pace with the deterioration of our network with the aim of retaining an average condition index 'Good' and 'Very Good'. This allocation is informed by strategic modelling analysis that predicts deterioration of or assets and the impact of various renewal funding scenarios on asset condition.

Predicted capital renewal and maintenance expenditure alone is forecast to be \$319 million or 52% of Council's total expenditure budgets

EXPENDITURE TYPE	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000
New	4,645	8,132	6,647	6,501	1,102	1,630	1,160	1,667	1,206	1,726
Renewal	8,985	8,888	9,048	10,082	11,308	10,572	11,206	11,811	11,748	11,730
Expansion	200	671	1,304	1,817	1,854	871	881	900	909	925
Upgrade	665	1,723	3,031	5,488	2,767	2,169	2,458	3,312	2,455	2,724
Capital Works	14,495	19,414	20,030	23,888	17,031	15,242	15,705	17,690	16,318	17,105



Predicted renewal requirement with consequential maintenance – all asset groups



6.5 ASSUMPTIONS

The assumptions made for the projected asset costs in this Asset Plan are consistent with our Financial Plan and reflect the issues that may impact on our activities in the next ten (10) years.

These assumptions underpin our determination of the most likely scenarios for management of key assets, and the significant decisions on expenditure over the period of this Asset Plan.

Required renewal expenditure assumptions as shown in the 10-year forecast period based on existing condition data and the estimated remaining useful life.

	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000
Roads	4,091	3,887	3,962	4,509	4,944	5,420	5,558	5,461	5,250	5,015
Kerbs	242	192	142	122	102	113	125	138	154	171
Pathways	130	134	130	151	187	228	262	287	302	310
Bridges	169	137	110	93	80	75	74	74	75	48
Drainage	0	0	1	7	16	29	47	68	93	122
Culverts	147	98	50	26	4	7	12	17	24	31
Buildings	2,119	2,497	3,012	3,617	4,112	4,517	4,738	4,798	4,738	4,604
Recreation	370	451	516	578	616	633	630	622	621	631
Pumps	19	20	21	22	22	23	23	24	25	27
Aerodrome	2	4	11	21	29	36	39	39	37	33
Total	7,295	7,424	7,960	9,150	10,117	11,087	11,511	11,532	11,324	11,027

6.6 LONG TERM FINANCIAL PLAN

Council has developed and maintains a financial plan at least for the next 10 financial years as part of the *Local Government Act 2020* requirements (refer Part 4 – Section 91 – Financial Plan). This financial plan is also known as the Long Term Financial Plan (LTFP). Future projects including renewal, upgrade new or expansion projects are also recorded in Council's LTFP as shown in the 10-year forecast table below.

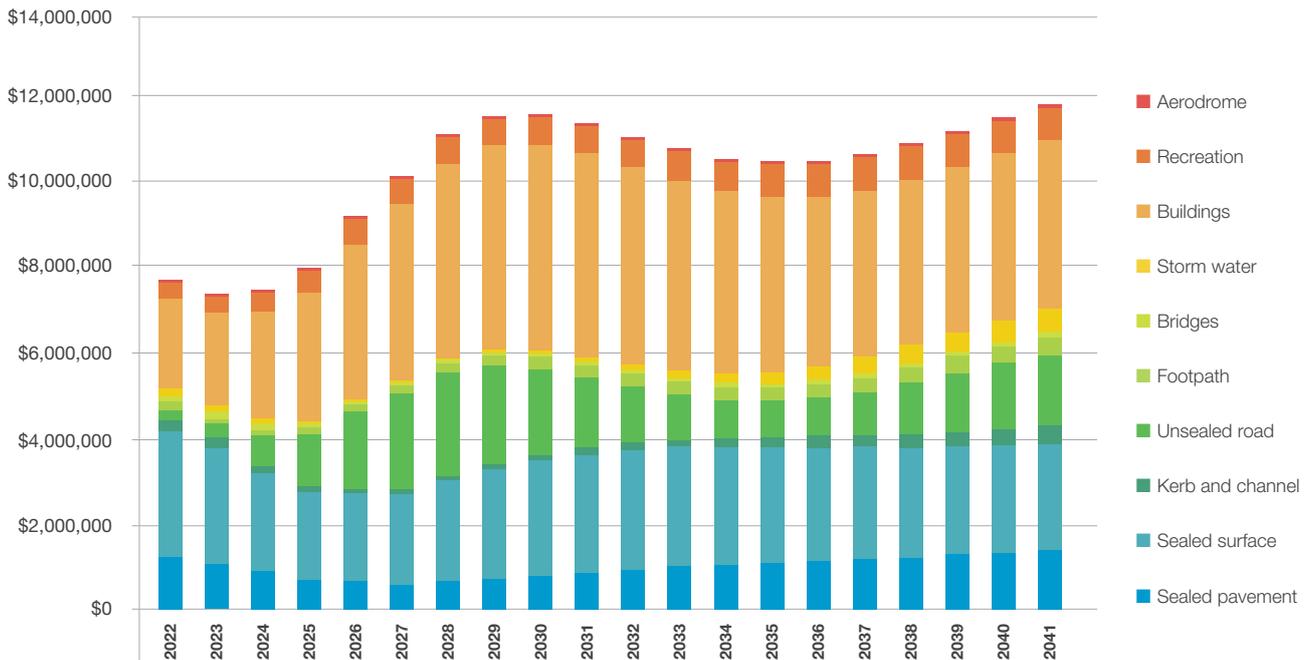
	Budget 2020/21 \$'000	Budget 2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000
PROPERTY											
Land	-	-	-	-	-	-	-	-	-	-	-
Land improvements	410	2,295	4,000	6,255	9,560	1,236	1,251	1,242	1,268	1,252	1,271
Total land	410	2,295	4,000	6,255	9,560	1,236	1,251	1,242	1,268	1,252	1,271
Buildings	9,118	2,300	736	1,179	1,458	1,515	1,529	1,845	1,902	1,734	1,981
Total buildings	9,118	2,300	736	1,179	1,458	1,515	1,529	1,845	1,902	1,734	1,981
Total property	9,528	4,595	4,736	7,434	11,018	2,751	2,781	3,087	3,170	2,987	3,252
PLANT AND EQUIPMENT											
Fixtures, fittings and furniture	14	14	84	85	88	89	91	94	97	99	101
Computers and telecommunications	-	-	-	-	-	-	-	-	-	-	-
Total plant and equipment	1,298	1,416	1,623	1,622	1,610	1,634	1,610	1,628	1,738	1,740	1,748
INFRASTRUCTURE											
Roads	4,655	3,640	4,017	4,451	4,575	4,220	4,384	4,555	4,733	4,918	5,110
Bridges	90	-	-	-	-	1,200	-	-	1,300	-	-
Footpaths and cycleways	1,200	905	303	311	319	322	342	343	341	347	374
Drainage	3,177	1,490	5,963	4,223	2,695	3,261	2,315	2,364	2,420	2,463	2,519
Kerb and channel	540	540	521	583	598	613	628	644	660	676	693
Recreational, leisure and community facilities	1,211	1,064	1,001	1,065	1,198	1,251	1,276	1,301	1,327	1,354	1,381
Waste management	900	-	900	-	900	450	950	475	975	500	1,000
Parks, open space and streetscapes	157	135	250	268	231	280	277	296	305	318	330
Aerodromes	-	100	-	-	-	300	-	300	-	300	-
Off street car parks	-	150	-	-	-	-	-	-	-	-	-
Other infrastructure	30	560	100	75	745	750	680	714	721	716	699
Total infrastructure	11,960	8,584	13,055	10,975	11,260	12,646	10,852	10,991	12,782	11,591	12,105
Total capital works expenditure	22,786	14,595	19,414	20,030	23,888	17,031	15,242	15,705	17,690	16,318	17,105
REPRESENTED BY:											
New asset expenditure	11,666	4,745	8,132	6,647	6,501	1,102	1,630	1,160	1,667	1,206	1,726
Asset renewal expenditure	8,737	8,985	8,888	9,048	10,082	11,308	10,572	11,206	11,811	11,748	11,730
Asset expansion expenditure	425	200	671	1,304	1,817	1,854	871	881	900	909	925
Asset upgrade expenditure	1,958	665	1,723	3,031	5,488	2,767	2,169	2,458	3,312	2,455	2,724
Total capital works	22,786	14,595	19,414	20,030	23,888	17,031	15,242	15,705	17,690	16,318	17,105

