

Summary

ASSET MANAGEMENT PLAN 2023



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Purpose

The objective of asset management is to provide the desired level of service in the most cost-effective manner for present and future generations.

The purpose of this Asset Management Plan (AMP) Summary is to:

- ▶ Demonstrate the responsible management of assets (and services provided from assets)
- ▶ Compliance with regulatory requirements
- ▶ Communicate the scale of infrastructure investment required to sustainably deliver affordable services for the community in the foreseeable future.

Under Section 122 of the *Local Government Act 1999 (SA)* and its regulations, Council is required to develop and adopt an Infrastructure & Asset Management Plan (I&) relating to the management of infrastructure assets for a period of at least ten years.

This document provides a summary of Council's infrastructure assets, their value, condition, and the funding required to meet the service levels and objectives in achieving Council's vision: "Our City is recognised for its enviable lifestyle, environment, business strength and civic leadership."

The future operating and capital renewal outlay on assets to inform Council's LTFP are based on sustaining current target service levels. Meeting the demands of growth and changing circumstances are managed through the careful consideration of new projects and programs including the adoption of emerging technologies.

At the core of our stewardship we construct, operate, maintain, and renew assets over a variety of asset categories each with their own complex requirements, and it is intended that this plan is read in conjunction with the following detailed asset management plans:

- ▶ Transport Asset Management Plan 2023
- ▶ Open Space Asset Management Plan 2023
- ▶ Buildings Asset Management Plan 2023
- ▶ Stormwater Asset Management Plan 2023.





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What Do We Have

The value of our assets is the product of the measured asset extent (lin. m, m², m³, or no. of items) and the calculated unit rate. This unit rate is the cost per unit to replace the asset.

It includes removal and disposal of the existing asset, and construction of the new replacement asset. It is determined from a combination of known project rates, industry standards and first principles, and is audited on a regular basis.

The length of time an asset is expected to provide an agreed level of service to the community is known as the useful life. The useful life is a theoretical averaged estimate across the asset class, based on the best information available and past experience and is monitored on a regular basis with condition audits to check that assets are performing as expected.

Where asset performance deviates from expected useful life, a forecast renewal date can be revised appropriately and future renewal funding, particularly in the near future, can be set with a greater level of confidence.

Every asset depreciates over the length of its useful life, from its initial replacement value when first constructed to ultimately a zero value at the end of the useful life. Annual depreciation is the amount the asset is financially consumed each year, and the depreciated replacement cost is the remaining financial value of the asset at a given point in time.

ASSET CATEGORY	CURRENT REPLACEMENT COST	DEPRECIATED REPLACEMENT COST	ANNUAL DEPRECIATION
Transport	\$387,544,384	\$243,535,321	\$5,247,113
Open Space	\$32,623,781	\$18,367,118	\$1,294,162
Buildings	\$94,231,120	\$54,270,834	\$1,497,709
Stormwater	\$104,119,605	\$59,637,817	\$1,193,152
TOTAL	\$618,518,890	\$375,811,090	\$9,232,136

*Depreciated Replacement Cost is the replacement cost multiplied by the percentage of the assets remaining useful life. (eg. the remaining value of the asset available for consumption)

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What Condition Are They In

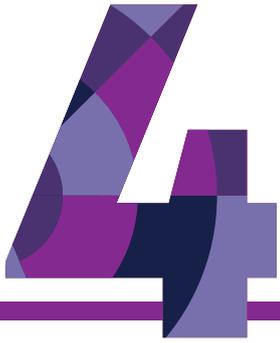
The objective of a condition assessment is to provide sufficient information on asset condition to inform strategic asset planning and management decision-making and are important because site conditions and unforeseen events can occasionally lead to assets under or overperforming when compared to their expected useful life.



Condition audits are undertaken on a rolling basis for all infrastructure assets and are measured on a one to five scale where one represents a new asset and five represents an asset at the end of its life requiring renewal. These audits are legislated by the Local Government Act, guided by industry standards for assessments, and are specific to each asset type being reviewed.

Council has a service level target condition score for all asset classes of 3.0 or under.

