



# Draft Asset Plan 2022-2032



CITY OF GREATER  
**BENDIGO**



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# City of Greater Bendigo Asset Plan

## Asset Plan

Guides the management of eight asset groups:

- sealed roads
- buildings and structures
- drainage
- pathways
- recreation and open space
- bridges and major culverts
- unsealed roads
- aquatic facilities



01

### Assets in this plan

- Total asset replacement value of \$1.9B
- Supporting services for a population of 119,980
- Tangible, fixed, infrastructure-based assets that are owned by the City



02

### Making asset management decisions

- Community vision & values
- Council Plan & Long-term Financial Plan
- Balance of community needs, equity & affordability



03

### Costs of asset management

- Over the next 10 years, there is \$649.5M projected expenditure on maintenance, renewal, upgrade & acquisition of new assets
- Renewal gap increasing each year, although the rate of growth slows significantly within 4 years



04

### Challenges and opportunities

- Changing environment, social responsibilities, financial constraints & technology
- Managing expectations
- Sustainability & resource use efficiency



05

### Moving forward

- Community input is sought for this Draft Asset Plan
- Six significant improvement initiatives are proposed

# Executive Summary

This Draft Asset Plan provides a strategic overview of how Council and the City manage assets on behalf of the community, now and into the future. It outlines:

- How asset management contributes to achieving the community vision and Council Plan
- The diversity of Council's assets, and how assets support services for the community
- The total value and current condition of the eight asset groups
- The City's asset management responsibilities, and how decisions are made on investments
- How the community is involved in asset management and decision-making
- Asset management challenges and improvement actions.

## WE INVITE COMMUNITY FEEDBACK ON THIS DRAFT ASSET PLAN.

The final Asset Plan will respond to feedback and will be adopted at Council's June 2022 meeting.

### SEALED ROADS



REPLACEMENT VALUE	\$693,129,471
% OF TOTAL ASSET BASE VALUE	34.73%

### BUILDINGS & STRUCTURES



REPLACEMENT VALUE	\$482,634,769
% OF TOTAL ASSET BASE VALUE	24.18%

### DRAINAGE



REPLACEMENT VALUE	\$391,656,524
% OF TOTAL ASSET BASE VALUE	19.62%

### PATHWAYS



REPLACEMENT VALUE	\$148,849,721
% OF TOTAL ASSET BASE VALUE	7.46%

### RECREATION & OPEN SPACE



REPLACEMENT VALUE	\$122,822,537
% OF TOTAL ASSET BASE VALUE	6.15%

### BRIDGES & MAJOR CULVERTS



REPLACEMENT VALUE	\$76,476,778
% OF TOTAL ASSET BASE VALUE	3.83%

### UNSEALED ROADS



REPLACEMENT VALUE	\$33,304,212
% OF TOTAL ASSET BASE VALUE	1.67%

### AQUATIC FACILITIES



REPLACEMENT VALUE	\$17,213,081
% OF TOTAL ASSET BASE VALUE	0.86%

This Asset Plan will provide strategic guidance for Council over the next 10 years. It will be regularly reviewed and evaluated to ensure that asset management are achieving Council's goals and are aligned with the Community Vision, Council Plan and Financial Plan.

This Asset Plan is the top tier in the City's comprehensive asset management system, and overarches an existing Policy, Strategy, and detailed plans for each asset group.

### The City's asset base

The City continually acquires, maintains, renews, expands, upgrades and decommissions assets. They are responsible for a wide range of assets, including: roads, buildings, stormwater drains, pathways, open space and recreational facilities (playgrounds, tennis courts, etc.), bridges and aquatic centres.

The City's assets are currently valued at around \$1.9B and they provide services to a population of 119,980. The snapshot on this page shows the value of assets across eight 'asset groups'.

### Making asset investment decisions

Council's asset investment decisions must consider:

- The community's current and future needs
- Costs and financial sustainability
- Legislative and regulatory obligations
- Social responsibilities and changes
- Environmental impacts and challenges
- Technological changes
- Risks and community safety.

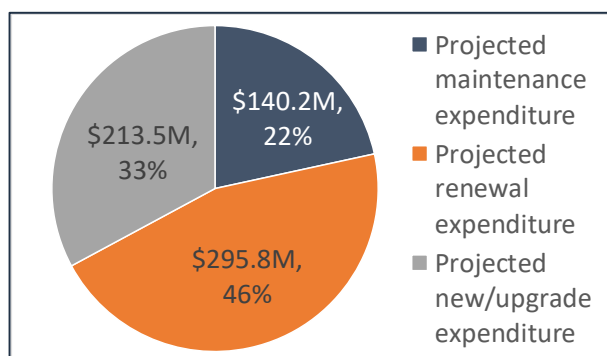
Together, these drivers make asset management decisions complex, requiring long term planning, compromise and community-wide deliberation.



## The cost of managing assets

This diagram shows the City's forecast total expenditure on maintenance, renewal and acquisition or upgrade of assets over the next 10 years.

With a large and growing asset base and restricted funding (including rate capping), there is a gap between the demand for renewals and the ability to fund them. This is why sometimes tough decisions need to be made, and prioritisation is important.



The Financial Plan 2021-2031 sets out Council's intention to continue to increase renewal investment. This planned expenditure on renewal has been further broken down, and the City has used historical data to estimate that approximately 20% of renewal allocations each year are redirected to upgrades. This occurs because renewing assets to historic standards (like-for-like replacement) often does not meet current day standards or contemporary community expectations. With restricted (rate capped) income, and an estimated 20% of renewal allocations going toward upgrades, the renewal gap will continue to grow over the next 10 years (Figure 7-2). Consequently, the City's renewal gap is forecast to reach around \$70M by 2031/2032.

## Challenges & opportunities

The City, like many Local Government organisations across Victoria, faces several challenges in managing community assets. This Asset Plan will guide planning and decisions so that assets and associated services continue to serve community's needs. It will help to ensure that in the face of the changing climate, a growing population, increasing construction costs, an expanding asset base and a dynamic regulatory environment, Greater Bendigo will continue to be welcoming, sustainable and prosperous well into the future.

## Strategic initiatives & actions

With this Draft Asset Plan, the City is proposing six strategic initiatives, and these will help to drive improvement and efficiencies in asset management over the life of this Plan.

### DRAFT ASSET PLAN STRATEGIC INITIATIVES

**AP1 - Define technical, community and environmental service levels for all asset groups**

**AP2 – Establish and implement an informed process for 'whole of life' costing of assets**

**AP3 – Engage and deliberate with the community on key asset management issues**

**AP4 – Develop an approach for optimising the asset base**

**AP5 – Develop systems to better track and report annually on operational costs associated with an increasing Council asset base and non-Council assets**

**AP6 – Monitor, evaluate and regularly update this Asset Plan**

# 1 Introduction

Asset management covers the process of planning and controlling the 'whole of life' management, refurbishment and maintenance of infrastructure assets to support the delivery of services and to ensure that these services and assets are available for future generations. The practice of good asset management is an integral part of Local Government's business.

Local Government across the municipality is led by the Greater Bendigo City Council (Council), being the decision making body elected by rate payers generally every four years. Providing subject matter expertise and implementation of decisions made by the Council is the organisation the City of Greater Bendigo (the City). This is an important distinction to make as while the City undertakes asset management activities, they do so under strategic guidance and decisions made by Council.

With the introduction of the Local Government Act 2020, asset management and planning became an explicit part of the Integrated Strategic Reporting and Planning Framework. Council's decisions about asset management are ultimately made in the pursuit of the delivery of the Community Vision, and the Council Plan. The actions and initiatives in this Draft Asset Plan are also strongly integrated with Council's Financial Plan.

Council and the City are already guided by an existing Asset Management Policy, an Asset Management Strategy, and a range of individual Asset Management Plans currently in place. As well as influencing ongoing reviews of these operational documents, the intention of this **Draft Asset Plan** is to:

- Articulate Council's strategic intent around management and planning of infrastructure and assets
- Describe the processes Council goes through to make complex asset management decisions
- Outline how Council's stewardship of their assets responds to the Community Vision, the Long-Term Financial Plan, and a range of challenges and opportunities
- Identify actions to improve the way the City manages and monitors assets on behalf of Council and the community.

This Draft Asset Plan has been developed for consultation with the community of Greater Bendigo.

## ACKNOWLEDGEMENT OF COUNTRY

The City of Greater Bendigo is on Dja Dja Wurrung and Taungurung Country.

We would like to acknowledge and extend our appreciation to the Dja Dja Wurrung and Taungurung Peoples, the Traditional Owners of the land.

We pay our respects to leaders and Elders past, present and emerging for they hold the memories, the traditions, the culture and the hopes of all Dja Dja Wurrung and Taungurung Peoples.

We express our gratitude in the sharing of this land, our sorrow for the personal, spiritual and cultural costs of that sharing, and our hope that we may walk forward together in harmony and in the spirit of healing.



## 2 What is asset planning?

### 2.1 WHAT IS A COUNCIL ASSET?

#### DEFINING ASSETS

An “asset” is defined as something of value. Assets can be tangible (often physical objects that can be touched, such as a pathway or a building), or intangible (such as someone's expertise or a scenic view).

For the purposes of this Plan, we are referring only to tangible, fixed, infrastructure-based assets that are owned or controlled by Council. This includes the following 8 '**Asset Groups**':

- Sealed roads
- Stormwater drainage
- Buildings and structures
- Pathways
- Recreation and open space
- Bridges and major culverts
- Unsealed roads
- Aquatic facilities.

A profile of each asset group is provided in Section 6 of this Plan.

#### SOME ASSETS ARE NOT INCLUDED IN THIS PLAN

The City manages a range of other assets which are not included in this Plan, including: plant equipment (machinery), vehicles, non-fixed or mobile items, trees, artworks, signage and office equipment. These assets are not currently included in this Plan because they are managed differently from a financial perspective, on the basis that they are portable, they have a relatively short asset life, or they are of low financial value. These assets are monitored and managed through other processes, including being overseen by subject matter experts who are guided by other Council-endorsed strategies and plans.

The City sometimes manages assets that Council does not own. These special assets include buildings, land and other infrastructure, in most cases owned by the State Government. These assets help to provide services for the community and so the City may take responsibility for maintenance of these assets in order to protect what the community values.

#### Challenges:

- There are around \$100M of assets that the City invests in, but does not own. The City's investment ensures that services important to the community continue to be delivered. Notable examples include the *Ulumbarra Theatre* and the *range of facilities at Marist College* in Maiden Gully. Assets like this are called 'third party' or 'shared' assets and are not included in Council's normal asset groups because of their external ownership.
- Costs to maintain third party assets are increasing. The long-term nature of these commitments are not well understood, and are not accurately accounted for in Council's Long Term Financial Plan.

#### Opportunities for improvement:

- The City will work to accurately quantify the impact that these third party asset management responsibilities have on maintenance and renewal budgets
- The City will also continue to investigate opportunities to advocate to other levels of Government, form partnerships and obtain grant funding around the ongoing support for these assets.

## ASSETS VERSUS SERVICES

Assets enable the delivery of services. For example, an **aquatic centre** is an asset that enables the City to provide for recreational water services, including exercise, swimming lessons and water play. A **library** is an asset that provides community services, including meeting and learning spaces, and storage and display of reading and audio-visual resources. A large **culvert** under the road and a **swale drain** through parkland are assets that provide drainage services, including drainage of stormwater away from residential and commercial property.

The standard, quantity and location of Council's assets directly affect the levels of service communities experience and subsequently the community's quality of life.

Some of the services that Council assets support, include:

- |                          |                              |                           |
|--------------------------|------------------------------|---------------------------|
| ▪ Sports and recreation  | ▪ Meeting places             | ▪ Emergency response      |
| ▪ Drainage of stormwater | ▪ Arts and cultural activity | ▪ Youth wellbeing         |
| ▪ Public health          | ▪ Integrated transport       | ▪ Business development    |
| ▪ Aged care              | ▪ Waste management           | ▪ Education and learning. |

Statutory requirements sometimes set the framework for minimum levels of service or performance levels that assets are required to meet. Section 3.3 of this Asset Plan provides further information on how levels of service are considered when Council makes decisions about assets.

This Asset Plan does not cover the delivery of services. Service information, revenue and expenditure can be found in the City's annual budget. More detailed service planning is contained in Council's service profiles and business plans (and these include the drivers, objectives, benefits, enablers, issues affecting service delivery and the costs to deliver).

## 2.2 WHAT IS ASSET MANAGEMENT?

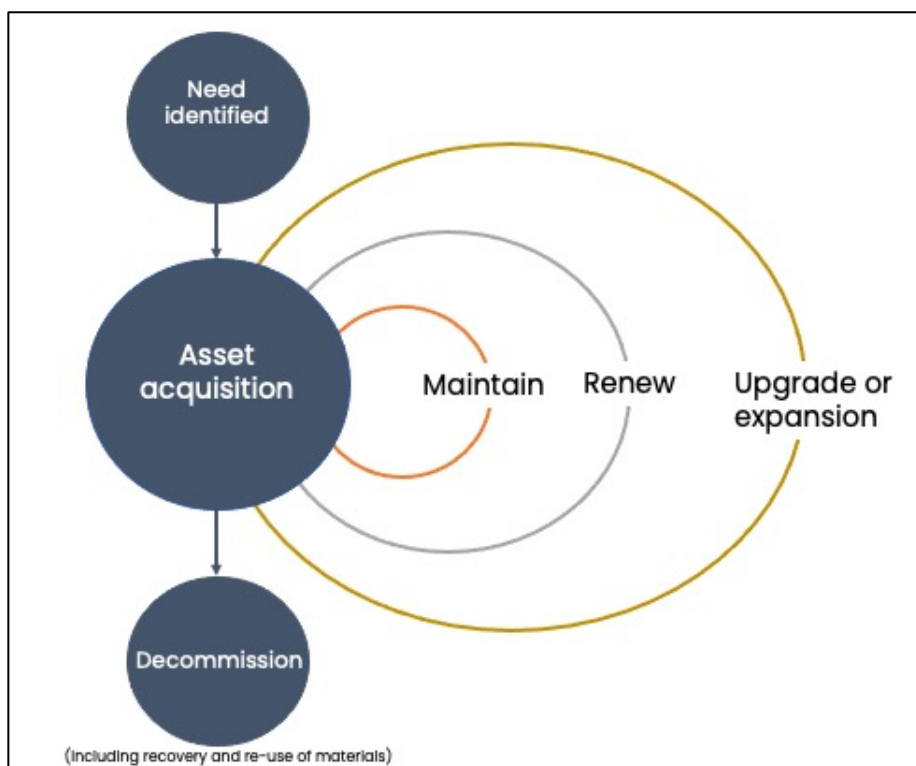
Asset management is a process of investing in, and looking after, assets to ensure maximum value is obtained from each investment, and to ensure those assets can deliver appropriate and financially sustainable community services. Asset management includes planning for WHAT assets are required, WHEN they are required (or when they need to be repaired, replaced, upgraded or removed), WHERE they should go, and HOW Council's financial resources can best be spent to provide the full range of assets (and thereby the associated services) that the community values.

Council aims to ensure that infrastructure assets '*deliver the required level of service to existing and future customers (community) in the most cost-effective way*'. Council is therefore responsible for planning, and for making decisions about, assets throughout their lifecycle (Figure 2-1). Not all assets will go through all stages of the lifecycle; for example, some will be renewed but not upgraded, some will never be decommissioned.

In managing assets for the community, Council must consider many factors: cost, risk, safety, engineering, land use, environment, performance (of assets), community needs, accessibility, social and financial equity, and regulation. Council must also collect and store data on each asset, which can be used to make sound financial and functional decisions.

Striking a good balance between the cost of assets and the provision of community services can be complex. Council regularly evaluates their long-term ability to finance the maintenance and renewal of existing assets, whilst still planning for future changes and growth.





**Figure 2-1: Asset Lifecycle**

The assets we refer to in this Plan currently have a combined value and replacement cost of \$1.99 billion. Council has accumulated these assets progressively over time, resulting in assets sitting across all stages of the lifecycle. Managing assets which have differing ages, were designed to different standards and deliver different service levels means that Council must provide tailored levels of intervention and care. The standard to which each asset is managed are key considerations in delivering on Council's responsibilities and commitments.

