

Asset Plan 2022 – 2032



Yarra City Council acknowledges the Wurundjeri Woi Wurrung people as the Traditional Owners and true sovereigns of the land now known as Yarra. We also acknowledge the significant contributions made by other Aboriginal and Torres Strait Islander people to life in Yarra. We pay our respects to Elders from all nations and to their Elders past, present and future.

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1. Introduction

The Asset Plan is a key strategic planning document that shows how Council manages the assets that it is responsible for, to enable the delivery of Council services in line with the *Council Plan 2021-2025* and the *Yarra 2036 Community Vision*.

Yarra City Council is the custodian of infrastructure and other assets valued at over \$2 billion. The Asset Plan describes how Council cost-effectively manages assets throughout their lifecycle.

1.1. Purpose of the Asset Plan

The Asset Plan provides the community with information on the infrastructure assets for which Council is the custodian. The Plan aims to facilitate more informed community engagement and a mutual understanding of the best use of Council assets in the interest of the community.

The Asset Plan is a key component of the Integrated Strategic Planning and Reporting Framework (ISPRF) published by Local Government Victoria.

The purpose of the Asset Plan is to:

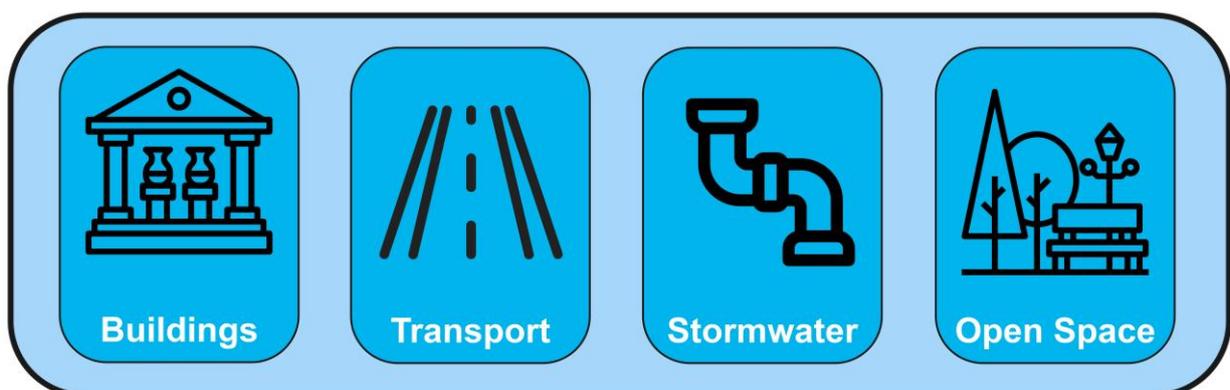
- provide information on asset value and performance
- provide information about the type of assets that Council manages and the costs of managing assets
- embed responsible asset management practices into Council's strategic planning
- contribute to Council's objectives, strategies and financial management
- improve the efficiency and effectiveness of asset management practices
- align decisions about assets to community needs, service levels and financial sustainability
- articulate and communicate the challenges in relation to service levels, costs and risks

The Asset Plan will be adopted by Council every four years in line with the strategic objectives of the Council Plan and lifecycle forecasts updated annually to reflect the annual budget and Finance Plan.

1.2. Scope of the Asset Plan

The Asset Plan applies to the physical infrastructure assets that are managed by Council, and are used to deliver services to our community.

Infrastructure assets are grouped into four key asset classes in this plan:



The *Asset Plan 2022-2032* covers the ten year period from financial years 2022-23 through to 2031-32. The financial amounts presented in the plan are consistent with Council's *Long Term Financial Plan 2022-23 to 2031-32*.

2. Strategic Context

The delivery of services to the community is guided by the *Yarra 2036 Community Vision, Council Plan 2021-25*, and Council's other strategic documents including strategies, plans and policies. Assets underpin the delivery of services to the community and the Asset Plan describes our approach to managing these assets throughout their lifecycle in a financially sustainable manner.

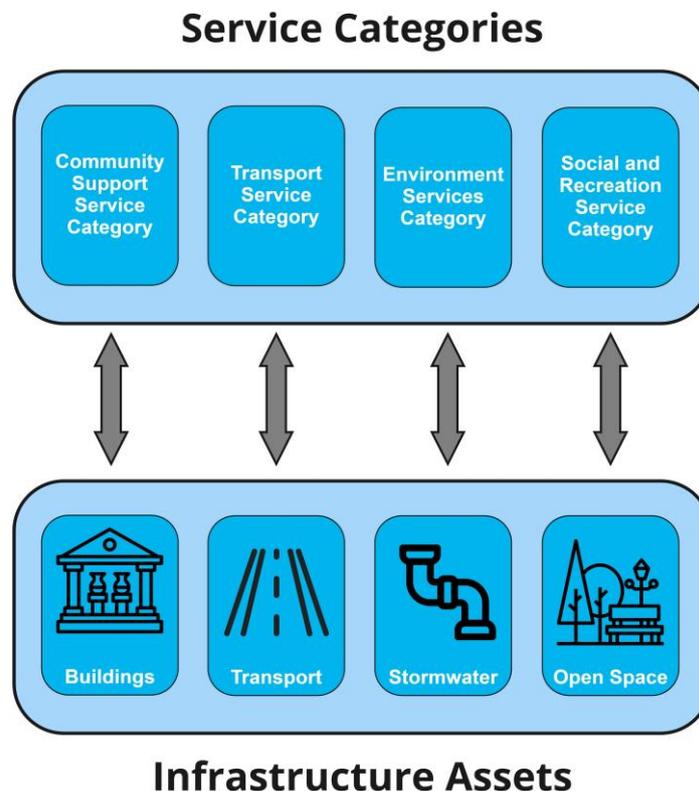


Figure 1 – Showing the interdependency between assets and services

2.1. Integrated Strategic Planning and Reporting Framework

The Local Government Act 2020 requires all Victorian councils to develop, and keep current, an Asset Plan. The plan must cover a period of at least ten financial years and applies to the infrastructure assets under the control of Council.

The Asset Plan is one of a number of documents required by the act, and the Integrated Strategic Planning and Reporting Framework shown in Figure 2 published by Local Government Victoria depicts the relationship between the Asset Plan and other key strategic documents.

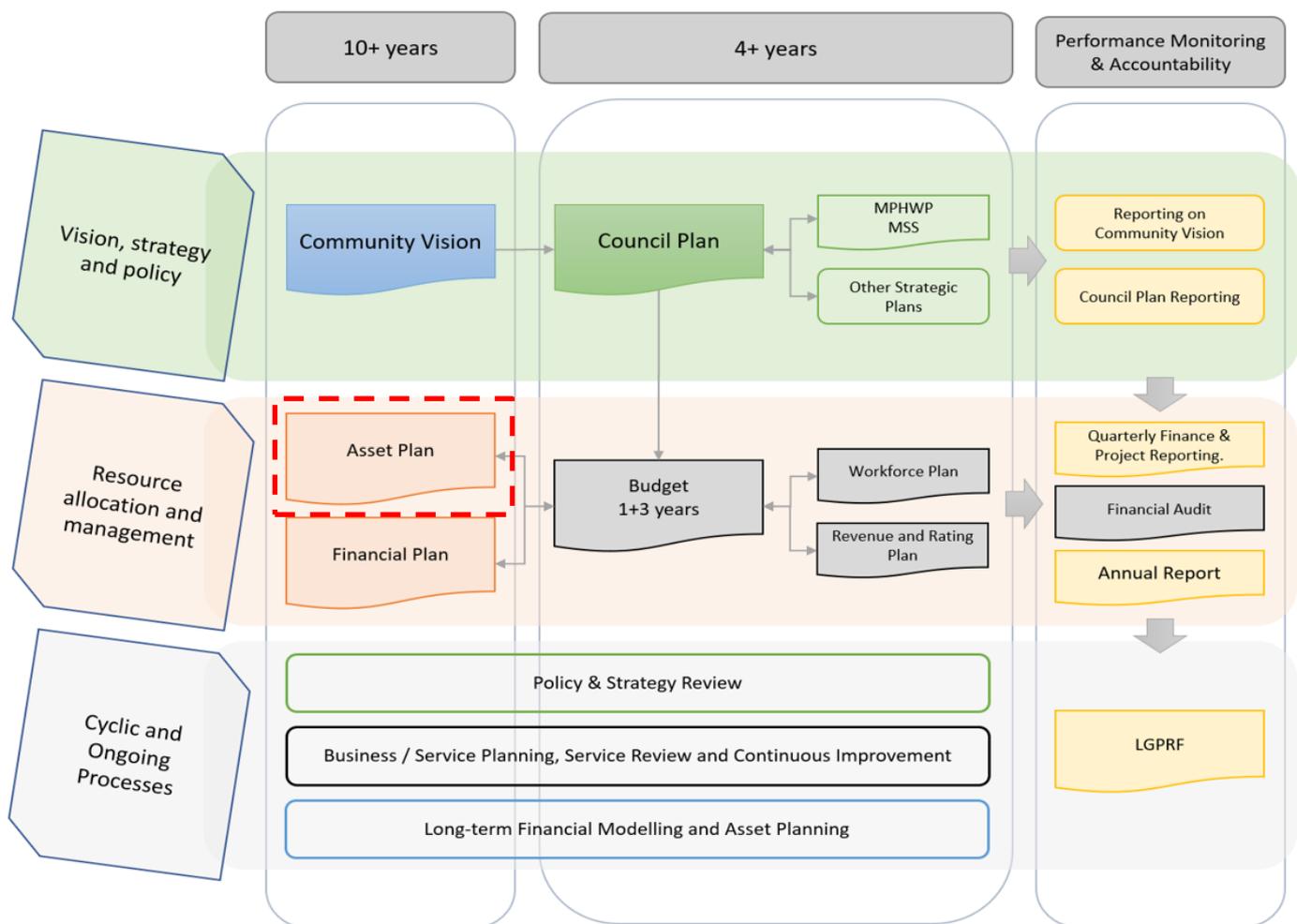


Figure 2 – Integrated Strategic Planning and Reporting Framework

The *Yarra 2036 Community Vision* sets out our community’s aspirations and priorities for the next 15 years. It includes a vision statement, a set of eight vision themes representing the key areas of focus and 30 future priorities describing key aspirations for the future of Yarra.

