



Asset Plan

2025-2034



Mildura Rural City Council

Acknowledgment of country

We acknowledge the Traditional Owners and Custodians of the land, which now comprises the Mildura Rural City municipality. We pay our respects to Elders past and present and celebrate and respect their continuing cultures and acknowledge the memories of their ancestors.





Table of Contents

2	Acknowledgment of Country
4	Asset Plan on a Page
7	Introduction
8	Our liveable people-friendly region
10	Structure of the Asset Plan
11	Our Community's Vision
13	Our Community's Role
14	Asset Portfolio Overview
15	Asset Planning
19	Our Strategy
22	Our Assets
23	State of the Assets
28	Financial Sustainability
32	Our Challenges and Opportunities
33	Our Improvements and Monitoring
34	References



Asset Plan on a Page

What assets does Council have?



72,000+
Assets

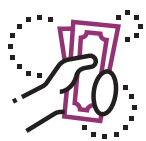


\$1.28 Billion*
Total Value

1% of Assets
Very Poor Condition



5% of Assets
Poor Condition



\$34,000
Per Capita Value

Note: The national average for assets in very poor condition is 3% compared to MRCC 1% (above)



\$746m

Roads and Footpaths



\$232m

Buildings and Facilities



\$220m

Stormwater Drainage



\$79m

Public Open Space

* Current Replacement Cost of Council's Infrastructure Assets. This value excludes the value of Land and Council's Fleet, Plant and Equipment assets



\$1.28B Infrastructure Asset Portfolio

- Roads
- Footpaths
- Kerb & Channel
- Stormwater
- Road Furniture
- Buildings & Facilities
- Open Space
- Recreational Facilities
- Playgrounds
- Sporting Infrastructure

Our Plan

Long Term Decision Making

- Balance community needs with responsible asset investment
- Optimise available funding to reduce long term risk
- Transparency in asset investment decisions

Challenges and opportunities

- Aging infrastructure
- Balancing community expectations with available funding
- Climate change
- Social infrastructure planning



Introduction

Our community is growing, and as the population increases, so does the pressure on our existing assets and the demand for new and improved ones. At the same time, we face challenges like climate change, aging infrastructure and rising costs of maintaining our assets within a large regional / rural municipality.

This Asset Plan outlines how Mildura Rural City Council will manage its assets in a responsible way to ensure they continue to support the services our community relies on now and into the future.

The 10 year strategic and financial outlook allows Council to make balanced decisions, considering social, economic, cultural and environment factors when deciding when and how to invest in community assets within a finite budget and rate capped environment. The state of the assets at a point in time, allows us to monitor and provide insights into how our assets are performing.

The purpose of this plan is to:

- **Manage Council's assets in a responsible and sustainable way**
We will manage our assets so they last longer, remain safe, and provide value to the community without placing unnecessary financial pressure on future generations.
- **Align asset decisions with Council's broader goals and strategies**
Our planning supports the Community Vision, Council Plan and strategic objectives, ensuring that assets contribute to the liveability, prosperity, and resilience of the region.
- **Meet the requirements of the Local Government Act 2020**
This plan supports compliance with legislation, particularly around transparent decision-making and long-term financial and asset planning.
- **Get the best performance and value over the life of each asset**
We aim to make evidence-based decisions on when to invest in renewal, maintenance, upgrades or the retirement of assets, ensuring resources are used wisely and efficiently.
- **Improve service delivery and support community well-being**
Assets are essential to delivering key services. This plan ensures our infrastructure continues to meet the needs and expectations of our community, now and into the future.

This plan will allow Mildura Rural City Council to better manage risks, plan for future needs, and make informed decisions that support a vibrant, connected, and sustainable community.

Our liveable people-friendly region

Mildura Rural City is located in the north-west of Victoria and covers an incredible 10% of the state of Victoria.

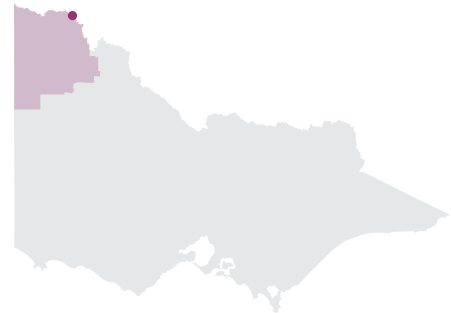
The local landscape boasts vegetation unique to the Mallee, while also being famous for broadacre grain properties, fresh fruit production (citrus, avocado, table grapes and wine grapes) and vibrant and welcoming townships.

The municipality shares borders with both New South Wales and South Australia, making it a regional service centre for all three states.

The jewel in the municipality's crown is its connection to the mighty Murray River, which winds its way through much of the region. It's a focal point for visitors and those who call the region home.

22,082km²

Land area

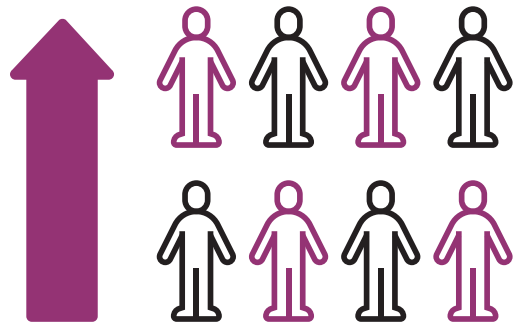


57,626

2024 estimated resident population

62,989

2036 projected resident population



Key industries

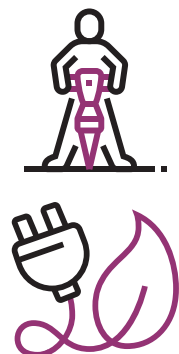
Irrigated horticulture (table grapes, wine grapes, dried grapes, citrus, vegetables and nuts), tourism, construction services, food and beverage manufacturing, dryland farming, transport and logistics, retail, health and community services.

Our towns

Cabarita	Koorlong	Nichols Point
Cardross	Merbein	Ouyen
Colignan	Meringur	Red Cliffs
Cowangie	Mildura	Underbool
Cullulleraine	Murrayville	Walpeup
Irymple	Nangiloc	Werrimull

Emerging industries

Renewable energy generation, aquaculture, mineral sands mining and recycling





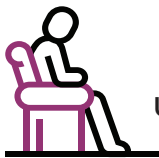
\$8.805 billion
Annual economic output

13.62%
Born overseas



4.59%
Aboriginal or
Torres Strait
Islander

5,434
Businesses



3.4%
Unemployment rate

7.42%
Need assistance
with core
activities



28,764
Jobs

12.47%
Speak a language
other than English
at home





Structure of the Asset Plan

The Asset Plan is structured to give a high-level insight into how Council intends on maintaining its infrastructure assets now and into the future.

- **Our Community's Vision**
- **Our Community's Role**
- **Asset Portfolio Overview**
- **Asset Planning**
- **Our Strategy**
- **Our Assets**
- **State of the Assets**
- **Financial Sustainability**
- **Our Challenges and Opportunities**
- **Our Improvements and Monitoring**



Our Community's Vision

Mildura Rural City Council is committed to accountable, transparent and responsive decision making that is informed by the consistent application of well-designed community engagement. The Community Engagement Policy (CP020) underpins Council's commitment to community-centred practice by applying the key elements of good community engagement into our day-to-day practice.

