



# Richmond Valley Council

## Asset Management Strategy 2022-2032

*Adopted: 20 September 2022*



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



## Executive Summary

Richmond Valley Council is responsible for Infrastructure, Property, Plant and Equipment assets with a total replacement value of \$1.06 billion<sup>1</sup>. 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.



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<sup>1</sup> Not including non-infrastructure assets such as information, communication and technology assets, fleet, plant and equipment.

# Introduction

## Background

The Richmond Valley Council area covers 3,050km<sup>2</sup> 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 2019 of 23,465 <sup>2</sup>. Richmond Valley is traversed by 4 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 draft Growth Management Strategy predicts a consistent population growth rates of 1-1.6% per annum over the next 20 years. 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.

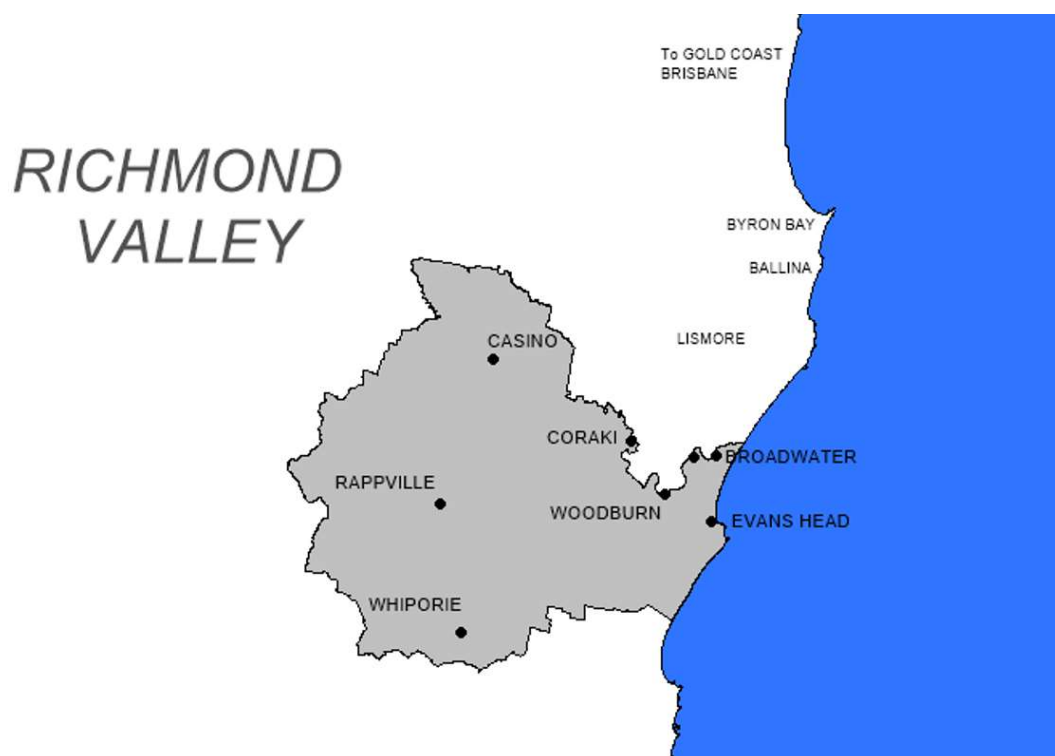


Figure 1: Map showing Richmond Valley Local Government Area

<sup>2</sup> (source: id Community/Richmond Valley Council)

## Purpose and Objective

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/delivery plans, which are linked to the Long-Term Financial Plan and Resourcing strategies.

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

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, Long Term Financial Plan and Resource 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 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 assets;
- 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) lifecycle 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.



## Compliance and Integrating Strategic Asset Management Planning with Financial Planning and Community Planning

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 below.

