



GLENELG SHIRE COUNCIL ASSET PLAN 2022



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1. INTRODUCTION

Glenelg Shire Council covers an area of 6,212 square kilometres and is in the far south-west of Victoria, bordering South Australia. Of this area, 45% (2,766 square kilometres) is public land.

The Traditional Owners of the region comprise the Gunditjmara, Bunganditj and Jardwadjali people.

Council, after extensive consultation with the community, identified significant challenges that we will face over the next ten years. These are identified in the Council Plan 2021-2025.

To ensure appropriate infrastructure and services are in place for current and future generations, Glenelg Shire Council manages an Asset Plan to guide investment decisions that is now required to be formally adopted by Council.

Council has the responsibility for managing these assets in the most cost-effective manner. We manage assets through their lifecycle from creation and acquisition, through the useful life by effective maintenance and operation, and finally to rehabilitation or disposal. These actions are undertaken with the goal of providing efficient, safe, and reliable services for current and future generations.

The *Asset Plan* represents one of the primary ways 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 years and through each asset's lifecycle. It defines our high-level strategic asset management priorities and addresses all aspects of the lifecycle management of our infrastructure assets.

The *Asset Plan* is not a "static document". It is to be regularly reviewed in consultation with the community to ensure that Council's Asset Management Strategy is aligned with community expectations.

1.1 What is an Asset?

The most basic definition of an asset is something that is of value to a person, organisation, or a community.

Assets can be tangible, meaning that they are physical and can be touched, or they can be intangible like financial assets. This plan covers tangible infrastructure assets that Council manages like buildings, roads, bridges playgrounds, and sporting fields.

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 the right infrastructure to deliver services that Council's stakeholders require.

1.3 Why is Asset Management Important?

We manage a portfolio of assets that have a combined value and replacement cost of \$447 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.

Assets Enable the Delivery of Services

Without these assets we could not provide our diverse range of services to the quality that our community expects. Apart from the standard range of services most people associate with Council, we also deliver the below listed services including but not limited to:

- Aged & Disability Services
- Youth Services
- Community Services
- Stormwater Management
- Arts & Cultural Services
- Visitor Information Services
- Children's Services
- Sport & Recreation facilities
- Airport Services
- Casterton Livestock Saleyards
- Local Port of Portland Facilities

