Asset Management Strategy

2025/26 - 2029/30

Contents

Foreword

Baw Baw Shire Council (Council) manages and maintains a diverse infrastructure asset portfolio through which it delivers a broad range of services to the community:

Local Governments throughout Australia are facing the critical issue of managing their ageing infrastructure, which requires renewal and replacement.

The 2024 National State of the Assets Report (NSoA), commissioned by the Australian Local Government Association (ALGA) and is based on survey data from 458 councils (about 85% of local governments).

The NSoA report demonstrates that of the three levels of government in Australia, local government is by far the most asset intensive. With around $60bn of total revenue in 2022-23, this number is dwarfed by the $643bn value in total assets under its control.

Infrastructure assets that provide services to our communities account for $424bn (66%) or approximately two-thirds of the total asset portfolio. While overall 65 to 71% of local government infrastructure assets are in good condition, function, and capacity around 20 to 30% are in fair condition, function, capacity, and less than 10% are reported poor to very poor.

It is estimated the replacement cost of all poor to very poor assets are between $50 to $55bn with the estimated replacement cost of assets in fair condition, function, capacity is estimated to be in the order of $143bn - $179bn.

It is noted that there is a significant need for increased investment in asset renewal and maintenance to address the backlog and ensure the sustainability of infrastructure. The report also highlights the varying levels of asset management capability across councils, indicating the need for capacity building and consistent practices to improve asset management outcomes.

Local Governments throughout Australia are facing the critical issue of managing their ageing infrastructure, which requires renewal, replacement, maintenance, and long-term sustainability.

The creation of new infrastructure assets also presents challenges in funding the ongoing operation and maintenance costs necessary to provide the required level of service over the life of infrastructure assets.

Purpose and Scope

The purpose of this strategy is to integrate Council's strategic objectives, with the desired service delivery outcomes whilst addressing future challenges, by developing a set of actions that aim to improve the asset management functions of the organisation and ensure that Council's assets are providing value for money.

The Asset Management Strategy is intended to identify how the asset management process will respond to the challenges of managing infrastructure assets sustainably, which underpins Council's delivery of services to the community.

The Asset Management Strategy applies to all infrastructure assets which are owned, controlled, or managed by Council.

Background

Located 100 kilometres to the east of the Melbourne CBD, the Council offers a mix of rural and urban living with affordable housing, scenic views and relaxed lifestyle making it an attractive option for both long-term and new residents. Baw Baw Shire is one of Victoria's fastest growing municipalities. Baw Baw Shire covers approximately 4,027 square kilometres of high-quality farmland, national parks, and residential areas. The northern half of the Shire is heavily forested and lies in the Great Dividing Range, while the south is bound by the Strzelecki Ranges.

The Shire's population is estimated to be approximately 60,000 residents, most of whom live in the towns along the rail and road corridor of Warragul, Drouin, Longwarry, Yarragon, and Trafalgar which provide direct and easy access into the suburbs of Melbourne.

There is a high commuter workforce, and our community relies heavily on regional rail and road networks to travel to and from work, and for day-to-day community activities and access to services outside of the municipality. Major industries in the Shire are manufacturing, construction, and agriculture, with the largest employers being healthcare, agriculture, and education.

Baw Baw Shire is bordered by South Gippsland, Cardinia, Yarra Ranges, Mansfield, Wellington Shire, and the City of Latrobe.

Service Delivery

The following illustrates Council's Service Catalogue, including 54 Strategic or Sub-services services, under seventeen high level Service Groups. The Shire's services contribute to the four strategic pillars: Sustainable, Healthy, Thriving, and Council Supporting. The formation of Service Planning plays an integral part of developing the Asset Management Plans and key deliverables to support our services to the community.