## **2.3 STRATEGIC CONTEXT**

### **COUNCIL STRATEGIC PLANNING**

Council endeavours to understand the assets and related services that the community needs and values, both now and for the future. Through collection of asset and usage data, planning processes, engagement with the community (individually and through groups) and by analysing changes, Council works to develop a strong understanding of those needs and values. Alongside this understanding is the responsible management of finances, and the appropriate allocation of funds each year to meet community needs, but also to meet safety and statutory responsibilities.

To achieve all these things, Council develops and regularly refreshes a range of interconnected strategic plans, with the Council Plan and Community Vision being key guiding documents.

The Community Vision states:

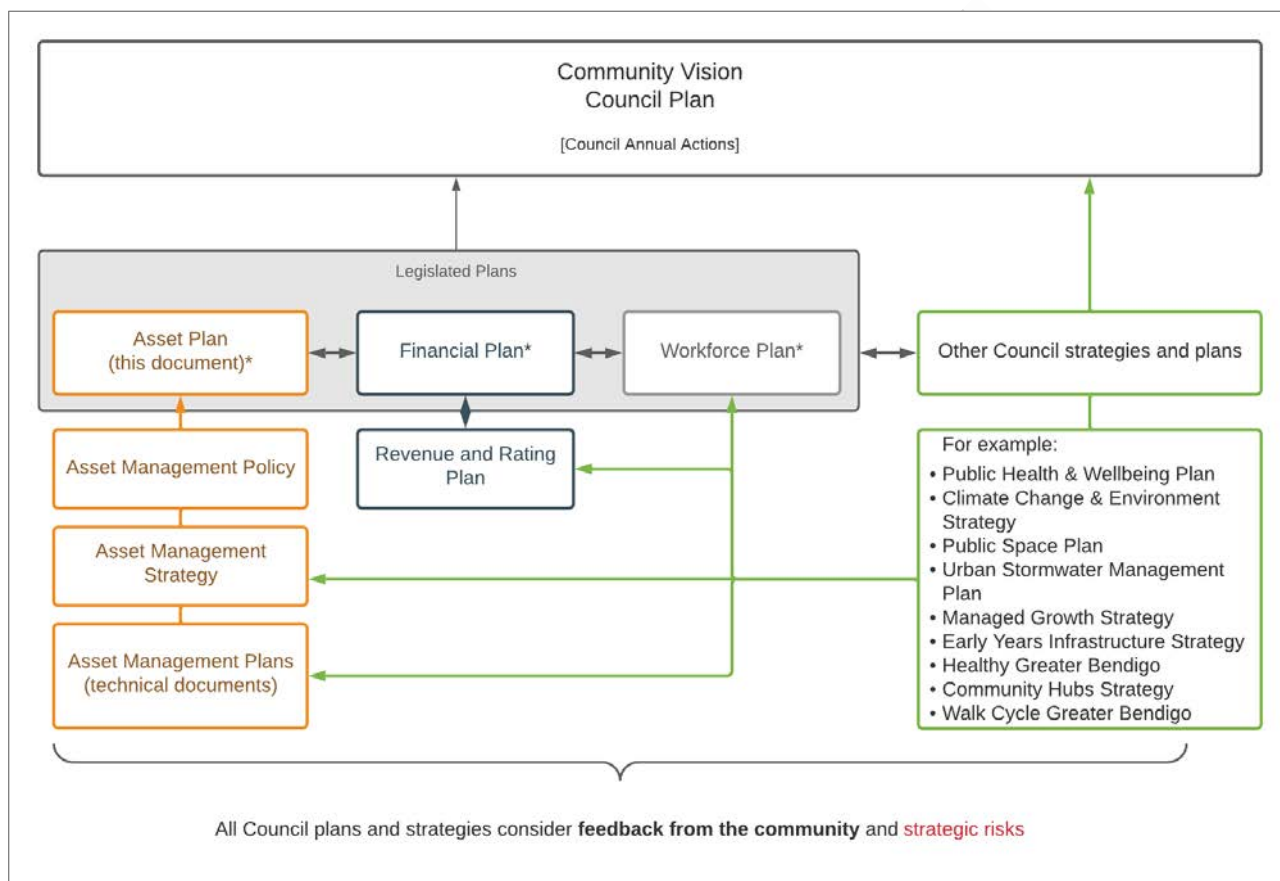
***Greater Bendigo celebrates our diverse community. We are welcoming, sustainable and prosperous. Walking hand-in-hand with the traditional custodians of this land. Building on our rich heritage for a bright and happy future.***

The Community Vision for Greater Bendigo was crafted by 65 residents selected specially to form a community panel and represent the views of the community.

The vision is also supported by five values – transparency, sustainability, inclusion, innovation and equity – that underpin the vision and ensure future Council decision making reflects these values.

This Asset Plan aims to respond to the five values and helps to achieve the Community Vision (and underpinning strategies and plans) by guiding the management of assets that support services the community wants and needs; providing for meeting places, recreation, entertainment, learning, movement and safety, and doing all this in sustainable, equitable and responsible ways.

This Asset Plan is also underpinned by a hierarchy of asset planning documents, as illustrated in Figure 2-2.



**Figure 2-2: Strategic planning context for the Asset Plan**

## LEGISLATION & REGULATION

State and Federal laws set a strict framework for minimum standards of many Council assets. These include a broad range of legislation and subordinate regulation, including:

- Local Government Act 2020
- Cladding Safety Victoria Act 2020
- Gender Equality Act 2020
- Planning & Environment Act 1987
- Building Act 1993
- Public Health & Wellbeing Act 2008
- Occupational Health and Safety Act 2004
- Dangerous Goods Act 1985
- Environment Protection Act 2017
- Equipment (Public Safety) Act 1994
- Road Management Act 2004
- Electricity Safety Act 1998
- Disability Act 2006
- Climate Change Act 2017
- Flora and Fauna Guarantee Act 1988
- Heritage Act 2017
- Aboriginal Heritage Act 2006
- Catchment & Land Protection Act 1994
- Financial Management Act 1994.



This list is not exhaustive, but relevant legislation is signposted in each of the detailed Asset Management Plans.

In addition to regulatory obligations, there are also guidelines and standards that must be followed in order to provide safe and compliant assets and services for the community. Specific guidelines are issued by organisations such as the Environment Protection Agency (EPA), WorkSafe Victoria, and the Australian National Committee on Large Dams (ANCOLD). Council considers all relevant legislation, regulation, guidelines and standards when acquiring, commissioning, maintaining and decommissioning assets.

Other Government regulatory bodies such as the Victorian Auditor General's Office and the Victorian Ombudsman may also place recommendations on Local Governments around asset management activities to promote transparency and best practice.

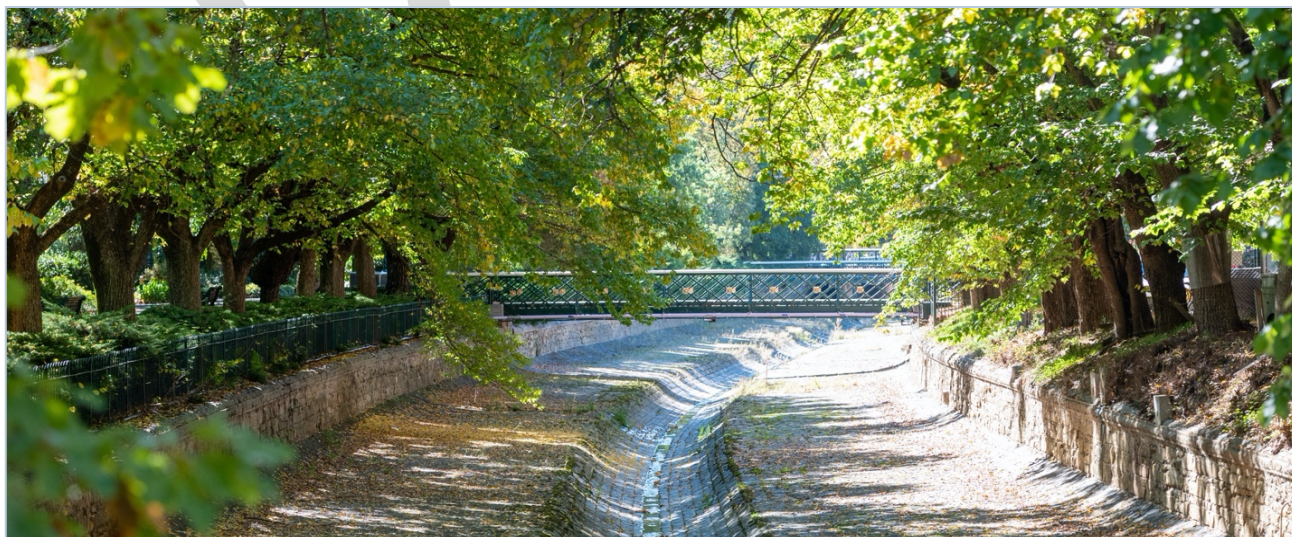
### **Local Government Asset Management: opportunities to improve**

In 2019, the Victorian Auditor General's Office (VAGO) published a report: *Local Government Assets - Asset Management and Compliance*.

VAGO audited five local government Councils (these did not include Greater Bendigo City Council) and made seven general recommendations to improve the way Councils manage assets and asset information. These recommendations were for Councils to:

1. Revise their governance and policy guidance for asset investment decision-making to ensure that it is evidence-based
2. Clearly determine and document the information that they need for effective asset reporting and decision-making, including ensuring disaster recovery funding arrangements needs are met
3. Establish more consistent and systematic processes for data collection on all asset classes to a level commensurate to the criticality of the asset and implement them to collect the information
4. Integrate asset management information systems so staff can easily record and access data to enable analysis for planning and decision-making
5. Identify their critical assets, and the potential risks of their failure, to inform investment priorities
6. Integrate asset management planning into financial planning cycles and processes to ensure councils balance asset investment needs against their objectives and funding constraints
7. Evaluate their capability, including resources, skills and training to meet their identified asset management needs, potentially using the national asset management assessment framework.

The strategic initiatives and actions developed throughout this Draft Asset Plan will help the City to address VAGO's recommendations where they apply.



# 3 How Council makes decisions on assets

Council aims to provide safe and effective assets which support services to meet community needs. There are many constraints and influences on Council's decisions, including: financial capacity, regulatory standards and controls, industry best practice, current state of the assets (including legacies) and use of asset data, environmental factors, population growth and changes, economic environment, social and financial equity, and political influence.

Council makes decisions based on community needs, balancing the demands of diverse assets and associated services with financial sustainability, and keeping a long term focus with planning and scheduling for major asset expenditure.

Decisions on asset investments are made at two levels: lifecycle planning, and the options available within each stage of the asset lifecycle.

## 3.1 LIFECYCLE PLANNING

Lifecycle planning is an important part of asset management that considers the whole-of-life implications of design, planning, acquiring, constructing, operating, maintaining, renewing, and disposing of assets. It considers the financial, social and environmental impacts associated with all stages of the asset's life. The lifecycle of an asset was outlined in Section 2.2 and Figure 2-1.

Lifecycle planning is required to get the most out of the asset at each stage of its lifecycle, and to avoid or minimise negative legacies.

The objectives of lifecycle planning are to:

- Provide a sound basis for making investment, maintenance, and disposal decisions
- Accurately determine the total cost of ownership and operation of an asset, in order to ensure service affordability and intergenerational equity
- Identify and minimise environmental impacts through all stages of asset life
- Improve cost-effectiveness by optimising the initial costs of construction and the long-term maintenance and renewal costs, rather than making decisions only on the basis of initial (or capital) cost.

## LIFECYCLE ASSESSMENTS

These involve undertaking an assessment of an asset before acquisition or construction to understand if it provides the most effective solution over the whole of its expected life. This assessment may identify how the asset, and the ongoing costs it creates, affect or address financial sustainability, social or service needs, environmental impacts, climate challenges and economic prosperity over the whole of its life. Lifecycle assessments help to improve decision-making by considering the long term effects an asset may have.



## BENEFITS OF LIFECYCLE PLANNING

*Understanding the impact that an asset can have over the long term is important in reaching the best outcome for communities. It becomes quickly evident when investigating these impacts that upfront costs of assets are only a small part of the picture.*

*Throughout Bendigo City Centre, roads provide a key transport service for people to access businesses, parks and other important facilities. Road assets in areas with high use are under constant demand. Decisions made about the assets in these locations need to plan for higher than normal demand.*

*Road sealing treatments can vary in their durability, longevity and (subsequently) cost. Given their increased demand, city centre roads are treated with asphalt seals to maximise their durability. Although the asphalt seal can cost as much as five times more than the alternative, the extra costs is balanced by the longer life and the reduced need to undertake disruptive roadworks and maintenance in the busy city centre.*



## 3.2 CONSIDERATIONS AT EACH STAGE OF THE LIFECYCLE

The lifecycle of an asset was described in Section 2.2. Decisions must be made by Council at each stage of an asset's life: whether to build or buy an asset; how big it should be; where should it go; when it needs to be replaced or upgraded or repaired; how it will be paid for; what standard of service the asset should support; how many of the same asset the City needs; what compromises need to be made to fund new assets or major repairs; and when an asset should be decommissioned or disposed of. These are often complex and interconnected decisions that are made within the constraint of a limited budget.

Council uses three key processes to decide on an investment:

8. Quantitative and qualitative measures to assess the need
9. Consideration of options to meet that need or demand
10. Engagement with the community to determine priorities, information and options.

These three processes are outlined below.

### QUANTITATIVE AND QUALITATIVE MEASURES OF NEED

Council uses a range of quantitative and qualitative measures to understand the need for investment, and to make the best investment decisions possible. More than one measure is often applied, and they include:

## Forecasts of remaining asset life

Most assets have a predicted useful life which is known at construction, installation, or acquisition. The ability of an asset to reach or exceed that life span can be dependent on the quality of its construction, environmental factors (including damage from storms or accident), maintenance undertaken, the level of usage and demand, and ultimately the reliability of the data and assumptions that determined its predicted useful life. The City uses the predicted life, informed by data on past assets, and calculates the likely timing when an asset will need renewal, and/or disposal. Asset inspection data helps the City to understand changes in the asset over time and when maintenance may be required or inspection timing may require change.

## Regulations and standards

Some assets need to be inspected, tested, maintained, or replaced according to a set schedule or criteria that have been established in industry Standards or regulations. To meet regulatory obligations, minimise risks and to ensure worker and public safety, the City documents these in the Asset Management Plans and manages the assets according to the relevant criteria and schedules.

## Levels of service

Levels of service are set by Council and provide a standard for an activity or asset that aligns with contemporary service needs and that can be monitored and reported on over time.

Specific performance measures and targets are documented for the City's service plans but are currently only partially established for assets. These levels of service are not yet documented for all asset groups and have been flagged as an opportunity for improvement in Asset Management Plans. This is an area of improvement that the City is working to resolve. As highlighted in the VAGO 2019 report into Local Government Asset Management, this information is important for decision making and prioritisation of asset investment.

The following three elements are considered in setting and managing levels of service:

- Community – Standards specific to the availability of assets and the outcomes sought by the community. This includes safety, equitable access, reliability, appropriate to needs, and the City's responsiveness to faults.
- Technical – Specific standards to how the asset functions or to what technical standard the asset is maintained or built to. These are strongly influenced by regulatory requirements. Some examples include: Essential Safety Measures determined by a Certificate of Occupancy, the frequency public toilets are cleaned, or how often road inspections are undertaken.
- Environmental – Standards specific to the environmental performance of an asset and how it enhances or reduces impact on the environment. For example, minimising energy and water use, meeting environmental licencing conditions, reducing waste generation, reducing and sequestering greenhouse emissions, and any effect on water quality or biodiversity.

## STRATEGIC INITIATIVE ACTION AP-1

### Define technical, community and environmental service levels for all asset groups

Description: *Working with subject matter experts across the City, and being informed by community engagement initiatives, Council will consider and adopt agreed levels of service across these areas to ensure the asset base is responding to contemporary service needs.*

#### Actions:

1. Confirm gaps in existing technical service levels across all asset groups in conjunction with the City's Service Planning Working Group and where necessary, improve management and reporting of these.
2. Ensure established technical levels of service within all asset groups and coverage of any identified gaps.
3. Establish and implement a community engagement plan to facilitate community discussion and negotiation on community levels of service across all asset groups and provide recommendations for the consideration of Council.
4. Work with the City's Climate Change and Environment Unit to draft environmental levels of service for the consideration of Council.
5. Develop prioritisation criteria for all levels of service to assist Council in making decisions on service level criticality and implications of investment (or divestment).

