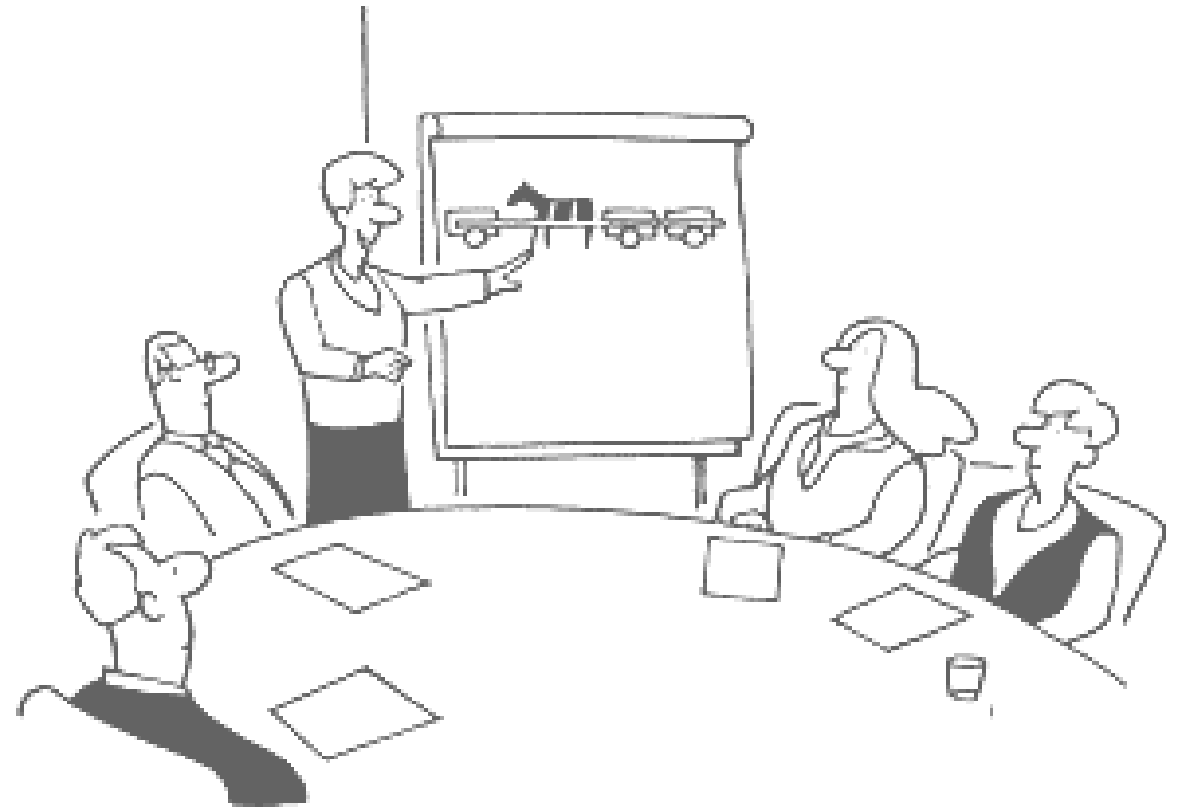


# Asset Planning – What's Next

Balancing Our Budgets  
Financial Plan and Asset Plan

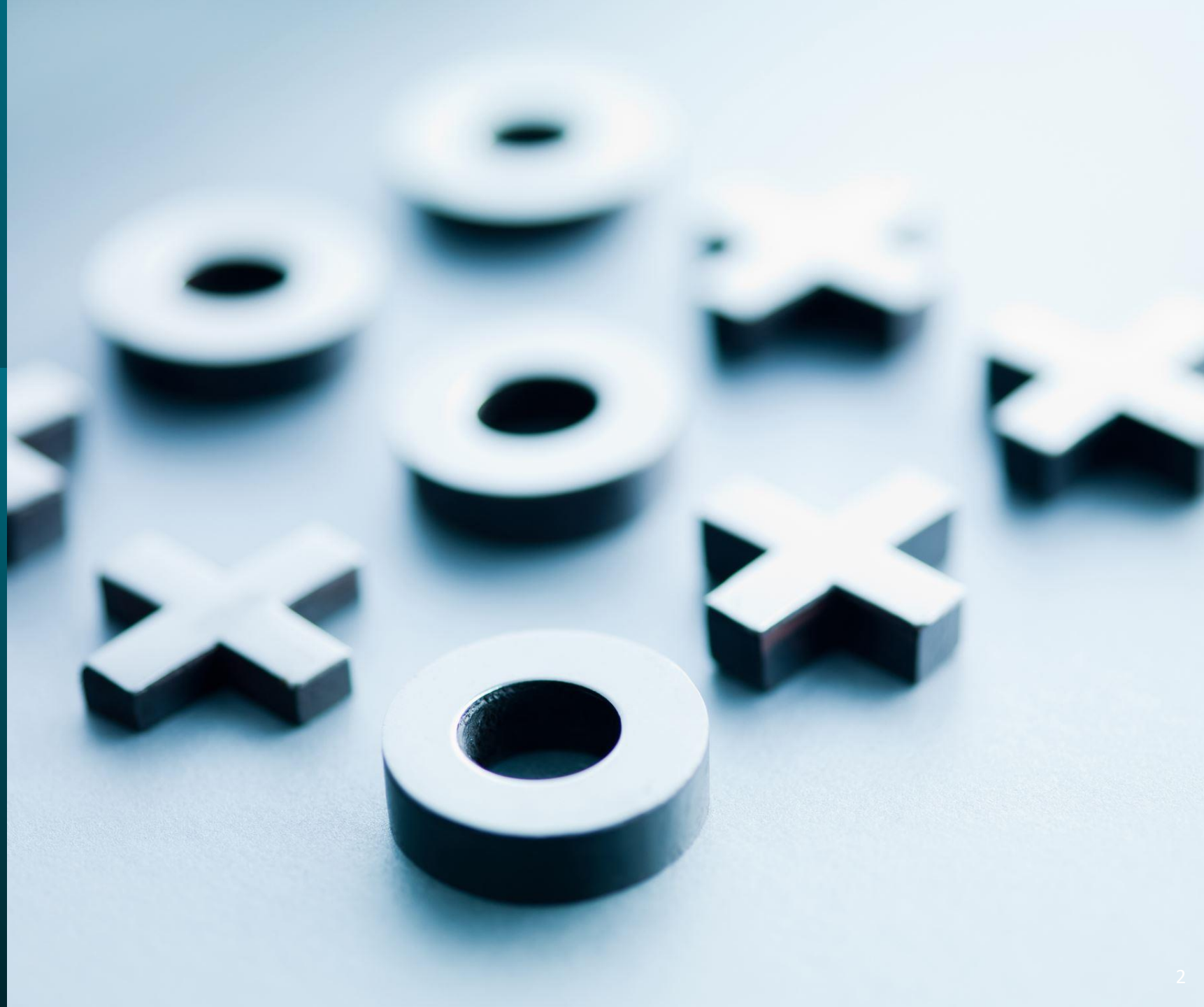
Ashay Prabhu

Shahrzad Alami (Shaz)



"We've found that we can balance  
the cart before the horse with two  
carts behind the horse."