Service Catalogue

Sustainable		Healthy		Thriving		Council Supporting Sustainable, Healthy, Thriving	
Waste & Recycling	• Waste Minimisation & Management • Closed Landfill Management	Parks & Recreation	• Recreation & Sport Facilities Operations • Recreation & Open Space Planning	Transport	• Road Network • Footpaths, Paths & Trails	Customer & Communications	• Communications • Digital Media • Customer Service & Experience
Environment & Sustainability	• Biodiversity Protection & Enhancement • Environmental Sustainability & Circular Economy • Tree Protection & Management • Drainage Management	Community Safety	• Emergency Management • Local Laws • School Crossings • Public Health • Animal Management • Building Regulations	Arts & Culture	• Performing Arts • Creative Arts Investment & Growth	Assets	• Property, Leases & Licences • Facilities & Functions • Strategic Asset Management • Fleet & Plant Management • Building Maintenance
						People & Culture	• OHS • Workforce • Organisational Development • Payroll
		Children, Youth & Families	• Youth • Maternal Child & Health • Family Day Care • Early Years	Visitor & Economic Development	• Economic & Business Development • Events • Tourism	Governance & Risk	• Governance • Audit & Risk • Information & Knowledge Management
		Community Wellbeing	• Community Planning & Development	Rural & Township Planning	• Planning Compliance • Statutory Planning • Growth Area Planning • Strategic Planning	Finance	• Accounting Services • Revenue & Rates • Contracts & Procurement
						Information Technology	• Information Technology
						Strategy & Innovation	• Project Management • Corporate Planning & Reporting • Business Transformation • Advocacy • Grants

Thinking about the Future

Achieving best practice asset management is an ongoing journey of continuous improvement in policies, procedures, and processes, guided by informed decisionmaking. One way we ensure effective infrastructure asset management is by delivering agreed service levels in a cost-effective and sustainable manner for both the current and future Baw Baw community.

This is achieved through valuing community input to identify the necessary service needs for a sustainable, healthy, and thriving community. The deliberative engagement process plays a vital role in helping the Council address these challenges and prioritise actions based on community expectations as effectively as possible.

The aim of the Asset Management Policy, Asset Management Startegy and the Asset Plan, is to establish consistent planning for the short, medium, and long term future. Each of these documents serves to guide the effective and sustainable management of our assets, ensuring that resources are allocated in a way that meets the community's needs and priorities.

The Long Term Infrastructure Plan is also an important outcome of this planning and consultation process.

