



# Asset Renewal Funding Strategy

## Amendment Register

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# 1 CONTEXT

Council is responsible for the ongoing maintenance and renewal of a substantial asset base comprising a variety of different assets. As at 1 July 2018 the replacement cost of Council's assets was estimated to be \$874M.

Council's Strategic Asset Management policy (Policy SCS-005) states that Council will adopt a formalised approach to asset management, the underlying principles and methodology, and ensure it is integrated into Council's financial planning and practices as well as its service planning and decision-making. It is also a key principle within Policy SCS-005 that Council will ensure asset management is financially sustainable.

Policy SCS-005 specifically states under item 5.6.3 that "Council will establish an Asset Renewal Funding Strategy and incorporate the strategy into Council's long term financial plan." This Asset Renewal Funding Strategy (ARFS) is a key document in Council's Asset Management Framework (Figure 1) and has been specifically written to outline how Council will implement the relevant principles and methodologies of Policy SCS-005.

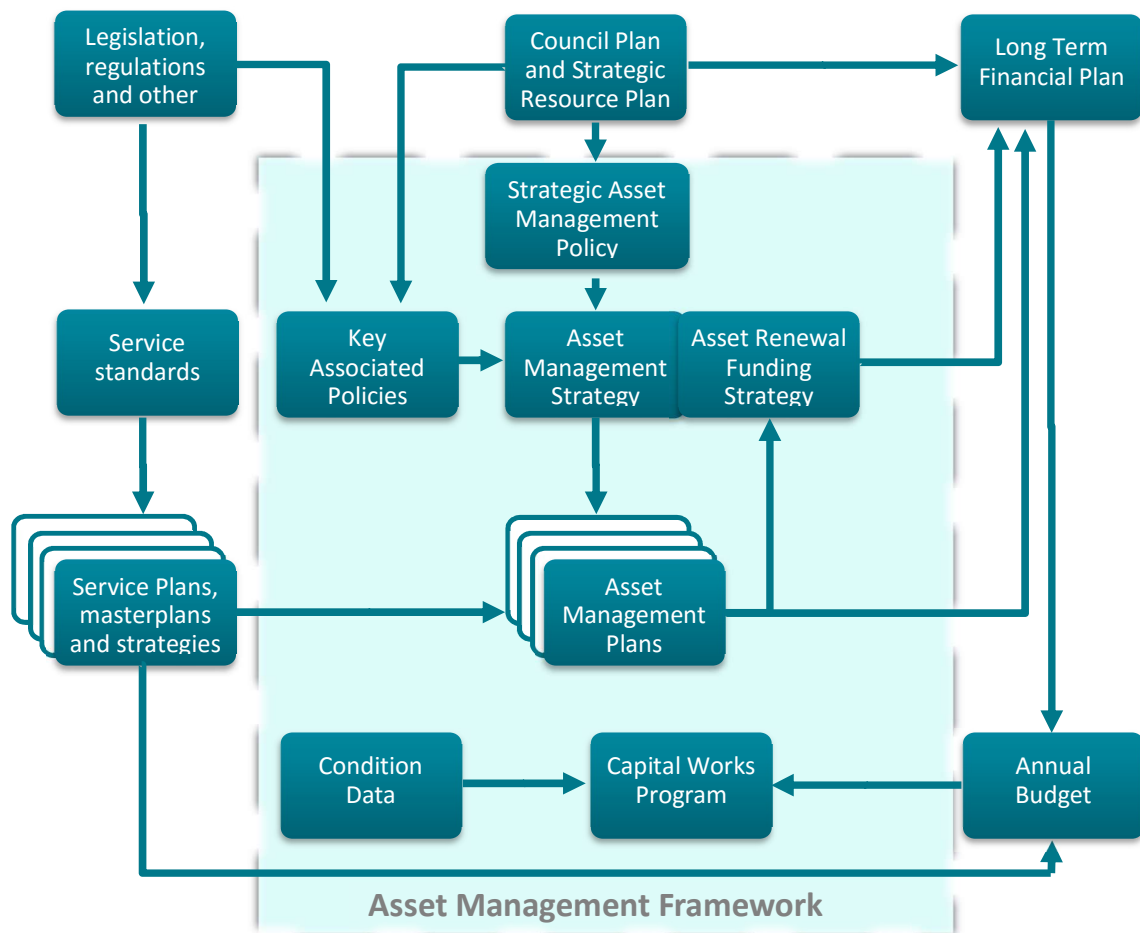


Figure 1 Asset Management Framework

## 2 BACKGROUND

In 2015 Council engaged Assetic Australia Pty Ltd to undertake asset renewal modelling of Council’s asset base. The modelling was based on asset condition data held at that time and provided Council with a forecast of funding required to meet asset renewal demand for the following 20 years.

