

SURF COAST SHIRE COUNCIL

Asset Plan 2021-2031



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Amendment Register

Issue	Date	Details	By
1	July 2021	Initial draft	Tym Guthridge
2	3 August 2021	Draft Asset Plan for public exhibition	Tym Guthridge
3	28 Sept 2021	Final Asset Plan for adoption	Tym Guthridge

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1. Executive Summary

1.1 Purpose of the Plan

This Asset Plan provides an overview of the key elements and processes required by Surf Coast Shire for the responsive management of assets (including asset components and services); to ensure our compliance with regulatory requirements, and funding needed to provide the required levels of service over a 20-year planning period. The Asset Plan is a legislative requirement as per the Local Government Act 2020.

1.2 Asset Description

Council's asset base comprises:

Asset Category	Indicative Quantity	Replacement Value (\$,000)
Land	3,252.70 Ha	\$ 212,811
Buildings	322 Structures	\$ 112,883
Plant and Equipment	Fleet – 35 Small Plant – 168 Heavy Plant – 71	\$ 8,470
Roads	6,572,306 m ²	\$ 435,715
Bridges and Major Culverts	44 Structures	\$ 5,278
Footpaths and Cycleways	424,190 m ²	\$ 34,491
Drainage	336 km Pipes 11895 Pits	\$ 104,893
Water and Sewer	5 Systems	\$ 978
Recreational, Leisure and Community	6846 Items	\$ 27,431
Parks Open Space and Streetscapes		\$ 17,863
Off-street Car Parks	Included in Roads	\$ 11,888
TOTAL		\$ 971,958

1.3 Levels of Service

Service levels can be described in two ways:

1. Technical Levels of Service, which generally describe the physical attributes of the asset regardless of where the asset is located (eg. footpath width or surface); and
2. Customer Levels of Service, which generally describe how, when and where a customer might access an asset (eg. footpath to be provided on one side of each residential street).

Revisions and updates to Customer Levels of Service will typically undergo greater level of community consultation. Technical Levels of Service are more often informed by legislation, regulation and engineering standards and technical data.

1.4 Future Demand

The main demands for new services are created by:

- Population Growth
- Seasonal Population
- Legislative changes

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

- Increase proactive inspections and maintenance
- Awareness of legislative changes

1.5 Lifecycle Management Plan

Council implement lifecycle management of our assets through a number of means and core principles:

- Adoption of condition rating specifications and industry standards to ensure repeatable and consistent auditing results;
- Set condition rating for each asset class;
- Set frequency of auditing of each asset class;
- Renewal planning and implementation based on core decision making principles and prioritisation criteria when funding is insufficient;
- New and upgrading of assets process; and
- Decommissioning and rationalisation of assets.

1.6 Risk Management

Council have a Risk Management Framework that is made up of a set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving the management of risk throughout the organisation including:

- The Risk Management Policy & Strategy
- Reporting structure including Key Performance Indicators
- Accountability and Responsibilities
- Risk Tools including an electronic progressive Risk Register

1.7 Financial Summary

Each asset case is assessed and monitored for sustainable service delivery. Council utilise four indicators to assess sustainable service delivery:

- Asset Renewal Funding Ratio;
- Long Term Life Cycle Costs/Expenditures;
- Medium Term Life Cycle Costs/Expenditures (Over 10 years); and
- Short Term Life Cycle Costs/Expenditures (Over 5 Years).

The purpose of each indicator is to measure whether Council has the capacity to deliver the projected renewal, maintenance and operations functions over the nominated planning period. A figure of 100% or greater correlates to adequate or over funding.

Renewal demand is developed through the use of asset modelling that uses material and condition data, useful life data and applicable degradation curves to project when an asset will reach intervention.

Current renewal demand projections and Long Term Financial Plan (LTFP) renewal budgets over the 20 year planning period show a growing backlog within the first 10 years and by the end of the planning period Council should be up to date with the modelled back log. Council remodel and review renewal demand each year to track and monitor progress and also add the 20th year to all projections and the LTFP.

