12 September 2016

Enquiries: Leon Schultz
Reference:

The Executive Officer
Environment, Natural Resources and Regional Development Committee
Parliament House
Spring Street
MELBOURNE VICTORIA 3002

Dear Ms Halfpenny,

Re: Call for Submissions

Thank you for the opportunity to make a submission to the Environment, Natural Resources and Regional Development Committee.

Attached, please find the submission from the Wodonga City Council.

Most of the work set out in this submission is available in council’s 2016/2017 Strategic Resource Plan.

Should you have any queries relating to the above, please do not hesitate to contact me on [redacted]

Yours faithfully,

Leon Schultz
Acting Chief Executive Officer
Introduction
Wodonga Council provides a range of services that enhance the liveability of our growing city. It is council’s role to ensure all members of our community continue to receive and access these important and affordable services. It is also council’s responsibility to ensure it continues to meet the needs and infrastructure demands of a rapidly growing city.

Our community had told us through forums such as the Wodonga 2033 vision, the endorsement of the Council Plan and through our annual budget consultations, what they want for their city and we are following their plan which is outlined in our capital works program and Strategic Resource Plan.

The council is presently in a strong financial position and is keen to remain sustainable in the long term with its prudent approach to financial management reducing the need for borrowings.

The council’s rate rises have been consistent with the Strategic Resource Plan which sets out how the council will deliver and resource the aspirations of its community.

The council has committed to projects which will boost the prosperity of Wodonga but which do require investment from council. The council’s 10 year plan sets out rate targets to fund the growth of our city and the provision of services.

The council is accountable and responsible for the policy decisions with respect to the range of services provided, the expenditure and delivery of the services and the way services are funded and paid for by the community. Open and transparent processes for decision-making of the council include the making of information openly available to people in the local community and seeking active participation by the community with respect to choices regarding the range and level of services provided and how they are funded.

Business improvement processes, looking at process improvements and innovation, are part of the continual improvement cycle at the council. In addition, levels of service are continually reviewed to ensure that services provided are targeted to achieve maximum cost efficiency. For example, recent changes to library hours to accommodate the majority of users’ access requirements have been able to maximise savings based on reducing the need for an additional shift for casual staff.

Rate capping
There are 79 councils in the State of Victoria, encompassing large metropolitan, regional and small rural. The financial circumstances of each of these councils is vastly different, with elected councillors given the autonomy to plan to meet the requirements of each unique council community.
A one-size-fits-all approach, as indicated by a single rate cap for all councils, is an ineffective way to address the individual needs of each council, with their various levels of financial management maturity and governance. Many councils are left with no option but to apply for a variation to enable the delivery of their long term plans.

At the local government level, the council is conscious of the ongoing pressure put on council finances from other levels of government through cost-shifting, the freezing of funding programs and the failure of regulated fees to keep pace with costs.

The council utilises sustainable financial management principles which require the application of a multi-year framework to financial management, asset management, planning, expenditure, and revenue decisions.

The aggregate revenue raised by the council, plus that received from grants needs to be sufficient to cover the aggregate long-run cost of delivering the services provided. The council is focussed on living within its means, while continuing to meet the future needs of a growing city.

The council has investigated other funding sources. Other fees and charges have been reviewed and increased where possible, taking into account affordability and access for all community members. The council has successfully obtained non-recurrent grant funding to assist with both large and small capital projects.

Regional councils do not have the same opportunity as metropolitan councils to generate substantial fees from other sources, such as parking and fines.

It is well documented that the CPI is not a valid measure of the costs for local government. The costs of infrastructure and social and community services alone generally exceed other cost increases in the economy, such as household goods measured by the CPI. This is due to councils cost base being predominantly wages and construction based, and not a basket of groceries, petrol, and rent/interest costs that make up the CPI.

In addition to this, a range of issues confront councils that are both outside the scope of a CPI, and beyond the control of councils. These include, but are not limited to, the following:

1. The need to represent the community in decisions over providing new or upgraded services and facilities for which the community has demonstrated a willingness to pay.

2. Dealing with aging infrastructure and a growing infrastructure needs gap, as confirmed by the recent Auditor General’s report Asset Management and Maintenance by Councils – February 2014.

3. Ongoing cost shifting from both federal and state government to councils.
4. Increased compliance and enforcement obligations placed on councils by new or amended legislation. Many examples of this can be found in the following:
   a. Tobacco Act
   b. Domestic Animals Act
   c. Emergency Management Act
   d. Country Fire Authority Act - Fire prevention
   e. Food Act
   f. Environment Protection Act
   g. Residential Tenancies Act

5. Inadequate indexation of ongoing federal and state government funded programs (the recent three year freezing of the Financial Assistance Grants to councils in the federal budget is an example).

6. Defined Benefit Superannuation scheme call ups (some $4m recently in Wodonga’s case and around $0.6 billion across all councils in Victoria).

7. Federal and state government funded projects having funding pulled at short notice or prior to their expected completion dates, results in councils having to redeploy (inefficiently) or cover redundancy costs.

8. Inadequate, or nil over many years of indexing of State Government controlled fees for services provided by councils. An example of this being Land Information Certificates ($20) which has remained unchanged since 1992. Statutory planning fees (set by the State) have also remained unchanged for many years. Presently Wodonga ratepayers cross subsidise developers to the tune of $0.4 million annually as a result.

