



# Commercial Asset Management Plan 2022

FINAL DRAFT

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## Acknowledgement of country

Moyne Shire Council acknowledges the traditional owners and custodians of the lands, waterways and country we live in.

We recognise and respect their diversity, resilience, and the ongoing place that Aboriginal and Torres Strait Islander people hold in our communities.

We pay our respects to the Elders past, present and emerging, and commit to working together in the spirit of mutual understanding, respect and reconciliation.

# 1. Introduction

## 1.1. Purpose

This Commercial Asset Management Plan (CAMP) details information about relevant infrastructure assets, with actions required to provide an agreed level of service in the most cost-effective manner whilst managing associated risks.

Covering a 10-year planning period, the CAMP defines the services to be provided, how services are provided, how assets will be managed and the resources required. The CAMP will link to Council's Long-Term Financial Plan (LTFP), which also covers a 10-year planning period.

The CAMP should be read in conjunction with other Moyne Shire asset and strategic planning documents, namely Asset Plan 2022 and Asset Management Policy 2022. Other key documents that should also be referenced include:

- My Moyne, My Future 2040, the 2021-2025 Council Plan and Long-Term Financial Plan
- 2020-2021 Koroit Theatre Master Plan
- 2020 Mount Shadwell Quarry Business Plan
- 2019 East Beach Landfills Long-Term Management Plan
- 2019 Gardens Reserve Master Plan and other relevant strategic plans for this asset class
- Asset condition audits and reports
- Asset upgrade or renewal plans.

## 1.2. Corporate framework

### 1.2.1. Vision and goals

The CAMP is prepared under the direction of Moyne Shire Council's vision, goals and objectives.

*The people of Moyne embrace the region's extraordinary cultural and ecological country.  
Our fertile volcanic plains and pristine coast are the pride of Victoria's southwest.*

*From coast to country, our connected and vibrant communities are active stewards, working  
meaningfully towards the protection and advancement of environment, history, social and  
economic vitality for present and future generations.*

My Moyne, My Future 2040 presents the community aspirations to support this Vision Statement under four pillars: Place, Environment, People and Economy. These aspirations and pillars (Figure 1) are reflected in the 2021-2025 Council Plan. Along with Asset Plan 2022, the CAMP supports the implementation of these two important strategic documents.



*Figure 1 - My Moyne My Future 2040 pillar priorities*

### 1.2.2. Council Plan strategies

Key 2021-2025 Council Plan strategies and that the CAMP responds to include:

- Provide and activate facilities that enable the community to connect, as well as promote opportunities for people of all ages and abilities to learn, be creative and healthy.
- Utilise existing facilities and buildings that represent viable opportunities for investment or repurposing.
- Seek funding to develop an Arts and Culture Strategy that supports the use of community facilities, encourages public art, community cultural programs and builds visitation across the shire.
- Maintain, protect, enhance and celebrate the identity of our towns and destinations, including their natural and cultural assets and collective history.
- Progress resolution of the issues of the East Beach tip and night soil sites.
- Continue to reduce the quantities of waste going to landfill and identify options to maintain and increase levels of waste recycling.
- Promote waste minimisation education programs and information on recycling requirements for roadside bin collections.

- Continue with planning, management and advocacy for support funding to reduce and mitigate risks from existing and old landfill sites in the shire.
- Identify opportunities for waste re-use for economic development or energy projects.
- Complete a Shire Landfill Maintenance and Management Plan for landfill sites across the shire.
- Advocate for a Regional Waste Re-use Options Report to identify viable economic or investment projects for by-products, energy production or other sustainable initiatives.
- Support development of the economic capacity of the local arts sector and community.
- Continue with strategic investment in Council's caravan parks to support extended visitation, yield and improved visitor experiences.
- Grow the visitor economy and increase visitor yield through new tourism initiatives and products.
- Inspire, motivate and attract increased visitation and dispersal across the shire.



## 2. Goals and objectives for asset ownership

Council's goal for managing infrastructure assets is to meet the defined level of service in the most cost effective manner for present and future residents, visitors and users. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance.
- Managing the impact of growth through demand management and infrastructure investment.
- Taking a lifecycle approach to developing cost-effective management strategies for the long term that meet the defined level of service.
- Identifying, assessing and appropriately managing risks.
- Linking to the LTFP which identifies works required, affordable forecast costs and allocations.

Key elements of the planning framework are:

- Levels of service – specifies the services and levels of service to be provided.
- Risk management.
- Future demand – how this will impact on future service delivery and how this will be met.
- Lifecycle management – how to manage existing and future assets to provide defined levels of service.
- Financial summary – what funds are required to provide the defined services.
- Asset management practices – how we manage provision of the services.
- Monitoring – how the CAMP will be monitored to ensure objectives are met.
- Asset management improvement plan – how we improve asset management processes.

### 3. Moyne commercial assets

#### 3.1. Summary profile

The CAMP covers the infrastructure assets that provide a range of services for residents, business and visitors. These assets are generally run on a cost neutral basis, or provide a level of commercial return to Council and the community. These assets also provide economic, social, environmental and cultural services and benefits, as summarised below.

Assets included in this asset class and the benefits they provide are:

- Caravan and holiday parks – economic and cultural benefits through the visitor economy
- Mount Shadwell Quarry – economic benefits such as raw material supplies to the construction industry
- Waste management services – regulatory service of Council that provides environmental and public health benefits
- Koroit Theatre and Port Fairy Reardon Theatre – social and cultural benefits
- Other commercial assets – these include Council properties leased for business or community services on a commercial basis.

#### 3.2. Commercial asset valuation

The best available valuation estimates for Moyne commercial assets are shown below.

- |   |              |
|---|--------------|
| • Replacement cost (current / gross)        | \$29,247,407 |
| • Depreciable amount                        | \$20,038,070 |
| • Depreciated replacement cost <sup>1</sup> | \$21,408,574 |
| • Annual depreciation                       | \$325,320    |

New or gifted assets will add to operations and maintenance needs in the longer term. These assets will require additional funds for maintenance and future renewal and will also add to depreciation forecasts.

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<sup>1</sup> Also reported as Written Down Value, Carrying or Net Book Value.

### 3.3. Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the CAMP, namely:

- Asset renewal funding ratio (proposed renewal budget for the next 10 years / forecast renewal costs for next 10 years); and
- Medium-term forecast costs/proposed budget (over 10 years of the planning period).

### 3.4. Key stakeholders

There are a number of stakeholders and communities involved in the planning, management and investment in Moyne's commercial assets. These include:

- Councillors, Council officers and contractors
- Community committee of management for the Mount Shadwell Quarry
- Community committees of management for the two theatres
- User groups and associations
- Residents, businesses and visitors
- Festival and event organisers
- State Government departments and agencies.

### 3.5. Considerations and influences

People's use and demand for commercial assets is relatively stable. The Mount Shadwell Quarry produces a scoria material made to various sizes and is used for road making, construction projects, and general maintenance activities. The production of this material is a traditional method with the use of a crusher and screen.

Waste facilities are provided to community for disposal and recycling activities through its transfer stations and landfills. These facilities are currently adequate to meet community needs; however, this can change depending on external markets, EPA requirements or other State Government policy decisions.

