



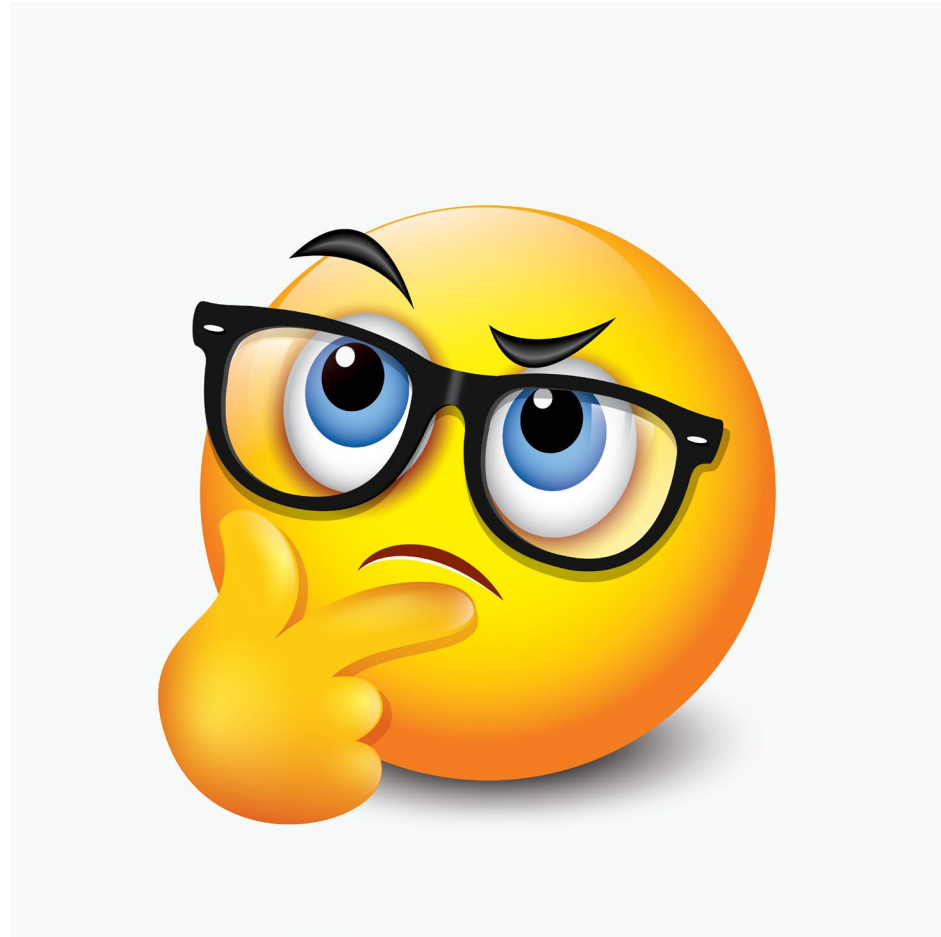
IPWEA

INSTITUTE OF PUBLIC WORKS
ENGINEERING AUSTRALASIA

State of the Assets

2022 National Local Roads and Transport Congress
Steve Verity, Principal Advisor, IPWEA

**Canberra:
We have a problem, but what is it exactly?**



Local Government Infrastructure

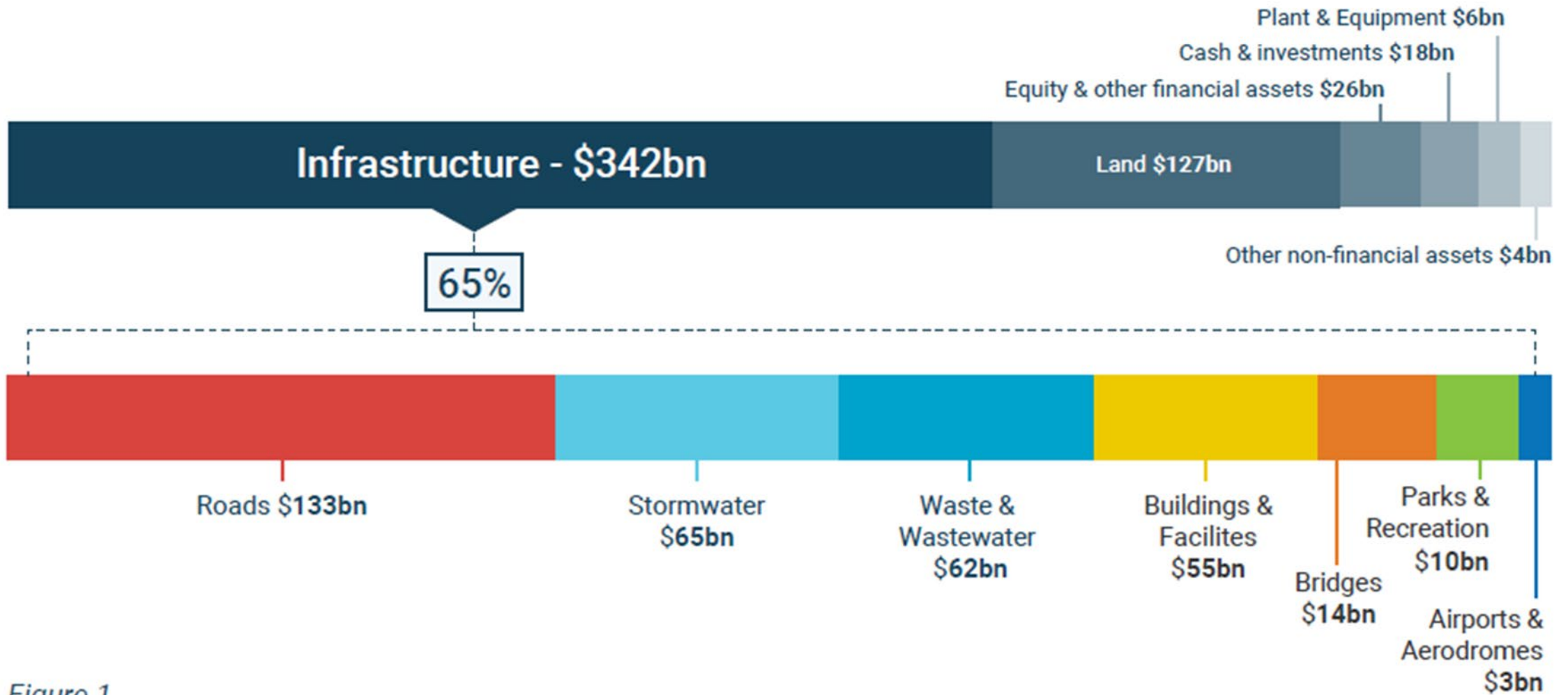


Figure 1



Local Government Groupings

ACLG Grouping	Total	
	(N°)	(%)
Rural Agricultural	222	41%
Rural Remote	75	14%
Urban Metropolitan	134	25%
Urban Regional	106	20%
Total	537	100%