Projected Renewal Demand and LTFP Budgeted Renewal

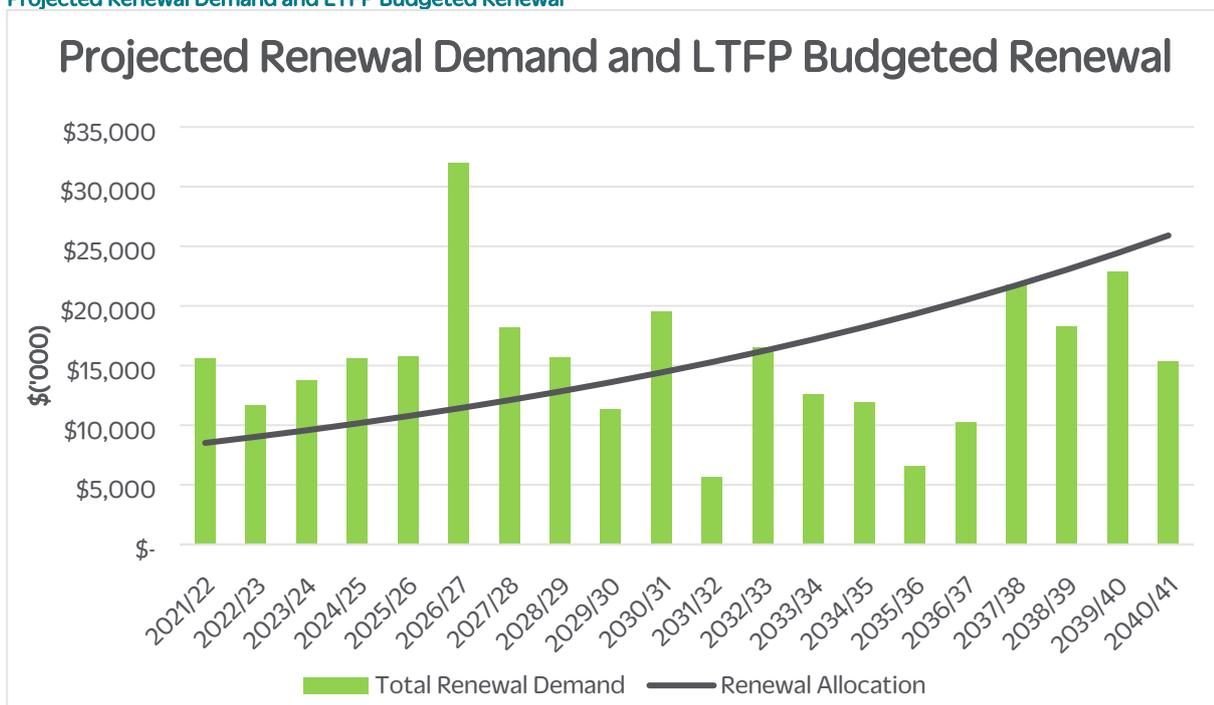


Figure Values are in current (real) dollars.

1.8 Asset Management Systems

Our systems to manage assets include:

- Civica Authority Finance Module
- Civica Authority Asset Management Module

Assets requiring renewal are identified from assessment of the asset data within the Authority Asset Management Module.

1.9 Monitoring and Plan Improvement

The next steps resulting from this Asset Plan to improve asset management practices are:

- Maintain and refine condition data;
- Monitor funding performance;
- Reduce renewal backlog; and
- Review asset rationalisation, decommissioning and service levels.

2 Introduction

2.1 Background

This Asset Plan outlines the key elements and process required by Surf Coast Shire (Council) for the responsive management of assets (including asset components and services); to ensure our compliance with regulatory requirements, and funding needed to provide the required levels of service over a 20-year planning period. The Asset Plan is a legislative requirement as per the Local Government Act 2020.

The Asset Plan is to be read in conjunction with Council's planning documents. Council's key planning documents are outlined below:

- Strategic Asset Management Policy;
- Asset Management Strategy;
- Council Plan 2021-2025;
- Finance Plan 2021-22 to 2030-31;
- Asset Capitalisation Policy.

2.1.1 Relationship with Other Planning Documents

- Road Management Plan
- Pathways Strategy
- Torquay Jan Juc Development Contribution Plan
- Open Space Strategy; and
- Asset Management Plans

2.1.2 Recognition of Climate Change

Council has declared a Climate Emergency and developed a Climate Action Plan outlining Council's corporate response to this issue. Council has committed to help the community and environment to thrive in a safe climate and therefore planning for new, upgraded and renewed assets needs to be informed by Climate Change principles of mitigation and adaptation.

2.1.3 Asset Management Framework

Council's Asset Management Framework is detailed in Figure 2-1. The framework is the overarching Asset Management hierarchy including the Asset Management Policy, Objectives, Strategy, Asset Plan and Asset Management Sub-Plans.

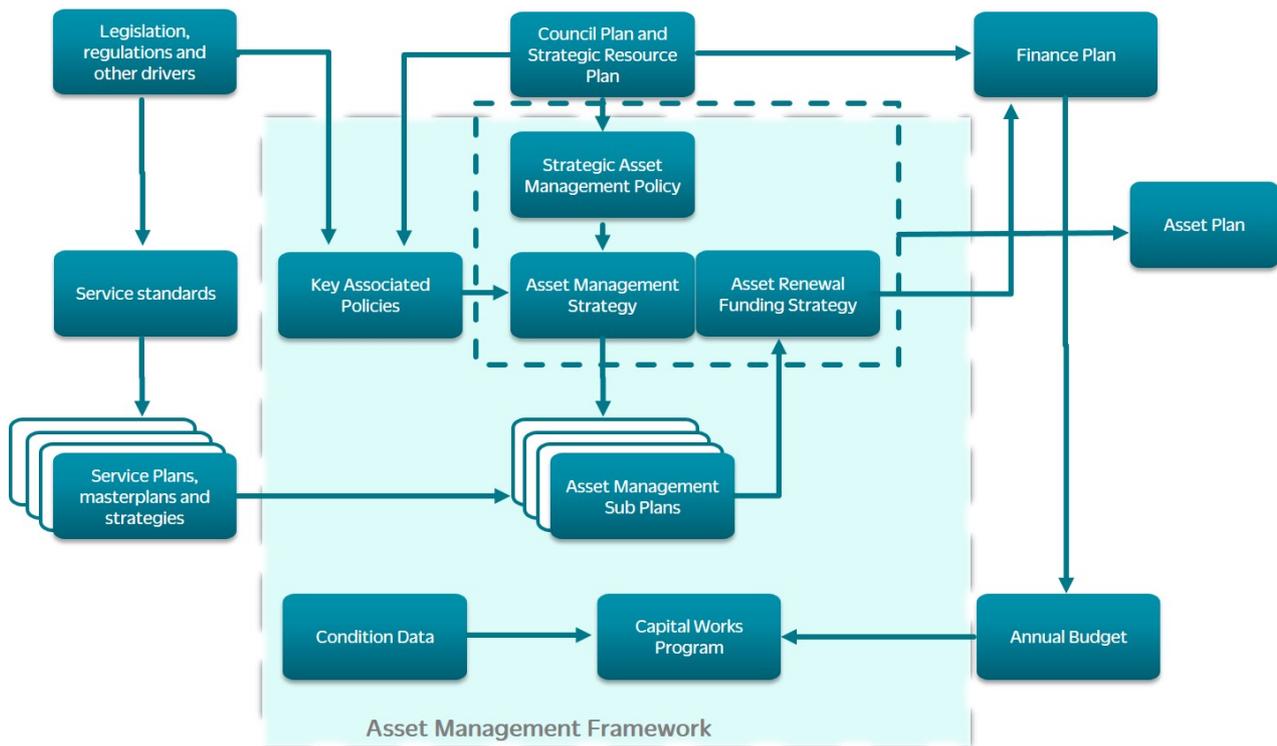


Figure 2-1 Asset Management Framework

2.1.4 Council's Infrastructure Assets

Council's infrastructure assets covered in this Asset Plan are shown in Table 2-1. These assets have a replacement value of \$972 Million as at 30 June 2020 and are used to provide facilitate service delivery to the community.

