The background of the entire page is a photograph of a coastal landscape. In the foreground, there are large, layered rock formations in shades of tan and brown. A dark, arched cave is visible on the left side of the rocks. The ocean is a deep blue, with a patch of clear, turquoise water in the middle ground. The sky is bright blue with scattered white clouds.

# Asset Plan 2022 - 2032



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### DocumentControl:

| Rev No     | Date      | Revision Details     | Author                   |
|------------|-----------|----------------------|--------------------------|
| Draft V1.0 | May 2022  | Draft for EMT review | Warrnambool City Council |
| Final      | June 2022 | Adopted by Council   | Warrnambool City Council |
|            |           |                      |                          |

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## 1.0 SUMMARY

This Asset Plan is aimed at providing a document that helps everyone understand the quantum of assets that Council owns, and the challenges in maintaining an asset base that services the community into the future in support of Warrnambool 2040 and the Council Plan.

The Asset Plan rests on the processes outlined within Council's Asset Management Policy, Asset Management Strategy, and Asset Management Plans. These documents and the processes they describe form a road map for continual improvement in the way Council manages its assets and the services delivered from them. In this balancing act there are ever changing challenges, community conversations and negotiations to be had, choices to be made, and plans to be updated and revised.

This is Council's inaugural Asset Plan and has been financially integrated with Council's Long Term Financial Plan as part of the Integrated Strategic Planning and Reporting process. That is, the funding allocation from the Long Term Financial Plan is the same as that applied to this Asset Plan. It represents what the community and Council are in agreement on, that is, it outlines expenditure in line with maintaining current (2021-22) service levels from its asset base, with expenditure in ways that supports Warrnambool 2040 and the Council Plan.

Due to the different timeframes covered, this **Asset Plan 2022-32** uses the forecast funding available within the Long **Term-Financial Plan 2021-31** in Years 1-9, and uses an average of these years for year 10 of the Asset Plan. The Asset Plan is in funding lock-step with the Long-Term Financial Plan and provides the following observations and projected outcomes:

1. A marginal betterment in average asset condition due largely to the significant new and upgrade Council funding of \$158 million over Years 1-10. This is over 50% greater than the allocated renewal funding of \$103 million, and results in an increase of 23% to the current depreciating asset base's replacement value with newly constructed assets, and resultant betterment to overall asset condition.
2. Council will continue to have an Asset Renewal Backlog each year of the 10 year planning period, representing the replacement value of assets that are ready for intervention but not funded at that time. Backlog increases from \$35 million in Year 1 to \$41 million in Year 10, but remains at approx. 5% of the asset base due to the added new assets over this time. These values are the lower range of the generally accepted backlog range of 4% to 8%. However, it is projected that backlog will increase a further \$32 million by Year 14 if renewal funding is not increased, in particular for the Roads and Buildings categories. This represents a backlog of greater than the acceptable range of 8% in Year 13 and nearly 10% by Year 14.
3. The funding of renewal between the various asset categories over Years 1-10 requires review, with Buildings and Roads generally underfunded, and Pathways and Open Space and Recreation overfunded.

These results indicate that Council's asset portfolio is an overall good condition and that current service levels can be maintained from Council's assets over the coming 10 years with the planned expenditure levels as noted in the Asset Plan and Long Term Financial Plan.

To put it another way, the Asset Plan's total lifecycle cost forecasts are balanced with the Financial Plan's budget forecasts, but.....

***What impact does it have on our assets and the services delivered from them in the coming years?***

***What about increasing demand on our services from population growth, demographic change, community expectations, and the impacts of climate change?***

***What about major shortcomings in our existing assets?***

***What do we do? .....***

Table 1.0 following outlines the challenges, the plan to meet those challenges, the inevitable trade-offs, and the importance of community input and negotiation in determining 'what we do' and 'what we don't'. Action is required both now and in an on-going way to meet the challenges ahead.

Table 1.0 The Challenges and what we Do

| <b>What Challenge?</b>  | <b>What's the Plan?</b>   | <b>What Trade-Offs?</b>  | <b>Further community input and/or negotiation required?</b>   |
|---|---|--|---|
| Delivering services from our existing assets into the future.                                   | <ol style="list-style-type: none"> <li>1. Review and continuously improve asset data and modelled renewal demand in each asset category.</li> <li>2. On-going integration of the Asset Plan and Financial Plan to reflect renewal requirements.</li> <li>3. On-going service planning to define service levels and community priorities.</li> </ol>   | <ul style="list-style-type: none"> <li>• Some service levels may need to be lowered or services dropped to enable adequate funding of community prioritised services.</li> <li>• On-going asset backlog.</li> <li>• Potential decommissioning of some assets from service.</li> <li>• Potential 'user pays' services.</li> </ul>   | Yes – on-going community input is required to define priority services and required service levels. This will inform and allow improved Service Planning. This in turn will lead to the community conversation around “Here’s the funding we have, what do we do and what don’t we do?” |
| Increasing services demand in the face of limited funding.                                      | <ol style="list-style-type: none"> <li>1. On-going service planning to define service levels and community priorities.</li> <li>2. Continually review and update asset management planning data and modelling with integration of the Asset and Financial Plans.</li> <li>3. On-going service planning to define service levels and community priorities.</li> <li>4. Strategic and prioritised grant funding applications targeted at community needs.</li> <li>5. Include climate change resilient asset costs and costs of assets requiring higher design standards within asset planning new and renewal costs.</li> <li>6. Manage increases to the asset portfolio within Council’s expected financial capacity.</li> <li>7. Consider non-asset service solutions where applicable.</li> </ol> | <ul style="list-style-type: none"> <li>• Community expectations won’t necessarily be met.</li> <li>• Some service levels may need to be lowered or services dropped to enable adequate funding of community prioritised services.</li> <li>• On-going asset backlog.</li> <li>• Potential decommissioning of some assets from service.</li> <li>• Potential 'user pays' services.</li> </ul> | Yes – on-going community input is required to define priority services and required service levels. This will inform and allow improved Service Planning. This in turn will lead to the community conversation around “Here’s the funding we have, what do we do and what don’t we do?” |
| Existing Assets with significant service shortcomings or non-compliance with current standards. | <ol style="list-style-type: none"> <li>1. On-going service planning to define service levels and community priorities.</li> <li>2. Long term strategic planning to define quantum of shortcomings, service levels, and long term programs to rectify.</li> <li>3. Strategic and prioritised grant funding applications targeted at asset upgrade where this is a community priority.</li> </ol>   | <ul style="list-style-type: none"> <li>• Current service levels provided from these assets may remain unchanged over time.</li> <li>• Other trade-offs as for the challenges above.</li> </ul>   | Yes – on-going community input is required to define priority services and required service levels. This will inform and allow improved Service Planning. This in turn will lead to the community conversation around “Here’s the funding we have, what do we do and what don’t we do?” |
| Continuous improvement of asset management practice.  | <ol style="list-style-type: none"> <li>1. Review and monitor the asset management improvement plan as part of the Asset Management Strategy.</li> <li>2. On-going reporting of asset management status using the asset management steering committee.</li> </ol>  | <ul style="list-style-type: none"> <li>• Additional staff resources may be required which will come at a cost.</li> </ul>  | No – because these processes are technical and internal to Council’s operations they will be established in accord with the Asset Management Strategy, with community input more appropriately focused on service planning and funding discussions.                                     |

## 2.0 WHY AN ASSET PLAN?

### 2.1 Background

The municipality of Warrnambool covers 120sqkm in Victoria's South West. It includes the city of Warrnambool and townships of Allansford, Bushfield and Woodford. It has annual population growth of about one per cent, a population of 35,500 and is the most populous city in the South West.

Warrnambool is the major regional centre for health care, education, professional services and sport and culture. Warrnambool's economy generates output of some \$4.5 billion accounting for over 25 per cent of the Great South Coast region's economic output from less than one per cent of the land area. There are 16,653 jobs in Warrnambool and the following six sectors account for over two-thirds of employees whose place of work is located within Warrnambool:

- Healthcare and Social Assistance;
- Retail trade;
- Education and Training;
- Accommodation and Food Services;
- Construction and Manufacturing.

Warrnambool is a popular and expanding tourism destination. Property and business services, government administration and construction are also key growth sectors.

Warrnambool City Council is the custodian of an extensive range of community assets that deliver a wide range of vital services to the community. In order to deliver these services over the long term in a challenging environment, the Council must ensure that the assets supporting these services are managed in a sustainable way. This Asset Plan sits alongside Council's Financial Plan as the guiding ten-year resource and allocation tools within the Local Government Integrated Strategic Planning and Reporting Framework (ISPRF), and together these documents guide and inform Council's decisions in a long-term context.

### 2.2 Purpose of the Plan

This Asset Plan is intended as a strategic community facing document that informs the community on how Council controlled infrastructure and other assets are to be managed to achieve the Council Plan objectives and Community Vision statement. The purpose of the Asset plan is to:

- improve the transparency around asset value and performance
- better inform the community on the type of assets under council management and their financial impost
- embed responsible asset management practices into the ISPRF
- contribute to council's long-term objectives, strategic intent, and finances
- improve the efficiency and effectiveness of asset management practices through a more engaged community and informed council
- better align decisions around assets to community needs, service levels and standards, and financial sustainability
- articulate and communicate the challenges on service levels, costs, risks, and the considerations for the decisions made.

### 2.3 Strategic Context

#### 2.3.1 Compliance with the *Local Government Act 2020*

Section 92 of the Local Government 2020 (the Act) highlights the requirement for good asset management practices across the local government sector in Victoria. Under the Act, councils must adopt an initial Asset Plan by 30 June 2022 and by 31 October following each Council election thereafter.