6.7

SUMMARY OF FUTURE RENEWAL AND REPLACEMENT EXPENDITURE

Projected future renewal and replacement expenditures are forecast to increase over time as the asset stock increases from growth. The expenditure is summarised in the graph below. Note that all amounts are shown in real values.

Predicted annual capital requirement – separated by asset group



6.8

UPGRADE / NEW / EXPANSION

Projects (including land purchase) for the extension, upgrading or construction/purchasing new assets required to cater for growth or additional levels of service are subject to business case completion and review to be considered on future budget years.

Generally, any new assets being proposed are conditioned, subject to approval of external funding, before proceeding or committing Council's own funding. However, this is considered on a project-by-project basis.

Project works may include:

- works which create an asset that did not exist in any shape or form;
- works which improves an asset beyond its original size or capacity;
- upgrade works which increase the capacity of an asset; or
- works designed to produce an improvement in the standard and operation of the asset beyond its original capacity.

7. STATE OF THE ASSETS AS AT JUNE 30 2020

Council's assets include sealed roads, unsealed roads, buildings, bridges, footpaths, kerbs, drainage, culverts, recreation and aerodromes. In this renewal gap report modeling has been used on almost \$600 million of assets which equates to 80% of the overall value of Council's asset base.

ASSETS

Current Data \$'000

TYPE	REPLACEMENT VALUE \$'000
Sealed Road Surfaces	\$44,837
Sealed Road Pavements	\$164,325
Unsealed Pavements	\$20,684
Buildings	\$149,479
Bridges	\$30,598
Footpaths	\$30,820
Kerb & Channel	\$68,589,000
Drainage	\$59,447,000
Culverts	\$10,240,000
Recreation	\$17,590,000
Aerodrome	\$1,827,000
Replacement Value Total	\$598,436,000

FINANCIAL

Actuals and Budget

Funding for renewal works is obtained through external funding programs such as Roads to Recovery or typically allocated through the annual budgeting process and planned for within Council's LTFP.

Current Renewal Funding \$'000

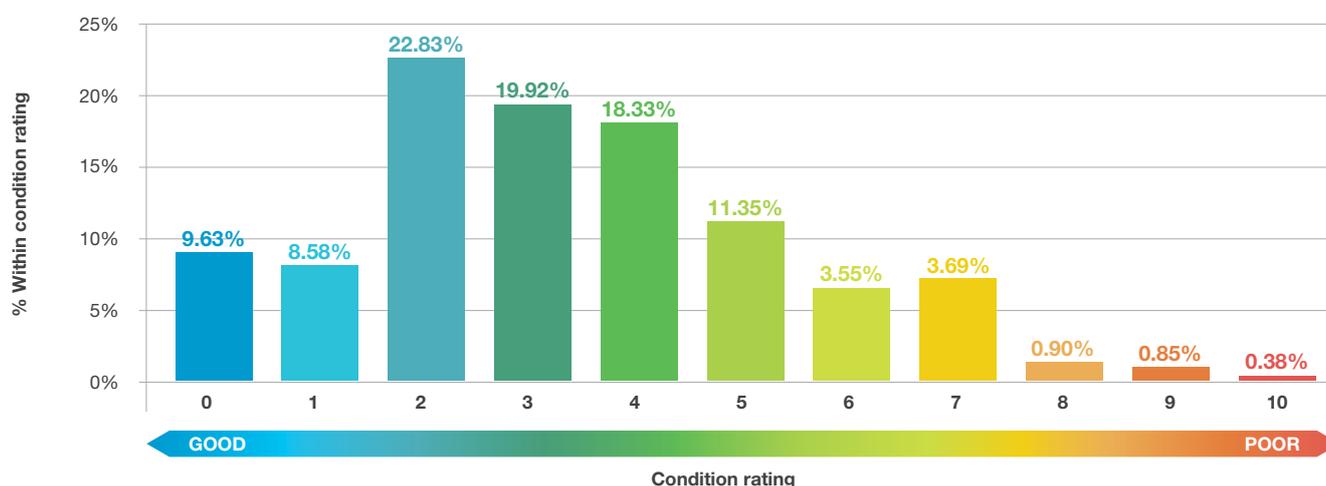
ACTUAL	BUDGET	SRP PROJECTION		
19/20	20/21	21/22	22/23	23/24
\$5,947	\$6,586	\$7,537	\$7,440	\$7,356

CONDITION

The majority of Council's assets (93%) range from very good to fair condition which means they are below the intervention levels identified in Council's Asset Management Plan.

