

City of Casey  
**ASSET PLAN**  
2022-2032

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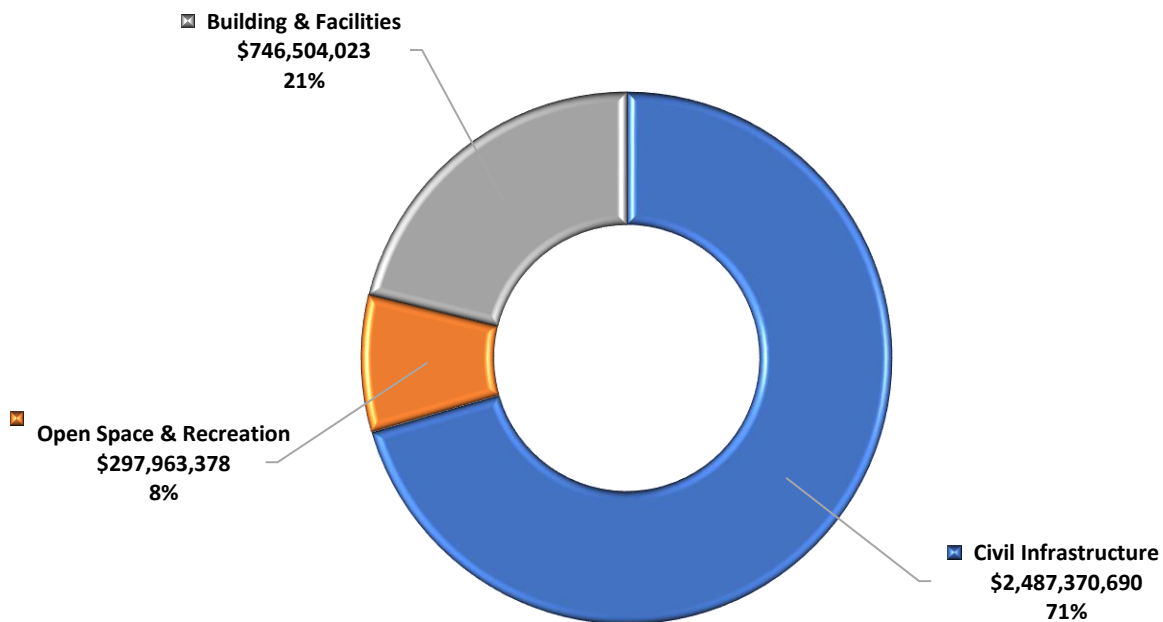
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## 1 Introduction

The City of Casey (Casey) is a diverse municipality that covers an area of 400 square kilometres. The City includes culturally and environmentally significant land along with residential, farming, industrial, and commercial areas. Casey is one of the fastest-growing municipalities in Australia. In 2022, Casey had a population of 390,793, which is forecast to increase to 550,000 by 2041. Of those that live in Casey, 35 per cent speak a language other than English, and there are over 100 different faiths represented.

Given its expansive size, Casey City Council (Council) currently owns and manages \$3.5B worth of infrastructure assets. *Figure 1* shows the majority of these assets are civil infrastructure (e.g. roads, bridges, stormwater drainage, paths etc.), followed by buildings and facilities, and open space and recreation.



*Figure 1 – Infrastructure Asset Portfolio Distribution and replacement value*

As our City changes and grows, Council's responsibility is to manage its assets effectively and efficiently through its lifecycle, i.e., planning, delivery, operation, maintenance, monitoring, renewal, and decommission or disposal. The effective management of these assets maximises service to the community while minimising the associated risk and cost to the organisation.

### 1.1 Scope and Purpose

The Asset Plan (Plan) is prepared in alignment with Section 92 of the *Local Government Act 2020*. It applies to all infrastructure assets owned or managed by Council, except Land and Land Under Roads.

The purpose of the Plan is to articulate:

- How the Plan integrates with the Community Vision, Council Plan, Domain Strategies, Strategic Service Plans and Long-term Financial Plan,
- How Council is going to manage its assets to meet the service delivery needs of the community,
- A ten-year financial forecast for operating and capital expenditures related to assets.

## 2 Asset Management at Casey

In alignment with our community vision, organisational objectives, and the principles of asset management, Council aspires to:

***Maximise the value of our assets, ensuring they adapt to our changing community and enable our City to be connected, bold, and resilient.***

### 2.1 Principles

The following principles underpin Council's Asset Management practice:

- Whole of a lifecycle approach to optimise assets for the community and service provision.
- Focus on long term sustainability and adaptability to address the effects of climate change on assets.
- Evidence-based asset management, which is clearly defined with measurable performance targets aligned to service plans.
- Practical systems and processes that fit with the organisation's asset management capability and maturity.
- Continuous improvement and innovation of asset management processes, practices, and systems.

## 2.2 Integration with strategic framework

The Council Plan 2021-2025 outlines the three key strategic directions for Casey to achieve its vision of becoming a more connected, bold and resilient community. It is further supported by the strategic actions as identified in the key domain strategies. The Asset Plan aligns with the integrated strategic planning framework by providing an overview of the asset requirements for implementing Casey's strategic objectives.