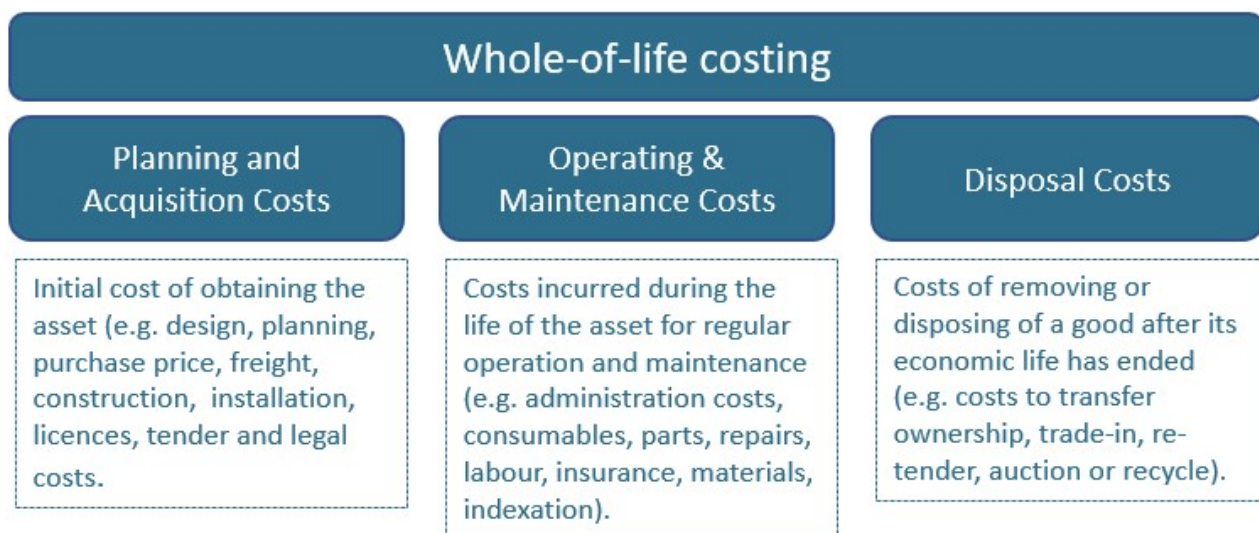


Figure 3 - Whole-of-Life costing elements

### ***New asset pathway planning***

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 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. Masterplans 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.