### Performance or condition assessment

The City regularly inspects a wide range of assets to assess and understand their condition. A condition rating between 0 and 10 is recorded; with 0 for a new asset or an asset recently rehabilitated back to new condition, and 10 for an asset that has failed, is no longer serviceable, may pose an unacceptable risk, and should be retired.

The condition assessment process assists in identification of investment urgency. That is, it helps identify the type and scale of investment required, and the timeframe within which it may need to occur.





## Usage or demand analysis

In many cases, the City collects data to help understand the level of asset use or investigates asset use in similar situations. This could be the number of bookings or attempted bookings at a community hall, the number of patrons using a swimming pool, or the number of cars travelling on a road. This information helps the City to understand if the asset's predicted remaining life might be extended or reduced, if the asset is necessary, if it is of substantial value to the community, and if there is opportunity to better maximise its use, and support equitable service delivery.

## OPTIONS TO MEET DEMAND FOR AN ASSET

Meeting demand, and the ability to deliver the required assets to meet appropriate service levels requires long term planning, but also requires adaptation to changing asset, environmental and community conditions.

When a new or altered need, changed conditions or a material change in asset functionality has been identified, Council considers how to respond, following the principle of "renew before new". Options can include:

- Maintain the existing assets and services
- Advocate for better utilisation of alternative or existing assets
- Change the prioritisation for planned upgrade, renewal, or acquisition activities for certain assets
- Increase the asset base as growth occurs using developer contributions or other funding sources, and ensure that new assets built by developers meet the required standards
- Rationalise the assets, including decommissioning and disposal of assets where they are beyond their useful life, not economically viable, or no longer have alignment with Council strategies and plans
- Consolidation of similar and surplus assets to create a centralised and greatly improved asset
- Consider the use of non-Council owned assets to deliver services, through partnerships, commercial or cooperative agreements.

## ENGAGEMENT PROCESSES

Council uses a range of processes to engage with the community, to discuss complex information and negotiate outcomes. It is acknowledged that there will often be competing interests, compromise, and trade-offs. Processes used include:

- Community consultation, input, feedback or deliberative engagement
- Feasibility studies
- Business case development and cost-benefit analysis
- Lifecycle costing
- Impact analysis (on other assets, services, and on social equity)
- Grant applications (for unfunded or partially funded assets).

#### **CHALLENGES :**

- The City develops project proposals for capital projects, however there are opportunities to improve how ongoing costs are considered and what the improved maintenance cost is (otherwise known as operating expenditure) – including links to how it fits within Council's existing budgets or recommendations to fund. This would support the City to have discussions about trade-offs.
- Currently there is no clear directions or guidance about how to manage the conflict of some assets with other Council assets. For examples, there is a tension between trees, kerb and roads. Council has a Greening Greater Bendigo Strategy which aims to increase tree cover throughout the municipality, however this may conflict with the useful life and risk profiles of surrounding infrastructure, where tree roots become destructive.

#### **OPPORTUNITIES FOR IMPROVEMENT :**

- Consider key strategic plans and develop clear guidance about managing the conflict between natural assets and built Council assets
- Review expected operating expenditure data and use it to inform project proposals; including a section to outline how it fits with existing Council budgets and relevant trade-offs.

### **3.3 MAKING DECISIONS**

Making decisions on asset investment is often difficult. Some of the important, and often competing considerations are:

- Finding a balance in investment for assets and services that are important now, against those that will be needed in the future (years of funding may need to be reserved for major assets)
- Investments must contribute to long term, responsible and sustainable financial management
- Benefit of the investment to the community
- Relative importance of growing the asset base vs maintaining the current asset base
- Criticality of the investment (is it close to failure or does it underpin important community services)
- Optimising each investment (timing to meet a need, leveraging from other local or regional asset management activities, optimal levels of usage and demand, lifecycle cost assessments, etc.)
- Meeting regulatory obligations and strategic commitments (internal strategies including but not limited to the Council Plan, Climate Change & Environment, Early Years Infrastructure, Managed Growth, Community Hubs)
- Responding to identified strategic risks as documented in the organisation's Strategic Risk Register
- Various thresholds, triggers, options and levers for intervention
- Alternative funding options: grants, developer contributions, partnerships, co-funding, user fees.

## CHALLENGES :

- Where over-servicing exists, the City has struggled to reduce levels of service or decommission community assets
- There are no clear criteria or process for decommissioning assets. The City has policies around the sale of assets, however criteria or processes may help to define and support change where assets are no longer useable, economically viable, or should be sold or disposed of.
- Levels of service are not defined for all asset groups. This information is critical for benchmarking, and for assessing community experience, and technical and environmental performance of assets
- Usage data is not collected across a wide range of Council assets
- Data quality and completeness is variable across asset groups and asset classes.
- Not all asset classes have recognised industry standards for service levels.

## OPPORTUNITIES FOR IMPROVEMENT :

- Develop criteria for asset decommissioning and disposal
- Document service levels for all asset groups and asset classes
- Expand the collection of usage data across relevant assets to inform asset investment planning
- Undertake an assessment of data quality across all asset classes
- Utilise deliberative engagement processes to allow community members to identify and decide on an acceptable solution to decommission and/or consolidate assets.



## DIFFICULT DECISIONS: DECOMMISSIONING AND DISPOSAL OF ASSETS

Council often has to decide whether to stop investing in an asset and to retire, sell or dispose of it. Communities rarely ask for assets to be decommissioned, often for fear of losing a service or facility, regardless of the viability of that asset or service. Endlessly accumulating low-performing assets places an unrealistic burden on Council's resources through increasing maintenance and operating costs. Inability to rationalise also means Council is less able to invest in other new or upgraded assets. Decommissioning and/or disposal can release funding to acquire or upgrade another asset of value to the community. Consolidating assets could be one strategy to explore with involved stakeholders to avoid the sense of communities losing their assets.

Clear criteria for decommissioning assets have not yet been developed but have been identified by Council as an improvement action during the life of this Plan.



## DIFFICULT DECISIONS: AQUATIC CENTRES AND OVER SERVICING

Greater Bendigo City Council currently operates 13 aquatic facilities. Many of these are over 50 years old, with ageing buildings, pool shells, chemical handling facilities, and changerooms. These old facilities often struggle to (or cannot) meet today's standards for equitable access, safety and health, or are inefficient, with high operational costs. Aged aquatic centres require significant investment for upgrades to modern standards. Across Victoria, local governments acknowledge that these are expensive assets to maintain and operate.

Bendigo has approximately one aquatic facility per 9,200 head of population. This is one of the highest servicing levels for aquatic centres in Victoria and could be considered an 'overservicing'. With these levels of service and the financial challenges of keeping the centres up to standard, Council faces the decision to either rationalise the existing number of aquatic centres or to extend the life of aged facilities until some of them begin to fail. In terms of lifecycle costing, there is a benefit to rationalising the number of centres, but in terms of community sentiment, there is benefit in keeping all current facilities. If a centre were to be decommissioned, the trade-off may be that another facility can be upgraded, and services expanded. These are difficult decisions for community and Council.



## MANAGING A DIVERSE PORTFOLIO OF ASSETS

Council is responsible for managing a diverse portfolio of fixed assets, including roads, bridges and culverts, an airport, buildings and community centres, drainage infrastructure, recreational and outdoor facilities, aquatic centres and pathways. Profiles of each of these assets are provided in Section 6.

Managing this diversity of assets means allocating funding across many service areas, balancing competing demands and ensuring that financial resources can meet obligations and the community outcomes as agreed in the Council Plan and Financial Plan. Funding must cover ongoing maintenance, renewal and growth, but sometimes must be accumulated to prepare for investment in major infrastructure.

There are many changes, challenges and opportunities that will influence Council's asset investment and management decisions.

### 3.4 EXPENDITURE CATEGORIES

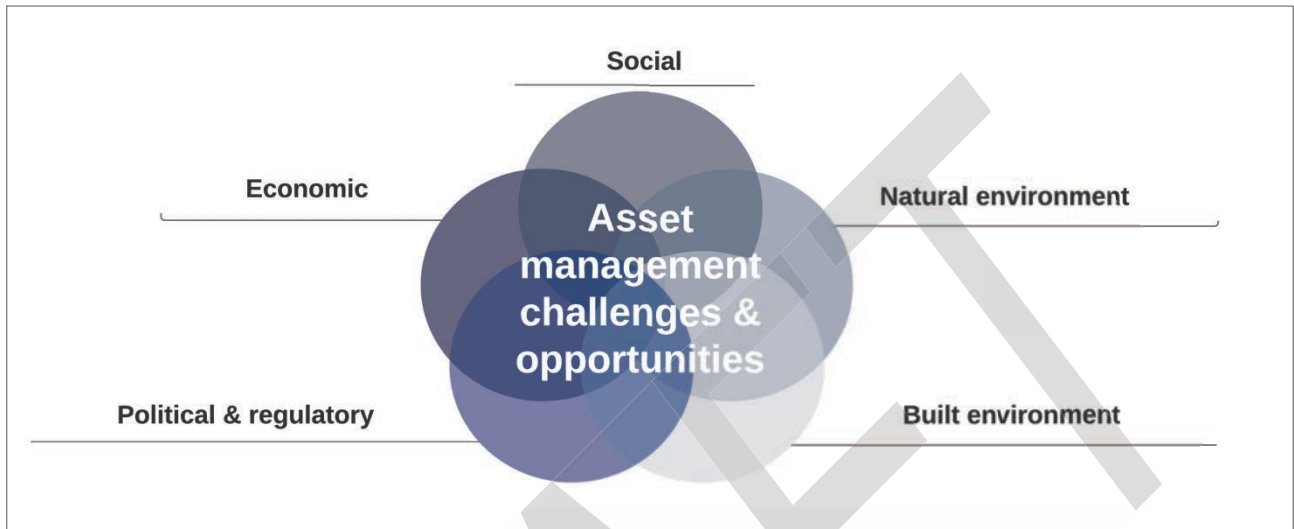
When it comes to budgeting and spending money on assets, Council refers to three expenditure categories:

1. **Maintenance** – The repair of an asset to an appropriate standard, so its service or performance levels can be maintained until the end of the asset's expected life. The asset is returned to a serviceable condition. For example, a fresh coat of paint helps protect the structure of a building so that it lasts an the expected amount of time; or filling a pothole ensures the ongoing integrity of a road's base.
2. **Renewal** – Where an existing asset or component of an asset is replaced with a modern equivalent asset or component. This renewed asset would then be capable of delivering the same level of service to the same existing users for an expected length of time. For example, a toilet block that is at the end of its life is rebuilt in the same location with the same number of toilets. Renewal does not increase future operating and maintenance costs, in fact in the short term it may reduce them, and it ensures assets continue to deliver their intended service. It is considered *non-discretionary* spending.
3. **New/upgrade/expansion** – This is discretionary expenditure that may be standalone or in addition to renewal, and it is deliberately chosen to make an improvement to the current level of service:
  - New creates a new asset that did not exist beforehand. For example, a new toilet block is installed at a park.
  - Upgrade is when an existing asset is enhanced to provide a higher level of service than what already existed. For example, an old 1-metre-wide footpath being replaced with a new 2.5-metre-wide shared path.
  - Expansion is where an existing asset is extended at the same level of service but to an increased amount of users. For example, extra rooms are added to a community building so it is able to accommodate more groups of people.

These forms of expenditure may impact revenue (an expanded theatre allows more patrons) and will usually increase future operating and maintenance costs because they increase the organisation's asset base.

## 4 Challenges & opportunities

There are several challenges that Council needs to balance when making decisions about assets. These are broadly related to political and regulatory influence, economic demands, social demands, the natural environment, and the built environment (Figure 4-1).



**Figure 4-1: Asset Management Challenges**

### POLITICAL AND REGULATORY

#### Laws, policy and regulation change

Council must respond to changes in regulation and policy. A recent example of significant change affecting asset management includes State policy and laws on greenhouse gas emissions and climate change. Council has a responsibility to consider future generations (intergenerational equity), and this will influence asset investment decisions. Council must plan for climate risk and build adaptability into their assets, to reduce the severity and likelihood of climate induced natural disasters. Building adaptability into assets can occur high costs, yet failing to do so, can be more costly as response and recovery costs are extremely expensive.

Council has developed a Climate Change and Environment Strategy (2021-26), which specifies targets and actions to reduce emissions and commence climate adaptation. These targets and actions will influence asset management decisions.

#### Funding comes in different forms and often with specific limitations

Council generates income from four main sources: rates and charges, user fees and charges, grants, and monetary contributions, which have associated challenges such as:

- Rate capping – State government has placed a state-wide cap on rate increases which constrains Council's ability to control revenue. Rates are Council's main sources of income.
- Grant funding – usually only available for the development of new assets. New asset development influences Council's acquisition, maintenance, and renewal priorities. Grants are often only accessible if council asset projects are aligned to State service standards, which are sometimes higher than strictly necessary for a regional setting. There are also increasing expectations that Council will continue to deliver services associated with the asset once State or Federal government funding is withdrawn, which further impacts on the capacity of Council to maintain and renew its assets portfolio.



## **Increasing expectations to maintain Crown Land (and other non-Council) assets**

Councils are often best placed to manage built assets because they understand their community and have a strong presence in the region. When regional communities utilise a State-owned asset, Council often takes on, or is specifically designated by the State Government, the role of manager for that asset. With that management responsibility comes the financial responsibility to maintain and renew fixed assets (buildings, drainage, pathways, roads, etc).

## **ECONOMIC**

### **Costs of procurement, construction and maintenance are increasing beyond CPI**

Over time, the increasing asset base and replacement costs are outstripping the City's ability to raise rates to maintain all assets and service levels. Annual increases in construction costs will also directly impact Council's asset management responsibilities. Annually to September 2021, costs have risen 6.8% (Construction Costs index). With consideration to capital expenditure, the purchasing power 'gap' for one financial year in 2022/2023 for capital expenditure for Council (with an estimated capital program of \$55M in 2022/2023) is likely to equal \$2.78M.

A 1.75% increased rate cap has been announced for the 2022/2023 financial year. At the same time, the ABS recorded the National CPI through to September 2021 as 2.9% for Victoria. In financial terms, this represents a \$1.2M gap between the rate cap increase and a likely CPI increases for Council on operational expenses.

### **Increasing asset base**

Residential and commercial development often involves parks and open space, roads, and drainage for the people who live and work in those areas. Developers 'gift' assets as a condition of their development and planning permits when on-selling properties. After construction, Council takes responsibility for the asset's lifecycle and associated costs of an increasing asset base. In certain developments, developers may also be required to make financial contributions to shared community assets, for which Council must also find complementary funding to develop.

### **Changing community needs and expectations, while maintaining affordability**

As the population grows and diversifies, so do community needs for various assets and services. Our community expects Council to respond quickly to emerging needs. Sometimes, it is not clear how long the demand might last or how existing assets are being used.

## **SOCIAL AND CULTURAL**

### **The population of Greater Bendigo is growing, changing, and becoming more geographically spread**

The population of the City of Greater Bendigo has been growing by around 1.7% each year and is estimated to reach around 200,000 residents by 2050. The proportion of people over 65 years of age is also expected to grow from 17.2% to 19.4% within the next 15 years. The COVID-19 pandemic has generated a migration to rural areas and regional centres, and the expanding ability to 'work from home' has provided opportunity for the decentralisation of Victoria's population. Population growth is putting pressure on Council's existing asset portfolio to meet the service need, and the increasing need for new assets to come online, such as: drainage, roads and parks and open space and community and maternal health centres. The Managed Growth Strategy (estimated to be completed in December 2022) will provide a framework for how Greater Bendigo should grow to accommodate an additional 80,000 residents by 2050 based on continued current rate of growth. This will help the City to understand what level of maintenance, renewals, upgrades and asset consolidation is required for existing assets and where new assets are needed.

## **Recognising Traditional Owner aspirations and rights**

Council recognises and celebrates the long and continuing history of Aboriginal people as custodians of this land and acknowledge the injustices they have experienced in the years since colonisation. The increasing recognition of the value of Aboriginal traditions and knowledge provide opportunities for the City to invest differently in social, cultural and environmental assets, providing additional value to the community. Council actively supports the reconciliation and self-determination for Aboriginal people. In 2013 the State Government entered into a Recognition and Settlement Agreement (RSA) with the Dja Dja Wurrung Aboriginal Clans Corporation (on behalf of Dja Dja Wurrung traditional owners). The RSA includes Land Use Activity Agreements (LUAA), which are legally binding instruments that apply to works on crown land. Land managers like Council must follow the LUAA process when carrying out works on crown land, including providing payment and/or other contributions to the Traditional Owners as a means to compensate dispossession and past injustices. This is a critically important mechanism for achieving social justice outcomes. Subsequently, asset projects on crown land need to factor in LUAA costs as part of their development costs.

