NATIONAL
State of the Assets

A REPORT PREPARED BY JEFF ROORDA AND ASSOCIATES
FOR THE AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION

2015

NOVEMBER 2015

Roads and Community
Infrastructure Report

AUSTRALIAN LOCAL
GOVERNMENT ASSOCIATION

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NATIONAL *State of the Assets* 2015

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A REPORT PREPARED BY

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Jeff Roorda and Associates (JRA) were engaged on the instructions of the Australian Local Government Association ("ALGA") to prepare a National State of the Assets report for 2015.

The results of JRA's work, including the assumptions and qualifications made in preparing the report, are set out in this report dated November 2015 ("report"). The report should be read in its entirety including the applicable scope of work and any limitations. A reference to the report includes any part of the report. No further work has been undertaken by JRA since the date of the report to update it.

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WHAT THIS REPORT DELIVERS

The 2015 National State of the Assets 2015: Roads & Community Infrastructure Report (NSoA15) summarises the outcomes of the data provided by 230 or 41% of local governments across Australia with a reported gross replacement value of $180 billion in local infrastructure under management.

The report provides:

- A sound rationale and model for appropriate and targeted decision support to local government for consideration by other spheres of government;
- A performance assessment of the current stock of community infrastructure in terms of condition, function and capacity, with associated confidence levels;
- An assessment of the current position of councils in relation to implementation of Asset Management and Long Term Financial Plans; and
- Additional data perspectives based on rural and urban classifications across each State and Territory.

HOW TO USE THIS REPORT

This Report consists of Two Parts and an Executive Summary.

The **Executive Summary** outlines the background, findings, recommendations and implementation plan for the study.

Part 1 outlines the need for a national integrated approach to infrastructure planning and funding and proposes that local government is now in an improved position to participate with state and federal governments in how best to strategically plan for and fund infrastructure in Australia for the next 30 years and beyond.

Part 2 includes information on the approach to the 2015 survey and the self-assessment methodology as well as detailed information and findings with regard to local roads and community infrastructure for which local government is responsible.

EXECUTIVE SUMMARY

INTRODUCTION

Infrastructure comprises the assets needed to provide people with access to economic and social facilities and services. In general, infrastructure facilities are fixed in place, are expensive and time consuming to plan and build, are durable and have on-going operating costs.

Infrastructure requires increasing maintenance as the asset ages and periodic replacement of components is required to compensate for wear and tear to prolong the asset's life. Infrastructure often has environmental and social benefits that cannot be fully recovered by user charges.

KEY FINDINGS

Infrastructure is High Cost and High Risk

The gross replacement value of local government infrastructure for all Australian councils is estimated at $438 billion[1]. 11% or $47 billion of assets are in poor or very poor condition with some geographic concentration of risk such as timber bridges in steep high rainfall areas. Infrastructure costs in these areas are also much higher.

Seven per cent or $31 billion of the asset stock has poor function requiring upgrading to meet current or emerging local and regional service level targets for safety, compliance, social, environmental and economic performance. Seven per cent or $31 billion of assets have poor capacity and require augmenting to support growth trends. There is an overlap between assets in poor condition, function and capacity that provides an opportunity to better target investment of community wealth guided by a national asset management plan involving the three levels of Australian Government.

Improving Asset Management is High Benefit

Condition data has moderate confidence levels, however confidence levels for function and capacity is low reflecting the potential for improvement in asset management capacity and planning across three levels of Government in Australia. A national asset management plan integrated with state asset management plans is essential to enable local government to plan infrastructure into the future. Assets in poor condition that are likely to have reducing utilisation and demand can be decommissioned with community consultation and support. Assets in poor condition that are essential to national and state strategies should be upgraded and augmented. Without an integrated plan at the national, state and local level, opportunities for smart infrastructure investment will be lost and funding will be reactive, responding to areas of highest perceived local benefit or risk limited by current resources.

International, regional and local competitiveness requires high cost infrastructure to be managed as a national portfolio aligned with strategic targets at lowest possible life cycle cost, not as separate and disconnected capital projects or groups of assets within each council.

Infrastructure is Concentrated in Local Government

Local government raised around 3.4 per cent of Australia's total taxation revenue per annum[2] and has annual expenditure of around $33 billion, less than 6 per cent of total public sector spending[3]. Local government expenditure and liabilities are asset intensive, and improvement in asset management and life cycle costs will result in local, state and national benefits. Achieving these benefits requires collaborate and long term planning across three levels of government.

Australia has been at the forefront of developing asset management techniques and resources with IPWEA developing manuals, practice notes and international training programs for local government asset management. Over 80% of assets under management by local government have asset management plans, however the connection to state and national asset management planning is poor reflected in low confidence in function and capacity projections.

1   Based on a sample size of 230 Councils using 2014 data.
2   2013-14, ABS Cat. No. 5506.0 Taxation Revenue series
3   2013-14, ABS Cat. No. 5512.0 Government Finance Statistics, Australia

Local Government is Well Placed to Implement a National Asset Management Plan

Unpublished research commissioned by ALGA in 2012 shows that a majority of Australians agree that local councils play an important role in their lives. This is complemented by research published by the Australian Centre of Excellence for Local Government (ACELG) in 2015 which reports that Australians believe local government is the tier of government best able to make decisions about the local area, with 75 per cent choosing local government, compared with 16 per for state government and two per cent for federal government[4]. It should be noted that at an aggregate level, local government undertakes its work while being around 90 per cent self-funded. However, many rural/regional the councils do not have the same opportunity to collect equivalent revenues from their funding sources as urban councils.

Current asset management planning requires further development that encourages community engagement on service level and risk scenarios to balance revenues and service levels in the coming 10 to 20 year planning period.

CHALLENGES

The challenge for the sector is to ensure sound asset management principles are embedded in to all facets of local government decision making and there is a whole of government approach to infrastructure planning and funding.

> *In the past infrastructure planning and funding across Australia has been fragmented and reactive with growing risks to social cohesion and equity in disadvantaged regions.*

The challenge for local, state and federal governments in Australia is to understand and plan holistically and strategically for infrastructure needs because the next 30 years will be different to the past 30 years. Strategy is about developing a high level plan to achieve one or more goals under conditions of uncertainty. Strategy is important because the resources available to achieve these goals are usually limited and a national approach is essential to align infrastructure funding with changing international and national strategic objectives and priorities.

The 2014 NSW IPWEA Road and Bridge benchmarking study identified that while the overall renewal gap for roads and bridges was improving, a proportion of this could be a result of a managed drop in service levels.

This has important risk management implications for timber bridges in need of rehabilitation or replacement particularly in steep terrain and high rainfall areas where limited opportunities exist for alternate access. 350 timber bridges across three rural New South Wales regions are reported in poor condition and local government will need a collaborative approach with State and Australian Commonwealth Government to renew these bridges in time to prevent increasing load limits and bridge closure.

In steep and high rainfall coastal areas, road costs are higher, and opportunities for flood relief funding less than in the inland flood plains. The closure of a minor bridge for safety reasons creates serious social and economic equity issues that require a whole of government response.

Scarrabellottis Bridge at Byron Shire has low traffic but there is no viable alternate access to property. Renewal is estimated to cost $2M because of difficult site conditions.

DISCUSSION

Infrastructure assets (transport, recreation, housing and water) are national networks that deliver services and support local quality of life and international competitiveness.

It is critical that infrastructure effects are considered as part of long term financial planning to ensure service levels for communities are sustainable and that risk is managed at appropriate levels. Evidence from responding councils in 2015 suggests significant improvement with regard to the inclusion of infrastructure effects in their long term financial plans.

State of the Assets reporting communicates risk and enables the development of an informed and evidence based national infrastructure strategy to balance the trade-offs between competing priorities for whole of government funding and to manage and report on cumulative consequences of policy decisions.

A potential $47 billion community infrastructure risk has been made evident in the 2015 National State of the Assets Report. This provides evidence that, with changing national, regional and local strategic objectives and priorities, a national strategy is essential to align infrastructure funding across Australia.

RECOMMENDATIONS

That a collaborative agreement involving local, state and federal governments is put in place to:

1. **Develop a National Infrastructure Strategy by:**

   1.1   Aligning infrastructure plans across all levels of government. State and national infrastructure strategies should be developed with local government to ensure alignment of infrastructure planning and funding with changing international and national strategic objectives and priorities.

   1.2   Commencing the development of state and national infrastructure information networks, systems and procedures that provide essential input into Councils asset management plans to identify assets across Australia that should be renewed, upgraded, expanded or disposed of.

   1.3   Connecting state and commonwealth government trends and strategies for population distribution in cities, towns and geographic regions to local government asset management plans.

   1.4   Acknowledging the role of and formalising National State of the Assets reporting in the development of an informed and evidence based national infrastructure strategy incorporating a data improvement plan.

2. **Improve and enable international competitiveness by:**

   2.1   Improving transport and communication networks to plan optimum strategies for "farm gate/ factory to market" and support services such as tourism and technology exports.

3. **Ensure fairness for all communities by:**

   3.1   Nationally funding the provision and management of infrastructure to address social inequity for communities with geographic disadvantages such as high infrastructure to population ratios and high infrastructure costs. Strategies for addressing geographic disadvantage could build on current states' local government grants commissions' disability factors for distribution of inter government revenues though Commonwealth Grants.

SUMMARY OF 2015 REPORT FINDINGS

The data analysis in Part 2 of the report forms the basis for the 2015 National State of the Assets (Roads and Community Infrastructure) Report findings. The Summary below is based on a validated data response from 230 of the 562 councils in Australia. Of the 230 councils, 144 were urban and 86 were rural as determined by the Australian Classification of Local Government.

The following provides an aggregated performance assessment of the six asset groups to deliver the required service levels as reported at the end of June 2014.

The performance indicators are:
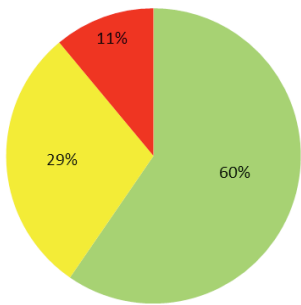
- **Condition** – the physical condition of the infrastructure that allows it to meet the intended service level. 11% or $47 billion is in poor condition and require renewal or upgrade. (moderate confidence)
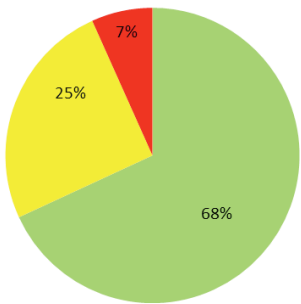
- **Function** – the ability of the physical infrastructure to meet program delivery needs. 7% or $31 billion is in poor condition with low confidence reflecting the need for a national asset management plan to target future infrastructure investment in asset upgrade.
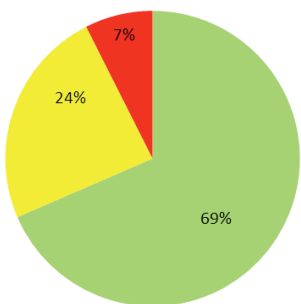
- **Capacity/utilisation** – represents the ability of the physical infrastructure to meet service needs. 7% or $31 billion is in poor condition with low confidence reflecting the need for a national asset management plan to target future infrastructure investment in new assets and plan disposal of assets to align with national strategies and priorities.

SUMMARY OF 2015 REPORT ANALYSIS

Investment

The 230 councils are managing a total of $180 billion in infrastructure for the following six asset groups included in this report.

1. **Roads** represent $73.7 billion,

2. **Buildings & Facilities** represent $30.3 billion,

3. **Parks & Recreation** represent $7.9 billion,

4. **Stormwater** $33.3 billion,

5. **Water & Wastewater** $33.5 billion, and

6. **Airports & Aerodromes** $0.8 billion.

The gross replacement value of local government infrastructure for all Australian councils is estimated in excess of $438 billion.

Consumption

Community infrastructure assets are being consumed at $1.7 billion per annum.

Performance

The analysis found that of the $73.7 billion of **Roads** under management, $8.2 billion (11%) are in a poor to very poor state.

Councils report $30.3 billion of **Buildings & Facilities** under management, $3.1 billion (10%) are in a poor to very poor state.

Councils report $7.9 billion of **Parks & Recreation** assets under management, with $0.7 billion (9%) are in a poor to very poor state.

Councils report that of the $33.3 billion of **Stormwater** assets under management $3.1 billion (9%) are in a poor to very poor state.

Councils report that of the $33.5 billion of **Water & Wastewater** assets under management, $4.1 billion (12%) are in a poor to very poor state.

Councils report that of the $0.8 billion of **Airports & Aerodromes** assets under management, $0.1 billion (12%) are in a poor to very poor state.

The combined value of road & community infrastructure assets reported in a poor to very poor state is $19.3 billion or 11% of the asset gross replacement cost. Extrapolated to represent the local government sector across Australia the estimated gross replacement value of infrastructure potentially performing in a poor to very poor state could be in the order of $47 billion.

Data Confidence

Most councils express low confidence when assessing the function aspect of community infrastructure (i.e. the ability of the infrastructure to meet user needs, e.g. fit for purpose) as well the capacity aspect (i.e. the ability of the infrastructure to meet the service needs, e.g. utilisation and efficiency).

However, most council's knowledge of the condition aspect of their community infrastructure (i.e. the physical condition of the infrastructure that allows it to meet the intended service level) ranks much higher.

Reporting on the condition aspect for community infrastructure shows that:

- $11.0 billion of community assets are in a **poor** (i.e. significant renewal/rehabilitation is required) to **very poor** (i.e. physically unsound and/or beyond rehabilitation) state;
- $30.8 billion are in a **fair** state (i.e. significant maintenance is required); and
- $62.0 billion are in a **good** (i.e. minor maintenance is required plus planned maintenance) or **very good** (i.e. only planned maintenance is required) state.

This means that $41.8 billion (40%) of community infrastructure assets surveyed either require significant maintenance, renewal/rehabilitation or are physically unsound and/or beyond rehabilitation.

Asset Management & Financial Planning Status

The adoption and use of asset management plans is well progressed with approximately three quarters of responding councils reporting having plans in place.

Evidence suggests where AM Plans exist there remains significant improvement with the inclusion of infrastructure effects in the long term financial plan.

Part 1 A National Infrastructure Strategy

1.0 INTRODUCTION

The infrastructure needed for the next 30 years is likely to be very different to the past. Three key drivers that will require a whole of government asset management planning approach to infrastructure investment are:

1. The post war baby boom. This demographic cohort makes up around a quarter of the population and is likely to continue to have profound impacts on infrastructure needs as this group moves into retirement.
2. The impact of shifts in demand on natural resources aligned with growth patterns in Asia.
3. The growing role of Australia's coastal cities and impact of declining or static inland areas.

A national infrastructure plan informed by an evidence base on infrastructure trends will enable strategic investment of community wealth to enhance international competitiveness, manage risk and ensure managed transitions that enhance economic, social, cultural and environmental well-being. The NSoA15 report builds on work already done to build a national evidence base that can identify trends and key strategic weakness and opportunities.