Our *Council Plan 2021-25* addresses the Community Vision. It identifies six strategic objectives, each with supporting strategies and initiatives defining what Council will work to achieve over the next four years as we work towards the Vision.

The *Asset Plan 2022-2032* contains information about how Council, in strategic and financial terms, will manage the portfolio of infrastructure assets under its control. The Asset Plan is intrinsically linked with the budgets and projections outlined in our Long Term Financial Plan to ensure the ongoing affordability and financial sustainability of the management of assets.

The *Long Term Financial Plan 2022/23 through 2031/32* describes the financial resources required to give effect to the Council Plan and other strategic plans of Council.

The Community Vision was developed through a deliberative engagement with the local community in line with Council’s Community Engagement Policy. The outcomes of this engagement have been used to guide and inform the Council Plan, Asset Plan and Long Term Financial Plan.

2.2. Asset Management

Asset Management is the systematic activity of an organisation to realise value from assets. This includes all activities throughout the lifecycle of managing assets including planning, acquisition/construction, operations, maintenance, renewal/replacement, upgrade/expansion and disposal of assets. This involves a balancing of costs, risks and performance of assets.

Asset Management is interdependent with the service planning activities of Council that establish the services that Council provides, the current and future demand for those services, the service delivery approach, the service level to be provided and strategies for the development of those services and/or major changes to services.

The ISO55000 series of standards are the international standards for best practice in Asset Management. The International Infrastructure Management Manual published by the Institute of Public Works Engineering Australasia provides guidance on the application of these standards in a local government context.

Asset Management provides a framework for managing the costs and risks associated with operating, maintaining and renewing aging assets, along with providing upgrades and new assets to meet increasing demand and disposal or rationalisation of assets where appropriate.

Asset Management recognises that organisations operate within an environment of funding limitations, whilst needing to ensure that the limited funding is applied to the areas that matter. Key benefits arising from effective asset management include:

- Reduction of risk to the community and Council
- Effective and efficient service provision
- Flexible and well-utilised infrastructure
- Optimised asset performance
- Minimised lifecycle cost of asset ownership

3. Yarra's Asset Management Approach

3.1. Asset Management Framework

Yarra's Asset Management Framework (the management system for asset management) is aligned to the ISO55000 series of international standards and the International Infrastructure Management Manual. A diagrammatic representation of the framework is shown in Figure 3.

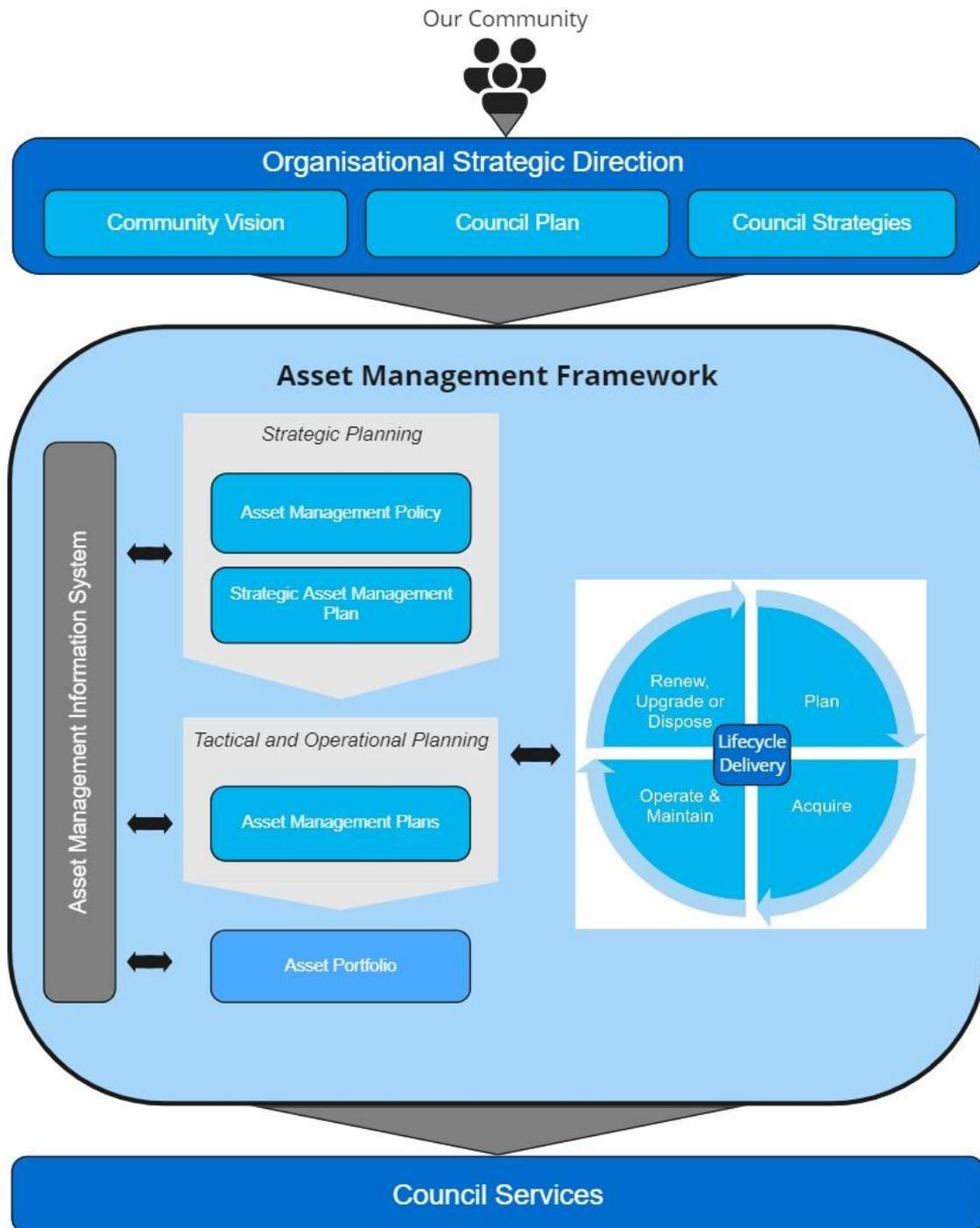


Figure 3 – Asset Management Framework

The framework includes the key documents described in Table 1 below. The management system is enabled by our people, our processes, and our Asset Management Information System (AMIS).

Table 1 – Key Framework Documents

| Documents | Purpose and Contents |
|---------------------------------|--|
| Asset Management Policy | Outlines the guiding principles for Asset Management and the high-level responsibilities and accountabilities for Asset Management within the organisation |
| Strategic Asset Management Plan | Links the organisational objectives to the asset management objectives and details the actions and practices required to meet those objectives |
| Asset Management Plans | Identifies how we intend to manage our assets within the allocated funding envelope to meet the needs of the community while managing risk. |
| Asset Plan | This is a high-level community facing document which is intended to provide an overview of Asset Management within Yarra. |

3.1.1. Asset Management Principles

The *Asset Management Policy (2022)* contains the following key principles, which provide guidance to all aspects of asset management at Yarra.

| Yarra's Asset Management Principles |
|---|
| Principle 1 – We will implement and maintain an asset management framework comprising this Policy, a Strategic Asset Management Plan, asset management plans for each infrastructure asset group and a Council-adopted Asset Plan. |
| Principle 2 – The asset management framework will align with ISO 55001 (Asset Management – Management Systems – Requirements), the International Infrastructure Management Manual and the Asset Plan provisions of the Local Government Act 2020 |
| Principle 3 – Asset management will support the delivery of the Council Plan (as it addresses the overarching Community Vision) and the various sub-ordinate strategies of Council. |
| Principle 4 – Asset planning will have a planning horizon of at least ten years, and longer where needed including consideration of the Yarra 2036 Community Vision horizon of fifteen years and climate adaptation considerations. |
| Principle 5 – Lifecycle asset activities (acquisition, operations, maintenance, renewal and disposal) will be considered with the objectives of minimising costs and environmental impact over the whole lifecycle. |
| Principle 6 – Levels of service will be defined for asset-based services in consideration of community needs, financial, social and environmental sustainability. |
| Principle 7 – Funding for renewal of existing assets will be given priority over funding for new assets, asset upgrades and expansions. |
| Principle 8 – Renewal of existing assets will be based on service need, fitness for purpose, asset condition, compliance and risk management considerations. |
| Principle 9 – Proposed new assets, asset upgrades and expansions will be in alignment with the Council Plan, Council strategies, service plans and demand forecasts. |
| Principle 10 – Asset management planning and long-term financial planning will be integrated with the service and risk implications of any divergence between asset and financial plans considered as part of the planning process. |
| Principle 11 – Asset management roles, responsibilities and accountabilities will be clearly defined and resourced appropriately and linked to position descriptions and the Workforce Plan. |
| Principle 12 – Asset management training and skills development will be provided for staff, management and Councillors. |
| Principle 13 – A corporate centralised asset management information system will be utilised for the operational and strategic management of assets. |
| Principle 14 – We will regularly measure and report performance against objectives and strive to continuously improve asset management, including the introduction of innovative technologies for productivity and capability improvements. |

3.1.2. Asset Lifecycle

Our approach to asset management is to provide assets that are safe and fit-for-purpose to meet service needs to agreed service levels, in a manner that is financially sustainable and that minimises costs across the whole asset lifecycle.

The four key stages in the asset lifecycle are shown in Figure 4.

