



ASSET PLAN 2022-2032



BULOKE
SHIRE COUNCIL

The Buloke Shire is located in the north-west of Victoria between 210 and 360 kilometres from Melbourne. It is bounded by both the Mildura and Swan Hill Rural Cities in the north, Gannawarra and Loddon Shires in the east, Northern Grampians Shire in the south and Yarriambiack Shire in the west.

Buloke is a predominantly rural area. The main townships are Birchip, Charlton, Donald, Sea Lake and Wycheproof. The Shire also comprises of the smaller townships of Berrillock, Culgoa, Nandaly, Nullawil and Watchem.

Buloke encompasses a total land area of 8,000 square kilometres and is approximately 140 kilometres long and 60 kilometres wide. Council maintains a road network spanning 5,302 kilometres. There are also 747 kilometres of roads under State Government control within Buloke. The two main arterial roads servicing Buloke are the Calder and the Sunraysia Highways. Both run north and south through the Shire. Land is used largely for agriculture, particularly grain (wheat, oats and barley) production and sheep grazing.

The current population according to 2016 Census results is 6,201. The Buloke Shire experienced steady population decline between the 2011 and 2016 Census of approximately 2.81%. In the 2014 **Loddon Mallee North Regional Growth Plan**, it was projected that the Buloke population would increase to 6,779 in 2021. However, pre-COVID, there was a general belief locally that this projection would unlikely be met as the region continues to face an ageing population and workforce.

While the 2021 Census of population results were not published at the time this Plan was developed, other regional studies discuss the increase in regional migration from metropolitan Melbourne as a result of the COVID-19 pandemic. In the 2022 **Wimmera Development Association Housing Blueprint** which investigates future housing demand across the Wimmera Southern Mallee region, the Wimmera Development Association projects an increase in population of 1.9% across the region over the period 2021-2036. It is expected that the neighbouring LGAs of Horsham Rural City Council and Northern Grampians Shire Council will see significant positive population growth, and Buloke is expected to move towards population stability over the next 15 years which is positive, given population of Buloke has traditionally been expected to continually decline.

ACKNOWLEDGEMENT

Buloke Shire Council acknowledges the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagalk Nations and the Dja Dja Wurrung people as the traditional owners of parts of the land now known as Buloke. We pay our respects to Elders past and present, and value their ongoing contribution to our heritage and our community.

Buloke has a significant number of cultural heritage places including an Aboriginal historical place, burials, artefact scatters, earth features, low density artefact distributions, scarred trees and a stone feature.

CONTENTS

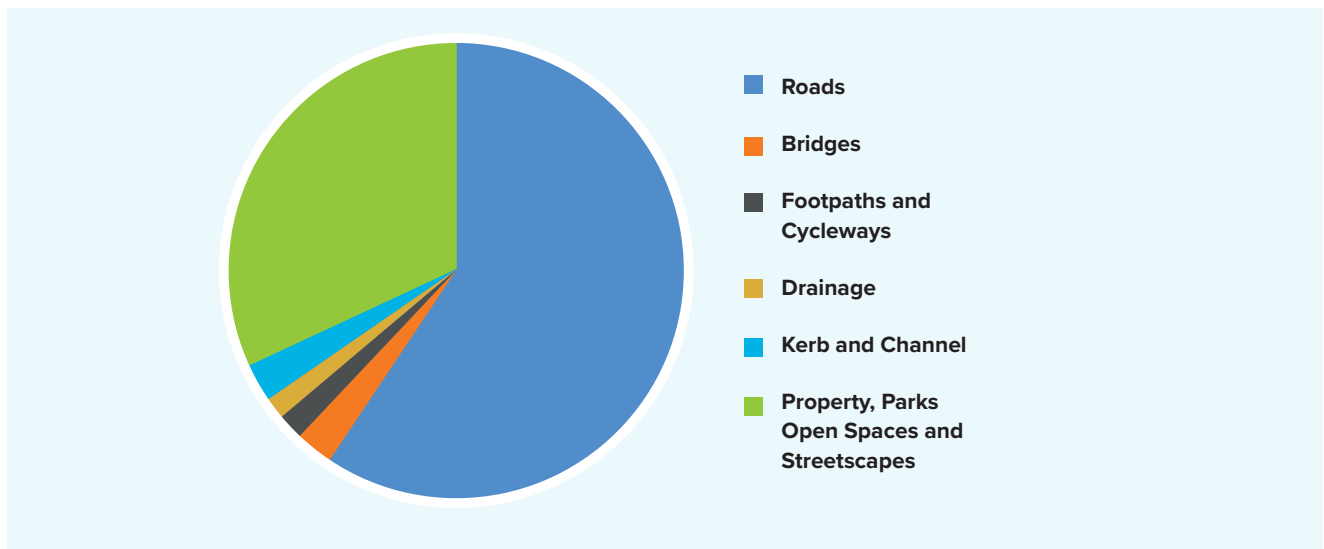
| | | | |
|-------------------------------|---|-----------------------------------|----|
| Acknowledgement | 2 | General | 9 |
| Executive Summary | 4 | Renewal Gap | 10 |
| Introduction | 5 | Community Expectations | 10 |
| Strategic Context | 5 | Our Future | 11 |
| Asset Planning | 6 | Strategic Improvement Initiatives | 11 |
| What is a Council Asset? | 6 | Strategic Capital Investment | 12 |
| Profiles of our Assets | 6 | Advocacy | 13 |
| What is Asset Management? | 7 | Condition Assessment | 13 |
| Assets and Service Delivery | 7 | Engage | 13 |
| How Councils Invest in Assets | 8 | | |
| Our Challenges | 9 | | |