9. Funding for programs discontinued by federal and state governments, but not before communities have come to expect their ongoing service provision by councils.

10. The obligation to enforce State law which at times can be less than satisfactorily drafted. For example restricted dog laws have cost some councils up to $0.2 million in legal costs for a single dog case, only to lose due to difficulty complying and enforcing the letter of the law. Wodonga has also had its difficulties in this regard.

If council were to accept a CPI limited rate increase in all future years, its forecast revenue will be well below that forecast in the 2016-2017 budget. The following table provides an indication of the impact of this.

The table assumes no other changes are made to operating and capital expenditure, and that CPI remains at a constant 2.5% per annum with no productivity factor assumed.
The difference between the rate cap and meeting these aspirations is on average $26 per household. Any decrease in funding will have a compounding effect over the life of the plan, totalling more than **$36 million in the next decade**.

<table>
<thead>
<tr>
<th>$ mils</th>
<th>17/18</th>
<th>18/19</th>
<th>19/20</th>
<th>20/21</th>
<th>21/22</th>
<th>22/23</th>
<th>23/24</th>
<th>24/25</th>
<th>25/26</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate increase per 2015-2016 Budget</td>
<td>4.25%</td>
<td>4.25%</td>
<td>4.25%</td>
<td>4.25%</td>
<td>4.25%</td>
<td>4.25%</td>
<td>4.25%</td>
<td>4.25%</td>
<td>4.25%</td>
</tr>
<tr>
<td>Rate increase assuming CPI (say long term 2.5% p.a.)</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Revenue Shortfall – per year</td>
<td>$(0.5)</td>
<td>$(1.1)</td>
<td>$(2.0)</td>
<td>$(2.8)</td>
<td>$(3.8)</td>
<td>$(4.8)</td>
<td>$(5.9)</td>
<td>$(7.1)</td>
<td>$(8.4)</td>
</tr>
<tr>
<td>Revenue Shortfall – cumulative</td>
<td>$(0.5)</td>
<td>$(1.6)</td>
<td>$(3.6)</td>
<td>$(6.4)</td>
<td>$(10.2)</td>
<td>$(15.1)</td>
<td>$(21.0)</td>
<td>$(28.2)</td>
<td>$(36.6)</td>
</tr>
</tbody>
</table>

If the council does not achieve the rating outcomes outlined in the *Strategic Resource Plan* due to rates being capped, the cumulative effects can have a substantial impact upon the achievement of the long term strategy. This means that when a rate increase is lower in one year the shortfall in funds flows through to each of the following years as well, and therefore affects every year of the 10 year plan.

The cumulative reduction to community funds through rates, should applications in the future be unsuccessful (or not be made at all) to vary rates above the cap (using the 2016-2017 rate cap with no efficiency factor applied to 2017-2018 and future years), could amount to a revenue shortfall of as much as $36.6 million by 2025-2026. This is equivalent to 28 percent of the long-term capital works program from 2016-2017 to 2025-2026, or 70 percent of the long term asset renewal budget for the same period.
There is the risk of cuts to service levels in the longer term that may have social implications as a result of rate rises being capped and not meeting the long term financial plan budgeted revenue.

The development of the *Strategic Resource Plan* was carefully undertaken, balancing the needs of a growing community with the available funding and the affordability of rates and user charges. The council believes it has been able to achieve this balance in the plan, utilising a rate rise of 4.25% per year over the next 10 years.

If the council is unable to meet the *Strategic Resource Plan* as a result of rates being capped at a lower amount and was unable to offset these through other savings, then a number of outcomes will be put at risk of not being delivered at all, or risk being delivered to a standard below that expected by the community.

**Debt funding**
The council carefully considers the potential for using debt to finance long-term multigenerational infrastructure through considered and prudent financial planning. Current debt levels have been reducing.

Wodonga still lacks some of the facilities that great regional centres need. The Wodonga community has been vocal in saying they want improved connectivity, more footpaths and other linkages between areas in the city. To be able to deliver on these community goals, the council must be able to raise the funds to contribute to such capital works projects.

Capital grants are predominantly dependent upon the council matching grant contributions. The ability to set aside matching grant funding in advance is now problematic with the uncertainty that rate capping provides. Councils cannot be confident, when applying for grants, that its matching funds will be available if it needs to rely on a rate cap variation being approved by the ESC.

**Grant funding**
In comparison to other similar regional cities, Wodonga receives a lower level of recurrent government grant revenue. When comparing recurrent grant revenue across the 11 regional cities, Wodonga receives less than half the average recurrent grant revenue received by cities in that group.

On top of this, the freezing of indexation on Federal Government recurrent grant funds has had a significant effect on Wodonga’s budget. In Wodonga’s case a shortfall of $4 million over the next 10 years has been experienced.

Council continues to lobby government for more adequate recurrent grant funding wherever possible.

**Future direction and challenges**
The *Strategic Resource Plan* sets out how Council will achieve the following objectives over the next 10 years:
a. Review the current and future needs of the Wodonga community with the aim of developing a responsive and accessible infrastructure and service system.

b. Ensure the council’s financial sustainability in the long-term.

c. Achieve operating statement surpluses with the exclusion of all non-operating items such as granted assets and capital income.

d. Ensure prudent and responsible borrowing levels in the longer term recognising prudential guidelines.

e. Continue to pursue recurrent grant funding for strategic capital funds from the State and Federal governments.

f. Provide a funding level that will consistently ensure assets are renewed at appropriate service levels as expected by the community, including increasing funding for capital works (asset renewal, expansion, upgrade) and general asset maintenance.

g. Continue to pursue recurrent grant funds for the council programs.

h. Continue to divest property and assets no longer required by the council.