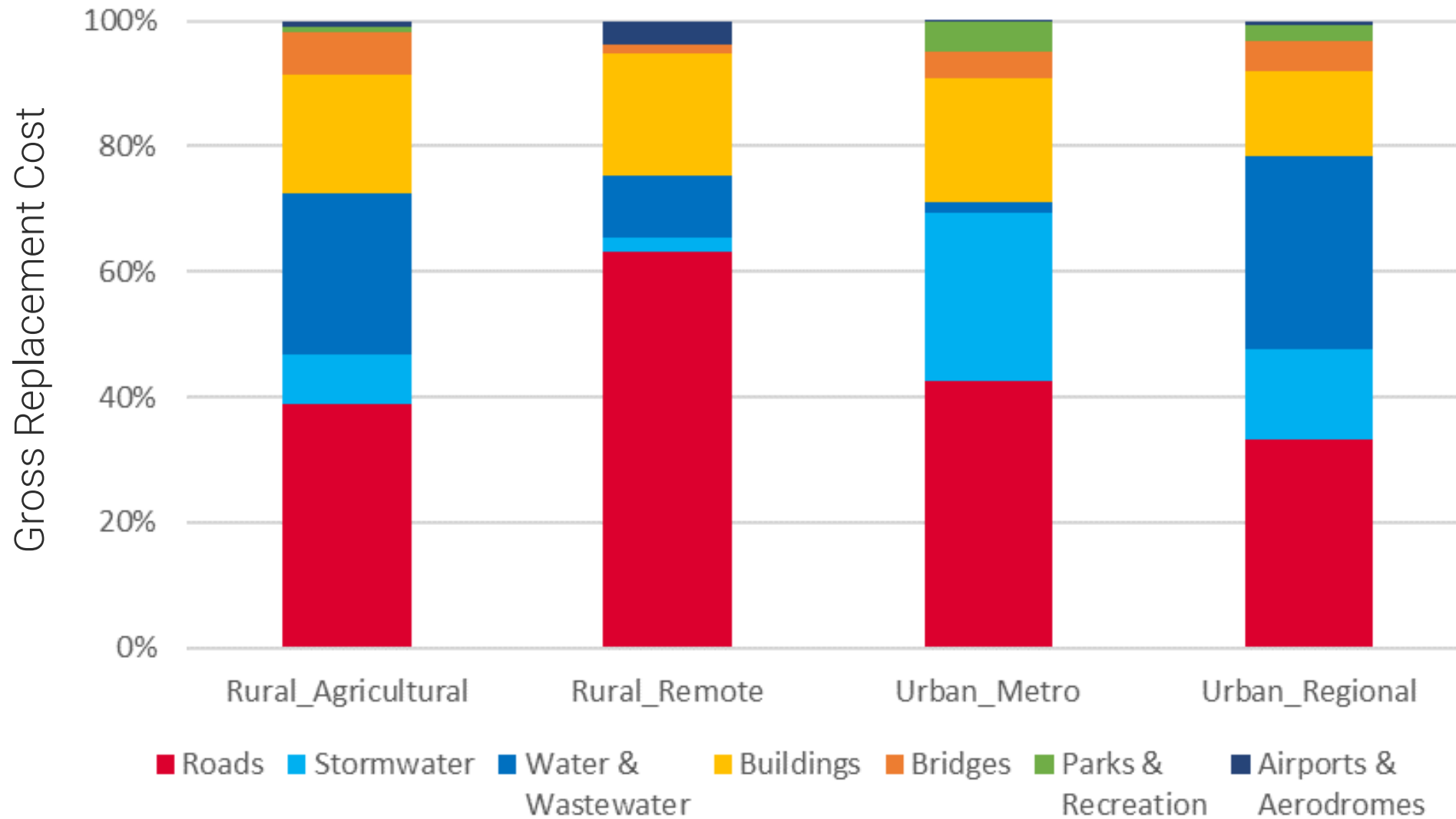


Local Government Groupings

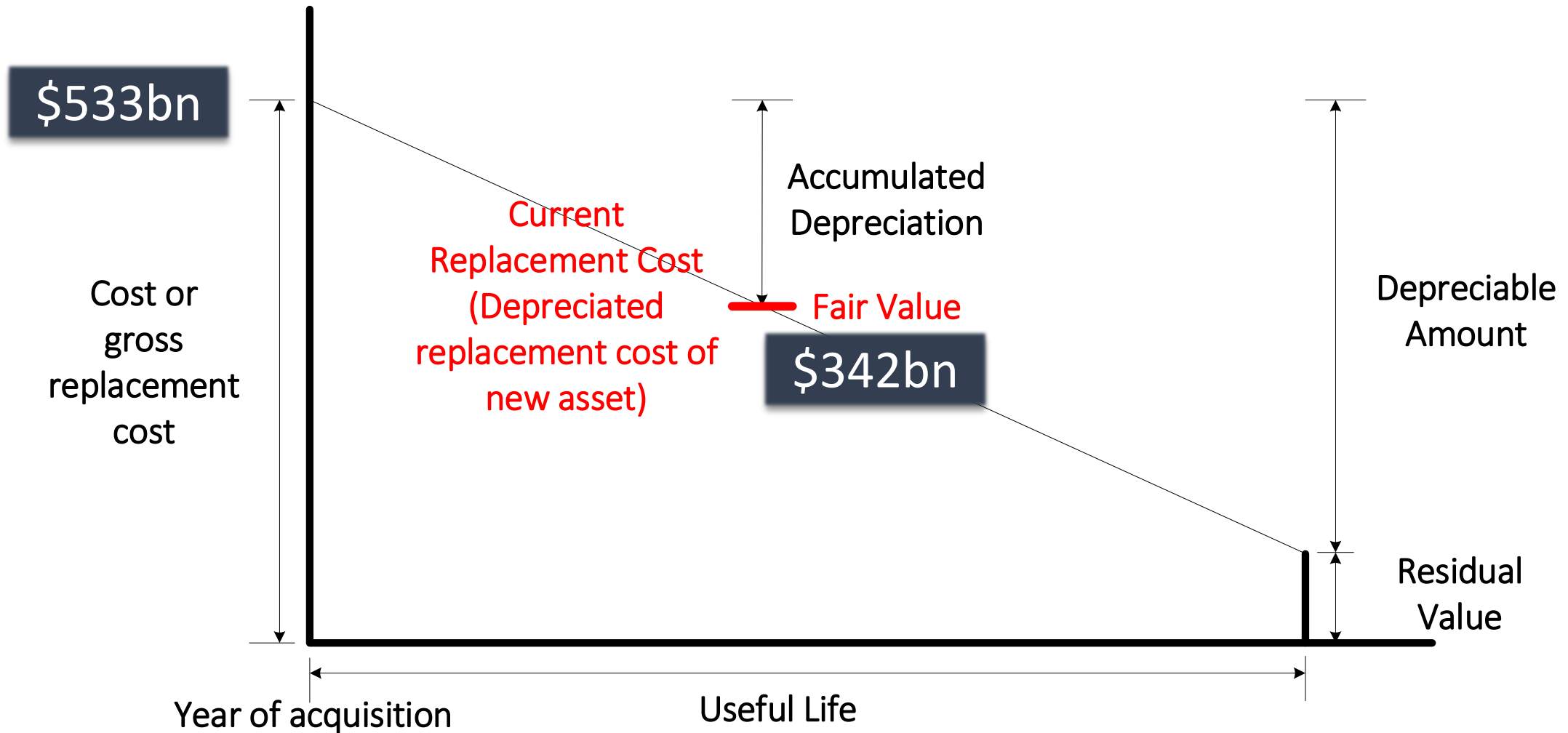
Population type	Population	Total	
		(N°)	(%)
Very Small	<5,000	183	34%
Small	5,000 – 30,000	178	33%
Medium	30,000 – 70,000	84	16%
Large	>70,000	92	17%
Total		537	100%