ASSET CATEGORY	ASSET CLASS	AVERAGE CONDITION
Transport	Road Surface	2.54
	Road Pavement	1.35
	Kerb	3.40
	Footpath	2.51
Open Space <small>*only key classes shown</small>	Playgrounds & Softfall	2.12
	Furniture	2.08
	Sporting Equipment	2.00
	Irrigation	2.46
	Reserve Lighting	1.83
	Retaining Walls	2.38
Buildings	Civic Community	2.76
	Lease Community	2.72
	Lease Commercial	2.58
	Swimming Pool	3.02
Stormwater	Pipes	2.85
	Pits	2.80

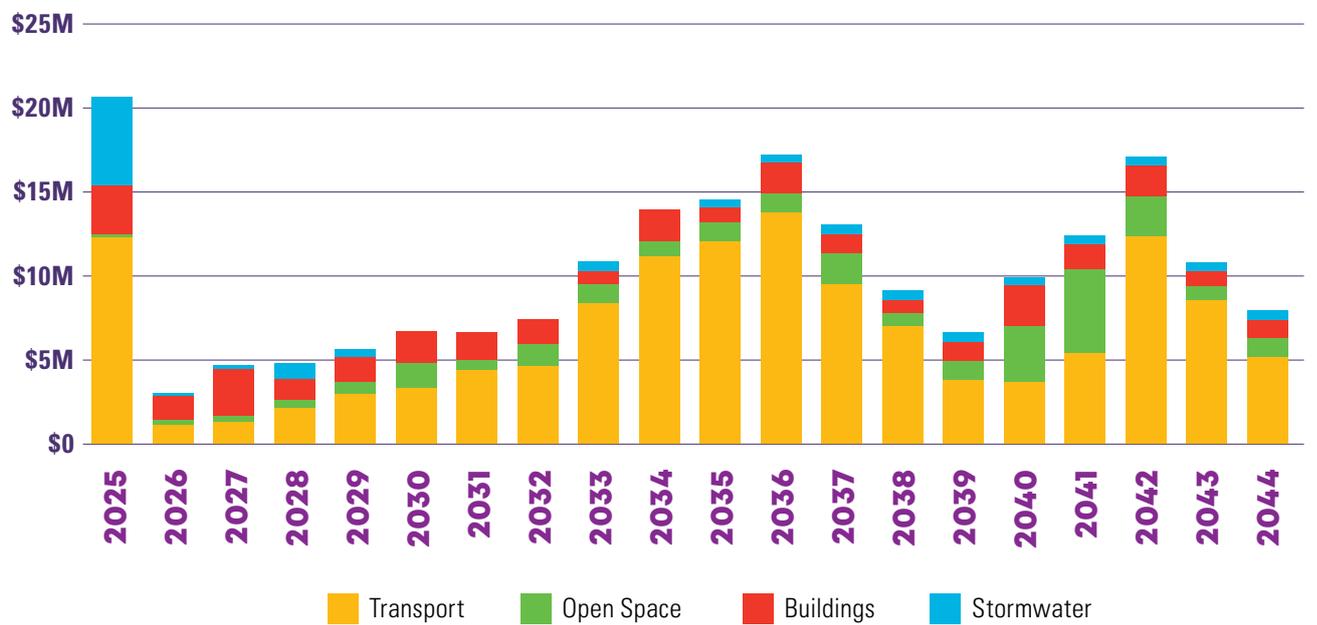


What Will They Cost

The condition and value of our infrastructure assets inform the long-term forecasting for their renewal, and the required financial outlay necessary to ensure they continue to meet the service level expected by the community.

While asset condition is the primary driver for when an asset requires renewal, early replacement of assets may also be undertaken for upgrades or due to changes in function, standards, safety issues, changes in levels of service, funding opportunities or alignment with external projects, strategies and plans. Similarly, some assets may experience extended useful lives due to a higher level of maintenance over its' life.

The forecast infrastructure asset renewal by asset category over a twenty-year period can be seen on the following page, where the treatment cost is the product of the unit rate and quantity of asset requiring renewal in the forecast year. The total treatment cost is the sum of all renewals forecast over a twenty year period.