Council has a Reconciliation Plan – *Barpangu* – which is structured around three core themes: respect, partnerships and opportunities. Under these three themes are 19 objectives and 71 actions that drives the City's contribution to reconciliation both internally and within the Greater Bendigo community. Council will provide sufficient time and resources to respond to the needs of Traditional Owners in accordance with relevant LUAA requirements and *Barpangu*.

## **Environmental responsibility**

Community expectations are increasing about the climate and environmental performance of Council assets. With impacts being experienced from a changing climate (including drought, bushfire, extreme storm events), and a range of state policy that supports the reduction of emissions and the regeneration of waterways and biodiversity, the community is demanding that Council demonstrate a higher level of environmental responsibility. Asset management responds to these demands through the application of Environmentally Sustainable Development (ESD) principles, integrated water management (IWM), water sensitive urban design (WSUD), lifecycle assessments and energy and water conservation programs.

## **Social equity**

Community expectations are also increasing for equitable access to Council assets. Social equity means the fair and equitable distribution of public assets and services to ensure everyone can fully participate in community life. In planning and developing assets, Council must seek to eliminate barriers preventing equitable access. Access must be equitable regardless of disability, cultural background, language, gender and age.

## **BUILT ENVIRONMENT**

### **Ageing infrastructure**

Some of Council's assets were built at the time of the gold rush in the 1800's, and an enormous range of assets have been acquired through the intervening years. Local Government amalgamations in 1994 also saw assets of six Councils joined together when Bendigo City, Huntly Shire, Borough of Eaglehawk, Marong Shire, Strathfieldsaye Shire and much of the Shire of Mclvor brought many duplicate assets servicing smaller Local Government areas together under the one Council. Asset renewal has in some asset groups, not kept pace with the ageing profiles, and has left Council with a renewal legacy and funding gaps. These renewal gaps have been quantified, and through the Asset Management Plans, the City is working to address the gaps. Asset profiles in Section 6 illustrate these renewal gaps and the future trend.



### **Advancing technology**

People and businesses are increasingly connecting online and seeking to deliver or access services online. This has been fast-tracked by the COVID-19 pandemic, with many businesses and government transitioning to a 'work from home' or hybrid model. Technology has enabled remote servicing across many aspects of life. For example, libraries traditionally provided storage and display of large collections of hard copy books and audio-visual materials for the community. These days, the community is less reliant on hardcopy reading and reference materials, and libraries have adapted to provide equitable access to the internet, and to deliver online services for borrowing of e-books, audio-books and streaming of movies.

## **NATURAL ENVIRONMENT**

### **Climate change**

Climate change is increasing average and extreme temperatures, reducing annual rainfall and increasing the frequency and intensity of storms and fire. These changes will have implications for human health, natural systems, economic activity, community wellbeing, and Council's services, assets and liabilities. Council's Climate Change and Environment Strategy sets out several goals that impact how Council will aim to manage its asset base over the next 15 years. For some of these commitments, higher construction costs will be required from Council, but lifecycle costings indicate overall savings through lower operating costs.

These commitments include:

- Zero carbon from Council operations by 2030
- A safe and well-connected active transport network by 2036
- Developing project proposals to increase the funding for new footpaths
- Council operations are water efficient and utilise diverse water supplies
- Flood risk is reduced through flood mitigation infrastructure and planning
- Waterways in Bendigo are healthy, connected, and nurturing places (Water Sensitive Urban Design).



## Biodiversity

Roadsides, open space assets and “drainage” infrastructure (e.g. waterways and water-sensitive urban design, or WSUD, assets) all provide important ecological functions and habitat for flora and fauna. In doing so, they enhance and connect regional biodiversity. Council have outlined several commitments in the Climate Change and Environment Strategy which will influence how assets are managed to ensure that impact on biodiversity from Council works is minimised and there is an overall net vegetation gain within the municipality. The main commitments relevant to biodiversity include:

- 150% net gain in vegetation and biodiversity from Council projects by 2036
- No net loss of native habitat in the municipality by 2036
- No patch of native vegetation over 20ha within the municipality is fragmented from other native vegetation.

## Mining legacy

The Greater Bendigo region has supported mining operations since the 1800s. Historical mining and settlements have left a legacy of aged assets and contaminated land, particularly on Crown Land. As regional development pressures increase, there are expectations that Council fund or contribute to remediation costs for contaminated land and historic assets.

### STRATEGIC INITIATIVE ACTION AP-2

#### Establish and implement an informed process for ‘whole of life’ costing of assets

*Description: Different approaches to understanding the total long-term costs of assets will be further explored to ensure that the City and Council have accurate information in order to make well informed decisions. A consistent and transparent approach to applying whole-of-life costs will be more regularly applied to all infrastructure investment.*

#### Actions:

1. Work with Financial Strategy Unit and City Asset Managers to improve capture of asset-level financial data on maintenance expenditure.
2. Identify and workshop potential methodologies to inform, and consistently apply, whole-of-life costings to asset groupings.
3. Incorporate endorsed methodology into the City’s existing Capital Investment Framework and other components of the Asset Management System as required.
4. Identify any opportunities for learnings through data trending, and any potential efficiency gains in maintenance activities as part of whole-of-life expenditure reviews.

# 5 The Community's role in asset management

The community plays an important role in helping Council to determine the 'what, when, where and how' of asset management. Usage data helps Council to determine service levels for assets, but there are many other ways the community can directly and indirectly influence decisions and actions on-ground.

## HOW THE COMMUNITY HELPS WITH ASSET MANAGEMENT

The community engages with Council in a number of ways, including:

- Customer service requests – Members of the community can call, email or write to Council and advise of maintenance issues. Although Council has safety and maintenance inspection programs for most assets, sometimes an asset can be damaged from use, weather, accident or vandalism. The community play an important role in providing 'eyes on the ground'. Council logs all requests, then investigates and responds. This system can also be used to report problem with service levels or unfulfilled service needs.
- Specific project consultation – All major infrastructure works have a consultation phase with residents and other stakeholders who are affected by a project.
- Development of strategic plans – Council engages with the community in the development of strategic plans and policies. Public engagement activities are intended to encourage the community to have a strong voice in the decisions that affect asset and service provision. Recent and current strategic plans that benefited from community involvement include the Council Plan (Mir wimbul), the Health and Wellbeing Plan, the Financial Plan, the Cultural Diversity and Inclusion Plan, and *Barpangu*.
- Council publications and meetings – Council provides community access to their meeting agendas and minutes, and the opportunity to raise issues directly with Council at public monthly meetings.
- Traditional Owners are engaged specifically by Council through partnerships. For 2021-2025, the City of Greater Bendigo developed a Reconciliation Plan – *Barpangu* build together. This Reconciliation Plan works towards achieving our vision for reconciliation.
- Capital works – Council's Annual Capital Works Program is developed with a consultation process including internal and external stakeholders and councillors. The community has the ability and is encouraged to request works through the City's Pathway system and these works are evaluated and prioritised using standard criteria. These are considered during the Council budget process.
- Council annual budget – The draft budget is published for community consideration, comment and input.
- Annual reports, leases, licences and usage data from community groups – this information helps Council to understand the demand and trends for assets and services.
- Submission through state government and legislative processes – There are opportunities for the community to get involved in local government evaluation and regulation processes (e.g. input to VAGO reports, Ombudsman, etc), and some types of legislation provide an opportunity for community to report or influence asset management decisions. For example, the Road Management Act provides scope for community to comment on Council's Road Management Plan.

## FUTURE ASSET PLAN ENGAGEMENT

This Draft Asset Plan was informed by the community engagement project *Imagine Greater Bendigo* and with input from City officers. Future iterations of this plan will involve a deliberative engagement process as outlined in the Local Government Act 2020.

This future process will enable community to engage and consider detailed asset planning information, discuss the impacts, trade-offs and options for asset management, and influence a range of important principles that guide Council's asset management decisions.

### STRATEGIC INITIATIVE ACTION AP-3

**Engage and deliberate with community on key asset management issues (including decommissioning, funding, and quantity vs quality)**

*Description: Under the Local Government Act 2020, deliberative engagement practices are to be incorporated into the development of future Asset Plans to ensure the Plan remains aligned with the needs of the community.*

**Actions:**

1. In conjunction with future integrated strategic planning undertaken by Council and the City, develop and implement a community engagement plan focused on deliberative engagement regarding relevant questions posed on asset management and service levels.
2. Prepare an outcomes report from deliberative engagement activities to be incorporated into future Asset Plans.





## 6 Profiles of Council assets

This section provides a snapshot of 8 major groups and classes of assets.

The data in these pages will be updated annually and re-published on Council's website.



Figure 6-1: 2021 Asset Value

(Refer to Technical Note 3)





# SEALED ROADS

REPLACEMENT VALUE

\$693,129,471

PERCENTAGE OF TOTAL ASSET BASE VALUE

34.73%



## OBJECTIVES



To provide the community with a **safe and effective** network of sealed roads



To ensure the road network **connects and complements** other road and infrastructure systems



To ensure the road network is **fit for purpose**



## ASSET GROUPING & EXPENDITURE CATEGORY

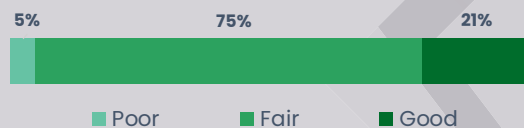


ASSET TYPE	ASSET LIFE (years)	MAINTENANCE	RENEWAL	NEW/ UPGRADE
Sealed pavement	100	e.g. repairing potholes	e.g. digging out and replacing failed sections of pavement	e.g. constructing a new road or widening an existing one
Carparks	50	e.g. repainting line-marking	e.g. reconstructing failed sections of an existing carpark	e.g. extending an existing carpark to cater for additional parking demand
Asphalt surface	25	e.g. sealing cracks to prevent water damage to pavement	e.g. removing and relaying aged asphalt on a section of sealed road	e.g. build a new road to provide a connection between existing roads
Sprayed surface	15	e.g. laying additional aggregate	e.g. resealing a section of sealed road	e.g. extending seal to a previously unsealed section of road
Kerb & channel	50	e.g. using street sweeper truck to ensure kerb and channel is clear	e.g. reconstructing damaged sections of kerb and channel	e.g. constructing kerb and channel on a road that did not have it previously
Tram tracks	50	e.g. inspecting and oiling points	e.g. replacing worn tram tracks	e.g. extending the length of existing tram tracks
Airport runways & taxiways	100	e.g. removing built up rubber to ensure runway meets skid resistance requirements	e.g. reconstructing a runway	e.g. extending existing runway to service increased plane traffic



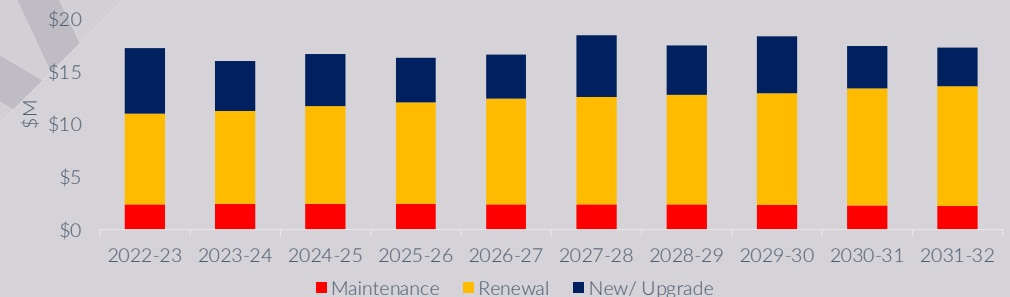
## STATE OF THE ASSET (2021)

### Condition rating



## EXPENDITURE PROJECTIONS

- Over the next 10 years councils predicted renewal expenditure is expected to **increase** by **3%** per annum
- Maintenance costs are predicted to remain stable over the next ten years averaging **\$2.4M** per annum
- New/ upgrade expenditure is projected to average **\$4.8M** over the next 10 years (excluding additional borrowings).



## SEALED ROADS



### GIFTED ASSETS

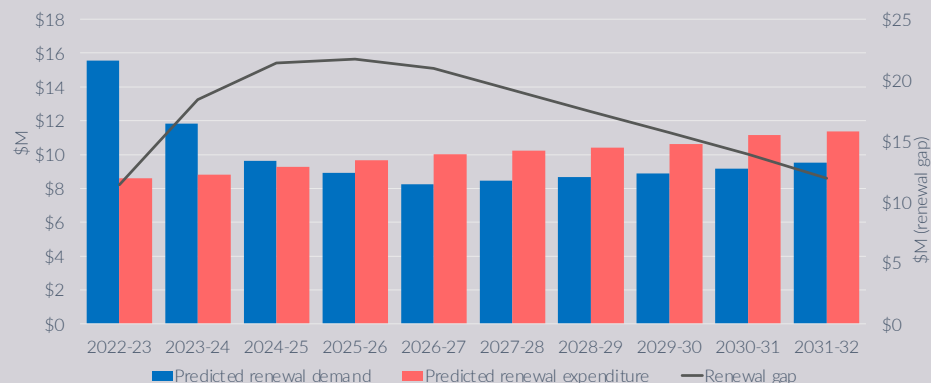
These are mostly received from developers as a contribution to community infrastructure and include **local roads, kerb and channel and parking**.

Gifted assets are not purchased by council, but they do increase the value of the asset group and increase requirements for maintenance and renewals.

The average annual value of gifted sealed road assets is **\$5M** (based on 2021 data).



### MANAGING THE RENEWAL GAP



### Trends & forecast

Over the next 10 years, predicted spending on the renewal of sealed roads will **increase** from **\$8.6M** in 2022/23 to **\$11.4M** in 2031/32, an average increase of **3%**.

The renewal gap will **increase** to **\$22M** in 2025/26 then **decrease** to **\$12M** by 2031/32.



### IMPROVEMENT ACTIONS & SIGNIFICANT PROJECTS

- Increased usage of recycled and environmentally sustainable material in construction and maintenance of sealed road assets
- Carry out lifecycle assessments for all sealed road assets
- Develop technical and community service level targets to manage expectations and provide clarity for future investment
- Develop performance monitoring measures to report on performance against target levels of service



### CHALLENGES & OPPORTUNITIES

SOCIAL	ENVIRONMENTAL	FINANCIAL	LEGACIES	REGULATORY
<p>Examples include:</p> <ul style="list-style-type: none"> <li>Meeting community expectations and demand</li> <li>Increased population growth</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Increased rainfall intensity and frequency associated with climate change resulting in increased rates of deterioration of sealed roads</li> <li>Increased temperatures associated with climate change resulting in a higher risk of cracking of road surfaces</li> <li>Balancing road safety with native vegetation retention</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Managing the cost and balance between maintenance, renewal and new/ upgrades to assets</li> <li>Costs associated with managing roads with increased heavy vehicle traffic (e.g. B-double's)</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Ageing infrastructure</li> <li>Factoring in maintenance and renewal costs for gifted assets</li> <li>Retrofitting on-road bike lanes and challenges associated with funding their installation and maintenance</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Ensuring compliance with the <i>Road Management Act 2004</i></li> <li>Meeting requirements of the Road Management Plan</li> <li>Ensuring the community has clarity on which roads Council is responsible for</li> <li>Constraints on development opportunity (e.g. land acquisition requirements)</li> </ul>





# BUILDINGS & STRUCTURES

REPLACEMENT VALUE

**\$482,634,769**

PERCENTAGE OF TOTAL ASSET BASE VALUE

**24.18%**



## OBJECTIVES



To provide **safe, effective, accessible and resource efficient** buildings and structures



To provide buildings and structures for the community **that meet service needs**



To ensure buildings and structures **are fit for purpose**



## ASSET GROUPING & EXPENDITURE CATEGORY

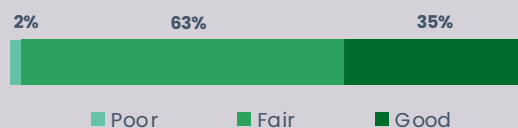


ASSET TYPE	ASSET LIFE (years)	MAINTENANCE	RENEWAL	NEW/ UPGRADE
Building structure	50 – 150	e.g. proactive treatment of structure for termites	e.g. renovating an aged, existing building	e.g. constructing a new building to provide a community service
Building structure - shade sails	N/A	e.g. fixing a torn or damaged shade sail	e.g. replacing an existing shade sail with a new one	e.g. installing additional shade sails
Building roof	50	e.g. cleaning gutters	e.g. replacing a roof on an existing building	e.g. constructing a roof on a new building
Building fit out	25	e.g. cleaning carpet, or electrical wiring maintenance	e.g. replacing flooring such as worn carpet or vinyl	e.g. installing new solar panels
Building mechanicals	25	e.g. servicing air conditioning units	e.g. replacing an aged air conditioning unit	e.g. installing air conditioning in a building that did not have it previously



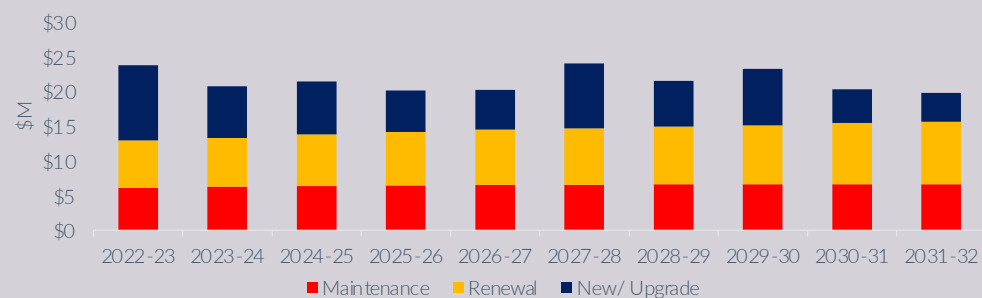
## STATE OF THE ASSET (2021)

### Condition rating



## EXPENDITURE PROJECTIONS

- Over the next 10 years councils predicted renewal expenditure is expected to **increase** by **3%** per annum
- Maintenance costs are predicted to increase slightly over the next ten years averaging **\$6.5M** per annum
- New/ upgrade expenditure is projected to average **\$7M** over the next 10 years (excluding additional borrowings).