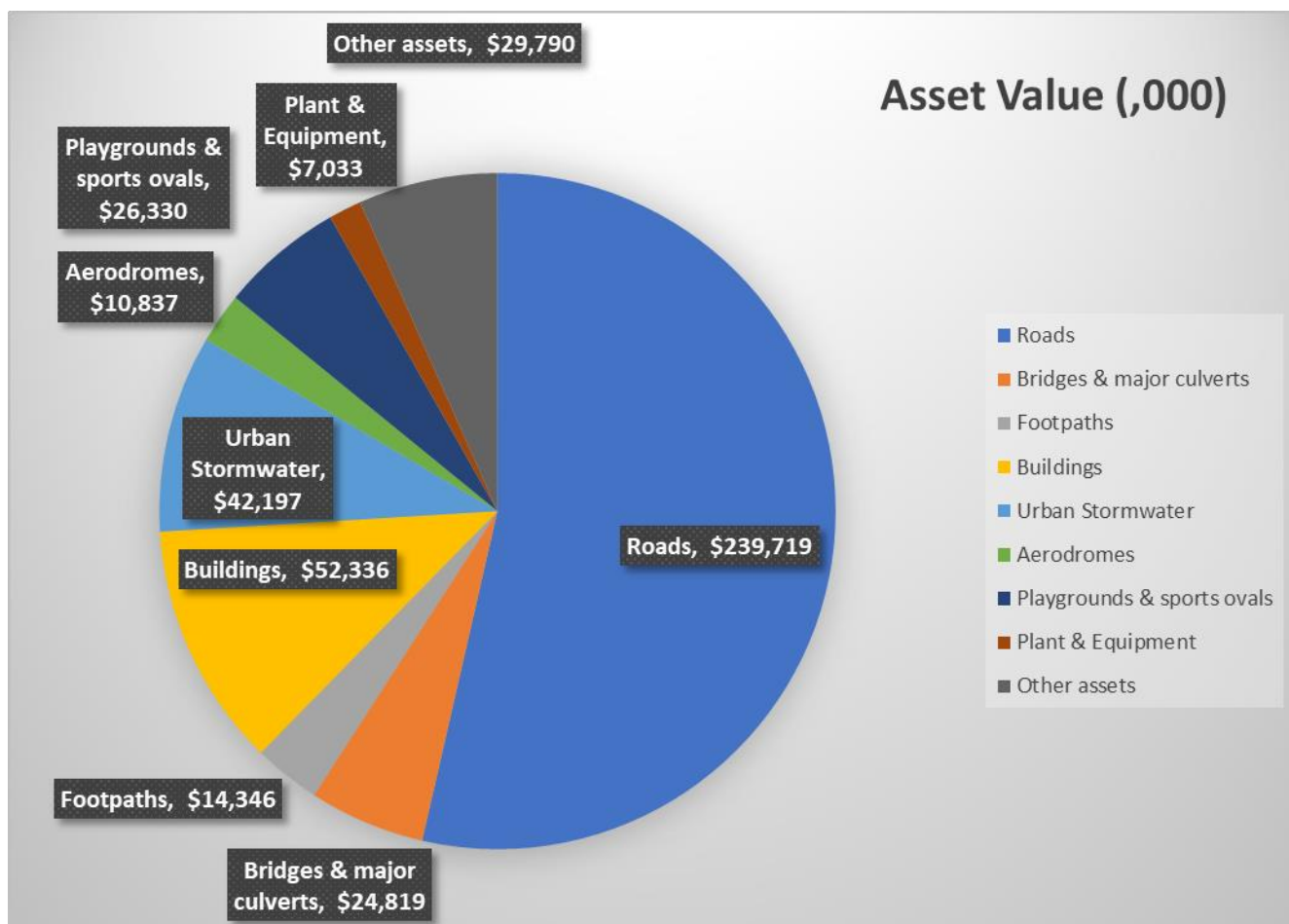


Figure 1 Asset Class value

Over the next ten years we expect to budget a total of \$53 million for renewing and improving our assets ⁽¹⁾. This does not include additional grant funding we may receive. In the same period, we are also expecting to allocate around \$4.2 million to operate and maintain our assets ⁽²⁾.

In the same period, we expect to spend an additional \$69.5 million on new assets. Funding for these is from a combination of State and Federal grants, and our own finances.

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 our community and their needs. Effective asset management helps us plan the maintenance and renewal of our assets as timely investments save money in the long term.

(1) Asset renewal + upgrade expenditure 22/23-30/31 GSC Financial Plan (GSCFP) page 25

(2) Maintenance costs are included in the Materials and services line in the Statement of Cash Flow (GSCFP page 24). Actual costs are derived from financial ledgers and extrapolated for the following years.

1.4 Asset Management Framework

Our Strategic Asset Management Framework shown in Figure 2 aims to ensure that a systematic approach to asset management delivers prudent and efficient outcomes that meet both our corporate and asset management objectives.