Caravan and holiday parks are located throughout the shire and are popular accommodation sites for caravans, cabins and camping. Usage patterns will vary according to the seasonality of visitation and local events and festivals. People's expectations for modern facilities, such as cabins and upgrading of amenities at the sites to cater for changing use or holiday activities, are key influences on this asset class.

Other commercial assets such as theatres remain relatively unchanged as a community meeting space and entertainment / event venues. Changes in the activities at these sites are dependent on the events that user groups wish to conduct, and the nature and type of amenities that these facilities provide.

The following summarises key trends:

- Local events, recreation trends and holiday season participation rates have implications for caravan park assets. Peak demand places considerable pressure on assets within caravan parks that may require additional maintenance and cleansing. Low occupancy rates during off peak periods can be seen as an opportunity to undertake promotional campaigns such as winter promotions, or to make use of low occupancy periods for renewal upgrades.
- The visitor economy is important economically for Moyne Shire, contributing over \$70m to the local economy in 2019 (pre-COVID-19). Use of accommodation facilities and Council's public open space for the visitor economy has led to increased demands. Improved planning and co-ordination of visitor assets for festivals and events needs to be developed.
- Improved natural environment and bushland maintenance, management and conservation were the community's highest priorities for open space in recreational areas. Asset managers will need to consider the impacts of uses and apply a service standard that manages environmental issues arising from development and activities at caravan park sites in conjunction with open space asset management.

- Play is a fundamental part of community recreation. Play for all ages, backgrounds, gender and abilities provides engaging and diverse activities that contribute to community health, well-being and social participation. Adventure and nature play will progressively feature in play space design. Play activities within caravan and holiday parks will need to promote recreational play, socialisation and leisure. Play spaces will also be universally accessible to ensure they offer an inclusive play experience.
- Climate change events such as weather, flood and fire do impact caravan park uses, visitor safety and site conditions. People may opt for more formal properties such as holiday rentals or units in response to these types of events.
- Commercial use of theatres makes a valuable social, economic and cost contribution to communities. The challenge is to balance the approach to commercial uses with existing social use and protection of facilities for broad community access. Community expectations for investment in amenities and equipment at these venues also need to be strategically and equitably managed.
- Usage trends of some commercial assets can change rapidly due to new entertainment events coming to the area, event cancellations or pandemics such as Covid-19.
- Mount Shadwell Quarry operates with key fleet items. Breakdowns of key fleet can halt production and cause production delays, with potential to cause reputational risk and additional costs.
- The quarry produces a range of scoria products that are suitable for road making, drainage or plumbing works. If market demand slows or product requirements change, it may affect the need for the material and reduce business profit and service viability.
- The quarry could be required to quickly increase volume capacity if a new industry or market need arises. For example, wind energy projects that have been installed in the region have required quarry operations to scale up to meet demand.
- Skills shortage in running Council's major commercial assets including the quarry or caravan parks may, in the future, add pressure in respect to business continuity and quality service outcomes. Economic forces may also impact on the financial and business performance of commercial-based tenancies particularly in the hospitality sector.
- Waste management facilities need to adapt to EPA requirements, community needs and / or external market expectations. The 2019 recycling crisis changed the way councils managed recyclable materials, with Moyne Shire implementing one of the first glass bin collection service in local governments, in order to separate this product from general waste and recycling material.
- Landfill and waste facilities are required to be built and managed to meet EPA guidelines and regulations. This can be an expensive process and require specialist skills, knowledge and investment to deliver compliance outcomes.

- Transfer stations that collect and provide recycling services need to be adaptable to ensure market or legislative changes can be economically and responsively managed.
- Developing adaptation responses for assets and infrastructure to address forecast impacts from climate change will be necessary to build asset resilience. The resilience of our critical infrastructure is vital to the ongoing provision of services to customers. We need to understand our capacity to “withstand a given level of stress or demand”, and to respond to possible disruptions to ensure continuity of service. We do not currently measure our resilience in service delivery. This will be included in future iterations of the CAMP.

In order to plan for investment in existing and future commercial assets, Council will consider community need, and access to commercial experiences, in addition to the desired standards of service.

## 4. Commercial provisions and service levels

An important part of asset management is to connect service levels, demand and risk and focus investment where improvement to asset condition will address these elements.

### 4.1. Condition

Commercial condition is currently monitored through targeted inspections, responses to customer service requests, building condition audits, risk audits, and some asset committee reporting. Condition is not currently monitored in a formal way apart from the areas of risk audits and building condition audits. Condition is measured using a 1 – 5 grading system as detailed in Table 1.

*Table 1 - Asset condition and data grading*

Condition grading	Description	Data confidence	Description
1	<b>Very good.</b> Only planned maintenance required.	<b>A</b>	<b>Highly reliable.</b> Sound data, records and / or audits.
2	<b>Good.</b> Minor maintenance required plus planned maintenance.	<b>B</b>	<b>Reliable.</b> Sound data, records and / or audits with some shortcomings or gaps.
3	<b>Fair.</b> Significant maintenance required with some areas of renewal and upgrades.	<b>C</b>	<b>Uncertain.</b> Data incomplete or, limited in scale.
4	<b>Poor.</b> Significant maintenance and renewal and / or upgrades required.	<b>D</b>	<b>Very uncertain.</b> Unconfirmed data based on verbal reporting or estimates or out of date data.
5	<b>Very poor.</b> Physically unsound or no longer fit for purpose. Beyond reasonable or achievable rehabilitation.		

The current condition grade averaged over all commercial assets across the shire has been assessed as “Fair” as shown in Table 2.

*Table 2 - Commercial condition profile*

Asset class	Condition grade	Data confidence	Comments
Commercial	3 - Fair	B - Reliable	Maintenance for most commercial assets is regulated by statutory requirements. High use assets such as caravan parks have an increased inspection regime.

## 5. Levels of service for commercial

Service levels are defined in three ways: **customer values**, **customer levels of service** and **technical levels of service**. Council has completed an assessment of the levels of service against these three themes to inform future planning, management and funding for commercial infrastructure assets across the shire. Details of these assessments are presented in Appendix A – Service levels.

The CAMP will facilitate future consultation on service levels. Future revisions of CAMP will incorporate customer consultation on service levels and costs of providing the service. This will assist Council and stakeholders to assess the level of service required, service demand, risks and consequences. Decisions for investment will consider Council's and community's capacity and willingness to pay for diverse services across this large asset portfolio.

### 5.1. Customer values

Customer values, shown in Table 7 in Appendix A – Service levels, indicate:

- The aspects of the service which are important to the community
- Whether there is value in what is currently provided
- The likely trend over time based on the current budget provision.

#### 5.1.1. Customer values summary

- To provide quality services and products, value for money and acceptable levels of return from investment in key commercial assets.
- Commercial assets contribute to economic and business activity for the shire.
- Commercial assets are planned and managed in an environmentally sustainable manner.

### 5.2. Customer levels of service

Setting levels of service considers the following three asset features:

- **Condition:** How good is the service? What is the condition or quality of the service?
- **Function:** Is it suitable for its intended purpose? Is it the right service?
- **Capacity / use:** Is the service over or under used? Do we need more or less of these assets?



