



Richmond
Valley
Council

2025 - 2035

ASSET MANAGEMENT STRATEGY





Richmond Valley Council recognises the people of the Bundjalung Nation as Custodians and Traditional Owners of this land and we value and appreciate their continuing cultural connection to lands, their living culture and their unique role in the life of this region in the past, present and future.



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Publication Date: June 2025

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Executive Summary

Richmond Valley Council is responsible for infrastructure, property, plant and equipment assets with a total replacement value of \$1.4 billion*. These assets assist Council to deliver services to the community and provide personal and economic benefits for the area. Council is required to make decisions on where to allocate money and resources to provide and maintain assets delivering the services required. The demand for services has always been greater than the funds to provide services, and a constant process of evaluation is required to meet core service standards balanced with community needs and expectations.

This strategy is prepared to assist Council in meeting the guiding principles outlined in Section 8 of the *Local Government Act 1993* for planning strategically, using the integrated planning and reporting framework to build strong, healthy and prosperous communities. Council's legislative requirement provides accountability for planning of existing and future infrastructure assets within its Community Strategic Plan, Delivery Programs, and associated Resourcing Strategy in consultation with the community.

The Asset Management Strategy is to enable Council to show:

- The 'whole of organisation' view and current state of assets underpinning Council services

identifying capital investment, asset retention and disposal implications identified from the asset planning process;

- The integration of Council's asset management with Council's vision, strategic objectives and long term strategic plan;
- The delivery of services to meet the diverse needs of the local community incorporating the future planning of long term and identification of cumulative effects of actions on future generations;
- How its assets will meet the service delivery needs of its community and;
- The framework to guide the continuous improvement and maintenance of asset management practices.

The Asset Management Strategy collates information and recommendations relating to individual assets within categories with the aim to improve suitability and sufficiency, fitness for purpose and value for money, as well as achieving the Council's core aims.

The strategy also outlines an asset management improvement plan detailing a program of tasks to be completed, and resources required to bring Council to a minimum 'core' level of asset serviceability conditions with a focus on 'whole of life' asset management foundations.

* Not including non-infrastructure assets such as information, communication and technology assets, and fleet.



Introduction

ABOUT THE RICHMOND VALLEY



The Richmond Valley Council area covers 3,050km² and extends from the coastline at Evans Head to the foothills of the Great Dividing Range to the west interspersed with state forests, national parks and nature reserves, also containing both urban and rural communities.

The largest township is Casino which is centrally located between a series of other regional towns including Lismore, Ballina and Grafton. Richmond Valley includes smaller surrounding communities including (in descending order of population) Evans Head, Coraki, Woodburn, Broadwater, Rappville, Rileys Hill and Whiporie with a total estimated resident population (ERP) in 2024 of 23,892. Richmond Valley is traversed by four major transport arterials comprising: The Pacific Highway, Summerland Way and North Coast Rail Line, providing direct access to South East Queensland; and the Bruxner Highway providing east-west connectivity from the coast to the New England Tablelands. Major airports are located at Ballina, Coolangatta and Brisbane.

Historically, population growth for the area is strongly influenced by residential projects rather than a demand of people moving into the area. Covid-19 pandemic resulted in a higher than predicted growth across regional areas in Australia including Richmond Valley. Casino was identified as a Regional Jobs Growth Precinct in early 2021 enabling a range of improvements to boost investment and employment opportunities. This requires a major overhaul of urban footprint and infrastructure to meet the housing needs of the growing workforce into the future.

The projections model a steady growth increase for the Richmond Valley LGA with an average population growth of 0.21% per annum between 2021 and 2041. This results in an increased demand and management of public infrastructure to support the growing local economy, housing market, natural environment, community-based facilities and associated public infrastructure services.

PURPOSE AND OBJECTIVES

The purpose of the Asset Management Strategy is to define and document the necessary approaches to be undertaken to achieve the implementation of Council's Asset Management Policy.

The Strategy's objective is to establish a framework to guide the planning, construction, maintenance and operation of the infrastructure essential for providing services to the community.



ASSET MANAGEMENT PLANNING PROCESS

Asset management planning is a comprehensive process aimed at ensuring assets are managed and maintained in a way that enables affordable services to be provided in an economically optimal way. Service levels are determined by an assessment of Council's financial sustainability balanced with priorities and community demands.

Asset management planning process commences with defining stakeholder needs and Council's legislative obligations, incorporating into Council's Community Strategic Plan. This is reflected in Council's Asset Management Policy, Asset Management Strategy, Asset Management Plan(s) and Operational Plan and Delivery Program, which are linked to the Long-Term Financial Plan and Resourcing strategy.

The broad aims of the asset management process include:

- provision of value for money in the delivery of services;
- provision of services in line with community desires and expectations;
- accountability for the use of scarce resources; and
- demonstrate responsible and responsive asset management practices.

The asset management planning process and its relationship to Council's organisational process is shown in Figure 2.



Figure 2: Asset Management Planning Process and relationship with Community Strategic Plan

The **Asset Management Policy** delivers the legislative requirements, principles and guidelines and sets the framework of asset management linking the Asset Management Strategy and plans to the Community Strategic Plan, Delivery Program and Resourcing Strategy. The Asset Management Strategy provides a “whole of organisation” view of assets in a strategic document that identifies the capital investment, asset retention and disposal implications identified from the asset planning process as outlined in individual Asset Management Plan(s).

The Asset Management Strategy document is aimed at:

- Maximising the service potential of existing assets by ensuring they are appropriately used and maintained;
- Reducing the demand for new assets through demand management techniques and consideration of alternative service delivery options;
- Achieving greater value for money through a rigorous management and evaluation process which takes into account life-cycle costing, value management techniques and partnerships with the government and private sectors;
- Eliminating unnecessary acquisition and holding of assets by ensuring the community are aware of the full costs of holding and using assets; and
- Focusing attention on results by clearly assigning responsibility, accountability and reporting requirements in relation to asset management.

The **Asset Management Plan(s)** outline actions and resources to provide a defined level of service in the individual asset category which forms the basis of the Asset Management Strategy. The Asset Management Plans ensure Council meets community expectations, strategic and corporate goals, and legislative requirements and are in accordance with recognised best practice.

Asset Management Plan(s) are developed for each category of asset outlined in the asset management framework which is inclusive

of all infrastructure assets under its control. This includes: Roads and Transport, Water Network, Sewerage Network, Land Building and Open Space, and Stormwater Drainage. The supporting information to justify the Asset Management Strategy recommendations are discussed in depth in the individual category Asset Management Plan(s) supporting the Asset Management Policy, objectives and the processes that enable achieving Councils objectives.

The Asset Management Plan(s) achieves these aims by:

- Clarifying the asset profile of Council;
- Encouraging and supporting discussion on asset management issues;
- Providing a review of the current asset mix;
- Identifying ideal asset mixes that support Council’s strategic direction;
- Identify opportunities to alter or combine services delivered by Council;
- Identify the appropriate level of operational performance for assets new and existing;
- Identifies assets for disposal that are surplus to the Council’s requirements;
- Addresses asset issues with high levels of community interest;
- Detailing the appropriate condition of physical assets to meet service delivery objectives.