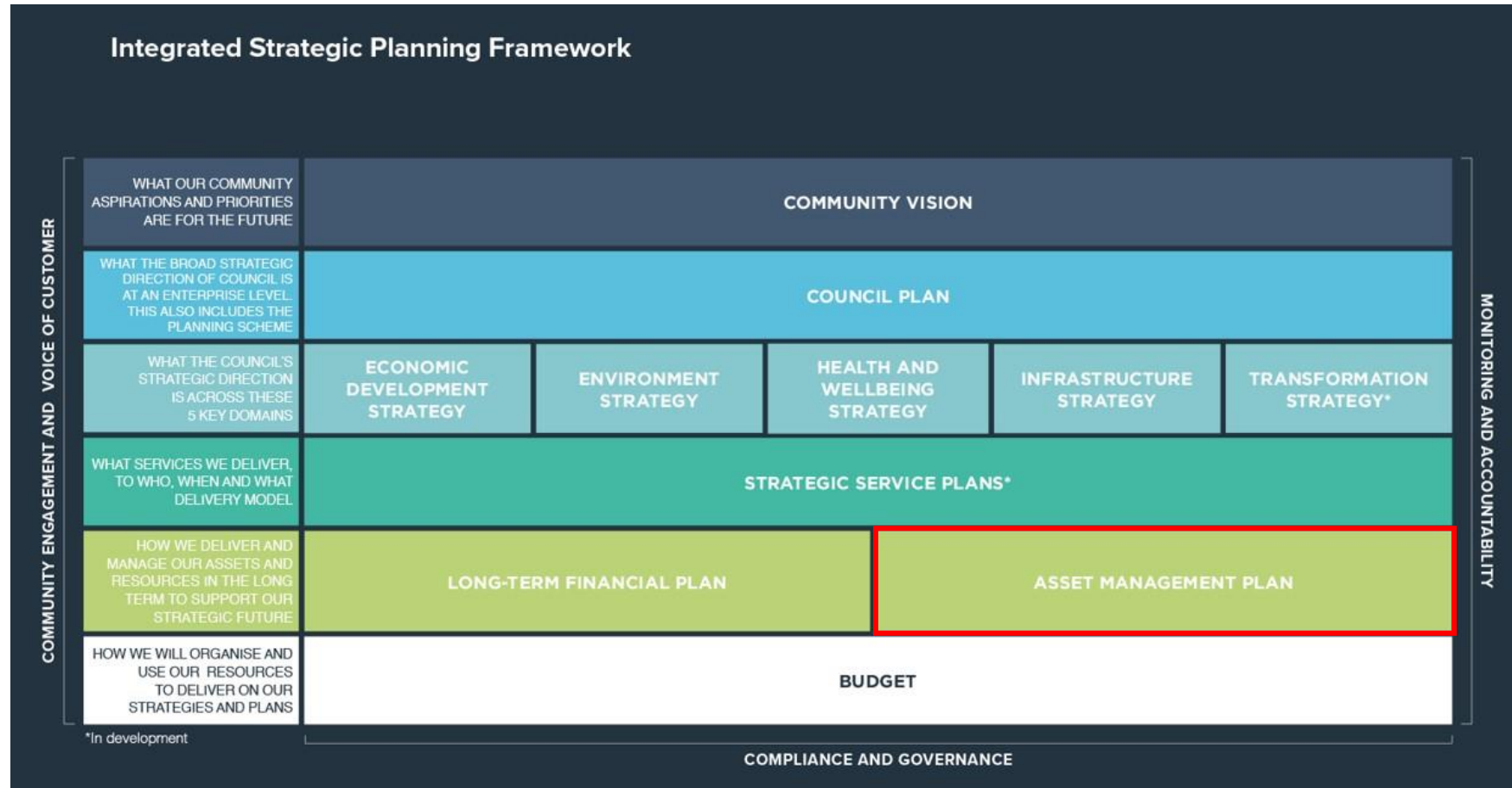


Figure 2 – Integrated Strategic Planning Framework

### 3 Community feedback

Through the development of the Community Vision, the community told Council that they want to see:

**Community connection:** both physical connection (roads, public transport, pedestrian, and bike paths) and an environment that encourages social and cultural connection.

**Sustainability:** including environmental sustainability, climate change and natural resource management and proactive and transparent planning for Casey's population growth.

Prior to drafting the Asset Plan, Council also sought community views on the future of infrastructure within Casey via a deliberate engagement process. The engagement unpacked the long-term challenges of managing the Council's asset portfolio (as presented in this Plan). It also sought the communities' feedback on approaches to improve the long-term sustainability of the Council's asset portfolio by considering the below four options:

- Increasing funding
- Decreasing the number and cost of new assets
- Decreasing the asset base (divestment)
- Reducing renewal/upgrades

Generally, the community were supportive of all four options, with the greatest level of support for decreasing the asset base through avenues such as co-location of services and divestment of excess infrastructure. They were least supportive of reducing renewal and upgrade expenditure. If this were to be undertaken, consideration would need to be made to ensure that services do not deteriorate.

The community supported the remaining two approaches (increasing funding and decreasing the number/cost of new assets). However, key conditions for this support required continued communication and Council to maintain current service levels.

This community feedback has been used to support the development of this Plan.

## 4 What we own and manage

Council manages and maintains a diverse infrastructure asset portfolio through which it delivers a broad range of services to support the community needs. It is one of the largest local government asset portfolios in Victoria.

### 4.1 Infrastructure assets

These infrastructure assets are grouped into three Asset Classes:

- **Buildings and Facilities:**
  - includes all facilities such as sports and leisure, arts and culture, family and community centres, community hubs, and public toilets
- **Civil Infrastructure:**
  - includes roads, bridges, car parks, kerb and channels, paths, and stormwater drainage system, e.g., underground pipes, pits, culverts, water bodies, and table drains
- **Open Space and Recreation assets:**
  - includes all active and passive assets located within our reserves, such as sports grounds and equipment, play spaces, lighting, fencing, vegetation and trees, and public art

The table below shows that roads followed by stormwater drainage and buildings are the highest valued assets across the portfolio.