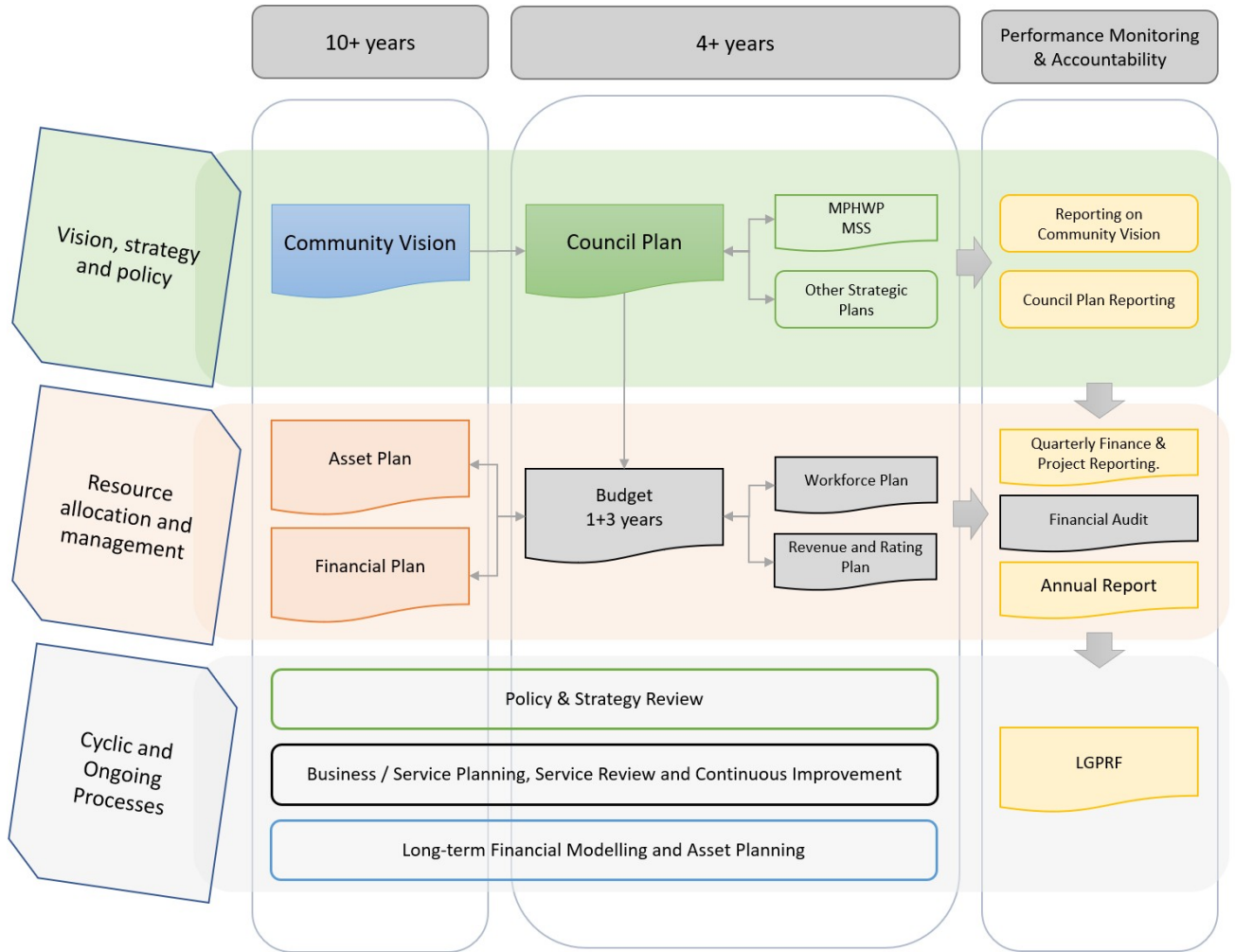
The Local Government Act 2020 (Planning and Reporting) Regulations requires councils to record their compliance with section 92 of the Act by completing the Governance and Management Checklist annually; and to ensure that the Asset Plan aligns with the Council Plan, Council Budget, Annual Report, Community Vision and Financial Plan.

These factors are in keeping with the ISPRF and are aimed at reassuring the community that their assets are being responsibly managed.

**2.3.2 Integrated Strategic Planning and Reporting Framework**

This Asset Plan is a vital component of the ISPRF and as such aligns with and complements other council planning and reporting documents, including the Council Plan, Council Budget, Annual Report, Financial Plan, and the 2050 Community Vision. An overview of Council’s ISPRF showing elements and planning timeframes is shown in Figure 1.

**Figure 1: Integrated Strategic Planning and Reporting Framework – Overview**



## 3. How does it Fit Together?

### 3.1 Community Engagement

The Local Government planning and accountability framework guides the Council in identifying community needs and aspirations, and determining how it will deliver on them.

The Community Vision, Warrnambool 2040, was developed over two years and involved thousands of Warrnambool residents and numerous of clubs, groups, schools, businesses and community organisations who shared their ‘Wishes for Warrnambool’ and their aspirations for the future of the city. The plan is owned by the community and the W2040 network partners including Warrnambool City Council.

Throughout February 2021 Council completed workshops with Councilors and staff, and undertook community surveys to seek ideas for the Council Plan and to review the community vision Warrnambool 2040. This was followed by establishing listening posts to hear what the community had to say. Listening posts were set up at the Lighthouse Studio and Warrnambool Stadium with sessions for residents of all Warrnambool localities including Allansford, Bushfield-Woodford, Dennington, Central Warrnambool, Warrnambool-Botanic, East Warrnambool, North Warrnambool, North-East Warrnambool, South-East Warrnambool, South-Warrnambool-Merrivale and West Warrnambool.

Council then undertook deliberative community engagement for the Council Plan and review of the community vision Warrnambool 2040 in two March 2022 sessions with 60 participants attending.

The community engagement process outlined provided the basis for the documentation of the Draft Council Plan 2021-25 and the reviewed Community Vision, Warrnambool 2040. These two key documents were considered at open Council meeting in May 2022 and subsequently released for community review and submissions. Warrnambool 2040 and the Draft Council Plan were exhibited together to provide context around strategic direction and to demonstrate an alignment between the vision and the plan.

The Council Plan 2021-25 was adopted by Council in June 2021 following the consideration of three community submissions.

This Asset Plan directly aligns with and cascades down from Warrnambool 2040 and the Council Plan 2021-25, and is founded on the extensive community engagement undertaken in formulating these key documents.

In addition, Council has implemented the following consultation process to ensure due consideration and feedback is received from relevant stakeholders:

- a) Draft Asset Plan prepared by management with briefing to Council;
- b) Draft Asset Plan provided for Council endorsement at the 6<sup>th</sup> June 2022 Council meeting;
- c) Endorsed Draft Asset Plan placed on public exhibition calling for public submissions from the community;
- d) Draft Asset Plan, including any revisions, presented to Special (June) Council meeting for adoption.

### 3.2 Warrnambool 2040 (Community Vision), Council Plan and Shared Objectives

This Asset Plan has been prepared based on the Community Vision, Warrnambool 2040, and Council Plan 2021-25 which in turn have been informed by the participatory and deliberative engagement processes outlined above.

**Warrnambool 2040:**

***A thriving city at the heart of coast and country.***

***Warrnambool is the bright beacon at the western edge of the Great Ocean Road.***



*Within the Warrnambool municipality are beautiful beaches, parks, buildings and pathways. The city of Warrnambool is the South West's professional, commercial, retail, education, sporting and health capital and our attractive townships of Allansford, Bushfield and Woodford enhance our liveability.*

The Council Plan 2021-25 lists key activities and initiatives Council will undertake over 2021-2025 to deliver on the five plan objectives developed in response to visions and goals in Warrnambool 2040:

1. A HEALTHY COMMUNITY: To be a healthy, inclusive, and thriving community with equitable access to services, cultural opportunities and recreational activities.
2. A SUSTAINABLE ENVIRONMENT: To protect and strengthen local ecosystems, enhance biodiversity and enable sustainable communities.
3. A STRONG ECONOMY: Support a resilient local and self-sustaining regional economy that encourages economic growth and provides increased employment opportunities attracting ongoing investment.
4. A CONNECTED, INCLUSIVE PLACE: Provide quality places that all people value and want to live, work, play and learn in.
5. AN EFFECTIVE COUNCIL: To be recognised as a collaborative Council and a high-performing organisation that enables positive outcomes for Warrnambool's community, environment and economy and Victoria's south west

The **Council Plan 2021-25** cascades directly from **Warrnambool 2040**. The four-year Plan, developed by Council, guides the work of the organisation in making progress towards the community's 2040 vision. The relevant Council Plan objectives and how these are addressed in this Asset Plan are outlined in Table 3.2 following.

| 2021-25 Council Plan Objectives and Strategies  | How Objectives are addressed in this Asset Plan   |
|---|---|
| <p><b>Objective 1: A Healthy Community</b><br/> <i>We will be a healthy, inclusive and thriving community with equitable access to services, cultural opportunities and recreational</i></p>  |   |
| <p><b>1.4 An accessible city:</b> Council will improve physical and social accessibility to community services, facilities, places and precincts.</p> <p><b>1.5 Recreation, arts, culture and heritage:</b> Council will support opportunities to participate in a wide range of recreational, arts and cultural programs that promote activity, wellbeing, diversity heritage and which increase community connectedness.</p>  | <p>This Asset Plan provides for baseline renewal and new/ upgrade works within Financial Plan parameters to:</p> <ul style="list-style-type: none"> <li>o Maintain and improve on current accessibility levels, and</li> <li>o Maintain and improve recreational, arts, cultural and heritage facilities.</li> </ul>  |
| <p><b>Objective 2: A sustainable environment</b><br/> <i>We will protect and strengthen local ecosystems, enhance biodiversity and enable sustainable communities.</i></p>  |   |
| <p><b>2.3 Environmental impact and a changing climate:</b> Council will encourage innovation and initiatives that minimise Warrnambool's environmental impact.</p> <p><b>2.4 Water resource management:</b> Council will promote and encourage awareness of sustainable practices in our work and in the community, including water resource management.</p> <p><b>2.5 Waste minimisation:</b> Council will pursue programs to minimise waste throughout the community, industry and promote the benefits of reduction, re-use and recycling of materials.</p>  | <p>This Asset Plan provides for:</p> <ul style="list-style-type: none"> <li>o Minimising the effects of climate change with resilient and efficient infrastructure where appropriate</li> <li>o Maintenance of a reliable network of road and drainage (stormwater) assets</li> <li>o The basis of a relevant Capital Works Program to meet annual infrastructure renewal gaps.</li> </ul>    |
| <p><b>Objective 4: A connected, inclusive place</b><br/> <i>We will provide high quality places that people value and want to live, work, play and learn in.</i></p>  |   |
| <p><b>4.1 Effective planning:</b> Council will ensure its planning acknowledges the unique character and attributes of local places and that it supports social connection, equitable access, appropriate housing and sustainable population growth.</p> <p><b>4.2 A connected community:</b> Council will enhance Warrnambool's connectivity through the delivery of, or advocacy for, improvement to roads, public transport, footpaths, trails and digital infrastructure.</p> <p><b>4.3 Stronger neighbourhoods:</b> Council will foster neighbourhood connections and capacity building including the development of inclusive recreational and cultural opportunities.</p> <p><b>4.4 Sustainable practices:</b> Council will promote and encourage the implementation of sustainable design across the municipality including the attractiveness, safety, accessibility and functionality of our built environment.</p> | <p>This Asset Plan outlines the management and funding required for a sustainable well planned portfolio of assets over the medium term within the context of the Financial Plan; and baseline new/ upgrade funding to provide for a better connected community and stronger neighbourhoods.</p>  |
| <p><b>Objective 5: An effective Council</b><br/> <i>We will be recognised as a collaborative Council and a high-performing organisation that enables positive outcomes for Warrnambool's community, environment and economy and for Victoria's South West.</i></p>  |   |
| <p><b>5.1 Leadership and governance:</b> Council will be a high-functioning team committed to respectful relationships, collaboration and ongoing engagement. It will provide strong, effective leadership, sound governance and informed decision-making.</p> <p><b>5.2 Engaged and informed community:</b> Council will ensure ongoing community engagement to identify changing needs and priorities when developing and delivering services and programs.</p> <p><b>5.5 Organisational and financial sustainability:</b> Council will ensure organisational and financial sustainability through the effective and efficient use of Council's resources and assets.</p> <p><b>5.6 Risk mitigation:</b> Council will mitigate and manage organisational risks through sound management systems and processes.</p>  | <p>This Asset Plan commits to on-going community engagement and service planning, and outlines the management, risk mitigation, and funding required for a sustainable portfolio of assets over the medium term within the context of the Financial Plan; allowing organisational and financial sustainability through the effective and efficient use of Council's resources and assets.</p> |