This forecast renewal demand informed Council’s asset renewal funding allocation for the 2016-17 to 2018-19 annual budgets (Figure 2). The modelling undertaken included asset data at the point in time taking into account replacement cost, condition and useful lives. A list of the asset categories included in the 2015 modelling can be found in Appendix A. The Assetic modelling did not include the asset classes of Information Technology (IT) or Heavy Plant and Light Fleet, however Council already had long term replacement programs for these asset classes which were included in the development of the initial calculations for the asset renewal allocation.

The asset renewal allocation also factored in expected growth of Council’s asset base through development (particularly within Torquay) and expected asset creation identified through the Torquay Jan Juc Development Contribution Plan. Finally the allocation was ‘smoothed’ across the 20 years to avoid spikes in the Long Term Financial Plan. This was important as Council faced the introduction of the Victorian Government’s Fair Go Rates system.

The average annual asset renewal funding requirement was calculated to be \$7M over the 20 year period. The total funding requirement was then smoothed over the 20 years, starting with the 2015-16 asset renewal allocation as the base and increasing each year to achieve the total funding required. An increase was also included to reflect the forecast Construction Price Index. The resultant annual increase was 7% per annum.

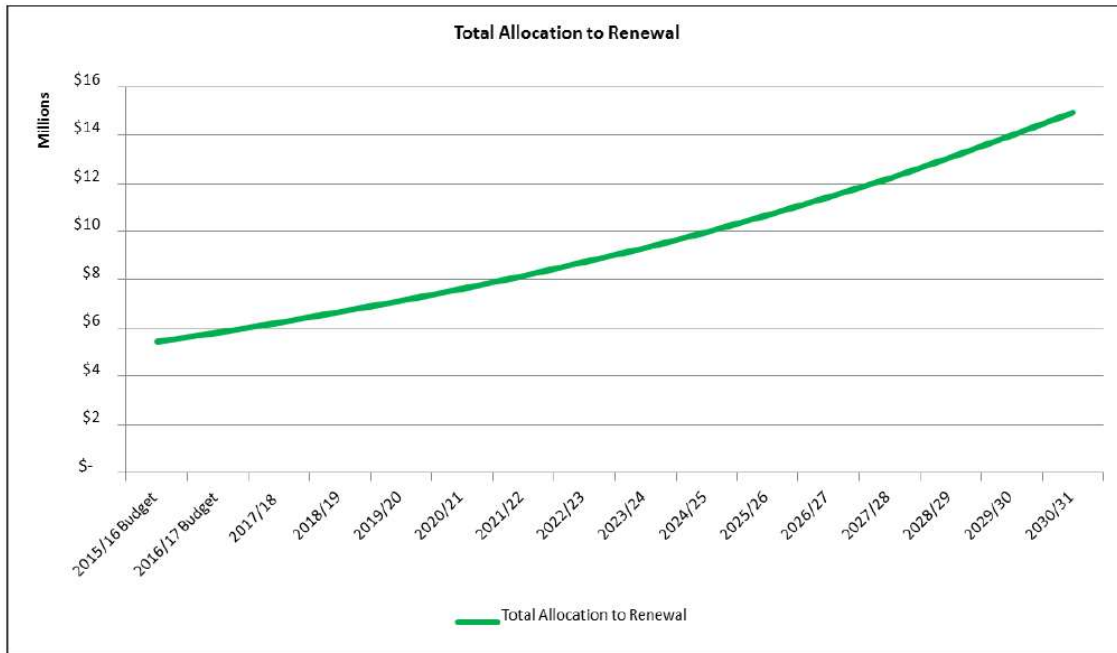


Figure 2 2015 Renewal Allocation Model

### 3 PURPOSE

The purpose of the Asset Renewal Funding Strategy is to formalise the financial principles and approach relating:

1. The asset renewal funding allocation (as incorporated into the LTFP); and
2. The management and application of the asset renewal funds.