The council, as part of developing the *Strategic Resource Plan*, regularly review its borrowing strategy, asset management, capital investment, notional reserves, capital works program, the range and level of services provided and the revenue-raising strategy.

The council has a number of strategic challenges ahead, including the continued investment in the rebuilding of the central business area, renewing existing assets, continuing to provide an appropriate range and level of services to a growing regional city community, maintaining a financially responsible and sustainable position, and addressing the need for required capital expansion.

The challenge for the council, in the short term, is to fund the appropriate level of investment in the community’s assets and services to simultaneously accommodate the pressures of growth including new capital investment and expanded service provision.

In the short to medium term, this includes the continuation of the revitalisation of the central business area. The other related issues are the risks and liabilities that the council and the community face if the council does not invest in asset renewal at an adequate rate.

This, council must deliver, in the face of ever increasing uncertainty and reduced influence of its revenue sources, such as the uncertainty of a rate cap submission to the ESC, or the unilateral and without notice action of the Federal Government in its freeze on grant indexation.
Flood Planning, Preparation And Maintenance Of Flood Mitigation Infrastructures

The Wodonga City Council has no known flood mitigating structures for which it has a maintenance responsibility.

Consideration is however being given to the construction of a small levee to protect 5 or 6 residential properties from possible inundation during a 1:100 year flood event. If favourably considered, this levee should be completed within the coming 6 months.

Flood planning is generally undertaken in association with the State Emergency Service, taking this council’s flood overlays and previous flood studies into account. Council is currently seeking funding to review the flood study with a view of revisiting the flood overlay and the accuracy and relevancy of the earlier works.

Maintenance Of Local Roads And Bridge Networks

Wodonga Council manages community assets, such as roads, bridges, buildings, playgrounds, paths and various physical infrastructure that underpins services delivered for the community. Infrastructure assets continue to increase at over 2% per annum and have a current replacement cost of over $450 million.

To ensure services are sustainable now and into the future, the adequate provision and timing of financial resources to renew aging and worn assets is essential, to ensure infrastructure is provided at a suitable level to support service levels for the community.

The municipal area of Wodonga is approximately 435km² and has approximately 416km of sealed roads and 84km of unsealed (gravel) roads. The total replacement value of council’s road assets is approximately $250,000,000.
Associated with the city’s road network is its footpaths and cyclepaths (replacement value of $45,000,000) and its stormwater systems (replacement value of $75,000,000).

The city also has 72 bridges and major culverts with a replacement value of approximately $19,500,000.

The Local Government Act 1989, section 136 and 140 identifies a council’s obligation to manage and maintain its assets and liabilities whilst balancing affordability and accessibility of services for now and into the future.

The responsibility to manage community facilities and infrastructure is captured in council’s strategic plan. Balancing the quality of services a council intends to deliver now and into the future, whilst also creating new assets for growth requires financial planning to achieve reasonable ongoing service deliver from existing assets and new asset growth.

Long term underinvestment in renewing assets will obviously see infrastructure decline and service quality fall. Generally, councils that continually underinvest in asset renewal over many years will struggle to redress the quantum of asset backlog generated and inevitably lower service levels are provided to the community.

Wodonga’s asset growth commenced around 1960 and consequently Wodonga has relatively young infrastructure assets. These assets have lives between 20 and 100 years and are on average approximately 1/3 through their life. Today, just under 2% of council’s assets requires renewal or replacement to meet reasonable community expectations.

To ensure asset quality and quantity are accurately known for valuation and asset reinvestment purposes, council undertakes field assessment of all its major fixed assets. The most significant assets are the road network and building assets, which accounts for 77% of the infrastructure asset value. Buildings/Facilities and roads are assessed every 3 years, in accordance with the Asset Management Strategy and reviewed annually for materiality changes.

Wodonga council adopted its Asset Management Strategy on October 17th 2011 which was updated in 2014. The strategy identified the 10 years level of renewal funding to maintain and redress underfunding over the last 3 years, particularly in the road network area.

Council’s most significant asset, the road network, accounts for over 50% ($286 million) of the fixed assets base. The road assets were assessed by Moloney Asset Management Services in 2012/13, with a subsequent inspection in April/May 2015. Council’s building assets make up the second largest asset with significant external grants being attracted over the last two years contributing to the improvement in council building facilities.
Background to the council’s asset portfolio

The following table lists a range of the fixed assets with a total replacement cost of over $450 million as at June 2015 for civil infrastructure.

<table>
<thead>
<tr>
<th>Fixed assets (replacement value at Greenfield rates)</th>
<th>Replacement 2014 ($’000)</th>
<th>Replacement 2015 ($’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads</td>
<td>236,136</td>
<td>247,129</td>
</tr>
<tr>
<td>Bridges and major culverts</td>
<td>17,908</td>
<td>18,124</td>
</tr>
<tr>
<td>Footpaths &amp; recreational paths</td>
<td>41,657</td>
<td>45,251</td>
</tr>
<tr>
<td>Drainage</td>
<td>75,201</td>
<td>74,591</td>
</tr>
<tr>
<td>Playground equipment</td>
<td>4,509</td>
<td>7,753</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>375,411</strong></td>
<td><strong>392,848</strong></td>
</tr>
</tbody>
</table>

Asset management

Asset management is generally about the management of the infrastructure lifecycle which ultimately supports and underpins the services that council delivers for the community. Council determines the value of its infrastructure and building assets for financial accounting purposes and for asset renewal purposes.