### 3.3 Fit Between the Asset Plan and Asset Management Practice

This Asset Plan has been informed by Council's asset management practices, data, systems and processes, and forms part of a continual improvement process. Council's Asset Management System includes:

1. Asset Management Policy -
  - Establishes the goals and objectives for asset management providing a platform for service delivery.
  - Integrates long-term asset and financial management with council's strategic objectives.
  - Maximises value for money by adoption of life cycle costing, combined with disciplined performance measurement.
  - Assigns accountability and responsibility for service delivery together with asset management.
  - Promotes sustainability to protect the needs of future generations.
2. Asset Management Strategy –
  - Links and integrates council's plans and resources, indicating which services are to be delivered through which assets.
  - Forecasts future service delivery needs and the capacity of assets to meet those, on a short, medium, and long-term basis.
  - Identifies assets that are critical to the council's operations and outline risk management strategies for these assets.
  - Includes specific actions required to improve the council's asset management capability and projected resource requirements and timeframes.
  - Establishes systems for asset performance measurement.
3. Asset Management Plans –
  - Encompasses all the major asset categories under council's control.
  - Connects the investment of community wealth in assets with service outcomes.
  - Presents at least one scenario that balances with the available funds from the Long-Term Financial Plan.
  - Identifies and communicates risks associated with affordable service levels and how these risks will be managed.
  - May allow for additional lifecycle scenarios (advanced) that manage assets to provide optimal life cycle costs to inform the asset management strategy and the Financial Plan.
  - Includes one scenario that balances the available funds from the Financial Plan with affordable service level targets, and may set out a strategy (advanced) to communicate the corresponding service levels and risks and how these will be managed to Council and the community.
  - For each scenario, presents cash flow forecasts for acquisition (upgrade/new/expansion), operating, maintenance, renewal and where relevant, disposal.

The linkage between the Asset Plan, Council's key strategic plans, and the Asset Management System is shown in Figure 2 following.



**Figure 2: How the Asset Management System links to the Asset Plan and Key Strategic Plans**



### 3.4 Financial Fit of the Asset Plan and Financial Plan

Council's Long-Term Financial Plan 2021-31 has informed the development of this first Asset Plan. Likewise, Council's six asset management plans for Buildings, Roads, Bridges, Pathways, Drainage, and Open Space and Recreation were developed between 2017-21 and have previously informed the funding levels outlined in the Long-Term Financial Plan.

Council's Long-Term Financial Plan, Asset Plan, and supporting asset management plans must be living plans that are regularly reviewed to reflect both external and internal influences on Council's financial current and future situation, and integrated together as part of the Integrated Strategic Planning and reporting Framework.

Due to the different timeframes covered, this **Asset Plan 2022-32** uses the forecast funding available within the Long **Term-Financial Plan 2021-31** in Years 1-9, and uses an average of these years for year 10 of the Asset Plan. The Asset Plan is in funding lock-step with the Long-Term Financial Plan and provides the following observations and projected outcomes:

4. A marginal betterment in average asset condition due largely to the significant new and upgrade Council funding of \$158 million over Years 1-10. This is over 50% greater than the allocated renewal funding of \$103 million, and results in an increase of 23% to the current depreciating asset base's replacement value with newly constructed assets, and resultant betterment to overall asset condition.
5. Council will continue to have an Asset Renewal Backlog each year of the 10 year planning period, representing the replacement value of assets that are ready for intervention but not funded at that time. Backlog increases from \$35 million in Year 1 to \$41 million in Year 10, but remains at approx. 5% of the asset base due to the added new assets over this time. These values are the lower range of the generally accepted backlog range of 4% to 8%. However, it is projected that backlog will increase a further \$32 million by Year 14 if renewal funding is not increased, in particular for the Roads and Buildings categories. This represents a backlog of greater than the acceptable range of 8% in Year 13 and nearly 10% by Year 14.

6. The funding of renewal between the various asset categories over Years 1-10 requires review, with Buildings and Roads generally underfunded, and Pathways and Open Space and Recreation overfunded.

It should be noted that further details on observations and outcomes are provided in section 4.3 of this Plan, with all values stated in 2022-23 dollar values.

### 3.5 Financial Indicators

There are multiple financial indicators which can be used to define asset performance and sustainability. The Long-Term Financial Plan 2021-31 outlines Council's policy statements in section 2.1 and includes the following:

*Allocate adequate funds towards renewal capital in order to replace assets and infrastructure as they reach the end of their service life.*

The measure of this given in the Financial Plan is: *Asset Renewal and Upgrade expenses / Depreciation expenses (%)*. The Long-Term Financial Plan 2021-31 provides a forecast ratio of an average 118% over the 10 year life of the plan for this measure. This is comfortably above the Council's Target Ratio of  $\geq 100\%$ . This ratio reduces slightly to 117% if the average of Years 1-9 of the Long-Term Financial Plan 2021-31 is applied to the Asset Plan 2022-32, with these plans being a year out of step with each other.

Similar ratios and their values under the next 10 years' planned expenditure are outlined below.

- A. **Asset Renewal Funding Ratio** - A key indicator for service delivery sustainability is the Asset Renewal Funding Ratio (ARFR) which is expressed as a percentage:

$$\text{Asset Renewal Funding Ratio (ARFR)} = \text{Capital Renewal Planned Budget} / \text{Capital Renewal Forecast} (\%)$$

The Financial Plan and Asset Plan provide for a Capital Renewal Planned Budget of an average \$10.33M for the next 9-10 years (2022-23 dollar values). Based on modelling, the planned renewal expenditure will result in an approx. \$6M increase in backlog over the 10 years, or an equivalent average \$0.6M renewal funding deficit per year. This equates to a Capital Renewal Forecast of \$10.33M plus \$0.6M = \$10.93M per year, equating to:

$$\text{Asset Sustainability Ratio (ASR)} = 95\%.$$

- B. **Asset Sustainability Ratio** – Another indicator for service delivery sustainability is known as the Asset Sustainability Ratio (ASR), this ratio is expressed as a percentage:

$$\text{Asset Sustainability Ratio (ASR)} = \text{Renewal Planned Budget} / \text{Asset Depreciation} (\%)$$

With a Capital Renewal Planned Budget of \$10.33M (2022-23 dollar values), and a 2020-21 depreciation amount of \$12.1M (refer section 4.1), the:

$$\text{Asset Sustainability Ratio (ASR)} = 85\%.$$







## 4. What Have we Got?

### 4.1 What Assets?

The assets covered by this Plan are those which are owned and/ or managed by Council. These assets are accounted for in reported figures with Table 4.1 below based on the 2020-21 Annual Report financial numbers. These assets have a replacement value of approx. \$865 Million as at 30 June 2021 and are used to provide a wide range of services to the community. The two largest value asset categories of Roads and Buildings make up approx. 49% of Council's total asset replacement cost.

**Table 4.1 Assets covered by this Plan (2020-21 Annual Report)**

| Asset Category                           | Indicative Quantity/ Description  | Replacement Value (\$,000) | Depreciated Value (\$,000) | Annual Depreciation (\$,000) |
|--|---|----------------------------|----------------------------|------------------------------|
| Land and Land Improvements               | Largely urban land associated with buildings  | \$164,097                  | \$163,674                  | \$18                         |
| Buildings and Building Improvements      | 390 building structures   | \$144,349                  | \$125,506                  | \$2,092                      |
| Roads and Off street car parks           | 2,700,000m <sup>2</sup> Sealed and 200,00m <sup>2</sup> Unsealed roads, 490 km kerb and channel, carparks   | \$279,368                  | \$167,509                  | \$4,613                      |
| Bridges                                  | 61 Bridges and major culverts   | \$33,676                   | \$22,421                   | \$379                        |
| Pathways                                 | 350km concrete and sealed paths, 21km gravel and natural paths, 2.6km timber paths  | \$59,610                   | \$34,176                   | \$1,263                      |
| Drainage (Stormwater)                    | 11,399 Pits and 265km pipe network  | \$94,473                   | \$69,342                   | \$941                        |
| Recreation, Leisure and Community        | Playing fields and courts, reserve access and car parking, pool facilities, minor buildings and structures, facility lighting                               | \$7,013                    | \$2,315                    | \$124                        |
| Waste Management                         | Kerbside collection Bins  | \$606                      | \$517                      | \$41                         |
| Parks, Open Space & Streetscapes         | Playgrounds, Playing surfaces, Bollards and fencing, minor structures, irrigation, facility lighting, street furniture, beach access, jettys and boat ramps | \$19,055                   | \$12,768                   | \$624                        |
| Aerodromes                               | Runways and taxiways, hangar and shed, access road and carpark, fencing   | \$10,064                   | \$7,924                    | \$258                        |
| Other Infrastructure                     | Saleyard facilities, Surfside Holiday Park facilities, jettys   | \$8,877                    | \$4,269                    | \$180                        |
| Plant Machinery & Equipment              | Fleet, Small Plant, Heavy Plant,  | \$10,303                   | \$4,286                    | \$952                        |
| Fixtures, Fittings & Furniture           | Fixtures, fittings and furniture  | \$5,787                    | \$1,050                    | \$90                         |
| Computers & Telecommunications           | CIT Equipment and networks  | \$7,211                    | \$3,689                    | \$524                        |
| Library Books and Paintings and Exhibits | Books and art works   | \$13,545                   | \$13,545                   | \$0                          |
| Works in Progress                        | Works currently in Progress   | \$7,299                    | \$7,299                    | \$0                          |
| <b>TOTAL</b>                             |   | <b>\$865,333</b>           | <b>\$640,290</b>           | <b>\$12,099</b>              |

Council's assets as shown in Table 4.1 have been further re-grouped for the purposes of this Plan into six 'long-life' asset groups of Buildings, Roads, Bridges, Pathways, Drainage, and Open Space and Recreation. The Open Space and Recreation category has been re-formed to include the Long Term Financial Plan categories of 'Parks, Open Space and Streetscapes' and 'Recreation, Leisure and Community', with this content differing from Warrnambool City's 'Open Space Asset Management Plan' of June 2020'. *Profile 1.0 - Summary – All Assets* in section 4.3.1 following includes all assets as outlined in Table 4.1 above.