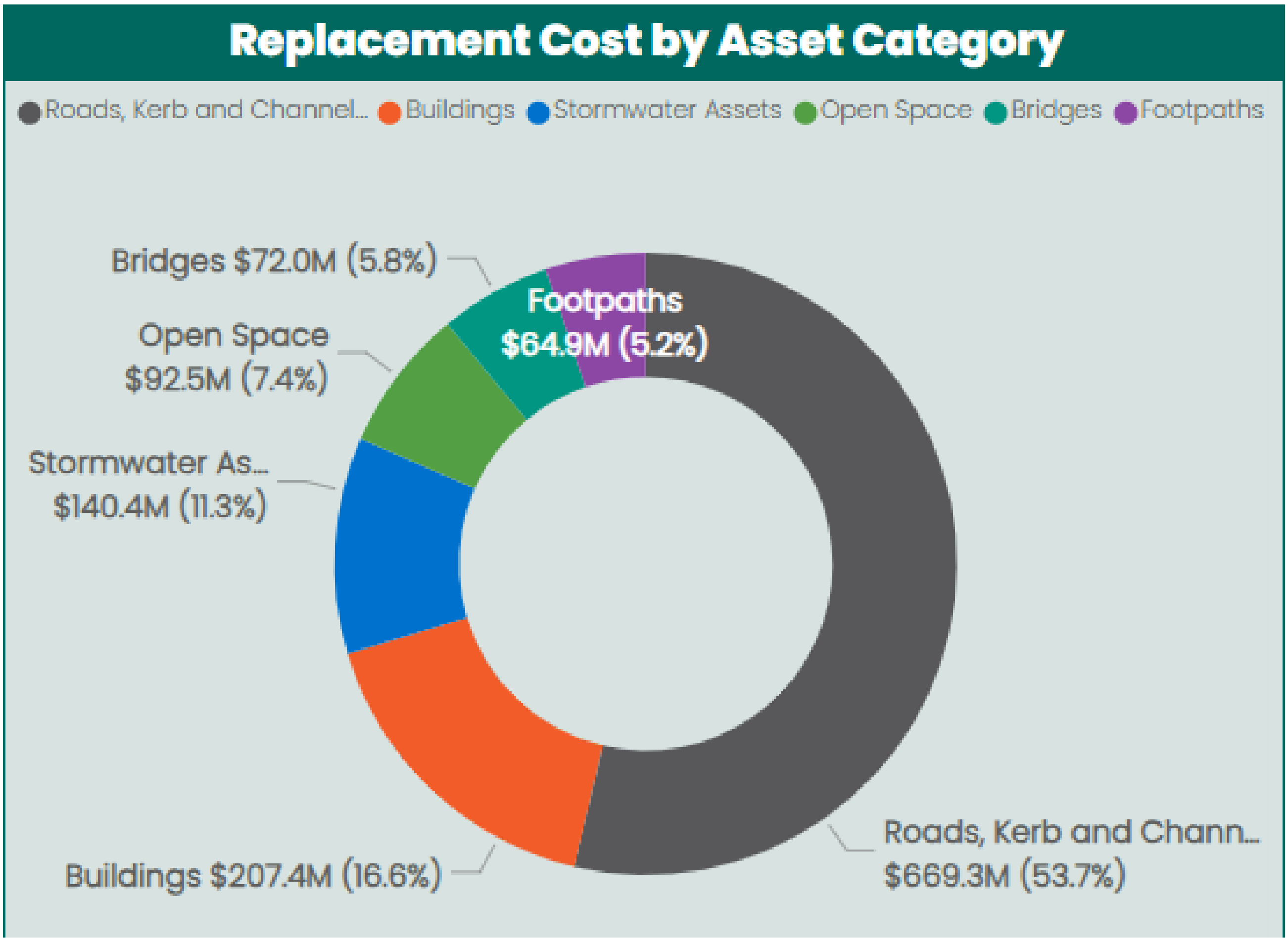
What Council Manages

Council manages and maintains a diverse infrastructure asset portfolio through which it delivers a broad range of services to the community. As of 30 June 2025, Council's current infrastructure asset portfolio consists of the asset categories listed in the table below.

Asset Category	Amount	Replacement Cost
Bridges and Major Culverts	56 Road Bridges 102 Major Culverts 57 Pedestrian Bridges	$72,043,765
Buildings	216 Buildings	$207,433,323
Footpaths	572.7km footpaths	$64,924,246
Open Space	7321 Assets	$92,472,876
Roads	1,168km – Sealed 682km – Unsealed	$606,878,499
Kerb and Channel	601km	$46,627,438
Carparks	846 – Sealed 160 – Unsealed	$15,778,692
Stormwater	16,235 Pipes 15,950 Pits	$140,433,675
	Total	**$1,246,592,514**

These infrastructure assets are delivered through eight key asset classes of Bridges and Major Culverts, Buildings, Footpaths and Cycleways, Roads, Carparks and Kerb and Channel, Open Space and Stormwater Drainage.

The asset classes have a replacement value of $1.2 billion as of 30 June 2025, with Road infrastructure accounting for the largest percentage of the net worth at 54%.