## BUILDINGS & STRUCTURES



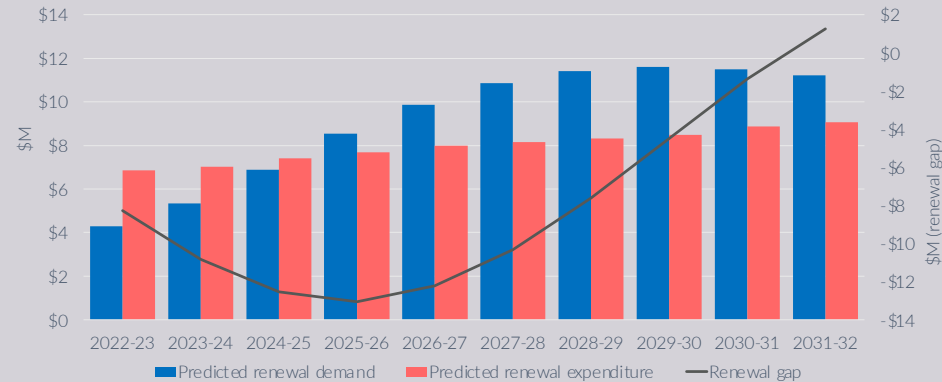
### GIFTED ASSETS

These are received from developers as a contribution to community infrastructure and include **libraries, community health centres, arts and cultural facilities.**

Gifted assets are not purchased by council, but they do increase the value of the asset group and increase requirements for maintenance and renewals.



### MANAGING THE RENEWAL GAP



### Trends & forecast

Over the next 10 years, predicted spending on the renewal of buildings and structures will increase from **\$6.8M** in 2022/23 to **\$9M** in 2031/32, an average increase of **3%**.

The renewal gap will **increase** to **\$1.2M** by 2031/32.








### IMPROVEMENT ACTIONS & SIGNIFICANT PROJECTS

- Investigate and review how council manages 'non-council' building and structure assets
- Identify and record levels of service for building and structure assets
- Formally identify, prioritise and implement a program of works to improve access for all genders and all abilities
- Develop a strategy, or plan, for identifying the priority for providing maintenance and upgrade funding for council operated buildings and for committees of management or groups, managing non-council assets
- Identify assets that are surplus to needs
- Finalise and implement the Greater Bendigo Community Buildings Policy
- Develop and implement the Greater Bendigo Community Hubs Strategy to support consistent, transparent and equitable decision making about future community hub provision.



### CHALLENGES & OPPORTUNITIES

 <b>SOCIAL</b>	 <b>ENVIRONMENTAL</b>	 <b>FINANCIAL</b>	 <b>LEGACIES</b>	 <b>REGULATORY</b>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>Meeting diverse community demands for buildings and structures e.g. community halls</li> <li>Improving access for all genders, all abilities and for under-represented communities</li> <li>Maximising how buildings are used</li> <li>Improving equity of access to community facilities across the municipality</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Ensuring our buildings are fit-for-purpose in a changing climate</li> <li>In line with council's Sustainable Buildings Policy, ensure we use environmentally sustainable design (ESD) principles when construction or renewing buildings or structures</li> <li>Ensuring Council meets and maintains its emission reduction target of zero emissions by 2030</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Managing surplus assets</li> <li>Managing the cost and balance between maintenance, renewal and new/ upgrades to assets</li> <li>Reducing operating costs as a result of improving resource efficiency</li> <li>Managing disposal of assets to ensure financial capacity to support other strategic acquisitions</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Ageing infrastructure</li> <li>Managing the community's service level expectations for non council assets</li> <li>Navigating community emotional links to and personal investment in assets where Council needs to consider asset base rationalisation and optimisation</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Ensuring council are compliant with the <i>Disability Discrimination Act (DDA) 1992</i> and <i>Occupational Health and Safety Act 2004</i></li> <li>Ensuring Council assets are provided in line with the National Construction Code which provides regulatory requirements relating to access</li> </ul>



# DRAINAGE

REPLACEMENT VALUE	<b>\$391,656,524</b>
PERCENTAGE OF TOTAL ASSET BASE VALUE	<b>19.62%</b>



## OBJECTIVES



To reduce the impact of flooding for the community by providing **safe and effective** drainage



To ensure **environmental values** of our waterways are maintained through progressive upgrade and re-naturalisation of drainage assets



To ensure drainage is **fit for purpose**



## ASSET GROUPING & EXPENDITURE CATEGORY

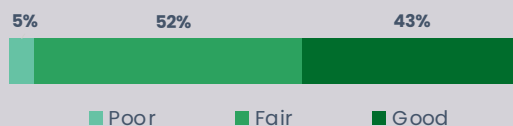


ASSET TYPE	ASSET LIFE (years)	MAINTENANCE	RENEWAL	NEW/ UPGRADE
Pits & endwalls	100	e.g. cleaning a pit to remove debris	e.g. reconstructing an exiting pit	e.g. constructing additional pits so the network can handle more water run-off
Pipes & culverts	100	e.g. removing grass and debris from the entrance of a culvert to allow water to flow	e.g. replacing or relining cracked pipes	e.g. replacing existing pipes with larger ones to increase network capacity
Dam walls	200	e.g. keeping spill way clear of vegetation and debris	e.g. repairing dam walls so it can fulfil its original function	e.g. raising the wall of a dam so it can hold more water
Creek infrastructure	100	e.g. keeping access points for run-off to creeks clear of vegetation and debris	e.g. replacing failed sections of concrete/bluestone creek walls	e.g. re-naturalise creek assets for environmental and social benefit



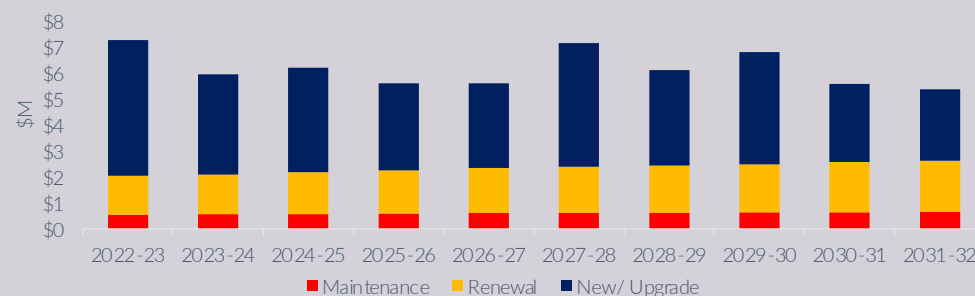
## STATE OF THE ASSET (2021)

### Condition rating



## EXPENDITURE PROJECTIONS

- Over the next 10 years councils predicted renewal expenditure is expected to **increase** by **3%** per annum
- Maintenance costs are predicted to increase slightly over the next ten years averaging **\$603,000** per annum
- New/ upgrade expenditure is projected to average **\$3.8M** over the next 10 years (excluding additional borrowings).







## DRAINAGE



### GIFTED ASSETS

These are mostly received from developers as a contribution to community infrastructure and include **new drainage infrastructure and upgrades**.

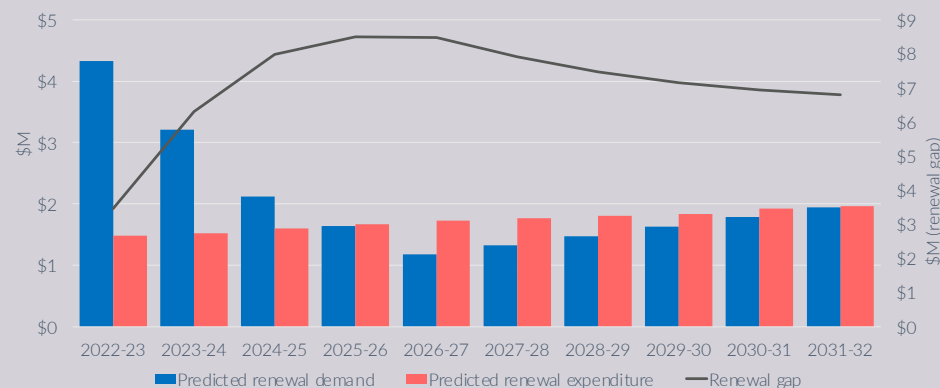


Gifted assets are not purchased by council, but they do increase the value of the asset group and increase requirements for maintenance and renewals.

The average annual value of gifted drainage assets is **\$4M** (based on 2021 data).



### MANAGING THE RENEWAL GAP



### Trends & forecast

Over the next 10 years, predicted spending on the renewal of drainage assets will increase from **\$1.5M** in 2022/23 to **\$2M** in 2031/32, an average increase of **3%**.

The renewal gap will **increase** to **\$8.5M** in 2025/26 then **decrease** to **\$7M** by 2031/32.








### IMPROVEMENT ACTIONS & SIGNIFICANT PROJECTS

- Carry out physical condition assessments for all drainage infrastructure
- Incorporate integrated stormwater management approaches to renewal and upgrade programs
- Implement Reimagining Bendigo Creek Plan
- Implement priority recommendations from the urban flood studies



### CHALLENGES & OPPORTUNITIES

 SOCIAL	 ENVIRONMENTAL	 FINANCIAL	 LEGACIES	 REGULATORY
Examples include: <ul style="list-style-type: none"> <li>• Ensuring that damage to property from floods is reduced or mitigated where possible</li> <li>• Increasing community expectations about the role and importance of waterways for urban livability</li> </ul>	Examples include: <ul style="list-style-type: none"> <li>• Balancing the need for storm water drainage with the need for water for the environment</li> <li>• Rainfall events are likely to be fewer but far more intense increasing pressure on our drainage infrastructure</li> <li>• Using water sensitive urban design (WSUD) principles</li> </ul>	Examples include: <ul style="list-style-type: none"> <li>• Balancing the asset life expectancy versus service need with the significant costs of drainage infrastructure</li> <li>• Potential to increase the levy rate of developer contributions to more adequately finance drainage and water quality offset projects</li> <li>• Finding a balance between the increased costs of water sensitive urban design (WSUD) infrastructure and the positive impacts on water health</li> </ul>	Examples include: <ul style="list-style-type: none"> <li>• Ageing infrastructure</li> <li>• Limited data on the condition of drainage infrastructure</li> <li>• Potential to transform Bendigo Creek infrastructure and the connecting drainage network via the Reimagining Bendigo Creek Plan</li> </ul>	Examples include: <ul style="list-style-type: none"> <li>• Additional drainage asset responsibilities as a result of the state's Flood Management Plan</li> </ul>



# PATHWAYS

REPLACEMENT VALUE

**\$148,849,721**

PERCENTAGE OF TOTAL ASSET BASE VALUE

**7.46%**



## OBJECTIVES



To provide the community with a **safe and effective** network of pathways



To provide a **connected network** of pathways for the community to use to access facilities



To ensure the pathway network is **fit for purpose**



## ASSET GROUPING & EXPENDITURE CATEGORY

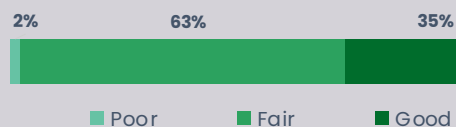


ASSET TYPE	ASSET LIFE (years)	MAINTENANCE	RENEWAL	NEW/ UPGRADE
Concrete footpaths & cycleways	50	e.g. grinding exposed edges to remove trip hazards	e.g. reconstructing cracked sections of existing footpath	e.g. extending a footpath's length to service other areas of a neighborhood
Asphalt footpaths & cycleways	25	e.g. repairing cracks and pot holes in the path	e.g. reconstructing failed sections of an existing path	e.g. constructing a new length of path to connect to existing paths



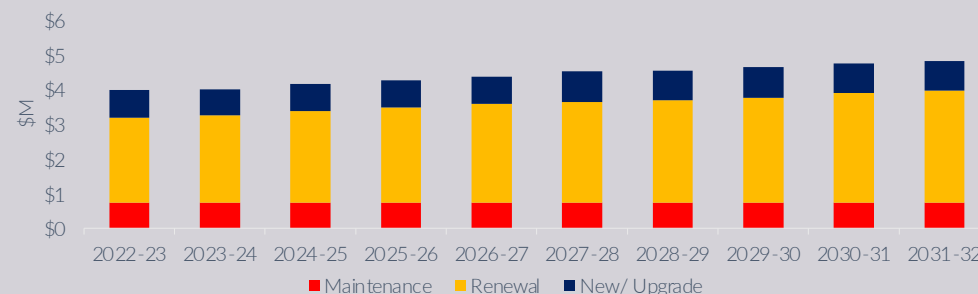
## STATE OF THE ASSET (2021)

### Condition rating



## EXPENDITURE PROJECTIONS

- Over the next 10 years councils predicted renewal expenditure is expected to **increase** by **3%** per annum
- Maintenance costs are predicted to remain stable over the next ten years averaging **\$739,000** per annum
- New/ upgrade expenditure is projected to average **\$820,000** over the next 10 years (excluding additional borrowings).





## PATHWAYS



### GIFTED ASSETS

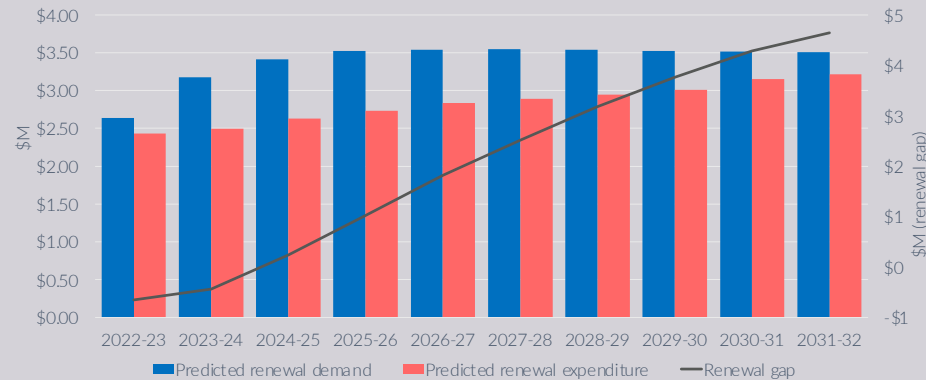
These are mostly received from developers as a contribution to community infrastructure and include **off-road walking and cycling paths**.

Gifted assets are not purchased by council, but they do increase the value of the asset group and increase requirements for maintenance and renewals.