Funding and planning must integrate all three levels of government. The diagram below shows the opportunity to now develop an Australian infrastructure plan that includes scenarios for achieving the best investment to respond to the three key drivers mentioned above.
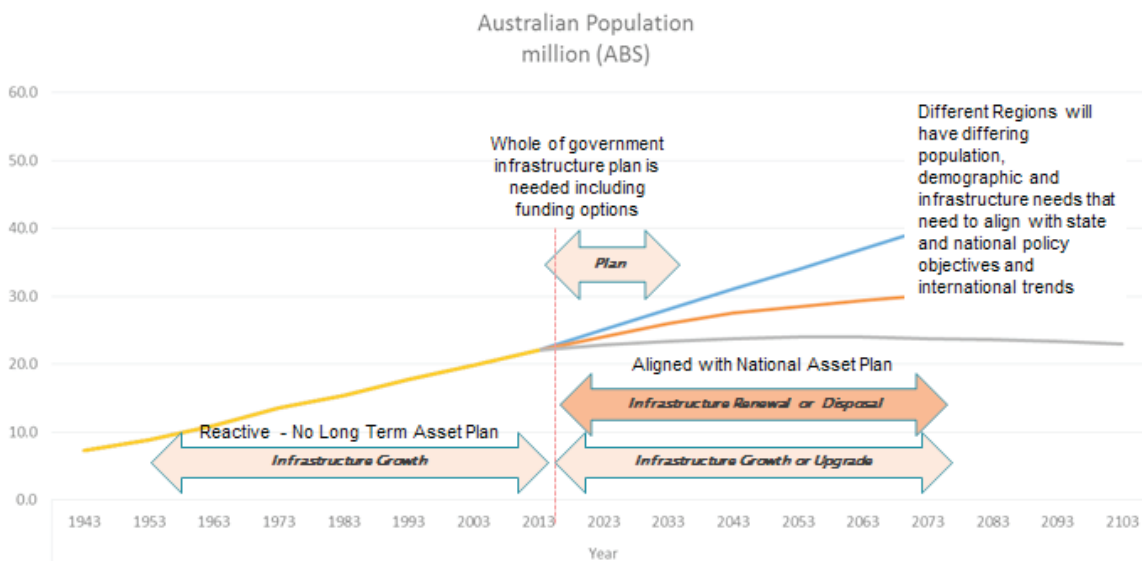
1.1   WHY LOCAL GOVERNMENT MATTERS AT THE NATIONAL LEVEL

The following questions are relevant when considering the role of all levels of government in planning and funding services for people within a whole of government context:

- **What does place mean to people?**
  Planning and funding places like town centres, parks and facilities need to be aligned with regional and national strategies.
- **How do people want their services delivered?**
  Managing local government service delivery is linked to central government taxation.
- **What do people think about local government?**
  Service plans that show value for money need to be based on engaging local communities. People's personal characteristics and values impact on their responses.
- **How do people want to be involved in government?**
  Communities want to be consulted about and engaged in service planning and funding.

"There is enormous support for government to deliver services for a healthier and fairer society, and for the proposition that decisions about services should not be made just on value for money. According to our research, Australians overwhelmingly (93%) want to be involved with government in making decisions about what services are delivered in their local area"

A/PROFESSOR ROBERTA RYAN

1.2   LOCAL GOVERNMENT ASSET PLANNING, PERFORMANCE AND DELIVERY

The emphasis on asset planning, performance and delivery in local government has arisen as a result of local government's reliance on infrastructure to deliver services and support communities, particularly through the roads and bridges network but also through other assets, including recreation facilities, community buildings, water and sewerage networks and stormwater management systems.

This emphasis, combined with the broad range of estimates and assumptions associated with valuing and depreciating infrastructure, means that asset management planning practices and financial projections for renewal, maintenance and operations expenditures are critical to ensuring the current and future financial sustainability and service delivery capability of local government.

Asset management planning is a means to an end. The asset management planning process recognises that local governments have significant infrastructure assets under management. The future expenditures associated with these assets must be understood and incorporated into a long-term financial plan. Only then will councils be able to fully understand whether the future expenditures can be managed within the known sources of funding, including own-source revenues, debt or grants and subsidies from other levels of government.

1.3   WHY A NATIONAL INFRASTRUCTURE STRATEGY FOR ALL LEVELS OF GOVERNMENT

To develop infrastructure which is fit for the future, a national infrastructure strategy is essential to inform the trade-off between competing priorities for whole of government funding and to manage and report on cumulative consequences of policy decisions.

- Australia needs a national strategy for infrastructure to balance long term economic, social, environmental and cultural risks and revenues that includes all levels of government. For effective, equitable and affordable service delivery in the future, infrastructure planning and funding must be developed and applied in an integrated way.
- Vertical fiscal imbalance without a national strategy limits effective policy options.
- Infrastructure assets (transport, recreation, housing, water, energy) are national networks that deliver services and support local quality of life and international competitiveness.

A national infrastructure strategy for all levels of government is essential to align infrastructure funding with changing international and national strategic priorities and objectives, including:

- **Changing demographics**. Planning future infrastructure renewal to meet future needs (transport and buildings need to align with a changing demographic profile). Different regions will have differing population, demographic and infrastructure requirements that need to align with state and national policy objectives and international trends.
- **Changing population distribution**. Local government asset management plans must connect to state and commonwealth government trends and strategies for population distribution in geographic regions.
- **Australia's ageing infrastructure**. The impact on regions is highly variable.
- International competitiveness. Transport and communication networks need to plan optimum strategies for "farm gate / factory to market" and support services such as tourism and technology exports.
- **Social equity**. Fragmented infrastructure planning and taxation policies are unfair to communities with geographic disadvantages such as high infrastructure to population ratios and high infrastructure costs.

1.4   A NATIONAL STRATEGIC ASSET MANAGEMENT PLAN

A National Strategic Asset Management Plan, guided by the policy decisions and funding trade-offs encapsulated in a National Infrastructure Strategy for all levels of government, can be informed by the indicators used in National State of the Assets reporting in relation to infrastructure trends, risks and opportunities:

- **Assets in Poor Condition**
  Planning for asset renewal especially for regions with high infrastructure risk and limited financial capacity.
- **Function**
  Planning for asset upgrade to meet changes to population, demographics and international competitiveness.
- **Capacity**
  Planning for new assets to meet growth.
- **Utilisation**
  Planning for optimum use and lifecycle cost.

The Plan would provide a direction and actions to address social equity and role of Local Government in service delivery in a whole of government context as well as allocating responsibility for funding of community infrastructure in an equitable way.

The diagram below shows how increasing lead time for infrastructure planning increases the number of options for effective distribution of community wealth.
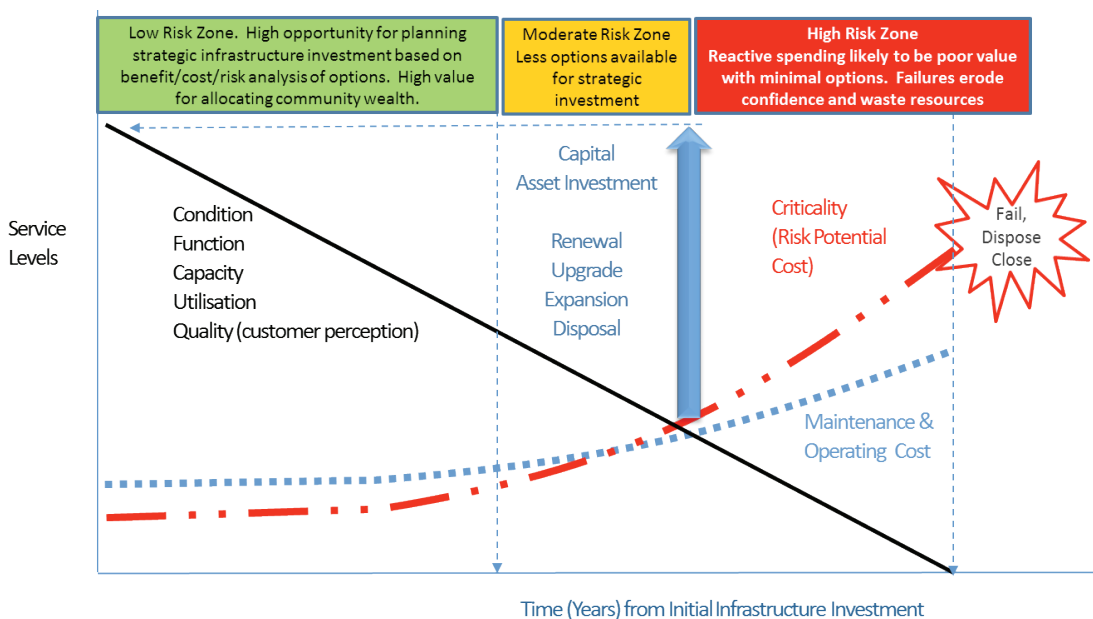
1.5   TAXATION AND FUNDING: WISE AND FAIR ALLOCATION OF RESPONSIBILITY ACROSS ALL LEVELS OF GOVERNMENT

A national long term financial plan for infrastructure is essential for a consistent, evidence based national approach to the application of whole government funding for infrastructure. Effective investment in local government infrastructure provides stronger communities, a more robust economy and efficient, affordable and inter-generationally equitable expenditure of public funds.

Local government's taxation revenue in 2013-14 amounted to 3.4 per cent of all taxes raised across all spheres of government in Australia with taxes on property being the sole source of taxation revenue for local governments (ABS, 2013-14, Cat Nº. 5506.0).

Local government needs to be connected to a whole of government taxation review.

A national long term financial plan for infrastructure would take the following issues into account:

- **Population density**
  Infrastructure cost per person is much higher with lower population density.
- **Geology factors**
  Cost per person is much higher in areas with poor soil type. This has a large impact on local government civil infrastructure costs (roads, bridges, drains).
- **Rainfall factors**
  High rainfall areas have higher maintenance and renewal costs for civil infrastructure.
- **Topography factors**
  Hilly terrain attracts higher civil infrastructure costs and is less likely to receive flood funding available to flood plain regions.

1.6   SERVICE DELIVERY NEEDS AND SERVICE LEVELS

Service delivery needs must form the basis of all asset management decisions. Assets are acquired for their service delivery potential and service delivery needs must form the basis of all asset management practices and decisions. Councils must establish these needs and service levels through consultation with local community stakeholders. This, together with other relevant considerations such as social, economic, and budgetary factors – assists a council in understanding what infrastructure needs are to be provided and at what level the asset needs to be maintained.

Councils must develop processes and mechanisms that define the levels of service expected, including:

- Establishing service delivery needs and defining service levels in consultation with the community;
- Establishing quality and cost standards for service to be delivered; and
- Regularly reviewing their services in consultation with the community to determine the financial impact of a reduction, maintenance of or increase in service.

The Institute of Public Works Engineering Australasia's *Level of Service and Community Engagement Practice Note* assists local government with preparing and reporting service levels and helps them prepare, consult and engage with their communities and the types and levels of service to be provided.

Services and service level discussions by councils with the community need to be had in the context of broader considerations, including the global and national environment and strategic planning schemes at different levels of government.

1.7 MANAGING RISK AND TRADE-OFFS

There is an increasing political and community expectation that local authorities in Australia improve their financial sustainability and accountability in both asset and risk management while continuing to deliver value for money services. The key action that has resulted in change in asset and risk management policy and practice in Australia is the identification of risk and the range of options to manage risk depending on the resources available.

Managing risk is a fundamental component of asset management and financial sustainability. A risk management plan results in options for deliberate decisions to close or dispose of high risk infrastructure if other priorities result in risk management actions not being funded. The identification of risk and risk response enables the political level to engage the community about the trade-offs between levels of taxation, risk and achievable performance.

Managing risk underpins a council's capacity and resilience in achieving all its strategic and service performance objectives. Risk funding competes with other priorities but public safety is not negotiable. Some of the options for lower funding levels include closing facilities if risks become too high. Councils must address the challenge of improving interaction between the technical experts, policy making and public debate regarding the trade-offs between risk funding and acceptable levels of service now and in the future.

1.8 INTEGRATING STRATEGIC PLANNING AND REPORTING

All states in Australia now have a legislative framework of integrated strategic planning and reporting for local government, including a requirement for a local authority to engage their community in determining how best to resource its asset, risk and service management and performance objectives over the short, medium and long term.

This is providing a consistent approach to strategic planning and reporting across Australia, particularly in relation to strategic asset and financial management.

1.9 THE ROLE OF 'NATIONAL STATE OF THE ASSETS' REPORTING

National State of the Assets reporting:

- Communicates risk and enables evidence based infrastructure strategies;
- Informs policy responses at all levels of government; and
- Enables an informed and evidence based National Infrastructure Strategy and National Asset Management Plan.

With integrated planning and reporting in place, including National State of the Assets reporting, local government is now in an improved position to participate with state and federal governments in how best to strategically plan for and fund infrastructure in Australia for the next 30 years and beyond.

Part 2 National State of the Assets 2015 Roads and Community Infrastructure Report

A key responsibility of local government is to provide, develop and maintain infrastructure necessary to provide people with access to economic and social facilities and services. Local government infrastructure includes local roads, bridges, footpaths, regional aerodromes, water and sewerage (Queensland and regional NSW), stormwater drainage, waste disposal, public buildings, parks, and recreational facilities.

The local government sector in Australia is responsible for approximately $353 billion (depreciated replacement cost) in land and fixed assets, as of 2013-14.[5]

2.0   APPROACH TO THE 2015 SURVEY

The *2015 Roads & Community Infrastructure Report* is the first report that focuses on reporting the performance of all the major infrastructure groups' local government is typically responsible for (in addition to roads).

Data has been collated, validated and presented from 230 participating councils across six (6) asset groups:

1. Local Roads;
2. Building and Facilities;
3. Parks and Recreation;
4. Stormwater and Water Cycle Management;
5. Water and Wastewater; and
6. Airports & Aerodromes.

The report also incorporates the results from the *2014 Local Roads Infrastructure Report* where a further 166 councils provided data to report the performance of local road infrastructure.

2.1   METHODOLOGY

The approach for the *2015 Roads and Community Infrastructure Report* data analysis aligns with the objectives of previous National State of the Assets reports.

The methodology captures data on the performance of local government infrastructure as at 30 June 2014 using three indicators:

- **Condition** – the physical condition of the infrastructure that allows it to meet the intended service level;
- **Function** – the ability of the physical infrastructure to meet program delivery needs; and
- **Capacity/utilisation** – represents the ability of the physical infrastructure to meet service needs.

These indicators answer the question *Is the local infrastructure getting better, worse or staying the same?* and is a key question that Councils must already answer within their mandatory asset management plans.

The indicators are measured as a:

1. % of network by value (gross replacement cost) in poor to very poor grading (4 and 5);
2. % of network by value (gross replacement cost) in fair grading (3); and
3. % of network by value (gross replacement cost) in good to very good grading (1 and 2).

5   Australian Bureau of Statistics, *Government Finance Statistics, Australia, 2013–14*, ABS cat. no. 5512.0.

The following valuation data was collected to assess financial performance and sustainability:

• Gross Replacement Cost
• Depreciable Amount
• Depreciated Replacement Cost
• Annual Depreciation

Councils were asked to indicate the current level of confidence in the data being provided and the status of financial and asset management planning.