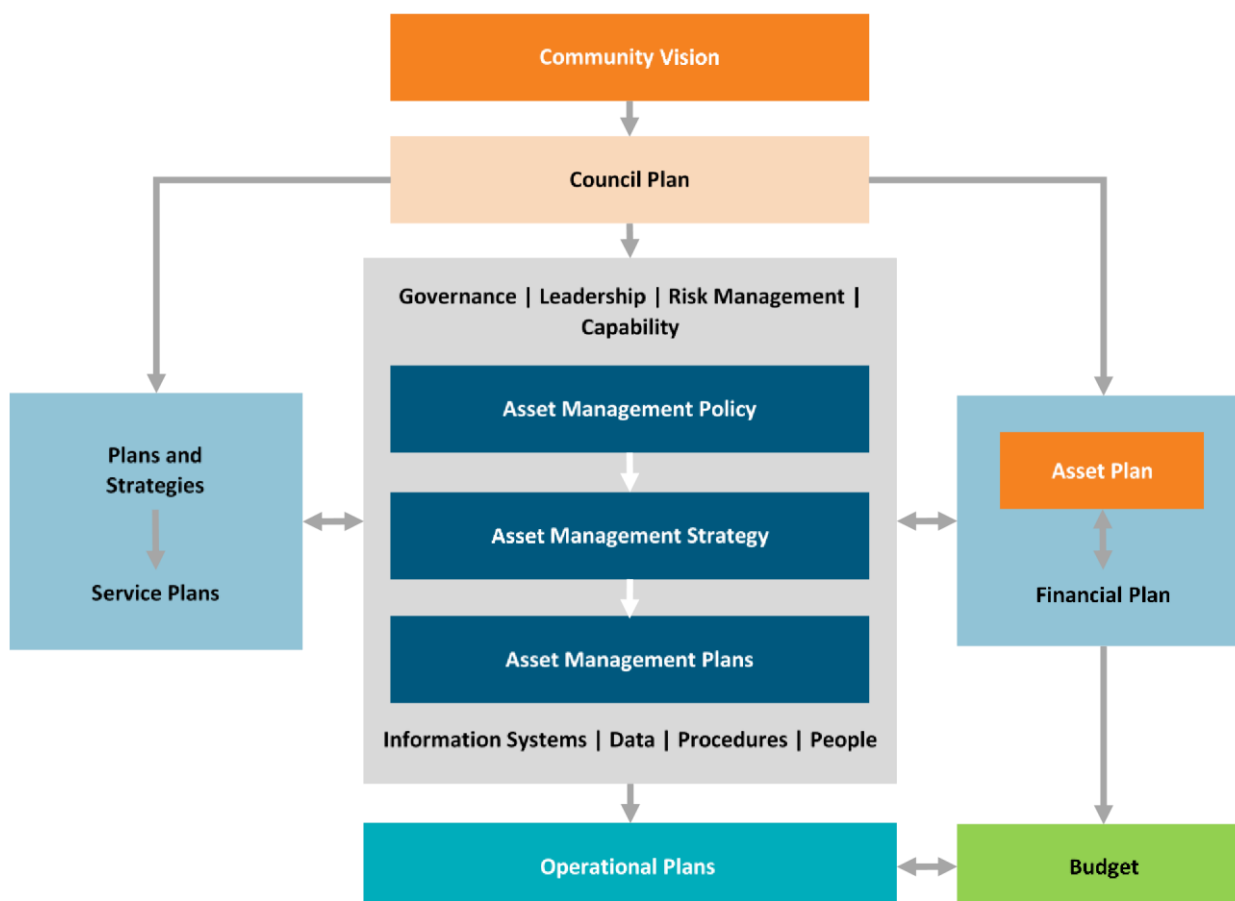


Figure 2 - Strategic Asset Management Framework

| 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 Council. | Combines key information from the Asset Management Strategy and Asset Management Plans. It also links to Council's Financial Plan and the Council Plan 2021-2025 |
| 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 now and into the future | Provides a roadmap for achieving value from our assets by optimising cost, risk, and performance across the lifecycle of an asset |
| Service Plans | How each service Council provides is managed for the community. | Each service may utilise one or more asset classes. The level of service desired by the community will influence the provision of assets |

1.5 The Purpose of Asset Plan

This *Asset Plan* has been prepared to meet the requirements of section 92 of the *Local Government Act 2020*.