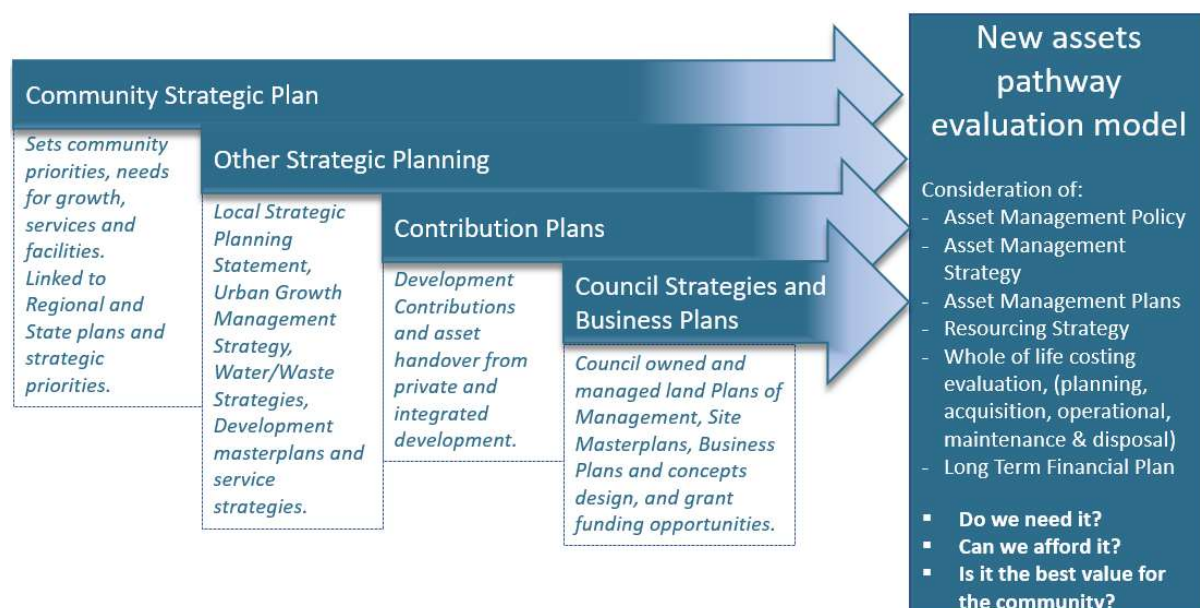


Figure 4 - New asset creation pathway

### **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, re-purposed, 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.

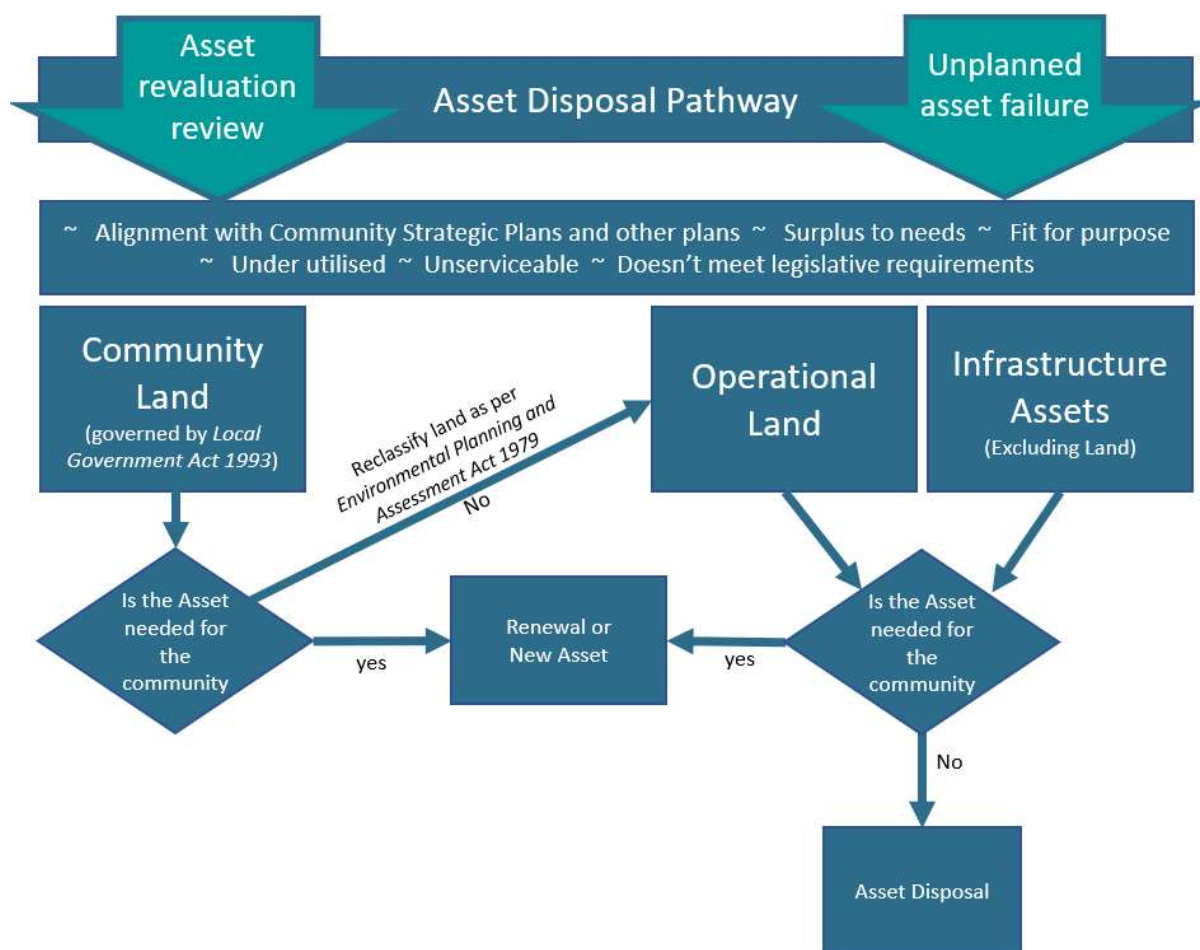


Figure 5 Asset disposal pathway

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 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, e.g. 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 Councils' 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.