The development of the Community Vision 2021 – 2040 and Council Plan 2025 – 2029 has been undertaken through a process of deliberative engagement which also provided community input to inform the development of this Asset Plan.

Community Assets contribute to the realisation of the Community's Vision

Environment

We will sustain and enhance our natural environment and resources for current and future generations

Community

We will be a healthy, respectful and connected community

Place

We will be a place to live, belong and visit with infrastructure and development that enhances our lifestyle

Economy

We will have a thriving economy that harnesses our strengths and capitalises on opportunity

Leadership

We will have responsible, collaborative leadership that puts community wellbeing at the heart of decision-making

“Community is engaged in decision making with opportunities to share their views on things that affect them”

The Community Vision 2021–2040 and Council Plan 2025–2029 ensure that the infrastructure development aligns with the community’s future aspirations.

This plan has been informed by Community Consultation through the Council Plan process and Deliberative Engagement in the form of a community panel. Discussion and scenario modelling reveal what our community value most. This helps us prioritise which assets to maintain, renew, upgrade or dispose, and when to do so, based on community need and available resources.

Deliberation allows for diverse community members to hear each other’s perspectives, leading to more balanced, inclusive recommendations that acknowledge trade-offs and competing priorities.

“Actively address the causes and impacts of climate change”

In February 2020, Mildura Rural City Council declared a state of climate change emergency requiring urgent action by all levels of government.

The effects of climate change pose a significant risk to infrastructure, including financial risk where assets cannot be insured. We are seeing more frequent extreme weather events such as heatwaves, droughts and flooding in our region, and this has and will continue to impact our infrastructure and their provision of services in the community.

Building resilient and adaptable infrastructure is key to improving the sustainability of our networks and managing the risks associated with our changing climate. This needs consideration in the early stages of planning, as early intervention can save a significant amount when compared to the cost of repair.

Each infrastructure portfolio will need different approaches for climate adaptation, and these are detailed in their respective Asset Management Plans and align with Council’s Environmental Sustainability and Climate Change Policy CP041, Towards Zero Emissions Strategy 2021-2050 and Climate Change Mitigation and Adaptation Framework.

Community feedback demonstrates it is important to our community that we build our assets in line with modern practice (environmental, sustainable, adaptive) and maintain our assets in an environmentally sustainable way.

Our community want us to consider environmental sustainability, usability, and adaptability when making decisions, and ensuring our assets contribute to health, equity, wellbeing and community resilience across their lifecycle.

“Adequate and sustainable infrastructure to meet future demand”

Knowing what assets Council owns and controls, where they are, what condition they are in as well as understanding the value they provide to the service delivered by them, is fundamental to ensuring Council provides adequate and sustainable infrastructure that will meet the current and future community needs.

Council’s Asset Management Strategy 2020 has five key focus areas working towards adequate and sustainable infrastructure to meet future demand:

- Data and Information
- Governance
- Integrated Planning
- Education and Knowledge
- Service Planning

To be a strong, connected community now and into the future, our community rely on inclusive spaces that foster participation, equitable usage, social cohesion, intergenerational engagement and cultural expression, empowering our residents to create, connect and thrive together.

“Keep the community informed to build a relationship of transparency, understanding and trust”

The state of the municipality’s assets should be well communicated to community, so they can be well informed in regards to the management required to maintain what will be needed for the long-term. By monitoring our assets and forecasting their future financial requirements, we will be better placed to ensure the decisions made today are well-informed and in the best interests of our community both now and for future generations.

Engaging the community in the development of the Asset Plan helps build a sense of ownership and shared responsibility. By providing multiple opportunities for input - through the Council Plan consultations, the Community Panel, public submissions and ongoing Gender Impact Assessments for projects with direct and significant impacts on our community - Council ensures the plan aligns with the community’s values, needs, and priorities.

Our Community's Role

We are dedicated to involving our community and maintaining transparency in our decision-making by offering opportunities for input on matters affecting assets and service delivery.

Our commitment is to provide a clear and open framework for meaningful and genuine community engagement. Our Community Engagement Policy outlines this approach, explaining how we will create opportunities for our diverse community to share ideas, opinions, and feedback, ensuring their voices are heard and considered in Council decisions.

What we did with engagement

In late 2024 and into 2025 we undertook community consultation to help inform the Council Plan. More than 3,000 individual statements and comments were received in relation to what the community would like Council to focus on over the next 4 years.

In May 2025, we facilitated a Deliberative Engagement process, involving a community panel using scenario planning. The panel members, representing a diverse cross-section of the community in terms of age, gender, cultural background, and geographic location, discussed a series of complex questions to help us better understand community values and priorities.

The insights gained from this process will help shape the guiding principles of the Council's asset management approach and provide the community with a clearer understanding of the challenges involved in managing our assets.

Cultural diversity, inclusion, and community cohesion have emerged as growing priorities, with a strong focus on fostering a more inclusive and connected community.

Be visible, listen actively, and communicate clearly—because engagement starts with connection.

"...a lot of misinformation around the community, communication is key..."

A key future priority is a sustainable approach to managing both our natural and built environments, reflecting what the community values most about the region, as highlighted in the Council Plan and Deliberative Engagement.

"Cost effective may not be positive for the future who inherit it"

Community buildings are seen as catalysts for human connection, social inclusion, and mental health.

"Buildings really only come to life with people"

"assets need to be linked to physical, social and mental wellbeing"

Asset Portfolio Overview

Asset management is about managing assets in a way that will ensure services can be delivered to the community both now and into the future. In order to do this effectively, we need to manage assets throughout their lifecycle, from construction or acquisition, during its operation through inspections and maintenance activities, to renewing it when it's reaching end of life, or disposing / decommissioning it when it's no longer required.

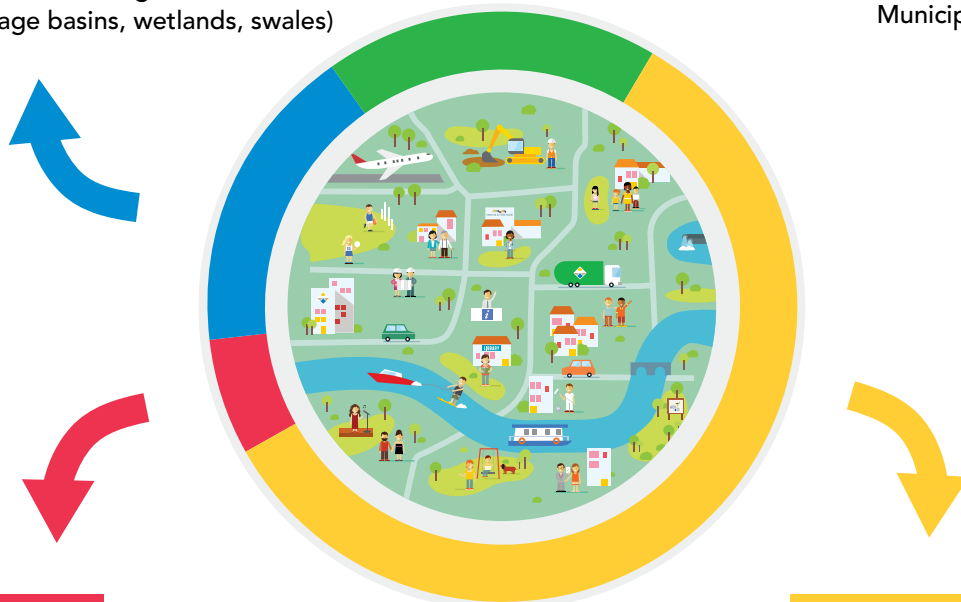
What assets are covered in this plan?