# A Bit of Context



# Asset Plan and Long Term Financial Plan

**Victorian  
Government  
Infrastructure  
Replacement Cost**

**\$120 B**

- \$2.4B per annum
- \$6m /day
- Circa \$275,000/hour

**MRUN**

**\$10-100m per annum**

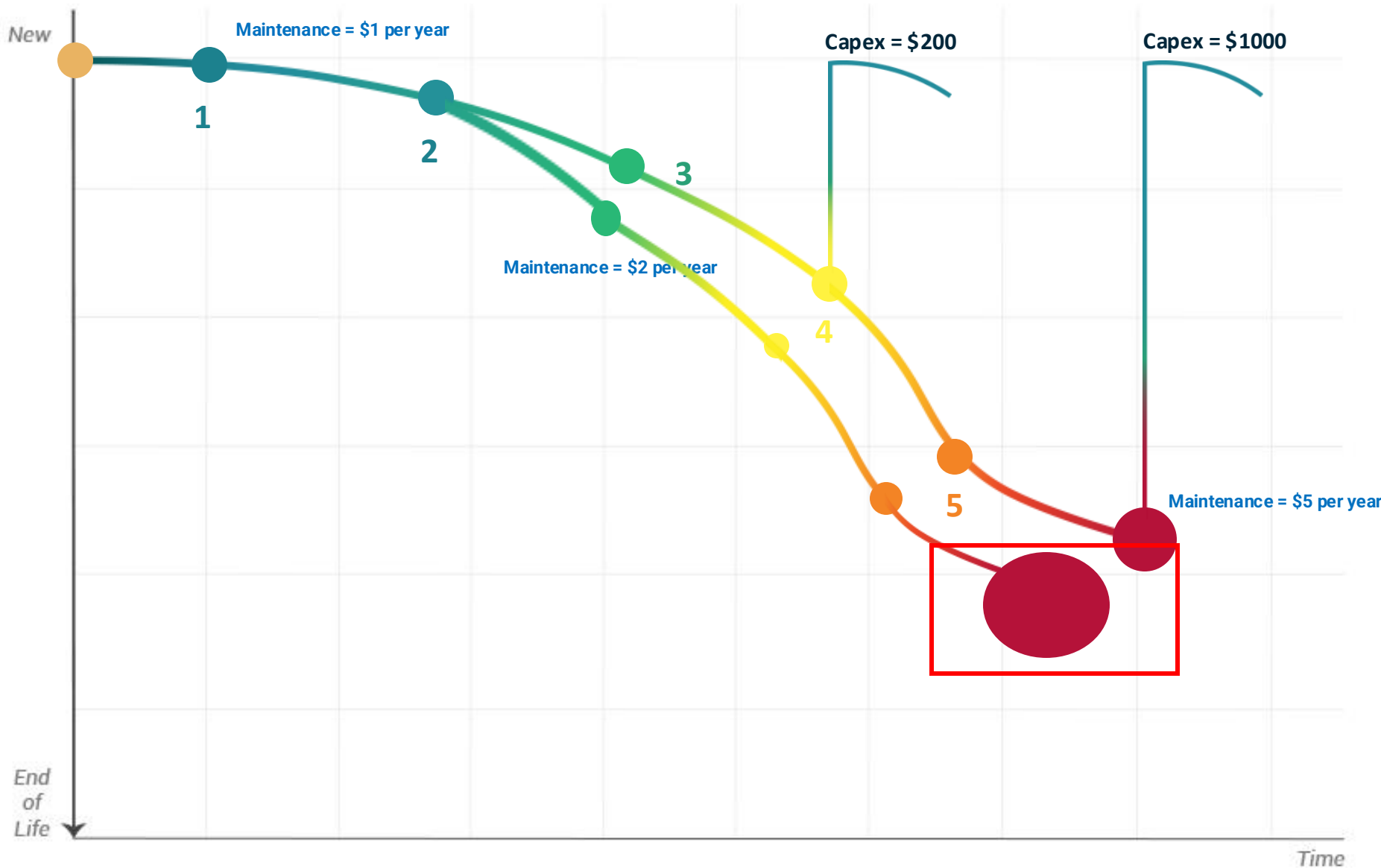


A close-up photograph of a hand wearing a yellow, textured work glove. The hand is positioned as if about to flip a coin. Several coins are visible on a light-colored, textured surface in the foreground. The coins have different colored tops: blue, red, green, and silver. The background is dark and out of focus.