### 5.2.1. Customer levels of service summary

- Commercial assets are in a condition that meets the basic needs of the service or product offered to the public.
- Service should be commensurate with commercial market forces and adhering to competitive neutrality principles.
- Commercial assets that are subject to heritage conditions will require approvals from Heritage Victoria for works.
- Services offer diversity of choice to reflect community and visitor demographics and need.
- Utilisation of commercial assets support a range of community and visitor services including waste management, visitor economy, events and leases for specific business and community uses.
- Some Commercial Assets are utilised to high extent and should form the basis of priority setting for renewal and upgrade works.

### 5.3. Technical levels of service

Technical measures relate to the activities and allocation of resources to best achieve the desired customer outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

- **Acquisition** – the activities to provide a higher level of service (e.g. additional theatre equipment to that already provided, extensions to existing caravan park assets) or a new service that did not exist previously (e.g. a new caravan park playground, new accommodation cabins).
- **Operation** – the regular activities to provide services (e.g. opening hours, cleaning, mowing grass, utility costs, inspections, etc.).
- **Maintenance** – the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. painting, internal road repairs, grading, building and structure repairs).
- **Renewal** – the activities that return the service capability of an asset up to that which it had originally provided (e.g. toilet refurbishment, guttering replacement, signage replacement).

Service and asset managers plan, implement and control technical service levels to influence the service outcomes. It is important to monitor the service levels regularly as circumstances can and do change. Current performance is based on existing resource provision and work efficiencies. It is acknowledged that trends and external influences such as technology and customer priorities will change over time.

### 5.3.1. Technical service levels summary

- New infrastructure assets and improvements to commercial sites to maintain their core function and purpose.
- Implementation of master plans, business plans and development plans for new facilities, equipment and upgrades including caravan parks and theatres.
- Provide a safe and functional service to the community and visitors.
- Cleaning contracts and readiness for use are monitored and reviewed.
- Utilities and technology are operational and ready for use.
- Commercial and ancillary assets are maintained and renewed to retain the assets to safe and functional levels.
- Disposal of commercial assets will consider the legal land and asset conditions that apply to each asset.
- Disposal will also assess the financial, social, cultural, environmental and economic benefits and disbenefits to Council and community.

More details on the customer and technical levels of service are presented in Appendix A – Service levels.

### 5.4. Service levels budget commentary

Table 3 shows the activities expected to be provided under the current 10 year Planned Budget allocation, and the forecast activity requirements being recommended in the CAMP.

**Table 3 - Service levels budget summary**

Current budget allocations	Recommended budget considerations
<b>Acquisition</b>	
Some acquisition funding is allocated through annual budgets, bids for capital works projects identified in master plans and other strategic documents.	Future acquisition funding should be based on strategic priorities through a project and investment pipeline recommended in Asset Plan 2022.
Some capital investment projects have been funded through reserves and / or loans – e.g. new caravan park cabins.	As per current allocations
Master plan works are progressing based on available funds and grants	Upgrade / replacement to ageing infrastructure should be reflected in the LTFP and based on business plans or Master plans

Current budget allocations	Recommended budget considerations
<b>Operation</b>	
Business hours vary based on service required by public and safe operation of assets and facilities.	Continue to provide same hours based on available budget.
Faulty equipment and components are repaired / replaced as required.	Continue current trend of repairs from routine inspections or customer service requests.
<b>Maintenance</b>	
Repairs undertaken as required.	Continue current trend of repairs from routine inspections.
Assessment of compliance with and improvements to DDA accessibility	Installation of appropriate DDA treatments as part of maintenance / renewal works where possible.
<b>Renewal</b>	
Renewal of components when they fail or per condition audit data.	Cyclic program for replacement as per condition data.
Servicing performed to manufacturer recommendations and unit failures. Regular electrical tagging program and OH&S inspections.	Current trend to continue.
The renewal budget for specific and identified projects are included in annual budget and in some cases in the LTFP.	<p>Condition audits to be completed to inform required budget allocations for renewal programming.</p> <p>Whole-of-life cost analysis to be conducted prior to any asset renewal project.</p> <p>Greater requirements for investment in higher usage commercial, facilities and amenities that align to DDA, gender and age legislation and design principles.</p>
<b>Rationalisation</b>	
Disposal Plans not instigated or part of Council asset planning and reporting.	Asset disposal forecast to be included in annual Council budget and LTFP.

## 6. Lifecycle management plan

### 6.1. Financial management

#### 6.1.1. Forecast financial summary

The CAMP identifies the forecast operations, maintenance and renewal costs required to provide an agreed level of service to the community over a 10-year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner. This forecast work can be compared to the proposed budget over the first 10 years of the planning period to identify any funding shortfall.

**Table 4 - Summary of financial asset forecasts over the 10-year planning period**

Cost item	Current budget	Estimated forecast	Financial gap
Total asset spend	\$9.790m	\$23.964m	\$14.174m
Operations, maintenance and renewal	\$4.680m	\$4.264m	\$-0.416m
Acquisition	\$5.110m	\$19.700m	\$14.590m

CAMP assets have an estimated replacement value of approximately \$29 million.

The forecast operations, maintenance and renewal costs over the 10 year planning period equate to \$426,000 on average per year. *Note, these calculations exclude acquisition costs.* The current actual budget for operations, maintenance and renewal is \$468,000 on average per year, giving a 10-year funding surplus of \$41,600 per year. This indicates that 109% of the forecast costs needed to provide the services documented in the CAMP have been allowed for in the current LTFP.

Estimated total available funding for all commercial renewal, upgrade, acquisition, operations and maintenance for the 10-year period is \$9,790,000, or \$979,000 on average per year as per the LTFP. This is 41% of the cost needed to sustain the current level of service at the lowest lifecycle cost.

The anticipated planned budget for all commercial investment leaves a shortfall of \$1,417,400 on average per year of the forecast lifecycle costs required to provide services in the CAMP compared with the planned budget currently included in the LTFP.