EXECUTIVE SUMMARY

Local government entities are well-known to be asset-intensive organisations, and as such, responsible asset management is essential to balance the community’s service needs and long-term financial sustainability. This is especially important in rural councils such as Buloke, as the operating costs of assets often far outweigh our metropolitan counterparts.

Buloke Shire Council delivers over 100 services to the community and manages over \$273,448 million in physical infrastructure assets. This Asset Plan (Plan) has been developed to inform the Buloke community on how the Council intends to manage and maintain the below Council-owned and controlled infrastructure assets:



The Plan has been prepared and presented to the Buloke community as a ‘balanced’ preliminary plan formulated using assumptions as a starting point for Council decisions including the development of priorities for asset renewal/ replacement, and consideration and review future capital works programs. The use of ‘preliminary’ in this context emphasises the need to review and update the Plan at least once per year so that the underpinning assumptions are updated as Council’s knowledge of the condition and capacity of its assets improves.

This Plan also provides the opportunity for the Buloke community to gain an understanding of asset management in its strategic context. It highlights the perpetual challenges associated with balancing community expectations with the capacity to pay, and outlines how Council intends to develop strategies, services and investment in infrastructure which meets the community’s needs whilst simultaneously remaining affordable.



INTRODUCTION

The *Local Government Act 2020* requires the Council to develop an Asset Plan to clearly and transparently set its direction and priorities which support the efficient and responsible management of its assets on behalf of the community.

The purpose of this Plan is to provide an overview of Council's fixed assets, the strategic challenges it faces in responsible asset management, and the strategies Council is pursuing over the next 10 years.

STRATEGIC CONTEXT

LONG TERM VISION:

Our future Buloke has quality, safe and accessible infrastructure valued by and responsive to the community alongside attractive streetscapes and a protected and celebrated natural environment reflecting Buloke pride.

KEY PRINCIPLES:

- Built assets are critical to Buloke's economic health and community wellbeing
- Assets are fit for purpose based on current and future community need
- Assets support and enhance intergenerational equity by being financially, socially, and environmentally sustainable
- Asset management focusses on its asset renewal needs before it elects to upgrade or construct new assets

GOALS AND INDICATORS:

- Council assets deliver appropriate service levels which balance financial sustainability with community expectations and demand
- Customer satisfaction with assets is maintained or increased where possible
- Effective financial planning ensures capacity for asset renewal and replacement

STRATEGIES AND KEY PRIORITIES:

- Understand the condition, functionality, utilisation, and capacity of assets to ensure targeted asset management planning, including through undertaking audits of asset infrastructure
- Ensure strategic planning and asset planning are aligned to optimise efficient and effective asset management
- Advocate for funding and construction of essential assets by State and Federal governments to support liveability and reduce pressure on Council's community, assets, and financial position
- Anticipate and monitor emerging issues and community needs to ensure asset management decisions achieve best outcomes for the community, including future generations

ASSET PLANNING

WHAT IS A COUNCIL ASSET?