The confidence levels were expressed as shown in Table 1.1:

Confidence levels

TABLE 1.1   Confidence level grades

Confidence Level	Description
Low	Data is based on expert judgement or low quality evidence. May be estimated or extrapolated. Accuracy ± 40%.
Medium	Data based on moderate quality evidence, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample. Up to 50% estimated with accuracy within ± 25%.
High	Data based on high quality evidence, such as sound and current records, procedures, investigations and analysis. Information is complete and estimated to be accurate ± 10%.

Condition data

The IPWEA's *NAMS.PLUS online guided pathway for asset management planning* recommends condition data be collected and held or be capable of conversion into a 1 – 5 scale as shown in Table 1.2.

TABLE 1.2   NAMS.PLUS National Standard Condition Grading Scores

Condition Grading	Description of Condition
1	**Very Good**: only planned maintenance required
2	**Good**: minor maintenance required plus planned maintenance
3	**Fair**: significant maintenance required
4	**Poor**: significant renewal/rehabilitation required
5	**Very Poor**: physically unsound and/or beyond rehabilitation

Source: Based on IPWEA, 2011, IIMM, Table 2.5.2, Sec 2.5.4, p 2|79.

Condition data may be used to assist in estimating the year of acquisition and evaluating remaining life.

Function data

Function is the ability of the physical infrastructure to meet program delivery needs. Table 1.3 shows the five function grading's and descriptions.

TABLE 1.3   NAMS.PLUS Function Grading Scores

Function Grading	Description of Condition
1	**Very Good**: meets program/service delivery needs in a fully efficient and effective manner.
2	**Good**: meets program/service delivery needs in an acceptable manner.
3	**Fair**: meets most program/service delivery needs and some inefficiencies and ineffectiveness present.
4	**Poor**: limited ability to meet program/service delivery needs.
5	**Very Poor**: is critically deficient, does not meet program/service delivery and is neither efficient nor effective.

Source: Based on Cloake& Sui, 2002, p 9.

Capacity/Utilisation data

Capacity/Utilisation represents the ability of the physical infrastructure to meet service delivery needs. The five capacity/utilisation gradings and descriptions are shown in Table 1.4.

TABLE 1.4   NAMS.PLUS Capacity/Utilisation Grading Scores

Capacity/Utilisation Grading	Description of Condition
1	**Very Good**: usage corresponds well with design capacity and no operational problems experienced.
2	**Good**: usage is within design capacity and occasional operational problems experienced.
3	**Fair**: usage is approaching design capacity and/or operational problems occur frequently.
4	**Poor**: usage exceeds or is well below design capacity and/or significant operational problems are evident.
5	**Very Poor**: exceeds design capacity or is little used and/or operational problems are serious and ongoing.

Source: Based on Cloake& Sui, 2002, p 9.

Commencing in February 2015 data was collated from participating councils over a five month period to the end of June 2015. Data was subsequently validated, analysed and presented in respect of:

- Rating the key infrastructure groups against the three performance indicators of
  - Condition,
  - Function, and
  - Capacity

- Reporting confidence levels expressed as high, medium or low in respect of each performance indicator;
- Status of asset management plan development;
- Status of long term financial plan development;
- Extent to which financial projections from asset management plans are included in and integrated with the long term financial plan;
- Assessment of financial sustainability against nationally adopted indicators; and
- Categorisation by rural and urban classifications across each State and Territory using the Australian Classification of Local Government index.

From this data set, ALGA and other stakeholders can assess the current status of local infrastructure performance under management and the confidence levels associated with the data provided.

Over time with consistent annual data capture, trend analysis will recognise improvement or deterioration in local government infrastructure.

A copy of the data collection form distributed to all councils can be found in Appendix B.

2.2   DATA VALIDATION

All data returns were checked and validated for analysis and where discrepancies were found the appropriate follow up mechanisms were engaged (i.e. phone contact with the officer responsible for data entry from each council) to ensure data was amended and confidence was at the highest possible level.

Survey forms were also queried with councils where data was not provided for all data fields, typographical errors were evident and where the data appeared inappropriate. An offer to assist in completing the forms was accepted by some councils subject to their authorisation of the completed data form. This approach assisted in the validation process and maximised the number of data returns received.

The following tests with subsequent follow up action were also employed to ensure highest possible data confidence:

1. Valuations figures were entered in $'000s and not whole numbers;
2. Where the sum of Depreciable Amount and Depreciated Replacement Cost equalled Gross Replacement Cost suggests Accumulated Depreciation may have been used;
3. Depreciated Replacement Cost greater than or equalling Gross Replacement Cost required attention;
4. Depreciation rates outside the normal acceptable range for each asset group;
5. Percentage proportion of Gross Replacement Cost in good/fair/poor for condition, function and capacity total 100%.

2.3   POST DATA VALIDATION OUTCOME

All data returns were queried on completeness and reasonableness of the data received. A number of data returns were incomplete and the validation process considered whether the survey data contained sufficient and reasonable data and confidence for analysis.

The outcome from the validation process increased the authorised dataset from 206 to 230 councils resulting in a 41% response rate allowing progression to the data analysis and reporting phase.

TABLE 2   **Validated responses by State/Territory**[6]

State/Territory	Validated Responses	Total	%
NSW	95	152	63%
NT	4	17	24%
QLD	22	77	29%
SA	22	68	32%
TAS	10	29	34%
VIC	45	79	57%
WA	32	140	23%
Grand Total	**230**	**562**	**41%**

Victoria and New South Wales had the highest participation rates followed by Tasmania, South Australia and Queensland. Western Australia and Northern Territory had the lowest rates of participation.

The validated dataset includes 144 urban and 86 rural councils.

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6   Includes the Northern Territory Road Trust Account & South Australia Outback Communities Authority.

**Response to
Roads & Community Infrastructure Report**
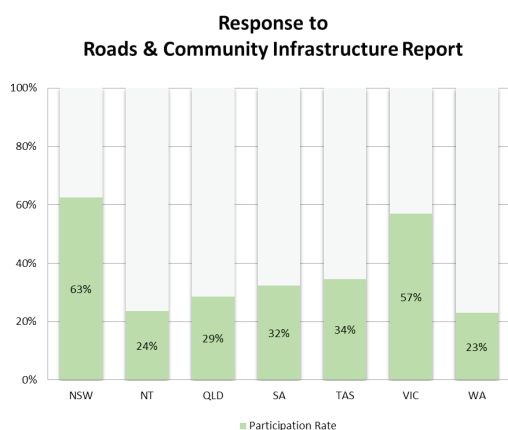
The survey requested data that should be readily accessible and available from councils being:

- asset management plan status
- financial planning status
- asset valuation data
- asset performance data in terms of
  - condition
  - function
  - capacity

There are inherent inaccuracies in use of averaging data for a complex and highly varied asset types such as local government community infrastructure and councils were asked to provide data at a network level with best available confidence.

2.4   INFRASTRUCTURE INVESTMENT

The 230 responding councils reported a gross replacement value of approximately $180 billion for road and community infrastructure assets. Investment details for each of the six groups of infrastructure assets are shown in Table 2 and Figure 2.

TABLE 3   **Road & Community Infrastructure Gross Replacement Cost**

Asset Group	Gross Replacement Cost ($M)	Percentage (%)
Roads	$73,727	41%
Buildings	$30,278	17%
Parks & Recreation	$7,908	4%
Stormwater	$33,254	19%
Water & Wastewater	$33,549	19%
Airports	$763	<1%
Total	**$179,477**	**100%**

Note: Data from 230 councils.
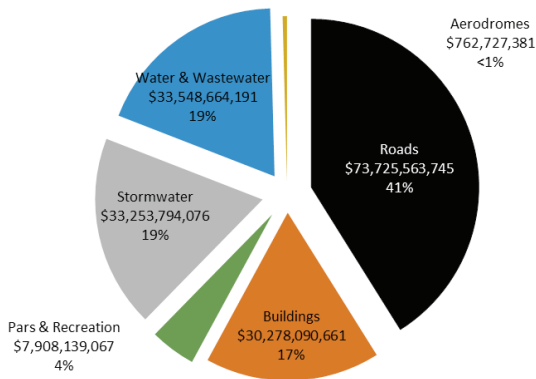
The 230 councils are managing a total of $180 billion in infrastructure for the six asset groups with Local Roads representing the greatest proportion at $73.7 billion or 41% of the gross replacement cost.

Water and Wastewater assets represent $33.5 billion, Stormwater assets represent $33.3 billion, Buildings $30.3 billion, Parks & Recreation assets $7.9 billion and Airports $0.8 billion.

The asset management position for Community Infrastructure is shown in Table 4 and following Figures.

TABLE 4   **Asset Management Position for Community Infrastructure**

Asset Group	Annual Depreciation Expense ($m)	Rate of Asset Consumption (Depreciation/Depreciable Amount)
Buildings	$530	1.9%
Parks & Recreation	$265	3.8%
Stormwater	$353	1.1%
Water & Wastewater	$484	1.6%
Airports	$19	3.2%
Total	**$1,651**	**1.7%**

Annual Depreciation Expense ($M)
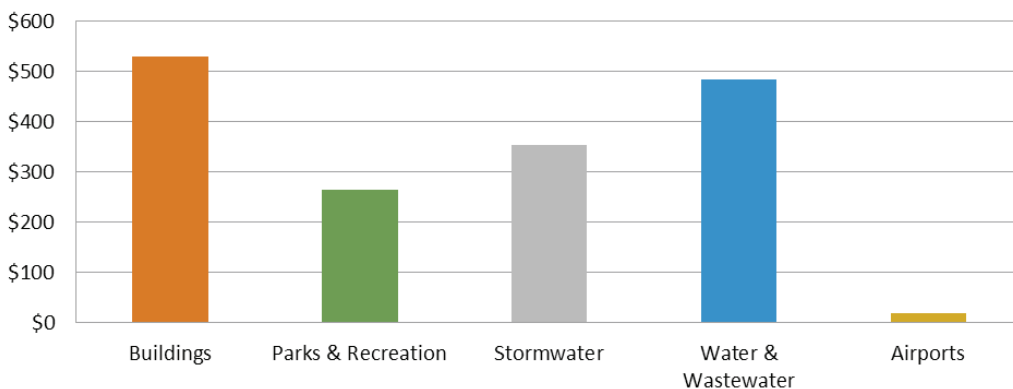
The total reported depreciation expense for the five asset groups is $1.7bn.

Asset Consumption (Deprn/DA)
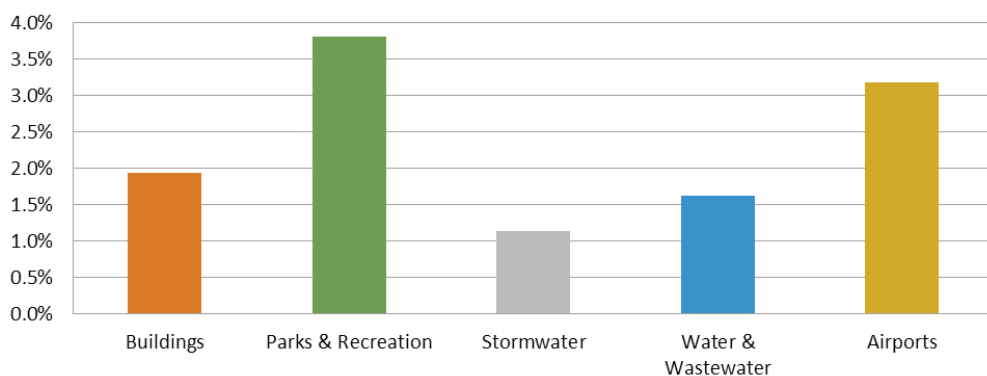
The assets on average are being consumed at a rate of 1.7% of the depreciable amount per annum.

2.5   PERFORMANCE

The following provides a detailed performance assessment of the six asset groups to deliver the required service levels as reported at the end of June 2014.

The performance indicators are:

• **Condition** – the physical condition of the infrastructure that allows it to meet the intended service level;
• **Function** – the ability of the physical infrastructure to meet program delivery needs; and
• **Capacity/utilisation** – represents the ability of the physical infrastructure to meet service needs.

The performance of each indicator is measured as a proportion of the gross replacement cost of the asset group in either:

1. Good to Very Good;
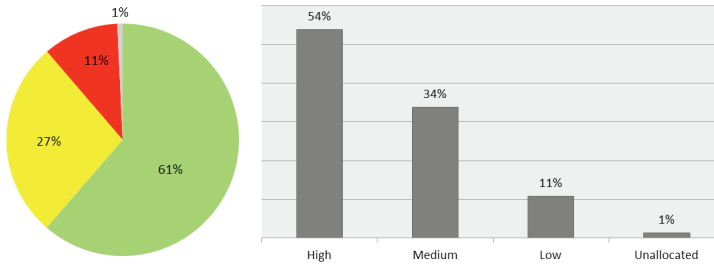2. Fair; or
3. Poor to Very Poor.

An unallocated proportion is reported where a council reported a zero reading for all three measures.

Performance is represented by the following legend.

■ Good to Very Good   ■ Fair   ■ Poor to Very Poor   ■ Unallocated
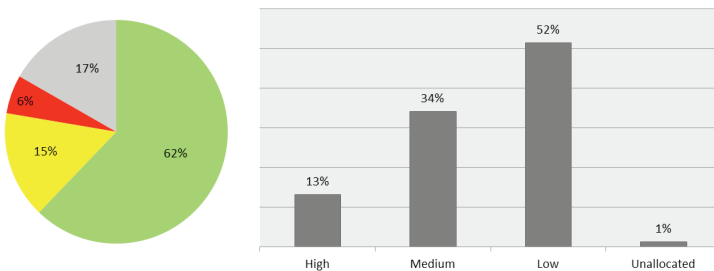
2.5.1 SEALED ROADS

Condition

Councils are indicating that in respect of the **condition of sealed roads**:

- **11%** ($ 8.8bn) are in a poor to very poor condition,
  27% ($23.0bn) in fair
  61% ($51.4bn) in good to very good, and
  1% ($ 0.6bn) is unallocated.
- Councils have a high degree of confidence in this data at 54% which is 4% more than in 2013; and
- Councils were largely able to categorise all assets in this category.
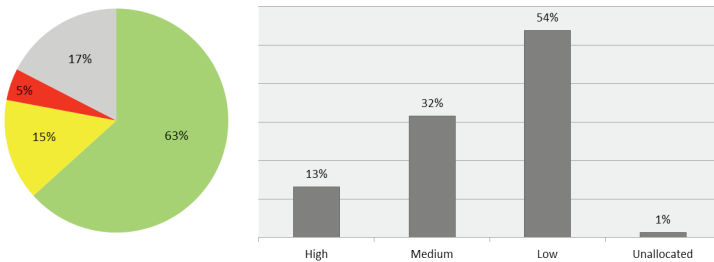
Data from 396 local governments.

Function

Councils are indicating that in respect of the **functionality of sealed roads**:

- **6%** ($ 4.7bn) are in a poor to very poor condition,
  15% ($13.0bn) in fair,
  62% ($52.0bn) in good to very good, and
  17% ($14.0bn) is unallocated;
- Councils do not have confidence in this data;
- Councils were not able to categorise all assets in this category; and
- Performance remains unchanged from 2013.