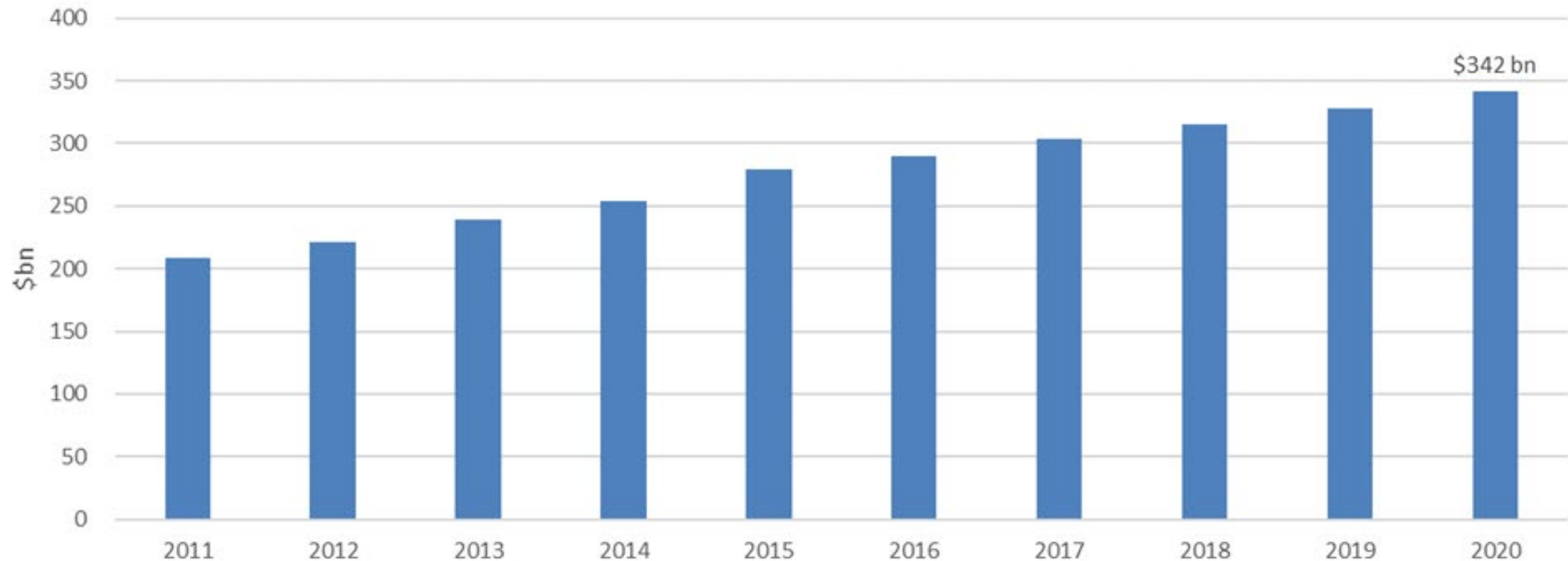
Local Government Infrastructure



Local Government Infrastructure



Local Government Infrastructure Investment



Local government infrastructure at Fair Value

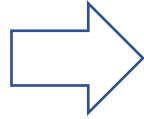
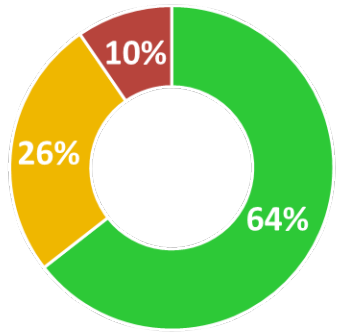


Local Government Infrastructure Investment

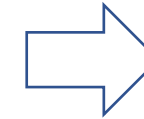
- The value of **local government infrastructure** has grown at a steady rate of **6.4% per annum**.
- The **estimated replacement cost of local government infrastructure** is **\$533bn**.
- **Assets** are being consumed at an estimated rate of **1.6%** or **\$7.7 billion per year**, equivalent to **\$304 per person** across Australia each year.
- The **remaining service potential of local government infrastructure** has increased.
- The **average age of local government infrastructure** is decreasing.
- Infrastructure on average is **expected to last longer than originally anticipated**.
- **Councils in the rural remote areas** are more likely to hold an 'older' stock of infrastructure assets.



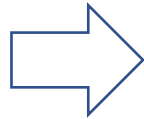
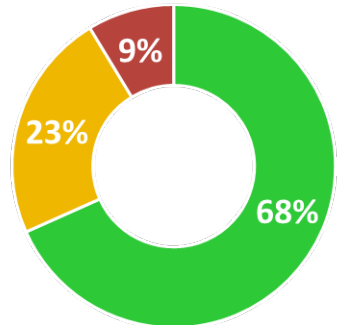
Local Government Infrastructure Performance



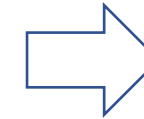
Poor condition needs intervention to maintain service



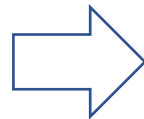
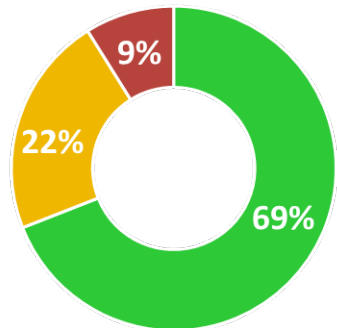
\$51 bn



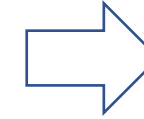
Poor function needs upgrade to meet current and future needs



\$46 bn



Poor capacity needs additional assets to meet current and future needs



\$48 bn

But what's the risk?