The following conceptual diagram indicates that as an asset ages and its condition deteriorates, a critical point (condition 8) is reached where safety and reliability is starting to be compromised. The asset requires to be renewed to return the asset to a condition that can support adequate service, rather than letting the asset totally fail.

Acknowledgement: The above diagram modified from a CT Management presentation.
Asset attributes, such as quantity, condition, and replacement cost and asset life provides the basic information to model the asset lifecycle. Assets are condition rated on an eleven point scale from 0 to 10.

At a condition level of 10, the asset has failed, at 0 the asset is in new condition. For most assets a critical intervention point of condition 8 is generally identified as the as a maximum condition point at which to renew the asset if the service is to continue. Ideally to minimise maintenance and provide a better level of service, the asset intervention point should be in the region of 6 to 7, depending on the level of service to be delivered to the community.

**Service level**
The intervention point of *when to renew / refurbish an asset to meet the levels of service* has been set at a point where the maximum life of the asset can be achieved with consideration of safety, reliability and cost. As an asset approaches the end of its life, unexpected failures will increase and higher reactive maintenance expenditure and increasing levels of risk will occur. The asset strategy identifies intervention points based on historical levels of service.

Assets such as bridges and road surface seals need to be renewed at a slightly earlier point to reduce the possibility of significant failures. An earlier intervention approach of condition 7 for example on bridges and road seals, reduces the risk of bridge collapse and enables better seal protection of the expensive underlying pavements from water ingress and expensive pavement failure. On average, council renews assets at condition 8, which is termed the ‘critical renewal point’.

Setting the services level, play a critical role in asset renewal modelling and the determination of the level of funding required to match the service level to be delivered. Local government is essentially a provider of services for the community. Service plans undertaken by services managers play an important role in the identification of the service levels, which feeds into long term capital and renewal plans.

**Critical renewal**
The critical renewal points for the reconstruction of assets for Wodonga have been benchmarked and are generally in-line with other Victorian councils.

Whilst the critical levels (intervention levels) have been set in the adopted 2014 Asset Management Strategy, just under 2% of assets are currently exceeding these thresholds. The percentage of assets exceeding the critical renewal threshold is expected to remain steady based on the 10 year asset renewal as outlined in this document.

**Asset renewal**
Infrastructure assets deteriorate over time and require renewal and maintenance to ensure the assets achieve their maximum useful life from the original asset investment and hence maximise the original return on investment.
Asset Growth
The typical annual population growth rate of 2% per annum is similar to Wodonga’s road infrastructure growth of approximately 2% per annum. As new infrastructure and building assets increase to meet demands for services, increased operational, maintenance and renewal requirements are also incurred.

<table>
<thead>
<tr>
<th>Asset Description</th>
<th>Asset Quantity (km)</th>
<th>Asset change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008/09</td>
<td>2011/12</td>
</tr>
<tr>
<td>Roads</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sealed</td>
<td>389.4</td>
<td>413.5</td>
</tr>
<tr>
<td>Unsealed</td>
<td>83</td>
<td>83</td>
</tr>
<tr>
<td>Kerb</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kerb &amp; channel</td>
<td>483.3</td>
<td>526.6</td>
</tr>
<tr>
<td>Paths</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Footpaths</td>
<td>239.7</td>
<td>261.7</td>
</tr>
<tr>
<td>Recreational</td>
<td>72.5</td>
<td>77.5</td>
</tr>
</tbody>
</table>

On average over the 3 and 6 year periods of growth Wodonga has in general, just under 2% growth in its road infrastructure, which equates to $7.6 million/annum increase in asset value.

Operational Aspects
The annual operating budgets for the “roads maintenance activities” for 2016/2017 is $3,207,377 and is primarily to cover the costs of staff, materials, contractors and plant and equipment hire. The operating budget primarily covers the costs associated with the day-to-day maintenance, such as pothole repairs, edge break repairs, rural gravel road grading, minor repairs to footpaths, kerb and channel sections, stormwater system clearing and repairs.

Road renewal projects, per se, are carried out under council’s capital investment program and typically include projects funded under the Federal Government’s Roads-to-Recovery program. Under the current funding allocation, this council will receive a total of $3,947,467 during the current allocation period, with the following estimated to be received:

2016/2017 – $995,309
2017/2018 – $862,212
2018/2019 - $431,106

The Wodonga City Council has, like all other qualifying councils received this R2R funding over the years and has on all occasions expended these funds.

Under investment impacts
The 2011/12 road assessment on council’s most significant assets confirmed that reduced renewal funding had impacted significantly on the performance of council’s sealed road network assets. The previous underinvestment has been addressed through the adopted asset strategy, increased asset renewal funding and improved long term planning.
The 2014/15 survey also identified a slight decrease in the performance of council’s seals which has been associated with the later delivery of the 2015 reseal program and also past underfunding of resealing.