Data from 396 local governments.

Capacity

Councils are indicating that in respect of the **capacity /utilisation against expectations of sealed roads**:

- **5%** ($ 3.9bn) are in a poor to very poor condition,
  15% ($12.2bn) in fair,
  63% ($53.1bn) in good to very good, and
  17% ($14.6bn) is unallocated;
- Councils do not have confidence in this data;
- Councils were not able to categorise all assets in this category; and
- Performance remains unchanged from 2013.

Data from 396 local governments.

Good to Very Good   Fair   Poor to Very Poor   Unallocated
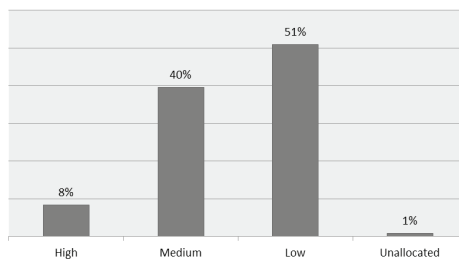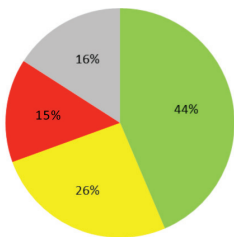
2.5.2 UNSEALED ROADS
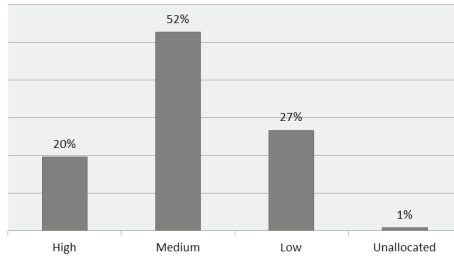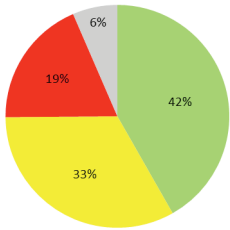
Condition

Councils are indicating that in respect of the **condition of unsealed roads**:

- **19%** ($2.3bn) are in a poor to very poor condition,
  33% ($4.0bn) in fair,
  42% ($5.1bn) in good to very good, and
  6% ($0.8bn) is unallocated;
- Councils have a reasonable degree of confidence in this data similar to 2013; and
- Councils were not able to categorise all assets in this category.
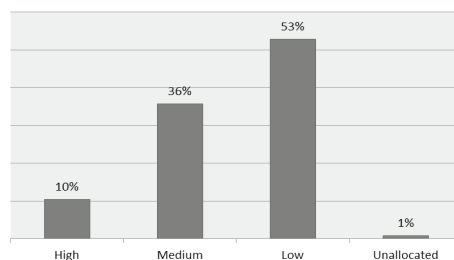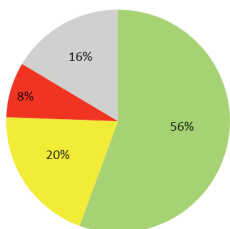
Data from 396 local governments.

Function

Councils are indicating that in respect of the **functionality of unsealed roads**:

- **15%** ($1.8bn) are in a poor to very poor condition,
  25% ($3.1bn) in fair,
  44% ($5.3bn) in good to very good, and
  16% ($2.0bn) is unallocated;
- Councils have a low degree of confidence in this data;
- Councils were not able to categorise all assets in this category; and
- Performance remains unchanged from 2013.

Data from 396 local governments.

Capacity

Councils are indicating that in respect of the **capacity /utilisation against expectations of unsealed roads**:

- **8%** ($1.0bn) are in a poor to very poor condition,
  20% ($2.5bn) in fair,
  56% ($6.7bn) in good to very good, and
  16% ($2.0bn) is unallocated;
- Councils have a low degree of confidence in this data;
- Councils were not able to categorise all assets in this category; and
- Performance remains unchanged from 2013.
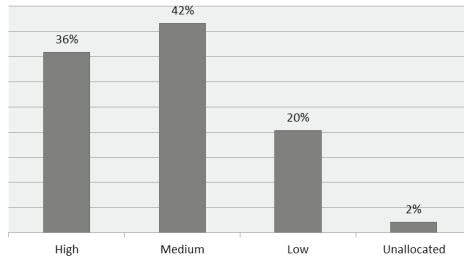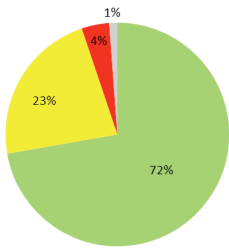
Data from 396 local governments.

Good to Very Good   Fair   Poor to Very Poor   Unallocated
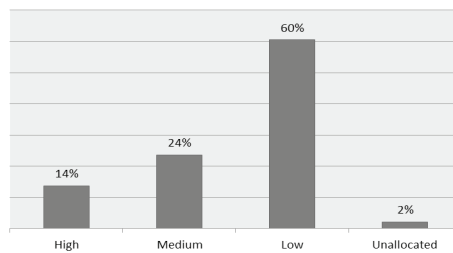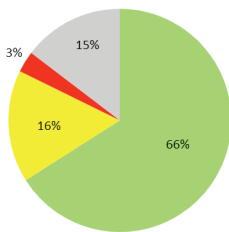
2.5.3 CONCRETE BRIDGES

Condition

Councils are indicating that in respect of the **condition of concrete bridges**:

- **4%** ($0.3bn) are in a poor to very poor condition,
  23% ($1.7bn) in fair,
  72% ($5.5bn) in good to very good, and
  1% ($0.1bn) is unallocated;
- Councils have a high degree of confidence in this data increasing 10% in high confidence and 20% in medium confidence since 2013; and
- A very small proportion of assets could not be categorised.

Data from 396 local governments.

Function

Councils are indicating that in respect of the **functionality of concrete bridges**:

- **3%** ($0.2bn) are in a poor to very poor condition,
  16% ($1.2bn) in fair,
  66% ($5.0bn) in good to very good, and
  15% ($1.1bn) is unallocated;
- Councils have a very low degree of confidence in this data, a 10% and 4% increase is noted in medium and high confidence respectively compared to 2013; and
- Councils were not able to categorise all assets in this category.

Data from 396 local governments.

Capacity

Councils are indicating that in respect of the **capacity /utilisation against expectations of concrete bridges**:

- **3%** ($0.3bn) are in a poor to very poor condition,
  13% ($1.0bn) in fair,
  67% ($5.1bn) in good to very good, and
  17% ($1.3bn) is unallocated;
- Councils have a very low degree of confidence in this data, a 9% and 4% increase is noted in medium and high confidence respectively compared to 2013; and
- Councils were not able to categorise all assets in this category.

Data from 396 local governments.

■ Good to Very Good   ■ Fair   ■ Poor to Very Poor   ■ Unallocated

2.5.4 TIMBER BRIDGES

Condition

Councils are indicating that in respect of the **condition of timber bridges**:

- **22%** ($0.3bn) are in a poor to very poor condition,
  42% ($0.5bn) in fair,
  35% ($0.4bn) in good to very good, and
  <1% ($2.7m) is unallocated;
- Councils have a high degree of confidence in this data. High confidence increasing by 12% and medium confidence by 20% since 2013; and
- Councils were largely able to categorise all assets in this category.
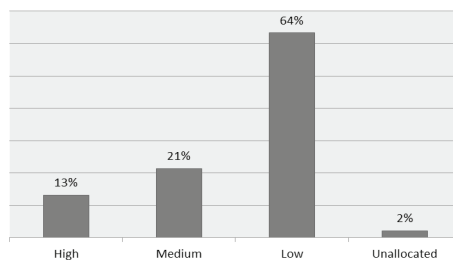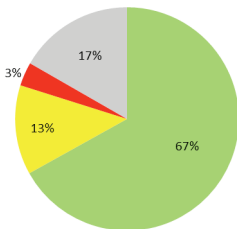
Data from 396 local governments.
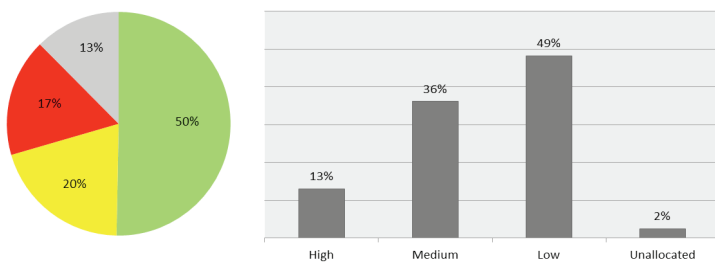
Function

Councils are indicating that in respect of the **functionality of timber bridges**:

- **17%** ($0.2bn) are in a poor to very poor condition,
  20% ($0.3bn) in fair,
  50% ($0.6bn) in good to very good and
  13% ($0.2bn) is unallocated;
- While councils have a very low degree of confidence in this data, a 14% increase is noted in medium and high confidence respectively compared to 2013; and
- Councils were not able to categorise all assets in this category.
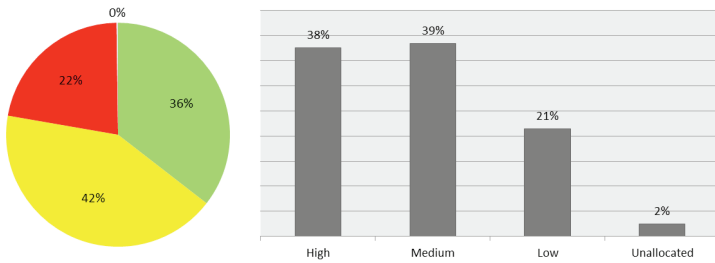
Data from 396 local governments.

Capacity

Councils are indicating that in respect of the **capacity /utilisation against expectations of timber bridges**:

- **17%** ($0.2bn) are in a poor to very poor condition,
  16% ($0.2bn) in fair,
  53% ($0.7bn) in good to very good, and
  14% ($0.2bn) is unallocated;
- Councils have a very low degree of confidence in this data however a marginal increase in confidence levels is noted compared to 2013;
- Councils were not able to categorise all assets in this category.

Data from 396 local governments.

■ Good to Very Good   ■ Fair   ■ Poor to Very Poor   ■ Unallocated

2.5.5 BUILDING AND FACILITIES

Condition

Councils are indicating that in respect of the **condition of building & facilities**:

- **10%** ($ 3.1bn) are in a poor to very poor condition,
  38% ($11.4bn) in fair,
  51% ($15.6bn) in good to very good, and
  1% ($ 0.2bn) was unallocated by councils.
- Councils have a reasonable degree of confidence in this assessment with 31% and 52% of councils reporting a high and medium data confidence respectively; and
- Collectively Councils were able to group assets in this category however notable variations on the type of assets existed from council to council.

Data from 230 local governments.
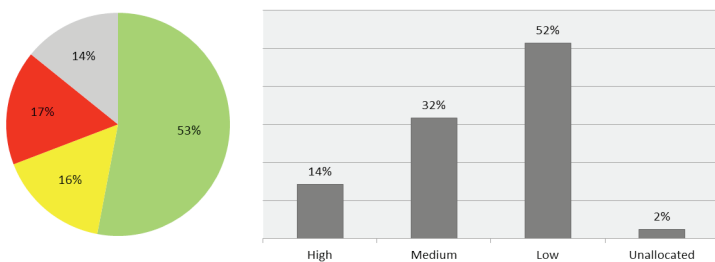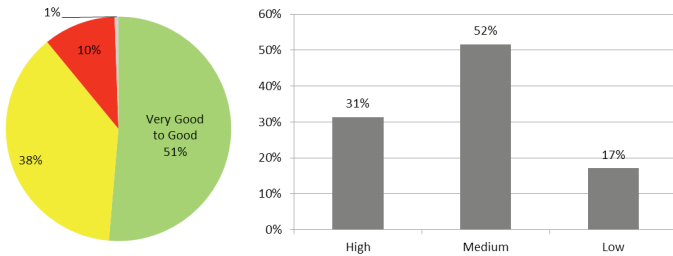
Function

Councils are indicating that in respect of the **functionality of building & facilities**:

- **7%** ($ 2.1bn) are in a poor to very poor function,
  24% ($ 7.4bn) in fair,
  49% ($15.0bn) in good to very good, and
  20% ($ 5.9bn) was unallocated by councils.
- **62%** of councils have a low degree of confidence in this data.

Data from 230 local governments.

Capacity

Councils are indicating that in respect of the **capacity/utilisation against expectations of building & facilities**:

- **8%** ($ 2.4bn) are in a poor to very poor capacity,
  23% ($ 6.9bn) in fair,
  49% ($14.9bn) in good to very good, and
  20% ($ 6.2bn) was unallocated by councils.
- **63%** of councils have a low degree of confidence in this data.

Data from 230 local governments.

■ Good to Very Good   ■ Fair   ■ Poor to Very Poor   ■ Unallocated

2.5.6 PARKS AND RECREATION

Condition
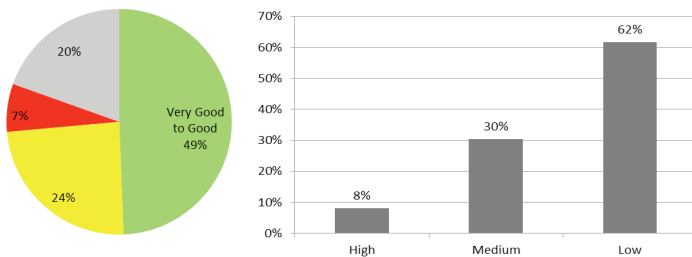

Councils are indicating that in respect of the **condition of parks & recreation**:

- **9%** ($691m) are in a poor to very poor condition,
  34% ($2.7bn) in fair,
  54% ($4.3bn) in good to very good, and
  3% ($260m) was unallocated by councils.
- Councils have a reasonable degree of confidence in this assessment with 32% and 44% of councils reporting a high and medium data confidence respectively; and
- Collectively Councils were able to group assets in this category however notable variations on the type of assets existed from council to council.

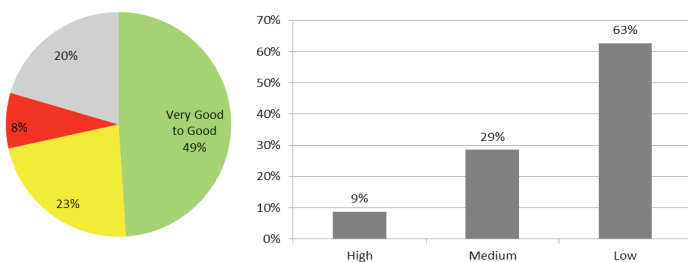*Data from 230 local governments.*

Function

Councils are indicating that in respect of the **functionality of parks & recreation**:

- **6%** ($490m) are in a poor to very poor function,
  19% ($1.5bn) in fair,
  55% ($4.4bn) in good to very good, and
  20% ($1.6bn) was unallocated by councils.
- **71%** of councils have a low degree of confidence in this data.