Further, 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

The organisational structure of Council includes Asset Planning for infrastructure assets within the Project and Business Development directorate of Council. Within the directorate lies a combination of Asset Management & GIS which perform all the strategic planning and maintenance of the asset inventory including condition and financial information.

The operational and scheduled maintenance for Council's assets resides within the Community Service Delivery Directorate of Council.

Council is undertaking a redevelopment of Asset Management Policy, Strategy and Plans for all infrastructure groups to ensure Council assets are planned and managed whilst informing the Long Term Financial Plan. Council's Assets Management Policy, Strategy and Plans(s) will be adopted within 2022/23.

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 custodian of.

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.
- Overseeing 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 Planning and shall comprise of key staff throughout the organisation from asset planning, project management, infrastructure services, infrastructure engineers, strategy and finance.

The Committee shall conduct following reviews:

- 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?

The Northern Rivers including Richmond Valley was severely affected by the catastrophic flood events in February and March 2022. The recovery process is to restore infrastructure assets to pre-flood condition as a minimum, restoring essential services and facilities to the community. Councils Recovery Plan also focuses on improving the resilience of infrastructure for future natural disasters as the initial response to rebuilding the community.

The status of Councils assets is reported on the pre-condition flood event pending asset replacements and renewals being implemented as part of the flood recovery capital works programs.

### Infrastructure assets

Table 1 - Assets covered by this strategy at June 2021.

Asset Group	Category Description	Measure
Roads and Transport	Roads sealed network	526 km
	Roads unsealed network	536 km
	Kerb - Surface Drainage	140 km
	Footpaths & Cycleways	63.24 km
	Bridges & Major Culverts	151 (count)
	Traffic Management Devices (including Pedestrian Refuge, Roundabout, Speed Hump, Splitter Island)	423
	Road Ancillary Assets (including Signals, Signs, Road Barriers and Street Lighting)	Various counts
Stormwater	Stormwater Drains	81.5 km
	Stormwater Pits	2701 items
	Stormwater Structures (including gabions, gross pollutant traps, sediment traps, retention ponds)	60 items
	Stormwater Headwalls	686 items



Asset Group	Category Description	Measure
Water	Water pipelines and connections	293 km
	Water meters	7123 (count)
	Water reservoirs, treatment plants & pump stations	21 (count)
	Water treatment plant site infrastructure	334 (count)
	Water hydrants, valves, swabbing pits	3649
Sewerage	Sewerage pipelines and connections	214.5 km
	Sewerage treatment plants and pump stations	38 (count)
	Sewerage pump stations site infrastructure	622 (count)
	Sewerage manholes	2507 (count)
	Sewerage valves, valve pits, rodding ends, vent stacks	318 (count)
Land, Building and Other Structures (LBO)	Buildings	254 (count)
	Land (Council owned and managed)	383 (count)
	Other Structures (bbq, fences, shelters, bins, tables, seats, lighting, signs)	2036
	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.

Across the different asset categories there are, and will continue to be, differences as to the definition of “condition”. These differences are identified in the individual Asset Management Plan(s) but, do not generally affect the assessment of the condition of assets within a category in a way that would be detrimental to effective planning. Table 2 provides detailed information for Council’s infrastructure assets and conditions pre-2022 flood event.

Table 2 – Asset in condition as percentage of gross replacement cost 30 June 2021.