**Stormwater
Drainage
\$220m**

Stormwater Drainage
(Pipes, pits, gross pollutant traps)
Stormwater Management Areas
(Drainage basins, wetlands, swales)

**Buildings and
Facilities
\$232m**

Community Centres
Libraries
Sporting Facilities
Municipal Offices



**Public
Open Spaces
\$79m**

Outdoor Infrastructure
Playgrounds and Fitness Equipment
Playing Surfaces
Recreation Structures
Skate Parks

**Roads and
Footpaths
\$746m**

Roads
Pedestrian Bridges
Footpaths and Cycling Paths
Kerb & Channel
Carparks

91%

Asset Renewal and
Upgrade / Depreciation

44%

Asset Renewal
Funding Ratio

94%

of our assets are in Excellent
to Average condition.

Asset Planning

As stewards of community infrastructure, Council has an obligation to plan for and provide sustainable infrastructure for current and future generations.

What is Council's role?

Council plays different roles in working towards what's important to our community which are outlined in the Community Vision 2021 – 2040. In Asset Planning, Council is a Provider, Regulator, Partner, Facilitator and Advocate.



Provider

Council provides services and infrastructure including waste collection, open spaces, local road and footpath networks, stormwater drainage, maternal and child health, libraries and many other community services and programs.



Regulator

Council is responsible for regulating a range of activities throughout the municipality. Ensuring that local laws and government legislation and the administration of it is done in a way that is supporting the Community Vision.



Partner

Council has many partners across the community including service providers, agencies, businesses and community groups who we collaborate with to deliver services, infrastructure and events.



Facilitator

Council has a role in bringing groups of people and organisations together to support collaboration and new partnerships to create new opportunities and solve problems for the community.



Advocate

Council advocates on behalf of the community to other levels of government and various other decision-makers to deliver the best possible outcomes for the Mildura Rural City Council community.

What is an asset and why are they important?

An asset is an item, thing or entity that has potential or actual value to an organisation. Local government is responsible for a large variety of assets in order to deliver services to the community, such as infrastructure, plant and equipment, fleet and property. Assets are the backbone of community life. Recreation and leisure facilities enable people to exercise and connect, maternal and child health centres support families and health, roads allow people to get to school and work. When managed equitably they allow all people to participate in community life. This Asset Plan focuses on infrastructure, which accounts for close to 95% of the value of Council's total assets.

What is Asset Management and why is it important?

Asset Management is the coordinated activity of an organisation to realise value from assets. Realisation of value will normally involve balancing of costs, risks, opportunities and performance benefits which will ensure services can be delivered to the community both now and into the future. Asset management is important for people because it directly affects the quality of life, equity, and sustainability of the communities they live in. Asset Management also enables the capacity of Council to respond to emergencies to protect people, property and the environment.

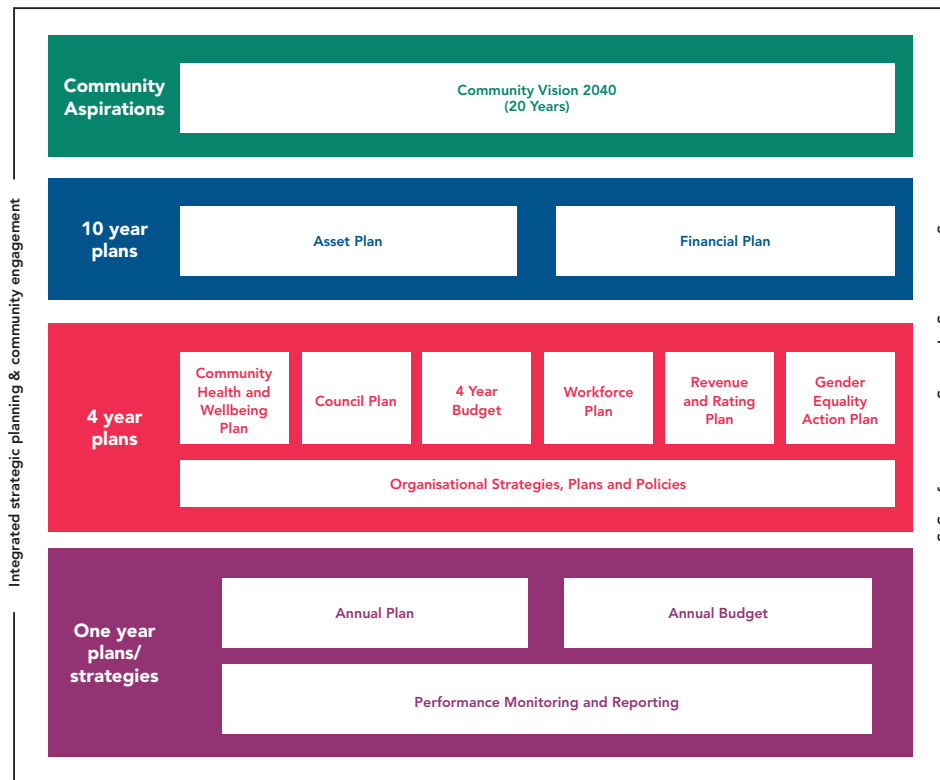


Our Framework

Integrated Planning and Reporting Framework

This section describes how the Asset Plan links to the achievement of the Community Vision and the Council Plan within the Integrated Strategic Planning and Reporting Framework. This framework guides the Council in identifying community needs and aspirations over the long term (Community Vision), medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Annual Report).

Mildura Rural City Council's Integrated Planning and Reporting Framework outlines the relationship between important Strategies and Plans, highlighting the importance of the Community Vision as the base of Council's strategic planning, as well as demonstrating how each element might inform or be informed by other parts of the framework.