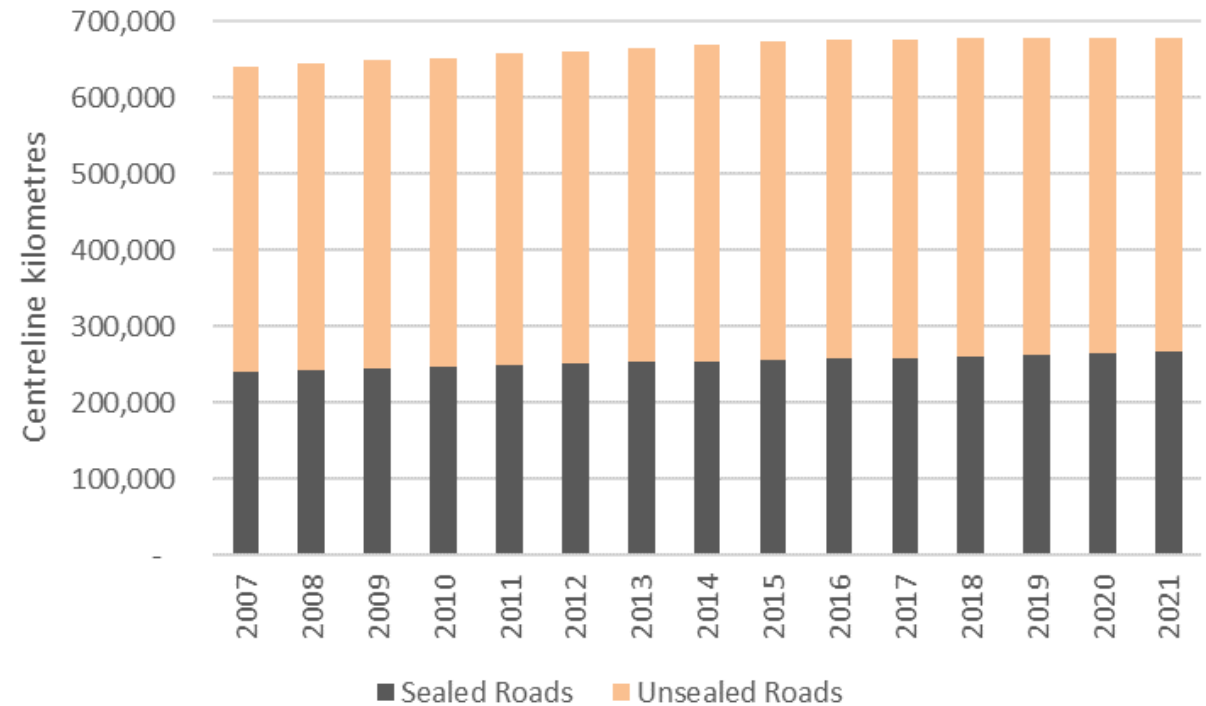
National Local Roads

Overview



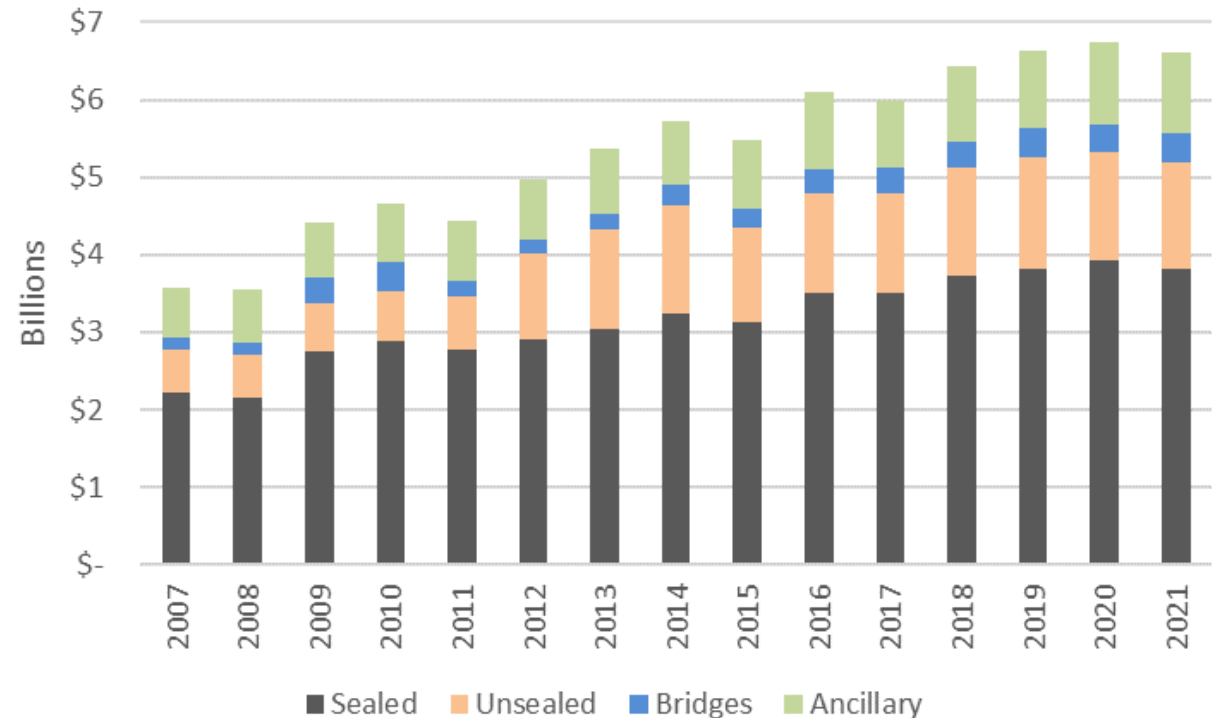
National Local Roads – Length

- 678,000 km
- Overall, growing at 0.4% per year (annual average)
- Sealed roads, growing at 0.8%
- Unsealed roads, growing at 0.2%

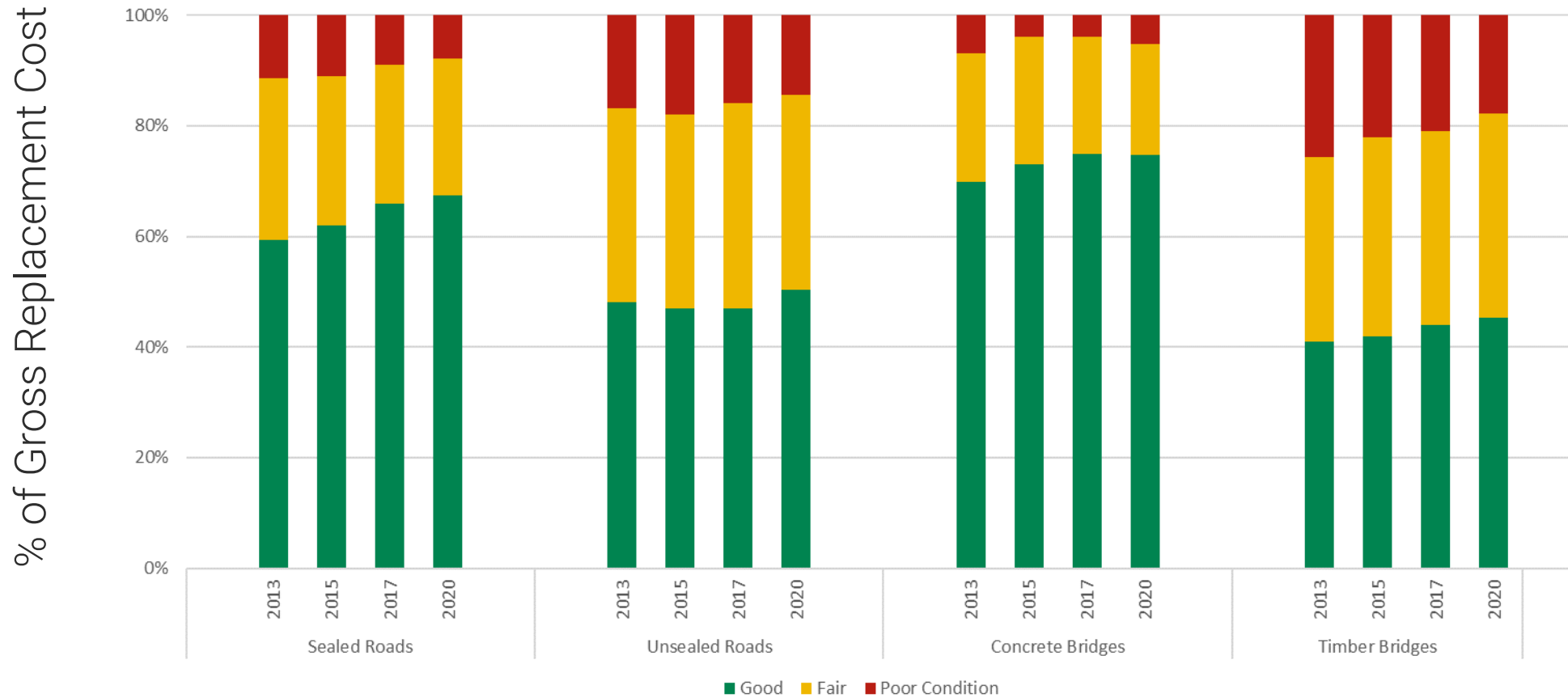


National Local Roads – Expenditure

- \$6.6bn (2021)
- Overall, spending 5.0% more per year (annual average, historic dollar values)
- We're spending more on sealed roads than any other road asset
- Unsealed road expenditure is increasing twice the rate of that spent on sealed roads



National Local Roads – Performance



Condition Trend by Asset Class



National Local Roads – Key Findings

- **Local government is responsible for approximately 77% of all roads in Australia**
- **Roads** represent 39% or \$204bn of the total infrastructure replacement cost.
- Of the **678,000 km of roads controlled by local government** in Australia, 265,000 km (39%) are sealed, and 413,000 km (61%) are unsealed.
- Outside the urban metropolitan areas, **rural (agricultural and remote) and regional councils are responsible for approximately 585,000 km (86%) of the total local road length in Australia.**
- \$17.8bn are in poor condition, \$16.0bn have poor function and \$14.3bn have poor capacity.
- **Bridges** represent 4% or \$26bn of the total infrastructure replacement cost.
- \$1.6bn are in poor condition, \$1.8bn have poor function and \$1.9bn have poor capacity.