<table>
<thead>
<tr>
<th>Asset description</th>
<th>Weighted Average Asset condition (excluding new roads) (0 new, 10 failed)</th>
<th>2012 to 2015% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2012</td>
</tr>
<tr>
<td>Roads (sealed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seal surface condition</td>
<td>2.32</td>
<td>2.577</td>
</tr>
<tr>
<td>Pavement condition</td>
<td>3.24</td>
<td>3.36</td>
</tr>
<tr>
<td>Kerb and channel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kerb condition *</td>
<td>2.92</td>
<td>2.891</td>
</tr>
<tr>
<td>Pathways</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Path condition</td>
<td>3.27</td>
<td>3.23</td>
</tr>
<tr>
<td>Roads (Gravel)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gravel depth #</td>
<td>~60mm</td>
<td>~83mm</td>
</tr>
</tbody>
</table>

Notes:
# There has been differences in the depth of gravel measured by council and the audit. However, it was agreed that gravel depths in 2012 were low and needed to be lifted. This has been occurring, with at least a 35% increase in gravel depth now being reported above.
* Whilst the overall kerb condition has improved, the % of urgent failures has increased by 18%.
+ The decline in road seals is mainly attributable to timing issues of a late reseal program of 2015 and previous underfunding of road reseal preparation which impacted on the quantity of reseals undertaken.

Previous reseal underspending may impact on the future life of the underlying road pavement through increased water ingress from previous poor road seals not being replaced. Impacts of underfunding will not appear immediately, but will make a financial impact in the longer term.

The current budget and commitment to asset renewal in the longer term capital plan will result in adequate funding levels to meet asset renewal needs that underpin road service levels.

Previous underfunding of building renewal was addressed over the last two years with significant external state government capital grant funding with council funding has enabled considerable upgrade and renewal works to be undertaken on council’s building assets.

The upcoming building asset condition/defect report for 2015/16 is expected to show a considerable improvement in building asset quality from both capital funding.

Asset renewal requirements
The predicted financial renewal demand modelling is now based at component level for major asset classes, such as individual road segments and building sections as opposed to previous global estimates and generic assumed asset condition distributions.

The infrastructure asset modelling for all council asset classes has determined that the annual renewal demand over the next several years will be approximately $5 million. The revised predicted renewal demand is slightly more than previously estimated in
the asset management strategy, due to the inclusion of reseal preparation costs which moved from operating to capital.

The adjacent table identifies council’s renewal funding requirements, based on limiting the percentage of assets to the current level of over-intervention assets at ~2%.

<table>
<thead>
<tr>
<th></th>
<th>16/17</th>
<th>17/18</th>
<th>18/19</th>
<th>19/20</th>
<th>20/21</th>
<th>21/22</th>
<th>22/23</th>
<th>23/24</th>
<th>24/25</th>
<th>25/26</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewals Demand</td>
<td>$5.2</td>
<td>$5.3</td>
<td>$5.6</td>
<td>$5.8</td>
<td>$6.1</td>
<td>$6.4</td>
<td>$6.8</td>
<td>$7.1</td>
<td>$5.6</td>
<td></td>
</tr>
<tr>
<td>Proposed in this budget</td>
<td>$4.8</td>
<td>$5.6</td>
<td>$5.4</td>
<td>$5.5</td>
<td>$5.8</td>
<td>$6.1</td>
<td>$6.4</td>
<td>$6.9</td>
<td>$7.1</td>
<td>$5.6</td>
</tr>
<tr>
<td>Renewal (Shortfall)/ backlog clearing</td>
<td>$(0.4)</td>
<td>$0.3</td>
<td>$0.1</td>
<td>$(0.1)</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.1</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
</tbody>
</table>