The Asset Management Plan(s) contain:

- A description of the asset (physical details and financial information);
- The objective / purpose of the asset (or each key component of it);
- The service levels we currently deliver and future changes if applicable;
- Forecasted future demand requirements for service delivery;
- The risks associated with each asset;



- The (expected) life-cycle of the asset;
- Financial information;
- Improvement, maintenance, renewal and disposal program;
- Key performance measures;
- Annual review cycle.

The level of detail within each individual plan is dependent on the scope and size of the assets contained within the plan. These plans are practical documents that are designed to be easily understood and updated by asset managers. The plan(s) provide the detail to inform the Asset Management Strategy and are modelled on the International Infrastructure Management, ISO 55001, Asset Management and Financial guidelines.

Maintenance is targeted and prioritised to meet level of services and ensure our assets work for the customers and staff who use them, that they are safe, secure, and accessible for the life of the asset.

Annual reviews and infrastructure revaluations are carried out to maximise the benefits that our assets deliver to the community.

STRATEGIC ASSET MANAGEMENT IN INTEGRATED PLANNING AND REPORTING

This Asset Management Strategy supports the guidelines of Section 403 of the *Local Government Act 1993 Act* for regulated planning and reporting. This ensures compliance with the Integrated Planning and Reporting framework incorporating Asset Management Planning being one of the inter-related elements of the Resourcing Strategy. The Asset Management Strategy is supported by Council's Asset Management Policy and individual operational Asset Management Plan(s).

The Asset Management Strategy and individual Asset Management Plan(s) are required to be reviewed every four (4) years in alignment with the Integrated Planning and Reporting Framework planning cycle, ensuring they provide a useful and up-to-date management tool and reference document during the elected term of Council. The review of plan(s) will include changes in objectives, policies, service levels, systems, technology and any other relevant amendment including any references to changes in community expectations.

Asset Management at Council

WHOLE-OF-LIFE ASSET MANAGEMENT

Richmond Valley Council has undertaken asset management planning initially to meet legislative requirements and to provide a base for developing a long-term financial plan as required by the Integrated Planning and Reporting Framework. The approach is referred to as “core” asset management and provides basic asset management. Over time Council has worked towards modification of Asset Management Plans through a cycle of continuous improvement that will support the changing needs of Council.

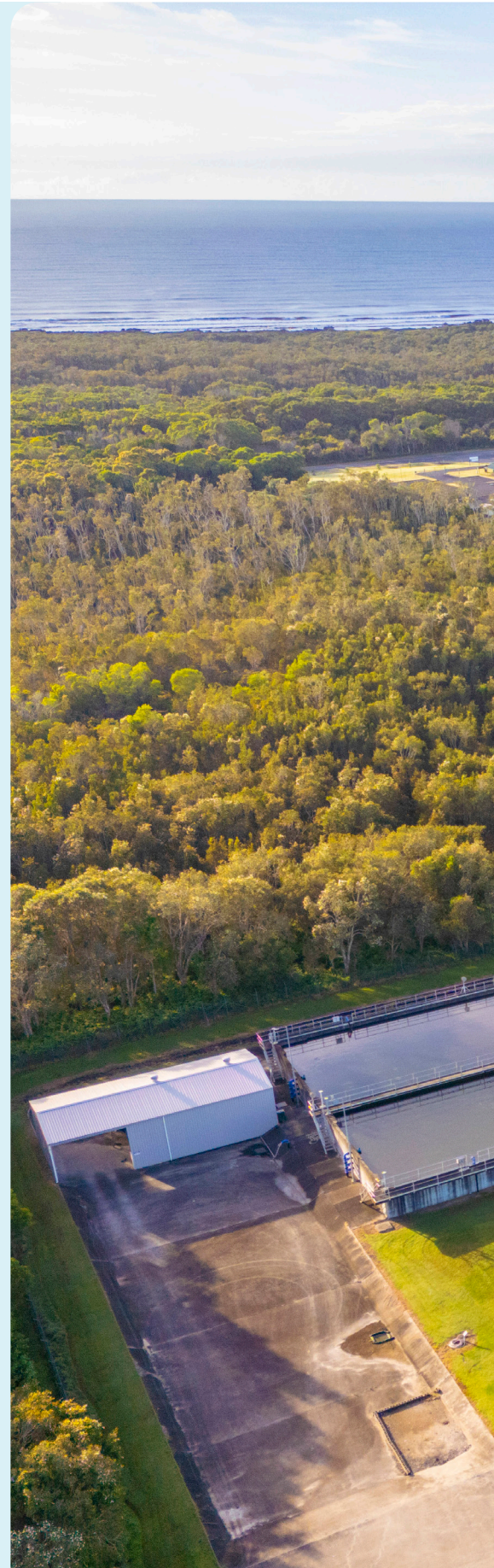
Council has programmed actions that demonstrate progress towards sustainability of assets in a whole-of-life approach. This includes the social, economic and environmental needs of the community are provided at the least cost, risk and impact in a sound governance and decision-making framework.

Considering whole-of-life costing enables informed decision making from the outset, and often leads to a more comprehensive assessment of value for money. It provides a strategic and analytical approach to managing Council’s assets in a sustainable manner.

Incorporating whole-of-life management requires Council to integrate its strategic asset planning with its financial planning to ensure financial sustainability now and into the future.

Council is maintaining dialogue with the community through the process involved with the Integrated Planning and Reporting Framework. Council reviews service levels and revenue required to provide assets that are acceptable to the community and remain fit for purpose.

The whole-of-life asset costing methodology is referred to total cost of ownership over the entire life of an asset. It estimates accumulated cost of acquisition, operation, maintenance support and disposal or decommissioning the asset (less any income or revenue received) as shown in Figure 3.





WHOLE OF LIFE COSTING

PLANNING AND ACQUISITION COSTS

Initial cost of obtaining the asset (e.g. design, planning, purchase price, freight, construction, installation, licences, tender and legal costs).

OPERATING AND MAINTENANCE COSTS

Costs incurred during the life of the asset for regular operation and maintenance (e.g. administration costs, consumables, parts, repairs, labour, insurance, materials, indexation).

DISPOSAL COSTS

Costs of removing or disposing of a good after its economic life has ended (e.g. costs to transfer ownership, trade-on, re-tender, auction or recycle)

Figure 3: Whole of Life Costing

NEW ASSET PLANNING PATHWAY

Planning is the first stage of an assets life-cycle when creating new assets that previously did not exist. This process of planning includes new assets created by Council in response to demand, community expectations and future planning, as well as assets created by external, private and government agencies that hand over assets to Council at final construction phase.

The planning process considers:

- Do we need the asset?
- Can we afford it?
- Does the asset provide the best value for the community?