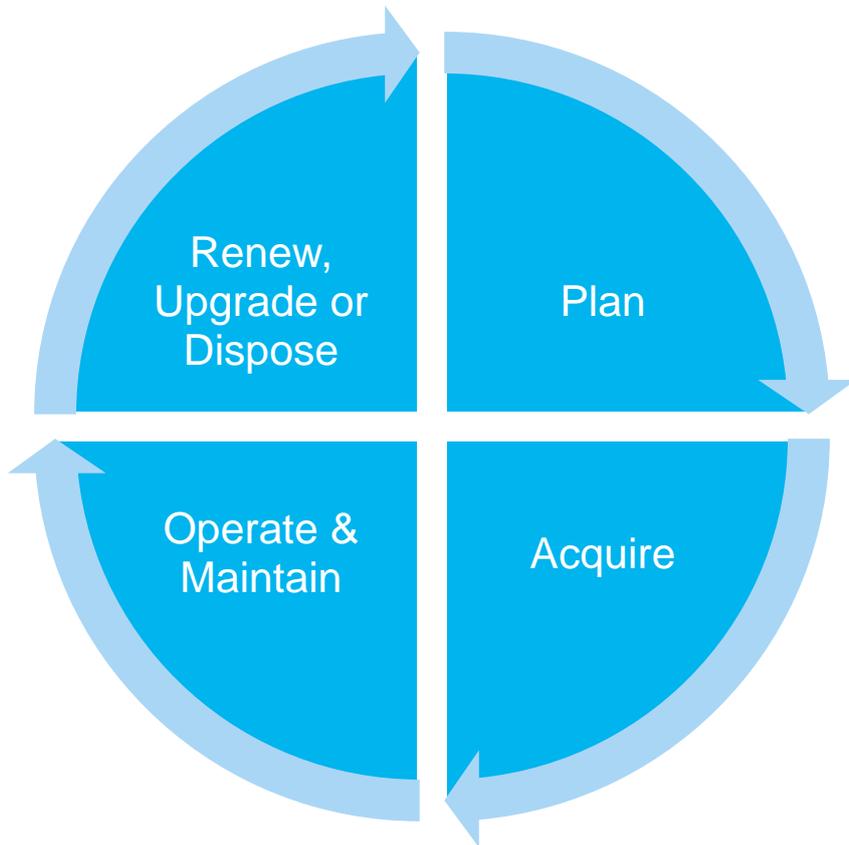


Figure 4 – Asset Lifecycle Stages

The strategies that we employ in each stage of the asset lifecycle are summarised in Table 2.

Table 2 – Asset Lifecycle Strategies

| Lifecycle Phase | Strategies |
|---------------------------|--|
| Plan | <ul style="list-style-type: none"> • Consideration of service needs, service levels, demand forecasts and Council strategies • Long-term capital works program, operations and maintenance needs driven by asset management plans • Attract external funding where possible • Integration with financial planning with focus on financial sustainability • Use of data and modelling in decision making |
| Acquire | <ul style="list-style-type: none"> • Clear project definitions and objectives • Design for environmental sustainability • Design to minimise lifecycle costs • Clear handover process to operations & maintenance |
| Operate & Maintain | <ul style="list-style-type: none"> • Regular inspections and maintenance to ensure assets are safe, compliant, available and provide the agreed level of service • The asset management information system is used to monitor asset performance and maintenance costs • Regular assessment of asset condition and valuation to assist with planning |
| Renew, Upgrade or Dispose | <ul style="list-style-type: none"> • Renewal of assets as needed to restore their condition and service potential where there is an on-going service need • Consideration of asset upgrades or expansions to meet changing service needs and/or additional demand • Disposal or rationalisation of assets not required for on-going service delivery |

3.1.3. Asset Expenditure Categories

Our asset and financial planning uses the asset-related expenditure categories as defined in Table 3.

Table 3 – Expenditure Categories

| Accounting Treatment | Group | Category | Description |
|------------------------------|-----------|-------------|---|
| Operating Expenditure (Opex) | Recurrent | Operations | Asset operations e.g. utility provision, cleaning |
| | | Maintenance | Activities to preserve the condition of an asset including preventative maintenance and reactive repairs |
| Capital Expenditure (Capex) | Renewal | Renewal | Replacement of existing assets (or components thereof) to restore capacity and service potential |
| | Growth | Upgrade | Increase to the capacity or functionality of existing assets beyond their original design capacity or service potential |
| | | New | Creation of new assets |

4. Our Assets

4.1. Our Portfolio

Yarra City Council manages a portfolio of assets that have a combined replacement value¹ of over \$2.3 billion dollars with a high-level breakdown of this shown below in Table 4.

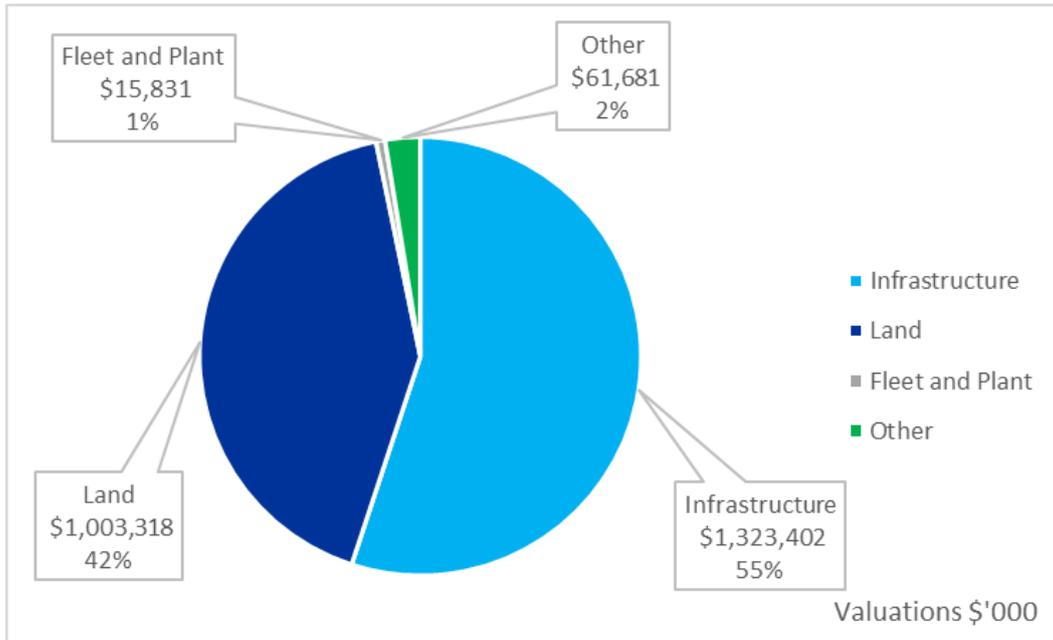


Figure 5 – All assets replacement value (\$'000)

Infrastructure assets represent approximately \$1 billion of this total, and the breakdown of this into four key infrastructure asset classes is shown in Figure 6, with an overview of these asset classes provided in Table 4.

¹ Replacement value based on asset fair value as at year end 2020/21.

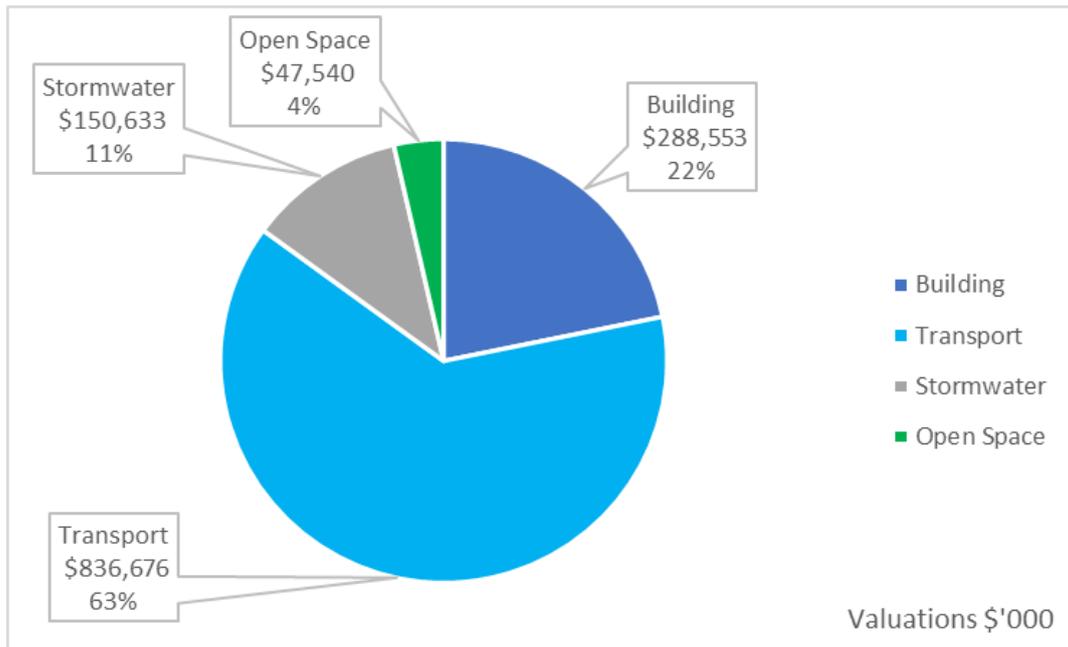


Figure 6 – Infrastructure assets replacement value (\$'000)

Table 4 – Infrastructure assets overview

| Infrastructure Asset Class | Asset Types | Quantity | Replacement Value ² |
|----------------------------|---|--|---|
| Buildings | Buildings Facilities Structures | 162 buildings | \$289 million |
| Transport | Roads Footpaths Kerb and channel Laneways Traffic treatments Bridges | 225 km of roads 410 km of kerb and channel 456 km of footpaths 85 km of laneways 7 footbridges | \$440 million – roads \$391 million – footpaths, laneways and kerb and channel \$5 million - bridges |
| Stormwater | Drainage pits Drainage pipes | 10,894 pits 240 km of pipes | \$151 million |
| Open Space | Turf Trees Garden beds Sportsgrounds/ playing fields Paths Barbecues Playgrounds | 260 ha of open space 35 playgrounds | \$48 million |

² Guidance Note: Fair Asset Valuation Methodologies for Victorian Local Governments (published by Local Government Victoria) requires all Victorian councils use a "greenfield" assumption when determining replacement value.