The table overleaf sets out council’s 10-year Asset Renewal plan (financial provisions), recognising that in some instances, aspects of capital works can be considered as renewals (road reconstruction projects as an example).
<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>2016/17 Year 1</th>
<th>2017/18 Year 2</th>
<th>2018/19 Year 3</th>
<th>2019/20 Year 4</th>
<th>2020/21 Year 5</th>
<th>2021/22 Year 6</th>
<th>2022/23 Year 7</th>
<th>2023/24 Year 8</th>
<th>2024/25 Year 9</th>
<th>2025/26 Year 10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSET RENEWAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads pavement</td>
<td>601,000</td>
<td>564,000</td>
<td>549,000</td>
<td>591,000</td>
<td>638,000</td>
<td>688,000</td>
<td>740,000</td>
<td>792,000</td>
<td>845,000</td>
<td>870,000</td>
</tr>
<tr>
<td>Car parks</td>
<td>147,000</td>
<td>123,000</td>
<td>100,000</td>
<td>84,000</td>
<td>75,000</td>
<td>71,000</td>
<td>72,000</td>
<td>74,000</td>
<td>77,000</td>
<td>77,000</td>
</tr>
<tr>
<td>Asphalt resales (including reseal preparation)</td>
<td>362,000</td>
<td>374,000</td>
<td>408,000</td>
<td>478,000</td>
<td>560,000</td>
<td>647,000</td>
<td>737,000</td>
<td>826,000</td>
<td>915,000</td>
<td>956,000</td>
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<tr>
<td>Spray seals (including reseal preparation)</td>
<td>2,030,000</td>
<td>1,940,000</td>
<td>1,810,000</td>
<td>1,733,000</td>
<td>1,643,000</td>
<td>1,577,000</td>
<td>1,548,000</td>
<td>1,555,000</td>
<td>1,562,000</td>
<td>1,562,000</td>
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<tr>
<td>Gravel road pavement</td>
<td>150,000</td>
<td>140,000</td>
<td>130,000</td>
<td>133,000</td>
<td>136,000</td>
<td>140,000</td>
<td>145,000</td>
<td>150,000</td>
<td>155,000</td>
<td>149,000</td>
</tr>
<tr>
<td>Kerb</td>
<td>207,000</td>
<td>199,000</td>
<td>192,000</td>
<td>205,000</td>
<td>218,000</td>
<td>234,000</td>
<td>251,000</td>
<td>269,000</td>
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<tr>
<td>Footpaths</td>
<td>224,000</td>
<td>256,000</td>
<td>289,000</td>
<td>331,000</td>
<td>372,000</td>
<td>413,000</td>
<td>453,000</td>
<td>493,000</td>
<td>533,000</td>
<td>570,000</td>
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<tr>
<td>Recreational paths</td>
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<td>60,000</td>
<td>78,000</td>
<td>101,000</td>
<td>127,000</td>
<td>157,000</td>
<td>191,000</td>
<td>224,000</td>
<td>224,000</td>
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<tr>
<td>Bridges</td>
<td>28,000</td>
<td>29,000</td>
<td>29,000</td>
<td>31,000</td>
<td>33,000</td>
<td>35,000</td>
<td>37,000</td>
<td>40,000</td>
<td>42,000</td>
<td>43,000</td>
</tr>
<tr>
<td>Stormwater</td>
<td>48,000</td>
<td>52,000</td>
<td>57,000</td>
<td>62,000</td>
<td>68,000</td>
<td>75,000</td>
<td>84,000</td>
<td>93,000</td>
<td>103,000</td>
<td>105,000</td>
</tr>
<tr>
<td><strong>GROSS RENEWALS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads to Recovery funding (R2R)</td>
<td>(1,422,480)</td>
<td>(430,000)</td>
<td>(430,000)</td>
<td>(430,000)</td>
<td>(430,000)</td>
<td>(430,000)</td>
<td>(430,000)</td>
<td>(430,000)</td>
<td>(430,000)</td>
<td>(430,000)</td>
</tr>
<tr>
<td>Adjustment for projects below that include a renewals component</td>
<td>(150,000)</td>
<td>(2,680,000)</td>
<td>(350,000)</td>
<td>(70,000)</td>
<td>(200,000)</td>
<td>(520,000)</td>
<td>(40,000)</td>
<td>(340,000)</td>
<td>(495,000)</td>
<td>(265,000)</td>
</tr>
<tr>
<td>Renewals Rebalancing (retiming between years)</td>
<td>(449,721)</td>
<td>328,855</td>
<td>86,940</td>
<td>(97,905)</td>
<td>26,726</td>
<td>33,332</td>
<td>(25,221)</td>
<td>113,394</td>
<td>(9,000)</td>
<td>(7,400)</td>
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<tr>
<td><strong>NET COUNCIL RENEWAL EXPENDITURE</strong></td>
<td>1,877,799</td>
<td>975,855</td>
<td>2,930,940</td>
<td>3,128,095</td>
<td>3,240,726</td>
<td>3,090,332</td>
<td>3,728,779</td>
<td>3,826,394</td>
<td>3,809,000</td>
<td>4,138,600</td>
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<td><strong>NEW CAPITAL</strong></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Bridges</td>
<td>60,000</td>
<td>0</td>
<td>400,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100,000</td>
<td>900,000</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Car parking</td>
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<td>110,000</td>
<td>0</td>
<td>0</td>
<td>290,000</td>
<td>30,000</td>
<td>1,116,000</td>
<td>130,000</td>
</tr>
<tr>
<td>Central Business District (roads)</td>
<td>150,000</td>
<td>1,060,500</td>
<td>(935,500)</td>
<td>125,000</td>
<td>0</td>
<td>0</td>
<td>850,000</td>
<td>0</td>
<td>0</td>
<td>390,000</td>
</tr>
<tr>
<td>Drainage</td>
<td>65,000</td>
<td>25,000</td>
<td>25,000</td>
<td>78,560</td>
<td>25,000</td>
<td>25,000</td>
<td>645,000</td>
<td>105,000</td>
<td>25,000</td>
<td>980,000</td>
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<tr>
<td>Footpaths</td>
<td>155,000</td>
<td>69,000</td>
<td>170,000</td>
<td>0</td>
<td>166,750</td>
<td>0</td>
<td>350,000</td>
<td>600,000</td>
<td>0</td>
<td>36,000</td>
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<tr>
<td>Kerb and channel</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>59,400</td>
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<tr>
<td>Roads</td>
<td>1,302,160</td>
<td>5,313,000</td>
<td>884,500</td>
<td>91,000</td>
<td>1,050,350</td>
<td>1,340,000</td>
<td>293,250</td>
<td>800,000</td>
<td>720,000</td>
<td>2,365,000</td>
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<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>3,609,959</td>
<td>7,443,355</td>
<td>3,474,940</td>
<td>3,532,655</td>
<td>4,482,826</td>
<td>4,455,332</td>
<td>6,257,029</td>
<td>6,261,394</td>
<td>6,170,000</td>
<td>8,599,000</td>
</tr>
</tbody>
</table>
Asset conclusion
Wodonga has experienced sustained and strong growth in all major fixed infrastructure and building assets. This has resulted in just under 2% of assets exceeding the renewal intervention point and hence require renewal/refurbishment.