It 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. It is not an in depth look at our assets, but a document to inform our stakeholders of our plans for their future.

The purpose of the Asset Plan is to:

- Demonstrate the responsible management of assets (and services provided from assets),
- Compliance with regulatory requirements, and to
- Communicate the scale of infrastructure investment required to sustainably deliver affordable services for the community in the foreseeable future.

The Asset Plan provides a summary of the infrastructure assets, their performance and actions required to achieve the strategic objectives outlined in the Council Plan 2021-2025.

The Council Plan 2021-2025 was developed after extensive deliberative engagement and identified the community's aspirations for the future of the Glenelg Shire Council.

Any trade-offs on performance, cost, and risk will be reviewed as part of ongoing deliberative engagement with the community. Where risks are considered high, due assessment and control measures will be employed to ensure exposure is minimised as much as possible.

The Asset Plan is not a static document. It will be continually revised and requires deliberative community engagement to ensure that it meets our stakeholders' expectations. The revised plan must be approved by each newly elected Council.

1.6 Approach of the Asset Plan

Glenelg Shire Council's goal in managing infrastructure assets is to meet the required level of service in the most cost-effective manner.

The Asset Plan incorporates the asset management policy and strategy by incorporating a whole of lifecycle approach to forecast the outlays required to deliver the strategic objectives outlined in the Council Plan 2021-2025.

Future operating, maintenance, and capital renewal outlays are based on sustaining current service levels. Meeting the demands of growth and changing circumstances are managed through the careful consideration of new projects and programs including the adoption of emerging technologies.

The combined lifecycle costs are balanced with the funds made available in the 10-year Financial Plan ensuring services are provided at an affordable level.

All dollar values in this document are presented in 'real terms' (i.e., net of inflation) as of 1 July 2021.

1.7 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 Shire. Our infrastructure assets include:

- Roads and associated structures
- Footpaths
- Stormwater
- Buildings
- Open spaces and associated infrastructure
- Airports
- Local Port of Portland

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. How these are all linked is shown in Figure 3.