Asset Group	Asset Class	% Condition Ratings					Comments
		1	2	3	4	5	
Roads	Roads Sealed	28	42	25	5	0	Renewal funding is satisfactory with ongoing renewal maintained at the current levels of \$1.53M per year for the next five years and \$1.79M over the following 20 years.
	Roads Unsealed	27	53	15	5	0	Funding is satisfactory with ongoing renewal maintained at the current levels of \$720,000 per year for the next five years and \$530,000 over the following 20 years.
	Bridges	3	51	40	5	1	Council has a limited number of timber bridges left to replace, however there are several critical bridges in the network which need to be planned for replacement in the next 10 years.
	Footpaths	82	18	0	0	0	Council existing footpath network is in good condition. Council continues to enhance the footpath cycleway networks and improve the safety of the users. Council utilize information compiled in the PAMP to prioritise works.
Water	Water network	48	47	3	2	0	The current cost to bring conditions up to standard is \$1,250,000 Annual Maintenance cost is \$453,000
Sewer	Sewer network	46	34	13	7	0	The current cost to bring conditions up to standard is \$2,815,000 Annual Maintenance cost is \$1,199,000
LBO	Buildings	42	41	16	1	0	The current cost to bring conditions up to standard is \$169,000 Annual Maintenance cost is \$446,000
	Land Improvements	73	21	5	1	0	The current cost to bring conditions up to standard is Nil Annual Maintenance cost is \$450,000
	Other Structures	89	9	2	0	0	The current cost to bring conditions up to standard is Nil Annual Maintenance cost is \$118,000
	Open Space / Recreational	68	27	4	1	0	The current cost to bring conditions up to standard is Nil Annual Maintenance cost is \$169,000
Drainage	Stormwater network	37	40	17	6	0	The current cost to bring conditions up to standard is \$1,088,000 Annual Maintenance cost is \$243,000

## Financial health of assets

Richmond Valley Council is responsible for the management of assets valued at more than \$1 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 below and the financial status of Council's infrastructure assets is shown in Table 4 as at 30 June 2021.

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 49% of total asset value with overall average 68% 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 at 30 June 2021

<p>Asset consumption ratio 73%</p>	<p>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.</p>
<p>Agreed service level ratio 1.76%</p>	<p>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.</p>
<p>Asset renewal ratio 86.64%</p>	<p>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.</p> <p>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% indicated under investment in renewal of asset base.</p>
<p>Asset maintenance ratio 129.63%</p>	<p>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%.</p> <p>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.</p>
<p>Backlog ratio 2.33%</p>	<p>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.</p> <p>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.</p>



Table 4: Financial status of assets as at 30 June 2021

Asset Group	Description	Replacement Value	Written Down Value
Roads and Transport	Roads (sealed and unsealed), Bridges, Footpaths, and Cycleways	\$ 440,402,000	\$ 298,407,000
Water	Water network	\$ 95,045,000	\$ 73,089,000
Sewer	Sewerage network	\$ 146,969,000	\$ 112,357,000
Land, Building and Other Structures (LBO)	Land Improvements, Other Structures, Open Space/Recreational, Buildings	\$ 146,389,000	\$ 116,360,000
Drainage	Stormwater	\$ 61,293,000	\$ 50,793,000
<b>Total</b>		<b>\$ 890,098,000</b>	<b>\$ 651,006,000</b>