Table 2-1 Assets covered by this plan

Asset Category	Indicative Quantity	Replacement Value (\$,000)
Land	3,252.70 Ha	\$ 212,811
Buildings	322 Structures	\$ 112,883
Plant and Equipment	Fleet – 35 Small Plant – 168 Heavy Plant – 71	\$ 8,470
Roads	6,572,306 m ²	\$ 435,715
Bridges and Major Culverts	44 Structures	\$ 5,278
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Drainage	336 km Pipes 11895 Pits	\$ 104,893
Water and Sewer	5 Systems	\$ 978
Recreational, Leisure and Community	6846 Items	\$ 27,431

Asset Category	Indicative Quantity	Replacement Value (\$,000)
Parks Open Space and Streetscapes		\$ 17,863
Off-street Car Parks	Included in Roads	\$ 11,888
TOTAL		\$ 971,958

2.1.5 Key Stakeholders in the Plan

Stakeholder	Role in this Plan
Bicycle user groups	Customer
Commercial operators	Customer
Community User Groups	Customer
Cyclists, pedestrians and other non-vehicle users	Customer
Public Transport services	Customer
School Buses services	Customer
Sporting Clubs	Customer
Tourists, residents	Customer
Land Developers	Other interested party
Road Authorities (VicRoads, DELWP, DoT)	Other interested party
Road Safety organisations	Other interested party

2.2 Goals and Objectives of Asset Ownership

Our goal in managing Council's assets base is to provide our assets for community use to a defined level of service in the most cost effective way for the present and future communities. The key elements of infrastructure asset management are:

- Meet service levels that are informed by customer expectations;
- Managing the impact of growth through demand management and infrastructure investment;
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service;
- Support the organisation to deliver effective outcomes;
- Are fit and safe for the purpose for which they have been provided;
- Are replaced as required subject to agreed prioritisation;
- Minimise detrimental impact on the natural environment; and
- Identifying, assessing and appropriately controlling risks.

Linking to a long-term financial plan which identifies required, affordable expenditure and how it will be allocated.

Other references to the benefits, fundamental principles and objectives of asset management are:

- International Infrastructure Management Manual 2015
- ISO 55000

2.2.1 Strategic and Corporate Goals

This Asset Plan is prepared under the direction of Council's community vision, organisational direction, goals and objectives.

Our purpose is:

"We exist to help our community and environment to thrive."

Our Community Vision is:

From the hinterland to the coast, from the first peoples to the children of the future, we are an active, diverse community that lives creatively to value, protect and enhance the natural environment and our unique neighbourhoods. We will leave the Surf Coast better than we found it.

Our organisational direction is:

An innovative and flexible leader, and a constructive partner, that values the strengths of others; a place where people can do their best and be proud of their achievements.

2.2.2 Plan Framework

The framework of this asset plan is consistent with the recommended format outlined in the International Infrastructure Management Manual (IIMM).

Key elements of the asset management plan are as follows:

- Summary of the organisations strategic goals and Asset Management (AM) policies;
- Levels of service;

- Demand forecasts;
- Asset portfolio;
- Lifecycle Management;
- Financial summary; and
- Plan monitoring and improvement.

3 Levels of Service

3.1 Community Engagement

Council has engaged with the community via the People Places Future project, followed by deliberative engagement on Council priorities via a People's Panel. The outcome of this collaboration is the development of an inaugural Community Vision. The following consultation process has been undertaken to ensure due consideration and feedback for the Asset Plan is received from relevant stakeholders.

- a. Participatory engagement between 20 January and 28 February 2021 via online and face to face consultations.
- b. Deliberative Engagement between 15 March and 19 May 2021 via a People's Panel, randomly selected for gender, age and location.
- c. Draft Asset Plan prepared by management for consultation with Councillors.
- d. Draft Asset Plan placed on public exhibition at a Special Council Meeting on 3 August 2021 for a period of 21 days for public comment closing 24 August 2021.
- e. Consideration of public comments to be undertaken by officers and Councillors with a rationale of submission incorporation or exclusion to be included in the Council Meeting report for adoption of the plan.
- f. Proposed Asset Plan, including any revisions, presented to Council for adoption on 28 September.

While the community engagement process did not provide statements or strategies specifically for asset planning, there was clearly information that is relevant to how Council manages its asset base, e.g. appropriate for future climate, environmentally sensitive.

3.2 Legislative Requirements

Detailed in Table 3-1 are the legislative requirements Council adheres to in the management of our asset base.

Table 3-1 Legislative Requirements

Legislation
Local Government Act 2020 (LGA)
Road Management Act 2004
Subdivisions Act 1988
Road Management Plans
Disability Discrimination Act 1992
Occupational Health and Safety Act 2004
Council local laws

3.3 Achieving Levels of Service

Service levels are split into two types, customer levels of service and technical levels of service.

3.3.1 Customer Levels of Service

Council sets customer levels of service through targeted strategies such as service planning. The Levels of Service are then adapted into targeted areas with key performance targets or measures placed against each with an ideal target also identified.