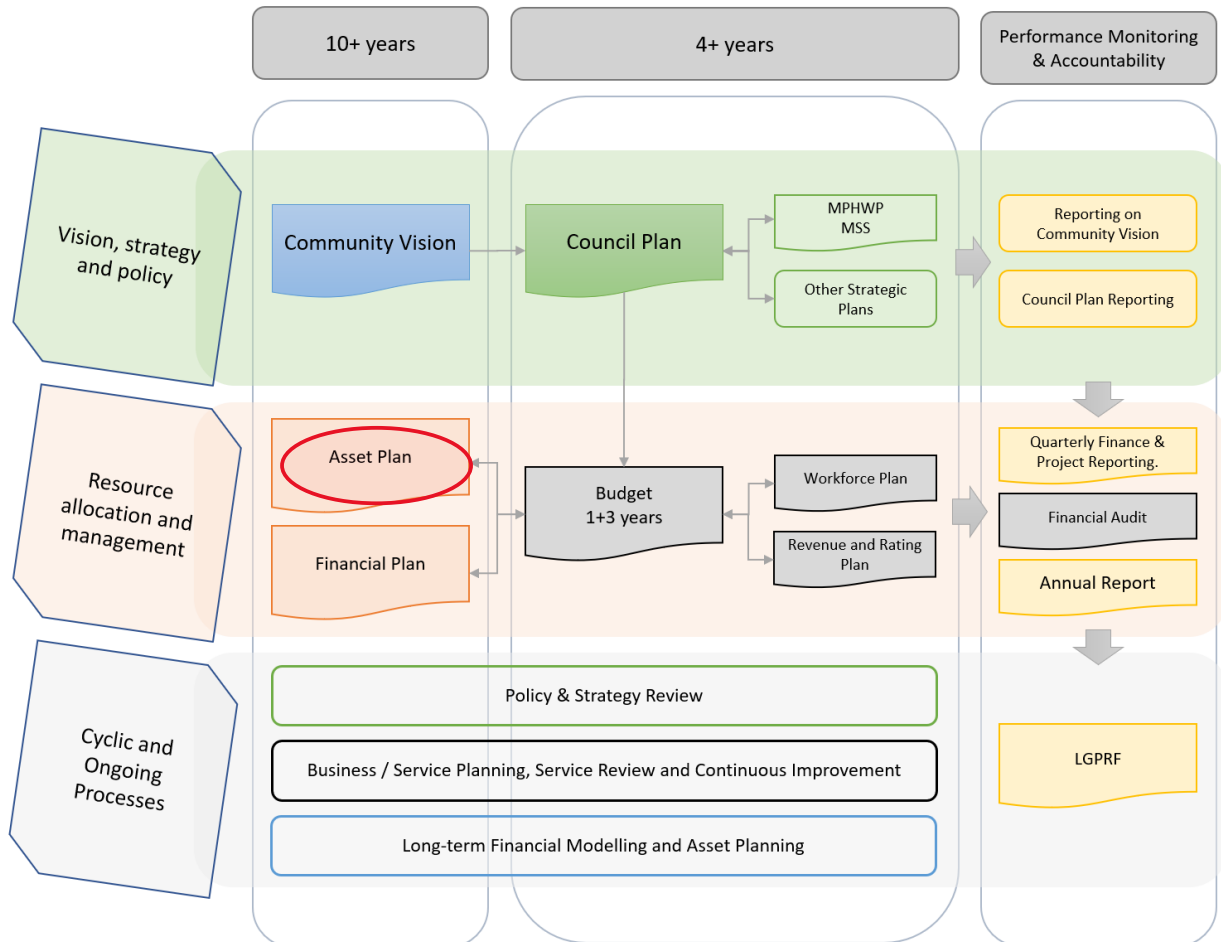


Figure 3 - Plan linkages

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 years.

The Financial Plan links to the achievement of the Community Vision and the Council Plan within the Integrated Strategic Planning & Reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term (Community Vision), medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Annual Report).

This Asset Plan is based on and 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

The Council Plan is a key document of Glenelg Shire Council and sets the strategic direction of the Shire over the next four years. It outlines the community's long-term vision and Council's response to supporting the delivery of the community's vision. This document also describes what Council will work towards, where Council will focus its efforts and how we will measure progress. It will help guide Glenelg Shire Council's resources to deliver programs, services, and infrastructure to the community

Our Council Plan makes a commitment to outcomes and priority initiatives across several 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 fulfil our obligations to future communities by providing 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. This is created around our ten-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.

3. OUR ASSETS

Community values, stakeholder expectations and sustaining services at an affordable level are typically high on the agenda for all Council's customers and ratepayers. All council assets are managed and operated on behalf of the community.

We manage a portfolio of infrastructure assets worth over \$450 million. This includes all our property, plant and equipment, and infrastructure. These assets have been built up progressively over many years.

Ensuring our assets are appropriate for the Shire's needs enables us to deliver the services that make Glenelg Shire Council a great place to live, work and visit.

Our Infrastructure Portfolio

This Asset Plan provides guidance on all Council infrastructure assets, which are grouped into the following key asset classes:

| Asset Class | Quantity | Replacement Value (\$,000) |
|------------------------------|----------|-----------------------------|
| Roads | 2631 km | \$237,306 |
| Bridges and Major Culverts | 189 | \$25,366 |
| Footpaths | 133 km | \$14,254 |
| Urban Stormwater | 95 km | \$41,175 |
| Buildings | 200 | \$56,336 |
| Aerodromes | 2 | \$11,088 |
| Playgrounds and sports ovals | 40 sites | \$25,969 |
| Major plant and equipment | 776 | \$11,276 |
| Other assets | - | \$29,790 |
| Total | | \$452,560 |

Table 1 - Asset Summary 30 June 2021 (exc. Works in Progress)

The Gross Replacement Cost of the depreciable assets supporting these services is estimated at \$452,560,000, depreciating at around \$12,000,000 per year (based on current useful life assessments) resulting in a written down value of \$432,155,000 as of 30 June 2021⁽³⁾.