*Table 1 – Detailed Asset Portfolio*

Asset	Asset Class	Quantity	Replacement Value ('\$000s')
<b>Building</b>	Building & Facilities	262 Buildings	746,504
<b>Roads</b>	Civil Infrastructure	1,800 km	1,443,894
<b>Stormwater Drainage</b>	Civil Infrastructure	2,485 km Pipes, 96,841 Pits & 406 Culverts	773,969
<b>Path</b>	Civil Infrastructure	2,600 km	199,710
<b>Bridges</b>	Civil Infrastructure	250 Bridges	69,797
<b>Sports Ground</b>	Open Space and Recreation	143 Sports Grounds	82,602
<b>Play Space</b>	Open Space and Recreation	672 Play Spaces	66,470
<b>Infrastructure</b>	Open Space and Recreation	17,875 Infrastructure	50,385
<b>Minor Structure</b>	Open Space and Recreation	1,807 Minor Infrastructure	32,644
<b>Waste</b>	Open Space and Recreation		29,798
<b>Lighting</b>	Open Space and Recreation	1,231 Lights	20,719
<b>Sports Equipment</b>	Open Space and Recreation	114 Sports Equipment	8,584
<b>Public Art</b>	Open Space and Recreation	188 Public Arts	3,761
<b>Vegetation *</b>	Open Space and Recreation	13.6 Million m <sup>2</sup>	-
<b>Trees *</b>	Open Space and Recreation	~ 300,000	-
<b>Total</b>			<b>3,528,838</b>



\* Trees and Vegetation are not valued.

## 4.2 Assets we do not manage

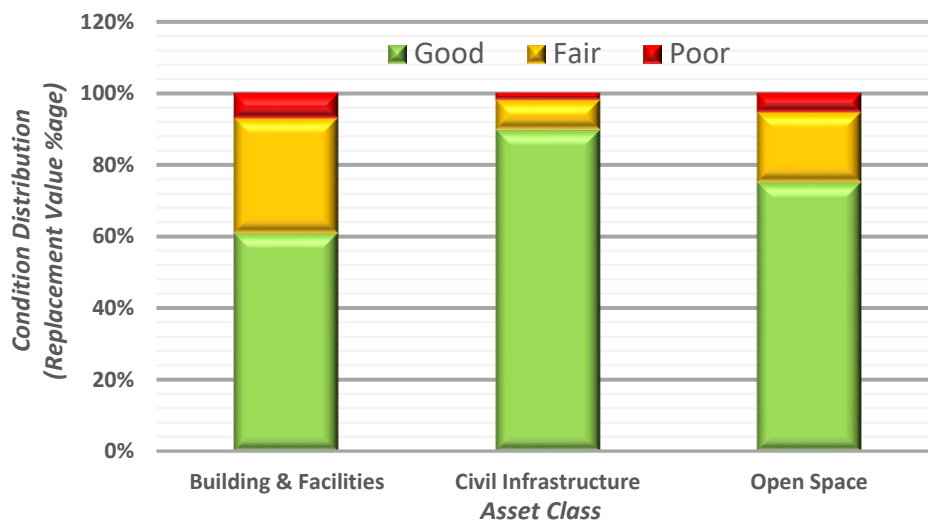
While Council owns and manages an extensive portfolio of infrastructure assets, it does not manage all infrastructure that the community engages with. Many of the infrastructure assets that the Council does not manage are the responsibility of various State and Australian government agencies or utility corporations. Some examples of these types of infrastructure include:

- State or national parks and gardens
- Regional drainage and waterways
- Arterial road networks, including freeways
- Public transportation
- Schools, TAFE and universities
- Hospitals and ambulance stations
- Police stations and courts

## 4.3 Asset condition

Aside from the volume of infrastructure, to effectively deliver services to the community, Council must also consider the asset's physical state or condition. Council conducts regular condition assessments of assets, enabling the development of maintenance and renewal programs to ensure that assets are at the appropriate standard.

As indicated in *Figure 3 – Condition across asset classes* below, Council's current asset data indicates that an average of five per cent of assets are in poor condition, requiring intervention within the next 3 to 5 years. Building and Facilities have the highest percentage of assets in fair or poor condition.



*Figure 3 – Condition across asset classes*

Condition data can be difficult to obtain for some asset groups however this will be a key focus area for Council over the next four years. Where appropriate, the age of the asset is used as an approximation of asset condition [newer assets = better condition].

As Casey is a growth area, most of the Council's infrastructure assets have been acquired within the last 20 years (*Figure 4*). It means most of the Council's assets are relatively new and, therefore, in good condition, i.e. functional and providing the required level of service with minimum or no maintenance required. However, all infrastructure assets have a defined useful life and will deteriorate over time, resulting in a significant increase in renewal and maintenance requirements in future years.

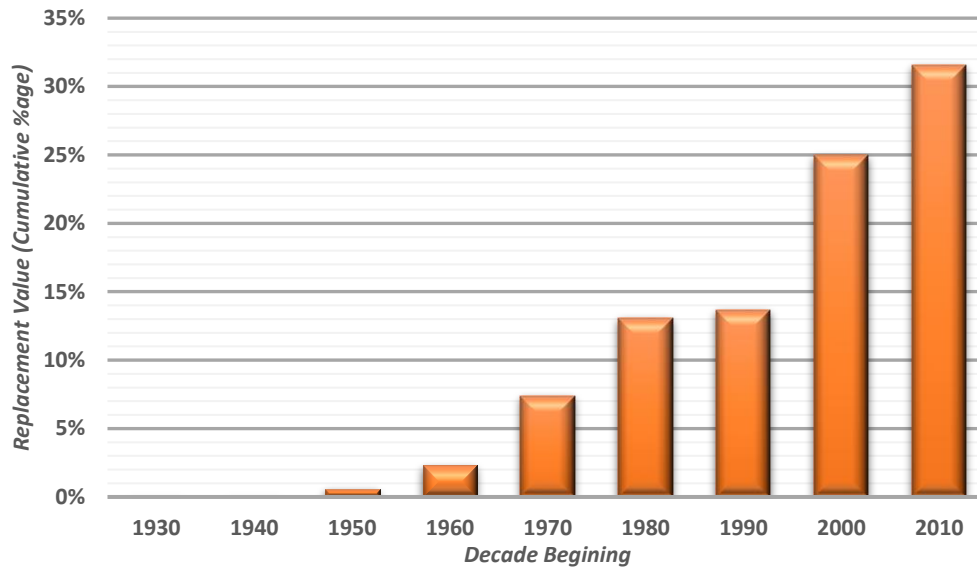


Figure 4 – Assets acquired by decade

Beyond physical condition, ‘fit for purpose’ of the asset for the service it supports is also an important measure of condition. This is another key data focus for Council to develop over the next four years to ensure we are renewing our existing infrastructure in alignment with service and community needs.