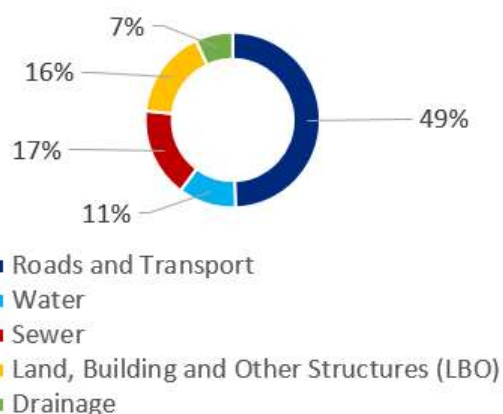


Figure 6: Asset Replacement Values as % of Total Value

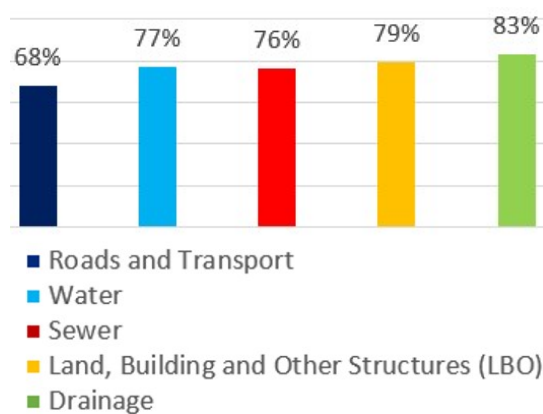


Figure 7: Asset Consumption Ratio - % 'As New' Remaining



## Future Direction – Where do we want to be?

### Council's Vision, Mission, Goals and Objectives

This Asset Management Strategy is prepared in accord with Council's vision, mission and strategic objectives.

Council's vision is:

*A collaborative community working together to advance a resilient and robust economy which reflects a strong sense of community, successful businesses and a healthy environment.*

Council's mission is:

*To protect and improve the quality of life for our community, and for future generations.*

Richmond Valley's three-year recovery plan in response to the 2022 floods focuses on rebuilding Council's flood affected infrastructure to pre-flood condition. Council will target funding through natural disaster funding, government grants, and utilising Council's existing insurance. Part of the rebuilding process includes improving resilience and developing systems and processes to assist in supporting the community should future disasters occur. This will include streamlining Council's processes for grants and claims based upon industry best practice, business needs, and reviews of the existing impacts and business processes. This plan will guide Council's strategic direction for the 2022-23 financial year, until the revised Community Strategic Plan 2040 is completed.

### Asset Management Policy

Council's Asset Management Policy was last reviewed in February 2021. A recent review has been undertaken changing the policy from operational to Council and incorporating changes in alignment with Delivery Plans, Asset Management Strategy, and Plan(s) with a view for adoption within 2022.

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 Plans. 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-lifecycle 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.

Strategies to achieve this position are outlined within the next section.



## How Will We Get There?

The Asset Management Strategy proposes a plan of action to enable the objectives of the Recovery Plan, being the interim Community Strategic Plan as result of the 2022 flooding natural disaster, 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 services 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 the Special Rate Variation which has been approved for the 4 year period 2019/2020 to 2022/2023. Part of the variation in income is 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 lifecycle. 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 2022-2023 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 cost of 48% of total budget allocation of maintenance and capital combined. This is reflective of the total asset replacement costs at 49% as shown in Figure 6.

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

Table 2 - Asset infrastructure operating and maintenance costs financial year 2022 - 2023.

Asset Group	Asset Class	Annual Maintenance	Annual Capital/Renewal
Roads and Transport	Roads (sealed and unsealed), Bridges, Footpaths, and Cycleways	\$ 2,079,499	\$12,420,818
Water	Water network	\$ 563,735	\$ 964,500
Sewer	Sewerage network	\$ 1,035,039	\$ 916,000
Land, Building and Other Structures (LBO)	Buildings Land Improvements, Other Structures, Open Space/Recreations/ Buildings	\$1,350,679	\$ 351,341
Drainage	Stormwater	\$ 190,370	\$ 25,000