(3) 2020/21 GSC Financial Report page 36

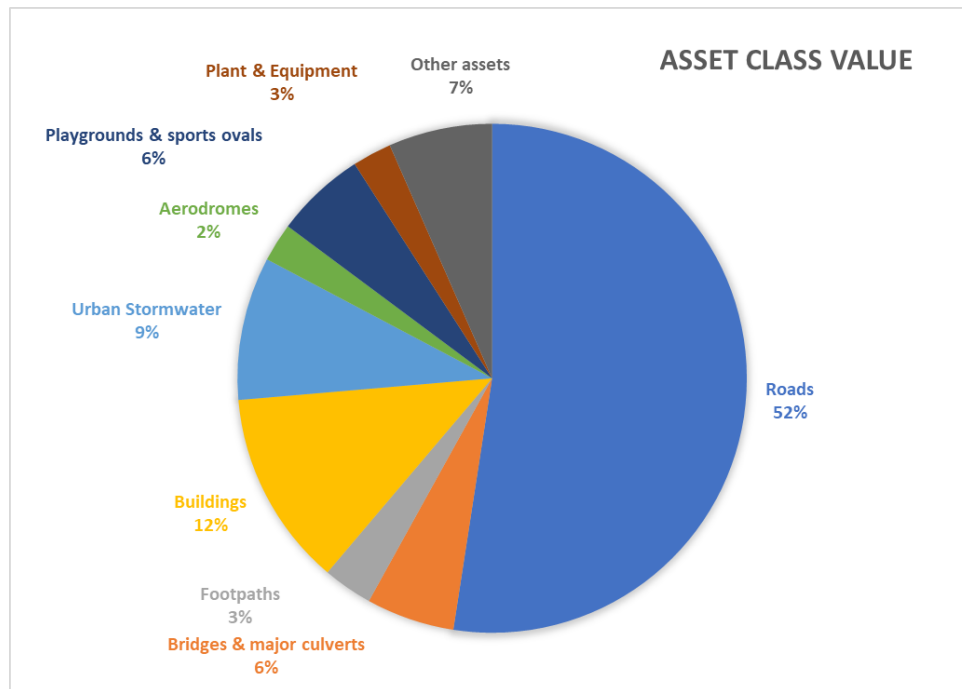


Figure 4 –

Value of asset class as a percentage of total assets

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 or our infrastructure.

Council undertakes regular inspections on our assets to ensure they are safe to use and maintained to an acceptable level. In general Council uses a technical level of service to determine the “acceptable” level. This will be addressed in future revisions of the Asset Plan and associated documents.

Infrastructure Asset Performance

The infrastructure assets supporting these services are currently assessed as “*Fair: significant maintenance required*”. This assessment does vary by asset category.

Approximately 5% or \$22,600,000 of the infrastructure assets are below desired performance levels (Poor or Very Poor), although this varies by asset class ⁽⁴⁾. The following are the three asset classes with the highest estimated replacement cost:

- Buildings - \$2,800,000
- Roads and other transport assets - \$11,865,000
- Stormwater - \$2,000,000

Other asset classes have a lesser amount, and further, detailed condition assessment is warranted.

(4) Data from Conquest AM database

- Determining appropriate levels of service
- Critical appraisal of asset condition
- Funding for maintenance and replacement

SEALED RD PAVEMENT PRESENT CONDITION DISTRIBUTION BY % OF ASSET BASE

| Condition | % Value Within Cond. |
|-----------|----------------------|
| 0 | 0.66 |
| 1 | 4.02 |
| 2 | 15.49 |
| 3 | 32.38 |
| 4 | 24.82 |
| 5 | 16.29 |
| 6 | 5.52 |
| 7 | 0.60 |
| 8 | 0.21 |
| 9 | 0.00 |
| 10 | 0.00 |

0 Good Condition 10 Poor

- 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 as shown in Figure 6.