TOTAL
TREATMENT COST
\$207M

AVERAGE ANNUAL
TREATMENT COST
\$10.4M



What We Plan To Spend

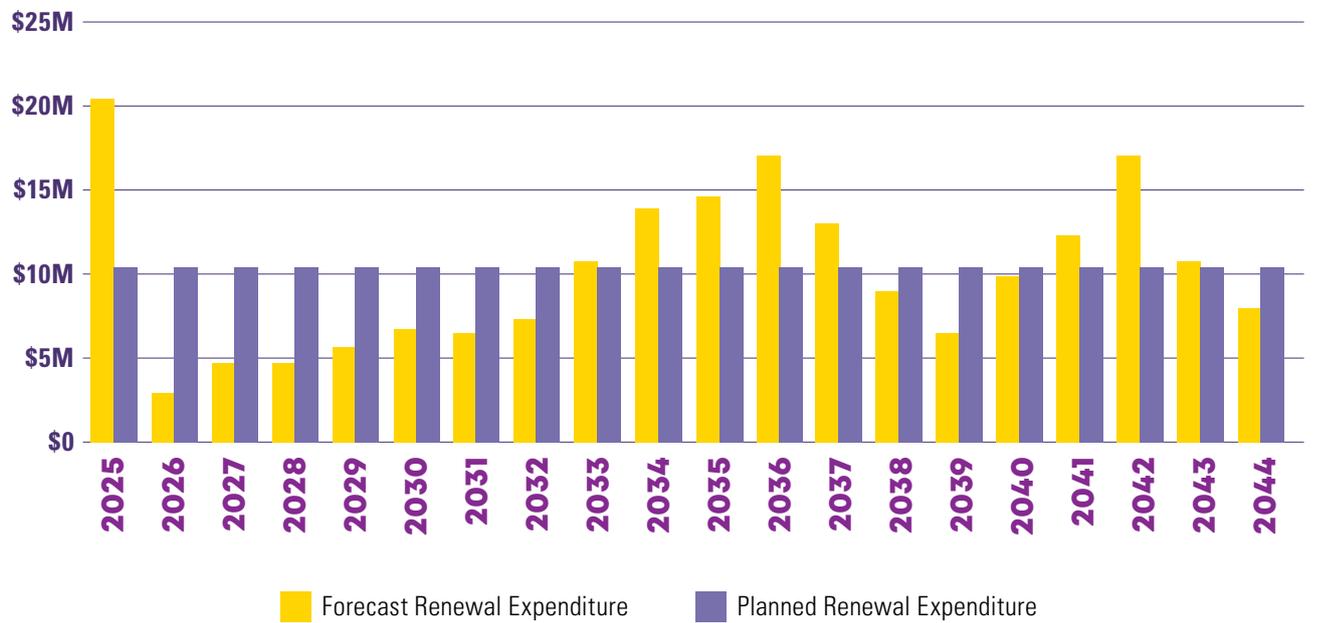
While there is initially a high cost in the first year to address assets in poor condition (predominantly in the kerb asset class), the forecast infrastructure spend shows relatively low expenditure required in the first ten years which is consistent with the condition of the infrastructure assets overall generally being in good condition, however there are a significant number of renewals forecast towards the end the twenty-year period as the average condition of the asset stock overall deteriorates.

It is recognised that matching these forecast condition-based renewal fluctuations from year to year is not generally possible from both a budget and resourcing perspective, and that distributing the renewal costs evenly over the twenty-year timeframe is preferable from a budget and resourcing perspective, as well as ensuring that the target condition score can be achieved.

The planned annual expenditure to achieve a smoothed consistent spend in the LTFP for the next twenty years is an average of \$10,696,000 per annum.

The initial planned spend is higher than the forecast renewal expenditure and will result in some assets being renewed before the end of their useful life. Managing this disparity while achieving a smoothed consistent annual spend will occur by taking a strategic planned and risk management approach to the renewal of assets through grouping asset renewals at a streetscape, reserve, or facility scale.

The planned annual renewal spend in comparison to the forecast renewal expenditure can be seen on the following page:



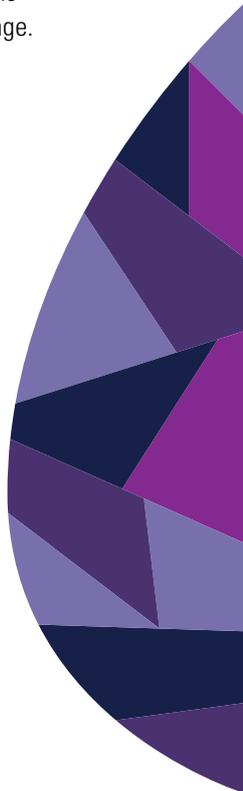
PLANNED ANNUAL
RENEWAL BUDGET
\$10.7M



How Sustainable Are We

The asset sustainability ratio and asset renewal funding ratio are both important budget indicators for planned renewal expenditure, as they demonstrate Council is adequately planning for and funding the replacement of infrastructure assets as they reach the end of their life.

The ratios indicate whether Council has the financial capacity to fund the forecast asset renewals while meeting the target service levels. Council's target is to achieve between 90 to 110% average.







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