# FINANCIAL PLANNING

## WHY ASSET PERFORMANCE MATTERS

# Fundamentals 101 - Capital and Maintenance are Inter-related





3% is in PVP state



Our Asset Health = 65-72% average



**3 out of 100 assets** require IMMEDIATE attention

# An Opportunity for Australian Governments

**BALANCE MRUN**

**Maintenance, Renewal, Upgrade and New**



# Balancing MRUN

## DILEMMA QUESTIONS







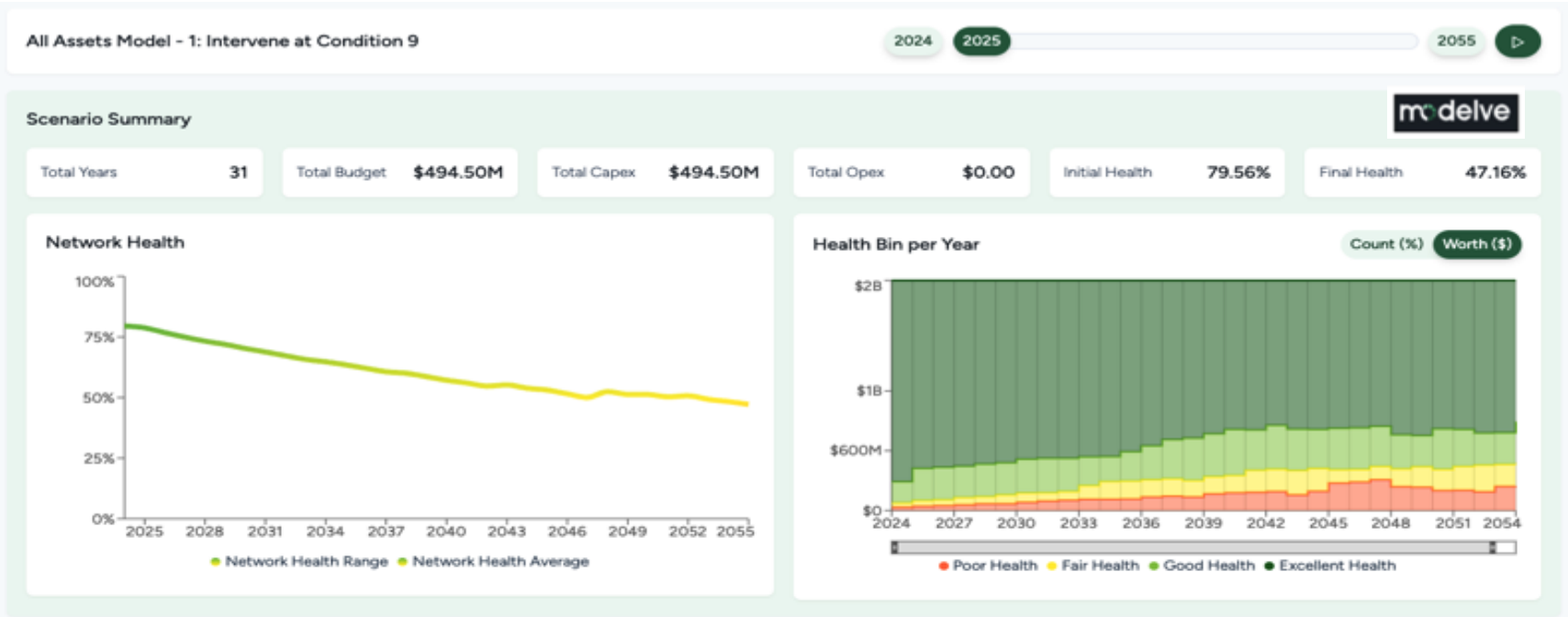
**The Futurist Finance and  
Engineering Profession**