The initial planning phase needs to ensure an asset whole-of-life cost evaluation is conducted to recognise the full cost of the asset incorporated into the Long-Term Financial Plan. This first stage of an asset life cycle is crucial for all stakeholders, from financial teams, asset planning, maintenance operators and the community. The decision to acquire an asset relies on the asset fitting a need to service the community and contributing to Council's operational and financial framework.

The pathway for new asset acquisition is driven from community expectations formulated into Council's Community Strategic Plan. This plan sets community priorities for growth linked to future services and facilities.

New assets are created through various avenues and points of time including urban land release and development, additional supporting infrastructure to support imposing an additional load on existing infrastructure, realisation of development contribution

funding allocation, and Council plans and strategies as shown in Figure 4. Master plans and concept designs provide aspirational ideas and are not a commitment for construction and implementation to the community. Grant funding opportunities should only be realised upon a full asset evaluation based on the whole-of-life evaluation module.



Figure 4: New Assets Pathway Evaluation Model

ROUTINE OPERATIONS AND MAINTENANCE FOR ASSETS

This stage involves any maintenance and repair that may be needed on an asset. During operational activities assets are regularly monitored and checked for any performance issues that could unexpectedly develop and maintenance activities are actioned to prevent any unexpected failures. Expenditure has no

effect on asset condition but is necessary to keep the asset appropriately utilised. Asset maintenance is the day-to-day work required to keep maintaining the asset condition rating to continue to operate at the required service levels.

ASSET RENEWAL/UPGRADE PATHWAY

Asset renewal or upgrade stage is the substantial replacement of an asset or a significant asset component to its original size and capacity. Even with good maintenance, assets may deteriorate well before reaching the end of their useful life dependent upon many factors, such as ground conditions and the environment. The upgrade of an asset is related to the extension of an asset or an increase of capacity in response to growth or an increase in the defined levels of service.

Preferred asset condition directly linked to service levels has undertaken community engagement and consultation and will continue to be monitored against Council's asset base.

The agreed conditions and levels of service are reflected and through capital improvement, renewals and maintenance activities with allocated funding contained in the Long-Term Financial Plan. Financial constraints limit the ability of Council to deliver all the desired services through current asset management practices.

Actions are identified to bring all Council assets up to the minimum standard required by legislation for each area or activity, including gaps in knowledge, and the need to fund the estimated cost of achieving satisfactory levels of service consistent with community expectations.

DISPOSAL OF ASSETS PATHWAY

Finally, at the end of an asset's useful life, it is removed from service and either sold, repurposed, thrown away, or recycled. The useful life is to be evaluated and determined at the asset revaluation stage or in the event of an unplanned failure. Critical assets and assets nearing the end of life should be reviewed annually.

The underpinning evaluation process for asset disposal considers if the asset:

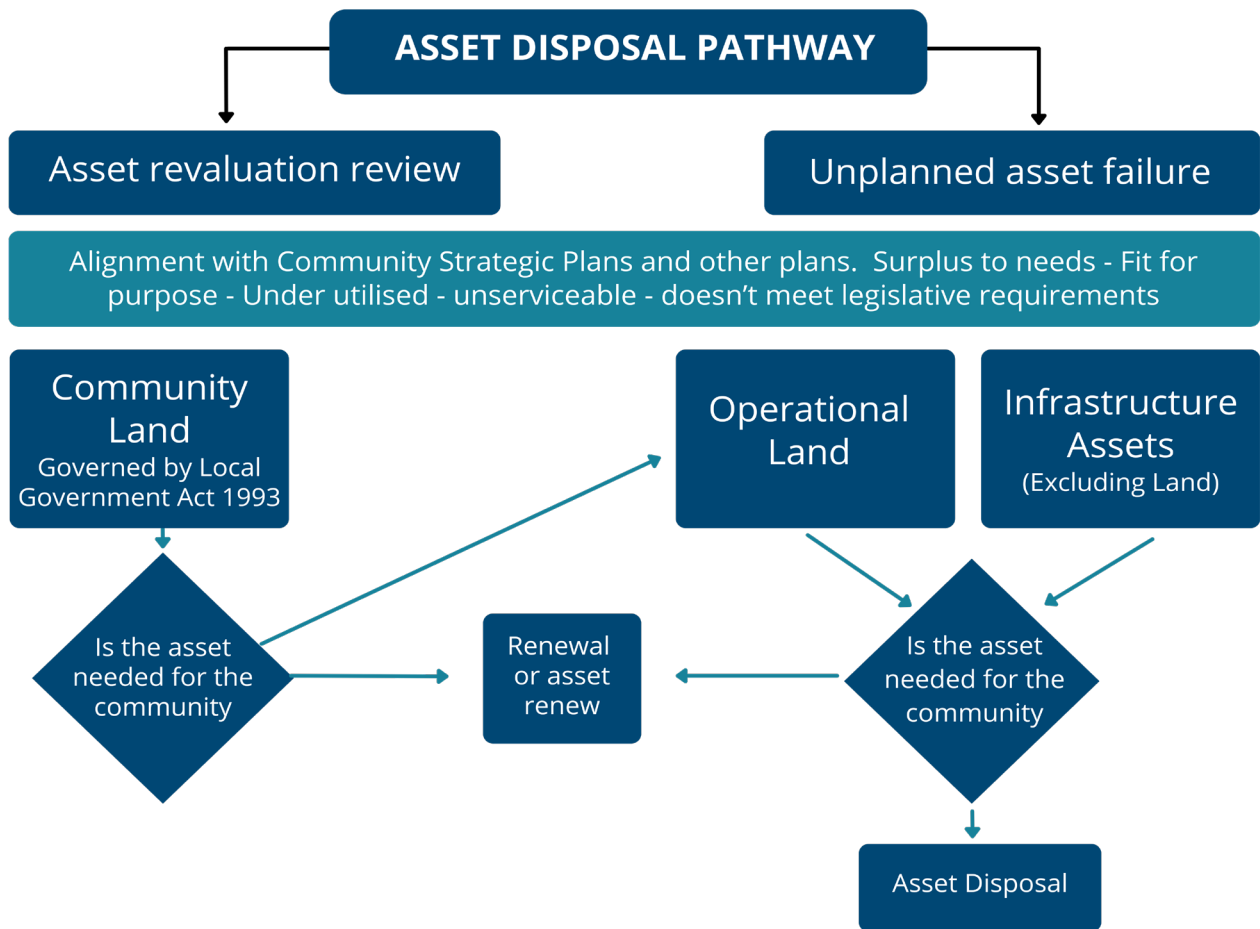
- has reached the end of its useful life,
- is surplus to requirements,
- has an unplanned asset failure,
- is under-utilised,
- is not fit for purpose,
- is unserviceable, or unsafe or
- does not meet legislative requirements.

An asset at the end of its useful life may have no business value however it will still need to be disposed of efficiently to ensure it does not harm the environment.

If there is a community or operational need for the asset, a replacement is planned through renewal/upgrade or via the new asset pathway and the asset life-cycle begins again.