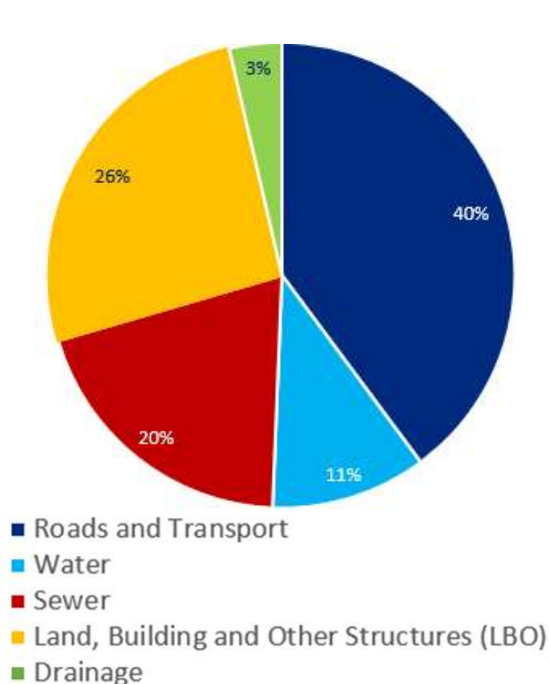


Figure 8: Maintenance costs 2022-2023

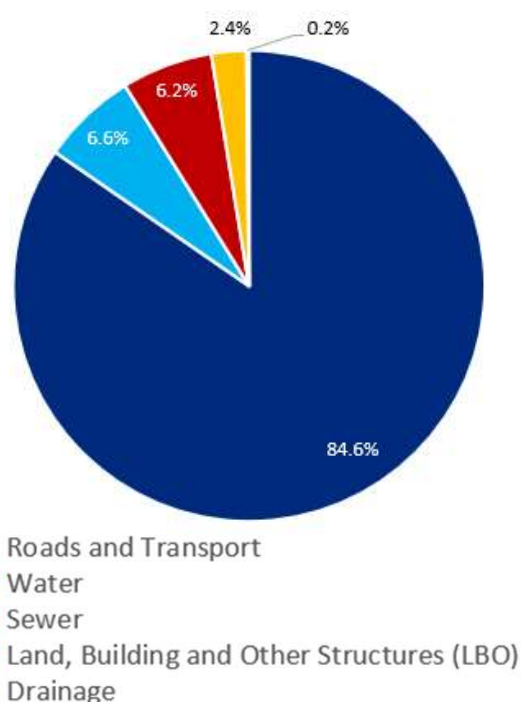


Figure 9: Renewal costs 2022-2023

## 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 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 three 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.

Table 3 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	Review 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.

Improvement Type	Asset Management Improvement Plan
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	Undertake a comprehensive 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 update Council's Asset Management Policy, Asset Management Strategy, and Asset Management Plan(s) ensuring alignment with other Council policies and plans.
Plan and Policies	Review 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 range of stakeholders including statutory reporting requirements.
Systems	Investigate the opportunity to implement an integrated asset management and asset maintenance system.
Systems	Improve and consolidate asset information including documentation and work-as-executed information within Council's asset inventory to improve maintenance, planning and operational activities.
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, e.g. artificial intelligence condition inspections, drone data collection.



## Appendix A – 10 Year projected infrastructure expenditure

FORECAST EXPENDITURE											
Asset Category	Forecast Expenditure	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032
<b>Sealed Roads</b>	Operations	2585137	2615247	2673571	2699416	2748801	2891200	2908716	2986597	3031153	3121753
	Maintenance	869369	892697	922460	948177	982712	1007378	1028904	1044660	1075994	1112928
	Renewal	5713528	4471918	4515087	4558838	4400396	4291165	4428429	4496798	4555993	4601775
	Upgrade	7789745	40000	40000	40000	40000	40000	40000	40000	40000	40000
	New Assets	73528	40000	-	-	-	-	-	-	-	-
<b>Unsealed Roads</b>	Operations	379090	386464	397797	404715	415108	438627	446398	463934	479316	504814
	Maintenance	1075490	1102378	1129937	1159403	1189637	1220662	1252501	1285172	1318697	1353098
	Renewal	248566	718883	637550	804601	827860	848557	869770	887942	906568	1025660
	Upgrade	-	-	-	-	-	-	-	-	-	-
	New Assets	-	-	-	-	-	-	-	-	-	-
<b>Bridges</b>	Operations	38713	39682	40675	41739	42835	43959	45114	46297	47512	48760
	Maintenance	31823	32617	33435	34307	35198	36114	37056	38019	39007	40022
	Renewal	815588	-	-	-	-	-	-	-	-	-
	Upgrade	-	-	-	-	-	-	-	-	-	-
	New Assets	-	-	-	-	-	-	-	-	-	-
<b>Footpaths</b>	Operations	83224	84571	87324	88418	90430	97042	96969	99807	100757	104049
	Maintenance	43256	44339	45450	46641	47872	49129	50423	51752	53109	54507
	Renewal	30600	31100	31800	32500	103500	104250	105506	107000	109000	109000
	Upgrade	-	-	-	-	-	-	-	-	-	-
	New Assets	70000	70000	70000	70000	-	-	-	-	-	-
<b>Water</b>	Operational	3528243	3629768	3739260	3836329	3984650	4090602	4187560	4311092	4423564	4585372
	Maintenance	563735	577825	592277	608106	624360	641049	658191	675774	693847	712397
	Renewals	1686000	2384500	3004000	950000	1150000	950000	1050000	1105000	905000	905000
	Upgrade	392000	23000	-	-	-	-	-	-	-	-
	New Assets	430000	685000	705000	1500000	-	-	-	-	-	-