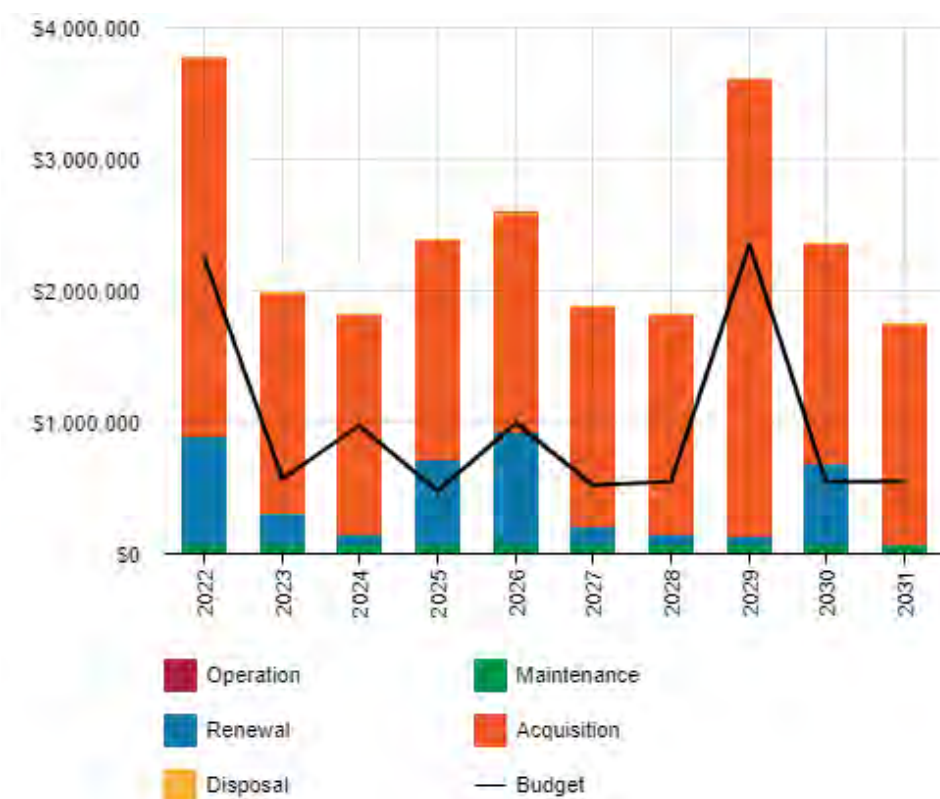
The current infrastructure reality is that only what is funded in the long-term financial plan can be provided. Informed decision making depends on the CAMP providing an understanding of the consequences of planned budgets versus forecast requirements on the service levels desired and strategies put in place to address the renewal and investment gap.

### 6.1.2. Funding ratios

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next 10 years we expect to have 39.78% of the funds required for the optimal renewal of assets.

**Table 5 - Forecast costs (outlays) for the LTFP (\$Ms)**

Year	Acquisition	Operation	Maintenance	Renewal
2022	\$2.87	\$0	\$0.077	\$0.824
2023	\$1.67	\$0	\$0.077	\$0.242
2024	\$1.67	\$0	\$0.077	\$0.074
2025	\$1.67	\$0	\$0.077	\$0.637
2026	\$1.67	\$0	\$0.077	\$0.841
2027	\$1.67	\$0	\$0.077	\$0.127
2028	\$1.67	\$0	\$0.077	\$0.074
2029	\$3.47	\$0	\$0.077	\$0.062
2030	\$1.67	\$0	\$0.077	\$0.613
2031	\$1.67	\$0	\$0.077	\$0
<b>TOTAL</b>	<b>\$19.7</b>	<b>\$0</b>	<b>\$0.770</b>	<b>\$3.494</b>



**Figure 2 - Forecast lifecycle costs and planned budgets**

The key factors that contribute to the lifecycle costs shown on the previous page include:

- Replacement and installation of new cabins, caravan park facility upgrades, new camp kitchen and lounge and associated civil works, ensuite sites, lodge / group accommodation, and conference facilities.
- Fleet replacement at the Mount Shadwell Quarry to ensure production of materials is efficient and fleet is safe and reliable.
- Renewal works at Reardon Theatre such as re-stumping and upgrades to the Koroit Theatre including toilets, kitchen and the main theatre hall.
- Overall age and suitability of use / purpose of some caravan park facilities to meet market expectations.
- Population growth and increased demand for accommodation at specific periods of the year.
- Provision of new cabins that must meet modern standards for holiday and short-term worker, and be DDA accessible.
- Increased demand and usage of the shire's open space by the community and visitors for events, festivals and other activities.
- Increased compliance, insurance and risk management requirements leading to higher costs for facilities, resourcing, inspections and accessibility treatments at caravan park locations.
- Waste collection bin renewal.
- Perimeter fencing at transfer station or landfill sites.

Potential large investment has been identified for key commercial assets include but are not limited to:

- Diversify holiday park accommodation options including cabins, bell tents, eco-pods and laundries to meet changing market expectations and trends, and accessibility requirements.
- Renewal and upgrades required for camp kitchen and social activity hubs.
- Future site rehabilitations at Killarney should this facility close or operations are reduced.
- Upgrading the access ramps at Caramut transfer station.
- Theatre building renewals and upgrades.
- Purchase of new plant for Mount Shadwell Quarry.

Given these trends and demands, we currently allocate enough budget to sustain current services at the proposed standard. In order to provide potential new services, facilities and assets, capital budget bids will be required.

## 6.2. Demand management

The factors influencing future demand and the impacts they have on service delivery are created by:

- Council and community priorities, as detailed in My Moyne, My Future 2040 and the 2021-2025 Council Plan.
- Demand planning and management based on population and demographic growth and change both across the shire and within individual communities and localities. This also includes seasonal population and visitor patterns.
- Land use demand and will increase pressure on service delivery particularly waste management through residential growth and the need to increase this service and manage higher volumes of waste. The community also has expectations that over time there will be greater diversion of waste from landfill and development of a circular waste economy.
- Many of Council's commercial asset are located in areas and precincts that present specific challenges for future asset management and equity. These issues include:
  - Location in areas of high environmental values and habitats.
  - Native Title and other traditional land owner legislation and associated land use and asset agreements
  - Site constraints and land use conflicts arising from co-use, multi-use and competing uses at various times of the year.
  - Lack of expansion land within the vicinity of an asset, lack of new greenfield development land, and the cost of land purchase.
  - Co-share of assets and infrastructure that create cost inequities or usage costs by other users / tenants currently being paid for by Council – e.g. shared water or power services.
  - Location within residential areas where expansion is limited or where uses impact on neighbouring amenity.
- Usage trends, purpose, age and condition of assets and Council and community capacity and resources to manage, renew and maintain assets.
- These demands will be approached using a combination of managing existing assets, upgrading existing assets and providing new assets to meet demand. Demand management practices may also include a combination of non-asset solutions, insuring against risks and managing failures.
- Council, community and stakeholders will need to plan and manage assets that support the needs and services of residents in areas of greatest need and growth. Asset investment will need to be based on criticality, usage, safety and future demand.

Assets and facilities will need to be developed that are adaptable, have multi-uses and multi-users in order to meet changing, broad and diverse community demographics and needs, and address community asset and resource sustainability.

Consideration will need to be given to:

- Council's overall asset portfolio, including critical infrastructure needs of communities and the region.
- Funding and budget policies.
- Pricing structures, including fees and charges, and inequity of cost subsidies resulting from co-share of key utilities.
- Development of new asset investment and management partnerships.
- Asset rationalisation and consolidation.

The historical context of some assets will need to be considered under Council's asset policy setting, and processes put in place to acknowledge and retain the importance of community assets as their use or retention is determined or changed.

Asset design, renewal and development will need to incorporate features, equipment and materials that reduce the impact of climate and weather.



### 6.3. Risk management

To manage risks in the medium term, budget levels will need to be maintained and increased as new service provisions arise. The main risk consequences are:

- Public health/environmental and non-compliance issues given the nature of the services provided, and the high public use of many of these assets.
- Ageing infrastructure and assets leading to user risks and higher operating, maintenance, renewal or upgrade costs.
- Machinery, plant and equipment breakdown or failure leading to impacts on service delivery or cessation of services.