The disposal of real property assets (eg land) is governed by the *Local Government Act 1993* and *Local Government (General) Regulations 2021*. All land sales must be determined by a resolution of Council and cannot be delegated.





CRITICAL ASSETS AND RISK MANAGEMENT STRATEGIES

All assets identified pose a risk to Council operations should they fail. Strategies to minimise the risk including Council maintaining assets at a level that only require operational maintenance or above to sustain serviceability. Assets nearing the end of their useful life requiring renewal or replacement pose a risk to Council being able to continue the service provided for by the asset.

Council has identified the most critical infrastructure including.

- Water treatment plants and pumping stations.
- Sewerage treatment plants and pumping stations.
- Main pipelines for water and sewerage connecting major infrastructure, eg. pump stations to treatment plants.
- State, regional, arterial, and collector loop roads which includes any infrastructure such as bridges and culverts structures located on these roads.

The consequences of asset failure can have implications on many areas as identified in Council's Enterprise Risk Management Framework.

Relative to infrastructure, Richmond Valley acknowledges its responsibility under the *Local Government Act 1993* to act as a faithful steward of community assets and infrastructure. Although Council is open to exploring new technologies, construction techniques and designs, it will also be diligent in ensuring that infrastructure is safe, fit for purpose, sustainable and affordable for our community.

The Enterprise Risk Management Framework identifies:

- Our operating environment;
- Our stakeholders;
- The key risk areas of Council;
- Risk appetite statements;
- Risk management foundations;
- Risk management processes;
- The roles and responsibilities within Council and;
- How we measure success in risk management at Richmond Valley.

The individual Asset Management Plan(s) have identified risks by considering issues relevant to the location, level of service and condition of specific infrastructure categories. Issues are looked at in relation to critical assets with a high consequence of failure rather than just a high probability of failure.

ASSET MANAGEMENT STRUCTURE

Richmond Valley Council's structure is designed to effectively deliver services and outcomes for our community. There are four directorates: Planning and Sustainable Communities, Infrastructure Services and Projects, Organisational Services and the Office of the General Manager. This structure supports clear accountability, collaboration and a strong alignment between community priorities and operational delivery. It enables Council to remain agile in the face of change, while maintaining a strong foundation of service delivery.

Asset Systems and Planning is part of the Infrastructure Services and Projects directorate which is responsible for the strategic planning and maintenance of the asset inventory including condition and financial information.

Council nominated an Asset Management Steering Committee that will ensure that projects and initiatives meet Council's strategic objectives. A review of the committee members, meeting frequency and agenda is currently underway to ensure that the committee is in the best position to manage the direction of Asset Management within Council.

ASSET MANAGEMENT STEERING COMMITTEE

The primary function of the Asset Management Steering Committee is to take responsibility for determining the program, governance, and the achievement of outcomes of infrastructure management activities.

The Asset Management Steering Committee provides operational assistance and professional input to the management of assets that Council owns or is delegated.

The Committee seeks to ensure that:

- The principles and standards of “Best Practice” asset management are applied appropriately and in a uniform manner.
- The appropriate operational mechanisms are in place for the effective engagement of the different internal and external stakeholders with interests in Council’s asset management practices.
- Corporate governance and risk management policies, procedures and guidelines are applied consistently to the management of Council’s assets.
- Organisational confidence in data quality and subsequent information is built and maintained at an acceptable level.
- Over seeing the asset revaluation process. This includes determining methodologies for the condition assessment process of assets as well as determining unit rates, design lives and valuation methodologies.

The Asset Management Steering Committee responsibility is owned and coordinated by the Manager of Asset Systems and Planning and shall comprise of key staff throughout the organisation from asset planning, asset delivery, infrastructure engineers, strategy and finance.

The Committee is involved in reviewing:

- Policies, Procedures and Guidelines related to the management of Council’s assets.
- Council’s Asset Management Plan(s) to ensure currency and completeness of information.

- Review capital works and delivery programs which directly relate to the Long-term Financial Plan.
- To make recommendations for budget considerations, infrastructure priorities and projects to the executive about strategic asset management directions.
- To make recommendations about asset management resources.
- Provide strategic direction and guidance for service delivery and asset management.
- Provide advice in relation to service delivery and asset management matters that may be referred by Council.
- Assist relevant Managers in the preparation of recommendations for Council decision.
- Provide a coordinated whole of Council approach through a forum which provides constructive commentary and guidance on issues relative to infrastructure assets.

The role of the Steering Committee is to ensure the Asset Management Plan(s) reflect the operational activities of Council and meets the intent of the Asset Management Strategy and is in accordance with the Asset Management Policy.

The Asset Management Steering Committee contain Council’s asset custodians including management leadership expertise. The group is responsible for ensuring the preparation and overview of individual Asset Management Plan(s) including inspection and maintenance schedules, condition surveys and the regular monitoring of cost implications. This document provides a summary of the asset categories and provides the platform for the annual strategic planning processes for asset maintenance and capital works in line with community agreed levels of service.

Status of Councils Assets

WHERE ARE WE NOW?

Our Valley is built on determination and resilience. Over the past five years, our region has faced major challenges, including floods, fires, drought, and a health pandemic. Our recovery efforts aim to restore public infrastructure to at least its pre-disaster state and bring back essential services and facilities.

We're also focused on rebuilding in smarter, stronger ways to better protect our community in the future and support a healthy, thriving region.

For now, the condition of Council assets is based on estimates using age and expected design life, while we work to improve visual inspections. The severe damage from the 2022 floods has impacted overall asset conditions, and Council is continuing work on repairs and recovery through our disaster reconstruction program.



INFRASTRUCTURE ASSETS

Asset Group	Category Description	Measure
Roads and Transport	Roads sealed network	530 km
	Roads unsealed network	536 km
	Kerb - Surface drainage	145 km
	Footpaths and cycleways	65 km
	Bridges and major culverts	154 (count)
	Traffic management devices (including pedestrian refuge, roundabout, speed hump, splitter island)	438
	Road ancillary assets (including signals, signs, road barriers and street lighting)	Various counts
Stormwater	Stormwater drains	82.5 km
	Stormwater pits	2750 items
	Stormwater structures (including gabions, gross pollutant traps, sediment traps, retention ponds)	70 items
	Stormwater headwalls	695 items
Water	Water pipelines and connections	297 km
	Water meters	7165 (count)
	Water reservoirs, treatment plants and pump stations	21 (count)
	Water treatment plant site infrastructure	409 (count)
	Water hydrants, valves, swabbing pits	3692 (count)
Sewerage	Sewerage pipelines and connections	217.26 km
	Sewerage treatment plants and pump stations	38 (count)
	Sewerage pump stations site infrastructure	775 (count)
	Sewerage manholes	2511 (count)
	Sewerage valves, valve pits, rodding ends, vent stacks	434 (count)
Land, Building and Other Structures (LBO)	Buildings	256 (count)
	Land (Council owned and managed)	383 (count)
	Other Structures (BBQ, fences, shelters, bins, tables, seats, lighting, signs)	2542
	Land Improvements (playgrounds and equipment, playing surfaces, landscaping, internal facility services eg stormwater, water, electrical)	Various counts