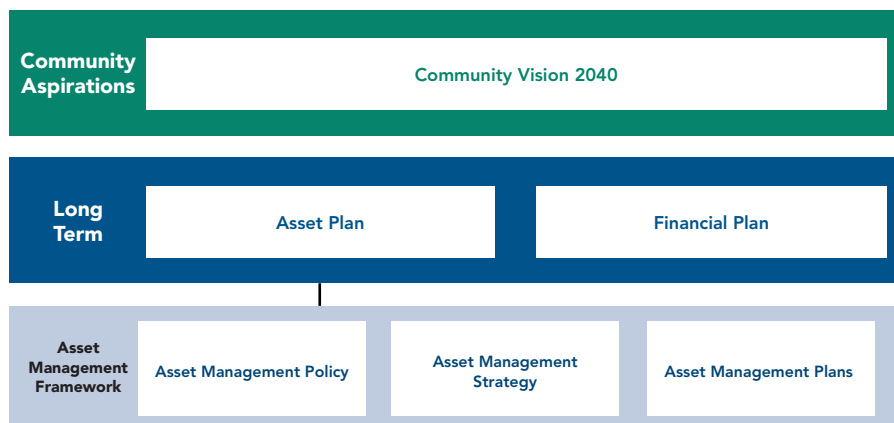


1 MRCC Integrated Planning and Reporting Framework

Asset Management Framework

Council works to an Asset Management Framework, which integrates key functions of the organisation to establish an asset management policy, define asset management objectives, and identify supporting processes to achieve those objectives.

We're working towards a framework which will provide consistency, alignment and cost-effectiveness on how we deliver services to the community and how we manage the infrastructure that allows these services to be delivered.





Our Strategy

Council's Asset Management Strategy 2020 is a foundational strategy designed to guide the organisation towards sustainable asset management.

Our Asset Management mission is to:

"Deliver the required level of service at the lowest lifecycle cost for our community"

To achieve this, we must:

- Effectively and systematically manage all assets over their lifecycle
- Align Asset Management Plans and systems with organisational goals and outcomes
- Provide a framework for long-term asset planning and development for capital and/or maintenance works
- Integrate effective management of assets with service planning
- Engage with community ongoing to understand their needs for equitable access to safe, sustainable and inclusive infrastructure.

Our Asset Management objectives drive our Asset Management Strategy:

Data and Information

- We will have relevant and accurate asset data and information
- We will have a single repository of truth for our asset data

Governance

- We will have an Asset Management Framework, which ensures we consistently and sustainably define and deliver our Asset Management responsibilities
- We will achieve core maturity under the National Asset Management Assessment Framework

Integrated Planning

- We will manage our infrastructure in a sustainable manner
- We will mitigate risk by understanding our renewal gap and put systems in place to reduce the gap
- We will translate the current and future demand from each service into expenditure which will inform the Long Term Financial Plan (Financial Plan 2021-2031)
- We will work in collaboration to integrate and align Best Practice Asset Management into Council strategic planning and decision making

Education and Knowledge

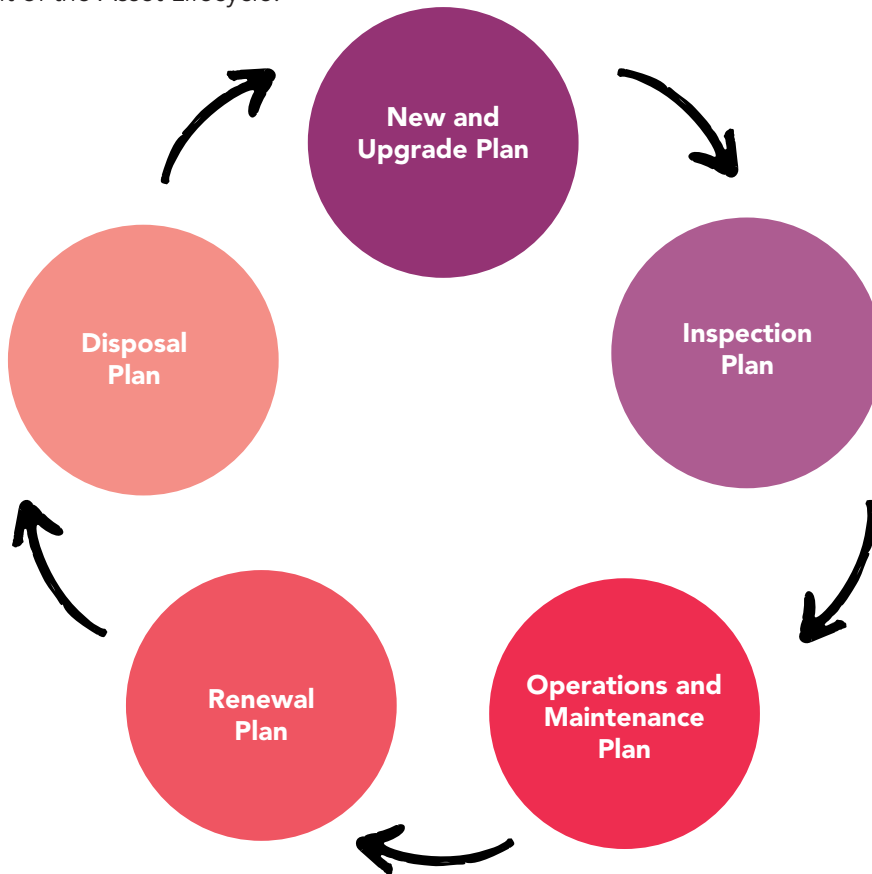
- We will understand our Asset Management roles and responsibilities, and recognise that it is a whole of organisation approach

Service Planning

- We will plan for and provide sustainable services to the community
- We will understand the cost and benefit involved to deliver services to the community
- Service planning will guide and inform our investment decision making

Our Practice

Our Management of the Asset Lifecycle:



New and Upgrade Plan

When deciding whether to buy or upgrade assets, our choices are mostly based on community needs, population growth, social impact, and environmental goals. These projects are usually funded through grants. Any new asset should align with our approved plans, and we should think carefully about the timing of the purchase.

Before we commit to anything new, we need to look at the full cost of owning it over time - including how much it will cost to run and maintain. Adding more assets generally means higher ongoing costs. We plan to track these costs and use the insights to guide our Long Term Financial Plan.

We will also consider opportunities for strategic partnerships and look at how assets serve both current and future generations, making sure we balance the needs of existing users with those of new ones.

Inspection Plan

Inspections are undertaken to guide maintenance and renewal activities and to proactively identify any risks, defects or hazards that require immediate attention. Council undertakes different types of inspections. Reactive inspections are undertaken as the need arises. This is typically when Council has been notified of a risk, defect or hazard by users of the asset or the community. Compliance inspections are undertaken on a routine basis to ensure the asset is performing to standard. Each asset type has its own schedule for routine inspections which are typically performed more than once a year.

Condition assessments are performed on a longer-term cycle, approximately every five years. These assessments take an in-depth look at the assets to determine their physical condition and when they may need replacing, which informs Council's Forward Works Program.

Operations and Maintenance Plan

We carry out maintenance to keep our assets functioning effectively and to help extend their useful life. Routine maintenance includes regular work to ensure assets continue to operate as expected, as well as urgent repairs when parts fail.

There are two main types of maintenance:

- Reactive maintenance is unplanned work carried out in response to faults or service requests.
- Proactive maintenance involves planned repairs identified during routine inspections.

These activities help ensure our assets remain safe, reliable, and capable of delivering the required level of service.