Council will endeavour to manage these risks within available funding by:

- Condition inspections of assets to assess suitability and safety, and ensure required standards are met and preventative maintenance is identified for assets at risk of failure.
- Monitoring utilisation and future trends so that user requirements are anticipated.
- Replacing equipment at an optimised time to give lowest lifecycle cost.

The purpose of infrastructure risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure.

An assessment of risks associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a “financial shock”, reputational impacts, or other consequences. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment includes the development of a risk rating, evaluation of the risks and development of a risk treatment plan for those risks that are deemed to be unacceptable.

### 6.4. Critical assets

Critical assets are defined as those which have a high consequence of failure causing significant loss, service interruption, and inconvenience to users.

Critical assets have been identified and, along with their typical failure mode, and the impact on service delivery, are detailed in Table 16 in Appendix B – Commercial risk assessment. Failure modes may include physical failure, collapse or essential service interruption.

#### **6.4.1. Summary of critical asset risks**

- Maintenance costs increasing due to inadequate renewal program.
- Ageing utility and infrastructure servicing some of these key asset sites.
- Market competition and market drivers.
- Cultural and visitor assets not to standard / not meeting user requirements or expectations.
- Storm and flood damage.
- Regulatory non-compliance.
- Variances in community governance skills, knowledge and capacity.

Future identification of critical assets and failure modes will enable Moyne Shire Council to ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

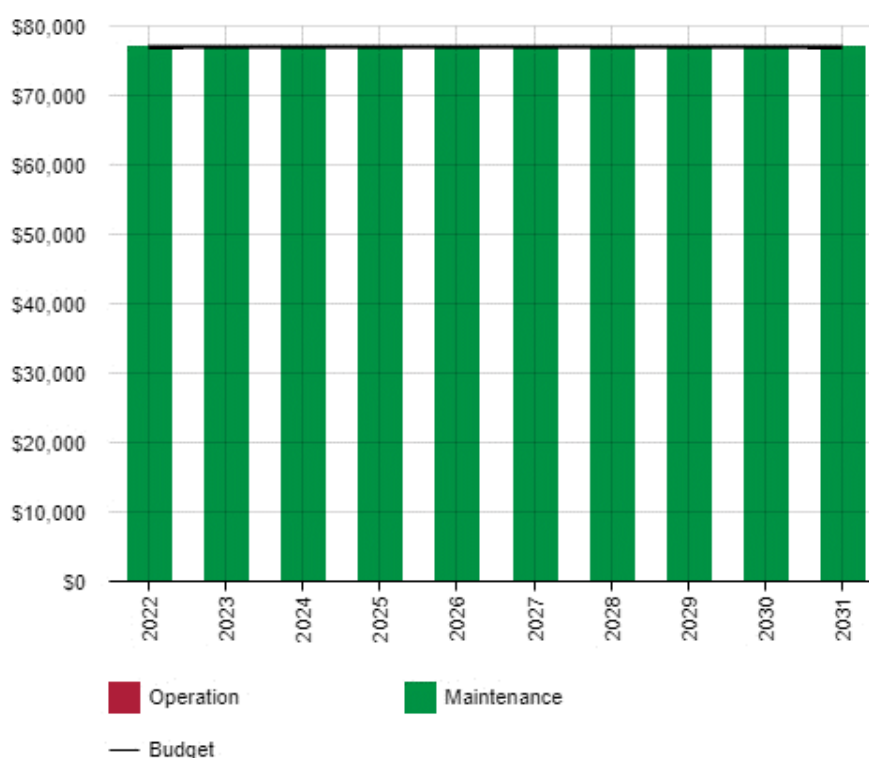
## 6.5. Maintenance and operations

Operations include regular activities to provide services. Examples of typical operational activities include contracted services, plant and equipment, asset inspections, hire management, and utility costs.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition, including regular ongoing day-to-day work necessary to keep assets operating. Examples of typical maintenance activities include grounds upkeep, cleaning, painting, general repairs, and equipment repairs.

Forecast operations and maintenance costs are expected to vary in relation to the total value of the asset stock. If additional assets are acquired, the future operations and maintenance costs are forecast to increase. If assets are disposed of, forecast operation and maintenance costs would be expected to decrease.

Figure 3 shows the forecast operations and maintenance costs relative to proposed operations and maintenance planned budget. The current forecast is a flat-line allocation across the LTFP and does not reflect inflation, future growth, demands and trends for Moyne commercial renewal, upgrades and acquisition. Given the variances in asset data and information, it is currently assumed that operational costs are allocated across other assets classes such as buildings and open space. Asset management improvement plans across all asset classes will help ensure that the chart of accounts and the LTFP will reflect the budget and forecast findings of AP22 and each individual AMP.



**Figure 3 – Commercial operations and maintenance summary**

## 6.6. Renewal management

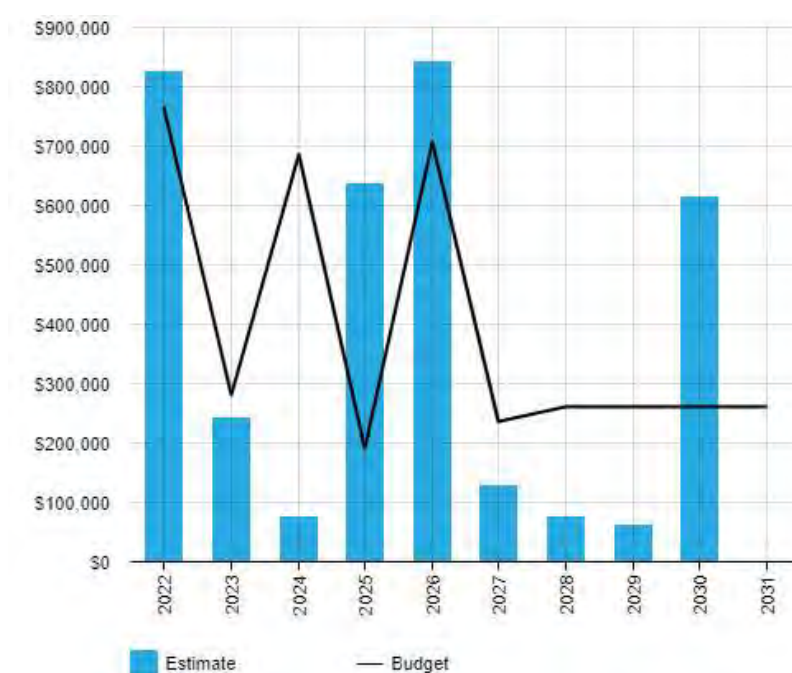
Renewal is major capital work which does not significantly alter the original service provided by the asset, but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is considered to be an acquisition resulting in additional future operations and maintenance costs. Asset renewal is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. waste compliance, building repairs, fencing, equipment replacement); or
- Ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. condition of toilet facilities, transfer station bins are accessible, paths are correctly delineated for safety, equipment is suitable for need / purpose).

It is possible to prioritise renewals by identifying assets or asset groups that have:

- A high consequence of failure.
- High use and subsequent impact on the broader community would be significant.
- Higher than expected operational or maintenance costs.
- Potential to reduce life cycle costs by replacement with a modern equivalent asset that would provide the equivalent service.