**Focus on Dilemma Qs –**

**The Answers Must Feed Our  
Balancing Act**

**Q: What are Non-Dilemma Qs**

# D1 - Continue to Build and Upgrade – Less Focus on Renewals



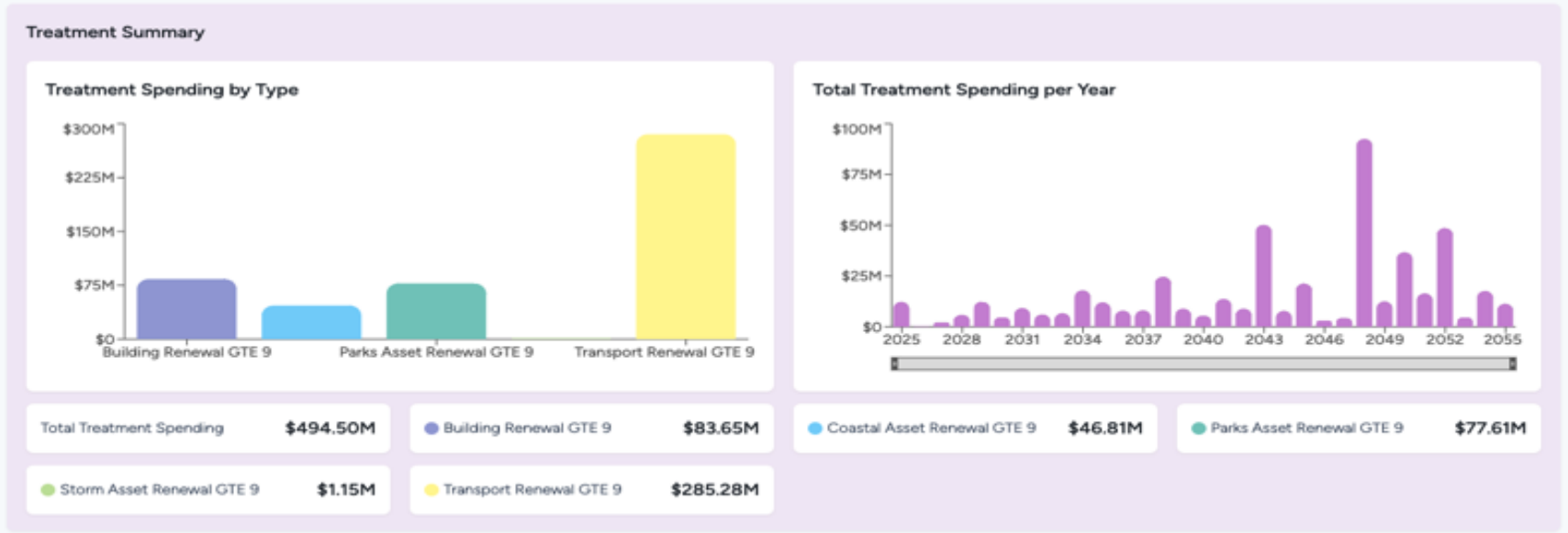
Total MRUN = \$ 960M

Trade off Highlights:

2024 health: 75%

MR Allocation: \$494.5m

2044 health: 50%



# D2- Increase Focus on High Priority Renewals Before New

All Assets Model - 5: Intervene (7/8) - with renewal budget

2024

2025

2055

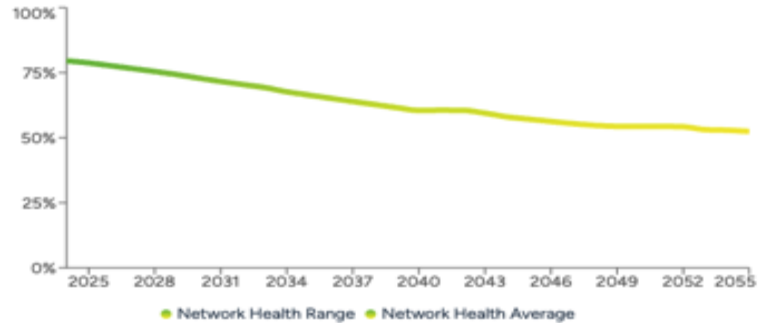


## Scenario Summary

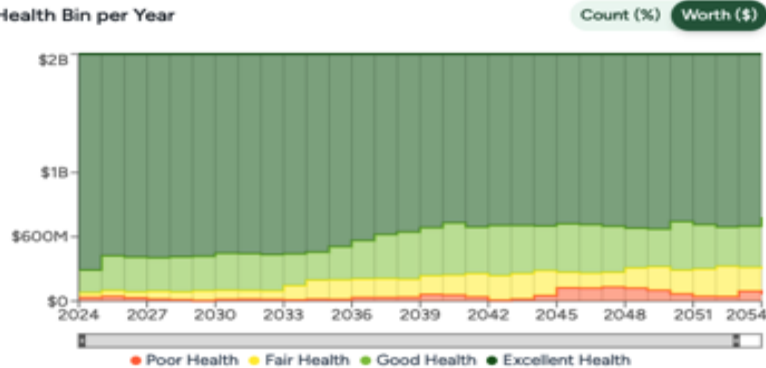
modelve

Total Years: 31    Total Budget: \$896.56M    Total Capex: \$825.98M    Total Opex: \$0.00    Initial Health: 79.56%    Final Health: 52.41%