## 4.2 Are they the right Assets managed in the right Way?

### 4.2.1 Do our Assets Support Warrnambool 2040 and the Council Plan?

Warrnambool City Council's current asset portfolio provides direct support to the delivery of Warrnambool 2040 and the Council Plan as outlined in section 3.2 *Warrnambool 2040 (Community Vision), Council Plan and Shared Objectives*. The services delivered through the Council's assets are largely a legislated part of Local Government business, for instance Warrnambool City Council is responsible for managing local transport infrastructure including local Roads, Bridges, Stormwater and Pathways under the Road Management Act (2004). These transport services are vital and are delivered by assets comprising 54% of Council's total asset value. Similarly Council Buildings facilitate services such as arts and libraries, recreation and leisure, family and community services, administration, and public amenities which are vital to the community's function. Council's Open Space assets support active transport and recreation and leisure services which are essential in supporting Warrnambool 2040 and the Council Plan.

### 4.2.2 Do we need to Realign Asset Practices to deliver on the Council Plan?

Warrnambool City Council's current asset practices need further improvement to continue to deliver on the Council Plan as follows:

1. Review and revision of the Asset Management Policy, Asset Management Strategy, and Asset Management Plans in support and update of the Asset Plan, Financial Plan, and Strategic Planning and Reporting Framework.
2. Continued focus of the Asset Management Steering Committee to provide an improved whole of organisation approach and accountability for asset management practice, including the on-going review and integration between the Asset Plan and Financial Plan, and consideration of a depreciation based renewal funding framework.
3. Further review and definition of asset management roles and responsibilities with resourcing as required.
4. Improved Service Planning, Capital Works planning and Asset Management planning/ review, with improved integration of these functions so they work well together.

## 4.3 What Shape are our Assets in Now and in 10 Years' Time?

### 4.3.1 Asset Profiles and Best Use

A 'Summary – All Assets' profile and separate asset profiles for 'Buildings', 'Roads', 'Bridges', 'Pathways', 'Stormwater', and 'Open Space' are provided as Profile 1.0 to Profile 1.6 in this section. These profiles outline:

- The type of assets within each asset category.
- The services that are supported by these assets.
- How much they cost to replace and their depreciated value.
- The average condition they are in now and projected condition they will be in 10 years' time.
- What the next 10 years looks like in terms of expenditure and backlog.

The definitions of terms used in the profiles and elsewhere in this Plan are provided below:

1. Depreciated Value – the current value of the asset based on current condition and/ or accumulated depreciation.
2. Condition – the state of asset degradation - a condition scale of 1 to 5 is used in this Plan, with 0 representing a new condition, 1=Very Good, 2=Good, 3=Fair, 4=Poor, 5=Very Poor/ End of Life condition.
3. Operations – the regular activities to provide services from assets e.g. playground inspections.
4. Maintenance – regular on-going work needed to keep assets operating e.g. road pot-hole patching.
5. Renewal – major work that restores, rehabilitates, replaces, or renews an asset to its original service potential.
6. New – major work that creates a new asset that did not previously exist.

7. Upgrade – major work that will upgrade or improve an existing asset beyond its existing capacity.
8. Acquisition – assets that are (generally) contributed by developers at no cost to Council e.g. new roads and stormwater network contributed as part of a subdivision development.
9. Backlog – the value of assets that are in poorer condition than the intervention level set at which these assets should be renewed
10. Depreciating Assets – those assets that degrade over time. This includes all long life and short life assets, but excludes assets that don't depreciate such as land and artworks.





# Profile 1.0 – Summary – All Assets

**\$865M**

Replacement Cost

**\$640M**

Depreciated value

**1.6 (Good)**

Average Condition

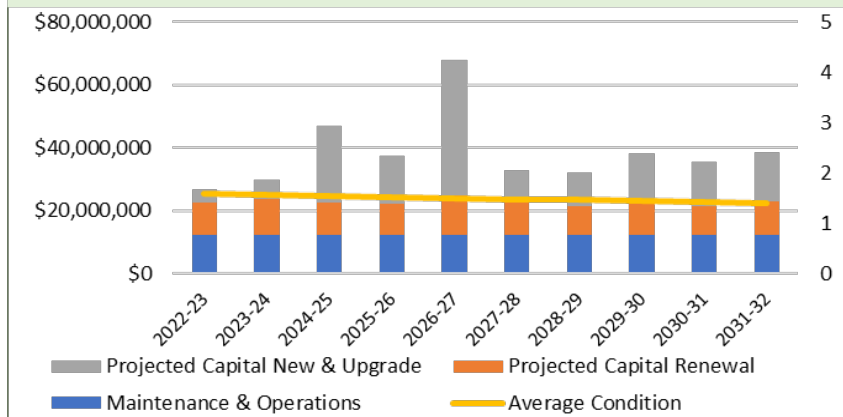
### What does the next 10 years look like ?

|                 |                                    |
|-----------------|------------------------------------|
| \$125 M         | Operations and maintenance         |
| \$103 M         | Renewal/ Replacement               |
| \$158 M         | New/ Upgrade/ acquisition          |
| \$35 M - \$41 M | Backlog/ deficit Year 1 - Year 10  |
| 1.6 – 1.4       | Average Condition Year 1 - Year 10 |

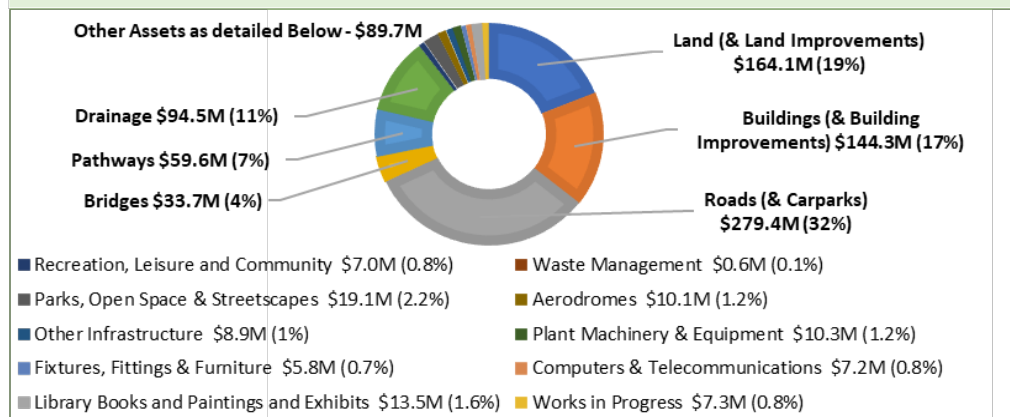
### What services are supported by these assets?

|                   |                              |                      |                  |                  |                               |                  |                       |                       |                      |                       |                      |                          |
|-------------------|------------------------------|----------------------|------------------|------------------|-------------------------------|------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|--------------------------|
| Art and Libraries | Community services & meeting | Recreation & Leisure | Administration   | Public Amenities | Animal Care                   | Transport        | Emergency Management  | Freight Vehicle Usage | Accessibility        | Stormwater Management | Safe Accessibility   | Environment Conservation |
| Tourism           | Sale Yards                   | Customer Service     | Waste Management | Airfields        | Family and Community Services | Flood Protection | Stormwater Conveyance | Stormwater Treatment  | Passive Surveillance | Recreation            | Seating and Lighting | Tree Management          |

### Council's investment and asset condition over next 10 years ?



### What type of assets and what do they cost ?





# Profile 1.1 - Buildings

**390**

Number of Buildings

**\$144.3M**

Replacement Cost

**\$125.5M**

Depreciated value

**0.7 (Good-V. Good)**

Average Overall Condition

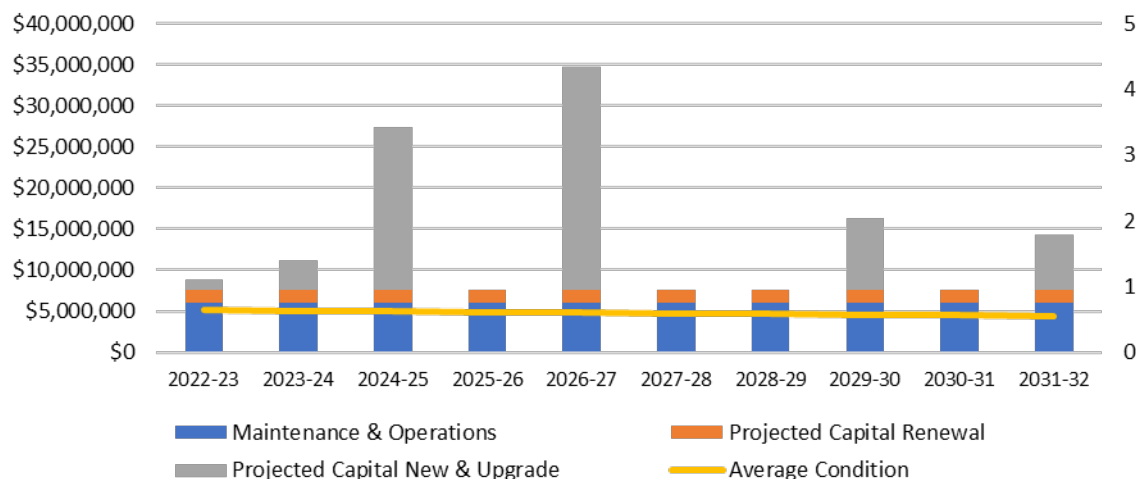
## What services are supported by buildings?

|                   |                              |                      |                  |                  |                               |
|-------------------|------------------------------|----------------------|------------------|------------------|-------------------------------|
| Art and Libraries | Community services & meeting | Recreation & Leisure | Administration   | Public Amenities | Animal Care                   |
| Tourism           | Sale Yards                   | Customer Service     | Waste Management | Airfields        | Family and Community Services |

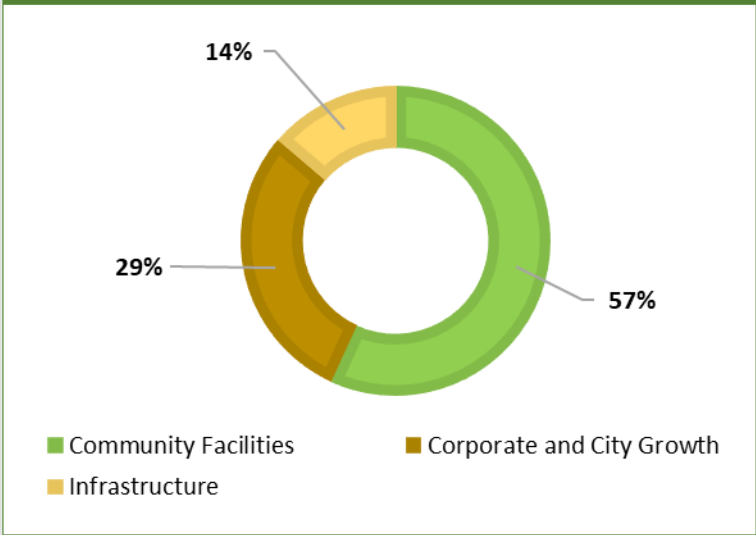
## What does the next 10 years look like ?