3.3.2 Technical Levels of Service

Technical levels of service relate to work as usual costs to ensure Council's asset base meets legislative, regulatory and customer levels of service. These activities are as follows:

- Operations – the regular activities to provide services (e.g. opening hours, cleansing, mowing grass, energy, inspections, etc).
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. road patching, unsealed road grading, building and structure repairs),
- Renewal – the activities that return the service capability of an asset up to that which it had originally (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement),

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

3.3.3 Levels of Services Review and Monitoring

Ongoing review and monitoring of the service levels is an important factor in Council's suite of asset plans and documentation as they are expected to change and develop over time. Current performance measures and practises relate to customer priorities, technology and efficiency procedures of this current time.

Review and establishment of the agreed position which achieves the best balance between service, risk and cost is essential.

4 Future Demand

4.1 Demand Forecast and Management plan

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4-1.

Table 4-1 Demand Forecast and Management Plan

Demand drivers	Present position	Projection	Impact on services
Population Growth ¹	30,445 in 2018	45,717 by 2036	Increased demand for network extension/ asset base increase, functionality and capacity upgrades.
Demographic Change	Influx of more affluent residents	Surf Coast Shire is one of the least disadvantaged municipalities	Community Levels of Service expectations exceed what Council can provide
Rate Capping	2.0% in 2020/21	Rate capping remains in place going forward resulting in increasing asset renewal backlogs due to reduced funding	Each year the Minister for Local Government sets the rate increase cap, limiting the ability for Council to increase rates to further improve the community
Seasonal Population/ Tourism	Currently population is estimated to double in the summer i.e. 60,000 in 2017	Expected summer population at a minimum would be double i.e. 88,000 in 2036.	Increased usage of services leading to quicker deterioration of services/ assets
Legislative Change	Assets provided, constructed/installed in accordance with standards and legislation	Higher standards and levels of service required to comply with amended legislation	High levels of service may impact upon maintenance and renewal requirements resulting in less value for money
Climate Change	Currently no known impact to Council assets	Potential sea level and temperature rises, drought, severe weather events frequency increase	Increased damage risk to assets. Changes to construction, design and material standards increasing costs and impacting on existing assets useful lives.
Environmental Sustainability	Council published the Environmental Management Strategy in 2006 that outlines how Council will protect, manage and enhance the local environment	Further environmental restrictions are developed and placed on Council at federal or state level	Increased environmental scrutiny impacts on the delivery of cost effective works due to increased environmental processes to go through prior to all works

¹ Based on the Economic and population profiles for Surf Coast Shire at <https://forecast.id.com.au/surf-coast>.

5 Lifecycle Management Plan

The lifecycle management plan details how the Council plans to manage and operate the assets at the agreed levels of service while managing life cycle costs.

5.1 Background Data

5.1.1 Asset Condition

Condition is monitored on a 3 year cyclic basis. Road Surfaces/Pavements and Pathways are supplemented by proactive Road Management Plan inspections at 6 and 12 month intervals dependent upon pathway hierarchy. Open Space reserves are also supplemented by scheduled inspections throughout the year.

Shown in Table 5-1 are the frequency and timing of each condition audit and whether these are undertaken internally, externally or by other means.

Table 5-1 Condition assessment frequency and type

Asset Class	Asset Type	Cyclic Condition	Audit Type
Roads	Pavement	Year A	External Auditor
	Surface	Year A	External Auditor
	Unsealed Pavement	Year A	External Auditor
	Carparks	Year A	External Auditor
	Kerb/Traffic Control Devices	Year A	External Auditor
	Road Bridges and Major Culverts	Year A	External Auditor
Pathways	Road Pathways	Year B	External Auditor
	Open Space Pathways	Year B	External Auditor
Parks and Open Space	Hard Surface Courts	Year B	External Auditor
	Skate Parks	Year B	External Auditor
	Light Towers	Year B	External Auditor
	Parks Assets i.e. Fences, bollards	Year B	Internal Auditor
Drainage and WSUD	Pits	Year C	Age based
	Pipes	Year C	Age based
	WSUD	Year C	External Auditor
Buildings	Simple Buildings – Overall	Year C	External Auditor
	Complex Buildings – Overall	Year C	External Auditor
	Building Specific Components i.e. Air conditioners	Year C	External Auditor
	Building Sub-components i.e. floor surfaces	Year C	Internal/External Auditor

Condition is measured using a 1 – 5 grading system as detailed in Table 5-2, further detail is provided in the pathway condition audit specification based upon the 2017 audit.

Table 5-2 Condition Grading System

Condition Grading (1-10)	Condition Grading (1-5)	Description of Condition
1	1	Very Good: only planned maintenance required
2		
3	2	Good: minor maintenance required plus planned maintenance
4		
5	3	Fair: significant maintenance required
6		
7	4	Poor: significant renewal/rehabilitation required
8		
9	5	Very Poor: physically unsound and/or beyond rehabilitation
10		

Table 5-3 Asset Condition Rating by Class

Asset Class	Condition Rating Scale	Intervention
Land	Not Applicable	
Buildings – Overall/Components	1-10	8
Buildings – Subcomponents	1-5	4
Plant & Equipment	Based on age / optimum resale	
Roads	1-10	8
Kerb	1-10	9
Bridges	1-10	8
Pathways	1-5	4
Drainage & WSUD	1-5	4
Sewer	1-5	4
Recreational, Leisure & Community	1-5	4
Parks Open Space & Streetscapes	1-5	4
Off-street Car Parks	Included in roads	

5.1.2 Historical Data

Surf Coast Shire maintains and stores the historical data within the Authority Asset Module. The following data is stored for reference and modelling purposes:

- Previous condition data;
- Maintenance and defect costs; and
- Renewal, replacement and disposed assets.

Previous customer survey information is also retained and may be used to identify trends in service levels.

5.2 Operations and Maintenance Plan

Operations include regular activities to provide services such as public health, safety and amenity, e.g. sweeping, inspections.