CONDITION OF ASSETS

Council's condition assessment is rated on a five-point rating scale including:

- **Condition 1 – Excellent/Very Good Condition – No work required**
- **Condition 2 – Good Condition – Only minor maintenance work required**
- **Condition 3 – Satisfactory Condition – Maintenance work required**
- **Condition 4 – Poor Condition – Renewal required**
- **Condition 5 – Very Poor Condition – Urgent renewal/upgrade required.**

Council asset planning benchmarks is to maintain asset conditions to a minimum point score of 3 being 'Satisfactory Condition' or above to sustain serviceability. It is recognised that as assets near their end-of-life period conditions will drop at a greater rate and therefore as conditions approach condition 4 they are to be re-evaluated and decisions made as to whether to renew, replace the asset or allow it to deteriorate to an unusable state and hence decommission the asset. The aim is to have all existing assets fulfil their useful life. Further community consultation will be conducted to determine the need for existing and new assets as part of the Integrated Planning and Reporting Framework Process.

FINANCIAL HEALTH

Richmond Valley Council is responsible for the management of assets valued at more than \$1.4 billion. These assets play an integral part in delivering the services provided by Council to serve the community.

The Auditor General requires Council to annually report assets performance ratios as a measure of overall asset management sustainability. The ratios represent the health of the organisation in comparison to benchmarks. Council's ratios as a consolidated view are presented in Table 3 and the financial status of Council's infrastructure assets is shown in Table 4 as of 30 June 2024.

The asset consumption ratio is the average proportion of "as new" condition for assets. This ratio shows the written down value of the depreciable assets relative to their 'as new' value. It highlights the aged condition of physical assets and potential magnitude of capital required into the future to reserve the service potential. Figure 6 provides the asset groups split by replacement value. The asset consumption ratio for remaining service life by asset groups in accordance with financial valuations are shown in Figure 7.

Roads and transport assets are Council's largest

asset group comprising at 52% of total asset value with overall average 78% remaining by value. The condition of Council's assets is shown within each respective Asset Management Plan(s). Condition inspections are carried out internally or by external contractors supporting the magnitude of asset consumptions.



Table 3: Performance indicator ratios as of 30 June 2024

Asset consumption ratio 78%	The asset consumption rate target is to maintain between 50% and 75%. A ratio less than 50% indicates a rapid deterioration of the asset base where urgent investment is required to ensure service levels can be maintained. A ratio greater than 75% indicates that Council is over investing in its asset base.
Agreed service level ratio 5.26%	This ratio shows the estimated costs to return assets to an agreed service level. This is calculated by proportion of costs to return asset to serviceable condition against the gross replacement cost.
Asset renewal ratio 61.29%	This ratio shows the rate of assets being renewed compared to the rates they are wearing out. This does not include the acquisition of new assets or refurbishment of assets that increase capacity/performance. This is measured by capital expenditure on renewal or replacement of assets compared to rate of depreciation over the same period. The target benchmark is to maintain at 100%. A ratio over 110% indicates Council is over-investing in renewal and replacement. A ratio less than 90% indicates under-investment in renewal of asset base.
Asset maintenance ratio 131.27%	This ratio shows the rate if assets are being maintained to a required level. This is measured by actual maintained expenditure compared to required maintenance expenditure. The target benchmark is 100%. A ratio over 110% indicates Council is over-investing in maintenance activities. A ratio less than 90% indicates an under investment resulting in a deterioration and risk to performance and service levels.
Backlog ratio 6.86%	The infrastructure backlog ratio shows the infrastructure backlog in proportion to the total written down value (the value of an asset after accounting for depreciation, reflecting the asset's present worth) of a council's infrastructure. A ratio of less than 2% is considered the benchmark. The ratio is calculated by the estimated cost to bring assets to a satisfactory condition divided by the total value written down value of roads, water, sewer, buildings and other infrastructure assets.

Table 4: Financial status of assets as at 30 June 2024

Asset Group	Description	Replacement Value	Written Down Value
Roads and Transport	Roads (sealed and unsealed), Bridges, Footpaths, and Cycleways	\$ 722,413,920	\$ 587,119,909
Water	Water network	\$ 123,956,604	\$ 85,073,191
Sewer	Sewerage network	\$ 195,197,997	\$ 116,808,206
Land, Building and Other Structures (LBO)	Land Improvements, Other Structures, Open Space/ Recreational, Buildings	\$ 280,633,467	\$ 235,721,051
Drainage	Stormwater	\$ 76,204,052	\$ 61,507,669
Total		\$ 1,398,406,040	\$ 1,086,230,026

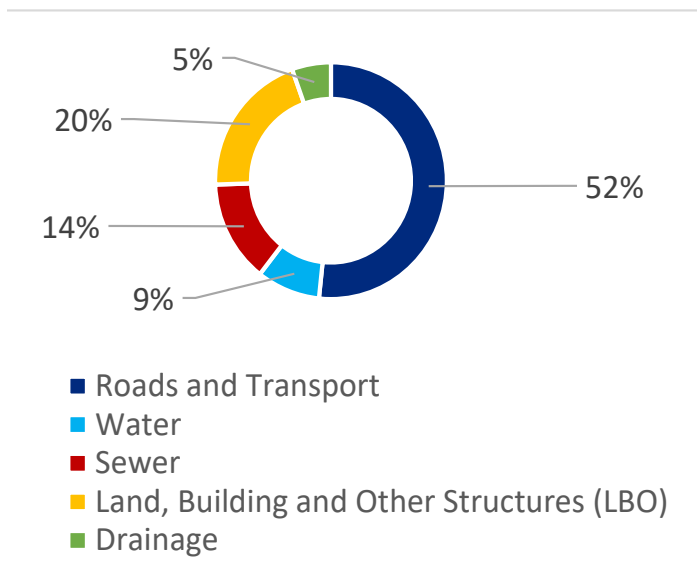


Figure 6: Asset Replacement Values as % of Total Value

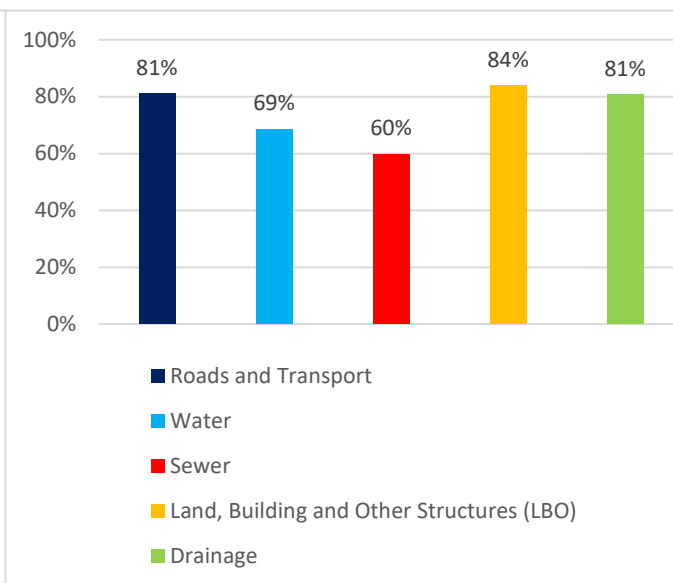


Figure 7: Asset Consumption Ratio - % 'As New' Remaining



Future Direction - Where do we want to be?