Condition inspections are completed typically every three years or as and when requested by service managers.

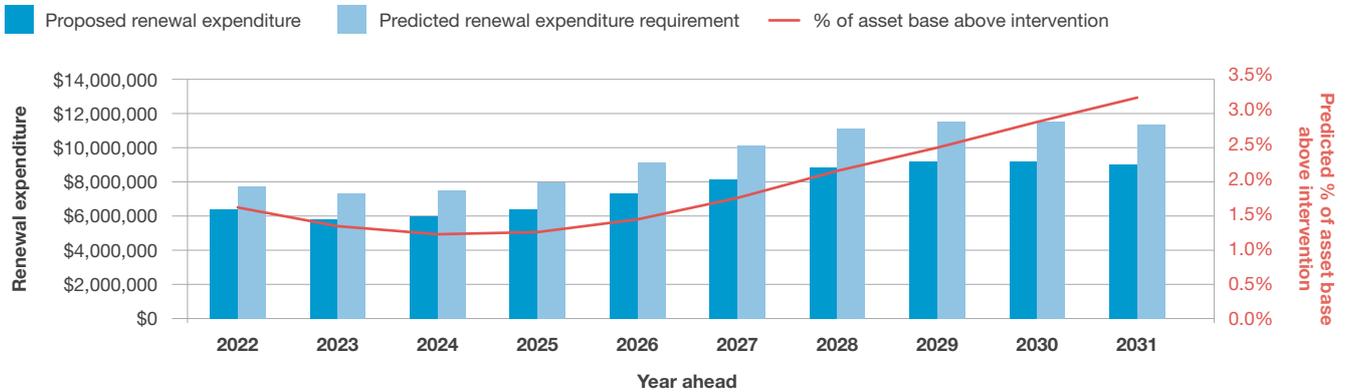
Present condition distribution by % of asset base



RENEWAL GAP

The renewal gap is the difference between what should be spent to maintain assets in good condition and what is proposed to be spent to do so. Construction of new assets does not contribute to reducing the renewal gap.

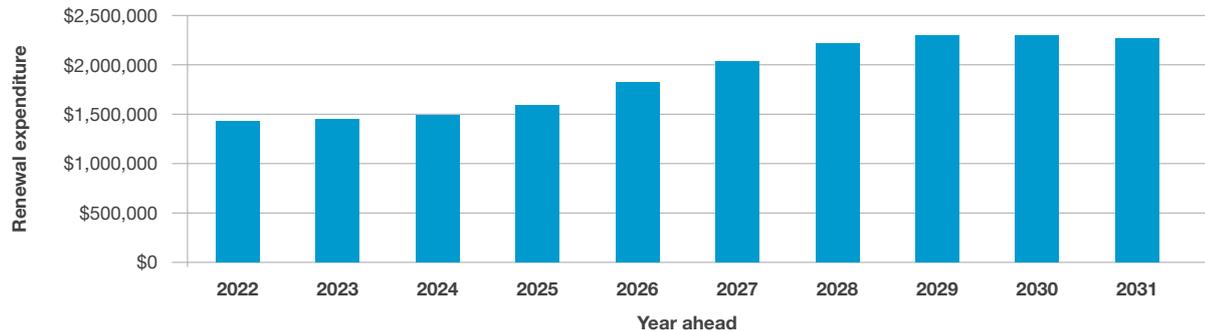
Present % over intervention assets – 1.70% Present value of over intervention assets – \$10,447,899



The present percentage of all assets over intervention levels is 2.24% with an estimated replacement/renewal cost of \$13.378 million.

Total annual renewal gap - all asset groups

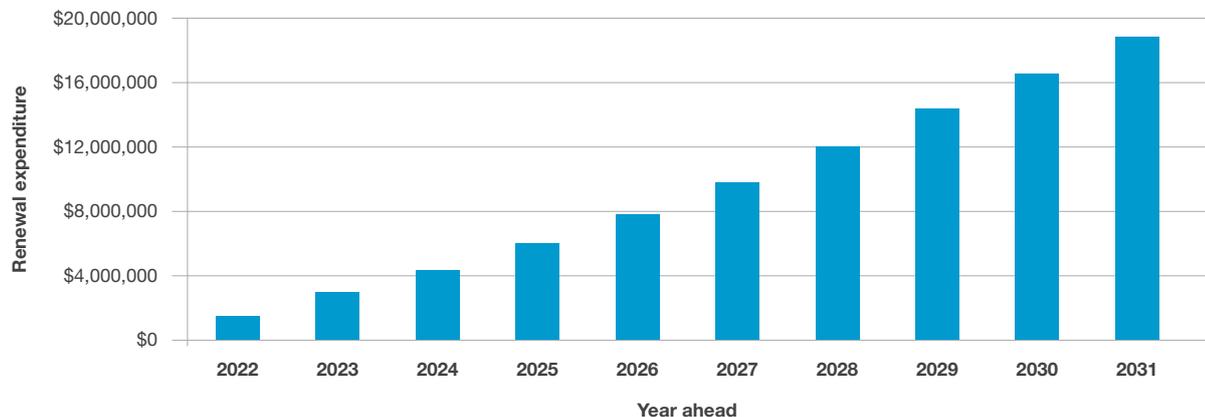
Present % over intervention assets – 1.70% Present value of over intervention assets – \$10,447,899



The predicted renewal expenditure - less the proposed 80% expenditure shows the renewal gap consistently widens by over \$1.5 million per year.