Routine maintenance is the regular on-going work that is necessary to keep assets functioning, including sections of an asset that fail and need immediate repair to make the asset safe and functional again, e.g. edge grinding, patching.

5.2.1 Summary of Future Costs

Future operations and maintenance costs are ideally forecast to trend in line with the value of the asset network.

Future operations and maintenance costs are based on real or budgeted figures for the first year of the modelling i.e. 2020/21. This real/ budgeted figure is then divided by the total Current Replacement Cost (CRC) for pathways and output as a percentage. This percentage is then used to calculate future operations and maintenance costs based upon the projected CRC increase for each financial year.

Future maintenance and operations budgets are increased by nominated growth and Construction Index percentages each year using the first year actuals as the starting point.

5.3 Renewal Plan

Renewal is the replacement or rehabilitation of an asset. Renewal works do not increase the capacity of the asset but restore the asset back to original service level while meeting current-day standards and informed by Climate Change principles of mitigation and adaptation.

Any works that significantly alter, extend or upgrade an existing asset are viewed as upgrade/ expansion and these additions are not funded by renewal, this is further detailed in Council's *Asset Renewal Funding Strategy*.

5.3.1 Decision Making Principles

Council's *Asset Renewal Funding Strategy* outlines the key decision making principles in relation to asset renewal. These principles are summarised below. Each principle is described in greater detail in the *Asset Renewal Funding Strategy*.

1. Asset Renewal is a priority
2. Core business will not be debt-funded
3. Intergenerational equity
4. Smoothing renewal demand
5. Smoothing funding allocation
6. Planning for growth
7. Optimising timing for renewal
8. Renewal funding should achieve a "like-for-like" replacement

- 9. Only renew assets that have ongoing need
- 10. Renewing in advance of planned intervention

5.3.2 Renewal Identification

Assets requiring renewal/replacement are identified through the Authority Strategic Asset Modelling module that links to the Authority Asset Module and utilises IPWEA degradation curves to estimate intervention years based upon project asset condition.

Ad hoc inspections of assets can also inform renewal identification at times. These inspections can originate from routine inspections i.e. Road Management Plan inspections or from community notification to Council i.e. CRM.

Asset classes that are not as heavily reliant on condition but require renewal based upon age, time of use or manufacture support such as fleet and IT are reviewed annually and typically have set timeframes for renewal. Fleet for instance as a typically 3 year life of use before renewal is required as per Council's Motor Vehicle Policy.

The following parameters are input in the modelling module to assist in developing renewal programs:

- Intervention levels as per Table 5-3;
- Current condition rating data;
- Renewal treatment rates for material type; and
- Useful lives as per MPP-001 where applicable.

Surf Coast Shire Management Policy and Procedure: MPP-001 Asset Accounting useful life component breakdown has been implemented throughout the Authority Asset Module for each asset class.

Utilising the above parameters and a degradation curve based upon useful life or asset type Council can assess how an asset condition is likely to change over the course of its useful life and when intervention may be reached or is likely to occur. Typically intervention occurs when an asset has expended 75-90% of its useful life. Figure 5-1 represents a typical degradation curve that would be implemented within the renewal modelling.

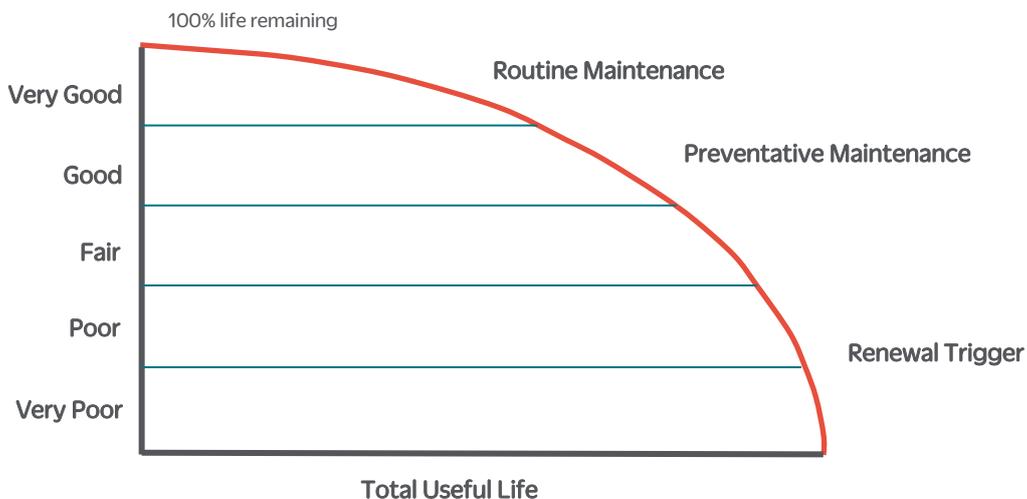


Figure 5-1 Typical Degradation Curve

5.3.3 Renewal Strategies

Council will plan capital renewal projects to meet level of service objectives and minimise infrastructure service risks by:

- Utilising strategic modelling of asset classes, annual renewal program development to validate modelled renewal candidates and review any requests from land managers, inspectors or the community to renewal assets that are at or above intervention.
- Develop project charters for scope to budget programs and standalone projects. The charters will aim to identify:
 - Scope items;
 - Project Risks, key stakeholders and timelines;
 - Identify any previous lessons learned and opportunities for value adds or new technologies; and
 - Implementation plan and project plan.

5.3.3.1 Renewal Ranking Criteria

Throughout the asset lifecycle there will be times where renewal demand is greater than available funding. Whilst having a long term plan will assist to plan and level out works, there will be situations where impartial assessment of which asset should be prioritised for renewal is required.