Council has future ongoing commitments to the CBD upgrade, Logic rail and other future projects such as the Baranduda Fields regional sporting complex and Saleyards remediation. These new projects combined with the recent financial constraints of rate capping will generate a long term financial challenge for council.

Given existing renewal commitments and future growth projects, Wodonga needs to continue with its asset re-investment level as identified in the adopted asset management strategy and previous SRP. To endeavour to sustainable manage growth and renewal council has developed its long term capital expenditure for the next 10 years which is updated annually.

Over the last several years the replacement of the aging pool with Waves and the replacement of the Cube (civic centre) with external grant funding for community and early years facilities has contributed to asset renewal and improvements in the asset infrastructure.

Increases in the road grants has also contributed to the funding of road renewal projects and also reseal preparation and road surface seals. The significant $10 million grant from the National Stronger Regions Funding of 2015/16 will increase councils road and path asset base and also contribute to improvements in infrastructure assets to meet the needs of the community.

Ongoing reassessment of renewal requirements and reinvestment by council will be essential in managing the cities facilities and infrastructure into the future.

Currently, our asset renewal backlogs for major infrastructure classes is:
- Road network 1.23% (approximately $3 million)
- Bridges 1.5% (approximately $3 million)
- Stormwater/drainage Nil backlog
- Buildings 5% (approximately $3 -4 million)
- Playgrounds 3% (approximately $0.15 million)
- Parks – data is not collected for sporting ovals, fields and surfaces; park furniture 12% (approximately $0.26 million)

This equates to a total renewal backlog in dollar terms of approximately $9-10 million, less the budget for renewals for 2016/17 of $4.5 million, leaving an overall backlog of around $5 million. Current spending on asset renewal is around $5 million per year, which will enable a continual and gradual decline in the overall renewal backlog over the coming years.

We do not have backlog numbers to hand regarding the equivalent levels from 4 years ago, however as an indication 3 years ago our road renewal backlog was around 2%. The improvement in the road backlog to the current 1.23% is indicative of the overall improvement in our renewal program across all asset classes.

In addition to our renewal program, asset upgrades are continually required to improve the function and/or capacity of our infrastructure assets. Asset renewals replace 'like with like', whereas upgrades are subject to identification, based on council’s future vision and priorities. The required Forest Mars bridge works fall into an upgrade category, as this bridge was never designed to carry the loads it was being subject
to. The asset management plans will help to better inform our asset planning for required upgrade expenditures.

### Recommended strategic direction

1. That Wodonga Council continue to determine essential renewal investment levels based on condition and modeling for all major asset classes and regularly revalue its assets;

2. That specific road network asset deterioration curves be developed to improve the quality of the road asset renewal information;

3. That Wodonga Council continues to enhance the asset management system to accurately and systematically determine our financial renewals to meet our future asset liabilities;

4. That Wodonga Council allocate funds to the critical renewal of existing assets whilst being aware of the need to provide required new assets to meet population expansion; and

5. That asset management plans and policy and strategy continue to be developed, updated and reported for the following asset classes: roads, drainage, buildings, footpaths and cycle paths.
Weed and Pest Animal Control
The City of Wodonga is responsible for the management of approximately 208 km of rural roads, and through its Roadside Vegetation Management Plan (2002) aims to increase the opportunities for environmental weed control and minimise the spread of weeds and vermin.

Through past State Government funding initiatives, the City of Wodonga has mapped the locations of regionally prohibited and regionally controlled weed on its rural roadides. A rural roadsides ‘weeds’ GIS layer has been developed and this information used to monitor and conduct treatment works for these identified weeds.

Wodonga also actively manages a number of environmental reserves that adjoin rural roadsides, known as the Wodonga Retained Environmental Network (WREN) and the Wodonga Hilltops (Mahers, Huon, Federation and Klings hills). As these reserves are provided for threatened species and habitat conservation, noxious weeds and pest animals are considered significant risk to these areas. Council undertakes significant weed control programs within these reserves and often on the adjoining roadsides to prevent the infestation and spread of noxious weeds.

Community Consultation
The City of Wodonga stays in close touch with community concerns via attendance at meetings of Landcare groups and via phone calls and correspondence from individuals. We have developed links with other key Natural Resource Management agencies and groups within the Wodonga area and frequently discusses issues of concern with these agencies and groups.

Community feedback to the City of Wodonga via the council website and through customer service requests regarding weed and pest species concern are directed to the Natural resource coordinator. The City of Wodonga has also specifically requested input on rural roadside pest and weed management from natural resource management agencies and groups within the Wodonga region.