The estimated renewal forecasts for commercial assets that includes renewal, upgrades and / or acquisition of high cost assets, are shown in Figure 4 and Table 6, and as summarised in section 6.1.



**Figure 4 – Future commercial estimated renewal forecasts**

**Table 6 - Renewal forecast summary**

<b>Year</b>	<b>Renewal Forecast</b>	<b>Renewal Budget</b>
2022	\$824,000	\$766,000
2023	\$242,000	\$281,000
2024	\$74,000	\$686,000
2025	\$637,000	\$191,000
2026	\$841,000	\$706,000
2027	\$127,000	\$236,000
2028	\$74,000	\$261,000
2029	\$62,000	\$261,000
2030	\$613,000	\$261,000
2031	\$0	\$261,000
<b>Total</b>	<b>\$3,494,000</b>	<b>\$3,910,000</b>

The forecast estimates show that for this asset class, there is no renewal funding gap, with a renewal surplus of \$416,000 over the 10-year period.

There are a number of reasons behind this renewal funding ratio:

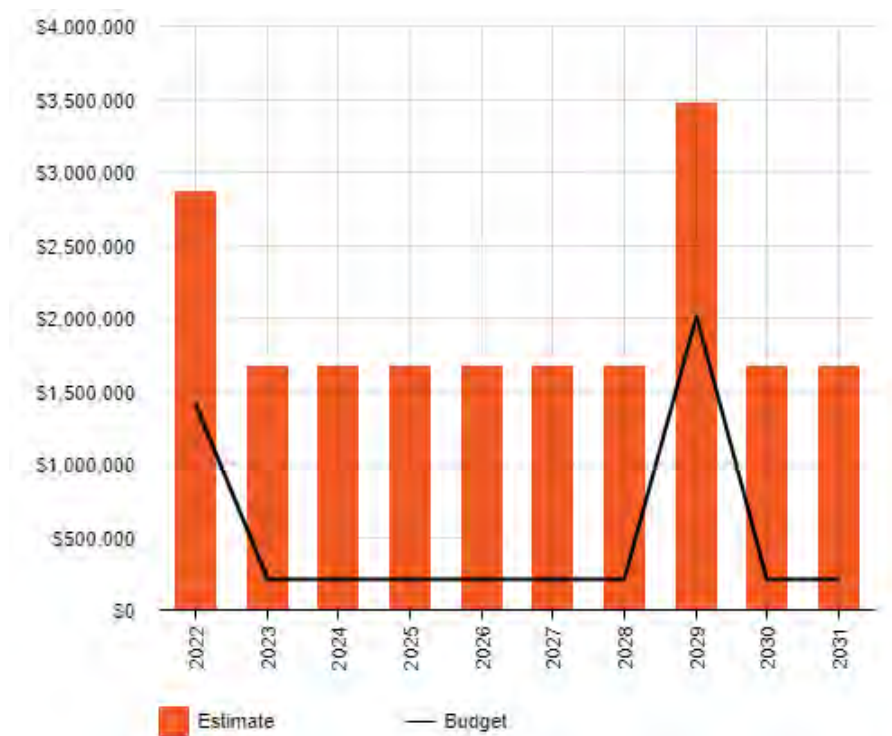
- A five-year capital investment plan has been developed for Moyne Shire's caravan parks that details the renewal expenditure for this asset class.
- Mount Shadwell Quarry has a 2020 Business Plan which presents a detailed 10-year capital investment plan. This is updated annually to provide current information for renewal requirements and planning.
- The waste asset class and business services are funded by the annual municipal waste charge as part of rate revenue. Council operates this service on a cost-neutral basis under the requirements of the Local Government Act.
- Other commercial asset costs are in part or fully recovered through leases, rents, or fees and charges.
- Specific renewal projects such as restumping of the Reardon Theatre are considered for allocation for works under Council's existing annual capital works budget setting.

This asset class demonstrates that through strategic business planning, renewal forecasting, and implementation of cost-recovery models, sustainable and cost positive renewal outcomes can be achieved.

In order to support ongoing robust decision-making for renewal investment, renewal criteria for commercial infrastructure will be developed as part of CAMP implementation.

## 6.7. Expansion, upgrade, acquisition and new asset management

These actions represent a new asset that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, demand, social or environmental needs. Assets may also be donated to Council through gifts, development contributions and relinquishing of an asset by another asset owner to Council.



**Figure 5 – Forecast estimated commercial acquisition (constructed)**



**Figure 6 – Commercial estimated acquisition summary**

Like renewal costs and forecasts, Figure 5 and Figure 6 show the estimated acquisition forecasts for commercial high cost assets as summarised in section 6.1. These include:

- Caravan park facilities and visitor accommodation
- Power and other infrastructure upgrades to key sites
- Quarry plant and equipment including crusher, screen and loader
- Installation of new theatre entertainment and user equipment.

#### **6.7.1. Selection criteria**

Proposed expansion, upgrade and / or acquisition of new assets are identified from various sources such as community requests, proposals identified by strategic plans or partnerships with others. Potential upgrade and new works should be reviewed to verify that they are essential to the entity's needs.

Proposed upgrade and new work analysis should also include the development of a preliminary renewal estimate to ensure that the services are sustainable over the longer term. Verified proposals can then be ranked by priority and available funds and scheduled in future works programs.

Council does not currently have expansion, upgrade or acquisition criteria for commercial assets, although associated works and actions are undertaken based on risk and need or as part of asset acquisition from external sources. Criteria will be developed as part of implementation of AP22 and the CAMP.

### **6.8. Rationalisation management**

Rationalisation includes any activity associated with the consolidation, decommissioning and / or disposal including sale, demolition or relocation.

Some commercial assets may be managed by Council under committee of management agreements with the Department of Environment, Land, Water and Planning (DELWP). Council are the responsible authority to maintain and renew these assets. Commercial lease and licence tenure arrangements are administered by Council but require DELWP approvals.

Rationalisation for Crown assets is limited to DELWP discretion and direction as Council have no direct authority to rationalise these assets. Where Council does have jurisdiction, assets identified for possible decommissioning and disposal will be identified and considered as part of a proposed program of Asset Rationalisation Plans to be commenced in 2022-2023.

Revenue gained from asset disposals that are Crown assets will need to be provided to the Crown as the asset owner. Costs and revenues for Council owned assets from asset disposals will be included in the LTFP under a proposed Asset Rationalisation Policy to be developed as part of the Rationalisation Plan.



## 7. Financial strategy

The critical basis for the CAMP funding strategy is to manage and reduce the overall renewal, investment and resourcing gaps identified in section 6. There are a number of mechanisms that Council can apply to support sustainable financial planning and asset funding.