4.2. Condition of Our Assets

It is important for us to understand the current condition of our assets. Condition data helps us to better manage all aspects of the asset lifecycle and to better allocate funding to ensure that assets are available to our community at an appropriate level of service.

The collection of condition data can be expensive, so it is important that the right amount of data is collected. We do this by ensuring responsibilities for data collection are allocated and that the collection is scheduled and stored in our enterprise asset management IT systems.

Where data collection is difficult, we sometimes use professional opinion to fill the knowledge gap. This is common in organisations that manage large numbers of long-lived infrastructure assets. We will always apply a measure of confidence when we share condition data. This ensures that the reader understands the level of error that may exist.

Table 5 - Measures of Data Confidence

| Confidence Level | Description |
|------------------|--|
| High | Data based on high quality evidence, such as sound and current records, procedures, investigations, and analysis. Information is complete and estimated to be accurate $\pm 10\%$. |
| Medium | Data based on moderate quality evidence, procedures, investigations, and analysis which is incomplete or unsupported, or extrapolated from a limited sample. Up to 50% estimated with accuracy within $\pm 25\%$. |
| Low | Data is based on expert judgement or low-quality evidence. May be estimated or extrapolated. Accuracy $\pm 40\%$. |

Yarra utilises a core 1 to 5 scoring system when assessing and communicating the condition of assets. This core approach enables deterioration modelling and is one of three approaches recommended by the International Infrastructure Management Manual (IIMM2015). Table 6 below shows the core condition grading system.

Table 6 - Core Condition Assessment System

| Score | Description of Condition |
|-------|---|
| 1 | Very Good Condition |
| 2 | Good Condition – minor defects only |
| 3 | Average Condition – maintenance required to return to accepted level of service |
| 4 | Poor Condition – consider renewal |
| 5 | Very Poor Condition – approaching unserviceable |

The following subsections provide insight into the current condition of Yarra's infrastructure.

4.2.1. Building Assets

Data Confidence: Medium

Commentary:

Yarra’s building stock contains a relatively high number of buildings that are either at or close to the end of their useful life. This is reflected in the condition profile. Fortunately, these buildings are either unutilised or underutilised and awaiting a decision for further investment or disposal.

Yarra will embark on a programme to better understand building condition, function and capacity over the next ten years.

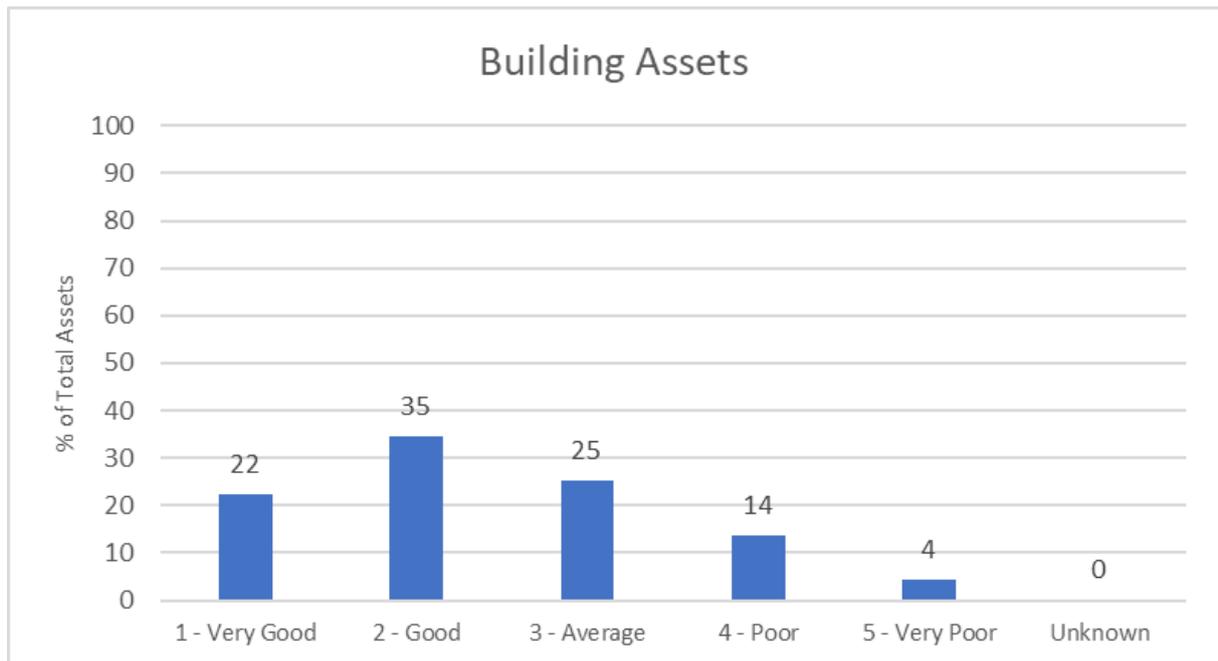


Figure 7 – Building Assets condition summary

Table 7 – Building Assets List

| Service | Condition Rating | | | | | Total | % |
|---------------------|------------------|-----------|-----------|-----------|----------|------------|--------|
| | 1 | 2 | 3 | 4 | 5 | | |
| Child & Family | 5 | 9 | 6 | 3 | 0 | 23 | 14.2% |
| Commercial | 4 | 3 | 3 | 1 | 1 | 12 | 7.4% |
| Community | 5 | 16 | 7 | 2 | 2 | 32 | 19.8% |
| Corporate | 2 | 3 | 0 | 1 | 0 | 6 | 3.7% |
| Municipal | 8 | 3 | 6 | 3 | 1 | 21 | 13.0% |
| Open Space & Sports | 6 | 14 | 13 | 7 | 3 | 43 | 26.5% |
| Public | 5 | 8 | 6 | 4 | 0 | 23 | 14.2% |
| Social Services | 1 | 0 | 0 | 1 | 0 | 2 | 1.2% |
| Total | 36 | 56 | 41 | 22 | 7 | 162 | 100.0% |
| % | 22.2% | 34.6% | 25.3% | 13.6% | 4.3% | 100.0% | |

4.2.2. Transport Assets

Data Confidence: High

Commentary:

The condition data for our transport network reflects the high levels of service and investment that our community expects from their transport infrastructure. Further investigation is required to ensure optimal and sustainable allocation of funding to lifecycle activities.

The footbridges in Yarra are relatively old in age. The condition score reflects the remaining useful life of the footbridges rather than the risk of them failing. All Yarra footbridges are regularly inspected to ensure safety.