Cumulative total annual renewal gap - all asset groups

Present % over intervention assets – 1.70% Present value of over intervention assets – \$10,447,899

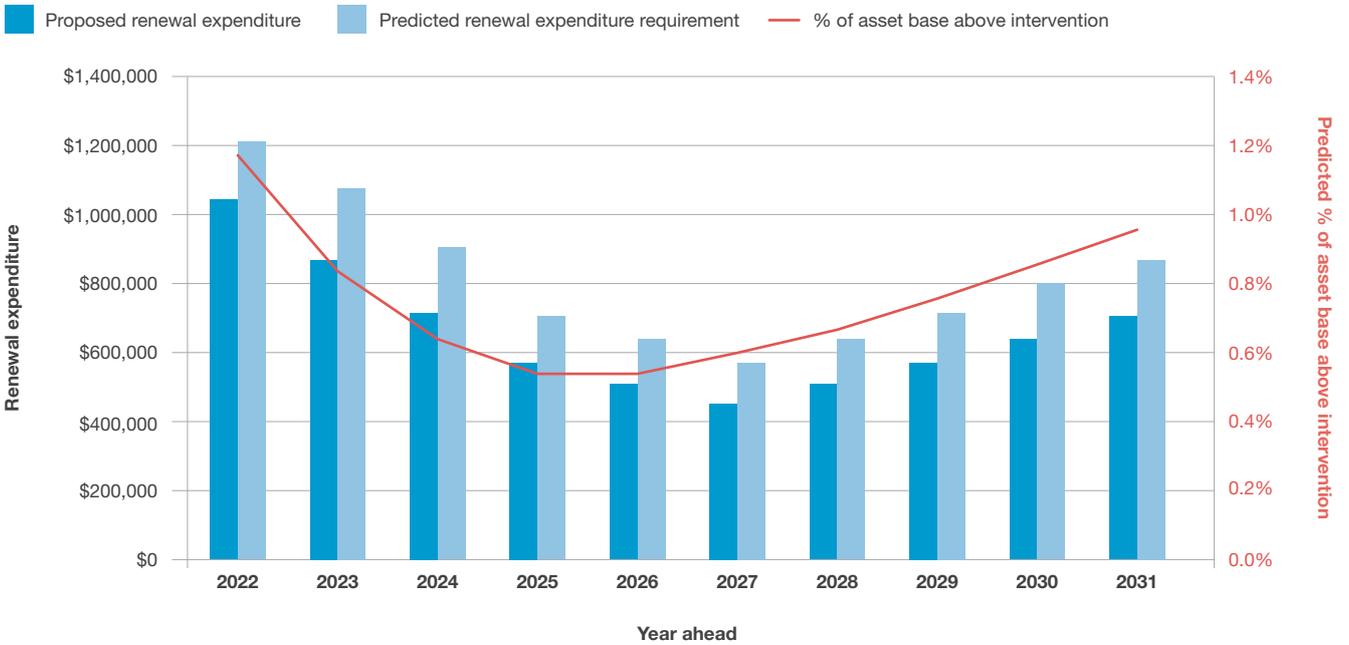


The cumulative asset renewal gap based on current expenditure and proposed expenditure levels is estimated to be greater than \$20 million by 2030.

RENEWAL GAP BY ASSET CLASS

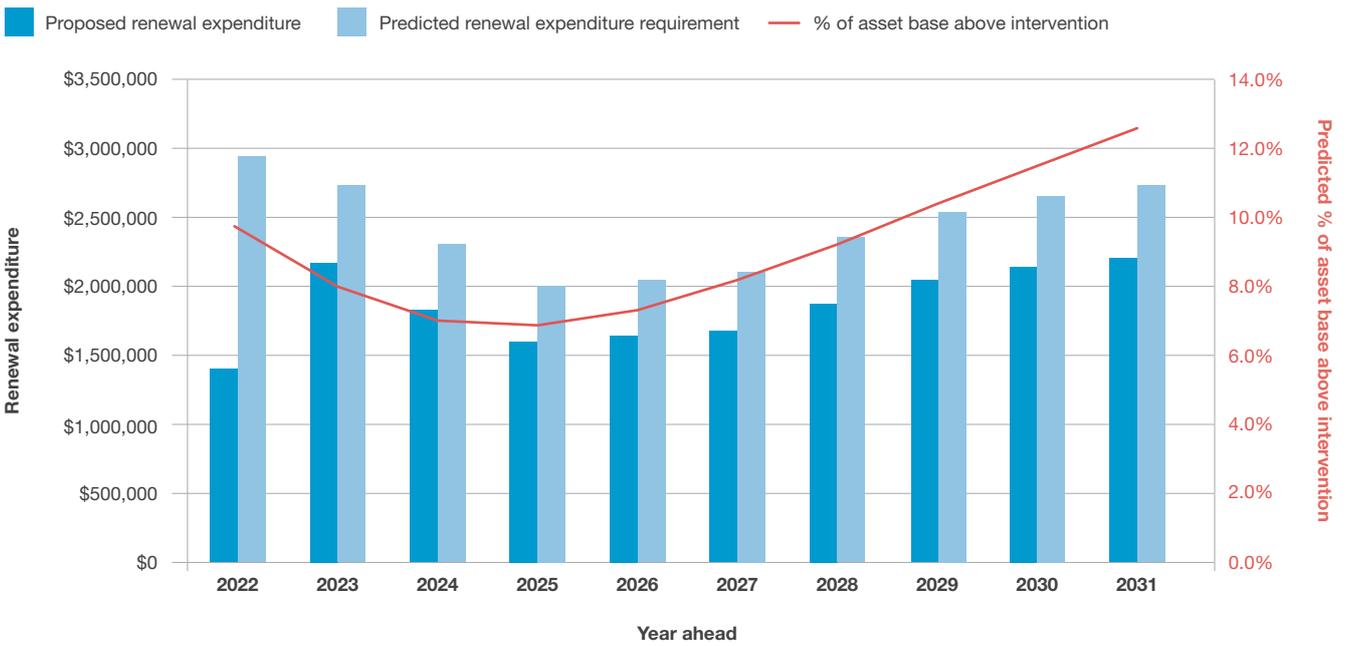
Sealed pavements

Present % over intervention assets – 1.59% Present value of over intervention assets – \$2,592,240