### Network Health



### Health Bin per Year

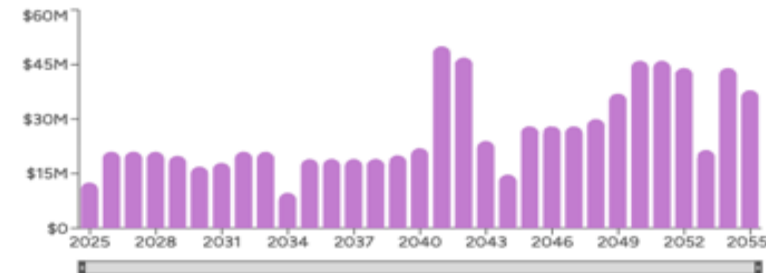


## Treatment Summary

### Treatment Spending by Type



### Total Treatment Spending per Year



Total Treatment Spending: \$825.98M

Building Component Renewal: \$91.14M

Coastal Asset Renewal: \$46.81M

Parks Asset Renewal: \$340.65M

Storm Asset Renewal: \$1.15M

Transport Renewal (7 / 8): \$346.23M

Total MRUN = \$ 960M

Trade off Highlights:

2024 health: 75%

MR Allocation: \$825.5m

2044 health: 65%





# MRUN Stories Tailored to Audiences

Our Asset Plans are Stories

\$\$ Stories

Health Stories

Impact Stories





## Asset Plan and Financial Plan



The art of balancing budgets...