The following strategies will be implemented to support the CAMP:

- User pays system for commercial-based services and for commercial products produced.
- Review fees and charges for relevant assets and move towards a full cost recovery model for leases and licence agreements for Council managed assets.
- Smooth renewal demand by investing in proactive maintenance assessments of all commercial assets and invest in a rolling program of asset condition audits to better understand existing liabilities and future asset investment.
- Given the scale and costs of some CAMP renewal and acquisition projects, opportunities to use Council financial reserves or to borrow funds to leverage funding opportunities or invest in strategically important community assets will be considered. Projects will need to identify cost:benefits to the business, the organisation and the community.
- Each business unit to implement a sinking fund (revenue set-aside) from profits to enable future renewal activities and a sustainable model for investment.
- Asset partnerships where costs, investments and revenues can be shared whilst delivering the same or improved level for service and increase asset function and uses will be investigated.
- Consider commercial assets and services that can be outsourced on a profit share model to maximise dividends to Council and that benefit the community.
- Continue to procure goods or services in accordance with Council's adopted procurement policy to achieve value for money.



## 8. Improvement plan

It is important for Council to identify areas of the CAMP and planning process that require future improvements to ensure effective asset management, informed decision making and continuous improvement for asset management. The next steps summarise CAMP asset management practices improvements in addition to those contained in Asset Plan 2022.

### 8.1. Strategic governance

- Identify assets or commercial entities that can be considered for outsourcing utilising a profit share approach to deliver Council and community benefits.
- Understand accessibility, gender equality issues for commercial assets and prepare a 10 year plan to achieve better compliance to the DDA requirements.
- Complete gender impact assessments for new commercial projects and policies that have a direct and significant impact on the community or users.

### 8.2. Asset management

- Review the management processes of property management for all lease and licence requirements and implement a structure that supports the requirements within the leases and licences to reduce future risks to council.
- Quarry Business Plan financials to be reviewed and updated annually to reflect an accurate future renewal plan for a 10 year window.
- Review the project plan for caravan parks and extend the LTFP for caravan parks over a 10 year period.

### 8.3. Risk

- Designs for waste related assets need to be reviewed to ensure modular and adaptable capability to cater for future increases or decreases in waste streams or changes in legislation.
- Develop staffing succession plans and review staff structures to ensure continuance of service levels and the retention of organisational knowledge.

### 8.4. Business process and systems

- Up to date licences, leases and user / hire agreements (and / or equivalent) will be implemented for community-based committees which manage Council commercial assets or for commercial-based tenancies.
- Assess impacts from loss of revenue from the transfer of the Peterborough Caravan Park to the Great Ocean Road Authority.

## **8.5. Capacity building**

- Commercial assets to consider a sinking fund (revenue set-aside) to cover future renewal, upgrades or acquisition.
- Assets to be captured and condition assessed for Council's asset information software package.

## 9. Monitoring and review

The CAMP will be reviewed during the annual budget planning process and revised to show any material changes in service levels, risks, forecast costs and proposed budgets as a result of budget decisions. Monitoring and review process will include:

- Establishment on an internal Working Group comprising of key asset managers and staff to undertake integrated monitoring and reporting on Asset Plan 2022 and the CAMP.
- Provision of an annual State of the Assets Report for Councillors, the organisation and community, including reference to the CAMP.
- Reviewing achievement of CAMP service level targets or barriers to achieving targets.
- Review key asset class business plans to ensure key performance indicators are being appropriately met and identify opportunities for performance improvements.

Reviews will ensure it represents the current service level, asset values, forecast operations, maintenance, renewals, acquisition and asset disposal costs and planned budgets. These forecast costs and proposed budget are incorporated into the LTFP or will be incorporated into the LTFP once completed.

Whilst the CAMP has a 10-year horizon, it has a maximum life of four years and is due for complete revision and updating by October following each Council election.

### 9.1. Performance measures

The effectiveness of the CAMP can be measured in the following ways:

- The degree to which the required forecast costs identified in the CAMP are incorporated into the long-term financial plan.
- The degree to which the 1-5 year detailed works programs, budgets, business plans and corporate structures consider the “global” works program trends presented in the CAMP.
- The degree to which the existing and projected service levels and service consequences, risks and residual risks are incorporated into the strategic planning documents and associated plans.
- The asset renewal funding ratio achieving the organisational target.

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## 11. Appendix A – Service levels

**Table 7 - Customer levels of service - Customer values**

Customer values	Satisfaction measure	Current feedback	Planned budget trend
To provide quality services and products, value for money and acceptable levels of return from investment in key commercial assets.	Commercial assets finances and investments are responsibly managed.		
	Investment delivers tangible improvements in service and financial returns.	Council Annual Report Financial reporting Fees and charges	Linear expenditure based on Council adopted budget.
	Investment and financial returns are in line with comparable assets in like shires and local markets.	Commercial assets are performing to the satisfaction of the consultative committees.	Increased investment required in core facilities, particularly in areas of population growth, or where there are priority provision gaps.
	Services or uses accessed or paid for by the community or users represents value for money or competitive market parity.	Customer feedback is noted and some aspects of Commercial require investment to address customer feedback.	Investment required to meet the increased service level expectations for some services offered by Council.
Commercial assets contribute to economic and business activity for Moyne Shire	Asset committee comments and feedback from clients/customers		
	Contracts, tenders, events and other economic opportunities are promoted to open market.	Procurement opportunities provided to open market. Procurement policy provides local contractors 5% advantage.	Linear expenditure based on Council adopted budget.
Commercial assets are planned and managed in an environmentally sustainable manner.	Public access and use of assets support events, the local economy, cultural and recreational outcomes.	Commercial assets cater for direct local employment and contracted services engagement within Moyne Shire. Commercial opportunities cater for and support the visitor economy.	Increased installations and focus on open space will require consideration and provision on maintenance budget and resourcing as part of development plans and delivery.
	Impacts on the environment are minimised.	Procurement policy has a 5% weighting for environment.	Increase in environmental awareness and increased planning controls will require funds to support this in the future.
	Environmental principles are applied to investment, management, operations and asset renewal and upgrades.	New works are required to meet local planning controls to minimise environmental impacts.	

**Table 8 - Customer levels of service - Condition**

Level of service	Performance measure	Current performance	Trend Based on Planned Budget
Commercial assets are in a condition that meets the basic needs of the service or product offered to the public.	Customer feedback	The services provided meet the expectation of the customers; however, some aspects of commercial facilities require upgrading to meet rising expectations and improved amenity and accessibility.	Increase expected as long-term financial planning has forecast requirements for upgrades or additions to commercial assets.
Commercial assets that are subject to heritage conditions will require approvals from Heritage Victoria for works.	Consultative committees		
	Financial reporting		
	Approvals for works from Heritage Victoria	Lack of Conservation Management Plan for some key assets.	Lack of Conservation Management Plans means there is a gap in understanding of costs of works. This significantly reduces likelihood of funding support through Heritage Victoria and other sources for future renewal and upgrades.
	Completion of Conservation Management Plan for key assets.		

**Table 9 - Customer levels of service - Function**

Level of service	Performance measure	Current performance	Trend based on planned budget
Services offer diversity of choice to reflect community and visitor demographics and need.	Consultative group feedback on goods or service provision	Performance is satisfactory, meeting the needs of customers and product consumers.	Continued investment needed to meet increasing service expectations from customers.
	Community satisfaction survey benchmarks		Requirement to modernise facilities to value add to privately run facilities and fill market gaps.
	Compliance with specifications in Procurement process.		