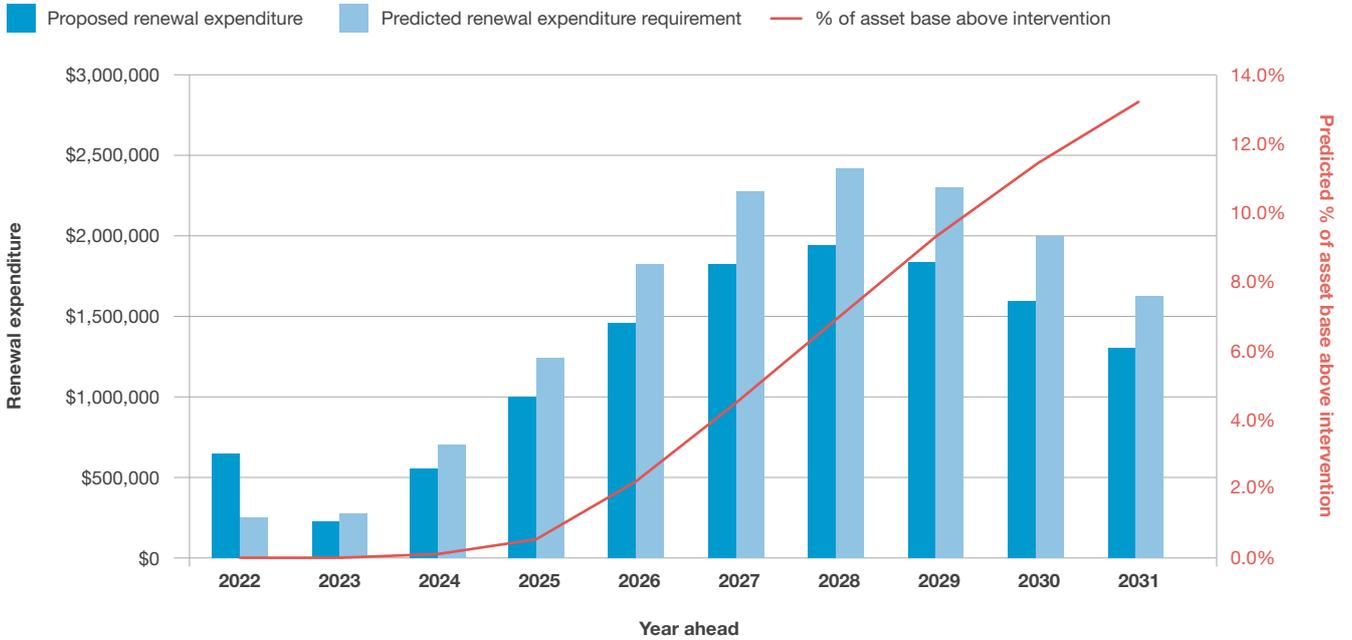
Sealed surfaces

Present % over intervention assets – 9.51% Present value of over intervention assets – \$4,384,034



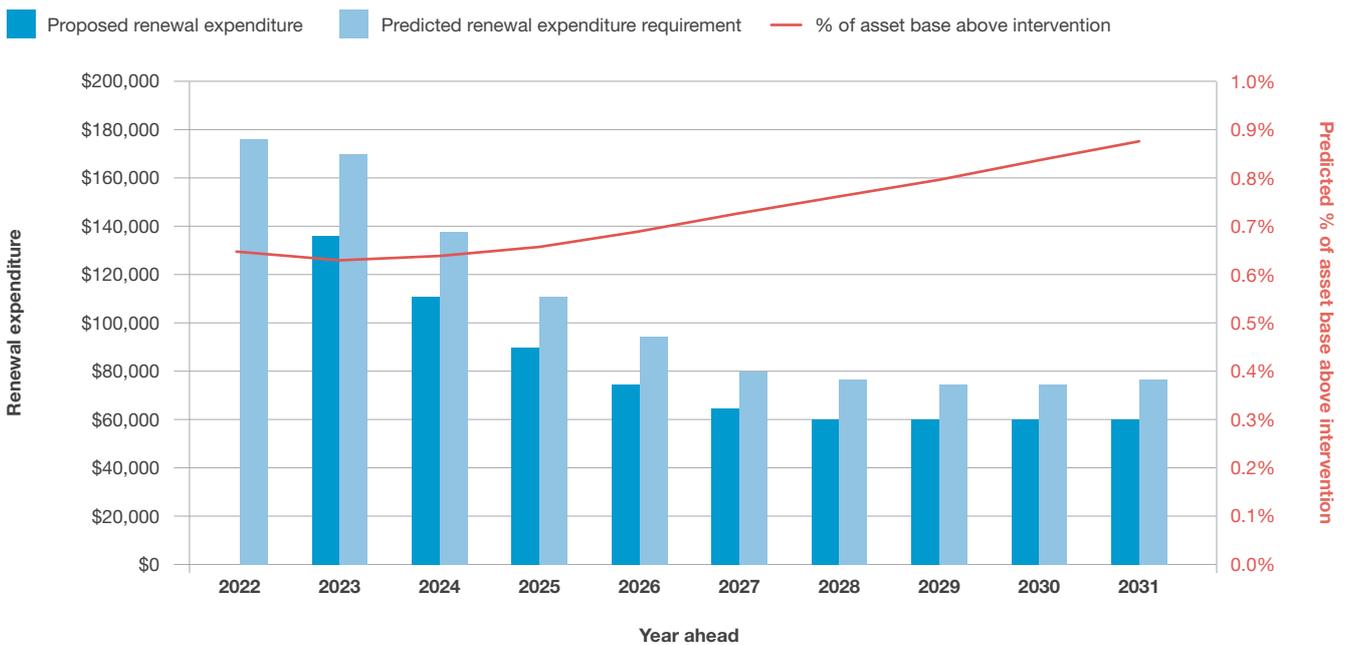
Unsealed roads

Present % over intervention assets – **0.71%** Present value of over intervention assets – **\$138,563**