An asset is defined as something of value, and that can meet the commitments or goals and objectives of an organisation (deliver a service). An asset can be tangible (something which you can physically touch, like a building or a road), or it can be intangible (an experience, or professional expertise).

PROFILES OF OUR ASSETS

For the purposes of this Plan, assets are considered as tangible and fixed infrastructure assets which are owned or controlled by the Council. As at 30 June 2021, Buloke's carry value of assets comprised:

| | ROADS | BRIDGES | FOOTPATHS AND CYCLEWAYS | DRAINAGE | KERB AND CHANNEL | PROPERTY, PARKS, OPEN SPACES AND STREETSCAPES |
|--|---------------------|---------------------|-------------------------|---------------------|---------------------|---|
| Value | \$157.86M | \$6.31M | \$5.03M | \$3.71M | \$7.47M | \$84.63M |
| Capital Works Budget FY23 | \$6.02M | \$0.16M | \$0.83M | \$0.38M | - | \$9.186M |
| % Assets in Fair to Good Condition | Assessment Underway | Assessment Underway | Assessment Underway | Assessment Underway | Assessment Underway | Assessment Underway |
| State Average (%) | Assessment Underway | Assessment Underway | Assessment Underway | Assessment Underway | Assessment Underway | Assessment Underway |
| Small Council Average (%) | Assessment Underway | Assessment Underway | Assessment Underway | Assessment Underway | Assessment Underway | Assessment Underway |
| Service Requests (from 1 July 2021) | 558 | Nil | 67 | 27 | 23 | 426 |
| New Works Requests (from 1 July 2021) | 3 | Nil | 2 | Nil | Nil | 3 |

WHAT IS ASSET MANAGEMENT?

Asset management relates to long term planning which outline the asset activities for each asset class. In other words, it provides a framework for the actions and resources required to provide a defined level of service in the most cost-effective way. The objective of asset management is to:

- Ensure alignment with Council's strategic goals and key asset management policies
- Define levels of service and performance standards
- Identify demand forecasts and management techniques
- Provide a definition of the asset portfolio
- Include a broad description of the lifecycle management activities for operating, maintaining, renewing, developing, and disposing of assets
- Outline key asset improvement actions, including resources and timeframes.

ASSETS AND SERVICE DELIVERY

An asset is the infrastructure which enables the delivery of a service to the community.

A service, or the agreed service level (what the Council agrees to deliver to the community), is what drives the need or requirement for an asset.

For example:

A recreation reserve building or stadium is an asset which provides a space for the community to participate in recreational services, community sport and other activities which promote healthy and active lifestyles.

A **bridge** is an asset which provides the community safe access over a waterway or terrain which is difficult to navigate, or access between communities.

Council delivers over 100 services to the community and in doing so, must ensure assets supporting these services are managed in a way that optimises performance for the lowest 'whole of life' cost.