## 5 Infrastructure challenges

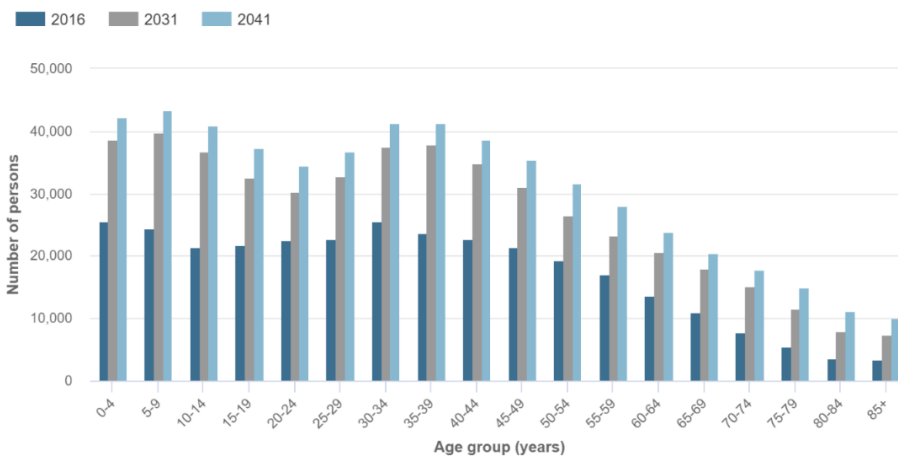
In addition to the volume and condition of assets, Council will adapt and respond to many local, regional, and international conditions impacting infrastructure delivery and maintenance. Key conditions and challenges are highlighted below.

### 5.1 Infrastructure demand

Casey is one of the fastest-growing municipalities in Australia, with a population of 390,793 residents (2022) and a forecast population of 550,000 by 2041. As shown in *Figure 5* below, Casey will continue to see growth across all age groups. The ages 0 to 14 and 30 to 44 years old’s will continue to be the dominant age groups across the City.

Forecast age structure - 5 year age groups

City of Casey - Total persons



Source: Population and household forecasts, 2016 to 2041, prepared by .id (opens a new window) (informed decisions), January 2019.

.id  
informed  
decisions

Figure 5 – Casey's Population Forecast with Service Age Groups

As indicated in Figure 6 below, the majority of growth in Casey is forecast to occur within the New/Growth areas, with the population nearly tripling over the next 20 years. More moderate growth is expected in the moderately established and well-established areas, with around 11-12% growth expected over the same period.

With increased population comes the increased demand for services, resulting in the need for new infrastructure and additional pressure on existing infrastructure. Within Casey's growth areas alone Council has planned for the delivery of the following projects in the next 20 years:

- 14 new community facilities valued at \$141M
- 28 new recreational facilities valued at \$295M
- 122 new parks, playgrounds and sporting ovals
- New roads and drainage valued at \$968M

The need for this new infrastructure puts significant pressure on Council's financial resources and adds to future upkeep requirements. Council will need to leverage alternative funding and partnership arrangements to help ease the pressure. It could include co-location opportunities with State Government infrastructure, loans, decreasing the size and complexity of the buildings, and or partnerships with the private sector.