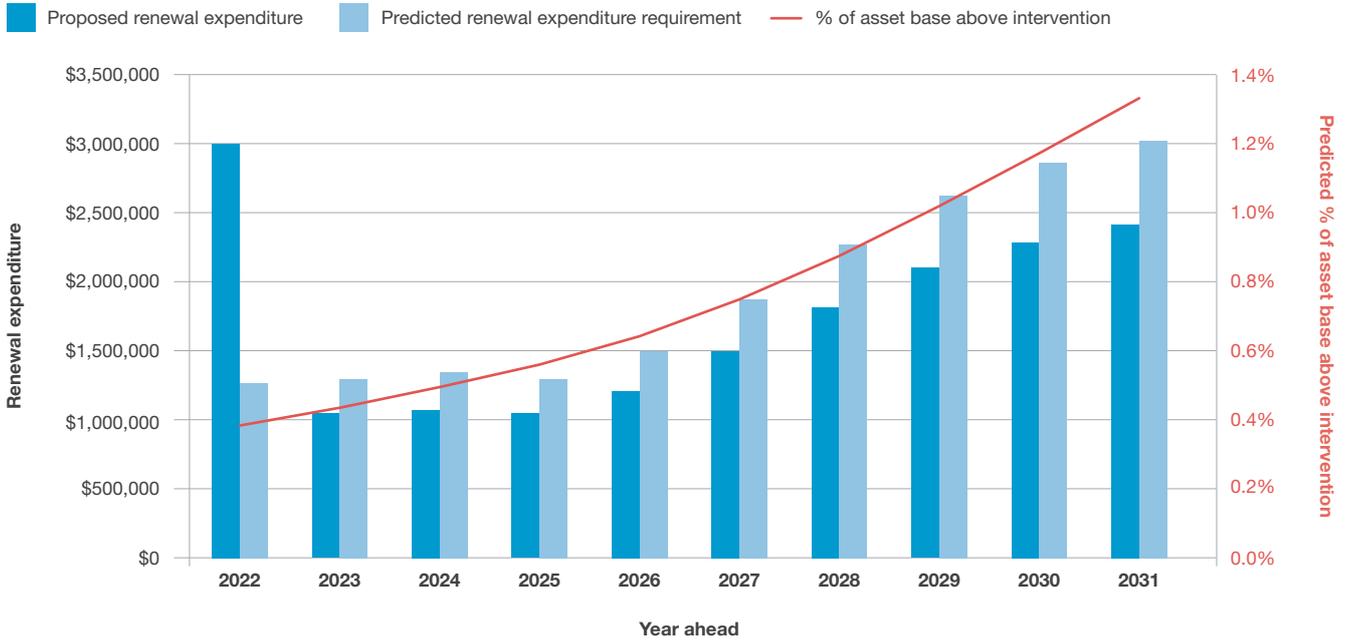
Bridges

Present % over intervention assets – **0.27%** Present value of over intervention assets – **\$108,000**



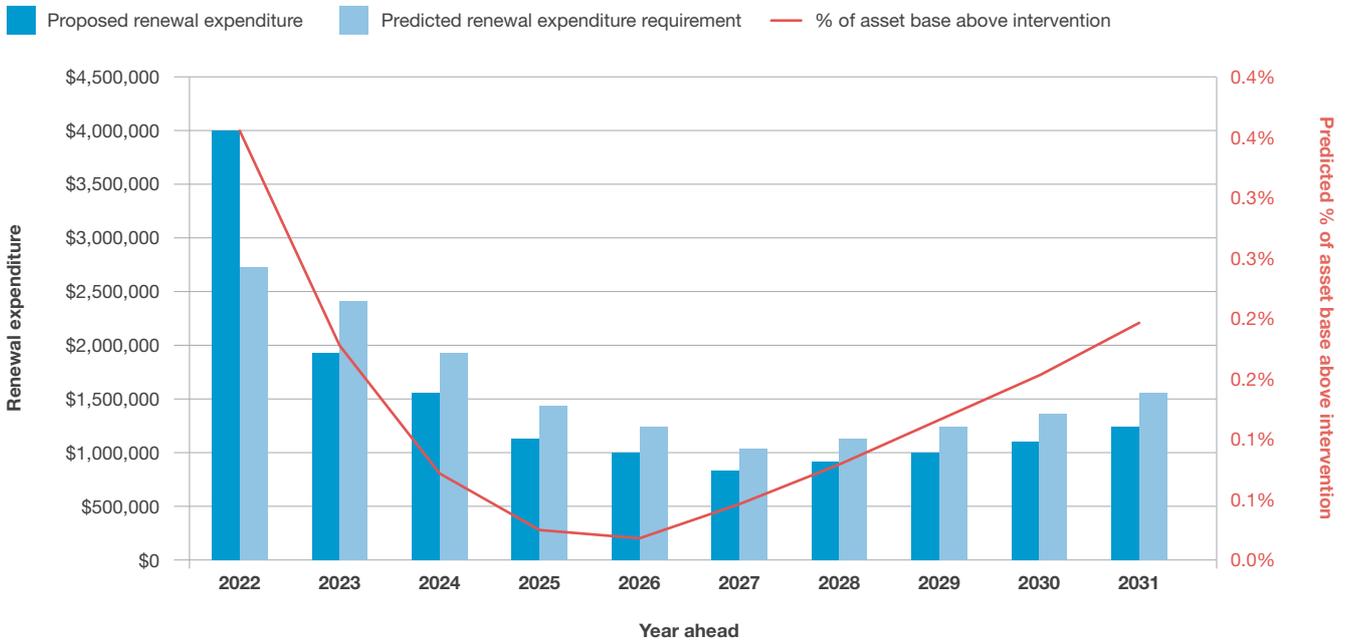
Footpaths

Present % over intervention assets – **0.13%** Present value of over intervention assets – **\$43,631**