HOW COUNCILS INVEST IN ASSETS

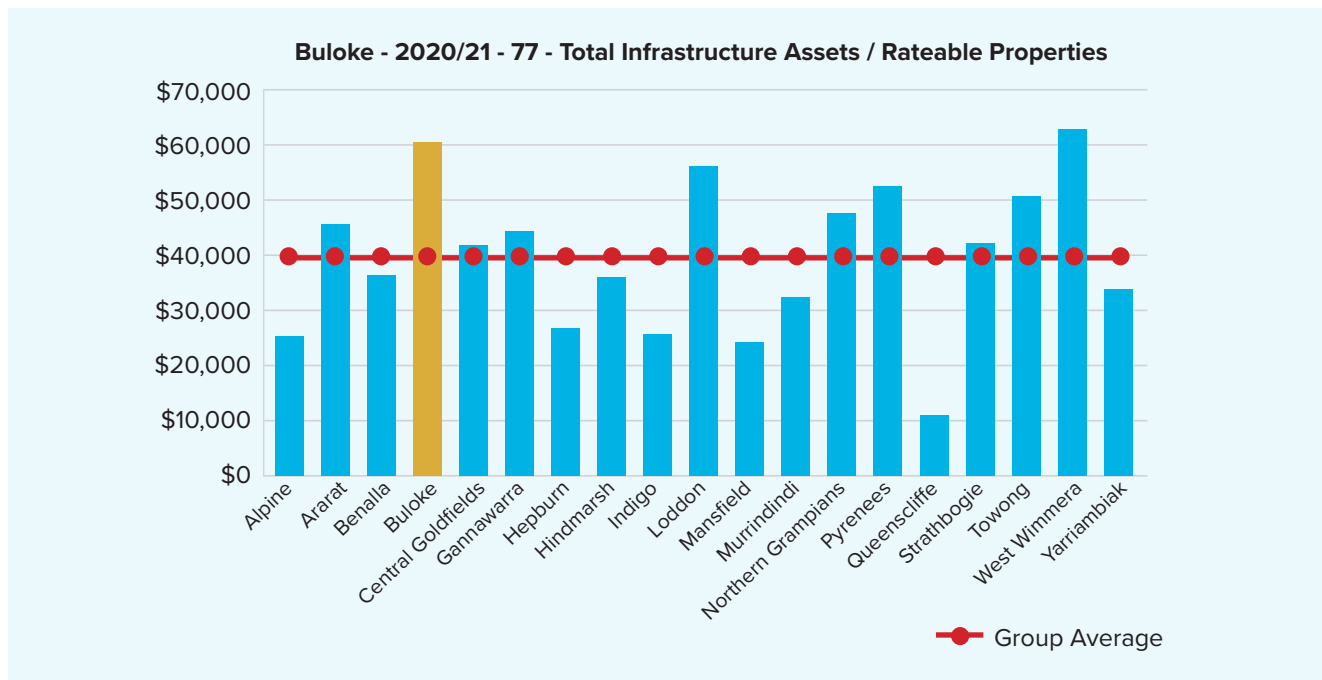
Council uses ratepayer and external funding to invest in asset through the following annual and cyclical expenditure:

| TYPE OF EXPENDITURE | DEFINITION | PURPOSE/EXAMPLE |
|------------------------------------|---|--|
| Maintenance | Expenditure on an asset which maintains the asset in use, but does not increase its service potential or life | Maintaining asset serviceability by repair, e.g., repairing a single pipe in a drainage network or a pothole in a road |
| New asset expenditure | Expenditure which creates a new asset that provides a service which does not currently exist. New asset expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for Council and will result in an additional burden for future operation, maintenance and capital renewal | Provides new assets for services which do not currently exist |
| Asset renewal expenditure | Expenditure on an existing asset or on replacing an existing asset which returns the service capability of the asset to its original capability. It has no impact on revenue but may reduce future operating and maintenance expenditure if completed at the optimum time | Retains an existing service level, e.g., re-sheeting and road reseals, resurfacing an oval |
| Asset expansion expenditure | Expenditure which extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to existing beneficiaries. It is discretionary expenditure which increases future operating and maintenance costs because it increases the Council's asset base but may be associated with additional revenue from the new user group | Increases the quality of service provided to ratepayers or provides new services, e.g., widening the pavement of a sealed area of an existing road |
| Asset upgrade expenditure | Means expenditure which enhances an existing asset to provide a higher level of service or that will increase the life of the asset beyond its original life. Asset upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the Council's asset base | Extends services to newly developing areas of the Council where there are new ratepayers, e.g., extending a road or drainage network, new pre-school |