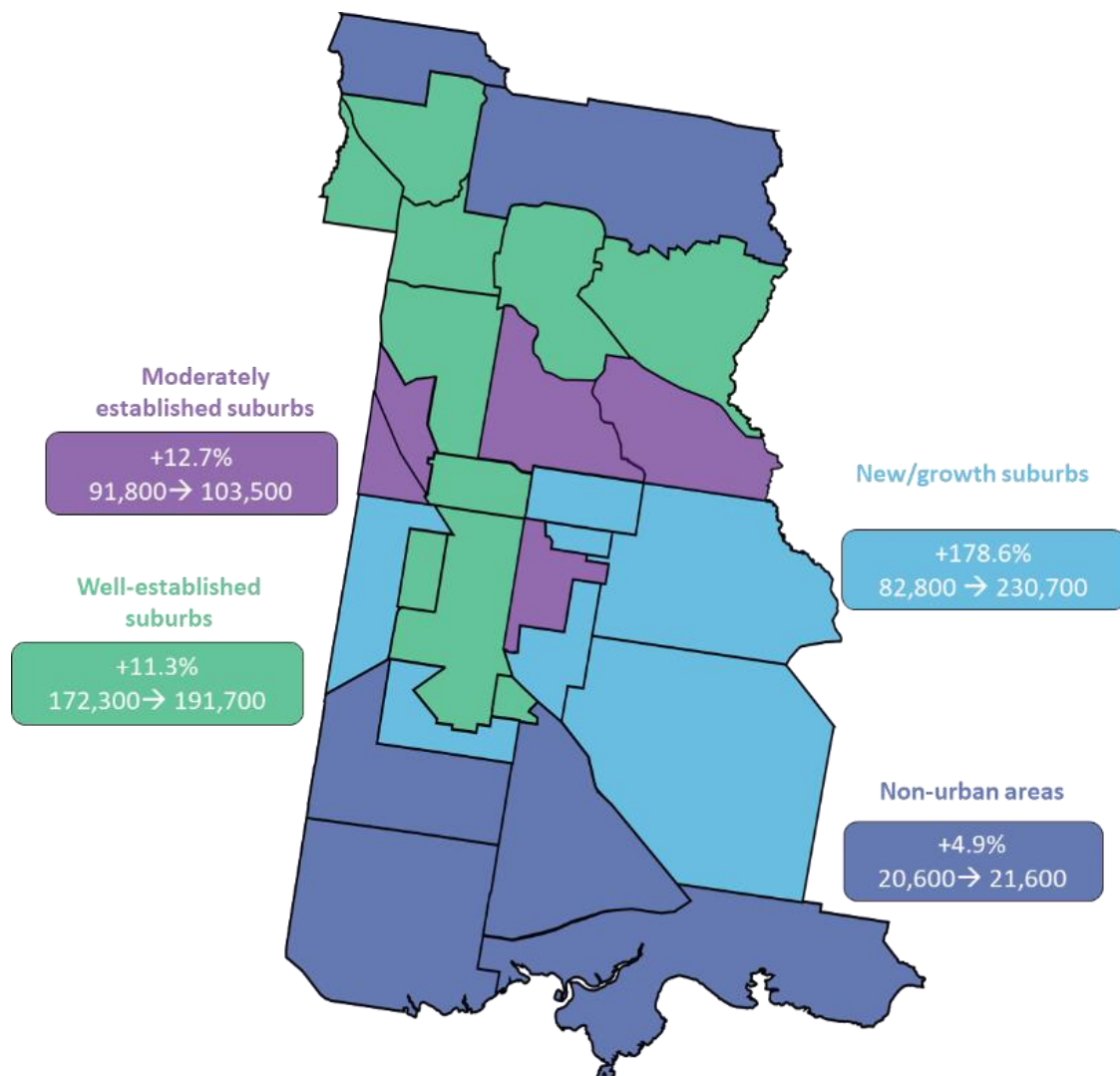


Figure 6 – Casey's Growth by Areas

## 5.2 Renewal gap

The current \$3.5B worth of physical infrastructure (not including land) is growing by approximately five per cent per annum. In the next ten years, it is estimated that Council's physical infrastructure asset value will grow to over \$5 billion. While most of our infrastructure is in good condition, some shorter lifespan asset types (e.g. playgrounds, outdoor furniture, etc.) will need increased investment in renewal to maintain current standards. This renewal requirement will continue to grow as the new infrastructure ages.

The graph below shows the forecasted renewal and upgrade budgets versus depreciation:

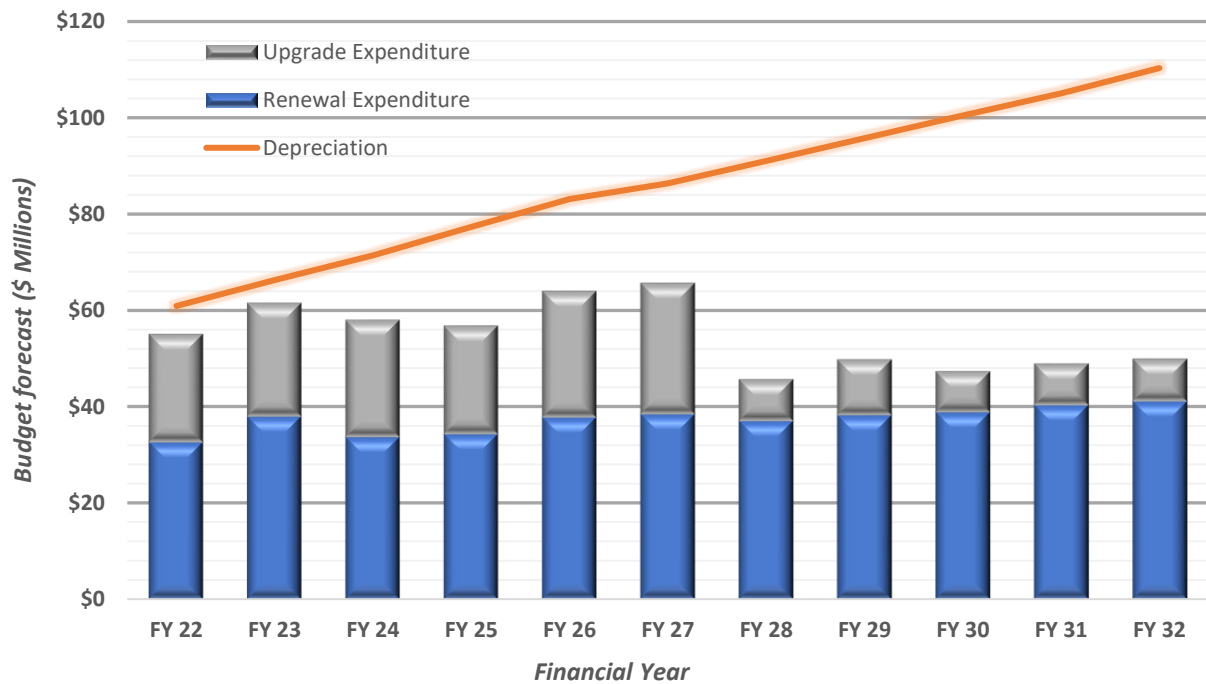


Figure 7 – Renewal Gap

Typically, depreciation represents the consumption of the asset. To maintain assets effectively, Council's target is to keep the renewal expenditure within the capital program at around 90 per cent of depreciation costs. As shown in *Figure 7*, Council's forecast spending over the next ten years on renewal and upgrade is much lower than the 90 per cent depreciation target.