Data from 230 local governments.
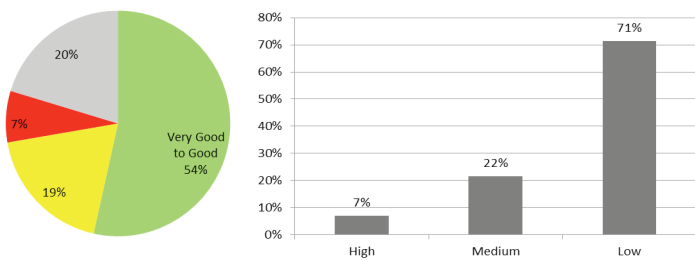
Capacity

Councils are indicating that in respect of the **capacity /utilisation of parks & recreation assets against expectations:**

- **7%** ($583m) are in a poor to very poor function,
  19% ($1.5bn) in fair,
  54% ($4.2bn) in good to very good, and
  20% ($1.6bn) was unallocated by councils.
- **71%** of councils have a low degree of confidence in this data.
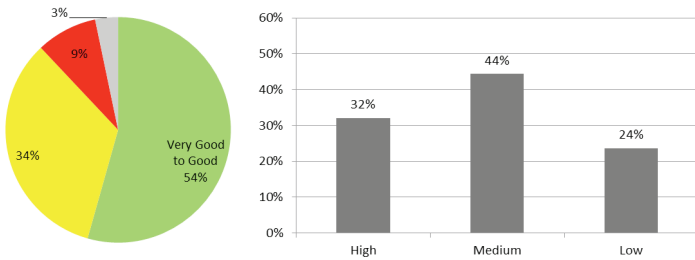
Data from 230 local governments.

■ Good to Very Good   ■ Fair   ■ Poor to Very Poor   ■ Unallocated

2.5.7 STORMWATER

Condition

Councils are indicating that in respect of the **condition of stormwater assets**:

- **9%** ($ 3.1bn) are in a poor to very poor condition,
  27% ($ 9.1bn) in fair,
  60% ($19.8bn) in good to very good, and
  4% ($ 1.3bn) was unallocated by councils;
- Councils have a reasonable degree of confidence in this assessment with 27% and 30% of councils reporting a high and medium data confidence respectively; and
- Collectively Councils were able to group assets in this category.

Data from 230 local governments.

Function

Councils are indicating that in respect of the **functionality of stormwater assets**:

- **7%** ($ 2.3bn) are in a poor to very poor function,
  25% ($ 8.3bn) in fair,
  48% ($16.0bn) in good to very good, and
  20% ($ 6.7bn) was unallocated by councils.
- **66%** of councils have a low degree of confidence in this data.
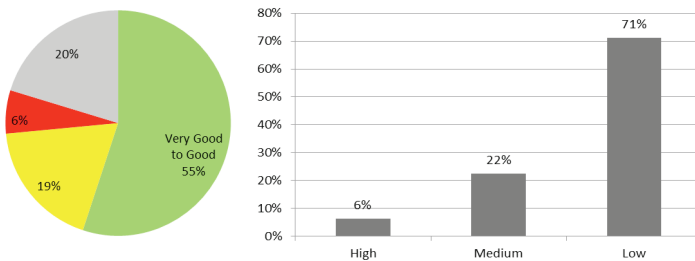
Data from 230 local governments.
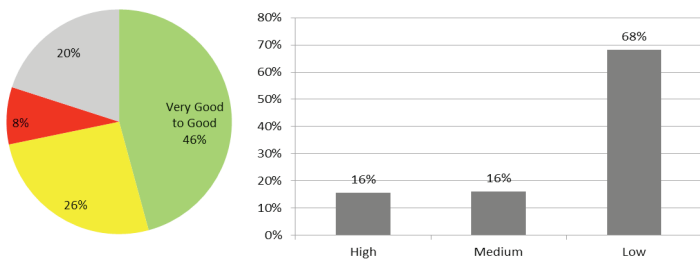
Capacity

Councils are indicating that in respect of the **capacity /utilisation of stormwater assets against expectations**:

- **8%** ($ 2.7bn) are in a poor to very poor capacity,
  26% ($ 8.6bn) in fair,
  46% ($15.2bn) in good to very good, and
  20% ($ 6.7bn) was unallocated by councils.
- **68%** of councils have a low degree of confidence in this data.

Data from 230 local governments.

■ Good to Very Good   ■ Fair   ■ Poor to Very Poor   ■ Unallocated

2.5.8 WATER AND WASTEWATER

Condition
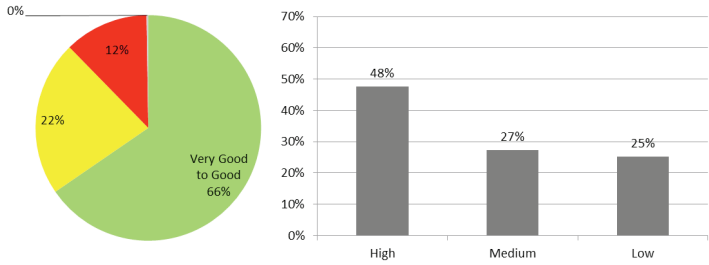
Councils are indicating that in respect of the **condition of water & wastewater assets**:

- **12%** ($ 4.1bn) are in a poor to very poor condition,
  22% ($ 7.5bn) in fair,
  66% ($21.9bn) in good to very good and
  <1% ($85m) was unallocated by councils;
- Councils have a reasonable degree of confidence in this assessment with 48% and 27% of councils reporting a high and medium data confidence respectively; and
- Collectively Councils were able to group assets in this category.

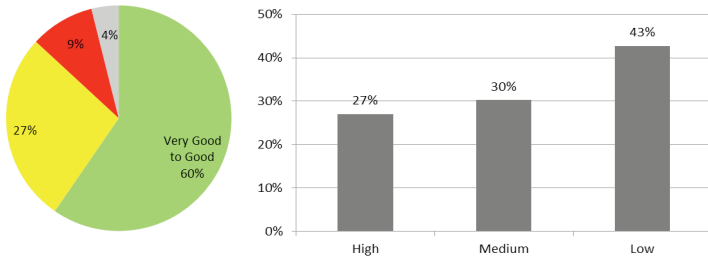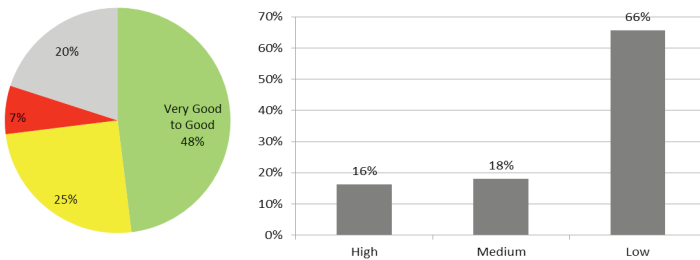*Data from 230 local governments.*

Function

Councils are indicating that in respect of the **functionality of water & wastewater assets**:

- **3%** ($ 1.0bn) are in a poor to very poor function,
  17% ($ 5.8bn) in fair,
  70% ($23.5bn) in good to very good, and
  10% ($ 3.2bn) was unallocated by councils.
- Councils have a reasonable degree of confidence in this assessment with 24% and 47% of councils reporting a high and medium data confidence respectively.

Data from 230 local governments.
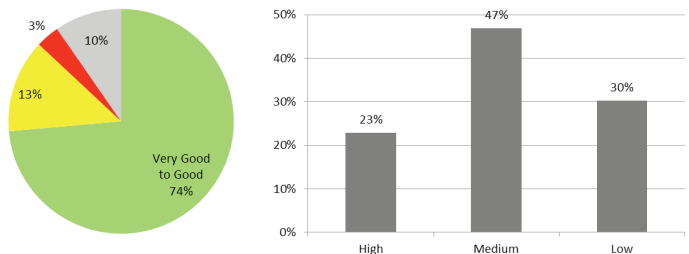
Capacity

Councils are indicating that in respect of the **capacity /utilisation of water & wastewater assets against expectations**:

- **3%** ($ 1.1bn) are in a poor to very poor capacity,
  13% ($ 4.5bn) in fair,
  74% ($24.7bn) in good to very good, and
  10% ($ 3.2bn) was unallocated by councils.
- Councils have a reasonable degree of confidence in this assessment with 23% and 47% of councils reporting a high and medium data confidence respectively.

Data from 230 local governments.

Good to Very Good   Fair   Poor to Very Poor   Unallocated

2.5.9 AIRPORTS AND AERODROMES

Condition
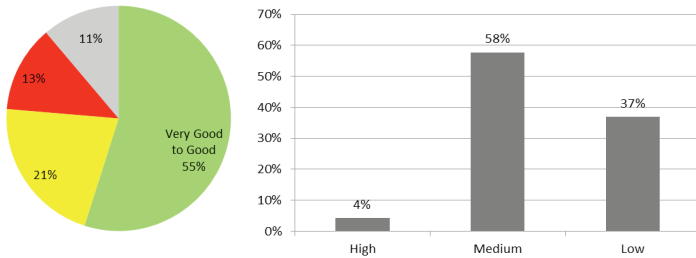
Councils are indicating that in respect of the **condition of airport & aerodrome assets**:

- **13%** ($ 95m) are in a poor to very poor condition,
  21% ($163m) in fair,
  55% ($419m) in good to very good, and
  11% ($ 85m) was unallocated by councils.

- Councils have a medium to low degree of confidence in this assessment with 58% and 37% of councils reporting medium to low data confidence respectively.

Data from 230 local governments.
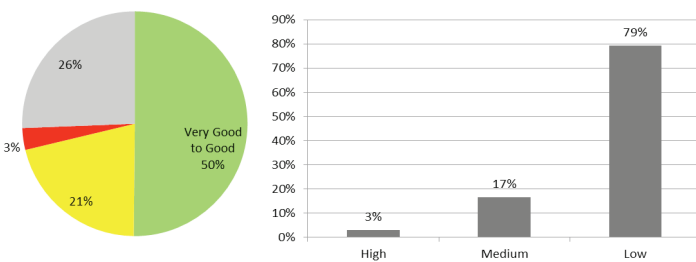
Function

Councils are indicating that in respect of the **functionality of airport & aerodrome assets:**

- **3%** ($ 24m) are in a poor to very poor function,
  21% ($161m) in fair,
  50% ($383m) in good to very good, and
  26% ($383m) was unallocated by councils.

- Councils have a very low degree of confidence in this assessment with 79% of councils reporting a low data confidence.

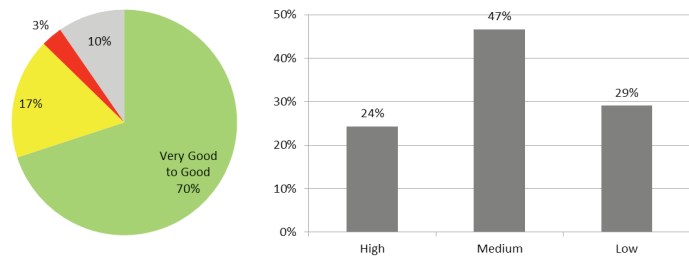*Data from 230 local governments.*
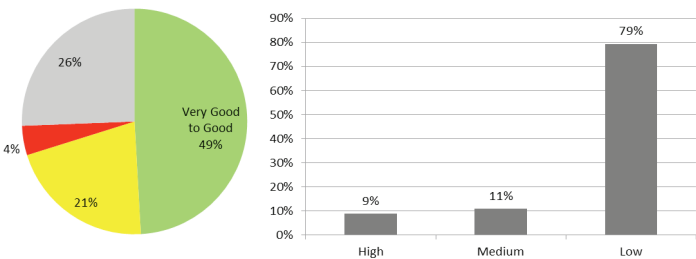
Capacity

Councils are indicating that in respect of the **capacity /utilisation of airport & aerodrome assets against expectations**:

- **4%** ($ 32m) are in a poor to very poor capacity,
  21% ($160m) in fair,
  49% ($375m) in good to very good, and
  26% ($195m) was unallocated by councils.

- Councils have a very low degree of confidence in this assessment with 79% of councils reporting a low data confidence.

Data from 230 local governments.

■ Good to Very Good   ■ Fair   ■ Poor to Very Poor   ■ Unallocated

2.6   POOR TO VERY POOR ASSESSMENT

The following provides a direct comparison of each asset group in dollar terms performing poor to very poor for each of the three performance indicators.

It demonstrates that differences exist between considerations of condition, function and capacity.

Condition

Condition has been expressed as the physical state of the infrastructure that allows it to meet the intended service level using the following scales.

TABLE 5   **Condition Grading System and Definition**

Condition Grading	Description of Condition
1	**Very Good**: only planned maintenance required
2	**Good**: minor maintenance required plus planned maintenance
3	**Fair**: significant maintenance required
4	**Poor**: significant renewal/rehabilitation required
5	**Very Poor**: physically unsound and/or beyond rehabilitation

Source: Based on IPWEA, 2011, IIMM, Table 2.5.2, Sec 2.5.4, p 2|79.

Below is the consolidated perspective on condition associated with each of the community infrastructure asset groups.

Poor to Very Poor - Condition $bn
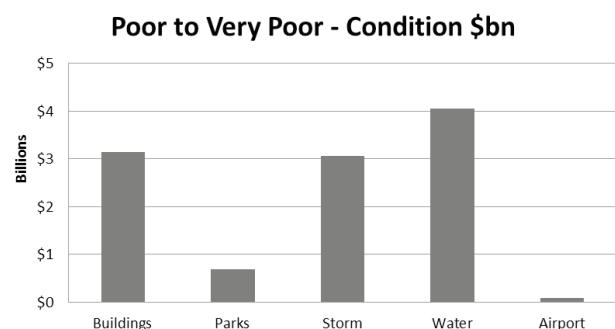
230 councils indicate that buildings with a gross replacement cost of $3.1bn are considered to be in poor to very poor condition, with $0.7bn of park infrastructure also considered to be in poor to very poor condition. This represents 10.4% and 8.7% by value respectively.

$3.0bn out of a total replacement cost of $33.2bn for stormwater assets are considered to be in poor to very poor condition representing 9.2% of the replacement value.

$4.0bn out of a total replacement cost of $33.5bn for water and wastewater assets are reported to be in poor to very poor condition, which represents some 12.1% by value.

$95m of airport and aerodrome assets are in poor to very poor condition representing 12.5% of the total replacement value.

The combined value of community infrastructure reported in poor to very poor condition is $11.0bn.

Councils have a reasonable degree of confidence in this measure and were able to categorise all data in terms of condition relating to service expectations.

Function

Function has been expressed as the ability of the infrastructure to meet program delivery needs (i.e. fit for purpose) using the following scales.

TABLE 6   Function Grading System and Definition

Function Grading	Description of Condition
1	**Very Good**: meets program/service delivery needs in a fully efficient and effective manner.
2	**Good**: meets program/service delivery needs in an acceptable manner.
3	**Fair**: meets most program/service delivery needs and some inefficiencies and ineffectiveness present.
4	**Poor**: limited ability to meet program/service delivery needs.
5	**Very Poor**: is critically deficient, does not meet program/service delivery and is neither efficient nor effective.

Source: Based on Cloake & Sui, 2002, p 9.

Below is the consolidated perspective on Functionality associated with each of the community infrastructure asset groups.