**Table 10 - Customer levels of service - Capacity**

Level of service	Performance measure	Current performance	Trend based on planned budget
Utilisation of commercial assets support a range community and visitor services including waste management, visitor economy, events and leases for specific business and community uses. Some Commercial Assets are utilised to high extent and should form the basis of priority setting for renewal and upgrade works.	Data available for site visitation/ occupancy records (each site). Volumes of sales and reservations/ hires. Completion of development and management plans for key commercial assets.	Caravan parks have variable occupancy across peaks, shoulder and off peak periods. The influence of external environmental conditions (e.g. weather, pandemics), impact performance. Smaller park performance are influenced more dramatically by seasonal trends. Sales for quarry products to both public and Council remain consistent. Other commercial assets such as the Reardon Theatre and Koroit Theatre are anticipated to have increased utilisation as COVID restrictions ease.	Planned upgrades at caravan parks with greater diversity of accommodation style offerings forecast an increase in visitation and yield. Satellite parks may decline based on free camping models in the area and their seasonal usage patterns. Theatre buildings will require major renewal and upgrades to continue as multi-functional event spaces.

**Table 11 - Technical levels of service - Acquisition**

Purpose of activity	Activity measure	Current performance	Recommended performance
New infrastructure assets and improvements to commercial sites to maintain their core function and purpose. Implementation of master plans, business plans and development plans for new facilities, equipment and upgrades including caravan parks and theatres.	Budget allocations Number of new assets in data base Master plan works completed Funding submissions successful Utilisation rates.	Key infrastructure at caravan parks is ageing, dated or failing. Master plan works are progressing based on available funds and grants.	Upgrade ageing infrastructure in accordance to 10 year financial plan and based on business plans or Master plans.

**Table 12 - Technical levels of service – Operation**

Purpose of activity	Activity measure	Current performance	Recommended performance
Provide a safe and functional service to the community and visitors.	Open hours and service delivery Suitability of facilities and equipment.	Business hours vary based on service required by public Customer and user feedback.	Continue to provide access appropriate to the purpose and function of the asset.
Cleaning contracts and readiness for use.	Customer feedback	Cleansing regime undertaken and increased on seasonal use.	Cleansing regime to continue based on seasonal use and requirements of users.
Utilities and technology are operational and ready for use.	Budget and use Upgrades to service utility capacity (power, water and gas) Operational systems upgraded (incl. reservation software and communication systems).	Utilised based on safety and operations of assets.	Continue based on current trend and cycles.

**Table 13 - Technical levels of service – Maintenance**

Purpose of activity	Activity measure	Current performance	Recommended performance
Road and pathway maintenance	Pot holes, uneven surface reported and repaired.	Repairs undertaken as required Routine inspections Assessment of compliance with and improvements to DDA accessibility.	Continue current trend of repairs from routine inspections. Installation of appropriate DDA treatments as part of maintenance / renewal works where possible.
Building and structure repair	Replace damaged components	Repairs undertaken as required Routine inspections.	Continue current trend of repairs from routine inspections.
Machinery and equipment repair	Replace faulty components	Repairs undertaken as required Routine inspections.	Continue current trend of repairs from routine inspections.
Safety of trees and other ancillary assets	Tree pruning and general maintenance budget	Trees and other ancillary assets are inspected and maintained accordingly.	Trees and other ancillary assets inspected and maintained accordingly.



**Table 14 - Technical levels of service – Renewal**

Purpose of activity	Activity measure	Current performance	Recommended performance
Building component renewal	Replaced components versus renewal program or LTFP.	Renewal of components when they fail or per condition audit data	Cyclic program for replacement as per condition data.
Machinery and equipment renewal	Service components in line with maintenance program and service schedules.	Servicing performed to manufacturer recommendations and unit failures  Regular electrical tagging program and OH&s inspections.	Current trend to continue

**Table 15 - Technical levels of service – Rationalisation**

Purpose of activity	Activity measure	Current performance	Recommended performance
Disposal of Peterborough Caravan Park through the establishment of the new Great Ocean Road Authority Crown land transfer.  Disposal of commercial assets will consider the legal land and asset conditions that apply to each asset.  Disposal will also assess the financial, social, cultural and economic benefits and disbenefits to Council and community.	Hand over to Great Ocean Road Authority  Disposal Plan to be completed for key commercial assets and endorsed by Council before disposal is progressed.	Currently committee of management and leased  Disposal Plans not instigated or part of Council asset planning and reporting.	Hand over to Great Ocean Road Authority in 2024  Disposal Plans to form part of the new Asset Plan 2022 and reported to Council as required.

## 12. Appendix B – Commercial risk assessment

**Table 16 - Risk assessment summary**

<b>Risk</b>	<b>Timing</b>	<b>Possible cause</b>	<b>Controls</b>	<b>Risk treatment</b>
Maintenance costs increasing due to inadequate renewal program	Anytime in the future	Underfunding Inadequate information	Reactive maintenance works undertaken when identified	Continue to improve data. Maintenance is managed appropriately at an operational level. Future planning improvements can be made by documented service level risks and utilisation of these in establishing future maintenance priorities.
Vandalism	Anytime now	Vandalism	Community feedback Inspections	Regular condition inspections
Storm and flood damage	Anytime now	Extreme weather events	Natural disaster funding	Inspect recreation assets for suitability against required standards.
Quarry machinery breakdown	Anytime now	Ageing plant and equipment	Plant replacement program	Prioritised action required
Public health/environmental issues	Anytime now	Significant impact on environmental compliance	Inspections	Inspect recreation assets for suitability against required standards.
Septic non-compliance	Anytime now	Inadequate or outdated septic systems	Planning, building, EPA and environmental health requirements	Planned action required
Regulatory non-compliance	Anytime now	Failure to adhere to legislation	Staff training, access to legal advice, auditing and reporting processes.	Ensure staff are aware of legislative requirements and adhere to them through staff training.

<b>Risk</b>	<b>Timing</b>	<b>Possible cause</b>	<b>Existing controls</b>	<b>Risk treatment</b>
EPA non-compliance	Anytime now	Failure to meet EPA requirements	Staff training, legal advice, policies and procedures	Ensure staff are aware of legislative requirements and adhere to them through staff training.
Governance issues	Anytime now	Failure to develop and maintain a positive relationship with the community.	Communication policies and procedures, strategic plans, community engagement meetings, surveys.	Increase oversight of community groups
Building failure	Anytime now	Lack of maintenance, lack of inspections	Reactive maintenance, ESM audits, condition inspections	Prioritised action required
Lack of internal auditing	Anytime now	Not adequately auditing workplaces	Internal audit policy, Workplace Inspection policy	Training in policies and procedures
Lack of resources	Anytime now	Staff loss	Workforce plan	Identify gaps and risks in workforce plan
Community group dissatisfaction	Anytime now	Lack of community group engagement and failure to manage expectations around rationalisation/shared usage.	Community group consultation	Monitor utilisation so that requirements are anticipated
Poor community governance	Anytime now	Lack of proper process/procedure documenting meetings, works, etc.	Council requires community groups to submit documentation	Increase oversight of community groups



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