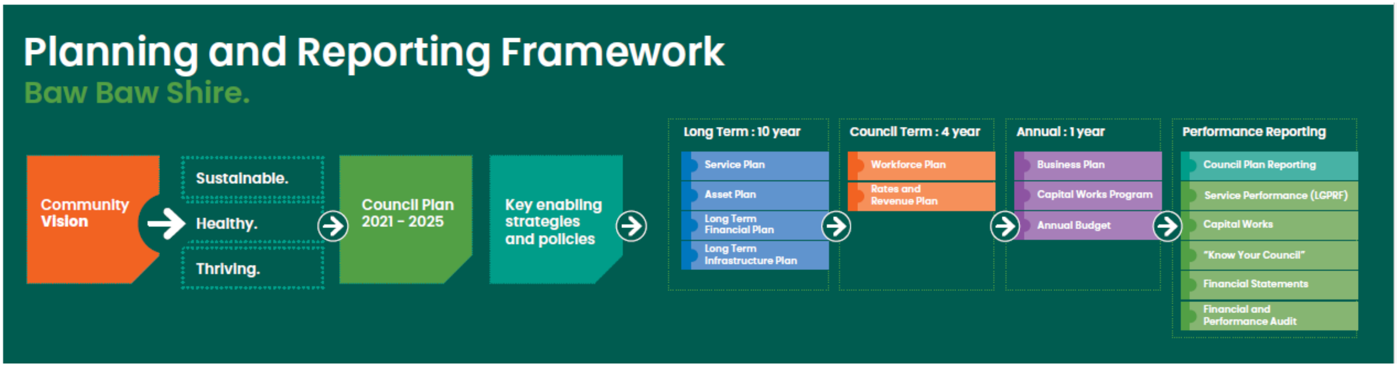


Council Plan

The Council Plan represents a four-year road map (2025-2029) and describes the key services and priorities. It comprises of the three objectives of “A Sustainable Shire”, “A Healthy Community”, and “A Thriving Community”, which together will drive Council’s planning, major projects, and service delivery over the term of the plan. Under each of these, Council has identified eleven key focus areas is the delivery of Council services, infrastructure, and advocacy. The adopted Council Plan is underpinned by the Planning and Reporting framework to ensure that community aspirations are translated into operation objectives. The Asset Management Strategy supports the Long Term Infrastructure Plan (LTIP) and the annual Capital Works Program in the overall organisation’s planning framework.

Integrated Planning

Council’s planning framework seeks to align Council’s daily activities and projects with the longer-term planning for the Shire. Drawing on the longer-term vision for the community, the Council Plan responds by establishing objectives and outcomes the Council wishes to achieve.
The following diagram shows the relationship between the key planning and reporting documents that make up Council’s planning framework.



Key Stakeholders

Council’s critical stakeholders for managing infrastructure assets to ensure service delivery are:

- Ratepayers and residents
- Industry and other businesses
- Visitors and tourists
- Councillors
- Government departments
- Employees and Volunteers
- Utility providers
- Developers
- Contractors and Suppliers
- Local Government Insurer
- State and Commonwealth Government
- Council employees

Our Commitment to Asset Management

Asset Management Vision

To provide effective infrastructure asset management that delivers the agreed levels of service, cost-effectively and sustainably, to both the present and future Community of Baw Baw.

The asset management vision is driven by a set of objectives and commitments outlined in the Asset Management Policy.

Focusing on responsible stewardship of community infrastructure throughout its lifecycle. Council aims to deliver accessible, sustainable, and responsive services by incorporating community input, applying coordinated service and asset management principles, and continuously improving supporting systems and technologies.

Long-term financial and asset planning is central, ensuring the capacity to meet current and future service needs through lifecycle-based planning, covering all stages from acquisition to disposal. Priority is given to maintaining and renewing existing assets, with decisions informed by asset condition, service levels, function, and capacity.

Strong asset management culture, staff training and professional development are imperative. Council is working towards alignment with ISO55000 standards to promote best practices in strategic asset management.

Asset Management Framework

The framework below shows the linkage between the Council Plan and asset management. It draws its broad directions of community requirements and expectations from the Council Vision, Plan and Service objectives. Whilst the Council Plan outlines long term vision, goals and priorities, the Asset Management documents set up the framework for the Asset Management system.

Our Challenges

Political

Baw Baw Shire Council, composed of nine elected Councillors across three wards, plays a stewardship role managing infrastructure for current and future generations whilst.

- Rapid growth demands immediate infrastructure expansion, placing political pressure on Councillors to balance short-term needs with long-term sustainability.
- The challenge is funding both new and renewal projects under a rate-capped environment.
- Council can access additional funding but must plan strategically to leverage this support.
- Federal programs like *Roads to Recovery* assist with road assets, but limited funding exists for drainage, buildings, and open spaces.

Environmental

Balancing infrastructure growth with environmental sustainability requires addressing the impacts of construction, adapting to natural disasters, managing material limitations, and reducing carbon emissions through resilient, eco-conscious design.