Poor to Very Poor - Function $bn
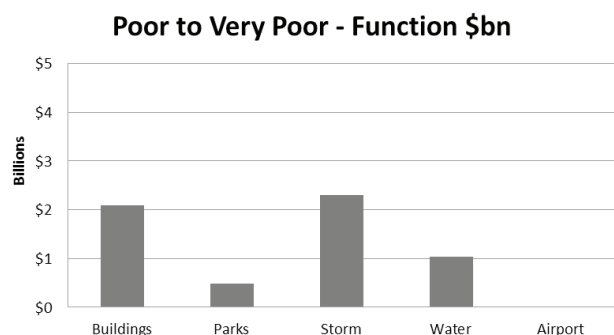
230 councils indicate that some $2.1b in buildings are considered to have poor to very poor performance for function, with some $0.5bn in parks also considered poor to very poor. This represents 6.9% and 6.2% by replacement value respectively.

$2.3b out of a total replacement cost of $33.2b for stormwater assets are considered to be in poor to very poor condition representing 6.9% of the value.

$1.0b out of a total replacement cost of $33.5b for water and wastewater assets are generally considered to provide poor to very poor functionality, which represents some 3.1% by replacement value.

$24m of airport and aerodrome assets are in poor to very poor functionality representing 3.1% of the total asset value.

The combined value of community infrastructure reported in poor to very poor function is $5.9bn.

Councils have limited confidence in this measure and were not able to categorise all data.

Capacity

Capacity/Utilisation has been expressed as the ability of the physical infrastructure to meet service delivery needs using the following scales.

TABLE 7   Capacity Grading System and Definition

Capacity/Utilisation Grading	Description of Condition
1	**Very Good**: usage corresponds well with design capacity and no operational problems experienced.
2	**Good**: usage is within design capacity and occasional operational problems experienced.
3	**Fair**: usage is approaching design capacity and/or operational problems occur frequently.
4	**Poor**: usage exceeds or is well below design capacity and/or significant operational problems are evident.
5	**Very Poor**: exceeds design capacity or is little used and/or operational problems are serious and ongoing.

Source: Based on Cloake & Sui, 2002, p 9.

Below is the consolidated perspective on Capacity /Utilisation associated with each of the community infrastructure asset groups.

Poor to Very Poor - Capacity $bn
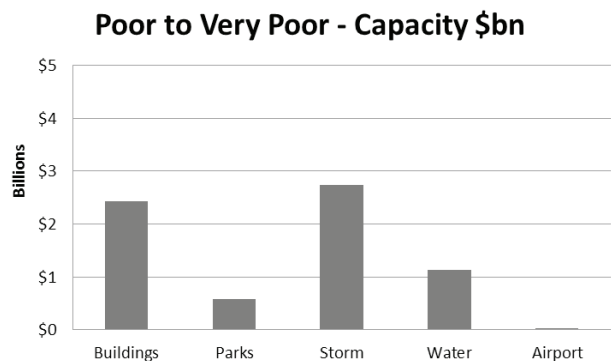
Some $2.4b in buildings are considered to provide poor to very poor capacity representing 8.0% of the replacement value. 7.4% or $582m of parks are also considered poor to very poor in terms of utilisation.

$2.7b out of a total replacement cost of $33.2b for stormwater assets are considered to be in poor to very poor capacity representing 8.2% of the replacement value.

3.4% of the replacement value or $1.1bn of water and wastewater assets are considered as not meeting capacity requirements.

$32m of airport and aerodrome assets have poor to very poor capacity issues representing 4.2% of the total asset value.

The combined value of community infrastructure reported in poor to very poor capacity is $6.9bn.

Councils have limited confidence in this measure and were not able to categorise all data.

2.7   ADOPTION AND USE OF ASSET MANAGEMENT PLANS

Good practice in managing long lived infrastructure assets can be demonstrated by the adoption and use of documented methods and procedures for managing service levels, risks and costs.

This is a requirement in most states and territories to be documented in an Asset Management Plan.

Councils were asked if Asset Management Plans were in place for each of the six asset groups.

The response from the 230 councils is shown below.

TABLE 8   Adoption and Use of Asset Management Plans

Asset Group	Yes	%	No	%
Roads	214	93%	16	7%
Buildings	190	83%	40	17%
Parks & Recreation	165	72%	65	28%
Stormwater	163	71%	67	29%
Water & Wastewater	208	90%	22	10%
Airports	208	90%	22	10%

AM Plans in place for Roads
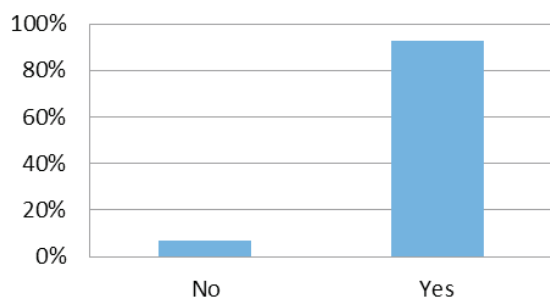
93% of councils have AM Plans for Roads.

AM Plans in place for Buildings
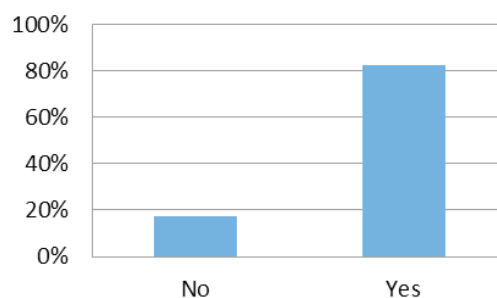
83% of councils have AM Plans for Buildings.

AM Plans in place for Parks
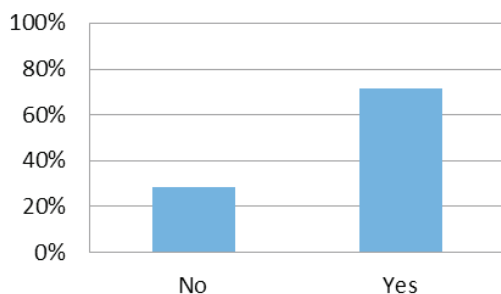
72% of councils have AM Plans for Parks.

AM Plan in place for Stormwater
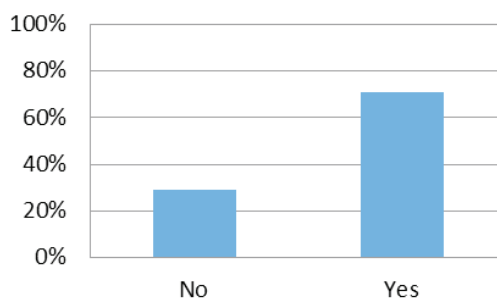
71% of councils have AM Plans for Stormwater.

AM Plans for Water Wastewater
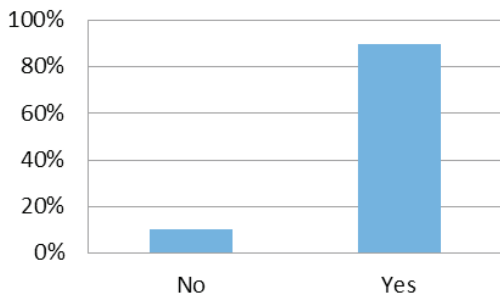
90% of councils have AM Plans for Water and Wastewater assets[7].

AM Plans in place for Airports
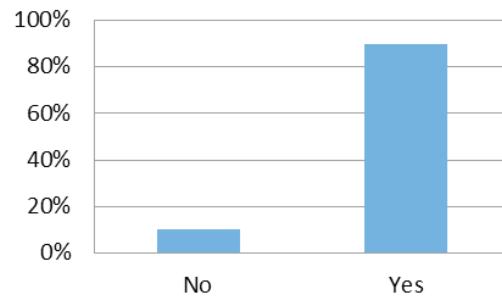
90% of councils have AM Plans for Airports and Aerodromes[8].

The adoption and use of asset management plans is well progressed with the majority of responding councils reporting having plans in place.

2.8   FINANCIAL PLANNING STATUS

Long term financial plans are seen as an important tool by both finance and asset managers to manage service delivery and costs over the long term.

Councils were asked if the long term financial plan included the financial projections from the AM Plans.

The response from the 230 councils is shown below.

TABLE 9   Inclusion of Asset Management Plan projections in the LTFP

Asset Group	Yes	%	No	%
Roads	209	91%	21	9%
Buildings	150	65%	80	35%
Parks & Recreation	130	57%	100	43%
Stormwater	133	58%	97	42%
Water & Wastewater		90%		10%
Airports		90%		10%

LTFP includes Road AM Plan projections
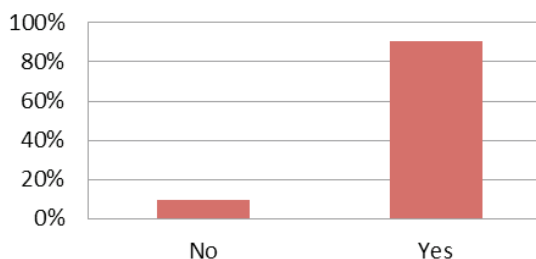
91% of councils incorporate Road projections.

LTFP includes Buildings AM Plan projections
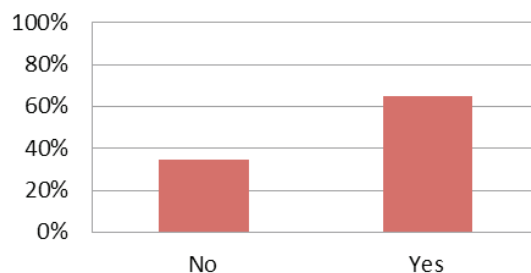
65% of councils incorporate Building projections.

7   90% is an estimate given the regulatory requirement to have AM Plans in place for Water and Wastewater infrastructure.
8   90% is an estimate given the regulatory requirement to have AM Plans in place for Airports and Aerodromes.

LTFP includes Parks AM Plan projections
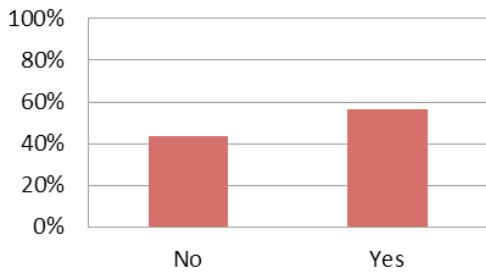
57% of councils incorporate Parks projections.

LTFP includes Stormwater AM Plan projections
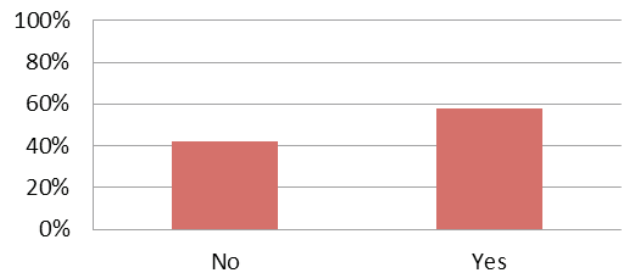
58% of councils incorporate Stormwater projections.

LTFP includes Water & Wastewater AM Plan projections
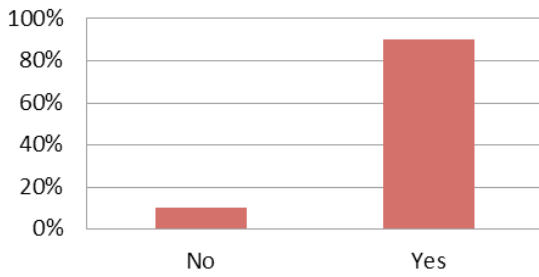
90% of councils incorporate Water and Wastewater projections[9].

LTFP includes Airport AM Plan projections
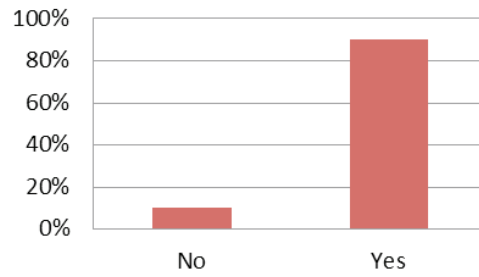
90% of councils incorporate Airport and Aerodrome projections[10].

9   90% is an estimate given the regulatory requirement to have AM Plan projections included in the Long Term Financial Plan.
10 90% is an estimate given the regulatory requirement to have AM Plan projections included in the Long Term Financial Plan.

Findings

Investment	Of the 562 councils in Australia, 230 provided a validated data response. Of the 230 councils, 144 were urban and 86 were rural as determined by the Australian Classification of Local Government.

The 230 councils are managing a total of $180 billion in infrastructure for the following six asset groups included in this report.

1. **Roads** represent $73.7 billion,
2. **Buildings & Facilities** represent $30.3 billion,
3. **Parks & Recreation** represent $7.9 billion,
4. **Stormwater** $33.3 billion,
5. **Water & Wastewater** $33.5 billion, and
6. **Airports & Aerodromes** $0.8 billion.

The gross replacement value of local government infrastructure for all Australian councils is estimated in excess of $438 billion. |
| **Consumption** | Community infrastructure assets are being consumed at an estimated $1.7 billion per annum. |
| **Performance** | The analysis found that of the $73.7 billion of **Roads** under management, $8.2 billion (11%) are in a poor to very poor state.

Councils report $30.3 billion of **Buildings & Facilities** under management, $3.1 billion (10%) are in a poor to very poor state.

Councils report $7.9 billion of **Parks & Recreation** assets under management, with $0.7 billion (9%) are in a poor to very poor state.

Councils report that of the $33.3 billion of **Stormwater** assets under management $3.1 billion (9%) are in a poor to very poor state.

Councils report that of the $33.5 billion of **Water & Wastewater** assets under management, $4.1 billion (12%) are in a poor to very poor state.

Councils report that of the $0.8 billion of **Airports & Aerodromes** assets under management, $0.1 billion (12%) are in a poor to very poor state.

The combined value of road & community infrastructure assets reported in a poor to very poor state is $19.3 billion or 11% of the asset gross replacement cost. Extrapolated to represent the local government sector across Australia the estimated gross replacement value of infrastructure potentially performing in a poor to very poor state could be in the order of $47 billion. |

Data Confidence	Most councils express low confidence when assessing the function aspect of community infrastructure (i.e. the ability of the infrastructure to meet user needs, e.g. fit for purpose) as well the capacity aspect (i.e. the ability of the infrastructure to meet the service needs, e.g. utilisation and efficiency).

However, most council's knowledge of the condition aspect of their community infrastructure (i.e. the physical condition of the infrastructure that allows it to meet the intended service level) ranks much higher.

Reporting on the condition aspect for community infrastructure shows that:

- $11.0 billion of community assets are in a **poor** (i.e. significant renewal/rehabilitation is required) to **very poor** (i.e. physically unsound and/or beyond rehabilitation) state;
- $30.8 billion are in a **fair** state (i.e. significant maintenance is required); and
- $62.0 billion are in a **good** (i.e. minor maintenance is required plus planned maintenance) or **very good** (i.e. only planned maintenance is required) state.

This means that $41.8 billion (40%) of community infrastructure assets surveyed either require significant maintenance, renewal/rehabilitation or are physically unsound and/or beyond rehabilitation.