National State of the Assets

Planning for the future



Importance of strategic planning

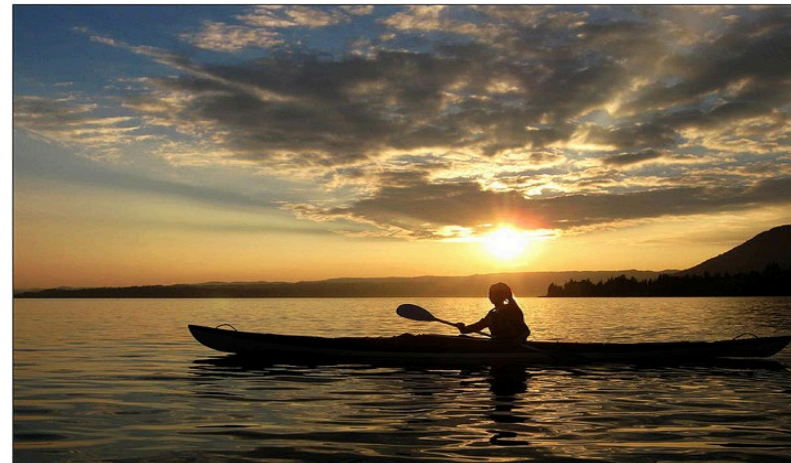
- Councils have on average 10 times as many infrastructure assets as income
- These assets exist to deliver a service
- Often last a long period of time, but not forever
- Need to plan over longer-term to maintain preferred and affordable service levels
- Above is often not given enough recognition



Perfect World – Desired Level of Service *May be unrealistic*



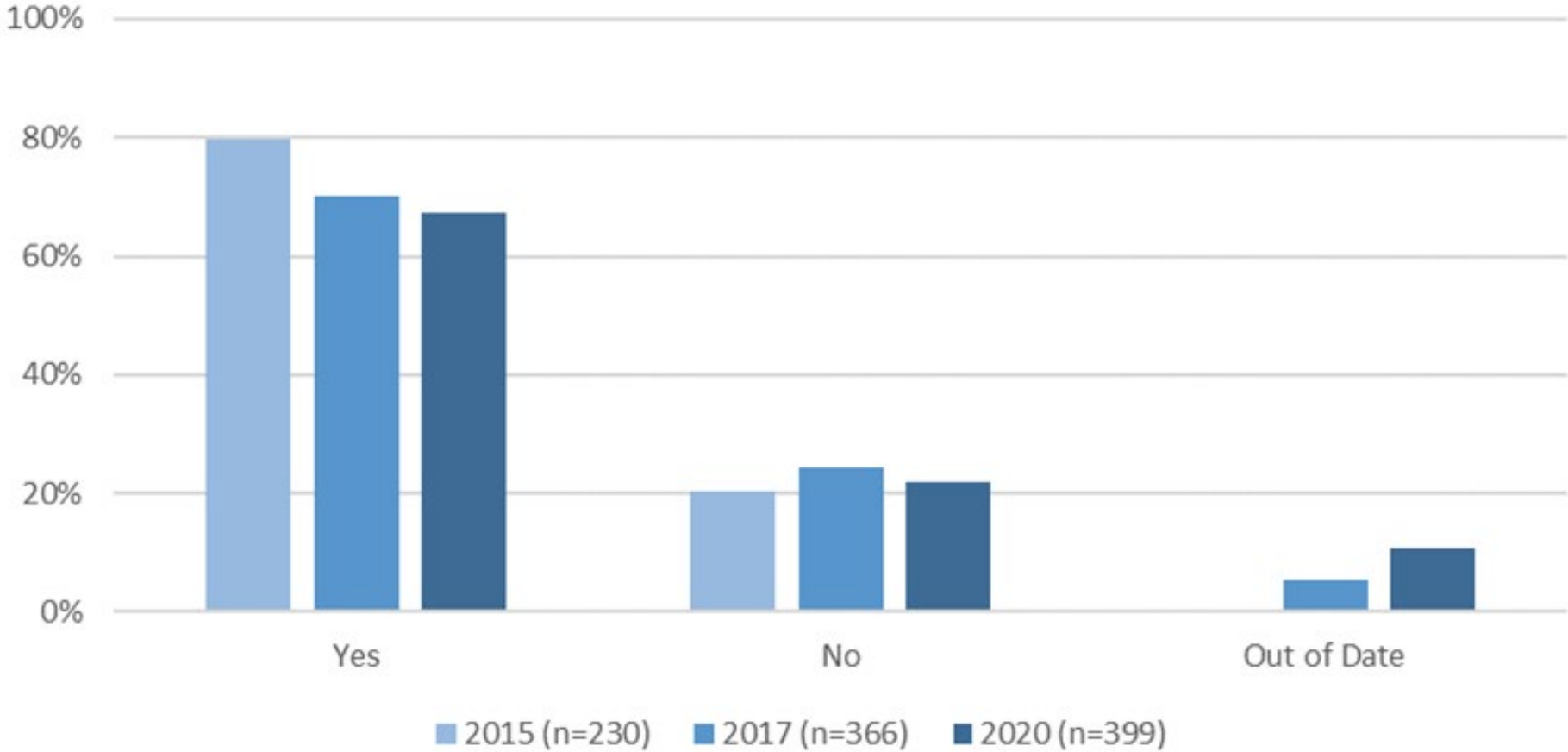
Current Reality – Affordable Level of Service *Is this acceptable ... or can we consider other options?*



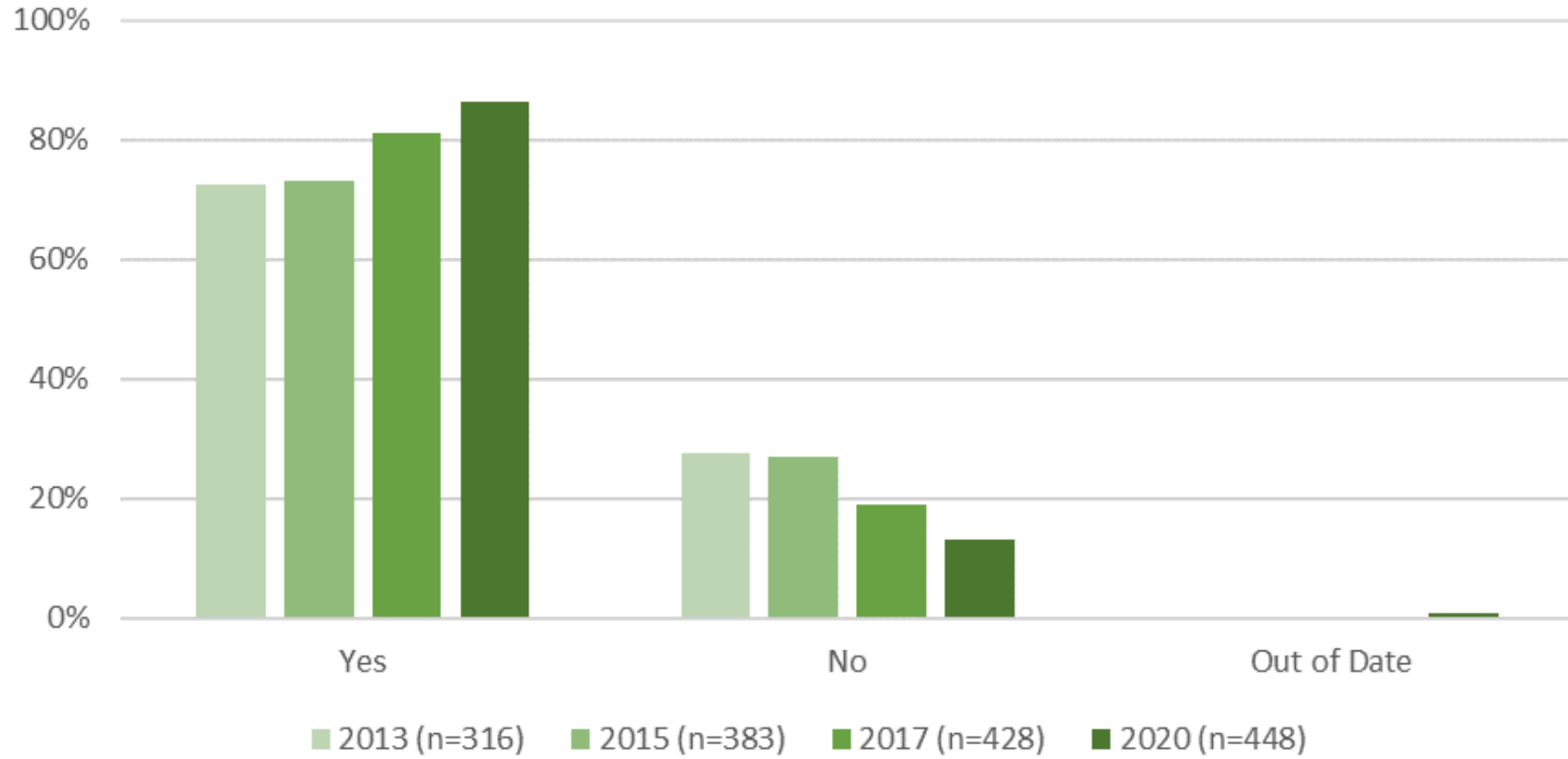
Future Reality – Affordable Level of Service *Change can happen based on priorities and affordability?*