The average annual value of gifted pathway assets is **\$2M** (based on 2021 data).



### MANAGING THE RENEWAL GAP



#### Trends & forecast

Over the next 10 years, predicted spending on the renewal of pathways will increase from **\$2.4M** in 2022/23 to **\$3.2M** in 2031/32, an average increase of **3%**.

The renewal gap will **increase** to **\$4.6M** by 2031/32








### IMPROVEMENT ACTIONS & SIGNIFICANT PROJECTS

- Increased usage of recycled and environmentally sustainable material in construction and maintenance of pathway assets
- Carry out lifecycle assessments for all pathway assets
- Develop technical and community service level targets to allow council to manage expectations and provide clarity for future investment
- Develop performance monitoring measures to report on performance against target levels of service
- Implement priority works from Walk Cycle Greater Bendigo, including addressing gaps in network



### CHALLENGES & OPPORTUNITIES

 <b>SOCIAL</b>	 <b>ENVIRONMENTAL</b>	 <b>FINANCIAL</b>	 <b>LEGACIES</b>	 <b>REGULATORY</b>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>Managing community expectations</li> <li>Managing the shared use of pathways</li> <li>Addressing gaps in the path network to increase active travel opportunities</li> <li>Aging but more mobile community needing higher safety standards for paths</li> <li>Improving equitable access to pathways, to support freedom of movement</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Opportunities to provide better connectivity between the network and with the natural environment</li> <li>Addressing gaps in the path network to promote active travel and reduce road congestion.</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Managing the cost and balance between maintenance, renewal and new/ upgrades to assets</li> <li>Balancing the cost of implementing the Walk Cycle Greater Bendigo Strategy with other priorities</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Gaps in the path network created by older residential development without requirement for supporting infrastructure contributions</li> <li>Opportunity to build a Low Line Trail within Bendigo Creek to transform active travel in and around the City Centre</li> <li>Changes in standard for shared path widths mean many older shared paths are too narrow</li> <li>Inappropriate tree planting close to paths causing trip hazards and path failures.</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Ensuring road crossings meet regulatory standards for road safety, accessibility and standard infrastructure design</li> </ul>





# RECREATION & OPEN SPACE

REPLACEMENT VALUE **\$122,822,537**

PERCENTAGE OF TOTAL ASSET BASE VALUE **6.15%**



## OBJECTIVES



To provide **safe, effective and accessible** open space and recreational facilities for the community



To provide open space that **connects** with existing remnant vegetation where appropriate



To ensure recreation and open space areas **are fit for purpose**



## ASSET GROUPING & EXPENDITURE CATEGORY

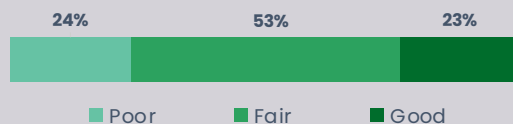


ASSET TYPE	ASSET LIFE (years)	MAINTENANCE	RENEWAL	NEW/ UPGRADE
Play Spaces	20	e.g. replacing soft fall mulch around an existing play space	e.g. replacing play equipment with new pieces that meet contemporary standards	e.g. constructing a play space in a new location
Lighting – street, public & sport	25	e.g. replacing globe in sports field lighting	e.g. replacing existing aged sports fields lighting towers	e.g. extending the street light network to previously unlit areas
Public furniture	30	e.g. cleaning public BBQs	e.g. replacing aged existing public furniture such as BBQs	e.g. constructing additional public furniture or BBQs
Sporting Surfaces – hard, synthetic & turf	25	e.g. mowing grass playing fields	e.g. resurfacing existing hard courts	e.g. constructing additional playing surfaces
Irrigation	25	e.g. cleaning sprinkler heads	e.g. replacing an aged sprinkler system at a sports field	e.g. installing irrigation in previously non-irrigated areas
Paved areas	50	e.g. replacing individual cracked pavers	e.g. replacing paving in an larger area that was already paved	e.g. creating new paved areas



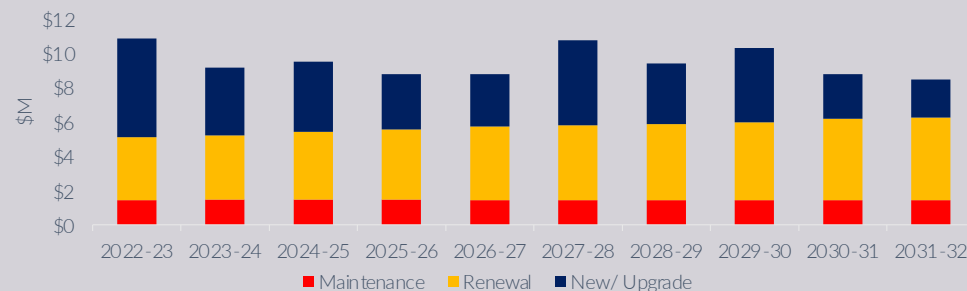
## STATE OF THE ASSET (2021)

### Condition rating



## EXPENDITURE PROJECTIONS

- Over the next 10 years councils predicted renewal expenditure is expected to **increase** by **3%** per annum
- Maintenance costs are predicted to decrease slightly over the next ten years averaging **\$1.4M** per annum
- New/ upgrade expenditure is projected to average **\$3.7M** over the next 10 years (excluding additional borrowings).





## RECREATION & OPEN SPACE



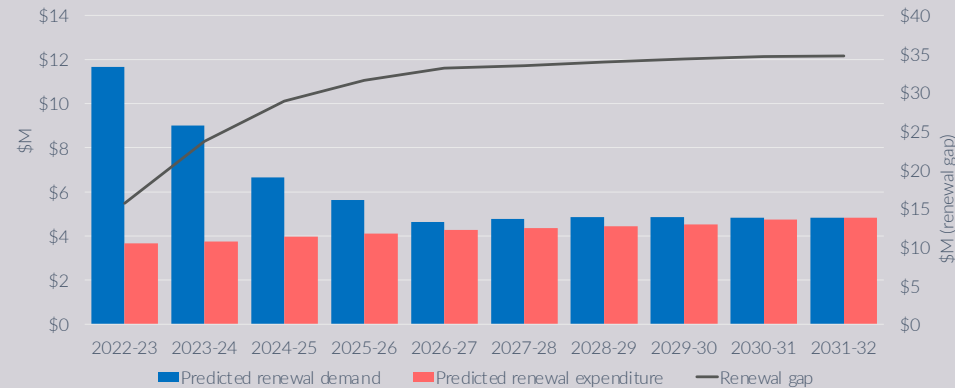
### GIFTED ASSETS

These are mostly received from developers as a contribution to community infrastructure, and include **new parks and play spaces, public lighting and toilet blocks, landscaping and streetscaping.**

Gifted assets are not purchased by council, but they do increase the value of the asset group and increase requirements for maintenance and renewals.



### MANAGING THE RENEWAL GAP



### Trends & forecast

Over the next 10 years, predicted spending on the renewal of recreation and open space will increase from **\$3.6M** in 2022/23 to **\$4.8M** in 2031/32, an average increase of **3%**.

The renewal gap will **increase to \$35M** by 2031/32.








### IMPROVEMENT ACTIONS & SIGNIFICANT PROJECTS

- Identify and collect missing data and information (including condition for assets)
- Identify, investigate and review council's future and ongoing responsibility for managing or supporting financially 'non-council' recreation & open space assets, whether listed or not listed in council's Assets Register
- Identify and record service level targets
- Identify current recreation & open space assets under-performing and add to long-term upgrade/expansion/new works program.
- Investigate and list high risk recreation & open space assets.



### CHALLENGES & OPPORTUNITIES

 SOCIAL	 ENVIRONMENTAL	 FINANCIAL	 LEGACIES	 REGULATORY
<p>Examples include:</p> <ul style="list-style-type: none"> <li>Meeting community demand for recreational and open space</li> <li>Meeting community demands for sporting fields</li> <li>Enhancing community wellbeing by facilitating opportunities to connect with nature.</li> <li>Improving equity of access to recreation facilities and open space across the municipality</li> <li>Ensuring the provision of recreational and open spaces that are safe for women and girls</li> <li>Improving access for all genders, all abilities and for under-represented communities</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Balancing the interface between the community and the natural environment</li> <li>Increased temperatures associated with climate change resulting in less water availability for irrigating parks</li> <li>Extreme dry or wet conditions make it more difficult to maintain unsealed roads</li> <li>Enhancing resilience to the changing climate through native plantings that enhance connectivity and biodiversity"</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Managing the cost and balance between maintenance, renewal and new/ upgrades to assets</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Management of non-council assets</li> <li>Managing mining legacy issues such as contaminated land</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>Ensuring compliance with regulatory conditions and requirements e.g. <i>Environment Protection Act 2017</i></li> </ul>



# BRIDGES & MAJOR CULVERTS

REPLACEMENT VALUE

**\$76,476,778**

PERCENTAGE OF TOTAL ASSET BASE VALUE

**3.83%**



## OBJECTIVES



To provide the community with a **safe and effective** set of bridges crossings and culverts



To ensure the community has **access** across rivers and creeks crossing



To ensure bridges are **fit for purpose**



## ASSET GROUPING & EXPENDITURE CATEGORY

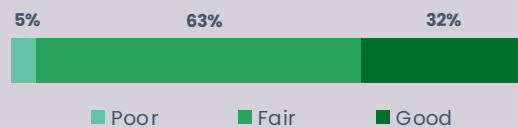


ASSET TYPE	ASSET LIFE (years)	MAINTENANCE	RENEWAL	NEW/ UPGRADE
Road and pedestrian; boardwalks; wharves; jetties	100	e.g. repairing slats on a wooden bridge	e.g. reconstructing an existing bridge that had failed due to age	e.g. constructing a new crossing over a creek to meet the demands of increased traffic



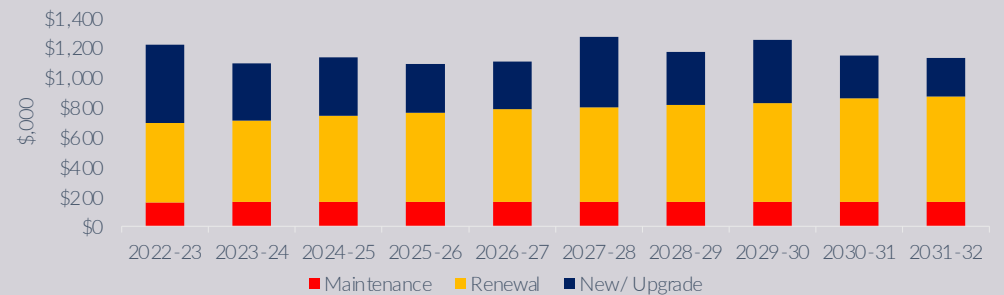
## STATE OF THE ASSET (2021)

### Condition rating



## EXPENDITURE PROJECTIONS

- Over the next 10 years councils predicted renewal expenditure is expected to **increase** by **3%** per annum
- Maintenance costs are predicted to remain stable over the next ten years averaging **\$164,000** per annum
- New/ upgrade expenditure is projected to average **\$374,000** over the next 10 years (excluding additional borrowings).





## BRIDGES & MAJOR CULVERTS



### GIFTED ASSETS

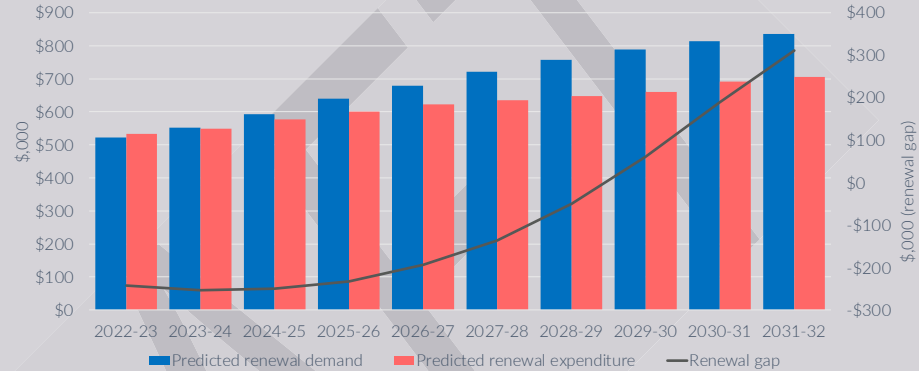
These are mostly received from developers as a contribution to community infrastructure and include **bridges to connect off road walking and cycling paths**.

Gifted assets are not purchased by council, but they do increase the value of the asset group and increase requirements for maintenance and renewals.

The average annual value of gifted bridge assets is **\$83,000** (based on 2021 data).



### MANAGING THE RENEWAL GAP



### Trends & forecast

Over the next 10 years, predicted spending on the renewal of bridges will increase from **\$534,000** in 2022/23 to **\$706,000** in 2031/32, an average increase of **3%**.

The renewal gap will **increase** to **\$310,000** by 2031/32.



### IMPROVEMENT ACTIONS & SIGNIFICANT PROJECTS

- Increased usage of recycled and environmentally sustainable material in construction and maintenance of bridge assets
- Carry out lifecycle assessments for all bridge assets
- Develop technical and community service level targets to manage expectations and provide clarity for future investment performance
- Develop performance monitoring measures to report on performance against target levels of service



### CHALLENGES & OPPORTUNITIES

SOCIAL	ENVIRONMENTAL	FINANCIAL	LEGACIES	REGULATORY
Examples include: <ul style="list-style-type: none"> <li>Ensuring that bridges are strategically placed within the existing road network to maintain accessibility for the public</li> </ul>	Examples include: <ul style="list-style-type: none"> <li>Consider the impact of flooding on bridge assets as a result of more frequent and intense rainfall events associated with climate change</li> <li>Ensuring that construction or maintenance meets Council's Sustainable Infrastructure Guidelines</li> </ul>	Examples include: <ul style="list-style-type: none"> <li>Managing the cost and balance between maintenance, renewal and new/ upgrades to assets</li> </ul>	Examples include: <ul style="list-style-type: none"> <li>Ensuring bridges built prior to current regulations are upgraded to meet these new regulations and requirements</li> </ul>	Examples include: <ul style="list-style-type: none"> <li>Ensuring compliance with regulatory conditions and requirements</li> </ul>



# UNSEALED ROADS

## REPLACEMENT VALUE

See Technical Note 1

**\$33,304,212**

## PERCENTAGE OF TOTAL ASSET BASE VALUE

**1.67%**



## OBJECTIVES



To provide the community with a **safe and effective** network of unsealed roads



To ensure the road network **connects and complements** other road and infrastructure systems



To ensure the road network is **fit for purpose**



## ASSET GROUPING & EXPENDITURE CATEGORY

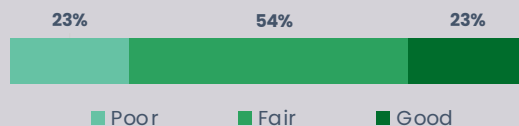


ASSET TYPE	ASSET LIFE (years)	MAINTENANCE	RENEWAL	NEW/ UPGRADE
Unsealed roads	15	e.g. road grading to enhance the road surface	e.g. resheeting works – application of compacted crushed rock to the road surface and corrugation repair	<i>The City does not generally spend money on the 'new/ upgrade' category for unsealed roads.</i>



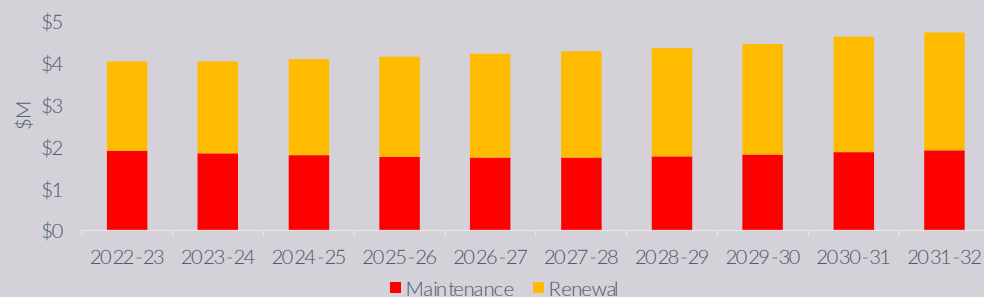
## STATE OF THE ASSET (2021)

### Condition rating



## EXPENDITURE PROJECTIONS

- Over the next 10 years council's predicted renewal expenditure is expected to **increase** by **3%** per annum
- Maintenance costs are predicted to remain stable over the next ten years averaging **\$1.8M** per annum
- The council does not generally allocate expenditure for the 'new/ upgrade' category for unsealed roads.