Figure 6 - Asset 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 in Table 2.

| Lifecycle Phase | | Our Lifecycle Strategies | |
|----------------------------------|--|--------------------------|--|
| Planning | | ▪ | 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 | | ▪ | 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. |
| Operations and Maintenance | | ▪ | Newly acquired assets are checked for quality before they are put into service. |
| | | ▪ | 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. |
| Renewal, Replacement or Disposal | | ▪ | The development and roll out of the Asset Management Information System to monitor and record effort and cost of maintenance to maintain assets. |
| | | ▪ | We continuously assess the condition of our assets. |
| | | ▪ | We aim to optimise the timing of the renewal or replacement of our assets so that 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 colocation of services where appropriate. |
| | | ▪ | Where assets do not directly support core service delivery they are considered for rationalisation. |

Table 2 - Lifecycle Strategies

5. FUTURE DEMAND

Council faces many issues that will influence how we plan for the future, and what direction Council takes.

The effect these may have on our provision of services needs to be considered in the future provision of services.

The main demands for new and/or altered services are created by:

- Change in population age and composition
- Demographic Change
- Climate Change
- Community expectation
- Technological Change

These will be managed through a combination of applying non-asset solutions, managing existing assets and acquiring new ones. Demand management strategies include:

- Level of Service alteration
- Asset rationalisation
- Altered maintenance regime
- Co-sharing of assets with other organisations

All strategies will require community consultation to help assess our future asset needs and level of service.

5.1 Managing the Risks

There are risks associated with providing any service and we have identified the major risks as:

- Accelerated deterioration of aging assets
- Increasing maintenance costs associated with acquisition of new assets
- Increased costs across all Council services

We will endeavour to manage these risks within available funding limits by:

- Improving efficiency by ensuring preventative maintenance schedules are maintained and enhanced
- Investigating cost effective treatments to reduce maintenance and replacement costs.
- Improving our asset condition, function, and capacity reviews to better understand asset performance and lifespan
- Balancing community expectations with an affordable and sustainable service delivery model.

Subject to outcomes of the above it may still be necessary to spend more on managing assets to maintain services in future. This will be closely monitored over time and outcomes will be reported in future updates.

6. FUNDING FOR LONG-TERM SUSTAINABILITY

Maximising service delivery from our assets is our primary focus. Without timely maintenance and capital investment being undertaken when needed, a decline in service, increase in lifecycle costs and risk is likely to occur.

6.1 Financial Projections

The forecast lifecycle outlays required over the next 10-years to deliver the strategic objectives is estimated at \$94,791,000 or \$9,479,000 on average per year (in real terms) ⁽⁵⁾.

What we will do

The available funding in Council's long-term financial plan 2021- 2031 (LTFP) for the same period is \$53,000,000 or \$5,300,000 on average per year (in real terms) which is, on average 56% of the cost to provide the service ⁽⁶⁾.

The planned budget is under by \$4,184,000 on average per year in financing the outlays required to deliver on the strategic objectives outlined in the Council Plan 2021-2031.

Deliberative engagement with our community, in accordance with councils Community Engagement Policy ensures we focus on providing services in line with community needs and expectations. We will we meet these expectations by:

- Improving efficiency by operating, maintaining, replacing, and upgrading of local roads, footpaths, stormwater, public buildings, and open space to meet service levels set in annual budgets.
- Regularly communicating the service, cost, and risk trade-offs of delivering an affordable level of service within the planning period.
- Ensuring we consider the total financial impacts of future projects. When making the decision to undertake future works, it is vital that Council is fully informed on the full life cycle costs for that project.