To address this renewal gap, Council is developing renewal and maintenance plans for every major asset group. These will provide further evidence on where to direct renewal funds to achieve the renewal target. In addition, during the annual capital works programming, the project prioritisation process will support balancing between the required renewal funding and new infrastructure funding to ensure the renewal gap is being addressed alongside the delivery of new infrastructure.

## 5.3 Changing uses of infrastructure

While the age profile of Casey will largely stay consistent over the next 20 years, there are pockets across the City that are ageing and require different infrastructure. This will require changes to existing infrastructure to cater for their needs. It will also require Council to review existing infrastructure to understand how to redevelop it to allow for different service usage. Or, if it is not needed, dispose it to reduce operating expenditure.

In addition to this, community members want to use infrastructure differently. It was exacerbated during COVID-19, which saw increased demand for local parks and open spaces. COVID also saw alternative ways for the community to access Council's community centres, such as online community hubs. While there will always be a need for physical infrastructure, Council will adapt and respond to the changing ways of use in line with the community's changing preferences.

#### 5.4 Technology improvements

Technology and its integration into infrastructure is rapidly improving. It provides new ways of monitoring assets for both usage and maintenance requirements, which will help improve asset management practices. But it needs enhancement of data management capabilities to ensure long-term sustainability.

To address this challenge, Council has initiated data governance and quality projects to build the capabilities we require to leverage new technology.

#### 5.5 Climate change

Climate change presents a significant challenge to the ongoing management of the Council's assets in terms of long-term sustainability and the ability to adapt to changing conditions. Council's assets need to become more resilient and efficient to address this challenge. Both the Infrastructure Strategy and the Environment Strategy provide the objectives and associated strategic actions in order to achieve this.

#### 5.6 Funding system constraints

Current funding systems present a significant risk and challenge to the ongoing management of assets. Within the growth areas, Council collects development contribution funds from new developments for future infrastructure. However, these contributions often fall short of the project costs, requiring rates to fund the gap.

Council rates are subject to rate capping, i.e. limits the amount councils can raise their rates each year. As a growth area Council, Council's population and assets are growing significantly. In addition to this, the Council's existing assets require renewal to ensure they are maintained to an appropriate standard. Within a rate capped environment, there is a risk of the Council not having the ability to raise enough rates to fund the infrastructure requirements. Council needs to carefully manage this over the next four years and beyond to ensure infrastructure is not compromised within a rate capped environment.

Casey has been fortunate to have access to some additional grant funding sources, such as the Growth Areas Infrastructure Contribution (GAIC) and the Growing Suburbs Fund (GSF), as well as a range of other grants. While these are extremely helpful, contribution requirements by the Council can result in reprioritisation, the expansion of scope, and the cost of the projects (in some instances). There has been an influx of grant opportunities in response to the COVID-19 pandemic in the last couple of years; however, it is anticipated that the availability of grant funding will decline over time.

To overcome the funding system challenges, Council will work through assessing alternative ways of increasing revenue and decreasing infrastructure costs. It will be further explored and consulted with the community in the coming years.

### 6 Long-term financial forecast

Apart from ensuring that assets continue to provide the required level of service to the community, Council must be able to afford the service and asset requirements. For the financial forecast, the expenditures are primarily divided into operational and capital expenditures.

## 6.1 Operational expenditure

Operational expenditure covers the regular consumption of materials and routine work on assets to maintain their function. These can be scheduled or unscheduled maintenance work to ensure that the asset continues to meet the standards and community's requirements, e.g., pothole repair or drainage cleaning, and running costs, e.g., electricity or fuel expense.

The graph below shows an indication of operation and maintenance forecast expenditure categorised by asset class:

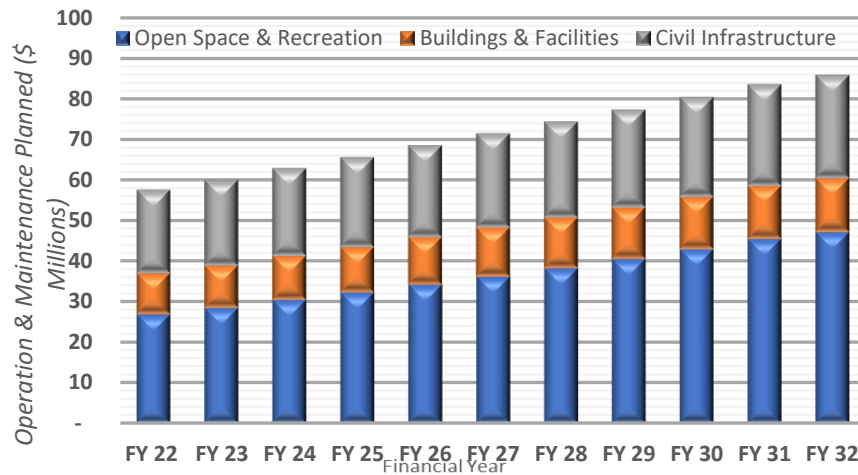


Figure 8 – Planned Operation and Maintenance Expenditure

The forecast operational expenditure is in line with expected increases in the asset portfolio and projected increases in costs.

## 6.2 Capital expenditure

Capital expenditure is generally a significant project-based investment that provides benefit to the community over periods of time. The annual capital works program aims to balance the community's needs across four main categories: new assets, upgrade of assets, renewal of assets and disposal of assets.