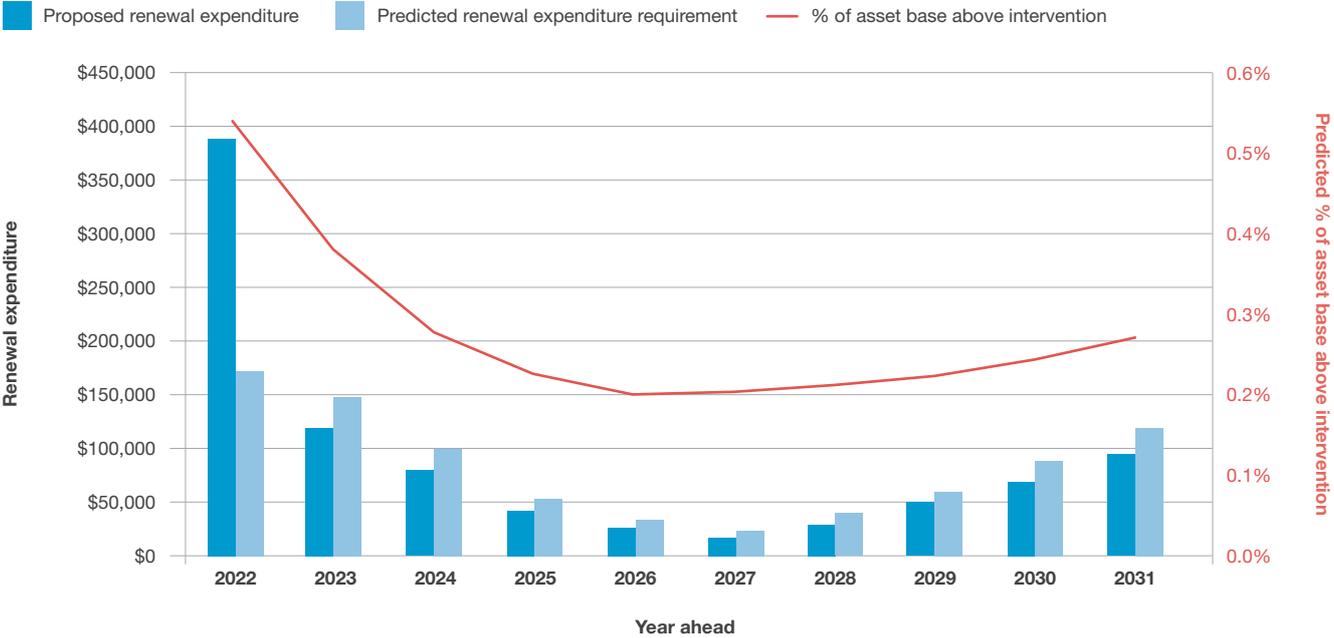
Kerbs and channels

Present % over intervention assets – **0.84%** Present value of over intervention assets – **\$591,495**



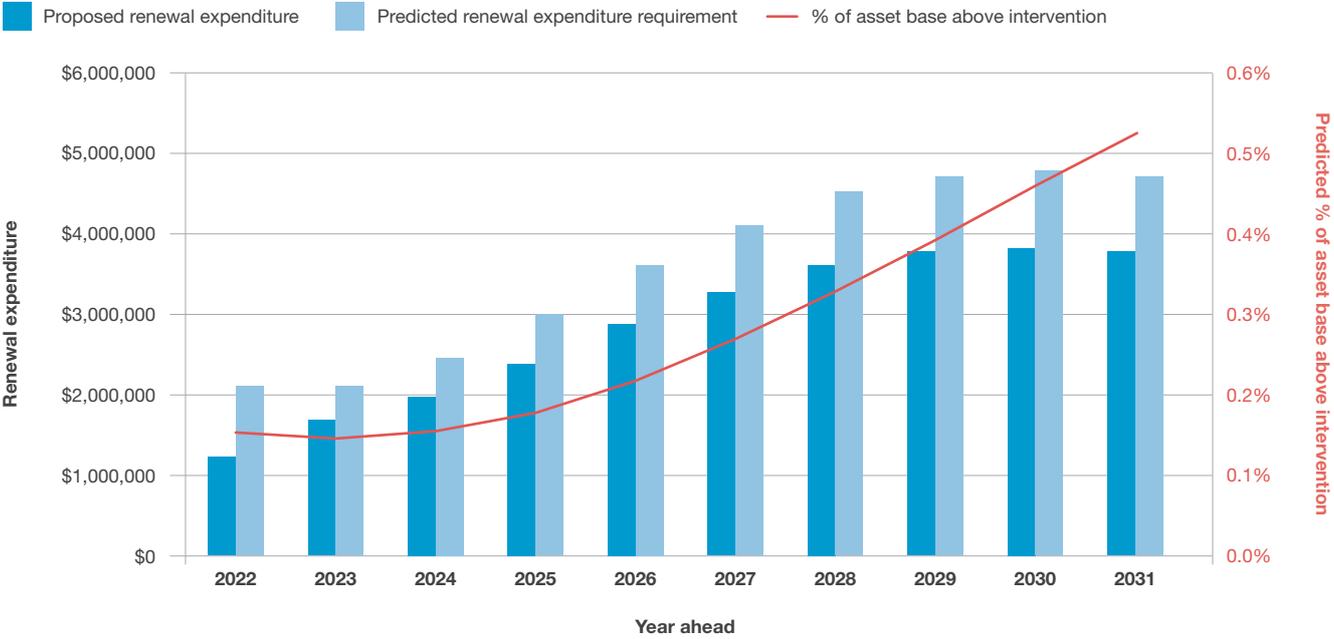
Storm water

Present % over intervention assets – 0.66% Present value of over intervention assets – \$491,389