### 4 COUNCIL'S ASSET BASE

Council has assets with a Replacement Value of \$874M as at 30 June 2018 over a number of asset categories as shown

Table 1 Asset Replacement Value and Quantities

Category	Replacement Cost (\$,000)	Indicative Quantity
Land	\$203,082	1064.6 Ha
Buildings	\$99,906	312 structures
Plant & Equipment	\$12,804	Fleet – 47 Small Plant – 138 Heavy Plant – 56
Roads	\$395,268	6,391,168m <sup>2</sup>
Bridges	\$5,024	18 structures
Footpaths and Cycleways	\$30,016	229,148 m <sup>2</sup>
Drainage	\$75,174	317 km Pipes & 11089 Pits
Water & Sewer	\$573	5 Systems
Recreational, Leisure & Community	\$24,717	5144 Items
Parks Open Space & Streetscapes	\$15,554	
Off-street Car Parks	\$11,888	Included in roads
<b>TOTAL</b>	<b>\$874,006</b>	

Council has a range of other assets not listed in Table 1 that, while important for ongoing service delivery and Council's operations, are not formally quantified and/or do not have formal valuations established, including:

- IT software
- Gravel shoulders
- Native vegetation credits
- Artwork

Work is underway to quantify these asset categories, their replacement values and estimated remaining lives. For the purpose of this ARFS, replacement cost estimates and useful lives have been based on historical purchase and implementation costs, other similar asset classes, or other industry practice.

## 5 ESTIMATING RENEWAL DEMAND

Planning of Council's asset renewal program is informed by three considerations:

1. What renewal projects are expected?
2. When are the projects expected to occur?
3. What are the projects expected to cost?

The following sections expand upon these three considerations.

### 5.1 ASSET CONDITION

Council regularly reviews the conditions of its assets to understand asset performance and their ability to support ongoing service delivery. Asset attributes and condition data is stored within Council's Asset Register. Complex assets, such as roads, are scored on a 1 to 10 scale while most other assets are generally scored on a 1 to 5 scale as follows:

Table 2 Asset Condition Ratings

Condition 1 - 10	Condition 1 - 5	Description
1	1	New/Very Good
2		
3		
4	2	Good
5		
6	3	Fair
7		
8	4	Poor
9		
10	5	Very Poor

### 5.2 SCHEDULING OF RENEWAL WORKS

Scheduling of renewal projects is based on modelling of Council's assets based on condition data and a degradation curve, showing how an asset's condition changes over time, combined with a policy decision about at what condition in an asset life Council will intervene. The intervention levels for Council's asset classes are documented in Council's Asset Management Strategy.

### 5.3 REPLACEMENT VALUE METHODOLOGIES

Financial reporting obligations require valuations of non-current assets in accordance with relevant Australian Accounting Standards and other State Government requirements, however asset management requires valuations of assets for other purposes including renewal planning.

For asset management, renewal planning requires a reasonable estimate of actual costs to replace an asset at the point Council chooses to intervene. There are generally three approaches to estimating replacement value of infrastructure and physical assets:

1. For some assets, and in particular short-life assets, the estimated cost to replace an asset may be reasonably based on the recent acquisition cost of the asset, ie. market value.

2. For infrastructure assets and assets where there is no market-based evidence of fair value, the estimated replacement cost is based on current construction unit rates. Local government refers to these current replacement cost unit rates as ‘Greenfield’ unit rates. Greenfield unit rates are based only on the costs that would be included on initial acquisition / construction of the asset at an undeveloped site.
3. The cost to actually rebuild or replace an asset may need to include the cost for demolition of the old asset and traffic management costs as they form part of the real cost to Council to renew its assets and these costs are referred to as ‘Brownfield’ unit rates.

A summary of the cost inclusions for greenfield and brownfield rates is included as Appendix B.

The valuation methodologies used by Council for revaluation of its assets, thus informing the replacement cost estimates and the renewal demand program, are as follows:

- a) Fleet and plant replacement are based on market values
- b) I.T. Software and gravel roads are based on greenfield rates
- c) The majority of other assets are based on brownfield rates

### 5.4 FORECAST RENEWAL DEMAND

Council has implemented the Authority module that enables strategic asset management functionality including modelling of forecast renewal demand. The model will be updated in 2019, inclusive of the most current asset condition data, to inform the LTFP in advance of development of the 2020-21 budget.

Regular review of the forecast renewal demand over the 20 year period will not require a change the methodology used for modelling the renewal allocation, however it will incorporate improved understanding of Council’s asset base.