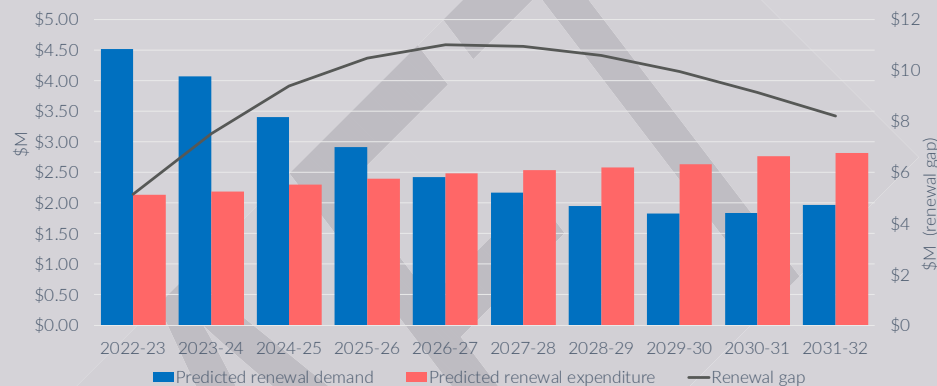




## UNSEALED ROADS



### MANAGING THE RENEWAL GAP



### Trends & forecast

Over the next 10 years, predicted spending on the renewal of unsealed roads will **increase** from **\$2.1M** in 2022/23 to **\$2.8M** in 2031/32, an average increase of **3%**.

The renewal gap will **increase** to **\$11M** in 2026/27 then **decrease** to **\$8M** by 2031/32








### IMPROVEMENT ACTIONS & SIGNIFICANT PROJECTS

- Increased usage of recycled and environmentally sustainable material in construction and maintenance of unsealed road assets
- Carry out lifecycle assessments for all unsealed road assets
- Develop technical and community service level targets to manage expectations and provide clarity for future investment
- Develop performance monitoring measures to report on performance against target levels of service



### CHALLENGES & OPPORTUNITIES

 <b>SOCIAL</b>	 <b>ENVIRONMENTAL</b>	 <b>FINANCIAL</b>	 <b>LEGACIES</b>	 <b>REGULATORY</b>
<b>Examples include:</b> <ul style="list-style-type: none"> <li>Meeting community expectations and demand for grading and resheeting</li> <li>Increased population growth</li> <li>Managing dust and amenity impact from unsealed roads where there has been intensified residential development in rural areas</li> </ul>	<b>Examples include:</b> <ul style="list-style-type: none"> <li>Increased hotter, drier conditions associated with climate change could increase the need for additional maintenance (e.g. dust suppression works)</li> </ul>	<b>Examples include:</b> <ul style="list-style-type: none"> <li>Managing the cost and balance between maintenance, renewal and new/ upgrades to assets</li> </ul>	<b>Examples include:</b> <ul style="list-style-type: none"> <li>Increased volume of traffic on roads transitioning from rural to higher density residential</li> </ul>	<b>Examples include:</b> <ul style="list-style-type: none"> <li>Ensuring compliance with the <i>Road Management Act 2004</i></li> <li>Meeting safety regulations with native vegetation removal regulations</li> </ul>



# AQUATIC FACILITIES

REPLACEMENT VALUE

**\$17,213,081**

PERCENTAGE OF TOTAL ASSET BASE VALUE

**0.86%**



## OBJECTIVES



To provide **safe, effective, accessible and resource efficient** aquatic facilities for the community



To provide aquatic facilities for the community **that meet service needs**



To ensure buildings and structures **are fit for purpose**



## ASSET GROUPING & EXPENDITURE CATEGORY

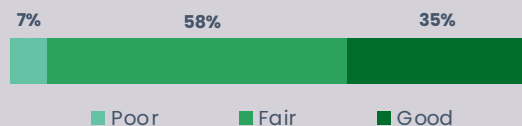


ASSET TYPE	ASSET LIFE (years)	MAINTENANCE	RENEWAL	NEW/ UPGRADE
Pool shell & plant	Varies	e.g. replacing a valve on a pool	e.g. re-tiling the whole pool	e.g. constructing a new pool



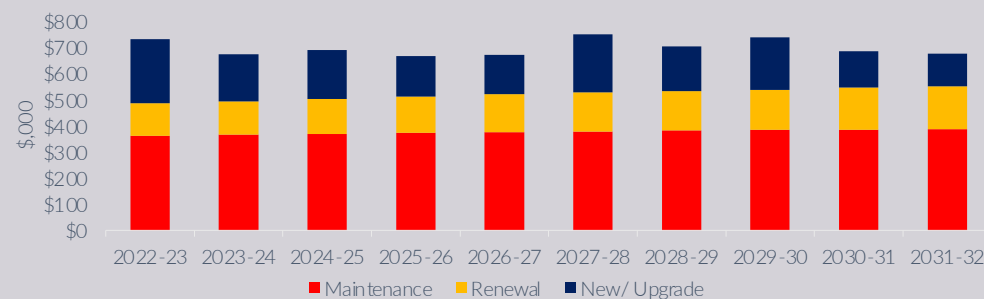
## STATE OF THE ASSET (2021)

### Condition rating



## EXPENDITURE PROJECTIONS

- Over the next 10 years councils predicted renewal expenditure is expected to **increase** by **3%** per annum
- Maintenance costs are predicted to increase slightly over the next ten years averaging **\$375,000** per annum
- New/ upgrade expenditure is projected to average **\$177,000** over the next 10 years (excluding additional borrowings).

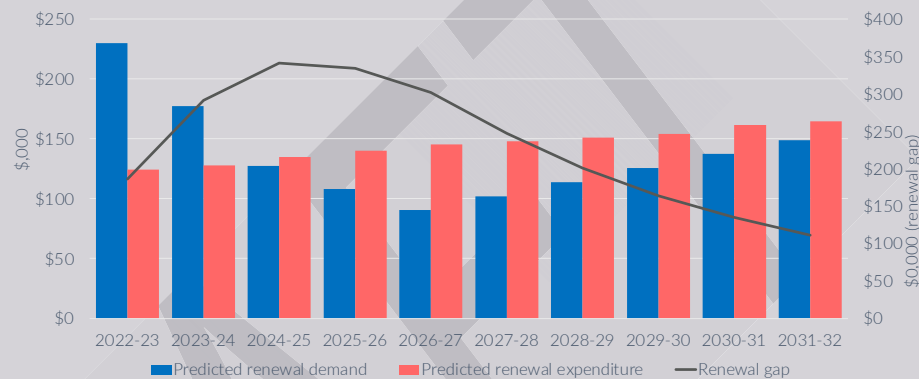




## AQUATIC FACILITIES



### MANAGING THE RENEWAL GAP



### Trends & forecast

Over the next 10 years, predicted spending on the renewal of aquatic facilities will increase from **\$124,000** in 2022/23 to **\$164,000** in 2031/32, an average increase of **3%**.

The renewal gap will **increase** to **\$340,000** in 2024/25 then **decrease** to **\$110,000** by 2031/32.



### IMPROVEMENT ACTIONS & SIGNIFICANT PROJECTS

- Better understand the condition for older aquatic facilities including pool components such as pumps and water treatment systems
- Identify service level targets
- Develop a strategy, or plan, for identifying the priority for providing maintenance and upgrade funding to committees of management or groups, managing non-council assets.
- Carry out lifecycle assessments on aquatic assets
- Ensure lease agreements clearly define maintenance responsibilities



### CHALLENGES & OPPORTUNITIES

SOCIAL	ENVIRONMENTAL	FINANCIAL	LEGACIES	REGULATORY
Examples include: <ul style="list-style-type: none"> <li>• Meeting community demands for aquatic facilities e.g. pool capacity limits</li> <li>• Improving access for all genders, all abilities and for under-represented communities</li> </ul>	Examples include: <ul style="list-style-type: none"> <li>• Ensuring our pools are fit-for-purpose in a changing climate</li> <li>• Ensuring we use environmentally sustainable design (ESD) principles when constructing or renewing aquatic facilities</li> </ul>	Examples include: <ul style="list-style-type: none"> <li>• Managing surplus assets</li> <li>• Managing the cost and balance between maintenance, renewal and new/ upgrades to assets</li> <li>• Reducing operating costs as a result of improving resource efficiency*</li> </ul>	Examples include: <ul style="list-style-type: none"> <li>• Ageing and surplus infrastructure</li> </ul>	Examples include: <ul style="list-style-type: none"> <li>• Ensuring council are compliant with the <i>Disability Discrimination Act (DDA) 1992</i>, <i>Occupational Health and Safety Act 2004</i> and the Australian Building Code</li> </ul>

## 7 Sustainable funding of assets

The City's planning and forecasting aim to drive capital and operational investment that maximises public value (both now and for the future), whilst maintaining financial sustainability.

The City's key financial management documents are the Financial Plan 2021–2031 and the Annual Budget. The current Financial Plan confirms that the City is in a stable financial position. It has sufficient cash reserves and a sustainable level of borrowings. This financial position has been achieved through careful planning and financial discipline, including a commitment to reinvest in the City's asset base.

### HOW FUNDS ARE RECEIVED AND ALLOCATED

The Financial Plan provides a 10 year forecast of revenue, and identifies which financial activities, community services and assets the City proposes to fund and prioritise, incorporating the demands of future growth and change.

Revenue, expenditure, and borrowing decisions are guided by:

- The overarching governance and financial management principles in sections 9 and 101 of the Local Government Act 2020
- The risk to, or opportunity for, long term financial sustainability. Financial sustainability is currently rated as a medium risk in council's strategic risk register
- Council's policies and a broad range of strategic plans, which collectively aim for long term financial stability and the provision of predictable, timely and appropriate services for the community.

Funding for asset management is predominantly sourced from general rates. Total revenue budgeted for 2021/2022 is \$223.5M, which is projected to rise to \$267M by 2030/2031. Revenue in 2021/2022 is budgeted to be sourced from rates (\$133M or 63%), government grants (\$40M or 19%), user fees and charges (\$35M or 16%), and monetary contributions (\$3M or 2%). Non-monetary contributions, which are predominantly gifted assets, have been estimated at \$15M. Where required, particularly for large asset investments, the City uses debt to fund new construction and then pays this debt down over time.

Several Roads and Local Community Infrastructure grants and programs (funded by State and Federal governments) are available, which acknowledge the gap between rate revenue and regional Councils' ability to maintain infrastructure.

Increases to rate revenue are currently capped under the State Government's *Fair Go Rates* system. A 1.75% increased rate cap has been announced for 2022/2023 financial year. This limits revenue available to fund new projects and initiatives. There is an ability to apply for an increase above the cap; but such a decision would need broad community support. There is also the option to raise fees and charges for certain community services. Council's Revenue and Rating Plan 2021–2025 details the current rating approach.

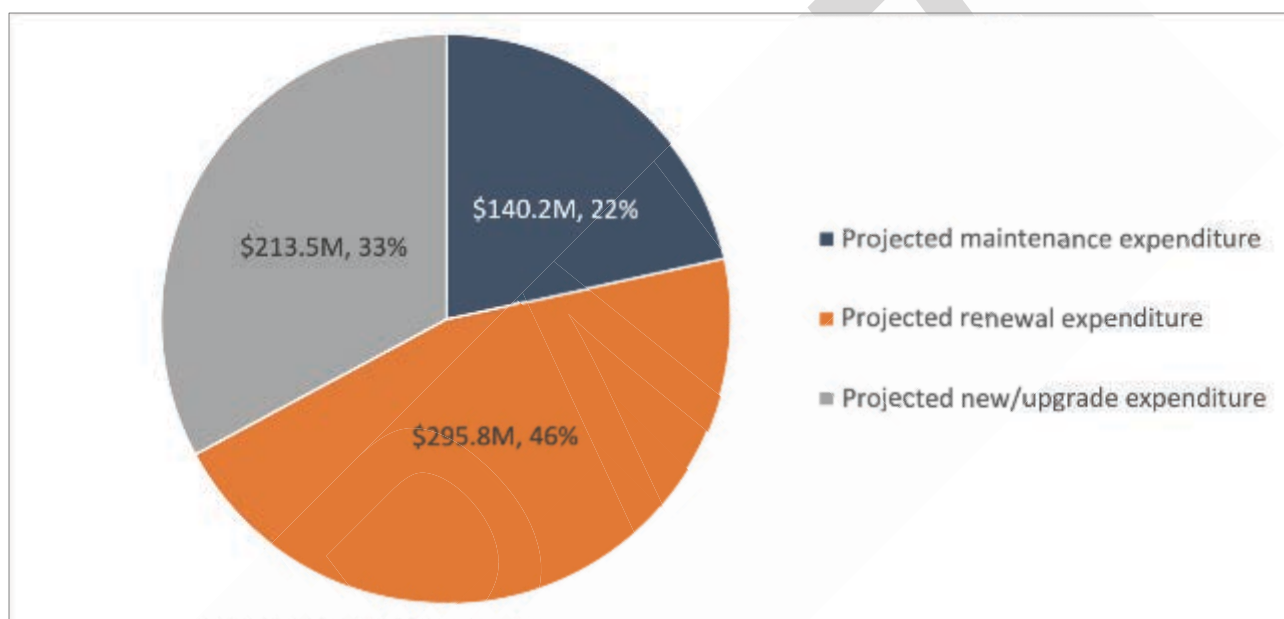
To fund large infrastructure or priority projects, whilst minimising debt, Council often seeks grant money. The application processes for government grants can be complex, requiring well developed feasibility studies and business cases, with cost-benefit analysis, financial projections and substantiated usage forecasts.

## FUTURE SPENDING

Council's planned expenditure on assets and services are detailed in the Financial Plan. This plan provides a 10 year guide of forecast revenue which financial activities, community services and assets Council proposes to fund and prioritise. The Financial Plan examines Council's ability to fund community services and assets and to meet agreed service levels, whilst continuing to plan for growth and change.

The City allocates a significant component of its annual budget towards supporting current services and the assets which support them, including asset renewal and upgrade.

Funding for the actions that are detailed in asset management plans is aligned to the Financial Plan forecasts and projections. Figure 7-1 illustrates the breakdown of projected expenditure on asset management for the period 2021–2031.

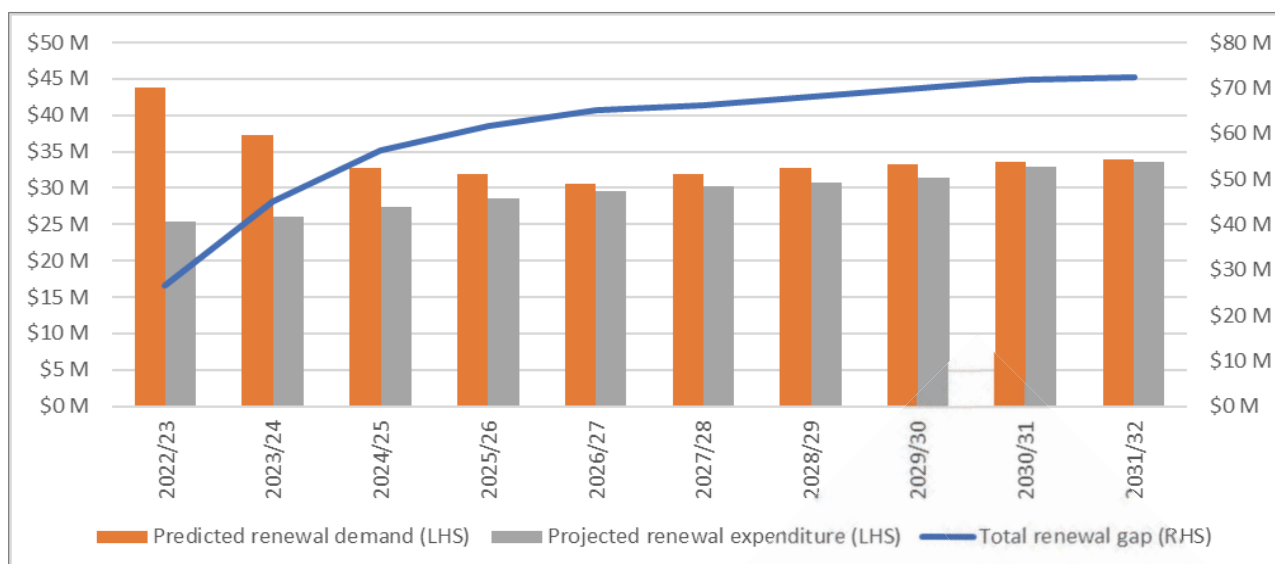


(Refer to Technical Note 2)

**Figure 7-1: Ten year projected spend on assets by expenditure category**

The Financial Plan 2021-2031 sets out Council's intention to continue to increase renewal investment. This planned expenditure on renewal has been further broken down, and the City has used historical data to estimate that approximately 20% of renewal allocations each year are redirected to upgrades. This occurs because renewing assets to historic standards (like-for-like replacement) often does not meet current day standards or contemporary community expectations.