COUNCIL'S VISION, PRINCIPLES, VALUES AND OBJECTIVES

This Asset Management Strategy is prepared in accordance with Council's vision, principles, values and strategic objectives. Council's vision is:

A growing, sustainable community, with a relaxed lifestyle, beautiful environment and thriving economy.

Richmond Valley's vision was created by our community through consultation, and it reflects the things that matter the most to the people of the Richmond Valley. Richmond Valley Council is committed to delivering this vision and creating positive change for our community.

Council has made strong progress in recovery since the devastating floods in 2022, but there is still more to do in continuing to support those directly impacted, repairing damage to our roads and bridges, strengthening our local economy and building long-term resilience. Our 2025-29 Delivery Program outlines what we will do over the next four years to achieve the objectives of the Community Strategic Plan. The delivery program focused on the action items to support a growing progressive community which is safe, inclusive and sustainable.

ASSET MANAGEMENT POLICY

The Asset Management Policy supports Council's vision and service delivery objectives for asset management in accordance with the Corporate Plan and applicable legislation.

The Asset Management Strategy is developed to support the Asset Management Policy and to enable Council to show:

- How its assets will meet the affordable service delivery needs of the community into the future;
- Enable Council's Asset Management Policy to be achieved;
- Ensure the integration of Council's asset management with its long-term strategic plans, including the Long-Term Financial Plan.

The Asset Management Strategy is to guide the Asset Management Plans and the Long-Term Financial Plan. These in turn need to be informed by sound data, supported by an integrated asset management system and conducive for improved performance.



ASSET MANAGEMENT VISION

To ensure the long-term financial sustainability of Council, it is essential to balance the community's expectations for services with their ability to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life.

To assist in achieving this balance in line with the Richmond Valley Vision, Council plans to:

- Support growth through sound infrastructure planning.
- Ensure Council's services and infrastructure are provided in a sustainable manner, with appropriate levels of service to residents, visitors and the environment.
- Undertake a whole-of-life cycle approach to asset management when assessing infrastructure projects and service delivery.
- Develop asset management culture through whole-of-council approach.

Council aligns its asset portfolio to desired outcomes of the community. It defines the strategic actions that it intends to implement to ensure that its assets best meet its service delivery requirements. The individual approach to determine the appropriate level of detail and complexity of Asset Management Plan(s) is reliant on the asset in question.

Asset planning balances the service delivery potential, and cost, of existing assets against the cost of other resources required to achieve Council service objectives within timeframes and budgets. Service delivery solutions not involving Council's assets, such as contracting, are also to be considered at this point. Strategies for the management of individual assets and services are based on defined service delivery objectives for each asset and identify the current and ideal asset mix to achieve Council's strategic objectives.





HOW WILL WE GET THERE?

The Asset Management Strategy proposes a plan of action to enable the objectives of the Community Strategic Plan, Delivery Program, Asset Management Policy and the Asset Management Vision to be achieved.

Council will focus on improving asset life-cycle maintenance, planning to reduce overall maintenance expenditure and improved asset performance. This whole-of-life approach is planning maintenance based on total estimated costs incurred over the anticipated useful life of an asset, including initial construction, ongoing operational and maintenance as well as the final disposal at the end of its life. Analysis is based on choosing the most cost-effective maintenance approach over the long-term minimising the overall total cost.

To achieve whole-of-life asset management, the following considerations are required:

- Detailed asset condition audits – a full extensive current condition audit defining maintenance requirements (deferred and ongoing) including cost estimates, work plans, and prioritisations schedules.
- Maintenance backlogs – assets in poor condition will need to be brought up to standard prior to whole-of-life management can be programmed.
- Budget redesign – to save money over the medium and long-term, maintenance budgets are likely to have to increase significantly in the short-term. The maintenance budgets are to continue to be implemented and not diverted to unplanned operational expenditure.
- Upfront planning – Building capacity for analysis of the asset and condition register with long term focus measured to industry benchmarks to recognise initial expenditure for future savings.

- Whole-of-life commitment – Implementing strategies to maintain and improve assets conditions to minimise major unplanned future liabilities, which ultimately lead to asset disposition strategies.



FINANCIAL VALUE AND FUNDING ALLOCATION METHODOLOGY

Richmond Valley's infrastructure assets are held at fair value. Comprehensive revaluations are performed on each asset group at least every five years, however, the carrying value of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Depreciation is calculated using the straight-line method to allocate the cost, net of realisable value, over the assets estimated useful life.

The following are the funding sources identified in the Long-Term Financial Plan to fund the infrastructure renewals and upgrades:

- Rates and annual charges (including special rate variations)
- User charges and fees
- Grant funding – operating and capital
- Loan borrowings

- Section 7.11 and 7.12 developer contributions
- Section 64 developer contributions (water and sewerage assets)
- Other Internally Restricted Reserve funds

Council will determine the appropriate funding mix for the various new works and service programs during review of the Long-Term Financial Planning process.

Council will review and implement a capital works evaluation module for budgeting proposals including the consideration of purpose, need, scope, cost effectiveness, risk, any expected revenue and public value which will be incorporated into the Long-Term Financial Plan.

Council's Long-Term Financial Plan is based on rate growth being limited to the rate pegging percentage as determined by IPART and additional revenue generated from previous special rate variations. Previous special rate variations were aimed at addressing Council's asset renewal and replacement program and increased asset maintenance spending levels required to ensure assets meet expected performance levels and planned life-cycle. The revenue generated from these variations in rating revenue will continue to support

maintaining Council's assets and alleviating asset renewal backlog along with a strong reliance on grant funding for asset renewals and replacement. This plan is assisting to address the revenue deficiency that Council faces in terms of sufficiently maintaining assets to required levels and alleviating the pre-existing asset renewal backlog.

FUTURE ASSET RENEWAL PROFILE

Council has budget allocation for asset renewal within the Long-Term Financial Plan. The asset renewal or upgrade stage is the substantial replacement of an asset or a significant asset component to its original size and capacity. Table 5 provides the budget allocation for the operating and maintenance costs for the 2025-2026 financial year. Figure 8 provides a breakdown of maintenance costs in comparison of Figure 9 being capital replacements. The roads and transport network including an overall investment of 40.8% of total budget allocation. This is reflective of the total asset replacement costs at 52% as shown in Figure 6.

The 10-year projected expenditure incorporated into the Long-Term Financial Plan is shown in Appendix A.