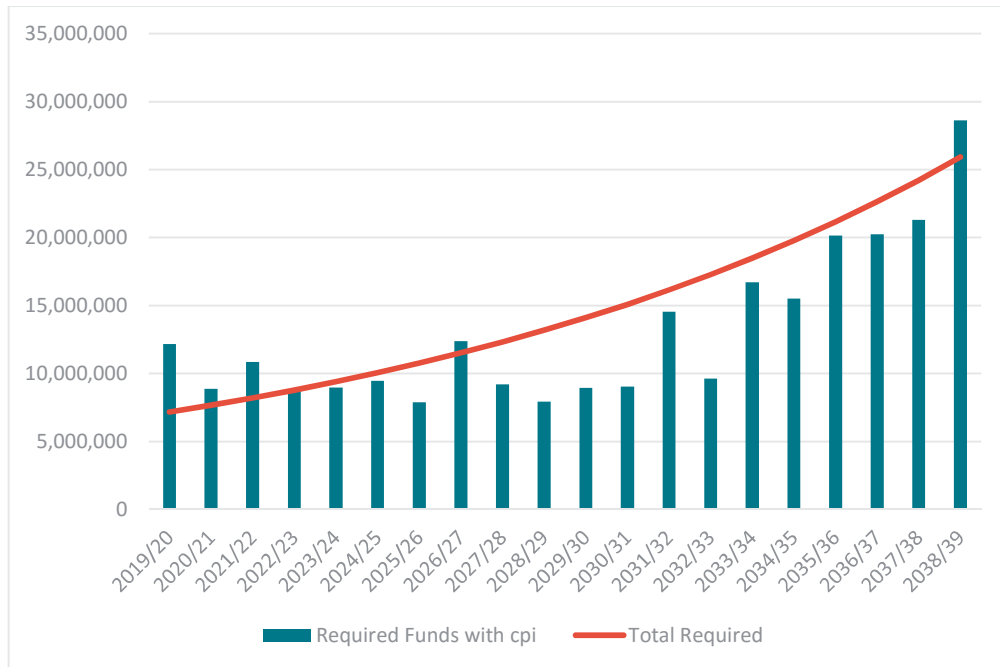


Figure 3 Revised 2019 Renewal Allocation Model



## 5.5 RENEWAL BACKLOG

At times, Council has assets that have a condition that would require intervention under Council's policies, but have not yet been funded as an asset renewal project. This may be due to:

- a) Insufficient funding is available to support a budget allocation at the time; or
- b) Council may be making a strategic decision not to intervene because the future of the asset or service may need review

When identifying which projects will be prioritised for delivery and which will not be included within the upcoming budget (thus placed on the Asset Renewal Backlog) the following will be considered:

- Risk assessment of the asset – consideration of the impact of the asset if not renewed, eg whether it is in a high profile location and more likely to cause a risk to the public or in a low usage area.
- Leverage/integration into other project – an asset may be prioritised over another if there are opportunities to leverage funding from another authority, club or individual to assist in funding the works.

Assets at intervention that have not been allocated a project budget for renewal are referred to on Council's Asset Renewal Backlog. As at 30 June 2018, Council has an identified asset renewal backlog of \$1,248,800.

Assets on the Asset Renewal Backlog are included in the year 1 'demand' of Figure 3 and contribute to the demand spike in the first year. This way the Asset Renewal Backlog is incorporated into the allocation calculation.

## 5.6 OTHER MATTERS RELATING TO RENEWAL

There are a number of items which are not accounted for or included in the funding model. These include:

- Embedded/required upgrades  
When an asset is due for renewal it may not be possible to undertake a direct like-for-like renewal due to such reasons as improved safety features in vehicles becoming standard or changes in legislation requiring for a higher standard of construction for an asset, eg. DDA compliance. Whilst an allowance for embedded upgrade may be incorporated into the estimated replacement cost no specific allocation is made for upgrade.
- Additional asset classes  
As Council's asset management practices become more advanced, it may be identified that some assets classes may not have previously been recognised by Council and hence not included within Council's Asset Register and consequently the renewal allocation modelling, but Council may need to include them, or choose to include them, in the future (eg trees)
- Assets owned/controlled by others  
Renewal of assets not owned by Council, but which Council intends to fund renewal may need to be considered and specifically incorporated (eg new stadium).
- Achieving compliance  
Some assets may not have been constructed to an acceptable standard originally however at the point of renewal these matters should generally be brought into compliance where like-for-like replacement is not suitable
- Offset by grants  
On occasion renewal funding may be offset by grant funding. This is not able to be accounted for in the modelling as it is an unknown and subject to many variables

## 6 DECISION MAKING PRINCIPLES

This ARFS has been developed on the basis of a number of important decision-making principles, as outlined below.