Renewal Plan

Our assets naturally deteriorate over time through use. The primary driver for renewing assets is declining condition, although rising maintenance costs are also considered. Renewal works involve significant repairs or replacements that restore an asset to its original level of service. Assets in need of renewal are identified through condition assessments. These proposals are reviewed to confirm the need for capital intervention and to develop cost estimates. Renewals are then ranked by priority and available funding, and scheduled into future capital works programs.

In some cases, renewal works may be deferred due to budget constraints. While short-term deferrals may not significantly affect the performance of the asset, repeated delays can increase the risk of service disruption and create long-term financial liabilities.

Disposal Plan

When an asset is no longer useful or required, we consider options to dispose of or decommission it, based on service level needs. This helps reduce the resources spent on ongoing maintenance. Council, in collaboration with the community and user groups, is exploring opportunities to remove redundant or underused assets to help minimise physical and financial risks.



Our Assets

This Asset Plan focuses on infrastructure assets which account for almost 95% of the value of Council's assets.

Infrastructure assets are represented by four portfolios:



Roads and Footpaths (\$746m)

Roads and Footpaths – roads, footpaths and shared paths



Buildings and Facilities (\$232m)

Buildings and Facilities – buildings and structures, aquatic facilities



Stormwater Drainage (\$220m)

Stormwater Drainage – pipes, pits, gross pollutant traps, stormwater management areas (drainage basins, wetlands and swales)



Public Open Space (\$79m)

Public Open Space – outdoor infrastructure, playgrounds, recreation structures, playing surfaces

Asset Value

As at June 2024

Replacement Cost	\$1,276,298,096
Depreciated Value	\$800,518,762
Annual Depreciation Expense	\$18,987,566

State of the Assets



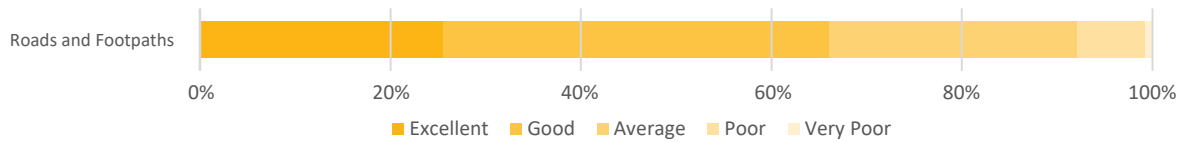


Roads and Footpaths

As at 30 June 2024

5,317 km Roads (1,065 km sealed / 4,252 km unsealed)
 447 km Pathways
 506 km Kerb and Channel

Replacement Cost	\$746,059,609
Depreciated Value	\$464,815,342
Annual Depreciation Expense	\$11,223,506

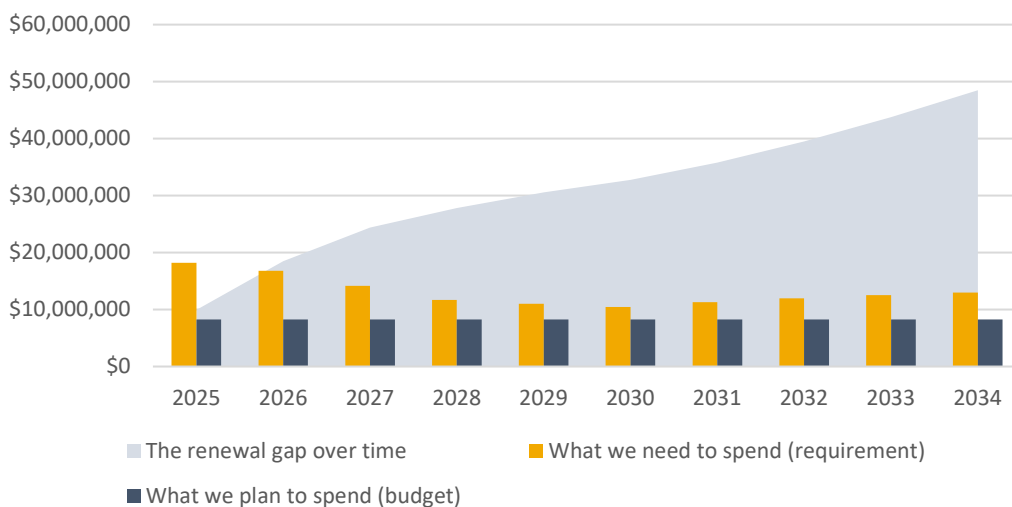


Network growth:

2.72 km pa Roads (historical 5-year average)
 2.97 km pa Pathways (historical 5-year average)
 5.26 km pa Kerb and Channel (historical 5-year average)

74% Asset Sustainability Ratio
 (Renewal Spend / Annual Depreciation)
 63% Asset Renewal Funding Ratio
 (over 10 years)

Renewal funding



Reflections:

- Changes in farming practices and the climate, impacts on the need to upgrade or downgrade roads in some outlying locations.
- To reduce the damage done to our road network, heavy vehicle restrictions need to be applied to relevant roads.
- To cater for mobility devices, bicycle and pedestrian use, shared paths are required.
- Road safety devices and design should be applied to relieve traffic issues / congestion in areas of concern.
- 92% of our assets are in Excellent to Average condition. 7% of our assets are in Poor Condition and only 1% in Very Poor.



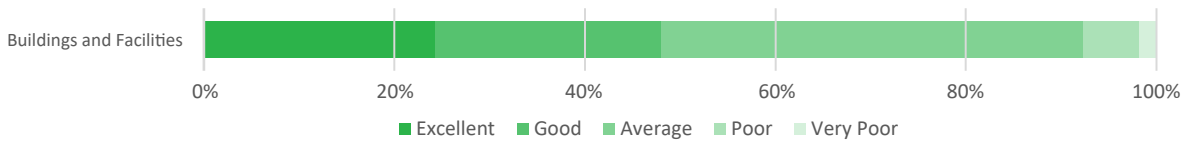
Buildings and Facilities

As at 30 June 2024

10 Tier 1 Buildings & Facilities
 24 Tier 2 Buildings & Facilities
 259 Tier 3 Buildings & Facilities

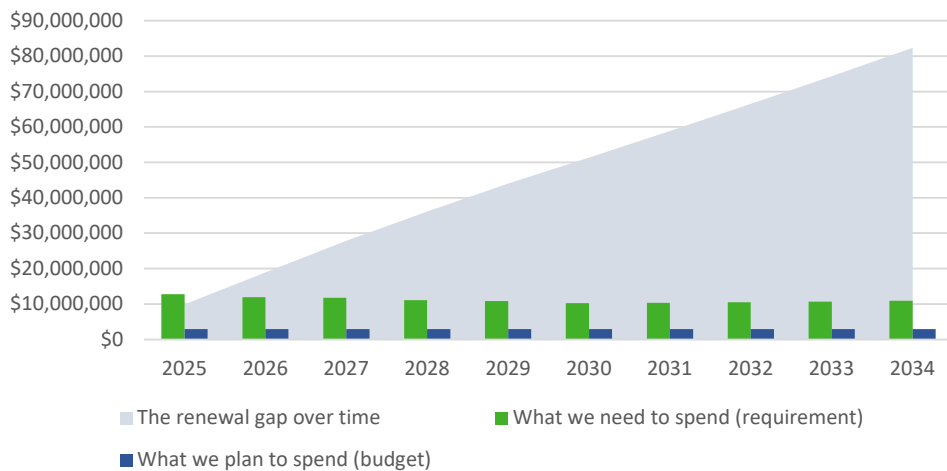
Note: Tier 4 and Tier 5 Buildings and Facilities, Pools and Water Play are excluded from this report.