## FORECAST EXPENDITURE

Asset Category	Forecast Expenditure	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032
<b>Sewerage</b>	Operations	2421237	2491354	2563693	2640939	2760678	2803003	2888016	2975805	3066465	3160109
	Maintenance	1070687	1097463	1124898	1154822	1185542	1217084	1249468	1282712	1316853	1351889
	Renewal	1589180	2390000	1112000	2674000	2046000	1950000	1150000	1950000	1150000	1950000
	Upgrade	1441000	3310000	3190000	5000000	5000000	1450000	1400000	-	-	-
	New Assets	80000	-	-	-	-	-	-	-	-	-
<b>Buildings</b>	Operations	582507	600653	619443	638730	658692	679330	700680	722772	745622	769262
	Maintenance	428496	440115	452290	465477	479590	494944	512003	531463	554388	582343
	Renewal	126341	72411	73497	74600	75719	76855	78123	79397	80906	82443
	Upgrade	13300	-	-	-	-	-	-	-	-	-
	New Assets	-	15000	-	-	-	-	-	-	-	-
<b>Other Structures</b>	Operations	4222	4327	4436	4555	4677	4802	4930	5062	5198	5338
	Maintenance	333157	339589	348078	357155	366467	376025	385835	395900	406229	416832
	Renewal	65000	30000	60000	30000	30000	30000	30000	30000	30000	30000
	Upgrade	-	30000	-	-	-	-	-	-	-	-
	New Assets	3701400	1330000	40000	1190000	1380000	30000	40000	30000	50000	-
<b>Open Space / Recreational Assets</b>	Operations	1701567	1745043	1785979	1828329	1877959	1929528	1983425	2040074	2098513	2158808
	Maintenance	151531	153873	156273	158795	161384	164046	166775	169571	172440	175387
	Renewal	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000
	Upgrade	9725040	-	-	-	-	-	-	-	-	-
	New Assets	779810	-	-	-	-	-	-	-	-	-
<b>Land Improvements</b>	Operations	-	-	-	-	-	-	-	-	-	-
	Maintenance	571115	585361	599964	616050	632585	649556	666995	684903	703295	722174
	Renewal	-	-	-	-	-	-	-	-	-	-
	Upgrade	70000	-	-	-	70000	-	-	-	-	-
	New Assets	10362500	2597800	2197800	2197800	2197800	2690640	8100000	30000	1800000	-

## FORECAST EXPENDITURE

Asset Category	Forecast Expenditure	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032
<b>Drainage</b>		-	-	-	-	-	-	-	-	-	-
	Operations	-	-	-	-	-	-	-	-	-	-
	Maintenance	190370	195130	200011	205351	210846	216477	222265	228203	234302	240570
	Renewal	35000	68000	140000	10000	195000	195000	195000	195000	195000	10000
	Upgrade	324985	324985	324985	-	-	-	-	-	-	-
	New Assets	45000	27000	55000	185000	-	-	-	-	-	-