1. Asset Renewal is a priority  
As a responsible service manager and asset manager, Council should maintain its current asset base before expanding its asset base to a level where it can no longer manage its existing assets. Including asset renewal as a non-discretionary allocation in its LTFP will enable Council to meet this principle.
2. Core business should not be debt-funded  
Renewal of assets that continue to be needed for ongoing service delivery is a core function of Council and therefore should be funded without reliance on borrowings. Further considerations include:
  - Local Government has limited borrowing capacity that would soon be exhausted if used to fund renewal. Accordingly, borrowings do not provide a sustainable solution to the renewal requirement.
  - Utilising debt to address renewal may be thought of by the community as short term or opportunistic rather than implementing a long term, sustainable plan
  - Borrowing capacity is a contingency for unexpected shocks or strategic opportunities
3. Intergenerational equity  
Asset often have relatively long lives and therefore provide benefits to multiple generations in the community. Council can recognise this by taking a strategic approach to calculating the funding allocation over a long period, such as 20 years.
4. Smoothing renewal demand  
Investing in asset renewal and maintaining the overall condition of Council's assets assists in long term planning and can avoiding situations where multiple high cost assets may suddenly fail simultaneously requiring large injections of unplanned funds to undertake urgent repairs. As much as possible, Council should use predictive modelling and strategic analysis to make decisions that avoid such spikes in demand.
5. Smoothing funding allocation  
A smooth funding allocation that avoids peaks and troughs is desirable in a rate-capped environment because asset renewal can be planned and funded without major impact on other service/asset priorities and programs.
6. Planning for growth  
With the Shire's ongoing growth Council's asset base is continuing to grow through both
  - a. the delivery of assets by developers of new subdivisions; as well as
  - b. Council's development of new assets to cater for this growth.
 These additional assets result in increased renewal demand in the future which Council needs to plan for. Council can achieve this through regular inclusion of the additional assets in the asset register as well as incorporation of the 20<sup>th</sup> year into the model.
7. Optimising timing for renewal  
Council should generally plan to undertake an asset renewal project when the asset condition has reached the desired intervention level. This derives maximum benefit from the asset before significant capital investment is required. Analysis of degradations curves, maintenance costs and budget optimisation will assist in prioritising the timing or asset renewal.
8. Renewal funding should achieve a "like-for-like" replacement  
The objective of renewing an asset is to bring it back to a condition 'as new'. The replacement

cost and renewal program are premised on the asset renewal resulting in a like-for-like replacement, albeit there are almost always some minor variations to the original asset. Some level of upgrade or improvement may be embedded or not discretionary. In these cases, the valuation or estimate of replacement cost should try to anticipate these issues and allow for this.

However, it is common for there to also be an expectation of some level of minor improvement associated with the asset renewal project, particularly in the case of community facilities or assets. It is reasonable to have some flexibility to address minor improvements without comprising the overall renewal funding. Council can achieve this by allowing minor upgrades to be delivered, for example where the project budget has capacity and the cost of the upgrade is 10% of the project budget (excluding contingency) or \$100k, whichever is the lesser.

9. Only renew assets that have ongoing need

Before renewing Council assets it should be considered whether or not the asset to be renewed is still required by Council. There may be options to decommission or dispose of the asset, thus contributing to a more financially sustainable asset base.

10. Renewing in advance of planned intervention

Council often has the opportunity to submit applications for grants which may incorporate a renewal component for an asset as well as an upgrade/extension component. In order to receive the grant, Council may be required to contribute funding to the project and there may be an internal request to use renewal funds as Council's Contribution. If the asset is not currently at intervention and identified for renewal a contribution from the Renewal Allocation should only be considered if:

- Based on the asset condition and useful life it can be reasonably expected that the asset will require renewal within the next 3-5 years
- Allocation of renewal funds will not result in the delay of the renewal of an asset currently at intervention

## 7 FUNDING OPTIONS FOR BASE ALLOCATION

There are a number of options that Council may consider when determining its strategic approach to base funding of its asset renewal program:

1. Depreciation (as a proxy of asset consumption/degradation)
2. Annual Program Demand (allocation to match demand in each year)
3. Smoothed Allocation (form of demand averaging to avoid funding spikes)

Depreciation – Being the “systematic allocation of the depreciable value of an asset over its useful life”.

**Pro’s** This approach addresses the long term renewal demand of a large asset base. Where the allocation matches the depreciation of assets from the time of the acquisition/construction, this approach spreads the renewal funding across the various generations of users over the asset life. Depreciation is also readily available information as it is already collected for other purposes.