OUR CHALLENGES

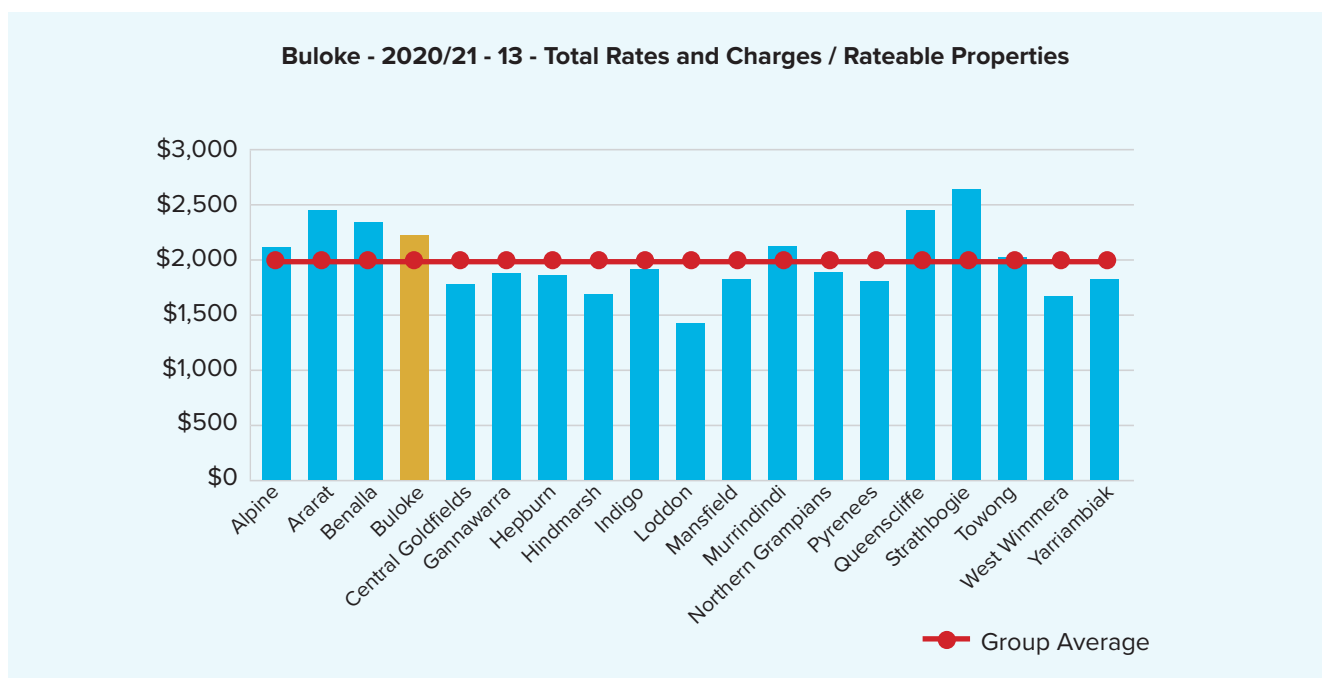
GENERAL

Buloke is managing comparatively high assets when compared with similar small rural Councils. Highlighting Infrastructure (roads, drainage, bridges and footpaths) assets reported as at 30 June 2021 below, Buloke manages \$60,000 worth of assets for every rateable property significantly above the small rural Council group average.



Source: CT Management Council Financial Benchmarks – 2020/21

The cost of maintaining our asset base is not reflected in rates income with Buloke close to average for similar small rural councils, reflecting Buloke's reliance on State and Federal Grant funding to maintain service levels and assets.