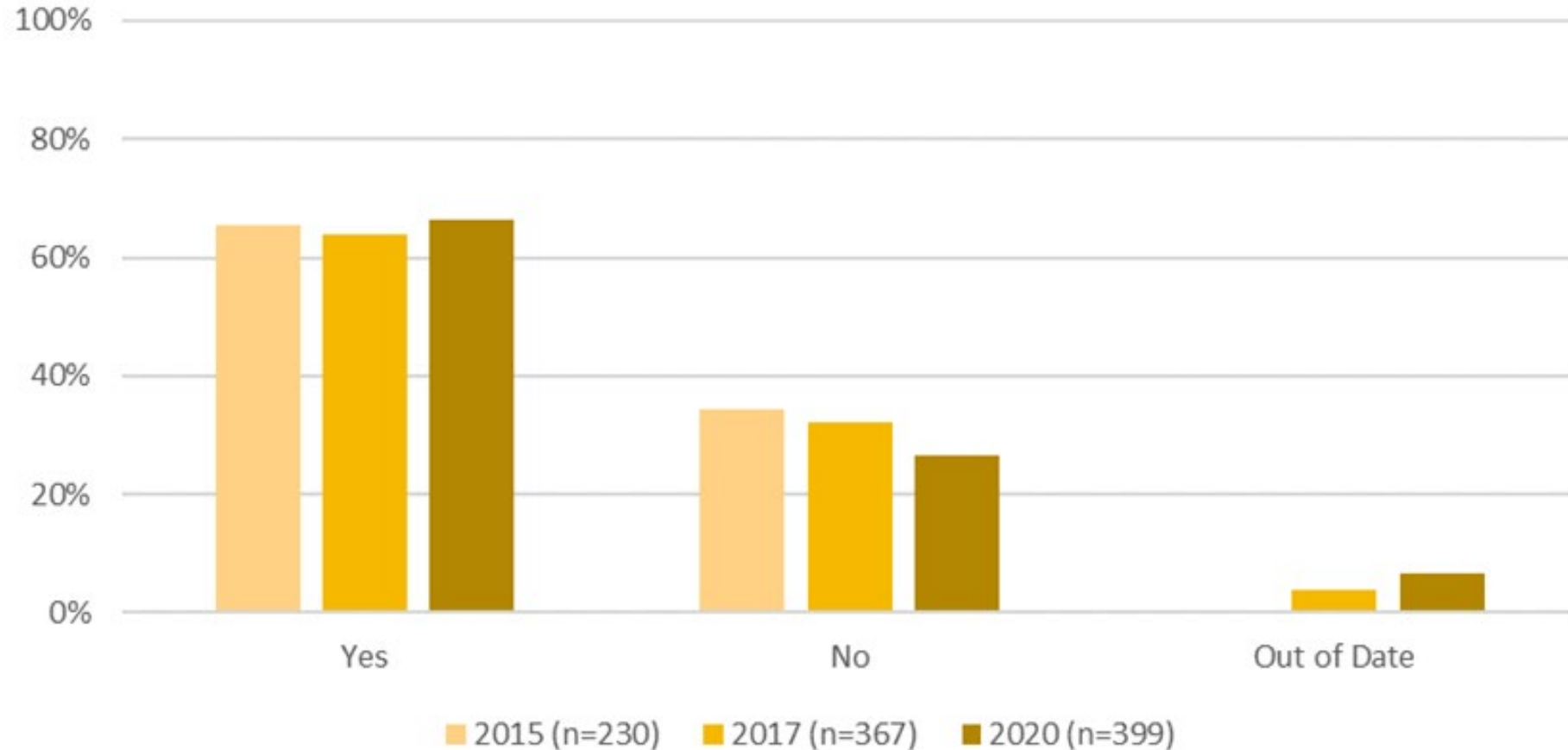
Asset Management Plans adopted



Long-term Financial Plans adopted



AM Plan projections included in the LTFP



Timing and resources to deliver services

Lifecycle Activities

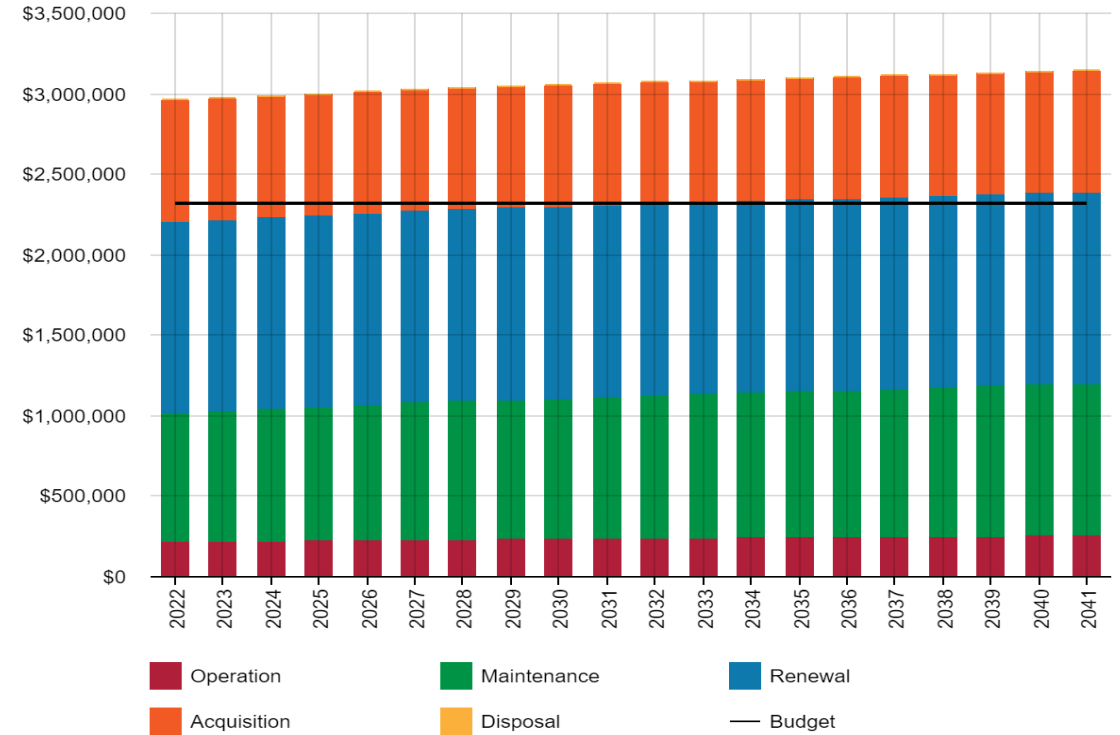
- Acquisition
- Operate
- Maintain
- Renewal/Replace
- Disposal