|                  |                                    |
|------------------|------------------------------------|
| \$60M            | Operations and maintenance         |
| \$16.3M          | Renewal/ Replacement               |
| \$66.8M          | New/ Upgrade/ acquisition          |
| \$4.4M - \$15.7M | Backlog/ deficit Year 1 - Year 10  |
| 0.7-0.6          | Average Condition Year 1 - Year 10 |

## Council's investment and asset condition over next 10 years ?



## What type of building assets and their relative value?





# Profile 1.2 – Roads (including Car Parks)

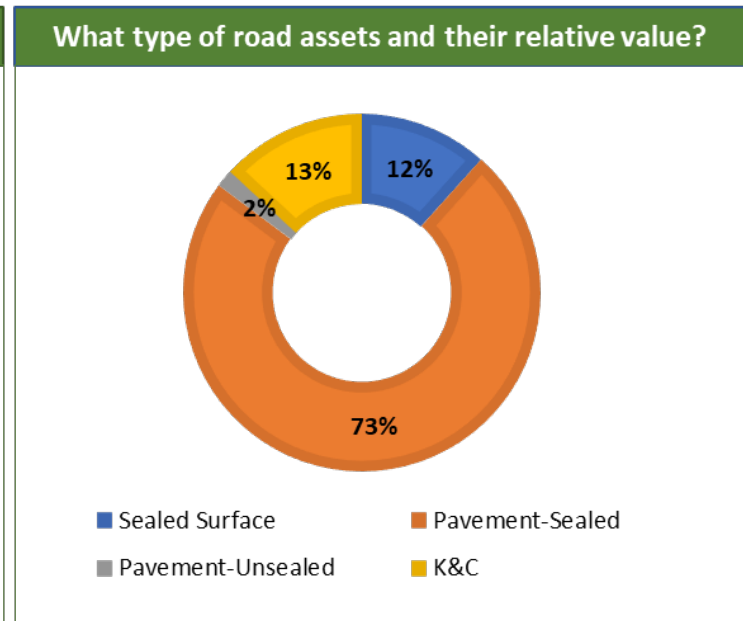
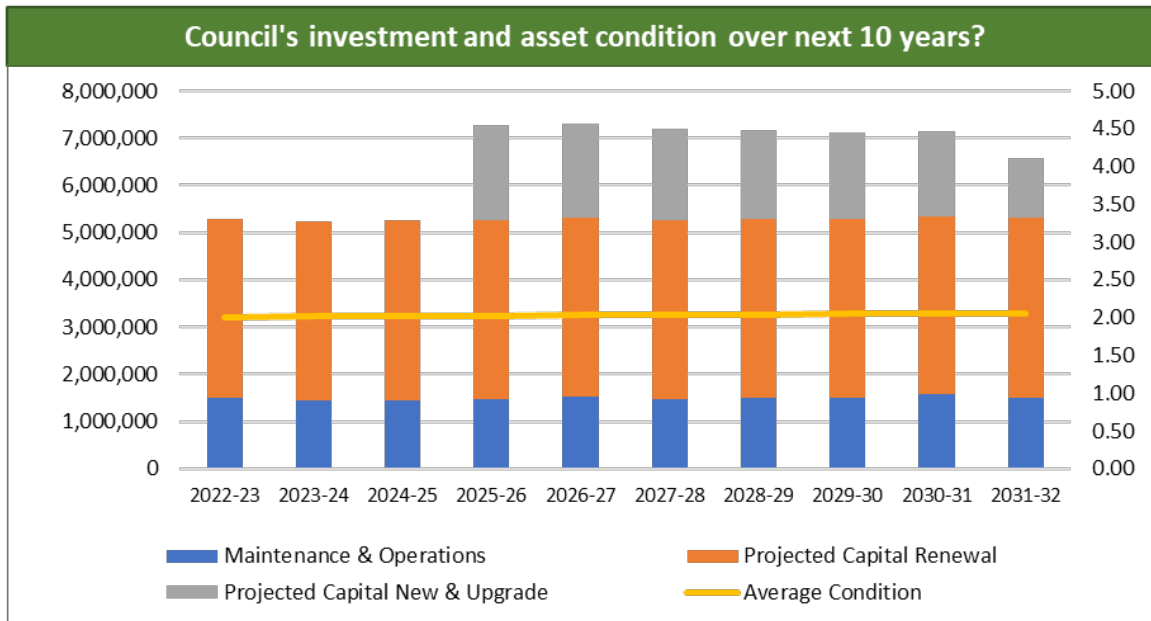
**2.7M m<sup>2</sup>** Sealed Road Surface    
 **0.2M m<sup>2</sup>** Unsealed Road    
 **490 km** Kerb & Channel    
 **\$279.4M** Replacement Cost    
 **\$167.5M** Depreciated value    
 **2.0 (Fair)** Average Condition

### What services are supported by road assets?

|                |                      |                       |                                |                       |         |
|----------------|----------------------|-----------------------|--------------------------------|-----------------------|---------|
| Transportation | Emergency Management | Freight Vehicle Usage | Parking And Traffic Management | Stormwater Management | Tourism |
|----------------|----------------------|-----------------------|--------------------------------|-----------------------|---------|

### What does the next 10 years look like?

|                   |                                    |
|-------------------|------------------------------------|
| \$14.9M           | Operations and maintenance         |
| \$37.9M           | Renewal/ Replacement               |
| \$12.7M           | New/ Upgrade/ acquisition          |
| \$18.1M - \$13.7M | Backlog/ deficit Year 1 - Year 10  |
| 2.0 – 2.1         | Average Condition Year 1 - Year 10 |





# Profile 1.3 - Bridges

61

Bridges and Major Culverts

\$33.7M






Replacement Cost

\$22.4M

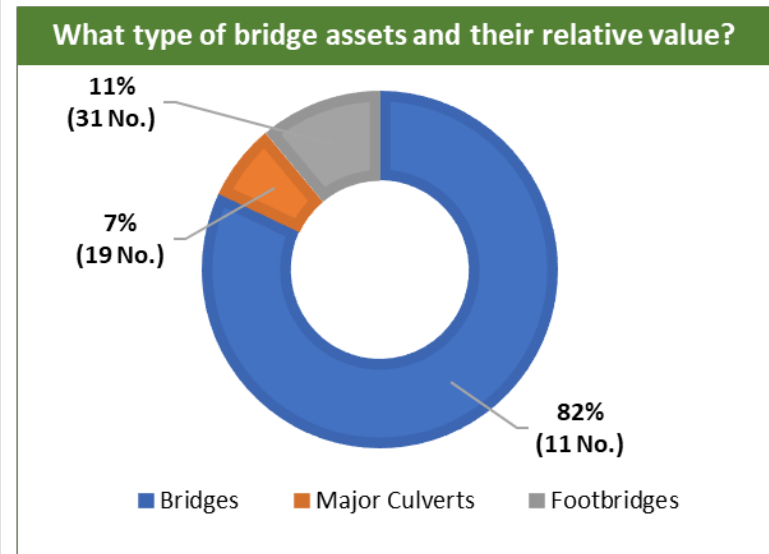
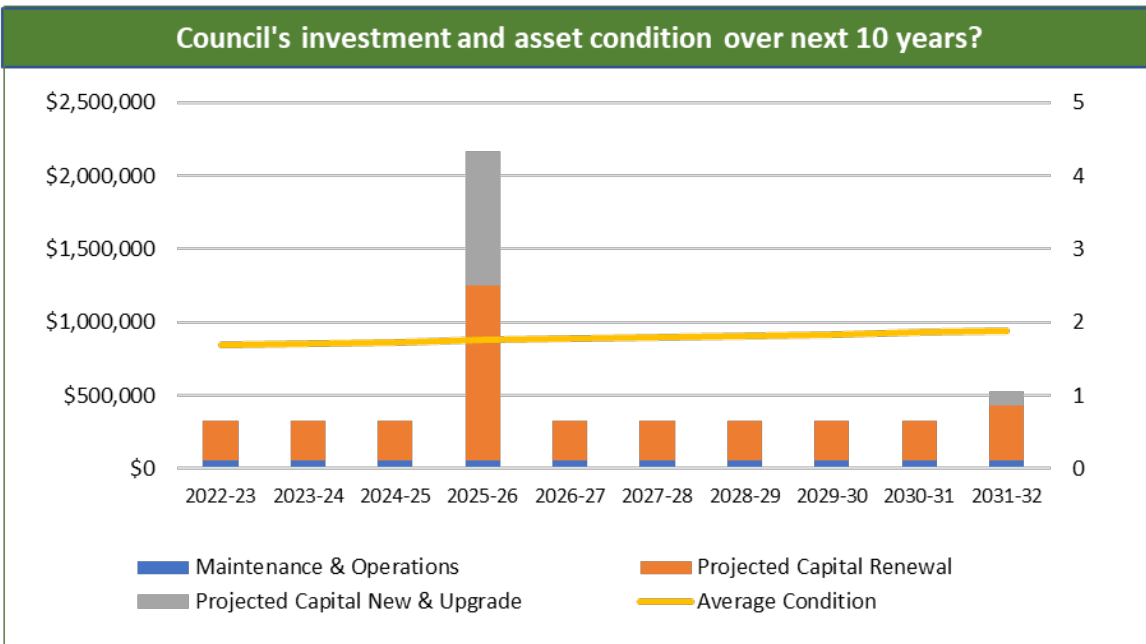
Depreciated value

1.7 (Fair-Good)

Average Overall Condition

| What services are supported by bridges and major culverts ?                       |   |   |  |   |
|---|---|---|--|---|
|  |  |  |  |  |
| Transportation  | Safe Accessibility  | Freight Vehicle Usage   | Emergency Management   | Tourism   |

| What does the next 10 years look like ? |                                    |
|---|------------------------------------|
| \$0.6M                                  | Operations and maintenance         |
| \$3.7M                                  | Renewal/ Replacement               |
| \$3.5M                                  | New/ Upgrade/ acquisition          |
| \$2.7M - \$4.3M                         | Backlog/ deficit Year 1 - Year 10  |
| 1.7 – 1.9                               | Average Condition Year 1 - Year 10 |