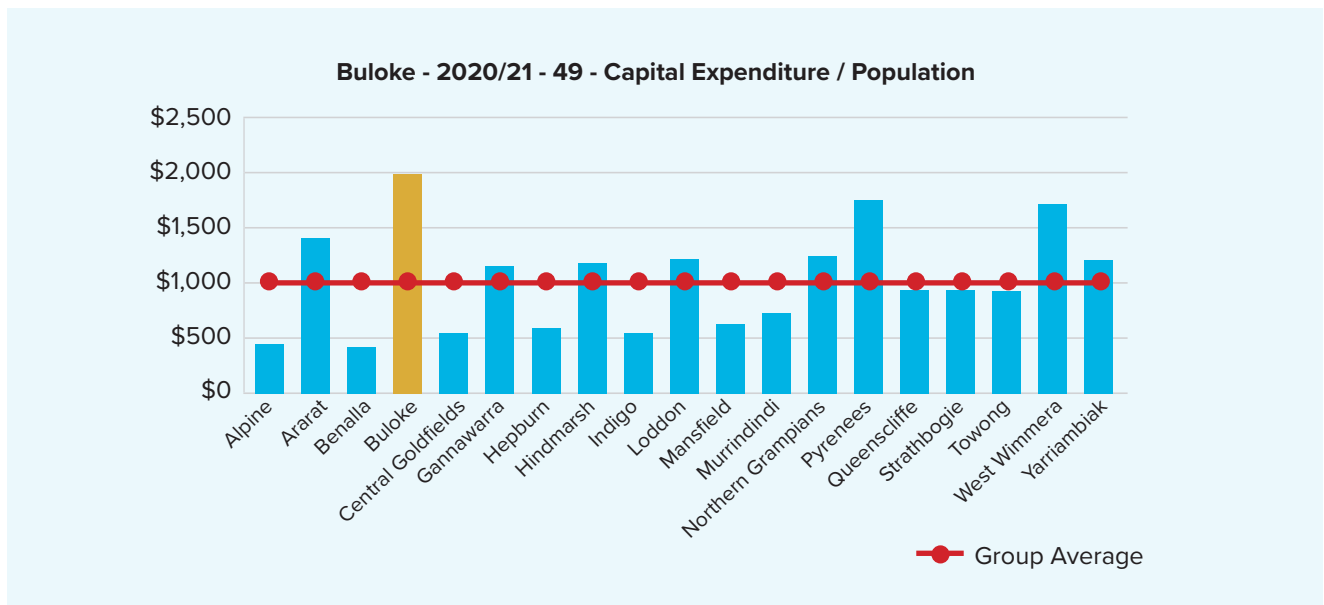


Source: CT Management Council Financial Benchmarks - 2020/21

RENEWAL GAP

All councils face the problem of ageing assets. As the condition of assets deteriorates, the level of service supported by those assets diminishes. Councils must invest in maintaining and replacing those assets if they wish to maintain the same level of service. The asset ‘renewal gap’ refers to the difference between the funding councils need to renew their existing assets and the money they actually allocate to this purpose. What we need and are able or prepared to fund is determined by the Council after weighing up available data and evidence, competing priorities, and differing viewpoints.

Ageing infrastructure has been a long-term challenge in the Buloke Shire. The significant asset burden on a small rate payer base presents an ongoing challenge of sourcing appropriate funds to reduce the asset renewal gap on Buloke’s extensive road network as well as key community infrastructure such as Town Halls, pools and sporting precincts. Upgrading the ageing drainage network across Buloke and ensuring accessibility considerations to cater for Buloke’s population demographic all bring together the challenge of ensuring required investment into the priority areas.



Source: CT Management Council Financial Benchmarks – 2020/21

COMMUNITY EXPECTATIONS

The provision of assets has historically been demand driven with a priority on meeting user expectations. Council operates in a constrained fiscal environment and has a forecasted decline in population within the municipality however has experienced a growth in expectations and costs far outstripping revenue growth. The need to budget for renewal and replacement of ageing assets will ultimately result in a further focus on demand, service levels and expectation management.

OUR FUTURE

STRATEGIC IMPROVEMENT INITIATIVES

The Council's goal in management of its assets is to meet the required level of service as far as reasonably practicable in a manner which is cost effective for current and future users. Key elements of this approach include:

- Taking a whole of life approach
- Developing long term cost-effective management strategies
- Providing a defined level of service and monitoring performance
- Managing risks associated with asset failures
- Sustainable use of physical resources
- Continuous improvement in asset management practices.