Relevant Local, Regional Policies and Strategies and submissions

State
- Invasive Plants and Animal Policy Framework
- Catchment and Land Protection Act 1994

Regional
- Upper Reaches CMA Regional Weed Plan
- North East Regional Catchment Strategy 2013

Local
- City of Wodonga Roadside Vegetation Management Plan 2002
- Leneva Valley and Baranduda Native Vegetation Precinct plan (WRENs)
- Wodonga City Council Plan 2013-2014 to 2016-2017

Objectives of the Plan
City of Wodonga’s overall roadside weed and rabbit management objective is the effective and proactive management of invasive species to reduce numbers and spread on Council managed roadsides and adjoining reserves across the Wodonga area. Investment of funds will be aligned to:

1. Treatment for the eradication of Regionally Prohibited Weed infestations.
2. Treatment for the containment or reduction in area infestations of Regionally Controlled Weeds and rabbits – aligned to DEDJTR weed and rabbit compliance project area.
3. Supporting community group investment in weed and pest control projects.
   - Continue to control regional controlled weeds as per table 1 on roadsides to support community action on adjacent lands
   - Monitor council roadsides adjoining VicRoad’s areas for spread of Noxious weeds
4. Contributing to other previous investment in the control of Regionally Controlled and Regionally Prohibited Weeds and rabbits.
   - Reduce abundance of Regional controlled weeds listed in table 1 on Roadsides managed by the Wodonga Council
5. Protect identified assets such as significant roadside vegetation under threat from weed invasion or other significant roadside infrastructure.
   - Reduce abundance and spread of St John’s Wort and roadsides with a ‘High ‘conservation status
6. Support weed and pest animal management programs being undertaken by land owners.
7. Addressing other roadside declared noxious weed infestations of concern to the Shire’s community including Restricted Weeds declared under the Catchment and Land Protection Act 1994 (CaLP Act).
   - Chilean Needle Grass

Overleaf, please note the progress made on the current plan.
## 1. PROGRESS AND OUTCOMES FROM PROGRAM ACTIVITIES

### Table 2. Control Measures and Target Roadsides

<table>
<thead>
<tr>
<th>Common Name*</th>
<th>Control Measures (to be based on accepted best practice management of the target species)</th>
<th>Location of where works were completed (location of proposed works should be specified, and a map where possible should accompany the plan)</th>
<th>Length of roadside that was treated (Km = length of road along which both sides are treated. Where only one side is treated halve the figure)</th>
<th>When was the treatment works completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rabbit</td>
<td>- Continue to monitor for presence of rabbits and new warrens. Monitoring to occur during roadside spraying.</td>
<td>Throughout the Council boundary</td>
<td>208km</td>
<td>Nov - Dec</td>
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<tr>
<td>Blackberry</td>
<td>- Spot spray application of a registered herbicide in accordance with the product label - Mechanical removal where herbicide application is inappropriate</td>
<td>Throughout the council boundary</td>
<td>208km</td>
<td>Nov - Dec</td>
</tr>
<tr>
<td>Cape Broom</td>
<td>- Manual removal of seedlings (hand pull) - Cut-stump herbicide application (larger plants) - Spot spray application of a registered herbicide in accordance with the product label.</td>
<td>Chapples Rd, Baranduda Boulevard, Boyes Rd, and Wodonga Yackandandah Rd.</td>
<td>19km</td>
<td>Nov - March</td>
</tr>
<tr>
<td>Hawthorn</td>
<td>- Spot spray application of a registered herbicide in accordance with the product label. - Cut-stump herbicide application (larger plants)</td>
<td>Boyes Rd, Castle Creek Rd, Felltimber Creek Rd, and Ridge Lane</td>
<td>11km</td>
<td>Nov - Dec</td>
</tr>
<tr>
<td>St</td>
<td>- Spot spray application of a registered herbicide</td>
<td>Plunketts Rd, Hansen</td>
<td>4km</td>
<td>Nov</td>
</tr>
<tr>
<td></td>
<td>Control Method</td>
<td>Location</td>
<td>Status</td>
<td>Time Frame</td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>----------------------------------------</td>
<td>---------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td><strong>Barnaby’s Thistle</strong></td>
<td>in accordance with the product label</td>
<td>Rd and Quarry Rd</td>
<td></td>
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<tr>
<td><strong>Sweet Briar</strong></td>
<td>- Spot spray application of a registered herbicide in accordance with the product label</td>
<td>Throughout the Council boundary</td>
<td>Controlled in conjunction with Blackberry</td>
<td>Nov - Dec</td>
</tr>
<tr>
<td><strong>Topped Lavender</strong></td>
<td>- Spot spray application of a registered herbicide in accordance with the product label</td>
<td>Predominantly on Boyes and Whytes Rd</td>
<td></td>
<td>Nov - Dec</td>
</tr>
<tr>
<td><strong>Wild Watsonia</strong></td>
<td>- Manual removal of seedlings</td>
<td>Boundary Rd, Chapples Rd</td>
<td>5km</td>
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</tr>
<tr>
<td></td>
<td>- Spot spray application of a registered herbicide in accordance with the product label</td>
<td>Boundary Rd, Chapples Rd</td>
<td></td>
<td>July - Oct</td>
</tr>
<tr>
<td><strong>Chilean Needle Grass</strong></td>
<td>- Spot spray application of a registered herbicide in accordance with the product label</td>
<td>Western outskirts of C.o.W boundary, North Barnawartha area</td>
<td>30km</td>
<td>Not completed, missed timing to activity identify infestations</td>
</tr>
<tr>
<td><strong>St John’s Wort</strong></td>
<td>- Spot spray application of a registered herbicide in accordance with the product label</td>
<td>C.o.W conservation Roadsides</td>
<td>74km</td>
<td>Nov - Dec</td>
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</tbody>
</table>