With restricted (rate capped) income, and an estimated 20% of renewal allocations going toward upgrades, the renewal gap will continue to grow over the next 10 years (Figure 7-2). Consequently, the City's renewal gap is forecast to reach around \$70M by 2031/2032.



**Figure 7-2: Renewal gap over 10 years**

As noted elsewhere in this Plan, there are a number of key risks to these estimates. The largest and most current of these is construction cost increases growing faster than available revenue. This would increase the overall 'renewal gap' over time as renewal activities become more expensive.

Maintaining financial sustainability and community assets are priorities for the City. The renewal gap will be managed through a mixture of financial control, external funding (grants and cost-sharing), increasing revenue (e.g. user fees) and optimising the asset base by reducing low-performing assets and increasing high-performing assets.

#### STRATEGIC INITIATIVE ACTION AP-4

##### Develop approach for optimising asset base (e.g. quality vs quantity)

*Description: Utilise engagement processes to support and inform assessments of the asset base and potential decommissioning of underperforming assets. This will help to ensure decisions are transparent, robust and financially sustainable.*

##### Actions:

1. In conjunction with Strategic Initiative AP-2, work with Asset Management Steering Committee to develop parameters and criteria for Lifecycle Assessments.
2. Undertake Lifecycle Assessments on asset groups to ensure they provide the most effective solution over the whole expected life of an asset.
3. Using outcomes from Strategic Initiative AP-3, provide advice to Council on options and recommendations to optimise Council's asset base, including:
  - a. Policy development for decommissioning of assets that identifies criteria to assess if decommissioning is required, and acceptable budgetary treatment of decommissioning expenditure.
  - b. a program to address assets that are no longer fit-for-purpose or do not meet required levels of service.
4. Report on lifecycle assessment and policy development findings in future Asset Plans.





## STRATEGIC INITIATIVE ACTION AP-5

### Develop systems to better track and report annually on operational costs associated with an increasing Council asset base and non-Council assets

*Description: Every year the City's asset base increases through new developments (subdivisions); State Government decisions; and the City's own new/upgrade works. Assets that Council does not own but are responsible for maintaining also increase through joint agreements for public use of assets and State Government decisions. These asset responsibilities are growing more quickly than the related operational budgets (particularly maintenance requirements) – which are constrained by the State Government's rate cap.*

#### Actions:

1. In conjunction with Strategic Initiative AP-2, prepare and implement project plan to:
  - a. review impact of increasing asset base and associated growth in maintenance costs. This will inform future financial indicators for next iteration of the Asset Plan to better plan for financially sustainable growth of the asset base.
  - b. review impact of non-Council assets and associated maintenance costs of these. This will inform planning around future asset acquisition and provide opportunity for advocacy to other levels of government on costs to maintain non-Council assets.
2. Report annually to Council on asset base growth, scale of non-Council assets responsibility, and subsequent operational expense demand increase as compared to budget forecasts. This will quantify efficiencies that are otherwise not identified, and allow Council to actively monitor this and advocate where appropriate for additional funding required to support the asset base.

## 8 Strategic improvement initiatives

Council's strategic asset management improvement initiatives are signposted throughout this document and are summarised in Table 8-1.

**Table 8-1: Council's strategic improvement initiatives and actions**

	STRATEGIC INITIATIVE	PROPOSED ACTIONS
AP-1	<p><b>Define technical, community and environmental service levels for all asset groups</b></p> <p>Description: Working with subject matter experts across the City, and being informed by community engagement initiatives, Council will consider and adopt agreed levels of service across these areas to ensure the asset base is responding to contemporary service needs.</p>	<ul style="list-style-type: none"> <li>Confirm gaps in existing technical service levels across all asset groups in conjunction with the City's Service Planning Working Group and where necessary, improve management and reporting of these.</li> <li>Ensure established technical levels of service within all asset groups and coverage of any identified gaps.</li> <li>Establish and implement a community engagement plan to facilitate community discussion and negotiation on community levels of service across all asset groups and provide recommendations for the consideration of Council.</li> <li>Work with the City's Climate Change and Environment Unit to draft environmental levels of service for the consideration of Council.</li> <li>Develop prioritisation criteria for all levels of service to assist Council in making decisions on service level criticality and implications of investment (or divestment).</li> </ul>
AP-2	<p><b>Establish and implement an informed process for 'whole of life' costing of assets</b></p> <p>Description: Different approaches to understanding the total long-term costs of assets will be further explored to ensure that the City and Council have accurate information in order to make well informed decisions. A consistent and transparent approach to applying whole-of-life costs will be more regularly applied to all infrastructure investment.</p>	<ul style="list-style-type: none"> <li>Work with Financial Strategy Unit and City Asset Managers to improve capture of asset-level financial data on maintenance expenditure.</li> <li>Identify and workshop potential methodologies to inform, and consistently apply, whole-of-life costings to asset groupings.</li> <li>Incorporate endorsed methodology into the City's existing Capital Investment Framework and other components of the Asset Management System as required.</li> <li>Identify any opportunities for learnings through data trending, and any potential efficiency gains in maintenance activities as part of whole-of-life expenditure reviews</li> </ul>
AP-3	<p><b>Engage and deliberate with community on key asset management issues (including decommissioning, funding, and quantity vs quality)</b></p> <p>Description: Under the Local Government Act 2020, deliberative engagement practices are to be incorporated into the development of future Asset Plans to ensure the Plan remains aligned with the needs of the community.</p>	<ul style="list-style-type: none"> <li>In conjunction with future integrated strategic planning undertaken by Council and the City, develop and implement a community engagement plan focused on deliberative engagement regarding relevant questions posed on asset management and service levels.</li> <li>Prepare an outcomes report from deliberative engagement activities to be incorporated into future Asset Plans.</li> </ul>

	STRATEGIC INITIATIVE	PROPOSED ACTIONS
AP-4	<p><b>Develop approach for optimising asset base (e.g. quality vs quantity)</b></p> <p>Description: Utilise engagement processes to support and inform assessments of the asset base and potential decommissioning of underperforming assets. This will help to ensure decisions are transparent, robust and financially sustainable.</p>	<ul style="list-style-type: none"> <li>▪ In conjunction with Strategic Initiative AP-2, work with Asset Management Steering Committee to develop parameters and criteria for Lifecycle Assessments.</li> <li>▪ Undertake Lifecycle Assessments on asset groups to ensure they provide the most effective solution over the whole expected life of an asset.</li> <li>▪ Using outcomes from Strategic Initiative AP-3, provide advice to Council on options and recommendations to optimise Council's asset base, including: <ul style="list-style-type: none"> <li>a. Policy development for decommissioning of assets that identifies criteria to assess if decommissioning is required, and acceptable budgetary treatment of decommissioning expenditure.</li> <li>b. A program to address assets that are no longer fit-for-purpose or do not meet required levels of service.</li> </ul> </li> <li>▪ Report on lifecycle assessment and policy development findings in future Asset Plans.</li> </ul>
AP-5	<p><b>Develop systems to better track and report annually on operational costs associated with an increasing Council asset base and non-Council assets</b></p> <p>Description: Gain a clear understanding of implications from the fact that every year the City's asset base increases through new developments (subdivisions); State Government decisions; and the City's own new/upgrade works. Assets that Council does not own but are responsible for maintaining also increase through joint agreements for public use of assets and State Government decisions. These asset responsibilities are growing more quickly than the related operational budgets (particularly maintenance requirements) – which are constrained by the State Government's rate cap.</p>	<ul style="list-style-type: none"> <li>▪ In conjunction with Strategic Initiative AP-2, prepare and implement project plan to: <ul style="list-style-type: none"> <li>c. review impact of increasing asset base and associated growth in maintenance costs. This will inform future financial indicators for next iteration of the Asset Plan to better plan for financially sustainable growth of the asset base.</li> <li>d. review impact of non-Council assets and associated maintenance costs of these. This will inform planning around future asset acquisition and provide opportunity for advocacy to other levels of government on costs to maintain non-Council assets.</li> </ul> </li> <li>▪ Report annually to Council on asset base growth, scale of non-Council assets responsibility, and subsequent operational expense demand increase as compared to budget forecasts. This will quantify efficiencies that are otherwise not identified, and allow Council to actively monitor this and advocate where appropriate for additional funding required to support the asset base.</li> </ul>
AP-6	<p><b>Monitor, evaluate and update the Asset Plan</b></p> <p>Description: to ensure the Asset Plan remains relevant and is kept up to date, and that further guidance and advice is added to ensure the Asset Plan continues to achieve its intent.</p>	<ul style="list-style-type: none"> <li>▪ Complete a post-release review within six months of the process to develop the inaugural Asset Plan to understand lessons learnt and opportunities for improvement from the first iteration.</li> <li>▪ Incorporate Asset Renewal Funding ratio (proposed renewal budget for the next 10 years divided by forecast renewal demand for next 10 years) as an ongoing indicator into Asset Plan during next review.</li> <li>▪ Develop and implement a Monitoring, Evaluation and Learning Plan (MELP) for the Asset Plan to understand effectiveness of the Plan and its ability to guide and inform decision making as intended.</li> <li>▪ Implement Asset Plan reviews as identified – annually (data set and indicator review), every 4 years (reproduction of Plan), and every 10 years (retrospective Full review).</li> </ul>

## 9 Monitoring this Plan

Council recognises the importance of monitoring and evaluating all our work to deliver the best possible outcomes for our communities, businesses, and natural environment. Council will therefore develop a detailed monitoring, evaluation and learning plan (MELP) over the next 12 months.

The MELP will ensure that the Asset Plan is kept up to date, and that it achieves its intent. Results of the MELP will be made publicly available.

The MELP will use the following basic framework.

### **TIMING OF REVIEWS:**

- Annual update of data
- Interim review and update in line with every council election (an Asset Plan must be produced every 4 years)
- Full review at the end of the 10-year plan.

### **CORE QUESTIONS:**

- Are we making progress on the Actions (doing what we said we would do)?
- Is this Plan making a difference (effectiveness, appropriateness, impact)?
- Is our approach/Plan efficient (cost and time)?
- Is asset condition improving/ maintaining in line with projected funding allocations?

### **RESPONSIBILITIES:**

The Director Corporate Performance will be responsible for managing this Plan's implementation and for developing and overseeing the MELP.

#### **STRATEGIC INITIATIVE ACTION AP-6**

Monitor, evaluate and update the Asset Plan

Description: to ensure the Asset Plan remains relevant and is kept up to date, and that further guidance and advice is added to ensure the Asset Plan continues to achieve its intent.

Actions:

1. Complete a post-release review within six months of the process to develop the inaugural Asset Plan to understand lessons learnt and opportunities for improvement from the first iteration.
2. Incorporate Asset Renewal Funding ratio (proposed renewal budget for the next 10 years divided by forecast renewal demand for next 10 years) as an ongoing indicator into Asset Plan during next review.
3. Develop and implement a Monitoring, Evaluation and Learning Plan (MELP) for the Asset Plan to understand effectiveness of the Plan and its ability to guide and inform decision making as intended.
4. Implement Asset Plan reviews as identified – annually (data set and indicator review), every 4 years (reproduction of Plan), and every 10 years (retrospective Full review).



# Appendix 1

## GLOSSARY

TERM	DEFINITION
Asset	Fixed infrastructure-based assets that are owned or controlled by Council.
Asset management	Planning for, and making decisions about, assets throughout their lifecycle.
Asset Plan (this document)	Provides a high-level overview of Council's approach to managing assets. It outlines Council's asset management processes, challenges, and opportunities. It also commits Council to continuous improvement in asset management and highlights some of the key actions that will improve cost-effectiveness.
Asset Management Policy	Provides direction and strategic intent for managing assets. It states the core principles, requirements, and responsibilities for asset management, and how these link to Council's strategic objectives.
Asset Management Steering Committee (AMSC)	An internal governance group to the City of Greater Bendigo that was established to ensure an integrated approach to continuous improvement in asset management awareness, practice and capability.
Asset Management Strategy	Outlines how asset management will happen. Provides the scope, objectives and organisational approach, holistic renewal demand, and the Council's asset improvement plan.
Asset Management Plans	Detail the targets, and what and how Council will deliver. These are technical documents for each of the asset classes. They detail the service levels, demand forecasts, risks, and lifecycle activities for the asset groups.
Brownfield rates	Constructing assets in developed areas incurs additional costs over and above the cost to construct the asset itself, e.g. traffic management is required when working on an existing road compared to constructing a new road in an area closed to the public. For the purposes of allocating funds to renewing assets a 20% markup is applied to the cost of constructing the asset without constraints to cover these incidental costs.
Council	Greater Bendigo City Council, as the Local Government decision making body, i.e. the Councillors.
City	The City of Greater Bendigo, as the Local Government organisation that enacts the decisions made by Greater Bendigo City Council.
Community Vision	The Community Vision for Greater Bendigo was crafted by 65 residents selected specially to form a community panel and represent the views of the community. The vision is also supported by five values – transparency, sustainability, inclusion, innovation and equity – that underpin the vision and ensure future Council decision making reflects these values.
Council Plan	The Council Plan is a critical document that guides the work of staff at the City. The goals within this plan will help to deliver on the community vision to create a bright and happy future for us all as we prepare to support a population of 200,000 people by 2050.
Executive Management Team (EMT)	The City of Greater Bendigo's team of Directors and the Chief Executive Officer.

TERM	DEFINITION
Financial Plan	The Financial Plan supports the Community Vision and Council Plan. It outlines the resources required to deliver the Council Plan and ensures Council is investing in assets the community values, services remain affordable and accessible for the community, and the City remains financially sustainable.
Integrated Strategic Reporting and Planning Framework	The <i>Local Government Act 2020</i> requires councils to prepare a range of reports including a Community Vision, Council Plan, Financial Plan and Asset Plan.
Levels of service	Levels of service are set by Council and provide a standard for an activity or asset that aligns with contemporary service needs and that can be monitored and reported on over time.
Lifecycle Assessment	Undertaking an assessment of an asset before acquisition or construction to understand if it provides the most effective solution over the whole expected life of the asset; provides key information for Lifecycle Planning.
Renewal gap	When there is a gap between the funding allocated to renewing an asset group and the funding required a backlog of assets requiring renewal occurs. If funding is consistently below the required level the backlog will grow and if the funding is increased above the required level the backlog will shrink. The cumulative backlog of assets requiring renewal is referred to as the 'renewal gap'.
Service	The action of doing something or supplying something for a specific need. In the context of this plan, assets enable the delivery of council services.

## TECHNICAL NOTES

**Note 1:** The City excludes 'Unsealed Roads' from this category because it does not attract depreciation.

**Note 2:** 20% of funds allocated to **renewal** in the Financial Plan are actually spent on **upgrading** assets. This is a common assumption in asset management, as there is often a desire (or legislative need) to improve the size and/or quality of an asset when it comes up for renewal. For stormwater drainage assets the upgrade ratio increases to 50%.

**Note 3:** Replacement valuation figures in the following asset profiles represent brownfields rates of asset replacement and do not align with asset base financial valuation. Brownfield rates are applied in Asset Renewal Modelling to provide more robust advice for decision making and are used here to give the community a sense of the true cost of assets, rather than aligning with accounting methodologies.

## ASSUMPTIONS AND REFINEMENTS OF THIS ASSET PLAN

This Asset Plan is strongly aligned with Council's 10 year Financial Plan. These two documents incorporate forecasts and predictions of factors that will determine their accuracy over the next 10 years, including assumptions about future demand, revenue and the operating environment.

These assumptions have been derived using the best data and information currently available, along with trend analysis and modelling. Over the next 10 years, this Asset Plan will be refined and adjusted to maintain its currency and accuracy; enabling it to reflect changes in revenue, demands, financial sustainability and external drivers. The review cycle is outlined in Section 9.

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