For effective asset management, Council has identified the below profiles to establish key objectives for each category for the development of specific Asset Management Implementation Plans. Initial feedback against each of the profiles received during Council's community engagement period is summarised and will be referred to in the development of the Implementation Plans

| | |
|----------------------------------|--|
| Transport | <p>The largest asset class at the Council. A hierarchy made up of the road types defines the Council's road network and guides management decisions.</p> <p>Community Feedback</p> <ul style="list-style-type: none"> • We are an ageing population, and footpaths and crossovers are a real necessity • We need to triple investment allowed for in next year's budget for drainage and investment and planning – better to do this now before another flood • We should allow for an acceptable level of flooding on roads because of once in 100-year floods, etc • We need to look at the most cost-effective material, and the maintenance requirements for different footpath materials • As someone who uses mobility aids, paths that aren't concrete bring up safety concerns |
| Drainage | <p>Drainage is made up of a network of pipes, pits and sumps. The majority of these assets are buried and the service they provide significantly contributes to the health of the community.</p> <p>Council's stormwater drainage network ensures water run-off is captured quickly and diverted into storage areas such as sumps. With an effective drainage system there should be no pooling of water on the roads or flooding under normal weather conditions.</p> <p>Community Feedback</p> <ul style="list-style-type: none"> • Review drainage in consultation with water authorities who are doing innovative work in this area |
| Recreation and open space | <p>Council owns and/or maintains parks, recreational facilities, lakes, streetscapes and swimming pools. Recreation assets also include sports precincts, parks, playground equipment, barbeques, seats and shelters</p> <p>Community Feedback</p> <ul style="list-style-type: none"> • How are community plans reflected in asset planning? • Is there a document which breaks down recreational and community areas so people can consider during community planning? • We really need to increase tourism and have people come up farther than places like Northern Grampians, etc to spend their money |
| Buildings and structures | <p>The building and structures portfolio is a significant touch point for the community as it includes town halls, senior citizens centres and public toilets</p> <p>Community Feedback</p> <ul style="list-style-type: none"> • Specific community consultation will be required where there is a proposal to let the asset decline or demolish the asset |

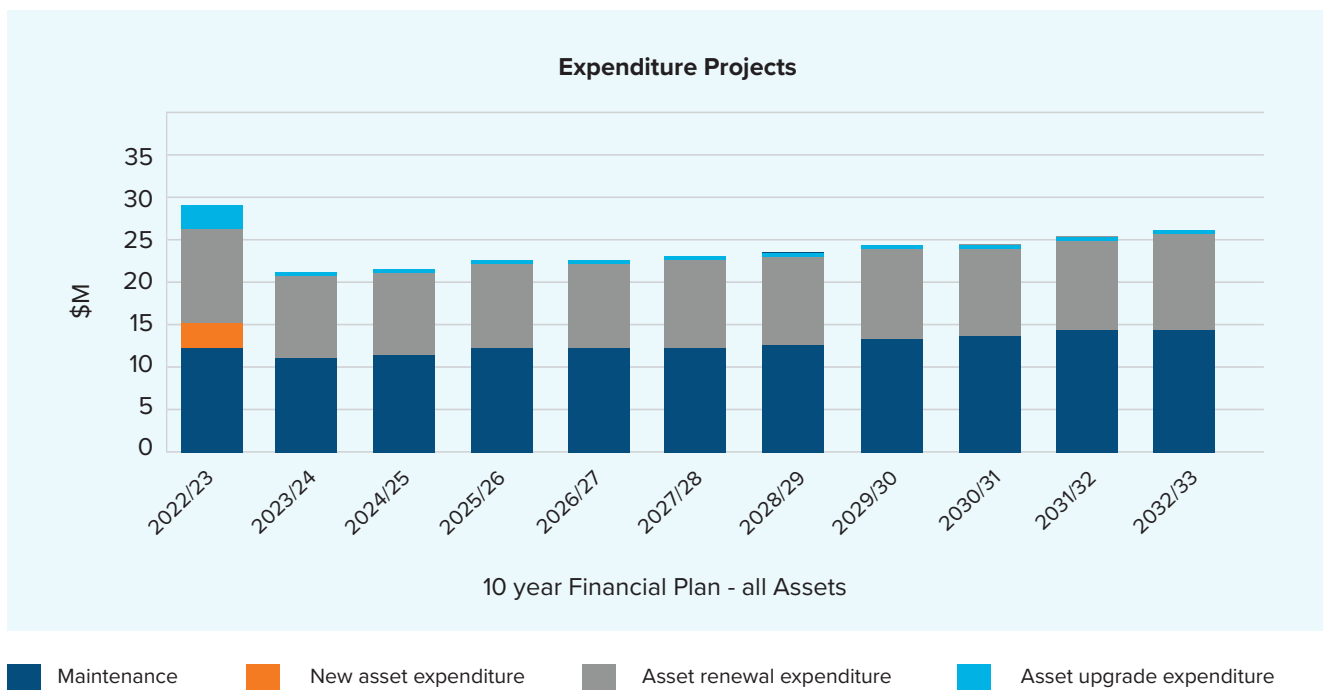
Council’s Asset Management Implementation Plans will consider the following key questions with respect to asset investment:

- How much does it cost ratepayers to retain the current asset portfolio, that is, what is the long-term average cost of renewal plus maintenance?
- What assets support service delivery and therefore should be renewed and retained as opposed to assets which are surplus and should be rationalised?
- How much will need to be spent in the short term (relative to the renewal expenditure in the recent past)?
- How much more management effort (financial and operational) will be required of Council as assets age?
- What assets are at the risk phase or intervention level of their lifecycle and will ultimately result in their being unserviceable and unsafe?
- What outcomes would the community and Council like to achieve with respect to asset upgrades?
- Are the assets providing the level of service expected by the community currently and into the future?
- What assets should the community manage for decline to free up funds to improve levels of service for other assets?

STRATEGIC CAPITAL INVESTMENT

Council continues to work with the community to develop master plans across a range of asset classes, including sport and recreation precincts. These master plans provide the opportunity for the Council to pursue targeted funding opportunities on infrastructure projects to ensure best value for money and alignment with Council’s long term community vision.

The projected capital expenditure in Council’s Financial Plan is based on available asset data. Priority provision is required for critical renewal investment and is funded to the maximum extent possible over the next 10 years. Upgrades and new construction are considered discretionary and are not fully funded. As master planning across all assets is completed, funding requirements will be progressively estimated and a review of funding strategies, including consideration of reserve funding, will be undertaken.



ADVOCACY

The Council will continue to work with other levels of government, agencies and organisations to achieve its goals for the community. Council's Advocacy Strategy sets out the key priorities identified in the Council Plan 2021-25 and Long-Term Community Vision, Council's Capital Works Program, and other relevant policies, plans, and strategies adopted by the Council.

CONDITION ASSESSMENT

Monitoring asset condition and performance relates to the ability of the asset to meet targeted levels of service. Asset condition reflects the physical state of the asset and the functional level of service it can provide.

Monitoring asset condition and performance throughout the asset life cycle is important to identify underperforming assets or those which are about to fail. Council is continuing the implementation of its Asset Management System to readily monitor asset condition and performance and to:

- Identify those assets which are underperforming
- Predict when asset failure to deliver the required level of service is likely to occur
- Ascertain the reasons for performance deficiencies and
- Determine what corrective action is required and when (maintenance, rehabilitation, renewal).

The benefits of knowing the current condition and performance (level of service) an asset provides are:

- Ability to plan for and manage the delivery of the required level of service
- Avoidance of premature asset failure, leaving open the option of cost-effective renewal
- Managing risk associated with asset failures
- Accurate prediction of future expenditure requirements and
- Refinement of maintenance and rehabilitation strategies

Priority is on funding the annual renewal based on predetermined service levels generally described as intervention levels – the maximum level an asset can deteriorate to prior to renewal investment.

The intervention level is theoretically where the assets service life has expired and renewal investment is required to restore service potential, for example a road needs resheeting to be useable.

Council, as asset managers, need to be able to assess the relative merits of rehabilitation / renewal / replacement options and identify the optimum long-term solution through a decision related to levels of service. Council needs to strategically determine an affordable level of service to manage the emerging condition profile.

ENGAGE

Council will continue to engage with the community to ensure its assets are appropriate to the community's needs and reasonable aspirations, and that the performance and services delivered by those assets are acceptable to user.

The Council will also seek to manage expectations by ensuring the community understands the need to prioritise expenditure on assets via a capital evaluation process. Community engagement in relation to all Asset Management Implementation Plans will emphasise the need to achieve the greatest net public benefit by linking future directions on service delivery with asset planning, to ensure the investment remains affordable and financially responsible.



BULOKE
SHIRE COUNCIL