# Profile 1.4 - Pathways

**350 km**  
Concrete & Sealed Paths

**21 km**  
Gravel Paths

**2.6 km**  
Timber Paths

**\$59.6M**  
Replacement Cost

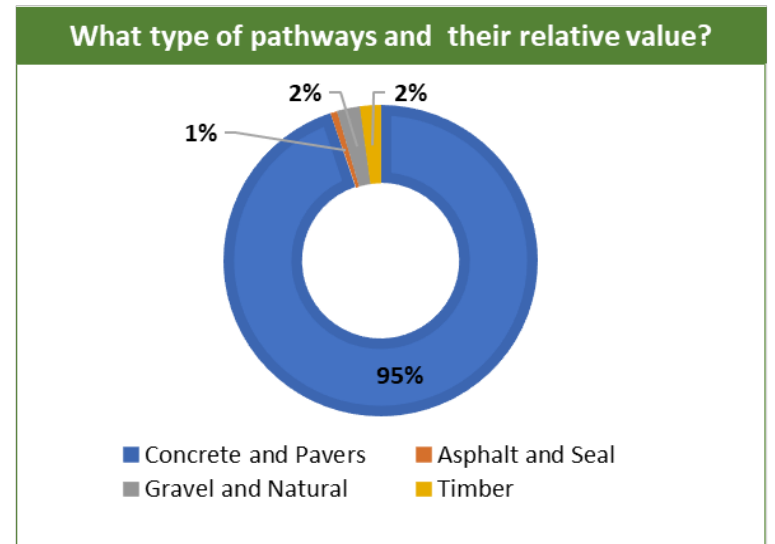
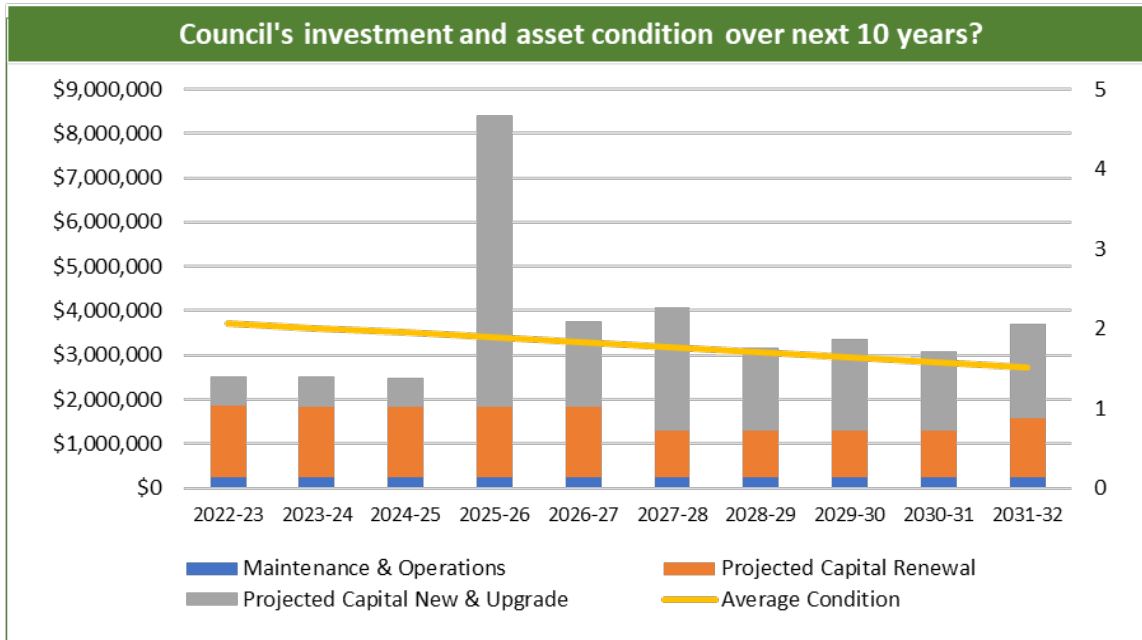
**\$34.2M**  
Depreciated value

### What services are supported by pathways ?

|                  |                        |          |               |         |
|------------------|------------------------|----------|---------------|---------|
| Active Transport | Recreation and Leisure | Mobility | Accessibility | Tourism |
|------------------|------------------------|----------|---------------|---------|

### What does the next 10 years look like ?

|             |                                    |
|-------------|------------------------------------|
| \$2.6M      | Operations and maintenance         |
| \$13.3M     | Renewal/ Replacement               |
| \$21.2M     | New/ Upgrade/ acquisition          |
| \$1.1M-\$0M | Backlog/ deficit Year 1 - Year 10  |
| 2.1 – 1.5   | Average Condition Year 1 - Year 10 |





# Profile 1.5 - Drainage

**265 km**  
Pipes

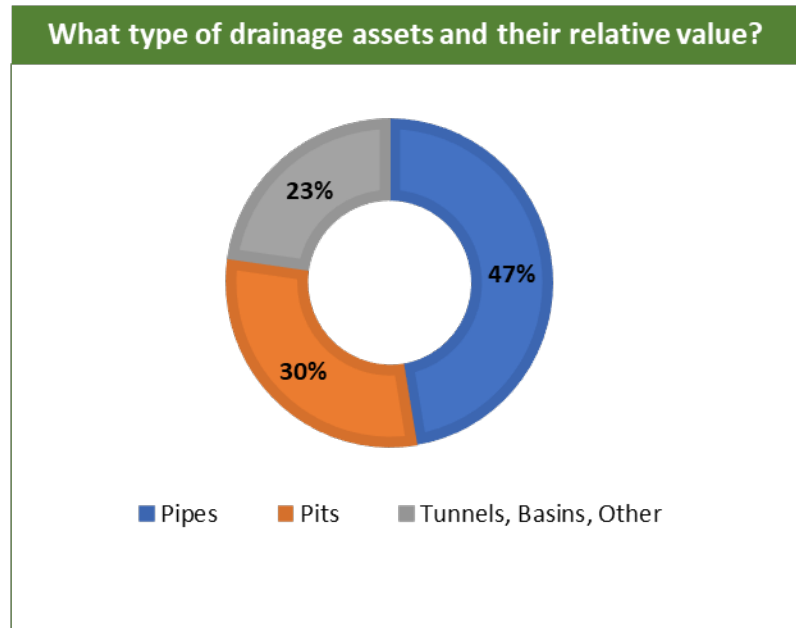
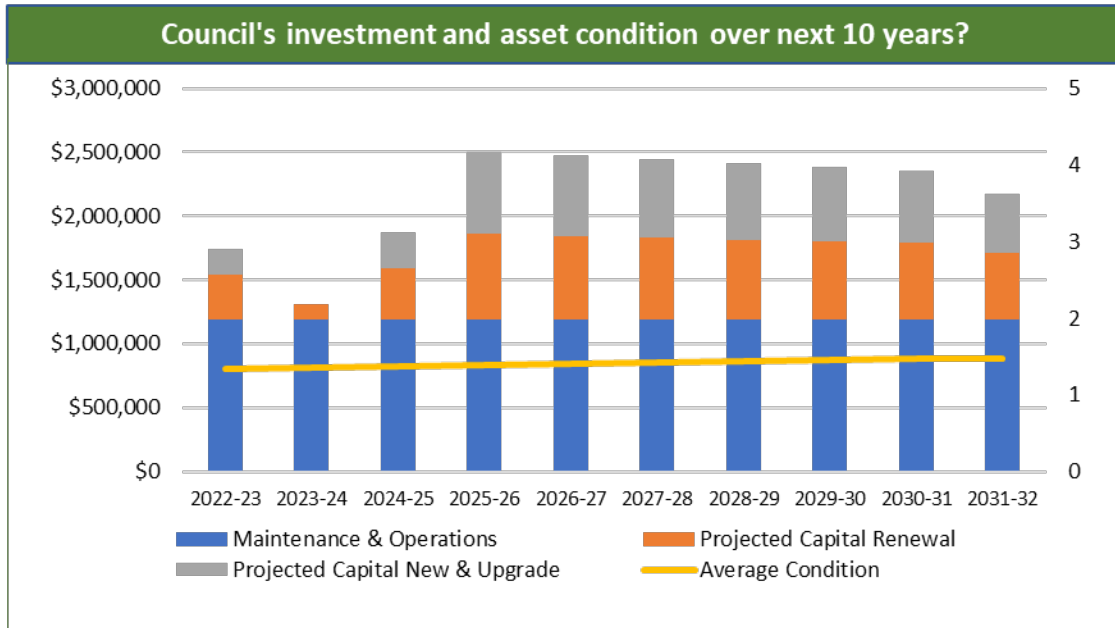
**11,399**  
Pits

**\$94.5M**  
Replacement Cost

**\$69.3M**  
Depreciated value

**1.3 (Good)**  
Average Condition

| What services are supported by stormwater assets? |                |                       |                      |                       |                     | What does the next 10 years look like? |                                    |
|---|----------------|-----------------------|----------------------|-----------------------|---------------------|--|------------------------------------|
|   |                |                       |                      |                       |                     | \$11.9M                                | Operations and maintenance         |
| Flood Protection                                  | Transportation | Stormwater Conveyance | Stormwater Treatment | Stormwater Management | Waterway Conveyance | \$5.2M                                 | Renewal/ Replacement               |
|   |                |                       |                      |                       |                     | \$4.6M                                 | New/ Upgrade/ acquisition          |
|   |                |                       |                      |                       |                     | \$0.2M-\$7.7M                          | Backlog/ deficit Year 1 - Year 10  |
|   |                |                       |                      |                       |                     | 1.3 – 1.5                              | Average Condition Year 1 - Year 10 |





# Profile 1.6 - Open Space and Recreation

(Parks, Open Space and Streetscapes; Recreation, Leisure and Community)

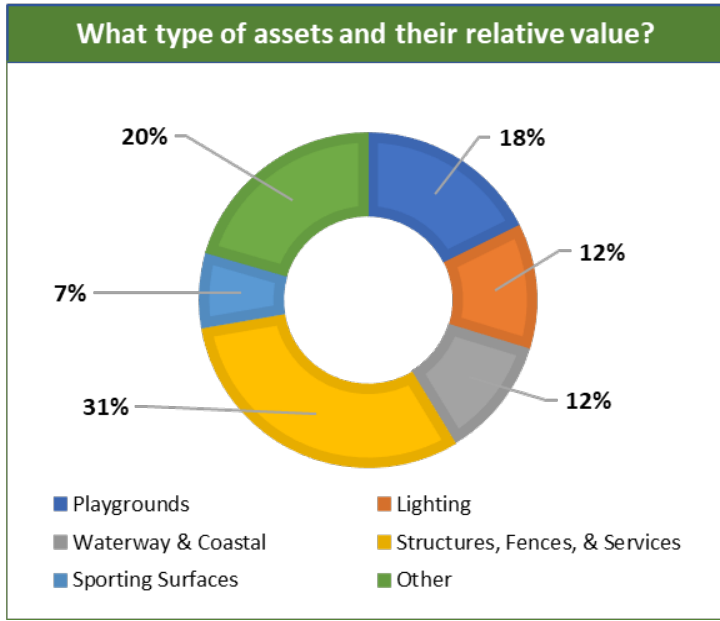
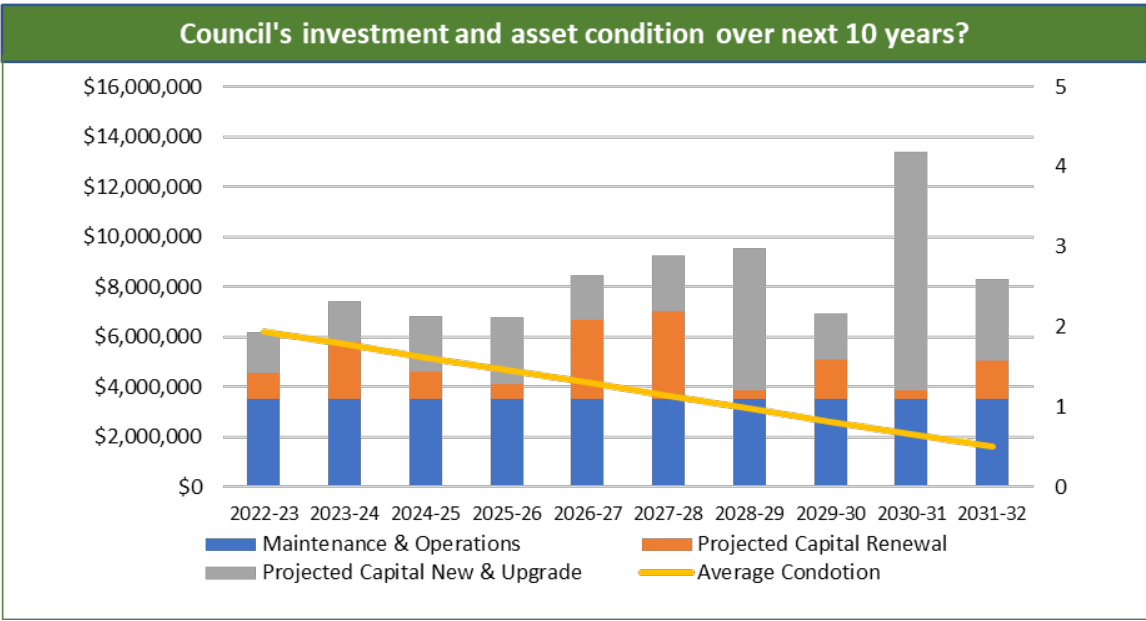
**210** Open Spaces Sites      **75** Playgrounds      **\$26.1M** Replacement Cost      **\$15.1M** Depreciated value      **2.1 (Fair)** Average Condition