Figure 9 below shows the overall planned capital expenditure for each asset class:

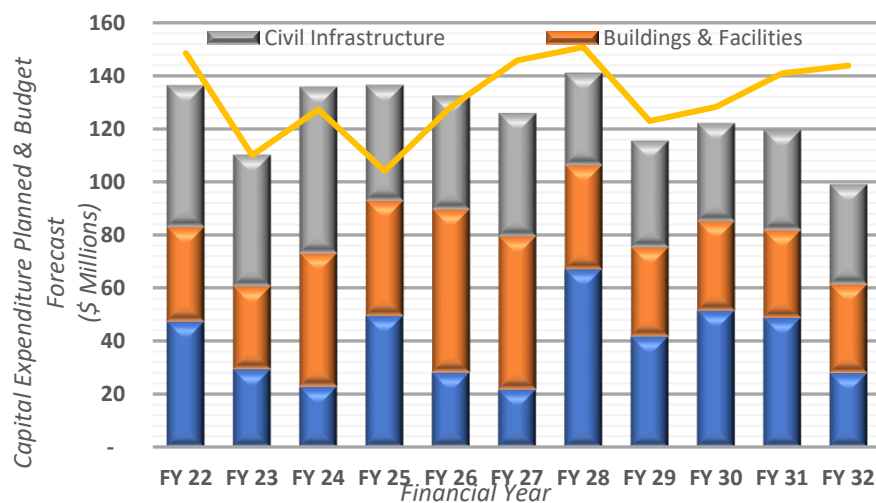


Figure 9 – Planned Capital Expenditure

There are some discrepancies between the planned capital expenditure and budgeted capital expenditure in *Figure 9*. In the short to medium term, projects will need to be phased out into future years when there is more financial capacity. It is also important to note that current data understates the planned capital expenditure figures for the financial years 2028 to 2032. As stated in section 5.2 – Renewal gap, the challenges of infrastructure demand and renewal gap will see an overall increase in planned capital expenditure in this period and beyond. Furthermore, as Casey is currently in its growth phase as a municipality, there is very little expenditure toward the disposal of assets. It is expected to increase in the coming years as we look to revitalise existing areas and adjust the asset portfolio to community needs.

### 6.3 Lifecycle costing forecast

When making asset-related decisions, Council must look at optimising the lowest long-term cost while generating maximum long-term community benefits.

The current data forecasts that Casey requires an average of \$196M of combined operating and capital expenditure per year over the next ten years to operate, maintain, renew, and build infrastructure to keep up with the community's needs. It is shown in *Figure 10* below. As noted in section 6.2 – Capital expenditure, the financial years 2028 to 2032 forecasts are understated for capital expenditure. It is expected to increase as Council addresses the infrastructure demand and renewal gap challenges.

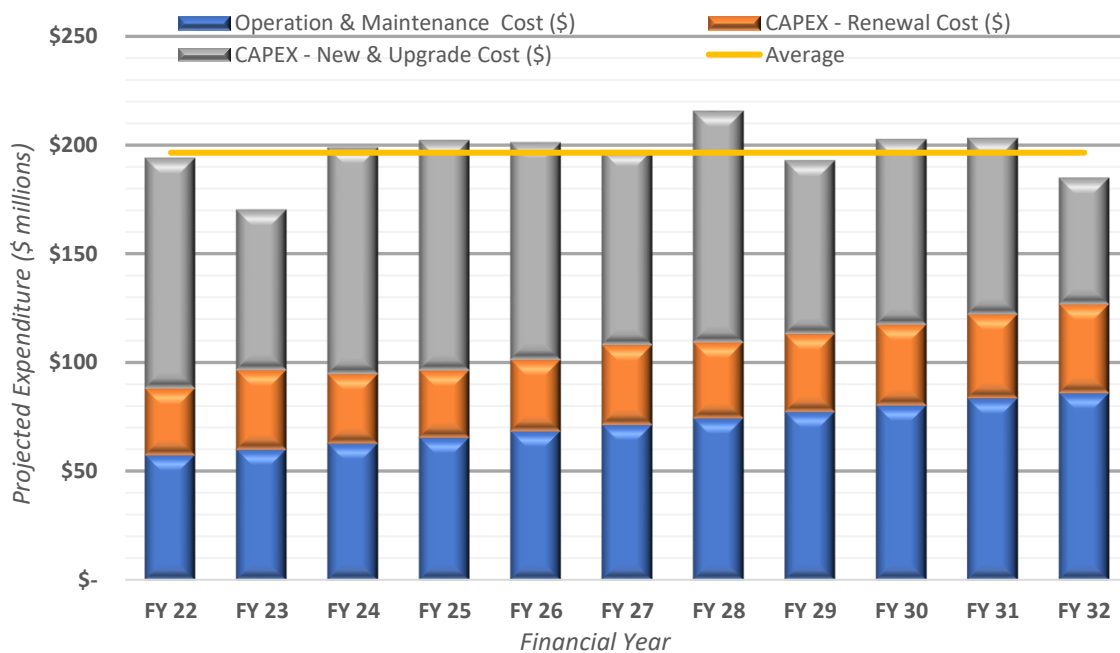


Figure 10 – Lifecycle Costing Forecast

## 7 Key assumptions

The following key assumptions are made in the set of financial forecasts carried out for the development of the Plan:

- All data is as of 1 July 2021
- Asset quantities are based on asset class asset management plans
- Asset valuation is based on an asset movement report
- Renewal gap data is based on the adopted budget and strategic resource plan
- Long-term financial forecast data is based on asset class asset management plans

## 8 Implementation and continuous improvement

This Plan has highlighted that Casey's current practices meet its short-term asset needs. However, there are significant challenges that are a key focus in the medium to long term to ensure Council's assets continue to support the realisation of the Community's Vision. The key challenges have been identified as:

- |                                      |                              |
|--------------------------------------|------------------------------|
| • Infrastructure demand              | • Technology Improvements    |
| • Renewal Gap                        | • Climate Change             |
| • Changing the use of infrastructure | • Funding System Constraints |

The Infrastructure and Environment strategies have identified strategic objectives and actions to address these challenges. The realisation of these strategic objectives will see improvements in:

- Increasing funding for new infrastructure
- Decreasing the number and cost of new assets
- Decreasing the asset base (divestment)
- Reducing renewal/upgrade cost
- Adapting to changing uses of infrastructure
- Improving asset data and leveraging technology
- Improving resilience and sustainability of infrastructure

To enable and support these strategic objectives and achieve the outcomes listed above, Council will enhance its Asset Management Capability. This will be done through a roadmap based on the International Infrastructure Management Manual (IIMM) 2020 framework, with four main themes, each with its own key elements. A summary of these are presented in *Table 2 – Key Improvement Opportunities* below.