Resources

- Financial and Physical

Timing

- Projects and Programs

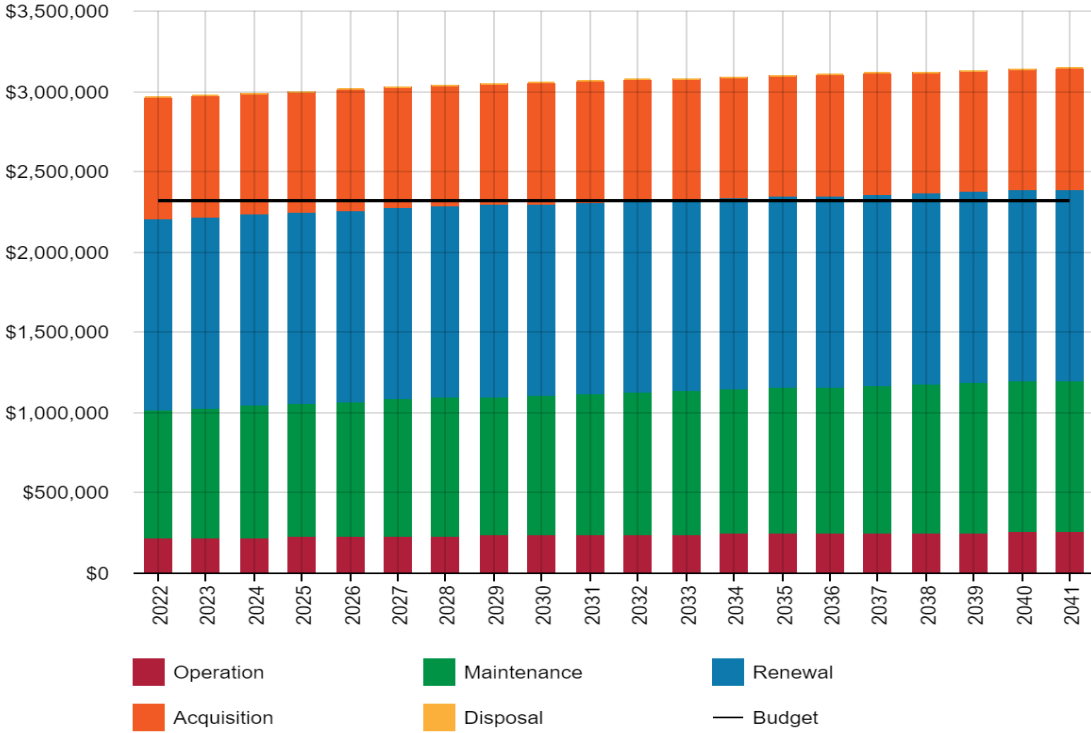


Forecasts based on Strategic Objectives

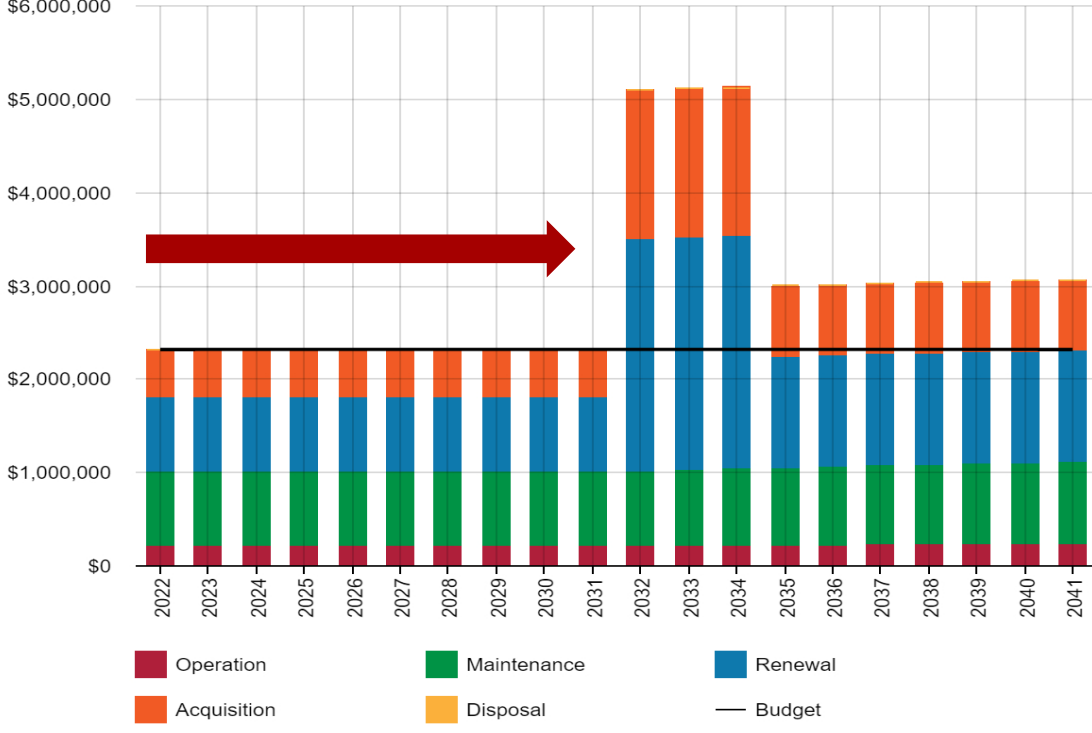


Strategic Objectives and Planned Budgets

Balancing performance, cost and risk



Forecasts based on Strategic Objectives



Forecasts based on Planned Budgets



Are we communicating what we cannot do?

When balancing costs with the planned budget

Projections based on planned budgets



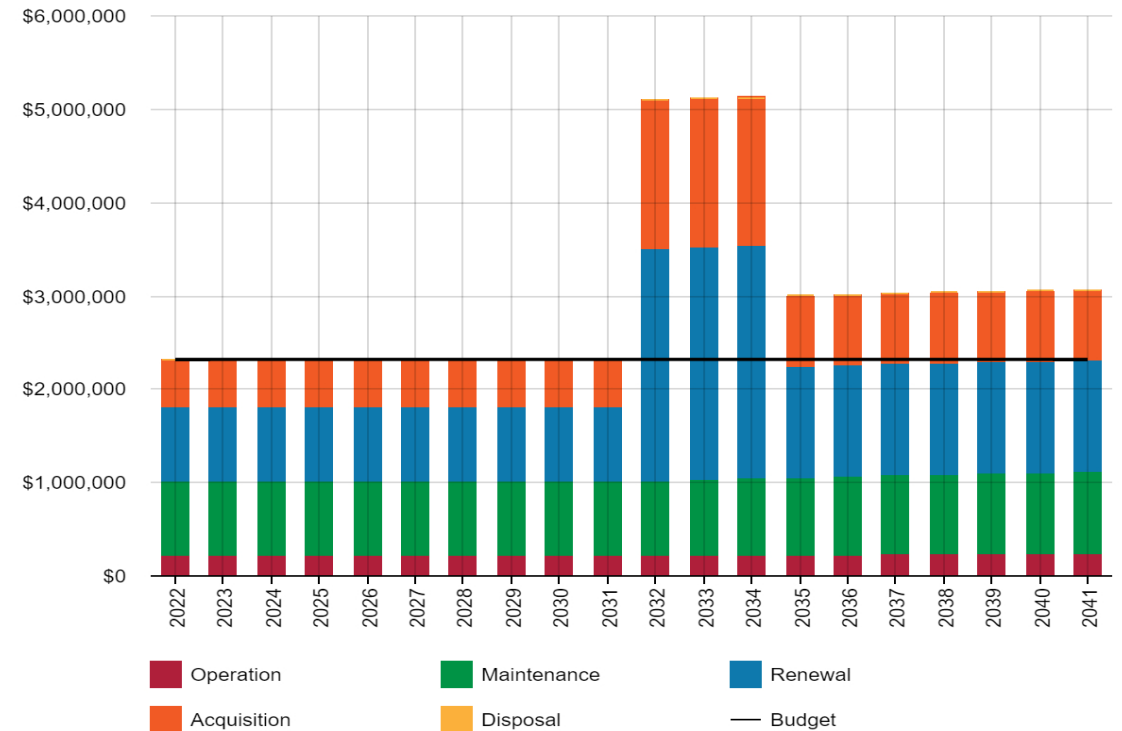
Deferral of activities and programs



Likely reduction in service level performance



Generation of additional service risks



Forecasts based on Planned Budgets



What is the agreed position?