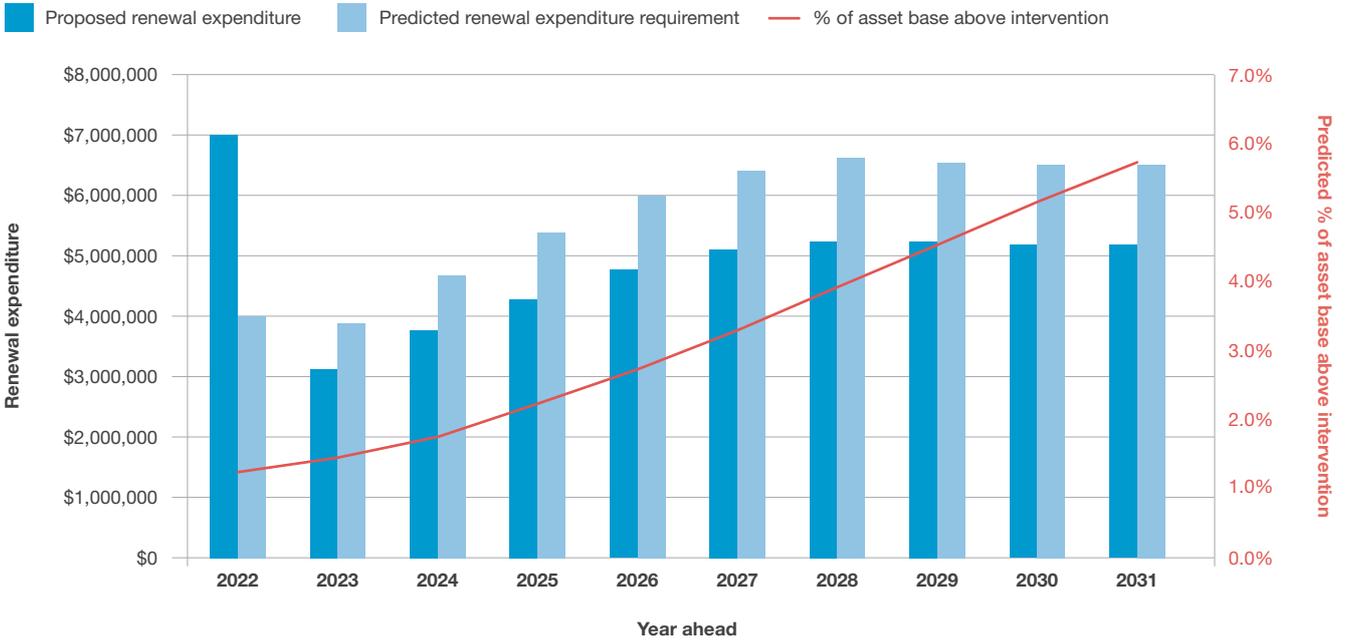
Buildings

Present % over intervention assets – 1.31% Present value of over intervention assets – \$1,916,995



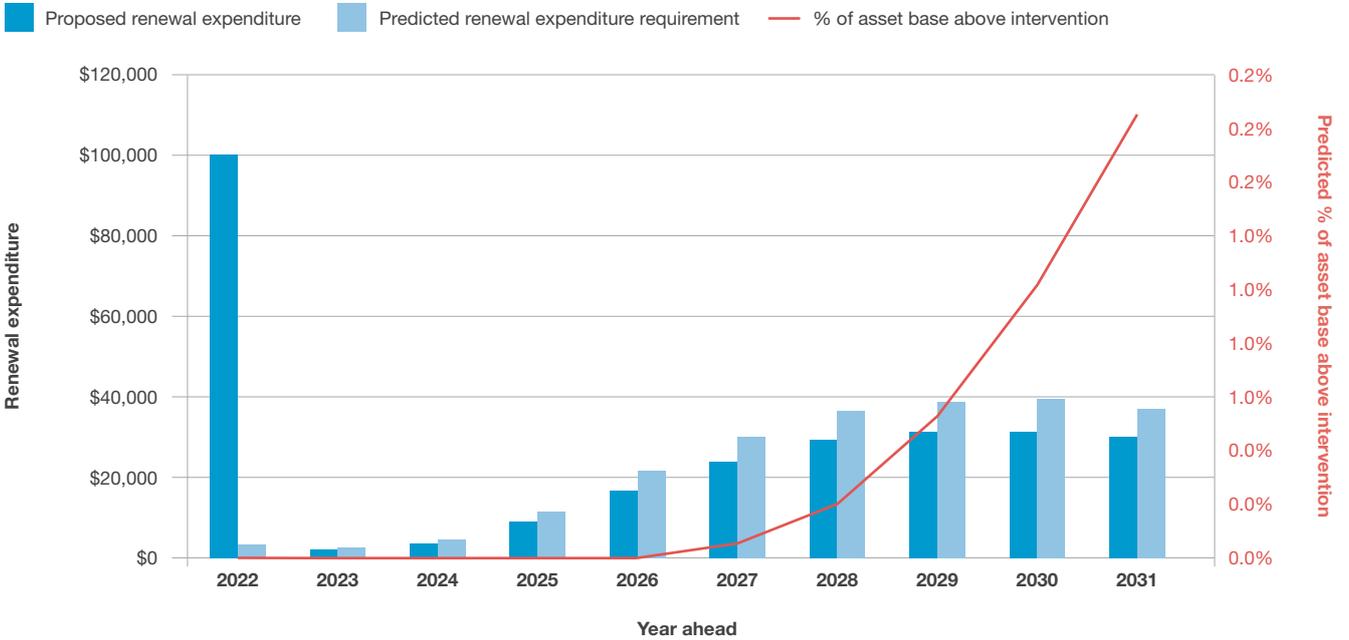
Recreation

Present % over intervention assets – **0.98%** Present value of over intervention assets – **\$172,481**



Aerodrome

Present % over intervention assets – **0.48%** Present value of over intervention assets – **\$9,072**



SUMMARY

The value of all assets currently over intervention level and requiring renewal or rehabilitation is estimated to be \$13.378 million or 2.24%. Based on current levels of renewal funding this is expected to increase to 3.69% over the next 10-years.

8. ASSET PLAN REVIEW

As per 'The Act' 2020 Section 93:

- (4) Subject to subsection (6), a Council must develop or review the Asset Plan in accordance with its deliberative engagement practices and adopt the Asset Plan by 31 October in the year following a general election, other than the first general election to be conducted under section 257(1)(a).
- (5) The Asset Plan adopted under subsection (4) has effect from 1 July in the year following a general election.
- (6) A Council must develop and adopt an Asset Plan under this section in accordance with its community engagement policy by 30 June 2022 following the first general election to be conducted under section 257(1)(a).
- (7) The Asset Plan adopted under subsection (6) has effect from 1 July 2022.



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