Table 5: Budget allocation for operating and maintenance costs 2025-2026

Asset Group	Asset Class	Annual Maintenance	Annual Renewal
Roads and Transport	Roads (sealed and unsealed), bridges, footpaths, and cycleways	\$ 2,236,229	\$5,492,952
Water	Water network	\$ 637,070	\$ 3,535,212
Sewer	Sewerage network	\$ 1,379,268	\$ 1,787,727
Land, Building and Other Structures (LBO)	Buildings Land Improvements, Other Structures, Open Space/ Recreations/ Buildings	\$ 1,257,494	\$ 2,077,696
Drainage	Stormwater	\$ 210,673	\$ 573,904

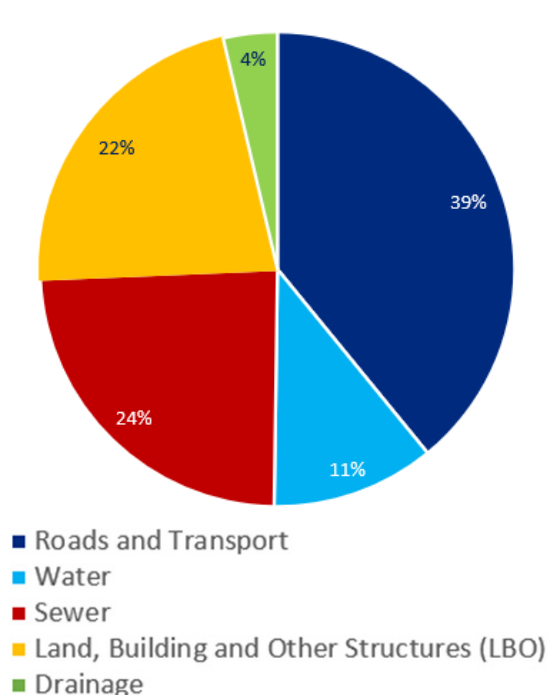


Figure 8: Breakdown of maintenance costs

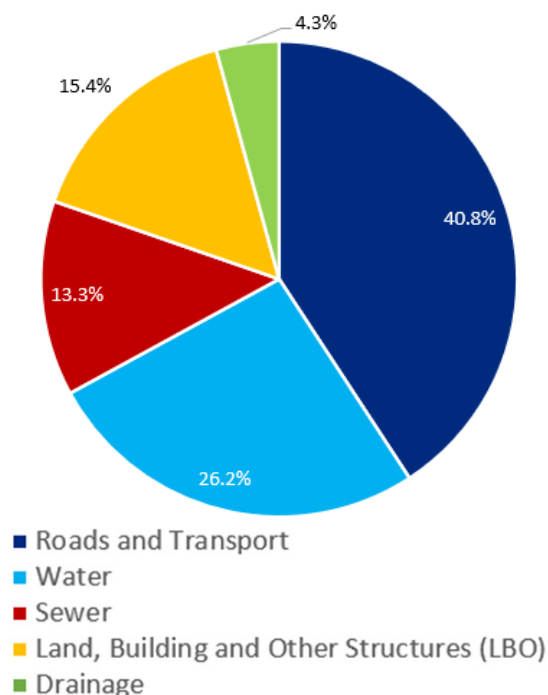


Figure 9: Breakdown of capital replacements



REPORTING AND MONITORING OF PERFORMANCE AND REVIEW OF THE PLAN

Monitoring performance in achievement of the targets contained in the Asset Management Strategy is undertaken through a process of translating key performance measures into annually revised Operational Plans and Delivery Plans required under the Integrated Planning and Reporting framework.

Performance reporting will be undertaken by the responsible officers within Council, who will monitor and report on achievement of outcomes as part of the Integrated Planning and Reporting process.

Council will report on assets in the annual financial statements, in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including condition assessment, renewal and maintenance expenditure.

The maintenance of the Asset Management Strategy is an ongoing process that is continually evolving. The Table 6 below outlines activities to be undertaken in future to ensure ongoing improvement of processes and service delivery activities.

MEASURES AND TARGETS

The success of Council in meeting the objectives of this Strategy and compliance with the Policy will be measured by the condition benchmark of the assets. The Asset Management Strategy for achieving the asset condition targets is contained in the summary of each asset group. Council's main priority is to ensure that services can be safely delivered via our assets at the level agreed with the community.

The condition of assets will be monitored regularly through implementation of our Asset Management Plan(s) and other Integrated Planning and Reporting processes. Asset Management activities have been planned out to 10 years, as required under the Integrated Planning and Reporting framework.

Council will commit to measuring asset management efforts through an asset consumption ratio, asset renewal funding ratio and asset sustainability ratio annually as part of the evaluation process to ensure sustainable asset portfolio delivery. These KPIs are presented in Council's annual financial reports and assist in understanding resource capacity and provide a valuable input to Council's strategic decision-making process.



ASSET MANAGEMENT IMPROVEMENT PLAN

Richmond Valley Council will continue to drive improvements in the management of infrastructure assets. Council has undertaken a review in the development of the Asset Management Policy, Asset Management Strategy and the development of individual classes of Asset Management Plan(s).

Council will drive improvements in asset data, condition assessment and management. Council will improve practices including those introduced by the audit office to update registers and asset management systems providing suitable controls to ensure the integrity of the data.

The roadmap for the next four years is to assist Council to evolve into an organisation that is service driven as set out into this strategy and the Asset Management Plan(s). Improvement actions which are specific for certain asset groups are to be detailed in individual Asset Management Plans.

The improvement plan is to be reviewed and updated annually with subsequent reporting to the executive team.

See next page - Table 6: Asset Management Improvement Actions



Improvement Type	Asset Management Improvement Plan
Business Process	Review the Asset Management Steering Committee to define membership, purpose and objectives ensuring alignment with key strategic asset management objectives.
Business Process	Expand on condition audits for all asset categories to standardise collection with imagery/video defining conventions for each category.
Business Process	Continually investigate innovative ways to deliver strategic asset management through engaging with the industry at all government levels, and through improved processes and new technologies.
Business Process	Implement an extensive new asset, renewal and disposal pathway evaluation model to be used across all asset classes for improved business decisions.
Business Process	Implement strategies to achieve benchmarks for performance indicator ratios so to improve the sustainable health of Council in managing infrastructure assets.
Data Management	Identify critical assets and the potential risks of their failure, incorporating data from condition audit reports, to establish an extensive Risk Register in Council's asset management system.
Data Management	Continue to review gap analysis to assess asset data completeness, taking into account service capacity and functionality, currency and accuracy (confidence level) for each asset category.
Plan and Policies	Continue to develop the link between annual budgeting and Long-Term Financial Planning.
Plan and Policies	Review and realign service levels in consultation with the community to meet community expectations aligned with Council's provision of the Long-Term Financial Plan. Review and/or develop asset policies on service levels for each asset class providing clarity for the community.
Professional Development	Develop a training delivery schedule, on skills relevant to asset management, where needed across the organisation in coordination with People and Culture.
Systems	Improvement in communicating asset information through reporting, mapping and dashboards for a range of stakeholders including statutory reporting requirements.
Systems	Investigate the opportunity to implement an integrated asset management, asset maintenance system and work order system.
Systems	Improve integrations between Council's asset management systems including such as CRM, Reflect, Recover, disaster management, Dial-Before-You-Dig to facilitate information sharing, improve community response and improved decision making and providing a whole single-view of an asset.
Systems	Review emerging technologies to improve business functions and efficiencies within Council, eg. artificial intelligence condition inspections, drone data collection.