Replacement Cost	\$231,596,540
Depreciated Value	\$123,358,605
Annual Depreciation Expense	\$2,894,243



92% Asset Sustainability Ratio
 (Renewal Spend / Annual Depreciation)
 26% Asset Renewal Funding Ratio
 (over 10 years)

Renewal funding



Reflections:

- Over 50% of existing buildings are over 50 years old.
- Understanding whether a building is operating at, above or below capacity is important in managing the building network, which may lead to acquisitions or disposals. A capacity audit has been undertaken in some service areas but not others.
- There is an identified capacity issue in our Early Years infrastructure due to the introduction of the State Government’s funded three-year-old kindergarten program.
- Gender equity and disability access considerations should be included in the planning of Buildings and Facilities.
- 92% of our assets are in Excellent to Average condition. 6% of our assets are in Poor Condition and only 2% in Very Poor.

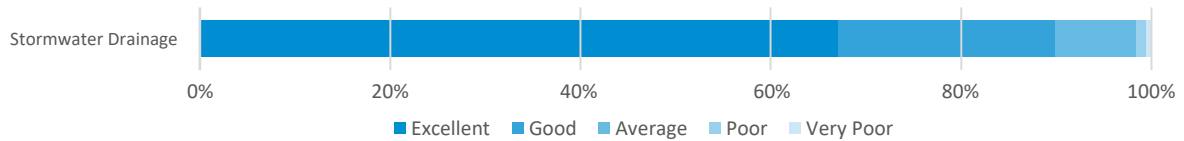


Stormwater Drainage

As at 30 June 2024

341 km Drainage Pipes
 11,832 Drainage Pits
 137 Stormwater Management Areas

Replacement Cost	\$219,963,040
Depreciated Value	\$174,418,545
Annual Depreciation Expense	\$1,483,523

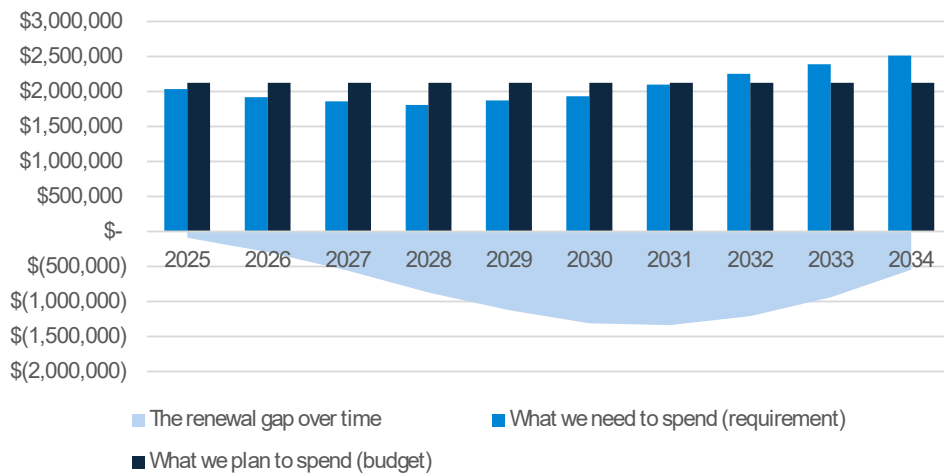


Network growth:

4 km pa stormwater pipes
 (historical 5-year average)
 137 stormwater pits
 (historical 5-year average)

104% Asset Sustainability Ratio (Renewal Spend / Annual Depreciation)
103% Asset Renewal Funding Ratio (over 10 years)

Renewal funding



Reflections:

- Whilst the majority of the drainage network is in adequate condition, there are known hot spot areas where the drainage system is under capacity and will flood in a storm event.
- As our urban areas continue to develop, consideration must be given to the overall capacity of the existing drainage system.
- Other infrastructure e.g. roads, landscaped areas, may be designed to hold stormwater for a period of time in order to protect buildings from inundation.
- Obstructions in drainage pipes i.e. roots, rubbish, will result in the network not performing at capacity. Regular monitoring of the pipe network through closed-circuit television (CCTV) and fixed zoom camera technology will mitigate risk caused by these defects.
- 98% of our assets are in Excellent to Average condition. 1% of our assets are in Poor Condition and only 1% in Very Poor.

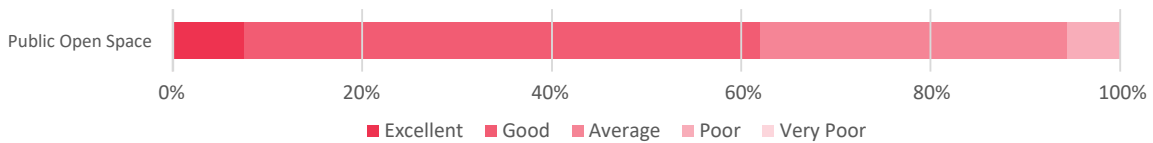


Public Open Space

As at 30 June 2024

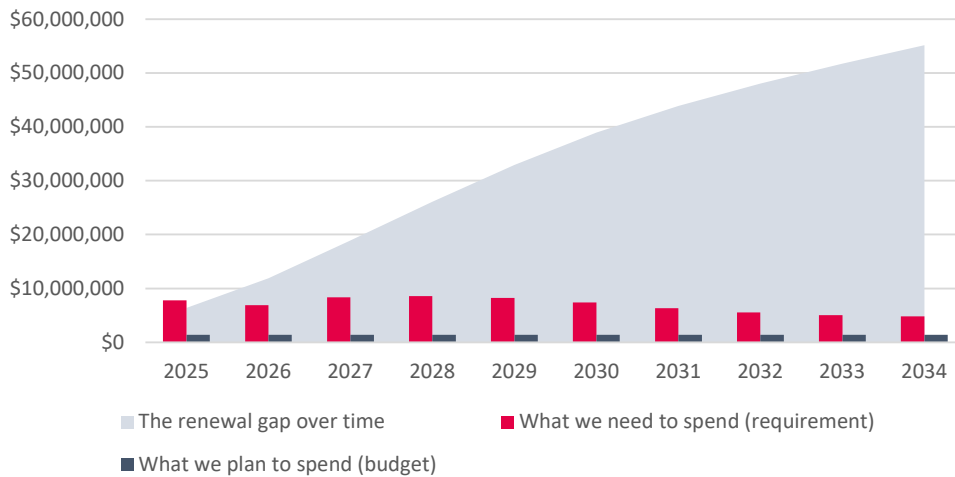
Over 4,100 items of Outdoor Infrastructure
 298 Playgrounds and Fitness Equipment
 140 Playing Surfaces
 126 Recreation Structures
 4 Skate Parks

Replacement Cost	\$78,678,907
Depreciated Value	\$37,926,269
Annual Depreciation Expense	\$2,692,205



47% Asset Sustainability Ratio
 (Renewal Spend / Annual Depreciation)
 20% Asset Renewal Funding Ratio
 (over 10 years)

Renewal funding



Reflections:

- While overall in good condition, the Asset Renewal Funding Ratio is low with respect to the target of 100%. This is likely due to many assets being replaced through operational budgets or community grants.
- There are some open space provision gaps in developed areas identified in Council's Public Open Space Strategy.
- An infrastructure audit based on the classification in Council's Public Open Space Strategy will determine whether there is over-servicing or under-servicing of the network occurring.
- 94% of our assets are in Excellent to Average condition. 6% of our assets are in Poor Condition and none of these assets are in Very Poor.