To determine renewal priorities, Council will implement a renewal ranking criteria applicable to each asset class. This will consist of three criteria at a minimum, which may be:

- Condition;
- Criticality; and
- Risk

The system will also provide an indication on critical assets that may exhibit some of the following characteristics:

- Have a high consequence of failure;
- Have high use and subsequent impact on users would be greatest;
- Have a total value representing the greatest net value;
- Have the highest average age relative to their expected lives; and
- Have high operational or maintenance costs.

5.3.3.2 Renewal and Replacement Standards

Refer to the *Asset Renewal Funding Strategy* for direction on Council's approach to renewal and replacement standards.

5.3.4 Summary of Renewal Demand and Funding

Projected renewal demand and Long Term Financial Plan (LTFP) renewal funding allocation is outlined and shown in Section 7.

5.4 New and Upgrade Plan

New works are those that create a new asset that did not previously exist, or works which will upgrade or improve an existing asset beyond its existing capacity. These assets may be provided through one of the following categories:

- Council funded;
- Granted asset i.e. developer funded;
- Council or developer contribution; or
- Contribution by the land owner via a special charge scheme.

5.4.1 Capital Investment Strategies

Upgrade/new asset priorities are identified through Council Strategies. Once priorities are identified projects are submitted to Council for funding consideration through the annual Budget Submission process. Projects may also be funded through various grant funding programs initiated by Federal and State Governments.

5.5 Disposal Plan

In undertaking a holistic approach to asset management Council at times will be required to dispose of existing assets. Assets that are identified for disposal typically will meet one of the following criteria:

- No longer serves a genuine community demand; or
- Multiple access pathways in one area and there is an opportunity to consolidate.

6 Risk Management Plan

Risk is defined as the effect of uncertainty on objectives - where the effect may be positive or negative and where objectives apply across Surf Coast Shire Business Units and activities.

Surf Coast Shire Council faces a range of risks that can have an impact on the achievement of its objectives from both a strategic and operational level, including the management of assets. A risk management framework supports the process to systematically identify, analyse and control risk.

The Risk Management Framework is made up of a set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving the management of risk throughout the organisation including:

- The Risk Management Policy & Strategy
- Reporting structure including Key Performance Indicators
- Accountability and Responsibilities
- Risk Tools including an electronic progressive Risk Register

The objectives of the framework are to provide a systematic approach to the early identification and management of risks supported by the risk management process described in more detail in The Risk Management Strategy.

6.1 Critical Asset Identification and Management

Critical assets and/or infrastructure are defined as those which have a high consequence of failure causing significant loss or reduction of service i.e. single access Timber Bridge in and out of a property or area that is located within a high risk bushfire area.

Critical failure modes are those which have the highest consequences.

6.2 Risk Assessment Framework

Council implements a risk management framework that provides an effective process for the identification, analysis and management of both negative and positive impacts on physical, social and economic capital. That will safeguard Councils assets, infrastructure, people, finances, reputation and sustainability.

Through the application of a robust and consistent approach to risk management Council:

- Recognises risk management as an integral part of good management practice and decision making;
- Integrates risk management into planning and operational processes;
- Creates and maintains a risk management environment that enables Council to deliver high quality services and meet performance objectives in line with our principle of continuous improvement;
- Ensures resources and operational capabilities are identified and deployed responsibly and effectively; and

- Demonstrates the application of the risk management process of identifying, analysing, evaluating and treating risks, as detailed in the risk management standard, AS/NZS ISO 31000:2009 Risk management–Principles and Guidelines.

The framework is based on:

- AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines;
- SA/SNZ HB 436:2013 Risk Management Guidelines – Companion to AS/NZS ISO 31000:2009; and
- ISO Guide 73: Risk Management – Vocabulary.

Further depth and clarity for the Surf Coast Shire framework is contained within *Management Procedure RM-001: Risk Management Process*.

The risk management process used in this AMP is shown in Figure 6-1.

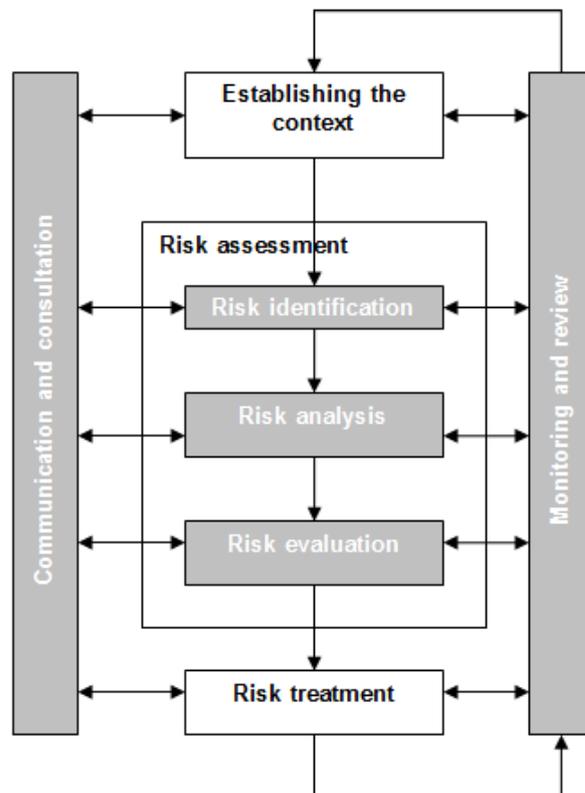


Figure 6-1 Risk Management Process

6.3 Approach to Managing Resilience

The resilience of our critical infrastructure (refer to Section 6.1) is vital to our customers and the services we provide. To adapt to changing conditions and grow over time we need to understand our capacity to respond to possible disruptions and be positioned to absorb disturbance and act effectively in a crisis to ensure continuity of service.

Resilience is built on aspects such as response and recovery planning, financial capacity and crisis leadership.