Asset Management & Financial Planning Status	The adoption and use of asset management plans is well progressed with approximately three quarters of responding councils reporting having plans in place.

Evidence suggests where AM Plans exist there remains significant improvement with the inclusion of infrastructure effects in the long term financial plan.

Discussion

Infrastructure assets (transport, recreation, housing and water) are national networks that deliver services and support local quality of life and international competitiveness. State of the Assets reporting communicates risk and enables evidence based strategies.

Current asset management plans require further development that encourage community engagement on service level and risk scenarios to balance revenues and service levels in the coming 10 to 20 year planning period.

Evidence from responding councils suggest significant improvement with the inclusion of infrastructure effects in the long term financial plan. It is critical these infrastructure effects are considered as part of the long term financial plan development to ensure service levels are sustainable or otherwise and risk is managed at appropriate levels.

A potential $47 billion community infrastructure risk suggests a national asset strategy is essential to align infrastructure funding with changing national, regional and local strategic objectives and priorities.

State of the Assets reporting enables an informed and evidence based national asset strategy to inform the trade-off between competing priorities for whole of government funding and manage and report on cumulative consequences of policy decisions.

This data analysis report forms the basis for the 2015 State of the Assets (Roads and Community infrastructure) Report.

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APPENDICES

A. Email to councils

B. Sample Data Collection Form – Datashare Web Portal

C. Examples of Condition, Function & Capacity

D. Classification and grouping of councils

E. Contributing Local Governments

APPENDIX A   EMAIL TO COUNCILS

From: ALGA NSoA 2015 Community Infrastructure Report [mailto:jrajra@bigpond.com]
Sent: Friday, 27 February 2015 12:04 PM
To:
Subject: FW: The ALGA National State of the Assets 2015 Community Infrastructure Report – Notice of project commencement

For the attention of the:

• Chief Executive Officer or General Manager

• Finance Manager

• Infrastructure Planning Manager

• Asset Management Officer

Dear Sir and/or Madam,

The Australian Local Government Association (ALGA) has commenced a major project to communicate the importance of whole of government investment in infrastructure. Financial assistance grants have not kept up with the increasing cost of infrastructure services and when combined with cost shifting from State and Federal Governments, Councils are under increasing pressure to increase rates and reduce services.

The strategy to communicate the whole of government shared responsibility for infrastructure funding commenced with roads and bridges. The State of the Assets Report for 2014 included data from 396 (70%) councils across Australia who are managing almost $105 billion in local road and bridge infrastructure and has been formally presented to the Federal government. ALGA would like to extend its appreciation to those councils who found the time to complete the survey.

The aim for 2015 is to expand the report to the other significant classes of non-current assets for which councils are typically responsible. Using the same methodology, ALGA intends to build a clear case showing how additional investment in local government infrastructure is essential to provide stronger communities, sustainable economies and efficient expenditure of public funds.

The additional key asset groups are:

• Building & Facilities;

• Parks & Recreation;

• Stormwater & Water Cycle Management;

• Water & Wastewater; and

• Airports & Aerodromes.

The core objectives of the NSoA *Community Infrastructure Report* for 2015 are to:

- Provide a report showing current service levels and what proportion of community infrastructure needs additional investment to be in good repair and meet community needs;
- Show that Councils are good asset managers and are implementing Asset Management and Long Term Financial Plans for these asset groups;
- Demonstrate a need for additional infrastructure investment by reporting financial sustainability trends against nationally adopted indicators;
- Provide a nationally consistent basis for ongoing measurement for infrastructure service levels and risk;
- Provide decision support information for local government; and
- Provide a sound rationale and model for appropriate and targeted support to local government for consideration by other spheres of government.

The Australian Local Government Association (ALGA) has commissioned Jeff Roorda and Associates (JRA) in partnership with the Australian Centre of Excellence for Local Government (ACELG), the Institute of Public Works Engineering Australasia (IPWEA) and JAC Comrie to undertake the National State of the Assets (NSoA) Community Infrastructure Report for 2015. The methodology will be consistent with the 2014 NSoA Local Roads Report.

The data collection phase commences in early March and extends to the end of April 2015 and the data being requested is typically found in annual reports, financial statements and available financial and asset management plans and systems as reported at 30 June 2014. We expect the collection process will take less than a day for an officer to complete depending on accessibility to source data and systems.

We trust your Council is supportive of this important initiative and finds the resources to participate in this short survey. In the meantime, should you require any further information regarding the project please contact either myself or the ALGA representative Mr Kym Foster as follows:

- ALGA – Kym Foster via email: Kym.Foster@alga.asn.au or phone: 02 6122 9400.
- JRA – Steve Verity via mail: jrajra@bigpond.com or phone: 02 4751 7657.

We will soon be providing you with instructions on how to access the *Community Infrastructure Report* data collection portal known as JRA Datashare. Datashare is free to participating public sector asset managers and enables councils to efficiently enter, recall and maintain data by reducing duplication for the gathering of advocacy data on behalf of Local Government.

Sincerely

Steve Verity | JRA | NSoA 2015 Community Infrastructure Report Project Manager

tel: 02 4751 7657 | **e**: jrajra@bigpond.com | **w**: www.jr.net.au

APPENDIX B   SAMPLE DATA COLLECTION FORM

AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION

NATIONAL STATE OF THE ASSETS – COMMUNITY INFRASTRUCTURE REPORT

Community Infrastructure Report - 2014 Data collection form for Sample Council

Status of asset management plan development - are asset management plans in place for:

Building & Facilities	No
Parks & Recreation	No
Stormwater and water cycle management	No
Water and Wastewater	No
Airport & Aerodromes	No

Status of Long Term Financial Plan development - are the financial projections from the AM Plans included in the LTFP?

Building & Facilities	No
Parks & Recreation	No
Stormwater & Water cycle management	No
Water & Wastewater	No
Airport & Aerodromes	No

Condition, Function & Capacity examples

Building & Facilities

Current Replacement Cost (as at 30 June 2014) $	0	($'000's)
Depreciable Amount $	0	($'000's)
Depreciated Replacement Cost $	0	($'000's)
Annual Depreciation $	0	($'000's)
Comments		

Condition			Function			Capacity/Utilisation			click hyperlinks for more information
In Condition 1 & 2	0	%	In Function 1 & 2	0	%	In Capacity/Utilisation 1 & 2	0	%	Percentages to be allocated as a proportion of CRC
In Condition 3	0	%	In Function 3	0	%	In Capacity/Utilisation 3	0	%	
In Condition 4 & 5	0	%	In Function 4 & 5	0	%	In Capacity/Utilisation 4 & 5	0	%	
Confidence	Low		Confidence	Low		Confidence	Low		

Parks & Recreation

Current Replacement Cost (as at 30 June 2014) $	0	($'000's)
Depreciable Amount $	0	($'000's)
Depreciated Replacement Cost $	0	($'000's)
Annual Depreciation $	0	($'000's)
Comments		

Condition		Function		Capacity/Utilisation		click hyperlinks for more information
In Condition 1 & 2	0 %	In Function 1 & 2	0 %	In Capacity/Utilisation 1 & 2	0 %	Percentages to be allocated as a proportion of CRC
In Condition 3	0 %	In Function 3	0 %	In Capacity/Utilisation 3	0 %	
In Condition 4 & 5	0 %	In Function 4 & 5	0 %	In Capacity/Utilisation 4 & 5	0 %	
Confidence	Low	Confidence	Low	Confidence	Low	

Stormwater & Water cycle management

Current Replacement Cost (as at 30 June 2014) $	0	($'000's)
Depreciable Amount $	0	($'000's)
Depreciated Replacement Cost $	0	($'000's)
Annual Depreciation $	0	($'000's)
Comments		

Condition		Function		Capacity/Utilisation		click hyperlinks for more information
In Condition 1 & 2	0 %	In Function 1 & 2	0 %	In Capacity/Utilisation 1 & 2	0 %	Percentages to be allocated as a proportion of CRC
In Condition 3	0 %	In Function 3	0 %	In Capacity/Utilisation 3	0 %	
In Condition 4 & 5	0 %	In Function 4 & 5	0 %	In Capacity/Utilisation 4 & 5	0 %	
Confidence	Low	Confidence	Low	Confidence	Low	

Water & Wastewater

Current Replacement Cost (as at 30 June 2014) $	0	($'000's)
Depreciable Amount $	0	($'000's)
Depreciated Replacement Cost $	0	($'000's)
Annual Depreciation $	0	($'000's)
Comments		

Condition		Function		Capacity/Utilisation		click hyperlinks for more information
In Condition 1 & 2	0 %	In Function 1 & 2	0 %	In Capacity/Utilisation 1 & 2	0 %	Percentages to be allocated as a proportion of CRC
In Condition 3	0 %	In Function 3	0 %	In Capacity/Utilisation 3	0 %	
In Condition 4 & 5	0 %	In Function 4 & 5	0 %	In Capacity/Utilisation 4 & 5	0 %	
Confidence	Low	Confidence	Low	Confidence	Low	

Airport & Aerodromes

Current Replacement Cost (as at 30 June 2014) $	0	($'000's)
Depreciable Amount $	0	($'000's)
Depreciated Replacement Cost $	0	($'000's)
Annual Depreciation $	0	($'000's)
Comments		

Condition		Function		Capacity/Utilisation		click hyperlinks for more information
In Condition 1 & 2	0 %	In Function 1 & 2	0 %	In Capacity/Utilisation 1 & 2	0 %	Percentages to be allocated as a proportion of CRC
In Condition 3	0 %	In Function 3	0 %	In Capacity/Utilisation 3	0 %	
In Condition 4 & 5	0 %	In Function 4 & 5	0 %	In Capacity/Utilisation 4 & 5	0 %	
Confidence	Low	Confidence	Low	Confidence	Low	

Keep Editing   Complete with executive authority

NOTE: you will only have read only access once you complete with exec authority

APPENDIX C   **EXAMPLES OF CONDITION, FUNCTION AND CAPACITY/UTILISATION**

The following table provides practical examples of the application of the assessment process to local government sealed and unsealed road assets. This table is drawn from a draft document developed with the support of the Australian Centre of Excellence for Local Government (ACELG) and the Institute of Public Works Engineering Australasia (IPWEA).

Condition	
Sealed Roads	Unsealed Roads
Service objective – Roads are smooth, with no potholes or ponding of water and accessible at all times.	**Service objective** – Roads are smooth, with no potholes, corrugations or ponding of water and accessible at all times.
Criteria – Road condition meets hierarchy requirements for condition measures.	**Criteria** – Road condition meets hierarchy requirements for condition measures.
Description of Poor and Very Poor Ratings **Poor** – Condition Rating 4, e.g. roads are potholed, have rough ride quality, major pavement failures and access is limited at times. **Very Poor** – Condition Rating 5, e.g. roads are almost un-trafficable, have extensive surface defects and pavement failures and access is severely constrained.	**Description of Poor and Very Poor Ratings** **Poor** – Condition Rating 4, e.g. roads are potholed, have rough ride quality, major pavement failures and access is limited at times. **Very Poor** – Condition Rating 5, e.g. roads are almost un-trafficable, have extensive surface defects and pavement failures and access is severely constrained.

Function	
Sealed Roads	Unsealed Roads
Service objective – Road network is appropriate to users' needs.	**Service objective** – Road network is appropriate to users' needs.
Criteria – Roads meets service hierarchy requirements for traffic volumes, design speed, width, alignment, access, etc.	**Criteria** – Roads meets service hierarchy requirements for traffic volumes, design speed, width, alignment, all weather access, etc.
Description of Poor and Very Poor Ratings **Poor** (4) – road network requires major upgrade to suit users' needs and/or road segments require major upgrades to meet appropriate hierarchy requirements for traffic volumes, design speed, width, alignment, access, etc. **Very Poor** (5) – road network requires extensive upgrade and/or road segments require extensive upgrades to meet appropriate hierarchy requirements.	**Description of Poor and Very Poor Ratings** **Poor** (4) – road network requires major upgrade to suit users' needs and/or road segments require major upgrades to meet appropriate service hierarchy requirements for traffic volumes, design speed, width, alignment, all-weather access, etc. Unsealed roads widths are 25% above or below hierarchy design standards. **Very Poor** (5) – road network requires extensive upgrade and/or road segments require extensive upgrades to meet appropriate service hierarchy requirements.

Capacity/Utilisation	
Sealed Roads	Unsealed Roads
Service objective – Sealed road capacity is appropriate to service hierarchy.	**Service objective** – Road capacity is appropriate to service hierarchy.
Criteria – Traffic congestion and delays are minimal. Road width is appropriate to service hierarchy	**Criteria** – Road width and usage is appropriate to service hierarchy. No reduced speed limits.
Description of Poor and Very Poor Ratings **Poor** (4) – extensive traffic delays are experienced at peak times or usage is very minimal. Road is under or overdesigned for current use. **Very Poor** (5) – extensive traffic delays are experienced throughout the day or usage is almost zero. Road is grossly under or overdesigned for current use.	**Description of Poor and Very Poor Ratings** **Poor** (4) – Traffic volumes are 25% above or below service hierarchy design standards. Road is under or overdesigned for current use. **Very Poor** (5) – unsealed road traffic volumes are 50% above or below hierarchy design standards. Road is grossly under or overdesigned for current use.

APPENDIX D   CLASSIFICATION AND GROUPING OF COUNCILS

The Australian Classification of Local Governments (ACLG) classifies councils into 22 categories according to their socioeconomic characteristics and their capacity to deliver a range of services to the community.

The classification system involves three steps. Councils are first classified as either urban or rural. Urban councils are then divided into four categories – capital city, metropolitan developed, regional town/city or fringe. Rural councils are divided into three categories – significant growth, agricultural or remote. The final classification step for both urban and rural councils is based on population.

For example, a medium-sized council in a rural agricultural area would be classified as RAM—rural, agricultural, medium. If it were remote, however, it would be classified as RTM—rural, remote, medium. An urban metropolitan developed area with up to 30,000 population would be classified as UDS. The table below provides information on the structure of the classification system.

In this publication, we have put all councils into two groups or categories of Rural or Urban based on the ACLG rules. This makes it difficult to compare the performance of different councils in a meaningful way. As a result, there are often large differences between councils in the same group. This information should not be relied upon by councils to argue for individual policy changes.

The estimated resident population within council boundaries is the preliminary figure calculated by the ABS for 30 June 2014. This figure was used to determine the ACLG categories for the 2015 publication.