Financial Sustainability

The main principle of the state of the assets financial update and broader asset management planning is ensuring responsible stewardship of our assets to meet the needs of our community now and into the future.

Financial Projections

This section outlines the projected expenditure requirements (\$'000) for our assets over the next 10 years.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Recurrent	\$16,173	\$16,523	\$17,023	\$17,023	\$17,023	\$17,023	\$17,023	\$17,023	\$17,023	\$17,023	\$168,880
Renewal	\$40,765	\$37,557	\$36,158	\$33,204	\$31,920	\$30,041	\$30,053	\$30,259	\$30,677	\$31,268	\$331,902
Growth	\$18,097	\$11,609	\$8,431	\$7,860	\$7,326	\$7,865	\$8,439	\$9,751	\$9,765	\$10,531	\$99,674
Total	\$75,035	\$65,689	\$61,612	\$58,087	\$56,269	\$54,929	\$55,515	\$57,033	\$57,465	\$58,822	\$600,456

The total expenditure (\$'000) over the 10 year planning period, by asset portfolio, is summarised in the table below.

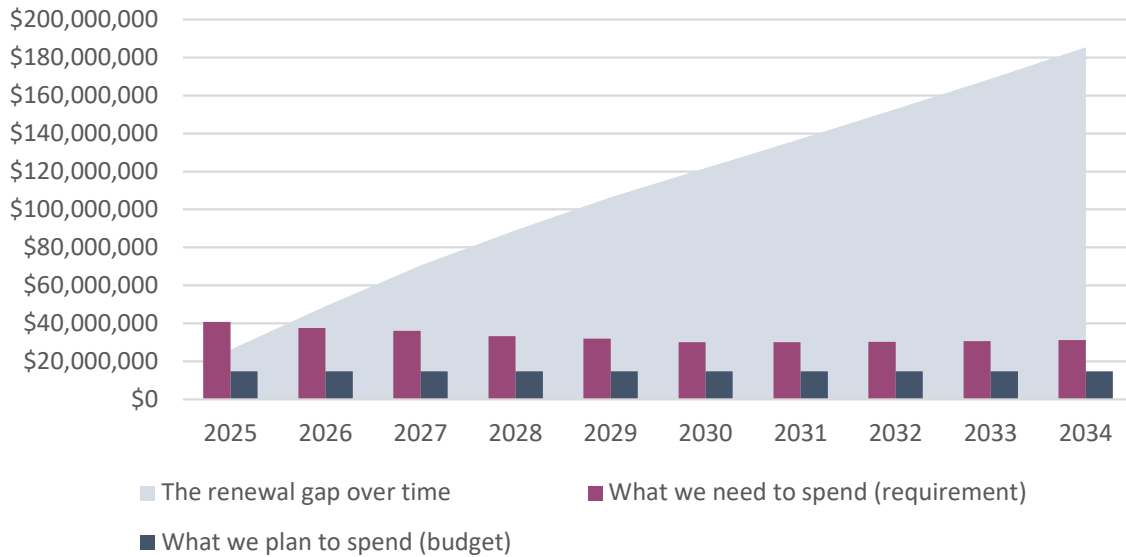
	Recurrent	Renewal	Growth	Total
Roads and Footpaths	\$58,640	\$131,108	\$54,904	\$244,652
Stormwater Drainage	\$4,470	\$20,677	\$15,888	\$41,035
Buildings and Facilities	\$73,660	\$111,197	\$19,242	\$204,099
Public Open Space	\$32,110	\$68,920	\$9,640	\$110,670
Total	\$168,880	\$331,902	\$99,674	\$600,456

The spending on our assets represents a significant investment by the community and is fundamental in enabling us to meet ever changing demands and to safeguard a vibrant and sustainable future for generations to come.

Our Renewal Gap

The renewal gap represents the funding shortfall associated with the renewal of our existing asset network. It is determined by comparing what we need to spend (based on our service levels for the existing asset network), with what we have available to spend on renewals (guided by the annual depreciation expense), with the difference being the renewal gap. If we continue to manage assets the way we do currently, the renewal gap will grow to \$185m over the next 10 years.

Renewal funding



\$'000	Renewal Required	Renewal Available	Shortfall
Roads and Footpaths	\$131,108	\$82,661	\$48,447
Stormwater Drainage	\$20,677	\$21,225	-\$548
Buildings and Facilities	\$111,197	\$28,819	\$82,378
Public Open Space	\$68,920	\$13,726	\$55,194
Total	\$331,902	\$146,430	\$185,472

What can we do to reduce the gap?

There are many factors contributing to the growing renewal gap. Some of these factors include the age and condition of our infrastructure, funding limitations, service levels and risk management.

Through engagement with our community, we can work on strategies that will reduce the gap. These may include reviewing existing service levels and intervention levels, useful lives, accepting a higher level of risk, closure or decommissioning assets. These considerations will need to be made for each service that utilises assets in its delivery.

Sustainability Indicators

The renewal of assets should occur at the time that they require it to ensure that the service levels provided through the assets to the community can continue both now and into the future. Factors such as limited funds, increased customer demand and expectation, and statutory requirements can affect the ability to undertake renewal activities.

Asset Renewal Funding Ratio 44%

Target 100%

Capital Renewal Planned Budget for a period /
Capital Renewal Forecast Outlays for the period

The Asset Renewal Funding Ratio (ARFR) shows how well we are keeping up with the required level of asset renewal. It is calculated by comparing the amount being spent on renewals to the amount that should be spent to maintain assets at the desired standard.

The current ARFR indicates that Council does not have sufficient funding to carry out renewals as they become due, which is not financially sustainable. If this continues, assets will continue to deteriorate and may become more expensive to renew in the future.

To improve the ARFR and move towards a more sustainable position, strategies may include reviewing current service and intervention levels, accepting a higher level of risk, or considering the closure or decommissioning of some assets.

Depreciation Indicator 91%

Target 100%

Allocate adequate funds towards renewal capital in order to replace assets and infrastructure as they reach the end of their service life.