**Con’s** Depreciation does not take into account the actual condition of the asset base. Surf Coast Shire Council has a significant proportion of new assets in relatively good condition, acquired through both new subdivisional developments as well as through high value new projects delivered through Council’s Torquay Jan Juc Development Contribution Plan. This option would result in significant funds being held in a cash reserve until needed, and may severely impact Council’s ability to meet the expectations of the community today.

Depreciation also has a shortcoming because it focusses on ‘consumption’ of the existing asset rather than the estimated replacement cost, and could thus lead to an under-estimation and under-funding of renewal demand. A further shortcoming would be that depreciation would not capture assets that Council might not own or control but still wish to include in its renewal obligations (eg. Surf Coast Multi Use Stadium) and properties that are under a commercial lease.

Annual Program Demand – This involves matching the funding each financial year to the asset renewal program in that year (ie. based on actual condition of the individual assets).

**Pro’s** This would ensure Council funds renewal of assets when required and that no assets would fall below intervention. It also matches cashflow to need and avoids excess cash reserve balances.

**Con’s** This would result in an annual renewal budget allocation which is inconsistent between years and would likely result in extreme peaks and troughs in renewal allocations. In a rate-capped environment, these fluctuations are not able to be addressed through changes in revenue and so the changing renewal demand would potentially mean that the available funds for other programs would vary significantly each year in response to Council’s Renewal Allocation.

An Annual Program Demand approach can also result in an under-investment in the longer term given the large volume of ‘long life’ assets and thus result in significant financial challenges for future generations.

Smoothed Allocation – This option is similar to the Annual Program Demand, however the funding allocation would be smoothed out over a nominated period (ie 20 years) to provide a smooth, gradually increasing, renewal allocation each year.

**Pro’s** Smooth funding allocations without peaks and troughs are generally attractive for the community and more readily incorporated into the Long Term Financial Plan (LTFP) with less impact on other LTFP allocations. The smoothing of the funding allocation allows Council to more effectively manage its overall budget. This

approach can also provide cashflow management benefits to Council. Some years will have more funds allocated than required with excess funds being held in the Asset Renewal Reserve, while other years may require to draw additional funds from the Asset Renewal Cash Reserve when there are insufficient funds in the annual allocation to deliver all required works.

Con's If additional funds are required to renew all assets back to "as new" or below intervention and no additional funds are available then some works may be required to be delayed until the following year. An Annual Program Demand approach can also result in an under-investment in the longer term given the large volume of 'long life' assets that may fall outside the nominated 20 year modelling period and thus result in significant financial challenges for future generations.

## 8 RECOMMENDATIONS

### 8.1 ANNUAL FUNDING ALLOCATION

A range of asset management considerations and key decision making principles are outlined within the Asset Renewal Funding Strategy. This section outlines some key recommendations that, if adopted, will set the underlying asset renewal funding approach for Council.

#### **For physical assets and IT software**

It is recommended that Council incorporate an Asset Renewal Funding Allocation within its LTFP that is based on a “Smoothed Allocation” approach. This methodology allows Council to ensure that:

- the LTFP is well-informed
- Council’s prioritises asset renewal ahead of discretionary items
- Council should have capacity in future years
- Provides confidence in works scheduling
- Considers actual condition and useful life of its assets.

By adopting this approach Council will have a smooth annual budget allocation with a consistent increase per annum. This approach should be complemented by a cash reserve to assist with cashflow and program demand management.

#### **For fleet and plant replacement**

For fleet and plant replacement it is recommended that the allocation calculation methodology comprises two elements:

1. An amount equal to depreciation
2. An amount that allows for income from asset sales.

This approach is recommended for the following reasons:

- Light Fleet and Small Plant: as these are very short life assets which Council replaces based on age and not a measured asset condition, Council should use depreciation as the methodology for funding replacement.
- Heavy Plant: Similar to Light Fleet and Small Plant Heavy Fleet, replacement is based on age and not a measured asset condition. However as Heavy Fleet is general kept for a longer period of time before replacement, as well as regularly advancement in plant technology and improvements, the replacement costs can increase significantly from the initial purchase price so depreciation based on initial purchase price can underestimate the required replacement budget need. Therefore Council should revalue these assets annually to determine expected replacement cost and use to calculate an ‘adjusted depreciation’ for allocating renewal funds for Heavy Plant.
- Timing of replacement: These assets are replaced prior to the end of their useful life and therefore generally have residual value obtained through trade-in or sale. Because not all the depreciation of the asset has been allocated at the time of replacement, there could be a shortfall in required funding. This is effectively offset through the income from the sale of the asset.