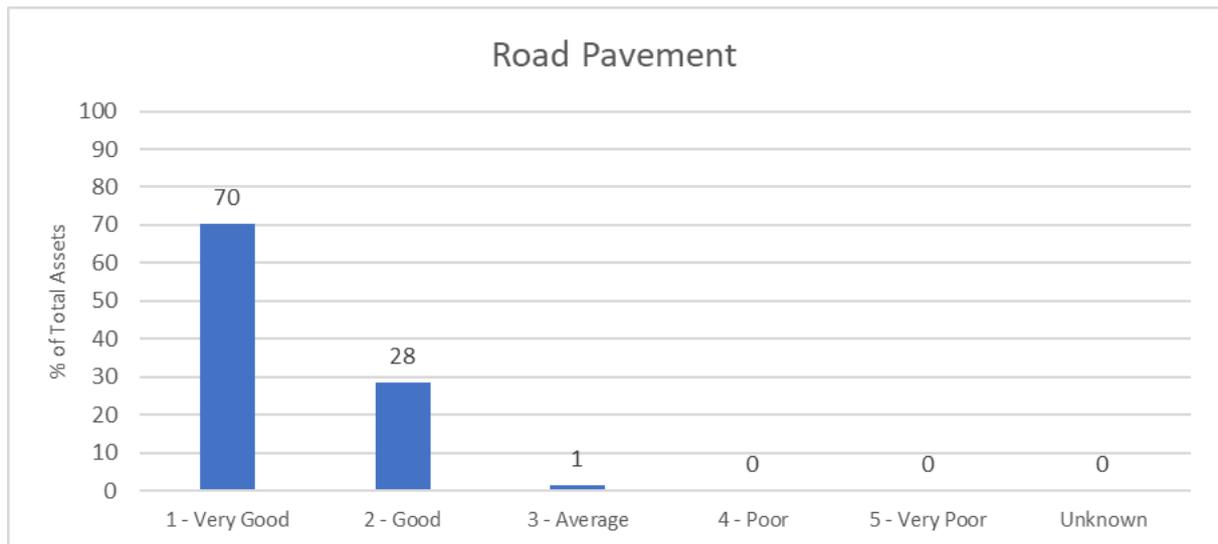


Figure 8 – Transport: Road pavement condition summary

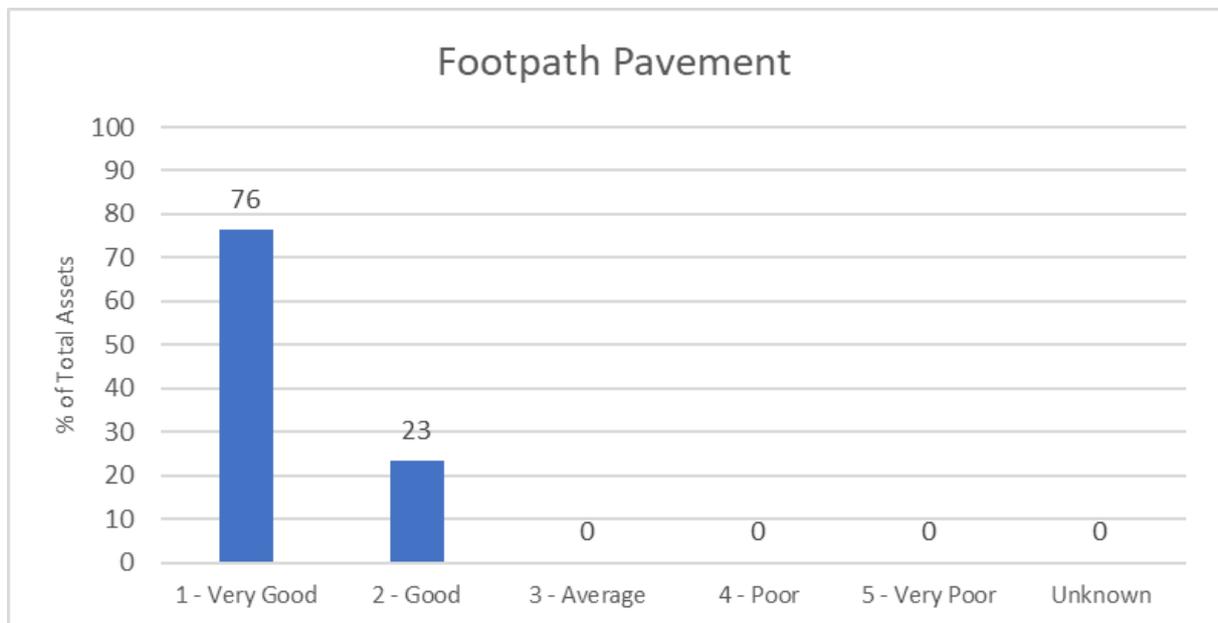


Figure 9 – Transport: Footpath pavement condition summary

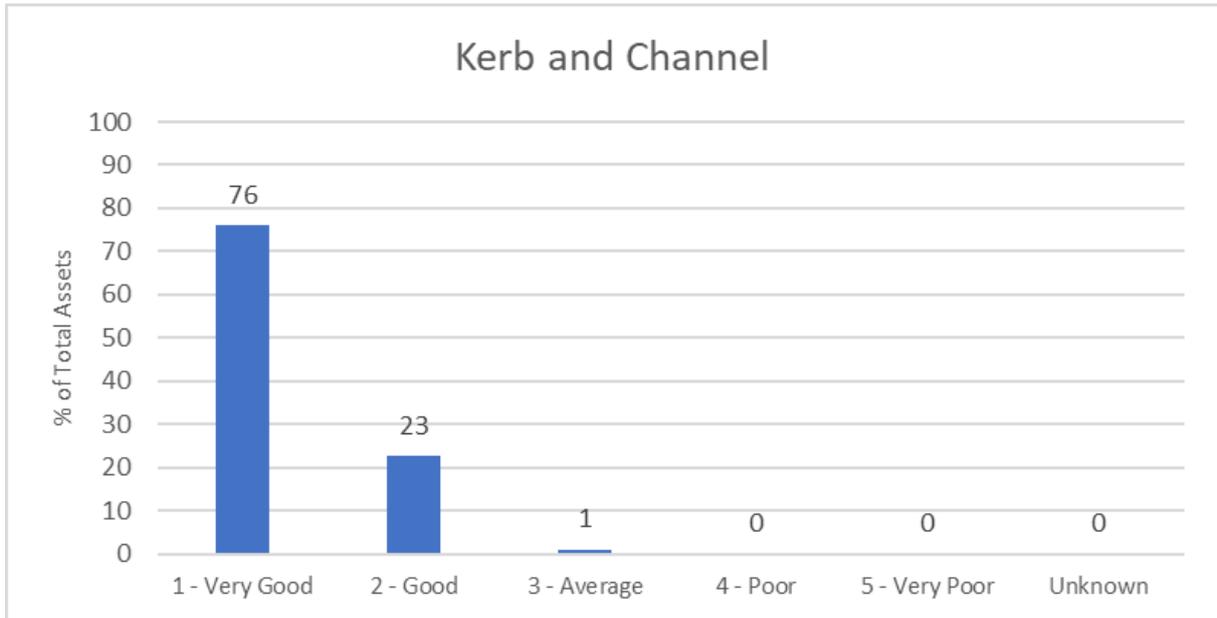


Figure 10 – Transport: Kerb & Channel condition summary

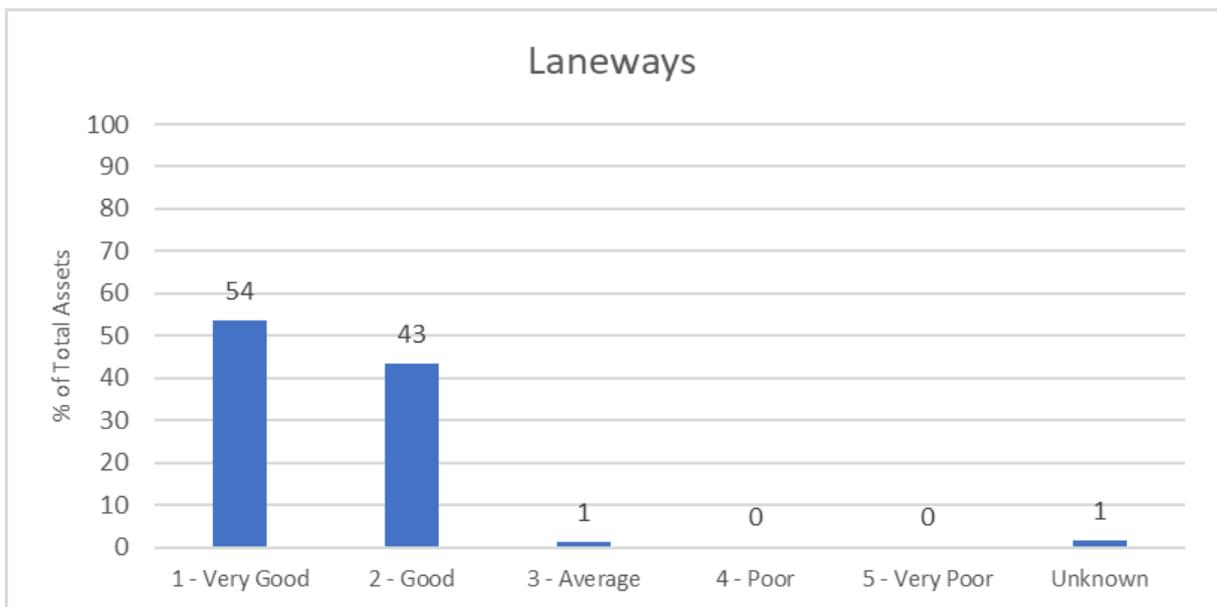


Figure 11 – Transport: Laneway condition summary

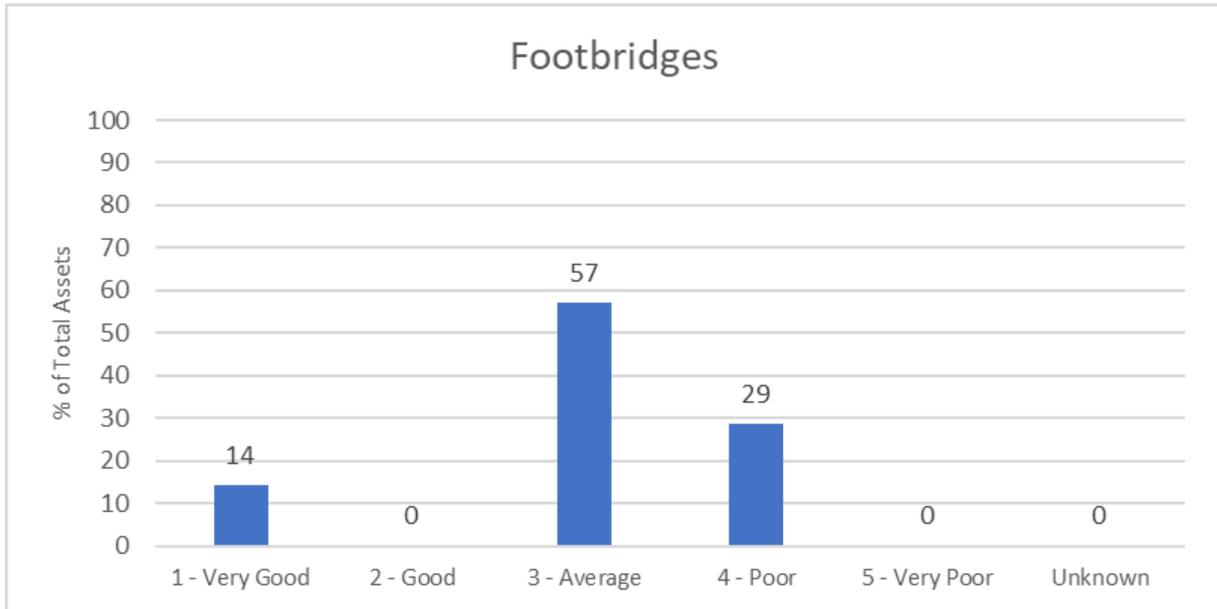


Figure 12 - Transport: Footbridge condition summary

4.2.3. Stormwater Assets

Data Confidence: Low

Commentary:

The City of Yarra is home to some of the oldest suburbs in Australia. Much of Yarra’s stormwater infrastructure was constructed at the start of the century long before computers and data management. This coupled with the high cost of capturing underground CCTV video imaging for condition interpretation has resulted in much of Yarra’s stormwater infrastructure being unknown.