Step 1	Step 2	Step 3	Identifiers	Category
URBAN (U)				
Population more than 20 000 OR If population less than 20 000, EITHER Population density more than 30 persons per sq km OR 90 per cent or more of the local governing body population is urban	CAPITAL CITY (CC)	Not applicable		UCC
	METROPOLITAN DEVELOPED (D) Part of an urban centre of more than 1 000 000 or population density more than 600/sq km	SMALL (S) MEDIUM (M) LARGE (L) VERY LARGE (V)	up to 30 000 30 001–70 000 70 001–120 000 more than 120 000	UDS UDM UDL UDV
	REGIONAL TOWNS/CITY (R) Part of an urban centre with population less than 1 000 000 and predominantly urban in nature	SMALL (S) MEDIUM (M) LARGE (L) VERY LARGE (V)	up to 30 000 30 001–70 000 70 001–120 000 more than 120 000	URS URM URL URV
	FRINGE (F) A developing LGA on the margin of a developed or regional urban centre	SMALL (S) MEDIUM (M) LARGE (L) VERY LARGE (V)	up to 30 000 30 001–70 000 70 001–120 000 more than 120 000	UFS UFM UFL UFV
RURAL (R)				
A local governing body with population less than 20 000 AND Population density less than 30 persons per sq km AND Less than 90 per cent of local governing body population is urban	SIGNIFICANT GROWTH (SG) Average annual population growth more than 3 per cent, population more than 5 000 and not remote	Not applicable		RSG
	AGRICULTURAL (A)	SMALL (S) MEDIUM (M) LARGE (L) VERY LARGE (V)	up to 2 000 2 001–5 000 5 001–10 000 10 001–20 000	RAS RAM RAL RAV
	REMOTE (T)	EXTRA SMALL (X) SMALL (S) MEDIUM (M) LARGE (L)	up to 400 401–1 000 1 001–3 000 3 001–20 000	RTX RTS RTM RTL

APPENDIX E   CONTRIBUTING LOCAL GOVERNMENTS

The following 230 local governments contributed to the project.

Council	State	ACLG
Adelaide City Council	SA	Urban
Albury City Council	NSW	Urban
Alexandrina Council	SA	Urban
Alice Springs Town Council	NT	Urban
Armidale Dumaresq Council	NSW	Urban
Ashfield Municipal Council	NSW	Urban
Ballarat City Council	VIC	Urban
Bankstown City Council	NSW	Urban
Banyule City Council	VIC	Urban
Bathurst Regional Council	NSW	Urban
Baw Baw Shire Council	VIC	Urban
Bega Valley Shire Council	NSW	Urban
Benalla Rural City Council	VIC	Rural
Berrigan Shire Council	NSW	Rural
Blayney Shire Council	NSW	Rural
Blue Mountains City Council	NSW	Urban
Bogan Shire Council	NSW	Rural
Boorowa Council	NSW	Rural
Boroondara City Council	VIC	Urban
Borough of Queenscliffe	VIC	Urban
Brighton Council	TAS	Urban
Broken Hill City Council	NSW	Urban
Burdekin Shire Council	QLD	Rural
Burnie City Council	TAS	Urban
Cairns Regional Council	QLD	Urban
Campaspe Shire Council	VIC	Urban
Campbelltown City Council NSW	NSW	Urban
Cassowary Coast Regional Council	QLD	Urban
Central Coast Council	TAS	Urban
Central Highlands Council	TAS	Urban
Circular Head Council	TAS	Rural
City of Armadale	WA	Urban
City of Belmont	WA	Urban
City of Canning	WA	Urban
City of Charles Sturt	SA	Urban
City of Cockburn	WA	Urban
City of Fremantle	WA	Urban
City of Gosnells	WA	Urban
City of Greater Geraldton	WA	Urban
City of Holdfast Bay	SA	Urban
City of Joondalup	WA	Urban
City of Kalgoorlie-Boulder	WA	Urban
City of Marion	SA	Urban
City of Melville	WA	Urban

Council	State	ACLG
City of Mitcham	SA	Urban
City of Onkaparinga	SA	Urban
City Of Palmerston	NT	Urban
City of Perth	WA	Urban
City of Playford	SA	Urban
City of Port Adelaide Enfield	SA	Urban
City of Rockingham	WA	Urban
City of South Perth	WA	Urban
City of Swan	WA	Urban
City of Victor Harbor	SA	Urban
City of Wanneroo	WA	Urban
City of West Torrens	SA	Urban
Clarence Valley Council	NSW	Urban
Cobar Shire Council	NSW	Rural
Coffs Harbour City Council	NSW	Urban
Conargo Shire Council	NSW	Rural
Cooma-Monaro Shire Council	NSW	Rural
Cootamundra Shire Council	NSW	Rural
Darebin City Council	VIC	Urban
Darwin City Council	NT	Urban
Deniliquin Council	NSW	Urban
District Council of Cleve	SA	Rural
District Council of Copper Coast	SA	Rural
District Council of Grant	SA	Rural
District Council of Loxton Waikerie	SA	Rural
Dubbo City Council	NSW	Urban
Eurobodalla Shire Council	NSW	Urban
Fairfield City Council	NSW	Urban
Forbes Shire Council	NSW	Rural
Frankston City Council	VIC	Urban
Gannawarra Shire Council	VIC	Rural
Gilgandra Shire Council	NSW	Rural
Gladstone Regional Council	QLD	Urban
Glen Eira City Council	VIC	Urban
Glen Innes Severn Council	NSW	Rural
Glenorchy City Council	TAS	Urban
Gold Coast City Council	QLD	Urban
Gosford City Council	NSW	Urban
Goulburn Mulwaree Council	NSW	Urban
Greater Bendigo City Council	VIC	Urban
Greater Geelong City Council	VIC	Urban

Council	State	ACLG
Greater Taree City Council	NSW	Urban
Griffith City Council	NSW	Urban
Gunnedah Shire Council	NSW	Rural
Guyra Shire Council	NSW	Rural
Gwydir Shire Council	NSW	Rural
Gympie Regional Council	QLD	Urban
Hawkesbury City Council	NSW	Urban
Hay Shire Council	NSW	Rural
Hinchinbrook Shire Council	QLD	Rural
Hindmarsh Shire Council	VIC	Rural
Holroyd City Council	NSW	Urban
Horsham Rural City Council	VIC	Urban
Hurstville City Council	NSW	Urban
Indigo Shire Council	VIC	Rural
Inverell Shire Council	NSW	Rural
Jerilderie Shire Council	NSW	Rural
Junee Shire Council	NSW	Rural
Kempsey Shire Council	NSW	Urban
Kiama Municipal Council	NSW	Urban
Kingborough Council	TAS	Urban
Kingston City Council	VIC	Urban
Knox City Council	VIC	Urban
Kogarah City Council	NSW	Urban
Ku-ring-gai Council	NSW	Urban
Kyogle Council	NSW	Rural
Lachlan Shire Council	NSW	Rural
Lake Macquarie City Council	NSW	Urban
Leichhardt Municipal Council	NSW	Urban
Lismore City Council	NSW	Urban
Liverpool City Council	NSW	Urban
Liverpool Plains Shire Council	NSW	Rural
Lockhart Shire Council	NSW	Rural
Lockyer Valley Regional Council	QLD	Urban
Logan City Council	QLD	Urban
Longreach Regional Council	QLD	Rural
Macedon Ranges Shire Council	VIC	Urban
Mackay Regional Council	QLD	Urban
Maitland City Council	NSW	Urban

Council	State	ACLG
Manningham City Council	VIC	Urban
Maranoa Regional Council	QLD	Rural
Mareeba Shire Council	QLD	Rural
Maroondah City Council	VIC	Urban
Marrickville Council	NSW	Urban
Meander Valley Council	TAS	Rural
Melbourne City Council	VIC	Urban
Melton City Council	VIC	Urban
Mid Murray Council	SA	Rural
Mid-Western Regional Council	NSW	Urban
Mildura Rural City Council	VIC	Urban
Mitchell Shire Council	VIC	Urban
Moonee Valley City Council	VIC	Urban
Moorabool Shire Council	VIC	Urban
Moreton Bay Regional Council	QLD	Urban
Mornington Peninsula Shire Council	VIC	Rural
Mosman Municipal Council	NSW	Urban
Mount Isa City Council	QLD	Urban
Moyne Shire Council	VIC	Rural
Murrindindi Shire Council	VIC	Rural
Murrumbidgee Shire Council	NSW	Rural
Muswellbrook Shire Council	NSW	Rural
Nambucca Shire Council	NSW	Rural
Narrabri Shire Council	NSW	Rural
Newcastle City Council	NSW	Urban
Nillumbik Shire Council	VIC	Urban
Noosa Shire Council	QLD	Urban
North Sydney Council	NSW	Urban
Northern Grampians Shire Council	VIC	Rural
Oberon Council	NSW	Rural
Orange City Council	NSW	Urban
Parkes Shire Council	NSW	Rural
Penrith City Council	NSW	Urban
Port Macquarie-Hastings Council	NSW	Urban
Port Phillip City Council	VIC	Urban
Port Pirie Regional Council	SA	Rural

Council	State	ACLG
Port Stephens Council	NSW	Urban
Pyrenees Shire Council	VIC	Rural
Queanbeyan City Council	NSW	Urban
Randwick City Council	NSW	Urban
Richmond Valley Council	NSW	Urban
Rockhampton Regional Council	QLD	Urban
Scenic Rim Regional Council	QLD	Urban
Shire of Ashburton	WA	Rural
Shire of Augusta-Margaret River	WA	Rural
Shire of Broomehill - Tambellup	WA	Rural
Shire of Capel	WA	Rural
Shire of Cranbrook	WA	Rural
Shire of Cuballing	WA	Rural
Shire of Esperance	WA	Rural
Shire of Plantagenet	WA	Rural
Shire of Ravensthorpe	WA	Rural
Shire of Serpentine Jarrahdale	WA	Rural
Shire of Three Springs	WA	Rural
Shire of Wyndham-East Kimberley	WA	Rural
Shoalhaven City Council	NSW	Urban
Singleton Council	NSW	Urban
Snowy River Shire Council	NSW	Rural
South Gippsland Shire Council	VIC	Urban
Southern Grampians Shire Council	VIC	Rural
Strathfield Municipal Council	NSW	Urban
Sunshine Coast Regional Council	QLD	Urban
Surf Coast Shire Council	VIC	Rural
Sutherland Shire Council	NSW	Urban
Sydney City Council	NSW	Urban
Tamworth City Council	NSW	Urban
Tasman Council	TAS	Rural
Tatiara District Council	SA	Rural
The Flinders Ranges Council	SA	Rural
The Hills Shire Council	NSW	Urban
The Rural City of Murray Bridge	SA	Rural
Town of Claremont	WA	Urban

Council	State	ACLG
Town of Gawler	SA	Urban
Town of Narrogin	WA	Rural
Town of Port Hedland	WA	Urban
Town of Victoria Park	WA	Urban
Town of Vincent	WA	Urban
Townsville City Council	QLD	Urban
Towong Shire Council	VIC	Rural
Tumbarumba Shire Council	NSW	Rural
Tumut Shire Council	NSW	Rural
Tweed Shire Council	NSW	Urban
Upper Hunter Shire Council	NSW	Rural
Upper Lachlan Shire Council	NSW	Rural
Uralla Shire Council	NSW	Rural
Wagga Wagga City Council	NSW	Urban
Wakool Shire Council	NSW	Rural
Wangaratta Rural City Council	VIC	Urban
Waratah - Wynyard Council	TAS	Rural
Warrnambool City Council	VIC	Urban
Waverley Council	NSW	Urban
Weddin Shire Council	NSW	Rural
Wellington Council	NSW	Urban
Wellington Shire Council	VIC	Rural
Wentworth Shire Council	NSW	Rural
West Arnhem Shire Council	NT	Rural
West Wimmera Shire Council	VIC	Rural
Western Downs Regional Council	QLD	Urban
Whitehorse City Council	VIC	Urban
Whittlesea City Council	VIC	Urban
Willoughby City Council	NSW	Urban
Wollondilly Shire Council	NSW	Urban
Wollongong City Council	NSW	Urban
Wyndham City Council	VIC	Urban
Yarrabah Aboriginal Shire Council	QLD	Rural
Yass Valley Council	NSW	Rural
Yorke Peninsula Council	SA	Rural

GLOSSARY

Asset class

Grouping of assets of a similar nature and use in an entity's operations (AASB 166.37).

Asset condition assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Asset management

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

Asset Management Plan

Each council must prepare an Asset Management Strategy and Asset Management Plan/s to support the Community Strategic Plan and Delivery Program.

The Asset Management Strategy and Plan/s must be for a minimum timeframe of 10 years.

Asset Management Strategy

The Asset Management Strategy must include a council endorsed Asset Management Policy. The Asset Management Strategy must identify assets that are critical to the council's operations and outline risk management strategies for these assets. The Asset Management Strategy must include specific actions required to improve council's asset management capability and projected resource requirements and timeframes.

Assets

Future economic benefits controlled by the entity as a result of past transactions or other past events (AAS27.12). Property, plant and equipment including infrastructure and other assets (such as furniture and fittings) with benefits expected to last more than 12 months.

Capital expansion expenditure

Expenditure that extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretional expenditure, which increases future operating, and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group, e.g. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

Capital expenditure

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital funding

Funding specifically for capital expenditure.

Capital grants

Monies received that are directly associated with a specific capital expenditure.

Capital new expenditure

Expenditure which creates a new asset providing a new service to the community that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operating and maintenance expenditure.

Capital renewal expenditure

Expenditure on an existing asset, which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time, e.g. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital upgrade expenditure

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretional and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base, e.g. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Current replacement cost (CRC)

The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

Depreciable amount

The cost of an asset, or other amount substituted for its cost, less its residual value (AASB 116.6)

Depreciated replacement cost (DRC)

The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset

Depreciation

The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

Expenditure

The spending of money on goods and services. Expenditure includes recurrent and capital.

Infrastructure assets

Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no market value.

Level of service

The defined service quality for a particular service against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost).

Long Term Financial Plan

The long term financial plan (LTFP) provides a 10 year forward projection of financial resources and includes:

• Planning assumptions used to develop the Plan;

• Sensitivity analysis – highlights factors/assumptions most likely to affect the Plan;

• Financial modelling for different scenarios e.g. planned/optimistic/conservative; and

• Methods of monitoring financial performance.

Maintenance and renewal gap

Difference between estimated budgets and projected expenditures for maintenance and renewal of assets, totalled over a defined time (e.g. 5, 10 and 15 years).

Maintenance expenditure

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

Materiality[11]

The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or nondisclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

Modern equivalent asset

A structure similar to an existing structure and having the equivalent productive capacity, which could be built using modern materials, techniques and design. Replacement cost is the basis used to estimate the cost of constructing a modern equivalent asset.

Operating expenditure

Recurrent expenditure, which is continuously required excluding maintenance and depreciation, e.g. power, fuel, staff, plant equipment, on-costs and overheads.

Planned Maintenance

Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Recoverable amount

The higher of an asset's fair value, less costs to sell and its value in use.

Remaining life

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining life is economic life.

Residual value

The net amount which an entity expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

Section or segment

A self-contained part or piece of an infrastructure asset.

Service potential

The capacity to provide goods and services in accordance with the entity's objectives, whether those objectives are the generation of net cash inflows or the provision of goods and services of a particular volume and quantity to the beneficiaries thereof.

Service potential remaining

A measure of the remaining life of assets expressed as a percentage of economic life. It is also a measure of the percentage of the asset's potential to provide services that are still available for use in providing services (DRC/DA).

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

(a) the period over which an asset is expected to be available for use by an entity; or

(b) the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the council. It is the same as the economic life.

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NATIONAL

State of the Assets

2015

Roads and Community
Infrastructure Report

DEPTH
1.10M

SHALLOW WATER