Based on Deliberative Engagement



**Q: What can we unlock Next?**

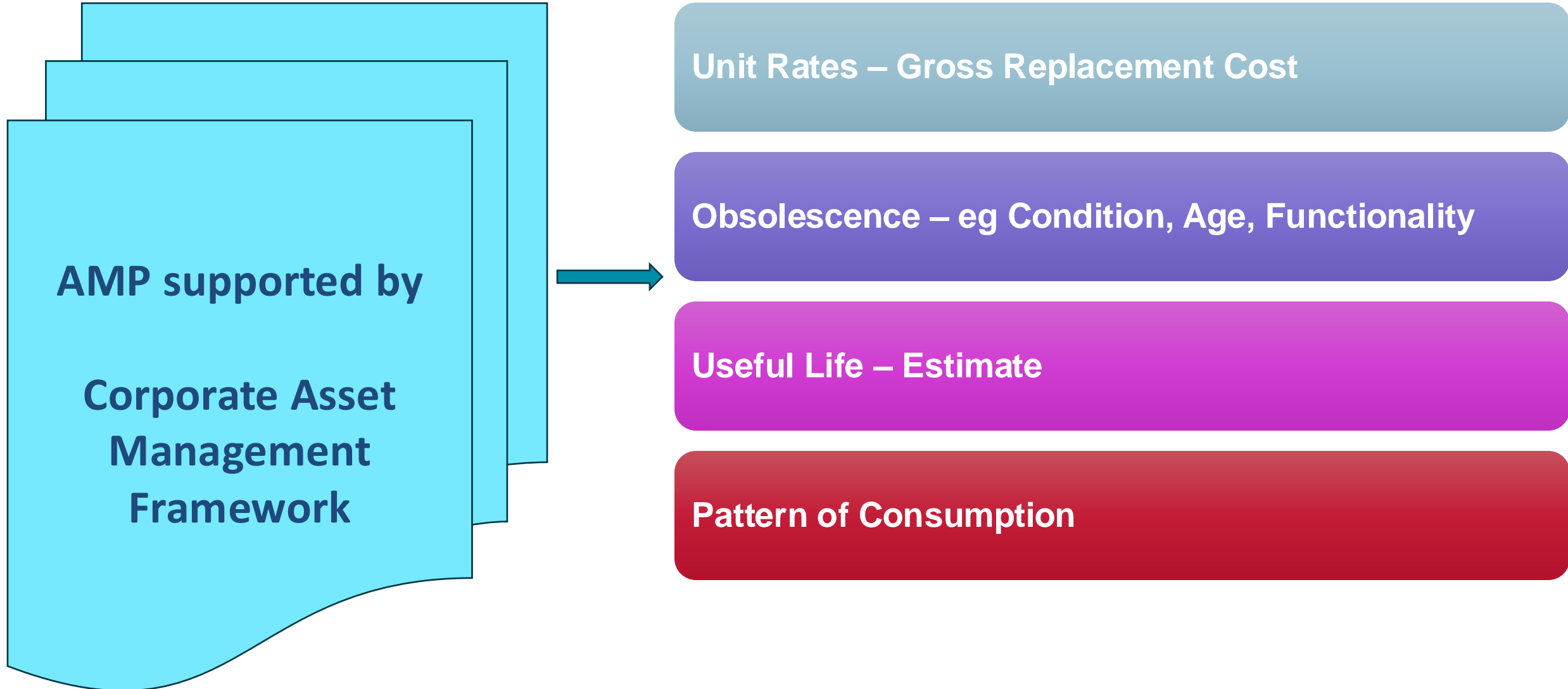


# The Next 4 Years

- Fair Value and Depreciation
- Informed by Asset Plans



# SUBJECT MATTER – WHERE IS THE BEST EVIDENCE FOR AUDITORS?





- Overall reduce thousands of hours of inefficient process every year and
- Maximise in-house control – less reliance on externals



**Firstly** – Finance and Eng. - one set of inputs – with a small variance of factors



**Secondly** we will save hundreds of hours of Audit sampling



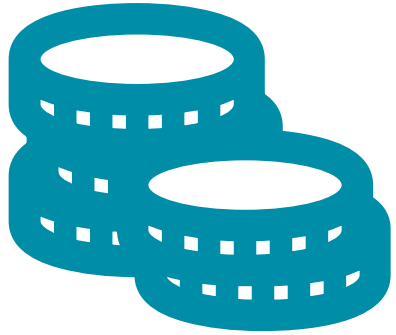
**Thirdly** in any deliberative engagement - the asset valuations in our PPE financial statements will match what the Asset Plan says



**And finally** asset accounting staff at EoFY won't need 7 days a week 15 hours a day for capitalisations and EoFY reconciliations

## Another Dilemma

Is this Free Cash??