Yarra is committed to better understanding its stormwater infrastructure condition and has committed significant funding to do this over the next ten years.

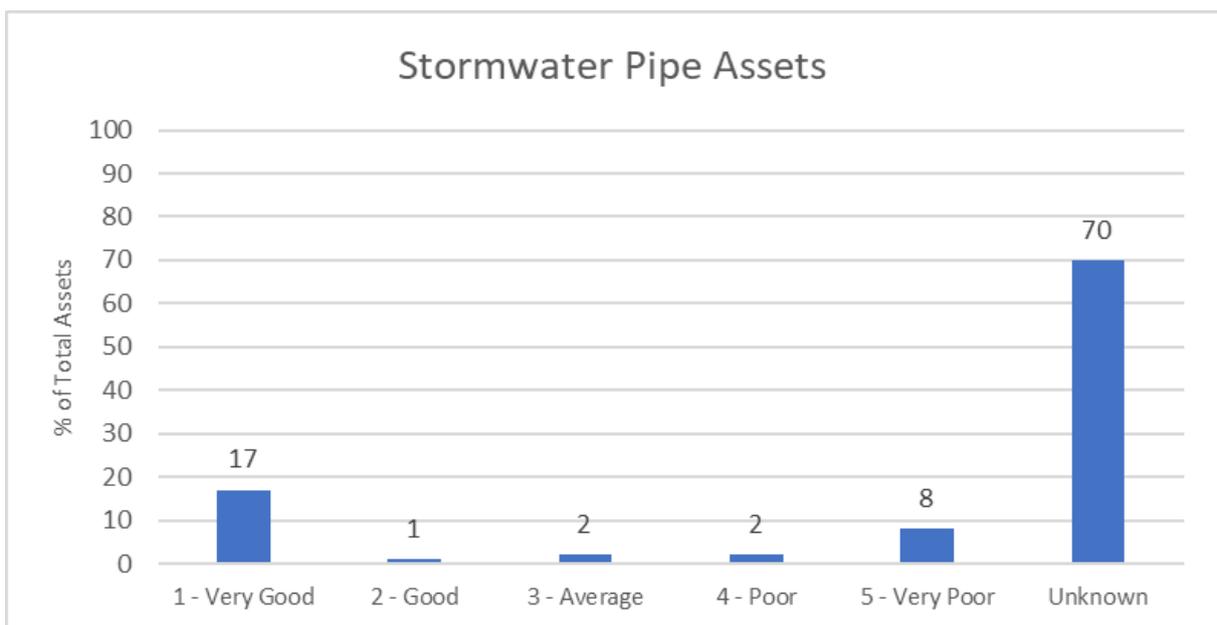


Figure 13 – Stormwater assets condition summary

4.2.4. Open Space Assets

Data Confidence: Medium

Commentary:

The condition data for our Open Space assets reflects the high levels of service and investment that our community expects from their parks and gardens. Yarra commits significant maintenance funding to ensure Open Space assets are available at a high level of service.

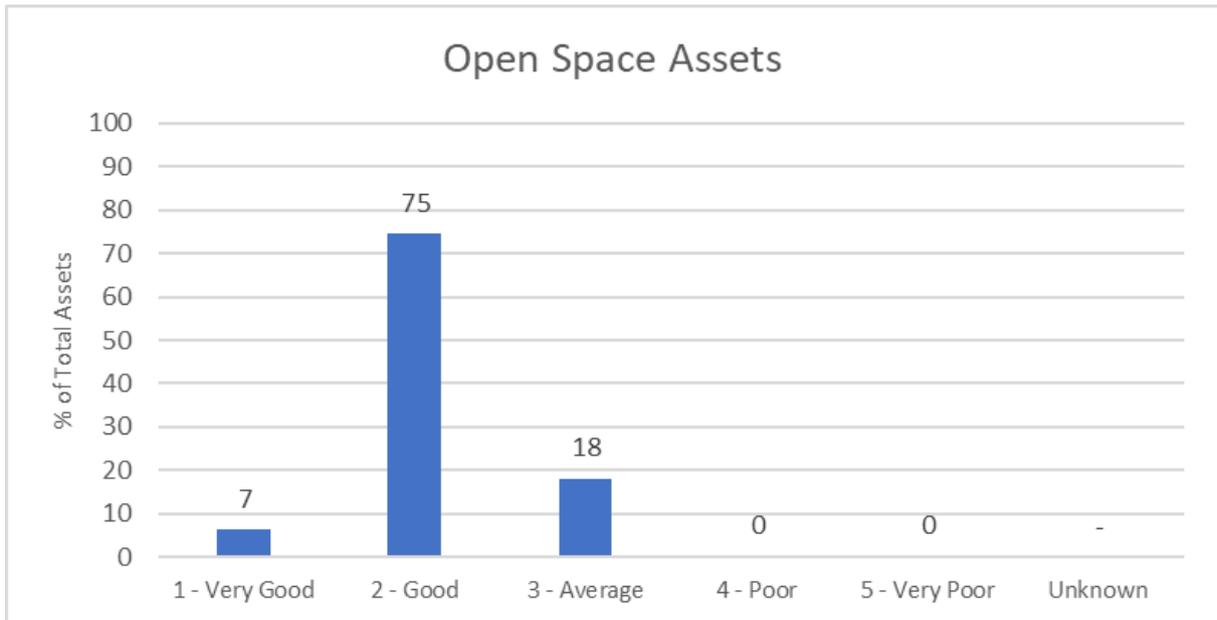


Figure 14 – Open space assets condition summary

5. Financial Information

This section outlines the expenditure on our infrastructure over the next 10 years and details the expected asset specific challenges for the same period. Indicators

Our performance indicators are defined by the Local Government Performance and Reporting Framework (LGPRF). The Framework requests that councils monitor and report on a number of indicators. Three indicators relate to Asset Management and are listed below.

Table 8 - LGPRF Indicators: Asset Management related indicators

| Indicator | FY2020–21 result | Comment |
|---|------------------|--|
| Infrastructure per head of municipal population | \$9,913.72 | Investment in infrastructure is consistent with population changes. |
| Population density per length of road | 327.48 | Number is expected to increase with population increases as the ability to construct new roads is limited. |
| Asset Renewal and Upgrade | 107.26% | Yarra is investing in its existing infrastructure at a rate higher than depreciation. |

5.1. Projections

Financial outlays have been determined based on the affordability assessments made in our Long Term Financial Plan and do not reflect the potential financial requirements to maintain current service levels over the next ten years.

Further analysis will be required to determine appropriate funding levels in the long-term. Scenario, option analysis and gap analysis will be presented in future iterations of the Asset Plan.

5.1.1. Building Assets

Table 9 – Building Assets Projected Ten Year Expenditure (\$'000)

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 10 Year Total |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Operations | 3,404 | 3,474 | 3,545 | 3,617 | 3,690 | 3,764 | 3,840 | 3,916 | 3,994 | 4,114 | 37,358 |
| Maintenance | 4,241 | 4,285 | 4,328 | 4,372 | 4,415 | 4,459 | 4,502 | 4,545 | 4,589 | 4,727 | 44,463 |
| Renewals | 8,881 | 5,991 | 3,228 | 7,098 | 7,000 | 8,748 | 7,862 | 4,847 | 4,397 | 8,627 | 66,679 |
| Upgrades | 818 | 2,400 | 7,200 | 130 | 3,416 | 4,095 | 4,528 | 7,927 | 5,714 | 490 | 36,718 |
| New | 4,930 | 9,680 | 10,172 | 10,507 | 577 | 585 | 40 | 666 | 1,234 | 1,145 | 39,536 |
| Total | 22,274 | 25,830 | 28,473 | 25,724 | 19,098 | 21,651 | 20,772 | 21,901 | 19,928 | 19,103 | 224,754 |

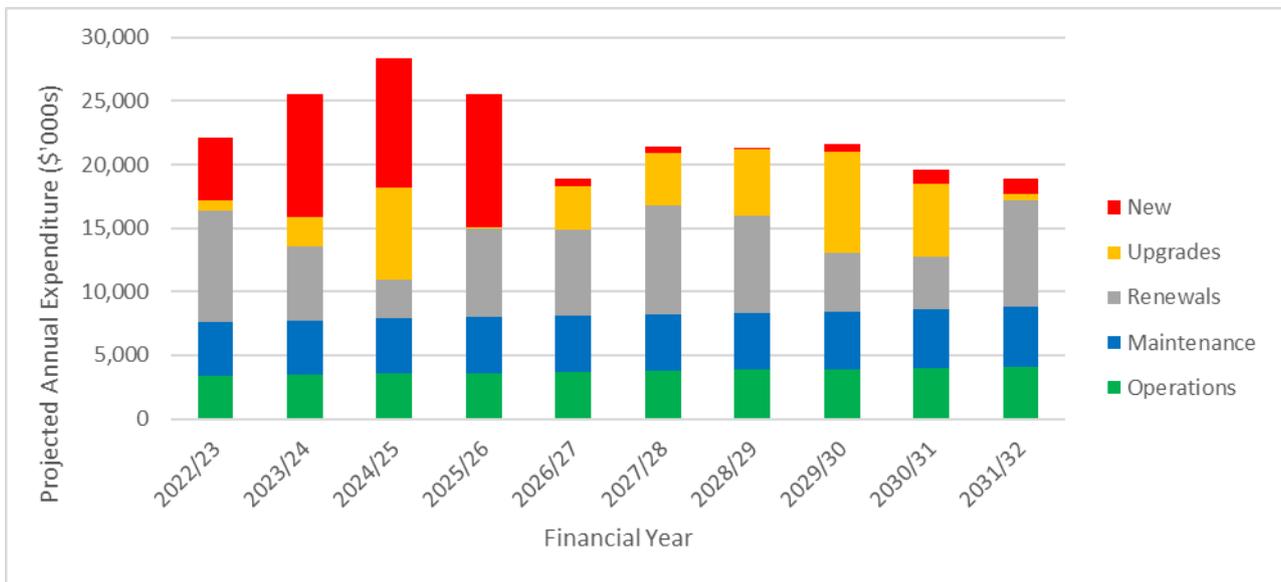


Figure 15 – Building Assets Projected Annual Budget (\$'000)