- Infrastructure impacts the environment both negatively (tree removal in developing areas) and positively (e.g. stormwater treatment, flood protection).
- Increasing natural disasters challenge Council to build resilient, future-proof infrastructure.
- Environmental factors affect materials' durability, increase costs, and limit grant availability.
- Council must reduce carbon footprints via sustainable design, recycled materials, and long-term lifecycle analysis.

Social

Growing populations, demographic shifts, and evolving community expectations are placing diverse and complex demands on infrastructure, requiring inclusive, equitable, and sustainable planning across both urban and rural areas.

- Population is rising significantly, with increasing pressure on urban infrastructure and services.
- Ageing population and cultural diversity require tailored services (e.g. all abilities, youth services).
- Rural areas face population disproportion and underutilised assets, making maintenance less viable.
- Changing expectations, litigious community attitudes, and intergenerational equity in infrastructure funding are key concerns.

Technological

Advancements in technology enhance data-driven decision-making and cost-efficiency, but require skilled professionals, adaptable systems, and strategic integration to keep pace with rapid innovation and asset management demands.

- Modern technologies offer better data collection, lifecycle modelling, and reduced material costs.
- Council must understand data needs and manage information across all asset classes.
- Technology must be integrated flexibly to adapt to rapid change.
- There is a need for technical and experienced professionals in asset management, engineering, and planning to effectively manage and maintain infrastructure assets.

Economical

Local Governments are considered financially sustainable over the long term when they can generate sufficient funds to provide the levels of service and infrastructure at agreed levels with their customers.

- Rate capping limits revenue growth, requiring prioritisation of high-impact projects.
- Population growth increases demand faster than funding allows.
- Opportunities include low interest borrowing, strategic grants, and Special Charge Schemes.
- Handovers from private development increase Council's asset base and future maintenance and renewal liabilities.
- A significant portion of infrastructure is aging and requires substantial investment for renewal and maintenance.
- Limited revenue sources and increasing costs, impacting their ability to invest in infrastructure renewal.

Legislative

The new Local Government Act 2020 (LG Act) requires an integrated planning and reporting framework. It locates the Council Plan and Budget at the centre of strategic decision making and accountability. The LG Act sets out Strategic Planning principles, which Councils must take account of in formulating their strategic planning documents.

- The *Local Government Act 2020* mandates a 10-year Asset Plan aligned with financial and community plans.
- Compliance with Australian Accounting Standards is essential for transparency and sustainability.
- New *Professional Engineers Registration Act 2019* creates short-term engineering shortages but ensures higher professional standards.
- Key legislative challenges include long-term planning, fair asset valuation (greenfield vs brownfield), and skills shortages.

How We Will Respond

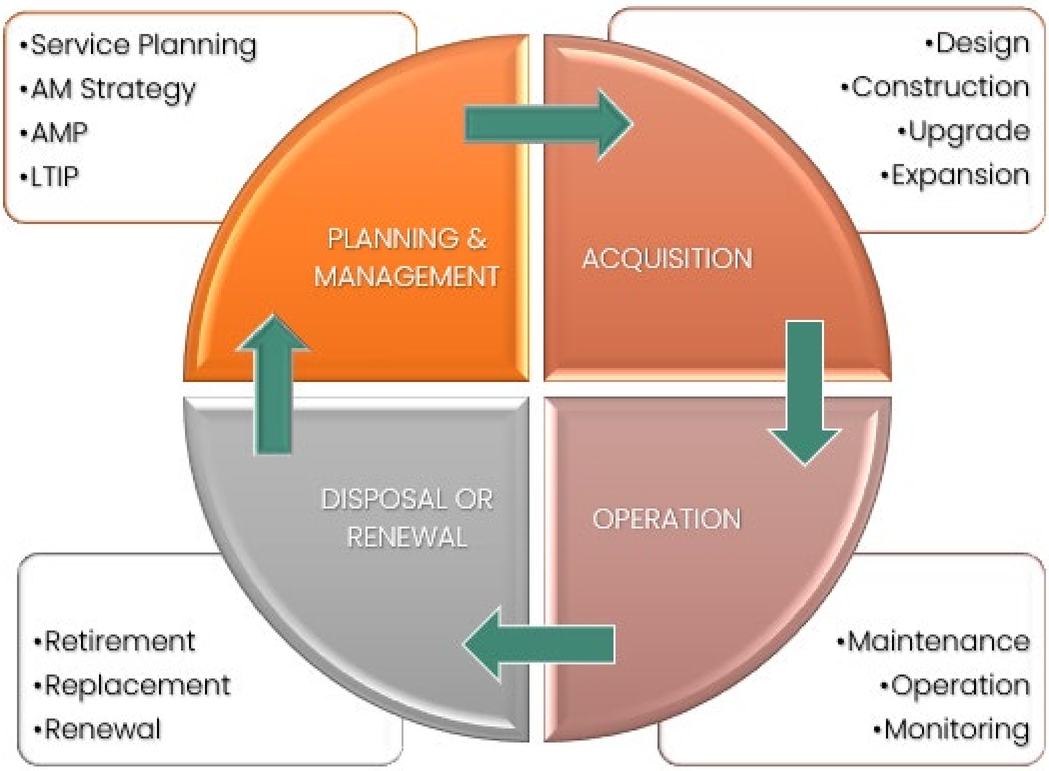
The pathway to achieving best practice asset management is a continuous journey of improvements in policies, procedures, and processes.