## MRUN DILEMMA

\$45M per annum

New  
Ave \$11M

New  
Ave \$20M

New  
Ave \$5M

Upgrade  
Ave \$7M

Upgrade  
Ave \$5M

Upgrade  
Ave \$3M

Renew  
Ave \$22M

Renew  
Ave \$12M

Renew  
Ave \$30M

Maintenance  
Ave \$5M

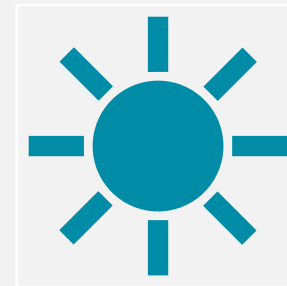
Maintenance  
Ave \$8M

Maintenance  
Ave \$7M

# Resilience Reserve



Another Focus for Next 4 Years...  
AASB – Climate Disclosures



Climate Centric Asset Planning

# Digital Asset Dashboard

## State of Assets Report - Climate Elements ①

910

No of Buildings

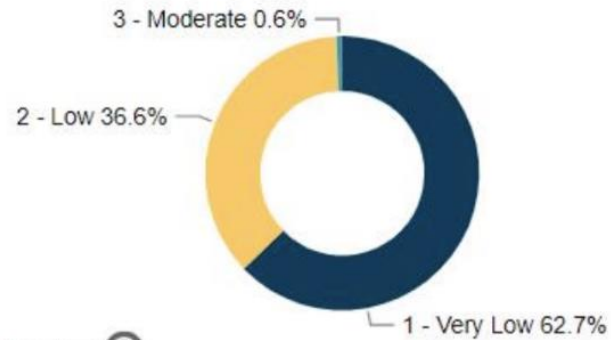
\$344M

Asset Value

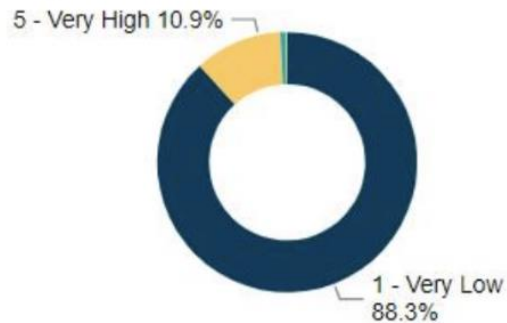
1.97

Average Condition

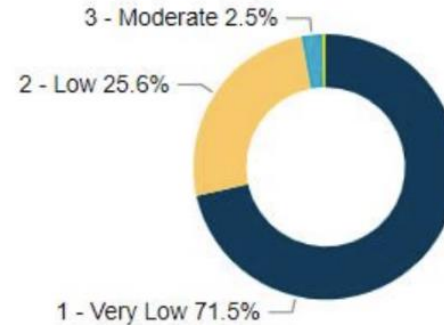
Extreme Temperature ①



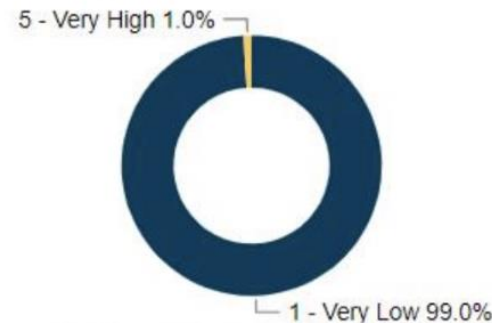
Flooding ①



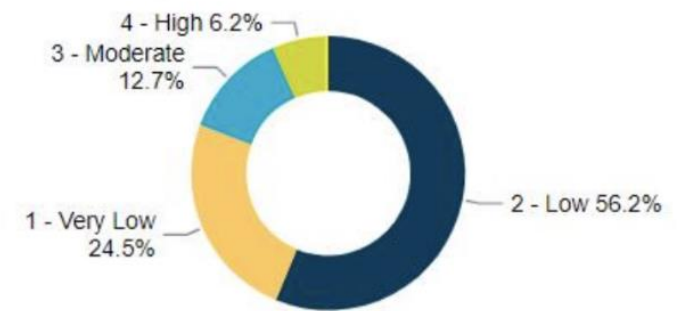
Extreme Rainfall ①



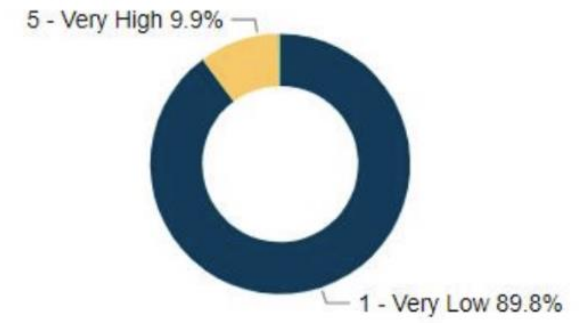
Sea Level Rises ①



SPI (Dryness) ①



Storm Surge ①



● 1 - Very Low ● 2 - Low ● 3 - Moderate ● 4 - High ● 5 - Very High

Asset Type	Asset Value	Extreme Temperature	Extrem
<b>Major Building</b>	<b>\$304,880,511.90</b>	<b>1 - Very Low</b>	<b>1 - Ver</b>
Rosebud Municipal Office â€” West Wing	\$16,061,661.00	1 - Very Low	1 - Ver
Pelican Park	\$15,275,188.60	2 - Low	1 - Ver
Mornington Municipal Office	\$11,870,397.00	2 - Low	1 - Ver
Hastings Municipal Office	\$8,740,462.50	1 - Very Low	1 - Ver
Rosebud Municipal Office â€” East Wing	\$8,108,100.00	1 - Very Low	1 - Ver
Mornington Library	\$6,191,946.20	1 - Very Low	1 - Ver
Hastings Hub	\$4,303,944.00	1 - Very Low	1 - Ver
Bentons Square Community Centre and Preschool	\$4,218,240.00	1 - Very Low	1 - Ver
Citation Sports Reserve Pavilion	\$3,997,653.00	1 - Very Low	1 - Ver
<b>Total</b>	<b>\$343,994,118.61</b>	<b>1 - Very Low</b>	<b>1 - Ver</b>

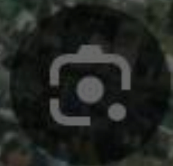






# MRUN Stories Tailored to Audiences

- Our Asset Plans Ought to be Our Stories



**Shahrzad.alami@modelve.com**



## **Q&A - Discussions**

**Ashay.prabhu@modelve.com**