FORECAST EXPENDITURE											
Asset Category	Forecast Expenditure	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035
Sealed Roads	Operations	2,843,796	2,853,002	2,962,659	3,045,775	3,101,493	3,201,302	3,266,397	3,351,143	3,479,970	3,579,291
	Maintenance	975,868	1,016,927	1,047,616	1,063,339	1,083,988	1,110,871	1,153,373	1,194,885	1,232,135	1,274,625
	Renewal	19,821,903	5,847,385	5,634,657	5,571,921	5,725,290	5,784,485	5,830,268	5,874,923	5,920,472	6,058,603
	Upgrade	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
	New Assets	-	-	-	-	-	-	-	-	-	-
Unsealed Roads	Operations	49,055	53,752	57,322	62,062	68,550	77,661	90,710	109,689	60,837	62,553
	Maintenance	1,177,979	1,209,603	1,242,086	1,275,447	1,309,712	1,344,905	1,381,052	1,418,175	1,456,307	1,495,473
	Renewal	4,511,312	642,860	548,557	559,770	887,942	806,568	925,660	944,173	1,113,056	1,235,317
	Upgrade	-	-	-	-	-	-	-	-	-	-
	New Assets	-	-	-	-	-	-	-	-	-	-
Bridges	Operations	42,508	43,660	44,844	46,062	47,312	48,595	49,913	51,268	52,659	54,090
	Maintenance	34,833	35,764	36,722	37,705	38,714	39,749	40,815	41,909	43,032	44,183
	Renewal	10,649,827	75,719	76,855	78,123	79,397	80,906	82,443	83,980	85,517	87,655
	Upgrade	-	-	-	-	-	-	-	-	-	-
	New Assets	-	-	-	-	-	-	-	-	-	-
Footpaths	Operations	116,470	116,484	121,948	125,760	128,021	132,394	134,931	138,433	144,302	148,533
	Maintenance	47,549	48,847	50,175	51,541	52,945	54,387	55,868	57,390	58,953	60,559
	Renewal	5,000	5,000	5,250	5,000	6,000	21,000	18,000	6,180	11,404	10,672
	Upgrade	-	-	-	-	-	-	-	-	-	-
	New Assets	9,198,272	98,500	99,000	109,000	101,000	88,000	91,000	105,000	102,000	105,000
Water	Operational	4,005,590	4,139,113	4,220,540	4,345,835	4,475,122	4,608,551	4,774,582	4,917,429	5,064,878	5,216,702
	Maintenance	637,070	654,931	673,200	691,987	711,305	731,169	751,595	772,589	794,179	816,370
	Renewals	3,535,212	8,424,450	8,873,500	1,410,000	1,500,000	1,055,000	1,155,000	1,205,000	1,210,000	1,225,000
	Upgrade	225,000	-	-	-	-	-	-	-	-	-
	New Assets	1,007,027	350,000	300,000	700,000	300,000	300,000	300,000	-	-	-

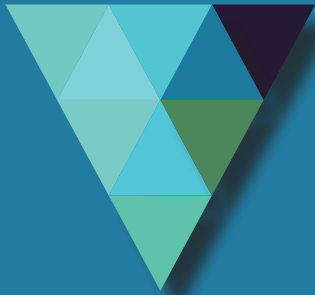
Forecast Expenditure											
Asset Category	Forecast Expenditure	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035
Sewerage	Operations	3,050,583	3,187,439	3,249,645	3,355,421	3,464,883	3,578,198	3,695,491	3,816,954	3,942,715	4,072,431
	Maintenance	1,379,268	1,191,349	1,224,148	1,257,861	1,292,517	1,328,139	1,364,754	1,402,404	1,441,104	1,480,887
	Renewal	1,787,727	674,000	2,451,000	2,159,182	2,965,000	2,195,000	2,325,200	1,495,000	2,343,525	1,505,000
	Upgrade	5,850,000	8,453,000	-	100,000	265,000	1,565,000	1,565,000	65,000	65,000	65,000
	New Assets	2,950,000	30,000,000	35,000,000	-	-	-	-	-	-	-
Buildings	Operations	682,849	707,664	733,776	760,928	789,197	818,603	849,200	881,084	914,313	948,887
	Maintenance	530,943	544,890	559,202	573,909	588,988	604,465	620,350	636,662	653,416	670,605
	Renewal	1,093,309	75,719	76,855	78,123	79,397	80,906	82,443	83,980	85,517	87,655
	Upgrade	1,517,825	-	-	-	-	-	-	-	-	-
	New Assets	-	-	-	-	-	-	-	-	-	-
Other Structures	Operations	51,428	52,730	54,068	55,437	56,842	58,281	59,759	61,273	62,829	64,419
	Maintenance	50,000	50,000	50,000	180,000	40,000	40,000	40,000	40,000	40,000	40,000
	Renewal	6,070,000	-	-	-	-	-	-	-	-	-
	Upgrade	40,000	110,000	880,000	1,240,000	30,000	50,000	30,000	30,000	30,000	30,000
	New Assets	-	-	-	-	-	-	-	-	-	-
Open Space / Recreational Assets	Operations	2,364,152	2,435,971	2,510,291	2,587,184	2,666,771	2,749,147	2,834,394	2,922,663	3,014,058	3,108,697
	Maintenance	155,908	158,591	161,363	164,210	167,129	170,122	173,197	176,354	179,592	182,918
	Renewal	934,387	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
	Upgrade	-	-	-	-	-	-	-	-	-	-
	New Assets	387,661	-	-	-	-	-	-	-	-	-
Land Improvements	Operations	189,723	195,153	200,740	206,487	212,405	218,488	224,747	231,184	237,806	244,619
	Maintenance	519,215	533,681	548,574	563,894	579,636	595,821	612,460	629,573	647,178	665,267
	Renewal	-	-	-	-	-	-	-	-	-	-
	Upgrade	-	-	-	-	-	-	-	-	-	-
	New Assets	4,174,498	1,108,000	300,000	-	2,000,000	-	-	2,000,000	-	-

FORECAST EXPENDITURE											
Asset Category	Forecast Expenditure	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035
Operations	-	-	-	-	-	-	-	-	-	-	-
Maintenance	210,673	216,557	222,606	228,826	235,216	241,789	248,553	255,502	262,643	269,990	
Renewal	573,904	160,000	160,000	160,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Upgrade	185,000	-	-	-	-	-	-	-	-	-	-
New Assets	-	-	-	-	-	-	-	-	-	-	-
Drainage											





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Our thanks to Noel Caldwell for the "River Dreaming" artwork which appears throughout this document.