### 8.2 ADJUSTMENTS TO ANNUAL FUNDING ALLOCATION

It is also recommended that Council review its overall allocation (adjusting and resmoothing the allocation graph) on an annual basis. The initial allocation was based on the work done with Assetic for

the 2015-16 Budget. The 2015 assumptions and asset categories were reviewed in preparation of the 2019-20 annual budget and LTFP. This review should be undertaken annually, incorporating:

- Current condition data,
- Any new, found or gifted assets or additional asset classes
- Incorporate the new 20<sup>th</sup> year

This will ensure that the LTFP and renewal funding allocation remains up-to-date.

### 8.3 UNEXPENDED ASSET RENEWAL FUNDS

When any asset renewal project is completed with unexpended budget these funds will be returned to Council's Renewal Reserve for future allocation. This approach is recommended because it enables Council to fund unexpected renewal projects with minimal impact on other funding or other projects.

### 8.4 CASH RESERVES

Council has two separate Cash Reserves through which the Renewal Allocation is managed. These are the Plant Reserve (for Heavy Plant, Small Plant and Light Fleet) and the Asset Renewal Reserve (for all other Asset Classes). As Heavy Plant and Light Fleet are replaced prior to the end of their useful life not all the depreciation of the asset is consumed (ie budgetted for). This is offset by income from the sale of the asset. This income figure is therefore included in the model and added to the Renewal Allocation for Heavy Plant and Light Fleet.

There will be years where the required renewal expenditure may be higher or lower than the renewal allocation. In years where the required spend is less than the allocation unallocated funds will be returned to the Asset Renewal Reserve. If the required spend is greater than the renewal allocation, funds may be draw from the Asset Renewal Reserve or alternatively projects may be delayed.

### 8.5 KEY DECISION MAKING PRINCIPLES

Section 6 of this Asset Renewal Funding Strategy includes 10 key decision making principles, the first six of these are addressed in the above recommendations. It is further recommended that Council adopt into practice key principles 7 to 10 as follows:

Principle	Putting it into practice
Optimising timing for renewal	Council should generally plan to undertake an asset renewal project when the asset condition has reached the desired intervention level.
Renewal funding is aimed at like-for-like replacement	Embedding the principle of only allowing minor upgrades of 10% of the project budget (excluding contingency) or \$100k, whichever is the lesser, in renewal projects.
Only renew assets that have ongoing need	Before renewing Council assets it should be considered whether or not the asset to be renewed is still required by Council. The Service Manager shall provide this assessment and advise the Asset Management team
Renewing in advance of planned intervention.	Allocation of renewal funds in advance of planned intervention to assist in Council obtaining grant funding should only be considered if: <ul style="list-style-type: none"> <li>• Based on the asset condition and useful life it can be reasonably expected that the asset will require renewal within the next 3-5 years</li> <li>• Allocation of renewal funds will not result in the delay of the renewal of an asset currently at intervention.</li> </ul>

## 8.6 ASSET CONDITION BUDGETS

To ensure Council has accurate data for which to make assessments on renewal funding needs and annual priorities as well as part of the revaluation process Council undertakes Asset Condition Audits on all assets on a 3 yearly rolling cycle. Therefore, as part of the Renewal Funding Allocation an allowance of \$120,000 per annum (based on 2018-19 budget and to be increased through the annual increment) is required to undertake these condition audits.



9 APPENDIX A – ASSET CATEGORIES

Asset Category	Sub Category	Asset Description	In initial Asset Model	Updated Allocation	2019/20 Update	Future Update	Not to be included	Comments	
Roads	Unsealed Roads	Gravel / Unsealed Roads	X						
		Gravel Road Formation					X	Not required	
	Sealed Roads	Sealed Road Surface	X						
		Sealed Road Pavement	X						
		Gravel Shoulders on sealed roads			X				
		Sealed Road formation					X	Not required	
	Traffic Control Devices	Guardrail				X			
		Antislip Surfaces				X			
		Speed Humps				X			
	Kerb	Kerb	X						
		Concrete Spoon Drains	X						
Buildings	Buildings	Simple Buildings (Coaches / Umpires / Players Shelters / Bus Shelters)	X						
		Complex Buildings	X						
		Septic Systems				X			
		Water Tanks / Systems related to buildings				X			
		Council Standpipes				X			
	Furniture	Furniture	X					Included in Fitout Cost	
Open Space	Soft Playing Surfaces *(Sports Fields)	Oval / Soccer Pitch				X			
		Cricket Pitch (including in Cricket Nets)	X						
		Goal Posts	X						
		Playing Surface Irrigation	X						
		Water Tank for Irrigation				X			
		Sports field drainage				X			
		Artificial Pitch Covers	X						
		Artificial Turf at Coaches boxes / runoff areas				X			
	Hard Court Renewal * (Tennis/	Court	X						
		Nets	X						
Goals		X							