7 Financial Plan

Detailed in this section are the financial metrics Council assess each asset class against including renewal, maintenance and operations projections. Acquiring more condition data, maintenance data and other key metrics will further improve the financial projection reliability moving forward.

Each asset case is assessed and monitored for sustainable service delivery. Council utilise four indicators to assess sustainable service delivery:

- Asset Renewal Funding Ratio;
- Long Term Life Cycle Costs/Expenditures;
- Medium Term Life Cycle Costs/Expenditures (Over 10 years); and
- Short Term Life Cycle Costs/Expenditures (Over 5 Years).

The purpose of each indicator is to measure whether Council has the capacity to deliver the projected renewal, maintenance and operations functions over the nominated planning period. A figure of 100% or greater correlates to adequate or over funding.

7.1 Financial Projections

Renewal demand is developed through the use of asset modelling that uses material and condition data, useful life data and applicable degradation curves to project when an asset will reach intervention. The theoretical intervention year is then used to develop a renewal demand for a nominated financial year. This is then utilised to develop a smooth allocation over the planning period of 20 years. Figure 7-1 displays the renewal demand verses the smooth allocation.

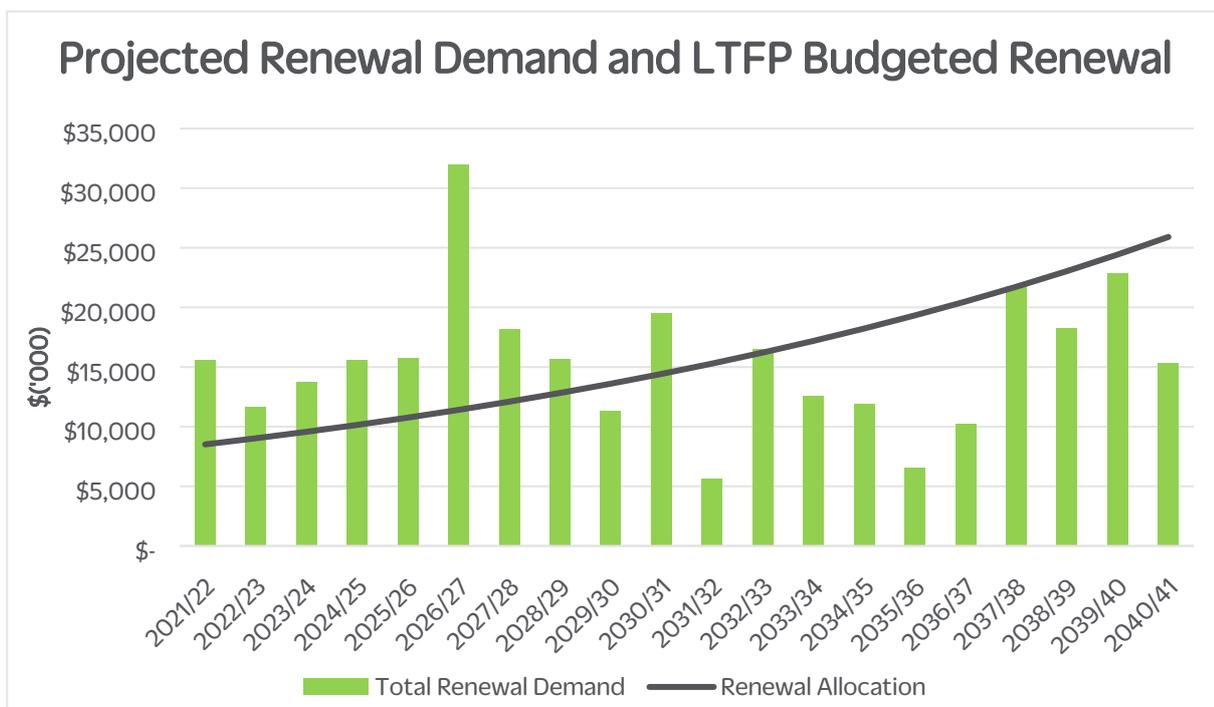


Figure 7-1 Projected Renewal Demand and LTFP Budgeted Renewal

Figure Values are in current (real) dollars and do not have CPI applied.

Outlined further in Council's *Asset Renewal Funding Strategy* are the pros and cons of this funding model and why it has been applied within the LTFP.

Using a smoothed allocation will lead to an asset renewal backlog, that over the 20 year planning period will be balanced out. The renewal demand and smooth allocation is assessed each year through modelling and by adding in the 20th year.

Table 7-1 shows the shortfall between projected renewal demand and budgeted renewal in the long term financial plan.

Table 7-1 Projected and LTFP Budgeted Renewals and Financing Shortfall

Financial Year	Projected Renewal Demand (\$'000)	LTFP Renewal Budget (\$'000)	Renewal Financing Shortfall (- gap, + surplus) (\$'000)	Cumulative Shortfall (- gap, + surplus) (\$'000)
2021-22	\$15,568	\$8,511	-\$7,056	-\$7,056
2022-23	\$11,664	\$9,025	-\$2,639	-\$9,695
2023-24	\$13,793	\$9,569	-\$4,224	-\$13,919
2024-25	\$15,573	\$10,147	-\$5,426	-\$19,345
2025-26	\$15,802	\$10,759	-\$5,043	-\$24,387
2026-27	\$31,945	\$11,408	-\$20,537	-\$44,925
2027-28	\$18,200	\$12,096	-\$6,104	-\$51,029
2028-29	\$15,715	\$12,826	-\$2,889	-\$53,917
2029-30	\$11,300	\$13,600	\$2,300	-\$51,617
2030-31	\$19,501	\$14,420	-\$5,081	-\$56,698
2031-32	\$5,662	\$15,290	\$9,629	-\$47,069
2032-33	\$16,507	\$16,213	-\$294	-\$47,363
2033-34	\$12,566	\$17,191	\$4,625	-\$42,738
2034-35	\$11,906	\$18,228	\$6,322	-\$36,416
2035-36	\$6,591	\$19,328	\$12,737	-\$23,679
2036-37	\$10,203	\$20,494	\$10,291	-\$13,388
2037-38	\$21,797	\$21,731	-\$67	-\$13,454
2038-39	\$18,312	\$23,042	\$4,730	-\$8,724
2039-40	\$22,897	\$24,432	\$1,535	-\$7,189
2040-41	\$15,351	\$25,906	\$10,554	\$3,365

Note: A negative shortfall indicated a financing gap; a positive shortfall indicates a surplus for that year.