### What services are supported by these assets?

|                          |                      |            |                      |                 |         |
|--------------------------|----------------------|------------|----------------------|-----------------|---------|
| Environment Conservation | Passive Surveillance | Recreation | Seating and Lighting | Tree Management | Tourism |
|--------------------------|----------------------|------------|----------------------|-----------------|---------|

### What does the next 10 years look like?

|               |                                    |
|---------------|------------------------------------|
| \$35.0M       | Operations and maintenance         |
| \$15.5M       | Renewal/ Replacement               |
| \$32.5M       | New/ Upgrade/ acquisition          |
| \$8.3M - \$0M | Backlog/ deficit Year 1 - Year 10  |
| 2.1 - 0.5     | Average Condition Year 1 - Year 10 |



### 4.3.2 State of the Assets

The asset Profiles 1.0 to 1.6 as provided in section 4.3.1 (above) detail the Council's 'State of the Assets' for key asset categories. The six long life asset categories of Buildings, Roads, Bridges, Pathways, Drainage, and Open Space and Recreation comprise approximately 95% of Warrnambool City's asset replacement value for depreciating assets.

The future state of the assets is based on asset modelling using the planned asset expenditure and current asset condition, and in an overall sense result in -

- a betterment in the overall average asset condition over Years 1-10 from 1.6 to 1.4
- backlog remaining within an acceptable range of 4 to 8%, with an increase in backlog from \$35M in Year 1 (approx. 5.5% of asset value Year 1) to \$41M at the end of Year 10 (approx. 5.3% of asset value Year 10).

These results indicate that (in an overall sense) current service levels can be maintained from Council's assets over the coming 10 years with the planned expenditure levels as noted in the Plan. The 'State of the Assets' are further summarised for long-life asset categories of Buildings, Roads, Bridges, Pathways, Drainage, and Open Space and Recreation in Tables 4.3.2.1 to 4.3.2.6 below. Where applicable, the State of the Assets is based upon the planned expenditure in Year 11 continuing into future years.

**Table 4.3.2.1 Buildings – State of the Assets**

|   |   |
|---|---|
| <i>Current condition?</i>                         | Buildings are in an overall Good to Very Good condition.  |
| <i>Is Planned Expenditure adequate?</i>           | Yes, but there is a modelled expansion of backlog from \$4.4M to \$15.7M in the next 10 years.  |
| <i>Are the assets fit for future Years 1-10?</i>  | Yes, however backlog expands from \$4.4M to \$15.7M in the next 10 years. This represents a backlog of about 3% in Year 1 (replacement value of \$144M at this time), to a backlog of about 7% in Year 10 (replacement value of \$211M at this time), which is within the generally accepted backlog range of 4 to 8%.                      |
| <i>Are the assets fit for future Years 11-20?</i> | Not really, renewal funding will require increasing by an estimated 50% plus from the current \$1.6M annual funding to address renewal requirements and decrease backlog in Years 11-20.  |
| <i>Major Shortcomings?</i>                        | There are few major shortcomings in the existing building stock, with buildings generally safe, accessible, and fit for purpose. There is a focus on early years and other community facilities in coming years to provide increased amenity to services delivered from these buildings.  |
| <i>What Risks?</i>                                | Buildings unsafe for use, not accessible, or out of service.<br>Building facilities provision is mismatched to community need.  |
| <i>What Challenges?</i>                           | Funding of asset costs with demand/ costs increasing because of increasing population, changing demographics and population distribution, and customer expectations.<br>Prioritising building renewal and new/ upgrade projects that best match community need, followed by planned, prioritised and successful grant funding applications. |



**Table 4.3.2.2 Roads – State of the Assets**

|   |   |
|---|---|
| <i>Current condition?</i>                         | Roads are in an overall Fair condition.   |
| <i>Is Planned Expenditure adequate?</i>           | Yes, there is a modelled decrease in backlog from \$18.1M in Year 1 to \$13.7M backlog in Year 10.  |
| <i>Are the assets fit for future Years 1-10?</i>  | Yes, backlog decreases from \$18.1M in Year 1 to \$13.7M in the next 10 years. This represents a decrease in backlog from about 6% to 5% with these values inside the generally accepted backlog range of 4 to 8%.  |
| <i>Are the assets fit for future Years 11-14?</i> | No, backlog is modelled to expand from \$13.7M in Year 10 to \$38.8M in Year 14. This represents a backlog of about 13% in Year 14 which is well outside the generally accepted backlog range of 4 to 8%.   |
| <i>Major Shortcomings?</i>                        | Existing road infrastructure network does not always meet Victoria’s Infrastructure Design Manual standards for functionality and capacity.<br>Unsealed roads and poor amenity car parks can’t all be upgraded.<br>Poor connectivity of on-road bicycle path network.<br>Existing safety concerns can’t all be assessed and improved.<br>Unable to address and mitigate impacts of Climate Change on roads. |
| <i>What Risks?</i>                                | Increased accidents and vehicle damage due to poor quality roads.<br>Lack of connectivity and traffic delays.<br>Not meeting community expectations on cleanliness of roads and availability of parking.<br>Council does not meet its Road Management Plan obligations.<br>New and upgraded roads don’t meet required standards and/ or offer poor climate change resilience.                               |
| <i>What Challenges?</i>                           | Funding of asset costs with demand/ costs increasing because of increasing population, climate change impacts, customer expectations, and the increasing use of higher mass limit vehicles.<br>Prioritising road renewal and new/ upgrade projects that best match community need, followed by planned, prioritised and successful grant funding applications.  |

**Table 4.3.2.3 Bridges – State of the Assets**

|   |   |
|---|---|
| <i>Current condition?</i>                           | Bridges are in an overall Fair to Good condition.   |
| <i>Is Planned Expenditure adequate?</i>             | Yes, there is a modelled increase in backlog from \$2.7M in Year 1 to \$4.3M backlog in Year 10.  |
| <i>Are the assets fit for future Years 1-10?</i>    | Not really, backlog increases from \$2.7M to \$4.3M in the next 10 years. This represents a backlog of 8% in Year 1 to 13% in Year 10 which is higher than the generally accepted backlog range of 4 to 8%.   |
| <i>Are the assets fit for future Years 11-plus?</i> | No, additional funding allocation is required to bring the modelled backlog down to acceptable levels.  |
| <i>Major Shortcomings?</i>                          | Two Culverts subject to closure due to flooding with 20% AEP events.<br>Load limiting of bridges.<br>One road bridge has inadequate separation between vehicles and non-vehicular traffic.<br>Six bridges (includes 5 footbridges) provide inadequate access for wheelchairs and prams.   |
| <i>What Risks?</i>                                  | Bridge network Unsafe for use.<br>Bridge not accessible or closed due to 20% AEP flooding or lower frequency event.<br>Council does not meet its Road Management Plan obligations.<br>New and upgraded bridges don’t meet required standards and/ or offer poor climate change resilience.  |
| <i>What Challenges?</i>                             | Funding of asset costs with demand/ costs increasing because of increasing population, climate change impacts, customer expectations, and the increasing use of higher mass limit vehicles.<br>Prioritising bridge renewal and upgrade projects that best match community need, followed by planned, prioritised and successful grant funding applications. |

**Table 4.3.2.4 Pathways – State of the Assets**

|   |  |
|---|--|
| <i>Current condition?</i>                         | Pathways are in an overall Fair condition.   |
| <i>Is Planned Expenditure adequate?</i>           | Yes, there is a decrease in backlog from \$1.1M to zero over the next 3 years.   |
| <i>Are the assets fit for future Years 1-10?</i>  | Yes, backlog decreases to zero over the next 2 years, with the network maintained at zero backlog over Years 2-10.   |
| <i>Are the assets fit for future Years 11-15?</i> | Yes, backlog is expected to be maintained at zero over years 11-15 if Year 10 funding is continued into these years.   |
| <i>Major Shortcomings?</i>                        | The Pathway network doesn't necessarily have major shortcomings, however areas for improvement include: <ul style="list-style-type: none"> <li>• 5km of shared paths and 11 km of footpaths that are non-compliant with current width standards</li> <li>• Pathway lighting and signage</li> <li>• Additional linkages to provide better connectivity.</li> </ul>  |
| <i>What Risks?</i>                                | Pathway network Unsafe for use.<br>Council does not meet its Road Management Plan obligations.<br>New and upgraded pathways don't meet required standards and/ or offer poor climate change resilience.  |
| <i>What Challenges?</i>                           | Funding of asset costs with demand/ costs increasing because of increasing population, climate change impacts, and customer expectations.<br>Identifying community priorities for Pathway improvements.<br>Prioritising pathway renewal and new/ upgrade projects that best match community need, followed by planned, prioritised and successful grant funding applications, often in conjunction with larger Open Space and Recreation projects. |