## Asset Renewal Funding Strategy

Asset Category	Sub Category	Asset Description	In initial Asset Model	Updated Allocation	2019/20 Update	Future Update	Not to be included	Comments
	Netball/ Basketball)	Umpires Chairs	X					
		Hitup Walls	X					
	Facility Fencing	Fencing	X					
		Bollards	X					
		H Barriers	X					
		Handrails	X					
		Screens	X					
		Cricket Nets	X					
		Gates	X					
	Reserve Lighting	Sports Lighting	X					
		Reserve Pathway Lighting	X					
		Spotlights	X					
	Structures	Stairways	X					
		Retaining Walls (both in Reserves and Roadways)	X					
		Pedestrian Bridges (both in Reserves and Roadways)	X					
		Boardwalks	X					
		Jetty's / Fishing Platforms	X					
	Park Furniture	Seats / Benches / Tables	X					
		Taps	X					
		Drinking Fountains	X					
		BBQ's	X					
		Flagpoles	X					
		Garden Edging	X					
		Non Playing Surface Irrigation	X					
		Artwork					X	
		Signs					X	
	Nature Reserve & Community Gardens	"Soft" Renewal within Nature Reserves and Community Garden					X	
	Playgrounds	Playground Equipment	X					
		Playground Edging	X					
		Softfall	X					
	Skate Parks	Skate Bowls	X					
		Skate Elements	X					
	Bike Parks	Bike Tracks	X					

## Asset Renewal Funding Strategy

Asset Category	Sub Category	Asset Description	In initial Asset Model	Updated Allocation	2019/20 Update	Future Update	Not to be included	Comments
	Vegetation	Trees					X	Inclusion to be reviewed at a later time
		Soft Landscaping					X	Inclusion to be reviewed at a later time
Pathways	Footpaths	Reserve Footpaths	X					
		Roadside Footpaths	X					
		Off-road cycleways	X					
Drainage	Drainage	Pits	X					
		Pipes	X					
		Gross Pollutant Traps	X					
		Wetlands				X		
		Swale Drains				X		
Bridges	Bridge	Road Bridges (both in Reserves and Roadways)	X					
Fleet	Fleet	Light Fleet	X					
		Heavy Plant	X		X			To be adjusted up for 2019/20 Budget
		Small Plant		X				Added to 2018/19 Budget
IT	IT Assets	Computers, Servers etc	X	X				Adjusted down for 2018/19 Budget
		Software				X		
Land	Land	Land					X	

## 10 APPENDIX B – ASSET REPLACEMENT VALUATIONS

For Asset Management, renewal planning requires a reasonable estimate of actual costs to replace an asset at the end of its useful life. The table below shows what defined costs are included within both greenfield and brownfield unit rates.

Table 3 Greenfield and brownfield inclusions

	Greenfield	Brownfield
Project scoping and investigation, valuation reports, planning approvals	X	X
Demolition Costs		X
Disposal Costs		X
Site Restoration		X
Built up location costs (e.g. Traffic Management)		X
Survey and design	X	X
Professional fees	X	X
Site preparation	X	X
Formation and Earthworks	X	X
Construction (excluding Formation and Earthworks)	X	X
Contract payments	X	X
Council direct costs, wages, salaries, plant hire, materials, on-costs	X	X
Overheads	X	X
Supervision	X	X
Transport, installation, assembly and testing	X	X
Project Management	X	X

The following table outlines to which asset classes Council assigns greenfield and brownfield replacement unit costs

Table 4 Asset Categories replacement rates

Category	Greenfield	Brownfield
Land	N/A	
Buildings		X
Plant & Equipment		
Roads – Gravel Roads	X	
Roads - Other		X
Bridges		X
Footpaths and Cycleways		X
Drainage		X
Water & Sewer		X
Recreational, Leisure & Community		X
Parks Open Space & Streetscapes		X
Off-street Car Parks - Gravel	X	
Off-street Car Parks - Other		X
I.T.	X	