Council is committed to making several strategic improvements to manage infrastructure assets by adopting this Asset Management Strategy.

The strategic improvement actions in this strategy are based on general principles like ensuring Council has the right data at the right time, with the right intervention levels and the right treatments for the current and future infrastructure asset requirements to sustainably meet the community expectations.

The strategic improvement actions are categorised into three themes: Leadership & Governance, Planning and Data Management, to address the strategic issues and risks the organisation is facing.

The Asset Plan actions will then underpin this strategic framework to continue delivering services to the community by adopting a whole of life lifecycle approach that includes the Planning and Management, Acquisition, Maintenance and Disposal or Renewal aspects. This will aim to maximise asset value, reduce long-term costs, and support resilient, sustainable service delivery for current and future generations.



Leadership & Governance

Council will place a governance structure within the organisation and provide resources that will enable it to deliver the asset management objectives. The organisational structure and asset management roles will be clearly defined and allocated to officers and teams to ensure the asset management outcomes are delivered.

In the absence of formal asset management training and qualifications in the past, many organisations expect an asset operator to fulfil the asset management planning function without fully understanding the requirements of the role. Organisations may also misunderstand the resourcing and skills required to implement an asset management programme.

As a result, the deficiencies in capabilities and resources are often cited as a reason for unsatisfactory asset management progress. Modern asset management skill requirements have changed significantly, in that it now requires not just technical asset expertise, but strategic and financial planning skills, stakeholder communication and engagement skills.

Council will focus on the team's required levels of competencies and capabilities to deliver asset management roles effectively. Capability development will not only focus on the core asset management team staff but everyone who has a role in delivering effective asset management. It will also ensure that the right team members are doing the right job in delivering asset management objectives.

An improvement plan will also focus on asset management documentation, including business processes. These can be simple or complex, step by step procedures involving business functions, decision-making requirements, task dependencies and defining roles & responsibilities. The processes will be developed with the general principle of assuring effective planning, operation, and control of infrastructure assets, as well as providing an authorising and decision-making environment.

Strategic Actions

Council will:

1. Support the oversight and implementation of improved asset management practices to be more accountable to the community for asset management outcomes.

2. Define roles and responsibilities for service managers, asset managers and maintenance managers.

Planning

Council is facing a financial challenge in terms of the cost to renew its infrastructure assets and facilities. Historically, the investment in capital renewal planning has not ensured that sufficient capital funds for asset renewal and replacement have been allocated or invested into the existing assets under Council's control.

As a result, Council now faces a backlog of underfunding for the renewal and replacement of infrastructure assets, and a reduction in maintenance allocation, posing a critical risk of higher future costs to renew, upgrade and maintain the infrastructure assets to meet the changing demands and expectations of the community.