The above figures in Table 7-1 are in current (real) dollars and have not had CPI applied.

7.2 Funding Strategy

Funding for assets is provided from the budget and long term financial plan.

Refer to *Surf Coast Shire Asset Renewal Funding Strategy* for further details.

7.3 Key Assumptions Made in Financial Forecasts

Shown below are the key assumptions made in development of this Asset Plan.

Key assumptions made in this asset management plan are:

- Growth as forecast
- No significant changes in legislation
- Staffing needs are resourced adequately
- Forecasted on “today’s” dollars

7.4 Forecast Reliability and Confidence

Each asset class is internally assessed and given a confidence rating as per Table 7-2. The assessments are used to better inform improvement areas and highlights improvement or development opportunities within asset classes and Council systems.

Table 7-2 Data Confidence Rating System

Confidence Grade	Description
A Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy $\pm 40\%$

8 Plan Improvement and Monitoring

8.1 Summary of Current and Desired State of AM Practices

8.1.1.1 Accounting and Financial Data sources

Assets were previously managed using a variety of systems and excel spreadsheets. In 2013 Council commenced a project to consolidate asset data and works scheduling to reduce the risk of using disparate systems and processes. This has now resulted in a Financial Asset Register (CVR Register), linked to the Asset Management Database within the Civica Authority Asset Management module. All financial assets or CVR records have a corresponding asset in the Asset management database. Asset Management Data sources

Assets were previously managed using a variety of systems and tools. In 2013 Council commenced a project to consolidate asset data and works scheduling to reduce the risk of using disparate systems and processes. This has now resulted in an asset database which has been “cleansed” of duplicate and out of date data. This will be an on-going process.

8.1.1.2 Asset register

The master asset data sits within the Civica Authority Asset Management module. Civica Authority core enterprise suite includes the existing Financials module resulting in a consolidated asset register.

8.1.1.3 Linkage from asset management to financial system

The consolidated asset register sits within the Civica Authority core enterprise suite. The asset data is stored in the asset management module with links to the financials module. Additional asset data, captured from activities such as condition audits, will be loaded into the asset register in the form of summary condition data, estimated useful life and valuations.

8.1.1.4 Accountabilities for asset management system and data maintenance

The Asset Management Analyst and Asset Officer as part of the Asset Management Team are the data owners of the Asset Register. Works related data is the responsibility of the Field Service Manager and their respective business units.

8.1.1.5 Asset Renewal Modelling

Assets requiring renewal/replacement are identified through the Authority Strategic Asset Modelling module that links to the Authority Asset Module and utilises IPWEA degradation curves to estimate intervention years based upon project asset condition.

8.1.1.6 Fleet Management System

Throughout 19/20 and 20/21 Council transitioned to a new fleet system, Ausfleet. This system better integrates with the existing asset and finance system whilst providing greater useability for staff and report metrics for the fleet team.

8.2 Improvement Plan

The asset management improvement plan generated from this asset plan is shown in Table 8-1.

Table 8-1 Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Maintain and refine condition data	Strategic Assets	Strategic Asset Manager and Asset Management Analyst	Ongoing
2	Monitor funding performance	Strategic Assets	Strategic Asset Manager and Asset Management Analyst	Ongoing
3	Reduce renewal backlog, by various means: <ul style="list-style-type: none"> • Sustainable longer life materials • Rationalisation of utilisation of assets • Review of service levels 	Strategic Assets	Strategic Asset Manager and Asset Management Analyst	Ongoing through annual review
4	Review asset rationalisation, decommissioning, stand provision and service levels	Strategic Assets	Strategic Asset Manager and Asset Management Analyst	EOFY 2022/23

8.3 Monitoring and Review Procedures

This Asset Plan will be reviewed by the end of the financial in which a Council Election is complete as per the LGA. The next review is proposed to undertaken by July 2024.

9 References

- IPWEA, 2015, 3rd edn., 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM
- IPWEA, Concise and Comprehensive Asset Management Plan Templates, Institute of Public works Engineering Australasia
- Risk Management Process, ISO 31000 Risk Management – Principles and Guidelines on Implementation.
- SA/SNZ HB 436:2013 Risk management guidelines - Companion to AS/NZS ISO 31000:2009
- HB 158-2010 Delivering assurance based on ISO 31000:2009 Risk management – Principles and guidelines
- IEC/ISO 31010 Risk management – Risk assessment techniques HB 327:2010 Communicating and consulting about risk
- Victorian Government Risk Management Framework
- VMIA Risk Management – Developing and Implementing a Risk Management Framework
- Surf Coast Shire Risk Management Policy - SCS-021
- Surf Coast Shire Management Policy and Procedure: MPP-001 Asset Accounting
- Surf Coast Shire Audit and Risk Committee Charter – TRIM D16/102794
- Economic and population profiles – Surf Coast Shire website:
<https://www.surfcoast.vic.gov.au/Community/Businesses/Economic-and-population-profiles>;
- Surf Coast Shire Asset Renewal Funding Strategy
- 'Shire Coast Shire Council Plan 2021 – 2025', and
- 'Shire Coast Shire Annual Report 2020-2021'.