While balancing performance, cost and risk

Prepare the options and trade-offs



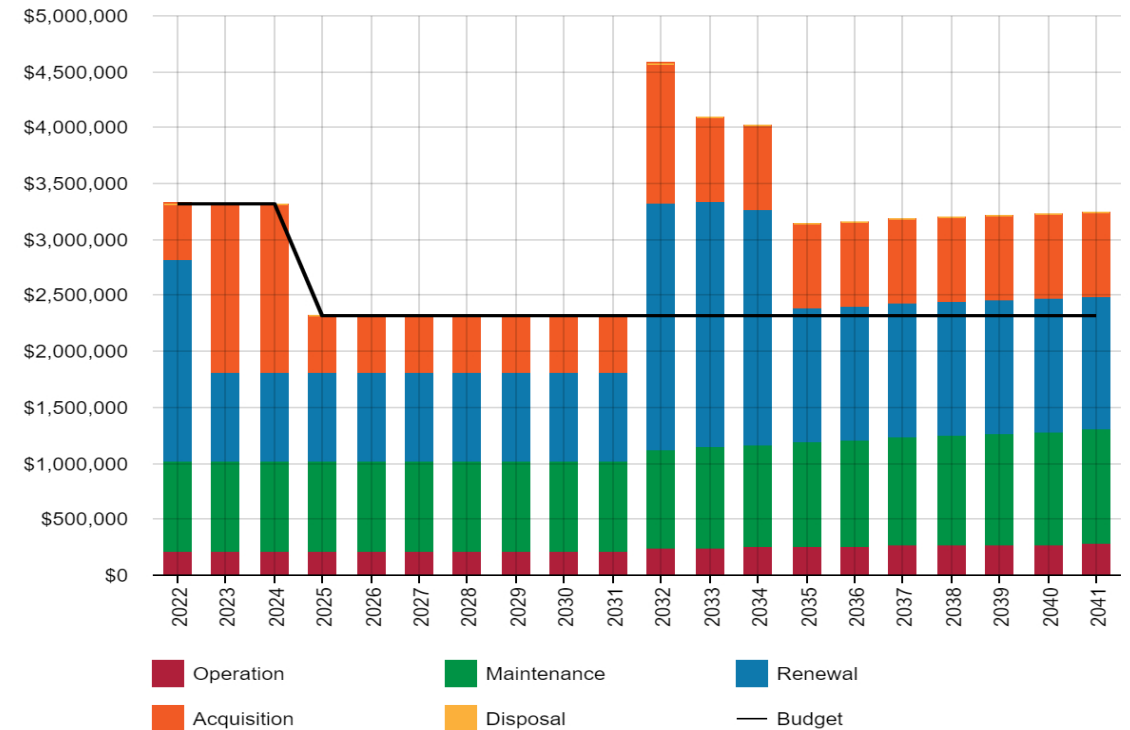
Deliberative engagement



Seek consensus



Manage and communicate the risks

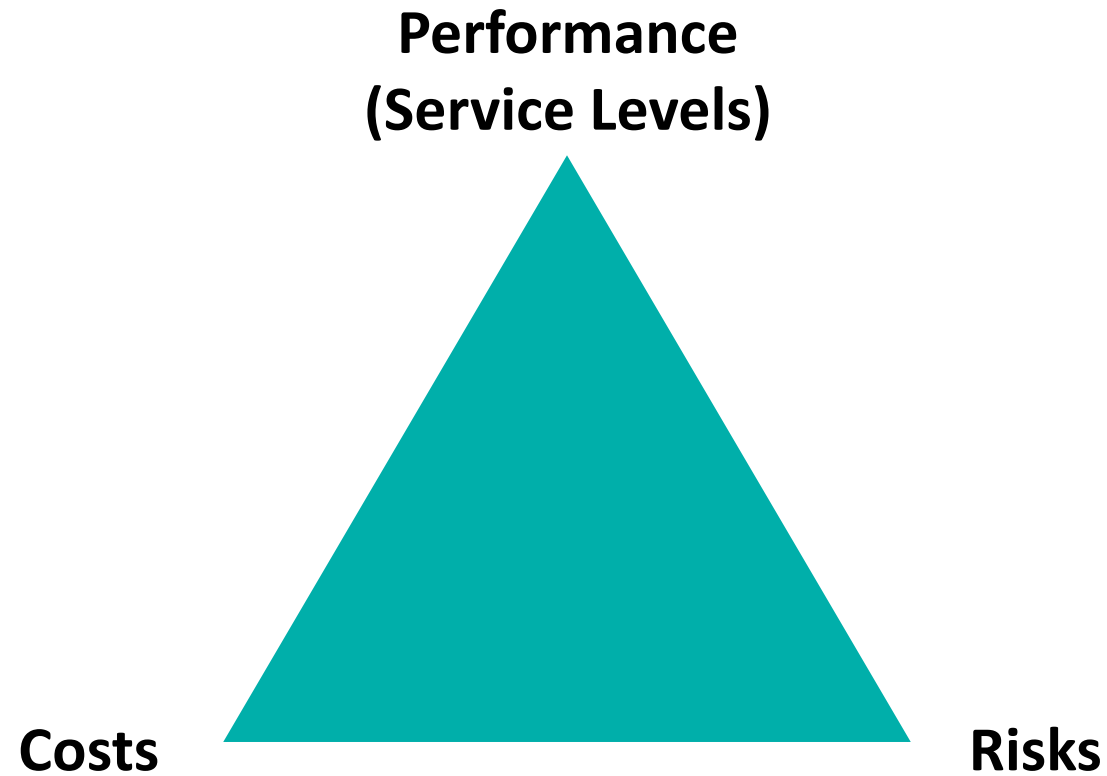


Forecasts based on Planned Budgets



Good Asset Management provides Informed Decision Support

While balancing performance, cost and risk



Good Asset Management provides Informed Decision Support

While balancing performance, cost and risk

Performance
(Service Levels)

Present a balanced scenario
Communicate the Trade-offs
Strive for a sustainable position

Costs

Risks



Key Findings

- **One third of councils do not have an asset management plan** adopted for their major assets, or if they do, they are out of date.
- **86% of responding councils say they had adopted a long-term financial plan**, an increase from 72% in 2013.
- Of the 67% of councils who said they had asset management plans in place, only two thirds (**i.e., >50%**) of councils did not include the financial projections from the AM Plan in the financial plan.
- **Councils in the urban areas indicate higher compliance** with the legislated asset management and financial planning and reporting requirements **compared with the lower populated councils in the rural areas report a lower level of compliance.**



Canberra:

We have a problem, but what happens next?

- Is stronger or better oversight needed?
- Skills uplift?
- Targeted support to where it is needed most ...
- Regular reporting on the state of infrastructure
- Who has responsibility for coordinating a national pipeline, so there is greater certainty for industry, governments and communities?



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Thank you

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