What we cannot do

The cost of priority works and services that cannot be provided by Council's own revenue streams in the first 10-years of the planning period is \$41,844,000. It is important to note that this shortfall can be mitigated by various State and Federal funding sources. Unless other funding is sourced, this may result in deferral of renewal and new projects.

⁽⁵⁾ Required expenditure is calculated by taking the difference between depreciation value and projected renewal and upgrade expenditures.

⁽⁶⁾ Asset renewal + upgrade expenditure 22/23-30/31 GSCFP page 25

6.2 Total Expenditure

Figure 3 shows the planned expenditure across the infrastructure assets included in this Asset Plan over the next 10 years.

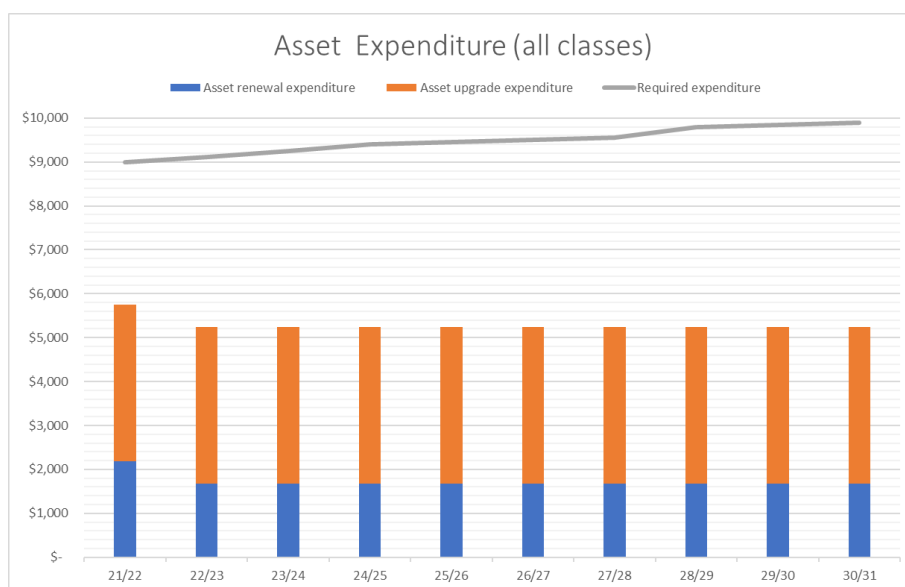


Figure 7 - Forecast Total Asset Expenditure

This is further summarised in table below, which shows the total planned expenditure related to asset renewals and upgrades over the next ten years.

| Asset Class | Total (,000) |
|----------------------------|-----------------|
| Roads | \$29,350 |
| Bridges & major culverts | \$2,200 |
| Footpaths | \$500 |
| Urban Stormwater | \$500 |
| Buildings | \$2,000 |
| Playgrounds & sports ovals | \$1,600 |
| Plant & Equipment | \$11,350 |
| Total | \$47,500 |

Table 3 - Forecast Expenditure by Asset Class ⁽⁷⁾

Our spending on our assets represents a significant investment that is made on behalf of the community and is fundamental in enabling us to meet ever changing demands and to safeguard its future use of our infrastructure

(7) Infrastructure Capital Expenditure totals 22/23-30/31 GSCFP page 25

7. THE NEXT STEPS

The Asset Plan must be revised regularly and requires each Council to endorse the latest version by October following the Local Government elections.

The medium to long-term outlook suggests that priorities should remain focused on ensuring operations, maintenance and replacement of existing assets remain at sustainable levels whilst monitoring and responding to demand and growth challenges as they occur.

The actions resulting from this Asset Plan are:

- Apply a continuous improvement strategy to assess and report on the condition, function, and capacity of Council's assets.
- Develop and confirm current and desired levels of service in consultation with the community to understand sustainable and affordable levels of service.
- Critically assess remaining life of assets to improve financial reports