5.1.2. Transport Assets

Table 10 – Transport Assets Projected Ten Year Expenditure (\$'000)

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 10 Year Total |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Operations | 3,456 | 3,525 | 3,595 | 3,667 | 3,740 | 3,815 | 3,891 | 3,969 | 4,049 | 4,130 | 37,837 |
| Maintenance | 4,786 | 4,882 | 4,980 | 5,079 | 5,181 | 5,284 | 5,390 | 5,498 | 5,608 | 5,720 | 52,408 |
| Renewals | 8,701 | 7,112 | 7,021 | 8,638 | 9,935 | 11,441 | 11,412 | 12,213 | 12,119 | 11,954 | 100,546 |
| Upgrades | 2,094 | 2,846 | 1,544 | 1,802 | 3,476 | 2,838 | 1,854 | 937 | 2,103 | 4,644 | 24,138 |
| New | 819 | 180 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 992 | 1,991 |
| Total | 19,856 | 18,545 | 17,140 | 19,186 | 22,332 | 23,378 | 22,547 | 22,617 | 23,879 | 27,440 | 216,920 |

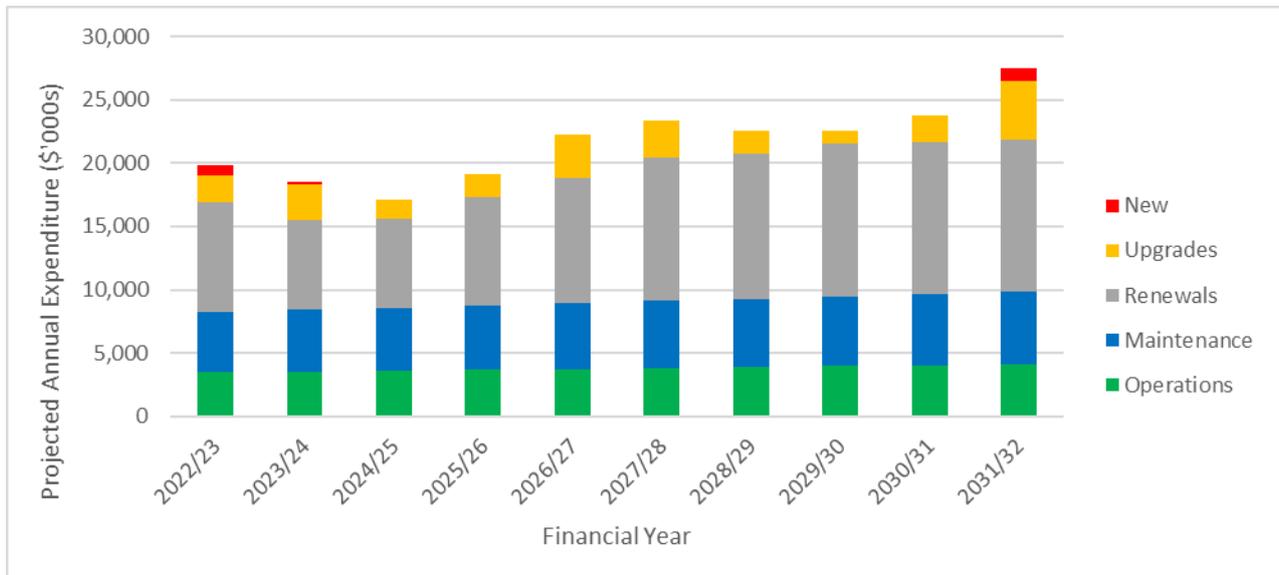


Figure 16 –Transport Assets Projected Annual Budget (\$'000)

5.1.3. Stormwater Assets

Table 11 – Stormwater Assets Ten Year Expenditure (\$'000)

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 10 Year Total |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Operations | 581 | 593 | 605 | 617 | 629 | 642 | 655 | 668 | 681 | 695 | 6,366 |
| Maintenance | 224 | 229 | 233 | 238 | 243 | 248 | 253 | 258 | 263 | 268 | 2,457 |
| Renewals | 2,455 | 1,957 | 1,728 | 1,277 | 1,971 | 2,015 | 1,620 | 1,987 | 2,047 | 2,100 | 19,157 |
| Upgrades | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New | 1,297 | 359 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,177 | 2,833 |
| Totals | 4,557 | 3,138 | 2,566 | 2,132 | 2,843 | 2,905 | 2,528 | 2,913 | 2,991 | 4,240 | 30,813 |

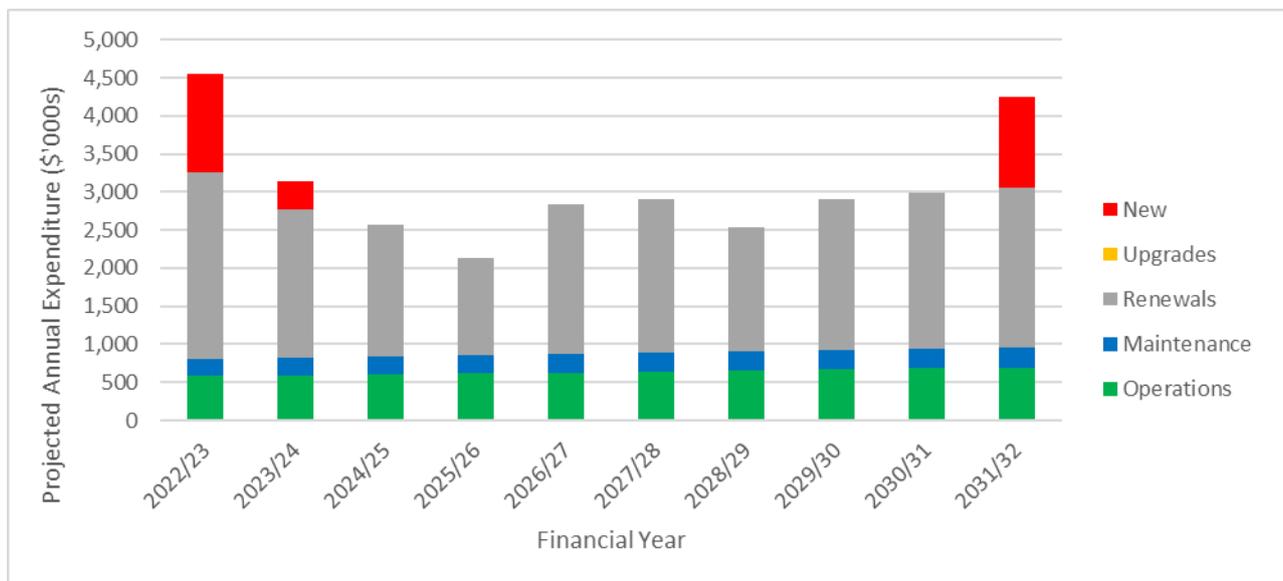


Figure 17 – Stormwater Assets Projected Annual Budget (\$'000)

5.1.4. Open Space Assets

Table 12 – Open Space Assets Ten Year Expenditure (\$'000)

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 10 Year Total |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Operations | 3,969 | 4,018 | 4,069 | 4,120 | 4,171 | 4,224 | 4,276 | 4,330 | 4,384 | 4,439 | 42,000 |
| Maintenance | 3,327 | 3,369 | 3,411 | 3,454 | 3,497 | 3,541 | 3,585 | 3,630 | 3,675 | 3,721 | 35,210 |
| Renewals | 1,605 | 3,725 | 2,320 | 3,800 | 4,975 | 3,755 | 5,715 | 4,305 | 5,485 | 125 | 35,810 |
| Upgrades | 0 | 0 | 0 | 0 | 55 | 0 | 0 | 332 | 230 | 385 | 1,002 |
| New | 2,330 | 7,350 | 5,150 | 5,150 | 6,604 | 5,150 | 5,150 | 5,516 | 5,221 | 6,509 | 54,130 |
| Totals | 11,231 | 18,462 | 14,950 | 16,524 | 19,302 | 16,670 | 18,726 | 18,113 | 18,995 | 15,179 | 168,152 |

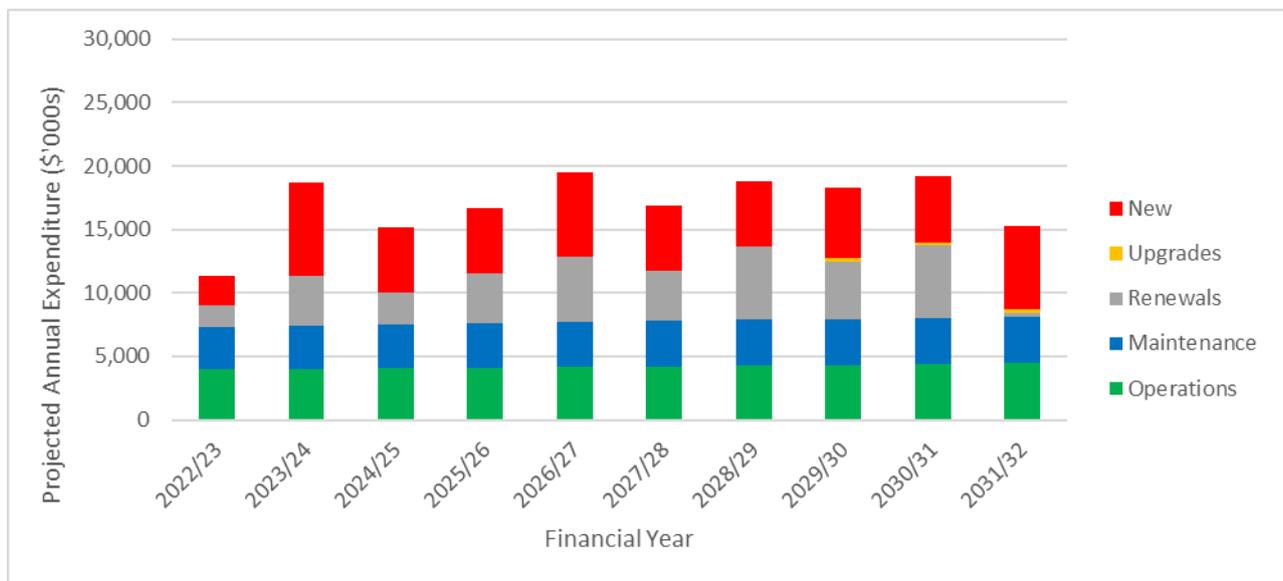


Figure 18 – Open Space Assets Projected Annual Budget (\$'000)

6. Priorities and Challenges

The challenges facing Yarra's assets have been grouped into the table below and then applied to each of the asset classes in the following pages.