## 8.1 Continuous improvement focus areas

Table 2 – Key Improvement Opportunities

Themes	Key elements	Opportunities to improve	Community Benefit	Risks
<b>Strategic Direction, Leadership and Continuous Improvement</b>	<ul style="list-style-type: none"> <li>Strategic Direction</li> <li>Strategic Asset Management plan</li> <li>Asset management people and Leaders</li> <li>Continuous Improvement</li> </ul>	<p>Clearly articulated strategic direction ensuring continuous improvement in Asset management maturity.</p> <p>Better integrated practices across the organisation to promote Asset Management.</p> <p>Resource mapping to ensure deliverables are fit for purpose.</p>	<p>Improved capability resulting clear, confident decision making to ensure long term sustainability.</p> <p>Continuous improvement expected with the practice and system resulting a content community.</p>	<p>Unsuccessful delivery of this theme resulting in asset management activities mismatched with organisational objectives.</p> <p>Misalignment in asset to service requirement impacting long term sustainability.</p>
<b>Evidence Based and Community Focused Asset Management</b>	<ul style="list-style-type: none"> <li>Level of Service and Performance management</li> <li>Demand forecasting and management</li> </ul>	<p>Better understanding of community satisfaction alongside existing standards and level of service to prioritise plans.</p> <p>Linking asset performance with cost to service to better inform decisions around service provisions.</p> <p>Explore alternate ways of service delivery to reduce future asset liability.</p>	<p>Better understand community needs and expectations to provide the service in the most effective and sustainable manner.</p>	<p>Unsuccessful delivery of this theme would see ineffective and unsustainable service levels adopted and/or under investment in areas of need.</p>
<b>Reliable Data and capable Systems</b>	<ul style="list-style-type: none"> <li>Asset data and information</li> <li>Asset Management information systems</li> <li>Asset Management Process Management</li> </ul>	<p>Utilising asset data to enable deeper and more meaningful analysis.</p> <p>Define asset data standards and governance framework to ensure integrity of asset information.</p>	<p>Better asset information and capable systems enabling in depth analysis, improving quality and cost to serve over time.</p>	<p>Unsuccessful delivery of this theme would result in limited system capability and low fidelity asset data.</p> <p>Undocumented and unwarranted practice resulting in loss of organisational</p>

		Standardisation of Key Asset Management Processes.		knowledge and gaps in understanding.
<b>Integrated lifecycle Management</b>	<ul style="list-style-type: none"> <li>• Asset Condition and Performance</li> <li>• Operational and Maintenance Planning</li> <li>• Capital works Planning</li> <li>• Financial Planning and Management</li> <li>• Outsourcing and Procurement</li> <li>• Managing Risk and Resilience</li> </ul>	<p>Leveraging strategic partnerships for the delivery of infrastructure.</p> <p>Establishing Asset performance and criticality measures.</p> <p>Inclusion of risk and resilience measures for asset planning (Climate change).</p> <p>Integration of asset condition and performance data to model for renewal requirement.</p> <p>Improved Project justification and Project management to ensure value realisation for capital investments.</p> <p>Alignment of Long – term organisational asset and financial planning</p>	<p>Better coordinated asset management activities across the organisation, minimising duplication, and waste.</p> <p>More clarity around asset plans to see greater effectiveness in use of rate funds.</p>	<p>Unsuccessful delivery of this theme would result in disjointed asset management activities across the organisation that will hinder the ability to maximise the value of assets over its lifetime to the community.</p>

## 9 Monitoring and evaluation

Implementation of this Plan will be monitored through Casey's asset management governance structure. The governance structure will also oversee annual updates to this Plan, including progress on the key improvement opportunities, data improvements and the financial modelling.

A complete evaluation of the Plan will be undertaken in four years in line with the corporate reporting cycle to support the development of the next planning phase.

## 10 Appendix – Definitions

The definitions of the asset infrastructure expenditure during its whole of life are derived from Victoria's Local Government (Planning and Reporting) Regulations 2020 and the Institute of Public Works and Engineering Australia (IPWEA) Australian Infrastructure Financial Management Manual (AIFMM) 2015.

### 10.1 Operational expenditure

#### 10.1.1 Maintenance

The recurrent expenditure is required regularly or periodically as part of anticipated scheduled work to ensure that the asset achieves its useful life and provides the required level of service. It keeps the asset in its original condition and slows down its deterioration.

#### 10.1.2 Operating

The recurrent expenditure, which is continuously required to provide a service, typically power, fuel, staff, etc., excludes maintenance expenditure.

### 10.2 Capital expenditure

#### 10.2.1 New

The expenditure creates a new asset providing a new service that did not exist beforehand.

#### 10.2.2 Renewal

It is an expenditure for replacing an existing asset with the same or technologically modern equivalent asset, which restores service level to its original standard. It restores assets to their new condition and may reduce future operating and maintenance expenditures.

#### 10.2.3 Upgrade

The expenditure replaces a previously existing asset with enhanced capability or function or useful life beyond its original life, where an option existed for replacement without the enhanced capability or functionality or useful life. Often, it does not result in additional revenue unless direct user charges apply. In most instances, it will increase operating and maintenance expenditure in the future because of the increase in the organisation's asset base.

#### 10.2.4 Disposal

The expenditure used to dispose of decommissioned assets.