By adopting a whole of life lifecycle approach that includes the Planning and Management, Acquisition, Maintenance and Disposal and Renewal aspects to be adopted for each phase of the asset's life, will enable decision-makers to make critical decisions throughout the life of the assets. Informed choices can be made at every stage of an asset's life, which also supports a portfolio or network-based approach to infrastructure planning and management.

Documentation, including asset modelling, will be developed for decision making at each stage of the asset's life. This modelling will support decision-making and will be prepared considering service planning, asset investment, both capital and operational, not only for now but also what is required in the future.

Decisions around the acquisition and inclusion of donated assets will be made considering the whole lifecycle cost, not just the capital funding for construction to build an asset. The total asset operating cost not only includes construction, donation, or acquisition costs, but it consists of all Operating and Maintenance costs required throughout the entire useful life of the asset. This will enable Council to make evidence-based, transparent decisions and ongoing commitments to future operating and capital costs.

Strategic Actions

Council will:

3. Develop 10-year modelling and asset class plans that are integrated into Councils integrated reporting framework through deliberative engagement.

4. Utilise community and technical levels of service in decision making.

5. Integrate condition, capacity, function and whole of lifecycle cost into asset planning and modelling.

Data Management

Asset data is the foundation for enabling most asset management functions. Understanding what infrastructure assets the organisation owns, along with key supporting information such as their value and age, is a fundamental starting point for many asset management processes.

To operate and maintain infrastructure assets, staff need to locate and identify them. To accurately value infrastructure assets, sufficient data is required to calculate replacement cost (e.g. size, type) and remaining life (e.g. age, expected life, physical condition).

Council will focus on selecting and capturing the right type of data to enable asset management functions. The ongoing management and maintenance of asset data will be considered at all levels of Council's processes.

The data will be collected and maintained on the general principles of ensuring data is complete, accurate and consistent.

Council will have a single Asset Management Information System (AMIS) to store the asset data required for strategic decision-making, with multiple sources of data being discouraged or moved into the centralised system.

This includes a wide range of data collected throughout the life of the asset, including design & construction information, asset attributes, spatial coordinates, financial data including construction costs, revaluations, and depreciation costs.

All infrastructure assets within the asset registers will be spatially represented, such that they can be used by decision-makers to visually represent infrastructure asset data and information quickly and easily.

Strategic Actions

Council will:

6. Enhance our data, processes, and systems to ensure data is complete, accurate and consistent.

7. Use data to inform and improve the messaging of our decision making that is transparent, repeatable, and consistent.

Delivering this Strategy

Continuous improvement is fundamental for the progression of asset management and its practices. Council has taken a long term vision for asset management by adopting an Asset Management Policy. This policy supports Council to build its capabilities towards best practice asset management by adopting an Asset Management Strategy to implement and deliver on asset management outcomes in the management of infrastructure assets.

Many Councils tend to slow their asset management implementation by making it over-complicated and losing sight of the never-ending cycle of continuous improvement.

This strategy will be reviewed annually and updated every four years, initially focussing on the seven Strategic Actions that Council will implement, and the relative actions outlined in the Asset Plan.

Whilst the current challenges and associated impacts have been analysed, many more strategic improvements have been identified to implement best practice management of Council's infrastructure assets into the future. These future strategic improvement actions will be reviewed and developed in the next review.

Implementation

The Asset Plan outlining the implementation, monitoring, and evaluation of actions relative to the seven strategic improvements will be developed. It will identify responsibilities, provide success measures, timeframes, financial implications, and be tracked in Council's corporate reporting system.

Monitoring

The Asset Management Strategy and Asset Plan, will be monitored annually, including the progress of the seven key strategic improvement actions. A full review will be conducted in the fourth year aligned with the Council term.

Council will actively benchmark its approach and asset management systems with the International Infrastructure Management Manual, the Australian Infrastructure Financial Management Manual by the Institute of Public Works & Engineering Australasia (IPWEA) with a view towards achieving best practice in strategic asset management and look to aligning with ISO55000 standards.

ISO55000 includes further development of key Asset Management deliverables within Context of the Organisation, Leadership and Accountability, Planning, Support, Operation, Performance Evaluation and Continual Improvement.