Measure: Asset renewal and upgrade expenses /
Depreciation above 100%

Comparing asset renewal and upgrade spending to depreciation expense is another way to assess our financial sustainability. While this indicator is still below the target, the shortfall is less significant than with the Asset Renewal Funding Ratio (ARFR).

The main difference between the two indicators is that the ARFR is based on the physical condition of assets, while depreciation is calculated based on the asset's age. Additionally, the depreciation-based indicator includes upgrade expenditure, whereas the ARFR only considers renewal spending.



Our Challenges and Opportunities

Affordability: The financial sustainability of Council is directly linked to the ability to successfully navigate a range of challenges that increase the pressure on the community's capacity to pay. Demographic factors, large geographical area and sparse population, impacts on the how much revenue a council can raise to support its delivery of services to the community, now and into the future.

Rate Capping: In 2016, the Victorian Government introduced rate capping to restrict the amount that councils can raise their rates each year. As rates are the largest single source of income for council, the inability to match revenue with demand adds pressure on Council to identify alternative means of achieving financial sustainability.

The challenge of doing more with less, places Council in a position that requires careful consideration of the services it provides and the infrastructure required to do this adequately.

Opportunity: Strategically analyse each service and understand the costs associated with providing them at their current service level to determine whether efficiencies such as co-location of some services can be found.

Intergenerational equity: Balancing the community's current and future requirements against available resource requires leadership and planning that doesn't burden future generations, but instead contributes to supporting community aspirations and quality of life.

Opportunity: A long-term, integrated focus on managing the municipality's assets is required in order for council to meet the need of the present without compromising future.

Ageing infrastructure: The issues surrounding the municipality's ageing infrastructure increases the risks associated with the failure of assets and the impact on services to the community. The organisation has an increasing renewal gap that requires a long-term financial and operational commitment to improve. Currently, the council faces challenges in maintaining and operating existing infrastructure. Decisions on constructing new assets need to consider that the initial construction or acquisition cost is typically 20-30% of the total cost of managing the asset over its life, the ongoing affordability of an asset will directly affect the sustainability of a service.

Opportunity: Acquisitions need to be carefully considered in the terms of long-term benefit and future operational impacts.

Climate Change: The increasingly extreme environmental conditions experienced across the municipality has resulted in the need to provide infrastructure that is more resilient and sustainable.

Opportunity: Council has made a significant commitment to enhance and sustain the natural resources of the municipality while actively addressing the causes and impacts of climate change. This challenges the organisation to provide and manage infrastructure that supports this commitment while maintaining value for money, assessing the vulnerability of our assets and ensuring the gendered impacts of climate change are considered and addressed in our asset management approach.

Gender Equality, Diversity, Equity and Inclusion:

Gender equality, equity, diversity and inclusion are key priorities for asset management and go beyond social responsibility, they also drive better decision making, performance and sustainability. When we make decisions that consider and reflect the diverse needs of our community we deliver fairer outcomes and support every community member to thrive, regardless of their gender, age, ability, or background.

Opportunity: By conducting Gender Impact Assessments as identified in the Gender Equality Act 2020, and utilising our Community Engagement Framework which aligns with the Local Government Act 2020 we will be better informed to make asset management decisions that support our community to thrive.

Our Improvements and Monitoring

Monitoring and Review

A full review of this Asset Plan in accordance with Council's Community Engagement Policy and practices will be completed every four years, in line with Council elections.

The Asset Plan is to be formally adopted by Council by 31 October in the year following a general election, other than the first general election of the Local Government Act 2020 which requires the plan to be adopted by 30 June 2022 (Local Government Act 2020 Sect 92).

The asset and financial data in the Asset Plan will be reviewed annually. Subsequent updates to the Asset Plan which include the review of this data, will be approved by the Chief Executive Officer if resulting changes are immaterial to the delivery of the service, standards and specifications. If the change significantly impacts the service, standards and specifications, it must follow the process of a full review.

Improvement Plan

The following table lists the actions necessary to improve the Asset Plan.

Outcome	Action
A coordinated and community-informed framework that strengthens social connection, improves access to services and spaces, and ensures infrastructure investment aligns with our diverse and growing population.	Design and implement a social infrastructure plan that maps existing community assets, assesses current and future needs, and establishes priorities for creating inclusive, accessible, sustainable and gender-equitable spaces that promote social well-being.

References

International Organization for Standardization ISO 55000:2014, Asset Management – Overview, principles and terminology <https://www.iso.org/standard/55088.html>

International Organization for Standardization ISO 55001:2014, Asset Management – Management systems - Requirements <https://www.iso.org/standard/55089.html>

Institute of Public Works Engineering Australasia 2015, International Infrastructure Management Manual

Institute of Public Works Engineering Australasia 2020, International Infrastructure Financial Management Manual

Local Government Victoria 2022, Asset Plan Guidance.

Available from: <https://engage.vic.gov.au/project/local-government-act-2020/page/co-design-asset-plan>

Mildura Rural City Council, Community Vision 2021-2040.

Available from: <https://www.mildura.vic.gov.au/Council/About-Council/Community-Vision-Council-Plan>

Mildura Rural City Council, Council Plan 2025-2029.

Available from: <https://www.mildura.vic.gov.au/Council/About-Council/Community-Vision-Council-Plan>

Mildura Rural City Council, Asset Management Framework 2015.

Available from: HP Content Manager Reference: INT-202013564

Mildura Rural City Council, Asset Management Policy CP031.

Available from: <https://www.mildura.vic.gov.au/Council/About-Council/Council-Policies> [June 2023]

Mildura Rural City Council, Asset Management Strategy 2020.

Available from: HP Content Manager Reference: INT-202018139

Mildura Rural City Council, Community Engagement Policy CP020.

Available from: <https://www.mildura.vic.gov.au/Council/About-Council/Council-Policies> [January 2021]

Mildura Rural City Council, Buildings and Facilities Asset Management Plan 2024-2028.

Available from: <https://www.mildura.vic.gov.au/Council/About-Council/Council-Plans-Strategies>

Mildura Rural City Council, Public Open Space Asset Management Plan 2021-2025.

Available from: <https://www.mildura.vic.gov.au/Council/About-Council/Council-Plans-Strategies>

Mildura Rural City Council, Roads and Footpaths Asset Management Plan 2023-2027.

Available from: <https://www.mildura.vic.gov.au/Council/About-Council/Council-Plans-Strategies>

Mildura Rural City Council, Stormwater Drainage Asset Management Plan 2023-2027.

Available from: <https://www.mildura.vic.gov.au/Council/About-Council/Council-Plans-Strategies>

Mildura Rural City Council, Capital Works Management Policy OP167.

Available from: HP Content Manager Reference: INT-20163076 [July 2020]





Deakin Avenue Service Centre
76 Deakin Avenue, Mildura

Madden Avenue Service Centre
108 Madden Avenue, Mildura

Ouyen Service Centre
79 Oke Street, Ouyen

Phone: 03 5018 8100
PO Box 105, Mildura VIC 3502
www.mildura.vic.gov.au