**Table 4.3.2.5 Drainage – State of the Assets**

|   |  |
|---|--|
| <i>Current condition?</i>                         | Stormwater assets are in an overall Good condition.  |
| <i>Is Planned Expenditure adequate?</i>           | Not really, there is an increase in indicated backlog from \$0.2M in Year 1 to \$7.7M in Year 10.  |
| <i>Are the assets fit for future Years 1-10?</i>  | Barely, the \$7.7M backlog at Year 10 represents a backlog of about 7.8% which is just within the generally accepted backlog range of 4 to 8%.   |
| <i>Are the assets fit for future Years 11-15?</i> | No, additional funding allocation is required to maintain the modelled backlog within acceptable levels beyond from Year 11 onwards.   |
| <i>Major Shortcomings?</i>                        | There are flooding hotspots as identified in the Warrnambool Drainage Strategy with certain areas subject to flooding.<br>The existing network does not always meet Infrastructure Design Manual standards for adequate piped network capacity for defined % AEPs.<br>The condition of stormwater assets is based on age, further in field down-pipe camera assessments are required to verify expected stormwater renewal demand.   |
| <i>What Risks?</i>                                | Flooding of homes, properties, and access routes, with potential injury and risk to life.  |
| <i>What Challenges?</i>                           | Progressively undertaking up-pipe drainage assessments and then formulating a structured and pragmatic forward works program to address the issues found.<br>Further review of the Warrnambool Drainage Strategy to review and prioritise the upgrade/ new program with formulation of a 10-20 year forward works program.<br>Long term funding of stormwater drainage projects identified from the City wide 10-20 year forward works program.<br>Funding costs increasing because of increasing population, climate change impacts, and customer expectations. |

**Table 4.3.2.6 Open Space and Recreation – State of the Assets**

|   |   |
|---|---|
| <i>Current condition?</i>                         | Open Space and Recreation assets are in an overall Fair condition.  |
| <i>Is Planned Expenditure adequate?</i>           | More than adequate with some potential inefficiency/ over-expenditure with renewal expenditure in Years 6-10.   |
| <i>Are the assets fit for future Years 1-10?</i>  | Yes, backlog decreases from \$8.3M to nil from Years 1 to Year 10.  |
| <i>Are the assets fit for future Years 11-20?</i> | Yes, backlog is expected to be maintained at zero over years 11-20 even if renewal expenditure is decreased.  |
| <i>Major Shortcomings?</i>                        | Many of the existing open space and recreation facilities were not designed to meet modern expectations and will require major upgrade when renewed.<br>Network deficiencies in terms of asset capacity and performance are detailed in relevant open space, play space and regional sport specific strategies.   |
| <i>What Risks?</i>                                | Open Space and Recreation assets Unsafe for use.<br>Open space asset provision is mismatched to community need.   |
| <i>What Challenges?</i>                           | Prioritising open space and recreation renewal and upgrade projects that best match community need, followed by planned and prioritised renewal/ new/ upgrade works, including Masterplan implementation and Playground Renewal and Upgrades<br>Funding of asset costs with demand/ costs increasing because of increasing population, and customer expectations. |

### 4.3.3 Asset Fit and Maintenance

The State of the Assets outlined in section 4.3.2 above are based on the six asset management plans completed for these asset categories in 2017-2021, and June 2021 asset revaluation and depreciated value data. These asset management plans and the State of the Assets indicate that Council's assets have been assigned to their best use and will be maintained at an appropriate condition over the ten year life of the Asset Plan. However, if planned renewal funding levels are not increased in Year 11 and after from levels shown in Years 1-10 of this plan, overall backlog is projected to increase beyond an acceptable level of 8% in Year 13 of the current 2022-31 Asset Plan.

While assets have been assigned to their best use both now and historically, with ever changing design standards and services provision, and increasing customer expectations and technology driven requirements, many assets may now have significant shortcomings in the levels of service they provide. These shortcomings are detailed in section 4.3.2 above.







## 5. What Challenges and Choices?

### 5.1 The Plan

This Asset Plan is aimed at providing a document that helps everyone understand the quantum of assets that Council owns, and the challenges in maintaining an asset base that services the community into the future in support of Warrnambool 2040 and the Council Plan. This is a balancing act at the best of times, the funding bucket is only so big, there are lots of challenges, and we can't do everything.

The risks and cost of not having adequate resources and management practices is enormous. Assets that are poorly inspected, maintained or renewed can result in injury to life, breaching of legislative requirements, higher future costs, inter-generational inequity, loss of reputation, and assets that can't deliver on required services. There are environmental implications such as water quality management, the social implications of a built environment that is not amenable, and financial implications that may be difficult to recover from. This makes it imperative to have a Plan.

This Asset Plan rests on the processes outlined within Council's Asset Management Policy, Asset Management Strategy, and Asset Management Plans. These documents and the processes they describe form a road map for continual improvement in the way Council manages its assets and the services delivered from them. In this balancing act there are ever changing challenges, community conversations and negotiations to be had, choices to be made, and plans to be updated and revised.

This Asset Plan represents the first iteration Asset Plan, with this plan financially integrated with Council's Long-Term Financial Plan 2021-31 as part of the Integrated Strategic Planning and Reporting process. It represents what the community and Council are in agreement on, that is, it outlines expenditure in line with maintaining current (2021-22) service levels from its asset base, with expenditure in ways that supports Warrnambool 2040 and the Council Plan.

In an ever changing environment, there is an increasing chance of flood, storm, and fire events that will compromise the integrity of the asset base. These events will happen, and Council's role in emergency management and the recovery afterwards is vital. It is worthy to note that Federal Government funding provides for restoration of disaster affected infrastructure assets under Disaster Recovery Funding Arrangements as administered by the State Government.

### 5.2 The Challenges and what we Do

This Asset Plan 2022-32 is consistent with the Long-Term Financial Plan 2021-31 with Asset Plan total lifecycle cost forecasts being balanced with the Financial Plan total budget forecasts. **This is a good start, but.....**

***What*** impact does it have on our assets and the services delivered from them in the coming years?

***What*** about increasing demand on our services from population growth, demographic change, community expectations, and the impacts of climate change?

***What*** about major shortcomings in our existing assets?

***What*** do we do?

This section builds upon section 4.3 *What Shape are our Assets in Now and in 10 Years' Time?* and brings together a response to these questions in Table 5.2 following. Table 5.2 outlines the challenges, the plan to meet those challenges, the inevitable trade-offs, and the importance of community input and negotiation in determining 'what we do' and 'what we don't'. Action is required both now and in an on-going way to meet the challenges ahead.

Table 5.2 The Challenges and what we Do

| <b>What Challenge?</b>  | <b>What's the Plan?</b>   | <b>What Trade-Offs?</b>  | <b>Further community input and/or negotiation required?</b>   |
|---|---|--|---|
| Delivering services from our existing assets into the future.                                   | <ol style="list-style-type: none"> <li>1. Review and continuously improve asset data and modelled renewal demand in each asset category.</li> <li>2. On-going integration of the Asset Plan and Financial Plan to reflect renewal requirements.</li> <li>3. On-going service planning to define service levels and community priorities.</li> </ol>   | <ul style="list-style-type: none"> <li>• Some service levels may need to be lowered or services dropped to enable adequate funding of community prioritised services.</li> <li>• On-going asset backlog.</li> <li>• Potential decommissioning of some assets from service.</li> <li>• Potential 'user pays' services.</li> </ul>   | Yes – on-going community input is required to define priority services and required service levels. This will inform and allow improved Service Planning. This in turn will lead to the community conversation around "Here's the funding we have, what do we do and what don't we do?" |
| Increasing services demand in the face of limited funding.                                      | <ol style="list-style-type: none"> <li>1. On-going service planning to define service levels and community priorities.</li> <li>2. Continually review and update asset management planning data and modelling with integration of the Asset and Financial Plans.</li> <li>3. On-going service planning to define service levels and community priorities.</li> <li>4. Strategic and prioritised grant funding applications targeted at community needs.</li> <li>5. Include climate change resilient asset costs, and costs of assets requiring higher design standards, within asset planning new and renewal costs.</li> <li>6. Manage increases to the asset portfolio within Council's expected financial capacity.</li> <li>7. Consider non-asset service solutions where applicable.</li> </ol> | <ul style="list-style-type: none"> <li>• Community expectations won't necessarily be met.</li> <li>• Some service levels may need to be lowered or services dropped to enable adequate funding of community prioritised services.</li> <li>• On-going asset backlog.</li> <li>• Potential decommissioning of some assets from service.</li> <li>• Potential 'user pays' services.</li> </ul> | Yes – on-going community input is required to define priority services and required service levels. This will inform and allow improved Service Planning. This in turn will lead to the community conversation around "Here's the funding we have, what do we do and what don't we do?" |
| Existing Assets with significant service shortcomings or non-compliance with current standards. | <ol style="list-style-type: none"> <li>1. On-going service planning to define service levels and community priorities.</li> <li>2. Long term strategic planning to define quantum of shortcomings, service levels, and long term programs to rectify.</li> <li>3. Strategic and prioritised grant funding applications targeted at asset upgrade where this is a community priority.</li> </ol>   | <ul style="list-style-type: none"> <li>• Current service levels provided from these assets may remain unchanged over time.</li> <li>• Other trade-offs as for the challenges above.</li> </ul>   | Yes – on-going community input is required to define priority services and required service levels. This will inform and allow improved Service Planning. This in turn will lead to the community conversation around "Here's the funding we have, what do we do and what don't we do?" |
| Continuous improvement of asset management practice.  | <ol style="list-style-type: none"> <li>1. Review and monitor the asset management improvement plan as part of the Asset Management Strategy.</li> <li>2. On-going reporting of asset management status using the asset management steering committee.</li> </ol>  | <ul style="list-style-type: none"> <li>• Additional staff resources may be required which will come at a cost.</li> </ul>  | No – because these processes are technical and internal to Council's operations they will be established in accord with the Asset Management Strategy, with community input more appropriately focused on service planning and funding discussions.                                     |

## 6.0 REFERENCES

- 'Warrnambool 2040', Warrnambool City Council
- 'Council Plan 2021-25', Warrnambool City Council (2021)
- 'Long-Term Financial Plan 2021-31', Warrnambool City Council
- 'Warrnambool City Council Annual Report 2020-21', Warrnambool City Council
- 'Warrnambool City Council Asset Management Policy (2019)', Warrnambool City Council
- 'Warrnambool City Council Asset Management Strategy (July 2020)', Warrnambool City Council
- 'Warrnambool City Council Executive Summary - Building Asset Management Plans', June 2020, SPM Assets
- 'Roads Asset Management Plan', August 2021, Warrnambool City Council
- 'Bridge Asset Management Plan', March 2017, Warrnambool City Council
- 'Pathway Asset Management Plan', November 2017, Warrnambool City Council
- 'Drainage Asset Management Plan', May 2020, Warrnambool City Council
- 'Warrnambool City Council Open Space Asset Management Plan', June 2020, SPM Assets
- Local Government Act 2020 (Victoria)
- 'Asset Plan Guidance 2022', Local Government Victoria
- 'Integrated Strategic Planning and Reporting Framework Guidance', State Government
- 'Asset Management Better Practice Guide', State Government
- 'International Infrastructure Management Manual', IPWEA, 2020
- 'International Infrastructure Financial Management Manual', IPWEA, 2020.