Table 13 – Asset specific challenges facing Yarra over the next 10 year period

| Challenge Category | Description |
|------------------------------|--|
| Climate Change | Climate change is putting additional pressure on asset capacity, utilisation and condition. Hotter climate, wetter climate. Elimination of gas use. |
| Aging Assets | As assets age their maintenance costs can increase if renewal is not optimised. |
| Number of Assets | Increasing the asset base without planning for disposal results in long-term sustainability issues as lifecycle costs are still attributable to the asset |
| Future Demand | Availability of assets and the related service level can change over time as population demographics change. Understanding the future population changes and demographics is critical to ensure assets are available at the correct level of service. |
| Skills Shortage | Skills shortages are commonplace in Australia and have recently been exacerbated due to the COVID 19. This can have an impact on the efficiency and effectiveness of the lifecycle management activities and can also reduce the ability to secure contracting companies to carry out activities such as renewals and maintenance. |
| Environmental Demand | Increased environmental controls and targets can result in the need for need for upgrading of existing assets, creation of new assets and or reduced useful life of assets to meet environmental targets |
| Development | Increased development can have detrimental impact on assets as the useful life can be reduced resulting in higher frequency of renewals. Assets can also be damaged by utility companies and builders as they connect new developments to existing networks. Council has implemented Development Contributions Plan levies to assist with managing the financial impact of this challenge. |
| Community Expectation | Community expectation can increase Levels of service on lifecycle activities such as renewals, upgrades, maintenance and operations. Levels of service from one municipality can be expected in other municipalities where funding levels are lower. |
| Economic | Increased costs due to real material and labour cost increases in excess of the Fair Go Rates System rate cap. |

6.1. Building Assets

| Priorities over the next 10 year period | | | | |
|---|---|--|--|---|
| <ul style="list-style-type: none"> • <i>Transitioning our buildings from gas to electricity</i> | | | | |
| <ul style="list-style-type: none"> • <i>Improving the understanding of service needs through adequate service planning</i> | | | | |
| <ul style="list-style-type: none"> • <i>Increasing our current knowledge on the condition of our building assets</i> | | | | |
| <ul style="list-style-type: none"> • <i>Developing new standards for maintaining and constructing our buildings in response to climate change</i> | | | | |
| Challenge 1 | Challenge 2 | Challenge 3 | Challenge 4 | Challenge 5 |
| Climate Change | Aging Assets | Number of Assets | Economic | Future Demand |
| <p>Works associated with retrofitting our buildings in response to the Yarra Climate Emergency Plan will require significant additional investment. Limitations with existing building stock will require difficult choices to be made in terms of redevelopment or retrofit.</p> | <p>Yarra has a relatively high proportion of building assets that are at or near the end of their useful life. This coupled with a high number of heritage assets such as townhalls increases lifecycle costs (maintenance and renewal). Financial sustainability of lifecycle funding will continue to be a challenge.</p> | <p>Yarra has several underutilised buildings that continue to attract lifecycle costs. We will need to better rationalise our building stock numbers to justify our lifecycle expenditure if we wish to remain financially sustainable in the longer term.</p> | <p>Material and labour costs are increasing substantially. This increase in costs will put significant impact on our ability to fund our future lifecycle activities and will have an impact on our long term financial sustainability. We may need to reduce service levels in the future to meet the lifecycle funding requirements.</p> | <p>We require longer term planning on our services to justify the investment in lifecycle activities on our buildings.</p> <p>We may need to look at alternatives to owning buildings (such as leasing facilities and buildings) to meet the future demand of our services.</p> |

6.2. Transport Assets

| Priorities over the next 10 year period | | | | |
|--|---|--|--|---|
| <ul style="list-style-type: none"> • <i>Ensure that cycling networks are prioritised in future asset planning programmes</i> | | | | |
| <ul style="list-style-type: none"> • <i>Implement the Transport Plan without having a long-term impact on revenue</i> | | | | |
| <ul style="list-style-type: none"> • <i>Continue to advocate to State Government and other agencies to prioritise transport investment in Yarra</i> | | | | |
| <ul style="list-style-type: none"> • <i>Work with State Government to ensure DDA compliance on state assets servicing our community</i> | | | | |
| Challenge 1 | Challenge 2 | Challenge 3 | Challenge 4 | Challenge 5 |
| Future Demand | Community Expectation | Development | Economic | Climate Change |
| Yarra's population is increasing and how the community utilises transport assets is changing. We must rapidly adapt to the future demand by ensuring all transport modes are addressed in future planning. | The expectations of Yarra's community are increased due to Yarra's position as a primary route to the CBD. This puts increased demand on Yarra's long term financial sustainability due to the need for upgrading and new assets to meet community expectation. | Changes in development types sees low density population areas moving to mid-level and high-level population precincts. This change in development puts immediate demands on our transport infrastructure. We may need to increase upgrade and new spending to address this demand now to ensure more controlled capital expenditure in the future | Labour and material costs are increasing. Increased funding levels will be required to maintain current service levels over the 10yr period. We will need to invest in our asset management team to ensure that new strategies are applied to prioritising funding to critical infrastructure. | As well as Climate Change changing how people want to travel, climate change is also pressuring us to adopt alternative methods and materials for managing the lifecycle of our assets. New materials and methods can increase lifecycle costs. |

6.3. Stormwater Assets

| Priorities over the next 10 year period | | | | |
|---|---|---|--|--|
| <ul style="list-style-type: none"> • <i>Identify and deliver critical flood mitigation projects</i> | | | | |
| <ul style="list-style-type: none"> • <i>Continue investing in understanding the condition of our stormwater infrastructure</i> | | | | |
| <ul style="list-style-type: none"> • <i>Identify and deliver future stormwater harvesting projects with external partners</i> | | | | |
| <ul style="list-style-type: none"> • <i>Secure skilled staff into Stormwater team</i> | | | | |
| Challenge 1 | Challenge 2 | Challenge 3 | Challenge 4 | Challenge 5 |
| Climate Change | Skills Shortage | Economic | Aging Assets | Community Expectation |
| <p>Climate change is the number one challenge facing the stormwater asset class over the next 10 years. A changing climate will likely result in increased rainfall and an increase in high intensity rainfall events. The Stormwater asset class will require both new assets and upgrades of existing assets. Renewal frequency is also likely to be increased as more assets have a higher utilisation rate.</p> | <p>The current infrastructure development boom in Victoria has put added pressure on an already limited skilled labour pool. This skills shortage is expected to continue over the short to medium term and will likely increase operational costs as higher salaries are required to attract and retain skilled employees.</p> | <p>Labour and material costs are increasing. Increased funding levels will be required to maintain current service levels over the 10yr period.</p> | <p>Yarra has some of the oldest stormwater assets in Australia due to its location and early European history. Aging stormwater pipes may be functionally adequate, but their condition can deteriorate rapidly and can put pressures on future renewal funding.</p> | <p>Community expectations around water ponding after flash flood events can increase the need for additional upgrades beyond what is required.</p> |

6.4. Open Space Assets

| Priorities over the next 10 year period | | | | |
|---|---|---|---|--|
| <ul style="list-style-type: none"> • <i>Expansion of the Open Space network to meet growing population needs</i> | | | | |
| <ul style="list-style-type: none"> • <i>Improve the facilities in the existing Open Space network to meet increased demand</i> | | | | |
| <ul style="list-style-type: none"> • <i>Open Space network is resilient to climate change, extreme weather events and heat island effects</i> | | | | |
| <ul style="list-style-type: none"> • <i>Ensuring a secure funding source to enable upgrades and maintenance to the Open Space network to meet community expectations</i> | | | | |
| Challenge 1 | Challenge 2 | Challenge 3 | Challenge 4 | Challenge 5 |
| Future Demand | Economic | Community Expectation | Climate Change | Development |
| <p>Future forecasted population is placing increasing pressure on the existing open space network through increased usage.</p> <p>New strategy work to identify response to future demand and additional lifecycle funding in New and Upgrade expected. The Yarra Open Space Strategy forecasts the need for a significant increase in the amount of open space required.</p> | <p>Labour and material costs are increasing. Increased funding levels will be required to maintain current service levels over the 10yr period. Service levels may decrease in the future to meet the lifecycle funding requirements if funding is unavailable. A significant increase in funding is required to achieve the outcomes of the Yarra Open Space Strategy.</p> | <p>Upgrade and maintenance levels need to respond to increased demand. Community expectations are there is a well-maintained and accessible open space network that caters for all age groups and provides a variety of play spaces that are fit for purpose.</p> | <p>Climate change will be a significant issue impacting the existing open space network, causing loss or degradation of environmental values, and increased use of existing facilities and assets. This will require an increase in renewal frequency and a change in how natural assets are managed.</p> | <p>Increased development is impacting on existing assets through increased demand and use that is unable to be met by renewal and maintenance.</p> |